# ANNUAL FINANCIAL REPORT

**For the period from 1st January to 31st December 2008**
**(In accordance with the Law 3556/2007)**

**Athens, 26 February 2009**

# Contents

## I. Statement of the members of the Board of Directors.

We, the members of the Board of Directors of Emporiki Bank of Greece S.A. to the best of our knowledge and belief, state that:

- The Annual Financial Information for the period ended 31 December 2008, has been prepared according to the current accounting standards and present fairly the assets and liabilities, the financial position and the financial performance for the period of the Bank and the Group, as well as the entities that are included in the consolidation.

- The annual Director's report, presents fairly the progress, the performance and the financial position of Emporiki Bank and the Group, as well as the entities that are included in the consolidation, including a description of the main risks and uncertainties that are faced.

Athens, 26 February 2009

| **Name** | **Surname** | **Title** | **Signature** |
|---|---|---|---|
| Jean-Frederic | De Leusse | Chairman of the Board | |
| Αντώνιος | Κροντηράς | Vice Chairman & CEO | |
| George | Spiliopoulos | Board Member | |

## II. Board of Directors' Report

Emporiki Bank

# Directors Report for 2008

## I. BUSINESS DEVELOPMENTS

### 1. INTRODUCTION

Emporiki Bank maintained in the course of 2008 a high level of **commercial activity** in a context of progressive slowdown of the economy: the loan portfolio has increased significantly in all segments, with an average year-on-year growth of over 21%[1], reaching €24 bn on December 31st 2008.

Emporiki keeps **on track with** its in-depth **transformation program**, aimed at raising the Bank to the best international standards regarding offer, service quality and performance.

It enjoys the full support of Crédit Agricole group, which has already confirmed its participation to the capital increase proposed to the approval of the EGM to be held today and will subscribe, if offered by the Board of Directors, any remaining shares.

### 2. MAIN FIGURES (LOANS & DEPOSITS)

In 2008 the annual YoY growth rate of **mortgage loans** of the Bank stood at 6.2% resulting in outstanding balances of €7,871 million. New mortgage loan disbursements stood at €1,057 million.

In **consumer credit (including Credicom)** annual growth rate stood at 11.4% driving total outstanding balances to €3,588 million. Credicom continued its notable growth with balances standing at €1,117 million in December 31, 2008, increased by 19% since year-end 2007.

Loans to **SMEs** increased by 24% YoY, with balances standing at €6,164 million, enhanced heavily with the launch of the Business Centers' network in Q4 2007.

**Deposits** of the Bank increased by 1.2% YoY to €17,775 million.

**Group Equity in 2008** stood at € 247 million and no own shares are held by the Bank.

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[1] Emporiki Bank + Credicom, before write-offs

**LOANS & DEPOSITS 2008 (Bank solo)**

| ***(€ mn)*** | **2008** | **2007** | **Δ (%)** |
|---|---|---|---|
| **Total Loans* (Bank + Credicom)** | **24,165** | **19,893** | **21.5%** |
| Mortgages (incl. mortgages to professionals) | 7,871 | 7,412 | 6.2% |
| Consumer credit (Bank + Credicom) | 3,588 | 3,222 | 11.4% |
| Business sector | 12,705 | 9,259 | 37.2% |
| *- of which SMEs* | *6,164* | *4,985* | *23.7%* |
| *2007 figures are on a proforma basis for 2008 write-offs | | | |
| **Total Deposits (Bank only)** | **17,775** | **17,563** | **1.2%** |

## 3. FULL YEAR RESULTS

The **Net Banking Income** (€757 mn) has been adversely affected by reduced margins in the Greek market and the increased cost of liquidity due to the international financial crisis. New pricing policies on all loan portfolios have been introduced as from mid-2008 and allowing enhanced spreads to better align with present market conditions. Cross-selling of products offered by the group's specialized units has been and will be further extensively developed: as an illustration of this policy, close to 70% of the new mortgage loans granted in 2008 have been packaged with the sale of at least one insurance product.

- **Net interest income** was €648.7 million, down by 13.6%, due to intensified competition in loans and deposits, as well as the increased cost of wholesale funding.
- **Net fee and commission income** decreased by 17.3% to €127.5 million due to low activity of funds under management and the cost of financial guarantees received from Credit Agricole.
- **Other operating income** amounted to €-19.5 million. The trading income of 2008 was affected by the current market conditions and mark to market valuations.

O**perating expenses** are under strict monitoring and control (€666 mn, +0.9% compared to 2007) and will be further managed within a policy of stabilization at the present level. One of the key factors behind this stability is the reduction in headcount from 5,748 at end-2007 to 5,506 at end-2008 (Bank only). This trend is expected to continue in 2009.

**Total expenses, excluding provisions, increased marginally by 0.9% to €666.3 million as a result of a very tight cost control policy.**

- **Staff expenses** increased only by 1.2%.
- **Other operating expenses** (including depreciation) increased by 2.3%.
- **Transformation expenses** amounted to €44.0 million, down by 8.1% comparing to 2007.

The **impairment provisions on loans and advances** reflects a cautious provisioning policy in a period in which some borrowers could face difficulties in meeting their commitments. Total loan loss provisions amount to €474 mn, resulting in a 50% coverage ratio for 90-days-past-due loans. Provisions on Non Performing Loans[2] reached 81% by end-2008. This conservative approach, combined with an improved underwriting process for newly granted loans, in place since mid-2008, leaves Emporiki well prepared to face the market challenges of 2009.

**Total Provisions** charged amounted to €493.3 million.

**The income tax** charge of €96 million includes the adverse impact on the Group's deferred tax asset of both the effect of the reduction in income tax rates and an impairment charge of €84.0 million and € 80.0 million respectively.

## 2008 INCOME STATEMENT (GROUP)*

**Key figures**

| ***(€ m)*** | **2008** | **2007** | **Ch (%)** |
|---|---|---|---|
| Net interest income | 648.7 | 751.0 | -13.6% |
| Fee and commission income | 127.5 | 154.1 | -17.3% |
| Other income | -19.5 | 34.8 | -156.0% |
| **Net banking income** | **756.8** | **940.0** | **-19.5%** |
| Staff expenses | -395.9 | -391.3 | 1.2% |
| Depreciation | -32.4 | -33.4 | -3.0% |
| Other operating expenses | -194.0 | -187.9 | 3.2% |
| Impairment provisions on loans and advances | -493.3 | -233.6 | 111.2% |
| Transformation cost | -44.0 | -47.9 | -8.1% |
| **Total Expenses** | **-1.159.6** | **-894.0** | **29.7%** |
| **Profit (Loss) from Continued Operations** | **-402.9** | **45.9** | **-** |
| Discontinued Operations Results | 0.0 | 47.7 | - |
| Share of Profit (Loss) of Associates | 6.7 | 0.2 | |
| **Earnings before taxes** | **-396.2** | **93.9** | - |
| Income tax expense | -95.7 | -20.9 | - |
| **Earnings after taxes & minority rights** | **-491.8** | **73.4** | - |

*2007 figures are on a proforma basis

**RATIOS**

| | **2008** | **2007** | **Ch (bps)** |
|---|---|---|---|
| Earnings / (loss) per share (EPS) (€) | -3.71 | 0.61 | |
| Cost to income (without transformation costs) | 82.2% | 65.2% | +1707 |

[2] Total loans in arrears not accruing interest

| | | | |
|---|---|---|---|
| Loans / Deposits (bank only) | 130% | 109% | +2100 |

## II. MAIN EVENTS

### 1. Share Capital Increase

The Extraordinary General Meeting convened today will be requested to approve an €850 mn capital increase. Shareholders have the pre-emptive right to subscribe to 7 new shares for each 6 shares held at a price of €5.50 for each new share. This price corresponds to the nominal value of each existing share.

Crédit Agricole S.A. has already announced its approval with this capital increase and has confirmed that it will subscribe not only the shares corresponding to its pre-emption rights but as well any remaining shares, if offered by the Board of Directors of Emporiki.

### 2. Capital Adequacy Ratio

After the share capital increase, combined with other supportive measures, Emporiki is estimating a 8% Tier 1 ratio in June 2009, and a total Capital Adequacy Ratio of in excess of 10%. This very significant regulatory capital enhancement is achieved without the use of any public funds: the Bank has decided not to participate in the Hellenic Republic Banking sector support framework and will only rely on its private shareholders.

Crédit Agricole S.A. confirms its full support to Emporiki Bank, and is committed to an additional new investment of at least €600 mn.

## IV. FUTURE OUTLOOK

### 1. Future Outlook

The 2008 results were significantly and adversely affected by the deteriorating environment.

Assuming there is no further deterioration in market conditions, the Bank expects a steady improvement in its development based on its existing exposures and positioning.

Emporiki has limited exposure to the economies in the Balkans and Cyprus where it has adopted a cautious balanced organic growth strategy.

### 2. Business Plan

Emporiki is in the process of finalizing an update of its business plan published in 2007 to reflect the current adverse market conditions.

# IV. RISKS AND UNCERTAINTIES

## 1. Uncertainties

The recent financial crisis, which is still persisting and spreading into the real economy, poses significant challenges in the area of Risk Management. Financial markets have experienced high levels of volatility that reflect magnified uncertainty about future economic performance.

Emporiki Group faces the above challenges in the context of a global framework Group Risk Strategy. Its main strategic target is the effective management of the total undertaken risks in order to ensure an efficient use of capital in relation to risk appetite as well as business development.

## 2. Risks

Emporiki Group in the course of its activities as a universal Banking Group is exposed to a variety of risks, the most important of which being the credit risk, including concentration risk, liquidity risk and interest rate risk in the Banking Book and market risk.

### a. Credit Risk

Credit risk is defined as the risk of losses arising because counterparties fail to meet all or part of their payment obligations to the Group. Concentration risk arises from an uneven distribution of credit exposures to specific groups of counterparties, sectors of economic activity, geographical regions or countries.

The Group's credit risk management relies on thorough credit decision-making process, which ensures the proper assessment of customer creditworthiness, efficient credit portfolio segmentation, as well as risk-adjusted pricing.

The Group assigns significant priority in developing internal risk rating tools that identify the level of risk associated with borrowers' creditworthiness based on specific characteristics per type of exposure. This effort is aligned with the requirements imposed by the reform of capital adequacy ratios for banks (Basel II – Capital Requirements Directive) and the CASA norms.

The internal risk rating models are divided into the following categories:

#### i. Ratings of corporate customers

For the ratings of corporate customers a specific tool has been installed and used by the Bank (Anadefi rating tool).

#### ii. Rating of retail Clients

Credit scores assigned to retail customers (personal customers and small and medium-sized enterprises) (Application Scorecards per credit facility and Behavioral Scorecard for Individuals).

The Risk Management division in co-operation with Credit Agricole via validation and calibration procedures closely monitors these scorecards.

The credit process for the retail portfolio has been centralized to a great extent and the Risk Management Unit issues independent credit risk opinions on all credit applications in order to identify major credit risk exposures. Complementary, a system of authorizations for lending, differentiated by business unit and hierarchy of delegation, in combination with a comprehensive set of credit policy rules and risk guidance per business segment contribute to the attainment of optimal organizational results through the minimization of the Bank's overall exposure to risk.

#### iii. Limits

As specified by the Group's Risk Strategy, global and individual limits are approved for maximum exposures to counterparties/group of counterparties, sector and country risks at Group level. Close monitoring of the credit portfolio is achieved through close follow up of deteriorating credits, monitoring of early warning indicators and portfolio reviews and systemic plus specific controls.

#### iv. Provisioning Policy

Due to the recent economic crisis impairment charges increased significantly throughout the year. The provisioning policy has been oriented towards additional collective provisions due to possible downgrading of credit quality in specific sectors affected by the recent economic crisis. Also, the cost of risk in retail business has been increased due to specific operational risks, which have been tackled through the strengthening of the credit process as described above.

### b. Market Risk

Market risk defined as the risk of loss in the fair value of financial instruments, arising from adverse movements in market rates such as interest rates, foreign exchange rates, equity and commodity prices, and their volatilities.

Since Emporiki's core business is not significantly exposed to trading activities market risk arises mainly from market-making activities in the Greek government bond market. A crucial part of market risk management is the hedging strategy which aims to cover interest rate risk exposures, thus reducing the overall market risk and the capital allocating to that risk type at low levels.

The Bank monitors on a daily basis the market risks of its trading and available for sale portfolio. The Bank employs in-house monitoring systems to assess on a daily basis the Maximum Potential Loss (Value at Risk-VaR), which may result under normal conditions from the trading and available for sale portfolio. The method employed is the Historical

Simulation, using a 1-day horizon and a confidence interval of 99%. The VaR model is certified by the Bank of Greece since 2006.

To control the risk undertaken, the Bank imposes overall and sub-portfolio VaR limits on its trading book and available for sale book. Those limits are reviewed at least annually and approved by the Assets and Liabilities Committee and reflect the Risk Strategy for low appetite in market risk exposures.

Emporiki Bank performs Back Testing in order to confirm the effectiveness of the Value at Risk model. To assess the risks, which may arise from extreme changes in the markets, the Bank has developed a crisis simulation program (Stress Testing).

### c. Liquidity and Interest Rate Risk in the Banking Book

Emporiki Bank systematically monitors and manages the Liquidity Risk and the Interest rate risk in the Banking Group applying methodologies and norms for calculating interest-rate and liquidity gaps consistent with Crédit Agricole's standards and norms.

Additionally the Bank has established relevant limits and is implementing stress scenarios and simulations in order to estimate the impact on net interest income, economic value of equity, capital adequacy and liquidity shortages. Emporiki bank also applies liquidity stress scenarios in the context of the supervisory framework by the Bank of Greece.

### d. Other Risks

#### i. Transformation Programme

If any delay occurs in the realization of the interventions within the framework of the reconstruction that it is made in the Unit, it will have a bad effect in the results and in its financial position and it will deteriorate its place against competition.

#### ii. Obligations to pension funds

The Banks Employees Association legally disputed the subordination of the Auxiliary Pensions Fund for the Bank's employees following the provisions of the new law 3371/2005 and 3455/2006 and has taken relevant legal actions at Civil Court of Athens. The First Instance Court of Athens issued its ruling, number 116/2008 judged that the provisions of Law 3455/2006 are unconstitutional and excessive the complaint regarding the employee contracts made on behalf of the Banks and were relating to TEAPETE. Against the above resolution the Bank lodge an appeal at the Court of Appeal of Athens which is judged at 24/03/2009.

At the above mentioned appeal, the Greek Government has intervened in favor of the Bank. The outcome of the aforementioned appeal can not be predicted at this point and as a result, the relevant risk can not be assessed.

# V. OTHER INFORMATION

Regarding information provided by art. 43a and 107 of Law 2190/1920 about:

- The targets and the Bank's policy, as far as risk management, including hedging polices and practices of any significant type of transaction, for which hedge accounting is applied,

- The exposure of the Bank in market, credit , liquidity and cash flow risk,

- Transactions between the Bank and related parties, under the framework of IAS 24, and

- Any significant event after the completion of this report,

analytical information is provided in the Notes of the Financial Information of the Bank.

## VI. REPORT OF LAW 3556/2007 (Art. 4)

The present explanatory report of the Board of Directors to the Ordinary General Assembly of its Shareholders includes information as standing on 31.12.2008 pursuant to the provisions of L.3556/2007, Art. 4.

a) Share Capital Structure

The share capital of the Bank amounts up to 728.153.074 euro, divided to 132.391.468 shares of nominal value 5,5 euro each. All the shares are listed for negotiation to the Athens Stock Exchange. The shares of the Bank are common nominal, with the right to vote. Each share of the Bank includes all the rights and obligations, which are specified by the Law and the Articles of Association of the Bank, the latter of which does not include more restrictive provisions than those provided by the Law.

The registration of a person as a shareholder at the records of Hellenic Stock Exchange S.A. implies, de jure, the acceptance of the Articles of Association of the Bank and of the legal decisions of the competent bodies of the Bank.

The liability of the shareholders is limited to the amount of the nominal value of the shares which they possess and they participate in the management and the profits of the Bank in dependence to and in accordance with the provisions of the Law and the Articles of Association.

All rights and obligations deriving from each share are binding upon and inure to the benefit of every successor of the shareholder. The shareholders participate in the management, the distribution of profit, the distribution of the Company´ s assets in the event of its winding up, in accordance with the number of shares they possess and pursuant to Law and the provisions of the Articles of Association. The shareholders exercise their rights in relation to the Management of the Company through the General Assemblies and pursuant to Law.

b) Limitations to the transfer of shares of the Bank

The transfer of Bank´ s shares takes place pursuant to law and there are no other limitations to the transfer arising out of its Articles of Association.

c) Important direct and indirect participations in the sense of the provisions of the Presidential Decree 51/1992

- Credit Agricole S.A. holds (dated 31.12.2008) 72,56% of the share capital of the Bank.
- The company SACAM INTERNATIONAL SAS holds (dated 31.12.2008) 5,00% of the share capital of the Bank.

d) Holders of any kind of shares which provide special rights of control

The Bank does not have any shares that provide to its holders special rights of control.

e) Limitations to the right to vote

The Articles of Association of the Bank do not impose any limitations to the right to vote.

f) Agreements between the shareholders of the Bank

To the knowledge of the Bank there are not any agreements between its shareholders, which impose limitations to the transfer of its shares or to the exercise of the right to vote deriving from its shares.

g) Regulations regarding the appointment and the replacement of members of the Board of Directors and the amendment of the Articles of Association

The regulations provided by the Articles of Association of the Bank in relation to the appointment and the replacement of members of the Board of Directors as well as in relation to the amendment of provisions of the Articles of Association do not differ from the provisions of codified law 2190/1920.

h) Competence of the Board of Directors or of some of its members for the issuance of new shares or the purchase of its own shares

Following a decision of the General Assembly, article 6 of the Articles of Association gives the Board of Directors the right to proceed to an increase of the share capital by the issuance of new shares. In addition, the purchase of its own shares is possible pursuant to article 16 of the codified law 2190/1920. On the basis of Article 13 of the codified law 2190/1920 it is also provided that it is possible to enact a stock options project to the members of the Board of Directors and to the personnel through the granting of stock options rights. No stock options project is in force.

i) An important agreement that has been concluded by the Bank and which is in force can be modified or ceases to exist in the event of a change in the control of the Bank, following a public offer and the results of this agreement, unless, due to its nature, rendering public of the agreement would cause serious damage to the Bank

There is no such agreement.

j) Any agreement that the Bank has concluded with the members of the Board of Directors or with its personnel and which allows compensation in the event of resignation or dismissal without a grounded reason, or the termination of the service or of their occupation due to public offer.

There are no such agreements between the Bank and the members of its Board of Directors or with its personnel which provides the payment of compensation especially in the event of resignation or dismissal without a grounded reason, or for the termination of their service or of their occupation due to public offer.»

## VII. Transactions with Related Parties (IAS 24 & Article 2, § 4 of law 3016/2002 Report)

The transactions of Emporiki Bank of Greece S.A. with the related parties, according to the meaning of the paragraph 5 of the article 42e of the Law 2190/1920, are included in the attached 11 tables.

The tables have been formed with the general criterion of the effect in the results of the Bank (Profit and Loss) but also in the Balance Sheet (Assets and Liabilities according to the date reference) and in certain circumstances in data, which are out of the Balance Sheet, e.g. liabilities from approved credit limits.

In a specified column of the tables, information is provided for the Bank's participation percentage in the shareholding of each entity (directly or indirectly).

Furthermore, every table is analyzed, according to the type of each transaction, in order to provide full and adequate picture to the reader of the effects of these transactions in the financial statements of the Bank.

Intragroup transactions are common banking practices needed to provide support and collaboration between the related parties (to ensure liquidity, to use networks, to support activities by providing services or personnel, etc).

Finally, it is stated that the amounts of the tables are expressed in thousands of euros and that they have not been checked from certified Chartered Auditors-Accountants.

The attached 11 tables consist inextricable part of this report, which was approved by the Board of Directors of the Bank in the Board Meeting held on the 26th of February 2009.

Athens, February 26, 2009

| | |
|---|---|
| The Board Chairman | The Vice Chairman & CEO |
| Jean Frederic De Leusse | Antony N. Crontiras |

**Appendix: Analytical Tables with transactions with related parties.**

Amounts in thousand Eur

Emporiki Bank

# TABLE: I
# INTRAGROUP TRANSACTIONS OF 2008
## (REVENUES OF EMPORIKI BANK FROM INTRAGROUP TRANSACTIONS WITH DOMESTIC AFFILIATED COMPANIES)

| REVENEUS OF EMPORIKI BANK S.A. / EXPENSES OF COMPANIES | EMPORIKI BANK'S PARTICIPATION on 31.12.2008 | | TYPE OF TRANSACTION | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | DIRECT | INDIRECT | PROVISION OF SERVICES | REMUNERATION OF BORROWED PERSONNEL | INTEREST ON LOANS | COMPENSATION PAID / REDEMPTIONS OF POLICIES | RENT | VARIOUS EXPENSES (MAINTENANCE EXPENSES, PPC BILLS etc.) | COMMISSIONS ON LETTERS OF GUARANTEE |
| CREDICOM GROUP | 50,00% | - | 613 | | 20.070 | | 9 | | |
| EVISAK S.A. | 58,71% | - | | | 64 | | | 5 | 3 |
| EMPORIKI LEASING S.A. | 80,00% | - | 365 | 396 | 20.099 | | | | |
| EMPORIKI REAL ESTATE | 100,00% | - | 8 | 1.292 | | | 200 | 66 | 1 |
| EMPORIKI MANAGEMENT S.A. | 99,65% | 0,35% | | 175 | | | 5 | 2 | |
| EMPORIKI INSURANCE | 50,00% | - | | | | | | | 100 |
| EMPORIKI ASSET MANAGEMENT M.F.M.C. | 73,10% | - | 5.088 | 492 | | | 131 | 34 | 2 |
| EMPORIKI LIFE S.A. | 50,00% | - | 3.512 | 11 | | 385 | 61 | 64 | |
| EULER HERMES EMPORIKI | 28,71% | - | 9 | | 102 | | | | |
| PHOSPHORIC FERTILIZERS INDUSTRY S.A. | 33,24% | - | 16 | | 2.499 | | | | 132 |
| **TOTAL** | | | **9.610** | **2.367** | **42.834** | **385** | **406** | **171** | **237** |

**Note: Not audited by Certified Accountants - Auditors.**

Amounts in thousand Eur

**TABLE: II**

**INTRAGROUP TRANSACTIONS OF 2008**

(REVENUES OF EMPORIKI BANK SA FROM TRANSACTIONS WITH FOREIGN AFFILIATED COMPANIES)

| REVENUES OF EMPORIKI BANK S.A. / EXPENSES OF COMPANIES | EMPORIKI BANK'S PARTICIPATION on 31.12.2008 | | SERVICES | REMUNERATION OF BORROWED PERSONNEL | INTEREST EXPENSE FOR DEPOSITS IN THE INTERBANK MARKET |
|---|---|---|---|---|---|
| | DIRECT | INDIRECT | | | |
| EMPORIKI BANK - CYPRUS L.T.D. | 91,92% | - | | 187 | 4.738 |
| EMPORIKI BANK - ROMANIA S.A. | 99,35% | 0,06% | 127 | | 2.291 |
| EMPORIKI BANK - ALBANIA S.A. | 100,00% | - | 20 | | 4.661 |
| EMPORIKI BANK - BULGARIA A.D. | 100,00% | - | 437 | | 4.234 |
| EMPORIKI BANK - GERMANY G.M.B.H. | 100,00% | - | | | 3.263 |
| **TOTAL** | | | **584** | **187** | **19.188** |

**Note: Not audited by Certified Accountants - Auditors.**

Amounts in thousand Eur

# TABLE : III
# INTRAGROUP TRANSACTIONS OF 2008
## (EXPENSES OF EMPORIKI BANK FROM INTRAGROUP TRANSACTIONS WITH DOMESTIC AFFILIATED COMPANIES)

| EXPENSES OF EMPORIKI BANK S.A. / REVENUES OF COMPANIES | EMPORIKI BANK'S PARTICIPATION on 31.12.2008 | | TYPE OF TRANSACTION | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | DIRECT | INDIRECT | SERVICES | REMUNERATION OF BORROWED PERSONNEL | PAYMENTS UNDER LEASING & RENTAL AGREEMENTS | RENT | PERSONNEL TRAINING | INTEREST INCOME | INSURANCE PREMIUMS |
| CREDICOM GROUP | 50,00% | - | 249 | | 3 | 72 | | 677 | |
| EVISAK S.A. | 58,71% | - | 32 | | | | | | |
| EMPORIKI LEASING S.A. | 80,00% | - | | 79 | 138 | | | 45 | |
| EMPORIKI REAL ESTATE | 100,00% | - | 10.113 | 81 | | | | 1.566 | |
| EMPORIKI MANAGEMENT S.A. | 99,65% | 0,35% | | | | 171 | | 100 | |
| EMPORIKI INSURANCE | 50,00% | - | | | | | | 210 | |
| EMPORIKI ASSET MANAGEMENT M.F.M.C. | 73,10% | - | 74 | | | 58 | | 721 | |
| EMPORIKI LIFE S.A. | 50,00% | - | | | | | 2 | 607 | |
| EULER HERMES EMPORIKI | 28,71% | - | | | | | | | 79 |
| TOTAL | | | **10.468** | **160** | **141** | **301** | **2** | **3.925** | **79** |

**Note: Not audited by Certified Accountants - Auditors.**

Amounts in thousand Eur

EmporikiBank

# TABLE : IV
# INTRAGROUP TRANSACTIONS OF 2008
## (EMPORIKI BANK'S EXPENSES FROM TRANSACTIONS WITH FOREIGN AFFILIATED COMPANIES)

| EXPENSES OF EMPORIKI BANK S.A. / REVENUES OF COMPANIES | EMPORIKI BANK'S PARTICIPATION on 31.12.2008 | | SERVICES | REMUNERATION OF BORROWED PERSONNEL | INTEREST INCOME FROM DEPOSITS IN THE INTERBANK MARKET |
|---|---|---|---|---|---|
| | DIRECT | INDIRECT | | | |
| EMPORIKI BANK - CYPRUS L.T.D. | 91,92% | - | | | 4.375 |
| EMPORIKI BANK - ROMANIA S.A. | 99,35% | 0,06% | 120 | | 72 |
| EMPORIKI BANK - ALBANIA S.A. | 100,00% | - | | | 43 |
| EMPORIKI BANK - BULGARIA A.D. | 100,00% | - | | | 40 |
| EMPORIKI BANK - GERMANY G.M.B.H. | 100,00% | - | | | 63 |
| EMPORIKI GROUP FINANCE PLC | 100,00% | - | | | 229.807 |
| **TOTAL** | | | **120** | | **234.399** |

**Note: Not audited by Certified Accountants - Auditors.**

Amounts in thousand Eur

# TABLE : V
# INTRAGROUP TRANSACTIONS OF 2008
## (EMPORIKI BANK´S CLAIMS FROM TRANSACTIONS WITH DOMESTIC AFFILIATED COMPANIES)

| CLAIMS OF EMPORIKI BANK SA / LIABILITIES OF COMPANIES | EMPORIKI BANK'S PARTICIPATION on 31.12.2008 | | TYPE OF TRANSACTION | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | SHORT-TERM BORROWING | | | LONG-TERM BORROWING | | | |
| | DIRECT | INDIRECT | CURRENCY | AMOUNT OF LOAN AGREEMENTS SERVICED THROUGH OVERDRAFT ACCOUNTS | OUTSTANDING LOAN BALANCE on 31.12.2008 | CURRENCY | AMOUNT OF INITIAL LOAN | TOTAL INFLOWS TO EMPORIKI BANK | OUTSTANDING LOAN BALANCE on 31.12.2008 |
| CREDICOM GROUP | 50,00% | - | EUR | | 210.625 | EUR | | | 361.400 |
| EVISAK S.A. | 58,71% | - | EUR | 4.096 | | | | | |
| EMPORIKI LEASING S.A. | 80,00% | - | EUR | | 468.894 | | | | |
| EMPORIKI LEASING S.A. | 80,00% | - | CHF | | 17.966 | | | | |
| EULER HERMES EMPORIKI | 28,71% | - | | | | EUR | 2.600 | | 1.236 |
| PHOSPHORIC FERTILIZERS INDUSTRY S.A. | 33,24% | - | EUR | 2.500 | 2.500 | EUR | 70.595 | 28.380 | 39.654 |
| TOTAL | | | | **6.596** | **699.986** | | **73.195** | **28.380** | **402.290** |

**Note: Not audited by Certified Accountants - Auditors.**

Amounts in thousand Eur

# TABLE : VI
# INTRAGROUP TRANSACTIONS OF 2008
## (EMPORIKI BANK´S CLAIMS ON TRANSACTIONS WITH FOREIGN AFFILIATED COMPANIES)

| CLAIMS OF EMPORIKI BANK S.A. / LIABILITIES OF COMPANIES | EMPORIKI BANK'S PARTICIPATION on 31.12.2008 | | SHORT-TERM CREDIT LIMITS IN THE INTERBANK MARKET | | LONG TERM BORROWING |
|---|---|---|---|---|---|
| | DIRECT | INDIRECT | INTERBANK MARKET CREDIT LIMITS | USAGE OF ILIMITS on 31.12.2008 | |
| **EMPORIKI BANK - CYPRUS LTD (since credit limit is preserved in a net basis, for comparison reasons, the net usage equals to 185.313 keuro, that is 303.970 - 118.657 keuro)** | 91,92% | - | 212.200 | 303.970 | 8.500 |
| **EMPORIKI BANK - ROMANIA S.A.** | 99,35% | 0,06% | | | 84.000 |
| **EMPORIKI BANK - ALBANIA S.A.** | 100,00% | - | 200.000 | 93.127 | 7.000 |
| **EMPORIKI BANK - BULGARIA A.D.** | 100,00% | - | 174.000 | 148.426 | 4.826 |
| **EMPORIKI BANK - GERMANY G.M.B.H.** | 100,00% | - | 100.000 | 67.335 | |
| **EMPORIKI GROUP FINANCE PLC** | 100,00% | - | | | 2.390 |
| **TOTAL** | | | **686.200** | **612.858** | **106.716** |

**Note: Not audited by Certified Accountants - Auditors.**

Amounts in thousand Eur

# TABLE : VII
# INTRAGROUP TRANSACTIONS OF 2008
## (EMPORIKI BANK´S LIABILITIES FROM TRANSACTIONS WITH FOREIGN AFFILIATED COMPANIES)

| LIABILITIES OF EMPORIKI BANK S.A. / CLAIMS OF COMPANIES | EMPORIKI BANK'S PARTICIPATION on 31.12.2008 | | DEPOSITS | INTERBANK MARKET DEPOSITS WITH THE PARENT COMPANY (PLACEMENTS) |
|---|---|---|---|---|
| | DIRECT | INDIRECT | | |
| EMPORIKI BANK - ALBANIA S.A. | 100,00% | - | 17 | 2.807 |
| EMPORIKI BANK - ROMANIA S.A. | 99,35% | 0,06% | 384 | |
| EMPORIKI BANK - BULGARIA A.D. | 100,00% | - | 66 | 3.628 |
| EMPORIKI BANK - CYPRUS LTD | 91,92% | - | 256 | 118.657 |
| EMPORIKI GROUP FINANCE PLC | 100,00% | - | 7.335 | 6.066.832 |
| **TOTAL** | | | **8.057** | **6.191.924** |

**Note: Not audited by Certified Accountants - Auditors.**

Amounts in thousand Eur

Emporiki Bank

**TABLE : IIX**
**INTRAGROUP TRANSACTIONS OF 2008**
(EXPENSES OF EMPORIKI BANK S.A. FROM INTRAGROUP TRANSACTIONS WITH PARENT COMPANY GROUP)

| REVENUES OF CASA GROUP / EXPENSES OF EMPORIKI BANK S.A. | INTEREST EXPENSE FOR E.G.F. PLC | DERIVATIVES | COMMISSIONS | INTEREST EXPENSE FOR PERPETUAL SUBORDINATED DEBT | INTEREST EXPENSE FOR DEPOSITS IN THE INTERBANK MARKET | OTHER OPERATING CHARGES |
|---|---|---|---|---|---|---|
| **CREDIT AGRICOLE S.A.** | 178.054 | | 13.847 | 10.451 | 93.243 | 13.831 |
| **CALYON SA** | 14.066 | 76.562 | 53 | | | |
| **CAAM** | | | 16 | | | 18 |
| **TOTAL** | **192.120** | **76.562** | **13.916** | **10.451** | **93.243** | **13.849** |

**Note: Not audited by Certified Accountants - Auditors.**

Amounts in thousand Eur

**TABLE : IX**
**INTRAGROUP TRANSACTIONS OF 2008**
(REVENUES OF EMPORIKI BANK SA FROM TRANSACTIONS WITH PARENT COMPANY GROUP)

| EXPENSES OF CASA GROUP / REVENUES OF EMPORIKI BANK S.A. | INTEREST INCOME FROM E.G.F. PLC BONDS | COMMISSIONS | DEPOSITS | INTEREST INCOME FROM DEPOSITS IN THE INTERBANK MARKET | OTHER OPERATING INCOME |
|---|---|---|---|---|---|
| **CREDIT AGRICOLE S.A.** | | | | 72.111 | |
| **CALYON SA** | 17.649 | | 49 | | |
| **CAAM** | | 226 | | | |
| **CAAM LUXEMBURG** | | 39 | | | 38 |
| **TOTAL** | **17.649** | **265** | **49** | **72.111** | **38** |

**Note: Not audited by Certified Accountants - Auditors.**

Amounts in thousand Eur

**TABLE : X**
**INTRAGROUP TRANSACTIONS OF 2008**
(EMPORIKI BANK´S CLAIMS ON TRANSACTIONS WITH PARENT COMPANY GROUP)

| LIABILITIES OF CASA GROUP / CLAIMS OF EMPORIKI BANK S.A. | E.G.F. PLC BONDS | DERIVATIVES | SALE FEES | DEPOSITS | DEPOSITS IN THE INTERBANK MARKET |
|---|---|---|---|---|---|
| **CREDIT AGRICOLE S.A.** | | | | 3.322 | 1.811.411 |
| **CALYON SA** | 6.915 | 1.405 | 49 | 58.823 | |
| **CAAM** | | | 76 | | |
| **CAAM LUXEMBURG** | | | 114 | | |
| **TOTAL** | **6.915** | **1.405** | **239** | **62.145** | **1.811.411** |

**Note: Not audited by Certified Accountants - Auditors.**

Amounts in thousand Eur

**TABLE : XI**
**INTRAGROUP TRANSACTIONS OF 2008**
(EMPORIKI BANK´S LIABILITIES FROM TRANSACTIONS WITH PARENT COMPANY GROUP)

| CLAIMS OF CASA GROUP / LIABILITIES OF EMPORIKI BANK S.A. | E.G.F. PLC BONDS | DERIVATIVES | INTEGRATION ASSISTANCE FEE ACCRUED EXPENSE | REFINANCING AGREEMENT ACCRUED EXPENSE | PERPETUAL SUBORDINATED DEBT | DEPOSITS | DEPOSITS IN THE INTERBANK MARKET |
|---|---|---|---|---|---|---|---|
| **CREDIT AGRICOLE S.A.** | 5.119.891 | | 955 | 201 | 170.059 | 409 | 2.288.255 |
| **CALYON SA** | | 96.733 | | | | | |
| **TOTAL** | **5.119.891** | **96.733** | **955** | **201** | **170.059** | **409** | **2.288.255** |

**Note: Not audited by Certified Accountants - Auditors.**

## III. Independent Auditors' Report and Group Financial Statements as at 31.12.2008

# CONSOLIDATED
# FINANCIAL STATEMENTS

## AS AT 31-12-2008

**In accordance with International Financial Reporting Standards**

**ATHENS, 26 February 2009**

## Contents of the Consolidated Financial Statements

[Translation from the original text in Greek]

## Independent Auditor's Report

**To the Shareholders of Emporiki Bank of Greece S.A.**
**Reg. No. 6064/06/B/86/03**

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Emporiki Bank of Greece S.A. (the "Bank") and its subsidiaries (the "Group") which comprise the consolidated balance sheet as of 31 December 2008 and the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2008, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Without qualifying our opinion, we draw attention to note 34 of the accompanying consolidated financial statements, which describes events following the adoption of Law 3371/2005 (Social Security Regulation of Banking Institutions) by the Bank and the uncertain final outcome of related litigation.

### Reference to Other Legal Matters

We verified the agreement and correspondence of the content of the Board of Directors' report with the accompanying financial statements, in the context of the requirements of articles 43a, 107 and 37 of Law 2190/1920.

