NATIONAL BANK OF GREECE S.A.

Financial Statements

31 December 2005

In accordance with
International Financial Reporting Standards

February 2006

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Auditor's report

To the Shareholders of the NATIONAL BANK OF GREECE S.A.

We have audited the accompanying balance sheet of "National Bank of Greece S.A." (the "Bank') as of 31 December 2005 and the related statements of income, changes in shareholders equity and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 Director's report with the 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 Bank as of 31 December 2005, and of the results of its operations, its changes in shareholders equity and the cash flows 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 Director's Report is consistent with the aforementioned financial statements.

Without qualifying our opinion, we draw attention to Note 39 of the financial statements which describes the basis of accounting for the merger of the Bank with National Real Estate Company SA.

Athens, 28 February 2006

Certified Public Accountant – Auditor

Nicolaos C. Sofianos

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Income Statement

€ 000's	Note	From 1 January to 31.12.2005	31.12.2004
Interest and similar income		2.153.971	1.871.114
Interest expense and similar charges		(818.197)	(712.699)
Net interest income	**6**	**1.335.774**	**1.158.415**
Fee and commission income		298.729	286.910
Fee and commission expense		(57.756)	(57.080)
Net fee and commission income	**7**	**240.973**	**229.830**
Dividend income	**8**	47.455	80.102
Net trading income/loss	**9**	11.035	73.877
Net result from investment securities		102.689	(352)
Other operating income	**10**	31.060	44.949
Total operating income		**1.768.986**	**1.586.821**
Personnel expenses	**11**	(657.640)	(791.119)
General & administrative expenses	**13**	(212.431)	(208.884)
Depreciation and amortization charges	**14**	(72.146)	(79.720)
Other operating expenses	**15**	(12.481)	(22.272)
Total operating expenses		**(954.698)**	**(1.101.995)**
Impairment losses on loans and advances		(191.421)	(137.679)
Profit before tax		**622.867**	**347.147**
Tax expense	**16**	(148.553)	(112.246)
Net Profit		**474.314**	**234.901**
Earnings per share			
Basic	**36**	**€1.42**	**€0.71**

Athens, 28 February 2006

THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER	THE DEPUTY CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL AND CHIEF OPERATIONS OFFICER	THE CHIEF ACCOUNTANT
EFSTRATIOS-GEORGIOS A. ARAPOGLOU	IOANNIS G. PECHLIVANIDIS	ANTHIMOS C. THOMOPOULOS	IOANNIS P. KYRIAKOPOULOS

The notes on pages 9 to 57 are an integral part of these financials statements

Balance Sheet

€ 000's	Note	**31.12.2005**	**31.12.2004**
ASSETS			
Cash and balances with central banks	**17**	1.848.223	817.612
Treasury bills and other eligible bills	**-**	86.078	118.674
Due from banks	**18**	4.142.623	8.322.507
Financial assets at fair value through P&L	**19**	13.409.663	11.293.119
Derivative financial instruments	**20**	283.500	-
Loans and advances to customers (net)	**21**	27.178.715	23.096.956
Investment securities - available for sale	**22**	2.153.682	339.648
- held to maturity	**22**	43.781	-
Investment property	**-**	416	414
Investments in subsidiaries	**23**	1.398.070	1.528.646
Investments in associates	**23**	278.025	280.593
Intangible assets	**24**	33.878	28.717
Property & equipment	**25**	1.142.738	1.060.862
Deferred tax assets	**26**	148.759	41.156
Other assets	**27**	1.111.303	1.218.530
Assets classified as held for sale	**23**	19.476	-
Total assets		**53.278.930**	**48.147.434**
LIABILITIES			
Due to banks	**28**	4.986.420	5.748.858
Derivative financial instruments	**20**	303.422	-
Due to customers	**29**	41.060.200	37.174.565
Other borrowed funds..	**30**	2.024.051	1.582.149
Other liabilities	**31**	1.644.542	864.402
Current tax liabilities	**31**	139.375	108.872
Deferred tax liabilities	**26**	85.575	4.348
Retirement benefit obligations	**12**	62.856	40.967
Total liabilities		**50.306.441**	**45.524.161**
SHAREHOLDERS' EQUITY			
Share capital	**32**	1.696.347	1.492.090
Share premium account	**-**	-	32.393
Less: treasury shares	**32**	(1.085)	(29.518)
Reserves and retained earnings	**33**	1.277.227	1.128.308
Equity attributable to NBG shareholders		**2.972.489**	**2.623.273**
Total liabilities and equity		**53.278.930**	**48.147.434**

Athens, 28 February 2026

THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER	THE DEPUTY CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL AND CHIEF OPERATIONS OFFICER	THE CHIEF ACCOUNTANT
EFSTRATIOS-GEORGIOS A. ARAPOGLOU	IOANNIS G. PECHLIVANIDIS	ANTHIMOS C. THOMOPOULOS	IOANNIS P. KYRIAKOPOULOS

The notes on pages 9 to 57 are an integral part of these financials statements

Statement of Changes in Equity

€ '000	Share capital	Share premium	Treasury shares	Reserves & Retained earnings	**Total**
Movement in equity from 01.01 to 31.12.2004					
Balance at 1 January 2004	**1.147.761**	**32.393**	**(283)**	**1.403.520**	**2.583.391**
Issue of share capital……………………………………	344.329	-	-	(344.329)	**-**
Profit/(loss) for the period…………………………………	-	-	-	234.901	**234.901**
Purchases of treasury shares………………………………	-	-	(29.518)	-	**(29.518)**
Sales of treasury shares……………………………………			283		**283**
Dividends…………………………………………………	-	-	-	(165.784)	**(165.784)**
Balance at 31 December 2004	**1.492.090**	**32.393**	**(29.518)**	**1.128.308**	**2.623.273**
Adoption of IAS 39……………………………………….				2.696	**2.696**
At 1 January 2005 IFRS restated	**1.492.090**	**32.393**	**(29.518)**	**1.131.004**	**2.625.969**
Movement in equity from 01.01 to 31.12.2005					
Movement in the AFS reserve…………………………….	-	-	-	(64.014)	**(64.014)**
Merger through absorption of subsidiaries………………..	204.257	(32.393)	(11.442)	(89.142)	**71.280**
Profit/(loss) for the period…………………………………	-	-	-	474.314	**474.314**
Purchases of treasury shares………………………………	-	-	(10.179)	-	**(10.179)**
Sales of treasury shares……………………………………			50.054	23.153	**73,207**
Dividends……………………………………………….	-	-	-	(197.958)	**(197.958)**
Currency translation differences…………………………..	-	-	-	(130)	**(130)**
Balance at 31 December 2005	**1.696.347**	**-**	**(1.085)**	**1.277.227**	**2.972.489**

The notes on pages 9 to 57 are an integral part of these financials statements

Cash Flow Statement

€ 000's	Note	31.12.2005	31.12.2004
Cash flows from operating activities			
Net profit		**474.314**	**234.901**
Adjustments for:			
Non-cash items included in net profit and other adjustments:		**114.865**	**126.362**
Depreciation, amortisation & impairment on fixed assets		72.146	79.720
Credit loss expense / (recovery)		191.655	142.088
Deferred tax expense / (benefit)		10.145	(1.106)
Dividend income from investment securities		(42.126)	(75.300)
Net (profit) / loss on sale of fixed assets		(14.266)	(19.392)
Net realised (gains) / losses on available for sale securities		(102.689)	352
Net (increase) / decrease in operating assets:		**(4.045.126)**	**(1.602.743)**
Net due to/ from banks		855.021	(4.136.019)
Trading securities		(4.573.758)	4.773.793
Net proceeds/ (purchase) of treasury bills and other eligible bills		32.560	(43.657)
Net derivative financial instruments		(42.136)	-
Net loans and advances to customers / due from customers		(404.323)	(2.316.262)
Other assets		87.510	119.402
Net increase / (decrease) in operating liabilities:		**689.149**	**31.841**
Other deposits		(181)	(10)
Income taxes paid		(108.115)	(114.873)
Other liabilities		797.445	146.724
Net cash flow from / (used in) operating activities		**(2.766.798)**	**(1.209.639)**
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)		(12.548)	(30.796)
Amounts paid for share capital increase of subsidiaries		(259.010)	(3.158)
Dividends received from investment securities		42.126	75.300
Purchase/disposal of fixed assets		(43.064)	(57.819)
Net proceeds / purchases of investment securities – Available for sale investments in subsidiaries		924.492	23.346
Maturity of investment securities – held to maturity		43.700	-
Proceeds from sale of other securities		1.764	-
Net cash from / (used in) investing activities		**712.509**	**6.873**
Cash flows from financing activities			
Proceeds from /(repayments of) borrowed funds and debt securities		441.903	469.407
Net sales /(purchases) of treasury shares		63.028	(29.235)
Dividends paid		(197.958)	(165.784)
Net cash from / (used in) financing activities		**306.973**	**274.388**
fect of exchange rate changes on cash and cash equivalents		114.078	(111.275)
Net increase/(decrease) in cash and cash equivalents		**(1.633.238)**	**(1.039.653)**
Cash and cash equivalents of absorbed entities		**9.293**	**-**
Cash and cash equivalents at beginning of period		**4.270.439**	**5.310.092**
Cash and cash equivalents at end of period	**35**	**2.646.494**	**4.270.439**

Notes to the Financial Statements

NOTE 1: General Information

National Bank of Greece S.A. (hereinafter the "Bank") was founded in 1841 and has been listed on the Athens Stock Exchange since 1880. The Bank has a further listing in the New York Stock Exchange (since 1999), and in other major European stock exchanges. The Bank's headquarters are located at 86 Eolou street, (Reg. 6062/06/B/86/01), tel.: (+30) 210 334 1000. By resolution of the Board of Directors the Bank can establish branches, agencies and correspondence offices in Greece and abroad. In its 165 years of operations the Bank has expanded on its commercial banking business by entering into related business areas. National Bank of Greece provides a wide range of financial services including retail and commercial banking, asset management, brokerage, investment banking, and bank assurance services. The Bank is also diversified and organized on a worldwide basis into South Eastern Europe, European Union and Africa. The Bank is managed by the Board of Directors, which has fifteen members.

The Board of Directors, following the Bank's Annual General Meeting held on 17 May 2005, consists of the following members:

Executive Members	
Efstratios-Georgios (Takis) A. Arapoglou	Chairman—Chief Executive Officer
Ioannis G. Pechlivanidis	Deputy Chief Executive Officer
Independent Non-Executive Members	
George M. Athanasopoulos	Employees' representative
John P. Panagopoulos	Employees' representative
Ioannis C. Yiannidis	Professor, University of Athens Law School
H.E. the Metropolitan of Ioannina Theoklitos	
Stefanos C. Vavalidis	Member of the Board of Directors, European Bank for Reconstruction & Development
Dimitrios A. Daskalopoulos	Chairman and Managing Director, Delta S.A., Vice Chairman, Federation of Greek Industrialists
Nikolaos D. Efthymiou	Chairman, Association of Greek Shipowners
George Z. Lanaras	Shipowner
Stefanos G. Pantzopoulos	Business consultant, former certified auditor
Constantinos D. Pilarinos	Economist, General Manager of Finances and Technical Services, Church of Greece
Drakoulis K. Fountoukakos-Kyriakakos	Entrepreneur, Chairman of Athens Chamber of Commerce and Industry
Ioannis Vartholomeos	Professor, University of Piraeus, Governor of IKA (Social Security Fund)
Ploutarchos K. Sakellaris	Professor, University of Athens, and Chairman, Council of Economic Advisors.

These financial statements (hereinafter the "Financial Statements") have been approved for issue by the Bank's Board of Directors on 28th February 2006.
The Financial Statements are subject to the approval of the Annual General Meeting of the Bank's shareholders.

NOTE 2: Summary of significant accounting policies

2.1 Basis of presentation

The financial statements of the Bank (the "financial statements") are prepared in accordance with International Financial Reporting Standards and International Accounting Standards (collectively, IFRS) after taking into consideration the provisions of IFRS 1 regarding first time adoption and are stated in Euro, rounded to the nearest thousand (unless otherwise stated). The financial statements have been prepared under the historical cost convention as modified by the revaluation of available for sale investment securities, financial assets and liabilities held for trading and all derivative contracts measured at fair value.
The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Use of available information and application of judgment are inherent in the formation of estimates in the following areas: valuation of OTC derivatives, unlisted securities, retirement benefits obligation, impairment of loans and receivables, open tax years and litigation. Actual results in the future could differ from such estimates and the differences may be material to the financial statements.

2.2 Adoption of International Financial Reporting Standards (IFRS)

The Bank adopts the requirements of IFRS for the first time for the purpose of preparing financial statements for the year ending 31st December 2005. In accordance with the transitional provisions set out in IFRS 1 "First-time Adoption of International Financial Reporting Standards" and other relevant standards, the Bank has applied IFRS expected in force and endorsed (or where there is reasonable expectation of endorsement) by the European Union (EU) as of 31st December 2005 in its financial reporting with effect from 1st January 2004 with the exception of the standards relating to financial instruments (IAS 32, 39).

The Bank has used the transitional provisions of IFRS 1 with respect to the aforementioned standards in arriving at appropriate opening balances and therefore has not applied these standards to the 2004 comparatives. The impact of these standards is reflected through further adjustments to shareholders' equity as at 1st January 2005. In 2004 comparatives, financial instruments are included using the respective measurement bases and the disclosure requirements under Greek GAAP.

The impact of the transition to IFRS on the financial position and the comparatives as previously reported under Greek generally accepted accounting principles ("Greek GAAP") is summarised in Note 42.

Interpretations and amendments to published standards effective in 2005

The following amendments and interpretations to standards are mandatory for the Bank's accounting periods beginning on or after 1 January 2005:

- IFRIC 2, Members' Shares in Co-operative Entities and Similar Instruments (effective from 1 January 2005);
- SIC 12 (Amendment), Consolidation – Special Purpose Entities (effective from 1 January 2005);
- IAS 39 (Amendment), Transition and Initial Recognition of Financial Assets and Financial Liabilities (effective from 1 January 2005).

Standards, interpretations and amendments to published standards that are not yet effective

The Bank has decided to apply the following amendment for the annual period beginning 1 January 2005 (early adoption):

-IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006). This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Bank's accounting periods beginning on or after 1 January 2006 or later periods but which the Bank has not early adopted, as follows:

- IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006).

This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Bank does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the accounts. The Bank will apply this amendment from annual periods beginning 1 January 2006.

- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from 1 January 2006). The amendment allows the foreign currency risk of a highly probable forecast intragroup transaction to qualify as a hedged item in the financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) This amendment is not relevant to the Bank's operations, as the Bank does not have any intragroup transactions that would qualify as a hedged item in the financial statements as of 31 December 2005 and 2004.

- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006). This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value and subsequently measured at the higher of: (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. Management considered this amendment to IAS 39 and concluded that it will not have a significant impact on the Bank's financial position.

- IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Bank assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Bank intends to apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

- IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006). IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management assessed the impact of IFRIC 4 and concluded that this amendment will have a limited impact to the format and extent of disclosures presented in the accounts on the Bank's operations.

2.3 Foreign currency translation

Items included in the financial statements of each entity of the Bank are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The financial statements are presented in thousands of Euro (€), which is the functional currency of the Bank.

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Translation differences on debt securities and other monetary financial assets re-measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, translation differences are either recognized in the income statement (applicable for example for equity securities held for trading), or within shareholders' equity, if non-monetary financial assets are classified as available for sale investment securities.

2.4 Regular way purchases and sales

In case of "regular way" purchases and sales of financial assets the Bank uses "settlement date" accounting apart from trading and investment securities and derivative financial instruments, which are recognized at "trade date".

2.5 Derivative financial instruments and hedging (Applicable for the Bank from January 1, 2005)

Derivative financial instruments including foreign exchange contracts, forward rate agreements, currency and interest rate swaps, interest rate futures, currency and interest rate options (both written and purchased) and other derivative financial instruments are initially recognized in the balance sheet at cost and subsequently are re-measured at their fair value. All derivatives are carried in assets when favourable to the Bank and in liabilities when unfavourable to the Bank. Fair values are obtained from quoted market prices, dealer price quotations, discounted cash flow models and options pricing models, as appropriate. Where the Bank enters into derivative instruments used for trading purposes, realized and unrealised gains and losses are recognized in trading income.

A derivative may be embedded in another financial instrument, known as "host contract". In such combinations, the derivative instrument is separated from the host contract and treated as a separate derivative, provided that its risks and economic characteristics are not closely related to those of the host contract, the embedded derivative actually meets the definition of a derivative and the host contract is not carried at fair value with unrealised gains and losses reported in the income statement.

The Bank also uses derivative instruments as part of its asset and liability management activities to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions. The Bank applies either fair value or cash flow hedge accounting when transactions meet the specified criteria to obtain hedge accounting treatment. The Bank's criteria for a derivative instrument to be accounted for as a hedge include:

- at inception of the hedge, there is formal designation and documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship;

- the hedge is documented showing that it is expected to be highly effective in offsetting the risk in the hedged item throughout the hedging period. A hedge is considered to be highly effective when the Bank achieves offsetting changes in fair value between 80 percent and 125 percent for the risk being hedged; and

- the hedge is highly effective on an ongoing basis.

2.5.1 Fair value hedges

For qualifying fair value hedges, the change in fair value of the hedging derivative is recognized in the income statement along with the corresponding change in the fair value of the hedged asset or liability that is attributable to that specific hedged risk. If the hedge relationship is terminated for reasons other than the de-recognition of the hedged item, the difference between the carrying amount of the hedged item at that point and the value at which it would have been carried had the hedge never existed (the "unamortised fair value adjustment"), is, in the case of interest bearing financial instruments, amortized to the income statement over the remaining term of the original hedge, while for non-interest bearing instruments that amount is immediately recognized in the income statement. If the hedged instrument is derecognised, e.g. sold or repaid, the unamortised fair value adjustment is recognized immediately in the income statement.

2.5.2 Cash flow hedges

Fair value gains or losses associated with the effective portion of a derivative designated as a cash flow hedge are recognized initially in shareholders' equity. When the cash flows that the derivative is hedging (including cash flows from transactions that were only forecast when the derivative hedge was effected) materialize, resulting in income or expense, then the associated gain or loss on the hedging derivative is simultaneously transferred from shareholders' equity to corresponding income or expense line item.

If a cash flow hedge for a forecast transaction is deemed to be no longer effective, or the hedge relationship is terminated, the cumulative gain or loss on the hedging derivative previously reported in shareholders' equity remains in shareholders' equity until the committed or forecast transaction occurs, at which point it is transferred from shareholders' equity to trading income.

Certain derivative instruments transacted as effective economic hedges under the Bank's risk management positions, do not qualify for hedge accounting under the specific rules of IAS 39 and are therefore treated in the same way as derivative instruments held for trading purposes, i.e. fair value gains and losses are recognized in trading income.

Notwithstanding the above, transactions entered into before the date of transition to IFRS, shall not be retrospectively designated as hedges.

2.6 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to realize the asset and settle the liability simultaneously or on a net basis.

2.7 Interest income and expense

Interest income and expense are recognized in the income statement for all interest bearing instruments on a time proportion basis, taking account of the principal outstanding and using the effective interest rate method based on the actual purchase price. Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other discounted instruments.

The recognition of income on commercial and mortgage loans ceases when the recovery of principal and/or interest becomes doubtful of collection, such as when overdue by more than 180 days, or when the borrower or securities' issuer defaults, if earlier than 180 days. Credit card loans, other non-secured personal credit lines and certain consumer finance loans are placed on non-accrual basis no later than the date upon which they become 90 days delinquent. In all cases, loans must be placed on non-accrual at an earlier date, if collection of principal and/or interest is considered doubtful. All interest accrued but not collected for loans that are placed on non-accrual or written off is excluded from interest income until received.

2.8 Fee and commission income

Fees and commissions are generally recognized on an accrual basis over the period the service is provided. Commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as acquisition of loans, equity shares or other securities or the purchase or sale of businesses, are recognized upon completion of the underlying transaction.

2.9 Financial assets and financial liabilities at fair value through profit and loss (Applicable for the Bank from January 1, 2005)

All financial assets, acquired principally for the purpose of selling in the short term or if so designated by the management, are classified under this category which has the following two sub-categories:

a) Trading securities

Trading securities are securities, which are either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists.

Trading securities are initially recognized at cost and subsequently re-measured at fair value. The determination of fair values of trading securities is based on quoted market prices, dealer price quotation and pricing models, as appropriate. Gains and losses realized on disposal or redemption and unrealised gains and losses from changes in the fair value of trading securities are included in net trading income. Interest earned whilst holding trading securities is reported as interest income. Dividends received are separately reported and included in dividend income. Trading securities may also include securities sold under sale and repurchase agreements.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognized at trade date, which is the date that the Bank commits to purchase or sell the asset. Otherwise such transactions are treated as derivatives until settlement occurs.

Trading securities held are not reclassified out of the respective category. Respectively, investment securities are not reclassified into the trading securities category while they are held.

b) At fair value through profit or loss

Upon initial recognition the Bank may designate any financial asset as at fair value through profit or loss except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

The Bank has also designated certain financial liabilities as at fair value through profit and loss with fair value changes reported under net trading income.

2.10 Sale and repurchase agreements

Securities sold subject to a linked repurchase agreement (‘Repos’) are retained in the financial statements as trading or investment securities and the counterparty liability is included in amounts due to banks, due to customers or other deposits, as appropriate. Securities purchased under agreement to resell (‘Reversed Repos’) are recorded as due from other banks or loans and advances to customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of Repos (or Reverse Repos) agreement using the effective interest rate method.

2.11 Securities borrowing and lending
(Applicable for the Bank from January 1, 2005)

Securities borrowed and securities lent are recorded at the amount of cash collateral advanced or received, plus accrued interest. Securities borrowed and securities received as collateral under securities lending transactions are not recognized in the financial statements unless control of the contractual rights that comprise these securities transferred is gained or sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability.

Respectively, securities lent and securities provided as collateral under securities borrowing transactions are not derecognised from the financial statements unless control of the contractual rights that comprise these securities transferred is relinquished.

The Bank monitors the market value of the securities borrowed and lent on a regular basis and provides or requests additional collateral in accordance with the underlying agreements. Fees and interest received or paid are recorded as interest income or interest expense, on an accrual basis.

2.12 Investment Securities
(Applicable for the Bank from January 1, 2005)

Investment securities are classified as either available for sale or held to maturity investment securities based on management intention on purchase date. Investment securities are recognized at trade date, which is the date that the Bank commits to purchase or sell the asset.

Available for sale investment securities are initially recorded at cost (including transaction costs) and subsequently re-measured at fair value based on quoted bid prices in active markets, dealer price quotations or discounted expected cash flows. Fair values for unquoted equity investments are determined by applying recognized valuation techniques such as price/earnings or price/cash flow ratios, refined to reflect the specific circumstances of the issuer. Unrealised gains and losses arising from changes in the fair value of available for sale investment securities are reported in shareholders’ equity, net of taxes (where applicable), until such investment is sold, collected or otherwise disposed of, or until such investment is determined to be impaired. Available for sale investment securities may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or equity prices. When an available for sale investment security is disposed of or impaired, the accumulated unrealised gain or loss included in shareholders’ equity is transferred to the income statement for the period and reported as gains / losses from investment securities. Gains and losses on disposal are determined using the moving average cost method.

Held to maturity investment securities consist of securities with fixed or determinable payments, which the management has the positive intend and ability to hold to maturity. Held to maturity investment securities are carried at amortized cost using the effective interest rate method, less any provision for impairment. Amortized cost is calculated by taking into account any fees, points paid or received, transaction costs and any discount or premium on acquisition.

An investment security is considered impaired if its carrying amount exceeds its recoverable amount and there is objective evidence that the decline in price has reached a level that recovery of the cost value cannot be reasonably expected within the foreseeable future. The amount of the impairment loss for financial assets carried at amortized 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 instrument's original effective interest rate. For quoted financial assets re-measured to fair value the recoverable amount is the present value of expected future cash flows discounted at the current market rate of interest for a similar financial asset whereas for unquoted financial assets the recoverable amount is determined by applying recognized valuation techniques.

Interest earned whilst holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income, when a dividend is declared.

2.13 Loans and receivables
(Applicable for the Bank from January 1, 2005)

Loans originated by the Bank include loans where money is provided directly to the borrower, other than those that are originated with the intent to be sold (if any), in which case they are recorded as assets at fair value through profit and loss, available for sale investment securities or as held to maturity, as appropriate.

Loans originated by the Bank are recognized when cash is advanced to borrowers. They are initially recorded at cost including any transaction costs, and are subsequently valued at amortized cost using the effective interest rate method.

Interest on loans originated by the Bank is included in interest income and is recognized on an accrual basis. Fees and direct costs relating to a loan origination, financing or restructuring and to loan commitments are treated as part of the cost of the transaction and are deferred and amortized to interest income over the life of the loan using the effective interest rate method.

2.14 Impairment losses on loans and advances
(Applicable for the Bank from January 1, 2005)

A credit risk provision for loan impairment is established if there is objective evidence that the Bank will be unable to collect all amounts due on a claim according to the original contractual terms. A "claim" means a loan, a commitment such as a letter of credit, guarantee or commitment to extent credit.

A provision for loan impairment is reported as a reduction of the carrying amount of a claim on the balance sheet, whereas for an off-balance sheet item such as a commitment, a provision for impairment loss is reported in other liabilities. Additions to provisions for loans impairment are made through bad and doubtful debts expense.

The Bank assesses whether objective evidence of impairment exists for loans that are considered individually significant, i.e. all loans above €1 million, and collectively for loans that are not considered individually significant. A loan is subject to impairment test when interest and/or capital is in arrears for a period over 90 days and/or such qualitative indications exist, at the assessment date, which demonstrate that the borrower will not be able to meet his obligations. Usually such indications include but are not restricted to significant financial difficulty, deterioration of credit rating, probability of bankruptcy or other financial reorganization procedures.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the loans' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at a) the loan's original effective interest rate, if the loan bears a fixed interest rate, or b) current effective interest rate, if the loan bears a variable interest rate.

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

For the purposes of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics. Loans to corporates are grouped based on days in arrears, product type, economic sector, size of business, collateral type and other relevant credit risk characteristics. Mortgages and retail loans are also grouped based on days in arrears or product type. Those characteristics are relevant to the estimation of future cash flows for pools of loans by being indicative of the debtors' ability to pay all amounts due and together with historical loss experience for loans with credit risk characteristics similar to those in the pool form the foundation of the loan loss allowance computation. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects and conditions in the historical period that do not exist currently.

All impaired loans are reviewed and analysed at least annually and any subsequent changes to the amounts and timing of the expected future cash flows compared to the prior estimates result in a change in the provision for loans impairment and are charged or credited to impairment losses on loans and advances. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

Subject to compliance with tax law in each jurisdiction, a loan, which is deemed to be uncollectible or forgiven, is written off against the related provision for loans impairment. Subsequent recoveries are credited to impairment losses on loans and advances in the income statement. In the case of loans to borrowers in countries where there is an increased risk of difficulties in servicing external debt, an assessment of the political and economic situation is made, and additional country risk provisions are established if necessary.

2.15 Property and equipment

Property and equipment include land and buildings, leasehold improvements and transportation and other equipment, held by the Bank for use in the supply of services or for administrative purposes. Property and equipment are initially recorded at cost, which includes all costs that are required to bring an asset into working condition. In accordance with the transitional provisions set out in IFRS 1, the Bank has adopted the carrying values of all items of property and equipment on the date of transition under Greek GAAP as their deemed cost, rather than either reverting to historical cost or carrying out a valuation at the date of transition.

Subsequent to initial recognition, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Costs incurred subsequent to the acquisition of an asset, which is classified as property and equipment are capitalized, only when it is probable that they will result in future economic benefits to the Bank beyond those originally anticipated for the asset, otherwise they are expensed as incurred.

Depreciation of an item of property and equipment begins when it is available for use and ceases only when the asset is derecognised. Therefore, the depreciation of an item of property and equipment that is retired from active use and held for disposal does not cease unless it is fully depreciated. Property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Land……………………………………………………………No depreciation
Buildings used in operation……………………………………Not exceeding 50 years
Buildings (other than those used in operation)…………………Not exceeding 50 years
Leasehold improvements………………………………………Residual lease term, not exceeding 10 years
Furniture and related equipment………………………………Not exceeding 12 years
Motor vehicles…………………………………………………Not exceeding 10 years
Hardware and other equipment…………………………………Not exceeding 5 years

The Bank periodically reviews land and buildings for impairment. Where the carrying amount on an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Foreclosed assets, which consist of properties acquired through foreclosure in full or partial satisfaction of a related loan, are initially measured at cost, which includes transaction costs, and reported under other assets. After initial recognition foreclosed assets are re-measured at the lower of their carrying amount and fair value less estimated costs to sell. Any gains or losses on liquidation of foreclosed assets are included in other operating income.

2.16 Investment property

Investment property includes land and buildings, owned by the Bank with the intention of earning rentals or for capital appreciation or both, and is initially recorded at cost, which includes transaction costs. A property interest that is held by the Bank under an operating lease is classified and accounted for as investment property when a) the property would otherwise meet the definition of an investment property or b) the operating lease is accounted for as if it were a finance lease. In accordance with the transitional provisions set out in IFRS 1, the Bank has adopted the carrying amounts of all investment properties on the date of transition under Greek GAAP as their deemed cost rather than carrying out a valuation at the date of transition.

Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

Investment property is depreciated on a straight-line basis over its estimated useful life, which approximates the useful life of similar assets included in property and equipment. Investment property is periodically reviewed for impairment.

