

EGNATIA BANK GROUP
CONSOLIDATED REPORT
OF THE BOARD OF DIRECTORS
AS AT 31 DECEMBER 2005

Dear Shareholders

In 2005 the economic activity in Greece showed a recession compared with 2004 because of the completion of the Olympic Games and the high rate of increase in oil prices that drastically affected the cost of production and reduced consumer purchasing power. The average annual rate of increase in GDP for 2005 was 3.7% and in 2004, 4.7%, but it is still much higher than the average of EU countries. The average inflation rate in the last quarter of 2005 increased to 3.5% compared to 3.2% that was recorded the last quarter of 2004 mainly due to external factors such as the increase in oil prices and from other imported basic products.

Egnatia Group continued showing profits during 2005. Apart from the field that it traditionally operates it placed efforts in developing new products. The financial results for 2005, confirm the continued growth of the Group. The figures of Egnatia Group are increasing despite the strong competition in the field.

Total Assets at 31/12/2005 were €3 393,6 million, increased about 18%, compared to the corresponding figures at 31 December 2004 Loans and advances to customers were €2 487 million, increased about 15,5%. Deposits were €2 700 million, increased about 9%, and equity was €249,4 million. Net profit of the year, before tax, was €27,1 million, and after tax was €18,6 million, increased about 114,3%. Capital solvency ratio continued to be at high levels and for the Group was 12.30% and for the Bank 14.36%.

During 2005 long term type borrowing capital was derived from the international capital markets in order to improve the composition and the prolongation of the mid term net position, in the Bank's funding. In particular, 10-year bond issue for €80 million, TIER II was issued with success that increased the capital solvency of the Bank, as well as the three year bond loan of amount €200 million, type Senior Debt which led to fulfil the liquidity requirement of the Bank of Greece set out in the middle of 2005.

Retail

Consumer Credit with back assets (mainly car loans), maintained a high market share, at the same time figures increased in the field of consumer loans and credit cards through the Bank's branches network.

As far as Housing Credit is concerned, 2005 signified the year of reorganizational changes in the management of Egnatia Bank's housing portfolio. At the same time, it was one of the most efficient years concerning figures and market share growth in this loan category. New loans doubled compared to 2004 and withdrawals also improved.

Corporate

Egnatia Bank during the previous year operated in a sector that comprises the basic pillar of the Greek Economy, the field of middle sized companies and free-lance professionals. This operation was completed with a methodical and programmed way, and created the appropriate structure with the placement of specialized consultants in the Bank's branches, the production of special flexible loan products, the use of international acknowledged measuring systems for credit risks, the use of innovative technological systems and flexible procedures in order to

maximize the benefit of the Bank. The general product categories that were distributed in the market for these companies aimed at: liquidity support that concerns flexible and innovative products that shape permanent needs for companies and professionals and the 'Enterprise support' that covers capital needs for housing and assets by covering total business needs. In 2005, the bank proceeded to the management of approved investing proposals of A' and B' announcement of the 3rd CPS, achieving remarkable performance in this sector.

As far as funding for middle sized and large companies is concerned, an emphasis was placed in developing new and expanding profitable relations, to the continuous valuation of the quality of portfolios and the mapping of the renegotiation – disengagement from low return relations or increased credit risk.

Also the operation in investment banking continued, by providing Consulting services to companies for cover their needs.

In the Shipping sector, Egnatia continues to cover the needs of shipping companies with long experience in the management of marine vessels by providing high level services within a range of products (grants, deposits, multi tasks). The penetration in the shipping sector contributed to the substantial increase of grants for 2005.

At the same time the penetration in high wealth business groups continued, along with tailor made solutions for financing the shaping of products to meet their needs and demands.

In the factoring sector, within 2005, an important development of projects occurred. The unit's figures increased the market share, the deposits, the commissions, and the customer base.

Foreign Subsidiaries

Egnatia Group continues to achieve their targets for expansion in Romania through their two subsidiaries, Egnatia Bank (Romania) and Egnatia Leasing (Romania). In 2005, the operation of two new branches in Bucharest began that offer the complete banking services of the Group.

