



MARFIN EGNATIA BANK

MARFIN EGNATIA BANK S.A.

ANNUAL FINANCIAL REPORT 2009

In compliance with Article 4, 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 2010

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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)**

WE HEREBY STATE THAT:

To the best of our knowledge, the attached individual and consolidated Financial Statements for the period from 1st January 2009 to 31st December 2009 that have been prepared according to the current accounting standards present fairly the assets and liabilities, the equity as well as the income statement of MARFIN EGNATIA BANK S.A. and the entities that are included in the consolidation and are considered as a total

AND

that the Board of Director's report, presents fairly the progress, the performance and the financial position of MARFIN EGNATIA BANK S.A. as well as the entities that are included in the consolidation and are considered as a total, including a description of the main risks and uncertainties that they face.

Athens, 30 March 2010

The Chairman
Of the board of Directors

The Chairman
Of the board of Directors

The Chairman
Of the board of Directors

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

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

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



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

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
YEAR 2009**

The year 2009 constituted a milestone at the start of de-escalation of the recent crisis in the global financial system. In particular, in both - developed and emerging economies – there were significant indications of a gradual recovery. The decisive influence in facing the crisis consequences was that of the exceptional measures taken by central banks and governments to absorb the tremors that had been developed between the financial and real sector of economies.

The Greek economy, unlike the aforementioned trend in international markets and economies, showed negative trends in performance scaling under the continuously increasing fiscal burden, the decreasing competitiveness and the general climate of uncertainty. Indicatively, it is mentioned that the year 2009 was the first year when GDP decreased by about 2% after several years of increasing course. The spread of return on ten-year Greek bond versus the respective German bond reached 300 basis points, while the country's credit rating was downgraded twice by the international rating agencies Standard and Poor's and Fitch Ratings standing at BBB +. A tough package of strict measures with immediate effect was recently announced in order to restore the difficult financial situation and rationalize the cost of Greece external borrowing.

The Greek banking system showed remarkable resilience during 2009 despite the depressed economic activity, the deterioration in net financial position of companies and households and the limited available liquidity. The factors contributing to this were those of gradual adjustment of loan interest rates combined with stringent financial criteria, obtaining the necessary liquidity from both the European Central Bank and the government program to support Greek banks as well as the more efficient utilization of financial markets.

The Group "Marfin Egnatia Bank S.A." (The "Group") has managed to cope effectively and specifically to improve its loan portfolio to maintain strong liquidity reserves, improve its capital adequacy, and restrain the operating costs in low level.

Briefly, the Group achieved satisfactory development of the main indicators in all activity sectors and positive financial results, despite the continuing negative domestic and international economic environment.

It is noteworthy that the Group total assets exceeded 23,2 billion Euro, recording an annual increase of 19,5%. This includes investment in Greek government bonds of 1,6 billion, which mainly belong to the loan portfolio and constitute 6,7% of assets.

The overall weaker credit demand led to lower levels of loans granting and the downward trend in the quality of its loan portfolio imposed stricter granting criteria. However the group loans increased by 5,32%.

Deposits decreased by 7% reflecting the reduced requirements for liquidity in view of the measured Group targets for declining credit growth and more qualitative profitability.

The basic financial elements and ratios of the Group for the year 2009 are shown below:

Financial Results (€ million)	31/12/09	31/12/08	Ch.%
Net interest income	252,2	296,4	(14,9%)
Net Fee and Commission Income	101,3	148,7	(31,9%)
Income from Financial Activities and other income	114,5	(6,8)	-

Total operating income	467,9	438,3	6,8%
Operating expenses	(280,1)	(283,0)	(1,0%)
Operating income (before impairment)	187,8	155,3	20,9%
Provisions for impairment	(158,4)	(96,5)	64,1%
Profit before taxes	29,4	58,7	(50,0%)
Special contribution	(10,8)	-	-
Taxes	(15,1)	(19,7)	(23,1%)
Net profit after taxes	3,5	39,1	
Basic Balance Sheet Items			
(€ million)	31/12/09	31/12/08	Ch.%
Loans	13.685,3	13.003,4	5,2%
Total assets	23.187,6	19.402,6	19,5%
Deposits	10.867,8	11.731,4	(7,4%)
	125,92%	110,84%	
Basic Ratios			
	31/12/09	31/12/08	
Core Tier I ratio (Tier I)	7,9%	6,5%	
Capital adequacy ratio	10,9%	8,8%	
Cost/Revenue	59,9%	64,6%	
NIM	1,2%	1,9%	
NPLs	6,8%	4,7%	
Provisions/Loans	116 bps	80 bps	
RoE	0,4%	4,9%	
RoA	0,02%	0,24%	

Within the year 2009, net interest income decreased by 14,9% and stood at € 252,2 million as compared to € 296,4 million in 2008. Net interest margin decreased from 1,9% in 2008 to 1,2% in 2009, as a result of adverse economic conditions and increased competition in deposits market in Greece.

Net fees and commissions income decreased by 31,9% and stood at € 101,3 million mainly due to the adverse conditions in investing banking and in international capital markets.

The more efficient operation of financial markets led the Group to present significant financial profit of 114,5 million euro in 2009 versus 6,8 million euro loss in 2008.

Based on the above, total operating income of the Group presented an increase of 6,8% and stood at 467,8 million euro in 2009 as compared to 438,0 million euro in 2008. In addition, the Investment Bank of Greece, the subsidiary company that constitutes the means of the Group investment banking, was ranked second in the Greek stock market with a share of 14.63% share, while continuing to lead to the Greek derivatives market with a share of 24.46%.

The total operating expenses decreased by 1,04% on annual basis and reached to € 280,1 million. This decrease is the result of the ongoing reorganization of the Group costing system combined with the constant reallocation of personnel to service rendering positions.

The staff costs decreased by 1.3% and amounted to €156,2 million. The total operating expenses amounted to € 106,2 million, decreased by 3,8%. The efficiency ratio (operating expenses to total revenue) stood at 59,9% in 2009 as compared to 64.1% in 2008.

The above composition was significantly affected by the improvement of sales network that numbers 218 branches as compared to 226 in 2008. Within its targeted operational development, the Group marginally increased its staff by 15 people to 3.617 as at 31.12.2009 from 3.602 as at 31/12/2008.

The Group's operating performance improved significantly with profit before provisions presenting an increase of 20,9%. Earnings before taxes incurred further burden due to the decision to reinforce the provisions in order to protect the Group against future risks. Specifically, under this decision, the provisions increased by 65.2 million Euro or 64.1%, to 116 basis points on loans of year 2009 (FY 2008: 80 bps).

As for the financial year 2009, net profit attributable to shareholders after tax amounted to € 14,3 million or 3,5 million Euro following the special contribution of 10,8 million Euro as against 39,1 million Euro in respect of continuing operations for 2008.

Under the Group's strategy for market penetration in the Greek borrowing market, its market share increased to 5.4% in December 2009 from 5.1% in December 2008. In absolute values, the loan portfolio of the Group amounted to 13,7 billion in December 2009 as against to 13,0 billion in 2008, an increase of 5,2% on annual basis.

In 2009, the annual growth rate of mortgage and consumer loans of the Group recorded an increase of 5,3%. Business loans had a 6,4 % annual growth rate representing 68% of the loan portfolio. Loans past due and at impairment represent 6,8% of total loans of the Group and the coverage rate from accumulated provisions came to 42,7%, exceeding the sector average as presented in the latest report of the Bank of Greece on financial stability.

The Bank's market share in deposits was 4.4% in 2009 as compared to 4.9% in 2008. The deposits of the Bank amounted to € 10,9 billion, presenting a decrease of 7,4% as compared to 2008, due to decreased liquidity needs and their sound development in respect of the loans development rate. In contrast, there was achieved gradual restructuring of its deposit portfolio composition with an increased ratio of traditional savings deposits over the exact time deposits which decreased from 85% in 2008 to 79% in 2009. At the end of 2009, loans to deposits ratio stood at 126%.

The steady progress of the Group and its sound financial position are reflected in the unchanged credit rating by international rating agencies Moody's and Fitch Ratings in 2009.

In March 2010, the international rating agency Fitch Ratings maintained the level of short-term credit rating of the Group maintaining its assessment to "BBB +", a level above the main competitors in the Greek environment. At the same time, it downgraded the perspective of the Group to "negative" from "stable" and the evaluation of the Bank-issuance covered bonds to "AA" from "AA +" which is consistent with the general negative course of the Greek economy.

Despite the difficult economic environment which affected the Group's results and without the participation in the State Aid Program for Greek Banks, the capital adequacy ratio stood at 10,86% and Core Capital (Tier I) ratio – at 7,93%.

SIGNIFICANT EVENTS

Issue of securities – 10 million Euro

Through its subsidiary "Egnatia Finance plc", the Bank issued of one-year securities in respect of the credit risk of Gazprom, amounting to 10 million Euro. The securities interest rate is fixed (12%), while they are listed on the Luxembourg Stock Exchange.

Issue of subordinated securities- 60 million dollars

Through its subsidiary "Egnatia Finance plc" the Bank issued ten-year subordinated securities amounting to 60 million U.S. dollars. These securities may be withdrawn after five years following the written permission from the Bank of Greece and have been assessed as Lower Tier II capital. The securities interest rate is fixed (5,5%) while they are listed on the Luxembourg Stock Exchange.

Issue of subordinated securities- 60 million Euro

Through its subsidiary "Egnatia Finance plc" the Bank issued specific duration subordinated securities amounting to 60 million Euro under the warranty of "Marfin Egnatia Bank S.A.". The securities are of ten year duration, with earlier redemption option and may be withdrawn after five years following the written permission from the Bank of Greece and were assessed as Lower Tier II capital in compliance with the outstanding legislation by the Bank of Greece. The securities bear an interest rate equal to 6,5% over their duration and are listed on the Luxembourg Stock Exchange.

Issue of securities – 30 million Dollars

Through its subsidiary "Egnatia Finance plc" the Bank issued four year duration securities amounting to 30 million dollars under the warranty of "Marfin Egnatia Bank S.A.". The securities interest rate is USD 3m Libor and the minimum interest rate is equal to 3,1% over their duration and the securities are listed on the Luxembourg Stock Exchange.

Issue of Common Bond Loan - 300 million Euro

The Bank issued an Indefinite Duration Common Bond Loan (Hybrid Securities - Lower Tier I) amounting to EUR 300 million, with annual conventional fixed rate of 7%. The issue was covered entirely by MARFIN POPULAR BANK PUBLIC CO LTD.

Securitization of Receivables – 2,3 million Euro

The Bank proceeded to securitization of bonds receivables and corporate loans totaling to 2,3 billion, with expected duration of approximately 2,5 years from the date of issue in accordance with the applicable law.

The issue of securitization bonds was made by London-based special purpose company under the name «Synergatis Plc». 61.5% of the securitized portfolio or an amount of EUR 1.4 billion was evaluated at "Aaa" by Moody's. These bonds are held by Group companies and used as collateral to obtain liquidity from the European Central Bank.

Partnership with the Bank of Greece

The Bank signed a partnership of 80 million with the European Investment Bank (EIB) to finance small and medium-sized investments in Greece.

Share Capital Increase of Marfin Bank Romania S.A.

The Bank's by 98,98% subsidiary increased its share capital by 10 million Euro within the frame of strengthening its capital adequacy and protection against credit risks. The increase that was approved by the Central Banks of Greece and Romania, was fully financed by the parent under surrendering the rights of other shareholders and thus the Bank participating interest stands at 99,23%.

Group Restructuring: Merger of Marfin Popular Bank with Marfin Egnatia Bank

The Extraordinary General Assembly of the Bank Shareholders as at 23/12/2009, made, among others, the following decisions:

a) Unanimously approved the 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 Legislation on the Companies (Amendment) (No. 4) Act 2007 and the Greek legislation following the Law 3777/2009 (Cross-border mergers of limited liability companies and other provisions) and Cyprus legislation in general (especially Articles 198 - 201KD of the Companies Act) and the Greek Legislation, particularly Articles 68 paragraph 2 and 69-77th. of Law 2190/1920 on Public Limited Companies).

b) Unanimously approved the Report of the Board of Directors of the acquiring company, the independent auditor's report and statements about the valuations of the companies and the share exchange ratio pursuant to paragraphs 4.1.4.1.1. and 4.1.4.1.3. of the Athens Stock Exchange Regulation and the Transformation Balance Sheet of the Bank of 30/06/2009.

c) unanimously approved as of 13/11/2009 Joint cross-border merger by acquisition of the Bank by «MARFIN POPULAR BANK PUBLIC CO LTD», and the Report of the Board of Directors (which also contains the staff representatives opinion) and the Independent Expert Report (Articles 5 and 6 of the Greek Law 3777/2009).

In compliance with the Common Cross-Border Merger Plan and the decisions of as at 23/12/2009 Extraordinary General Assemblies of merging companies, the merging companies shares conversion plan, regarded as fair by the independent expert, is as follows:

The Absorbed Company shareholders will receive 0,6726990008 new common (ordinary) shares of the Absorbing Company of nominal value eighty-five cents (0.85 euro) each for each one (1) existing ordinary share of the absorbed company old common nominal share of one euro and twenty-seven cents (1.27 euro) each. Therefore, the number of new common shares of the Absorbing Company that the Absorbed Company shareholders are entitled to comes with respect to rounding to five million seven hundred eighty one thousand one hundred twenty one (5,781,121) ordinary (common) shares of nominal value of eighty-five cents (0.85 euro) each.

According to the above, the issued share capital of the acquiring company will increase by the amount of EUR 4,913,952.85 divided into 5,781,121 new ordinary (common) shares of nominal value of 0.85 euro each.

According to the Articles of 201IZ of (Cyprus) Corporate Act and 9 (Greek) Law 3777/2009, both merging companies received certificates stating unequivocally the correct execution of transactions and formalities prior to the merger. Namely, on one hand there was issued a decree of the Nicosia District Court dated 29/01/2010 and, on the other hand, Prot. Num. K2-755/29.1.2010 Certificate of the Ministry of Economy, Competitiveness and Shipping. Subsequently, MARFIN POPULAR BANK PUBLIC CO LTD will make application to the Nicosia District Court on the approval of the cross-border merger and on its effective date.

POST FINANCIAL STATEMENT DATE SIGNIFICANT EVENTS

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 AA/Aa2 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.

PROSPECTS FOR THE FUTURE

Recently, the international rating agency Standard & Poor's withdrew its original decision, in accordance with which the Greek economy was classified as credit-watch negative.

With regard to recently announced reformatory measures and the foreseen tax measures, it is universally accepted that the government objective to decrease the deficit under 8,7% of 2010 GNP will be achieved despite the initially foreseen marginal decrease of GNP. Already, in the last quarter of 2009, GNP had decreasing rate of 2,6%, while as based on the Monetary Policy Report 2009-2010 of the Bank of Greece, there is presented a potential decrease of GNP of 2%. Moreover, the employment, assessed as decreased by 1,1% in 2009, is expected to

decrease at the same or increasing rate according to the degree of economic activities worsening.

The scheduled implementation of development initiatives of the government and the required cost of borrowings for Greece are expected to play a decisive role in the development of Greek Economy and, as a result, of the Greek banking sector.

In view of the aforementioned environment and in compliance with its Business Plan, the Group gives particular emphasis to:

- 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 has been established a debtors informing company with respect to their outstanding liabilities as in compliance with the Law N.3758/2009.
- Maintenance of strong liquidity. Within this concept, there has been scheduled an issue of a line of covered bonds, as mentioned above, amounting to 500 million Euro, liquidity provision by the Bank of Greece under the use of non-trading property items as well as through credit limitation procedures of the parent Marfin Popular Bank.
- Capital basis reinforcement. The Group's objective is to maintain stable strong capital basis in order to ensure its compliance with the supervisory authorities requirements, its sound operations, provided through maintaining flexibility to benefit from contingent business opportunities.
- Maintenance of cost at low levels as those of 2009. Within the frame of this attempt, the Group operations are reorganized in order to achieve better financial conditions and centrally monitor the expenses.
- Successful reorganization of Marfin Popular Bank, Group that will result in both banks operating under common policies and objectives being managed by responsible administrators.

The Group business plan constitutes a part of broader business plan of Marfin Popular Bank, so that there should be ensured the sound operation of a strong credit institution for the benefit of the shareholders, clients and its personnel.

Given the above, the Group will continue its successful operations in order to remain a strong privately held credit institution for the benefit of the shareholders, clients and its personnel.

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.

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.

The credit risk is the 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 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.

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 successfully faced the shortage of liquidity in 2009, both through deposits attraction plans and issue of covered bond, securitization and other kinds of issues.

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 improved through assessments and examinations.

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

A) Members of BoD and management	31 December 2009	31 December 2008
Loans and advances to customers	5.078	4.290
Deposits from customers	60.773	112.149
Income	1/1 - 31/12/2009	1/1 - 31/12/2008
Interest – Commission	213	370
Expense		
Interest – Commission	2.204	7.003
Wages	6.279	4.573
Employer contributions	214	233
Other employee benefits	115	121
Share based payments	618	796
Total benefits	7.226	5.723

b) Transactions with subsidiaries

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

Amounts in
thousand Euro

COMPANIES' EXPENSE	PARTICIPATION AS AT 31/12/2009		MARFIN EGNATIA BANK'S INCOME								TOTAL	
	DIRECT	INDIRECT	INTEREST INCOME	INTEREST FROM FIXED RETURN BONDS	INTEREST INCOME FROM INTERBANKING TRANSACTIONS	OTHER INTEREST	COMMISSION INCOME - FROM COMMERCIAL TRANSACTIONS	COMMISSION INCOME - FROM TRADING TRANSACTIONS Σ	DIVIDENDS	OTHER INCOME		
DYNAMIC ASSET OPERATING LEASES S.A.		100,00%				8						8
EGNATIA FINANCE Plc	99,998%	0,002%		709								709
IBG INVESTMENTS S.A.		92,80%										
MARFIN BANK (ROMANIA) S.A.	99,234%		(1.848)		6.164							4.316
MARFIN FACTORS & FORFAITERS S.A.	100,00%		3.606							4		3.610
MARFIN GLOBAL ASSET MANAGEMENT S.A.	94,5148%	4,0841%						967				967
MARFIN LEASING IFN (ROMANIA) S.A.	99,00%		5.342									5.342
MARFIN TRAVEL LTD		99,00%	30					4				34
MARFIN EGNATIA FIN S.A.	99,00%		213						22	138		373
MARFIN LEASING S.A.	100,00%		7.134							9		7.143
OBAFEMI HOLDINGS Ltd	100,00%		174									174
INVESTMENT BANK OF GREECE S.A.	92,80%				1.208	1	9	1.582		81		2.881
TOTAL			14.651	709	7.372	9	980	1.582	22	232		25.557

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

Amounts in
thousand Euro

COMPANIES' INCOME	PARTICIPATION AS AT 31/12/2009		MARFIN EGNATIA BANK'S EXPENSE								TOTAL
	DIRECT	INDIRECT	INTEREST EXPENSE – FOR DEPOSITS	INTEREST EXPENSE - FOR INTERBANKING TRANSACTIONS	INTEREST EXPENSE – FOR ISSUE OF BONDS	OTHER INTEREST	COMMISSION EXPENSE FROM TRADING TRANSACTIONS	COMMISSION EXPENSE FROM FBROKERAGE	EXPENSES FROM DERIVATIVES	OTHER EXPENSE	
DYNAMIC ASSET OPERATING LEASES S.A.		100,00%								50	50
EGNATIA FINANCE Plc	99,998%	0,002%			6.417				804		7.221
MARFIN BANK (ROMANIA) S.A.	99,234%			6							6
MARFIN FACTORS & FORFAITERS A.E.	100,00%		3								3
MARFIN GLOBAL ASSET MANAGEMENT S.A.	94,5148%	4,0841%	217				1.167				1.384
MARFIN EGNATIA FIN S.A.	99,00%		22				245		2.861		3.128
MARFIN LEASING S.A.	100,00%		265			25					290
INVESTMENT BANK OF GREECE S.A.	92,80%		2	1.066				348	59		1.475
TOTAL			509	1.072	6.417	25	1.412	348	804	2.970	13.557

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

Amounts in
thousand Euro

COMPANIES' LIABILITIES	PARTICIPATION AS AT 31/12/2009		MARFIN EGNATIA BANK'S ASSETS										TOTAL		
	DIRECT	INDIRECT	LOANS AND ADVANCES TO BANKS – SIGHT DEPOSITS	LOANS AND ADVANCES TO BANKS – FOREIGN CORRESPONDENTS	LOANS AND ADVANCES TO BANKS – INTERBANKING DEPOSITS	LOANS AND ADVANCES TO BANKS	LOANS AND ADVANCES TO CUSTOMERS	TRADING PORTFOLIO- CORPORATE BONDS	INVESTMENT PORTFOLIO- AFS- CORPORATE BONDS	OTHER ASSETS - DEBTORS	OTHER ASSETS – INTEREST RECEIVABLES	OTHER ASSETS			
DYNAMIC ASSET OPERATING LEASES S.A.		100.00%					1.306								1.306
EGNATIA FINANCE Plc	99.998%	0.002%						8.959	5.435		169				14.563
MARFIN BANK (ROMANIA) S.A.	99.234%			1.785	97.179	10.000					83				109.047
MARFIN FACTORS & FORFAITERS A.E.	100.00%						245.297								245.297
MARFIN GLOBAL ASSET MANAGEMENT S.A.	94.5148%	4.0841%										262			262
MARFIN LEASING IFN (ROMANIA) S.A.	99.00%					2.500	113.897			61	35				116.493
MARFIN TRAVEL LTD		99.00%					1.248								1.248
MARFIN EGNATIA FIN S.A..	99.00%						6.000								6.000
MARFIN LEASING S.A.	100.000%						444.871								444.871
OBAFEMI HOLDINGS Ltd	100.000%						7.719								7.719
INVESTMENT BANK OF GREECE S.A.	92.80%		3		265.000						8	199			265.210
TOTAL			3	1.785	362.179	12.500	820.338	8.959	5.435	61	295	461			1.212.016

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

Amounts in
thousand
Euro

COMPANIES' ASSETS	PARTICIPATION AS AT 31/12/2009		MARFIN EGNATIA BANK'S LIABILITIES										TOTAL
	DIRECT	INDIRECT	DEPOSITS FROM BANKS -SIGHT	DEPOSITS FROM BANKS- INTERBANKING	CREDIT NOTES LIABILITIES	SUBORDINATED DEBT LIABILITIES	DEPOSITS FROM CUSTOMERS - SIGHT ACCOUNTS	DEPOSITS FROM CUSTOMERS - TIME DEPOSITS	OTHER LIABILITIES- CREDITORS	OTHER LIABILITIES - INTEREST PAYABLES	OTHER LIABILITIES	DERIVATIVES	
DYNAMIC ASSET OPERATING LEASES S.A..		100,00%	178						15				193
EGNATIA FINANCE Plc	99,998%	0,002%			30.825	181.649				1.883	227	166	214.750
IBG INVESTMENTS S.A.		92,80%					1.960						1.960
MARFIN BANK (ROMANIA) S.A.	99,234%		24								425		449
MARFIN FACTORS & FORFAITERS S.A.	100,00%						1.639	902					2.541
MARFIN GLOBAL ASSET MANAGEMENT S.A.	94,5148%	4,0841%					104	8.603		3	1.389		10.099
MARFIN LEASING IFN (ROMANIA) S.A.	99,00%						5						5
MARFIN TRAVEL M.E.Π.E.		99,00%					447						447
MARFIN EGNATIA FIN A.E.	99,00%						190				331		521
MARFIN LEASING S.A.	100,000%						8.475				286		8.761
OBAFEMI HOLDINGS Ltd	100,000%						9						9
SYNERGATIS PLC							3.819						3.819
INVESTMENT BANK OF GREECE S.A.	92,80%		2.607	303.570						16			306.193
TOTAL			2.809	303.570	30.825	181.649	16.648	9.505	15	1.902	2.658	166	549.747

c) Transactions with Parent Company
TABLE 1
INTERCOMPANY TRANSACTIONS - MARFIN EGNATIA BANK GROUP'S INCOME FROM PARENT'S GROUP MARFIN POPULAR BANK

Amounts in thousand Euro

GROUP OF MARFIN EGNATIA BANK'S COMPANIES' INCOME	PARENT'S MARFIN POPULAR BANK'S GROUP EXPENSE						TOTAL
	MARFIN POPULAR BANK	AS SBM PANK (ESTHONIA)	LAIKI FACTORS	MARINE TRANSPORT BANK	LAIKI UK - LONDON	Laiki Bank a.d. (Serbia)	
MARFIN EGNATIA BANK S.A.							
INTEREST INCOME - FIXED RATE BONDS	838				505		1.343
INTEREST INCOME – INTERBANKING TRANSACTIONS	13.503	174		60	148	534	14.419
INTEREST INCOME-LOANS		28					28
INTEREST INCOME- DERIVATIVES	3.796						3.796
COMMISSION INCOME - LOANS AND LETTERS OF GUARANTEE	158						158
OTHER INTEREST INCOME						73	73
MARFIN FACTORS & FORFAITERS S.A.							
COMMISSION INCOME - COMMERCIAL TRANSACTIONS			2				2
INVESTMENT BANK OF GREECE S.A.							
INTEREST INCOME – INTERBANKING TRANSACTIONS	1						1
MARFIN SECURITIES (CYPRUS) LTD							
OTHER INTEREST INCOME	2						2
TOTAL	18.298	202	2	60	653	607	19.822

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							TOTAL
	MARFIN POPULAR BANK	LAIKI BANK AUSTRALIA	LAIKI FACTORS	LAIKI UK - LONDON	MARFIN CLR (FINANCIAL SERVICES) LTD	Laiki Bank a.d. (Serbia)	MARFIN CLR PUBLIC CO LIMITED LTD	
MARFIN EGNATIA BANK S.A.								
INTEREST EXPENSE – INTERBANKING TRANSACTIONS	13.338	1		7.769		67		21.175
INTEREST EXPENSE – ISSUE OF BONDS	5.123							5.123
NET TRADING INCOME - BONDS	1.885			469				2.354
OTHER EXPENSE	119							119
MARFIN BANK (ROMANIA) S.A.								
INTEREST EXPENSE – INTERBANKING TRANSACTIONS	22							22
MARFIN FACTORS & FORFAITERS S.A.								
COMMISSION EXPENSE – COMMERCIAL TRANSACTIONS			3			2		5
MARFIN GLOBAL ASSET MANAGEMENT S.A.								
COMMISSION EXPENSE – COMMERCIAL TRANSACTIONS	4				52			56
MARFIN LEASING S.A.								
INTEREST EXPENSE – ISSUE OF BONDS	99							99
INVESTMENT BANK OF GREECE S.A.								
INTEREST EXPENSE – DEPOSITS FROM CUSTOMERS	17							17
COMMISSION EXPENSE – STOCK EXCHANGE TRANSACTIONS	4				3			7
MFG CAPITAL PARTNERS LTD								
OTHER EXPENSE							30	30
TOTAL	20.611	1	3	8.238	55	69	30	29.007

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					
	MARFIN POPULAR BANK	AS SBM Bank (Estonia)	Laiki Bank a.d. (Serbia)	LAIKI UK - LONDON	MARINE TRANSPORT BANK	TOTAL
MARFIN EGNATIA BANK S.A.						
LOANS AND ADVANCES TO BANKS – FOREIGN CORRESPONDENTS	299		5	26		330
LOANS AND ADVANCES TO BANKS – INTERBANKING	410.000	8.000	23.303	11.801	80.000	533.104
LOANS AND ADVANCES TO BANKS – REVERSE REPOS	1.518.899					1.518.899
LOANS AND ADVANCES TO BANKS – LOANS		4.000				4.000
LOANS AND ADVANCES TO BANKS – SIGHT DEPOSITS				151.156		151.156
OTHER ASSETS- SECURITISATION	(1.945)			27		(1.918)
OTHER ASSETS – INTEREST RECEIVABLES	3.851	4	3	56	6	3.920
OTHER ASSETS	79		73			152
TRADING PORTFOLIO – BONDS FROM OTHER FIN.INSTITUTIONS	78.651			47.424		126.075
INVESTMENT PORTFOLIO –A.F.S.- BONDS FROM OTHER FIN.INSTITUTIONS				49		49
DERIVATIVE FINANCIAL ASSETS	5.479					5.479
MARFIN BANK (ROMANIA) S.A.						
LOANS AND ADVANCES TO BANKS – FOREIGN CORRESPONDENTS	46					46
MARFIN FACTORS & FORFAITERS A.E.						
LOANS AND ADVANCES TO BANKS – SIGHT DEPOSITS			43			43

	PARENT'S MARFIN POPULAR BANK'S GROUP LIABILITIES					
	MARFIN POPULAR BANK	AS SBM Bank (Estonia)	Laiki Bank a.d. (Serbia)	LAIKI UK - LONDON	MARINE TRANSPORT BANK	TOTAL
GROUP OF MARFIN EGNATIA BANK'S COMPANIES' ASSETS						
INVESTMENT BANK OF GREECE S.A.						
LOANS AND ADVANCES TO BANKS – FOREIGN CORRESPONDENTS	91					91
TRADING PORTFOLIO- SHARES	1.015					1.015
MFG CAPITAL PARTNERS LTD						
LOANS AND ADVANCES TO BANKS – SIGHT DEPOSITS				194		194
LOANS AND ADVANCES TO BANKS – TIME DEPOSITS				637		637
MARFIN SECURITIES (CYPRUS) LTD						
LOANS AND ADVANCES TO BANKS – SIGHT DEPOSITS	131					131
TOTAL	2.016.596	12.004	23.427	211.370	80.006	2.343.403

