NATIONAL BANK OF GREECE S.A.

Consolidated 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 consolidated balance sheet of "National Bank of Greece S.A." (the "Bank') and its subsidiaries (the "Group") as of 31 December 2005 and the related consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall consolidated financial statement presentation as well as assessing the consistency of the Board of Director's report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Group, 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 51-1 of the consolidated financial statements which describes the basis of accounting for the merger of the Bank with National Real Estate Company.

Athens, 28 February 2006
Certified Public Accountant – Auditor

Nicolaos C. Sofianos
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Consolidated Income Statement

€ 000's	Note	Year ended 31.12.2005	31.12.2004
Continuing Operations			
Interest and similar income		2.426.266	2.089.533
Interest expense and similar charges		(830.506)	(755.737)
Net interest income	6	**1.595.760**	**1.333.796**
Fee and commission income		455.810	414.380
Fee and commission expense		(30.759)	(26.525)
Net fee and commission income	7	**425.051**	**387.855**
Earned premia net of reinsurance		551.990	560.939
Net claims incurred		(451.609)	(471.847)
Net premia from insurance contracts	8	**100.381**	**89.092**
Dividend income	9	13.760	17.150
Net trading income	10	67.522	106.750
Net result from investment securities	26	127.679	880
Other operating income	11	161.693	143.129
Total operating income		**2.491.846**	**2.078.652**
Personnel expenses	12&13	(877.307)	(995.972)
General & administrative expenses	14	(334.532)	(329.965)
Depreciation, amortisation and impairment charges	15	(114.551)	(125.161)
Other operating expenses	16	(39.808)	(50.468)
Total operating expenses		**(1.366.198)**	**(1.501.566)**
Impairment losses on loans and advances	17	(226.259)	(173.843)
Share of profit of associates	28	43.700	25.154
Profit before tax		**943.089**	**428.397**
Tax expense	18	(221.157)	(165.400)
Profit for the period from continuing operations		**721.932**	**262.997**
Discontinued operations			
Profit for the period from discontinued operations	34	29.020	29.351
Profit for the period		**750.952**	**292.348**
Attributable to:			
Minority interests	44	23.590	12.771
NBG equity shareholders		727.362	279.577
Earnings per share- Basic & Diluted from continuing & discontinued operations	19	€2,08	€ 0,83
Earnings per share- Basic & Diluted from continuing operations	19	€1,99	€ 0,74

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 8 to 77 form an integral part of these consolidated financial statements

Consolidated Balance Sheet

€ 000's	Note	31.12.2005	31.12.2004
ASSETS			
Cash and balances with central banks	20	2.431.287	1.145.042
Treasury bills and other eligible bills	21	177.023	150.400
Due from banks (net)	22	4.085.204	8.587.378
Financial assets at fair value through P&L	23	13.667.471	11.615.536
Derivative financial instruments	24	309.030	-
Loans and advances to customers (net)	25	29.528.178	26.052.758
Investment securities	26	2.833.661	2.382.941
Investment property	27	126.506	123.742
Investments in associates	28	249.152	219.671
Goodwill & other intangible assets	29	65.911	72.763
Property & equipment	30	1.885.713	1.959.636
Deferred tax assets	31	217.417	75.022
Insurance related assets and receivables	32	637.916	492.904
Other assets	33	1.479.888	1.609.584
Assets classified as held for sale	34	2.732.203	-
Total assets		**60.426.560**	**54.487.377**
LIABILITIES			
Due to banks	35	5.060.850	6.413.741
Derivative financial instruments	24	302.698	-
Due to customers	36	43.350.120	40.865.176
Debt securities in issue	37	175.297	63.448
Other borrowed funds	38	956.988	748.642
Insurance related reserves and liabilities	39	1.734.249	1.326.697
Deferred tax liabilities	31	102.359	10.917
Retirement benefit obligations	13	207.725	225.331
Other liabilities	40	1.960.701	1.343.252
Liabilities classified as held for sale	34	2.259.165	-
Total liabilities		**56.110.152**	**50.997.204**
SHAREHOLDERS' EQUITY			
Share capital	42	1.696.347	1.492.090
Share premium account	42	-	32.393
Less: treasury shares	42	(22.680)	(210.128)
Reserves and retained earnings	43	1.450.163	1.041.348
Equity attributable to NBG shareholders		**3.123.830**	**2.355.703**
Minority Interest	44	109.997	302.321
Undated tier I perpetual securities	45	1.082.581	832.149
Total shareholders' equity		**4.316.408**	**3.490.173**
Total equity and liabilities		**60.426.560**	**54.487.377**

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 8 to 77 form an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

€ 000's	Attributable to equity holders of the parent company						
	Share capital	Share premium	Treasury shares	Reserves & Retained earnings	Total	Minority Interest & undated tier I perpetual securities	Total
Balance at 1 January 2004	**1.147.761**	**32.393**	**(348.790)**	**1.324.023**	**2.155.387**	**692.579**	**2.847.966**
Currency translation differences	-	-	-	(6.699)	**(6.699)**	-	**(6.699)**
Profit/(loss) recognised directly in equity	-	-	-	(6.699)	**(6.699)**	-	**(6.699)**
Net Profit/(loss) for the period	-	-	-	279.577	**279.577**	12.771	**292.348**
Total				272.878	**272.878**	12.771	**285.649**
Issue of share capital	344.329	-	-	(344.329)	-	-	-
Dividends to ordinary shareholders	-	-	-	(160.522)	**(160.522)**	(10.173)	**(170.695)**
Issue of preferred securities	-	-	-	(292)	**(292)**	482.149	**481.857**
Dividends to preferred securities	-	-	-	(13.620)	**(13.620)**	-	**(13.620)**
Acquisitions, disposals & share capital increases of subsidiaries/associates	-	-	-	(873)	**(873)**	(31.012)	**(31.885)**
Purchases/ disposals of treasury shares & preferred securities	-	-	138.662	(35.917)	**102.745**	(11.844)	**90.901**
Balance at 31 December 2004	**1.492.090**	**32.393**	**(210.128)**	**1.041.348**	**2.355.703**	**1.134.470**	**3.490.173**
Adoption of IAS 39 & IFRS 4	-	-	-	(110.761)	**(110.761)**	(31.739)	**(142.500)**
At 1 January 2005 restated	**1.492.090**	**32.393**	**(210.128)**	**930.587**	**2.244.942**	**1.102.731**	**3.347.673**
Movement in the available for sale securities reserve, net of tax	-	-	-	(81.930)	**(81.930)**	(3.435)	**(85.365)**
Currency translation differences	-	-	-	(1.323)	**(1.323)**	20.576	**19.253**
Profit/(loss) recognised directly in equity	-	-	-	(83.253)	**(83.253)**	17.141	**(66.112)**
Net Profit/(loss) for the period	-	-	-	727.362	**727.362**	23.590	**750.952**
Total	-	-	-	644.109	**644.109**	40.731	**684.840**
Merger through absorption of subsidiaries	204.257	(32.393)	-	37.428	**209.292**	(209.292)	-
Issue of preferred securities	-	-	-	(3.423)	**(3.423)**	230.000	**226.577**
Dividends to preferred securities	-	-	-	(45.999)	**(45.999)**	-	**(45.999)**
Share capital issue costs	-	-	-	(1.065)	**(1.065)**	(312)	**(1.377)**
Dividends to ordinary shareholders	-	-	-	(193.230)	**(193.230)**	-	**(193.230)**
Acquisitions, disposals & share capital increases of subsidiaries/associates	-	-	-	(6.650)	**(6.650)**	28.695	**22.045**
Purchases/ disposals of treasury shares & preferred securities	-	-	187.448	88.406	**275.854**	25	**275.879**
Balance at 31 December 2005	**1.696.347**	**-**	**(22.680)**	**1.450.163**	**3.123.830**	**1.192.578**	**4.316.408**

Detailed analysis of the changes in equity is presented in notes 42 to 45 of these financial statements

The notes on pages 8 to 77 form an integral part of these consolidated financial statements

Consolidated Cash Flow Statement

€ 000's	Note	Year ended 31.12.2005	Year ended 31.12.2004
Cash flows from operating activities			
Profit for the period from continuing operations		**721.932**	**262.997**
Adjustments for:			
Non-cash items included in profit and other adjustments:		**172.620**	**228.942**
Depreciation, amortisation & impairment on fixed assets & invest. property		114.550	125.161
Impairment losses on investments		664	346
Credit loss expense / (recovery)		226.259	173.843
Equity income of associates		(43.700)	(25.154)
Deferred tax expense / (benefit)		32.802	(671)
Dividend income from investment securities		(6.136)	(5.968)
Net (profit) / loss on sale of fixed assets & investment property		(23.476)	(37.389)
Net (income) / expense on investment securities		(128.343)	(1.226)
Net (increase) / decrease in operating assets:		**(4.274.620)**	**(1.467.278)**
Net due from / to banks		616.377	(3.856.775)
Financial assets at fair value through P&L		(3.786.769)	4.825.680
Net proceeds / (purchase) of treasury bills and other eligible bills		1.443	(46.370)
Net derivative financial instruments		(102.103)	-
Net loans and advances to customers / due to customers		(1.031.162)	(2.441.082)
Other assets		27.594	51.269
Net increase / (decrease) in operating liabilities:		**627.830**	**241.015**
Other deposits		121.079	73.193
Income taxes paid		(154.595)	(170.284)
Other liabilities		661.346	338.106
Net cash flow from / (used in) operating activities from continuing operations		**(2.752.238)**	**(734.324)**
Net cash flow from / (used in) operating activities from discontinued operations		**(348.793)**	**(144.519)**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		(12.470)	(50.585)
Acquisitions / disposals of associates, net of cash		806	(409)
Dividends received from investment securities & associates		16.051	16.321
Net proceeds / (purchases) of fixed assets		(71.521)	(123.918)
Net proceeds / (purchases) of investment property		895	20.106
Net proceeds / (purchases) of investment securities - available for sale		483.149	(237.238)
Proceeds from redemption of investment securities - held to maturity		(20.867)	-
Net cash from / (used in) investing activities from continuing operations		**396.043**	**(375.723)**
Net cash from / (used in) investing activities from discontinued operations		**129.993**	**52.685**
Cash flows from financing activities			
Proceeds from /(repayments of) borrowed funds and debt securities		301.468	(3.853)
Issuance of undated tier I perpetual securities		230.000	482.149
Net sales /(purchases) of treasury shares		275.856	102.745
Minority interest		28.408	(53.029)
Dividends paid		(193.230)	(160.522)
Net cash from / (used in) financing activities from continuing operations		**642.502**	**367.490**
Net cash from / (used in) financing activities from discontinued operations		**-**	**-**
Effect of foreign exchange rate changes on cash and cash equivalents		129.581	(116.487)
Net increase/(decrease) in cash and cash equivalents		**(1.802.912)**	**(950.878)**
Cash and cash equivalents at beginning of period	47	**4.930.173**	**5.881.051**
Less: cash & cash equivalents at period end from discontinued operations		**(62.515)**	**-**
Cash and cash equivalents at end of period	47	**3.064.746**	**4.930.173**

The notes on pages 8 to 77 form an integral part of these consolidated financial statements

Notes to the Consolidated 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 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 164 years of operations the Bank has expanded on its commercial banking business by entering into related business areas. National Bank of Greece and its subsidiaries (hereinafter the "Group") provide a wide range of financial services including retail and commercial banking, asset management, brokerage, investment banking, insurance and real estate on a global level. The Group operates primarily in Greece, but also has operations in UK, SE Europe, Cyprus, Egypt, South Africa and North America (discontinued).

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 consolidated financial statements have been approved for issue by the Bank's Board of Directors on 28 February 2006 and are subject to the approval of the Annual General Meeting of the Bank's shareholders, which will be held on 12 April 2006.

NOTE 2: Summary of significant accounting policies

2.1 Basis of presentation

The consolidated financial statements of the Group (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 at fair value through profit and loss 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, insurance reserves, 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 Group adopts the requirements of IFRS for the first time for the purpose of preparing financial statements for the year ending 31 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 Group has applied IFRS in force and endorsed (or where there is reasonable expectation of endorsement) by the European Union (EU) as of 31 December 2005 in its financial reporting with effect from 1 January 2004 with the exception of the standards relating to financial instruments and insurance contracts (IAS 32, 39 and IFRS 4).

The Group 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 1 January 2005. In 2004 comparatives, financial instruments and insurance contracts 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 52.

Interpretations and amendments to published standards effective in 2005

The following amendments and interpretations to standards are mandatory for the Group'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); This interpretation is not relevant to the Group.
- 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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2006 or later periods but which the Group has not early adopted (unless otherwise stated), 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 Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not currently participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the accounts. The Group 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 consolidated 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) the foreign currency risk will affect consolidated profit or loss. This amendment will not have a significant impact on the Group's financial position, as the Group does not have any intragroup transactions that would qualify as a hedged item in the consolidated financial statements as of 31 December 2005 and 2004.

- 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. The Group has decided to apply this amendment for the annual period beginning 1 January 2005 (early adoption).

- 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 believes that it will not have a significant impact on the Group'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 Group 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 Group 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 Group's operations.

2.3 Group accounts

Business combinations: All acquisitions are accounted for using the purchase method of accounting as set out in IFRS 3 from the date on which the Group effectively obtains control of the acquiree. The Group has incorporated into its income statement the results of operations of the acquiree and has also recognised in the balance sheet the assets and assumed the liabilities and contingent liabilities of the acquiree as well as any goodwill arising on the acquisition. Acquisitions are accounted for at cost, being the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for the control of the acquiree plus any costs directly attributable to the acquisition. For the allocation of the cost of acquisition, all recognised assets and liabilities are measured at their fair values as at the date of acquisition and any minority interests are stated at the minority's proportion of the fair values of the assets and liabilities recognised in accordance with IFRS 3. The Group has elected to use the exemption of paragraph 15 of IFRS 1 and did not restate past business combinations that occurred prior to the transition date.
The consolidated financial statements combine the financial statements of the Bank and all its subsidiaries, including certain special purpose entities where appropriate.

Business combinations achieved in stages: When the Group obtains control over a subsidiary in successive share purchases i.e. "step acquisition", each significant transaction is accounted for separately and the identifiable assets, liabilities and contingent liabilities acquired are stated at their fair value at the acquisition date which is the date when the control is obtained.

As with an acquisition achieved in a single transaction, minority interest is measured at the minority's proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities. Any share of the identifiable assets, liabilities and contingent liabilities acquired in previous transactions is revalued. The revaluation is calculated as the difference between the fair value of assets in excess of book values by the share portion previously acquired. This adjustment is recorded directly in equity and does not constitute a change in accounting policy.

Further acquisition after control is obtained: Changes in the parent's ownership interest in a subsidiary after control is obtained that do not result in a loss of control are accounted for as transactions between equity holders in their capacity as equity holders. No gain or loss is recognised in income statement on such changes. The carrying amount of the non-controlling interest is adjusted to reflect the change in the parent's interest in the subsidiary's net assets. Any difference between the amount by which the non-controlling interest is so adjusted and the fair value of the consideration paid or received, if any, is recognised directly in equity and attributed to equity holders of the parent. (Ref: par 30A Exposure Draft of Proposed Amendments to IAS 27 Consolidated and Separate Financial Statements). Legal mergers which involve transactions between entities under common control are accounted for using the above method. As effective date of such transactions is considered the transformation balance sheet date.

