



**MARFIN EGNATIA BANK**

**MARFIN EGNATIA BANK S.A.**

**ANNUAL FINANCIAL REPORT 2010**

**In Compliance with Law 3556/2007**

The financial report has been translated from the original financial report that has been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language financial report, the Greek language financial report will prevail over this document.

**March 2011**

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**Statements of members of the Board of Directors (in compliance with Article 4 par. 2 of the Law 3556/2007)**

**Statements of members of the Board of Directors  
(in compliance with Article 4 par. 2 of the Law 3556/2007)**

The undersigned:

- A) Vassilios Theocharakis, Chairman of the Board of Directors,
- B) Konstantinos Vassilakopoulos, The Managing Director, and
- C) Efthimios Bouloutas, Member of the Board of Directors,

WE HEREBY STATE, in compliance with article 4 par. 2 of Law 3556/2007, that

To our best knowledge:

- the attached standalone and consolidated Financial Statements that have been prepared according to the current accounting standards present fairly the assets and liabilities, the equity, and the income statement of the Bank and the entities that are included in the consolidation and are considered as a total, and
- the Board of Director's report, presents fairly the progress, the performance and the financial position of the Bank, as well as the entities that are included in the consolidation and are considered as a total, including the description of the main risks and uncertainties that they are faced with.

Athens, 29 March 2011

The Chairman  
of the Board of Directors

The Managing Director

The Member of the BoD

Vassilios N.Theocharakis  
I.D. No. AB 340063/06

Konstantinos I. Vassilakopoulos  
I.D. No. M 310696/82

Efthimios T. Bouloutas  
I.D. No. X 501092/02



**Annual Report of the Board of Directors (Law.3556/2007)**

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**ANNUAL REPORT OF THE BOARD OF DIRECTORS  
YEAR 2010**

The recovery trend of the global economy in 2010, following the outbreak of the financial crisis in the past two years, was also maintained in the second six month period, though at a slower pace. The aftereffect of this phenomenon was increased uncertainty concerning credit risk in financial markets coupled with high unemployment, which partially offset the rise in the world trade.

The expansion of economic activity, notwithstanding the fact that it continued in the euro zone as well with GDP expected to ascend to 1.8%, the performance of member states presented wide deviations in countries such as Greece, Ireland and Spain that were in the center of the financial crisis, presenting high unemployment rates.

In November, Ireland, after Greece, had to appeal to the European support mechanisms aimed at raising 85 billion euro to strengthen its banking system and refinance the public debt because of the prohibition on such lending.

The implementation of the radical reforms program arising from the Memorandum in Greece in conjunction with uncertainty, resulted in reduction of both consumption and investment. The GDP decreased at an average annual rate of 4.2%, while unemployment in 2010 stood at 12.5%, presenting an increase of 3.1% as against 2009 with a negative outlook.

Although fiscal adjustment that began in May 2010 is in progress and is successful, as stated in the progress reports of the European Commission and the IMF, the uncertainty in financial markets has been maintained with the spread of Greek-German ten-year bonds standing at the levels of 900 units and the country being downgraded by international rating agencies.

Positive developments for Greece are the decisions of the recent informal summit on March 11, 2011 on extending the term of the loan of 80 billion by Eurozone, reducing in borrowing rate by 100 basis points, while using the possibility of turning to European Financial Stability Fund (EFSF) that can be also activated regarding the primary bond market.

In 2010, the Greek banking system was blocked from the international financial market in terms of liquidity as a result of continuous downgrading of Greece, negatively affecting the credit rating of Greek Banks. Liquidity is further affected both by the gradual outflow of deposits and the significantly higher deposit rates.

The quality of the loan portfolio of the banks has been adversely affected due to the worsening of financial condition of enterprises and households, while the ratio of NPLs to total loans increased from 7.7% in December 2009 to 10.0% in December 2010.

The negative effect was further worsened by the continuing decline in deposits with higher interest rate costs and the increased provision of liquidity by the Eurosystem.

In this adverse economic setting, Marfin Egnatia Bank S.A. Group (“the Group”), adjusted its policies, with an emphasis on prudent management of assets, maintaining liquidity reserves, improving capital adequacy and keeping operating costs at low levels.

The total assets of the Group amounted to € 22,1 billion, recording an annual decrease of 4,6%. This includes investment in Greek government bonds amounting to € 2,1 billion, which by majority belong to the loan portfolio and constitute 9.6% of assets.

The weaker overall credit demand led to lower standards of lending, while the downward trend in the quality of its loan portfolio prompted stricter criteria. Following the above, the group loans marginally increased by 0,8 and amounted to € 13,8 billion (net of provisions).

The deposits amounted to € 9,9 billion, presenting a decrease of 9,3%, reflecting the pressures on the liquidity of the domestic financial system arising from the financial crisis, versus 10% decrease in the entire banking system.

The basic financial elements and ratios of the Group for the year 2010 are shown below:

<b>Financial Results</b>			
<b>(€ mil.)</b>	<b>31.12.10</b>	<b>31.12.09</b>	<b>Ch.%</b>

Net interest income	316,8	252,2	25,6%
Net Fee and Commission Income	76,0	99,4	(23,6%)
Income from Financial Activities and other income	44,2	113,8	(61,2%)
<b>Total operating income</b>	<b>436,9</b>	<b>465,4</b>	<b>(6,1%)</b>
Operating expenses	(292,5)	(277,6)	5,4%
<b>Operating income (before impairment)</b>	<b>144,4</b>	<b>187,8</b>	<b>(23,1%)</b>
Provisions for impairment	(160,4)	(158,4)	1,3%
<b>Profit before tax</b>	<b>(16,0)</b>	<b>29,4</b>	
Special contribution	(8,3)	(10,7)	(22,2%)
Tax	(5,2)	(15,3)	(65,7%)
<b>Net profit after tax</b>	<b>(29,5)</b>	<b>3,5</b>	
<b>Basic Financial Position items</b>			
<b>(€ mil.)</b>	<b>31.12.10</b>	<b>31.12.09</b>	<b>Ch.%</b>
Loans (net of provision)	13.793,6	13.685,3	0,8%
Total assets	22.130,9	23.187,6	(4,6%)
Deposits	9.860,8	10.867,8	(9,3%)
	<b>139,88%</b>	<b>125,92%</b>	
<b>Basic Ratios</b>			
	<b>31.12.10</b>	<b>31.12.09</b>	
Core Tier I ratio (Tier I)	7,4%	8,0%	
Capital adequacy ratio	11,4%	10,9%	
Cost/Revenue	67,0%	59,7%	
NIM	1,4%	1,2%	
NPLs	8,5%	6,9%	
Provisions/Loans	113 b.p.	116 b.p.	

During the year 2010, net interest income increased by 25,6% and amounted to € 316,8 mn as compared to € 252,2mn in the corresponding period of 2009. Net interest margin increased and from 1,2% in 2009 to 1,4% in 2010 mainly due to differentiation of loan pricing policy to which the Bank proceeded.

Net income from fees and commissions decreased by 23,6% to € 76,0 million primarily due to unfavorable conditions in the investment banking and international capital markets. The difficult conditions prevailing in the bond markets led the Group presenting financial income of € 44,2 million in 2010 as against € 113,8 million in 2009, decreased by 61,2%.

On this basis, total operating revenue of the Group decreased by 6.1% in 2010 and reached € 436,9 million in 2010 as compared to € 465,4 million in the corresponding period of 2009. In addition, the Investment Bank of Greece, the subsidiary company that constitutes the investment banking instrument of the Group, occupied the second position on the Greek stock and bond market with the share of 13,2%, while continuing to lead the Greek derivatives market with the share of 26,3% for the four the consecutive year.

Total operating expense increased by 5,4% per annum and reached the amount of € 292,5 mil. as compared to € 277,6 million in 2009. Staff costs increased by 4,9% and reached the amount of € 164,5 mil. Other operating expense reached the amount of € 109,7 mil and increased by 6,5%. Expense as a percent of income ratio for the year 2010 stood at 67,0% in 2010 as compared to 59,9% in 2009.

The abovementioned figures were significantly influenced by the evolution of the sales network numbering 211 branches as against 218 in 2009. With reference to its operational development, the Group staff stood at 3.629 persons in 2010 as against 3.617 persons in the corresponding period of 2009.

The Group's operating performance, adversely affected by the economic conditions and business environment, decreased by 23.1% with the profit before provisions amounting to € 144.4 million. Provisions remained at the same high level as in 2009, in order to protect the Group against future risks. In particular, the provisions increased by € 2.0 million, or 1.3%, standing at € 160.4 million, i.e. 113 basis points over the loans for the year 2010.

In the financial year 2010, net losses after tax, at the Group level, amounted to € 21.2 million or € 29.5 million after the special social responsibility levy amounting to € 8.3 million.

Within the frame of the Group strategy regarding stricter borrowing criteria in the Greek market, the market share stood at the same level as that of December 2009, i.e. 5.4%. In absolute sizes, the loan portfolio of the Bank amounted to € 13.8 billion in December 2010 as against € 13.7 billion in 2009, presenting a marginal increase of 0.8% on annual basis.

In 2010, the annual growth rate of mortgages of the Group was 6.6%, while consumer loans decreased by 8.9%. The corporate loans presented an annual growth rate of 2.5%. Post dated loans over 90 days constitute 8.5% of the Group total loans and the coverage rate from accumulated provisions stood at 43.0%.

The deposits of the Group amounted to € 9,9 billion, presenting a decrease of 9,3% as compared to 2009, as a result of the trend for payment of corporate obligations through cash equivalents due to rising interest rates, the substitution of deposits in government bonds and uncertainty for depositors that tend to hold larger stocks of cash outside the banking system in times of crisis. Despite the difficult economic environment, the Group managed to maintain market share in the Bank's deposits at 4.4%. In the end of 2010, loan to deposit rates stood at 140,0%, while if we exclude the securitized loans, they stand at 118% levels, at which most Greek and European banks fluctuate.

The steady progress of the group and the healthy financial position are reflected in its credit rating. Despite consecutive downgrading of Greek bonds currently rated at the lever under that of "investment rate" (BB+/S&P, B1/Moody's, BB+/-/Fitch), and despite the significant presence of the Bank in Greece, Marfin Egnatia Bank Group is rated at (Baa3/Moody's, BBB/Fitch) a step above the main competitors in the Greek environment. This rating is fully aligned with that of the parent Marfin Popular Bank in view of the impending merger.

Despite the difficult economic environment which affected the Group's results and without the participation of the government plan to strengthen Greek banks, the capital adequacy ratio stood at 11.4%, with the primary ratio Tier I standing at 7.4%.

## **SIGNIFICANT EVENTS**

### **Cross-Border Merger**

The Extraordinary General Assembly of the Bank Shareholders as at 23/12/2009 approved the cross-border merger through absorption of «MARFIN Egnatia Bank SA" by «MARFIN POPULAR BANK PUBLIC CO LTD» in accordance with the provisions of Directive 2005/56/EC

of the European Parliament and Council of 26.10.2005, that was incorporated under Cyprus Greek legislation, as defined in the Common Cross-Border Merger Program as of 13 November 2009.

Following the decision of the District Court of Nicosia, in compliance with Articles 201H and 201IΘ on the Corporate Law, there was established the date of 31 March, 2011 (time 12.00 p.m.), as the date of the initiation of the results of the Cross-Border Merger through the absorption of Marfin Egnatia Bank S.A. by the Bank.

### **Issue of a New Line of Covered Bonds**

On 12 March, 2010, following the issue as at 17 November 2008 of the first line of covered bonds amounting to 1 billion Euro, the Bank issued the second line of (common) covered bonds amounting to 500 million Euro of 3 year duration with the possibility of extension for more 10 years. The bonds bear the interest rate of 3M Euribor plus annual margin of 1,50% and have received credibility ratio BBB+/A3 from the international rating agency Fitch Ratings and Moody's respectively. The above issue of the Bonds was carried out within the frame of the existing Plan for the issue of (common) covered bonds amounting till 3 billion Euro. The bonds are listed on the Stock Exchange of Ireland and can be used as warranties for receiving liquidity from the European Central Bank.

### **Early repayment of bond loan amounting to € 80 million**

Following the approval of the Bank of Greece, on 04.05.2010 the Bank proceeded to early repayment of subordinated bond loan (Lower Tier II) of € 80 million, issued on 04/05/2005 by the subsidiary in England Egnatia Finance Plc under the terms of its issue.

### **Issue of Common Bond Loan – € 200 million**

On 04/05/2010, the Bank issued a Common Subordinated Bond Loan (Lower Tier II) of 200 million, 10-year maturity from the date of issuance, interest rate Euribor 3 months plus a margin of 5.50% per annum for the first 5 years and interest rate Euribor 3 months plus a margin of 6.75% annually over the next five years. The issue was fully covered by Marfin Popular Bank.

### **Participation in European stress test 2010**

Marfin Egnatia Bank Group, as a member of Marfin Popular Bank Group, was included in the European stress test organized by the Committee of European Banking Supervisors (CEBS), in cooperation with the European Central Bank (ECB) and Central Bank of Cyprus.

Following the Stress Test results, announced on 23.7.2010, there arose for Marfin Popular Bank a surplus of € 302 million in Tier I Capital as compared to the lowest limit of less than 6%, which was agreed entirely for the purposes of this test. This limit shall not in any way be interpreted as the minimum supervisory rate (the minimum rate for the supervisory Tier I Capital is set at 4%), nor as the capital objective reflecting the risk profile of the organization as defined by the results of the supervisory review Pillar 2 of the European Capital Adequacy Directive (CRD).

### **Issue of New Common Bond Loan**

On 4/8/2010, the Bank, firstly, canceled the second line of (ordinary) covered bonds amounting to 500 million Euro, whose issue was decided on 12/3/2010, and, secondly, issued a new line of (ordinary) covered bonds amounting to 1 billion Euro was issued with 1 year term from issue date, a right to extension for 1 further year, bearing interest of Euribor 3 months plus 1,50% spread per annum rated as at BBB+/A3 by international agencies of Fitch Ratings and Moody's respectively. The issuance of the bonds was carried out within the frame of the plan for issuance of (ordinary) covered bonds of up to 3 billion Euro. The bonds are traded in the Stock Exchange of Ireland and can be used to obtain liquidity from the European Central Bank.

**Disposal of subsidiary**

On 23/7/2010 100% subsidiary of Bank OBAFEMI HOLDINGS LIMITED based in Cyprus, sold its participation (99.96%) to the company EGNATIA PROPERTIES SRL based in Romania, to the company MIG REAL ESTATE SA EAP based in Greece.

On 7/10/2010, 99,84% subsidiary of Marfin Egnatia Fin S.A. sold its participation (100%) in the company Marfin Travel ltd to the company AMATHOUS HELLAS TOURISM SA, based in Greece.

**PROSPECTS FOR THE FUTURE**

The first year of the application of the Economic Adjustment Program was definitely positive for the Greek economy, particularly in its financial part. Reducing the budget deficit at 8.4% of GDP in 2010 from 15.4% in 2009 was achieved. This achievement is certainly important but is only the beginning of the great effort that is underway. The ultimate aim is a fundamental reconstruction of the Greek economy, development, improvement of income without resorting to borrowing and real convergence with the most advanced countries in the Eurozone. Certainly, the achievement of these objectives requires sacrifices, but they are inevitable to the viability of the Greek economy.

In view of the aforementioned environment and in compliance with its Business Plan, the Group continues placing particular emphasis on:

- Credit risk management. As part of this attempt, there is reinforced staffing of the particular units and there are formed creditworthiness management policies (daily basis monitoring, preventive measures), and there is continuously applied the policy in respect of provisions for bad debts. Recently, there was established media company debtors, according to Law 3758/2009.
- Maintenance of cost at low levels as those of 2010. Within the frame of this attempt, the Group will be significantly assisted by the expected in the end of March 2011 merger by absorption of «MARFIN Egnatia Bank SA" by «MARFIN POPULAR BANK PUBLIC CO LTD». This way, there is reorganized the operation of the Group to achieve further economies of scale and systematically centralized monitoring of costs.
- Successful completion of reorganization of Marfin Popular Bank Group that will result in the operation of two banks under common policy and management by the persons accountable to the Group.
- Reinforcement of capital adequacy. Recently, there has been completed a successful capital increase of the parent Marfin Popular Bank of € 488,2 million. The indicators of primary and total capital adequacy of the Group were reinforced, following the share capital increase, by 180 basis points. This increase allows the Group to fully align its capital structure with its strategic business objectives and the forthcoming capital requirements of Basel III.

The Group business plan is part of a broader business plan of Marfin Popular Bank, so that under hard work there is ensured successful continuation of a strong private financial group in the interest of its shareholders, clients and staff.

**RISK MANAGEMENT**

As a consequence of the nature of its activities, the Group is exposed to the regular risks of the financial market. Given the materiality and extent of both the Bank and its subsidiaries, the Group considers as the main risks the credit risk, market risk, interest rate risk, liquidity risk and operational risk.

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The Group has developed policy and procedures, approved by the Board, in accordance with its operational strategy on undertaking, monitoring and risk management as well as determining the acceptable maximum limits. The aim is to protect the capital adequacy and maximize the risk-return relationship in making business decisions.

The financial recession in Greece or in the countries where the Group operates, the challenge of extreme events arising from the further deterioration of the global economic environment and the possibility of slow recovery of the economy may create further tensions and turbulence in the financial system in general. In seeking to minimize those factors which may jeopardize the course of its development, the Group has developed methodologies and procedures for identifying and evaluating significant or sudden changes in the parameters that shape the risks and techniques for their effective management .

Within the frame of MEB and Marfin Popular Bank Public Co Ltd merger, there have been planned the required actions for incorporating the policies, methodologies and risk management procedures in MPB Group.

Credit risk is most evident in the banking sector and is absolutely inherent in banking operations in general. The complex nature of the prolonged economic crisis has affected the economy in an and unprecedented way as well as the banking sector worldwide. In this new environment, the Group has focused on strengthening the quality of the portfolio of assets through practices such as prudent credit policy, avoidance of the sectors presenting unfavorable conditions and prospects, maintaining high quality collaterals, and systematic and timely monitoring the delays at the initial stages of their appearance. In particular, as far as the portfolio of Retail Banking is concerned, the emphasis has been placed on tightening the criteria for the approval process while incorporating new internal rating systems for the accurate projection of credit risk. In addition, the development of behavioral models as well as design and implementation of strategic collections are expected to significantly improve the results of the collection procedures.

For this reason, the credit risk management policy of the Group is based on detailed procedures for making credit decisions under the following guidelines:

- ↳ Sound assessment of client's creditworthiness,
- ↳ Differentiation of trade portfolio
- ↳ Pricing adjusted to credit risk basis

All the above factors are implemented and updated in the light of economic realities of each period, taking into account the planned development.

As regards the risk of counterparty banks, the Group sets ceilings for each counterpart bank separately, thus reflecting the acceptable level of risk, assessing quantitative and qualitative criteria. In addition, it assess the countries that have relative positions, depending on the size, economics and prospects of the country and the extent of credit provided by international rating agencies.

The Group through its open positions that it maintains, is not significantly exposed to the risk of market exchange rates and stock prices and goods. In contrast, the major market risk to which the Group is exposed is interest rate risk, resulting from the positions in fixed rate bonds. The Group manages / hedges its exposure to interest rates risk by using derivative financial products.

Finally, the Group has developed a plan including the conduct of crisis situation exercises simulating every risk factor to which it is exposed, with the aim of firstly, more effective management of risk, and secondly, informing the Management and Supervising authorities.

The Group systematically monitors the difficulties encountered in the liquidity of the banking system, primarily arising from general outflows of deposits, and the impairment of Greek government and banks bonds, in conjunction with increased safety margin imposed by the ECB. To address the above, there is used a combination of liquidity obtaining program, taking advantage of the opportunities offered by the broader group of its parent, Marfin Popular Bank.

Operational risk is assessed as one of the biggest risks faced by the Bank and the Group, given the diversity and the size of the Group financial operations and activities affected by the worsening of international and domestic financial conditions.

Risk management is steadily and constantly improved through assessments and implementation of certain procedures. The main procedures, among others, are as follows:

- ☞ recognition and assessment of operational risks in all the operations of the Bank through:
  - assessment workshops
  - assessment of policies, procedures, products, projects and outsourcing in order to establish control procedures and integrated approach, based on internal and external circumstances
- ☞ establishment of programs to reduce or eliminate the identified risks, and monitoring their implementation
- ☞ monitoring of risks held
- ☞ early identification of monitoring indices of operational risks
- ☞ systematic monitoring of reported, based on the collection, operational risk events and their financial impact.

## TRANSACTIONS WITH RELATED PARTIES

According to the institutional framework, the current report shall include the most significant transactions with related parties, as in accordance with IAS 24, which could materially affect the financial position or performance of the Group.

All transactions with related parties are carried out within the ordinary course of business, under market conditions, approved by the authorized bodies of the Bank and as apart from those elaborated below, there are no other transactions regarded as significant pertaining to the sizes and the results of the Group.

Related parties include: a) BoD members and members of the Bank Management, b) subsidiaries, c) the group of the parent Bank (Marfin Popular Bank), d) other related parties (Board Members – Management of the Group subsidiaries, directly economic dependents of members of the BoD and Management, companies having transactions with the Bank, if the total interest of these BoD members and their dependents cumulatively exceeds 20%)

### a) Transactions with members of the BoD and management

	31 December 2010	31 December 2009
Loans and advances to customers	3.629	5.078
Deposits from customers	11.556	60.773
<b>Income</b>		
Interest – Commission	353	213
<b>Expense</b>		
Interest – Commission	366	2.204
Wages	4.426	6.279
Employer contributions	230	213
Other employee benefits	361	115
Share based payments	412	618
<b>Total benefits</b>	<b>5.429</b>	<b>7.225</b>

**b) Transactions with subsidiaries**

**TABLE 1**  
**INTERCOMPANY TRANSACTIONS – MARFIN EGNATIA BANK'S INCOME FROM SUBSIDIARIES**

Amounts in  
thousand Euro

COMPANIES' EXPENSE	Participation as at 31/12/2010		MARFIN EGNATIA BANK'S INCOME								TOTAL
	DIRECT	INDIRECT	INTEREST INCOME	INTEREST FROM FIXED RETURN BONDS	INTEREST INCOME FROM INTERBANK TRANSACTIONS	COMMISSION INCOME FROM COMMERCIAL TRANSACTIONS	COMMISSION INCOME FROM TRADING TRANSACTIONS	DIVIDENDS	OTHER INCOME		
DYNAMIC ASSET OPERATING LEASES S.A.		100%	14								14
EGNATIA FINANCE PLC	99,998%	0,002%		407							407
IBG CAPITAL S.A.		95,8%								3	3
IBG MUTUAL FUNDS MANAGEMENT S.A.		95,8%								23	23
INVESTMENT BANK OF GREECE S.A.	95,8%				1.453	10	1.048				2.511
MARFIN BANK ROMANIA S.A.	99,317%				3.748						3.748
MARFIN EGNATIA FIN S.A.	99,8366%		97							100	197
MARFIN FACTORS & FORFAITERS S.A.	100%		5.047							60	5.107
MARFIN GLOBAL ASSET MANAGEMENT S.A.	94,5148%	4,2158%					1.514	2.431			3.945
MARFIN LEASING IFN ROMANIA S.A.	99%		3.633								3.633
MARFIN LEASING S.A.	100%		8.847			31				9	8.887
MARFIN TRAVEL LTD	0%		32								32
OBAFEMI HOLDINGS LTD	100%		135								135
<b>TOTAL</b>			<b>17.805</b>	<b>407</b>	<b>5.201</b>	<b>41</b>	<b>2.562</b>	<b>2.431</b>	<b>195</b>		<b>28.642</b>

**TABLE 2**  
**INTERCOMPANY TRANSACTIONS – MARFIN EGNATIA BANK'S EXPENSE FOR SUBSIDIARIES**

Amounts in  
thousand  
Euro

COMPANIES' INCOME	Participation as at 31/12/2010		MARFIN EGNATIA BANK'S EXPENSE							TOTAL
	DIRECT	INDIRECT	INTEREST EXPENSE FROM DEPOSITS	INTEREST EXPENSE FROM INTERBANKING TRANSACTIONS	INTEREST EXPENSE FROM BONDS ISSUE	COMMOSSION EXPENSE FROM COMMERCIAL TRANSACTIONS	COMMISSION EXPENSE FROM TRADING TRANSACTIONS	EXPENSES FROM DERIVATIVES	OTHER EXPENSE	
DYNAMIC ASSET OPERATING LEASES S.A.		100%							201	201
EGNATIA FINANCE PLC	99,998%	0,002%			7.960			96		8.056
IBG INVESTMENTS S.A.		95,8%	55							55
INVESTMENT BANK OF GREECE S.A.	95,8%			550		20	379		37	986
MARFIN BANK ROMANIA S.A.	99,317%			19						19
MARFIN EGNATIA FIN S.A.	99,8366%		11			1.518			2.763	4.292
MARFIN FACTORS & FORFAITERS S.A.	100%		5							5
MARFIN GLOBAL ASSET MANAGEMENT S.A.	94,5148%	4,2158%	184				666			850
MARFIN LEASING IFN ROMANIA S.A.	99%		1							1
MARFIN LEASING S.A.	100%		61	10				(93)		(22)
MARFIN COLLECTIONS S.A.	100%		3						705	708
<b>TOTAL</b>			<b>320</b>	<b>579</b>	<b>7.960</b>	<b>1.538</b>	<b>1.045</b>	<b>3</b>	<b>3.706</b>	<b>15.151</b>

**TABLE 3**  
**INTERCOMPANY TRANSACTIONS - MARFIN EGNATIA BANK'S ASSETS FROM SUBSIDIARIES**

Amounts in  
thousand  
Euro

COMPANIES' LIABILITIES	Participation as at 31/12/2010		MARFIN EGNATIA BANK'S ASSETS									TOTAL
	DIRECT	INDIRECT	LOANS AND ADVANCES TO BANKS – SIGHT DEPOSITS	LOANS AND ADVANCES TO BANKS – INTERBANK DEPOSITS	LOANS AND ADVANCES TO BANKS	LOANS AND ADVANCES TO CUSTOMERS	TRADING PORTFOLIO – CORPORATE BONDS	INVESTMENT PORTFOLIO – AFS- CORPORATE BONDS	OTHER ASSETS – ACCURED INTEREST	OTHER ASSETS	DERIVATIVES	
EGNATIA FINANCE PLC	99,998%	0,002%					98	4.744				4.842
INVESTMENT BANK OF GREECE S.A.	95,80%			174.098						56		174.154
MARFIN BANK ROMANIA S.A.	99,317%		4.066	269.610	10.001							283.677
MARFIN EGNATIA FIN S.A.	99,8366%					2.500						2.500
MARFIN FACTORS & FORFAITERS S.A.	100%					230.258						230.258
MARFIN GLOBAL ASSET MANAGEMENT S.A.	94,5148%	4,2158%							262			262
MARFIN LEASING IFN ROMANIA S.A.	99%					86.042						86.042
MARFIN LEASING S.A.	100%					448.204					99	448.303
OBAFEMI HOLDINGS LTD	100%					7.616						7.616
B.E.K. S.A.	100%					37.068						37.068
<b>TOTAL</b>			<b>4.066</b>	<b>443.708</b>	<b>10.001</b>	<b>811.688</b>	<b>98</b>	<b>4.744</b>	<b>262</b>	<b>56</b>	<b>99</b>	<b>1.274.722</b>

**TABLE 4**  
**INTERCOMPANY TRANSACTIONS - MARFIN EGNATIA BANK'S LIABILITIES TO SUBSIDIARIES**

Amounts in  
thousand  
Euro

COMPANIES ASSETS	Participation as at 31/12/2010		MARFIN EGNATIA BANK'S LIABILITIES										TOTAL
	DIRECT	INDIRECT	DEPOSITS FROM BANKS - SIGHT ACCOUNTS	DEPOSITS FROM BANKS - INTERBANKING	CREDIT NOTES - LIABILITIES	SUBORDINATED DEBT LIABILITIES	DEPOSITS FROM CUSTOMERS - SIGHT ACCOUNTS	DEPOSITS FROM CUSTOMERS - TIME DEPOSITS	OTHER LIABILITIES - CREDITORS DEBTORS	OTHER LIABILITIES	DERIVATIVES		
DYNAMIC ASSET OPERATING LEASES S.A.		100%					77		22				<b>99</b>
EGNATIA FINANCE PLC	99,998%	0,002%			22.500	106.436					84		<b>129.020</b>
IBG INVESTMENTS S.A.		95,8%					1	1.213					<b>1.214</b>
IBG MUTUAL FUNDS MANAGEMENT S.A.		95,8%					8						<b>8</b>
INVESTMENT BANK OF GREECE S.A.	95,8%		4.239	51.028									<b>55.267</b>
MARFIN BANK ROMANIA S.A.	99,317%		20							265			<b>285</b>
MARFIN EGNATIA FIN S.A.	99,8366%						649			396			<b>1.045</b>
MARFIN FACTORS & FORFAITERS S.A.	100%						1.283	337					<b>1.620</b>
MARFIN GLOBAL ASSET MANAGEMENT S.A.	94,5148%	4,2158%					237	2.277		819			<b>3.333</b>
MARFIN LEASING IFN ROMANIA S.A.	99%						5						<b>5</b>
MARFIN LEASING S.A.	100%						1.008	16.801			2		<b>17.811</b>
OBAFEMI HOLDINGS LTD	100%						51						<b>51</b>
MARFIN COLLECTIONS S.A.	100%						389		74				<b>463</b>
<b>TOTAL</b>			<b>4.259</b>	<b>51.028</b>	<b>22.500</b>	<b>106.436</b>	<b>3.708</b>	<b>20.628</b>	<b>96</b>	<b>1.480</b>	<b>86</b>		<b>210.221</b>

**c) Transactions with Parent Company**

**TABLE 1**  
**INTERCOMPANY TRANSACTIONS - MARFIN EGNATIA BANK GROUP'S INCOME FROM PARENT'S GROUP MARFIN POPULAR BANK**

	PARENT'S MARFIN POPULAR BANK'S GROUP EXPENSE							Amounts in thousand Euro
	Marfin Popular Bank Public Co Ltd (Cyprus)	Marfin Popular Bank Public Co Ltd (UK)	Laiki Factors Ltd	Marfin Bank JSC Belgrade	Marfin Pank Eesti AS	Rosprombank	Public Joint-Stock Company Marfin Bank	TOTAL
<b>GROUP OF MARFIN EGNATIA BANK'S COMPANIES' INCOME</b>								
<b>MARFIN EGNATIA BANK S.A.</b>								
INTEREST INCOME - FIXED RATE BONDS	3.533	334						<b>3.867</b>
INTEREST INCOME-LOANS	1.072							<b>1.072</b>
INTEREST INCOME – INTERBANK TRANSACTIONS	34.707	244		834	233	55	152	<b>36.225</b>
COMMISSION INCOME - LOANS AND L.G.s	150							<b>150</b>
TRADING INCOME - DERIVATIVES	1.306							<b>1.306</b>
TRADING INCOME - BONDS	575	1.680						<b>2.255</b>
OTHER INCOME				57				<b>57</b>
<b>INVESTMENT BANK OF GREECE S.A.</b>								
COMMISSION INCOME - OTHER	12							<b>12</b>
<b>MARFIN BANK ROMANIA S.A.</b>								
INTEREST INCOME OTHER	1							<b>1</b>
<b>MARFIN CAPITAL PARTNERS LTD</b>								
INTEREST INCOME- OTHER		9						<b>9</b>
<b>MARFIN FACTORS &amp; FORFAITERS S.A.</b>								
INTEREST INCOME - OTHER				1				<b>1</b>
COMMISSION INCOME - OTHER			3					<b>3</b>
<b>MARFIN SECURITIES CYPRUS LTD</b>								
INTEREST INCOME - OTHER	1							<b>1</b>
<b>TOTAL</b>	<b>41.357</b>	<b>2.267</b>	<b>3</b>	<b>892</b>	<b>233</b>	<b>55</b>	<b>152</b>	<b>44.959</b>

**TABLE 2**  
**INTERCOMPANY TRANSACTIONS - MARFIN EGNATIA BANK GROUP'S EXPENSE TO PARENT'S GROUP MARFIN POPULAR BANK**

Amounts in  
thousand  
Euro

GROUP OF MARFIN EGNATIA BANK'S COMPANIES' EXPENSE	PARENT'S MARFIN POPULAR BANK'S GROUP INCOME									
	Marfin Popular Bank Public Co Ltd (Cyprus)	Marfin Popular Bank Public Co Ltd (UK)	Laiki Bank (Australia) Ltd	Laiki Factors Ltd	Marfin Bank JSC Belgrade	Marfin CLR (Financial Services) Ltd	Marfin Pank Eesti AS	Rosprombank	Public Joint-Stock Company Marfin Bank	TOTAL
<b>MARFIN EGNATIA BANK S.A.</b>										
INTEREST EXPENSE – INTERBANK TRANSACTIONS	12.137	3.565	247		2		6	232	864	<b>17.053</b>
INTEREST EXPENSE – ISSUE OF BONDS	44.235	-855								<b>43.380</b>
<b>INVESTMENT BANK OF GREECE S.A.</b>										
INTEREST EXPENSE – INTERBANK TRANSACTIONS	16									<b>16</b>
INTEREST EXPENSE – OTHER	4									<b>4</b>
COMMISSION EXPENSE - TRADING TRANSACTIONS	1					1				<b>2</b>
<b>MARFIN BANK ROMANIA S.A.</b>										
INTEREST EXPENSE – INTERBANK TRANSACTIONS	243									<b>243</b>
<b>MARFIN FACTORS &amp; FORFAITERS S.A.</b>										
INTEREST EXPENSE – OTHER					75					<b>75</b>
COMMISSION EXPENSE – TRADING TRANSACTIONS				1	26					<b>27</b>
<b>MARFIN GLOBAL ASSET MANAGEMENT S.A.</b>										
COMMISSION EXPENSE – TRADING TRANSACTIONS	12					48				<b>60</b>
<b>MARFIN LEASING S.A.</b>										
INTEREST EXPENSE – ISSUE OF BONDS	220									<b>220</b>
<b>MARFIN SECURITIES CYPRUS LTD</b>										
COMMISSION EXPENSE – TRADING TRANSACTIONS	1									<b>1</b>
<b>TOTAL</b>	<b>56.869</b>	<b>2.710</b>	<b>247</b>	<b>1</b>	<b>103</b>	<b>49</b>	<b>6</b>	<b>232</b>	<b>864</b>	<b>61.081</b>

**TABLE 3**  
**INTERCOMPANY TRANSACTIONS - MARFIN EGNATIA BANK'S GROUP ASSETS FROM PARENT'S GROUP MARFIN POPULAR BANK**

Amounts in  
thousand  
Euro

GROUP OF MARFIN EGNATIA BANK'S COMPANIES' ASSETS	PARENT'S MARFIN POPULAR BANK'S GROUP LIABILITIES							TOTAL
	Marfin Popular Bank Public Co Ltd (Cyprus)	Marfin Popular Bank Public Co Ltd (UK)	Laiki Bank (Australia) Ltd	Marfin Bank JSC Belgrade	Marfin Bank Eesti AS	Rosprombank		
<b>MARFIN EGNATIA BANK S.A.</b>								
LOANS AND ADVANCES TO BANKS – LOANS					4.000			<b>4.000</b>
LOANS AND ADVANCES TO BANKS – SIGHT DEPOSITS	1.911	254.919	250	8				<b>257.088</b>
LOANS AND ADVANCES TO BANKS – INTERBANK ACCOUNTS		12.727		20.054	30			<b>32.811</b>
LOANS AND ADVANCES TO BANKS - REVERSE REPOS	1.759.624					24.595		<b>1.784.219</b>
LOANS AND ADVANCES TO CUSTOMERS	281							<b>281</b>
TRADING PORTFOLIO – BONDS FROM FINANCIAL INSTITUTIONS	76.030	1.217						<b>77.247</b>
INVESTMENT PORTFOLIO –A.F.S.- BONDS OTHER FINANCIAL INSTITUTIONS	407	3.623						<b>4.030</b>
DERIVATIVE FINANCIAL ASSETS	1.849							<b>1.849</b>
OTHER ASSETS	(1.795)	60		57				<b>(1.678)</b>
<b>INVESTMENT BANK OF GREECE S.A.</b>								
LOANS AND ADVANCES TO BANKS – SIGHT DEPOSITS	100							<b>100</b>
<b>MARFIN BANK ROMANIA S.A.</b>								
LOANS AND ADVANCES TO BANKS – SIGHT DEPOSITS	32							<b>32</b>
LOANS AND ADVANCES TO BANKS – INTERBANK ACCOUNTS	10.001							<b>10.001</b>
<b>EGNATIA FINANCE PLC</b>								
LOANS AND ADVANCES TO BANKS – SIGHT DEPOSITS		230						<b>230</b>
<b>MARFIN CAPITAL PARTNERS LTD</b>								
LOANS AND ADVANCES TO BANKS – SIGHT DEPOSITS	387	870						<b>1.257</b>
<b>MARFIN FACTORS &amp; FORFAITERS S.A.</b>								
LOANS AND ADVANCES TO BANKS – SIGHT DEPOSITS				122				<b>122</b>
<b>MARFIN SECURITIES CYPRUS LTD</b>								
LOANS AND ADVANCES TO BANKS – SIGHT DEPOSITS	35							<b>35</b>
<b>TOTAL</b>	<b>1.848.862</b>	<b>273.646</b>	<b>250</b>	<b>20.241</b>	<b>4.030</b>	<b>24.595</b>		<b>2.171.624</b>

**TABLE 4**  
**INTERCOMPANY TRANSACTIONS - MARFIN EGNATIA BANK'S GROUP LIABILITIES TO PARENT'S GROUP MARFIN POPULAR BANK**

Amounts in  
thousand  
Euro

GROUP OF MARFIN EGNATIA BANK'S COMPANIES' LIABILITIES	GROUP OF PARENT MARFIN POPULAR BANK'S ASSETS								TOTAL
	Marfin Popular Bank Public Co Ltd (Cyprus)	Marfin Popular Bank Public Co Ltd (UK)	Laiki Bank (Australia) Ltd	Marfin Bank JSC Belgrade	Marfin CLR (Financial Services) Ltd	Marfin Pank Eesti AS	Rosrombank	Public Joint-Stock Company Marfin Bank	
<b>MARFIN EGNATIA BANK S.A.</b>									
DEPOSITS FROM BANKS – INTERBANK ACCOUNTS	718.000	224.687	7.770				13.439		<b>963.896</b>
DEPOSITS FROM BANKS – SIGHT DEPOSITS	1.039	255.047	416			1	12.535	82	<b>269.120</b>
CREDIT NOTE LIABILITIES	402.120								<b>402.120</b>
DERIVATIVE FINANCIAL LIABILITIES	325								<b>325</b>
OTHER LIABILITIES - SECURITISATION	1.414.500								<b>1.414.500</b>
OTHER LIABILITIES – CREDITORS DEBTORS	9	72							<b>81</b>
HYBRID FUNDS	300.000								<b>300.000</b>
<b>INVESTMENT BANK OF GREECE S.A.</b>									
DEPOSITS FROM BANKS – SIGHT DEPOSITS	53								<b>53</b>
<b>MARFIN BANK ROMANIA S.A.</b>									
DEPOSITS FROM BANKS – INTERBANK ACCOUNTS	10.002								<b>10.002</b>
<b>MARFIN FACTORS &amp; FORFAITERS S.A.</b>									
DEPOSITS FROM BANKS – LOANS				969					<b>969</b>
<b>MARFIN GLOBAL ASSET MANAGEMENT S.A.</b>									
OTHER LIABILITIES – CREDITORS DEBTORS	2				9				<b>11</b>
<b>MARFIN LEASING S.A.</b>									
DEPOSITS FROM BANKS – LOANS	9.798								<b>9.798</b>
<b>TOTAL</b>	<b>2.855.848</b>	<b>479.806</b>	<b>8.186</b>	<b>969</b>	<b>9</b>	<b>1</b>	<b>25.974</b>	<b>82</b>	<b>3.370.875</b>

**TABLE 5**  
**INTERCOMPANY TRANSACTIONS - MARFIN EGNATIA BANK'S INCOME FROM PARENT'S GROUP MARFIN POPULAR BANK**

Amounts in  
thousand  
Euro

MARFIN EGNATIA BANK'S INCOME	PARENT'S GROUP MARFIN POPULAR BANK EXPENSE							TOTAL
	Marfin Popular Bank Public Co Ltd (Cyprus)	Marfin Popular Bank Public Co Ltd (UK)	Marfin Bank JSC Belgrade	Marfin Pank Eesti AS	Rosprombank	Public Joint-Stock Company Marfin Bank		
INTEREST INCOME – FIXED RATE BONDS	3.533	334					<b>3.867</b>	
INTEREST INCOME- LOANS	1.072						<b>1.072</b>	
INTEREST INCOME – INTERBANK TRANSACTIONS	34.708	244	834	233	55	152	<b>36.226</b>	
COMMISSION INCOME – LOANS AND LGs	150						<b>150</b>	
TRADING INCOME – DERIVATIVES	1.306						<b>1.306</b>	
TRADING INCOME - BONDS	575	1.680					<b>2.255</b>	
OTHER INCOME			57				<b>57</b>	
<b>TOTAL</b>	<b>41.344</b>	<b>2.258</b>	<b>891</b>	<b>233</b>	<b>55</b>	<b>152</b>	<b>44.933</b>	

**TABLE 6**  
**INTERCOMPANY TRANSACTIONS - MARFIN EGNATIA BANK'S EXPENSE TO PARENT'S GROUP MARFIN POPULAR BANK**

Amounts in  
thousand  
Euro

MARFIN EGNATIA BANK'S EXPENSE	PARENT'S GROUP MARFIN POPULAR BANK INCOME							TOTAL
	Marfin Popular Bank Public Co Ltd (Cyprus)	Marfin Popular Bank Public Co Ltd (UK)	Laiki Bank (Australia) Ltd	Marfin Bank JSC Belgrade	Marfin Pank Eesti AS	Rosprombank	Public Joint-Stock Company Marfin Bank	
INTEREST EXPENSE - INTERBANK TRANSACTIONS	12.137	3.565	247	2	6	232	864	<b>17.053</b>
INTEREST EXPENSE – ISSUE OF BONDS	44.234	(855)						<b>43.379</b>
<b>TOTAL</b>	<b>56.371</b>	<b>2.710</b>	<b>247</b>	<b>2</b>	<b>6</b>	<b>232</b>	<b>864</b>	<b>60.432</b>

**TABLE 7**  
**INTERCOMPANY TRANSACTIONS - MARFIN EGNATIA BANK'S ASSETS FROM PARENT'S GROUP MARFIN POPULAR BANK**

Amounts in  
thousand  
Euro

	PARENT'S GROUP MARFIN POPULAR BANK LIABILITIES						TOTAL
	Marfin Popular Bank Public Co Ltd (Cyprus)	Marfin Popular Bank Public Co Ltd (UK)	Laiki Bank (Australia) Ltd	Marfin Bank JSC Belgrade	Marfin Bank Eesti AS	Rosprombank	
<b>MARFIN EGNATIA BANK'S ASSETS</b>							
LOANS AND ADVANCES TO BANKS – LOANS					4.000		4.000
LOANS AND ADVANCES TO BANKS-SIGHT DEPOSITS	1.911	254.919	250	8			257.088
LOANS AND ADVANCES TO BANKS – INTERBANK DEPOSITS		12.727		20.054	30		32.811
LOANS AND ADVANCES TO BANKS - REVERSE REPOS	1.759.624					24.595	1.784.219
LOANS AND ADVANCES TO CUSTOMERS	281						281
TRADING PORTFOLIO – BONDS FROM FINANCIAL INSTITUTIONS	76.030	1.217					77.247
INVESTMENT PORTFOLIO –A.F.S.- BONDS FROM FINANCIAL INSTITUTIONS	407	3.623					4.030
DERIVATIVE FINANCIAL ASSETS	1.849						1.849
OTHER ASSETS	(1.795)	60		57			(1.678)
<b>TOTAL</b>	<b>1.838.307</b>	<b>272.546</b>	<b>250</b>	<b>20.119</b>	<b>4.030</b>	<b>24.595</b>	<b>2.159.847</b>

**TABLE 8**  
**INTERCOMPANY TRANSACTIONS - MARFIN EGNATIA BANK'S LIABILITIES TO PARENT'S GROUP MARFIN POPULAR BANK**

Amounts in  
thousand  
Euro

	GROUP PARENT MARFIN POLULAR BANKS ASSETS						TOTAL
	Marfin Popular Bank Public Co Ltd (Cyprus)	Marfin Popular Bank Public Co Ltd (UK)	Laiki Bank (Australia) Ltd	Marfin Pank Eesti AS	Rosprombank	Public Joint-Stock Company Marfin Bank	
<b>MARFIN EGNATIA BANK'S LIABILITIES</b>							
DEPOSITS FROM BANKS – INTERBANK TRANSACTIONS	718.000	224.687	7.770		13.439		<b>963.896</b>
DEPOSITS FROM BANKS – SIGHT ACCOUNTS	1.039	255.047	416	1	12.535	82	<b>269.120</b>
CREDIT NOTE LIABILITIES	402.120						<b>402.120</b>
DERIVATIVE FINANCIAL LIABILITIES	325						<b>325</b>
OTHER LIABILITIES – SECURITISATION	1.414.500						<b>1.414.500</b>
OTHER LIABILITIES – CREDITORS DEBTORS	9	72					<b>81</b>
HYBRID FUNDS	300.000						<b>300.000</b>
<b>TOTAL</b>	<b>2.835.993</b>	<b>479.806</b>	<b>8.186</b>	<b>1</b>	<b>25.974</b>	<b>82</b>	<b>3.350.042</b>

**d) Other related parties transactions**

	31 December 2010	31 December 2009
<b>Assets</b>		
Loans and advances to customers	63.818	76.403
Other assets	5.352	4.874
Property, plant and equipment	254	599
<b>Total assets</b>	<b>69.424</b>	<b>81.876</b>
<b>Liabilities</b>		
Deposits from customers	45.106	95.266
Other liabilities	535	1.339
<b>Total liabilities</b>	<b>45.641</b>	<b>96.605</b>
<b>Income</b>		
	1/1 - 31/12/2010	1/1 - 31/12/2009
Interest income	2.186	2.597
Commission income	1.404	3.354
Other income	-	126
<b>Total income</b>	<b>3.590</b>	<b>6.077</b>
<b>Expense</b>		
Interest expense	1.553	2.421
Other operating expense	3.961	3.772
<b>Total expense</b>	<b>5.514</b>	<b>6.193</b>
<b>Letters of Guarantee and Letters of credit</b>	<b>22</b>	<b>22</b>

## **EXPLANATORY REPORT ART. 4, LAW 3556/2007**

The current explanatory report of the Board of Directors of MARFIN EGNATIA BANK S.A (hereafter “the Bank”) is incorporated in the Report of the Board of Directors as in compliance with Article 4, par. 7 and 8 of the Law 3556/2007 and will be submitted to the Regular General Assembly of the shareholders of MARFIN POPULAR BANK PUBLIC CO LTD, given that as from 31.3.2011, 12.00 p.m. (1/4/2011) there are initiated the results of the cross-border merger of the Bank with MARFIN POPULAR BANK PUBLIC CO LTD.

### **a) Structure of the Share Capital**

On 31.12.2010 the Bank’s share capital amounted to three hundred and sixty six million, eight hundred and forty six thousand, one hundred and forty nine Euro and seventy two cents (€366.846.149,72), divided into two hundred and eighty eight million eight hundred and fifty five thousand two hundred and thirty six (288.855.236) ordinary nominal shares with nominal value per share of one Euro and twenty seven cents (€ 1, 27).

The Bank’s shares are ordinary, nominal and undivided, registered and listed for trading under the Special Stock Exchange Characteristics category in the Athens Stock Exchange, and have been issued in accordance with Law 2190/1920 and the Bank’s Articles of Association.

Each share provides privileges prescribed by the Law and the Articles of Association. In particular, every shareholder has privileges over the receipt of a minimum mandatory dividend distributed annually in accordance with the Law and the Articles of Association of the Bank, as well as the decisions of the General Assemblies of the Bank’s Shareholders. They are also entitled to return of the capital paid up by holders of shares from the product of the liquidation of the Bank’s assets in the event of the Bank being wound up, in accordance with Law provisions and the Articles of Association. Shareholders exercise their privileges in connection with the Bank’s Management only vis-a-vis the General Assembly. Each share grants privileges for a single vote.

The liability of the Shareholders is limited to the nominal value of the shares they hold

### **b) Limits on transfer of the Bank’s shares**

The Bank’s shares may be transferred as provided by the law, including Law 3601/2007, while the Articles of Association provide no restrictions in reference to the transfer of shares.

### **c) Significant direct or indirect participations within the meaning of Law 3556/2007**

The only shareholder holding as at 31.12.2010 a percentage higher than 5% of the total voting rights of the Bank is the parent company under the title Marfin Popular Bank Public Co Ltd, which holds 280.261.317 voting rights pertaining to 97,025% of the total.

### **d) Shares conferring special control rights**

None of the Bank’s shares carry any special rights of control.

### **e) Limitations on voting rights**

The Articles of Association make no provision for any limitations on voting rights.

**f) Agreements among the Bank's shareholders**

The Bank is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights arising from shares

**g) Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association**

The Bank is managed by the Board of Directors that comprises of at least five (5) members, and not more than fifteen (15) members, who are elected during the General Assembly for a three year term extendable up to the Annual General Assembly conducted within the year of the term's expiration.

A legal entity can be elected as a member of the Board of Directors. In such a case, this legal entity is under obligation to appoint a natural person in order to exercise the legal entity's authority as a BoD member.

Deputy BoD members can be elected and their number is defined following the corresponding decision of the General Assembly under which they are elected and which is within the abovementioned limits. The above members can replace a member or members of the Board of Directors that have withdrawn from the Board, whose property of members was withdrawn in any other way as defined in the corresponding decision of the General Assembly.

The Board of Directors may elect board members to replace members who resigned, died or were released from their duties in any other way. This election is possible provided the replacement of these members is not possible to be made by alternate members who may have been elected by the General Assembly. This election by the Board is made under the decision of the remaining members, if there are at least three (3) such members, and it is valid for the remaining term of the Board to be replaced. The election is submitted for publication under the provisions of Article 7b of CL 2190/20 and is announced at the next General Assembly, which can replace the elected members, even if the issue is not registered in the agenda. As term of of service of the newly elected member there is regarded the term of of service of the replaced Member. If the election is not ratified, the actions performed in the meantime by the elected Member shall be considered valid.

It is explicitly stated that in case of resignation, death or other loss of membership of the Board of Directors, the remaining members may continue to manage and represent the Bank without replacing the missing members, provided that their number exceeds half of the members, as they were before the occurrence of these events. In any case, the members may not be less than three (3).

In any case, the remaining Board members, regardless of their number, can proceed to holding General Assembly convened for the sole purpose of electing a new Board of Directors.

The Members of the Board of Directors are reappointable indefinitely.

Individuals sentenced for theft, misappropriation, usury, profiteering, deception, blackmail, forgery, issue of dud cheques, bribery, bankruptcy, smuggling or attempts of such violations, as well as, individuals which lack political rights, are under inhibition or judicial apprehension, or have declared bankrupt and have not been reinstated, cannot be appointed members of the Board of Directors. Any elected member of the Board of Directors which will find itself in one or more of the aforementioned positions will be discharged of duties.

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The regulations recorded in the Company's Articles of Association pertaining to amendment of its provisions are not differentiated under the CO 2190/1920.

**h) Authority of the Board of Directors to issue new Shares or to purchase own shares**

The Articles of Association assign no such authority to the Board of Directors of the Bank.

**i) Significant agreements put in force, amended or terminated in the event of a change in the control, following a public offer**

The Bank has no agreements which are put in force, amended or terminated in the event of a change in the control of the Bank following a public offer.

**j) Significant agreements with members of the Board of Directors or employees of the Bank**

The Bank has no significant agreements with members of the Board of Directors or its employees providing for the payment of compensation, especially in the case of resignation or dismissal without good reason or termination of their period in office or employment due to a public offer. Provisions in accordance with legislation apply. The Bank's compensation provisions due to office leaves as at 31.12.2010 amounted to € 12.998 thousand, while an amount of € 234 thousand is related to individuals holding a position as Managing Director, General Managers, Deputies General Managers or Assistants General managers.

## **CORPORATE GOVERNANCE STATEMENT FOR THE ADMINISTRATIVE PERIOD 2010**

### **CORPORATE GOVERNANCE CODE**

Marfin Egnatia Bank has posted on its website [www.marfinegnatiabank.gr](http://www.marfinegnatiabank.gr) the corporate governance code that it has developed and applied.

### **CORPORATE GOVERNANCE PRACTICES**

The Group operates in the financial sector and therefore its relations with its clients it also manages confidential information. To protect both clients and the group, considerable attention has been given to governance practices that would protect clients and ensure the interests of the Group.

The Code of Ethics and Conduct of the Group obliges the management and the staff to respect the principles and values as briefly set out below:

- **Confidentiality**
- **Professional Conduct**
- **Conflict of interests**
- **Money Laundering and Terrorist Financing**
- **Corruption – Bribery**
- **Other employment occupation**
- **Merit-based procedures**
- **Transparency of Operations**
- **Respect to property and provided resources**
- **Investment Transactions of the Staff - Privileged Information**
- **Reporting Illegal Activities and violations of the Regulations**

### **INTERNAL CONTROL SYSTEM**

The Board has overall responsibility for maintaining a system of internal control, which ensures, inter alia, the assets of the Group and its clients, accuracy and privacy of transactions, reliability of financial reporting and financial statements and compliance with legislation.

The Internal Control System refers to an organized network of operations and procedures, a comprehensive system of controls established by the Management, ensuring the effective operation of the Bank and correctness of the financial statements.

#### **Internal Audit**

The Internal Audit Department, through its planned policies, regularly and under special controls, assesses the adequacy and proper operation of various departments and presents its findings to the Audit Committee.

