

**INTERIM FINANCIAL STATEMENTS  
BANK**

**AS AT 30 - 9 - 2005**

**In accordance with International Financial Reporting Standards**



**ATHENS 28 NOVEMBER 2005**

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## Interim Income Statement

	Note	1 January- 30 September 2005	1 January- 30 September 2004	1 July - 30 September 2005	1 July- 30 September 2004
Interest & similar income		673,265	603,452	232,764	207,343
Interest expense & similar charges		(237,191)	(206,163)	(82,784)	(71,716)
<b>Net interest income</b>	<b>5</b>	<b>436,074</b>	<b>397,289</b>	<b>149,980</b>	<b>135,627</b>
Fee & commission income		113,422	99,876	40,416	33,623
Fee & commission expense		(6,478)	(8,840)	(2,640)	(2,736)
<b>Net fee &amp; commission income</b>	<b>6</b>	<b>106,944</b>	<b>91,036</b>	<b>37,776</b>	<b>30,887</b>
Dividend income	7	1,635	2,986	154	793
Net trading results	8	2,749	25,148	2,139	7,505
Gains less losses from investment securities	9	2,902	(23,346)	12	(9,268)
Other operating income		5,293	10,014	2,036	2,528
<b>Net operating income</b>		<b>555,597</b>	<b>503,127</b>	<b>192,097</b>	<b>168,072</b>
Staff costs	10	(262,669)	(266,010)	(93,351)	(89,892)
Depreciation & amortization		(22,511)	(21,118)	(6,888)	(8,735)
Impairment losses on loans and advances	18	(81,046)	(90,848)	(26,489)	(25,246)
Other operating expenses	11	(105,150)	(102,176)	(39,080)	(33,632)
<b>Total operating expenses</b>		<b>(471,376)</b>	<b>(480,152)</b>	<b>(165,808)</b>	<b>(157,505)</b>
<b>PROFIT BEFORE TAX</b>		<b>84,221</b>	<b>22,975</b>	<b>26,289</b>	<b>10,567</b>
Income tax expense	12	(24,574)	(8,057)	(7,339)	(81)
<b>PROFIT AFTER TAX FOR THE PERIOD</b>		<b>59,647</b>	<b>14,918</b>	<b>18,950</b>	<b>10,486</b>
Basic earnings per share (in Euro)	13	0.65	0.18	0.18	0.13

Notes on pages 8 to 48 form an integral part of these financial statements.

## Interim Balance Sheet

	Note	30 September 2005	31 December 2004
<b>ASSETS</b>			
Cash and balances with Central Bank	14	543,769	607,736
Treasury bills		34,701	27,772
Due from other banks	15	1,449,699	1,101,278
Trading securities	16	996,186	1.894,123
Derivative financial instruments	17	23,782	249
Loans and advances to customers (net of allowance)	18	13,892,458	12,883,342
Available for sale securities	19	40,603	70,005
Investments in subsidiaries	20	260,413	245,268
Investments in associates	20	22,489	22,489
Intangible assets	21	9,114	15,425
Property, plant and equipment	22	306,624	314,092
Investment property	23	98,094	103,768
Deferred tax assets	30	254,252	260,025
Income tax advance		3,095	16,906
Other assets	24	364,092	320,362
<b>TOTAL ASSETS</b>		<b>18,299,371</b>	<b>17,882,840</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Due to other banks	25	567,551	755,172
Derivative financial instruments	17	29,321	53,024
Due to customers	26	15,087,037	14,695,105
Debt securities in issue	27	398,853	398,853
Other borrowed funds	28	348,082	348,082
Due to State pension fund	31	712,000	712,000
Personnel indemnities		450	452
Current tax liabilities		20,000	8,453
Deferred tax liabilities	30	1,096	2,296
Other liabilities	29	412,481	390,475
<b>TOTAL LIABILITIES</b>		<b>17,576,871</b>	<b>17,363,912</b>
<b>Equity</b>			
Share Capital	33	582,522	485,435
Share premium		126,184	272,183
Less: Own shares	33	-	(88,935)
Other reserves	34	674,212	675,120
Accumulated deficit		(720,065)	(730,704)
Results for the period		59,647	(94,171)
<b>TOTAL EQUITY</b>		<b>722,500</b>	<b>518,928</b>
<b>TOTAL LIABILITES AND EQUITY</b>		<b>18,299,371</b>	<b>17,882,840</b>

Notes on pages 8 to 48 form an integral part of these financial statements.

## Interim Statement of Changes in Equity

	Share capital	Share premium	Own shares	Other reserves	Accumulated deficit	TOTAL
<b>Balance as at 1 January 2004</b>	<b>429,658</b>	<b>278,392</b>	<b>(88,935)</b>	<b>642,931</b>	<b>(699,883)</b>	<b>562,163</b>
Available-for-sale valuation	-	-	-	(935)	-	(935)
Profit for the period 1/1/04-30/09/04	-	-	-	-	14,918	14,918
Prior year (2003) dividends	-	-	-	-	(40,683)	(40,683)
Other 2003 appropriations	-	-	-	14,270	(14,352)	(82)
Other adjustments	-	-	-	239	-	239
<b>Balance as at 30 September 2004</b>	<b>429,658</b>	<b>278,392</b>	<b>(88,935)</b>	<b>656,505</b>	<b>(740,000)</b>	<b>535,620</b>
<b>Balance as at 1 January 2005</b>	<b>485,435</b>	<b>272,183</b>	<b>(88,935)</b>	<b>675,120</b>	<b>(824,875)</b>	<b>518,928</b>
Available-for-sale valuation	-	-	-	3,476	499	3,975
Profit for the period 1/1/2005-30/09/2005	-	-	-	-	59,647	59,647
Losses set-off against share premium	-	(144,852)	-	-	144,852	-
Share Capital increase through capitalisation of reserves	97,087	(1,147)	-	(12,851)	(84,540)	(1,451)
Sale of own shares	-	-	88,935	8,467	43,999	141,401
<b>Balance as at 30 September 2005</b>	<b>582,522</b>	<b>126,184</b>	<b>0</b>	<b>674,212</b>	<b>(660,418)</b>	<b>722,500</b>

Notes on pages 8 to 48 form an integral part of these financial statements.

## Interim Cash Flow Statement

	<b>1 January – 30 September 2005</b>	<b>1 January – 30 September 2004</b>
<b>Cash flows from operating activities</b>	59,647	14,918
Profit after tax	-	(83)
Board of Directors fees paid		
<b><u>Adjustment for reconciliation of profits to cash flows from operating activities</u></b>		
<u>Adjustments account for non cash items included in profit and loss for the period:</u>		
Depreciation and amortization	22,512	21,118
Impairment for losses on loans and advances	81,046	90,848
	<u>103,558</u>	<u>111,966</u>
<u>Net (increase)/ decrease of operating assets:</u>		
Obligatory deposits to Bank of Greece	68,464	(100,350)
Due from other banks	(33,229)	18,343
Trading securities (less government bonds)	277,339	291,189
Derivative financial instruments (assets)	(23,533)	(36,451)
Loans and advances to customers (net of write-offs)	(1,090,162)	(1,025,637)
Deferred tax assets	5,774	(9,034)
Other assets	(43,730)	(41,268)
	<u>(839,077)</u>	<u>(903,208)</u>
<u>Net increase/(decrease) of operating liabilities:</u>		
Due to other banks	(187,621)	159,727
Derivative financial instruments (liabilities)	(23,703)	(73,490)
Due to customers	391,932	555,325
Other liabilities (net of impairment losses on participations)	60,202	293,826
Current tax liabilities	25,358	(14,023)
Deferred tax liabilities	(1,200)	1,552
	<u>264,968</u>	<u>922,917</u>
<b>Total cash flows from operating activities</b>	<b>(410,904)</b>	<b>146,510</b>
<b>Cash flows from investing activities</b>		
Increase in participation in subsidiaries	(53,344)	(25,302)
Increase in participation in associates	-	(359)
Net change in property, plant and equipment, intangible assets and investment property	(3,059)	(21,368)
Net change in available-for-sale investments	33,376	(1,767)
<b>Total cash flows from investing activities</b>	<b>(23,027)</b>	<b>(48,796)</b>
<b>Cash flows from financing activities</b>		
Tax on share capital increase	(1,450)	-
Proceeds from sale of own shares	141,401	-
Payment of 2003 dividend	-	(40,683)
Proceeds from issuance of subordinated debt	-	348,082
<b>Total cash flows from financial activities</b>	<b>139,951</b>	<b>307,399</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(293,980)</b>	<b>405,113</b>
Cash and cash equivalents, at beginning of period (Note 35)	2,733,924	2,472,567
<b>Cash and cash equivalents, at end of period (Note 35)</b>	<b>2,439,944</b>	<b>2,877,680</b>

Notes on pages 8 to 48 form an integral part of these financial statements.

## **Notes to the interim financial statements**

### **1. General information**

Emporiki Bank ("Emporiki Bank" or the "Bank") operates in all banking activities (retail, corporate) as well as in investment banking, asset management, portfolio management and in general financial services. The Bank offers services in Greece through its network of 380 branches and abroad through its branches in London as well as through its subsidiaries in Germany, Cyprus, Bulgaria, Albania, Romania and Georgia.

Emporiki Bank was established in Greece in 1907 and its shares are listed in the Athens Stock Exchange from 1909. The share of Emporiki Bank is included in the Athens General Index and in the FTSE 20.

Its web site address is [www.emporiki.gr](http://www.emporiki.gr).

The financial statements have been approved by the Board of Directors of the Bank on 28 November 2005.

