

PROTONBANK

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31.12.2009**

(in Accordance with the Law 3556/2007)

Athens, March 29th, 2010

This Annual Report has been translated from the original statutory Annual report that has been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language annual Report, the Greek language Annual Report will prevail over this document

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I. Statement of the Board of Directors (According to article 4 par. 2 of Greek Law N.3556/2007)

We hereby declare and confirm that to the best of our knowledge, annual financial statements and the respective consolidated financial statements of Proton Bank S.A. for the period 1.1.2009-31.12.2009 which were prepared according to the current financial reporting standards, truly and fairly depict the assets, liabilities, equity and income of the Group and the Bank as well as of the companies included in the consolidation, in line with paragraphs 3 to 4 of article 4 of law 3556/2007.

We also declare and confirm that to the best of our knowledge, the Board of Directors Report truly depicts the information required as per paragraph 7 and 8 of article 4 of law 3556/2007.

Athens, March 29th, 2010

The Executive
Vice Chairman of the Board

The Chief Executive Officer

The Deputy Chief Executive Officer

Anthony I. Athanassoglou

Tryphon E.Kollintzas

Athanasios I. Papaspiliou

II. BOARD OF DIRECTORS REPORT FOR 'PROTON BANK S.A.' FOR THE YEAR ENDED AT 31 DECEMBER 2009**Economic and financial developments and performance during 2009**

Year 2009 proved a rather difficult one for the Greek economy. Given the chronic structural weaknesses of the Greek economy, most profound of which being the fiscal and competitiveness problems, the international crisis had a strong impact. The expansionary fiscal policy of the past years which had been years of rapid GDP growth rates, together with the inability to implement the 2008 and 2009 budgets, partly because of the international crisis, resulted to a sharp increase in the fiscal deficit. The fiscal deficit as a percentage to GDP is expected to exceed 12% in 2009. This increase in the fiscal deficit, together with the rapid increase in the stock of public debt during the past years, brought about pressing fiscal conditions. The downgrading of the country's credit rating by international rating agencies towards the end of 2009, partially reflects these fiscal conditions.

Moreover, present fiscal conditions result to pressures on the total liquidity of the economy, as the Greek state has a larger participation in economic activity, relatively to other Eurozone member countries. The aforementioned conditions led the Greek economy into recession, albeit earlier indications that the impact of the international crisis on the Greek economy would be less severe, in comparison to other countries.

As far as international economic developments are concerned, despite the fact that the international economic conjuncture remained negative throughout 2009, the second half of the year saw positive indications concerning the stabilisation and gradual recovery of the global economy. Liquidity conditions in the international credit system improved and confidence was partially restored, following the supportive measures adopted by many governments throughout the world. These measures assisted the global banking and financial system to overcome several of the pressing problems that it encountered during the last four months of 2008. The positive performance of financial markets during 2009, following the sharp correction of 2H2008, is an indication of improving sentiment.

Taking into account these developments, PROTON Bank managed, to a large extent, to meet the targets it had set for 2009. More specifically, it succeeded a satisfactory rate of client deposits increase: at Group level, client deposits increased by 57.53%, as compared to 31.12.2008. Among other things, this increase facilitated the improvement of the Bank's short-term liquidity base, as well as the restoration of the loans to deposits ratio to levels more representative of the Bank (0.89 at 31.12.2009, versus 1.33 at 31.12.2008). At the same time, ongoing efforts to control and lower operational costs paid fruit, as personnel and administrative costs during 2009 declined by 6.85% y-o-y.

These positive developments contributed to the Group's return to profitability, as early as Q1. The return to profitability is rather encouraging, taking into account that the Bank continued throughout 2009 to follow a rather conservative policy regarding its credit expansion, with even tighter credit standards and greater emphasis on the evaluation of involved risks. Indicatively, loans to customers (before provisions) at 31.12.2009 for the Group increased by a mere 5.48%. Moreover, the Bank undertook in 2009 new loan loss provisions of €34.3 mil., increased by 117.7% y-o-y and additional provisions for loss from other financial assets of € 15.9 mil., as compared to € 15.5 mil. in 2008. This increase in provisions on the one hand contributes to further improving the quality of the Bank's loan portfolio and on the other hand provides a further safety net against a potential increase in bad loans in case of a deterioration of general economic conditions and a slow down in economic activity.

In view of the need to both strengthen the Bank against a potential deterioration of the economic and financial environment in the future and facilitate the continuation of loan provision towards individuals, companies and productive activities in general, the Bank decided to be incorporated in the government scheme for banking sector liquidity support, under the provisions of the respective law. More specifically, the Extraordinary General Assembly of the Bank's shareholders at its 28.1.2009 meeting, decided to increase the Bank's share capital by € 80 mil., with the issuance of preferred shares in favour of the Greek State, in accordance with the terms and conditions of law 3723/2008. The aforementioned amount was paid in by the Greek State at May 21, through the contribution of government bonds of an equivalent nominal amount. Moreover, the Bank also participates in the third provision of law 3723/2008 for liquidity support, receiving from the State another € 78 mil., in the form of guarantees to customer loans. This process resulted to a significant improvement of the Bank's capital and liquidity base.

On December 30, 2009, Piraeus Bank, principal shareholder of the Bank, transferred its shareholding, i.e. the 31.3% of the Bank's share capital to Mr. Lavrentios Lavrentiadis.

Other important developments affecting the Bank during the course 2009, are as follows:

The agreement for the transfer of the Bank's 92,71% subsidiary Proton Insurance S.A. to ASPIS HOLDINGS PUBLIC COMPANY LIMITED, member of ASPIS Bank Group, was completed on May 7. As a result Proton Insurance is consolidated in the financial statements of 31.12.2009 as a discontinued activity.

Concerning OMEGA Portfolio Investment Co, which is consolidated in the financial information of the Group as an associate company, it is noted that the Iterative Annual General Assembly of the company's shareholders, decided at its 15.06.2009 meeting the dissolution and liquidation of the company. The dissolution and liquidation of the company is expected to be completed within the first half of 2009.

Consolidated loans to customers at 31.12.2009 stood at € 1,219 mil., corresponding to a 5.48% increase, as compared to 31.12.2008. At the same time, deposits from customers reached € 1,446 mil., increasing by 57.53% y-o-y. Consequently, the loan-to-deposit ratio reached 89.3% at 31.12.2009, as compared to 133.37% at 31.12.2008.

Consolidated net interest income reached € 52.04 mil., versus € 42.55 mil. during 2008 (+22.29% y-o-y). Net fee and commission income reached € 9.72 mil., versus € 31,52 mil. during 2008, largely due to reduced activity in the investment banking sector.

The results of the trading portfolio recorded a significant increase, given the positive performance of capital markets during the period. The net result of the trading portfolio was € 49.25 mil. profits, as compared to € 34,96 mil. losses during 2008, whereas the net result from financial instruments recorded a profit € 50,97 mil., versus losses of €35,63 during 2008.

Operating expenses before depreciation and provisions at Group level for 2009 reached € 45.47 mil., as compared to € 48.82 mil. in 2008, corresponding to a 6.85% decline. This is a rather encouraging development, reflecting cost control efforts. Total operating expenses before provisions declined by 5.87% y-o-y, reaching € 53.09 mil., versus € 56.4 mil. in 2008. Depreciation expenses amounted to € 7.61 mil., arising mainly from intangible assets (€ 4.9 mil).

The Group proceeded to a significant increase in provisions in 2009. The Bank undertook new loan loss and investment impairment provisions, burdening consolidated results with € 50.2 mil. It is noted that the Bank also undertook € 1.9 mil. write-offs during 2009.

Group results have also been affected by the results of subsidiary/associate companies. PROTON Mutual Funds Management Company recorded before consolidation in 2009 profits after tax of € 35 ths. The results of the other subsidiaries did not have a significant impact on consolidated results.

Consolidated after tax profits for 2009 amounted to € 13.40 mil., vis-à-vis losses of € 61.78 mil. during 2008. Earnings per share from continuing activities attributable to equity holders of the Bank, after the deduction of the dividend attributable to preferred shares, reached € 0.1382, versus a loss of € 0.9942 in 2008. The Bank's financial performance during 2009 indicates that the losses of FY 2008, aside from the negative conjuncture, owe much to a number of extraordinary, non-recurring factors. Key among these one-off factors, was the valuation adjustment for several subsidiaries.

Group total assets at 31.12.2009 reached € 2,904 mil., as compared to € 1,976 at 31.12.2008. Total equity at 31.12.2009 stood at € 316 mil., versus € 268 mil. at 31.12.2008, largely due to the share capital increase with the issuance of preferred shares in favour of the Greek State, as mentioned earlier.

As far as performance indicators are concerned, the Capital Adequacy Ratio (Basel II definition), reached 15.54% at 31.12.2009 at Group level and 15.90% at parent company level, whereas the Bank's NPL ratio stood at 10.68%, as compared to 7% at 31.12.2008.

At parent company level, the Bank's net profits for 2009 reached € 10.65 mil., as compared to losses of € 56.31 mil. in 2008. Bank assets at 31.12.2009 stood at € 2,911 mil., versus € 1,961 at 31.12.2008. Total equity of the Bank reached € 321 mil., versus € 275 at 31.12.2008, mainly because of the Bank's share capital increase with the issuance of preferred shares, as mentioned earlier.

Main risks and uncertainties for 2009

With the Greek economy in recession, the country's pressing fiscal problems present risks, adversely affecting economic activity. It is to be expected that the implementation of policy measures will bring about the necessary conditions for stabilisation and recovery in a relatively short period of time.

As far as the global economy is concerned, there are still many uncertainties in place at the beginning of 2010, albeit improved sentiment and optimism in relation to the previous year. The recovery of global economic activity is expected to be significantly slower than during past periods. Most developed economies face large fiscal deficits and borrowing requirements, leading to debt accumulation and absorption of liquidity. These factors may affect negatively the pace of recovery of the global economy.

The main risks for the Greek Banking System therefore, are of a macroeconomic nature, with risk margins remaining at high levels.

The deterioration of economic conditions and the recession of the Greek economy, may lead to a disproportional increase in non-performing loans. In order to allow for such an eventuality, the Bank increased its provisions in 2009, as a precautionary measure against this risk. Moreover, the adaptation of tighter credit standards for new loans and the close monitoring of current loans for early signs and indications related to the likelihood of new non-performing loans, are additional precautionary measures against credit risk.

By and large, the liquidity risk for the Bank is significantly lower, as compared to the previous year, given that the loan-to deposit ratio remains below 100%, implying that PROTON is one of the healthiest banks in the Greek Banking System. Despite the fact that interbank market operations, have not yet returned to before-crisis levels, the gradual restoration of confidence in the banking system and the increase in client deposits have put a check on liquidity risks. At any rate, the liquidity risk of the Bank is seen dependent on domestic and international developments and consists of the likelihood that the global banking system will once again go through a situation similar to that of the last four months of 2008. In such an eventuality, we believe that the Bank is strengthened through its participation in the liquidity support scheme of law 3723, maintaining at the same time significant surplus of deposits and high liquidity ratios.

With respect to market risk, affecting the Bank's investments and the valuation of its trading portfolio, it is noted that the Bank maintains positions in bond and equity markets. The positive performance of international capital markets during 2009, following the violent correction of the previous year, resulted to significant profits for the Bank's trading portfolio. A potential correction of international capital markets during 2010 entails the risk of respective losses. The Bank's ALCO Committee monitors closely all market related risks, with active management and hedging of positions, mainly through derivatives. Almost all the positions of the Bank is presently hedged against a potential interest rate increase in the Eurozone.

Foreign exchange risk for the Group is limited, given that the bulk of its exposure is in Euro. Exposure in USD, JPY, CHF, or other currencies is minimal.

Expectations for operations during 2009

Given the risks and uncertainties, inherent in the present economic conjuncture, the Bank will continue with its conservative stance in terms of expanding its activities. The general environment is restrictive for the banking sector, with risk margins remaining high at a global level. In addition, the Greek Banking Sector operates in an environment of structural macroeconomic weaknesses. Within this context, the Bank will continue its efforts to consolidate its position and improve its market shares.

Following the satisfactory rate of increase of client deposits during 2009, the Bank reinforces its efforts to strengthen its deposit base and improve its short-term liquidity base. The Bank is also assessing alternative sources of funding, which will be addressed once international market conditions become more favourable.

Regarding credit expansion, the Bank will continue its conservative policy. The second half of 2009 saw a reversal of the contraction of the Bank's loan portfolio, with increased lending to individuals and corporates, in the context of supporting economic activity and improving the Bank's profitability. At the same time, given the present economic environment, the Bank monitors closely all current loans, aiming at the dynamic evaluation of implied risks, the re-pricing of credit risks in the cases that this is feasible, and the gradual reduction of non-performing loans as a percentage of the total loan portfolio.

The Bank also continues its efforts to control and lower its operational costs, before provisions and depreciation. Cost control efforts had begun since 2008 and are reflected on 2009 financial results. Financial results for 2010, are expected to manifest more profoundly the effectiveness of cost control efforts, recording a decline in both personnel and general administrative expenses.

Notwithstanding the current economic conjuncture being characterised by uncertainties and rapid changes in economic circumstances, implying that it is not possible to reach credible forecasts concerning the evolution of activities and financials, the management, together with all the employees of the Group are confident and optimistic for the course of the Bank. Optimism is further derived from the recent change in the Bank's shareholding structure. In a period of increased uncertainty, the presence in the Bank's share capital of an entrepreneur constitutes a vote of confidence for PROTON and its business plan.

LOANS & DEPOSITS 2009

(Amounts in thousands of Euro)

	31.12.2009	31.12.2008	Δ%
Total Loans (before provisions)	<u>1.291.403</u>	<u>1.224.361</u>	5,48%
Mortgage Credit	40.257	40.820	-1,38%
Consumer/personal	129.137	164.542	-21,52%
Finance lease receivables	81.553	83.689	-2,55%
Corporate entities	1.040.456	935.310	11,24%

Total Deposits	1.446.140	918.015	57,53%
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CONSOLIDATED RESULTS

(Amounts in thousands of Euro)	From January 1 to December 31		Δ (%)
	2009	2008	
Net Interest Income	52.038	42.553	22,29%
Net Fee and Commission Income	9.715	31.524	-69,18%
Other Operating Income	4.054	2.564	58,11%
Net Income from Financial Instruments	50.969	(35.674)	-242,87%
Total Operating Income	116.776	40.967	185,05%
Personnel Expenses	(23.693)	(24.981)	-5,16%
Other Administrative Expenses	(21.780)	(23.838)	-8,63%
Impairment Losses of goodwill	(7.614)	(7.581)	0,44%
Impairment Losses of loans and other assets	(50.207)	(31.210)	60,87%
Total Operating Expenses	(103.294)	(87.610)	17,90%
Share of profit/loss of associates	50	(1.459)	103,43%
Profit / (loss) before taxes	13.532	(48.102)	
Income Tax	(1.797)	7	
Profit / loss form continuing activities	11.735	(48.095)	124,40%
Profit / Loss from discontinued activities	1.662	(13.689)	
Net Profit / Loss	13.397	(61.783)	
Net Profit / Loss	13.397	(61.784)	121,68%
Attributable to:			
Equity holders of the Bank	13.468	(61.467)	
Minority interests	(71)	(317)	

Related Party Transactions

All with related parties transactions have been conducted within the normal course of business, on a purely commercial basis. The analysis of the related party transactions is as follows:

TABLE I: INTRA-GROUP TRANSACTIONS OF 2009

(BANK REVENUES FROM TRANSACTIONS WITH ASSOCIATED COMPANIES)				
	PROTON'S PARTICIPATION AT 31.12.2009	TYPE OF TRANSACTION		
	DIRECT	RENT BUILDINGS	OTHER INCOME	COMMISSIONS
ENTERTAINMENT COMPANIES				
PROTON MUTUAL FUNDS S.A.	99,91%	36	22	23
FIRST GLOBAL BROKERS SA AD	88,76%	-	-	5
OMEGA INSURANCE BROKERAGE S.A	66,00%	12	7	-
OMEGA PORTFOLIO INVESTMENTS	24,88%	23	4	14
TOTAL		71	33	42

TABLE II: INTRA-GROUP TRANSACTIONS OF 2009
(BANK ENTERTAINMENT FROM TRANSACTIONS WITH ASSOCIATED COMPANIES)

	DIRECT PROTON'S PARTICIPATION at 31.12.2009	INTEREST ON DEPOSITS
COMPANY REVENUES		
PROTON MUTUAL FUNDS S.A.	99,91%	188
OMEGA INSURANCE BROKERAGE S.A	66,00%	3
OMEGA PORTFOLIO INVESTMENTS	24,88%	253
TOTAL		444

TABLE III: INTRA-GROUP TRANSACTIONS OF 2009
(BANK CLAIMS FROM TRANSACTIONS WITH ASSOCIATED COMPANIES)

	PROTON'S PARTICIPATION at 31.12.2009	TYPE OF TRANSACTION	
	DIRECT	LETTERS OF GUARANTEE	OTHER
LIABILITIES OF COMPANIES			
PROTON MUTUAL FUNDS S.A.	99,91%	421	4
OMEGA INSURANCE BROKERAGE S.A	66,00%	500	51
OMEGA PORTFOLIO INVESTMENTS	24,88%	-	8
TOTAL		921	63

TABLE IV: INTRA-GROUP TRANSACTIONS OF 2009
(BANK LIABILITIES FROM TRANSACTIONS WITH ASSOCIATED COMPANIES)

	PROTON'S PARTICIPATION at 31.12.2009	TYPE OF TRANSACTION	
	DIRECT	CASH DEPOSITS	FIXED DEPOSITS
CLAIMS OF COMPANIES			
PROTON MUTUAL FUNDS S.A.	99,91%	2.981	2.929
FIRST GLOBAL BROKERS SA AD	88,76%	1	-
OMEGA INSURANCE BROKERAGE S.A	66,00%	145	-
OMEGA PORTFOLIO INVESTMENTS	24,88%	-	9.190
TOTAL		3.127	12.119

TABLE V: 2008 TRANSACTIONS WITH OTHER RELATED PARTIES
II. Directors and key management personnel

	31.12.2009	31.12.2008
Assets		
Loans	124.653*	25.990
Other assets	68	127
Total	124.721	26.117
Liabilities		
Deposits	112.162	29.118
Other liabilities	66	53
Total	112.228	29.171
Income	1.1.-31.12.2009	1.1.-31.12.2008
Interest and similar income	1.080	2.463
Other income	-	1.369
Total	1.080	3.832
Expenses	1.1.-31.12.2009	1.1.-31.12.2008
Salaries and other remuneration	2.293	5.680
Interest expense and similar charges	148	2.207
Other operating expenses	31	657
Total	2.472	8.544
	31.12.2009	31.12.2008
Letters of guarantee	-	245

* Loans to BoD members, managerial executives and companies of direct or indirect interest, include the amount of 14.7 mil. Euros, which is part of a total funding of 98.5 Euros. According to the terms of the respective agreements, this amount has to do with the credit risk corresponding to the related parties.

Own Shares

At its November 24, 2006, meeting, the Extraordinary General Assembly of the Bank's shareholders approved a share buy-back program, up to the 10% of the total number of the Bank's shares, i.e. up to 6,268,382 shares, at a price range of € 5-15 per share, for a period of up to twelve months, starting from the date of the respective General Assembly decision. As of December 31, 2007, the Bank and its Group subsidiaries had acquired 760,483 shares of the Bank, at a cost of € 7.668 ths. The fair value of the total number of Bank shares held by the Bank at December 31, 2009, amounted to € 1.521 ths., corresponding to the 1.2% of the total share capital of the Bank.

Explanatory Report of the Board of Directors for financial year 2008 to the Ordinary General Meeting of the Shareholders of "PROTON BANK S.A."

The present explanatory report of the Board of Directors to the Ordinary General Meeting of the Shareholders of "PROTON BANK S.A." contains detailed information in relation to the issues of paragraph 1 of article 11a of Law 3371/2005:

(a) Structure of the share capital of the Bank

On 1st January 2009 the share capital of the Bank was amounted to two hundred and eighty one million four hundred fifty thousand three hundred and sixty euros and seventy eight cents (€ 281,450,360.78) and was divided into sixty two million six hundred eighty three thousand and eight hundred twenty two (62,683,822) common registered by vote shares, of a nominal value of four euro and forty nine cents (€ 4.49) each.

The Extraordinary General Meeting of the Bank's shareholders of 28.01.2009, decided to increase the Bank's share capital up to the amount of € 79,999,995.79. This increase was covered by Hellenic State bonds and the issuance of 17,817,371 redeemable preferred shares of nominal value and price € 4.49, in accordance with article 1 of Law 3723/2008, with the cancellation of the pre-emptive right of existing shareholders in favour of the Hellenic State.

On May 21, 2009 the Bank, within the scope of article 1 of Law 3723/2008 "Reinforcement of liquidity of finance for the confrontation of the impacts of the international financial crisis", issued 17,817,371 preference shares without voting rights, each of a nominal value and offer price of € 4.49. These shares have been assumed by the Greek State by means of transferring to the Bank bonds of the Greek State bearing the respective value. In accordance with the existing legal and regulatory framework, the contributed capital constitutes part of the main equity capital of the Bank.

The above shares grant a right to receive a fixed non-accrued return of 10% on the offer price of the shares under the following conditions: (a) preservation of the capital adequacy indexes of the Bank and the Group, following the payment of the said return, above the minimum limit set by the Bank of Greece, (b) existence of amounts to be distributed in the sense of the provisions of article 44a of the Codified Law 2190/1920, and (c) the previously adopted relevant resolution for the distribution, by the General Meeting of the Ordinary Shareholders of the Bank. In case after the lapse of five years from the date of issue of the preference shares, the Bank does not fulfil the minimum capital adequacy indexes set by the Bank of Greece, the said preference shares are subject to conversion into ordinary shares, following the approval by the Minister of Finance and Economics. If there is no question for the adequacy of the regulatory capital, the preference shares are obligatorily redeemed by the Bank after the lapse of the five-year period and/or optionally sooner, at any time.

Upon completion, the Bank's share capital amounts to three hundred and sixty one million four hundred fifty thousand three hundred and fifty six euros and fifty seven cents (€ 361,450,359.57) and is divided into sixty two million six hundred eighty three thousand and eight hundred twenty two (62,683,822) common registered by vote shares (henceforth 'Common Shares'), and seventeen million eight hundred seventeen thousands and three hundred and seventy one (17,817,371) preferred registered by vote shares (henceforth 'Preferred Shares'), all of a nominal value of four euro and forty nine cents (€ 4.49) each. Common Shares represent 77.87% of the Bank's total share capital, whereas Preferred Shares represent 22.13%.

The shares of the Bank are mandatorily registered shares, according to article 11a par. 2 of Codified Law 2190/1920, as in force. The shares are listed for trading on the Main Market of the Athens Stock Exchange and are therefore maintained in electronic form in the files of the company "EXAE AE (ex Central Securities Depository S.A.)".

According to the Athens Exchange BoD decision of April 3rd, 2009, the shares of the Bank were transferred from FTSE-40 index to the FTSE-80 Smallcap Index

The rights of the Bank's Common Shareholders derived from its share, are equivalent to the percentage of the capital, to which the paid value of the share corresponds to. Each Common Share provides all the rights that are allowed for by the law and the articles of association of the company. More specifically:

- Each Shareholder, who is registered with the Registry of Shareholders of the Bank, at the date that defines the beneficiaries of dividends, has a right to the dividend from the annual profits or under liquidation profits of the Bank.
According to the provisions of articles 44a, 45 and 46a of Codified Law 2190/1920, as in force and the provisions of article 3 of the Compulsory Law 148/1967, as amended by article 1 of the Law 876/1979 as in force, a percentage of 35% of the net profits, following a deduction only of the ordinary reserves. The granting of an additional dividend is decided by the General Meeting of the Shareholders.
Following a decision of the General Meeting of the Shareholders, which takes place according to the provisions of article 22 of the Bank's Articles of Association, the remaining net profits, after the formation of the ordinary reserve and the distribution of the first dividends may be used, in whole or in part, for the increase of the share capital with the issuance of new shares, which are provided to the shareholders without any payment in cash, instead of an additional dividend, according to the article 3a par. 3 of Codified Law 2190/1920, as in force.
Any distributed provisional dividends or percentages cannot exceed half (50%) of each financial year's net profits.
The payment of the dividends takes place within two (2) months following the decision of the Ordinary General Meeting of the Shareholders, which approved the annual financial statements and at a date which is set by the Ordinary General Meeting, or by the Board of Directors, if there is an authorization in the decision of the General Meeting of the Shareholders. Shareholders that have not collected in time their dividends do not have any right for interest. Any claims regarding the dividends which have not been paid to the shareholders, lapsed after five (5) years from the date that became due and payable and the relevant amount comes to the Hellenic State.
- The right to withdraw the contribution at the expiration of the time set or the liquidation or respectively at the amortization of the share capital which corresponds to the share, if this has been decided by the General Meeting of the Shareholders.
- The pre-emption right in any case of an increase of the Bank's share capital, which is not realized with contribution in kind, or issuance of bonds with the transformation right to shares and the undertaking of the new shares or bonds.
- The right to participate in the General Meeting, which is specified in the following rights: authorization, presence, participation in the meetings, submission of proposals to the items of the agenda, registration of opinion in the minutes and right to vote.

The liability of the shareholders of the Bank, either Common, or Preferred shareholders, is up to the amount of the nominal value of the share.

In particular, with respect to the rights and liabilities related to Preferred Shares, it is noted, according to par. 1 (a) of article 11a of Codified Law 2190/1920, the following:

The State cannot transfer the Preferred Shares to third parties. The Preferred Shares are not susceptible for listing on an organised market and they allow the Hellenic State the following prerogatives:

- The right to draw a fixed return, calculated at 10% over the price of each Preferred Share to the Hellenic State:
 - (i) before the Common Shares,
 - (ii) before the dividend amounts distributed in accordance to par. 3 of article 1 of Law 3723/2008 and

(iii) irrespective of the dividend amounts distributed to the other shareholders of the Bank and provided that after the payment of this return the capital adequacy ratios of the Bank on a consolidated and a parent company basis satisfy the minimum requirements set each time by the Bank of Greece.

The fixed return accruing annually, is calculated in relation to the time period that the State remains as a Preferred Shareholder and is paid within a month from the approval by the Ordinary General Meeting of the annual financial statements of the respective financial year, and is subject to the condition that there are amounts to be distributed, in accordance with article 44a of Codified Law 2190/1920 and more specifically profits during the last or previous financial years, or reserve, provided there has been a respective decision for their distribution by the General assembly of the Common Shareholders of the Bank. In case that the aforementioned amounts to be distributed are insufficient, there is the right of preferred (before the common shareholders) drawing of the aforementioned return, up to using up these amounts.

- The right to vote in the General Meeting of Preferred Shareholders, as defined by Codified Law 2190/1920.
- The right to participate in the Board of Directors of the Bank, through a representative, which may be appointed as an additional member of the Board of Directors.
- The right of the representative of the State which has been appointed as a member of the Board of Directors to veto any decision in relation to the distribution of dividends and compensation policies for the Chairman, the CEO, the other members of the Board of Directors, as well as the general managers and their alternates, with a decision of the Minister of Economy and Finance, or if the representative considers that the respective decision may endanger the interests of depositors, or may essentially affect the solvency and the operation of the Bank.
- The right of presence in the General Meeting of Common Shareholders, with a veto right of the representative of the State which has been appointed as a member of the Board of Directors during the discussion and decision of the aforementioned issues.
- The right of the representative of the State for free access to the books and information of the Bank for the purposes of law 3723/2008 and
- The right of Preferred, versus all other Common Shareholders, to satisfaction from the outcome of liquidation.

The aforementioned privileges, do not affect the bearers of hybrid securities Tier I, neither do they affect any other titles which are included in the Bank's supervisory capital, except Common Shares.

In any event, these shares have the general characteristics, based on which they should be accepted as part of the Bank's Tier I capital and they will be repurchased by the Bank, in the price they were put up, mandatorily after five years, or optionally, at an earlier time, not earlier than 01.07.2009, subject to approval by the Bank of Greece. The repurchase of the Preferred Shares will be effected either with bonds of the Hellenic State, of an equivalent amount, or with the corresponding amount of cash. In the event that the Bank is not in apposition to repurchase them, then these shares will be converted to common registered by vote shares, in accordance with law 3723/2008 and Decision of the Minister of Economy and Finance ref. no. 54201/B'2884/26-11-2008.

(b) Restrictions in the transfer of the Bank's shares

The transfer of the Bank's shares takes place according to the provisions of the article 8b of Codified Law 2190/1920 as in force and there is no restriction to their transfer in its Articles of Association. It should also be noted that the Bank's shares are listed on the Athens Stock Exchange.

The State cannot transfer the Preferred Shares to third parties. The Preferred Shares are not susceptible for listing on an organised market.

(c) Important direct or indirect participations in the scope of the provisions of the P.D. 51/1992.

The following table presents individual shareholders (individual persons or legal entities) who own directly or indirectly a percentage over 5% of the total number of the Bank's shares as of 31st December 2008:

Shareholder's name	Number of shares	% of the total number of shares
Lavrentios Lavrentiades	20,000,000	31.906%

(d) Shares that provide special control rights.

There are no shares of the Bank which provide to their beneficiaries special control rights.

(e) Restrictions in the right of vote.

Each Common Share gives the right of one vote in the General Meeting of the Common Shareholders. Every Preferred Share gives the right to vote in the General Meeting of the Preferred Shareholders, as defined by Codified law 2190/1920. There are no provisions in the Articles of Association of the Bank for restrictions in the right of the vote derived from its shares. In case of co-ownership of one or more shares, the rights of the co-owners will be exercised by a common representative and in case of its absence, the exercise of the rights will be withheld.

(f) Agreements between the Shareholders of the Bank.

The Bank is not aware of any agreements between its shareholders that imply restrictions in the transfer of its shares or in the exercise of the rights of vote derived from its shares. It is noted that according to the provisions of Law 3723/2008 and the decision of the Extraordinary General Meeting of the Bank's shareholders of 28.01.2009, the State cannot transfer its preferred shares to third parties.

(g) Regulations for the appointment and replacement of Members of the Board of Directors, and for the amendment of the Articles of Association.

The regulations of the Articles of Association of the Bank for the appointment and the replacement of the members of the Board of Directors and for the amendment of the provisions of the Articles of Association do not differ from the provisions of Codified Law 2190/1920. There are no special agreements between Shareholders concerning the appointment of BoD members of the Bank. Preferred Shares allow the State the right to participate in the Board of Directors of the Bank, through a representative, which may be appointed as an additional member of the Board of Directors.

(h) Power of the Board of Directors or of certain Members of the Board of Directors for the issuance of new shares or for the purchase of own shares according to article 16 of the CL 2190/1920.

- According to the provisions of article 6 of the Bank's Articles of Association, during the first five (5) years from the establishment of the Bank, the Board of Directors may decide by a majority of at least two-thirds (2/3) of the total number of its members:

a) to increase the share capital in whole or in part with the issuance of new shares, for an amount that cannot exceed the initial share capital and b) to issue a bond loan with the issuance of bonds convertible to shares, for an amount that cannot exceed the half of the paid share capital. The above powers can also be assigned to the Board of Directors with a decision of the General Meeting, which is under the provisions of publicity of the article 7b CL 2190/1920, as in force. In that case, the share capital can be increased up to the amount of the paid capital at the same date that the Board of Directors was authorized with that power while the amount of the bond loan cannot exceed the half of the paid share capital at the same date. The aforementioned powers of the Board of Directors can be renewed by the General Meeting for a period that cannot exceed five years for each renewal and their validity will start after the expiration of each five year period. This decision of the General Meeting is under the provisions of publicity of article 7b of Codified Law 2190/1920, as in force.

The power of the Board of Directors to increase the share capital of the Bank, according to paragraph 1, can also be exercised in parallel to that of the General Meeting of the Shareholders according to paragraph 2 of article 6 of the Bank's Articles of Association.

According to paragraph 6 of article 6 of the Bank's Articles of Association, in each case of increase of the share capital, which is not made in kind, the right of pre-emption is provided for the whole new share capital, in favour of all the Shareholders at the time of the issuance, in relation to their participation in the existing share capital. After the expiration of the deadline, which was defined by the corporate body of the Bank which decided the increase for the exercise of the pre-emption right, which in no circumstance can be less than one (1) month period, the shares which have not been taken, in accordance with the above, will be at the disposal of the Bank's Board of Directors for offering. Additionally, in case that the corporate body which has decided the increase of the share capital, failed to set a deadline for the exercise of the pre-emption right, this deadline or its extension will be defined by a decision of the Board of Directors as provided for in article 11 of Codified Law 2190/1920 as in force.

The Ordinary General Meeting of 23.05.2008 decided (i) to recall-cancel the power granted by the Extraordinary General Meeting of the Bank's shareholders, of 23.09.2005, to the Board of Directors for the issuance of a convertible bond loan and share capital increase, since the Board of Directors never exercised this power and (ii) the renewal of the power to the Board of Directors for a period of five years to (a) issue a bond loan convertible to shares in accordance with article 3a of C.L. 2190/1920 and (b) increase the share capital in part or in whole, in accordance with article 13 par.1 of C.L. 2190/1920 through the issuance of new shares, for an amount which cannot exceed the existing share capital, i.e. the amount of two hundred and eighty one million four hundred fifty thousand three hundred and sixty euros and seventy eight cents (€ 281,450,360.78).

It is noted that until today the Board of Directors of the Bank has not exercised its right based on the above power granted to it by virtue of the decision of the Extraordinary General Meeting of 23.05.2008 concerning the share capital increase or/and the issuance of a convertible bond loan.

- According to the provisions of article 13 par. 9 of Codified Law 2190/1920, a stock option plan to the members of the Board of Directors and the personnel can be set up, following a decision of the General Meeting of the Shareholders with the form of pre-emption rights for the purchase of shares according to the specific terms of this decision. The Bank's Extraordinary General Meeting of the Shareholders of 24.11.2006, decided a stock option plan to the members of the Board of Directors and the Bank's personnel as well as of its affiliated companies, with the form of pre-emption rights for the purchase of shares (stock option plan), according to article 13 par. 9 of Codified Law 2190/1920. In particular, the General Meeting approved the regulation for the disposal of pre-emption rights for the purchase of Bank's shares for the executive and non-executive members of the Board of Directors, the executive managers and the personnel of Bank and its affiliated companies, by which the terms of operation of the aforementioned stock-option plan (the "Program") are defined as follows:

(1) The duration of the Program was set up for 6 years beginning with the approval of the General Meeting and ending December 2012.