2.17 Intangible assets

Intangible assets include computer software and other separately identifiable intangible assets.

Computer software includes costs that are directly associated with identifiable and unique software products controlled by the Bank that are anticipated to generate future economic benefits exceeding costs beyond one year. Expenditure, which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the software. Computer software development costs recognized as assets, are amortized using the straight-line method over their useful lives, not exceeding a period of 5 years.

Expenditure on starting up an operation or branch, training personnel, advertising and promotion and relocating or reorganizing part or the entire Bank is recognized as an expense when it is incurred.

At each balance sheet date, management reviews intangible assets and assesses whether there is any indication of impairment. If such indications exist an analysis is performed to assess whether the carrying amount of intangible assets is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

2.18 Leases

a. The Bank is the lessee

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

Leases where a significant portion of the risks and rewards of ownership of the asset are retained by the lessor, are classified as operating leases. The total payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

b. The Bank is the lessor

Finance leases: When assets are leased out under a finance lease, the present value of the minimum lease payments is recognized as a receivable. Lease income is recognized over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return. Finance lease receivables are included in loans and advances to customers.

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

2.19 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 3 months maturity from the date of acquisition and consist of cash and balances with central banks, treasury bills and other eligible bills, amounts due from other banks, investment securities and trading securities.

2.20 Provisions

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

2.21 Employee benefits

The Bank operates various retirement benefit plans. Such plans are classified as pension plans.

2.21.1 Pension plans

a. Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. For defined benefit plans, the pension liability is the present value of the defined benefit obligation at the balance sheet date minus the fair value of the plan assets, including any adjustments for unrecognised actuarial gains/losses and past service costs. The Bank follows the "corridor" approach of IAS 19 "Employee Benefits" according to which a certain amount of actuarial gains and losses remains unrecognised and is amortized over the average remaining service lives of the employees participating in the plan. The Bank on the transition date to IFRS has elected to use the exemption provided in paragraph 20 of IFRS 1 in respect of employee benefits and has recognized all cumulative actuarial gains and losses from the inception of such plans until the date of transition to IFRS.

The defined benefit obligation is calculated by independent actuaries on an annual basis using the projected unit credit method. The present value of the defined obligation is determined by the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the terms of the related liability. Pension costs are charged or credited to the income statement over the service lives of the related employees.

b. Defined contribution plans

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods. Bank contributions to defined contribution plans are charged to the income statement in the year to which they relate and are included in staff costs.

2.22 Income taxes

Income tax payable on profits is recognized as an expense in the period in which profits arise.

Deferred income tax is fully provided, using the liability method, on all temporary differences arising between the carrying amounts of assets and liabilities in the balance sheet and their amounts as measured for tax purposes.

The principal temporary differences arise from provisions for pensions and revaluation of certain assets..

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted at the balance sheet date.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled by the Bank and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax asset is recognized for all deductible temporary differences arising from branches to the extent that, it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax, related to fair value changes of available for sale investment securities and cash flow hedges, which are charged or credited directly to shareholders' equity, is also credited or charged directly to shareholders' equity where applicable and is subsequently recognized in the income statement together with the deferred gain or loss.

2.23 Borrowings

Borrowings are initially recognized at cost, which is the fair value of the consideration received (issue proceeds), net of transaction costs incurred. Subsequent measurement is at amortized cost and any difference between net proceeds and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate method.

2.24 Share capital and treasury shares

Share issue costs: Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes.

Dividends on ordinary shares: Dividends on ordinary shares are recognized as a liability in the period in which they are approved by the Annual General Meeting of the Shareholders of the Bank.

Treasury shares: NBG shares held by the Bank are classified as treasury shares and the consideration paid including any attributable incremental external costs, net of income taxes, is deducted from total shareholders' equity until they are cancelled, reissued or resold. Treasury shares do not reduce the number of shares issued but affect the number of outstanding shares used in the calculation of earnings per share. Treasury shares held by the Bank, are not eligible to receive cash dividends. Any difference between acquisition cost and ultimate proceeds from subsequent resale (or reissue) of treasury shares is included in shareholders' equity and is therefore not to be considered a gain or loss to be included in the income statement.

2.25 Segment reporting

The Bank is organized into five business segments and provides products or services that are subject to risks and returns that are different from those of other business segments. This organizational structure is the basis upon which the Bank reports its primary segment information.

2.26 Assets and Liabilities held for sale

Assets and liabilities (or disposal groups) are classified as held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is effected in accordance with the applicable IFRS's. Upon initial classification as assets held for sale, they are measured at their lower of carrying amount and fair value less costs to sell and are classified separately from other assets in the balance sheet. Offsetting of assets and liabilities is not permitted.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

A discontinued operation is a component of the Bank's business that represents a separate major line of business that has been disposed of or is classified as held for sale or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operations occurs upon disposal or when the operations meets the criteria to be classified as held for sale. Discontinued operations are presented on the face of the income statement.

The Bank adopted IFRS 5 from January 2005 prospectively in accordance with the standard's provisions.

2.27 Related parties transactions

Related parties include entities, which the Bank has the ability to control or exercise significant influence in making financial and operating decisions. Related parties include, directors, their close relatives, companies owned or controlled by them and companies over which they can influence the financial and operating policies.

All banking transactions entered into with related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties and do not involve more than a normal amount of risk.

2.28 Fiduciary and trust activities

The Bank provides fiduciary and trust services to individuals and other institutions, whereby it holds and manages assets or invests funds received in various financial instruments at the direction of the customer. The Bank receives fee income for providing these services. Trust assets are not assets of the Bank and are not recognized in the financial statements. The Bank is not exposed to any credit risk relating to such placements, as it does not guarantee these investments.

2.29 Earnings per share

A basic earnings per share (EPS) ratio is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

A diluted earnings per share ratio is computed using the same method as for basic EPS, but the determinants are adjusted to reflect the potential dilution that could occur if convertible debt securities, options, warrants or other contracts to issue ordinary shares were converted or exercised into ordinary shares.

NOTE 3: Critical accounting policies, estimates & judgments

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) requires management to make a number of judgments, estimates and assumptions that affect the reported amount of assets, liabilities, income and expense in the Financial Statements and accompanying notes. The Bank believes that the judgments, estimates and assumptions used in the preparation of the Financial Statements are appropriate given the factual circumstances as of 31 December 2005.

Various elements of the Bank's accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions and other subjective assessments. In particular, the Bank has identified accounting policies which, due to the judgments, estimates and assumptions inherent in those policies, and the sensitivity of the financial statements to those judgments, estimates and assumptions, are critical to an understanding of the financial statements.

Recognition and measurement of financial instruments at fair value
Assets and liabilities that are trading instruments are recorded at fair value on the balance sheet date, with changes in fair value reflected in net trading income. For exchange traded financial instruments, fair value is based on quoted market prices for the specific instrument. Where no active market exists, or where quoted prices are not otherwise available, we determine fair value using a variety of valuation techniques. These include present value methods, models based on observable input parameters, and models where some of the input parameters are unobservable.

Valuation models are used primarily to value derivatives transacted in the over-the-counter market. All valuation models are validated before they are used as a basis for financial reporting, and periodically reviewed thereafter, by qualified personnel independent of the area that created the model. Wherever possible, we compare valuations derived from models with quoted prices of similar financial instruments, and with actual values when realized, in order to further validate and calibrate our models. A variety of factors are incorporated into our models, including actual or estimated market prices and rates, such as time value and volatility, and market depth and liquidity.

We apply our models consistently from one period to the next, ensuring comparability and continuity of valuations over time, but estimating fair value inherently involves a significant degree of judgment. Management therefore establishes valuation adjustments to cover the risks associated with the estimation of unobservable input parameters and the assumptions within the models themselves.

Although a significant degree of judgment is, in some cases, required in establishing fair values, management believes the fair values recorded in the balance sheet and the changes in fair values recorded in the income statement are prudent and reflective of the underlying economics, based on the controls and procedural safeguards we employ.

Fair value option
We adopted revised IAS 32 and revised IAS 39 at 1 January 2005. We have applied the exception provided in IFRS 1 not to restate the comparative prior year. Revised IAS 39 permits an entity to designate any financial asset or financial liability as held at fair value and to recognize fair value changes in profit and loss. We apply the fair value option primarily to debt instruments in order to present more relevant information by eliminating or significantly reducing a measurement inconsistency (an accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on different bases. .

Recognition of deferred Day 1 Profit and Loss
We have entered into transactions, some of which will mature after more than ten years, where we determine fair value using valuation models for which not all inputs are market observable prices or rates. We initially recognize a financial instrument at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. Such a difference between the transaction price and the model value is commonly referred to as "Day 1 profit and loss". In accordance with applicable accounting literature, we do not recognize that initial difference, usually a gain, immediately in profit and loss. While applicable accounting literature prohibits immediate recognition of Day 1 profit and loss, it does not address when it is appropriate to recognize Day 1 profit in the income statement. It also does not address subsequent measurement of these instruments.

Our decisions regarding recognizing deferred Day 1 profit and loss are based on the principle of prudence and are made after careful consideration of facts and circumstances to ensure we do not prematurely release a portion of the deferred profit to income. For each transaction, we determine individually the appropriate method of recognizing the Day 1 profit and loss amount in the income statement. Deferred Day 1 profit and loss is amortized over the life of the transaction, deferred until fair value can be determined using market observable inputs, or realized through settlement. In all instances, any unrecognized Day 1 profit and loss is immediately released to income if fair value of the financial instrument in question can be determined either by using market observable model inputs or by reference to a quoted price for the same product in an active market.

After entering into a transaction, we measure the financial instrument at fair value, adjusted for the deferred Day 1 profit and loss. Subsequent changes in fair value are recognized immediately in the income statement without reversal of deferred Day 1 profits and losses.

Investments in subsidiaries and associates.

The Bank regularly reviews investments in subsidiaries and associates for possible impairment indications. If the impairment indicators are identified, the Bank makes an assessment about whether the carrying amount of such investments remains fully recoverable. When making this assessment the Bank compares the carrying value to market value, if available, or a fair value determined by a qualified evaluator or pricing model. Determination of a fair value by a qualified evaluator or pricing model requires management to make assumptions and use estimates.

The Bank believes that the assumptions and estimates used are reasonable and supportable in the existing market environment and commensurate with the risk profile of the assets valued. However, different ones could be used which would lead to different results.

Allowance for loan losses

The amount of the allowance set aside for loan losses is based upon management's ongoing assessments of the probable estimated losses inherent in the loan portfolio. Assessments are conducted by members of management responsible for various types of loans employing a methodology and guidelines which are continually monitored and improved. This methodology has two primary components: specific allowances and collective allowances. The Bank assesses whether objective evidence of impairment exists for loans that are considered individually significant, i.e. all loans above €1 million, and collectively for loans that are not considered individually significant.

A loan is subject to impairment test when interest and/or capital is in arrears for a period over 90 days and/or such qualitative indications exist, at the assessment date, which demonstrate that the borrower will not be able to meet his obligations. Usually such indications include but are not restricted to significant financial difficulty, deterioration of credit rating, probability of bankruptcy or other financial reorganization procedures.

The specific counterparty component applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows which are expected to be received. In estimating these cash flows, management makes judgments about a counterparty's financial situation and the net realizable value of any underlying collateral or guarantees in our favour. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently reviewed.

In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, we make assumptions both to define the way we model inherent losses and to determine the required input parameters, based on historical experience and current economic conditions.

The accuracy of the allowances and provisions we make depends on how well we estimate future cash flows for specific counterparty allowances and provisions and the model assumptions and parameters used in determining collective allowances. While this necessarily involves judgment, we believe that our allowances and provisions are reasonable and supportable.

Net periodic benefit cost

The net periodic benefit cost is actuarially determined using assumed discount rates, assumed rates of compensation increase and the expected return on plan assets. These assumptions are ultimately determined by reviewing the Bank's salary increases each year. The expected long-term return on plan assets represents management's expectation of the average rate of earnings on the funds invested to provide for the benefits included in the projected benefit obligation. To determine the expected long term rate of return assumption the Bank and its advisors make forward-looking assumptions in the context of historical returns and volatilities for each asset class as well as correlations among asset classes. The expected long-term rate of return assumption is annually adjusted based on revised expectations of future investment performance of the overall capital markets, as well as changes to local regulations affecting investment strategy.

Critical accounting judgements

Useful lives of depreciable assets
The management of the Bank determines the estimated useful lives and related depreciation charges for its property and other equipment. The Bank's estimate is based on the projected operating life cycle of its buildings and the other depreciable assets such as furniture and other equipment, motor vehicles, hardware and other equipment and it could not change significantly. However, management will change the depreciation charge where useful lives are turned to be different than previously estimated lives or it will write down or write off technically obsolete assets.

Held to maturity investments
The Bank follows the IAS 39 guidance of on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification is based on the Bank's evaluation of its intention and ability to hold such investment to maturity.

Impairment of available-for-sale financial assets
The Bank follows the guidance of IAS 39 on determining when an investment is other than temporarily impaired. This determination requires judgment and the Bank evaluates the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

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

NOTE 4: Financial risk management

4.1 Credit risk

The credit risk process for the Bank is managed centrally by the Group Risk Management Division, which works closely with centralized underwriting units responsible for particular type of loans. Under the Bank's facility risk rating system, corporate exposures are grouped into eight risk classes. Low risk borrowers are often offered more favourable terms, while loans to high risk borrowers generally require third party guarantees and additional collateral. The bank also uses a number of obligor rating systems, assigning a borrower rating to each counterparty, whether large, medium corporate or small business. This rating is based primarily upon quantitative criteria (mostly liquidity, profitability, capital structure and debt service ratios) as well as qualitative factors such as management quality, reputation with customers and employees and company standing. In addition, all Bank's rating systems consider the borrower's industry risk and its relative position within its peer group.

The Bank's credit exposure to each borrower is subject to a detailed risk review at least annually, or semi-annually in case of high-risk borrowers, with all outstanding facilities being reviewed. Interim reviews are also undertaken throughout the year and on an ongoing basis, following a late payment, if there are issues which may affect the course of business of the borrower, or changes relevant to the borrower's creditworthiness. In case of term loans, exposures to borrowers engaged in start-up projects and those posing special risks as a result of company or industry difficulties or otherwise, are generally subject to more frequent reviews. These reviews are undertaken by the loan officers responsible for the customer and are monitored by the Group's Risk Management Unit. Credit reviews include consideration of the customer's historical and projected business performance, balance sheet strength and cash flow generation capability, together with relevant industry trends. These matters are considered in relation to the size, structure and maturity of the Bank's exposure to its client, in conjunction with the nature of any security held. When the Bank determines, as a result of this process, that a borrower poses a risk, it takes appropriate action to limit its exposure as well as to downgrade all outstanding facilities of the borrower. For example, the Bank may increase its collateral level, reset the interest rate at a higher level or decrease its facility line. In addition, credit officers responsible for the customer will intensify the monitoring of other exposures. When the review process results in the migration of the facility into a higher risk class, either the outstanding facility is restructured or future lending and renewals of existing lines are rejected. With respect to the facility risk rating categorization, a coefficient Expected Loss analysis is applied to all commercial and corporate loans and its results are taken into consideration during the formulation of the Bank's provisioning policy.