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	MARFIN POPULAR BANK	LAIKI BANK AUSTRALIA	LAIKI UK - LONDON	MARINE TRANSPORT BANK	MARFIN CLR (FINANCIAL SERVICES) LTD	TOTAL
MARFIN EGNATIA BANK S.A.						
DEPOSITS FROM BANKS – SIGHT DEPOSITS	1.797	290	151.025	80.000		233.112
DEPOSITS FROM BANKS – INTERBANKING	390.000		285.761			675.761
DEPOSITS FROM CUSTOMERS – SIGHT DEPOSITS					697	697
OTHER LIABILITIES – INTEREST PAYABLES	81		72			153
OTHER LIABILITIES - SECURITISATION	1.414.500					1.414.500
OTHER LIABILITIES – CREDITORS	119					119
CREDIT NOTES LIABILITIES	200.000					200.000
DEPOSITS FROM BANKS – REPOS	104.401					104.401
HYBRID FUNDS	300.000					300.000
MARFIN BANK (ROMANIA) S.A.						
DEPOSITS FROM BANKS – SIGHT DEPOSITS	8					8
OTHER LIABILITIES – INTEREST PAYABLES	24					24
DEPOSITS FROM BANKS – TIME DEPOSITS	120.000					120.000
MARFIN GLOBAL ASSET MANAGEMENT S.A.						
OTHER LIABILITIES – CREDITORS	4				14	18
MARFIN LEASING S.A.						
DEPOSITS FROM BANKS – LOANS	8.345					8.345
INVESTMENT BANK OF GREECE S.A.						
OTHER LIABILITIES – CREDITORS	2				3	5
OTHER LIABILITIES – BROKERAGE TRANSACTIONS	29					29
TOTAL	2.539.310	290	436.858	80.000	714	3.057.172

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	AS SBM PANK (ESTHONIA)	MARINE TRANSPORT BANK	LAIKI UK - LONDON	Laiki Bank a.d. (Serbia)	
INTEREST INCOME – FIXED RATE BONDS	838			505		1.343
INTEREST INCOME – INTERBANKING TRANSACTIONS	13.502	174	60	148	534	14.418
INTEREST INCOME- DERIVATIVES	3.796					3.796
INTEREST INCOME- LOANS		28				28
COMMISSION INCOME – LOANS AND LETTERS OF GUARANTEE	158					158
OTHER INCOME					73	73
TOTAL	18.294	202	60	653	607	19.816

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

	PARENT'S GROUP MARFIN POPULAR BANK INCOME				TOTAL
	MARFIN POPULAR BANK	LAIKI BANK AUSTRALIA	LAIKI UK - LONDON	Laiki Bank a.d. (Serbia)	
MARFIN EGNATIA BANK'S EXPENSE					
MARFIN EGNATIA BANK S.A.					
INTEREST EXPENSE – INTERBANKING TRANSACTIONS	13.338	1	7.769	67	21.175
INTEREST EXPENSE – ISSUED BONDS	5.124				5.124
NET TRADING INCOME - BONDS	1.885		469		2.354
OTHER EXPENSE	119				119
TOTAL	20.466	1	8.238	67	28.772

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

Amounts in thousand Euro

MARFIN EGNATIA BANK'S ASSETS	PARENT'S GROUP MARFIN POPULAR BANK LIABILITIES					TOTAL
	MARFIN POPULAR BANK	AS SBM Bank (Estonia)	Laiki Bank a.d. (Serbia)	LAIKI UK - LONDON	MARINE TRANSPORT BANK	
MARFIN EGNATIA BANK S.A.						
LOANS AND ADVANCES TO BANKS – FOREIGN CORRESPONDENTS	299		5	26		330
LOANS AND ADVANCES TO BANKS – INTERBANKING	410.000	8.000	23.303	11.801	80.000	533.104
LOANS AND ADVANCES TO BANKS - REVERSE REPOS	1.518.901					1.518.901
LOANS AND ADVANCES TO BANKS – LOANS		4.000				4.000
LOANS AND ADVANCES TO BANKS-SIGHT DEPOSITS				151.156		151.156
OTHER ASSETS- SECURITISATION OF LOANS	(1.945)			27		(1.918)
OTHER ASSETS - INTEREST RECEIVABLE	3.851	4	3	56	6	3.920
OTHER ASSETS	79		73			152
TRADING PORTFOLIO – BONDS FROM OTHER FIN.INSTITUTIONS	78.651			47.424		126.075
INVESTMENT PORTFOLIO –A.F.S.- BONDS FROM OTHER				49		49
DERIVATIVE FINANCIAL ASSETS	5.479					5.479
TOTAL	2.015.315	12.004	23.384	210.539	80.006	2.341.248

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

Amounts in thousand Euro

MARFIN EGNATIA BANK'S LIABILITIES	MARFIN POPULAR BANK	LAIKI BANK AUSTRALIA	LAIKI UK - LONDON	MARINE TRANSPORT BANK	MARFIN CLR (FINANCIAL SERVICES) LTD	TOTAL
MARFIN EGNATIA BANK S.A.						
DEPOSITS FROM BANKS – SIGHT	1.797	290	151.025	80.000		233.112
DEPOSITS FROM BANKS – INTERBANKING	390.000		285.761			675.761
DEPOSITS FROM CUSTOMERS - SIGHT					697	697
OTHER LIABILITIES – INTEREST PAYABLES	81		72			153
OTHER LIABILITIES – SECURITISATION OF LOANS	1.414.500					1.414.500
OTHER LIABILITIES – CREDITORS	119					119
CREDIT NOTE LIABILITIES	200.000					200.000
DEPOSITS FROM BANKS – REPOS	104.402					104.402
HYBRID FUNDS	300.000					300.000
TOTAL	2.410.899	290	436.858	80.000	697	2.928.744

d) Other related parties transactions

	31 December 2009	31 December 2008
Assets		
Loans and advances to customers	76.403	68.240
Other assets	4.874	133
Property, plant and equipment	599	769
Total assets	81.876	69.142
Liabilities		
Deposits from customers	95.266	14.312
Other liabilities	1.339	0
Total liabilities	96.605	14.312
Income		
	1/1 - 31/12/2009	1/1 - 31/12/2008
Interest income	2.597	4.259
Commission income	3.354	96
Other income	126	0
Total income	6.077	4.355
Expense		
Interest expense	2.421	795
Other operating expense	3.772	358
Total expense	6.193	1.153
Letters of Guarantee and Letters of credit	22	114

EXPLANATORY REPORT ACCORDING TO ART. 4, LAW 3556/2007

The current explanatory report of the Board of Directors of MARFIN EGNATIA BANK S.A (hereafter “the Bank”) is submitted to the Regular General Assembly of its shareholders and 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.

a) Structure of the Company’s Share Capital

On 31.12.2009 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 voting rights, and nominal value per share of one Euro and twenty seven cents (€ 1, 27).

It is also noted that following the respective approval of the Bank of Greece, the Board of Directors of the Bank at its meeting as of 13.3.2009 decided on early repayment of the capital of the Convertible Bond Loan issued by «EGNATIA BANK S.A.» following as at 28.6.2001 decision of the A´ First Recurring and Adjured Extraordinary General Assembly of owners of preference shares and as of the Board’s of Directors decisions as of 3.10.2002 and 19.11.2002 (hereafter the CBL) in compliance with the terms of the CBL as they are due as well as the effective legislation. The total of the bonds repaid by the Bank (72.110) were canceled in compliance with the effective legislation.

The Bank’s shares are ordinary, nominal and undivided, registered and listed for trading under the Special Stock Exchange Characteristics category on 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 visa- 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 in the sense of Law 3556/2007

The only shareholder holding as at 31.12.2009 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.

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 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.

h) Authority of the Board of Directors or certain of its members to issue new Shares or to purchase the own shares of the Bank

The Articles of Association assign no such authority to the Board of Directors or certain of its members.

i) Significant agreements put in force, amended or terminated in the event of a change in the control of the Bank, 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 31.12.2009 amounted to € 12.174 thousand, while € 231 thousand of the total amount related to individuals holding a position as Managing Director or as member of the Board of Directors.

Athens 30 March 2010

The Chairman
Of the board of Directors

The Managing Director

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

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



Consolidated Financial Statements for the year ended as at 31st December 2009

INDEPENDENT AUDITOR'S 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. (the "Company"), and its subsidiaries ("the Group") which comprise of the Statement of Financial Position as at December 31, 2009, 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 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 company'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 the Group as at December 31, 2009, 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.

Report on Other Legal and Regulatory Requirements

We verified the agreement and correspondence of the content of the Board of Directors' Report with the attached Financial Statements, in the scope of the requirements of Articles 43a and 37 of Law 2190/1920.

Athens, 30 March 2010

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

Consolidated Income Statement
For the year ended 31 December 2009
(Amounts in thousand Euro)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
Interest and similar income		707.061	970.095
Interest and similar expense		(454.890)	(673.721)
Net interest income	6	252.171	296.374
Fee and commission income		129.356	187.454
Fee and commission expense		(28.090)	(38.785)
Net fee and commission income	7	101.266	148.669
Dividend income	8	1.602	4.082
Net income from financial instruments	9	105.734	(21.632)
Other income	10	7.041	10.529
Operating income		467.814	438.022
Impairment of loans and advances	19	(158.382)	(93.210)
Staff costs	11	(156.159)	(158.156)
Operating expenses	12	(106.215)	(110.360)
Depreciation and amortization	26, 28	(17.773)	(14.509)
Impairment losses	13	-	(3.302)
Share on profit from associates		97	259
Profit / (Loss) before tax		29.382	58.744
Income tax	14	(25.928)	(19.664)
Profit / (Loss) after taxes from continuing operations		3.454	39.080
Net Profit after tax from discontinued operations	15	-	3.836
Profit / (Loss) after taxes		3.454	42.916
Distributed to:			
Shareholders of the company		2.049	38.635
Minority Interest		1.405	4.281
Net Profit per share	16		
<u>From continuing and discontinued operations</u>			
Basic (euro per share)		0,0071	0,1338
Diluted(euro per share)		0,0071	0,1339
<u>From continuing operations</u>			
Basic (euro per share)		0,0071	0,1205
Diluted(euro per share)		0,0071	0,1206

The notes presented on pages 43 to 124 constitute an integral part of the consolidated financial statements as at 31 December 2009.

Consolidated Statement of Financial Position
31 December 2009
(Amounts in thousand Euro)

ASSETS	Note	2009	2008
Cash and balances in Central Bank	17	1.174.973	1.483.754
Loans and advances to Banks	18	2.649.796	1.210.235
Loans and advances to customers (net of impairment)	19	13.685.282	13.003.410
Derivative financial instruments – assets	20	67.149	83.485
Financial instruments at fair value through profit and loss	21	272.856	180.924
Available for sale financial instruments	22	2.138.930	1.643.289
Held to maturity investments	23	577.323	515.331
Debt securities	24	1.912.328	622.616
Investment in associates	25	2.005	2.202
Property, plant and equipment	26	93.198	81.805
Investment properties	27	40.688	33.512
Intangible assets	28	66.497	65.607
Deferred tax asset	29	81.618	82.818
Other assets	30	424.984	393.608
TOTAL ASSETS		23.187.627	19.402.596
EQUITY AND LIABILITIES			
Share capital	31	366.846	366.846
Share premium	31	328.334	327.699
Other Reserves	32	(28.286)	(88.467)
Retained earnings		152.554	154.307
Capital and reserves attributable to equity holders		819.448	760.385
Minority Interest		20.091	20.162
Hybrid funds	33	300.000	-
Total Equity		1.139.539	780.547
Deposits from banks	34	8.360.500	5.603.626
Deposits from customers	35	10.867.846	11.731.448
Derivative financial instruments – liabilities	20	226.560	251.944
Other borrowed funds	36	2.162.580	630.231
Employee benefits	37	13.622	12.319
Other provisions	38	4.842	9.862
Income tax		18.743	33.371
Deferred tax liability	29	31.543	22.349
Other liabilities	39	361.852	326.899
Total Liabilities		22.048.088	18.622.049
TOTAL EQUITY AND LIABILITIES		23.187.627	19.402.596

The notes presented on pages 43 to 124 constitute an integral part of the consolidated financial statements as at 31 December 2009.



Consolidated Statement of Comprehensive Income
31 December 2009
(Amounts in thousand Euro)

	<u>2009</u>	<u>2008</u>
Profit/ (loss) after tax(A)	<u>3.454</u>	<u>42.916</u>
<u>Other comprehensive income after tax</u>		
Revaluation of available for sale portfolio	58.032	(87.630)
Exchange differences from financial statements' translation	<u>(2.964)</u>	<u>(5.493)</u>
Other comprehensive income after tax (B)	55.068	(93.123)
Total comprehensive income after tax (A + B)	58.522	(50.207)
Distributed to :		
- Shareholders of the company	57.010	(54.488)
- Minority interest	1.512	4.281

The notes presented on pages 43 to 124 constitute an integral part of the consolidated financial statements as at 31 December 2009.

Consolidated Statement of Changes in Equity
31 December 2009
(Amounts in thousand Euro)

	Share Capital	Share Premium	Reserves	Investment Valuation Differences	Retained earnings	Net Equity of Shareholders of the Company	Minority Interest	Hybrid funds	Total Net Equity
Balance 01 January 2008	366.556	327.261	53.806	(58.218)	123.092	812.497	15.868		828.365
Revaluation of available for sale portfolio				(114.250)		(114.250)	(23)		(114.273)
Deffered tax from revaluation of available for sale portfolio				26.639		26.639	4		26.643
Reserves for foreign exchange currency			(5.374)			(5.374)	(119)		(5.493)
Results for the period					38.635	38.635	4.281		42.916
Total income and expense recognised in 2008			(5.374)	(87.611)	38.635	(54.350)	4.143		(50.207)
Share capital increase	290	438				728			728
Dividends for the financial year ended in 2008			11.462		(11.462)		(9)		(9)
Reserves' transfer			(3.623)		3.623				
Reserves for the stock option plan			1.821			1.821	36		1.857
Impact through Percentage of participation in subsidiaries and other movements			(728)		417	(311)	124		(187)
Balance 31 December 2008	366.846	327.699	57.364	(145.829)	154.305	760.385	20.162		780.547

Consolidated Statement of Changes in Equity
31 December 2009
(Amounts in thousand Euro)

	Share Capital	Share Premium	Reserves	Investment Valuation Differences	Retained earnings	Net Equity of Shareholders of the Company	Minority Interest	Hybrid funds	Total Net Equity
Balance 01 January 2009	366.846	327.699	57.364	(145.829)	154.305	760.385	20.162		780.547
Revaluation of available for sale portfolio				76.342		76.342	14		76.356
Deffered 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
Total income and expense recognised in 2009			(2.609)	58.021	1.599	57.011	1511		58.522
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)
Balance 31 December 2009	366.846	328.334	59.525	(87.809)	152.552	819.448	20.091	300.000	1.139.539

In balance 01 January 2008 the amount of Euro one thousand and two (1,002), concerning reserves for foreign exchange currency, was reclassified from Retained Earnings to Reserves.

The notes presented on pages 43 to 124 constitute an integral part of the consolidated financial statements as at 31 December 2009..

Consolidated Statement of Cash Flows
For the year ended 31 December 2009
(A mounts in thousand Euros)

	2009	2008
Cash flows from operating activities		
Profit/Loss before tax	29,382	58,744
Adjustments for non-cash items		
Depreciation	17,773	14,509
Loans impairment	158,382	93,210
Other provisions	3,562	13,037
Employee benefits	1,966	1,576
Trading portfolio valuation	(23,674)	35,429
Transfer to investing activities	(183,615)	(122,922)
Transfer to financing activities	21,514	32,273
Net changes in operating assets	25,290	125,856
Loans and advances to banks	(1,587,713)	(479,544)
Trading securities and derivatives	(75,595)	86,799
Loans and advances to customers	(840,254)	(3,448,336)
Other assets	(25,522)	(96,791)
Net changes in operating liabilities		
Deposits from Banks	2,756,873	3,188,304
Deposits from customers	(863,602)	2,430,701
Other liabilities	(180,933)	185,734
Net cash flows from Operating Activities before tax	(791,456)	1,992,723
Income tax paid	(17,175)	(51,904)
Net Cash Flows from Operating Activities	(808,631)	1,940,819
Cash Flows from Investing Activities		
Sale / disposal of subsidiaries-associates and their cash and cash equivalents	(2,006)	-
Net (increase) decrease in investments	(1,794,156)	(2,217,919)
Dividends received	1,201	1,543
Purchase of assets	(38,246)	(31,798)
Sale of assets	1,327	24,010
Investment portfolio interests received	125,538	107,769
Other flows from investing activities	56,841	6,882
Net Cash Flows from Investing Activities	(1,649,501)	(2,109,513)
Cash flows from Financing Activities		
Dividends distributed	(500)	(9)
Issue (payment) of debts	292,208	(132,057)
Issue of Hybrid funds	300,000	-
Securitisation of loans	1,414,500	-
Net Cash Flows from Financing Activities	2,006,208	(132,066)
Total Net Cash Flows	(451,924)	(300,760)
Impact of foreign exchange differences on Cash and Cash equivalents	(5,010)	(6,262)
Net cash flow increase (decrease) from continuing operations	(456,934)	(307,022)
Net cash flow from discontinued operating activities	-	4,176
Net cash flow from discontinued investing activities	-	(1,768)
Net cash flow from discontinued financing activities	-	-
Net cash flow increase (decrease) from discontinued operations	-	2,408
Cash and cash equivalents, opening	2,131,447	2,436,061
Cash and cash equivalents, closing	1,674,513	2,131,447
Cash and cash equivalents consist of:		
Cash and balances in Central Bank	877,580	1,102,762
Due from Banks	796,933	1,028,685
Cash flows from operating activities	1,674,513	2,131,447

The notes presented on pages 43 to 124 constitute an integral part of the consolidated financial statements as at 31 December 2009.

1. General information on the Group

“MARFIN EGNATIA BANK S.A.” (herein after “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 3.617 persons (31/12/2008: 3.602). The Bank, (S.A. Records N. 6072/06/B/86/11), which is the group’s parent company, arose following the merger of: α) 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».

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, Lemesou Avenue 154, PC. 22032,1598 Nicosia, Cyprus under full consolidation method. Marfin Popular Bank participates in the share capital of the company at an interest of 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	31/12/2009			31/12/2008			Tax non-inspected years
			% Direct Participation	% Indirect Participation	% Total Participation	% Direct Participation	% Indirect Participation	% Total Participation	
1	Marfin Egnatia Bank S.A.	Greece	-	-	-	-	-	-	2005 – 2008
2	Marfin Bank Romania S.A.	Romania	99,23%	-	99,23%	98,98%	-	98,98%	-
3	Marfin Leasing IFN Romania S.A.	Romania	99,00%	-	99,00%	99,00%	-	99,00%	-
4	Marfin Leasing S.A. (1)	Greece	100,00%	-	100,00%	100,00%	-	100,00%	2009
5	Dynamic Asset Operating Leases S.A.	Greece	-	100%	100%	-	100%	100%	2009
6		Greece	99,00%	-	99,00%	99,00%	-	99,00%	2009

Marfin Egnatia Fin S.A. (2)									
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%	-	99,00%	99,00%	2009
9	Obafemi Holdings LTD	Cyprus	100,00%	-	100,00%	100,00%	-	100,00%	-
10	Egnatia Properties SRL	Romania	-	100,00%	100,00%	-	100,00%	100,00%	-
11	Investment Bank of Greece (4)	Greece	92,27%	-	92,27%	92,19%	-	92,19%	2007 - 2009
12	Marfin Capital Partners Ltd	United Kingdom / London	70,00%	-	70,00%	70,00%	-	70,00%	-
13	Marfin Capital Partners (Cyprus) Ltd	Cyprus	-	70%	70%	-	70%	70%	-
14	Marfin Global Asset Management A.E.Δ.A.K.	Greece	94,5148%	4,0607%	98,5755%	94,5148%	4,0568%	98,5716%	2007 - 2009
15	IBG Investments A.E.	British Virgin Island	-	92,27%	92,27%	-	92,19%	92,19%	-
16	IBG Mutual Funds Management S.A.	Greece	-	92,27%	92,27%	-	92,19%	92,19%	2007 - 2009
17	Marfin Securities (Cyprus) Ltd	Cyprus	-	92,27%	92,27%	-	92,19%	92,19%	-
18	IBG Capital S.A.	Greece	-	92,27%	92,27%	-	92,18%	92,18%	2007 - 2009
19	Marfin Factors & Forfaiters S.A. (4)	Greece	100,00%	-	100,00%	100,00%	-	100,00%	2007 - 2009
20	Synergatis plc (5)	United Kingdom / London	-	-	-	-	-	-	-

(1) On 13/1/2010 there was finalized tax inspection for the years 2005 – 2008. The arising amount of tax, amounting to 233 thousand Euro, was paid on the same date.

(2) On 10/12/2009 there was finalized tax inspection for the years 2007 – 2008. The arising amount of tax, amounting to 24 thousand Euro, was paid on the same date.

(3) On 29/10/2009 there was finalized tax inspection for the years 2007 – 2008. The arising amount of tax, amounting to 35 thousand Euro, was paid on the same date.

(4) As far as the companies are concerned, the tax inspection for the years 2007 – 2008 is on progress.

(5) The company was established on 23 April 2009, 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.

Under Equity method:

Name	Country of incorporation	31/12/2009			31/12/2008		
		% Direct Participation	% indirect Participation	% Total Participation	% Direct Participation	% indirect Participation	% Total Participation
1. ARIS Capital Management	U.S.A.	30,00%	-	30,00%	30,00%	-	30,00%

Management

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

The Chairman (Non executive member):	:	Vassilios N. Theocharakis
The Vice Chairman (Non executive member) :	:	Alexandros K. Mpakatselos ς
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	(SOELReg.No13281)
	Ioannis G. Leos	(SOELReg.No24881)
Deputy:	Sotiris A. Constantinou	(SOELReg.No13761)
	Pavlos L. Stellakis	(SOELReg.No24941)
Of the auditing firm:	Grant Thornton S.A.	(SOELReg.No 127)

2 Basis of preparation

2.1 Compliance

The consolidated 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 and Auditing Board (I.A.S.B.).

The current consolidated financial statements were approved by the Board of Directors on March 30, 2010 and are subject to final approval by the General Assembly of the Shareholders.

2.2. Basis of presentation

The consolidated financial statements are prepared in thousand Euro which is the reporting currency and are rounded to the nearest thousand. The consolidated 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 2009

The Group has fully adopted all the IFRSs and Interpretations adopted by the European Union that shall be mandatorily applied for the preparation of financial statements that cover the year ended as at 31/12/2009. The following IFRS, amendments and new interpretations were implemented for the first time within the year 2009:

- **Adoption of revised IAS 1 «Presentation of Financial Statements»**

The Group adopted the revised IAS 1 «Presentation of Financial Statements» (revised in 2007) in its consolidated financial statements and applied it retrospectively. The fundamental change in IAS 1 is concerned with the segregation of the presentation of changes in equity in those which are due to transactions with owners and because of their capacity as owners (e.g. dividends, capital increase), from those which are due to other changes in equity (e.g. reserves). The revision of the Standard produces changes in both the terminology and the presentation of financial statements.

However, the new terms do not affect the rules of recognition, measurement and disclosure of equity transactions and all other events which are required by other standards.

The adoption of the revised standard is expected to transform the structure and description in the presentation of financial statements without, however, causing any alternations to the financial position of an entity.

The new requirements arising from the revision of IAS 1 also apply to IAS 8 «Accounting Policies, Changes in Accounting Estimates and Errors».

- **Adoption of revised IFRS 8 «Operating Segments».**

The Group has applied IFRS 8 «Operating Segments» for the first time. The standard has been applied retrospectively, i.e. to the accounts and presentation of 2008 items. Therefore, the comparative items of 2008 included in the financial statements differ from those published in the financial statements for the year ended as at 31/12/2008.

The new IFRS requires a “management approach” to the Group’s presentation of financial information under segment reporting. Information disclosed is basically information that the Management uses for internal reporting so as to assess the productivity of segments, as well as the manner in which resources are allocated. Such reporting might differentiate from information used during the preparation of the statement of financial position and the income statement. Furthermore, the standard requires that explanatory notes on the basis of preparation of segment reporting, as well as traces to entries in financial statements should also be disclosed.

The new Standard adoption has not affected the way the Group recognizes its operating segments for information provision purposes.

The Group presents every segment results based on the information held and used by the Management for internal information provision purposes.

- **Adoption of revised IAS 23 « Borrowing Cost»**

The Group has also adopted the revised IAS 23 « Borrowing Cost». The revised IAS 23 removes the option of immediately expensing borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset. The adoption of the revised IAS will have no significant impact on the Group's financial statements.

- **IAS 39: « Financial Instruments: Recognition and Measurement» - Amendment to IAS 39 for embedded derivatives in cases of reclassification of financial instruments**

The amendment to IAS 39 requires that companies should estimate whether an embedded derivative within a hybrid financial instrument should be separated in cases of reclassification of the financial asset that is being measured at fair value.

- **Enhancement to financial instruments disclosures (amendments to IFRS 7)**

The amendment to IFRS 7 introduces additional disclosures of fair value and enhances the existing requirements for the disclosure of liquidity risk. In respect of fair value, the amendment introduces a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements. Moreover, there are amended the required disclosures of liquidity risk. The comparative information is not required to be adjusted since it is not required by the transitional provisions of the Amendment. The amendment in question is applied by entities for annual periods starting on or after 01/01/2009.

- **IFRIC 13, "Customer Loyalty Programmes**

IFRIC 13 is applied on customer loyalty programmes. This Interpretation addresses the accounting by entities that provide their customers with incentives to buy goods or services by providing awards (called 'award credits' in the Interpretation) as part of a sales transaction. IFRIC 13 is applicable to annual periods beginning on or after 1 July 2008. This interpretation is applicable to credit card customer loyalty programmes, nevertheless, its adoption will not have a significant impact on the Group's financial position.

- **IFRS 2: "Share-based Payment" – Amendment 2008: Vesting Conditions and Cancellations**

This amendment clarifies that only service conditions and performance conditions are vesting conditions, while all other features need to be included in the grant date fair value. The amendment in question is applied by entities for annual periods starting on or after 01/01/2009 and does not affect the Group financial statements.

- **Adoptions of Annual Improvements 2008**

The IASB proceeded during 2008 to the issuance of the "Improvements to the International Financial Reporting Standards 2008". The improvements include amendments leading to changes in accountancy and changes in terminology or publication amendments. Most of the above amendments are effective within the current period and do not significantly affect the Group.

Furthermore, the following standards, amendments and interpretations are effective from January 1st 2009 but are not applicable to the Group:

- **Amendments of IAS 27: «Consolidated and Separate Financial Statements», IFRS 1 «First-Time adoption of International Financial Reporting Standards» with reference to cost of investments in subsidiaries, joint ventures and associates and adoption of the revised IAS 28: «Investments in associates».**

This amendment mainly addresses the issue that the cost of investments in subsidiaries, associates and joint ventures, in the standalone financial statements of an entity, is no longer affected by profit distribution formulated prior to the purchase date of these investments. This amendment has also led to changes in IAS 36: «Impairment of Assets», with the addition of indications on the impairment of investments based on the effect on equity due to dividend distribution of such companies to companies that have invested in them. As far as first-time adoption of IFRSs is concerned and in terms of simplifying the process of producing these financial statements, the amendment offers alternative ways for determining the cost of investments in subsidiaries, joint ventures and associates based on the fair value of these investments or their nominal value from previously effective accounting standards. In the previous years, given the absence of specific requirements of the standards, increases in investments in subsidiaries had the same accounting treatments as acquisition of subsidiaries with recognition of goodwill where necessary. The effect arising from decrease in investment in subsidiary that did not bring loss of control was recognized in the income statement for the period when incurred. In compliance with the revised IAS 27, all increases and decreases in investments in subsidiaries are recognized in comprehensive income with no effect on goodwill and in the income statement for the period. In cases of loss of control over a subsidiary as a result of a transaction, the Group proceeds to derecognition of all the assets, liabilities and non-controlling at their current value. Any rights, remaining with the former subsidiary of the Group is recognized at its fair value at loss of control date. Profit or loss from loss of control is recognized in the income statement for the period as the balance between the collectibles, if any, and the adjustments.

- **IFRIC 15 Agreements for the Construction of Real Estate**

IFRIC 15 provides instructions as to:

- whether a contract for the construction of real estate falls under the provisions of IAS 11 “Construction Contracts” or IAS 18 “Revenue”,
- when revenue should be recognized from a construction.

The current Interpretation is applied under accounting recognition of income and related expenses in respect of the companies undertaking real estate construction either directly or via subcontractors.