### **2. Summary of significant accounting policies**

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

#### **2.1 Basis of preparation**

These interim financial statements of Emporiki Bank for 30 September 2005 spanning the nine month period ended 30 September 2005 have been prepared in accordance with International Financial Reporting Standards (IFRS). They have been prepared in accordance IAS 34, "Interim Financial Reporting", and are covered by IFRS 1, "First-time Adoption of IFRS", because they are part of the period covered by the Bank'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 preparation of these statements (October – November 2005). The policies applied for all the periods are disclosed separately below.

The Bank's financial statements were prepared in accordance with Greek Generally Accepted Accounting Principles (Greek GAAP) until 31 December 2004. Greek GAAP differs in some areas from IFRS. In preparing the Bank's interim financial statements, management has amended certain accounting, valuation and consolidation methods applied in the Greek 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 Greek GAAP to IFRS on the Bank's equity and its net income and cash flows are provided in Note 4.

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

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Bank's accounting policies.

## **2.2 Foreign currency translation**

### **(a) Functional and presentation currency**

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

### **(b) Transactions and balances**

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

## **2.3 Derivative financial instruments and hedge accounting**

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

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

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

The Bank documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Bank also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

## **2.4 Interest income and expense**

Interest income and expense are recognized in the income statement for all instruments measured at amortised cost using the effective interest method, taking into account all fees and commissions paid or received between parties to the financial asset or expense over the points paid or received between parties to the contract. Interest income includes interest receivable from loans and placements, treasury bills and fixed and floating rate securities as well as the amortization of other premiums or discounts from government securities and similar instruments.

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

## **2.5 Fee and commission income**

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

## **2.6 Financial assets**

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

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

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

### **(b) Loans and receivables**

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

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

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. The Bank did not have any held-to-maturity assets when preparing these financial statements.

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

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

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

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

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

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

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

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

## **2.7 Off setting financial instruments**

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

- a) there is a legally enforceable right to offset the recognized amounts and
- b) there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

## **2.8 Sale and repurchase agreements**

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

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

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

## **2.9 Impairment of financial assets**

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

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

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

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

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

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

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

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

## 2.10 Intangible assets – Software

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

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

## 2.11 Property, plant and equipment

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

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

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

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

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

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

## **2.12 Investment property**

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

## **2.13 Leases (The Bank as lessee)**

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

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

## **2.14 Cash and cash equivalents**

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

## **2.15 Provisions**

Provisions for restructuring costs and legal claims are recognized when:

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

## **2.16 Employee benefits**

- (a) Short-term obligations

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

(b) Post employment benefits

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

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets.

Upon the date of publishing these financial statements the Bank has an auxiliary fund (TEAPETE) which is subject to law "Capital market and other laws" as explained in note 31.

(c) Employee termination benefits

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

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

## 2.17 Deferred tax

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

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

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

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

## 2.18 Debt securities and other debt issues

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

## **2.19 Share capital and own shares**

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

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

## **2.20 Fiduciary activities**

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

## **2.21 Comparatives**

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

## **3. Financial risk Management**

### **3.1 Financial risk factors**

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

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

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

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

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

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

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

### **3.2 Credit risk**

Credit risk is the loss from the risk that the counterparty will be unable to pay amounts in full when due. In accordance with its credit scoring policy the Bank can estimate the credit risk for each loan category and estimate the exposure to credit risk.

From experience, management is able to carefully manage the credit risk it is exposed to, by issuing credit policies.

It applies an internal credit grading for corporate entities, small and medium size entities. This model has been expanded and improved and will apply in 2005 for improving credit risk management. The new model is based on classifying loans in delays by collateral coverage.

Based on the same model the Bank already connects the customer grading with the credit risk exposed within a year by industry.

Apart from credit risk, the Bank also monitors credit risk attributed to the market in general, by monitoring loan concentration per business sector. In addition, it develops practices to evaluate and approve credit risk exposed by the Bank. It also monitors shifts in the quality of the loan portfolio in order to confront any risks incurred.

For retail loans the Bank has developed a credit scoring system to estimate precisely the credit risk by customer and minimize credit risk. This is done through monitoring payment behaviors of customers.

In addition the Bank has developed a system for allocating impairment allowances for portfolio loans that displays a statistical estimate on the possible loss for the following year based on historic trends and is used to evaluate the quality of the credit portfolio. Impairment losses recorded cover the estimation of the possible loss for the Bank and constitute a guide to the booking of losses through impairment tests.

Emporiki Bank is in the process of developing new risk management policies to adopt to the new Basle II framework.

### **3.3 Market risk**

In 2004 the Bank developed and improved its internal risk management policy. The maximum value at risk (VaR) for the trading portfolio is estimated through historical simulation on a daily basis. In addition it uses the Monte-Carlo methodology. This analysis is performed for each market risk factor (interest, foreign currency and equity) and is confirmed through backtesting controls and stress testing. In 2004 it adopted an investment strategy in high quality international corporate securities has been adopted.

The average credit rating of this portfolio by the end of 2004 was A according to Standard & Poor's evaluation.

For 2005 the Bank considers as its top priority to cover the risk management policy for all its subsidiaries. In addition, it will start reporting to regulatory authorities using internal risk estimation models in place of the currently applied standardized methodology.

### **3.4 Foreign currency**

Foreign exchange risk is the risk from the change in value of a financial instrument asset or liability as a result of changes in currency rates. Foreign currency risk from transactions in foreign currency is a result of a long or short open position exposing the Bank to foreign exchange risks. These risks may also result by funding assets in one currency with a liability in a different currency or through forward contracts or by option derivatives. This risk is also driven by the net equity of subsidiaries with a presentation currency other than the Euro. The Bank covers this risk as its funding is to a large extent the same currency. The Bank does transactions in foreign currencies to cover customer needs or to hedge its open positions. The Bank's risk management monitors transactions based on limits approved. The Bank maintains limits in order to control the following:

- (a) Open positions in a currency (long or short per currency).
- (b) Total negative exposures.
- (c) Maximum losses (On a daily/monthly or annual basis).

The following tables show the foreign currency exposure of the Bank. These tables present assets and liabilities per currency. In addition the notional amount used to hedge the currency risk is also shown.

**30 September 2005**

<b>ASSETS</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>CHF</b>	<b>JPY</b>	<b>Other</b>	<b>Total</b>
Cash and balances with Central Bank	541,470	832	880	60	9	518	543,769
Treasury bills and other eligible bills	34,701	-	-	-	-	-	34,701
Due from other banks	964,064	250,044	53,016	36,034	5,584	140,957	1,449,699
Trading securities	989,005	7,134	-	-	-	47	996,186
Derivative financial instruments – assets	23,782	-	-	-	-	-	23,782
Loans and advances to customers (net of allowance)	13,041,136	691,834	36,605	72,826	49,961	96	13,892,458
Available-for-sale securities	40,603	-	-	-	-	-	40,603
Investment in subsidiaries	177,649	17,759	18	-	-	64,987	260,413
Investment in associates	22,488	-	-	-	-	-	22,488
Intangible assets	9,106	-	8	-	-	-	9,114
Property, plant and equipment	306,128	450	46	-	-	-	306,624
Investment property	98,094	-	-	-	-	-	98,094
Deferred tax asset	254,252	-	-	-	-	-	254,252
Income tax advances	3,096	-	-	-	-	-	3,096
Other assets	357,506	3,058	754	2,771	1	2	364,092
<b>TOTAL ASSETS</b>	<b>16,863,080</b>	<b>971,111</b>	<b>91,327</b>	<b>111,691</b>	<b>55,555</b>	<b>206,607</b>	<b>18,299,371</b>
<b>LIABILITIES</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>CHF</b>	<b>JPY</b>	<b>Other</b>	<b>Total</b>
Due to other banks	313,657	137,108	2,881	102,517	9,333	2,055	567,551
Derivative financial instruments – liabilities	29,321	-	-	-	-	-	29,321
Due to customers	13,692,008	813,410	91,550	7,524	345,945	136,600	15,087,037
Debt securities in issue	398,853	-	-	-	-	-	398,853
Other borrowed funds	348,082	-	-	-	-	-	348,082
Personnel indemnities	449	-	-	-	-	-	449
Due to State pension funds	712,000	-	-	-	-	-	712,000
Other liabilities	411,285	-	1,094	-	-	103	412,482
Current tax liabilities	20,000	-	-	-	-	-	20,000
Deferred tax liabilities	1,096	-	-	-	-	-	1,096
<b>Total liabilities</b>	<b>15,926,751</b>	<b>950,518</b>	<b>95,525</b>	<b>110,041</b>	<b>355,278</b>	<b>138,758</b>	<b>17,576,871</b>
<b>Net equity</b>	<b>936,329</b>	<b>20,593</b>	<b>(4,198)</b>	<b>1,650</b>	<b>(299,723)</b>	<b>67,849</b>	<b>722,500</b>
<b>Off balance sheet items</b>	<b>(288,830)</b>	<b>(1,095)</b>	<b>-</b>	<b>-</b>	<b>299,776</b>	<b>(10,994)</b>	<b>(1,143)</b>
<b>31 December 2004</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>CHF</b>	<b>JPY</b>	<b>Other</b>	<b>Total</b>
Total assets	16,596,522	893,546	105,801	90,962	65,300	130,709	17,882,840
Total liabilities	15,631,182	883,236	106,728	91,663	518,696	132,407	17,363,912
<b>Net equity</b>	<b>965,340</b>	<b>10,310</b>	<b>(927)</b>	<b>(701)</b>	<b>(453,396)</b>	<b>(1,698)</b>	<b>518,928</b>
<b>Off balance sheet items</b>	<b>(468,108)</b>	<b>(202)</b>	<b>9,219</b>	<b>(84,257)</b>	<b>500,454</b>	<b>45,834</b>	<b>2,940</b>

### 3.5 Interest rate risk

Interest rate risk is the risk for changes in the fair value of financial instruments and to net interest income for the Bank as a result of changes in interest rates. Interest rate risk is a result of the deferral in adjusting assets and liability items to interest rate changes.