Trends in the loan portfolio, including business development, asset quality and provisions for bad and doubtful debts, are reported regularly to the Board of Directors. The Bank also maintains an internal watch list of commercial loans, whose principal and interest payments are in arrears for up to three months, and have not yet been classified as non performing loans. Credit officers responsible for customers on this watch list must take action in order to prevent the relevant loans from becoming non-performing and must report monthly on their progress.

With respect to mortgage loans, the underwriting process is centralized under the Mortgage Credit Division. Centralised underwriting ensures segregation of duties and uniform enforcement of underwriting standards. Loan security is typically in the form of a Mortgage Pre-notation on a property for 120% of the loan amount.
Maximum loan amount usually does not exceed the 75% of the market value, but this may infrequently evolve up to 100% according to various factors and specific circumstances, which deal with the applicant's credit profile, type of ownership, location of the asset, type of the financed property etc.

For Personal Loans and Credit cards, the credit approval process is carried out through the use of bespoke credit scorecards. Risk monitoring, among other analyses, includes vintages by period of disbursement, issuing channel, and product type for various bad definitions, thus continuously insuring sufficient calculation of the probability of default.

The credit granting processes and procedures are centralized. The rational behind this organizational structure is three-fold:

- To ensure correct application of credit policy
- To effectively channel the applications though the business pipeline, thus speeding up the decision making process, while ensuring accuracy and consistency

- To effectively monitor the client information input process

Furthermore, through the development of models which estimate Probability of Default (PD) and Loss Given Default (LGD) on a portfolio basis, Risk Management is able to calculate, evaluate and monitor expected, and unexpected losses for all portfolio asset classes and segments.

The recently established Retail Banking Collection Division carries the responsibility of monitoring and collecting past due amounts of the entire retail portfolio. The Division's objectives are mainly focused on reducing loan portfolio delinquency rates, facilitating early awareness of defaulted loans, ensuring proactive remedial management of defaulted loans and reducing costs, minimizing losses and increasing the retail business portfolio overall profitability.

Geographical distribution of assets and liabilities is set out below:

	31.12.2005	31.12.2005	31.12.2005	31.12.2005	31.12.2005
escription	**Total Assets**	**Total Liabilities**	**Credit Commitments**	**Revenues**	**Capital expenditure**
ce	49.443.269	46.704.245	12.953.650	2.456.186	62.746
urope (Balkans, Cyprus and Egypt)	378.448	332.704	41.472	26.666	-
European countries	3.437.480	3.269.182	145.874	162.086	-
ed States and Canada	257	159	-	1	-
h Africa	-	25	-	-	-
btotal	**53.259.454**	**50.306.315**	**13.140.996**	**2.644.939**	**62.746**
located assets / liabilities	19.476	63	-	-	-
tal assets / liabilities	**53.278.930**	**50.306.378**	-	-	-

	31.12.2004	31.12.2004	31.12.2004	31.12.2004	31.12.2004
escription	**Total Assets**	**Total Liabilities**	**Credit Commitments**	**Revenues**	**Capital expenditure**
ce	44.086.747	41.989.548	4.874.970	2.157.895	51.637
urope (Balkans, Cyprus and Egypt)	448.138	262.454	78.969	30.771	-
European countries	3.553.470	3.268.981	212.441	165.448	-
ed States and Canada	19.206	2.941	0	442	-
h Africa	39.873	237	26.032	2.041	-
tal assets / liabilities	**48.147.434**	**45.524.161**	**5.192.412**	**2.356.597**	**51.637**

Geographical concentration of loan portfolio (net) is set out below:

	31.12.2005	%	31.12.2004	%
escription				
ce	25.665.317	94%	21.546.977	94%
urope (Balkans, Cyprus and Egypt)	266.854	1%	310.812	1%
t European countries	1.246.544	5%	1.211.442	5%
ed States and Canada	-	0%	10.000	0%
h Africa	-	0%	17.725	0%
	27.178.715		**23.096.956**	

4.2 Market Risk

The Bank takes on exposure to market risk. Market risk is the risk of loss attributed to adverse changes in the liquidity and market value of the Bank's portfolio due to general and specific market movements, the most significant of which are: interest rates, foreign exchange rates and equity prices.

Market risk is primarily incurred through the Bank's trading portfolio, which mainly composes the respective portfolio of the Bank.

Since 2003, the Bank applies the “Value at Risk-(VaR)” model to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Bank currently implements the VaR model, assuming a one-day holding period and utilizing a confidence level of 99% taking into account the sum of all our trading and available for sale (AFS) positions in all currencies. In addition, the Bank aiming to accelerate the process of the determination and the maximum utilization of its results adopted within 2005 and applied the most advanced methodology of ‘Algorithmics’ company for measuring market risk variables. It is noted that Bank of Greece has also certified the aforementioned methodology.

The Bank has established a framework of VaR limits in order to control and manage more efficiently the risks to which it is exposed. These limits have been determined upon the worldwide best practices; they refer not only to individual market risk variables such as interest rate risk, foreign exchange risk and equity risk but also to the overall market risk and concern both, the trading and investment portfolio of the Bank. For 2005, the VaR estimate for the Bank’s trading portfolio, moved between € 2.0 million and € 7.8 million with an average estimate of € 4.7 million.

The Bank in order to ensure the quality and reliability of the VaR estimates conducts a back-testing program for both the trading and the investment portfolio. “Back-testing” compares the one-day VaR calculated on positions at the close of each business day (theoretical gains / losses), with the actual gains / losses arising on those positions on the next business day. It is noted that in a total of 251 working days of 2005, there were only 3 cases representing 1,20% where the actual change in the value of the portfolio exceeded the VaR estimates.

Supplementary to the VaR model, the Bank on a monthly basis applies standard stress scenarios aiming to approximate the gains or losses of both, the trading and investment portfolio, in cases of severe movements of market risk variables, such as interest and foreign exchange rates and crises in equity, corporate and emerging markets.

Interest Rate Risk

For 2005, interest rate risk remained the most significant risk to which the Bank was exposed, due to the worldwide fluctuations of the interest rates. The principal source of interest rate risk exposure arises from the Bank’s bond portfolio, which mainly consists of Greek government bonds, for which the Bank is the principal market maker, in both the primary and the secondary markets. Its relatively large inventory facilitates its market-making activity and the distribution of Greek government bonds to retail and institutional investors in Greece and abroad. The Bank enters into futures contracts on medium-and long-term German government bonds in order to provide an economic hedge of fixed interest rate exposure arising from its position in fixed-rate Greek government bonds.

As a result of this economic hedging activity, fixed rate exposure is converted into a credit-spread exposure over the yield of medium-and long-term German government bonds, which is characterised by moderate moves resulting in lower volatility. As a secondary means of hedging the trading portfolio of Greek government bonds, the Bank also uses the swap market to convert part of the fixed rate exposure to a floating rate exposure in order to reduce earnings volatility in periods of volatile interest rates.

The Bank is also active in the interbank deposit market.

Interest rate risk of assets and liabilities is set out below:

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Non interest bearing	Total 31.12.2005
Assets							
Cash and balances with central banks	1.286.430	1.384	-	-	5.474	554.935	**1.848.223**
easury bills and other eligible bills	17.400	5.278	63.400	-	-	-	**86.078**
ıe from banks	1.325.326	987.613	1.313.508	305.142	-	211.034	**4.142.623**
ıancial assets at fair value through P&L	363.294	315.786	6.826.281	3.878.158	1.806.220	219.924	**13.409.663**
›ans and advances to customers (net)	16.313.454	2.027.002	6.321.864	1.292.484	1.092.775	131.136	**27.178.715**
vestment securities-available for sale *	49.064	211.253	404.759	370.717	779.975	1.735.984	**3.551.752**
- held to maturity	8.659	-	35.120	-	-	-	**43.779**
her	1.063.678	302	4.809	830	-	1.929.002	**2.998.621**
;sets held for sale	-	-	-	-	-	19.476	**19.476**
›tal assets	**20.427.305**	**3.548.618**	**14.969.741**	**5.847.331**	**3.684.444**	**4.801.491**	**53.278.930**
Liabilities							
Due to banks	3.866.717	902.086	186.106	16.386	9.243	5.882	4.986.420
ıe to customers	36.423.742	1.959.507	2.177.757	192.203	1.567	305.424	41.060.200
her borrowed funds	350.000	988.444	685.607	-	-	-	2.024.051
her	732.787	24.747	3.171	328	208	1.475.035	2.235.740
›tal liabilities	**41.373.246**	**3.874.784**	**3.052.641**	**208.589**	**10.810**	**1.786.341**	**50.306.411**
Total interest sensitivity gap	**(20.945.941)**	**(326.166)**	**11.917.100**	**5.638.742**	**3.673.634**	**3.015.150**	**2.972.519**

** amounts include investments in subsidiaries*

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Non interest bearing	Total 31.12.2004
›tal assets	10.403.123	14.312.490	7.467.263	7.586.409	2.645.132	5.733.017	**48.147.434**
›tal liabilities	35.805.741	2.811.574	2.762.061	91.058	22.210	4.031.517	**45.524.161**
Total interest sensitivity gap	**(25.402.618)**	**11.500.916**	**4.705.202**	**7.495.351**	**2.622.922**	**1.701.500**	**2.623.273**

4.3 Liquidity risk

Liquidity risk is defined as the risk of a financial institution not to be able to meet its obligations as they become due, because of lack of the required liquidity.

The Bank's principal sources of liquidity are its deposit base and, to a lesser extent, interbank borrowings. The Bank operates a network of 567 branches in Greece, and its domestic customer deposit base accounts for 30% of the Greek deposit market (savings and sight accounts) as of 31 December 2005. This provides the Bank with sufficient euro and foreign currency liquidity to fund its operations and treasury positions. The Bank also derives liquidity from the results of its operations and disposals of securities and other assets. In recent years, the Bank has generally been in a position of excess liquidity due to its large domestic deposit base. Deposits have funded the securities portfolio, loans to customers and reserve balances held at the central bank. Although the Bank was required to deposit a high proportion of foreign currency with the central bank pursuant to reserve requirements, the Bank was able to fund foreign currency assets, including foreign currency loans to domestic customers, through its foreign currency deposit base. The Bank participates in the interbank deposit market (denominated in euro and all major currencies) and enters into foreign exchange forward transactions with maturities up to a year. The net open positions carried are small and largely offset against the deposit base in the respective currency.

Liquidity risk management seeks to ensure that, even under adverse conditions, the Bank has access to the funds necessary to cover customer needs, maturing liabilities and the capital requirements of the Bank's operations. Liquidity risk arises in the general funding of the Bank's financing, trading and investment activities and in the management of positions. This risk involves both the risk of unexpected increases in the cost of funding the portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner on reasonable terms.

The Risk Management Council monitors differences in maturities between assets and liabilities by analyzing funding requirements based on various assumptions, including conditions that might have an adverse impact on the ability of the Bank to liquidate investment and trading positions and its ability to access the capital markets.

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

							31.12.2005
Assets	**Subject to notice**	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 5 yrs**	**Over 5 yrs**	**Total**
Cash and balances with central banks	573.941	1.267.290	1.384	-	-	5.608	1.848.223
Treasury bills and other eligible bills	-	17.400	5.277	63.401	-	-	86.078
Due from banks	7.992	1.521.323	986.262	1.315.285	311.761	-	4.142.623
Financial assets-fair value through P&L	164	201.842	74.881	623.703	4.362.047	8.147.026	13.409.663
Derivative financial instruments	-	49.541	6.992	31.595	39.971	155.401	283.500
Loans and advances to customers (net)	7.323	2.403.364	1.861.336	5.032.615	8.229.047	9.645.030	27.178.715
Investment securities -available for sale*	-	45.352	50.099	85.177	425.695	2.945.429	3.551.752
- held to maturity	-	-	-	20.869	10.912	12.000	43.781
Other	110.687	920.591	140.027	19.066	1.777	1.522.971	2.715.119
Assets held for sale	-	-	-	-	-	19.476	19.476
Total assets	**700.107**	**6.426.703**	**3.126.258**	**7.191.711**	**13.381.210**	**22.452.941**	**53.278.930**
Liabilities							
Due to banks	5.584	3.744.973	881.268	273.925	71.376	9.294	4.986.4120
Derivative financial instruments	-	29.718	9.931	31.081	52.426	180.266	303.422
Due to customers	51229	36.727.717	1.878.649	2.174.391	226.319	1.895	41.060.200
Other orrowed funds	-	-	-	-	750.000	1.274.051	2.024.051
Other	2.324	511.958	1.181.310	145.256	2.140	89.360	1.932.348
Total liabilities	**59.137**	**41.014.366**	**3.951.158**	**2.624.653**	**1.102.261**	**1.554.866**	**50.306.441**
Net liquidity gap	**640.970**	**(34.587.663)**	**(824.900**	**(4.567.056)**	**(12.278.949)**	**20.898.076**	**2.972.489**

** amounts include investments in subsidiaries*

							31.12.2004
	Subject to notice	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 5 yrs**	**Over 5 yrs**	**Total**
Total assets	2.384.216	8.354.735	3.685.848	8.732.149	11.543.477	13.447.009	**48.147.434**
Total liabilities	226.408	26.753.568	2.112.813	2.341.861	13.209.482	880.029	**45.524.161**
Net liquidity gap	**2.157.808**	**(18.398.833)**	**1.573.035**	**6.390.288**	**(1.666.005)**	**12.566.980**	**2.623.273**

4.4 Foreign exchange risk

The Bank trades in all major currencies holding mainly short-term positions, which arise from and are used for servicing its institutional, corporate, domestic and international clientele.

The Bank's strategy is to hold minimal open foreign exchange risk but at a level sufficient to service its client base. In this context, the non-euro denominated Eurobond positions are funded by customer and interbank deposits in the respective currencies. The Bank's open foreign exchange position is limited to the capital contributed to the overseas operations (branches and subsidiaries) with the associated foreign exchange risk. In addition, because non-euro denominated expenses are largely offset by non-euro denominated revenues, the foreign exchange risk is low.

