MARFIN
FINANCIAL GROUP

FINANCIAL STATEMENT INFORMATION FOR THE FINANCIAL YEAR ENDING 31st DECEMBER 2005

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Director's Report

Dear Shareholders,

The financial year ending 2005 was in essence the second financial year for our Group in its current form, after the restructuring which was completed by the end of 2003.

We are satisfied that the results exceeded our expectations, confirming this way our strategic choice of restructuring.

FINANCIAL RESULTS

In 2005 the Group achieved a spectacular increase in profitability by 168% from € 12,1 million in 2004 to € 32,5 million in 2005.

The increase in profitability in 2005 was a result of dynamic growth in all sources of revenue resulting in a 58% increase in Group's operational revenue reaching € 72,3 million from € 45,6 million in 2004.

Net interest income increased by 44% reaching € 12,1 million, commission income increased by 67% reaching € 22,4 million and income from financial operations increased by 130% reaching € 30,5 million.

The positive developments are attributed to the dynamic expansion of the Group's loan portfolio, the reduction in deposit costs as well as the increase in market share in commercial banking and securities and derivatives transactions.

Loans to customers net of provisions reached €490,1 million, an increase of 103% compared to loans as of 31-12-2004. Customer deposits reached €746,1 million, an increase of 33% compared to deposits as of 31-12-2004.

It should be noted that special emphasis was given to the preservation of the quality of the loans portfolio. Despite the fact that loans doubled, the impairment cost for the year 2005 non-performing loans remained low at 58 basis points related to the total loans outstanding on 31 December 2005.

Given the intense competition, we placed special attention in controlling the Group's operational costs. The Group has managed to restrain the total increase in operational costs to 2,6% which is lower than inflation and despite the fact that staff costs increased by 12,6% in line with the rapid expansion of the Group's activities.

One of the most important efficiency ratios in the financial sector is that of operating cost to income. The ratio improved reaching 38,9% in 2005 versus 62,5% last year. Based on this criterion, Marfin Group is probably classified as the most efficient financial services company in Greece.
Return on average equity, reached 12,9%, a significant improvement over the 4,8% achieved the previous year.

To summarize, the main points that explain the Group's increased profitability are:

- the rapid increase in the loans portfolio by 103%
- the reduction in deposit costs by approximately 50 basis points
- the increase in commissions by 67%
- the increase in financial operations income by 130%
- the control of costs which was restrained to a marginal increase of 2,6%, despite the substantial increase in the Group's activities and revenues.

MOST IMPORTANT EVENTS

A summary of the most important events for the Group were:

☑ The achievement of a significant increase in market share. Special reference must be made to the fact that the Group ranked first in the derivatives market, a higher market share compared to much larger banking institutions.

☑ The acquisition of a 10% stake in Egnatia Bank, in line with the Group's strategy to lead the consolidation process in the medium sized banking sector.

☑ The completion of a substantial capital increase with the issuance of 25 million new shares at an issue price of € 16 per share which strengthened the capital structure of the Group by € 400 million, placing the Group as one of the most strong entities with respect to capital adequacy. The share capital increase was oversubscribed 1,9 times, indicative of the high reputation that the Group enjoys in the investing community, especially the foreign institutional investors.

☑ The Group's capitalization exceeded at the end of the year the one billion Euro mark, placing the Group as one of the 20 largest Groups in the country, as far as capitalization is concerned and a candidate to be included in the FTSE 20 index of the Greek Stock Market in it's next revision.

☑ The Group has been rated by Standard and Poor's with a credit score of BBB-/A3.

- ☑ The initiation of a stock option plan for the shares of Marfin, granted to the Group's management, as approved by the company's General Assembly. According to the stock option plan, 2.500.00 shares where granted to the management and the personnel of the Group, based on strict merit criteria. In 2005, 992.00 options have been exercised. The exercise of the rest of the options may be realized gradually in the next 4 years.

  In this way, the remuneration of Group employees was linked to the value and results of the Group and aligned to the shareholders' interest.

The Group would not have been able to achieve these results without the loyalty and hard work of its employees and executives, our customers' preference and our shareholders' trust and support. We thank all those valuable stake holders.

DIVIDEND POLICY

Taking into consideration the Group's profitability and the recommendations of the Greek Committee for Accounting Standardization and Audit on 27.02.2006, the Board of Directors is intending to propose for approval to the Regular General Shareholders Meeting, the distribution of € 0,42 per share (in addition to € 0,30 per share interim dividend already distributed) in the form of constructive dividend, in order for the Company to distribute all 2005 profits to shareholders.

CORPORATE GOVERNANCE

The Group applies consistently strict corporate governance criteria with the aim of achieving transparency towards the investing community, the independent supervision of management and the safeguard of shareholders' interests. In this context, there are two committees, which comprise of non-executive and independent Members of the Board of Directors, the Internal Audit Committee and the Remunerations and Nominations Committee.

PROSPECTS FOR THE NEW FINANCIAL YEAR

Given the Group's strong capital structure and the highly skilled and experienced personnel we anticipate than the year to come will be also successful. With dedication to the strategic targets that we have set, we will expand dynamically all of our operational activities. Simultaneously, we intend to complete our strategy of consolidation in the medium sized banking sector, so as to place our Group between the 5 largest in the financial and banking sector.

Our recent acquisition of 10% of Popular Bank of Cyprus is consistent with the strategy.

AUDITORS' REPORT

To the Shareholders of
«MARFIN FINANCIAL GROUP A.E. »

We have audited the accompanying financial statements as well as the consolidated financial statements of the Societe Anonyme «MARFIN FINANCIAL GROUP A.E.» as of and for the year ended 31 December 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Company and that of the Group (of which this Company is the holding company), as of 31 December 2005, and of the results of its operations and those of the Group and their cash flows and changes in shareholders' equity, for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors' Report is consistent with the aforementioned financial statements.

Without qualifying our opinion as far as the audit conclusions are concerned, we draw attention to note 37 of the notes to the financial statements, concerning the fact that income tax returns of the parent and its subsidiaries for periods covering two to three financial years have not been inspected by tax authorities and consequently it is possible that additional taxes and penalties be imposed when those tax returns are inspected and finalized. The outcome of the tax inspection cannot be at this stage reliably estimated and therefore no relevant provision has been recognized in the financial statements.

Athens, 07 March 2006
The Certified Public Accountant

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Consolidated Income Statement for the Financial Year 2005

		Fiscal Year	
Amounts in Euro '000	**Note**	**31st December 2005**	**31st December 2004**
Turnover			
Interest and similar Income		37.977	25.396
Interest and similar expenses		(25.876)	(17.018)
Net interest income	26	**12.101**	**8.378**
Fee and commission income		31.407	19.638
Fee and commission expense		(8.964)	(6.170)
Net fee and commission income	27	**22.443**	**13.468**
Dividend income		6.225	7.779
Net trading income	28	30.535	13.276
Other operating income	29	995	2.744
		37.755	**23.799**
Total net income		**72.299**	**45.645**
Staff costs	30	(16.443)	(14.606)
Other operating expenses	31	(10.459)	(11.671)
Write-off of goodwill		(109)	(1.048)
Depreciation		(1.082)	(1.226)
Provisions for impairment losses on loans and advances	33	(3.354)	(2.105)
Total operating expenses		**(31.447)**	**(30.656)**
Share of profits / (losses) of associates	11	1.300	(1.253)
Profit before tax		**42.152**	**13.736**
Less: Income tax	34	(9.681)	(1.620)
Profit after tax		**32.471**	**12.116**
Attributable to:			
Shareholders of Parent Company		29.222	10.897
Minority interest		3.249	1.219
		32.471	**12.116**
Earnings per share			
- Basic	35	1,144	0,424
- Diluted	35	1,092	0,424

The accompanying notes form an integral part of the financial statements

Consolidated Balance Sheet

Amounts in Euro '000	Note	31th December 2005	31st December 2004
ASSETS			
Cash and balances with Central Bank	5	41.301	20.407
Loans and advances to financial institutions	6	343.519	131.081
Trading portfolio and other financial instruments at fair value through Profit & Loss	7	410.744	362.014
Derivative financial instruments	8	188	291
Loans and advances to customers	9	490.067	241.501
Investment portfolio	10	170.043	69.494
Investment in associates	11	17.736	16.191
Property investment	13	6.802	6.802
Property, plant and equipment	13	18.927	18.822
Goodwill and other intangible assets	14	56.253	56.363
Deferred tax asset	15	4.904	1.865
Other assets	16	73.480	34.160
Total assets		**1.633.964**	**958.991**
EQUITY AND LIABILITIES			
Due to financial institutions	17	134.522	98.041
Due to customers	18	746.126	559.548
Derivative financial instruments	8	1.873	1.279
Debt securities in issue	19	26.442	26.863
Retirement benefit obligations	20	770	609
Deferred tax liability	15	3.702	2.144
Dividends payable	21	148	254
Other liabilities	22	57.916	20.405
Total liabilities		**971.499**	**709.143**
Shareholders equity			
Share capital	23,24	421.194	217.750
Share premium		186.192	393
Revaluation reserve		250	(500)
Other reserves	25	8.797	15.779
Retained earnings	25	12.970	(14.491)
Total equity		**629.403**	**218.931**
Minority rights		33.062	30.917
Total equity		**662.465**	**249.848**
Total liabilities and equity		**1.633.964**	**958.991**

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Changes in Equity for the Financial Year 2005

		Attributable to the shareholders of the Parent Company								
Amounts in Euro '000	Note	Share capital	Share premium	Revaluation reserve	Other reserves	Trnslation reserve	Retained earnings	Total	Minority interest	Total
Opening balance as at 1st January 2004 under GR GAAP	39	372.153	393	0	8.845	(12)	(151.884)	229.495	49.570	**279.065**
Adjustments due to first implementation of IFRS		0	0	0	(1.278)	0	10.492	9.214	(2.948)	**6.266**
Balance as at 1st January 2004 under IFRS		**372.153**	**393**	**0**	**7.567**	**(12)**	**(141.392)**	**238.709**	**46.622**	**285.331**
Changes in equity for the financial year 01/01 - 31/12/2004										
Profits from reval. of fair value of financial assets a.f.s.				(1.167)				(1.167)		**(1.167)**
F/X gain/ (loss) from translation differences of foreign subsidiaries						1	(11)	(10)		**(10)**
Less: Tax from profits recognized in equity				667				667		**667**
Net profit / loss directly recognized in equity		0	0	(500)	0	1	(11)	(510)	0	**(510)**
Net results of the year 01/01-31/12/2004					1.234		9.662	10.896	1.220	**12.116**
Total profit / (loss) for the year recognised		0	0	(500)	1.234	1	9.651	10.386	1.220	**11.606**
Cancellation of treasury shares		(37.153)						(37.153)		**(37.153)**
Decrease in nominal value		(117.250)						(117.250)		**(117.250)**
Offsetting of losses							117.250	117.250		**117.250**
Gains from sale of treasury shares					8.083			8.083		**8.083**
Less: Related tax					(1.094)			(1.094)		**(1.094)**
Increase in participation in subsidiaries (acquisition of minority rights)								0	(16.925)	**(16.925)**
		(154.403)	0	0	6.989	0	117.250	(30.164)	(16.925)	**(47.089)**
Balance as at 31th December 2004		**217.750**	**393**	**(500)**	**15.790**	**(11)**	**(14.491)**	**218.931**	**30.917**	**249.848**

		Attributable to the shareholders of the Parent Company								
Amounts in Euro '000	Note	Share capital	Share premium	Revaluation reserve	Other reserves	Translation reserve	Retained earnings	Total	Minority interest	Total
Opening balance as at 1st January 2005 under GR GAAP	39	217.750	393	0	10.472	(11)	(18.316)	210.288	29.094	**239.382**
Adjustments due to first implementation of IFRS		0	0	(500)	5.318	0	3.825	8.643	1.823	**10.466**
Balance as at 1st January 2005 under IFRS		**217.750**	**393**	**(500)**	**15.790**	**(11)**	**(14.491)**	**218.931**	**30.917**	**249.848**
Changes in equity for the year 01/01 - 31/12/2005										
Profits from reval. of fair value of financial assets a.f.s.				1.044				1.044		**1.044**
Tax related to profits recognized in equity						7		7		**7**
F/X gains/ (losses) fromtranlation differences of foreign subsidiaries				(294)				(294)		**(294)**
Net profit / loss directly recognized in equity				750	0	7	0	757	0	**757**
Net results for the year 01/01-31/12/2005							29.222	29.222	3.249	**32.471**
Total profit / (loss) for the fiscal year				750	0	7	29.222	29.979	3.249	**33.228**
Dividend related to 2004 exercise					(6.989)		(1.761)	(8.750)		**(8.750)**
Return of capital to shareholders		(11.250)						(11.250)		**(11.250)**
Increase in Participation in subsidiaries (acquisition of minority rights)								0	(403)	**(403)**
Return of share capital to third parties									(701)	**(701)**
Stock option program			153					153		**153**
Share capital increase		214.694	193.509					408.203		**408.203**
Expenes from share capital increase			(10.655)					(10.655)		**(10.655)**
Tax related to share capital increase			2.792					2.792		**2.792**
		203.444	185.799	0	(6.989)	0	(1.761)	380.493	(1.104)	**379.389**
Balance as at 31st December 2005		**421.194**	**186.192**	**250**	**8.801**	**(4)**	**12.970**	**629.403**	**33.062**	**662.465**

The accompanying notes form an integral part of the financial statements

Consolidated Cash Flow Statement for the Financial Year 2005

Amounts in Euro '000	Note	Financial Year 31st December 2005	31st December 2004
Cash flows from operating activities			
Profits before tax		**42.152**	**13.736**
Adjustments for:			
Depreciation		1.082	1.226
Share of profit / loss from measurement of financial assets at fair value through Profit & Loss		(20.692)	(9.354)
Share on profit / loss from associates		(1.300)	1.253
Write-off of goodwill from subsidiaries		109	1.048
Profits / loss from revaluation of derivative financial instruments		768	(257)
Provision for employee benefit plan		161	(51)
Employee benefits in the form of stock options		153	
Impairment loss from investments and loans		3.373	2.086
Profit / loss from a.f.s. portfolio at fair value		(2.376)	(2.846)
Profit / loss from disposal of fixed assets		(3)	(197)
Cash flows from operating activities before changhes in working capital		*23.427*	*6.644*
Changes in working capital			
Trading portfolio		3.753	(148.885)
Loans and advances to financial institutions		(3.585)	
Loans and advances to customers		(251.396)	(40.375)
Other assets		(32.259)	844
Due to financial institutions		36.481	70.265
Due to customers		186.577	172.989
Other liabilities		31.185	(19.321)
Cash flows from operating activities before payment of income		(5.817)	42.161
Income tax paid in		(2.402)	(1.108)
Net cash flows from operating activities		**(8.219)**	**41.053**
Investing activities			
Portfolios available for sale and held to maturity	10	(106.255)	(21.528)
Acquisition of financial assets at fair value through Profit & Loss		(32.281)	
Purchase of fixed assets		(1.038)	(1.079)
Acquisition of subsidiaries and associates		(665)	(24.938)
Return of share capital of subsidiaries to third parties		(701)	
Other investments		(41)	(386)
Proceeds from a.f.s. portfolio	10	8.993	17.776
Proceeds from sale of property, plant and equipment		6	1.478
Net cash flow from investing activities		**(131.982)**	**(28.677)**
Financing activities			
Issuance of common shares		397.548	
Acquisition of treasury shares			(29.070)
Dividends and other payments to the shareholders of the Parent		(27.444)	
Dividends to third parties		(157)	(658)
Interest on borrowings			(5.799)
Net cash flow from financing activities		**369.947**	**(35.527)**
Net increase / decrease in cash and cash equivalents		229.746	(23.151)
Cash and cash equivalents at the beginning of the financial year		121.700	144.851
Cash and cash equivalents at the end of the financial year	36	**351.446**	**121.700**

The accompanying notes form an integral part of the financial statements

Income Statement for the Financial Year 2005 (Parent Company)

Amounts in Euro '000	Note	Financial Year 31st December 2005	Financial Year 31st December 2004
Income from dividends and other non-fixed income securities		10.514	9.789
Profit / (loss) from sale of financial assets		3.288	16.399
Profit / (loss) from financial assets through profit and loss		17.740	(1.826)
Other income	29	1.429	4.641
Total income		**32.971**	**29.003**
Staff remuneration and other expenses	30	(674)	(848)
Supplies			(1.940)
Depreciation		(151)	(283)
Other operating expenses		(2.353)	(10.210)
Financial expenses		(3.063)	(2.743)
Total operating expenses		**(6.241)**	**(16.024)**
Profits before tax		**26.730**	**12.979**
Income tax	34	(6.289)	(1.173)
Profit after tax		**20.441**	**11.806**

The accompanying notes form an integral part of the financial statements

Balance Sheet (Parent Company)

Amounts in Euro '000	Note	31st December 2005	31st December 2004
ASSETS			
Non-current assets			
Property, plant and equipment	13	737	850
Intangible assets	14	1	8
Investments in subsidiaries	12	153.073	146.653
Investments in associates	11	13.694	12.728
Deferred tax assets	15	3.576	529
Available for sale portfolio	10	19.070	12.995
Other non-current assets	16	9.436	9.912
		199.587	**183.675**
Current assets			
Customer deposits and other receivables	16	36.187	10.314
Financial assets at fair value through profit and loss	7	92.630	54.733
Derivative financial instruments	8	87	66
Cash and cash equivalents	5	411.145	32.440
		540.049	**97.553**
Total assets		**739.636**	**281.228**
EQUITY AND LIABILITIES			
Equity attributed to the shareholders			
Share capital	23	421.194	217.750
Share premium	23	183.683	393
Revaluation reserve		991	(1.856)
Other reserves	25	6.916	13.905
Retained earnings	25	21.418	2.738
Total shareholders equity		**634.202**	**232.930**
LIABILITIES			
Long-term liabilities			
Bond loans	19	41.949	41.567
Deferred tax liabilities	15	1.919	198
Employee benefit obligations	20	27	21
Other long-term liabilities	22	314	392
Total long-term liabilities		44.209	42.178
Short-term liabilities			
Suppliers and other liabilities	22	11.599	3.890
Short-term liabilities to financial institutions	22	42.880	
Dividends payable	21	148	97
Current tax liabilities	22	5.131	2.133
Derivative financial instruments	8	1.467	
Total short-term liabilities		61.225	6.120
Total liabilities		**105.434**	**48.298**
Total shareholders equity and liabilities		**739.636**	**281.228**

