Financial Statements
31 December 2005

In accordance with International Financial Reporting Standards

The attached financial statements were approved by the BoD of the Agricultural Bank of Greece on 27 February 2006 and have been placed in the internet on the web address www.ate.gr

CONTENTS | **PAGES**

Independent Auditors' Report
(Translated from the original in Greek)

To the Shareholders of
ATE BANK

We have audited the accompanying financial statements of ATE BANK (the "Bank") which comprise the balance sheet as of 31 December 2005 and the related statements of income, changes in equity and cash flows for the year then ended and the summary of significant accounting policies and other explanatory notes. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Greek Auditing Standards which are in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors' Report with the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2005 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union and that the Board of Directors' Report is consistent with the accompanying financial statements.

Without qualifying our opinion we draw attention:

a) To note 31 to the financial statements that states that the Board of Directors of the Main Employee Pension Fund of the Bank decided to accede to the I.K.A.-E.T.A.M. pension fund in accordance with the provisions of Law 3371/2005. The Bank has recorded an amount of approximately Euro 280 million under "Provision for employee benefits" in respect of employee defined benefit obligations as determined by a recent actuarial study. Upon completion of the accession process the provision recorded by the Bank may change as it will be subject to the results of an economic study which will be carried out by the relevant Ministry. The ultimate effect on the provision recorded by the Bank cannot at present be determined.

b) To note 14 to the financial statements that explains that the tax obligations of the Bank for the year 2005 have not yet been audited by the tax authorities and accordingly its tax obligations for this year are not considered final. The outcome of a tax audit cannot at present be determined.

Athens, 27 February 2006

KPMG Kyriacou Certified Auditors AE

Marios T. Kyriacou	Nick Vouniseas
Certified Auditor Accountant	Certified Auditor Accountant
AM SOEL 11121	AM SOEL 18701

AGRICULTURAL BANK OF GREECE S.A.

Income Statement
For the year ended 31 December 2005
(Amounts in thousands of Euro)

	Note	2005	2004
Interest and similar income		820 115	746 181
Interest expense and similar charges		(224 092)	(202 966)
Net interest income	5	**596 023**	**543 215**
Fee and commission income	6	75 561	81 962
Fee and commission expense		(20 306)	(18 952)
Net fee and commission income		**55 255**	**63 010**
Net trading income	7	14 248	3 293
Net gain/(loss) on disposal of non-trading financial instruments	8	(2 034)	(677)
Dividend income	9	20 100	16 570
Other operating income	10	20 473	18 571
Operating income		**704 065**	**643 982**
Impairment losses	11	(133 579)	(164 853)
Operating expenses	12	(425 590)	(423 080)
Profit before tax		**144 896**	**56 049**
Income tax expense	14	(32 546)	(191 968)
Profit after tax		**112 350**	**(135 919)**
Basic and diluted earnings per share (expressed in Euro per share)	15	0.19	0

The Financial Statements on pages 1 to 43 have been prepared according to the International Financial Reporting Standards (IFRS) as adopted by the European Union and have been approved by the Board of Directors as of 27 February 2006 and are signed by:

The Governor	The Deputy Governor	The Head of Finance Department
Dimitrios Miliakos	Vasilios Drougkas	Michael Sakellis

The accompanying notes (pages from 5 to 43) are an integral part of these financial statements.

AGRICULTURAL BANK OF GREECE S.A.

Balance Sheet
For the year ended 31 December 2005
(Amounts in thousands of Euro)

	Note	2005	2004
Assets			
Cash and balances with the Central Bank	**16**	732 978	851 045
Loans and advances to banks	**17**	2 377 576	1 098 125
Trading securities	**18**	318 994	336 215
Derivatives financial instruments	**19**	99	1
Loans and advances to customers	**20**	12 788 750	12 183 408
Available-for-sale securities	**21**	1 082 153	856 554
Held-to-maturity securities	**22**	1 377 987	1 259 453
Investments in subsidiaries and associates	**23**	285 153	251 305
Investment property	**24**	194 325	180 411
Property, plant and equipment	**25**	273 703	282 380
Intangible assets	**26**	4 591	4 723
Deferred tax asset	**27**	385 600	416 135
Other assets	**28**	386 497	359 111
Total assets		**20,208,406**	**18 078 866**
Liabilities			
Deposits from banks	**29**	208 623	226 759
Deposits from customers	**30**	17 801 755	17 212 248
Derivatives financial instruments	**19**	90 055	34 468
Provision for employee benefits	**31**	290 773	294 090
Other liabilities	**32**	223 619	233 757
Subordinated loans	**33**	399 242	398 970
Total liabilities		**19 014 067**	**18 400 292**
Equity			
Share capital	**34**	1 729 399	1 649 470
Treasury shares	**35**	(25 631)	(54 211)
Share premium		95 275	46 732
Other reserves	**36**	316 099	163 064
Accumulated deficit		(920 803)	(2 126 481)
Total equity		**1 194 339**	**(321 426)**
Total equity and liabilities		**20 208 406**	**18 078 866**

The accompanying notes (pages from 5 to 43) are an integral part of these financial statements.

AGRICULTURAL BANK OF GREECE S.A.

Statement of changes in equity
For the year ended 31 December 2005
(Amounts in thousands of Euro)

	Share capital	Treasury shares	Share premium	Other Reserves	Accumulated deficit	Total
Balance at 1 January 2004	**1 649 470**	**(95 328)**	**46 732**	**139 865**	**(1 974 472)**	**(233 733)**
Loss for the year	0	0	0	0	(135 919)	(135 919)
Net gain/(loss) from changes in fair value of available-for-sale securities	0	0	0	22 788	0	22 788
Net (gain)/loss transferred to income statement on disposal of available-for-sale securities	0	0	0	411	0	411
Sale of treasury shares	0	41 117	0	0	(16 090)	25 027
Balance at 31 December 2004	**1 649 470**	**(54 211)**	**46 732**	**163 064**	**(2 126 481)**	**(321 426)**
Profit for the year	0	0	0	0	112.350	112 350
Net gain/(loss) from changes in fair value of available-for-sale securities	0	0	0	146 012	0	146 012
Net (gain)/loss transferred to income statement on disposal of available-for-sale securities	0	0	0	(1 949)	0	(1 949)
Deferred tax on entries recognized directly to equity	0	0	2 010	0	0	2 010
Reserves appropriation	0	0	0	8 781	(8 781)	0
Transfer to reserves	0	0	0	191	0	191
Purchases/sales of treasury shares	0	28 580	0	0	(10 651)	17 929
Share capital increase	1 192 689	0	56 200	0	0	1 248 889
Share capital reduction	(1 112 760)	0	0	0	1 112 760	0
Expenses from shares capital increase	0	0	(9 667)	0	0	(9 667)
Balance at 31 December 2005	**1 729 399**	**(25 631)**	**95 275**	**316 099**	**(920 803)**	**1 194 339**

The accompanying notes (pages from 5 to 43) are an integral part of these financial statements.

AGRICULTURAL BANK OF GREECE S.A.

Statement of cash flows
For the year ended 31 December 2005
(Amounts in thousands of Euro)

	2005	2004
Operating activities		
Profit before tax	144 896	56 049
Adjustment for non-cash items		
Depreciation and amortization	22 260	21 668
Impairment losses	135 001	165 151
Changes in provisions	14 445	(9 721)
Change in fair value of trading investments	51 148	(1 194)
(Gain)/ loss on the sale of investments, property and equipment	4 260	10 173
Changes in operating assets and liabilities		
Net (increase)/decrease in loans and advances to banks	(1 279 451)	(71 436)
Net (increase)/decrease in trading securities	21 562	(251 046)
Net (increase)/decrease in derivative financial instruments	55 489	32 102
Net (increase)/decrease in loans and advances to customers	(725 342)	(1 808 743)
Net (increase)/decrease in other assets	40 804	469 770
Net increase/(decrease) in deposits from banks	(18 136)	7 477
Net increase/(decrease) in deposits from customers	589 507	1 349 798
Net increase/(decrease) in other liabilities	(94 453)	(92 612)
Cash flows from operating activities	**(1 038 010)**	**(122 564)**
Investing activities		
Acquisition of intangible assets, property and equipment	(24 451)	(89 101)
Proceeds from the sale of intangible, property and equipment	27 758	86 874
(Purchases)/Sales of held to maturity portfolio	(118 534)	59 554
(Purchases)/Sales of available for sale portfolio	(234 320)	17 400
Sale of subsidiaries	208	146
Cash flows from investing activities	**(349 339)**	**74 873**
Financing activities		
Net proceeds from share capital increase	1 248 899	0
Share capital increase expenses	(9 667)	0
Proceeds/(Purchase) of treasury shares	28 580	41 117
Cash flows from financing activities	**1 267 812**	**41 117**
Effect of exchange rate changes on cash and cash equivalent	1 470	958
Net increase/ (decrease) in cash flows	**(118 067)**	**(5 616)**
Cash and cash equivalents at 1 January	851 045	856 661
Cash and cash equivalents at 31 December	**732 978**	**851 045**

The accompanying notes (pages from 5 to 43) are an integral part of these financial statements.