Subsidiary undertakings: Subsidiary undertakings, which are those companies in which the Group directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over their financial and operating policies, have been fully consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date that control ceases. All intra-group transactions, balances and unrealised surpluses and deficits on transactions between Group companies are eliminated on consolidation. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Associated undertakings: Investments in associates are accounted for by applying the equity method of accounting. These are undertakings over which the Group has between 20% and 50% of the voting rights, and over which the Group exercises significant influence, but which it does not control. Impairment charges are recognised for other than temporary declines in value.

Under the equity method of accounting, the investment is initially recorded at cost, and is increased or decreased by the proportionate share of the affiliate's profits or losses after the date of acquisition. Goodwill arising on the acquisition of an associate is included in the cost of the investment (net of any accumulated impairment loss). Dividends received from the associate during the year reduce the carrying value of the investments. Investments in associates for which significant influence is intended to be temporary because such investments are acquired and held exclusively with a view to their subsequent disposal within twelve months from their acquisition, are recorded as assets held for sale. Unrealised gains and losses on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in the associated undertaking. Where necessary, the accounting policies used by the associate have been changed to ensure consistency with the policies adopted by the Group.

2.4 Foreign currency translation

Items included in the financial statements of each entity of the Group 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 recognised 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 recognised 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.

When preparing the financial statements, assets and liabilities of foreign entities are translated at the exchange rates prevailing at the balance sheet date, while income and expense items are translated at average rates for the period. Differences resulting from the use of closing and average exchange rates and from revaluing a foreign entity's opening net asset balance at closing rate are recognised directly in foreign currency translation reserve within shareholders' equity. When a foreign entity is sold, such translation differences are recognised in the income statement as part of the gain or loss on sale.
Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Regular way purchases and sales

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

2.6 Derivative financial instruments and hedging (Applicable for the Group from 1 January 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 recognised 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 Group and in liabilities when unfavourable to the Group. Fair values are obtained from quoted market prices, dealer price quotations, discounted cash flow models and options pricing models, as appropriate. Where the Group enters into derivative instruments used for trading purposes, realised and unrealised gains and losses are recognised 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 Group 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 Group applies either fair value or cash flow hedge accounting when transactions meet the specified criteria to obtain hedge accounting treatment. The Group'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 Group 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.

2.6.1 Fair value hedges

For qualifying fair value hedges, the change in fair value of the hedging derivative is recognised 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, amortised to the income statement over the remaining term of the original hedge, while for non-interest bearing instruments that amount is immediately recognised in the income statement. If the hedged instrument is derecognised, e.g. sold or repaid, the unamortised fair value adjustment is recognised immediately in the income statement.

2.6.2 Cash flow hedges

Fair value gains or losses associated with the effective portion of a derivative designated as a cash flow hedge are recognised 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 Group'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 recognised in trading income.

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

2.7 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 recognised amounts and there is an intention to realize the asset and settle the liability simultaneously or on a net basis.

2.8 Interest income and expense

Interest income and expense are recognised 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.

2.9 Fee and commission income

Fees and commissions are generally recognised 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 recognised upon completion of the underlying transaction.

2.10 Financial assets at fair value through profit and loss (Applicable for the Group from 1 January 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 making exists.

Trading securities are initially recognised 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 realised 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 recognised at trade date, which is the date that the Group 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 Group 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.

2.11 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.

2.12 Securities borrowing and lending (Applicable for the Group from 1 January 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 recognised 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 Group 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.

2.13 Investment Securities (Applicable for the Group from 1 January 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 recognised at trade date, which is the date that the Group commits to purchase or sell the asset. All other purchases and sales, which do not fall within market convention are recognised as derivative forward transactions until settlement.

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 recognised 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 amortised cost using the effective interest rate method, less any provision for impairment. Amortised 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 amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial 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 recognised 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.

2.14 Loans and receivables (Applicable for the Group from 1 January 2005)

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

Interest on loans originated by the Group is included in interest income and is recognised 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 amortised to interest income over the life of the loan using the effective interest rate method.

2.15 Impairment losses on loans and advances (Applicable for the Group from 1 January 2005)

A credit risk provision for loan impairment is established if there is objective evidence that the Group 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 Group 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 amortised 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 with 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 Group to reduce any differences between loss estimates and actual loss experience.

Subject to compliance with tax laws 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.

2.16 Property and equipment

Property and equipment include land and buildings, leasehold improvements and transportation and other equipment, held by the Group 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 Group 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 capitalised, only when it is probable that they will result in future economic benefits to the Group 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 Group 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.

2.17 Investment property

Investment property includes land and buildings, owned by the Group (or held through a leasing agreement, either finance or operating) 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 Group 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 Group 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.

2.18 Goodwill and other intangible assets

Intangible assets include goodwill, computer software and other intangible assets that comprise of separately identifiable intangible items arising from acquisitions.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired entity at the date of acquisition. Subsequent to initial recognition, goodwill is stated at cost less accumulated impairment losses. Management tests goodwill for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Notwithstanding the above, the Group has elected to use the exemption of paragraph 15 of IFRS 1 in respect of past business combinations, which means that any goodwill recognised under previous GAAP as a reduction from equity, has not been recognised in its opening IFRS balance sheet, rather is accounted for as an adjustment to retained earnings. Furthermore, the Group shall not transfer goodwill to the income statement if in a future date disposes of the subsidiary (or associate) or if the investment in the subsidiary (or associate) to which that goodwill relates, becomes impaired. Any excess, as at the date of the exchange transaction, of the acquirer's interest in the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition, should be recognised as negative goodwill. Once it has been established that negative goodwill exists, the Group a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination and b) recognizes immediately in the income statement any profit or loss remaining after the reassessment.

Computer software includes costs that are directly associated with identifiable and unique software products controlled by the Group 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 recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets, are amortised 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 Group is recognised 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.

2.19 Insurance Operations

As of 1 January 2005, the Group allocates its insurance related products into insurance contracts and investment contracts depending on the level of insurance risk inherent in the products in accordance with IFRS 4 ("Insurance contracts"). As permitted by IFRS 4, the Group accounts for its insurance contracts in accordance with Greek accounting principles. Accordingly, overseas insurance liabilities are measured in accordance with the accounting and legal requirements in the countries concerned and as permitted by IFRS 4.

Assets and liabilities relating to investment contracts are classified and measured as appropriate under IAS 39, 'Financial Instruments: Recognition and Measurement'. The Group assesses whether its recognised insurance liabilities are adequate by applying a liability adequacy test ("LAT"), which meets the minimum requirements set forth in IFRS 4, at the end of each reporting period. Additional liabilities resulting from the LAT increase the carrying amount of insurance liabilities as determined in accordance with local laws and regulations and are charged off to the income statement. As at 1 January, additional liabilities resulting from the first application of the LAT were charged off to equity.

2.20 Leases

a. A Group company is the lessee
Leases where the Group has substantially all the risks and rewards of ownership of the asset are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The 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 recognised as an expense in the period in which termination takes place.

b. A Group Company is the lessor
Finance leases: When assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. Lease income is recognised 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 recognised on a straight-line basis over the lease term.

2.21 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.

2.22 Provisions

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

2.23 Employee benefits

Group companies operate various retirement benefit plans in accordance with local conditions and practices in their respective countries. Such plans are classified as pension plans or other post-retirement benefit plans.

2.23.1 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 Group follows the “corridor” approach of IAS 19 “Employee Benefits” according to which a certain amount of actuarial gains and losses remains unrecognised and is amortised over the average remaining service lives of the employees participating in the plan. The Group 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 recognised 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 Group 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. Group contributions to defined contribution plans are charged to the income statement in the year to which they relate and are included in staff costs.

2.23.2 Other post-retirement benefit plans

Group employees participate in plans, which provide for various health benefits including post-retirement healthcare benefits. Such plans are also classified as either defined contribution or defined benefit plans. Obligations under other defined benefit post-retirement plans are valued annually by independent qualified actuaries.

2.24 Income taxes

Income tax payable on profits, based on the applicable tax laws in each jurisdiction, is recognised 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 consolidated balance sheet and their amounts as measured for tax purposes.

The principal temporary differences arise from insurance reserves, provisions for pensions and revaluation of certain assets. Deferred tax assets relating to the unused tax losses carried forward are recognised to the extent that it is probable that sufficient taxable profits will be available against which these losses can be utilised.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised 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 Group and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, 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 utilised.

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 recognised in the income statement together with the deferred gain or loss.

2.25 Borrowings

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

2.26 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 recognised as a liability in the period in which they are approved by the Annual General Meeting of the Shareholders of the Bank and its subsidiaries.

Treasury shares: NBG shares held by the Group 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.

2.27 Segment reporting

The Group is organised on a worldwide basis into six 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 Group reports its primary segment information.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.28 Assets and liabilities held for sale and discontinued operations

Assets (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 Group's business that represents a separate major line of business or geographical area of operations 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 discontinued operations occurs upon disposal or when the operations meet the criteria to be classified as held for sale. Discontinued operations are presented on the face of the income statement.

The Group adopted IFRS 5 from 1 January 2005 prospectively in accordance with the standard's provisions.

2.29 Related party transactions

Related parties include entities, which the Bank has the ability to 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.

2.30 Fiduciary and trust activities

The Group 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 Group receives fee income for providing these services. Trust assets are not assets of the Group and are not recognised in the financial statements. The Group is not exposed to any credit risk relating to such placements, as it does not guarantee these investments.

2.31 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

3.1 Critical accounting policies and estimates

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 Group's Consolidated Financial Statements and accompanying notes. The Group believes that the judgments, estimates and assumptions used in the preparation of the Consolidated Financial Statements are appropriate given the factual circumstances as of 31 December 2005.

Various elements of the Group's accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions and other subjective assessments. In particular, the Group has identified eight 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 realised, 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 measurement inconsistency (an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on a different basis.

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 amortised over the life of the transaction, deferred until fair value can be determined using market observable inputs, or realised through settlement. In all instances, any unrecognised 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 recognised immediately in the income statement without reversal of deferred Day 1 profits and losses.

Goodwill and Equity method investments

The Group regularly reviews goodwill and equity method investments for possible impairment indications. If the impairment indicators are identified, the Group makes an assessment about whether the carrying amount of such assets remains fully recoverable. When making this assessment the Group 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 Group 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 Group 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.

Allowances for loan losses made by our foreign subsidiaries are estimated by the subsidiary using similar criteria as the Bank uses in Greece. As the process for determining the adequacy of the allowance requires subjective and complex judgment by management about the effect of matters that are inherently uncertain, subsequent evaluations of the loan portfolio, in light of the factors then prevailing, may result in changes in the allowance for loan losses.

Insurance reserves
Insurance reserves for life insurance operations (long-duration contracts) are estimated using approved actuarial methods that include assumptions about future investment yields, mortality, expenses, options and guarantees, morbidity and terminations. Insurance reserves for property and casualty insurance operations (short-duration contracts) are determined using loss estimates, which rely on actuarial observations of loss experience for similar historic events. Assumptions and observations of loss experience are periodically adjusted, with the support of qualified actuaries, in order to reflect current conditions. Any additional future losses anticipated from the revision of assumptions and estimations is charged to the income statement.

We continue to monitor potential for changes in loss estimates in order to ensure that our recorded reserves in each reporting period reflect current conditions.

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 Group'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 Group 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.

Useful lives of depreciable assets
The Group's management determines the estimated useful lives and related depreciation charges for its property and other equipment. The Group'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. Such estimates are not expected to change significantly, however, management modifies depreciation charge rates wherever useful lives turn out to be different than previously estimated and it writes down or writes off technically obsolete assets.

3.2 Critical accounting judgments

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

Impairment of available-for-sale financial assets
The Group follows the guidance of IAS 39 on determining when an investment is other than temporarily impaired. This determination requires judgment and the Group 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 Group 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 Group 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 is conducted separately by the Bank and each of its subsidiaries. The Group has implemented systematic controls and monitoring of credit risk and market risk and has formed a Risk Management Council to establish consistent risk management policies throughout the Group. Each of the credit risk procedures established by the subsidiaries is coordinated by the Group Risk Management Division.

The Bank. The credit risk process for the Bank is managed centrally by the Group Risk Management Division, which works closely with centralised 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 centralised 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 centralised. The rational behind this organizational structure is three-fold:

- To ensure correct application of credit policy
- To effectively channel the applications through 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.

The Bank's subsidiaries

United Bulgarian Bank(UBB). Outstanding business loans to large corporations are reviewed monthly by the responsible credit officers and by UBB's Credit Portfolio Review Committee, which is responsible for reviewing general categories of risk and implementing risk guidelines. Loans to small to medium sized enterprises (SMEs) are also reviewed on a monthly basis. All loans are reclassified monthly according to a risk assessment based on a four-point risk-rating system. In addition, UBB's auditors carry out a separate review of loans representing approximately 70% of the loan portfolio on an annual basis. The review is focused on the largest and most recently granted loans and a random sample of other loans. Interim reviews are undertaken during semi-annual audit reviews. Reports related to the status of loans are submitted regularly to the Credit Committee by UBB's Credit Portfolio Review Committee. At least once a year, UBB's executive management presents a full report on the quality of UBB's loan portfolio to its Board of Directors.

Stopanska Banka. Stopanska applies a five-point risk rating system for classifying loans. Loans are rated from A to E, with E being the riskiest (i.e. non performing). Loans are classified depending mainly on the length of time they have been in arrears. Loans in class A have been in arrears for less than 30 days, while those in class E have been in arrears for over 365 days.

NBG Cyprus. NBG Cyprus has adopted the Bank's risk rating system. A special Credit Provisions Committee presents a report annually to NBG Cyprus' Executive Credit Committee on the quality of the bank's credit portfolio.

Banca Romaneasca. Banca Romaneasca applies a five-point credit rating system. The credit category assigned to a loan is determined by three factors: risk rating, debt service and initiation of legal proceedings and is re-assessed on a monthly basis. A debtor's financial performance and risk rating are measured by a combination of quantitative and qualitative criteria, such as the debtor's quantitative financial performance as well as his general background. Banca Romaneasca evaluates these factors and, after receiving the client's annual and semi-annual financial statements, re-assesses risk rating twice a year (in April and August). The initiation of legal proceedings results in automatically classifying the loan in the lowest credit category regardless its risk rating and debt service factors.

The South African Bank of Athens (SABA). SABA focuses on working capital facilities and asset based finance for small-to-medium sized enterprises and all facilities are reviewed on an annual basis in light of the most recent financial statements for such corporate clients. During this review period SABA analyses the client's entire business and looks for opportunities to add value by either providing business advice or restructuring/ increasing facilities.

Geographical concentration of the Group's loan portfolio and credit commitments is summarised in the following table.

Geographical concentration of loan portfolio (net) and credit commitments

	Loan portfolio				Credit commitments			
	31.12.2005		31.12.2004		31.12.2005		31.12.2004	
Greece……………………………	25.537.683	87%	21.361.590	82%	13.338.814	94%	10.715.206	85%
SE Europe……………………………	2.681.630	9%	2.133.505	8%	482.805	5%	449.295	8%
West European Countries………..	1.246.687	4%	1.211.499	5%	150.159	1%	213.355	3%
United States and Canada*………	-	-	1.270.479	5%	-	-	165.449	3%
South Africa…………………………	62.178	0%	75.685	0%	14.417	0%	46.477	1%
Total……………………………………	**29.528.178**		**26.052.758**		**13.986.195**		**11.589.782**	1%

(*) Discontinued operations

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 Group.

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 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 utilisation of its results adopted within 2005 and applied the most advanced methodology of 'Algorithmics' company for measuring market risk variables. It should be 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 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 portfolios 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.