The Bank files standard foreign exchange position reports on a regular basis, which enables the Central Bank to monitor its foreign exchange risk. VAR limits are set according to the guidelines of the Group's Risk Management Council and monitored by the Internal Audit Division. The Bank's exposure to foreign exchange risk is as follows:

							31.12.2005
Assets	**EURO**	**USD**	**GBP**	**JPY**	**CHF**	**Other**	**Total**
Cash and balances with central banks	1.818.888	15.348	1.688	138	450	11.711	1.848.223
Treasury bills and other eligible bills	68.052	-	-	-	-	18.026	86.078
Due from banks (net)	3.470.728	442.162	92.572	6.158	47.060	83.943	4.142.623
Financial assets - fair value through P&L	13.311.039	91.617	-	-	-	7.007	13.409.663
Derivative financial instruments	220.443	51.392	487	4.325	2.332	4.521	283.500
Loans and advances to customers (net)	25.869.232	949.236	179.499	16.532	117.200	47.016	27.178.715
Investment in subsidiaries							
Investment securities -available for sale *	2.749.141	353.370	131.553	268.580	-	49.108	3.551.752
- held to maturity	40.968	-	-	-	-	2.813	43.781
Investment property	-	165	-	-	-	251	416
Investments in associates	278.025	-	-	-	-	-	278.025
Intangible assets	28.907	2.246	237	-	-	2.488	33.878
Property & equipment	1.114.910	2	24.135	-	-	3.691	1.142.738
Other assets, including tax assets						19.476	19.476
Assets held for sale	989.124	107.055	125.333	34.511	572	3.467	1.260.062
Total assets	**50.178.334**	**1.874.148**	**543.657**	**330.244**	**167.614**	**184.933**	**53.278.930**
Liabilities	**EURO**	**USD**	**GBP**	**JPY**	**CHF**	**Other**	**Total**
Due to banks	4.546.214	304.074	70.846	130	7.050	58.106	**4.986.420**
Derivative financial instruments	178.082	68.628	1.777	53.299	258	1.378	**303.422**
Due to customers	35.487.466	3.632.987	387.927	371.264	39.163	1.141.393	**41.060.200**
Other borrowed funds	1.663.154	144.914	-	215.983	-	-	**2.024.051**
Other liabilities including tax liabilities	1.647.986	94.479	13.563	51.808	2.465	59.191	**1.869.492**
Retirement benefit obligations	62.856	-	-	-	-	-	**62.856**
Total liabilities	43.585.758	4.245.082	474.113	692.484	48.936	1.260.068	**50.306.441**
Net on balance sheet position	**6.373.699**	**(2.232.489)**	**81.391**	**(362.240)**	**118.678**	**(1.006.550)**	**2.972.489**

** amounts include investments in subsidiaries*

							31.12.2004
	EURO	**USD**	**GBP**	**JPY**	**CHF**	**Other**	**Total**
Total assets	43.389.529	3.166.620	779.810	369.066	275.475	166.934	**48.147.434**
Total liabilities	39.081.823	3.996.433	728.434	567.778	74.319	1.075.374	**45.524.161**
Net on balance sheet position	**4.307.706**	**(829.813)**	**51.376**	**(198.712)**	**201.156**	**(908.440)**	**2.623.273**
Credit commitments	**5.147.098**	**-**	**-**	**-**	**-**	**45.314**	**5.192.412**

4.5 Fair values of financial assets and liabilities

	31.12.2005		31.12.2004	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Treasury bills and other eligible bills	86.078	86.078	118.674	118.708
Due from other banks	4.142.623	4.137.762	8.322.507	8.322.508
Loans and advances to customers (net)	27.178.715	27.835.917	23.096.956	23.496.806
Investment securities - available for sale	3.551.752	3.551.752	1.868.294	1.882.196
Investment securities - held to maturity	43.781	43.781		
Investment property	416	835	414	472
Investments in associates	278.025	278.025	280.593	280.593
Intangible assets	33.878	33.878	28.715	28.715
Property, plant and equipment	1.142.738	1.142.738	1.060.862	1.060.862

Financial liabilities	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Due to other banks	4.986.420	4.988.785	5.748.858	5.748.130
Due to customers	41.060.200	41.056.289	37.174.565	37.174.039
Other borrowed funds	2.024.051	2.024.051	1.582.149	1.582.148

4.6 Capital adequacy and Credit ratings

The Bank is subject to various regulatory capital requirements administered by the central bank. Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios determined on a risk-weighted basis, capital (as defined) to assets, certain off-balance sheet items, and the notional credit equivalent arising from the total capital requirements against market risk, of at least 8%. At least half of the required capital must consist of ‘‘Tier I’’ capital (as defined), and the rest of ‘‘Tier II’’ capital (as defined). The framework applicable to Greek banks conforms to European Union requirements, in particular the Own Funds, the Solvency Ratio and the Capital Adequacy Directives. However, under the relevant European legislation, supervisory authorities of the member-states have some discretion in determining whether to include particular instruments as capital guidelines and to assign different weights, within a prescribed range, to various categories of assets.

Capital adequacy (amounts in € million)

Capital:	**31.12.2005**
Upper Tier I capital	2.560
Lower Tier I capital	-
Deductions	(34)
Tier I capital	**2.526**
Upper Tier II capital	1.089
Lower Tier II capital	966
Deductions	(6)
Total capital	**4.575**
Risk weighted assets:	
On Balance sheet (investment book)	24.339
Off Balance sheet (investment book)	1.868
Trading portfolio	999
Total risk weighted assets	**27.206**
Ratios:	
Core & Tier I	9.28%
Total BIS	16.82%

As at 31 December 2005, in accordance with IFRS and the rules of the Bank for International Settlements (BIS), the capital base of the NBG was €4.575 million. Therefore the capital base surplus, over the 8% of risk-weighted assets required by the BIS rules was €2.399 million.

Credit Ratings

The table below sets forth the credit ratings that have been assigned to the Bank by Moody's Investors Services Limited (referred to below as ''Moody's''), Standard and Poor's Rating Services (referred to below as 'Standard and Poor's''), Fitch Ratings Ltd. (referred to below as ''Fitch'') and Capital Intelligence Ltd. (referred below as (Capital Intelligence). All credit ratings have been recently affirmed and/or upgraded.

Rating Agency	**Long term**	**Short term**	**Financial strength/ individual**	**Outlook**
Moody's *	A2	P-1	C	Stable
Standard & Poor's	BBB+	A-2	-	Positive
Fitch *	A-	F2	B/C	Stable
Capital Intelligence	A	A1	A	Stable

(*) Affirmed or upgraded in December 2005

NOTE 5: Segment reporting

The Bank manages its business through the following business segments:

Retail Banking

Retail banking includes all individuals (retail banking customers) of the Bank, professionals, small-medium and small sized companies (companies with annual turnover of up to € 2,5 million). The Bank, through its extended network of branches, offers to its retail customers a number of types of deposit and investment products as well as a wide range of traditional services and products.

Corporate & Investment banking

Corporate & Investment banking includes lending to all large and medium-sized companies, shipping finance and investment banking activities. The Bank offers its corporate customers a wide range of products and services, including financial and investment advisory services, deposit accounts, loans (denominated in both euro and foreign currency), foreign exchange and trade service activities.

Global Markets and Asset management

Global Markets and Asset management includes all treasury activities, private banking, asset management (mutual funds and closed end funds), custody services and brokerage.

International

The Bank's international banking activities include a wide range of traditional commercial banking services, such as extensions of commercial and retail credit, trade financing, and foreign exchange.

Other

Includes proprietary real estate management, hotel and warehousing business as well as unallocated income and expense of the Bank (interest expense of subordinate debt, loans to Bank personnel etc)

Breakdown by business segment

'000 EURO	Retail Banking	Corporate & Investment Banking	Global markets & Asset Management	International activies	Other	**Total**
From 1 January to 31.12.2005						
Net interest income ……………………………..	1.138.516	200.848	169.361	(1.480)	(171.471)	**1.335.774**
Net fee & commission income………………….	132.193	51.844	52.083	2.299	2.554	**240.973**
Other operating income (1) ……………………	53.526	(24.535)	94.208	7.213	61.827	**192.239**
Total operating income ………………………	**1.324.235**	**228.157**	**315.652**	**8.032**	**(107.090)**	**1.768.986**
Direct costs…………………………………………	(508.389)	(34.306)	(36.876)	(31.693)	(30.708)	**(641.972)**
Allocated costs & provisions …………………...	(402.711)	(55.989)	(19.885)	(10.413)	(15.149)	**(504.147)**
Profit Before Tax ………………………………	**413.135**	**137.862**	**258.891**	**(34.074)**	**(152.947)**	**622.867**
Taxes ………………………………………………..	(132.203)	(44.116)	(54.317)	10.904	71.179	**(148.553)**
Profit After Tax…...	**280.932**	**93.746**	**204.574**	**(23.170)**	**(81.768)**	**474.314**
Other items:						
Depreciation and amortization (2)……………..	(20.064)	(1.037)	(3.707)	(2.999)	(25.628)	**(53.435)**
Provisions………………………………………….	(164.262)	(21.245)	-	(686)	(5.228)	**(191.421)**
(1) includes allocated income and expenses.						
(2) Line items exclude cost center deprecation included under allocated costs & provisions amounting to approximately € 18 711.						
Segment assets as at 31.12.2005………………..	19.151.373	9.912.008	18.591.372	857.720	4.766.457	**53.278.930**
Segment liabilities & equity as at 31.12.2005	38.867.759	1.466.238	6.577.379	1.147.058	5.220.496	**53.278.930**
From 1 January to 31.12.2004						
Net interest income ……………………………...	957.958	166.867	148.736	(20.315)	(94.831)	**1.158.415**
Net fee & commission income………………….	133.666	47.466	46.613	8.535	(6.450)	**229.830**
Other operating income (1) ……………………	65.057	(23.710)	17.200	16.219	123.810	**198.576**
Total operating income ………………………	**1.156.681**	**190.623**	**212.549**	**4.439**	**22.529**	**1.586.821**
Direct costs ……………………………………….	(513.272)	(50.489)	(48.860)	(19.429)	(143.135)	**(775.185)**
Allocated costs & provisions …………………...	(301.373)	(112.274)	(19.584)	(17.988)	(13.270)	**(464.489)**
Profit Before Tax ………………………………	**342.036**	**27.860**	**144.105**	**(32.978)**	**(133.876)**	**347.147**
Taxes ………………………………………………..	(119.712)	(9.751)	(41.161)	11.542	46.836	**(112.246)**
Profit After Tax	222.324	18.109	102.944	(21.436)	(87.040)	**234.901**
(1) includes allocated income and expenses						
Other items:						
Depreciation and amortization (2)……………...	(24.184)	(2.143)	(5.505)	(2.670)	(21.887)	**(56.389)**
Loan provisions…………………………………...	(55.238)	(71.896)	-	(9.494)	(1.051)	**(137.679)**
(1) includes allocated income and expenses.						
(2) Line items exclude cost center deprecation included under allocated costs & provisions amounting to approximately €23 331.						
Segment assets as at 31.12.2004……..…	**16.603.350**	**9.470.182**	**17.179.800**	**1.228.376**	**3.665.726**	**48.147.434**
Segment liabilities & equity as at 31.12.2004.	**33.636.151**	**1.130.575**	**8.874.801**	**2.250.363**	**2.255.544**	**48.147.434**

NOTE 6: Net Interest Income

	31.12.2005	31.12.2004
Interest earned on:		
Amounts due from banks	302.342	264.466
Securities	345.087	438.144
Loans and advances to customers	1.496.921	1.157.523
Other interest earning assets	9.621	10.981
Interest and similar income	**2.153.971**	**1.871.114**
Interest payable on:		
Amounts due to banks	(240.621)	(297.049)
Amounts due to customers	(491.907)	(413.203)
Debt securities in issue	-	-
Other borrowed funds	(83.242)	-
Other interest paying liabilities	(2.427)	(2.447)
Interest expense and similar charges	**(818.197)**	**(712.699)**
Total	**1.335.774**	**1.158.415**

NOTE 7: Net Fee and Commission Income

	31.12.2005	31.12.2004
Custody, brokerage & investment banking	24.473	22.667
Retail loan fees	24.430	20.146
Corporate lending fees	69.202	59.044
Banking fees & similar charges	101.504	109.347
Fund management fees	21.364	18.626
Total	**240.973**	**229.830**

NOTE 8: Dividend Income

	31.12.2005	31.12.2004
Trading securities	5.329	4.802
Available for sale securities	3.626	4.797
NBG Group securities	28.585	60.258
Other securities	9.915	10.245
Total	**47.455**	**80.102**

NOTE 9: Net Trading Income / Loss

	31.12.2005	31.12.2004
Foreign exchange	10.373	22.715
Fixed income securities	(49.175)	24.730
Equities	49.837	26.432
Total	**11.035**	**73.877**

NOTE 10: Other Operating Income

	31.12.2005	31.12.2004
Real estate gains & rentals	23.411	26.297
Other income	7.649	18.652
Total	**31.060**	**44.949**

NOTE 11: Personnel Expenses

	31.12.2005	31.12.2004
Wages and salaries	415.431	422.098
Social security costs & defined contribution plans	186.485	192.203
Pension costs: defined benefit plans	4.986	4.648
Other staff related benefits	50.738	172.170
Total	**657.640**	**791.119**

The average number of employees employed by the Bank during the period to 31 December 2005 was 13.743 (2004: 13.294).

Other staff and related benefits include the cost of various voluntary retirement programs implemented by the Bank in 2005 and 2004.

Bonuses to employees are accrued for in the period the related service is provided. During 2005, bonuses of amount €1.424 were paid to employees which should have been provided for in 2004. For this reason, the "other staff related benefits" of 2004 were restated to €172.170 from €170.746. The profit attributable to shareholders and retained earnings for the year ended 31 December 2004 were restated accordingly. EPS for the same year-end has also been restated to €0,71 from €0,70.

	As restated	Prior to restatement
For the period 1 January to 31 December 2004		
Personnel expenses	791.119	789.695
Profit for the period	234.901	233.477

NOTE 12: Retirement benefit obligations

Defined Contribution Plans

National Bank of Greece Pension Plan
The Bank's employees' Pension Plan provides for defined contributions to be made by the Bank at a rate of 26,50% of the employee's salary, for employees who joined any social security fund prior to 1.1.1993. The corresponding rate for employees insured by any social security fund after that date is 13,33%. Employee contributions are 11% of the employee's salary, for employees insured by any social security fund prior to 1.1.1993. The corresponding rate for employees insured by any social security fund after that date is 6,67%. Plan contributions are determined by years of service with the Bank and the employee's final salary level.

National Bank of Greece Auxiliary Pension Plan
The Bank's employees' Auxiliary Pension Plan provides for defined contributions to be made by the Bank at a rate of 9% of the employee's salary. Employees contribute at a rate of 3,50% of their salary. Benefits paid are determined by years of service with the Bank and the employee's final pensionable pay.

Defined contribution health plans
Contributions by the Bank to the National Bank of Greece Health Plan (T.Y.P.E.T.) amount to 6,25% of employees' salaries. Employees' contributions amount to 2,50% of their salaries. Additional contributions are paid for insured members of the employees' families and amount up to 2% for three or more protected members (spouse that does not work and children), and are increased further in the event that the insured spouse is employed or that members of the paternal family are also insured. Contributions of retired employees amount to 4% of their pensions and additional contributions equal to those paid by employees in service, are paid for other insured members of their families. T.Y.P.E.T. offers health benefits to employees before and after their retirement, and to insured members of their families.
The total contributions paid to defined contribution plans for 2005 and 2004 were €149.4 million and €149.6 million respectively.