1. General Information

Agricultural Bank, (the Bank or ATE), was founded in 1929. The Bank's registered office is at 23 Panepistimiou Str. in the municipality of Athens and its duration is 100 years, that is until 2091 which can be extended by decision of the shareholders in a general meeting. The purpose of the Bank, according to the Article of Association is to provide banking services on its own behalf and on behalf of third parties that contributes to the modernization and growth of the economy and more specifically the Agricultural Sector.

The Bank has a network of 458 in Greece and 1 abroad which offer to the clients a wide range of banking activities. The Bank also has 589 ATMs (Automatic Teller Machines), while 45% of the branches are privately owned.

The Bank's shares have been listed since 2000, on the Athens Stock Exchange.

From 2005 onwards the Bank uses the brand name " ATEbank AGRICULTURAL BANK OF GREECE".

2. Significant Accounting Principles

The accounting principles applied for the preparation of the financial statements are as follows:

2.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Standards (IASB) as adopted by the European Union. These are the Bank's first financial statements and IFRS 1 has been applied. An explanation of how the transition to IFRS has affected the reported financial position and financial performance of the Bank is presented in note 43. The date of transition for the Bank to IFRS was 1 January 2004, when the opening balance sheet was prepared in accordance with IFRS 1.

2.2 Basis of preparation

The financial statements are presented in euro rounded to the nearest thousand. They are prepared on the historic cost basis, except for the following assets and liabilities which are stated at fair value: financial instruments held for trading, financial instruments classified as available-for-sale and derivatives financial instruments.

The preparation of financial statements in conformity with IFRS, requires management to make estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Deviations to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

2.3 Investment in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost which includes transaction costs, less impairment loss where considered necessary.

2.4 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements when there is a legal enforceable right to offset recognized amounts and the transactions are intended is intention to settle on a net basis.

2.5 Derecognition

A financial instrument is derecognized when the Bank loses control of the contractual rights that comprise the asset. This occurs when the rights are realised, expire or surrendered. A financial liability is derecognised when it is extinguished.

2.6 Foreign currency transactions

Transactions in foreign currencies are translated to euro at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recongised to the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies, that are stated at fair value are translated to euro at the foreign exchange rates ruling at the dates that the values were determined.

2.7 Financial assets

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

Financial assets at fair value through profit or loss: This category has two sub-categories: 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.

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 directly to a debtor with no intention of trading the receivable.

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

Available-for-sale 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 fair value through profit or loss, held-to-maturity, and available-for-sale are recognized at trade date – the date on which the Bank commits to purchase or sell the asset. Loans are recognized when cash is advanced to the borrowers. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

2.8 Repurchase agreements

The Bank enters into agreements for the purchases (sales) of investments and to resell (repurchase) substantially the identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognized. The amounts paid are recognized in loans to either banks or customers. The receivables are shown as collateralized by the underlying security.

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

The difference between the sale and repurchase considerations is recognized on an accrual basis over the period of the transaction and is included in interest.

2.9 Derivative financial instruments and hedging accounting

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

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

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

The method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the items being hedged. The Bank designates certain derivatives as either (1) hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

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.

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.

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

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

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

Derivatives that do not qualify for hedge accounting, the changes in the fair value are recognised immediately in the income statement.

2.10 Property, plant and equipment

Land and buildings are used by the Bank either for branches or for administrative purposes. All property, plant and equipment is stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method over their expected useful life, as follows:

Buildings	40-50	years
Machinery	7-14	years
Vehicles	7-9	years
Furniture and other equipment	5-8	years

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

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

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

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

Certain items of property, plant and equipment that had been revalued to fair value prior to 1 January 2004, the date of transition to IFRSs, are measured on the basis of deemed cost being the revalued amount at the date of that revaluation.

2.11 Investment Property

Properties held by the Bank either to earn rental income, capital appreciation, or both, are classified as investment property. Investment property is accounted for in a similar manner as property, plant and equipment, refer to note 2.10.

The Bank includes as investment property, property acquired resulting from the foreclosure of non-performing customer loans.

2.12 Intangible Assets

Intangible assets include software and other intangible assets. Software which is acquired and can be clearly identified is capitalized at the cost of acquisition. Subsequently, they are carried at cost less any accumulated amortization and any impairment losses. Software is amortized over 3 years. Bank management, on an annual basis, examines the fair value of intangible assets so as to conclude whether there exists an indication of impairment or whether the useful life should be amended. In the case when the carrying value of an intangible assets exceeds its recoverable value, a corresponding impairment is charged to the income statement.

2.13 Cash and cash equivalents

Cash and cash equivalents include monetary assets with less than three months to maturity.

2.14 Impairment of financial assets

(a) Assets carried at amortised cost

The Bank 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 a group of assets is impaired includes observable data that comes to the attention of the Bank about the following loss events:

(i) significant financial difficulty of the obligor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) the Bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;

(iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(v) 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 borrower in the group; or
- national or local economic conditions that correlate with defaults on the assets in the group.

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

If there is objective evidence that an impairment loss on financial assets has been incurred, the amount of loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or a 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.

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

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the 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.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effect of conditions in the historical period that do not exist currently.

The methodology and assumptions used of estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written-off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

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

(b) Assets carried at fair value

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

2.15 Interest income and expense

Interest income and expense is recognized in the income statement as it accrues, taking into account the effective yeild of the instrument or the applicable floating rate. Interest income and expense includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis. The effective interest rate method is a method of calculating the amortized cost of the financial asset or financial liability and of allocating the interest income or expense over the relevant period.

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

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

2.16 Fee and commission income

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Commission and fees arising from third party transactions, are recognized in the income statement upon the completion of the underlying transaction. Portfolio management fees and other management advisory and service fees are recognized in the income statement according to the applicable service contracts , usually on a proportional basis.

2.17 Provisions

A provision is recognized in the balance sheet when the Bank has a present legal obligation or constructive obligation as a result of a post event and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate has been made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

2.18 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that is relates to items recognized directly in equity in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets of liabilities for financial reporting purposes and the amounts used for tax purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable differences. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets or liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which tax asset can be utilized. Deferred tax assets are reduced to the extent that it is probable that the related tax benefit will not be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

2.19 Employee benefits

(a) Defined contribution plans

For defined contribution plans, the Bank pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(b) Defined benefit plans

The Bank's net obligation in respect of defined benefit plans is calculatedly separately for each plan by estimating the amount of future benefit that employees have earned in return of service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on Greek State bonds that have maturity dates approximating to the terms of the Bank's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When benefits are improved, the portion of the increased benefit relating to past service by employees is recognized as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the income statement.

All actuarial gains and losses as at 1 January 2004, the date of transition to IFRSs were recognized. In respect of actuarial gains or losses that arise subsequent to 1 January 2004 in calculating the Bank's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets, that portion is recognized in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized.

2.20 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment) or in providing products or services within a particular environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

2.21 Share capital

(a) Share issue costs

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.

(b) Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability in the period in which they are approved by the shareholders.

(c) Repurchase of share capital

When share capital recognized as equity is repurchased, the amount of the consideration paid including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction of total equity. Where such shares are subsequently sold or re-issued any consideration is included in shareholders' equity.

2.22 Net trading income

Net trading income includes gains and losses arising from disposals and changes in the fair value of financial assets and liabilities held for trading.

2.23 Dividend income

Dividend income is recognized in the income statement on the date that the dividend is approved.

3. SEGMENT REPORTING

Business segment

The Business Segment is the primary segment of the Group and concerns all the bank's activities. Specifically, the purpose of the Bank is to provide on its own behalf and on behalf of third parties, the banking activities and services that contribute in the modernization and growth of the economy and more specifically the agricultural sector. The Bank through its Branches offers financial products to both legal entities and individuals.

Geographical segment

The Banks' main activities are in Greece. It has 459 branches in Greece and one in Germany. The main activity of the Branch in Germany is lending as well as deposits. Its total assets represent 0.37% of the whole Bank, while its results 0.34%.

Business Sector Analysis

(Amounts in thousands Euro) **2005**

	Retail Banking	Small and Medium Enterprises	Corporate Sector	Public Sector	Treasury	Total
Net interest income	143 804	49 181	163 735	114 181	125 124	596 026
Net fee and comission income	12 389	5 756	7 973	29 784	(647)	55 255
Dividend income	0	0	1 449	0	18 651	20 100
Net trading income	0	0	0	0	12 214	12 214
Other operating income	6 627	2 281	6 800	2 994	1 768	20 470
Total operating income	**162 820**	**57 218**	**179 958**	**146 959**	**157 110**	**704 065**
Impairment	(58 121)	(2 345)	(65 802)	0	(7 311)	(133 579)
Operating expenses	(98 421)	(34 587)	(108 780)	(88 833)	(94 969)	(425 590)
Profit before tax	6 278	20 286	5 376	58 126	54 830	**144 896**
Income tax expense						(32 546)
Profit after tax						**112 350**

4. Critical accounting estimates, and judgments in applying accounting policies

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

1. Impairment losses on loans and advances to customers

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. If such evidence exists, the recoverable amount of the financial asset or group of financial assets is calculated and an impairment provision is accounted. The impairment is recorded in the income statement. The estimates, judgments and the methodology implemented are assessed regularly so as the deviations between the impairment provision and the actual losses incurred are minimized. The Bank by employing the above determined a provision amount which represents 83% of non-performing loans.

