CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

31 MARCH 2005

EFG EUROBANK ERGASIAS SA

Consolidated Interim Financial Statements for the three months ended 31 March 2005

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Consolidated Interim Income Statement
for the period ended 31 March 2005

	Note	Three months ended 31 March 2005 €million	2004 € million
Interest and discount income	6	**598**	457
Interest expense	6	**(290)**	(211)
Net interest income		**308**	246
Banking fee and commission income		**121**	94
Banking fee and commission expense		**(32)**	(27)
Net banking fee and commission income		**89**	67
Net insurance income		**4**	4
Non banking services		**7**	6
Core income		**408**	323
Dividend income		-	1
Net trading income/(loss)		**7**	2
Gains less losses from other securities		**12**	17
Other operating income		**1**	1
		20	21
Operating income		**428**	344
Operating expenses	7	**(203)**	(186)
Impairment losses on loans and advances	19	**(71)**	(45)
Profit from operations		**154**	113
Share of results of associates before tax	22	**2**	1
Profit before tax		**156**	114
Income tax expense	9	**(45)**	(32)
Profit after tax		**111**	82
Minority interest		**(2)**	(2)
Net profit for the period attributable to shareholders		**109**	80

	Note	€	€
Earnings per share			
- basic	11	0.35	0.26
- diluted	11	0.35	0.26

The notes on pages 6 to 38 form an integral part of these consolidated interim financial statements

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Consolidated Interim Balance Sheet at 31 March 2005

	Note	31 March 2005 €million	31 December 2004 € million
ASSETS			
Cash and balances with central banks	12	**1,277**	1,510
Treasury bills and other eligible bills	14	**292**	514
Due from other banks	15	**1,385**	733
Trading securities	16	**1,543**	1,974
Derivative financial instruments	17	**323**	255
Loans and advances to customers	18	**22,657**	21,231
Available-for-sale investment securities	20	**6,240**	5,485
Investments in associated undertakings	22	**93**	57
Intangible assets	23	**68**	68
Property, plant and equipment	24	**750**	741
Other assets	25	**482**	478
Total assets		**35,110**	33,046
LIABILITIES			
Due to other banks	26	**5,852**	5,361
Derivative financial instruments	17	**606**	625
Due to customers	27	**18,232**	18,208
Liabilities evidenced by paper	28	**6,973**	5,771
Other liabilities	29	**976**	901
Total liabilities		**32,639**	30,866
EQUITY			
Share capital	31	**925**	926
Share premium	31	**496**	501
Other reserves		**785**	675
Total shareholders' equity		**2,206**	2,102
Minority interest		**265**	78
Total shareholders' equity and minority interest		**2,471**	2,180
Total equity and liabilities		**35,110**	33,046

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Consolidated Interim Statement of Changes in Equity
for the period ended 31 March 2005

	Note	Share capital €million	Share premium €million	Special reserves €million	Retained earnings €million	Total €million	Minority interest €million
		Attributable to equity holders of the Bank					
Balance at 1 January 2004		903	459	784	(193)	1,953	105
Cash flow hedges							
- net changes in fair value, net of tax		-	-	(10)	-	(10)	-
- transfer to net profit, net of tax		-	-	7	-	7	-
Available-for-sale securities						-	
- net changes in fair value, net of tax		-	-	55	-	55	1
- transfer to net profit, net of tax		-	-	(73)	-	(73)	-
Currency translation differences		-	-	3	-	3	-
Net income/(expense) recognised directly in equity		-	-	(18)	-	(18)	1
Profit for the period		-	-	-	80	80	2
Total recognised income for the three months ended 31 March 2004		-	-	(18)	80	62	3
Increase in Group's holding in subsidiaries		-	-	-	-	-	(18)
Purchase of treasury shares		(7)	(32)	-	-	(39)	-
Sale of treasury shares		14	53	8	-	75	-
		7	21	8	-	36	(18)
Balance at 31 March 2004		910	480	774	(113)	2,051	90
Balance at 1 April 2004		910	480	774	(113)	2,051	90
Cash flow hedges							
- net changes in fair value, net of tax		-	-	1	-	1	-
- transfer to net profit, net of tax		-	-	3	-	3	-
Available-for-sale securities							
- net changes in fair value, net of tax		-	-	105	-	105	(1)
- transfer to net profit, net of tax		-	-	(79)	-	(79)	-
- net changes in fair value, net of tax - associated undertakings		-	-	11	-	11	-
- transfer to net profit, net of tax - associated undertakings		-	-	(4)	-	(4)	-
Currency translation differences		-	-	(3)	-	(3)	-
Net income/(expense) recognised directly in equity		-	-	34	-	34	(1)
Profit for the period		-	-	-	260	260	10
Total recognised income for the period 1 April 2004 to 31 December 2004		-	-	34	260	294	9
Issue of share capital - capitalisation of retained earnings	31	5	-	-	(5)	-	-
Increase in Group's holding in subsidiaries		-	-	-	-	-	(25)
Minority's share of capital increase of subsidiaries		-	-	-	-	-	6
Dividend for 2003	46	-	-	-	(185)	(185)	-
Interim dividend for 2004	46	-	-	-	(94)	(94)	-
Dividend paid by subsidiaries attributable to minority interest		-	-	-	-	-	(2)
Reserve transfers		-	-	(213)	213	-	-
Purchase of treasury shares		(3)	(12)	-	-	(15)	-
Sale of treasury shares		5	20	4	-	29	-
Share capital increase due to share options exercised	31	9	13	-	-	22	-
		16	21	(209)	(71)	(243)	(21)
Balance at 31 December 2004		926	501	599	76	2,102	78
Balance at 1 January 2005		926	501	599	76	2,102	78
Cash flow hedges							
- net changes in fair value, net of tax		-	-	(5)	-	(5)	-
- transfer to net profit, net of tax		-	-	7	-	7	-
Available-for-sale securities							
- net changes in fair value, net of tax		-	-	5	-	5	-
- transfer to net profit, net of tax		-	-	(6)	-	(6)	-
- net changes in fair value, net of tax - associated undertakings		-	-	1	-	1	-
Currency translation differences		-	-	(1)	-	(1)	-
Net income/(expense) recognised directly in equity		-	-	1	-	1	-
Profit for the period		-	-	-	109	109	2
Total recognised income for the three months ended 31 March 2005		-	-	1	109	110	2
Issue of preferred securities	32	-	-	-	-	-	186
Dividend paid by subsidiaries attributable to minority interests		-	-	-	-	-	(1)
Purchase of treasury shares	31	(1)	(5)	-	-	(6)	-
		(1)	(5)	-	-	(6)	185
Balance at 31 March 2005		**925**	**496**	**600**	**185**	**2,206**	**265**

An analysis of special reserves is presented in note 34.

The notes on pages 6 to 38 form an integral part of these consolidated interim financial statements

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Consolidated Interim Cash Flow Statement
for the period ended 31 March 2005

	Note	Three months ended 31 March 2005 €million	2004 € million
Cash flows from operating activities			
Interest received and net trading receipts		**430**	349
Interest paid		**(270)**	(205)
Fee and commission received		**129**	96
Fee and commission paid		**(31)**	(8)
Dividend received		**-**	1
Other income received		**2**	6
Cash payments to employees and suppliers		**(159)**	(134)
Cash flows from operating profits before changes in operating assets and liabilities		**101**	105
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**29**	(16)
Net (increase)/decrease in treasury bills and other eligible bills		**132**	(21)
Net (increase)/decrease in trading securities		**1,235**	168
Net (increase)/decrease in due from other banks		**(58)**	(9)
Net (increase)/decrease in loans and advances to customers		**(1,381)**	(1,399)
Net (increase)/decrease in other assets		**(50)**	9
Net increase/(decrease) in due to other banks		**484**	1,186
Net increase/(decrease) in due to customers		**24**	349
Net increase/(decrease) in other liabilities		**(23)**	72
Net cash from operating activities		**493**	444
Cash flows from investing activities			
Purchases of property, plant and equipment		**(16)**	(14)
Proceeds from sale of property, plant and equipment		**4**	9
Purchases of available-for-sale investment securities		**(1,258)**	(609)
Proceeds from sale of available-for-sale investment securities		**506**	678
Acquisition of associated undertakings		**(33)**	-
Net contributions by minority interest		**186**	(17)
Net cash from investing activities		**(611)**	47
Cash flows from financing activities			
Proceeds from liabilities evidenced by paper		**3,566**	1,965
Repayments of liabilities evidenced by paper		**(2,367)**	(1,493)
Purchases of treasury shares		**(6)**	(39)
Proceeds from sale of treasury shares		**-**	75
Net cash from financing activities		**1,193**	508
Effect of exchange rate changes on cash and cash equivalents		**25**	2
Net increase/(decrease) in cash and cash equivalents		**1,100**	1,001
Cash and cash equivalents at beginning of period	13	**2,247**	2,646
Cash and cash equivalents at end of period	13	**3,347**	3,647

The notes on pages 6 to 38 form an integral part of these consolidated interim financial statements

1. General information

EFG Eurobank Ergasias S.A. (the “Company” or the “Bank”) and its subsidiaries (the “Group”) is active in retail, corporate and private banking, asset management, insurance, treasury, capital markets and other services. The Company is incorporated in Greece and its shares are listed on the Athens Stock Exchange. The Group operates mainly in Greece and in South Eastern Europe.

These consolidated interim financial statements were approved by the Board of Directors on 28 June 2005.

2. Principal accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below:

(a) Basis of preparation

The March 2005 interim consolidated financial statements are for the three months ended 31 March 2005. They have been prepared in accordance with IAS 34, Interim Financial Reporting and are covered by IFRS 1 (First-time Adoption of International Financial Reporting Standards) as part of the period covered by the Group’s first IFRS financial statements for the year ended 31 December 2005. These interim financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements.

The policies set out below have been consistently applied to the years 2004 and 2005. The Group has early adopted revised IAS 32 (Financial Instruments: Disclosure and Presentation) and revised IAS 39 (Financial Instruments: Recognition and Measurement) from 1 January 2004. The policies applied to financial instruments for 2004 and 2005 are disclosed separately below.

The consolidated financial statements were prepared in accordance with Greek Generally Accepted Accounting Principles (GR GAAP) until 31 December 2004. In preparing the 2005 interim consolidated financial statements, management has amended certain accounting, valuation and consolidation methods applied in the GR GAAP financial statements to comply with IFRS. The comparative figures in respect of 2004 were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of the transition from GR GAAP to IFRS on the Group’s equity and its net income and cash flow are provided in Note 4.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and of financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The Group’s presentation currency is the Euro (EUR or€) being the functional currency of the parent Company.

(b) Consolidation

(i) Subsidiaries

Subsidiary undertakings are all entities over which the Group, directly or indirectly, has power to exercise control over the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The Group sponsors the formation of special purpose entities, which may or may not be directly owned subsidiaries for the purpose of asset securitisation (see accounting policy w below). The entities may acquire assets directly from the Bank. These companies are bankruptcy-remote entities and are consolidated in the Group's Financial Statements when the substance of the relationship between the Group and the entity indicates that the entity is controlled by the Group.

Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A listing of the Company’s subsidiaries is set out in note 21.

(ii) Associates

Investments in associated undertakings are accounted for by the equity method of accounting in the consolidated financial statements. These are undertakings over which the Group exercises significant influence but which it does not control.

Equity accounting involves recognising in the income statement the Group's share of the associate's profit or loss for the year. The Group's interest in the associate is carried on the balance sheet at an amount that reflects its share of the net assets of the associate and any goodwill identified on acquisition net of any accumulated impairment losses. Where necessary the accounting policies used by the associate have been changed to ensure consistency with the policies of the Group.

A listing of the Group's associate undertakings, which are accounted for using the equity method, is shown in note 22.

2. Principal accounting policies (continued)

(c) Foreign currencies

Assets and liabilities of foreign subsidiaries are translated using the closing exchange rate and income statement items at the average exchange rate for the period reported. All resulting exchange differences are recognised as a separate component of equity (cumulative translation adjustment).

Exchange differences arising from the retranslation of the net investment in foreign subsidiaries are taken to shareholders' equity until disposal of the net investments and then released to the income statement.

Assets and liabilities denominated in foreign currencies have been translated into the functional currency at the market rates of exchange ruling at the balance sheet date and exchange differences are accounted for in the income statement.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(d) Derivative financial instruments and hedging

Derivative financial instruments, including foreign exchange contracts, forward currency agreements and interest rate options (both written and purchased), currency and interest rate swaps, and other derivative financial instruments, are initially recognised in the balance sheet at fair value on the date on which a derivative contract is entered and subsequently are re-measured at their fair value. Fair values are obtained from quoted market prices, including recent market transactions, discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (ie, the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (ie, without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises profits on day 1.

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

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or unrecognised firm commitments (fair value hedge); or, (2) hedges of the exposure to variability in cash flows of recognised assets or liabilities or highly probable forecasted transactions (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.

(i) 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

(ii) Cash flow hedge

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

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place).