Athens, 26 February 2009

The Certified Auditors – Accountants

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Certified Auditors – Accountants
268 Kifissias Avenue, Halandri 152 32
SOEL Reg. No. 113

The Certified Auditor – Accountant

Constantinos Michalatos
SOEL Reg. No. 17701

Amounts in thousands Euro (unless otherwise expressed)

**Consolidated Income Statement**

| | Note | 01/01 - 31/12/2008 | 01/01 - 31/12/2007 |
|---|---|---|---|
| Interest & similar income | | 1.671.852 | 1.395.450 |
| Interest expense & similar charges | | (1.023.171) | (644.466) |
| **Net interest income** | **6** | **648.681** | **750.984** |
| Fee & commission income | | 147.751 | 163.240 |
| Fee & commission expense | | (20.203) | (9.110) |
| **Net commission income** | **7** | **127.548** | **154.130** |
| Net premiums from insurance contracts | | 19.434 | 21.566 |
| Net claims and benefits on insurance contracts | | (14.000) | (19.169) |
| **Net income from insurance operations** | **11** | **5.434** | **2.397** |
| Dividend income | **8** | 7.201 | 1.827 |
| Net trading results | **9** | (47.973) | (10.002) |
| Gains less losses from investment securities | **10** | (2.804) | 19.846 |
| Other operating income | **12** | 18.601 | 20.768 |
| **Net operating income** | | **756.688** | **939.950** |
| Staff costs | **13** | (435.842) | (434.175) |
| Depreciation & amortization | | (32.428) | (33.353) |
| Impairment losses on loans and receivables | **22** | (473.669) | (218.183) |
| Other provisions | | (19.617) | (15.431) |
| Other operating expenses | **14** | (198.072) | (192.892) |
| **Total operating expenses** | | **(1.159.628)** | **(894.034)** |
| Share of (loss) / profit of associates | | 6.745 | 239 |
| **PROFIT / (LOSS) BEFORE INCOME TAX** | | **(396.195)** | **46.155** |
| Income tax expense | **15** | (95.716) | (20.929) |
| **PROFIT / (LOSS) AFTER TAX - Continuing Operations** | | **(491.911)** | **25.226** |
| Profit / (loss) - discontinued operations | **45** | - | 47.709 |
| **PROFIT/ (LOSS) AFTER INCOME TAX** | | **(491.911)** | **72.935** |
| Attributable to: | | | |
| Equity holders of the Bank | | **(491.754)** | **73.370** |
| Minority interest | | (157) | (435) |
| Basic earnings/ (losses) per share from continuing operations (in Euro) | **16** | (3,7144) | 0,6126 |
| Basic earnings/ (losses) per share from discontinued operations (in Euro) | **16** | - | (0,0584) |

Notes on pages 8 to 64 form an integral part of these consolidated financial statements.

Amounts in thousands Euro (unless otherwise expressed)

**Consolidated Balance Sheet**

| | Note | 31 December 2008 | 31 December 2007 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and balances with Central Bank | 17 | 895.375 | 925.618 |
| Treasury bills | | 27.192 | 31.395 |
| Due from other banks | 18 | 2.092.861 | 2.548.842 |
| Trading securities | 19 | 612.258 | 1.426.836 |
| Derivative financial instruments | 20 | 67.451 | 21.520 |
| Loans and advances to customers | 21 | 23.709.823 | 19.577.075 |
| Available-for-sale securities | 22 | 1.626.017 | 1.612.301 |
| Held-to-maturity securities | 23 | 57.311 | 71.754 |
| Investments in non consolidated subsidiaries | 24 | 4.211 | 8.684 |
| Investments in associates | 25 | 28.539 | 4.386 |
| Intangible assets | 26 | 13.600 | 12.638 |
| Property, plant and equipment | 27 | 339.780 | 340.904 |
| Investment property | 28 | 104.788 | 102.687 |
| Deferred tax assets | 39 | 272.759 | 334.422 |
| Income tax advance | | 9.874 | 6.574 |
| Other assets | 29 | 166.783 | 182.770 |
| **Total Assets from Continued Operations** | | **30.028.622** | **27.208.406** |
| Total Assets from Discontinued Operations | 44 | - | 115.642 |
| **TOTAL ASSETS** | | **30.028.622** | **27.324.048** |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| Due to other banks | 30 | 3.954.388 | 3.453.481 |
| Derivative financial instruments | 20 | 133.580 | 21.713 |
| Due to customers | 31 | 18.364.436 | 18.127.003 |
| Debt securities in issue | 32 | 5.529.799 | 2.894.579 |
| Other borrowed funds | 33 | 813.970 | 712.062 |
| Due to State pension funds | 34 | 481.810 | 552.849 |
| Personnel leaving indemnities | 35 | 4.973 | 6.566 |
| Insurance reserves | 36 | 75.908 | 69.129 |
| Other provisions | 37 | 166.824 | 124.198 |
| Current income tax liabilities | | 5.590 | 21.794 |
| Deferred tax liabilities | 39 | 10.861 | 9.897 |
| Other liabilities | 38 | 239.603 | 345.108 |
| **Total Liabilities from Continued Operations** | | **29.781.742** | **26.338.379** |
| Liabilities from Discontinued Operations | 44 | - | 97.114 |
| **Total Liabilities** | | **29.781.742** | **26.435.493** |
| **Equity** | | | |
| Share Capital | 41 | 728.153 | 728.153 |
| Share premium | | 371.404 | 371.464 |
| Other reserves | | 527.472 | 687.822 |
| Retained Earnings / (Losses) | | (907.842) | (980.037) |
| Results for the year | | (491.754) | 73.370 |
| | | **227.433** | **880.772** |
| **Minority interests** | | **19.447** | **7.783** |
| **Total Equity** | | **246.880** | **888.555** |
| **TOTAL LIABILITIES AND EQUITY** | | **30.028.622** | **27.324.048** |

Notes on pages 8 to 64 form an integral part of these consolidated financial statements.

Amounts in thousands Euro (unless otherwise expressed)

## Consolidated Statement of Changes in Equity

| | Share capital | Share premium | Currency Translation differences | Other reserves | Retained Earnings/ (losses) | Total | Minority interests | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2007** | **728.153** | **371.487** | **(1.490)** | **681.019** | **(947.092)** | **832.077** | **14.418** | **846.495** |
| Appropriation of 2006 | - | - | - | 5.586 | (5.586) | **-** | - | **-** |
| Profit for the year | - | - | - | - | 73.370 | **73.370** | (435) | **72.935** |
| Subsidiaries mergers | - | - | - | 312 | (312) | **-** | - | **-** |
| Available-for-sale valuation | - | - | - | (6.571) | - | **(6.571)** | - | **(6.571)** |
| Share capital increase expenses | - | (23) | - | - | - | **(23)** | - | **(23)** |
| Subsidiary disposal | - | - | - | 17.103 | (17.103) | **-** | (979) | **(979)** |
| Changes in subsidiaries shareholding structure | - | - | - | (30) | (9.944) | **(9.974)** | (5.179) | **(15.153)** |
| Foreign exchange differences | - | - | (8.107) | - | - | **(8.107)** | (42) | **(8.149)** |
| **Balance as at 31 December 2007** | **728.153** | **371.464** | **(9.597)** | **697.419** | **(906.667)** | **880.772** | **7.783** | **888.555** |
| | | | | | | | | |
| **Balance as at 1 January 2008** | **728.153** | **371.464** | **(9.597)** | **697.419** | **(906.667)** | **880.772** | **7.783** | **888.555** |
| Appropriation of 2007 | - | - | - | 755 | (775) | **(20)** | - | **(20)** |
| Profit / (loss) for the year | - | - | - | - | (491.754) | **(491.754)** | (157) | **(491.911)** |
| Available-for-sale valuation | - | - | - | (154.763) | - | **(154.763)** | - | **(154.763)** |
| Share capital increase expenses | | (60) | - | - | - | **(60)** | - | **(60)** |
| Changes in subsidiaries shareholding structure | - | - | - | (419) | (400) | **(819)** | 11.834 | **11.015** |
| Foreign exchange differences | - | - | (5.923) | - | - | **(5.923)** | (13) | **(5.936)** |
| **Balance as at 31 December 2008** | **728.153** | **371.404** | **(15.520)** | **542.992** | **(1.399.596)** | **227.433** | **19.447** | **246.880** |

Notes on pages 8 to 64 form an integral part of these consolidated financial statements.

Amounts in thousands Euro (unless otherwise expressed)

## Consolidated Cash Flow Statement

| | Period ended 31 December 2008 | 2007 |
|---|---|---|
| Profit / (loss) before tax from Continued Operations | (396.195) | 46.155 |
| Profit / (loss before tax from Discontinued Operations | - | 47.709 |
| **Adjustment for reconciliation of period result to cash flows from operating activities** | | |
| Adjustments for non cash items included in profit and loss for the period – Continued Operations: | | |
| Net (profit)/ loss from sale of subsidiary | - | (41.487) |
| Depreciation and amortization | 32.428 | 33.353 |
| Provision for credit risks | 485.244 | 218.183 |
| Other provisions | 19.617 | 15.431 |
| Revaluation difference of derivative financial instruments | 65.936 | (9.036) |
| Accrued interests | 33.562 | 41.790 |
| Net (profit)/ loss from investment portfolio | 2.805 | (12.412) |
| Provisions for insurance activities | 6.238 | 3.991 |
| Net (profit)/ loss from sale of fixed assets | 384 | (4.451) |
| Share of (profit) / loss of associates | (6.746) | (239) |
| | 639.468 | 245.123 |
| Adjustments for non cash items included in profit and loss for the period - Discontinued Operations: | | |
| Provision for credit risks | - | 256 |
| Depreciation and amortization | - | 726 |
| | - | 982 |
| Net (increase)/ decrease of operating assets - Continued Operations: | | |
| Obligatory deposits to Bank of Greece | (293.668) | 86.386 |
| Due from other banks | 99.711 | (271.636) |
| Trading securities (less government bonds) | 780.304 | (25.539) |
| Loans and advances to customers (net of write-offs) | (4.744.973) | (2.787.049) |
| Other assets | (4.546) | 174.660 |
| | (4.163.172) | (2.823.178) |
| Net (increase)/ decrease of operating assets - Discontinued Operations: | | |
| Loans and advances to customers (net of write-offs) | - | (113.162) |
| Other assets | - | 1.343 |
| | - | (111.819) |
| Net increase/(decrease) operating liabilities - Continued Operations: | | |
| Due to other banks | 415.843 | 2.215.403 |
| Due to customers | 196.242 | 1.553.069 |
| Other liabilities | (97.203) | (168.992) |
| Personnel indemnities | (1.593) | 590 |
| | 513.289 | 3.600.070 |
| Net increase/(decrease) operating liabilities - Discontinued Operations: | | |
| Due to other banks | - | (54.650) |
| Due to customers | - | (10.971) |
| Other liabilities | - | 99 |
| | - | (65.522) |
| **Total cash flows from operating activities - Continued Operations** | **(3.406.610)** | **1.068.170** |
| **Total cash flows from operating activities - Discontinued Operations** | **-** | **(128.650)** |
| **Cash flows from investing activities - Continued Operations** | | |
| Changes in participations in non consolidated subsidiaries & adjustments of associates´ equity | (12.935) | (7.902) |
| Proceeds from sale of subsidiaries | 11.016 | 86.794 |
| Changes in subsidiaries shareholding structure | - | (9.943) |
| Net change in property, plant and equipment, intangible assets and investment property | (30.873) | (39.976) |
| Net change of held to maturity securities | 14.443 | 8.835 |
| Net change of available-for-sale investments | (11.950) | (1.334.598) |
| **Total cash flows from investing activities - Continued Operations** | **(30.299)** | **(1.296.790)** |
| **Cash flows from investing activities - Discontinued Operations** | | |
| Changes in participations in non consolidated subsidiaries & adjustments of associates´ equity | - | 76 |
| Net change in property, plant and equipment, intangible assets and investment property | - | 19 |
| Net change of held to maturity securities | - | 28.711 |
| **Total cash flows from investing activities - Discontinued Operations** | **-** | **28.806** |
| **Cash flows from financing activities - Continued Operations** | | |
| Capital increase expenses | - | (23) |
| Proceeds from the issue of debt | 2.890.000 | 1.880.000 |
| Proceeds from the issue of subordinated debt | 100.000 | - |
| Repayment of mortgage backed securities | (78.958) | (404.569) |
| Net change in own bonds | (193.336) | 14.687 |
| **Total cash flows from financing activities - Continued Operations** | **2.717.706** | **1.490.095** |
| **Net increase / (decrease) in cash and cash equivalents** | **(719.203)** | **1.161.631** |
| Cash and cash equivalents, at beginning of period **(Note 42)** | 2.994.798 | 1.833.167 |
| **Cash and cash equivalents, at end of period (Note 42)** | **2.275.595** | **2.994.798** |

Notes on pages 8 to 64 form an integral part of these consolidated financial statements

Amounts in thousands Euro (unless otherwise expressed)

**Notes to the Consolidated Financial Statements**

**1. General Information**

EMPORIKI BANK GROUP ("Emporiki Bank" or "Group") provides retail, corporate and investment banking services, asset management and other financial services. The Group offers services in Greece through its network of 372 branches and abroad through its branch in London and its subsidiaries in Germany, Cyprus, Bulgaria, Albania, and Romania.

Emporiki Bank was established in Greece in 1907 and its shares are listed on the Athens Stock Exchange since 1909. The share of Emporiki Bank is included in the FTSE XA 140, FTSE XA BANKS and FTSE XA Small Cap 80. Also, it is included in the FTSE4Good. The companies that are included in the FTSE4Good indexes are distinguished for their sensitivity on subjects of environmental politics and transparent management, as well as for the elaboration of constructive relationships with all the social members and the support and protection of human rights.

The Bank's registered office is at 11 Sofocleous Str. and its registration number as "Societe Anonyme" is 6064/06/B/86/03.

Emporiki Bank's web site address is www.emporiki.gr.

The members of the Board of Directors, after their meeting on 4th February 2009 are as follows:

| **Executive members** | | |
|---|---|---|
| Antony | Crontiras | Vice – Chairman & Chief Executive Officer |
| Bruno - Marie | Charrier | Deputy Chief Executive Officer |
| Fokion | Dimakakos | Member |
| Despina | Chalkidis | Member |
| George | Spiliopoulos | Member |

| **Non-executive members** | | |
|---|---|---|
| Jean-Frederic | De Leusse | Chairman |
| Bernard | De Wit | Member |
| Luc | Demazure | Member |
| Bernard | Mary | Member |
| Jean - Francois | Marchal | Member |
| Yves | Nanquette | Member |
| Charalampos | David | Member |
| Nikolaos | Ebeoglou | Member |
| Alexandra | Papalexopoulou | Member |

| **Independent Non-executive members** | | |
|---|---|---|
| Christoforos | Chatzopoulos | Member |
| Achilles | Constantakopoulos | Member |
| Konstantinos | Papadiamantis | Member |

The Board of Directors of the Bank approved these financial statements on 26th February 2009.

The Bank's consolidated financial statements are included in the consolidated financial statements of Credit Agricole S.A. The registered office of Credit Agricole S.A. is 91-93, Boulevard Pasteur, 75015 Paris, France and its web site address is www.credit-agricole.fr

**2. Summary of Significant Accounting Policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

## 2.1 Basis of preparation

The Financial Statements as at 31 December 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS), which have been adopted by the European Union, and those Standards and Interpretations approved by the International Accounting Standards Board.

The accounting policies applied for all the periods that are presented in these financial statements, are disclosed separately below.

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:

a) Standards and Interpretations effective after 1 January 2008

- IFRS 7 - Financial Instruments: Disclosures and the complementary amendment to IAS 1 - Presentation of Financial Statements: Capital Disclosures: This standard and amendment introduces new disclosures relating to financial instruments. For the current year the applicable IFRS 7 disclosures have only been presented in respect of events and transactions related to financial instruments which are material to an understanding of the current year.

- IAS 39 (Amendment) Financial Instruments: Recognition and Measurement and IFRS 7 (Amendment) Financial instruments: Disclosures– Reclassification of Financial Assets (effective prospectively from 1 July 2008).This amendment permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The Group has reclassified certain non-derivative financial assets from trading portfolio into the available for sale portfolio. The effect of this reclassification is disclosed in note 22.

- IFRIC 7 - Applying the Restatement Approach under IAS 29: This interpretation provides guidance on how to apply requirements of IAS 29 in a reporting period in which a company identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As the Group does not operates in a hyperinflationary economy this interpretation does not apply to the financial statements of the Group.

- IFRIC 8 - Scope of IFRS 2: This interpretation considers transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. This interpretation will not apply to the financial statements of the Group.

- IFRIC 9 - Reassessment of Embedded Derivatives: This interpretation requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. The implementation of this interpretation doesn't have a material effect on the financial statements of the Group.

- IFRIC 10 - Interim Financial Reporting and Impairment: This interpretation prohibits the impairment losses recognized in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The implementation of this interpretation does not have a material effect on the financial statements of the Group.

- IFRIC 11 - IFRS 2: Group and Treasury share transactions: This interpretation is effective for annual periods beginning on or after 1 March 2007 and clarifies the treatment where employees of a subsidiary receive the shares of a parent. It also clarifies whether certain types of transactions are accounted for as equity-settled or cash-settled transactions. This interpretation does not have any impact on the financial statements of the Group.

- IFRIC 12 – Service Concession Arrangements: This interpretation is effective for annual periods beginning on or after 1 January 2008 and applies to companies that participate in service concession arrangements. This interpretation is not relevant to the operations of the Group.

- IFRIC 13 – Customer Loyalty Programmes: This interpretation is effective for annual periods beginning on or after 1 July 2008 and 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 operations of the Group.

- IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: This interpretation is effective for annual periods beginning on or after 1 January 2008 and applies to post-employment and other long-term employee defined benefit plans. The interpretation clarifies when refunds or reductions in future contributions should be regarded as available, how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum funding requirement might give rise to a liability. As the Group does not operate any such benefit plans for its employees, this interpretation is not relevant to the Group.

b) Standards and Interpretations effective after 1 January 2009

- IFRS 1 (Amendment) "First time adoption of IFRS" and IAS 27 (Amendment) "Consolidated and separate financial statements" (effective for annual periods beginning on or after 1 January 2009).The amendment to IFRS 1 allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. As the parent company and all its subsidiaries have already transitioned to IFRS , the amendment will not have any impact on the financial statements of the Group.

- IFRS 2 'Share Based Payment' – Vesting Conditions and Cancellations .The amendment, effective for annual periods beginning on or after 1 January 2009, 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. The Group does not expect that these amendments will have an impact on its financial statements.

• IFRS 3 – Business Combinations and IAS 27– Consolidated and Separate Financial Statements: A revised version of IFRS 3 Business Combinations and an amended version of IAS 27 Consolidated and Separate Financial Statements is 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 form their effective date.

• IFRS 8 - Operating Segments: This standard is effective for annual periods beginning on or after 1 January 2009 and 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. The Group will apply IFRS 8 from 1 January 2009, and its implementation is expecting to affect the presentation of the Group's operations by business segment.

• IAS 1– Presentation of Financial Statements: IAS 1 has been revised to enhance the usefulness of information presented in the financial statements and is effective for annual periods beginning on or after 1 January 2009. The key changes are: the requirement that the statement of changes in equity include only transactions with shareholders, the introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with "other comprehensive income", and the requirement to present restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period. The Group will apply these amendments and make the necessary changes to the presentation of its financial statements in 2009

• IAS 23 – Borrowing Costs: This standard is effective for annual periods beginning on or after 1 January 2009 and 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. Group will apply IAS 23 from 1 January 2009.

• IAS 32 and IAS 1 – Puttable Financial Instruments: The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. Both amendments are effective for annual periods beginning on or after 1 January 2009. The Group does not expect these amendments to impact its financial statements.

• IFRIC 15 - Agreements for the construction of real estate: This interpretation is effective for annual periods beginning on or after 1 January 2009 and 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 operations of the Group.

• IFRIC 16 - Hedges of a net investment in a foreign operation: This interpretation is effective for annual periods beginning on or after 1 October 2008 and 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.

(c) 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 May 2008 of the results of the IASB's annual improvements project. Unless otherwise stated the following amendments are effective for annual periods beginning on or after 1 January 2009.

- IAS 1 (Amendment) Presentation of financial statements.The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39 "Financial instruments: Recognition and measurement" are examples of current assets and liabilities respectively. The Group will apply this amendment from 1 January 2009 but it is not expected to have an impact on the financial statements of the Group.

- IAS 16 (Amendment) Property, plant and equipment (and consequential amendment to IAS 7 Statement of cash flows.This amendment requires that entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to IAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. The amendment will not have an impact on the Group's operations because none of the companies in the Group have ordinary activities that comprise renting and subsequently selling assets.

- IAS 19 (Amendment) "Employee benefits" .The changes to this standard are as follows

A plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.

The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.

IAS 37, 'Provisions, contingent liabilities and contingent assets', requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

The Group will apply theses amendments from 1 January 2009. It is not expected that these amendments will have an impact on the financial statements of the Group.

- IAS 20 (Amendment) Accounting for government grants and disclosure of government assistance
The amendment requires that the benefit of a below-market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39 "Financial instruments: Recognition and measurement" and the proceeds received with the benefit accounted for in accordance with IAS 20. The amendment will not have an impact on the Group's operations as there are no loans received from the government.

- IAS 27 (Amendment) Consolidated and separate financial statements.This amendment states that where an investment in a subsidiary that is accounted for under IAS 39 "Financial instruments: Recognition and measurement" is classified as held for sale under IFRS 5 "Non-current assets held for sale and discontinued operations" that IAS 39 would continue to be applied. The amendment will not have an impact on the financial statements of the Group because it is the Group's policy for an investment in a subsidiary to be recorded at cost in the standalone accounts.

- IAS 28 (Amendment) Investments in associates (and consequential amendments to IAS 32 Financial Instruments: Presentation" and IFRS 7 "Financial instruments: Disclosures) .In terms of this amendment, an investment in associate is treated as a single asset for the purposes of impairment testing and any impairment loss is not allocated to specific assets included within the investment. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The Group will apply this amendment from 1 January 2009.

- IAS 28 (Amendment) Investments in associates (and consequential amendments to IAS 32 Financial Instruments: Presentation" and IFRS 7 Financial instruments: Disclosures) .This amendment states that where an investment in associate is accounted for in accordance with IAS 39 "Financial instruments: Recognition and measurement" only certain, rather than all disclosure requirements in IAS 28 need to be made in addition to disclosures required by IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures". The amendment will not have an impact on the financial statements of the Group because it is the Group's policy for an investment in an associate to be equity accounted in the consolidated accounts.

- IAS 29 (Amendment) Financial reporting in hyperinflationary economies.The guidance in this standard has been amended to reflect the fact that a number of assets and liabilities are measured at fair value rather than historical cost. The amendment will not have an impact on the Group's operations, as none of the Group's subsidiaries or associates operate in hyperinflationary economies.

- IAS 31 (Amendment) Interests in joint ventures and consequential amendments to IAS 32 Financial Instruments: Presentation and IFRS 7 Financial instruments: Disclosures.This amendment states that where an investment in joint venture is accounted for in accordance with with IAS 39 "Financial instruments: Recognition and measurement" only certain, rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures". The amendment will not have an impact on the operations of the Group as there are no interests held in joint ventures accounted for in terms of IAS 39.

- IAS 36 (Amendment) Impairment of assets.This amendment requires that were fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply this amendment and provide the required disclosure where applicable for impairment tests from 1 January 2009.

- IAS 38 (Amendment) Intangible assets.This amendment states that a payment can only be recognized as a prepayment if that payment has been made in advance of obtaining right of access to goods or receipt of services. This amendment effectively means that once the Group has access to the goods or has received the services then the payment has to be expensed. The Group will apply this amendment from 1 January 2009.

- IAS 38 (Amendment) Intangible assets. This amendment deletes the wording that states that there is "rarely, if ever" support for use of a method that results in a lower rate of amortisation than the straight line method. The amendment will not currently have an impact on the Group's operations as all intangible assets are amortised using the straight line method.

- IAS 39 (Amendment) Financial instruments: Recognition and measurement. The changes to this standard are as follows :

It is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.

The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition.

The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. The amendment removes this requirement so that IAS 39 is consistent with IFRS 8, 'Operating segments' which requires disclosure for segments to be based on information reported to the chief operating decision maker.

When re-measuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) is used.

The Group will apply the IAS 39 (Amendment) from 1 January 2009. It is not expected to have an impact on its financial statements.

- IAS 40 (Amendment) Investment property (and consequential amendments to IAS 16 Property, plant and equipment). The amendment states that property that is under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The amendment is not expected to have any impact on the Group's financial statements.

- IAS 41 (Amendment) Agriculture. This amendment requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and the removal of the prohibition on taking into account biological transformation when calculating fair value. The amendment will not have an impact on the Group's operations as no agricultural activities are undertaken.

- IFRS 5 (Amendment) Non-current assets held for sale and discontinued operations (and consequential amendment to IFRS 1 First-time adoption) (effective for annual periods beginning on or after 1 July 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control, and relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRS. The Group will apply this amendment prospectively to all partial disposals of subsidiaries from 1 January 2010.

The consolidated financial statements are presented in Euro, the Bank's functional currency, rounded to the nearest thousand unless otherwise indicated.

These annual consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. Its also requires management to exercise judgment in the process of applying the Bank's accounting policies.

## 2.2 Consolidation

### (a) Subsidiaries

Subsidiaries are all entities over which the Group has the power directly or indirectly to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains / losses on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (c) Proportionate consolidation

The Group applied proportional consolidation for the first time in the consolidated financial statements as at 30 September 2005, for its share in the jointly controlled entities Emporiki Life AE and Emporiki Credicom AE. IAS 31 (interests in joint ventures) defines proportionate consolidation as a method of accounting whereby a venture's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is combined line by line with similar items in the venturer's financial statements. IAS 31 asserts that this method of accounting is necessary in order to capture the substance and economic reality of a venturer's interest in a jointly controlled entity.

The application of proportionate consolidation means that the balance sheet of the venturer includes its share of the assets that it controls jointly and its share of liabilities for which it is jointly responsible. The income statement of the venturer includes its share of the income and expenses of the jointly controlled entity.

## 2.3 Foreign currency translation

### (a) Functional and presentation currency

The consolidated financial statements are presented in the functional and presentation currency of the Group, the Euro.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Translation differences on monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve as of 1 January 2004.

### (c) Group companies

The results and financial position of all the group entities (none of which has the currency of hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognized as a separate component of equity and they are recycled to the Income Statement on the sale of the entity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## 2.4 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments either for hedging purposes or for trading purposes and on behalf of customers. The Group uses the following derivatives: OTC and exchange traded options, futures, interest rate and currency swaps and forwards.

Derivatives are initially recognized at acquisition cost on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, if market prices are not available.

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

(a) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge),

(b) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge) or

(c) hedges of a net investment in a foreign operation (net investment hedge).

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

For economic purposes, the Group designates certain derivatives as either hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge) or, hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge) or hedges for a net investment in a foreign subsidiary. The Groupr 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.

(a) 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 amortised 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.

(b) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised 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.

(c) Net investment hedge

Hedges of net investments in foreign operations 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 operation is disposed of.

### 2.5 Interest income and expense

Interest income and expense are recognized in the consolidated income statement for all instruments measured at amortized cost using the effective interest method and includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Interest and similar income includes interest income from loans and advances to customers, interest income from fixed and floating interest-bearing securities and also premium or discount amortization of bonds and other financial instruments.

The Group does not recognize interest income on non-performing loans. Interest income for these loans are recorded in off balance sheet accounts until they are considered performing.

### 2.6 Fee and commission income

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loans.

### 2.7 Dividend Income

Dividends are recognized in the income statement when the right to receive payment is established.

### 2.8 Financial assets

The Group classifies its financial assets in the following 4 categories. Management determines the classification of its investments at initial recognition and reassess at reporting period.

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

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

**(b) Loans and receivables**

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

**(c) Held-to-maturity**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. As at 31 December 2008 the Group had held to maturity securities amounted to € 57 millions.

**(d) Available-for-sale**

Available-for-sale investments are those 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.

Purchases and sales of financial assets in categories (a), (c), (d) above are recognized on settlement date – the date that a financial asset is delivered to or by the Group, which for held to maturity assets and available for sale securities includes transaction costs. Loans and advances (category b) are recognized when cash is advanced to the borrowers.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial assets is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity should be recognized in profit or loss.

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise.

Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method less impairment losses. These assets are examined for impairment losses which is when the present value of expected cash flows discounted at the effective rate is less than book value.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, and other valuation techniques commonly used by market participants.

The Group assesses at each reporting period if there are indications of impairment. For equity instruments classified as available-for-sale such indications exist when the hedge is a prolong decline in the fair value compared to cost. If such impairment exists the remaining amount in equity is transferred to the income statement.

## 2.9 Off - setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when:
a) there is a legally enforceable right to offset the recognized amounts and
b) there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

## 2.10 Sale and repurchase agreements

Securities sold subject to repurchase agreements (“repos”) remain as assets in the financial statements; the counterparty liability is included in “amounts due to other banks” or “deposits due to customers”, as appropriate.

Securities purchased under agreements to resell (“reverse repos”) are recorded as loans and advances to other banks or customers, as appropriate and the securities are not shown in the financial statement.

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

## 2.11 Impairment of financial assets

Assets with an infinite useful life and are not depreciated are assessed for impairment losses at each balance sheet date or whenever there is an indication that the reporting balance is non recoverable. Assets that are depreciated are tested for impairment loss when there is evidence that the book value is not recoverable. The recoverable amount is the largest amount between fair value less selling costs and value in use. In estimating the recoverable amount assets are classified in smaller cash generating units. Impairment loss when incurred is recognized to the income statement.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

(i) significant financial difficulty of the issuer or obligor;
(ii) a breach of contract, such as a default or delinquency in interest or principal payments;
(iii) the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
(iv) it is becoming probable that the borrower will go bankrupt or will follow a financial restructuring;
(v) the disappearance of an active market for that financial asset because of financial difficulties;
(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
- adverse changes in the payment status of borrowers in the group; or
- national or local economic conditions that correlate with defaults on the assets in the group

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

If there is objective evidence that an impairment loss on an asset or a group of assets has occurred, then the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics for Group exposure. These characteristics (financial, historical, geographical sector) are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

If, in a subsequent period, the expected cash flows change then these are recorded as a gain or loss to the income statement.

## 2.12 Intangible assets - Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives (three to five years). Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

### 2.13 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

| **Description** | **Years** |
|---|---|
| Buildings and leasehold improvements | 40 to 50 |
| Computer Hardware | 3 to 4 |
| Vehicles | 5 to 7 |
| Furniture and equipment | 5 to 7 |

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

On transition date to IFRS (1 January 2004) the Group valued land and buildings at fair value based on professional valuations. This fair value was considered as deemed cost.

### 2.14 Investment property

The Group classifies land and buildings that are not used for operational purposes or are held for investment purposes (rental income or capital appreciation) as investment property and records them at amortized cost less impairment losses. The Group depreciates investment property during its useful life, which is estimated at 40 to 50 years. On transition date to IFRS (1 January 2004) the Group classified investment property at fair value as determined by professional valuators. Fair value was considered as their deemed cost.

### 2.15 Leases

**(a) The Group as lessee**

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**(b) The Group as lessor**

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental ncome (net of any incentives given to lessees) is recognized on a straight-line basis over the lease term.

## 2.16 Insurance activities

### a) Provision for insurance claim

*Provision for unsettled claims*
As a result of normal operations of the Group insurance companies, obligations or outstanding claims occur, most of which are delayed, due to their nature or are under legal proceedings. Specialists along with legal council, where considered necessary, determine the settlement of these claims and the fair value of any liabilities of the insurance companies.

This provision is determined on a file-by-file basis, based on supporting evidence and taken into account direct claims and third party fees such as lawyers, court and judicial expenses.

**b) Recognition of income**
Insurance premium fees are recognized as income during the period of the insurance contract (short term life contracts and contracts for settlement of claims). For long term life contracts income is recognized on issue of the contract and the relevant expense is recognized by the method of technical reserves.

**c) Reinsurance contracts**
Reinsurance contracts are contracts issued by one insurer to compensate losses on one or more contracts issued by and the insurer.

**d) Unbundling of components**
The Group insurance companies issue investment contracts on a unit linked basis or a defined acquisition fund – DAF. The fair value of a unit link fund is determined by the current net price of a unit, which reflects the fair value of the asset linked to the fund time, times the number of the units held by the issuer on a balance sheet date.

The fair value of the liability of DAF is determined by the contributions made less acquisitions or amounts settled plus investment income from the use of the asset during the period.

**e) Assessment of provision**
Provisions are accounted for in accordance with IFRS 4 based on the level of provisions less defined acquisition costs (DAC). Current discounted cash flows are used less direct expenses. Future cash flows are discounted using yield curves. Any amounts that are insufficient are deducted from DAC and a corresponding liability for the risk is determined. Any DAC deducted cannot be replaced.

## 2.17 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including: cash and non-restricted balances with the Bank of Greece, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

## 2.18 Provisions

Provisions for restructuring costs and legal claims are recognized when:
i) the Group has a present legal or constructive obligation as a result of past events;
ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and
iii) the amount has been reliably estimated.

## 2.19 Employee benefits

### (a) Short-term obligations

Short-term obligations to employees in cash or other non-monetary items are recognized as an expense on an accrual basis.

### (b) Post employment benefits

The Group has both defined benefit and defined contribution plans. The contributions are recognized as employee benefit expense when they are due.

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. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Greek Government bonds.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives based on the corridor approach for 10% of defined benefit obligations. Past-service costs are recognized immediately in income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

The current status of the Bank’s obligations to Pensions Funds is described in detail in note 34.

### (c) Employee termination benefits

Employee termination benefits are paid when employees leave prior to retirement. The Group records a liability when it is obliged to pay an amount according to a detailed employee scheme or when there are motives for voluntary termination. Long-term employment schemes are discounted.

In case the amount is not known precisely, termination benefits are recognized as a contingent liability.

## 2.20 Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary difference can be utilized. Deferred taxes are presented separately as assets and liabilities and are not offset.

Income tax payable on profits, based on the applicable tax law, is recognized as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognized as an asset when it is probable that future taxable profits will be available against with these losses can be utilized.

## 2.21 Debt securities and other issues

Debt securities and subordinated debts of the Group are recognized initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. These are subsequently measured at amortized cost; any difference between proceeds net of transaction costs and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

### 2.22 Share capital and own shares

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds. Directly attributable costs of issuing shares for the purpose of acquiring an entity are included in the cost of the acquired entity.

Consideration paid for treasury shares is deducted from total shareholders' equity until they are cancelled or sold. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

### 2.23 Fiduciary activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

### 2.24 Related-party transactions

Related parties include companies for which the Group exerts significant influence, Board of Directors members and their close family members. The Group enters into transactions with related parties in the usual course of its business.

### 2.25 Segment reporting

The business segments are the primary reporting format of the Group. Taking into consideration the Group's internal reporting system and organizational structure, the following reportable business segments have been identified:

- Retail banking
- Corporate banking
- Insurance and asset management activities
- Investment banking and Treasury
- Other

### 2.26 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

## 3. Financial Risk Management

### 3.1 Financial Risk factors

The Group's activities are related with financial instrument risks including risks from derivatives. The Bank receives deposits from customers for different time intervals offering fixed and floating rates. The Bank invests these funds to achieve higher than the average offer rate. To expand this spread the Bank receives short-term deposits and offers higher rates for long-term liabilities maintaining adequate liquidity coverage for all possible obligations that may occur.

The Bank is exposed to various risks such as credit, liquidity, cash flow and fair value risk from the change in rates. The general risk management policy for the Bank is focused on confronting the uncertainties of financial markets and tries to minimize any negative effects to the profits for the Bank. The Bank uses financial derivatives such as futures/forwards and interest rate swaps to hedge these risks.

Risk management apart from credit risk is maintained by the financial management division adapting to regulations and decisions that are approved by the Banks' management and by the Asset Liability Committee (ALCO). Credit risk management is governed by the Credit Committee that defines the credit risk strategy and monitors its progress. Risk Management defines, estimates and confronts all financial risks in cooperation with the departments that are involved with these risks. The Management gives instructions and guidelines for central risk management and special instructions for confronting special risks such as foreign exchange, interest and credit risk.

Cash flow hedging and fair value hedging for changes in interest rates

Operating income and cash flows of the Bank are affected by the change in interest rates. The Bank in several cases is exposed to floating rates loans and enters into a interest rate swap (IRS) to hedge cash flows on future interest payments that result in converting floating loans to fixed.

IRS contracts allow the Bank to convert long-term exposure from floating to fixed at a lower rate from that on inception. Through IRS the Bank agrees with third parties to swap at a notional amount the primarily difference between floating and fixed.

Interest rate risk arises from medium and long-term loans. Floating rate loans expose the Bank to cash flow risks. Fixed rate loans expose the Bank to fair value risks. It is the Bank's policy to have approximately their entire loan portfolio with floating rates.

## 3.2 Credit Risk

Emporiki Group's main strategic target is the effective management of the total undertaken risks in order to ensure an efficient use of capital in relation to risk appetite as well as business development.
The Group assigns significant priority in developing internal risk rating tools that identify the level of risk associated with borrowers' creditworthiness based on specific characteristics per type of exposure. This effort is aligned with the requirements of the new Pillar II Regulatory framework, regarding the capital adequacy obligations and the CAsa norms.

