Consolidated
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**

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ATEbank Group – 31 December 2005

Board of Directors report

To shareholders

In 2005, the profits of ATEBank Group increased significantly, in comparison with 2004, amounting to €139,4 million. Simultaneously, the Group improved its capital adequacy ratio through the increase of ATEBank's share capital in June 2005, completed loan rescheduling, according to law.3259/2004 ("panotokia law"), penetrated further in retail banking and especially in the market of mortgage and consumer loans, while it effectively controlled its operational cost. Furthermore the introduction of IFRS improved transparency towards shareholders, as far as the economic position of the Group is concerned.

On the other hand, the directives of the Bank of Greece, regarding deferred taxes and pension funds obligations, positively influenced ATEBank Group's regulating capital and capital adequacy ratios. On that ground, the Management tried to exploit surplus capital in the most efficient possible way, taking into consideration:

- The latest developments which regard the quantitative valuation of the Group's loan portfolio, in the framework of Basel II Regulations, using modern methods of risk management.
- The peculiarities of the Group's loan portfolio.
- The need to rehabilitate Financial Statements.
- The increase of provisions for loan losses
- The need to distribute a reasonable dividend to shareholders.
- The pension's contingent liabilities
- The losses from the diminution of investment portfolio

Taking these into consideration, the increase of provisions was considered necessary by € 496 million, which improved the coverage ratio from 59% to 83%, profits by almost 35%, (due to the decrease in the annual provisions of the bank, by 20%) and the Bank's return on equity (ROE) from 7,5% to 10,5%, resulting in the attainment of the Business Plan's 2005-2007 targets.

The need to increase provisions made it necessary for the bank to restate its Financial Statements for the year ending 2003 and 2004. In this way, the comparative analysis below, concerns the reformed Financial Statements of 2004 and 2005, according to IFRS

The ATEBank Group in 2005, significantly improved profitability. The main factors contributing to this were the increase in its net interest income and the deceleration of the rate of increase in its operation expenses, according to the Group's Administration policy for rationalization and curtailment of operating cost. On a consolidated basis, the level of other operating income role, concerning the sales of products by subsidiaries, played a significant role.

In general, the financial results which are incorporated in the level of financial ratios as well as the implementation of the 2005 Budget, are considered also to be satisfactory.

Analytically the most significant variations in balance sheet and income statement accounts are follows:

In 31-12-2005, total assets of ABG Group, according to IFRS, amounted to €20.826 million versus €18.646,5 million, in 31-12-2004, an increase of 11,69%.

This change is due to an increase of loans to credit institutions by 114,7%, loans and advances to customers, less provisions, by 4,74%, the balance of the available for sale portfolio by 26,46%, the held to maturity portfolio by 9,33% and other assets by 7,97%. These positive trends were partially offset, mainly by a decrease in cash and balances in Central Bank by 13, 83% and the deferred tax by 5,32%.

Principal accounts in Group's assets remain "loans and advances to customers" (less provisions) which represent 60,30% of assets (2004: 64,30%) We have to point out the remarkable increase in retail banking and especially in housing credit by € 828,9 million or 40,8%, in consumer credit by € 34,8 million or 9,68% and in credit cards by € 12,7 million or 4,93%.

The caption "due from other banks represents 11,50% of assets (2004: 5,98%), while . "Held to maturity portfolio" and "available for sale portfolio" comprise 6,67% (2004:6,81%) and 6.47% (2004: 5,71%) of assets, respectively.

Total liabilities posted an increase of 3,21% or € 609,7 million due to the increase of due to customers by € 617 million or 3,63% and amounted to € 17.596 million
Total liabilities and specifically due to customers represent 94,13% and 84,49% of total liabilities and shareholders' equity, respectively.

The ratio loans to deposits reached the level of 81,08% versus 84,19%, on.

The loans/deposits ratio amounted to 81,08% versus 84,19% in 2004
In 2005, **profit after taxes and minority interests of ATE group** totaled € 139.420 thousand, posting an increase of 294,02%, as compared to 2004. The increase of profitability is attributed to the rise of operating income by 7,44%, the retained increase of operating expenses by 0,20% and the significant reduction of income tax expense by 80,14%, while the increase of provisions for loan losses by 14,67% didn't particularly affect the final result.

The increase of operating income consists of the increase of net interest income by 8,91%, net trading income by 613,66% and other operating income by 6,66%, due to the sale of insurance contracts and commodities.
These changes were offset by the negative results of income from investments, which declined to € (3.635) thousand

The positive financial results are depicted on financial ratios. Specifically:

- ROA amounted to 0,74%.
- Operating expenses to operating income ratio declined to 61,84%, versus 66,3%, in 2004
- Interest margin was 3,38% as compared to 3,34% in 2004 and ROE amounted to 13,65%

Strategic Targets ATE*bank* Group 2006

The priorities been set by the Group's Administration, for 2006, are:

- The acceleration of the reorganization of the loan's portfolio
- The development of new deposit and loan markets
- The improvement of financial results through the expansion of other interest-bearing activities, such as commissions, derivatives and purchases of bonds in secondary markets.
- Rationalization of processes and curtailment of operating expenses

And consequently the following targets are set for *ATEBank*:

- Expansion of financial products and services in Retail banking, enterprises and the Public sector.
- Efficient financial management of funds
- Improvement of loans yield (decrease of nonperforming loans ratio below 9,5%)
- Minimization of non interest assets ratio
- Attainment of substantial profitability (increase of at least 60%)
- Improvement of operating efficiency (decrease of operating expenses to operating income ratio below 58%)
- Improvement of equity and assets return of the bank (ROE:16%, ROA:0,9%)

To sum up, we give emphasis on the following points:

1) The increase of the share capital of the bank, which took place in June 2005, reinforced the capital adequacy of the bank, and covered its inadequacy for provisions for loan losses, according to "Panotokia Law" as well as the formation of adequate reserves (€ 290,77 million) regarding pension funds obligations. The surplus existing capital will be used to finance the further development of the bank and cover a potential increase of the share capital of the companies of *ATEBank* Group, financial institutions and joint ventures, the cost of upgrading the portfolio quality, the compliance with Basle Accord II and the potential additional insurance obligations, regarding the consolidation of Insurance Funds.

While searching for efficient ways to exploit the surplus capital, ALCO (after the proposal of the Risk Management Division) decided to increase provisions for loan losses by € 450 million.

In this way:

- ATEbank Group is protected by countable and non countable risks and unexpected fluctuations in the financial and credit environment

- The coverage ratio of the loans due over 180 days amounted to 83% from 60% before the increase of provisions, approaching the target which was set for 2007, in the fields of the 2005-2007 business plan.

The suggested reduction of shareholder's equity which will in parallel take place with the increase of provisions for loan losses, is expected to have a positive influence on profitability and consequently the return on equity, due to the reduction of the annual provisions for impairment, while capital adequacy will remain in high levels.

2) The profitability of the Group is improved in 2005, mainly as a result of the increase of its interest income. This is mainly due to the adjustments of restructured loans, according to "Panotokia Law". Beyond the need to continue increasing its interest income, through its expansion in retail and corporate banking, the bank must give a great emphasis on increasing non-interest income. The point is to increase the ratio of non-interest income to gross operating income, which, in 2005, was 14,5%.

3) The high percentage of loans due over 180 days to the total loan portfolio (€ 1.953 million) makes it indispensable for the bank to take radical measures. According to the targets of the business plan, the ratio of overdue loans to the total portfolio of loans must reach the level of 7,5%, in 2007 (from 13,7% in the current year). There can be little doubt that the substantial increase of provisions for bad dept will enable the accomplishment of the recovery of the portfolio of ATEbank.