The contracts that are within the scope of IFRIC 15 application are agreements for the construction of real estates. Apart from the above agreements, such agreements can also include provision of other goods and services.

IFRIC 15 is effective for entities for annual periods starting on or after 01/01/2009. Changes in accounting policies are recognized in compliance with the requirements of IAS 8.

- **IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”**

IFRIC 16 applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and meets the terms for qualifying as hedge accounting in accordance with IAS 39. IFRIC 16 provides guidance on identifying the foreign currency risks that qualify as a hedged risk in the hedge of a net investment in a foreign operation; where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting; and how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

IFRIC 16 «Hedges of a Net Investment in a Foreign Operation» is applied by entities for annual periods starting on or after 01/10/2008.

- **IAS 32 Financial Instruments: Presentation” and IAS 1 Presentation of Financial Statements – Amendment 2008: Puttable Financial Instruments and Obligations Arising on Liquidation”**

The amendment of IAS 32 requires that certain puttable financial instruments and obligations arising on the liquidation of an entity should be recognized as a part of equity only if certain criteria are met.

The amendment to IAS 1 refers to the disclosure of information pertaining to the aforementioned instruments which have been classified as a part of equity. The Group’s Financial Statements have not been affected by the aforementioned amendments. The amendment is applied by entities for annual periods starting on or after 01/01/2009.

The Group estimates that the Standards and the above Interpretations will not apply to its financial statements.

2.3.2. New standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group

The following new Standards and Interpretation to the effective Standards have been published by IASB and have been adopted by the EU, though are not mandatory for the presented financial statements and have not been earlier applied by the Group.

- **Adoption of IFRS 3: “Business Combinations” – Revised 2007 and revised IAS 27: «Consolidated and Separate Financial Statements»**

The revised standard introduces significant amendments for the application of the acquisition method for business combinations. Among other changes the standard introduces the possibility of minority 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 revised IFRS 3 applies for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1st, 2009, while no consolidation adjustments are required for the period before the revised standard will become effective.

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

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 and are applied by the entities for annual periods starting on or after 01/07/2009. Earlier application of the Standard is encouraged as far as it is disclosed in the Notes to the Financial Statements of the Group.

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

IAS 39 amendment clarifies hedge accounting issues and specifically those related with inflation and on-sided risk of a hedging instrument. The amendment to IAS 39 is applicable for annual periods beginning on or after 01/07/2009. This amendment is not expected to impact the Group's financial statements.

- **IAS 32 - (Amendment) «Financial Instruments: «Presentation» - Classification of rights issues.**

The amendment revises the definition of financial liability of I.A.S.32 in order to classify options or rights on stocks as debt instruments. The amendment is effective for periods beginning on or after February 1st 2010. This amendment is not expected to impact the Group's financial statements.

- **IFRIC 17: «Disctributions of non-cash assets to owners»**

When an entity proceeds with the announcement for distribution and when it has the obligation to distribute non-cash assets to owners then it should recognize a liability for these dividends payable. The interpretation provides guidance on the cases when an entity should recognize dividends payable, how it should measure them, and how it should account for differences between the book value of non-cash assets disctributed and the book value of dividends payable when actual payment takes place.

IFRIC 17 is applied for annual periods starting on or after 01/07/2009. Earlier application of the Interpretation is encouraged as far as it is disclosed in the notes to the financial statements and IFRS 3 (amendment 2008), IAS 27 (amendment May 2008), IFRS 5 (as amended by the current Interpretation) are applied by the entity. Retrospective application is not permitted. The Interpretation is not applicable to the Group's operations.

- **IFRIC 18: «Transfers of assets from customers»**

This interpretation is particulary 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. IFRIC 18 must be applied prospectively to transfers of assets from customers received on or after 01/07/2009. In accordance with EU regulation 1164/2009, entities should apply IFRIC 18 no later than the date of the first annual financial year beginning after 31/10/2009.

2.3.3. Standards, amendments, and interpretations to existing standards that are not mandatory and have not been adopted by the E.U.

Furthermore, the IASB has proceeded with the issue of the following new IFRSs, amendments and interpretations which are not mandatory for these financial statements and as at the date of issue of these financial statements have not been adopted by the E.U.

- **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 consists of 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 effect from the application of IFRS 9 is currently evaluated by the Group as it is estimated that the business model that will be selected by the Group for managing its financial assets will have an impact on its Equity and P&L.

- **IFRS 2 (Amendment): «Share-Based Payments»**

The IASB has proceeded with the issue of an amendment to IFRS 2 concerned with the investment conditions of the fund and its cancellation. None of the current share-based payment schemes are affected by this amendment. The Management estimates that the amendment to IFRS 2 will have no impact on the accounting policies of the Group. The amendment is effective for periods beginning on or after 01/01/2010. This amendment is not expected to impact the Group's financial statements.

- **IFRS 1 (Amendment) «First-Time Adoption» - Additional Exceptions for first time adopters**

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. This amendment is not expected to have significant impact on the Group's operations.

- **IAS 24 (Amendment) «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 not been endorsed yet 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 of the Group.

- **IFRIC 14 (Amendment)- «Prepayments of a Minimum Funding Requirement»**

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

- **IFRIC 19: «Extinguishing Financial Liabilities with Equity Instruments»**

IFRIC19 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.

- **Annual Improvements 2009**

During 2009, IASB issued the annual improvements to IFRS for 2009, a series of adjustments in 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 IFRS's and will not be a part of bigger revision program. Most adjustments are effective for annual periods beginning on or after 01/01/2010, with early adoption allowed. The Group has no intention of early adoptions. Based on the current structure, management does not expect significant effect from the application of the aforementioned new Standards and interpretations when these will become applicable.

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 Group'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 minority interests

The Group treats transactions with minority 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 Instruments

(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 other equipment	6-9	years
Vehicles	6-7	years
Computer hardware and software	4	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 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.

3.11 Impairment of financial assets

(a) Assets carried at unamortised 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 3.10. 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 37.

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 :

31/12/2009						
Amounts in thousand Euro	Investment and corporate banking	Retail banking	Asset management	Treasury	Investments and participations	Group
Net interest income	63.232	159.505	7.786	21.872	(224)	252.171
Net commission income	17.759	42.270	31.424	8.999	814	101.266
Other income	382	103	3.177	109.946	769	114.377
Operating revenue	81.373	201.878	42.387	140.817	1.359	467.814
Impairment of loans and advances and of other investments	5.168	(164.519)	969	-	-	(158.382)
Depreciation and amortization	(2.039)	(13.223)	(1.363)	(676)	(472)	(17.773)
Other expense	(32.054)	(185.440)	(30.969)	(12.949)	(865)	(262.277)
Profit (loss) before tax	52.449	(161.305)	11.023	127.192	23	29.382
Income tax						(25.928)

Profit after tax							3.454
Loans and advances to customers (after provisions of impairment)	4.133.386	8.274.840	1.277.056				13.685.282
Deposits from customers	2.832.818	6.834.189	1.200.839				10.867.846
Total Assets	4.953.724	8.370.284	1.301.224	8.552.820	9.575		23.187.627
Total Liabilities	2.147.121	6.892.581	1.204.831	11.802.293	1.262		22.048.088
Additions in tangible assets	3.767	22.269	1.595	1.500	6		29.137

31/12/2008								
Amounts in thousand Euro	Investment and corporate banking	Retail banking	Asset management	Treasury	Investments and participations	Group	Discontinued operations	Group's continuing operations
Net Interest Income	64.551	195.666	16.932	19.876	(505)	296.520	146	296.374
Net comission income	63.077	45.646	40.264	921	783	150.691	2.022	148.669
Other income	435	144	(865)	(3.215)	(41)	(3.542)	3.479	(7.021)
Operating revenue	128.063	241.456	56.331	17.582	237	443.669	5.647	438.022
Impairment of loans and advances and of other investments	(13.944)	(78.728)	(538)	(3.302)	-	(96.512)	-	(96.512)
Depreciation and amortization	(1.232)	(11.110)	(1.036)	(925)	(236)	(14.539)	(30)	(14.509)
Other expense	(38.218)	(184.659)	(33.674)	(12.374)	(815)	(269.740)	(1.483)	(268.257)
Profit (loss) before tax	74.669	(33.042)	21.085	980	(814)	62.878	4.134	58.744
Income tax	-	-	-	-	-	(19.962)	(298)	(19.664)
Profit after tax	-	-	-	-	-	42.916	3.836	39.080
Loans and advances to customers (after provisions of impairment)	4.198.626	7.544.093	1.260.691	-	-	13.003.410	-	13.003.410

Deposits from customers	3.102.754	7.212.745	1.415.949	-	-	11.731.448	-	11.731.448
Total Assets	5.009.462	7.656.084	1.286.258	5.442.899	7.893	19.402.596	-	19.402.596
Total Liabilities	1.919.081	7.414.773	1.299.319	7.988.151	725	18.622.049	-	18.622.049
Additions in tangible assets	3.388	22.292	1.606	1.130	15	28.431	-	28.431

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 segment

The Group mainly operates in Greece. The banking network of the Group has 218 branches, 191– in Greece and 27 in Romania. Income from operations in Greece constitutes 90% of total income, while the assets constitute 97% of the Group.

31/12/2009					
	Greece	Other Counties	Total	Discontinued operations	Group's continuing operations
Total Income	421.371	46.540	467.911	-	467.911
Profit before tax	23.959	5.423	29.382	-	29.382
Non current assets	187.326	13.056	200.382	-	200.382
Assets	22.561.688	625.939	23.187.627		23.187.627

31/12/2008					
	Greece	Other Counties	Total	Discontinued operations	Group's continuing operations
Total Income	391.470	52.458	443.928	5.647	438.281
Profit before tax	42.627	20.251	62.878	4.134	58.744
Non current assets	169.161	11.764	180.925	-	180.925
Assets	18.673.239	729.357	19.402.596	-	19.402.596

6. Net interest income

(Amounts in thousand Euro)

	2009	2008
Interest and similar income		
Interest from bonds	135.329	113.009
Interest from advances to customers	531.269	792.585
Interest from other banks	31.808	58.007
Other interest	8.656	6.494
	707.062	970.095
Interest and similar expense		
Interest on customer deposits	(336.048)	(472.795)
Interest to other banks	(83.204)	(164.967)
Interest on loan capital	(32.897)	(32.273)
Other interest	(2.741)	(3.686)
	(454.890)	(673.721)
Net interest income from continuing operations	252.172	296.374
Net interest income from discontinued operations	-	146
Net interest income	252.172	296.520

Trading portfolio bonds equal to € 5.081 thousand (2008: € 5.203 thousand) and net interest equal to € 63.456 (2008: € 40.925 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)

	2009	2008
Fee and commission income		
Loans	36.826	36.215
Letters of guarantee	4.261	4.571
Retail banking	5.610	16.559
Custodian	3.244	2.525
Capital transfers	5.584	5.677
Import – Export	1.470	1.419
Stock exchange transactions – income	37.092	57.479
Cash management	9.702	6.549
Investment Bank	7.289	46.318
Tourist services rendering	3.910	4.512
Insurance	2.613	-
Other income	11.755	5.630
	129.356	187.454
Fee and commission expense		
Consumer	(3.197)	(3.541)
Stock exchange transactions – expense	(15.849)	(23.556)
Tourist services rendering	(3.092)	(3.723)
Other expense	(5.952)	(7.965)
	(28.090)	(38.785)
Net fee and commission income from continuing operations	101.266	148.669
Net fee and commission income from discontinued operations	-	2.022
Net fee and commission income	101.266	150.691

8. Dividend income

(Amounts in thousand Euro)

	2009	2008
Dividend from Available-For-Sale portfolio	1.120	1.547
Dividend from trading securities	482	2.535
Dividend income from continuing operations	1.602	4.082
Dividend income from discontinued operations	-	17
Dividend income	1.602	4.099

9. Net trading income

(Amounts in thousand Euro)

	2009	2008
Foreign exchange differences	10.387	5.984
Profit / (Loss) from sale and revaluation of trading securities	19.543	(25.295)
Profit / (Loss) from derivative financial instruments	17.929	(11.603)
Profit / (Loss) from sale of financial instruments classified other than in trading portfolio	57.875	9.282

Net trading income from continuing operations	105.734	(21.632)
Net trading income from discontinued operations	-	1.358
Net income fr	105.734	(20.274)

10. Other income

(Amounts in thousand Euro)

	2009	2008
Income from sale / lease of property	652	5.213
Income from operating leasing	2.503	-
Other	3.886	5.316
Other income from continuing operations	7.041	10.529
Other income from discontinued operations	-	2.104
Other income	7.041	12.633

Insurance services income from discontinued operations could be analytically presented as follows:

	2009	2008
Insurance contracts and similar income	-	5.568
Less: Reinsurance contracts	-	(1.179)
Insurance contracts commission	-	(753)
Reimbursement provisions	-	(2.058)
Add: Reimbursement covered by reinsurance contracts	-	526
Net insurance services income from discontinued operations	-	2.104

11. Staff costs

(Amounts in thousand Euro)

	2009	2008
Wages and salaries	(117.805)	(113.362)
Social security contributions	(27.959)	(26.363)
Defined benefit plans (Note 37)	(1.966)	(3.909)
Stock option plan expense	(1.439)	(1.853)
Other expense	(6.990)	(12.669)
Staff costs from continuing operations	(156.159)	(158.156)
Staff costs from discontinued operations	-	(1.104)
Staff costs	(156.159)	(159.260)

The number of employees as at the end of the year was 3.617 (2008 : 3.602).

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 was measured using the Black and Scholes model. The significant inputs into the model were: share price of € 8,48 at the grant date, expected share price volatility. The expected volatility was defined at 12% based on the examination of historic evidence of listed European banks, exercise price of € 10, risk-free euro interest rate curve for the duration of the Scheme 4,15% (average), the dividend yield 3,58. The weighted average fair value of options granted during the period was € 0,19. The total expenses recognised in the consolidated income statement for the year ending as at 31 December 2009 in respect of the Options granted amounted to 1.438.704 Euro (2008: 1.856.677). Within the years 2007, 2008 and 2009, no Options were exercised and as at 31 December 2009, the number of effective Options was 33.530.000.

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. 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.

12. Operating expenses

(Amounts in thousand Euro)

	2009	2008
Rent (operating leases)	(26.814)	(24.600)
Operating expenses for buildings	(8.588)	(8.194)
Tax, stamps and duties	(8.425)	(10.182)
Repairs and maintenance	(4.510)	(4.210)
Third party fees (legal, engineers, etc)	(14.152)	(14.455)
Telephone and postage	(8.281)	(8.257)
Promotion and advertisement	(12.333)	(14.818)
Provision for other risks	(1.879)	(3.525)
Subscriptions – Contributions	(4.329)	(4.089)
Other expenses	(16.904)	(18.030)

Operating expenses from continuing operations	(106.215)	(110.360)
Operating expenses from discontinued operations	-	(379)
Operating expenses	(106.215)	(110.739)

13. Impairment losses

(Amounts in thousand Euro)

	2009	2008
Impairment loss of shares in the available-for-sale portfolio	-	(3.255)
Impairment loss of bonds in the available-for-sale portfolio	-	(47)
Impairment losses from continuing operations	-	(3.302)
Impairment losses from discontinued operations	-	-
Impairment losses	-	(3.302)

14. Income tax

(Amounts in thousand Euro)

	2009	2008
Income for the period	(21.853)	(34.585)
Special social responsibility contribution	(10.671)	-
Deferred tax	8.047	17.112
Impact on deferred tax from change in tax rates	-	(404)
Tax on reserves	-	(1.732)
Tax inspection differences	(1.451)	(55)
Income tax from continuing operations	(25.928)	(19.664)
Income tax from discontinued operations	-	(298)
Income tax	(25.928)	(19.962)

Detailed information on deferred tax is available in Note 29. The reconciliation of the effective tax rate for the financial year is indicated as follows :

	%	2009	%	2008
Profit before tax		29.382		62.878
Tax based on tax rate	25%	7.345	25%	15.720
Non-deductable expense	5%	1.363	4%	2.193
Tax-exempt revenues	(1%)	(275)	(4%)	(2.262)
Adjustment of tax rate for deferred tax	-	-	1%	403
Tax differences from inspection of previous financial years	5%	1.451	-	-
Special social responsibility contribution	36%	10.671	-	-
Other differences	12%	3.697	5%	3.097
Difference of companies from abroad	6%	1.676	1%	811
Income tax	88%	25.928	32%	19.962

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 data. In calculating the tax expense for the current financial year, the Group took into consideration the additional tax obligations which would occur from a possible tax audit. The relevant provision for contingent additional tax differences amounting to € 2.194 thousand is included in the “Deferred tax liabilities” account.

15. Net profit after tax from discontinued operations

On 22 July 2008, the parent Bank Marfin Popular Bank, and CNP Assurance signed a long term collaboration agreement aimed at development of insurance and pension scheme projects through the bank networks of the Group in Greece and Cyprus, foreseeing the expansion of the collaboration in other countries following the international expansion of the Group to South Eastern Europe. As in compliance with the terms of the agreement, CNP Assurance will acquire 50,1% of insurance projects of the Group and will hold control of these companies.

Within the frame of the aforementioned agreement, the Bank, as in compliance with the decision of the Extraordinary General Assembly as at 26/08/2008, decided on the disposal of its 100% subsidiaries Marfin Life Insurance S.A and Marfin Insurance Brokers S.A. to the newly established company Marfin Insurance Holdings Ltd headquartered in Nicosia, Cyprus, a subsidiary of Marfin Popular Bank Ltd.

On 8/12/2008, the company Marfin Insurance Brokers S.A. was sold as against 1.297.120,00 Euro and Marfin Life Insurance S.A. as against 7.480.000,00 Euro. The payment was fully made in cash.

The results of Marfin Life Insurance S.A. and Marfin Insurance Brokers S.A. defined as discontinued operations for the year 01/01/2008 till the disposal date (for simplicity purposes - 31/12/2008) as well as the profit arising from the disposal are included in the account « Net earnings after tax from discontinued operations».

The analysis of net earnings after tax from discontinued operations is as follows

(Amounts in thousand Euro)

	2009	2008
Interest and similar income	-	159
Interest and similar expense	-	(13)
Net interest income	-	146
Fee and commission interest	-	2.127
Fee and commission expense	-	(105)
Net fee and commission income	-	2.022
Dividend income	-	17
Profit on disposal of Marfin Life Insurance S.A. and Marfin Insurance Brokers S.A.	-	2.020
Net income from financial instruments	-	(662)
Other income	-	2.104
Operating income	-	5.647
Staff costs	-	(1.104)

Operating expenses	-	(379)
Depreciation and amortization	-	(30)
Profit / (Loss) before tax	-	4.134
Income tax	-	(298)
Profit / (Loss) after taxes from discontinued operations	-	3.836

The financial items of the subsidiaries as at 31/12/2008 were as follows:

<i>Amounts in thousand Euro</i>	31/12/2008	
	MARFIN LIFE INSURANCE S.A.	MARFIN INSURANCE BROKERS S.A.
Cash and balances in Central Bank	-	6
Loans and advances to Banks	24.145	1.765
Financial instruments at fair value through profit and loss	1.359	-
Held-to-maturity investments	3.412	-
Property, plant and equipment	10	6
Intangible assets	5	2
Other assets	3.416	2.353
Employee benefits	(30)	(16)
Other provisions	(31)	-
Current tax	(127)	(94)
Deferred tax liability	(39)	-
Other liabilities	(26.378)	(3.124)
Total Net Assets	5.742	892

The net cash outflow from the disposal of the subsidiaries is as follows:

<i>Amounts in thousand Euro</i>	MARFIN LIFE INSURANCE S.A.	MARFIN INSURANCE BROKERS S.A.	TOTAL
Proceeds	7.480	1.297	8.777
Less : Cash and cash equivalents as at the date of disposal	(8.693)	(1.852)	(10.545)
Net cash outflow	(1.213)	(555)	(1.768)

16. Earnings per share

Basic earnings per share are calculated through net profits attributable to Shareholders, minority interests and the weighted average number of shares in issue during the year.

Diluted earnings per share are calculated through net profits attributable to Shareholders, minority interests as well as interest accrued from the Convertible Bond Loan (C.B.L.) and the weighted average number of shares in issue during the year, increased by the weighted average number of the convertible bonds.

BASIC EARNINGS PER SHARE		
	2009	2008
Basic earnings per share from continuing and discontinued operations		
Profit attributable to the Shareholders of the Bank from continuing and discontinued operations	2.049	38.635
Weighted average number of outstanding ordinary shares	288.855.236	288.818.569
Basic earnings per share from continuing and discontinued operations	0,0071	0,1338
Basic earnings per share from continuing operations		
Profit attributable to the Shareholders of the Bank from continuing operations	2.049	34.799
Weighted average number of outstanding ordinary shares	288.855.236	288.818.569
Basic earnings per share from continuing operations	0,0071	0,1205
Basic earnings per share from discontinued operations		
Profit attributable to the Shareholders of the Bank from discontinued operations	-	3.836
Weighted average number of outstanding ordinary shares	-	288.818.569
Basic earnings per share from discontinued operations	-	0,0133
DILUTED EARNINGS PER SHARE		
	2009	2008
Diluted earnings per share from continuing and discontinued operations		
Profit attributable to the Shareholders of the Bank from continuing and discontinued operations	2.049	38.667
Weighted average number of outstanding ordinary shares	288.855.236	288.927.346
Diluted earnings per share from continuing and discontinued operations	0,0071	0,1339
Diluted earnings per share from continuing operations		
Profit attributable to the Shareholders of the Bank from continuing discontinued operations	2.049	34.832
Weighted average number of outstanding ordinary shares	288.855.236	288.927.347
Diluted earnings per share from continuing operations	0,0071	0,1206
Diluted earnings per share from discontinued operations		
Profit attributable to the Shareholders of the Bank from discontinued operations	-	3.835
Weighted average number of outstanding ordinary shares	-	288.927.346
Diluted earnings per share from discontinued operations	-	0,0133

17. Cash and Balances with Central Banks

(Amounts in thousand Euro)

	2009	2008
Cash	67.417	68.162
Other placements at Central Bank	810.163	1.034.600
Regulatory deposits with Central Bank	297.393	380.992
Cash and balances with Central Bank	1.174.973	1.483.754

18. Loans and advances to Banks

(Amounts in thousand Euro)

	2009	2008
Current accounts	530.120	352.312
Loans to banks	4.000	0
Placements at banks	2.115.676	857.923
Loans and advances to banks	2.649.796	1.210.235
Current	2.485.788	1.028.685
Non current	164.008	181.550

19. Loans and advances to customers

(Amounts in thousand Euro)

	2009	2008
Retail customers:		
Consumer	1.795.904	1.903.314
Credit cards	246.371	203.200
Housing	2.481.085	2.187.541
	4.523.360	4.294.055
Corporate loans :	9.571.515	8.994.279
Total loans and advances to customers	14.094.875	13.288.334
Less: impairment of loans	(409.593)	(284.924)
Loans and advances to customers (net of impairment)	13.685.282	13.003.410
Current	5.254.956	5.237.253
Non current	8.430.326	7.766.157

Movement in impairment :

	2009	2008
Balance 1 January	284.924	222.431
Impairment	158.382	93.210
Write-offs	(33.713)	(30.717)
Balance 31 December	409.593	284.924

Loans to customers include leasing:

	2009	2008
Gross investment in leasing:		
Less than 1 month	83.244	55.313
Over 1 but less than 3 months	26.603	29.823
Over 3 but less than 12 months	90.092	97.241
Over 1 but less than 5 years	245.407	232.095
Over 5 years	376.657	244.802
Total investment in leasing	822.003	659.274
Unearned leasing income	(126.657)	(72.264)
Investment in leasing at present value:	695.346	587.010

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

	2009	2008
Less than 1 month	81.054	53.441
Over 1 but less than 3 months	22.271	26.912
Over 3 but less than 12 months	75.583	85.712
Over 1 but less than 5 years	203.119	204.476
Over 5 years	313.319	216.469
Total	695.346	587.010

The Group 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 receivables and liabilities from derivatives for loans fair value hedging and amounted as at 31/12/2009 to € 5.604 thousand and € 75.940 thousand respectively. The amount of € 70.337 thousand that constitutes adjustment-increase in fair value of those loans is included in the mortgages to individuals.

The account of trading results includes both – the profit of € 690 thousand on hedging instrument and the equal loss from the hedged item.

20. Derivative financial instruments

(Amounts in thousand Euro)

	Nominal value	Assets	Fair value Liabilities
Foreign currency derivatives			
Currency deposits	5.181	7.028	6.667
Currency swaps	254.953	9.278	7.089
Spot	8.979	66	38
Derivatives on Securities / Index			
Options	228.508	8.159	7.718
Future Commodities	115	257	271
Commodities	490	15.341	14.649
CDS	384.788	1.214	2.842
Asset swaps	2.291	-	-
Interest derivatives			
Interest Rate Swaps	1.063.883	14.938	8.809
Derivatives for trading purposes		56.281	48.083
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 Swap	2.056.174	3.411	100.372
Derivatives for risk hedging purposes		10.868	178.477
Derivative financial instruments in total		67.149	226.560

31 December 2008	Nominal value	Assets	Fair value Nominal value
Foreign currency derivatives			
Currency deposits	21.750	5.456	8.100
Currency swaps	933.734	37.992	50.913
Spot	5.794	133	139
Derivatives on Securities / Index			
Options	3.486	1.970	795
Commodities	227	13.462	13.235
Currency	597	-	29
CDS	214.185	30	14.233
Asset swaps	2.371	4	-
Interest derivatives			
Interest Rate Swaps	851.008	15.393	11.704
Interest Rate Swaps - term	100.000	-	278
Derivatives for trading purposes		74.440	99.426
Fair value hedging			
Customer deposits with embedded derivatives	71.379	2.566	2.788
Interest Rate Swaps for loans hedging	2.267.857	6.479	77.513
Interest Rate Swaps for bonds hedging	1.062.927	-	72.217
Derivatives for risk hedging purposes		9.045	152.518
Derivative financial instruments in total		83.485	251.944

The Group 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 receivables and liabilities from derivatives for bonds fair value hedging and amounted as at 31/12/2009 to € 3.411 thousand and 100.372 thousand respectively.

Out of the amount of € 96.961 thousand, an amount of €56.121 pertains to hedging of bonds of the portfolio of Available for sale, and the remaining amount of € 40.840 thousand pertains to fixed interest rate bonds included in the account «borrowing portfolio debt securities».

The account of trading results includes both from the hedged items amounting to € 24.354 thousand and loss from hedging instrument amounting to € 24.760 thousand.

21. Financial assets at fair value through profit and loss

(Amounts in thousand Euro)

	2009	2008
Greek government treasury bills (fixed rate)	212	897
Other government treasury bills (fixed rate)	10	8.433
Greek government treasury bills (floating rate)	833	909
Other government treasury bills (floating rate)	1.689	1.656
Corporate bonds (fixed rate)	96.482	14.550
Corporate bonds (floating rate)	54.126	50.063
Total treasury bills and bonds	153.352	76.508
Shares listed in Athens Stock Exchange.	35.986	19.433
Shares listed in Foreign exchanges	2	113
Mutual funds (domestic)	1.354	1.267
Mutual funds (foreign)	82.162	83.603

Financial instruments at fair value through profit and loss	272.856	180.924
Current	155.780	105.621
Non current	117.076	75.303

22. Available-for-sale financial instruments

(Amounts in thousand Euro)

	2009	2008
Available for sale portfolio		
Mutual funds (domestic)	4.174	4.204
Shares listed in Athens Stock Exchange	37.959	13.875
Shares listed in foreign exchanges	7.258	2.692
Shares listed in foreign exchanges (in custody for third parties)	597	371
Not listed shares	967	1.330
Customers' bond loans listed in the Athens Stock Exchange	-	30.549
Greek government treasury bills (fixed rate)	224.141	415.964
Greek government treasury bills (floating rate)	109.968	134.325
Other government treasury bills (fixed rate)	612.231	107.424
Corporate bonds (fixed rate)	852.475	472.565
Corporate bonds (floating rate)	289.160	459.990
Available-for-sale financial instruments	2.138.930	1.643.289
Current	830.231	70.790
Non current	1.308.699	1.572.499

23. Held-to-maturity investments

(Amounts in thousand Euro)

	2009	2008
Held to maturity portfolio		
Greek government treasury bills (fixed rate)	36.310	29.435
Greek government treasury bills (floating rate)	9.717	10.000
Other government treasury bills	47.483	11.574
Corporate bonds (fixed rate)	2.137	963
Corporate bonds (floating rate)	481.676	463.359
Held-to-maturity investments	577.323	515.331
Current	494.340	47.493
Non current	82.983	467.838

This portfolio also includes bonds of carrying amount of € 35.745 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.