The Bank uses the PVBP methodology (Present Value of a Basis Point) to measure, control and manage interest rate. PVBP measures the effect to the fair value of financial instruments and to the profitability of the Bank for every change by 1 basis point (0,01%) to the yield curve.

The Bank's interest rate risk mainly arises from retail banking and is usually funded by money market activities. There is though, a small volume of transactions in fixed rate bonds and interest rate forwards compared to the size of the Bank's balance sheet.

The Bank uses PVBPs as a measurement of exposures in order to control:

- (a) Total interest rate exposure by period.
- (b) Total interest rate exposure per currency (mainly Euro, GBP, USD and Australian Dollar).
- (c) Total interest rate exposure.

The Bank measures its interest rate exposure as the maximum loss occurring as a result of changes in interest rates. These changes are based on historic data and through stress scenarios. It should be noted that the Bank measures its interest rate exposure to count the maximum loss within a reasonable interval.

The following tables show the interest rate exposure. These tables present the book value of asset and liability items for the Bank categorized by the shorter between the interest rate repricing date and the maturity date of the financial asset or liability.

**30 September 2005**

**Interest risk**

	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Non interest bearing</b>	<b>Total</b>
<b>ASSETS</b>							
Cash and balances with Central Bank	334,255	-	-	-	-	209,514	<b>543,769</b>
Treasury bills and other eligible bills	15,931	-	18,770	-	-	-	<b>34,701</b>
Due from other banks	1,080,316	204,553	142,215	-	-	22,615	<b>1,449,699</b>
Trading securities	53,993	166,861	36,560	526,484	90,753	121,535	<b>996,186</b>
Derivative financial instruments – assets	23,782	-	-	-	-	-	<b>23,782</b>
Loans and advances to customers (net of allowance)	9,914,550	3,049,960	1,122,292	440,485	10,176	(645,005)	<b>13,892,458</b>
Available-for-sale securities	-	8,677	31,889	-	-	37	<b>40,603</b>
Investment in subsidiaries	-	-	-	-	-	260,413	<b>260,413</b>
Investment in associates	-	-	-	-	-	22,489	<b>22,489</b>
Intangible assets	-	-	-	-	-	9,114	<b>9,114</b>
Property, plant and equipment	-	-	-	-	-	306,624	<b>306,624</b>
Investment property	-	-	-	-	-	98,094	<b>98,094</b>
Deferred tax assets	-	-	-	-	-	254,252	<b>254,252</b>
Income tax advances	-	-	-	-	-	3,095	<b>3,095</b>
Other assets	-	-	-	-	-	364,092	<b>364,092</b>
<b>Total assets</b>	<b>11,422,827</b>	<b>3,430,051</b>	<b>1,351,726</b>	<b>966,969</b>	<b>100,929</b>	<b>1,026,869</b>	<b>18,299,371</b>
<b>LIABILITIES</b>							
Due to other banks	496,323	13,735	41,658	-	-	15,835	<b>567,551</b>
Derivative financial instruments – liabilities	29,321	-	-	-	-	-	<b>29,321</b>
Due to customers	12,191,835	805,648	1,830,058	122,205	-	137,291	<b>15,087,037</b>
Debt securities in issue	-	398,773	-	-	-	80	<b>398,853</b>
Other borrowed funds	-	348,082	-	-	-	-	<b>348,082</b>
Personnel indemnities	-	-	-	-	-	450	<b>450</b>
Due to State pension fund	-	-	-	-	-	712,000	<b>712,000</b>
Other liabilities	-	-	-	-	-	412,481	<b>412,481</b>
Current tax liabilities	-	-	-	-	-	20,000	<b>20,000</b>
Deferred tax liabilities	-	-	-	-	-	1,096	<b>1,096</b>
<b>Total liabilities</b>	<b>12,717,479</b>	<b>1,566,238</b>	<b>1,871,716</b>	<b>122,205</b>	<b>-</b>	<b>1,299,233</b>	<b>17,576,871</b>
<b>Net interest rate exposure</b>	<b>(1,294,652)</b>	<b>1,863,813</b>	<b>(519,990)</b>	<b>844,764</b>	<b>100,929</b>		

**31 December 2004**

	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Non interest bearing</b>	<b>Total</b>
Cash and balances with Central Bank	410,613	-	-	-	-	197,123	<b>607,736</b>
Treasury bills and other eligible bills	10,905	-	16,867	-	-	-	<b>27,772</b>
Due from other banks	842,720	121,021	116,363	-	-	21,174	<b>1,101,278</b>
Trading securities	146,748	282,590	155,877	711,611	477,895	119,402	<b>1,894,123</b>
Derivative financial instruments – assets	249	-	-	-	-	-	<b>249</b>
Loans and advances to customers (net of allowance))	8,364,975	2,342,171	1,918,396	507,636	328,060	(577,896)	<b>12,883,342</b>
Available-for-sale securities	19,173	4,552	6,069	-	31,461	8,750	<b>70,005</b>
Investment in subsidiaries	-	-	-	-	-	245,268	<b>245,268</b>
Investment in associates	-	-	-	-	-	22,489	<b>22,489</b>
Intangible assets	-	-	-	-	-	15,425	<b>15,425</b>
Property, plant and equipment	-	-	-	-	-	314,092	<b>314,092</b>
Investment property	-	-	-	-	-	103,768	<b>103,768</b>
Deferred tax assets	-	-	-	-	-	260,025	<b>260,025</b>
Income tax advances	-	-	-	-	-	16,906	<b>16,906</b>
Other assets	-	-	-	-	-	320,362	<b>320,362</b>
<b>Total assets</b>	<b>9,795,383</b>	<b>2,750,334</b>	<b>2,213,572</b>	<b>1,219,247</b>	<b>837,416</b>	<b>1,066,888</b>	<b>17,882,840</b>
<b>LIABILITIES</b>							
Due to other banks	526,169	189,905	39,098	-	-	-	<b>755,172</b>
Derivative financial instruments – liabilities	53,024	-	-	-	-	-	<b>53,024</b>
Due to customers	11,455,003	1,015,577	2,055,697	36,211	-	132,617	<b>14,695,105</b>
Debt securities in issue	-	398,853	-	-	-	-	<b>398,853</b>
Other borrowed funds	-	348,082	-	-	-	-	<b>348,082</b>
Personnel indemnities	-	-	-	-	-	452	<b>452</b>
Due to State pension fund	-	-	-	-	-	712,000	<b>712,000</b>
Other liabilities	-	-	-	-	-	390,475	<b>390,475</b>
Current tax liabilities	-	-	-	-	-	8,453	<b>8,453</b>
Deferred tax liabilities	-	-	-	-	-	2,296	<b>2,296</b>
<b>Total liabilities</b>	<b>12,034,196</b>	<b>1,952,417</b>	<b>2,094,795</b>	<b>36,211</b>	<b>-</b>	<b>1,246,293</b>	<b>17,363,912</b>
<b>Net interest rate exposure</b>	<b>(2,238,813)</b>	<b>797,917</b>	<b>118,777</b>	<b>1,183,036</b>	<b>837,416</b>		

### **3.6 Liquidity risk**

Liquidity risk is the risk from the gap between the maturity of asset and liability items. Liquidity risk expresses the danger that the Bank can not fulfill its obligations in the future from gaps between financial instruments or transactions.

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

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

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

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

The following tables depict the assets and liability items of the Bank by maturity as at the reporting date.

### 30 September 2005

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non interest bearing
<b>ASSETS</b>						
Cash and balances with Central Bank	543,769	-	-	-	-	543,769
Treasury bills and other eligible bills	176	-	34,525	-	-	34,701
Due from other banks	1,126,294	181,020	113,331	29,054	-	1,449,699
Trading securities	863,440	-	132,746	-	-	996,186
Derivative financial instruments – assets	23,782	-	-	-	-	23,782
Loans and advances to customers (net of allowance)	1,489,609	1,667,278	2,362,905	3,442,266	4,930,399	13,892,457
Available-for-sale securities	24,362	-	-	16,241	-	40,603
Investment in subsidiaries	-	-	-	-	260,413	260,413
Investment in associates	-	-	-	-	22,489	22,489
Intangible assets	-	-	-	-	9,114	9,114
Property, plant and equipment	-	-	-	-	306,624	306,624
Investment property	-	-	-	-	98,094	98,094
Deferred tax assets	-	-	-	254,252	-	254,252
Income tax advances	-	3,096	-	-	-	3,096
Other assets	203,664	50,928	107,062	2,438	-	364,092
<b>Total assets</b>	<b>4,275,096</b>	<b>1,902,322</b>	<b>2,750,569</b>	<b>3,744,251</b>	<b>5,627,133</b>	<b>18,299,371</b>
<b>LIABILITIES</b>						
Due to other banks	487,869	19,771	9,911	-	50,000	567,551
Derivative financial instruments – liabilities	29,321	-	-	-	-	29,321
Due to customers	3,796,406	1,217,047	2,301,382	7,772,202	-	15,087,037
Debt securities in issue	-	-	-	398,853	-	398,853
Other borrowed funds	-	-	-	-	348,082	348,082
Personnel indemnities	-	-	-	450	-	450
Due to State pension fund	-	-	-	712,000	-	712,000
Other liabilities	188,135	52,425	9,062	162,859	-	412,481
Current tax liabilities	-	20,000	-	-	-	20,000
Deferred tax liabilities	-	-	-	1,095	-	1,095
<b>Total liabilities</b>	<b>4,501,731</b>	<b>1,309,243</b>	<b>2,320,355</b>	<b>9,047,459</b>	<b>398,082</b>	<b>17,576,870</b>
<b>Net equity</b>	<b>(226,635)</b>	<b>593,079</b>	<b>430,214</b>	<b>(5,303,208)</b>	<b>5,229,051</b>	<b>722,501</b>
	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>31 December 2004</b>						
Total assets	5,096,449	2,010,976	2,805,740	4,634,749	3,334,927	17,882,840
Total liabilities	4,692,220	1,083,008	2,096,042	8,064,064	1,428,579	17,363,912
<b>Net equity</b>	<b>404,229</b>	<b>927,968</b>	<b>709,698</b>	<b>(3,429,315)</b>	<b>1,906,348</b>	<b>518,928</b>

### **3.7 Establishment of fair values**

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

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

## **4. Transition to IFRS**

### **4.1 Application of IFRS 1**

The financial statements of the Bank for the year ending 31 December 2005 will be the first annual financial statements in accordance with IFRS. The current interim financial statements have been presented as stated in note 2.1. The Bank has applied IFRS 1 for the preparation of these interim financial statements.