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

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Net investment hedge

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

2. Principal accounting policies (continued)

(d) Derivative financial instruments and hedging (continued)

(iv) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

The fair values of derivative instruments held for trading and hedging purposes are disclosed in note 17.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(f) Income statement

(i) Interest income and expenses
Interest income and expenses are recognised in the income statement for all interest bearing instruments on an accruals basis, using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

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

(ii) Fees and commissions
Fees and commissions are generally recognised on an accruals basis. Commissions and fees relating to foreign exchange transactions, imports-exports, remittances, bank charges and brokerage activities are recognised on the completion of the underlying transaction.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are periodically reviewed for impairment, with any impairment charge being recognised immediately in the income statement.

Depreciation is calculated on the straight-line method to write down the cost of property, plant and equipment, to their residual values over their estimated useful life as follows:
- Land: No depreciation
- Freehold buildings: 40-50 years
- Leasehold improvements: over the life of the lease contract
- Computer hardware and software: 4-5 years
- Other furniture and equipment: 4-20 years
- Motor vehicles: 5-6.6 years

Property held for rental yields and/or capital appreciation that is not occupied by the companies in the Group is classified as investment property. Investment property is carried at cost less accumulated depreciation and accumulated impairment losses.

Costs associated with the in-house development and maintenance of existing computer software programmes are expensed as incurred. Third party costs associated with the development and implementation of new computer software programmes are recognised as capital improvements and added to, and treated the same way as, the cost of new software.

(h) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates'. The carrying amount of goodwill is reviewed annually. Where indications of impairment exist, the carrying amount of goodwill is re-assessed and written down to recoverable amount.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other intangible assets
Other intangible assets are assets related to contractual rights, which are amortised over the remaining contract terms.

(i) 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.

(i) 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 categorised as held for trading unless they are designated as hedges

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the entity upon initial recognition designates as at fair-value through profit-or-loss and those that the entity upon initial recognition designates as available-for-sale. They arise when the Group provides money, goods or services directly to a debtor.

(iii) Held-to-maturity
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group´s management has the positive intention and ability to hold to maturity. 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.

2. Principal accounting policies (continued)

(i) Financial Assets (continued)

(iv) 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.

(v) Accounting treatment and calculation
Purchases and sales of financial assets at-fair-value-through-profit-or-loss, held-to-maturity and available-for-sale are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair-value-through-profit-or-loss. Financial assets are derecognised 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. Gains and losses arising from changes in the fair value of the 'financial assets at fair-value-through-profit-or-loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be recognised in profit or loss. However, interest calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the entity's right to receive payment is established.

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

(j) Impairment of financial assets

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

a) significant financial difficulty of the issuer or obligor;
b) a breach of contract, such as a default or delinquency in interest or principal payments;
c) the 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;
d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for that financial asset because of financial difficulties; or
f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - adverse changes in the payment status of borrowers in the group; or
  - national or local economic conditions that correlate with defaults on the assets in the group.

(i) Assets carried at amortised cost
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 recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount 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 recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset 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 (ie, 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 effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for 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 uncollectable, 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.

2. Principal accounting policies (continued)

(j) Impairment of financial assets (continued)

(i) Assets carried at amortised cost (continued)
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 recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

(ii) Available-for-sale assets
In 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 assets are 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 recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity investments 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 recognised in profit or loss, the impairment loss is reversed through the income statement.

(k) Sale and repurchase agreements and securities lending

(i) Sale and repurchase agreements
Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in amounts due to other banks or due to customers, as appropriate. Securities purchased under agreements to resell ("reverse repos") are recorded as loans and advances to other banks or customers as appropriate. The difference between the sale and repurchase price is treated as interest and accrued over the period of the repo agreements using the effective interest method.

(ii) Securities lending
Securities lent to counterparties are retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability.

(l) Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

If the Group purchases its own debt, it is removed from the balance sheet, and the difference between the carrying amount of a liability and the consideration paid is included in gains less losses from other securities.

(m) Leases

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

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

(ii) Accounting for leases as lessor
Finance leases:
When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Operating leases:
Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(n) Deferred income tax

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The expected effective tax rates are used to determine deferred income tax. The principal temporary differences arise from loan impairment, depreciation of fixed assets, pension and other retirement benefits obligations, and revaluation of certain financial assets and liabilities, including derivative instruments.

Deferred tax assets are only recognised to the extent that it is probable that they will crystallise in the future. Deferred tax related to changes in fair values of available-for-sale investments and cash flow hedges which are taken directly to equity is also charged or credited directly to equity, and is subsequently recognised in the income statement together with the deferred gain or loss.

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

2. Principal accounting policies (continued)

(o) Employee benefits

(i) Pension obligations
The Company participates in certain defined contribution pension plans under which the Group pays fixed contributions into a separate entity. The Group has no further payment obligations once the contributions have been paid.

The Group's contributions to defined contribution pension plans are recognised as employee benefit expense in the year to which they relate.

(ii) Staff separation indemnities
In accordance with Greek labour legislation, if employees remain in the employment of a company until normal retirement age, they are entitled to a lump sum payment which is based on the number of years of service and the level of remuneration at the date of retirement. Provision has been made for the actuarial value of the lump sum payable on retirement (retirement separation indemnity – SRI) using the projected unit credit method. Under this method the cost of providing retirement indemnities is charged to the income statement so as to spread the cost over the period of service of the employees, in accordance with actuarial valuations which are performed every year. The SRI obligation is calculated as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

In addition, the Company has enhanced the above provision by taking into consideration potential separations before normal retirement based on the terms of previous voluntary separation schemes. The Company recognises separation indemnity when it is demonstrably committed to separations either according to detailed formal plans which are announced and cannot be withdrawn or as a result of mutually agreed termination terms. Benefits payable in more than 12 months from the balance sheet date are discounted to present value.

(iii) Performance-based cash payments
The Group´s management awards high performing employees with bonuses in cash, from time to time, on a discretionary basis. Cash payments through payroll are recognised as employee benefit expenses on an accrual basis. Cash payments from the distribution of cash profits to staff are recognised as employee benefit expense in the accounting period that they are approved by the Company's shareholders.

(iv) Share-based payments
The Group's management awards high-performing employees with bonuses in the form of shares and share options, from time to time, on a discretionary basis. The shares vest in the period granted. The fair value of the shares granted is recognised as an employee benefit expense with a corresponding increase in share capital (par value) and share premium.

Following vesting periods of 20 to 32 months, the options are exercisable on alternative dates within a 24 or 36 month period, only if the holders are still employed by the Group. The fair value of the options granted is recognised as an employee benefit expense with a corresponding increase in a non-distributable reserve over the vesting and exercise period. The proceeds received net of any directly attributable transaction costs are credited to share capital (par value) and share premium when the options are exercised, with a transfer of the non distributable reserve to share premium.

(p) Insurance contracts

On 1 January 2005, the Group adopted IFRS 4 (Insurance Contracts) issued on 31 March 2004 by the IASB, which applies to all insurance contracts written and reinsurance contracts held. Insurance contracts are those contracts that transfer significant insurance risk to the Group. Contracts that transfer financial risk with no significant insurance risk are treated as investment contracts. The adoption of this new standard did not have a material effect on the consolidated statements.

(q) Repossessed properties

Land and buildings repossessed through the auction process to recover impaired loans are, except where otherwise stated, included in "Other Assets". Assets acquired from the auction process are held temporarily for liquidation and are valued at the lower of cost and net realisable value. Any gains or losses on liquidation are included in "Other operating income".

(r) Related party transactions

Related parties include associates, fellow subsidiaries, directors, their close families, companies owned or controlled by them and companies whose financial and operating policies they can influence. Transactions of similar nature are disclosed on an aggregate basis. All banking transactions entered into with related parties are in the normal course of business and on an arm's length basis.

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimates of the amount of the obligation can be made.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment. The Group is organised into five main business segments. Segment revenue, segment expenses and segment performance include transfers between business segments. Such transfers are accounted for at competitive prices in line with charges to unaffiliated customers for similar services.

(u) Share Capital

Ordinary shares and callable non-voting preference shares with non-cumulative dividend are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Dividend distribution on ordinary shares is recognised as a deduction in the Group's equity when approved by the Company's shareholders.

Where any Group company or its subsidiaries purchases the Company's equity share capital (treasury shares), the consideration paid including any directly attributable incremental costs (net of income taxes), is deducted from shareholders' equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2. Principal accounting policies (continued)

(v) Derecognition

The Group enters into transactions where it transfers assets recognised on its balance sheet, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the Balance Sheet. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset, if control over the asset is lost.

(w) Securitisations

The Group securitises various financial assets, which generally results in the sale of the assets to special purpose entities (see accounting policy b (i) above), which, in turn issue securities to investors. Interests in the securitised financial assets may be retained in the form of subordinated tranches or other residual interests.

(x) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank drafts.

3. Critical accounting estimates and judgements in applying accounting policies.

In the process of applying the Group's accounting policies, the Group's management makes various judgments, estimates and assumptions that affect the reported amounts of assets and liabilities recognized in the financial statements 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.

(a) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment continuously. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(b) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered an impairment in accordance with the accounting policy stated in Note 2 h(i). The recoverable amounts of cash-generating units are determined based on value in use calculations. These calculations are based on profitability and cash flow projections, which require the use of estimates such as growth rates for revenues and expenses and profit margins.

(c) Fair value of financial instruments

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

(d) Impairment of available for sale equity investments

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

(e) Securitisations and special purpose entities

The Group sponsors the formation of special purpose financing entities (SPEs) for various purposes including asset securitisation. The Group may or may not directly own the SPEs and consolidates those SPEs that it controls. In determining whether the Group controls an SPE, it makes judgements about its exposure to the risks and rewards related to the SPE and about its ability to make operational decisions for the SPE in question.

(f) Income taxes

The Group is subject to income taxes in various jurisdictions and estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. Transition to IFRS

4.1 Basis of transition to IFRS

4.1.1 Application of IFRS 1

The Group's interim consolidated financial statements for the three month period ended 31 March 2005 are the Group's first interim consolidated financial statements that comply with IFRS. These interim consolidated financial statements have been prepared as described in note 2a. The Group has applied IFRS 1 in preparing these consolidated interim financial statements.

The Group's transition date to IFRS is 1 January 2004 and the Group prepared its opening IFRS balance sheet at that date. The reporting date of these interim consolidated financial statements is 31 March 2005. The Group's IFRS adoption date is 1 January 2005.

In preparing these interim consolidated financial statements in accordance with IFRS 1 the Group has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS as detailed below.

4. Transition to IFRS (continued)

4.1 Basis of transition to IFRS (continued)

4.1.2 Use of IFRS 1 optional exemptions from full retrospective application of IFRS

The Group has used certain of the IFRS 1 optional exemptions from full retrospective application of IFRS as detailed below:

(a) Business combinations exemption
The Group has applied the business combinations exemption in IFRS 1. It has not restated business combinations that took place prior to the 1 January 2004 transition date.

(b) Fair value as deemed cost exemption
The Group has elected to measure all own-use properties and one investment property at fair value at 1 January 2004 and retain these values as deemed cost at 1 January 2004. The valuation of own use property performed at 1 January 2004 assessed the fair value of property at € 175 million compared to a carrying amount of € 98 million under Greek GAAP. The valuation of the investment property performed at 1 January 2004 assessed its fair value at € 43 million compared to a carrying amount of€ 6 million under Greek GAAP.

(c) Insurance contracts exemption
The Group elected to apply this exemption and hence applied the transitional provisions of IFRS 4, according to which comparatives need not be restated.

4.1.3 Exceptions from full retrospective application followed by the Group

The hedge accounting exception from retrospective application, as required by IFRS1, is the only mandatory exception applicable to the Group. The management has applied hedge accounting from 1 January 2004, the IAS 32/IAS 39 transition date, where the hedging relationship met all the hedge accounting criteria under IAS 39.

4.2 Reconciliations between IFRS and Greek GAAP

The following reconciliations provide details of the impact of the transition to IFRS on:
- consolidated shareholders' equity (Note 4.2.1)
- consolidated balance sheet at 1 January 2004 (Note 4.2.2),
- consolidated balance sheet at 31 March 2004 (Note 4.2.3),
- consolidated balance sheet at 31 December 2004 (Note 4.2.4),
- consolidated income statement for the three month period ended 31 March 2004 (Note 4.2.5),
- consolidated income statement for the year ended 31 December 2004 (Note 4.2.6).

Under Greek GAAP the Group did not present a cash flow statement for the three months ended 31 March 2004. Therefore, these interim consolidated financial statements do not present an explanation of how the transition from Greek GAAP to IFRS has affected the Group's cash flows.