4) The bank must rearrange its general policy regarding the development of the companies of the Group, so as to improve the return of its invested funds, while trying to accelerate its disengagement from the companies that belong to the non-financial sector.

5) There is an urgent need to accelerate the liquidation of the fixed assets of the bank, especially of estates blocked in auctions.

6) The income/ expenses budget of ATE, for 2005, which is part of the business plan is satisfactorily accomplished.

7) The results of the Group and the corresponding financial ratios are satisfactory. However, it is essential for the Group to improve them. After the reduction of shareholder's equity, due to the formation of additional provisions for loan losses, the levels of financial ratios are significantly improved (ROE and % coverage ratio of overdue loans), approaching those of its competitors and accelerating the implementation of the business plan.

We have to mention that despite of the reduction of shareholders' equity, the capital adequacy ratio remains in higher level than the minimum ratio that Bank of Greece requires. For the fiscal year 2005 the Group's capital adequacy ratio is estimated to reach the level of 13,82%.

8) Efforts must be made so as the Group to increase fee and commission income while there is no doubt about the efficiency of the policy of ATEBank Group to retain and rationalize its operating expenses.

9) There is an urgent need to improve the return of the disposable funds of the bank, which after the increase of the share capital, approach € 4 billion.

10) The suggested (by the General Meeting of the Shareholder's) reduction of the share capital, in an attempt to eliminate losses carried forward, will allow the bank to exert dividend's policy, according Law.2190/20 and distribute dividends which will amount to 40%-50% of the distributed profit.

11) The estimated profits according to the new business plan 2006-2008 are expected to be increased by 60%, comparing to the previous fiscal period while the financial ratios are expected to be improved. Specifically, the return on equity is expected to reach the level of 17,8 (Bank 15%) and the return on assets of 1 (Bank 0,9%).

The President
Dimitrios Miliakos

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

To the Shareholders of
ATE BANK

We have audited the accompanying consolidated financial statements of ATE BANK (the "Bank") which comprise the consolidated balance sheet as of 31 December 2005 and the related consolidated 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 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 consolidated 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 33 to the consolidated 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 16 to the consolidated financial statements that explains that the tax obligations of the Bank and its subsidiaries for certain years have not yet been audited by the tax authorities and accordingly their tax obligations for those years are not considered final. The outcome of the tax audits cannot at present be determined.

Athens, 27 February 2006

KPMG Kyriacou Certified Auditors AE

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

AGRICULTURAL BANK OF GREECE S.A.

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

	Note	2005	2004
Interest and similar income		825 996	753 115
Interest expense and similar charges		(222 650)	(199 132)
Net interest income	**5**	**603 346**	**553 983**
Fee and commission income	**6**	92 363	94 468
Fee and commission expense		(17 402)	(16 262)
Net fee and commission income		**74 961**	**78 206**
Net trading income	**7**	18 384	2 576
Net gain/(loss) on disposal of non-trading financial instruments	**8**	(3 635)	9 484
Dividend income	**9**	16 315	15 265
Other operating income	**10**	110 908	103 982
Operating income		**820 279**	**763 496**
Impairment losses	**13**	(126 645)	(110 445)
Operating expenses	**14**	(507 262)	(506 231)
Operating profit		**186 372**	**146 820**
Share of profit of associates		1 591	(2 400)
Profit before tax		**187 963**	**144 420**
Income tax expense	**16**	(42 768)	(215 296)
Profit after tax		**145 195**	**(70 876)**
Attributable to:			
Equity holders of the Bank		139 420	(71 858)
Minority interest		5 775	982
Basic and diluted earnings per share (expressed in Euro per share)	**17**	0.24	0

The Consolidated Financial Statements on pages 1 to 45 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 45) are an integral part of these financial statements.

AGRICULTURAL BANK OF GREECE S.A.

Consolidated 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	**18**	733 935	851 739
Loans and advances to banks	**19**	2 394 395	1 115 227
Trading securities	**20**	333 760	348 387
Derivatives financial instruments	**21**	99	1
Loans and advances to customers	**22**	12 557 460	11 988 848
Available-for-sale securities	**23**	1 347 573	1 065 605
Held-to-maturity securities	**24**	1 388 987	1 270 453
Investments in associates	**25**	38 476	36 996
Investment property	**26**	199 730	184 323
Property, plant and equipment	**27**	450 431	450 948
Intangible assets	**28**	5 206	5 503
Deferred tax asset	**29**	416 676	440 066
Other assets	**30**	959 226	888 424
Total assets		**20 825 954**	**18 646 520**
Liabilities			
Deposits from banks	**31**	255 412	279 419
Deposits from customers	**32**	17 596 049	16 978 987
Derivatives financial instruments	**21**	90 055	34 468
Provision for employee benefits	**33**	333 992	339 087
Insurance reserves	**34**	583 836	587 034
Other liabilities	**35**	348 504	379 405
Subordinated loans	**36**	394 699	394 474
Total liabilities		**19 602 547**	**18 992 874**
Equity			
Share capital	**37**	1 729 399	1 649 470
Treasury shares	**38**	(33 291)	(58 185)
Share premium		95 275	46 732
Other reserves	**39**	381 386	185 777
Accumulated deficit		(1 000 868)	(2 212 545)
Equity attributable to the Bank's equity holders		**1 171 901**	**(388 751)**
Minority interests		51 506	42 397
Total equity		**1 223 407**	**(346 354)**
Total equity and liabilities		**20 825 954**	**18 646 520**

The accompanying notes (pages from 5 to 45) are an integral part of these consolidated financial statements.

AGRICULTURAL BANK OF GREECE S.A.

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

	Attributable to the equity holders of the Bank						
	Share capital	**Treasury shares**	**Share premium**	**Other Reserves**	**Accumulated deficit**	**Minority interest**	**Total Equity**
Balance at 1 January 2004	**7**	**(98 884)**	**46 732**	**157 675**	**(2 125 088)**	**44 222**	**(325 873)**
Loss for the year	0	0	0	0	(71 858)	982	(70 876)
Net gain/(loss) from changes in fair value of available-for-sale securities	0	0	0	23 927	0	0	23 927
Deferred tax recognized directly to equity	0	0	0	0	4 664	0	4 664
Transfer to reserves	0	0	0	4 175	(4 175)	0	0
Percentage variation of group participations	0	0	0	0	0	(2 807)	(2 807)
Exchange Differences	0	0	0	0	2	0	2
Sale/ purchases of treasury shares	0	40 699	0	0	(16 090)	0	24 609
Balance at 31 December 2004	**1 649 470**	**(58 185)**	**46 732**	**185 777**	**(2 212 545)**	**42 397**	**(346 354)**
Profit for the year	0	0	0	0	139 420	5 775	145 195
Net (gain)/loss transferred to income statement on disposal of available-for-sale securities	0	0	0	(680)	0	0	(680)
Net gain/(loss) from changes in fair value of available-for-sale securities	0	0	0	152 076	0	1 024	153 100
Deferred tax on entries recognized directly to equity	0	0	2 010	0	11 570	2 160	15 740
Reserves appropriation	0	0	0	43 406	(43 406)	0	0
Transfer to reserves	0	0	0	807	0	150	957
Exchange rate differences	0	0	0	0	(2)	0	(2)
Purchases/sales of treasury shares	0	24 894	0	0	(8 665)	0	16 229
Share capital increase	1 192 689	0	56 200	0	0	0	1 248 889
Share capital reduction	(1 112 760)	0	0	0	1 112 760	0	0
Expenses from shares capital increase	0	0	(9 667)	0	0	0	(9 667)
Balance at 31 December 2005	**1 729 399**	**(33 291)**	**95 275**	**381 386**	**(1 000 868)**	**51 506**	**1 223 407**

The accompanying notes (pages from 5 to 45) are an integral part of these consolidated financial statements.