4.3 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 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 sensitivity of Group's assets and liabilities is summarised as follows:

At 31 December 2005

ASSETS	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Non interest bearing	Total
Cash and balances with central banks	1.544.004	5.405	10.816	-	5.474	865.588	**2.431.287**
Treasury bills and other eligible bills	46.344	7.232	79.858	40.072	3.517	-	**177.023**
Due from banks	1.473.378	994.755	1.332.919	35.374	46	248.732	**4.085.204**
Financial assets at fair value through P&L	385.217	409.216	6.854.226	3.910.960	1.872.960	234.892	**13.667.471**
Loans and advances to customers (net)	18.433.563	2.230.189	6.182.311	1.516.189	977.298	188.628	**29.528.178**
Investment securities - available for sale	132.006	244.122	473.509	493.715	890.505	578.937	**2.812.794**
- held to maturity	8.659	-	12.208	-	-	-	**20.867**
Other assets	1.148.267	4.749	12.831	12.491	394	3.792.801	**4.971.533**
Total assets (excl. assets held for sale)	**23.171.438**	**3.895.668**	**14.958.678**	**6.008.801**	**3.750.194**	**5.909.578**	**57.694.357**

LIABILITIES	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Non interest bearing	Total
Due to banks	3.929.433	874.376	215.526	16.386	9.243	15.886	**5.060.850**
Due to customers	38.005.072	2.133.071	2.714.023	196.387	1.668	299.899	**43.350.120**
Debt securities in issue & other borrowed funds	2.726	511.005	154.551	166.606	293.915	3.482	**1.132.285**
Other liabilities	713.088	24.751	3.594	264	4.956	3.561.079	**4.307.732**
Total liabilities (excl. liabilities held for sale)	**42.650.319**	**3.543.203**	**3.087.694**	**379.643**	**309.782**	**3.880.346**	**53.850.987**
Total interest sensitivity gap	**(19.478.881)**	**352.465**	**11.870.984**	**5.629.158**	**3.440.412**	**2.029.232**	**3.843.370**

At 31 December 2004

ASSETS	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Non interest bearing	Total
Cash and balances with central banks	484.170	3.035	1.234	-	4.654	651.949	**1.145.042**
Treasury bills and other eligible bills	37.105	21.606	79.622	12.067	-	-	**150.400**
Due from banks	6.186.867	1.831.144	444.062	819	184	124.302	**8.587.378**
Financial assets at fair value through P&L	429.429	1.356.053	1.057.698	6.132.458	1.831.475	808.423	**11.615.536**
Loans and advances to customers (net)	4.609.323	12.364.189	5.819.595	2.152.555	904.867	202.229	**26.052.758**
Investment securities - available for sale	8.419	477.579	103.617	463.817	1.079.979	249.530	**2.382.941**
Other assets	59.230	4.019	10.006	27.145	15.553	4.437.369	**4.553.322**
Total assets (excl. assets held for sale)	**11.814.543**	**16.057.625**	**7.515.834**	**8.788.861**	**3.836.712**	**6.473.802**	**54.487.377**

LIABILITIES	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Non interest bearing	Total
Due to banks	4.282.209	509.475	1.088.893	328.206	66.462	138.496	6.413.741
Due to customers	32.585.063	2.822.630	1.651.819	205.951	102.617	3.497.096	40.865.176
Debt securities in issue & other borrowed funds	4.051	750.460	10.538	40.929	2.339	3.773	812.090
Other liabilities	397.497	239.400	55.093	188	1.388	2.212.631	2.906.197
Total liabilities (excl. liabilities held for sale)	**37.268.820**	**4.321.965**	**2.806.343**	**575.274**	**172.806**	**5.851.996**	**50.997.204**
Total interest sensitivity gap	**(25.454.277)**	**11.735.660**	**4.709.491**	**8.213.587**	**3.663.906**		

4.4 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 Group'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 Group also derives liquidity from the results of its operations and disposals of securities and other assets. In recent years, the Group 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 Group was able to fund foreign currency assets, including foreign currency loans to domestic customers, through its foreign currency deposit base. The Group 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 Group has access to the funds necessary to cover customer needs, maturing liabilities and the capital requirements of the Group's operations. Liquidity risk arises in the general funding of the Group'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 table below analyses the Group's assets and liabilities into relevant maturity groupings according to the remaining period at balance sheet date to the contractual maturity date.

At 31 December 2005

ASSETS	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	2.369.737	5.405	10.818	-	45.327	**2.431.287**
Treasury bills and other eligible bills	46.344	7.231	79.859	40.072	3.517	**177.023**
Due from banks	1.743.051	992.379	1.307.597	42.044	133	**4.085.204**
Financial assets at fair value through P&L	209.508	74.881	623.703	4.449.347	8.310.032	**13.667.471**
Derivative financial instruments	50.547	7.002	31.596	39.971	179.914	**309.030**
Loans and advances to customers (net)	3.034.077	1.987.594	5.292.226	9.338.265	9.876.016	**29.528.178**
Investment securities - available for sale	91.216	63.268	94.228	490.832	2.073.250	**2.812.794**
- held to maturity	-	-	20.867	-	-	**20.867**
Other assets	1.454.724	467.905	34.349	67.773	2.637.752	**4.662.503**
Total assets (excl. assets held for sale)	**8.999.204**	**3.605.665**	**7.495.243**	**14.468.304**	**23.125.941**	**57.694.357**
LIABILITIES						
Due to banks	3.801.693	878.918	212.762	151.242	16.235	**5.060.850**
Derivative financial instruments	29.749	9.940	31.082	51.660	180.267	**302.698**
Due to customers	37.887.643	2.123.956	2.696.792	639.733	1.996	**43.350.120**
Debt securities in issue & Other borrowed funds	-	-	1.000	912.685	218.600	**1.132.285**
Other liabilities	640.572	1.367.014	599.563	2.671	1.395.214	**4.005.034**
Total liabilities (excl. liabilities held for sale)	**42.359.657**	**4.379.828**	**3.541.199**	**1.757.991**	**1.812.312**	**53.850.987**
Net liquidity gap	**(33.360.453)**	**(774.163)**	**3.954.044**	**12.710.313**	**21.313.629**	**3.843.370**

At 31 December 2004

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Total
Total assets	11.512.769	3.978.764	9.835.219	13.200.511	15.960.114	**54.487.377**
Total liabilities	40.661.120	2.998.840	3.465.868	2.343.084	1.528.292	**50.997.204**
Net liquidity gap	**(29.148.351)**	**979.924**	**6.369.351**	**10.857.427**	**14.431.822**	**3.490.173**

4.5 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 Group's exposure to foreign exchange risk is as follows:

At 31 December 2005

ASSETS	EURO	USD	GBP	JPY	CHF	Other	Total
Cash and balances with central banks	2.159.550	37.500	11.970	192	1.138	220.937	**2.431.287**
Treasury bills and other eligible bills	68.052	-	-	-	-	108.971	**177.023**
Due from banks (net)	3.171.050	561.194	147.909	5.987	43.728	155.336	**4.085.204**
Financial assets at FV through P&L	13.500.084	124.921	-	-	-	42.466	**13.667.471**
Derivative financial instruments	244.965	51.417	487	4.325	2.332	5.504	**309.030**
Loans and advances to customers (net)	26.828.367	1.018.796	127.003	16.957	126.871	1.410.184	**29.528.178**
Investment securities - available for sale	2.324.655	90.025	100.877	268.580	-	28.657	**2.812.794**
- held to maturity	20.867	-	-	-	-	-	**20.867**
Investment property	121.590	165	-	-	-	4.751	**126.506**
Investments in associates	248.900	-	-	-	-	252	**249.152**
Goodwill & other intangible assets	47.171	2.246	246	-	-	16.248	**65.911**
Property & equipment	1.717.674	10	82.429	-	-	85.600	**1.885.713**
Other assets, including insurance	1.798.303	111.601	334.950	34.515	608	55.244	**2.335.221**
Total assets (excl. assets held for sale)	**52.251.228**	**1.997.875**	**805.871**	**330.556**	**174.677**	**2.134.150**	**57.694.357**
LIABILITIES							
Due to banks	4.574.888	281.503	49.503	8	7.124	147.824	**5.060.850**
Derivative financial instruments	177.266	68.702	1.777	53.299	258	1.396	**302.698**
Due to customers	35.848.273	3.915.153	444.368	370.113	45.762	2.726.451	**43.350.120**
Debt securities in issue & Other borrowed funds	844.692	5.831	-	215.983	30	65.749	**1.132.285**
Other liabilities including insurance	3.293.965	96.584	221.467	51.807	2.469	131.017	**3.797.309**
Retirement benefit obligations	188.691	-	-	-	-	19.034	**207.725**
Total liabilities (excl. liabilities held for sale)	**44.927.775**	**4.367.773**	**717.115**	**691.210**	**55.643**	**3.091.471**	**53.850.987**
Net on balance sheet position	**7.323.453**	**(2.369.898)**	**88.756**	**(360.654)**	**119.035**	**(957.322)**	**3.843.370**

At 31 December 2004

	EURO	USD	GBP	JPY	CHF	Other	Total
Total assets	45.051.928	5.642.093	963.757	366.762	317.988	2.144.849	54.487.377
Total liabilities	40.262.698	6.284.387	908.505	563.398	80.284	2.897.932	50.997.204
Net on balance sheet position	**4.789.230**	**(642.294)**	**55.252**	**(196.636)**	**237.704**	**(753.083)**	**3.490.173**

4.6 Fair values of financial assets and liabilities

Management uses its best judgment in estimating the fair value of the Group's unlisted financial instruments (OTC), however, there are inherent weaknesses in any estimation technique. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Group's disclosures and those of other companies may not be meaningful.

	31 December 2005		31 December 2004	
Financial assets	Carrying amount	Fair value	Carrying amount	Fair value
Cash and balances with central banks	2.431.287	2.431.287	1.145.042	1.145.042
Treasury bills and other eligible bills	177.023	177.023	150.400	150.435
Due from banks	4.085.204	4.063.244	8.587.378	8.587.551
Loans and advances to customers (net)	29.528.178	30.188.757	26.052.758	26.745.148
Investment securities - held to maturity	20.867	20.867	-	-
Financial liabilities	Carrying amount	Fair value	Carrying amount	Fair value
Due to banks	5.060.850	5.063.434	6.413.741	6.412.691
Due to customers	43.350.120	43.348.501	40.865.176	40.866.890
Debt securities in issue	175.297	177.363	63.448	64.100
Other borrowed funds	956.988	972.898	748.642	748.642

4.7 *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	2.844
Lower Tier I capital	1.083
Deductions	(72)
Tier I capital	**3.855**
Upper Tier II capital	(49)
Lower Tier II capital	965
Deductions	(14)
Total capital	**4.757**
Risk weighted assets:	
On Balance sheet (investment book)	27.864
Off Balance sheet (investment book)	2.083
Trading portfolio	1.360
Total risk weighted assets	**31.307**
Ratios:	
Core	**8,85%**
Tier I	**12,31%**
Total BIS	**15,19%**

As at 31 December 2005, in accordance with IFRS and the rules of Bank of Greece (BoG) the capital base of the NBG Group was €4.757 million. Therefore the capital base surplus, over the 8% of risk-weighted assets required by the BoG rules was €2.252 million.

Credit Ratings

The table below sets forth the credit ratings that have been assigned to the Bank by Moody's Investors Service 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

NOTE 5: Segment reporting

NBG Group 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 euros). The Group, 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 Group 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.

- **Insurance**
  The Group offers a wide range of insurance products through its subsidiary company, Ethniki Hellenic General Insurance Company.

- **International**
  The Group's international banking activities include a wide range of traditional commercial banking services, such as extensions of commercial and retail credit, trade financing, foreign exchange and taking of deposits. In addition, the Group offers shipping finance, investment banking and brokerage services through certain of its foreign branches and subsidiaries. Included in this segment are the assets and liabilities classified as held for sale of Atlantic Bank and NBG Canada.

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

NBG Group is also diversified and organised on a worldwide basis into the following geographical regions: SE Europe (includes Bulgaria, FYROM, Romania, Serbia-Montenegro and Albania), European Union (includes UK, Netherlands, Luxembourg and Cyprus), Africa (includes Egypt and S. Africa) and North America (includes United States and Canada as discontinued operations). Segment income and expenses include transfers between business segments and transfers between geographical regions. Such transfers are conducted at arm's length.

Breakdown by business segment

	Retail Banking	Corporate & Investment Banking	Global markets & Asset Management	Insurance	Inter-national	Other	**Group**
At 31 December 2005							
Continuing Operations							
Net interest income …….………….	1.138.543	211.057	169.991	25.471	176.790	(126.092)	1.595.760
Net fee & commission income………	190.790	64.483	96.058	4.330	65.499	3.891	425.051
Other ………….……………………..	54.614	(23.693)	161.108	150.505	33.834	94.667	471.035
Total operating income……………..	**1.383.947**	**251.847**	**427.157**	**180.306**	**276.123**	**(27.534)**	**2.491.846**
Direct costs….…………………………	(566.052)	(45.812)	(57.155)	(138.153)	(186.341)	(59.960)	(1.053.473)
Allocated costs & provisions ………..	(402.711)	(56.839)	(19.885)	-	(44.401)	(15.148)	(538.984)
Share of profit of associates						43.700	43.700
Profit before tax …….…………….…	**415.184**	**149.196**	**350.117**	**42.153**	**45.381**	**(58.942)**	**943.089**
Taxes …….……………….……………..	(134.613)	(49.415)	(74.326)	(16.329)	(998)	54.524	(221.157)
Profit for the period from continuing operations……………….	**280.571**	**99.781**	**275.791**	**25.824**	**44.383**	**(4.418)**	**721.932**
Discontinued operations							
Profit for the period from discontinued operations……….…….	-	-	-	-	29.020	-	29.020
Profit for the period………….…….	280.571	99.781	275.791	25.824	73.403	(4.418)	750.952
Minority interest …….………………..	-	-	(14.273)	(5.598)	(4.578)	859	(23.590)
Profit attributable to NBG shareholders…………………………..	**280.571**	**99.781**	**261.518**	**20.226**	**68.825**	**(3.559)**	**727.362**
Segment assets………………………..	19.172.829	9.970.533	19.241.066	2.062.391	7.039.749	2.939.992	**60.426.560**
Segment liabilities …………………..	37.973.657	634.115	6.958.987	1.611.671	6.381.251	2.550.471	**56.110.152**
Other Segment items							
Depreciation, amortisation & impairment charges………………..…..	29.843	1.162	4.158	9.368	35.287	34.733	**114.551**
Provision for loans impairment & advances.……………………………….	164.262	22.095	-	-	34.674	5.228	**226.259**