2. Fair value of derivatives

The fair value of derivative financial instruments that are not quoted in active markets are determined by using valuation techniques. Those models even though are dependent on measurable data, they require estimates and judgments (i.e. so as to determine volatility and credit risk). Those estimates and judgments are assessed regularly and when market conditions change.

3. Impairment of available for sale portfolio

The available for sale portfolio is measured at fair value with any changes in fair value recorded in a corresponding reserve. Impairment arises when there is a significant or prolonged decline in fair value below its cost. At such case the corresponding reserve is transferred to the income statement. Furthermore, estimates are used to determine the fair value of securities which are not quoted in active markets.

4. Income taxes

The Bank is subject to income tax according to the tax legislation in Greece. The Bank's tax obligations will be considered to be final after the completion of the relevant tax audit. The Bank has finalized its tax obligations up to the financial year of 2004. Finally, the Bank has accounted a provision for the unaudited financial year of 2005.

5. Net interest income

(Amounts in thousands Euro)

	2005	2004
Interest and similar income:		
Loans and advances to customers	681 031	626 215
Loans to banks	77 984	54 389
Debt instruments	61 100	65 577
	820 115	**746 181**
Interest expense and similar charges:		
Customer deposits	(203 144)	(183 630)
Bank deposits	(7 001)	(9 889)
Subordinated loans	(13 947)	(9 447)
	(224 092)	**(202 966)**
Net interest income	**596 023**	**543 215**

6. Fee and commission income

(Amounts in thousands Euro)

	2005	2004
Loans and advances to customers	14 735	14 726
Custody services	5 846	5 335
Import-exports	1 275	1 389
Letters of guarantee	7 007	7 338
Money transfers	13 603	13 410
Foreign exchange transactions	516	512
Factoring	23	164
Mutual Funds	67	218
Other	32 489	38 870
	75 561	**81 962**

7. Net trading income

(Amounts in thousands Euro)

	2005	2004
Trading Portfolio		
Gain minus Losses		
Derivative Instruments	(10 060)	(9 797)
Foreign Exchange		
Foreign Exchange Differences	6 962	(10 523)
Sales		
Equity Instruments	9 180	5.817
Debt Instruments	3 825	6.079
Revaluation		
Equity Instruments	5 780	1.977
Debt Instruments	5 420	(2.832)
Derivative Instruments	(6 859)	12.572
	14 248	**3.293**

8. Net gain/ (losses) on disposal of non trading financial instruments

(Amounts in thousands Euro)

	2005	2004
Financial Assets Available for sale		
From sale		
Equities	649	116
Bonds	182	(1 085)
Mutual funds	(1 455)	590
Impairment		
Equities	(1 410)	(298)
	(2 034)	**(677)**

9. Dividend income

(Amounts in thousands Euro)

	2005	2004
Trading securities	1 605	1 860
Available-for-sale securities	14 012	12 108
Subsidiaries and associates	4 483	2 602
	20 100	**16 570**

10. Other operating income

(Amounts in thousands Euro)

	2005	2004
Gain from the sale of fixed assets	4 069	4 196
Income from investment property	2 559	2 406
Income from sequential activities	5 818	6 116
Telecommunication fees	2 624	1 839
Other	5 403	4 014
	20 473	**18 571**

11. Impairment losses

(Amounts in thousands Euro)

	2005	2004
Loans and advances to customers	(120 000)	(93 421)
Subsidiaries	(7 311)	(71 432)
Other assets	(6 268)	0
	(133 579)	**(164 853)**

12. Operating expenses

(Amounts in thousands Euro)

	2005	2004
Staff costs (Note 13)	(318 598)	(319 499)
Third party fees	(14 873)	(13 955)
Advertising and promotion expenses	(10 680)	(8 772)
Telecommunication expenses	(6 770)	(6 913)
Insurance fees	(1 961)	(1 650)
Repairs and maintenance	(9 549)	(10 751)
Travel	(5 522)	(5 923)
Stationery	(2 145)	(2 493)
Utility services	(2 686)	(2 567)
Depreciation	(19 904)	(18 406)
Amortization of intangible assets	(2 354)	(3 262)
Operating lease rentals	(12 563)	(13 519)
Other taxes	(6 316)	(3 851)
Other	(11 669)	(11 519)
	(425 590)	**(423 080)**

13. Staff costs

(Amounts in thousands Euro)

	2005	2004
Wages and salaries	(171 393)	(165 858)
Social security costs	(94 981)	(89 927)
Defined benefit plan costs (note 31)	(26 129)	(37 588)
Other staff costs	(26 095)	(26 126)
	(318 598)	**(319 499)**

The average number of persons employed by the Bank during the year was 6 333 (2004: 6 001).

14. Income tax expense

(Amounts in thousands Euro)

	2005	2004
Current tax	0	(26 300)
Deferred tax	(32 546)	(165 668)
	(32 546)	**(191 968)**

Further information about deferred income tax is provided in note 27.

The reconciliation of the effective tax rate is as follows (in thousands of Euro):

	2005	2004
Profit before tax	144 896	56 049
Income tax at 32% (2004: 35%)	(46 367)	(19 617)
Tax exempt revenues (corresponding tax)	48 114	9 800
Non-deductible expenses (corresponding tax)	(1 544)	(16 240)
Additional tax on property	(203)	(243)
Effect of deferred tax on income statement	(32 546)	(165 668)
Tax	**(32 546)**	**(191 968)**

According to Greek income tax legislation the income tax rate as of 31 December 2004 was 35%. According to Law 3296/2004 was reduced to 32% for the year 2005, 29% for the year 2006 and to 25% for the year 2007 and the subsequent years.

In Greece the results reported to the tax authorities by an entity are considered provisional and subject to revision until such time as the tax authorities examine the books and records of the entity and the related tax returns are accepted as final. Therefore, entities remain contingently liable for additional tax and penalties, which may be assessed upon such examination. The Bank has been audited by the tax authorities and has settled all its tax obligations up until 31 December 2004. Because of the method under which the tax obligations are ultimately concluded in Greece, the Bank remains contingently liable for additional taxes and penalties for the fiscal year 2005.

For the year 2005 the relative provision has been accounted according to IFRS.

In 2005 the tax authorities audited the Bank's books and recorded for the year 2003 to 2004, and additional taxes amounting to EUR 6 133 thousand were assessed . The taxes assessed were offset against a provision that had been accounted in prior years.

15. Basic and diluted earnings per share

	2005	2004
Earnings after tax (in thousands of euro)	112 350	(135 919)
Weighted average of number of shares in issue (thousands)	591 001	268 835
Basic and diluted earnings per share (expressed in euro per share)	**0.19**	**0**

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

Basic and diluted earnings per share are the same as the Bank has not issued any dilutive share instruments.

16. Cash and balances with Central Bank
(Amounts in thousands Euro)

	2005	2004
Cash in hand	393 928	343 026
Balances with Central Bank	336 989	507 778
Mandatory deposits at Central Bank	2 061	241
	732 978	**851 045**

17. Loans and advances to banks

(Amounts in thousands Euro)

	2005	2004
Current accounts	98 088	33 721
Other placements	2 279 488	1 064 404
	2 377 576	**1 098 125**

18. Trading securities

(Amounts in thousands Euro)

	2005 Fair Value	2004 Fair Value
Greek government bonds	632	282 828
Corporate Loans	245 468	0
Equity securities	72 894	53 387
	318 994	**336 215**

19. Derivatives financial instruments

(Amounts in thousands Euro)

	2005			2004		
	Notional amount	**Asset**	**Liability**	**Notional amount**	**Asset**	**Liability**
Foreign exchange derivatives						
Swaps	33 864	94	0	482 780	1	0
Forwards	852	5	0	3 078	0	1
Interest rate derivatives						
Swaps	1 670 000	0	35 029	1 170 000	0	34 467
O.T.C. interest rate options	840 000	0	55 026	0	0	0
	2 544 716	**99**	**90 055**	**1 655 858**	**1**	**34 468**

The notional amount of certain types of derivative financial instruments provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, to the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

The Bank does not apply hedge accounting, therefore the gains and losses arising on derivative financial instruments are recognized in net trading income.

