

**EGNATIA BANK GROUP
REPORT OF THE BOARD
OF DIRECTORS
as at 31 December 2006**

Dear Shareholders

2006 was a benchmark for Egnatia Group, which was highlighted by the acquisition of 86% of the Bank's share capital by Martin Popular Bank after a public offer.

We are heading for the merger of Egnatia Bank (the Bank) with Marfin Bank SA and Laiki Bank (Hellas) A.E., which Marfin Popular Bank holds 95.3% for the first after a public offer and 100% of the latter after a private offer.

In this way, Marfin Group achieved its strategy for concentration in the sector for medium size banks and is aiming to achieve its target to be the largest financial Group in the West Mediterranean.

Therefore, our prospects include not only organizational growth but also include prospects in creating a new Group that will be leaders, in the fields of capital and administrative strength, efficiency of synergies and offensive spirit.

FINANCIAL RESULTS

In 2006, the Group's net profits amounted to EUR 19.8 million and increased by 6.8% compared to 2005. This increase was primarily due to the mature growth of business activities for the two subsidiaries in Romania (total participation 26,6%) and second to the net profit of four subsidiaries Egnatia Finance (6.9%), Egnatia AEDAK (6.0%), Egnatia Financial Services, which has direct sales (5.3%) and Leasing (1.9%).

The Bank had limited participation in the profitability of the Group (7.6 million net profits in contrast to 14,6 million in 2005). This decrease was attributed mainly to the impairment of 5.4 million of the Bank's participation in Eurocambio S.A. which the Bank as primarily shareholder decided to terminate the continuing losses from 2002 and liquidate the Company.

In addition, a significant factor for the reduced profitability was the increased impairment for loans, in order to maintain high quality in the Bank's portfolio and the increase in operating expenses by 10.1% because of restructuring plans that are under development.

The Group's operating revenues increased by 13.0%, reaching EUR 158.9 million. This boost was due to increase in net commission amounting to EUR 42.3 million or a increase by 23.3%, a increase in net interest income by 8.5% amounting to EUR 103.4 million, and finally net trading results increased to EUR 9.1 million (or 69.2% increase).

The increase in operating income is almost equal to the increase of loans by EUR 2 816.2 million (14,5%), and of total liabilities which amounted to EUR 3 618 million (15.1% increase). Deposits increased by 6.5% amounting to EUR 2 829.6 million that reflect an alternative funding source with lower cost and an increase in liquidity efficiency. Non-performing loans ratio also improved, as it declined to 4,5% from 5,3%, due to upgrading and restructuring of the loan portfolio.

As a result, the overall Group's return declined and cost to income ratio amounted 71.5% (from 70.04%). In addition, return on Equity (ROE) reached 7.61% and return on assets ratios (ROA) was 0.55%.

MAJOR EVENTS

THE BANK

Corporate

The Corporate Department achieved a significant increase in volume and in returns from loans as a result of a more aggressive presence in the market and through the variety of products offered. The Banking Center network and the Shipping Department decreased in volume but not in profits as a result of the delay in adapting to the new business structure. A reversal is expected in the near future and figures in the Shipping Sector have already improved.

Retail

Despite intensive competition in car loans, the Bank managed to retain a high market share. Other consumer loans showed remarkable results, especially in the 2nd half of 2006, as the network's branches, direct mail and telemarketing were more aggressive.

Housing Loans continued to increase in terms of performance, which was supported by the "Egnatia Home" campaign and the "3x3" campaign at the end of the year. The latter was the first common campaign of the three banks that are under merger. The results were astonishing concerning all three products of the campaign, which were: Housing, Consumer and Investment.

Consumer and Housing Loans and by comparison Corporate, CRM and Direct Banking have a leading contribution in Bank's profitability, as they have exceeded the budget. Factoring finished the year within.

Organizational Changes

In order to achieve a more efficient operation, several operating and supportive units of the Bank were reorganized. ATM's Telemarketing and Direct marketing were transferred to Consumer Credit, while E-Banking and Marketing were transferred to Network Administration. In addition, Information Technology, Financial and Legal Department, as well as Credit Support and International Commerce are now included under Operations.

Branch Network

The Bank's network today consists of 78 branches (69 in 2005) and 8 Banking centers.

Subsidiaries

The Bank's operation in Romania with a satisfactory profit margin in a growing market has shown the fastest growth rates in the Group. Total Assets doubled, amounting to EUR 226,2 million and we anticipate the same rate for the current year. The number of branches increased and reached by 8 (from 1 in 2005) and is in accordance to budget, and are expected to amount to 18 at the end of 2007. The network supports the activities of the leasing company rapidly. Bank's net profit was 3.7 million (3 million in 2005) and Leasing 566 thousands (approximately zero in 2005). The potentials for these Companies and for the particular market will ensure remarkable results in the following years.

Leasing in Greece is in a mature stage and offers a complete range of products concentrating in leasing and sale and lease back of professional real estate. Total assets increased by 11.0% amounting to EUR 124,8 million. Provision for loans doubled (EUR 1,127 thousands from EUR 687 thousands) and the year's profits amounted to 378 thousand which are 14% less than in 2005.