Breakdown by business segment

	Retail Banking	Corporate & Investment Banking	Global markets & Asset Management	Insurance	Inter-national	Other	**Group**
At 31 December 2004							
Continuing Operations							
Net interest income ……..………….	957.924	173.410	149.819	20.371	122.605	(90.333)	1.333.796
Net fee & commission income………	192.092	54.149	89.598	(1.002)	59.370	(6.352)	387.855
Other ………………..………………..	66.406	(22.795)	66.741	103.199	34.730	108.720	357.001
Total operating income …………….	**1.216.422**	**204.764**	**306.158**	**122.568**	**216.705**	**12.035**	**2.078.652**
Direct costs ……………………………	(566.621)	(59.605)	(71.375)	(166.974)	(139.477)	(170.704)	(1.174.756)
Allocated costs & provisions ………..	(301.373)	(112.889)	(19.584)	-	(53.439)	(13.368)	(500.653)
Share of profit of associates						25.154	25.154
Profit before tax ……..…………….	**348.428**	**32.270**	**215.200**	**(44.406)**	**23.789**	**(146.884)**	**428.397**
Taxes ……..…………….………………..	(123.907)	(11.779)	(56.463)	(9.256)	787	35.218	(165.400)
Profit for the period from continuing operations……………….	224.521	20.491	158.737	(53.662)	24.576	(111.666)	262.997
Discontinued operations							
Profit for the period from discontinued operations………………	-	-	-	-	29.351	-	29.351
Profit for the period…………………	224.521	20.491	158.737	(53.662)	53.927	(111.666)	**292.348**
Minority interest……………………...			(22.600)	12.982	(2.801)	(353)	(12.771)
Profit attributable to NBG shareholders………………………….	**224.521**	**20.491**	**136.137**	**(40.680)**	**51.126**	**(112.019)**	**279.577**
Segment assets………………………..	16.626.346	9.515.531	17.919.127	1.653.473	6.198.405	2.574.495	**54.487.377**
Segment liabilities……..……………..	33.076.776	387.189	9.033.946	1.482.997	7.077.781	(61.484)	**50.997.205**
Other Segment items							
Depreciation, amortisation & impairment charges………………..…..	36.205	2.273	6.083	9.823	20.831	49.946	**125.161**
Provision for loans impairment & advances.…………………………….	55.238	72.511	-	-	44.945	1.149	**173.843**

Breakdown by location

	Greece	SE Europe	European Union	Africa	**Total Continuing operations**	*N. America* ***Discontinued operations***
At 31 December 2005						
Continuing Operations						
Net interest income ……………………………	1.424.711	153.726	12.293	5.030	1.595.760	*91.275*
Net fee & commission income……………...	341.325	54.254	26.289	3.183	425.051	*11.206*
Other …………………………………………..	(183.846)	25.000	630.129	(248)	471.035	*10.905*
Total income ………………………………...	**1.582.190**	**232.980**	**668.711**	**7.965**	**2.491.846**	***113.386***
Direct costs …………………………………..	(645.936)	(124.781)	(587.508)	(7.973)	(1.366.198)	*(70.112)*
Allocated provisions for loans impairment and advances……………………………....	(189.355)	(22.959)	(13.865)	(80)	(226.259)	*4.506*
Share of profits of associates	43.700	-	-	-	43.700	-
Profit Before Tax …………………………….	**790.599**	**85.240**	**67.337**	**(87)**	**943.089**	***47.780***
Taxes …………………………………………	(189.681)	(11.395)	(19.909)	(172)	(221.157)	*(18.760)*
Profit for the period from continuing operations……………………………………	**600.918**	**73.845**	**47.428**	**(259)**	**721.932**	-
Profit for the period from discontinued operations…………………………………...	-	-	-	-	29.020	
Profit for the period………………………..	600.918	73.845	47.428	(259)	**750.952**	
Minority interest ……………………………..	(10.926)	(4.577)	(8.087)		(23.590)	
Profit attributable to NBG shareholders	**589.992**	**69.268**	**39.341**	**(259)**	**727.362**	
Assets by location……………………………	**46.192.919**	**3.124.597**	**8.224.320**	**152.521**	**57.694.357**	**2.732.203**
Total assets……………………………………						**60.426.560**
Other items						
Capital expenditure…………………………...	105.453	16.976	66	805	**123.300**	*2.106*
Depreciation, amortisation & impairment charges……………………………	96.910	17.102	91	448	**114.551**	*7.576*
Provision for loans impairment & advances ………………………………………	190.725	36.525	(1.071)	80	**226.259**	*(4.506)*

Breakdown by location **At 31 December 2004**	Greece	SE Europe	European Union	Africa	**Total Continuing operations**	*N. America* ***Discontinued operations***
Continuing Operations						
Net interest income ………………………	1.174.435	109.278	45.984	4.099	1.333.796	*91.498*
Net fee & commission income……………..	319.473	44.142	21.288	2.952	387.855	*16.834*
Other ………………………………………..	(108.077)	32.133	432.434	511	357.001	*6.351*
Total income ………………….……………..	**1.385.831**	**185.553**	**499.706**	**7.562**	**2.078.652**	***114.683***
Direct costs ………………………………….	(911.674)	(110.347)	(471.106)	(8.439)	(1.501.566)	*(67.806)*
Allocated provisions for loans impairment and advances……………………..……...	(133.588)	(24.355)	(15.656)	(244)	(173.843)	*1.393*
Share of profits of associates	25.154				25.154	
Profit Before Tax ………………………..	**365.723**	**50.851**	**12.944**	**(1.120)**	428.397	***48.270***
Taxes …………………………………………	(151.777)	(10.230)	(3.393)		(165.400)	*(18.919)*
Profit for the period from continuing operations…………………………………..	**213.946**	**40.621**	**9.551**	**(1.120)**	**262.997**	
Profit for the period from discontinued operations……………………………………..	-	-	-	-	*29.351*	
Profit for the period………………………..	213.946	40.621	9.551	(1.120)	**292.348**	
Minority interest …………………………..	(6.201)	(2.805)	(3.765)		(12.771)	
Profit attributable to NBG shareholders	**207.745**	**37.816**	**5.786**	**(1.120)**	**279.577**	
Assets by location……………………………	**41.997.928**	**2.350.926**	**7.358.603**	**114.338**	**51.821.795**	**2.665.582**
Total assets……………………………………						**54.487.377**
Other items						
Capital expenditure………………………...	146.430	11.811	36	420	**158.697**	*8.101*
Depreciation, amortisation & impairment charges……………….…..	106.898	17.112	102	1.049	**125.161**	*8.093*
Provision for loans impairment & advances.………………………………………	134.223	38.860	516	244	**173.843**	*1.393*

NOTE 6: Net interest income	31.12.2005	31.12.2004
Interest earned on:		
Amounts due from banks	309.920	282.927
Securities	380.915	490.325
Loans and advances to customers	1.726.288	1.304.194
Other interest earning assets	9.143	12.087
Interest and similar income	**2.426.266**	**2.089.533**
Interest payable on:		
Amounts due to banks	(257.546)	(268.249)
Amounts due to customers	(532.566)	(450.139)
Debt securities in issue	(3.113)	(2.225)
Other borrowed funds	(27.311)	(24.381)
Other interest paying liabilities	(9.970)	(10.743)
Interest expense and similar charges	**(830.506)**	**(755.737)**
Net interest income	**1.595.760**	**1.333.796**

NOTE 7: Net fee and commission income	31.12.2005	31.12.2004
Custody, brokerage & investment banking	66.535	50.216
Retail lending fees	105.885	87.679
Corporate lending fees	76.147	65.541
Banking fees & similar charges	137.248	142.288
Fund management fees	39.236	42.131
Total	**425.051**	**387.855**

NOTE 8: Net premia from insurance contracts	31.12.2005	31.12.2004
Written Premia net of reinsurance	542.178	519.888
Less: change in unearned premium reserve	(9.968)	29.677
Paid claims, net of reinsurance	(286.030)	(312.699)
Change in insurance reserves	(95.923)	(93.238)
Net commissions	(64.238)	(65.909)
Other (incl. valuation of unit-linked)	14.362	11.373
Net premia from insurance contracts	**100.381**	**89.092**

NOTE 9: Dividend income	31.12.2005	31.12.2004
Trading securities	7.624	11.068
Available for sale securities	6.136	5.968
Other participations	-	114
Total	**13.760**	**17.150**

NOTE 10: Net trading income

	31.12.2005	31.12.2004
Foreign exchange	42.811	21.303
Interest rate instruments	(42.404)	29.572
Equity securities	67.115	55.875
Total	**67.522**	**106.750**

NOTE 11: Other operating income

	31.12.2005	31.12.2004
Non-banking income:		
Real estate gains & rentals	36.158	51.364
Hotel income	24.303	25.038
Warehouse fees	13.210	15.670
Total non-banking income	73.671	92.072
Private equity: Group share in investee entities and results from disposals	64.258	12.387
Other income	23.764	38.670
Total	**161.693**	**143.129**

NOTE 12: Personnel expenses

	31.12.2005	31.12.2004
Wages and Salaries	547.685	548.426
Social security costs & defined contribution plans	225.208	220.028
Pension costs: defined benefit plans (Note 13)	29.267	41.766
Other staff related benefits	75.147	185.752
Total	**877.307**	**995.972**

The average number of employees employed by the Group during the year ended 31 December 2005 was 21.718 (2004: 21.415).

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

Bonuses to employees are accrued for in the period the related service is provided. During 2005, bonuses of €4.200 were paid to employees which should have been provided for in 2004. For this reason, "other staff related benefits" of 2004 were restated to €185.752 from €181.552 as previously reported. Profit attributable to shareholders and retained earnings of the Group for the year ended 31 December 2004 were restated accordingly. EPS for the same year-end has also been restated to €0,83 from €0,84 as previously reported. In addition, certain reclassifications were made to conform to the current presentation.

	As restated	As previously reported
For the period 1 January to 31 December 2004		
Personnel expenses	995.972	991.772*
Profit for the period	292.348	296.548
Profit attributable to NBG equity holders	279.577	283.777
As at 31 December 2004		
Other liabilities	1.343.252	1.339.052*
Reserves and retained earnings	1.041.348	1.045.548

(*) Adjusted to reflect continuing operations only

NOTE 13: Retirement benefit obligations

I. 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 26,5% 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%.

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 3,5% of their salary. Benefits paid are determined by years of service with the Bank and the employee's final pensionable pay.

Ethniki Hellenic General Insurance Company Benefit Plan
The Group's insurance company contributes to a benefit plan ("T.A.P.E."), which provides for a monthly pension. The benefit structure, as relates to the pension, is similar to that provided under the Bank's pension plan. Accrued benefits are also paid on an earlier date in the event of death or disability.

Other Defined Contribution Pension Plans
The Group makes contributions to other foreign defined contribution pension plans.

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 2,5% 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.

Ethniki Hellenic General Insurance Company Benefit Plan, in addition to pension benefits also offers health benefits to employees and to insured members of their families.

The total contributions paid to defined contribution plans for 2005 and 2004 were €161,4 million and €160,9 million respectively.

II. Plans that the Bank does not contribute to

National Bank of Greece Personnel Self-Insurance Plan
The Group does not pay contributions to the aforementioned plan. National Bank of Greece has granted a loan to the plan, the outstanding balance of which as at 31 December 2005 was €68 million maturing in 2020 and bearing interest at three-month Euribor and was fully collateralised

III. Defined Benefit Plans

The Bank and certain of its subsidiaries sponsor defined benefit plans for their employees. The plans vary in their specific features, but most are contributory, final pay and accumulated years of service-based defined benefit plans. The funding policies vary slightly but typically include employee and employer defined monthly contributions. Some companies within the Group also provide termination indemnities.

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

	31.12.2005	**31.12.2004**
Current service cost	11.623	11.421
Interest cost on obligation	17.730	16.928
Expected return on plan assets	(7.521)	(6.907)
Amortisation of unrecognised actuarial losses	563	-
Amortisation of unrecognised prior service cost	53	-
Loss due to curtailment or settlement	5.131	19.359
Other losses	1.688	965
Pension costs – defined benefit plans	**29.267**	**41.766**

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

	31.12.2005	**31.12.2004**
Present value of funded obligations	315.889	328.049
Fair value of plan assets	(141.170)	(156.266)
	174.719	171.783
Present value of unfunded obligations	56.220	72.088
Unrecognised actuarial losses	(22.467)	(20.624)
Unrecognised prior service cost.	(747)	(800)
Net Liability in balance sheet	**207.725**	**222.447**

Movement in net liability:

	31.12.2005	**31.12.2004**
Net liability at the beginning of the period	222.447	212.987
Less: Discontinued operations	(852)	-
Actual contributions paid by the Group	(11.039)	(17.341)
Benefits paid directly	(32.370)	(16.790)
Total expense recognised in the income statement	29.267	41.766
Discontinued operations	-	1.630
Foreign exchange rate changes	272	195
Net Liability in balance sheet	**207.725**	**222.447**

Reconciliation of defined benefit obligation:

	31.12.2005	31.12.2004
Defined benefit obligation at the beginning of the period	400.137	348.074
Less: Discontinued operations	(26.923)	-
Current service cost	11.623	11.421
Discontinued operations	-	1.961
Interest cost on obligation	17.730	16.928
Discontinued operations	-	1.569
Employee contributions	6.451	5.601
Benefits paid from the Fund	(42.016)	(30.312)
Benefits paid directly by the Group	(20.964)	(16.790)
Expenses	-	(10)
Adjustments for disposals and other	1.722	964
Termination / additional payments or expenses/ (gains)	(8.652)	19.359
Past service cost arising over the last period	-	800
Actuarial loss	32.705	41.989
Foreign exchange rate differences	296	(1.417)
Defined benefit obligation at end of period	**372.109**	**400.137**

Reconciliation of plan assets:

	31.12.2005	31.12.2004
Market value at the beginning of the period	156.266	135.087
Less: Discontinued operations	(24.612)	-
Expected return on plan assets	7.521	6.907
Discontinued operations	-	2.096
Company contributions	11.039	17.341
Employee contributions	6.451	5.601
Fund Benefits	(42.016)	(30.312)
Expenses	-	(10)
Discontinued operations	-	(197)
Asset gain / (loss)	26.521	21.365
Foreign exchange rate differences	-	(1.612)
Fair value of plan assets at end of period	**141.170**	**156.266**

The actual return on plan assets for the year ended 31 December 2005 was €34.043 (2004: €27.928).

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	4,4%	5,2%
Expected return on plan assets	6,6%	6,3%
Rate of compensation increase	4,1%	4,1%
Pension increase	2,2%	2,3%

Post-retirement Defined Benefit Plans other than pensions

Atlantic Bank of New York and NBG Canada sponsored other post retirement benefit plans other than pensions, which provided for health benefits. As both Atlantic Bank of New York and NBG Canada are classified as assets held for sale, no group company sponsors other post retirement benefit plans.

The aggregated funding status for other post-retirement defined benefit plans recognised in the consolidated balance sheet is reconciled below as follows:

	31.12.2005	31.12.2004
Present value of unfunded obligations	-	2.434
Unrecognised actuarial gains	-	450
Total	**-**	**2.884**

Movement in net liability:

	31.12.2005	31.12.2004
Net liability at the beginning of the period	2.884	2.896
Less: Discontinued operations	(2.884)	-
Benefits paid directly	-	(60)
Total expense recognised in the income statement	-	-
Discontinued operations	-	215
Foreign exchange rate differences	-	(167)
Net Liability in balance sheet	**-**	**2.884**

Reconciliation of defined benefit obligation:

	31.12.2005	31.12.2004
Defined benefit obligation at the beginning of the period	2.434	2.896
Less: Discontinued operations	(2.434)	-
Current service cost	-	-
Discontinued operations	-	68
Interest cost on obligation	-	-
Discontinued operations	-	147
Benefits paid directly by the Group	-	(60)
Actuarial loss	-	(450)
Foreign exchange rate differences	-	(167)
Defined benefit obligation at end of period	**-**	**2.434**

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

	2005	2004
Discount rate	5,8%	5,9%
Rate of compensation increase	1,4%	1,3%

NOTE 14: General & administrative expenses	31.12.2005	31.12.2004
Duties and taxes	35.961	34.369
Utilities and rentals	146.071	140.019
Other administrative expenses	152.500	155.577
Total	**334.532**	**329.965**

NOTE 15: Depreciation, amortisation and impairment charges	31.12.2005	31.12.2004
Investment property (Note 27)	3.158	2.811
Goodwill & other intangible assets (Note 29)	23.102	29.772
Property & equipment (Note 30)	88.291	92.578
Total	**114.551**	**125.161**

NOTE 16: Other operating expenses	31.12.2005	31.12.2004
Maintenance and other related expenses	9.859	5.283
Other provision charges	2.088	6.185
Other	27.861	39.000
Total	**39.808**	**50.468**

NOTE 17: Impairment losses on loans and advances	31.12.2005	31.12.2004
Due from banks (Note 22)	5	(38)
Loans and advances to customers (Note 25)	226.254	173.881
Total	**226.259**	**173.843**

NOTE 18: Tax expense	31.12.2005	31.12.2004
Current tax	188.355	166.070
Deferred tax (Note 31)	32.802	(670)
Total	**221.157**	**165.400**
Profit before tax	**943.089**	**428.397**
Tax calculated based on the current tax rate of 32% (2004: 35%)	301.788	149.939
Effect of tax rate reduction (5%) due to merger activity	(36.375)	-
Effect of different tax rates in other countries	(5.863)	(21.182)
Income not subject to taxation	(97.842)	(25.902)
Expenses not deductible for tax purposes	43.306	58.040
Utilisation of previously unrecognised tax losses	(1.323)	-
Tax differences	17.466	4.505
Income tax expense	**221.157**	**165.400**
Effective tax rate for the period	23%	39%

The domestic corporate tax rate for 2005 is 32% and for 2006 will be 27%. However, the Bank's statutory tax rate is reduced by 5% for 2005 and 2006 as a result of the merger with the National Investment Company.