20. Loans and advances to customers

(Amounts in thousands Euro)

	2005	2004
Credit cards	271 378	258 639
Consumer loans	389 213	354 288
Mortgages	2 860 518	2 031 611
Loans to private individuals	**3 521 109**	**2 644 538**
Corporate Loans	3 198 441	3 335 823
Small and Medium Sized Firms	800 270	826 981
Loans to corporate entities	**3 998 711**	**4 162 804**
Loans to the agricultural sector	**2 124 530**	**2 419 276**
Loans to the Public sector	4 754 795	5 164 421
	14 399 145	**14 391 039**
Less: allowance for uncollectibility	(1 610 395)	(2 207 631)
	12 788 750	**12 183 408**

Allowance for uncollectibility

Movement in the allowance for uncollectibility:

	2005	2004
Balance as at 1 January	**2 207 631**	**2 358 400**
Provision for impairment	120 000	93 421
Loans written-off - Law 3259/2004	(408 988)	(165 030)
- Other	(308 248)	(34 160)
Present value of loans using, discounted cash flow method	0	(45 000)
Balance as at 31 December	**1 610 395**	**2 207 631**

During 2005 the Bank completed the accounting with respect to the requirement of law 3259/2004, the Panotokia Law. The Panotokia law provides, among other things that the total amount due (including, without limitation, capital, accrued interest, compound interest, expenses etc.) under any form of credit or loan granted by Banks to their customers, may not exceed specific limits. Amounts owing beyond these limits are required to be written off. For non-farmers, the limit is generally 300% of the initial principal amount. For farmers, the limit is 150% (for farmers with loan arrears dating back to before 1990) and 200% (for other farmers).

The bank reviewed all the cases that met the above and made the necessary adjustments to ensure that the amounts due do not exceed the above mentioned limits. Specifically the Bank confirmed in writing the balance due from its customers and requested that they confirm the repayment schedule.

The result of the above was that receivables amounting to approximately EUR 574 million were written off. Non accrual loans became performing.

Interest income in the amount of approximately EUR 60 million is included in the income statement. It refers to loan cases where the accounted balance before the implementation of the Law was lower than the amount resulting from the Law. The Bank recorded a corresponding provision included in the impairment caption.

21. Available-for-sale securities

(Amounts in thousands Euro)

	2005	2004
Debt securities:		
- Greek Government bonds	10 255	52 548
- Other issuers	401 446	297 182
	411 701	349 730
Equity securities:		
- listed	640 232	483 263
- unlisted	10 860	8 035
	651 092	491 298
Mutual fund units	19 360	15 526
	1 082 153	**856 554**

All available-for-sale securities are carried at fair value, except, for the unlisted equity securities of EUR 10 860 thousand, which are carried at cost because fair value can not be determined.

The movement in the available-for-sale securities is summarized as follows (amounts in thousands Euro) :

	2005	2004
At 1 January	**856 554**	**945 684**
Additions	281 055	223 859
Disposals (sale and redemption)	(200 058)	(335 479)
Impairment losses	(1 410)	(298)
Gains from changes in fair value	146 012	22 788
31 December 2005	**1 082 153**	**856 554**

22. Held-to-maturity securities

(Amounts in thousands Euro)

	2005	2004
Greek Government bonds	1 377 987	1 259 453
	1 377 987	**1 259 453**

Mainly include Greek Government Bonds, that are held by the Bank from the issue date and that the Bank intends to hold until their maturity. The fair value of the above mentioned bonds as of 31.12.2005 is EUR 1 363 436 thousand (2004: EUR 1 258 452 thousand).

23. Investments in subsidiaries and associates

(Amounts in thousands Euro)

	Ownership interest	2005	2004
ATE Leasing	99.41%	170 318	129 158
ATE-Cards	98.00%	5 802	5 802
ATE AEDAK	54.00%	613	613
ATE Techniki Pliroforiki	82.73%	3 557	3 557
ATE AXEPEY	66.58%	22 205	22 205
ATE Insurance	84.08%	490 815	490 815
ABG Finance International	100.00%	37	37
First Business Bank	44.00%	38 808	38 808
Hellenic Sugar Company	82.33%	228 664	228 664
Dodoni	67.77%	12 799	12 799
Sekap	42.87%	5 237	5 237
Rodopi	70.09%	3 096	3 096
Etanal	75.00%	110	110
Hellenic Feedstuff Company S.A.	99.82%	2 154	2 154
		984 215	**943 055**
Less: provision for impairment		**(699 062)**	**(691 750)**
		285 153	**251 305**

24. Investment property

(Amounts in thousands Euro)

	Land	Buildings	Total
At 1 January 2004			
Cost	72 082	143 515	215 597
Accumulated Depreciation	0	(18 827)	(18 827)
Net book amount	**72 082**	**124 688**	**196 770**
2004			
Opening net book value	72 082	124 688	196 770
Additions	66 786	4 120	70 906
Disposals	(20 587)	(63 045)	(83 632)
Depreciation charge	0	(3 633)	(3 633)
Net book value	**118 281**	**62 130**	**180 411**
31 December 2004			
Cost	118 281	84 590	202 871
Accumulated Depreciation	0	(22 460)	(22 460)
Net book value	**118 281**	**62 130**	**180 411**
2005			
Opening net book value	118 281	62 130	180 411
Additions	26 588	1 300	27 888
Disposals	(5 649)	(6 571)	(12 220)
Depreciation charge	0	(5 319)	(5 319)
Depreciation of Disposals	0	2 456	2 456
Transfer	0	1 109	1 109
Net book value	**139 220**	**55 105**	**194 325**
At 31 December 2005			
Cost	139 220	80 428	219 648
Accumulated Depreciation	0	(25 323)	(25 323)
Net Book Value	**139 220**	**55 105**	**194 325**

Investment property are properties that the Bank holds either to earn rental income or capital appreciation.

The Bank has included as investment property, land and buildings that have come into its possession from the foreclosure of non-performing loans. In accordance with local banking regulations banks are required to dispose of foreclosed property within three years, however, extensions to this holding period can be approved by the Bank of Greece.

The net book value of this property as at 31 December 2005 was EUR 112 565 thousands (2004: EUR 95 461 thousand).

25. Property, plant and equipment

(Amounts in thousands Euro)

	Land	Buildings	Furniture and Equipment	Leasehold Improvements	Under Construction	Total
At 1 January 2004						
Cost	105 466	161 693	67 903	7 877	9 864	352 803
Accumulated Depreciation	0	(20 679)	(45 435)	(3 175)	0	(69 289)
Net book value	**105 466**	**141 014**	**22 468**	**4 702**	**9 864**	**283 514**
2004						
Opening net book value	105 466	141 014	22 468	4 702	9 864	283 514
Additions	224	5 566	3 001	3 142	1 811	13 744
Disposals	(42)	(24)	(39)	0	0	(105)
Depreciation Charge	0	(5 680)	(7 971)	(1 122)	0	(14 773)
Net book value	**105 648**	**140 876**	**17 459**	**6 722**	**11 675**	**282 380**
At 31 December 2004						
Cost	105 648	167 235	70 865	11 019	11 675	366 442
Accumulated Depreciation	0	(26 359)	(53 406)	(4 297)	0	(84 062)
Net book value	**105 648**	**140 876**	**17 459**	**6 722**	**11 675**	**282 380**
2005						
Opening net book value	105 648	140 876	17 459	6 722	11 675	282 380
Additions	3 337	7 989	8 105	1 982	816	22 229
Disposals	(4 792)	(10 112)	(1 422)	0	(249)	(16 575)
Depreciation Charge	0	(7 510)	(4 788)	(2 289)	0	(14 587)
Depreciation of Disposals	0	512	853	0	0	1 365
Transfers	0	2 866	0	2 204	(6 179)	(1 109)
Net book value	**104 193**	**134 621**	**20 207**	**8 619**	**6 063**	**273 703**
At 31 December 2005						
Cost	104 193	167 978	77 548	15 205	6 063	370 987
Accumulated Depreciation	0	(33 357)	(57 341)	(6 586)	0	(97 284)
Net book value	**104 193**	**134 621**	**20 207**	**8 619**	**6 063**	**273 703**

The above includes fixed assets amounting to EUR 26 877 which are acquired through financial leasing. These fixed assets are depreciated according to the duration of lease contracts.