24. Debt securities

(Amounts in thousand Euro)

	2009	2008
Greek government treasury bills (fixed rate)	505.909	-
Other government treasury bills (fixed rate)	88.519	87.775
Greek government treasury bills (floating rate)	670.499	-
Corporate bonds (fixed rate)	451.870	345.024
Corporate bonds (floating rate)	195.531	189.817
Debt securities	1.912.328	622.616
Current	679.943	6.316
Non current	1.232.385	616.300

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	31 December 2009	
	Book value	Book value	Fair value
Investments of trading portfolio reclassified as available-for-sale investments	6.455	5.943	5.943
Available-for-sale investments reclassified as debt securities	496.176	526.204	529.400

If the Bank had not reclassified investments in securities as at 1 July 2008, the income statement till the 12 month period of 2009 inclusively would have included unrealized losses resulting from changes in fair value of financial assets held for trading that had been reclassified amounting to 512 thousand euro, burdening the Equity. Of this amount, profit of 218 thousand Euro pertains to 2009.

In the year 2009, there were sold bonds of the carrying amount as at 1 July 2008 of 4,987 thousand Euro, with profit recorded in the income statement amounting to 149 thousand Euro. As at reclassification date, the trading portfolio interest rate fluctuated from 5,162% to 8,20% with the recoverable amount standing at 6.447 thousand Euro.

Moreover, had the aforementioned reclassification not been conducted, there would have been recognized in the fair value reserves of financial assets available for sale unrealized profit amounting to 3.196 thousand Euro that represents the change in fair value till 12 month of 2009 inclusively of the investments available for sale that had been reclassified.

Of this amount, profit of 88.133 thousand Euro pertains to 2009.

Had the amount of available for sale portfolio not been transferred, 177.847 thousand Euro would have been hedged for changes in fair value, 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 2009, there matured bonds of the carrying amount as at 1 July 2008 of 1.848 thousand and recoverable value of 2.000 thousand Euro and, moreover, there were sold bonds of the carrying amount as at 1 July 2008 of 15.514 thousand and recoverable value of 16.750 thousand Euro. Loss of 585 thousand Euro was incorporated in the income statement.

As at reclassification date, the available for sale portfolio interest rate fluctuated from 4,0% to 8,875% with the recoverable amount standing at 549.764 thousand Euro .

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

(Amounts in thousand Euro)

	1 October 2009	31 December 2009	
	Book value	Book value	Fair value
Available-for-sale investments reclassified as debt securities	1.112.849	1.108.812	1.041.568

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 67.244 thus. Euro, representing the change in the fair value till 12 month of 2009 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 341.002 thus. Euro 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 available for sale portfolio interest rate fluctuated from 1,46% to 8,25% with the recoverable amount standing at 1.078.47 thus Euro .

25. Investment in associates

(Amounts in thousand Euro)

	2009	2008
Company	ARIS Capital Management (U.S.A.)	
Total % Participation	30.00%	30.00%
Assets	861	1.542
Liabilities	159	394
Income	1.005	1.550
Profit /(Loss)	322	864
Share capital	8	8
Total participation	2.005	2.202

26. Property, plant and equipment

(Amounts in thousand Euro)

	Land	Buildings	Leasehold improvements	Furniture and equipment	Other	Total
Acquisition cost						
Balance 1 January 2008	22.366	29.363	57.447	70.005	6.256	185.437
Additions	-	33	13.065	6.108	2.490	21.696
Disposals / Transfers	(8.008)	(13.855)	(1.155)	(5.338)	(903)	(29.259)
Balance 31 December 2008	14.358	15.541	69.357	70.775	7.844	177.874
Acquisition cost						
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)
Balance 31 December 2009	16.231	15.482	76.961	74.150	16.882	199.706
Depreciation						
Balance 1 January 2008	-	5.740	31.626	53.683	4.179	95.228
Depreciation	-	604	4.398	5.568	795	11.365
Decreases	-	(4.159)	(438)	(5.237)	(690)	(10.524)
Balance 31 December 2008	-	2.185	35.586	54.014	4.285	96.070
Depreciation						
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)
Balance 31 December 2009	-	2.126	41.209	57.528	5.645	106.509
Amounts in the Statement of Financial Position						
As at the 1st January 2008	22.366	23.623	25.821	16.322	2.077	90.209
As at the 31st December 2008	14.358	13.356	33.771	16.761	3.559	81.805
As at the 1st January 2009	14.358	13.356	33.771	16.761	3.559	81.805
As at the 31st December 2009	16.231	13.356	35.752	16.622	11.237	93.198

27. Investment property

(Amounts in thousand Euro)

	2009	2008
Balance 1 January	33.512	31.856
Additions	7.885	3.367
Disposals	(709)	(1.711)
Investment properties	40.688	33.512

28. Intangible assets

(Amounts in thousand Euro)

	Goodwill	Software	Total
Acquisition cost			
Balance 1 January 2008	50.269	39.385	89.654
Additions	-	6.735	6.735
Disposals / Transfers	(116)	(545)	(661)
Balance 31 December 2008	50.153	45.576	95.728
Balance 1 January 2009	50.153	45.576	95.729
Additions	-	4.617	4.617
Disposals	256	(104)	152
Balance 31 December 2009	50.408	50.090	100.498
Accumulated amortisation			
Balance 1 January 2008	71	27.403	27.474
Additions	-	3.173	3.173

Disposals	-	(526)	(526)
Balance 31 December 2008	71	30.050	30.121
Balance 1 January 2009	71	30.050	30.121
Additions	-	3.965	3.965
Disposals	-	(85)	(85)
Balance 31 December 2009	71	33.930	34.001

Amounts in the Statement of Financial Position

As at the 1 January 2008	50.198	11.983	62.181
As at the 31 December 2008	50.082	15.527	65.607
As at the 1 January 2009	50.082	15.527	65.607
As at the 31 December 2009	50.337	16.160	66.497

Goodwill impairment testing

For purposes of impairment testing, goodwill is allocated to cash-generating unit 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, the Calculation and Provisions Department uses before tax projected cash flows 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:

	2009	2008
Average income growth from fees and commissions	5,92	5,05%
Minimum capital adequacy ratio (Tier I)	8%	8%
Growth rate up to 2013	2%	2%
Returns in equity after 2012	25%	25%
Discount rate	13,72%	13,15%

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 2009 amounted to € 27 million. For subsequent years, there is foreseen gross annual increase averaging about 3.5%.

The subsidiary recoverable amount exceeds the book value by approximately 20% while no other revision of the assumptions is expected to have material impact of the results of impairment testing.

29. Deferred tax

(Amounts in thousand Euro)

Recognised deferred tax asset and liability

Deferred tax asset and liability are attributable to:

	2009	2008
Deferred tax asset		
Intangible assets	85	193
Employee benefit obligations	2.560	2.333
Impairment of loans and advances	32.260	9.781
Impairments of investments	27.797	46.077
Deferred income	4.222	3.756
Valuation of bank book and derivative financial instruments	-	757
Preference shares	1.670	7.041
Valuation reserve from disposal of listed shares	11.940	6.659
Other	1.084	6.221
	81.618	82.818
Current	3.508	4.157
Non current	78.110	78.661
Deferred tax liability		
Property, plant and equipment	(1.452)	(1.686)
Investment Property	(960)	-
Tax-exempt reserve	(1.928)	(63)
Suspension of loans' accrual	(2.990)	(1.928)
Effective rate of loans and advances	(7.928)	(7.349)
Intangible assets	(1.210)	(947)
Provision for loans and advances	(14.976)	(7.328)
Impairment of investment securities and investmen in associates	(44)	-
Valuation of bank book and derivative financial instruments	(26)	(27)
Other	(29)	(3.021)
	(31.543)	(22.349)
Current	(3.537)	(2.788)
Non current	(28.006)	(19.561)

Movement in temporary differences during the fiscal year

	Balance 1 January 2008	Recognised in Income Statement	Recognised in Equity	Balance 31 December 2008
Intangible assets	(295)	(459)	-	(754)
Employee benefit obligations	2.708	(375)	-	2.333
Impairment of loans	(2.035)	4.488	-	2.453
Impairment of investments	20.803	(1.362)	26.643	46.084
Deferred income	2.630	1.126	-	3.756
Valuation reserve from disposal of listed shares	-	757	-	757
Valuation of derivative financial instruments	(2.059)	9.073	-	7.014
Property, plant and equipment	(1.572)	(114)	-	(1.686)
Tax-exempt reserve	(1.778)	1.715	-	(63)
Suspension of loans' accrual	-	(1.928)	-	(1.928)
Effective Rate of loans	(5.171)	(2.178)	-	(7.349)

Temporary differences from tax losses	-	6.659	-	6.659
Other	3.887	(694)	-	3.193
Total	17.118	16.708	26.643	60.469

	Balance 1 January 2009	Recognised in Income Statement	Recognised in Equity	Balance 31 December 2009
Intangible assets	(754)	(371)	-	(1.125)
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)	385	(151)	(1.452)
Investment property	-	(960)	-	(960)
Tax-exempt reserve	(63)	(1.865)	-	(1.928)
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
Total	60.469	8.047	(18.441)	50.750

30. Other assets

(Amounts In thousand Euro)

	2009	2008
Guarantees	12.929	14.368
Prepaid expenses	6.484	5.924
Clearing accounts for securities transactions of ASE, ADEX and foreign stock exchanges	8.425	12.914
Accrued income	178.990	192.025
Extra contribution to Hellenic Deposit Guarantee Fund	95.491	43.561
Other	122.665	124.816
Other assets	424.984	393.608
Current	101.054	267.656
Non current	323.930	125.952

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.

Therefore, the banks deposited additional contributions for the years 2008 and 2009. 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.

31. Share capital

	2009	2008
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	327.699

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.

32. Reserves

(Amounts in thousand Euro)

	2009	2008
Statutory reserve	27.959	25.516
Tax-exempt reserve	4.843	4.752
Extraordinary reserve	29.974	29.993
Revaluation reserve of available for sale financial instruments	(87.812)	(145.829)
Stock Option plan reserve	4.918	3.479
Reserves for foreign exchange currency differences	(8.985)	(6.376)
Revaluation reserve	817	-
Other reserves	(28.286)	(88.465)

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)

	2009	2008
Deposits with Central Bank	3.300.000	2.670.527
Sight	252.788	28.066
Term	155.215	54.401
Other placements	2.188.541	2.372.561
Advances from Credit Institutions	2.463.956	478.071
Deposits from banks	8.360.500	5.603.626
Current	8.303.154	5.309.449
Non current	57.346	294.177

35. Deposits from Customers

(Amounts in thousand Euro)

	2009	2008
Retail customers:		
Sight	531.952	410.152
Saving accounts	1.025.044	652.508
Term	5.186.673	6.137.569
	6.743.669	7.200.229
Corporate customers:		
On demand	670.759	683.521
Term	3.268.604	3.769.705
	3.939.363	4.453.226
Government entities:		
On demand	49.698	70.292
Term	135.116	7.701
	184.814	77.993
Deposits from customers	10.867.846	11.731.448
Current	10.817.022	11.656.455
Non current	50.824	74.993

36. Other borrowed funds

(Amounts in thousand Euro)

	2009	2008
Convertible subordinated debt - maturity 2013	0	231
Subordinated debt - maturity 2017	200.000	200.000
Bond loan - maturity 2010	50.000	50.000
Bond loan - maturity 2011	50.000	50.000
Syndicated loan - maturity 2010	250.000	250.000
Subordinated debt - maturity 2015	80.000	80.000
Bond loan - maturity 2010	7.552	-
Subordinated debt - maturity 2019	35.138	-
Subordinated debt - maturity 2019	60.000	-
Bond loan - maturity 2013	15.390	-

Securitisation liabilities	1.414.500	-
Other borrowed funds	2.162.580	630.231
Current	307.552	-
Non current	1.855.028	630.231

In accordance with the terms of the Convertible Bond Loan (CBL) the Bank proceeded on 31/3/09 with its full early redemption for both capital and interest.

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 three 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. It accrues interest every 1, 3 or 6 months starting on 28 January 2008.

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.

In September 2008 there was undertaken a syndicated loan of two years' term amounting to 250 million Euro. The issue date is 25/09/2008 and the term is 2 years. It has an interest rate of Euribor 3 months plus 0.60% up to maturity. It accrues 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 200, with a 10 year term with the right to fixed redemption after the end of the fifth year. It has a 3-month Euribor interest rate plus 1,10% up to redemption date and 2,40% up to maturity. It accrues interest on a quarterly basis starting from 4 August 2005. The bond loan is listed on Stock exchange of Luxemburg and its fair value as at 31/12/2009 was 76 million (95%) (31/12/2008: 60 million or 75%).

The bond loan with maturity in 2010, on 20 March 2009, which has a one-year term. It has an interest rate of 12%, and it accrues interest every 6 months, starting on 20 September 2009. The bond loan is listed on the Stock Exchange of Luxembourg. The issue is in the context of the Euro Medium Term Note Programme (EMTN Programme) and its fair value as at 31/12/2009 was 10 million (100%). Bonds, amounting to 2,4 million Euro are held by the Bank and are not presented in the account « Other borrowed funds ».

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 on the Stock Exchange of Luxembourg. Its fair value as at 31/12/2009 was 60 million. (100%). The debt was issued within the frame of the EMTN Programme, totally amounting to 3 billion Euro. The bonds amounting to 6.511 thus Euro (9.380 thus dollars.), are held by the Bank and are not presented in the account « Other borrowed funds».

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 on the Stock Exchange of Luxembourg. Its fair value as at 31/12/2009 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 on the Stock Exchange of Luxembourg. Its fair value as at 31/12/2009 was 29,4 million (98%). 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 5.434 thus Euro (7.829 thus USD) is held by the Bank and it is not presented in the 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 by 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 is 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 the account «Other borrowed funds».

The Board of Directors of the Bank, in its meeting on 17/11/2008 decided on the issuance of the first line of (ordinary) covered bonds of EUR 1 billion of 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. Initially, the bonds received AAA/Aaa creditworthiness degree from the international rating agencies Fitch Ratings and Moody's Investors respectively. The current rating is AA+/Aa2. The first in Greece direct 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 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. 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 on 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 the end of their 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.

The liability arising from the issuance of covered bonds does not appear in the 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 the 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

A.5 Loans covered by residential property	1.276.395	1.129.289	1.112.349	1.158.250	3,074%	3.649.620
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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

	617.025	-1.668	921	-4.488	
Total assets in security portfolio (A+B)	1.276.395	1.127.621	1.113.269	1.153.762	
C. Covered bonds	1.000.000	1.010.299	1.012.081	1.008.444	2,100%
D.Overcollateralized [C-(A+B)]	276.395	117.323	101.188	145.318	

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	1.001				1.000.000	
>1 ≤ 5 years	10.808					
>5 ≤ 10 years	97.106					
>10 years	1.167.480		617.025			
Total	1.276.395		617.025		1.000.000	

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
A. Assets in security portfolio	1.129.289	33.403	
B. Derivative financial instruments used for hedging:			
B.1 Interest rate risk	-1.668	12.333	6.359
B.2 Foreign currency risk			
B.3 Liquidity risk			
Total assets in security portfolio(A+B)	1.127.621	45.736	6.359
C. Covered bonds	1.010.299		21.293
D. Hedge effectiveness (>0%)			
E. Difference between interest income and expense [(A+B) - C]		18.084	

D. Total amount of pastdue loans in security portfolio

(Amounts in thousand Euro)

Past due loans over 90 days	22.649
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37. Employee benefits

(Amounts in thousand Euro)

	2009	2008
Present value of unfunded obligations	9.305	8.414
Total present value	9.305	8.414
Unrecognised actuarial gains and losses	4.317	3.905
Recognised liability for defined benefit obligations	13.622	12.319
Net liability for defined benefit obligations at January 1st	12.319	11.317
Benefits paid	(664)	(2.872)

Effect from disposal of subsidiaries		(45)
Expense recognised in the income statement from continuing operations	1.967	3.909
Expense recognised in the income statement from discontinued operations		10
Net liability for defined benefit obligation at December 31st	13.622	12.319
Expense recognised in the State of Comprehensive Income		
Current service costs	1.142	1.243
Actuarial loss recognition	(119)	(66)
Termination cost – settlement	481	2.296
Interest on obligation	463	446
	1.967	3.919

The principal actuarial assumptions used for 2009 and 2008 were as follows:

	2009	2008
Discount rate	5.50%	5.50%
Increase in salaries	4.00%	4.00%

38. Other provisions
(Amounts in thousand Euro)

	2009	2008
Provisions for risks and liens	2.488	3.659
Provisions for taxes	2.194	1.374
Other personnel provisions	160	4.829
Other provisions	4.842	9.862
Current	2.252	4.800
Non current	2.590	5.062

From total provisions for risks and liens for the years 2009 and 2008 amounting to 2.488 thousand Euro and 3.659 thousand Euro respectively, the amounts of 779 thousand Euro and 465 thousand Euro pertain to disputed claims. The remaining amounts of 1.709 thousand Euro and 3.194 thousand Euro respectively pertain to the coverage of extraordinary losses that might arise from doubtful receivables other than loans. The decrease is mainly due to use of provision for personnel bonus.

39. Other liabilities
(Amounts in thousand Euro)

	2009	2008
Taxes and duties (non-income tax)	19.459	11.468
Due to social security funds	6.213	5.970
Suppliers and other creditors	25.774	24.474
Third party participation in SC increases of the companies	-	225
Amounts collected on behalf and due to third parties	33.639	29.665
Deferred income	2.162	2.667
Due to customers / stock exchange from stock exchange transactions	11.072	19.829
Accrued expenses	142.474	169.120

Cheques and orders payable	99.945	36.074
Other liabilities	21.114	27.407
Other liabilities	361.852	326.899
<hr/>		
Current	220.986	212.078
Non current	140.866	114.821

40. Contingent liabilities and commitments

40.1 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 38.

40.2 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):

	31/12/2009	31/12/2008
Letters of guarantee	679.189	633.698
Letters of credit	22.552	5.982

40.3 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 (in thousand of Euro).

	2009	2008
Up to 1 year:	22.362	23.682
1 to 5 years:	68.472	73.719
Over 5 years:	52.829	54.769

40.4 Commitments on assets

(Amounts in thousand Euro)

	2009	2008
Loans and advances to customers	1.276.395	1.251.879
Held to maturity investments	463.688	544.775
Financial instruments at fair value through profit and loss	6.940	25.690
Available for sale financial instruments	729.288	1.196.072
Debt securities	2.826.600	1.417.133
	5.302.911	4.435.549

Target II	453.675	373.887
Foreign Credit Institutions (liquidity)	3.572.841	2.809.783
	4.026.516	3.183.670

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

Of these securities, an amount of 453.675 thousand Euro has been pledged as security by the Bank of Greece, to facilitate the transaction through the TARGET II, while the amount of 3.572.841 thousand - for participation in refinancing.

Of the above securities, the amount of EUR 1 billion has come from the issuance of covered bonds self-owned by the Bank. These securities are not presented in the account "Debt Securities borrowing portfolio" 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) 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 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 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):

A) Management and Board of Directors	31 December 2009	31 December 2008
Loans and advances to customers	5.078	4.290
Deposits from customers	60.773	112.149
Income	1/1 - 31/12/2009	1/1 - 31/12/2008
Interest – Fee and Commission	213	370
Expense		
Interest – Fee and Commission	2.204	7.003
Wages	6.279	4.573
Employer contributions	214	233
Other employee benefits	115	121
Share-based payments	618	796
Total benefits	7.226	5.723
B) Group of the parent Marfin Popular Bank	31 December 2009	31 December 2008
Assets		
Loans and advances to customers	0	206
Loans and advances to banks	2.208.631	482.169
Other assets	2.155	5.124
Financial instruments at fair value through profit and loss	127.089	26.988
Available for sale financial instruments	49	154
Derivative financial instruments – assets	5.479	0
Total Assets	2.343.403	514.641

Liabilities

Deposits from customers	697	52.400
Deposits from banks	1.141.627	552.255
Issued bonds and other borrowed funds	200.000	200.000
Securitisation liabilities	1.414.500	0
Hybrid funds	300.000	0
Other liabilities	348	2.335
Total liabilities	3.057.172	806.990

Income

	1/1 - 31/12/2009	1/1 - 31/12/2008
Interest income	19.588	11.541
Fee and commission income	161	1.890
Other income	73	0
Total income	19.822	13.431

Expense

Interest expense	26.437	35.134
Fee and commission income	67	58
Financial	2.354	1.162
Other operating expense	149	2.644
Total expense	29.007	38.998

Letters of guarantee and letters of credit

86	57
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C) Other related parties

31 December 2009	31 December 2008
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Assets

Loans and advances to customers	76.403	68.240
Other assets	4.874	133
Property, plant and equipment	599	769
Total assets	81.876	69.142

Liabilities

Deposits from customers	95.266	14.312
Other liabilities	1.339	0
Total liabilities	96.605	14.312

Income

	1/1 - 31/12/2009	1/1 - 31/12/2008
Interest income	2.597	4.259
Fee and commission income	3.354	96
Other income	126	0
Total Income	6.077	4.355

Expense

Interest expense	2.421	795
Other operating expense	3.772	358
Total expense	6.193	1.153

Letters of guarantee and letters of credit

22	114
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42. Transactions with Marfin Investment Group

(Amounts in thousand Euro)

Transactions with Marfin Investment Group	31 December 2009	31 December 2008
Assets		
Loans and advances to customers	357.287	205.455
Investment portfolio	0	30.246
Other assets	1.245	18.556
Total assets	358.532	254.257
Liabilities		
Deposits from customers	580.431	988.347
Other liabilities	3.425	7.338
Total Liabilities	583.856	995.685
Income		
	1/1 - 31/12/2009	1/1 - 31/12/2008
Interest income	15.539	11.256
Fee and commission income	8.771	46.689
Dividend income	0	2
Other income	910	399
Total income	25.220	58.346
Expense		
Interest expense	22.974	43.772
Fee and commission expense	0	1
Other operating expense	5.906	5.983
Total expense	28.880	49.756
Letters of guarantee and letters of credit	27.295	3.539

During the year 2009 there was sold investment property of the Bank to the company MIG Real Estate S.A. for the total amount of 400 thousand Euro. The loss from the aforementioned sale amounted to 167 thousand Euro.

43. Categories of Financial Assets and Liabilities

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

	Financial instruments at fair value through profit and loss					
	Book value 31.12.2009	Loans and advances	Trading portfolio	at initial recognition	Available for sale	Held to maturity investments
Loand and advances to banks	2.649.796	2.649.796				
Loans and advances to customers (net of impairment)	13.685.282	13.685.282				

Derivative financial instruments - assets	67.149	67.149				
Financial instruments at fair value through profit and loss	272.856	190.694	82.162			
Available for sale financial instruments	2.138.930			2.138.930		
Held to maturity investments	577.323					577.323
Debt securities	1.912.328	1.912.328				
	21.303.664	18.247.406	257.843	82.162	2.138.930	577.323

	Bookvalue 31.12.2009	Liabilities	
		Amortised cost	Fair value
Deposits from banks	8.360.500	8.360.500	
Deposits from customers	10.867.846	10.867.846	
Derivative financial instruments – liabilities	226.560		226.560
Other debt obligations	2.162.580	2.162.580	
	21.617.486	21.390.926	226.560

44. 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 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 2009		31 December 2008	
	Book value	Fair value	Nominal value	Fair value
Assets				
Loans and advances to banks	2.854.873	2.854.873	1.666.072	1.666.072
Loans and advances to customers (net of impairment)	12.907.258	12.252.213	12.206.304	12.207.714
Held to maturity investments	529.841	486.866	503.757	453.574
Debt securities	1.912.328	1.837.188	622.616	516.108

	31 December 2009		31 December 2008	
	Book value	Fair value	Nominal value	Fair value
Liabilities				
Deposits from banks	8.464.723	8.464.723	5.743.428	5.746.431
Deposits from customers	10.490.000	10.413.992	11.327.928	11.475.107
Other debt obligations	2.176.974	2.172.558	630.231	610.231

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 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 2009	Level 1	Level 2	Level 3	Total
Assets				
Financial instruments at fair value through profit and loss				
A) Trading portfolio				
Debt securities – Bonds	138.573	14.778	-	153.351
Mutual funds	37.343	-	-	37.343
B) Financial instruments initially designated at fair value				
Debt securities – Bonds	-	-	-	-
Mutual funds	-	82.162	-	82.162
				272.856

Financial instruments available for sale				
Debt securities – Bonds	1.953.422	134.553	-	2.087.975
Mutual funds	50.955	-	-	50.955
				2.138.930
Derivative financial instruments – assets	24.643	42.506	-	67.149
				67.149
Total Assets	2.204.936	273.999	-	2.478.935
Liabilities				
Derivative financial instruments – liabilities	25.041	201.519	-	226.560
				226.560
Total Liabilities	25.041	201.519	-	226.560

45. 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 comparative reporting is presented in a consolidated way on the three Banks that have merged, while it is to be noted that risk management did not use to be common in 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.

45.1 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 bid 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.

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. Measurement.

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.

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 Group's credit rating.

(Amounts in thousand Euro)

	2009		2008	
	Loans and advances to customers %	Provision for loans impairment %	Loans and advances to customers %	Provision for loans impairment %
Credit rating category:				
Low risk	26,13	0,093	29,33	0,04
Medium risk	63,56	0,093	63,35	0,06
High risk	10,30	27,39	7,32	28,5
Total	100	2,90	100	2,14

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)

	2009	2008
Exposure to credit risk from on balance sheet items:		
Loans and advances to banks	2.649.796	1.210.235
Trading portfolio securities	153.351	76.508
Derivative financial instruments – assets	67.149	83.485
Loans and advances to customers (net of impairment)		
Loans to retail customers	4.342.204	4.167.055
Corporate loans:		
Large entities and organizations	6.043.427	5.182.162
Small and medium-sized entities	3.299.651	3.654.193
Investment portfolio securities:		
Available for sale	2.087.975	1.620.817
Held to maturity	577.323	515.331
Debt securities	1.912.328	622.616
Other assets	235.586	77.253
Total on Statement of Financial Position	21.368.790	17.209.655
Exposure to credit risk from off-Balance Sheet items:		
Letters of guarantee	679.189	633.698
Letters of credit	22.552	5.982
Total	22.070.531	17.849.335

Loans and advances

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

(Amounts in thousand Euro)

	2009		2008	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Loans and advances neither pastdue nor impaired(a)	11.333.800	2.649.796	10.928.847	1.210.235
Past due loans and advances not impaired(b)	1.801.382	0	1.739.447	0
Impaired (c)	959.692	0	620.040	0
Loans before provisions	14.094.874	2.649.796	13.288.334	1.210.235
Provision for impairment	(409.592)	0	(284.924)	0
Loans and advances (net of impairment)	13.685.282	2.649.796	13.003.410	1.210.235

(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 interior credit rating.

(Amounts in thousand Euro)

	Retail	Loans and advances to customers		Total	Loans and advances to banks
		Corporate Large entities and organizations	Small and medium-sized entities		
2009					
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
Total	3.238.431	5.457.704	2.637.665	11.333.800	2.649.796
2008					
Credit rating category:					
Low risk	1.616.273	588.159	719.026	2.923.458	1.210.235
Medium risk	1.567.212	4.146.169	2.161.471	7.874.852	0
High risk	26.858	42.953	60.726	130.537	0
Total	3.210.343	4.777.281	2.941.223	10.928.847	1.210.235

(b) Past due loans and advances not impaired

The table below presents the analysis of time delay of the loans that were delayed but not impaired as at the balance sheet 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	
2009				
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	132.890	104.374	141.642	378.906
Delay over 90 days	91.757	28.025	122.218	242.000
Total	837.516	528.725	435.141	1.801.382
Fair value of collateral	412.156	334.736	422.747	1.169.369
2008				
Delay up to 30 days	410.911	325.665	241.474	978.050
Delay from 31 to 60 days	223.459	23.685	98.360	345.504
Delay from 61 to 90 days	137.403	23.263	132.774	293.440
Delay over 90 days	50.156	0	72.297	122.453
Total	821.929	372.613	544.905	1.739.447
Fair value of collateral	301.900	322.223	240.958	865.081

(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
		Large entities and organizations	Corporate Small and Medium-sized entities	
2009				
Loans examined on an individual basis for Impairment	455.150	122.297	382.245	959.692
Fair value of collateral	82.170	46.503	144.172	272.845
2008				
Loans examined on an individual basis for Impairment	247.712	80.731	291.597	620.040
Fair value of collateral	67.005	16.670	107.982	191.657

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)

	State bonds and treasury bills	Other transaction portfolio investments	Other investment securities	Total
31 December, 2009				
AAA	342,737	1,004	471,807	815,548
AA- to AA+	255,307	5,254	232,308	492,870
A- to A+	1,551,883	118,066	940,442	2,610,391
Lower than A-	157,591	15,531	590,857	763,979
Unrated	0	10,753	37,437	48,189
Total	2,307,519	150,608	2,272,851	4,730,977
31 December, 2008				
AAA	93.000	1.809	506.968	601.777
AA- to AA+	0	13.453	262.246	275.699
A- to A+	611.863	42.684	766.961	1.421.508
Lower than A-	103.527	6.668	395.544	505.739
Unrated			30.549	30.549
Total	808.390	64.614	1.962.268	2.835.272

Acquisition of ownership of gained collaterals

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 7.886 thousand Euro in 2009, while in 2008 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 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	68.296	2.581.500	2.649.796
Trading portfolio securities	6.785	146.566	153.351
Derivative financial instruments – assets	0	67.149	67.149
Loans and advances to customers (net of impairment)			
Loans to retail customers			
Corporate loans:			
Large entities and organizations	4.225.333	116.871	4.342.204
Small and medium-sized entities	3.282.513	2.760.914	6.043.427
Investment portfolio securities:			
Available for sale	2.929.729	369.922	3.299.651
Held to maturity	350.104	1.737.871	2.087.975
Loans and advances	211.442	365.881	577.323
Other assets	1.357.078	555.250	1.912.328
	235.586		235.586
31 December, 2009	12.666.866	8.701.924	21.368.790
31 December, 2008	10.792.182	6.417.473	17.209.655

(b) Business segment

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

(Amounts in Euro)

	Industry	Tourism	Commerce	Property and Construction	Shipping	Retail customers, professional and residential	Other	Total
Loans and advances to banks							2.649.796	2.649.796
Trading portfolio securities							153.351	153.351
Derivative financial instruments – assets							67.149	67.149
Loans and advances to customers (net of impairment)								
Loans to retail customers						4.304.249	37.955	4.342.204
Corporate loans:								
Large entities and Organizations	321.403	194.287	524.052	743.517	2.035.459	122.800	2.101.909	6.043.427
Small and medium-sized entities	436.764	169.054	1.320.818	537.102	27.512	136.610	671.791	3.299.651
Investment portfolio securities:								
Available for sale						676	2.087.299	2.087.975
Held to maturity						447.297	130.026	577.323
Loans and advances							1.912.328	1.912.328
Other assets							235.586	235.586
31 December, 2009	758.167	363.341	1.844.870	1.280.619	2.062.971	5.011.632	10.047.190	21.368.790
31 December, 2008	805.721	327.118	1.776.179	1.545.753	2.114.679	4.320.681	6.319.524	17.209.655

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 counter 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). 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 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 Group.