(2) The executive and non-executive members of the Board of Directors, the managers and the remaining personnel of the Bank and its affiliates, can participate in the Program.

(3) In the context of the Program, in case that equivalent rights are exercised, common nominal shares may be issued, partially, up to 6,268,382 in favour of the beneficiaries of the Program. The disposal price of the shares will be 10.46 euro per share, while the deadline for exercising the pre-emption rights will be up to three (3) years.

(4) The pre-emption rights are granted in favour of the beneficiaries following an ad hoc decision of the Board of Directors within the duration of the Program following a proposal of the Management and Fee Commission.

In case that not all rights for the purchase of shares are exercised by the beneficiaries, during the program and the increased amount of the share capital is not fully covered, the share capital is increased up to the covered amount according to the provisions of article 13a par. 1 of Codified Law 2190/1920.

(5) The pre-emption rights are exercised under the terms of the program and the decisions of the Board of Directors, by 1/3 of the total number of the rights annually under the sole discretion of the beneficiaries according to the provisions of the relevant Regulation. Specifically, the rights which have not been exercised by a beneficiary will be transferred to the next period of rights' exercising.

(6) The beneficiary has the right to exercise the total of its non-exercised rights of the whole period of the program in case of change of the share participation of the Bank that has as a result in the change of its control within the meaning of the terms of article 42e of Codified Law 2190/1920 etc., with the exception of the occasion that the change of control refers to the biggest shareholder of the Bank at the date that the Program was approved, which is IRF European Finance Investments LTD (i.e if IRF LTD assumes control according to the scope of article 42e of Codified Law 2190/1920), according to which the whole exercise of the non-exercised rights will not stand. In the event of change in the shareholders' interest, if all his rights are not exercised, the non-exercised rights are transferred to the next year until the end of the Program.

Any other terms are included in the Regulation in force, as included in the minutes of the Extraordinary General Meeting dated 24.11.2006, registered in the Registry of Societe Anonymes dated 22.12.2006.

The Board of Directors of the Bank during its meeting dated 16.04.2007 resolved to grant a total number of 4,943,815 Option Rights (hereinafter the "Rights") to 553 individuals in total with an exercise deadline of three-years. The exercise of the Rights, after the date of their maturity, was resolved to be conducted as follows:

1. Up to 1/3, to the maximum, of all Rights are exercised during the time period as of November 1, 2007 until November 30, 2007 by simultaneously paying the corresponding amount to the Bank (first strike period).
2. Cumulatively up to 2/3, to the maximum, of all Rights are exercised during the time period as of November 1, 2008 until November 30, 2008 by simultaneously paying the corresponding amount to the Bank (second strike period).
3. Cumulatively and up to 100%, to the maximum, of all Rights are exercised during the time period as of November 1, 2009 until November 30, 2009 by simultaneously paying the corresponding amount to the Bank (third strike period).

It is noted that during the above exercise time periods, no option rights were exercised and no amount was paid for the share capital increase. Consequently, the share capital of the Bank was not amended and amounts to the sum mentioned in paragraph (a) above.

- According to the provisions of article 16 of Codified Law 2190/1920, the Bank has the right, following a relevant decision by the General Meeting of the Shareholders, to proceed to the purchase of own shares through the Athens Stock Exchange up to a percentage of 10% of the total number of the shares with the special terms and procedures of the aforementioned provisions. The Extraordinary General Meeting of the Shareholders of the Bank of 24.11.2006 decided the purchase of own shares, according to article 16 par. 5 of Codified Law 2190/1920, as in force before its amendment with article 21 of law 3604/2007, with the following main terms, i.e.:

- 1) The maximum number of shares to be purchased was set to a percentage up to 10% of the total of the shares of the Company, i.e. up to 6,268,382 shares.
- 2) The maximum and the minimum price (price range) at which the purchases would be permitted to take place was set between five (5) Euros and fifteen (15) Euros.
- 3) The time period during which the purchases could take place was set to twelve (12) months from the date that the decision was taken, i.e. until 24.11.2007.

In implementing the above decision of the General Meeting of the Bank's shareholders, the Board of Directors by virtue of its decision dated 08.05.2007, resolved to purchase own shares. During the time period from 24.05.2007 until 23.11.2007 (inclusive), 760,483 own shares in total were purchased, i.e 1.2132% of the total amount of its shares, of contractual value equal to € 7,667,744.46, with an average purchasing price of € 10.083 per share. Consequently, the Bank possesses today 760,483 own shares in total, i.e a percentage of 1.2132% of the total number of its shares.

i) Important agreements that the Bank has entered.

There are no important agreements that the Bank has entered, that are in force, amended or expire in case of a change in its control, following a tender offer.

j) Agreements that the Bank has concluded with Members of its Board of Directors or with its personnel.

There are no agreements of the Bank with members of its Board of Directors or its personnel that allow compensation to be paid, especially in case of resignation or dismissal without an important reason, or expiration of their term, or their departure in case of the filing of a tender offer. The provisions for compensation for retirement, due to the implementation of the provisions of Law 3371/2005, amounted on 31st of December 2009 to € 1,476 thousands. There are no provisions for compensation due to retirement for the members of the Board of Directors of the Bank except for the Deputy CEO and the General Manager, who are also members of the Board of Directors. The provisions relating to personnel of General Manger positions amount to € 69 thousands.

Athens, 29 March 2010

The Executive Vice Chairman of the Board

Anthony I. Athanassoglou

The Chief Executive Officer

Tryphon E. Kollintzas

III INDEPENDENT AUDITORS' REPORT

To the Shareholders of "Proton Bank S.A"

Report on the Financial Statements

We have audited the accompanying financial statements of "Proton Bank S.A." (the "Bank") and the consolidated financial statements of the Bank and its subsidiaries (the "Group") which comprise the Bank and consolidated statement of financial position as of 31 December 2009 and the bank and consolidated income statement, statement of changes in equity, statement of total comprehensive income and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these company and 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 company and consolidated 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 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 the system of internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's system of 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 accompanying financial statements present fairly, in all material respects, the financial position of the Bank and the Group as of 31 December 2009 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference on Other Legal Matters

We verified the consistency of the Board of Directors' report with the accompanying financial statements, in accordance with the articles 43a, 107 and 37 of Law 2190/1920.

Athens, 29 March 2010
The Chartered Accountant

Konstantinos Michalatos
AM SOEL: 17701

PRICEWATERHOUSECOOPERS 

PricewaterhouseCoopers
268 Kifissias Avenue,
152 32 Chalandri
Soel Reg No 113

IV. CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Note	1.1-31.12.2009	1.1-31.12.2008
Interest and similar income		111.827	130.503
Interest expense and similar charges		<u>(59.789)</u>	<u>(87.950)</u>
Net interest income	6	52.038	42.553
Fee and commission income		12.689	40.118
Fee and commission expense		<u>(2.974)</u>	<u>(8.594)</u>
Net fee and commission income	7	9.715	31.524
Dividend income	8	145	1.933
Net trading income	9	49.252	<u>(34.957)</u>
Net income from financial instruments designated at fair value	10	1.572	<u>(2.610)</u>
Net gains less losses from investment securities		-	<u>(40)</u>
Other operating income	11	<u>4.054</u>	<u>2.564</u>
Operating income		116.776	40.967
Personnel expenses	12	<u>(23.693)</u>	<u>(24.981)</u>
Other administrative expenses	13	<u>(21.780)</u>	<u>(23.838)</u>
Depreciation expenses	14	<u>(7.614)</u>	<u>(7.581)</u>
Impairment losses on financial assets	15	<u>(50.207)</u>	<u>(31.210)</u>
Total operating expenses		(103.294)	(87.610)
Share of profit/ (loss) of associates	16	50	(1.459)
Profit/ (loss) before tax		13.532	(48.102)
Income tax expense	17	<u>(1.797)</u>	<u>7</u>
Profit / (loss) after tax from continuing activities		11.735	(48.095)
Profit / (loss) after tax from discontinued activities	18.1	1.662	(13.689)
Profit / (loss) for the period		13.397	(61.784)
Attributable to:			
Equity holders of the Bank		13.468	(61.467)
Minority interests		(71)	(317)
Earnings per share:			
From continuing and discontinued activities			
Basic in € per share	18	0,1382	(0,9942)
From continuing activities			
Basic in € per share	18	0,1101	(0,7780)

The notes on pages 23 to 67 are an integral part of these consolidated financial statements as at 31 December 2009.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)

Profit / (loss) for the period

Fair value gains on available -for-sale financial assets, net of tax

Currency translation differences and transaction

Cost in share capital increase Protin Insurance

Other comprehensive income for the period, net of tax
Total comprehensive income for the period, after tax
Attributable to:

-equity holders of the Bank

-minority interest

Note	1.1-31.12.2009	1.1-31.12.2008
	13.397	(61.784)
	(45.551)	(25.752)
	(26)	6
	-	(11)
19	(45.577)	(25.757)
	(32.180)	(87.541)
	(32.106)	(87.225)
	(74)	(316)

The notes on pages 23 to 67 are an integral part of these consolidated financial statements as at 31 December 2009.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euros)

	Note	31.12.2009	31.12.2008
ASSETS			
Cash and balances with the Central Bank	20	51.975	35.386
Loans and advances to banks	21	200.113	46.260
Loans and receivables	22	1.216.386	1.181.720
Derivative financial instruments	23	18.547	21.186
Financial assets at fair value through profit or loss	25	128.243	121.716
Financial assets designated at fair value		38.341	38.255
Investment securities:	26		
- Held-to-maturity	27	-	6.664
- Available-for-sale	28	1.062.494	309.424
Investments in associates	29	2.275	2.221
Intangible assets	30	83.035	87.947
Property, plant and equipment	31	23.882	26.796
Deferred tax assets	32	24.904	13.094
Other assets	33	54.207	48.808
	34	<u>2.904.402</u>	<u>1.939.477</u>
Non-current assets held for sale		-	36.602
Total assets		<u>2.904.402</u>	<u>1.976.079</u>
LIABILITIES			
Due to banks	35	1.075.846	689.254
Due to customers	36	1.446.140	918.015
Derivative financial instruments	23	26.933	20.670
Debt securities in issue	24	1.909	-
Hedging derivatives	37	18.521	25.255
Retirement benefit obligations	38	1.551	1.293
Current income tax liabilities	39	3.592	2.949
Other liabilities	40	13.433	9.163
		<u>2.587.925</u>	<u>1.666.599</u>
Liabilities related to non-current assets held for sale		-	41.172
Total liabilities		<u>2.587.925</u>	<u>1.707.771</u>
EQUITY			
Share capital	41	361.450	281.450
Share premium	42	84.739	85.446
Less: Treasury shares	45.6	(7.668)	(8.646)
Other reserves	43	(81.255)	(34.062)
Retained earnings		(40.892)	(56.200)
		<u>316.374</u>	<u>267.988</u>
Minority interests		103	320
Total equity		<u>316.477</u>	<u>268.308</u>
Total equity and liabilities		<u>2.904.402</u>	<u>1.976.079</u>

The notes on pages 23 to 67 are an integral part of these consolidated financial statements as at 31 December 2009.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Share capital	Treasury shares	Share premium	Revaluation reserve	Employ share option plan reserve	Statutory reserve	Retained earnings/(losses)	Total	Minority interest	Total equity
Balance at 1 January 2008	281.450	(8.646)	85.457	(12.599)	983	1.673	18.578	366.896	669	367.565
Total comprehensive income after tax			(11)	(25.752)	-	-	(61.462)	(87.225)	(316)	(87.541)
Change in participation interest in subsidiaries									14	14
Capitalization of reserves						951	(951)			
Dividend relating to 2007							(12.365)	(12.365)	(47)	(12.412)
Fair value of employees share option scheme (services)					682			682		682
Balance at 31 December 2008	281.450	(8.646)	85.446	(38.351)	1.665	2.624	(56.200)	267.988	320	268.308
Balance at 1 January 2009	281.450	(8.646)	85.446	(38.351)	1.665	2.624	(56.200)	267.988	320	268.308
Total comprehensive income after tax				(45.551)			13.446	(32.105)	(75)	(32.180)
Issue of 17.817.371 preference shares	80.000						-	80.000	-	80.000
Cost in share capital increase			(739)					(739)		(739)
Capitalization of reserves						23	(23)	-		-
Disposal of subsidiary Proton Insurance S.A		978	32					1.010	(99)	911
Change in participation interest in subsidiaries								-	52	52
Dividend relating to 2008								-	(95)	(95)
Fair value of employees share option scheme (services)					220			220		220
Share options that lapse after the end of the vesting period					(1.885)		1.885	-		-
Balance at 31 December 2009	361.450	(7.668)	84.739	(83.902)	-	2.647	(40.892)	316.374	103	316.477

The notes on pages 23 to 67 are an integral part of these consolidated financial statements as at 31 December 2009.

CONSOLIDATED CASH FLOW STATEMENT

	Note	1.1-31.12.2009	1.1-31.12.2008
(in thousands of euros)			
Cash flows from operating activities:			
Profit before taxation		12.083	(51.094)
Adjustments for:			
Add: impairment losses on financial assets		50.155	19.514
Add: impairment losses on non-financial assets		52	11.696
Add: depreciation expense		7.614	7.707
Add: provisions for retirement benefits		264	562
Add: Fair value of employee stock options		220	682
Gains (-)/ losses (+) from revaluation of financial assets at fair value through profit or loss		23	23.659
Gains (-)/ losses (+) from investment activities		(11.362)	495
Cash flows from operating activities before changes in operating assets and liabilities		59.049	13.221
Changes in operating assets and liabilities:			
Net (increase)/decrease in cash and balances with the Central Bank		(1.483)	(13.672)
Net (increase)/decrease in loans and advances to banks		(3.761)	(17.765)
Net (increase)/decrease in loans and receivables		(68.964)	170.550
Net (increase)/decrease in financial assets at fair value through profit or loss		2.512	(26.585)
Net (increase)/ decrease in insurance receivables		-	2.891
Net (increase)/ decrease in reinsurance contracts		-	361
Net (increase)/ decrease in other assets		(4.619)	39.145
Net increase/ (decrease) in due to banks		386.591	255.313
Net increase/ (decrease) in due to customers		528.125	(532.272)
Net increase/ (decrease) in provisions for insurance contracts		-	(152)
Net increase/ (decrease) in other liabilities		2.943	(1.988)
Net cash flows from operating activities before tax payment		900.393	(110.953)
Income tax paid		(361)	(14.572)
Net cash flows from operating activities		900.032	(125.525)
Cash flows from investing activities:			
(Purchase) / sale of property, plant and equipment and intangible assets		276	(2.012)
(Acquisition) / disposal of held-to-maturity financial assets		6.600	3.000
(Acquisition) / disposal of available-for-sale financial assets		(813.201)	(71.748)
Repurchase / sale of companies		-	(16)
Cash flow from discontinued activities		(1.856)	-
Dividends received from available-for-sale financial assets		94	140
Dividends received from investments in subsidiaries and associates		-	267
Dividends received from financial assets at fair value through profit or loss		51	1.794
Net cash flows from investing activities		(808.036)	(68.575)
Cash flows from financing activities:			
Proceeds/ (repayment) from debt securities in issue		(6.090)	(1.285)
Government schema for banking sector liquidity support		79.120	-
Dividends paid		-	(12.389)
Increase receiving of share capital		-	(12)
Net cash flows from financing activities		73.030	(13.686)
Net increase/ (decrease) in cash and cash equivalents		165.026	(207.786)
Cash and cash equivalents at beginning of period		29.231	237.017
Cash and cash equivalents at end of period	44	194.257	29.231

The notes on pages 23 to 67 are an integral part of these consolidated financial statements as at 31 December 2009.

1 General information

PROTON BANK SA (the Bank, thereafter) and its subsidiaries (together, the Group, thereafter) provide private and corporate banking, investment banking, financial services, portfolio management, insurance and other services. The Bank is established in Greece and has a network of 32 branches. The Group's commerce business is found mainly in Greece and Serbia

Web site: www.proton.gr

The Bank's shares have been listed since December 2005 on the Athens Stock Exchange, and apart from the General Index are included in the FTSE-40 index. The total number of common shares outstanding at 31 December 2009 was 61.923.339. According to the Athens Exchange BoD decision of April 3rd, 2009, the shares of the Bank were transferred from FTSE-40 index to the FTSE-80 Smallcap Index

On 30 December 2009 Piraeus Bank S.A the principal shareholder of Proton Bank transferred to Mr. Lavrentios Lavrentiadis 19.629.247 shares which correspond to 31,3147% of its share capital

Group results for the period 1.1-30.12.2009 were consolidated under the equity method, in the Income Statement of Bank of Piraeus.

The number of personnel as of 31 December 2009 was 550.

These financial statement were approved by the Board of Directors on 29 March 2010 and are subject to the approval of the General Meeting of Shareholders.

1.1 Subsidiaries and associates
Investments in subsidiaries

At 31 December 2009						
Legal Name	Country	Participation %	Assets	Liabilities	Income	Profit/ (loss) before tax
Omega Brokerage SA	Greece	66,00%	3.293	3.048	983	210
Proton Mutual Funds SA	Greece	99,91%	8.963	158	786	81
First Global Brokers S.A.	Serbia	88,76%	563	457	53	(217)
Intellectron Systems SA	Greece	55,64%	-	-	-	-
			12.819	3.663	1.822	74

At 31 December 2008						
Legal Name	Country	Participation %	Assets	Liabilities	Income	Profit/ (loss) before tax
Proton Insurance SA	Greece	92,71%	48.743	44.885	19.368	(3.899)
Omega Brokerage SA	Greece	66,00%	2.536	2.151	1.144	415
Proton Mutual Funds SA	Greece	99,91%	8.933	178	842	(156)
First Global Brokers S.A.	Serbia	82,49%	276	275	(29)	(549)
Intellectron Systems A.E.	Greece	55,64%	-	-	-	-
			60.488	47.489	21.325	(4.189)

Proton Insurance

On May 7th 2009, the Bank finalized the transfer of 92,71% of the share capital of "PROTON INSURANCE SA" to "ASPIS HOLDINGS PUBLIC COMPANY LIMITED", a company registered in Cyprus and listed in the Cyprus Stock Exchange. The equity investment in Proton Insurance, for the period of January 1st to May 7th 2009, has been reported as a discontinued operation in the consolidated financial statement. The fair value of the sale price amounts to € 7 million and until December 31st 2009, the Bank had received € 3 million. The Profit and Loss accounts from discontinued operations of 31.12.2009 and 31.12.2008 are presented in the consolidated Income Statement. The net cash flows from discontinued operations of 31.12.2009 and 31.12.2008 are presented in the consolidated Cash Flow Statement

Investments in associates

At 31 December 2009						
Name	Country	Participation %	Assets	Liabilities	Income	Profit/ (loss) before tax
Omega Portfolio Investment Co. SA	Greece	29,43%	9.208	67	527	221

At 31 December 2008						
Name	Country	Participation %	Assets	Liabilities	Income	Profit/ (loss) before tax
Omega Portfolio Investment Co. SA	Greece	4,55%	9.068	126	(5.492)	(5.821)

*(31.12.2009: indirect 0% as a result of PROTON INSURANCE SA transaction, direct 24,88%. 31.12.2008: indirect 4,55%, direct 24,88%) On June15th, 2009 the Annual Shareholders' General Meeting decided the termination and liquidation of the company

2 Summary of significant accounting policies

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

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

2.1 Basis of preparation

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

Additionally, the regular way of purchase or sale of financial assets are recognised and derecognised using trade date accounting or settlement date accounting.

Contracts that require or allow net settlement of the change in the value of the contract are accounted for as derivatives in the period between the trade date and the settlement date.

The Group's functional currency is the euro and the amounts in the financial information are presented in thousands of euros, unless otherwise stated in the relevant notes.

Certain accounts of the previous year's financial statements have been adjusted in order to become comparable to the corresponding accounts of the current year.

Any differences presented among the amounts of the financial statements and the relevant amounts presented at notes, are due to roundings.

New standards, amendments to standards and interpretations:

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current reporting period and subsequent reporting periods. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:.

Standards effective for year ended 31 December 2009

IAS 1 (Revised) "Presentation of Financial Statements"

IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements

IFRS 8 "Operating Segments"

This standard supersedes IAS 14, under which segments were identified and reported based on a risk and return analysis. Under IFRS 8 segments are components of an entity regularly reviewed by the entity's chief operating decision maker and are reported in the financial statements based on this internal component classification. This has resulted in no change in the number of reportable segments presented.

IAS 23 (Revised) "Borrowing Costs"

This standard replaces the previous version of IAS 23. The main change is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that need a substantial period of time to get ready for use or sale. [The amendment did not impact the Group.

IFRS 7 (Amendment) "Financial instruments – Disclosures"

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As these changes only result in additional disclosures, there is no impact on earnings per share.

IFRS 2 (Amendment) "Share Based Payment"

The amendment clarifies the definition of "vesting condition" by introducing the term "non-vesting condition" for conditions other than service conditions and performance conditions. The amendment also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty. This amendment does not impact the Group's financial statements.

IAS 32 (Amendment) "Financial Instruments: Presentation" and IAS 1 (Amendment) "Presentation of Financial Statements"

The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. This amendment does not impact the Group's financial statements.

IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement"

This amendment clarifies that entities should no longer use hedge accounting for transactions between segments in their separate financial statements. This amendment is not applicable to the Group as it does not apply hedge accounting in terms of IAS 39.

Interpretations effective for year ended 31 December 2009

IFRIC 13 – Customer Loyalty Programmes

This interpretation clarifies the treatment of entities that grant loyalty award credits such as "points" and "travel miles" to customers who buy other goods or services. This interpretation is not relevant to the Group's operations.

IFRIC 15 - Agreements for the construction of real estate

This interpretation addresses the diversity in accounting for real estate sales. Some entities recognise revenue in accordance with IAS 18 (i.e. when the risks and rewards in the real estate are transferred) and others recognise revenue as the real estate is developed in accordance with IAS 11. The interpretation clarifies which standard should be applied to particular. This interpretation is not relevant to the Group's operations.

IFRIC 16 - Hedges of a net investment in a foreign operation

This interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and qualifies for hedge accounting in accordance with IAS 39. The interpretation provides guidance on 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. This interpretation is not relevant to the Group, as the Group does not apply hedge accounting for any investment in a foreign operation.

IFRIC 18 "Transfers of assets from customers" (effective for transfers of assets received on or after 1 July 2009)

This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use to provide the customer with an ongoing supply of goods or services. In some cases, the entity receives cash from a customer which must be used only to acquire or construct the item of property, plant and equipment. This interpretation is not relevant to the Group.

Standards effective after year ended 31 December 2009

IFRS 3 (Revised) "Business Combinations" and IAS 27 (Amended) "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 July 2009)

The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss. The amended IAS 27 requires that a change in ownership interest of a subsidiary to be accounted for as an equity transaction. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by these standards must be applied prospectively and will affect future acquisitions and transactions with minority interests. The Group will apply these changes from their effective date.

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2013)

IFRS 9 is the first part of Phase 1 of the Board's project to replace IAS 39. The IASB intends to expand IFRS 9 during 2010 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting. IFRS 9 states that financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Subsequently financial assets are measured at amortised cost or fair value and depend on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. IFRS 9 prohibits reclassifications except in rare circumstances when the entity's business model changes; in this case, the entity is required to reclassify affected financial assets prospectively. IFRS 9 classification principles indicate that all equity investments should be measured at fair value. However, management has an option to present in other comprehensive income unrealised and realised fair value gains and losses on equity investments that are not held for trading. Such designation is available on initial recognition on an instrument-by-instrument basis and is irrevocable. There is no subsequent recycling of fair value gains and losses to profit or loss; however, dividends from such investments will continue to be recognised in profit or loss. IFRS 9 removes the cost exemption for unquoted equities and derivatives on unquoted equities but provides guidance on when cost may be an appropriate estimate of fair value. The Group is currently investigating the impact of IFRS 9 on its financial statements. The Group cannot currently early adopt IFRS 9 as it has not been endorsed by the EU. Only once approved will the Group decide if IFRS 9 will be adopted prior to 1 January 2013.

IFRS 1 (Amendment) "First-time adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 January 2010)
This amendment provides additional clarifications for first-time adopters of IFRSs in respect of the use of deemed cost for oil and gas assets, the determination of whether an arrangement contains a lease and the decommissioning liabilities included in the cost of property, plant and equipment. This amendment will not impact the Group's financial statements since it has already adopted IFRSs.

IFRS 2 (Amendment) "Share-based Payment" (effective for annual periods beginning on or after 1 January 2010)
The purpose of the amendment is to clarify the scope of IFRS 2 and the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services, when that entity has no obligation to settle the share-based payment transaction. This amendment is not expected to impact the Group's financial statements. This amendment has not yet been endorsed by the EU.

IAS 32 (Amendment) "Financial Instruments: Presentation" (effective for annual periods beginning on or after 1 February 2010)
This amendment clarifies how certain rights issues should be classified. In particular, based on this amendment, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This amendment is not expected to impact the Group's financial statements

IAS 24 (Amendment) "Related Party Disclosures" (effective for annual periods beginning on or after 1 January 2011)
This amendment attempts to relax disclosures of transactions between government-related entities and clarify related-party definition. More specifically, it removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities, clarifies and simplifies the definition of a related party and requires the disclosure not only of the relationships, transactions and outstanding balances between related parties, but of commitments as well in both the consolidated and the individual financial statements. The Group will apply these changes from their effective date. This amendment has not yet been endorsed by the EU.

IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement" (effective for annual periods beginning on or after 1 July 2009)
This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. This amendment is not applicable to the Group.

Interpretations effective after year ended 31 December 2009

IFRIC 12 – Service Concession Arrangements (EU endorsed for periods beginning 30 March 2009)
This interpretation applies to companies that participate in service concession arrangements

IFRIC 17 "Distributions of non-cash assets to owners" (effective for annual periods beginning on or after 1 July 2009)
This interpretation provides guidance on accounting for the following types of non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners: (a) distributions of non-cash assets and (b) distributions that give owners a choice of receiving either non-cash assets or a cash alternative. The Group will apply this interpretation from its effective date.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010)
This interpretation addresses the accounting by the entity that issues equity instruments to a creditor in order to settle, in full or in part, a financial liability. This interpretation is not relevant to the Group. This amendment has not yet been endorsed by the EU.

IFRIC 14 (Amendment) "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective for annual periods beginning on or after 1 January 2011)
The amendments apply in limited circumstances: when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendments permit such an entity to treat the benefit of such an early payment as an asset. This interpretation is not relevant to the Group. This amendment has not yet been endorsed by the EU.

Amendments to standards that form part of the IASB's annual improvements project

The amendments set out below describe the key changes to IFRSs following the publication in July 2009 of the results of the IASB's annual improvements project. These amendments have not yet been endorsed by the EU. Unless otherwise stated the following amendments are effective for annual periods beginning on or after 1 January 2010. In addition, unless otherwise stated, the following amendments will not have a material impact on the Group's financial statements.

IFRS 2 "Share-Based payment" (effective for annual periods beginning on or after 1 July 2009)
The amendment confirms that contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2.

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendment clarifies disclosures required in respect of non-current assets classified as held for sale or discontinued operations.

IFRS 8 "Operating Segments"

The amendment provides clarifications on the disclosure of information about segment assets.

IAS 1 "Presentation of Financial Statements"

The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

IAS 7 "Statement of Cash Flows"

The amendment requires that only expenditures that result in a recognized asset in the statement of financial position can be classified as investing activities.

IAS 17 "Leases"

The amendment provides clarification as to the classification of leases of land and buildings as either finance or operating.

IAS 18 "Revenue"

The amendment provides additional guidance regarding the determination as to whether an entity is acting as a principal or an agent.

IAS 36 "Impairment of Assets"

The amendment clarifies that the largest cash-generating unit to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8 (that is before the aggregation of segments).

IAS 38 "Intangible Assets"

The amendments clarify (a) the requirements under IFRS 3 (revised) regarding accounting for intangible assets acquired in a business combination and (b) the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets.

IAS 39 "Financial Instruments: Recognition and Measurement"

The amendments relate to (a) clarification on treating loan pre-payment penalties as closely related derivatives, (b) the scope exemption for business combination contracts and (c) clarification that gains or losses on cash flow hedge of a forecast transaction should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss.

IFRIC 9 "Reassessment of Embedded Derivatives" (effective for annual periods beginning on or after 1 July 2009)

The amendment clarifies that IFRIC 9 does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a business combination between entities under common control.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" (effective for annual periods beginning on or after 1 July 2009)

The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity within the group, including the foreign operation itself, as long as certain requirements are satisfied.

2.2 Estimates and judgments

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

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

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

2.3 Comparatives

For the preparation of the balance sheet and the income statement of the period ended 31 December 2009, comparatives as of 31 December 2008 have been used.

2.4 Consolidation

The consolidated financial statements are included the Proton Bank, its subsidiaries and associates.

2.4.1. Investments in subsidiaries

Subsidiaries are all entities controlled by the Bank. Control is the power to govern directly or indirectly the financial and operating policies of the entity so as to obtain benefits from its activities. The existence of any potential voting rights which are exercisable are taken into consideration when assessing whether the Bank controls another entity or not. All subsidiaries are consolidated (full consolidation) from the date on which control is transferred to the Bank and are no longer consolidated from the date that control ceases to exist.

2.4.2. Investments in associates

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

2.4.3. Elimination of intragroup transactions

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

2.5. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Executive Committee which is Group's operating decision-maker, allocates resources to and assesses the performance of the operating segments. The Executive Committee is responsible for strategic planning, the coordination and operations of the Bank and its subsidiaries. It sets goals, parameters and strategies regarding the course of action of the Bank, also analyzing and posing suggestions to the BoD. The Executive Committee comprises of three Members: The Executive Vice Chairman of the Board (Chairman), the CEO and the General Manager of Investment Banking as members.

2.6 Foreign currency transactions

- a) The items, which are included in the financial statements of the foreign subsidiaries, are measured in the currency of economic environment in which is functioned each foreign subsidiary company. The consolidated financial statements are created in Euros that are the currency of country in which has settled the parent company.
- b) Transactions in foreign currencies are translated into the functional currency (i.e. euro) using the exchange rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at that date. Translation differences from monetary items are recognized in the income statement. Translation differences arising from non-monetary assets and liabilities which are stated at historical cost, are recognized in the income statement. Translation differences on non-monetary items carried at fair value through profit or loss, are reported as part of their fair value gain or loss. Translation differences on non-monetary items classified as available-for-sale financial assets and qualifying cash flow hedges are included in the fair value reserve in equity.

2.7 Financial assets

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

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

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

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

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

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

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

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

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

2.7.1 Derecognition

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

2.8 Offsetting

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

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

2.9 Derivative financial instruments

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

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

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

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

- (1) hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge);
- (2) hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge).
- (3) hedges of net investment

Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

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

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

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

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

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

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

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

Derivatives that do not qualify the standards for hedge accounting: Changes in the fair value of derivatives that do not qualify for hedge accounting under IAS 39, are immediately recognized in the income statement. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

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

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

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

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

Hedges of net investments in foreign subsidiaries are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign subsidiary is disposed of

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

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

Derivatives that do not qualify the standards for hedge accounting: Changes in the fair value of derivatives that do not qualify for hedge accounting under IAS 39, are immediately recognized in the income statement. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

2.10 Fair value measurement of financial assets and liabilities

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

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

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

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

2.11 Interest income and expense

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

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

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

2.12 Fee and commission income

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

2.13 Dividend income

Dividend income is recognized in the income statement when the entity's right to receive payment is established. Dividends are normally received in a subsequent date that that when the Bank's right to receive payment is established.

2.14 Sale and repurchase agreements

The Group enters into agreements to purchase (sale) and to resell (repurchase) investments at a certain date in the future at a predetermined price.

Investments purchased subject to commitments to resell them at future dates are not recognized. The amounts paid are recognized as loans and receivables to other banks or customers. The receivables are collateralized by the underlying security.

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

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

2.15 Impairment of financial assets

(a) Assets carried at amortized cost

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

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

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

(b) Financial assets at fair value

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

2.16 Intangible assets

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

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's interest in the fair value of the net identifiable assets of the acquired subsidiary or associate at the date of the acquisition. Negative goodwill is recognized immediately as a gain in the income statement. Goodwill is not subject to amortization but is tested annually for impairment.

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

(b) Other intangible assets coming from business combination

An intangible asset shall be recognized if, and only if, it is probable that the expected future economic benefits that are attributed to the asset will flow to the Bank, where the cost of the intangible asset can be measured reliably. The cost of separately intangible assets comprises any directly attributable cost of originating, producing and preparing the asset for its intended use. Examples of directly attributable costs are:

- personnel expenses arising directly from bringing the asset to its working condition;
- third party fees arising directly from producing the asset;
- allocated administrative expenses based on working hours as a cost driver from producing the asset.

The Group has recognized the following intangible assets in their fair value that was acquired at the take-over of Omega Bank as part of a business combination on 30 September 2006.

- Intangible asset from conventions of customer loans
- Intangible asset from conventions of customer deposits
- Intangible asset from conventions of financial brokerage

Depreciation of other intangible assets coming from business combination is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, which extends from 4 to 5 years. Other intangible assets coming from business combination that are subject to amortizations are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable

(c) Software

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

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

2.17 Property, plant and equipment

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

Property, plant and equipment are stated at historical cost less depreciation, except land and buildings which are carried at fair value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Repair and maintenance expenses are charged to the income statement when incurred.

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

Land is not depreciated, but is reviewed for impairment.

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

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

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

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

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

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

2.18 Non-current assets held-for-sale

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

This category comprises of tangibles and other assets acquired from auctions with the intention to recover loans and receivables past due. For this to be the case, these assets are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets and their sale is highly probable. This category also includes PROTON Insurance SA (disposal group) where management is committed to sell this subsidiary.

Before classifying an asset or a group as a non-current asset (or disposal group), the asset is recognized and subsequently measured following the relevant IFRS measurement guidelines.

The Group measures a non-current asset (or disposal group) classified as held for sale at the lower of their carrying amount and fair value less cost to sell, and presents this asset separately from other assets in the balance sheet. Any gain or loss on the remeasurement of a non-current asset (or disposal group) classified as held for sale is included in the income statement. According to IFRS 5, any subsequent increase in fair value less cost to sell, but not in excess of the cumulative loss previously recognized for a write-down to fair value less costs to sell, should be directly attributable to these assets, except otherwise stated.

The Group does not depreciate (or amortize) a non-current (or disposal group) classified as held for sale, but this asset is subject to impairment testing at the balance sheet date.