AGRICULTURAL BANK OF GREECE S.A.

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

	2005	2004
Operating activities		
Profit before tax	187 963	144 420
Adjustment for non-cash items		
Depreciation and amortization	33 307	27 375
Impairment losses	73 255	57 760
Changes in provisions	46 323	15 089
Change in fair value of trading investments	(28 920)	(12 655)
(Gain)/ loss on the sale of investments, property and equipment	(930)	6 321
Changes in operating assets and liabilities		
Net (increase)/decrease in loans and advances to banks	(1 279 168)	(84 326)
Net (increase)/decrease in trading securities	29 726	(189 379)
Net (increase)/decrease in derivative financial instruments	55 489	32 102
Net (increase)/decrease in loans and advances to customers	(688 989)	(2 001 772)
Net (increase)/decrease in other assets	5 610	412 032
Net increase/(decrease) in deposits from banks	(24 007)	60 138
Net increase/(decrease) in deposits from customers	617 062	1 331 490
Net increase/(decrease) in other liabilities	(143 659)	(37 746)
Cash flows from operating activities	**(1 116 938)**	**(239 151)**
Investing activities		
Acquisition of intangible assets, property and equipment	(30 426)	(30 622)
Proceeds from the sale of intangible, property and equipment	31 816	17 720
(Purchases)/Sales of held to maturity portfolio	(118 534)	48 554
(Purchases)/Sales of available for sale portfolio	(148 093)	156 697
Cash flows from investing activities	**(265 237)**	**192 349**
Financing activities		
Net proceeds from share capital increase	1 248 899	0
Share capital increase expenses	(9 667)	0
Proceeds/(Purchase) of treasury shares	24 894	40 699
Cash flows from financing activities	**1 264 126**	**40 699**
Effect of exchange rate changes on cash and cash equivalent	245	158
Net increase/ (decrease) in cash flows	**(117 804)**	**(5 945)**
Cash and cash equivalents at 1 January	851 739	857 684
Cash and cash equivalents at 31 December	**733 935**	**851 739**

The accompanying notes (pages from 5 to 45) are an integral part of these consolidated financial statements.

1. General Information

The Agricultural Bank of Greece Group, "the Group" provides primarily financial and banking services to individuals and businesses. At the same time it also maintains an important presence in the industrial sector.
The Group has 9 354 employees of whom 7 194 in the banking and finance sector. The Bank's main activities are in Greece, but it also has subsidiaries from the industrial sector in Serbia-Montenegro and Romania.

The Group's parent company is the Agricultural Bank, (the Bank or ATE), which was founded in 1929 while its shares have been listed in the Athens Stock Exchange in 2000. During 2005 the Bank changed its commercial name to "ATE Bank Agricultural Bank of Greece".

The Bank's registered office is at 23 Panepistimiou Str. in the municipality of Athens. The duration of the Bank 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, on behalf of third parties, that contribute 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 Group besides the mother company includes the following subsidiaries companies:

(Amounts in thousands Euro)

Name of Subsidiary	Activity	Percentage of Participation	
		2005	2004
Financial Sector			
FIRST BUSINESS BANK	Bank	44.00%	44.00%
ABG INSURANCE A.E.	Insurance Company	85.06%	85.06%
A.T.E. LEASING A.E.	Leasing	99.91%	99.91%
A.T.E. CARDS A.E. A	Credit Cards Management	99.70%	99.70%
A.T.E. A.X.E.P.E.Y.	Brokerage Services	95.018%	95.01%
A.T.E. AEDAK	Mutual Funds Management	93.130%	93.13%
ATE TECHNIKI PLIROFORIKI	Real Estate	91.533%	91.53%
A.B.G. FINANCE INTERNATIONAL P.L.C.	Finance	100.00%	100.00%
Non-Financial Sector			
HELLENIC SUGAR COMPANY	Sugar Production	82.33%	81.81%
SEKAP	Cigarette Production	45.12%	45.12%
DODONI	Dairy Production	67.77%	67.77%
ELVIZ	Feedstuff Production	99.82%	99.82%
RODOPI	Dairy Production	75.41%	70.09%
ETANAL	Pisciculture Management	75.00%	75.00%

2. Significant Accounting Principles

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

2.1 Statement of compliance

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards (IASB) as adopted by the European Union. These are the Group'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 Group is presented in note 46. The date of transition for the Group 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 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(b) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in the associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligation to make payments on behalf of an associate.

(c) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains or losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

Financial assets at fair value through profit or loss: This category has two sub-categories: 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 Group provides money, goods of services 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 Group has the intent and ability to hold to maturity. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

Available-for-sale 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 Group commits to purchase or sell the asset. Loans are recognized when cash is advanced to the borrowers. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group 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 Group enters into agreements for the purchases (sales) of investments and to resell (repurchase) substantially the identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognized. The amounts paid are recognized in loans 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 Group 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 Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

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

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is 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 Group 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	40-70	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 Group 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 Group 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. Group 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 Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

(i) significant financial difficulty of the obligor;

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

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

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

If there is objective evidence that an impairment loss on 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 Group 's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group 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 Group 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 recognized in the income statement.

(b) Assets carried at fair value

The Group 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 Group 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 Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group 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 Group'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 Group'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 Group'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 Group 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.

2.24 Insurance contracts

Non life contracts are classified as insurance contracts, whereas life insurance contracts are designated as either investment or insurance contracts depending on whether the contracts transfer significant insurance risk.

At each reporting date the recognized insurance reserves relating to the risk arising from insurance contracts are assessed. The methodology applied is based on current estimates of all future cash flows from insurance contracts. If the assessment shows that the carrying amount of its insurance reserves is inadequate the entire deficit is recognized in the income statement.

2.25 Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In case of manufactured inventories and work in progress, cost includes and appropriate share of overheads based on normal operating capacity.

2.26 Leases

a) A Group company is the lessee

- **Operating leases**

  Leases where the risks and rewards of ownership of the assets remain with the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

- **Finance leases**

  Leases in terms of which the Group assumes substantially all the notes and rewards of ownership are classified as financial leases. Assets acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

  Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a content periodic rate of interest on the remaining balance of the liability.

b) A Group company is the lessor

- **Operating leases**

  The assets are carried on the financial statements of the Group and are depreciated over their useful lives. Payments received under operating leases are recorded to the income statement on a straight-line basis.

- **Finance leases**

  Leases where the Group transfers substantially all the risks and rewards incident to ownership of an asset to the lessee are classified as finance leases. A receivable at an amount equal to the present value of the lease payments, including any guaranteed residual value, is recognized .

  The difference between the gross receivable and the present value of the receivable is unearned finance income and is recognized over the term of the lease in the income statement as interest income.

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. At the same time the Group's activities expand in the insurance sector and the manufacturing sector (sugar, milk and tobacco).