This important expansion of the Group's activities in Romania is confirmed from the subsidiaries results which showed a substantial increase, in 2005. Total assets of Egnatia Bank (Romania) increased by 99% and rose up to €103.39 mil. Respectively loans and deposits were € 63.62 and € 36 million, increased by 115% and 59%. Net profits of Egnatia Bank (Romania) amounted up to € 2,99 million and substantially increased from last year.

The Group, takes advantage of the improvement of economic –political conditions in Romania and profitable prospects shaping the country due to the development of business activity and the need for more specialized products, established in December 2003, a Leasing company named Egnatia Leasing (Romania). The company's results during the second year of operation overcame the expected and total assets amounted at €22,07 million. At the same time leasing contracts amounted to €18.28 million which signified a remarkable presence of the Group in the local leasing market.

In Cyprus, Egnatia Financial Services (Cyprus) was established for the provision of services of portfolio management, the operation in stock exchange and the international market derivatives, through Egnatia Finance. In addition Egnatia Financial Services (Cyprus) provides Corporate Finance consulting services, analytic investing services of the Cypriot market. In 2005 the share in the local exchange market increased by 13%, which ranked the company in the 3rd place in the Cypriot market. Within 2005 Asset Management department operated, specialized in fund management and the provision of consulting services in statutory and private investors. In consulting services, Corporate Finance keeps the lead in the Cypriot market by consulting foreign and Greek enterprises on acquisitions and mergers, as long as general financial matters.

Local Subsidiaries

As far as leasing products are concerned, taken for granted that the business community in Greece is familiar with the benefit of property leasing, our presence in this sector has increased through Egnatia Leasing which provides all types of financial leases. In 2005, Group's total equity amounted to € 9,01 million and total assets at € 112,5 mil increased by 61%. At the same time, turnover increased by 35.35%.

Egnatia Finance (member of Eurex and European Securities Network - ESN) provides a range of investing products and services in Greek and foreign investors. They especially operate in stock exchange and derivatives exchange in Greek and International markets, exclusive negotiations in the main, parallel and the new market in the derivatives market of Athens Stock Exchange. The Company also provides management portfolio services, Corporate Finance, Greek and European markets and companies' analysis, as distributed more complex OTC derivative products. In 2005, obtained the 8th position in stock exchange ranking, with a market share of 3.47%. Net Equity in total, at 31 December 2005 amounted at € 19,55 million while net profits before tax amounted at € 904,67 thousand. All the above, comprise the result of high level quality of services and reflect the fact that their investor information which is distributed through the press is a valuable information tool.

In the field of Mutual Funds, Egnatia AEDAK offers high return products (Management of Funds, Bonds, Shares inland and foreign, mixed inland as also Fund of Funds), which have a great appeal to the investors. It is worth mentioning that in 2005, M/F Egnatia Athina had a return of 38.42%, which ranked it second out of 61 other mutual funds. In 2005 total equity amounted € 2,88 million while net profits before tax amounted up to € 1,09 million.

In the field of insurance contracts, the Group operates through Egnatia Broker Their aim is to cover broadly all insurance, investing and financial needs of Egnatia Banks' customers by providing them with a great range of specialized solutions – services.

Organizational Changes and Alternative Networks

In 2005, the Group continued the reorganization of operating procedures of the promotion channels of their products, in order to provide better services to their customer base and increase profits.

The new organizational structure of the network allows the segmentation of the market and the differentiation services for every market-target. Specifically, the branch network serves private customers, small companies and professionals while Banking centers serve the needs of middle sized companies.

Furthermore, the procedures of the central support of business credit approval and the bank's international commerce have been completed. In 2005, the development of all required systems and procedures that determine the new centralized support structure have also been completed by creating an on line application which includes a full demonstration of customers limits and group of companies guarantees and a wide range of other control elements. Finally, the full centralization of operations that related to the preparation of any conventional documents of clients that put in action the system of electronic movement and saving of documents. All the above lead to an increase in productivity and quality of supporting services which are provided through the Bank's business units.

The main targets of Egnatia Fin are to provide direct product sale via telephone and to maximize management of ATMs. The Company operates in the field of telephone customer service (incoming-outgoing calls) and is responsible for the support of Bank's ATMs in

cooperation with the Direct Banking Department. In 2005 Egnatia Fin created an Telemarketing department in order to promote the Bank's products via telephone.