NOTE 19: Earnings per share

	31.12.2005	31.12.2004
Net profit attributable to equity holders of the parent	727.362	279.577
Less: dividends paid to preferred securities	(45.999)	(13.620)
Net profit attributable to NBG ordinary shareholders	681.363	265.957
Weighted average number of ordinary shares outstanding	327.292.080	321.038.567
Earnings per share basic and diluted from continuing and discontinued operations	**€2,08**	**€0,83**

The weighted average number of ordinary shares outstanding has been adjusted with a number of 5.023.534 new shares issued in relation to National Investment Company merger and a number of 2.670.367 shares to be issued in relation to National Real Estate merger, from May 2005 and July 2005 respectively, according to the relevant General Meeting of the Shareholders' decisions. These new shares are also entitled to participate in the profit distribution of 2005.

Earnings per share from continuing operations are €1,99 per share (2004: €0,74).

NOTE 20: Cash and balances with central banks

	31.12.2005	31.12.2004
Cash in hand	612.713	565.213
Balances with central banks	1.818.574	579.829
Total	**2.431.287**	**1.145.042**

The Bank is required to maintain a current account with the Bank of Greece 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).

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

NOTE 21: Treasury bills and other eligible bills

	31.12.2005	31.12.2004
Treasury bills	129.841	137.963
Other eligible bills	47.182	12.437
Total	**177.023**	**150.400**

NOTE 22: Due from banks (net)	31.12.2005	31.12.2004
Sight deposits with banks	284.906	210.596
Time deposits with banks	1.133.082	4.513.044
Securities purchased under agreements to resell	2.495.733	3.822.832
Other	171.962	41.379
	4.085.683	8.587.851
Less: Allowance for losses on amounts due from banks	(479)	(473)
Total	**4.085.204**	**8.587.378**

Movement in allowance for losses on amounts due from banks:

Balance at 1 January	473	511
Non-utilised provision of prior years	-	(38)
Provision for impairment	5	-
Foreign exchange differences	1	-
Balance at 31 December	**479**	**473**

NOTE 23: Financial assets at fair value through P&L	31.12.2005	31.12.2004*
Assets at fair value through profit and loss	5.104.757	-
Trading Securities		
Government Bonds	7.965.644	9.506.045
Other public sector bonds	12.555	48.971
Other debt securities	349.723	1.547.567
Equity securities	233.613	233.353
Mutual funds units	1.179	279.600
Total	**13.667.471**	**11.615.536**

(*) Prior to adopting IAS 39, financial assets were accounted for and reported under local GAAP provisions. See note 52.

NOTE 24: Derivative financial instruments		31.12.2005	
	Contract/notional amount	**Fair values**	
		Assets	**Liabilities**
Derivatives held for trading:			
Interest rate derivatives - OTC	25.229.010	216.515	260.730
Foreign exchange derivatives	6.187.045	57.484	25.496
Other types of derivatives	233.613	2.817	4.657
Interest rate derivatives - Exchange traded	12.695.204	32.214	11.815
Total	**44.344.872**	**309.030**	**302.698**

NOTE 25: Loans & advances to customers (net)	**31.12.2005**	**31.12.2004**
Mortgages	11.820.277	9.194.202
Consumer loans	3.238.495	2.639.241
Credit cards	1.535.989	1.445.433
Small Business lending	2.040.700	1.694.700
Retail lending	**18.635.461**	**14.973.576**
Corporate lending	11.978.675	12.155.322
Total	**30.614.136**	**27.128.898**
Less: Allowance for impairment on loans & advances to customers	(1.085.958)	(1.076.140)
Total	**29.528.178**	**26.052.758**

Movement in allowance for impairment on loans and advances:

Balance at 1 January	**1.076.140**	**976.614**
IAS 39 adjustments	32.688	-
Balance at 1 January as restated	**1.108.828**	**976.614**
Less: allowance from discontinued operations	(15.654)	-
Increase / (decrease) from subsidiaries acquired / disposed	147	-
Provision for loans impairment – discontinued operations	-	(1.393)
Provision for loans impairment – continuing operations	226.254	173.881
Loans written off	(247.119)	(73.084)
Amounts recovered	7.059	2.031
Foreign exchange differences	6.443	(1.909)
Balance at 31 December	**1.085.958**	**1.076.140**

Loans and advances to customers include finance lease receivables:

	31.12.2005	**31.12.2004**
Not later than 1 year	216.750	117.779
Later than 1 year but not later than 5 years	362.925	233.307
Later than 5 years	181.191	155.635
	760.866	**506.721**
Unearned future finance income on finance leases	(121.658)	(59.745)
Net investment in finance leases	**639.208**	**446.976**

The net investment in finance leases may be analysed as follows:

Not later than 1 year	186.015	99.972
Later than 1 year but not later than 5 years	304.134	203.396
Later than 5 years	149.059	143.608
	639.208	**446.976**

NOTE 26: Investment securities	31.12.2005	31.12.2004*
Available-for-sale investment securities:		
Greek Government bonds	973.438	303.567
Debt securities issued by other governments and public entities	531.053	372.734
Corporate bonds incorporated in Greece	206.914	280.293
Corporate bonds incorporated outside Greece	239.830	240.738
Debt securities issued by Greek financial institutions	43.546	157.971
Debt securities issued by foreign financial institutions	239.076	7.249
Mortgage backed securities	-	746.592
Other debt instruments issues	-	706
Debt securities	**2.233.857**	**2.109.850**
Equity securities	198.464	155.915
Mutual funds units	385.938	123.248
Provision for impairment	(5.465)	(6.072)
Total available-for-sale investment securities	**2.812.794**	**2.382.941**
Held-to-maturity investment securities (at amortised cost):		
Corporate bonds incorporated in Greece	20.867	-
Total held-to-maturity investment securities	**20.867**	**-**
Total investment securities	**2.833.661**	**2.382.941**

Net result from investment securities consists of:	31.12.2005	31.12.2004*
Net gain on disposal of available-for-sale investments	128.343	1.226
Impairment charges on available-for-sale investments	(664)	(346)
Total	**127.679**	**880**

The movement of investment securities may be summarised as follows:

Investment securities - available for sale	
Balance at 1 January 2005	**2.382.941**
- IAS 39 adjustments & reclassifications	2.050.732
- Discontinued operations	(1.192.543)
- Foreign exchange differences on monetary assets	19.682
- Additions within the period	3.982.553
- Disposals (sale and redemption) within the period	(4.485.384)
- Gains / (losses) from changes in fair value	54.813
Balance at 31 December 2005	**2.812.794**

Investment securities - held to maturity	
Balance at 1 January 2005	-
-Additions within the period	41.734
-Disposals (sale and redemption) within the period	(20.753)
-Amortisation of premiums and discounts	(114)
Balance at 31 December 2005	**20.867**

(*) Prior to adopting IAS 39, investment securities were accounted for and reported under local GAAP provisions. See note 52.

NOTE 27: Investment property

Cost	Land	Buildings	Total
At 1 January 2004	**59.070**	**90.465**	**149.535**
Foreign exchange differences	12	(22)	**(10)**
Transfers	-	225	**225**
Additions	402	62	**464**
Disposals and write offs	(3.852)	(4.496)	**(8.348)**
At 31 December 2004	**55.632**	**86.234**	**141.866**
Accumulated depreciation & impairment			
At 1 January 2004	**-**	**(16.641)**	**(16.641)**
Foreign exchange differences	**-**	4	**4**
Disposals and write offs	-	1.324	**1.324**
Depreciation charge for the period	-	(2.811)	**(2.811)**
At 31 December 2004	**-**	**(18.124)**	**(18.124)**
Net book amount at 31 December 2004	**55.632**	**68.110**	**123.742**

Cost	Land	Buildings	Total
At 1 January 2005	**55.632**	**86.234**	**141.866**
Foreign exchange differences	6	67	**73**
Acquisition of subsidiary	3.408	1.853	**5.261**
Transfers	212	1.477	**1.689**
Additions	-	1.480	**1.480**
Disposals and write offs	(402)	(454)	**(856)**
At 31 December 2005	**58.856**	**90.657**	**149.513**
Accumulated depreciation & impairment			
At 1 January 2005	-	**(18.124)**	**(18.124)**
Foreign exchange differences	**-**	(12)	**(12)**
Acquisition of subsidiary	**-**	(1.702)	**(1.702)**
Transfers	**-**	(94)	**(94)**
Disposals and write offs	**-**	83	**83**
Depreciation charge for the period	-	(2.744)	**(2.744)**
Impairment charge		(414)	**(414)**
At 31 December 2005	**-**	**(23.007)**	**(23.007)**
Net book amount at 31 December 2005	**58.856**	**67.650**	**126.506**

NOTE 28: Investments in associates	31.12.2005	31.12.2004
At 1 January:	**219.671**	**199.786**
Additions	2.079	6.841
Disposals/transfers	(6.284)	(1.871)
Share of results (after tax)	43.700	25.154
Dividends	(10.014)	(10.239)
At 31 December	**249.152**	**219.671**

The Group's associates are as follows:

Name of associate	**% of participation**
	31.12.2005
Social Securities Funds Management	40,00%
Phosphate Fertilizers Industry S.A	24,23%
Larco S.A.	36,43%
Siemens Industrial S.A	30,00%
Eviop Tempo S.A.	21,21%
Teiresias S.A	39,34%
Hellenic Countryside S.A.	20,23%
AGET Heracles Cement Co. S.A	26,00%
Pella S.A	14,95%
Planet S.A	31,72%
AGRIS S.A.	29,34%
Kariera S.A.	35,00%
Zymi S.A.	32,00%

The group's investment in associates for the year ended 31 December 2005 was €249.152 (2004: €219.761) while its share of associates' profits, net of tax in 2005, was €43.700 (2004: €25.154).

During 2005 the Bank sold all of its holding in LYKOS PAPERLESS SOLUTIONS SA for the amount of €982 and also sold 271.123 shares of EVIOP TEMPO SA for the amount of €854 decreasing its participation to 21,21% from 28,28%.

The fair value of investment in AGET Heracles Cement Co S.A based on 31 December 2005 stock price was €184,8 million (2004: 167,8 million)

All associates are incorporated in Greece.

NOTE 29: Goodwill & other intangible assets

Cost	Goodwill	Software	Other	Total
At 1 January 2004	**2.468**	**183.804**	**27.321**	**213.593**
Effect of IAS 29	-	29	-	**29**
Acquisition of subsidiaries	13.409	-	-	**13.409**
Foreign exchange differences	-	237	(1.255)	**(1.018)**
Transfers	-	4.382	(4.562)	**(180)**
Additions	-	12.358	3.165	**15.523**
Disposals	(219)	(670)	(2.862)	**(3.751)**
At 31 December 2004	**15.658**	**200.140**	**21.807**	**237.605**
Accumulated amortisation and impairment				
At 1 January 2004	**-**	**(132.368)**	**(2.833)**	**(135.201)**
Foreign exchange differences	-	(121)	274	**153**
Transfers	-	166	(237)	**(71)**
Disposals	-	670	2.725	**3.395**
Amortisation charge for the period:				
- Continuing operations	-	(28.354)	(1.418)	**(29.772)**
- Discontinued operations	-	-	(3.346)	**(3.346)**
At 31 December 2004	**-**	**(160.007)**	**(4.835)**	**(164.842)**
Net book amount at 31 December 2004	**15.658**	**40.133**	**16.972**	**72.763**

Cost	Goodwill	Software	Other	Total
At 1 January 2005	**15.658**	**200.140**	**21.807**	**237.605**
Discontinued operations	-	(267)	(16.003)	**(16.270)**
Acquisition of subsidiaries	8.790	11	-	**8.801**
Foreign exchange differences	1	357	207	**565**
Transfers	(38)	1.029	(2.530)	**(1.539)**
Additions	-	13.720	6.869	**20.589**
Disposals	(26)	(1.330)	(29)	**(1.385)**
At 31 December 2005	**24.385**	**213.660**	**10.321**	**248.366**
Accumulated amortisation and impairment				
At 1 January 2005	**-**	**(160.007)**	**(4.835)**	**(164.842)**
Discontinued operations	-	134	2.918	**3.052**
Foreign exchange differences	**-**	(214)	9	**(205)**
Transfers	**-**	1.199	163	**1.362**
Disposals	**-**	1.251	29	**1.280**
Amortisation charge for the period	**-**	(22.294)	(808)	**(23.102)**
At 31 December 2005	**-**	**(179.931)**	**(2.524)**	**(182.455)**
Net book amount at 31 December 2005	**24.385**	**33.729**	**7.797**	**65.911**