Market risk, in terms of VaR, for the aforementioned positions as at 31 December 2008, amounted to 2,4 million Euro as analyzed in the table below.

	2009	2008
Currency risk	€ 0,2 mil.	€ 0,5 mil.
Bonds' portfolio interest risk	€ 3,7 mil.	€ 2,8 mil.
Financial products' portfolio market risk	€ 2,3 mil.	€ 1,4 mil.
Decrease due to portfolio diversification	€ (1,6) mil.	€ (2,3) mil.
Net Market Risk	€ 4,6 mil.	€ 2,4 mil.

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 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
2009							
Assets							
Cash and balances with Central Bank	1.110.166		108.404	10.000		64.807	1.174.973
Loans and advances to banks	2.510.866	68			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 customers	8.410.332	2.706.499	1.111.969	887.199	343.916	225.377	13.685.282
Investment portfolio	431.887	1.166.970	287.571	862.380	1.828.819	50.954	4.628.581
Other assets	13.923					695.067	708.990
Total assets	12.480.584	3.926.815	1.508.598	1.853.582	2.174.731	1.243.317	23.187.627
Liabilities							
Deposits from banks	3.554.464	1.876.808	2.902.214	0	1.248	25.766	8.360.500
Deposits from customers	5.908.699	2.424.821	2.202.940	39.150	13.375	278.861	10.867.846
Derivative financial instruments- liabilities						226.560	226.560
Issued bonds and other borrowed funds	248.080	500.000			1.414.500		2.162.580
Other liabilities	366	192	1.003	5.847	0	423.194	430.602
Total liabilities	9.711.609	4.801.821	5.106.157	44.997	1.429.123	954.381	22.048.088
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
Net interest rate gap	3.594.343	784.362	(2.160.951)	(527.875)	(839.276)	288.936	1.139.539
2008							
Assets							
Cash and balances with Central Bank	1.414.405	0	0	0	0	69.349	1.483.754
Loans and advances to banks	1.162.008	339	11	0	0	47.878	1.210.236
Trading portfolio	9.462	52.066	4.077	7.217	3.687	104.417	180.924
Derivative financial instruments – assets						83.485	83.485
Loans and advances to customers	8.197.199	1.965.014	965.654	1.360.310	785.456	(270.225)	13.003.410
Investment portfolio	470.898	705.401	145.595	294.451	1.142.420	22.471	2.781.236
Other assets	9					659.543	659.552
Total assets	11.253.981	2.722.820	1.115.337	1.661.978	1.931.563	716.918	19.402.597
Liabilities							
Deposits from banks	3.893.402	1.056.040	350.013	293.777		10.393	5.603.626
Deposits from customers	6.136.335	3.116.425	2.271.361	54.595	14.750	137.982	11.731.448
Derivative financial instruments- liabilities						251.944	251.944

Issued bonds and other borrowed funds	50.231	580.000					630.231
Other liabilities						404.801	404.801
Total liabilities	10.079.968	4.752.465	2.621.374	348.372	14.750	805.120	18.622.050
Nominal value of Interest Rate Swaps and other derivative financial instruments on interest rates	1.066.044	1.155.570	695.344	(1.964.744)	(952.214)	0	0
Net interest rate gap	2.240.057	(874.075)	(810.693)	(651.138)	964.599	(88.202)	780.547

Finally, the Group 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 2009 showed that in the event of interest rate increases by 100 units, the Group will incur losses amounting to € 2,3 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 2009 balances amounts to a reduction in portfolio value by € 9.7 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 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
2009							
Assets							
Cash and balances with Central Bank	1.130.732	3.650	1.807	301	702	37.781	1.174.973
Loans and advances to banks	2.541.453	73.936	7.909	455	1.856	24.187	2.649.796
Trading portfolio	192.952	79.904					272.856
Derivative financial instruments- assets	36.482	30.667					67.149
Loans and advances to customers	11.724.629	1.762.240	18.799	68.100	72.914	38.600	13.685.282
Investment portfolio	4.409.572	175.376				43.633	4.628.581
Other assets	658.318	13.254	1.013	96	21	36.288	708.990
Total assets	20.694.138	2.139.027	29.528	68.952	75.493	180.489	23.187.627
Liabilities							
Deposits from banks	7.872.619	196.781	15	8.345	245.475	37.265	8.360.500
Deposits from customers	8.737.659	1.739.484	51.349	10.968	83.038	245.348	10.867.846
Derivative financial instruments – assets	190.426	36.123	3	5	0	3	226.560

Issued bonds and other borrowed funds	2.112.052	50.528					2.162.580
Other liabilities	394.641	10.979	1.199	14	105	23.664	430.602
Total liabilities	19.307.397	2.033.895	52.566	19.332	328.618	306.280	22.048.088
Net on Statement of Financial Position	1.386.741	105.132	(23.038)	49.620	(253.125)	(125.791)	1.139.539
Forwards and other currency derivatives	(283.906)	(90.911)	26.900	(50.110)	255.197	142.830	0
Net currency position	1.102.835	14.221	3.862	(490)	2.072	17.039	1.139.539
2008							
Total assets	16.449.745	2.447.169	25.531	76.384	228.525	175.243	19.402.597
Total liabilities	14.758.595	3.115.801	62.925	15.136	399.485	270.107	18.622.050
Net on Statement of Financial Position	1.691.149	(668.632)	(37.394)	61.249	(170.959)	(94.864)	780.548
Forwards and other currency derivatives	(948.575)	661.801	43.175	(64.827)	171.933	136.493	0
Net currency position	742.574	(6.831)	5.781	(3.579)	974	41.628	780.548

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 2009 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 € 5,8 million.

45.5 Risk arising from share prices 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 2009 showed a decreases of share prices as that by 20% and by 40% in emerging markets that will cause to the Group losses amounting to € 13,1 million.

45.6 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 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 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
2009						
Liabilities						
Deposits from banks	3.593.971	1.601.455	3.136.026	292	50.249	8.381.993
Deposits from customers	6.292.106	2.443.119	2.227.657	39.339	17.535	11.019.756
Issued bonds and other borrowed funds	1.426	12.711	312.136	118.542	1.835.571	2.280.386
Other liabilities	185.857	80.202	83.827	131.206	179.077	660.169
Total liabilities	10.073.360	4.137.487	5.759.646	289.379	2.082.432	22.342.304
Total assets	6.467.513	1.392.694	3.900.305	6.485.719	7.929.308	26.175.539
2008						
Liabilities						
Deposits from banks	3.899.431	1.062.209	354.996	305.613	3	5.622.252
Deposits from customers	6.282.025	3.125.579	2.353.109	64.315	20.006	11.845.034
Issued bonds and other borrowed funds	2.230	4.244	19.782	412.976	318.261	757.493
Other liabilities	656.744					656.744
Total liabilities	10.840.430	4.192.032	2.727.887	782.904	338.270	18.881.523
Total assets	6.456.150	572.586	1.158.080	5.195.922	6.019.859	19.402.597

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 reporting date to maturity date.

(a) Derivative financial instruments with offsetting basis

As of December 31, 2009, 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
2009						
Trading derivatives:						
Interest rate derivatives	0	0	0	0	0	0
Total	0	0	0	0	0	0
2008						
Trading derivatives:						
Interest rate derivatives	0	0	(1.139)	(136)	0	(1.275)
Total	0	0	(1.139)	(136)	0	(1.275)

(b) Derivative financial instruments with mixed base settlement

The derivative products of the Group 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
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
Total outflows	(923.986)	(386.723)	(335.188)	(853.420)	(574.332)	(3.073.649)
Total inflows	924.579	356.376	255.978	771.582	609.779	2.918.293

2008
Trading derivatives:

Currency derivatives						
Outflow	(1.586.593)	(431.031)	(117.181)	(17.537)	0	(2.152.342)
Inflow	1.570.529	429.071	119.766	16.923	0	2.136.289
Interest rate derivatives						
Outflow	(1.339)	(2.714)	(17.857)	(51.897)	(28.199)	(102.007)
Inflow	1.413	2.622	17.917	53.111	30.357	105.419
Hedging derivatives:						
Currency derivatives						
Outflow	(111.762)	0	0	0	0	(111.762)
Inflow	109.614	0	0	0	0	109.614
Interest rate derivatives						
Outflow	(9.267)	(43.346)	(145.796)	(370.989)	(164.923)	(734.321)
Inflow	20.542	38.222	116.869	269.101	141.763	586.498
Total outflows	(1.708.961)	(477.092)	(280.834)	(440.423)	(193.122)	(3.100.432)
Total inflows	1.702.098	469.914	254.552	339.135	172.120	2.937.819

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 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 Group.

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.

2. OPERATIONAL RISK MANAGEMENT TOOL

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. 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.

v. 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.

vi. Outsourcing

Monitoring and reduction of such risk is achieved through the assessment of operations, suggested provisions and contracts according to the requirements of the PD 2577. At the same time, there is identified, monitored and managed outsourcing concentration risk per operation and per provider.

The aforementioned tools are used for operational risk management of MEB and Subsidiaries IBG, Marfin Factors & Forfaiters and Marfin Leasing, for which MEB has undertaken Risk Management through outsourcing contracts. As far as other subsidiaries are concerned, MEB Operational Risk Management exercises general supervision in respect of Operational Risk issues.

3. OPERATIONAL RISK ISSUES REPORTING

The Group 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 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 31/12/2008 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 (2009-2011) 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 (31/3/2009) 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 (Governor's Act 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 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 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 Group's Management.

The Capital Adequacy of the Group ratio as at 31/12/2009 is as follows::

	2009	2008
	Basel II	Basel I
Share capital	366.846	366.846
Share premium	328.334	327.699
Other reserves	(29.082)	(87.906)
Retained earnings	173.932	175.306
Instruments with equity characteristics	276.267	0
Goodwill and other intangible assets	(66.390)	(65.591)
Other supervisory bodies' adjustments	51.338	116.213
Total Tier I	1.101.245	832.567
Subordinated term loans and preference shares	375.138	280.231
Part of instruments with equity characteristics that do not conform with Tier I criteria	23.733	0
Other supervisory bodies' adjustments	7.988	7.354
Total Tier I	406.859	287.585
Total Capital	1.508.104	1.120.152
Weighted assets		
- on Statement of Financial Position items	12.096.629	11.325.598
- off Statement of Financial Position items	274.249	362.178
- trading portfolio	673.952	332.157
- operating risk	847.354	725.636
Total	13.892.184	12.745.569
Capital Adequacy Ratio	10.86%	8,79%

Data that concern the publication of regulatory disclosures about the capital adequacy and the risk management (Basel II, Pillar III – Governor's Act 2592/07), will be available at Bank's website.

47. Events subsequent to Financial Statements

Issue of the second line of covered bonds

On 12 March, 2010, The Bank Board of Directors issued the second line of (common) covered bonds amounting to 500 million Euro of 3 year duration with the possibility of extension for other 10 years. The bonds bear the interest rate of 3M Euribor plus annual margin of 1,50% and have received credibility ratio AA/Aa2 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 as effective in compliance with Article 91 of the Law 3601/2007, as amended under Article 48 of the Law . 3693/2008, in combination with Articles 1 to 9, 12 and 14 of the Law 3156/2003 and the Act of the Director of the Bank of Greece Num. 2620/2009 and following the relevant approval of the Bank of Greece. The security portfolio constituting the «coverage», within the context of par. 3 of Article 91 of the Law 3601/2007 of the bonds still comprises mortgages whose total is subject

to the terms and requirements of effective Legislation. There is still effective the agreement with MARFIN POPULAR BANK PUBLIC CO LTD to grant credit facilities to the Bank to ensure any claims of bondholders and creditors of all members within the issue plan. The bonds were listed for trading on the Stock Exchange of Ireland and following their issue were acquired by the Bank itself at the issue price, i.e. as against five hundred (500) million for their distribution to institutional investors, at any time until the end of their duration. As till the distribution of the bonds to institutional investors, bonds can be used as collateral to obtain liquidity from the European Central Bank through the Bank of Greece, under no. 54/27.2.2004 Monetary Policy Council Act as effective following its amendment under no. 61/6.12.2006 Monetary Policy Council Act of the Bank of Greece.

Establishment of new company

Within the frame of sound operation, reducing costs and improving efficiency in the management of collectibles, there was decided the establishment of debtors informing company, according to the Law 3758/2009. On 16/02/2010, there was established the company «MARFIN COLLECTIONS S.A. », which is 100% subsidiary of Marfin Egnatia Bank SA

48. Corporate Events

Cross-border Mergers Progress

The Extraordinary General Assembly of the Bank Shareholders as at 23/12/2009, made, among others, the following decisions:

- a) Unanimously 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 Legislation on the Companies (Amendment) (No. 4) Act 2007 and the Greek legislation following the Law 3777/2009 (Cross-border mergers of limited liability companies and other provisions) and Cyprus legislation in general (especially Articles 198 - 201KD of the Companies Act) and the Greek Legislation, particularly Articles 68 paragraph 2 and 69-77th. of Law 2190/1920 on Public Limited Companies).
- b) Unanimously approved the Report of the Board of Directors of the acquiring company, the independent auditor's report and statements about the valuations of the companies and the share exchange ratio pursuant to paragraphs 4.1.4.1.1. and 4.1.4.1.3. of the Athens Stock Exchange Regulation and the Transformation Balance Sheet of the Bank of 30/06/2009.
- c) unanimously approved as of 13/11/2009 Joint cross-border merger by acquisition of the Bank by «MARFIN POPULAR BANK PUBLIC CO LTD», and the Report of the Board of Directors (which also contains the staff representatives opinion) and the Independent Expert Report (Articles 5 and 6 of the Greek Law 3777/2009).

In compliance with the Common Cross-Border Merger Plan and the decisions of as at 23/12/2009 Extraordinary General Assemblies of merging companies, the merging companies shares conversion plan, regarded as fair by the independent expert, is as follows: The Absorbed Company shareholders will receive 0,6726990008 new common (ordinary) shares of the Absorbing Company of nominal value eighty-five cents (0.85 euro) each for each one (1) existing ordinary share of the absorbed company old common nominal share of one euro and twenty-seven cents (1.27 euro) each. Therefore, the number of new common shares of the Absorbing Company that the Absorbed Company shareholders are entitled to comes with respect to rounding to five million seven hundred eighty one thousand one hundred twenty

one (5,781,121) ordinary (common) shares of nominal value of eighty-five cents (0.85 euro) each.

According to the above, the issued share capital of the acquiring company will increase by the amount of EUR 4,913,952.85 divided into 5,781,121 new ordinary (common) shares of nominal value of 0.85 euro each.

According to the Articles of 201IZ of (Cyprus) Corporate Act and 9 (Greek) Law 3777/2009, both merging companies received certificates stating unequivocally the correct execution of transactions and formalities prior to the merger. Namely, on one hand there was issued a decree of the Nicosia District Court dated 29/01/2010 and, on the other hand, Prot. Num. K2-755/29.1.2010 Certificate of the Ministry of Economy, Competitiveness and Shipping. Subsequently, MARFIN POPULAR BANK PUBLIC CO LTD will make application to the Nicosia District Court on the approval of the cross-border merger and on its effective date

Athens 30 March 2010

The Chairman
of the board of Directors

The Managing Director

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 2009

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 "Company"), which comprise of the Statement of Financial Position as at December 31, 2009, 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 that management determines as 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 company'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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2009, 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.

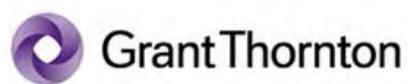
Athens, 30 March 2010

The Chartered Accountant

The Chartered Accountant

Vassilios Kazas
SOEL Reg.No. 13281

Yiannis Leos
SOEL Reg. No. 24881



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Registry Number SOEL 127



Income Statement
 For the year ended 31 December 2009
 (Amounts in thousand Euro)

	<u>Notes</u>	<u>1 Jan-31 Dec 2009</u>	<u>1 Jan-31 Dec 2008</u>
Interest and similar income		638.213	896.502
Interest and similar expense		<u>(432.423)</u>	<u>(645.794)</u>
Net interest income	6	205.790	250.708
Fee and commission interest		54.016	66.641
Fee and commission expense		<u>(5.822)</u>	<u>(5.095)</u>
Net fee and commission income	7	48.194	61.546
Dividend income	8	1.106	6.692
Net income from financial instruments	9	95.991	(20.750)
Other income	10	<u>2.468</u>	<u>8.268</u>
Operating income		353.549	306.464
Impairment of credit losses	18	(129.300)	(70.300)
Staff costs	11	(125.446)	(126.024)
Operating expensed	12	(88.653)	(91.963)
Depreciation and amortisation	26, 28	(14.127)	(12.169)
Impairment losses	13	<u>-</u>	<u>(3.302)</u>
Profit / (loss) before tax		(3.977)	2.706
Income Tax	14	<u>(8.813)</u>	<u>(1.504)</u>
Profit / (loss) after tax		<u>(12.790)</u>	<u>1.202</u>
		-	-
Earnings per share (in Euro)	15		
Basic		(0,0443)	0,0042
Diluted		(0,0443)	0,0043

The notes presented in pages 133 to 209 constitute an integral part of the financial statements of the Bank as at 31 December 2009.

Statement of Financial Position
31 December 2009
(Amounts in thousand Euro)

ASSETS	Note	2009	2008
Cash and balances in Central Bank	16	1.075.041	1.297.490
Loans and advances to Banks	17	2.854.873	1.666.072
Loans and advances to customers (net of provision)	18	12.907.258	12.206.304
Derivative financial instruments – assets	19	67.077	82.637
Financial instruments at fair value through profit and loss	20	245.086	160.614
Available-for-sale financial instruments	21	2.140.262	1.640.935
Held- to-maturity investments	22	529.841	503.757
Debt securities	23	1.912.328	622.616
Investment in subsidiaries	24	351.660	323.834
Investment in associates	25	2.278	2.278
Property, plant and equipment	26	54.693	51.571
Investment properties	27	35.380	28.203
Intangible assets	28	16.030	15.294
Deferred tax asset	29	61.805	67.575
Other assets	30	485.451	287.672
TOTAL ASSETS		22.739.063	18.956.852
EQUITY AND LIABILITIES			
Share capital	31	366.846	366.846
Share premium	31	328.334	327.699
Other Reserves	32	(36.001)	(95.030)
Retained Earnings		83.158	96.686
Hybrid funds	33	300.000	-
Total Equity		1.042.337	696.201
Deposits from Banks	34	8.464.723	5.743.428
Deposits from customers	35	10.490.000	11.327.928
Derivative financial instruments – liabilities	19	226.560	251.944
Other borrowed funds	36	2.176.974	630.231
Employee benefits	37	12.174	11.012
Other provisions	38	2.776	6.998
Current tax		11.832	14.646
Deferred tax liability	29	15.027	12.828
Other liabilities	39	296.660	261.636
Total liabilities		21.696.726	18.260.651
TOTAL EQUITY AND LIABILITIES		22.739.063	18.956.852

The notes presented in pages 133 to 209 constitute an integral part of the financial statements of the Bank as at 31 December 2009.

Statement of Comprehensive Income
 31 December 2009
 (Amounts in thousand Euro)

	<u>1 Jan-31 Dec 2009</u>	<u>1 Jan-31 Dec 2008</u>
Profit / (loss) after tax (A)	<u>(12.790)</u>	<u>1.202</u>
<u>Other Comprehensive Income after tax</u>		
Revaluation of available for sale portfolio	<u>57.932</u>	<u>(87.000)</u>
Other Comprehensive Income after tax (B)	57.932	(87.000)
Total Comprehensive Income (A + B)	45.142	(85.798)

The notes presented in pages 134 to 210 constitute an integral part of the financial statements of the Bank as at 31 December 2009.

Statement of Changes in Equity
For the year ended 31 December 2009
(Amounts in thousand Euro)

	Share capital	Share premium	Reserves	Investment valuation differences	Retained earnings	Hybrid funds	Total
Balance 01 January 2008	366.556	327.261	44.407	(58.219)	100.020		780.025
Revaluation of available for sale portfolio				(113.453)			(113.453)
Deferred tax from revaluation of available for sale portfolio				26.453			26.453
Results for the period					1.202		1.202
Total income and expense recognized in 2008				(87.000)	1.202		(85.798)
Share capital increase through transformation of bonds	290	438					728
Formation of reserves			7.576		(7.576)		
Movement between reserves			(3.040)		3.040		
Reserves for the stock option plan			1.246				1.246
Balance 31 December 2008	366.846	327.699	50.189	(145.219)	96.686		696.201
Balance 01 January 2009	366.846	327.699	50.189	(145.219)	96.686		696.201
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)
Total income and expense recognized in 2009				57.932	(12.790)		45.142
Formation of reserves			60		(60)		
Transfer of expense from the Share Capital increase		635			(635)		
Reserves for the stock option plan			994				994
Hybrid funds						300.000	300.000
Other movements				42	(42)		
Balance 31 Decemeber 2009	366.846	328.334	51.243	(87.245)	83.159	300.000	1.042.337

The notes presented in pages 133 to 209 constitute an integral part of the financial statements of the Bank as at 31 December 2009.

Cash Flow Statement
For the year ended 31 December 2009
(Amounts in thousand Euro)

	Note	2009	2008
Cash flows from operating activities			
Profit/Loss before tax		(3.977)	2.706
Adjustments for non-cash items			
Depreciation		14.127	12.169
Loans impairment		129.300	70.300
Other provisions		1.746	4.246
Employee benefits		1.784	1.359
Trading portfolio valuation		(24.513)	35.884
Transfer to investing activities		(183.540)	(130.909)
Transfer to financing activities		21.060	32.518
		(44.013)	28.273
Net changes in operating assets			
Loans and advances to Banks		(1.689.925)	(260.396)
Trading securities and derivatives		(44.399)	(22.883)
Loans and advances to customers		(830.254)	(3.421.681)
Other assets		(192.011)	(153.701)
Net changes in operating liabilities			
Deposits from Banks		2.672.290	3.270.333
Deposits from customers		(837.928)	2.629.628
Other liabilities		1.654	112.497
Net cash flows from Operating Activities before tax		(964.586)	2.182.070
Income tax paid		(6.040)	(2.480)
Net Cash Flows from Operating Activities		(970.626)	2.179.590
Cash Flows from Investing Activities			
Investments in subsidiaries and associates		(27.826)	(32.731)
Sale /disposal of subsidiaries and associates and their cash and cash equivalents		-	8.777
Net (increase) decrease in investments		(1.757.190)	(2.205.782)
Dividends received		1.106	6.692
Purchase of assets		(25.956)	(27.417)
Sale of assets		839	24.240
Investment portfolio interests received		125.538	107.769
Other flows from investing activities		56.842	6.881
Net Cash Flows from Investing Activities		(1.626.647)	(2.111.571)
Cash flows from Financing Activities			
Issue (payment) of debts		160.188	67.639
Issue of hybrid funds		300.000	-
Securitisation of loans		1.414.500	-
Net Cash Flows from Financing Activities		1.874.688	67.639
Total Net Cash Flows		(722.585)	135.658
Impact of foreign exchange differences on Cash and Cash equivalents		(987)	(165)
Net cash flow increase (decrease)		(723.572)	135.493
Cash and cash equivalents, opening		2.571.827	2.436.334
Cash and cash equivalents, closing		1.848.255	2.571.827
Cash and cash equivalents consist of :			
Cash and balances in Central Bank		858.744	1.087.305
Due from Banks		989.511	1.484.522
		1.848.255	2.571.827

The notes presented in pages 133 to 209 constitute an integral part of the financial statements of the Bank as at 31 December 2009.

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 2.753 people (31/12/2008: 2.732).

The Bank, (S.A. Records N. 6072/06/B/86/11) arose following the merger of: α) 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».

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. Theocharakis
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 30, 2010 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 2009

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 ended as at 31/12/2009. The following IFRS, amendments and new interpretations were implemented for the first time within the year 2009:

- **Adoption of revised IAS 1 «Presentation of Financial Statements»**

The Group adopted the revised IAS 1 «Presentation of Financial Statements» (revised in 2007) in its consolidated financial statements and applied it retrospectively. The fundamental change in IAS 1 is concerned with the segregation of the presentation of owner changes in equity in those which are due to transactions with owners and because of their capacity as owners (e.g. dividends, capital increase), from those which are due to other changes in equity (e.g. reserves). The revision of the Standard produces changes in both the terminology and the presentation of financial statements.

However, the new terms do not affect the rules of recognition, measurement and disclosure of equity transactions and all other events which are required by other standards.

The adoption of the revised standard is expected to transform the structure and description in the presentation of financial statements without, however, causing any alternations to the financial position of an entity.

The new requirements arising from the revision of IAS 1 also apply to IAS 8 «Accounting Policies, Changes in Accounting Estimates and Errors».

- **Adoption of revised IFRS 8 «Operating Segments».**

The Bank has applied IFRS 8 «Operating Segments» for the first time. The standard has been applied retrospectively, i.e. to the accounts and presentation of 2008 items. Therefore, the comparative items of 2008 included in the financial statements differ from those published in the financial statements for the year ended as at 31/12/2008.

The new IFRS requires a “management approach” to the Bank’s presentation of financial information under segment reporting. Information disclosed is basically information that the Management uses for internal reporting so as to assess the productivity of segments, as well as the manner in which resources are allocated. Such reporting might differentiate from information used during the preparation of the balance sheet and the income statement. Furthermore, the standard requires that explanatory notes on the basis of preparation of segment reporting, as well as traces to entries in financial statements should also be disclosed.

The new Standard adoption has not affected the way the Bank recognizes its operating segments for information provision purposes.

The Bank presents every segment results based on the information held and used by the Management for internal information provision purposes.

- **Adoption of revised IAS 23 « Borrowing Cost»**

The Bank has also adopted the revised IAS 23 « Borrowing Cost». The revised IAS 23 removes the option of immediately expensing borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset. The adoption of the revised IAS will have no significant impact on the Bank’s financial statements.

- **IAS 39: « Financial Instruments: Recognition and Measurement» - Amendment to IAS 39 for embedded derivatives in cases of reclassification of financial instruments**

The amendment to IAS 39 requires that companies should estimate whether an embedded derivative within a hybrid financial instrument should be separated in cases of reclassification of the financial asset that is being measured at fair value.

- **Enhancements to financial instruments disclosures (amendments to IFRS 7)**

The amendment to IFRS 7 introduces additional disclosures of fair value and enhances the existing requirements for the disclosure of liquidity risk. In respect of fair value, the amendment introduces a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements.

Moreover, there are amended the required disclosures of liquidity risk. The comparative information is not required to be adjusted since it is not required by the transitional provisions of the Amendment. The amendment in question is applied by entities for annual periods starting on or after 01/01/2009.

- **IFRIC 13: Customer Loyalty Programmes**

IFRIC 13 is applied on customer loyalty programmes. This Interpretation addresses the accounting by entities that provide their customers with incentives to buy goods or services by providing awards (called 'award credits' in the Interpretation) as part of a sales transaction. IFRIC 13 is applicable to annual periods beginning on or after 1 July 2008. This interpretation is applicable to credit card customer loyalty programmes, nevertheless, its adoption will not have a significant impact on the Group's financial position.

- **IFRS 2 "Share-based Payment" – Amendment 2008: Vesting Conditions and Cancellations.**

This amendment clarifies that only service conditions and performance conditions are vesting conditions, while all other features need to be included in the grant date fair value. The amendment in question is applied by entities for annual periods starting on or after 01/01/2009 and does not affect the Bank's financial statements.