The credit approval process is subject to a detailed risk monitoring, review and analysis on an on-going basis in accordance with the norms and practices of Credit Agricole SA.

Regarding the credit risk strategy per type of exposure, the following have to be pointed out:

Corporate Credit Risk Strategy

Regarding the corporate risk assessment, Emporiki Group has incorporated in the credit decision-making process "Anadefi", CAsa´s rating model for corporate exposures. In specific, the Bank uses as its primary tool of corporate credit risk measurement a Group rating model of 15 grades that assesses the quality of the counterparty and its inferred probability of default for each rating grade.
The model can also be used to perform a time series analysis of the borrower's credit rating. A timely diagnosis of the rating's downward trend can prevent the Bank from potential losses.

The existence of a quantitative credit rating system will create a basis to compare credit risk, will allow the possibility of linking risk with pricing, will assist the realization of more accurate provisions, will facilitate the evaluation of capital requirements by supervisory authorities and will contribute to more accurate credit approval processes. Internal rating systems enable banks to quantify credit risk, inter alia for the purpose of capital adequacy ratio calculations, thereby determining the regulatory capital required to cover their credit risk.

Apart from the corporate rating tool, Emporiki in order to effectively assess concentration risk has established sector limits, which are closely monitored and reviewed on an annual basis.

Additionally, the portfolio of the largest exposures is reviewed on a yearly basis taking into account both the Corporate and Risk Business lines, while the amount, the type and the complexity per exposure are approved by different delegation levels via specific Credit Decision Processes. As a result, a more diversified portfolio is achieved with less concentrated exposures.

SMEs Credit Risk Strategy exposures

Regarding the Exposures to SMEs, due to the new Organization of the Group with the establishment of the Business Centers, a new risk policy has been developed consisting of specific guidelines for all SME's exposures according to the Group's risk appetite and its credit policy rules , an explicit set of rules for specific sectors and an extensive monitoring process. The tools implemented for credit rating is the Group corporate rating tool "Anadefi" as well as a new SME's credit application with main target to integrate a more documented approach and to fulfill compliance issues.

Professionals & Small Enterprises Credit Risk Strategy

For SBL and Professional credit exposures, systemic control tools that verify the fulfillment of specific credit policy rules are applied via the fulfillment of the electronic credit application form.
During 2008, Emporiki Group decided to centralize the credit approval process for these loans and in this concept the delegation power of the Branches has been decreased to minimum. All submitted credit requests (including renewals, adjustments etc) are assessed from the Retail Credit Centre.
For SBL and Professional exposures, the credit approval is based on specific Credit Policy Rules. For a portion of these exposures, the group is using an application bespoke scorecard developed by an external vendor.

Credit Risk Strategy for Individuals

Consumer lending

Credit financing to private individuals is primarily designed to meet consumer needs, while the repayment is made and influenced by the available personal and family income of the borrower.
Consumer lending for Individuals, is mainly based upon the fulfillment of general credit policy rules, as well as upon bespoke application scorecards developed by external vendor.
Consumer lending scorecards are closely monitored by the Risk Management division in co-operation with CAsa´s relevant Division via several validation and calibration procedures.

Housing lending

Credit financing for mortgages (e.g. purchase, building, completion, extension, repair of a residential property, purchase of land for the building of a house or business premises) is currently based on the fulfillment of specific credit policy rules.
The Group implements a Centralized process via the Centralization Unit in order to assess and approve all mortgage loans and consumer loans with collaterals. More specifically, Centralization Unit is responsible to verify the fulfillment of the credit policy rules and the credit documentation, to check the collaterals´ status (eg. full ownership etc.), to co-operate with the Real Estate Division for the evaluation of the collateral market value, to reconcile the application data with the contract data.
Moreover, during 2009, Emporiki plans to implement a new bespoke application scorecard for mortgage loans applications.

In the following tables 2007 figures have been adjusted to conform to changes in presentation in the current year.

Amounts in thousands Euro (unless otherwise expressed)

### 3.2.1 Impairment and Formation of Provisions

The table below shows the percentage of the Group's on-balance sheet items relating to loans and advances and the associated impairment provision for each of the Group's internal credit rating categories:

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | **Loans & advances (%)** | **Impairment Provision (%)** | **Loans & advances (%)** | **Impairment Provision (%)** |
| Standard monitoring | 88,5 | 1,2 | 89,7 | 0,4 |
| Special monitoring | 2,1 | 6,7 | 0,7 | 15,5 |
| Sub-standard | 9,4 | 42,7 | 9,6 | 47,1 |
| **Total** | **100** | **5,2** | **100** | **5,0** |

### 3.2.2 Maximum exposure to credit risk before collateral held or other credit enhancements

The following table presents the Group's maximum credit risk exposure as of 31/12/2008 and 31/12/2007, without including collateral held or other credit enhancements. Credit exposures are based on their carrying amounts as reported on the balance sheet.

| | Maximum Exposure | |
|---|---|---|
| | **2008** | **2007** |
| Treasury bills | 27.192 | 31.395 |
| Due from other banks | 2.092.861 | 2.548.842 |
| Trading securities - Debt securities | 601.615 | 1.383.288 |
| Derivative financial instruments | 67.451 | 21.520 |
| Loans and advances to customers: | | |
| Loans to Individuals: | | |
| Credit Cards | 405.780 | 439.252 |
| Consumer Loans | 2.262.450 | 2.365.614 |
| Mortgage Loans | 8.007.606 | 7.028.857 |
| Loans to corporate entities: | | |
| Large Corporate Customers | 6.545.054 | 3.957.825 |
| Small and medium size enterprises (SMEs) | 5.913.416 | 6.040.298 |
| Revolving Easy Business | 489.344 | 543.523 |
| Other receivables | 86.173 | |
| Available-for-sale securities - Debt securities | 1.584.745 | 1.569.165 |
| Held-to-maturity securities | 57.311 | 71.754 |
| Other assets | 166.783 | 182.770 |
| Credit risk exposures relating to off-balance sheet items are as follows: | | |
| Letters of guarantee | 2.232.602 | 1.883.345 |
| **Total** | **30.540.383** | **28.067.448** |

Amounts in thousands Euro (unless otherwise expressed)

### 3.2.3 Loans and advances

Loans and advances to customers and to banks are summarized as follows:

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | **Loans and advances to customers** | **Loans and advances to banks** | **Loans and advances to customers** | **Loans and advances to banks** |
| Neither past due nor impaired | 17.098.133 | 2.092.861 | 14.619.301 | 2.548.842 |
| Past due but not impaired | 5.009.895 | - | 3.989.954 | - |
| Impaired | 2.897.894 | - | 1.987.505 | - |
| **Gross Total** | **25.005.922** | **2.092.861** | **20.596.760** | **2.548.842** |
| Less: allowance for impairment | 1.296.099 | - | 1.019.685 | - |
| **Net Total** | **23.709.823** | **2.092.861** | **19.577.075** | **2.548.842** |

### (a) Loans and advances neither past due or impaired by rating class

**31 December 2008**

| | **Credit Cards** | **Term Loans** | **Mortgages** | **Large Corporate Customers** | **SMEs** | **Easy Business** | **Other receivables** | **Loans and advances to customers** | **Loans and advances to banks** |
|---|---|---|---|---|---|---|---|---|---|
| Standard monitoring | 265.843 | 1.768.055 | 5.831.983 | 5.511.132 | 3.108.344 | 269.166 | 86.174 | 16.840.697 | 2.092.861 |
| Special monitoring | 4.806 | - | 278 | 106.299 | 77.529 | - | - | 188.913 | - |
| Sub-standard | 60 | 3.601 | 58.334 | 263 | 6.266 | - | - | 68.523 | - |
| **Total** | **270.708** | **1.771.656** | **5.890.596** | **5.617.694** | **3.192.139** | **269.166** | **86.174** | **17.098.133** | **2.092.861** |

**31 December 2007**

| | **Credit Cards** | **Term Loans** | **Mortgages** | **Large Corporate Customers** | **SMEs** | **Revolving Easy Business** | **Other receivables** | **Loans and advances to customers** | **Loans and advances to banks** |
|---|---|---|---|---|---|---|---|---|---|
| Standard monitoring | 267.934 | 1.686.889 | 6.093.758 | 2.766.372 | 3.204.171 | 298.741 | 120.035 | **14.437.900** | 2.548.842 |
| Special monitoring | - | - | 1.222 | 33.394 | 38.754 | - | - | **73.370** | - |
| Sub-standard | - | 8.260 | 82.180 | 14.180 | 3.411 | - | - | **108.030** | - |
| **Total** | **267.934** | **1.695.149** | **6.177.160** | **2.813.946** | **3.246.336** | **298.741** | **120.035** | **14.619.301** | **2.548.842** |

Amounts in thousands Euro (unless otherwise expressed)

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

The gross amount of loans and advances by class to customers that were past due but not impaired is shown to the following tables:

**31 December 2008**

| | Individual (retail customers) | | | |
|---|---|---|---|---|
| | Credit Cards | Term Loans | Mortgage Loans | Total |
| Past due up to 30 days | 70.877 | 225.438 | 721.968 | 1.018.283 |
| Past due up to 30-90 days | 23.715 | 123.148 | 377.457 | 524.319 |
| Past due up to 90-180 days | 4.655 | 17.918 | 142.795 | 165.368 |
| Past due more than 180 days | 3.032 | 1.928 | 20.115 | 25.075 |
| **Total** | **102.279** | **368.432** | **1.262.334** | **1.733.045** |

| | Corporate entities | | | |
|---|---|---|---|---|
| | Large Corporate Customers | SME's | Revolving Easy Business | Total |
| Past due up to 30 days | 803.896 | 1.955.471 | 138.677 | 2.898.045 |
| Past due up to 30-90 days | 61.738 | 227.777 | 44.770 | 334.284 |
| Past due up to 90-180 days | 893 | 6.512 | 6.960 | 14.365 |
| Past due more than 180 days | 12.223 | 17.933 | - | 30.156 |
| **Total** | **878.750** | **2.207.693** | **190.407** | **3.276.850** |

**31 December 2007**

| | Individual (retail customers) | | | |
|---|---|---|---|---|
| | Credit Cards | Term Loans | Mortgage Loans | Total |
| Past due up to 30 days | 68.869 | 206.795 | 685.306 | 960.970 |
| Past due up to 30-90 days | 9.667 | 93.956 | 294.291 | 397.914 |
| Past due up to 90-180 days | 891 | 8.313 | 86.293 | 95.498 |
| Past due more than 180 days | - | 2 | 2.125 | 2.127 |
| **Total** | **79.427** | **309.066** | **1.068.015** | **1.456.509** |

| | Corporate entities | | | |
|---|---|---|---|---|
| | Large Corporate Customers | SME's | Revolving Easy Business | Total |
| Past due up to 30 days | 619.759 | 1.437.870 | 145.300 | 2.202.928 |
| Past due up to 30-90 days | 189.610 | 104.423 | 29.482 | 323.515 |
| Past due up to 90-180 days | 723 | 2.045 | 4.058 | 6.827 |
| Past due more than 180 days | - | 175 | - | 175 |
| **Total** | **810.092** | **1.544.513** | **178.840** | **2.533.445** |

Amounts in thousands Euro (unless otherwise expressed)

### (c) Loans and advances individually impaired

The breakdown of the gross amount of individually impaired loans and advances by customer class are as follows :

| 31 Decemeber 2008 | Credit cards | Term Loans | mortgages | loans to corporate entities | small and medium enterprises | revolving Easy Business | other receivables | Total |
|---|---|---|---|---|---|---|---|---|
| Impaired loans | 85.138 | 599.268 | 1.067.740 | 238.403 | 792.290 | 99.433 | 15.623 | 2.897.895 |
| | **85.138** | **599.268** | **1.067.740** | **238.403** | **792.290** | **99.433** | **15.623** | **2.897.895** |
| out of which have less than 90 pdp | 7.527 | 134.396 | 205.463 | 35.136 | 132.252 | 13.379 | - | **528.153** |
| Allowance for impairement | 56.573 | 324.826 | 237.367 | 188.705 | 403.344 | 69.662 | 15.622 | **1.296.099** |

| 31 Decemeber 2007 | Credit cards | Term Loans | mortgages | loans to corporate entities | small and medium enterprises | revolving Easy Business | other receivables | Total |
|---|---|---|---|---|---|---|---|---|
| Impaired loans | 82.660 | 353.703 | 448.886 | 373.824 | 607.939 | 80.011 | 40.483 | **1.987.506** |
| | **82.660** | **353.703** | **448.886** | **373.824** | **607.939** | **80.011** | **40.483** | **1.987.506** |
| out of which have less than 90 pdp | 15.500 | 103.025 | 101.077 | 84.377 | 100.875 | 8.743 | - | **413.597** |
| Allowance for impairement | 52.477 | 195.644 | 115.761 | 239.846 | 315.636 | 59.839 | 40.482 | **1.019.685** |

### 3.2.4 Debt securities, treasury bills and other eligible bills

The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at 31 December 2008, based on Moody's rating

| | Treasury bills | Trading securities | Available-for-sale securities | Held-to-maturity securities | Total |
|---|---|---|---|---|---|
| Aaa | - | - | 4.328 | - | 4.328 |
| Aa1 – Aa3 | - | - | 142.383 | - | 142.383 |
| A1 – A3 | - | - | 757.083 | - | 757.083 |
| Baa1 – Baa3 | 27.192 | 601.615 | 623.978 | 57.311 | 1.310.096 |
| Ba1 – Ba3 | - | - | 56.973 | - | 56.973 |
| **Total** | **27.192** | **601.615** | **1.584.745** | **57.311** | **2.270.863** |

Amounts in thousands Euro (unless otherwise expressed)

### 3.2.5 Concentration of risks of financial assets with credit risk exposure

### (a) Geographical Sectors

The geographical concentration allocates exposures to regions based on the counterparties' country of domicile. The Group's credit exposure, by geographical region as of 31 December 2008 and as of 31 December 2007, is mainly concentrated in Europe.

### b) Industry Sectors

| 31 December 2008 | Financial Institutions | Manuf/ing | Real Estate | Whole sale & Retail Trade | Public Sector | Other Industries | Individuals | Total |
|---|---|---|---|---|---|---|---|---|
| Treasury bills | - | - | - | - | 27.192 | - | - | **27.192** |
| Due from other banks | 2.092.861 | - | - | - | - | - | - | **2.092.861** |
| Trading securities - Debt securities | 922 | - | - | - | 600.694 | - | - | **601.615** |
| Derivative financial instruments | 67.451 | - | - | - | - | - | - | **67.451** |
| Loans and advances to customers: | 591.546 | 1.481.205 | 1.490.269 | 6.768.100 | 233.897 | 1.983.075 | 11.161.731 | **23.709.823** |
| Loans to Individuals: | - | - | - | - | - | - | 10.675.836 | **10.675.836** |
| Credit Cards | - | - | - | - | - | - | 405.780 | **405.780** |
| Consumer Loans | - | - | - | - | - | - | 2.262.450 | **2.262.450** |
| Mortgage Loans | - | - | - | - | - | - | 8.007.606 | **8.007.606** |
| Loans to corporate entities: | 591.546 | 1.481.205 | 1.490.269 | 6.768.100 | 233.897 | 1.896.902 | 485.895 | **12.947.814** |
| Large Corporate Customers | 588.799 | 896.716 | 761.957 | 3.485.579 | 192.258 | 619.745 | - | **6.545.054** |
| Small and medium size enterprises | 2.747 | 584.364 | 728.243 | 3.282.308 | 41.639 | 1.274.115 | - | **5.913.416** |
| Revolving Easy Business | - | 125 | 69 | 213 | - | 3.042 | 485.895 | **489.344** |
| Other receivables | - | - | - | - | - | 86.173 | - | **86.173** |
| AFS securtιes -Debt securities | 1.056.209 | 1.239 | 3.841 | - | 373.254 | 150.203 | - | **1.584.745** |
| Held-to-maturity securities | 57.311 | - | - | - | - | - | - | **57.311** |
| Other assets | - | - | - | - | - | 166.783 | - | **166.783** |
| **Total** | **3.866.299** | **1.482.444** | **1.494.110** | **6.768.100** | **1.235.037** | **2.300.061** | **11.161.731** | **28.307.782** |
| | | | | | | | | |
| **As at 31 December 2007** | **4.386.877** | **1.020.842** | **800.215** | **5.006.782** | **1.712.004** | **2.541.902** | **10.938.136** | **26.406.758** |

### 3.3 Market risk

Emporiki Group takes on exposure to market risks, which is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. Emporiki Group separates exposures to market risk into either trading or non-trading portfolios. The market risks arising from trading and non-trading activities are concentrated in Treasury. Regular reports are submitted to the top management and heads of the related business units. Trading portfolio include positions arising from market-making transactions where

Amounts in thousands Euro (unless otherwise expressed)

Emporiki acts as principal with clients or with the market. Non-trading portfolios consist of available-for-sale investments.

As part of the management of market risk, Emporiki Group undertakes various hedging strategies. Emporiki also enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt securities. The major measurement techniques used to measure and control market risk is outlined below.

**a) Value at risk**

Emporiki Group applies a 'value at risk' methodology (VAR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The ALCO committee sets limits on the value of risk that may be accepted for Emporiki Group, trading and non-trading separately, which are monitored on a daily basis. VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount Emporiki might lose, but only to a certain level of confidence (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding period' until positions can be closed (1 day). It also assumes that market moves occurring over this holding period will follow a similar pattern to those that have occurred over 1-day period in the past. Emporiki assessment of past movements is based on data for the past one year. Emporiki Group applies these historical changes in rates, prices, indices, etc. directly to its current positions – a method known as historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/factors used in the VAR calculation. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. As VAR constitutes an integral part of Emporiki Group's market risk control regime, the ALCO committee annually for all trading and non-trading portfolio operations establishes VAR limits. Since 2006, Var model has the certification of Bank of Greece.

Back-testing the VAR results for trading books continuously monitors the quality of the VAR model. All back-testing exceptions and any exceptional revenues on the profit side of the VAR distribution are investigated, and all back-testing results are reported to the ALCO committee.

**b) Stress tests**

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests include: risk factor stress testing, where stress movements are applied to each risk category; and ad hoc stress testing. The results of the stress tests are reviewed by senior management and presented to ALCO Committee.

VAR summary for 2008 and 2007:

**(a) Trading & Non - Trading portfolio VaR by Risk Type**

| | **01/01- 31/12/2008** | | | **01/01- 31/12/2007** | | |
|---|---|---|---|---|---|---|
| | **Average** | **High** | **Low** | **Average** | **High** | **Low** |
| Foreign exchange risk | 79 | 139 | - | 28 | 140 | 1 |
| Interest rate risk | 1.276 | 1.884 | 785 | 548 | 1.672 | 292 |
| Equities risk | 682 | 1.285 | 455 | 1264 | 1.746 | 633 |
| **Total VAR** | **1.640** | **2.160** | **1.078** | **1.382** | **2.447** | **822** |

Amounts in thousands Euro (unless otherwise expressed)

### (b) Trading portfolio VaR by Risk Type

| | 01/01- 31/12/2008 | | | 01/01- 31/12/2007 | | |
|---|---|---|---|---|---|---|
| | **Average** | **High** | **Low** | **Average** | **High** | **Low** |
| Foreign exchange risk | 39 | 117 | - | 28 | 140 | 1 |
| Interest rate risk | 1.227 | 1.815 | 608 | 482 | 1.659 | 275 |
| Equities risk | 190 | 995 | - | 787 | 996 | 527 |
| **Total VAR** | **1.293** | **1.828** | **609** | **931** | **1.767** | **602** |

### (c) Non - Trading portfolio VaR by Risk Type

| | 01/01- 31/12/2008 | | | 01/01- 31/12/2007 | | |
|---|---|---|---|---|---|---|
| | **Average** | **High** | **Low** | **Average** | **High** | **Low** |
| Foreign exchange risk | 19 | 207 | - | - | - | - |
| Interest rate risk | 438 | 1.340 | 126 | 122 | 414 | 14 |
| Equities risk | 538 | 747 | 293 | 586 | 1.055 | 224 |
| **Total VAR** | **657** | **1.397** | **347** | **615** | **1.067** | **227** |

## 3.4 Liquidity risk

Liquidity risk is the risk arising from the difference between the maturity of asset and liability items. Liquidity risk expresses the danger that the Bank cannot fulfill its obligations in the future due to these differences between financial instruments or transactions.

The Group measures this risk and controls it by using a developed liquidity management system that has various controls. The Bank adheres to liquidity restraints authorized by the regulatory authorities locally and abroad as well as to internal limits.

The Group controls and manages liquidity risk throughout the period by using the following:

(a) Minimum reserve balance as defined by the Bank of Greece.
(b) Liquidity indexes defined by the Bank of Greece and internally.

Emporiki Group's operations abroad adhere to liquidity rules defined by the Bank of Greece and local regulatory decisions.

The following table summarizes the financial assets and liability items of the Group by remaining maturity as at the reporting date.

Amounts in thousands Euro (unless otherwise expressed)

**31 December 2008**

| ASSETS | Up to 1 month | 1-3 months | 3- 12 months | 1-5 years | Over 5 years | Non-defined maturity | Total |
|---|---|---|---|---|---|---|---|
| Cash and balances with Central Bank | 605.248 | - | - | - | - | 290.127 | **895.375** |
| Treasury bills | 15.703 | - | 11.489 | - | - | - | **27.192** |
| Due from other banks | 1.906.646 | 10.459 | 7.930 | 86.816 | 68.690 | 12.319 | **2.092.861** |
| Trading securities | 2.684 | 10.290 | 386.683 | 199.986 | 9.136 | 3.478 | **612.258** |
| Derivative financial instruments | - | - | - | - | - | 67.451 | **67.451** |
| Loans and advances to customers | 3.750.679 | 1.837.260 | 4.327.754 | 5.951.338 | 8.715.253 | (872.460) | **23.709.823** |
| Available-for-sale securities | 26.299 | 43.722 | 358.001 | 538.483 | 619.482 | 40.030 | **1.626.017** |
| Held-to-maturity securities | - | - | - | 57.311 | - | - | **57.311** |
| Other assets | 1.854 | 1.178 | 10.157 | 6.349 | 1.413 | 145.833 | **166.783** |
| **Total Financial Assets** | **6.309.113** | **1.902.909** | **5.102.014** | **6.840.283** | **9.413.973** | **(313.222)** | **29.255.071** |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| Due to other banks | 2.389.142 | 898.099 | 533.525 | 86.212 | 21.219 | 26.190 | **3.954.388** |
| Derivative financial instruments | - | - | - | - | - | 133.580 | **133.580** |
| Due to customers | 11.352.804 | 3.206.028 | 3.584.403 | 93.857 | - | 127.345 | **18.364.436** |
| Debt securities in issue | - | - | 967.770 | 4.390.935 | 171.023 | 71 | **5.529.799** |
| Other borrowed funds | - | - | - | - | 813.970 | - | **813.970** |
| Due to State pension funds | 73.253 | - | 76.143 | 332.414 | - | - | **481.810** |
| Other liabilities | 8.232 | 19.685 | 1.395 | 3.872 | - | 206.419 | **239.603** |
| **Total Financial Liabilities** | **13.823.430** | **4.123.812** | **5.163.236** | **4.907.291** | **1.006.212** | **493.605** | **29.517.586** |
| | | | | | | | |
| **Net on-balance sheet financial position** | **(7.514.317)** | **(2.220.903)** | **(61.221)** | **1.932.992** | **8.407.761** | **(806.828)** | **(262.515)** |

| | Up to 1 month | 1-3 months | 3- 12 months | 1-5 years | Over 5 years | Non-defined maturity | Total |
|---|---|---|---|---|---|---|---|
| **31 December 2007** | | | | | | | |
| Total Financial Assets | **6.179.266** | **1.465.393** | **3.798.789** | **5.838.482** | **9.116.181** | **-** | **26.398.111** |
| Total Financial Liabilities | **15.589.278** | **2.958.906** | **3.185.697** | **3.104.549** | **1.268.365** | **-** | **26.106.795** |
| **Net on-balance sheet financial position** | **(9.410.012)** | **(1.493.513)** | **613.092** | **2.733.933** | **7.847.816** | **-** | **291.316** |

## 3.5 Establishment of fair values

The fair value of quoted investments, which are negotiable in active markets/stock exchanges, such as derivatives, shares, bonds, mutual funds, is established based on current bid prices valid at balance sheet date.

If the market for a financial asset is not active (and for unlisted securities), fair values are established by using valuation techniques and assumptions based on market information at the balance sheet date.

## 3.6 Fair Values of Financial Assets and Liabilities

The following table presents the book and fair values for the financial instruments (assets and liabilities) that are not measured in fair value:

Amounts in thousands Euro (unless otherwise expressed)

| | Book Value | | Fair Value | |
|---|---|---|---|---|
| | 31/12/2008 | 31/12/2007 | 31/12/2008 | 31/12/2007 |
| **Financial assets** | | | | |
| Due from other banks | 2.092.861 | 2.548.842 | 2.092.861 | 2.548.842 |
| Loans and advances to customers (after provisions) | 23.709.823 | 19.577.075 | 23.416.829 | 19.576.741 |
| Held-to-maturity securities | 57.311 | 71.754 | 54.518 | 71.818 |
| **Financial liabilities** | | | | |
| Due to other banks | 3.954.388 | 3.453.481 | 3.954.388 | 3.453.481 |
| Due to customers | 18.364.436 | 18.127.003 | 18.364.436 | 18.127.212 |
| Debt securities in issue | 5.529.799 | 2.894.579 | 5.406.065 | 2.857.305 |
| Other borrowed funds | 813.970 | 712.062 | 787.250 | 707.774 |

The fair value of the loans and advances to customers is calculated by discounting the future cash flows with the appropriate interest rates for similar credit risk and term. The calculation of the fair value of debt securities in issue is based on discounting future cash flows with inter-bank rates according to the duration.

The fair value of a financial instrument reflects the price at which an asset can be traded or a debt settled, between informed parties, willing to conclude a transaction at normal price.
The fair value indicated above represent estimations as of the closing date. They are subject – amongst other factors- to adjustments, according to market conditions prevailing at the valuation date. Those calculations represent our best possible estimate. It is based on a set of assumptions. Since the underlying models include uncertainties, the fair values may not materialize if those financial instruments were to be sold or settled in the future.

In practical terms, and on a going concern basis, the overall value of those instruments could not materialize through an immediate market transaction."

**4. Critical Accounting Estimates, and Judgments in Applying Accounting Policies**

The management of 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 factor, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Impairment on loans and advances**
The Group reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

**(b) Fair value of derivatives**
The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques are used to determine fair value, they are validated and

Amounts in thousands Euro (unless otherwise expressed)

periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

**(c) Impairment of available-for-sale equity investments**

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

**(d) Due to state pension funds**

The estimates, judgements and assumptions, concerning the liabilities to State pension funds are illustrated in Note 34.

**(e) Investments in associates**

The estimates, judgements and assumptions, concerning the investments in associates are illustrated in Note 25.

**(f) Income taxes**

Estimates are required for the income tax calculation, since the Group companies are subject to income tax in different countries. Tax estimation is subjective due to the nature and the volume of transactions in the normal course of the Group business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**5. Segment Reporting**

| From 1/1 to 31/12/2008 | Group | Retail | Corporate | Insurance and Asset management | Investment Banking & Treasury | Other |
|---|---|---|---|---|---|---|
| Net interest income | **648.681** | 576.004 | 108.660 | 2.535 | (39.067) | 549 |
| Net commission income | **127.548** | 98.230 | 24.347 | 8.336 | 9.511 | (12.876) |
| Net fee and income from insurance activities | **5.434** | - | - | 5.434 | - | - |
| Other income | **(24.975)** | 9.686 | 138 | (145) | (41.410) | 6.756 |
| **TOTAL NET INCOME** | **756.688** | **683.920** | **133.145** | **16.160** | **(70.966)** | **(5.571)** |
| Employee benefits | **(435.842)** | (350.861) | (27.165) | (3.659) | (12.770) | (41.387) |
| Impairment loans and advances | **(473.669)** | (287.759) | (185.910) | - | - | - |
| Other Provisions | **(19.617)** | (67) | - | - | - | (19.550) |
| Other administration expenses | **(230.500)** | (180.179) | (12.555) | (2.720) | (9.078) | (25.968) |
| **TOTAL OPERATING EXPENSES** | **(1.159.628)** | **(818.866)** | **(225.630)** | **(6.379)** | **(21.848)** | **(86.905)** |
| Share of gain of associates | **6.745** | - | - | - | 6.745 | - |
| **PROFIT / (LOSSES) BEFORE TAXES** | **(396.195)** | **(134.946)** | **(92.485)** | **9.781** | **(86.069)** | **(92.476)** |

Amounts in thousands Euro (unless otherwise expressed)

| From 1/1 to 31/12/2007* | Group | Retail | Corporate | Insurance and Asset management | Investment Banking & Treasury | Other |
|---|---|---|---|---|---|---|
| Net interest income | **750.984** | 610.114 | 101.923 | 2.516 | 34.275 | 2.155 |
| Net commission income | **154.130** | 116.154 | 21.823 | 1.095 | 15.058 | - |
| Net fee and income from insurance activities | **2.397** | - | - | 2.397 | - | - |
| Other income | **32.439** | 2.672 | 3.324 | (527) | 7.899 | 19.070 |
| **TOTAL NET INCOME** | **939.950** | **728.941** | **127.070** | **5.482** | **57.232** | **21.225** |
| Employee benefits | **(434.175)** | (345.639) | (27.914) | (4.376) | (12.225) | (44.022) |
| Impairment loans and advances | **(218.183)** | (184.809) | (33.374) | - | - | - |
| Other Provisions | **(15.431)** | (56) | 3 | - | - | (15.378) |
| Other administration expenses | **(226.245)** | (178.847) | (15.689) | (1.928) | (9.837) | (19.943) |
| **TOTAL OPERATING EXPENSES** | **(894.034)** | **(709.351)** | **(76.974)** | **(6.304)** | **(22.061)** | **(79.344)** |
| Share of loss of associates | **239** | **-** | - | - | 239 | - |
| **PROFIT / (LOSSES) BEFORE TAXES** | **46.155** | **19.590** | **50.096** | **(822)** | **35.410** | **(58.118)** |

* 2007 figures have been adjusted for comparison purposes

Retail includes all services and products offered to individuals, freelance professionals and small and medium size entities.

Corporate refers to products and services offered to corporations and shipping companies.

Insurance and asset management services refer to portfolio management for clients of Asset Management AEDAK and insurance products offered by the insurance companies of the Group.
Investment banking and Treasury include financial services, consulting and transaction services on capital exchange issues and on dealing room activities.

Other includes all non-financial or insurance activities and administrative and back office functions of the Bank.

| 6. Net Interest Income | 01/01-31/12/2008 | 01/01-31/12/2007 |
|---|---|---|
| **Interest and similar income** | | |
| Cash and short-term funds | 131.366 | 85.052 |
| Bonds/ Treasury bills | 324.887 | 200.319 |
| Loans and advances | 1.215.599 | 1.110.079 |
| | **1.671.852** | **1.395.450** |
| **Interest and similar expense** | | |
| Banks and customers | (718.053) | (477.016) |
| Debt securities | (226.974) | (96.209) |
| Securities and repos | (17.206) | (15.393) |
| Due to pension funds | (17.018) | (19.679) |
| Other borrowing funds | (43.920) | (36.169) |
| | **(1.023.171)** | **(644.466)** |
| **Net interest income** | **648.681** | **750.984** |

Amounts in thousands Euro (unless otherwise expressed)

| 7. Net Commission Income | 01/01-31/12/2008 | 01/01-31/12/2007 |
|---|---|---|
| **Commission income** | | |
| Loans | 23.245 | 33.382 |
| Working capital | 7.433 | 7.270 |
| Letters of guarantee | 13.493 | 13.285 |
| Credit cards | 26.323 | 28.148 |
| Imports – Exports | 5.621 | 6.256 |
| Mutual Funds | 2.195 | 3.506 |
| Other commissions | 69.441 | 71.393 |
| | **147.751** | **163.240** |
| **Commission expense** | | |
| Credit card commissions | (5.435) | (6.396) |
| Guarantees accepted by Credit Institutions | (12.875) | - |
| Other | (1.893) | (2.714) |
| | **(20.203)** | **(9.110)** |
| **Net commission income** | **127.548** | **154.130** |

| 8. Dividend Income | 01/01-31/12/2008 | 01/01-31/12/2007 |
|---|---|---|
| Trading portfolio | 556 | 1.827 |
| Available-for-sale portfolio | 6.645 | - |
| **Total dividend income** | **7.201** | **1.827** |

| 9. Net Trading Results | 01/01-31/12/2008 | 01/01-31/12/2007 |
|---|---|---|
| Net profit from transactions and foreign exchange valuation | 8.552 | 3.034 |
| Net loss from sale and valuation of bonds | (11.349) | (22.240) |
| Net profit from sale & valuation of shares & other variable yield securities | (5.586) | 3.279 |
| Net profit from sale and valuation of derivatives | (39.336) | 6.353 |
| Net profit from sale and valuation of mutual funds | (404) | 281 |
| Net loss from sale of receivables | 150 | (709) |
| **Total net trading results** | **(47.973)** | **(10.002)** |

| 10. Gains less Losses from Investment Securities | 01/01-31/12/2008 | 01/01-31/12/2007 |
|---|---|---|
| Net profit from sale of bonds | (10.122) | 115 |
| Net profit from sale of shares and other variable yield securities | 1.397 | 11.680 |
| Net profit from sale and valuation of mutual funds | 2.729 | 946 |
| Net profit from sale of subsidiaries | 3.192 | 7.105 |
| **Total gain less losses investment portfolio** | **(2.804)** | **19.846** |

Amounts in thousands Euro (unless otherwise expressed)

| **11. Net Income from Insurance Operations** | **01/01-31/12/2008** | **01/01-31/12/2007** |
|---|---|---|
| Net life insurance premiums and rights | 19.148 | 21.566 |
| Net general insurance premiums and rights | 286 | - |
| **Net premiums from insurance contracts** | **19.434** | **21.566** |
| Life insurance claims (excluding DAF & Unit Linked) | (7.647) | (2.053) |
| General insurance claims | (24) | - |
| Change of reserves on non finalized compensations | (78) | (121) |
| Change of technical reserves | (6.238) | (16.995) |
| Commissions and other direct production expenses | (13) | - |
| **Net claims and benefits on insurance contracts** | **(14.000)** | **(19.169)** |
| **Total net income from insurance operations** | **5.434** | **2.397** |

| **12. Other Operating Income** | **01/01-31/12/2008** | **01/01-31/12/2007** |
|---|---|---|
| Rental income | 910 | 878 |
| Proceeds from written-off receivables | 1.703 | 4.673 |
| Gain / (Loss) from the sale of fixed assets | (200) | 5.449 |
| Income from non banking subsidiaries | 4.955 | 4.928 |
| Operating leases | 7.331 | 2.394 |
| Other | 3.902 | 2.446 |
| **Total other operating income** | **18.601** | **20.768** |

| **13. Staff Costs** | **01/01-31/12/2008** | **01/01-31/12/2007** |
|---|---|---|
| Salaries and wages | (293.530) | (293.140) |
| Social security costs (principal and auxiliary plans) | (91.669) | (86.314) |
| Other benefits | (50.643) | (54.721) |
| **Total staff costs** | **(435.842)** | **(434.175)** |

Total personnel of the Group as at 31 December 2008 were 6.899 compared to 6.747 as at 31 December 2007.

| **14. Other Operating Expenses** | **01/01-31/12/2008** | **01/01-31/12/2007** |
|---|---|---|
| Fees and third party expenses | (27.915) | (28.296) |
| Third parties fees | (50.612) | (51.905) |
| Insurance fees | (2.192) | (2.572) |
| Taxes and duties | (21.803) | (19.683) |
| Other expenses | (95.550) | (90.436) |
| **Total other operating expenses** | **(198.072)** | **(192.892)** |

Amounts in thousands Euro (unless otherwise expressed)

| **15. Income Tax** | **01/01-31/12/2008** | **01/01-31/12/2007** |
|---|---|---|
| Tax for the period | (33.089) | (30.529) |
| Deferred taxation **(Note 39)** | (62.627) | 9.600 |
| **Total income tax** | **(95.716)** | **(20.929)** |

| **16. Earnings per Share** | **01/01-31/12/2008** | **01/01-31/12/2007** |
|---|---|---|
| Profit / (loss) allocated to shareholders of the Bank (in € thousands) | **(491.754)** | **73.370** |
| Average number of shares (excluding own shares) | 132.391.468 | 132.391.468 |
| Profit / (loss) per share (in €) | (3,7144) | 0,5542 |

Basic earnings per share is calculated on the profit after tax attributable to the Bank's shareholders and the weighted average number of shares outstanding during the period after deducting own shares in ownership during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding during the period and the profit or loss attributable to ordinary equity holders for all the effects of dilutive potential ordinary shares. There were no outstanding dilutive ordinary shares during the periods presented in these financial statements.

| **17. Cash and Balances with Central Banks** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| Cash | 299.776 | 260.941 |
| Deposits at Central Bank excluding obligatory deposits for liquidity purposes | 82.091 | 455.257 |
| Cheques receivables – Central Bank clearing office | 12.338 | 2.850 |
| **Included as cash and cash equivalents (Note 42)** | **394.205** | **719.048** |
| Obligatory deposits at Central Banks | 500.287 | 205.309 |
| Accrued Interest | 883 | 1.261 |
| **Total cash and balances with Central Bank** | **895.375** | **925.618** |

Obligatory deposits with Central Bank is a requirement set by the Bank of Greece for all financial institutions established in Greece and are equal to 2% of total customer deposits (excluding the first € 100 thousands). The Bank is also required to maintain a current account with Bank of Greece in order to facilitate inter-bank transactions through the Trans European – Automated Real Time Gross Settlement Express Transfer System (TARGET). From 19 May 2008, the TARGET2 system replaced the existing systems HERMES and TARGET and it settles payments in Euro on real time via the European Central Bank (ECB).