NOTE 30: Property & equipment

Cost	Land	Buildings	Vehicles & equipment	Leasehold improvements	Assets under construction	Total
At 1 January 2004……………	**1.030.384**	**860.009**	**519.112**	**58.051**	**57.538**	**2.525.094**
Effect of IAS 29…………………	-	295	130	-	5	**430**
Foreign exchange differences..	(98)	(2.473)	(831)	(380)	(138)	**(3.920)**
Acquisition of subsidiaries…...	-	-	69.555	-	-	**69.555**
Transfers…………………………..	(108)	48.889	13.526	227	(55.544)	**6.990**
Additions……………………….	3	18.371	52.160	8.344	72.396	**151.274**
Disposals and write offs………	(1.866)	(7.273)	(14.240)	(2.263)	(7.314)	**(32.956)**
At 31 December 2004……….	**1.028.315**	**917.818**	**639.412**	**63.979**	**66.943**	**2.716.467**
Accumulated depreciation and impairment						
At 1 January 2004……………	**(16)**	**(265.381)**	**(365.909)**	**(43.318)**	**-**	**(674.624)**
Effect of IAS 29…………………	-	(72)	(76)	-	-	**(148)**
Foreign exchange differences..	-	436	735	372	-	**1.543**
Acquisition of subsidiaries…..	-	-	129	-	-	**129**
Transfers………………………….	-	230	(2.803)	145	-	**(2.428)**
Disposals and write offs………	-	2.493	12.086	1.441	-	**16.020**
Charge for the period:						
- Continuing operations	-	(26.118)	(61.949)	(4.511)	-	**(92.578)**
- Discontinued operations	-	(978)	(3.467)	(300)	-	**(4.745)**
At 31 December 2004……….	**(16)**	**(289.390)**	**(421.254)**	**(46.171)**	**-**	**(756.831)**
Net book amount at 31.12.2004…	**1.028.299**	**628.428**	**218.158**	**17.808**	**66.943**	**1.959.636**
Cost						
At 1 January 2005……………	**1.028.315**	**917.818**	**639.412**	**63.979**	**66.943**	**2.716.467**
Discontinued operations………	(2.955)	(39.113)	(24.979)	(6.112)	(51)	**(73.210)**
Foreign exchange differences.	289	1.558	788	368	53	**3.056**
Acquisition of subsidiaries…...	-	67	20.404	-	-	**20.471**
Transfers………………………….	(10.898)	16.036	6.651	3.083	(29.215)	**(14.343)**
Additions………………………….	3.619	25.843	34.287	5.019	33.943	**102.711**
Disposals and write offs………	(6.640)	(15.852)	(41.910)	(559)	-	**(64.961)**
At 31 December 2005………..	**1.011.730**	**906.357**	**634.653**	**65.778**	**71.673**	**2.690.191**
Accumulated depreciation and impairment						
At 1 January 2005……………	**(16)**	**(289.390)**	**(421.254)**	**(46.171)**	**-**	**(756.831)**
Discontinued operations………	-	7.551	17.929	5.315	-	**30.795**
Foreign exchange differences.	-	(108)	(539)	(151)	-	**(798)**
Acquisition of subsidiaries…..	-	(8)	-	-	-	**(8)**
Transfers…………………………	-	151	(128)	(1.371)	-	**(1.348)**
Disposals and write offs……..	-	5.673	6.316	14	-	**12.003**
Charge for the period……….	-	(26.956)	(56.250)	(5.085)	-	**(88.291)**
At 31 December 2005………..	**(16)**	**(303.087)**	**(453.926)**	**(47.449)**	**-**	**(804.478)**
Net book amount at 31.12.2005…	**1.011.714**	**603.270**	**180.727**	**18.329**	**71.673**	**1.885.713**

NOTE 31: Deferred tax assets & liabilities	31.12.2005	31.12.2004
Deferred tax assets:		
Securities and derivatives	108.092	-
Tangible and intangible assets	12.404	19.389
Pension and other post retirement benefits	20.758	24.874
Insurance reserves	49.039	-
Other temporary differences	27.124	30.759
Deferred tax assets	**217.417**	**75.022**

Deferred tax liabilities:	**31.12.2005**	**31.12.2004**
Securities and derivatives	76.720	252
Tangible and intangible assets	15.533	4.937
Other temporary differences	10.106	5.728
Deferred tax liabilities	**102.359**	**10.917**

Deferred tax charge in the income statement:	**31.12.2005**	**31.12.2004**
Securities and derivatives	1.851	15
Tangible and intangible assets	(6.543)	8.372
Pension and other post retirement benefits	(3.604)	(8.056)
Other temporary differences	(24.506)	339
Deferred tax charge in the income statement-continuing operations	**(32.802)**	**670**
Deferred tax charge in the income statement-discontinued operations	(327)	1.346
Deferred tax through equity	84.082	(3.756)
Net deferred tax movement	50.953	(1.740)

NOTE 32: Insurance related assets & receivables	31.12.2005	31.12.2004
Investments on behalf of policyholders who bear the investment risk (Unit linked)	320.396	251.506
Insurance business receivables	182.272	172.446
Amounts receivable from reinsurers	78.821	13.944
Reinsurance business receivables	1.314	1.318
Deferred acquisition costs (DAC)	55.113	53.690
Total	**637.916**	**492.904**

NOTE 33: Other assets	31.12.2005	31.12.2004
Accrued interest and commissions	591.806	577.867
Tax prepayments and other recoverable taxes	163.491	200.215
Private equity: investees assets	112.661	98.099
Trade receivables	88.923	38.523
Assets acquired through foreclosure proceedings	100.209	92.084
Prepaid expenses	27.508	13.881
Other	395.290	588.915
Total other assets	**1.479.888**	**1.609.584**

NOTE 34: Assets and liabilities held for sale and discontinued operations

The Group's North America segment is presented as held for sale following signing of respective agreements for the sale of the two subsidiaries comprising this segment, namely Atlantic Bank of New York (ABNY) and NBG Canada, to Community Bank of New York and Scotia Bank respectively. NBG Canada was sold in February 2006 while sale of ABNY is expected by the end of June 2006.

The results of the operations for the years ended 31 December 2005 and 31 December 2004 have been reclassified under profit from discontinued operations and are summarised as follows:

Discontinued operations	**31.12.2005**	**31.12.2004**
Net interest income	91.275	91.498
Net fee and commission income	11.206	16.834
Net trading income	2.402	2.035
Other operating income	8.504	4.316
Personnel expenses	(40.065)	(38.112)
General & administrative expenses	(22.396)	(21.526)
Depreciation, amortisation and impairment charges	(7.576)	(8.093)
Other operating expenses	(76)	(75)
Impairment losses on loans and advances	4.506	1.393
Profit before tax	**47.780**	**48.270**
Tax expense	(18.760)	(18.919)
Profit for the period from discontinued operations	**29.020**	**29.351**

The proceeds from the disposal will exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised upon classification of these operations as held for sale. The classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

Assets classified as held for sale	**31.12.2005**
Cash and balances with central banks	40.990
Due from banks (net)	35.663
Loans and advances to customers (net)	1.444.732
Investment securities	1.064.138
Goodwill & other intangible assets	11.920
Property & equipment	42.733
Deferred tax assets	16.230
Other assets	75.797
Total assets	**2.732.203**
Liabilities classified as held for sale	
Due to banks	580.357
Due to customers	1.651.595
Deferred tax liabilities	7.192
Other liabilities	20.021
Total liabilities	**2.259.165**
Net assets of disposal group	**473.038**

NOTE 35: Due to banks	31.12.2005	31.12.2004
Demand deposits due to credit institutions	121.574	161.104
Time deposits due to credit institutions	170.220	807.569
Interbank deposits and amounts due to ECB	2.142.931	726.733
Amounts due to Central Bank	21.154	6.204
Securities sold under agreements to repurchase	2.479.469	4.520.195
Other	125.502	191.936
Total due to banks	**5.060.850**	**6.413.741**

NOTE 36: Due to customers	31.12.2005	31.12.2004
Deposits:		
Individuals.	35.470.034	32.649.188
Corporates	5.142.454	3.895.902
Government and agencies	2.116.339	1.901.095
Total deposits	**42.728.828**	**38.446.185**
Securities sold to customers under agreements to repurchase	247.348	2.161.675
Other due to customers	373.944	257.316
Amounts due to customers	**43.350.120**	**40.865.176**

NOTE 37: Debt securities in issue	% Interest rate	31.12.2005	31.12.2004
Mortgage bonds	7%	20.295	20.451
Bonds Issue	8%	-	5.940
Corporate bonds – fixed rate	3%	140.223	-
Corporate bonds- floating rate	4%	2.999	-
Other		11.780	37.057
Total		**175.297**	**63.448**

In July 2004, United Bulgarian Bank (UBB) issued a 5 years fixed rate bond of BGN 40 million (31/12/2005: €20,3 million) The bond carries interest at 7%, is traded in the Bulgarian Stock Exchange and is collateralised with mortgage loans.

In July 2005, UBB issued a 3 years fixed rate bond of BGN 80 million (31/12/2005: €40,2 million). The bond carries interest at 3,25% and is traded in the Bulgarian Stock Exchange.

In September 2005, UBB issued 3 years fixed rate notes of Principal Amount €100 million. The notes are traded in London Stock Exchange and their interest coupon is 2,75%.

In September 2005, INTERLEASE AUTO EAD, a wholly owned subsidiary of INTERLEASE, issued 3 ordinary, floating interest bearing, secured corporate bonds of €1 million each. The maturity dates are: 1/9/2006, 1/9/2007 and 1/9/2008. The bonds carry interest at 6 months EURIBOR + 185bps and the first interest payment is due on 1/3/2006. These bonds were initially subscribed by Raiffeisen Bank and are secondary traded in the Bulgarian Stock Exchange.

NOTE 38: Other borrowed funds	31.12.2005	31.12.2004
Fixed rate notes	215.983	-
Floating rate notes	741.005	748.642
Total	**956.988**	**748.642**

In June 2002, NBG Finance plc, a wholly owned subsidiary of the Bank, issued € 750 million Subordinated Callable Floating Rate Notes guaranteed on a subordinated basis by 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 amortised cost. The commissions and other costs related to the issuance of those notes are amortised as interest expense on a constant yield basis over the period from the placement to the first redemption option.

In June 2005, NBG Finance plc, a wholly owned subsidiary of the Bank, issued JPY30 billion Subordinated Callable Floating 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 amortised cost.

The commissions and other costs related to the issuance of those notes are amortised as interest expense on constant yield basis over the period from the placement to the first redemption option.

NOTE 39: Insurance related reserves & liabilities	31.12.2005	31.12.2004
Insurance reserves		
Life		
Mathematical reserve	688.668	639.041
Outstanding claims reserve	33.943	29.694
Other	7.063	7.562
Property and Casualty		
Unearned premia reserve	146.800	122.049
Outstanding claims reserve	339.574	236.887
Other	684	435
Insurance provisions for policies where the holders bear the investment risk (Unit linked)	320.396	251.507
Total Insurance reserves	**1.537.128**	**1.287.175**
Other Insurance liabilities		
Liabilities relating to deposit administration funds (DAF)	141.393	-
Amounts payable to brokers, agents and sales partners	37.980	28.552
Amounts payable to reinsures	16.772	10.703
Liabilities arising from reinsurance operations	976	267
Total insurance related reserves & liabilities	**1.734.249**	**1.326.697**

Liabilities relating to deposit administration funds (DAF) of €146,9million as at 31 December 2004 are included in the Mathematical reserve.

As of 1 January 2005, with the adoption of IFRS 4 “Insurance Contracts”, the Group performs a liability adequacy test at the end of each reporting period to assess the adequacy of its insurance liabilities, which are estimated according to the provisions of local insurance law.

As at 1 January 2005, additional liabilities of €173 million for life business (hospitalization riders) and €53 million for property and casualty business (motor branch) increased the carrying amounts of insurance reserves and were charged-off to equity. The after tax effect on Group retained earnings was €169,5 million.

The process followed for the liability adequacy test performed as at 31 December 2005 and the results of this test are set out below:

a. Life business

Life business was disaggregated into four main groups:

i. Individual traditional policies (whole life, endowment, pure endowment, term, with profit pension plans):

The test was based on an analysis of the sensitivity of liabilities to changes in mortality, interest rates and expenses for the remaining term of insurance contracts. No additional liabilities resulted from the above process.

ii. Unit-linked contracts

Analysis considered both risks associated to basic parameters (mortality, interest rates) and risks associated to guaranteed returns at the end of the contract terms. No additional liabilities resulted from the above process.

iii. Pension benefit programs which stem from Deposit Administration Funds ("DAF")

The process followed was similar to that of individual traditional policies (the only difference being that expenses were not a factor). The test produced a liability that exceeded reserves calculated according to local law by €2,8 million, with a corresponding increase in insurance reserves. The net effect on profit for the year was €2,1 million.

iv. Hospitalisation riders

The test was based on assumptions for future lapses, premiums increase, medical inflation and expenses increase.

Conditions prevailing as at 1 January 2005, were not significantly different to those prevailing as at 31 December 2005, resulting in the additional liability of €173 million as at the beginning of the year remaining unchanged as at the end of the year.

b. Property and Casualty business

As regards the motor branch, historical data was examined on a per claim basis for each accident year from 2000 up to and including 2005. Claims were split into three main categories: motor TPL – property damage, motor TPL – human injury and motor own vehicle damage. Individual human injury claims exceeding €250 were examined separately. Projections of paid claims, incurred claims and average incurred claims were performed for each group, with expenses being taken into account.

The process took into account the increase in reserves for specific claim files, which resulted from revising outstanding claims on a case per case basis, in accordance with local insurance law, during 2005. The outcome was that a larger part of the total liability estimated with the liability adequacy test was covered by the reserves estimated in accordance to local law, hence rendering the additional liability lower than the additional liability as at 1 January 2005. Therefore, even though total reserves of property and casualty business increased during the year ended 2005, additional reserves resulting from the liability adequacy amounted to €20,4 million compared to €53 million as at 1 January 2005.

NOTE 40: Other liabilities

	31.12.2005	31.12.2004
Accrued interest and commissions	285.790	196.681
Creditors and suppliers	247.074	277.112
Amounts due to government agencies	357.166	240.268
Private equity: liabilities of investee entities	192.874	157.895
Other provisions	43.103	53.789
Taxes payable - other than income taxes	53.171	53.858
Current tax liabilities	177.302	150.328
Accrued expenses and deferred income	45.581	52.961
Payroll related accruals	47.948	58.137
Dividends payable	13.108	13.503
Other	497.583	88.720
Total other liabilities	**1.960.701**	**1.343.252**

The movement of other provisions may be summarised as follows:

	31.12.2005	31.12.2004
Balance at 1 January	**53.789**	**44.213**
Acquisition of subsidiaries	100	3.053
Foreign exchange differences	12	79
Provisions charged to income statement during the year	2.368	10.588
Non-utilised provisions reversed	(1.388)	(347)
Provisions utilised during the year	(11.778)	(3.797)
Balance 31 December	**43.103**	**53.789**

NOTE 41: Contingent liabilities and commitments

a. Legal proceedings

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

b. Pending Tax audits

The tax authorities have not yet audited all subsidiaries for certain financial years and accordingly their tax obligations for those years may not be considered final. Additional taxes and penalties may be imposed as a result of such tax audits; although the amount cannot be determined at present, it is not expected to have a material effect on Group's net assets. The Bank has been audited by the tax authorities up to 2004 inclusive.

c. Capital Commitments

In the normal course of business, the Group enters into a number of contractual commitments on behalf of its customers and is a party to financial instruments with off-balance sheet risk to meet the financing needs of its customers. These contractual commitments consist of commitments to extend credit, commercial letters of credit and standby letters of credit and guarantees. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of the conditions established in the contract. Commercial letters of credit ensure payment by a bank to a third party for a customer's foreign or domestic trade transactions, generally to finance a commercial contract for the shipment of goods. Standby letters of credit and financial guarantees are conditional commitments issued by the Group to guarantee the performance of a customer to a third party. All of these arrangements are related to the normal lending activities of the Group. The Group's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and commercial and standby letters of credit is represented by the contractual notional amount of those instruments. The Group uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

	31.12.2005	**31.12.2004**
Commitments to extend credits	11.101.650	9.309.410
Commercial letters of credit	152.911	336.032
Standby letters of credit and financial guarantees written	2.731.634	1.944.340
Total	**13.986.195**	**11.589.782**

d. Assets pledged	**31.12.2005**	**31.12.2004**
Assets pledged as collaterals	**1.585.916**	**1.340.309**

e. Operating lease commitments	**31.12.2005**	**31.12.2004**
No later than 1 year	23.398	23.639
Later than 1 year and no later than 5 years	65.215	69.136
Later than 5 years	69.826	60.316
	158.439	**153.091**

NOTE 42: Share capital, share premium and treasury shares

Share capital	No of shares	€'000s
At 1 January 2004	255.058.085	1.147.761
Capitalisation of fixed asset revaluation reserve	76.517.426	344.329
At 31 December 2004	**331.575.511**	**1.492.090**
Merger through absorption of subsidiaries:		
Share capital authorised, issued and fully paid on merger with National Investment Company	5.023.534	123.585
Share capital authorised and fully paid, to be issued upon completion of merger with National Real Estate	2.670.367	80.672
At 31 December 2005	**339.269.412**	**1.696.347**

The total number of authorised, issued and fully paid ordinary shares as at 31 December 2005 was 336.599.045 (2004: 331.575.511) with a nominal value of €4,80 per share. Upon completion of the merger with National Real Estate, the Bank's total number of shares will increase by 2.670.367 shares and the nominal value of the shares will increase to €5 per share through the legal capitalisation of share premium and reserves, which was given effect as of 31 July 2005, the effective date of the legal merger.