Geographical segment

TheGroup's main activities are in Greece. The Bank has 459 branches one of which 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)

	Financial Sector	Insurance Sector	Commercial and Industrial Sector	Total
Net interest income	604 372	9 935	(9 740)	604 567
Net fee and comission income	74 114	412	276	74 802
Net trading income	10 768	3 468	513	14 749
Dividend income	15 845	458	12	16 315
Other operating income	26 509	33 674	67 360	127 543
Total operating income	**731 608**	**47 947**	**58 421**	**837 976**
Impairment	(126 645)	0	0	(126 645)
Operating expenses	(444 575)	(40 369)	(40 015)	(524 959)
Operating Results	**160 388**	**7 578**	**18 406**	**186 372**
Income from associates	1 605	0	(14)	1 591
Profit before tax	**161 993**	**7 578**	**18 392**	**187 963**
Income tax expense	(37 157)	(2 921)	(2 690)	(42 768)
Profit after tax	**124 836**	**4 657**	**15 702**	**145 195**
Total assets per sector	20 560 458	664 330	603 872	21 828 660
Inercompany transactions per sector	(817 128)	(168 633)	(16 945)	(1 002 706)
Net equity and liabilities per sector	20 560 458	664 330	603 872	21 828 660
Inercompany transactions per sector	780 299	2 035	220 372	1 002 706

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

The Group 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 Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. If such evidence exists, the recoverable amount of the financial asset or group of financial assets is calculated and an impairment provision is accounted. The impairment is 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 Group 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 Group is subject to income tax according to the tax legislation in Greece. The Group's tax obligations will be considered to be final after the completion of the relevant tax audit. The unaudited tax years for Group's companies are listed in note 16. The Group has accounted a provision for the unaudited financial years according to IFRS. The differences that may rise from the tax audit will be accounted against the existing recorded provision.

5. Net interest income

(Amounts in thousands Euro)

	2005	**2004**
Interest and similar income:		
Loans and advances to customers	665 479	620 506
Loans to banks	78 080	54 470
Finance leases	14 869	12 924
Debt instruments	67 568	65 215
	825 996	**753 115**
Interest expense and similar charges:		
Customer deposits	(200 299)	(174 708)
Bank deposits	(8 404)	(14 977)
Subordinated loans	(13 947)	(9 447)
	(222 650)	**(199 132)**
Net interest income	**603 346**	**553 983**

6. Fee and commission income

(Amounts in thousands Euro)

	2005	2004
Loans and advances to customers	14 943	14 668
Credit cards	7 546	7 610
Import-exports	1 275	1 389
Letters of guarantee	7 007	7 338
Money transfers	13 603	13 410
Foreign exchange transactions	516	511
Factoring	23	165
Mutual Funds	9 123	10 130
Equity brokerage	3 845	2 397
Other	34 482	36 850
	92 363	**94 468**

7. Net trading income

(Amounts in thousands Euro)

	2005	2004
Trading Portfolio		
Gain minus Losses		
Derivative Instruments	(9 991)	(9 147)
Foreign Exchange Differences	6 962	(14 173)
Sales		
Equity Instruments	12 074	6 842
Debt Instruments	3 825	6 079
Revaluation		
Equity Instruments	6 918	3 235
Debt Instruments	5 420	(2 832)
Mutual Funds	35	0
Derivative Instruments	(6 859)	12 572
	18 384	**2 576**

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

(Amounts in thousands Euro)

	2005	2004
Financial Assets Available for sale		
From sale		
Equities	648	89
Bonds	58	(673)
Mutual funds	(1 390)	2 383
Impairment		
Equities	(1 610)	(298)
Results from subsidiaries		
Consolidation differences for the period	(1 341)	7 983
	(3 635)	**9 484**

9. Dividend income

(Amounts in thousands Euro)

	2005	2004
Trading securities	2 102	2 333
Available-for-sale securities	14 213	12 932
	16 315	**15 265**

10. Other operating income

(Amounts in thousands Euro)

	2005	2004
Gain from the sale of fixed assets	4 371	4 196
Income from investment property	4 552	2 582
Income from sequential activities	5 818	6 116
Telecommunication fees	2 624	1 839
Insurance activities (note 11)	22 035	36 064
Gross profit on sale of goods and services (note 12)	57 059	35 877
Other	14 449	17 308
	110 908	**103 982**

11. Insurance activities

(Amounts in thousands Euro)

	2005	2004
Non life:		
Premiums and other related income	112 187	120 309
Less: Reinsurance fees and similar expenses	(27 072)	(33 652)
Acquisition fees	(11 523)	(12 473)
Claim indemnities	(59 285)	(42 935)
Reinsurers' participation	10 242	(3 856)
	24 549	**27 393**
Life:		
Premiums and other related income	53 805	59 941
Less: Reinsurance fees and similar expenses	(1 229)	(2 081)
Acquisition fees	(8 868)	(10 362)
Claim indemnities	(47 083)	(37 380)
Reinsurers' participation	861	(1 447)
	(2 514)	**8 671**
	22 035	**36 064**

12. Gross profit on sale of goods and services

(Amounts in thousands Euro)

	2005	2004
Sales	376 662	423 977
Less: Cost of goods sold	(298 892)	(369 748)
Distribution expenses	(20 295)	(18 233)
Other related expenses	(416)	(119)
	57 059	**35 877**

13. Impairment losses

(Amounts in thousands Euro)

	2005	2004
Loans and advances to customers	(120 377)	(110 445)
Impairment Losses	(6 268)	0
	(126 645)	**(110 445)**

14. Operating expenses

(Amounts in thousands Euro)

	2005	2004
Staff costs (Note 15)	(361 311)	(360 116)
Third party fees	(21 818)	(24 113)
Advertising and promotion expenses	(12 607)	(11 839)
Telecommunication expenses	(9 478)	(8 905)
Insurance fees	(219)	(125)
Repairs and maintenance	(10 875)	(12 316)
Travel	(6 237)	(6 274)
Stationery	(3 249)	(3 642)
Utility services	(2 760)	(3 000)
Depreciation	(29 566)	(24 013)
Amortization of intangible assets	(2 835)	(3 362)
Impairment of Intangible Assets	(906)	0
Operating lease rentals	(14 210)	(15 906)
Loss from sale of Property, plant and equipment	(240)	0
Other taxes	(11 321)	(5 522)
Other	(19 630)	(27 098)
	(507 262)	**(506 231)**

15. Staff costs

(Amounts in thousands Euro)

	2005	2004
Wages and salaries	(203 832)	(200 245)
Social security costs	(100 634)	(94 508)
Defined benefit plan costs (note 33)	(32 241)	(41 866)
Other staff costs	(24 604)	(23 497)
	(361 311)	**(360 116)**

The average number of persons employed by the Group during the year 2005 was 9 354 (2004: 9 011).

16. Income tax expense

(Amounts in thousands Euro)

	2005	2004
Current tax	(3 638))	(32 961)
Deferred tax	(39 130)	(182 335)
	(42 768)	**(215 296)**

Further information about deferred income tax is provided in note 29.

The reconciliation of the effective tax rate is as follows:

	2005	2004
Profit before tax	187 963	144 420
Income tax at 32% (2004: 35%)	(60 148)	(50 547)
Tax exempt revenues (corresponding tax)	58 486	34 830
Non-deductible expenses (corresponding tax)	(1 774)	(17 001)
Additional tax on property	(203)	(243)
Effect of deferred tax on income statement	(39 130)	(182 335)
Tax	**(42 768)**	**(215 296)**

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 fiscal years that the Bank and its subsidiaries that have not been audited by the tax authorities are as follows:

A.T.E. Bank	2005
A.T.E. Insurance	2002 – 2005
A.T.E. Leasing	2000 – 2005
A.T.E. Cards	2002 – 2005
A.T.E. A.X.E.P.E.Y.	2004 – 2005
A.T.E. AEDAK	2004 – 2005
ATE Techniki Pliroforiki	2001 – 2005
Hellenic Sugar Company	1998 – 2005
Dodoni	2004 – 2005
Elviz	2000 – 2005
Rodopi	2001 – 2005
Etanal	2003 – 2005

Because of the method under which the tax obligations are ultimately concluded in Greece, the Group remains contingently liable for additional taxes and penalties for its open tax years.

Against this contingence the Group using historical data from previous tax audits, has recorded a relevant provision for the unaudited tax years.