The accompanying notes form an integral part of the financial statements

Statement of Changes in Equity for the Financial Year 2005 (Parent Company)

Amounts in Euro '000	Note	Share Capital	Share Premium	Reval. Reserve	Other Reserves	Retained Earnings	Total
Opening balance as at 1st January 2004 under GR GAAP		372.153	393	0	6.654	(126.332)	**252.868**
Adjustments due to implementation of IFRS	39				(210)	485	**275**
Balance as at 1st January 2004 under IFRS		**372.153**	**393**	**0**	**6.444**	**(125.847)**	**253.143**
Changes in equity for the period 01/01 - 30/12/2004							
After tax profits from revaluation at fair value							
-Available for sale portfolio							
Profits / losses directly transferred to equity				(2.522)			**(2.522)**
Less: tax attributed				667			**667**
Net profit / (loss) recognised directly in equity				(1.855)			**(1.855)**
Profit / loss for the financial year					471	11.335	**11.806**
Total profit / (loss) recognized for the financial year		**0**	**0**	**(1.855)**	**471**	**11.335**	**9.951**
Cancellation of treasury shares		(37.153)					**(37.153)**
Decrease in nominal value		(117.250)					**(117.250)**
Offsetting of loss						117.250	**117.250**
Gains from write-off of treasury shares					8.083		**8.083**
Less: Tax					(1.094)		**(1.094)**
		(154.403)	**0**	**0**	**6.989**	**117.250**	**(30.164)**
Balance as at 31st December 2004		**217.750**	**393**	**(1.855)**	**13.904**	**2.738**	**232.930**

Amounts in Euro '000	Note	Share Capital	Share Premium	Reval. Reserve	Other Reserves	Retained Earnings	Total
Opening balance as at 1st January 2005 under GR GAAP		217.750	393	0	7.094	198	**225.435**
Adjustments due to implementation of IFRS	39			(1.856)	6.811	2.540	**7.495**
Balance as at 1st January 2005 under IFRS		**217.750**	**393**	**(1.856)**	**13.905**	**2.738**	**232.930**
Changes in equity for the period 01/01 - 31/12/2005							
Gains from revaluation at fair value							
-Available for sale portfolio							
Profits / losses from revaluation directly transferred to equity				4.004			**4.004**
Less: Tax attributed				(1.157)			**(1.157)**
Net profit / (loss) recognised directly in equity		0	0	2.847	0	0	**2.847**
Profit / loss for the financial year						20.441	**20.441**
Total profit / (loss) recognized for the financial year		**0**	**0**	**2.847**	**0**	**20.441**	**23.288**
Dividends from profits of year ending 2004					(6.989)	(1.761)	**(8.750)**
Stock option			153				**153**
Reduction in share capital through a reduction in nominal share value		(11.250)					**(11.250)**
Share capital increase		214.694	193.509				**408.203**
Expenses from share capital increase			(14.055)				**(14.055)**
Tax related to share capital increase			3.683				**3.683**
		203.444	**183.290**	**0**	**(6.989)**	**(1.761)**	**377.984**
Balance as at 31st December 2005 according to IFRS		**421.194**	**183.683**	**991**	**6.916**	**21.418**	**634.202**

The accompanying notes form an integral part of the financial statements

Cash Flow Statement for the Financial Year 2005 (Parent Company)

Amounts in Euro '000	Note	Financial Year 31st December 2005	31st December 2004
Operating activities			
Profit for the period		**20.442**	**11.806**
Adjustments in profits:			
Income tax		6.288	1.173
Depreciation		151	283
Accrued liabilities for personnel retirement		6	4
Employee benefits in the form of stock options		153	
Provisions		18	
Profit / (loss) from disposal of tangible fixed assets			(192)
Profit / (loss) from revaluation of derivative financial instruments		1.446	(66)
Profit / (loss) from revaluation of financial assets at fair value		(17.741)	(7.611)
Profit / (loss) from available for sale portfolio at fair value		(2.352)	(2.463)
Interest income		(1.245)	(1.252)
Amortisation of grants		(78)	(31)
Interest expense and similar charges		3.063	2.743
		10.151	*4.394*
Changes in working capital			
Increase / (decrease) in stocks			308
Increase (decrease) in receivables		(17.918)	1.974
Increase / (decrease) in liabilities other than financial institutions		7.760	(88)
Increase / (decrease) in trading portfolio		12.123	(16.884)
		1.965	*(14.690)*
Cash flows from operating activities prior to interest and tax		**12.116**	**(10.296)**
Less: Interest expense		(2.676)	(2.391)
Less: Tax expense		(2.148)	(157)
Net cash flows from operating activities		**7.292**	**(12.844)**
Investing activities			
Purchase of property, plant and equipment		(31)	(56)
Proceeds from sale of property, plant and equipment			1.417
Acquisition of financial assets available for sale		(441)	(1.132)
Acquisition of financial assets at fair value through Profit & Loss		(32.281)	
Acquisition of associates	11	(255)	(7.066)
Acquisition of subsidiaries	12	(6.420)	(17.028)
Sale of financial assets of the available for sale portfolio		11	15.349
Interest received		1.245	1.252
Increase in long-term receivables			(10.000)
Net cash flows from investing activities		**(38.172)**	**(17.264)**
Financing activities			
Issuance of common shares	23	394.149	
Acquisition of treasury shares			(29.070)
Proceeds from loans		42.880	
Dividends and other payments made to the shareholders of the Parent		(27.444)	
Repayments of loans			(4.689)
Net cash flows from financing activities		**409.585**	**(33.759)**
Net increase / (decrease) in cash and cash equivalents		**378.705**	**(63.867)**
Cash and cash equivalents at the beginning of the year		32.440	96.307
Cash and cash equivalents at the end of the year		**411.145**	**32.440**

The accompanying notes form an integral part of the financial statements

1 Information about the Group

1.1 General Information

Marfin Financial Group S.A. (Parent Company) operates as a holding company (Société Anonyme) in accordance with the Greek Regulations and especially with the provisions of the Law 2190/1920 on Sociétés Anonymes, as it stands.

According to article 3 of its Statute, the main objective of the company is to establish and/or participate in established companies or companies under establishment regardless of their nature operating in Greece or abroad.

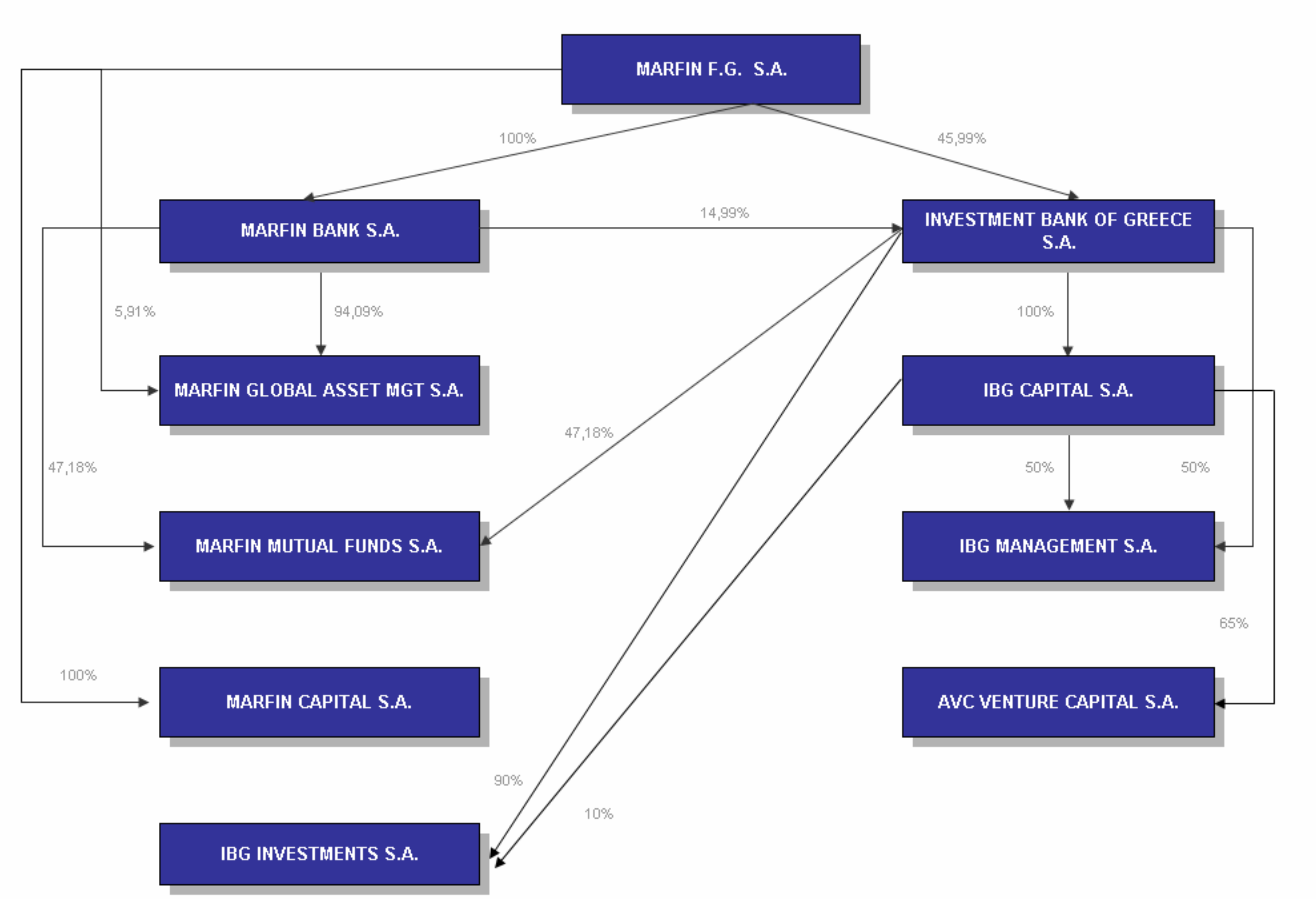
Marfin F.G. is incorporated and domiciled as well as operates in Greece. The Company currently employs 9 people and the Group MARFIN F.G employs 370 people.

Marfin F.G.'s share is listed in the A.S.E. General Index and FTSE-40 index

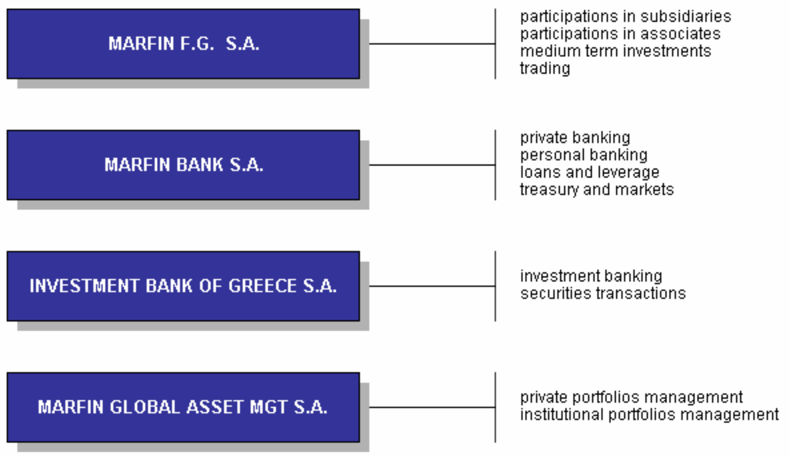
The financial statements for the year ending 31.12.2005 have been approved by the Board of Directors on 02/03/2006 and are to get final approval at the General Shareholders Meeting. They are at the disposal for existing and potential investors at the Head Office of the company, which is located in Marousi, Kifisias 24 Avenue and on the company website (www.marfingroup.gr). Information is available for at least 2 years in accordance with par. 1 of article 2 of the Presidential Act 360/1985, as it stands after its modification from Law 3301/2004.

It is essential to mention that due to rounding, numbers presented throughout this document may not add up precisely to the totals we provide and percentages may not precisely reflect the absolute figures.

1.2 Structure and Activities of the Main Units of the Group



The most important subsidiaries of the Group operate in the following sectors



2. Basis of Preparation of Financial Statements

2.1 Summary of Accounting Policies

The consolidated financial statements of Marfin F.G. S.A. for the year ending 31st December 2005 have been prepared according to the International Financial Reporting standards (IFRS), which were published by the International Accounting Standards Board (IASB) and adopted by the E.U. The IFRS were developed by the International Financial Reporting Interpretations Committee (IFRIC) and approved by the IASB.

The Group's financial statements have been prepared based on the principle of historical cost as modified by the revaluation of specific assets and liabilities at current values, and the going concern concept. The Group's financial statements are in accordance with the framework imposed by the IASB and the standards mentioned below which constitute the "IFRS Stable Platform 2005".

IAS 1	Presentation of Financial Statements (R)
IAS 2	Inventories (R)
IAS 7	Cash Flow Statements
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (R)
IAS 10	Events After the Balance Sheet Date (R)
IAS 12	Income Taxes
IAS 14	Segment Reporting
IAS 16	Property, Plant and Equipment (R)
IAS 17	Leases (R)
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 21	The Effects of Changes in Foreign Exchange Rates (R)
IAS 23	Borrowing Costs
IAS 24	Related-Party Disclosures (R)
IAS 27	Consolidated and Separate Financial Statements (R)
IAS 28	Investments in Associates
IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
IAS 32	Financial Instruments: Disclosure and Presentation (R)
IAS 33	Earnings Per Share
IAS 34	Interim Financial Reporting
IAS 36	Impairments of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments, Recognition and Measurement (R)
IAS 40	Investment Property (R)
IFRS 1	First-Time Adoption of IFRS (R)
IFRS 2	Share-Based Payment (R)
IFRS 3	Business Combinations (R)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (R)

(R) = Standard is revised or newly issued in 2003 or 2004

The Interim Financial Statements are covered by IFRS 1 "First-Time Adoption of IFRS" due to the fact of first-time adoption and implementation of IFRS in preparing and publishing the statements. Although the first-time adoption of IFRS is considered to be 01/01/2005, the Group's transition date to the IFRS is considered to be the 1st of January 2004.

The policies to follow have been implemented appropriately in all presented periods, except from those regarding the classification and evaluation of financial instruments. As of the 1st of January 2005 the Group applied IAS 32 and IAS 39 and not IFRS 1.

The last published annual consolidated financial statements of the Group had been prepared according to the Greek Generally Accepted Accounting Principles (GR GAAP). In several cases, the principles of the GR GAAP, are different from those of the IFRS. In preparing the Group's consolidated financial statements, Management modified some of its accounting, revaluation and consolidation methods that were normally used according to the GR GAAP in order to conform to the IFRS. The comparable items for the year ending 2004 have been readjusted based on these modifications. Reconciliation and description of effects of transition from GR GAAP to IFRS in the Income Statement, Cash Flows and Equity are explained in Note 39.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions in the application of the Entity's accounting policies. Management's assumptions on the application of the Company's accounting policies have been disclosed where appropriate.

2.2 Consolidation

2.2.1 Basis of Consolidation

Subsidiaries: Subsidiary undertakings are those companies over which the parent company has control directly or indirectly through other Group subsidiaries. MFG has power to exercise control over another company if it has more than one half of the voting rights. The existence and effect of potential voting rights that are exercisable are considered when assessing whether the Parent Company controls another entity. Subsidiaries are consolidated using the purchase method from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The acquisition cost of a subsidiary is measured at the fair value of the assets given, the shares issued and the liabilities undertaken on the date of acquisition, plus any other cost directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values on the acquisition date. 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 recognized directly in the income statement. Goodwill is reassessed yearly for possible impairment and the difference between book value and acquisition cost is recorded in the income statement as an impairment loss.

For acquisitions prior to the Group's transition date to the IFRS (1 January 2004), the purchase method was not used in retrospect. The Group did not recalculate the acquisition cost of the subsidiaries that had been acquired prior to the transition date, nor did it recalculate the fair value of assets and liabilities acquired on the date of acquisition. Furthermore, according to the provisions of IFRS 1, the Group sustained the same book value calculation and method of identification of goodwill as those calculated and stated in the last published financial statements under GR GAAP.

Intra-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Group's subsidiaries follow the same accounting policies as those adopted by the Group.

Associates: These undertakings include entities over which the Group has significant influence but not control. The assumptions made by the Group suggest that if a Group holds between 20% and 50% of the voting rights of another company, then the group has a significant influence on the company. Investments in associates are initially recorded at acquisition cost on the date of acquisition and then are accounted for using the equity method of accounting in the consolidated financial statements.

At the end of every accounting period, the Group's acquisition cost increases due to its proportion in the associate's changes in equity and decreases from dividends receivable from the affiliate. The Group's share in the associate's profits or losses, after the undertaking, is accounted for in the Income Statement whereas, the Group's share in changes in the reserves after the undertaking is accounted for in reserves. In the case where the Group's proportionate losses exceed its cost of participation in the associate, inclusive of any doubtful debts, the Group does not account for any further losses. After the investor's interest is reduced to zero, additional losses are provided for and a liability is recognized only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate.