The transition date for the Bank to IFRS is 1 January 2004, the date when the Bank prepared the "opening balance sheet" of the Bank in accordance with IFRS. The present interim financial statements refer to the period between 1 January to 30 September 2005 that for IFRS purposes is considered 1 January 2005 for the Bank.

For the compilation of the interim financial statements the Bank adopted the exemptions in accordance with IFRS 1.

#### **4.1.1 Exemptions for applying IFRS**

The Bank decided to apply the following exemptions for IFRS purposes:

- a) Business combinations: The Bank decided not to adjust any business acquisitions prior to 1 January 2004 (transition date).
- b) Deemed cost: The Bank considers as deemed cost for property held 1 January 2004 the fair value as at that date.

### **4.2 Reconciliation between IFRS and Greek GAAP**

The following tables show the effect to the Bank from the transition to IFRS. The first schedule shows the reconciliation of equity as at 1 January 2004, 30 September 2004 and 31 December 2004, while the following tables show in detail the effect to:

- Balance sheet items 1 January 2004
- Balance sheet items 30 September 2004
- Balance sheet items 31 December 2004
- Nine month profit and loss items for the period up to 30 September 2004
- Annual profit and loss accounts as at 31 December 2004

#### 4.2.1 Reconciliation net equity

	<b>1 January 2004</b>	<b>30 September 2004</b>	<b>31 December 2004</b>
<b>Total Net Equity (Greek GAAP) - Published</b>	<b>1,268,571</b>	<b>1,324,301</b>	<b>1,328,863</b>
Reversal of 2003 appropriation of profit	40,766	-	-
Intangible assets write-off	(18,646)	(21,298)	(21,791)
Revaluation of property at fair value	195,206	195,206	(16,148)
Change in depreciation rates	-	989	1,184
Financial leases	(23)	(94)	(61)
Impairment of loans and advances	(104,597)	(110,995)	(89,745)
Effective interest rate method for commission on loans (IAS 39)	(21,957)	(36,106)	(40,757)
Effective interest rate method for interest on loans (IAS 39)	3,175	6,620	7,998
Provision for obligation to ETEAM	(712,000)	(712,000)	(712,000)
Impairment of investments in subsidiaries	(259,348)	(282,694)	(155,909)
Impairment of investments in associates	(36,653)	(36,653)	(19,390)
Impairment of available-for-sale assets	(20,874)	(20,874)	-
Revaluation of available-for-sale assets	(25)	36	29
Revaluation of trading portfolio	(6,646)	6,172	-
Derivatives at fair value	142	109	(386)
Income tax provision (interim financial statements)	-	(15,538)	-
Tax on property revaluation	(7,641)	(7,641)	-
Property tax provision	-	(825)	-
Employee benefits obligation	(16,414)	(18,954)	(15,688)
Other provision	(4,000)	(4,750)	(5,000)
Deferred tax assets	264,239	273,272	260,025
Deferred tax liabilities	(1,111)	(2,663)	(2,296)
<b>Total adjustments</b>	<b>(706,407)</b>	<b>(788,681)</b>	<b>(809,935)</b>
<b>Total net equity (IFRS)</b>	<b>562,164</b>	<b>535,620</b>	<b>518,928</b>

#### 4.2.2 Balance Sheet reconciliation 1 January 2004

	<b>GREEK GAAP</b>	<b>Effect on transition to IFRS</b>	<b>IFRS</b>
<b>ASSETS</b>			
Cash and balances with Central Bank	398,114	-	398,114
Treasury bills	9,792	-	9,792
Due from other banks	964,942	-	964,942
Trading securities	-	2,153,791	2,153,791
Derivative financial instruments	-	142	142
Loans and advances to customers (net of allowance)	11,705,002	(97,769)	11,607,233
Bonds and other fixed income securities	1,924,367	(1,924,367)	-
Shares and other variable income securities	287,271	(287,271)	-
Available-for-sale securities	-	61,816	61,816
Investments in subsidiaries	721,995	(271,722)	450,273
Investment in associates	31,663	(16,306)	15,356
Intangible assets	48,500	(27,849)	20,651
Property, plant and equipment	134,866	174,414	309,279
Investment property	-	84,016	84,016
Deferred tax assets	-	264,239	264,239
Income tax advances	-	18,957	18,957
Other assets	417,771	(96,994)	320,777
<b>Total assets</b>	<b>16,644,282</b>	<b>35,095</b>	<b>16,679,377</b>
<b>LIABILITIES</b>			
Due to other banks	1,225,556	-	1,225,556
Derivative financial instruments	-	76,221	76,221
Due to customers	13,841,685	-	13,841,685
Debt securities in issue	73	-	73
Other provisions	29	(29)	-
Due to State pension fund	-	712,000	712,000
Other liabilities	308,367	(79,474)	228,893
Current tax liabilities	-	31,674	31,674
Deferred tax liabilities	-	1,111	1,111
<b>Total liabilities</b>	<b>15,375,711</b>	<b>741,502</b>	<b>16,117,213</b>
<b>Equity</b>			
Share capital	429,658	-	429,658
Share premium	278,392	-	278,392
Less: Own shares	(88,935)	-	(88,935)
Other reserves	649,455	(6,523)	642,931
Accumulated deficit	-	(699,884)	(699,884)
<b>Total equity</b>	<b>1,268,571</b>	<b>(706,407)</b>	<b>562,164</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>16,644,282</b>	<b>35,095</b>	<b>16,679,377</b>

### 4.2.3 Balance Sheet reconciliation 30 September 2004

	<b>GREEK GAAP</b>	<b>Effect on transition to IFRS</b>	<b>IFRS</b>
<b>ASSETS</b>			
Cash and balances with Central Bank	710,112	-	710,112
Treasury bills	12,549	-	12,549
Due from other banks	929,392	-	929,392
Trading securities	-	2,070,516	2,070,516
Derivative financial instruments	-	36,592	36,592
Loans and advances to customers (net of allowance)	12,712,513	(170,489)	12,542,024
Bonds and other fixed income securities	2,041,807	(2,041,807)	-
Shares and other variable income securities	75,564	(75,564)	-
Available-for-sale securities	-	62,886	62,886
Investments in subsidiaries	747,656	(284,081)	463,575
Investment in associates	30,849	(15,133)	15,716
Intangible assets	44,967	( 26,902)	18,065
Property, plant and equipment	136,654	180,250	316,904
Investment property	-	79,226	79,226
Deferred tax assets	-	273,272	273,272
Income tax advances	-	16,844	16,844
Other assets	436,701	(74,656)	362,045
<b>Total assets</b>	<b>17,878,764</b>	<b>30,954</b>	<b>17,909,718</b>
<b>LIABILITIES</b>			
Due to other banks	1,385,283	-	1,385,283
Derivative financial instruments	-	2,730	2,730
Due to customers	14,397,010	-	14,397,010
Debt securities in issue	-	73	73
Other borrowed funds	348,081	-	348,081
Other provisions	29	(29)	-
Due to State pension funds	-	712,000	712,000
Other liabilities	424,060	86,660	510,720
Current tax liabilities	-	15,538	15,538
Deferred tax liabilities	-	2,663	2,663
<b>Total liabilities</b>	<b>16,554,463</b>	<b>819,635</b>	<b>17,374,098</b>
<b>Equity</b>			
Share capital	429,658	-	429,658
Share premium	278,392	-	278,392
Less: Own shares	(88,935)	-	(88,935)
Other reserves	649,694	6,811	656,505
Retained earnings / Accumulated deficit	55,492	(795,492)	(740,000)
<b>Total equity</b>	<b>1,324,301</b>	<b>(788,681)</b>	<b>535,620</b>
<b>Total liabilities and equity</b>	<b>17,878,764</b>	<b>30,954</b>	<b>17,909,718</b>