- **Adoptions on annual improvements 2008**

The IASB proceeded during 2008 to the issuance of the "Improvements to the International Financial Reporting Standards 2008". The improvements include amendments leading to changes in accountancy and changes in terminology or publication amendments. Most of the above amendments are effective within the current period and do not significantly affect the Bank.

Furthermore, the following standards, amendments and interpretations are effective from January 1st 2009 but are not applicable to the Bank:

- **Amendments of IAS 27: «Consolidated and Separate Financial Statements», IFRS 1 «First-Time adoption of International Financial Reporting Standards» with reference to const of investments in subsidiaries, joint ventures and associates and adoption of the revised IAS 28: «Investments in associates».**

This amendment mainly addresses the issue that the cost of investments in subsidiaries, associates and joint ventures, in the standalone financial statements of an entity, is no longer affected by profit distribution formulated prior to the purchase date of these investments. This amendment has also led to changes in IAS 36: «Impairment of Assets», with the addition of indications on the impairment of investments based on the effect on equity due to dividend distribution of such companies to companies that have invested in them. As far as first-time adoption of IFRSs is concerned and in terms of simplifying the process of producing these financial statements, the amendment offers alternative ways for determining the cost of investments in subsidiaries, joint ventures and associates based on the fair value of these investments or their nominal value from previously effective accounting standards. In the previous years, given the absence of specific requirements of the standards, increases in investments in subsidiaries had the same accounting treatments as acquisition of subsidiaries with recognition of goodwill where necessary. The effect arising from decrease in investment in subsidiary that did not bring loss of control was recognized in the income statement for the period when incurred. In compliance with the revised IAS 27, all increases and decreases in investments in subsidiaries are recognized in comprehensive income with no effect on goodwill and in the income statement for the period. In cases of loss of control over a subsidiary as a

result of a transaction, the Group proceeds to derecognition of all the assets, liabilities and non-controlling at their current value. Any rights, remaining with the former subsidiary of the Bank is recognized at its fair value at loss of control date. Profit or loss from loss of control is recognized in the income statement for the period as the balance between the collectibles, if any, and the adjustments.

- **IFRIC 15: Agreements for the Construction of Real Estate**

IFRIC 15 provides instructions as to:

- whether a contract for the construction of real estate falls under the provisions of IAS 11 “Construction Contracts” or IAS 18 “Revenue”,
- when revenue should be recognized from a construction.

The current Interpretation is applied under accounting recognition of income and related expenses in respect of the companies undertaking real estate construction either directly or via subcontractors.

The contracts that are within the scope of IFRIC 15 application are agreements for the construction of real estates. Apart from the above agreements, such agreements can also include provision of other goods and services.

IFRIC 15 is effective for entities for annual periods starting on or after 01/01/2009. Changes in accounting policies are recognized in compliance with the requirements of IAS 8.

- **IFRIC 16: «Hedges of a Net Investment in a Foreign Operation»**

IFRIC 16 applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and meets the terms for qualifying as hedge accounting in accordance with IAS 39. IFRIC 16 provides guidance on identifying the foreign currency risks that qualify as a hedged risk in the hedge of a net investment in a foreign operation; where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting; and how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

IFRIC 16 «Hedges of a Net Investment in a Foreign Operation» is applied by entities for annual periods starting on or after 01/10/2008.

- **IAS 32 Financial Instruments: «Presentation» and IAS 1 «Presentation of Financial Statements» - Amendment 2008: Puttable financial instruments and Obligations Arising on Liquidation**

The amendment of IAS 32 requires that certain puttable financial instruments and obligations arising on the liquidation of an entity should be recognized as a part of equity only if certain criteria are met.

The amendment to IAS 1 refers to the disclosure of information pertaining to the aforementioned instruments which have been classified as a part of equity. The Bank’s Financial Statements have not been affected by the aforementioned amendments. The amendment is applied by entities for annual periods starting on or after 01/01/2009.

The Bank estimates that the Standards and the above Interpretations will not apply to its financial statements.

2.3.2. New Standards, Amendments and Interpretations that are not yet effective and have not been early adopted by the Bank:

The following new Standards and Interpretations to the effective Standards have been published by IASB and have been adopted by the EU, though are not mandatory for the presented financial statements and have not been earlier applied by the Bank.

- **Adoption of IFRS 3: «Business Combinations» Revised 2007 and revised IAS 27 «Consolidated and Separate Financial Statements»**

The revised standard introduces significant amendments for the application of the acquisition method for business combinations. Among other changes the standard introduces the possibility of minority 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 revised IFRS 3 applies for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1st, 2009, while no consolidation adjustments are required for the period before the revised standard will become effective.

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 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 and are applied by the entities for annual periods starting on or after 01/07/2009. Earlier application of the Standard is encouraged as far as it is disclosed in the Notes to the Financial Statements of the Bank.

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

IAS 39 amendment clarifies hedge accounting issues and specifically those related with inflation and on-sided risk of a hedging instrument. The amendment to IAS 39 is applicable for annual periods beginning on or after 01/07/2009. This amendment is not expected to impact the Bank's financial statements.

- **IAS 32 - (Amendment) «Financial Instrumentemts: «Presentation» - Classification of rights issues.**

The amendment revises the definition of financial liability of I.A.S.32 in order to classify options or rights on stocks as debt instruments. The amendment is effective for periods beginning on or after February 1st 2010. This amendment is not expected to impact the Banks's financial statements.

- **IFRIC 17: «Disctributions of non-cash assets to owners»**

When an entity proceeds with the announcement for distribution and when it has the obligation to distribute non-cash assets to owners then it should recognize a liability for these dividends payable. The interpretation provides guidance on the cases when an entity should recognize dividends payable, how it should measure them, and how it should account for differences between the book value of non-cash assets disctributed and the book value of dividends payable when actual payment takes place.

IFRIC 17 is applied for annual periods starting on or after 01/07/2009. Earlier application of the Interpretation is encouraged as far as it is disclosed in the notes to the financial statements and IFRS 3 (amendment 2008), IAS 27 (amendment May 2008), IFRS 5 (as amended by the current Interpretation) are applied by the entity. Retrospective application is not permitted. The Interpretation is not applicable to the Bank's operations.

- **IFRIC 18: «Transfers of assets from customers»**

This interpretation is particulary 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 Interpetation 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. IFRIC 18 must be applied prospectively to transfers of assets from customers received on or after 01/072009. In accordance with EU regulation 1164/2009, entities should apply IFRIC 18 no later than the date of the first annual financial year beginning after 31/10/2009.

2.3.3. Standards, amendments, and interpretations to existing standards that are not mandatory and have not been adopted by the E.U.

Furthermore, the IASB has proceeded with the issue of the following new IFRSs, amendments and interpretations which are not mandatory for these financial statements and as at the date of issue of these financial statements have not been adopted by the E.U.

- **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 consists of 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 effect from the application of IFRS 9 is currently evaluated by the Bank as it is estimated that the business model that will be selected by the Bank for managing its financial assets will have an impact on its Equity and P&L.

- **IFRS 2 (Amendment): «Share-Based Payments»**

The IASB has proceeded with the issue of an amendment to IFRS 2 concerned with the investment conditions of the fund and its cancellation. None of the current share-based payment schemes are affected by this amendment. The Management estimates that the amendment to IFRS 2 will have no impact on the accounting policies of the Bank. The amendment is effective for periods beginning on or after 01/01/2010. This amendment is not expected to impact the Bank's financial statements.

- **IFRS 1 (Amendment) «First-Time Adoption» - Additional Exceptions for first time adopters**

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. This amendment is not expected to have significant impact on the Bank's operations.

- **IAS 24 (Amendment) «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 not been endorsed yet 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 of the Bank.

- **IFRIC 14 (Amendment)- «Prepayments of a Minimum Funding Requirement»**

The amendment has been issued to raise the limitations that an entity had on the recognition of an asset deriving from voluntary prepayed contributions for minimum funding requirements. The

amendment is applicable for annual accounting period starting on or after 01/07/2011. The amendment is not applicable to the Bank's operations.

- **IFRIC 19: «Extinguishing Financial Liabilities with Equity Instruments»**

IFRIC19 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.

- **Annual Improvements 2009**

During 2009, IASB issued the annual improvements to IFRS for 2009, a series of adjustments in 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 IFRS's and will not be a part of bigger revision program. Most adjustments are effective for annual periods beginning on or after 01/01/2010, with early adoption allowed. The Bank has no intention of early adoptions. Based on the current structure, management does not expect significant effect from the application of the aforementioned new Standards and interpretations when these will become applicable.

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 Instruments

(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 3.2d)

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.

3.5 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.

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	6-9	years
Vehicles	6-7	years
Computer hardware and software	4	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.

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 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.

3.8 Intangible assets

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

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.

3.9 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 Assets

(a) Financial assets carried at unamortised 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 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,
- 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 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 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 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 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 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.

3.11 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.

3.12 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 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 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 recognised 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 realise 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 recognised 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 realised and unrealised 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 realised 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 recognised 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 23.

(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 amortised cost are subject to impairment testing on each balance sheet date, according to section 3.10. 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 ceased 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 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 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.

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:

31/12/2009						
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	27.711	1.802	8.964		48.194
Other income	207	557	1.244	97.557		99.565
Operating income	64.670	156.287	6.904	125.688		353.549
Impairment for credit losses	5.168	(135.437)	969			(129.300)
Depreciation and amortisation	(1.536)	(11.328)	(737)	(526)		(14.127)
Other expense	(24.904)	(165.254)	(12.940)	(11.001)		(214.099)
Profit before tax	43.398	(155.732)	(5.804)	114.161		(3.977)
Income tax						(8.813)
Profit after tax						(12.790)
Loans and advances to customers (net of provision)	4.650.500	6.979.702	1.277.056			12.907.258
Deposits from customers	2.720.767	6.568.394	1.200.839			10.490.000
Total assets	4.650.500	6.979.702	1.277.056	9.831.805		22.739.063
Total liabilities	2.008.916	6.568.394	1.200.839	11.918.577		21.696.726
Additions to tangible and intangible assets	3.649	11.622	1.300	1.500		18.071

31/12/2008						
Amounts in thousand Euro	Investment and corporate banking	Retail Banking	Asset Management	Treasury	Investments and participations	Total
Net interest income	49.799	166.044	16.072	18.793		250.708
Net fee and commission income	21.923	38.636	1.368	(381)		61.546
Other income	435	1.401	432	(8.058)		(5.790)
Operating income	72.157	206.081	17.872	10.354		306.464
Impairment for credit losses	(6.414)	(63.348)	(538)	(3.302)		(73.602)
Depreciation and amortisation	(773)	(10.488)	(475)	(433)		(12.169)
Other expense	(26.621)	(165.849)	(14.532)	(10.985)		(217.987)
Profit before tax	38.349	(33.604)	2.327	(4.366)		2.706
Income tax						(1.504)
Profit after tax						1.202
Loans and advances to customers (net of provision)	4.526.517	6.399.714	1.280.073			12.206.304
Deposits from customers	2.930.637	7.100.297	1.296.994			11.327.928
Total assets	4.526.480	6.399.714	1.280.073	6.750.585		18.956.852
Total liabilities	1.756.465	7.100.297	1.296.993	8.106.896		18.260.651
Additions to tangible and intangible assets	3.367	17.653	1.299	1.731		24.050

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 (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 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 186 branches. Income of the Bank comes from its operations in Greece.

6. Net interest income

(Amounts in thousand Euro)

	2009	2008
Interest income		
Interest from bonds	130.619	112.972
Interest from advances to customers	470.471	709.128
Interest from other banks	35.709	72.026
Other interest	1.414	2.376
	638.213	896.502
Interest expense		
Interest on customers deposits	(317.481)	(450.932)
Interest to other banks	(81.880)	(162.344)
Interest on loan capital	(33.062)	(32.518)
	(432.423)	(645.794)
Net interest income	205.790	250.708

Trading portfolio bonds equal to € 5.081 thousand (2008: € 5.203 thousand) and net interest equal to € 63.456 (2008: € 40.925 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)

	2009	2008
Fee and commission income		
Loans	18.621	18.254
Letters of guarantee	4.085	4.426
Retail banking	5.610	16.559
Investment banking	155	10.530
Custodian	3.238	2.525
Capital transfers	5.204	4.901
Import – export	1.470	1.419
Trading	1.581	959
Insurance –related	2.613	2.696
Other	11.439	4.372

	54.016	66.641
Fee and commission income		
Retail banking	(4.609)	(3.541)
Other	(1.213)	(1.554)
	(5.822)	(5.095)
Net fee and commission income	48.194	61.546

8. Dividend income

(Amounts in thousand Euro)

	2009	2008
Dividend from subsidiaries	22	5.151
Dividend from available-for-sale portfolio	1.084	1.541
Dividend income	1.106	6.692

9. Net trading income

(Amounts in thousand Euro)

	2009	2008
Foreign exchange differences	8.164	3.497
Profit / (Loss) from sale and revaluation of trading securities	19.985	(25.444)
Profit / (Loss) from derivative financial instruments	11.515	(13.069)
Profit / (Loss) from sale of financial instruments classified other than in trading portfolio	56.327	14.266
Net trading income	95.991	(20.750)

10. Other income

(Amounts in thousand Euro)

	2009	2008
Income from sale / lease of property	326	5.059
Other	2.142	3.209
Other income	2.468	8.268

11. Staff costs

(Amounts in thousand Euro)

	2009	2008
Wages and salaries	(94.302)	(90.588)
Social security contributions	(22.658)	(21.278)
Defined benefit plans (Note 37)	(1.784)	(3.692)
Stock option plan expense	(994)	(1.246)
Other expense	(5.708)	(9.220)
Staff costs	(125.446)	(126.024)

The number of employees as at the end of the year was 2.753 (2008 : 2.732).

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 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 was measured using the Black and Scholes model. The significant inputs into the model were: share price of € 8,48 at the grant date, expected share price volatility. The expected volatility was defined at 12% based on the examination of historic evidence of listed European banks, exercise price of € 10, risk-free euro interest rate curve for the duration of the Scheme 4,15% (average), the dividend yield 3,58. The weighted average fair value of options granted during the period was € 0,19. The total expenses recognised in the income statement for the year ended as at 31 December 2009 in respect of the Options granted amounted to 993.963 Euro (2008: 1.280.057). Within the years 2007, 2008 and 2009, no Options were exercised and as at 31 December 2009, the number of effective Options was 23.165.000.

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. 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.

12. Operating expense

(Amounts in thousand Euro)

	2009	2008
Rent (operating leases)	(23.950)	(21.902)
Operating expenses for buildings	(7.760)	(6.810)
Tax, stamps and duties	(7.372)	(9.135)
Repairs and maintenance	(3.324)	(3.789)
Third party fees (legal, engineers, etc)	(12.275)	(12.586)
Telephone and postage	(6.788)	(6.595)
Promotion and advertisement	(12.078)	(14.515)
Provision for other risks	(752)	(400)
Subscriptions – Contributions	(3.129)	(2.582)
Other expenses	(11.225)	(13.649)
Operating expense	(88.653)	(91.963)

13. Impairment losses

(Amounts in thousand Euro)

	2009	2008
Impairment loss of shares in the available-for-sale portfolio	-	(3.255)
Impairment loss of bonds in the available-for-sale portfolio	-	(47)
	-	(3.302)

14. Income tax

(Amounts in thousand Euro)

	2009	2008
Tax for the period	(14.631)	(14.647)
Social responsibility contribution	(4.476)	-
Deferred tax	10.339	14.646
Impact on deferred tax from change in tax rates	-	(403)
Tax on reserves	-	(1.100)
Tax inspection differences	(45)	-
Income tax	(8.813)	(1.504)

Detailed information on deferred tax is available in Note 29. The reconciliation of the effective tax rate for the financial year is indicated as follows:

	%	2009	%	2008
Profit before tax		(3.977)		2.706
Tax based on tax rate	25%	(994)	25%	677
Non-deductable expense	(28%)	1.115	38%	1.035
Tax-exempt revenues	4%	(176)	(56%)	(1.523)
Adjustment of tax rate for deferred tax	-	-	15%	403
Tax inspection differences	(1%)	45	-	-
Social responsibility contribution	(113%)	4.476	-	-
Other differences	(109%)	4.347	34%	912
Income tax	(222%)	8.813	56%	1.504

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 data. In calculating the tax expense for the current financial year, the Bank took into consideration the additional tax obligations which would occur from a possible tax audit. The relevant provision for contingent additional tax differences amounting to € 1.500 thousand is included in the "Deferred tax liabilities" account.

15. Earnings per share

Basic earnings per share are calculated through net profits attributable to Shareholders, minority interests and the weighted average number of shares in issue during the year.

Diluted earnings per share are calculated through net profits attributable to Shareholders, minority interests as well as interest accrued from the Convertible Bond Loan (C.B.L.) and the weighted average number of shares in issue during the year, increased by the weighted average number of the convertible bonds.

	2009	2008
Basic earnings per share		
Profit attributable to the Shareholders of the Bank	(12.790)	1.202
Weighted average number of outstanding ordinary shares	288.855.236	288.818.569
Basic earnings per share	(0,0443)	0,0042
Diluted earnings per share		
Profit attributable to the Shareholders of the Bank	(12.790)	1.233
Weighted average number of outstanding ordinary shares	288.855.236	288.927.347
Diluted earnings per share	(0,0443)	0,0043

16. Cash and balances with Central Bank

(Amounts in thousand Euro)

	2009	2008
Cash	63.219	63.161
Other placements at Central Bank	795.525	1.024.144
Regulatory deposits with Central Bank	216.297	210.185
Cash and balances with Central Bank	1.075.041	1.297.490

17. Loans and advances to Banks

(Amounts in thousand Euro)

	2009	2008
Current accounts	371.439	342.401
Loans to banks	16.500	-
Placements at banks	2.466.934	1.323.671
Loans and advances to Banks	2.854.873	1.666.072
Current	2.668.365	1.484.522
Non-Current	186.508	181.550

18. Loans and advances to customers

(Amounts in thousand Euro)

	2009	2008
Retail customers:		
Consumer	1.708.713	1.796.528
Credit cards	246.371	203.200

Housing	2.458.941	2.164.500
	4.414.025	4.164.228
Corporate loans :	8.815.735	8.266.435
Total loans and advances to customers	13.229.760	12.430.663
Less: provision for impairment of loans	(322.502)	(224.359)
Loans and advances to customers (net of provision)	12.907.258	12.206.304
Current	4.880.220	4.664.988
Non-Current	8.027.038	7.541.316

Movement in provision :

	2009	2008
Balance 1 January	224.359	181.383
Impairment	129.300	70.300
Write-offs	(31.157)	(27.324)
31 December	322.502	224.359

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 31/12/2009 to € 5.604 thousand and € 75.940 thousand respectively. The amount of € 70.337 thousand that constitutes adjustment-increase in fair value of those loans is included in the mortgages to individuals.

The account of trading results includes both – the profit of € 690 thousand on hedging instrument and the equal loss from the hedged item.

19. Derivative financial instruments

(Amounts in thousand Euro)

31 December 2009

	Nominal Value	Fair value	
		Assets	Liabilities
Foreign currency derivatives			
Currency deposits	5.181	7.028	6.667
Currency swaps	254.953	9.278	7.089
Spot	8.979	66	38
Derivatives on Securities / Index			
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	-	-
Interest derivatives			
Interest Rate Swaps	1.063.883	14.938	8.809
Derivatives for trading purposes		56.209	48.083

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
Derivatives for fair value hedging purposes		10.868	178.477
Derivative financial instruments in total		67.077	226.560
31 December 2008			
	Nominal Value	Fair value	
		Assets	Liabilities
Foreign currency derivatives			
Currency deposits	21.750	5.456	8.101
Currency swaps	933.734	37.992	50.913
Spot	5.794	133	139
Derivatives on Securities/Index			
Options	2.167	1.122	795
Commodities	227	13.462	13.235
Index	597	-	29
CDS	214.185	30	14.233
Asset swaps	2.371	4	-
Interest derivatives			
Interest Rate Swaps	851.008	15.393	11.704
Forward rate agreements	100.000	-	278
Derivatives for trading purposes		73.592	99.427
Fair value hedging			
Customer deposits with embedded derivatives	71.379	2.566	2.787
Interest Rate Swaps for loans hedging	2.267.857	6.479	77.513
Asset swaps	1.062.927	-	72.217
Derivatives for fair value hedging purposes		9.045	152.517
Derivative financial instruments in total		82.637	251.944

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 31/12/2009 to € 3.411 thousand and 100.372 thousand respectively.

Out of the amount of € 96.961 thousand, an amount of €56.121 pertains to hedging of bonds of the portfolio of Available for sale, and the remaining amount of € 40.840 thousand pertains to fixed interest rate bonds included in the account «debt securities».

The account of trading results includes both from the hedged items amounting to € 24.354 thousand and loss from hedging instrument amounting to € 24.760 thousand.

20. Financial assets at fair value through profit and loss

(Amounts in thousand Euro)

	2009	2008
Greek government treasury bills (fixed rate)	212	897
Other government treasury bills (fixed rate)	10	8.433
Greek government treasury bills (floating rate)	833	909
Other government treasury bills (floating rate)	1.688	1.656
Corporate bonds (fixed rate)	105.441	14.550
Corporate bonds (floating rate)	54.126	50.063
Total treasury bills and bonds	162.310	76.508
Shares listed in Athens Stock Exchange.	614	483
Shares listed in Foreign exchanges	0	20
Mutual funds (foreign)	82.162	83.603
Financial instruments at fair value through profit and loss	245.086	160.614
Current	128.010	85.311
Non-Current	117.076	75.303

21. Available-for-sale financial instruments

(Amounts in thousand Euro)

	2009	2008
Available for sale portfolio		
Mutual funds (domestic)	2.649	3.382
Shares listed in Athens Stock Exchange	35.421	12.746
Shares listed in foreign exchanges	7.257	2.692
Shares listed in foreign exchanges (in custody for third parties)	597	371
Not listed shares	928	928
Customers' bond loans listed in the Athens Stock Exchange	-	30.549
Greek government treasury bills (fixed rate)	224.141	415.964
Greek government treasury bills (floating rate)	109.968	134.325
Other government treasury bills (fixed rate)	612.232	107.423
Corporate bonds (fixed rate)	852.474	472.565
Corporate bonds (floating rate)	294.595	459.990
Available-for-sale financial instruments	2.140.262	1.640.935
Current	828.421	69.608
Non-Current	1.311.841	1.571.327

22. Held-to-maturity investments

(Amounts in thousand Euro)

	2009	2008
Greek government treasury bills (fixed rate)	36.310	29.435
Greek government treasury bills (floating rate)	9.717	10.000
Corporate bonds (fixed rate)	2.137	963
Corporate bonds (floating rate)	481.677	463.359
Held-to-maturity investments	529.841	503.757
Current	472.476	35.919
Non-Current	57.365	467.838

This portfolio also includes bonds of carrying amount of € 35.745 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.

23. Debt securities

(Amounts in thousand Euro)

	2009	2008
Greek government treasury bills (fixed rate)	505.909	-
Other government treasury bills (fixed rate)	88.519	87.775
Greek government treasury bills (floating rate)	670.499	-
Corporate bonds (fixed rate)	451.870	345.024
Corporate bonds (floating rate)	195.531	189.817
Debt securities	1.912.328	622.616
Current	679.943	6.316
Non-Current	1.232.385	616.300

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	31 December 2009	
	Carrying amount	Carrying amount	Fair value
Investments of trading portfolio reclassified as available-for-sale investments	6.455	5.943	5.943
Available-for-sale investments reclassified as debt securities	496.176	526.204	529.400

If the Bank had not reclassified investments in securities as at 1 July 2008, the income statement till 12 month of 2009 inclusively would have included unrealized losses resulting from changes in fair value of financial assets held for trading that had been reclassified amounting to 512 thousand euro, burdening the Equity. Of this amount, profit of 218 thousand Euro pertains to 2009.

In the year 2009, there were sold bonds of the carrying amount as at 1 July 2008 of 4,987 thousand Euro, with profit recorded in the income statement amounting to 149 thus Euro.

As at reclassification date, the trading portfolio interest rate fluctuated from 5,162% to 8,20% with the recoverable amount standing at 6.447 thus Euro.

Moreover, had the aforementioned reclassification not been conducted, there would have been recognized in the fair value reserves of financial assets available for sale unrealized profit amounting to 3.196 thus. Euro that represents the change in fair value till 12 month of 2009 inclusively of the investments available for sale that had been reclassified.

Of this amount, profit of 88.133 thousand Euro pertains to 2009.

Had the amount of available for sale portfolio not been transferred, 177.847 thousand Euro would have been hedged for changes in fair value, 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 2009, there matured bonds of the carrying amount as at 1 July 2008 of 1.848 thus and recoverable value of 2.000 thus Euro and, moreover, there were sold bonds of the carrying amount as at 1 July 2008 of 15.514 thus and recoverable value of 16.750 thousand Euro. Loss of 585 thus. Euro was incorporated in the income statement.

As at reclassification date, the available for sale portfolio interest rate fluctuated from 4,0% to 8,875% with the recoverable amount standing at 549.764 thus Euro.

(Amounts in thousand Euro)

	1 October 2009	31 December 2009	
	Carrying amount	Carrying amount	Fair value
Available-for-sale investments reclassified as debt securities	1.112.849	1.108.812	1.041.568

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 67.244 thousand Euro, representing the change in the fair value till 12 month of 2009 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 341.002 thousand Euro 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 available for sale portfolio interest rate fluctuated from 1,46% to 8,25% with the recoverable amount standing at 1.078.476 thousand Euro.

24. Investment in subsidiaries

(Amounts in thousand Euro)

Name	Country of Incorporation	31/12/2009			Participation
		% Direct Participation	% Indirect Participation	Total % 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.	Greece	-	100%	100%	-
Marfin Egnatia Fin S.A.	Greece United	99,00%	-	99,00%	291
Egnatia Finance PLC	Kingdom/London	99,998%	0,002%	100,00%	18
Marfin Travel LTD	Greece	-	99,00%	99,00%	-
Obafemi Holdings LTD	Cyprus	100,00%	-	100,00%	2
Egnatia Properties SRL	Romania	-	100,00%	100,00%	-

Investment Bank of Greece S.A. (3)	Greece United Kingdom/London	92,80%	-	92,80%	219.825
Marfin Capital Partners Ltd	Kingdom/London	70,00%	-	70,00%	723
Marfin Capital Partners (Cyprus) Ltd	Cyprus	-	70,00%	70,00%	-
Marfin Global Asset Management S.A. (3)	Greece British Virgin Islands	94,5148%	4,0841%	98,5989%	9.006
IBG Investments S.A. (3), (4)	Islands	-	92,80%	92,80%	-
IBG Mutual Funds Management S.A. (3)	Greece	-	92,80%	92,80%	-
Marfin Securities (Cyprus) Ltd (3)	Cyprus	-	92,80%	92,80%	-
IBG Capital S.A. (3)	Greece	-	92,80%	92,80%	-
Marfin Factors & Forfaiters S.A.	Greece	100,00%	-	100,00%	12.285
					351.660

31/12/2008					
Name	Country of Incorporation	% Direct Participation	% Indirect Participation	Total % Participation	Participation
Marfin Bank Romania S.A. (1)	Romania	98,98%	-	98,98%	38.113
Marfin Leasing IFN Romania S.A.	Romania	99,00%	-	99,00%	218
Marfin Leasing S.A. (2)	Greece	100,00%	-	100,00%	45.184
Dynamic Asset Operating Leases S.A.	Greece	-	100%	100%	-
Marfin Egnatia Fin S.A.	Greece United Kingdom/London	99,00%	-	99,00%	291
Egnatia Finance PLC	Kingdom/London	99,998%	0,002%	100,00%	18
Marfin Travel LTD	Greece	-	99,00%	99,00%	-
Obafemi Holdings LTD	Cyprus	100,00%	-	100,00%	2
Egnatia Properties SRL	Romania	-	100,00%	100,00%	-
Investment Bank of Greece S.A. (3)	Greece United Kingdom/London	92,19%	-	92,19%	217.994
Marfin Capital Partners Ltd	Kingdom/London	70,00%	-	70,00%	723
Marfin Capital Partners (Cyprus) Ltd	Cyprus	-	70%	70%	-
Marfin Global Asset Management S.A. (3)	Greece British Virgin Islands	94,5148%	4,0568%	98,5716%	9.006
IBG Investments S.A. (3), (4)	Islands	-	92,19%	92,19%	-
IBG Mutual Funds Management S.A. (3)	Greece	-	92,19%	92,19%	-
Marfin Securities (Cyprus) Ltd (3)	Cyprus	-	92,19%	92,19%	-
IBG Capital S.A. (3)	Greece	-	92,18%	92,18%	-
Marfin Factors & Forfaiters S.A.	Greece	100,00%	-	100,00%	12.285
					323.834

(1) On 27 July 2009 the subsidiary of the Bank by 98,98% Marfin Bank Romania S.A., proceeded with a share capital increase amounting to 10 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 99,23%.

(2) Following the decision on 14/12/2009 of the Annual General Assembly of the shareholders of Marfin Leasing S.A. the share capital increase amounting to 15.995 thousand was approved with payment of the amount by the sole shareholder Marfin Egnatia Banks S.A. On 22/12/2009 the share capital increase amount was deposited.