Plans without Bank's contribution

Personnel Self-Insurance Plan
The Bank does not pay contributions to the aforementioned plan. The Bank has granted a loan to the plan the year-end balance of which amounts to € 68 million.

Defined Benefit Plans

Youth account benefit plan
The Bank sponsors a Youth account benefit plan under which children of current and former employees are entitled to a lump sum benefit at age 25 if their parents have chosen to make contributions. The benefit is 25% of 1,65 of the parents' basic monthly pay for every year of contributory service. Under the rules of the plan benefits are paid under several circumstances.

Net periodic costs for defined benefit plans sponsored by the Bank include the following components, which are recognised in the income statement for the periods ended:

	31.12.2005	**31.12.2004**
Current service cost	3.565	3.068
Interest cost on obligation	6.267	4.661
Expected return on plan assets	(4.726)	(3.081)
Total	**5.106**	**4.648**

The aggregated funding status recognized in the balance sheet is reconciled below:

	31.12.2005	**31.12.2004**
Present value of un funded obligations	141.277	98.994
Fair value of plan assets	(101.678)	(64.597)
	39.599	**34.397**
Present value of unfunded obligations	3.142	-
Unrecognized actuarial gains	20.115	6.570
Net Liability / (Asset) in balance sheet	**62.856**	**40.967**

Movement in net liability:

	31.12.2005	**31.12.2004**
Net liability at the beginning of the year	40.967	40.744
Merger of subsidiaries	21.811	-
Actual contributions paid by the Company	(4.615)	(4.425)
Benefits paid directly	(413)	-
Total expense recognised in the income statement	5.106	4.648
Net Liability / (Asset) in balance sheet	**62.856**	**40.967**

Reconciliation of defined benefit obligation:

	31.12.2005	**31.12.2004**
Defined benefit obligation at the beginning of the year	98.994	92.463
Merger of subsidiaries	30.871	-
Current service cost	3.565	3.068
Interest cost on obligation	6.267	4.661
Employee contributions	4.664	3.543
Benefits paid from the Fund	(12.446)	(16.907)
Benefits paid directly by the Company	(413)	-
Actuarial loss	12.917	12.166
Defined benefit obligation at end of year	**144.419**	**98.994**

Reconciliation of plan assets:

	31.12.2005	31.12.2004
Market value at the beginning of the year	64.597	51.719
Merger of subsidiaries	8.345	-
Expected return on plan assets	4.726	3.081
Company contributions	4.615	4.425
Employee contributions	4.664	3.543
Fund Benefits	(12.446)	(16.907)
Asset gain / (loss)	27.177	18.736
Fair value of plan assets at end of year	**101.678**	**64.597**

The weighted average assumptions used to determine the net periodic pension costs for the years ended 31 December 2005 and 31 December 2004 are:

	2005	2004
Discount rate	4,25%	5,00%
Expected return on plan assets	6,50%	6,50%
Rate of compensation increase	4,00%	4,00%
Pension increase	2,50%	2,50%

The actual return on plan assets for the year ended 31 December 2005 was €31.904 (2004: €21.817).

NOTE 13: General & administrative expenses	**31.12.2005**	**31.12.2004**
Duties and taxes	26.344	23.310
Utilities and rentals	109.322	117.879
Other administrative expenses	76.765	67.695
Total	**212.431**	**208.884**

NOTE 14: Depreciation and amortisation charges	**31.12.2005**	**31.12.2004**
Investment property	17	15
Intangible assets	13.056	17.833
Property & equipment	59.073	61.872
Total	**72.146**	**79.720**

NOTE 15: Other operating expenses	**31.12.2005**	**31.12.2004**
Loss on fixed asset disposals	2.702	351
Maintenance and other related expenses	6.235	4.610
Other provision charges	234	4.408
Other expenses	3.310	12.903
Total	**12.481**	**22.272**

NOTE 16: Tax expense	**31.12.2005**	**31.12.2004**
Current tax	122.317	104.368
Deferred tax	10.145	(1.106)
Prior year taxes	12.490	4.505
Other taxes	3.601	4.479
Total	**148.553**	**112.246**

Profit before tax	**622.867**	**347.147**
Current tax rate	27%	35%
Income tax based on current tax rate	**(168.174)**	**121.501**
Income not subject to taxation	36.613	43.031
Expenses not deductible for tax purposes	(16.992)	(42.286)
Income tax expense	**(148.553)**	**(112.246)**
Effective tax rate	23.84%	32.33%

NOTE 17: Cash and balances with Central Bank	**31.12.2005**	**31.12.2004**
Cash in hand	514.513	480.786
Balances with Central Bank	1.333.710	336.826
Total	**1.848.223**	**817.612**

The Bank is required to maintain a current account with the Bank of Greece (BoG) to facilitate interbank transactions with the Central Bank, its member banks, and other financial institutions through the Trans-European Automated Real-Time Gross Settlement Express Transfer system (TARGET).

BoG requires all banks established in Greece to maintain deposits with BoG equal to 2% of total customer deposits as these are defined by the European Central Bank ("ECB"). As of January 1, 2001 these deposits bear interest at the refinancing rate as set by the ECB. (2,25% at 31 December 2005).

NOTE 18: Due from banks	**31.12.2005**	**31.12.2004**
Sight deposits with banks	262.042	104.068
Time deposits with banks	1.346.163	4.590.346
Securities purchased under agreements to resell	2.352.637	3.621.608
Other	181.781	6.485
Total	**4.142.623**	**8.322.507**

NOTE 19: Financial assets at fair value through P&L	**31.12.2005**	**31.12.2004**
Government bonds and other sovereign obligations	12.964.294	9.433.073
Other public sector bonds	12.556	48.972
Other debt securities	216.583	1.528.902
Equity securities	216.230	65.185
Mutual funds units	-	216.987
Total	**13.409.663**	**11.293.119**

NOTE 20: Derivative financial instruments (assets / liabilities)

		31.12.2005	
	Contract/ Notional Amount	**Fair values**	
		Assets	**Liabilities**
Derivatives held for trading:			
Interest rate derivatives – OTC	24.258.944	192.003	(261.495)
Foreign exchange derivatives	6.083.427	56.467	(25.454)
Other types of derivatives	233.613	2.816	(4.658)
Interest rate derivatives - Exchange traded	12.695.203	32.214	(11.815)
Total	**43.271.187**	**283.500**	**(303.422)**

NOTE 21: Loans & advances to customers (net)

	31.12.2005	31.12.2004
Mortgages	11.494.578	8.838.687
Consumer loans	2.652.424	2.254.079
Credit cards	1.468.940	1.416.820
Entrepreneur's lending	1.490.600	1.228.700
Small Business lending	542.477	466.000
Retail lending	**17.649.019**	**14.204.286**
Corporate lending	10.450.928	9.828.399
Total	**28.099.947**	**24.032.685**
Less: Allowance for impairment on loans & advances to customers	(921.232)	(935.729)
Total	**27.178.715**	**23.096.956**
Movement in allowance for impairment on loans and advances:		
Balance at 1 January	**935.729**	**859.335**
IAS 39 adjustments	17.106	-
Balance at 1 January (as restated)	**952.835**	**859.335**
Provision for loan impairment	191.421	137.679
Loans written off	(235.470)	(59.845)
Amounts recovered	7.059	-
Foreign exchange differences	5.387	(1.440)
Balance at 31 December 2005	**921.232**	**935.729**

NOTE 22: Investment securities

	31.12.2005	31.12.2004
Available-for-sale investment securities:		
Greek Government bonds	865.364	-
Debt securities issued by other governments and public entities	303.588	24
Corporate bonds incorporated in Greece	206.914	265.704
Corporate bonds incorporated outside Greece	239.830	-
Debt securities issued by Greek financial institutions	43.546	-
Debt securities issued by foreign financial institutions	156.527	-
Other debt instruments issues	-	9.531
Debt securities	**1.815.769**	**275.259**
Equity securities	92.482	64.482
Mutual funds units	246.255	-
Provision for impairment	(824)	(93)
Total available-for-sale investment securities	**2.153.682**	**339.648**
Held-to-maturity investment securities (at amortized cost):		
Corporate bonds incorporated in Greece	20.867	**-**
NBG Group corporate bonds	22.914	**-**
Total held-to-maturity investment securities	**43.781**	**-**
Total investment securities	**2.197.463**	**339.648**

NOTE 23: Investments in subsidiaries and associates and assets classified as held for sale

	Country	Interest (%)	31.12.2005	Interest (%)	31.12.2004
vestments in subsidiaries					
ational Company of Portfolio Investment SA	Greece	-	-	46.41	95.839
ational Securities SA	Greece	100.00	18.170	100.00	18.170
hniki Kefalaiou Management of Assets & Liabilities	Greece	100.00	3.326	100.00	3.326
iethniki Mutual Fund Management SA	Greece	81.00	11.029	81.00	11.029
ational Management & Organisation Company SA	Greece	100.00	23.328	100.00	23.328
hniki Leasing SA	Greece	93.33	29.055	93.33	29.055
hniki Mutual Funds SA	Greece	100.00	1.175	100.00	1.175
orthern Greece Ethniki Anaptiksiaki SA	Greece	-	-	65.00	4.068
BG Balkan Fund Ltd	Cyprus	100.00	500	100.00	500
BG Greek Fund Ltd	Cyprus	100.00	15.000	100.00	15.000
TEBA Emerging Markets Fund Ltd	Cyprus	100.00	147	100.00	147
TEBA Estate Fund Ltd	Cyprus	100.00	147	100.00	147
TEBA Venture Capital Management Company Ltd	Cyprus	100.00	18	100.00	18
BG Bancassurance SA	Greece	99.70	300	99.70	300
tlantic Bank of New York	USA	-	-	100.00	50.916
ational Bank of Greece (Canada)	Canada	-	-	100.00	16.338
he South African Bank of Athens Ltd	S. Africa	91.41	16.070	91.42	14.874
ational Bank of Greece (Cyprus) Ltd	Cyprus	100.00	40.105	100.00	39.655
BG Management Services Ltd	Cyprus	100.00	959	100.00	948
opanska Bank AD	Fyrom	71.19	72.010	71.19	72.010
nited Bulgarian Bank Ad	Bulgaria	99.91	239.076	99.91	239.076
BG International Ltd	UK	100.00	10.215	100.00	9.928
BG Finance Plc	UK	100.00	73	100.00	71
terlease AD	Bulgaria	87.50	1.086	87.50	941
TEBA Bulgaria AD	Bulgaria	92.00	551	92.00	546
TEBA Romania SA	Romania	100.00	919	100.00	879
BG Luxembourg Holding SA	Luxembourg	94.67	71	94.67	71
BG Luxfinance Holding SA	Luxembourg	94.67	71	64.67	71
ational Real Estate SA	Greece	-	-	79.59	357.643
BG Funding Ltd	UK	100.00	10	100.00	10
anca Romaneasca SA	Romania	97.14	69.507	90.87	33.719
hniki General Insurance SA	Greece	76.65	379.153	76.00	278.177
stir Palace Vouliagmenis SA	Greece	78.06	195.806	76.75	192.980
stir Alexandroupolis SA	Greece	100.00	5.055	100	4.017
rand Hotel Summer Palace SA	Greece	100.00	5.781	100.00	5.781
BG Training Centre SA	Greece	98.00	115	98.00	115
hnodata SA	Greece	98.41	6.062	98.41	6.062
admos SA	Greece	99.99	1.716	99.99	1.716
ionysos SA	Greece	99.90	36.470	-	-
ktenepol Construction Company SA	Greece	100.00	47.947	-	-
ortgage Tourist Protypos SA	Greece	100.00	79.950	-	-
ellenic Tourist Construction SA	Greece	77.76	19.871	-	-
hiki Agricultural Operations SA	Greece	100.00	19	-	-
BG International Holdings BV	Holland	100.00	58.807	-	-
urial Leasing SRL	Romania	70.00	8.400	-	-
			1.398.070		**1.528.646**

			31.12.2005		31.12.2004
vestments in associates					
GET Heracles	Greece	26.00	216.344	26.00	216.344
osphate Fertilisers Industries SA	Greece	24.23	40.189	24.23	40.189
kro Metalourgical Company SA	Greece	36.43	4.352	36.43	4.352
EMENS Teleindustrial SA	Greece	30.00	9.973	30.00	9.973
iop Tempo SA	Greece	21.21	2.438	28.28	3.251
anking Information Systems ‘TEIRESIAS” SA	Greece	39.34	354	39.34	354
ellenic Export Company SA	Greece	-	-	25.00	59
ellenic Countrysides SA	Greece	20.23	340	20.23	340
ocial Securities Fund Management SA	Greece	40.00	470	40.00	470
Lykos Paperless Solutions SA	Greece	-	-	30.00	905
Hellenic Spinning Mills of Pella SA	Greece	14,95	-	20.89	791
Planet Ernst &Young SA	Greece	31.72	3.565	31.72	3.565
			278.025		**280.593**
Assets classified as held for sale					
National Bank of Greece (Canada)	Canada	100.00	19.476	-	-
			19.476		**-**

The movement of investment securities is summarized below:

Investment securities	**Held to maturity**	**Available for sale**
Balance at 1 January 2005..	**-**	**1.868.294**
- Foreign exchange differences on monetary assets.......................................	81	36.933
- Additions within the period	66.265	1.522.089
- Disposals (sale and redemption) within the period	(22.565)	(2.030.224)
- Premiumdiscount amortisation	-	(11.186)
- Gains / (losses) from changes in fair value..	-	4.176
- IAS 39 adjustment & reclassifications	-	2.181.146
Balance at 31 December 2005..	**43.781**	**3.571.228**

Investments securities available for sale as analysed above include the cost of the subsidiary NBG Canada which has been classified as held for sale.