The Audit Committee periodically informs the Board of Directors on all issues and submit its assessment of the annual report of the Internal Audit Department, which determines the adequacy of Internal Audit System of the Group.

The annual reports that are prepared confirm the effectiveness of internal control system. The adequacy and assessment of Internal Audit System (IAS) of the Bank is assessed, among other things, every three years according to the requirements of the PD / BOG 2577 by external auditors.

The Bank's Management has installed monitoring accounting systems of works which ensures the preparation of reliable financial statements and reports and significantly assists the management information system of the Bank (MIS), which continuous reliable financial data for decision making.

## **Risk Management**

The risk management strategy of the Bank establishes the basic principles and objectives of risk management, providing thereby the guidelines for risk management to the personnel and the Management, while ensuring correctness of financial statements and financial reports.

The risk management strategy is implemented at the Group level and is adapted to changes arising in the Group's business strategy and internal and external environment.

The main objectives and characteristics of the risk management framework are as follows:

- **Identifying the main types of risk and the Group's operations exposed to these risks,**
- **Minimizing the annual levels of losses associated with significant risks through sound risk management**
- **Developing appropriate methodologies for risk management**
- **Establishing adequate systems to facilitate effective risk management,**
- **Annual review of risk management framework by the Management, and**
- **Aligning the strategic objectives of the Group with the risks undertaken by the Business Units.**

The Group defines its risk tolerance as the level of risk it intends to undertake to achieve its business objectives as well as the risks it does not intend to undertake. To determine the risk tolerance, the Group uses quantitative and qualitative criteria.

The Board of Directors of the Bank determines the risk tolerance. The Risk Management Committee of the Bank submits for discussion and approval of the BoD of the Bank the recommendations regarding the tolerance of the Group against the risks, based on the analysis that has been carried out and coordinated by the Risk Management Department. The result of these procedures is reflected in policies, procedures, internal control points, risk decrease techniques and structures of the Group limits regarding the significant risks involved in its operations.

An important role in risk management is played by Operational Risks Projections Committee, Asset - Liability Committee (ALCO) and all the bodies of the Bank.

The Bank publishes information on its website under the Act the Governor of the Bank of Greece Num. 2592/20.8.2007 "Disclosure by credit institutions of prudential information on capital adequacy and the risks they undertake and their management".

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## **OTHER INFORMATION**

The only shareholder holding as at 31.12.2010 a percentage higher than 5% of the total voting rights of the Bank is the parent company under the title Marfin Popular Bank Public Co Ltd, which holds 280.261.317 voting rights pertaining to 97,025% of the total.

None of the Bank's shares carry any special rights of control.

The Articles of Association of the Bank make no provision for any limitations on voting rights.

There are no provisions for the competence of the Board of Directors to issue new shares or purchase own shares.

The results of the cross-border merger under the absorption of the Bank by MARFIN POPULAR BANK PUBLIC CO LTD will be initiated on 1 April 2011. The Bank will continue operating as a Branch of MARFIN POPULAR BANK PUBLIC CO LTD in Greece.

## **STRUCTURE AND OPERATION OF THE BOARD OF DIRECTORS AND COMMITTEES OF THE BANK**

The Board of Directors is assisted by committees which meet regularly or occasionally when needed, and which consist of Board of Directors members or third parties, whose activities are regulated by the Internal Regulation Procedures.

The Chairmen of the Committees mandatorily keep the Board of Directors informed on the activities or decisions of the committees.

### **Appointment of the Board of Directors**

The Bank is managed by the Board of Directors that comprises of at least five (5) members, and not more than fifteen (15) members, who are elected during the General Assembly for a three year term extendable up to the Annual General Assembly conducted within the year of the term's expiration.

A legal entity can be elected as a member of the Board of Directors. In such a case, this legal entity is under obligation to appoint a natural person in order to exercise the legal entity's authority as a BoD member.

Deputy BoD members can be elected and their number is defined following the corresponding decision of the General Assembly under which they are elected and which is within the abovementioned limits. The above members can replace a member or members of the Board of Directors that have withdrawn from the Board, whose property of members was withdrawn in any other way as defined in the corresponding decision of the General Assembly.

The Members of the Board of Directors are reappointable indefinitely.

The Board of Directors may elect board members to replace members who resigned, die or were released from their duties in any other way. This election is possible provided the replacement of these members is not possible to be made by alternate members who may have been elected by the General Assembly. This election by the Board is made under the decision of the remaining members, if there are at least three (3) such members, and it is valid for the remaining term of the Board to be replaced. The election is submitted for publication under the provisions of Article 7b of CL 2190/20 and is announced at the next General Assembly, which can replace the elected members, even if the issue is not registered on the agenda. As term of service of the newly elected member, there is regarded the term of of service of the replaced Member. If the election is not ratified, the actions performed in the meantime by the elected Member shall be considered valid.

It is explicitly stated that in case of resignation, death or other loss of membership of the Board of Directors, the remaining members may continue to manage and represent the Bank without replacing the missing members, provided that their number exceeds half of the members, as

they were before the occurrence of these events. In any case, the members may not be less than three (3).

In any case, the remaining Board members, regardless of their number, can proceed to holding General Assembly convened for the sole purpose of electing a new Board of Directors.

The Board of Directors submits to the General Assembly proposals for additions or amendments to the Articles of Association of the Bank, on increase or decrease of the corporate capital and extension or merger or liquidation of the Bank. It issues bond loans in accordance with applicable law, including the provision of Article 3a of the CL 2190/1920.

### Operation of the Board of Directors

The composition of the Board of Directors of the bank as at 31/12/2010 was as follows:

	<b>Name</b>	<b>Title</b>	<b>Role</b>
<b>1</b>	Vassilios Theocharakis	Chairman	Non Executive Director
<b>2</b>	Alexandros Mpakatselos	Vice-Chairman	Non Executive Director
<b>3</b>	Konstantinos Vassilakopoulos	Managing Director	Executive Director
<b>4</b>	Iraklis Kounadis	Deputy Managing Director	Executive Director
<b>5</b>	Efthimios Bouloutas	Member	Executive Director
<b>6</b>	Andreas Vgenopoulos	Member	Executive Director
<b>7</b>	Fotios Karatzenis	Member	Executive Director
<b>8</b>	Panagiotis Theocharakis	Member	Non Executive Director
<b>9</b>	Despina Theocharaki	Member	Non Executive Director
<b>10</b>	Markos Foros	Member	Non Executive Independent Director
<b>11</b>	Panagiotis Throuvalas	Member	Non Executive Independent Director

The Board of Directors meets at the headquarters of the Bank or in Athens, every time in compliance with the requirements of the law, Articles of Association or the needs of the Bank. The Board of Directors may meet at any branch or management office buildings of the Bank in Greece.

The Board of Directors may meet at any place outside the headquarters of the Bank either at home or abroad, where at the meeting there are present all its members and no one objects to holding the meeting and decision making.

It is permitted, subject to the relevant provisions of existing legislation, following a decision of the Board of Directors, for the Board to meet by means of teleconference. In such a case, invitation to members of the Board of Directors shall include information necessary for their participation in the meeting.

The Board of Directors is convened by the Chairman or his deputy, by invitation communicated to its members at least two (2) working days prior to the date of the meeting. The invitation must clearly indicate the topics on the agenda, otherwise decision making is permitted if there are present or represented all the members of the Board and no one objects to decision making.

The convocation of the Board of Directors may be requested by two (2) of the members under their request to the Chairman or his deputy, who are required to convene the Board to enable to meet within seven (7) days of application for convocation. The application must, under penalty of inadmissibility, clearly mention the issues to be addressed by the Board of Directors. If the Board of Directors is not convened by the Chairman or his deputy within the said period, the members who had requested the convocation are permitted to convene such a meeting

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within five (5) days of the expiry of the aforementioned period of seven (7) days, notifying the invitation to the meeting to the other members of the Board.

The Board of Directors has quorum and convenes validly when there are present or represented at the meeting half plus one of the Members, however, this number can never be less than three. Any resulting fraction in vote calculation is omitted under quorum establishment.

The Board decisions are made by majority of those present and represented. For matters concerning individuals, the Board's decisions are taken by secret ballot.

The Board decisions are recorded in minutes in a special book "Minutes of the Board of Directors» and are signed by the Chairman or his deputy, as well as by all the members who attended the meeting. In the minutes, there are recorded, at their request, the opinions of the Members in case of potential disagreement. No member or deputy member may refuse to sign the minutes of meetings he attended. Copies or extracts of the minutes are issued by the Chairman of the Board or his statutory deputy or other person designated by decision of the Board of Directors, without further ratification.

Preparation and signing of minutes by all the Board of Directors members or their representatives equals a decision of the Board, of Directors, even if no prior meeting has been held.

### **Risk Management Committee**

The Board of Directors of the Group has assigned the responsibilities associated with coverage, management, specialized treatment and unified control of all forms of risk to the Risk Management Committee, at least one of which members is an executive member and one non-executive member. In addition, the Committee is assigned the responsibilities for required coordination of issues of risk management at the Group level.

The Committee consists of four (4) members of the Board of Directors with sufficient knowledge and experience in risk management. The Committee meetings take place on a quarterly basis or whenever necessary.

The Committee's objective is to ensure implementation of policies and procedures and adequate systems to address any risks that may be involved in the operations of the Group.

### **Audit Committee**

The Audit Committee is appointed by the Board of Directors and consists of three members of the Board of Directors without executive members' capacity.

All the members have training and experience required to carry out the work of the Committee, including knowledge of the wider operating environment of the Bank and IT systems. Of the members of the Committee, at least one shall be independent within the meaning of the Law 3016/2002 and all the members shall have sufficient knowledge and experience in accounting and auditing issues.

The Chairman of the Committee has the necessary knowledge and experience to oversee the auditing procedures and accounting issues facing the Committee. The Committee meets at least four times a year, particularly once a quarter.

The Commission shall keep minutes of its meetings and informs the Board of Directors on the results of the audit. The Chairman of the Committee also informs the Board of Directors on its work within the context of the BoD meetings.

### **Assets-Liabilities Committee (ALCO)**

Assets-Liabilities Committee (ALCO) is accountable to the Executive Committee and plays an important role in managing the risks associated with the its subject matter.

The Committee consists of nine (9) members of the Management and its aim is to examine issues concerning the management of assets and liabilities of the Group. The Committee meets at least once a month.

## **IT Steering Committee**

The Commission consists of at least three members and meets regularly five times a year (once per quarter and once on the annual budget issue). The Head of the Committee is a member of the Management with knowledge of IT issues.

In addition to the above, the Board of Directors of the Bank has established

- a) the **Executive Committee**, which is accountable to the Board of Directors,
- b) the **Supreme Credit Committees** which are primarily responsible for making credit decisions in compliance with their subject issues and for ensuring that credit approval is in line with business objectives, credit policy, the statutory criteria for credit assessment, risk profile of the Group and Credit financing principles,
- c) **Remuneration and Recruitment Committee** and
- d) **Operational Risk Projections Committee** primarily responsible for collecting, evaluating and recording data on contingent losses, assessment and decision on the required size of projections.

## **GENERAL ASSEMBLY AND RIGHTS OF THE SHAREHOLDERS**

### **Operation of General Assembly**

The operation of the general assembly of the shareholders, its key authorities and the rights of the shareholders are described in the Bank's Articles of Association, the main points of which are as follows:

The General Assembly of shareholders if legally assumed represents all the shareholders. The Bank is managed by it as its supreme body, and the Board of Directors is elected by it.

The General Meeting is convened by the Board of Directors, is held regularly at the headquarters of the Bank once every year, in the first half of the year after the end of the fiscal year. The Board of Directors may, however, whenever it deems it necessary, convene the Assembly for an extraordinary meeting.

The General Meeting decides on all matters submitted to it, and its decisions are also mandatory for absent or dissenting shareholders.

Every shareholder can participate in the General Assembly either personally or by representative designated by a simple letter, if he holds at least one share. The ownership of a share entitles a shareholder to one vote.

The General Assembly is in quorum and convenes validly on the items on the agenda when there are present or represented shareholders representing one-fifth (1 / 5) of the paid-up capital. If such a quorum fails to be formed, the General Assembly shall meet again within twenty (20) days from the date of the invitation for meeting cancellation at least the ten (10) days before.

At the resumed meeting, there must be a quorum whatever part of the paid-up share capital is represented at it. No new invitation is required, if the initial invitation defines the location and time of the resumed meetings in case of failure to reach a quorum, provided there is at least ten (10) full day period between the canceled meeting and the resumed meeting.

The decisions of the General Assembly are made by an absolute majority of votes represented therein.

As an exception to the previous paragraph, for decisions regarding a change in the national character of the Bank, change in its objective, share capital increase (except those imposed by laws or provisions made by capitalization of reserves), share capital decrease, except those in accordance with paragraph 6 of Article 16 of Law 2190/20, change in the distribution of profits,

merger, division, conversion, revival, extension of the term of duration or liquidation of the Bank, provision or renewal of authority to the Board of Directors regarding share capital increase in accordance with Article 13 Fri . 1 of Law 2190/1920, and in any other case the law or the Articles of Association provide that certain decisions require a quorum under this paragraph, the Assembly is in quorum and convenes validly on the issues on the agenda when there are present or represented the shareholders representing two-thirds (2 / 3) of the paid up share capital.

If such a quorum fails to be formed, the General Assembly shall meet again within twenty (20) days from the date of the invitation for meeting cancellation at least the ten (10) days before.

If such a quorum fails to be formed, the General Assembly meets again in accordance with the provisions of the preceding article, is in quorum and convenes validly on the issues of the original agenda when there is represented at least half (1 / 2) of the company paid capital. If the quorum fails to be formed again, the Assembly is convened and meets on the issues of the original agenda, when it is represented by at least one fifth (1/5) of the paid-up share capital. No new invitation is required, if the initial invitation defines the location and time of the resumed meetings in case of failure to reach a quorum, provided there is at least ten (10) full day period between the canceled meeting and the resumed meeting.

### **Authorities of the General Assembly**

General Assembly has authority to decide on the following:

- amendments to the Articles of Association, including increase and decrease in the share capital, apart from issues under cases a and b of paragraph 2 of Article 34 of the Law 2190/1920,
- appointment of auditors and members of the Board of Directors apart from the case under Article 19 of the Bank Articles of Association,
- approval or non-approval of the annual budget and the allocation of annual profit, apart from issues under case f of paragraph 2 of Article 34 of the Law 2190/1920,
- mergers, apart from cases under Article 78 of the Law 2190/1920, absorption, division, modification, revival and liquidation of the Bank before the expiry of its term duration and the extension of its term of duration,
- appointment of liquidators,
- any other issue required by law and the Bank Articles of Association.

The Assembly, following the approval of the Budget , decides after special voting procedure of roll call, on the release of the Board of Directors and Auditors from any liability. Under paragraph 2 of Article 35 of the Law 2190/1920, there are entitled to vote the members of the Board of Directors and employees of the Bank only in respect of shares they hold or in the capacity of representatives of other shareholders, who they have been authorized and who they have received specific voting instructions from.

### **Rights of Shareholders**

At a request of shareholders representing one twentieth (1 / 20) of the issued share capital, the Board of Directors is obliged to convene an Extraordinary General Assembly of shareholders, announcing the date of the meeting, which should not be more than forty-five (45) days from the date of submission of the request to the Chairman of the Board of Directors. The request contains the subject on the agenda. If the General Assembly is not convened by the Board of Directors within twenty (20) days from the date of submission of the request, the meeting can be convened by the requesting shareholders, at the expense of the Bank, following a decision of the First Instance Court of the registered office of the Bank area, issued in the process of injunctive measures. This decision specifies the place and time of the meeting and the agenda.

At a request of shareholders representing one twentieth (1 / 20) of the issued share capital, the Board of Directors is obliged to include in the agenda of the General Assembly, which has been convened, additional issues, if the request is received by the Board of Directors fifteen (15 ) days before the General Assembly.

At a request of a shareholder or shareholders representing one twentieth (1 / 20) of the issued share capital, the Chairmen of the Assembly is obliged to postpone decision making by the General Assembly, Annual or Extraordinary, for all or some issues, defining the dates the meeting is to be continued, as specified in the request of shareholders, but not more than thirty (30) days from the date of postponement.

At a request of any shareholder submitted to the Bank at least five (5) full days before the General Assembly, the Board of Directors shall provide to the General Assembly the requested specific information pertaining to the Bank issues, provided it is useful for the assessment of the issues on the agenda.

Also, at a request of shareholders representing one twentieth (1 / 20) of the issued share capital, the Board of Directors shall disclose to the General Assembly, if it is a Regular Assembly, the paid in the last two years to every member of the Board Directors or directors of the Bank and any payment made to such persons for any reason or the effective agreement between them and the Bank. In all these cases the Board of Directors may refuse to provide information, disclosing the significant reason behind the refusal, which is recorded in the minutes.

At a request of shareholders representing one-fifth (1 / 5) of the paid up share capital, submitted to the Bank within the period mentioned in the previous paragraph, the Board of Directors shall provide to the General Assembly the information on the course of corporate affairs and property position of the Bank. The Board of Directors may refuse to provide information, disclosing the significant reason behind the refusal, which is recorded in the minutes.

Upon a request of shareholders representing 1 / 20 of the paid up share capital, a decision on any matter on the agenda the General Assembly can be made by roll call.

Shareholders of the Bank, representing one fifth (1 / 5) of the share capital may request from the First Instance Court of the area of the Bank's registered office to conduct control of the Bank if in the cause of the Bank development it is believed that the management of the corporate affairs was not exercised as required by sound and prudent management.

The shareholders participating in the General Assembly, according to the provisions of the Law and the Articles of Association of the Bank, exercise the supreme management of the corporate affairs

Athens, 29 March 2011

The Chairman of the Board of Directors

The Managing Director

Vassilios N. Theocharakis  
I.D. No. AB 340063/06

Konstantinos I. Vassilakopoulos  
I.D.No . M 310696/82



**Consolidated Financial Statements for the year ended as at 31st December 2010**

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## **INDEPENDENT AUDITORS' REPORT**

**To the Shareholders of MARFIN EGNATIA BANK S.A.**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Marfin Egnatia Bank S.A. and its subsidiaries which comprise of the consolidated statement of financial position as at December 31st, 2010, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Marfin Egnatia Bank S.A. and its subsidiaries as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards Standards that have been adopted by the European Union.

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## Report on Other Legal and Regulatory Requirements

- a) The Board of Directors' Report includes a corporate governance statement, which provides the information set by paragraphs 3d of article 43a of Law 2190/1920.
- b) We verified that the contents of the Board of Directors' Report are consistent and correspond with the accompanying consolidated financial statements within the scope set by articles 37, 43a and 108 of Law 2190/1920.

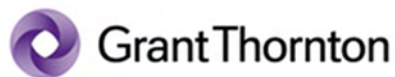
Athens, 29 March 2011

The Chartered Accountant

The Chartered Accountant

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Chartered Accountants Management Consultants  
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Registry Number SOEL 127

Consolidated Income Statement  
 For the period ended 31 December 2010  
 (Amounts in thousand Euro)

	<u>Note</u>	<u>2010</u>	<u>2009</u>
Interest and similar income		715.852	707.061
Interest and similar expense		<u>(399.083)</u>	<u>(454.890)</u>
<b>Net interest income</b>	<b>6</b>	<b>316.769</b>	<b>252.171</b>
Fee and commission income		98.976	129.068
Fee and commission expense		<u>(23.017)</u>	<u>(29.634)</u>
<b>Net fee and commission income</b>	<b>7</b>	<b>75.959</b>	<b>99.434</b>
Dividend income	<b>8</b>	1.714	1.602
Net trading income	<b>9</b>	38.424	105.560
Other income	<b>10</b>	<u>3.955</u>	<u>6.529</u>
<b>Operating income</b>		<b>436.821</b>	<b>465.296</b>
Impairment losses	<b>17</b>	(160.402)	(158.382)
Staff costs	<b>11</b>	(164.470)	(156.846)
Operating expenses	<b>12</b>	(109.718)	(103.010)
Depreciation and amortization	<b>24, 26</b>	(18.320)	(17.773)
Share on profit from associates		<u>81</u>	<u>97</u>
<b>Profit / (Loss) before tax</b>		<b>(16.008)</b>	<b>29.382</b>
Income tax	<b>13</b>	<u>(13.534)</u>	<u>(25.928)</u>
<b>Profit / (Loss) after taxes (A)</b>		<b><u>(29.542)</u></b>	<b><u>3.454</u></b>
<b>Distributed to :</b>			
- Shareholders of the company		(30.135)	2.049
- Non Controlling interest		593	1.405
<b>Net Profit per share</b>	<b>14</b>		
Basic and Diluted		(0,1043)	0,0071

The notes presented on pages 48 to 127 constitute an integral part of the consolidated financial statements as at 31 December 2010.

Consolidated Statement of Financial Position  
31 December 2010  
(Amounts in thousand Euro)

<b>ASSETS</b>	<b>Note</b>	<b>2010</b>	<b>2009</b>
Cash and balances in Central Bank	15	346.151	1.174.973
Loans and advances to Banks	16	2.465.364	2.649.796
Loans and advances to customers (net of impairment)	17	13.793.616	13.685.282
Derivative financial instruments – assets	18	59.805	67.149
Financial instruments at fair value through profit or loss	19	210.519	272.856
Available for sale financial instruments	20	1.614.557	2.138.930
Held to maturity investments	21	722.646	577.323
Debt securities lending	22	2.220.811	1.912.328
Investments in associates	23	2.136	2.005
Property, plant and equipment	24	90.116	93.198
Investment property	25	47.661	40.688
Intangible assets	26	65.186	66.497
Deferred tax asset	27	115.424	81.618
Other assets	28	305.354	424.984
Non-current assets held for sale	29	71.535	-
<b>TOTAL ASSETS</b>		<b>22.130.881</b>	<b>23.187.627</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
Share capital	30	366.846	366.846
Share premium	30	328.334	328.334
Reserves	31	(116.826)	(28.286)
Retained earnings		122.291	152.554
<b>Capital and reserves attributable to shareholders</b>		<b>700.645</b>	<b>819.448</b>
Non Controlling Interest		12.587	20.091
Hybrid funds	32	300.000	300.000
<b>Total equity</b>		<b>1.013.232</b>	<b>1.139.539</b>
<b><u>LIABILITIES</u></b>			
Deposits from Banks	33	8.819.701	8.360.500
Deposits from customers	34	9.860.804	10.867.846
Derivative financial instruments – liabilities	18	211.278	226.560
Other borrowed funds	35	1.990.904	2.162.580
Employee benefits	36	14.555	13.622
Other provisions	37	7.293	4.842
Income tax		15.674	18.743
Deferred tax liability	27	37.136	31.543
Liabilities from non-current assets held for sale	29	383	-
Other liabilities	38	159.921	361.852
<b>Total liabilities</b>		<b>21.117.649</b>	<b>22.048.088</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>22.130.881</b>	<b>23.187.627</b>

The notes presented on pages 48 to 127 constitute an integral part of the consolidated financial statements as at 31 December 2010.

Consolidated Statement of Comprehensive Income  
 31 December 2010  
 (Amounts in thousand Euro)

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	<u>2010</u>	<u>2009</u>
<b>Net Profit after tax (A)</b>	<b><u>(29.542)</u></b>	<b><u>3.454</u></b>
<b><u>Other Comprehensive income after tax</u></b>		
Revaluation of available for sale portfolio	(89.546)	58.032
Exchange differences from financial statements' translation	<u>(927)</u>	<u>(2.964)</u>
<b>Other comprehensive income after tax (B)</b>	<b>(90.473)</b>	<b>55.068</b>
<b>Total Comprehensive Income after tax(A + B)</b>	<b>(120.015)</b>	<b>58.522</b>
<b>Distributed to:</b>		
- Shareholders of the company	(120.517)	57.010
- Non Controlling interest	502	1.512

The notes presented on pages 48 to 127 constitute an integral part of the consolidated financial statements as at 31 December 2010.

Consolidated Statement of Changes in Equity)  
31 December 2010  
(Amounts in thousand Euro)

	Share Capital	Share premium	Reserves	Investment valuation differences	Retained earnings	Equity of the Shareholders of the Company	Non Controlling interest	Hybrid funds	Total equity
<b>Balance 01 January 2009</b>	<b>366.846</b>	<b>327.699</b>	<b>57.364</b>	<b>(145.829)</b>	<b>154.305</b>	<b>760.385</b>	<b>20.162</b>	<b>0</b>	<b>780.547</b>
Revaluation of available for sale portfolio				76.342		76.342	14		76.356
Deferred tax from revaluation of available for sale portfolio				(18.321)		(18.321)	(3)		(18.324)
Reserves for foreign exchange currency			(2.609)		(450)	(3.059)	95		(2.964)
Results for the period					2.049	2.049	1.405		3.454
<b>Total income and expense recognised in 2009</b>			<b>(2.609)</b>	<b>58.021</b>	<b>1.599</b>	<b>57.011</b>	<b>1.511</b>		<b>58.522</b>
Formation of reserves			2.431		(2.431)				
Revaluation Reserve			817			817			817
Share capital increase cost		635			(635)				
Reserves for the stock option plan			1.414			1.414	25		1.439
Hybrid funds								300.000	300.000
Impact through Percentage of participation in subsidiaries and other movements			108	(1)	(286)	(179)	(1.607)		(1.786)
<b>Balance 31 December 2009</b>	<b>366.846</b>	<b>328.334</b>	<b>59.525</b>	<b>(87.809)</b>	<b>152.552</b>	<b>819.448</b>	<b>20.091</b>	<b>300.000</b>	<b>1.139.539</b>

Consolidated Statement of Changes in Equity)  
31 December 2010  
(Amounts in thousand Euro)

<b>Balance 01 January 2010</b>	<b>366.846</b>	<b>328.334</b>	<b>59.525</b>	<b>(87.809)</b>	<b>152.552</b>	<b>819.448</b>	<b>20.091</b>	<b>300.000</b>	<b>1.139.539</b>
Revaluation of available for sale portfolio				(106.101)		(106.101)	(13)		(106.114)
Deferred tax from revaluation of available for sale portfolio				16.567		16.567	1		16.568
Reserves for foreign exchange currency			(847)			(847)	(80)		(927)
Results for the period					(30.135)	(30.135)	593		(29.542)
<b>Total income and expense recognised in 2010</b>			<b>(847)</b>	<b>(89.534)</b>	<b>(30.135)</b>	<b>(120.516)</b>	<b>501</b>	<b>0</b>	<b>(120.015)</b>
Dividends for year 2009							(47)		(47)
Formation of reserves			1.239		(1.239)				
Reserves for the stock option plan			1.506			1.506	10		1.516
Impact through Percentage of participation in subsidiaries and other movements			(903)		1.110	207	(7.968)		(7.761)
<b>Balance 31 December 2010</b>	<b>366.846</b>	<b>328.334</b>	<b>60.520</b>	<b>(177.343)</b>	<b>122.288</b>	<b>700.645</b>	<b>12.587</b>	<b>300.000</b>	<b>1.013.232</b>

The notes presented on pages 48 to 127 constitute an integral part of the consolidated financial statements as at 31 December 2010.

Consolidated Cash Flow Statement  
For the period ended 31 December 2010  
(Amounts in thousand Euro)

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
<b>Cash flows from operating activities</b>			
Profit/Loss before tax		(16.008)	29.382
<b>Adjustments for non-cash items</b>			
Depreciation	24,26	18.320	17.773
Loans impairment	17	160.402	158.382
Other provisions		5.529	3.562
Employee benefits	11	3.040	1.966
Trading portfolio valuation		2.830	(23.674)
Transfer to investing activities		(148.853)	(183.615)
Transfer to financing activities		25.442	21.514
<b>Net changes in operating assets</b>		<b>50.702</b>	<b>25.290</b>
Loans and advances to banks		266.152	(1.587.713)
Trading securities and derivatives		66.850	(75.595)
Loans and advances to customers		(268.735)	(840.254)
Other assets		14.290	(25.522)
<b>Net changes in operating liabilities</b>			
Deposits from Banks		451.156	2.756.873
Deposits from customers		(1.007.042)	(863.602)
Other liabilities		(202.711)	(180.933)
<b>Net cash flows from Operating Activities before tax</b>		<b>(629.338)</b>	<b>(791.456)</b>
Income tax paid		(23.382)	(17.175)
<b>Net Cash Flows from Operating Activities</b>		<b>(652.720)</b>	<b>(808.631)</b>
<b>Cash Flows from Investing Activities</b>			
Investment in subsidiaries and associates		(8.228)	(2.006)
Sale / disposal of subsidiaries-associates and their cash and cash equivalents		(196)	-
Net (increase) decrease in investments		(25.996)	(1.794.156)
Dividends received		1.282	1.201
Purchase of assets		(29.236)	(38.246)
Sale of assets		8.211	1.327
Investment portfolio interest received		120.736	125.538
Other flows from investing activities		34.187	56.841
<b>Net Cash Flows from Investing Activities</b>		<b>100.760</b>	<b>(1.649.501)</b>
<b>Cash flows from Financing Activities</b>			
Dividends distributed		(47)	(500)
Issue (payment) of debts		(189.075)	292.208
Issue of Hybrid funds		-	300.000
Securitisation of loans		-	1.414.500
<b>Net Cash Flows from Financing Activities</b>		<b>(189.122)</b>	<b>2.006.208</b>
<b>Total Net Cash Flows</b>		<b>(741.082)</b>	<b>(451.924)</b>
Impact of foreign exchange differences on Cash and Cash equivalents		(6.019)	(5.010)
<b>Net increase (decrease) in cash flows</b>		<b>(747.101)</b>	<b>(456.934)</b>
<b>Cash and cash equivalents, opening</b>		<b>1.674.513</b>	<b>2.131.447</b>
<b>Cash and cash equivalents, closing</b>		<b>927.412</b>	<b>1.674.513</b>
Cash and cash equivalents consist of:			
<b>Cash and balances in Central Bank</b>		73.686	877.580
<b>Due from Banks</b>		853.726	796.933
		<b>927.412</b>	<b>1.674.513</b>

The notes presented on pages 48 to 127 constitute an integral part of the consolidated financial statements as at 31 December 2010.

## 1. General information on the Group

MARFIN EGNATIA BANK S.A.” (hereinafter referred to as “the Bank”), with its registered office in Greece, whose shares are traded on Athens Stock Exchange, operates as a Societe Anonyme Bank in compliance with Greek legislation, and in particular with the requirements of Company Law 2190/1920 as this is due, the requirements of the Law 3601/2007 on credit institutions as well as the requirements of other similar legislations.

The Group of companies of Marfin Egnatia Bank, “the Group”, operates mainly in the financial sector and provides a broad range of financial and banking services to individuals and businesses.

The Group’s primary activities are in Greece, but it also has subsidiaries that operate in Romania and Cyprus. The Group employs a total of 3.629 persons (31/12/2008: 3.617).

The Bank, (S.A. Records N. 6072/06/B/86/11), which is the group’s parent company, arose following the merger of: a) MARFIN BANK S.A. (R. No. 6079/06/B/86/18) and b) LAIKI BANK (Hellas) S.A. (R. No. 27084/06/B/92/16) with EGNATIA BANK S.A. in accordance with the decision K2 – 9985/29.06.2007 of the Ministry of Development. Furthermore, in accordance with the aforementioned decision of the Ministry of Development, there was also approved the modification of Article 1 of the Bank’s Charter of Incorporation in compliance with which the name and the discreet title of the Bank were changed into «**MARFIN EGNATIA BANK S.A.**», under the discreet title «**MARFIN ΕΓΝΑΤΙΑ ΤΡΑΠΕΖΑ**» and «**MARFIN EGNATIA BANK**».

Following the decision of the Nicosia District Court in accordance to articles 201(xvii) and 201(xix) of the (Cyprus) Companies Law, set the 31.3.2011 (12:00 pm) as the date of conclusion of the cross-border merger through absorption of Marfin Egnatia Bank S.A. by Marfin Popular Bank Public co Ltd.

The corporate registered office of the Bank is in Municipality of Thessalonica and, in particular, at 20 Mitropoleos and Komnion Str.

The objective of the Bank, in accordance with Article 3 of its Charter of Incorporation is to operate in Greece or abroad and provide recognized or by the law assigned to Banks services, on its behalf or on behalf of third parties.

The consolidated financial statements of the Bank are included in the consolidated financial statements of Marfin Popular Bank Public Company Ltd. 154, Limassol Avenue, 22023, 1598 Nicosia, Cyprus under full consolidation method. Marfin Popular Bank participates in the share capital of the company by 97,0248%.

### Group’s structure

The consolidated financial statements of the Group also include the following companies:

#### Under full consolidation method:

	Name	Country of incorporation	31/12/2010			31/12/2009			Tax non-inspected years
			% Direct Participation	% Indirect Participation	Total % Participation	% Direct Participation	% Indirect Participation	Total % Participation	
1	Marfin Egnatia Bank S.A.	Greece	-	-	-	-	-	-	2005 – 2010
2	Marfin Bank Romania S.A. (1)	Romania	99,317%	-	99,317%	99,234%	-	99,234%	-
3	Marfin Leasing IFN Romania S.A.	Romania	99,00%	-	99,00%	99,00%	-	99,00%	-

Notes to the Consolidated Financial Statements  
 as at 31 December 2010

4	Marfin Leasing S.A. (2)	Greece	100,00%	-	100,00%	100,00%	-	100,00%	-
5	Dynamic Asset Operating Leases S.A.	Greece	-	100%	100%	-	100%	100%	-
6	Marfin Egnatia Fin S.A. (3)	Greece	99,8366%	-	99,8366%	99,00%	-	99,00%	-
7	Egnatia Finance PLC	United Kingdom / London	99,998%	0,002%	100,00%	99,998%	0,002%	100,00%	-
8	Marfin Travel LTD (3)	Greece	-	-	-	-	99,00%	99,00%	2010
9	Obafemi Holdings LTD (4)	Cyprus	100,00%	-	100,00%	100,00%	-	100,00%	-
10	Egnatia Properties SRL (4)	Romania	-	-	-	-	100,00%	100,00%	-
11	Investment Bank of Greece S.A. (5), (6)	Greece	95,80%	-	95,80%	92,80%	-	92,80%	2010
12	Marfin Capital Partners Ltd	United Kingdom / London	70,00%	-	70,00%	70,00%	-	70,00%	-
13	Marfin Capital Partners (Cyprus) Ltd	Cyprus	-	70,00%	70,00%	-	70,00%	70,00%	-
14	Marfin Global Asset Management S.A. (5)	Greece	94,5148%	4,2158%	98,7306%	94,5148%	4,0841%	98,5989%	-
15	IBG Investments S.A.(5)	British Virgin Islands	-	95,80%	95,80%	-	92,80%	92,80%	-
16	IBG Mutual Funds Managements S.A. (5)	Greece	-	95,80%	95,80%	-	92,80%	92,80%	-
17	Marfin Securities (Cyprus) Ltd (5)	Cyprus	-	95,80%	95,80%	-	92,80%	92,80%	-
18	IBG Capital S.A. (5)	Greece	-	95,80%	95,80%	-	92,80%	92,80%	-
19	Marfin Factors & Forfaiters S.A. (7)	Greece	100,00%	-	100,00%	100,00%	-	100,00%	-
20	Marfin Collections S.A. (8)	Greece	100,00%	-	100,00%	-	-	-	-
21	Synergatis plc (9)	United Kingdom / London	-	-	-	-	-	-	-

(1) On 22/04/2010 Marfin Bank Romania S.A., a subsidiary to the Bank by 99,234%, proceeded with a share capital increase amounting to 5 million Euro, in the context of strengthening its capital adequacy as well as its armoring against credit risk. The aforementioned increase was approved by the Central banks of Greece and Romania and was covered in full by the parent company with resignation in rights of the rest of the shareholders and thus the percentage of participation of the Bank is now 99,317%.

(2) On 13/1/2010 the tax inspection for the years 2005-2008 was finalised. The arising amount of tax, amounting to 233 thousand Euro, was paid on the same date against the formulated relevant provision.

(3) On 25/08/2010 the Bank participated in the share capital increase of its subsidiary Marfin Egnatia Fin S.A. amounting to 1.500 thousand Euro thus increasing its percentage of participation from 99% to 99,8366%. By analogy the percentage of indirect participation in Marfin Travel LTD has also increased. On 7/10/2010 Marfin Egnatia Fin S.A. has disposed 100% of its participation in Marfin Travel LTD, to the company "AMATHUS HELLAS S.A." which is incorporated in Greece.

(4) On 23/7/2010 OBAFEMI HOLDINGS LIMITED a 100% subsidiary of the Bank incorporated in Cyprus, disposed its 99,96% participation in EGNATIA PROPERTIES SRL which is incorporated in Romania to MIG REAL ESTATE S.A. incorporated in Greece. On the consolidation of 31/12/10 only the analogy of the results up to 31/7/2010 was included. In the comparative period of 31/12/2009 the company was included in the consolidation under full

consolidation method. The relevant change has not brought a movement of more than 25% to the turnover or the results after tax and non-controlling interests of the company or/and to the equity of the shareholders of the company.

(5) During 2010 the parent company acquired 112.634 shares of «Investment Bank of Greece S.A.» and the percentage of «Marfin Egnatia Bank S.A.» to the share capital of the company increased from 92,80% to 95,80%. Respectively, the indirect participation to the group's companies (Marfin GAM S.A., IBG Investment S.A., IBG Mutual Funds Management S.A., Marfin Securities Cyprus, IBG Capital S.A.) has also increased.

(6) On 21/5/2010 the tax inspection for the years 2007 – 2008 was completed. The arising amount of tax of 7.418 thousand Euro was charged to the income statement for the period and was paid on 15/7/2010.

(7) On 23/2/2010 the tax inspection for the years 2007 – 2008 was completed. The arising amount of tax of 101 thousand Euro was paid on 25/2/2010 against the formulated relevant provision.

(8) Within the frame of broader operation, cost reduction and better management of collections, on it was decided the establishment of a Collection Company, as in compliance with the 3758/2009. On 16/02/2010, the company «Marfin Collections S.A.» was established, a 100% subsidiary of Marfin Egnatia Bank S.A.

(9) The company was established on 23 April 2009, it is based in the United Kingdom with the objective of issuing bonds to secure collateral. The company is a special purpose company and is consolidated under full consolidation method, since its operations exclusively serve the specific needs of the Bank.

In accordance with Law 3888/2010 the voluntary settlement of tax obligation for the tax non-inspected years was established. The following companies fulfilled the requirements set by the law, came under the arrangement and settled their tax non-inspected years up to 2009. The relevant charge for each company is also presented in the table below.

Company	Tax non-inspected years	Voluntary settlement for tax non-inspected years	Tax paid
Marfin Leasing S.A.	2010	2010	117.304,88
Dynamic Asset Operating Leases S.A.	2010	2010	16.111,35
Marfin Global Asset Management S.A.	2010	2008 - 2010	107.202,56
Marfin Egnatia FIN S.A.	2010	2010	71.291,93
Marfin Factors & Forfaiters S.A.	2010	2010	66.848,15
IBG Mutual Funds Management S.A.	2010	2008 - 2010	15.535,38
IBG CAPITAL S.A.	2010	2008 - 2010	2.216,59

#### Under equity method:

Company	Country of Incorporation	31/12/2010			31/12/2009		
		% Direct Participation	% Indirect Participation	Total % Participation	% Direct Participation	% Indirect Participation	Total % Participation
1. ARIS Capital Management	USA	30,00%	-	30,00%	30,00%	-	30,00%

## **Management**

The Board of Directors at its meeting on 30/09/2009 reorganized as a body as follows:

The Chairman (Non executive member):	:	Vassilios N. Theocharakis
The Vice Chairman (Non executive member) :	:	Alexandros K. Mpakatselos
The Managing Director (Executive member) :	:	Konstantinos Vassilakopoulos
The Deputy Managing Director (Executive member):	:	Iraklis G. Kounadis
Executive members:	:	Andreas E. Vgenopoulos Efthimios T. Bouloutas Fotios D. Karatzenis
Non executive members:	:	Panagiotis I. Theocharakis Despina V. Theocharaki
Non executive independent members:	:	Panagiotis K. Throuvalas Markos A. Foros

The auditors of the annual financial statements are as follows:

Statutory:	Vassilis K. Kazas	(SOEL Reg. No. 13281)
	Ioannis G. Leos	(SOEL Reg. No. 24881)
Deputy:	Sotiris A. Constantinou	(SOEL Reg. No. 13761)
	Pavlos L. Stellakis	(SOEL Reg. No. 24941)
Of the auditing firm:	Grant Thornton S.A.	(SOEL Reg. No. 127)

## **2. Basis of preparation**

### **2.1 Compliance**

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (I.F.R.S), as these have been adopted by the European Union, including all amendments issued by the International Accounting Standards Board (I.A.S.B.).

The current financial statements were approved by the Board of Directors on March 29, 2011 and are subject to final approval by the General Assembly of the Shareholders of MARFIN POPULAR BANK PUBLIC CO LTD.

### **2.2 Basis of presentation**

The financial statements are prepared in thousand Euro which is the reporting currency and are rounded to the nearest thousand. The financial statements are prepared on historic cost basis except for:

- Revaluations of available-for-sale securities,
- Revaluations of assets and liabilities classified as items at fair value through profit and

- loss,
- Revaluations of derivative financial instruments and
- Revaluations of investment property.

## **2.3. Changes in accounting principles**

### **2.3.1 Changes in accounting principles within the year 2010**

The Group has fully adopted all the IFRSs and Interpretations adopted by the European Union that shall be mandatory applied under the preparation of financial statements covering the year beginning as at 01/01/2010. The following IFRS, amendments and new interpretations were implemented for the first time within the year 2010:

- **Annual improvements 2009**

During 2009, IASB issued the annual improvements to IFRS for 2009, a series of adjustments to 12 Standards, as a part of the annual improvement program. The annual improvement program of IASB aims to make necessary but not urgent adjustments to IFRSs and will not be a part of bigger revision program. The adjustments have effective date for annual periods beginning on or after January 1, 2010, and had no significant effect on the Group.

**In addition to the following standards, amendments and revisions shall begin in 2010 but they do not apply to the Group.**

- **Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards”**

The amendment provides guidance on the retrospective application of the IFRSs with reference to the measurement of financial assets in oil, natural gas and leasing sectors. The amendment is applicable for annual accounting period starting on or after 01/01/2010 and does not apply to the Group operations.

- **Amendments to IFRS 2 “Share based Payment”**

The IASB issued amendments to IFRS 2. The amendments clarify how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements. The Management estimates that amendments to IFRS 2 will not affect the Group accounting policies. The amendments to the IFRS are applicable to companies for annual period on or after 01/01/2010.

- **Adoption of IFRS 3: “Business Combinations” and revised IAS 27: “Consolidated financial Statements and Accounting for Investment in subsidiaries:**

The revised IFRS 3 introduces significant amendments for the application of the acquisition method for business combinations. Among other changes the standard introduces the possibility of non-controlling interests being measured at fair value. Furthermore, the revised standard requires that the acquirer of a subsidiary recognizes the assets acquired and liabilities assumed as a transaction with owners of the business and any difference should be recognized in equity. The amended IAS 27 requires that transactions leading to changes in participations in

subsidiaries to be recognized in equity. Moreover, the amended standard changes the accounting treatment of losses incurred by a subsidiary in respect of the loss of control over Notes to the Consolidated Financial Statements of the subsidiary. All the changes to the above standards will be applied subsequently and will affect future acquisitions and transactions with minority shareholders. The revised standards are expected to affect the accounting treatment of business combinations for future periods while this effect will be estimated when the above business combinations are realized.

- **Amendment to IAS 39, Financial instruments : Recognition and Measurement : Instruments which qualify as hedging instruments**

IAS 39 amendment allows an entity to define as hedged element a portion of the change in the fair value, or the fluctuation of a financial instrument's cash flow. An entity can define the changes in fair value or cash flows linked to a single risk, as the hedged element, in an effective hedging relationship. The amendment is not expected to have a significant effect on the Group Financial Statements.

- **IFRIC 17 “Distributions of Non-cash Assets to Owners”**

When an entity announces distribution and has the obligation to distribute assets to its owners, it must recognize a liability for these payable dividends. IFRIC 17 specifies the following issues: a dividend payable should be recognized when the dividend is appropriately approved and is no longer at the discretion of the entity; the company should measure the dividend payable at the fair value of the net assets to be distributed; the company should recognize the difference between the dividend paid and the assets' book value distributed in profit or loss. This interpretation is not applicable to the Group's operations.

- **IFRIC 18 “Transfers of Assets from Customers”**

This interpretation is particularly relevant for entities or organizations in the utility sector. IFRIC 18 clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water).

In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both). The Interpretation provides guidance on cases where the definition of an asset is met, as well as on the recognition and measurement of initial costs. It also provides guidance on how to identify the entity's obligation to provide one or more separately identifiable services in exchange for the transferred asset as well as how to recognise revenue and accounting for cash received by clients. This interpretation is not applicable to the Group.

**2.3.2. Standards, amendments to the standards and the interpretations to already existing standards that are either not effective yet, or have not been adopted by the European Union.**

Furthermore, the IASB has proceeded with the issue of the following new IFRSs, amendments and interpretations which are not mandatory for these financial statements.

- **IFRS 9: «Financial Instruments»**

The IASB is planning to fully replace IAS 39 «Financial Instruments: Recognition and Measurement» by the end of 2010, that will be put in force for annual financial periods starting at 01/01/2013. IFRS 9 constitutes the first stage of the ongoing project for the replacement of IAS 39. The main stages of the project are as follows:

1st stage: Recognition and and Measurement,

2nd stage: Impairment method,

3rd stage: Hedge accounting

Furthermore, an additional stage concerns issues related with derecognition. IFRS 9 aims to reduce complexity in the accounting treatment of financial instruments by offering fewer categories of financial assets and a principle based on the approach for their classification. According to the new Standard, the entity classifies financial assets either at amortised cost or at fair value based on:

a) the entity's business model for managing financial assets,

b) the characteristics of the contractual terms of the financial asset give rise on specified dates to cash flows (if it has decided not to appoint the financial asset at fair value through profit and loss).

The division of all financial assets into two categories – amortised cost and fair value – means that only one impairment model will be required in the context of the new standard, thus reducing complexity.

The standard is applied for annual period starting on or after 01/01/2013 and has not been approved by the European Union yet. Its effects on equity and results to the Group is currently being evaluated.

- **Amendment to IFRS 1 “first-time Adoption of International Financial Reporting Standards” – limited exemption from comparative IFRS 7 Disclosures for First-time Adopters**

The current amendment provides limited exemptions to IFRS first time adopters from provision of comparative information pertaining to disclosures required by IFRS 7 «Financial Instruments: Disclosures». The amendment applies to annual accounting periods starting on or after July 1, 2010 and has been adopted by the European Union. This amendment does not apply to the Group.

- **IAS 24: “Related Party Diclosures”**

The aforementioned amendment clarifies the definition of related parties and reduces disclosures regarding related parties of the State. In particular, it rescinds the obligation of State entities to disclose details of all transactions with other State parties, it clarifies and simplifies the definition of a related party and endorses the disclosure not only of transactions and balances between related parties, but also undertakings, both in separate and consolidated statements. The aforementioned amendment has been endorsed by the European Union and has obligatory adoption from 01/01/2011. This amendment is not expected to have significant impact on the financial statements.

- **IFRIC 14 (Amendment) “Minimum Funding Requirements Payments”**

The amendment has been issued to raise the limitations that an entity had on the recognition of an asset deriving from voluntary prepaid contributions for minimum funding requirements. The amendment is applicable for annual accounting period starting on or after 01/07/2011 and has been approved by the European Union. The amendment is not applicable to the Group.

- **IFRIC 19: “Extinguishing Financial Liabilities with Equity Instruments”**

IFRIC 19 considers the accounting treatment when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity’s shares or other equity instruments to settle the financial liability fully or partially. The amendment is applicable for annual accounting periods commencing on or after 01/07/2010 and was approved by the European Union. The Interpretation is not applicable to the Group.

- **Amendment to IAS 32 “Financial Instruments: Disclosure and Presentation” – Classification of Rights as Equity.**

The amendment revises the definition of financial liabilities as provided in IAS 23, with respect to classification of rights issues (rights, options or warrants) as equity. The amendment is applicable for annual accounting periods commencing on or after 01/02/2010 and was approved by the European Union. The amendment is not expected to affect the Group Financial Statements.

- **Amendment to IAS 12 “Deferred tax” – “Recovery of Assets” (effective for annual periods beginning on or after January 1 2012.**

The amendment introduces a practical guidance on the recovery of the carrying amount of assets held at fair value or adjusted in accordance with the requirements of IAS 40 "Investment Property". Under this amendment the future recovery of the carrying amount of such assets is presumed to be carried out through the future sale of the asset. The amendment is effective for annual periods beginning on or after 01/01/2012 and it will be examined whether its implementation will have an impact on the Group consolidated Financial Statements. This amendment has not been approved by the European Union.

- **Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards” – removal of Fixed Dates for First-time Adopters.**

The Amendment removes the use of fixed transition date (01 January 2004) and replaces it with the actual date of transition to IFRS. At the same time, it removes the requirements for derecognition of transactions that had taken place before the scheduled transition date. The amendment is effective for annual periods beginning on or after 01/07/2011, and the earlier application is permitted. The implementation of the amendment will have no effect on the Group consolidated Financial Statements. This amendment has not been approved by the European Union.

**Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards” – Severe Hyperinflation.**

The amendment proposes guidance on how an entity should resume presenting financial statements in accordance with International Financial Reporting Standards (IFRSs) after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. . The amendment is effective for annual periods beginning on or after 01/07/2011, and it can be implemented retrospectively. The implementation of the amendment will not affect the Group consolidated Financial Statements. This amendment has not been approved by the European Union.

**Amendment to IFRS 7 “Financial Instrument : Disclosures” – Transfer of Financial Assets” (effective for annual periods beginning on or after July 1, 2011)**

The amendment will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendment is effective for annual periods beginning on or after 01/07/2011, and it can be implemented retrospectively. The implementation of the amendment will not have effect on the Group consolidated Financial Statements. This amendment has not been approved by the European Union.

**Annual improvements to International Accounting Standards 2010**

In 2010, the IASB issued annual improvements to IFRSs 2010 - a series of adjustments to 7 standards - which is part of the program for annual improvements to the Standards. This is the series of amendments issued under the annual improvements process, which is designed to make necessary, but non-urgent, amendments to IFRSs and will not be part of a larger revision project. Most improvements are effective for annual periods beginning on or after 01/01/2011, and earlier application is permitted. Annual improvements have not been adopted by the European Union.

The Company does not intend to apply any of the Standards or Interpretations earlier. Based on the existing Group structure and accounting policies followed, the Management does not expect material effects (unless mentioned otherwise) on the financial statements of the company arising from the implementation of the aforementioned Standards and Interpretations as they become effective.

**2.4 Estimates**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Bank’s accounting policies. Such policies might affect the balances of Assets and Liabilities, as well as Income and Expense. Actual results might differ from assessments.

Judgments and similar affairs are based on past experience and other factors that are considered reasonable in current circumstances. The outcome of all the above mentioned

factors constitutes the basis for decision making on accounting values in assets and liabilities which cannot be traceable otherwise.

Such judgments and assessments are in a constant revision process. Divergence from accounting estimates affects only the revision period and future period if the revision is aimed at present and future accounting periods.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

## **2.5 Consolidation**

### **Subsidiaries**

Subsidiaries are all entities over which the Group, directly or indirectly, has the power to govern the financing and operating policies. Usually in these entities there is a shareholding of more than 50% of the voting rights.

Subsidiaries are consolidated under full consolidation method from the date of acquisition, which is, the date on which control is transferred to the Group and cease to be consolidated from the date on which control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of an asset given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities, assumed during a business combination, are measured initially at fair value on the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. When the cost of the subsidiary is less than the fair value of the net assets of the subsidiary acquired, then the difference is recognized directly in the consolidated income statement. Goodwill is annually tested for impairment, and the difference between its book and its recoverable value is recognized as impairment loss in the period's results.

Intercompany transactions, balances, and unrealized gains on transactions between group companies are eliminated on consolidation. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. Where necessary, the accounting policies of the subsidiaries have been modified to ensure consistency with those adopted by the Group.

### **Transactions with non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with parties external to the Group. Disposals to minority rights result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

### **Associates**

Associates are all entities over which the Group has significant influence but not control.

Usually, in these entities the Group has a shareholding between 20% and 50% of voting rights. Investments in associates are initially recognized at cost and are then accounted for using the equity method of accounting.

The Group's investments in associates include goodwill identified on acquisition, net of any impairment loss. The Group's share of post-acquisition profits or losses of associates is recognized in the income statement and its share of post-acquisition movements in reserves is recognized in reserves. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, then it does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Where necessary, the accounting policies of associates have been modified to ensure consistency with those adopted by the Group.

### **3. Basic Accounting Policies**

The basic accounting principles that were adopted for the preparation of financial statements are as follows:

#### **3.1 Foreign currency transactions**

##### **(a) Foreign currency transactions**

Transactions in foreign currencies are translated to euro the reporting currency at the foreign exchange rate ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies, at the financial statements preparation date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated to euro using the exchange rate at the date of the transaction. Nonmonetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined..

##### **(b) Financial Assets of Subsidiaries**

Assets and liabilities including the Goodwill and fair value adjustments on the entities of foreign country are translated to Euro, using the exchange rates ruling at the reporting period closing date.

Income and expenses of subsidiaries, none of which has the currency of a hyperinflationary economy, are translated to Euro according to the exchange rates ruling at the dates of the transactions.

Any foreign exchange differences arising from conversion are recognized in other comprehensive income.

#### **3.2 Investments in Financial Assets**

##### **(a) Classification**

*Financial Instruments 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. These include derivative contracts that are not designated and effective hedging instruments.

*Loans and receivables* are loans and receivables created by the Group providing money to a debtor other than those created with the intention of short-term profit taking.

*Held-to-maturity assets* are financial assets with fixed or determinable payments and fixed maturity that the Group has the intent and ability to hold to maturity. These include certain purchased loans and advances to banks and customers, and certain debt investments.

*Available-for-sale assets* are financial assets that are not held for trading purposes, loans and receivables, or held to maturity. Available-for-sale include certain debt and equity investments.