#### 4.2.4 Balance Sheet Reconciliation 31 December 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
<b>ASSETS</b>			
Cash and balances with Central Bank	607,736	-	607,736
Treasury bills	27,772	-	27,772
Due from other banks	1,101,278	-	1,101,278
Trading securities	-	1,894,123	1,894,123
Derivative financial instruments	-	249	249
Loans and advances to customers (net of allowance)	12,989,597	(106,255)	12,883,342
Bonds and other fixed income securities	1,849,560	(1,849,560)	-
Shares and other variable income securities	101,182	(101,182)	-
Available-for-sale securities	-	70,005	70,005
Investments in subsidiaries	397,802	(152,534)	245,268
Investment in associates	20,412	2,077	22,489
Intangible assets	46,419	(30,994)	15,425
Property, plant and equipment	331,167	(17,075)	314,092
Investment property	-	103,768	103,768
Deferred tax asset	-	260,025	260,025
Income tax advances	-	16,906	16,906
Other assets	441,757	(121,395)	320,362
<b>Total assets</b>	<b>17,914,682</b>	<b>(31,842)</b>	<b>17,882,840</b>
<b>Liabilities</b>			
Due to other banks	755,172	-	755,172
Derivative financial instruments	-	53,024	53,024
Due to customers	14,695,105	-	14,695,105
Debt securities	398,853	-	398,853
Other debt securities	348,082	-	348,082
Employee benefits	13,635	(13,184)	452
Due to State pension fund	-	712,000	712,000
Other provisions	17,453	(17,453)	-
Other liabilities	357,518	32,957	390,475
Current tax liabilities	-	8,453	8,453
Deferred tax liabilities	-	2,296	2,296
<b>Total liabilities</b>	<b>16,585,819</b>	<b>778,093</b>	<b>17,363,912</b>
<b>Equity</b>			
Share capital	485,435	-	485,435
Share premium	361,137	(88,955)	272,183
Less: Own shares	(88,935)	-	(88,935)
Other reserves	716,077	(40,957)	675,120
Accumulated deficit	(144,852)	(680,024)	(824,875)
<b>Total equity</b>	<b>1,328,863</b>	<b>(809,935)</b>	<b>518,928</b>
<b>Total liabilities and equity</b>	<b>17,914,682</b>	<b>(31,842)</b>	<b>17,882,840</b>

#### 4.2.5 Reconciliation of income statement for the period I January to 30 September 2004

	Greek GAAP	Reclassifications	Adjustments	IFRS
Interest & similar income	600,007	-	3,445	603,452
Interest expense & similar charges	(212,157)	6,081	(87)	(206,163)
<b>Net interest income</b>	<b>387,850</b>	<b>6,081</b>	<b>3,358</b>	<b>397,289</b>
Fee & commission income	110,088	3,937	(14,149)	99,876
Fee & commission expense	(8,840)	-	-	(8,840)
<b>Net Fee &amp; commission income</b>	<b>101,248</b>	<b>3,937</b>	<b>(14,149)</b>	<b>91,036</b>
Dividend income	2,986	-	-	2,986
Net trading results	11,368	-	13,779	25,147
Gains less losses from investment securities	-	-	(23,346)	(23,346)
Other operating income	7,923	2,091	-	10,014
<b>Net operating income</b>	<b>511,375</b>	<b>12,109</b>	<b>(20,358)</b>	<b>503,126</b>
Staff costs	(265,360)	1,890	(2,540)	(266,010)
Depreciation	(26,210)	-	5,092	(21,118)
Impairment loans and advances	(84,450)	-	(6,398)	(90,848)
Other operating expenses	(84,411)	(9,451)	(8,314)	(102,176)
<b>Total operating expenses</b>	<b>(460,431)</b>	<b>(7,561)</b>	<b>(12,160)</b>	<b>(480,152)</b>
Extraordinary results	4,548	(4,548)	-	-
<b>Profit before income tax</b>	<b>55,492</b>	<b>0</b>	<b>(32,518)</b>	<b>22,974</b>
Income tax	-	-	(8,055)	(8,055)
<b>Profit after tax for the period</b>	<b>55,492</b>	<b>0</b>	<b>(40,573)</b>	<b>14,919</b>

#### 4.2.6 Reconciliation of income statement for the year ended 31 December 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
Interest & similar income	811,684	4,823	816,507
Interest expense & similar charges	(289,277)	8,019	(281,258)
<b>Net interest income</b>	<b>522,407</b>	<b>12,843</b>	<b>535,249</b>
Fee & commission income	150,813	(13,740)	137,073
Fee & commission expense	(11,866)	-	(11,866)
<b>Net Fee &amp; commission income</b>	<b>138,947</b>	<b>(13,740)</b>	<b>125,208</b>
Dividend income	4,430	-	4,430
Net trading results	(15,953)	34,395	18,442
Gains less losses from investment securities	-	(67,036)	(67,036)
Other operating income	12,037	1,252	13,290
<b>Net operating income</b>	<b>661,869</b>	<b>(32,286)</b>	<b>629,583</b>
Staff costs	(401,090)	4,404	(396,686)
Depreciation	(37,015)	7,062	(29,953)
Impairment losses on loans and advances	(148,203)	14,852	(133,351)
Other operating expenses	(122,374)	(25,393)	(147,767)
<b>Total operating expenses</b>	<b>(708,682)</b>	<b>924</b>	<b>(707,757)</b>
Extraordinary results	3,423	(3,423)	-
<b>Loss before income tax</b>	<b>(43,391)</b>	<b>(34,784)</b>	<b>(78,175)</b>
Tax	(18,984)	2,988	(15,996)
<b>LOSS AFTER TAX</b>	<b>(62,375)</b>	<b>(31,796)</b>	<b>(94,171)</b>

<b>5. Net interest income</b>	<b>1/1 – 30/9 2005</b>	<b>1/1 – 30/9 2004</b>	<b>1/7 – 30/9 2005</b>	<b>1/7 – 30/9 2004</b>
<b>Interest income</b>				
Cash and short-term funds	33,626	21,372	11,972	7,183
Bonds/ Treasury bills	50,817	56,575	16,352	19,717
Customer bonds and reverse repos	107	620	-	145
Loans and advances	588,715	524,885	204,440	180,298
	<b>673,265</b>	<b>603,452</b>	<b>232,764</b>	<b>207,343</b>
<b>Interest expense</b>				
Banks and customers	214,572	180,277	76,428	61,348
Debt securities	7,700	-	2,585	-
Securities and repos	6,933	24,293	1,098	8,793
Other borrowing funds	7,986	1,593	2,673	1,575
	<b>237,191</b>	<b>206,163</b>	<b>82,784</b>	<b>71,716</b>
<b>Net interest income</b>	<b>436,074</b>	<b>397,289</b>	<b>149,980</b>	<b>135,627</b>
<b>6. Net fee &amp; commission income</b>				
	<b>1/1 – 30/9 2005</b>	<b>1/1 – 30/9 2004</b>	<b>1/7 – 30/9 2005</b>	<b>1/7 – 30/9 2004</b>
<b>Fee &amp; commission income</b>				
Loans	20,298	12,952	5,461	2,863
Working capital	5,483	6,246	2,047	2,384
Letters of guarantee	9,807	9,685	3,645	3,134
Credit cards	22,335	21,326	9,044	8,473
Imports – Exports	5,549	6,185	2,015	1,866
Mutual Funds	7,431	6,936	2,374	2,215
Other commissions	42,519	36,546	15,830	12,688
	<b>113,422</b>	<b>99,876</b>	<b>40,416</b>	<b>33,623</b>
<b>Fee &amp; commission expenses</b>				
Credit cards	5,812	6,340	2,376	2,698
Related banks and companies	222	2,039	99	(118)
Other	444	461	165	156
	<b>6,478</b>	<b>8,840</b>	<b>2,640</b>	<b>2,736</b>
<b>Net commission income</b>	<b>106,944</b>	<b>91,036</b>	<b>37,776</b>	<b>30,887</b>

<b>7. Dividend income</b>	<b>1/1 – 30/9 2005</b>	<b>1/1 – 30/9 2004</b>	<b>1/7 – 30/9 2005</b>	<b>1/7 – 30/9 2004</b>
Subsidiaries and associates	345	316	74	-
Trading portfolio	735	2,318	-	547
Available-for-sale portfolio	555	352	80	246
<b>Dividend income</b>	<b>1,635</b>	<b>2,986</b>	<b>154</b>	<b>793</b>

<b>8. Net trading results</b>	<b>1/1 – 30/9 2005</b>	<b>1/1 – 30/9 2004</b>	<b>1/7 – 30/9 2005</b>	<b>1/7 – 30/9 2004</b>
Net profit from transactions and foreign exchange valuation	3,995	3,059	404	1,433
Net profit from sale and valuation of bonds	3,744	15,565	(8,591)	14,743
Net profit from sale and valuation of shares and other variable yield securities	9,749	14,372	3,895	(3,184)
Net loss from sale and valuation of derivatives	(14,739)	(7,848)	6,431	(5,487)
<b>Net trading results</b>	<b>2,749</b>	<b>25,148</b>	<b>2,139</b>	<b>7,505</b>

<b>9. Gains less losses of investment portfolio</b>	<b>1/1 – 30/9 2005</b>	<b>1/1 – 30/9 2004</b>	<b>1/7 – 30/9 2005</b>	<b>1/7 – 30/9 2004</b>
Net profit from mutual funds units sales	2,465	-	12	-
Net profit from sale of subsidiary	437	-	-	-
Impairment losses of participation to subsidiaries	-	(23,346)	-	(9,268)
<b>Total result of investment portfolio</b>	<b>2,902</b>	<b>(23,346)</b>	<b>12</b>	<b>(9,268)</b>

<b>10. Staff costs</b>	<b>1/1 – 30/9 2005</b>	<b>1/1 – 30/9 2004</b>	<b>1/7 – 30/9 2005</b>	<b>1/7 – 30/9 2004</b>
Salaries and wages	165,464	179,654	56,331	60,812
Social security cost (principal and auxiliary)	84,306	72,388	32,787	23,897
Other benefits	12,899	13,968	4,233	5,183
<b>Staff expenses</b>	<b>262,669</b>	<b>266,010</b>	<b>93,351</b>	<b>89,892</b>

Total personnel of Emporiki Bank as at 30 September 2005 consists of 6,375 people compared to 6,856 as at 30 September 2004.