26. Intangible assets

(Amounts in thousands of Euro)

	2005	2004
Cost –Software	13 925	11 703
Accumulated Depreciation and Impairment- Software	(9 334)	(6 980)
	4 591	**4 723**

27. Deferred tax asset
(Amounts in thousands of Euro)

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2005	2004
Deferred tax asset:		
Intangible assets	2 380	2 897
Provision for impairment losses on customer loans	309 963	353 100
Derivative Instruments	221	0
Employee benefits	73 089	73 200
Other items	6 870	5 480
	392 523	**434 677**
Deferred tax liability:		
Property, plant and equipment	860	8 456
Financial derivative instruments	0	4 023
Provision for contingent liabilities	6 063	6 063
	6 923	**18 542**
Net deferred tax asset	**385 600**	**416 135**

Movement in temporary differences during the year

	Balance 1 January 2004	Recognized in income	Recognized in equity	Balance 31 December 2004
Intangible assets	64 498	(61 601)	0	2 897
Provision for impairment losses on customer loans	425 240	(72 140)	0	353 100
Employee benefits	99 086	(25 886)	0	73 200
Other items	9 428	(3 948)	0	5 480
Property, plant and equipment	(9 286)	830	0	(8 456)
Derivative financial instruments	1 089	(5 112)	0	(4 023)
Provisions for contingent liabilities	(8 252)	2 189	0	(6 063)
	581 803	**(165 668)**	**0**	**416 135**

	Balance 1 January 2005	Recognized in income	Recognized in equity	Balance 31 December 2005
Intangible assets	2 897	(2 528)	2 011	2 380
Provision for impairment losses on customer loans	353 100	(43 137)	0	309 963
Employee benefits	73 200	(111)	0	73 089
Other items	5 480	1 390	0	6 870
Property, plant and equipment	(8 456)	7 596	0	(860)
Derivative financial instruments	(4 023)	4 244	0	221
Provisions for contingent liabilities	(6 063)	0	0	(6 063)
	416 135	**(32 546)**	**2 011**	**385 600**

28. Other assets

(Amounts in thousands Euro)

	2005	2004
Prepaid expenses	798	466
Tax advances and other tax receivables	18 584	27 754
Accrued interest and commissions **(28.1)**	68 190	79 193
Other receivables from public sector	125 402	86 347
Cheques and notes receivables	14 622	17 869
Receivable from pension fund	65 222	48 111
Customers	32 766	27 749
Other	60 913	71 622
	386 497	**359 111**

28.1. Accrued interest and commissions

(Amounts in thousands Euro)

	2005	2004
Accrued Interest from Public sector	8 170	18 450
Accrued Interest from Private sector	5 622	511
Accrued Interest from loans granted	47 373	52 403
Accrued Interest from money market	2 776	767
Public sector commissions	1 671	0
Other	2 578	7 062
	68 190	**79 193**

29. Deposits from banks

(Amounts in thousands Euro)

	2005	2004
Current deposits	0	14 990
Term deposits	206 365	209 554
Due to central Bank	1 221	821
Other	1 037	1 394
	208 623	**226 759**

30. Deposits from customers

(Amounts in thousands Euro)

	2005	2004
Retail customers:		
Current accounts	171 722	82 607
Saving accounts	11 649 307	10 990 202
Term deposits	3 445 457	3 431 709
	15 266 486	**14 504 518**
Private sector entities:		
Current accounts	613 451	1 130 791
Term deposits	464 214	292 785
	1 077 665	**1 423 576**
Public sector entities:		
Current accounts	1 343 445	1 230 237
Term deposits	114 159	53 917
	1 457 604	**1 284 154**
	17 801 755	**17 212 248**

At 31 December 2005 the funds received amounted to EUR 290 874 thousand (2004: EUR 1 316 029 thousand). The majority of the repurchase agreements expiry within one month of the balance sheet date and the total interest expense on repurchase agreements for the year ended 31 December 2005 was EUR 10 002 thousand (2004: EUR 26 828 thousand).

31. Provision for pension liabilities

(a) Defined contribution plans

- Main Pension Plan

  The main pension plan of the Bank "TSPATE" is sponsored by the Bank and governed by Law 2084/1992. Certain large employers in Greece, including the Bank operate employee pension plans rather than participating in State-sponsored social security schemes. These plans have contribution rates and benefit schemes that are established by the Greek State and substitute for standard social security retirement benefits typically available to employees in other companies. The plans also have deficit funding responsibilities that may change in the future. The funding deficits refer to situations whereby the plan assets, including current year contributions, of a period are insufficient to pay benefits.

  The main pension plan of the Bank provides for defined contributions to be made by the Bank at a rate of either 13.33% or 25% of the employees salary depending on when the employee joined the Bank. Such contributions amounted to approximately EUR 36 090 thousand in the year ended 31 December 2005 (2004: EUR 35 532 thousand). In addition, the Bank must fund an amount up to EUR 28 million annually for any funding deficits (as defined above), to the extent any funding deficits exists in that year. As represented by the Bank's legal counsel, annual funding deficits in excess of EUR 28 million are not the responsibility of the Bank in accordance with Law 2084/1992. Employee contributions are either 6.67% or 11% of their salary. The benefits paid are determined by a formula which takes into account years of service with the Bank and the employees' final salary.

- Auxiliary pension plan

  The auxiliary pension plan of the Bank, "ELEM", provides for defined contributions to be made by the Bank at a rate of either 9% or 3% of a employee's salary depending when the employee joined the Bank. Such contributions amounted to approximately EUR 12 440 thousand in 2005 (2004: 12 285 thousand). Employees contribute at a rate of 3% of their salary. The benefits paid are determined by a formula which takes into account years of service with the Bank and the employee's final pensionable salary.

- Medical fund

  The medical fund of the Bank, "TYPATE", provides for defined contributions to be made by the Bank at a rate of 6.25% of a employee's salary. Such contributions amounted to approximately EUR 9 632 thousand in 2005 (2004: 9 435 thousand). Employees contribute at a rate of 2%.

(b) Defined benefit plans

In addition to the plans discussed above, the Bank has the following defined benefit plans:

- Based upon an agreement the employees of the Bank, in certain instances, are eligible for retirement prior to the conditions set by the main and auxiliary pension plans. In the event that an employee decides to retire the Bank is required to pay to ELEM an additional contribution equal to the regular contributions that the Bank and employee would have paid if they continued their employment, and the monthly pension that the employee receives. The obligation for the additional contribution exists until the retired employee reaches the age of 65, at which point ELEM is responsible for all pension payments. This defined benefit plan is unfunded.

- The Bank also sponsors a funded plan that provides for the payment of a lump sum to retiring employees. The payment is determined based on the employee's length of service and salary on the date of retirement.

The amounts recorded in the financial statements with respect to the defined benefit plans are as follows (amounts in thousands of Euro):

	2005	2004
Present value of unfunded obligations	280 034	283 006
Present value of funded obligations	16 165	15 848
Fair value of plan assets	(8 080)	(5 240)
Unrecognised actuarial gains and losses	2 654	476
Recognized liability for defined benefit obligations	**290 773**	**294 090**
Movements in the net liability for defined benefit obligations recognized in the balance sheet		
Net liability for defined benefit obligations at 1 January	294 090	283 304
Expense recognized in the income statement	26 129	37 588
Contributions received	(29 446)	(26 802)
Net liability for defined benefit obligations at 31 December	**290 773**	**294 090**
Expense recognized in the income statement		
Current service costs	15 789	24 793
Interest on obligation	10 576	12 995
Expected return on plan assets	(236)	(200)
	26 129	**37 588**

The principal actuarial assumptions at the balance sheet date are:

	2005		2004	
Actuarial Study	**Non Funded**	**Funded**	**Non Funded**	**Funded**
Discount rate	**3.50%**	**3.50%**	**4.2 % - 4.52%**	**4.10%**
Future salary increases		**4.52%**		**4.22%**
Future pension increases	inflation rate		inflation rate	
Expected return on plan assets	**3.50%**	**3.50%**	**4.2 % - 4.52%**	**4.10%**

In 2005 in order to rationalize and consolidate pension plans of bank employees, Law 3371/14.07.2005 was introduced. In accordance with the provisions of this legislation the main pension funds of banks may join the social insurance- common employee pension (IKA- ETAM) by 31 of December 2005. A condition to join IKA- ETAM is that the corresponding employee auxiliary pension plans must be absorbed by the bank employee fund (ETAT). The application to join ETAT may be submitted to the board of directors by either the employer or the employees. The financial obligations that will arise from joining IKA- ETAM and ETAT will be determined based on an economic study commissioned by the Ministry of Finance and the Economy.

Concerning the above mentioned obligation that will arise from the absorption of the Bank's Pension Fund by ETAT the Bank has accounted a provision according to the results of an actuarial study as mentioned above. As of 31/12/2005 the amount is EUR 280 035 thousand. (2004: EUR 283 006 thousand). Up to the date that the financial statements are prepared there has been no application to join E.T.A.T.

On 25 April 2005 the board of directors of "TSPATE", the banks main pension fund decided to join IKA-ETAM. No application by either the Bank or "ELEM" the auxiliary pension fund to join ETAT has been submitted by 31 December 2005.

In the event that the Bank or "ELEM" decide to join ETAT the financial obligation that will arise from the 'economic study' may differ from the amounts recorded presently in the financial statements.

32. Other liabilities

(Amounts in thousands Euro)

	2005	2004
Prepaid expenses and deferred income	82 635	69 472
Creditors and suppliers	6 483	8 217
Fees and payroll payable	49	730
Taxes and duties payable (except income tax)	15 048	19 967
Income tax payable	0	26 300
Due to public sector	39 134	41 642
Finance lease payable	49 274	25 312
Other	30 996	42 117
	223 619	**233 757**

33. Subordinated loans

(Amounts in thousands Euro)

	2005	2004
Subordinated loan due 2012	199 524	199 252
Subordinated loan due 2014	199 718	199 718
	399 242	**398 970**

The subordinated loans represent the proceeds received from the issuance of subordinated floating rate notes by the Bank's subsidiary ABG FINANCE INTERNATIONAL PLC, which are guaranteed by the Bank. The proceeds of these notes are loaned to the Bank on exactly the same terms as the notes issued.