Amounts in thousands Euro (unless otherwise expressed)

| **18. Due from Other Banks** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| Cheques receivable | 10.500 | 7.261 |
| On demand | 218.705 | 172.152 |
| Placements in other banks | 1.570.804 | 1.987.527 |
| Other amounts due | 53.764 | 52.991 |
| **Included as cash and cash equivalents (Note 42)** | **1.853.773** | **2.219.931** |
| Placements in other banks not included in cash and cash equivalents | 211.270 | 305.100 |
| Loans to other banks | 27.818 | 23.811 |
| **Total due from other banks** | **2.092.861** | **2.548.842** |

| **19. Trading Securities** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| Hellenic Republic bonds included in cash and cash equivalents **(Note 42)** | - | 18.751 |
| Other Governments bonds **(Note 42)** | - | 432 |
| Hellenic Republic bonds not included in cash and cash equivalents | 600.694 | 1.037.054 |
| Other issuers bonds | 921 | 327.051 |
| Listed shares | 7 | 28.922 |
| Non listed shares | 99 | 1.346 |
| Mutual funds | 10.537 | 13.280 |
| **Total trading securities** | **612.258** | **1.426.836** |

Amounts in thousands Euro (unless otherwise expressed)

**20. Derivative financial instruments**

## (1) Derivatives held for trading

| | 31/12/2008 | | | 31/12/2007 | | |
|---|---|---|---|---|---|---|
| | | Fair value | | | Fair value | |
| | Contract/ Nominal value | Assets | Liabilities | Contract/ Nominal value | Assets | Liabilities |
| **a) Currency derivatives** | | | | | | |
| Currency forwards | 602.188 | 1.396 | 1.611 | 469.513 | 1.684 | 946 |
| Currency swaps | 983.415 | 15.375 | 8.319 | 3.476 | - | 20 |
| Currency options | 97.908 | 4.594 | 4.594 | - | - | - |
| **Total** | | **21.365** | **14.524** | | **1.684** | **966** |
| **b) Interest rate derivatives** | | | | | | |
| Interest rate swaps | 3.422.061 | 45.800 | 63.890 | 2.343.180 | 16.315 | 19.893 |
| Caps & Floors | 156.047 | 266 | 310 | 58.127 | 642 | 771 |
| **Total** | | **46.066** | **64.200** | | **16.957** | **20.664** |
| **c) Index options** | | | | | | |
| OTC index options | | - | - | 2.516 | 119 | 83 |
| **Total** | | **-** | **-** | | **119** | **83** |
| **d) Bond Futures** | | | | | | |
| Exchange traded bond / futures | 67.100 | - | 432 | 244.931 | 2.760 | - |
| **Total** | | **-** | **432** | | **2.760** | **-** |
| **Total derivative held for trading** | | **67.431** | **79.156** | | **21.520** | **21.713** |

## (2) Derivatives designated as fair value hedge

| | | | | | | |
|---|---|---|---|---|---|---|
| **Interest rate derivatives** | | | | | | |
| Interest rate swaps | 1.346.300 | 20 | 54.424 | - | - | - |
| **Total derivatives designated as fair value hedges** | | **20** | **54.424** | | **-** | **-** |
| **Total derivatives assets / liabilities** | | **67.451** | **133.580** | | **21.520** | **21.713** |

Amounts in thousands Euro (unless otherwise expressed)

| **21. Loans and Advances to Customers** | **31/12/2008** | **31/12/2007*** |
|---|---|---|
| **Loans to individuals** | | |
| Credit Cards | 462.353 | 439.252 |
| Term Loans | 2.587.276 | 2.365.614 |
| Mortgage Loans | 8.244.973 | 7.028.857 |
| | **11.294.602** | **9.833.723** |
| **Loans to legal entities** | | |
| Large Corporate Customers | 6.647.524 | 3.957.825 |
| Small and medium size enterprises (SMEs) | 6.319.809 | 6.040.298 |
| Free lances (Easy Business) | 556.844 | 543.523 |
| | **13.524.177** | **10.541.646** |
| Other advances | 101.796 | 160.519 |
| Accrued Interest | 85.347 | 60.872 |
| **Total loans and advances to customers** | **25.005.922** | **20.596.760** |
| Less: Impairment losses on loans and advances | 1.296.099 | 1.019.685 |
| | **23.709.823** | **19.577.075** |
| Floating interest rate | 17.565.193 | 14.975.443 |
| Fixed interest rate | 7.355.382 | 5.560.445 |
| **Total loans and advances to customers** | **24.920.575** | **20.535.888** |

*2007 figures have been adjusted to conform to the current year presentation

| **Impairment losses on loans and advances** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| **Balance at 1 January** | **1.019.685** | **1.149.540** |
| Discontinued Operations | | (12.375) |
| Transfer from Discontinued Operations | 13.720 | - |
| Change of participation in subsidiaries and consolidation method | - | (100) |
| Unwinding (realisation of impairment loss) and write-offs | (213.051) | (322.549) |
| Impairment Provision for loans and advances (before recoveries) | 485.244 | 218.271 |
| Transfer to "Investments in associates'' | (9.500) | - |
| Transfer to "Other Provisions'' | - | (13.102) |
| **Balance at 31 December** | **1.296.099** | **1.019.685** |

The impairment losses on loans and advances of the current period, that appear in the income statement, include proceeds from written-off receivables amount to € 11.575 thousands (€ 1.432 thousands for the period 01/01-31/12/2007).

Amounts in thousands Euro (unless otherwise expressed)

Reconciliation of allowance account for losses on loans & advances by class is as follows:

**Loans and advances to customers**

| | Credit Cards | Term Loans | Mortgages | Total |
|---|---|---|---|---|
| **Balance at 1 January 2007** | 76.020 | 191.085 | 104.830 | 371.935 |
| Discontinued Operations | - | (12.475) | - | (12.475) |
| Impairment losses for loans and advances | 16.827 | 92.363 | 15.365 | 124.555 |
| Unwinding (realisation of impairment loss) and write-offs | (40.370) | (75.329) | (4.434) | (120.133) |
| **Balance at 31 December 2007** | **52.477** | **195.644** | **115.761** | **363.882** |

| | Credit Cards | Term Loans | Mortgages | Total |
|---|---|---|---|---|
| **Balance at 1 January 2008** | 52.477 | 195.644 | 115.761 | 363.882 |
| Discontinued Operations | - | 13.720 | - | 13.720 |
| Impairment losses for loans and advances | 26.355 | 146.757 | 121.677 | 294.789 |
| Unwinding (realisation of impairment loss) and write-offs | (22.259) | (31.295) | (71) | (53.625) |
| **Balance at 31 December 2008** | **56.573** | **324.826** | **237.367** | **618.766** |

**Loans and advances to Corporate entities**

| | Large Corporate Customers | SME's | Revolving Easy Business | Other receivables | Total |
|---|---|---|---|---|---|
| **Balance at 1 January 2007** | 261.606 | 425.414 | 33.505 | 57.080 | 777.605 |
| Impairment losses for loans and advances | 9.648 | 46.375 | 37.693 | - | 93.716 |
| Unwinding (realisation of impairment loss) and write-offs | (31.408) | (156.153) | (11.359) | (3.496) | (202.416) |
| Transfer to "Other Provisions'' | - | - | - | (13.102) | (13.102) |
| **Balance at 31 December 2007** | **239.846** | **315.636** | **59.839** | **40.482** | **655.803** |

| | Large Corporate Customers | SME's | Revolving Easy Business | Other receivables | Total |
|---|---|---|---|---|---|
| **Balance at 1 January 2008** | 239.846 | 315.636 | 59.839 | 40.482 | 655.803 |
| Impairment losses for loans and advances | 26.733 | 141.108 | 20.810 | 1.804 | 190.455 |
| Unwinding (realisation of impairment loss) and write-offs | (68.374) | (53.400) | (10.987) | (26.665) | (159.426) |
| Transfer to "Investments in associates'' | (9.500) | - | - | - | (9.500) |
| **Balance at 31 December 2008** | **188.705** | **403.344** | **69.662** | **15.621** | **677.332** |

Amounts in thousands Euro (unless otherwise expressed)

| **22. Available-for-Sale Securities** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| Treasury bills | 1.206 | 5.798 |
| Bonds issued by Hellenic Republic | 395.093 | 402.013 |
| Other issuers bonds | 1.188.446 | 1.161.354 |
| Listed shares | 3.268 | 3.036 |
| Non listed shares | 9.901 | 10.377 |
| Mutual funds | 28.103 | 29.723 |
| **Total available-for-sale securities** | **1.626.017** | **1.612.301** |

In accordance with the amendment of IAS 39 "Reclassification of Financial Assets", the Group has reclassified from the Trading portfolio into Available-for-Sale portfolio, corporate bonds of nominal value € 104 mil. With an effective date from 1st July 2008. The management of the group assessed that the current liquidity crisis justifies the rare circumstances criteria set by IAS 39 amendment.

The fair value of the above mentioned portfolio at the end of the reporting period amounted to € 65,8 mil. The fair value loss, for the period 1 July 2008 to 31 December 2008, has been recognized directly in equity amounted to € 12,7 mil.

The revaluation gain, for the period from 1 January 2008 to 30 June 2008, of € 0,2 mil. has been recognized in the profit and loss account and it is presented in the net trading results.

During the fourth quarter of 2008, the Bank sold corporate bonds of nominal value € 20 mil. The realized loss from this disposal amounted to € 9,2 mil. and has been presented the gains less losses of investment portfolio.

| **23. Held-to-Maturity Securities** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| Bonds issued by other Governments | - | 418 |
| Treasury bills | - | 3.098 |
| Other issuers bonds | 57.311 | 68.238 |
| **Total held-to-maturity securities** | **57.311** | **71.754** |

**24. Participation in Subsidiaries**

The following subsidiaries were consolidated using the full consolidation method:

| | **Company** | **Country of incorporation** | **Direct & indirect % participation as at 31/12/2008** | **31/12/2007** |
|---|---|---|---|---|
| **1** | EMPORIKI BANK-GERMANY GMBH . | GERMANY | 100,00 | 100,00 |
| **2** | EMPORIKI BANK-BULGARIA A.D. | BULGARIA | 100,00 | 100,00 |
| **3** | EMPORIKI BANK-ALBANIA S.A. | ALBANIA | 100,00 | 100,00 |
| **4** | EMPORIKI LEASING S.A. | GREECE | 80,00 | 100,00 |
| **5** | EMPORIKI BANK CYPRUS | CYPRUS | 91,92 | 91,18 |
| **6** | EMPORIKI VENTURE CAPITAL DEVELOPED MARKETS LTD | CYPRUS | 100,00 | 100,00 |
| **7** | EMPORIKI VENTURE CAPITAL EMERGING MARKETS LTD | CYPRUS | 100,00 | 100,00 |

Amounts in thousands Euro (unless otherwise expressed)

| | | | | |
|---|---|---|---|---|
| **8** | EMPORIKI GROUP FINANCE P.L.C. | U.K. | 100,00 | 100,00 |
| **9** | EMPORIKI MANAGEMENT | GREECE | 100,00 | 100,00 |
| **10** | EMPORIKI BANK-ROMANIA S.A. | ROMANIA | 99,41 | 98,48 |
| **11** | EMPORIKI ASSET MANAGEMENT A.E.D.A.K. | GREECE | 73,10 | 73,10 |
| **12** | EMPORIKI DEVELOPMENT & REAL ESTATE MANAGEMENT | GREECE | 100,00 | 100,00 |
| **13** | GREEK INDUSTRY OF BAGS | GREECE | 58,71 | 58,71 |
| **14** | EMPORIKI RENT (proportionate consolidation) | GREECE | 50,00 | 50,00 |
| **15** | EMPORIKI LIFE (proportionate consolidation) | GREECE | 50,00 | 50,00 |
| **16** | EMPORIKI CREDICOM (proportionate consolidation) | GREECE | 50,00 | 50,00 |
| **17** | EMPORIKI INSURANCES (proportionate consolidation) | GREECE | 50,00 | 50,00 |

During the first quarter of 2008 the share capital of EMPORIKI BANK CYPRUS L.T.D. was increased by €2,6 mil., represented by 1.550.976 new shares. The Bank, which covered the share capital increase by 100%, raised its participation in EMPORIKI BANK CYPRUS L.T.D by 0,74%.

During the second quarter of 2008 the share capital of EMPORIKI BANK-BULGARIA A.D. was increased by € 10 mil. represented by 19.558.300 new shares. Emporiki Bank covered this increase by 100%.

EMPORIKI CREDICOM, following to the decision of its General Meeting on 23.05.2008, proceeded to share capital increase by € 18 mil. Emporiki Bank participated in this capital increase, without any dilution of its participation.

During the third quarter of 2008 the share capital of EMPORIKI BANK-ALBANIA S.A. was increased by € 11,5 mil. represented by 14.161 new shares. Emporiki Bank covered this increase by 100%.

During the third quarter of 2008 the share capital of EMPORIKI BANK-ROMANIA S.A.was increased by € 33,6 mil.. The Bank, which covered the share capital increase by 100%, raised its participation in EMPORIKI BANK-ROMANIA S.A by 1 % and the Group raised its participation by 0,93%.

On 10 October 2008, the Bank transferred 3.400.000 shares of "EMPORIKI LEASING S.A" to "CREDIT AGRICOLE LEASING" , representing the 20% of its participation, at the price of € 11 mil. Consequently, "EMPORIKI BANK OF GREECE SA" owns 13.600.000 shares of "EMPORIKI LEASING S.A" which represent the 80% of the total share capital. According to the agreement signed by both parties, "CREDIT AGRICOLE LEASING" has the right, within two years from the transfer date, either to acquire an additional percentage up to 30% of Emporiki Leasing share capital, or to resell to the Bank the percentage of 20%, transferred before.

The subsidiary "EMPORIKI INSURANCES A.E.A.E.G.A." was included for the first time in the Consolidated Financial Statements of the group of "EMPORIKI BANK S.A." due to the beginning of its activities in January 1st, 2008.

The main subsidiaries that were excluded from consolidation due to their immateriality:

| | Company |
|---|---|
| **1** | EMPORIKI MEDIA LTD |
| **2** | BANKING DEVELOPMENT TRAINING AND RESEARCH CENTER |
| **3** | TOTAL CARE SA |

Amounts in thousands Euro (unless otherwise expressed)

**4** PRESERVILLE ENTERPRISES LTD
**5** ORMISTONE HOLDINGS LTD
**6** DICAPRIO
**7** RESEARCH BANK OF HISTORICAL ARCHIVES (Non-profit organization)
**8** MR SNACK

**25. Participation in Associates**

The following associates were consolidated using the equity method:

| | Company | Country of incorporation | Direct & indirect % participation as at 31/12/2008 | 31/12/2007 |
|---|---|---|---|---|
| 1 | INDUSTRY OF PHOSPHORIC FERTILIZER | GREECE | 33,24 | 42,16 |
| 2 | EULER HERMES EMPORIKI | GREECE | 21,71 | 21,71 |

On 26.05.2008 the procedure regarding the share capital increase, through partial capitalization of its liabilities, of the company «PHOSPHORIC FERTILIZERS INDUSTRY S.A.» was completed. The final participation percentage of the Bank in the share capital of the above mentioned company will amount to 33,24%.
The associate INCURIAM INVESTMENT LTD was excluded from consolidation due to its immateriality.

**26. Intangible Assets**

| | Software |
|---|---|
| **1 January 2007** | |
| Cost | 79.101 |
| Accumulated depreciation | (64.801) |
| **Net book value** | **14.300** |
| **12 months- 31 December 2007** | |
| Opening net book value | 14.300 |
| Discontinued Operations | (1.175) |
| Additions/Disposals | 5.397 |
| Change in depreciation | (5.884) |
| **Closing net book value** | **12.638** |
| **31 December 2007** | |
| Cost | 83.323 |
| Accumulated depreciation | (70.685) |
| **Net book value** | **12.638** |
| **12 months -31 December 2008** | |

Amounts in thousands Euro (unless otherwise expressed)

| | |
|---|---:|
| Opening net book value | 12.638 |
| Additions/Disposals | 6.208 |
| Change in depreciation | (5.246) |
| **Closing net book value** | **13.600** |
| | |
| **31 December 2008** | |
| Cost | 89.531 |
| Accumulated depreciation | (75.931) |
| **Net book value** | **13.600** |

**27. Property, plant and equipment**

| | **Land, Buildings and Leasehold Improvements** | **Other Fixed Assets** | **Total** |
|---|---:|---:|---:|
| **1 January 2007** | | | |
| Cost | 306.313 | 246.084 | 552.397 |
| Accumulated depreciation | (10.396) | (174.752) | (185.148) |
| **Net book value** | **295.917** | **71.332** | **367.249** |
| | | | |
| **12 months -31 December 2007** | | | |
| Opening net book value | 295.917 | 71.332 | 367.249 |
| Discontinued Operations | (27.877) | (1.344) | (29.221) |
| Additions/Disposals | 4.655 | 20.654 | 25.309 |
| Change in depreciation | (3.333) | (19.100) | (22.433) |
| **Closing net book value** | **269.362** | **71.542** | **340.904** |
| | | | |
| **31 December 2007** | | | |

Amounts in thousands Euro (unless otherwise expressed)

| | | | |
|---|---|---|---|
| Cost | 283.091 | 265.394 | 548.485 |
| Accumulated depreciation | (13.729) | (193.852) | (207.581) |
| **Net book value** | **269.362** | **71.542** | **340.904** |
| | | | |
| **12 months- 31 December 2008** | | | |
| Opening net book value | 269.362 | 71.542 | 340.904 |
| Additions/Disposals | 7.290 | 13.896 | 21.186 |
| Change in depreciation | (3.928) | (18.382) | (22.310) |
| **Closing net book value** | **272.724** | **67.056** | **339.780** |
| | | | |
| **31 December 2008** | | | |
| Cost | 290.381 | 279.290 | 569.671 |
| Accumulated depreciation | (17.657) | (212.234) | (229.891) |
| **Net book value** | **272.724** | **67.056** | **339.780** |

**28. Investment Property**

| | Land | Buildings and Equipment | Total |
|---|---|---|---|
| **1 January 2007** | | | |
| Cost | 68.092 | 49.944 | 118.036 |
| Accumulated depreciation | - | (8.299) | (8.299) |
| **Net book value** | **68.092** | **41.645** | **109.737** |
| | | | |
| **12 months- 31 December 2007** | | | |
| Opening net book value | 68.092 | 41.645 | 109.737 |
| Discontinued Operations | (7.092) | (4.191) | (11.283) |
| Additions/ Disposals | 4.435 | 3.881 | 8.316 |
| Change in depreciation | - | (4.083) | (4.083) |
| **Closing net book value** | **65.435** | **37.252** | **102.687** |
| | | | |
| **31 December 2007** | | | |
| Cost | 65.435 | 49.634 | 115.069 |
| Accumulated depreciation | - | (12.382) | (12.382) |
| **Net book value** | **65.435** | **37.252** | **102.687** |
| | | | |
| **12 months- 31 December 2008** | | | |

Amounts in thousands Euro (unless otherwise expressed)

| | | | |
|---|---|---|---|
| Opening net book value | 65.435 | 37.252 | 102.687 |
| Impairment | (2.029) | - | (2.029) |
| Additions/Disposals | (564) | 9.565 | 9.001 |
| Change in depreciation | - | (4.871) | (4.871) |
| **Closing net book value** | **62.842** | **41.946** | **104.788** |
| **31 December 2008** | | | |
| Cost | 62.842 | 59.199 | 122.041 |
| Accumulated depreciation | - | (17.253) | (17.253) |
| **Net book value** | **62.842** | **41.946** | **104.788** |

| **29. Other Assets** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| Prepaid expenses | 3.112 | 2.427 |
| Accrued income | 4.393 | 12.807 |
| Other | 159.278 | 167.536 |
| **Total other assets** | **166.783** | **182.770** |

| **30. Due to Other Banks** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| Borrowings from banks | 3.927.206 | 3.401.461 |
| Current accounts | 27.042 | 51.348 |
| Other liabilities | 140 | 672 |
| **Total due to other banks** | **3.954.388** | **3.453.481** |

| **31. Due to Customers** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| **Deposits from legal entities** | | |
| Current accounts | 1.310.639 | 1.796.304 |
| Term deposits | 1.915.342 | 1.396.308 |
| | **3.225.981** | **3.192.612** |
| **Deposits from individuals** | | |
| Current accounts | 485.357 | 501.014 |
| Term deposits | 8.750.824 | 7.685.816 |
| Saving accounts | 5.676.938 | 6.543.142 |
| | **14.913.119** | **14.729.972** |
| Accrued interest | 121.964 | 92.761 |
| Cheques and remittances payable | 103.372 | 111.658 |
| **Total due to customers** | **18.364.436** | **18.127.003** |
| Fixed interest rate | 10.666.167 | 9.082.124 |
| Floating interest rate | 7.472.933 | 8.840.460 |
| **Total deposits** | **18.139.100** | **17.922.584** |

Fixed rate deposits include term deposits in euro and foreign currency.

Amounts in thousands Euro (unless otherwise expressed)

| **32. Debt Securities in Issue** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| Debt securities | 5.497.412 | 2.880.678 |
| Other credit titles | 73 | 73 |
| Accrued interest | 32.314 | 13.828 |
| **Total debt securities in issue** | **5.529.799** | **2.894.579** |

Until the 31st December 2008 Emporiki Bank repaid, through the special purpose entity "Lithos Mortgage Financing Plc € 78.958.061 mortgage backed securities.

In 2008 Emporiki Bank issued, through Emporiki Finance Plc, new debt with a total nominal value of € 2.890.000.000, analyzed as follows :

| | **Maturity Date** | **Interest** |
|---|---|---|
| Nominal Value loan of € 300.000.000 | 08.04.2011 | 6m Euribor + 0,85% |
| Nominal Value loan of € 300.000.000 | 15.04.2010 | 3m Euribor + 0,69% |
| | 30.06.2008 - 30.09.2008 | 6,05% |
| Nominal Value loan of € 200.000.000 | 01.10.2008 - 01.07.2009 | 3m Euribor - 0,125% |
| Nominal Value loan of € 840.000.000 | 22.06.2011 | 3m Euribor + 0,75% |
| Nominal Value loan of € 250.000.000 | 09.09.2010 | 3m Euribor + 0,865% |
| Nominal Value loan of € 425.000.000 | 10.10.2012 | 3m Euribor + 1,39% |
| Nominal Value loan of € 75.000.000 | 10.10.2012 | 3m Euribor + 1,39% |
| Nominal Value loan of € 150.000.000 | 25.11.2013 | 3m Euribor + 1,79% |
| Nominal Value loan of € 300.000.000 | 26.11.2012 | 3m Euribor + 1,74% |
| Nominal Value loan of € 50.000.000 | 25.11.2010 | 3m Euribor + 1,60% |

As at 31 December 2008, the Bank owned debt securities issued by Lithos Mortgage Financing Plc and Emporiki Group Finance Plc with a total value of € 233.053.514.

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Amounts in thousands Euro (unless otherwise expressed)

| **33. Other Borrowed Funds** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| Subordinated notes | 339.006 | 337.064 |
| Subordinated notes due to the parent company | 300.000 | 200.000 |
| Hybrid securities due to the parent company | 170.000 | 170.000 |
| Accrued interest | 4.964 | 4.998 |
| **Total other borrowed funds** | **813.970** | **712.062** |

In the first half of 2008 Emporiki Bank issued, through Emporiki Finance Plc, € 100.000.000 of subordinated debt, bearing an interest rate of 3m Euribor + 1,35% and maturing at 30.06.2018.

As at 31 December 2008, the Bank owned debt securities issued by Emporiki Group Finance Plc with a total value of € 10.766.361.

**34. Due to State Pension Funds**

The Auxiliary Pension Fund (TEAPETE) for the Bank's employees is considered a defined benefit plan prior to law 3371/2005. Under this law, which the Bank has opted to adopt, all employees and pensioners that were employed up to 31 December 2004 will no longer be included in TEAPETE but will be included in IKA –ETEAM and ETAT which are the auxiliary funds for state control plans and the new auxiliary fund for bank employees, respectively, both of which are considered defined contribution plans. Employees that join the Bank after 1/1/2005 are automatically included in IKA-ETEAM.

Following the provisions of the new law 3371/2005, an economic study was performed by independent specialized actuaries, in order to determine the cost of including TEAPETE into the above-mentioned auxiliary funds (IKA-ETEAM and ETAT). This economic study was completed within the 1st quarter of 2006 and was approved by the relevant committee of the Ministry of Economy and Finance and it was ratified by law (L. 3455/2006). According to the study the Bank will pay to IKA-ETEAM and ETAT, for its pensioners a special contribution of €786,3 million in total (upfront or within a period of 10 years bearing an interest rate of 3,53%).

In addition, the Bank will be obliged to pay additional contributions compared to those defined by ETEAM regulations for its employees hired before 31/12/2004 through to retirement. The terms of the payment of the increased contributions were not defined by Law 3371/2005 but were established following a ministerial decision IKA Φ20203/19189/931/7.11.06. The Bank proceeds to the payment of the scheduled installments as these were defined in the economic study mentioned above. The outstanding balance of the liability as at 31.12.2008 was € 481,8 millions.

Notwithstanding the rejection of the temporary injunctive measures filed by the employee union (First Instance Court judgment, No.8849/05), there is a possibility for further legal dispute between the Bank and the employee union or other third parties regarding this issue. There are pending legal actions against the bank (from former and current Emporiki Bank employees), of which the first two were discussed in the First Instance Court of Athens on 14 February of 2007. The First Instance Court of Athens issued its ruling, number 116/2008, on 18 January 2008 and judged that the provisions of Law 3455/2006 are unconstitutional and the termination of employee contracts relating to TEAPETE is invalid. The above court ruling is neither executable nor does it have any immediate other consequences for Emporiki Bank. The final outcome of the relevant legal proceedings cannot be currently assessed.

Amounts in thousands Euro (unless otherwise expressed)

The management of the Bank assesses that the procedures provided by the Laws will continue without affecting the Bank's goals, its course and employee relations.

| **35. Personnel Leaving Indemnities** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| Law 2112/20 employee claims | 1.562 | 1.522 |
| Defined benefit plans of foreign subsidiaries | 3.411 | 5.044 |
| **Total personnel leaving indemnities** | **4.973** | **6.566** |

| **36. Insurance Reserves** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| "EMPORIKI INSURANCES'' insurance and technical reserves | 386 | - |
| "EMPORIKI LIFE insurance'' and technical reserves | 75.522 | 69.129 |
| **Total insurance reserves** | **75.908** | **69.129** |

| **37. Other Provisions** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| Provisions for tax issues | 40.315 | 12.408 |
| Provisions for non – used vacation leaves | 2.014 | 7.500 |
| Provisions for litigations | 49.969 | 37.781 |
| Provisions for suspense accounts & other receivable | 52.158 | 45.700 |
| Provisions for guarantees given | 19.777 | 19.777 |
| Other provisions | 2.591 | 1.032 |
| **Total other provisions** | **166.824** | **124.198** |

Amounts in thousands Euro (unless otherwise expressed)

The movement of other provisions is analyzed as follows :

| | Tax | Non-taken Vacation leaves | Litigations | Suspense accounts and other receivables | Guarantees given | Other | Total |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2007** | **12.700** | **9.195** | **50.564** | **15.700** | **-** | **2.080** | **90.239** |
| Charge for the year | 9.853 | 2.555 | (670) | 16.900 | 19.777 | 30 | 48.445 |
| Discontinued operations | - | - | (6.446) | - | - | (1.027) | (7.473) |
| Transfer from Impairment losses on loans and advances | - | - | - | 13.100 | - | - | 13.100 |
| Utilisation | (10.145) | (4.250) | (5.667) | - | - | (51) | (20.113) |
| **Balance as at 31 December 2007** | **12.408** | **7.500** | **37.781** | **45.700** | **19.777** | **1.032** | **124.198** |
| **Balance as at 1 January 2008** | **12.408** | **7.500** | **37.781** | **45.700** | **19.777** | **1.032** | **124.198** |
| Charge for the period | 27.987 | 1.606 | 13.420 | 6.458 | - | 2.327 | **51.798** |
| Foreign exchange differences | (32) | - | - | - | - | (86) | **(118)** |
| Utilisation | (48) | (7.092) | (1.232) | - | - | (682) | **(9.054)** |
| **Balance as at 31 December 2008** | **40.315** | **2.014** | **49.969** | **52.158** | **19.777** | **2.591** | **166.824** |

| **38. Other Liabilities** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| Dividends payable | 435 | 974 |
| Accrued expenses and deferred income | 93.366 | 84.968 |
| Other | 145.802 | 259.166 |
| **Total other liabilities** | **239.603** | **345.108** |

**39. Deferred Tax Assets/ Liabilities**

Deferred tax is calculated on all temporary timing differences based on the liability method and the expected tax rate.

Deferred tax assets and liabilities arise from:

| **Deferred tax assets** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| Intangible assets write-off | 626 | 1.162 |
| Impairment of loans and receivables | 135.941 | 154.500 |
| Provision for the cost of transfer to ETEAM | 96.362 | 138.212 |

Amounts in thousands Euro (unless otherwise expressed)

| | | |
|---|---|---|
| Commissions recognition based on effective interest rates | 4.928 | 6.176 |
| Impairment of investments for companies under liquidation | 5.600 | 7.000 |
| Provision for staff expenses | 7.385 | 9.440 |
| Other provisions | 17.951 | 14.041 |
| Other temporary tax differences | 3.966 | 3.891 |
| | **272.759** | **334.422** |
| | | |
| **Deferred tax liabilities** | | |
| Buildings reduced depreciation rates | 4.598 | 4.779 |
| Financial leases | 1.856 | 2.171 |
| Other temporary tax differences | 4.407 | 2.947 |
| | **10.861** | **9.897** |
| Change of participation in subsidiaries and consolidation method | - | (166) |
| **Net deferred tax assets** | **261.898** | **324.359** |

The (charge)/ release of deferred tax assets and liabilities through the income statement is:

| **Deferred tax (income statement)** | **31/12/2008** | **31/12/2007** |
|---|---|---|
| Intangible assets variation | (536) | (705) |
| Impairment of loans and receivables | (18.559) | 32.817 |
| Commission recognition based on real interest rates | (1.248) | (208) |
| Provision for staff expenses | (2.055) | (2.667) |
| Buildings reduced depreciation rates | 181 | (1.182) |
| Impairment of investments at companies under clearing process | (1.400) | - |
| Financial leases | 315 | (265) |
| Provision for the cost of transfer to ETEAM | (41.850) | (17.288) |
| Other provisions | 3.910 | (706) |
| Other temporary tax differences | (1.387) | (341) |
| Change of tax rates | | - |
| Reassessment of recoverability | | - |
| | **(62.627)** | **9.455** |
| Change of participation in subsidiaries and consolidation method | - | 145 |
| **Total deferred tax** | **(62.627)** | **9.600** |

According to the provisions of the Corporate Tax Law (L.2238/1994) as it was modified by the Law 3697 / 2008, the corporate tax rate of 25% for the limited liability companies will be gradually decreased by 1% yearly, for the financial years commencing on 1.1.2010 onwards and to 20% for the financial years commencing from 1.1.2014 onwards.

The management of the Bank based on the prudence principle, and taking into consideration the modifications in the corporate tax law, estimated that the net deferred tax asset will be recovered after the transitional period defined in the law and consequently the net deferred tax asset was decreased by 84 mil. Euros. This adjustment affected the profit & loss account of 2008.

Furthermore, taking into consideration the current financial circumstances, the management of the Bank decided to undertake provisional policy which will adhere to market statement by reducing the deferred tax asset by € 80 mil.

**40. Contingent Liabilities and Commitments**

**a) Legal issues**

Amounts in thousands Euro (unless otherwise expressed)

The Group during the normal course of its business is a defendant in claims from customers and other legal actions. According to the consultation of the Legal division the ultimate disposition of these matters is not expected to have any material effect on the financial position or operations of the Group.

**b) Tax issues**

Tax authorities have audited the companies of Emporiki Group for all years up to and including the year as reported in the following table :

| | Company | Year |
|---|---|---|
| 1 | EMPORIKI BANK | 2006 |
| 2 | EMPORIKI BANK-GERMANY GMBH . | 2002 |
| 3 | EMPORIKI BANK-BULGARIA A.D. | 2002 |
| 4 | EMPORIKI BANK-ALBANIA S.A. | 2002 |
| 5 | EMPORIKI LEASING S.A. | 2000 |
| 6 | EMPORIKI BANK CYPRUS | 2002 |
| 7 | EMPORIKI VENTURE CAPITAL DEVELOPED MARKETS LTD | 2005 |
| 8 | EMPORIKI VENTURE CAPITAL EMERGING MARKETS LTD | 2005 |
| 9 | EMPORIKI GROUP FINANCE P.L.C. | 2005 |
| 10 | EMPORIKI MANAGEMENT | 2006 |
| 11 | EMPORIKI BANK-ROMANIA S.A. | 2002 |
| 12 | EMPORIKI ASSET MANAGEMENT A.E.D.A.K. | 2005 |
| 13 | EMPORIKI DEVELOPMENT & REAL ESTATE MANAGEMENT | 2004 |
| 14 | GREEK INDUSTRY OF BAGS | 2006 |
| 15 | EMPORIKI RENT | 2005 |
| 16 | EMPORIKI LIFE | 2005 |
| 17 | EMPORIKI CREDICOM | 2004 |
| 18 | EMPORIKI INSURANCES | *- |

* The company has not been tax audited since the date of its establishment.

**c) Commitments**

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Letters of guarantee | 2.232.602 | 1.883.345 |
| Unused approved credit limits | 17.004.042 | 13.541.794 |
| | **19.236.644** | **15.425.139** |

Amounts in thousands Euro (unless otherwise expressed)

Emporiki Credicom, a 50% jointly controlled entity has financed its subsidiaries Emporiki Rent and Antena with € 80 mil. and € 20,5 mil. respectively. The contingent liability that arises is fully guaranteed by Emporiki Bank.

**d) Pledged assets**

Pledged assets as at 31 December 2008 amount to € 1.627.690 (€1.401.873 as at 31 December 2007) including Hellenic Republic bonds and other issuers' bonds, pledged by the Bank of Greece for the purposes of transactions through TARGET, by the derivatives clearing house (ETESEP) as margin insurance and pledged by foreign financial institutions for funding purposes and for the securitization of mortgages.

Additionally, bonds with a nominal value of € 297.558 are provided as collateral as part of repurchasing agreements (Repos) with another credit institution.

**41. Share Capital**

The share capital of the Bank as at 31 December 2008 and 31 December 2007, amount to €728.153.074 comprising 132.391.468 ordinary shares of € 5,5 nominal value each.

**42. Cash and Cash Equivalents**

For cash flow purposes cash and cash equivalents includes the following accounts that have maturity up to 3 months from the date of purchase.

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Cash and balances with Central Banks **(Note 17)** | 395.087 | 719.048 |
| Treasury bills | 26.735 | 21.977 |
| Due from banks **(Note 18)** | 1.853.773 | 2.219.931 |
| Trading portfolio **(Note 19)** | - | 19.183 |
| Discontinued operations | - | 14.659 |
| **Total cash and cash equivalents** | **2.275.595** | **2.994.798** |

**43. Related Party Transactions**

Credit Agricole and pension funds with participating interests of 77,56 % and 8,11% respectively, constituted the major shareholders of the Bank as at 31 December 2008. The remaining shares are widely held and traded on the Athens Stock Exchange.

**a) Transactions and balances with Board of Directors members and Executive Committee members**

| **Board of Directors** | 01/01-31/12/2008 | 01/01-31/12/2007 |
|---|---|---|
| Board of Directors and Executive Committee fees * | 4.798 | 3.830 |

Amounts in thousands Euro (unless otherwise expressed)

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Deposits | 2.262 | 764 |
| Loans | 159 | 158 |
| | **2.421** | **922** |

* The fees of the non-executive members of the Board of Directors of the Bank were € 390 thousands for the year 2008 and € 412 thousands for the year 2007.

Deposits and loans refer to members of the Board of Directors and their immediate family and companies they control or influence.