Non-realisable profits from intra-group transactions between the Group and its associates are eliminated by as much as the percentile participation of the Group in the associated companies. Non-realisable losses are eliminated unless if the transaction shows evidence of impairment of the undertaken asset. The accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

2.2.2 Group Companies

In addition to Marfin F.G., the Parent Company, the consolidated financial statements include the following subsidiaries and associates:

Company name	Head Office	% Holding 31/12/2005	Consolidation method
MARFIN BANK S.A.	Marousi	100,00%	Purchase Method
INVESTMENT BANK OF GREECE S.A.	Marousi	60,98%	Purchase Method
MARFIN GLOBAL ASSET MANAGEMENT S.A.	Marousi	100,00%	Purchase Method
MARFIN SECURITIES CYPRUS LTD.	Cyprus	62,10%	Purchase Method
MARFIN MUTUAL FUNDS S.A.	Marousi	75,95%	Purchase Method
IBG CAPITAL S.A.	Marousi	60,98%	Purchase Method
IBG MANAGEMENT S.A.	Marousi	60,98%	Purchase Method
AVC VENTURE CAPITAL S.A.	Marousi	39,64%	Purchase Method
MARFIN CAPITAL S.A.	British Virgin Islands	100,00%	Purchase Method
IBG INVESTMENTS S.A.	British Virgin Islands	60,98%	Purchase Method
EUROLINE S.A.	Athens	48,56%	Equity Method
INTERINVEST INVESTMENT COMPANY S.A.	Athens	44,57%	Equity Method
MARFIN GLOBAL INVESTMENTS S.A.	Marousi	42,15%	Equity Method

There were no significant changes in the Group structure within the financial year 01/01-31/12/2005.

2.3 Financial Instruments

A Financial instrument is defined as a legally enforceable agreement between two or more parties, expressing a contractual right or a right to the payment of money. Practically all documents used in credit are financial instruments, including checks, drafts, notes and bonds.

2.3.1 Initial Recognition

The Group records the total of its financial assets and liabilities including derivative financial instruments in the Balance Sheet. The purchase of financial instruments is recognised on the date of transaction, which is also the date on which the Group signs the contract. These investments are initially measured at fair value adding the corresponding transaction costs except from those transaction costs derived from financial instruments at fair value through the Profit and Loss Account.

2.3.2 Classification and Financial Asset Measurement

The Group's financial instruments are classified in the categories depicted below according to the designation of the contract and the strategic objective of the purchase.

i) Financial assets at fair value through Profit & Loss

This category refers to those financial assets that satisfy the following criteria or presumptions:

- Financial assets and liabilities that are obtained for trading purposes are securities purchased with the objective of realising profits from short-term changes in price, including derivatives, except from those that are designated and qualify as hedges.
- Any other financial asset or liability that was not primarily acquired for trading purposes but during initial recognition had been defined as an asset at fair value through Profit and Loss.
- The above-mentioned financial assets and liabilities are included in the Consolidated Balance Sheet as "Trading Portfolio and other Financial Assets at Fair Value through Profit and Loss.

Changes in derivative fair value are recorded in the Profit and Loss statement as "Profit/loss arising from sale & revaluation of financial instruments". Interest received from bonds and other interest bearing securities which are part of the trading portfolio is accounted for in the "interest received" account, whereas dividends from participations are included in the Income Statement as "dividend received".

ii) Loans and other allowances / claims on customers

Include non-derivative financial assets and liabilities with fixed or determinable payments, which are not quoted in an active market. Loans and claims are carried at amortised cost using the effective interest method.

iii) Investments Held-to-Maturity

These include non-derivative financial assets with fixed or determinable payments and specified maturity date. The Group has the ability and intention to hold these investments up to maturity.

The Held-to-Maturity portfolio, which is kept up to the maturity date, is carried at amortised cost using the effective interest method, less any accumulated impairment in value. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount for the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's effective interest rate. Impairment losses are recognised in the Income Statement.

If part of the Held-to-Maturity portfolio is sold or reclassified before the maturity date (unless IAS 39 criteria are met), then the Group cannot classify any financial assets as Held-to-Maturity for the current year and the next 2 years.

In the Group Balance Sheet the Held-to-Maturity portfolio is included in the "Investment Portfolio" account.

iv) Available for sale portfolio

This portfolio includes non-derivative financial assets, which are either classified in this category or cannot be classified in any of the portfolios mentioned above. These financial assets may be sold according to liquidity needs or changes in interest rates or prices. The classification of investments as available for sale is not binding and it is subject to Management intentions as to subsequent reclassification. (check with grant)

Financial assets of the available for sale portfolio are initially recognised at cost (including transaction costs) and then carried at fair value. The non-realised gains or losses arising from changes in the fair value of securities classified as available for sale are recognised directly in equity (Revaluation reserve) up to the point where the financial assets are sold or if there is evidence of impairment, in which case the profit or loss is recognised in the Group Income Statement.

Impairment losses that have been recognised in the Income Statement are not reversed through the Income Statement.

2.3.3 Measurement of Financial Liabilities

The Group's financial liabilities include mostly customer deposits and intra-group deposits. Financial liabilities are initially recognised at their acquisition cost which is the fair value of cash or other financial assets paid. After their initial recognition they are measured using the effective rate method. Interest expenses are recognised in the Profit and Loss account of the period under consideration.

2.3.4 Derivative Financial Instruments and Hedging

The Group holds derivative financial instruments both for its own interests, particularly for profit making or hedging purposes, and for the service of its clients needs.

The Group incurs transactions in derivative products, which include Interest Rate Swaps, Stock futures, FX Futures, Index Futures, Equity Options, FX Options and Forward Rate Agreements.

All of the above derivative financial instruments held by the Group are initially recognised at cost and are subsequently revalued at fair values at the end of every financial period. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, where market prices are not available. Changes in the fair values of derivative financial instruments are included in the "Net trading income" account.

Derivatives are recognised as assets when their fair value is positive and as liabilities when their fair value is negative.

The Group classifies derivatives in the following categories:

i) Embedded Derivatives

An embedded derivative is a constituent element of a hybrid (composite) financial instrument, which also includes a non-derivative main contract. A derivative is considered as embedded in a main financial instrument when it cannot be transferred independently from the said instrument. The Group's embedded derivatives include mainly corporate bonds with an embedded option for conversion into shares.

An embedded derivative is separated from the main contract only on the condition that the following requirements are met:

(a) The composite instrument is not measured at fair value through Profit and Loss

(b) The financial attributes and risks of the embedded derivative are not closely linked to the financial attributes and risks of the main contract,

(c) A special financial instrument having the same terms as the embedded derivative would meet the definition of a derivative.

In that case, the derivative financial instrument is measured at its fair value, with the profit or loss evaluated being recognized in the Profit and Loss Statement, whereas the main financial instrument is accounted for depending on the category it is incorporated into (e.g. Available-for-sale [AFS] financial instruments).

In the case where the Group intends to use an embedded derivative for trading purposes, then it does not separate the value of the derivative from the value of the main financial instrument, but classifies the composite financial instrument in the trading portfolio and values it at its fair value with the total change of price being recognized in the Profit and Loss Statement of the financial period. The same accounting treatment is used in case it is impossible to value the embedded derivative separately, either at the time of acquisition thereof, or at a later date.

ii) Hedge Accounting

The Group also uses derivative financial instruments for hedging risks that arise from the changes of interest rates and exchange rates. The Group applies fair value hedges or cash flow hedges to those derivatives that meet relevant criteria. As for the derivatives that do not meet the criteria for hedge accounting, any profit or loss that arises from the changes in fair value is recorded in the Profit and Loss Statement.

There is a hedge relationship for the purposes of applying hedge accounting when:

(a) Upon commencement of the hedge there is documentation of the hedging relationship and the Group's intention regarding risk management and its strategy applied for undertaking the hedge.

(b) The hedge is expected to be extremely effective for offsetting fair value or cash flow changes attributed to the hedged risk, pursuant to the documented risk management strategy for the said hedge relationship.

(c) As for the forecasted cash flow hedges, it is quite possible that the anticipated transaction being the subject to the hedge may also be exposed to the risk of a cash flow change that could affect the results.

(d) The effectiveness of the hedge can be evaluated reliably.

(e) The hedge is evaluated as extremely effective throughout the period.

As for fair value hedges that meet the criteria for hedge accounting, any profit or loss from the revaluation of the derivative at fair value is recognized in the Profit and Loss Statement. Any profit or loss of the hedged instrument that is due to the hedged risk, readjusts the book value of the hedged instrument and is recognised in the income statement, irrespective of the classification of the financial instrument (e.g. AFS financial instruments).

As for cash flow hedges that meet the criteria for hedge accounting, the part of the profit or loss from the derivative that is designated as an active hedge is recognised directly in the "reserves" account, and the part that is designated as a non-active hedge is inserted into the income statement. Any profit or loss that had been inserted directly into the reserves account is transferred to the income statement for the period when the hedged transaction affects the results.

Hedge accounting is discontinued when the hedging instrument expires or is sold, is terminated or exercised, or when the hedge does no longer meet the criteria for hedge accounting. In case a hedged transaction is no longer expected to be realized, the net accumulated profit or loss that has been inserted into the reserves account will be transferred to the income statement.

2.3.5 Fair Value Measurement Methods

The fair values of financial assets that are traded in active markets are determined by the current bid prices without subtracting the transaction costs. As for non-tradable assets, the fair values are determined by the application of evaluation techniques such as an analysis of recent transactions, comparable assets that are tradable, derivative evaluation models and discounted cash flows.

When evaluation models are applied, the data used is based upon relevant market measurements (interest rates, share prices, etc.) on the closing date of the balance sheet. In case discounted cash flow techniques are applied, the estimated future cash flows are based upon Management's best estimates and the discount rate is the market rate for an instrument having the same attributes and risks.

Participation titles that are non tradable in an active market, whose fair value cannot possibly be determined reliably, as well as the derivative financial instruments associated with these participation titles are evaluated at their acquisition cost.

2.3.6 Impairment of Financial Instruments

Financial assets are reviewed at each balance sheet date in order to determine whether there is any objective evidence that an asset or a group of assets has been impaired.

An asset is considered as having been impaired when its book value is higher than its anticipated recoverable amount. If there is such evidence, the recoverable amount of the asset or group of assets is calculated and a provision for impairment of assets is formed and recognised in the Profit and Loss Statement of the financial period. The amount of the provision is the difference between the book value and the recoverable amount of the loan.

A provision for impairment of assets associated with loans is recognized if there is evidence that the Group will not be able to receive all the amounts due as set forth in the contractual terms of the loans. Such objective evidence that an asset or group of assets has been impaired or has become uncollectible include the following:

i. A significant financial difficulty on the part of the borrower.

ii. A breach of the terms of the loan agreement (e.g. default or delinquency in interest or principal payments).

iii. The Group, for financial or legal reasons associated with the borrower's financial difficulty grants to the latter a concession that the Group would not consider under different circumstances.

iv. There is a possibility that the borrower will enter bankruptcy or other financial reorganization.

v. Observable data that indicate the existence of a measurable decrease in the estimated future collections from a group of loans in relation to the amount provided, even if the said decrease cannot be identified yet with the individual loan in the group, including: – Adverse changes in the balance payment status of the borrowers in the group (e.g. an increase in the number of overdue payments due to problems in the sector) or – Financial conditions on a national or local scale that are related to delinquency in payments for the loans in the group (e.g. increased unemployment rates in a certain geographical area of borrowers, decreased value of real estate taken as security in the same area, or adverse operating conditions in a certain sector, which have an impact on the borrowers included in the said group).

The identification of impairment is performed on an individual borrower basis for the loans that the Group considers significant, and it is performed on an individual borrower basis or on a group of borrowers basis for those loans it does not consider significant. The loans that have been evaluated on a borrower basis without any evidence of impairment, significant or not, are classified in groups of assets that have similar credit risk attributes and are evaluated on a collective basis.

If in a subsequent period the amount of the provision formed is decreased and the said decrease is associated with objective events that have taken place after the formation of the provision, such as an improvement in the borrower's credit rating, then the provision is decreased by having the difference recognized in the Profit and Loss Statement.

2.3.7 Derecognition

A financial asset is derecognized when the Group loses control over the contractual interests included in the said asset. This happens when the said interests expire or are transferred and the Group has actually transferred all the risks and rewards that arise from ownership thereof.

Financial liabilities are derecognized when the Group's commitment to make payments in cash or other financial instruments is eliminated.

2.3.8 Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legally enforceable right and intends to realize the asset and settle the liability simultaneously on a net amount basis.

2.3.9 Sale and Repurchase Agreements and Security Lending

The Group makes purchases (sales) of investments based on repurchase (resale) agreements of the same investments at a specific price in the future at a fixed price.

The same investments sold on condition of repurchase (repos) are not written-off from the balance sheet, but continue to be measured depending on their classification (trading portfolio or AFS). The amounts received are recognized as a liability in the balance sheet and are measured at their amortised cost based on the effective rate method.

The securities purchased, on condition that they will be resold in the future (reverse repos), are not recognized. The amounts paid for purchase thereof are recognized as Receivables from Financial Institutions or Customers respectively and are measured at their amortised cost based on the effective rate.

The Group enters share purchase agreements making a commitment to resell them (stock reverse repos) through the Athens Derivatives Exchange (ADEX). The acquired shares are then sold in the Athens Exchange. The shares are not recognized as assets. The Group recognizes the commitment to resell the said shares as a liability in the balance sheet, and it is measured at the fair value of the securities that the Group is committed to repurchase and return to the Athens Derivatives Exchange Clearing House (ADECH).

2.4 Conversion into Foreign Currency

The data of the financial statements of the Group's undertakings are measured based on the currency used in the primary financial environment where the Group operates (functional currency). The consolidated financial statements are presented in Euro, which is the functional currency and the reporting currency of the Parent Company and most of its subsidiaries.

The assets and liabilities in the financial statements of the foreign subsidiaries included in the consolidation are converted into Euro, based on the exchange rates applicable at the balance sheet date. The gains and losses have been converted into the Group reporting currency based on the average exchange rates prevailing in the period reported. Any differences arising from the said procedure have been charged (or credited) to the "reserve from F/X adjustment" account of the subsidiaries' balance sheets, of the net position.

Foreign currency transactions are converted into the functional currency by using the exchange rates applicable at the date when the said transactions are performed. Any gains or losses due to exchange rates that result from the settlement of such transactions during the period in question, as well as from the conversion of monetary assets denominated in foreign currency based on the prevailing exchange rates at the balance sheet date, are recognized through the Profit and Loss Statement. The exchange rates due to non-monetary assets that are measured at fair value are considered as part of the fair value and thus are recorded in the same account as the differences in fair value. In the case of effectively hedging the exchange risk for non-monetary assets that are measured as AFS, the part of the change in fair value thereof that is due to the exchange rate change is recognized through the Profit and Loss Statement for the period.

2.5 Tangible Fixed Assets

Tangible assets are recognised in the financial statements at their acquisition cost, less, firstly, the accumulated depreciation and secondly, any potential impairment of fixed assets. The acquisition cost includes all the related costs related to the acquisition of the assets. More specifically, the "property, plant and equipment" of the Group were measured at the estimated cost pursuant to IFRS 1, which is at their fair value at the date when the change to the International Accounting Standards (IAS) occurred (1/1/2004). The fair value of property, plant and equipment was determined by the study of an independent estimator.

Subsequent expenses are recorded as an increase in the book value of tangible assets or as a separate asset only to the degree that the said expenses increase the future financial rewards anticipated from the use of the fixed asset and their cost can be measured reliably. The cost of repair and maintenance works is recorded in the Profit and Loss Statement when the said works are carried out.

Depreciation of other tangible assets (besides land, which is not depreciated) is calculated based on the straight-line method over their estimated useful life as follows:

Buildings	40-50 years
Mechanical equipment	4-7 years
Vehicles	4-5 years
Other equipment	3-5 years

The balance values and useful lives of tangible assets are subject to review at each balance sheet date. When the book values of tangible assets are higher than their recoverable value, then the difference (impairment) is recognized directly as an expense in the Profit and Loss Statement.

Upon sale of tangible assets, the differences between the sale price and their book value are recognized as profit or loss. The repair and maintenance costs are recognized as an expense for the relevant period.

2.6 Property Investment

The Group owns lands and buildings, which it holds for investment purposes (e.g. to collect rentals). Property Investments are measured at fair values, as these are calculated based on acceptable methods. Any profit and loss that arises from changes in fair value is recognized in the Profit and Loss Statement.

The methods normally applied for the determination of fair value of real estate are as follows:
i) Real estate market data comparing method: Based on the said method, the value ascribed to the property being evaluated is determined by comparing the values of other land having similar attributes.
ii) Investment method: The said method is aimed at calculating the capital value of an investor's right to collect a yearly income from certain real estate.

2.7 Intangible Assets

Intangible assets include mainly software licenses, website development costs and goodwill created from the takeover and merger of branches of other banks.
Intangible assets are measured at their acquisition cost less depreciation. Depreciation is performed based on the straight-line method during the useful life of the said assets, which ranges from 1 to 3 years.
The maintenance of software programs is recognized as an expense when it is incurred. On the contrary the costs incurred for the improvement or prolongation of the efficiency of software programs beyond their initial technical specifications, or correspondingly the costs incurred for the modification of software, are incorporated into the acquisition cost of the intangible asset, on the necessary condition that they can be measured reliably.

2.8 Goodwill

Goodwill is the difference between the acquisition cost and fair value of the assets and liabilities of a subsidiary / associate undertaking on the date of the takeover. On the date of acquisition, the Group recognizes the goodwill that arose from the acquisition as an asset and records at cost. The said cost is equal to the amount by which consolidation cost exceeds the share of the undertaking in the assets, liabilities and potential obligations of the acquired undertaking.

Following the initial recognition, goodwill is measured at cost less the accumulated losses due to its impairment. Goodwill is not amortised, but is examined on a yearly basis to determine any possible impairment.

2.9 Impairment of Assets

The assets that have an indefinite useful life are not depreciated and are subjected to impairment control on a yearly basis, as well as when there is certain evidence that their book value may be unrecoverable. The assets that are depreciated are subject to impairment control when there is evidence that their book value will not be recovered. The recoverable value is the higher amount between the net selling price and the value in use. The loss incurred due to the impairment of assets is recognized by the undertaking when the book value of the said assets (or of the Cash Generating Units [CGU]) is higher than their recoverable amount.