<b>11. Other operating expenses</b>	<b>1/1 – 30/9 2005</b>	<b>1/1 – 30/9 2004</b>	<b>1/7 – 30/9 2005</b>	<b>1/7 –30/9 2004</b>
Fees and third party expenses	12,571	11,113	4,211	3,628
Third parties fees	28,305	28,843	12,390	10,702
Insurance fees	3,288	2,671	1,759	1,141
Taxes and customs	10,489	9,523	4,478	2,911
Other expenses	50,497	50,026	16,242	15,250
<b>Other operating expenses</b>	<b>105,150</b>	<b>102,176</b>	<b>39,080</b>	<b>33,632</b>

<b>12. Income tax expense</b>	<b>1/1 – 30/9 2005</b>	<b>1/1 – 30/9 2004</b>	<b>1/7 – 30/9 2005</b>	<b>1/7 –30/9 2004</b>
Tax for the period (provision)	20,000	15,537	6,942	1,742
Deferred taxation (Note 30)	4,574	(7,480)	397	(1,661)
<b>Income tax expense</b>	<b>24,574</b>	<b>8,057</b>	<b>7,339</b>	<b>81</b>

<b>13. Earnings per share</b>	<b>1/1 – 30/9 2005</b>	<b>1/1 – 30/9 2004</b>	<b>1/7 – 30/9 2005</b>	<b>1/7 –30/9 2004</b>
Allocated profits to the Bank shareholders	59,647	14,918	18,950	10,486
Average number of shares (excluding own shares)	91,621,074	81,366,456	104,484,062	81,366,456
Earnings per share	0.65	0.18	0.18	0.13

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

<b>14. Cash and balances with Central Bank</b>	<b>30/09/05</b>	<b>31/12/04</b>
Cash	199,230	223,915
Deposits at Central Bank excluding obligatory deposits for liquidity purposes	201,226	173,711
Cheques' receivables – Central Bank clearing office	2,839	1,171
<b>Included as cash and cash equivalents (Note 35)</b>	<b>403,295</b>	<b>398,797</b>
Obligatory deposits at Central Bank	140,474	208,939
<b>Cash and balances with Central Bank</b>	<b>543,769</b>	<b>607,736</b>

**15. Due from other banks**

	<b>30/09/05</b>	<b>31/12/04</b>
Cheques receivables	3,652	4,910
On demand	11,659	8,623
Placements in other banks	1,247,829	862,674
Reverse Repos	-	59,556
Other amounts due	24,837	37,022
<b>Included as cash and cash equivalents (Note 35)</b>	<b>1,287,977</b>	<b>972,785</b>
Loans and borrowings in other banks	161,722	128,493
<b>Due from other banks</b>	<b>1,449,699</b>	<b>1,101,278</b>

**16. Trading securities**

	<b>30/09/05</b>	<b>31/12/04</b>
<b>Trading securities portfolio</b>		
Bonds issued by Hellenic Republic (Note 35)	713,970	1,334,568
Other issuers	257,687	485,092
<b>Total</b>	<b>971,657</b>	<b>1,819,660</b>
Listed shares	24,529	54,568
Mutual funds	-	19,895
<b>Total</b>	<b>24,529</b>	<b>74,463</b>
<b>Trading securities</b>	<b>996,186</b>	<b>1,894,123</b>

## 17. Derivatives financial instruments

	30/09/05			31/12/04		
	Contract/ Nominal value	Fair value		Contract/ Nominal value	Fair value	
		Assets	Liabilities		Assets	Liabilities
<b>a) Currency derivatives</b>						
Currency forwards	692,086	-	13	1,209,546	-	2,153
Currency swaps	111,176	21,795	-	386,994	-	7,554
<b>Total</b>		<b>21,795</b>	<b>13</b>		<b>-</b>	<b>9,707</b>
<b>b) Interest rate derivatives</b>						
Interest rate swaps	1,951,386	-	27,458	2,262,414	105	27,461
Exchange traded interest rate futures		-	-	366,000	-	15,221
<b>Total</b>		<b>-</b>	<b>27,458</b>		<b>105</b>	<b>42,682</b>
<b>c) Index options</b>						
OTC index options	220,995	1,987	1,850	19,207	144	635
<b>Total</b>		<b>1,987</b>	<b>1,850</b>		<b>144</b>	<b>635</b>
<b>Derivative financial instruments</b>		<b>23,782</b>	<b>29,321</b>		<b>249</b>	<b>53,024</b>

<b>18. Loans and advances to customers (net of allowance)</b>	<b>30/09/05</b>	<b>31/12/04</b>
<b>Loans to individuals</b>		
Overdrafts	3,966	3,156
Credit cards	398,821	371,933
Term loans (including consumer loans)	1,223,454	894,846
Housing loans	3,928,710	3,369,497
Other loans	244,796	435,256
	<b>5,799,747</b>	<b>5,074,688</b>
<b>Loans to legal entities</b>		
Business loans	7,384,137	7,222,541
Syndicated loans	156,034	168,423
State and public companies	325,068	400,142
Other loans (bonds)	872,477	595,444
	<b>8,737,716</b>	<b>8,386,550</b>
<b>Loans and advances to customers</b>	<b>14,537,463</b>	<b>13,461,238</b>
Less: Impairment losses on loans and advances	(645,005)	(577,896)
	<b>13,892,458</b>	<b>12,883,342</b>
<b>Floating interest rate</b>	13,833,774	12,417,513
<b>Fixed interest rate</b>	703,689	1,043,725
<b>Total</b>	<b>14,537,463</b>	<b>13,461,238</b>
<b>Impairment losses on loans and advances</b>		
Changes on impairment losses for loans and advances		
<b>Balance at 1 January</b>	577,896	434,433
Impairment from merged companies	-	17,423
Impairment for loans	81,046	133,351
Write-offs	(13,937)	(7,311)
<b>Balance 30 September / 31 December</b>	<b>645,005</b>	<b>577,896</b>
<b>19. Available for sale securities</b>		
	<b>30/09/05</b>	<b>31/12/04</b>
<b>Available-for-sale securities at fair value</b>		
Bonds issued by Hellenic Republic	6,037	29,928
Listed shares	17,617	16,562
Non listed shares	9,261	11,988
Mutual funds units	7,688	11,527
<b>Available-for-sale securities</b>	<b>40,603</b>	<b>70,005</b>

## 20. Investments in subsidiaries / associates

The main subsidiaries of the Bank are:

A/A	Name	Country of incorporation	% of participation at 30.09.2005	% of participation at 31.12.2004
1	EMPORIKI BANK-GERMANY G.M.B.H.	GERMANY	100.00%	100.00%
2	EMPORIKI BANK BULGARIA A.D.	BULGARIA	100.00%	100.00%
3	EMPORIKI BANK ALBANIA S.A.	ALBANIA	100.00%	100.00%
4	EMPIOIKH LEASING A.E.	GREECE	100.00%	100.00%
5	EMPORIKI BANK GEORGIA S.A.	GEORGIA	86.10%	86.10%
6	EMPORIKI BANK CYPRUS LTD.	CYPRUS	81.19%	81.19%
7	EMPORIKI VENT. CAPITAL ENTERPRISES LIMITED	CYPRUS	100.00%	100.00%
8	EMPORIKI VENT. CAPITAL DEVELOPED LIMITED	CYPRUS	100.00%	100.00%
9	EMPORIKI VENT. CAPITAL EMERGING LIMITED	CYPRUS	100.00%	100.00%
10	EMPORIKI VENT. CAPITAL FUNDS LIMITED	CYPRUS	100.00%	100.00%
11	ELVIO A.E.	GREECE	100.00%	100.00%
12	EMPORIKI GROUP FINANCE PLC	UNITED KINGDOM	100.00%	100.00%
13	BANKING DEVELOPMENT, RESEARCH BANK FOR HISTORICAL ARCHIVES	GREECE	99.90%	99.90%
14	ASTIKA NON PROFIT COMPANY	GREECE	99.90%	99.90%
15	EMPORIKI MEDIA	GREECE	99.90%	99.83%
16	EMPORIKI ASSET MANAGEMENT	GREECE	99.99%	99.99%
17	EMPORIKI BANK ROMANIA S.A.	ROMANIA	98.48%	98.48%
18	THERMA EMPORIKI DEVELOPMENT	GREECE	96.51%	96.51%
19	KOLONOS REAL ESTATE A.E.	GREECE	96.51%	96.51%
20	THERMAIKOS REAL ESTATE A.E.	GREECE	96.51%	96.51%
21	PHOENIX FINANCIAL INTERMEDIARIES	GREECE	93.90%	90.09%
22	PHOENIX METROLIFE EMPORIKI	GREECE	89.84%	83.48%
23	EMPORIKI ASSET MANAGEMENT AEPHEY	GREECE	80.02%	80.00%
24	ERMIS AEDAK	GREECE	71.70%	71.70%
25	TOTAL CARE A.E	GREECE	70.00%	70.00%

26	EMPORIKI DEVELOPMENT AND REAL ESTATE MANAGEMENT	GREECE	96.50%	96.50%
27	GREEK INDUSTRY OF BAGS	GREECE	70.26%	70.26%
28	EMPORIKI VEHICLES LEASING AND FACTORING	GREECE	50.00%	50.00%
29	EMPORIKI LIFE	GREECE	50.00%	100.00%
30	EMPORIKI CREDICOM	GREECE	50.00%	50.00%
31	ASTIKA HOTELS A.E.	GREECE	49.22%	49.22%

The significant participations of the group in associates:

1	ALPHA GRAPHICS FRACHISE DEVELOPMENT	GREECE	49.00%	49.00%
2	INDUSTRY OF PHOSPHORIC FERTILISERS	GREECE	42.16%	42.16%
3	MEDIAFON	GREECE	25.00%	15.00%
4	PROPINDEX	GREECE	22.58%	22.58%
5	INCURIAM INVESTMENT LTD	CYPRUS	20.00%	20.00%
6	ICAP	GREECE	20.00%	20.00%
7	EULER HERMES EMPORIKI	GREECE	15.00%	15.00%
8	CHARALAMBIDIES DAIRIES	CYPRUS	20.00%	20.00%

On 27 September 2004 the Board of Directors of the Bank decided (No. 2687), as part of the new strategic development phase of the Group and in order to improve the Bank's results, to sell "Emporiki Bank – Armenia CJSC", a transaction which has already been completed.