4.2.1 Summary impact on consolidated shareholders' equity of transition from Greek GAAP to IFRS

	1 Jan 2004 € million	31 Mar 2004 € million	31 Dec 2004 € million
Total equity under Greek GAAP	1,793	1,914	1,940
Effect of fair valuation of available for sale investments net of deferred tax (IAS 39)	145	168	229
Effect of fair valuation of hedging derivatives and application of hedge accounting net of deferred tax (IAS 39)	(107)	(152)	(185)
Effect of application of effective interest method net of deferred tax (IAS 18 and IAS 39)	(18)	(18)	(22)
Effect of application of discounting of expected cash flows in determination of loan impairment net of deferred tax (IAS 39)	(31)	(32)	(36)
Recognition of goodwill arising from business combinations in 2004 (IFRS 3)	-	-	51
Recognition of intangibles from 2004 business combinations (IFRS 3, IAS 38)	-	-	17
Recording of impairment of properties, write off of Greek GAAP capitalised expenses, revised depreciation charge according to useful economic lives, and use of fair value as deemed cost for all own use property and one investment property net of deferred tax (IAS 16, IAS 17, IAS 36, IAS 40)	36	38	28
Recognition of proposed dividends when approved by shareholders (IAS 10)	185	185	132
Additional employee benefit provisions for possible separations and for potential pension fund obligations net of deferred tax and cash profit distributions (IAS 19)	(39)	(43)	(50)
Cumulative impact of other items	(11)	(9)	(2)
Total shareholders' equity under IFRS	1,953	2,051	2,102

Major differences between Greek GAAP and IFRS which are relevant to the Group are analysed in sections 4.3 and 4.4.

4. Transition to IFRS (continued)

4.2 Reconciliations between IFRS and Greek GAAP (continued)

4.2.2 Consolidated balance sheet reconciliation at 1 January 2004

	Note 4.3.	GR GAAP €million	Transition Adjustments €million	IFRS €million
ASSETS				
Cash and balances with central banks	a	1,199	(40)	1,159
Due from other banks	b	886	245	1,131
Loans and advances to customers	c	16,333	147	16,480
Securities (excluding derivatives)	d	8,008	346	8,354
Investments in associated undertakings		19	-	19
Fixed assets (tangible and intangible excluding goodwill)	e	655	80	735
Goodwill	f	-	-	-
Other assets (including derivatives)	g	930	(191)	739
Total assets		28,030	587	28,617
LIABILITIES AND EQUITY				
Due to other banks	b	5,224	411	5,635
Due to customers	b	17,309	(38)	17,271
Liabilities evidenced by paper	h	2,515	-	2,515
Other liabilities (including derivatives)	i	1,066	72	1,138
Shareholders' Equity	j	1,793	160	1,953
Minority interest	j	123	(18)	105
Total liabilities and equity		28,030	587	28,617

4.2.3 Consolidated balance sheet reconciliation at 31 March 2004

	Note 4.3.	GR GAAP €million	Transition Adjustments €million	IFRS €million
ASSETS				
Cash and balances with central banks	a	967	(35)	932
Due from other banks	b	680	2,326	3,006
Loans and advances to customers	c	17,384	552	17,936
Securities (excluding derivatives)	d	7,527	33	7,560
Investments in associated undertakings		21	(2)	19
Fixed assets (tangible and intangible excluding goodwill)	e	644	77	721
Goodwill	f	-	-	-
Other assets (including derivatives)	g	924	(233)	691
Total assets		28,147	2,718	30,865
LIABILITIES AND EQUITY				
Due to other banks	b	4,872	1,949	6,821
Due to customers	b	17,211	433	17,644
Liabilities evidenced by paper	h	2,986	-	2,986
Other liabilities (including derivatives)	i	1,052	221	1,273
Shareholders' Equity	j	1,914	137	2,051
Minority interest	j	112	(22)	90
Total liabilities and equity		28,147	2,718	30,865

4.2.4 Consolidated balance sheet reconciliation at 31 December 2004

	Note 4.3.	GR GAAP €million	Transition Adjustments €million	IFRS €million
ASSETS				
Cash and balances with central banks	a	1,552	(42)	1,510
Due from other banks	b	614	119	733
Loans and advances to customers	c	20,498	733	21,231
Securities (excluding derivatives)	d	7,444	529	7,973
Investments in associated undertakings		58	(1)	57
Fixed assets (tangible and intangible excluding goodwill)	e	672	86	758
Goodwill	f	-	51	51
Other assets (including derivatives)	g	1,101	(368)	733
Total assets		31,939	1,107	33,046
LIABILITIES AND EQUITY				
Due to other banks	b	5,265	96	5,361
Due to customers	b	18,209	(1)	18,208
Liabilities evidenced by paper	h	5,067	704	5,771
Other liabilities (including derivatives)	i	1,373	153	1,526
Shareholders' Equity	j	1,940	162	2,102
Minority interest	j	85	(7)	78
Total liabilities and equity		31,939	1,107	33,046

4. Transition to IFRS (continued)

4.2 Reconciliations between IFRS and Greek GAAP (continued)

4.2.5 Consolidated income statement reconciliation for the three months ended 31 March 2004

	Note 4.4.	GR GAAP €million	Transition Adjustments €million	IFRS €million
Net interest income	a	234	12	246
Net banking fee and commission income	a	84	(17)	67
Net insurance income	b	-	4	4
Non banking services	b	-	6	6
Core income		318	5	323
Non core income	c	30	(9)	21
Operating income		348	(4)	344
Operating expenses	d	(185)	(1)	(186)
Impairment losses on loans and advances	e	(38)	(7)	(45)
Profit from operations		125	(12)	113
Share of results of associates before tax		-	1	1
Profit before tax		125	(11)	114
Income tax expense		(34)	2	(32)
Profit after tax		91	(9)	82
Minority interest		(3)	1	(2)
Net profit for the period attributable to shareholders		88	(8)	80

4.2.6 Consolidated income statement reconciliation for the year ended 31 December 2004

	Note 4.4.	GR GAAP €million	Transition Adjustments €million	IFRS €million
Net interest income	a	1,038	56	1,094
Net banking fee and commission income	a	362	(74)	288
Net insurance income	b	-	18	18
Non banking services	b	-	27	27
Core income		1,400	27	1,427
Non core income	c	84	(22)	62
Operating income		1,484	5	1,489
Operating expenses	d	(759)	(13)	(772)
Impairment losses on loans and advances	e	(198)	(25)	(223)
Profit from operations		527	(33)	494
Share of results of associates before tax		-	6	6
Profit before tax		527	(27)	500
Income tax expense		(149)	1	(148)
Profit after tax		378	(26)	352
Minority interest		(10)	(2)	(12)
Net profit for the year attributable to shareholders		368	(28)	340

4.3 Explanation of adjustments to consolidated balance sheet items

The following analysis explains the material adjustments to consolidated balance sheet items at 1 January 2004, 31 March 2004 and 31 December 2004.

(a) *Cash and balances with central banks*

The decrease in cash and balances with central banks under IFRS arose due to presentation differences.

(b) *Due from other banks, Due to other banks and Due to customers*

(1) Under Greek GAAP debt instruments were recognised when settled whereas the accounting policy adopted by the Group under IAS 39 is trade date accounting. The impact of adoption of IAS 39 resulted in the recognition of assets and liabilities based on trade date accounting.

(2) Under IFRS reclassifications have been performed for accrued interest and other presentation differences.

(c) *Loans and advances to customers*

(1) In June 2004 the Group proceeded with the securitisation of mortgage loans. Under Greek GAAP securitised assets were removed from the balance sheet and securitisation vehicles were not consolidated. Under IAS 39, IAS 27 and SIC 12 securitisation vehicles were consolidated and the consolidation has resulted in an increase in loans and advances.

(2) Under IFRS reclassifications have been performed for accrued interest and other presentation differences.

(3) Under IAS 39 loan impairment is calculated based on loss events and discounted estimated recoverable net cash flows, which has resulted in a decrease in loans and advances.

(4) Under Greek GAAP debt instruments were recognised when settled whereas the accounting policy adopted by the Group under IAS 39 is trade date accounting. The impact of adoption of IAS 39 was an increase in loans and advances to customers as a result of the recognition of assets based on trade date accounting.

4. Transition to IFRS (continued)

4.3 Explanation of adjustments to consolidated balance sheet items (continued)

(d) ***Securities (excluding derivatives)***

(1) Under Greek GAAP the investment portfolio was carried at the lower of total cost/amortised cost and market value. Under IAS 39 the investment portfolio has been classified as available for sale securities which are measured at fair value with fair value gains and losses recorded in equity. This fair valuation has resulted in an increase in the value of available for sale securities. Under Greek GAAP the impairment policy of equity instruments was already aligned with IAS 39 requirements.

(2) Under IFRS reclassifications have been performed for accrued interest.

(e) ***Fixed assets (tangibles and intangibles excluding goodwill)***

Under Greek GAAP fixed assets were carried at cost less accumulated depreciation and depreciation was calculated using specified tax rates. There is also a legal requirement for revaluation of properties every four years based on tax values. Under IFRS properties that are held for own use have been classified as property, plant and equipment and are accounted for in accordance with IAS 16 and property held to earn rentals and/or capital appreciation is classified as investment property and is accounted for under the cost model under IAS 40. Depreciation is charged over the useful economic life of assets. Expenses capitalised under GR GAAP were written-off and impairment of properties was recorded. The Group has elected to measure all own use properties and one investment property at fair value at 1 January 2004, following the IFRS1 optional exemption for fair value as deemed cost (4.1.2 (b)), and retain these values as deemed cost. The impact of the transition to IFRS in relation to the above items was an increase in fixed assets.

(f) ***Goodwill***

Under Greek GAAP business combinations were accounted for using the "pooling of interests method" with the tax reference date being the date of acquisition and any goodwill arising on acquisition was recorded directly in equity. The Group has applied the business combinations exemption in IFRS 1 and it has not restated business combinations that took place prior to the 1 January 2004 IFRS transition date (4.1.2 (a)). The Group's business combinations in 2004 have resulted in the recognition of goodwill during 2004.

(g) ***Other assets (including derivatives)***

The movement in other assets was mainly due to accrued interest reclassification differences and the fair valuation of hedging derivatives. Under Greek GAAP trading derivatives were fair valued whereas accrual accounting was used for hedging derivatives. In accordance with IAS 39 all derivatives are carried at fair value. The adjustment regarding the fair valuation of hedging derivatives has resulted in the recognition of hedging derivatives with positive fair value as assets.

(h) ***Liabilities evidenced by paper***

Under Greek GAAP securitisation vehicles were not consolidated. Under IAS 39, IAS 27 and SIC 12 securitisation vehicles were consolidated and the consolidation has resulted in an increase in liabilities evidenced by paper.

(i) ***Other liabilities (including derivatives)***

(1) Under Greek GAAP trading derivatives were fair valued whereas accrual accounting was used for hedging derivatives. In accordance with IAS 39 all derivatives are carried at fair value. The adjustment regarding the fair valuation of hedging derivatives has resulted in the recognition of hedging derivatives with negative fair value as liabilities.

(2) Under Greek GAAP dividends were recognised when proposed whereas under IAS 10 dividends are recognised when approved by the shareholders. The transition to IFRS has resulted in a reduction in liabilities in relation to proposed dividends that are to be recognised when approved by the shareholders.

(3) Under Greek GAAP provisions for employee benefits were recognised in accordance with the Greek Labour legislation solely for staff retirement indemnity. Under IAS 19 the Group provides for staff retirement indemnity and potential separations before normal retirement which has resulted in an increase in liabilities.

(j) ***Shareholders' equity and minority interest***

The above adjustments were recorded, where applicable, against reserves resulting to an increase in equity (table 4.2.1) and a decrease in minority interest.

4.4 Explanation of adjustments to consolidated income statement items

The following analysis explains the material adjustments to consolidated income statement items for the year ended 31 December 2004 and for the three month period ended 31 March 2004.

(a) ***Net interest income and net banking fee and commission income***

(1) Under Greek GAAP fees received and costs incurred in relation to financial assets were recognised on a cash basis as commissions. The treatment of certain fees as an adjustment to the effective interest rate under IAS 18 and IAS 39 has resulted in an increase in net interest income and in a decrease in net banking fee and commission income.

(2) In June 2004 the Group proceeded with the securitisation of mortgage loans. Under GR GAAP securitisation vehicles were not consolidated and net income from retained interests was recorded as non-core income. Under IFRS securitisation vehicles were consolidated and mortgage loans interest was included in interest income.

(3) The net decrease in commission income is also due to presentation differences on the face of the income statement.

(b) ***Net insurance income and non banking services***

For the purposes of the presentation of the IFRS income statement net insurance income and income from non banking services has been reclassified out of net banking fee and commission income into separate line items in the income statement.

(c) ***Non core income***

Under Greek GAAP the net income of the securitisation vehicles that were not consolidated was recognised in the income statement due to retained interests as non core income. Under IFRS the income statements of the consolidated securitisation vehicles are consolidated on a line by line basis. This has resulted in a reclassification from non-core income into net interest income since the second quarter of 2004.

4. Transition to IFRS (continued)

4.4 Explanation of adjustments to consolidated income statement items (continued)

(d) *Operating expenses*

(1) Under Greek GAAP depreciation was calculated using specified tax rates. Under IFRS depreciation is charged over the useful economic life of assets. This has resulted in a decrease in the depreciation expense.

(2) Under Greek GAAP provisions for employee benefits were recognised in accordance with the Greek Labour legislation solely for staff retirement indemnity. The additional provisions for staff retirement indemnity and potential separations before normal retirement under IAS 19 have resulted in an increase in staff costs.