Egnatia Finance provides a range of investing products and investment services for institutional and private investors. It tripled its annual net profits to EUR 1,4 million, and maintained total assets of EUR 86 million. At the moment it is currently under procedures for the merger with Investment Bank of Greece AE of Marfin Group.

In the field of Mutual Funds, AEDAK exhibited increased profits showing an increase of 1.2 million or a 53% increase, and funds after management amounted to EUR 128,8 million. AEDAK manages 7 Mutual Funds and is also under the procedures in merging with the mutual fund management companies of Marfin and Laiki (Hellas).

DIVIDEND POLICY

According to the Bank's profits after tax, the Board of Directors (BoD) will propose to the regular Shareholder's Meeting the appropriation of EUR 0,05 dividend per share.

CORPORATE GOVERNANCE

The Group applies the strict principles of the Corporate Governance Law and has established a Compliance Department. The main aim is to prevent and efficiently manage the risk of non-compliance with the current rules, to develop and manage systems and methods of monitoring the relevant risks in order to secure the creditworthiness and reputation of the Bank and the Group. In addition there is an Internal Control Committee, which is comprised exclusively by independent non-executive members of the BoD.

RISK MANAGEMENT

Risk Management is a basic operation and a key factor of the Group's stable and high return for shareholders. As a financial institution, the Group is exposed to risk that could affect its results or net worth.

Credit Risk

Apart from the internal credit rating system that Egnatia Group has developed in order to evaluate the credit risk of corporate clients, there are also two specialized systems, Moody's Risk Advisor for corporate entities and the ICAP Model for small and middle size companies. Both of them are an integral part of the approval procedure.

For the evaluation of retail customers, the Group has developed two models, in collaboration with Experian Scorex. The first analyzes the qualitative and economic characteristics of the client during the approval procedure and the second evaluates customer's transactional behavior.

Operating Risk

During the procedure of developing new products, control procedures and monitoring procedures are also established, which aim to assess and minimize this risk. In addition, the insurance coverage of fixed assets and cash is evaluated and the optimal insurance method is applied.

Market Risk

Market Risk derives from a possible change of certain elements of the market (interest rate, foreign currency rates, etc.) that the Group cannot easily control and could lead to a possible loss of capital. The most important factors of market risks are: interest, foreign currency, liquidity, counterparty, country, risk from changes in the prices of stocks and other securities.

In order to measure these risks Egnatia Group uses generally accepted techniques such as VaR methodology. VaR limits are established for each portfolio and in total. The evaluation of the confidence level is an estimation of the possible change of the value of a portfolio, in a defined confidence level that could occur in a defined period. The Bank uses the Variance Covariance method for the estimation of VaR with a confidence level of 99% and holding period of one day.

Interest Risk

Egnatia Group and Marfin Group monitors interest risk, in a consolidated basis, and in accordance with the regulatory principles and internal rules.

The methodology used is the Static Repricing Gap. According to this methodology, the Bank separates products by maturity (fixed) or by the next repricing (floating) periods and calculates the gap for each period in order to measure sensitivity.

The static Repricing Group is used to evaluate the rate of sensitivity of all assets and liabilities of the Group (off and on balance sheet).

The Group's also use various derivative instruments for hedging interest rate risks that derive from balance sheet management such as IRSs.

Foreign Currency Risk

The Group estimates the maximum possible loss of open positions in different currencies by using sensitivity tests. These tests analyze the significance of changes in foreign currency rates that the Group is exposed and how these could influence profitability.

Liquidity Risk

The Group controls and manages liquidity risk through the following procedures:

- 1) Minimum Reserve Requirements as defined by the regulatory authorities, wherever the Group is present.
- 2) Compatibility Ratios between assets and liabilities for a period up to one month.
- 3) Ratio of liquid assets over the total customers' deposits.

A significant part of the Group's assets is financed by customers' deposits and bonds. The direct cash needs are financed by current deposits and savings. The funding of long term investments is achieved by bonds and term deposits.

Although these deposits could be withdrawn without previous warning, the variety terms of numbers and types of deposits prevents from significant variations and could be considered as a stable deposit base.

Counterparty Bank Risk

This is supervised by Risk Management, which sets the limits for each product and counterparty, approved by ALCO. The level and terms of these limits are based on the credit rating of the counterparty and on monitoring current limits.

Country Risk

The Group monitors the trading transactions with counterparties, placements in other banks etc. Specific and general limits are set and evaluated daily in order to mitigate the above risks for each country.

Country Risk is calculated according to the credit scoring of the country by the International Country Risk Guide International Organizations like Moody's and S&P and the economic and political conditions of each country.

PROSPECTS FOR THE NEW YEAR

As mentioned above, the prospects for the new year are exceptional as a result of the capital size and the synergies from the new Bank. A remarkable increase of all figures for the Group is expected and pre-estimated. In the near future, the aim for the Group is to establish itself as one of the most prosperous financial groups in the banking sector.

The accomplishment of the Management's targets steam from the cooperation of thousands of customers and shareholders of the Group and naturally from the tireless effort of staff and management.