The first notes issue occurred on 23 December 2002 for EUR 200 million due in 2012. The notes carry interest at Euribor plus 1.4% which is paid quarterly. The notes may be redeemed at the option of the Bank after 23 December 2007, if they are not redeemed the interest spread of 1.4% increases to 2.7%.

The second notes issue occurred on 18 August 2004 for EUR 200 million due in 2014. The notes carry interest at Euribor plus 0.75% which is paid quarterly. The notes may be redeemed at the option of the Bank after 19 August 2009, if they are not redeemed the interest spread of 0.75% increases to 2.05%.

The subordinated loans are carried at amortized cost. The costs related to the issue of the notes are amortized as interest expense using the effective interest method over the period of the placement to the first redemption option.

34. Share Capital

At 31 December 2005 the share capital of the Bank consisted of 905 444 444 authorized and issued common shares of nominal value of EUR 1.91 per share fully paid.

In the annual shareholders' meeting on 27 May 2005 the following was decided:

- To decrease the par value of the then existing 281 million shares from EUR 5.87 to EUR 1.91. This decrease was accounted for by the reclassification of 'negative reserves' arising from losses on securities of EUR 1 112 760 thousand, which were included in the accumulated deficit.
- To increase share capital by EUR 1 192 689 thousand by the issuance of 624 444 444 shares of a par value of EUR 1.91 for EUR 2.00 contributed in cash, which resulted in an increase in the share premium of EUR 56 200 thousand.

35. Treasury Shares

According to the decisions of the General Assembly Meeting of the Bank of 20.04.2001 and 20.05.2002 for the purchase of treasury shares up to 5% of the total of share capital and the decisions taken on the Shareholders Meetings of the Bank of 16.04.2003 and 28.04.2004 for the purchase of treasury shares up to 10% of the total share capital, the Bank proceeded during the period from 1.5.2001 up to 30.4.2004 and acquired 13 018 310 shares, that correspond to 4.63% of the total share capital.
The Board of Directors of the Bank decided on 30.12.2004 to sell 6 000 000 treasury shares to the Public Sector for the amount of EUR 30 420 thousand. As of 31 December 2005 the treasury shares of the Bank represent 0.37% of the share capital. The total cost for the purchase of treasury shares amounts to EUR 25 631 thousand which has reduced the net equity of the Bank accordingly.

36. Reserves

(Amounts in thousands Euro)

	2005	2004
Statutory reserve	39 216	36 051
Tax free reserves	13 223	13 223
Extraordinary reserve	147 126	141 510
Revaluation reserve available-for-sale investments	115 718	(28 343)
Other reserves	816	623
	316 099	**163 064**

Statutory reserve: In accordance with Greek corporate law entities are required to transfer 5% of their annual profits after tax to a statutory reserve. This obligation ceases when the statutory reserve amount to one third of the Bank's share capital. This reserve is not available for distribution, but it may be applied to extinguish losses.

Tax free reserves: In accordance with Greek tax law certain types of income and profits are not taxed if retained and recorded to a specific reserve account. In the event that these reserves are distributed or capitalized they will be taxed at the rate applicable on the date of distribution or capitalization.

Extraordinary reserves: This reserve arises from profits that have been taxed and retained by the Bank. They can be distributed without any further taxes or withholdings.

Available-for-sale reserve: This reserve arises from the changes in valuation of available-for-sale securities. It is transferred to income statement when the relevant securities are sold.

37. Contingent liabilities and commitments

(a) Litigation

The Bank is a defendant in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation, with legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the financial condition of the Bank.

(b) Letters of credit and guarantee

The contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers are as follows (amounts are expressed in thousands of Euro):

	2005	2004
Letters of guarantee	652 683	571 468
Letters of credit	995	1 527

(c) Assets pledged

Assets are pledged with the Central Bank as guarantee for client Repos deposits. Their nominal value amounts to EUR 322 693 thousand as of 31 December 2005 and EUR 1 288 708 thousand as of 31 December 2004.

38. Subsequent Events

During the financial year of 2005 the agricultural ministerial council of the European Union decided to reform its Common Market Organization for sugar. This will affect the production of sugar in Greece and consequently will affect the Hellenic Sugar Company, a group company.

Specifically, the reform concerns a 36% decrease in the guaranteed price of sugar which will be accomplished gradually in 4 years, beginning in 2006-2007. The price will essentially decrease from EUR 632 per tonne to EUR 400 per tonne in 2009-2010. In the same time, subsidies are to be granted to sugar producers whose income will be adversely affected by the above mentioned reform.

The management of the Group has assessed the effects that the reform will have on the Hellenic Sugar Company and concluded that presently no indication of impairment exists.

Other than the above mentioned events there are no subsequent events after the balance sheet date which are to be mentioned.

39. Risk Management

This note provides details of the Bank's exposures to risks and describes the methods used by management to control risk. The most important types of financial risk to which the Bank is exposed are credit risk, liquidity and market risk. Market risk includes currency risk, interest rate risk and equity price risk.

39.1 Credit Risk

The Bank takes an exposure to credit risk, which is the risk that a counterparty will be unable to pay an amount in full when due. Impairment provisions are provided for losses that have been incurred at the balance sheet date.

Significant changes in the economy or in the health of a particular industry segment that represents a concentration in the Bank's portfolio, could result in losses that are different provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

The Bank structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments.

Such risks are monitored on a revolving basis and are subject to an annual or more frequent review. Limits on the level of credit risk by product and industry sector are set.

The exposure to any one borrower including banks is further restricted by sub-limits covering on and off-balance sheet exposures. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these credit limits where appropriate. Exposure to credit risk is managed in part by obtaining collateral.

39.2 Market Risk

The Bank takes on exposure to market risks. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Bank applies modern methods for measuring market risk, such as "Value at Risk" model.

The value at risk valuation estimates the maximum possible loss in the net present value of the portfolio that can occur in a set time period and for a given confidence level, nevertheless it can not measure losses that can arise from extreme financial conditions. The Bank uses a confidence level of 97.5% in order to carry out value at risk valuation for the daily time horizon.

The Bank also applies a program to back test the value at risk analysis by comparing daily the actual fluctuation in the value of the portfolio with the respective value- at- risk figure.
The trading portfolio of the Bank consists of bonds, shares and derivatives. The value at risk price for the whole trading portfolio as at 31 December 2005 was EUR 2 458 million (2004: EUR 2 082 million) and of which EUR 0,012 million (2004: EUR 0.348 million) related to interest rate risk, EUR 0.830 million (2004: EUR 0.716 million) for market risk and EUR 2 144 million (2004: EUR 1 943 million) for foreign exchange risk. Due to the structure of the trading portfolio as of 31 December 2005 and the level of diversification a reduction of the value-at-risk of EUR 0.529 million (2004: EUR 0.924 million) has been accomplished.

39.3 Liquidity Risk

Liquidity risk arises in the general funding of the Bank's activities and in the management of positions. It includes both the risks of being unable to fund assets at appropriate maturities and rates, and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Bank has access to a diverse funding base. Funds are raised using a broad range of instruments including deposits, debt securities and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Bank strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Bank continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Bank strategy.

The following table provides an analysis of the Bank's assets and liabilities into relevant maturity groupings based on the remaining periods to repayment (the amounts are expressed in thousands of Euro):

Maturity of assets and liabilities

At 31 December 2005

Assets	**Up to 1 month**	**1 – 3 months**	**3 -12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Cash and balances with Central Bank	732 978	0	0	0	0	732 978
Loans and advances to banks	2 377 576	0	0	0	0	2 377 576
Trading securities	72 898	0	78	49 528	196 490	318 994
Derivative financial instruments	0	0	0	0	99	99
Loans and advances to customers	282 639	306 187	2 107 797	6 052 988	4 039 139	12 788 750
Available-for-sale securities	670 452	74	20 013	70 864	320 750	1 082 153
Held-to-maturity portfolio	0	0	109 464	1 138 878	129 645	1 377 987
Investments in subsidiaries and associates	0	0	0	0	285 153	285 153
Investment property	0	0	0	0	194.325	194 325
Property, plant and equipment	0	0	0	0	273 703	273 703
Intangible assets	0	0	0	0	4 591	4 591
Deferred tax asset	0	0	0	385 600	0	385 600
Other assets	9 898	0	372 941	0	3 658	386 497
Total assets	**4 146 441**	**306 261**	**2 610 293**	**7 697 858**	**5 447 553**	**20 208 406**
Liabilities						
Deposits from banks	8 477	0	0	197 899	2 247	208 623
Deposits from customers	15 577 194	878 502	1 335 140	10 919	0	17 801 755
Derivative financial instruments	0	0	0	0	90 055	90 055
Provision for employee benefits	9 475	13 658	17 154	85 309	165 177	290 773
Other liabilities	0	0	223 619	0	0	223 619
Subordinated loans	0	0	0	0	399 242	399 242
Total liabilities	**15 595 146**	**892 160**	**1 575 913**	**294 127**	**656 721**	**19 014 067**
Net liquidity gap	**(11 448 705)**	**(585 899)**	**1 034 380**	**7 403 731**	**4 790 832**	**1 194 339**
At 31 December 2004						
Total assets	4 388810	760 742	1 972 500	5 225 602	5 731 212	18 078 866
Total liabilities	15 216 819	1 014 568	1 474 027	92 853	602 025	18 400 292
Net liquidity gap	**(10 828 009)**	**(253 826)**	**498 473**	**5 132 749**	**5 129 187**	**(321 426)**