The net selling value is the amount collected from the sale of an asset as part of a bilateral transaction where the parties thereto are fully informed and have proceeded willingly, after subtracting any additional direct selling cost of the asset, whereas the value in use is the present value of the estimated future cash flows expected to arise for the undertaking from the use of an asset, as well as from its disposal at the end of its estimated useful life.

2.10 Leased Agreements

Group Undertaking as Lessee: Leases of fixed assets where all the risks and rewards related to the ownership of an asset have been transferred to the Group, irrespective of whether the title to the said asset is finally transferred or not, are classified as finance leases. The said leases are capitalized at the inception of the lease at the lower of the fair value of the fixed asset 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 fixed rate on the remaining balance. The corresponding rental obligations, net of finance charges cost, are included in liabilities. The part of the financial cost related to financial leases is recognized as Profit and Loss over the lease term. The fixed assets acquired under finance leases are depreciated over the shorter of the useful life of the fixed assets or the lease term thereof.

Leases where the lessor transfers the right to use an asset for an agreed period of time, without transferring the risks and rewards of ownership thereof, are classified as operating leases. Payments made under operating leases (net of any incentives offered by the lessor) are recognized as Profit and Loss proportionally over the lease term.

Group Undertaking as Lessor: When assets are leased out under a financial lease, the present value of the lease payments is recognized as receivable. The difference between the gross amount of the receivable and the present value of the receivable is recognized as unearned financial income. Lease income is recognized as Profit and Loss over the lease term using the net investment method, which reflects a constant periodic rate of return.

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their anticipated useful lives on a basis consistent with similar owned property.

Rental income (net of any incentives offered to lessees) is recognized on a straight-line method over the lease term.

2.11 Non-Current Assets Held for Sale

The Group acquires property, plant and equipment as part of settling loans and other lending. The property, plant and equipment acquired is classified as "non current assets held for sale" if the Group intends and is able to sell the said property, plant and equipment within one year from their classification date. The said property, plant and equipment are estimated at the lowest value between their book value right after they are classified as held for sale and their fair value less the cost of sale.

In case the classification criteria are not met, the acquired property, plant and equipment are classified under "other assets" and are measured at their acquisition cost less the accumulated losses due to impairment thereof.

2.12 Cash and Cash Equivalents

The cash and cash equivalents account includes balances with a maturity date up to three months from the first day of acquisition thereof (initial term) such as: cash in hand, cash and balances with central banks and loans and advances to financial institutions.

2.13 Share Capital and Treasury Shares

Expenses relating to the share capital increase: The expenses incurred in the case of a share capital increase, except from the case of a merger, are deducted from shareholders equity after computing tax imposed to the specific expenses

Treasury Shares: The Parent's shares held by the Company itself, are recognized at acquisition cost, they are included in the "Treasury shares" account and are deducted from the Parent's shareholders equity until they are cancelled, reissued or resold. The acquisition cost of treasury shares includes transaction costs after deducting tax imposed. The number of treasury shares held by the Parent does not reduce the number of shares used in the calculation of earnings per share. Treasury shares held by the Parent are not entitled to a dividend. The difference between acquisition cost and the final price of resale (or reissuance) of the treasury shares, is recognized in shareholders equity and is not included in the derivation of the net result for the financial year.

2.14 Bond Loans

The Group has issued two convertible bond loans. The said bond loans, on the one hand, create a financial obligation for the Group and, on the other hand, provide the possessor with the option of converting his/her bonds into common shares of the Company. The financial obligation is measured initially at the present value of all future payments undertaken by the Group irrespective of whether bond holders exercise their options or not. The discount rate is the interest rate effective in the market at the issuance date for a similar loan that

does not have the embedded option to convert. At a later date, the said obligation is measured at amortised cost by using the effective interest rate. The interest that arises from bond loans is included in the "interest expenses" account.
The difference between the net product issued and the present value of the financial obligation is shown, after subtracting the corresponding income tax, directly in equity.

2.15 Income Tax and Deferred Tax

The income tax charges over the period reported includes the present taxes and deferred taxes, that is, the taxes or tax reductions related to the financial rewards that arise over the period but have already been charged, or are to be charged, by taxation authorities to different periods. The income tax is recognized in the Profit and Loss Statement of the period, except for the tax that pertains to transactions recorded directly in shareholders' equity, in which case it is directly recorded, correspondingly, in the shareholders' equity.

The present income tax includes the short-term liabilities to or receivables from Public Financial Authorities, including, the State, Tax Authorities, Social Insurance Funds etc. that pertain to payable taxes on the taxable income of the period and any potential additional income taxes associated with prior financial years.

The current taxes are measured according to tax rates and taxation laws applicable to the reporting periods they are associated with, based on the taxable profit for the year. All changes in the short-term tax data of the assets or in the liabilities are recognized as part of the tax expense in the Profit and Loss Statement.

Deferred income tax is calculated, using the liability method, on all temporary differences arising between the book values and the tax bases of assets and liabilities. Deferred tax is not calculated if the initial recognition of an asset or liability over a transaction, except for the merger of undertakings, has shown that it has not affected either the accounting or the taxable profit or loss.

Deferred tax assets and liabilities are measured according to the tax rates that are expected to be applied to the period in which, the claim or liability will be settled, taking into account the applicable tax rates (and tax laws) which effectively apply up to the balance sheet date. In the case where it is not possible to determine the reversal time of the differences, the tax factor applied is the one after the balance sheet date.

Deferred tax assets are recognized up to the point where a future tax profit will be realized for the use of the temporary difference, which causes the deferred tax asset.

Deferred tax is recognized from temporary differences that arise from investments in subsidiaries and associates, except from the case where the reversal of temporary differences is controlled by the Group and it is probable that the temporary differences will not be reversed in the foreseeable future.

Most changes in deferred tax assets and liabilities are recognized as a part of tax expenses in the Profit & Loss statement for the period. Only those changes in assets and liabilities that affect the temporary differences are recognized directly in the Group's shareholders' equity are those which cause the relative change in assets or liabilities to be charged against shareholders' equity.

2.16 Employee Benefits

Short-term benefits: The short-term employee benefits (except for the benefits associated with the termination of employment) in cash and in kind are recognized as a cost when accrued. Any potential non-paid amount is recorded as a liability, or in the case where the already paid amount exceeds the amount of benefits, the company recognizes the exceeding amount as an asset (prepaid cost) only to the extent that the prepayment will lead to a decrease in future payments or to a return.

Benefits on retirement: The benefits on retirement include a lump sum pension indemnity paid to employees upon retirement in exchange for their service. The obligations of the Group regarding pension benefits pertain both to defined contribution plans and defined benefit plans. The cost incurred for the defined contribution plan is recorded as an expense for the period under consideration. The pension schemes provided by the Group are financed through incurring payments to insurance companies and State Social Insurance Institutions.

i) Defined contribution plan

The defined contribution plans are related to the payment of contributions to Social Security Entities (e.g. Social Security Organization [IKA]), so that the Group will have no further liability in case the State Fund is unable to make pension payments to the insured person. The employer's only obligation is to make relevant contributions to the said Funds. The contribution due by the Group as part of a defined contribution plan is recognized as a liability after subtracting the contribution paid, whereas the accrued contributions are recognized as cost in the Profit and Loss Statement of the period.

ii) Defined benefit plan

The defined benefit plan of the Group pertains to the legal commitment undertaken for paying a lump sum pension indemnity according to L. 2112/1920. The establishment of a right to participation in such plans is normally based upon an employee's years of service until retirement. Part of the obligation of the Group is funded through contributions made by the Group to an Insurance Company.

The obligation recorded in the balance sheet for the defined benefit plans is the present value of the obligation concerning the defined benefit less the fair value of the assets of the plan (reserve resulting from payments made to the insurance company) and the valuations that arise from any actuarial profit or loss and the cost of previous service. The defined benefit commitment is calculated on a yearly basis by an independent actuary by the use of the projected unit credit method. For prepayment thereof, the exchange rate of the long term Greek Government bonds is used.

The actuarial profits or losses are part of both the benefit obligation of the undertaking and the cost that will be recognized in the Profit and Loss Statement. Those arising from adjustments based on historical data that are higher or lower than the 10% margin of the accumulated obligation are recorded in the Profit and Loss Statement within the anticipated average insurance time of the participants to the plan. The cost of previous service is recognized directly in the Profit and Loss Statement, except for the case where the changes in the plan are dependent upon the remaining time of service of the employees. In the said case, the cost of services rendered is recorded in the Profit and Loss Statement using the straight-line method within the maturity period.

Employment termination benefits: The benefits due to termination of the employment relationship are paid when employees leave before their normal retirement date. The Group records such benefits when it is committed, either when it actually terminates the employment of current employees based upon a detailed formal plan without possibility of withdrawal, or when it provides the said benefits as an incentive for voluntary redundancy.

2.17 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligations and when a reliable estimate of the relevant amount can be made. Provisions are reviewed at the date of drawing up each balance sheet and are adjusted so as to reflect the present value of the cost expected to be required for settling the obligation. Possible liabilities are not recognized in the financial statements, but are published, unless the possibility for income outflows incorporating financial benefits is extremely limited. Potential claims are not recognized in the financial statements, but are published provided that the inflow of financial benefits is possible.

2.18 Revenue Recognition

The revenues of the Group include mainly income from interest arising from loans and interest-bearing securities, portfolio management commissions, foreign exchange trade letters of guarantees and other banking transactions, income from dividends and other income. The inter-company revenues within the Group are completely eliminated.

The revenues are recognized as follows:

i) Interest and Similar Income

Income from interest pertains to all interest-bearing assets included in the balance sheet and are recognized on an accrued basis, by using the effective interest rate calculated based on the purchase price. Income from interest includes interest coupons from fixed interest rate securities and trading securities, the accrued premium/discount of government securities and other securities similar to them, as well as the interest that arises from loans/deposits.

ii) Fee and Commission Income

Income from fees and commissions are recognized depending on the completion of the transaction so as to associate them with cost of providing the service, whereas the ones associated with the undertaking of credit risk are recorded in the Income Statement on a fixed basis for as long as the risk is present.

iii) Dividend Income

Dividends are recognized as revenue when the right to receive payment is established.

2.19 Dividend Distribution

The distribution of dividends among the shareholders of the Parent Company is recognized as a liability in the consolidated financial statements at the date when distribution thereof is approved by the General Assembly of Shareholders.

2.20 Segment Reporting

A business segment is a set of assets and activities which provide products and services that are subject to risks and returns different from those of other business segments.
A geographical segment is a geographical area where products and services are provided, which is subject to risks and returns different from those of other areas.

A criterion for the determination of the primary segment was the source of Group revenues. The Group is active in 4 segments: Commercial Banking, Investment Banking, Treasury and Capital Markets and Securities Transactions. To determine the segments for which financial information is provided, the Group has applied the 10% limit on the consolidated profits or the consolidated assets.

2.21 New Accounting Standards and Interpretations of the IFRIC

The IASB and IFRIC have already published a new series of accounting standards and interpretations which are not part of the "IFRS Stable Platform 2005"., and have, simultaneously, modified preceding standards.
The IFRS and IFRIC are compulsory for the financial periods commencing as of 1st January 2006 or 1st January 2007. The application of the modified standards and interpretations is not expected to have a significant effect on the financial statements, with exception to the application of IAS 39 "Financial Instruments, Recognition and Measurement". More specifically, because of the modification of the fair value option, the Group, on 01/01/2006 is required to reclassify its investments in financial assets. Due to the aforementioned procedure, which is expected to be consummated when the Group's financial statements are published for the first quarter of 2006, some of the Group's investments will presumably be transferred from the "financial assets at fair value though profit & loss" portfolio to the "financial assets available for sale" portfolio.

3 Financial Risk Management

3.1 Credit Risk

Credit risk from loans derives from borrowers' breach of promise to pay their debt in part or in whole, within their contractual deadlines.

The Group's basic credit policy principle is the undertaking of selected and calculable credit risks against corresponding profitability, aiming at the optimization of the Group's invested capital and the protection of its depositors and shareholders.

In order to achieve the above target, the Group's Management, gives great importance in the adequate management of credit risk, having set in place the necessary structures and procedures.

Given the Group's strategy (i.e. Marfin Bank being a "Private Bank" and Investment Bank of Greece being an Investment Bank), financed customers are mainly individuals having a business activity and secondly corporations, of large and medium size, operating either in the private, or in the broader public sectors.

The methods applied for credit risk assessment (Credit Rating) differentiate in accordance with the above-mentioned categories of Borrowers and are based on both quantitative and qualitative data/criteria.

The Group has developed and applies a credit risk assessment model for each one facility (Risk Rating), which calculates both the borrower's solvency as well as the quality and adequacy of securities. Risk Rating is the combination of the Credit Rating which is then incorporated into a second model which calculates the credit risk for each Borrower/Facility in accordance with the Default Given Recovery Ratio.

Furthermore, the Group offers a range of standardized loan products for individuals (Mortgages, Overdraft Accounts, Personal Loans) and also for professionals (Working Capital Loans, Loans for acquisition of professional property and Loans for purchase of equipment). For the credit rating of this category of borrowers, the Group has developed and applies a Credit Scoring model.

The overall credit risk of the Group per borrower, per borrowers category, per Group of borrowers, as well as per type of credit/product, is followed by the Credit Division.

3.2 Market Risk

Market risk is the risk of a loss in various portfolios of the Group due to adverse developments in the prices of the assets included in the said portfolios. Such portfolios include equities and financial indices, interest rates, commodities, currencies, etc.

MARFIN BANK maintains open positions and thus it is exposed to Market risk in Currency trading portfolios (FX Trading Book), Interest Rates and Bonds (Fixed Income Book) and Derivatives on Stock Indices (Index Derivatives Book).

The INVESTMENT BANK is active mainly in the area of securities transactions and thus the Bank's primary portfolio, which is exposed to Market risk, is that of shares and derivatives on equities and indices (Equities/ Equity and Index Derivatives Book) listed in the Athens Exchange.

Each Executive Committee, which is the entity authorized for the determination of Market Risk Management Policy, has approved the Market Risk management procedures and has established relevant market risk limits per product and portfolio. The said limits are monitored and controlled systematically, are reviewed once a year, and are changed, if required, depending on the strategy of the Bank and the conditions prevailing in the market.

The measurement and monitoring of Market risk on all the underlying portfolios as well as the whole Group, is performed by the Risk Management Unit, on a daily basis. Measurements are performed through mechanical systems that apply modern Market Risk measurement techniques such as Value at Risk (VAR) measurement and Sensitivity Factors.

The Value at Risk measurement is an estimate of the maximum potential loss on a portfolio assuming a one-day holding period and utilizing a 99% Confidence Level, without taking into account the changes in prices that may be due to extraordinary financial factors and violent acts. VAR uses variance-covariance method in establishing the maximum potential loss and covers all trading portfolios.

On the 31st of December 2005 the said portfolios, on a Group basis, indicated a VAR of € 2,3 million (Gross Market Risk) reduced due to diversification by € 1,8 million, i.e. € 0,5 million (Net Market Risk), which is analysed as follows:

Amounts in millions		
Currency Risk	:	€ 0,0
Interest Rate Risk in the Fixed Income Book	:	€ 0,5
Market Risk in the Financial Assets' Portfolio	:	€ 1,8
Gross Market Risk	:	€ 2,3
Diversification	:	€ -1,8
Net Market Risk	:	€ 0,5

Further to the aforementioned measurements, Market risk, to which portfolios exposed, is being monitored with the use of additional limits, such as, the maximum open position limit for each product and stop-loss for each portfolio.

3.3 Currency Risk

FX risk is the investment risk deriving from unfavorable currency rate movements, at times when the Group holds open foreign exchange positions.

Management has set specific maximum currency exposure for the Group, per currency, which is constantly monitored.

These limits are higher during the regular trading session, while they are lower for overnight carried positions. Specific maximum FX loss for each working day and calendar month are also set and monitored.

FX risk also arises from the Group's companies' activities outside its base currency (Euro).

The Group often offsets most of this risk by holding respective liabilities in the same currency.

Amounts in Euro '000	EUR	USD	GBP	CHF	JPY	Other currencies	Total
As at 31st December 2005							
Foreign exchange risk for assets							
Cash and balances with Central Bank	41.187	85	23			6	**41.301**
Loans and advances to credit institutions	306.872	31.263	2.016	258	2.140	970	**343.519**
Derivative financial instruments	(25.525)	23.705		2.008			**188**
Trading portfolio and other financial assets at fair value through Profit & Loss	391.393	19.287				64	**410.744**
Loans and advances to customers	413.417	76.368	73		209		**490.067**
Investment portfolio	102.124	67.919					**170.043**
Participations in associates	17.736						**17.736**
Goodwill and other intangible assets	56.253						**56.253**
Property, plant and equipment	25.729						**25.729**
Other assets	75.488	3.629	(413)	538	(1.169)	311	**78.384**
Total assets	**1.404.674**	**222.256**	**1.699**	**2.804**	**1.180**	**1.351**	**1.633.964**
Foreign exchange risk of liabilities							
Due to credit institutions	134.105	83	5	1	14	314	**134.522**
Due to customers	605.700	137.548	1.841	440	483	114	**746.126**
Derivative financial instruments	(75.519)	75.411		1.981			**1.873**
Debt securities in issue	26.442						**26.442**
Other liabilities	53.423	7.338	497	213	291	4	**61.766**
Retirement benefit obligations	770						**770**
Total liabilities	**744.921**	**220.380**	**2.343**	**2.635**	**788**	**432**	**971.499**
Net on-balance sheet position	**659.753**	**1.876**	**(644)**	**169**	**392**	**919**	**662.465**
As at 31st December 2004							
Total assets	737.860	182.806	1.358	2.324	32.534	2.109	958.991
Total liabilities	501.065	169.783	1.457	2.991	32.989	858	709.143
Net on-balance sheet position	**236.795**	**13.023**	**(99)**	**(667)**	**(455)**	**1.251**	**249.848**

3.4 Interest Rate Risk

"Interest rate risk" is the undertaken investment risk of loss that arises from adverse changes in the market interest rates.