#### **(b) Recording**

The Group recognizes financial assets held for trading, available-for-sale and held-to maturity on the date it commits to purchase the assets. From this date any gains and losses arising from changes in fair value of the assets are recognized. Loans and receivables are recognized when cash is advanced to the borrowers.

#### **(c) Measurement**

Financial instruments are measured initially at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent to initial recognition all trading instruments and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is started at cost, including transaction costs, less impairment losses

All non-trading financial liabilities, loans and receivables and held-to-maturity assets are measured at amortized cost less impairment losses. Amortized cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

#### **(d) Fair value measurement**

The fair value of financial instruments is based on their quoted market price at the closing period reporting date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using valuation models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimate and the discount rate is a market related rate at the closing period reporting date for an instrument with similar terms and conditions. Where valuation models are used, inputs are based on market related prices at the reporting period date.

The fair value of derivatives that are not exchange-traded is estimated as the amount that the Group would receive or pay to terminate (dissolve) the contract at the reporting period date taking into account current market conditions and current creditworthiness (credit capability) of the counter-parties.

#### **(e) Gains and losses on subsequent measurement**

Gains and losses arising from a change in the fair value of available-for-sale assets are recognized in other comprehensive income. When the financial assets are sold, collected or otherwise disposed of the cumulative gain or loss recognized in equity is transferred to the income statement.

Gains and losses arising from a change in the fair value of instruments at fair value through profit or loss are recognized in the income statement.

**(f) Derecognition**

A financial instrument is derecognized when the Group loses control on contractual rights that comprise the financial instrument. This occurs when the rights are realized, expire or are surrendered. A financial liability is derecognized when it is settled.

**3.3 Hedge accounting**

Where there is a hedging relationship between a derivative instrument and a related item being hedged, the hedging instrument is measured at fair value. The treatment of any resultant gains and losses is set out below:

A hedging relationship exists where:

- at the inception of the hedge there is formal documentation of the hedge,
- the hedge is expected to be highly effective,
- the effectiveness of the hedge can be reliably measured,
- the hedge is highly effective throughout the reporting period and
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect net profit or loss.

The fair value of derivative hedging instruments is calculated in the same way as the fair value of trading instruments (see accounting principle 3.2d)

When a derivative financial instrument hedges the exposures to changes in the fair value of a recognized asset or liability, the hedged item is at fair value in respect of the risk being hedged. Gains and losses on remeasurement of both the hedging instrument and the hedged items are recognized in the income statement. These amounts are included in gains less losses from non-trading instrument "income from financial instruments designated at fair value through profit or loss".

Where a derivative financial instrument hedges the exposure to variability in the cash flow of recognized assets or liabilities or anticipated transactions or firm commitments, the effective part of any gain or loss on remeasurement of the hedging instrument is recognized in other comprehensive income. The ineffective part of any gain or loss is recognized in the income statement.

**3.4 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 and advances 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 statement of financial position 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 consideration is recognized on an accrual basis over the period of the transaction and is included in interest.

The Group enters into purchases of shares under agreement to resell at certain date (stock reverse repos) through Athens Derivative Exchange. Shares purchased are sold at the Athens Stock Exchange. Shares are not recognized as assets, however, the commitment to resell is recognized as liability in the statement of financial position and it is valued at the fair value on which the group is committed to rebuy and return them at the Clearing Transactions over Derivatives Company.

### **3.5 Property, plant and equipment**

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings	40 years
Furniture and equipment	6-10 years
Vehicles	6-7 years
Computer hardware and software	4-5 years

Leasehold improvements are depreciated over the useful life of the improvement or the duration of the lease whichever is lower.

The assets' useful lives are reviewed and adjusted, if appropriate, at each closing period reporting date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount at cost 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 the higher of the asset's fair value less costs to sell and value in use.

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

### **3.6 Investment property**

Investment property are properties held by the Group either to earn rental income or for capital appreciation. The Group records investment property at fair value as determined by an independent valuation company having an appropriate recognised professional qualification. Some of these assets are leased but the lease contract was signed prior to its acquisition by the Group. Initially investment property is recorded at cost including acquisition expenses. Any gain or loss arising from a change in fair value is recognised in profit or loss.

### **3.7 Intangible assets**

Intangible assets consist of software that has been acquired by the Bank and stated at cost less accumulated amortization and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the software, which is between 4 to 8 years.

### **3.8 Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. The cost of acquisition is adjusted for changes in the purchase consideration contingent on future events. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. The carrying amount of goodwill is re-assessed annually and if found to be impaired it is written down to its recoverable amount. Goodwill is allocated to cash generating units for the purpose of impairment testing.

### **3.9 Impairment of non-financial assets**

Non depreciated assets with indefinite useful life are subject to annual impairment test including when some events indicate that the book value may not be recoverable. Depreciated assets are subject to impairment test of their value, when there are indications that their book value shall not be recovered.

An impairment loss is recognized when an asset's book value or a Cash-generating Unit's book value exceeds their recoverable amount. A Cash-generating Unit is the smallest group of assets which can generate cash flows, independently of the Group's other assets or groups of assets. The recoverable value is the highest amount between the net fair value (less cost to sell) and the value in use. The value in use is the current value of the estimated future cash flows anticipated to inflow in the enterprise from an asset usage and disposal at the end of its anticipated useful life. The asset's book value is decreased to the recoverable value amount. In case of cash generating unit, the impairment loss is first deducted from the goodwill amount which has been recognized for that unit and then from the other assets on proportionate basis.

Impairment losses are recognized in the income statement. The impairment loss which has been recognized for goodwill must not be reversed for a posterior period. Regarding the other assets, for every Statement of Financial Position reporting date, an impairment loss review is carried out to assess if there are indications that it has been decreased. An impairment loss is reversed if there is a change in the recoverable amount. Following the impairment loss reversal, the asset's book value shall not exceed the book value (after depreciations) it would present had it not been for impairment loss recognition.

### **3.10 Cash and cash equivalent**

Cash and cash equivalents include monetary assets with an original maturity of three months or less, such as cash balance, unrestricted balances held with the Central Bank and amounts due from financial institutions. Cash and cash equivalents are recorded at amortized cost.

### **3.11 Impairment of financial instruments**

#### **(a) Assets carried at amortised cost**

The Group assesses at each closing period reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial

recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Bank about the following loss events:

- i. Significant financial difficulty of the issuer or obligator;
- ii. A breach of contract, such as a default or delinquency in interest or principal payments;
- iii. The Bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- iv. It becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- v. The disappearance of an active market for that financial asset because of financial difficulties; or
- vi. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - adverse changes in the payment status of borrowers in the group; or
  - national or local economic conditions that correlate with defaults on the assets in the group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group of historical loss experience for assets with credit risk characteristics similar to those in the group.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectable, 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. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

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 recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

#### **(b) Assets carried at fair value**

The Group assesses at each reporting period closing date whether there is objective evidence that a financial asset or group of financial assets is impaired. In case of equity and debt 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 assets are impaired. If any such 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 that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity investments are not reversed through 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 recognised in profit or loss, the impairment loss is reversed through the income statement.

### **3.12 Financial Liabilities**

Financial liabilities are stated at amortised cost which occurs using the effective interest method. Deposits from banks, deposits from customers and debt securities in issue are classified in this category.

### **3.13 Financial guarantee contracts**

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Commission from financial guarantee contracts are initially recognized as liability (at fair value) and they are taken to the income statement gradually through contract's duration.

Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned on a straight line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the reporting period closing date.

Financial guarantee contracts are included in the entry "Other liabilities".

### **3.14 Employee benefits**

**Short-term benefits:** Short-term benefits to personnel (except for termination of employment benefits) in cash and kind are recognised as an expense when considered accrued. Any unpaid amount is recognised as a liability, whereas in case the amount already paid exceeds the benefits' amount, the entity identifies the excessive amount as an asset (prepaid expense) only to the extent that the prepayment shall lead to a future payments' reduction or refund.

**Retirement Benefits:** Benefits following termination of employment include lump-sum severance grants, pensions and other benefits paid to employees after termination of employment in exchange for their service. The Group's liabilities for retirement benefits cover both defined contribution schemes and defined benefit plans.

#### *i) Defined contribution plans*

For defined contribution plans, the Group pays contributions to publicly administered pension insurance funds (i.e. Social Security Foundation) and therefore the Group has no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to pension obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such they are included in line 'staff costs' of the Income Statement.

#### *ii) Defined benefit plans*

The Group's defined benefit plan regards the legal commitment to pay lump-sum severance grant, pursuant to L.2112/1920. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and compensation. The liability recognized in the statement of financial position for defined benefit plans is the present value of the liability for the defined benefit less the plan assets' fair value (reserve from payments to an insurance company), the changes deriving from any actuarial profit or loss and the service cost. The defined benefit commitment is calculated on an annual basis by an independent actuary with the use of the projected unit credit method.

The present value of the liability which incurs from the defined benefit plan is calculated by discounting the future cash outflows with the long-term Greek bonds' rate.

Actuarial profits and losses form part of the Company's commitment to grant the benefit and of the expense which shall be recognized in the income statement. The adjustments' outcome based on historical data, if below or above a 10% accumulated liability margin, is recognized in the income statement within the expected insurance period of the plan's participants. The service cost is directly recognized in the income statement except for the case where plan's

changes depend on employees' remaining years of service. In such a case, the service cost is recognized in the income statement using the fixed method during the maturity period.

**Employment Termination Benefits:** Benefits due to employment termination are paid when employees step down prior to the retirement date. The Group recognizes these benefits upon committing itself that it terminates employees' employment according to a detailed plan for which there is no withdrawal possibility.

**Remuneration based on Equity Instruments:** The Group, through the Parent Company Marfin Popular Bank, grants the personnel stock options for the acquisition of Parent Company shares. These benefits are settled by issuing new shares from the Parent Company, on the condition that the employee fulfils certain vesting conditions linked to his/her performance and exercises his/her options.

Services rendered by employees are measured according to the fair value of the options granted on the grant date. Option fair value is calculated by using a widely accepted option pricing model and taking into account the share's closing price on grant date. Options' fair value, following their issue, is readjusted in case there is a modification in the plan favorable for employees. Employees' services residual value is recognized as an expense in the income statement by an equal credit amount in equity, in the share premium account. The relative amount is divided throughout the vesting period and is calculated on the basis of the number of options set to vest in each year.

During the exercise of stock options, the net collected amount (after subtracting direct costs) is recognized in share capital (new shares nominal value) and in share.

### 3.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimates of the amount of the obligation can be made. If the effect is significant, 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.

### 3.16 Leasing agreements

**Group Undertaking as the Lessee:** Leases of fixed assets where all the risks and rewards related to the ownership of an asset have been transferred to the Group, irrespective of whether the title of the said asset is finally transferred or not, are classified as finance leases.

The said leases are capitalized at inception of the lease at the lowest between the fair value of the fixed asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant fixed rate on the remaining financial liability. The corresponding rental obligations, net of finance charges, are included in liabilities. The part of the finance charge related to financial leases is recognized in the income statement over the lease term. The fixed assets acquired under finance leases are depreciated over the shortest between the useful life of the fixed assets or the lease term thereof.

Leases where the lessor transfers the right to use an asset for an agreed period of time, without transferring the risks and rewards of ownership thereof, are classified as operating leases.

Payments made under operating leases (net of any incentives offered by the lessor) are recognized in the income statement proportionally over the lease term.

**Group Undertaking as the Lessor:** When assets are leased out under a capital lease, the present value of the lease payments is recognized as a claim. The difference between the gross amount of the claim and the present value of the claim is recognized as unearned financial income. Lease income is recognized in the income statement over the lease term using the net investment method, which reflects a constant periodic rate of return.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their anticipated useful lives on a basis consistent with similar owned property. Rental income (net of any incentives offered to lessees) is recognized using the straight-line method over the lease term.

### **3.17 Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Offsetting income with expenses is allowed only if they are part of the same entry.

### **3.18 Interest income and expense**

Interest income and expenses are recognized in the income statement for all interest bearing instruments on an accruals basis, using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

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

### **3.19 Fees and commissions income**

Fee and commission income is recognized on an accrual basis when the relevant service has been provided unless they influence the effective interest rate.

### **3.20 Net trading income**

Net income from financial instruments comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes of trading financial assets and liabilities.

### **3.21 Dividend income**

Dividend income is recognized when the right to receive income is established.

### **3.22 Income Tax and Deferred Tax**

The income tax charge involves current taxes, deferred ones and the differences of preceding financial years' tax audit.

Income tax is recognized in the financial year's income statement, except for the tax on transactions recognized in other comprehensive income, in which case it is recognized accordingly in other comprehensive income. To assess the annual tax charge, all the required adjustments on the accounting result are taken into account in order to establish the final taxable income. .

The current income taxes include short-term liabilities or claims vis-à-vis fiscal authorities pertaining to the payable taxes on the year's taxable income and any additional income taxes regarding previous financial years.

Current taxes are measured on the basis of tax rates and fiscal regulations in force during the corresponding financial years, based on the yearly taxable profit.

Deferred taxes are the taxes or the tax relieves from the financial encumbrances or benefits of the financial year in question, which have been allocated or shall be allocated to different financial years by tax authorities. Deferred income tax is provided by using the liability method which is determined by the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the closing reporting period date. In case it is not possible to clearly determine the time needed to invert the temporary differences, the tax rate to be applied is the one in force on the financial year after the reporting period closing date.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Most of the changes in the deferred tax assets or liabilities are identified as a part of tax charges in the income statement. Tax audit differences regard additional income taxes and additional charges on behalf of the fiscal authorities due to the Group taxable income redenomination in the framework of the ordinary or extraordinary tax audit.

### **3.23 Share capital**

#### **(a) Incremental costs of share capital increase**

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

#### **(b) Dividends**

Dividend distribution on ordinary shares is recognised as a deduction in the Group's equity when approved by the Company's shareholders.

#### **(c) Equity share capital**

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid including any directly attributable incremental costs (net of income taxes), is deducted from shareholders' equity. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

### **3.24 Segment reporting**

Based on IFRS 8, there is adopted a fair approach to segment reporting in respect of the Group operating sectors performance. The disclosed information is that used by the Group executive committee (the highest operating decisions body) for the purposes of assessing each segment performance as well as the way the economic resources are allocated among the segments. Such information might differ from the items used for the preparation of the statements of financial position and the statement of comprehensive income.

## **4. Estimates and assumptions**

The preparation of financial statements in accordance with the I.F.R.S. requires estimates and assumptions being made by Management during the implementation of the Group's accounting policies.

The following areas are affected by Management's estimates and assumptions:

#### *(1) Classification of Financial Instruments*

The Group's accounting policies require classification upon initial recognition of financial assets and liabilities in the following categories:

- Financial instruments held to maturity. Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.
- Financial instruments held for trading. This category consists of investments and derivatives which are held for achieving profits in the near term.
- Loans and receivables: This category includes derivative financial assets that have certain or definable payments and that are not traded on active markets and which the Group has no intention to sell in the direct future.
- Financial assets and liabilities at fair value through profit or loss. The classification of an investment in this category depends on the way Management estimates its profitability and risk. This category also comprises of certain investments, such as equity investments, that are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

### *(2) Reclassification of Financial Instruments*

The accounting principles followed by the Group make provisions, in case certain conditions are met, to reclassify a financial instrument after the initial recognition date. Assessing such circumstances requires application of Management's judgment.

- Transfer of equity shares from trading portfolio to the category «financial assets available for sale» is permitted in case there are extreme economic conditions and the above assets are no longer held for the purpose of sale or repurchase in the direct future. The Management estimates that the global crisis of the financial system within the year contributes to those "extreme" cases for the purposes of application of the above accounting principle.
- Transfer of debt securities from the portfolio of «financial assets available for sale» to «loans and receivables» is permitted in case the assets meet the definition of loans and receivables and the Management intends to keep them in the direct future or till maturity. The Management shall exercise its estimation concerning whether a financial asset falls within the definition of "loans and receivables" and mainly the extent to which there is no active market for this asset.
- Transfer from the category of available for sale to the category of "investments held to maturity" is permitted in case the assets meet the required definition and there is a possibility and intention to keep them to maturity.

The effect of the aforementioned reclassification on the financial statements of the Group is presented in Note 24.

### *(3) Hedge Accounting*

In order to define relationship between hedged items and hedging instruments, the Group shall, on one hand, state its strategy in respect of hedge accounting and, on the other hand, estimate that hedging will be efficient within the total duration of the instruments (derivatives).

### *(4) Impairment of available for sale financial assets*

The Group follows the IAS 39 guidance to determine whether the value of an investment is impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

In the following part the segments in which estimates and assumptions by Management have a significant effect are assessed:

#### *(1) Credit risk provisions*

The financial assets measured at amortised cost are subject to impairment testing on each reporting period closing date, according to section 3.11. For the claims examined on a case by case basis the impairment test is based on the Management's assessment for the present value of cash flows set to inflow from the loan servicing by the debtor and from any cover liquidation.

Calculating these cash flows, Management makes assessments on the counter-party's financial position, on the possibility of a settlement and on the net value of any guarantees.

With regard to loans monitored on a collective basis, the necessary provision depends on assessments regarding each loan group credit risk, the market's economic factors, and the inherent portfolio risks. The parameters required are defined based on historical data and present economic conditions. Provisions' accuracy is determined by how well future cash flows of specific counterparties have been estimated and how well all hypotheses and parameters have been used to define all the provisions.

#### *(2) Estimates on fair value of financial instruments*

Financial assets and liabilities fair value calculation for which there are no published market prices requires the use of specific measurement techniques.

Initially, the Group examines the extent to which active market exists for a financial asset. On one hand, there is examined the volume and the frequency of transactions and on the other hand – the variation of prices disclosed by various market factors for the same asset. Usually, significant variations constitute an indication that the market for such an asset is not regarded as "active". The financial assets for which, in compliance with the Group estimations, there is no active market are estimated through use of models. Fair value calculation calls for various kinds of assessments. The most important ones involve assessment of various risks an instrument is subject to, such as business risk, liquidity risk etc. and businesses profitability future perspectives assessment in case of equity instrument measurement. The corresponding calculation was made with reference to market data of Credit Default Swap, where possible. However, as far as certain financial instruments are concerned, there is no available information and higher degree of judgment is required. In such a case, reference is usually made to prices of other items with the similar risk characteristics and suitable amendments are made.

#### *(3) Goodwill impairment testing*

The Group tests for impairment of goodwill on acquired subsidiaries on an basis. In order to ascertain whether there is evidence for impairment, the value in use and the fair value of a business unit need to be calculated. Usually the methods used are the cash flows present value method, future dividends present value method and measurement on the basis of similar entity indicators. To apply the specific methods, Management needs to use data, such as the subsidiary's estimated future profitability, business plans and market data, such as interest rates.

#### *(4) Income Tax*

The Group is subject to income tax in various jurisdictions in which it operates. In order to establish the current and deferred tax, as presented in the statement of financial position significant assumptions are required. For specific transactions and calculations the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### *(5) Defined Benefit Plans*

The liability recognized for defined benefit plans is the present value of the liability for the defined benefit less the plan assets' fair value (reserve from payments to an insurance company), the changes deriving from any actuarial profit or loss and the service cost. The defined benefit commitment is calculated on an annual basis by an independent actuary with

the use of the projected unit credit method. The main assessments used are mentioned in Note 36.

## 5. Information by segment

In compliance with the management approach of IFRS 8, the operating segments are presented based on internal information provided to the Group Executive Committee (the highest operating decisions body) for the purposes of assessing each segment performance as well as the way the economic resources are allocated among the segments. All the operating segments of the Group meet the segment recognition criteria according to IFRS

Since the Group operating segments are totally financial with the majority of income arising from interest and since the Group Executive Committee is mainly based on net interest income in order to assess the segments performance, the total interest income and expenses in respect of all reporting segments is presented on net basis.

Provision of information to the Group Executive Committee is based on allocation of profit before tax and before the part of profit from related companies consisting of net interest income, net income from rights and commissions, financial and other income less operating expenses and provision for grants impairment. The above measurement basis does not include recurring expenses results of operating segments such as amortization of intangible assets and goodwill impairment when the impairment is the result of a separate, non-recurring event. Discontinued operations results are not included in cost allocation. .

Provision of information to the Group Executive Committee in respect of the items of the statement of financial position consists of grants and clients deposits. There were no changes in the disclosed segments within the year. Transactions between business segments are made on purely commercial base. Income from third parties, disclosed to the Group Executive Committee, are then calculated as in compliance with that preselected in the consolidated income statement.

### *Operating segments*

The Group is organized into the following operating segments :

31/12/2010						
Amounts in thousand Euro	Investment and corporate banking	Retail banking	Asset management	Treasury	Investments and participations	Group
<b>Net interest income</b>	55.009	204.085	(474)	58.260	(111)	<b>316.769</b>
<b>Net commission income</b>	19.363	29.494	23.553	3.015	534	<b>75.959</b>
<b>Other income</b>	383	2.550	1.032	39.066	1.062	<b>44.093</b>
<b>Operating revenue</b>	<b>74.755</b>	<b>236.129</b>	<b>24.111</b>	<b>100.341</b>	<b>1.485</b>	<b>436.821</b>
<b>Impairment of loans and advances and of other investments</b>	(10.040)	(144.962)	(5.400)	-	-	<b>(160.402)</b>
<b>Depreciation and amortization</b>	(1.759)	(14.339)	(1.392)	(738)	(92)	<b>(18.320)</b>
<b>Other expense</b>	(30.910)	(197.370)	(31.376)	(13.835)	(616)	<b>(274.107)</b>
<b>Profit (loss) before tax</b>	<b>32.046</b>	<b>(120.542)</b>	<b>(14.057)</b>	<b>85.768</b>	<b>777</b>	<b>(16.008)</b>

Income tax							(13.534)
<b>Profit after tax</b>							<b>(29.542)</b>
<b>Loans and advances to customers (after provisions for impairment)</b>	<b>4.051.002</b>	<b>8.415.846</b>	<b>1.326.768</b>				<b>13.793.616</b>
<b>Deposits from customers</b>	<b>2.665.773</b>	<b>6.329.278</b>	<b>865.753</b>				<b>9.860.804</b>
<b>Total Assets</b>	<b>4.097.847</b>	<b>8.547.403</b>	<b>1.342.525</b>	<b>8.135.524</b>	<b>7.582</b>		<b>22.130.881</b>
<b>Total Liabilities</b>	<b>1.794.865</b>	<b>7.197.215</b>	<b>872.272</b>	<b>11.245.678</b>	<b>7.619</b>		<b>21.117.649</b>
<b>Additions in tangible assets</b>	<b>2.570</b>	<b>15.896</b>	<b>1.292</b>	<b>1.572</b>	<b>5</b>		<b>21.335</b>
<b>31/12/2009</b>							
Amounts in thousand Euro	Investment and corporate banking	Retail banking	Asset management	Treasury	Investments and participations	Group	
<b>Net interest income</b>	63.232	159.505	7.786	21.872	(224)		<b>252.171</b>
<b>Net commission income</b>	17.759	40.438	31.424	8.999	814		<b>99.434</b>
<b>Other income</b>	382	103	3.177	109.260	769		<b>113.691</b>
<b>Operating revenue</b>	<b>81.373</b>	<b>200.046</b>	<b>42.387</b>	<b>140.131</b>	<b>1.359</b>		<b>465.296</b>
<b>Impairment of loans and advances and of other investments</b>	5.168	(164.519)	969	-	-		<b>(158.382)</b>
<b>Depreciation and amortization</b>	(2.039)	(13.223)	(1.363)	(676)	(472)		<b>(17.773)</b>
<b>Other expense</b>	(32.053)	(183.609)	(30.970)	(12.263)	(864)		<b>(259.759)</b>
<b>Profit (loss) before tax</b>	<b>52.449</b>	<b>(161.305)</b>	<b>11.023</b>	<b>127.192</b>	<b>23</b>		<b>29.382</b>
Income tax							(25.928)
<b>Profit after tax</b>							<b>3.454</b>
<b>Loans and advances to customers (after provisions for impairment)</b>	<b>4.133.386</b>	<b>8.274.840</b>	<b>1.277.056</b>				<b>13.685.282</b>
<b>Deposits from customers</b>	<b>2.832.818</b>	<b>6.834.189</b>	<b>1.200.839</b>				<b>10.867.846</b>
<b>Total Assets</b>	<b>4.953.724</b>	<b>8.370.284</b>	<b>1.301.224</b>	<b>8.552.820</b>	<b>9.575</b>		<b>23.187.627</b>
<b>Total Liabilities</b>	<b>2.147.121</b>	<b>6.892.581</b>	<b>1.204.831</b>	<b>11.802.293</b>	<b>1.262</b>		<b>22.048.088</b>
<b>Additions in tangible assets</b>	<b>3.767</b>	<b>22.269</b>	<b>1.595</b>	<b>1.500</b>	<b>6</b>		<b>29.137</b>

a) Investment and corporate banking: Comprises corporations that are Corporate banking clients as well as companies operating in the Shipping sector. The segment covers all the range of loan and deposit needs of the above clients, providing services to support their commercial

operations. The segment also includes provision of consulting and intermediary services related to Investment Banking.

**b) Retail Banking:** Comprises individual Retail Banking clients and small and medium size entities. By means of the Bank branches and alternative networks, the segment offers all the relative products (Sight, Cash, Time deposits etc) and credit products (Mortgages, Credits to Small and Medium size entities, LOC) as well as all kinds of banking services.

**c) Assets Management:** Comprises clients holding high cash available serviced by the Private Banking Officers of the Bank. Such clients are offered a range of products related to assets management (mutual funds, bonds, investment products etc). The category also includes financial services offered to clients as well as all the other services related to their assets management.

**d) Treasury:** Comprises the operation of Dealing Room (Intrabank Market Placement & Borrowing, Bonds, Futures, Options, IRS, FX, equity shares etc) and generally, the bank assets-liabilities management.

**e) Investments and Participations:** The category comprises the results of the Group subsidiaries not operating in the financial sector.

### **Geographical segments**

The Group mainly operates in Greece. The banking network of the Group consists of 211 branches, from which 184 in Greece and 27 in Romania. Income from operations in Greece constitutes 90% of total income, while the assets constitute 97% of the Group.

	31/12/2010		
	Greece	Other countries	Group
Total Income	398.387	38.515	436.902
Profit before tax	(22.806)	6.798	(16.008)
Non current assets	244.030	30.468	274.498
<b>Assets</b>	<b>21.454.799</b>	<b>676.082</b>	<b>22.130.881</b>

	31/12/2009		
	Greece	Other countries	Group
Total Income	418.853	46.540	465.393
Profit before tax	23.959	5.423	29.382
Non current assets	187.326	13.056	200.382
<b>Assets</b>	<b>22.561.688</b>	<b>625.939</b>	<b>23.187.627</b>

## **6. Net interest income**

(Amounts in thousand Euro)

	2010	2009
<b>Interest and similar income</b>		
Interest from bonds	127.439	135.329
Interest from advances to customers	538.637	531.269
Interest from other banks	48.052	31.808
Other interest	1.724	8.655

	<b>715.852</b>	<b>707.061</b>
<b>Interest and similar expense</b>		
Interest on customer deposits	(255.516)	(336.048)
Interest to other banks	(83.688)	(83.204)
Interest on loan capital	(57.040)	(32.897)
Other interest	(2.839)	(2.741)
	<b>(399.083)</b>	<b>(454.890)</b>
<b>Net interest income</b>	<b>316.769</b>	<b>252.171</b>

Interest from trading portfolio bonds amounting to € 5.146 thousand Euro (2009: 5.081 thousand Euro) and new interest equal to € -111.108 thousand Euro (2009: -63.456 thousand Euro) from interest rate derivatives classified as fair value hedging instruments have been included in net interest income.

## 7. Net fee and Commission income

(Amounts in thousand Euro)

	<b>2010</b>	<b>2009</b>
<b>Fee and commission income</b>		
Loans	29.222	36.826
Letters of guarantee	6.010	4.261
Retail banking	5.761	5.610
Custodian	3.579	3.244
Capital transfers	5.710	5.584
Import – Export	1.172	1.470
Stock exchange transactions – income	24.252	37.039
Cash management	9.189	9.702
Investment Banking	1.414	7.289
Tourist services rendering	2.776	3.910
Insurance	2.285	2.613
Other income	7.606	11.520
	<b>98.976</b>	<b>129.068</b>
<b>Fee and commission expense</b>		
Consumer	(5.437)	(4.742)
Stock exchange transactions – expense	(10.284)	(15.849)
Tourist services rendering	(2.226)	(3.092)
Other expense	(5.070)	(5.951)
	<b>(23.017)</b>	<b>(29.634)</b>
<b>Net Fee and Commission Income</b>	<b>75.959</b>	<b>99.434</b>

## 8. Dividend Income

(Amounts in thousand Euro)

	2010	2009
Dividend from Available-For-Sale portfolio	1.262	1.120
Dividend from trading securities	452	482
<b>Dividend income</b>	<b>1.714</b>	<b>1.602</b>

## 9. Net Trading Income

(Amounts in thousand Euro)

	2010	2009
Foreign exchange differences	9.917	10.387
Profit / (Loss) from sale and revaluation of trading securities	5.400	19.543
Profit / (Loss) from derivative financial instruments	(3.064)	17.755
Profit / (Loss) from sale of financial instruments classified other than in trading portfolio	33.202	57.875
Impairment loss on shares included in available for sale portfolio	(2.502)	-
Impairment loss on bonds included in available for sale portfolio	(4.529)	-
<b>Net trading income</b>	<b>38.424</b>	<b>105.560</b>

## 10. Other income

(Amounts in thousand Euro)

	2010	2009
Income from sale / lease of property	708	652
Income from financial operating leasing	2.989	2.503
Other	258	3.374
<b>Other income</b>	<b>3.955</b>	<b>6.529</b>

## 11. Staff costs

(Amounts in thousand Euro)

	2010	2009
Wages and salaries	(122.501)	(117.292)
Social security contributions	(29.112)	(27.959)
Defined benefit plans (Note 36)	(3.040)	(1.966)
Stock option plan expense	(1.516)	(1.439)
Other expense	(8.301)	(8.190)
<b>Staff costs</b>	<b>(164.470)</b>	<b>(156.846)</b>

The number of employees as at the end of the year was 3.619 (2009 : 3.617).

## Stock Options Plan

In April 2007, the Extraordinary General Assembly of the shareholders of the parent approved the establishment of the Stock Option Plan (the "Plan") for its BoD members and the employees of all the Group companies. The shares that are to be issued will have the same nominal value

as already issued shares, i.e. 0,85 Euro each. Every option exercise price (the “Option” ) was defined as that of 10 Euro.

In May 2007, the Extraordinary General Assembly of the shareholders of the parent company Marfin Popular Bank (hereinafter the “parent Bank”) approved of the introduction of a Share Options Scheme (the “Scheme”) for the members of the Board of Directors of the parent Bank and the Group’s employees. Following the aforementioned approval and the pursuant decision of the parent Bank’s Board of Directors on May 8, 2007, 70.305.000 Options were granted, from which 33.530.000 were allocated to the Board of Directors and the employees of Marfin Egnatia Bank and its subsidiaries. The Option could be exercised by their holders during the years 2007 to 2011, in compliance with the distribution defined by the Board of Directors, following the recommendations of the Remuneration Committee, assessing that the beneficiary performance complied with the Bank’s expectations.

The fair value of the Options granted during 2007 was measured using the Black and Scholes model. The significant inputs into the model were: share price of € 8,48 at the grant date, risk-free euro interest rate curve for the duration of the Scheme 4,15% (average), expected share price volatility 12% based on the examination of historic evidence of listed European banks, and dividend yield 3,82%.

On 23 December 2009, the Extraordinary General Assembly of the Shareholders of the parent Marfin Popular Bank approved the amendment of the terms of the Plan established by the Extraordinary General Assembly of the Shareholders in April 200. In particular, it approved the amendment to the exercise price from 10 Euro to 4,50 Euro and prolongation of the Plan duration by 2 years with the last exercise period in the year 2013 instead of 2011. The additional fair value arising from the amendment to the terms of the Plan was calculated based on the following: share price of € 2,32 as at 23 December 2009, risk-free euro interest rate curve for the duration of the Programme 1,9% (average), expected share price volatility 27,3% , and dividend yield 3,45%. The additional fair value arising from the amendment to the terms of the Plan will be recognised in the period as from amendment date to their vesting date.

The total expenses recognised in the consolidated income statement for the year ended as at 31 December 2010 in respect of the Options granted amounted to 958.811 Euro (2009: 1.438.704 Euro). Within the years 2007, 2008 and 2009 and 2010, no Options were exercised and as at 31 December 2010, the number of effective Options was 33.530.000.

## 12. Operating expenses

(Amounts in thousand Euro)

	2010	2009
Rent (operating leases)	(26.092)	(26.814)
Operating expenses for buildings	(8.836)	(8.588)
Tax, stamps and duties	(10.039)	(8.425)
Repairs and maintenance	(4.879)	(4.201)
Third party fees (legal, engineers, etc)	(10.379)	(12.461)
Telephone and postage	(8.017)	(8.281)
Promotion and advertisement	(10.233)	(12.333)
Provision for other risks	(2.052)	(1.879)
Subscriptions – Contributions	(15.500)	(4.329)
Other expenses	(13.691)	(15.699)
<b>Operating expenses</b>	<b>(109.718)</b>	<b>(103.010)</b>

### 13. Income tax

(Amounts in thousand Euro)

	2010	2009
Income tax for the period	(9.016)	(21.853)
Special social responsibility contribution	(8.303)	(10.671)
Deferred tax	13.570	8.047
Impact on deferred tax from change in tax rates	(2.093)	-
Tax inspection differences – settlement	(7.692)	(1.451)
<b>Income tax</b>	<b>(13.534)</b>	<b>(25.928)</b>

Detailed information on deferred tax is available in Note 27. The reconciliation of the effective tax rate for the financial year is indicated as follows :

	%	2010	%	2009
<b>Profit before tax</b>		<b>(16.008)</b>		<b>29.382</b>
Tax based on tax rate	24%	(3.842)	25%	7.345
Non-deductable expense	(6%)	1.038	5%	1.363
Tax-exempt revenues	1%	(165)	(1%)	(275)
Adjustment of tax rate for deferred tax	(13%)	2.093	-	-
Tax differences from inspection of previous financial years	(48%)	7.692	5%	1.451
Special social responsibility contribution	(52%)	<b>8.303</b>	36%	<b>10.671</b>
Provision for tax non-inspected years	(7%)	1.200	-	-
Other differences	25%	(4.040)	13%	3.697
Difference of companies from abroad	(8%)	1.255	6%	1.676
<b>Income tax</b>	<b>(85%)</b>	<b>13.534</b>	<b>88%</b>	<b>25.928</b>

Income tax is calculated based on the examination of the actual elements and the nature of income and expense according to the current tax regulations. As far as temporary differences between the accounting and the tax base are concerned deferred tax has been calculated in accordance with IAS 12.

In accordance with current Greek tax legislation, up to 2009, profits of entities operating in Greece were taxed at a rate of 25%. According to Law 3697/2008 the tax rate for 2010 is 24% and will be reduced by one percent each year until the rate reaches 20% in 2014 and thereafter. Dividends distributed by entities established in Greece and approved by the General Meetings of Shareholders held after 1.1.2009 are subject to a withholding tax of 10% with no further tax obligation for the beneficiary (Law 3697/2008).

In accordance with Law 3842/2010, a tax rate of 40% is imposed on distributed or capitalized profits of legal entities from 1.1.2011 onwards, while undistributed profits are taxed according to the current tax rate. After the payment of a tax rate 40% there is no further tax obligation for the beneficiary legal entity, while the individual beneficiary is subject to tax under the prevailing tax framework. The above is also applicable to prior year profits that will be either distributed or capitalized from 1.1.2011 onwards.

The above are amended with article 14 of law under draft “Fighting tax evasion, reforming the tax administration and other provisions under the responsibility of the Ministry of Finance” that was submitted to the Parliament in order to be approved, and which states that for the periods

commencing from 1.1.2011 onwards, a 20% tax rate is effective for the legal entities. For profit distribution, withholding tax is imposed with a 25% tax rate. For financial statements up to 31.12.2010 a tax rate of 21% is imposed on distributed profits.

### Extraordinary social responsibility contribution

In accordance with article 5 of Law 3845/6.5.2010 "Measures for the implementation of the supporting mechanism of the Greek economy through the Eurozone Member-States and the International Monetary Fund" an extraordinary tax was imposed on legal entities for social responsibility purposes and is calculated on the total net income for fiscal year 2010 provided that it exceeds €100,000. The extraordinary tax is imposed on profits before income tax as reported under International Financial Reporting Standards (IFRS), only if these are greater than the total taxable profits.

The extraordinary tax recognized in the Consolidated Financial Statements as at 31.12.2010 amounts to 8.303 thousand Euro. Respectively profits for year 2009 were burdened by the extraordinary tax amount of 10.671 thousand Euro according to article 2 of Law 3808/2009, which imposes an extraordinary tax on companies whose total net income for 2008 exceeded 5 million Euro.

Within 2010 the tax audit of Marfin Leasing S.A. for years 2005-2008, of Marfin Factors and Forfaiters S.A. for years 2007-2008, and of Investment Bank of Greece S.A. for years 2007-2008 was completed. The resulting amounts of 233 thousand Euro and 101 thousand Euro for the first two companies, respectively, were covered by formulated specific provision for tax non-inspected years, while the amount of 7.418 thousand Euro for Investment Bank of Greece S.A. was charged to the income statement.

Finally, in accordance with Law 3888/2010 the voluntary settlement of tax obligation for the tax non-inspected years was established. The following companies fulfilled the requirements set by the law, came under the arrangement and settled their tax non-inspected years up to 2009. The relevant charge for each company is also presented in the table below.

Company	Tax non-inspected years	Voluntary settlement for tax-non inspected years	Tax paid
Marfin Leasing S.A.	2010	2010	117.304,88
Dynamic Asset Operating Leases S.A.	2010	2010	16.111,35
Marfin Global Asset Management S.A.	2010	2008 - 2010	107.202,56
Marfin Egnatia FIN S.A.	2010	2010	71.291,93
Marfin Factors & Forfaiters S.A.	2010	2010	66.848,15
IBG Mutual Funds Management S.A.	2010	2008 - 2010	15.535,38
IBG CAPITAL S.A.	2010	2008 - 2010	2.216,59

## 14. Earnings per share

### a. Basic

Basic earnings per share are calculated through net profits attributable to Shareholders, and the weighted average number of shares in issue during the year after deducting the average number of shares owned by Group companies during the period.

**b. Diluted**

Diluted earnings per share are calculated through the increase of the weighted average number of shares in issue during the year by the weighted average number of convertible into shares bonds.

The Group does not currently have bonds of this sort and thus diluted equals basic earnings per share.

	2010	2009
<b>Basic earnings per share</b>		
Profit (loss) attributable to the Shareholders of the Bank	(30.135)	2.049
Weighted average number of outstanding ordinary shares	288.855.236	288.855.236
<b>Basic earnings per share</b>	<b>(0,1043)</b>	<b>0,0071</b>

**15. Cash and balances with Central Bank**

(Amounts in thousand Euro)

	2010	2009
Cash	72.443	67.417
Other placements at Central Bank	1.243	810.163
Regulatory deposits with Central Bank	272.465	297.393
<b>Cash and balances with Central Bank</b>	<b>346.151</b>	<b>1.174.973</b>

**16. Loans and advances to Banks**

(Amounts in thousand Euro)

	2010	2009
Current accounts	530.890	530.120
Loans to banks	4.325	4.000
Placements at banks	1.930.149	2.115.676
<b>Loans and advances to banks</b>	<b>2.465.364</b>	<b>2.649.796</b>
Current	2.364.779	2.485.788
Non-Current	100.585	164.008

**17. Loans and advances to customers**

(Amounts in thousand Euro)

	2010	2009
<b>Retail customers:</b>		
Consumer	1.627.489	1.795.904
Credit cards	232.401	246.371
Housing	2.645.978	2.481.085
	<b>4.505.868</b>	<b>4.523.360</b>

<b>Corporate loans :</b>	<b>9.812.314</b>	<b>9.571.515</b>
<b>Total loans and advances to customers</b>	<b>14.318.182</b>	<b>14.094.875</b>
<b>Less: impairment of loans</b>	<b>(524.566)</b>	<b>(409.593)</b>
<b>Loans and advances to customers (net of impairment)</b>	<b>13.793.616</b>	<b>13.685.282</b>
Current	4.814.062	5.254.956
Non-Current	8.979.554	8.430.326

**Movement in impairment**

	<b>2010</b>	<b>2009</b>
Balance 1 January	409.593	284.924
Impairment	160.402	158.382
Write-offs	<b>(45.429)</b>	<b>(33.713)</b>
<b>31 December</b>	<b>524.566</b>	<b>409.593</b>

**Loans to customers include leasing:**

	<b>2010</b>	<b>2009</b>
<b>Gross investment in leasing:</b>		
Less than 1 month	80.504	83.244
Over 1 but less than 3 months	13.174	26.603
Over 3 but less than 12 months	58.804	90.092
Over 1 but less than 5 years	193.929	245.407
Over 5 years	449.888	376.657
<b>Total investment in leasing</b>	<b>796.299</b>	<b>822.003</b>
Unearned leasing income	(127.003)	(126.657)
<b>Investment in leasing at present value</b>	<b>669.296</b>	<b>695.346</b>

**Net investment in leasing is analysed in maturity dates as follows:**

	<b>2010</b>	<b>2009</b>
Less than 1 month	79.619	81.054
Over 1 but less than 3 months	10.882	22.271
Over 3 but less than 12 months	48.610	75.583
Over 1 but less than 5 years	158.269	203.119
Over 5 years	371.916	313.319
<b>Total</b>	<b>669.296</b>	<b>695.346</b>

The Group has granted fixed interest rate loans for which it proceeded with interest rate risk hedge. The hedging instruments used are interest rate exchange agreements.

The total fair value of these instruments is presented in the account of receivables and liabilities from derivatives for loans fair value hedging and amounted as at 31/12/2010 to assets from derivatives amounting to 531 thousand Euro and liabilities from derivatives amounting to 33.896 thousand Euro. At 31/12/09 the relevant amounts were 5.604 thousand Euro and 75.940 thousand Euro respectively. The amount of 33.365 thousand Euro that constitutes adjustment-increase in the fair value of the hedged loans is included in loans and advances to customers.

## 18. Derivative financial instruments

(Amounts in thousand Euro)

31 December 2010	Nominal value	Fair value	
		Assets	Liabilities
<b>Foreign currency derivatives</b>			
Currency deposits	41.453	11.900	11.405
Currency swaps	536.651	6.406	13.944
Spot	2.661	98	103
<b>Derivatives on Securities / Index</b>			
Options	367.170	12.065	13.725
Futures	380.599	-	-
Futures on Commodities	3	67	56
Commodities	448	9.577	9.202
CDS	63.613	1.413	987
CO2 emissions rights	30	89	59
<b>Interest derivatives</b>			
Interest Rate Swaps	820.594	13.509	11.414
<b>Derivatives for fair value hedging purposes</b>		<b>55.124</b>	<b>60.895</b>
<b>Fair value hedging</b>			
Customer deposits with embedded derivatives	49.480	1.327	1.760
Options	22.452	-	84
Futures	88.700	-	-
Asset swaps	1.719.765	2.823	114.643
IRS	1.672.380	531	33.896
<b>Derivatives for fair value hedging purposes</b>		<b>4.681</b>	<b>150.383</b>
<b>Derivative financial instruments in total</b>		<b>59.805</b>	<b>211.278</b>

31 December 2009	Nominal value	Fair value	
		Assets	Liabilities
<b>Foreign currency derivatives</b>			
Currency deposits	5.181	7.028	6.667
Currency swaps	254.953	9.278	7.089
Spot	8.979	66	38
<b>Derivatives on Securities / Index</b>			
Options	228.508	8.159	7.718
Futures on Commodities	115	257	271
Commodities	490	15.341	14.649
CDS	384.788	1.214	2.842
Asset swaps	2.291	-	-
<b>Interest derivatives</b>			
Interest Rate Swaps	1.063.883	14.938	8.809
<b>Derivatives for trading purposes</b>		<b>56.281</b>	<b>48.083</b>

### Fair value hedging

Customer deposits with embedded derivatives	49.713	1.853	2.165
Interest Rate Swaps for loans hedging	2.586.727	5.604	75.940
Asset swaps	2.056.174	3.411	100.372
<b>Derivatives for fair value hedging purposes</b>		<b>10.868</b>	<b>178.477</b>
<b>Derivative financial instruments in total</b>		<b>67.149</b>	<b>226.560</b>

The Group holds in its portfolio fixed interest rate bonds for which it proceeded with interest rate risk hedging. The hedging instruments used are interest rate swap agreements.

The total fair value of these instruments is presented in the account of receivables and liabilities from derivatives for bonds fair value hedging and amounted as at 31/12/10 to 2.823 thousand Euro and 114.643 thousand Euro respectively. Out of the amount of € 111.820 thousand Euro, an amount of 55.149 thousand Euro pertains to hedging of bonds in the Available for sale portfolio, and the remaining amount of 56.671 thousand Euro pertains to fixed interest rate bonds included in debt securities.

The account of trading results includes both profit from the hedged items amounting to 19.999 thousand Euro and loss from the hedging instruments amounting to 19.044 thousand Euro.

## 19. Financial assets at fair value though profit or loss

(Amounts in thousand Euro)

	2010	2009
Greek government treasury bills	4.942	-
Greek government bonds (fixed rate)	23.739	212
Other government bonds (fixed rate)	-	10
Greek government bonds (floating rate)	538	833
Other government bonds (floating rate)	-	1.689
Corporate bonds (fixed rate)	79.363	96.482
Corporate bonds (floating rate)	5.559	54.126
<b>Total treasury bills and bonds</b>	<b>114.141</b>	<b>153.352</b>
Shares listed in Athens Stock Exchange	11.928	35.986
Shares listed in foreign Stock Exchange	-	2
Not listed shares	195	-
Mutual funds (domestic)	1.223	1.354
Mutual funds (foreign)	83.032	82.162
<b>Financial instruments at fair value through profit and loss</b>	<b>210.519</b>	<b>272.856</b>
Current	132.707	155.780
Non-current	77.812	117.076

## 20. Available for sale financial instruments

(Amounts in thousand Euro)

	2010	2009
<b>Available for sale portfolio</b>		
Mutual funds (domestic)	8.546	4.174
Shares listed in Athens Stock Exchange	54.518	37.959
Shares listed in foreign exchanges	11.498	7.258
Shares listed in foreign exchanges (in custody for third parties)	99	597
Not listed shares	967	967
Greek government bonds (fixed rate)	238.473	224.141
Greek government bonds (floating rate)	86.146	109.968
Other government bonds (fixed rate)	523.225	612.231
Corporate bonds (fixed rate)	596.827	852.475
Corporate bonds (floating rate)	94.258	289.160
<b>Available-for-sale financial instruments</b>	<b>1.614.557</b>	<b>2.138.930</b>
Current	542.091	830.231
Non-current	1.072.466	1.308.699

## 21. Held to maturity investments

(Amounts in thousand Euro)

	2010	2009
<b>Head-to-maturity portfolio</b>		
Greek government treasury bills	39.800	-
Greek government bonds (fixed rate)	124.683	36.310
Greek government bonds (floating rate)	34.790	9.717
Other government bonds	111.985	47.483
Corporate bonds (fixed rate)	2.181	2.137
Corporate bonds (floating rate)	409.207	481.676
<b>Held to maturity investments</b>	<b>722.646</b>	<b>577.323</b>
Current	570.984	494.340
Non-Current	151.662	82.983

This portfolio also includes bonds of carrying amount of 36.059 thousand Euro that within the year 2008 were transferred from the available for sale portfolio. The fair value of the bonds as at the transfer date amounted to € 34.743 thousand. The aforementioned bonds were transferred to investments held to maturity since the Group does not intend to sell them.

## 22. Debt securities lending

(Amounts in thousand Euro)

	2010	2009
Greek government bonds (fixed rate)	818.052	505.909
Other government bonds (fixed rate)	91.151	88.519
Greek government bonds (floating rate)	741.333	670.499
Corporate bonds (fixed rate)	372.403	451.870
Corporate bonds (floating rate)	197.872	195.531
<b>Debt securities</b>	<b>2.220.811</b>	<b>1.912.328</b>

Current	994.548	679.943
Non-Current	1.226.263	1.232.385

The Bank applied the amendments to IAS 39 and IFRS 7 "Reclassification of Financial Assets" and reclassified investments in securities held for sale into investments in securities available for sale and investment securities available for sale in debt securities loan portfolio. Under the amended IAS 39, the Bank has identified assets, which on July 1, 2008 it did not intend to trade or to sell in the near future. The reclassification was made effective as from July 1, 2008, in accordance with the amended IAS 39, at the carrying amount of the investments as at that date. The carrying amount and the fair value of reclassified investments are shown below:

(Amounts in thousand Euro)

	1 July 2008 Book value	31 December 2010 Book value	Fair value
Available-for-sale investments reclassified as debt securities	418.107	455,447	445,373

If the Bank had not reclassified investments in securities as at 1 July 2008, the AFS reserves would have included unrealized losses amounting to 10.074 thousand Euro that represent the change in the fair value of the reclassified AFS investments up to the 12 month of 2010.

From total losses of 10.074 thousand Euro, an amount of 3.487 thousand Euro refer to the period from 01/01/2010 - 31/12/2010, while the rest to prior years.

From the total amount of AFS investments transferred, an amount of 182.304 thousand Euro have been hedged for changes in fair value, that are due to interest rate risk, for which the Bank will continue applying hedge accounting. Interest from investments transferred will continue to be recognized in interest income, using effective rate.

In the year 2010, bonds with book value amounting on 1 July 2008 to 78.069 thousand Euro and with recoverable amount of 86.572 thousand Euro were disposed. From the disposal of the bonds profits amounting to 5.013 thousand Euro have been incorporated to results. At the date of transfer the interest rates of the available for sale portfolio were from 4,0% to 8,875% with recoverable amount of 460.012 thousand Euro.

Furthermore, there was conducted further reclassification in the last quarter of 2009, in respect of available for sale portfolio to debt securities.

(Amounts in thousand Euro)

	1 October 2009 Book value	31 December 2010 Book value	Fair value
Available-for-sale investments reclassified as debt securities	1.102.849	1.096.345	786.249

If the above reclassification had not been conducted, there would have been recognised in fair value reserves of financial assets available for sale unrealized loss of 310.095 thousand Euro, representing the change in the fair value till 12 month of 2010 inclusively of the investments available for sale that had been reclassified. From the above amount losses of 242.851 thousand Euro concern 2010.

Of the amount of available for sale portfolio that had been transferred, an amount of 346.590 thousand Euro had been hedged for changes in the fair value due to interest rate risk, for which the

Bank will continue to apply hedge accounting. Interest from securities that had been transferred will continue to be recognized in interest income, using effective rate.

In the year 2010 bonds with book value amounting on 1 October 2010 to 10.000 thousand Euro and recoverable amount of 10.000 thousand Euro have been disposed. As at reclassification date, the available for sale portfolio interest rate fluctuated from 1,46% to 8,25% with the recoverable amount standing at 1.068.476 thus Euro.

On 01/04/2010 a new reclassification has taken place from the available for sale portfolio to debt securities.

*(Amounts in thousand Euro)*

	1 April 2010 Book value	31 December 2010 Book value	Fair value
Available-for-sale investments reclassified as debt securities	228.536	232.683	166.245

If the above reclassification had not been conducted, there would have been recognised in fair value reserves of financial assets available for sale unrealized loss of 66.439 thousand Euro, representing the change in the fair value till 12 month of 2010 inclusively of the investments available for sale that had been reclassified.

Of the amount of available for sale portfolio that had been transferred, an amount of 68.121 thousand Euro had been hedged for changes in the fair value due to interest rate risk, for which the Bank will continue to apply hedge accounting. Interest from securities that had been transferred will continue to be recognized in interest income, using effective rate. At the date of transfer the interest rates of the available for sale portfolio were from 6,0% to 6,1% with recoverable amount of 229.945 thousand Euro.

### 23. Investment in associates

*(Amounts in thousand Euro)*

	2010	2009
Company	<b>ARIS Capital Management (U.S.A.)</b>	
Total % Participation	30.00%	30.00%
Assets	731	861
Liabilities	60	159
Income	911	1.005
Profit/(Loss)	269	322
Issued share capital	8	8
<b>Participation</b>	<b>2.136</b>	<b>2.005</b>

## 24. Property, Plant and equipment

(Amounts in thousand Euro)

	Land	Buildings	Leasehold improvements	Furniture and equipments	Other	Total
<b>Acquisition cost</b>						
Balance 1 January 2009	14.358	15.541	69.357	70.775	7.844	177.874
Additions	905	590	7.797	5.699	9.528	24.518
Adjustment	968	(312)	-	-	-	656
Disposals/Transfers	-	(337)	(193)	(2.324)	(489)	(3.343)
<b>Balance 31 December 2009</b>	<b>16.231</b>	<b>15.482</b>	<b>76.961</b>	<b>74.150</b>	<b>16.882</b>	<b>199.706</b>
<b>Acquisition cost</b>						
Balance 1 January 2010	16.231	15.482	76.961	74.150	16.882	199.706
Additions	-	65	7.386	4.585	6.287	18.323
Adjustments	-	-	-	-	-	-
Disposals /Transfers	(1.419)	(5.683)	48	(1.153)	(1.105)	(9.312)
<b>Balance 31 December 2010</b>	<b>14.812</b>	<b>9.864</b>	<b>84.395</b>	<b>77.582</b>	<b>22.064</b>	<b>208.717</b>
<b>Depreciation</b>						
Balance 1 January 2009	-	2.185	35.586	54.014	4.285	96.070
Depreciation	-	368	5.650	5.743	1.736	13.496
Decreases	-	(427)	(27)	(2.229)	(375)	(3.058)
<b>Balance 31 December 2009</b>	<b>-</b>	<b>2.126</b>	<b>41.209</b>	<b>57.528</b>	<b>5.645</b>	<b>106.509</b>
<b>Depreciation</b>						
Balance 1 January 2010	-	2.126	41.209	57.528	5.645	106.509
Depreciation	-	340	6.055	5.078	2.528	14.001
Decreases	-	(137)	(44)	(1.131)	(596)	(1.908)
<b>Balance 31 December 2010</b>	<b>-</b>	<b>2.329</b>	<b>47.220</b>	<b>61.475</b>	<b>7.577</b>	<b>118.602</b>
<b>Amounts in the Statement of Financial Position</b>						
As at 1 January 2009	14.358	13.356	33.771	16.761	3.559	81.805
<b>As at 31 December 2009</b>	<b>16.231</b>	<b>13.356</b>	<b>35.752</b>	<b>16.622</b>	<b>11.237</b>	<b>93.198</b>
As at 1 January 2010	16.231	13.356	35.752	16.622	11.237	93.198
<b>As at 31 December 2010</b>	<b>14.812</b>	<b>7.535</b>	<b>37.175</b>	<b>16.107</b>	<b>14.487</b>	<b>90.116</b>

On 30/6/2010, Management has decided on the change in accounting estimates on the useful life of property, plant and equipment of the Bank from 1/1/2010 as follows:

Furniture and equipments : from 6,6 years to 10 years

Personal computers : from 4,2 years to 5 years

The aforementioned change has brought a decrease in depreciation charge for the period 1/1/2010 to 31/12/2010 by 1.107 thousand Euro.