(3) Under Greek GAAP bonus payments to employees are deducted directly from shareholders equity through the appropriation account when proposed. Under IFRS bonus payments to employees are recorded in the income statement when approved by the shareholders. This has resulted in an increase in operating expenses.

(e) *Impairment losses on loans and advances*

In relation to loan impairment, under Greek GAAP specific loan provisions were established on an individual and portfolio basis against performing and non-performing loans. This has resulted in recording of provisions based on expected losses taking into consideration the value of collateral with no discounting of expected future cash flows. In addition, under Greek GAAP expenses incurred for recoveries were recorded as commission expense. Under IAS 39 the Group has discounted expected cash flows and reclassified in the income statement expenses incurred for recoveries resulting in an increase in the impairment loss on loans and advances and an increase in fee and commission income.

5. Financial risk management

5.1 Use of financial instruments

By their nature the group's activities are principally related to the use of financial instruments including derivatives. The group accepts deposits from customers, at both fixed and floating rates, and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The group also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standing. Such exposures include both on-balance sheet loans and advances and off-balance sheet guarantees and other commitments such as letters of credit.

The group also trades in financial instruments where it takes positions in traded and over the counter instruments including derivatives, to take advantage of short-term market movements in the equity and bond markets and in currency and interest rates. The Board of Directors places trading limits on the level of exposure that can be taken in relation to overnight and intra-day market positions as well as limits in longer durations. With the exception of specific hedging arrangements, foreign exchange and interest rate exposures associated with these derivatives are normally concluded to hedge outstanding positions, thereby controlling the variability in the net cash amounts required to offset market positions.

Fair value hedges

The group hedges a proportion of its existing interest rate risk resulting from any potential decrease in the fair value of fixed rate available-for-sale bonds and any potential increase in the fair value of deposits denominated both in local and foreign currencies using interest rate and cross currency interest rate swaps. The net fair value of these swaps at 31 March 2005 was€ 285 million (31 December 2004: € 333 million) (note 17).

Cash flow hedges

The group hedges a proportion of its existing interest rate risk resulting from any cash flow variability associated with future interest rate changes on variable rate assets or liabilities or unrecognised highly probable forecast transactions using interest rate swaps. The net fair value of these swaps at 31 March 2005 was € 20 million (31 December 2004: € 22 million) (note 17).

5.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk and interest rate risk) and liquidity risk. The Group's overall risk management policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance, financial position and cash flows.

5.2.1 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are recognised 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 from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and are subject to an annual or more frequent review. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the Board of Directors. The exposure to any one borrower including banks and brokers is further restricted by sub limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored on a daily basis.

As one of the largest private banking groups in Greece, the Group is active in the corporate and retail lending markets. Credit risk is well spread over a diversity of personal and commercial customers. 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 the lending limits where appropriate. The Group reduces its credit risk associated with loans and advances to customers by entering into collateralised arrangements. The types of collateral that the Group obtains are cash deposits and other cash equivalents, real estate, securities, vessels and bank guarantees. The value of collateral that the Group has as at 31 March 2005 amounts to 27% (31 December 2004: 27%) of the total aggregate amount of the gross loans and advances to customers.

Economic sector risk concentrations within the Group's customer loan portfolio are analysed in Note 18

5. Financial risk management (continued)

5.2 Financial risk factors (continued)

5.2.1 Credit risk (continued)

(a) Derivatives

The Group maintains control limits on net open derivative positions ie, the difference between purchase and sale contracts, by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (ie, derivatives with a positive fair value) which in relation to derivatives in only a small proportion of the contract notional amount used to express the volume of instruments outstanding. The credit risk exposure is managed as part of the overall lending limits with customers together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties. Further details of the group's derivative instruments are provided in note 17.

(b) Master netting arrangements

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk is reduced by a master netting agreement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

(c) Credit related commitments

The primary purpose of credit related commitments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans since they represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are secured by the underlying shipment of goods to which they relate and therefore carry less risk than a loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of credit risk than shorter-term commitments.

(d) Geographical concentration of assets, liabilities and off balance sheet items

An analysis of the geographical concentration of assets, liabilities and off-balance sheet items to illustrate the concentrations of credit risk in relation to geographical areas is shown in Note 35.

Geographical sector risk concentrations within the Group's customer loan portfolio are analysed in Note 18.

5.2.2 Market 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 a ‘value at risk’ (VaR) methodology to estimate the market risk of positions held and the potential economic loss based upon a number of assumptions for various changes in market conditions.

The VaR that the bank measures is an estimate, with a confidence level set at 95%, of the potential loss that might arise if the current positions were to be held unchanged for a 10-day horizon (holding period). The measurement is structured so that within a 10-day horizon losses exceeding the VaR figure should occur, on average, not more than once a year. Actual outcomes are monitored regularly to test the validity of the assumptions and the parameters used in the VaR calculation.

Since VaR constitutes an integral part of the Group's market risk control regime, VaR limits have been established for all (trading and banking book) operations and actual exposure is reviewed daily by management. The average daily VaR for the bank during the three months ended 31 March 2005 for a one day holding period was € 5.4 million (three months ended 31 March 2004: € 9.1 million). The average daily VaR for the bank during the year ended 31 December 2004 for a one day holding period was € 6.8 million. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

(a) Currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposures which are monitored daily. The table in Note 39 summarises the Group's exposure to foreign currency exchange rate risk at 31 March 2005 and 31 December 2004. Included in the table are the Group's assets and liabilities at carrying amounts categorised by currency.

(b) Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial positions and cash flows. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored on a daily basis.

The table in Note 40 summarises the Group's exposure to interest rate risk. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

The effective average interest rates for monetary financial instruments are summarised in Note 40.

5.2.3 Liquidity risk

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw-downs and guarantees and from margin and other calls on cash-settled derivatives. The Group does not maintain cash resources to meet all of these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board of Directors sets limits on the minimum proportion of maturing funds available to meet such calls using stress test scenarios.

5. Financial risk management (continued)

5.2 Financial risk factors (continued)

5.2.3 Liquidity risk (continued)

The table in Note 41 analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

5.3 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. However market prices are not available for a significant number of financial assets and liabilities held and issued by the group. Therefore, for financial instruments where no market price is available, the fair values of the group are estimated using present value or other estimation and valuation techniques based on current prevailing market conditions.

The values derived using these techniques are significantly affected by underlying assumptions concerning both the amounts and timing of future cash flows and the discount rates used. The following methods and assumptions indicate that the fair values of financial assets and liabilities approximate their carrying amounts:

a) trading assets, derivatives and other transactions undertaken for trading purposes as well as treasury bills and available for sale securities are measured at fair value (see notes 14, 16, 17, 18 and 20) by reference to quoted market prices when available. If quoted market prices are not available, then the fair values are estimated using valuation techniques based on observable market data.

b) Substantially all of the Group's other financial assets and liabilities are at floating rates of interest, which re-price at frequent intervals. Therefore the group has no significant exposure to fair value fluctuations and the carrying value of the financial assets and liabilities is substantially equivalent to their fair values, unless otherwise stated.

5.4 Fiduciary activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties. This involves the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements.

6. Net interest income

	31 March 2005 €million	31 March 2004 € million
Interest and discount income		
Banks and customers	**525**	372
Trading securities	**10**	15
Other securities	**63**	70
Total interest and discount income	**598**	457
Interest expense		
Banks and customers	**(246)**	(194)
Liabilities evidenced by paper	**(44)**	(17)
Total interest expense	**(290)**	(211)
Net interest income	**308**	246

7. Operating expenses

	31 March 2005 €million	31 March 2004 € million
Staff costs (note 8)	**110**	102
Administrative expenses	**57**	53
Depreciation of property, plant and equipment (note 24)	**23**	21
Operating lease rentals	**13**	10
	203	186

8. Staff costs

	31 March 2005 €million	31 March 2004 € million
Wages, salaries and staff bonuses	**77**	71
Social security costs	**17**	15
Pension costs-defined contribution scheme	**2**	2
Other	**14**	14
	110	102

As at 31 March 2005 the number of employees of the Group was 13,995.

9. Income tax expense

	31 March 2005 €million	31 March 2004 € million
Current tax	49	31
Deferred tax (note 10)	(5)	(2)
Overseas taxes	1	3
Total tax charge	45	32

The Greek corporate rate of tax is 32% in 2005 (2004: 35%). In accordance with special incentives for mergers, the parent company tax rate for 2004 was 30%. The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	31 March 2005 €million	31 March 2004 € million
Profit before tax	156	114
Tax at the applicable tax rates of 32% (2004: 35%)	50	40
Tax effect of:		
- Parent company benefit from reduced tax rate in 2004 of 30%	-	(5)
- income and expenses not subject to tax	(3)	(6)
- effect of different tax rates in different countries	(4)	1
- other differences	2	2
Income tax expense	45	32

10. Deferred income taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an expected effective tax rate of 30% (2004: 30%).

The movement on the deferred income tax account is as follows:

	31 March 2005 €million	31 December 2004 € million
At 1 January	60	53
Income statement credit for period 1 January to 31 March	5	2
Income statement credit for period 1 April to 31 December	-	20
Available for sale securities :		
- fair value measurement	-	(70)
- transfer to net profit	8	22
- fair value hedges	(9)	31
Cash flow hedges	(1)	-
Exchange differences	3	2
At end of period / year (Note 25)	66	60

Deferred income tax assets and (liabilities) are attributable to the following items:

	31 March 2005 €million	31 December 2004 € million
Valuation temporary differences accounted directly to special reserves	(37)	(40)
Valuation temporary differences accounted through the income statement	17	21
Cash flow hedges	2	3
Depreciation temporary differences	(1)	2
Pensions and other post retirement benefits	28	26
Loan impairment	69	60
Other temporary differences	(12)	(12)
Deferred income tax assets	66	60

The deferred income tax credit in the income statement comprises the following temporary differences:

	31 March 2005 €million	31 March 2004 € million
Valuation temporary differences	(2)	(1)
Depreciation temporary differences	2	1
Pensions and other post retirement benefits	1	-
Loan impairment	(7)	(1)
Other temporary differences	1	(1)
Deferred income tax credit	(5)	(2)

11. Earnings per share

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

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has one category of dilutive potential ordinary shares: share options. In order to adjust the weighted average number of shares for the share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Bank's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is added to the weighted average number of ordinary shares in issue in order to determine the weighted average number of ordinary shares used for the calculation of the diluted earnings per share.

11. Earnings per share (continued)

		31 March 2005	31 March 2004
Net profit for period attributable to shareholders	*€ million*	**109**	**80**
Weighted average number of ordinary shares in issue	*Number of shares*	*313,822,638*	*307,750,267*
Weighted average number of ordinary shares for diluted earnings per share	*Number of shares*	*313,885,471*	*309,312,718*
Basic earnings per share	€	**0.35**	0.26
Diluted earnings per share	€	**0.35**	0.26

12. Cash and balances with central banks

	31 March 2005 €million	31 December 2004 € million
Cash in hand	**280**	289
Balances with central banks	**997**	1,221
	1,277	1,510
of which:		
Mandatory deposits with central banks	**501**	530

Mandatory deposits with central banks represent the minimum level of average monthly deposits which the Bank is required to maintain. Balances with central banks can be withdrawn at any time provided the average monthly minimum deposits are maintained.

13. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprises the following balances with less than 90 days maturity:

	31 March 2005 €million	31 December 2004 € million
Cash and balances with central banks	**776**	980
Treasury bills and other eligible bills	**169**	259
Due from other banks	**1,350**	731
Trading securities	**1,052**	277
	3,347	2,247

14. Treasury bills and other eligible bills

	31 March 2005 €million	31 December 2004 € million
Treasury bills	**292**	514

Treasury bills are debt securities issued by European Governments and they are carried at fair value.

15. Due from other banks

	31 March 2005 €million	31 December 2004 € million
Items in course of collection from other banks	**309**	295
Placements with other banks	**1,076**	438
	1,385	733
Included in the amounts due from other banks are unsubordinated amounts due from:		
- fellow subsidiary and associate undertakings	**31**	29
- settlement balances with banks	**769**	139
- pledged deposits with banks	**271**	220

16. Trading securities

	31 March 2005 €million	31 December 2004 € million
Issued by public bodies:		
- government	**1,234**	1,430
- other public sector securities	**7**	10
	1,241	1,440
Issued by other issuers:		
- banks	**16**	50
- other	**286**	484
	302	534
Total	**1,543**	1,974
Equity securities	**95**	159
Debt securities	**1,448**	1,815
	1,543	1,974
Credit facility with central banks secured by the above	**-**	171

17. Derivative financial instruments

The group utilises the following derivative instruments for both hedging and non-hedging purposes:

Currency forwards represent commitments to purchase or sell foreign and domestic currency. Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates or to buy or sell foreign currency or a financial instrument on a future date at a specified price established in an organized financial market. Since future contracts are collateralised by cash or marketable securities and changes in the futures contract value are settled daily with the exchange, the credit risk is negligible.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e. cross-currency interest rate swaps). Except for certain currency swaps, no exchange of principal takes place. The group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the group assesses counterparties using the same techniques as for its lending activities and/or marks to market with bilateral collateralisation agreements over and above an agreed threshold.