Share Premium	31.12.2005	31.12.2004
At 1 January	**32.393**	32.393
Merger through absorption of National Investment	13.100	-
Merger through absorption of National Real Estate	(45.493)	-
At 31 December	**-**	**32.393**

Treasury Shares	No of shares	€'000s
At 1 January 2004	10.693.878	348.790
Purchases of treasury shares	4.938.274	44.475
Sales of treasury shares	(6.230.254)	(183.137)
At 31 December 2004	**9.401.898**	**210.128**
Purchases of treasury shares	1.543.523	32.933
Sales of treasury shares	(10.251.461)	(220.381)
At 31 December 2005	**693.960**	**22.680**

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 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. At 31 December 2005, the Bank and certain subsidiaries held 693.960 NBG shares as part of their investment activity representing 0,20% of the issued share capital (2004: 9.401.898, representing 2,84% of the issued share capital).

Stock Option Program: On 22 June 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 Group. 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 43: Reserves & Retained Earnings	31.12.2005	31.12.2004
Statutory reserve	252.594	207.770
Available for sale securities reserve	42.215	-
Currency translation differences reserve	17.803	(4.460)
Other reserves and retained earnings	1.137.551	838.038
Total reserves and retained earnings	**1.450.163**	**1.041.348**

Before paying dividends, the Bank, in accordance with its Articles of Association and Greek corporate law (codified law 2190/20) must allocate between 5% & 20% of its net profits to the statutory reserve until this reserve equals at least one-half of the Bank's share capital. Tax exempt reserves of €928 million are included in other reserves and retained earnings and represent profits made on the sale of shares, property, bonds and other similar assets taxed at special rates such as interest earned on treasury bills and bonds. These reserves are fully taxed upon distribution.

The movement in the available for sale securities reserve may be summarised as follows:

Available for sale securities reserve	Continuing operations	Discontinued operations	Total 31.12.2005
At 1 January 2005	-	-	-
IAS 39 adjustments	132.770	(8.140)	124.630
Net gains / (losses) from changes in fair value of AFS investments	51.942	(9.549)	42.393
Net (gains) / losses transferred to income statement	(125.472)	-	(125.472)
Impairment losses on AFS investments	664		664
At 31 December 2005	**59.904**	**(17.689)**	**42.215**

The movement in the currency translation differences reserve may be summarised as follows:

Currency translation differences reserve	31.12.2005	31.12.2004
At 1 January	(4.460)	-
Currency translation differences arising during the year	22.263	(4.460)
At 31 December	**17.803**	**(4.460)**

NOTE 44: Minority Interest	31.12.2005	31.12.2004
Balance at 1 January	**302.321**	**342.579**
IAS 39 adjustments	(31.739)	-
Balance at 1 January as restated	**270.582**	**342.579**
Acquisitions /disposals	28.695	(31.012)
Merger through absorption of subsidiaries	(209.292)	-
Share of net profit of subsidiaries	23.590	12.771
Dividends of prior year	-	(10.173)
Exchange differences	144	-
Other	(3.722)	(11.844)
Balance 31 December	**109.997**	**302.321**

NOTE 45: Undated Tier I perpetual securities	31.12.2005	31.12.2004
Innovative preferred securities	350.000	350.000
Non-innovative preferred securities	732.581	482.149
Undated Tier I perpetual securities	**1.082.581**	**832.149**

Innovative preferred securities:

In July 2003, NBG Funding Ltd, a wholly owned subsidiary of the Bank, issued € 350 million Series A Floating Rate Non – Cumulative Non Voting Preferred Securities guaranteed on a subordinated basis by the Bank. The securities are perpetual and may be redeemed by NBG Funding, in whole but not in part in July 2013 or on any dividend date falling thereafter subject to the consent of the Bank. The preferred dividend rate is the three-month EURIBOR plus 175 bps until 11 July 2013 and EURIBOR plus 275 bps thereafter, which is paid quarterly.

Non- innovative preferred securities:

In November 2004, NBG Funding Ltd issued € 350 million Series B and USD 180 million Series C Constant Maturity Swap ("CMS") Linked Subordinate Callable Notes. 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% paid semi-annually and for series C is 6,75% the first year and then is determined as the 10 year USD CMS mid swap rate plus 12,5bps reset every six months and capped at 8,5% paid semi-annually.

In February 2005, NBG Funding Ltd issued € 230 million Series D Constant Maturity Swap ("CMS") Linked Subordinate Callable Notes. 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% until 16 February 2010 and thereafter is determined as the difference of 10-year EUR CMS mid swap rate minus the 2-year mid swap rate multiplied by four subject to a minimum rate of 3,25% and capped at 10% paid annually.

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 46: Dividend per share

On 17 May 2005, at the Annual General Meeting of the Shareholders of the Bank, the shareholders approved the distribution of a cash dividend in the amount of €0,60 per share (2004: €0,65). The Board of Directors, following the approval of these Financial Statements will propose to the Bank's Annual General Meeting to be held on 12 April 2006, the distribution of a €1 dividend to ordinary shareholders.

NOTE 47: Cash and cash equivalents — **31.12.2005** — **31.12.2004**

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	1.323.340	714.260
Treasury bills	28.066	-
Due from banks	1.705.231	4.215.173
Investment securities	8.109	740
Total cash and cash equivalents	**3.064.746**	**4.930.173**

NOTE 48: Related –party transactions

The nature of the related party relationships for those related parties with whom the Group 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.

a. Transactions with management

The Group entered into banking transactions with members of the Board of Directors and General Managers of the Bank and members of management of other Group companies, in the normal course of business. The list of the members of the Board of Directors is shown under Note 1 General Information. Loans, deposits and letters of guarantee amounted to €1.510, €5.102 and €4 respectively. Total compensation including salaries and other short-term benefits, post employment and other long-term benefits, termination benefits and share based payments amounted to €14.489 (2004: €12.811).

b. Other related party transactions

Transactions between the Bank and its subsidiaries, which are related parties of the Bank have been eliminated on consolidation and are not disclosed in this note. Details of transaction between the Group and associated companies are disclosed below.

Transactions with associated companies	**31.12.2005**	**31.12.2004**
Assets.		
Loans and advances to customers………	41.520	36.939
Liabilities		
Due to customers………	35.839	45.660
Letters of guarantee………	58.448	29.328
Income Statement		
Interest and commission income ………	4.477	2.669
Interest and commission expense ………	5.120	3.497

NOTE 49: Acquisitions, disposals and other capital transactions

1. Acquisitions and disposals

1. National Investment Company, a 46,42% subsidiary of the Bank, increased its share capital on April 25 2005 by issuing 39.614.400 new shares. The Bank participated in the share capital increase of National Investment Company and as a result increased its participation interest by 9,27%. During the first quarter of 2005, the Bank also acquired 0,83% of the shares of National Investment Company, thus increased in total its participation interest to 56,52% prior to merger through absorption.

2. During the year ended 31 December 2005, the Bank increased its participation interest in the share capital of a) Banca Romaneasca S.A, b) Ethniki Hellenic General Insurance, c) Astir Palace Vouliagmenis S.A and d) Ethnoplan S.A, by acquiring an additional 6,28%, 0,65%, 1,31%, and 3,00% respectively of the share capital of the aforementioned companies. The total participation interest of the Group in these companies is disclosed in note 50.

3. On 3 August 2005, the Bank covered in full the share capital increase of its subsidiary Astir Alexandroupolis S.A for the amount of €1,04 million maintaining its 100% stake. Total consideration was satisfied by cash.

4. Ethniki Ktimatikis Ekmetalefsis A.E, a 100% owned subsidiary of the Bank, is included in the consolidated financial statements of the Group as from 31 March 2005. Prior that date, the company was under liquidation and its name was Elliniki Viomichania Metallikon Epiplon EVME.

5. In September 2005, the Bank established NBG International Holdings BV in Netherlands as 100% subsidiary which was included for the first time in the interim consolidated financial statements of the Group as at 30 September 2005.

6. In October 2005, the Bank's subsidiary Ethniki Hellenic General Insurance, signed an agreement for the acquisition of the 100% of Alpha Insurance Romania and the 95% of the Alpha Insurance Brokerage, from the Alpha Bank Group. The acquisition of Alpha Insurance Brokerage concluded within 2005 while that of Alpha Insurance Romania in the first months of 2006.

   The net assets acquired amount to €0,362 million and the consideration paid reached the amount of €2,45 million resulting in goodwill of €2,088 million.

7. 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 consideration to be received is USD 400 million payable in cash.

8. In November 2005, the Bank announced the signing of the agreement for the sale of its subsidiary National Bank of Greece (Canada) to Scotiabank.

9. 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. The acquisition was concluded on 29 December 2005. The acquired company did not contribute operating income to the Group for the period from 1 January to 31 December 2005.

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

	31.12.2005
Cash and cash equivalents	4
Due from other banks	1.885
Loans and advances to customers	50.915
Investment property	145
Intangible assets	10
Deferred tax assets	124
Other assets	601
Due to other banks	(44.850)
Due to customers	(237)
Other liabilities	(6.103)
Deferred tax liabilities	(67)
Total net assets	**2.427**
Group's share on net identifiable assets (70%)	1.698
Goodwill	6.702
Total purchase consideration paid (discharged by cash)	**8.400**
Cost of acquisition	8.400
Less: Cash and cash equivalents in subsidiary acquired	(4)
Cash outflow on acquisition	**8.396**

The goodwill is attributable to the high profitability of the acquired business and the significant growth expected to arise in the Romanian leasing market.

2. Mergers through absorption

National Bank of Greece and National Investment Company

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:
   i. the relevant Draft Merger Agreement (dated 2/6/2005),
   ii. 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,
   iii. Emporiki Bank's valuation report as to the fairness and reasonableness of the share exchange ratio,
   iv. PricewaterhouseCoopers chartered auditors' reports certifying the book value of the Bank's fixed assets as at the transformation date (31/5/2005),
   v. the fairness and reasonableness of the share exchange ratio (i.e. 12 shares of the absorbed company to 1 share of the absorbing), and
   vi. 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

i. 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
ii. an increase in the nominal value of the existing shares by equivalent capitalisation of the share premium account from €4,50 to €4,80.

National Investment Company was struck form the register of Societe Anonymes on 13 December 2005 and subsequently delisted on 28 December 2005.

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

3. Sale of own shares

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. In addition, during the period insignificant amounts of own shares were disposed by other subsidiaries.

NOTE 50: Group consolidated companies

Name	Country of incorporation	% Participation 31.12.2005	31.12.2004
National Investment Company	Greece	-	46,42%
National Securities S.A	Greece	100,00%	100,00%
Ethniki Kefalaiou S.A	Greece	100,00%	100,00%
Diethniki Mutual Fund Management	Greece	100,00%	100,00%
National Management & Organization Co	Greece	100,00%	100,00%
Ethniki Leasing S.A	Greece	100,00%	100,00%
National Mutual Fund Management	Greece	100,00%	100,00%
NBG Venture Capital S.A	Greece	100,00%	100,00%
National Development of Northern Greece S.A	Greece	-	65,00%
NBG Balkan Fund Ltd.	Cyprus	100,00%	100,00%
NBG Greek Fund Ltd.	Cyprus	100,00%	100,00%
ETEBA Emerging Markets Fund Ltd.	Cyprus	100,00%	100,00%
ETEBA Estate Fund Ltd	Cyprus	100,00%	100,00%
ETEBA Venture Capital Management Ltd	Cyprus	100,00%	100,00%
NBG Bancassurance S.A.	Greece	100,00%	100,00%
Atlantic Bank of N.Y.	U.S.A.	100,00%	100,00%
NBG Canada	Canada	100,00%	100,00%
S.A.B.A.	S. Africa	99,50%	99,47%
NBG Cyprus Ltd	Cyprus	100,00%	100,00%
National Securities Co (Cyprus Ltd)	Cyprus	100,00%	100,00%
NBG Management Services Ltd.	Cyprus	100,00%	100,00%
Stopanska Banka A.D.	FYROM	71,20%	71,20%
United Bulgarian Bank (UBB)	Bulgaria	99,91%	99,91%
NBG International Ltd	United Kingdom	100,00%	100,00%
NBGI Inc. (NY)	U.S.A.	100,00%	100,00%
NBG Private Equity Ltd.	United Kingdom	100,00%	100,00%
NBG Finance plc	United Kingdom	100,00%	100,00%
Interlease A.D. (Sofia)	Bulgaria	87,50%	87,50%
ETEBA Bulgaria A.D.	Bulgaria	100,00%	100,00%
ETEBA Romania S.A	Romania	100,00%	100,00%
ETEBA Advisory SRL	Romania	100,00%	100,00%
NBGI Jersey Limited	United Kingdom	-	100,00%
NBG Luxembourg Holding S.A.	Luxembourg	100,00%	100,00%
NBG Lux Finance Holding S.A.	Luxembourg	100,00%	100,00%
National Real Estate	Greece	-	79,60%
Innovative Ventures S.A (I-Ven)	Greece	100,00%	100,00%
NBG Funding Ltd	United Kingdom	100,00%	100,00%
Banca Romaneasca S.A	Romania	97,14%	90,87%
Ethniki Hellenic General Insurance	Greece	76,65%	76,00%
ASTIR Palace Vouliagmenis S.A	Greece	78,06%	76,75%
ASTIR Alexandroupolis S.A	Greece	100,00%	100,00%
Grand Hotel Summer Palace S.A	Greece	100,00%	100,00%
NBG Training Center S.A	Greece	100,00%	100,00%
Ethnodata S.A.	Greece	100,00%	100,00%
ΚΑΔΜΟΣ S.A.	Greece	100,00%	100,00%
DIONYSOS S.A	Greece	99,91%	79,52%
EKTENEPOL Construction Company	Greece	100,00%	79,60%
Mortgage, Touristic PROTYPOS S.A	Greece	100,00%	79,60%

NOTE 50: Group consolidated companies (continued…)

Name	Country of incorporation	% Participation 31.12.2005	31.12.2004
Hellenic Touristic Constructions	Greece	77,76%	61,90%
Ethnoplan S.A	Greece	100,00%	97,00%
Ethniki Ktimatikis Ekmetalefsis A.E	Greece	100,00%	-
NBG I Private Equity Funds	United Kingdom	100,00%	100,00%
NBG International Holdings BV	Netherlands	100,00%	-
Eurial Leasing SRL	Romania	70,00%	-
Ethniki Insurance (Cyprus) Ltd	Cyprus	79,19%	78,64%
Ethniki General Insurance (Cyprus) Ltd	Cyprus	79,19%	78,64%
Insurance-Reinsurance Hellenic-Romanian Company Garanta SA	Romania	71,49%	63,48%
Audatex Hellas SA	Greece	53,65%	53,21%
Alpha Insurance Brokerage SA	Greece	72,82%	-

NOTE 51: Post balance sheet events

1. Mergers through absorption

National Bank of Greece and National Real Estate
The Boards of Directors of the Bank and National Real Estate, further to their decisions (dated 29/7/2005) regarding the merger of the two companies through absorption of the latter by the Bank, proposed to the General Meetings of their Shareholders the following share exchange ratio: 2 shares of the absorbing National Bank for 15 shares of the absorbed National Real Estate. Approval by regulatory authorities to initiate the merger procedures was obtained in October 2005 (Greek Government Gazette issue 11146/21.10.2005). PricewaterhouseCoopers and KPMG were engaged as auditors to certify the book value of National Bank of Greece's and National Real Estate's assets respectively, as at the transformation balance sheet date (31/7/2005) and opine on the fairness of the share swap ratio. PricewaterhouseCoopers and KPMG issued their fairness opinion on the share swap ratio.