17. Basic and diluted earnings per share

	2005	2004
Earnings after tax (in thousands of euro)	139 420	(71 858)
Weighted average of number of shares in issue (thousands)	589 038	268 230
Basic and diluted earnings per share (expressed in euro per share)	**0.24**	**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 Group and held as treasury shares.

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

18. Cash and balances with Central Bank

(Amounts in thousands Euro)

	2005	2004
Cash in hand	394 885	343 720
Balances with Central Bank	336 989	507 778
Mandatory deposits at Central Bank	2 061	241
	733 935	**851 739**

19. Loans and advances to banks

(Amounts in thousands Euro)

	2005	2004
Current accounts	114 896	50 807
Other placements	2 279 499	1 064 420
	2 394 395	**1 115 227**

20. 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	87 660	65 559
	333 760	**348 387**

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

22. Loans and advances to customers

(Amounts in thousands Euro)

	2005	2004
Credit cards	271 378	258 639
Consumer loans	394 434	359 623
Mortgages	2 860 518	2 031 611
Other	7 738	4 649
Loans to private individuals	**3 534 068**	**2 654 522**
Corporate Loans	2 732 857	2 892 013
Small and Medium Sized Firms	800 270	826 981
Loans to corporate entities	**3 533 127**	**3 718 994**
Loans to the agricultural sector	**2 124 530**	**2 419 276**
Loans to the Public sector	**4 754 795**	**5 164 421**
Finance leasing	**320 242**	**338 060**
	14 266 762	**14 295 273**
Less: allowance for uncollectibility	(1 709 302)	(2 306 425)
	12 557 460	**11 988 848**

Allowance for uncollectibility

Movement in the allowance for uncollectibility:	**2005**	**2004**
Balance as at 1 January	**2 306 425**	**2 440 561**
Provision for impairment	120 377	110 445
Loans written-off - Law 3259/2004	(408 988)	(165 030)
- Other	(308 512)	(34 551)
Present value of loans using, discounted cash flow method	0	(45 000)
Balance as at 31 December	**1 709 302**	**2 306 425**

During 2005 the Group 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 Group 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 it 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 were the accounted balance before the implementation of the Law was lower than the amount resulting from the Law. This amount constitutes non recurring income while it should be noted that the Bank has recorded a provision against this amount which is included in income statement.

23. Available-for-sale securities

(Amounts in thousands Euro)

	2005	2004
Debt securities:		
- Greek Government bonds	127 464	99 470
- Other issuers	428 616	326 051
Equity securities:		
- listed	648 622	490 251
- unlisted	12 822	10 917
Mutual fund units	130 049	138 916
	1 347 573	**1 065 605**

All available-for-sale securities are carried at fair value, except, for the unlisted equity securities of EUR 12 822 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	**1 065 605**	**1 198 375**
Additions	424 405	308 610
Disposals (sale and redemption)	(293 927)	(465 009)
Impairment losses	(1 610)	(298)
Gains from changes in fair value	153 100	23 927
31 December 2005	**1 347 573**	**1 065 605**

24. Held-to-maturity securities

(Amounts in thousands Euro)

	2005	2004
Greek Government bonds	1 377 987	1 259 453
Corporate bonds	11 000	11 000
	1 388 987	**1 270 453**

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).

25. Investments in associates

The Group has the following investments in associates:

		Ownership	
	Country	2005	2004
First Business Bank A.E.	Greece	44.00%	44.00%
Sekap A.E.	Greece	42.87%	42.87%

26. Investment property

(Amounts in thousands Euro)

	Land	Buildings	Total
At 1 January 2004			
Cost	74 411	145 142	219 553
Accumulated Depreciation	-	(18 827)	(18 827)
Net book amount	**74 411**	**126 315**	**200 726**
2004			
Opening net book value	74 411	126 315	200 726
Additions	66 786	4 120	70 906
Disposals	(20 587)	(63 045)	(83 632)
Depreciation charge	0	(3 677)	(3 677)
Net book value	**120 610**	**63 713**	**184 323**
31 December 2004			
Cost	120 610	86 217	206 827
Accumulated Depreciation	0	(22 504)	(22.504)
Net book value	**120 610**	**63 713**	**184 323**
2005			
Opening net book value	120 610	63 713	184 323
Additions	26 588	1 300	27 888
Disposals	(5 649)	(6 571)	(12 220)
Depreciation charge	0	(5 387)	(5 387)
Depreciation of Disposals	0	2 456	2 456
Transfer	571	2 099	2 670
Net book value	**142 120**	**57 610**	**199 730**
At 31 December 2005			
Cost	142 120	83 045	225 165
Accumulated Depreciation	0	(25 435)	(25 435)
Net book value	**142 120**	**57 610**	**199 730**

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

The Group 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 average holding period for the Group is 3 years.

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

27. Property, plant and equipment

(Amounts in thousands Euro)

	Land	Buildings	Furniture and Equipment	Leasehold Improvements	Under Construction	Total
At 1 January 2004						
Cost	182 118	205 787	312 042	8 528	12 034	720 509
Accumulated Depreciation	0	(21 080)	(252 817)	(3 287)	0	(277 184)
Net book value	**182 118**	**184 707**	**59 225**	**5 241**	**12 034**	**443 325**
2004						
Opening net book value	182 118	184 707	59 225	5 241	12 034	443 325
Additions	2 868	6 600	12 958	3 196	4 238	29 860
Disposals	(430)	(249)	(323)	0	(855)	(1 857)
Depreciation Charge	0	(7 886)	(11 239)	(1 255)	0	(20 380)
Closing net book value	**184 556**	**183 172**	**60 621**	**7 182**	**15 417**	**450 948**
At 31 December 2004						
Cost	184 556	212 138	324 677	11 724	15 417	748 512
Accumulated Depreciation	0	(28 966)	(264 056)	(4 542)	0	(297 564)
Net book value	**184 556**	**183 172**	**60 621**	**7 182**	**15 417**	**450 948**
2005						
Opening net book value	184 556	183 172	60 621	7 182	15 417	450 948
Additions	8 896	11 442	17.915	1 991	4 858	45 102
Disposals	(5 428)	(11 930)	(1 989)	0	(249)	(19 596)
Depreciation Charge	0	(9 561)	(13 102)	(2 490)	0	(25 153)
Depreciation of Disposals	0	503	1 297	0	0	1 800
Transfers	(571)	1 876	0	2 204	(6 179)	(2 670)
Closing net book value	**187 453**	**175 502**	**64 742**	**8 887**	**13 847**	**450 431**
At 31 December 2005						
Cost	187 453	213 526	340 603	15 919	13 847	771 348
Accumulated Depreciation	0	(38 024)	(275 861)	(7 032)	0	(320 917)
Net book value	**187 453**	**175 502**	**64 742**	**8 887**	**13 847**	**450 431**

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.