Foreign currency and interest rate options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a foreign currency or a financial instrument at a predetermined price. In consideration for the assumption of foreign exchange or interest rate risk, the seller receives a premium from the purchaser. Options may be either exchange-traded or negotiated between the group and a customer (OTC). The group is exposed to credit risk on purchased options only, and only to the extent of their carrying amount, which is their fair value.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised 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 group'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, 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 fair values of derivative instruments held are set out in the following table:

	31 March 2005			31 December 2004		
	Contract/ notional amount	**Fair values**		Contract/ notional amount	Fair values	
		Assets	**Liabilities**		Assets	Liabilities
	€million	**€million**	**€million**	€ million	€ million	€ million
Derivatives held for trading						
OTC currency derivatives						
- Currency forwards	**510**	**8**	**6**	595	16	15
- Currency swaps	**3,074**	**36**	**13**	2,492	8	65
- OTC currency options bought and sold	**1,483**	**113**	**113**	1,596	26	25
		157	**132**		50	105
OTC interest rate derivatives						
- Interest rate swaps	**5,955**	**62**	**103**	6,472	73	85
- Cross-currency interest rate swaps	**399**	**61**	**14**	404	67	17
- OTC interest rate options	**1,897**	**11**	**11**	1,267	11	18
		134	**128**		151	120
Exchange traded interest rate futures	**1,588**	**-**	**4**	557	1	1
Exchange traded interest rate options	**7,240**	**5**	**7**	3,910	5	6
		139	**139**		157	127
Other derivatives						
OTC index options bought and sold	**328**	**13**	**13**	539	42	31
Forward security contracts	**1,896**	**3**	**3**	526	1	1
Other derivative contracts (see below)	**437**	**2**	**1**	265	1	2
		18	**17**		44	34
Other trading liabilities						
- Securities sold not yet repurchased		**-**	**4**		-	-
Total derivative assets/liabilities held for trading		**314**	**292**		251	266
Derivatives designated as fair value hedges						
Interest rate swaps	**4,268**	**9**	**274**	3,291	4	323
Cross-currency interest rate swaps	**94**	**-**	**20**	87	-	14
		9	**294**		4	337
Derivatives designated as cash flow hedges						
Interest rate swaps	**436**	**-**	**20**	336	-	22
Total derivatives assets/liabilities used for hedging purposes		**9**	**314**		4	359
Total derivatives assets / liabilities		**323**	**606**		255	625

Other derivative contracts include credit default swaps, exchange traded index futures, exchange traded index options bought and sold and commodity swaps.

18. Loans and advances to customers

	31 March 2005	31 December 2004
	€million	€ million
Lending to medium size and large corporate entities	**9,192**	8,881
Consumer lending	**5,846**	5,471
Mortgage lending	**4,748**	4,383
Small business lending	**3,232**	3,088
Settlement balances with customers	**288**	11
Less: Provision for impairment losses (note 19)	**(649)**	(603)
	22,657	21,231

The loans and advances to customers include the following amounts:		
- due from associated undertakings, unsubordinated	**14**	16
- securitised loans	**676**	700

18. Loans and advances to customers (continued)

In June 2004 the Group proceeded with the securitisation of mortgage loans through the sale of the assets to Themeleion Mortgage Finance Plc, a special purpose entity, which in turn issued securities to investors. The transaction has been accounted for as collateralised borrowing. The mortgage loans which are retained on the balance sheet are disclosed above as securitised loans. The corresponding liability is included within liabilities evidenced by paper and is disclosed as long term securitised debt. In June 2005 the Group proceeded with the second securitisation of mortgage loans (note 28).

Loans and advances to customers include finance lease receivables as detailed below:

	31 March 2005 €million	31 December 2004 € million
Gross investment in finance leases receivable:		
Not later than 1 year	221	245
Later than 1 year and not later than 5 years	549	535
Later than 5 years	410	407
	1,180	1,187
Unearned future finance income on finance leases	(234)	(250)
Net investment in finance leases	946	937
Less: provision for impairment losses	(18)	(17)
	928	920
The net investment in finance leases is analysed as follows:		
Not later than 1 year	172	194
Later than 1 year and not later than 5 years	439	416
Later than 5 years	335	327
	946	937
Less: provision for impairment losses	(18)	(17)
	928	920

Economic sector risk concentrations within the group's customer loan portfolio were as follows:

	31 March 2005 %	31 December 2004 %
Commerce and services	34%	36%
Private individuals	46%	43%
Manufacturing	12%	14%
Shipping	2%	2%
Construction	2%	2%
Government bodies	1%	1%
Other	3%	2%
	100%	100%

Geographic sector risk concentrations within the group's customer loan portfolio were as follows:

	31 March 2005		31 December 2004	
	€million	%	€ million	%
Greece	20,885	92	19,958	94
Other Western European countries	461	2	203	1
South Eastern European countries	1,065	5	932	4
Other countries	246	1	138	1
	22,657	100	21,231	100

19. Provision for impairment losses on loans and advances to customers

	31 March 2005 €million	31 December 2004 € million
At 1 January	603	516
Impairment losses on loans and advances charged in the period 1 January to 31 March	71	45
Impairment losses on loans and advances charged in the period 1 April to 31 December	-	178
Amounts recovered during the period / year	7	20
Loans written off during the period / year as uncollectible	(32)	(156)
Balance at end of period / year	649	603

20. Available-for-sale investment securities

	31 March 2005 €million	31 December 2004 € million
Issued by public bodies:		
- government	5,328	4,508
- other public sector	5	-
	5,333	4,508
Issued by other issuers:		
- banks	299	174
- other	608	803
	907	977
Total	6,240	5,485
Listed	5,957	5,209
Unlisted	283	276
	6,240	5,485
Equity	210	266
Debt	6,030	5,219
	6,240	5,485
Unamortised discounts and premiums included above	129	74
Pledged securities with capital market companies	1	1
Credit facility with central banks secured by the above	256	23

20. Available-for-sale investment securities (continued)

The movement in the account is as follows:	31 March 2005 €million	31 December 2004 € million
Net book value at 1 January	**5,485**	5,121
Arising from acquisition of subsidiaries (Note 43)	**-**	7
Exchange adjustments	**21**	(34)
Additions	**1,258**	2,301
Disposals and redemptions	**(506)**	(2,200)
Reclassification to / from trading portfolio and associates	**(13)**	54
Amortisation of discounts / premiums and interest	**(10)**	6
Net gains / (losses) from changes in fair value for period 1 January to 31 March	**5**	91
Net gains / (losses) from changes in fair value for period 1 April to 31 December	**-**	139
Net book value at end of period / year	**6,240**	5,485

Equity reserve : revaluation of the available-for-sale investments

Gains and losses arising from the changes in the fair value of available-for-sale investments are recognised in a revaluation reserve for available for sale financial assets in equity. The movement of the reserve is as follows

	31 March 2005 €million	31 December 2004 € million
At 1 January	**103**	95
Net gains / (losses) from changes in fair value	**5**	230
Deferred income taxes	**-**	(70)
	5	160
Net (gains) / losses transferred to net profit on disposal	**(40)**	(114)
Impairment losses transferred to net profit	**6**	12
Deferred income taxes	**8**	22
	(26)	(80)
Net losses / (gains) transferred to net profit from fair value hedges	**29**	(103)
Deferred income taxes	**(9)**	31
	20	(72)
Balance at end of period / year	**102**	103

21. Shares in subsidiary undertakings

The following is a listing of the Bank's subsidiaries at 31 March 2005:

Name	Percentage Holding	Country of incorporation	Line of business
EFG Private Bank (Luxembourg) SA	75.00	Luxembourg	Bank
EFG Eurobank Ergasias Leasing SA	100.00	Greece	Leasing
EFG Eurobank Securities SA	100.00	Greece	Capital markets and investment services
Eurobank Cards SA	100.00	Greece	Credit card management
EFG Mutual Funds Co. SA	87.50	Greece	Mutual fund management
EFG Hellas Plc.	100.00	United Kingdom	Special purpose financing vehicle
EFG Factors SA	100.00	Greece	Factoring
EFG Telesis Finance SA	100.00	Greece	Investment banking
EFG Business Services SA	100.00	Greece	Payroll and advisory services
EFG Eurobank Properties SA	50.10	Greece	Investment Services
EFG Insurance Services SA	100.00	Greece	Insurance brokerage
EFG Eurolife Life Insurance SA	100.00	Greece	Insurance services
EFG Eurolife General Insurance SA	100.00	Greece	Insurance services
EFG Eurobank Ergasias International (C.I.) Ltd	100.00	Channel Islands	Off shore banking
Autorental SA	100.00	Greece	Vehicle leasing and rental
OPEN 24 SA	100.00	Greece	Sundry services
Be Business Exchanges SA	68.66	Greece	Business-to business e-commerce
EFG Internet Services SA	100.00	Greece	Internet and electronic banking
ELDEPA SA	50.10	Greece	Property rental
Telesis Direct SA	100.00	Greece	Electronic brokerage
EFG Eurobank Asset Management Company SA	100.00	Greece	Asset management
EFG Hellas (Cayman Islands) Ltd	100.00	Cayman Islands	Special purpose financing vehicle
Bancpost SA	77.31	Romania	Bank
Bulgarian Retail Service AD	100.00	Bulgaria	Credit card management
Hellas on Line SA	100.00	Greece	Internet and telecom services
EFG Eurobank AD Beograd	93.53	Serbia	Bank
Berberis Investment Limited	100.00	Channel Islands	Holding company
Eurocredit Retail Service Ltd	100.00	Cyprus	Credit card management
Bulgarian Post Bank AD	96.74	Bulgaria	Bank
Alico / CEH Balkan Holdings Ltd	100.00	Cyprus	Holding company
Euroline Retail Service SA	95.43	Romania	Credit card management
Themeleion Mortgage Finance Plc	0.00	United Kingdom	Special purpose financing vehicle (SIC 12)
Euroline Retail Services AD	100.00	Serbia	Credit card management
EFG Leasing EAD	100.00	Bulgaria	Leasing
Intertrust Mutual Funds Co SA	100.00	Greece	Mutual fund management
Eurobank Property Services SA	100.00	Greece	Real estate services
EFG Hellas Funding Ltd (Jersey)	100.00	Channel Islands	Special purpose financing vehicle
EFG Auto Leasing EOOD	100.00	Bulgaria	Vehicle leasing and rental

21. Shares in subsidiary undertakings (continued)

Post balance sheet events

(a) Attikis Kerdoos Ermis AEPEY

In April 2005, EFG Eurobank Securities SA proceeded with the acquisition of 100% of the share capital of Attikis Kerdoos Ermis AEPEY stock brokerage company.

(b) HC Istanbul Holding A.S.

In May 2005, the Group completed the acquisition of 100% of the share capital of HC Istanbul Holding A.S. (renamed to EFG Istanbul Holding AS), a holding company based in Istanbul, Turkey. EFG Istanbul Holding A.S. owns 99.99% of EFG Istanbul Menkul Degerler A.S., (formerly HC Istanbul Menkul Degerler AS). EFG Istanbul Menkul Degerler A.S. is also based in Istanbul, engaging in corporate finance, brokerage, research and other capital market activities in Turkey.

(c) Capital S.A.

In May 2005, the Group completed the acquisition of 100% of the share capital of Capital S.A., a company providing investment banking services based in Romania. Capital S.A. fully controls a subsidiary, Capital Securities S.A., which is engaged in stock brokerage activities and is a member of the Romanian Stock Exchange.

(d) Telesis Direct SA

In May 2005, the Bank and Telesis Direct SA (electronic brokerage company, 100% subsidiary of the bank) signed a draft merger agreement for the absorption of Telesis Direct SA by the Bank. The absorption was completed in June 2005.

(e) EFG Eurobank Leasing SA

In May 2005, the Group proceeded with the incorporation of EFG Eurobank Leasing S.A., an entity operating in the leasing industry in Romania.

(f) EFG Property Services SA

In June 2005, the Group, in cooperation with Lamda Development S.A., established EFG Property Services S.A., a real estate advisory services company in Romania. The Group controls 80% of the share capital and Lamda Development S.A. controls the remaining 20% of the share capital of EFG Property Services S.A.