The Board of the Bank on 27 September 2004 and 12 July 2005 decided to sell "Emporiki Bank – Georgia SA" and "Emporiki Bank – Cyprus Ltd", respectively.  
 As a result in the interim consolidated financial statements as at 30 June 2005 these subsidiaries were classified as held for sale.

As the criteria for recognition of these assets under IFRS 5 are not met the Bank has reclassified these assets from held for sale to "Investments in subsidiaries".

## 21. Intangible Assets

	<u>Software</u>
<b>1 January 2004</b>	
Cost	50,840
Accumulated depreciation	<u>(30,189)</u>
<b>Net book value</b>	<b>20,651</b>
<b>Period 31 December 2004</b>	
Opening net book value	20,651
Additions/Disposals	6,035
Change in depreciation	<u>(11,261)</u>
<b>Closing net book value</b>	<b>15,425</b>
<b>31 December 2004</b>	
Cost	56,875
Accumulated depreciation	<u>(41,450)</u>
<b>Net book value</b>	<b>15,425</b>
<b>9 months - 30 September 2005</b>	
Opening net book value	15,425
Additions/Disposals	919
Change in depreciation	<u>(7,230)</u>
<b>Closing net book value</b>	<b>9,114</b>
<b>30 September 2005</b>	
Cost	57,794
Accumulated depreciation	<u>(48,680)</u>
<b>Net book value</b>	<b>9,114</b>

## 22. Property, plant and equipment

	Land	Buildings and leasehold improvements	Other tangible assets	Total
<b>1 January 2005</b>				
Cost	169,304	93,921	152,849	416,074
Accumulated depreciation	-	-	(106,796)	(106,796)
<b>Net book value</b>	<b>169,304</b>	<b>93,921</b>	<b>46,053</b>	<b>309,278</b>
<b>Period 31 December 2004</b>				
Opening net book value	169,304	93,921	46,053	309,278
Additions/Disposals	136	5,258	12,693	18,087
Change in depreciation	-	(2,689)	(10,584)	(13,273)
<b>Closing net book value</b>	<b>169,440</b>	<b>96,490</b>	<b>48,162</b>	<b>314,092</b>
<b>31 December 2004</b>				
Cost	169,440	99,179	165,542	434,161
Accumulated depreciation	-	(2,689)	(117,380)	(120,069)
<b>Net book value</b>	<b>169,440</b>	<b>96,490</b>	<b>48,162</b>	<b>314,092</b>
<b>9 months - 30 September 2005</b>				
Opening net book value	169,440	96,490	48,162	314,092
Additions/Disposals	(444)	372	2,351	2,279
Change in depreciation	-	(1,736)	(8,011)	(9,747)
<b>Closing net book value</b>	<b>168,996</b>	<b>95,126</b>	<b>42,502</b>	<b>306,624</b>
<b>30 September 2005</b>				
Cost	168,996	99,551	167,893	436,440
Accumulated depreciation	-	(4,425)	(125,391)	(129,816)
<b>Net book value</b>	<b>168,996</b>	<b>95,126</b>	<b>42,502</b>	<b>306,624</b>

## 23. Investment property

	<b>Land</b>	<b>Buildings and equipment</b>	<b>Total</b>
<b>1 January 2004</b>			
Cost	48,989	35,027	84,016
Accumulated depreciation	-	-	-
<b>Net book value</b>	<b>48,989</b>	<b>35,027</b>	<b>84,016</b>
<b>Period 31 December 2004</b>			
Opening book value	48,989	35,027	84,016
Additions/ Disposals	21,361	(1,173)	20,188
Changes in depreciation	-	(436)	(436)
<b>Closing net book value</b>	<b>70,350</b>	<b>33,418</b>	<b>103,768</b>
<b>31 December 2004</b>			
Cost	70,350	33,854	104,204
Accumulated depreciation	-	(436)	(436)
<b>Net book value</b>	<b>70,350</b>	<b>33,418</b>	<b>103,768</b>
<b>9 months - 30 September 2005</b>			
Opening book value	70,350	33,418	103,768
Additions/ Disposals	(3,377)	(1,167)	(4,544)
Changes in depreciation	-	(1,130)	(1,130)
<b>Closing net book value</b>	<b>66,973</b>	<b>31,121</b>	<b>98,094</b>
<b>30 September 2005</b>			
Cost	66,973	32,687	99,660
Accumulated depreciation	-	(1,566)	(1,566)
<b>Net book value</b>	<b>66,973</b>	<b>31,121</b>	<b>98,094</b>

## 24. Other assets

	<b>30/09/05</b>	<b>31/12/04</b>
Prepaid expenses	8,428	2,942
Accrued income	108,661	76,798
Other	247,003	240,622
	<b>364,092</b>	<b>320,362</b>

## 25. Due from other banks

	<b>30/09/05</b>	<b>31/12/04</b>
Borrowings from banks	483,098	687,339
Current accounts	84,453	67,833
	<b>567,551</b>	<b>755,172</b>

## 26. Due to customers

	30/09/05	31/12/04
<b>Deposits from legal entities</b>		
Current accounts	1,449,340	1,239,231
Term deposits	2,166,804	1,337,371
Sale and repurchase agreements (Repos)	173,017	808,926
	<b>3,789,161</b>	<b>3,385,528</b>
<b>Deposits from individuals</b>		
Current accounts	455,277	417,063
Term deposits	3,509,957	3,240,431
Saving accounts	7,217,395	7,232,314
Sale and repurchase agreements (Repos)	4,200	309,827
	<b>11,186,829</b>	<b>11,199,635</b>
<b>Cheques and remittances payable</b>	111,047	109,942
	<b>15,087,037</b>	<b>14,695,105</b>
Fixed interest rate	5,853,978	5,696,555
Floating interest rate	9,122,012	8,888,608
<b>Total deposits</b>	<b>14,975,990</b>	<b>14,585,163</b>

Fixed rate deposits include term deposits and repos in euro and foreign currency. The remaining amounts are floating.

## 27. Debt securities in issue

	30/09/05	31/12/04
Debt securities	398,780	398,780
Other credit titles	73	73
	<b>398,853</b>	<b>398,853</b>

Emporiki Group Finance PLC, a subsidiary of Emporiki Bank A.E., granted to Emporiki Bank A.E. a loan of total € 398,780,000, due in July 2007. For the above loan Emporiki Group Finance PLC, proceeded at 01.11.2004 to the issuance of Notes of a nominal value € 400,000,000, floating rate note (3months Euribor + 0,30%) and maturity in July 2007.

The other credit titles of € 73,359 refer to a short-term obligation undertaken by Emporiki Bank A.E. to pay out the Bank bonds (nominal value plus accrued interest) issued by Investment Bank.

## 28. Other borrowed funds

	30/09/05	31/12/04
Subordinated notes	348,082	348,082
	<b>348,082</b>	<b>348,082</b>

Emporiki Group Finance PLC, subsidiary of Emporiki Bank A.E. granted a subordinated loan to the bank amounting € 348,081,500, due in October 2014. For the above, Emporiki Group Finance PLC, proceeded on 05.08.2004 to the issuance of Notes of nominal value of € 350,000,000, floating rate (3months Euribor + 0,75%) due in October 2014, guaranteed by Emporiki Bank A. E.

## 29. Other liabilities

	30/09/05	31/12/04
Dividends payable	1,972	2,439
Accrued expenses and deferred income	149,031	162,195
Other	261,478	225,841
	<b>412,481</b>	<b>390,475</b>

## 30. Deferred tax assets/ liabilities

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

Deferred tax assets and liabilities arise from:

	30/09/05	31/12/04
<b>Deferred tax assets</b>		
Intangible assets write-off	3,780	6,319
Impairment of loans and receivables	30,149	29,625
Provision over expenses related to ETEAM social security	197,000	197,000
Commissions recognition based on effective interest rates	10,306	10,189
Impairment of investments at companies under clearing process	9,752	9,752
Provision for staff expenses	3,037	7,122
Other temporary tax differences	228	18
	<b>254,252</b>	<b>260,025</b>
<b>Deferred tax liabilities</b>		
Commissions recognition based on effective interest rates *	-	2,000
Reduced depreciation rates for buildings	1,096	296
	<b>1,096</b>	<b>2,296</b>
<b>Net deferred tax assets</b>	<b>253,156</b>	<b>257,729</b>

\* Deferred tax assets and liabilities resulting from the recognition of loan's commissions based on an effective interest rate are netted off in assets.

The charge (release) of deferred tax assets and liabilities through the income statements is as follows:

	30/09/05	31/12/04
<b>Deferred tax (income statement)</b>		
Intangible assets variation	(2,539)	912
Impairment of loans and receivables	524	3,476
Commissions recognition based on real interest rates	2,117	3,494
Provision for staff expenses	(4,085)	3,019
Reduced depreciation rates for buildings	(799)	(296)
Announcement of new tax rates	-	(16,014)
Other temporary tax differences	208	11
	<b>(4,574)</b>	<b>(5,398)</b>

### 31. Obligations to pension funds

The Auxiliary Pension Fund (TEAPETE) for the Bank's employees is considered a defined benefit plan under the statute of law 3371/2005. Under law 3371/2005, which the Bank wishes to apply, all employees and pensioners that were employed up to 31 December 2004 will not be included in TEAPETE but will be included in IKA – ETEAM and ETAT which are the auxiliary funds for state control plans and the new auxiliary fund for bank employees, both of which are considered defined contribution plans. Employees that join the Bank after 1/1/2005 are automatically included in IKA-ETEAM.