The gain or loss measured from the sale of a non-current (or disposal group) classified as held for sale is recognized in the income statement.

2.19 Leases

2.19.1. The Group is the lessor

(a) Financial leases:

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

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

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

(b) Operating leases:

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

2.19.2. The Group is the lessee

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

2.20 Cash and cash equivalents

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

2.21 Provisions

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

2.22 Employee benefits

(a) Defined contribution plans

The Group's personnel is insured for its main pension to publicly administered pension insurance funds (i.e Social Security Foundation and other) depending on their speciality. The contributions paid by the Bank are included in "personnel expenses".

The Group's personnel is also insured for medical care in multiemployer funds. In these funds, there no separate accounts for each Bank, hence accounting for defined contribution is followed. Once the contribution has been paid, the Bank has no further payment obligations.

(b) Defined benefit plans

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

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

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

(c) Share-based compensation

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

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

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

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

2.23 Deferred tax

A deferred tax asset and/or liability is being recognized for all temporary differences by applying the liability method arising between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

A deferred tax liability shall be recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill, or/and (2) the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profits nor taxable profits. A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profits nor taxable profits.

The Group reassesses deferred tax asset and proceeds to a decrease whenever it has become probable that future taxable profit will not allow the deferred tax asset to be recovered.

The method of accounting of the deferred tax is based on the current legislating tax rates or on tax rates being enacted after the balance sheet date.

The income tax is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity. As such, if the tax relates to items that are credited or charged directly to equity current tax and deferred tax shall be charged or credited directly to equity.

The income tax represents the current tax obligation over the taxable profit which results from tax rates or tax laws, by taking into consideration any adjustment which might affect a deferred tax asset or liability relating to a transaction or item that was previously charged or credited to equity.

In Greece, any taxable profits are being considered temporary till our Local Tax Authorities proceed in the relevant audit which is fully prescribed and enforced by the current Tax Legislation. As such, additional tax burden and differences might be incurred as a result of such an audit.

2.24 Financial liabilities

Financial liabilities are treated as held for trading if:

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

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

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

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

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

2.25 Fiduciary activities

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

2.26 Equity

The Share Capital is defined by the par value of the ordinary shares outstanding during the reported period. The ordinary shares outstanding are classified as equity. Any Share Capital increase engaged in cash settled transaction contains share premium, which represents the extra amount received per share above its par value. Incremental external costs and benefits directly attributable to the issue of new shares are deducted from or added to equity net of any related income taxes.

Whenever share capital recognized as equity is repurchased ("treasury shares"), the amount of consideration paid is presented as a deduction from total equity. Where such shares are subsequently sold or reissued, any consideration received, net of any incremental costs or benefits, is added to equity. No profit or loss is recognized in the income statement whenever share capital is repurchased, subsequently sold, reissued or cancelled out.

Share-based employ benefits which fall due are classified as equity. Revaluation reserve results from the gains less losses of the revaluation of specific financial assets and property, plant and equipment. The currency translation account, which results of all currency differences arising from the translation of assets net of the translation impact on liabilities in foreign exchange, is reported as equity. Retained earnings and losses include current and previous results as these have already been reported in the income statement.

3 Financial risk management

In this section the Group discloses information regarding its exposure to financial risks and analyzes the methodology, objectives, policies and processes, used by management in order to monitor and control them. The most significant risks to which the Group is exposed to are: credit risk, liquidity risk and market risk; market risk comprises three types of risk: currency risk, interest rate risk and price risk.

3.1 Credit risk

The Group is exposed to Credit Risk, the possibility of a counterparty defaulting partially or fully on its financial obligations when these become due. Credit risk arises from a variety activities, indicatively a) extending credit facilities and loans to customers, placing deposits with other entities, (b) entering into OTC derivative transactions (c) extending LG and LC, and (d) approving committed credit facilities that are irrevocable or are revocable only in case of a material adverse change and entering unsettled transactions.

The Group defines monitors and controls the level of credit risk exposure it deems appropriate by establishing credit limits for particular countries, geographic area, economic sectors, and customer types. The amount that best represents the Group's maximum exposure to credit risk are regularly reviewed by taking into account of any collateral held as security and other credit enhancements.

The Group monitors and controls its exposure to credit risk through regular, at least yearly, internal credit rating revisions of its counterparties and if necessary, the Group proceeds in adjustment of the existing counterparty limits. In addition exposure to credit risk is partially minimized by the use of collaterals and other credit enhancement pledges.

3.1.1 Credit risk exposure

a) Loans and receivables

In measuring credit risk exposure of loan and receivables at a counterparty level, the Group reflects four components (i) the financial position; (ii) the qualitative elements and the 'probability of default' on the existing contractual obligations; (iii) the historical reimbursement and transactional attitude; and (iv) the probable existence of reliable and solvent collaterals held as security and other credit enhancements and their respective fair value.

Loans and receivables with insignificant fair value, as those that are neither past due nor impaired, are summarized in clusters which exhibit similar credit risk elements, such as credit cards, consumer/personal loans, mortgage loans etc. As a consequence, the Group reassess for any potential allowance for impairment on a cluster basis. During the reassessment process, the volume of probable doubtful debts, time-lag, time horizon of the collectability of doubtful debts, the macroeconomic and microeconomic environment, the industry position and any past empirical evidence related with the level of the expected loss.

Whenever loans and receivables are characterized as doubtful their carrying amount is adjusted to its replacement value, which is defined as the net present value of all the expected cash flows including the expected discounted recoverable amount from collateral held as security and other credit enhancements.

Any differences arising from subsequent reassessments in the recoverable amount and time horizon where these amounts are expected to be collected are recorded in the income statement. Allowance for impairment should be reversed whenever the credit quality of the counterparty has been improved insomuch that the timely liquidation of the debt (capital and interest), based on the contractual agreement, is feasible.

For doubtful debts past due over 180 days no interest calculation takes place, while the respective claim is depicted on off-balance sheet items.

After all necessary judicial and other procedures have been exhausted and once it is highly expected that doubtful and bad debts will not be collected, the Group proceeds with write-offs against their allowance for impairment.

b) Securities

For the evaluation and measurement of credit risks that is included in securities, are used mainly the gradations of foreign organizations of borrowing evaluation. The exposure of Group in the credit risk by securities is measured on the basis of fair value openings. Investments in securities constitute a different instrument of credit risk and at the same time ensure a reliable and direct liquidity.

3.1.2 Financial assets subject to credit risk exposure before collateral held or other credit:

In the here below table the maximum credit risk exposure is depicted as at 31 December 2009 and 31 December 2008 respectively, without taking into account any collaterals, information about the credit quality of financial assets that are neither past due nor impaired or other credit enhancements pledged. All figures in the table mirror the carrying value of the assets, as well as the off-balance sheet items:

	31.12.2009	31.12.2008
Credit risk exposures relating to on-balance sheet assets are as follows:		
Due from banks	200.113	46.260
Loans and advances to banks		
Loans and receivables:		
Loans to individuals and households:		
-Credit cards	31.739	33.474
-Consumer / personal loans	97.398	131.068
-Mortgage loans	40.257	40.820
Loans to corporate businesses	1.122.010	1.018.999
Derivative financial instruments	18.547	21.186
Financial assets at fair value through profit or loss	119.325	113.126
Financial assets designated at fair value	37.825	38.255
Investment securities:		
-Held-to-maturity investments	-	6.664
-Available-for-sale financial assets	1.042.606	287.878
Other assets	54.097	48.808
Credit risk exposures relating to off-balance sheet items are as follows:		
Letter of guarantees and credits	90.635	104.878
Loan commitments and other liabilities	283.503	2.530
Total	3.138.165	1.893.946

3.1.3 Loans and receivables

Loans and receivables are summarized as follows:

	31.12.2009		31.12.2008	
	Loans and receivables	Loans and advances to banks (1)	Loans and receivables	Loans and advances to banks
Loans and receivables without impairment losses	1.048.471	200.113	1.061.328	46.260
Doubtful debt without any impairment losses	83.731	-	83.662	-
Loans and receivables with impairment losses	159.202	-	79.369	-
Total loans and receivables without allowance for impairment	1.291.404	200.113	1.224.359	46.260
Less: allowance for impairment				
Individually impaired	(61.562)	-	(32.740)	-
Portfolio allowance	(13.456)	-	(9.900)	-
Total loans and receivables after allowance for impairment	1.216.386	200.113	1.181.719	46.260

(1) The loans and advances to banks item includes amount of 200.113 th. euros (2008: 46.260 th. euros) that reported under the B/S line "Loans and advances to Banks."

a) Loans and receivables without impairment losses:

At 31 December 2009:

Rating	Loans to individuals and households				Loans to corporate businesses			Total
	Consumer/ personal loans	Credit cards	Mortgage loans	Total to individuals and households	S.M.E Loans	Corporate loans	Total SME & corporate loans	
Standard monitoring	84.817	13.149	31.107	129.074	874.855	44.542	919.397	1.048.471

At 31 December 2008:

Rating	Loans to individuals and households				Loans to corporate businesses			Total
	Consumer/ personal loans	Credit cards	Mortgage loans	Total to individuals and households	S.M.E Loans	Corporate loans	Total SME & corporate loans	
Standard monitoring	104.732	16.201	30.621	151.554	847.247	62.528	909.775	1.061.329

Under this category, restructured claims from loans are also included which, otherwise, they would be included in one of the two subcategories that are analyzed as follows:

	31.12.2009	31.12.2008
Loans to individuals and households	1.776	26.343
Loans to corporate businesses	9.378	22.650
Total	11.154	48.993

b) Loans and advances to banks without impairment losses:

	31.12.2009	31.12.2008
Standard monitoring	182.572	45.000
Excellent	17.541	1.260
Total	200.113	46.260

The loans and advances to banks item includes amount of 200,113 th. euros (2008: 46.260 th. euros) that reported under the B/S line "Loans and advances to Banks.

c) Non performing loans without any impairment losses:

At 31 December 2009:

	Loans to individuals and households				Loans to corporate businesses			Total
	Consumer/ personal loans	Credit cards	Mortgage loans	Total to individuals and households	S.M.E Loans	Corporate loans	Total SME & corporate loans	
Past due up to 1-90 days	7.398	4.307	4.308	16.012	6.452	59.463	65.915	81.927
Past due up to 91-180 days	118	689	442	1.248	114	8	121	1.370
Past due up to over 180 days	17	20	-	37	398	-	398	434
Total	7.532	5.016	4.750	17.297	6.963	59.470	66.434	83.731
Fair value of collaterals and other credit enhancements pledged	1.027	-	4.750	5.777	2.655	13.638	16.293	22.070

At 31 December 2008:

	Loans to individuals and households				Loans to corporate businesses			Total
	Consumer/ personal loans	Credit cards	Mortgage loans	Total to individuals and households	S.M.E Loans	Corporate loans	Total SME & corporate loans	
Past due up to 1-90 days	6.021	4.862	4.717	15.600	52.084	1.817	53.901	69.501
Past due up to 91-180 days	2.615	667	355	3.637	4.441	2.970	7.411	11.047
Past due up to over 180 days	1.371	10	20	1.401	1.342	371	1.713	3.114
Total	10.007	5.539	5.093	20.638	57.867	5.157	63.024	83.662
Fair value of collaterals and other credit enhancements pledged	6.910	-	3.719	10.629			33.059	43.688

d) Loans and receivables with impairment losses:
At 31 December 2009:

	Loans to individuals and households				Loans to corporate businesses			Total
	Consumer/ personal loans	Credit cards	Mortgage loans	Total to individuals and households	S.M.E Loans	Corporate loans	Total SME & corporate loans	
Loans and receivables with impairment losses	5.049	13.574	4.400	23.023	41.448	94.730	136.179	159.202
Fair value of collaterals and other credit enhancements pledged	1.163	-	1.385	2.547	3.133	17.634	20.767	23.314

At 31 December 2008:

	Loans to individuals and households				Loans to corporate businesses			Total
	Consumer/ personal loans	Credit cards	Mortgage loans	Total to individuals and households	S.M.E Loans	Corporate loans	Total SME & corporate loans	
Loans and receivables with impairment losses	16.330	11.734	5.106	33.170	8.353	37.846	46.199	79.369
Fair value of collaterals and other credit enhancements pledged	7.077		1.221	8.298			20.786	29.084

3.1.4. Debt securities and other eligible bills

The table below presents an analysis of debt securities, and other eligible bills by rating agency designation, based on Standard & Poor's rating system :

At 31 December 2009:

	Due to banks	Trading portfolio	Financial assets at fair value through profit or loss	Held-to-maturity investments	Available-for-sale financial assets	Total
AAA	773	2.047	-	-	62.729	65.549
AA- to AA+	516	-	-	-	664	1.180
A- to A+	50.043	359	-	-	100.268	150.670
Lower than A-	131.297	35.667	2.034	-	785.984	954.982
Unrated	17.484	81.252	35.791	-	92.962	227.489
Total	200.113	119.325	37.825	-	1.042.607	1.399.870

At 31 December 2008:

	Due to banks	Trading portfolio	Financial assets at fair value through profit or loss	Held-to-maturity investments	Available-for-sale financial assets	Total
AAA	-	1.790	-	-	77.558	79.348
AA- to AA+	33.886	184	-	-	8.989	43.060
A- to A+	9.197	26.017	-	6.664	138.797	180.675
Lower than A-	559	896	-	-	22.369	23.824
Unrated	2.618	84.238	38.255	-	40.164	165.275
Total	46.260	113.126	38.255	6.664	287.878	492.182

3.1.5. Repossessed collateral

The Group obtained assets by taking possession of collateral held as security, as follows:

	31.12.2009	31.12.2008
Land	304	320
Buildings	956	830
Total	1.260	1.150

3.1.6. Concentration of risks of financial assets with credit risk exposure: analysis per industry

The here below table breaks down the Group's main credit exposure at their carrying amounts, as categorized by the industry sectors of our counterparties.

At 31 December 2009:

	Financial institutions	Manufacturing	Transportations/telecommunications	Public sector	Trade	Leasing	Other industries	Individuals and households	Total
Loans and advances to banks	200.113								200.113
Loans and receivables:									
Loans to individuals and households:									
-Credit cards								31.739	31.739
-Consumer / personal loans								97.398	97.398
-Mortgage loans								40.257	40.257
Loans to corporate businesses:									
	-	210.715	168.427	-	211.191	81.553	450.124		1.122.010
Derivative financial instruments	18.547								18.547
Financial assets at fair value through profit or loss	95.786	365	99	20.817			2.258		119.325
Financial assets designated at fair value			37.825						37.825
Investment securities:									
-Available-for-sale financial assets	388.580	2.309		651.717					1.042.606
Total maximum credit risk as at 31 December 2009	703.026	213.389	206.351	672.534	211.191	81.553	452.382	169.394	2.709.820
Total maximum credit risk as at 31 December 2008	319.426	150.474	247.250	160.032	175.918	83.689	425.714	205.362	1.767.866

3.1.7 Concentration of risks of financial assets with credit risk exposure: analysis per geographical region

The Group presents a huge width of credit risk in Greece . as in the table below:

At 31 December 2009:

ASSETS	GREECE	OTHER COUNTRIES	TOTAL
Loans and advances to banks	148.631	51.482	200.113
Loans and receivables	1.028.039	263.365	1.291.404
Derivative financial instruments	-	18.547	18.547
Financial assets at fair value through profit or loss	20.973	98.352	119.325
Financial assets designated at fair value	37.825	-	37.825
Investment securities:			
-Available-for-sale financial assets	645.770	396.836	1.042.606
Other assets	50.799	3.408	54.207
Total assets	1.932.037	831.990	2.764.027

At 31 December 2008:

ASSETS	GREECE	OTHER COUNTRIES	TOTAL
Loans and advances to banks	2.007	44.253	46.260
Loans and receivables	890.760	290.960	1.181.720
Derivative financial instruments	-	21.186	21.186
Financial assets at fair value through profit or loss	29.866	91.850	121.716
Financial assets designated at fair value	38.255	-	38.255
Investment securities:			
-Held-to-maturity investments	6.664	-	6.664
-Available-for-sale financial assets	146.352	163.072	309.424
Other assets	48.148	660	48.808
Total assets	1.162.052	611.981	1.774.033

The Loans and receivables are presented net of impairment charges.

3.2 Market risk

The Group is exposed to market risk, this risk includes price risk, interest rate risk, currency risk and volatility risk stemming from its open positions. In preparing market risk analysis, the Group employs, on a daily basis, contemporary methods and processes, such as VaR calculations, sensitivity analysis (delta, gamma, PV01) and stress testing.

In the beginning of 2007, the ALCO committee established a set of market limits and procedures in order to monitor risk in accordance to the Bank's risk appetite. Market risk limits are VaR limits, pertain both trading book and banking book positions and are monitored on a daily basis. Market risk limits are set both in terms of product, risk factor and business unit.

The Group uses the historical methodology in its VaR calculations with a 99% confident interval and a 10 days holding period. This methodology calculates value at risk for each rate based on daily historical perturbations and determines VaR by each risk factor (interest, price, volatility). The 99th percentile VaR results from the subtraction of the worst 1% historical perturbations. The Group constantly revises its internal VaR model and performs in constant intervals back testing in order to evaluate the VaR results to the actual daily P&L. In the following table VaR by risk factor as well as the minimum, maximum and average levels are presented.

VaR review

β) Trading-book VAR

	VaR 99% 1day	
	31.12.2009	31.12.2008
Foreign-exchange risk	36	166
Interest-rate risk	575	866
Equities risk	481	755
Total VAR	516	1.086

	VaR 99% 1day	
	31.12.2009	31.12.2008
maximum	3.764	2.790
minimum	497	914
medium	1.857	1.537

Alternatively on a daily basis sensitivity rates are calculated and scenario of crisis is effected to assess the economic losses of the overall portfolio of the bank in a very unusual economic change. The crisis scenario is selected from a list of historical and hypothetical scenarios that were created within the Bank's internal model and is the scenario with the greatest emphasis on results.

The crisis scenario that is used is the historical scenario of the financial crisis of 2007 and has been chosen because of its great influence on the results of the Bank. Its measurement is dynamic and takes place on the basis of the historical price changes as resulting from the worst point of the distribution of values of VaR, which contain the crisis. Suggestive in the crisis scenario for 31/12/2009 in the total portfolio of the Bank estimated as regards the risk of loss rate 8.813 mm €, the equity risk of damage to € 1.949 thousand and foreign exchange risk of damage to 195 thousand €.

3.2.1 Foreign exchange risk

The Group takes on foreign exchange risk arising from the exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

The here below table below summaries the Group's exposure to foreign currency exchange risk at 31 December 2009. Included in here below table are the Group's financial assets and liabilities categorized by currency:

At 31 December 2009:

ASSETS	eur	usd	gbp	jpy	other	Total
Cash and balances with the central bank	51.641	75	15		244	51.975
Loans and advances to banks	172.017	25.256	1.887	273	679	200.113
Loans and receivables	1.103.167	108.469	-	3.494	1.257	1.216.386
Derivative financial instruments held for trading	3.938	14.609	-	-	-	18.547
Financial assets at fair value through profit or loss	127.702	-	27		514	128.243
Financial assets designated at fair value	38.341	-	-	-	-	38.341
Investment securities:						
- Available-for-sale	1.059.380	3.114	-	-	-	1.062.494
Investments in subsidiaries and associates	2.275	-	-	-	-	2.275
Other assets	182.620	2.944	(7)	205	266	186.028
Total assets	2.741.081	154.467	1.922	3.972	2.960	2.904.403
LIABILITIES	eur	usd	gbp	jpy	other	Total
Due to banks	1.051.322	21.519		2.616	389	1.075.846
Due to customers	1.345.792	68.223	1.947	22.813	7.365	1.446.140
Derivative financial instruments held for trading	11.540	15.316	142	(93)	27	26.933
Derivative financial instruments held for hedging	1.909	-	-	-	-	1.909
Debt securities in issue	18.521	-	-	-	-	18.521
Other liabilities	16.541	1.969	-	-	67	18.576
Total liabilities	2.445.625	107.027	2.089	25.337	7.848	2.587.925
Net on-balance sheet financial position	295.456	47.440	(167)	(21.364)	(4.888)	316.477
At 31 December 2008:	eur	usd	gbp	jpy	other	Total
Total assets	1.808.156	137.929	1.166	3.885	24.943	1.976.079
Total liabilities	1.417.902	139.470	2.928	144.523	2.948	1.707.771
Net on-balance sheet financial position	390.254	(1.541)	(1.762)	(140.638)	21.995	268.308

3.2.2 Interest rate risk

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

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

At 31 December 2009:	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing	Total
ASSETS							
Cash and balances with the central bank	51.975	-	-	-	-	-	51.975
Loans and advances to banks	200.113	-	-	-	-	-	200.113
Loans and receivables	897.310	135.823	106.241	65.996	11.016	-	1.216.386
Derivative financial instruments held for trading	18.547	-	-	-	-	-	18.547
Financial assets at fair value through profit or loss	51.262	28.432	1.052	32.978	5.601	8.918	128.243
Financial assets designated at fair value	-	-	-	37.825	-	516	38.341
Investment securities:							
- Available-for-sale	26.227	399.786	80.198	256.555	279.841	19.887	1.062.494
Other assets	-	-	-	-	-	188.303	188.303
Total assets	1.245.434	564.041	187.491	393.354	296.458	217.624	2.904.402
	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing	Total
LIABILITIES							
Due to banks	143.922	178.938	752.986	-	-	-	1.075.846
Due to customers	682.819	356.804	398.084	5.523	2.910	-	1.446.140
Derivative financial instruments held for trading	26.933	-	-	-	-	-	26.933
Derivative financial instruments held for hedging	1.909	-	-	-	-	-	1.909
Debt securities in issue	-	-	-	-	18.521	-	18.521
Retirement benefit obligations	-	-	-	-	-	1.551	1.551
Other liabilities	-	-	-	-	-	17.025	17.025
Total liabilities	855.583	535.742	1.151.070	5.523	21.431	18.576	2.587.925
Interest sensitivity gap	389.851	28.299	-963.579	387.831	275.027	199.048	316.477
	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing	Total
As at 31 December 2008:							
Total assets	721.416	392.620	296.101	303.949	16.389	245.604	1.976.079
Total liabilities	1.258.628	221.870	140.822	3.567	28.306	54.577	1.707.771
Interest sensitivity gap	(537.212)	170.750	155.279	300.382	(11.917)	191.027	268.309

3.3 Liquidity risk

Liquidity risk arises whenever the Group might encounter difficulty in meeting commitments associated with financial liabilities when they fall due. The factors that the Group might consider in estimating liquidity risk exposure, but are not limited to, are (a) an expectation that some of its liabilities to be paid later than the earliest date on which the Group can be required to pay, (b) there is not a liquid market for some financial assets, and (c) if, indeed, there is a liquid market, but some financial assets are not readily saleable in their value.

The Group has very diverse funding sources which is attainable through a wide range of products including, deposits, debt securities and equity. This improves its financing capability, reduces the dependence from few funding sources, and generally lowers its borrowing cost. The Group tries to balance the need between financing and flexibility, by maintaining a portfolio with different maturities.

Besides, the Group measures and monitors, on a daily basis, the mandatory liquidity ratios, "Liquid Assets / Total Liabilities" and "Net Current Assets / Total Liabilities", as these prescribed by the Bank of Greece, whereas, on regular time intervals, the Group works out scenarios of liquidity crisis and the ability of handling such crisis is thoroughly appreciated.

The monitoring and controlling of the liquidity risk exposure represents a dynamic procedure in order the Group's business and strategic goals to be fully fulfilled.

3.3.1. Non-derivative cash flows

The here below table presents the cash flows payable by the Group under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date by using an appropriate number of time bands. The amounts disclosed in the table are the contractual undiscounted cash flows:

At 31 December 2009:

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
LIABILITIES						
Due to banks	143.993	178.572	758.119	-	-	1.080.684
Due to customers	420.144	353.854	402.672	277.743	388	1.454.801
Debt securities in issue	215	-	-	-	20.000	20.215
Other liabilities	-	20.470	-	-	1.476	21.946
Total liabilities	564.352	552.896	1.160.791	277.743	21.864	2.577.646

At 31 December 2008:

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
LIABILITIES						
Due to banks	603.410	19.168	50.000	16.676	-	689.254
Due to customers	415.722	201.616	88.442	220.560	3.209	929.549
Debt securities in issue	291	290	-	-	25.000	25.581
Other liabilities	-	12.112	-	-	1.293	13.405
Total liabilities	1.019.423	233.186	138.442	237.236	29.502	1.657.789

3.3.2. Derivative cash flows

The Bank has entered into the following derivative financial instruments:

1. Interest rate swaps
2. Futures
3. Credit default swaps
4. Options
5. Forwards
6. Synthetic Swaps on Futures

The table below analyses the Group's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

a) Derivatives settled on a net basis:
As at 31 December 2009
Derivatives held for trading:

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
- Derivatives exchange	(3.392)	-	-	-	-	(3.392)
- Other derivative contracts	39	-	-	-	-	39
Total	(3.353)	-	-	-	-	(3.353)

As at 31 December 2008
Derivatives held for trading:

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
- Other derivative contracts	4.761	-	-	-	-	4.761
Total	4.761	-	-	-	-	4.761

b) Derivatives settled on a gross basis:

As at 31 December 2009	Up to 1 month	1 – 3 months	3 - 12 months	1 – 5 years	Over 5 years	Total
Derivatives held for trading:						
-Foreign exchange derivatives						
-Outflow	74.478	31.926	7.207	-	-	113.611
-Inflow	74.576	31.371	7.043	-	-	112.990
-Interest rate derivatives						
-Outflow	349	537	18.526	56.798	54.175	130.385
-Inflow	903	2.147	10.607	54.357	54.511	122.525
-Other derivative contracts						
-Outflow	-	9	26	17	-	52
-Inflow	-	694	944	2.284	9	3.931
Derivatives held for hedging:						
-Interest rate derivatives						
-Outflow	-	283	4.855	15.280	9.540	29.958
-Inflow	-	747	2.393	13.415	10.272	26.827
Total Outflow	74.827	32.755	30.614	72.095	63.715	274.006
Total Inflow	75.479	34.959	20.987	70.056	64.792	266.273
As at 31 December 2008						
	Up to 1 month	1 – 3 months	3 - 12 months	1 – 5 years	Over 5 years	Total
Derivatives held for trading:						
-Foreign exchange derivatives						
-Outflow	100.131	30.795	19.708	1.437	-	152.071
-Inflow	102.104	32.121	19.742	1.329	-	155.295
-Interest rate derivatives						
-Outflow	255	565	5.252	14.682	20.270	41.023
-Inflow	208	726	5.923	14.658	20.643	42.158
-Other derivative contracts						
-Outflow	-	306	4.242	3.358	-	-
-Inflow	-	262	1.932	1.929	-	4.122
Total Outflow	100.386	31.666	29.201	19.477	20.270	193.094
Total Inflow	102.312	33.108	27.596	17.915	20.643	201.576

3.4 Fair value of financial assets and liabilities

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's consolidated statement of financial position at their fair value:

Financial assets	Carrying value		Fair value	
	2009	2008	2009	2008
Due from banks	200.113	46.260	200.113	46.260
Loans and receivables:				
- Loans to individuals and households	146.928	183.322	146.911	183.357
- Loans to corporate businesses	988.147	914.709	987.929	914.673
- Finance lease receivables	81.311	83.689	81.320	83.696
Financial liabilities				
Due to banks	1.075.846	689.254	1.075.887	689.260
Due to customers:				
- Time deposits	1.099.620	654.173	1.100.659	656.582
- Under caution	11.303	2.761	11.303	2.761
- Current accounts	135.697	35.651	135.697	35.651
- Savings accounts	88.043	46.828	88.043	46.828
- Current accounts	13.021	11.018	13.021	11.018
- Margin accounts	34.459	104.674	34.459	104.673
- Pledged deposits	51.275	47.435	51.275	47.435
- Blocked deposits	15.721	15.477	15.721	15.477
Off-balance sheet financial instruments				
Letters of guarantee /Irrevocable letters of credit	-	-	90.135	104.878
Loan commitments and other liabilities	-	-	283.503	2.530

- a) The fair value of loans and advances to credit institutions is based on discounting cash flows using money market rates for debts with similar remaining maturity.
- b) The fair value of loans and advances to customers is estimated by discounting expected future cash flows using suitable interest rates for instruments with similar credit risk and maturity.
- c) Fair value from investment securities is estimated using quoted market prices. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics, or by discounting cash flows.
- d) The fair value of due to customers is based on discounted cash flows using appropriate interest rates (money market) for instruments with similar maturity.
- e) The fair value of debt securities in issue is calculated based on quoted prices. Where quoted market prices are not available, the estimated fair value is based on other debt securities with similar credit, yield and maturity characteristics or by discounting cash flows.

Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

This level includes listed equity securities and debt instruments on exchanges (for example, London Stock Exchange, Frankfurt Stock Exchange, New York Stock Exchange) and exchanges traded derivatives like futures (for example, Nasdaq, S&P 500).

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the OTC derivative contracts, traded loans and issued structured debt. The sources of input parameters like LIBOR yield curve or counterparty credit risk are Bloomberg and Reuters.

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

(b) Assets and liabilities measured at fair value

	Level 1	Level 2	Level 3	Total
As at 31 December 2009				
Financial assets at fair value				
Financial assets held for trading				
-Debt securities	119.326	-	-	119.326
-Equity securities	8.917	-	-	8.917
-Derivatives – assets	-	18.547	-	18.547
-Derivatives - liabilities	-	(28.842)	-	(28.842)
Financial assets at fair value through profit or loss				
- Debt securities	2.034	-	35.791	37.825
- Equity securities	516	-	-	516
Available-for-sale assets				
-Investments securities - debt	864.298	178.308	-	1.042.606
-Investments securities - equity	11.765	-	8.123	19.888
Total	1.006.856	168.013	43.914	1.218.782

Reconciliation of Level 3 Items

	Financial assets at fair value through profit and loss		
	Available for sale financial assets:	Financial assets designated at fair value:	Total assets
	-Equity securities	-Dept securities	
At 1 January 2009	7.432	35.783	43.215
Purchases	1.223	-	1.223
Profit or loss	-	9	9
Other comprehensive income	(532)	-	(532)
At 31 December 2009	8.123	35.791	43.914

The following table shows the sensitivity of level 3 measurements to reasonably possible alternative assumptions:

	Reflected in profit or loss		Reflected in equity	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
At 31 December 2009				
Financial assets designated at fair value Available for sale financial assets	1.485	(358)	-	-
At 31 December 2008				
Financial assets designated at fair value Available for sale financial assets	1.667	(643)	-	-

3.5 Capital management and capital adequacy

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

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

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

The capital adequacy of bank and the risk-weighted assets are calculated based on the instructions of the Bank of Greece (Governor's Acts 2587/07, 2588/07, 2590/07 and 2591), which are implemented in the EU directive on capital adequacy of financial institutions. In particular, for calculating capital requirements against credit risk, the Bank applies the standard methodology, and for calculating capital requirements against operational risk the methodology of key indicators.

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

- Tier 1 capital: share capital (net of any book values of the treasury shares), minority interests arising on consolidation from interests in permanent shareholders' equity, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and
- Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealized gains arising on the fair valuation of equity instruments held as available for sale.

The table here below summarizes the composition of regulatory capital of the Group for the years ended 31 December 2009 and 2008 respectively, according to Bank of Greece methodology :

Tier 1 Capital	31.12.2009	31.12.2008
Share Capital	281.450	281.450
Preference shares	79.261	-
Share Premium	85.478	85.478
Less: Treasury shares	(7.668)	(7.668)
Minority interests	103	134
Other reserves	(3.853)	9.190
Retained earnings	(34.392)	(59.381)
Revaluation reserves	(6.500)	(13.038)
Less: Dividends for the period	(4.910)	-
Less: Regulatory adjustment at revaluation reserve (available-for-sale assets)	77.401	-
Less: Revaluation reserve (available-for-sale investments)	(77.401)	-
Upper Tier 1 Capital	388.970	296.165
Less: Intangible assets	(83.035)	(87.947)
Less: Proportion of other deductible items*	(7.319)	(19.267)
Total Tier 1 Capital	298.616	188.951
Tier 2 Capital		
Less: Proportion of other deductible items *	(7.319)	(26.323)
Total Tier 2 Capital	(7.319)	(26.323)
Total Regulatory Capital (Tier 1 + Tier 2)	291.297	162.628
Risk-weighted assets	1.874.615	1.751.165
Capital adequacy ratio	15,54%	9,29%
<hr/>		
* Other deductible items from Tier 1 Capital and Tier 2 Capital		
Less: Equity investments (> 10%) in financial institutions	(3.623)	(3.660)
Less: Equity investments in insurance companies	-	(7.056)
Less: Double-gearing loans and advances	(11.015)	(34.874)
Total other deductible items	(14.637)	(45.590)
Allocated to:		
Tier 1 Capital	(7.319)	(19.267)
Tier 2 Capital	(7.319)	(26.323)
	(14.637)	(45.590)

4 Critical accounting estimates and judgments

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

4.1 Recognition of the identifiable intangible assets acquired from business combinations

The Group identifies a non-monetary asset without physical substance as an intangible asset if it:

- is separable, i.e. capable of being separated or divided from the Bank and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Bank or from other rights and obligations.

Thus, the Group has identified intangible assets from a business combination as follows:

- intangible assets from loan contractual agreements
- intangible assets from deposits contractual agreements
- intangible assets from contractual agreements in brokerage services.

The amortization method being used to allocate the depreciable amount of the identifiable intangible assets acquired from business combinations is the straight-line method, with a finite useful life between 4 to 5 years.

4.2 Impairment losses on loans and receivables

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

4.3 Fair value of derivative financial instruments

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

4.4 Impairment of available-for-sale financial assets

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

4.5. Impairment test of goodwill acquired in a business combination

The Group assesses at each balance sheet date, after initial recognition, goodwill acquired in a business combination at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is represented by each primary reporting segment.

4.6. Held-to-maturity investments

The Group follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgment. In making this judgment, the bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire category as available for sale. The investments would therefore be measured at fair value and not amortized cost.

4.7 Income taxes

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

Due to the method according to which the tax liabilities are settled in Greece, the Bank remains contingently liable for any additional taxes and penalties for the un-audited tax periods. Relevant provision has been taken according to IFRS. Where the final tax outcome of such an audit 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.

4.8 Provisions for insurance activities

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

5 Segment analysis

The Group realizes the benefits of adopting a structure of three Client Business Units which are engaged in business mainly in Greece and Serbia. These business units are being managed separately since the relevant market focus reinforce their strategies.