22. Investments in associated undertakings

	31 March 2005 **€million**	31 December 2004 € million
At 1 January	**57**	19
Additions	**33**	37
Transfer to subsidiaries fully consolidated	**-**	(1)
Dividends collected	**-**	(4)
Share of available for sale revaluation reserve	**1**	1
Share of results for the period 1 January to 31 March	**2**	1
Share of results for the period 1 April to 31 December	**-**	4
Balance at end of period / year	**93**	57

The following is a listing of the Group's associates as at 31 March 2005:

Name	**Percentage Holding**	**Country of Incorporation**	**Line of business**	**Share of Net Assets €million**
Tefin SA	50.00	Greece	Motor vehicle sales financing	**5**
Zenon Properties SA	25.05	Greece	Investment property	**3**
Hotel Company of Athens Airport SA	20.20	Greece	Hotelier	**1**
Unit Finance SA	40.00	Greece	Financing company	**-**
Global Finance SA	49.85	Greece	Financing company	**8**
Global Investment Fund Management SA	44.44	Greece	Investment advisors	**1**
Cardlink SA	50.00	Greece	POS administration	**-**
The Greek Progress Fund SA	48.40	Greece	Closed-end investment fund	**64**
Dias AEEX	32.02	Greece	Closed-end investment fund	**11**
				93

During the three month period ended 31 March 2005 and the year ended 31 December 2004 the Group increased its shareholding in The Greek Progress Fund SA and Dias AEEX. As a result of the increase in the shareholdings the investments were transferred from available-for-sale to associated undertakings in 2004. The total consideration paid in relation to these increases in shareholdings amounted to € 33 million (year ended 31 December 2004: € 37 million) and the fair value of the net assets acquired amounted to € 34 million (year ended 31 December 2004: € 37 million). The excess of € 1 million in the fair value of the net assets acquired over the consideration paid has been recognised in the income statement.

All of the Group's associates are unlisted except for The Greek Progress Fund SA and Dias AEEX. The fair value of the investments in the Group's associates that are listed based on quoted market prices as at 31 March 2005 was€ 64 million (31 December 2004: € 37 million).

Post balance sheet events

(a) The Greek Progress Fund SA

In June 2005 the management of EFG Eurobank Ergasias (EFG Eurobank) and of The Greek Progress Fund closed-end investment company announced their intention to merge, whereby EFG Eurobank will absorb The Greek Progress Fund. The proposed share exchange ratio will be 7.9 Progress Fund shares for each Eurobank share. Before the absorption, the Progress Fund will proceed with distributing one bonus share for every 10 existing shares and with a rights issue for 14 new shares for every 11 old shares at €2.88 per share. This corresponds to a €130 million share capital increase. The Bank has committed to subscribing for any unallocated shares of the rights issue.

22. Investments in associated undertakings (continued)

(a) The Greek Progress Fund SA (continued)

Completion of the merger is subject to the required approvals of the Boards of Directors and of the General Assemblies of the companies, which will be called upon to decide subsequent to the opinion of independent audit firms on the fairness of the share exchange ratio. Furthermore, completion of the merger is subject to the approval of all relevant supervisory authorities.

(b) Logic DIS

In April 2005 the Group increased its shareholdings in LogicDIS to 29.08% and the investment was transferred from available-for-sale to associated undertakings.

23. Intangible assets

	Intangible assets €million
Cost	
At 1 January 2004	-
Arising from acquisition of subsidiaries	68
At 31 December 2004	68
Cost	
At 1 January 2005	68
Additions	2
Adjustment to goodwill	(1)
At 31 March 2005	69
Accumulated impairment / amortisation	
At 1 January 2005	-
Amortisation charge for intangible assets	(1)
At 31 March 2005	(1)
Net book value	
At 31 March 2005	**68**

Intangible assets include goodwill with net book value as at 31 March 2005 of € 50 million (31 December 2004: € 51 million) and other intangible assets with net book value as at 31 March 2005 of€ 18 million (31 December 2004: € 17 million).

The adjustment to goodwill relates to an adjustment to the purchase consideration in relation to the acquisition of Intertrust Mutual Funds Co SA.

The other intangible assets arising from acquisition of subsidiaries during the year ended 31 December 2004 relate to the acquisition of Intertrust Mutual Funds Co S.A. This intangible asset represents the value of the contractual agreement signed between the Bank, EFG AEDAK SA, Interamerican Life S.A. and Intertrust Mutual Funds Co S.A. for the distribution of the Interamerican mutual funds by the Interamerican distribution network of insurers. The Bank used the discounted expected future cash flow model for the fair valuation of the specific agreement. The valuation model used to determine the fair value of the intangible is sensitive to the assumptions about the discount rate, growth rate and expected cash flows. Adverse changes in any changes of these factors would lead to an impairment of the intangible asset recognised. The useful life of the asset is estimated to be for 10 years, which is the period of the relevant contractual agreement.

24. Property, plant and equipment

	Land, buildings, leasehold improvements €million	Furniture, equipment motor vehicles €million	Computer hardware, software €million	Investment Property €million	Total fixed assets €million
Cost:					
Balance at 1 January 2004	437	160	340	204	**1,141**
Arising from acquisition of subsidiary	-	1	3	-	**4**
Transfers	(4)	2	1	4	**3**
Additions	22	16	53	6	**97**
Disposals and write - offs	(16)	(5)	(36)	-	**(57)**
Balance at 31 December 2004	439	174	361	214	**1,188**
Accumulated depreciation:					
Balance at 1 January 2004	(94)	(90)	(213)	(10)	**(407)**
Arising from acquisition of subsidiary	-	(1)	(3)	-	**(4)**
Transfers	-	-	-	(1)	**(1)**
Disposals and write-offs	13	4	30	-	**47**
Charge for the period 1 January to 31 March	(4)	(4)	(12)	(1)	**(21)**
Charge for the period 1 April to 31 December	(12)	(12)	(35)	(2)	**(61)**
Balance at 31 December 2004	(97)	(103)	(233)	(14)	**(447)**
Cost:					
Balance at 1 January 2005	439	174	361	214	**1,188**
Transfers	(4)	-	(1)	-	**(5)**
Additions	24	5	10	-	**39**
Disposals and write - offs	(2)	(2)	(4)	-	**(8)**
Exchange differences	(1)	-	(1)	-	**(2)**
Balance at 31 March 2005	456	177	365	214	**1,212**
Accumulated depreciation:					
Balance at 1 January 2005	(97)	(103)	(233)	(14)	**(447)**
Transfers	4	-	1	-	**5**
Disposals and write-offs	-	1	2	-	**3**
Charge for the period	(5)	(4)	(13)	(1)	**(23)**
Balance at 31 March 2005	(98)	(106)	(243)	(15)	**(462)**
Net book value at 31 March 2005	358	71	122	199	**750**
Net book value at 31 December 2004	342	71	128	200	**741**

Leasehold improvements relate to premises occupied by the company for its own activities.

Included in the above as at 31 March 2005 is€ 10 million (31 December 2004: € 11 million) relating to assets under construction.

24. Property, plant and equipment (continued)

Investment property

Investment property is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight line method over a period of 40-50 years. The fair value of investment property as at 31 March 2005 was € 257 million (31 December 2004: € 255 million). The fair values are open-market values provided by professionally qualified valuers.

During the three month period ended 31 March 2005 an amount of € 3 million (31 March 2004: € 3 million) was recognised as rental income from investment property in non banking services. Capital commitments in relation to investment property as at 31 March 2005 totaled € 3 million (31 December 2004: € 3 million).

25. Other assets

	31 March 2005 €million	31 December 2004 € million
Prepaid expenses and accrued income	107	117
Deferred tax asset (note 10)	66	60
Repossessed properties	55	56
Other assets	254	245
	482	478

26. Due to other banks

	31 March 2005 €million	31 December 2004 € million
Items in course of collection	117	42
Deposits from other banks	5,735	5,319
	5,852	5,361
Included in the amounts due to other banks are amounts due to:		
- fellow subsidiary and associate undertakings	25	29
- settlement balances with banks	613	102

27. Due to customers

	31 March 2005 €million	31 December 2004 € million
Savings and current accounts	8,142	8,159
Term deposits	9,130	8,745
Repos	695	1,253
Settlement balances	265	51
	18,232	18,208
Included in the amounts due to customers are amounts due to:		
- parent undertaking	1	1
- fellow subsidiary and associate undertakings	405	426

28. Liabilities evidenced by paper

	31 March 2005 €million	31 December 2004 € million
Short-term debt		
- Commercial Paper (ECP)	1,759	1,677
Long-term debt		
- Medium-term notes (EMTN)	4,128	2,981
- Subordinated	399	398
- Securitised	687	715
	5,214	4,094
Total	6,973	5,771

The Group's funding consists of the following:

Residential Mortgage Backed Securities (RMBS)

In June 2004 the bank securitised € 750 million of residential mortgages through Themeleion Mortgage Finance plc, a special purpose vehicle, with an average funding cost of Euribor plus 19 basis points for seven years. The notes mature in 2036 but are callable as of 2011.

Lower Tier-II

In June 2004 the bank issued € 400 million unsecured subordinated floating rate notes through its subsidiary EFG Hellas Plc. The notes have a ten year maturity with a call provision after five years. The notes pay floating rate interest quarterly based on a coupon of 3-month Euribor plus 0.50% for the first five years. The notes qualify as lower tier II capital for the Bank and are listed on the Luxembourg Stock Exchange.

EMTN and ECP

The Bank issued medium term and short-term notes through its subsidiaries EFG Hellas Plc and EFG Hellas (Cayman Islands) Ltd under its Euro Medium Term Note (EMTN) and Euro Commercial Paper (ECP) programs respectively.

28. Liabilities evidenced by paper (continued)

The following tables analyse the liabilities evidenced by paper by contractual maturity and also into fixed and floating rate.

	31 March 2005			
	Within 1 year €million	1 - 5 years €million	Over 5 years €million	Total €million
EMTN				
Fixed rate	-	293	356	**649**
Floating rate	319	3,160	-	**3,479**
ECP				
Fixed rate	1,759	-	-	**1,759**
Subordinated				
Floating rate	-	-	399	**399**
Securitised				
Fixed rate	6	10	-	**16**
Floating rate	-	-	671	**671**
Total liabilities evidenced by paper	**2,084**	**3,463**	**1,426**	**6,973**

	31 December 2004			
	Within 1 year €million	1 - 5 years €million	Over 5 years €million	Total €million
EMTN				
Fixed rate	-	295	257	**552**
Floating rate	316	2,113	-	**2,429**
ECP				
Fixed rate	1,677	-	-	**1,677**
Subordinated				
Floating rate	-	-	398	**398**
Securitised				
Fixed rate	6	10	-	**16**
Floating rate	-	-	699	**699**
Total liabilities evidenced by paper	**1,999**	**2,418**	**1,354**	**5,771**

Post balance sheet events

In June 2005 the Group proceeded with the second securitisation of mortgage loans through the sale of the assets to Themeleion II Mortgage Finance Plc, a special purpose entity, and the issue of residental mortgage backed securities. The total size amounts to € 750 million at an average funding cost of Euribor plus 17.5 basis points for seven years.

29. Other liabilities

	31 March 2005 €million	31 December 2004 € million
Current tax liabilities	**114**	79
Acquisition obligations	**30**	30
Deferred income and accrued expenses	**230**	214
Dividends payable	**19**	21
Staff separation indemnities provision (note 30)	**51**	50
Obligations under life insurance policies	**185**	169
Other liabilities	**347**	338
	976	901

30. Staff separation indemnities provision

	31 March 2005 €million	31 December 2004 € million
At 1 January	**50**	55
Additions	**3**	29
Indemnities paid	**(2)**	(34)
Balance at end of period / year	**51**	50

The staff separation indemnities provision is determined as described in note 2 (o) (ii). The provision is calculated using an expected future salary increase of 4% and a discount rate of 4.5%.

31. Share capital, share premium and treasury shares

The following is an analysis of the movement of share capital, share premium and treasury shares. The par value of the Bank's shares is € 2.95 per share and all of the Bank's shares are fully paid.

	Ordinary share capital €million	Treasury shares €million	Net €million	Share premium €million	Treasury shares €million	Net €million
At 1 January 2004	**931**	**(28)**	**903**	**560**	**(101)**	**459**
Share capital increase from share bonus payments to executive directors, management and staff	5	-	5	-	-	-
Share capital reduction due to cancellation of treasury shares	(18)	18	-	(70)	70	-
Share capital increase due to exercise of share options issued to executives directors, managements and staff	9	-	9	13	-	13
Purchase of treasury shares	-	(10)	(10)	-	(44)	(44)
Sale of treasury shares	-	19	19	-	73	73
At 31 December 2004	**927**	**(1)**	**926**	**503**	**(2)**	**501**
At 1 January 2005	**927**	**(1)**	**926**	**503**	**(2)**	**501**
Purchase of treasury shares	-	(1)	(1)	-	(5)	(5)
At 31 March 2005	**927**	**(2)**	**925**	**503**	**(7)**	**496**

The following is an analysis of the movement in the number of shares issued by the Bank:

	Number of shares		
	Issued	Treasury shares	Net
At 1 January 2004	**315,484,837**	**(9,415,119)**	**306,069,718**
Share capital increase from share bonus payments to executive directors, management and staff	1,600,000	-	1,600,000
Share capital reduction due to cancellation of treasury shares	(6,000,000)	6,000,000	-
Share capital increase due to exercise of share options issued to executives directors, management and staff	2,924,700	-	2,924,700
Purchase of treasury shares	-	(3,171,780)	(3,171,780)
Sale of treasury shares	-	6,400,000	6,400,000
At 31 December 2004	**314,009,537**	**(186,899)**	**313,822,638**
At 1 January 2005	**314,009,537**	**(186,899)**	**313,822,638**
Purchase of treasury shares	-	(272,790)	(272,790)
At 31 March 2005	**314,009,537**	**(459,689)**	**313,549,848**

31. Share capital, share premium and treasury shares (continued)

Treasury shares special scheme

In accordance with Greek Company Law, a company may acquire its own shares in order to support the share price of the company. As expressly stated under this specific section of Greek law, this type of action is only allowed when the trading price of the stock, given the prevailing market conditions, the financial standing and the future prospects of the company, is substantially below management's share valuation. This specific section of Greek Company Law is not intended to deal with the reduction of shareholders' equity. Shares acquired should be sold back to investors through the stock market, or may be distributed to employees as part of a bonus programme within three years from the time of their acquisition. Shares still held by the company after the three-year period expires must be cancelled, subject to a General Meeting approval.