To cover the expense to have the pensioners joining the new pension funds, the Bank had an economic study performed, based on which the Bank will pay a special contribution (as a lump sum or within a period of 10 years) of € 712 mill. to IKA-ETEAM and ETAT. In addition, the Bank will be obliged to pay additional contributions compared to ETEAM regulations for employees hired before 31/12/2004 for the following periods and up to the date they retire. Law 3371/2005 allows credit institutions to book in their financial statements for 2005 the amount assessed by the economic study for the cost of inclusion to the new funds.

In accordance with IFRS, and in particular IAS 19 "Employee benefits" and IFRS 1 "First time adoption of IFRS" the Bank should have recognized in their financial statements an amount of € 1,4 bill. (before taxes) on transition date as of 1 January 2004 which refers to the obligations of the Bank to TEAPETE prior to law 3371/2005 based on an actuarial study and subsequently adjust the amount in accordance with the terms of the new law.

Based on the above and in accordance with IAS 1 "Financial statements" as to the "true and fair presentation" and "substance over form" rules the Bank decided in order to avoid a distortion of the results by recognizing the original liability and subsequently adjusting the amount to the profit and loss account, the Bank recorded against reserves as at 1 January 2004 an amount of € 712 mill. (before taxes) calculated on the basis of the obligations towards IKA-ETEAM and ETAT which the Bank will pay (upfront or within ten years). It should be noted that in accordance with IAS 1 all companies that apply IFRS may under extreme circumstances and situations exempt from applying certain standards by including explanatory notes so that the readers of financial statements have the necessary information to judge that the financial statements present a true and fair view of the financial position of the Bank.

The treatment adopted was considered appropriate to allow the readers a better understanding of the situation as stated in these financial statements.

In case the Bank recorded its obligation to TEAPETE in accordance with IAS 19 to record the events prior to law 3371/2005 the net equity (after deferred taxes) for 1 January 2004 would have to reduce by € 400 million, and € 420 million for 30 September 2004 whereas there would be no effect to 30 September 2005 figures. In addition, net profit after tax for the first nine months of 2004 would have been deducted by € 20 million whereas the results for the first nine months of 2005 would have increased by € 530 million approximately.

The shareholders meeting held 16 August 2005 decided to adopt law 3371/2005 and proceeded to the notice of termination of the contract with the employee union of the Bank regarding TEAPETE. It should be noted that the final amounts will be calculated by a specialist of the ministry and therefore the final amount may probably differ from the result shown in the financial statements. Notwithstanding the rejection of the temporary measures filed by the employee union (First instance court judgement, No.8849/05), there is a possibility for further legal dispute between the Bank and the employee union or other third parties regarding this issue. In any event the Bank believed that the accounting treatment adopted, based on management best estimates, is appropriate.

### 32. Capital commitments

	30/09/05	31/12/04
Letters of guarantee	1,499,575	1,583,079
Unused approved credit limits	8,756,196	7,885,081
	<u>10,255,771</u>	<u>9,468,160</u>

### 33. Share capital and own shares

As at 16 June 2005 Emporiki Bank increased its share capital by € 97,087,078 through issuing and distributing at par 17.652.196 new shares at € 5,50 by capitalizing tax exempt reserves. Total share capital amounts to € 582,522,457 consisting of 105.913.174 shares.

On 25 July 2005 the Bank sold 5.48 million own shares that represent 5.17% of the share capital. The shares were sold for EUR 26.40 per share for a total amount of EUR 144 million. The gain from the sale less transaction costs were transferred to a special reserve (**Note 34**).

### 34. Other reserves

	30/09/05	31/12/04
Statutory reserve	114,405	114,405
Valuation reserves from investments available-for-sale	13,806	10,330
Own shares reserve	-	44,000
Old reserves from securities sale	241,924	241,924
Reserves from disposal of own shares	52,466	-
Other reserves	251,611	264,461
	<u>674,212</u>	<u>675,120</u>

### 35. Cash and cash equivalents

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

	30/09/05	31/12/04
Cash and balances with Central Bank (Note 14)	403,295	398,797
Treasury securities	34,701	27,772
Due from banks (Note 15)	1,287,977	972,785
Trading portfolio (Note 16)	713,970	1,334,568
	<u>2,439,943</u>	<u>2,733,922</u>

### 36. Related party transactions

	30/09/05	31/12/04
BOD fees	662	2,004
Deposits	26,590	20,703
Loans	81,430	80,299
	<u>108,682</u>	<u>103,006</u>

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

### 37. Dividends paid

For the accounting year 2005, no dividend distribution was proposed due to losses reported by the Bank at its financial statements for the accounting year 2004.

For the year ended 2003, Bank's General Assembly meeting held at June 2004, approved dividend distribution of € 0,50 per share. Total amount of € 40,683,288, was recorded on Bank's Equity as retained earnings.

### 38. Capital adequacy

The Bank's solvency ratio is calculated in accordance with PD/BOG 2053/92 "Definition of equity for credit institutions in Greece" and PD/BOG 2397/96 "Solvency ratio for credit institutions" (modified PD/BOG 2494/02) with a minimum ratio of 8%.

According to management of the Bank based on:

- (a) the financial information for the Bank and Group as at 30 September 2005 in accordance with IFRS,
- (b) articles in Law 3301/04 "Financial insurance, IFRS and other",
- (c) the announcement of CEBS as of 21.12.04 for "Regulations regarding changes to equity for credit institutions", and
- (d) the consultation paper of the Bank of Greece as at 21 January 2004,

the Bank's solvency ratio as of 30 September 2005 is 7.3% for the Bank and 7.5% for the Group.

In order to improve the Bank's capital adequacy the Bank's shareholders on 21 September 2005 decided to proceed with a share capital increase for an amount of EUR 397.2 million (rights issue).

### **39. Important contracts**

On 18 October 2000 the French Bank Credit Agricole and Emporiki Bank signed a Strategic Alliance Memorandum for corporation in the banking assurance sectors, consumer credit and asset management sectors. Credit Agricole has two representative members in the Board of Directors and participates in the Bank's management. The Memorandum is for seven years with a right to extend.

Certain points of this agreement are as follows:

The strategic alliance relates to banks assurance, asset management investment bank and consumer credit sectors. Without affecting the existing operations, the two groups will not compete in Greece with the joint venture.

During the term of the Strategic Memorandum Credit Agricole will be represented with two members in the Board of Directors of the Bank and will participate with one representative in the management committees. The two counterparties will cooperate in matters related to the memorandum. The Strategic Memorandum is for seven years (initially matures 15 December 2007) and may extend for three years provided that the memorandum is not cancelled six months prior to maturity.

During the term of the Strategic Memorandum Credit Agricole can not sell 5,718,464 shares of Emporiki Bank which it acquired on 18 October 2000 from the sellers Phoenix General Insurance and Emporiki Venture Capital unless the Strategic Memorandum is cancelled or expired or if Emporiki Bank agrees to allow it. Emporiki Bank will support within the guidelines of the Greek law to allow Credit Agricole to participate in any increase in the share capital.

Upon the maturity of Strategic Memorandum either as part of an agreement between the two parties or in case it extends the term of the Memorandum, Emporiki Bank may in certain cases be obliged to pay Credit Agricole the difference between the acquisition cost of obtaining 5,718,466 shares (Drachmae 97,068,765,700 or € 276 million) with the market value of the shares (if the second is lower) as long as Credit Agricole taken necessary measures to maximize the market value of these shares.

The Strategic Memorandum contains certain restraints of Emporiki Bank towards Credit Agricole such as: a) to inform on corporate governance issues and on the Bank's strategic development, b) Emporiki Bank agrees and the Group as a whole will not support the participation of any third parties (other than Credit Agricole) in the share capital increase of the Bank except under certain circumstances.

In some cases the violations of the terms of the Strategic Memorandum Emporiki Bank or Credit Agricole (depending on the circumstances) will be obliged among other matters to pay to the counterparty (Emporiki Bank or Credit Agricole depending on the circumstances) as a reimbursement the equivalent of 10 billion Drachmae (about € 29.3 million).

In respect of the Strategic Memorandum mentioned above, in a letter by Credit Agricole to Emporiki Bank dated 23 November 2005, the content of which is accepted by Emporiki Bank, it is clarified that the circumstances under which Emporiki Bank SA may have to pay the original consideration to Credit Agricole SA are as follows:

If in the first year following the termination of the Framework Agreement (either by agreement or its non-renewal beyond December 2007), Credit Agricole SA decides to sell, the selling shareholders who sold to Credit Agricole SA the shares in Emporiki Bank SA (Commercial Capital and Private Equity SA - which has now been succeeded by Emporiki Bank SA following its absorption by Emporiki Bank SA - and Phoenix General Insurance Company SA) have the right and not the obligation to purchase the shares initially acquired by Credit Agricole SA (being 5,718,466 shares). If Phoenix General Insurance Company SA and Emporiki Bank SA exercise such right of first refusal, they are required to pay the higher of: (i) the Original Price (being GRD 94,068,765,700) and (ii) the Reference Price (being 90% of the 23 Business Day average market price preceding the transfer notice served by Credit Agricole SA). If however Phoenix General Insurance Company SA and Emporiki Bank SA indicate their intention to exercise their right of first refusal but the sale and purchase is not completed by them within 30 business days, then Credit Agricole SA is entitled to sell the shares initially acquired (being 5,718,466) on the ATHEX and Emporiki Bank SA has to pay the difference between the consideration actually received by Credit Agricole SA and the Original Price (being GRD 94,068,765,700). This further obligation of Emporiki Bank SA was included in the Framework Agreement, so that it deters the parties, who have the right of first refusal, on the one hand to exercise the right but unnecessarily delay the completion of the transfer.