**b) Transactions and balances with associates:**

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| **Assets** | | |
| - Loans and advances to customers | 42.154 | 55.179 |
| **Liabilities** | | |
| - Due to customers | 5.338 | 4.639 |

| | 01/01-31/12/2008 | 01/01-31/12/2007 |
|---|---|---|
| **Income** | | |
| - Interest & similar income | 2.499 | 2.364 |
| **Expense** | | |
| - Interest expense & similar charges | 132 | 65 |

Amounts in thousands Euro (unless otherwise expressed)

### Transactions and balances with Credit Agricole Group

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| **Assets** | | |
| Due from other banks | 1.873.556 | 2.054.126 |
| Derivative Financial Instruments | 1.405 | 1.459 |
| Trading Securities | - | 6.750 |
| Other assets | 7.154 | 7.225 |
| | **1.882.115** | **2.069.560** |
| **Liabilities** | | |
| Due to banks | 2.288.664 | 1.716.558 |
| Derivative Financial Instruments | 96.733 | 2.524 |
| Debt securities in issue | 4.790.000 | - |
| Other borrowed funds | 470.000 | 370.000 |
| Other liabilities | 31.106 | 5.120 |
| | **7.676.503** | **2.094.202** |

| | 01/01 – 31/12/2008 | 01/01 – 31/12/2007 |
|---|---|---|
| **Income** | | |
| Financial transactions | 38 | 1.743 |
| Interest & similar income | 89.809 | 51.459 |
| | **89.847** | **53.202** |
| **Expense** | | |
| Interest expense & similar charges | 295.814 | 53.373 |
| Fee & commission expense | 53 | 1.247 |
| Financial transactions | 44.878 | - |
| Other operating expenses | 13.849 | 3.989 |
| | **354.594** | **58.609** |

The related party transactions and balances are summarized as follows :

| | 01/01-31/12/2008 | 01/01-31/12/2007 |
|---|---|---|
| Income | 92.346 | 55.566 |
| Expense | 354.726 | 58.674 |
| Fees for Board of Directors members and key management personnel | 4.798 | 3.830 |
| | **451.870** | **118.070** |

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Assets | 1.924.269 | 2.124.739 |
| Liabilities | 7.681.841 | 2.098.841 |
| Receivables from Board of Directors members and key management personnel | 159 | 158 |
| Liabilities to Board of Directors members and key management personnel | 2.262 | 764 |
| | **9.608.531** | **4.224.502** |

Amounts in thousands Euro (unless otherwise expressed)

**44. Discontinued Operations- Assets and Liabilities**

Assets and Liabilities of Emporiki Bank-Germany Gmbh have been presented in the consolidated financial information of 31 December 2007 as Discontinued Operations figures based on the Bank's Board of Directors decision on 08.02.2007 to curtail its operations. In the beginning of 2008, the management decided to continue part of the operations in Germany through branch, and to purchase any remaining portfolio of the under liquidation subsidiary.

| | EMPORIKI BANK – GERMANY | |
|---|---|---|
| | **31st December 2008** | **31st December 2007** |
| **ASSETS** | | |
| Cash and balances with Central Bank | - | 3.395 |
| Due from other banks | - | 11.264 |
| Loans and Advances to Customers | - | 100.787 |
| Other Assets | - | 196 |
| **Total Assets from Discontinued Operations** | **-** | **115.642** |
| | | |
| **LIABILITIES** | | |
| Due to other banks | - | 83.207 |
| Due to customers | - | 12.640 |
| Other provisions | - | 628 |
| Other Liabilities | - | 639 |
| **Total Liabilities from Discontinued Operations** | **-** | **97.114** |

**45. Discontinued Operations- Income Statement**

| | **01/01-31/12/2008** | **01/01-31/12/2007** |
|---|---|---|
| Loss of Phoenix Metrolife Emporiki | - | (8.598) |
| Gains from Phoenix Metrolife Emporiki disposal | - | 56.307 |
| **Total** | **-** | **47.709** |

Amounts in thousands Euro (unless otherwise expressed)

| **Income Statement** | **01/01-31/12/2008** | **01/01-31/12/2007** |
|---|---|---|
| | **PHOENIX M/L EMPORIKI** | **PHOENIX M/L EMPORIKI** |
| Interest & similar income | - | 6.234 |
| Interest expense & similar charges | - | (399) |
| **Net interest income** | **-** | **5.835** |
| Fee & commission income | - | - |
| Fee & commission expense | - | (220) |
| **Net commission income** | **-** | **(220)** |
| Net premiums from insurance contracts | - | 64.730 |
| Net claims and benefits on insurance contracts | - | (57.248) |
| **Net income from insurance operations** | **-** | **7.482** |
| Dividend income | - | 393 |
| Net trading results | - | (2.485) |
| Gains less losses from investment securities | - | - |
| Other operating income | - | 897 |
| **Net operating income** | **-** | **11.902** |
| Staff costs | - | (13.546) |
| Depreciation & amortization | - | (726) |
| Impairment losses on loans and receivables | - | - |
| Other provisions | - | (256) |
| Other operating expenses | - | (5.972) |
| **Total operating expenses** | **-** | **(20.500)** |
| **PROFIT/ (LOSS) BEFORE INCOME TAX** | | **(8.598)** |
| Income tax expense | - | - |
| **Profit after tax from discontinued operations** | **-** | **(8.598)** |
| Attributable to: | | |
| **Equity holders of the Bank** | **-** | **(7.724)** |
| Minority interest | **-** | **(874)** |
| Basic earnings per share from discontinued operations (in Euro) | **-** | **(0,0584)** |

**46. Capital Adequacy**

The Bank's solvency ratio is calculated in accordance with PD/BOG 2587/20.08.2007 "Definition of equity for credit institutions in Greece" Solvency ratio for credit institutions with a minimum ratio of 8% (PD/BOG 2588/20.08.2007 "according to the standard methodology").

Based on the current legislative framework, the Capital adequacy relevant index is analyzed as follows (amounts in billions euro):

| | |
|---|---|
| **Weighted Assets** | |
| Weighted Assets on credit risks | 18,80 |
| Weighted Assets on market risks | 0,23 |
| Weighted Assets on operational risks | 1,5 |
| **Total Risk Weighted Assets** | **20,53** |
| | |
| **Regulatory Shareholder's Equity** | |
| Tier # 1 Capital | 0,70 |
| Tier # 2 Capital | 0,23 |
| Deductible amounts | (0,01) |
| **Total Regulatory Equity** | **0,92** |

The relevant index at 31 December 2008 is approximately 4,5 % for the Group.

The calculation of the Capital Adequacy Ratio as of 31 December 2008, has taken into account the guarantee received by the parent company Credit Agricole S.A.

Emporiki Group has initiated the appropriate courses of action for the increase of its share capital for the amount of € 850 mil. (relevant reference in note 42) in order to enhance its capital position. With this capital increase, combined with a lower Tier 1 issue that will take place in the course of the first semester 2009, Emporiki will reach a 8% Tier 1 ratio in June 2009, and will exceed 10% global solvency ratio on the same date. This very significant reinforcement of the solvency of Emporiki Bank is achieved without the use of any public funds: the Bank has decided not to accept any help offered by the Hellenic Republic in the framework of the Greek stimulus programme and will only rely on its private shareholders.

Crédit Agricole S.A. confirms its full support to Emporiki Bank, which materializes in a close to 1 billion euros additional investment, both core capital and subordinated debt.

Data in accordance with PD/BOG 2592/20.08.2007 «Credit institutions regulatory disclosures with regard to the capital adequacy, the risks that undertake as well as their management» will be available in bank´s web site address www.emporiki.gr.

**47. Post Balance Sheet Events**

The Board of Directors, has proposed a capital increase to strengthen the Bank's liquidity and capital base. This proposed € 850 million capital will be put to the vote at an Extraordinary General Shareholders Meeting on 26 February 2009. Credit Agricole will, in addition to subscribing to its allocated share of the capital increase, also subscribe to any outstanding shares if invited to do so by the board.

Amounts in thousands Euro (unless otherwise expressed)

**48. Reclassifications**

The amounts in prior periods have been reclassified to conform to the current presentation. The reclassifications in the income statement, which relate to the expenses for mortgages, to consumer loans insurance premiums, to the income from written off loans as well as to the presentation of Emporiki Bank- Germany as "Continued operations", are analyzed as follows :

## Income Statement

| | 1 January -31 December 2007 | | |
|---|---|---|---|
| | **As restated** | **As published** | **Reclassified** |
| Interest & similar income | 1.395.450 | 1.399.575 | (4.125) |
| Interest expense & similar charges | (644.466) | (640.152) | (4.314) |
| **Net interest income** | **750.984** | **759.423** | **(8.439)** |
| Fee & commission income | 163.240 | 162.305 | 935 |
| Fee & commission expense | (9.110) | (9.024) | (86) |
| **Net commission income** | **154.130** | **153.281** | **849** |
| Net premiums from insurance contracts | 21.566 | 21.566 | - |
| Net claims and benefits on insurance contracts | (19.169) | (19.169) | - |
| **Net income from insurance operations** | **2.397** | **2.397** | **-** |
| Dividend income | 1.827 | 1.827 | - |
| Net trading results | (10.002) | (10.254) | 252 |
| Gains less losses from investment securities | 19.846 | 19.812 | 34 |
| Other operating income | 20.768 | 22.095 | (1.327) |
| **Net operating income** | **939.950** | **948.581** | **(8.631)** |
| Staff costs | (434.175) | (431.279) | (2.896) |
| Depreciation & amortization | (33.353) | (32.400) | (953) |
| Impairment losses on loans and receivables | (218.183) | (218.271) | 88 |
| Other provisions | (15.431) | (15.430) | (1) |
| Other operating expenses | (192.892) | (200.717) | 7.825 |
| **Total operating expenses** | **(894.034)** | **(898.097)** | **4.063** |
| Share of loss / profit of associates | 239 | 240 | (1) |
| **PROFIT/ (LOSS) BEFORE INCOME TAX** | **46.155** | **50.724** | **(4.569)** |
| Income tax expense | (20.929) | (21.107) | 178 |
| **Profit after tax from continued operations** | **25.226** | **29.617** | **(4.391)** |
| **Profit from discontinued operations** | 47.709 | 43.318 | **4.391** |
| **PROFIT/ (LOSS) AFTER INCOME TAX** | **72.935** | **72.935** | - |

Amounts in thousands Euro (unless otherwise expressed)

The reclassification in the balance sheet concern shares of the available-for-sale portfolio and the accrued interest received or paid and are analyzed is as follows :

## Balance Sheet

| | 31 December 2007 | | |
|---|---|---|---|
| | **As restated** | **As published** | **Reclassified** |
| Cash and Balances with Central Bank | 925.618 | 924.357 | 1.261 |
| Due from other banks | 2.548.842 | 2.541.634 | 7.208 |
| Trading Securities | 1.426.836 | 1.393.792 | 33.044 |
| Loans and Advances to Customers (net of allowance) | 19.577.075 | 19.516.203 | 60.872 |
| Investment Securities - available - for Sale | 1.612.301 | 1.600.169 | 12.132 |
| Investment Securities - held - to - Maturity | 71.754 | 70.164 | 1.590 |
| Investment in non consolidated subsidiaries | 8.684 | 8.681 | 3 |
| Other Assets | 182.770 | 298.880 | (116.110) |
| **Total** | **26.353.880** | **26.353.880** | **-** |
| | | | |
| Due to other Banks | 3.453.481 | 3.444.644 | 8.837 |
| Debt Securities in Issue | 2.894.579 | 2.880.751 | 13.828 |
| Other Borrowed Funds | 712.062 | 707.064 | 4.998 |
| Other Liabilities | 345.108 | 372.771 | (27.663) |
| **Total** | **7.405.230** | **7.405.230** | **-** |

## IV. Independent Auditors’ Report and Financial statements as at 31.12.2008

# FINANCIAL STATEMENTS

# AS AT 31 - 12 - 2008

**In accordance with International Financial Reporting Standards**

**Athens, 26th February 2009**

## Index to the Financial Statements

# Independent Auditor's Report
# To the Shareholders of Emporiki Bank of Greece S.A.
# Reg. No. 6064/06/B/86/03
# Report on the Financial Statements
# [Translation from the original text in Greek]

We have audited the accompanying financial statements of Emporiki Bank of Greece S.A. (the "Bank"), which comprise the balance sheet as of 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 as of 31 December 2008, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Without qualifying our opinion, we draw attention to note 33 of the accompanying financial statements, which describes events following the adoption of Law 3371/2005 (Social Security Regulation of Banking Institutions) by the Bank and the uncertain final outcome of related litigation.

**Reference to Other Legal Matters**

We verified the agreement and correspondence of the content of the Board of Directors' report with the accompanying financial statements, in the context of the requirements of articles 43a and 37 of Law 2190/1920.

PRICEWATERHOUSECOOPERS

Athens, 26 February 2009
The Certified Auditors – Accountants

The Certified Auditor - Accountant

PricewaterhouseCoopers
Certified Auditors – Accountants
268 Kifissias Avenue, Halandri 152 32

Constantinos Michalatos
SOEL Reg. No. 113

Amounts in Euro thousands (unless otherwise expressed)

## Income Statement

| | Note | 1 January- 31 December 2008 | 1 January- 31 December 2007 |
|---|---|---|---|
| Interest & similar income | | 1.577.611 | 1.310.537 |
| Interest expense & similar charges | | (996.007) | (622.429) |
| **NET INTEREST INCOME** | **6** | **581.604** | **688.108** |
| Fee & commission income | | 142.088 | 155.899 |
| Fee & commission expense | | (19.560) | (8.426) |
| **NET FEE & COMMISSION INCOME** | **7** | **122.528** | **147.473** |
| Dividend income | **8** | 26.952 | 1.586 |
| Net trading results | **9** | (47.226) | (18.086) |
| Gains less losses from investment securities | **10** | (5.277) | 55.226 |
| Other operating income | **11** | 4.038 | 11.930 |
| **NET OPERATING INCOME** | | **682.619** | **886.237** |
| Staff costs | **12** | (393.826) | (401.519) |
| Depreciation & amortization | **23,24,25** | (23.657) | (24.959) |
| Impairment losses on loans and advances | **20** | (464.774) | (209.868) |
| Other provisions | | (19.149) | (17.900) |
| Other operating expenses | **13** | (177.272) | (170.952) |
| **TOTAL OPERATING EXPENSES** | | **(1.078.678)** | **(825.198)** |
| **PROFIT / (LOSS) BEFORE INCOME TAX** | | **(396.059)** | **61.039** |
| Income tax expense | **14** | (91.106) | (12.504 ) |
| **PROFIT / (LOSS) AFTER INCOME TAX** | | **(487.165)** | **48.535** |
| Basic and diluted earnings / (losses) per share (in Euro) | **15** | (3,6797) | 0,3666 |

Amounts in Euro thousands (unless otherwise expressed)

Notes on pages 8 to 52 form an integral part of these financial statements

## Balance Sheet

| | Note | 31 December 2008 | 31 December 2007 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and balances with Central Bank | **16** | 786.245 | 836.505 |
| Treasury bills | | 27.192 | 31.395 |
| Due from other banks | **17** | 3.351.248 | 3.313.520 |
| Trading securities | **18** | 600.266 | 1.377.345 |
| Derivative financial instruments | **19** | 67.451 | 21.520 |
| Loans and advances to customers | **20** | 22.019.372 | 18.407.637 |
| Available-for-sale securities | **21** | 1.557.450 | 1.563.956 |
| Held-to-maturity securities | | 57.311 | 67.908 |
| Investments in subsidiaries | **22** | 343.039 | 287.121 |
| Investments in associates | **22** | 19.181 | 2.281 |
| Intangible assets | **23** | 9.708 | 8.764 |
| Property, plant and equipment | **24** | 298.484 | 301.750 |
| Investment property | **25** | 100.244 | 95.409 |
| Deferred tax assets | **32** | 259.311 | 321.244 |
| Income tax advance | | 9.347 | 4.529 |
| Other assets | **26** | 149.539 | 164.429 |
| **TOTAL ASSETS** | | **29.655.388** | **26.805.313** |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| Due to other banks | **27** | 4.122.719 | 3.571.301 |
| Derivative financial instruments | **19** | 133.581 | 21.713 |
| Due to customers | **28** | 17.998.744 | 17.766.970 |
| Debt securities in issue | **29** | 5.532.975 | 2.897.129 |
| Other borrowed funds | **30** | 814.122 | 712.062 |
| Due to State pension fund | **33** | 481.810 | 552.849 |
| Other provisions | **34** | 155.157 | 117.471 |
| Current tax liabilities | | 4.119 | 15.501 |
| Deferred tax liabilities | **32** | 4.258 | 4.433 |
| Other liabilities | **31** | 206.241 | 305.932 |
| **Total liabilities** | | **29.453.726** | **25.965.361** |
| **Equity** | | | |
| Share Capital | **36** | 728.153 | 728.153 |
| Share premium | | 371.497 | 371.497 |
| Other reserves | **37** | 519.751 | 670.877 |
| Retained earnings/(Losses) | | (930.574) | (979.110) |
| Results for the year | | (487.165) | 48.535 |
| **Total equity** | | **201.662** | **839.952** |
| **TOTAL LIABILITIES AND EQUITY** | | **29.655.388** | **26.805.313** |

Notes on pages 8 to 52 form an integral part of these financial statements

Amounts in Euro thousands (unless otherwise expressed)

## Statement of Changes in Equity

| | Share capital | Share premium | Other reserves | Retained earnings/(losses) | Total |
|---|---|---|---|---|---|
| **Balance as at 1 January 2007** | **728.153** | **371.497** | **675.767** | **(977.006)** | **798.411** |
| Net change in available-for-sale securities | - | - | (6.994) | - | (6.994) |
| Profit / (loss) for the year | - | - | - | 48.535 | 48.535 |
| Transfer to reserves | - | - | 2.103 | (2.103) | - |
| **Balance as at 31 December 2007** | **728.153** | **371.497** | **670.876** | **(930.574)** | **839.952** |
| | | | | | |
| **Balance as at 1 January 2008** | **728.153** | **371.497** | **670.876** | **(930.574)** | **839.952** |
| Net change in available-for-sale securities | - | - | (151.125) | - | (151.125) |
| Profit / (loss) for the year | - | - | - | (487.165) | (487.165) |
| **Balance as at 31 December 2008** | **728.153** | **371.497** | **519.751** | **(1.417.739)** | **201.662** |

Notes on pages 8 to 52 form an integral part of these financial statements

Amounts in Euro thousands (unless otherwise expressed)

## Cash Flow Statement

| | 1 January-<br>31 December 2008 | 1 January-<br>31 December 2007 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit / (loss) before tax | (396.059) | 61.039 |
| **Adjustments for reconciliation of period result to cash flows from operating activities** | | |
| Adjustments for non- cash items included in profit and loss for the year : | | |
| Depreciation and amortization | 23.657 | 24.959 |
| Gain from sale of subsidiaries | - | (41.983) |
| Impairment losses on loans and other receivables | 464.774 | 211.300 |
| Other provisions | 19.149 | 17.900 |
| Revaluation difference of derivatives & financial Instruments | 65.936 | (5.531) |
| Accrued interest | 33.562 | 38.077 |
| Gain from disposal of available for sales securities | 5.277 | (12.296) |
| Gain from disposal of property & equipment | 566 | (5.185) |
| | **612.921** | **227.241** |
| Net (increase)/ decrease of operating assets : | | |
| Obligatory deposits to Bank of Greece | (260.371) | 106.704 |
| Due from other banks | 111.980 | (264.427) |
| Trading securities | 637.911 | (1.774) |
| Loans and advances to customers (net of write-offs) | (4.095.896) | (2.384.532) |
| Other assets | (5.704) | 124.344 |
| | **(3.612.080)** | **(2.419.685)** |
| Net increase/(decrease) of operating liabilities : | | |
| Due to other banks | 549.562 | 2.232.259 |
| Due to customers | 203.224 | 1.299.292 |
| Other liabilities | (157.031) | (148.607) |
| Provision for staff indemnity | - | (71) |
| | **595.755** | **3.382.873** |
| **Total cash flows from operating activities** | **(2.799.463)** | **1.251.468** |
| **Cash flows from investing activities** | | |
| Increase of in participations in subsidiaries | (55.915) | (34.148) |
| Proceeds from the sale of subsidiaries | - | 92.362 |
| Net change in participations in associates | - | (15) |
| Net change in property, plant and equipment, intangible assets and investment property | (26.736) | (17.638) |
| Net change in available-for-sale investments | 10.596 | (1.291.770) |
| Net change in held-to-maturity investments | (31.042) | 9.970 |
| **Total cash flows from investing activities** | **(103.096)** | **(1.241.238)** |
| **Cash flows from financing activities** | | |
| Proceeds from the issue of other debt securities | 2.890.000 | 1.880.000 |
| Proceeds from the issue of subordinated debt | 100.000 | - |
| Repayment of mortgage backed securities (securitization) | (78.958) | (404.569) |
| Net change in own debt securities | (193.336) | 14.687 |
| **Total cash flows from financing activities** | **2.717.706** | **1.490.118** |
| **Net increase/(decrease) in cash and cash equivalents** | **(184.853)** | **1.500.348** |
| Cash and cash equivalents, at beginning of year (Note 38) | 3.707.328 | 2.206.980 |
| **Cash and cash equivalents, at end of year (Note 38)** | **3.522.475** | **3.707.328** |

Notes on pages 8 to 52 form an integral part of these financial statement

Amounts in Euro thousands (unless otherwise expressed)

# Notes to the financial statements

## 1. General information

Emporiki Bank ("Emporiki Bank" or the "Bank") operates in all banking activities (retail, corporate) as well as in investment banking, asset management, portfolio management and in general financial services. The Bank's registered office is at 11 Sofocleous Str. and its registration number as "Societe Anonyme" is 6064/06/B/86/03. The Bank offers services in Greece through its network of 372 branches and abroad through its branch in London as well as through its subsidiaries in Cyprus, Bulgaria, Albania, Germany and Romania.

Emporiki Bank was established in Greece in 1907 and its shares are listed on the Athens Stock Exchange from 1909. The share of Emporiki Bank is included in the FTSE ASE 140, FTSE ASE BANKS and FTSE ASE Small Cap 80. Also, it is included in the FTSE4Good. The companies that are included in the FTSE4Good indexes are distinguished for their sensitivity on subjects of environmental politics and transparent management, as well as for the elaboration of constructive relationships with all the social members and the support and protection of human rights.

Its web site address is www.emporiki.gr.

The members of the Board of Directors, after their meeting on 4th, February 2009 are as follows:

| Executive members | | |
|---|---|---|
| Antony | Crontiras | Vice-Chairman & Chief Executive Officer |
| Bruno-Marie | Charrier | Deputy Chief Executive Officer |
| Fokion | Dimakakos | Member |
| Despina | Chalkidis | Member |
| George | Spiliopoulos | Member |

| Non-executive members | | |
|---|---|---|
| Jean-Frederic | De Leusse | Chairman |
| Bernard | De Wit | Member |
| Luc | Demazure | Member |
| Bernard | Mary | Member |
| Yves | Nanquette | Member |
| Francois | Marchal - Jean | Member |
| Charalampos | David | Member |
| Nikolaos | Ebeoglou | Member |
| Alexandra | Papalexopoulou | Member |

| Independent non-executive members | | |
|---|---|---|
| Christoforos | Chatzopoulos | Member |
| Achilles | Constantakopoulos | Member |
| Konstantinos | Papadiamantis | Member |

The Board of Directors of the Bank approved these Financial Statements on 26th ,February 2009.

The Bank's financial statements are included in the consolidated Financial Statements of Credit Agricole S.A. The registered office of Credit Agricole S.A. is 91-93, Boulevard Pasteur, 75015 Paris, France and its web site address is www.credit-agricole.fr

## 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

### 2.1 Basis of preparation

The Financial Statements as at 31 December 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS), which have been adopted by the European Union, and those Standards and Interpretations approved by the International Accounting Standards Board.

The accounting policies applied for all the periods that are presented in these financial statements, are disclosed separately below.

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:

a) Standards and Interpretations effective after 1 January 2008

- IFRS 7 - Financial Instruments: Disclosures and the complementary amendment to IAS 1 - Presentation of Financial Statements: Capital Disclosures: This standard and amendment introduces new disclosures relating to financial instruments. For the current year the applicable IFRS 7 disclosures have only been presented in respect of events and transactions related to financial instruments which are material to an understanding of the current year.

- IAS 39 (Amendment) Financial Instruments: Recognition and Measurement and IFRS 7 (Amendment) Financial instruments: Disclosures– Reclassification of Financial Assets (effective prospectively from 1 July 2008)

This amendment permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The Bank has reclassified certain non-derivative financial assets from the trading portfolio into the available for sale portfolio. The effect of this reclassification is disclosed in note 21.

- IFRIC 7 - Applying the Restatement Approach under IAS 29: This interpretation provides guidance on how to apply requirements of IAS 29 in a reporting period in which a company identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As the Bank does not operate in a hyperinflationary economy this interpretation does not apply to the Banks' financial statements.

- IFRIC 8 - Scope of IFRS 2: This interpretation considers transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. This interpretation doesn't not apply to the Bank's financial statements.

- IFRIC 9 - Reassessment of Embedded Derivatives: This interpretation requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. The implementation of this interpretation doesn't have a material effect on the Bank's financial statements.

- IFRIC 10 - Interim Financial Reporting and Impairment: This interpretation prohibits the impairment losses recognized in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The implementation of this interpretation does not have a material effect on the Bank's financial statements.

- IFRIC 11 - IFRS 2: Group and Treasury share transactions: This interpretation is effective for annual periods beginning on or after 1 March 2007 and clarifies the treatment where employees of a subsidiary receive the shares of a parent. It also clarifies whether certain types of transactions are accounted for as equity-settled or cash-settled transactions. This interpretation doesn't have any impact on the Bank's financial statements.

- IFRIC 12 – Service Concession Arrangements: This interpretation is effective for annual periods beginning on or after 1 January 2008 and applies to companies that participate in service concession arrangements. This interpretation is not relevant to the Bank's operations.

- IFRIC 13 – Customer Loyalty Programmes: This interpretation is effective for annual periods beginning on or after 1 July 2008 and 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 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: This interpretation is effective for annual periods beginning on or after 1 January 2008 and applies to post-employment and other long-term employee defined benefit plans. The interpretation clarifies when refunds or reductions in future contributions should be regarded as available, how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum funding requirement might give rise to a liability. As the Bank does not operate any such benefit plans for its employees, this interpretation is not relevant to the Bank.

b) Standards and Interpretations effective after 1 January 2009

- IFRS 1 (Amendment) "First time adoption of IFRS" and IAS 27 (Amendment) "Consolidated and separate financial statements" (effective for annual periods beginning on or after 1 January 2009)

The amendment to IFRS 1 allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. As the parent company and all its subsidiaries have already transitioned to IFRS, the amendment will not have any impact on the Bank's financial statements.

- IFRS 2 'Share Based Payment' – Vesting Conditions and Cancellations

The amendment, effective for annual periods beginning on or after 1 January 2009, 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. The Bank does not expect that these amendments will have an impact on its financial statements.

- IFRS 3 – Business Combinations and IAS 27– Consolidated and Separate Financial Statements: A revised version of IFRS 3 Business Combinations and an amended version of IAS 27 Consolidated and Separate Financial Statements are 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 form their effective date.

- IFRS 8 - Operating Segments: This standard is effective for annual periods beginning on or after 1 January 2009 and 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. The Bank will apply IFRS 8 from 1 January 2009, and its implementation is expecting to affect the presentation of the Bank's operations by business segment.

- IAS 1– Presentation of Financial Statements: IAS 1 has been revised to enhance the usefulness of information presented in the financial statements and is effective for annual periods beginning on or after 1 January 2009. The key changes are: the requirement that the statement of changes in equity include only transactions with shareholders, the introduction of a new statement of comprehensive income that combines all items of income and expense recognized in profit or loss together with "other comprehensive income", and the requirement to present restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period. The Bank will apply these amendments and make the necessary changes to the presentation of its financial statements in 2009.

- IAS 23 – Borrowing Costs: This standard is effective for annual periods beginning on or after 1 January 2009 and replaces the previous version of IAS 23. The main change is the removal of the option of immediately recognizing as an expense borrowing costs that relate to assets that need a substantial period of time to get ready for use or sale. The Bank will apply IAS 23 from 1 January 2009.

- IAS 32 and IAS 1 – Puttable Financial Instruments: The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. Both amendments are effective for annual periods beginning on or after 1 January 2009. The Bank does not expect these amendments to impact its financial statements.

- IFRIC 15 - Agreements for the construction of real estate: This interpretation is effective for annual periods beginning on or after 1 January 2009 and addresses the diversity in accounting for real estate sales. Some entities recognize revenue in accordance with IAS 18 (i.e. when the risks and rewards in the real estate are transferred) and others recognize 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 is effective for annual periods beginning on or after 1 October 2008 and 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.

(c) 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 May 2008 of the results of the IASB's annual improvements project. Unless otherwise stated the following amendments are effective for annual periods beginning on or after 1 January 2009.

**Διαγράφηκε:** ¶

- IAS 1 (Amendment) Presentation of financial statements

The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39 "Financial instruments: Recognition and measurement" are examples of current assets and liabilities respectively. The Bank will apply this amendment from 1 January 2009 but it is not expected to have an impact on the Bank's financial statements.

- IAS 16 (Amendment) Property, plant and equipment (and consequential amendment to IAS 7 Statement of cash flows

This amendment requires that entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to IAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. The amendment will not have an impact on the Bank's operations because none of the companies in the Bank have ordinary activities that comprise renting and subsequently selling assets.

- IAS 19 (Amendment) "Employee benefits"

The changes to this standard are as follows.
A plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.

The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.

IAS 37, 'Provisions, contingent liabilities and contingent assets', requires contingent liabilities to be disclosed, not recognized. IAS 19 has been amended to be consistent.

The Bank will apply theses amendments from 1 January 2009. It is not expected that these amendments will have an impact on the Bank financial statements.

- IAS 20 (Amendment) Accounting for government grants and disclosure of government assistance

The amendment requires that the benefit of a below-market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39 "Financial instruments: Recognition and measurement" and the proceeds received with the benefit accounted for in accordance with IAS 20. The amendment will not have an impact on the Bank's operations as there are no loans received from the government.

- IAS 27 (Amendment) Consolidated and separate financial statements

This amendment states that where an investment in a subsidiary that is accounted for under IAS 39 "Financial instruments: Recognition and measurement" is classified as held for sale under IFRS 5 "Non-current assets held for sale and discontinued operations" that IAS 39 would continue to be applied. The amendment will not have an impact on the Bank's financial statements because it is the Bank's policy for an investment in a subsidiary to be recorded at cost in the standalone accounts.

- IAS 28 (Amendment) Investments in associates (and consequential amendments to IAS 32 Financial Instruments: Presentation" and IFRS 7 "Financial instruments: Disclosures)

In terms of this amendment, an investment in associate is treated as a single asset for the purposes of impairment testing and any impairment loss is not allocated to specific assets included within the investment. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The Bank will apply this amendment from 1 January 2009.

- IAS 28 (Amendment) Investments in associates (and consequential amendments to IAS 32 Financial Instruments: Presentation" and IFRS 7 Financial instruments: Disclosures)

This amendment states that where an investment in associate is accounted for in accordance with IAS 39 "Financial instruments: Recognition and measurement" only certain, rather than all disclosure requirements in IAS 28 need to be made in addition to disclosures required by IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures". The amendment will not have an impact on the Bank's financial statements because it is the Bank's policy for an investment in an associate to be equity accounted in the Bank's consolidated accounts.

- IAS 29 (Amendment) Financial reporting in hyperinflationary economies

The guidance in this standard has been amended to reflect the fact that a number of assets and liabilities are measured at fair value rather than historical cost. The amendment will not have an impact on the Bank's operations, as none of the Bank's subsidiaries or associates operate in hyperinflationary economies.

- IAS 31 (Amendment) Interests in joint ventures and consequential amendments to IAS 32 Financial Instruments: Presentation and IFRS 7 Financial instruments: Disclosures

This amendment states that where an investment in joint venture is accounted for in accordance with with IAS 39 "Financial instruments: Recognition and measurement" only certain, rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures". The amendment will not have an impact on the Bank's operations as there are no interests held in joint ventures accounted for in terms of IAS 39.

- IAS 36 (Amendment) Impairment of assets

This amendment requires that were fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Bank will apply this amendment and provide the required disclosure where applicable for impairment tests from 1 January 2009.

- IAS 38 (Amendment) Intangible assets

This amendment states that a payment can only be recognized as a prepayment if that payment has been made in advance of obtaining right of access to goods or receipt of services. This amendment effectively means that once the Bank has access to the goods or has received the services then the payment has to be expensed. The Bank will apply this amendment from 1 January 2009.

- IAS 38 (Amendment) Intangible assets

This amendment deletes the wording that states that there is "rarely, if ever" support for use of a method that results in a lower rate of amortization than the straight line method. The amendment will not currently have an impact on the Bank's operations as all intangible assets are amortized using the straight line method.

- IAS 39 (Amendment) Financial instruments: Recognition and measurement

The changes to this standard are as follows
It is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.

The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition.

The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. The amendment removes this requirement so that IAS 39 is consistent with IFRS 8, 'Operating segments' which requires disclosure for segments to be based on information reported to the chief operating decision maker.

When re-measuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) is used.
The Bank will apply the IAS 39 (Amendment) from 1 January 2009. It is not expected to have a material impact on the Bank's financial statements.

- IAS 40 (Amendment) Investment property (and consequential amendments to IAS 16 Property, plant and equipment)

The amendment states that property that is under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The amendment is not expected to have an impact on the Bank's financial statements.

- IAS 41 (Amendment) Agriculture

This amendment requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and the removal of the prohibition on taking into account biological transformation when calculating fair value. The amendment will not have an impact on the Bank's operations as no agricultural activities are undertaken.

- IFRS 5 (Amendment) Non-current assets held for sale and discontinued operations (and consequential amendment to IFRS 1 First-time adoption) (effective for annual periods beginning on or after 1 July 2009)

The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control, and relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRS. The Bank will apply this amendment prospectively to all partial disposals of subsidiaries from 1 January 2010.

The financial statements are presented in Euro, the Bank's functional currency, rounded to the nearest thousand unless otherwise indicated.

These annual financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. Its also requires management to exercise judgment in the process of applying the Bank's accounting policies.

## 2.2 Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in the functional and presentation currency of the Bank, the Euro.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Translation differences on monetary items, such as equities included in the trading portfolio are reported as part of the fair value gain or loss. Translation differences on monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value adjustment reserve as of 1 January 2004.

## 2.3 Derivative financial instruments and hedge accounting

The Bank uses derivative financial instruments either for hedging purposes or for trading purposes and on behalf of customers. The Bank uses the following derivatives: OTC and exchange traded options, futures, interest rate and currency swaps and forwards.

Derivatives are initially recognized at acquisition cost on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, if market prices are not available
The method of recognising 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:

(a) Hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge),

(b) Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge) or

(c) Hedges of a net investment in a foreign operation (net investment hedge).

Hedge accounting is used for derivatives designated in this way provided certain criteria are met
The Bank designates certain derivatives as either hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge) or, hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge) or hedges for a net investment in a foreign subsidiary. The Bank documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Bank also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) 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 amortised 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.

(b) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised 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.

(c) Net investment hedge

Hedges of net investments in foreign operations 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 operation is disposed of.

## 2.4 Interest income and expense

Interest income and expense are recognized in the income statement for all instruments measured at amortized cost using the effective interest method, taking into account all fees and commissions paid or received between parties to the financial asset or expense over the points paid or received between parties to the contract. Interest and similar income includes interest income from loans and advances to customers, interest income from fixed and floating interest-bearing securities and also premium or discount amortization of securities and other financial instruments.

The Bank does not recognize interest income on non-performing loans. Interest income for these loans are recorded in off balance sheet accounts until these items are considered performing.

## 2.5 Fee and commission income

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with all related direct costs) and recognized as an adjustment to the effective interest rate on the loans.

## 2.6 Dividend Income

Dividends are recognized in the income statement when the right to receive payment is established.

## 2.7 Financial assets

The Bank classifies its financial assets in the following 4 categories. Management determines the classification of its investments at initial recognition and reassessment at reporting period.

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

This category has two sub-categories: financial assets held for trading (including derivatives), and other financial assets 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 hedges.

(b) Loans and receivables

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

(c) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. The Bank has designated securities, with a book value of 57.311 euro, as at 31 December 2008.

(d) Available-for-sale

Available-for-sale investments are those 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.

Purchases and sales of financial assets at categories (a), (c), (d) above are recognized on settlement date – the date that a financial asset is delivered to or by the Bank, which for held to maturity assets and available for sale securities includes transaction costs. Loans and advances (category b) are recognized when cash is advanced to the borrowers.

Available-for-sale financial assets are subsequently carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial assets is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity should be recognized in profit or loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value based on closing rates. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise.

Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method less impairment losses. These assets are examined for impairment losses, which is when the present value of expected cash flows discounted at the effective rate is less than book value.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Bank establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, and other valuation techniques commonly used by market participants.

The Bank assesses at each reporting period if there are indications of impairment. For equity instruments classified as available-for-sale such indications exist when the hedge is a considerable or prolonged decline in the fair value compared to cost. If such impairment exists the remaining amount in equity is transferred to the income statement.

### 2.8 Off-setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when:

a) there is a legally enforceable right to offset the recognized amounts and

b) there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

### 2.9 Sale and repurchase agreements

Securities sold subject to repurchase agreements (“repos”) are included in the financial statements of the Bank as assets; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate.

Securities purchased by the Bank under agreements to resell (“reverse repos”) are recorded as loans and advances to other banks or customers, as appropriate. These securities are not included in the Bank's financial statements.

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

### 2.10 Impairment of financial assets

Assets with an infinite useful life and are not depreciated but are assessed for impairment losses at each balance sheet date or whenever there is an indication that the reporting balance is non recoverable. Assets that are depreciated are tested for impairment loss when there is evidence that the book value is not recoverable. The recoverable amount is the largest amount between fair value less selling costs and value in use. In estimating the recoverable amount assets are classified in smaller cash generating units. Impairment loss when incurred is recognized to the income statement.

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets (loans, investments) is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Bank about the following loss events:

a. significant financial difficulty of the issuer or obligor,

b. a breach of contract, such as a default or delinquency in interest or principal payments,

c. the Bank granting to the borrower, for economic or legal reasons relating to the borrower’s financial difficulty, a concession that the lender would not otherwise consider,

d. it is becoming probable that the borrower will go bankrupt or will follow a financial restructuring,

e. the disappearance of an active market for that financial asset because of financial difficulties,

f. observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the bank, including:
- adverse changes in the payment status of borrowers in the bank, or
- national or local economic conditions that correlate with defaults on the assets in the bank

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

Changes in the expected cash flows are recognized in the income statement as a gain if there is a release or a loss if there is an increase.

Impairment loss is considered the difference between the carrying amount at the date of the impairment test loss and the expected cash flows of the assets discounted using the original effective interest rate.

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

In subsequent periods, possible change in expected cash flows as result of a change in the financial asset, are recognized in the income statement and the amount of the impairment loss is reversed or increased by adjusting the allowance account through the income statement.

## 2.11 Intangible assets – Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives (three to five years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

## 2.12 Property, plant and equipment

Operating property, plant and equipment are stated at historical cost less depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

| | Years |
|---|---|
| Buildings and leasehold improvements | 40 to 50 |
| Computer Hardware | 3 to 4 |
| Vehicles | 5 to 7 |
| Furniture and equipment | 5 t0 7 |

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

On transition date to IFRS (1 January 2004) the Bank valued land and buildings at fair value based on professional valuations. This fair value was considered as deemed cost.

## 2.13 Investment property

The Bank classifies land and buildings that are not used for operational purposes or are held for investment purposes (rental income or capital appreciation) as investment property and records them at amortized cost less impairment losses. The Bank depreciates investment property during its useful life, which is estimated at 40 to 50 years. On transition date to IFRS (1 January 2004) the Bank classified investment property at fair value as determined by professional valuators. Fair value was considered as their deemed cost.

## 2.14 Leases (The Bank as lessee)

Leases of fixed assets where the Bank has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period. Fixed assets acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

## 2.15 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including: cash and non-restricted balances with the Bank of Greece, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

## 2.16 Provisions

Provisions for restructuring costs and legal claims are recognized when:

(1) the Bank has a present legal or constructive obligation as a result of past events;
(2) it is more likely than not that an outflow of resources will be required to settle the obligation; and
(3) the amount has been reliably estimated.

## 2.17 Employee benefits

(a) Short-term obligations

Short-term obligations to employees in cash or other non-monetary items are recognized as an expense on an accrual basis.

(b) Post employment benefits

The Bank has only defined contribution plans. The contributions are recognized as employee benefit expense when they are due.

The current status of the Bank's obligations to pension funds is described in detail in note 33.

(c) Employee termination benefits

Employee termination benefits are paid when employees leave prior to retirement. The Bank records a liability when it is obliged to pay an amount according to a detailed employee scheme or when there are motives for voluntary termination. Long-term employment schemes are discounted.

In case the number of the beneficiary employees is not known precisely, termination benefits are recognized as a contingent liability.

## 2.18 Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary difference can be utilized.

Deferred taxes are presented separately as assets and liabilities and are not offset.

Income tax payable on profits, based on the applicable tax law rate, is recognized as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognized as an asset when it is probable that future taxable profits will be available against with these losses can be utilized.

### 2.19 Debt securities and other debt issues

Debt securities issues and subordinated debt of the Bank are recognized initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. They are subsequently measured at amortized cost; any difference between proceeds net of transaction costs and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

### 2.120 Share capital and own shares

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds. Directly attributable costs of issuing shares for the purpose of acquiring an entity are included in the cost of the acquired entity.

Where the Bank purchases the Bank's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are sold or cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

### 2.21 Fiduciary activities

The Bank commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Bank.

### 2.22 Related-party transactions

Related parties include companies within the control of the Bank, companies for which the Bank exerts significant influence, Board of Directors members and their close family members. The bank enters into transactions with related parties in the usual course of its business.

### 2.23 Segment reporting

The business segments are the primary reporting format of the Bank. Taking into consideration the Bank’s internal reporting system and organizational structure, the following reportable business segments have been identified:

- Retail banking
- Corporate banking
- Investment banking and Treasury
- Other

### 2.24 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

## 3. Financial risk Management

### 3.1 Financial risk factors

The Bank’s activities are related with financial instrument risks including risks from derivatives. The Bank receives deposits from customers for different time intervals offering fixed and floating rates. The Bank invests these funds to achieve higher than the average offer rate. To expand this spread the Bank receives short-term deposits and offers higher rates for long-term liabilities maintaining adequate liquidity coverage for all possible obligations that may occur.

The Bank is exposed to various risks such as credit, liquidity, cash flow and fair value risk from the change in rates. The general risk management policy for the Bank is focused on confronting the uncertainties of financial markets and tries to minimize any negative effects to the profits for the Bank. The Bank uses financial derivatives such as futures/forwards and interest rate swaps to hedge these risks.

Risk management apart from credit risk is maintained by the financial management division adapting to regulations and decisions that are approved by the Banks’ management and by the Asset Liability Committee (ALCO). Credit risk management is governed by the Credit Committee that defines the credit risk strategy and monitors its progress. Risk Management defines estimates and confronts all financial risks in cooperation with the departments that are involved with these risks. The Management gives instructions and guidelines for central risk management and special instructions for confronting special risks such as foreign exchange, interest and credit risk.

Cash flow hedging and fair value hedging for changes in interest rates

Operating income and cash flows of the Bank are affected by the change in interest rates. The Bank in several cases is exposed to floating rates loans and enters into an interest rate swap (IRS) to hedge cash flows on future interest payments that result in converting floating loans to fixed.

IRS contracts allow the Bank to convert long-term exposure from floating to fixed at a lower rate from that on inception. Through IRS the Bank agrees with third parties to swap at a notional amount the primarily difference between floating and fixed.

Interest rate risk arises from medium and long-term loans. Floating rate loans expose the Bank to cash flow risks. Fixed rate loans expose the Bank to fair value risks. It is the Bank's policy to have approximately their entire loan portfolio with floating rates.

## 3.2 Credit risk

Emporiki Bank's main strategic target is the effective management of the total undertaken risks in order to ensure an efficient use of capital in relation to risk appetite as well as business development.

The Bank assigns significant priority in developing internal risk rating tools that identify the level of risk associated with borrowers' creditworthiness based on specific characteristics per type of exposure. This effort is aligned with the requirements of the new Pillar II Regulatory framework, regarding the capital adequacy obligations and the Credit Agricole S.A norms.
The credit approval process is subject to a detailed risk monitoring, review and analysis on an on-going basis in accordance with the norms and practices of Credit Agricole SA.

Regarding the credit risk strategy per type of exposure, the following have to be pointed out:

Corporate Credit Risk Strategy

Regarding the corporate risk assessment, Emporiki has incorporated in the credit decision-making process "Anadefi", Credit Agricoles´ rating model for corporate exposures. In specific, the Bank uses as its primary tool of corporate credit risk measurement a Group rating model of 15 grades that assesses the quality of the counterparty and its inferred probability of default for each rating grade.
The model can also be used to perform a time series analysis of the borrower's credit rating. A timely diagnosis of the rating's downward trend can prevent the Bank from potential losses.

The existence of a quantitative credit rating system will create a basis to compare credit risk, will allow the possibility of linking risk with pricing, will assist the realization of more accurate provisions, will facilitate the evaluation of capital requirements by supervisory authorities and will contribute to more accurate credit approval processes. Internal rating systems enable banks to quantify credit risk, inter alia for the purpose of capital adequacy ratio calculations, thereby determining the regulatory capital required to cover their credit risk.

Apart from the corporate rating tool, Emporiki in order to effectively assess concentration risk has established sector limits, which are closely monitored and reviewed on an annual basis.

Additionally, the portfolio of the largest exposures is reviewed on a yearly basis taking into account both the Corporate and Risk Business lines, while the amount, the type and the complexity per exposure are approved by different delegation levels via specific Credit Decision Processes. As a result, a more diversified portfolio is achieved with less concentrated exposures.

SMEs Credit Risk Strategy exposures

Regarding the SMEs segmentation with the establishment of Business Centers, the risk policy has been reviewed along with the following developments:
A monitoring process has been adopted aiming to prevent any risk increase. In specific, an alert procedure for downgraded borrowers has been established with special reference to incidents of non-payment, significant decrease of the activity, and other financial, legal and managerial events that may indicate a possible deterioration of the credit quality.
An independent specialized Unit has been set up for restructuring SMEs' debt.
Specific guidelines have been developed for all SMEs exposures regarding the Bank's risk appetite and credit policy rules.

Professionals & Small Enterprises Credit Risk Strategy

For Professionals & Small Enterprises credit exposures, systemic control tools that verify the fulfilment of specific credit policy rules are applied via the fulfilment of the electronic credit application form.
Moreover, a bespoke application scorecard, developed by an external vendor is used for assessing the credit risk of the obligors. During 2008, the Bank decided to centralize the credit approval process for these loans and in this concept the delegation power of the Branches has been decreased to minimum.

Amounts in Euro thousands (unless otherwise expressed)

For SBL and Retail Banking exposures, the credit approval is based on specific Credit Policy Rules. For a portion of exposures to this segment, the bank is using an application bespoke scorecard developed by an external vendor. All submitted credit requests (including renewals, adjustments etc) are assessed from the Retail Credit Centre.

Credit Risk Strategy for Individuals
Consumer lending

Credit financing to private individuals is primarily designed to meet consumer needs, while the repayment is made and influenced by the available personal and family income of the borrower.
Consumer lending for Individuals, is mainly based upon the fulfilment of general credit policy rules, as well as upon bespoke application scorecards developed by external vendor.
Those scorecards are closely monitored by the Risk Management division in co-operation with Credit Agricoles relevant Division via several validation and calibration procedures.

Housing lending

Credit financing for mortgages (e.g. purchase, building, completion, extension, repair of a residential property, purchase of land for the building of a house or business premises) is currently based on the fulfilment of specific credit policy rules.
The Bank implements a Centralized process via the Centralization Unit in order to assess and approve all mortgage loans and consumer loans with collaterals. In specific, this Unit is responsible to verify the fulfilment of the credit policy rules and the credit documentations, to check the collaterals´ status (eg. full ownership etc.), to co-operate with the Real Estate Division for the evaluation of the collateral market value, to reconcile the application data with the contract data.
Regarding the housing credit statistical rating tool, a new bespoke application scorecard for mortgage applications will be implemented during 2009.

In the following tables 2007 figures have been adjusted to conform to changes in presentation in the current year.

### 3.2.1 Impairment and Provisions

The table below shows the percentage of the Bank's on-balance sheet items relating to loans and advances and the associated impairment provision for each of the Bank's internal credit rating categories:

| | **2008** | | **2007** | |
|---|---|---|---|---|
| | **Loans & advances (%)** | **Impairment Provision (%)** | **Loans & advances (%)** | **Impairment Provision (%)** |
| Standard monitoring | 88,9 | 1,0 | 89,9 | 0,4 |
| Special monitoring | 1,2 | 8,7 | 0,7 | 18,8 |
| Sub-standard | 9,9 | 42,7 | 9,4 | 47,0 |
| **Total** | **100** | **5,2** | **100** | **4,9** |

### 3.2.2 Maximum exposure to credit risk before collateral held or other credit enhancements

The following table presents the Bank's maximum credit risk exposure as of 31/12/2008 and 31/12/2007, without including collateral held or other credit enhancements. For on-balance sheet assets, the credit exposures are based on their carrying amounts as reported on the balance sheet.

Amounts in Euro thousands (unless otherwise expressed)

| | Maximum Exposure | |
|---|---|---|
| | **2008** | **2007** |
| Credit risk exposures relating to on-balance sheet assets are : | | |
| Treasury bills | 27.192 | 31.395 |
| Due from other banks | 3.351.248 | 3.313.520 |
| Trading securities - Debt securities | 600.266 | 1.348.450 |
| Derivative financial instruments | 67.451 | 21.520 |
| Loans and advances to customers: | | |
| Loans to Individuals: | | |
| Credit Cards | 332.838 | 329.168 |
| Term Loans | 1.801.615 | 1.782.016 |
| Mortgage Loans | 7.647.274 | 7.309.439 |
| Loans to corporate entities: | | |
| Large Corporate Customers | 6.438.073 | 4.142.788 |
| Small and medium size enterprises (SME's) | 5.224.053 | 4.235.820 |
| Revolving Easy Business | 489.344 | 488.372 |
| Other receivables and share loans | 86.175 | 120.035 |
| Available-for-sale securities - Debt securities | 1.527.154 | 1.537.832 |
| Held-to-maturity securities | 57.311 | 67.908 |
| Other assets | 149.539 | 164.429 |
| Credit risk exposures relating to off-balance sheet assets are : | | |
| Letters of guarantee | 2.174.478 | 1.867.090 |
| **Total** | **29.974.011** | **26.759.782** |

Amounts in Euro thousands (unless otherwise expressed)

### 3.2.3 Loans and advances

Loans and advances to customers and to banks are summarized as follows:

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | **Loans and advances to customers** | **Loans and advances to banks** | **Loans and advances to customers** | **Loans and advances to banks** |
| Neither past due nor impaired | 15.986.989 | 3.351.248 | 13.492.190 | 3.313.520 |
| Past due but not impaired | 4.555.524 | - | 3.989.954 | - |
| Impaired | 2.687.558 | - | 1.877.036 | - |
| **Gross Total** | **23.230.071** | **3.351.248** | **19.359.180** | **3.313.520** |
| Less: allowance for impairment | 1.210.699 | - | 951.543 | - |
| **Net Total** | **22.019.372** | **3.351.248** | **18.407.637** | **3.313.520** |

### (a) Loans and advances neither past due or impaired by rating class

**31 December 2008**

| | **Credit cards** | **Term Loans** | **Mortgages** | **Loans to corporate entities** | **SMEs** | **revolving Easy Business** | **Other receivables** | **Loans and advances to customers** | **Loans and advances to banks** |
|---|---|---|---|---|---|---|---|---|---|
| Standard monitoring | 211.159 | 1.147.281 | 5.618.954 | 5.578.660 | 2.828.556 | 269.156 | 86.174 | 15.739.940 | 3.351.248 |
| special monitoring | - | - | 23 | 102.849 | 77.206 | - | - | 180.077 | - |
| sub-standard | - | 3.584 | 57.516 | - | 5.862 | 10 | - | 66.972 | - |
| **Total** | **211.159** | **1.150.865** | **5.676.493** | **5.681.509** | **2.911.624** | **269.166** | **86.174** | **15.986.989** | **3.351.248** |

**31 December 2007**

| | **Credit cards** | **Term Loans** | **Mortgages** | **Loans to corporate entities** | **SMEs** | **Revolving Easy Business** | **Other receivables** | **Loans and advances to customers** | **Loans and advances to banks** |
|---|---|---|---|---|---|---|---|---|---|
| standard monitoring | 222.806 | 1.296.647 | 5.825.082 | 3.174.916 | 2.382.127 | 289.360 | 120.035 | 13.310.973 | 3.313.520 |
| special monitoring | - | - | 1.185 | 33.394 | 38.754 | - | - | 73.333 | - |
| sub-standard | - | 8.260 | 82.032 | 14.180 | 3.412 | - | - | 107.884 | - |
| **Total** | **222.806** | **1.304.907** | **5.908.299** | **3.222.490** | **2.424.291** | **289.360** | **120.035** | **13.492.190** | **3.313.520** |

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

The gross amount of loans and advances by class to customers that were past due but not impaired is shown to the following tables:

**31 December 2008**

| | **Loans to individuals** | | | |
|---|---|---|---|---|
| | **Credit cards** | **Term Loans** | **Mortgages Loans** | **Total** |
| Past due up to 30 days | 69.916 | 221.537 | 679.919 | 971.371 |
| past due 30-90 days | 22.893 | 120.563 | 346.568 | 490.024 |
| past due 90-180 days | 3.926 | 15.974 | 125.099 | 144.999 |
| past due more than 180 days | - | - | 6.217 | 6.217 |
| **Total** | **96.735** | **358.074** | **1.157.803** | **1.612.611** |

Amounts in Euro thousands (unless otherwise expressed)

| | Loans to Corporate entities | | | |
|---|---|---|---|---|
| | **Loans to corporate entities** | **SMEs** | **Revolving Easy Business** | **Total** |
| Past due up to 30 days | 692.773 | 1.879.514 | 138.677 | 2.710.964 |
| past due 30-90 days | 32.842 | 143.018 | 44.770 | 220.630 |
| past due 90-180 days | - | 4.134 | 6.960 | 11.094 |
| past due more than 180 days | - | 225 | - | 225 |
| **Total** | **725.615** | **2.026.891** | **190.407** | **2.942.913** |

### 31 December 2007

| | Loans to individuals | | | |
|---|---|---|---|---|
| | **Credit Cards** | **Term Loans** | **Mortgage Loans** | **Total** |
| Past due up to 30 days | 68.869 | 206.795 | 685.306 | 960.970 |
| past due 30-90 days | 9.667 | 93.956 | 294.291 | 397.914 |
| past due 90-180 days | 892 | 8.313 | 86.293 | 95.498 |
| Past due more than 180 days | - | 2 | 2.125 | 2.127 |
| **Total** | **79.428** | **309.066** | **1.068.015** | **1.456.509** |

### 31 December 2007

| | Loans to Corporate entities | | | |
|---|---|---|---|---|
| | **Loans to corporate entities** | **SMEs** | **Revolving Easy Business** | **Total** |
| Past due up to 30 days | 619.759 | 1.437.870 | 145.300 | 2.202.928 |
| past due 30-90 days | 189.610 | 104.423 | 29.482 | 323.515 |
| past due 90-180 days | 723 | 2.045 | 4.058 | 6.827 |
| past due more than 180 days | - | 175 | - | 175 |
| **Total** | **810.092** | **1.544.513** | **178.840** | **2.533.445** |

### (c) Loans and advances individually impaired

The breakdown of the gross amount of individually impaired loans and advances by customer class are as follows:

**31 December 2008**

| | **Credit cards** | **Term Loans** | **Mortgages** | **Loans to corporate entities** | **SMEs** | **Revolving Easy Business** | **Other receivables** | **Total** |
|---|---|---|---|---|---|---|---|---|
| Impaired loans | 81.517 | 573.030 | 1.050.345 | 178.727 | 688.883 | 99.433 | 15.623 | 2.687.558 |
| | **81.517** | **573.030** | **1.050.345** | **178.727** | **688.883** | **99.433** | **15.623** | **2.687.558** |
| out of which have less than 90 dpd | 7.527 | 134.396 | 205.463 | 35.136 | 132.252 | 13.379 | - | **528.153** |
| Allowance for impairment | **56.573** | **280.353** | **237.367** | **147.777** | **403.344** | **69.662** | **15.623** | **1.210.699** |

Amounts in Euro thousands (unless otherwise expressed)

**31 December 2007**

| | Credit cards | Term Loans | Mortgages | Loans to corporate entities | SMEs | Revolving Easy Business | Other receivables | Total |
|---|---|---|---|---|---|---|---|---|
| Impaired loans | 79.410 | 338.611 | 448.886 | 306.983 | 582.651 | 80.011 | 40.484 | 1.877.036 |
| | **79.410** | **338.611** | **448.886** | **306.983** | **582.651** | **80.011** | **40.484** | **1.877.036** |
| out of which have less than 90 pdp | 15.500 | 103.025 | 101.077 | 84.377 | 100.875 | 8.743 | - | **413.597** |
| Allowance for impairment | **52.477** | **170.563** | **115.761** | **196.783** | **315.637** | **59.838** | **40.484** | **951.543** |

### 3.2.4 Debt securities, treasury bills and other eligible bills

The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at 31 December 2008, based on Moody's rating.

| | Treasury bills | Trading securities | Available-for-sale securities | Held-to-maturity securities | Total |
|---|---|---|---|---|---|
| Aaa | - | - | 139.030 | - | 139.030 |
| Aa1 - Aa3 | - | - | 710.992 | - | 710.992 |
| A1 - A3 | 27.192 | 600.266 | 621.501 | 57.311 | 1.306.270 |
| Baa1 - Baa3 | - | - | 55.631 | - | 55.631 |
| **Total** | **27.192** | **600.266** | **1.527.154** | **57.311** | **2.211.923** |

Amounts in Euro thousands (unless otherwise expressed)

### 3.2.5 Concentration of risks of financial assets with credit risk exposure

### (a) Geographical Sectors

The geographical concentration allocates exposures to regions based on the counterparties' country of domicile. The Bank's credit exposure, by geographical region as of 31 December 2008 and as of 31 December 2007, is mainly concentrated in Europe.

### (b) Industry Sectors

| 31 December 2008 | Financial Institutions | Manufacturing | Real Estate & Construction | Whole sale & Retail Trade | Public Sector | Other Industries | Individuals | Total |
|---|---|---|---|---|---|---|---|---|
| Treasury bills | - | - | - | - | 27.192 | - | - | 27.192 |
| Due from other banks | 3.351.248 | - | - | - | - | - | - | 3.351.248 |
| Trading securities - Debt securities | - | - | - | - | 600.266 | - | - | 600.266 |
| Derivative financial instruments | 67.451 | - | - | - | - | - | - | 67.451 |
| Loans and advances to customers: | | | | | | | | |
| Loans to Individuals: | | | | | | | | |
| Credit Cards | - | - | - | - | - | - | 332.838 | 332.838 |
| Term Loans | - | - | - | - | - | - | 1.801.615 | 1.801.615 |
| Mortgage Loans | - | - | - | - | - | - | 7.647.274 | 7.647.274 |
| Loans to corporate entities: | | | | | | | | |
| Large Corporate Customers | 588.799 | 896.817 | 761.957 | 3.378.499 | 192.258 | 619.745 | - | 6.438.075 |
| Small and medium size enterprises | 2.619 | 519.719 | 475.532 | 3.011.932 | 41.134 | 1.173.118 | - | 5.224.054 |
| Revolving Easy Business | - | 125 | 69 | 213 | - | 3.042 | 485.895 | 489.344 |
| Other receivables | - | - | - | - | - | 86.173 | - | 86.173 |
| Available-for-sale securities - Debt securities | 1.178.153 | - | - | - | 349.001 | - | - | 1.527.154 |
| Held-to-maturity securities | - | - | - | - | - | 57.311 | - | 57.311 |
| Other assets | - | - | - | - | - | 149.539 | - | 149.539 |
| **Total** | **5.188.270** | **1.416.661** | **1.237.558** | **6.390.644** | **1.209.851** | **2.088.928** | **10.267.622** | **27.799.534** |
| | | | | | | | | |
| **As at 31 December 2007** | **5.290.583** | **890.352** | **673.931** | **4.696.035** | **1.688.112** | **1.750.176** | **9.904.300** | **24.893.489** |

## 3.3 Market risk

Emporiki takes on exposure to market risks, which is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. Emporiki separates exposures to market risk into either trading or non-trading portfolios. The market risks arising from trading and non-trading activities are concentrated in Treasury. Regular reports are submitted to the top management and heads of the related business units. Trading portfolio include positions arising from market-making transactions where Emporiki acts as principal with clients or with the market. Non-trading portfolios consist of available-for-sale investments.

As part of the management of market risk, Emporiki undertakes various hedging strategies. Emporiki also enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt securities. The major measurement techniques used to measure and control market risk is outlined below.

Value at risk

Emporiki applies a 'value at risk' methodology (VAR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The ALCO

Amounts in Euro thousands (unless otherwise expressed)

committee sets limits on the value of risk that may be accepted for Emporiki, trading and non-trading separately, which are monitored on a daily basis. VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the ‘maximum’ amount Emporiki might lose, but only to a certain level of confidence (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain ‘holding period’ until positions can be closed (1 day). It also assumes that market moves occurring over this holding period will follow a similar pattern to those that have occurred over 1-day period in the past. Emporiki assessment of past movements is based on data for the past one year. Emporiki applies these historical changes in rates, prices, indices, etc. directly to its current positions – a method known as historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/factors used in the VAR calculation. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. As VAR constitutes an integral part of Emporiki’s market risk control regime, the ALCO committee annually for all trading and non-trading portfolio operations establishes VAR limits.
Back-testing the VAR results for trading books continuously monitors the quality of the VAR model. All back-testing exceptions and any exceptional revenues on the profit side of the VAR distribution are investigated, and all back-testing results are reported to the ALCO committee. Since 2006, Var model has the certification of Bank of Greece.

Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests include: risk factor stress testing, where stress movements are applied to each risk category; and ad hoc stress testing. The results of the stress tests are reviewed by senior management and presented to ALCO Committee.

## VAR summary for 2008 and 2007

**(a) Trading and Non - Trading portfolio VAR by Risk Type**

| | 01/01- 31/12/2008 | | | 01/01- 31/12/2007 | | |
|---|---|---|---|---|---|---|
| | **Average** | **High** | **Low** | **Average** | **High** | **Low** |
| Foreign exchange risk | 79 | 139 | - | 28 | 140 | 1 |
| Interest rate risk | 1.276 | 1.884 | 785 | 548 | 1.672 | 292 |
| Equities risk | 682 | 1.285 | 455 | 1264 | 1.746 | 633 |
| **Total VAR** | **1.640** | **2.160** | **1.078** | **1.382** | **2.447** | **822** |

**(b) Trading portfolio VAR by Risk Type**

| | 01/01- 31/12/2008 | | | 01/01- 31/12/2007 | | |
|---|---|---|---|---|---|---|
| | **Average** | **High** | **Low** | **Average** | **High** | **Low** |
| Foreign exchange risk | 39 | 117 | - | 28 | 140 | 1 |
| Interest rate risk | 1.227 | 1.815 | 608 | 482 | 1.659 | 275 |
| Equities risk | 190 | 995 | - | 787 | 996 | 527 |
| **Total VAR** | **1.293** | **1.828** | **608** | **931** | **1.767** | **602** |

**(c) Non – Trading portfolio VAR by Risk Type**

| | 01/01- 31/12/2008 | | | 01/01- 31/12/2007 | | |
|---|---|---|---|---|---|---|
| | **Average** | **High** | **Low** | **Average** | **High** | **Low** |
| Foreign exchange risk | 19 | 207 | - | - | - | - |
| Interest rate risk | 438 | 1.340 | 126 | 122 | 414 | 14 |
| Equities risk | 538 | 747 | 293 | 586 | 1.055 | 224 |
| **Total VAR** | **657** | **1.397** | **347** | **615** | **1.067** | **227** |

## 3.4 Liquidity risk

Liquidity risk is the risk arising from the difference between the maturity of asset and liability items. Liquidity risk expresses the danger that the Bank cannot fulfil its obligations in the future due to these differences between financial instruments or transactions.

The Bank measures this risk and controls it by using a developed liquidity management system that has various controls. The Bank adheres to liquidity restraints authorized by the regulatory authorities locally and abroad as well as to internal limits.

The Bank controls and manages liquidity risk throughout the period by using the following:

(a) Minimum reserve balance as defined by the Bank of Greece.

(b) Liquidity indexes defined by the Bank of Greece and internally.

Amounts in Euro thousands (unless otherwise expressed)

The Bank's operations abroad adhere to liquidity rules defined by the Bank of Greece and local regulatory decisions.

The following table summarizes the financial assets and liabilities items of the Bank by remaining maturity as at the reporting date.

**31 December 2008**

| | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | Over 5 years | Not Defined maturity | Total |
|---|---|---|---|---|---|---|---|
| Cash and balances with Central Bank | 496.118 | - | - | - | - | 290.127 | 786.245 |
| Treasury bills | 15.703 | - | 11.489 | - | - | - | 27.192 |
| Due from other banks | 2.338.541 | 65.253 | 218.491 | 595.622 | 121.022 | 12.319 | 3.351.248 |
| Trading securities | 2.684 | - | 386.683 | 198.630 | 9.114 | 3.154 | 600.266 |
| Derivative financial instruments | - | - | - | - | - | 67.451 | 67.451 |
| Loans and advances to customers | 4.053.631 | 1.734.826 | 4.078.141 | 5.134.675 | 7.887.583 | (869.484) | 22.019.373 |
| Available-for-sale securities | 25.093 | 43.722 | 355.523 | 531.630 | 571.187 | 30.296 | 1.557.450 |
| Held-to-maturity securities | - | - | - | 57.311 | - | - | 57.311 |
| Other assets | - | - | - | - | - | 149.541 | 149.541 |
| **Total financial assets** | **6.931.770** | **1.843.801** | **5.050.328** | **6.517.869** | **8.588.906** | **(316.596)** | **28.616.078** |
| Due to other banks | 2.709.095 | 813.718 | 528.090 | 35.390 | - | 36.425 | 4.122.719 |
| Derivative financial instruments | - | - | - | - | - | 133.581 | 133.581 |
| Due to customers | 11.151.634 | 3.149.154 | 3.486.966 | 83.650 | - | 127.341 | 17.998.744 |
| Debt securities in issue | - | - | 967.770 | 4.390.935 | 174.199 | 71 | 5.532.975 |
| Other borrowed funds | - | - | - | - | 814.122 | - | 814.122 |
| Due to State pension fund | 73.253 | - | 76.143 | 332.414 | - | - | 481.810 |
| Other liabilities | - | - | - | - | - | 206.244 | 206.244 |
| **Total financial liabilities** | **13.933.982** | **3.962.872** | **5.058.969** | **4.842.390** | **988.321** | **503.662** | **29.290.196** |
| **Net equity** | **(7.002.212)** | **(2.119.072)** | **(8.641)** | **1.675.479** | **7.600.586** | **(820.258)** | **(674.118)** |
| **31 December 2007** | | | | | | | |
| Total financial assets | 6.918.373 | 1.419.635 | 3.631.032 | 5.273.058 | 8.542.114 | - | 25.784.212 |
| Total financial liabilities | 15.554.730 | 2.908.908 | 3.025.828 | 3.069.689 | 1.268.801 | - | 25.827.956 |
| **Net equity** | **(8.636.357)** | **(1.489.273)** | **605.204** | **2.203.369** | **7.273.313** | **-** | **(43.744)** |

## 3.7 Establishment of fair values

The fair value of quoted investments, which are negotiable in active markets/stock exchanges, such as derivatives, shares, bonds, mutual funds, is established based on current bid prices valid at balance sheet date.

If the market for a financial asset is not active (and for unlisted securities), fair values are established by using valuation techniques and assumptions based on market information at the balance sheet date.

Amounts in Euro thousands (unless otherwise expressed)

### 3.8 Fair values financial assets and liabilities

The following table presents the book and fair values for the financial instruments (assets and liabilities) that are not measured in fair value:

| | Book Value | | Fair Value | |
|---|---|---|---|---|
| | **31/12/2008** | **31/12/2007** | **31/12/2008** | **31/12/2007** |
| **Financial Assets** | | | | |
| Due from other banks | 3.351.248 | 3.313.520 | 3.351.248 | 3.313.520 |
| Loans and advances to customers (after provisions) | 22.019.372 | 18.407.637 | 21.726.378 | 18.407.637 |
| Held-to-maturity securities | 57.311 | 67.908 | 54.318 | 67.972 |
| **Financial Liabilities** | | | | |
| Due to other banks | 4.122.719 | 3.571.301 | 4.122.719 | 3.571.301 |
| Due to customers | 17.998.744 | 17.766.970 | 17.998.744 | 17.767.179 |
| Debt securities in issue | 5.532.975 | 2.897.129 | 5.409.241 | 2.859.855 |
| Other borrowed funds | 814.122 | 712.062 | 787.402 | 707.774 |

The fair value of the loans and advances to customers is calculated by discounting the future cash flows with the appropriate interest rates for similar credit risk and term. The calculation of the fair value of debt securities in issue is based on discounting future cash flows with inter-bank rates and according to the duration.
The fair value of a financial instrument reflects the price at which an asset can be traded or a debt settled, between informed parties, willing to conclude a transaction at normal price.
The fair value indicated above represent estimations as of the closing date. They are subject – amongst other factors- to adjustments, according to market conditions prevailing at the valuation date. Those calculations represent our best possible estimate. It is based on a set of assumptions. Since the underlying models include uncertainties, the fair values may not materialize if those financial instruments were to be sold or settled in the future.

In practical terms, and on a going concern basis, the overall value of those instruments could not materialize through an immediate market transaction.

## 4. Critical accounting estimates, and judgements in applying accounting policies

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

### (a) Impairment on loans and advances

The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

### (b) Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques are used to determine fair value, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

Amounts in Euro thousands (unless otherwise expressed)

### (c) Impairment of available-for-sale equity investments

The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

### (d) Income taxes

The Bank recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### (e) Due to state pension funds

The estimates, judgements and assumptions, concerning the liabilities to State pension funds are illustrated in Note 33.

## 5. Segment reporting

| From 1/1 to 31/12/2008 | Total | Retail banking | Corporate banking | Investment banking & treasury | Other |
|---|---|---|---|---|---|
| Net interest income | 581.604 | 496.680 | 94.203 | (9.279) | - |
| Net fee & commission income | 122.528 | 100.791 | 24.712 | 9.901 | (12.876) |
| Other Income | (21.513) | - | - | (25.551) | 4.038 |
| **NET OPERATING INCOME** | **682.619** | **597.471** | **118.915** | **(24.929)** | **(8.838)** |
| Staff costs | 393.826 | 317.484 | 24.396 | 12.693 | 39.253 |
| Impairment losses on loans and advances | 464.774 | 282.312 | 182.462 | - | - |
| Other provisions | 19.149 | - | - | - | 19.149 |
| Other operating expenses | 200.929 | 162.065 | 12.177 | 9.235 | 17.452 |
| **TOTAL OPERATING EXPENSES** | **1.078.678** | **761.861** | **219.035** | **21.928** | **75.854** |
| **PROFIT / (LOSS) BEFORE INCOME TAX** | **(396.059)** | **(164.390)** | **(100.120)** | **(46.857)** | **(84.692)** |

| From 1/1 to 31/12/2007* | Total | Retail banking | Corporate banking | Investment banking & treasury | Other |
|---|---|---|---|---|---|
| Net interest income | 688.108 | 571.358 | 85.141 | 31.609 | - |
| Net fee & commission income | 147.473 | 110.254 | 22.161 | 15.058 | - |
| Other Income | 50.656 | - | - | 37.661 | 12.995 |
| **NET OPERATING INCOME** | **886.237** | **681.612** | **107.302** | **84.328** | **12.995** |
| Staff costs | 401.519 | 323.686 | 24.872 | 12.942 | 40.019 |
| Impairment losses on loans and advances | 209.868 | 180.487 | 29.381 | - | - |
| Other provisions | 17.900 | - | - | - | 17.900 |
| Other operating expenses | 195.911 | 158.018 | 11.873 | 9.004 | 17.016 |
| **TOTAL OPERATING EXPENSES** | **825.198** | **662.191** | **66.126** | **21.946** | **74.935** |
| **PROFIT / (LOSS) BEFORE INCOME TAX** | **61.039** | **19.421** | **41.176** | **62.382** | **(61.940)** |

*2007 figures have been adjusted for comparisons reasons

Amounts in Euro thousands (unless otherwise expressed)

Retail banking includes all services and products offered to individuals, freelance professionals and SMEs.

Corporate banking includes products and services offered to large corporations and shipping companies.

Investment banking and Treasury include financial services, consulting and transaction services on capital exchange issues and on dealing room activities.

Other includes all non-financial and administrative and back office functions of the Bank.

