Consolidated
Financial Statements
31 December 2006

In accordance with International Financial Reporting Standards

The attached financial statements were approved by the BoD of the Agricultural Bank of Greece on 12 March 2007 and are available on the web address **www.atebank.gr**

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Board of Director's Report

During 2006, Greek banks acted in a favourable economic environment, which was characterised by a 4.3% rate of GDP growth, relatively higher than the average of eurozone, and was mainly motivated by consumption, investment and exports and the relatively high interest margins, compared with those of the european banking market.

In such an environment, the financial performance of greek banks, during 2006, is distinguised by continuing high profitability, which is due to the stable, despite the increase of interest rates, credit expansion in mortgage, consumer and corporate loans and especially loans to SME's. However, it must be noted that a large part of the profits is attributed to the dynamic development of the largest greek banks' activities, out of borders and especially in neighbouring SE European countries.

The intensive competition in the domestic banking market as well as the need to achieve high rates of return, have led greek banks to encourage investments in those countries, through mergers and acquisitions, in order to reinforce their position. Taking the above into consideration, ATE bank has proceeded in the acquisition of Mind Bank and a share purchase of Aik Banka.

After the increase of its share capital, which was partly disposed to private investors, the application of the law 3259/2004 " Panotokia law"and the application of IFRS, in 2006, ATEgroup continued its efforts to improve its position in the domestic market, by intesifing its activities, increasing the return of its disposable funds, rehabilitating its portfolio, reducing bad dept and solving its employees' insurance problem.

As a result, the Group attained a high profitability and improved its financial ratios. In particular:

In 2006, profit after tax and minority interests totaled €188.4 million, increased by 35.1% versus 2005. This can be attributed to the increase in operating income by 7.2% and the decrease in provisions for bad dept by 50.5%, due to the decrease of NPL's. On the other hand, operating expenses were increased by 5.1% and there was also a considerable increase of taxes and especially of dividend tax for the fiscal year 2005 and reserve tax.

The increase of the operating income, which amounted to € 879 million, is attributed to the rise of income from credit activities by 4.86% (in a recurrent basis 13.07%), as a result of the increase in interest income from loans and advances to customers (by 2.58% or 12.5% in a recurrent basis), income from bonds (by 25.63%) and due from other banks (by 6.75%). This increase was partially offset by the increase of debit interests by 19.13% and especially of deposit interests by 21,14%. As a result net interest income reached the level of € 600.9 million, decreased by 0.41% versus 2005, although it was increased by 10.58% in a recurrent basis.

Additionally, Ategroup's profitability was positively affected by income from investment portfolio, which was increased by €50.6 million, dividend income by 57.97% and net fee and commission income by 7.44%.

These positive results were partially offset by net trading income which was reduced by 11.65%, mainly due to negative foreign exchange differences and the loss from the sale of equities and mainly government bonds, as well as the reduction of other operating income by 2.04% mainly due to the negative results of the Hellenic Sugar Company.

Total assets of ABG Group amounted to € 21,414 million, increased by 2.8%, while loans and advances to customers after provisions totaled € 13,512 million, increased by 7.6%. There was a considerable increase in mortgage and consumers loans by 41% and 30,1% respectively, as well as an increase in agricultural loans by 8.6% and SME's by 9.5%. This increase was partially offset by the reduction of loans to the public sector by 16.14%. However, after the smoothing of the payment procedure of beneficiaries, from OPEKEPE funds, the balance of loans to the Public Sector, in 2007, is expected to be re-established, reaching the levels of the previous years.

Deposits to customers totaled € 18,089 million, increased by 2.8%, mainly due to the significant increase of time deposits by 22.5%, despite the decrease of sight deposits by 13.6% and savings deposits by 0.7%.
Total shareholders'equity of the Group amounted to € 1,396 million, increased by 14.1%, due to the positive results of the year 2006 and the positive evaluation of the available for sale portfolio, contributing to the maintenance of of the capital adequacy ratio at a level of 11.12%.