Such changes in interest rates can affect the earnings of MARFIN GROUP, since they can be affected by:

-net interest income

-the value of interest income and operating expenses that are sensitive to interest changes.

-the value of the bank's Assets and Liabilities as the present value of future cash flows (and in some cases, the cash flows themselves) changes when interest rates change.

MARFIN Group monitors interest rate risk systematically, on a consolidated basis, always according to the supervisory stipulations and the internal regulations.

More specifically, a variety of widely accepted techniques are used, such as Interest Rate Gap Analysis, as well as more sophisticated dynamic interest rate risk modeling techniques, which produce useful and necessary conclusions about the profit-making of MARFIN Group, based on the changes in interest rates. In addition, MARFIN Group, uses various derivative financial instruments for hedging against any potential interest rate risks that arise from balance sheet management.

The attached table shows the Group's level of exposure to interest rate risk, according to an Interest Rate Gap Analysis. Those assets or liabilities lacking an actual maturity date are assigned to the time band up to one month.

Amounts in Euro '000	Up to 1 month	1-3 months	3-12 months	1-2 years	2-5 years	Over 5 years	Non-interest bearing	Total
At 31st December 2005								
Assets								
Cash and balances with Central Bank	39.589						1.712	41.301
Loans and advances to credit institutions	279.852	30.293	33.374					343.519
Trading portfolio and other financial assets at fair value thourgh Profit & Loss	29.584	38.655	94.090	31.665	52.814	68.060	95.876	410.744
Loans and advances to customers	281.291	146.188	41.595	1.400		8.600	10.993	490.067
Investment portfolio	31.298	21.400	31.009	27.631	13.228	24.797	20.680	170.043
Other assets	55	1	52				178.182	178.290
Total assets	**661.669**	**236.537**	**200.120**	**60.696**	**66.042**	**101.457**	**307.443**	**1.633.964**
Liabilities								
Due to credit institutions	26.370	87.000	21.152					134.522
Due to customers	691.705	28.808	9.029	16.584				746.126
Debt securities in issue and other debt obligations			81	26.361				26.442
Other borrowed funds								0
Other liabilities	21		62				64.326	64.409
Total liabilities	**718.096**	**115.808**	**30.324**	**42.945**	**0**	**0**	**64.326**	**971.499**
Total interest sensitivity gap	**(56.427)**	**120.729**	**169.796**	**17.751**	**66.042**	**101.457**	**243.117**	**662.465**

3.5 Liquidity Risk

"Liquidity risk" is defined as the risk of MARFIN Group not being able to meet its current and future financial obligations, fully and validly, as they become due, owing to a lack of the required liquidity.

The said risk also includes the possibility of being in need of refunding at higher interest rates, as well as of selling assets.

To monitor liquidity risk, MARFIN Group focuses on the management of cash flows and outflows over each time period, so that, under normal conditions, the Group is able to meet its payment obligations.

For this purpose, the Treasury Department uses Liquidity Gap Analysis in order to have an overview of the expected cash flows arising from all Balance Sheet items, per time period.

Supervisory authorities have also set certain liquidity measurement indices, based on their own criteria, in order to control the net liquidity gap. The Risk Management Department and the Internal Audit Department are responsible for complying with the internal regulations and the limitations imposed by supervisory authorities.

For the application of the Analysis of the Net Liquidity Gap, it was assumed that the regular payments to the Group will be realized wholly and in on time and on the other side, all of the Group's obligations will be paid off wholly – for example, the depositors will withdraw all of their funds instead of renewing their deposits. In cases where there is no expiry date on the agreement for any obligations of receivables (open current accounts, sight accounts or savings accounts), then the funds in question are classified in the column named "up to 1 month" in the table to follow.

The shares, fixed assets and other receivables and liabilities have been classified in the column called "over 5 years" in the following table.

Amounts in Euro '000	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
At 31st December 2005							
Asset liquidity							
Cash and balances with Central Bank	41.301						**41.301**
Loans and advances to credit institutions	279.852	30.293	33.374				**343.519**
Derivative financial instruments	55	1	131				**187**
Trading portfolio and other financial assets at fair value through Profit & Loss	88.724	1.206	71.683	37.396	67.030	144.705	**410.744**
Loans and advances to customers	235.175	33.928	57.489	20.610	32.399	110.466	**490.067**
Investment portfolio	1.925		8.806	37.656	36.154	85.502	**170.043**
Investments in associates						17.737	**17.737**
Other assets	9.606	36.594	14.906	6.273	355	92.632	**160.366**
Total assets	**656.638**	**102.022**	**186.389**	**101.935**	**135.938**	**451.042**	**1.633.964**
	Up to 1 month	**1 to 3 months**	**3 to 12 months**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Liability liquidity							
Due to credit institutions	26.370	87.000	21.152				**134.522**
Derivative financial instruments	21	384	0			1.467	**1.872**
Due to customers	691.705	28.808	9.029	16.584			**746.126**
Bond loans			26.361		81		**26.442**
Other borrowed funds							**0**
Other liabilities	25.906	9.307	11.283	13.573	104	2.364	**62.537**
Total liabilities	**744.002**	**125.499**	**67.825**	**30.157**	**185**	**3.831**	**971.499**
Net liquidity gap	**(87.364)**	**(23.477)**	**118.564**	**71.778**	**135.753**	**447.211**	**662.465**
At 31st December 2004							
Total assets	326.499	23.107	109.155	76.426	129.255	294.549	958.991
Total liabilities	512.026	117.818	43.595	6.077	26.884	2.743	709.143
Net liquidity gap	**(185.527)**	**(94.711)**	**65.560**	**70.349**	**102.371**	**291.806**	**249.848**

4 Business Segments

The Group has divided its activities into 4 Business Segments. Commercial Banking includes a) Retail Banking b) Private Banking & Asset Management and c) Loans & Leverage

Amounts in Euro '000	Commercial Banking	Investment Banking	Treasury and Capital Markets	Securities Transactions	THE GROUP
Fiscal year 1st January - 31st December 2005					
Net Income	**16.526**	**28.993**	**16.276**	**10.504**	**72.299**
Result before Tax	541	25.222	11.647	4.742	42.152
Tax					(9.681)
Result after Tax					**32.471**
Other items by segment					
Impairment charge	2.830	385	139		3.354
Depreciation	447	199	165	271	1.082
Write-off of goodwill	(109)				(109)
Proportion of profit / (loss) from associates		1.300			1.300
Investments in associates		17.736			17.736
Fiscal Year 1st January - 31st December 2004					
Net Income	**7.971**	**21.886**	**9.574**	**6.214**	**45.645**
Result before Tax	(6.125)	12.735	6.444	682	13.736
Tax					(1.620)
Result after Tax					**12.116**
Other items by segment					
Impairment charge	1.823	282			2.105
Depreciation	443	375	108	300	1.226
Write-off of goodwill	(1.048)				(1.048)
Proportion of profit / (loss) from associates		(1.253)			(1.253)
Investments in associates		16.191			16.191
At 31st December 2005					
Assets	584.926	204.211	903.853	39.613	1.732.603
Balances between segments					(98.639)
Total assets					**1.633.964**
Liabilities	924.459	117.482	44.952	38.580	1.125.473
Balances between segments					(153.974)
Total liabilities					**971.499**
At 31st December 2004					
Assets	226.645	147.928	595.742	29.498	999.813
Balances between segments					(40.822)
Total assets					**958.991**
Liabilities	594.457	57.272	131.861	21.712	805.302
Balances between segments					(96.159)
Total liabilities					**709.143**

5 Cash and Balances with Central Bank

The "cash and balances with Central Bank" figure is analysed as follows:

	THE GROUP	
Amounts in Euro '000	31st December 2005	31st December 2004
Cash in hand	1.712	1.467
Balances with Central Bank	39.589	18.940
Total	**41.301**	**20.407**

For December 2005, the required reserves, on average, which the two banks are obliged to maintain in Bank of Greece, amount to € 14.434 thous.

The Company's cash and cash equivalents are analysed as follows:

	THE COMPANY	
Amounts in Euro '000	31st December 2005	31st December 2004
Cash in hand and sight accounts	410.855	3.713
Short-term deposit with banks within the Group	290	28.727
Total	**411.145**	**32.440**

6 Loans and Advances to Financial Institutions

Group loans and advances from transactions and deposits with other financial institutions are analysed as follows:

	THE GROUP	
Amounts in Euro '000	31st December 2005	31st December 2004
Loans to financial institutions	291.692	84.969
Nostro accounts in foreign banks	16.113	5.560
Nostro accounts in local banks	33.739	37.269
Sight accounts	1.948	3.123
Cheques receivable	27	160
Total	**343.519**	**131.081**

7 Trading Portfolio and Other Financial Assets at Fair Value through Profit & Loss

The trading portfolio is analysed as follows:

	THE GROUP		THE COMPANY	
Amounts in Euro '000	31st December 2005	31st December 2004	31st December 2005	31st December 2004
Fixed Income Securities				
Greek Government treasury bills	107.305	97.200		
Other government treasury bills	46.270	60.106		
Corporate entity bonds	22.546	33.830		
Bank bonds	93.340	86.767		
	269.461	*277.903*	*0*	*0*
Shares & other non-fixed income securities				
Shares listed in Athens Exchange	92.297	45.077	45.689	18.641
Shares listed in foreign stock exchanges	110	522	64	468
Non-listed shares		360		
Mutual funds	3.468	6.625	1.469	4.097
	95.875	*52.584*	*47.222*	*23.206*
Securities with embedded derivatives				
Bonds with embedded derivatives (convertible into local shares)	14.011	14.627	14.011	14.627
Bonds with embedded derivatives (convertible into shares abroad)	31.397	16.900	31.397	16.900
	45.408	*31.527*	*45.408*	*31.527*
Trading portfolio	**410.744**	**362.014**	**92.630**	**54.733**

The book values of financial assets are classified as follows:

	THE GROUP		THE COMPANY	
Amounts in Euro '000	31st December 2005	31st December 2004	31st December 2005	31st December 2004
Held for trading	214.030	287.537	52.733	54.733
Measured at fair value upon initial recognition	196.714	74.477	39.897	
	410.744	**362.014**	**92.630**	**54.733**

Government bonds designated for collaterals amount to € 130.864 thous. This amount is recorded in the cash flow statement, under the operating activities entry as a part of the changes in working capital.

During the last quarter of 2005, MARFIN GROUP acquired 9.067.599 ordinary registered shares of EGNATIA BANK S.A. amounting to € 32.281 thous., that is, acquisition of 9,39% of the share capital of EGNATIA BANK S.A. or 10,33% of its total voting rights.

The trading portfolio has been measured at fair value except from the non-listed shares and some convertible bonds which have been valued at acquisition cost as it was not possible to determine the fair value due to fact that there was insufficient evidence in the market on similar financial instruments. Changes in fair value of the trading portfolio are recognized in the "Profit / loss from financial assets through profit and loss" account in the Parent's income statement and in the "Net Trading Income" account in the consolidated income statement. Interest received from fixed income securities is recorded in the "Interest and similar income" account in the Income Statement using the effective rate method.

8 Derivative Financial Instruments

For the year ending 31st December 2005, the derivatives traded are described below.

	THE GROUP					
	31st December 2005			31st December 2004		
		FAIR VALUE			FAIR VALUE	
Amounts in Euro '000	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Derivatives held for trading						
Currency derivatives:						
FX Forwards	37.600	55	55	4.258		1
Swaps	45.518	2	8	64.921	1	36
Other derivative instruments OTC	4.195	52	0	147		
		109	**63**		**1**	**37**
Interest rate derivatives						
Swaps	27.689					
		0	**0**		**0**	**0**
Index/equity derivatives						
Futures	28.951			20.959		
Options	18.892		341	1.243		1.242
Index futures	18.531					
Reverse repos	6.222		1			
		0	**342**		**0**	**1.242**
Total derivatives held for trading		**109**	**405**		**1**	**1.279**
Derivatives designated as fair value hedges						
FX Forwards	15.800		1.468			
EURO CALL						
EURO PUT	5.000	79				
Futures	116.319			3.250	66	
Index Futures				176.901	224	
Total fair value hedge		**79**	**1.468**		**290**	**0**
Derivatives designated as cash flow hedges						
FX futures						
Total cash flow hedge		**0**	**0**		**0**	**0**
Total recognised derivatives		**188**	**1.873**		**291**	**1.279**

	THE COMPANY					
	31st December 2005			31st December 2004		
		Fair value			Fair value	
Amounts in Euro '000	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Index / equity derivatives						
Futures	5.326	8				
		8	**0**		**0**	**0**
Derivatives designated as fair value hedges						
FX Forwards	15.800		1.467			
EURO CALL						
EURO PUT	5.000	79				
Futures				3.250	66	
Index Futures						
Total fair value hedge		**79**	**1.467**		**66**	**0**
Total		**87**	**1.467**		**66**	**0**

9 Loans and Advances to Customers

The Group's loan portfolio is analysed as follows:

	THE GROUP	
Amounts in Euro '000	31st December 2005	31st December 2004
Consumer loans	52.990	24.847
Mortgages	28.586	3.452
Loans to individuals	30.837	24.153
Corporate loans	378.578	201.939
Loans to public entities & municipalities	16.287	1.540
	507.278	255.931
Less: allowance for losses (impairment) on loans and advances to customers	(17.211)	(14.430)
Total	**490.067**	**241.501**

The maturity or adjustment of the interest rate of the loans is on average one month. The fair value of loans does not differ substantially from their nominal value.

Past due loans are the loans of which no interest has been paid for the period of six months. Interest posting for these loans is not recorded on the balance sheet, but off-balance sheet.

	THE GROUP	
Amounts in Euro '000	31st December 2005	31st December 2004
Off-balance sheet past due interest account	2.451	1.235

The movements of the provisions account for loan impairment is described as follows:

	THE GROUP	
Amounts in Euro '000	31st December 2005	31st December 2004
Balance at beginning of period	(14.430)	(12.504)
Expense for the period	(2.831)	(1.962)
Loans written-off	50	36
Balance at end of period	**(17.211)**	**(14.430)**

10 Investment Portfolio

The Group's investment portfolio comprises of financial assets financial assets available for sale and financial assets held to maturity.

	THE GROUP		THE COMPANY	
Amounts in Euro '000	31st December 2005	31st December 2004	31st December 2005	31st December 2004
Available for sale portfolio (at fair value)				
Greek Government bonds				
Foreign government bonds	26.023			
Corporate entity bonds	36.152	29.578		
Bank bonds	26.253	4.072		
Non-negotiable bank bonds	39.979			
Total fixed income securities	*128.407*	*33.650*	*0*	*0*
Shares listed in Athens Exchange				
Shares listed in foreign stock exchanges				
Non-listed domestic shares	1.461	2.223	159	170
Non-listed foreign shares	18.911	12.488	18.911	12.825
Domestic mutual funds	308			
Total non-fixed income securities	*20.680*	*14.711*	*19.070*	*12.995*
Total available for sale securities	**149.087**	**48.361**	**19.070**	**12.995**
Investments held-to-maturity				
Greek Government bonds	19.443	19.566		
Foreign government bonds				
Corporate entity bonds	1.513	1.567		
Total investment held-to-maturity	**20.956**	**21.133**	**0**	**0**
Total investment portfolio	**170.043**	**69.494**	**19.070**	**12.995**

The movement for the investment portfolio for the financial year 1/1–31/12/2005 is:

Amounts in Euro '000	THE GROUP Financial assets available for sale	THE GROUP Investments held-to-maturity	THE GROUP Total	THE COMPANY Financial assets available for sale
Balance as at 1st January 2005	48.360	21.133	69.493	12.995
Additions	106.255		106.255	441
Disposals – write-offs	(8.993)		(8.993)	(11)
Gains / (losses) from a.f.s. portfolio	80		80	
Exchange differences	2.351	(177)	2.174	2.352
Changes in fair value	1.034		1.034	3.293
Balance as at 31st December 2005	**149.087**	**20.956**	**170.043**	**19.070**

11 Investments of the Group in Associates

Investments in associates include the entities over which the Group has substantial control. The associates are consolidated using the equity method. The movement of the account is described below:

Amounts in Euro '000	THE GROUP 31st December 2005	THE GROUP 31st December 2004
Beginning of period	16.191	10.565
Additions	256	7.066
Disposals	(11)	(187)
Write-off of goodwill		
Group share of profit / (loss) after tax and minority interest	1.300	(1.253)
End of period	**17.736**	**16.191**

In the "investments in associated undertakings" account, goodwill has not been accounted for.

Given below is concise financial information on the associate companies of the Group:

Amounts in Euro '000	Domicile	31st December 2005 Assets	Liabilities	Portfolio Management proceeds	Profits / (losses)	Participation %
EUROLINE S.A.	Greece	19.560	762	2.437	1.335	48,56%
INTERINVEST S.A.	Greece	13.174	398	2.166	1.115	44,57%
MARFIN GLOBAL INVESTMENTS S.A.	Greece	7.202	292	402	(124)	42,15%
		39.936	1.452	5.005	2.326	

Comparable information:

Amounts in Euro '000	Domicile	31st December 2004 Assets	Liabilities	Portfolio management proceeds	Profits / (losses)	Participation %
EUROLINE S.A.	Greece	17.661	198	(1.092)	(2.205)	48,55%
INTERINVEST S.A.	Greece	12.221	560	(3.693)	(4.510)	40,68%
MARFIN GLOBAL INVESTMENTS S.A.	Greece	7.083	47	(33)	(779)	42,15%
		36.965	805	(4.818)	(7.494)	

The shares of EUROLINE S.A. and INTERINVEST S.A. are traded in the Athens Exchange. As at 31/12/2005, their book value, under the equity method, is equal to € 14.824 thous. whereas, their capitalization amounts to € 11.787 thous.

In the Parent's Balance Sheet the Investments in associates have been measured at fair value. Profits and losses arising from the measurement of associates are recognized directly in shareholders' equity. The companies MARFIN GLOBAL S.A. and EUROLINE S.A. merged on 31/01/2006.