NOTE 24: Intangible assets

	Goodwill	**Software**	**Other**	**Total**
Cost				
At 1.1.2004	1	129.770	2.782	132.553
Additions, disposals and write-offs	37	7.802	12.893	20.732
At 31.12.2004	38	137.572	15.675	153.285
Accumulated amortization and impairment				
At 1.1.2004		(107.091)	(607)	(107.698)
Additions, disposals and write-offs	-	646	318	964
Amortization charge for the period	-	(16.670)	(1.164)	(17.834)
At 31.12.2004	-	(123.115)	(1.453)	(124.568)
Net book amount at 31.12.2004	38	14.457	14.222	28.717
Cost				
t 1.1.2005	38	137.572	15.675	**153.285**
dditions, disposals and write-offs	(38)	5.877	10.605	**16.444**
t 31.12.2005	-	**143.449**	**26.280**	**169.729**
Accumulated amortization and impairment				
t 1.1.2005	-	(123.115)	(1.453)	**(124.568)**
dditions, disposals and write-offs	-	1.600	173	**1.773**
mortization charge for the period	-	(10.481)	(2.575)	**(13.056)**
t 31.12.2005	-	**(131.996)**	**(3.855)**	**(135.851)**
Net book amount at 31.12.2005	**-**	**11.453**	**22.425**	**33.878**

NOTE 25: Property & equipment

Cost	Land	Buildings	Vehicles & equipment	Leasehold improvements	Assets under construction	Total
t 1.1.2004	566.416	593.088	341.422	44.389	16.734	1.562.049
dditions, sposals and write-offs	(3.247)	11.163	20.078	5.568	3.800	37.362
xchange differences	-	-	-	-	3	3
t 31.12.2004	563.169	604.251	361.500	49.957	20.537	1.599.414
ccumulated depreciation nd impairment						
t 1.1.2004		(204.171)	(248.906)	(33.091)	-	(486.168)
dditions, sposals & write-offs	-	1.296	7.016	1.175	-	9.487
epreciation charge r the period	-	(18.594)	(39.217)	(4.060)	-	(61.871)
t 31.12.2004		(221.469)	(281.107)	(35.976)	-	538.552
et book amount at 31.12.2004	**563.169**	**382.782**	**80.394**	**13.981**	**20.537**	**1.060.862**
t 1.1.2005	563.169	604.251	361.501	49.957	20.537	**1.599.415**
dditions, sposals and write-offs	54.814	57.158	21.545	5.632	8.565	**147.714**
xchange differences	58	926	74	64	(11)	**1.111**
t 31.12.2005	**618.041**	**662.335**	**383.120**	**55.653**	**29.091**	**1.748.240**
Accumulated depreciation and impairment						
t 1.1.2005	-	(221.469)	(281.107)	(35.976)	-	**(538.552)**
dditions, sposals & write-offs	-	(6.227)	(264)	(1.387)	-	**(7.878)**
epreciation charge r the period	-	(19.453)	(35.297)	(4.322)	-	**(59.072)**
t 31.12.2005	**-**	**(247.149)**	**(316.668)**	**(41.685)**	**-**	**(605.502)**
Net book amount at 31.12.2005	**618.041**	**415.186**	**66.452**	**13.968**	**29.091**	**1.142.738**

NOTE 26: Deferred tax assets & liabilities

	31.12.2005	31.12.2004
Deferred tax assets:		
Securities and derivatives …………………………………………………....	108.036	-
Tangible and intangible assets ………………………………………………	9.303	10.109
Pension and other post retirement benefits …………………………………	15.120	10.147
Other temporary differences ………………………………………………....	16.300	20.900
Deferred tax assets……………………………………………………………..	**148.759**	**41.156**
Deferred tax liabilities:		
Securities and derivatives …………………………………………………....	76.575	-
Tangible and intangible assets ………………………………………………	8.178	4.348
Other temporary differences ………………………………………………....	822	-
Deferred tax liabilities. ……………………………………………………………	**85.575**	**4.348**

Deferred tax charge in the income statement:	**31.12.2005**	**31.12.2004**
Securities and derivatives	1.853	-
Loans and advances to customers	(4.619)	-
Tangible and intangible assets	(4.962)	2.347
Pension and other post retirement benefits	(412)	(4.031)
Effect of mergers through absorption	4.924	-
Other temporary differences	(2.003)	2.790
Deferred tax charge in the income statement-	**(5.219)**	**1.106**
Deferred tax through equity	**31.595**	**-**
Net deferred tax movement	**26.376**	**1.106**

NOTE 27: Other assets	**31.12.2005**	**31.12.2004**
Accrued interest and commissions	508.324	542.076
Tax prepayments and other recoverable taxes	136.013	175.567
Trade receivables	12.179	12.791
Assets acquired through foreclosure proceedings	86.527	76.249
Prepaid expenses	14.950	9.641
Other	353.310	402.206
Total	**1.111.303**	**1.218.530**

NOTE 28: Due to banks	**31.12.2005**	**31.12.2004**
Demand deposits due to credit institutions	87.945	157.906
Time deposits due to credit institutions	284.457	800.449
Interbank deposits and amounts due to ECB	2.099.226	721.840
Amounts due to Central Bank	5.158	4.765
Securities sold under agreement to repurchase	2.479.265	4.023.229
Other	30.369	40.669
Total	**4.986.420**	**5.748.858**

NOTE 29: Due to customers	**31.12.2005**	**31.12.2004**
Deposits:		
Individuals.	33.937.922	30.281.674
Corporates	4.404.633	2.750.302
Government and agencies	2.047.622	1.728.840
Total deposits	**40.390.177**	**34.760.816**
Securities sold to customers under agreements to repurchase	300.023	2.168.797
Other due to customers	370.000	244.951
Amounts due to customers	**41.060.200**	**37.174.565**

NOTE 30: Other borrowed funds

- NBG Finance plc, a wholly owned subsidiary of the Bank, issued:

a) In June 2002, € 750 million callable subordinated floating rate notes guaranteed on subordinated basis the Bank due in June 2012. The notes are redeemable at the option of the Bank in or after June 2007. The notes carry interest at EURIBOR plus 80 bps to June 2007 and EURIBOR plus 210 bps thereafter, which is paid quarterly. The subordinated loan is carried at amortized cost. The commissions and other costs related to the issuance of those notes are amortized as interest expense on a constant yield basis over the period from the placement to the first redemption option.

b) In June 2005, JPY 30 billion (€ 224 000) callable subordinated fixed rate notes guaranteed on a subordinated basis by the Bank due in June 2035. The notes may be redeemed at the option of the Bank in or after June 2015. The notes carry fixed rate interest of 2,755% which is payable semi-annually in arrears. The subordinated loan is carried at amortized cost. The commissions and other costs related to the issuance of those notes are amortized as interest expense on constant yield basis over the period from the placement to the first redemption option.

The proceeds of the above Notes issued by NBG Finance are lent to the Bank under loan agreements with the same terms as each one of the Notes referred to above.

- NBG Funding Ltd, a wholly owned subsidiary of the Bank, issued:

a) In July 2003, € 350 million Series A Floating Rate Non – Cumulative Non Voting Preferred Securities. The notes carry interest at the 3-month EURIBOR plus 175 bps up until July 11, 2013 and EURIBOR plus 275 bps thereafter, which is paid quarterly.

b) In November 2004, € 350 million Series B and USD 180 million Series C Constant Maturity Swap ("CMS") Linked Subordinated Callable Notes guaranteed on a subordinate basis by the Bank. The notes are perpetual and may be redeemed by NBG Funding, in whole but not in part in November 2014 or any dividend date falling thereafter subject to the consent of the Bank. The preferred dividend rate for series B is 6,25% the first year and then is determined as the 10 year EUR CMS mid swap rate plus 12,5bps reset every six months and capped at 8% and for series C is 6,75% the first year and then is determined as the 10 year USD CMS mid swap rate plus12,5 bps reset every six months and capped at 8,5% paid semi-anually.

c) In February 2005, € 230 million Series D Constant Maturity Swap ("CMS") Linked Subordinated Callable Notes guaranteed on a subordinate basis by the Bank. The notes are perpetual and may be redeemed by NBG Funding, in whole but not in part on 16 February 2015, or any dividend date falling thereafter subject to the consent of the Bank. The preferred dividend rate for series D is 6,00% until 16 February 2010, and thereafter determined as the difference of 10-year CMS mid swap rate minus 2-year mid swap rate multiplied by four on annual basis capped at 10% and floored at 3,25%.

The proceeds of the instruments issued by NBG Funding were lent to NBG Finance through Eurobond issues and ultimately lent to the Bank under loan agreements with the same terms as each one of the instruments referred to above but with a 30 year maturity.

NOTE 31: Other liabilities

	31.12.2005	31.12.2004
Accrued interest and commissions	288.218	186.188
Creditors and suppliers	173.531	243.762
Amounts due to government agencies	409.426	113.814
Other provisions	32.959	32.263
Taxes payable - other than income taxes	22.188	28.572
Accrued expenses and deferred income	30.361	33.678
Payroll related accruals	38.773	35.781
Dividends payable	12.698	12.734
Other	636.388	177.610
Other liabilities	**1.644.542**	**864.402**
Current tax liabilities	139.375	108.872
Total	**1.783.917**	**973.274**

The movement of other provisions may be summarised as follows:

	31.12.2005	31.12.2004
Balance at beginning of period	**32.263**	**29.440**
Foreign exchange differences	457	(44)
Provisions charged to income statement during the period	239	4.409
Provisions utilised during the period	-	(1.542)
Balance at period end	**32.959**	**32.263**

NOTE 32: Share capital, share premium and treasury shares

The total number of authorised, issued and fully paid ordinary shares as at 31 December 2005 was 336.599.045 (31.12.2004: 331.575.511) with a nominal value of €4,80 (2004: €4,50) per share. The increase is owed to the merger through absorption of National Investment Company S.A. Following the completion of the merger through absorption of National Real Estate S.A. the Bank's share capital will consist of 339.269.412 shares with a nominal value of €5,00 per share. The computation is based on Annual General Meeting decisions regarding the absorption of National Investment Company S.A and National Real Estate S.A. dated 31 May 2005 and 31 July 2005 respectively.

The weighted average number of shares for 2005 and 2004 was 334.360.105 and 331.166.119 respectively. Earnings per share for 2005 and 2004 was €1,42 and €0,71 respectively.

The Bank has in place a programme to purchase up to 5.000.000 own shares, at a price of no less than €5,00 and no more than €37,00 per share between 1 January and 15 May 2006. This purchase will be carried out by virtue of BoD resolution of 29 December 2005, in implementation of the resolution of the Annual General Meeting of Shareholders of 17 May 2005 regarding the purchase by the Bank, by 15 May 2006, of own shares up to an amount equal to 5% of total stock, including stock owned by the Bank from time to time, in accordance with article 16, par. 5 of Companies' Act 2190/1920.

Pursuant to the aforementioned, the Bank bought 35.000 shares (0.01%) between 1 September and 31 December 2005 at an average purchase price of €30,99 per share.

Treasury Shares	No of shares	€'000s
At 1 January 2004	7.697	283
Purchases of treasury shares	1.449.614	29.235
At 31 December 2004	**1.457.311**	**29.518**
Purchases of treasury shares	370.000	10.179
Sales of treasury shares	(1.792.311)	(38.612)
At 31 December 2005	**35.000**	**1.085**

Stock Option Program: On June 22, 2005 at a General Meeting of Shareholders a stock options program (the Program) was approved for the executive members of the Board of Directors (BoD), management and staff of the Bank. The Program shall last for five years and expire in 2010. The Bank's BoD may decide to grant the options one-off or in parts at any time at its discretion. The maximum number of shares to issue under the Program shall be 2,5 million. The strike price shall be within the range of € 4,50 to 70% of the average price thereof within the time period from 1 January of the year the options are granted until the date they are first exercised. All other details of the Program shall be decided by the BoD at a later date.

NOTE 33: Reserves & Retained Earnings

	31.12.2005	31.12.2004
Statutory reserve	212.652	189.628
Revaluation reserve- available for sale securities	41.139	-
Revaluation reserve - fixed assets	-	27.984
Non-taxable reserves	646.394	550.604
Taxed reserve	80.269	78.464
Other	21	-
Total reserves	**980.475**	**846.680**
Retained earnings	296.752	281.628
Total	**1.277.227**	**1.128.308**

Tax exempt reserves represent profits made on the sale of shares, property, bonds and other similar assets as well as income taxed at special rates such as interest earned on treasury bills and bonds, which are not distributed. These reserves are fully taxed upon distribution.

The movement of AFS securities is analyzed as follows.

At 1 January 2005	-
IAS 39 adjustments	105.153
Net gains / (losses) from changes in fair value of AFS investments	38.675
Net (gains) / losses transferred to income statement	(102.689)
At 31 December 2005	**41.139**

NOTE 34: Dividends per share

On 17 May 2005 at the annual General Meeting of the Shareholders of the Bank, the shareholders approved a dividend of €0,60 for every share (2004: €0,65) which was paid on 30 June 2005.

For the year ended 31 December 2005 management intends to propose to the Annual General Meeting the distribution of total dividends of €339.269 being €1,00 per share

NOTE 35: Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalent consist of the following balances with less than three months maturity from the acquisition date.

	31.12.2005	31.12.2004
Cash and balances with central banks	1.134.970	506.341
Due from banks	1.511.524	3.764.098
Total	**2.646.494**	**4.270.439**

NOTE 36: Earnings per share

	31.12.2005	31.12.2004
Net profit attributable to NBG ordinary shareholders	474.314	234.901
Weighted average number of ordinary shares outstanding (no. of shares)	334.360.105	331.166.119
Earnings per share (in Euro)	**€1,42**	**€0,71**

NOTE 37: Contingent liabilities and commitments

Legal proceedings

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

Pending Tax audits

The Bank has been audited by the tax authorities up to 2004 inclusive. The tax authorities have not yet audited 2005 and accordingly tax obligations for the current year not be considered final. Additional taxes and penalties may be imposed as a result of such tax audit; although the amount cannot be determined at present, it is not expected to be material.

Capital Commitments	**31.12.2005**	**31.12.2004**
Commitments to extend credits	10.386.660	8.010.737
Commercial letters of credit	136.915	286.000
Standby letters of credit and financial guarantees written	2.615.411	2.223.953
Total	**13.138.986**	**10.520.690**

Assets pledged	**31.12.2005**	**31.12.2004**
Bonds	**1.517.188**	**709.109**

Operating lease commitments	**31.12.2005**	**31.12.2004**
No later than 1 year	17.609	16.969
Later than 1 year and no later than 5 years	56.570	51.314
Later than 5 years	64.215	42.182
	138.394	**110.465**

NOTE 38: Related –party transactions

The nature of the related party relationships for those related parties with whom the Bank entered into significant transactions or had significant balances outstanding at 31 December 2005 and 31 December 2004 are presented below. Transactions were entered into with related parties during the course of business at market rates.

Transactions with management
The Bank entered into banking transactions with members of the Board of Directors and General Managers of the Bank in the normal course of business. The list of the members of the Board of Directors is shown under Note 1 General Information. Loans and deposits as of 31 December 2005 amounted to €628.897 and €4.390.262 respectively. Letters of Guarantee in issue amounted to €2.310.

Other related party transactions
Receivables, payables, income and expenditure and other memo account balances with related entities, as of 31 December 2005, amount to €1.453 million (2004: €824 million), €3.004 million (2004: €113million)., €58 million (2004: €45 million)., €168 million (2004:€129 million) and €149 million (2004: €277 million) respectively.
The most significant transactions relate to variable interest rate borrowed funds, amounts due to banks, amounts due to customers, interest income from subordinated debt and commission fees and related expenses.

Board of Directors' and General Managers' fees
Board of Directors' and General Managers' fees for 2005 amounted to approximately €5.663.5 (2004: € 4.976,3). Respective fund contributions amounted to approximately € 909,6 thousand (2004: €811,2).