Commercial Banking: The Client Business Unit is engaged in retail and commercial banking activities that comprises i) consumer and commercial clients, ii) corporate clients, and iii) shipping clients.

This Unit is being supported by a network of branches, administers all the depository products (savings, liquidity products/demand accounts, investment products/time deposits, repos, swaps, mortgage products, consumer and commercial banking, leasing, letter of guarantees, and credit cards as well.

Investment Banking: The Client Business Unit is engaged in stock exchange activities, structure finance and investment advisory products, and with brokerage services which are closely intertwined with the capital markets. It also includes services which represent the major activities of the bank's Treasurer.

Insurance and other activities: The Client Business Unit includes activities of the Bank and its subsidiaries in the areas of insurance and reinsurance brokerage, as well as operations that are not included in any of the other segments.

The Group does not allocate the income tax expense in the above mentioned Client Business Units, and the expenses which refer to specific administrative services as well. Besides, the aforementioned Units do not hold any significant non-cash items excluding depreciation.

The amounts which are reported below, are also included in the management report which are thoroughly utilized by the Bank's Management.

The Executive Committee is responsible for strategic planning, the coordination and operations of the Bank and its subsidiaries. It sets goals, parameters and strategies regarding the course of action of the Bank, also analyzing and posing suggestions to the BoD. The Executive Committee comprises of three Members: The Executive Vice Chairman of the Board (Chairman), the CEO and the General Manager of Investment Banking as members.

The segment analysis by business sectors as follows:

As at 31 December 2009:

	Retail Banking	Investment Banking	Insurance and other activities	Group	Discontinued activity	Continuing activity
Interest and similar income	59.407	52.420	43	111.870	43	111.827
Interest and similar expense	(38.643)	(21.146)	(59)	(59.848)	(59)	(59.789)
Net interest income	20.764	31.274	(16)	52.022	(16)	52.038
Income from insurance activities	-	-	20.140	20.140	20.140	-
Expense from insurance activities	-	-	(12.698)	(12.698)	(12.698)	-
Net income from insurance activities	-	-	7.442	7.442	7.442	-
Fee and commission income	6.296	6.393	-	12.689	-	12.689
Fee and commission expense	(1.194)	(1.780)	-	(2.974)	-	(2.974)
Net fee and commission income	5.102	4.613	-	9.715	-	9.715
Dividend income	-	145	-	145	-	145
Net trading income	-	49.252	(202)	49.050	(202)	49.252
Net income from financial instruments designated at fair value	-	1.572	-	1.572	-	1.572
Net gains less losses from investment securities	-	-	-	-	-	-
Other operating income	-	3.112	942	4.054	-	4.054
Operating income	25.866	89.968	8.166	124.000	7.224	116.776
Administrative expenses	(30.961)	(13.762)	(2.697)	(47.420)	(1.947)	(45.473)
Depreciation expenses	(6.226)	(1.384)	(52)	(7.666)	(52)	(7.614)
Insurance compensation	-	-	(6.689)	(6.689)	(6.689)	-
Impairment losses on financial assets	(34.298)	(15.909)	-	(50.207)	-	(50.207)
Profit/ (loss) before tax	(45.619)	58.913	(1.276)	12.018	(1.464)	13.482
Share of profit of associates			15	65	15	50
Profit from the sale of Proton Insurance SA			3.110	3.110	3.110	-
Income tax expense				(1.796)	1	(1.797)
Profit/ (loss) after tax				13.397	1.662	11.735

Total assets	1.271.739	1.629.370	3.293	2.904.402	-	2.904.402
Total liabilities	1.458.014	1.126.863	3.048	2.587.925	-	2.587.925

As at 31 December 2008:

	Retail Banking	Investment Banking	Insurance and other activities	Group	Discontinued activity	Continuing activity
Interest and similar income	97.713	32.788	270	130.771	269	130.502
Interest and similar expense	(66.704)	(21.247)	(211)	(88.162)	(211)	(87.951)
Net interest income	31.009	11.542	59	42.609	58	42.550
Income from insurance activities	-	-	30.161	30.161	30.161	-
Expense from insurance activities	-	-	(9.148)	(9.148)	(9.148)	-
Net income from insurance activities			21.013	21.013	21.013	-
Fee and commission income	9.974	30.144	-	40.118	-	40.118
Fee and commission expense	(854)	(7.739)	-	(8.593)	-	(8.593)
Net fee and commission income	9.120	22.406	-	31.525	-	31.525
Dividend income	-	1.936	2	1.935	2	1.933
Net trading income	-	(34.958)	(704)	(35.662)	(705)	(34.957)
Net income from financial instruments designated at fair value	-	(2.610)	-	(2.610)	-	(2.610)
Net gains less losses from investment securities	-	(40)	-	(40)	-	(40)
Other operating income	674	969	1.001	2.643	78	2.565
Operating income	40.803	(716)	21.370	61.412	20.446	40.965
Administrative expenses	(31.642)	(13.213)	(2.593)	(47.449)	(4.615)	(42.833)
Depreciation expenses	(3.825)	(1.056)	(2.827)	(7.708)	(127)	(7.581)
Insurance compensation	-	-	(18.407)	(18.407)	(18.407)	-
Impairment losses on financial assets	(15.756)	(3.172)	-	(18.928)	-	(18.928)
Profit/ (loss) before tax	(10.420)	(18.198)	(2.456)	(31.080)	(2.703)	(28.377)
Share of profit of associates				(1.748)	(289)	(1.459)
Non-allocated expenses				(5.984)	-	(5.984)
Impairment loss from participation in subsidiary				(10.698)	(10.698)	-
Impairment loss from Available for sale securities				(586)	-	(586)
Impairment loss from goodwill				(11.696)	-	(11.696)
Income tax expense				8	1	7
Profit/ (loss) after tax				(61.784)	(13.689)	(48.095)
Total assets	1.288.573	648.620	38.886	1.976.079	35.465	1.940.614
Total liabilities	1.113.836	550.903	43.032	1.707.771	41.172	1.666.599

In the Commercial Banking figures the followings are included i) interest and similar income from loans to customers and financial lease operations, ii) interest expense and similar charges from customer deposits.

In the Investment Banking figures the followings are included i) interest and similar income from interest-bearing portfolio, from claims from financial institutions and other interest income, ii) interest expense and similar charges from financial institutions and debt securities in issue.

In the Commercial Banking figures the followings are included i) fee and commission income from loans to customers, credit cards, and letter of guarantees, ii) fee and commission expense credit cards, funds transfer and letters of guarantees.

In the Investment Banking figures the followings are included i) fee and commission income from investment products, stock exchange activities, active portfolio management, foreign exchange services, dealing operations, ii) fee and commission expense from investment products, derivative securities, fiduciary services.

Other Operating Income comprises rental income and income from non-banking services.

6 Net interest income

	1.1.-31.12.2009	1.1.-31.12.2008
Interest and similar income		
Loans and receivables	61.406	97.441
Debt securities	48.718	27.433
Loans and advances to banks	1.160	4.487
Other interest and similar income	543	1.142
Total	111.827	130.503
Interest expense and similar charges		
Due to customers	(41.681)	(59.744)
Due to banks	(13.161)	(17.590)
Contributions (Law N.128)	(3.870)	(4.950)
Debt securities in issue	(1.020)	(1.183)
Other interest and similar expense	(57)	(4.483)
Total	(59.789)	(87.950)
Net interest income	52.038	42.553

7 Net fee and commission income

	1.1.-31.12.2009	1.1.-31.12.2008
Fee and commission income		
Investment Banking:		
Investment activities	352	17.090
Securities brokerage	5.266	12.153
Asset management	387	164
Retail Banking:		
Loans and receivables	4.155	7.019
Credit cards	1.095	1.673
Letters of guarantee	904	874
Imports-exports	157	336
Fund management:		
Foreign currency transactions	264	329
Remittance	109	480
Total	12.689	40.118
Fee and commission expense		
Investment Banking:		
Investment activities	(37)	(2.999)
Securities brokerage	(1.854)	(4.662)
Retail Banking:		
Credit cards	(452)	(765)
Remittance fees/commissions from LGs	(544)	(89)
Fund management:		
Fiduciary activities	(74)	(35)
Other activities:		
Other commissions	(13)	(44)
Total	(2.974)	(8.594)
Net fee and commission income	9.715	31.524

8 Dividend income

	1.1.-31.12.2009	1.1.-31.12.2008
Available-for-sale securities	94	140
Trading securities	51	1.793
Total	145	1.933

9 Net trading income

	1.1.-31.12.2009	1.1.-31.12.2008
Transaction gains less losses	50.825	(14.807)
Securities valuation	(2.388)	(14.239)
Foreign exchange translation and transaction (gains less loss)	385	(7.098)
Derivative financial instruments	430	1.187
Total	49.252	(34.957)

The increase of net trading income is mainly due to increased gains from transactions of bonds, as a result of the improved conditions that took place in the financial markets.

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

10 Net income from financial instruments designated at fair value

	1.1.-31.12.2009	1.1.-31.12.2008
Securities valuation	1.550	(2.610)
Transaction gains less losses	22	-
Total	1.572	(2.610)

11 Other operating income

	1.1.-31.12.2009	1.1.-31.12.2008
Rentals	74	83
Non-banking activities	1.347	763
Disposal of tangible assets	227	-
Amounts recovered during the period	603	1.718
Debt repurchased	850	-
Other income	953	-
Total	4.054	2.564

12 Personnel expense

	1.1.-31.12.2009	1.1.-31.12.2008
Salaries	(18.019)	(18.622)
Social security costs	(3.981)	(4.235)
Pension and retirement costs	(264)	(348)
Other employee costs	(1.209)	(1.094)
Share-based payment transactions	(220)	(682)
Total	(23.693)	(24.981)

13 Other administrative expenses

	1.1.-31.12.2009	1.1.-31.12.2008
Operating lease rentals	(4.598)	(4.471)
Maintenance costs	(1.965)	(2.051)
Promotion and advertising expenses	(236)	(581)
Telephone – posting expenses	(998)	(1.094)
Third party fees	(2.566)	(3.245)
Utilities	(450)	(479)
Contribution to Hellenic Deposit Guarantee Fund	(1.401)	(1.484)
Subscriptions and other contributions	(1.883)	(3.602)
Insurance costs	(434)	(337)
Consumables	(281)	(400)
Taxes and duties	(1.537)	(1.743)
Other expenses	(5.431)	(4.352)
Total	(21.780)	(23.838)

14 Depreciation expenses

	1.1.-31.12.2009	1.1.-31.12.2008
Property, plant and equipment	(2.680)	(2.644)
Identifiable intangible assets acquired from business combinations	(4.148)	(4.173)
Other intangible assets	(786)	(764)
Total	(7.614)	(7.581)

15 Impairment losses on financial assets and non financial assets

	1.1.-31.12.2009	1.1.-31.12.2008
Loans and receivables	(34.298)	(15.755)
Other assets	(343)	(3.172)
Available-for-sales equity investments	(15.514)	(587)
Impairment of goodwill	(52)	(11.696)
Total	(50.207)	(31.210)

16 Share of profit of associates

	1.1.-31.12.2009	1.1.-31.12.2008
Share of profit /(loss) of Omega Portfolio Investment Co SA	50	(1.459)
Total	50	(1.459)

17 Income tax expense

	1.1.-31.12.2009	1.1.-31.12.2008
Current tax	(1.848)	(3.011)
Tax provisions	(363)	(872)
Deferred tax	414	3.890
Total	(1.797)	7

On 9 September 2009 the regular tax audit for the years 2007 and 2008 was completed. The audit result was payable taxes € 207.073 and 367.409 respectively. The result of the tax audit has been covered from open tax years provisions formed in prior periods and therefore, there was no impact on the period's income statement.

For the un-audited period a relevant provision has been recognized in accordance with the IFRS.

The companies of the Group have been reviewed by the tax authorities and have settled all their liabilities, unless for the periods mentioned below:

Proton Bank SA:	2009
Proton Mutual Funds Co SA :	2007-2009
First Global Brokers S.A.	2002-2009
Omega Brokerage SA	2007-2009
Intellectron Systems SA	2001-2009
Omega Portfolio Investment Co SA	2006-2009

Due to the inconsistent method according to which tax liabilities are settled in Greece, the Group remains contingently liable against any additional taxes or penalties imposed for un-audited periods.

The tax rate for Greek legal entities, in accordance with the articles of the article 109 paragraph 1 Law 2238/1994 runs to 25% for the period 2009.

According Law 3697/2008 tax rate for the next years have as follows:

2010	24%
2011	23%
2012	22%
2013	21%
2014	20%

The calculation of the deferred tax has been based on the tax rate that it is estimated to stand on the applicable tax law when the temporary tax or deductible differences will be reversed.

The income tax expense charged in the consolidated income statement differs with the one that would be calculated by strictly applying the nominal tax rate over the taxable profits.

The here below table depicts a reconciliation of the income tax expense at the consolidated balance sheet date:

	1.1.-31.12.2009	1.1.-31.12.2008
Profit before tax	13.532	(48.104)
Income tax expense calculated at a 25% tax rate	(3.383)	12.026
Income not subject to tax	2.458	(11.671)
Non-deductible expenses	(913)	(3.356)
Supplementary tax 3% on real estate	(10)	(10)
Tax on tax difference	(363)	(872)
Deferred tax charge to the income statement	414	3.890
Total income tax	(1.797)	7

Deferred income tax assets and liabilities are attributable to the following items:	1.1.-31.12.2009
Loans an receivables	(135)
Allowance for impairment, net of revaluation	(2.186)
Impairment losses of other assets	(428)
Derivative financial instruments	828
Impairment of investments held for sale	390
Financial instruments	2.331
Property, plant and equipment, and intangibles	887
Leasing	(133)
Financial assets at Net Present Value)	46
Retirement benefit obligations	38
Financial liabilities	(19)
Other liabilities	(1.205)
Total deferred income tax	414

Further information on deferred income tax assets and liabilities is presented in Note 30.

18 Earnings per share

From continuing and discontinued activities (attributable to the share holders of the Bank):

	1.1.-31.12.2009	1.1.-31.12.2008
Net profit / (loss)	13.468	(61.467)
Less: accrued dividends of preference shares	(4.910)	-
Net profit / (loss) attributable to the share holders of the bank	8.558	(61.467)
Number of ordinary shares	62.683.822	62.683.822
Less: Treasury shares	(760.483)	(859.483)
Number of ordinary shares outstanding at the end of period	61.923.339	61.824.339
Weighted average number of ordinary shares in issue	61.923.339	61.824.339
Basic and diluted earnings per share (expressed in euro per share)	0,1382	(0,9942)
From continuing activities (attributable to the share holders of the Bank):		
Net profit / (losses)	11.723	(48.099)
Less: accrued dividends of preference shares	(4.910)	-
Weighted average number of ordinary shares in issue	6.813	(48.099)
Number of ordinary shares outstanding at the end of period	61.923.339	61.824.339
Basic and diluted earnings per share (expressed in euro per share)	0,1101	(0,7780)

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

18.1 Net profit from discontinued activities

On May 7th 2009, the Bank finalized the transfer of 92, 71% of the share capital of "PROTON INSURANCE SA" to "ASPIS HOLDINGS PUBLIC COMPANY LIMITED", a company registered in Cyprus and listed in the Cyprus Stock Exchange. The equity investment in Proton Insurance, for the period of January 1st to May 7th 2009, has been reported as a discontinued operation in the consolidated financial information. The fair value of the sale price was € 7 million and until December 31th 2009, the Bank had received € 3 million.

The after tax profit and loss arising from "PROTON INSURANCE SA" (discontinued operation) are analyzed here below:

(in thousands of euros)	1.1.-07.05.2009	1.1.-31.12.2008
Interest and similar income	43	269
Interest expense and similar charges	(59)	(211)
Net interest income	(16)	58
Income from insurance activities	20.140	30.161
Expense from insurance activities	(12.698)	(9.148)
Net income from insurance activities	7.442	21.013
Dividend income	-	2
Net trading income	(202)	(705)
Other operating income	-	78
Operating income	7.224	20.446
Personnel expenses	(550)	(1.827)
Other administrative expenses	(1.397)	(2.788)
Depreciation expenses	(52)	(127)
Insurance	(6.689)	(18.407)
Net operating expense	(8.688)	(23.149)
Share of profit of associates	15	(289)

Profit before tax	(1.449)	(2.992)
Income tax expense	1	1
Profit for the period from discontinued activities	(1.448)	(2.991)
Impairment losses on discontinued activities	-	(10.698)
Profit from disposal of discontinued activities	3.110	-
Profit for the period	1.662	(13.689)
Attributable to:		
-equity holders of the Bank	1.745	(13.368)
-minority interest	(83)	(321)
Other comprehensive income for the period, net of tax	-	(11)
Total comprehensive income for the period, after tax	1.662	(13.700)
Attributable to:		
Equity holders of the Bank	1.745	(13.379)
Minority interests	(83)	(321)
Basic (expressed in € per share)	0,0282	(0,2162)

Assets and liabilities sold are analyzed as follows:

Proton Insurance S.A.

Loans and advances to banks	4.852
Financial assets at fair value through profit or loss	17.769
Insurance receivables	29.494
Other assets	8.774
Debt securities in issue	(2.150)
Other liabilities	(56.030)
Total equity	2.709
Selling price	7.191
less: Cash and cash equivalents that have been sold	(4.852)
Net increase /decrease	2.339

It is noted that the subsidiary has been reviewed by the Local Tax Authorities for the years up to and including 2007.

The subsidiary employs 55 individuals in 7.5.2009

19 Other comprehensive income analysis

Other comprehensive income

	1.1-31.12.2009		
	Before Tax	Tax	Net after Tax
Net change in available for sale investment	(56.806)	11.255	(45.551)
Change in currency translation reserve	(26)	-	(26)
Total	(56.832)	11.255	(45.577)
	1.1-31.12.2008		
	Before Tax	Tax	Net after Tax
Net change in available for sale investment	(34.786)	9.034	(25.752)
Change in currency translation reserve	6	-	6
Cost in share capital increase Proton Insurance	(11)	-	(11)
Total	(34.791)	9.034	(25.757)

20 Cash and cash equivalents

	31.12.2009	31.12.2008
Cash in hand and items in course of collection	7.853	8.415
Cheques receivable	22.899	7.231
Included in cash and cash equivalents (note 44)	30.752	15.646
Mandatory reserve deposits with the Central Bank	21.223	19.740
Total cash and cash equivalents	51.975	35.386

21 Loans and advances to banks

	31.12.2009	31.12.2008
Placements to other banks (less than 90 days)	23.948	11.873
Interbank deposits	139.410	1.347
Cheques receivable	147	193
Included in cash and cash equivalents (note 44)	163.505	13.413
Placements with other banks (over 90 days)	36.608	32.847
Total	200.113	46.260

22 Loans and receivables

	31.12.2009	31.12.2008
Individuals:		
Mortgages	40.257	40.820
Consumer/personal	97.398	131.068
Credit cards	31.739	33.474
Total loans and receivables to individuals	169.394	205.362
Corporate entities:		
Agricultural	5.279	55.024
Mining	646	892
Industry	210.715	148.841
Small industry	15.294	13.097
Building /construction	98.692	117.247
Energy	5.284	303
Commercial /Insurance	211.191	171.135
Transportation	168.425	210.619
Services	108.939	25.957
Other entities	215.991	192.196
Total loans and receivables to corporate entities	1.040.456	935.310
Finance lease receivables (1)	81.553	83.689
Gross loans and receivables	1.291.403	1.224.361
Less:		
Allowance for impairment		
Individuals:		
Balance at the beginning of the period	(22.040)	(14.180)
Impairment charge for the period	(2.073)	(11.481)
Writte offs	1.648	3.621
Total allowances for individuals	(22.465)	(22.040)
Corporate entities:		
Balance at the beginning of the period	(20.600)	(21.500)
Impairment charge for the period	(32.226)	(4.180)
Writte offs	273	5.080
Total allowances for corporate entities	(52.553)	(20.600)
Total allowances at the end of the period	(75.018)	(42.640)
Net loans and receivables	1.216.386	1.181.720

(1) Finance lease receivables

	31.12.2009	31.12.2008
Gross investment in finance leases, receivable		
No later than 1 year	22.999	21.787
Later than 1 year and no later than 5 years	49.061	61.289
Later than 5 years	21.079	16.708
Total	93.139	99.784
Less: Unearned financial income on finance leases	(11.586)	(16.095)
Total	81.553	83.689

Present value of minimum lease payments receivable at 31 December :

No later than 1 year	20.302	17.879
Later than 1 year and no later than 5 years	42.712	52.177
Later than 5 years	18.539	13.634
Total	81.553	83.689

23 Derivative financial instruments held for trading
As at 31 December 2009:

Derivatives held for trading	Contract/ notional amount Contract/ notional amount	Fair values	
		Assets	Liabilities
OTC derivatives			
- Interest rate swaps	258.447	3.803	(12.399)
- Options	1.807.298	13.809	(13.772)
- Forwards	112.520	-	(671)
- Credit default swaps	43.601	935	(91)
Total identifiable derivative assets/(liabilities) held for trading	2.221.866	18.547	(26.933)

As at 31 December 2008:

Derivatives held for trading	Contract/ notional amount Contract/ notional amount	Fair values	
		Assets	Liabilities
a) Foreign exchange derivatives			
- Options	537	31	-
- Futures	116.078	-	-
	116.615	31	-
b) OTC derivatives			
- Interest rate swaps	185.553	2.618	(2.488)
- Options	1.870.019	14.805	(14.805)
- Forwards	158.498	3.121	-
- Credit default swaps	63.346	611	(3.377)
	2.277.416	21.155	(20.670)
Total identifiable derivative assets/(liabilities) held for trading	2.394.031	21.186	(20.670)

24 Derivative financial instruments held for hedging
Fair value hedging:
As at 31 December 2009:

Derivatives held for trading	Contract/ notional amount Contract/ notional amount	Fair values	
		Assets	Liabilities
Interest rate swaps	110.000	-	(1.909)
Total derivatives assets/(liabilities) held for hedging	110.000	-	(1.909)

The Group uses derivative products in order to hedge exposure to market risk. The hedging is achieved by offsetting either specific items or all or part of a portfolio. The practices and the hedging accounting are presented in note 2.9.

Specifically, the Group in 2009, using fair value hedging offsets the interest rate risk arising from a possible decline in the fair value of bonds that are included in the available for sale items with fixed interest rate. It also offsets the interest rate risk from the debt securities in issue. In both cases the hedging is achieved by using interest rate swaps.

25 Financial assets at fair value through profit or loss

	31.12.2009	31.12.2008
Government bonds	20.817	16.230
Corporate bonds	98.509	96.897
Mutual funds	1.106	1.566
Equity securities	7.811	7.023
Total	128.243	121.716

26 Financial assets designated at fair value

	31.12.2009	31.12.2008
Corporate bonds	37.825	38.255
Mutual fund	483	-
Equity securities	33	-
Total	38.341	38.255

The here above figure refers to structured products which are revalued at their fair value and conform to the IAS 39.

27 Held-to-maturity investments

	31.12.2009	31.12.2008
Government bonds	-	6.664
Total	-	6.664

28 Available-for-sale assets

	31.12.2009	31.12.2008
Corporate bonds	390.889	157.128
Other financial assets	3.302	2.146
Equity securities	16.585	19.400
Government bonds	651.718	130.750
Total	1.062.494	309.424

All the above mentioned available-for-sale financial assets are reported at their fair value.

An amendment to IAS 39 and IFRS 7 has been adopted, under which the Bank during the 3rd quarter of 2008 an amount of € 22 million representing the market value of equity securities listed in the Athens Exchange as of June 30th 2008, has been transferred from "Financial assets at fair value through profit or loss" to "Available-for-Sale Investment Securities" due to the extraordinary conditions prevailing in the financial markets; it is estimated that the market value of these equity securities does not represent the internal value of the underlying business entities. The Bank intends to hold these securities and not to dispose them in the near future. The valuation of these securities, for the period 1.1.2009 to 31.12.2009, amounts to € 98 thousand. The bank has proceeded to the impairment of these securities by € 1.538 thousands directly in the income statement, and the amount of € 1.635 thousand, has been recognized directly in "Available-for-Sale Reserve". The accumulated revaluation losses for the aforementioned securities, for the period 1.7.2008 to 31.12.2009, amounting to €7.5 million, have equally been recognized directly in "Available-for-sale Reserve".

Additionally, the Group proceeded to a further impairment of investments held for sale amounting to €14 million.

The below table summarizes the movement of investment securities ::

	Available for sale	Held to maturity	Total
Balance at the beginning of the period	309.423	6.664	316.087
Additions	813.199	-	813.199
Disposals	-	(6.664)	(6.664)
Received from coupons	7.699	-	7.699
Accruals	4.494	-	4.494
Impairment losses	(15.515)	-	(15.515)
Gains/(losses) from changes in fair value	(56.806)	-	(56.806)
Balance at the end of the period	1.062.494	-	1.062.494

29 Investment in associates

Investment in associates	31.12.2009	31.12.2008
	2.275	2.221
Total	2.275	2.221

As at 31 December 2009

Name	Country	% Participation *	Assets	Liabilities	Income	Profit	Carrying value
Omega Portfolio Investment Co. SA	Greece	24.88%	9.208	60	527	199	2.275

As at 31 December 2008

Name	Country	% Participation *	Assets	Liabilities	Income	Profit	Carrying value
Omega Portfolio Investment Co. SA	Greece	29,43%	9.068	116	(5.492)	(5.882)	2.221

*(31.12.2009: indirect 0% as a result of PROTON INSURANCE SA transaction, direct 24,88%. 31.12.2008: indirect 4,55%, direct 24,88%)

On June 15th, 2009 the Annual Shareholders' General Meeting decided the termination and liquidation of the company

30 Intangible assets
As at 31 December 2009:

	Combination difference	Other	Software	Total
Balance at 1 January 2009				
Cost	87.206	19.538	4.390	111.134
Accumulated depreciation	(11.700)	(9.389)	(2.097)	(23.186)
Net book value	75.506	10.149	2.293	87.948
Year ended 31 December 2009				
Opening net book value	75.506	10.149	2.293	87.948
Additions	-	-	21	21
Depreciation charge	-	(4.148)	(786)	(4.934)
Closing net book value	75.506	6.001	1.528	83.035
Balance at 31 December 2009				
Cost	87.206	19.538	4.411	111.155
Accumulated depreciation	(11.700)	(13.537)	(2.883)	(28.120)
Net book value	75.506	6.001	1.528	83.035

As at 31 December 2008:

	Combination difference	Other	Software	Total
Balance at 1 January 2008				
Cost	87.206	19.538	4.076	110.820
Accumulated depreciation	-	(5.216)	(1.333)	(6.549)
Net book value	87.206	14.322	2.743	104.271
Year ended 31 December 2008				
Opening net book value	87.206	14.322	2.743	104.271
Exchange differences	(4)	-	-	(4)
Additions	-	-	314	314
Impairment	(11.696)	-	-	(11.696)
Depreciation charge	-	(4.173)	(764)	(4.937)
Closing net book value	75.506	10.149	2.293	87.948
Balance at 31 December 2008				
Cost	87.206	19.538	4.390	111.134
Accumulated depreciation	(11.700)	(9.389)	(2.097)	(23.186)
Net book value	75.506	10.149	2.293	87.948

30.1 Impairment testing of goodwill

Goodwill has been generated from the acquisition of Omega Bank and refers to the excess of the cost of acquisition over the fair value of the Bank's share of the net identifiable assets of the acquired company at the date of acquisition.

Goodwill is allocated to cash-generating units for the purpose of impairment testing; each of those cash-generating units is represented by each primary reporting segment. Goodwill has been allocated in the cash-generating units, comprising the banking operations, namely commercial banking and investment banking.

The third impairment testing of the goodwill resulting from the acquisition of Omega Bank and its subsidiaries on 29 September 2006 finalized on 31 December 2009. The recoverable amount of the cash-generating units has also been determined based on value in use calculations. For the determination of the value in use, the pre-tax expected future cash flows has been utilized based on the approved by the management business plan and projections covering a five-year period. The estimation of the pre-tax expected future cash flows beyond the current period of five years has been resulted by utilizing the average growth. The estimation of pre-tax expected future cash flows requires high degree of management judgment and is based on assumptions about future events, and know-how from trends and elements from the past. The key assumptions used for the value in use calculations are the following:

Key assumptions for the year 2009:

Average growth of net interest and similar income 2010-2014	11,00%
Average growth of profits 2010-2014	20,00%
Average growth of loans and receivables 2010-2014	13,00%
Average growth of customer deposits 2010-2014	11,00%
Average growth of the risk weighted assets 2010-2014	11,00%
Minimum capital requirements (Tier I) (of year 2014)	11,24%
Average growth after 2014	2,0%
Discount rate (pre-tax cost of equity)	12,10%

Key assumptions for the year 2008:

Average growth of net interest and similar income 2009-2012	16,4%
Average growth of profits 2009-2012	55,8%
Average growth of loans and receivables 2009-2012	24,6%
Average growth of customer deposits 2009-2012	25,5%
Average growth of the risk weighted assets 2009-2012	21,1%
Minimum capital requirements (Tier I) (year 2012)	8,5%
Average growth after 2012	2,0%
Discount rate (pre-tax cost of equity)	12,5%

The average growth of net interest and similar income has been estimated by the management based on past experience, together with the provision for the growth of loans and advances and the net interest margin of the market in the future.

The average growth of loans and advances has been estimated by the management based on the market growth, macroeconomics conditions prevailing in the future, the growth of branch network and development of the product bundle.

On 31 December 2009, the average recovery value amounted to 380.006 thousands €, exceeds by 58.635 thousands € of the respective accounting value which also included the goodwill amounted to 321.371 thousands €.

The calculation of the recovery value has been estimated by the management business plan and projections with respect of future events and parameters of the market which might not be verified. Specifically, the recovery value is especially sensitive on the projections of the average growth of net interest and similar income, the future average growth and the cost of funds. Any negative variation on the above mentioned might result on further impairment losses of goodwill. If the future annual growth is limited to 1,50% and the cost of funds calculated to 12,60%, the recovery value will be totaled to 360.493 thousands € and exceeds by 39.122 thousands € of the respective accounting value which also included the goodwill amounted to 321.371 thousands €.

31 Property, plant and equipment
As at 31 December 2009:

	Land	Buildings	Machinery	Vehicles	Furniture	Total
Balance at 1 January 2009						
Cost	7.233	15.462	78	185	11.184	34.142
Accumulated depreciation	-	(2.894)	(44)	(150)	(4.258)	(7.346)
Net book value	7.233	12.568	34	35	6.926	26.796
Year ended 31 December 2009						
Opening net book value	7.233	12.568	34	35	6.926	26.796
Exchange differences	-	-	-	-	(7)	(7)
Additions	-	19	-	6	235	260
Disposals - cost of acquisition	-	(597)	-	(3)	(27)	(627)
Disposals - accumulated depreciation	-	373	-	2	7	382
Impairment - cost of acquisition	-	(425)	(23)	-	(630)	(1.078)
Impairment - accumulated depreciation	--	211	23	-	602	836
Depreciation charge	-	(1.054)	(11)	(33)	(1.582)	(2.680)
Closing net book value	7.233	11.095	23	7	5.524	23.882
Balance at 31 December 2009						
Cost	7.233	14.459	55	188	10.755	32.690
Accumulated depreciation	-	(3.364)	(32)	(181)	(5.231)	(8.808)
Net book value	7.233	11.095	23	7	5.524	23.882

As at 31 December 2008:

	Land	Buildings	Machinery	Vehicles	Furniture	Total
Balance at 1 January 2008						
Cost	7.233	14.900	72	185	10.266	32.656
Accumulated depreciation	-	(1.824)	(34)	(116)	(2.803)	(4.777)
Net book value	7.233	13.076	38	69	7.463	27.879
Year ended 31 December 2008						
Opening net book value	7.233	13.076	38	69	7.463	27.879
Exchange differences	-	1	-	-	(4)	(3)
Additions	-	561	6	-	1.259	1.826
Disposals - cost of acquisition	-	-	-	-	(158)	(158)
Disposals - accumulated depreciation	-	-	-	-	32	32
Impairment - cost of acquisition	-	-	-	-	(179)	(179)
Impairment - accumulated depreciation	-	-	-	-	43	43
Depreciation charge	-	(1.070)	(10)	(34)	(1.530)	(2.644)
Closing net book value	7.233	12.568	34	35	6.926	26.796
Balance at 31 December 2008						
Cost	7.233	15.462	78	185	11.184	34.142
Accumulated depreciation	-	(2.894)	(44)	(150)	(4.258)	(7.346)
Net book value	7.233	12.568	34	35	6.926	26.796

32 Deferred tax assets

	31.12.2009	31.12.2008
Deferred tax assets:		
Retirement benefit obligations	311	273
Financial assets	670	613
Financial liabilities	108	127
Provisions for bad debts	-	1.514
Commission from loans and advances	-	29
Capital increase	141	-
Financial assets designated at fair value through profit or loss	2.199	2.971
Financial assets designated at fair value through equity	20.848	9.593
Impairment losses of Available for sale securities	3.103	-
Derivatives	1.893	1.072
Other assets	203	630
Total	29.476	16.822
Deferred tax liabilities:		
Derivatives listed on the Athens Derivatives exchange	-	(7)
Financial assets	(20)	(8)
Effective rate of loans	(106)	-
Other liabilities	(1.206)	-
Intangible assets	(1.440)	(2.436)
Finance leases	(294)	(161)
Provisions for bad debts	(672)	-
Impairment of investments held for sale	-	(390)
Property, plant and equipment	(834)	(726)
Total	(4.572)	(3.728)
Net deferred tax assets	24.904	13.094

The movement in the deferred tax assets had as follows:

Balance at 1 January 2009	13.094
Deferred tax assets / (liabilities) from:	
Retirement benefit obligations	38
Financial assets, at net present value	46
Financial liabilities	(19)
Loans and receivables	(135)
Provisions for bad debts	(2.186)
Provisions for other assets	(428)
Derivative financial instruments	828
Non-derivative financial instruments	13.586
Investment in held for sale securities	390
Other liabilities	(1.206)
Intangible assets	887
Leasing	(133)
Capital increase	141
Balance at 31 December 2009	24.904

33 Other assets

Advances to employees	115	80
Advances to third parties	36	44
Contributions to Co-Guarantee Fund and Supplementary Fund	10.582	6.365
Guarantees	9.382	2.900
Receivables from transactions for third parties	138	92
Receivables from brokerage	99	246
Receivables from foreign stock exchange	1.742	3.534
Credit card receivables	60	1.686
Greek state, prepaid taxes	11.278	13.202
Inventories - property	1.260	-
Other debtors	21.055	24.573
Bad debts, other than loans and receivables	575	3.575
	56.322	56.297
Less: allowances for impairment	(2.225)	(7.489)
Total	54.097	48.808

34 Non current assets held for sale

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

	31.12.2009	31.12.2008
Land of auctions	304	304
Buildings auctions	956	833
Sale of subsidiary	-	35.465
Total	1.260	36.602
Transfer to other assets	(1.260)	-
Total	-	36.602

35 Due to banks

	31.12.2009	31.12.2008
Deposits from other banks	795.066	585.601
Current accounts	19.077	20.595
Short-term loans	390	200
Time deposits	40.807	21.773
Repurchase agreements (Repos)	220.506	61.086
Total	1.075.846	689.254

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

36 Due to customers

	31.12.2009	31.12.2008
Individuals:		
Savings accounts	88.043	46.828
Current accounts	13.021	11.018
Under caution	11.303	2.761
Time deposits	974.920	534.658
	1.087.287	595.264
Corporate entities:		
Current accounts	135.698	35.651
Time deposits:		
Corporate entities	83.294	85.687
Municipal corporations	10.497	5.878
Other time deposits	27.909	27.950
	257.398	155.166
Blocked deposits	15.721	15.477
Pledged deposits	51.275	47.435
Margin accounts	34.459	104.673
Total	1.446.140	918.015

37 Debt in securities in issue

	31.12.2009	31.12.2008
Debt securities in issue	18.521	25.255

Standard loan Eurobond with duration of 10 years, till 13 July 2017, closely related with DBFRB USD Index. The main elements of the debt securities in issue are as follows:

Issue date: 13 July 2007
Principal amount: 20.000.000 euros
Bond coupons: quarterly
Interest rate:

For the first six quarters 4, 65%
From the seventh till the 10th quarter 8, 50%, less the cumulative yield of the FRB index with a range of 8, 50% (max) and 0, 00% (min)
From the 11th till the 14th quarter 8,75%, less the cumulative yield of the FRB index with a range of 8,75% (max) and 0, 00% (min)
From the 15th till the 22nd quarter 9,25%, less the cumulative yield of the FRB index with a range of 9,25% (max) and 0, 00% (min)
From the 23rd till the 38th quarter 9,75%, less the cumulative yield of the FRB index with a range of 9, 75% (max) and 0, 00% (min)

Form and denomination: The Bond Loan is constituted of four hundred (400) Bonds and the nominal amount of each Bond is EUR 50,000. The aggregate nominal amount of the Bonds shall be EUR 20,000,000. The Bonds will be issued in Bond Certificates each one of which comprises one or more Bonds.