The positive financial results of ATE group are depicted on the improvement of its financial ratios:

- ROA amounted to 0.93%, versus 0.75%, in 2005
- ROE amounted to 15.20% after minority interests (15.45% before deducting minority interests), versus 13.64% (13.72%), in 2005, respectively.
- % NPL's was reduced to 10.76%, versus 13.69% the previous year.
- Operating expenses to operating income declined to 60.65%, versus 61.84% while,
- NIM was slightly reduced to 3.37%, versus 3.44% the previous year.

The positive financial results were formed by the expansion of ATEbank's activities and its increased profitability, which was strenghtened by the promotion of new products in the retail banking sector, the improvement of the quality of its loan's portfolio and the more efficient management of its funds and especially of investment funds.
The profitability of the bank was affected by the increase in credit interests by 3.9% (12.09% in a recurrent basis), income from investments by € 46.3 million, net fee and commission income by 15.1%, dividend income by 45.5% and other operating income by 22.5%.
On the other hand, it was negatively affected by the increase of operating expense by 7.8%, due to the increase of advertising and promotion expenses by 55%, staff cost by 6%, third part fees by 38.6% and taxes by 147.4%. The profits before tax of ATEbank didn't deviate from the figures of the 2006 Budget.

The business priorities set by the Group's Administration, for 2007, are:

- The retaining of high capital adequacy ratios, so as the bank to be able to respond to the demands of Basel Accord II.
- The intensification of its efforts to expand its banking activities in the countries of S.E. Europe.
- The attempt to minimize its participation in non financial companies, in order to reduce its non interest income bearing activities.
- The improvement of the Group's efficiency and profitability among other things, by exploiting the bank's network, for the sale of its products.
- The improvement of the bank's profitability by developing its activities especially by the:
- ✓ Increase in retail banking (mortgage and consumer loans) and loans to SME's
- ✓ Increase of loans to the Public Sector and Public Companies.
- ✓ Expansion of financial products in the agricultural sector
- ✓ Introduction of new deposit and investment financial products
- The improvement of the quality of its loans, by a further decrease of non performing loans to levels comparable with those of its competitors and the improvement of its profitability, through the maintenance of relatively high interest margins.
- The rationalization of operating expenses in a Bank and Group level.

In this direction, the targets of the updated 3 years business plan, for the period 2007-2009 are reformed in higher levels. The constituent elements of the new action plan are the reinforced and high returns of equity (higher than 20%), the more efficient management (Cost income ratio ≈52%), the completion of the sanitation of loans portfolio (% NPL's ≈6%) and the maintenance of capital adequacy in levels higher than 10%.

The President

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Independent Auditors' Report
(Translated from the original in Greek)

To the Shareholders of
ATE BANK A.E.

Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ATE BANK A.E. (the Bank) which comprise the consolidated balance sheet as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and the fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, that have been adopted by the European Union. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Greek Auditing Standards, which are based on International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated Financial Statements give a true and fair view, of the consolidated financial position of the Bank as of 31 December 2006, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that have been adopted by the European Union.

Report on Other Legal and Regulatory Requirements

The Board of Director's report is consistent with the accompanying consolidated Financial Statements.

Athens, 12 March 2007

KPMG Kyriacou Certified Auditors A.E.	Baker Tilly Hellas A.E.
Nikolaos Vouniseas Certified Auditor Accountant AM SOEL 18701	Ioannis Kalogeropoulos Certified Auditor Accountant AM SOEL 10741

Consolidated income statement
For the year ended 31 December 2006
(Amounts in thousands of Euro)