In 2005 an emphasis has been given in the promotion of new insurance products whose appeal, proved the quality and important prospects that shape the future over 10,000 customers. The main insurance products the Bank provides are: Egnatia Care, for their private customers' accidents coverage and Egnatia Pension and Egnatia Junior which comprise investing – saving programs with guaranteed annual return, the greater in the market (3,35%). For housing - mortgage loan holders an insurance product with exceptional pricing has been created which ensures the reimbursement of their debts, in any alteration in their health condition as a result of their failing in covering their debts.

Last year, Egnatia Consumer Services was created for the indirect and direct promotion of the financial products and services of the Group. The company is mainly addressed to private customers that wish to be informed and deal with their financial needs along with the help of specialized consultants in their place and time. Through Egnatia Consumer Services, the Housing, Personal, Consumer loans, Credit Cards, Small Business Loans and Leasing are promoted.

In 2005 the Group oriented in utilizing modern technological tools, and developed the Egnatia Line service. This service comprises one of the most modern telephone service centre in Greek Banking sector, as it is the only which uses Voice Banking technology, which is completed with the most flexible customers managing platform. Egnatia Line certified with ISO 9000: 2001, gave emphasis during 2005, on the quality of offered services, and awarded 3 times. In November 2005, it was awarded with the 1st prize on the European Contest “ The European Banking Technology Awards 2005” while in the Greek Contest “ The Teleperformance Grand Prix 2005” received 2 awards for their quality of customer service.

In February 2005 the Banks' ATMs were certified with ISO 9001:2000 nine new Off Site ATM facilities operated so as to enhance the Bank's presence and the better customer service.

In addition, the Bank worked together with regulators the designing precaution measures against fraud in ATMS.

In the field of information of counter parties with the Bank, one of the most modern systems in Greece has been developed. Within this system, customers' requests are registered into the system within many different channels (Telephone, e-mail, branch) and automatically lead to the appropriate unit to take over. This process achieves the immediate and right promotion of requests, while accumulative statistics are created, which contributes to the right decision taking that improves the level of service that people receive from the Bank.

E-banking sector provides a complete financial web environment which customers can serve their banking, investing and insurance needs (one stop shop). Through e-banking, 150,000 deals take place, every month, while the Banks' e-banking services are included in the top 3 of the market. This innovatory design allows their use from all the Bank's selling points. During 2005, Bank received the quality certification ISO 9001:2000 for their provision of the e-banking Egnatia Teller.

The Bank having as their main aim to cover the customer investing needs to the continuous economic market conditions and the promotion of more specialized mutual funds, intensified the operation of the unit which supports the sale of Mutual Funds as the coordination with the subsidiary AEDAK. In addition to the distribution of mutual funds of the subsidiary AEDAK, Bank has been in successful collaboration with INVESCO, subsidiary of AMVESCAP, since 2004 one of the greatest independent Mutual Fund Managing companies in the word.

Business Development Plan

The basic development pillars of the Group are the quality service of customer base, the further expansion of the market share in business and private customers funding, the development of loans to middle sized companies, the farther utilization of the technological advantage of the Group and the penetration to the Romanian market.

In Romania in 2006, the market share penetration is pursued through the foundation of 6 new branches in the great economical centre of the company, which promote all products – services of the Bank and the Leasing.

Egnatia Finance and Egnatia Financial Services (Cyprus) exploiting the synergies created in the market, will unify the departments of consulting services (Corporate Finance) and at the same time Egnatia will operate in higher added value products (International derivatives markets and OTC products).

At the same time for 2006, the policy of lowering the cost of capital and the improvement of effectiveness index has been shaped

The main target for 2006 is the maximum utilization of Group's customer base and the intensification of the collaboration of the companies.

Human resources of the Group and its continuous training remain the basic parameter for the achievement of business plans.

Athens, 27 February 2006

The Chairman of the Board of Directors

Vassilios N. Theocharakis

VERIFICATION

We verify that the above consolidated report of the Board of Directors that consists of 5 pages in the same as the one mentioned in our auditors report dated 17 March 2006.

Athens, 17 March 2006

KPMG Certified Auditors S.A.

Nikolaos E. Vouniseas, Certified Auditor Accountant
A.M.S.O.E.L. 18701