Duration: 10 years

Scheduled redemption: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Final Maturity Date.

Purpose of the issuance: To strengthen solvency.

The Group hedges its interest rate risk from the debt. The hedging is achieved by using interest rate swap. The valuation was made by € 1.665 mm (positive).

38 Retirement benefit obligations

	31.12.2009	31.12.2008
Amounts recognized in the balance sheet:		
Present value of defined benefit obligations	1.710	1.521
Unrecognized actuarial losses	(159)	(228)
Total liabilities at end of the year	1.551	1.293
Amounts recognized in the income statement:		
Current service cost	270	243
Interest cost	84	65
Cutback effect	(99)	35
Net actuarial losses recognized	9	5
Total	264	348
Principal actuarial assumptions:		
Discount rate	5,90%	5,50%
Future salary increases	4,70%	4,70%
The movement in the defined benefit obligation over the year has as follows:		
Balance at 1 st January	1.293	1.140
Charge in the income statement	264	348
Benefits paid	(6)	(195)
Total	1.551	1.293

39 Current income tax liabilities

	31.12.2009	31.12.2008
Income tax expense	3.233	1.278
Tax provision in tax reviews	359	1.671
Total	3.592	2.949

40 Other liabilities

	31.12.2009	31.12.2008
Taxes and duties payable:		
Taxes and duties from salaries	394	415
Taxes from interest on deposits	298	377
Other taxes and duties payable	610	200
Payables to social security funds	950	954
Other liabilities:		
Dividends payable	167	112
Salaries payable	58	54
Due from settlement of brokerage transactions	240	25
Due to foreign derivative brokerage customers	-	14
Suppliers and other liabilities	10.716	7.012
Total	13.433	9.163

41 Share capital

	31.12.2009	31.12.2008
Paid up share capital at beginning of period	281.450	281.450
Issue of preference shares	80.000	-
Total	361.450	281.450

(par value of 4,49 € per share)

Ordinary shares (number of shares):

	31.12.2009	31.12.2008
Balance at the beginning of the period	62.683.822	62.683.822
Treasury shares	(760.483)	(859.483)
Issue of preference shares	17.817.371	-
Total number of ordinary and preference shares in circulation	79.740.710	61.824.339

The Extraordinary General Meeting of Shareholders in 28.1.2009 decided to increase its share capital by € 80 million by issuing preferred shares to the Greek government, as provided by Law 3723/2008. "Enhance the liquidity of the economy and tackling the impact of global financial crisis."

In the context of article 1 of Law 3723/2008 "Enhancement of the Greek economy's liquidity in the context of the current global financial crisis", the Bank issued, on 21 May 2009, 17.817.371 non-voting preference shares at a €4,49 per share. These shares have been fully subscribed to by the Greek State in exchange of Greek Government Bonds transferred to the Bank. In accordance with the current legal and regulatory framework the issued shares have been classified as tier 1 capital for regulatory purposes.

The preference shares pay a non-cumulative coupon of 10%, subject to the following conditions: (a) meeting Bank of Greece minimum capital adequacy requirements at Bank and Group level, following such coupon payment, (b) availability of distributable reserves in accordance to article 44^o of C.L. 2190/1920, and (c) the approval of the General Assembly of the Bank's Common Shareholders. In case the Bank does not satisfy the minimum capital adequacy ratios set by the Bank of Greece, five years after the issue of the preference shares, then the shares are converted to common stock, subject to the approval of the Minister of Economy and Economics. If however, the Bank has sufficient capital adequacy, then the preference shares are mandatorily redeemable after five years or optionally before that.

The above recapitalisation scheme was approved by the European Union ("EU") on 19 November 2008. On 15 January 2009, the EU issued relevant application guidelines, clarifying that although the recapitalisation measures aim to enhance the capital adequacy of the banking sector and should not have the characteristics of debt, they should also contain appropriate incentives for State capital to be redeemed when the market and the regulator so allows.

The preference shares pay a non-cumulative coupon 10%, subject to achieving the minimum capital adequacy requirements as defined by the Bank of Greece, the existence of the necessary provisions for disposal according to article 44a of Law 2190/1920 and approval by the Annual General Meeting. Under the draft law which was tabled for adoption by the Ministry of Economy and Finance in the Greek Parliament on March 17, 2010, the coupon of the preferred shares of banks can be increased by 2% annually after the first five years. After five years of issuing preferred shares, these shares can be converted into common shares subject to the approval of the Bank of Greece and the Ministry of Economy and Finance.

42 Share premium

	31.12.2009	31.12.2008
Balance at the beginning of the period	85,446	85,478
Sale of subsidiary	32	-
Cost of capital increase	<u>(739)</u>	<u>(34)</u>
Total	84.739	85.446

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

43 Other reserves

	31.12.2009	31.12.2008
Available-for-sale reserve:		
Balance at 1 st January	(38.351)	(12.599)
Gains form change in fair value	<u>(45.551)</u>	<u>(25.752)</u>
Total available-for-sale reserve	(83.902)	(38.351)
Statutory reserves:		
Balance at 1 st January	2.624	1.673
Movements	23	951
Total statutory reserves	2.647	2.624
Stock option reserves :		
Balance at 1 st January	1.665	983
Stock option reserve	220	682
Share options that lapse after the end of the vesting period	<u>(1.885)</u>	<u>-</u>
Total stock option reserves	-	1.665
Total reserves	(81.255)	(34.062)

44 Cash and cash equivalents

	31.12.2009	31.12.2008
Cash and balances with the Central Bank (note 20)	30,752	15,646
Loans and advances to banks (note 21)	<u>163,505</u>	<u>13,413</u>
Total	194.257	29.059
Plus: Cash and cash equivalents from discontinued operations		
Cash	-	6
Deposits to banks	-	166
Total cash and cash equivalents	194.257	29.231

45 Contingent liabilities and commitments
45.1 Legal proceedings

There are some litigation claims and other pending legal disputes against the Bank, in the ordinary course of the banking business. Apart from the provision for € 109 thousand, there have been made no other provisions for the aforementioned cases since it is expected that the final resolution will not have a significant effect on the financial position or operations of the Group.

45.2 Letters of guarantee /Irrevocable letters of credit

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

	31.12.2009	31.12.2008
Letters of guarantee	89.125	103.701
Irrevocable letters of credit	1.010	1.177
Total	90.135	104.878

45.3 Pledged assets

Greek Government debt securities with a nominal value of 1.500 thousands of euros as well banking shares with a fair value of 499 thousands of euros have been pledged by HELEX.

Greek Government debt securities with a nominal value of 478.500 thousands of euros, foreign government bonds with a nominal value of 22.000 thousands of euros, foreign corporate bonds with a nominal value of 355.390 thousands of euros and other corporate bonds with a nominal value of 15.000 have been pledged by Bank of Greece.

45.4 Capital commitments

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

	31.12.2009	31.12.2008
Lease payments no later than 1 year	3.327	4.205
Lease payments later than 1 year and no later than 5 years	10.821	16.259
Lease payments later than 5 years	5.692	4.256
Total	19.840	24.720

Monthly lease payments	287	350
Guarantees which will be offset at lease termination	520	624

(b) The Group leases vehicles for private use. The future minimum lease payments for cars under non cancelable operating lease arrangements have as follow:

Leased tangible assets: vehicles for private use

Lease term: 4 years per leased vehicle

Lease guarantees offset at the end of the lease: 16 thousands of euros

Accrued lease payments recognized in the income statement during the period: 399 thousands of euros.

	31.12.2009	31.12.2008
Lease payments no later than 1 year	231	341
Lease payments later than 1 year and no later than 5 years	200	418
Total	431	759

(c) Loan commitments and other liabilities 283.503 thousands of euros.

(d) Greek Government debt securities with a nominal value of 50.000 thousands of euros

45.5 Stock option plan

On 24 November 2006, the Extraordinary General Shareholders' Meeting of the Bank approved a share option plan for the members of the Board of Directors, key management personnel, its employees and the Bank's related companies in the form of stock options according to the article 13 par 9 of Law 2190/1920 after the proposition of the Board of Directors and the Compensation Committee. The options are conditional on the beneficiaries remaining during the options life under employment or other relationship with the Bank or Group companies (vesting period). The options are exercisable every November starting from the year of the grand and have a contractual option term of three (3) years. The Bank has no legal or constructive obligation to repurchase or settle the options in cash.

Share options were granted on 15 June 2007 with an exercise price of 10, 46 euro. The fair value of options granted during the period determined using the Black-Scholes valuation model with the methodology of Monte Carlo simulation to 0,55 per option (0,28 euro for the period A, 0,57 euro for the period B, and 0,80 euro for the period C). The significant inputs into the model were: share price at the grand date (9, 96 euro), the exercise price, option life (as described above), expected volatility of share prices (12%), expected dividend yield (2, 5%) and the risk free rate (swap rate yield curve). Thus, an analysis of the existing stock option plan is as follows:

Exercise date	Expire date	Exercise price (in euros)	Fair value (in euros)	31.12.2009	31.12.2008
30.11.2007	30/11/2009	10,46	0,28	-	1.401.183
30.11.2008	30/11/2009	10,46	0,57	-	1.401.183
30.11.2009	30/11/2009	10,46	0,80	-	1.401.183
Total of outstanding stock options:				-	4.203.550

On 30 November 2009 expired the exercise period without the stock options were exercised. On the basis of the share stock option plan, non exercised share options were lapsed after the end of the vesting period. Because of the above occasion the share capital of Proton Bank was not altered.

The change of the number of stock options for this period presents as follows:

	31.12.2009	31.12.2008
Balance as at 1 January	4.203.550	4.642.855
Options amortized	(4.203.550)	(439.305)
Balance as at 31 December	-	4.203.550

45.6 Purchase treasury shares

On 24 November 2006, the Extraordinary General Shareholders' Meeting of the Bank approved the repurchase of treasury shares up to and including 10% of the total authorized and issued number of ordinary shares, namely up to and including six million two hundred sixty eight thousands three hundred eighty two (6.268.382) shares in a price width from five (5,00 €) to fifteen (15,00 €) euros per share in a time interval up to and including 12 months from the date of approval by the Extraordinary General Shareholders' Meeting. The total number of own shares bought-until December 31, 2009 by the Bank amounted to 760.483 shares. total acquisition value of 7.668 thousand euros, representing 1.2% of the total shares of the Bank

46 Related party transactions

Related parties include: a) Members of the Board of Directors, b) close members of the family and financial dependant of the above c) subsidiaries and associate companies of the Group.

By decision of the Board of Directors, in applying to Bank of Greece Governor's Acts 2577/9.3.2006, agreed limits and procedures of the Bank for any form of credit or equity for the people who have a special relationship with the Bank Group.

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

I. Associated companies	31.12.2009	31.12.2008
Assets		
Other receivables	8	60
Liabilities		
Deposits	9.190	7.142
Income	1.1.-31.12.2009	1.1.-31.12.2008
Interest and similar income	42	103
Expenses	1.1.-31.12.2009	1.1.-31.12.2008
Other operating expenses	253	242

II. Directors and key management personnel

	31.12.2009	31.12.2008
Assets		
Loans	124.653*	25.990
Other assets	68	127
Total	124.721	26.117
Liabilities		
Deposits	112.162	29.118
Other liabilities	66	53
Total	112.228	29.171
Income	1.1.-31.12.2009	1.1.-31.12.2008
Interest and similar income	1.080	2.463
Other income	-	1.369
Total	1.080	3.832
Expenses	1.1.-31.12.2009	1.1.-31.12.2008
Salaries and other remuneration	2.293	5.680
Interest expense and similar charges	148	2.207
Other operating expenses	31	657
Total	2.472	8.544
	31.12.2009	31.12.2008
Letters of guarantee	-	245

* Loans to members of the Board of Directors, managers and companies direct or indirect interest include an amount of 14.7 million, which is part of the total funding 98.5 million. This amount refers, in accordance with the terms of contracts, to credit risk correspondent to affiliated parties.

47 Events after the balance sheet date

During 2010 there has been deterioration in the Greek sovereign risk, as reflected in the widening of the Greek Government spreads. The macroeconomic risks affecting the Bank and the measures announced by the Greek Government in 2010 to address the fiscal imbalances are analysed in the BoD Management Report.

Athens, 29 March 2010

The Executive Vice Chairman of the Board

Anthony I. Athanassoglou

The Chief Executive Officer

Tryphon E. Kollintzas

The Chief Financial Officers

Georgios S. Nikiforakis

Polychronis V. Karachalios

V. FINANCIAL STATEMENTS OF PROTON BANK
INCOME STATEMENT

(in thousands of euros)	Note	1.1-31.12.2009	1.1-31.12.2008
Interest and similar income		111.980	130.912
Interest expense and similar charges		(60.194)	(88.860)
Net interest income	6	51.786	42.052
Fee and commission income		12.636	40.163
Fee and commission expense		(2.958)	(8.548)
Net fee and commission income	7	9.678	31.615
Dividend income	8	329	3.170
Net trading income	9	49.237	(34.742)
Net income from financial instruments designated at fair value	10	1.457	(2.610)
Net gains less losses from investment securities		-	(54)
Other operating income	11	2.768	1.044
Operating income		115.255	40.475
Personnel expenses	12	(22.960)	(24.125)
Other administrative expenses	13	(20.883)	(22.746)
Depreciation expenses	14	(7.588)	(7.546)
Impairment losses on financial assets	15	(51.474)	(42.555)
Total operating expenses		(102.905)	(96.972)
Profit / (loss) before tax		12.350	(56.497)
Income tax expense	16	(1.696)	186
Profit / (loss) for the period		10.654	(56.311)
Basic Earnings per share (in € per share)	17	0,0927	(0,9094)

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	Note	1.1-31.12.2009	1.1-31.12.2008
Profit/(Loss) for the period		10.654	(56.311)
Fair value gains on available -for-sale financial assets, net of tax		(43.472)	(40.347)
Other comprehensive income for the period, net of tax	18	(43.472)	(40.347)
Total comprehensive income for the period, after tax		(32.818)	(96.658)

The notes on pages 72 to 112 are an integral part of these financial statements as at 31 December 2009.

STATEMENT OF FINANCIAL POSITION

(in thousands of euros)	<u>Note</u>	<u>31.12.2009</u>	<u>31.12.2008</u>
ASSETS			
Cash and balances with central banks	19	51.688	35.341
Loans and advances to banks	20	200.056	46.158
Loans and advances to customers	21	1.216.386	1.185.439
Derivative financial instruments	22	18.547	21.186
	24	128.202	121.219
Trading assets		35.791	38.255
Financial instruments designated at fair value			
Investment securities:	26	-	6.664
-Held-to-maturity	27	1.062.494	309.423
-Available-for-sale	28	17.698	23.644
Investments in subsidiaries and associates	29	81.418	86.330
Intangible assets	30	23.875	26.765
Property, plant and equipment	31	-	1.137
Non-current assets held for sale	32	24.916	13.085
Deferred tax assets	33	50.614	46.161
Other assets		2.911.685	1.960.807
LIABILITIES			
Due to other banks	34	1.075.457	689.048
Due to customers	35	1.452.196	939.936
Derivative financial instruments	22	26.933	20.670
Hedging derivatives	23	1.909	-
Debt securities in issue	36	18.521	25.255
Retirement benefit obligations	37	1.476	1.220
Current income tax liabilities	38	3.595	2.923
Other liabilities		10.227	7.047
Total liabilities		2.590.314	1.686.099
EQUITY			
Share capital	40	361.450	281.450
Share premium	41	84.739	85.478
Less: Treasury shares	44.6	(7.668)	(7.668)
Other reserves	42	(80.495)	(35.358)
Retained earnings		(36.655)	(49.194)
Total equity		321.371	274.708
Total equity and liabilities		2.911.685	1.960.807

The notes on pages 72 to 112 are an integral part of these financial statements as at 31 December 2009.

STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Share capital	Treasury shares	Share premium	Revaluation reserve	Employ share option plan reserve	Statutory reserve	Retained earnings/ (losses)	Total equity
Balance at 1 January 2008	281.450	(7.668)	85.478	882	983	1.496	20.448	383.069
Total comprehensive income after tax	-	-	-	(40.347)	-	-	(56.311)	(96.658)
Fair value of employees share option scheme (services)	-	-	-	-	682	-	-	682
- Dividends paid in 2007	-	-	-	-	-	-	(12.385)	(12.385)
- Capitalization of reserves	-	-	-	-	-	946	(946)	-
Balance at 31 December 2008	281.450	(7.668)	85.478	(39.465)	1.665	2.442	(49.194)	274.708
Balance at 1 January 2009	281.450	(7.668)	85.478	(39.465)	1.665	2.442	(49.194)	274.708
Total comprehensive income after tax	-	-	-	(43.472)	-	-	10.654	(32.818)
- Issue of 17.817.371 preference shares	80.000	-	-	-	-	-	-	80.000
- Cost in share capital increase	-	-	(739)	-	-	-	-	(739)
Fair value of employees share option scheme (services)	-	-	-	-	220	-	-	220
- Share options that lapse after the end of the vesting period	-	-	-	-	(1.885)	-	1.885	-
Balance at 31 December 2009	361.450	(7.668)	84.739	(82.937)	-	2.442	(36.655)	321.371

The notes on pages 72 to 112 are an integral part of these financial statements as at 31 December 2009.

CASH FLOW STATEMENT

(in thousands of euros)

Cash flows from operating activities

Note	<u>1.1-31.12.2009</u>	<u>1.1-31.12.2008</u>
Profit before taxation	12.350	(56.497)
Adjustments for:		
Add: impairment losses on financial assets	51.474	30.859
Add: impairment losses on non-financial assets(goodwill)	-	11.696
Add: depreciaton expense	7.588	7.547
Add: provisions for retirement benefits	262	330
Add: Fair value of employee stock options	220	682
Gains (-) / losses (+) from revaluation of financial assets at fair value through profit or loss	131	22.494
Gains (-) / losses (+) from investment activities	(11.747)	(2.658)

Cash flows from operating activities before changes in operating assets and liabilities	60.278	14.453
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Changes in operating assets and liabilities

Net (increase)/ decrease in cash and balances with the Central Bank	(1.483)	(13.632)
Net (increase)/ decrease in loans and advances to banks	(3.761)	(17.765)
Net (increase)/ decrease in loans and receivables	(65.244)	171.343
Net (increase)/ decrease in financial assets at fair value through profit or loss	4.496	(29.101)
Net (increase)/ decrease in other assets	831	38.757
Net increase/ (decrease) in due to banks	386.409	255.115
Net increase/ (decrease) in due to customers	512.264	(530.555)
Net increase/ (decrease) in other liabilities	1.846	745
Net cash flows from operating activities before tax payment	895.636	(110.640)
Income tax paid	(136)	(14.490)
Net cash flows from operating activities	895.500	(125.130)

Cash flows from investing activities:

(Purchase)/ sale of property,plant and equipment and intangible assets	277	(2.002)
(Acquisition)/ disposal of available-for-sale financial assets	6.600	3.000
(Acquisition)/ disposal of subsidiaries	(813.201)	(71.748)
Repurchase/ sale of companies	2.650	(1.216)
Dividends received	145	3.170
Net cash flows from investing activities	(803.529)	(68.796)

Cash flows from financing activities:

Proceeds/ (repayment) from debt securities in issue	(6.090)	(1.210)
Government schema for banking sector liquidity support	79.120	-
Dividends paid	-	(12.362)
Net cash flows from financing activities	73.030	(13.572)

Net increase/ (decrease) in cash and cash equivalents	165.001	(207.497)
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Cash and cash equivalents at beginning of period	28.952	236.450
Cash and cash equivalents at end of period	43 193.953	28.952

The notes on pages 72 to 112 are an integral part of these financial statements as at 31 December 2009.

1 General information

PROTON BANK SA (the Bank, thereafter) and its subsidiaries (together, the Group, thereafter) provide private and corporate banking, investment banking, financial services, portfolio management, insurance and other services. The Bank is established in Greece and has a network of 32 branches. The Group's commerce business is found mainly in Greece and Serbia

Web site: www.proton.gr

The Bank's shares have been listed since December 2005 on the Athens Stock Exchange, and apart from the General Index are included in the FTSE-40 index. The total number of common shares outstanding at 31 December 2009 was 61,923,339. According to the Athens Exchange BoD decision of April 3rd, 2009, the shares of the Bank were transferred from FTSE-40 index to the FTSE-80 Smallcap Index

On 30 December 2009 Piraeus Bank S.A the principal shareholder of Proton Bank transferred to Mr. Lavrentios Lavrentiadis 19,629,247 shares which correspond to 31,3147% of its share capital

The number of personnel as of 31 December 2009 was 529.

These financial statement were approved by the Board of Directors on 29 March 2010 and are subject to the approval of the General Meeting of Shareholders.

2 Summary of significant accounting policies

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

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

2.1 Basis of preparation

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

Additionally, the regular way of purchase or sale of financial assets are recognised and derecognised using trade date accounting or settlement date accounting.

Contracts that require or allow net settlement of the change in the value of the contract are accounted for as derivatives in the period between the trade date and the settlement date.

The Bank's functional currency is the euro and the amounts in the financial information are presented in thousands of euros, unless otherwise stated in the relevant notes.

Certain accounts of the previous year's financial statements have been adjusted in order to become comparable to the corresponding accounts of the current year.

Any differences presented among the amounts of the financial statements and the relevant amounts presented at notes, are due to roundings.

New standards, amendments to standards and interpretations:

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current reporting period and subsequent reporting periods. The Bank's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards effective for year ended 31 December 2009

IAS 1 (Revised) "Presentation of Financial Statements"

IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Bank has elected to present two statements

IFRS 8 "Operating Segments"

This standard supersedes IAS 14, under which segments were identified and reported based on a risk and return analysis. Under IFRS 8 segments are components of an entity regularly reviewed by the entity's chief operating decision maker and are reported in the financial statements based on this internal component classification. This has resulted in no change in the number of reportable segments presented.

IAS 23 (Revised) "Borrowing Costs"

This standard replaces the previous version of IAS 23. The main change is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that need a substantial period of time to get ready for use or sale. The amendment did not impact the Bank.

IFRS 7 (Amendment) "Financial instruments – Disclosures"

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As these changes only result in additional disclosures, there is no impact on earnings per share.

IFRS 2 (Amendment) "Share Based Payment"

The amendment clarifies the definition of "vesting condition" by introducing the term "non-vesting condition" for conditions other than service conditions and performance conditions. The amendment also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty. This amendment does not impact the Bank's financial statements.

IAS 32 (Amendment) "Financial Instruments: Presentation" and IAS 1 (Amendment) "Presentation of Financial Statements"

The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. This amendment does not impact the Bank's financial statements.

IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement"

This amendment clarifies those entities should no longer use hedge accounting for transactions between segments in their separate financial statements. This amendment is not applicable to the Bank as it does not apply hedge accounting in terms of IAS 39.

Interpretations effective for year ended 31 December 2009

IFRIC 13 – Customer Loyalty Programmes

This interpretation clarifies the treatment of entities that grant loyalty award credits such as "points" and "travel miles" to customers who buy other goods or services. This interpretation is not relevant to the Bank's operations.

IFRIC 15 - Agreements for the construction of real estate

This interpretation addresses the diversity in accounting for real estate sales. Some entities recognise revenue in accordance with IAS 18 (i.e. when the risks and rewards in the real estate are transferred) and others recognise revenue as the real estate is developed in accordance with IAS 11. The interpretation clarifies which standard should be applied to particular. This interpretation is not relevant to the Bank's operations.

IFRIC 16 - Hedges of a net investment in a foreign operation

This interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and qualifies for hedge accounting in accordance with IAS 39. The interpretation provides guidance on 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. This interpretation is not relevant to the Bank, as the Bank does not apply hedge accounting for any investment in a foreign operation.

IFRIC 18 "Transfers of assets from customers" (effective for transfers of assets received on or after 1 July 2009)

This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use to provide the customer with an ongoing supply of goods or services. In some cases, the entity receives cash from a customer which must be used only to acquire or construct the item of property, plant and equipment. This interpretation is not relevant to the Bank.

Standards effective after year ended 31 December 2009

IFRS 3 (Revised) "Business Combinations" and IAS 27 (Amended) "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 July 2009)

The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss. The amended IAS 27 requires that a change in ownership interest of a subsidiary to be accounted for as an equity transaction. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by these standards must be applied prospectively and will affect future acquisitions and transactions with minority interests. The Bank will apply these changes from their effective date.

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2013)

IFRS 9 is the first part of Phase 1 of the Board's project to replace IAS 39. The IASB intends to expand IFRS 9 during 2010 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting. IFRS 9 states that financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Subsequently financial assets are measured at amortised cost or fair value and depend on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. IFRS 9 prohibits reclassifications except in rare circumstances when the entity's business model changes; in this case, the entity is required to reclassify affected financial assets prospectively. IFRS 9 classification principles indicate that all equity investments should be measured at fair value. However, management has an option to present in other comprehensive income unrealised and realised fair value gains and losses on equity investments that are not held for trading. Such designation is available on initial recognition on an instrument-by-instrument basis and is irrevocable. There is no subsequent recycling of fair value gains and losses to profit or loss; however, dividends from such investments will continue to be recognised in profit or loss. IFRS 9 removes the cost exemption for unquoted equities and derivatives on unquoted equities but provides guidance on when cost may be an appropriate estimate of fair value. The Bank is currently investigating the impact of IFRS 9 on its financial statements. The Bank cannot currently early adopt IFRS 9 as it has not been endorsed by the EU. Only once approved will the Bank decide if IFRS 9 will be adopted prior to 1 January 2013.

IFRS 1 (Amendment) "First-time adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 January 2010)

This amendment provides additional clarifications for first-time adopters of IFRSs in respect of the use of deemed cost for oil and gas assets, the determination of whether an arrangement contains a lease and the decommissioning liabilities included in the cost of property, plant and equipment. This amendment will not impact the Bank's financial statements since it has already adopted IFRSs.

IFRS 2 (Amendment) "Share-based Payment" (effective for annual periods beginning on or after 1 January 2010)

The purpose of the amendment is to clarify the scope of IFRS 2 and the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services, when that entity has no obligation to settle the share-based payment transaction. This amendment is not expected to impact the Bank's financial statements. This amendment has not yet been endorsed by the EU.

IAS 32 (Amendment) "Financial Instruments: Presentation" (effective for annual periods beginning on or after 1 February 2010)

This amendment clarifies how certain rights issues should be classified. In particular, based on this amendment, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This amendment is not expected to impact the Bank's financial statements

IAS 24 (Amendment) "Related Party Disclosures" (effective for annual periods beginning on or after 1 January 2011)

This amendment attempts to relax disclosures of transactions between government-related entities and clarify related-party definition. More specifically, it removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities, clarifies and simplifies the definition of a related party and requires the disclosure not only of the relationships, transactions and outstanding balances between related parties, but of commitments as well in both the consolidated and the individual financial statements. The Bank will apply these changes from their effective date. This amendment has not yet been endorsed by the EU.

IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement" (effective for annual periods beginning on or after 1 July 2009)

This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. This amendment is not applicable to the Bank.

Interpretations effective after year ended 31 December 2009

IFRIC 12 – Service Concession Arrangements (EU endorsed for periods beginning 30 March 2009)

This interpretation applies to companies that participate in service concession arrangements

IFRIC 17 "Distributions of non-cash assets to owners" (effective for annual periods beginning on or after 1 July 2009)

This interpretation provides guidance on accounting for the following types of non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners: (a) distributions of non-cash assets and (b) distributions that give owners a choice of receiving either non-cash assets or a cash alternative. The Bank will apply this interpretation from its effective date.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010)

This interpretation addresses the accounting by the entity that issues equity instruments to a creditor in order to settle, in full or in part, a financial liability. This interpretation is not relevant to the Bank. This amendment has not yet been endorsed by the EU.

IFRIC 14 (Amendment) "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective for annual periods beginning on or after 1 January 2011)

The amendments apply in limited circumstances: when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendments permit such an entity to treat the benefit of such an early payment as an asset. This interpretation is not relevant to the Bank. This amendment has not yet been endorsed by the EU.

Amendments to standards that form part of the IASB's annual improvements project

The amendments set out below describe the key changes to IFRSs following the publication in July 2009 of the results of the IASB's annual improvements project. These amendments have not yet been endorsed by the EU. Unless otherwise stated the following amendments are effective for annual periods beginning on or after 1 January 2010. In addition, unless otherwise stated, the following amendments will not have a material impact on the Bank's financial statements.

IFRS 2 "Share-Based payment" (effective for annual periods beginning on or after 1 July 2009)

The amendment confirms that contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2.

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendment clarifies disclosures required in respect of non-current assets classified as held for sale or discontinued operations.

IFRS 8 "Operating Segments"

The amendment provides clarifications on the disclosure of information about segment assets.

IAS 1 "Presentation of Financial Statements"

The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

IAS 7 "Statement of Cash Flows"

The amendment requires that only expenditures that result in a recognized asset in the statement of financial position can be classified as investing activities

IAS 17 "Leases"

The amendment provides clarification as to the classification of leases of land and buildings as either finance or operating.

IAS 18 "Revenue"

The amendment provides additional guidance regarding the determination as to whether an entity is acting as a principal or an agent.

IAS 36 "Impairment of Assets"

The amendment clarifies that the largest cash-generating unit to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8 (that is before the aggregation of segments).

IAS 38 "Intangible Assets"

The amendments clarify (a) the requirements under IFRS 3 (revised) regarding accounting for intangible assets acquired in a business combination and (b) the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets.

IAS 39 "Financial Instruments: Recognition and Measurement"

The amendments relate to (a) clarification on treating loan pre-payment penalties as closely related derivatives, (b) the scope exemption for business combination contracts and (c) clarification that gains or losses on cash flow hedge of a forecast transaction should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss.

IFRIC 9 "Reassessment of Embedded Derivatives" (effective for annual periods beginning on or after 1 July 2009)

The amendment clarifies that IFRIC 9 does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a business combination between entities under common control.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" (effective for annual periods beginning on or after 1 July 2009)

The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity within the group, including the foreign operation itself, as long as certain requirements are satisfied.

2.2 Estimates and judgments

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

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

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

2.3 Comparatives

For the preparation of the balance sheet and the income statement of the period ended 31 December 2009, comparatives as of 31 December 2008 have been used.

2.4 Consolidation

2.4.1 Investments in subsidiaries

Subsidiaries are all entities controlled by the Bank. Control is the power to govern directly or indirectly the financial and operating policies of the entity so as to obtain benefits from its activities. The existence of any potential voting rights which are exercisable are taken into consideration when assessing whether the Bank controls another entity or not. All subsidiaries are consolidated (full consolidation) from the date on which control is transferred to the Bank and are no longer consolidated from the date that control ceases to exist.

2.4.2 Investments in associates

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

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Executive Committee which is Group's operating decision-maker, allocates resources to and assesses the performance of the operating segments. The Executive Committee is responsible for strategic planning, the coordination and operations of the Bank and its subsidiaries. It sets goals, parameters and strategies regarding the course of action of the Bank, also analyzing and posing suggestions to the BoD. The Executive Committee comprises of three Members: The Executive Vice Chairman of the Board (Chairman), the CEO and the General Manager of Investment Banking as members.

2.6 Foreign currency transactions

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

2.7 Financial assets

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

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

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

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

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

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

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

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

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

2.7.1 Derecognition

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

2.8 Offsetting

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

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

2.9 Derivative financial instruments

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

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

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

The method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Bank designates certain derivatives as either: (1) hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge); (2) hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge). (3) hedges of net investment

Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

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

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

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

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

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

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

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

Derivatives that do not qualify the standards for hedge accounting: Changes in the fair value of derivatives that do not qualify for hedge accounting under IAS 39, are immediately recognized in the income statement. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

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

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

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

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

Hedges of net investments in foreign subsidiaries are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign subsidiary is disposed o

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

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

Derivatives that do not qualify the standards for hedge accounting: Changes in the fair value of derivatives that do not qualify for hedge accounting under IAS 39, are immediately recognized in the income statement. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

2.10 Fair value measurement of financial assets and liabilities

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

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

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

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

2.11 Interest income and expense

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

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

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

2.12 Fee and commission income

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

2.13 Dividend income

Dividend income is recognized in the income statement when the entity's right to receive payment is established. Dividends are normally received in a subsequent date that that when the Bank's right to receive payment is established.