The movements of the associated undertakings account in the Marfin F.G.'s balance sheet is described below:

	THE COMPANY	
Amounts in Euro '000	**31st December 2005**	**31st December 2004**
Balance at beginning of period	12.728	7.500
Additions		
- Acquisition of shares		3.594
- Increase of shares in investments in associates	255	3.472
Adjustment in fair value directly transferred to reserves	711	(1.838)
Balance at end of period	**13.694**	**12.728**

The addition during the year refers to the Parent's additional acquisition of shares of its associates INTERINVEST S.A. and EUROLINE S.A. by 3,97% and 0,01% respectively.

12 Investments of the Parent Company in Subsidiaries

Investments in subsidiaries, in the Parent's financial statements, have been measured at acquisition cost. The movement in the "investments in subsidiaries" account are presented as follows:

	THE COMPANY	
Amounts in Euro '000	**31st December 2005**	**31st December 2004**
Balance at beginning of period	146.653	129.626
Additions		
- Acquisition of shares		36
- Increase of shares in subsidiaries	6.420	16.991
Balance at end of period	**153.073**	**146.653**

The change in the account "investments in subsidiaries" regards the participation of 100% in the share capital increase of the subsidiary MARFIN BANK S.A. amounting to € 6.000 thous. And the acquisition of an additional 0,5% in the subsidiary INVESTMENT BANK OF GREECE S.A. amounting to € 420. thous.

13 Property Investment and Property, Plant and Equipment

Changes in the tangible assets account are stated below:

	THE GROUP					
	Property, plant and equipment					
Amounts in Euro '000	Land-buildings	Mechanical equipment & transport	Furniture & other equipment	Assets under construction	Total	**Investment in property**
Acquisition cost on 1st January 2004	16.846	3.393	6.473	86	26.798	6.802
Less: Accumulated depreciation	(468)	(1.728)	(4.818)		(7.014)	
Carrying amount on 1st January 2004	**16.378**	**1.665**	**1.655**	**86**	**19.784**	**6.802**
Additions	888	31	493		1.412	
Write-off – disposals	(666)	(2.277)	(895)	(86)	(3.924)	
Depreciation for the period	(203)	(140)	(570)		(913)	
Depreciation attributed to disposed or written-off	197	1.540	726		2.463	
Acquisition cost on 31st December 2004	17.068	1.147	6.071		24.286	6.802
Less: Accumulated depreciation	(474)	(327)	(4.662)		(5.464)	
Carrying amount on 31st December 2004	**16.594**	**820**	**1.409**	**0**	**18.822**	**6.802**
Additions	575		443		1.018	
Transfers						
Write-off – disposals	(136)	(2)	(26)		(164)	
Depreciation for the period	(217)	(93)	(579)		(889)	
Depreciation attributed to disposed-written-off	128	1	11		140	
Acquisition cost on 31st December 2005	17.507	1.145	6.488		25.140	6.802
Less accumulated depreciation	(563)	(419)	(5.230)		(6.213)	
Carrying amount on 31st December 2005	**16.944**	**726**	**1.258**	**0**	**18.927**	**6.802**

	THE COMPANY				
	Property, plant and equipment				
Amounts in Euro '000	Land-buildings	Mechanical equipment & transport	Furniture & other equipment	Assets under construction	Total
Acquisition cost on 1st January 2004	594	3.264	1.575	1	5.434
Less: Accumulated depreciation	(275)	(1.634)	(1.301)		(3.210)
Carrying amount on 1st January 2004	**319**	**1.630**	**274**	**1**	**2.224**
Additions	50		7		57
Write-off – disposals	(644)	(2.256)	(794)	(1)	(3.695)
Depreciation for the period	(15)	(127)	(119)		(261)
Depreciation attributed to disposed or written-off	290	1.525	711		2.526
Acquisition cost on 31st December 2004	0	1.007	789		1.796
Less: Accumulated depreciation	0	(237)	(709)		(946)
Carrying amount on 31st December 2004	**0**	**771**	**79**	**0**	**849**
Additions			31		31
Write-off – disposals	(128)				(128)
Depreciation for the period		(82)	(62)		(144)
Depreciation attributed to disposed-written-off	128				128
Acquisition cost on 31st December 2005		1.007	820		1.827
Less accumulated depreciation		(319)	(771)		(1.090)
Carrying amount on 31st December 2005	**0**	**689**	**48**	**0**	**737**

14 Goodwill and Other Intangible Assets

The change in goodwill and other intangible assets is described below:

	THE GROUP					THE COMPANY
Amounts in Euro '000	**Goodwill**	**Goodwill on acquisition of branches**	**Software and sundry expenses**	**Other intangibles**	**Total**	**Software and sundry expenses**
Acquisition on 1st January 2004	55.337	712	3.263		59.312	566
Less: Accumulated depreciation		(71)	(2.798)		(2.869)	(479)
Carrying amount on 1st January 2004	**55.337**	**641**	**465**	**0**	**56.443**	**87**
Additions	1.983		253		2.236	
Write-off – disposals			(103)		(103)	(102)
Depreciation for the period			(272)		(272)	(19)
Impairment (write-off) of goodwill	(1.983)				(1.983)	
Depreciation attributed to disposed – written-off			42		42	42
Acquisition cost on 31st December 2004	55.337	712	3.413	0	59.462	464
Less: Accumulated depreciation		(71)	(3.028)		(3.099)	(456)
Carrying amount on 31st December 2004	**55.337**	**641**	**385**	**0**	**56.363**	**8**
Additions			81		81	
Write-off – disposals						
Depreciation for the period			(191)		(191)	(7)
Depreciation attributed to disposed – written off					0	
Acquisition cost on 31st December 2005	55.337	712	3.493		59.543	464
Less: Accumulated depreciation		(71)	(3.219)		(3.290)	(463)
Carrying amount on 31st December 2005	**55.337**	**641**	**275**	**0**	**56.253**	**1**

In order to examine whether there is evidence of impairment of goodwill, goodwill is split into the following categories of cash flow generation:

Amounts in Euro '000	**31st December 2005**	**31st December 2004**
MARFIN BANK (Commercial banking services)	27.436	27.436
INVESTMENT BANK OF GREECE (Investment Banking)	27.901	27.901
MARFIN BANK - Thessaloniki branch	641	641
Total	**55.978**	**55.978**

The fair value of the units mentioned indicated above was calculated based on the subsidiaries' net present values. In order to calculate the net present values, the discounted dividend method and the method of multiple financial indicators were used. The application of the methods mentioned require that estimations are made relating to the future profitability of the subsidiaries as well as the use of indices of homogeneous corporations for which fair market values can be defined. Expected profitability for the subsidiaries was based on a detailed analysis of their past performance and future progress as well as on the assessment of the present market conditions. The basic assumptions used in the valuation of the subsidiaries are as follows:

Cost of capital (Discount rate)	8,24%
P/E of comparable corporations	10
P/BV of comparable corporations	2

The fair value of the subsidiaries exceeds the net asset value of the subsidiaries, including goodwill, by the amount of € 44.393 thous.

Amounts in Euro '000	Group net assets	Fair value	Balance
MARFIN BANK S.A.	92.946	108.079	15.133
INVESTMENT BANK OF GREECE S.A.	81.344	110.345	29.260
Total	**174.290**	**218.424**	**44.393**

15 Deferred Tax

Deferred tax has been calculated based on the nominal tax rate, which will stand for the financial years in which the temporary taxable and deductible differences are expected to be reversed.

Deferred tax assets and liabilities are offset when, there is an applicable legal right to offset current tax receivables against current tax liabilities and secondly, when deferred income tax is applicable to the same Tax Authority. The offset amounts are mentioned in the following table:

	THE GROUP				THE COMPANY			
	31st December 2005		31st December 2004		31st December 2005		31st December 2004	
Amounts in Euro '000	Def. tax asset	Def. tax liability	Def. tax asset	Def. tax liability	Def. tax asset	Def. tax liability	Def. tax asset	Def. tax liability
Assets or liabilities								
Investments in property and property, plant and equipment		1.398		1.429				
Intangible fixed assets	3.237		906		2.977		218	
Trading portfolio and other financial assets at fair value through profit & loss		2.506		856		1.791		340
Available for sale portfolio	675		(120)				185	
Derivative financial instruments	652	15			402			
Investment in associates			305				305	
Loans and other advances								
Cash in hand								
Bond loans	193	128		43	193	128		43
Employment benefit obligations	161		124		4		6	
Derivative financial instruments			621					
Tax losses to be offset against future taxable income			213					
Other short-term liabilities	332							
Total	5.250	4.048	2.049	2.329	3.576	1.919	714	383
Off-setting	(346)	(346)	(185)	(185)			(185)	(185)
Total	**4.904**	**3.702**	**1.865**	**2.144**	**3.576**	**1.919**	**529**	**198**

Deferred tax movements in the results of the financial year are as follows:

	THE GROUP		THE COMPANY	
Amounts in Euro '000	31st December 2005	31st December 2004	31st December 2005	31st December 2004
Assets or liabilities				
Investments in property and property, plant and equipment	(31)	(394)		
Intangible fixed assets	593	1.297	165	154
Trading portfolio and other financial assets at fair value through profit & loss	199	(81)		(327)
Available for sale portfolio	681		681	
Derivative financial instruments	(16)	(183)	(402)	
Investment in associates	64		64	
Loans and other advances				
Cash in hand				
Bond loans	(108)	40	(108)	40
Employment benefit obligations	(37)	46	1	(1)
Derivative financial instruments				
Other short-term liabilities	(332)	(494)		
Tax losses to be offset against future taxable income	213	(213)		
Total	**1.227**	**18**	**402**	**(134)**

A deferred tax asset is realized when it is reasonably expected to be offset against future taxable income. The following deferred tax asset has not been recognized in the consolidated balance sheet.

Amounts in Euro '000	31st December 2005	31st December 2004
Provisions for impairment of loan and other receivables	486	1.848
Impairment of the value of investment in associates	2.536	2.854
Tax losses to be offset against future taxable income		
Total	**3.022**	**4.702**

16 Other Assets

Other assets are analysed as follows:

	THE GROUP		THE COMPANY	
Amounts in Euro '000	31st December 2005	31st December 2004	31st December 2005	31st December 2004
Other debtors	9.325	6.499	701	6.715
Less: Provisions	(255)	(255)		
Debtors after provisions	9.070	6.244	701	6.715
Customers not related to banking and financial activities	420	767	420	767
Less: Provisions	(275)	(257)	(275)	(257)
Non-related customers after provisions	145	510	145	510
Guarantee deposit funds	3.569	3.692		470
Complementary A.S.E. members guarantee fund	5.883	5.883		
Clearing accounts for securities transactions of ASE, ADEX and foreign stock exchanges	6.955			
Claims from the Greek State	2.541	6.319	1.097	2.341
Interim dividend	7.495		7.495	
Margin derivative trading account	2.083	3.490		
Interest and other receivable income	9.215	7.651	20	
Cheques awaiting clearance	103	248	14	147
Expenses in forthcoming periods		114		
Guarantees	299		36	43
Advances	26.122	9	26.115	
Loans to third parties			10.000	10.000
	64.265	27.406	44.777	13.001
Total	**73.480**	**34.160**	**45.623**	**20.226**

The above stated accounts appear in the Parent's balance sheet as follows:

	THE COMPANY	
Amounts in Euro '000	31st December 2005	31st December 2004
Other long-term receivables	9.436	9.912
Due to customers and other short-term liabilities	36.187	10.314
Total	**45.623**	**20.226**

17 Due to Financial Institutions

Liabilities to other financial institutions are analysed as follows:

	THE GROUP	
Amounts in Euro '000	31st December 2005	31st December 2004
Amounts due to Central Bank	111.152	61.515
Interbank deposits	23.310	35.025
Due to financial institutions – sight accounts	60	1.501
Total	**134.522**	**98.041**

18 Customer Deposits and Other Customer Accounts

Bank deposits and other customer accounts are analysed below:

	THE GROUP	
Amounts in Euro '000	31st December 2005	31st December 2004
Sight deposits	293.456	49.140
Savings account	10.224	10.211
Time deposits	367.693	391.937
Blocked deposits	74.753	44.806
Repos		63.454
Total	**746.126**	**559.548**

19 Debt Securities in Issue

Marfin F.G. has issued bond loans as described below:

Type of bond	Issue date	Maturity date	Total number of bonds	Bonds held by third parties	Nominal value of bond	Coupon rate	Maturity date	Eff. rate
Convertible bonds non-tradable	19/12/2001	19/12/2006	1.813.750	1.484.000	17,8	6,50%	19/12/2006	6,75%
Convertible bonds non-tradable	12/6/2003	12/6/2008	100.000	1.820	90	Euribor+1%	12/6/2008	7,35%

The liability arising from bond loans is measured at amortised cost using the effective rate method. The present value of the liability is presented next:

Amounts in Euro '000	THE GROUP 31st December 2005	THE GROUP 31st December 2004	THE COMPANY 31st December 2005	THE COMPANY 31st December 2004
Bond loan with maturity date: December 2006	26.426	26.373	32.306	32.260
Bond loan with maturity date: June 2008	118	599	9.908	9.586
Total	**26.544**	**26.972**	**42.214**	**41.846**
Distributed to:				
Bond loans (long-term liabilities)	26.442	26.863	41.949	41.567
Coupons payable	102	109	265	279
Total	**26.544**	**26.972**	**42.214**	**41.846**

20 Retirement Benefit Obligations

The benefits on retirement include a lump sum pension indemnities paid to employees upon retirement and are analysed as follows:

Amounts in Euro '000	THE GROUP 31st December 2005	THE GROUP 31st December 2004	THE COMPANY 31st December 2005	THE COMPANY 31st December 2004
Recognition in balance sheet:				
Lump sum pension indemnity				
- Funded				
- Non-funded	770	609	27	21
	770	**609**	**27**	**21**

	31st December 2005	31st December 2004	31st December 2005	31st December 2004
Recognition in profit & loss				
Lump sum pension indemnity				
- Funded	68	62		
- Non-funded	161	101	6	4
	229	**162**	**6**	**4**

Lump sum indeminity on retirement

The amounts recognised are disclosed on the Balance Sheet as follows:

Amounts in Euro '000	31st December 2005	31st December 2004	31st December 2005	31st December 2004
Present value of funded obligations	806	721		
Fair value of plan assets	(1.132)	(1.013)		
	(326)	(292)	0	0
Less: Restriction on assets	326	292		
Balance for recognition	0	0	0	0
Present value of non-funded obligations	804	642	30	25
Unrecognised actuarial profits / (losses)	(33)	(34)	(3)	(4)
Unrecognised cost of services rendered				
	770	609	27	21
Liability recognized in the balance sheet	**770**	**609**	**27**	**21**

The amounts resognised in the Income Statement are described below:

Amounts in Euro '000	31st December 2005	31st December 2004	31st December 2005	31st December 2004
Current service cost	184	129	5	3
Cost	63	61	1	1
Expected return on plan assets	(51)	(47)		
Net actuarial gains / (losses) recognized during the year	(0)			
Cost of services rendered				
Effect from restriction on assets from insurance policy	34	19		
Total included in staff costs	**229**	**162**	**6**	**4**

Change in liabilities:

Amounts in Euro '000	31st December 2005	31st December 2004	31st December 2005	31st December 2004
Opening book amount	609	660	21	17
F/X translation differences				
Sales/ disposal of subsidiaries				
Acquisition of subsidiary (Note 34)				
Total amount debited in Income Statement	229	162	6	4
Contributions paid	(68)	(214)		
Closing year end account	**770**	**609**	**27**	**21**

The major actuarial assumptions used are described below:

Amounts in Euro '000	31st December 2005	31st December 2004
Discount rate	4,15%	4,15%
Expected return on plan assets	4,15%	4,15%
Future salary increases	4% - 6%	4% - 6%

21 Dividends Payable

The dividends payable are described below:

	THE GROUP		THE COMPANY	
Amounts in Euro '000	31st December 2005	31st December 2004	31st December 2005	31st December 2004
Dividends from year ending 2004				
Obligation arising from share capital return				
Parent's dividend from previous accounting periods	148	97	148	97
Subsidiaries' dividends to minority		157		
At year end	**148**	**254**	**148**	**97**

22 Other Liabilities

Other liabilities are stated below:

	THE GROUP		THE COMPANY	
Amounts in Euro '000	31st December 2005	31st December 2004	31st December 2005	31st December 2004
Other creditors	21.088	1.785	11.300	3.599
Short-term liabilities to credit institutions			42.880	
Due to customers from transactions	15.969	12.313		
Liabilities arising from taxes	10.482	2.474	5.131	2.133
Interest and other related expenses	3.916	3.380	284	279
Insurance companies	580	61	15	12
Other liabilities (cheques payable)	5.502			
Grants	379	392	314	392
Total	**57.916**	**20.405**	**59.924**	**6.415**

The entries indicated above are recognized in the Parent's balance sheet as follows:

	THE COMPANY	
Amounts in Euro '000	31st December 2005	31st December 2004
Other long-term liabilities	314	392
Short-term liabilities to credit institutions	42.880	
Suppliers and other liabilities	11.599	3.890
Current tax liabilities	5.131	2.133
	59.924	**6.415**

The amount of € 42.880 thous regards credit in a current account of a bank within the Group. The floating interest rate amounts to Euribor 1M +1%.

23 Share Capital

Changes in share capital are described below:

Amounts in Euro '000	Number of shares	Nominal value	Share capital	Share premium	Total
1st January 2004	186.076.540	€2.00	372.153	393	372.546
Acquisition and cancellation of treasury shares	18.576.540	€2.00	(37.153)		(37.153)
Reduction in nominal value for reduction or retained loss	167.500.000	-€ 0.70	(117.250)		(117.250)
Reverse split 6,7:1	6.7:1				
31st December 2004	**25.000.000**	**€ 8.71**	**217.750**	**393**	**218.143**
Stock option					
- Fair value of rendered services				153	153
Reduction in share capital with return of cash to shareholders		-€ 0.45	(11.250)		(11.250)
Share capital increase by issuing new shares	25.000.000	€ 8.26	206.500	193.500	400.000
Share capital increase from exercise of stock options by employees	992.000	€ 8.26	8.194	9	8.203
Expenses related to share capital increase				(14.055)	(14.055)
Tax related to share capital increase				3.683	3.683
31st December 2005	**50.992.000**	**€ 8.26**	**421.194**	**183.683**	**604.877**

The relevant cash inflow from the share capital increase is presented net of the relevant expenses. However the income tax which relates to the capital increase expenses has been included in the account "Income Tax" pad in, in the operating activities.