## 6. Net interest income

| | 1/1 – 31/12/2008 | 1/1 – 31/12/2007 |
|---|---|---|
| **Interest & similar income** | | |
| Cash and short-term funds | 150.251 | 93.546 |
| Bonds/ Treasury bills | 329.464 | 206.362 |
| Loans and advances | 1.097.896 | 1.010.629 |
| | **1.577.611** | **1.310.537** |
| **Interest expense & similar changes** | | |
| Banks and customers | 704.086 | 462.929 |
| Debt securities | 213.166 | 88.317 |
| Securities and repos | 17.206 | 15.393 |
| Obligations to pension funds | 17.018 | 19.651 |
| Other borrowing funds | 44.531 | 36.139 |
| | **996.007** | **622.429** |
| **Net interest income** | **581.604** | **688.108** |

## 7. Net fee & commission income

| | 1/1 – 31/12/2008 | 1/1 – 31/12/2007 |
|---|---|---|
| **Fee & commission income** | | |
| Loans | 23.170 | 33.236 |
| Working capital | 7.318 | 7.167 |
| Letters of guarantee | 13.156 | 12.753 |
| Credit cards | 26.353 | 28.147 |
| Imports – Exports | 5.409 | 6.034 |
| Other commissions | 66.682 | 68.562 |
| | **142.088** | **155.899** |
| **Fee & commission expense** | | |
| Credit cards | 5.466 | 6.513 |
| Guarantees accepted by Credit Institutions | 12.875 | - |
| Other | 1.219 | 1.913 |
| | **19.560** | **8.426** |
| **Net fee & commission income** | **122.528** | **147.473** |

Amounts in Euro thousands (unless otherwise expressed)

## 8. Dividend income

| | 1/1 – 31/12/2008 | 1/1 – 31/12/2007 |
|---|---|---|
| Subsidiaries and associates | 20.296 | 373 |
| Trading portfolio | 11 | 1.061 |
| Available-for-sale portfolio | 6.645 | 152 |
| **Dividend income** | **26.952** | **1.586** |

During the year the Bank received from its subsidiary "EMPORIKI LEASING SA" dividend amounted to € 20 million, following the resolution of the subsidiary's General meeting to distribute dividends.

## 9. Net trading results

| | 1/1 – 31/12/2008 | 1/1 – 31/12/2007 |
|---|---|---|
| Net profit / (loss) from transactions and foreign exchange valuation | 5.042 | (5.510) |
| Net loss from sale and valuation of bonds | (10.369) | (21.527) |
| Net profit / (loss) from sale and valuation of shares and other variable yield securities | (5.568) | 3.286 |
| Net profit / (loss) from sale and valuation of derivatives | (36.481) | 6.375 |
| Profit / (Loss) from sale of receivables | 150 | (710) |
| **Net trading results** | **(47.226)** | **(18.086)** |

## 10. Gains less losses of investment portfolio

| | 1/1 – 31/12/2008 | 1/1 – 31/12/2007 |
|---|---|---|
| Net profit from mutual funds units sales | 3.180 | 946 |
| Net profit from sale of subsidiaries and associates | 185 | 41.984 |
| Net profit/losses from sale of available for sale bonds | (10.153) | - |
| Net profit from sale of available-for-sale shares | 1.511 | 12.296 |
| **Total result of investment portfolio** | **(5.277)** | **55.226** |

## 11. Other operating income

| | 1/1 – 31/12/2008 | 1/1 – 31/12/2007 |
|---|---|---|
| Rental income | 1.221 | 1.225 |
| Proceeds from written-off receivables | 1.691 | 3.097 |
| Gain / (loss) from sale of fixed assets | (566) | 5.185 |
| Other income | 1.692 | 2.423 |
| **Other operating income** | **4.038** | **11.930** |

## 12. Staff costs

| | 1/1 – 31/12/2008 | 1/1 – 31/12/2007 |
|---|---|---|
| Salaries and wages | 260.552 | 267.513 |
| Social security costs (principal and auxiliary plans) | 86.306 | 81.857 |
| Other benefits | 46.968 | 52.149 |
| **Staff expenses** | **393.826** | **401.519** |

Total personnel of Emporiki Bank as at 31 December 2008 were 5.506 compared to 5.748 as at 31 December 2007.

Amounts in Euro thousands (unless otherwise expressed)

## 13. Other operating expenses

| | 1/1 – 31/12/2008 | 1/1 – 31/12/2007 |
|---|---|---|
| Fees and third party expenses | 19.367 | 18.604 |
| Third parties fees | 48.448 | 50.323 |
| Insurance fees | 2.147 | 2.519 |
| Taxes and duties | 20.155 | 18.776 |
| Other expenses | 87.155 | 80.730 |
| **Other operating expenses** | **177.272** | **170.952** |

## 14. Income tax expense

| | 1/1 – 31/12/2008 | 1/1 – 31/12/2007 |
|---|---|---|
| Tax for the period (provision) | 29.349 | 21.830 |
| Deferred taxation (Note 32) | 61.757 | (9.326) |
| **Income tax expense** | **91.106** | **12.504** |

## 15. Earnings per share

| | 1/1 – 31/12/2008 | 1/1 – 31/12/2007 |
|---|---|---|
| Attributable profits/ (losses) to the Bank shareholders | (487.165) | 48.535 |
| Average number of shares (excluding own shares) | 132.391.468 | 132.391.468 |
| **Basic and diluted Earnings / (losses) per share (Euro)** | **(3,6797)** | **0,3666** |

Basic earnings per share is calculated on the profit after tax attributable to the Bank's shareholders and the weighted average number of shares outstanding during the period after deducting own shares in ownership during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding during the period and the profit or loss attributable to ordinary equity holders for all the effects of dilutive potential ordinary shares. There were no outstanding dilutive ordinary shares during the periods presented in these financial statements.

## 16. Cash and balances with Central Bank

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Cash | 281.763 | 246.414 |
| Deposits at Central Bank excluding obligatory deposits for liquidity purposes | 80.055 | 433.654 |
| Cheques' receivables – Central Bank clearing office | 8.955 | 1.385 |
| **Included as cash and cash equivalents (Note 38)** | **370.773** | **681.453** |
| Obligatory deposits at Central Bank | 414.623 | 154.252 |
| Accrued Interest | 849 | 800 |
| **Cash and balances with Central Bank** | **786.245** | **836.505** |

Obligatory deposits with Central Bank is a requirement set by the Bank of Greece for all financial institutions established in Greece and are equal to 2% of total customer deposits excluding the first € 100 thousands. The Bank is also required to maintain a current account with Bank of Greece in order to facilitate inter-bank transactions through the Trans European – Automated Real Time Gross Settlement Express Transfer System (TARGET). From 19 May 2008, the TARGET2 system replaced the existing systems HERMES and TARGET and it settles payments in Euro on real time via the European Central Bank (ECB).

Amounts in Euro thousands (unless otherwise expressed)

## 17. Due from other banks

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Cheques receivable | 10.500 | 7.261 |
| On demand | 211.957 | 157.659 |
| Placements in other banks | 2.848.745 | 2.767.233 |
| Other amounts due | 53.764 | 52.991 |
| **Included as cash and cash equivalents (Note 38)** | **3.124.966** | **2.985.144** |
| Placements in other banks not included in cash and cash equivalents | 211.270 | 311.774 |
| Loans and borrowings in other banks | 15.012 | 16.602 |
| **Due from other banks** | **3.351.248** | **3.313.520** |

## 18. Trading securities

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| **Trading securities portfolio** | | |
| Bonds issued by Hellenic Republic banks not included as cash and cash equivalents | 600.266 | 1.028.369 |
| Bonds issued by Hellenic Republic banks included as cash and cash equivalents (Note 38) | - | 18.751 |
| Other issuers | - | 301.330 |
| **Total** | **600.266** | **1.348.450** |
| Listed shares | - | 28.895 |
| **Total** | **600.266** | **28.895** |
| **Trading securities** | **600.266** | **1.377.345** |

Amounts in Euro thousands (unless otherwise expressed)

## 19. Derivative financial instruments

| | 31/12/2008 | | | 31/12/2007 | | |
|---|---|---|---|---|---|---|
| | | Fair value | | | Fair value | |
| **(1) Derivatives held for trading** | Contract/ Nominal value | Assets | Liabilities | Contract/ Nominal value | Assets | Liabilities |
| **a) Currency derivatives** | | | | | | |
| Currency forwards | 602.188 | 1.396 | 1.611 | 469.513 | 1.684 | 946 |
| Currency swaps | 983.415 | 15.375 | 8.319 | 3.674 | - | 20 |
| Currency options | 97.908 | 4.594 | 4.594 | - | - | - |
| **Total** | | **21.365** | **14.524** | | **1.684** | **966** |
| **b) Interest rate derivatives** | | | | | | |
| Interest rate swaps | 3.422.061 | 45.800 | 63.890 | 2.343.180 | 16.315 | 19.893 |
| Caps & Floors | 156.047 | 266 | 310 | 58.127 | 642 | 771 |
| **Total** | | **46.066** | **64.200** | | **16.957** | **20.664** |
| **c) Index options** | | | | | | |
| OTC index options | | - | - | 2.516 | 119 | 83 |
| **Total** | | | | | **119** | **83** |
| **d) Bond Futures** | | | | | | |
| Exchange traded bond / futures | 67.100 | - | 432 | 244.931 | 2.760 | - |
| **Total** | | | **432** | | **2.760** | |
| **Total derivative held for trading** | | **67.431** | **79.156** | | **21.520** | **21.713** |
| **(2) Derivatives designated as fair value hedge** | | | | | | |
| **Interest rate derivatives** | | | | | | |
| Interest rate swaps | 1.346.300 | 20 | 54.424 | - | - | - |
| **Total derivatives designated as fair value hedge** | | **20** | **54.424** | | **-** | **-** |
| **Total derivatives assets/liabilities** | | **67.451** | **133.580** | | **21.520** | **21.713** |

Amounts in Euro thousands (unless otherwise expressed)

## 20. Loans and advances to customers

| | 31/12/2008 | 31/12/2007* |
|---|---|---|
| **Loans to individuals** | | |
| Credit cards | 389.411 | 381.643 |
| Term loans | 2.081.968 | 1.952.585 |
| Mortgage loans | 7.871.333 | 7.411.792 |
| | **10.342.712** | **9.746.020** |
| **Loans to corporate entities** | | |
| Large Corporate Customers | 6.540.874 | 4.310.915 |
| Small and medium size enterprises | 5.607.245 | 4.532.170 |
| Freelancers (Easy Business) | 557.088 | 545.861 |
| | **12.705.207** | **9.388.946** |
| **Loans and advances to customers** | | |
| Other advances | 101.797 | 160.519 |
| Accrued Interest | 80.355 | 63.694 |
| **Total loans and advances to customers** | **23.230.071** | **19.359.179** |
| Less: Impairment losses on loans and advances | (1.210.699) | (951.543) |
| | **22.019.372** | **18.407.637** |

| | | |
|---|---|---|
| Floating interest rate | 16.402.979 | 13.377.054 |
| Fixed interest rate | 6.746.737 | 5.918.432 |
| **Total loans and advances to customers** | **23.149.716** | **19.295.486** |

*2007 figures have been adjusted to conform to the current year presentation

**Impairment losses on loans and advances**

Changes on impairment losses for loans and advances are summarised as follows:

| | | |
|---|---|---|
| **Balance at 1 January** | 951.543 | 1.074.909 |
| Transfer to other provisions | - | (13.100) |
| Transfer to investments in associates | (9.500) | - |
| Impairment losses on loans and advances | 476.349 | 211.300 |
| Unwinding (Realisation of impairment loss) and write-offs | (207.693) | (321.566) |
| **Balance at 31 December** | **1.210.699** | **951.543** |

Reconciliation of allowance account for losses on loans & advances by class is as follows:

| | Loans to individuals | | | |
|---|---|---|---|---|
| | **Credit cards** | **Term Loans** | **Mortgages** | **Total** |
| **Balance at 1 January 2007** | 76.020 | 157.660 | 104.830 | 338.510 |
| impairment losses on loans and advances | 16.827 | 89.075 | 15.365 | 121.267 |
| unwinding and write offs | (40.370) | (76.172) | (4.434) | (120.976) |
| **Balance 31 December 2007** | **52.477** | **170.563** | **115.761** | **338.801** |

Amounts in Euro thousands (unless otherwise expressed)

| | Credit cards | Term Loans | Mortgages | Total |
|---|---|---|---|---|
| **Balance at 1 January 2008** | 52.477 | 170.563 | 115.761 | 338.801 |
| impairment losses on loans and advances | 26.355 | 141.310 | 121.677 | 289.343 |
| unwinding and write offs | (22.259) | (31.520) | (71) | (53.850) |
| **Balance 31 December 2008** | **56.573** | **280.353** | **237.367** | **574.293** |

| | Loans to corporate entities | Small and medium enterprises | Revolving Easy Business | Other receivables | Total |
|---|---|---|---|---|---|
| **Balance at 1 January 2007** | 220.400 | 425.414 | 33.505 | 57.080 | 736.399 |
| impairment losses on loans and advances | 5.965 | 46.375 | 37.693 | - | 90.033 |
| unwinding and write offs | (29.582) | (156.153) | (11.359) | 3.496 | (200.590) |
| Transfer to other provisions | - | - | - | (13.100) | (13.100) |
| **Balance 31 December 2007** | **196.783** | **315.637** | **59.839** | **40.484** | **612.743** |

| | Loans to corporate entities | Small and medium enterprises | Revolving Easy Business | Other receivables | Total |
|---|---|---|---|---|---|
| **Balance at 1 January 2008** | 196.783 | 315.637 | 59.839 | 40.484 | 612.743 |
| impairment losses on loans and advances | 23.285 | 141.108 | 20.810 | 1.804 | 187.006 |
| unwinding and write offs | (62.791) | (53.400) | (10.987) | (26.665) | (153.843) |
| Transfer to investments in associate | (9.500) | - | - | - | (9.500) |
| **Balance 31 December 2008** | **147.777** | **403.344** | **69.662** | **15.623** | **636.407** |

The impairment losses on loans and advances of the current period presented in the income statement, include proceeds from written-off receivables of € 11.575 (€ 1.432 for the period 01/01-31/12/2007)

## 21. Available-for-sale securities

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| **Available-for-sale securities at fair value** | | |
| Bonds issued by Hellenic Republic | 349.001 | 378.980 |
| Bonds of other issuers | 1.178.153 | 1.158.852 |
| Listed shares | 3.144 | 3.036 |
| Non listed shares | 2.223 | 1.701 |
| Mutual funds units | 24.929 | 21.387 |
| **Available-for-sale securities** | **1.557.450** | **1.563.956** |

In accordance with the amendment of IAS 39 “Reclassification of Financial Assets”, the Bank has reclassified from the Trading portfolio into the Available-for-Sale portfolio, corporate bonds of nominal value € 102 mil. with an effective date from 01 July 2008. The management of the bank assessed that the current liquidity crisis justifies the rare circumstances criteria set by IAS 39 amendment.

The fair value of the above mentioned portfolio at the end of 31 December 2008 amounted to € 64,5 mil. The loss from the revaluation difference, for the period from 1 July 2008 to 31 December 2008, has been recognized directly in equity and amounted to € 12,3 mil.

The revaluation gain, for the period from 1 January 2008 to 30 June 2008, of € 0,5 mil. has been recognized in the profit and loss account and it is presented in the net trading results.

During the fourth quarter of 2008, the Bank sold corporate bonds of nominal value € 20 mil. The realized loss from this disposal amounted to € 9,2 mil. and has been presented the gains less losses of investment portfolio.

Amounts in Euro thousands (unless otherwise expressed)

## 22. Investments in subsidiaries / associates

The bank's investments in subsidiaries are analyzed as follows:

| | Company | Country of incorporation | % Held as at 31.12.08 | Balance as at 31.12.08 | % Held as at 31.12.07 | Balance as at 31.12.07 |
|---|---|---|---|---|---|---|
| **1** | EMPORIKI BANK-GERMANY | GERMANY | 100,00% | 22.198 | 100,00% | 22.198 |
| **2** | EMPORIKI BANK BULGARIA | BULGARIA | 100,00% | 22.108 | 100,00% | 12.108 |
| **3** | EMPORIKI BANK ALBANIA | ALBANIA | 100,00% | 26.012 | 100,00% | 14.513 |
| **4** | ΕΜΠΟΡΙΚΗ LEASING | GREECE | 80,00% | 43.326 | 100,00% | 54.157 |
| **5** | EMPORIKI BANK CYPRUS | CYPRUS | 91,92% | 25.090 | 91,18% | 22.440 |
| **6** | EMPORIKI VENT. CAPITAL DEVELOPED | CYPRUS | 100,00% | 16.376 | 100,00% | 16.376 |
| **7** | EMPORIKI VENT. CAPITAL EMERGING | CYPRUS | 100,00% | 15.882 | 100,00% | 15.882 |
| **8** | EMPORIKI GROUP FINANCE | UNITED KINGDOM | 100,00% | 18 | 100,00% | 18 |
| **9** | RESEARCH BANK FOR HISTORICAL ARCHIVES (Non- profit organization) | GREECE | 99,90% | 15 | 99,90% | 15 |
| **10** | EMPORIKI MEDIA | GREECE | 99,00% | 769 | 99,00% | 769 |
| **11** | EMPORIKI MANAGEMENT | GREECE | 99,65% | 6.514 | 99,65% | 6.514 |
| **12** | EMPORIKI BANK ROMANIA | ROMANIA | 99,35% | 50.391 | 98,35% | 16.791 |
| **13** | EMPORIKI ASSET MANAGEMENT AEDAK | | 73.10% | 6.671 | 73,10% | 6.671 |
| **14** | TOTAL CARE | GREECE | 70,00% | 259 | 70,00% | 259 |
| **15** | EMPORIKI DEVELOPMENT AND REAL ESTATE MANAGEMENT | GREECE | 100,00% | 34.197 | 100,00% | 34.197 |
| **16** | GREEK INDUSTRY OF BAGS | GREECE | 58,71% | 263 | 58,71% | 263 |
| **17** | EMPORIKI LIFE | GREECE | 50,00% | 5.000 | 50,00% | 5.000 |
| **18** | EMPORIKI CREDICOM | GREECE | 50,00% | 63.450 | 50,00% | 54.450 |
| 19 | EMPORIKI INSURANCES | GREECE | 50,00% | 4.500 | 50,00% | 4.500 |
| | | | | **343.039** | | **287.121** |

The bank's investments in associates are analyzed as follows:

| | Company | Country of incorporation | % Held as at 31.12.08 | Balance as at 31.12.08 | % Held as at 31.12.07 | Balance as at 31.12.07 |
|---|---|---|---|---|---|---|
| **1** | INCURIAM INVESTMENT | CYPRUS | 20,00% | 767 | 20,00% | 767 |
| **2** | EULER HERMES EMPORIKI | GREECE | 21,71% | 1.514 | 21,71% | 1.514 |
| **3** | INDUSTRY OF PHOSPHORIC FERTILIZERS | GREECE | 33,24% | 16.900 | 42,16% | - |
| | | | | **19.181** | | **2.281** |

The movement in the investment portfolio is summarized as follows:

| | **Investments in subsidiaries** | | **Investments in associates** | |
|---|---|---|---|---|
| | **31/12/2008** | **31/12/2007** | **31/12/2008** | **31/12/2007** |
| **Opening balance** | **287.121** | **280.291** | **2.281** | **2.043** |
| Addition | 66.749 | 37.954 | 26.400 | 456 |
| Reduction | (10.831) | (31.124) | - | (218) |
| Impairment | - | - | (9.500) | - |
| **Closing balance** | **343.039** | **287.121** | **19.181** | **2.281** |

During the first quarter the share capital of "EMPORIKI BANK CYPRUS L.T.D." was increased by € 2,6 millions, represented by 1.550.976 new shares. The Bank, which covered the share capital increase by 100%, raised its participation in "EMPORIKI BANK CYPRUS L.T.D" by 0,74%.

The Bank's Board of Directors during 2007 decided, to cease the operations of "EMPORIKI BANK GERMANY GmbH" and initiate the liquidation process of the company. In the beginning of 2008, the management decided to continue part of the operations in Germany through branches and has undertaken the obligation to purchase any remaining portfolio of the under liquidation subsidiary.

On 26.05.2008 the procedure regarding the share capital increase, through partial capitalization of its liabilities, of the company "PHOSPHORIC FERTILIZERS INDUSTRY S.A." was completed. The final participation percentage of the Bank in the share capital of the above mentioned company amounts to 33,24%.

On 27.6.2008 the share capital of "EMPORIKI BANK BULGARIA A.D." was increased by € 10 millions, represented by 19.558.300 new shares. Emporiki Bank participated in these share capital increases, by 100% of its share.

"EMPORIKI CREDICOM", following to the decision of its General Meeting on 23.05.2008, proceeded to share capital increase by € 18 millions. Emporiki Bank participated in this capital increase by contributing € 9 millions, without any dilution of its participation.

During the third quarter of 2008, the share capital of "EMPORIKI BANK – ALBANIA S.A." was increased by € 11,5 millions represented by 14.161 new shares. Emporiki Bank covered this increase by 100%.

During the third quarter of 2008 the share capital of "EMPORIKI BANK – ROMANIA S.A." was increased by € 33,6 millions. The Bank which covered the share capital increase by 100%, raised its participation in "EMPORIKI BANK ROMANIA S.A." by 1%.

On 10 October 2008, the Bank transferred 3.400.000 shares of "EMPORIKI LEASING S.A" to "CREDIT AGRICOLE LEASING" , representing the 20% of its participation, at the price of € 11 mil.
Consequently, Emporiki Bank owns 13.600.000 shares of "EMPORIKI LEASING S.A" which represent the 80% of the total share capital.

According to the agreement signed by both parties, "CREDIT AGRICOLE LEASING" has the right, within two years from the transfer date, either to acquire an additional percentage up to 30% of Emporiki Leasing share capital, or to resell to the Bank the percentage of 20%, transferred before.

Amounts in Euro thousands (unless otherwise expressed)

## 23. Intangible Assets

| | Software |
|---|---|
| **1 January 2007** | |
| Cost | 60.611 |
| Accumulated depreciation | (50.782) |
| **Net book value** | **9.829** |
| | |
| **31 December 2007** | |
| Opening net book value | 9.829 |
| Additions/(Disposals) | 3.477 |
| Change in depreciation | (4.542) |
| **Closing net book value** | **8.764** |
| | |
| **31 December 2007** | |
| Cost | 64.854 |
| Accumulated depreciation | (56.090) |
| **Net book value** | **8.764** |
| | |
| **31 December 2008** | |
| Opening net book value | 8.764 |
| Additions/(Disposals) | 4.994 |
| Change in depreciation | (4.050) |
| **Closing net book value** | **9.708** |
| | |
| **31 December 2008** | |
| Cost | 69.848 |
| Accumulated depreciation | (60.140) |
| **Net book value** | **9.708** |

Amounts in Euro thousands (unless otherwise expressed)

## 24. Property, plant and equipment

| | Land | Buildings and leasehold improvements | Other tangible assets | Total |
|---|---|---|---|---|
| **1 January 2007** | | | | |
| Cost | 169.388 | 95.278 | 197.956 | 462.622 |
| Accumulated depreciation | - | (7.439) | (150.227) | (157.666) |
| **Net book value** | **169.388** | **87.839** | **47.729** | **304.956** |
| **31 December 2007** | | | | |
| Opening net book value | 169.388 | 87.839 | 47.729 | 304.956 |
| Additions/(Disposals) | 2.782 | (126) | 13.755 | 16.411 |
| Change in depreciation | - | (2.510) | (17.107) | (19.617) |
| **Closing net book value** | **172.170** | **85.203** | **44.377** | **301.750** |
| **31 December 2007** | | | | |
| Cost | 172.170 | 95.152 | 211.711 | 479.033 |
| Accumulated depreciation | - | (9.949) | (167.334) | (177.283) |
| **Net book value** | **172.170** | **85.203** | **44.377** | **301.750** |
| **31 December 2008** | | | | |
| Opening net book value | 172.170 | 85.203 | 44.377 | 301.750 |
| Additions/(Disposals) | - | 3.391 | 12.103 | 15.494 |
| Change in depreciation | - | (2.631) | (16.129) | (18.760) |
| **Closing net book value** | **172.170** | **85.963** | **40.351** | **298.484** |
| **31 December 2008** | | | | |
| Cost | 172.170 | 98.544 | 223.814 | 494.527 |
| Accumulated depreciation | - | (12.581) | (183.463) | (196.043) |
| **Net book value** | **172.170** | **85.963** | **40.351** | **298.484** |

Amounts in Euro thousands (unless otherwise expressed)

## 25. Investment property

| | Land | Buildings and equipment | Total |
|---|---|---|---|
| **1 January 2007** | | | |
| Cost | 59.445 | 35.831 | 95.276 |
| Accumulated depreciation | - | (2.002) | (2.002) |
| **Net book value** | **59.445** | **33.829** | **93.274** |
| **31 December 2007** | | | |
| Opening net book value | 59.445 | 33.829 | 93.274 |
| Additions/(Disposals) | 2.098 | 837 | 2.935 |
| Change in depreciation | - | (800) | (800) |
| **Closing net book value** | **61.543** | **33.866** | **95.409** |
| **31 December 2007** | | | |
| Opening net book value | 61.543 | 36.668 | 98.211 |
| Additions/(Disposals) | - | (2.802) | (2.802) |
| Change in depreciation | **61.543** | **33.866** | **95.409** |
| **31 December 2008** | | | |
| Opening net book value | 61.543 | 33.866 | 95.409 |
| Additions/(Disposals) | (80) | 7.791 | 7.711 |
| Impairment of assets | (2.029) | | (2.029) |
| Change in depreciation | - | (847) | (847) |
| **Closing net book value** | **59.434** | **40.810** | **100.244** |
| **31 December 2008** | | | |
| Cost | 59.434 | 44.459 | 103.893 |
| Accumulated depreciation | - | (3.649) | (3.649) |
| **Net book value** | **59.434** | **40.810** | **100.244** |

## 26. Other assets

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Prepaid expenses | 186 | 77 |
| Accrued income | 3.912 | 104.642 |
| Other | 145.441 | 59.710 |
| | **149.539** | **164.429** |

## 27. Due to other banks

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Borrowings from banks | 4.122.718 | 3.571.300 |
| Current accounts | 1 | 1 |
| | **4.122.719** | **3.571.301** |

Amounts in Euro thousands (unless otherwise expressed)

## 28. Due to customers

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| **Deposits from legal entities** | | |
| Sight accounts | 1.241.662 | 1.734.055 |
| Term deposits | 1.876.174 | 1.337.545 |
| | **3.117.836** | **3.071.600** |
| **Deposits from individuals** | | |
| Current accounts | 464.158 | 473.103 |
| Term deposits | 8.529.430 | 7.493.108 |
| Saving accounts | 5.663.486 | 6.525.583 |
| | **14.657.074** | **14.491.794** |
| Cheques and remittances payable | 102.633 | 110.925 |
| Accrued interest | 121.201 | 92.651 |
| | **17.998.744** | **17.766.970** |
| Fixed interest rate | 10.405.604 | 8.830.653 |
| Floating interest rate | 7.369.306 | 8.732.741 |
| **Total deposits** | **17.774.910** | **17.563.394** |

Fixed rate deposits include term deposits in euro and foreign currency.

Amounts in Euro thousands (unless otherwise expressed)

## 29. Debt securities in issue

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Debt securities | 5.499.959 | 2.883.228 |
| Other credit titles | 73 | 73 |
| Accrued interest | 32.943 | 13.828 |
| | **5.532.975** | **2.897.129** |

Until the 31th of December 2008 Emporiki Bank repaid, through the special purpose entity "Lithos Mortgage Financing Plc", € 78.958.061 mortgage backed securities.

In 2008 Emporiki Bank issued 10 debt securities, through Emporiki Finance Plc, with a nominal value of € 2.890.000.000, analyzed as follows:

| | Maturity Date | Interest |
|---|---|---|
| Nominal Value loan of € 300.000.000 | 08.04.2011 | 6m Euribor + 0,85% |
| Nominal Value loan of € 300.000.000 | 15.04.2010 | 3m Euribor + 0,69% |
| | 30.06.2008 - 30.09.2008 | 6,05% |
| Nominal Value loan of € 200.000.000 | 01.10.2008 - 01.07.2009 | 3m Euribor - 0,125% |
| Nominal Value loan of € 840.000.000 | 22.06.2011 | 3m Euribor + 0,75% |
| Nominal Value loan of € 250.000.000 | 09.09.2010 | 3m Euribor + 0,865% |
| Nominal Value loan of € 425.000.000 | 10.10.2012 | 3m Euribor + 1,39% |
| Nominal Value loan of € 75.000.000 | 10.10.2012 | 3m Euribor + 1,39% |
| Nominal Value loan of € 150.000.000 | 25.11.2013 | 3m Euribor + 1,79% |
| Nominal Value loan of € 300.000.000 | 26.11.2012 | 3m Euribor + 1,74% |
| Nominal Value loan of € 50.000.000 | 25.11.2010 | 3m Euribor + 1,60% |

As at 31 December 2008, the Bank owned debt securities issued by Lithos Mortgage Financing Plc and Emporiki Group Finance Plc with a total value of € 233.053.514

## 30. Other borrowed funds

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Subordinated notes | 339.006 | 337.064 |
| Subordinated notes due to the parent company | 300.000 | 200.000 |
| Hybrid securities due to the parent company | 170.000 | 170.000 |
| Accrued interest | 5.116 | 4.998 |
| | **814.122** | **712.062** |

In 2008 Emporiki Bank issued, through Emporiki Finance Plc, € 100.000.000 of subordinated debt, bearing an interest rate of 3m Euribor + 1,35% and maturing at 30.06.2018.

As at 31 December 2008, the Bank owned subordinated debt securities issued by Emporiki Group Finance Plc with a total value of € 10.766.361

Amounts in Euro thousands (unless otherwise expressed)

## 31. Other liabilities

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Dividends payable | 435 | 974 |
| Accrued expenses and deferred income | 78.947 | 195.242 |
| Other | 126.859 | 109.716 |
| | **206.241** | **305.932** |

## 32. Deferred tax assets/ liabilities

Deferred tax is calculated on all temporary timing differences based on the liability method and the expected tax rate

Deferred tax assets and liabilities arise from:

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| **Deferred tax assets** | | |
| Intangible assets write-off | 124 | 595 |
| Impairment of loans and receivables | 129.131 | 145.850 |
| Provision for the cost of transfer to ETEAM & ETAT | 96.362 | 138.212 |
| Commissions recognition based on effective interest rates | 3.332 | 3.621 |
| Impairment of investments for companies under clearing process | 5.600 | 7.000 |
| Provision for staff expenses | 6.816 | 8.972 |
| Other provisions | 17.951 | 17.248 |
| Other temporary tax differences | (5) | (254) |
| | **259.311** | **321.244** |
| **Deferred tax liabilities** | | |
| Reduced depreciation rates for buildings | 4.258 | 4.433 |
| | **4.258** | **4.433** |
| **Net deferred tax assets** | **255.053** | **316.811** |

The charge/ (release) of deferred tax assets and liabilities through the income statements is as follows:

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| **Deferred tax (income statement)** | | |
| Intangible assets variation | 440 | 806 |
| Provision for the cost of transfer to ETEAM & ETAT | 17.759 | 17.288 |
| Impairment of loans and receivables | (115.627) | (30.499) |
| Commissions recognition based on real interest rates | (543) | 2.273 |
| Provision for staff expenses | 453 | 2.514 |
| Reduced depreciation rates for buildings | 888 | 1.157 |
| Other provisions | (2.102) | (3.258) |
| Impairment of investments at companies under clearing process | (3.088) | - |
| Other temporary tax differences | (249) | 393 |
| Change of tax rates | 83.826 | - |
| Reassessment of recoverability | 80.000 | - |
| | **61.757** | **(9.326)** |

Amounts in Euro thousands (unless otherwise expressed)

According to the provisions of the Corporate Tax Law (L.2238/1994) as it was modified by the Law 3697 / 2008, the corporate tax rate of 25% for the limited liability companies will be gradually decreased by 1% yearly, for the financial years commencing on 1.1.2010 onwards and to 20% for the financial years commencing from 1.1.2014 onwards.

The management of the Bank based on the prudence principle, and taking into consideration the modifications in the corporate tax law, estimated that the net deferred tax asset will be recovered after the transitional period defined in the law and consequently the net deferred tax asset was decreased by 84 mil. Euros. This adjustment affected the profit & loss account of 2008.

Furthermore, taking into consideration the current financial circumstances, the management of the Bank decided to undertake provisional policy which will adhere to market statement by reducing the deferred tax asset by 80 mil Euros.

## 33. Obligations to pension funds

The Auxiliary Pension Fund (TEAPETE) for the Bank's employees is considered a defined benefit plan prior to law 3371/2005. Under law 3371/2005, which the Bank has opted to adopt, all employees and pensioners that were employed up to 31 December 2004 will no longer be included in TEAPETE but will be included in IKA –ETEAM and ETAT which are the auxiliary funds for state control plans and the new auxiliary fund for bank employees, respectively, both of which are considered defined contribution plans. Employees that join the Bank after 1/1/2005 are automatically included in IKA-ETEAM.

Following the provisions of the new law 3371/2005, an economic study was performed by independent specialized actuaries, in order to determine the cost of including TEAPETE into the above-mentioned auxiliary funds (IKA-ETEAM and ETAT). This economic study was completed within the 1st quarter of 2006 and was approved by the relevant committee of the Ministry of Economy and Finance and it was ratified by law (L. 3455/2006). According to the study the Bank will pay to IKA-ETEAM and ETAT, for its pensioners a special contribution of €786,3 million in total (upfront or within a period of 10 years bearing an interest rate of 3,53%).

In addition, the Bank will be obliged to pay additional contributions compared to those defined by ETEAM regulations for its employees hired before 31/12/2004 through to retirement. The terms of the payment of the increased contributions were not defined by Law 3371/2005 but were established following a ministerial decision IKA Φ20203/19189/931/7.11.06. The Bank proceeded to the payment of the scheduled installments as these were defined in the economic study mentioned above. The outstanding balance of the liability as at 31.12.2008 was € 481,8 mil.

Notwithstanding the rejection of the temporary injunctive measures filed by the employee union (First Instance Court judgment, No.8849/05), there is a possibility for further legal dispute between the Bank and the employee union or other third parties regarding this issue. There are pending legal actions against the bank (from former and current Emporiki Bank employees), of which the first two were discussed in the First Instance Court of Athens on 14 February of 2007. The First Instance Court of Athens issued its ruling, number 116/2008, on 18 January 2008 and judged that the provisions of Law 3455/2006 are unconstitutional and the termination of employee contracts relating to TEAPETE is invalid. The above court ruling is neither executable nor does it have any immediate other consequences for Emporiki Bank. The final outcome of the relevant legal proceedings cannot be currently assessed.

The management of the Bank assesses that the procedures provided by the Laws will continue without affecting the Bank's goals, its course and employee relations.

## 34. Other provisions

Other provisions are summarized as follows:

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Provisions for tax issues | 32.223 | 7.434 |
| Provisions for non-used vacation leaves | 1.750 | 7.500 |
| Provisions for litigations | 48.636 | 37.461 |
| Provisions for suspense accounts & other receivables | 50.558 | 44.100 |
| Provisions for guarantees given | 19.777 | 19.777 |
| Other provisions | 2.213 | 1.199 |
| **Total** | **155.157** | **117.471** |

Amounts in Euro thousands (unless otherwise expressed)

The movement of other provisions is analyzed as follows:

| | Tax | Non-taken Vacation leaves | Litigations | Suspense accounts and other receivables | Guarantees given | Other | Total |
|---|---|---|---|---|---|---|---|
| Balance 01/01/2007 | 10.900 | 9.195 | 43.828 | 11.600 | - | 1.270 | 76.793 |
| Charge | 6.679 | 2.555 | (700) | 19.400 | 19.777 | - | 47.711 |
| Utilization | (10.145) | (4.250) | (5.667) | - | - | (71) | (20.133) |
| Transfer | - | - | - | 13.100 | - | - | 13.100 |
| **Balance 31/12/2007** | **7.434** | **7.500** | **37.461** | **44.100** | **19.777** | **1.199** | **117.471** |
| | | | | | | | |
| Balance 01/01/2008 | 7.434 | 7.500 | 37.461 | 44.100 | 19.777 | 1.199 | 117.471 |
| Charge | 24.821 | 1.228 | 12.243 | 6.458 | - | 1.100 | 45.850 |
| Utilization | - | (6.978) | (1.068) | - | - | | (8.046) |
| Translation differences | (32) | | | - | - | (86) | (118) |
| **Balance 31/12/2008** | **32.223** | **1.750** | **48.636** | **50.558** | **19.777** | **2.213** | **155.157** |

## 35. Contingent liabilities and commitments

a) Legal issues

The Bank during the normal course of its business is a defendant in claims from customers and other legal actions for which the Bank has made a provision recognised in the Income Statement for the year of 2008. According to the consultation of the Bank’s Legal division the ultimate disposition of these matters is not expected to have any, further, material effect on the financial position or operations of the Bank.

b) Tax issues

Tax authorities have audited Emporiki Bank for all years up to and including 2006.

c) Commitments

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Letters of guarantee | 2.174.478 | 1.867.090 |
| Unused approved credit limits | 17.000.927 | 13.483.917 |
| | **19.175.405** | **15.351.007** |

Emporiki Credicom, a 50% jointly controlled entity has financed its subsidiary Emporiki Rent with € 80 mil.. The contingent liability that arises is fully guaranteed by Emporiki Bank.

d) Pledged assets

Pledged assets as at 31 December 2008 amount to € 1.627.690 (€ 1.401.873 as at 31 December 2007) including Hellenic Republic bonds pledged by the Bank of Greece and other issues for the purposes of transactions through TARGET, by the derivatives clearing house (ETESEP) as margin insurance and pledged by foreign financial institutions for funding purposes and for the securitization of mortgages.