## 25. Investment property

(Amounts in thousand Euro)

	2010	2009
Balance 1 January	40.688	33.512
Additions	7.901	7.885
Disposals	(928)	(709)
<b>Investment property</b>	<b>47.661</b>	<b>40.688</b>

## 26. Intangible assets

(Amounts in thousand Euro)

	Goodwill	Software	Total
<b>Acquisition cost</b>			
Balance 1 January 2009	50.153	45.576	95.729
Additions	-	4.617	4.617
Disposals /Transfers	256	(104)	152
<b>Balance 31 December 2009</b>	<b>50.408</b>	<b>50.090</b>	<b>100.498</b>
Balance 1 January 2010	50.408	50.090	100.498
Additions	-	3.012	3.012
Disposals	-	(546)	(546)
<b>Balance 31 December 2010</b>	<b>50.408</b>	<b>52.556</b>	<b>102.964</b>

### Accumulated amortization

Balance 1 January 2009	71	30.050	30.121
Amortisation	-	3.965	3.965
Disposals	-	(85)	(85)
<b>Balance 31 December 2009</b>	<b>71</b>	<b>33.930</b>	<b>34.001</b>
Balance 1 January 2010	71	33.930	34.001
Amortisation	-	4.318	4.318
Disposals	-	(541)	(541)
<b>Balance 31 December 2010</b>	<b>71</b>	<b>37.707</b>	<b>37.778</b>

### Amounts in the Statement of Financial Position

As at 1 January 2009	50.082	15.528	65.609
<b>As at 31 December 2009</b>	<b>50.337</b>	<b>16.160</b>	<b>66.496</b>
As at 1 January 2010	50.337	16.160	66.497
<b>As at 31 December 2010</b>	<b>50.337</b>	<b>14.849</b>	<b>65.186</b>

## Goodwill impairment testing

For purposes of impairment testing, goodwill is allocated to cash-generating units of the group (CGU) designated in accordance with the business sector. Almost all of the goodwill has been allocated to the subsidiary Investment Bank of Greece, which has two main business segments, investment banking and provision of financial services.

The recoverable amount of the subsidiary was determined based on value in use. To calculate the value in use, Discounted Future Dividend model was used which is a variation of Discounted Free Cash Flow Model one of the most common methods of valuation – especially for financial institutions- worldwide. It examines the entity in a “dynamic” and not “static” way by analyzing its performance in a yearly fashion and by examining its ability to produce “cash surpluses” and shareholder returns in the form of dividends. The base for calculation is the approved by management budgets and estimates covering a period of five years.

The main assumptions made to estimate the cash flows of the Group's investment in the Investment Bank of Greece are presented below:

	2010	2009
Average income growth from fees and commissions	7,7%	5,92%
Minimum capital adequacy ratio (Tier I)	9%	8%
Growth rate	4%	2%
Returns in equity	21%	25%
Discount rate	13,44%	13,72%

The subsidiary main source of revenue pertains to investment banking and securities trading commissions. The estimate of the relevant revenue was made using particularly conservative assumptions and is based on historical data, while there were made appropriate adjustments to the anticipated developments in the coming years. Subsidiary net commissions for 2010 amounted to about 16,5 million Euro.

The subsidiary's recoverable amount exceeds the book value by approximately 35% while no other revision of the assumptions is expected to have material impact of the results of impairment testing.

## 27. Deferred tax

*(Amounts in thousand Euro)*

### Recognised deferred tax asset and liability

Deferred tax asset and liability are attributable to:

	2010	2009
<b>Deferred tax asset</b>		
Intangible assets	5	85
Employee benefit obligations	2.777	2.560
Impairment of loans and advances	38.357	32.260
Impairments of investments	44.325	27.797
Deferred income	2.864	4.222
Valuation reserve from disposal of listed shares	5.196	-
Preference shares	3.086	1.670
Tax losses	17.687	11.940
Other	1.127	1.084
	<b>115.424</b>	<b>81.618</b>
Current	2.413	3.508
Non-Current	113.011	78.110

<b>Deferred tax liability</b>		
Property, plant and equipment	(301)	(237)
Investment Property	(2.053)	(2.175)
Tax-exempt reserve	(8.198)	(1.928)
Suspension of loans' accrual	(4.413)	(2.990)
Effective rate of loans and advances	(6.629)	(7.928)
Intangible assets	(1.048)	(1.210)
Provision for loans and advances	(14.336)	(14.976)
Impairment of investment securities and investment in associates		(44)
Valuation of bank book and derivative financial instruments and AFS of Group	(39)	(26)
Other	(119)	(29)
	<b>(37.136)</b>	<b>(31.543)</b>
<hr/>		
Current	(4.974)	(3.537)
Non-Current	(32.162)	(28.006)

**Movement in temporary differences during the fiscal year :**

	Balance 1 January 2009	Recognised in Income Statement	Recognised in Equity	Exchange Difference	Balance 31 December 2009
Intangible assets	(754)	(371)	-	-	(1.126)
Employee benefit obligations	2.333	227	-	-	2.560
Impairment of loans	2.453	14.797	-	34	17.284
Impairment of investments	46.084	-	(18.324)	-	27.760
Deferred income	3.756	466	-	-	4.222
Valuation reserve from disposal of listed shares	757	(757)	-	-	-
Valuation of derivative financial instruments	7.014	(5.370)	-	-	1.644
Property, plant and equipment	(1.686)	1.598	-	(151)	(239)
Investment property	-	(2.173)	-	-	(2.173)
Tax-exempt reserves	(63)	(1.865)	-	-	(1.927)
Suspension of loans' accrual	(1.928)	(1.062)	-	-	(2.990)
Effective Rate of loans	(7.349)	(579)	-	-	(7.928)
Temporary differences from tax losses	6.659	5.281	-	-	11.940
Other	3.193	(2.145)	-	-	1.048
<b>Total</b>	<b>60.469</b>	<b>8.047</b>	<b>(18.324)</b>	<b>(117)</b>	<b>50.075</b>

	Balance 1 January 2010	Recognised in Income Statement	Recognised in Equity	Exchange Difference	Disposal of subsidiaries	Balance 31 December 2010
Intangible assets	(1.125)	82	-	-	-	(1.043)
Employee benefit obligations	2.560	218	-	-	(1)	2.777
Impairment of loans	17.284	6.710	-	27	-	24.021
Impairment of investments	27.760	-	16.565	-	-	44.325
Deferred income						

	4.222	(1.358)	-	-	-	2.864
Valuation reserve from disposal of listed shares	-	5.196	-	-	-	5.196
Valuation of derivative financial instruments	1.644	1.403	-	-	-	3.047
Property, plant and equipment	(237)	(215)	-	-	151	(301)
Investment property	(2.175)	122	-	-	-	(2.053)
Tax-exempt reserve	(1.928)	(6.270)	-	-	-	(8.198)
Suspension of loans' accrual	(2.990)	(1.423)	-	-	-	(4.413)
Effective Rate of loans	(7.928)	1.299	-	-	-	(6.629)
Temporary differences from tax losses	11.940	5.753	-	(6)	-	17.687
Other	1.048	(42)	-	2	-	1.008
<b>Total</b>	<b>50.075</b>	<b>11.475</b>	<b>16.565</b>	<b>23</b>	<b>150</b>	<b>78.288</b>

## 28. Other assets

(Amounts in thousand Euro)

	2010	2009
Supplementary – S.E.Members' Guarantee Fund	13.283	12.929
Prepaid expenses	5.570	6.484
Clearing accounts for securities transactions of ASE, ADEX and foreign stock exchanges	4.762	8.425
Accrued income	2.305	178.990
Extra contribution to Hellenic Deposit Guarantee Fund	149.259	95.491
Other	130.175	122.665
<b>Other assets</b>	<b>305.354</b>	<b>424.984</b>
Current	102.886	101.054
Non-Current	202.468	323.930

Following Article 6 of the Law 3714/7.11.2008, the amount of deposits covered through deposit security system increased from 20.000 Euro to 100.000 Euro per depositor. The percentage of calculating contribution deposited by banks to Deposit Security Fund also has increased.

Pursuant to Article 6 of N.3746/2009, the Minister of Finance 21/7/2010 established the criteria for calculating the regular annual contributions of the Financial Institutions to the Investment Cover Scheme of the Guarantee Fund of Deposits and Investments.

The Law 3746/16.2.2009 «Deposit and Investment Security Fund (TEKE)» makes provisions that the amount of difference of regular annual contributions of credit institutions arising from the application of paragraph 2, Article 6 of the Law 3714/7.11.2008, is held in the special property unit whose items commonly belong, as in compliance with the proportion of interest, to credit institutions with participating interest.

## 29. Non-current assets held for sale

(Amounts in thousand Euro)

	2010	2009
<b>Non-current assets held for sale</b>	<b>71.535</b>	-
<b>Liabilities for non-current assets held for sale</b>	<b>383</b>	-

Non-current assets held for sale consist of real estate agencies that have been acquired within the period as well as reprocessed collaterals from auctions in Romania.

## 30. Share capital

	2010	2009
Number of ordinary shares	288.855.236	288.855.236
Nominal value	1,27	1,27
Share capital paid (in thousand Euro)	366.846	366.846
Share premium (in thousand Euro)	328.334	328.334

The shares of the Bank are common, nominal, indivisible and are traded under the Special Stock Exchange Characteristics category on the Athens Stock Exchange (ASE) and have been issued in accordance with the requirements of Law 2190/1920 and the Bank's Charter of Incorporation.

## 31. Reserves

(Amounts in thousand Euro)

	2010	2009
Statutory reserve	29.171	27.959
Tax-exempt reserve	4.742	4.843
Extraordinary reserve	29.980	29.974
Revaluation reserve of available for sale financial instruments	(177.345)	(87.812)
Stock Option plan reserve	6.433	4.918
Reserves for foreign exchange currency differences	(9.832)	(8.985)
Revaluation reserve	25	817
<b>Reserves</b>	<b>(116.826)</b>	<b>(28.286)</b>

**Statutory reserve:** Under the provisions of Greek corporate law, entities are required to transfer 5% of their annual profits to a statutory reserve until the reserve equals one third of the issued capital. This reserve is not available for distribution but may be applied to cover losses.

**Untaxed reserve:** In the event of reserves being distributed, tax is applied on the rate in effect as at the date of distribution.

In accordance with Law 3634/2008, untaxed reserves of banking organizations from: profits by listed shares (both domestic and foreign), profits by derivative financial instruments (both domestic and foreign), as well as, untaxed earnings in accordance with article 99 of Law 2238/1994, are taxed at the rate outstanding for the Bank. The reserves in question can be distributed or capitalized at any time with no further taxes applied.

*Extraordinary reserve:* Includes all other reserves that cannot be categorized within the aforementioned categories.

### 32. Hybrid funds

On 19/09/2009, there were issued, as based on the requirements of the Laws 3156/2003 and 2190/1920, in combination with the Bank of Greece's Governor's Act 2587/20-8-2007 and the Bank of Greece Circular 21/22-9-2004, indefinite duration hybrid funds totally amounting to 300 million Euro, in order to be included in the total equity and to reinforce the capital adequacy of the Bank. The issue was fully covered by the parent «Marfin Popular Bank Public co ltd».

### 33. Deposits from Banks

(Amounts in thousand Euro)

	2010	2009
Deposits with Central Bank	4.443.840	3.300.000
Sight	275.110	252.788
Term	116.229	155.215
Other placements	1.530.530	2.188.541
Advances from Credit Institutions	2.453.992	2.463.956
<b>Deposits from Banks</b>	<b>8.819.701</b>	<b>8.360.500</b>
Current	8.673.967	8.303.154
Non-Current	145.734	57.346

### 34. Deposits from Customers

(Amounts in thousand Euro)

	2010	2009
<b>Retail customers:</b>		
Sight	423.458	531.952
Saving accounts	926.628	1.025.044
Term	4.926.939	5.186.673
	<b>6.277.025</b>	<b>6.743.669</b>
<b>Corporate customers:</b>		
On demand	718.693	670.759
Term	2.581.037	3.268.604
	<b>3.299.730</b>	<b>3.939.363</b>
<b>Government entities:</b>		
On demand	10.366	49.698
Term	273.683	135.116
	<b>284.049</b>	<b>184.814</b>
<b>Deposits from Customers</b>	<b>9.860.804</b>	<b>10.867.846</b>
Current	9.787.255	10.817.022
Non current	73.549	50.824

### 35. Other borrowed funds

(Amounts in thousand Euro)

	2010	2009
Subordinated debt maturity 2017	200.010	200.000
Bond loans (Schuldschein) maturity 2010	-	50.000
Bond loans (Schuldschein) maturity 2011	50.220	50.000
Subordinated loan maturity 2020	202.110	-
Syndicated loan maturity 2010	-	250.000
Subordinated loan maturity 2015	-	80.000
Bond loan maturity 2010	-	7.552
Subordinated loan maturity 2019	45.315	35.138
Subordinated loan maturity 2019	60.993	60.000
Bond loan maturity 2013	17.756	15.390
Securitization	1.414.500	1.414.500
<b>Other borrowed funds</b>	<b>1.990.904</b>	<b>2.162.580</b>
Current	50.220	307.552
Non current	1.940.684	1.855.028

The subordinated debt with maturity 2017 was issued on 31 December 2007 has a 10-year term with the right to fixed redemption after the end of the fifth year. It has an interest rate of Euribor 3 months plus 0.95% up to redemption date and 1.95% up to maturity. It accrues interest quarterly starting on 31 March 2008. The issue of the bond loan was decided following the approval of the Ordinary General Assembly of the Shareholders of the company on 22 June 2006 and was covered in full by the parent «Marfin Popular Bank Public Co LTD».

The bond loan (Schuldschein) with maturity 2010 was issued on 28 December 2007 and it has a 3 year term. It has an interest rate of Euribor 1, 3 or 6 months plus 0.25% up to maturity. The loan matured on 28 December 2010.

The bond loan (Schuldschein) with maturity 2011 was issued on 5 March 2008 and it has a 3 year term. It has an interest rate of Euribor 6 months plus 0.25% up to maturity. It accrues interest every 6 months starting on 4 September 2008. Its fair value as at 31/12/2010 was 50 million Euro (100%). The loan matured on 7 March 2011.

On 4/5/2010 following the decision of the Board of Directors a subordinated loan (Lower Tier II) was issued amounting to 200.000.000 Euro. It has a 10year term to maturity, an interest rate of Euribor 3 month plus annual spread of 5,50% for the first 5 years and then Euribor 3 months plus 6,75% annual spread until maturity. The issue of the subordinated loan was covered in full by MARFIN POPULAR BANK PUBLIC CO LTD.

On 25 September 2010 the bond loan with 2year term amounting to 250 million Euro matured. It had a Euribor of 3 months plus 0,60% spread until maturity. It accrued interest every 3 months starting on 29/12/2008.

Through the subsidiary Egnatia Finance plc, there were issued:

The subordinated debt amounting to 80 million Euro, with maturity 2015, on 4 May 2005, with a 10 year term with the right to fixed redemption after the end of the fifth year. It had a 3-month Euribor interest rate plus 1,10% up to redemption date and 2,40% up to maturity. It accrued interest on a quarterly basis starting from 4 August 2005. The bond loan was listed in the Stock

exchange of Luxemburg. Following the approval of Bank of Greece the Bank proceeded at 4 May 2010 with the prior repayment of the loan according to its terms.

The bond loan with maturity in 2010, on 20 March 2009, which had a one-year term. It had an interest rate of 12%, and it accrued interest every 6 months, starting on 20 September 2009. Bonds, amounting to 2.448 thousand Euro were held by the Bank and were not presented in account « Other borrowed funds ». The loan matured at 20 March 2010.

The subordinated debt with maturity in 2019 amounting to USD 60 million, on 6 May 2009. It has a ten-year term with the right to fixed redemption after the end of the fifth year after written consent from the Bank of Greece. The subordinated debt bears an interest rate of 5,5% up to maturity and is listed in the Stock Exchange of Luxemburg. Its fair value as at 31/12/2010 was 60 million. (100%). The debt was issued within the frame of the EMTN Programme, totally amounting to 3 billion Euro. Bonds amounting to 128 thousand Euro are held by the Bank and are not presented in account « Other borrowed funds». (2009: 6.511 thousand Euro).

The subordinated debt with maturity in 2019 amounting to EUR 60 million, on 3 July 2009. It has a ten-year term with the right to fixed redemption after the end of the fifth year after written consent from the Bank of Greece. The subordinated debt bears an interest rate of 6,5% up to maturity and is listed in the Stock Exchange of Luxemburg. Its fair value as at 31/12/2010 was 60 million. (100%). The issue is in the context of the Euro Medium Term Note Programme (EMTN Programme) of the Bank for the total amount of 3 billion Euros.

The bond loan with maturity in 2013 amounting to USD 30 million, was issued on 7 September 2009. It has a four-year term with an interest rate of 3 month USD Libor up to maturity and a minimum interest rate of 3.10%. It accrues interest on a quarterly basis starting on 7 December 2009. The debt is listed in the Stock Exchange of Luxemburg. Its fair value as at 31/12/2010 was 30 million (100%). The issue is in the context of the Euro Medium Term Note Programme (EMTN Programme) of the Bank for the total amount of 3 billion Euros. Bonds amounting to 4.736 thousand Euro (2009: 5.434 thousand Euro) is held by the Bank and it is not presented in account «Other borrowed funds».

Subordinated debt is included in Tier II capital for capital adequacy calculation.

On 19/8/2009 the securitization of bonds and other corporate loans for the total amount of 2,3 billion Euro was successfully completed, with an expected life of 2,5 years from the issue date, according to the current legislation. The issue of bonds from the securitization was delivered from the special purpose vehicle incorporated in London "Synergatis Plc". Out of the total portfolio, 61,5% of it or an amount of approximately 1,4 bil Euro received "Aaa" from Moody's rating agency. Bonds with "Aaa" rating are acceptable for refinance from ECB and it was covered in full by the parent company «Marfin Popular Bank Public co ltd». Bonds amounting to EUR 855,5 thousand are held by the Bank and are not presented in account «Other borrowed funds». On 15/7/2010 the rating from Moody's was A3.

The Board of Directors of the Bank, at its meeting on 17/11/2008 decided on the issuance of the first line of (ordinary) covered bonds of EUR 1 billion with a 2-year term from issue date and the right of 1-year extension, having an interest rate of ECB base rate plus 1,10% per annum. Already maturity was amended up to 17/11/2011 with a right to further extension until 19/11/2012. Furthermore, according to the Board of Directors' decision on 4/8/2010 the second line of (ordinary) covered bonds amounting to 500 million Euro, whose issue was decided on 12/3/2010, was cancelled, and a new line of (ordinary) covered bonds amounting to 1 billion Euro was issued with 1 year term from issue date, a right to extension for 1 further year, bearing interest of Euribor 3 months plus 1,50% spread per annum according to the terms of the Programme (hereinafter referred to as "the Bonds").

The bonds received BBB+/A3 rating from the international rating agencies Fitch Ratings Limited and Moody's Investors Service Limited respectively. The issuance of the bonds was carried out within the frame of the plan for issuance of (ordinary) covered bonds of up to 3 billion Euro in accordance with article 91 of Law 3601/2007 combined with article 1 to 9, 12 and 14 of Law 3156/2003 and the approval of Bank of Greece. The security portfolio, defined by the «coverage», within the definition of par. 3. Article 91 of the Law 3601/2007 on the Bonds is composed of mortgage loans according to relevant Legislation. In addition, in order to cover receivables due to Bond Creditors and other Security Lenders, MARFIN POPULAR BANK PUBLIC CO LTD has agreed to provide credit facilities to the Bank. The bonds were traded in the Stock Exchange of Ireland and, following their issuance, were acquired by the Bank at their issuance price, i.e. as against one (1) billion Euro for the purposes of their redistribution to institutional investors till maturity. As until the new disposal of bonds to institutional investors, the bonds will be used for security purposes pertaining to obtain liquidity from the European Central Bank through the Bank of Greece according to Act 54/27.2.2004 of Monetary Policy Council as effective following its amendment from Act 61/6.12.2006 of Monetary Policy Council of the Bank of Greece.

The liability arising from the issuance of covered bonds does not appear in account «Other borrowed funds», since the titles in question are self-owned by the bank. In compliance with the respective accounting policy, offsetting financial assets with liabilities is permitted in case there is a legal right to offset the recorded amounts and there is an intention for simultaneous settlement of the total amount of the financial assets as well as liabilities.

Information stated in Article 25 of Law 3601/2007, pertaining to covered bonds:

## A. Covered bonds and assets in security portfolio

(Amounts in thousand Euro)

	Nominal value	Net present value	Net present value if interest rates increased by 200 base rates	Net present value if interest rates decreased by 200 base rates	Average weighted interest rate	Value of secured property
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### A. Assets (exclusive of derivative financial instruments)

**A.1** Balances secured by guarantees from central governments, central banks, public entities and organizations

**A.2** Balances with or balances secured by guarantees from central governments, or central banks, outside the EU, multilateral banks or international organizations

**A.3** Balances with or secured by guarantees from regional governments and local authorities, as well as state companies and organizations

**A.4** Balances with credit institutions and SFSLTDs

<b>A.5</b> Loans covered by residential property	2.153.384	2.070.627	2.076.731	2.271.244	2,93%	5.466.840
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**A.6** Loans covered by commercial property

**A.7** Loans covered by nautical pledges

**B. Derivative financial instruments with counter-party**

**B.1** a central government or central bank – EU member

**B.2** a regional government or local authority –EU member

**B.3** an international organization

**B.4** a State Company or Organization of an EU member

**B.5** a credit institution or SFSLTD

**B.6** a central or organized market

<b>Total assets in security portfolio (A+B)</b>	2.153.384	2.070.627	2.076.731	2.271.244	2,93%	
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<b>C. Covered bonds</b>	2.000.000	2.017.912	2.021.422	2.005.187	2,325%	
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<b>D. Overcollateralized [C-(A+B)]</b>	153.384	52.715	55.309	266.057		
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**B. Table of maturity of covered bonds and assets in security portfolio**
*(Amounts in thousand Euro)*

	Assets		Derivative financial instruments		Covered bonds	
	in €	in foreign currency	in €	in foreign currency	in €	in foreign currency
≤ 1 year	5.435				2.000.000	
>1 ≤ 5 years	24.226					
>5 ≤ 10 years	155.503					
>10 years	1.968.220					
<b>Total</b>	2.153.384				2.000.000	

**C. Table of effectiveness test of risk hedging for assets in security portfolio and reconciliation of interest receivable and payable**
*(Amounts in thousand Euro)*

	Net present value	Interest income	Interest expense
<b>A. Assets in security portfolio</b>	2.070.627	57.730	
<b>B. Derivative financial instruments used for hedging:</b>			
B.1 Interest rate risk			
B.2 Foreign currency risk			
B.3 Liquidity risk			
<b>Total assets in security portfolio(A+B)</b>	2.070.627	57.730	
<b>C. Covered bonds</b>	2.017.912		34.114
<b>D. Hedge effectiveness (&gt;0%)</b>			
<b>E. Difference between interest income and expense [(A+B) - C]</b>		23.616	

## D. Total amount of past due loans in security portfolio

(Amounts in thousand Euro)

Past due loans over 90 days	33.416
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## 36. Employee benefits

(Amounts in thousand Euro)

	2010	2009
Present value of unfunded obligations	10.783	9.305
<b>Total present value</b>	<b>10.783</b>	<b>9.305</b>
Unrecognised actuarial gains and losses	3.772	4.317
<b>Recognised liability for defined benefit obligations</b>	<b>14.555</b>	<b>13.622</b>
Net liability for defined benefit obligations at January 1st	13.622	12.319
Benefits paid	(2.007)	(664)
Effect from disposal of subsidiaries	(25)	-
Expense recognized in the income statement	2.965	1.967
<b>Net liability from defined benefit obligation 31 December</b>	<b>14.555</b>	<b>13.622</b>
<b>Expense recognised in the State of Comprehensive Income</b>		
Current service costs	1.177	1.142
Actuarial loss recognition	(123)	(119)
Termination cost – settlement	1.400	481
Interest on obligation	511	463
	<b>2.965</b>	<b>1.967</b>

The principal actuarial assumptions used for 2010 and 2009 are as follows:

	2010	2009
Discount rate	5,50%	5,50%
Increase in salaries	3,50%	4,00%

## 37. Other provisions

(Amounts in thousand Euro)

	2010	2009
Provisions for risks and liens	3.638	2.488
Provisions for taxes	3.489	2.194
Other personnel provisions	166	160
<b>Other provisions</b>	<b>7.293</b>	<b>4.842</b>
Current	2.991	2.252
Non-Current	4.302	2.590

From total provisions for risks and liens for the years 2010 and 2009 amounting to 3.638 thousand Euro and 2.488 thousand Euro respectively, the amounts of 669 thousand Euro and 779 thousand Euro respectively pertain to disputed claims. The remaining amounts of 2.939

thousand Euro and 1.709 thousand Euro respectively pertain to the coverage of extraordinary losses that might arise from doubtful receivables other than loans.

In Greece the results disclosed to the tax authorities are considered temporary and can be modified until the accounting books and data are examined by tax authorities and the tax declarations are considered conclusive. Consequently, the companies are subject to probable penalties and taxes which can be imposed during the assessment of the books and records. In view of the methods applied for tax obligations in Greece, the Group has a contingent obligation for additional fines and taxes from tax non-inspected years, for which it formulated a relevant provision amounting to € 3.489 thousand.

### 38. Other liabilities

(Amounts in thousand Euro)

	2010	2009
Taxes and duties (non-income tax)	10.639	19.459
Due to social security funds	6.326	6.213
Suppliers and other creditors	17.954	25.774
Amounts collected on behalf and due to third parties	19.355	33.639
Deferred income	689	2.162
Due to customers / stock exchange from stock exchange transactions	18.569	11.072
Accrued expenses	40.002	142.474
Cheques and orders payable	34.423	99.945
Other liabilities	11.964	21.114
<b>Other liabilities</b>	<b>159.921</b>	<b>361.852</b>
Current	139.918	220.986
Non-Current	20.003	140.866

### 39. Contingent liabilities and commitments

#### 39.1 Litigations

The Group is a defendant in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the financial position of the Group apart from those referred to in Note 37.

#### 39.2 Credit commitments

The contractual amounts of the off statement of financial position items, binding the Group to issue credits to customers are as follows (Amounts in thousand Euro):

	31/12/2010	31/12/2009
Letters of guarantee	709.577	679.189
Letters of credit	2.283	22.552

### 39.3 Operating lease

The Group's liability from operating lease contracts concern buildings used as branches and other operating units. The minimum future lease payments are as follows (Amounts in thousand Euro).

	2010	2009
Up to 1 year:	21.367	22.362
1 to 5 years:	63.265	68.472
Over 5 years:	50.727	52.829

### 39.4 Commitments on assets

(Amounts in thousand Euro)

	31/12/2010	31/12/2009
Loans and advances to customers	2.153.385	1.276.395
Held to maturity investments	553.226	463.688
Financial instruments at fair value through profit and loss	37.223	6.940
Available for sale financial instruments	532.986	729.288
Debt securities lending	4.472.559	2.826.600
	<b>7.749.379</b>	<b>5.302.911</b>

The Bank has pledged loans to customers as a portfolio security for the issuance of covered bonds.

Of these securities, an amount of 5.595.994 thousand Euro has been pledged as security by the Bank of Greece, to facilitate the transaction through the TARGET II.

Of the above securities, the amount of 2 billion Euro has come from the issuance of covered bonds self-owned by the Bank. These securities are not presented in account "Debt Securities lending" due to offsetting with the corresponding obligation.

### 40. Related party transactions

Related parties consist of: a) members of the Board of Directors and management, b) the parent Bank's group (Marfin Popular Bank), as well as, c) other related parties (members of the BoD – management of the Group's subsidiaries, next of kin or financially dependent members for members of the BoD and management, and companies that trade with the Bank, in cases where total participation of the members of the BoD and management in these companies and of their dependent members does not exceed 20% in total.

Letters of guarantee and letters of credit to related parties comprise a minimum percentage of total loans and advances and guarantees of the Group.

All of the Group's transactions are objective and are conducted during the ordinary conditions and terms, and are within the framework of day-to-day operations.

The volume of transactions per category is as follows (amounts in thousand Euro):

<b>A) Management and Board of Directors</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
Loans and advances to customers	3.629	5.078
Deposits from customers	11.556	60.773
<b>Income</b>	<b>1/1 - 31/12/2010</b>	<b>1/1 - 31/12/2009</b>
Interest – Fee and Commission	353	213
<b>Expense</b>		
Interest – Fee and Commission	366	2.204
Wages	4.426	6.279
Employer contributions	230	213
Other employee benefits	361	115
Share-based payments	412	618
<b>Total benefits</b>	<b>5.429</b>	<b>7.225</b>
<b>B) Group of the parent Marfin Popular Bank</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
<b>Assets</b>		
Loans and advances to customers	281	0
Loans and advances to banks	2.089.895	2.208.631
Other assets	(1.678)	2.155
Financial instruments at fair value through profit and loss	77.247	127.089
Available for sale financial instruments	4.030	49
Derivative financial instruments – assets	1.849	5.479
<b>Total Assets</b>	<b>2.171.624</b>	<b>2.343.403</b>
<b>Liabilities</b>		
Deposits from customers	0	697
Deposits from banks	1.253.838	1.141.627
Issued bonds and other borrowed funds	402.120	200.000
Securitisation liabilities	1.414.500	1.414.500
Hybrid funds	300.000	300.000
Other liabilities	92	348
<b>Total liabilities</b>	<b>325</b>	<b>0</b>
<b>Liabilities</b>	<b>3.370.875</b>	<b>3.057.172</b>
<b>Income</b>	<b>1/1 - 31/12/2010</b>	<b>1/1 - 31/12/2009</b>
Interest income	41.176	19.588
Fee and commission income	165	161
Other income	3.561	0
<b>Total income</b>	<b>57</b>	<b>73</b>
<b>Income</b>	<b>44.959</b>	<b>19.822</b>
<b>Expense</b>		
Interest expense	60.991	26.437
Fee and commission expense	90	67
Financial	0	2.354
Other operating expense	0	149
<b>Total expense</b>	<b>61.081</b>	<b>29.007</b>
<b>Letters of guarantee and letters of credit</b>	<b>2.180</b>	<b>86</b>

<b>C) Other related parties</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
<b>Assets</b>		
Loans and advances to customers	63.818	76.403
Other assets	5.352	4.874
Property, plant and equipment	254	599
<b>Total assets</b>	<b>69.424</b>	<b>81.876</b>
<b>Liabilities</b>		
Deposits from customers	45.106	95.266
Other liabilities	535	1.339
<b>Total liabilities</b>	<b>45.641</b>	<b>96.605</b>
<b>Income</b>		
	<b>1/1 - 31/12/2010</b>	<b>1/1 - 31/12/2009</b>
Interest income	2.186	2.597
Fee and commission income	1.404	3.354
Other income	0	126
<b>Total income</b>	<b>3.590</b>	<b>6.077</b>
<b>Expense</b>		
Interest expense	1.553	2.421
Other operating expense	3.961	3.772
<b>Total expense</b>	<b>5.514</b>	<b>6.193</b>
<b>Letters of guarantee and letters of credit</b>	<b>22</b>	<b>22</b>

#### 41. Transactions with Marfin Investment Group

(Amounts in thousand Euro)

<b>Transactions with Marfin Investment Group</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
<b>Assets</b>		
Loans and advances to customers	506.110	357.287
Other assets	3.497	1.245
<b>Total assets</b>	<b>509.607</b>	<b>358.532</b>
<b>Liabilities</b>		
Deposits from customers	700.695	580.431
Other liabilities	2.735	3.425
<b>Total Liabilities</b>	<b>703.430</b>	<b>583.856</b>
<b>Income</b>		
	<b>1/1 - 31/12/2010</b>	<b>1/1 - 31/12/2009</b>
Interest income	20.852	15.539
Other income	4.964	9.681
<b>Total income</b>	<b>25.816</b>	<b>25.220</b>
<b>Expense</b>		
Interest expense	16.963	22.974
Other operating expense	4.530	5.906
<b>Total expense</b>	<b>21.493</b>	<b>28.880</b>
<b>Letters of guarantee and letters of credit</b>	<b>31.900</b>	<b>27.295</b>

## 42. Categories of Financial Assets and Liabilities

Financial assets and liabilities as at the reporting period closing date are classified into the following categories:

31.12.2010	Book value 31.12.2010	Loans and advances	Financial instruments at fair value through profit or loss		Available for sale	Held to maturity investments
			Trading portfolio	At initial recognition		
Loans and advances to banks	2.465.364	2.465.364				
Loans and advances to customers (net of impairment)	13.793.616	13.793.616				
Derivative financial instruments - assets	59.805		59.805			
Financial instruments at fair value through profit or loss	210.519		127.488	83.031		
Available for sale financial instruments	1.614.557				1.614.557	
Held to maturity investments	722.646					722.646
Debt securities	2.220.811	2.220.811				
	<b>21.087.318</b>	<b>18.479,791</b>	<b>187.293</b>	<b>83.031</b>	<b>1.614.557</b>	<b>722.646</b>

	Book value 31.12.2010	Liabilities at	
		Amortised cost	Fair value
Deposits from Banks	8.819.701	8.819.701	
Deposits from customers	9.860.804	9.860.804	
Derivative financial instruments – liabilities	211.278		211.278
Other borrowed funds	1.990.904	1.990.904	
	<b>20.882.687</b>	<b>20.670.409</b>	<b>211.278</b>

## 43. Fair value of financial assets and liabilities

### a) Financial assets and liabilities not carried at fair values

The fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Differences might arise between the carrying amount and the fair value of financial assets and liabilities.

The items of trading portfolio, the derivatives and securities available for sale are presented in the financial statements at their fair value. Loans and other advances, securities held to maturity and financial liabilities are presented at amortized cost.

The carrying amount of the aforementioned items is presented below:

	31 December 2010		31 December 2009	
	Book value	Fair value	Book value	Fair value
<b>Assets</b>				
Loans and advances to banks	2.465.364	2.465.364	2.649.796	2.649.796
Loans and advances to customers (net of impairment)	13.793.616	13.280.172	13.685.282	13.030.237
Held to maturity investments	722.646	670.636	577.323	534.349
Debt securities	2.220.811	1.750.818	1.912.328	1.837.188
<b>Liabilities</b>				
Deposits from banks	8.819.701	8.819.701	8.360.500	8.360.500
Deposits from customers	9.860.804	9.987.389	10.867.846	10.791.838
Other borrowed funds	1.990.904	1.955.542	2.162.580	2.158.272

The fair value of held-to-maturity securities is defined with reference to secondary acquisition or prices provided by brokers/agents. In the event that no such information is available, the fair value is calculated using the market price of the securities similar to those in question, maturity period and return characteristics. The fair value of securities is defined under revaluation model. The data used to greater extent is the related to observable market data. In determining the appropriate margin (spread) in relation to the credit risk of those securities, there is made a reference to the market for credit default swap prices for the same issuer. If there are no corresponding prices, there are made estimates according to other securities with similar credit risk.

The fair value of loans to customers is calculated based on appropriate curve of the interbank market interest rates and after adding a margin (spread) of the loan applied for credit risk at the reporting period closing date. Similarly, the fair value of deposits is estimated based on the curve of interest rates and interbank market minus the margin of the client (spread) to the type of deposit. The receivables and obligations of the interbank market on the basis of discounted rates curve of interbank market rates are applicable at the reporting period closing date. The fair value of other financial assets and liabilities is not materially different from book value.

## b) Fair value hierarchy

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. The observable data is based on active markets and derives from independent sources, while non observable information refers to the Management estimates. Both information deriving methods create the following hierarchy:

**Level 1** – Unadjusted quoted prices in active markets for identical assets or liabilities,

The level includes listed shares and borrowing funds on stock exchanges (such as those in London, Frankfurt and New York) and derivatives such as Futures (Nasdaq, S & P 500).

**Level 2** – Inputs other than quoted prices included in level 1 that are observable for the asset or liability directly or indirectly. The level includes the majority of OTC derivatives and various issued debts. The sources of such data is the curve of LIBOR, Bloomberg and Reuters.

**Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level includes capital investments and borrowed funds that e not traded in an active market, as there are no similar traded products.

The above hierarchy method requires the use of observable sources when available. Te Group uses observable sources under valuation when possible.

#### Financial assets and liabilities carried at fair values :

31 December 2010	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b>Financial instruments at fair value through profit and loss</b>				
<b>A) Trading portfolio</b>				
Debt securities – Bonds	33.886	80.255		114.141
Mutual funds	13.346			13.346
<b>B) Financial instruments initially designated at fair value</b>				
Debt securities – Bonds	-	-	-	-
Shares - Mutual funds	-	83.032		83.032
	<b>47.232</b>	<b>163.287</b>	-	<b>210.519</b>
<b>Financial instruments available for sale</b>				
Debt securities – Bonds	1.411.782	127.146		1.538.928
Mutual funds	72.264	897	2.467	75.628
	<b>1.484.046</b>	<b>128.043</b>	<b>2.467</b>	<b>1.614.557</b>
<b>Derivative financial instruments – assets</b>				
	11	59.794		59.805
	<b>11</b>	<b>59.794</b>	-	<b>59.805</b>
<b>Total Assets</b>	<b>1.531.289</b>	<b>351.124</b>	<b>2.467</b>	<b>1.884.881</b>
<b>Liabilities</b>				
<b>Derivative financial instruments – liabilities</b>				
	49	211.229		211.278
				<b>211.278</b>
<b>Total Liabilities</b>	<b>49</b>	<b>211.229</b>	-	<b>211.278</b>

#### 44. Risk management

As all the other credit institutions, the Group is exposed to risks. Those risks are constantly monitored in various ways in order to avoid undue risk concentrations. The nature of the aforementioned risks as well as the ways of risk management are explained below. There is

further presented information on the description of extent and nature of financial risks faced by the Group together with the comparative data concerning the prior period.

The responsibilities for managing risk have been delegated by the BoD of the Bank to the Risk Management Committee, which shapes the strategy and principles for management and undertaking of risks and assessment of the adequacy and effectiveness of risk management, adequacy of limits, of provisions and capital in relation to the type and level of risk. The Risk Management Committee receives and evaluates the reports submitted to the Division of Risk Management and notifies the Board of Directors of effective risk management, submits proposals and recommends corrective actions if necessary.

In particular, the subsidiaries IBG, Marfin Factors & Forfaiters and Marfin Leasing have assigned the Risk Management to MEB Risk management Department that which has the necessary expertise and staffing to ensure effective monitoring.

#### **44.1 Credit risk**

Credit risk is the risk of loss resulting from counter party default. The Group considers credit risk for loans as the loss, which the Group would suffer if a client or counter party fails to meet their contractual obligations. Credit risk management is focused on maintaining a certain disciplined mentality, transparency and conscious risk undertaking based on internationally recognized practice.

##### **Credit Risk Management**

Credit risk methodology is defined in order to reflect the economic environment. Various methods that are used, are annually, or whenever considered necessary, revised and adjusted in compliance with the Group's strategy as well as with the Group's short term and long term objectives. Various segment and domicile analyses of economies, in combination with the economic provisions provide the guidance for definition of the credit policy which is revised at least every six months.

The Group has established credit limits based on the creditworthiness of the counter party in order to minimize the credit risk that the Group undertakes. The creditworthiness analysis for each client is based on the country domicile, the business sector and other qualitative and quantitative characteristics for the client, the nature of the transaction and the collateral.

At the same time, there have been defined the limits of credit facilitation and the duties have been divided as during the crediting process in order to ensure objectivity, independence and control over new and already existing credits. During the credit approval procedure, there is examined the total credit risk for every counterparty or groups of counterparties that are further compared and thus lead to the establishment of the credit limits approved by various subsidiaries of the Group.

The monitoring of credibility of counterparts as well as credit openings in combination with the corresponding limits that have been approved, is carried out on a systematic basis. At the same time, any concentration is analyzed and monitored on a systematic basis with a view to limiting the contingent large exposures and dangerous concentrations so that they would be within the approved limitations of the credit policy. Credit risk concentration can be created at the levels of economy sector, counterparty or groups of counterparties, country, currency and nature of transaction. In particular, as far as retail clients are concerned, the systematic monitoring of the credit performance is carried out with the assistance of specific analysis.

Regarding the credit risk management of portfolios of retail banking, it is achieved by using advanced internal rating systems and hence using these systems for planning and implementation strategies of portfolio management at all stages of the credit cycle (approval of new lending , quota management, problematic receivables management). A key priority is the ongoing monitoring and development of these systems to cover all portfolios and individual segments thereof, with the best possible number of systems to effectively facilitate credit risk management.

At the same time, credit risk control is supported by a series of specialized tests such as vintage analysis, flow rate analysis and Was-Is, portfolio segmentation based on features that may change the risk and early warning systems. These tests in conjunction with ad-hoc analysis conducted according to specific requirements, enhance the possibility of making rational decisions in relation to credit risk.

At the same time, within the framework of credit risk management policy, there is evaluated the effect that the extreme but feasible scenarios will have on the quality of credit and available funds through conducting the stress testing.

### **Credit rating system**

The methods of evaluation of credibility are modified as depending on the nature of the counterpart in the following categories: central governments (for purchase and holdings of debt instruments), financial institutions, corporate customers , small and medium size entities (SME) and retail customers.

As far as evaluation of central governments and financial institutions is concerned, it is analyzed below under the titles «Counter party banks risk» and «Country risk».

As far as the assessment of large, small and medium size entities is concerned, there is used an extended system of risk classification. The first part concerns the classification of creditworthiness of the business into ten levels based on quantitative and qualitative analysis, thus defining the possibility of his not meeting his contractual obligations.

The significance of the criteria varies in compliance with the nature and size of the operations conducted by the business. In order to assess large size entities there is additionally used the Moody's Risk Advisor credit rating system.

The degree of creditworthiness of a client is used in combination with the degree of sufficiency of collaterals (i.e. unsecured risk) at the credit approval stage as well as for the definition of the corresponding limitations. In particular, the allocation of the degree of creditworthiness of business portfolio is systematically monitored for the purposes of interior calculation of possible failure to meet contractual obligations as well as for the purposes of timely locating unfavorable modifications in various degrees of quality/risk of portfolio aimed as the development of proper strategy of incurred risk hedging. It is noted that specifically concerning the entities involved in retail banking, there is also effective the scorecard used under the approval procedure.

### Credit rating of loans and advances to customers

The table below presents the amounts of loans and advances to customers per customer as well as provision for loans impairment for every category of the Group's credit rating.

(Amounts in thousand Euro)

	2010		2009	
	Loans and advances to customers %	Provision for loans impairment %	Loans and advances to customers %	Provision for loans impairment %
Credit rating category:				
Low risk	19,67	0,03	26,13	0,093
Medium risk	63,18	0,08	63,56	0,093
High risk	17,15	21,05	10,30	27,39
<b>Total</b>	<b>100</b>	<b>3,66</b>	<b>100</b>	<b>2,90</b>

### Maximum exposure to credit risk prior to acquired collateral and other credit upgrades

The table below presents the highest exposure of the Group to credit risk arising from financial instruments as presented in the statement of financial position without taking into consideration collaterals or other credit risk revisions made. As far as the financial instruments presented in the statement of financial position are concerned, the exposure to credit risk equals their carrying amount.

(Amounts in thousand Euro)

	2010	2009
<b>Exposure to credit risk from on balance sheet items:</b>		
Loans and advances to banks	2.465.364	2.649.796
Trading portfolio securities	114.141	153.351
Derivative financial instruments – assets	59.805	67.149
<b>Loans and advances to customers (net of impairment)</b>		
Loans to retail customers	4.273.873	4.342.204
Large entities and organizations	6.108.123	6.043.427
Small and medium-sized entities	3.411.620	3.299.651
<b>Investment portfolio securities:</b>		
Available for sale	1.538.928	2.087.975
Held to maturity	722.646	577.323
Debt securities	2.220.811	1.912.328
Other assets	188.687	235.586
<b>Total on Statement of Financial Position</b>	<b>21.103.998</b>	<b>21.368.790</b>
<b>Exposure to credit risk from off-Balance Sheet items:</b>		
Letters of guarantee	709.576	679.189
Letters of credit	2.283	22.552
<b>Total</b>	<b>21.815.857</b>	<b>22.070.531</b>

## Loans and advances

The table below presents the nature of loans and advances of the Group.

(Amounts in thousand Euro)

	2010		Loans and advances to customers	2009 Loans and advances to banks
	Loans and advances to customers	Loans and advances to banks		
Loans and advances neither pastdue nor impaired(a)	10.819.247	2.465.364	11.333.800	2.649.796
Past due loans and advances not impaired(b)	2.279.250	0	1.801.382	0
Impaired (c)	1.219.684	0	959.692	0
<b>Loans before provisions</b>	<b>14.318.181</b>	<b>2.465.364</b>	<b>14.094.874</b>	<b>2.649.796</b>
<b>Provision for impairment</b>	<b>524.565</b>		<b>(409.592)</b>	
<b>Loans and advances (net of provision)</b>	<b>13.793.616</b>	<b>2.465.364</b>	<b>13.685.282</b>	<b>2.649.796</b>

### (a) Loans and advances neither past due nor impaired

The table below presents the loans of the Group without delay and impairment for every category of internal credit rating.

(Amounts in thousand Euro)

	Loans and advances to customers				Loans & Advances to Financial Institutions
	Retail	Corporate		Total	
		Large entities and organisations	Small and Medium sized entities		
	<b>2010</b>				
Credit rating category:					
Low risk	1.431.098	1.083.621	266.413	2.781.132	2.465.364
Medium risk	1.285.855	4.157.153	2.281.205	7.724.213	0
High risk	168.655	27.224	118.020	313.900	0
<b>Total</b>	<b>2.885.608</b>	<b>5.267.998</b>	<b>2.665.639</b>	<b>10.819.246</b>	<b>2.465.364</b>
<b>2009</b>					
Credit rating category:					
Low risk	1.317.340	1.480.031	260.721	3.058.092	2.649.796
Medium risk	1.832.774	3.942.563	2.296.998	8.072.336	0
High risk	88.317	35.110	79.946	203.373	0
<b>Total</b>	<b>3.238.431</b>	<b>5.457.704</b>	<b>2.637.665</b>	<b>11.333.800</b>	<b>2.649.796</b>

**(b) Loans and advances past due but not impaired**

The table below presents the analysis of time delay of the loans that were delayed but not impaired as at reporting date per category as well as the estimated fair value of collaterals received.

(Amounts in thousand Euro)

	Retail	Loans and advances to customers		Total
		Corporate		
		Large entities and organisations	Small and medium-sized entities	
<b>2010</b>				
Delay up to 30 days	457.710	481.580	117.379	1.056.670
Delay from 31 to 60 days	228.963	111.857	125.420	466.240
Delay from 61 to 90 days				
Delay over 90 days	164.248	93.627	76.457	334.331
	178.653	76.502	166.854	422.010
<b>Total</b>	<b>1.029.574</b>	<b>763.566</b>	<b>486.111</b>	<b>2.279.251</b>
<b>Fair value of collateral</b>	<b>544.968</b>	<b>470.915</b>	<b>480.336</b>	<b>1.496.218</b>
<b>2009</b>				
Delay up to 30 days	389.596	311.390	118.055	819.040
Delay from 31 to 60 days	223.273	84.936	53.227	361.436
Delay from 61 to 90 days				
Delay over 90 days	132.890	104.374	141.642	378.906
	91.757	28.025	122.218	242.000
<b>Total</b>	<b>837.516</b>	<b>528.725</b>	<b>435.141</b>	<b>1.801.382</b>
<b>Fair value of collateral</b>	<b>412.156</b>	<b>334.736</b>	<b>422.747</b>	<b>1.169.369</b>

**(c) Impaired loans and advances**

The table below presents impaired loans and advances where estimation of impairment was made on individual basis, as well as the estimated fair value of collaterals per category. The loans included in this table present a delay of over 90 days and are classified as unsettled.

(Amounts in thousand Euro)

	Retail	Loans and advances to customers		Total
		Corporate		
		Large entities and organizations	Small and medium-sized entities	
<b>2010</b>				
Loans examined on an individual basis for impairment	11.708	157.100	343.050	511.858
	604.722	115	102.987	707.825
Loans examined on a general basis for provisions				
Fair value of collateral				
	59.595	41.182	139.146	239.923
<b>2009</b>				

Loans examined on an individual basis for impairment				
	10.758	122.158	313.094	446.010
Loans examined on an general basis for provisions	444.392	139	69.151	513.682
	82.170	46.503	144.172	192.635
Fair value of collateral				

### Investment in securities, state treasury bills and other bonds accepted for refinancing

The table below analytically presents the credit categories (based on Moody's rating) of state, corporate and other securities.

(Amounts in thousand Euro)

	Government bonds and treasury bills	Other investment portfolio securities	Other investment securities	Total
<b>31 December, 2010</b>				
AAA	326.275	627	168.614	<b>495.516</b>
AA- to AA+	142.642	100	127.866	<b>270.608</b>
A- to A+	-	-	499.906	<b>499.906</b>
Lower than A-	2.327.357	84.379	804.294	<b>3.216.029</b>
Unrated	42.583	11	71.873	<b>114.467</b>
<b>Total</b>	<b>2.838.856</b>	<b>85.117</b>	<b>1.672.553</b>	<b>4.596.527</b>
<b>31 December, 2009</b>				
AAA	342.737	1.004	471.807	<b>815.548</b>
AA- to AA+	255.307	5.254	232.308	<b>492.870</b>
A- to A+	1.551.883	118.066	940.442	<b>2.610.391</b>
Lower than A-	157.591	15.531	590.857	<b>763.979</b>
Unrated	-	10.753	37.437	<b>48.189</b>
<b>Total</b>	<b>2.307.519</b>	<b>150.608</b>	<b>2.272.851</b>	<b>4.730.977</b>

### Repossessed collateral

The carrying amount of the assets that came to the ownership of the Group during the year, either through acquisition of ownership or through activation of other credit measures that meet the recognition criteria of other standards amount to 6.982 thousand Euro in 2010, while in 2009 it amounted 7.886 thousand Euro.

### Concentration of credit risk

#### (a) Geographical segment

The table below presents the carrying amount of financial assets of the Group exposed to credit risk per geographical segment. For the purposes of the table, the classification of exposure of financial assets per geographical segment has been conducted based on the country of operation of the counter parties.

(Amounts in thousand Euro)

	Greece	Other countries	Total
Loans and advances to banks	384.784	2.080.580	2.465.364
Trading portfolio securities	29.219	84.922	114.141
Derivative financial instruments – assets	15.313	44.492	59.805
<b>Loans and advances to customers (net of provision)</b>			

Loans to retail customers	4.174.342	99.531	4.273.873
<b>Corporate loans:</b>			
Large entities and organizations	3.870.880	2.237.243	6.108.123
Small and medium-sized entities	3.126.945	284.674	3.411.620
<b>Investment portfolio securities:</b>			
Available for sale	339.687	1.199.241	1.538.928
Held to maturity	239.415	483.231	722.646
Debt securities	1.622.510	598.301	2.220.811
<b>Other assets</b>	<b>188.687</b>		<b>188.687</b>
<b>31 December, 2010</b>			
	<b>13.991.782</b>	<b>7.012.684</b>	<b>21.103.998</b>
<b>31 December, 2009</b>			
Loans and advances to banks	<b>12.666.866</b>	<b>8.701.924</b>	<b>21.368.790</b>

## (b) Business segment

The table below presents the carrying amount of financial assets of the Bank exposed to credit risk per business segment in which the counter parties operate.

(Amounts in thousand Euro)

	industry	Tourism	Commerce	Property and Construction	Shipping	Retail customers Professional and residential	Other	Total
Loans and advances to banks							2.465.364	2.465.364
Trading portfolio securities							114.141	114.141
Derivative financial instruments – assets							59.805	59.805
<b>Loans and advances to customers (net of impairment)</b>								
Loans to retail customers								
<b>Corporate loans:</b>						4.252.153	21.720	4.273.873
Large entities and organizations	219.103	183.793	435.245	632.198	2.109.840	113.349	2.414.596	6.108.123
Small and medium-sized entities	461.067	204.771	1.295.821	544.311	31.417	122.981	751.252	3.411.620
<b>Investment portfolio securities:</b>								
Available for sale	28.981					607	1.509.340	<b>1.538.928</b>
Held to maturity						377.615	345.031	<b>722.646</b>
Debt securities							2.220.811	2.220.811
Other assets							188.687	188.687
<b>31 December, 2010</b>	<b>709.151</b>	<b>388.564</b>	<b>1.731.066</b>	<b>1.176.509</b>	<b>2.141.257</b>	<b>4.866.705</b>	<b>10.090.747</b>	<b>21.103.998</b>
<b>31 December, 2009</b>								
Loans and advances to banks	<b>758.167</b>	<b>363.341</b>	<b>1.844.870</b>	<b>1.280.619</b>	<b>2.062.971</b>	<b>5.011.632</b>	<b>10.047.190</b>	<b>21.368.790</b>

### **Counter-party banks risk**

The Group is exposed to the risk of capital losses due to contingent delayed payment of outstanding and contingent obligations of the counter party banks.