32. Preferred securities

On 18 March 2005 EFG Hellas Funding Limited, a subsidiary of the Group, issued preferred securities which represent Lower Tier 1 capital for the Group. The preferred securities have no fixed redemption date and give the issuer the right to call the issue at par on 18 March 2010 and annually thereafter. All obligations of the issuer in respect of the preferred securities are guaranteed on a subordinated basis by the Bank. The securities pay fixed non-cumulative annual dividend of 6.75% for the first two years and non-cumulative annual dividends that are determined based on the ten year EUR swap rate plus a spread of 0.125% capped at 8% thereafter. The preferred dividends may be declared by the directors of the issuer in their sole discretion and paid out of funds legally available to the issuer. The preferred dividend must be declared and paid if the Bank, the issuer or any other Group subsidiary pays a dividend. The preferred securities are listed on the Luxembourg and Frankfurt Stock Exchanges.

33. Share options

The Group grants share options to executive directors, management and employees. All options may be exercised wholly or partly and converted into shares, at their owners' option provided that the vesting requirements are met.

The movement in the number of share options outstanding and their related weighted average exercise prices are as follows:

	31 March 2005		31 December 2004	
	Average exercise price in € per share	Number of share options	Average exercise price in € per share	Number of share options
At 1 January	**7.76**	**89,522**	5.57	1,480,564
Granted		**-**	9.30	1,550,000
Adjustment		**-**	5.56	(2,661)
Exercised		**-**	7.47	(2,924,700)
Expired and cancelled		**-**	7.97	(13,681)
Balance at end of period / year	**7.76**	**89,522**	7.76	89,522

Share options outstanding and exercisable at the end of the period / year have the following expiry dates and exercise prices:

Expiry date - 31 December	Exercise price in € per share	31 March 2005	31 December 2004
		Number of share options	
2005	**6.00**	**39,834**	39,834
2006	**5.51**	**1,608**	1,608
2007	**9.30**	**48,080**	48,080
		89,522	89,522

Post balance sheet events

At the General Meeting of 18 April 2005 it was approved by the majority of the shareholders that 1,525,000 share options are granted to the Group's executive directors, management and staff who were employed by the Group on 31.12.2004. The exercise price of these options is € 18 per share and the options can be exercised every December of 2007, 2008, 2009 and 2010 provided that the holders are still employed by the Group.

34. Special reserves

	Statutory reserves €million	Non-taxed reserves €million	IAS 39 equity €million	Treasury shares reserve €million	Other reserves €million	Total €million
Balance at 1 January 2004	113	88	88	128	367	784
Transfers between reserves	21	52	-	(11)	(275)	(213)
Available-for-sale securities						
- net changes in fair value net of tax	-	-	160	-	-	160
- transfer to net profit net of tax	-	-	(152)	-	-	(152)
- net changes in fair value net of tax - associated undertakings	-	-	11	-	-	11
- transfer to net profit net of tax - associated undertakings	-	-	(4)	-	-	(4)
Cash flow hedges						
- net changes in fair value net of tax	-	-	(9)	-	-	(9)
- transfer to net profit net of tax	-	-	10	-	-	10
Profit/(loss) from sale of treasury shares	-	12	-	-	-	12
At 31 December 2004	134	152	104	117	92	599
Balance at 1 January 2005	134	152	104	117	92	599
Transfers between reserves	1	3	-	-	(4)	-
Available-for-sale securities						
- net changes in fair value net of tax	-	-	5	-	-	5
- transfer to net profit net of tax	-	-	(6)	-	-	(6)
- net changes in fair value net of tax - associated undertakings	-	-	1	-	-	1
Cash flow hedges						-
- net changes in fair value net of tax	-	-	(5)	-	-	(5)
- transfer to net profit net of tax	-	-	7	-	-	7
Currency translation differences	-	-	-	-	(1)	(1)
At 31 March 2005	135	155	106	117	87	600

34. Special reserves (continued)

The treasury shares reserve is formed in accordance with the requirements of Greek Tax Law whereby a special reserve must be created which is equivalent to the amount of shares held in treasury. This reserve is available for distribution only to the extent that it exceeds the cost of any treasury shares held. As at 31 March 2005 € 51 million (31 December 2004 : € 51 million) of this reserve has not been taxed and is only taxable in the event of its distribution.

Non taxed reserves are only taxable in the event of their distribution.

35. Geographical concentration of assets, liabilities and off-balance sheet items

	Total assets €million	Total liabilities €million	Credit commitments €million	Capital expenditure €million
At 31 March 2005				
Greece	**27,947**	**24,318**	**1,047**	**8**
Other Western European countries	**3,483**	**5,969**	**888**	**-**
Canada and USA	**498**	**220**	**1**	**-**
South Eastern European countries	**3,005**	**1,445**	**89**	**-**
Other countries	**177**	**687**	**1**	**-**
	35,110	**32,639**	**2,026**	**8**

At 31 December 2004	Total assets € million	Total liabilities € million	Credit commitments € million	Capital expenditure € million
Greece	26,811	23,888	1,019	8
Other Western European countries	3,024	5,604	841	-
Canada and USA	513	82	1	-
South Eastern European countries	2,603	1,242	181	-
Other countries	95	50	1	-
	33,046	30,866	2,043	8

36. Operating lease commitments

The Group leases various offices under non-cancellable operating lease agreements. The leases have varying terms and renewal rights. The future minimum lease payments under non-cancellable operating leases are as follows:

	31 March 2005		31 December 2004	
	Land and buildings €million	Furniture, equipment, vehicles €million	Land and buildings € million	Furniture, equipment, vehicles € million
Not later than one year	**35**	**2**	44	3
Later than one year and no later than five years	**165**	**7**	158	6
Later than five years	**101**	**-**	101	-
	301	**9**	303	9

37. Contingent liabilities and commitments

	31 March 2005 €million	31 December 2004 € million
Contingent liabilities :		
Guarantees		
- guarantees and irrevocable letters of credit	**1,477**	1,523
- other guarantees	**484**	470
	1,961	1,993
Commitments :		
Documentary credits	**65**	50
Capital expenditure	**8**	8
	73	58
	2,034	2,051

The above amounts include: a) letter of guarantee that the Bank issued in favor of EFG Ora Funding Limited, amounting to € 461 million, for which the parent company of the Bank has guaranteed unconditionally and without the right of cancellation and b) letter of guarantee that the Bank issued in favor of EFG Ora Funding Limited II, amounting to€ 355 million, for which there is a pledged deposit of Private Financial Investment Holdings Limited.

Legal proceedings

There were a number of legal proceedings outstanding against the Group as at the period end. The Group's management and its legal advisors believe that the outcome of existing lawsuits will not have a significant impact on the Group's financial statements.

38. Business segments

The group is organised into five main business segments:

- Retail - incorporating customer current accounts, savings, deposits, investment savings products, credit and debit cards, consumer loans, small business banking and mortgages.
- Corporate - incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products to corporate entities.
- Global and Capital Markets - incorporating investment banking services including corporate finance, merger and acquisitions advice, custody, equity brokerage, financial instruments trading and institutional finance to corporate and institutional entities, as well as, specialised financial advice and intermediation to private and large retail individuals as well as small and large corporate entities.
- Asset Management, Private Banking and Insurance (AM, PB & INS) - incorporating private banking services, including total wealth management, to medium and high net worth individuals, insurance, mutual fund products and institutional asset management.
- SEE (South Eastern Europe) - incorporating operations in the Balkans.

38. Business segments (continued)

Other operations of the group comprise mainly investing activities, including property management and investment, electronic commerce and internet services, the management of unallocated capital and the closed-end funds which have been absorbed by the bank.

Transactions between the business segments are on normal commercial terms and conditions.

With the exception of Greece no other individual country contributed more than 10% of consolidated income or assets. Information on geographical concentration of assets, liabilities and off balance sheet items is presented in note 35.

	For the three month period ended 31 March 2005							
	Retail €million	Corporate €million	AM, PB & INS €million	Global & Capital Markets €million	Other €million	Elimination Center €million	SEE €million	Total €million
Operating income	235	62	27	53	9	(2)	44	428
Profit from operations	68	26	14	41	(2)	-	7	154
Profit before tax	69	26	14	41	(1)	-	7	156
Income tax expense								(45)
Group Profit after tax								111
Minority interest								(2)
Net profit attributable to shareholders								109
As at 31 March 2005:								
Segment assets	13,284	8,767	455	8,700	1,804	-	2,007	35,017
Associates	5	-	-	-	88	-	-	93
	13,289	8,767	455	8,700	1,892	-	2,007	35,110
Segment liabilities	9,480	2,372	2,598	9,846	7,006	-	1,337	32,639

	For the three month period ended 31 March 2004							
	Retail € million	Corporate € million	AM, PB & INS € million	Global & Capital Markets € million	Other € million	Elimination Center € million	SEE € million	Total € million
Operating income	184	58	17	43	10	(1)	33	344
Profit from operations	46	27	9	31	(3)	-	3	113
Profit before tax	46	27	9	31	(2)	-	3	114
Income tax expense								(32)
Group Profit after tax								82
Minority interest								(2)
Net profit attributable to shareholders								80
As at 31 December 2004:								
Segment assets	12,563	8,208	599	7,757	2,086	-	1,776	32,989
Associates	5	-	-	-	52	-	-	57
	12,568	8,208	599	7,757	2,138	-	1,776	33,046
Segment liabilities	9,925	2,220	2,445	8,859	5,857	-	1,560	30,866

39. Currency risk

The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 March 2005 and 31 December 2004. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by currency.

	31 March 2005 €million			
	Euro	USD	Other	Total
Assets				
Cash and balances with central banks	777	68	432	**1,277**
Treasury bills and other eligible bills	265	-	27	**292**
Due from other banks	1,062	244	79	**1,385**
Trading securities	1,422	44	77	**1,543**
Derivative financial instruments	291	25	7	**323**
Loans and advances to customers	20,900	651	1,106	**22,657**
Available-for-sale investment securities	5,067	684	489	**6,240**
Investments in associated undertakings	93	-	-	**93**
Intangible assets	68	-	-	**68**
Property, plant and equipment	612	1	137	**750**
Other assets	459	13	10	**482**
Total assets	**31,016**	**1,730**	**2,364**	**35,110**
Liabilities				
Due to other banks	4,687	669	496	**5,852**
Derivative financial instruments	2,740	(2,388)	254	**606**
Due to customers	13,019	3,169	2,044	**18,232**
Liabilities evidenced by paper	6,649	247	77	**6,973**
Other liabilities	2,001	(2)	(1,023)	**976**
Total liabilities	**29,096**	**1,695**	**1,848**	**32,639**
Net balance sheet position	**1,920**	**35**	**516**	**2,471**
Off balance sheet net notional position	**271**	**(70)**	**(183)**	**18**
Contingent liabilities and commitments (Note 37)	**1,890**	**128**	**16**	**2,034**

	31 December 2004 € million			
	Euro	USD	Other	Total
Assets				
Cash and balances with central banks	1,105	82	323	1,510
Treasury bills and other eligible bills	484	-	30	514
Due from other banks	411	231	91	733
Trading securities	1,846	28	100	1,974
Derivative financial instruments	215	33	7	255
Loans and advances to customers	19,609	597	1,025	21,231
Available-for-sale investment securities	4,501	559	425	5,485
Investments in associated undertakings	57	-	-	57
Intangible assets	68	-	-	68
Property, plant and equipment	605	-	136	741
Other assets	439	10	29	478
Total assets	29,340	1,540	2,166	33,046
Liabilities				
Due to other banks	4,225	635	501	5,361
Derivative financial instruments	2,202	(1,851)	274	625
Due to customers	13,175	2,504	2,529	18,208
Liabilities evidenced by paper	5,502	188	81	5,771
Other liabilities	2,510	18	(1,627)	901
Total liabilities	27,614	1,494	1,758	30,866
Net balance sheet position	1,726	46	408	2,180
Off balance sheet net notional position	117	(34)	(81)	2
Contingent liabilities and commitments (Note 37)	1,551	329	171	2,051