On 3 February 2006, the second repeat General Meeting of the Bank's Shareholders approved the above merger under the terms proposed by the Board of Directors and the merger is considered to have been consummated on that date, with the effect from 31 July 2005, the date of transformation balance sheet in accordance with prevailing Greek law. Accordingly the assets and liabilities of National Real Estate have been incorporated in the financial statements of the Bank for the year ended 31 December 2005.

On completion of the merger 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 (i.e. 336.599.045), will raise the total number of the Bank's shares to 339.269.412.

2. Acquisitions & Disposals

1. In January 2006, following its Board of Directors decision on 20 December 2005, 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 €63m), with the option to cover in full the share capital increase up to the amount of RON 252 million (equivalent €70 million).
2. In January 2006, the Bank concluded the sale of its subsidiary ASTIR Alexandroupolis. The total consideration received was €6,53 million.
3. 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 was CAD 71,3 million (equivalent €52 million).
4. On 15 February 2006, National Insurance completed the acquisition of 100% of the share capital of Alpha Insurance Romania for a consideration of €2,7 million. The acquisition was funded by the company's own capital.
5. On 22 February 2006, Group companies National Insurance and United Bulgarian Bank, agreed with American International Group Inc ("AIG") to jointly establish a Life insurance Company and a Property and Casualty insurance company in Bulgaria. National Insurance and United Bulgarian Bank will each hold 30% of the share capital of the two new companies, with the remaining 40% to be held by American Life Insurance Company ("ALICO") and AIG Central Europe & CIS Insurance Holdings Corporation, which will also exercise the management of the new companies. The authorized share capital was set for the Life insurance company to BGN 6 million (equivalent €3,1 million), and for the Property and Casualty insurance company to BGN 5,4 million (equivalent €2,8 million).

NOTE 52: Effects from transition to IFRS

Reconciliation of Equity: Greek GAAP to IFRS

€ 000's		31.12.2004	31.12.2003
Total shareholders' equity, as previously reported under Greek GAAP		**2.522.088**	**2.431.217**
Transition adjustments due to adoption of IFRS:			
Defined benefit plans: recognition of unfunded deficits	I	(180.810)	(163.843)
Loans fees deferral (effective interest rate)	II	(39.413)	(23.748)
Re-measurement of fixed assets and intangibles	III	(29.885)	(3.089)
Securities revaluation	XIII	(31.160)	(83.234)
Recognition of tax related provisions	XII	(15.832)	(32.056)
Leasing - Government grants: re-measurement of B/S item	VI	(9.363)	(9.564)
Recognition of impairment losses on loans and advances	VII	(13.094)	(7.155)
Profit distribution recognised on cash basis	IX	215.041	198.784
Other		23.942	7.862
Total adjustments		**(80.574)**	**(116.043)**
Recognition of minority interest on subsidiaries not consolidated under Greek GAAP	XI	216.510	182.791
Hybrid securities	VIII	832.149	350.000
Total shareholders' equity, per IFRS		**3.490.173**	**2.847.965**

Reconciliation of consolidated income statement under Greek GAAP and IFRS for the year ended 31.12.2004

€ 000's		31.12.2004
Net profit reported under Greek GAAP		**409.199**
Adjustments due to adoption of IFRS:		
Defined benefit plans: recognition of unfunded deficits	I	(16.967)
Loans fees deferral (effective interest rate)	II	(15.665)
Re-measurement/ de-recognition of intangibles	III	(11.528)
Re-measurement of tangible assets	III	22.213
Charge off compound interest on loans and similar provisions	VII	(19.903)
Gains on disposal of treasury shares	XIII	(65.040)
Effect from consolidation on new entities under IFRS	XI	3.909
Recognition of dividends on Tier I perpetual securities directly in equity	XIII	17.327
Profit distribution	XV	(17.924)
Other		(13.273)
Total adjustments		**(116.851)**
Net profit reported under IFRS		**292.348**

Consolidated Balance Sheet as at 1 January 2005 (Adoption of IAS 32, 39 & IFRS 4)

€ 000's		31.12.2004	IAS 32, 39, IFRS 4 Adjustments/ Reclassifications	1.1.2005
ASSETS				
Cash and balances with Banks & Due from banks…………		9.732.420	-	9.732.420
Investments………………………………………………………	XIII	14.148.877	349.208	14.498.085
Loans & advances to customers………………………………		26.052.758	(32.688)	26.020.070
Fixed assets………………………………………………………		2.156.141	-	2.156.141
Derivative financial instruments…………………………...	XIII	-	191.378	191.378
Other assets………………………………………………………	XIV	2.397.181	233.737	2.630.918
Total assets……………………………………………………...		**54.487.377**	**741.635**	**55.229.012**
LIABILITIES				
Due to banks…………………………………………………….		6.413.741	-	6.413.741
Derivative financial instruments…………………………...	XIII	-	287.402	287.402
Due to customers……………………………………………….		40.865.176	-	40.865.176
Taxes…………………………………………………………….	V, XIV	161.244	72.286	233.530
Retirement benefit obligations………………………………..		225.331	-	225.331
Insurance…………………………………………………………	XIV	1.326.697	226.000	1.552.697
Other liabilities …………………………………………………	XIV	2.005.015	298.447	2.303.462
Total liabilities ………………………………………………...		**50.997.204**	**884.135**	**51.881.339**
SHAREHOLDERS' EQUITY				
Share capital & share premium………………………………		1.524.483	-	1.524.483
Less: treasury shares……………………………………………		(210.128)	-	(210.128)
AFS reserve……………………………………………………..	XIII	-	124.692	124.692
Other reserves & retained earnings…………………………	XIII,XIV	1.041.348	(235.453)	805.895
Equity attributable to NBG shareholders………………		**2.355.703**	**(110.761)**	**2.244.942**
Minority Interest & Undated Tier I securities ……………...	XIII, XIV	1.134.470	(31.739)	1.102.731
Total shareholders' equity …………………………………		**3.490.173**	**(142.500)**	**3.347.673**
Total equity and liabilities …………………………………		**54.487.377**	**741.635**	**55.229.012**

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

€ 000's		IFRS (continuing and discontinued operations)	GrGAAP	Variation
Interest and similar income		2.222.769	2.627.797	(405.028)
Interest expense and similar charges		(797.476)	(1.209.034)	411.558
Net Interest income	II,VIII	**1.425.293**	**1.418.763**	**6.530**
Fee and commission income		431.693	474.745	(43.052)
Fee and commission expense		(27.003)	(76.931)	49.928
Net Fee and commission income	II	**404.690**	**397.814**	**6.876**
Earned premia net of reinsurance		560.939	-	560.939
Net claims incurred		(471.847)	-	(471.847)
Net premia from insurance contracts	XI	**89.092**	**-**	**89.092**
Dividend income	XI	18.381	17.036	1.345
Net trading income	IV,XI	108.785	120.642	(11.857)
Net result from investment securities		1.087	-	1.087
Other operating income	XI	146.007	88.775	57.232
Total operating income		**2.193.335**	**2.043.030**	**150.305**
Personnel expenses	I	(1.034.084)	(866.294)	(167.790)
General & Administrative expenses	XI	(351.491)	(298.018)	(53.473)
Depreciation and amortisation charges	III,X	(133.254)	(128.667)	(4.587)
Other operating expenses	III	(50.543)	(27.401)	(23.142)
Total operating expenses		**(1.569.372)**	**(1.320.380)**	**(248.992)**
Impairment losses on loans and advances	VI, VII	(172.450)	(177.869)	5.419
Share of profit of associates		25.154	32.197	(7.043)
Profit before tax		**476.667**	**576.978**	**(100.311)**
Tax expense	V	(184.319)	(167.779)	(16.540)
Net Profit		**292.348**	**409.199**	**(116.851)**
Net Profit attributable to:				
Minority interests	XI	12.771	22.832	(10.061)
NBG ordinary shareholders		279.577	386.367	(106.790)

Consolidated Balance Sheet under Greek GAAP and IFRS as at 31.12.2004

€ 000's		IFRS	GrGAAP	Variation
ASSETS				
Cash and balances with central banks………………………..		1.145.042	1.123.434	21.608
Treasury bills and other eligible bills………………………...		150.400	150.415	(15)
Due from banks (net)…………………………………………...		8.587.378	8.797.016	(209.638)
Financial assets at fair value through P&L…………………..		11.615.536	13.307.228	(1.691.692)
Loans and advances to customers (net) ………….…………..	VII	26.052.758	26.312.445	(259.687)
Investment securities - available for sale ……….….……...		2.382.941	-	2.382.941
Investment property ………….……………………………...	X	125.905	-	125.905
Investments in associates….………………………………....	XI	218.759	945.322	(726.563)
Goodwill & other intangible assets ….………………………	III, XI	73.675	113.837	(40.162)
Property & equipment ….……………………………………...	III, XI	1.959.636	1.165.060	794.576
Deferred tax assets ….…………………………………………	XII	75.022	-	75.022
Insurance related assets and receivables ……………………..	XI	492.904	-	492.904
Other assets ….………………………………………………..	XI	1.607.421	962.437	644.984
Total assets ….………………………………………………….		**54.487.377**	**52.877.194**	**1.610.183**
LIABILITIES				
Due to banks ….………………………………………………		6.413.741	6.415.083	(1.342)
Due to customers ……………………….…………………...		40.865.176	40.808.585	56.591
Debt securities in issue ….…………………………………..		63.448	55.493	7.955
Other borrowed funds ….………………………………………	VIII	748.642	1.582.149	(833.507)
Insurance related reserves and liabilities ….………………...	XI	1.326.697	-	1.326.697
Current tax liabilities ………………….…………………..	V	150.328	-	150.328
Deferred tax liabilities ……………………………..………...	XII	10.917	-	10.917
Retirement benefit obligations ………………………………..	I	225.331	-	225.331
Other liabilities …………………….………………………………		1.192.924	1.493.796	(300.872)
Total liabilities …………………………………………………		**50.997.204**	**50.355.106**	**642.098**
SHAREHOLDERS' EQUITY				
Share capital ……………………………………………………		1.492.090	1.492.090	-
Share premium account ………………………….…………		32.393	32.393	-
Less: treasury shares ………………………………………....	IV	(210.128)	(205.482)	(4.646)
Reserves and retained earnings ……………………………….	VI, IX	1.041.348	1.078.818	(37.470)
Equity attributable to NBG shareholders ………………..		**2.355.703**	**2.397.819**	**(42.116)**
Minority Interest ………………………………………………..	XI	302.321	124.269	178.052
Undated Tier I perpetual securities ……………..……………	VIII	832.149	-	832.149
Total shareholders' equity …………………………………..		**3.490.173**	**2.522.088**	**968.085**
Total equity and liabilities …………………………………..		**54.487.377**	**52.877.194**	**1.610.183**

Consolidated cash flow statement under Greek GAAP and IFRS as at 31.12.2004

€ 000's	IFRS	GrGAAP	Variation
Cash flow from operating activities …………………………………………	(974.589)	(419.202)	(555.387)
Cash flow from investing activities …………………………………………	(244.423)	83.551	(327.974)
Cash flow from financing activities …………………………………………	384.621	239.494	145.127
Effect of foreign exchange rate fluctuations on cash and cash equivalents………………………………………………	(116.487)	-	(116.487)
Net increase/(decrease) in cash and cash equivalents…………………..	(950.878)	(96.157)	(854.721)
Cash and cash equivalents at beginning of period………………………	5.881.051	6.160.393	(279.342)
Cash and cash equivalents at end of period………………………………	**4.930.173**	**6.064.236**	**(1.134.063)**

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.

I. Defined benefits plans (IAS 19)
All unfunded liabilities arising from defined benefit pension plans were recognised as a liability. Under previous GAAP provisions were based on labour law for staff retirement only.

II. 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 previous GAAP all fees were accounted for as commission income when incurred.

III. Tangible and intangible assets (IAS 16, IAS 38 & IFRS 1)
For tangible and intangible assets, the Group 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 previous 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 Group. Under previous GAAP various costs and expenses were capitalised.

IV. Treasury shares (IAS 39)
Own stock held by the group companies, which were not consolidated under previous GAAP (see below for consolidation scope extension), is now classified as treasury shares and carried at cost.

V. 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.

VI. Leasing and government grants (IAS 17 & IAS 20)
When assets are leased under a finance lease, the present value of the minimum lease payments is recognised as a receivable. Under previous GAAP all leases were recorded as operating leases. Government grants are presented as deferred income, which is recognised over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. They are not credited directly to shareholders equity. Under previous GAAP government grants were capitalised and shown as reserves.

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

VIII. Hybrid securities (IAS 32)
The innovative undated Tier I securities issued by a wholly owned subsidiary of the Bank, are perpetual and may be redeemed after July 2013 on any dividend date subject to the consent of the Bank. These securities were classified as minority interest within equity. Under previous GAAP these securities were classified as financial liabilities.

Non-innovative undated Tier I perpetual securities issued by wholly owned subsidiary guaranteed on a subordinate basis by the Bank. The notes are perpetual and may be redeemed, in whole but not in part in November 2014 or any dividend date falling thereafter subject to the consent of the Bank. These securities were classified as minority interest within equity. Under previous GAAP these securities were classified as financial liabilities.

IX. Dividends (IAS 10)
Dividends are accounted for when declared. Under previous GAAP dividends were accounted for when proposed.

X. Investment property (IAS 40)

Investment property owned by the Group (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 previous GAAP, property that was held for investment purposes, was presented under own-used fixed assets.

XI. Consolidation scope (IAS 27)

A subsidiary undertaking, which is a company in which the Group directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over their financial and operating policies, is fully consolidated. Under previous GAAP those subsidiaries, which did not belong to the finance sector were accounted for as associates undertakings.

XII. Deferred taxes (IAS 12)

Under IAS 12, deferred income tax is fully provided by the Group, 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 & IFRS 4

XIII. Financial instruments

Securities (excluding derivatives)

Under IAS 39, securities are initially recognised 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 amortised 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 Group, under IAS 39, recognizes all securities on trade date, whereas under previous GAAP securities were recognised when settled.

Derivatives

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

XIV. Insurance contracts

As of 1 January 2005, the Group allocated its insurance related products into insurance contracts and investment contracts depending on the level of insurance risk inherent in the products in accordance with IFRS 4 (“Insurance contracts”). As permitted by IFRS 4, the Group accounted for its insurance contracts in accordance with Greek accounting principles.

Assets and liabilities relating to investment contracts are classified and measured as appropriate under IAS 39, 'Financial Instruments: Recognition and Measurement'. The Group assessed its recognised insurance liabilities adequacy by applying a liability adequacy test (“LAT”). As at 1 January 2005, additional liabilities resulting from the LAT performed increased the carrying amount of insurance liabilities as determined in accordance with Greek GAAP and were charged off to equity.

XV. Bonuses to personnel

Bonuses to employees are accrued for in the period the related service is provided. Under previous GAAP, bonuses were included in the appropriation of profits account.

NOTE 53: Reclassifications

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