On a day-to-day basis of its operations, the Bank conducts transactions with other banks and credit institutions. While conducting such transactions, the Bank is exposed to the risk of capital loss in case the counter party banks delay the payment of their outstanding or contingent obligations.

The limits of counter party banks reflect the accepted risk level and are further divided to various Foreign Exchange Services or Foreign Exchange Available or other services facing the aforementioned risk in compliance with the needs and size of operation of each service. Generally, the highest possible limits are defined following the evaluation models of the banks and the directions of supervising authorities.

The counterparty risk assessment is conducted using a special banks and other credit institutions assessment model (Scoring Model). The model assesses each counter part in compliance with the economic quantitative as well as qualitative criteria. As far as quantitative criteria are concerned (capital adequacy, profitability, liquidity etc), the banks and credit institutions are assessed based on various ratios that are automatically provided by the Bankscope software system. The qualitative criteria (previous positive transaction record, management assessment etc) are provided in compliance with the judgment of risk management.

The credit limit for each counter party is split into sub limits, thus covering placements, investments, foreign currency acquisition as well as defined trade limits. The actual data is examined as against the limits on everyday basis in real time.

### **Country risk**

The Group is exposed to country risk of capital loss due to international and political developments, as well as other developments in a particular country where the funds or cash and cash available of the Group have been placed or invested in various local banks, credit institutions, state bodies, individuals and corporations.

All the countries are assessed in accordance with size, economic data and country's prospects as well as the credibility degree by international appraising organizations (Moody's, Standard & Poor's, Fitch). The actual data per country is examined as against the limits on everyday basis. The limits are revised at least once annually as concerning the countries with the smaller size and lower solvency ratio while there is conducted a bigger and more frequent analysis and assessment where considered necessary.

## **44.2 Market risk**

Market risk is the risk of occurring possible losses caused by the fluctuation and volatility of market prices, such as share prices, interest rate and foreign exchange rate fluctuations. The Risk Management Committee (RMC), which is a body responsible for the definition of market risk management policy, has approved the procedures of the market risk management and has defined the corresponding limits of incurring the aforementioned risk per product and portfolio. The limits in question are monitored systematically examined and revised once annually and modified in compliance with the Group's strategy and the existing market conditions.

The Group holds open positions and therefore, is exposed to market risk at FX Trading Book and Fixed Income Book and Equities/ Equity and Index Derivatives Book. Measurement, control and monitoring of market risk is conducted by MRM unit on a daily basis for all the parts of portfolio and for the Bank total. The measurements are conducted using IT systems applying modern methodologies and market risk measurement techniques such as Value At Risk – VAR or Sensitivity Factors. The assessment of VAR defined the biggest possible portfolio loss with a confidence level of 99% and a one holding day period without taking into consideration the modifications of prices that are due to unusual economic reasons and violent events. The VAR module of calculation of the biggest possible loss incurred based on variance-covariance methodology, covers all the trading portfolio and available for sale portfolio of the companies of the Bank.

Market risk, in terms of VaR, for the aforementioned positions as at 31 December 2010, amounted to 3,7 million Euro as analyzed in the table below.

	2010	2009
Currency risk	€ 0,3 mil.	€ 0,2 mil.
Bonds' portfolio interest risk	€ 2,8 mil.	€ 3,7 mil.
Financial products' portfolio market risk	€ 2,3 mil.	€ 2,3 mil.
Decrease due to portfolio diversification	€ (1,7) mil.	€ (1,6) mil.
<b>Net Market Risk</b>	<b>€ 3,7 mil.</b>	<b>€ 4,6 mil.</b>

Apart from the aforementioned measurements, the market risk of portfolios is monitored by a range of additional limits such as the highest opening position limit for every product and stop-loss limits for every portfolio.

Finally, at regular intervals and by all means in the end of every year, there are conducted, as far as the market risk is concerned, measurements of various scenarios similar to those of critical situations affecting the market risk in order to achieve, on one hand, more effective management of the aforementioned risk and, on the other hand, update the Management and the supervisory bodies. The results of the measurements in question are then presented concerning every kind of risks involved.

#### 44.3 Interest rate risk

Interest rate risk is the investment risk faced by the Group that arises from the changes in market interest rates. Interest rate risk arises from interest rate fluctuations to the extent that interest-earning assets and interest –bearing liabilities mature or reprise at different times or in different amounts.

The Group mainly applies the method of Static Reprising Gap in order to estimate the exposure to interest rate risk of transaction portfolio and group portfolio. The Static Reprising Gap method is used in order to estimate the sensitivity level of all the current assets and liabilities of the group and the companies of the Group (Statement of Financial Position and off Statement of Financial Position items).

The method in question separates products by maturity (fixed) or next reprising (floating) and calculates the gap each period as well as measures sensitivity, thus calculating the interest rate opening, the balance between the assets and liabilities for each period.

Various financial derivative products are used for hedging of interest rate risk that is contingent to arise from the financial position management. In particular, there is made use of interest rate swaps in order to hedge cash flows of future interest arising from long term loans or/and deposits.

It shall be noted that the approved limits in respect of the interest rate risk are regularly monitored and reported at least once annually and changed, if required, according to the Group strategy and the current market conditions, provided that are first approved by the relevant authorities.

The Tables below present the Group's exposure to interest rate risk. The Tables present assets and liabilities of the Group at their carrying amounts classified based on interest rate revaluation date as far as fluctuating interest rates are or maturity date as far as fixed interest rates are concerned. It is noted that a significant part of open interest rate positions are hedged through the use of interest rate swaps.

**Interest rate risk**

(Amounts in thousand Euro)

	Up to 1 month	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Non- interest bearing items	Total
<b>2010</b>							
<b>Assets</b>							
Cash and balances with Central Bank	153.482	0	0	0	0	192.669	<b>346.151</b>
Loans and advances to Banks	2.329.246	105.417	4.004	0	0	26.697	<b>2.465.364</b>
Trading portfolio	4.367	16.669	87	90.921	2.097	96.378	<b>210.519</b>
Derivative financial instruments – assets	0	0	0	0	0	59.805	<b>59.805</b>
Loans and advances to customers							
Investment portfolio	9.617.320	2.160.895	882.448	456.312	180.346	496.295	<b>13.793.616</b>
Other assets	352.078	1.099.063	364.151	1.149.436	1.517.657	75.629	<b>4.558.014</b>
	52.619	0	0	0	0	644.793	<b>697.412</b>
<b>Total assets</b>	<b>12.509.112</b>	<b>3.382.044</b>	<b>1.250.690</b>	<b>1.696.669</b>	<b>1.700.100</b>	<b>1.592.266</b>	<b>22.130.881</b>
<b>Liabilities</b>							
Deposits from Banks	4.998.997	3.777.638	31.858	0	0	11.208	<b>8.819.701</b>
Deposits from customers	6.183.437	1.948.989	1.440.118	59.492	12.703	216.065	<b>9.860.804</b>
Derivative financial instruments – liabilities	0	0	0	0	0	211.278	<b>211.278</b>
Other borrowed funds	0	467.756	0	0	1.520.808	2.340	<b>1.990.904</b>
Other liabilities	0	0	0	0	0	234.961	<b>234.961</b>
<b>Total liabilities</b>	<b>11.182.434</b>	<b>6.194.383</b>	<b>1.471.976</b>	<b>59.492</b>	<b>1.533.511</b>	<b>675.853</b>	<b>21.117.649</b>
Nominal value of Interest Rate Swaps and other derivative financial instruments on interest rates	664.238	961.905	1.155.918	(1.443.519)	(1.338.544)	0	(3)
<b>Net interest rate gap</b>	<b>1.326.678</b>	<b>-2.812.339</b>	<b>-221.286</b>	<b>1.637.177</b>	<b>166.589</b>	<b>916.413</b>	<b>1.013.232</b>

**2009**
**Assets**

Cash and balances with Central Bank	1.110.166					64.807	1.174.973
Loans and advances to Banks	2.510.866	68	108.404	10.000	0	20.458	2.649.796
Trading portfolio	3.420	53.278	654	94.003	1.996	119.505	272.856
Derivative financial instruments – assets						67.149	67.149
Loans and advances to	8.410.332	2.706.499	1.111.969	887.199	343.916	225.377	13.685.282

customers							
Investment portfolio	431.887	1.166.970	287.571	862.380	1.828.819	50.954	<b>4.628.581</b>
Other assets	13.923					695.067	<b>708.990</b>
<b>Total assets</b>	<b>12.480.584</b>	<b>3.926.815</b>	<b>1.508.598</b>	<b>1.853.582</b>	<b>2.174.731</b>	<b>1.243.317</b>	<b>23.187.627</b>
<b>Liabilities</b>							
Deposits from Banks	3.554.464	1.876.808	2.902.214	0	1.248	25.766	<b>8.360.500</b>
Deposits from customers	5.908.699	2.424.821	2.202.940	39.150	13.375	278.861	<b>10.867.846</b>
Derivative financial instruments – liabilities						226.560	<b>226.560</b>
Other borrowed funds	248.080	500.000			1.414.500		<b>2.162.580</b>
Other liabilities	366	192	1.003	5.847	0	423.194	<b>430.602</b>
<b>Total liabilities</b>	<b>9.711.609</b>	<b>4.801.821</b>	<b>5.106.157</b>	<b>44.997</b>	<b>1.429.123</b>	<b>954.381</b>	<b>22.048.088</b>
Nominal value of Interest Rate Swaps and other derivative financial instruments on interest rates	825,368	1,659,368	1,436,608	(2,336,460)	(1,584,884)	0	0
<b>Net interest rate gap</b>	<b>3.594.343</b>	<b>784.362</b>	<b>(2.160.951)</b>	<b>(527.875)</b>	<b>(839.276)</b>	<b>288.936</b>	<b>1.139.539</b>

Finally, the Bank in the frame of the interest rate risk assessment, estimates the negative effect on the annual interest rate results of a parallel change in the interest rate fluctuation on all the currencies. The aforementioned measurements, conducted on the balances of December 2010 showed that in the event of interest rate decreases by 100 units, the Group will incur losses amounting to € 3,2 million. Similarly, the exercise of simulated crisis situation for the trading portfolio, the impact of the change curve of interest rates on all currencies by +100 bps, with the end of December 2010 balances amounts to a reduction in portfolio value by € 15,8 million.

#### 44.4 Currency risk

Currency risk is the risk of fluctuating value of financial instruments as well as assets and liabilities caused by changes in currency rates. Foreign currency transactions risk arises from an open position, positive or negative, which exposes the Group to currency exchange risk.

Moreover, there is estimated the highest possible loss on the open position in various currencies using similar crisis management scenarios. The scenarios in question examine possible big modifications in all the currencies variation on the way the Group's profitability will be negatively affected. Such risk can be created in the event the assets are carried in one currency financed by liabilities in another currency or can arise from forwards and swaps or derivatives including options.

The Tables below present the Group's exposure to currency risk. The Tables present assets and liabilities of the group at their carrying amounts classified per currency. The Tables also present per currency the theoretical value of financial instruments used for currency risk hedging.

**Currency risk**
*(Amounts in thousand Euro)*

	Euro	USD	GBP	CHF	JPY	Other	Total
<b>2010</b>							
<b>Assets</b>							
Cash and balances with Central Bank	281.332	3.235	1.273	332	412	59.567	<b>346.151</b>
Loans and advances to Banks	2.357.376	76.420	4.704	2.632	660	23.572	<b>2.465.364</b>
Trading portfolio	129.360	81.131	28	0	0	0	<b>210.519</b>
Derivative financial instruments – assets	38.724	19.985	81	116	799	100	<b>59.805</b>
Loans and advances to customers	11.674.059	1.655.786	17.650	76.576	321.558	47.987	<b>13.793.616</b>
Investment portfolio	4.295.728	218.116	1.368	0	0	42.802	<b>4.558.014</b>
	637.278	5.240	1.987	18	52	52.837	
Other assets							<b>697.412</b>
<b>Total assets</b>	<b>19.413.857</b>	<b>2.059.913</b>	<b>27.091</b>	<b>79.674</b>	<b>323.481</b>	<b>226.865</b>	<b>22.130.881</b>
<b>Liabilities</b>							
Deposits from Banks	8.453.801	291.888	25.622	12.594	0	35.796	8.819.701
Deposits from customers	8.201.802	1.254.837	36.948	7.601	92.357	267.259	9.860.804
Derivative financial instruments – liabilities	188.387	21.325	0	1.394	171	1	211.278
Other borrowed funds	1.927.822	63.082	0	0	0	0	1.990.904
Other liabilities	202.086	12.523	1.307	35	105	18.906	234.962
<b>Total liabilities</b>	<b>18.973.898</b>	<b>1.643.655</b>	<b>63.877</b>	<b>21.624</b>	<b>92.633</b>	<b>321.962</b>	<b>21.117.649</b>
<b>Equity</b>	<b>439.959</b>	<b>416.258</b>	<b>-36.786</b>	<b>58.050</b>	<b>230.848</b>	<b>-95.097</b>	<b>1.013.232</b>
Forwards and other currency derivatives	578.249	-412.135	44.602	-66.514	-230.325	86.123	0,00
<b>Net currency position</b>	<b>1.018.208</b>	<b>4.123</b>	<b>7.816</b>	<b>-8.464</b>	<b>523</b>	<b>-8.974</b>	<b>1.013.232</b>
<b>2009</b>							
<b>Total assets</b>	<b>20.694.138</b>	<b>2.139.027</b>	<b>29.528</b>	<b>68.952</b>	<b>75.493</b>	<b>180.489</b>	<b>23.187.627</b>
<b>Total liabilities</b>	<b>19.307.397</b>	<b>2.033.895</b>	<b>52.566</b>	<b>19.332</b>	<b>328.618</b>	<b>306.280</b>	<b>22.048.088</b>
<b>Equity</b>	<b>1.386.741</b>	<b>105.132</b>	<b>(23.038)</b>	<b>49.620</b>	<b>(253.125)</b>	<b>(125.791)</b>	<b>1.139.539</b>
Forwards and other currency derivatives	(283.906)	(90.911)	26.900	(50.110)	255.197	142.830	0
<b>Net currency position</b>	<b>1.102.835</b>	<b>14.221</b>	<b>3.862</b>	<b>(490)</b>	<b>2.072</b>	<b>17.039</b>	<b>1.139.539</b>

Finally, the Group in the frame of the highest possible currency risk, estimates the negative effect on the annual results of change in the currency variations. The aforementioned measurements, conducted on the balances of December 2010 showed that in the event of changes in the currency market as that by +/- 10% as far as the main currency is concerned and by + / - 20% as far as secondary currency is concerned, the Group will incur losses amounting to € 6,7 million.

**44.5 Risk arising from share and other security price changes**

The risk pertaining to shares and other securities held by the Group arises from possible negative changes of the share and other securities prices. The Group invests in shares on Athens Stock Exchange (ASE) and Cyprus Stock Exchange (CSE) and in compliance with the investment objective they are allocated to the relevant portfolio (fair value measurement through profit and loss or available for sale). Investments are also made with the aim of exploitation of short term changes in share/ratios prices or of covering open positions through the use of derivative products on shares or ratios.

The Group in the frame of the highest possible prices risk, estimates the negative effect on the annual results of change in the share prices. The aforementioned measurements, conducted on the balances of December 2010 showed a decreases of share prices as that by 20% and by 40% in emerging markets that will cause to the Bank losses amounting to € 16,7.

#### 44.6 Liquidity risk

Liquidity risk is the risk that the Group is unable to fully meet payment obligations and potential payment obligations as and when they fall due because of lack of liquidity. This risk includes the possibility that the Group may have to raise funding at cost or sell assets on a discount.

The aforementioned risk is controlled through a developed liquidity management structure comprising various types of control, procedures and limits. This way, there is assured the compliance with the regulations on liquidity ratios set by the relative authorities as well as the internal limits.

Control and management of liquidity risk are achieved within the period through the use of the following ratios:

(a) Cash Available Ratio, defined as estimation of «cash available» of the period up to 30 days direct maturity as defined by the corresponding act of the Governor of the Bank of Greece (PD 2614/9.4.2009) as far as «borrowed funds» are concerned as defined by the corresponding act of the Governor of the Bank of Greece.

(b) Maturity Disagreement Ratio defined as estimation of the balance between «assets and liabilities» of the period up to 30 days as defined by the corresponding act of the Governor of the Bank of Greece as far as «borrowed funds» are concerned as defined by the corresponding act of the Governor of the Bank of Greece.

A significant part of assets are financed by customers deposits and bonds. Direct cash needs are financed mainly through time and current deposits. Financing of long term investments is mainly covered through bonds and time deposits.

The Group conducts similar measurements in liquidity.

The Tables below analyze liabilities to other banks, customers' deposits, issued bonds and other borrowed funds as well as other liabilities to the Group's customers in the corresponding periods as from the remaining period as from the reporting period date to maturity date.

The presented amounts are contractual non-discounted cash flows.

##### Liquidity Risk

(Amounts in thousand Euro)

	Up to 1 month	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
<b>2010</b>						
<b>Liabilities</b>						
Deposits from Banks	5.007.988	3.757.476	8.136	688	57.047	<b>8.831.335</b>
Deposits from customers	6.391.003	1.967.861	1.478.019	60.929	17.721	<b>9.915.533</b>
Other borrowed funds	1.502	55.143	12.798	93.519	2.000.921	<b>2.163.883</b>
Other liabilities	97.082	43.795	58.479	82.494	164.391	<b>446.241</b>
<b>Total liabilities</b>	<b>11.497.575</b>	<b>5.824.275</b>	<b>1.557.432</b>	<b>237.630</b>	<b>2.240.080</b>	<b>21.356.992</b>

<b>Total assets</b>	<b>6.991.865</b>	<b>721.571</b>	<b>1.441.421</b>	<b>8.111.827</b>	<b>8.623.842</b>	<b>25.890.526</b>
<b>2009</b>						
<b>Liabilities</b>						
Deposits from Banks	3.593.971	1.601.455	3.136.026	292	50.249	<b>8.381.993</b>
Deposits from customers	6.292.106	2.443.119	2.227.657	39.339	17.535	<b>11.019.756</b>
Other borrowed funds	1.426	12.711	312.136	118.542	1.835.571	<b>2.280.386</b>
Other liabilities	185.857	80.202	83.827	131.206	179.077	<b>660.169</b>
<b>Total liabilities</b>	<b>10.073.360</b>	<b>4.137.487</b>	<b>5.759.646</b>	<b>289.379</b>	<b>2.082.432</b>	<b>22.342.304</b>
<b>Total assets</b>						
	<b>6.467.513</b>	<b>1.392.694</b>	<b>1.392.694</b>	<b>6.485.719</b>	<b>7.929.308</b>	<b>26.175.539</b>

### Cash flows from derivative financial instruments

The below tables of liquidity risk analyze cash flows from derivative financial instruments of the Group within the periods in compliance with remaining period as from the balance sheet date to maturity date.

#### (a) Derivative financial instruments with offsetting basis

The below tables of liquidity risk analyze cash flows from derivative financial instruments of the Group within the periods in compliance with remaining period as from the balance sheet date to maturity date.

(Amounts in thousand Euro)

	Up to 1 month	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
<b>2010</b>						
<b>Trading derivatives:</b>						
Interest rate derivatives	0	0	0	(188)	0	(188)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2009</b>						
<b>Trading derivatives:</b>						
Interest rate derivatives	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**(b) Derivative financial instruments with mixed base settlement**

As of December 31, 2010, the Group does not hold derivative financial instruments with offsetting basis.

(Amounts in thousand Euro)

	Up to 1 month	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
<b>2010</b>						
<b>Trading derivatives:</b>						
Currency derivatives						
Outflow	(571.086)	(466.256)	(243.940)	(158.090)	0	<b>(1.439.371)</b>
Inflow	564.387	465.401	244.618	158.097	0	<b>1.432.504</b>
Interest rate derivatives						
Outflow	(410)	(1.055)	(5.533)	(95.030)	(223.089)	<b>(325.116)</b>
Inflow	404	1.102	6.052	114.197	293.028	<b>414.782</b>
<b>Hedging derivatives:</b>						
Currency derivatives						
Outflow	(455)	0	0	0	0	<b>(455)</b>
Inflow	453	0	0	0	0	<b>453</b>
Interest rate derivatives						
Outflow	(7.520)	(27.307)	(87.529)	(305.899)	(154.516)	<b>(582.771)</b>
Inflow	5.826	9.244	35.698	199.463	146.723	<b>396.953</b>
<b>Total outflows</b>	<b>(579.471)</b>	<b>(494.618)</b>	<b>(337.002)</b>	<b>(559.018)</b>	<b>(377.605)</b>	<b>(2.347.714)</b>
<b>Total inflows</b>	<b>571.070</b>	<b>475.747</b>	<b>286.368</b>	<b>471.757</b>	<b>439.751</b>	<b>2.244.692</b>
<b>2009</b>						
<b>Trading derivatives:</b>						
Currency derivatives						
Outflow	(911.798)	(343.673)	(167.630)	(304.198)	0	<b>(1.727.298)</b>
Inflow	918.275	338.342	168.255	304.253	0	<b>1.729.125</b>
Interest rate derivatives						
Outflow	(742)	(1.709)	(13.017)	(119.853)	(339.727)	<b>(475.048)</b>
Inflow	776	1.839	14.334	132.286	373.050	<b>522.285</b>
<b>Hedging derivatives:</b>						
Currency derivatives						
Outflow	(203)	0	0	0	0	<b>(203)</b>
Inflow	202	0	0	0	0	<b>202</b>
Interest rate derivatives						
Outflow	(11.243)	(41.342)	(154.541)	(429.369)	(234.605)	<b>(871.100)</b>
Inflow	5.326	16.195	73.388	335.043	236.729	<b>666.681</b>
<b>Total outflows</b>	<b>(923.986)</b>	<b>(386.723)</b>	<b>(335.188)</b>	<b>(853.420)</b>	<b>(574.332)</b>	<b>(3.073.649)</b>
<b>Total inflows</b>	<b>924.579</b>	<b>356.376</b>	<b>255.978</b>	<b>771.582</b>	<b>609.779</b>	<b>2.918.293</b>

## **44.7 Operational risk**

### **1. GENERAL INFORMATION**

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

The Group has adopted a Framework and operational risk management procedures that provide for the identification, assessment, management, monitoring and updating of the operational risks of the Bank.

In every Branch / Unit of the Bank and every subsidiary of the Group, there has been appointed an Operational Risk Manager and his/her Deputy, who, together with the Director of the Branch / Unit / Subsidiary constitute the Department of Operational Risk Unit / Branch / Subsidiary and are responsible for managing and addressing any emerging operational risks.

Especially for the subsidiaries of Romania (bank and leasing) there are local units of operational risk management, which shall send a report of their actions on the MEB and MPB.

Finally, in each store / Unit of the Bank and any subsidiary of the Group has appointed a Head of Operational Risk and a replacement thereof, which together with the Director of the Branch / Unit / Subsidiary Representatives are the Operational Risk Unit / Branch / Subsidiary and responsible for managing and addressing the emerging operational risks and to inform the DLK

### **2. OPERATIONAL RISK MANAGEMENT TOOL**

The following tools are used to manage the operational risks of MEB and Subsidiaries IBG, Marfin Factors & Forfaiters and Marfin Leasing, for which the MEB is responsible for Risk Management by contract outsourcing. For other Subsidiary Manager Operational Risk of MEB has general oversight on Operational Risk.

i. Risk control self assessments workshops

Conducted with key participants of Representatives of the Operational Risk Unit / Branch managers and operational risk management. Their purpose is to identify, assess and manage operational risks for which there are set impairment action plans. The objective is that the above procedure should cover all the Group.

ii. Risk Acceptance

Recognised risks that are not subject to impairment are assessed and their acceptance is approved by the Director of the Department of the Bank/Subsidiary of the unit and, on case to case basis, by the Group Managing Director.

iii. Evaluation of products / procedures / projects

There are evaluated all the new products, procedures and projects in order to timely recognize and face potential operational risks.

iv. Key Risk Indicators (KRIs)

In respect of some recognized risks, when their further monitoring i.e. regarded necessary, there are applied Key Risk Indicators with particular price limitations. The violation of the limitations activates the actions plans that are to be implemented in order to avoid operational losses.

v. Assessment of Outsourcing

Monitoring and reducing this risk is achieved through the implementation of policy for the effective management of outsourcing of the MEB in accordance with the provisions of PD / HE 2577. The policy includes an assessment of:

- to outsourcing activities,
- potential providers
- to sign contracts
- existing providers with spot inspections

At the same time it's been identified and monitored risk concentration of Outsourcing by activity and by provider and send a quarterly report to the BoG, according to the prudential rules. .

vi. Operational Loss Database

It is the electronic application of recording losses arising from operational causes, with the aim of their monitoring and further analysis. All the records are classified according to Basel II.

### **3. OPERATIONAL RISK ISSUES REPORTING**

The creation of Operational Risk culture is one of the basic efforts to the Group and is succeeded by above other things seminars undertaken by staff of the Branches, the Units and the Subsidiaries and most of all the Group's Operational Risk Representatives.

#### **44.8 System and Information Security Risk**

Development and operation of an independent information security department has now become an integral part of the process of achieving the strategic goals of companies, especially banks due to the criticality and sensitivity of data and information they manage.

The existing organizational structure of the Bank Security includes an independent department, the Unit Information Security Systems belonging to the Risk Management Division. The Unit of Information Security Systems faces several technological and business risks that cause both the rapid growth of technological shortcomings and the increasing dependence of business functions on new systems and applications. In parallel, the need for collaboration and interface with the third parties, as ell as the new demands set by the legal and regulatory frameworks make it more necessary to create and operate a corporate security framework.

The role of this department is to develop, operate, maintain and monitor the effectiveness of an integrated program of information security management and effective implementation of the necessary mechanisms to protect confidentiality, integrity and availability of data. The key role is plaid by designation and implementation of specific security projects by the Divisions as well

as by outsourcing security services providers (ex. Penetration Tests of The Bank Technological Structure, Penetration Tests and Vulnerabilities Assessments).

Moreover, to facilitate more organized management of crucial security issues and decision making procedures, there was established and operates the special committee, the Security Committee.

#### **44.9 Basel II - Pillar I , II and III**

##### **Pillar I**

As far as Pillar I is concerned, Capital Adequacy Index (CAI) of the Bank and the Group in accordance with the supervisory requirement is calculated and reported by the end of Q1 2008. The calculation is carried out under the standard method for credit risk and market risk, while upgrading is carried out under IRB method. As far as operational risk is concerned, there is implemented the key indices method and the basis has been defined for the adoption of standard methods.

##### **Pillar II**

There was implemented for the second time the corresponding ICAAP for the MEB within the frame of a more general process that includes MPB (Cyprus) and MBR (Romania). There was one more time established the project team in 3 main countries, and there were prepared and implemented the three reports on the required uniform policies, practices and methodologies.

The basis was constituted as at 31/12/2009 for official financial items as well as for general quantitative items required under risk assessment. The same date was used for Risk Weighted Assets aiming at the calculation of regulatory capital requirements (Pillar I).

There was estimated the domestic capital through the flat increase in the regulatory capital requirements (Pillar I). There were covered Pillar I risks, namely credit, market and operational. Moreover, there were identified and assessed risks that are not fully covered by Pillar I, specifically customer concentration risk and sector risk, counterparty, country and settlement risk. Finally, there were identified and assessed Pillar II risks such as liquidity, interest rate, strategic, compliance, reputation, insurance, taxation, etc. Domestic capital was calculated for the significant risks for which the capital was considered to be the appropriate management means. The subsidiaries were included in the assessment to the extent of their significance.

There were incorporated in the ICAAP the procedure of planning the capital for the implementation of the 3-year (2010-2012) business plan, under normal conditions and in extreme situations. It arose that the maximum capital requirements within 3 years amounted to an insignificant level only within the first year, but are over covered by the planned capital increase. Therefore, the Group capital adequacy was proved.

At the same time, there was developed the adequacy of the Bank and the Group risk management systems at role and activities level. There was developed and documented the risk management strategy and risk tolerance.

ICAAP was controlled by the Internal Control Division, approved by the Risk Management Committee and ultimately by the Board of Directors and submitted timorously to the BoG as an integral element of the Risk Management Annual Report.

### **Pillar III**

There was posted within the time limits (31/3/2010) on the website of the Bank, while a copy was also sent to the BoG, the document of disclosure of information provided by Pillar III of Basel II (PETE 2592/20.8.2007: Credit Institutions Disclosures of supervisory nature information on capital adequacy, the risks undertaken and their management).

This publication was the first within the institutional rules and mandatory disclosures frame that contained information on MEB Group capital adequacy, the risks involved and their management, as well as extracts from the audited financial statements for the year ended 2008.

Because of its shareholding relationship with Marfin Popular Bank, MEB Group TSE falls within the limited obligation to disclose "consolidated basis" in Article 2, Chapter II of the above Governor's Act.

### **45. Capital adequacy**

The Group is subject to the supervision of the Bank of Greece that sets and monitors the demands for capital adequacy as far as the banks are concerned. The subsidiary bank in Romania is further subject to the supervision of the local authorities while the Group, as a member of Marfin Popular Bank Group, is subject to indirect supervision of the Central Bank of Cyprus.

The Bank of Greece requires that every Credit Institution should have a minimum ratio arising from the proportion between supervisory equity and the assets as well as off statement of financial position items weighed as against the risk involved. The price of this ratio was internationally defined as 8% and it is designed in order to cover the foreseeable risks (counter parties, market, currency).

For the calculation of capital adequacy as from 01/01/2008 there applies the new supervisory framework (Basel II) which was incorporated into Greek legislation based on Law 3601/2007, which modifies the measurement of credit risk and introduces capital requirements for operational risk. No material changes have been made to market risk measurement. In particular, the investment portfolio credit risk and operational risk are measured under the standard method.

The capital adequacy of the Group is monitored at regular intervals by the Economic Department of the Bank and the results are presented every three months to the Bank of Greece.

The supervisory equity of the Group is divided into two categories:

- Tier I. The category comprises mainly share capital, reserves and retained earnings. They are further adjusted as in compliance with Governor's Act 2587/20.08.07.
- Tier II. The category comprises mainly reduced securements of certain duration.

The basic objective of the Group, as far as supervisory capital management is concerned, is on one hand, the compliance with the capital requirements of the Bank of Greece and, on the other hand, maintenance of strong and stable capital basis that supports the business plans of the Group's Management.

The Capital Adequacy of the Group's ratio as at 31/12/2010 is as follows:

	2010 Basel II	2009 Basel II
Share Capital	366.846	366.846
Share Premium	328.334	328.334
Other reserves	(113.076)	(29.082)
Retained earnings	131.504	173.932
Instruments with equity characteristics	259.580	276.267
Goodwill and other intangible assets	(65.121)	(66.390)
Other supervisory bodies' adjustments	125.722	51.338
<b>Total Tier I</b>	<b>1.033.789</b>	<b>1.101.245</b>
Subordinated term loans and preference shares	508.457	375.138
Part of instruments with equity characteristics that do not conform with Tier I criteria	40.420	23.733
Other supervisory body's adjustments	11.278	7.988
<b>Total Tier I</b>	<b>560.155</b>	<b>406.859</b>
<b>Total capital</b>	<b>1.593.944</b>	<b>1.508.104</b>
<b>Weighted assets</b>		
- items on Statement of Financial Position	12.552.945	12.096.629
- items off Statement of Financial Position	293.829	274.249
- trading portfolio	390.546	673.952
- operating risk	775.680	847.354
<b>Total</b>	<b>14.013.000</b>	<b>13.892.184</b>
<b>Capital Adequacy Ratio</b>	<b>11.37%</b>	<b>10.86%</b>

Data that concern the publication of regulatory disclosures about the capital adequacy and the risk management (Basel II, Pillar III – Governor's Act/BOG 2592/07), will be available at Group's website.

#### 46. Restatement of prior year balances

(Amounts in thousand Euro)

Results for 1/1 – 31/12/2009	Published amounts 31/12/2009	Published amounts 31/12/2010	Restatement
Fee and commission income	129.356	129.068	(288)
Fee and commission expense	(28.090)	(29.634)	(1.544)
Trading income	105.734	105.560	(174)
Other income	7.041	6.529	(512)
Staff costs	(156.159)	(156.846)	(687)
Operating expenses	(106.215)	(103.010)	3.205

The comparative period amounts were restated to reflect changes in the presentation adopted by the Bank for the current period ended as at 31 December 2010.

#### **47. Events after the reporting date**

There are no significant event after the reporting date to report.

#### **48. Corporate events**

##### **Progress of the Cross-Border Merger through absorption of Marfin Egnatia Bank S.A. by Marfin Popular Bank Public co Ltd**

The Extraordinary General Assembly of the Bank Shareholders as at 23/12/2009 unanimously approved of the cross-border merger through absorption of «MARFIN Egnatia Bank SA" by «MARFIN POPULAR BANK PUBLIC CO LTD» in accordance with the provisions of Directive 2005/56/EC of the European Parliament and Council of 26.10.2005, as well as by current Cyprus and Hellenic legislation as described in Common Cross-Border Merger Plan dated 13 November 2009.

Following the decision of the Nicosia District Court in accordance to articles 201(xvii) and 201(xix) of the (Cyprus) Companies Law, set the 31.3.2011 (12:00 pm) as the date of conclusion of the cross-border merger through absorption of Marfin Egnatia Bank S.A. by Marfin Popular Bank Public co Ltd.

Athens 29 March 2011

The Chairman  
Of the Board of Directors

The Managing Director

The Chief Financial Officer

Vassilios N. Theocharakis  
I.D. No AB 340063/06

Konstantinos I. Vassilakopoulos  
I.D. No M 310696/82

Aggelos N. Sapranidis  
I.D. No AA 273117/05  
License A Class  
Reg. Num. 0016834/18-07-2001



**Financial Statements of the Bank for the year ended 31 December 2010**

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## **INDEPENDENT AUDITORS' REPORT**

To the Shareholders of MARFIN EGNATIA BANK S.A.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Marfin Egnatia Bank S.A. (the "Bank"), which comprise of the Statement of Financial Position as at December 31, 2010, and the Statement of Comprehensive Income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the 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.

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## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2010, and 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.

Athens, 29 March 2011

The Chartered Accountant

The Chartered Accountant

Vassilios Kazas  
SOEL Reg. No. 13281

Yiannis Leos  
SOEL Reg. No. 24881



Chartered Accountants Management Consultants  
56, Zefirou str., 175 64, Palaio Faliro, Greece  
Registry Number SOEL 127

Income Statement  
For the year ended 31 December 2010  
(Amounts in thousand Euro)

	<u>Note</u>	<u>2010</u>	<u>2009</u>
Interest and similar income		646.450	638.213
Interest and similar expense		<u>(383.777)</u>	<u>(432.423)</u>
<b>Net interest income</b>	<b>6</b>	<b>262.673</b>	<b>205.790</b>
Fee and commission interest		52.236	53.729
Fee and commission expense		<u>(8.961)</u>	<u>(7.367)</u>
<b>Net fee and commission income</b>	<b>7</b>	<b>43.275</b>	<b>46.362</b>
Dividend income	<b>8</b>	3.654	1.106
Net income from financial instruments	<b>9</b>	30.844	95.817
Other income	<b>10</b>	<u>2.572</u>	<u>1.956</u>
<b>Operating income</b>		<b>343.018</b>	<b>351.031</b>
Impairment of credit losses	<b>17</b>	(139.190)	(129.300)
Staff costs	<b>11</b>	(133.384)	(126.133)
Operating expenses	<b>12</b>	(91.667)	(85.448)
Depreciation and amortization	<b>25, 27</b>	<u>(14.183)</u>	<u>(14.127)</u>
<b>Profit / (loss) before tax</b>		<b>(35.406)</b>	<b>(3.977)</b>
Income Tax	<b>13</b>	<u>216</u>	<u>(8.813)</u>
<b>Profit / (loss) after tax</b>		<b><u>(35.190)</u></b>	<b><u>(12.790)</u></b>
<b>Earnings per share (in Euro)</b>	<b>14</b>		
Basic and Diluted		(0,1218)	(0,0443)

The notes presented in pages 136 to 210 constitute an integral part of the financial statements of the Bank as at 31 December 2010.

Statement of Financial Position  
31 December 2010  
(Amounts in thousand Euro)

<b>ASSETS</b>	<b>Note</b>	<b>2010</b>	<b>2009</b>
Cash and balances with Central Bank	15	219.419	1.075.041
Loans and advances to Banks	16	2.630.095	2.854.873
Loans and advances to customers (net of provision)	17	13.064.418	12.907.258
Derivative financial instruments – assets	18	59.806	67.077
Financial instruments at fair value through profit and loss	19	196.413	245.086
Available-for-sale financial instruments	20	1.610.941	2.140.262
Held- to-maturity investments	21	610.662	529.841
Debt securities lending	22	2.220.811	1.912.328
Investment in subsidiaries	23	380.042	351.660
Investment in associates	24	2.278	2.278
Property, plant and equipment	25	57.364	54.693
Investment properties	26	42.353	35.380
Intangible assets	27	14.836	16.030
Deferred tax asset	28	91.031	61.805
Other assets	29	482.745	485.451
Non-current assets held for sale	30	8.839	-
<b>TOTAL ASSETS</b>		<b>21.692.053</b>	<b>22.739.063</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	31	366.846	366.846
Share premium	31	328.334	328.334
Reserves	32	(123.796)	(36.001)
Retained earnings		47.968	83.158
Hybrid funds	33	300.000	300.000
<b>Total Equity</b>		<b>919.352</b>	<b>1.042.337</b>
Deposits from Banks	34	8.794.851	8.464.723
Deposits from customers	35	9.613.864	10.490.000
Derivative financial instruments – liabilities	18	211.231	226.560
Other borrowed funds	36	1.995.776	2.176.974
Employee benefits	37	12.998	12.174
Other provisions	38	3.678	2.776
Current tax		4.974	11.832
Deferred tax liability	28	21.350	15.027
Other liabilities	39	113.979	296.660
<b>Total Liabilities</b>		<b>20.772.701</b>	<b>21.696.726</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>21.692.053</b>	<b>22.739.063</b>

The notes presented in pages 136 to 210 constitute an integral part of the financial statements of the Bank as at 31 December 2010.

Statement of Comprehensive Income  
 31 December 2010  
 (Amounts in thousand Euro)

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	<u>2010</u>	<u>2009</u>
<b>Profit / (loss) after tax (A)</b>	<b><u>(35.190)</u></b>	<b><u>(12.790)</u></b>
<b><u>Other Comprehensive Income after tax</u></b>		
Revaluation of available for sale portfolio	<u>(89.014)</u>	<u>57.932</u>
<b>Other Comprehensive Income after tax (B)</b>	<b>(89.014)</b>	<b>57.932</b>
<b>Total Comprehensive Income (A + B)</b>	<b><u>(124.204)</u></b>	<b><u>45.142</u></b>

The notes presented in pages 136 to 210 constitute an integral part of the financial statements of the Bank as at 31 December 2010.

Statement of Changes in Equity  
For the year ended 31 December 2010  
(Amounts in thousand Euro)

	Share capital	Share premium	Reserves	Investment valuation differences	Retained earnings	Hybrid funds	Total
<b>Balance 01 January 2009</b>	<b>366.846</b>	<b>327.699</b>	<b>50.189</b>	<b>(145.219)</b>	<b>96.686</b>		<b>696.201</b>
Revaluation of available for sale portfolio				76.240			76.240
Deferred tax from revaluation of available for sale portfolio				(18.308)			(18.308)
Results for the period					(12.790)		(12.790)
<b>Total income and expense recognized in 2009</b>				<b>57.932</b>	<b>(12.790)</b>		<b>45.142</b>
Formation of reserves			60		(60)		
Share capital increase cost		635			(635)		
Reserves for the stock option plan			994				994
Hybrid funds						300.000	300.000
Other movements				42	(42)		
<b>Balance 31 December 2009</b>	<b>366.846</b>	<b>328.334</b>	<b>51.243</b>	<b>(87.245)</b>	<b>83.159</b>	<b>300.000</b>	<b>1.042.337</b>
<b>Balance 01 January 2010</b>	<b>366.846</b>	<b>328.334</b>	<b>51.243</b>	<b>(87.245)</b>	<b>83.159</b>	<b>300.000</b>	<b>1.042.337</b>
Revaluation of available for sale portfolio				(105.528)			(105.528)
Deferred tax from revaluation of available for sale portfolio				16.514			16.514
Results for the period					(35.190)		(35.190)
<b>Total income and expense recognized in 2010</b>				<b>(89.014)</b>	<b>(35.190)</b>		<b>(124.204)</b>
Reserves for the stock option plan			1.219				1.219
<b>Balance 31 Decemeber 2010</b>	<b>366.846</b>	<b>328.334</b>	<b>52.462</b>	<b>(176.259)</b>	<b>47.969</b>	<b>300.000</b>	<b>919.352</b>

The notes presented in pages 136 to 210 constitute an integral part of the financial statements of the Bank as at 31 December 2010.

Cash Flow Statement  
For the year ended 31 December 2010  
(Amounts in thousand Euro)

	<u>Note</u>	<u>2010</u>	<u>2009</u>
<b>Cash flows from operating activities</b>			
Profit/Loss before tax		(35.406)	(3.977)
<b>Adjustments for non-cash items</b>			
Depreciation	25,27	14.183	14.127
Loans impairment	17	139.190	129.300
Other provisions		2.419	1.746
Employee benefits	11	2.764	1.784
Trading portfolio valuation		1.716	(24.513)
Transfer to investing activities		(145.422)	(183.540)
Transfer to financing activities		25.443	21.060
		<u>4.887</u>	<u>(44.013)</u>
<b>Net changes in operating assets</b>			
Loans and advances to Banks		300.893	(1.689.925)
Trading securities and derivatives		54.227	(44.399)
Loans and advances to customers		(296.350)	(830.254)
Other assets		(35.356)	(192.011)
<b>Net changes in operating liabilities</b>			
Deposits from Banks		322.083	2.672.290
Deposits from customers		(876.136)	(837.928)
Other liabilities		(193.696)	1.654
<b>Net cash flows from Operating Activities before tax</b>		<u>(719.448)</u>	<u>(964.586)</u>
Income tax paid		(4.679)	(6.040)
<b>Net Cash Flows from Operating Activities</b>		<u>(724.127)</u>	<u>(970.626)</u>
<b>Cash Flows from Investing Activities</b>			
Investments in subsidiaries and associates		(28.382)	(27.826)
Net (increase) decrease in investments		43.972	(1.757.190)
Dividends received		3.650	1.106
Purchase of assets		(23.631)	(25.956)
Sale of assets		1.170	839
Investment portfolio interests received		115.822	125.538
Other flows from investing activities		32.808	56.842
<b>Net Cash Flows from Investing Activities</b>		<u>145.409</u>	<u>(1.626.647)</u>
<b>Cash flows from Financing Activities</b>			
Issue (payment) of debts		(198.596)	160.188
Issue of hybrid funds		-	300.000
Securitisation of loans		-	1.414.500
<b>Net Cash Flows from Financing Activities</b>		<u>(198.596)</u>	<u>1.874.688</u>
<b>Total Net Cash Flows</b>		<u>(777.314)</u>	<u>(722.585)</u>
Impact of foreign exchange differences on Cash and Cash equivalents		(2.193)	(987)
<b>Net cash flow increase (decrease)</b>		<u>(779.507)</u>	<u>(723.572)</u>
<b>Cash and cash equivalents, opening</b>		<u>1.848.255</u>	<u>2.571.827</u>
<b>Cash and cash equivalents, closing</b>		<u>1.068.748</u>	<u>1.848.255</u>
Cash and cash equivalents consist of :			
<b>Cash and balances in Central Bank</b>		68.223	858.744
<b>Due from Banks</b>		1.000.525	989.511
		<u>1.068.748</u>	<u>1.848.255</u>

The notes presented in pages 136 to 210 constitute an integral part of the financial statements of the Bank as at 31 December 2010.

## 1. General information on the Bank

“MARFIN EGNATIA BANK S.A.” (herein after “the Bank’), with its registered office in Greece, whose shares are traded in Athens Stock Exchange, operates as a Societe Anonyme Bank in compliance with Greek legislation, and in particular with the requirements of Company Law 2190/1920 as this is due, the requirements of the Law 3601/2007 on credit institutions, as well as, the requirements of other similar legislations.

The Bank’s primary activities are in Greece, but it also has subsidiaries that operate in Romania and Cyprus.. The Bank employs a total of 2.768 people (31/12/2009: 2.753).

The Bank, (S.A. Records N. 6072/06/B/86/11) arose following the merger of:a) MARFIN BANK S.A. (R. No. 6079/06/B/86/18) and b) LAIKI BANK (Hellas) S.A. (R. No. 27084/06/B/92/16) with EGNATIA BANK S.A. in accordance with the decision K2 – 9985/29.06.2007 of the Ministry of Development. Furthermore, in accordance with the aforementioned decision of the Ministry of Development, there was also approved the modification of Article 1 of the Bank’s Charter of Incorporation in compliance with which the name and the discreet title of the Bank were changed into «MARFIN EGNATIA BANK S.A.», under the discreet title «MARFIN EGNATIA ΤΡΑΠΕΖΑ» and «MARFIN EGNATIA BANK».

Following the decision of the District Court of Nicosia, in accordance with Articles 201IH and 201ITH Companies Law was set March 31, 2011 (at 12.00 pm), as the effective date of the effects of cross-border merger by absorption of Marfin Egnatia Bank A . Ltd. by Marfin Popular Bank Public co Ltd.

The corporate registered office of the Bank is in Municipality of Thessalonica and, in particular, 20 Mitropoleos and Comnion Str.

The objective of the Bank, in accordance with Article 3 of its Charter of Incorporation is to operate in Greece or abroad and provide recognized or by the law assigned to Banks services, on its behalf or on behalf of third parties.

### ***Management***

The Board of Directors at its meeting on 30/9/2009 reorganized its body as follows:

The Chairman (Non Executive member)	:	Vassilios N, Theoxarakis
The Vice-Chairman (Non Executive member)	:	Alexandros K. Mpakatselos
The Managing Director (Executive member)	:	Konstantinos I. Vassilakopoulos
The Deputy Managing Director (Executive member)	:	Iraklis G. Kounadis
Executive members	:	
		Andreas E. Vgenopoulos
		Efthimios T. Bouloutas
		Fotios D. Karatzenis
Non executive members	:	
		Panagiotis I. Theocharakis
		Despoina V. Theocharaki
Non executive-Independent members	:	
		Panagiotis K. Throuvalas
		Markos A. Foros

The auditors of the annual financial statements are as follows:

Statutory:	Vassilios K. Kazas	(SOEL Reg. No. 13281)
	Yiannis G. Leos	(SOEL Reg. No. 24881)
Deputy:	Sotiris A. Konstantinou	(SOEL Reg. No. 13761)
	Pavlos L. Stellakis	(SOEL Reg. No. 24941)
Of the auditing firm	Grant Thornton S.A.	(SOEL Reg. No. 127)

## **2. Basis of preparation**

### **2.1 Compliance**

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (I.F.R.S), as these have been adopted by the European Union, including all amendments issued by the International Accounting Standards Board (I.A.S.B.).

The current financial statements were approved by the Board of Directors on March 29, 2011 and are subject to final approval by the General Assembly of the Shareholders.

### **2.2. Basis of presentation**

The financial statements are prepared in thousand Euro which is the reporting currency and are rounded to the nearest thousand. The financial statements are prepared on historic cost basis except for:

- Revaluations of available-for-sale securities,
- Revaluations of assets and liabilities classified as items at fair value through profit and loss,
- Revaluations of derivative financial instruments and
- Revaluations of investment property.

### **2.3 Changes in accounting principles**

#### **2.3.1 Changes in accounting principles within the year 2010**

The Group has fully adopted all the IFRSs and Interpretations adopted by the European Union that shall be mandatory applied under the preparation of financial statements covering the year beginning as at 01/01/2010. The following IFRS, amendments and new interpretations were implemented for the first time within the year 2010:

- **Annual improvements to International Accounting Standards 2009**

During 2009, IASB issued the annual improvements to IFRS for 2009, a series of adjustments to 12 Standards, as a part of the annual improvement program. The annual improvement program of IASB aims to make necessary but not urgent adjustments to IFRSs and will not be a part of bigger revision program. The adjustments have effective date for annual periods beginning on or after January 1, 2010, and had no significant effect on the Group

**In addition to the following standards, amendments and revisions shall begin in 2010 but they do not apply to the Group.**

- **Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards”**

The amendment provides guidance on the retrospective application of the IFRSs with reference to the measurement of financial assets in oil, natural gas and leasing sectors. The amendment is applicable for annual accounting period starting on or after 01/01/2010 and does not apply to the Group operations.

- **Amendments to IFRS 2 “Share based Payment”**

The IASB issued amendments to IFRS 2. The amendments clarify how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements. The Management estimates that amendments to IFRS 2 will not affect the Group accounting policies. The amendments to IFRS apply to businesses for annual period and start on or after the 1<sup>st</sup> January 2010.

- **Adoption of IFRS 3: “Business Combinations” and revised IAS 27: “Consolidated financial Statements and Accounting for Investment in subsidiaries:**

The revised IFRS 3 introduces significant amendments for the application of the acquisition method for business combinations. Among other changes the standard introduces the possibility of non-controlling interests being measured at fair value. Furthermore, the revised standard requires that the acquirer of a subsidiary recognizes the assets acquired and liabilities assumed as a transaction with owners of the business and any difference should be recognized in equity. The amended IAS 27 requires that transactions leading to changes in participations in subsidiaries to be recognized in equity. Moreover, the amended standard changes the accounting treatment of losses incurred by a subsidiary in respect of the loss of control over Notes to the Consolidated Financial Statements of the subsidiary. All the changes to the above standards will be applied subsequently and will affect future acquisitions and transactions with minority shareholders. The revised standards are expected to affect the accounting treatment of business combinations for future periods while this effect will be estimated when the above business combinations are realized.

- **Amendment to IAS 39, Financial instruments : Recognition and Measurement : Instruments which qualify as hedging instruments**

IAS 39 amendment allows an entity to define as hedged element a portion of the change in the fair value, or the fluctuation of a financial instrument’s cash flow. An entity can define the changes in fair value or cash flows linked to a single risk, as the hedged element, in an effective hedging relationship. The amendment is not expected to have a significant effect on the Group Financial Statements.

- **IFRIC 17 “Distributions of Non-cash Assets to Owners”**

When an entity announces distribution and has the obligation to distribute assets to its owners, it must recognize a liability for these payable dividends.

IFRIC 17 specifies the following issues: a dividend payable should be recognized when the dividend is appropriately approved and is no longer at the discretion of the entity; the company should measure the dividend payable at the fair value of the net assets to be distributed; the company should recognize the difference between the dividend paid and the assets' book value distributed in profit or loss.

- **IFRIC 18 “Transfers of Assets from Customers”**

This interpretation is particularly relevant for entities or organizations in the utility sector. IFRIC 18 clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water).

In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both). The Interpretation provides guidance on cases where the definition of an asset is met, as well as on the recognition and measurement of initial costs. It also provides guidance on how to identify the entity's obligation to provide one or more separately identifiable services in exchange for the transferred asset as well as how to recognise revenue and accounting for cash received by clients.

This interpretation is not applicable to the Group..

### **2.3.2 Standards, amendments to the standards and the interpretations to already existing standards that are either not effective yet, or have not been adopted by the European Union.**

Furthermore, the IASB has proceeded with the issue of the following new IFRSs, amendments and interpretations which are not mandatory for these financial statements.

- **IFRS 9 : “Financial Instrument”**

The IASB is planning to fully replace IAS 39 «Financial Instruments: Recognition and Measurement» by the end of 2010, that will be put in force for annual financial periods starting at 01/01/2013. IFRS 9 constitutes the first stage of the ongoing project for the replacement of IAS 39. The main stages of the project are as follows:

1st stage: Recognition and and Measurement,

2nd stage: Impairment method,

3rd stage: Hedge accounting

Furthermore, an additional stage concerns issues related with derecognition. IFRS 9 aims to reduce complexity in the accounting treatment of financial instruments by offering fewer categories of financial assets and a principle based on the approach for their classification. According to the new Standard, the entity classifies financial assets either at amortised cost or at fair value based on:

a) the entity's business model for managing financial assets,

b) the characteristics of the contractual terms of the financial asset give rise on specified dates to cash flows (if it has decided not to appoint the financial asset at fair value through profit and loss).

The division of all financial assets into two categories – amortised cost and fair value – means that only one impairment model will be required in the context of the new standard, thus reducing complexity.

The standard is applied for annual period starting on or after 01/01/2013 and has not been approved by the European Union yet.

- **Amendment to IFRS 1 “first-time Adoption of International Financial Reporting Standards” – limited exemption from comparative IFRS 7 Disclosures for First-time Adopters**

The current amendment provides limited exemptions to IFRS first time adopters from provision of comparative information pertaining to disclosures required by IFRS 7 «Financial Instruments: Disclosures». The amendment applies to annual accounting periods starting on or after July 1, 2010 and has been adopted by the European Union. This amendment does not apply to the Group.

- **IAS 24: “Related Party Disclosures”**

The aforementioned amendment clarifies the definition of related parties and reduces disclosures regarding related parties of the State. In particular, it rescinds the obligation of State entities to disclose details of all transactions with other State parties, it clarifies and simplifies the definition of a related party and endorses the disclosure not only of transactions and balances between related parties, but also undertakings, both in separate and consolidated statements. The aforementioned amendment has been endorsed by the European Union and has obligatory adoption from 01/01/2011. This amendment is not expected to have significant impact on the financial statements..

- **IFRIC 14 (Amendment) “Minimum Funding Requirements Payments”**

The amendment has been issued to raise the limitations that an entity had on the recognition of an asset deriving from voluntary prepaid contributions for minimum funding requirements. The amendment is applicable for annual accounting period starting on or after 01/07/2011 and has been approved by the European Union. The amendment is not applicable to the Group.