	Note	1/1-31/12/2006	1/1-31/12/2005
Interest and similar income		866.108	825.996
Interest expense and similar charges		(265.249)	(222.650)
Net interest income	**7**	**600.859**	**603.346**
Fee and commission income		99.134	92.363
Fee and commission expense		(18.595)	(17.402)
Net fee and commission income	**8**	**80.539**	**74.961**
Net trading income	**9**	16.242	18.384
Net gain/(loss) on disposal of non-trading financial instruments	**10**	46.947	(3.635)
Dividend income	**11**	25.773	16.315
Other operating income	**12**	108.646	110.908
Operating income		**879.006**	**820.279**
Impairment losses	**15**	(62.670)	(126.645)
Operating expenses	**16**	(533.141)	(507.262)
Operating profit		**283.195**	**186.372**
Share of profit of associates		6.255	1.591
Profit before tax		**289.450**	**187.963**
Income tax expense	**18**	(95.652)	(42.768)
Profit after tax		**193.798**	**145.195**
Attributable to			
Equity holders of the Bank		188.419	139.420
Minority interest		5.379	5.775
Basic and diluted earnings per share (expressed in Euro per share)	**19**	0,21	0,24

The Consolidated Financial Statements on pages 1 to 44 have been prepared according to the International Financial Reporting Standards (IFRS) as adopted by the European Union and have been approved by the Board of Directors as of 12 March 2007 and are signed by:

The Governor	The Deputy Governor	The Deputy Head of Finance Department
Dimitrios Miliakos	Vasilios Drougkas	Spiros Chimaras

The accompanying notes (pages from 5 to 44) are an integral part of these financial statements.

Consolidated balance sheet
For the year ended 31 December 2006
(Amounts in thousands of Euro)

	Note	31/12/2006	31/12/2005
Assets			
Cash and balances with the Central Bank	**20**	947.172	733.935
Loans and advances to banks	**21**	1.316.540	2.394.395
Trading securities	**22**	579.135	333.760
Derivative financial instruments	**23**	20.358	99
Loans and advances to customers	**24**	13.512.244	12.557.460
Available-for-sale securities	**25**	1.538.704	1.347.573
Held-to-maturity securities	**26**	1.279.610	1.388.987
Investments in associates	**27**	149.759	38.476
Investment property	**28**	186.175	199.730
Property, plant and equipment	**29**	492.393	450.431
Intangible assets	**30**	35.410	5.206
Deferred tax asset	**31**	393.037	416.676
Other assets	**32**	963.702	959.226
Total assets		**21.414.239**	**20.825.954**
Liabilities			
Deposits from banks	**33**	151.028	255.412
Deposits from customers	**34**	18.089.296	17.596.049
Derivative financial instruments	**23**	49.592	90.055
Provision for employee benefits	**35**	334.579	333.992
Other liabilities	**36**	412.056	348.504
Subordinated loans	**37**	394.973	394.699
Insurance reserves	**38**	586.910	583.836
Total liabilities		**20.018.434**	**19.602.547**
Equity			
Share capital	**39**	651.920	1.729.399
Treasury shares		(8.320)	(33.291)
Share premium		94.714	95.275
Other reserves	**40**	384.613	381.386
Accumulated surplus / (deficit)		209.538	(1.000.868)
Equity attributable to the Bank's equity holders		1.332.465	1.171.901
Minority interests		63.340	51.506
Total equity		**1.395.805**	**1.223.407**
Total equity and liabilities		**21.414.239**	**20.825.954**

The accompanying notes (pages from 5 to 44) are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2006
(Amounts in thousands of Euro)