40. Interest rate risk

The table below summarises the Group's exposure to interest rate risk. Included in the table are the group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	31 March 2005					
	Up to 3 months €million	3 - 12 months €million	1 - 5 years €million	Over 5 years €million	Non-interest bearing €million	Total €million
Assets						
Cash and balances with central banks	1,146	-	-	-	131	**1,277**
Treasury bills and other eligible bills	169	123	-	-	-	**292**
Due from other banks	1,374	3	-	-	8	**1,385**
Trading securities	988	40	82	345	88	**1,543**
Derivative financial instruments	-	-	-	-	323	**323**
Loans and advances to customers	19,194	1,508	1,433	447	75	**22,657**
Available-for-sale investment securities	253	329	2,281	3,216	161	**6,240**
Investments in associated undertakings	-	-	-	-	93	**93**
Intangible assets	-	-	-	-	68	**68**
Property, plant and equipment	-	-	-	-	750	**750**
Other assets	-	-	-	-	482	**482**
Total assets	**23,124**	**2,003**	**3,796**	**4,008**	**2,179**	**35,110**
Liabilities						
Due to other banks	5,273	541	9	-	29	**5,852**
Derivative financial instruments	-	-	-	-	606	**606**
Due to customers	17,653	295	69	128	87	**18,232**
Liabilities evidenced by paper	6,100	193	294	386	-	**6,973**
Other liabilities	-	-	-	-	976	**976**
Total liabilities	**29,026**	**1,029**	**372**	**514**	**1,698**	**32,639**
On balance sheet interest sensitivity gap	**(5,902)**	**974**	**3,424**	**3,494**	**481**	**2,471**
Off balance sheet interest sensitivity gap	**3,913**	**(357)**	**(1,111)**	**(2,449)**	**-**	**(4)**

	31 December 2004					
	Up to 3 months € million	3 - 12 months € million	1 - 5 years € million	Over 5 years € million	Non-interest bearing € million	Total € million
Assets						
Cash and balances with central banks	1,402	-	-	-	108	1,510
Treasury bills and other eligible bills	264	250	-	-	-	514
Due from other banks	707	12	-	-	14	733
Trading securities	292	988	131	346	217	1,974
Derivative financial instruments	-	-	-	-	255	255
Loans and advances to customers	17,671	1,254	1,740	454	112	21,231
Available-for-sale investment securities	574	103	2,018	2,410	380	5,485
Investments in associated undertakings	-	-	-	-	57	57
Intangible assets	-	-	-	-	68	68
Property, plant and equipment	-	-	-	-	741	741
Other assets	-	-	-	-	478	478
Total assets	20,910	2,607	3,889	3,210	2,430	33,046
Liabilities						
Due to other banks	5,001	308	25	25	2	5,361
Derivative financial instruments	-	-	-	-	625	625
Due to customers	17,551	343	109	130	75	18,208
Liabilities evidenced by paper	5,193	330	242	6	-	5,771
Other liabilities	-	-	-	-	901	901
Total liabilities	27,745	981	376	161	1,603	30,866
On balance sheet interest sensitivity gap	(6,835)	1,626	3,513	3,049	827	2,180
Off balance sheet interest sensitivity gap	2,014	(192)	(198)	(2,148)	11	(513)

The table below summarises the effective average interest rate for monetary financial instruments:

	31 March 2005	31 December 2004
Assets		
Due from other banks	**2.7%**	2.0%
Trading securities	**2.6%**	2.4%
Loans and advances to customers	**6.5%**	6.5%
Available-for-sale investment securities	**3.2%**	2.8%
Liabilities		
Due to other banks	**2.2%**	2.0%
Due to customers	**1.7%**	1.5%
Liabilities evidenced by paper	**2.7%**	2.6%

41. Maturity of assets and liabilities

The table below analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	31 March 2005					
	Up to 1 month €million	1-3 months €million	3 - 12 months €million	1 - 5 years €million	Over 5 years €million	Total €million
Assets						
Cash and balances with central banks	1,277	-	-	-	-	**1,277**
Treasury bills and other eligible bills	161	8	123	-	-	**292**
Due from other banks	1,270	80	28	7	-	**1,385**
Trading securities	1,016	36	10	180	301	**1,543**
Derivative financial instruments	24	21	61	159	58	**323**
Loans and advances to customers	947	2,653	9,303	5,066	4,688	**22,657**
Available-for-sale investment securities	223	95	355	2,224	3,343	**6,240**
Investments in associated undertakings	-	-	-	-	93	**93**
Intangible assets	-	-	-	-	68	**68**
Property, plant and equipment	-	-	-	-	750	**750**
Other assets	186	12	76	115	93	**482**
Total assets	**5,104**	**2,905**	**9,956**	**7,751**	**9,394**	**35,110**
Liabilities						
Due to other banks	4,358	1,373	5	100	16	**5,852**
Derivative financial instruments	18	21	66	236	265	**606**
Due to customers	13,454	3,099	804	486	389	**18,232**
Liabilities evidenced by paper	739	1,099	246	3,463	1,426	**6,973**
Other liabilities	260	114	117	313	172	**976**
Total liabilities	**18,829**	**5,706**	**1,238**	**4,598**	**2,268**	**32,639**
Net liquidity gap	**(13,725)**	**(2,801)**	**8,718**	**3,153**	**7,126**	**2,471**

	31 December 2004					
	Up to 1 month € million	1-3 months € million	3 - 12 months € million	1 - 5 years € million	Over 5 years € million	Total € million
Assets						
Cash and balances with central banks	1,510	-	-	-	-	1,510
Treasury bills and other eligible bills	259	-	255	-	-	514
Due from other banks	675	56	2	-	-	733
Trading securities	269	8	801	463	433	1,974
Derivative financial instruments	24	30	62	107	32	255
Loans and advances to customers	728	2,546	8,870	4,819	4,268	21,231
Available-for-sale investment securities	408	95	138	1,751	3,093	5,485
Investments in associated undertakings	-	-	-	-	57	57
Intangible assets	-	-	-	-	68	68
Property, plant and equipment	-	-	-	-	741	741
Other assets	155	19	80	92	132	478
Total assets	4,028	2,754	10,208	7,232	8,824	33,046
Liabilities						
Due to other banks	3,693	1,324	262	82	-	5,361
Derivative financial instruments	57	21	75	140	332	625
Due to customers	14,618	2,169	859	370	192	18,208
Liabilities evidenced by paper	972	539	488	2,418	1,354	5,771
Other liabilities	295	80	180	133	213	901
Total liabilities	19,635	4,133	1,864	3,143	2,091	30,866
Net liquidity gap	(15,607)	(1,379)	8,344	4,089	6,733	2,180

42. Post balance sheet events

Details of significant post balance sheet events are provided in the following notes:

Note 21 - Shares in subsidiary undertakings
Note 22 - Investments in associated undertakings
Note 28 - Liabilities evidenced by paper
Note 33 - Share options
Note 46 - Dividends

43. Acquisition of subsidiaries

During the period from 1 January 2005 to 31 March 2005 there were no acquisitions of subsidiaries. Details of acquisitions during the year ended 31 December 2004 that gave rise to goodwill are as follows:

	Fair value of net assets acquired €million	Consideration €million	Goodwill €million
Intertrust Mutual Funds Co S.A. In October 2004, the Bank acquired 100% of the outstanding share capital of Intertrust Mutual Funds Co SA from Eureko BV, parent company of Interamerican Group and Novabank SA.	43	88	45
Other acqusitions	21	27	6
Total	**64**	**115**	**51**

The other acquisitions consist of the following:
a) Acquisition of an additional 17.94% of the share capital of Bancpost SA (Romania).
b) Acquisition of an additional 10% of the share capital of EFG Insurance Services SA.
c) Acquisition of an additional 1.91% of the share capital of EFG Eurobank AD Beograd.

From the following acquisitions that occurred during the year ended 31 December 2004 net assets with fair value of € 22 million were acquired and the consideration paid was € 21 million. The excess of € 1 million in the fair value of the net assets acquired over the consideration paid has been recognised in the income statement and has been included as a credit within operating expenses.

a) Partial participation in the share capital increase of Be-Business Exchange SA.
b) Acquisition of an additional 5.03% of the share capital of Bulgarian Post Bank AD.
c) Acquisition of an additional 14.6% of the share capital of Bancpost SA.

Intertust Mutual Funds Co S.A.

On 26 October 2004, EFG Eurobank Ergasias S.A. acquired 100% of the outstanding share capital of Intertrust Mutual Funds Co S.A. The Bank accounted for this business acquisition by the purchase method of accounting. The acquired company contributed a net loss of € 1.3 million to the Group for the period from 30 October to 31 December 2004.

The details of the fair value of the assets and liabilities acquired and goodwill arising are as follows:

	€million
Due from other banks	18
Available for sale investments (Note 20)	7
Other assets	8
Intangible assets	17
Other liabilities	(7)
Goodwill	45
Total purchase consideration	**88**
Purchase consideration paid (discharged by cash)	74
Deferred purchase consideration	14
Total purchase consideration	**88**

The goodwill is attributable to the synergies, which are expected to arise from the acquired business.

44. Related party transactions

The Bank is a member of the EFG Group, the ultimate parent company of which is EFG Bank European Financial Group, a bank incorporated in Switzerland, which owns 41% of the ordinary shares. The remaining 59% of the shares are widely held. All the voting rights in EFG Bank European Financial Group are held by the Latsis family, the ultimate controlling party of the Group.

A number of banking transactions are entered into with related parties in the normal course of business and are conducted on an arms length basis. These include loans, deposits, letters of guarantees and derivatives. The volume of related party transactions and outstanding balances at the period/year-end are as follows:

44. Related party transactions (continued)

	31 March 2005		
	EFG Group €million	Key management personnel €million	Other €million
Due from other banks	92	-	-
Trading securities	2	-	-
Available for sale investment securities	-	-	13
Loans and advances to customers	43	6	93
Due to other banks	382	-	-
Due to customers and liabilities evidenced by paper	434	14	80
Other liabilities	15	-	52
Interest income	1	-	1
Interest expense	5	-	1
Letters of guarantee issued	835	-	116
Letters of guarantee received	591	-	2

	31 December 2004		
	EFG Group € million	Key management personnel € million	Other € million
Trading securities	8	-	-
Available for sale investment securities	-	-	14
Loans and advances to customers	29	7	95
Due to other banks	29	-	-
Due to customers and liabilities evidenced by paper	421	8	51
Other liabilities	2	-	-
Interest income for the three months ended 31 March 2004	-	-	1
Interest expense for the three months ended 31 March 2004	1	-	-
Letters of guarantee issued	835	-	131
Letters of guarantee received	574	-	-

Key management personnel includes directors and key management personnel of the company and its parent, and their close family members.

In relation to the letters of guarantee issued, the Group has received cash collateral of € 355 million which is included in due to customers and liabilities evidenced by paper above.

No provisions have been recognised in respect of loans given to related parties (2004: nil).

Based on agreements the Group provides the following services to associated undertakings:
(a) Dias AEEX - portfolio management, custodian and share registry services.
(b) The Greek Progress Fund SA - advisory services on investment analysis and management, custodian and share registry services.

Key management compensation (including directors)

During the period ended 31 March 2005 the salaries and other short-term employee benefits of key management personnel were € 2 million (period ended 31 March 2004 € 2 million)

45. Board of Directors

The Board of Directors of the Bank since the Bank's Annual General Meeting of 5 April 2004 is the following

X. C. Nickitas	Chairman
G. C. Gondicas	Honorary Chairman (non executive)
Ms A.M.L. Latsis	1st Vice Chairman (non executive)
L. D. Efraimoglou	2nd Vice Chairman (non executive)
N. C. Nanopoulos	Chief Executive Officer
B. N. Ballis	Deputy Chief Executive Officer
N. B. Karamouzis	Deputy Chief Executive Officer
H. M. Kyrkos	Executive
N. C. Pavlidis	Executive
F. S. Antonatos	Non Executive
A. G. Bibas	Non Executive
E. L. Bussetil	Non Executive
S. P. Fafalios	Independent Non Executive
P. Lambropoulos	Independent Non Executive
S. J. Latsis	Non Executive
P. P. Petalas	Non Executive

Messrs T.von Heydebreck, B.A. von Maltzan, S.G. Papaderos and K.J. Nasikas served as directors during the period from 1 January 2004 to 5 April 2004.

46. Dividends

Final dividends are not accounted for until they have been ratified at the Annual General Meeting. At the meeting on 5 April 2005 a dividend in respect of 2004 of € 0.72 per share amounting to a total of € 226 million was approved. Out of this approved dividend an interim dividend of € 0.30 per share amounting to € 94 million was paid during 2004 in accordance with the decision of the Board of Directors of 22 October 2004. The remaining dividend of € 0.42 per share amounting to € 132 million has been paid in April 2005. The interim dividend of € 0.30 per share has been accounted for in shareholders equity as an appropriation of retained earnings in the year ended 31 December 2004. The final dividend of € 0.42 per share has not been reflected in these consolidated interim financial statements and it will be accounted for in shareholders equity as an appropriation of retained earnings during the period from 1 April 2005 to 30 June 2005.

At the meeting of 5 April 2004 a dividend in respect of 2003 of € 0.60 per share amounting to a total dividend of € 185 million was approved. This dividend which has been paid during 2004 has been accounted for in shareholders equity as an appropriation of retained earnings in the year ended 31 December 2004.