28. Intangible assets

(Amounts in thousands of Euro)

	2005	2004
Cost – Software	21 980	19 442
Accumulated Depreciation and Impairment-Software	(16 774)	(13 939)
Net book value	**5 206**	**5 503**

29. 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	2 060	3 651
Provision for impairment losses on customer loans	314 540	359 951
Derivative Instruments	460	0
Employee benefits	78 243	79 675
Provision for potential liabilities	18 714	18 619
Tax losses carry forward	4 905	5 582
Deferred tax asset	**418 922**	**467 478**
Deferred tax liability:		
Property, plant and equipment	1 713	19 897
Financial derivative instruments	0	4 022
Other temporary differences	533	3 493
Deferred tax liabilities	**2 246**	**27 412**
Net deferred tax asset	**416 676**	**440 066**

Movement in temporary differences during the year

	Balance 1 January 2004	Recognized in income	Recognized in equity	Balance 31 December 2004
Intangible assets	4 747	(1 096)	0	3 651
Provision for impairment losses on customer loans	495 199	(135 248)	0	359 951
Employee benefits	106 297	(26 622)	0	79 675
Other temporary differences	1 574	(5 067)		(3 493)
Property, plant and equipment	(26 478)	1 917	4 664	(19 897)
Derivative financial instruments	1 089	(5 111)	0	(4 022)
Tax losses carry forward	7 280	(1 698)	0	5 582
Provisions for contingent liabilities	28 029	(9 410)	0	18 619
	617 737	**(182 335)**	**4 664**	**440 066**

	Balance 1 January 2005	Recognized in income	Recognized in equity	Balance 31 December 2005
Intangible assets	3 651	(3 601)	2 010	2 060
Provision for impairment losses on customer loans	359 951	(45 411)	0	314 540
Employee benefits	79 675	(1 432)	0	78 243
Other temporary differences	(3 493)	2 960	0	(533)
Property, plant and equipment	(19 897)	4 454	13 730	(1 713)
Derivative financial instruments	(4 022)	4 482	0	460
Tax losses carry forward	5 582	(677)	0	4 905
Provisions for contingent liabilities	18 619	95	0	18 714
	440 066	**(39 130)**	**15 740**	**416 676**

30. Other assets

(Amounts in thousands Euro)

	2005	2004
Prepaid expenses	1 346	948
Tax advances and other tax receivables	23 093	38 281
Commissions and next period production expenses	16 650	18 236
Accrued interest and commissions (note 30a)	66 435	79 004
Other receivables from public sector	127 337	88 735
Cheques and notes receivables	33 241	56 607
Receivable from pension fund	65 222	48 111
Receivables from unit linked investments	21 758	16 701
Inventories (note 30b)	309 144	259 001
Customers (note 30c)	174 099	178 104
Other	106 279	104 696
	959 226	**888 424**

The inventory classified to other assets primarily relates to finished goods held by the Hellenic Sugar Company.

30a. Accrued Interest and Commissions

(Amounts in thousands Euro)

DESCRIPTION	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	823	6 873
Total	**66 435**	**79 004**

30b. Inventories

(Amounts in thousands Euro)

DESCRIPTION	2005	2004
Raw materials	3 465	3 466
Auxiliary materials	1 546	1 028
Work-in-progress	965	1 096
Packaging materials	949	953
Consumables	8 118	8 966
Spares parts	7 302	7 358
Other Inventories	192	548
Finished Goods	286 607	235 586
Inventories	**309 144**	**259 001**

30c. Customers

(Amounts in thousands Euro)

	2005	2004
Receivables from insurance contracts	48 336	63 601
Receivable from reinsurance contracts	19 403	22 072
Less allowance for uncollectibility	(5 422)	(6 020)
	62 317	**79 653**
Other receivables	142 911	131 835
Less allowance for uncollectibility	(31 129)	(33 384)
	111 782	**98 451**
	174 099	**178 104**

31. 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 borrowings	47 826	54 054
	255 412	**279 419**

32. 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	589 698	910 350
Term deposits	282 261	279 965
	871 959	**1 190 315**
Public sector entities:		
Current accounts	1 343 445	1 230 237
Term deposits	114 159	53 917
	1 457 604	**1 284 154**
	17 596 049	**16 978 987**

Included in term deposits are funds that the Bank has raised by selling Greek government bonds, under agreements to repay the funds by repurchasing the instruments at future dates at the same price plus interest at a re-determined rate. At 31 December 2005 the funds received amounted to EUR 270 703 thousand (2004: EUR 1 316 029 thousand). The majority of the repurchase agreements expire 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 9 054 thousand (2004: EUR 26 828 thousand).

33. 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 28.1 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 28.1 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	309 030	314 685
Present value of funded obligations	39 291	34 377
Fair value of plan assets	(16 023)	(11 240)
Unrecognised actuarial gains and losses	1 694	1 265
Recognized liability for defined benefit obligations	**333 992**	**339 087**
Movements in the net liability for defined benefit obligations recognized in the balance sheet		
Net liability for defined benefit obligations at 1 January	339 087	329 354
Expense recognized in the income statement	32 241	41 866
Contributions received	(37 336)	(32 133)
Net liability for defined benefit obligations at 31 December	**333 992**	**339 087**
Expense recognized in the income statement		
Current service costs	20 778	27 678
Interest on obligation	12 434	15 044
Expected return on plan assets	(507)	(462)
Net actuarial (gain)/loss recongised in year	(464)	(394)
	32 241	**41 866**

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%**	**4.52%**		**4.22%**
Future pension increases	inflation rate		inflation rate	**4.22%**
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 August 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.

34. Insurance reserves

Amounts in thousands Euro)

	Total		Ratio of Company		Ratio of Reinsurance	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
Life Insurance:						
Mathematical reserves	326 732	326 297	326 732	326 297	0	0
Unearned premiums	9 694	9 475	9 694	9 475	0	0
Profit sharing	27 904	30 286	27 904	30 286	0	0
Outstanding claim reserves	9 268	8 270	8 484	7 499	784	771
Outstanding claims incurred but not reported (IBNR)	2.507	2.410	2.507	2.410	0	0
Total Life Insurance reserves	**376 105**	**376 738**	**375 231**	**375 967**	**784**	**771**
Non-life Insurance						
Unearned premiums	41 011	51 921	34 056	42 494	6 955	9 427
Outstanding claim reserves	144 962	139 207	128 431	121 177	16 531	18 030
Total Non-life Insurance reserves	**185 973**	**191 128**	**162 487**	**163 671**	**23 486**	**27 457**
Reserves for Unit Linked products	**21 758**	**19 168**	**21 758**	**19 168**	**0**	**0**
	583 836	**587 034**	**559 566**	**558 806**	**24 270**	**28.228**

35. Other liabilities

(Amounts in thousands Euro)

	2005	**2004**
Prepaid expenses and deferred income	112 758	94 093
Creditors and suppliers	87 461	59 826
Fees and payroll payable	2 219	1 228
Taxes and duties payable (except income tax)	32 084	31 989
Income tax payable	3 577	31 258
Due to public sector	41 400	44 145
Commissions and interest payable	1 855	911
Dividends payable	2 362	1 458
Liabilities due to collection on behalf of third parties	1 197	906
Due to reinsurers	1 282	2 606
Other provisions	18 093	16 491
Amounts due to insurance agents and brokers	8 544	10 094
Other	35 672	84 400
	348 504	**379 405**

36. Subordinated loans
(Amounts in thousands Euro)

	2005	2004
Subordinated loan due 2012	199 524	199 252
Subordinated loan due 2014	195 175	195 222
	394 699	**394 474**

The subordinated loans represent the proceeds received from the issuance of subordinated floating rate notes by 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.

37. Share Capital

At 31 December 2005 the share capital of the Group 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.

38. 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. The total cost for the purchase of treasury shares amounts to € 33 291 thousand which has reduced the net equity of the Group accordingly.

39. Reserves

(Amounts in thousands Euro)

	2005	**2004**
Statutory reserve	41 399	38 341
Tax free reserves	17 065	16 744
Extraordinary reserve	164 699	155 860
Revaluation reserve available-for-sale investments	126 420	(25 530)
Other reserves	31 803	362
	381 386	**185 777**

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

40. Contingent liabilities and commitments

(a) Litigation

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

(b) Letters of guarantee and letters of credit

The contractual amounts of the Bank's off-balance sheet financial statements that commit 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
	653 678	572 955

(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.

41. 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.

42 Risk Management

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

42.1 Credit Risk

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

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

42.2Market Risk

The Group 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 Group 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 Group uses a confidence level of 97.5% in order to carry out value at risk valuation for the daily time horizon.
The Group 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 0.358 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.