2.14 Sale and repurchase agreements

The Bank enters into agreements to purchase (sale) and to resell (repurchase) investments at a certain date in the future at a predetermined price.

Investments purchased subject to commitments to resell them at future dates are not recognized. The amounts paid are recognized as loans and receivables to other banks or customers. The receivables are collateralized by the underlying security.

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

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

2.15 Impairment of financial assets

(a) Assets carried at amortized cost

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

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

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

(b) Financial assets at fair value

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

2.16 Intangible assets

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

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the Bank's interest in the fair value of the net identifiable assets of the acquired subsidiary or associate at the date of the acquisition. Negative goodwill is recognized immediately as a gain in the income statement. Goodwill is not subject to amortization but is tested annually for impairment.

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

(b) Other intangible assets coming from business combination

An intangible asset shall be recognized if, and only if, it is probable that the expected future economic benefits that are attributed to the asset will flow to the Bank, where the cost of the intangible asset can be measured reliably. The cost of separately intangible assets comprises any directly attributable cost of originating, producing and preparing the asset for its intended use. Examples of directly attributable costs are:

- personnel expenses arising directly from bringing the asset to its working condition;
- third party fees arising directly from producing the asset;
- allocated administrative expenses based on working hours as a cost driver from producing the asset.

The Group has recognized the following intangible assets in their fair value that was acquired at the take-over of Omega Bank as part of a business combination on 30 September 2006.

- Intangible asset from conventions of customer loans
- Intangible asset from conventions of customer deposits
- Intangible asset from conventions of financial brokerage

Depreciation of other intangible assets coming from business combination is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, which extends from 4 to 5 years. Other intangible assets coming from business combination that are subject to amortizations are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable

(c) Software

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

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

2.17 Property, plant and equipment

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

Property, plant and equipment are stated at historical cost less depreciation, except land and buildings which are carried at fair value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Repair and maintenance expenses are charged to the income statement when incurred.

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

Land is not depreciated, but is reviewed for impairment.

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

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

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

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

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

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

2.18 Non-current assets held-for-sale

The Bank classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

This category comprises of tangibles and other assets acquired from auctions with the intention to recover loans and receivables past due. For this to be the case, these assets are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets and their sale is highly probable.

Before classifying an asset or a group as a non-current asset (or disposal group), the asset is recognized and subsequently measured following the relevant IFRS measurement guidelines.

The Bank measures a non-current asset (or disposal group) classified as held for sale at the lower of their carrying amount and fair value less cost to sell, and presents this asset separately from other assets in the balance sheet. Any gain or loss on the remeasurement of a non-current asset (or disposal group) classified as held for sale is included in the income statement. According to IFRS 5, any subsequent increase in fair value less cost to sell, but not in excess of the cumulative loss previously recognized for a write-down to fair value less costs to sell, should be directly attributable to these assets, except otherwise stated.

The Bank does not depreciate (or amortize) a non-current (or disposal group) classified as held for sale, but this asset is subject to impairment testing at the balance sheet date.

The gain or loss measured from the sale of a non-current (or disposal group) classified as held for sale is recognized in the income statement.

2.19 Leases

2.19.1 The Bank is the lessor

(a) Financial leases:

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

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

Receivables from financial leases are reviewed for impairment, according to the applicable procedure for loans and receivables as described in note 3.1.1.

(b) Operating leases:

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

2.19.2 The Bank is the lessee

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

2.20 Cash and cash equivalents

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

2.21 Provisions

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

2.22 Employee benefits

(a) Defined contribution plans

The Bank's personnel is insured for its main pension to publicly administered pension insurance funds (i.e Social Security Foundation and other) depending on their speciality. The contributions paid by the Bank are included in "personnel expenses".

The bank's personnel is also insured for medical care in multiemployer funds. In these funds, there no separate accounts for each Bank, hence accounting for defined contribution is followed. Once the contribution has been paid, the Bank has no further payment obligations.

(b) Defined benefit plans

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

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

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

(c) Share-based compensation

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

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

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

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

2.23 Deferred tax

A deferred tax asset and/or liability is being recognized for all temporary differences by applying the liability method arising between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

A deferred tax liability shall be recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill, or/and (2) the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profits nor taxable profits. A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, unless the deferred tax asset arises from the initial recognition of an assets or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profits nor taxable profits.

The Group reassesses deferred tax asset and proceeds to a decrease whenever it has become probable that future taxable profit will not allow the deferred tax asset to be recovered.

The method of accounting of the deferred tax is based on the current legislating tax rates or on tax rates being enacted after the balance sheet date.

The income tax is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity. As such, if the tax relates to items that are credited or charged directly to equity current tax and deferred tax shall be charged or credited directly to equity.

The income tax represents the current tax obligation over the taxable profit which results from tax rates or tax laws, by taking into consideration any adjustment which might affect a deferred tax asset or liability relating to a transaction or item that was previously charged or credited to equity.

In Greece, any taxable profits are being considered temporary till our Local Tax Authorities proceed in the relevant audit which is fully prescribed and enforced by the current Tax Legislation. As such, additional tax burden and differences might be incurred as a result of such an audit.

2.24 Financial liabilities

Financial liabilities are treated as held for trading if:

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

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

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

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

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

2.25 Equity

The Share Capital is defined by the par value of the ordinary shares outstanding during the reported period. The ordinary shares outstanding are classified as equity. Any Share Capital increase engaged in cash settled transaction contains share premium, which represents the extra amount received per share above its par value. Incremental external costs and benefits directly attributable to the issue of new shares are deducted from or added to equity net of any related income taxes.

Whenever share capital recognized as equity is repurchased ("treasury shares"), the amount of consideration paid is presented as a deduction from total equity. Where such shares are subsequently sold or reissued, any consideration received, net of any incremental costs or benefits, is added to equity. No profit or loss is recognized in the income statement whenever share capital is repurchased, subsequently sold, reissued or cancelled out.

Share-based employ benefits which fall due are classified as equity. Revaluation reserve results from the gains less losses of the revaluation of specific financial assets and property, plant and equipment. The currency translation account, which results of all currency differences arising from the translation of assets net of the translation impact on liabilities in foreign exchange, is reported as equity. Retained earning and losses include current and previous results as these have already been reported in the income statement.

2.26 Fiduciary activities

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

3 Financial risk management

In this section the Group discloses information regarding its exposure to financial risks and analyzes the methodology, objectives, policies and processes, used by management in order to monitor and control them. The most significant risks to which the Group is exposed to are: credit risk, liquidity risk and market risk; market risk comprises three types of risk: currency risk, interest rate risk and price risk.

3.1 Credit risk

The bank is exposed to Credit Risk, the possibility of a counterparty defaulting partially or fully on its financial obligations when these become due. Credit risk arises from a variety activities, indicatively a) extending credit facilities and loans to customers, placing deposits with other entities, (b) entering into OTC derivative transactions (c) extending LG and LC, and (d) approving committed credit facilities that are irrevocable or are revocable only in case of a material adverse change and entering unsettled transactions.

The Bank defines monitors and controls the level of credit risk exposure it deems appropriate by establishing credit limits for particular countries, geographic area, economic sectors, and customer types. The amount that best represents the Bank's maximum exposure to credit risk are regularly reviewed by taking into account of any collateral held as security and other credit enhancements.

The bank monitors and controls its exposure to credit risk through regular, at least yearly, internal credit rating revisions of its counterparties and if necessary, the bank proceeds in adjustment of the existing counterparty limits. In addition exposure to credit risk is partially minimized by the use of collaterals and other credit enhancement pledges.

3.1.1 Credit risk exposure

a) Loans and receivables

In measuring credit risk exposure of loan and receivables at a counterparty level, the Group reflects four components (i) the financial position; (ii) the qualitative elements and the 'probability of default' on the existing contractual obligations; (iii) the historical reimbursement and transactional attitude; and (iv) the probable existence of reliable and solvent collaterals held as security and other credit enhancements and their respective fair value.

Loans and receivables with insignificant fair value, as those that are neither past due nor impaired, are summarized in clusters which exhibit similar credit risk elements, such as credit cards, consumer/personal loans, mortgage loans etc. As a consequence, the Group reassess for any potential allowance for impairment on a cluster basis. During the reassessment process, the volume of probable doubtful debts, time-lag, time horizon of the collectability of doubtful debts, the macroeconomic and microeconomic environment, the industry position and any past empirical evidence related with the level of the expected loss.

Whenever loans and receivables are characterized as doubtful their carrying amount is adjusted to its replacement value, which is defined as the net present value of all the expected cash flows including the expected discounted recoverable amount from collateral held as security and other credit enhancements.

Any differences arising from subsequent reassessments in the recoverable amount and time horizon where these amounts are expected to be collected are recorded in the income statement. Allowance for impairment should be reversed whenever the credit quality of the counterparty has been improved insomuch that the timely liquidation of the debt (capital and interest), based on the contractual agreement, is feasible.

For doubtful debts past due over 180 days no interest calculation takes place, while the respective claim is depicted on off-balance sheet items.

After all necessary judicial and other procedures have been exhausted and once it is highly expected that doubtful and bad debts will not be collected, the Bank proceeds with write-offs against their allowance for impairment.

b) Securities

For the evaluation and measurement of credit risks that is included in securities, are used mainly the gradations of foreign organizations of borrowing evaluation. The exposure of Bank in the credit risk by securities is measured on the basis of fair value openings. Investments in securities constitute a different instrument of credit risk and at the same time ensure a reliable and direct liquidity.

3.1.2 Financial assets subject to credit risk exposure before collateral held or other credit::

In the here below table the maximum credit risk exposure is depicted as at 31 December 2009 and 31 December 2008 respectively, without taking into account any collaterals, information about the credit quality of financial assets that are neither past due nor impaired or other credit enhancements pledged. All figures in the table mirror the carrying value of the assets, as well as the off-balance sheet items:

Maximum credit risk exposure	31.12.2009	31.12.2008
Credit risk exposures relating to on-balance sheet assets are as follows:		
Due from banks	200.056	46.158
Loans and advances to banks		
Loans and receivables:		
Loans to individuals and households:		
-Credit cards	31.739	33.474
-Consumer / personal loans	97.398	131.068
-Mortgage loans	40.257	40.820
Loans to corporate businesses	1.122.010	1.022.717
Derivative financial instruments	18.547	21.186
Financial assets at fair value through profit or loss	119.325	113.126
Financial assets designated at fair value	35.791	38.255
Investment securities:		
-Held-to-maturity investments	-	6.664
-Available-for-sale financial assets	1.042.606	287.878
Other assets	50.614	46.161
Credit risk exposures relating to off-balance sheet items are as follows:		
Letter of guarantees and credits	89.714	105.944
Loan commitments and other liabilities	283.503	2.530
Total	3.131.560	1.895.981

3.1.3 Loans and receivables

Loans and receivables are summarized as follows:

	31.12.2009		31.12.2008	
	Loans and receivables	Loans and advances to banks (1)	Loans and receivables	Loans and advances to banks
Loans and receivables without impairment losses	1.048.471	200.056	1.065.047	46.158
Doubtful debt without any impairment losses	83.731	-	83.662	-
Loans and receivables with impairment losses	159.202	-	79.369	-
Total loans and receivables without allowance for impairment	1.291.404	200.056	1.228.079	46.158
Less: allowance for impairment				
Individually impaired	(61.562)	-	(32.740)	-
Portfolio allowance	(13.456)	-	(9.900)	-
Total loans and receivables after allowance for impairment	1.216.386	200.056	1.185.439	46.158

(1) The loans and advances to banks item includes amount of 200.056 th. euros (2008: 46.158 th. euros) that reported under the B/S line "Loans and advances to Banks.

a) Loans and receivables without impairment losses:
At 31 December 2009:

Rating	Loans to individuals and households				Loans to corporate businesses			Total
	Consumer/personal loans	Credit cards	Mortgage loans	Total to individuals and households	S.M.E Loans	Corporate loans	Total SME & corporate loans	
Standard monitoring	84.817	13.149	31.107	129.074	874.857	44.541	919.398	1.048.471

At 31 December 2008:

Rating	Loans to individuals and households				Loans to corporate businesses			Total
	Consumer/personal loans	Credit cards	Mortgage loans	Total to individuals and households	S.M.E Loans	Corporate loans	Total SME & corporate loans	
Standard monitoring	104.732	16.201	30.621	151.554	847.247	66.246	913.493	1.065.047

Under this category, restructured claims from loans are also included which; otherwise, they would be included in one of the two subcategories that are analyzed as follows:

	31.12.2009	31.12.2008
Loans to individuals and households	1.776	26.344
Loans to corporate businesses	9.378	22.650
Total	11.154	48.994

b) Loans and advances to banks without impairment losses:

	31.12.2009	31.12.2008
Standard monitoring	182.572	45.000
Excellent	17.484	1.158
Total	200.056	46.158

(1) The loans and advances to banks item includes amount of 200.056 th. euros (2008: 46.158 th. euros) that reported under the B/S line "Loans and advances to Banks.

**y) Non performing loans without any impairment losses:
As at 31 December 2009:**

	Loans to individuals and households				Loans to corporate businesses			Total
	Consumer/personal loans	Credit cards	Mortgage loans	Total to individuals and households	S.M.E Loans	Corporate loans	Total SME & corporate loans	
Past due up to 1-90 days	7.398	4.307	4.308	16.012	6.452	59.463	65.915	81.927
Past due up to 91-180 days	118	689	442	1.248	114	8	121	1.370
Past due up to over 180 days	17	20	-	37	398	-	398	434
Total	7.532	5.016	4.750	17.297	6.963	59.470	66.434	83.731
Fair value of collaterals and other credit enhancements pledged	1.027	-	4.750	5.777	2.655	13.638	16.293	22.070

As at 31 December 2008:

	Loans to individuals and households				Loans to corporate businesses			Total
	Consumer/personal loans	Credit cards	Mortgage loans	Total to individuals and households	S.M.E Loans	Corporate loans	Total SME & corporate loans	
Past due up to 1-90 days	6.021	4.862	4.717	15.600	52.084	1.817	53.901	69.501
Past due up to 91-180 days	2.615	667	355	3.637	4.441	2.970	7.411	11.047
Past due up to over 180 days	1.371	10	20	1.401	1.342	371	1.713	3.114
Total	10.007	5.539	5.093	20.638	57.867	5.157	63.024	83.662
Fair value of collaterals and other credit enhancements pledged	6.910	-	3.719	10.629			33.059	43.688

**d) Loans and receivables with impairment losses:
As at 31 December 2009:**

	Loans to individuals and households				Loans to corporate businesses			Total
	Consumer/personal loans	Credit risk	Mortgage loans	Total to individuals and households	S.M.E Loans	Corporate loans	Total SME & corporate loans	
Loans and receivables with impairment losses	5.049	13.574	4.400	23.023	41.448	94.730	136.179	159.202
Fair value of collaterals and other credit enhancements pledged	1.163	-	1.385	2.547	3.133	17.634	20.767	23.314

As at 31 December 2008:

	Loans to individuals and households				Loans to corporate businesses			Total
	Consumer/personal loans	Credit risk	Mortgage loans	Total to individuals and households	S.M.E Loans	Corporate loans	Total SME & corporate loans	
Loans and receivables with impairment losses	16.330	11.734	5.106	33.170	8.353	37.846	46.199	79.369
Fair value of collaterals and other credit enhancements pledged	7.077	-	1.221	8.298	-	-	20.786	29.084

3.1.4. Debt securities and other eligible bills

The table below presents an analysis of debt securities and other eligible bills by rating agency designation, based on Standard & Poor's rating system:

As at 31 December 2009:

	Due to banks	Trading portfolio	Financial assets at fair value through profit or loss	Held-to-maturity investments	Available-for-sale financial assets	Total
AAA	773	2.047	-	-	62.729	65.549
AA- to AA+	516	-	-	-	664	1.180
A- to A+	50.043	359	-	-	100.268	150.670
Lower than A-	131.240	35.667	-	-	785.984	952.891
Unrated	17.484	81.252	35.791	-	92.962	227.489
Total	200.056	119.325	35.791	-	1.042.607	1.397.779

As at 31 December 2008:

	Due to banks	Trading portfolio	Financial assets at fair value through profit or loss	Held-to-maturity investments	Available-for-sale financial assets	Total
AAA	-	1.790	-	-	77.558	79.348
AA- to AA+	33.886	185	-	-	8.989	43.060
A- to A+	9.143	26.017	-	6.664	138.798	180.622
Lower than A-	559	896	-	-	22.369	23.824
Unrated	2.570	84.238	38.255	-	40.164	165.227
Total	46.158	113.126	38.255	6.664	287.878	492.081

3.1.5. Repossessed collateral

The Bank obtained assets by taking possession of collateral held as security, as follows:

	31.12.2009	31.12.2008
Land	304	320
Buildings	956	830
Total	1.260	1.150

3.1.6. Concentration of risks of financial assets with credit risk exposure: analysis per industry

The here below table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by the industry sectors of our counterparties.

	Financial institutions	Manufacturing	Transportations/telecommunications	Public sector	Trade	Leasing	Other industries	Individuals and households	Total
Loans and advances to banks									
Loans and receivables:	200.056	-	-	-	-	-	-	-	200.056
Loans to individuals and households:								-	
-Credit cards	-	-	-	-	-	-	-	31.739	31.739
-Consumer / personal loans	-	-	-	-	-	-	-	97.398	97.398
-Mortgage loans	-	-	-	-	-	-	-	40.257	40.257
Loans to corporate businesses:	-	210.715	168.427	-	211.191	81.553	450.124	-	1.122.010
Derivative financial instruments	18.547	-	-	-	-	-	-	-	18.547
Financial assets at fair value through profit or loss	95.786	365	99	20.817	-	-	2.258	-	119.325
Financial assets designated at fair value	-	-	35.791	-	-	-	-	-	35.791
Investment securities:									
-Available-for-sale financial assets	388.580	2.309	-	651.717	-	-	-	-	1.042.606
Total maximum credit risk as at 31 December 2009	702.969	213.389	204.317	672.534	211.191	81.553	452.382	169.394	2.707.729
Total maximum credit risk as at 31 December 2008	318.838	150.474	247.250	160.032	175.912	83.689	429.427	205.362	1.770.984

3.1.7 Concentration of risks of financial assets with credit risk exposure: analysis per geographical region

The Bank presents a huge width of credit risk in Greece as in the table below:

As at 31 December 2009:

ASSETS	GREECE	OTHER COUNTRIES	TOTAL
Loans and advances to banks	148.574	51.482	200.056
Loans and receivables	1.028.039	263.365	1.291.404
Derivative financial instruments	-	18.547	18.547
Financial assets at fair value through profit or loss	20.973	98.352	119.325
Financial assets designated at fair value	35.791	-	35.791
Investment securities:			
-Available-for-sale financial assets	645.770	396.836	1.042.606
Other assets	47.445	3.169	50.614
Total assets	1.926.592	831.751	2.758.343

As at 31 December 2008:

ASSETS	GREECE	OTHER COUNTRIES	TOTAL
Loans and advances to banks	1.994	44.163	46.157
Loans and receivables	894.479	290.960	1.185.439
Derivative financial instruments	-	21.186	21.186
Financial assets at fair value through profit or loss	29.396	91.823	121.219
Financial assets designated at fair value	38.255	-	38.255
Investment securities:			
-Held-to-maturity investments	6.664	-	6.664
-Available-for-sale financial assets	146.351	163.072	309.423
Other assets	45.630	531	46.161
Total assets	1.162.769	611.735	1.774.504

The Loans and receivables are presented net of impairment charges.

3.2 Market risk

The Bank is exposed to market risk, this risk includes price risk, interest rate risk, currency risk and volatility risk stemming from its open positions. In preparing market risk analysis, the Group employs, on a daily basis, contemporary methods and processes, such as VaR calculations, sensitivity analysis (delta, gamma, PV01) and stress testing.

In the beginning of 2007, the ALCO committee established a set of market limits and procedures in order to monitor risk in accordance to the Bank's risk appetite. Market risk limits are VaR limits, pertain both trading book and banking book positions and are monitored on a daily basis. Market risk limits are set both in terms of product, risk factor and business unit.

The Bank uses the historical methodology in its VaR calculations with a 99% confident interval and a 10 days holding period. This methodology calculates value at risk for each rate based on daily historical perturbations and determines VaR by each risk factor (interest, price, volatility). The 99th percentile VaR results from the subtraction of the worst 1% historical perturbations. The Bank constantly revises its internal VaR model and performs in constant intervals back testing in order to evaluate the VaR results to the actual daily P&L. In the following table VaR by risk factor as well as the minimum, maximum and average levels are presented.

VAR review

β) Trading-book VAR

	VaR 99% 1day	
	31.12.2009	31.12.2008
Foreign-exchange risk	36	166
Interest-rate risk	575	866
Equities risk	481	755
Total VAR	516	1.086

	VaR 99% 1day	
	31.12.2009	31.12.2008
maximum	3.764	2.790
minimum	497	914
medium	1.857	1.537

Alternatively on a daily basis sensitivity rates are calculated and scenario of crisis is effected to assess the economic losses of the overall portfolio of the bank in a very unusual economic change. The crisis scenario is selected from a list of historical and hypothetical scenarios that were created within the Bank's internal model and is the scenario with the greatest emphasis on results.

The crisis scenario that is used is the historical scenario of the financial crisis of 2007 and has been chosen because of its great influence on the results of the Bank. Its measurement is dynamic and takes place on the basis of the historical price changes as resulting from the worst point of the distribution of values of VaR, which contain the crisis. Suggestive in the crisis scenario for 31/12/2009 in the total portfolio of the Bank estimated as regards the risk of loss rate 8.813 mm €, the equity risk of damage to € 1.949 thousand and foreign exchange risk of damage to 195 thousand €.

3.2.1. Foreign exchange risk

The Bank takes on foreign exchange risk arising from the exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

The here below table below summaries the Bank's exposure to foreign currency exchange risk at 31 December 2009. Included in here below table are the Group's financial assets and liabilities categorized by currency:

As at 31 December 2009:

ASSETS	eur	usd	gbp	jpy	other	Total
Cash and balances with the central bank	51.596	75	15		2	51.688
Loans and advances to banks	171.960	25.256	1.887	273	679	200.056
Loans and receivables	1.103.167	108.469	-	3.494	1.256	1.216.386
Derivative financial instruments	3.938	14.609	-	-	-	18.547
Financial assets at fair value through profit or loss	127.700	-	27	-	474	128.202
Financial assets designated at fair value	35.791	-	-	-	-	35.791
Investment securities:						
- Available-for-sale	1.059.380	3.114	-	-	-	1.062.494
Investments in subsidiaries and associates	17.698	-	-	-	-	17.698
Other assets	177.654	2.944	(7)	205	27	180.823
Total assets	2.748.885	154.466	1.922	3.972	2.438	2.911.685
LIABILITIES	eur	usd	gbp	jpy	other	Total
Due to banks	1.051.322	21.519	-	2.616	-	1.075.457
Due to customers	1.351.848	68.223	1.947	22.813	7.365	1.452.196
Derivative financial instruments	11.540	15.316	142	(93)	27	26.933
Derivative financial instruments held for hedging	1.909	-	-	-	-	1.909
Debt securities in issue	18.521	-	-	-	-	18.521
Other liabilities	13.329	1.969	-	-	-	15.298
Total liabilities	2.448.469	107.027	2.089	25.337	7.392	2.590.314
Net on-balance sheet financial position	300.416	47.440	(167)	(21.364)	(4.955)	321.371

As at 31 December 2008:

	eur	usd	gbp	jpy	other	Total
Total assets	1.793.181	137.928	1.157	3.885	24.656	1.960.807
Total liabilities	1.396.306	139.470	2.928	144.523	2.872	1.686.099
Net on-balance sheet financial position	396.875	(1.542)	(1.771)	(140.638)	21.784	274.708

3.2.2. Interest rate risk

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

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

As at 31 December 2009:	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing	Total
ASSETS							
Cash and balances with the central bank	51.688	-	-	-	-	-	51.688
Loans and advances to banks	200.056	-	-	-	-	-	200.056
Loans and receivables	897.310	135.823	106.241	65.996	11.016	-	1.216.386
Derivative financial instruments	18.547	-	-	-	-	-	18.547
Financial assets at fair value through profit or loss	51.262	28.432	1.052	32.978	5.601	8.877	128.202
Financial assets designated at fair value	-	-	-	35.791	-	-	35.791
Investment securities:							

- Available-for-sale	26.227	399.786	80.198	256.555	279.841	19.887	1.062.494
Other assets	-	-	-	-	-	198.521	198.521
Total assets	1.245.090	564.041	187.491	391.320	296.458	227.285	2.911.685

LIABILITIES

Due to banks	143.922	178.549	752.986	-	-	-	1.075.457
Due to customers	688.875	356.804	398.084	5.523	2.910	-	1.452.196
Derivative financial instruments	26.933	-	-	-	-	-	26.933
Derivative financial instruments held for hedging	1.909	-	-	-	-	-	1.909
Debt securities in issue	-	-	-	-	18.521	-	18.521
Retirement benefit obligations	-	-	-	-	-	1.476	1.476
Other liabilities	-	-	-	-	-	13.822	13.822
Total liabilities	861.639	535.353	1.151.070	5.523	21.431	15.298	2.588.405

Interest sensitivity gap

383.451	28.688	(963.579)	385.797	275.027	211.987	323.280
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As at 31 December 2008:

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing	Total
Total assets	721.269	392.620	296.101	307.668	16.389	226.760	1.960.807
Total liabilities	1.273.291	228.129	141.822	3.567	28100	11.190	1.686.099

Interest sensitivity gap

(552.021)	164.491	154.279	304.101	(11.711)	215.570	274.708
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3.3 Liquidity risk

Liquidity risk arises whenever the Bank might encounter difficulty in meeting commitments associated with financial liabilities when they fall due. The factors that the Group might consider in estimating liquidity risk exposure, but are not limited to, are (a) an expectation that some of its liabilities to be paid later than the earliest date on which the Bank can be required to pay, (b) there is not a liquid market for some financial assets, and (c) if, indeed, there is a liquid market, but some financial assets are not readily saleable in their value.

The Bank has very diverse funding sources which is attainable through a wide range of products including, deposits, debt securities and equity. This improves its financing capability, reduces the dependence from few funding sources, and generally lowers its borrowing cost. The Bank tries to balance the need between financing and flexibility, by maintaining a portfolio with different maturities.

Besides, the Bank measures and monitors, on a daily basis, the mandatory liquidity ratios, "Liquid Assets / Total Liabilities" and "Net Current Assets / Total Liabilities", as these prescribed by the Bank of Greece, whereas, on regular time intervals, the Bank works out scenarios of liquidity crisis and the ability of handling such crisis is thoroughly appreciated.

The monitoring and controlling of the liquidity risk exposure represents a dynamic procedure in order the Bank's business and strategic goals to be fully fulfilled.

3.3.1. Non-derivative cash flows

The here below table presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date by using an appropriate number of time bands. The amounts disclosed in the table are the contractual undiscounted cash flows:

As at 31 December 2009:

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
LIABILITIES						
Due to banks	143.993	178.572	757.729	-	-	1.080.294
Due to customers	421.113	354.554	403.852	278.243	3.046	1.460.808
Debt securities in issue	215	-	-	-	20.000	20.215
Other liabilities	-	23678	-	-	1476	25.154
Total liabilities	565.321	556.804	1.161.581	278.243	24.522	2.586.471

As at 31 December 2008:

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
LIABILITIES						

Due to banks	603.782	19.168	50.056	16.470	-	689.476
Due to customers	430.384	207.875	89.441	220.560	3.209	951.468
Debt securities in issue	291	291	-	-	25.000	25.581
Other liabilities	-	9.888	-	-	1.220	11.108
Total liabilities	1.034.457	237.221	139.497	237.029	29.429	1.677.633

3.3.2. Derivative cash flows

The Bank has entered into the following derivative financial instruments:

1. Interest rate swaps
2. Futures
3. Credit default swaps
4. Options
5. Forwards
6. Synthetic Swaps on Futures

The table below analyses the Bank's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

a) Derivatives settled on a net basis:

As at 31 December 2009	Up to 1 month	1 – 3 months	3 - 12 months	1 – 5 years	Over 5 years	Total
Derivatives held for trading:						
-Derivatives exchange	(3.392)	-	-	-	-	(3.392)
- Other derivative contracts	39	-	-	-	-	39
Total	(3.353)	-	-	-	-	(3.353)
As at 31 December 2008						
Derivatives held for trading:						
- Other derivative contracts	4.761	-	-	-	-	4.761
Total	4.761	-	-	-	-	4.761

b) Derivatives settled on a gross basis:

As at 31 December 2009	Up to 1 month	1 – 3 months	3 - 12 months	1 – 5 years	Over 5 years	Total
Derivatives held for trading:						
-Foreign exchange derivatives						
-Outflow	74.478	31.926	7.207	-	-	113.611
-Inflow	74.576	31.371	7.043	-	-	112.990
-Interest rate derivatives						
-Outflow	349	537	18.526	56.798	54.175	130.385
-Inflow	903	2.147	10.607	54.357	54.511	122.525
-Other derivative contracts						
-Outflow	-	9	26	17	-	52
-Inflow	-	694	944	2.284	9	3.931
Derivatives held for hedging:						
-Interest rate derivatives						
-Outflow	-	283	4.855	15.280	9.540	29.958
-Inflow	-	747	2.393	13.415	10.272	26.827
Total Outflow	74.827	32.755	30.614	72.095	63.715	274.006
Total Inflow	75.479	34.959	20.987	70.056	64.792	266.273

As at 31 December 2008	Up to 1 month	1 – 3 months	3 - 12 months	1 – 5 years	Over 5 years	Total
Derivatives held for trading:						
-Foreign exchange derivatives						
-Outflow	100.131	30.795	19.708	1.437	-	152.071
-Inflow	102.104	32.121	19.742	1.329	-	155.295
-Interest rate derivatives						
-Outflow	255	565	5.252	14.682	20.270	41.023
-Inflow	208	726	5.923	14.658	20.643	42.158
-Other derivative contracts						
-Outflow	-	306	4.242	3.358	-	7.905
-Inflow	-	262	1.932	1.929	-	4.122
Total Outflow	100.386	31.666	29.201	19.477	20.270	200.999
Total Inflow	102.312	33.108	27.596	17.915	20.643	201.576

3.4 Fair value of financial assets and liabilities

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's consolidated statement of financial position at their fair value:

Financial assets	Carrying value		Fair value	
	2009	2008	2009	2008
Due from banks	200.056	46.158	200.056	46.158
Loans and receivables:				
- Loans to individuals and households	146.928	183.322	146.911	183.357
- Loans to corporate businesses	988.147	918.428	987.929	918.392
- Finance lease receivables	81.311	83.689	81.320	83.696
Financial liabilities				
Due to banks	1.075.457	689.047	1.075.498	689.052
Due to customers:				
- Time deposits	1.099.549	668.251	1.103.605	670.716
- Under caution	11.303	2.761	11.303	2.761
- Current accounts	138.825	42.721	138.825	42.721
- Savings accounts	88.043	46.828	88.043	46.828
- Current accounts	13.021	11.018	13.021	11.018
- Margin accounts	34.459	104.674	34.459	104.674
- Pledged deposits	51.275	48.206	51.275	48.206
- Blocked deposits	15.721	15.477	15.721	15.477
Off-balance sheet financial instruments				
Letters of guarantee /Irrevocable letters of credit	-	-	89.714	105.944
Loan commitments and other liabilities	-	-	283.503	2.530

a) The fair value of loans and advances to credit institutions is based on discounting cash flows using money market rates for debts with similar remaining maturity.

b) The fair value of loans and advances to customers is estimated by discounting expected future cash flows using suitable interest rates for instruments with similar credit risk and maturity.

c) Fair value from investment securities is estimated using quoted market prices. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics, or by discounting cash flows.

d) The fair value of due to customers is based on discounted cash flows using appropriate interest rates (money market) for instruments with similar maturity.

e) The fair value of debt securities in issue is calculated based on quoted prices. Where quoted market prices are not available, the estimated fair value is based on other debt securities with similar credit, yield and maturity characteristics or by discounting cash flows.

Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

This level includes listed equity securities and debt instruments on exchanges (for example, London Stock Exchange, Frankfurt Stock Exchange, New York Stock Exchange) and exchanges traded derivatives like futures (for example, Nasdaq, S&P 500).

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the OTC derivative contracts, traded loans and issued structured debt. The sources of input parameters like LIBOR yield curve or counterparty credit risk are Bloomberg and Reuters.

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

(b) Assets and liabilities measured at fair value

As at 31 December 2009

	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Financial assets held for trading				
-Debt securities	119.325	-	-	119.325
-Equity securities	8.877	-	-	8.877
-Derivatives – assets	-	18.547	-	18.547
-Derivatives - liabilities		(28.842)		(28.842)
Financial assets at fair value through profit or loss				
- Debt securities	-	-	35.791	35.791
Available-for-sale assets				
-Investments securities - debt	864.298	178.308	-	1.042.606
-Investments securities - equity	11.765	-	8.123	19.888
Total	1.004.265	168.013	43.914	1.216.191

Reconciliation of Level 3 Items

	Financial assets at fair value		
	Available-for-sale assets	Financial assets at fair value through profit or loss	Total Assets
	-Equity securities	-Debt securities	
At 1 January 2009	7.432	35.783	43.215
Purchases	1.223		1.223
Profit or loss	-	9	9
Other comprehensive income	(532)	-	(532)
At 31 December 2009	8.123	35.791	43.914

The following table shows the sensitivity of level 3 measurements to reasonably possible alternative assumptions:

	Reflected in profit or loss		Reflected in equity	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
As at 31 December 2009				
Financial assets at fair value through profit or loss	1.485	(358)	-	-
Available-for-sale assets	-	-	-	-
As at 31 December 2008				
Financial assets at fair value through profit or loss	1.667	(643)	-	-
Available-for-sale assets	-	-	-	-

3.5. Capital management and capital adequacy

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

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

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

The capital adequacy of bank and the risk-weighted assets are calculated based on the instructions of the Bank of Greece (Governor's Acts 2587/07, 2588/07, 2590/07 and 2591), which are implemented in the EU directive on capital adequacy of financial institutions. In particular, for calculating capital requirements against credit risk, the Bank applies the standard methodology, and for calculating capital requirements against operational risk the methodology of key indicators.