	Share capital	Treasury share	Share premium	Other reserves	Accumulated surplus / (deficit)	Minority interest	Total
Balance at 1/1/2005	**1.649.470**	**(58.185)**	**46.732**	**185.777**	**(2.212.545)**	**42.397**	**(346.354)**
Profit for the period 1/1 - 31/12/05	0	0	0	0	139.420	5.775	145.195
Net gain/(loss) from changes in fair value of available-for-sale securities	0	0	0	152.076	0	1.024	153.100
Net (gain)/loss transferred to income statement on disposal of available-for-sale securities	0	0	0	(680)	0	0	(680)
Deferred tax on entries recognized directly to equity	0	0	2.010	0	11.570	2.160	15.740
Reserves appropriation	0	0	0	43.406	(43.406)	0	0
Transfer to reserves	0	0	0	807	0	150	957
Exchange rate differences	0	0	0	0	(2)	0	(2)
(Purchases)/sales of treasury shares	0	24.894	0	0	(8.665)	0	16.229
Share capital increase	1.192.689	0	56.200	0	0	0	1.248.889
Share capital reduction	(1.112.760)	0	0	0	1.112.760	0	0
Expenses from share capital increase	0	0	(9.667)	0	0	0	(9.667)
Balance at 31/12/2005	**1.729.399**	**(33.291)**	**95.275**	**381.386**	**(1.000.868)**	**51.506**	**1.223.407**
Profit for the period 1/1 - 31/12/06	0	0	0	0	188.419	5.379	193.798
Net gain/(loss) from changes in fair value of available-for-sale securities	0	0	0	90.142	0	(2.218)	87.924
Net (gain)/loss transferred to income statement on disposal of available-for-sale securities	0	0	0	(26.063)	0	0	(26.063)
Deferred tax on entries recognized directly to equity	0	0	(561)	0	0	0	(561)
Dividends paid	0	0	0	0	(63.381)	(466)	(63.847)
Transfer to reserves	0	0	0	(61.757)	61.757	0	0
Acquisitions and percentage variation of group participation	0	0	0	(1.474)	312	9.139	7.977
Exchange rate differences	0	0	0	2.379	0	0	2.379
(Purchases)/sales of treasury shares	0	24.971	0	0	(8.908)	0	16.063
Share capital reduction	(1.032.207)	0	0	0	1.032.207	0	0
Share capital return	(45.272)	0	0	0	0	0	(45.272)
Balance at 31/12/2006	**651.920**	**(8.320)**	**94.714**	**384.613**	**209.538**	**63.340**	**1.395.805**

The accompanying notes (pages from 5 to 44) are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2006
(Amounts in thousands of Euro)

	31/12/2006	31/12/2005
Operating activities		
Profit before tax	289.450	187.963
Adjustment for:		
Depreciation and amortization	39.648	33.307
Impairment losses	62.670	73.255
Changes in provisions	(9.869)	46.323
Change in fair value of trading investments	(14.685)	(28.920)
(Gain)/loss on the sale of investments, property and equipment	(68.838)	(930)
Changes in operating assets and liabilities		
Net (increase)/decrease in loans and advances to banks	1.067.225	(1.279.168)
Net (increase)/decrease in trading securities	(235.100)	29.726
Net (increase)/decrease in derivative financial instruments	0	55.489
Net (increase)/decrease in loans and advances to customers	(1.069.805)	(688.989)
Net (increase)/decrease in other assets	(18.552)	(8.603)
Net increase/(decrease) in deposits from banks	(104.384)	(24.007)
Net increase/(decrease) in deposits from customers	493.247	617.062
Net increase/(decrease) in other liabilities	69.690	(143.659)
Cash flows from operating activities	**500.697**	**(1.131.151)**
Investing activities		
Acquisition of intangible assets, property and equipment	(114.582)	(30.426)
Proceeds from the sale of intangible assets, property and equipment	25.384	31.816
(Purchases)/Sales of held to maturity portfolio	109.377	(118.534)
(Purchases)/Sales of available for sale portfolio	(130.925)	(148.093)
Dividends received	21.742	14.213
Purchases of subsidiaries	(105.028)	0
Cash flows from investing activities	**(194.032)**	**(251.024)**
Financing activities		
Net proceeds from share capital increase	0	1.248.899
Share capital return - Dividends paid	(108.653)	0
Share capital increase expenses	0	(9.667)
Proceeds/(Purchases) of treasury shares	16.063	24.894
Cash flows from financing activities	**(92.590)**	**1.264.126**
Effect of exchange rate changes on cash and cash equivalent	(838)	245
Net increase/(decrease) in cash flows	**213.237**	**(117.804)**
Cash and cash equivalents at 1 January	733.935	851.739
Cash and cash equivalents at 31 December	**947.172**	**733.935**

The accompanying notes (pages from 5 to 44) are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

The Agricultural Bank of Greece Group, "the Group" provides primarily financial and banking services to individuals and businesses. At the same time it also maintains an important presence in the industrial sector.