42.3 Liquidity Risk

Liquidity risk arises in the general funding of the Group'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 Group 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 Group strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Group continually assesses liquidity risk by identifying and monitoring charges in funding required to meet business goals and targets set in terms of the overall Group strategy.

The following table provides an analysis of the Group'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	733 935	0	0	0	0	733 935
Loans and advances to banks	2 392 927	1 351	117	0	-	2 394 395
Trading securities	87 623	0	78	49 528	196 531	333 760
Derivative financial instruments	0	0	0	0	99	99
Loans and advances to customers	153 255	321 802	1 914 454	6 138 581	4 029 368	12 557 460
Available-for-sale securities	788 986	5 095	34 128	101 612	417 752	1 347 573
Held-to-maturity portfolio	0	0	109 464	1 139 878	139 645	1 388 987
Investments in associates	0	0	0	0	38 476	38 476
Investment property	0	0	0	0	199 730	199 730
Property, plant and equipment	0	0	0	0	450 431	450 431
Intangible assets	0	0	0	0	5 206	5 206
Deferred tax asset	0	0	0	0	416 676	416 676
Other assets	48 333	35 904	538 074	(419 163)	756 078	959 226
Total assets	**4 205 059**	**364 152**	**2 596 315**	**7 010 436**	**6 649 992**	**20 825 954**
Liabilities						
Deposits from banks	8 477	0	34 081	210 607	2 247	255 412
Deposits from customers	15 533 302	716 688	1 335 140	10 919	0	17 596 049
Derivative financial instruments	0	0	0	0	90 055	90 055
Provision for employee benefits	9 620	13 658	18 932	88 261	203 521	333 992
Insurance reserves	-	-	-	-	583 836	583836
Other liabilities	235 966	9 407	100 223	1 047	1 861	348 504
Subordinated loans	**0**	**0**	**0**	(4 543)	399 242	394 699
Total liabilities	**15 787 365**	**739 753**	**1 488 376**	**306 291**	**1 280 762**	**19 602 547**
Net liquidity gap	**(11 582 306)**	**(375 601)**	**1 107 939**	**6 704 145**	**5 369 230**	**1 223 407**
At 31 December 2004						
Total assets	4 513 252	949 868	1 993 577	5 111 948	6 077 875	18 646 520
Total liabilities	15 051 023	1 087 999	1 569 644	104 020	1 180 188	18 992 874
Net liquidity gap	**(10 537 771)**	**(138 131)**	**423 933**	**5 007 928**	**4 897 687**	**(346 354)**

42.4 Currency Risk

The Group 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 summarizes the Group 's exposure to foreign currency exchange risk at 31 December. Included in the table are the Group'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	727 298	3 382	1 081	2 174	733 935
Loans and advances to banks	2 113 277	144 333	31 937	104 848	2 394 395
Trading securities	322 308	11 452	0	0	333 760
Derivative financial instruments	99	0	0	0	99
Loans and advances to customers	12 379 655	119 902	1	57 902	12 557 460
Available-for-sale securities	1 304 266	43 307	0	0	1 347 573
Held-to-maturity securities	1 388 987	0	0	0	1 388 987
Investment in associates	38 476	0	0	0	38 476
Investment property	199 730	0	0	0	199 730
Property, plant and equipment	450 431	0	0	0	450 431
Intangible assets	-	0	0	5 206	5 206
Deferred tax asset	416 676	0	0	0	416 676
Other assets	952 555	1	21	6 649	959 226
Total assets	**20 293 758**	**322 377**	**33 040**	**176 779**	**20 825 954**
Liabilities					
Deposits from banks	159 335	77 476	0	18 601	255 412
Deposits from customers	17 311 251	193 946	16 209	74 643	17 596 049
Derivative financial instruments	90 055	0	0	0	90 055
Provision for employee benefits	333 992	0	0	0	333 992
Insurance reserves	583 836	0	0	0	583 836
Other liabilities	344 488	4 463	(448)	1	348 504
Subordinated loans	394 699	0	0	0	394 699
Total liabilities	**19 217 656**	**275 885**	**15 761**	**93 245**	**19 602 547**
Net on balance sheet position	**1 076 102**	**46 492**	**17 279**	**83 534**	**1 223 407**
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	18 200 285	253 024	33 095	160 116	18 646 520
Total liabilities	18 183 200	257 565	15 185	536 924	18 992 874
Net on balance sheet position	**17 085**	**(4 541)**	**17 910**	**(376 808)**	**(346 354)**
Net off balance sheet position	**1 652 780**	**3 078**	**0**	**0**	**1 655 858**

42.5 Interest Rate Risk

The Group '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 summarizes the Group's exposure to interest rate risks. Included in the table are the Group'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	733 935	0	0	0	0	0	733 935
Loans and advances to banks	2 424 463	168 161	117	0	0	(198 346)	2 394 395
Trading securities	14 204	0	78	49 528	196 490	73 460	333 760
Derivative financial instruments	99	0	0	0	0	0	99
Loans and advances to customers	9 943 059	178 320	473 338	1 109 315	904 007	(50 579)	12 557 460
Held-to-maturity securities	32 262	-	1 243 279	92 336	21 110	0	1 388 987
Available-for-sale securities	165 764	260 835	107 259	30 355	108 669	674 691	1 347 573
Investments in associates	0	0	0	0	0	38 476	38 476
Investment property	0	0	0	0	0	199 730	199 730
Property, plant and equipment	0	0	0	0	0	450 431	450 431
Intangible assets	0	0	0	0	0	5 206	5 206
Deferred tax asset	0	0	0	0	0	416 676	416 676
Other assets	0	0	0	0	0	959 226	959 226
Total assets	**13 313 786**	**607 316**	**1 824 071**	**1 281 534**	**1 230 276**	**2 568 971**	**20 825 954**
Liabilities							
Deposits from banks	91 562	59 901	88 994	12 708	0	2 247	255 412
Deposits from customers	15 555 209	711 692	1 335 140	10 919	0	(16 911)	17 596 049
Derivative financial instruments	90 055	0	0	0	0	-	90 055
Provision for employee benefits	0	0	0	0	0	333 992	333 992
Insurance reserves	0	0	0	0	0	583 836	583 836
Other liabilities	0	1 855	(85 931)	10 314	0	422 266	348 504
Subordinated loans	0	394 699	-	-	0	-	394 699
Total liabilities	**15 736 826**	**1 168 147**	**1 338 203**	**33 941**	**0**	**1 325 430**	**19 602 547**
Total interest sensitivity gap	**(2 423 040)**	**(560 831)**	**485 868**	**1 247 593**	**1 230 276**	**1 243 541**	**1 223 407**
At 31 December 2004							
Total assets	12 149 827	625 261	1 620 297	1 305 036	366 460	2 579 639	18 646 520
Total liabilities	15 270 418	1 186 040	1 223 584	6 175	0	1 306 657	18 992 874
Total interest sensitivity gap	**(3 120 591)**	**(560 779)**	**396 713**	**1 298 861**	**366 460**	**1 272 982**	**(346 354)**

43. 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

44. Capital Adequacy

The capital requirements for the Group 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 13.82 % is much higher than the regulatory limit of 8% set by the Bank of Greece directive.

45. Related Party Transactions

The Group is controlled by the Greek State that holds 84.5% of the Bank's share capital. The remaining share capital is widely held. A number of related party transactions have been carried out in the course of business. These transactions primarily relate to the grating of loans and the acceptance of deposits.

The transactions between related parties, outstanding balances as well as profits and expenses arising from these transactions during the period in question are presented on the table below.