- **IFRIC 19: “Extinguishing Financial Liabilities with Equity Instruments”**

IFRIC 19 considers the accounting treatment when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity’s shares or other equity instruments to settle the financial liability fully or partially. The amendment is applicable for annual accounting periods commencing on or after 01/07/2010 and was approved by the European Union. The Interpretation is not applicable to the Group

- **Amendment to IAS 32 “Financial Instruments: Disclosure and Presentation” – Classification of Rights as Equity.**

The amendment revises the definition of financial liabilities as provided in IAS 23, with respect to classification of rights issues (rights, options or warrants) as equity. The amendment is applicable for annual accounting periods commencing on or after 01/02/2010 and was approved

by the European Union. The amendment is not expected to affect the Group Financial Statements..

- **Amendment to IAS 12 “Deferred tax” – “Recovery of Assets” (effective for annual periods beginning on or after January 1 2012.**

The amendment introduces a practical guidance on the recovery of the carrying amount of assets held at fair value or adjusted in accordance with the requirements of IAS 40 "Investment Property". Under this amendment the future recovery of the carrying amount of such assets is presumed to be carried out through the future sale of the asset. The amendment is effective for annual periods beginning on or after 01/01/2012 and it will be examined whether its implementation will have an impact on the Group consolidated Financial Statements. This amendment has not been approved by the European Union.

#### **Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards” – removal of Fixed Dates for First-time Adopters.**

The Amendment removes the use of fixed transition date (01 January 2004) and replaces it with the actual date of transition to IFRS. At the same time, it removes the requirements for derecognition of transactions that had taken place before the scheduled transition date. The amendment is effective for annual periods beginning on or after 01/07/2011, and the earlier application is permitted. The implementation of the amendment will have no effect on the Group consolidated Financial Statements. This amendment has not been approved by the European Union..

#### **Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards” – Severe Hyperinflation.**

The amendment proposes guidance on how an entity should resume presenting financial statements in accordance with International Financial Reporting Standards (IFRSs) after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. . The amendment is effective for annual periods beginning on or after 01/07/2011, and it can be implemented retrospectively. The implementation of the amendment will not affect the Group consolidated Financial Statements. This amendment has not been approved by the European Union.

#### **Amendment to IFRS 7 “Financial Instrument : Disclosures” – Transfer of Financial Assets” (effective for annual periods beginning on or after July 1, 2011)**

The amendment will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendment is effective for annual periods beginning on or after 01/07/2011, and it can be implemented retrospectively. The implementation of the amendment will not have effect on the Group consolidated Financial Statements. This amendment has not been approved by the European Union.

## **Annual improvements to International Accounting Standards**

In 2010, the IASB issued annual improvements to IFRSs 2010 - a series of adjustments to 7 standards - which is part of the program for annual improvements to the Standards. This is the series of amendments issued under the annual improvements process, which is designed to make necessary, but non-urgent, amendments to IFRSs and will not be part of a larger revision project. Most improvements are effective for annual periods beginning on or after 01/01/2011, and earlier application is permitted. Annual improvements have not been adopted by the European Union.

The Company does not intend to apply any of the Standards or Interpretations earlier. Based on the existing Group structure and accounting policies followed, the Management does not expect material effects (unless mentioned otherwise) on the financial statements of the company arising from the implementation of the aforementioned Standards and Interpretations as they become effective.

### **2.4 Estimates**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Bank's accounting policies. Such policies might affect the balances of Assets and Liabilities, as well as Income and Expense. Actual results might differ from assessments.

Judgments and similar affairs are based on past experience and other factors that are considered reasonable in current circumstances. The outcome of all the above mentioned factors constitutes the basis for decision making on accounting values in assets and liabilities which cannot be traceable otherwise.

Such judgments and assessments are in a constant revision process. Divergence from accounting estimates affects only the revision period and future period if the revision is aimed at present and future accounting periods.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

## **3. Basic accounting principles**

The basic accounting principles that were adopted for the preparation of financial statements are as follows:

### **3.1 Investment in subsidiaries and associates**

Investments in subsidiaries and associated are presented at cost less any impairment wherever this is considered necessary

### **3.2 Foreign currency transactions**

Transactions in foreign currencies are translated to euro, the reporting currency, at the foreign exchange rate ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies, at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated to euro using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

### **3.3 Investments in Financial Assets**

#### **(a) Classification**

*Financial Instruments 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 and 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. These include derivative contracts that are not designated and effective hedging instruments.

*Loans and receivables* are loans and receivables created by the Group providing money to a debtor other than those created with the intention of short-term profit taking.

*Held-to-maturity assets* are financial assets with fixed or determinable payments and fixed maturity that the Group has the intent and ability to hold to maturity. These include certain purchased loans and advances to banks and customers, and certain debt investments.

*Available-for-sale assets* are financial assets that are not held for trading purposes, loans and receivables, or held to maturity. Available-for-sale include certain debt and equity investments.

#### **(b) Recording**

The Bank recognizes financial assets held for trading, available-for-sale and held-to maturity on the date it commits to purchase the assets. From this date any gains and losses arising from changes in fair value of the assets are recognized. Loans and receivables are recognized when cash is advanced to the borrowers.

#### **(c) Measurement**

Financial instruments are measured initially at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent to initial recognition all trading instruments and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is started at cost, including transaction costs, less impairment losses.

All non-trading financial liabilities, loans and receivables and held-to-maturity assets are measured at amortized cost less impairment losses. Amortized cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

**(d) Fair value measurement**

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using valuation models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimate and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where valuation models are used, inputs are based on market related prices at the reporting period date.

The fair value of derivatives that are not exchange-traded is estimated as the amount that the Bank would receive or pay to terminate (dissolve) the contract at the reporting period date taking into account current market conditions and current creditworthiness (credit capability) of the counter-parties

**(e) Gains and losses on subsequent measurement**

Gains and losses arising from a change in the fair value of available-for-sale assets are recognized in other comprehensive income. When the financial assets are sold, collected or otherwise disposed of the cumulative gain or loss recognized in equity is transferred to the income statement.

Gains and losses arising from a change in the fair value of instruments at fair value through profit or loss are recognized in the income statement.

**(f) Derecognition**

A financial instrument is derecognized when the Bank loses control on contractual rights that comprise the financial instrument. This occurs when the rights are realized, expire or are surrendered. A financial liability is derecognized when it is settled.

**3.4 Hedge accounting**

Where there is a hedging relationship between a derivative instrument and a related item being hedged, the hedging instrument is measured at fair value. The treatment of any resultant gains and losses is set out below:

A hedging relationship exists where:

- at the inception of the hedge there is formal documentation of the hedge.
- the hedge is expected to be highly effective.
- the effectiveness of the hedge can be reliably measured.
- the hedge is highly effective throughout the reporting period and
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect net profit or loss.

The fair value of derivative hedging instruments is calculated in the same way as the fair value of trading instruments (see accounting principle 3.3d).

When a derivative financial instrument hedges the exposures to changes in the fair value of a recognized asset or liability, the hedged item is at fair value in respect of the risk being hedged. Gains and losses on re-measurement of both the hedging instrument and the hedged items are

recognized in the income statement. These amounts are included in gains less losses from non-trading instrument "income from financial instruments designated at fair value through profit or loss".

Where a derivative financial instrument hedges the exposure to variability in the cash flow of recognized assets or liabilities or anticipated transactions or firm commitments, the effective part of any gain or loss on re-measurement of the hedging instrument is recognized in other comprehensive income. The ineffective part of any gain or loss is recognized in the income statement.

### **3.5 Sale and repurchase agreements**

The Bank 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 and advances 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 consideration is recognized on an accrual basis over the period of the transaction and is included in interest.

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### **3.6 Property, Plant and Equipment**

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings	40	years
Furniture and other equipment	6-10	years
Vehicles	6-7	years
Computer hardware and software	4-5	years

Leasehold improvements are depreciated over the useful life of the improvement or the duration of the lease whichever is lower.

The assets' useful lives are reviewed and adjusted, if appropriate, at each reporting period.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount at cost 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 the higher of the asset's fair value less costs to sell and value in use.

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

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### **3.7 Investment property**

Investment property are properties held by the Bank either to earn rental income or for capital appreciation. The Bank records investment property at fair value as determined by an independent valuation company having an appropriate recognized professional qualification. Some of these assets are leased but the lease contract was signed prior to its acquisition by the Group. Initially investment property is recorded at cost including acquisition expenses. Any gain or loss arising from a change in fair value is recognized in profit or loss.

### **3.8 Intangible assets**

Intangible assets consist of software that has been acquired by the Bank and stated at cost less accumulated amortization and impairment losses.

Amortization is charged to the income statement on a straight-line basis over the estimated useful life of the software, which is between 4 to 8 years.

### **3.9 Cash and cash equivalents**

Cash and cash equivalents include monetary assets with an original maturity of three months or less, such as cash balance, unrestricted balances held with the Central Bank and amounts due from financial institutions. Cash and cash equivalents are recorded at amortized cost.

### **3.10 Impairment of Financial Instruments**

#### **(a) Financial assets carried at unamortized cost**

The Bank assesses at each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Bank about the following loss events:

- i. Significant financial difficulty of the issuer or obligator.
- ii. A breach of contract, such as a default or delinquency in interest or principal payments.
- iii. The Bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider.
- iv. It's becoming probable that the borrower will enter bankruptcy or other financial reorganization.
- v. Absence of an active market for this issue due to financial distress.
- vi. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - adverse changes in the payment status of borrowers in the group, or

- national or local economic conditions that correlate with defaults on the assets in the group.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group of historical loss experience for assets with credit risk characteristics similar to those in the group.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectable, 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. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

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 (such as an

improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

### **(b) Assets carried at fair value**

The Bank assesses at each reporting period closing date whether there is objective evidence that a financial asset or group of financial assets is impaired. In case of equity and debt 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 assets are impaired. If any such 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 that financial asset previously recognized in profit or loss – is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity investments are not reversed through 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.

### **3.11 Financial Liabilities**

Financial liabilities are stated at amortized cost which occurs using the effective interest method. Deposits from banks, deposits from customers and debt securities in issue are classified in this category.

### **3.12 Financial guarantee contracts**

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Commission from financial guarantee contracts are initially recognized as liability (at fair value) and they are taken to the income statement gradually through contract's duration.

Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned on a straight line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the reporting period closing date.

Financial guarantee contracts are included in the entry "Other liabilities".

### **3.13 Employee benefits**

**Short-term benefits:** Short-term benefits to personnel (except for termination of employment benefits) in cash and kind are recognized as an expense when considered accrued. Any unpaid amount is recognized as a liability, whereas in case the amount already paid exceeds the benefits' amount, the entity identifies the excessive amount as an asset (prepaid expense) only to the extent that the prepayment shall lead to a future payments' reduction or refund.

**Retirement Benefits:** Benefits following termination of employment include lump-sum severance grants, pensions and other benefits paid to employees after termination of

employment in exchange for their service. The Bank's liabilities for retirement benefits cover both defined contribution schemes and defined benefit plans

*i) Defined contribution plans*

For defined contribution plans, the Bank pays contributions to publicly administered pension insurance funds (i.e. Social Security Foundation) and therefore the Bank has no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to pension obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such they are included in line 'staff costs' of the Income Statement.

*ii) Defined benefit plans*

The Bank's defined benefit plan regards the legal commitment to pay lump-sum severance grant, pursuant to L.2112/1920. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and compensation. The liability recognized in the balance sheet for defined benefit plans is the present value of the liability for the defined benefit less the plan assets' fair value (reserve from payments to an insurance company), the changes deriving from any actuarial profit or loss and the service cost. The defined benefit commitment is calculated on an annual basis by an independent actuary with the use of the projected unit credit method.

The present value of the liability which incurs from the defined benefit plan is calculated by discounting the future cash outflows with the long-term Greek bonds' rate.

Actuarial profits and losses form part of the Bank's commitment to grant the benefit and of the expense which shall be recognized in the income statement. The adjustments' outcome based on historical data, if below or above a 10% accumulated liability margin, is recognized in the income statement within the expected insurance period of the plan's participants. The service cost is directly recognized in the income statement except for the case where plan's changes depend on employees' remaining years of service. In such a case, the service cost is recognized in the income statement using the fixed method during the maturity period.

**Employment Termination Benefits:** Benefits due to employment termination are paid when employees step down prior to the retirement date. The Bank recognizes these benefits upon committing itself that it terminates employees' employment according to a detailed plan for which there is no withdrawal possibility.

**Remuneration based on Equity Instruments:** The Bank, through the Parent Company Marfin Popular Bank, grants the personnel stock options for the acquisition of Parent Company shares. These benefits are settled by issuing new shares from the Parent

Company, on the condition that the employee fulfils certain vesting conditions linked to his/her performance and exercises his/her options.

Services rendered by employees are measured according to the fair value of the options granted on the grant date. Option fair value is calculated by using a widely accepted option pricing model and taking into account the share's closing price on grant date. Options' fair value, following their issue, is readjusted in case there is a modification in the plan favorable for employees. Employees' services residual value is recognized as an expense in the income statement by an equal credit amount in equity, in the share premium account. The relative amount is divided throughout the vesting period and is calculated on the basis of the number of options set to vest in each year.

During the exercise of stock options, the net collected amount (after subtracting direct costs) is recognized in share capital (new shares nominal value) and in share.

### 3.14 Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimates of the amount of the obligation can be made. If the effect is significant, 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.

### 3.15 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, or realize the asset and settle the liability simultaneously. Offsetting income with expenses is allowed only if they are part of the same entry.

### 3.16 Leasing agreements

**Bank Undertaking as the Lessee:** Leases of fixed assets where all the risks and rewards related to the ownership of an asset have been transferred to the Bank, irrespective of whether the title of the said asset is finally transferred or not, are classified as finance leases.

The said leases are capitalized at inception of the lease at the lowest between the fair value of the fixed asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant fixed rate on the remaining financial liability. The corresponding rental obligations, net of finance charges, are included in liabilities. The part of the finance charge related to financial leases is recognized in the income statement over the lease term. The fixed assets acquired under finance leases are depreciated over the shortest between the useful life of the fixed assets or the lease term thereof.

Leases where the lessor transfers the right to use an asset for an agreed period of time, without transferring the risks and rewards of ownership thereof, are classified as operating leases. Payments made under operating leases (net of any incentives offered by the lessor) are recognized in the income statement proportionally over the lease term.

**Bank Undertaking as the Lessor:** When assets are leased out under a capital lease, the present value of the lease payments is recognized as a claim. The difference between the gross amount of the claim and the present value of the claim is recognized as unearned financial income. Lease income is recognized in the income statement over the lease term using the net investment method, which reflects a constant periodic rate of return.

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their anticipated useful lives on a basis consistent with similar owned property. Rental income (net of any incentives offered to lessees) is recognized using the straight-line method over the lease term.

### **3.17 Interest income and expense**

Interest income and expenses are recognized in the income statement for all interest bearing instruments on an accruals basis, using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

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

### **3.18 Fee and commission income**

Fee and commission income is recognized on an accrual basis when the relevant service has been provided unless they influence the effective interest rate.

### **3.19 Net trading income**

Net income from financial instruments comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes of trading financial assets and liabilities.

### **3.20 Dividend income**

Dividend income is recognized when the right to receive income is established.

### **3.21 Income tax and deferred tax**

The income tax charge involves current taxes, deferred ones and the differences of preceding financial years' tax audit.

Income tax is recognized in the financial year's income statement, except for the tax on transactions recognized in other comprehensive income, in which case it is recognized accordingly in other comprehensive income. To assess the annual tax charge, all the required adjustments on the accounting result are taken into account in order to establish the final taxable income. .

The current income taxes include short-term liabilities or claims vis-à-vis fiscal authorities pertaining to the payable taxes on the year's taxable income and any additional income taxes regarding previous financial years.

Current taxes are measured on the basis of tax rates and fiscal regulations in force during the corresponding financial years, based on the yearly taxable profit.

Deferred taxes are the taxes or the tax relieves from the financial encumbrances or benefits of the financial year in question, which have been allocated or shall be allocated to different financial years by tax authorities. Deferred income tax is provided by using the liability method which is determined by the temporary differences arising between the tax bases of assets and

liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. In case it is not possible to clearly determine the time needed to invert the temporary differences, the tax rate to be applied is the one in force on the financial year after the reporting period closing date.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Most of the changes in the deferred tax assets or liabilities are identified as a part of tax charges in the income statement. Tax audit differences regard additional income taxes and additional charges on behalf of the fiscal authorities due to the Bank taxable income redenomination in the framework of the ordinary or extraordinary tax audit.

### **3.22 Share capital**

#### **(a) Incremental costs of share capital increase**

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

#### **(b) Dividends**

Dividend distribution on ordinary shares is recognized as a deduction in the Bank's equity when approved by the Company's shareholders.

#### **(c) Treasury shares**

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid including any directly attributable incremental costs (net of income taxes), is deducted from shareholders' equity. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

### **3.23 Segment reporting**

Based on IFRS 8, there is adopted a management approach to segment reporting in respect of the Bank's operating sectors performance. The disclosed information is that used by the Group executive committee (the highest operating decisions body) for the purposes of assessing each segment performance, as well as, the way the economic resources are allocated among the segments. Such information might differ from the items used for the preparation of the statements of financial position and the statement of comprehensive income.

## **4. Accounting estimates and judgments**

The preparation of financial statements in accordance with the I.F.R.S. requires estimates and assumptions being made by Management during the implementation of the Bank's accounting policies.

The following areas are affected by Management's estimates and assumptions:

### *(1) Classification of financial Instruments*

The Bank's accounting policies require classification upon initial recognition of financial assets and liabilities in the following categories:

- Financial instruments held to maturity. Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.
- Financial instruments held for trading. This category consists of investments and derivatives which are held for achieving profits in the near term.
- Loans and receivables: This category includes derivative financial assets that have certain or definable payments and that are not traded on active markets and which the Group has no intention to sell in the direct future.
- Financial assets and liabilities at fair value through profit or loss. The classification of an investment in this category depends on the way Management estimates its profitability and risk. This category also comprises of certain investments, such as equity investments, that are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

### *(2) Reclassification of financial Instruments*

The accounting principles followed by the Bank make provisions, in case certain conditions are met, to reclassify a financial instrument after the initial recognition date. Assessing such circumstances requires application of Management's judgment:

- Transfer of equity shares from trading portfolio to the category «financial assets available for sale» is permitted in case there are extreme economic conditions and the above assets are no longer held for the purpose of sale or repurchase in the direct future. The Management estimates that the global crisis of the financial system within the year contributes to those "extreme" cases for the purposes of application of the above accounting principle.
- Transfer of debt securities from the portfolio of «financial assets available for sale» to «loans and receivables» is permitted in case the assets meet the definition of loans and receivables and the Management intends to keep them in the direct future or till maturity. The Management shall exercise its estimation concerning whether a financial asset falls within the definition of "loans and receivables" and mainly the extent to which there is no active market for this asset.
- Transfer from the category of available for sale to the category of "investments held to maturity" is permitted in case the assets meet the required definition and there is a possibility and intention to keep them to maturity.

The effect of the aforementioned reclassification on the financial statements of the Bank is presented in Note 22.

### *(3) Hedge Accounting*

In order to define relationship between hedged items and hedging instruments, the Bank shall, on one hand, state its strategy in respect of hedge accounting and, on the other hand, estimate that hedging will be efficient within the total duration of the instruments (derivatives).

#### *(4) Impairment of available for sale financial assets*

The Bank follows the IAS 39 guidance to determine whether the value of an investment is impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

In the following part the segments in which estimates and assumptions by Management have a significant effect are assessed:

##### *(1) Credit risk provisions*

The financial assets measured at amortized cost are subject to impairment testing on each balance sheet date, according to section 3.11. For the claims examined on a case by case basis the impairment test is based on the Management's assessment for the present value of cash flows set to inflow from the loan servicing by the debtor and from any cover liquidation. Calculating these cash flows, Management makes assessments on the counter-party's financial position, on the possibility of a settlement and on the net value of any guarantees. With regard to loans monitored on a collective basis, the necessary provision depends on assessments regarding each loan group credit risk, the market's economic factors, and the inherent portfolio risks. The parameters required are defined based on historical data and present economic conditions. Provisions' accuracy is determined by how well future cash flows of specific counterparties have been estimated and how well all hypotheses and parameters have been used to define all the provisions.

##### *(2) Estimates on fair value of financial instruments*

The best proof for the fair value of a financial instrument is the published market price in an active market. During the period and due to the international financial crisis markets for some financial instruments have seized to be considered active because of the seizure in transactions. Financial assets and liabilities fair value calculation for which there are no published market prices requires the use of specific measurement techniques. Initially, the Bank examines the extent to which active market exists for a financial asset. On one hand, there is examined the volume and the frequency of transactions and on the other hand – the variation of prices disclosed by various market factors for the same asset. Usually, significant variations constitute an indication that the market for such an asset is not regarded as "active". The financial assets for which, in compliance with the Bank estimations, there is no active market are estimated through use of models. Fair value calculation calls for various kinds of assessments. The most important ones involve assessment of various risks an instrument is subject to, such as business risk, liquidity risk etc. and businesses profitability future perspectives assessment in case of equity instrument measurement. The corresponding calculation was made with reference to market data of Credit Default Swap, where possible. However, as far as certain financial instruments are concerned, there is no available information and higher degree of judgment is required. In such a case, reference is

usually made to prices of other items with the similar risk characteristics and suitable amendments are made.

*(3) Goodwill impairment testing*

The Bank tests for impairment of goodwill on acquired subsidiaries on an basis. In order to ascertain whether there is evidence for impairment, the value in use and the fair value of a business unit need to be calculated. Usually the methods used are the cash flows present value method, future dividends present value method and measurement on the basis of similar entity indicators. To apply the specific methods, Management needs to use data, such as the subsidiary's estimated future profitability, business plans and market data, such as interest rates.

*(4) Income Tax*

The Bank is subject to income tax in various jurisdictions in which it operates. In order to establish the current and deferred tax, as presented in the balance sheet, significant assumptions are required. For specific transactions and calculations the ultimate tax determination is uncertain. The Bank recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

*(5) Defined Benefit Plans*

The liability recognized in the balance sheet for defined benefit plans is the present value of the liability for the defined benefit less the plan assets' fair value (reserve from payments to an insurance company), the changes deriving from any actuarial profit or loss and the service cost. The defined benefit commitment is calculated on an annual basis by an independent actuary with the use of the projected unit credit method. The main assessments used are mentioned in Note 37. According to the Bank's accounting policy, any changes in assumptions affect the amount of unrecognized actuarial gain or loss.

## **5. Information by Segment**

In compliance with the management approach of IFRS 8, the operating segments are presented based on internal information provided to the Executive Committee (the highest operating decisions body) for the purposes of assessing each segment performance as well as the way the economic resources are allocated among the segments. All the operating segments of the Bank meet the segment recognition criteria according to IFRS 8.

Since the Bank's operating segments are totally financial with the majority of income arising from interest and since the Executive Committee is mainly based on net interest income in order to assess the segments performance, the total interest income and expenses in respect of all reporting segments is presented on net basis.

Provision of information to the Executive Committee is based on allocation of profit before tax and before the part of profit from related companies consisting of net interest income, net income from rights and commissions, financial and other income less operating expenses and provision for grants impairment. The above measurement basis does not include recurring expenses results of operating segments such as amortization of intangible assets and goodwill impairment when the impairment is the result of a separate, non-recurring event. Discontinued operations results are not included in cost allocation.

Provision of information to the Executive Committee in respect of the items of the statement of financial position consists of grants and clients deposits. There were no changes in the disclosed segments within the year.

Transactions between business segments are made on purely commercial base. Income from third parties, disclosed to the Executive Committee, are then calculated as in compliance with that preselected in the consolidated income statement.

### Operating segments

The Bank is organized into the following operating segments:

31/12/2010						
Amounts in thousand Euro	Investment and corporate banking	Retail Banking	Asset Management	Treasury	Investments and participations	Total
Net interest income	43.950	166.817	(832)	52.738		262.673
Net fee and commission income	15.564	22.628	2.135	2.948		43.275
Other income	379	1.079	714	34.898		37.070
<b>Operating income</b>	<b>59.893</b>	<b>190.524</b>	<b>2.017</b>	<b>90.584</b>		<b>343.018</b>
Impairment for credit losses	(6.055)	(127.735)	(5.400)			(139.190)
Depreciation and amortisation	(1.607)	(11.243)	(741)	(592)		(14.183)
Other expense	(27.630)	(172.231)	(13.113)	(12.077)		(225.051)
<b>Profit before tax</b>	<b>24.601</b>	<b>(120.685)</b>	<b>(17.237)</b>	<b>77.915</b>		<b>(35.406)</b>
Income tax						216
<b>Profit after tax</b>						<b>(35.190)</b>
Loans and advances to customers (net of provision)	4.497.442	7.240.208	1.326.768			13.064.418
Deposits from customers	2.644.016	6.104.095	865.753			9.613.864
<b>Total assets</b>	<b>4.497.442</b>	<b>7.240.208</b>	<b>1.326.768</b>	<b>8.627.635</b>		<b>21.692.053</b>
<b>Total liabilities</b>	<b>2.644.016</b>	<b>6.104.095</b>	<b>865.753</b>	<b>11.158.837</b>		<b>20.772.701</b>
Additions to tangible and intangible assets	2.360	11.012	787	1.572		15.731

31/12/2009						
Amounts in thousand Euro	Investment and corporate banking	Retail Banking	Asset Management	Treasury	Investments and participations	Total
Net interest income	54.746	128.019	3.858	19.167		205.790
Net fee and commission income	9.717	25.879	1.802	8.964		46.362
Other income	207	557	1.244	96.872		98.880
<b>Operating income</b>	<b>64.670</b>	<b>154.455</b>	<b>6.904</b>	<b>125.003</b>		<b>351.032</b>

<b>Impairment for credit losses</b>	5.168	(135.437)	969		<b>(129.300)</b>
<b>Depreciation and amortization</b>	(1.536)	(11.328)	(737)	(526)	<b>(14.127)</b>
<b>Other expense</b>	(24.904)	(162.737)	(12.940)	(11.000)	<b>(211.581)</b>
<b>Profit before tax</b>	<b>43.398</b>	<b>(155.047)</b>	<b>(5.804)</b>	<b>113.477</b>	<b>(3.976)</b>
Income tax					<b>(8.813)</b>
<b>Profit after tax</b>					<b>(12.789)</b>
<b>Loans and advances to customers (net of provision)</b>	<b>4.650.500</b>	<b>6.979.702</b>	<b>1.277.056</b>		<b>12.907.258</b>
<b>Deposits from customers</b>	<b>2.720.767</b>	<b>6.568.394</b>	<b>1.200.839</b>		<b>10.490.000</b>
<b>Total assets</b>	<b>4.650.500</b>	<b>6.979.702</b>	<b>1.277.056</b>	<b>9.831.805</b>	<b>22.739.063</b>
<b>Total liabilities</b>	<b>2.008.916</b>	<b>6.568.394</b>	<b>1.200.839</b>	<b>11.918.577</b>	<b>21.696.726</b>
<b>Additions to tangible and intangible assets</b>	<b>3.649</b>	<b>11.622</b>	<b>1.300</b>	<b>1.500</b>	<b>18.071</b>

a) Investment and corporate banking: Comprises corporations that are Corporate banking clients as well as companies operating in the Shipping sector. The segment covers all the range of loan and deposit needs of the above clients, providing services to support their commercial operations. The segment also includes provision of consulting and intermediary services related to Investment Banking.

b) Retail Banking: Comprises individual Retail Banking clients and small and medium size entities. By means of the Bank branches and alternative networks, the segment offers all the relative products (Sight, Cash, Time deposits etc) and credit products (Mortgages, Credits to Small and Medium size entities, LOC) as well as all kinds of banking services.

c) Asset Management: Comprises clients holding high cash available serviced by the Private Banking Officers of the Bank. Such clients are offered a range of products related to assets management (mutual funds, bonds, investment products etc). The category also includes financial services offered to clients as well as all the other services related to their assets management.

d) Treasury: Comprises the operation of Dealing Room (Intra-bank Market Placement & Borrowing, Bonds, Futures, Options, IRS, FX, equity shares etc) and generally, the bank assets-liabilities management.

e) Investments and Participations: The category comprises the results of the Bank's subsidiaries not operating in the financial sector.

### **Geographical segments**

The Bank mainly operates in Greece. The banking network of the Bank constitutes of 180 branches. Income of the Bank comes from its operations in Greece.

## 6. Net interest income

(Amounts in thousand Euro)

	2010	2009
<b>Interest income</b>		
Interest from bonds	120.968	130.619
Interest from advances to customers	472.734	470.471
Interest from other banks	51.635	35.709
Other interest	1.113	1.414
	<b>646.450</b>	<b>638.213</b>
<b>Interest expense</b>		
Interest on customers' deposits	(243.269)	(317.481)
Interest to other banks	(83.163)	(81.880)
Interest on loan capital	(57.345)	(33.062)
	<b>(383.777)</b>	<b>(432.423)</b>
<b>Net interest income</b>	<b>262.673</b>	<b>205.790</b>

Trading portfolio bonds equal to € 5.146 thousand (2008: € 5.081 thousand) and net interest equal to € -111.108 thousand (2009: € -63.456 thousand) from interest rate derivatives classified as fair value hedging instruments have been included in net interest income.

## 7. Net fee and commission income

(Amounts in thousand Euro)

	2010	2009
<b>Fee and commission income</b>		
Loans	18.313	18.621
Letters of guarantee	5.805	4.085
Retail banking	5.761	5.610
Investment banking	55	155
Custodian	5.086	3.238
Capital transfers	5.693	5.204
Import – export	1.173	1.470
Trading	999	1.528
Insurance –related	2.285	2.613
Other	7.066	11.205
	<b>52.236</b>	<b>53.729</b>
<b>Fee and commission income</b>		
Retail banking	(7.621)	(6.154)
Other	(1.340)	(1.213)
	<b>(8.961)</b>	<b>(7.367)</b>
<b>Net fee and commission income</b>	<b>43.275</b>	<b>46.362</b>

## 8. Dividend income

(Amounts in thousand Euro)

	2010	2009
Dividend from subsidiaries	2.431	22
Dividend from available-for-sale portfolio	1.219	1.084
Dividend from securities	4	-
<b>Dividend income</b>	<b>3.654</b>	<b>1.106</b>

## 9. Net trading income

(Amounts in thousand Euro)

	2010	2009
Foreign exchange differences	6.487	8.164
Profit / (Loss) from sale and revaluation of trading securities	5.603	19.985
Profit / (Loss) from derivative financial instruments	(6.498)	11.341
Profit / (Loss) from sale of financial instruments classified other than in trading portfolio	32.283	56.327
Impairment loss of available for sale shares	(2.502)	-
Impairment loss of available for sale bonds	(4.529)	-
Foreign exchange differences	<b>30.844</b>	<b>95.817</b>

## 10. Other income

(Amounts in thousand Euro)

	2010	2009
Income from sale / lease of property	647	326
Other	1.925	1.630
<b>Other income</b>	<b>2.572</b>	<b>1.956</b>

## 11. Staff costs

(Amounts in thousand Euro)

	2010	2009
Wages and salaries	(98.393)	(93.790)
Social security contributions	(23.601)	(22.659)
Defined benefit plans (Note 37)	(2.764)	(1.784)
Stock option plan expense	(1.219)	(994)
Other expense	(7.407)	(6.906)
<b>Wages and salaries</b>	<b>(133.384)</b>	<b>(126.133)</b>

The number of employees as at the end of the year was 2.768 (2009 : 2.753).

## Stock Option Plan

In April 2007, the Extraordinary General Assembly of the shareholders of the parent approved the establishment of the Stock Option Plan (the "Plan") for its BoD members and the employees of all the Group companies. The shares that are to be issued will have the same nominal value as already issued shares, i.e. 0,85 Euro each. Every option exercise price (the "Option" ) was defined as that of 10 Euro.

In May 2007, the Extraordinary General Assembly of the shareholders of the parent company Marfin Popular Bank (hereinafter the “parent Bank”) approved of the introduction of a Share Options Scheme (the “Scheme”) for the members of the Board of Directors of the parent Bank and the Group’s employees. Following the aforementioned approval and the pursuant decision of the parent Bank’s Board of Directors on May 9, 2007, 70.305.000 Options were granted (due on December 15, 2011), from which 23.165.000 were allocated to the Board of Directors and the employees of Marfin Egnatia Bank. The Option could be exercised by their holders during the years 2007 to 2011, in compliance with the distribution defined by the Board of Directors, following the recommendations of the Remuneration Committee, assessing that the beneficiary performance complied with the Bank’s expectations.

The fair value of the Options granted was measured using the Black and Scholes model. The significant inputs into the model were: share price of € 8,48 at the grant date, risk-free euro interest rate curve for the duration of the Scheme 4,15% (average), share price volatility was determined on the basis of historic volatility 12% and dividend yield of 3.82%.

On 23 December 2009, the Extraordinary General Assembly of the Shareholders of the parent Marfin Popular Bank approved the amendment of the terms of the Plan established by the Extraordinary General Assembly of the Shareholders in April 2007. In particular, it approved the amendment to the exercise price from 10 Euro to 4,50 Euro and prolongation of the Plan duration by 2 years with the last exercise period in the year 2013 instead of 2011. Additional fair value resulting from the modification of the terms of the Program was based on the following: the share price on December 23, 2009 to € 2,32, risk-free euro interest rate during the Plan 1.9% (average), stock price volatility 27.3% and dividend yield 3.45%. This additional fair value recognized in the period from the modification date until the vesting date.

The total expense recognized in the income statement for the year ended December 31, 2010 for rights granted amounted to € 662,279 (2009: 993,963). During the years 2007, 2008, 2009 and 2010 is not exercised any rights and on 31 December 2010, the number of Rights which was in force was 23,165,000.

## 12. Operating expense

(Amounts in thousand Euro)

	2010	2009
Rent (operating leases)	(23.073)	(23.950)
Operating expenses for buildings	(7.594)	(7.760)
Tax, stamps and duties	(8.216)	(7.372)
Repairs and maintenance	(3.611)	(3.014)
Third party fees (legal, engineers, etc)	(10.187)	(10.584)
Telephone and postage	(6.623)	(6.788)
Promotion and advertisement	(9.535)	(12.078)
Provision for other risks	-	(752)
Subscriptions – Contributions	(14.108)	(3.129)
Other expenses	(8.720)	(10.021)
<b>Operating expense</b>	<b>(91.667)</b>	<b>(85.448)</b>

### 13. Income tax

(Amounts in thousand Euro)

	2010	2009
Income tax for the period	-	(14.632)
Provision for tax non-inspected years	(1.200)	-
Special social responsibility contribution	(4.974)	(4.475)
Deferred tax	5.582	10.339
Impact on deferred tax from change in tax rates	808	-
Reserves tax	-	-
Tax inspection differences – settlement	-	(45)
<b>Income tax</b>	<b>216</b>	<b>(8.813)</b>

Detailed information on deferred tax is available in Note 28. The reconciliation of the effective tax rate for the financial year is indicated as follows:

	%	2010	%	2009
<b>Profit before tax</b>		<b>(35.406)</b>		<b>(3.977)</b>
Tax based on tax rate	24%	(8.498)	25%	(994)
Non-deductable expense	-	-	(28%)	1.115
Tax-exempt revenues	-	-	4%	(176)
Adjustment of tax rate for deferred tax	(2%)	808	-	-
Tax differences from inspection of previous financial years	-	-	(1%)	45
Special social responsibility contribution	(14%)	4.974	(113%)	4.476
Provision for tax non-inspected years	(3%)	1.200	-	-
Other differences	(4%)	1.300	(109%)	4.347
<b>Income tax</b>	<b>1%</b>	<b>(216)</b>	<b>(222%)</b>	<b>8.813</b>

Income tax is calculated based on the examination of the actual elements and the nature of income and expense according to the current tax regulations. As far as temporary differences between the accounting and the tax base are concerned deferred tax has been calculated in accordance with IAS 12.

In accordance with current Greek tax legislation, up to 2009, profits of entities operating in Greece were taxed at a rate of 25%. According to Law 3697/2008 the tax rate for 2010 is 24% and will be reduced by one percent each year until the rate reaches 20% in 2014 and thereafter. Dividends distributed by entities established in Greece and approved by the General Meetings of Shareholders held after 1.1.2009 are subject to a withholding tax of 10% with no further tax obligation for the beneficiary (Law 3697/2008).

In accordance with Law 3842/2010, a tax rate of 40% is imposed on distributed or capitalized profits of legal entities from 1.1.2011 onwards, while undistributed profits are taxed according to the current tax rate. After the payment of a tax rate 40% there is no further tax obligation for the beneficiary legal entity, while the individual beneficiary is subject to tax under the prevailing tax framework. The above is also applicable to prior year profits that will be either distributed or capitalized from 1.1.2011 onwards.

The above are amended with article 14 of law under draft “Fighting tax evasion, reforming the tax administration and other provisions under the responsibility of the Ministry of Finance” that was submitted to the Parliament in order to be approved, and which states that for the periods

commencing from 1.1.2011 onwards, a 20% tax rate is effective for the legal entities. For profit distribution, withholding tax is imposed with a 25% tax rate. For financial statements up to 31.12.2010 a tax rate of 21% is imposed on distributed profits.

### Extraordinary social responsibility contribution

In accordance with article 5 of Law 3845/6.5.2010 "Measures for the implementation of the supporting mechanism of the Greek economy through the Eurozone Member-States and the International Monetary Fund" an extraordinary tax was imposed on legal entities for social responsibility purposes and is calculated on the total net income for fiscal year 2010 provided that it exceeds €100,000. The extraordinary tax is imposed on profits before income tax as reported under International Financial Reporting Standards (IFRS), only if these are greater than the total taxable profits.

The extraordinary tax recognized in the Consolidated Financial Statements as at 31.12.2010 amounts to 4.974 thousand Euro. Respectively profits for year 2009 were burdened by the extraordinary tax amount of 4.475 thousand Euro according to article 2 of Law 3808/2009, which imposes an extraordinary tax on companies whose total net income for 2008 exceeded 5 million Euro.

## 14. Earnings per share

### a. Basic

Basic earnings per share are calculated by dividing the profit after tax income and the weighted average of shares outstanding of the Bank during the period, minus the weighted average number of the Bank's shares in issue during the same period.

### b. Diluted

Diluted earnings per share are calculated by adjusting the weighted average of shares outstanding during the period of potentially dilutive shares.

**The Bank has no shares of that class and there is no reason to vary from the adjusted basic earnings per share.**

	2010	2009
<b>Basic earnings per share</b>		
Profit attributable to the Shareholders of the Bank	(35.190)	(12.790)
Weighted average number of outstanding ordinary shares	288.855.236	288.855.236
<b>Basic earnings per share</b>	<b>(0,1218)</b>	<b>(0,0443)</b>

## 15. Cash and balances with Central Bank

(Amounts in thousand Euro)

	2010	2009
Cash	68.222	63.219
Other placements at Central Bank	-	795.525
Regulatory deposits with Central Bank	151.197	216.297
<b>Cash and balances with Central Bank</b>	<b>219.419</b>	<b>1.075.041</b>

## 16. Loans and advances to Banks

(Amounts in thousand Euro)

	2010	2009
Current accounts	258.153	371.439
Loans to banks	14.030	16.500
Placements at banks	2.357.912	2.466.934
<b>Loans and advances to Banks</b>	<b>2.630.095</b>	<b>2.854.873</b>
Current	2.509.510	2.668.365
Non-Current	120.585	186.508

## 17. Loans and advances to customers

(Amounts in thousand Euro)

	2010	2009
<b>Retail customers:</b>		
Consumer	1.550.231	1.708.713
Credit cards	232.401	246.371
Housing	2.627.522	2.458.941
	<b>4.410.154</b>	<b>4.414.025</b>
<b>Corporate loans :</b>	<b>9.073.576</b>	<b>8.815.735</b>
<b>Total loans and advances to customers</b>	<b>13.483.730</b>	<b>13.229.760</b>
<b>Less: provision for impairment of loans</b>	<b>(419.312)</b>	<b>(322.502)</b>
<b>Loans and advances to customers (net of provision)</b>	<b>13.064.418</b>	<b>12.907.258</b>

### Movement in provision:

	2010	2009
Balance 1 January	322.502	224.359
Impairment	139.190	129.300
Write-offs	(42.380)	(31.157)
<b>31 December</b>	<b>419.312</b>	<b>322.502</b>
Current	4.584.086	4.880.220
Non-Current	8.480.332	8.027.038

The Bank has granted fixed interest rate loans for which it proceeded to interest rate risk hedge. The hedging instruments used are interest rate exchange agreements.

The total fair value of these instruments is presented in the account of assets and liabilities from derivatives for loans fair value hedging and amounted as at 31/12/2010 € 531 thousand and € 33.896 thousand respectively. The amounts for the period ended at 31/12/2009 were € 5.604 thousand and € 75.940 thousand respectively. The amount of € 33.365 thousand that constitutes adjustment-increase in fair value of those loans is included in the "Loans and advances to customers" line.

## 18. Derivative financial instruments

(Amounts in thousand Euro)

31 December 2010	Nominal Value	Fair value	
		Assets	Liabilities
<b>Foreign currency derivatives</b>			
Currency deposits	41.453	11.900	11.405
Currency swaps	536.651	6.319	13.944
Spot	2.661	97	102
<b>Derivatives on Securities / Index</b>			
Options	366.706	12.054	13.676
Futures	353.268	-	-
Futures on Commodities	3	67	56
Commodities	448	9.577	9.202
CDS	63.613	1.413	987
CO2 emission rights	30	89	59
<b>Interest derivatives</b>			
Interest Rate Swaps	796.619	13.609	11.501
<b>Derivatives for trading purposes</b>		<b>55.125</b>	<b>60.932</b>
<b>Fair value hedging</b>			
Customer deposits with embedded derivatives	49.480	1.327	1.760
Future Hedging	88.700	-	-
Asset swaps	1.719.765	2.823	114.643
Interest Rate Swaps for loans hedging	1.672.380	531	33.896
<b>Derivatives for fair value hedging purposes</b>		<b>4.681</b>	<b>150.299</b>
<b>Total Derivatives</b>		<b>59.806</b>	<b>211.231</b>
<hr/>			
31 December 2009	Nominal value	Fair value	
		Assets	Liabilities
<b>Foreign currency derivatives</b>			
Currency deposits	5.181	7.028	6.667
Currency swaps	254.953	9.278	7.089
Spot	8.979	66	38
<b>Derivatives on Securities / Index</b>			
Options	212.215	8.087	7.718
Futures on Commodities	115	257	271
Commodities	490	15.341	14.649
CDS	384.788	1.214	2.842
Asset swaps	2.291	-	-
<b>Interest derivatives</b>			
Interest Rate Swaps	1.063.883	14.938	8.809
<b>Derivatives for trading purposes</b>		<b>56.209</b>	<b>48.083</b>
<b>Fair value hedging</b>			
Customer deposits with embedded derivatives	49.713	1.853	2.165
Interest Rate Swaps for loans hedging	2.586.727	5.604	75.940
Asset swaps	2.056.174	3.411	100.372
<b>Derivatives for fair value hedging purposes</b>		<b>10.868</b>	<b>178.477</b>
<b>Derivative financial instruments in total</b>		<b>67.077</b>	<b>226.560</b>

The Bank has in its portfolio fixed interest rate bonds for which it proceeded to interest rate risk hedge. The hedging instruments used are interest rate exchange agreements.

The total fair value of these instruments is presented in the account of assets and liabilities from derivatives for bonds fair value hedging and amounted as at 31/12/2010 to € 2.823 thousand and € 114.643 thousand respectively.

Out of the amount of € 111.820 thousand, an amount of € 55.149 thousand pertains to hedging of bonds of the portfolio of Available for sale and the remaining amount of € 56.671 thousand pertains to fixed interest rate bonds included in the account «debt securities».

The account of trading results includes both gains from the hedged items amounting to € 19.999 thousand and loss from hedging instrument amounting to € 19.044 thousand.

## 19. Financial assets at fair value through profit and loss

(Amounts in thousand Euro)

	2010	2009
Greek government treasury bills	4.942	-
Greek government treasury bonds (fixed rate)	23.739	212
Other government treasury bonds (fixed rate)	-	10
Greek government treasury bonds (floating rate)	538	833
Other government treasury bonds (floating rate)	-	1.688
Corporate bonds (fixed rate)	78.602	105.441
Corporate bonds (floating rate)	5.560	54.126
<b>Total treasury bills and bonds</b>	<b>113.381</b>	<b>162.310</b>
Shares listed in Athens Stock Exchange	-	614
Mutual funds (foreign)	83.032	82.162
<b>Financial instruments at fair value through profit and loss</b>	<b>196.413</b>	<b>245.086</b>
Current	119.557	128.010
Non-Current	76.856	117.076

## 20. Available-for-sale financial instruments

(Amounts in thousand Euro)

	2010	2009
<b>Available for sale portfolio</b>		
Mutual funds (domestic)	2.576	2.649
Shares listed in Athens Stock Exchange	52.168	35.421
Shares listed in foreign exchanges	11.498	7.257
Shares listed in foreign exchanges (in custody for third parties)	99	597
Not listed shares	928	928
Greek government treasury bonds (fixed rate)	238.473	224.141
Greek government treasury bonds (floating rate)	86.146	109.968
Other government treasury bonds (fixed rate)	523.224	612.232
Corporate bonds (fixed rate)	596.827	852.474
Corporate bonds (floating rate)	99.002	294.595
<b>Available-for-sale financial instruments</b>	<b>1.610.941</b>	<b>2.140.262</b>
Current	539.702	828.421
Non-Current	1.071.239	1.311.841

## 21. Held-to-maturity investments

*((Amounts in thousand Euro))*

	2010	2009
Greek government treasury bills	39.801	-
Greek government treasury bonds (fixed rate)	124.683	36.310
Greek government treasury bonds (floating rate)	34.790	9.717
Corporate bonds (fixed rate)	2.181	2.137
Corporate bonds (floating rate)	409.207	481.677
<b>Held-to-maturity investments</b>	<b>610.662</b>	<b>529.841</b>
Current	543.952	472.476
Non-Current	66.710	57.365

This portfolio also includes bonds of carrying amount of € 36.059 thousand that within the year 2008 were transferred from the available for sale portfolio. The fair value of the bonds as at transfer date amounted to € 34.743 thousand. The aforementioned bonds were transferred to investments held to maturity since the Group does not intend to sell them.

## 22. Debt securities lending

*((Amounts in thousand Euro))*

	2010	2009
Greek government treasury bills (fixed rate)	818.052	505.909
Other government treasury bills (fixed rate)	91.151	88.519
Greek government treasury bills (floating rate)	741.333	670.499
Corporate bonds (fixed rate)	372.403	451.870
Corporate bonds (floating rate)	197.872	195.531
<b>Debt securities lending</b>	<b>2.220.811</b>	<b>1.912.328</b>
Current	994.548	679.943
Non-Current	1.226.263	1.232.385

The Bank has applied the amendments to IAS 39 and IFRS 7 "Reclassification of Financial Assets" and reclassified investments in securities held for sale into investments in securities available for sale and investment securities available for sale in debt securities loan portfolio. Under the amended IAS 39, the Bank has identified assets, which on July 1, 2008 it did not intend to trade or to sell in the near future. The reclassification was made effective as from July 1, 2008, in accordance with the amended IAS 39, at the carrying amount of the investments as at that date. The carrying amount and the fair value of reclassified investments are shown below:

*((Amounts in thousand Euro))*

	1 July 2008 Carrying amount	31 December 2010 Carrying amount	Fair value
Available-for-sale investments reclassified as debt securities	418.107	455,447	445,373

If the Bank had not reclassified investments in securities as at 1 July 2008, the income statement till 12 month of 2010 inclusively would have included unrealized losses amounting to losses of € 10.074 thousand, resulting from changes in fair value of financial assets held for

trading that had been reclassified amounting to 512 thousand euro, burdening the Equity. From the losses of € 10.074 thousand, € 3.487 thousand pertains to the period 01/01/2010-31/12/2010, while the remaining amount pertains to previous periods.

The amount of available for sale portfolio which has transferred 182,304 thousand have been hedged for changes in fair value due to variations in interest rates, which the Bank will continue to apply hedge accounting. Interest on securities transferred will continue to be recognized in interest income using the effective interest method.

In the year 2010, bonds disposed with carrying amount as at 1 July 2008 of € 78.069 thousand and recoverable value of € 86.572 thousand. The profit of the disposal of the bonds amounting to € 5.013 thousand is included in the period results.

As at reclassification date, the trading portfolio interest rate fluctuated from 4,0% to 8,875% with recoverable amount of € 460.012 thousand.

Moreover reclassification carried out the last quarter of 2009, available for sale securities to debt securities..

*(Amounts in thousand Euro)*

	1 October 2009 Carrying amount	31 December 2010 Carrying amount	Fair value
Available-for-sale investments reclassified as debt securities	1.102.849	1.096.345	786.249

If the above reclassification had not been conducted, there would have been recognized in fair value reserves of financial assets available for sale unrealized loss amounting to € 310.095 thousand, representing the change in the fair value till 12 month of 2010 of the investments available for sale that had been reclassified. From the aforementioned amount, the amount of € 242.851 thousand pertains the year 2010.

Of the amount of available for sale portfolio that had been transferred, an amount of € 346.590 thousand had been hedged for changes in the fair value due to interest rate change risk, which are due to interest rate change risk, for which the Bank will continue to apply hedge accounting. Interest from securities that had been transferred will continue to be recognized in interest income, using effective rate.

In the year 2010, bonds disposed with carrying amount as at 1 July 2009 of € 10.000 thousand and recoverable value of € 10.000 thousand.

As at reclassification date, the trading portfolio interest rate fluctuated from 1,46% to 8,25% with recoverable amount of € 1.068.476 thousand.

On 01/04/2010 The new reclassification was carried out, available for sale securities to debt securities.

*(Amounts in thousand Euro)*

	1 April 2010 Carrying amount	31 December 2010 Carrying amount	Fair value
Available-for-sale investments reclassified as debt securities	228.536	232.683	166.245

If the above reclassification had not been conducted, there would have been recognized in fair value reserves of financial assets available for sale unrealized loss amounting to € 66.439

thousand, representing the change in the fair value till 12 month of 2010 of the investments available for sale that had been reclassified.

Of the amount of available for sale portfolio that had been transferred, an amount of € 68.121 thousand had been hedged for changes in the fair value due to interest rate change risk, which are due to interest rate change risk, for which the Bank will continue to apply hedge accounting. Interest from securities that had been transferred will continue to be recognized in interest income, using effective rate.

As at reclassification date, the trading portfolio interest rate fluctuated from 6% to 6,1% with recoverable amount of € 229.945 thousand.

### 23. Investment in subsidiaries

(Amounts in thousand Euro)

31/12/2010					
Name	Country of Incorporation	% Direct Participation	% Indirect Participation	Total % Participation	Participation
Marfin Bank Romania S.A. (1)	Romania	99,317%	-	99,317%	53.113
Marfin Leasing IFN Romania S.A.	Romania	99,00%	-	99,00%	218
Marfin Leasing S.A. (2)	Greece	100,00%	-	100,00%	75.179
Dynamic Asset Operating Leases S.A. (3)	Greece	-	100%	100%	-
Marfin Egnatia Fin S.A.. (4)	Greece	99,8366%	-	99,8366%	1.791
Egnatia Finance PLC	United Kingdom/London	99,998%	0,002%	100,00%	18
Obafemi Holdings LTD (5)	Cyprus	100,00%	-	100,00%	2
Investment Bank of Greece S.A. (6)	Greece	95,80%	-	95,80%	227.356
Marfin Capital Partners Ltd	United Kingdom/London	70,00%	-	70,00%	723
Marfin Capital Partners (Cyprus) Ltd	Cyprus	-	70,00%	70,00%	-
Marfin Global Asset Management S.A. (6)	Greece	94,5148%	4,2158%	98,7306%	9.006
IBG Investments S.A. (6)	British Virgin Island	-	95,80%	95,80%	-
IBG Mutual Funds Management S.A. (6)	Greece	-	95,80%	95,80%	-
Marfin Securities (Cyprus) Ltd (6)	Cyprus	-	95,80%	95,80%	-
IBG Capital S.A. (6)	Greece	-	95,80%	95,80%	-
Marfin Factors & Forfaiters S.A..	Greece	100,00%	-	100,00%	12.286
Marfin Collections S.A. (7)	Greece	100,00%	-	100,00%	350
					<b>380.042</b>

31/12/2009

Name	Country of Incorporation	% Direct Participation	% Indirect Participation	Total % Participation	Participation
Marfin Bank Romania S.A. (1)	Romania	99,23%	-	99,23%	48.113
Marfin Leasing IFN Romania S.A.	Romania	99,00%	-	99,00%	218
Marfin Leasing S.A. (2)	Greece	100,00%	-	100,00%	61.179
Dynamic Asset Operating Leases S.A.. (3)	Greece	-	100%	100%	-
Marfin Egnatia Fin S.A. (4)	Greece	99,00%	-	99,00%	291
Egnatia Finance PLC	United Kingdom/London	99,998%	0,002%	100,00%	18
Marfin Travel LTD (4)	Greece	-	99,00%	99,00%	-
Obafemi Holdings LTD (5)	Cyprus	100,00%	-	100,00%	2
Egnatia Properties SRL (5)	Romania	-	100,00%	100,00%	-
Investment Bank of Greece S.A. (6)	Greece	92,80%	-	92,80%	219.825
Marfin Capital Partners Ltd	United Kingdom/London	70,00%	-	70,00%	723
Marfin Capital Partners (Cyprus) Ltd	Cyprus	-	70,00%	70,00%	-
Marfin Global Asset Management S.A.. (6)	Greece	94,5148%	4,0841%	98,5989%	9.006
IBG Investments S.A.. (6)	British Virgin Island	-	92,80%	92,80%	-
IBG Mutual Funds Management S.A. (6)	Greece	-	92,80%	92,80%	-
Marfin Securities (Cyprus) Ltd (6)	Cyprus	-	92,80%	92,80%	-
IBG Capital S.A. (6)	Greece	-	92,80%	92,80%	-
Marfin Factors & Forfaiters S.A.	Greece	100,00%	-	100,00%	12.285
					<b>351.660</b>

(1) On 04 April 2010 the subsidiary of the Bank by 99,234% Marfin Bank Romania S.A., proceeded with a share capital increase amounting to 5 million Euro in the context of the strengthening of its capital adequacy as well its armouring against credit risks. The increase that was approved by the Central Banks of Greece and Romania was covered in full by the parent company with the resignation of rights from all other shareholders and thus the percentage of participation of the Bank has reached 99,317%.