NOTE 39: Post balance sheet events

Merger of National Bank of Greece and National Real Estate Company
The Boards of Directors of the Bank and National Real Estate Company decided the merger of the two Companies effected through absorption of the latter by the former. The appropriate regulatory authorities approved the merger of the two companies in October 2005 (Greek Government Gazette issue 11146/21.10.2005). The second repeat General Meeting of the Bank's Shareholders of 2 February 2006 and the General Meeting of the National Real Estate Company of 29 December 2005, approved the above merger. The merger will be typically concluded following the issue of the relevant decision by the Ministry of Development.

PricewaterhouseCoopers and KPMG were appointed as auditors in order to certify the book value of National Bank of Greece's and National Real Estate's assets, respectively, as at the transformation balance sheets date (31.7.2005). They will also review the draft merger agreement and provide an opinion as to the fairness and reasonableness of the share exchange ratio.

On completion of the merger, subject to the above conditions, and cancellation of National Real Estate shares owned by National Bank, the Bank's total number of shares will increase by 2.670.367 shares which, added to existing shares pursuant to completion of its merger with National Investment Company (i.e. 336.599.045), will raise the total number of the Bank's shares to 339.269.412.

The amounts recognized at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities are as follows:

	31.07.2005
Due from banks	6.098
Other assets	204.183
Total assets	**326.459**
Total liabilities	**10.402**
Shareholder's equity	**316.057**
Property and equipment	116.178

Disposal of National Bank of Greece (Canada)
In November 2005, the Bank announced the signing of the agreement for the sale of its subsidiary National Bank of Greece (Canada) to Scotiabank.
In February 2006, the Bank announced the conclusion of the agreement for the sale of its subsidiary National Bank of Greece (Canada) to Scotiabank. The total consideration received reached the amount of CAD 71,3 million (equivalent €52 million.).

Astir Alexandroupolis
In November 2005, the Bank announced its intention to dispose of its 100% holding in Astir Alexandroupolis by way of public competition.
In January 2006, the disposal of the subsidiary Astir Alexandroupolis was concluded. The total consideration received reached the amount of approximately €6.530 million.

Banca Romaneasca
In December 2005 the Bank's Board of Directors decided the Bank's participation in the share capital increase of its subsidiary Banca Romaneasca.
In January 2006, the Bank participated in the share capital increase of its subsidiary Banca Romaneasca for 109.802.021 out of 126.000.000 new shares amounting to RON 219,6 million (equivalent €63 million), with the option to cover in full the share capital increase up to the amount of RON 252 million (equivalent €70 million).

NOTE 40: Acquisitions & Disposals

Acquisitions

National Investment Company S.A.
Following the announcement of the Boards of Directors of National Bank of Greece (the "Bank") and National Investment Company in June 2005, regarding the proposed merger through absorption of the latter by the

former, the Bank's second repeat General Meeting of its Shareholders held on 3 November 2005, passed the following resolutions:
a) The merger through absorption of National Investment Company S.A. by the Bank, and specifically approved the relevant Draft Merger Agreement (dated 2/6/2005), the individual and, in view of the absorption, combined pro-forma transformation balance sheet and income statement of the Bank as at 31/5/2005, Emporiki Bank's valuation report as to the fairness and reasonableness of the share exchange ratio, PricewaterhouseCoopers chartered auditors' reports certifying the book value of the Bank's fixed assets as at the transformation date (31/5/2005) and the fairness and reasonableness of the share exchange ratio (i.e. 12 shares of the absorbed company to 1 share of the absorbing), and the Bank's BoD report on the Draft Merger Agreement.
b) Cancellation, pursuant to Companies' Act 2190/1920, of National Investment Company's shares owned by the absorbing Bank.
c)Increase in the share capital of the Bank by €123,6 million approximately in total through the issue of 5.023.534 new shares of nominal value of €4,80 to be distributed to the remaining shareholders, other than the absorbing Bank, of the absorbed National Investment Company S.A., and through an increase in the nominal value of the existing shares by equivalent capitalization of the share premium account from €4,50 to €4,80.

Pursuant to the above and following completion of the merger, the Bank's share capital shall amount to €1.615.675.416 divided into 336.599.045 common registered shares of a nominal value of €4,80 each.

The amounts recognized at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities are as follows:

	31.05.2005
Due from banks	95.220
Property and equipment	35
Other assets	195.422
Total assets	**290.677**
Total liabilities	**1.088**
Shareholder's equity	**289.589**

EURIAL Leasing
In November 2005, the Bank signed an agreement for the acquisition of a majority stake (70%) of the share capital of the Romanian leasing company EURIAL Leasing.

Disposals

Atlantic Bank of New York
In October 2005 the Bank announced the signing of the agreement for the sale of its subsidiary Atlantic Bank of New York to New York Community Bancorp, Inc. the holding company for New York Community Bank. The purchase price amounts to USD 400 dollars payable in cash.

Sale of own shares

Ethniki Kefaleou
In October 2005, National Bank of Greece ("NBG") and Ethniki Kefaleou announced the successful sale of 9.169.970 shares of NBG via an accelerated book build to international and domestic institutional investors via a private placement. The final offering price was fixed at €32,90 per share.

Participation in share capital increase

Ethniki Hellenic General Insurance
The Extraordinary Shareholders' General Meeting of Ethniki Hellenic General Insurance held on November 2, 2005, approved the share capital increase of the company in the form of a rights share issue by the amount of €129,1 million (including share premium) through the issue of 43.035.600 new shares of a par value of €2,50 each and issue price of €3,00. Existing shareholders may exercise the preemption right in terms of 5 new shares for every 10 old shares held between 21 November 2005 till 5 December 2005.

NBG International Holdings BV
In September 2005, the Bank established NBG International Holdings BV in Netherlands as a 100% subsidiary and contributed to NBG International Holdings BV its total shareholding of its subsidiary Atlantic Bank of New York.

NOTE 41: Reclassifications

Certain amounts in prior periods have been reclassified in order to conform with current presentation.

NOTE 42: Effects from transition to IFRS

Reconciliation of Income Statement: Greek GAAP to IFRS

€ 000's		31.12.2004
Results, as previously reported under Greek GAAP		**294.854**
Transition adjustments due to adoption of IFRS:		
Defined benefit plans: recognition of unfunded deficits ………………………	**1**	(4.231)
Commission income deferral. …………………………………………………	**2**	(12.408)
Re-measurement of fixed assets and intangibles ………………………………	**3,7**	16.458
Securities revaluation ……………………………………………………………	**9**	(6.640)
Recognition of tax related provisions ……………………………………………	**4**	3.021
Recognition of impairment losses on loans and advances ………………………	**5**	(17.705)
Profit distribution ………………………………………	**6**	(36.424)
Other …………………………………………………………………………………	**-**	(2.024)
Total adjustments ………………………………………………………………		**(59.953)**
Results reported under IFRS		**234.901**

Reconciliation of Equity: Greek GAAP to IFRS

€ 000's		31.12.2004	31.12.2003
Total shareholders' equity, as previously reported under Greek GAAP		**2.652.164**	**2.544.282**
Transition adjustments due to adoption of IFRS:			
Defined benefit plans: recognition of unfunded deficits ………………………	**1**	(50.438)	(26.207)
Commission income deferral. …………………………………………………	**2**	(32.861)	(20.453)
Re-measurement of fixed assets and intangibles ………………………………	**3,7**	(17.382)	(6.402)
Securities revaluation ……………………………………………………………	**9**	(131.098)	(62.109)
Recognition of tax related provisions ……………………………………………	**4**	(5.795)	(18.558)
Recognition of impairment losses on loans and advances ………………………	**5**	(13.301)	(11.528)
Profit distribution ………………………………………	**6**	226.697	180.833
Other …………………………………………………………………………………		(4.713)	3.533
Total adjustments ………………………………………………………………		**(28.891)**	**39.109**
Equity reported under IFRS		**2.623.273**	**2.583.391**

Personnel expenses	(791.119)	(746.025)	(45.094)
General & Administrative expenses	(208.884)	(207.028)	(1.856)

Income Statement under Greek GAAP and IFRS for the year ended 31.12.2004

€ 000's	IFRS	GrGAAP	Variation
Interest and similar income	1.871.114	2.314.689	(443.575)
Interest expense and similar charges	(712.699)	(1.108.924)	396.225
Net Interest income	**1.158.415**	**1.205.765**	**(47.350)**
Fee and commission income	286.910	325.083	(38.173)
Fee and commission expense	(57.080)	(106.822)	49.742
Net Fee and commission income	**229.830**	**218.261**	**11.569**
Dividend income	80.102	80.102	-
Net trading income	73.877	63.713	10.164
Net result from investment securities	(352)	-	(352)
Other operating income	44.949	46.122	(1.173)
Total operating income	**1.586.821**	**1.613.963**	**(27.142)**
Depreciation and amortization charges	(79.720)	(89.192)	9.472
Other operating expenses	(22.272)	(33.585)	11.313
Total operating expenses	**(1.101.995)**	**(1.075.830)**	**(26.165)**
Impairment losses on loans and advances	(137.679)	(126.906)	(10.773)
Profit before tax	**347.147**	**411.227**	**(64.080)**
Tax expense	(112.246)	(116.373)	4.127
Net Profit	**234.901**	**294.854**	**(59.953)**

Balance Sheet under Greek GAAP and IFRS as at 31.12.2004

€ 000's	IFRS	GrGAAP	Variation
ASSETS			
Cash and balances with central banks	817.612	813.769	3.843
Treasury bills and other eligible bills	118.674	118.689	(15)
Due from banks (net)	8.322.507	8.564.022	(241.515)
Trading portfolio assets	11.293.119	11.311.257	(18.138)
Loans and advances to customers (net)	23.096.956	23.212.219	(115.263)
Investment securities - available for sale	339.648	323.332	16.316
Investment property	414	-	414
Investments in subsidiaries	1.528.646	744.456	784.190
Investments in associates	280.593	1.287.772	(1.007.179)
Intangible assets	28.717	76.453	(47.736)
Property & equipment	1.060.862	1.018.441	42.421
Deferred tax assets	41.156	-	41.156
Other assets	1.218.530	831.668	386.862
Total assets	**48.147.434**	**48.302.078**	**(154.644)**
LIABILITIES			
Due to banks	5.748.858	5.747.299	1.559
Due to customers	37.174.565	37.175.074	(509)
Debt securities in issue	-	10.862	(10.862)
Subordinated liabilities	1.582.149	1.582.149	-
Other liabilities	864.402	1.030.570	(166.168)

Current tax liabilities	108.872	103.960	4.912
Deferred tax liabilities	4.348	-	4.348
Retirement benefit obligations	40.967	-	40.967
Total liabilities	**45.524.161**	**45.649.914**	**(125.753)**
SHAREHOLDERS' EQUITY			
Share capital	1.492.090	1.492.090	-
Share premium account	32.393	32.393	-
Less: treasury shares	(29.518)	(29.518)	-
Reserves and retained earnings	1.128.308	1.157.199	(28.891)
Equity attributable to NBG shareholders	**2.623.273**	**2.652.164**	**(28.891)**
Total equity and liabilities	**48.147.434**	**48.302.078**	**(154.644)**

Cash flow statement under Greek GAAP and IFRS as at 31.12.2004

€ 000's	IFRS	GrGAAP	Variation
Cash flow from operating activities	(1.209.639)	(546.027)	(664.289)
Cash flow from investing activities	6.873	13.814	(6.941)
Cash flow from financing activities	274.388	246.141	28.924
Effect of foreign exchange rate fluctuations on cash & cash equivalents	(111.275)	-	(111.275)
Net increase/(decrease) in cash and cash equivalents	**(1.039.653)**	**(286.072)**	**(753.581)**
Cash and cash equivalents at beginning of period	**5.310.092**	**6.021900**	**(711.808)**
Cash and cash equivalents at end of period	**4.270.439**	**5.735828**	**(1.465.389)**

The main differences of the cash flow statement according to IFRS in comparison to the cash flow statement under Greek GAAP result from:

a) Cash and cash equivalents included amounts due from central Banks and credit institutions that mature in more than 90 days from date of acquisition.

b) The inclusion of foreign exchange fluctuations on cash and cash equivalents within the respective activities.

c) The non-inclusion of cash flow equivalents and cash flow movements from non-finance sector subsidiaries.

d) Other balance sheet items reclassifications.

1.Defined benefits plans (IAS 19)

All unfunded liabilities arising from defined benefit pension plans were recognised as a liability. Under Greek GAAP provisions were based on labour law for staff retirement only.

2.Loan related fees and costs (IAS 18 & IAS 39)
All interest, interest-related fees and costs recognised at a constant rate to the expected maturity date. Under Greek GAAP all fees were accounted for as commission income when incurred.

3.Tangible and intangible assets (IAS 16, IAS 38 & IFRS 1)
For tangible and intangible assets, the Bank applies the historic cost method of accounting. Under previous GAAP, following Greek tax rules, property was revalued every 4 years based on indexed amounts. Such revaluation, for Greek GAAP purposes, took place on 31.12.2004.
Property and equipment are depreciated on straight-line basis over their estimated useful lives. Under Greek GAAP, depreciation was based on tax rates, which in general did not reflect the useful lives of tangible assets.
Intangible assets are recognised only when it is probable that future economic benefits will flow to the Bank. Under Greek GAAP various costs and expenses were capitalised.

4.Tax provisions (IAS 37)
Tax provisions were raised for tax open years where the outflow was probable and an estimate could be made. Under previous GAAP no such provisions were raised for these outflows.

5.Loans and receivables impairment (IAS 36)
Sundry receivables with indications of impairment were written off.

6.Dividends (IAS 10)
Dividends are accounted for when declared (approved by the shareholders). Under Greek GAAP dividends were accounted for when proposed.

7.Investment property (IAS 40)
Investment property owned by the Bank (or held through a leasing agreement, either finance or operating) is accounted for at cost and it is depreciated on straight-line basis over its estimated useful life. Under Greek GAAP, property that was held for investment purposes, was presented under own-used fixed assets.

8.Deferred taxes (IAS 12)
Under IAS 12, deferred income tax is fully provided by the Bank, using the liability method, on all temporary differences arising between the carrying amounts of its assets and liabilities and their amounts as measured for tax purposes. Under previous GAAP, there were no provisions for deferred taxes.

Adoption of IAS 32, 39

9.Financial instruments

Securities (excluding derivatives)
Under IAS 39, securities are initially recognized at cost, including transaction costs. Subsequent to their initial recognition, trading and available for sale securities are measured at fair value, with fair value gains and losses recorded in income statement and equity respectively, whereas securities held to maturity are carried at amortized cost. Under previous GAAP, all securities were initially accounted for at cost and re-measured on an aggregate basis at the lower of their cost or market value. In addition, the Bank, under IAS 39, recognizes all securities on trade date, whereas under previous GAAP securities were recognized when settled.

10.Derivatives
In accordance with IAS 39, all derivatives are carried at fair value. Under previous GAAP, listed derivatives were accounted for at fair value whereas all over-the-counter derivatives were carried at cost.