39.4 Currency Risk

The Bank takes on exposure to the effects of fluctuations in the prevailing exchange rates on its financial position and cash flows. The Board of Directors set limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The table below summarises the Bank's exposure to foreign currency exchange risk at 31 December 2005. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by currency (the amounts are expressed in thousands of Euro):

At 31 December 2005

Assets	EUR	USD	GBP	OTHER	Total
Cash and balances with Central Bank	726 420	3 382	1 004	2 172	732 978
Loans and advances to banks	2 097 554	143 936	31 937	104 149	2 377 576
Trading securities	307 583	11 411	0	0	318 994
Derivative financial instruments	99	0	0	0	99
Loans and advances to customers	12 615 386	119 864	1	53 499	12 788 750
Available-for-sale securities	1 039 969	42 184	0	0	1 082 153
Held-to-maturity securities	1 377 987	0	0	0	1 377 987
Investments in subsidiaries and associates	285 153	0	0	0	285 153
Investment property	194 325	0	0	0	194 325
Property, plant and equipment	273 703	0	0	0	273 703
Intangible assets	4 591	0	0	0	4 591
Deferred tax asset	385 600	0	0	0	385 600
Other assets	386 424	1	21	51	386 497
Total assets	**19 694 794**	**320 778**	**32 963**	**159 871**	**20 208 406**
Liabilities					
Deposits from banks	112 546	77 476	0	18 601	208 623
Deposits from customers	17 507 109	199 540	16 784	78 322	17 801 755
Derivative financial instruments	90 055	0	0	0	90 055
Provision for employee benefits	290 773	0	0	0	290 773
Other liabilities	219 152	4 463	3	1	223 619
Subordinated loans	399 242	0	0	0	399 242
Total liabilities	**18 618 877**	**281 479**	**16 787**	**96 924**	**19 014 067**
Net on balance sheet position	**1 075 917**	**39 299**	**16 176**	**62 947**	**1 194 339**
Net off balance sheet position	**2 510 000**	**852**	**0**	**33 864**	**2 544 716**

At 31 December 2004

	EUR	USD	GBP	OTHER	Total
Total assets	17 645 628	246 722	29 666	156 850	18 078 866
Total liabilities	17 598 372	257 565	15 185	529 170	18 400 292
Net on balance sheet position	**47 256**	**(10 843)**	**14 481**	**(372 320)**	**(321 426)**
Net off balance sheet position	**1 652 780**	**3 078**	**0**	**0**	**1 655 858**

39.5 Interest Rate Risk

The Bank's operations are subject to the risk of interest rate fluctuations to the extend that interest earning assets , including investments, and interest bearing liabilities mature or reprice at different times or differing amounts. The table below summarises the Bank's exposure to interest rate risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates (amounts are expressed in thousands of Euro):

31 December 2005

Assets	Up to 1 month	1 – 3 months	3 -12 months	1 – 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with Central Bank	732 978	0	0	0	0	0	732 978
Loans and advances to banks	2 377 576	0	0	0	0	0	2 377 576
Trading securities	4	0	78	49 528	196 490	72 894	318 994
Derivative financial instruments	0	0	0	0	0	99	99
Loans and advances to customers	9 773 959	102 025	762 403	1 247 368	902 995	0	12 788 750
Available-for-sale securities	55 074	251 271	93 144	543	11 669	670 452	1 082 153
Held-to-maturity securities	32 262	0	1 243 279	91 336	11 110	0	1 377 987
Investments in subsidiaries and associates	0	0	0	0	0	285 153	285 153
Investment property	0	0	0	0	0	194 325	194 325
Property, plant and equipment	0	0	0	0	0	273 703	273 703
Intangible assets	0	0	0	0	0	4 591	4 591
Deferred tax asset	0	0	0	0	0	385 600	385 600
Other assets	0	0	0	0	0	386 497	386 497
Total assets	**12 971 853**	**353 296**	**2 098 904**	**1 388 775**	**1 122 264**	**2 273 314**	**20 208 406**
Liabilities							
Deposits from banks	91 562	59 901	54 913	0	0	2 247	208 623
Deposits from customers	15 577 194	878 502	1 335 140	10 919	0	0	17 801 755
Derivative financial instruments	0	0	0	0	0	90 055	90 055
Provision for employee benefits	0	0	0	0	0	290 773	290 773
Other liabilities	0	0	0	0	0	223 619	223 619
Subordinated loans	0	399 242	0	0	0	0	399 242
Total liabilities	**15 668 756**	**1 337 645**	**1 390 053**	**10 919**	**0**	**606 694**	**19 014 067**
Total interest sensitivity gap	**(2 696 903)**	**(984 349)**	**708 851**	**1 377 856**	**1 122 264**	**1 666 620**	**1 194 339**
At 31 December 2004							
Total assets	12 389 044	297 842	1 749 321	1 255 876	332 507	2 054 276	18 078 866
Total liabilities	15 451 019	1 190 536	1 221 320	8 467	0	528 950	18 400 292
Total interest sensitivity gap	**(3 061 975)**	**(892 694)**	**528 001**	**1 247 409**	**332 507**	**1 525 326**	**(321 426)**

40. Fair Value

For the presentation of assets and liabilities at fair value, the Bank used current market prices for every financial instrument. For those assets and liabilities that their current market price was not available, the values that were derived by applying valuation methods do not differ much from their carrying values. Specifically:

1. The listed securities are valued at fair value, which is determined according to the current market price on the day of the balance sheet date.
2. Non listed securities are valued at cost of acquisition less any impairment.
3. Land and property is presented at deemed cost, which does not differ substantially from fair value

41. Capital Adequacy

The capital requirements for the Bank are calculated according to the Bank of Greece directives 2397/96, which is the application of the European Union capital adequacy directive for credit institutions and investment firms.

The current capital ratio for the Bank, of 14.12% is much higher than the regulatory limit of 8% set by the Bank of Greece directive.

42. Related Party Transactions

The Bank is controlled by the Greek State that holds 84.5% of the share capital. The remaining share capital is widely held.

Related paries include a) BoD Members and members of the key management personnel, b) close members of the family and financial dependant of the above, c) subsidiaries and associate companies of the Group.

The balances of the related party transactions of the Bank with its subsidiaries and associates and relating expense and income is as follows:

(Amounts in thousands Euro)

	2005	**2004**
ASSETS		
Loans and advances to customers	465584	443 810
Other assets	6 847	6 855
Total assets	**472 431**	**450 665**
LIABILITIES		
Deposits from customers	205 706	233 261
Other liabilities	53 473	32 656
Subordinated loans	4 543	4 496
Total liabilities	**263 722**	**270 413**

Income statement	**2005**	**2004**
Income		
Interest and similar income	15 995	12 699
Fee and commission income	4 757	4 443
Operating income	4 786	2 127
Total income	**25 538**	**19 269**
Expenses		
Interest and similar expenses	4 311	8 994
Fee and commission expense	8 505	8 662
Operating expenses	11 970	11 114
Total expenses	**24 786**	**28 770**
Key Management Personnel Fees		
Fees	581 202	687 187
Transportation	11 291	7 772
Other	147 914	158 582

43. Explanation of transition to IFRS

As stated in note 2.1, these are the Bank's first financial statements prepared in accordance with IFRSs.
The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2005, the comparative information presented in these financial statements for the year ended 31 December 2004 and in the preparation of an opening IFRS balance sheet at 1 January 2004. In preparing its opening IFRS balance sheet, the Bank has adjusted amounts reported previously in financial statement prepared in accordance with Greek generally accepted accounting principles (Greek GAAP). An explanation of how the transition from Greek GAAP to IFRSs has affected the Bank's financial position and financial performance is set out in the following tables and notes that accompany the tables.