(2) Following the decision on 15/11/2010 of the Annual General Assembly of the shareholders of Marfin Leasing S.A. the share capital increase amounting to 14 million Euro was approved with payment of the amount by the sole shareholder Marfin Egnatia Banks S.A. On 22/11/2010 the share capital increase amount was deposited.

(3) Following the decision on 23/09/2010 of the Annual General Assembly of the shareholders of Dynamic Asset Operating Leases S.A. the share capital increase amounting to 1 million Euro was approved with payment of the amount by the sole shareholder Marfin Leasing S.A. On 30/09/2010 the share capital increase amount was deposited

(4) On 25/08/2010, the Bank participated in the share capital of its subsidiary Marfin Egnatia Fin S.A. amounting to € 1,500 thousand increasing the participation rate from 99% to 99.8366%. By analogy the proportion of indirect participation of the Bank to Marfin Travel Ltd

was increased. On 7/10/2010, Marfin Egnatia Fin S.A. sold its participation (100%) in the company Marfin Travel Ltd to the company AMATHOUS HELLAS S.A., based in Greece.

(5) On 23/7/2010 100% subsidiary of Bank OBAFEMI HOLDINGS LIMITED based in Cyprus, sold its participation (99.96%) to the company EGNATIA PROPERTIES SRL based in Romania, to the company MIG REAL ESTATE SA EAP based in Greece.

(6) In 2010, 112,634 shares of Investment Bank of Greece SA were acquired and the rate of Marfin Egnatia Bank S.A.'s share capital was increased from 92.80% to 95.80%. Correspondingly the indirect participation increased to the companies of the group (Marfin GAM Mutual Funds, IBG Investment SA, IBG MUTUAL FUNDS MANAGEMENT SA, Marfin Securities Cyprus, IBG CAPITAL S.A.).

(7) In the smooth operation, reducing costs and improving efficiency in the management of collections, decided to establish media company debtors, according to Law 3758/2009. On 16/02/2010, the company established Marfin Collections S.A. was established, which is 100% subsidiary of Marfin Egnatia Bank SA.

## 24. Investment in associates

(Amounts in thousand Euro)

	2010	2009
Company	<b>ARIS Capital Management (USA)</b>	
Total % Participation	30.00%	30.00%
Assets	731	861
Liabilities	60	159
Income	911	1,005
Gains	269	322
Share capital	8	8
<b>Total participation</b>	<b>2.278</b>	<b>2.278</b>

## 25. Property, plant and equipment

(Amounts in thousand Euro)

	Land	Buildings	Leasehold improvements	Furniture and equipment	Other	Total
<b>Acquisition cost</b>						
Balance 1 January 2009	2.334	4.981	60.774	61.188	5.351	134.628
Additions	-	197	7.576	4.147	1.935	13.855
Disposals / Transfers	-	-	-	(2.093)	(169)	(2.262)
<b>Balance 31 December 2009</b>	<b>2.334</b>	<b>5.178</b>	<b>68.350</b>	<b>63.242</b>	<b>7.117</b>	<b>146.221</b>
<b>Acquisition cost</b>						
Balance 1 January 2010	2.334	5.178	68.350	63.242	7.117	146.221
Additions	-	18	7.051	3.300	2.647	13.016
Disposals / Transfers	-	-	(9)	(836)	(168)	(1.013)
<b>Balance 31 December 2010</b>	<b>2.334</b>	<b>5.196</b>	<b>75.392</b>	<b>65.706</b>	<b>9.596</b>	<b>158.224</b>
<b>Depreciation</b>						
Balance 1 January 2009	-	1.460	31.843	46.326	3.428	83.057
Depreciation	-	131	4.929	5.148	439	10.647

Decreases	-	-	-	(2.039)	(137)	(2.176)
<b>Balance 31 December 2009</b>	-	<b>1.591</b>	<b>36.772</b>	<b>49.435</b>	<b>3.730</b>	<b>91.528</b>

<b>Depreciation</b>						
Balance 1 January 2010	-	1.591	36.772	49.435	3.730	91.528
Depreciation	-	130	5.322	4.196	627	10.275
Decreases	-	-	(6)	(826)	(111)	(943)
<b>Balance 31 December 2010</b>	-	<b>1.721</b>	<b>42.088</b>	<b>52.805</b>	<b>4.246</b>	<b>100.860</b>

<b>Amounts in the Statement of Financial Position</b>						
As at 1 <sup>st</sup> January 2009	2.334	3.521	28.931	14.862	1.923	<b>51.571</b>
As at 31 <sup>st</sup> December 2009	2.334	3.587	31.578	13.807	3.387	<b>54.693</b>
As at 1 <sup>st</sup> January 2010	2.334	3.587	31.578	13.807	3.387	<b>54.693</b>
As at 31 <sup>st</sup> December 2010	2.334	3.475	33.304	12.901	5.350	<b>57.364</b>

On 30/6/2010, the Administration made a change in accounting estimate of the useful life of fixed assets of the Bank, as follows from 1/1/2010:

Furniture and equipment : from 6,6 years to 10 years  
 Computers : from 4,2 years to 5 years

This change led to reduced depreciation for the period 1/1/2010- 31/12/2010 amounting to € 1.107 thousand.

## 26. Investments in Properties

(Amounts in thousand Euro)

	2010	2009
Balance 1 January	35.380	28.203
Additions	7.901	7.886
Disposals	(928)	(709)
<b>Investment properties</b>	<b>42.353</b>	<b>35.380</b>

## 27. Intangible assets

(Amounts in thousand Euro)

	Goodwill	Software	Total
<b>Acquisition costs</b>			
Balance 1 January 2009	713	38.586	39.299
Additions	-	4.216	4.216
Disposals	-	-	-
<b>Balance 31 December 2009</b>	<b>713</b>	<b>42.802</b>	<b>43.515</b>
Balance 1 January 2010	713	42.802	43.515
Additions	-	2.714	2.714
Disposals	-	-	-
<b>Balance 31 December 2010</b>	<b>713</b>	<b>45.516</b>	<b>46.229</b>
<b>Accumulated amortization</b>			
Balance 1 January 2009	71	23.934	24.005
Amortization	-	3.480	3.480

Disposals	-	-	-
<b>Balance 31 December 2009</b>	<b>71</b>	<b>27.414</b>	<b>27.485</b>
Balance 1 January 2010	71	27.414	27.485
Amortization		3.908	3.908
Disposals			-
<b>Balance 31 December 2010</b>	<b>71</b>	<b>31.322</b>	<b>31.393</b>

<b>Amounts in the Statement of Financial Position</b>			
As at 1 January 2009	642	14.652	15.294
<b>As at 31 December 2009</b>	<b>642</b>	<b>15.388</b>	<b>16.030</b>
As at 1 January 2010	642	15.388	16.030
<b>As at 31 December 2010</b>	<b>642</b>	<b>14.194</b>	<b>14.836</b>

## 28. Deferred tax

(Amounts in thousand Euro)

### Recognised deferred tax asset and liability

Deferred tax asset and liability are attributable to:

	2010	2009
<b>Deferred tax asset</b>		
Intangible assets	5	85
Employee benefit obligations	2.450	2.285
Impairment of loans and advances	30.573	25.493
Impairments of investments	44.064	27.551
Deferred income	2.728	3.869
Valuation of derivative financial instruments	3.086	1.670
Temporary differences from tax losses	7.508	-
Other	617	852
	<b>91.031</b>	<b>61.805</b>

Current	5	311
Non-Current	91.027	61.494

<b>Deferred tax liability</b>		
Property, plant and equipment	(300)	(82)
Investment Property	(765)	(960)
Tax-exempt reserve	(8.197)	(1.865)
Suspension of loans' accrual	(4.412)	(2.989)
Effective rate of loans and advances	(6.629)	(7.927)
Intangible assets	(1.042)	(1.198)
Other	(5)	(6)
	<b>(21.350)</b>	<b>(15.027)</b>

Current	-	-
Non-Current	(21.350)	(15.027)

**Movement in temporary differences during the fiscal year:**

	Balance 1 January 2009	Recognized in Income Statement	Recognized in Equity	Balance 31 December 2009
Intangible assets	(738)	(375)	-	(1.113)
Employee benefit obligations	2.053	232	-	2.285
Impairment of loans	6.833	18.660	-	25.493
Impairment of investments	45.859	-	(18.308)	27.551
Deferred income	3.194	675	-	3.869
Valuation reserve from disposal of listed shares	757	(757)	-	-
Valuation of derivative financial instruments	7.041	(5.371)	-	1.670
Property, plant and equipment	(67)	(15)	-	(82)
Investment property	-	(960)	-	(960)
Tax-exempt reserves	-	(1.865)	-	(1.865)
Suspension of loans' accrual	(1.928)	(1.061)	-	(2.989)
Effective Rate of loans	(7.348)	(579)	-	(7.927)
Other	(909)	1.755	-	846
<b>Total</b>	<b>54.747</b>	<b>10.339</b>	<b>(18.308)</b>	<b>46.778</b>

**Movement in temporary differences during the fiscal year**

	Balance 1 January 2010	Recognised in Income Statement	Recognised in Equity	Balance 31 December 2010
Intangible assets	(1.113)	76	-	(1.037)
Employee benefit obligations	2.285	165	-	2.450
Impairment of loans	25.493	5.080	-	30.573
Impairment of investments	27.551	-	16.513	44.064
Deferred income	3.869	(1.141)	-	2.728
Valuation reserve from disposal of listed shares	-	-	-	-
Valuation of derivative financial instruments	1.670	1.416	-	3.086
Property, plant and equipment	(82)	(218)	-	(300)
Investment property	(960)	195	-	(765)
Tax-exempt reserve	(1.865)	(6.332)	-	(8.197)
Suspension of loans' accrual	(2.989)	(1.423)	-	(4.412)
Effective Rate of loans	(7.927)	1.298	-	(6.629)

Temporary differences from tax losses	-	7.508	-	7.508
Other	846	(234)	-	612
<b>Total</b>	<b>46.778</b>	<b>6.390</b>	<b>16.513</b>	<b>69.681</b>

## 29. Other assets

(Amounts in thousand Euro)

	2010	2009
Prepaid expenses	4.406	4.991
Accrued income	997	177.761
Extra contribution to Hellenic Deposit and Investment Guarantee Fund	146.177	93.314
Other	331.165	209.385
<b>Other assets</b>	<b>482.745</b>	<b>485.451</b>
Current	47.887	180.106
Non-Current	434.858	305.345

Following Article 6 of the Law 3714/7.11.2008, there was increased the amount of deposits covered through deposit security system from 20.000 Euro to 100.000 Euro per deposit. There also increased the percentage of calculating contribution deposited by banks to Deposit Security Fund.

According to Article 6 of N.3746/2009 the Minister of Finance 21/7/2010 established criteria for calculating the regular annual contributions from the Financial Institutions Investment Cover Scheme (ITS) of the Hellenic Deposits and Investment Guarantee Fund.

Therefore, the banks deposited additional contributions for the year 2008. The Law 3746/16.2.2009 « the Hellenic Deposits and Investment Guarantee Fund (HDIGF)» makes provisions that the amount of difference of regular annual contributions of credit institutions arising from the application of paragraph 2, Article 6 of the Law 3714/7.11.2008, is held in the special property unit whose items commonly belong, as in compliance with the proportion of interest, to credit institutions with participating interest.

## 30. Non-current assets held for sale

(Amounts in thousand Euro)

	2010	2009
<b>Non-current assets held for sale</b>	<b>8.839</b>	<b>-</b>

Non-current assets held for sale include real estate companies which were acquired during the year.

### 31. Share capital

	2010	2009
Number of ordinary shares	288.855.236	288.855.236
Nominal value	1,27	1,27
Share capital paid (in thousand Euro)	366.846	366.846
Share premium (in thousand Euro)	328.334	328.334

The shares of the Bank are nominal, indivisible and are traded under the Special Stock Exchange Characteristics category in the Athens Stock Exchange (ASE) and have been issued in accordance with the requirements of Law 2190/1920 and the Bank's Charter of Incorporation.

### 32. Other reserves

(Amounts in thousand Euro)

	2010	2009
Statutory reserve	15.875	15.875
Tax-exempt reserve	425	425
Extraordinary reserves	31.545	31.545
Revaluation reserve of available for sale financial instruments	(176.258)	(87.244)
Stock Option plan reserve	4.617	3.398
<b>Other reserves</b>	<b>(123.796)</b>	<b>(36.001)</b>

*Statutory reserve:* Under the provisions of Greek corporate law, entities are required to transfer 5% of their annual profits to a statutory reserve until the reserve equals one third of the issued capital. This reserve is not available for distribution but may be applied to cover losses.

*Untaxed reserve:* In the event of reserves being distributed, tax is applied on the rate in effect as at the date of distribution.

In accordance with Law 3634/2008, untaxed reserves of banking organizations from: profits by listed shares (both domestic and foreign), profits by derivative financial instruments (both domestic and foreign), as well as, untaxed earnings in accordance with article 99 of Law 2238/1994, are taxed at the rate outstanding for the Bank. The reserves in question can be distributed or capitalized at any time with no further taxes applied.

*Extraordinary reserve:* Includes all other reserves that cannot be categorized within the aforementioned categories.

### 33. Hybrid funds

On 19/09/2009, there were issued, as based on the requirements of the Laws 3156/2003 and 2190/1920, in combination with the PD 2587/20-8-2007 and the Bank of Greece Management Circular 21/22-9-2004, indefinite duration hybrid funds totally amounting to 300 million Euro, in order to be included in the total equity and to reinforce the capital adequacy of the Bank. The issue was fully covered by the parent «Marfin Popular Bank Public co ltd».

### 34. Deposits from Banks

(Amounts in thousand Euro)

	2010	2009
Deposits with Central Bank	4.443.839	3.300.000
Sight	279.369	255.318
Term	59.185	98.073
Other placements	1.571.721	2.355.722
Advances from Credit Institutions	2.440.737	2.455.610
<b>Deposits from Banks</b>	<b>8.794.851</b>	<b>8.464.723</b>
Current	8.737.801	8.415.721
Non-Current	57.050	49.002

### 35. Deposits from customers

(Amounts in thousand Euro)

	2010	2009
<b>Retail customers:</b>		
Sight	406.375	504.799
Saving accounts	924.713	1.022.878
Term	4.829.355	5.071.822
	<b>6.160.443</b>	<b>6.599.499</b>
<b>Corporate customers:</b>		
On demand	713.701	663.991
Term	2.459.165	3.044.018
	<b>3.172.866</b>	<b>3.708.009</b>
<b>Government entities:</b>		
On demand	10.239	47.376
Term	270.316	135.116
	<b>280.555</b>	<b>182.492</b>
<b>Deposits from customers</b>	<b>9.613.864</b>	<b>10.490.000</b>
Current	9.541.422	10.439.832
Non-Current	72.442	50.168

### 36. Other borrowed funds

(Amounts in thousand Euro)

	2010	2009
Subordinated debt -maturity 2017	200.010	200.000
Bond loan (Schuldschein) -maturity 2010	-	50.000
Bond loan (Schuldschein) –maturity 2011	50.220	50.000
Subordinated debt- maturity 2020	202.110	-
Bond loan -maturity 2010	-	250.000
Subordinated debt- maturity 2015	-	80.000
Bond loan - maturity 2010	-	10.000
Subordinated debt - maturity 2019	45.443	41.649
Subordinated debt - maturity 2019	60.993	60.000

Bond loan - maturity 2013	22.500	20.825
Securitization of corporate loans	1.414.500	1.414.500
<b>Other borrowed funds</b>	<b>1.995.776</b>	<b>2.176.974</b>
Current	50.221	310.000
Non-Current	1.945.555	1.866.974

The subordinated debt with maturity 2017 was issued on 31 December 2007 has a 10-year term with the right to fixed redemption after the end of the fifth year. It has an interest rate of Euribor 3 months plus 0.95% up to redemption date and 1.95% up to maturity. It accrues interest quarterly starting on 31 March 2008. The issue of the bond loan was decided following the approval of the Ordinary General Assembly of the Shareholders of the company on 22 June 2006 and was covered in full by the parent «Marfin Popular Bank Public Co LTD».

The bond loan (Schuldschein) with maturity 2010 was issued on 28 December 2007 and it has a 3 year term. It has an interest rate of Euribor 1, 3 or 6 months plus 0.25% up to maturity. The loan matured on 28 December 2010.

The bond loan (Schuldschein) with maturity 2011 was issued on 5 March 2008 and it has a 3 year term. It has an interest rate of Euribor 6 months plus 0.25% up to maturity. It accrues interest every 6 months starting on 4 September 2008. Its fair value as at 31/12/2010 was 50 million Euro (100%). The loan matured on 7 March 2011.

On 4/5/2010 following the decision of the Board of Directors a subordinated loan (Lower Tier II) was issued amounting to 200.000.000 Euro. It has a 10year term to maturity, an interest rate of Euribor 3 month plus annual spread of 5,50% for the first 5 years and then Euribor 3 months plus 6,75% annual spread until maturity. The issue of the subordinated loan was covered in full by MARFIN POPULAR BANK PUBLIC CO LTD.

On 25 September 2010 the bond loan with 2year term amounting to 250 million Euro matured. It had a Euribor of 3 months plus 0,60% spread until maturity. It accrued interest every 3 months starting on 29/12/2008.

Through the subsidiary Egnatia Finance plc, there were issued:

The subordinated debt amounting to 80 million Euro, with maturity 2015, on 4 May 2005, with a 10 year term with the right to fixed redemption after the end of the fifth year. It had a 3-month Euribor interest rate plus 1,10% up to redemption date and 2,40% up to maturity. It accrued interest on a quarterly basis starting from 4 August 2005. The bond loan was listed in the Stock exchange of Luxemburg. Following the approval of Bank of Greece the Bank proceeded at 4 May 2010 with the prior repayment of the loan according to its terms.

The bond loan with maturity in 2010, on 20 March 2009, which had a one-year term. It had an interest rate of 4,12%, and it accrued interest every 6 months, starting on 20 September 2009. The loan matured at 20 March 2010.

The subordinated debt with maturity in 2019 amounting to USD 60 million, on 6 May 2009. It has a ten-year term with the right to fixed redemption after the end of the fifth year after written consent from the Bank of Greece. The subordinated debt bares an interest rate of 5,5% up to maturity and is listed in the Stock Exchange of Luxembourg. Its fair value as at 31/12/2010 was

60 million. (100%). The debt was issued within the frame of the EMTN Programme, totally amounting to 3 billion Euro.

The subordinated debt with maturity in 2019 amounting to EUR 60 million, on 3 July 2009. It has a ten-year term with the right to fixed redemption after the end of the fifth year after written consent from the Bank of Greece. The subordinated debt bears an interest rate of 6,5% up to maturity and is listed in the Stock Exchange of Luxembourg. Its fair value as at 31/12/2010 was 60 million. (100%). The issue is in the context of the Euro Medium Term Note Programme (EMTN Programme) of the Bank for the total amount of 3 billion Euros.

The bond loan with maturity in 2013 amounting to USD 30 million, was issued on 7 September 2009. It has a four-year term with an interest rate of 3 month USD Libor up to maturity and a minimum interest rate of 3.10%. It accrues interest on a quarterly basis starting on 7 December 2009. The debt is listed in the Stock Exchange of Luxembourg. Its fair value as at 31/12/2010 was 30 million (100%). The issue is in the context of the Euro Medium Term Note Programme (EMTN Programme) of the Bank for the total amount of 3 billion Euros.

Subordinated debt is included in Tier II capital for capital adequacy calculation.

On 19/8/2009 the securitization of bonds and other corporate loans for the total amount of 2,3 billion Euro was successfully completed, with an expected life of 2,5 years from the issue date, according to the current legislation. The issue of bonds from the securitization was delivered from the special purpose vehicle incorporated in London "Synergatis Plc". Out of the total portfolio, 61,5% of it or an amount of approximately 1,4 bil Euro received "Aaa" from Moody's rating agency. Bonds with "Aaa" rating are acceptable for refinance from ECB and it was covered in full by the parent company «Marfin Popular Bank Public co ltd». Bonds amounting to EUR 885,5 thousand are held by the Bank and are not presented in account «Other borrowed funds». On 15/7/2010 the rating from Moody's was A3.

The Board of Directors of the Bank, at its meeting on 17/11/2008 decided on the issuance of the first line of (ordinary) covered bonds of EUR 1 billion with a 2-year term from issue date and the right of 1-year extension, having an interest rate of ECB base rate plus 1,10% per annum. Already maturity was amended up to 17/11/2011 with a right to further extension until 19/11/2012. Furthermore, according to the Board of Directors' decision on 4/8/2010 the second line of (ordinary) covered bonds amounting to 500 million Euro, whose issue was decided on 12/3/2010, was cancelled, and a new line of (ordinary) covered bonds amounting to 1 billion Euro was issued with 1 year term from issue date, a right to extension for 1 further year, bearing interest of Euribor 3 months plus 1,50% spread per annum according to the terms of the Programme (hereinafter referred to as "the Bonds").

The bonds received BBB+/A3 rating from the international rating agencies Fitch Ratings Limited and Moody's Investors Service Limited respectively. The issuance of the bonds was carried out within the frame of the plan for issuance of (ordinary) covered bonds of up to 3 billion Euro in accordance with article 91 of Law 3601/2007 combined with article 1 to 9, 12 and 14 of Law 3156/2003 and the approval of Bank of Greece. The security portfolio, defined by the «coverage», within the definition of par. 3. Article 91 of the Law 3601/2007 on the Bonds is composed of mortgage loans according to relevant Legislation. In addition, in order to cover receivables due to Bond Creditors and other Security Lenders, MARFIN POPULAR BANK PUBLIC CO LTD has agreed to provide credit facilities to the Bank. The bonds were traded in the Stock Exchange of Ireland and, following their issuance, were acquired by the Bank at their issuance price, i.e. as against one (1) billion Euro for the purposes of their redistribution to institutional investors till maturity. As until the new disposal of bonds to institutional investors,

the bonds will be used for security purposes pertaining to obtain liquidity from the European Central Bank through the Bank of Greece according to Act 54/27.2.2004 of Monetary Policy Council as effective following its amendment from Act 61/6.12.2006 of Monetary Policy Council of the Bank of Greece.

The liability arising from the issuance of covered bonds does not appear in account «Other borrowed funds», since the titles in question are self-owned by the bank. In compliance with the respective accounting policy, offsetting financial assets with liabilities is permitted in case there is a legal right to offset the recorded amounts and there is an intention for simultaneous settlement of the total amount of the financial assets as well as liabilities.

Information stated in Article 25 of Law 3601/2007, pertaining to covered bonds :

### A. Covered bonds and assets in security portfolio

(Amounts in thousand Euro)

	Nominal value	Net present value	Net present value if interest rates increased by 200 base rates	Net present value if interest rates decreased by 200 base rates	Average weighted interest rate	Value of secured property
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#### A. Assets (exclusive of derivative financial instruments)

**A.1** Balances secured by guarantees from central governments, central banks, public entities and organizations

**A.2** Balances with or balances secured by guarantees from central governments, or central banks, outside the EU, multilateral banks or international organizations

**A.3** Balances with or secured by guarantees from regional governments and local authorities, as well as state companies and organizations

**A.4** Balances with credit institutions and SFSLTDs

<b>A.5</b> Loans covered by residential property	2.153.384	2.070.627	2.076.731	2.271.244	2,93%	5.466.840
<b>A.6</b> Loans covered by commercial property						
<b>A.7</b> Loans covered by nautical prenotation						
<b>B. Derivative financial instruments with counter-party</b>						
<b>B.1</b> a central government or central bank – EU member						
<b>B.2</b> a regional government or local authority –EU member						
<b>B.3</b> an international organization						
<b>B.4</b> a State Company or Organization of an EU member						
<b>B.5</b> a credit institution or SFSLTD						
<b>B.6</b> a central or organized market						
<b>Total assets in security portfolio (A+B)</b>	2.153.384	2.070.627	2.076.731	2.271.244	2,93%	
<b>C. Covered bonds</b>	2.000.000	2.017.912	2.021.422	2.005.187	2,325%	
<b>D. Ovecollateralised [C-(A+B)]</b>	153.384	52.715	55.309	266.057		

## B. Table of maturity of covered bonds and assets in security portfolio

(Amounts in thousand Euro)

	Assets		Derivative financial instruments		Covered bonds	
	in €	in foreign currency	in €	in €	in foreign currency	in €
≤ 1 year	5.435				2.000.000	
>1 ≤ 5 years	24.226					
>5 ≤ 10 years	155.503					
>10 years	1.968.220					
<b>Total</b>	2.153.384				2.000.000	

**C. Table of effectiveness test of risk hedging for assets in security portfolio and reconciliation of interest income and expense**
*(Amounts in thousand Euro)*

	Net present value	Interest income	Interest expense
<b>A. Assets in security portfolio</b>	2.070.627	57.730	
<b>B. Derivative financial instruments used for hedging:</b>			
B.1 Interest rate risk			
B.2 Foreign currency risk			
B.3 Liquidity risk			
<b>Total assets in security portfolio (A+B)</b>	2.070.627	57.730	
<b>C. Covered bonds</b>	2.017.912		34.114
<b>D. Hedge effectiveness (&gt;0%)</b>			
<b>E. Difference between interest income and expense [(A+B) - C]</b>		23.616	

**D. Total amount of past-due loans in security portfolio**
*(Amounts in thousand Euro)*

Past due loans over 90 days	33.416
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**37. Employee benefits**
*(Amounts in thousand Euro)*

	2010	2009
Present value of non-funded obligations	9.770	8.315
<b>Total present value</b>	<b>9.770</b>	<b>8.315</b>
Unrecognized actuarial (losses) / gains	3.228	3.859
<b>Recognized obligation for defined benefit plan</b>	<b>12.998</b>	<b>12.174</b>
Balance at the beginning of the year	12.174	11.012
Benefits paid	(1.940)	(622)

Expense recognized in the income statement	2.764	1.784
<b>Net obligation for defined benefit plans as at 31 December</b>	<b>12.998</b>	<b>12.174</b>

**Expense recognized in the income statement**

Current service costs	1.016	998
Actuarial losses	(110)	(107)
Termination cost – Settlement	1.400	481
Interest on obligation	458	412
	<b>2.764</b>	<b>1.784</b>

**The principal actuarial assumptions used in 2010 and 2009 are as follows:**

	2010	2009
Discount rate	5,50%	5,50%
Increase in salaries	3,50%	4,00%

### 38. Other provisions

(Amounts in thousand Euro)

	2010	2009
Provisions for risks and liens	948	1.246
Provisions for taxes	2.700	1.500
Other personnel provisions	30	30
<b>Other provisions</b>	<b>3.678</b>	<b>2.776</b>
Current	2.854	1.952
Non-Current	824	824

The amounts of provisions for risks and charges fiscal year 2010 and fiscal year 2009, 948 thousand and EUR 1,246 thousand, respectively, amounts 329 thousand and 627 thousand respectively include provisions for Disputed claims. The remaining amount of 619 thousand for provision for exceptional losses that may result from bad debts other than loans.

In Greece, the results reported to the tax authorities are considered temporary and may be revised as soon as the books and records examined by the tax authorities and tax returns declared final. Accordingly, companies subject to liability for potential penalties and taxes can be imposed during the examination of records and data. According to the method dealt with the tax obligations in Greece, the Bank has a contingent liability for additional penalties and taxes from fiscal years (2005 - 2010), which has made provisions amounting to 2.700 thousand Euro.

### 39. Other liabilities

(Amounts in thousand Euro)

	2010	2009
Taxes and duties (non income tax)	5.759	9.969
Due to social security funds	5.160	5.031
Suppliers and other creditors	9.043	12.274
Amounts collected on behalf and due to third parties	19.355	33.639
Deferred income	218	625
Accrued expenses	40.379	138.814

Cheques and orders payables	22.966	90.328
Other liabilities	11.099	5.980
<b>Other liabilities</b>	<b>113.979</b>	<b>296.660</b>

## 40. Contingent liabilities and commitments

### 40.1 Litigation

The Bank is a defendant in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the financial position of the Group apart from those referred to in Note 38.

### 40.2 Credit commitments

The contractual amounts of the off statement of financial position items, binding the Bank to issue credits to customers are as follows (Amounts in thousand Euro):

	2010	2009
Letters of guarantee	697.698	666.776
Letters of credit	2.283	22.552

### 40.3 Operating lease

**The Bank's liability from operating lease contracts concern buildings used as branches and other operating units. The minimum future lease payments are as follows (amounts in thousand of Euro):**

	2010	2009
Up to 1 year:	20.036	21.134
1 to 5 years:	58.923	63.690
Over 5 years:	48.388	50.594

### 40.4 Commitments on assets

(Amounts in thousand Euro)

	2010	2009
Loans and advances to customers	2.153.385	1.276.395
Held to maturity investments	553.226	463.688
Financial instruments at fair value through profit and loss	37.223	6.940
Available for sale financial instruments	532.986	729.288
Debt securities	4.472.559	2.826.600
	<b>7.749.379</b>	<b>5.302.911</b>

The Bank has pledged loans to customers as a portfolio security for the issuance of covered bonds.

Of these securities, an amount of 5.595.994 thousand Euro has been pledged as security by the Bank of Greece, to facilitate the transaction through the TARGET II.

Of the above securities, the amount of EUR 2 billion has come from the issuance of covered bonds self-owned by the Bank. These securities are not presented in the account "Debt Securities " due to offsetting with the corresponding obligation.

#### 41. Related party transactions

Related parties consist of: a) members of the Board of Directors and management, b) subsidiaries c) the parent Bank's group (Marfin Popular Bank), as well as, d) other related parties (members of the BoD – management of the Group's subsidiaries, next of keen or financially dependent members for members of the BoD and management, and companies that trade with the Bank, in cases where total participation of the members of the BoD and management in these companies and of their dependent members does not exceed 20% in total).

Letters of guarantee and letters of credit to related parties comprise a minimum percentage of total loans and advances of the Bank.

All of the Bank's transactions are objective and are conducted during the ordinary conditions and terms, and are within the framework of day-to-day operations.

The volume of transactions per category is as follows (amounts in thousand Euro):

<b>A) Management and Board of Directors</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
Loans and advances to customers	3.629	5.078
Deposits and similar liabilities to customers	11.556	60.773
<b>Income</b>	<b>1/1 - 31/12/2010</b>	<b>1/1 - 31/12/2009</b>
Interest – Fee and Commission	353	213
<b>Expense</b>		
Interest – Fee and Commission	366	2.204
Wages	4.426	6.279
Employer contributions	230	213
Other employee benefits	361	115
Share based payments	412	618
<b>Total benefits</b>	<b>5.429</b>	<b>7.225</b>
<b>B) Subsidiaries</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
<b>Assets</b>		
Loans and advances to banks	457.775	376.467
Loans and advances to customers	811.688	820.338
Trading portfolio	98	8.959
Available for sale portfolio	4.744	5.435
Other assets	318	817
Derivative financial instrument - assets	99	0
<b>Total assets</b>	<b>1.274.722</b>	<b>1.212.016</b>
<b>Liabilities</b>		
Deposits from banks	55.287	306.379
Deposits from customers	24.336	26.153
Other borrowed funds	22.500	30.825
Subordinated liabilities	106.436	181.649

Other liabilities	1.576	4.575
Derivative financial instruments – liabilities	86	166
<b>Total liabilities</b>	<b>210.221</b>	<b>549.747</b>

<b>Income</b>	<b>1/1 - 31/12/2010</b>	<b>1/1 - 31/12/2009</b>
Interest income	23.413	22.741
Fee and commission income	2.603	2.562
Dividend income	2.431	22
Other operating income	195	232
<b>Total income</b>	<b>28.642</b>	<b>25.557</b>

<b>Expense</b>		
Interest expense	8.859	8.023
Fee and commission expense	2.583	1.760
Trading expense	3	804
Other operating expense	3.706	2.970
<b>Total expense</b>	<b>15.151</b>	<b>13.557</b>

<b>Letters of Guarantee and letters of credit</b>	<b>184.585</b>	<b>224.341</b>
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<b>C) Group of parent Marfin Popular Bank</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
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<b>Assets</b>		
Loans and advances to customers	281	0
Loans and advances to banks	2.078.118	2.207.490
Other assets	(1.678)	2.155
Financial instruments at fair value through profit and loss	77.247	126.075
Available for sale financial instruments	4.030	49
Derivative financial instruments – assets	1.849	5.479
<b>Total assets</b>	<b>2.159.847</b>	<b>2.341.248</b>

<b>Liabilities</b>		
Deposits from customers	0	697
Deposits from banks	1.233.016	1.013.274
Other borrowed funds	402.120	200.000
Securitization of corporate loans	1.414.500	1.414.500
Hybrid funds	300.000	300.000
Other liabilities	81	273
Derivative financial instruments liabilities	325	0
<b>Total liabilities</b>	<b>3.350.042</b>	<b>2.928.744</b>

<b>Income</b>	<b>1/1 - 31/12/2010</b>	<b>1/1 - 31/12/2009</b>
Interest income	41.165	19.585
Fee and commission income	150	158
Financial	3.561	0
Other income	57	73
<b>Total income</b>	<b>44.933</b>	<b>19.816</b>

<b>Expense</b>		
Interest expense	60.432	26.299
Financial	0	2.354
Other operating expense	0	119
<b>Total expense</b>	<b>60.432</b>	<b>28.772</b>

<b>Letters of guarantee and letters of credit</b>	<b>2.180</b>	<b>86</b>
<hr/>		
<b>D) Other related parties</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
<hr/>		
<b>Assets</b>		
Loans and advances to customers	63.818	76.403
Other assets	5.342	4.847
Property, Plant and Equipment	254	599
<b>Total assets</b>	<b>69.414</b>	<b>81.849</b>
<hr/>		
<b>Liabilities</b>		
Deposits from customers	40.720	91.056
Other liabilities	527	1.297
<b>Total liabilities</b>	<b>41.247</b>	<b>92.353</b>
<hr/>		
<b>Income</b>	<b>1/1 - 31/12/2010</b>	<b>1/1 - 31/12/2009</b>
Interest income	1.186	2.585
Fee and commission income	1.033	3.087
Other income	0	126
<b>Total income</b>	<b>2.219</b>	<b>5.798</b>
<hr/>		
<b>Expense</b>		
Interest expense	1.388	2.216
Other operating expense	3.515	3.626
<b>Total expense</b>	<b>4.903</b>	<b>5.842</b>
<hr/>		
<b>Letters of guarantee and letters of credit</b>	<b>22</b>	<b>22</b>

## 42. Transactions with Marfin Investment Group

(Amounts in thousand Euro)

	<b>31 December 2010</b>	<b>31 December 2009</b>
<hr/>		
<b>Assets</b>		
Loans and advances to customers	461.657	311.377
Other assets	431	743
<b>Total assets</b>	<b>462.088</b>	<b>312.120</b>
<hr/>		
<b>Liabilities</b>		
Deposits from customers	699.534	577.079
Other liabilities	741	1.461
<b>Total liabilities</b>	<b>700.275</b>	<b>578.540</b>
<hr/>		
<b>Income</b>	<b>1/1 - 31/12/2010</b>	<b>1/1 - 31/12/2009</b>
Interest income	16.472	12.659
Other income	898	1.209
<b>Total income</b>	<b>17.370</b>	<b>13.868</b>
<hr/>		
<b>Expense</b>		
Interest expense	16.894	22.117
Other operating expense	3.133	4.151
<b>Total expense</b>	<b>20.027</b>	<b>26.268</b>

Letters of guarantee and letters of credit	<b>31.900</b>	<b>27.295</b>
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#### 43. Categories of financial assets and liabilities

Financial assets and liabilities as at the reporting period date are classified into the following categories:

			Financial instruments at fair value through profit and loss			Held to maturity investments
	Book value 31.12.2010	Loans and advances	Trading portfolio	at initial recognition	Available for sale	
<b>31.12.2010</b>						
Loans and advances to banks	2.630.095	2.630.095				
Loans and advances to customers net of provision	13.064.418	13.064.418				
Derivative financial instruments - assets	59.806		59.806			
Financial instruments at fair value through profit and loss	196.413		113.382	83.031		
Available for sale financial instruments	1.610.941				1.610.941	
Held to maturity investments	610.662					610.662
Debt securities	2.220.811	2.220.811				
	<b>20.393.146</b>	<b>17.915.324</b>	<b>173.188</b>	<b>83.031</b>	<b>1.610.941</b>	<b>610.662</b>

	Book value 31.12.2010	Liabilities at	
		Amortized cost	Fair value
Deposits from banks	8.794.851	8.794.851	
Deposits from customers	9.613.864	9.613.864	
Derivative financial instruments – liabilities	211.231		211.231
Other borrowed funds	1.995.776	581.276	
	<b>20.615.722</b>	<b>18.989.991</b>	<b>221.231</b>

#### 44. Fair value of financial assets and liabilities

##### a) Financial assets and financial liabilities not carried at fair values

The fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Differences might arise between the carrying amount and the fair value of financial assets and liabilities.

The items of transaction portfolio, the derivatives and securities available for sale are presented in the financial statements at their fair value. Loans and other advances, securities held to maturity and financial liabilities are presented at amortized cost. The carrying amount of the aforementioned items is presented below:

	31 December 2010		31 December 2009	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>				
Loans and advances to banks	2.630.095	2.630.095	2.854.873	2.854.873
Loans and advances to customers (net of provision)	13.064.418	12.550.974	12.907.258	12.252.213
Held to maturity investments	610.662	558.652	529.841	486.866
Debt securities	2.220.811	1.750.818	1.912.328	1.837.188

	31 December 2010		31 December 2009	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Liabilities</b>				
Deposits from banks	8.794.851	8.794.851	8.464.723	8.464.723
Deposits from customers	9.613.864	9.740.449	10.490.000	10.413.992
Other debt obligations	1.995.776	1.960.414	2.176.974	2.172.558

The fair value of held-to-maturity securities is defined through reference to secondary acquisition or prices provided by brokers/agents. In the event no such information is available, the fair value is calculated using the market price of the securities similar to those in question, maturity period and return characteristics. The fair value of securities is defined under revaluation model. The data used to greater extent is the related to observable market data. In determining the appropriate margin (spread) in relation to the credit risk of those securities, there is made a reference to the market for credit default swap prices for the same issuer. If there are no corresponding prices, there are made estimates according to other securities with similar credit risk.

The fair value of loans to customers is calculated based on appropriate curve of the interbank market interest rates and after adding a margin (spread) of the loan applied for credit risk at the balance sheet date. Similarly, the fair value of deposits is estimated based on the curve of interest rates and interbank market minus the margin of the client (spread) to the type of deposit. The receivables and obligations of the interbank market on the basis of discounted rates curve of interbank market rates are applicable at the balance sheet date. The fair value of other financial assets and liabilities is not materially different from book value.

## b) Fair value hierarchy

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. The observable data is based on active markets and derives from independent sources, while non observable information refers to the Management estimates. Both information deriving methods create the following hierarchy:

**Level 1** – Unadjusted quoted prices in active markets for identical assets or liabilities. The level includes listed shares and borrowing funds on stock exchanges (such as those in London, Frankfurt and New York) and derivatives such as Futures (Nasdaq, S & P 500).

**Level 2** – Inputs other than quoted prices included in level 1 that are observable for the asset or liability directly or indirectly. The level includes the majority of OTC derivatives and various issued debts. The sources of such data is the curve of LIBOR, Bloomberg and Reuters.

**Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level includes capital investments and borrowed funds that are not traded in an active market, as there are no similar traded products.

The above hierarchy method requires the use of observable sources when available. The Bank uses observable sources under valuation when possible.

The above hierarchy method requires the use of observable sources when available. The Bank uses observable sources under valuation when possible.

#### Financial assets and liabilities carried at fair value:

31 December 2010	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b>Financial Instruments at fair value through profit and loss</b>				
<b>A) Trading portfolio</b>				
Debt securities – bonds	33.886	79.495	-	113.381
Shares – Mutual funds	-	-	-	-
<b>B) Financial Instruments designated initially at fair value through profit and loss</b>				
Debt securities- bonds	-	-	-	-
Shares – Mutual funds	-	83.032	-	83.032
				<b>196.413</b>
<b>Available for sale financial instruments</b>				
Debt securities – bonds	1.411.782	131.890	-	1.543.672
Shares – mutual funds	66.372	897	-	67.269
				<b>1.610.941</b>
<b>Derivative financial instruments – assets</b>	-	59.806	-	59.806
				<b>59.806</b>
<b>Total assets</b>	<b>1.512.041</b>	<b>355.119</b>	-	<b>1.867.160</b>
<b>Liabilities</b>				
<b>Derivative financial instruments – liabilities</b>	-	211.231	-	211.231
				<b>211.231</b>
<b>Total liabilities</b>	<b>0</b>	<b>211.231</b>	-	<b>211.231</b>

#### 45. Risk management

As all the other credit institutions, the Bank is exposed to risks. Those risks are constantly monitored in various ways in order to avoid undue risk concentrations. The nature of the

aforementioned risks as well as the ways of risk management are explained below. There is further presented information on the description of extent and nature of financial risks faced by the Bank together with the comparative data concerning the prior period.

The responsibilities for managing risk have been delegated by the BoD of the Bank to the Risk Management Committee, which shapes the strategy and principles for management and undertaking of risks and assessment of the adequacy and effectiveness of risk management, adequacy of limits, of provisions and capital in relation to the type and level of risk. The Risk Management Committee receives and evaluates the reports submitted to the Division of Risk Management and notifies the Board of Directors of effective risk management, submits proposals and recommends corrective actions if necessary.

#### **45.1 Credit risk**

Credit risk is the risk of loss resulting from counter party default. The Bank considers credit risk for loans as the loss, which the Bank would suffer if a client or counter party fails to meet their contractual obligations. Credit risk management is focused on maintaining a certain disciplined mentality, transparency and conscious risk undertaking based on internationally recognized practice.

##### **Credit Risk Management**

Credit risk methodology is defined in order to reflect the economic environment. Various methods that are used, are annually, or whenever considered necessary, revised and adjusted in compliance with the Bank's strategy as well as with the Bank's short term and long term objectives.

Various segment and domicile analyses of economies, in combination with the economic provisions provide the guidance for definition of the credit policy which is revised at least every six months.

The Bank has established credit limits based on the creditworthiness of the counter party in order to minimize the credit risk that the Bank undertakes. The creditworthiness analysis for each client is based on the country domicile, the business sector and other qualitative and quantitative characteristics for the client, the nature of the transaction and the collateral.

At the same time, there have been defined the limits of credit facilitation and the duties have been divided as during the crediting process in order to ensure objectivity, independence and control over new and already existing credits. During the credit approval procedure, there is examined the total credit risk for every counterparty or groups of counterparties that are further compared and thus lead to the establishment of the credit limits approved by various subsidiaries of the Group. The monitoring of credibility of counterparts as well as credit openings in combination with the corresponding limits that have been approved, is carried out on a systematic basis.

At the same time, any concentration is analyzed and monitored on a systematic basis with a view to limiting the contingent big openings and dangerous concentrations so that they would be within the approved limitations of the credit policy. Credit risk concentration can be created at the levels of economy sector, counterparty or groups of counterparties, country, currency and nature of transaction. In particular, as far as retail clients are concerned, the systematic monitoring of the credit performance is carried out with the assistance of specific analysis.

There can be indicatively mentioned the vintage analysis and the flow rate analysis. Balancing the relation between profit and risk is a matter of vital importance for the Bank's profitability. The aforementioned relation is analyzed at customer and product level through the system of profitability measurement as well as pricing definition that has been developed with the aim of connecting the incurred risk with the expected returns.

At the same time, within the framework of credit risk management policy, there is evaluated the effect that the extreme but feasible scenarios will have on the quality of credit and available funds through conducting the stress testing.

### **Credit rating system**

The methods of evaluation of credibility are modified as depending on the nature of the counterpart in the following categories: central governments (for purchase and holdings of debt instruments), financial institutions, corporate customers, small and medium size entities (SME) and retail customers.

As far as evaluation of central governments and financial institutions is concerned, it is analyzed below under the titles «Counter party banks risk» and «Country risk».

Retail customers are evaluated based on two different systems of credit rating as concerning the subsidiary to which they belong as well as the information available. The first system (behavioral credit scoring) takes into account the qualitative and financial information of the customer when the customer applies for a loan, while the second system (application credit-scoring) depends on evaluating the payment performance and the Group's relationship with the customer (income, assets). As far as the Retail credits are concerned, there are four applications pertaining to Consumer Loans, Credit Cards and Car Loans. As far as the assessment of large, small and medium size entities is concerned, there is used an extended system of risk classification. The first part concerns the classification of creditworthiness of the business into ten levels based on quantitative and qualitative analysis, thus defining the possibility of his not meeting his contractual obligations. The significance of the criteria varies in compliance with the nature and size of the operations conducted by the business. In order to assess large size entities there is additionally used the Moody's Risk Advisor credit rating system.

The degree of creditworthiness of a client is used in combination with the degree of sufficiency of collaterals (i.e. unsecured risk) at the credit approval stage as well as for the definition of the corresponding limitations. In particular, the allocation of the degree of creditworthiness of business portfolio is systematically monitored for the purposes of interior calculation of possible failure to meet contractual obligations as well as for the purposes of timely locating unfavorable modifications in various degrees of quality/risk of portfolio aimed as the development of proper strategy of incurred risk hedging.

Retail customers are evaluated based on two different systems of credit rating as concerning the subsidiary to which they belong as well as the information available. The first system (behavioral credit scoring) takes into account the qualitative and financial information of the customer when the customer applies for a loan, while the second system (application credit scoring) depends on evaluating the payment performance and the Group's relationship with the customer (income, assets). As far as the Retail credits are concerned, there are four applications pertaining to Consumer Loans, Credit Cards and Car Loans. The monitoring of the above scorecards, both with regard to their proper use in evaluating new requests, and their effectiveness in controlling credit risk, is facilitated by series of tests carried out internally and

through independent validations assigned to external companies providing the above scorecards.

### Credit rating of loans and advances to customers

The table below presents the amounts of loans and advances to customers per customer as well as provision for loans impairment for every category of the Bank's credit rating.

(Amounts in thousand Euro)

	2010		2009	
	Loans and advances to customers	Provision for impairment of loans	Loans and advances to customers	Provision for impairment of loans
	%	%	%	%
Credit rating category:				
Low risk	19	0,02	25,38	0,102
Medium risk	65,6	0,06	66,25	0,093
High risk	15,4	19,93	8,37	28,07
<b>Total</b>	<b>100</b>	<b>3,11</b>	<b>100,00</b>	<b>2,44</b>

### Total exposure to credit risk prior to acquired collateral and other credit upgrades

The table below presents the highest exposure of the Bank to credit risk arising from financial instruments as presented in the statement of financial position without taking into consideration collaterals or other credit risk revisions made. As far as the financial instruments presented in the statement of financial position re concerned, the exposure to credit risk equals their carrying amount.

(Amounts in thousand Euro)

	Total Exposure	
	2010	2009
<b>Exposure to credit risk from items on the SFP :</b>		
Loans and advances to banks	2.630.095	2.854.873
Trading portfolio securities	113.381	162.310
Derivative financial instruments – assets	59.806	67.077
<b>Loans and advances to customers (net of provision)</b>		
Loans to retail customers	<b>4.185.383</b>	4.228.279
<b>Corporate loans:</b>		
Large entities and organizations	<b>5.922.557</b>	5.857.763
Small and medium-sized entities	<b>2.956.477</b>	2.821.216
<b>Investment portfolio securities:</b>		
Available for sale	1.543.672	2.093.410
Held to maturity	610.662	529.841
Debt securities	2.220.811	1.912.328
<b>Other assets</b>	163.198	270.575
<b>Total SFP items</b>	<b>20.406.042</b>	<b>20.797.672</b>
<b>Exposure to credit risk from off-SFP items:</b>		
Letters of guarantee	697.698	666.776
Letters of credit	2.283	22.552
<b>Total</b>	<b>20.919.256</b>	<b>21.487.000</b>

## Loans and advances to customers

The table below presents the quality of loans and advances of the Bank.

(Amounts in thousand Euro)

	2010		2009	
	Loans and advances to customers	Loans and advances to Banks	Loans and advances to customers	Loans and advances to Banks
Neither past due nor impaired (a)	10.713.586	2.630.095	<b>11.108.089</b>	<b>2.854.873</b>
Past due but not impaired (b)	1.763.374	0	<b>1.361.777</b>	<b>0</b>
Impaired (c)	1.006.770	0	<b>759.894</b>	<b>0</b>
<b>Loans before provisions</b>	<b>13.483.730</b>	<b>2.630.095</b>	<b>13.229.760</b>	<b>2.854.873</b>
<b>Provision for impairment</b>	<b>(419.312)</b>	<b>0</b>	<b>(322.502)</b>	<b>0</b>
<b>Loans and advances (net of provision)</b>	<b>13.064.418</b>	<b>2.630.095</b>	<b>12.907.258</b>	<b>2.854.873</b>

### (a) Loans and advances neither past due nor impaired

The table below presents the loans of the Bank without delay and impairment for every category of internal credit rating.

(Amounts in thousand Euro)

	Loans and advances to customers			Retail	Loans and advances to Banks Corporate
	Retail	Large entities and organizations	Small and medium-sized entities		
<b>2010</b>					
Credit rating category:					
Low risk	1.396.012	937.815	206.430	<b>2.540.257</b>	2.630.095
Medium risk	1.256.918	4.558.031	2.097.855	<b>7.912.804</b>	
High risk	168.436	22.897	69.193	<b>260.526</b>	
<b>Total</b>	<b>2.821.366</b>	<b>5.518.743</b>	<b>2.373.478</b>	<b>10.713.587</b>	<b>2.630.095</b>
<b>2009</b>					
Credit rating category:					
Low risk	1.274.610	1.265.928	216.228	<b>2.756.766</b>	2.854.873
Medium risk	1.784.454	4.305.934	2.103.947	<b>8.194.335</b>	
High risk	88.121	26.024	42.843	<b>156.988</b>	
<b>Total</b>	<b>3.147.185</b>	<b>5.597.886</b>	<b>2.363.018</b>	<b>11.108.089</b>	<b>2.854.873</b>

**(b) Loans and advances past due but not impaired**

The table below presents the analysis of time delay of the loans that were delayed but not impaired as at reporting date per category as well as the estimated fair value of collaterals received.

(Amounts in thousand Euro)

	Loans and advances to customers			Total
	Retail	Corporate		
		Large entities and organizations	Small and medium-sized entities	
<b>2010</b>				
Delay up to 30 days	447.546	239.364	78.982	765.892
Delay from 31 to 60 days	225.767	53.219	109.157	388.143
Delay from 61 to 90 days	158.820	53.478	60.256	272.554
Delay over 90 days	176.523	22.012	138.249	336.784
<b>Total</b>	<b>1.008.656</b>	<b>368.073</b>	<b>386.644</b>	<b>1.763.373</b>
<b>Fair value of collateral</b>	<b>509.371</b>	<b>98.845</b>	<b>340.182</b>	<b>948.399</b>
<b>2009</b>				
Delay up to 30 days	383.512	114.476	62.967	<b>560.955</b>
Delay from 31 to 60 days	218.587	13.497	31.850	<b>263.934</b>
Delay from 61 to 90 days	126.038	87.927	128.797	<b>342.762</b>
Delay over 90 days	89.544	15.537	89.045	194.126
<b>Total</b>	<b>817.681</b>	<b>231.437</b>	<b>312.659</b>	<b>1.361.777</b>
<b>Fair value of collateral</b>	<b>375.213</b>	<b>130.159</b>	<b>205.655</b>	<b>711.027</b>

**(c) Impaired loans and advances**

The table below presents impaired loans and advances where estimation of impairment was made on individual basis, as well as the estimated fair value of collaterals per category. The loans included in this table present a delay of over 90 days and are classified as unsettled.

(Amounts in thousand Euro)

	Loans and advances to customers			Total
	Retail	Corporate		
		Large entities and organizations	Small and medium-sized entities	
<b>2010</b>				
Loans examined on an individual basis for impairment	0	76.612	235.488	<b>312.100</b>
Fair value of collateral	603.628	115	90.927	<b>694.670</b>
Loans examined on an individual basis for	55.786	11.988	91.368	<b>159.142</b>
<b>2009</b>				
Loans examined on an individual basis for				

Impairment	0	62.597	189.608	252.205
Fair value of collateral	444.250	139	63.300	507.689
Loans examined on an individual basis for	79.317	24.225	89.093	192.635

### Investment in securities, state treasury bills and other bonds accepted for refinancing

The table below analytically presents the credit categories (based on Moody's rating) of state, corporate and other securities.

(Amounts in thousand Euro)

	Government bonds and treasury bills	Other investment portfolio securities	Other investment securities	Total
<b>31 December, 2010</b>				
AAA	326.275	627	168.614	495.516
AA- to AA+	142.642	100	127.866	270.608
A- to A+	0	0	499.906	499.906
Lower than A-	2.257.955	83.326	804.294	3.145.574
Unrated	0	109	76.811	76.921
<b>Total</b>	<b>2.726.872</b>	<b>84.162</b>	<b>1.677.491</b>	<b>4.488.525</b>
<b>31 December, 2009</b>				
AAA	342.737	1.004	471.807	815.548
AA- to AA+	255.308	5.254	232.308	492.870
A- to A+	1.551.883	118.066	940.442	2.610.391
Lower than A-	110.108	15.531	590.857	716.496
Unrated	0	19.712	42.871	62.583
<b>Total</b>	<b>2.260.036</b>	<b>159.567</b>	<b>2.278.285</b>	<b>4.697.888</b>

### Repossessed collateral

The carrying amount of the assets that came to the ownership of the Bank during the year, either through acquisition of ownership or through activation of other credit measures that meet the recognition criteria of other standards amount to 7.886 thousand Euro in 2010, while in 2009 it amounted to 3.367 thousand Euro.