The Group's parent company is the Agricultural Bank, (the Bank or ATE), which was founded in 1929 while its shares have been listed in the Athens Stock Exchange in 2000 and are included in the FTSE 20 Index (index for Large Capitalization Companies).

The Bank's registered office is at 23 Panepistimiou Str. in the municipality of Athens. The duration of the Bank is 100 years, that is until 2091 which can be extended by decision of the shareholders in a general meeting. The purpose of the Bank, according to the Article of Association is to provide banking services on its own behalf, on behalf of third parties, that contribute to the modernization and growth of the economy and more specifically the agricultural sector.

The Bank has a network of 463 branches in Greece and 13 abroad, 12 of which through the acquisition of the Bank in Romania, MINDBANK, and 1 in Germany, which offer to the clients a wide range of banking activities. The Bank also has 800 ATMs (Automatic Teller Machines), while 45% of the branches are privately owned.

The Group has 9.679 employees of whom 6.678 in the banking and finance sector.

The Group besides the mother company includes the following subsidiaries companies:

(Amounts in thousand Euro)

Name of Subsidiary	Activity	Percentage of Participation	
		2006	2005
Financial Sector			
FIRST BUSINESS BANK	Bank	49,00%	44,00%
ABG INSURANCE A.E.	Insurance Company	84,26%	85,06%
A.T.E. LEASING A.E.	Leasing	99,91%	99,91%
A.T.E. CARDS A.E. A	Credit Cards Management	99,69%	99,70%
A.T.E. A.X.E.P.E.Y.	Brokerage Services	94,745%	95,018%
A.T.E. AEDAK	Mutual Funds Management	92,76%	93,130%
ATE TECHNIKI PLIROFORIKI	Real Estate	91,44%	91,533%
A.B.G. FINANCE INTERNATIONAL P.L.C.	Finance	100.00%	100,00%
MINDBANK S.A.	Bank	69,01%	-
AIK BANKA	Bank	20,66%	-
Non-Financial Sector			
HELLENIC SUGAR COMPANY	Sugar Production	82,33%	82,33%
SEKAP	Cigarette Production	45,12%	45,12%
DODONI	Dairy Production	67,77%	67,77%
ELVIZ	Feedstuff Production	99,82%	99,82%
RODOPI	Dairy Production	75,41%	75,41%
ETANAL	Pisciculture Management	75,00%	75,00%
ATE RENT	Leasing	99,12%	-
ATE ADVERTISING	Advertising	64,91%	-

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) as adopted by the European Union.

The financial statements were approved by the Board of Directors on 12 March 2007.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following financial instruments which are presented at fair value: available for sale financial instruments, trading portfolio financial instruments and derivative financial instruments.

2.3 Functional currency

These financial statements are presented in euro, which is the Group's functional currency. Except as indicated, financial information presented in euro has been rounded to the nearest thousand.

2.4 Use of estimation and judgement

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Deviations to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 5.

2.5 Custody services

The Bank offers custody services to private clients and institutional investors. The financial assets that are under custody as well as income arising from these (interest income, dividends etc.) are not included in these financial statements since these assets don't belong to the Bank but belong to third parties.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by ATE Group entities.

3.1 Investments in subsidiaries and associates

Investments in associates are stated at cost which includes transaction costs, less impairment loss where considered necessary.

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. In the consolidated financial statements subsidiaries are consolidated according to the method of full consolidation and their financial statements are included from the date that control commences.

(b) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are included in the consolidated financial statements on an equity accounted basis.

(c) Special purpose entities (SPEs)

Special purpose entities are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of particular assets, or the execution of a specific borrowing or lending transaction. The financial statements of special purpose entities are included in the consolidated financial statements where the substance of the relationship is that the Group controls the special purpose entity.