The 2nd Repeating Extraordinary General Shareholders Meeting, held on 29/09/2005 decided upon the Company's share capital increase by issuing 25.000.000 new shares with an issue price of € 16 (Ministry of development resolution K2-13373). The capital increase was realised without priority rights to the existing shareholders and was covered by private placement. Funds amounting to € 400.000 thous. were raised and the corresponding expenses (after tax) amounted to € 7.864 thous. (Parent: € 10.373). The certification of the share capital increase by the Board of Directors took place on 23/12/2005.

The Board of Directors of MARFIN FINANCIAL GROUP HOLDINGS S.A. during its meeting held on 29/12/2005, decided upon the issuance of 992.000 new shares, with nominal value € 8,26 each, due to the exercise of the stock options granted to the beneficiaries. In detail, 38 beneficiaries all exercised their options and the amount of € 8.203.840 was paid in, increasing the Company's share capital by € 8.193.920. The total amount recognized in the share premium account was € 9.920.

24 Call Options Granted

The Company has offered the following stock options plan:

a) Stock option program

As stated analytically in note 32, the Group has structured a stock option program for its employees.

Information on the options pending at the financial year end are provided below:

The options remaining at the year end are described below:

Maturity date	Strike price	Options
December 2006	8,27	572.000
December 2007	8,27	312.000
December 2008	8,27	312.000
December 2009	8,27	312.000
Total		**1.508.000**

b) Embedded derivatives to convert bonds into common shares

Type of bond	Maturity date	Number of bonds	Conversion ratio into shares	Number of shares in case of exercise of options	Bonds held by third parties	Number of shares corresponding to bonds held by third parties
Convertible bonds non-tradable	19/12/2006	1.813.750	1 bond for 0,929118 shares	1.685.188	1.484.000	1.378.811
Convertible bonds non-tradable	12/6/2008	100.000	1 bond for 7,033301245 shares	703.330	1.820	12.801
				2.388.518		**1.391.612**

On 05/05/2005 the conversion rate was modified due to the reduction in the nominal value of the shares through reduction of capital.

	Before modification	After modification
Bonds maturing on 19 December 2006	1 bond against 0,929118 shares	1 bond against 0,9797357488 shares
Bonds maturing on 12 June 2008	1 bond against 7,033301245 shares	1 bond against 7,4164714096 shares

As at 23.12.2005 the conversion ratios of the aforementioned bonds were adjusted due to the share capital increase by cash payment, which was decided upon during the 2nd Repeating Extraordinary General Shareholders Meeting held on 29.09.2005:

Bonds maturing on 19 December 2006	1 bond against 1,042759686 shares
Bonds maturing on 12 June 2008	1 bond against 7,8935543658 shares

As at 01.02.2006 the conversion ratios of the bonds were adjusted due to the share capital increase by cash payment from the exercise of the employee stock options during December 2005:

Bonds maturing on 19 December 2006	1 bond against 1,0553698030 shares
Bonds maturing on 12 June 2008	1 bond against 7,9890113023 shares

25 Other Reserves and Retained Earnings

Other reserves and retained earnings are analysed on the next page:

	THE GROUP							
Amounts in Euro '000	**Legal reserve**	**Reserves from convertible bonds**	**Extraordinary reserve**	**Tax free and special reserves**	**Treasury shares transactions**	**Translation reserves**	**Total**	**Retained earnings' balance**
Balance as at 1st January 2004	**1.507**	**213**	**501**	**5.346**	**0**	**(12)**	**7.555**	**(141.392)**
Offsetting of loss by reducing share capital							0	117.250
F/X translation differences						1	1	9.651
Changes from distribution of profits	577			657			1.234	
Profits from cancellation of treasury shares					8.083		8.083	
Less: Related income tax					(1.094)		(1.094)	
Balance as at 31st December 2004	**2.084**	**213**	**501**	**6.003**	**6.989**	**(11)**	**15.779**	**(14.491)**
F/X differences						7	7	
Dividends from 2004 exercise					(6.989)		(6.989)	(1.761)
Results of the period 1/1 – 31/12/2005							0	29.222
Balance as at 31st December 2005	**2.084**	**213**	**501**	**6.003**	**0**	**(4)**	**8.797**	**12.970**

THE COMPANY

Amounts in Euro '000	Legal reserve	Reserves from convertible bonds	Extraordinary reserve	Tax free and special reserves	Treasury shares transactions	Total	Retained earnings balance
Balance as at 1st January 2004	**1.219**	**213**	**501**	**4.512**	**0**	**6.445**	**(125.847)**
Offsetting of loss by reducing share capital						0	117.250
Changes from distribution profits	471					471	11.335
F/X tranlsation differences						0	
Profits from cancellation of treasury shares					8.083	8.083	
Less: Related income tax					(1.094)	(1.094)	
Balance as at 31stDecember 2004	**1.690**	**213**	**501**	**4.512**	**6.989**	**13.905**	**2.738**
Dividends from year ending 2004					(6.989)	(6.989)	(1.761)
Results for of the year 1/1-31/12/2005						0	20.441
Balance as at 31st December 2005	**1.690**	**213**	**501**	**4.512**	**0**	**6.916**	**21.418**

The non-taxable reserves are free for distribution after the related tax payment has been incurred.

According to GR GAAP, profit arising from the cancellation of treasury shares was recorded in the Profit & loss statement. In the financial year 2004 a profit of € 8.083 was incurred. This profit was taxed and then distributed to shareholders as a dividend. According to IFRS this profit is recorded directly in the reserves account.

From the year's earnings, the amount of € 372 thous is committed to the formation of an obligatory legal reserve

From the retained earnings balance of the Parent Company, the amount of € 372 thous is used for the formation of a required legal reserve. An amount of € 7.500 thous has been distributed as an interim dividend. The relevant amount will reduce shareholders equity at the date of approval from the General Meeting. The amount of € 13.005 thous is included in earnings which according to the regulations of the Greek Committee for Accounting Standardisation and Audit of 27/02/2006 can be distributed in the next financial years.

26 Net Interest Income

The net income figure is analysed as follows:

	THE GROUP	
Amounts in Euro '000	31st December 2005	31st December 2004
Interest income		
Interest from fixed income securities	14.483	11.135
Interest received from loans	18.613	10.557
Interest received from interbank transactions	2.825	1.865
Other interest related income	2.056	1.839
Total	**37.977**	**25.396**
Interest expense		
Customer deposits	(18.791)	(13.580)
Interbank transactions	(2.786)	(834)
Bond loan issuance	(1.885)	(1.654)
Other interest related expenses	(2.414)	(950)
Total	**(25.876)**	**(17.018)**
Net interest income	**12.101**	**8.378**

27 Net Fee and Commission Income

Net fee and commission income are analysed below:

	THE GROUP	
Amounts in Euro '000	31st December 2005	31st December 2004
Net fees and commission income from Commercial Banking	10.217	4.037
Net fees and commission income from Asset Management	1.870	1.787
Net fees and commission income from Investment Banking	508	328
Net fees and commission income from Securities transactions	9.479	7.056
Other	369	260
Net fees and commission income	**22.443**	**13.468**

28 Net Trading Income

The net trading income figure is analysed as follows:

	THE GROUP	
Amounts in Euro '000	31st December 2005	31st December 2004
Net result from shares, mutual funds, and share hedging	20.266	13.948
Net result from FX and FX hedging	981	(2.102)
Net result from bonds and bonds hedging	10.764	8.624
Net result from derivatives held for trading	(1.476)	(7.194)
Total	**30.535**	**13.276**

29 Other Income

a) Marfin Group

Other income results are explained below:

	THE GROUP	
Amounts in Euro '000	31st December 2005	31st December 2004
Result of non-banking companies	17	1.132
Other operating income	975	1.415
Proceeds from disposal of fixed assets	3	197
	995	**2.744**

The result from non-financial activities is derived from the operations of the Company in the mass media sector, which are gradually ceased. The amount is analysed as follows:

Amounts in Euro '000	THE GROUP 31st December 2005	THE GROUP 31st December 2004
Proceeds from sale of goods		2.429
Proceeds from services rendered	292	643
Total	292	3.072
Less: Cost of used up supplies and other services	(275)	(1.940)
Less: Other expenses		
Result from non-financial segment	**17**	**1.132**

b) Marfin F.G.

The "Other income" account of the Parent is analysed below:

Amounts in Euro '000	THE COMPANY 31st December 2005	THE COMPANY 31st December 2004
Income from sales of goods		2.429
Income from services provided	292	643
Income from interest on deposits	1.023	1.251
Income from fixed assets disinvestments		192
Buildings & equipment rentals	239	318
Interest on loans	222	
Other income	172	157
Gains on FX dealing and FX derivatives transactions	(519)	(349)
Total	**1.429**	**4.641**

30 Employee Benefits and Remuneration

The total expense recognised for the financial year 2005 relating remuneration and benefits to employees is presented below:

	THE GROUP		THE COMPANY	
Amounts in Euro '000	31st December 2005	31st December 2004	31st December 2005	31st December 2004
Wages and salaries	13.422	11.994	438	713
Social insurance contribution	2.186	2.008	61	111
Pension plan costs	135	73	5	3
Stock options attributed to employees	153		153	
Other staff costs	547	531	17	21
Total	**16.443**	**14.606**	**674**	**848**

The number of personnel for the financial years 2004 and 2005 are described below:

	THE GROUP		THE COMPANY	
	31st December 2005	31st December 2004	31st December 2005	31st December 2004
Number of employees	370	335	9	8

31 Other Operating Expenses

The analysis of the "other operating expenses" account is as follows:

	THE GROUP	
Amounts in Euro '000	31st December 2005	31st December 2004
Fees relating to lawyers, advisory, auditors etc.	1.100	1.018
IT expenses	425	418
Subsciptions	864	972
Building and set-up expenses	3.272	3.195
Advertising expenses, sponsorship etc.	489	241
Miscellaneous operating expenses	4.309	5.827
Total	**10.459**	**11.671**

32 Stock Options

In January 2005, Management issued a stock option program enforced by the 2/11/04 decision of the Shareholders' General Meeting.

According to the stock option program, between November of 2005 and November of 2009, 2.500.000 stock options will be offered gradually to the members of the Board of Directors, Management executives and other employees. Stock option details are explained as follows:

					Modification	
Establishment date	**Options**	**Strike date**	**Strike price**	**Initial fair value option**	**Strike price**	**Fair value option**
November 2005	992.000	31/12/2005	8,72	0,02	8,27	0,06
November 2006	572.000	31/12/2006	8,72	0,06	8,27	0,12
November 2007	312.000	31/12/2007	8,72	0,11	8,27	0,18
November 2008	312.000	31/12/2008	8,72	0,15	8,27	0,23
November 2009	312.000	31/12/2009	8,72	0,18	8,27	0,27
	2.500.000					

Participating in the stock option program requires:

- That the beneficiary remains as a member of the Board of Directors, or as an executive, or as a Company employee
- The yearly approval of the Board of directors. Prior to the Board of Directors' decision it is required that a proposition is made by the Nominations and Remuneration Committee which has made a judgment on whether each beneficiary has performed according to the Company's expectations.

The fair value of the stock options to be offered to the staff was measured on grant date (14/01/2005) based on the Black & Scholes evaluation model. The data used for the application of the model are: a) the fair value of the share (closing price) on the grant date which was € 7,04, b) the expected volatility of the share price. The share price volatility was calculated at 13% which was derived from the 3 month fluctuation prior to the grant date, c) exercise price equal to € 8,72, d) risk-free rate equal to 2,786%.

After the resolution of the Shareholders' General Meeting the exercise price of the share was reduced to € 8,27 due to the decrease in nominal value of the share. According to IFRS 2, in the case of modification of the terms and conditions of the program, fair values, before and after the modification date, are recalculated and the additional value is added to the initially estimated fair value. According to the statements made above, the Black & Scholes model was applied on 4/5/05 with a share price of € 13,30 and an exercise price of € 8,72 and on 6/5/2005 the model was applied with a share price and exercise price of € 12,88 and € 8,27 respectively. The expected volatility and risk-free rate used are equal to 13% and 2,582% respectively.

The change in the total number of options during the financial year is presented below:

	Options
Options granted	2.500.000
Options exercised	(992.000)
Balance at year end	**1.508.000**

The total fair value calculated is equal to € 345 thous. and will be charged in the Income Statement for the periods 2005 to 2009.

33 Provisions for Impairment of Loans and other Investments

The results for the year have been charge with the following amounts:

	THE GROUP	
Amounts in Euro '000	**31st December 2005**	**31st December 2004**
Provisions for loan impaiment	2.831	1.962
Provisions for impaiment of other receivables	80	17
Provisions for impaiment of shares	443	126
Total	**3.354**	**2.105**

34 Income Tax

The income tax expense incurred for the financial year is analysed as follows:

	THE GROUP		**THE COMPANY**	
Amounts in Euro '000	**31st December 2005**	**31st December 2004**	**31st December 2005**	**31st December 2004**
Income Statement				
Tax for the financial Year	8.454	1.445	5.887	1.150
Deferred tax				
From reversal of temporary differences	1.014	231	402	(134)
From offset tax losses	213	(213)		
Differences from Tax Audit of preceding financial years		157		157
Total	**9.681**	**1.620**	**6.289**	**1.173**

The reconciliation between tax based on the tax rate applicable and the tax expense recognized in the Income Statement for the financial year is presented as follows:

	THE GROUP		THE COMPANY	
Amounts in Euro '000	31st December 2005	31st December 2004	31st December 2005	31st December 2004
Profits before tax	42.153	13.736	26.730	12.979
Tax rate applicable	28,7%	28,8%	27,0%	25,0%
Income tax based on applicable tax rate	**12.097**	**3.955**	**7.217**	**3.245**
Tax corresponding to non-taxable income				
Profits / (losses) of associates using the equity method	(475)	119		
Dividends	(246)	(232)	(1.383)	(850)
Other non-taxable income	(64)	(412)		
Tax corresponding to non-taxable expenses				
Impaiment of goodwill and other investments	31	302		
Tax corresponding to expenses incurred concerning non-taxable income	167	102	167	102
Other non-deductible expenses	116	30	46	1
Tax deduction from offsetting of losses from previous financial years	(2.349)	(2.448)		(1.466)
Non-recognition of deferred tax benefit from taxable losses	146	89		
Adjustment for change in tax rate	125	(66)	90	(25)
Supplementary tax on land and building	15	24	7	9
Tax differences from previous financial years	118	157	145	157
Tax expense in Income Statement for the financial year	**9.681**	**1.620**	**6.289**	**1.173**

35 Earnings per Share (Group)

Basic and diluted earnings per share are analysed as follows:

	31st December 2005	31st December 2004
Basic earnings per share		
Profits attributable to the Parent Company's shareholders	29.222	10.897
Weighted average number of shares in issue	25.553.381	25.725.303
Basic earnings per share (Euro per share)	**1,144**	**0,424**
Diluted earnings per share		
Profits attributable to the Parent Company's shareholders according to the Income statement of the year	29.222	10.897
Adjustments for interest expense of convertible bonds	1.304	1.357
Adjustments for employee's benefits	153	
Adjusted profits attributable to the Parent Company's shareholders	30.679	12.254
Weighted average number of shares	25.553.381	25.725.303
Plus: increase in number of shares due to probable exercise of bonds convertibility option	1.580.709	1.488.526
Plus: adjustment for employee's stock option rights that have not yet been attributed	951.045	
Weighted average number of shares for the diluted earnings per share	28.085.135	27.213.829
Diluted earnings per share (Euro per share)	**1,092**	**0,424**

Convertible Bonds held by the Group are not taken into account for the calculation of diluted earnings per share.

36 Cash and Cash Equivalents

In forming the Group cash flow statement, short-term deposits made to other financial institutions, being either immediately available or available within 90 days, are included in the "cash in hand" account.

	THE GROUP	
Amounts in Euro '000	**31st December 2005**	**31st December 2004**
Cash and balances with Central Bank	41.301	20.407
Immediately available and short-term deposits made to other banks	310.145	101.293
Total	**351.446**	**121.700**

The Company's cash flow from operating activities includes dividends from subsidiaries and long-term participations in other companies, as well as, transactions in the Company's trading portfolio.

Acquisitions and sales in the investment portfolio and other financial assets at fair value through Profit & Loss are included in cash flows from investing activities.

37 Commitments, Contingent Assets and Liabilities

a) Contingent liabilities from guarantees

Book values of contingent liabilities are analysed as follows:

	THE GROUP	
Amounts in Euro '000	**31st December 2005**	**31st December 2004**
Contingent Liabilities from guarantees		
Guarantees from income		68.632
Letters of Guarantee (Bid and Performance books)	13.024	10.518
Letters of Guarantee (Advance Payment, Retention of Tenths, Prompt Payment)	28.041	37.553
	41.065	116.703
Other Contingent Liabilities		
Import letters of credits and confirmed letters of credit	389	515
	389	515
Total	**41.454**	**117.218**

b) Contingent tax liabilities

Group tax liabilities are not conclusive as there still exist financial periods which have not been inspected by tax authorities. Information is given below:

COMPANY NAME	NON-TAX AUDITED PERIODS
MARFIN FINANCIAL GROUP HOLDINGS S.A.	01/01/2004-31/12/2005
INVESTMENT BANK OF GREECE S.A.	01/07/2003-31/12/2005
MARFIN BANK S.A.	01/01/2003-31/12/2005
MARFIN GLOBAL ASSET MANAGEMENT S.A.	01/01/2003-31/12/2005
MARFIN MUTUAL FUNDS S.A.	01/01/2003-31/12/2005
IBG CAPITAL S.A.	01/01/2003-31/12/2005
IBG MANAGEMENT S.A.	01/01/2003-31/12/2005
AVC VENTURE CAPITAL S.A.	01/01/2003-31/12/2005
MARFIN SECURITIES CYPRUS LTD.	01/01/2003-31/12/2005
MARFIN CAPITAL S.A.	N/A*
IBG INVESTMENTS S.A.	N/A*

*MARFIN CAPITAL S.A. is an offshore company
*IBG INVESTMENTS S.A. is an offshore company

c) Contingent legal liabilities

As at 31 December 2005, the Group does not have unsettled legal disputes that may substantially affect its financial position.