### Concentration of credit risk

#### (a) Geographical segment

The table below presents the carrying amount of financial assets of the Bank exposed to credit risk per geographical segment. For the purposes of the table, the classification of exposure of financial assets per geographical segment has been conducted based on the country of operation of the counter parties.

(Amounts in thousand Euro)

	Greece	Other countries	Total
Loans and advances to banks	286.887	2.343.208	2.630.095
Trading portfolio securities	29.219	84.162	113.381
Derivative financial instruments – assets	15.313	44.492	59.805
<b>Loans and advances to customers (net of provision)</b>			
Loans to retail customers	4.145.287	40.096	4.185.383
<b>Corporate loans:</b>			
Large entities and organizations	3.780.503	2.142.054	5.922.557
Small and medium-sized entities	2.945.604	10.874	2.956.478
<b>Investment portfolio securities:</b>			
Available for sale	339.687	1.203.985	1.543.672
Held to maturity	200.453	410.208	610.662
Debt securities	1.622.510	598.301	2.220.811
<b>Other assets</b>	<b>163.198</b>		<b>163.198</b>

<b>31 December, 2010</b>	<b>13.528.661</b>	<b>6.877.380</b>	<b>20.406.042</b>
<b>31 December, 2009</b>	<b>12.589.745</b>	<b>8.207.927</b>	<b>20.797.672</b>

### (b) Business segment

The table below presents the carrying amount of financial assets of the Bank exposed to credit risk per business segment in which the counter parties operate.

(Amounts in thousand Euro)

	Industry	Tourism	Commerce	Property and Construction	Shipping	Retail customers Professional and residential	Other	Total
Loans and advances to banks							2.630.095	2.630.095
Trading portfolio securities							113.381	113.381
Derivative financial instruments – assets							59.806	59.806
<b>Loans and advances to customers (net of impairment)</b>								
Loans to retail customers						4.185.383		4.185.383
<b>Corporate loans:</b>								
Large entities and organizations	122.116	124.859	201.023	578.102	2.109.840	113.349	2.673.269	5.922.558
Small and medium-sized entities	423.352	191.547	1.212.905	407.518	31.417	122.981	566.757	2.956.478
<b>Investment portfolio securities:</b>								
Available for sale	28.981					607	1.514.084	1.543.672
Held to maturity						377.615	233.047	610.662
Debt securities							2.220.811	2.220.811
<b>Other assets</b>								
<b>31 December, 2010</b>	<b>574.449</b>	<b>316.406</b>	<b>1.413.928</b>	<b>985.620</b>	<b>2.141.257</b>	<b>4.799.935</b>	<b>10.011.250</b>	<b>20.242.846</b>
<b>31 December, 2009</b>	<b>614.225</b>	<b>275.331</b>	<b>1.503.441</b>	<b>992.067</b>	<b>2.056.897</b>	<b>4.935.663</b>	<b>10.420.048</b>	<b>20.797.672</b>

### Counter-party banks risk

The Bank is exposed to the risk of capital losses due to contingent delayed payment of outstanding and contingent obligations of the counter party banks.

On a day-to-day basis of its operations, the Bank conducts transactions with other banks and credit institutions. While conducting such transactions, the Bank is exposed to the risk of capital loss in case the counter party banks delay the payment of their outstanding or contingent obligations.

The limits of counter party banks reflect the accepted risk level and are further divided to various Foreign Exchange Services or Foreign Exchange Available or other services facing the aforementioned risk in compliance with the needs and size of operation of each service. Generally, the highest possible limits are defined following the evaluation models of the banks and the directions of supervising authorities.

The counterparty risk assessment is conducted using a special banks and other credit institutions assessment model (Scoring Model). The model assesses each counter part in compliance with the economic quantitative as well as qualitative criteria. As far as quantitative criteria are concerned (capital adequacy, profitability, liquidity etc), the banks and credit institutions are assessed based on various ratios that are automatically provided by the Bankscope software system. The qualitative criteria (previous positive transaction record, management assessment etc) are provided in compliance with the judgment of risk management.

The credit limit for each counter party is split into sub limits, thus covering placements, investments, foreign currency acquisition as well as defined trade limits. The actual data is examined as against the limits on everyday basis in real time.

### **Country risk**

The Bank is exposed to country risk of capital loss due to international and political developments, as well as other developments in a particular country where the funds or cash and cash available of the Group have been placed or invested in various local banks, credit institutions, state bodies, individuals and corporations.

All the countries are assessed in accordance with size, economic data and country's prospects as well as the credibility degree by international appraising organizations (Moody's, Standard & Poor's, Fitch). The actual data per country is examined as against the limits on everyday basis. The limits are revised at least once annually as concerning the countries with the smaller size and lower solvency ratio while there is conducted a bigger and more frequent analysis and assessment where considered necessary.

### **45.2 Market risk**

Market risk is the risk of occurring possible losses caused by the fluctuation and volatility of market prices, such as share prices, interest rate and foreign exchange rate fluctuations. The Risk Management Committee (RMC), which is a body responsible for the definition of market risk management policy, has approved the procedures of the market risk management and has defined the corresponding limits of incurring the aforementioned risk per product and portfolio. The limits in question are monitored systematically examined and revised once annually and modified in compliance with the Group's strategy and the existing market conditions.

The Bank holds open positions and therefore, is exposed to market risk at FX Trading Book and Fixed Income Book and Equities/ Equity and Index Derivatives Book. Measurement, control and monitoring of market risk is conducted by MRM unit on a daily basis for all the parts of portfolio and for the Bank total. The measurements are conducted using IT systems applying modern methodologies and market risk measurement techniques such as Value At Risk – VAR or Sensitivity Factors. The assessment of VAR defined the biggest possible portfolio loss with a confidence level of 99% and a one holding day period without taking into consideration the modifications of prices that are due to unusual economic reasons and violent events. The VAR module of calculation of the biggest possible loss incurred based on variance-covariance

methodology, covers all the trading portfolio and available for sale portfolio of the companies of the Bank.

Market risk, in terms of VaR, for the aforementioned positions as at 31 December 2010, amounted to 3,6 million Euro as analyzed in the table below.

	2010	2009
Currency risk	€ 0,3mil.	€ 0,2 mil.
Bonds' portfolio interest risk	€ 2,8 mil.	€ 3,7 mil.
Financial products' portfolio market risk	€ 2,1mil.	€ 2,0 mil.
Decrease due to portfolio diversification	€ (1,6) mil.	€ (1,1) mil.
<b>Net Market Risk</b>	<b>€ 3,6 mil.</b>	<b>€ 4,8 mil.</b>

Apart from the aforementioned measurements, the market risk of portfolios is monitored by a range of additional limits such as the highest opening position limit for every product and stop-loss limits for every portfolio.

Finally, at regular intervals and by all means in the end of every year, there are conducted, as far as the market risk is concerned, measurements of various scenarios similar to those of critical situations affecting the market risk in order to achieve, on one hand, more effective management of the aforementioned risk and, on the other hand, update the Management and the supervisory bodies. The results of the measurements in question are then presented concerning every kind of risks involved.

### 45.3 Interest rate risk

Interest rate risk is the investment risk faced by the Bank that arises from the changes in market interest rates. Interest rate risk arises from interest rate fluctuations to the extent that interest-earning assets and interest –bearing liabilities mature or reprise at different times or in different amounts.

The Bank mainly applies the method of Static Reprising Gap in order to estimate the exposure to interest rate risk of transaction portfolio and group portfolio. The Static Reprising Gap method is used in order to estimate the sensitivity level of all the current assets and liabilities of the group and the companies of the Bank (Statement of Financial Position and off Statement of Financial Position items).

The method in question separates products by maturity (fixed) or next reprising (floating) and calculates the gap each period as well as measures sensitivity, thus calculating the interest rate opening, the balance between the assets and liabilities for each period.

Various financial derivative products are used for hedging of interest rate risk that is contingent to arise from the financial position management. In particular, there is made use of interest rate swaps in order to hedge cash flows of future interest arising from long term loans or/and deposits.

It shall be noted that the approved limits in respect of the interest rate risk are regularly monitored and reported at least once annually and changed, if required, according to the Bank strategy and the current market conditions, provided that are first approved by the relevant authorities.

The Tables below present the Bank's exposure to interest rate risk. The Tables present assets and liabilities of the Bank at their carrying amounts classified based on interest rate revaluation date as far as fluctuating interest rates are or maturity date as far as fixed interest rates are

concerned. It is noted that a significant part of open interest rate positions are hedged through the use of interest rate swaps.

**Interest rate risk**
*(Amounts in thousand Euro)*

	Up to 1 month	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Non-interest bearing items	Total
<b>2010</b>							
<b>Assets</b>							
Cash and balances with Central Bank	150.035	0	0	0	0	69.384	<b>219.419</b>
Loans and advances to Banks	2.469.930	115.121	4.000	10.000	0	31.044	<b>2.630.095</b>
Trading portfolio	4.367	16.669	87	90.921	1.337	83.032	<b>196.413</b>
Derivative financial instruments – assets	0	0	0	0	0	59.806	<b>59.806</b>
Loans and advances to customers							
Investment portfolio	9.153.941	1.903.275	780.193	444.718	180.346	601.945	<b>13.064.418</b>
Other assets	352.078	1.103.806	311.699	1.089.905	1.517.657	67.269	<b>4.442.414</b>
	317.148	0	0	0	0	762.340	<b>1.079.488</b>
<b>Total assets</b>	<b>12.447.499</b>	<b>3.138.871</b>	<b>1.095.979</b>	<b>1.635.544</b>	<b>1.699.340</b>	<b>1.674.820</b>	<b>21.692.053</b>
<b>Liabilities</b>							
Deposits from Banks	4.974.120	3.777.638	31.858	0	0	11.235	<b>8.794.851</b>
Deposits from customers	6.008.873	1.903.062	1.414.156	59.004	12.702	216.067	<b>9.613.864</b>
Derivative financial instruments – liabilities	0	0	0	0	0	211.231	<b>211.231</b>
Other borrowed funds	0	472.452	0	0	1.519.403	3.921	<b>1.995.776</b>
Other liabilities	0	0	0	0	0	156.979	<b>156.979</b>
<b>Total liabilities</b>	<b>10.982.993</b>	<b>6.153.152</b>	<b>1.446.014</b>	<b>59.004</b>	<b>1.532.105</b>	<b>599.433</b>	<b>20.772.701</b>
Nominal value of Interest Rate Swaps and other derivative financial instruments on interest rates	<b>647.065</b>	<b>961.881</b>	<b>1.170.118</b>	<b>(1.440.522)</b>	<b>(1.338.544)</b>	<b>0</b>	<b>(3)</b>
<b>Net interest rate gap</b>	<b>1.464.506</b>	<b>-3.014.281</b>	<b>-350.035</b>	<b>1.576.540</b>	<b>167.235</b>	<b>1.075.387</b>	<b>919.352</b>

**2009**
**Assets**

Cash and balances with Central Bank	1.010.640					64.401	1.075.041
Loans and advances to Banks	2.702.114	12.500	108.401	10.000		21.858	2.854.873
Trading portfolio	3.420	55.726	654	94.003	8.507	82.776	245.086
Derivative financial instruments – assets						67.077	67.007
	8.236.324	2.115.429	1.076.975	885.432	332.828	260.270	12.907.258
Loans and advances to customers	431.887	1.172.405	265.707	836.761	1.828.819	46.852	4.582.431
Investment portfolio							
Other assets	169.461					837.836	1.007.297
<b>Total assets</b>	<b>12.553.846</b>	<b>3.356.060</b>	<b>1.451.737</b>	<b>1.826.196</b>	<b>2.170.154</b>	<b>1.381.070</b>	<b>22.739.063</b>

**Liabilities**

Deposits from Banks	3.677.934	1.876.808	2.892.214	0		17.767	8.464.723
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Deposits from customers	5.670.678	2.304.350	2.184.105	38.694	13.291	278.882	10.490.000
Derivative financial instruments – liabilities						226.560	226.560
Other borrowed funds	50.000	610.825			1.516.149		2.176.974
Other liabilities						338.469	338.469
<b>Total liabilities</b>	<b>9.398.612</b>	<b>4.791.983</b>	<b>5.076.319</b>	<b>38.694</b>	<b>1.529.440</b>	<b>861.678</b>	<b>21.696.726</b>
Nominal value of Interest Rate Swaps and other derivative financial instruments on interest rates	<b>825,368</b>	<b>1,659,368</b>	<b>1,436,608</b>	<b>(2,336,460)</b>	<b>(1,584,884)</b>	<b>0</b>	<b>0</b>
<b>Net interest rate gap</b>	<b>3.980.602</b>	<b>223.446</b>	<b>2.187.974</b>	<b>(548.958)</b>	<b>(944.170)</b>	<b>519.392</b>	<b>1.042.337</b>

Finally, the Bank in the frame of the interest rate risk assessment, estimates the negative effect on the annual interest rate results of a parallel change in the interest rate fluctuation on all the currencies. The aforementioned measurements, conducted on the balances of December 2010 showed that in the event of interest rate increases by 100 units, the Group will incur losses amounting to € 1,5 million. Similarly, the exercise of simulated crisis situation for the trading portfolio, the impact of the change curve of interest rates on all currencies by +100 bps, with the end of December 2010 balances amounts to a reduction in portfolio value by € 15,8 million.

#### 45.4 Currency risk

Currency risk is the risk of fluctuating value of financial instruments as well as assets and liabilities caused by changes in currency rates. Foreign currency transactions risk arises from an open position, positive or negative, which exposes the Bank to currency exchange risk.

Moreover, there is estimated the highest possible loss on the open position in various currencies using similar crisis management scenarios. The scenarios in question examine possible big modifications in all the currencies variation on the way the Bank's profitability will be negatively affected. Such risk can be created in the event the assets are carried in one currency financed by liabilities in another currency or can arise from forwards and swaps or derivatives including options.

The Tables below present the Bank's exposure to currency risk. The Tables present assets and liabilities of the group at their carrying amounts classified per currency. The Tables also present per currency the theoretical value of financial instruments used for currency risk hedging.

#### Currency risk

(Amounts in thousand Euro)

	Euro	USD	GBP	CHF	JPY	Other	Total
<b>2010</b>							
<b>Assets</b>							
Cash and balances with Central Bank	209.021	2.987	1.084	303	412	5.612	219.419
Loans and advances to Banks	2.492.583	67.880	1.154	2.582	539	65.357	2.630.095
Trading portfolio	115.749	80.636	28	0	0	0	196.413
Derivative financial instruments – assets	38.812	19.985	81	116	799	13	59.806
Loans and advances to customers	11.032.143	1.626.290	17.649	66.700	321.525	111	13.064.418
Investment portfolio	4.217.968	222.859	1.368	0	0	219	4.442.414
	1.074.357	4.050	712	0	0	369	1.079.488

Other assets							
<b>Total assets</b>	<b>19.180.633</b>	<b>2.024.687</b>	<b>22.076</b>	<b>69.701</b>	<b>323.275</b>	<b>71.681</b>	<b>21.692.053</b>
<b>Liabilities</b>							
Deposits from Banks	8.464.602	292.197	25.623	2.800	3	9.626	8.794.851
Deposits from customers	8.120.310	1.222.476	36.793	7.561	92.283	134.442	9.613.865
Derivative financial instruments – liabilities	188.257	21.409	0	1.393	171	1	
Other borrowed funds	1.927.833	67.943	0	0	0	0	211.231
Other liabilities	149.999	6.904	15	1	4	55	1.995.776
<b>Total liabilities</b>	<b>18.851.001</b>	<b>1.610.929</b>	<b>62.431</b>	<b>11.755</b>	<b>92.461</b>	<b>144.124</b>	<b>20.772.701</b>
<b>Equity</b>	<b>329.632</b>	<b>413.758</b>	<b>-40.355</b>	<b>57.946</b>	<b>230.814</b>	<b>-72.443</b>	<b>919.352</b>
Forwards and other currency derivatives	578.249,00	-412.135,00	44.602,00	-66.514,00	-230.325,00	86.123,00	0,00
<b>Net currency position</b>	<b>907.881</b>	<b>1.623</b>	<b>4.247</b>	<b>-8.568</b>	<b>489</b>	<b>13.680</b>	<b>919.352</b>
<b>2009</b>							
<b>Total assets</b>	<b>20.359.292</b>	<b>2.135.666</b>	<b>26.923</b>	<b>60.585</b>	<b>75.450</b>	<b>81.147</b>	<b>22.739.063</b>
<b>Total liabilities</b>	<b>19.109.063</b>	<b>2.032.575</b>	<b>51.328</b>	<b>10.946</b>	<b>328.594</b>	<b>164.220</b>	<b>21.696.726</b>
<b>Equity</b>							
Forwards and other currency derivatives	(240.792)	(90.911)	26.900	(50.110)	255.197	99.716	0
<b>Net currency position</b>	<b>1.009.437</b>	<b>12.180</b>	<b>2.495</b>	<b>(471)</b>	<b>2.053</b>	<b>16.643</b>	<b>1.042.337</b>

Finally, the Bank in the frame of the highest possible currency risk, estimates the negative effect on the annual results of change in the currency variations. The aforementioned measurements, conducted on the balances of December 2010 showed that in the event of changes in the currency market as that by +/- 10% as far as the main currency is concerned and by + / - 20% as far as secondary currency is concerned, the Group will incur losses amounting to € 6,6million.

#### 45.5 Risk arising from share and other security price changes

The risk pertaining to shares and other securities held by the Bank arises from possible negative changes of the share and other securities prices. The Group invests in shares on Athens Stock Exchange (ASE) and Cyprus Stock Exchange (CSE) and in compliance with the investment objective they are allocated to the relevant portfolio (fair value measurement through profit and loss or available for sale). Investments are also made with the aim of exploitation of short term changes in share/ratios prices or of covering open positions through the use of derivative products on shares or ratios.

The Bank in the frame of the highest possible prices risk, estimates the negative effect on the annual results of change in the share prices. The aforementioned measurements, conducted on the balances of December 2010 showed a decrease of share prices as that by 20% developed markets and by 40% in emerging markets that will cause to the Bank losses amounting to € 15,9 million.

## 45.6 Liquidity risk

Liquidity risk is the risk that the Bank is unable to fully meet payment obligations and potential payment obligations as and when they fall due because of lack of liquidity. This risk includes the possibility that the Bank may have to raise funding at cost or sell assets on a discount.

The aforementioned risk is controlled through a developed liquidity management structure comprising various types of control, procedures and limits. This way, there is assured the compliance with the regulations on liquidity ratios set by the relative authorities as well as the internal limits.

Control and management of liquidity risk are achieved within the period through the use of the following ratios:

(a) Cash Available Ratio, defined as estimation of «cash available» of the period up to 30 days direct maturity as defined by the corresponding act of the Governor of the Bank of Greece (PD 2614/9.4.2009) as far as «borrowed funds» are concerned as defined by the corresponding act of the Governor of the Bank of Greece.

(b) Maturity Disagreement Ratio defined as estimation of the balance between «assets and liabilities» of the period up to 30 days as defined by the corresponding act of the Governor of the Bank of Greece as far as «borrowed funds» are concerned as defined by the corresponding act of the Governor of the Bank of Greece.

A significant part of assets are financed by customers deposits and bonds. Direct cash needs are financed mainly through time and current deposits. Financing of long term investments is mainly covered through bonds and time deposits.

The Bank conducts similar measurements in liquidity.

The Tables below analyze liabilities to other banks, customers' deposits, issued bonds and other borrowed funds as well as other liabilities to the Bank's customers in the corresponding periods as from the remaining period as from the reporting period date to maturity date.

The presented amounts are contractual non-discounted cash flows.

### Liquidity Risk

(Amounts in thousand Euro)

	Up to 1 month	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
<b>2010</b>						
<b>Liabilities</b>						
Deposits from Banks	4.983.139	3.757.476	8.136	688	57.047	<b>8.806.486</b>
Deposits from customers	6.217.526	1.921.920	1.450.908	60.362	17.528	<b>9.668.244</b>
Other borrowed funds	3.645	56.385	18.312	125.811	2.022.685	<b>2.226.838</b>
Other liabilities	49.134	43.795	47.779	84.070	143.431	<b>368.209</b>
<b>Total liabilities</b>	<b>11.253.444</b>	<b>5.779.576</b>	<b>1.525.135</b>	<b>270.931</b>	<b>2.240.691</b>	<b>21.069.777</b>
<b>Total assets</b>	<b>6.754.707</b>	<b>638.690</b>	<b>1.309.764</b>	<b>7.748.454</b>	<b>8.909.356</b>	<b>25.360.971</b>

### 2009

#### Liabilities

Deposits from Banks	3.695.783	1.601.455	3.136.014	0	49.002	8.482.254
Deposits from customers	5.954.309	2.312.992	2.213.312	38.883	17.336	10.536.832

Other borrowed funds	1.426	12.711	312.136	126.425	1.842.082	2.294.780
Other liabilities	130.487	78.849	72.575	121.680	161.439	565.030
<b>Total liabilities</b>	<b>9.782.005</b>	<b>4.006.007</b>	<b>5.734.037</b>	<b>286.988</b>	<b>2.069.859</b>	<b>21.878.896</b>
<b>Total assets</b>	<b>6.580.792</b>	<b>1.187.010</b>	<b>3.714.257</b>	<b>6.373.040</b>	<b>7.732.341</b>	<b>25.587.440</b>

### Cash flows from derivative financial instruments

The below tables of liquidity risk analyze cash flows from derivative financial instruments of the Bank within the periods in compliance with remaining period as from the balance sheet date to maturity date.

#### (a) Derivative financial instruments with offsetting basis

As of December 31, 2010, the Bank does not hold derivative financial instruments with offsetting basis.

(Amounts in thousand Euro)

	Up to 1 month	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
<b>2010</b>						
<b>Trading derivatives:</b>						
Interest rate derivatives	0	0	0	(188)	0	(188)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2009</b>						
<b>Trading derivatives:</b>						
Interest rate derivatives	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### (b) Derivative financial instruments with mixed base settlement

The derivative products of the Bank that are settled without offsetting include currency time contracts and interest rate swaps.

(Amounts in thousand Euro)

	Up to 1 month	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
<b>2010</b>						
<b>Trading derivatives:</b>						
Currency derivatives						
Outflow	(571.086)	(466.256)	(243.940)	(158.090)	0	<b>(1.439.371)</b>
Inflow	564.387	465.401	244.618	158.097	0	<b>1.432.504</b>
Interest rate derivatives						
Outflow	(410)	(1.055)	(5.533)	(95.030)	(223.089)	<b>(325.116)</b>
Inflow	404	1.102	6.052	114.197	293.028	<b>414.782</b>
<b>Hedging derivatives:</b>						
Currency derivatives						

Outflow	(455)	0	0	0	0	(455)
Inflow	453	0	0	0	0	453
Interest rate derivatives						
Outflow	(7.520)	(27.307)	(87.529)	(305.899)	(154.516)	(582.771)
Inflow	5.826	9.244	35.698	199.463	146.723	396.953
<b>Total outflows</b>	<b>(579.471)</b>	<b>(494.618)</b>	<b>(337.002)</b>	<b>(559.018)</b>	<b>(377.605)</b>	<b>(2.347.714)</b>
<b>Total inflows</b>	<b>571.070</b>	<b>475.747</b>	<b>286.368</b>	<b>471.757</b>	<b>439.751</b>	<b>2.244.692</b>

**2009**
**Trading derivatives:**

Currency derivatives						
Outflow	(911.798)	(343.673)	(167.630)	(304.198)	0	(1.727.298)
Inflow	918.275	338.342	168.255	304.253	0	1.729.125

Interest rate derivatives						
Outflow	(742)	(1.709)	(13.017)	(119.853)	(339.727)	(475.048)
Inflow	776	1.839	14.334	132.286	373.050	522.285

**Hedging derivatives:**

Currency derivatives						
Outflow	(203)	0	0	0	0	(203)
Inflow	202	0	0	0	0	202

Interest rate derivatives						
Outflow	(11.243)	(41.342)	(154.541)	(429.369)	(234.605)	(871.100)
Inflow	5.326	16.195	73.388	335.043	236.729	666.681

<b>Total outflows</b>	<b>(923.986)</b>	<b>(386.723)</b>	<b>(335.188)</b>	<b>(853.420)</b>	<b>(574.332)</b>	<b>(3.073.649)</b>
<b>Total inflows</b>	<b>924.579</b>	<b>356.376</b>	<b>255.978</b>	<b>771.582</b>	<b>609.779</b>	<b>2.918.293</b>

## 45.7 Operational risk

### 1. GENERAL INFORMATION

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

The Bank has adopted a Framework and operational risk management procedures that provide for the identification, assessment, management, monitoring and updating of the operational risks of the Bank.

In every Branch / Unit of the Bank and every subsidiary of the Bank, there has been appointed an Operational Risk Manager and his/her Deputy, who, together with the Director of the Branch / Unit / Subsidiary constitute the Department of Operational Risk Unit / Branch / Subsidiary and are responsible for managing and addressing any emerging operational risks.

## 2. OPERATIONAL RISK MANAGEMENT TOOL

The following tools are used to manage the operational risks of MEB.

i. Risk control self-assessments workshops

Conducted with key participants of Representatives of the Operational Risk Unit / Branch managers and operational risk management. Their purpose is to identify, assess and manage operational risks for which there are set impairment action plans. The objective is that the above procedure should cover all the Bank.

ii. Risk acceptance

Recognized risks that are not subject to impairment are assessed and their acceptance is approved by the Director of the Department of the Bank/Subsidiary of the unit and, on case to case basis, by the Group Managing Director.

iii. Evaluation of products/procedures/projects

There are evaluated all the new products, procedures and projects in order to timely recognize and face potential operational risks.

iv. Key Risk Indicators (KRIs)

In respect of some recognized risks, when their further monitoring i.e. regarded necessary, there are applied Key Risk Indicators with particular price limitations. The violation of the limitations activates the actions plans that are to be implemented in order to avoid operational losses.

v. Assessment of Outsourcing

Monitoring and reducing this risk is achieved through the implementation of policy for the effective management of outsourcing of the MEB in accordance with the provisions of PD / HE 2577. The policy includes an assessment of:

- to outsourcing activities,
- potential providers
- to sign contracts
- existing providers with spot inspections

At the same time it's been identified and monitored risk concentration of Outsourcing by activity and by provider and send a quarterly report to the BoG, according to the prudential rules. .

vi. Operational Loss Database

It is the electronic application of recording losses arising from operational causes, with the aim of their monitoring and further analysis. All the records are classified according to Basel II.

### **3. OPERATIONAL RISK ISSUES REPORTING**

The Bank facilitates the creation of Operational Risk culture through seminars conducted by the personnel of the Branches and Units and mainly by Operational Risk Representatives.

#### **45.8 System and Information Security Risk**

Development and operation of an independent information security department has now become an integral part of the process of achieving the strategic goals of companies, especially banks due to the criticality and sensitivity of data and information they manage.

The existing organizational structure of the Bank Security includes an independent department, the Unit Information Security Systems belonging to the Risk Management Division. The Unit of Information Security Systems faces several technological and business risks that cause both the rapid growth of technological shortcomings and the increasing dependence of business functions on new systems and applications. In parallel, the need for collaboration and interface with the third parties, as well as the new demands set by the legal and regulatory frameworks make it more necessary to create and operate a corporate security framework.

The role of this department is to develop, operate, maintain and monitor the effectiveness of an integrated program of information security management and effective implementation of the necessary mechanisms to protect confidentiality, integrity and availability of data. The key role is played by designation and implementation of specific security projects by the Divisions as well as by outsourcing security services providers (ex. Penetration Tests of The Bank Technological Structure, Penetration Tests and Vulnerabilities Assessments).

Moreover, to facilitate more organized management of crucial security issues and decision making procedures, there was established and operates the special committee, the Security Committee.

#### **45.9 Basel II- Pillar I, II and III**

##### **Pillar I**

As far as Pillar I is concerned, Capital Adequacy Index (CAI) of the Bank in accordance with the supervisory requirement is calculated and reported by the end of Q1 2008. The calculation is carried out under the standard method for credit risk and market risk, while upgrading is carried out under IRB method. As far as operational risk is concerned, there is implemented the key indices method and the basis has been defined for the adoption of standard methods.

##### **Pillar II**

Held for the third time the institutions planned procedure Internal Capital Adequacy Assessment Process (ICAAP) for the Group MEB under the respective general procedure, which includes the MBR (Romania), although such subsidiary has any such obligation, independent from the local supervisor. Under existing policy was activated again the proposed project team on similar areas of responsibility and were prepared and 2 reports in the required uniform policies, practices and methodologies.

The basis was constituted as at 31/12/2009 for official financial items as well as for general quantitative items required under risk assessment. The same date was used for Risk Weighted Assets aiming at the calculation of regulatory capital requirements (Pillar I).

There was estimated the domestic capital through the flat increase in the regulatory capital requirements (Pillar I). There were covered Pillar I risks, namely credit, market and operational. Moreover, there were identified and assessed risks that are not fully covered by Pillar I, specifically customer concentration risk and sector risk, counterparty, country and settlement risk. Finally, there were identified and assessed Pillar II risks such as liquidity, interest rate, strategic, compliance, reputation, insurance, taxation, etc. Domestic capital was calculated for the significant risks for which the capital was considered to be the appropriate management means. The subsidiaries were included in the assessment to the extent of their significance.

There were incorporated in the ICAAP the procedure of planning the capital for the implementation of the 3-year (2010-2012) business plan, under normal conditions and in extreme situations. It arose that the maximum capital requirements within 3 years amounted to an insignificant level only within the first year, but are over covered by the planned capital increase. Therefore, the Bank's capital adequacy was proved for the period 2010-2012.

At the same time, there was developed the adequacy of the Bank risk management systems at role and activities level. There was developed and documented the risk management strategy and risk tolerance.

ICAAP was controlled by the Internal Control Division, approved by the Risk Management Committee and ultimately by the Board of Directors and submitted timorously to the BoG as an integral element of the Risk Management Annual Report.

### **Pillar III**

There was posted within the time limits (31/3/2010) on the website of the Bank, while a copy was also sent to the BoG, the document of disclosure of information provided by Pillar III of Basel II (PETE 2592/20.8.2007: Credit Institutions Disclosures of supervisory nature information on capital adequacy, the risks undertaken and their management).

This publication was the first within the institutional rules and mandatory disclosures frame that contained information on MEB Group capital adequacy, the risks involved and their management, as well as extracts from the audited financial statements for the year ended 2008.

Because of its shareholding relationship with Marfin Popular Bank, MEB Group TSE falls within the limited obligation to disclose "consolidated basis" in Article 2, Chapter II of the above Governor's Act.

### **46. Capital adequacy**

The Bank is subject to the supervision of the Bank of Greece that sets and monitors the demands for capital adequacy as far as the banks are concerned. The subsidiary bank in Romania is further subject to the supervision of the local authorities while the Group, as a member of Marfin Popular Bank Group, is subject to indirect supervision of the Central Bank of Cyprus.

The Bank of Greece requires that every Credit Institution should have a minimum ratio arising from the proportion between supervisory equity and the assets as well as off statement of financial position items weighed as against the risk involved. The price of this ratio was internationally defined as 8% and it is designed in order to cover the foreseeable risks (counter parties, market, currency).

For the calculation of capital adequacy as from 01/01/2008 there applies the new supervisory framework (Basel II) which was incorporated into Greek legislation based on Law 3601/2007,

which modifies the measurement of credit risk and introduces capital requirements for operational risk. No material changes have been made to market risk measurement. In particular, the investment portfolio credit risk and operational risk are measured under the standard method.

The capital adequacy of the Bank is monitored at regular intervals by the Economic Department of the Bank and the results are presented every three months to the Bank of Greece.

The supervisory equity of the Bank is divided into two categories:

- Tier I. The category comprises mainly share capital, reserves and retained earnings. They are further adjusted as in compliance with Governor's Act 2587/20.08.07.
- Tier II. The category comprises mainly reduced securements of certain duration.

The basic objective of the Bank, as far as supervisory capital management is concerned, is on one hand, the compliance with the capital requirements of the Bank of Greece and, on the other hand, maintenance of strong and stable capital basis that supports the business plans of the Bank's Management.

The Capital Adequacy of the Bank's ratio as at 31/12/2010 is as follows:

	2010 Basel II	2009 Basel II
Share Capital	366.846	366.846
Share Premium	328.334	328.334
Other reserves	(113.368)	(36.001)
Retained earnings	42.978	83.158
Instruments with equity characteristics	244.953	263.608
Goodwill and other intangible assets	(14.836)	(16.030)
Other supervisory bodies' adjustments	123.765	63.379
<b>Total Tier I</b>	<b>978.672</b>	<b>1.053.294</b>
Subordinated term loans and preference shares	489.905	375.138
Part of instruments with equity characteristics that do not conform with Tier I criteria	55.047	36.392
Other supervisory body's adjustments	11.207	10.672
<b>Total Tier II</b>	<b>556.159</b>	<b>422.202</b>
<b>Total capital</b>	<b>1.534.831</b>	<b>1.475.496</b>
<b>Weighted assets</b>		
- items on Statement of Financial Position	11.743.382	11.256.165
- items off Statement of Financial Position	311.537	275.231
- trading portfolio	311.235	638.589
- operating risk	553.991	574.945
<b>Total</b>	<b>12.920.145</b>	<b>12.744.930</b>
<b>Capital Adequacy Ratio</b>	<b>11,88%</b>	<b>11,58%</b>

Data that concern the publication of regulatory disclosures about the capital adequacy and the risk management (Basel II, Pillar III – Governor's Act/BOG 2592/07), will be available at Bank's website.

#### 47. Auditors' fees

The total fees of "Grant Thornton Chartered Accountants Management Consultants" legal auditor of the Bank, are analyzed as follows, as stipulated in article 43a of Law 2190/1920, as amended by article 30 of Law 3756/2009.

*(Amounts in thousand Euro)*

	2010	2009
Fees for statutory audit	276	276
Fees for other audit related services	16	46
Fees for tax consulting services	3	-
Fees for other non-audit assignments	1	14
	<b>296</b>	<b>336</b>

#### 48. Restatement of prior year balances

*(Amounts in thousand Euro)*

Results for 1/1 – 31/12/2009	Published amounts 31/12/2009	Published amounts 31/12/2010	Restatement
Fee and commission income	54.016	53.729	(287)
Fee and commission expense	(5.822)	(7.367)	(1.545)
Trading income	95.991	95.817	(174)
Other income	2.468	1.956	(512)
Staff costs	(125.446)	(126.133)	(687)
Operating expenses	(88.653)	(85.448)	3.205

The comparative period amounts were restated to reflect changes in the presentation adopted by the Bank for the current period ended as at 31 December 2010.

#### 49. Events after the reporting date

There are no significant events after the reporting date to report.

**50. Corporate events****Progress of the Cross-Border Merger through absorption of Marfin Egnatia Bank S.A. by Marfin Popular Bank Public co Ltd**

The Extraordinary General Assembly of the Bank Shareholders as at 23/12/2009 unanimously approved of the cross-border merger through absorption of «MARFIN Egnatia Bank SA" by «MARFIN POPULAR BANK PUBLIC CO LTD» in accordance with the provisions of Directive 2005/56/EC of the European Parliament and Council of 26.10.2005, as well as by current Cyprus and Hellenic legislation as described in Common Cross-Border Merger Plan dated 13 November 2009.

Following the decision of the Nicosia District Court in accordance to articles 201(xvii) and 201(xix) of the (Cyprus) Companies Law, set the 31.3.2011 (12:00 pm) as the date of conclusion of the cross-border merger through absorption of Marfin Egnatia Bank S.A. by Marfin Popular Bank Public co Ltd.

Athens 29 March 2011

The Chairman  
Of the Board of Directors

The Managing Director

The Chief Financial Officer

Vassilios N. Theocharakis  
I.D. No AB 340063/06Konstantinos I.Vassilakopoulos  
I.D. No M 310696/82Aggelos N. Sapranidis  
I.D. No AA 273117/05  
License A Class  
Reg. Num. 0016834/18-07-2001



**Financial Data and Information for the period 1 January 2010 to 31 December 2010**



**MARFIN EGNATIA BANK S.A.**  
**S.A. Registry No. 6072/06/B/86/11**  
**20 Metropoleos str. & Komnion str., 54624, Thessaloniki**  
**FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED 31st DECEMBER 2010**

(In accordance with Law 2190, art. 135, for the companies that draw up annual financial statements, consolidated and non-consolidated, under IFRS)

The financial information presented below deriving from the financial statements, aims at a general information about the financial position and results of Marfin Egnatia Bank S.A. and the Group. Therefore, we recommend the reader, prior to making any investment choice or other transaction with the Bank, to visit the Bank's website, where the aforementioned financial information as well as the legal auditor's report are posted.

**Company Information**

Responsible Regulatory Body - Prefecture  
 Website Address  
 Date of approval of the financial statements by the Board of Directors  
 The Certified Auditors  
 Audit company  
 Type of Auditor's Report

Bank of Greece, Ministry of Economy, Competitiveness & Shipping, Directorate of Societe Anonyme Companies & Credit  
[www.marfinegnatiabank.gr](http://www.marfinegnatiabank.gr)  
 March 29th, 2011  
 Vassilios K. Kazas, SOEL Reg. No. 13281  
 Ioannis G. Leos, SOEL Reg. No. 24881  
 Grant Thornton S.A. (SOEL Reg. No. 127)  
 Unqualified opinion

**BOARD OF DIRECTORS COMPOSITION**

Chairman - Non-Executive member: Vassilios N. Theocharakis  
 Vice-chairman - Non-executive member: Alexandros K. Bakatselos  
 Managing Director - Executive member: Konstantinos I. Vassilakopoulos  
 Deputy Managing Director - Executive member: Hercules G. Kounadis  
 Executive members: Andreas E. Vgenopoulos  
 Efthimios T. Bouloutas  
 Fotios D. Karatzenis  
 Non-executive members: Panagiotis I. Theocharakis  
 Despina V. Theocharaki  
 Independent - Non-executive members: Panagiotis K. Throuvalas  
 Markos A. Foros

**STATEMENT OF FINANCIAL POSITION**

(Amounts in thousand Euro)

	GROUP		BANK	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
<b>ASSETS</b>				
Cash and balances with Central Bank	346,151	1,174,973	219,419	1,075,041
Loans and advances to financial institutions	2,465,364	2,649,796	2,630,095	2,854,873
Loans and advances to customers (net of provisions)	13,793,616	13,685,282	13,064,418	12,907,258
Derivative financial instruments - Assets	59,805	67,149	59,806	67,077
Financial instruments at fair value through profit or loss	210,519	272,856	196,413	245,086
Financial instruments available for sale	1,614,557	2,138,930	1,610,941	2,140,262
Investment securities held to maturity	722,646	577,323	610,662	529,841
Debt securities of lending portfolio	2,220,811	1,912,328	2,220,811	1,912,328
Investments in subsidiaries	0	0	380,042	351,660
Investments in associates	2,136	2,005	2,278	2,278
Self-occupied tangible assets	90,116	93,198	57,364	54,693
Investment property	47,661	40,688	42,353	35,380
Intangible assets	65,186	66,497	14,836	16,030
Other assets	420,778	506,602	573,776	547,256
Non-current assets held for sale	71,535	0	8,839	0
<b>TOTAL ASSETS</b>	<b>22,130,881</b>	<b>23,187,627</b>	<b>21,692,053</b>	<b>22,739,063</b>
<b>LIABILITIES AND EQUITY</b>				

**STATEMENT OF COMPREHENSIVE INCOME**

(Amounts in thousand Euro)

	GROUP		BANK	
	1 Jan-31 Dec 2010	1 Jan-31 Dec 2009	1 Jan-31 Dec 2010	1 Jan-31 Dec 2009
Interest and similar income	715,852	707,061	646,450	638,213
Interest expense and similar charges	(399,083)	(454,890)	(383,777)	(432,423)
<b>Net interest income</b>	<b>316,769</b>	<b>252,171</b>	<b>262,673</b>	<b>205,790</b>
Fee and commission income	98,976	129,068	52,236	53,729
Fee and commission expense	(23,017)	(29,634)	(8,961)	(7,367)
<b>Net fee and commission income</b>	<b>75,959</b>	<b>99,434</b>	<b>43,275</b>	<b>46,362</b>
Dividend income	1,714	1,602	3,654	1,106
Net trading income / (expense)	38,424	105,560	30,844	95,817
Other income	3,955	6,529	2,572	1,956
<b>Total income from operating activities</b>	<b>436,821</b>	<b>465,296</b>	<b>343,018</b>	<b>351,031</b>
Impairment losses on loans and advances	(160,402)	(158,382)	(139,190)	(129,300)
Staff costs	(164,470)	(156,846)	(133,384)	(126,133)
Other operating expenses	(109,718)	(103,010)	(91,667)	(85,448)
Depreciation	(18,320)	(17,773)	(14,183)	(14,127)
Share of profit / (loss) of associates	81	97	0	0
<b>Profit / (Loss) before tax</b>	<b>(16,008)</b>	<b>29,382</b>	<b>(35,406)</b>	<b>(3,977)</b>
Taxes	(13,534)	(25,928)	216	(8,813)
<b>Profit / (Loss) after tax (A)</b>	<b>(29,542)</b>	<b>3,454</b>	<b>(35,190)</b>	<b>(12,790)</b>

Deposits from banks	8,819,701	8,360,500	8,794,851	8,464,723
Deposits from customers	9,860,804	10,867,846	9,613,864	10,490,000
Derivative financial instruments - Liabilities	211,278	226,560	211,231	226,560
Debt securities in issue & other borrowed funds	1,990,904	2,162,580	1,995,776	2,176,974
Retirement benefit obligations	14,555	13,622	12,998	12,174
Other provisions	7,293	4,842	3,678	2,776
Liabilities associated with non-current assets held for sale	383	0	0	0
Other liabilities	212,731	412,138	140,303	323,519
<b>Total Liabilities (a)</b>	<b>21,117,649</b>	<b>22,048,088</b>	<b>20,772,701</b>	<b>21,696,726</b>
Share Capital	366,846	366,846	366,846	366,846
Share premium	328,334	328,334	328,334	328,334
Other reserves and retained earnings	5,465	124,268	(75,828)	47,157
<b>Total Equity attributable to the owners of the parent company (b)</b>	<b>700,645</b>	<b>819,448</b>	<b>619,352</b>	<b>742,337</b>
Minority interest (c)	12,587	20,091	0	0
Hybrid Capital (d)	300,000	300,000	300,000	300,000
<b>Total Equity (e) = (b) + (c) + (d)</b>	<b>1,013,232</b>	<b>1,139,539</b>	<b>919,352</b>	<b>1,042,337</b>
<b>TOTAL LIABILITIES AND EQUITY (a) + (e)</b>	<b>22,130,881</b>	<b>23,187,627</b>	<b>21,692,053</b>	<b>22,739,063</b>

<b>Attributable to:</b>				
Parent company owners	(30,135)	2,049	(35,190)	(12,790)
Minority interest	593	1,405	0	0
<b>Other Comprehensive income net of tax (B)</b>	<b>(90,473)</b>	<b>55,068</b>	<b>(89,014)</b>	<b>57,932</b>
<b>Total Comprehensive income net of tax (A+B)</b>	<b>(120,015)</b>	<b>58,522</b>	<b>(124,204)</b>	<b>45,142</b>
<b>Attributable to:</b>				
Parent company owners	(120,517)	57,010	(124,204)	45,142
Minority interest	502	1,512	0	0
<b>Earnings / (Loss) per share (Euro per share)</b>				
Basic and Diluted	(0.1043)	0.0071	(0.1218)	(0.0443)

#### STATEMENT OF CHANGES IN EQUITY

from January 1st, 2010 to December 31st, 2010

(Amounts in thousand Euro)

	GROUP		BANK	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
<b>Total Equity at the beginning of period (01/01/2010 &amp; 01/01/2009)</b>	<b>1,139,539</b>	<b>780,547</b>	<b>1,042,337</b>	<b>696,201</b>
Revaluation difference of Available for Sale financial assets	(89,546)	58,032	(89,014)	57,932
Exchange differences from currency translation of financial statements	(927)	(2,964)	0	0
Profit / (Loss) for the period after tax	(29,542)	3,454	(35,190)	(12,790)
<b>Total Comprehensive Income for the period after Tax</b>	<b>(120,015)</b>	<b>58,522</b>	<b>(124,204)</b>	<b>45,142</b>
Share Capital Increase / Decrease	0	0	0	0
Dividends paid	(47)	0	0	0
Hybrid Securities	0	300,000	0	300,000
Reserve for stock option plan	1,516	1,439	1,219	994
Other Movements	(7,761)	(969)	0	0
<b>Total Equity at the end of the period (31/12/2010 &amp; 31/12/2009)</b>	<b>1,013,232</b>	<b>1,139,539</b>	<b>919,352</b>	<b>1,042,337</b>

#### CASH FLOW STATEMENT

from January 1st, 2010 to December 31st, 2010

(Amounts in thousand Euro)

	GROUP		BANK	
	1 Jan-31 Dec 2010	1 Jan-31 Dec 2009	1 Jan-31 Dec 2010	1 Jan-31 Dec 2009
Net cash flows from Operating Activities (a)	(652,720)	(808,631)	(724,127)	(970,626)
Net cash flows from investing activities (b)	100,760	(1,649,501)	145,409	(1,626,647)
Net cash flows from financing activities (c)	(189,122)	2,006,208	(198,596)	1,874,688
<b>Net increase (decrease) in cash and cash equivalents (a) + (b) + (c)</b>	<b>(741,082)</b>	<b>(451,924)</b>	<b>(777,314)</b>	<b>(722,585)</b>
Effect of exchange rate fluctuations on cash and cash equivalents	(6,019)	(5,010)	(2,193)	(987)
<b>Total cash flow for the period</b>	<b>(747,101)</b>	<b>(456,934)</b>	<b>(779,507)</b>	<b>(723,572)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,674,513</b>	<b>2,131,447</b>	<b>1,848,255</b>	<b>2,571,827</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>927,412</b>	<b>1,674,513</b>	<b>1,068,748</b>	<b>1,848,255</b>

Notes :

- 1) The accounting principles, which the Group and the Bank adopted according to the IFRS, remained the same and they have not been modified in comparison with the Financial Statements for the year 2009.
- 2) In the present financial statements, the accounting estimation of the beneficial life of some fixed assets changed by the Management, starting from 1/1/2010. (Related notes 24 and 25 of the Group and the Bank financial statements, respectively).
- 3) There are no liens on the assets of the Group.
- 4) The number of employees at the end of 31/12/2010: Group 3,629, Bank 2,768, (31/12/2009: 3,617, 2,753 respectively).
- 5) The companies included in the consolidation of December 31<sup>st</sup>, 2010 are presented in note 1 of the consolidated, annual, financial statements. The aforementioned note also includes information on the companies' domicile, the Group participation percentage in their share capital, the consolidation method used and the tax non-inspected fiscal years. The notes 23 and 24 of the Bank's annual, financial statements indicate the direct and indirect holdings of the Bank and its respective participation percentage in the companies' share capital.
- 6) On 27/09/2010, the Bank acquired the 100% of real estate companies. Under IFRS 5, the Bank classified these assets as "Non-current assets held for sale". (Related notes 29 and 30 of the Group and the Bank financial statements, respectively).
- 7) On 31/03/2010, it was the first time that Marfin Collections S.A., a company that notifies debtors about their debts, was included in the consolidation. On 23/07/2010, the wholly-owned Bank's subsidiary, "Obafem Holdings Limited", with domicile in Cyprus, disposed of its holding (99.96%) in "Egnatia Properties S.R.L.", with domicile in Romania, to MIG REAL ESTATE S.A., with domicile in Greece. In the consolidation as at 31/12/2010, it is taken into consideration only the company's results until 31/07/2010. In the respective period 31/12/2009, it was consolidated under full consolidation method. On 07/10/2010 Marfin Egnatia Fin S.A. disposed of its' participation by a 100% in Marfin Travel Ltd to the company AMATHOUS HELLAS TOURISTIC S.A. with domicile in Greece. In the consolidation as at 31/12/2010, it is taken into consideration only the company's results until 30/09/2010. In the respective period 31/12/2009, it was consolidated under the full consolidation method. The aforementioned changes have not caused changes higher than 25% to the turnover or/and earnings after taxes and minority interest of the company and/or the equity of the company's shareholders. (Related note 1 of the consolidated financial statements).
- 8) The absorbing bank Marfin Egnatia Bank S.A. has been tax inspected till the fiscal year of 2004 inclusively. The absorbed Marfin Bank and Laiki Bank (Hellas) have been tax inspected till the fiscal year 2006 inclusively. The tax non-inspected fiscal years for the Group companies are, analytically, presented in note 1 of the consolidated, annual financial statements.
- 9) The outcome of the existing legal cases or litigations of the Bank and the Group is not expected to have a significant impact on the financial statements.

The bank and the Group have made the following provisions:

	December 2010		December 2009	
	GROUP	BANK	GROUP	BANK
Legal cases or litigations :	699	329	779	627
Tax non-inspected fiscal years :	3,489	2,700	2,194	1,500
Other Provisions :	3,105	649	1,869	649
	<b>7,293</b>	<b>3,678</b>	<b>4,842</b>	<b>2,776</b>

Relevant notes 37 and 38 of the Group's and Bank's financial statements respectively.

10) The amount and the nature of the comprehensive income are reported in detail above, in section "Statement of changes in Equity".

11) The Bank and the Group's companies do not hold any equity shares.

12) The transactions of the Group with the related parties are as follows: Receivables 2.244.404 thousand Euros, liabilities 3.416.516 thousand Euros, letters of guarantee and documentary credit 2.202 thousand Euros, income 48.549 thousand Euros, expenses 66.595 thousand Euros. The transactions of the Bank with the related parties (including subsidiaries), are as follows: Receivables 3.507.339 thousand Euros, liabilities 3.601.510 thousand Euros, letters of guarantee and documentary credits 186.787 thousand Euros, income 75.794 thousand Euros, expenses 80.486 thousand Euros. The transactions of the Bank and the Group with the members of the Management and the Executives are as follows: Receivables 3.629 thousand Euros, liabilities 11.556 thousand Euros, income 353 thousand Euros, expenses 5.795 thousand Euros out of which – fees 5.429 thousand Euros.

13) ) Cross-Border Merger: The Extraordinary General Meeting of Bank's Board of Directors held on 23.12.2009, approved the Cross-Border Merger through the absorption of Marfin Egnatia S.A. by Marfin Popular Bank Public Co Ltd in accordance with the provisions of Directive 2005/56/EC of the European Parliament and the Council of 26.10.2005, as well as, in accordance with the Cypriot and Greek Laws, as defined by the Common Draft Terms of a Cross-Border Merger, dated as of November 13<sup>th</sup>, 2009.

Under decision of the District Court of Nicosia, according to articles 2011H and 2011Θ of codified law on Societe Anonymes, the 31<sup>st</sup> of March 2011 (12:00 o'clock p.m.) was set as the starting date of its results of the Cross-Border Merger through the absorption of Marfin Egnatia S.A. by Marfin Popular Bank Public Co Ltd.

14) No activity discontinuance has occurred during the fiscal year 2010.

15) Certain figures of the total income statement of 31/12/2009 have been reclassified so they can be comparable with the corresponding ones of 31/12/2010. (Related notes 46 and 48 of the Group and the Bank financial statements, respectively).

16) The consolidated financial statements of the Bank are included in the consolidated financial statements of Marfin Popular Bank Public Company Ltd, Lemessou Avenue, 154, P.O. BOX 22032, CY-1598 Nicosia, Cyprus, under the full consolidation method. Marfin Popular Bank participates in the share capital of the company with the percentage of 97,0248%.

Athens, March 29th, 2011

THE PRESIDENT OF THE BOARD OF DIRECTORS  
VASSILIOS N.THEOCHARAKIS  
Reg. No AB 340063/06

MANAGING DIRECTOR  
KONSTANTINOS I. VASSILAKOPOULOS  
Reg. No M 310696/82

CHIEF FINANCIAL OFFICER  
AGGELOS N. SAPRANIDIS  
Reg. No AA 273117/05  
Permit 0016834/18-07-2001



**Information according to Article 10 of Law 3401/2005**

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The corporate announcements for the year 2010 are available at the Bank's website: [www.marfinbank.gr](http://www.marfinbank.gr).

<b>Date</b>	<b>Subject</b>
23 December 2010	Definition of results of Cross-Border Merger Plan with absorption of "MARFIN EGNATIA BANK S.A." from "MARFIN POPULAR BANK PUBLIC CO LTD"
5 August 2010	Issue of new line of Covered Bonds
23 June 2010	Ordinary Annual General Assembly of the Shareholders meeting Decisions
31 May 2010	Extraordinary contribution according to article 5 of Law 3845/2010
31 May 2010	Ordinary Annual General Assembly of the Shareholders invitation
5 May 2010	Issue of Subordinated Debt
20 April 2010	Early repayment of bond loan of Euro 80.000.000
30 March 2010	Announcement of "MARFIN POPULAR BANK PUBLIC CO LTD"
12 March 2010	Issue of second line of covered bonds
1 February 2010	Announcement for Cross-Border Merger Plan with absorption of "MARFIN EGNATIA BANK S.A." from "MARFIN POPULAR BANK PUBLIC CO LTD"



**Availability of Annual Financial Report**

The Annual Financial Report that includes the:

- Statement of the Members of the Board
- Board of Directors' Annual Management Report
- Report on Corporate Governance
- Independent Auditors' Report for the Group and the Bank
- Annual Financial Statements of the Group and the Bank
- Financial Data and Information of the Group and the Bank

is available at the Bank's website: [www.marfinbank.gr](http://www.marfinbank.gr).

The Annual Financial Statements, the Independent Auditors' Reports and the Board of Directors' Annual Management Report of the companies included in the Consolidated Financial Statements are available at the Bank's website: [www.marfinbank.gr](http://www.marfinbank.gr).