Assets

Amounts in thousands Euro

		1 January 2004			31 December 2004		
	Note	Greek GAAP	Effect of transition to IFRS	IFRS	Greek GAAP	Effect of transition to IFRS	IFRS
Cash and balances with the Central Bank	(a)	851 917	4 744	856 661	849 393	1 652	851 045
Loans and advances to banks	(b)	1 376 442	(349 753)	1 026 689	1 097 840	285	1 098 125
Trading securities	(c)	656 811	(583 359)	73 452	855 811	(519 596)	336 215
Derivative financial instruments		0	1	1	0	1	1
Loans and advances to customers	(d)	11 858 934	(1 390 848)	10 468 086	13 359 251	(1 175 843)	12 183 408
Available-for-sale securities	(e)	0	945 684	945 684	0	856 554	856 554
Held-to-maturity portfolio	(f)	1 663 463	(344 456)	1 319 007	1 590 427	(330 974)	1 259 453
Investments in subsidiaries and associates	(g)	439 102	(153 980)	285 122	338 791	(87 486)	251 305
Investment property	(h)	0	196 770	196 770	0	180 411	180 411
Property, plant and equipment	(i)	339 063	(55 549)	283 514	324 078	(41 698)	282 380
Intangible assets	(j)	23 337	(19 761)	3 576	179 626	(174 903)	4 723
Deferred tax asset	(k)	0	581 803	581 803	0	416 135	416 135
Other assets	(l)	526 711	222 980	749 691	459 860	(100 749)	359 111
Treasury shares	(m)	95 328	(95 328)	0	54 210	(54 210)	0
Total assets		**17 831 108**	**(1 041 052)**	**16 790 056**	**19 109 287**	**(1 030 421)**	**18 078 866**

Liabilities and Equity

(Amounts in thousands Euro)		1 January 2004			31 December 2004		
	Note	Greek GAAP	Effects of transition to IFRS	IFRS	Greek GAAP	Effects of transition to IFRS	IFRS
Deposits from banks		219 282	0	219 282	226 478	281	226 759
Deposits from customers		15 862 464	(14)	15 862 450	17 212 463	(215)	17 212 248
Derivative financial instruments	(n)	0	2 366	2 366	0	34 468	34 468
Provision for pension liabilities		0	283 303	283 303	0	294 090	294 090
Other liabilities	(o)	248 059	8 838	256 897	221 032	12 725	233 757
Subordinated loans		400 000	(511)	399 489	400 000	(1 030)	398 970
Total liabilities		**16 729 805**	**293 982**	**17 023 787**	**18 059 973**	**340 319**	**18 400 292**
Share capital		1 649 470	0	1 649 470	1 649 470	0	1 649 470
Treasury shares		95 328	(190 656)	(95 328)	54 211	(108 422)	(54 211)
Share premium		46 732	0	46 732	46 732	0	46 732
Other reserves		(823 037)	962 903	139 866	(907 809)	1 070 873	163 064
Retained earnings / (Deficit)		132 810	(2 107 281)	(1 974 471)	206 710	(2 333 191)	(2 126 481)
Total equity	(q)	1 101 303	(1 335 034)	(233 731)	1 049 314	(1 370 740)	(321 426)
Total equity and liabilities		**17 831 108**	**(1 041 052)**	**16 790 056**	**19 109 287**	**(1 030 421)**	**18 078 866**

(q) The effect of transition in equity is analyzed below:

	1/1/2004	31/12/2004
Provision for loan losses	(1 380 000)	(1 362 000)
Portfolio valuation	(136 365)	(65 116)
Employee benefits	(283 103)	(292 798)
Deferred tax	581 803	416 135
Intangible assets write off	(17 357)	(3 421)
Depreciation of Treasury shares	(95 328)	(54 211)
Other	(4 684)	(9 329)
Total	**(1 335 034)**	**(1 370 740)**

Notes to the reconciliation of the balance sheet

(a) The amount refers to a reclassification of cheques receivable and mandatory deposits from loans and advances to banks to the cash and balances with the Central Bank.

(b) The amount refers to a reclassification of a receivable from the Greek State arising from loans which have defaulted and are guaranteed by the Greek State. The amount is reclassified to other assets.

(c) The amount mainly refers to the equity and debt securities, and mutual fund units which were classified as trading securities in Greek GAAP and which have been reclassified to available-for-sale portfolio. Furthermore, it also relates to an adjustment to the carrying value in Greek GAAP, because under Greek GAAP it is calculated using the average market price for December rather than the year end market price.

(d) The amount as of 1 January 2004 mainly refers to an additional impairment provision of EUR 1 380 million recorded for IFRS purposes to produce for non performing loans. Furthermore, it refers to an adjustment of approximately EUR 43 million from the valuation to fair value of certain loans which have been categorized as financial assets at fair value through profit or loss.

(e) The amount refers to reclassification entries of the carrying value of equity and debt securities, mutual fund units which under Greek GAAP were considered as part of trading portfolio to available- for- sale securities. Furthermore, it also includes adjustments arising from the accounting of securities in accordance with IAS 39.

(f) The amount refers to reclassification of government bonds designated as investment portfolio in Greek books, and the adjustment arising from the accounting of the above securities in accordance with IAS 39

(g) The adjustment is the impairment of subsidiaries.

(h) The amount refers to the reclassification of property acquired by foreclosure procedures, which were recorded in Greek GAAP to other assets and the reclassification of land and buildings which are not used by the Bank, which were recorded in property, plant and equipment, and to an adjustment in accordance with IAS 40, which mainly refers to the recording of depreciation on these assets.

(i) The adjustment refers : i) to the reclassification mentioned above, ii) adjustment to account for the different useful life iii) adjustment to account for finance leases.

(j) The amount primarily related to the write off of items which under Greek GAAP were recorded to intangible assets but under IFRS they do not qualify for capitalization.

(k) The amount refers to recognition of deferred tax asset according to IAS 12. Under Greek GAAP recognition of deferred taxation is not acceptable.

(l) The adjustment refers to :i) reclassification of fixed assets received by the Bank through foreclosure procedures as mentioned in paragraph (h) , ii) reclassification of receivable from the Greek State as mentioned in paragraph (b), iii) adjustment for to the impairment of items included in other assets.

(m) The amount refers to the reclassification of treasury shares. According to Greek GAAP, treasury shares are recorded at cost and a corresponding reserve is recorded in equity. In IFRS statements treasury shares are recorded as a reduction in equity.

(n) The amount refers to the valuation of outstanding IRS contracts according to fair value. Under Greek GAAP derivatives are not revalued, but accounted for on a cash basis, while their notional amounts are recorded in off-balance sheet accounts.

(o) The amount refers to an adjustment to the account for the liability arising from finance leases and an adjustment to record a provision for the unaudited tax years.

(p) The amount refers to the recognition of the defined benefit plans obligation in accordance to IAS 19. Under Greek GAAP the obligations were accounted for on a cash basis.

Reconciliation of profit for 2004

		Greek GAAP	Effect of transition to IFRS	IFRS
Interest and similar income		726 563	19 619	746 182
Income expense and similar charges		(236 518)	33 552	(202 966)
Net interest income		**490 045**	**53 171**	**543 216**
Fee and commission income		77 181	4 781	81 962
Fee and commission expense		(10 210)	(8 742)	(18 952)
Net fee and commission income		**66 971**	**(3 961)**	**63 010**
Net trading income		(8 102)	11 395	3 293
Gain/(Losses) on disposal of non-trading financial instruments		0	(677)	(677)
Dividend Income		16 570	0	16 570
Other operating income		18 026	545	18 571
Operating Income		**583 510**	**60 472**	**643 982**
Impairment losses	(a)	(66 421)	(98 432)	(164 853)
Operating expenses		(423 028)	(52)	(423 080)
Profit from operations		**94 061**	**(38 012)**	**56 049**
Extraordinary income		1 850	(1 850)	0
Extraordinary expense		(9 897)	9 897	0
Extraordinary results		3 579	(3 579)	0
		(4 468)	**4 468**	**0**
Profit/(loss) before tax		**89 593**	**(33 544)**	**56 049**
Income tax expense	(b)	(26 300)	(165 668)	(191 968)
Profit/(loss) after tax		**63 293**	**(199 212)**	**(135 919)**

Notes to the reconciliation of the income statement.
(a) Impairment loss of € 71 million was accounted in the investment portfolio due to operational losses.
(b) As of 31 December 2004, the Bank calculated deferred tax with smaller tax rate than the rate used at opening balance sheet date. The change in the tax rate resulted in the decrease of the yearly results by approximately EUR 149 million for the Bank.

The Bank upon the completion of the procedure of the transition from the Greek GAAP to the IFRS for the preparation of its financial statements restated certain items of the opening and the prior year balance sheet and profit and loss that had been recognized in the interim financial statement of the current year.

More specifically restatements concerned the following:

(Amounts in thousands Euro) **Increase/ (Reduction)**

	Effects in Equity as of 1/1/2004	Effects in profit and loss account as of 31/12/2004	Effects in Equity as of 31/12/2004
Provision for Loan Losses	(450 000)	0	(450 000)
Changes in Deferred Tax due to restatement	157 500	(43 876)	113 124
Impairment of Subsidiaries	(39 372)	0	(39 372)
Derivatives valuation	0	(3 514)	(3 514)
Total Effect	**(331 872)**	**(47 390)**	**(379 262)**