38 Balances with Related Parties

1) Loans to related parties

	THE GROUP	
Amounts in Euro '000	31st December 2005	31st December 2004
a) Loans to members of the Board of Directors and management personnel of the Group		
Loans outstanding	9.437	6.534
Interest due	3	0
Other due amounts		33
Total	**9.440**	**6.567**
b) Loans and other claims on associates		
Loans outstanding		
Interest due		
Various liabilities	922	4
Total	**922**	**4**
Total	**10.362**	**6.571**

2) Management Remuneration

Amounts in Euro '000	THE GROUP 31st December 2005	THE GROUP 31st December 2004	THE COMPANY 31st December 2005	THE COMPANY 31st December 2004
Fees to members of the Board of Directors	1.527	1.204	540	205
Salaries	5.115	4.528	349	322
Other short-term obligations				
Total	**6.642**	**5.732**	**889**	**527**

3) Liabilities' Balances

Amounts in Euro '000	THE GROUP 31st December 2005	THE GROUP 31st December 2004
a) Balance from customer deposits		
Board of Directors and Management of the Company and subsidiaries	10.008	6.423
Associates (equity method)	5.368	13.838
Total	**15.376**	**20.261**
b) Other liabilities' balance		
Board of Directors and Management of the Company and subsidiaries		177
Subsidiaries		
Associates (equity method)	3.183	72
Total	**3.183**	**249**
Total liabilities balances	**18.559**	**20.510**

4) The Company's deposits and loans amounts due, eliminated from the consolidated financial statements

The amounts given below have been eliminated from the Group consolidated financial statements

Amounts in Euro '000	THE COMPANY 31st December 2005	THE COMPANY 31st December 2004
Receivables account		
Deposits	409.780	29.392
Other receivables	19	750
Total	**409.799**	**30.142**
Payables account		
Bond loan	15.507	14.704
Short-term liabilities to financial insitutions	4.095	
Other liabilities	282	18
Total	**19.884**	**14.722**

39 Analysis of Adjustments Related to First Time Adoption of IFRS

The table below presents the balance between previous years' shareholders' equity as initially published in accordance with GR GAAP and shareholders' equity of the period under consideration.

Reconciliation of Equity (Group)

Amounts in Euro '000	Note	1st January 2005	1st January 2004
Equity as last reported under GR GAAP		**239.382**	**279.065**
Changes in equity prior to adjustment due to adoption of IFRS	i		3.756
Adjusted shareholders equity under GR GAAP		239.381	282.821
IFRS Adjustments			
Effects from measurement of property investments at fair value	ii	3.420	4.162
Reclassification of grants from equity to liabilities (income from subsequent periods)		(549)	(1.010)
Reclassification of treasury shares deducted from equity			
Effect due to non-recognition of set-up costs as intangible assets		(1.897)	(4.231)
Recognition of dividend at the date of approval at the General Meeting		8.750	
Effect from measurement of financial assets at fair value	iii	3.242	3.439
Recognition of accrued liability for personnel retirement	iv	(374)	(448)
Effect from application of effective rate method in measurement of financial assets and liabilities		160	172
Recognition and measurement of derivative financial instruments		(1.942)	
Recognition of deferred tax		(279)	(446)
Recognition of employee remuneration on an accrual basis		(360)	
Reversal of amortisation of goodwill arising from the purchase of banking branches		36	
Recognition of goodwill arising from consolidation		641	
Reversal of general banking risk provision	vi	1.000	1.000
Change in equity concerning associates consolidated using the equity method	vii	(1.381)	(127)
Total adjustments		***10.466***	***2.511***
Equity according to IFRS		**249.848**	**285.331**

Adjustments in the Consolidated Income Statement (Group)

Amounts in Euro '000	Note	12 month period up to 31/12/2004
Net results as last reported under GR GAAP		**17.122**
IFRS adjustments		
Effects from measurement of property investments at fair value	ii	22
Effect due to non-recognition of set-up costs as intangible assets		2.641
Effect from measurement of financial assets at fair value		(1.437)
Recognition of accrued liabilities for personnel retirement	iv	73
Effect from application of effective rate method in measurement of financial assets and liabilities		(12)
Transfer of net result (after tax) from transactions in treasury shares directly into equity	vii	(6.989)
Recognition and measurement of derivative financial instruments		(1.942)
Recognition of deferred tax		(18)
Difference arising from write-off of goodwill recognised in Profit & Loss		2.343
Transfer of result (after tax) from revaluation of a.f.s. Portfolio		1.684
Recognition of propotionate income tax		242
Change in equity concerning associates consolidated using the equity method		(1.253)
Recognition of employee remuneration on an accrual basis		(360)
Total adjustments		***(5.006)***
Net result according to IFRS		**12.116**

Reconciliation of Equity (Parent Company)

Amounts in Euro '000	Note	1st January 2005	1st January 2004
Equity as last reported under GR GAAP		**225.435**	**252.868**
IFRS Adjustments			
Reclassification of grants from equity to liabilities (income from subsequent periods)		(393)	(423)
Reclassification of treasury shares deducted from equity			
Effect due to non-recognition of set-up costs as intangible assets		(808)	(1.490)
Recognition of dividend at the date of approval at the General Meeting		8.750	
Effect from measurement of financial assets at fair value	iii	(555)	2.409
Recognition of employee remuneration on an accrual basis	iv	9	(5)
Adjustments from application of IAS 32 for recognition of bonds		160	13
Recognition of result from transactions in treasury shares directly in equity			
Recognition and measurement of derivative financial instruments			
Recognition of deferred tax		331	(229)
Recognition of income tax for the year			
Total adjustments		***7.495***	***275***
Equity according to IFRS		**232.930**	**253.143**

Adjustments in the Income Statement (Parent Company)

Amounts in Euro '000	Note	12 months up to 31/12/2004
Net results as last reported under GR GAAP		**18.502**
IFRS adjustments		
Effect due to non-recognition of set-up costs as intangible assets		681
Effect from measurement of financial assets at fair value	iii	(2.367)
Recognition of employee remuneration on an accrual basis	iv	14
Adjustments from application of IAS 32 for recognition of bonds		147
Transfer of net result (after tax) from transactions in treasury shares directly in equity	v	(6.989)
Recognition and measurement of derivative financial instruments	iii	
Recognition of deferred tax		134
Recognition of a.f.s. revaluation result (after tax) directly in equity		1.683
Recognition of income tax for the year		
Total adjustments		***(6.697)***
Net result according to IFRS		**11.805**

Adjustments in Cash Flow Statements

The Group, during the preceding financial year compiled and published its separate and consolidated cash flow statements according to the appropriate instructions given by the Capital Market Commission. On the transition of the Group to IFRS, the cash flow statements for the year 2004, were recompiled according to the provisions of IAS 7 "Cash flow statements". From the recompilation of the cash flow statements, the following differences were recognized:

Amounts in Euro '000	THE GROUP Cash flows according to IAS 7	Cash flows accoridng to GR GAAP	Differences	THE COMPANY Cash flows according to IAS 7	Cash flows according to GR GAAP	Differences
Cash flows from operating activities	41.053	23.882	17.171	(12.844)	(11.181)	(1.663)
Cash flows from investing activities	(28.677)	(9.707)	(18.970)	(17.264)	(16.038)	(1.226)
Cash flows from investing activities	(35.527)	(37.704)	2.177	(33.759)	(36.648)	2.889
Net increase / (decrease) in cash and cash equivalents	**(23.151)**	**(23.529)**	**379**	**(63.867)**	**(63.867)**	**0**
Cahs and cash equivalents at the beginning of the year	144.851	173.568	(28.718)	96.307	96.307	0
Cash and cash equivalents at the end of the year	**121.700**	**150.039**	**(28.339)**	**32.440**	**32.440**	**0**

The most important differences are analysed as follows:

- For the purposes of the compilation off the Group's cash flow statements, according to IAS 7, short-term positions in other banking institutions which are immediately available or available within 90 days, were included in the "cash in hand" account. Conversely, according to the previous accounting principles, "cash in hand" included the total of "loans and advances to financial institutions". Thus, the difference in cash and cash equivalents in the beginning of the year (01/01/2004) amounting to € 28.718 thous. and the cash and cash equivalents at the end of the year (31/12/2004) amounting to € 28.339 thous. is attributed to deposits in financial institutions which are available in more than 90 days.
- A cash outflow amounting to € 17.138 thous., regarding the acquisition of securities available for sale and other participations, is recognized in investing activities, whereas, according to the GR GAAP, the outflow in question had been included in operating activities.
- Interest payments, according to GR GAAP, were classified as financing activities, whereas under IFRS they are classified as operating activities. The cash outflow in question for the year 2004 amounted to € 1.881 thous. for the Group and € 2.889 thous, for the Parent Company.
- Dividend received according to the previous accounting principles was classified as investing activities, whereas under the new accounting principles they are classified as operating activities. The cash inflow in question amounts to € 2.898 thous.

i) Explanatory notes on results and equity adjustments

In the IFRS transition procedure, several adjustments were made in the consolidated balance sheets for the financial periods under comparison. These modifications do not concern the first time adoption of the new accounting principles, they concern the correction of mistakes previously made in the consolidation and non-consolidation procedures of subsidiaries sold in the past.

Amounts in Euro '000	THE GROUP 1st January 2004
Reversal of goodwill from non-consolidated subsidiaries	20.257
Reduction in Group shareholder equity with reduction in equity of non-consolidated subsidiaries	(2.509)
Recognition in consolidated reserves account on fair values of investments recognized in the separate financial statements	(12.228)
Total adjustments on non-consolidated subsidiaries	5.520
Adjustments in shareholders equity from modification of a subsidiary's balance sheet after the formation of the consolidated balance sheet	(1.246)
Correction made in consolidated balance sheets of previous financial periods	(518)
Total adjustments	**3.756**

Marfin Financial Group S.A. resulted from a merger between the companies "COMM GROUP S.A. MASS MEDIA AND COMMUNICATIONS HOLDING COMPANY", MARITIME AND FINANCIAL INVESTMENTS S.A. and MARFIN CLASSIC INVESTMENT COMPANY.

As a result of the merger, which was completed on 05/03/2004, the Group's participations in subsidiaries and associates were included in its Investment portfolio, although these companies operated in sectors different from the Group's strategic operational sectors. During the restructuring process, the Group put forward a disinvestment program on all of its participations not meeting its strategic objectives, which was finalized at the end of the year 2004. Therefore, the new Group structure formed after the merger, advocated a temporary control of the Group over the subsidiaries. The reason for this was that the Group's main objective was to set forward the disinvestment program of the subsidiaries mentioned below:

Company Name	**Domicile**	**Participation %**	**Total Equity 31/12/03 according to GR GAAP (thous. €)**
MASS S.A.	Marousi	70,00%	1.432
NEXT S.A.	Marousi	100,00%	64
A. ANDREOU S.A.	Marousi	50,00%	1.090
EPIFANIA PRODUCTION S.A.	Marousi	50,05%	285
STEFI S.A.	Marousi	42,69%	-172
LEON & PARTNERS S.A.	Marousi	24,50%	111
OPEN MEDIA S.A.	Agia Paraskevi	41,37%	151
STEFICON S.A.	Vrilissia	0,00%	0
FILMIKI S.A.	Halandri	0,00%	0

The disinvested subsidiaries were not included in the financial statements of the year ending 31/12/2003. Furthermore, due to the fact that the Group is not related anymore to the disinvested subsidiaries, financial information in accordance to the IFRS on these entities is not available to the Group so as to include it in the consolidated financial statements.

Conversely, these subsidiaries have been measured, for the consolidation process of the year ending 31/12/2003 using the lowest between their acquisition cost and their net selling price, as estimated during the formation of the Company's financial statements for the financial year 2003 under GR GAAP. It is noted that these actions are in accordance with IFRS 5 "Non current Assets Held for Sale and Discontinued Operations".

(ii) Effects from measurement of property investments and own property, plant and equipment

Property and buildings were measured at deemed cost on the date of transition to the IFRS (1/1/2004) according to the provisions of IFRS 1. Deemed cost is defined as the fair value of a fixed asset on the IFRS transition date. An independent certified estimator conducted studies in order to determine the fair values.
The remaining tangible assets (transportation means, furniture and computer hardware) were measured at acquisition cost subtracting accumulated depreciation. Depreciation was determined based on the estimated useful lives of the assets.

As far as investments in property are concerned, (land and buildings held for investment purpose, i.e. rent payments), their revaluation at fair value was conducted according to IAS 40. In this respect, depreciation does not apply for the "investments on property" account, as such, the depreciation value considered for the year ending 2004 under GR GAAP, is reversed.

The reconciliation of equity from revaluation of property at fair values is analysed below:

Amounts in Euro '000	**Property, plant and equipment**	**Investment in property**	**Total**
Book value of property according to GR GAAP on 1st January 2004	13.329	4.642	17.971
Plus: Acquisition expenses recognized in set-up costs	807	239	1.047
Total	14.136	4.881	19.018
Fair value on 1st January 2004	16.378	6.802	23.180
Adjustment	**2.242**	**1.921**	**4.162**

(iii) Financial assets at fair value

Due to their complexity, IAS 32 and IAS 39 could be exempted, according to IFRS 1. The Group classified its financial assets in the following categories: "Financial Assets Available for Sale", "Financial Assets at Fair Value through Profit & Loss" and "Financial assets Held to Maturity". Financial assets were revalued on the IFRS transition date (1/1/2004) according to IAS 39.
The adjustments made in equity and the results by applying IAS 39 are due to the fact that the trading portfolio of the Banks has been measured according to GR GAAP by using the lowest between the current value and acquisition cost, whereas according to IAS, the financial assets of the trading portfolio should be measured at fair value, i.e. at their bid price on the balance sheet date.
Furthermore, the adjustments of the "available for sale portfolio" for the year ending 2004, are directly recognized in the reserves account, whereas under GR GAAP, adjustments were recognized in the income statement.

(iv) Recognition of accrued liability for personnel retirement

Based on the new accounting principles, the present value of the legal commitment of a lump sum pension indemnity paid to employees upon retirement is recognized by the Group as a liability.

According to GR GAAP, the lump sum pension indemnity was recognized in the financial statements on a cash flow basis.

(v) Transactions in treasury shares

According to GR GAAP, the profit incurred during the financial year ending 2004 from the acquisition of shares at a bid price lower than that of their book value and their consequent write-off, was recognized in the Income Statement. This profit was taxed and distributed to shareholders as a dividend. According to IFRS, this profit is directly recognized in the reserves account. The total profit amounted to € 8.083 thous. And the proportionate income tax paid was equal to € 1.094 thous.

(vi) Provisions for general banking risk

According to the previous accounting principles, the banks of the Group had formed a particular provision for general banking risk. According to the new accounting standards it is obligatory to reassess the balance sheet assets for possible impairment at the period end, whereas the formation of general banking risks is prohibited.

Consequently, the calculated general banking provisions that had already been recognized, had to be distributed to those balance sheet assets, which had undergone impairment. Provisions amounting to €1.000 thous. were recognized as a reduction in the Investment Bank's participation in another subsidiary of the Group. Under the previous accounting principles, as far as the consolidated balance sheet was concerned, the specific loss had already been recognized due to the fact that the subsidiary was consolidated using the purchase method.

(vii) Consolidation of subsidiaries and associates

In consolidating the Group's associates, differences arose in the Group shareholders' equity as well as Income Statement, due to adjustments incurred in the associates' financial statements in order for them to be compatible with the IFRS.

As far as subsidiaries are concerned, the differences in the Income statement are due to the occurrence of the two events to follow:

a) During the year ending 2004, goodwill that had arisen from the initial consolidation of the two banks, was amortised according to GR GAAP. Conversely, according to IFRS, goodwill is not amortised but reassessed for possible impairment. No recognition for impairment loss was made for goodwill on the initial transition date to IFRS due to their higher fair values compared to their acquisition costs.

b) Goodwill arising in 2004 from the remaining changes in the participations in subsidiaries was written off in the Income Statement. The amount has been calculated based on the subsidiaries' equities according to the new standards.

40 Post-Balance Sheet Events

- Agreement between Investment Bank of Greece S.A. and IRF

Investment Bank of Greece S.A., signed an important agreement for the provision of investment banking services to IRF European Finance Investments Ltd (IRF). IRF is an Investment Company listed in the AIM London Stock Exchange, which recently raised US $275.000.000 through a public offering.

- Obtention of the majority shares of "HYGEIA"

MARFIN CAPITAL S.A. acquired 49% of the shares of the listed company "HYGEIA" in the line of the Group's investment banking activities.

- Completion of acquisition of 9,98% of the shares of LAIKI BANK CYPRUS

The Parent Company completed the acquisition of 9,98% of the shares of LAIKI BANK CYPRUS LTD, following the agreement with HSBC announced on 2/2/2006. More specifically, on 6/2/2006, MARFIN FINANCIAL GROUP has purchased 30.580.000 shares (9,98% of the total) and has become the biggest shareholder of LAIKI BANK CYPRUS.

- S&P

Marfin Financial Group and Marfin Bank received scores of BBB-/A-3.

- SBM BANK

The Parent company decided upon the acquisition of 50,1% of SBM BANK of Estonia at a price of € 6,5 million.

Maroussi, 2 March 2006

The Chairman of the Board of Directors	The Managing Director	The Chief Financial Officer	The Accounting Supervisor
Manolis Xanthakis	Eleftherios Hiliadakis	Christophe Vivien	Agelos Lentis