(3) Within 2009 23.294 shares of «Investment Bank of Greece S.A.» have been acquired and the percentage of participation of «Marfin Egnatia Bank S.A.» in the share capital of the company increased from 92,19% to 92,80%. In analogy its indirect participation percentage to the Group's companies (Marfin G.A.M. S.A., IBG Investments S.A., IBG Mutual Funds Management S.A., Marfin Securities Cyprus, IBG Capital S.A) has also increased.

(4) Within 2009 the share capital increase of IBG Investments S.A. has taken place amounting to 1.553 thousand Euro, which was covered by analogy to the participation to its share capital by Investment Bank of Greece S.A. (90%) and by IBG Capital S.A. (10%) thus 1.398 thousand Euro and 155 thousand Euro respectively.

25. Investment in associates

(Amounts in thousand Euro)

	2009	2008
Company	ARIS Capital Management (U.S.A.)	
Total % Participation	30,00%	30,00%
Assets	861	1,542
Liabilities	159	394
Income	1,005	1,550
Gains	322	864
Share capital	8	8
Total participation	2.278	2.278

26. Property, Plant and Equipment

(Amounts in thousand Euro)

	Land	Buildings	Leasehold improvements	Furniture and equipment	Other	Total
Acquisition cost						
Balance 1 January 2008	10.277	18.652	49.435	59.669	4.994	143.027
Additions	-	33	11.339	5.436	1.080	17.888
Disposals / Transfers	(7.943)	(13.704)	-	(3.917)	(723)	(26.287)
Balance 31 December 2008	2.334	4.981	60.774	61.188	5.351	134.628
Acquisition cost						
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)
Balance 31 December 2009	2.334	5.178	68.350	63.242	7.117	146.221
Depreciation						
Balance 1 January 2008	-	5.316	27.966	45.331	3.647	82.260
Depreciation	-	273	3.877	4.886	366	9.402
Decreases	-	(4.129)	-	(3.891)	(585)	(8.605)

Balance 31 December 2008	-	1.460	31.843	46.326	3.428	83.057
Depreciation						
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)
Balance 31 December 2009	-	1.591	36.772	49.435	3.730	91.528
Amounts in the Statement of Financial Position						
As at 1 st January 2008	10.277	13.336	21.469	14.338	1.347	60.767
As at 31 st December 2008	2.334	3.521	28.931	14.862	1.923	51.571
As at 1 st January 2009	2.334	3.521	28.931	14.862	1.923	51.571
As at 31 st December 2009	2.334	3.587	31.578	13.807	3.387	54.693

27. Investment properties

(Amounts in thousand Euro)

	2009	2008
Balance 1 January	28.203	26.548
Additions	7.886	3.366
Disposals	(709)	(1.711)
Investment properties	35.380	28.203

28. Intangible assets

(Amounts in thousand Euro)

	Goodwill	Software	Total
Acquisition costs			
Balance 1 January 2008	713	32.423	33.136
Additions	-	6.163	6.163
Disposals	-	-	-
Balance 31 December 2008	713	38.586	39.299
Balance 1 January 2009	713	38.586	39.299
Additions	-	4.216	4.216
Disposals	-	-	-
Balance 31 December 2009	713	42.802	43.515
Accumulated amortisation			
Balance 1 January 2008	71	21.167	21.238
Amortisation	-	2.767	2.767
Disposals	-	-	-
Balance 31 December 2008	71	23.934	24.005
Balance 1 January 2009	71	23.934	24.005
Amortisation	-	3.480	3.480
Disposals	-	-	-
Balance 31 December 2009	71	27.414	27.485

Amounts in the Statement of Financial Position			
As at 1 January 2008	642	11.256	11.898
As at 31 December 2008	642	14.652	15.294
As at 1 January 2009	642	14.652	15.294
As at 31 December 2009	642	15.388	16.030

29. Deferred tax

(Amounts in thousand Euro)

Recognised deferred tax asset and liability

Deferred tax assets and liability are attributable to:

	2009	2008
Deferred tax asset		
Intangible assets	85	191
Employee benefit obligations	2.285	2.053
Impairment of loans and advances	25.493	6.833
Impairments of investments	27.587	45.894
Deferred income	3.869	3.194
Valuation reserve from disposal of listed shares	-	757
Valuation of bank book and derivative financial instruments	1.670	7.041
Other	816	1.612
	61.805	67.575
Current	311	1.378
Non-Current	61.494	66.197
Deferred tax liability		
Property, Plant and Equipment	82	67
Investment properties	960	-
Tax exempt reserves	1.865	-
Suspension of loans' accrual	2.990	1.928
Effective rate of loans and advances	7.926	7.348
Intangible assets	1.198	929
Other	6	2.556
	15.027	12.828
Current	-	2.550
Non-Current	15.027	10.278

Movement in temporary differences during the year

	Balance 1 January 2008	Recognised in Income	Recognised in Equity	Balance 31 December 2008
Intangible assets	(279)	(459)	-	(738)
Employee benefit obligations	2.514	(461)	-	2.053
Impairment of loans and advances	(4.683)	11.516	-	6.833
Impairment of investments	20.803	(1.362)	26.453	45.894
Deferred income	1.552	1.642	-	3.194
Reserve from disposal of listed shares	-	757	-	757
Valuation of investments and derivative financial instruments	(1.930)	8.971	-	7.041
Property, Plant and Equipment	(226)	159	-	(67)
Investment properties	-	-	-	-
Tax exempt reserves	(1.083)	1.083	-	-
Suspension of loans' accrual	-	(1.928)	-	(1.928)
Effective rate of loans	(5.171)	(2.177)	-	(7.348)
Other	2.554	(3.498)	-	(944)
Total	14.051	14.243	26.453	54.747

Movements in temporary differences during the year

	Balance 1 January 2009	Recognised in Income	Recognised in Equity	Balance 31 December 2009
Intangible assets	(738)	(375)	-	(1.113)
Employee benefit obligations	2.053	232	-	2.285
Impairment of loans and advances	6.833	18.660	-	25.493
Impairment of investments	45.894	-	(18.308)	27.586
Deferred income	3.194	675	-	3.869
Reserve from disposal of listed shares	757	(757)	-	-
Valuation of investments and derivative financial instruments	7.041	(5.370)	-	1.671
Property, Plant and Equipment	(67)	(15)	-	(82)
Investment properties	-	(960)	-	(960)
Tax exempt reserves	-	(1.865)	-	(1.865)
Suspension of loans' accrual	(1.928)	(1.062)	-	(2.990)
Effective rate of loans	(7.348)	(578)	-	(7.926)
Other	(944)	1.754	-	810
Total	54.747	10.339	(18.308)	46.778

30. Other assets

(Amounts in thousand Euro)

	2009	2008
Prepaid expenses	4.991	5.541
Accrued income	177.761	180.104
Extra contribution to Hellenic Deposit Guarantee Fund	93.314	42.784
Other	209.385	59.243
Other assets	485.451	287.672

Current	180.106	187.992
Non-Current	305.345	99.680

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.

Therefore, the banks deposited additional contributions for the year 2008. 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.

31. Share capital

	2009	2008
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	327.699

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)

	2009	2008
Statutory reserve	15.875	15.815
Tax-exempt reserve	425	425
Extraordinary reserves	31.545	31.545
Revaluation reserve of available for sale financial instruments	(87.244)	(145.219)
Stock Option plan reserve	3.398	2.404
Other reserves	(36.001)	(95.030)

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)

	2009	2008
Deposits with Central Bank	3.300.000	2.670.527
Sight	255.318	18.513
Term	98.073	10.014
Other placements	2.355.722	2.574.893
Advances from Credit Institutions	2.455.610	469.481
Deposits from Banks	8.464.723	5.743.428
Current	8.415.721	5.449.648
Non-Current	49.002	293.780

35. Deposits from customers

(Amounts in thousand Euro)

	2009	2008
Retail customers:		
Sight	504.799	372.222
Saving accounts	1.022.878	650.190
Term	5.071.822	6.048.617
	6.599.499	7.071.029
Corporate customers:		
On demand	663.991	667.222
Term	3.044.018	3.514.252
	3.708.009	4.181.474
Government entities:		
On demand	47.376	67.724
Term	135.116	7.701
	182.492	75.425
Deposits from customers	10.490.000	11.327.928
Current	10.439.832	11.264.534
Non-Current	50.168	63.394

36. Other borrowed funds

(Amounts in thousand Euro)

	2009	2008
Convertible subordinated debt - maturity 2013	0	231
Subordinated debt - maturity 2017	200.000	200.000
Bond loan (Schuldschein) - maturity 2010	50.000	50.000
Bond loan (Schuldschein) - maturity 2011	50.000	50.000
Syndicated loan - maturity 2010	250.000	250.000
Subordinated debt - maturity 2015	80.000	80.000
Bond loan – maturity 2010	10.000	-
Subordinated debt - maturity 2019	41.649	-
Subordinated debt - maturity 2019	60.000	-
Bond loan – maturity 2013	20.825	-
Securitisation of corporate loans	1.414.500	-
Other borrowed funds	2.176.974	630.231
Current	310.000	-
Non-Current	1.866.974	630.231

In accordance with the terms of the Convertible Bond Loan (CBL) the Bank proceeded on 31/3/09 with its full early redemption for both capital and interest.

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 three months plus 0.95% up to redemption date and 1.95% up to maturity. It accrues interest quarterly starting 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. It accrues interest every 1, 3 or 6 months starting on 28 January 2008.

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.

In September 2008 there was undertaken a syndicated loan of two years' term amounting to 250 million Euro. The issue date is 25/09/2008 and the term is 2 years. It has an interest rate of Euribor 3 months plus 0.60% up to maturity. It accrues 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 has a 3-month Euribor interest rate plus 1,10% up to redemption date and 2,40% up to maturity. It accrues interest on a quarterly basis starting from 4 August 2005. The bond loan is listed on Stock exchange of Luxemburg.

The bond loan with maturity in 2010, on 20 March 2009, which has a one-year term. It has an interest rate of 4,12%, and it accrues interest every 6 months, starting on 20 September 2009. The bond loan is listed in the Stock Exchange of Luxembourg. The issue is in the context of the Euro MTF market of the Luxembourg Stock Exchange.

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 Luxembourg. 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 on the Stock Exchange of Luxembourg. 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% with a fixed redemption starting on 7 December 2009. The debt is listed on the Stock Exchange of Luxembourg. 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 completed successfully, with an expected life of 2,5 years from issue date, according to the current legislation. The issue of bonds from the securitization was delivered by the special purpose vehicle incorporated in London "Synergatis Plc". From total portfolio, 61,5% 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 is covered in full by the parent company «Marfin Popular Bank Public co ltd». Tranches rated as «Aaa» are acceptable for refinance by ECB. Bonds amounting to EUR 855,5 thousand are held by the Bank and are not presented in the account «Other borrowed funds».

The Board of Directors of the Bank, in its meeting on 17/11/2008 decided on the issuance of the first line of (ordinary) covered bonds of EUR 1 billion of 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. The covered bonds have initially received AAA/Aaa ratings from Fitch Ratings and Moody's Investors respectively. The current rating is AA+/Aa2. The first in Greece direct 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 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. 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 on 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 the end of their 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. The

liability arising from the issuance of covered bonds does not appear in the 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 the 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
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						
A.5 Loans covered by residential property	1.276.395	1.129.289	1.112.349	1.158.250	3,074%	3.649.620

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

Total assets in security portfolio (A+B)

C. Covered bonds

D. Overcollateralised [C-(A+B)]

	617.025	-1.668	921	-4.488	
Total assets in security portfolio (A+B)	1.276.395	1.127.621	1.113.269	1.153.762	
C. Covered bonds	1.000.000	1.010.299	1.012.081	1.008.444	2,100%
D. Overcollateralised [C-(A+B)]	276.395	117.323	101.188	145.318	

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	1.001				1.000.000	
>1 ≤ 5 years	10.808					
>5 ≤ 10 years	97.106					
>10 years	1.167.480		617.025			
Total	1.276.395		617.025		1.000.000	

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
A. Assets in security portfolio	1.129.289	33.403	
B. Derivative financial instruments used for hedging:			
B.1 Interest rate risk	-1.668	12.333	6.359
B.2 Foreign currency risk			
B.3 Liquidity risk			
Total assets in security portfolio(A+B)	1.127.621	45.736	6.359
C. Covered bonds	1.010.299		21.293
D. Hedge effectiveness (>0%)			
E. Difference between interest income and expense [(A+B) - C]		18.084	

D. Total amount of past-due loans in security portfolio
(Amounts in thousand Euro)

Past due loans over 90 days	22.649
-----------------------------	--------

37. Employee benefits

(Amounts in thousand Euro)

	2009	2008
Present value of non-funded obligations	8.315	7.487
Total present value	8.315	7.487
Unrecognized actuarial (losses) / gains	3.859	3.525
Recognized obligation for defined benefit plan	12.174	11.012
Balance at the beginning of the year	11.012	10.153
Benefits paid	(622)	(2.833)
Expense recognized in the income statement	1.784	3.692
Net obligation for defined benefit plans as at 31 December	12.174	11.012

Expense recognized in the income statement

Current service costs	998	1.063
Actuarial losses	(107)	(59)
Termination cost – Settlement	481	2.297
Interest on obligation	412	391
	1.784	3.692

The principal actuarial assumptions used in 2009 and 2008 are as follows:

	2009	2008
Discount rate	5.50%	5.50%
Increase in salaries	4.00%	4.00%

38. Other provisions

(Amounts in thousand Euro)

	2009	2008
Provisions for risks and liens	1.246	3.168
Provisions for taxes	1.500	1.200
Other personnel provisions	30	2.630
Other provisions	2.776	6.998
Current	1.952	2.600
Non-Current	824	4.398

From total provisions for risks and liens for the years 2009 and 2008 amounting to 1.246 thousand Euro and 3.168 thousand Euro respectively, the amounts of 627 thousand Euro and 315 thousand Euro respectively pertain to disputed claims. The remaining amounts of 619 thousand Euro and 2.853 thousand Euro respectively pertain to the coverage of extraordinary losses that might arise from doubtful receivables other than loans. The decrease is attributable mainly to the use of the provision for staff bonuses.

39. Other liabilities

(Amounts in thousand Euro)

	2009	2008
Taxes and duties (non income tax)	9.969	8.519
Due to social security funds	5.031	4.821
Suppliers and other creditors	12.274	14.377
Third parties participation in SC increases of the companies	0	225
Amounts collected on behalf and due to third parties	33.639	29.665
Deferred income	625	1.130
Accrued expenses	138.814	165.779
Cheques and orders payables	90.328	30.804
Other liabilities	5.980	6.316
Other liabilities	296.660	261.636
<hr/>		
Current	157.222	138.667
Non-Current	139.438	122.969

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):

	2009	2008
Letters of guarantee	666.776	625.074
Letters of credit	22.552	5.982

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):

	2009	2008
Up to 1 year:	21.134	22.451
1 to 5 years:	63.690	67.765
Over 5 years:	50.594	53.969

40.4 Commitments on assets

(Amounts in thousand Euro)

	2009	2008
Loans and advances to customers	1.276.395	1.251.879
Held to maturity investments	463.688	544.775
Financial instruments at fair value through profit and loss	6.940	25.690
Available for sale financial instruments	729.288	1.196.072
Debt securities	2.826.600	1.417.133
	5.302.911	4.435.549
Target II	453.675	373.887
Foreign Credit Institutions (liquidity)	3.572.841	2.809.783
	4.026.516¹	3.183.670

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

Of these securities, an amount of 453.675 thousand Euro has been pledged as security by the Bank of Greece, to facilitate the transaction through the TARGET II, while the amount of 3.572.841 thousand Euro for participation in refinancing.

Of the above securities, the amount of EUR 1 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):

A) Management and Board of Directors	31 December 2009	31 December 2008
Loans and advances to customers	5.078	4.290
Deposits and similar liabilities to customers	60.773	112.149
Income	1/1 - 31/12/2008	1/1 - 31/12/2007
Interest – Fee and Commission	213	370
Expense		
Interest – Fee and Commission	2.204	7.003
Wages	6.279	4.573
Employer contributions	213	233
Other employee benefits	115	121
Share based payments	618	796
Total benefits	7.226	5.723
B) Subsidiaries	31 December 2009	31 December 2008
Assets		
Loans and advances to banks	376.467	470.248
Loans and advances to customers	820.338	680.394
Trading portfolio	8.959	0
Available for sale portfolio	5.435	0
Other assets	817	11.243
Total assets	1.212.016	1.161.885
Liabilities		
Deposits from banks	306.379	203.051
Deposits from customers	26.153	22.952
Other borrowed funds	212.474	80.000
Other liabilities	4.575	3.398
Derivative financial instruments – liabilities	166	0
Total liabilities	549.747	309.401
Income	1/1 - 31/12/2009	1/1 - 31/12/2008
Interest income	22.741	50.226
Fee and commission income	2.562	14.207
Dividend income	22	5.171
Other operating income	232	453
Total income	25.557	70.057
Expense		
Interest expense	8.023	16.243
Fee and commission expense	1.760	418
Trading expense	804	0
Other operating expense	2.970	3.688
Total expense	13.557	20.349
Letters of Guarantee and letters of credit	224.341	212.914

C) Group of parent Marfin Popular Bank	31 December 2009	31 December 2008
Assets		
Loans and advances to banks	2.207.490	481.677
Other assets	2.155	5.124
Financial instruments at fair value through profit and loss	126.075	26.988
Available for sale financial instruments	49	154
Derivative financial instruments – assets	5.479	0
Total assets	2.341.248	513.943
Liabilities		
Deposits from customers	697	52.400
Deposits from banks	1.013.274	538.942
Other borrowed funds	200.000	200.000
Securitisation of corporate loans	1.414.500	0
Hybrid funds	300.000	0
Other liabilities	273	2.245
Total liabilities	2.928.744	793.587
Income		
	1/1 - 31/12/2009	1/1 - 31/12/2008
Interest income	19.585	11.457
Fee and commission income	158	758
Other income	73	0
Total income	19.816	12.215
Expense		
Interest expense	26.299	34.765
Financial	2.354	1.162
Other operating expense	119	2.486
Total expense	28.772	38.413
Letters of guarantee and letters of credit	86	57
D) Other related parties		
	31 December 2009	31 December 2008
Assets		
Loans and advances to customers	76.403	68.240
Other assets	4.847	133
Property, Plant and Equipment	599	769
Total assets	81.849	69.142
Liabilities		
Deposits from customers	91.056	14.312
Other liabilities	1.297	0
Total liabilities	92.353	14.312
Income		
	1/1 - 31/12/2009	1/1 - 31/12/2008
Interest income	2.585	4.259
Fee and commission income	3.087	96
Other income	126	0
Total income	5.798	4.355
Expense		
Interest expense	2.216	795
Other operating expense	3.626	358

Total expense	5.842	1.153
Letters of guarantee and letters of credit	22	114

42. Transactions with Marfin Investment Group

(Amounts in thousand Euro)

	31 December 2009	31 December 2008
Assets		
Loans and advances to customers	311.377	166.290
Investment portfolio	0	30.246
Other assets	743	766
Total assets	312.120	197.302
Liabilities		
Deposits from customers	577.079	976.443
Other liabilities	1.461	3.498
Total liabilities	578.540	979.941
Income		
	1/1 - 31/12/2009	1/1 - 31/12/2008
Interest income	12.659	8.622
Fee and commission income	1.051	249
Other income	158	242
Total income	13.868	9.113
Expense		
Interest expense	22.117	43.453
Other operating expense	4.151	3.366
Total expense	26.268	46.819
Letters of guarantee and letters of credit	27.295	3.539

During the year 2009 one of the Bank's investment property was sold to the company MIG Real Estate S.A. for the total amount of 400 thousand Euro. The loss from the aforementioned sale reached the amount of 167 thousand Euro.

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 31.12.2009
	Book value 31.12.2009	Loans and advances	Trading portfolio	at initial recognition	Available for sale	
Loans and advances to banks	2.854.873	2.854.873				
Loans and advances to customers net of provision	12.907.258	12.907.258				
Derivative financial instruments - assets	67.077		67.077			
Financial instruments at fair value through profit and loss	245.086		162.924	82.162		
Available for sale financial instruments	2.140.262				2.140.262	
Held to maturity investments	529.841					529.841
Debt securities	1.912.328	1.912.328				
	20.656.725	17.674.459	230.001	82.162	2.140.262	529.841

	Liabilities at		
	Book value 31.12.2009	Amortised cost	Fair value
Deposits from banks	8.464.723	8.464.723	
Deposits from customers	10.490.000	10.490.000	
Derivative financial instruments – liabilities	226.560		226.560
Other debt obligations	2.176.974	2.176.974	
	21.358.257	21.131.697	226.560

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 2009		31 December 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Loans and advances to banks	2.649.796	2.649.796	1.210.235	1.210.235
Loans and advances to customers (net of provision)	13.685.282	13.030.237	13.003.410	13.004.349
Held to maturity investments	577.323	534.349	515.331	466.798
Debt securities	1.912.328	1.837.188	622.616	516.108

	31 December 2009		31 December 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities				
Deposits from banks	8.360.500	8.360.500	5.603.626	5.606.629
Deposits from customers	10.867.846	10.791.838	11.731.448	11.878.627
Other debt obligations	2.162.580	2.158.272	630.231	610.231

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.

Financial assets and liabilities carried at fair value:

31 December 2009	Level 1	Level 2	Level 3	Total
Assets				
Financial Instruments at fair value through profit and loss				
A) Trading portfolio				
Debt securities – bonds	147.532	14.778	-	162.310
Shares – Mutual funds	614	-	-	614
B) Financial Instruments designated initially at fair value through profit and loss				
Debt securities- bonds	-	-	-	-
Shares – Mutual funds	-	82.162	-	82.162
				245.086
Available for sale financial instruments				
Debt securities – bonds	1.958.857	134.553	-	2.093.410
Shares – mutual funds	46.852	-	-	46.852
				2.140.262
Derivative financial instruments – assets	24.643	42.434	-	67.077
				67.077
Total assets	2.178.498	273.927	-	2.452.425
Liabilities				
Derivative financial instruments – liabilities	25.041	201.519	-	226.560
				226.560
Total liabilities	25.041	201.519	-	226.560

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 bid 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 (behavioural 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 creditscoring) 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)

Credit rating category:	2009		2008	
	Loans and advances to customers %	Provision for impairment of loans %	Loans and advances to customers %	Provision for impairment of loans %
Low risk	25,38	0,102	29,61	0,034
Medium risk	66,25	0,093	64,78	0,034
High risk	8,37	28,07	5,61	31,57
Total	100	2,44	100,00	1,80

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	
	2009	2008
Exposure to credit risk from items on the SFP :		
Loans and advances to banks	2.854.873	1.666.072
Trading portfolio securities	162.310	76.508
Derivative financial instruments – assets	67.077	82.637
Loans and advances to customers (net of provision)		
Loans to retail customers	4.228.279	4.059.351
Corporate loans:		
Large entities and organizations	5.857.763	5.503.758
Small and medium-sized entities	2.821.216	2.643.195
Investment portfolio securities:		
Available for sale	2.093.410	1.620.817
Held to maturity	529.841	503.757
Debt securities	1.912.328	622.616
Other assets	270.575	222.888
Total SFP items	20.797.672	17.001.599
Exposure to credit risk from off-SFP items:		

Letters of guarantee	666.776	625.074
Letters of credit	22.552	5.982
Total	21.487.000	17.632.655

Loans and advances to customers

The table below presents the quality of loans and advances of the Bank.

(Amounts in thousand Euro)

	2009		2008	
	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)	11.108.089	2.854.873	10.607.048	1.666.072
Past due but not impaired (b)	1.361.777	0	1.348.619	0
Impaired (c)	759.894	0	474.996	0
Loans before provisions	13.229.760	2.854.873	12.430.663	1.666.072
Provision for impairment	(322.502)	0	(224.359)	0
Loans and advances (net of provision)	12.907.258	2.854.873	12.206.304	1.666.072

(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			Total	Loans and advances to Banks
	Retail	Corporate Large entities and organisations	Small and medium-sized entities		
2009					
Credit rating category:					
Low risk	1.274.610	1.265.928	216.228	2.756.766	2.854.873
Medium risk	1.784.454	4.305.934	2.103.947	8.194.335	0
High risk	88.121	26.024	42.843	156.988	0
Total	3.147.185	5.597.886	2.363.018	11.108.089	2.854.873
2008					
Credit rating category:					
Low risk	1.555.906	1.158.018	514.321	3.228.245	1.666.072
Medium risk	1.555.906	3.989.781	1.772.016	7.317.703	0
High risk	0	42.309	18.791	61.100	0
Total	3.111.812	5.190.108	2.305.128	10.607.048	1.666.072

(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.

	Loans and advances to customers			Total
	Retail	Corporate		
		Large entities and organisations	Small and medium-sized entities	
2009				
Delay up to 30 days	383.512	114.476	62.967	560.955
Delay from 31 to 60 days	218.587	13.497	31.850	263.934
Delay from 61 to 90 days	126.038	87.927	128.797	342.762
Delay over 90 days	89.544	15.537	89.045	194.126
Total	817.681	231.437	312.659	1.361.777
Fair value of collateral	375.213	130.159	205.655	711.027
2008				
Delay up to 30 days	403.403	245.190	74.066	722.659
Delay from 31 to 60 days	221.946	21.207	29.300	272.453
Delay from 61 to 90 days	137.170	19.756	105.818	262.744
Delay over 90 days	50.156	0	40.607	90.763
Total	812.675	286.153	249.791	1.348.619
Fair value of collateral	287.955	240.236	107.174	635.365

(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 organisations	Small and medium-sized entities	
2009				
Loans examined on an individual basis for impairment	444.250	62.736	252.908	759.894
Fair value of collateral	79.317	24.225	89.093	192.635
2008				
Loans examined on an individual basis for impairment	239.741	68.449	166.806	474.996
Fair value of collateral	66.955	15.622	57.937	140.514

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)

	State bonds and treasury bills	Other investment portfolio securities	Other investment securities	Total
31 December, 2009				
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
Total	2.260.036	159.567	2.278.285	4.697.888
31 December, 2008				
AAA	93.000	1.809	506.968	601.777
AA- to AA+	0	13.453	262.246	275.699
A- to A+	611.863	42.684	766.961	1.421.508
Lower than A-	91.952	6.668	395.544	494.164
Unrated	0	0	30.549	30.549
Total	796.815	64.614	1.962.268	2.823.697

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 7.886 thousand Euro in 2009, while in 2008 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	327.687	2.527.186	2.854.873
Trading portfolio securities	15.744	146.566	162.310
Derivative financial instruments – assets	0	67.077	67.077
Loans and advances to customers (net of provision)			
Loans to retail customers	4.185.422	42.857	4.228.279
Corporate loans:			
Large entities and organizations	3.091.735	2.766.028	5.857.763
Small and medium-sized entities	2.774.524	46.692	2.821.216
Investment portfolio securities:			
Available for sale	355.538	1.737.872	2.093.410
Held to maturity	211.442	318.399	529.841
Debt securities	1.357.078	555.250	1.912.328
Other assets	270.575		270.575
31 December, 2009	12.589.745	8.207.927	20.797.672
31 December, 2008	10.887.382	6.114.217	17.001.599

(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	Commerse	Property and Construction	Shipping	Retail customers Professional and residential	Other	Total
Loans and advances to banks							2.854.873	2.854.873
Trading portfolio securities							162.310	162.310
Derivative financial instruments – assets							67.077	67.077
Loans and advances to customers (net of impairment)								
Loans to retail customers						4.228.279		4.228.279
Corporate loans:								
Large entities and organizations	221.398	129.384	269.133	588.811	2.029.385	122.801	2.496.851	5.857.763
Small and medium-sized entities	392.827	145.947	1.234.308	403.256	27.512	136.610	480.756	2.821.216
Investment portfolio securities:								
Available for sale						676	2.092.734	2.093.410
Held to maturity						447.297	82.544	529.841
Debt securities							1.912.328	1.912.328
							270.575	270.575
Other assets								
31 December, 2009	614.225	275.331	1.503.441	992.067	2.056.897	4.935.663	10.420.048	20.797.672
31 December, 2008	658.124	249.016	1.460.994	978.191	2.108.603	4.671.241	6.875.430	17.001.599

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 2009, amounted to 4,8 million Euro as analyzed in the table below.

	2009	2008
Currency risk	€ 0,2 mil.	€ 0,4 mil.
Bonds' portfolio interest risk	€ 3,7 mil.	€ 2,8 mil.
Financial products' portfolio market risk	€ 2,0 mil.	€ 1,3 mil.
Decrease due to portfolio diversification	€ (1,1) mil.	€ (2,1) mil.
Net Market Risk	€ 4,8 mil.	€ 2,4 mil.