Athens, 24 January 2007.

**THE PRESIDENT OF THE
BOARD OF DIRECTORS**

VASSILIOS N. THEOHARAKIS

VERIFICATION

We verify that the above consolidated report of the Board of Directors that consists of 5 pages is the same as the one mentioned in our auditors report dated 20 February 2007.

Athens, 20 February 2007

KPMG Kyriacou Certified Auditors A.E.

Nick Vouniseas, Certified Auditor
A.M.S.O.E.L. 18701

SUPPLEMENTARY REPORT

This Supplementary Report of the Board of Directors to the Shareholders General Meeting contains information regarding the issues under paragraph 1 of article 11^a Law 3371/2005.

a) Share Capital Structure

The share capital of Egnatia Bank amounts to one hundred and twenty two million one hundred and seventy one thousand and seven hundred and seventy seven Euro (122,171,777), divided into ninety three million two hundred eighty six thousand and seven hundred twenty nine (93,286,729) ordinary shares with voting rights and a par value of Euro one and seventeen cents (1.17) each and eleven million one hundred thirty three thousand and five hundred ninety four (11,133,594) preferred shares without voting rights, with a par value of Euro one and seventeen cents (1.17) each. The Bank's shares are traded on the Athens Stock Exchange market.

Each share carries the rights and responsibilities stipulated by Law and the Articles of Association of the Bank.

According to article 11a par. 2 of Law 2190/1920 Egnatia Bank has bearer shares that are undividable. Shares are divided in two categories: a) ordinary shares with voting rights and b) preferred shares without voting rights that are non-convertible. Preferred shares have the following privileges: a) the right to claim, prior to ordinary shares, initial dividend of article 28 par. 2 of Articles of Association and to receive the same amount of dividends as those ordinary shares that may be paid in any form, b) if dividends are not distributed or distribution is less than 6% of the paid in capital, in one or more years, the preferred payment of the above initial dividend or its completion from next years' profits, c) the right to reclaim the capital paid by the preferred shareholders from the liquidation of the Company's assets in case of resolvement. They also have equal rights with ordinary shareholders in additional participation in the liquidation's profits if this exceeds the paid in share capital.

The liability of the Bank's shareholders is limited to the par value of the shares they hold. Shareholders participate in the Bank's management and profits according to Law and the Articles of Association. The rights and responsibilities deriving from each share are transferred to any residuary or special heir of the shareholder

The Bank's shares are listed without any restrictions.

b) Restrictions on the assignment of the Bank's shares

The Bank's shares may be assigned as stipulated by Law and there are no further restrictions on their assignment set out in the Articles of Association.

c) Major direct or indirect stake holding in the meaning of PD 51/1992

Major direct or indirect stake holding in the meaning of PD 51/1992, higher than 5% of the total number of shares of the Bank is:

SHAREHOLDERS WITH PERCENTAGE >=5%							
AS AT 31/12/2006							
WITH TOTAL SHARE CAPITAL							
104,420,323							
		ORDINARY		PREFERRED		TOTAL	
N.	Name	Number	Percentage	Number	Percentage	Number	Percentage
1	MARFIN POPULAR BANK PUBLIC CO LTD	80,634,960	86.44%	9,386,620	84.31%	90,021,580	86.21%
Totals :		80,634,960	86.44%	9,386,620	84.31%	90,021,580	86.21%
Remaining shareholders:		12,651,769	13.56%	1,746,974	15.69%	14,398,743	13.79%
Total number of shares :		93,286,729	100.00%	11,133,594	100.00%	104,420,323	100.00%

d) Shares with special voting rights

The Bank has no shares that hold special control rights.

e) Restrictions on voting rights

The Bank's Articles of Association stipulate no restrictions on the voting rights emanating from its shares. It is clarified that according to paragraph 7 of article 1 the Bank's shares are divided into ordinary shares with voting rights and preferred shares without voting rights, non convertible.

f) Agreements among shareholders of the Bank

The Bank is not aware of any agreements among its shareholders, which would result in restrictions on the assignment of its shares or exercise of the voting rights deriving from its shares.

g) Regulations of the appointment and replacement of Board members and amendments of the Articles of association

The regulations stipulated in the Bank's Articles of Association regarding the appointment and replacement of Board members and amendments thereto, are not different to the provisions of Company Law 2190/1920.

h) Authority of the Board to issue new shares or acquire treasury shares

The Board of Directors of the Bank does not have such authority.

i) Major agreement put into force, amended or terminated in the event of change in the control following a public offer

There are no agreements to amend or terminate in the event of change in the control of the Bank following a public offer.

j) Agreements with Board members or staff of the Bank

There are no agreements between the Bank and its Board members or staff providing for the payment of any compensation specifically in the event of resignation or dismissal without cause, or termination of their mandate or employment as a result of a public offer. The provisions formed for retirement compensations, as a result from the provisions of Law 3371/2005, on 31.12.2006 amounted to Euro 8,315 thousand, from which, amount Euro 175 thousand refers to Board members and staff who held General Director, Deputy General Director and Assistant General Director positions.