Additionally, bonds with a nominal value of € 297.558 are provided as collateral as part of repurchasing agreements (repo) with another credit institution.

Amounts in Euro thousands (unless otherwise expressed)

## 36. Share capital and own shares

The share capital as at 31 December 2008 and 31 December 2007, amounts to €728.153.074 comprising 132.391.468 ordinary shares of € 5, 5 nominal value each.

## 37. Other reserves

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Statutory reserve | 114.405 | 114.405 |
| Valuation reserve of available-for-sale investments | (142.759) | 8.368 |
| Reserves from disposal of treasury shares | 52.466 | 52.466 |
| Other reserves | 495.639 | 495.638 |
| | **519.751** | **670.877** |

Statutory reserve and revaluation reserve of available-for-sale investments cannot be distributed. Other reserves concern reserves formed by gains from sales of listed securities and taxable income that has not been distributed. These reserves have been taxed.

The movement of the available-for-sale revaluation reserve is summarized as follows:

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Opening balance | 8.368 | 15.361 |
| Profit / (loss) from revaluation | (147.432) | 6.740 |
| Recycling to the Income Statement | (3.695) | (13.733) |
| **Closing balance** | **(142.759)** | **8.368** |

## 38. Cash and cash equivalents

For cash flow purposes cash and cash equivalents includes the following accounts that have maturity up to 3 months from the date of purchase.

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Cash and balances with Central Bank **(Note 16)** | 370.773 | 681.453 |
| Treasury securities | 26.736 | 21.980 |
| Due from banks **(Note 17)** | 3.124.966 | 2.985.144 |
| Trading portfolio **(Note 18)** | - | 18.751 |
| | **3.522.475** | **3.707.328** |

## 39. Related party transactions

Credit Agricole and pension funds with participating interests of 77,56 % and 8,11%, respectively, constituted the major shareholders of the Bank as at 31 December 2008. The remaining shares are widely held and traded on the Athens Stock Exchange.

**a) Transactions and balances with Board of Directors members and Executive Committee members**

| | 1/1 - 31/12/2008 | 1/1 - 31/12/2007 |
|---|---|---|
| Board of Director's fees* and Executive Committee fees | 4.405 | 3.431 |
| | **31/12/2008** | **31/12/2007** |
| Deposits | 2.222 | 598 |
| Loans | 158 | 121 |

Amounts in Euro thousands (unless otherwise expressed)

***** The fees of the non-executive members of the Board of Directors of the Bank amount to € 390 thousands for 2008 and € 412 thousands for 2007

Deposits and loans refer to members of the Board of Directors and their immediate family members and companies they control or influence.

**b) Transactions and balances with subsidiaries and associates:**

**Subsidiaries**

| | **31/12/2008** | **31/12/2007** |
|---|---|---|
| **Assets** | | |
| Due from other banks | 1.270.993 | 785.868 |
| Loans and advances to customers | 494.775 | 371.870 |
| Other assets | 10.120 | 13.572 |
| | **1.775.888** | **1.171.310** |
| **Liabilities** | | |
| Due to banks | 181.506 | 154.364 |
| Due to customers | 84.210 | 66.863 |
| Debt securities in issue | 5.450.500 | 2.531.299 |
| Other borrowed funds | 653.233 | 548.082 |
| Other liabilities | 2.035 | 24.050 |
| | **6.371.484** | **3.324.658** |
| **Income** | | |
| Interest & similar income | 61.873 | 37.593 |
| Fee & commission income | 9.691 | 12.841 |
| Net trading results | 721 | - |
| Other operating income | 1.119 | 594 |
| | **73.404** | **51.028** |
| **Expense** | | |
| Interest expense & similar charges | 237.469 | 90.375 |
| Fee & commission expense | 193 | 265 |
| Staff costs | (2.560) | (2.656) |
| Net Trading Results | | |
| Other operating expenses | 10.791 | 18.191 |
| | **245.893** | **106.175** |

**Associates**

| | **31/12/2008** | **31/12/2007** |
|---|---|---|
| **Assets** | | |
| Loans and advances to customers | **42.154** | **55.179** |
| **Liabilities** | | |
| Due to customers | **5.338** | **4.639** |
| **Income** | | |
| Interest & similar income | **2.499** | **2.364** |
| **Expense** | | |
| Interest expense & similar charges | **132** | **65** |

Amounts in Euro thousands (unless otherwise expressed)

**c) Transactions and balances with Credit Agricole Group**

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| **Assets** | | |
| Due from other banks | 1.873.556 | 2.054.126 |
| Derivative financial instruments – assets | 1.405 | 1.459 |
| Trading portfolio | - | 6.750 |
| Other assets | 6.964 | 6.883 |
| | **1.881.925** | **2.069.218** |
| **Liabilities** | | |
| Due to other banks | 2.288.664 | 1.716.558 |
| Debt securities in issue | 4.790.000 | |
| Other borrowed funds | 470.000 | 370.000 |
| Derivative financial instruments – liabilities | 96.733 | 2.524 |
| Other liabilities | 31.106 | 5.120 |
| | **7.676.503** | **2.094.202** |
| **Income** | | |
| Net trading results | - | 1.743 |
| Interest & similar income | 89.809 | 50.982 |
| | **89.809** | **52.725** |
| **Expense** | | |
| Interest expense & similar charges | 295.814 | 53.373 |
| Fee & commission expense | 53 | 1.247 |
| Net trading results | 44.878 | |
| Other operating expenses | 13.831 | 3.989 |
| | **354.576** | **58.609** |

The related party transactions and balances are summarized as follows:

| | 1/1 – 31/12/2008 | 1/1 – 31/12/2007 |
|---|---|---|
| Income | 165.712 | 106.117 |
| Expense | 600.601 | 164.849 |
| Fees for Board of Directors members and key management personnel | 4.405 | 3.431 |
| | **770.718** | **274.397** |

| | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Assets | 3.699.967 | 3.295.707 |
| Liabilities | 14.053.325 | 5.423.499 |
| Receivables from Board of Directors members and key management personnel | 158 | 121 |
| Liabilities to Board of Directors members and key management personnel | 2.222 | 598 |
| | **17.755.672** | **8.719.925** |

## 40. Dividends paid

For the accounting year of 2007, no dividend distribution was proposed at the shareholders Annual General Meeting, held on 24th April 2008.

## 41. Capital adequacy

The Bank's solvency ratio is calculated in accordance with PD/BOG 2587/20.08.2007 "Definition of equity for credit institutions in Greece" Solvency ratio for credit institutions with a minimum ratio of 8% (PD/BOG 2588/20.08.2007 "according to the standard methodology").

Based on the current legislative framework, the Capital adequacy relevant index is analyzed as follows (amounts in billion euros):

| | |
|---|---|
| **Weighted Assets** | |
| Weighted Assets on credit risks | 17,4 |
| Weighted Assets on market risks | 0,22 |
| Weighted Assets on operational risks | 1,3 |
| **Total risk Weighted Assets** | **18,92** |
| **Regulatory Shareholder's Equity** | |
| Tier #1 Capital | 0,59 |
| Tier #2 Capital | 0,19 |
| Deductions from total capital | (0,007) |
| **Total Regulatory Equity** | **0,77** |

The relevant ratio at 31 December 2008 is estimated to be at 4,1% for the Bank.

The calculation of the Capital Adequacy Ratio as of 31 December 2008, has taken into account the guarantee received by the parent company Credit Agricole S.A.

The bank has initiated the appropriate courses of action for the increase of its share capital for the amount of € 850 mil. (relevant reference in note 42) in order to enhance its capital position. With this capital increase, combined with a lower Tier 1 issue that will take place in the course of the first semester 2009, Emporiki will reach a 8% Tier 1 ratio in June 2009, and will exceed 10% global solvency ratio on the same date. This very significant reinforcement of the solvency of Emporiki Bank is achieved without the use of any public funds: the Bank has decided not to accept any help offered by the Hellenic Republic in the framework of the Greek stimulus programme and will only rely on its private shareholders.

Crédit Agricole S.A. confirms its full support to Emporiki Bank, which materializes in a close to 1 billion euros additional investment, both core capital and subordinated debt.

Data in accordance with PD/BOG 2592/20.08.2007 « Credit institutions regulatory disclosures with regard to the capital adequacy, the risks that undertake as well as their management» will be available in the Bank´ s web site address www.emporiki.gr.

## 42. Post balance sheet events

The Board of Directors, has proposed a capital increase to strengthen the Bank's liquidity and capital base. This proposed € 850 million capital will be put to the vote at an Extraordinary General Shareholders Meeting on 26 February 2009. Credit Agricole will, in addition to subscribing to its allocated share of the capital increase, also subscribe to any outstanding shares if invited to do so by the board.

Amounts in Euro thousands (unless otherwise expressed)

## 43. Reclassifications

Certain amounts in prior periods have been reclassified to conform to the current presentation. The reclassifications in the income statement, which relate to the expenses for mortgages and consumer loans insurance premiums and to the income from written off loans, are analyzed as follows:

### Income Statement

| | 1 January –31 December 2007 | | |
|---|---|---|---|
| | As restated | As published | Reclassified |
| Interest & similar income | 1.310.537 | 1.325.177 | (14.640) |
| **Net interest income** | **688.108** | **702.748** | **(14.640)** |
| Other operating income | 11.930 | 13.362 | (1.432) |
| **Net operating income** | **886.237** | **902.309** | **(16.072)** |
| Impairment losses on loans and advances | (209.868) | (211.300) | 1.432 |
| Other operating expenses | (170.952) | (185.592) | 14.640 |
| **Total Operating Expenses** | **(825.198)** | **(841.270)** | **16.072** |

The reclassifications in the balance sheet concern accrued interest received or paid and are analyzed as follows:

### Balance Sheet

| | 31st December 2007 | | |
|---|---|---|---|
| | As restated | As published | Reclassified |
| **Assets** | | | |
| Cash and balances with Central Bank | 836.506 | 835.706 | 800 |
| Due from other banks | 3.313.519 | 3.306.846 | 6.673 |
| Trading securities | 1.377.344 | 1.357.724 | 19.620 |
| Loans and advances to customers | 18.407.637 | 18.343.942 | 63.695 |
| Available-for-sale securities | 1.563.955 | 1.552.803 | 11.152 |
| Held-to-maturity securities | 67.908 | 66.516 | 1.392 |
| Other assets | 164.429 | 267.761 | (103.332) |
| **Total** | **25.731.298** | **25.731.298** | - |
| **Liabilities** | | | |
| Due to other banks | 3.571.301 | 3.562.464 | 8.837 |
| Due to customers | 17.766.969 | 17.674.319 | 92.650 |
| Debt securities in issue | 2.897.129 | 2.883.301 | 13.828 |
| Other borrowed funds | 712.062 | 707.064 | 4.998 |
| Other liabilities | 305.933 | 426.246 | (120.313) |
| **Total** | **25.253.394** | **25.253.394** | - |

# V. Financial Statements and Information of Emporiki Bank S.A and the Group

# EMPORIKI BANK OF GREECE S.A.

## FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM JANUARY 1, 2008 TO DECEMBER 31, 2008

(Published according to Law 2190/1920 Article 135, concerning companies that prepare annual financial statements under International Financial Reporting Standards (IFRS))

**(amounts in thousands of Euro)**

The financial statements set out below, provides a general presentation of the financial position and results of Emporiki Bank S.A. and its Group of Companies. Therefore, we recommend to the reader, before any investment decision or transaction is performed with the Bank, to visit the web site www.emporiki.gr, where the financial statements prepared in accordance with International Financial Reporting Standards (IFRS) are available together with the auditor's review report.

### COMPANY INFORMATION

| | |
|---|---|
| Registered Head Office: | 11 Sofokleous street, Athens 105 64 |
| Companies Registration Number : | 6064/06/B/86/03 |
| Supervising perfecture: | Perfecture of Athens |
| Date of approval of the Financial Statements from the BoD: | February 26, 2009 |
| Certified Auditor Accountant: | Konstantinos Michalatos (AM SOEL 17701) |
| Auditing Company: | PRICEWATERHOUSE COOPERS A.E.E (AM SOEL 113) |
| Type of Auditor's Report: | Unqualified Opinion - Emphasis of matter |
| Date of issuance of Auditor's Report | February 26, 2009 |
| Web Site address: | www.emporiki.gr |

### BALANCE SHEET

| | Consolidated | | Bank | |
|---|---|---|---|---|
| | 31/12/2008 | 31/12/2007 | 31/12/2008 | 31/12/2007 |
| **ASSETS** | | | | |
| Cash and Balances with Central Bank | 895,375 | 925,618 | 786,245 | 836,505 |
| Treasury Bills | 27,192 | 31,395 | 27,192 | 31,395 |
| Due from Other Banks | 2,092,861 | 2,548,842 | 3,351,248 | 3,313,520 |
| Trading Securities | 612,258 | 1,426,836 | 600,266 | 1,377,345 |
| Derivative Financial Instruments-Assets | 67,451 | 21,520 | 67,451 | 21,520 |
| Loans and Advances to Customers | 23,709,823 | 19,577,075 | 22,019,372 | 18,407,637 |
| Available for Sale Securities | 1,626,017 | 1,612,301 | 1,557,450 | 1,563,956 |
| Held to Maturity Securities | 57,311 | 71,754 | 57,311 | 67,908 |
| Investments in non consolidated subsidiaries | 4,211 | 8,684 | 343,039 | 287,121 |
| Investments in Associates | 28,539 | 4,386 | 19,181 | 2,281 |
| Intangible Assets | 13,600 | 12,638 | 9,708 | 8,764 |
| Property, Plant and Equipment | 339,780 | 340,904 | 298,484 | 301,750 |
| Investment Property | 104,788 | 102,687 | 100,244 | 95,409 |
| Deferred Tax Assets | 272,759 | 334,422 | 259,311 | 321,244 |
| Income Tax Advance | 9,874 | 6,574 | 9,347 | 4,529 |
| Other Assets | 166,783 | 182,770 | 149,539 | 164,429 |
| **Total Assets from Continued Operations** | **30,028,622** | **27,208,406** | **29,655,388** | **26,805,313** |
| Total Assets from Discontinued Operations | - | 115,642 | - | - |
| **TOTAL ASSETS** | **30,028,622** | **27,324,048** | **29,655,388** | **26,805,313** |
| **LIABILITIES** | | | | |
| Due to Other Banks | 3,954,388 | 3,453,481 | 4,122,719 | 3,571,301 |
| Derivative Financial Instruments-Liabilities | 133,580 | 21,713 | 133,581 | 21,713 |
| Due to Customers | 18,364,436 | 18,127,003 | 17,998,744 | 17,766,970 |
| Debt Securities in Issue | 5,529,799 | 2,894,579 | 5,532,975 | 2,897,129 |
| Other Borrowed Funds | 813,970 | 712,062 | 814,122 | 712,062 |
| Due to State Pension Funds | 481,810 | 552,849 | 481,810 | 552,849 |
| Personnel Leaving Indemnities | 4,973 | 6,566 | - | - |
| Insurance Reserves | 75,908 | 69,129 | - | - |
| Other provisions | 166,824 | 124,198 | 155,157 | 117,471 |
| Current Income Tax Liabilities | 5,590 | 21,794 | 4,119 | 15,501 |
| Deferred Tax Liabilities | 10,861 | 9,897 | 4,258 | 4,433 |
| Other Liabilities | 239,603 | 345,108 | 206,241 | 305,932 |
| **Total Liabilities from Continued Operations** | **29,781,742** | **26,338,379** | **29,453,726** | **25,965,361** |
| Total Liabilities from Discontinued Operations | - | 97,114 | - | - |
| **TOTAL LIABILITIES** | **29,781,742** | **26,435,493** | **29,453,726** | **25,965,361** |
| **EQUITY** | | | | |
| Share Capital | 728,153 | 728,153 | 728,153 | 728,153 |
| Share Premium | 371,404 | 371,464 | 371,497 | 371,497 |
| Other Reserves | 527,472 | 687,822 | 519,751 | 670,877 |
| Retained Earnings | (907,842) | (980,037) | (930,574) | (979,110) |
| Result for the year | (491,754) | 73,370 | (487,165) | 48,535 |
| **TOTAL EQUITY** | **227,433** | **880,772** | **201,662** | **839,952** |
| Minority Interests | 19,447 | 7,783 | - | - |
| **TOTAL EQUITY & MINORITY INTERESTS** | **246,880** | **888,555** | **201,662** | **839,952** |
| **TOTAL LIABILITIES AND EQUITY** | **30,028,622** | **27,324,048** | **29,655,388** | **26,805,313** |

### CASH FLOW STATEMENT

| | Consolidated | | Bank | |
|---|---|---|---|---|
| | 1/1 - 31/12/2008 | 1/1 - 31/12/2007 | 1/1 - 31/12/2008 | 1/1 - 31/12/2007 |
| Net cash flows from operating activities - Continued operations | (3,406,610) | 1,068,170 | (2,799,463) | 1,251,468 |
| Net cash flows from operating activities - Discontinued operations | - | (128,650) | - | - |
| **Net cash flows from operating activities** | **(3,406,610)** | **939,520** | **(2,799,463)** | **1,251,468** |
| Net cash flows from investing activities - Continued operations | (30,299) | (1,296,790) | (103,096) | (1,241,238) |
| Net cash flows from investing activities - Discontinued operations | - | 28,806 | - | - |
| **Net cash flows from investing activities** | **(30,299)** | **(1,267,984)** | **(103,096)** | **(1,241,238)** |
| Net cash flows from financing activities - Continued operations | 2,717,706 | 1,490,095 | 2,717,706 | 1,490,116 |
| Net cash flows from financing activities - Discontinued operations | - | - | - | - |
| **Net cash flows from financing activities** | **2,717,706** | **1,490,095** | **2,717,706** | **1,490,118** |
| **Net increase (decrease) in cash & cash equivalents** | **(719,203)** | **1,161,631** | **(184,853)** | **1,500,348** |
| Cash & cash equivalents at beginning of the year | 2,994,798 | 1,833,167 | 3,707,328 | 2,206,980 |
| **Cash & cash equivalents at end of the year** | **2,275,595** | **2,994,798** | **3,522,475** | **3,707,328** |

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR

| | Consolidated | | Bank | |
|---|---|---|---|---|
| | 31/12/08 | 31/12/07 | 31/12/08 | 31/12/07 |
| **Equity at beginning of the year (01.01.2008 and 01.01.2007 respectively)** | **888,555** | **846,495** | **839,952** | **798,411** |
| Result for the year after tax | (491,911) | 72,935 | (487,165) | 48,535 |
| Available-for-sale portfolio valuation | (154,763) | (6,571) | (151,125) | (6,994) |
| Currency translation differences | (5,936) | (8,149) | - | - |
| Appropriation of dividends | (20) | - | - | - |
| Changes in subsidiaries shareholding structure | 11,015 | (15,153) | - | - |
| Disposal of subsidiary | - | (979) | - | - |
| Expenses for share capital increase | (60) | (23) | - | - |
| **Equity at end of the year (31.12.2008 and 31.12.2007 respectively)** | **246,880** | **888,555** | **201,662** | **839,952** |

### INCOME STATEMENT

| | Consolidated | | | | | | Bank | |
|---|---|---|---|---|---|---|---|---|
| | 1/1 - 31/12/2008 | | | 1/1 - 31/12/2007 | | | 1/1 - 31/12/2008 | 1/1 - 31/12/2007 |
| | Continued operations | Discontinued operations | Total | Continued operations | Discontinued operations | Total | | |
| Interest & Similar Income | 1,671,852 | - | 1,671,852 | 1,395,450 | 6,234 | 1,401,684 | 1,577,611 | 1,310,537 |
| Interest Expense & Similar Charges | (1,023,171) | - | (1,023,171) | (644,466) | (399) | (644,865) | (996,007) | (622,429) |
| **NET INTEREST INCOME** | **648,681** | - | **648,681** | **750,984** | **5,835** | **756,819** | **581,604** | **688,108** |
| Fee and Commission Income | 147,751 | - | 147,751 | 163,240 | - | 163,240 | 142,088 | 155,899 |
| Fee and Commission Expense | (20,203) | - | (20,203) | (9,110) | (220) | (9,330) | (19,560) | (8,426) |
| **NET COMMISSION INCOME** | **127,548** | - | **127,548** | **154,130** | **(220)** | **153,910** | **122,528** | **147,473** |
| Net Premiums from Insurance Contracts | 19,434 | - | 19,434 | 21,566 | 64,730 | 86,296 | - | - |
| Net Claims & Benefits on Insurance Contracts | (14,000) | - | (14,000) | (19,169) | (57,248) | (76,417) | - | - |
| **NET INCOME FROM INSURANCE OPERATIONS** | **5,434** | - | **5,434** | **2,397** | **7,482** | **9,879** | - | - |
| Dividend Income | 7,201 | - | 7,201 | 1,827 | 393 | 2,220 | 26,952 | 1,586 |
| Net Trading Results | (47,973) | - | (47,973) | (10,002) | (2,485) | (12,487) | (47,226) | (18,086) |
| Gain less Losses from Investment Securities | (2,804) | - | (2,804) | 19,846 | - | 19,846 | (5,277) | 55,226 |
| Other Operating Income | 18,601 | - | 18,601 | 20,768 | 897 | 21,665 | 4,038 | 11,930 |
| **NET OPERATING INCOME** | **756,688** | - | **756,688** | **939,950** | **11,902** | **951,852** | **682,619** | **886,237** |
| Staff Costs | (435,842) | - | (435,842) | (434,175) | (13,546) | (447,721) | (393,826) | (401,519) |
| Depreciation & Amortisation | (32,428) | - | (32,428) | (33,353) | (726) | (34,079) | (23,657) | (24,959) |
| Impairment Losses on Loans and Receivables | (473,669) | - | (473,669) | (218,183) | - | (218,183) | (464,774) | (209,868) |
| Other provisions | (19,617) | - | (19,617) | (15,431) | (256) | (15,687) | (19,149) | (17,900) |
| Other Operating Expenses | (198,072) | - | (198,072) | (192,892) | (5,972) | (198,864) | (177,272) | (170,952) |
| **TOTAL OPERATING EXPENSES** | **(1,159,628)** | - | **(1,159,628)** | **(894,034)** | **(20,500)** | **(914,534)** | **(1,078,678)** | **(825,198)** |
| Share of Profit / (Loss) of Associates | 6,745 | - | 6,745 | 239 | - | 239 | - | - |
| **PROFIT / (LOSS) BEFORE INCOME TAX** | **(396,195)** | - | **(396,195)** | **46,155** | **(8,598)** | **37,557** | **(396,059)** | **61,039** |
| Income Tax Expense | (95,716) | - | (95,716) | (20,929) | - | (20,929) | (91,106) | (12,504) |
| Income from Sale of Subsidiary | - | - | - | - | 56,307 | 56,307 | - | - |
| **PROFIT / (LOSS) AFTER INCOME TAX** | **(491,911)** | - | **(491,911)** | **25,226** | **47,709** | **72,935** | **(487,165)** | **48,535** |
| Attributable to: | | | | | | | | |
| Equity Holders of the Bank | (491,754) | - | (491,754) | 24,787 | 48,583 | 73,370 | - | - |
| Minority Interest | (157) | - | (157) | 439 | (874) | (435) | - | - |
| Basic earnings/ (losses) per share (in Euro) | (3.7144) | - | (3.7144) | 0.6126 | (0.0584) | 0.5542 | (3.6797) | 0.3666 |

### MEMBERS OF THE BOARD OF DIRECTORS

| | | |
|---|---|---|
| De Leusse | Jean-Frederic | Chairman |
| De Wit | Bernard | Member |
| Crontiras | Antony | Vice Chairman and Chief Executive Officer |
| Charrier | Bruno | Deputy Chief Executive Officer |
| Spiliopoulos | Georgios | Member |
| Dimakakos | Fokion | Member |
| Chalkidis | Despina | Member |
| Mary | Bernard | Member |
| Marchal | Jean - Francois | Member |
| David | Charalampos | Member |
| Demazure | Luc | Member |
| Nanquette | Yves | Member |
| Papalexopoulou | Alexandra | Member |
| Chatzopoulos | Christoforos | Member |
| Ebeoglou | Nikolaos | Member |
| Constantakopoulos | Achilles | Member |
| Papadiamantis | Konstantinos | Member |

**ADDITIONAL DATA & INFORMATION**

1. Companies included in the consolidated financial statements, apart from Emporiki Bank, are presented in Note 24 and 25 in the Consolidated Financial Statements as of December 31, 2008.
2. a) The subsidiary "EMPORIKI INSURANCES A.E.A.E.G.A." was included for the first time in the Consolidated Financial Statements of the group of "EMPORIKI BANK S.A." due to the beginning of its activities in January 1st, 2008.
   b) The main subsidiaries that were excluded from consolidation due to their immateriality as presented in Note 24 and 25 in the Consolidated Financial Statement, are:

| Company | |
|---|---|
| EMPORIKI MEDIA LTD | Subsidiary |
| BANKING DEVELOPMENT TRAINING AND RESEARCH CENTER | Subsidiary |
| TOTAL CARE SA | Subsidiary |
| PRESERVILLE ENTERPRISES LTD | Subsidiary |
| ORMISTONE HOLDINGS LTD | Subsidiary |
| DICAPRIO | Subsidiary |
| MR SNACK | Subsidiary |
| RESEARCH BANK OF HISTORICAL ARCHIVES | Subsidiary |
| INCURIAM INVESTMENT LTD | Associate |

   c) The company "PHOENIX M/L EMPORIKI A.E.A.E." was not included in the Consolidated Financial Statement of 31 December 2008 of the group of "EMPORIKI BANK S.A." due to sale.
3. Tax authorities have audited Emporiki Bank, Emporiki Management and Greek Industry of Bags for all years up to and including 2006. Emporiki Venture Capital Developed Markets Ltd, Emporiki Venture Capital Emerging Markets Ltd, Emporiki Life, Emporiki Asset Management Aedak, Emporiki Group Finance Plc and Emporiki Rent for all years up to and including 2005, Emporiki Bank - Germany, Emporiki Bank - Bulgaria, Emporiki Bank - Romania, Emporiki Bank - Albania, and Emporiki Bank - Cyprus for all years up to and including 2002, Emporiki Leasing, for all years up to and including 2000 respectively. Subsidiaries Emporiki Credicom and Emporiki Development & Real Estate have been tax audited for all years up to and including 2004. The subsidiary Emporiki Insurances has never been tax audited since the date of its establishment.
4. The Banks's Board of Directors decided, on February 8, 2007 to cease the operations of "EMPORIKI BANK - GERMANY GmbH" and initiate the liquidation process of the company. In the beginning of 2008, the management decided to continue part of the operations in Germany through branches and to purchase any remaining portfolio of the under liquidation subsidiary.
5. During the first quarter of 2008 the share capital of "EMPORIKI BANK - CYPRUS L.T.D." was increased by € 2.6 mil., represented by 1,550,976 new shares. The Bank, which covered by 100% the above mentioned increase, raised its participation in "EMPORIKI BANK - CYPRUS L.T.D" by 0.74%.
6. During the second quarter of 2008 the share capital of "EMPORIKI BANK - BULGARIA A.D." was increased by € 10 mil. represented by 19,558,300 new shares. Emporiki Bank covered this increase by 100%.
7. "EMPORIKI CREDICOM S.A.", following to the decision of its General Meeting on 23.05.2008, proceeded to share capital increase by € 18 mil. Emporiki Bank participated in this capital increase, without any dilution of its participation.
8. On 26.05.2008 the procedure regarding the share capital increase, through partial capitalization of its liabilities, of the company "PHOSPHORIC FERTILIZERS INDUSTRY S.A." was completed. The final participation percentage of the Bank in the share capital of the above mentioned company will amount to 33.24%.
9. During the third quarter of 2008, the share capital of "EMPORIKI BANK - ALBANIA S.A." was increased by € 11.5 mil. represented by 14,161 new shares. Emporiki Bank covered this increase by 100%.
10. During the third quarter, the share capital of "EMPORIKI BANK - ROMANIA S.A." was increased by € 33.6 mil.The Bank which covered the share capital increase by 100%, raised its participation in "EMPORIKI BANK - ROMANIA S.A." by 1% and the Group raised its participation by 0.93%
11. On 10 October 2008 the Bank transferred to the company "CREDIT AGRICOLE LEASING S.A." 3,400,000 shares amounted € 11 mil. of the company "EMPORIKI LEASING S.A.", representing a participation percentage of 20% in the company's share capital. The relevant agreement gives the option to "CREDIT AGRICOLE LEASING S.A.", from the transaction of 20% date, either to increase its percentage up to 50%, or to sale back to EMPORIKI BANK its participation interest of 20%.
12. During the third quarter of 2008, the Bank, according to the amendments of IAS 39, reclassified its corporate bonds € 102 mil. value (respectively, the Group reclassifiied € 104 mil. value) from Tranding Portfolio to Available-for-Sale Portfolio. The revaluation difference from the 1st July 2008 until 31 December 2008 has been recognized directly to equity.
13. According to the modifications of the Corporate Tax Law (L.2238/1994) , the corporate tax rate 25% will be gradually decreased by 1% yearly, commencing on 01.01.2010. The Bank reduced the net deferred tax asset by € 84 mil.Furthermore, taking into consideration the current financial circumstances, the management of the Bank decided to undertake provisional policy which will adhere to market statement by reducing the deferred tax asset by € 80 mil.
14. The Board of Directors, has proposed a capital increase to strengthen the Bank's liquidity and capital base. This proposed € 850 million capital will be put to the vote at an Extraordinary General Shareholders Meeting on 26 February 2009. Credit Agricole will, in addition to subscribing to its allocated share of the capital increase, also subscribe to any outstanding shares if invited to do so by the board.
15. There are no disputes under litigation or arbitration, as well as pending legal cases, which are expected to have a significant impact on the financial position of the Bank and its Group of companies.The accumulated provisions that have been raised for litigations, tax issues e.t.c. are the ones listed below:

| | Group | Bank |
|---|---|---|
| Provisions for litigations | 49,969 | 48,636 |
| Provisions for tax issues | 40,315 | 32,223 |
| Other provisions | 76,540 | 74,298 |
| **Total** | **166,824** | **155,157** |

16. The number of staff employed by the Group as at December 31, 2008 were 6,899 and by the Bank 5,506. Respectively, as at December 31, 2007, the total employees of the Group were 6,747 and of the Bank 5,748.
17. The Bank's consolidated financial statements is fully consolidated in the financial information of "CREDIT AGRICOLE S.A." which is situated in France and participates in the Bank's share capital by 77.56%.
18. The related parties transactions and balances of the Group and the Bank for the period between 1/1/2008 and 31/12/2008 are summarised as follows :

| | Group | Bank |
|---|---|---|
| a) Income | 92,346 | 165,712 |
| b) Expense | 354,726 | 600,601 |
| c) Assets | 1,924,269 | 3,699,967 |
| d) Liabilities | 7,681,841 | 14,053,325 |
| e) Fees from Board of Directors members and key management personnel | 4,798 | 4,405 |
| f) Receivables from Board of Directors members and key management personnel | 159 | 158 |
| g) Liabilities to Board of Directors members and key management personnel | 2,262 | 2,222 |

19. On 18.01.2008 the first court decision concerning the obligations of Emporiki Bank to State Pension Funds was issued.The First Instance Court of Athens issued its ruling, number 116/2008, and judged that the provisions of Law 3455/2006 are unconstitutional and the termination of employee contracts relating to TEAPETE is invalid. The above court ruling is neither executable nor does it have any immediate other consequences for Emporiki Bank.
20. The Financial Statements of the Bank and of the Group were approved by the Board of Directors on February 26, 2009.
21. Some figures of the Balance Sheet and the Income Statement for the year 2007 have been adjusted for comparison reasons.

**PRIOR PERIODS RECLASSIFICATIONS**

| | 1/1-31/12/2007 | |
|---|---|---|
| | Published | Restated |
| **Consolidated** | | |
| Net Banking Income - Continued operations | 948,581 | 939,950 |
| Net Banking Income - Discontinued operations | 17,135 | 11,902 |
| **Bank** | | |
| Net Banking Income | 902,309 | 886,237 |

**Athens, February 26 2009**

| CHAIRMAN OF THE BoD | THE VICE-CHAIRMAN OF THE BoD AND CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | FINANCIAL MANAGER |
|---|---|---|---|
| **JEAN-FREDERIC DE LEUSSE** | **ANTONIOS N. KRONTIRAS** | **DIDIER C. REBOUL** | **KONSTANTINOS S. PASCHALIS** |

## VI. Information Pursuant to Article 10 of Law 3401/2005

## VII. INFORMATION PURSUANT TO ARTICLE 10 OF LAW 3401/2005

The Corporate announcements of the year 2008 are available on the web site of the Bank:

http://www.emporiki.gr/cbg/gr/investors/announcements.jsp?quarter=3&year=2008

**During 2008 the following announcements have been made:**

13/11/08. Increase of Crédit Agricole's participation percentage in the share capital of Emporiki Bank.
13/11/08. Acquisition of Emporiki Bank's shares by C.A. on 10.11.2008.
05/11/08. Appointment of Mr. Dionysios Divaris as Manager of the Legal Division.
05/11/08. New Member of the Board of Directors.
30/10/08. The financial results for 9M 2008 on Wednesday, November 5th, before the opening of the Athens Stock Exchange.
27/10/08. Senior note from Emporiki Group Finance PLC.
17/10/08. Mr. Vaseilios Charitopoulos left the Bank .
17/10/08.The financial results for 9M 2008 on Wednesday, November 5th.
10/10/08. Emporiki Bank transfered 20% of Emporiki Leasing to Crédit Agricole Leasing.
07/10/08. Acquisition of Emporiki Bank's shares by C.A. on 02.10.2008.
26/09/08. Establishment of a Committee for Corporate Social Responsibility .
26/09/08. Mr. Eric Campos was appointed as General Manager of Development and Network Transformation.
26/09/08. New composition of the Audit Committee.
26/09/08. New composition of the Bank's Risk Supervisory Authority responsible for issues of Risk Management.
26/09/08. New Member of the Board of Directors.
10/09/08. Mr. Konstantinos Stefopoulos left the Bank .
31/07/08. Mr. Panagiotis Zafeiropoulos, Head of the Internal Control General Division.
25/07/08. 3-year floating rate note issue by Emporiki Group Finance PLC.
11/07/08. The H1 2008 financial results of Emporiki Bank to be announced on 31 July.
01/07/08. Emporiki Group Finance PLC proceeded to a dated subordinated (Lower Tier 2) note issue.
01/07/08. Senior note from Emporiki Group Finance PLC.
27/06/08. Clarifications on the impending transfer of Emporiki Bank's participation percentage of 20% in Emporiki Leasing's share capital to Crédit Agricole Leasing.
25/06/08. Emporiki Bank intends to transfer 20% of Emporiki Leasing to Crédit Agricole Leasing.
25/06/08. Mr. Tryfon Panagakis left the Bank.

20/06/08. Appointment of Mr. Konstantinos Angelopoulos as IR Officer.
27/05/08. Share capital increase of the company «Phosphoric Fertilizers Industry S.A.»
22/05/08. Sale of the participation in Ape Commercial Property Real Estate Tourist and Development S.A.
29/04/08. Reconstitution of the Board of Directors of Emporiki Bank.
24/04/08. New composition of the Remuneration Committee.
24/04/08. The resolutions of the General Meeting held on April 24, 2008.
23/04/08. The Q1 2008 financial results on May 07.
16/04/08. Senior note from Emporiki Group Finance PLC.
09/04/08. Senior notes from Emporiki Group Finance PLC.
21/03/08. Appointments of Mrs. Aikaterini Beritsi and Mrs. Eleni Pagoni.
14/03/08. The Annual Ordinary General Meeting.
26/02/08. New Heads at the following Management Units: Retail Network, Business Centers Network, and Network Development and Coordination.
14/02/08. The financial results for the year 2007 on February 28, before the opening of the Athens Stock Exchange.
21/01/08. The appropriate Regulation Authorities approved the company "EMPORIKI ASSURANCES".

## VII. Availability of Annual Financial Report

The Annual Financial Report which includes the Statement of the Board of Directors, the Annual Financial Statements of the Bank and the Group, Independent Auditors' Report, Board of Directors' Report and the financial information of the Bank and the Group, are available on the website address: **http://www.emporiki.gr/cbgen/gr/cbg_index.jsp**

The Annual Financial Statements, Independent Auditors' report and the Board of Directors' Report of consolidated companies are available on the website address: **http://www.emporiki.gr/cbgen/gr/cbg_index.jsp**