(Amounts in thousands Euro)

	2005	2004
ASSETS		
Loans and advances to banks	205 262	233 260
Loans and advances to customers	516 163	473 606
Available for sale securities	4 543	4 496
Other assets	276 738	11 781
Total assets	**1 002 706**	**723 143**
LIABILITIES		
Deposits from banks	315 917	357 715
Deposits form customers	205 706	233 260
Subordinated loans	476 540	127 672
Other liabilities	4 543	4 496
Total liabilities	**1 002 706**	**723 143**

Income statement	**2005**	**2004**
Income		
Interest and similar income	21 527	16 616
Fee and commission income	13 521	6 032
Dividend income	5 213	998
Other operating income	16 752	11 756
Total income	**57 013**	**35 402**
Expenses		
Interest and similar expenses	20 306	16 248
Fee and commission expense	13 680	9 345
Other operating expenses	23 027	9 809
Total expenses	**57 013**	**35 402**

Key Management Personnel Fees		
Fees	581 202	687 187
Transportation	11 291	7 772
Other	147 914	158 582

46. Explanation of transition to IFRS

As, mentioned on note 2.1, these financial statements are the first prepared according to the IFRS. The accounting principles mentioned in note 2 were used for the preparation of the financial statements as of 31 December 2004, the comparable basis of the financial statements as of 31 December 2004 and the opening balance sheet as of 1 January 2004.

The consolidate financial statements of the Group as of 31 December 2004 have been prepared according to the Greek GAAP and include only the companies from the financial services sector. It should also be noted that the consolidated financial statements as of 31 December 2004 include FBB with the proportional consolidation method. Hence, the vast majority of the variations that exist in the Consolidated Financial Statements which have been prepared according to the IFRS are caused by the inclusion of the companies of industrial and insurance sector (ATE Insurance and Manufacturing Industries).

For the purpose of the financial statement preparation according to IFRS the Group has adjusted various accounts that had been previously reported according to Greek GAAP.

Further explanations of how the financial statements have been affected by the implementation of the IFRS are given on the following tables together with explanations concerning the variations.

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)	851 997	5 687	857 684	854 378	(2 639)	851 739
Loans and advances to banks	(b)	1 379 211	(348 310)	1 030 901	1 168 990	(53 763)	1 115 227
Trading securities	(c)	790 316	(631 711)	158 605	872 736	(524 349)	348 387
Derivative financial instruments		0	1	1	0	1	1
Loans and advances to customers	(d)	11 193 199	(1 114 834)	10 078 365	13 367 215	(1 378 367)	11 988 848
Available-for-sale securities	(e)	0	1 198 375	1 198 375	0	1 065 605	1 065 605
Held-to-maturity portfolio	(f)	1 663 463	(344 456)	1 319 007	1 590 427	(319 974)	1 270 453
Investments in associates	(g)	369 887	(330 475)	39 412	235 877	(198 881)	36 996
Investment property	(h)		200 726	200 726	0	184 323	184 323
Property, plant and equipment	(i)	|646 739	(199 281)	447 458	622 744	(171 796)	450 948
Intangible assets	(j)	71 414	(63 762)	7 652	194 732	(189 229)	5 503
Deferred tax asset	(k)	0	617 737	617 737	0	440 066	440 066
Other assets	(l)	561 992	657 118	1 219 110	499 273	389 151	888 424
Treasury shares	(m)	96 239	(96 239)	0	54 964	(54 964)	0
Total assets		**17 624 .457**	**(449 424)**	**17 175 033**	**19 461 336**	**(814 816)**	**18 646 520**

Liabilities and Equity

Amounts in thousands Euro	Note	1 January 2004 Greek GAAP	1 January 2004 Effects of transition to IFRS	1 January 2004 IFRS	31 December 2004 Greek GAAP	31 December 2004 Effects of transition to IFRS	31 December 2004 IFRS
Deposits from banks		220 106	(825)	219 281	253 677	25 742	279 419
Deposits from customers		15 834 382	(186 885)	15 647 497	17 443 561	(464 574)	16 978 987
Derivative financial instruments	(n)	0	2 366	2 366	0	34 468	34 468
Provision for pension liabilities	(p)	0	329 354	329 354	0	339 087	339 087
Insurance reserves	(r)	0	579 861	579 861	0	587 034	587 034
Other Liabilities	(o)	264 701	58 357	323 058	268 215	111 190	379 405
Subordinated loans		400 000	(511)	399 489	400 000	(5 526)	394 474
Total liabilities		16 719 189	781 717	17 500 906	18 365 453	627 421	18 992 874
Share capital		1 649 470	0	1 649 470	1 649 470	0	1 649 470
Treasury shares		95 328	(194 212)	(98 884)	54 210	(112 395)	(58 185)
Share premium		46 732	0	46 732	46732	0	46732
Other reserves		(712 349)	870 024	157 675	(798 488)	984 265	185 777
Retained earnings / (Deficit)		(136 658)	(1 988 429)	(2 125 087)	191 115	(2 403 660)	(2 212 545)
Consolidation differences		(49 811)	49 811	0	(59 624)	59 624	0
Equity attributable to the Bank's equity holders		892 712	(1 262 806)	(370 094)	1 083 415	(1 472 166)	(388 751)
Minority interest		12 566	31 665	44 221	12 468	29 929	42 397
Total equity	(q)	905 268	(1 231 141)	(325 873)	1 095 883	(1 442 237)	(346 354)
Total equity and liabilities		**17 624 457**	**(449 424)**	**17 175 033**	**19 461 336**	**(814816)**	**18 646 520**

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

	31/12/2004
Provision for loan losses	(1 474 828)
Portfolio valuation	139 819
Employee benefits	(326 114)
Deferred tax	449 667
Intangible assets write off	(18 270)
Depreciation of Treasury shares	(58 185)
Insurance reserves	(85 639)
Other	(68 687)
Total	**(1 442 237)**

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 due to the fact that companies that were not consolidated under Greek Gaap are consolidated under IFRS.

(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.

(r) The amount refers to the accounting of insurance reserves

Reconciliation of profit for 2004

	Greek GAAP	Effect of transition to IFRS	IFRS
Interest and similar income	811 346	(58 231)	753 115
Income expense and similar charges	(304 262)	105 130	(199 132)
Net interest income	**507 084**	**46 899**	**553 983**
Fee and commission income	95 359	(891)	94 468
Fee and commission expense	(15 878)	(384)	(16 262)
Net fee and commission income	**79 481**	**(1 275)**	**78 206**
Net trading income	(7 750)	10 326	2 576
Gain/(Losses) on disposal of non-trading financial instruments	0	9 484	9 484
Dividend Income	15 401	(136)	15 265
Other operating income	36 613	67 369	103 982
Operating Income	**630 829**	**132 667**	**763 496**
Impairment losses	(70 535)	(39 910)	(110 445)
Operating expenses	(461 664)	(44 567)	(506 231)
Profit from operations	**98 630**	**48 190**	**146 820**
Extraordinary income	2 261	(2 261)	0
Extraordinary expense	(10 440)	10 440	0
Extraordinary results	4 066	(4 066)	0
	(4 113)	**4 113**	**0**
Group’s share of associates profits	0	0	(2 400)
Profit/(loss) before tax	**94 517**	**52 303**	**144 420**
Income tax expense	(29 695)	(185 601)	(215 296)
Profit/(loss) after tax	**64 822**	**(133 298)**	**(70 876)**
Minority interest	102	880	982

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	(499 827)	(4 072)	(503 899)
Changes in Deferred Tax due to restatement	140 543	(45 401)	95 142
Revaluation of fixed assets	2 628	0	2 628
Derivatives valuation	0	(3 514)	(3 514)
Total Effect	**(356 656)**	**(52 987)**	**(409 643)**