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

- Tier 1 capital: share capital (net of any book values of the treasury shares), minority interests arising on consolidation from interests in permanent shareholders' equity, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and
- Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealized gains arising on the fair valuation of equity instruments held as available for sale.

The table here below summarizes the composition of regulatory capital of the Bank for the years ended 31 December 2009 and 2008 respectively, according to Bank of Greece methodology:

	31.12.2009	31.12.2008
Tier 1 Capital		
Share Capital	281.450	281.450
Preference shares	79.261	-
Share Premium	85.478	85.478
Less: Treasury shares	(7.668)	(7.668)
Other reserves	(3.093)	11.223
Retained earnings	(31.121)	(56.310)
Revaluation reserves	(5.535)	(14.152)
Less: Dividends for the period	(4.910)	-
Less: Regulatory adjustment at revaluation reserve (available-for-sale assets)	77.401	25.312
Less: Revaluation reserve (available-for-sale investments)	(77.401)	(25.312)
Upper Tier 1 Capital	393.863	300.021
Less: Intangible assets	(81.418)	(86.330)
Less: Proportion of other deductible items*	(7.319)	(19.267)
Total Tier 1 Capital	305.126	194.424
Tier 2 Capital		
Less: Proportion of other deductible items *	(7.319)	(26.323)
Total Tier 2 Capital	(7.319)	(26.323)
Total Regulatory Capital	297.807	168.101
Risk-weighted assets	1.872.831	1.745.114
Capital adequacy ratio	15,90%	9,63%

* Other deductible items from Tier 1 Capital and Tier 2 Capital

Less: Equity investments (> 10%) in financial institutions	(3.623)	(3.660)
Less: Equity investments in insurance companies	-	(7.056)
Less: Double-gearing loans and advances	(11.015)	(34.874)
Total other deductible items	(14.637)	(45.590)
Allocated to:		
Tier 1 Capital	(7.319)	(19.267)
Tier 2 Capital	(7.319)	(26.323)
	(14.637)	(45.590)

4 Critical accounting estimates and judgments

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

4.1 Recognition of the identifiable intangible assets acquired from business combinations

The Bank identifies a non-monetary asset without physical substance as an intangible asset if it:

- is separable, i.e. capable of being separated or divided from the Bank and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Bank or from other rights and obligations.

Thus, the Bank has identified intangible assets from a business combination as follows:

- intangible assets from loan contractual agreements
- intangible assets from deposits contractual agreements
- intangible assets from contractual agreements in brokerage services.

The amortization method being used to allocate the depreciable amount of the identifiable intangible assets acquired from business combinations is the straight-line method, with a finite useful life between 4 to 5 years.

4.2 Impairment losses on loans and receivables

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

4.3 Fair value of derivative financial instruments

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

4.4 Impairment of available-for-sale financial assets

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

4.5 Impairment test of goodwill acquired in a business combination

The bank assesses at each balance sheet date, after initial recognition, goodwill acquired in a business combination at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is represented by each primary reporting segment (Note 27.1)

4.6 Held-to-maturity investments

The Bank follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgment. In making this judgment, the bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire category as available for sale. The investments would therefore be measured at fair value and not amortized cost.

4.7 Income taxes

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

Due to the method according to which the tax liabilities are settled in Greece, the Bank remains contingently liable for any additional taxes and penalties for the un-audited tax periods. Relevant provision has been taken according to IFRS. Where the final tax outcome of such an audit 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 Segment analysis

The Bank realizes the benefits of adopting a structure of three Client Business Units which are engaged in business mainly in Greece and Serbia. These business units are being managed separately since the relevant market focus reinforce their strategies.

Commercial Banking: The Client Business Unit is engaged in retail and commercial banking activities that comprises i) consumer and commercial clients, ii) corporate clients, and iii) shipping clients.

This Unit is being supported by a network of branches, administers all the depository products (savings, liquidity products/demand accounts, investment products/time deposits, repos, swaps, mortgage products, consumer and commercial banking, leasing, letter of guarantees, and credit cards as well.

Investment Banking: The Client Business Unit is engaged in stock exchange activities, structure finance and investment advisory products, and with brokerage services which are closely intimated with the capital markets. It also includes services which represent the major activities of the bank's Treasurer.

The Bank does not allocate the income tax expense in the above mentioned Client Business Units, and the expenses which refer to specific administrative services as well. Besides, the aforementioned Units do not hold any significant non-cash items excluding depreciation.

The amounts which are reported below, are also included in the management report which are thoroughly utilized by the Bank's Management.

The Executive Committee is responsible for strategic planning, the coordination and operations of the Bank and its subsidiaries. It sets goals, parameters and strategies regarding the course of action of the Bank, also analyzing and posing suggestions to the BoD. The Executive Committee comprises of three Members: The Executive Vice Chairman of the Board (Chairman), the CEO and the General Manager of Investment Banking as members.

The segment analysis by business sectors as follows:

As at 31 December 2009:	Retail Banking	Investment Banking	Total
Interest and similar income	59.406	52.574	111.980
Interest expense and similar charges	(38.643)	(21.551)	(60.194)
Net interest income	20.763	31.023	51.786
Fee and commission income	6.296	6.340	12.636
Fee and commission expense	(1.194)	(1.764)	(2.958)
Net fee and commission income	5.102	4.576	9.678
Dividend income	-	329	329
Net trading income	-	49.237	49.237
Net income from financial instruments designated at fair value	-	1.457	1.457
Gains less losses from investment securities	81	2.687	2.768
Other operating income	25.946	89.309	115.255
Staff costs	(15.281)	(7.679)	(22.960)
Other administrative expenses	(15.678)	(5.205)	(20.883)
Depreciation and amortization expenses	(6.226)	(1.362)	(7.588)
Impairment losses and provisions to cover credit risk	(34.297)	(17.177)	(51.474)
Profit before tax	(45.536)	57.886	12.350
Unallocated expenses			-
Income tax			(1.696)
Profit after tax			10.654
Total assets	1.291.855	1.619.830	2.911.685
Total liabilities	1.464.302	1.126.012	2.590.314

As at 31 December 2008

	Retail Banking	Investment Banking	Total
Interest and similar income	97.713	33.199	130.912
Interest and similar expense	(66.703)	(22.157)	(88.860)
Net interest income	31.010	11.042	42.052
Fee and commission income	9.974	30.189	40.163
Fee and commission expense	(854)	(7.694)	(8.548)
Net fee and commission income	9.120	22.495	31.615
Dividend income	-	3.170	3.170
Net trading income	-	(34.742)	(34.742)
Net income from financial instruments designated at fair value	-	(2.610)	(2.610)
Gains less losses from investment securities	-	(54)	(54)
Other operating income	802	242	1.044
Operating income	40.932	(457)	40.475
Administrative expenses	(31.642)	(11.939)	(43.581)
Depreciation expenses	(3.825)	(1.027)	(4.852)
Impairment losses on financial assets	(15.756)	(3.184)	(18.940)
Profit before tax	(10.291)	(16.607)	(26.898)
Non-allocated expenses			(5.984)
Impairment loss from participation in associate			(11.919)
Impairment loss of goodwill			(11.696)
Income tax expense			186
Profit for the period			(56.311)
Total assets at 31 December 2008	1.327.079	633.728	1.960.807
Total liabilities at 31 December 2008	1.215.214	470.885	1.686.099

In the Commercial Banking figures the followings are included i) interest and similar income from loans to customers and financial lease operations, ii) interest expense and similar charges from customer deposits. In the Investment Banking figures the followings are included i) interest and similar income from interest-bearing portfolio, from claims from financial institutions and other interest income, ii) interest expense and similar charges from financial institutions and debt securities in issue.

In the Commercial Banking figures the followings are included i) fee and commission income from loans to customers, credit cards, and letter of guarantees, ii) fee and commission expense credit cards, funds transfer and letters of guarantees. In the Investment Banking figures the followings are included i) fee and commission income from investment products, stock exchange activities, active portfolio management, foreign exchange services, dealing operations, ii) fee and commission expense from investment products, derivative securities, fiduciary services.

Other Operating Income comprises rental income and income from non-banking services.

6 Net interest income

	1.1.-31.12.2009	1.1.-31.12.2008
Interest and similar income		
Loans and receivables	61.473	97.713
Debt securities	48.666	27.425
Loans and advances to banks	1.157	4.487
Other interest and similar income	684	1.287
Total	111.980	130.912
Interest expense and similar charges		
Due to customers	(42.128)	(60.659)
Due to banks	(13.161)	(17.590)
Contributions (Law N.128)	(3.870)	(4.950)
Other interest and similar expense	(15)	(4.478)
Debt securities in issue	(1.020)	(1.183)
Total	(60.194)	(88.860)
Net interest income	51.786	42.052

7 Net fee and commission income

	1.1.-31.12.2009	1.1.-31.12.2008
Fee and commission income		
Investment Banking:		
Investment activities	369	17.172
Securities brokerage	5.178	12.087
Asset management	387	165
Retail Banking:		
Loans and receivables	4.173	7.081
Credit cards	1.095	1.673
Letters of guarantee	914	884
Imports-exports	157	336
Fund Management:		
Foreign currency transactions	259	297
Remittance	104	468
Total	12.636	40.163
Fee and commission expense		
Investment Banking:		
Investment activities	(37)	(2.999)
Securities brokerage	(1.853)	(4.662)
Retail Banking:		
Credit cards	(452)	(765)
Remittance fees/ commissions from LGs	(544)	(89)
Fund Management:		
Fiduciary activities	(72)	(33)
Total	(2.958)	(8.548)
Net fee and commission income	9.678	31.615

8 Dividend income

	1.1.-31.12.2009	1.1.-31.12.2008
Trading securities	51	1.790
Available-for-sale securities	278	1.380
Total	329	3.170

9 Net trading income

	1.1.-31.12.2009	1.1.-31.12.2008
Transaction gains less losses	50.825	(14.858)
Foreign exchange translation and transaction (gains less loss)	385	(7.098)
Securities valuation	(2.403)	(13.973)
Derivative financial instruments	430	1.187
Total	49.237	(34.742)

The increase of net trading income is mainly due to increased gains from transactions of bonds, as a result of the improved conditions that took place in the financial markets. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

10 Net income from financial instruments designated at fair value

	1.1.-31.12.2009	1.1.-31.12.2008
Securities valuation	1.457	(2.610)
Total	1.457	(2.610)

11 Other operating income

	1.1.-31.12.2009	1.1.-31.12.2008
Other income	952	790
Disposal of tangible assets	230	-
Debt repurchased	850	-
Amounts recovered during the period	530	-
Rentals	125	142
Non-banking activities	81	112
Total	2.768	1.044

12 Personnel expense	1.1.-31.12.2009	1.1.-31.12.2008
Salaries	(17.445)	(17.978)
Social security costs	(3.866)	(4.101)
Other employee costs	(1.167)	(1.034)
Pension and retirement costs	(262)	(330)
Share-based payment transactions	(220)	(682)
Total	(22.960)	(24.125)
13 Other administrative expenses	1.1.-31.12.2009	1.1.-31.12.2008
Subscriptions and other contributions	(1.849)	(3.552)
Operating lease rentals	(4.574)	(4.393)
Other expense	(5.315)	(4.203)
Third party fees	(1.965)	(2.555)
Contribution to Hellenic Deposit Guarantee Fund	(1.402)	(1.484)
Taxes and duties	(1.521)	(1.723)
Maintenance costs	(1.915)	(2.004)
Telephone-posting costs	(979)	(1.065)
Promotion and advertising expenses	(222)	(555)
Consumables	(274)	(386)
Utilities	(444)	(471)
Insurance costs	(423)	(355)
Total	(20.883)	(22.746)
14 Depreciation expenses	1.1.-31.12.2009	1.1.-31.12.2008
Identifiable, intangible assets acquired from business combinations	(4.148)	(4.173)
Property, plant and equipment	(2.655)	(2.611)
Other intangible assets	(785)	(762)
Total	(7.588)	(7.546)
15 Impairment losses on financial assets and non financial assets	1.1.-31.12.2009	1.1.-31.12.2008
Loans and receivables	(34.297)	(15.756)
Impairment losses of Proton Insurance	(15.515)	(587)
Available-for-sale equity investments	(1.319)	(11.332)
Impairment losses of Goodwill	-	(11.696)
Other assets	(343)	(3.184)
Total	(51.474)	(42.555)
16 Income tax expense	1.1.-31.12.2008	1.1.-31.12.2008
Current tax	(1.771)	(2.863)
Tax on reserves	-	(336)
Deferred tax	434	4.231
Tax provisions	(359)	(846)
Total	(1.696)	186

On 9 September 2009 the regular tax audit for the years 2007 and 2008 was completed. The audit result was payable taxes € 207.073 and 367.409 respectively. The result of the tax audit has been covered from open tax years provisions formed in prior periods and therefore, there was no impact on the period's income statement. For the un-audited period a relevant provision has been recognized in accordance with the IFRS.

The tax rate for Greek legal entities, in accordance with the articles of the article 109 paragraph 1 Law 2238/1994 runs to 25% for the period 2009.

According Law 3697/2008 tax rate for the next years have as follows:

2010	24%
2011	23%
2012	22%
2013	21%
2014	20%

The calculation of the deferred tax has been based on the tax rate that it is estimated to stand on the applicable tax law when the temporary tax or deductible differences will be reversed.

Due to the inconsistent method according to which tax liabilities are settled in Greece, the Bank remains contingently liable against any additional taxes or penalties imposed for un-audited periods.

The income tax expense charged in the income statement differs with the one that would be calculated by strictly applying the nominal tax rate over the taxable profits.

The here below table depicts a reconciliation of the income tax expense at the consolidated balance sheet date:

Income tax expense charged to the income statement	1.1.-31.12.2009	1.1.-31.12.2008
Profit before tax	12.350	(56.497)
Income tax expense calculated at a 25% tax rate	(3.087)	14.124
Income not subject to tax	2.239	(13.622)
Non-deductible expenses	(913)	(3.356)
Supplementary tax 3% on real estate	(10)	(10)
Tax on tax differences	(359)	(845)
Deferred tax charge to the income statement	434	3.895
Total income tax	(1.696)	186

Further information on deferred income tax assets and liabilities is presented in Note 30.

Deferred income tax assets and liabilities are attributable to the following items:	1.1.-31.12.2009
Loans and receivables	(135)
Allowance for impairment, net of revaluation	(2.187)
Impairment losses of other assets	(427)
Derivative financial instruments	829
Non derivative financial instruments	390
Non-derivative financial instruments	2.331
Property, plant and equipment, and intangible assets	883
Leasing	(133)
Financial assets at Net Present Value	57
Retirement benefit obligations	51
Financial liabilities	(19)
Other liabilities	(1.206)
Total deferred income tax assets and liabilities	434

17 Earnings per share

	1.1.-31.12.2009	1.1.-31.12.2008
Profit/(Loss) after tax	10.654	(56.311)
Less: accrued dividends of preference shares	(4.910)	-
Net profit / (loss) attributable to the share holders of the bank	5.744	(56.311)
Number of ordinary shares	62.683.822	62.683.822
Less: Treasury shares	(760.483)	(760.483)
Number of ordinary shares outstanding at the end of period	61.923.339	61.923.339
Weighted average number of ordinary shares in issue	61.923.339	61.923.339
Basic and diluted earnings per share (expressed in € per share)	0,0927	(0,9094)

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

Basic and diluted earnings per share remain the same, as the Bank does not have ordinary shares to be issued.

18 Other comprehensive income analysis

	1.1-31.12.2009		
	Before Tax	Tax	Net after Tax
Net change in available for sale investment	(54.727)	11.255	(43.472)
	1.1-31.12.2008		
	Before Tax	Tax	Net after Tax
Net change in available for sale investment	(49.381)	9.034	(40.347)

19 Cash and cash equivalents

	31.12.2009	31.12.2008
Cheques receivable	22.899	7.231
Cash in hand and items in course of collection	7.606	8.410
Included in cash and cash equivalents (note 43)	30.505	15.641
Mandatory reserve deposits with the Central Bank	21.183	19.700
Total cash and cash equivalents	51.688	35.341

20 Loans and advances to banks

	31.12.2009	31.12.2008
Interbank deposits	139.410	1.347
Placements with other banks (up to 90 days)	23.891	11.771
Cheques receivable	147	193
Included in cash and cash equivalents (note 43)	163.448	13.311
Placements with other banks (over 90 days))	36.608	32.847
Total	200.056	46.158

21 Loans and receivables

	31.12.2009	31.12.2008
Individuals:		
Mortgages	40.257	40.820
Consumer/personal	97.398	131.068
Credit cards	31.739	33.474
Total loans and receivables to individuals	169.394	205.362

Corporate entities:

Other entities	215.991	192.196
Commercial-insurance	211.191	174.855
Transportation-Telecommunication	168.427	210.616
Building-construction	98.692	117.247
Manufacture	210.715	148.841
Services	108.939	25.957
Small industry	15.293	13.097
Agricultural	5.279	55.024
Energy	5.284	303
Mining	646	892

Total loans and receivables to corporate entities	1.040.457	939.028
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Finance lease receivables (1)	81.553	83.689
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Gross loans and receivables	1.291.404	1.228.079
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Less:
Allowance for losses (impairment) on loans and advances to customers

Individuals:		
Balance at the beginning of the period	(22.040)	(14.180)
Impairment charge for the period	(2.073)	(11.481)
Write offs	1.648	3.621
Total allowances for individuals	(22.465)	(22.040)

Corporate entities:

Balance at the beginning of the period	(20.600)	(21.500)
Impairment charge for the period	(32.226)	(4.180)
Write offs	273	5.080

Total allowances for corporate entities	(52.553)	(20.600)
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Total allowances at the end of the period	(75.017)	(42.640)
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Net loans and receivables	1.216.386	1.185.439
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(1) Finance lease receivables

	31.12.2009	31.12.2008
Gross investment in the lease:		
No later than 1 year	22.999	21.787
Later than 1 year and no later than 5 years	49.061	61.289
Later than 5 years	21.079	16.708
	93.139	99.784

Less: Unearned financial income on finance leases	(11.586)	(16.095)
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Net investment in lease at the end of the period	81.553	83.689
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Present value of minimum lease payments receivable at the end of the period:

No later than 1 year	20.302	17.879
Later than 1 year and no later than 5 years	42.713	52.176
Later than 5 years	18.538	13.634

Total	81.553	83.689
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22 Derivative financial instruments held for trading
As at 31 December 2009:

	Contract/ notional amount	Fair values	
		Assets	Liabilities
OTC derivatives			
- Interest rate swaps	258.447	3.803	(12.399)
- Options	1.807.298	13.809	(13.772)
- Forwards	112.520	-	(671)
- Credit default swaps	43.601	935	(91)
Total identifiable derivative assets/(liabilities) held for trading	2.221.866	18.547	(26.933)

As at 31 December 2008:

Derivatives	Contract/ notional amount	Fair values	
		Assets	Liabilities
a) Foreign exchange derivatives			
- Options	537	31	-
- Forwards	116.078	-	-
	116.615	31	-
b) OTC derivatives			
- Interest rate swaps	185.553	2.618	(2.488)
- Options	1.870.019	14.805	(14.805)
- Forwards	158.498	3.121	-
- Credit default swaps	63.346	611	(3.377)
	2.277.416	21.155	(20.670)
Total identifiable derivative assets/(liabilities) held for trading	2.394.031	21.186	(20.670)

23 Derivative financial instruments held for hedging
Fair value hedging
As at 31 December 2009:

	Contract/ notional amount	Fair values	
		Assets	Liabilities
Interest rate swaps	110.000	-	(1.909)
Total derivatives assets/(liabilities) held for hedging	110.000	-	(1.909)

The Group uses derivative products in order to hedge exposure to market risk. The hedging is achieved by offsetting either specific items or all or part of a portfolio. The practices and the hedging accounting are presented in note 2.9.

Specifically, the Group in 2009, using fair value hedging offsets the interest rate risk arising from a possible decline in the fair value of bonds that are included in the available for sale items with fixed interest rate. It also offsets the interest rate risk from the debt securities in issue. In both cases the hedging is achieved by using interest rate swaps.

24 Financial assets at fair value through profit or loss

	31.12.2009	31.12.2008
Equity securities	7.771	6.975
Corporate bonds	98.508	96.896
Government bonds	20.817	16.230
Mutual funds	1.106	1.118
Total	128.202	121.219

25 Financial assets designated at fair value

	31.12.2009	31.12.2008
Corporate bonds	35.791	38.255
Total	35.791	38.255

The here above figure refers to structured products which are revalued at their fair value and conform to the IAS 39.

26 Held-to-maturity investments

	31.12.2009	31.12.2008
Government bonds	-	6.664
Total	-	6.664

27 Available-for-sale assets

	31.12.2009	31.12.2008
Government bonds	651.718	130.749
Corporate bonds	390.889	157.128
Equity securities	16.585	19.400
Other investments	3.302	2.146
Total	1.062.494	309.423

All the above mentioned available-for-sale financial assets are reported at their fair value.

An amendment to IAS 39 and IFRS 7 has been adopted, under which the Bank during the 3rd quarter of 2008 an amount of € 22 million representing the market value of equity securities listed in the Athens Exchange as of June 30th 2008, has been transferred from "Financial assets at fair value through profit or loss" to "Available-for-Sale Investment Securities" due to the extraordinary conditions prevailing in the financial markets; it is estimated that the market value of these equity securities does not represent the internal value of the underlying business entities. The Bank intends to hold these securities and not to dispose them in the near future. The valuation of these securities, for the period 1.1.2009 to 31.12.2009, amounts to € 98 thousand. The bank has proceeded to the impairment of these securities by € 1.538 thousands directly in the income statement, and the amount of € 1.635 thousand, has been recognized directly in "Available-for-Sale Reserve". The accumulated revaluation losses for the aforementioned securities, for the period 1.7.2008 to 31.12.2009, amounting to €7.5 million, have equally been recognized directly in "Available-for-sale Reserve".

Additionally, the Group proceeded to a further impairment of investments held for sale amounting to €14 million.

The below table summarizes the movement of investment securities

	Available for sale	Held to maturity	Total
Balance at the beginning of the period	309.423	6.664	316.087
Additions	813.199	-	813.199
Disposals	-	(6.664)	(6.664)
Received from coupons	7.699	-	7.699
Accruals	4.494	-	4.494
Impairment losses	(15.515)	-	(15.515)
Gains/(losses) from changes in fair value	(56.806)	-	(56.806)
Balance at the end of the period	1.062.494	-	1.062.494

28 Investment in subsidiaries and associates

	31.12.2009	31.12.2008
Investments in subsidiaries	15.424	22.480
Investments in associates	2.274	1.164
Total	17.698	23.644

In the non-consolidated financial statements, investments in subsidiaries and associates are carried at fair value according to IAS 39, as available for sale financial assets measured at fair value with changes in fair value directly recognized in equity.

28.1. Investment in subsidiaries

Investments in subsidiaries are presented in the table below:

As at 31 December 2009

Name	Country	Participation %
Proton Mutual Funds SA	Greece	99,91%
First Global Brokers SA	Serbia	88,76%
Omega Brokerage SA	Greece	66,00%
Intellectron Systems SA	Greece	55,64%

As at 31 December 2008

Name	Country	Participation %
Proton Mutual Funds SA	Greece	99,91%
First Global Brokers SA	Serbia	82,49%
Omega Brokerage SA	Greece	66,00%
Proton Insurance SA	Greece	92,71%
Intellectron Systems SA	Greece	55,64%

b) On May 7th 2009, the Bank finalized the transfer of 92,71% of the share capital of "PROTON INSURANCE SA" to "ASPIS HOLDINGS PUBLIC COMPANY LIMITED", a company registered in Cyprus and listed in the Cyprus Stock Exchange. The equity investment in Proton Insurance, for the period of January 1st to May 7th 2009, has been reported as a discontinued operation in the consolidated financial information. The fair value of the sale price was € 7 million and until December 31st 2009, the Bank had received € 3 million.

28.2. Investment in associates

Investments in associates are presented in the table below:

As at 31 December 2009

Name	Country	% Participation *	Assets	Liabilities	Income	Profit	Carrying value
Omega Portfolio Investment Co. SA	Greece	24,88%	9.208	60	527	199	2.274

As at 31 December 2008

Name	Country	% Participation *	Assets	Liabilities	Income	Profit	Carrying value**
Omega Portfolio Investment Co. SA	Greece	29,43%	9.055	116	(5.492)	(5.882)	1.164

*(31.12.2009: indirect 0% as a result of PROTON INSURANCE SA transaction, direct 24,88%. 31.12.2008: indirect 4,55%, direct 24,88%)

On June 15th, 2009 the Annual Shareholders' General Meeting decided the termination and liquidation of the company

** (The Carrying value is calculated in direct proportion)

During the period the following changes took place in the Bank's portfolio investments in subsidiaries and associates:

Balance at 1 January 2009	23.644
Disposal of subsidiary	(7.056)
Losses from changes in fair value of associate	1.110
Balance at 31 December 2009	17.698

Balance at 1 January 2008	48.261
Participation in the increase of share capital (Proton Insurance SA)	1.200
Disposal of subsidiary Omega Kahn Financial Services S.A.	(54)
Gains from changes in fair value of subsidiary	(23.502)
Losses from changes in fair value of associate	(2.277)
Purchases of associate shares	16
Balance at 31 December 2008	23.644

29 Intangible assets
As at 31st December 2009:

	Combination difference	Other	Software	Total
Balance at 1 January 2009				
Cost	85.589	19.538	3.920	109.047
Accumulated depreciation	(11.696)	(9.388)	(1.633)	(22.717)
Net book value	73.893	10.150	2.287	86.330
Year ended 31 December 2009				
Opening net book value	73.893	10.150	2.287	86.330
Additions	-	-	21	21
Depreciation charge	-	(4.148)	(785)	(4.933)
Closing net book value	73.893	6.002	1.523	81.418
Balance at 31 December 2009				
Cost	85.589	19.538	3.941	109.068
Accumulated depreciation	(11.696)	(13.536)	(2.418)	(27.650)
Net book value	73.893	6.002	1.523	81.418

As at 31st December 2008:

	Combination difference	Other	Software	Total
Balance at 1 January 2008				
Cost	85.589	19.538	3.620	108.747
Accumulated depreciation	-	(5.215)	(871)	(6.086)
Net book value	85.589	14.323	2.749	102.661
Year ended 31 December 2008				
Opening net book value	85.589	14.323	2.749	102.661
Additions	-	-	300	300
Impairment	(11.696)	-	-	(11.696)
Depreciation charge	-	(4.173)	(762)	(4.935)
Closing net book value	73.893	10.150	2.287	86.330
Balance at 31 December 2008				
Cost	85.589	19.538	3.920	109.047
Accumulated depreciation	(11.696)	(9.388)	(1.633)	(22.717)
Net book value	73.893	10.150	2.287	86.330

29.1 Impairment testing of goodwill

Goodwill has been generated from the acquisition of Omega Bank and refers to the excess of the cost of acquisition over the fair value of the Bank's share of the net identifiable assets of the acquired company at the date of acquisition.

Goodwill is allocated to cash-generating units for the purpose of impairment testing; each of those cash-generating units is represented by each primary reporting segment. Goodwill has been allocated in the cash-generating units, comprising the banking operations, namely commercial banking and investment banking.

The third impairment testing of the goodwill resulting from the acquisition of Omega Bank and its subsidiaries on 29 September 2006 finalized on 31 December 2009. The recoverable amount of the cash-generating units has also been determined based on value in use calculations. For the determination of the value in use, the pre-tax expected future cash flows has been utilized based on the approved by the management business plan and projections covering a five-year period. The estimation of the pre-tax expected future cash flows beyond the current period of five years has been resulted by utilizing the average growth. The estimation of pre-tax expected future cash flows requires high degree of management judgment and is based on assumptions about future events, and know-how from trends and elements from the past. The key assumptions used for the value in use calculations are the following:

Key assumptions for the year 2009:

Average growth of net interest and similar income 2010-2014	11,00%
Average growth of profits 2010-2014	20,00%
Average growth of loans and receivables 2010-2014	13,00%
Average growth of customer deposits 2010-2014	11,00%
Average growth of the risk weighted assets 2010-2014	11,00%
Minimum capital requirements (Tier I) (year 2014)	11,24%
Average growth after 2014	2,0%
Discount rate (pre-tax cost of equity)	12,10%

Key assumptions for the year 2008:

Average growth of net interest and similar income 2009-2012	16,4%
Average growth of profits 2009-2012	55,8%
Average growth of loans and receivables 2009-2012	24,6%
Average growth of customer deposits 2009-2012	25,5%
Average growth of the risk weighted assets 2009-2012	21,1%
Minimum capital requirements (Tier I) (year 2012)	8,5%
Average growth after 2012	2,0%
Discount rate (pre-tax cost of equity)	12,5%

The average growth of net interest and similar income has been estimated by the management based on past experience, together with the provision for the growth of loans and advances and the net interest margin of the market in the future.

The average growth of loans and advances has been estimated by the management based on the market growth, macroeconomics conditions prevailing in the future, the growth of branch network and development of the product bundle.

On 31 December 2009, the average recovery value amounted to 380.006 thousands €, exceeds by 58.635 thousands € of the respective accounting value which also included the goodwill amounted to 321.371 thousands €.

The calculation of the recovery value has been estimated by the management business plan and projections with respect of future events and parameters of the market which might not be verified. Specifically, the recovery value is especially sensitive on the projections of the average growth of net interest and similar income, the future average growth and the cost of funds. Any negative variation on the above mentioned might result on further impairment losses of goodwill. If the future annual growth is limited to 1,50% and the cost of funds calculated to 12,60%, the recovery value will be totalled to 360.493 thousands € and exceeds by 39.122 thousands € of the respective accounting value which also included the goodwill amounted to 321.371 thousands €.

30 Property, plant and equipment
As at 31st December 2009:

	Land	Buildings	Machinery	Vehicles	Furniture	Total
Balance at 1 January 2009						
Cost	7.233	15.439	78	180	10.819	33.749
Accumulated depreciation	-	(2.879)	(45)	(136)	(3.924)	(6.984)
Net book value	7.233	12.560	33	44	6.895	26.765
Year ended 31 December 2009						
Opening net book value	7.233	12.560	33	44	6.895	26.765
Additions	-	19	-	6	226	251
Disposals - cost of acquisition	-	(596)	-	(3)	(27)	(626)
Disposals - accumulated depreciation	-	373	-	2	7	382
Impairment: cost of acquisition	-	(425)	(23)	-	(630)	(1.078)
Impairment: accumulated depreciation	-	211	23	-	602	836
Depreciation charge	-	(1.054)	(11)	(27)	(1.563)	(2.655)
Closing net book value	7.233	11.088	22	22	5.510	23.875
Balance at 31 December 2009						
Cost	7.233	14.437	55	183	10.388	32.296
Accumulated depreciation	-	(3.349)	(33)	(161)	(4.878)	(8.421)
Net book value	7.233	11.088	22	22	5.510	23.875

As at 31st December 2008:

	Land	Buildings	Machinery	Vehicles	Furniture	Total
Balance at 1 January 2008						
Cost	7.233	14.878	72	180	9.894	32.257
Accumulated depreciation	-	(1.813)	(35)	(109)	(2.491)	(4.448)
Net book value	7.233	13.065	37	71	7.403	27.809
Year ended 31 December 2008						
Opening net book value	7.233	13.065	37	71	7.403	27.809
Additions	-	561	6	-	1.260	1.827
Disposals - cost of acquisition	-	-	-	-	(156)	(156)
Disposals - accumulated depreciation	-	-	-	-	32	32
Impairment: cost of acquisition	-	-	-	-	(179)	(179)
Impairment: accumulated depreciation	-	-	-	-	43	43
Depreciation charge	-	(1.066)	(10)	(27)	(1.508)	(2.611)
Closing net book value	7.233	12.560	33	44	6.895	26.765
Balance at 31 December 2008						
Cost	7.233	15.439	78	180	10.819	33.749
Accumulated depreciation	-	(2.879)	(45)	(136)	(3.924)	(6.984)
Net book value	7.233	12.560	33	44	6.895	26.765

31 Non-current assets held-for-sale

	31.12.2009	31.12.2008
Land	304	304
Buildings	956	833
Total	1.260	1.137
Transfer to other assets	(1.260)	-
Total	-	1.137

The account includes land acquired from foreclosure and auctions.

32 Deferred tax assets/ liabilities

	31.12.2009	31.12.2008
Deferred tax assets:		
Financial assets designated at fair value through profit or loss	2.199	2.971
Financial assets designated at fair value through equity	20.848	9.593
Financial assets	670	613
Impairment losses of Available for sale securities	3.103	-
Financial liabilities	108	127
Derivatives	1.893	1.072
Commission from loans and advances	-	29
Provisions for bad debts	-	1.514
Retirement benefit obligations	295	244
Capital increase	141	-
Other assets	204	632
Total	29.461	16.795
Deferred tax liabilities:		
Intangible assets	(1.441)	(2.598)
Property, plant and equipment	(827)	(715)
Investment in subsidiaries and associations	-	(390)
Provisions for bad debts	(672)	-
Effective rate of loans	(106)	-
Financial assets	(1.205)	-
Finance leases	(294)	-
Derivatives listed on the Athens Derivatives exchange	-	(7)
Total	(4.545)	(3.710)
Net deferred tax asset	24.916	13.085

The movement in the deferred tax has as follows:

Balance at 1 January 2009	13.085
Deferred tax assets / (liabilities) from:	
Loans and receivables	(135)
Provisions for bad debts less revaluation of loans and receivables OMEGA (note 4a)	(2.186)
Provisions for other assets	(428)
Derivative financial instruments	828
Investment in held for sale securities	390
Non-derivative financial instruments	13.586
Intangible assets	883
Leasing	(133)
Financial assets, at net present value	57
Retirement benefit obligations	51
Financial liabilities	(19)
Other liabilities	(1.204)
Capital increase	141
Balance at 31 December 2009	24.916

33 Other assets

	31.12.2009	31.12.2008
Receivables from brokerage	44	212
Receivables from foreign stock exchange	1.742	3.534
Other debtors	17.877	22.446
Contributions to Co-Guarantee Fund and Supplementary Fund	10.230	6.013
Greek state, prepaid taxes	11.351	13.042
Inventories - property	1.260	-
Bad debts, other than loans and receivables	575	3.575
Credit card receivables	60	1.686
Guarantees	9.383	2.893
Advances to third parties	36	44
Receivables from transactions for third parties	110	64
Short term receivables from subsidiaries other than loans	128	118
Advances to employees	41	14
	52.837	53.641
Less: allowances for impairment		
Balance at the beginning of the period	(7.480)	(5.025)
Impairment charge for the period	(343)	(3.278)
amounts recovered during the period	570	-
Write offs	5.030	823
Total	50.614	46.161

34 Due to banks

	31.12.2009	31.12.2008
Repurchase agreements (repos)	220.506	61.087
Deposits from other banks	795.066	585.601
Current accounts	19.078	20.587
Time deposits	40.807	21.773
Total	1.075.457	689.048

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

35 Due to customers

	31.12.2009	31.12.2008
Individuals:		
Time deposits	974.920	534.660
Under caution	11.303	2.761
Savings accounts	88.043	46.828
Current accounts	13.021	11.018
	1.087.287	595.267
Corporate entities:		
Current accounts	138.825	42.721
Time deposits:		
Corporate entities	86.223	99.763
Other time deposits	27.909	27.950
Municipal corporations	10.497	5.878
	263.454	176.312
Margin accounts	34.459	104.674
Pledged deposits	51.275	48.206
Blocked deposits	15.721	15.477
Total	1.452.196	939.936

36 Debt securities in issue

	31.12.2009	31.12.2008
Debt securities in issue	18.521	25.255
Total	18.521	25.255

Standard loan Eurobond with duration of 10 years, till 13 July 2017, closely related with DBFRB USD Index. The main elements of the debt securities in issue are as follows:

Issue date: 13 July 2007
 Principal amount: 20.000.000 euros
 Bond coupons: quarterly
 Interest rate:

For the first six quarters 4, 65%
 From the seventh till the 10th quarter 8, 50%, less the cumulative yield of the FRB index with a range of 8, 50% (max) and 0, 00% (min)
 From the 11th till the 14th quarter 8,75%, less the cumulative yield of the FRB index with a range of 8,75% (max) and 0, 00% (min)
 From the 15th till the 22nd quarter 9,25%, less the cumulative yield of the FRB index with a range of 9,25% (max) and 0, 00% (min)
 From the 23rd till the 38th quarter 9,75%, less the cumulative yield of the FRB index with a range of 9, 75% (max) and 0, 00% (min)

Form and denomination: The Bond Loan is constituted of four hundred (400) Bonds and the nominal amount of each Bond is EUR 50,000. The aggregate nominal amount of the Bonds shall be EUR 20,000,000. The Bonds will be issued in Bond Certificates each one of which comprises one or more Bonds.