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
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
Loans and advances to customers	8.236.324	2.115.429	1.076.975	885.432	332.828	260.270	12.907.258
Investment portfolio	431.887	1.172.405	265.707	836.761	1.828.819	46.852	4.582.431
Other assets	169.461					837.836	1.007.297
Total assets	12.553.846	3.356.060	1.451.737	1.826.196	2.170.154	1.381.070	22.739.063
Liabilities							
Deposits from Banks	3.677.934	1.876.808	2.892.214	0		17.767	8.464.723
Deposits from customers	5.670.678	2.304.350	2.184.105	38.694	13.291	278.882	10.490.000
Derivative financial instruments – liability						226.560	226.560
Other borrowed funds	50.000	610.825			1.516.149		2.176.974
Other liabilities						338.469	338.469
Total liabilities	9.398.612	4.791.983	5.076.319	38.694	1.529.440	861.678	21.696.726
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
Net interest rate gap	3.980.602	223.446	2.187.974	(548.958)	(944.170)	519.392	1.042.337

2008
Assets

Cash and balances with Central Bank	1.233.142	0	0	0	0	64.348	1.297.490
Loans and advances to Banks	1.610.817	10.000	13.630	0	0	45.255	1.666.072
Trading portfolio	9.462	52.066	4.077	7.216	3.687	84.106	160.614
Derivative financial instruments – assets	0	0	0	0	0	82.637	82.637
Loans and advances to customers	7.874.748	1.498.770	911.509	1.345.481	785.456	(209.659)	12.206.305
Investment portfolio	470.898	705.401	134.021	294.451	1.142.419	20.118	2.767.308
Other assets	9	0	0	0	0	776.417	776.426
Total assets	11.199.076	2.266.237	1.049.607	1.647.148	1.931.562	863.221	18.956.852
Liabilities							
Deposits from Banks	4.034.238	1.054.988	350.013	293.777	0	10.412	5.743.428
Deposits from customers	5.894.230	2.994.989	2.235.424	50.325	14,713	138.247	11.327.927

Derivative financial instruments – liabilities	0	0	0	0	0	251.944	251.944
Other borrowed funds	50.230	580.000	0	0	0	0	630.231
Other liabilities	0	0	0	0	0	307.120	307.120
Total liabilities	9.978.698	4.629.976	2.585.437	344.102	14.713	707.724	18.260.651
Nominal value of Interest Rate Swaps and other derivative financial instruments on interest rates	1.066.043	1.155.570	695.344	(1.964.744)	(952.214)	0	0
Net interest rate gap	2.286.421	(1.208.170)	(840.486)	(661.698)	964.635	155.499	696.202

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 2009 showed that in the event of interest rate increases by 100 units, the Group will incur losses amounting to € 1,6 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 2009 balances amounts to a reduction in portfolio value by € 9.7 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
2009							
Assets							
Cash and balances with Central Bank	1.065.368	3.463	1.631	280	702	3.597	1.075.041
Loans and advances to Banks	2.715.355	72.029	5.548	432	1.819	59.690	2.854.873
Trading portfolio	158.671	86.415					245.086
Derivative financial instruments – assets	36.410	30.667					67.077
Loans and advances to customers	11.005.254	1.749.718	18.799	59.780	72.914	793	12.907.258
Investment portfolio	4.385.470	180.811				16.150	4.582.431
Other assets	992.764	12.563	945	93	15	917	1.007.297
Total assets	20.359.292	2.135.666	26.923	60.585	75.450	81.147	22.739.063
Liabilities							
Deposits from Banks	7.923.234	295.657	56	5	245.475	296	8.464.723
Deposits from customers	8.554.606	1.627.339	51.140	10.945	83.035	162.935	10.490.000
Derivative financial instruments – liabilities	190.426	36.123	3	5	0	3	226.560
Other borrowed funds	2.114.501	62.473					2.176.974
Other liabilities	326.296	10.983	129	-9	84	986	338.469
Total liabilities	19.109.063	2.032.575	51.328	10.946	328.594	164.220	21.696.726
Equity	1.250.229	1.03.091	(24.405)	49.639	(253.144)	(83.073)	1.042.337
Forwards and other currency derivatives	(240.792)	(90.911)	26.900	(50.110)	255.197	99.716	0
Net currency position	1.009.437	12.180	2.495	(471)	2.053	16.643	1.042.337
2008							
Total assets	16.095.422	2.469.046	24.334	67.279	228.432	72.339	18.956.852
Total liabilities	14.529.614	3.111.812	62.194	6.048	399.446	151.535	18.260.651
Equity							
Forwards and other currency derivatives	(901.126)	657.309	43.175	(64.827)	171.933	93.536	0
Net currency position	664.681	14.546	5.314	(3.598)	917	14.340	696.201

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 2009 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 € 5,8 million.

45.5 Risk arising from share 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 2009 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 € 12,2 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
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
Total liabilities	9.782.005	4.006.007	5.734.037	286.988	2.069.859	21.878.896
Total assets	6.580.792	1.187.010	3.714.257	6.373.040	7.732.341	25.587.440
2008						
Liabilities						
Deposits from Banks	4.048.092	1.062.209	354.996	296.651	3	5.761.951
Deposits from customers	6.032.193	3.006.824	2.328.610	53.207	19.513	11.440.347
Other borrowed funds	2.230	4.244	19.781	412.977	318.261	757.493
Other liabilities	559.065					559.065
Total liabilities	10.641.580	4.073.277	2.703.387	762.835	337.777	18.518.856
Total assets	6.515.402	432.076	973.303	4.907.863	6.128.206	18.956.852

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, 2009, 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
2009						
Trading derivatives:						
Interest rate derivatives	0	0	0	0	0	0
Total	0	0	0	0	0	0
2008						
Trading derivatives:						
Interest rate derivatives	0	0	(1.139)	(136)	0	(1.275)
Total	0	0	(1.139)	(136)	0	(1.275)

(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
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
Total outflows	(923.986)	(386.723)	(335.188)	(853.420)	(574.332)	(3.073.649)
Total inflows	924.579	356.376	255.978	771.582	609.779	2.918.293
2008						
Trading derivatives:						
Currency derivatives						
Outflow	(1.586.593)	(431.031)	(117.181)	(17.537)	0	(2.152.342)
Inflow	1.570.529	429.071	119.766	16.923	0	2.136.289
Interest rate derivatives						
Outflow	(1.339)	(2.714)	(17.857)	(51.897)	(28.199)	(102.007)
Inflow	1.413	2.622	17.917	53.111	30.357	105.419
Hedging derivatives:						
Currency derivatives						
Outflow	(2.059)	0	0	0	0	(2.059)
Inflow	2.041	0	0	0	0	2.041
Interest rate derivatives						
Outflow	(9.267)	(43.346)	(145.796)	(370.989)	(164.923)	(734.321)
Inflow	20.542	38.222	116.869	269.101	141.763	586.498
Total outflows	(1.599.258)	(477.092)	(280.834)	(440.423)	(193.122)	(2.990.729)
Total inflows	1.594.525	469.914	254.552	339.135	172.120	2.830.247

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

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

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. 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.

v. 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.

vi. Outsourcing

Monitoring and reduction of such risk is achieved through the assessment of operations, suggested provisions and contracts according to the requirements of the Governor's Act 2577. At the same time, there is identified, monitored and managed outsourcing concentration risk per operation and per provider.

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

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 31/12/2008 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 (2009-2011) 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.

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 (31/3/2009) 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 31/12/2009 is as follows:

	2009	2008
	Basel II	Basel II
Share Capital	366.846	366.846
Share Premium	328.334	327.699
Other reserves	(36.001)	(95.030)
Retained earnings	83.158	96.686
Instruments with equity characteristics	263.608	0
Goodwill and other intangible assets	(16.030)	(15.294)
Other supervisory bodies' adjustments	63.379	118.996
Total Tier I	1.053.294	799.903
Subordinated term loans and preference shares	375.138	280.231
Part of instruments with equity characteristics that do not conform with Tier I criteria	36.392	0
Other supervisory body's adjustments	10.672	10.136
Total Tier I	422.202	290.367
Total capital	1.475.496	1.090.270
Weighted assets		
- items on Statement of Financial Position	11.256.165	9.977.876
- items off Statement of Financial Position	275.231	306.885

- trading portfolio	638.589	264.416
- operating risk	574.945	521.642
Total	12.744.930	11.070.819
Capital Adequacy Ratio	11,58%	9,85%

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. Events after the reporting date

Issue of the second line of covered bonds

On 12 March, 2010, The Bank Board of Directors issued the second line of (common) covered bonds amounting to 500 million Euro of 3 year duration with the possibility of extension for other 10 years. The bonds bear the interest rate of 3M Euribor plus annual margin of 1,50% and have received credibility ratio AA/Aa2 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 as effective in compliance with Article 91 of the Law 3601/2007, as amended under Article 48 of the Law . 3693/2008, in combination with Articles 1 to 9, 12 and 14 of the Law 3156/2003 and the Act of the Director of the Bank of Greece Num. 2620/2009 and following the relevant approval of the Bank of Greece. The security portfolio constituting the «coverage», within the context of par. 3 of Article 91 of the Law 3601/2007 of the bonds still comprises mortgages whose total is subject to the terms and requirements of effective Legislation. There is still effective the agreement with MARFIN POPULAR BANK PUBLIC CO LTD to grant credit facilities to the Bank to ensure any claims of bondholders and creditors of all members within the issue plan. The bonds were listed for trading on the Stock Exchange of Ireland and following their issue were acquired by the Bank itself at the issue price, i.e. as against five hundred (500) million for their distribution to institutional investors, at any time until the end of their duration. As till the distribution of the bonds to institutional investors, bonds can be used as collateral to obtain liquidity from the European Central Bank through the Bank of Greece, under no. 54/27.2.2004 Monetary Policy Council Act as effective following its amendment under no. 61/6.12.2006 Monetary Policy Council Act of the Bank of Greece.

Establishment of new company

Within the frame of sound operation, reducing costs and improving efficiency in the management of collectibles, there was decided the establishment of debtors informing company, according to the Law 3758/2009. On 16/02/2010, there was established the company «MARFIN COLLECTIONS S.A. », which is 100% subsidiary of Marfin Egnatia Bank SA

48. Corporate events

Cross-border merger process

The Extraordinary General Assembly of the Bank Shareholders as at 23/12/2009, made, among others, the following decisions:

a) Unanimously 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 Legislation on the Companies (Amendment) (No. 4) Act 2007 and the Greek legislation following the Law 3777/2009 (Cross-border mergers of limited liability companies and other provisions) and Cyprus legislation in general (especially Articles 198 - 201KD of the Companies Act) and the Greek Legislation, particularly Articles 68 paragraph 2 and 69-77th. of Law 2190/1920 on Public Limited Companies).

b) Unanimously approved the Report of the Board of Directors of the acquiring company, the independent auditor's report and statements about the valuations of the companies and the share exchange ratio pursuant to paragraphs 4.1.4.1.1. and 4.1.4.1.3. of the Athens Stock Exchange Regulation and the Transformation Balance Sheet of the Bank of 30/06/2009.

c) unanimously approved as of 13/11/2009 Joint cross-border merger by acquisition of the Bank by «MARFIN POPULAR BANK PUBLIC CO LTD», and the Report of the Board of Directors (which also contains the staff representatives opinion) and the Independent Expert Report (Articles 5 and 6 of the Greek Law 3777/2009).

In compliance with the Common Cross-Border Merger Plan and the decisions of as at 23/12/2009 Extraordinary General Assemblies of merging companies, the merging companies shares conversion plan, regarded as fair by the independent expert, is as follows:

The Absorbed Company shareholders will receive 0,6726990008 new common (ordinary) shares of the Absorbing Company of nominal value eighty-five cents (0.85 euro) each for each one (1) existing ordinary share of the absorbed company old common nominal share of one euro and twenty-seven cents (1.27 euro) each. Therefore, the number of new common shares of the Absorbing Company that the Absorbed Company shareholders are entitled to comes with respect to rounding to five million seven hundred eighty one thousand one hundred twenty one (5,781,121) ordinary (common) shares of nominal value of eighty-five cents (0.85 euro) each.

According to the above, the issued share capital of the acquiring company will increase by the amount of EUR 4,913,952.85 divided into 5,781,121 new ordinary (common) shares of nominal value of 0.85 euro each.

According to the Articles of 201IZ of (Cyprus) Corporate Act and 9 (Greek) Law 3777/2009, both merging companies received certificates stating unequivocally the correct execution of transactions and formalities prior to the merger. Namely, on one hand there was issued a decree of the Nicosia District Court dated 29/01/2010 and, on the other hand, Prot. Num. K2-755/29.1.2010 Certificate of the Ministry of Economy, Competitiveness and Shipping. Subsequently, MARFIN POPULAR BANK PUBLIC CO LTD will make application to the Nicosia District Court on the approval of the cross-border merger and on its effective date.

Athens 30 March 2010

The Chairman
of the board of Directors

The Managing Director

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 Data and Information for the period 1 January 2009 to 31 December 2009



MARFIN EGNATIA BANK S.A.
 S.A. Registry No. 6072/06/B/86/11
 20 Metropoleos str. & Komninon str., 54624, Thessaloniki
FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31st DECEMBER 2009

(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	Bank of Greece, Ministry of Economy, Competitiveness & Shipping, Directorate of Societe Anonyme Companies & Credit
Website Address	www.marfinegnatiabank.gr
Date of approval of the financial statements by the Board of Directors	March 30th, 2010
The Certified Auditors	Vassilios K. Kazas, SOEL Reg. No. 13281 Ioannis G. Leos, SOEL Reg. No. 24881
Audit company	Grant Thornton S.A. (SOEL Reg. No. 127)
Type of Auditor's Report	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. Vassiliakopoulos
Deputy Managing Director:	Hercules G. Kounadis
Executive members:	Andreas E. Vgenopoulos Eftimios 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 2009	31 December 2008	31 December 2009	31 December 2008
ASSETS				
Cash and balances with Central Bank	1,174,973	1,483,754	1,075,041	1,297,490
Loans and advances to financial institutions	2,649,796	1,210,235	2,854,873	1,666,072
Loans and advances to customers (net of provisions)	13,685,282	13,003,410	12,907,258	12,206,304
Derivative financial instruments - Assets	67,149	83,485	67,077	82,637
Financial instruments at fair value through profit or loss	272,856	180,924	245,086	160,614
Financial instruments available for sale	2,138,930	1,643,289	2,140,262	1,640,935
Investment securities held to maturity	577,323	515,331	529,841	503,757
Debt securities of lending portfolio	1,912,328	622,616	1,912,328	622,616

STATEMENT OF CHANGES IN EQUITY

from January 1st, 2009 to December 31st, 2009

(Amounts in thousand Euro)

	GROUP		BANK	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Total Equity at the beginning of period (01/01/2009 & 01/01/2008)	780,547	828,365	696,201	780,025
Revaluation difference of Available for Sale financial assets	58,032	(87,630)	57,932	(87,000)
Exchange differences from currency translation of financial statements	(2,964)	(5,493)	0	0
Profit / (Loss) for the period after tax	3,454	42,916	(12,790)	1,202
Total Comprehensive Income for the period after Tax	58,522	(50,207)	45,142	(85,798)
Share Capital Increase / Decrease	0	728	0	728
Dividends paid	0	(9)	0	0

Investments in subsidiaries	0	0	351,660	323,834
Investments in associates	2,005	2,202	2,278	2,278
Self-occupied tangible assets	93,198	81,805	54,693	51,571
Investment property	40,688	33,512	35,380	28,203
Intangible assets	66,497	65,607	16,030	15,294
Other assets	506,602	476,426	547,256	355,247
TOTAL ASSETS	23,187,627	19,402,596	22,739,063	18,956,852

LIABILITIES AND EQUITY

Deposits from banks	8,360,500	5,603,626	8,464,723	5,743,428
Deposits from customers	10,867,846	11,731,448	10,490,000	11,327,928
Derivative financial instruments - Liabilities	226,560	251,944	226,560	251,944
Debt securities in issue & other borrowed funds	2,162,580	630,231	2,176,974	630,231
Retirement benefit obligations	13,622	12,319	12,174	11,012
Other provisions	4,842	9,862	2,776	6,998
Other liabilities	412,138	382,619	323,519	289,110
Total Liabilities (a)	22,048,088	18,622,049	21,696,726	18,260,651
Share Capital	366,846	366,846	366,846	366,846
Share premium	328,334	327,699	328,334	327,699
Other reserves and retained earnings	124,268	65,840	47,157	1,656
Total Equity attributable to the owners of the parent company (b)	819,448	760,385	742,337	696,201
Minority interest (c)	20,091	20,162	0	0
Hybrid Capital (d)	300,000	0	300,000	0
Total Equity (e) = (b) + (c) + (d)	1,139,539	780,547	1,042,337	696,201
TOTAL LIABILITIES AND EQUITY (a) + (e)	23,187,627	19,402,596	22,739,063	18,956,852

Hybrid Securities Reserve for stock option plan	300,000	0	300,000	0
Other Movements	1,439	1,857	994	1,246
Total Equity at the end of the period (31/12/2009 & 31/12/2008)	1,139,539	780,547	1,042,337	696,201

CASH FLOW STATEMENT

	GROUP		BANK	
	1 Jan-31 Dec. 2009	1 Jan-31 Dec. 2008	1 Jan-31 Dec. 2009	1 Jan-31 Dec. 2008
from January 1st, 2009 to December 31st, 2009 (Amounts in thousand Euro)				
Total inflows / (outflows) from Continuing Operating Activities	(808,631)	1,940,819	(970,626)	2,179,590
Total inflows / (outflows) from Discontinued Operating Activities	0	4,176	0	0
Net cash flows from Operating Activities (a)	(808,631)	1,944,995	(970,626)	2,179,590
Total inflows / (outflows) from Continuing Investing Activities	(1,649,501)	(2,109,513)	(1,626,647)	(2,111,571)
Total inflows / (outflows) from Discontinued Investing Activities	0	(1,768)	0	0
Net cash flows from investing activities (b)	(1,649,501)	(2,111,281)	(1,626,647)	(2,111,571)
Total inflows / (outflows) from Continuing Financing Activities	2,006,208	(132,066)	1,874,688	67,639
Total inflows / (outflows) from Discontinued Financing Activities	0	0	0	0
Net cash flows from financing activities (c)	2,006,208	(132,066)	1,874,688	67,639
Net increase (decrease) in cash and cash equivalents + (b) + (c)	(451,924)	(298,352)	(722,585)	135,658
Effect of exchange rate fluctuations on cash and cash equivalents	(5,010)	(6,262)	(987)	(165)
Total cash flow for the period	(456,934)	(304,614)	(723,572)	135,493
Cash and cash equivalents at the beginning of the period	2,131,447	2,436,061	2,571,827	2,436,334
Cash and cash equivalents at the end of the period	1,674,513	2,131,447	1,848,255	2,571,827

STATEMENT OF COMPREHENSIVE INCOME (Amounts in thousand Euro)

	GROUP			BANK	
	1 Jan-31 Dec. 2009	1 Jan-31 Dec. 2008		1 Jan-31 Dec. 2009	1 Jan-31 Dec. 2008
		Continuing Activities	Discontinued Activities	Total	
Interest and similar income	707,061	970,095	159	970,254	638,213
Interest expense and similar charges	(454,890)	(673,721)	(13)	(673,734)	(432,423)
Net interest income	252,171	296,374	146	296,520	205,790
Fee and commission income	129,356	187,454	2,127	189,581	54,016
Fee and commission expense	(28,090)	(38,785)	(105)	(38,890)	(5,822)
Net fee and commission income	101,266	148,669	2,022	150,691	48,194
Dividend income	1,602	4,082	17	4,099	1,106
Net trading income / (expense)	105,734	(21,632)	1,358	(20,274)	95,991
Other income	7,041	10,529	2,104	12,633	2,468
Total income from operating activities	467,814	438,022	5,647	443,669	353,549
Impairment losses on loans and advances	(158,382)	(93,210)	0	(93,210)	(129,300)
Staff costs	(156,159)	(158,156)	(1,104)	(159,260)	(125,446)
Other operating expenses	(106,215)	(110,360)	(379)	(110,739)	(88,653)

- 8) The amount and the nature of the comprehensive income are reported in detail, above, in the section "Statement of changes in Equity".
- 9) The Bank and the Group's companies do not hold any equity shares.
- 10) The transactions of the Group with the related parties are as follows: Receivables 2,425,279 thousand Euros, liabilities 3,153,777 thousand Euros, letters of guarantee and documentary credit 108 thousand Euros, income 25,899 thousand Euros, expenses 35,200 thousand Euros. The transactions of the Bank with the related parties (including subsidiaries), are as follows: Receivables 3,635,113 thousand Euros, liabilities 3,570,844 thousand Euros, letters of guarantee and documentary credits 224,449 thousand Euros, income 51,171 thousand Euros, expenses 48,171 thousand Euros. The transactions of the Bank and the Group with the members of the Management and the Executives are as follows: Receivables 5,078 thousand Euros, liabilities 60,773 thousand Euros, income 213 thousand Euros, expenses 9,430 thousand Euros out of which – fees 7,226 thousand Euros.
- 11) The Extraordinary General Meeting of Bank's Board of Directors held on 23.12.2009, made the following resolutions:
- A) Unanimously 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, which was incorporated in Cypriot Legislation with the (amending) Companies Act (Nr. 4) 2007 and in Greek law with Law 3777/2009 ("Re Cross-Border Mergers of Capital Companies and other provisions"), as well as in accordance with Cypriot (especially articles 198 – 201(xxiv) of the Companies Act) and Greek (especially articles 68 para. 2 and 69-77a. of codified law 2190/1920 on Societe Anonymes) Laws.
- B) Unanimously approved the Report of the Absorbing Bank Directors as well as the Report and Statements of the Independent Audit Firm regarding the valuation of the merging companies and the ratio of exchange in accordance with paragraphs 4.1.4.1.1 and 4.1.4.1.3 of the Athens Stock Exchange Regulation and also the Financial Statements of the Bank as at 30.06.2009.
- C) Unanimously approved the as at 13.11.2009 Common Draft Terms of a Cross-Border Merger through absorption of the Bank by the "Marfin Popular Bank Public Co Ltd" as well as the Report of the Directors (to which the opinion of the employees' representatives was attached) and the Report of the Independent Expert

Depreciation	(17,773)	(14,509)	(30)	(14,539)	(14,127)	(12,169)
Impairment losses from property	0	(3,302)	0	(3,302)	0	(3,302)
Share of profit / (loss) of associates	97	259	0	259	0	0
Profit / (Loss) before tax	29,382	58,744	4,134	62,878	(3,977)	2,706
Taxes	(25,928)	(19,664)	(298)	(19,962)	(8,813)	(1,504)
Profit / (Loss) after tax (A)	3,454	39,080	3,836	42,916	(12,790)	1,202
Attributable to:						
Parent company owners	2,049	34,799	3,836	38,635	(12,790)	1,202
Minority interest	1,405	4,281	0	4,281	0	0
Other Comprehensive income net of tax (B)	55,068	(93,123)	0	(93,123)	57,932	(87,000)
Total Comprehensive income net of tax (A+B)	58,522	(54,043)	3,836	(50,207)	45,142	(85,798)
Attributable to:						
Parent company owners	57,010	(58,324)	3,836	(54,488)	45,142	(85,798)
Minority interest	1,512	4,281	0	4,281	0	0
Earnings / (Loss) per share (Euro per share)						
Basic	0.0071	0.1205	0.0133	0.1338	(0.0443)	0.0042
Diluted	0.0071	0.1206	0.0133	0.1339	(0.0443)	0.0043

(articles 5 and 6 of the Greek Law 3777/2009).

According to the Common Draft Terms of a Cross-Border Merger and the Resolutions of the as of 23/12/2009 Extraordinary General Meetings of the absorbing companies' shareholders, the share exchange ratio of the merging companies which was considered fair from the Independent Expert is the following:

The shareholders of the absorbed company are going to receive 0,6726990008 new common (ordinary) shares of the absorbing company of €0.85 nominal value each, for each old ordinary registered share of the absorbed company of €1.27 nominal value each. As a result, the number of the new common shares of the absorbing company, which the absorbed company shareholders are entitled to, arises after rounding to five million, seven hundred, eighty-one thousand, one hundred and twenty-one (5,781,121) common (ordinary) shares of €0.85 nominal value each.

According to the aforementioned, the issued share capital of the Absorbing Company will be increased by the amount €4,913,952.85 divided into 5,781,121 new common (ordinary) registered shares of €0.85 nominal value each.

In accordance with the Articles 2011Z of the Cypriot Company Law and 9 of the Greek Law 3777/2009, both the merging companies received certificates with which it is undoubtedly confirmed the proper execution of actions and formalities that precede the merger. More precisely, they have been issued both relative decree by the District Court of Nicosia, with issuance date 29/01/2010 and a certificate by the Ministry of Economy, Competitiveness and shipping, with Registration Number K2-755/29.01.2010. Afterwards, Marfin Popular Bank Public Co Ltd will submit an application to the District Court of Nicosia for the approval of the Cross-Border Merger and the determination of its effective date.

12) 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 full consolidation method. Marfin Popular Bank participates in the share capital of the company with the percentage of 97.0248%.

13) No activity discontinuance has occurred during the fiscal year 2009.

14) There are no "Events after the reporting period" other than that presented in note 47 of the Bank's and the Group's Financial Statements.

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 as for the year 2008. The Bank and the Group applied the amendments of IAS 39, as it is described in detail in the notes 23 and 24 of the Bank's and the Group's Financial Statements respectively.
- 2) There are no liens on the assets of the Group.
- 3) The number of employees at the end of 31/12/2009: Group 3,617, Bank 2,753, (31/12/2008: 3,602, 2,732 respectively).
- 4) The companies included in the consolidation of December 31st, 2009 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 24 and 25 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.
- 5) On 30/09/2009, the Special Purpose Vehicle (SPV) "Synergatis plc" was consolidated, for the first time (respective note 1 of the consolidated financial statements). The 100% subsidiaries "Marfin Life S.A." and "Marfin Insurance Brokers S.A." were not included in the consolidation as at 30/09/2009 as well as 31/12/2008, due to their sale on 08/12/2008 to the company "Marfin Insurance Holdings Limited", which is situated in Nicosia, Cyprus and is a subsidiary of the parent company "Marfin Popular Bank Ltd". The companies' profit and loss results are presented as discontinued activities in the comparative period 31/12/2008 (Relevant Note 15 of the Consolidated Financial Statements). The aforementioned change has 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.
- 6) The absorbing bank Egnatia Bank S.A. has been tax inspected till the fiscal year 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.
- 7) 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 2009		December 2008	
	GROUP	BANK	GROUP	BANK
Legal cases or litigations :	779	627	465	315
Tax non-inspected fiscal years :	2,194	1,500	1,374	1,200
Other Provisions :	1,869	649	8,023	5,483
	4,842	2,776	9,862	6,998

Relevant note 38 of the Group's and Bank's financial statements respectively.

THE PRESIDENT OF THE BOARD OF DIRECTORS

VASSILIOS N. THEOCHARAKIS
Reg. No. AB 340063/06

Athens, March 30th, 2010
MANAGING DIRECTOR

KONSTANTINOS I.
VASSILAKOPOULOS
Reg. No. M 310090/02

CHIEF FINANCIAL OFFICER

AΘΘΕΛΟΣ Ν. ΣΑΡΡΑΝΙΔΗΣ
Reg. No. AA 273117/06
Permit: 0016834/18-07-2001



Information according to Article 10 of Law 3401/2005

The corporate announcements for the year 2009 are available at the Bank's website: www.marfinegnatiabank.gr.

Date	Subject
24 December 2009	Extraordinary General Meeting of the Shareholders' Decisions
27 November 2009	Extraordinary General Meeting of the Shareholders' Invitation
20 November 2009	Announcement for Cross-Border Merger Plan with absorption of "MARFIN EGNATIA BANK S.A." from "MARFIN POPULAR BANK PUBLIC CO LTD"
20 November 2009	Announcement of Summary of Cross-Border Merger Plan with absorption of "MARFIN EGNATIA BANK S.A." from "MARFIN POPULAR BANK PUBLIC CO LTD"
16 November 2009	Merger through absorption of MARFIN EGNATIA BANK S.A. from MARFIN POPULAR BANK PUBLIC CO LTD
30 September 2009	Announcement of change in BoD synthesis
22 September 2009	Announcement of Issue of Bond Loan with indefinite useful life
15 September 2009	Announcement of Merger of "MARFIN POPULAR BANK PUBLIC CO LTD" with "MARFIN EGNATIA BANK S.A."
20 August 2009	Announcement of Securitisation of bonds and corporate loans
3 July 2009	Announcement of Issue of Subordinated debt
26 June 2009	Ordinary Annual General Assembly of the Shareholders meeting Decisions
26 June 2009	Announcement of organization of the BoD into body
25 Jne 2009	Announcement – Plan for amendment of Letters of Incorporation
3 June 2009	Ordinary Annual General Assembly of the Shareholders invitation
19 May 2009	Response to inquiry by the Hellenic Capital Market Commission
15 May 2009	Group Restructuring: Merger of Marfin Popular Bank with Marfin Egnatia Bank
6 May 2009	Announcement of Issue of Subordinated debt
20 March 2009	Announcement for Early Settlement of the Convertible Bond
16 March 2009	Announcement for Early Settlement of the Convertible Bond
9 February 2009	Announcement according to Law 3556/2007



Availabiltiy of Annual Financial Report

The Annual Financial Report which includes the:

- Statement of the Members of the Board
- Board of Directors' Annual Management Report
- 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.marfinegnatiabank.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.marfinegnatiabank.gr.