Duration: 10 years

Scheduled redemption: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Final Maturity Date.

Purpose of the issuance: To strengthen solvency.

The Bank hedges its interest rate risk from the dept. The hedging is achieved by using interest rate swap. The valuation was made by € 1.665 mm (positive).

37 Retirement benefit obligations

	31.12.2009	31.12.2008
Amounts recognized in the balance sheet:		
Present value of defined benefit obligations	1.658	1.460
Unrecognised actuarial losses	(182)	(240)
Total liabilities at end of the year	1.476	1.220
Amounts recognized in the income statement:		
Current service cost	263	233
Interest cost	80	61
Net actuarial losses recognized	10	5
Cutback effect	(94)	31
Removal personnel	3	-
Total	262	330
Principal actuarial assumptions:		
Discount rate	5,90%	5,50%
Future salary increases	4,70%	4,70%
The movement in the defined benefit obligation over the year has as follows:		
Balance at 1 January	1.220	1.079
Charge in the income statement	262	330
Benefits paid	(6)	(189)
Total	1.476	1.220

38 Current income tax liabilities

	31.12.2009	31.12.2008
Income tax expense	3.236	1.252
Tax provision in tax reviews	359	1.671
Total	3.595	2.923

39 Other liabilities

	31.12.2009	31.12.2008
Taxes and duties payable:		
Taxes from interest on deposits	298	377
Taxes and duties from salaries	376	398
Other taxes and duties payable	603	192
Payables to social security funds	929	933
Other liabilities:		
Due from settlement of brokerage transactions	240	25
Suppliers and other liabilities	7.642	4.956
Salaries payable	58	54
Dividends payable	81	112
Total	10.227	7.047

40 Share capital

	31.12.2009	31.12.2008
Paid up share capital at beginning of period	281.450	281.450
Issue of preference shares	80.000	-
Total	361.450	281.450
Ordinary shares (number of shares):		
Balance at the beginning of the period	62.683.822	62.683.822
Treasury shares	(760.483)	(760.483)
Issue of preference shares	17.817.371	-
Total number of ordinary and preference shares in circulation	79.740.710	61.923.339

The Extraordinary General Meeting of Shareholders in 28.1.2009 decided to increase its share capital by € 80 million by issuing preferred shares to the Greek government, as provided by Law 3723/2008. "Enhance the liquidity of the economy and tackling the impact of global financial crisis."

In the context of article 1 of Law 3723/2008 "Enhancement of the Greek economy's liquidity in the context of the current global financial crisis", the Bank issued, on 21 May 2009, 17.817.371 non-voting preference shares at a €4,49 per share. These shares have been fully subscribed to by the Greek State in exchange of Greek Government Bonds transferred to the Bank. In accordance with the current legal and regulatory framework the issued shares have been classified as tier 1 capital for regulatory purposes.

The preference shares pay a non-cumulative coupon of 10%, subject to the following conditions: (a) meeting Bank of Greece minimum capital adequacy requirements at Bank and Group level, following such coupon payment, (b) availability of distributable reserves in accordance to article 44^o of C.L. 2190/1920, and (c) the approval of the General Assembly of the Bank's Common Shareholders. In case the Bank does not satisfy the minimum capital adequacy ratios set by the Bank of Greece, five years after the issue of the preference shares, then the shares are converted to common stock, subject to the approval of the Minister of Economy and Economics. If however, the Bank has sufficient capital adequacy, then the preference shares are mandatorily redeemable after five years or optionally before that.

The above recapitalisation scheme was approved by the European Union ("EU") on 19 November 2008. On 15 January 2009, the EU issued relevant application guidelines, clarifying that although the recapitalisation measures aim to enhance the capital adequacy of the banking sector and should not have the characteristics of debt, they should also contain appropriate incentives for State capital to be redeemed when the market and the regulator so allows.

The preference shares pay a non-cumulative coupon 10%, subject to achieving the minimum capital adequacy requirements as defined by the Bank of Greece, the existence of the necessary provisions for disposal according to article 44a of Law 2190/1920 and approval by the Annual General Meeting. Under the draft law which was tabled for adoption by the Ministry of Economy and Finance in the Greek Parliament on March 17, 2010, the coupon of the preferred shares of banks can be increased by 2% annually after the first five years. After five years of issuing preferred shares, these shares can be converted into common shares subject to the approval of the Bank of Greece and the Ministry of Economy and Finance.

41 Share premium

	31.12.2009	31.12.2008
Balance at the beginning of the period	85.478	85.478
Cost of capital increase	(739)	-
Total	84.739	85.478

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

42 Other reserves

	31.12.2009	31.12.2008
Available-for-sale reserve:		
Balance at the beginning of period	(39.465)	882
Gains form change in fair value	(43.472)	(40.347)
Total available-for-sale reserve	(82.937)	(39.465)
Statutory reserves:		
Balance at the beginning of period	2.442	1.496
Movements	-	946
Total statutory reserves	2.442	2.442
Stock option reserves :		
Balance at the beginning of period	1.665	983
Movements	220	-
Stock option reserve	(1.885)	682
Total stock option reserves	-	1.665
Total reserves	(80.495)	(35.358)

43 Cash and cash equivalents

	31.12.2009	31.12.2008
Loans and advances to banks (note 20)	163.448	13.311
Cash and balances with the Central Bank (note 19)	30.505	15.641
Total	193.953	28.952

44 Contingent liabilities and commitments
44.1 Legal proceedings

There are some receivables and legal actions against the Bank in the ordinary course of business. Except of a allowances of 109 thousands of euros no other provision in relation to these claims has been recognized, as, the final court decisions are not expected to have a material impact on the financial information of the Bank.

44.2 Letters of guarantee /Irrevocable letters of credit

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

	31.12.2009	31.12.2008
Letters of guarantee	88.704	104.767
Irrevocable letters of credit	1.010	1.177
Total	89.714	105.944

44.3 Pledged assets

Greek Government debt securities with a nominal value of 1.500 thousands of euros as well banking shares with a fair value of 499 thousands of euros have been pledged by HELEX.

Greek Government debt securities with a nominal value of 478.500 thousands of euros, foreign government bonds with a nominal value of 22.000 thousands of euros, foreign corporate bonds with a nominal value of 355.390 thousands of euros and other corporate bonds with a nominal value of 15.000 have been pledged by Bank of Greece.

44.4 Capital commitments

(a) The Bank leases for its operating purposes, offices for head quarters and branches. The future minimum lease payments under non cancelable operating leases have as follow:

	31.12.2009	31.12.2008
Lease payments no later than 1 year	3.279	4.205
Lease payments later than 1 year and no later than 5 years	10.645	16.259
Lease payments later than 5 years	5.617	4.256
Total	19.541	24.720
Monthly lease payments	283	350
Guarantees which will be offset at lease termination	520	624

(b) The Bank leases vehicles for private use. The future minimum lease payments for cars under non cancelable operating lease arrangements have as follow:

Leased tangible assets: vehicles for private use.

Lease term: 4 years per leased vehicle.

Lease guarantees offset at the end of the lease: 16 thousands of euros.

Accrued lease payments recognized in the income statement during the period: 393 thousands of euros.

	<u>31.12.2009</u>	<u>31.12.2008</u>
Lease payments no later than 1 year	225	292
Lease payments later than 1 year and no later than 5 years	198	393
Total	423	685

(c) Loan commitments and other liabilities 283.503 thousands of euros.

(d) Greek Government debt securities with a nominal value of 50.000 thousands of euros

44.5 Stock option plan

On 24 November 2006, the Extraordinary General Shareholders' Meeting of the Bank approved a share option plan for the members of the Board of Directors, key management personnel, its employees and the Bank's related companies in the form of stock options according to the article 13 par 9 of Law 2190/1920 after the proposition of the Board of Directors and the Compensation Committee. The options are conditional on the beneficiaries remaining during the options life under employment or other relationship with the Bank or Group companies (vesting period). The options are exercisable every November starting from the year of the grant and have a contractual option term of three (3) years. The Bank has no legal or constructive obligation to repurchase or settle the options in cash.

Share options were granted on 15 June 2007 with an exercise price of 10,46 euro. The fair value of options granted during the period determined using the Black-Scholes valuation model with the methodology of Monte Carlo simulation to 0,55 per option (0,28 euro for the period A, 0,57 euro for the period B, and 0,80 euro for the period C). The significant inputs into the model were: share price at the grant date (9,96 euro), the exercise price, option life (as described above), expected volatility of share prices (12%), expected dividend yield (2,5%) and the risk free rate (swap rate yield curve). Thus, an analysis of the existing stock option plan is as follows:

Exercise date	Expire date	Exercise price (in euros)	Fair value right in euro	31.12.2009	31.12.2008
30.11.2007	30/11/2009	10,46	0,28	-	1.401.183
30.11.2008	30/11/2009	10,46	0,57	-	1.401.183
30.11.2009	30/11/2009	10,46	0,80	-	1.401.183
Total of outstanding stock options:				-	4.203.550

On 30 November 2009 expired the exercise period without the stock options were exercised. On the basis of the share stock option plan, non exercised share options were lapsed after the end of the vesting period. Because of the above occasion the share capital of Proton Bank was not altered.

The change of the number of stock options for this period presents as follows:

	<u>2009</u>	<u>2008</u>
Balance at 1 January	4.203.550	4.642.855
Options amortized	-4.203.550	-439.305
Balance at 31 December	-	4.203.550

44.6 Purchase treasury shares

On 24 November 2006, the Extraordinary General Shareholders' Meeting of the Bank approved the repurchase of treasury shares up to and including 10% of the total authorized and issued number of ordinary shares, namely up to and including six million two hundred sixty eight thousands three hundred eighty two (6.268.382) shares in a price width from five (5,00 €) to fifteen (15,00 €) euros per share in a time interval up to and including 12 months from the date of approval by the Extraordinary General Shareholders' Meeting. The total number of own shares bought-until December 31, 2009 by the Bank amounted to 760.483 shares. total acquisition value of 7.668 thousand euros, representing 1.2% of the total shares of the Bank

45 Related party transactions

Related parties include: a) Members of the Board of Directors, b) close members of the family and financial dependant of the above c) subsidiaries and associate companies of the Bank.

By decision of the Board of Directors, in applying to Bank of Greece Governor's Acts 2577/9.3.2006, agreed limits and procedures of the Bank for any form of credit or equity for the people who have a special relationship with the Bank.

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

I. Subsidiaries

	31.12.2009	31.12.2008
Assets		
Loans	-	3.718
Other assets (receivables)	55	111
Total	55	3.829
Liabilities		
Deposits	6.056	21.920
Total	6.056	21.920
	1.1.-31.12.2009	1.1.-31.12.2008
Income		
Interest and similar income	-	274
Other operating income	104	287
Total	104	561
Expenses		
Interest expense and similar charges	191	915
Administrative expenses	-	22
Total	191	937
	31.12.2009	31.12.2008
Letters of guarantee	921	1.066
Total	921	1.066

II. Associated companies

	31.12.2009	31.12.2008
Assets		
Other receivables	8	60
Total	8	60
Liabilities		
Deposits	9.190	7.144
Total	9.190	7.144
	1.1.-31.12.2009	1.1.-31.12.2008
Expenses		
Other operating expenses	253	242
Total	253	242
Income		
Interest and similar income	42	56
Total	42	56

III. Directors and key management personnel

	31.12.2009	31.12.2008
Assets		
Loans	123.956*	25.160
Total	123.956	25.160
Liabilities		
Deposits	111.671	30.170
Total	111.671	30.170
Income		
Interest and similar income	1.058	2.375
Total	1.058	2.375
Expenses		
Salaries and other remuneration	1.633	4.566
Interest expense and similar charges	132	2.191
Total	1.765	6.757
Letters of guarantee	-	245
Total	-	245

* Loans to members of the Board of Directors, managers and companies direct or indirect interest include an amount of 14.7 million, which is part of the total funding 98.5 million. This amount refers, in accordance with the terms of contracts, to credit risk correspondent to affiliated parties.

46 Events after the balance sheet date

During 2010 there has been deterioration in the Greek sovereign risk, as reflected in the widening of the Greek Government spreads. The macroeconomic risks affecting the Bank and the measures announced by the Greek Government in 2010 to address the fiscal imbalances are analysed in the BoD Management Report.

Athens, 29 March 2010

The Executive Vice Chairman of the Board

The Chief Executive Officer

Anthony I. Athanassoglou

Tryphon E. Kollintzas

The Chief Financial Officers

Georgios S. Nikiforakis

Polychronis V. Karachalios

VI. FINANCIAL STATEMENTS AND INFORMATION OF PROTON BANK AND THE GROUP FOR THE FISCAL YEAR 01.01.2009 - 31.12.2009

PROTON BANK S.A.
 Company Registration No: 49841/06/19/01/31 - 20 Estin & Amaliados Street, Ambelokipi 115 23
FINANCIAL STATEMENTS AND INFORMATION FOR THE PERIOD
 from 1 January to 31 December 2009

(In accordance with Codified Law 2190/20 article 135, concerning businesses that prepare annual financial statements, consolidated or not, in accordance with International Accounting Standards, I.A.S.)

The financial information set out below provides a general presentation of the financial position and results of Proton Bank A.E. and the Group. Therefore, we recommend to the reader, before any investment decision or transaction is performed with the Bank, to visit the web site of the Bank, where the financial statements as well as the auditor's report are available.

COMPANY'S PROFILE

Supervising authority

Web site:

Date of approval by the Board of Directors of the Financial Statements for the period ended as at December 31th, 2009:

Certified Auditors:

Audit company:

Type of Auditor's Report:

Bank of Greece, Ministry of Economy, Competitiveness and Shipping
www.proton.gr
 March 29, 2010

Konstantinos Michalatos
 PRICEWATERHOUSECOOPERS S.A.
 Unqualified opinion

THE MEMBERS OF THE BOARD OF DIRECTORS CONSIST OF:

1. Lavrentios V. Lavrentiadis	Chairman (Non-Executive Member)
2. Anthony I. Athanassoglou	Vice-Chairman (Executive Member)
3. Tryphon E. Kollintzas	Managing Director (Executive Member)
4. Athanasios I. Paspaliou	Deputy Managing Director (Executive Member)
5. Dimitrios G. Saramantis	Deputy Managing Director (Executive Member)
6. Smaragda D. Liarmakopoulou	Executive Member
7. Evaggelos D. Papaevangelou	Non-Executive Member
8. Theodoros D. Asimakopoulos	Non-Executive Member
9. Eleni I. Skoura	Non-Executive Member
10. Panagiotis D. Alexakis	Independent Non-Executive Member
11. Gerassimos G. Sapountzoglou	Independent Non-Executive Member

STATEMENT OF FINANCIAL POSITION
 Amounts in thousand euros

	GROUP		BANK	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
ASSETS				
Cash and balances with Central Banks	51,975	35,386	51,688	35,341
Loans and advances to banks	200,113	46,260	200,056	46,158
Loans and advances to customers	1,216,386	1,181,720	1,216,386	1,185,439
Derivative financial assets	18,547	21,186	18,547	21,186
Financial assets at fair value through profit or loss	128,243	121,716	128,202	121,219
Financial assets designated at fair value	38,341	38,255	35,791	38,255
Investment securities:				
-Held-to-maturity	-	6,664	-	6,664
-Available-for-sale	1,062,494	309,424	1,062,494	309,423
Investments in subsidiaries and associates	2,275	2,221	-	17,698
Investments in associates	83,035	87,947	81,418	86,330
Intangible assets	23,882	26,796	23,875	26,765
Property, plant and equipment	24,904	13,094	24,916	13,085
Deferred tax assets	54,207	48,808	50,614	46,161
Other assets	2,904,402	1,939,477	2,911,685	1,959,670
Non-current assets held for sale	-	36,602	-	1,137
TOTAL ASSETS	2,904,402	1,976,079	2,911,685	1,960,807
LIABILITIES				
Due to banks	1,075,846	689,254	1,075,457	689,048
Due to customers	1,446,140	918,015	1,452,196	939,936
Derivative financial liabilities	26,933	20,670	26,933	20,670
Hedging derivatives	1,909	-	1,909	-
Debt securities in issue	18,521	25,255	18,521	25,255
Retirement benefit obligations	1,551	1,293	1,476	1,220
Current income tax liabilities	3,592	2,949	3,595	2,923
Other liabilities	13,433	9,163	10,227	17,047
Liabilities related to non-current assets held for sale	2,587,925	1,666,599	2,590,314	1,686,099
	-	41,172	-	-
Total liabilities	2,587,925	1,707,771	2,590,314	1,686,099
EQUITY				
Share capital	361,450	281,450	361,450	281,450
Share premium	84,739	85,446	84,739	85,478
less: Treasury shares	(7,668)	(8,646)	(7,668)	(7,668)
Other reserves	(81,255)	(34,062)	(80,495)	(35,358)
Retained earnings	(40,692)	(56,200)	(36,655)	(49,191)
	316,374	267,988	321,371	274,708
Minority interest	103	320	-	-
Total equity	316,477	268,308	321,371	274,708
TOTAL EQUITY AND LIABILITIES	2,904,402	1,976,079	2,911,685	1,960,807

STATEMENT OF CASH FLOWS
 Amounts in thousand euros

	GROUP		BANK	
	1 Jan-31 Dec 2009	1 Jan-31 Dec 2008	1 Jan-31 Dec 2009	1 Jan-31 Dec 2008
Operating activities from continuing activities	900,032	(125,831)	895,500	(125,130)
Operating activities from discontinued activities	-	306	-	-
Total inflows / (outflows) from operating activities (a)	900,032	(125,525) #	895,500	(125,130)
Investing activities from continuing activities	(806,180)	(68,618)	(803,529)	(68,796)
Investing activities from discontinued activities	(1,856)	43	-	-
Total inflows / (outflows) from investing activities (b)	(808,036)	(68,575)	(803,529)	(68,796)
Financing activities from continuing activities	73,030	(13,599)	73,030	(13,572)
Financing activities from discontinued activities	-	(87)	-	-
Total inflows / (outflows) from financing activities (c)	73,030	(13,686)	73,030	(13,572)
Net increase / (decrease) in cash and cash equivalents for the year (a) + (b) + (c)	165,026	(207,786)	165,001	(207,498)
Cash and cash equivalents at the beginning of the year	29,231	237,017	28,952	236,450
Cash and cash equivalents at the end of the year	194,257	29,231	193,953	28,952

STATEMENT OF CHANGES IN EQUITY
 Amounts in thousand euros

	GROUP		BANK	
	1 Jan-31 Dec 2009	1 Jan-31 Dec 2008	1 Jan-31 Dec 2009	1 Jan-31 Dec 2008
Equity at the beginning of the period (01/12/2009 and 01/12/2008 respectively)	268,308	367,565	274,708	383,069
Total comprehensive income after tax (Continuing and Discontinued Activities)	(32,180)	(87,541)	(32,818)	(96,658)
Issue of 17.817.371 preference shares	80,000	-	80,000	-
Cost in share capital increase	(739)	-	(739)	-
Dividends paid	(95)	(12,412)	-	(12,385)
Fair value of employee services - employee stock option plan	220	682	220	682
Change in participation interest in subsidiaries	963	14	-	-
Equity at the end of the period (31/12/2009 and 31/12/2008 respectively)	316,477	268,308	321,371	274,708

COMPANIES CONSOLIDATED UNDER THE FULL CONSOLIDATION METHOD

PROTON MUTUAL FUNDS Co SA
 FIRST GLOBAL BROKERS SA AD
 OMEGA BROKERAGE SA
 PROTON A.A.E. (1)
 INTELLECTRON SYSTEMS A.E. (2)

Registered office	Participating interest (%)	Tax unaudited periods (3)
Greece	99.91%	2007-2009
Serbia	88.76%	2002-2009
Greece	66.00%	2007-2009
Greece	92.71%	2009
Greece	55.64%	2001-2009

COMPANIES CONSOLIDATED UNDER THE EQUITY METHOD
 OMEGA PORTFOLIO INVESTMENT Co SA

- (1) See relevant note No 7 in the notes of the financial statements and information
 (2) The company was acquired under full impairment and it now under bankruptcy status
 (3) The tax unaudited periods are presented in note No 17 in the consolidated financial information

STATEMENT OF CHANGES IN EQUITY
 Amounts in thousand euros

	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	Continuing Activities	Discontinued Activities	Total		
Interest and similar income	111,827	43	111,870	130,503	269	130,772	111,980	130,912
Interest expense and similar charges	(59,789)	(59)	(59,848)	(87,950)	(211)	(88,161)	(60,194)	(88,860)
Net interest income	52,038	(16)	52,022	42,553	58	42,611	51,786	42,052
Fee and commission income	12,689	-	12,689	40,118	-	40,118	12,636	40,163
Fee and commission expense	(2,974)	-	(2,974)	(8,594)	-	(8,594)	(2,958)	(8,548)
Net fee and commission income	9,715	-	9,715	31,524	-	31,524	9,678	31,615
Income from insurance activities	-	20,140	20,140	-	30,161	30,161	-	-
Expense from insurance activities	-	(12,698)	(12,698)	-	(9,148)	(9,148)	-	-
Net income from insurance activities	-	7,442	7,442	-	21,013	21,013	-	-
Dividend income	145	-	145	1,933	2	1,935	329	3,170
Net trading income	49,252	(202)	49,050	(34,957)	(705)	(35,662)	49,237	(34,742)
Net income from financial instruments designated at fair value	1,572	-	1,572	(2,610)	-	(2,610)	1,457	(2,610)
Net gains less losses from investment securities	-	-	-	(40)	-	(40)	-	(54)
Other operating income	4,054	-	4,054	2,564	78	2,642	2,768	1,044
Total operating income	116,776	7,224	124,000	40,967	20,446	61,413	115,255	40,475
Staff costs	(23,693)	(550)	(24,243)	(24,981)	(1,827)	(26,808)	(22,960)	(24,125)
Other administrative expenses	(21,780)	(1,397)	(23,177)	(23,838)	(2,788)	(26,626)	(20,883)	(22,746)
Depreciation and amortization expenses	(7,614)	(52)	(7,666)	(7,581)	(127)	(7,708)	(7,588)	(7,546)
Insurance claims	-	(6,689)	(6,689)	-	(18,407)	(18,407)	-	-
Impairment losses on loans and advances	(50,207)	-	(50,207)	(31,210)	-	(31,210)	(51,474)	(42,555)
Total operating expenses	(103,294)	(8,688)	(111,982)	(87,610)	(23,149)	(110,759)	(102,905)	(96,972)
Share of profit / (loss) of associates	50	15	65	(1,459)	(289)	(1,748)	-	-
Profit before tax	13,532	(1,449)	12,083	(48,102)	(2,992)	(51,094)	12,350	(56,497)
Income tax expense	(1,797)	1	(1,796)	7	1	8	(1,696)	186
Impairment losses on discontinued activities	-	-	-	-	(10,698)	(10,698)	-	-
Profit from the sale of Proton Insurance SA	-	3,110	3,110	-	-	-	-	-
Profit after tax	11,735	1,662	13,397	(48,095)	(13,689)	(61,784)	10,654	(56,311)
Attributable to:								
Equity holders of the Bank	11,723	1,745	13,468	(48,099)	(13,368)	(61,467)	-	-
Minority interests	12	(83)	(71)	4	(321)	(317)	(43,472)	(40,347)
Other comprehensive income for the period, net of tax	(45,577)	-	(45,577)	(25,746)	(11)	(25,757)	-	-
Total comprehensive income for the period, after tax	(33,842)	1,662	(32,180)	(73,841)	(13,700)	(87,541)	(32,818)	(96,658)
Attributable to:								
Equity holders of the Bank	(33,851)	1,745	(32,106)	(73,846)	(13,379)	(87,225)	-	-
Minority interests	9	(83)	(74)	5	(321)	(316)	-	-
Earnings per share:								
From continuing and discontinued operations								
Basic (€ per share)	0.1101	0.0282	0.1382	(0.7780)	(0.2162)	(0.9942)	0.0927	(0.9094)
Proposed dividend for the year 2008 (€ per share)								

- The financial statement was prepared under the accounting principles (I.F.R.S.) and interpretations as adopted by the European Union.
- An amendment to IAS 39 and IFRS 7 has been adopted, under which the Bank during the 3rd quarter of 2008 an amount of € 22 million representing the market value of equity securities listed in the Athens Exchange as of June 30th 2008, has been transferred from "Financial assets at fair value through profit or loss" to "Available-for-Sale Investment Securities" due to the extraordinary conditions prevailing in the financial markets; it is estimated that the market value of these equity securities does not represent the internal value of the underlying business entities. The Bank intends to hold these securities and not to dispose them in the near future. The valuation of these securities, for the period 1.1.2009 to 31.12.2009, amounts to € 98 thousand. The bank has proceeded to the impairment of these securities by € 1.538 thousands directly in the income statement, and the amount of € 1.635 thousand, has been recognized directly in "Available-for-Sale Reserve". The accumulated revaluation losses for the aforementioned securities, for the period 1.7.2008 to 31.12.2009, amounting to € 7.5 million, have equally been recognized directly in "Available-for-sale Reserve".
- The number of employees at the end of period was: (31.12.2009) Group 550, Bank 529, (31.12.2008) Group 646, Bank 567.
- There are some litigation claims and other pending legal disputes against the Bank, in the ordinary course of the banking business. Apart from the provision for € 109 thousand, there have been made no other provisions for the aforementioned cases since it is expected that the final resolution will not have a significant effect on the financial position or operations of the Bank and the Group. Provisions for tax non-inspected periods, as of 31.12.2009, amount to € 359 thousand both for the Bank and the Group. Impairment losses, other than loans, as of 31.12.2009 amount to € 2,223 thousand for the Bank and 2,225 for the Group respectively. Impairment losses on loans and advances for the period 31.12.2009 amount to € 75,018 thousand, both for the Bank and the Group.
- No real encumbrances exist against the fixed assets of the Bank and the companies included in the consolidation.
- The amounts which are reported in the statement of comprehensive income are included: i) referring to Group on 31.12.2009: Net change in available-for-sale financial assets € -45,551 thousand, foreign exchange translation € -26 thousand, on 31.12.2008: Net change in available-for-sale financial assets € -25,752 thousand, foreign exchange translation € -6 thousand, cost in share capital increase Proton Insurance € 11 thousand ii) referring to Bank on 31.12.2009: Net change in available-for-sale financial assets € -43,472 thousand, on 31.12.2008: Net change in available-for-sale financial assets € -40,347 thousand.
- On May 7th 2009, the Bank finalized the transfer of 92,71% of the share capital of "PROTON INSURANCE SA" to "ASPIS HOLDINGS PUBLIC COMPANY LIMITED", a company registered in Cyprus and listed in the Cyprus Stock Exchange. The equity investment in Proton Insurance, for the period of January 1st to May 7th 2009, has been reported as a discontinued operation in the financial statement. The Profit and Loss accounts from discontinued operations of 31.12.2009 and 31.12.2008 are presented in the consolidated Income Statement. The net cash flows from discontinued operations of 31.12.2009 and 31.12.2008 are presented in the consolidated Cash Flow Statement. The fair value of the sale price amounts to € 7 million and until December 31 2009, the Bank had received € 3 million.
- On 31 December 2009, the Group held 760,483 shares of the Bank, which correspond to 1.2132% of its share capital which had total carrying amount of € 7,668 thousand.
- On 30 December 2009 Piraeus Bank S.A the principal shareholder of Proton Bank transferred to Mr. Lavrentios Lavrentiadis 19,629,247 shares which correspond to 31.3147% of its share capital. Group results for the period 1.1.2009-30.12.2009 were consolidated under the equity method, in the Income Statement of Bank of Piraeus, which headquarters are located in Greece
- The transactions of the Group with its related parties, as defined by IAS 24, from the period 1.1.2009 to 31.12.2009, are as follows (amounts in thousands of €): a) income € 42, b) expenses € 253, c) assets € 8, d) liabilities € 9,190, e) salaries and expenses for members of BoD and key management personnel fees € 2,472, f) loan interest from members of BoD and key management personnel € 1,080, g) stock option plan € 944, h) loans to members of BoD and key management personnel € 124,721, i) deposits to members of BoD and key management personnel € 112,228. The respective amounts for the Bank areas follows: a) income € 146, b) expenses € 444, c) assets € 63, d) liabilities € 15,246, e) salaries and expenses for members of BoD and key management personnel fees € 1,058, f) loan interest from members of BoD and key management personnel € 1,765, g) stock option plan € 901, h) loans € 123,956, i) deposits € 111,671.
- On 23 April 2009, in order to reinforce its liquidity, the Bank entered in a contractual agreement with the Greek Government with a credit facility of 78 mln euros, as it is fully prescribed by the article 3 L. 3723/2008.
- In the context of article 1 of Law 3723/2008 "Enhancement of the Greek economy's liquidity in the context of the current global financial crisis", the Bank issued, on 21 May 2009, 17,817,371 non-voting preference shares at a € 4,49 per share. These shares have been fully subscribed to by the Greek State in exchange of Greek Government Bonds transferred to the Bank. In accordance with the current legal and regulatory framework the issued shares have been classified as tier 1 capital for regulatory purposes.
- On 9 September 2009 the regular tax audit for the years 2007 and 2008 was completed. The audit result was payable taxes € 207,073 and 367,409 respectively. For these amounts a relevant provision had been charged so the earnings of the profit are not charged. For the un-audited period a relevant provision has been recognized in accordance with the IFRS.
- The tax unaudited periods for the Bank and the companies included in the consolidation, are presented in the note No 17 to the Group consolidated financial information.
- Any differences in the tables are due to rounding

Athens, 29 March 2010

THE VICE CHAIRMAN OF THE BoD
ANTHONY I. ATHANASSOGLU
 I.D. AB 287319

THE CHIEF FINANCIAL OFFICERS
GEORGIOS S. NIKIFORAKIS
 I.D. AE 009439

THE CHIEF EXECUTIVE OFFICER
TRYPHON E. KOLLINTZAS
 I.D. AA 026187

POLYCHRONIS V. KARACHALIOS
 I.D. Z 100131

VII. INFORMATION PURSUANT TO ARTICLE 10 OF LAW.3401/2005

 The corporate announcements for the year 2009 have been uploaded on the bank's website, www.proton.gr

Date	Subject
30/12/2009	Other important announcements: Share transfer from Piraeus Bank S.A. to Mr. L. Lavrentiadis
07/12/2009	Stock Options 3rd Exercise Period
17/11/2009	9 Month Financial Information according to IFRS
17/11/2009	Press Release on the 9 Month Financial Information
14/09/2009	Tax Audit Completion for years 2007 and 2008
21/08/2009	Press Release on the 6Month Financial Information
20/08/2009	6 Month Financial Information according to IFRS
29/06/2009	Other important announcements - Bank's participation in Public Sector Competitions: Calling for shareholder share registration down to natural persons level
16/06/2009	New Board of Directors
16/06/2009	General Meeting Resolutions
22/05/2009	Certification of the full payment of the share capital increase, in accordance to article 1 of L. 3723/2008 for the enhancement of the liquidity of the Greek Economy.
21/05/2009	General Meeting Announcement
19/05/2009	Annual Briefing to Market Analysts.
13/05/2009	3 Month Financial Information according to IFRS
13/05/2009	Press Release on the 3Month Financial Information
12/05/2009	Notification for a Change in Share Structure: Change in Morgan Stanley's Voting Rights
08/05/2009	Other important announcements: Proton Insurance Share transfer to Aspis Holdings
30/04/2009	Year 2009 Financial Calendar - Correction
09/04/2009	Notification for a Change in Share Structure: Change in Drawbridge Global Macro Fund's Voting Rights
09/03/2009	2008 Financial Results according to IFRS
09/03/2009	Press Release on the 2008 yearly Financial Results
05/03/2009	Year 2009 Financial Calendar
28/01/2009	General Meeting Resolutions
16/01/2009	General Meeting Announcement
15/01/2009	Board of Directors Report to the General Meeting of Shareholders held on January 28th, 2009.
15/01/2009	General Meeting Announcement - Correction
14/01/2009	General Meeting Announcement

VIII AVAILABILITY OF ANNUAL FINANCIAL REPORT

The Annual Financial Report which includes:

- The Statement by the Members of the Board of Directors
- The Board of Director's Report
- The Explanatory Report of the Board of Directors
- The Independent Auditors' Report
- The Annual Financial Statements of the Bank and the Group
- The Financial Information of the Bank and the Group

are available on the website address: <http://www.proton.gr>