(d) Transactions eliminated on consolidation

Intercompany balances and any unrealised gains or losses or income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated to euro at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized to the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies, that are stated at fair value are translated to euro at the foreign exchange rates ruling at the dates that the values were determined. Foreign exchange differences arising from the valuation of non-monetary assets and liabilities at the end of the year are recognized on profit or loss, except differences arising on the translation of monetary assets and liabilities which constitute part of an investment in a subsidiary operation in another country and the financial instruments as cash flow hedge which are recognized directly in equity.

3.3 Interest income and expense

Interest income and expense is recognized in the income statement as it accrues, taking into account the effective yield of the instrument or the applicable floating rate. Interest income and expense includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis. The effective interest rate method is a method of calculating the amortized cost of the financial asset or financial liability and of allocating the interest income or expense over the relevant period.

The effective interest rate is the rate that exactly discounts the future cash receipts or payments through the expected life of the financial instrument.

Once a financial asset or a group of financial assets has been written off as a result of an impairment loss, account of interest ceases.

3.4 Fee and commission income

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Commission and fees arising from third party transactions, are recognized in the income statement upon the completion of the underlying transaction. Portfolio management fees and other management advisory and service fees are recognized in the income statement according to the applicable service contracts , usually on a proportional basis.

3.5 Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities as well as derivative instruments and includes gain and losses from the valuation of the trading portfolio at fair value (shares, bonds, derivative instruments etc.) and foreign exchange differences.

3.6 Net investment income

Net investment income comprises exclusively gain or losses from the sale of financial instruments that have been categorized as available for sale. The fair value differences of these financial instruments are recognized directly in equity. Foreign exchange differences arising from the valuation of these financial instruments are also recognized in this account.

3.7 Dividend income

Dividend income is recognized in the income statement on the date that the dividend is approved from the appointed bodies of the companies which in most cases is the General Shareholders Meeting. The account includes dividend income from trading portfolio as well as dividend income from investment portfolio.

3.8 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that is relates to items recognized directly in equity in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable differences. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets or liabilities, using tax rates enacted or substantively enacted at the balance sheet date.
A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which tax asset can be utilized. Deferred tax assets are reduced to the extent that it is probable that the related tax benefit will not be realized.
Current tax includes tax that relates to payment of dividend according to the proposal of the Management.

3.9 Financial assets

Initial Recognition

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

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

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money directly to a debtor with no intention of trading the receivable.

Held-to-maturity investments: are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the intent and ability to hold to maturity. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

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

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity, and available-for-sale are recognized at trade date – the date on which the Group commits to purchase or sell the asset. Loans are recognized when cash is advanced to the borrowers. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership.

Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Valuation

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements when there is a legal enforceable right to offset recognized amounts and the transactions are intended is intention to settle on a net basis.

3.10 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or a group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

a. significant financial difficulty of the obligor;
b. a breach of contract, such as a default or delinquency in interest or principal payments;
c. the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
d. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e. observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group; including:
   - adverse changes in the payment status of borrower in the group; or
   - national or local economic conditions that correlate with defaults on the assets in the group.

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

If there is objective evidence that an impairment loss on financial assets has been incurred, the amount of loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or a held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

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

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. 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 effect of conditions in the historical period that do not exist currently.

The methodology and assumptions used of estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience using historical data.

When a loan is uncollectible, it is written-off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

(b) Assets carried at fair value

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

3.11 Derivative financial instruments and hedging accounting

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models as appropriate. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contracts is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

The method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the items being hedged. The Group designates certain derivatives as either (a) hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge); or (b) hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

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

Fair value hedge – Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the equity security.

Cash flow hedge – The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged items will affect profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives that do not qualify for hedge accounting, the changes in the fair value are recognized immediately in the income statement.

3.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand and not pledged balances held with the Central Bank with maturities of less than three months from the Balance Sheet date.

3.13 Repurchase agreements

The Group enters into agreements for the purchases (sales) of investments and to resell (repurchase) substantially the identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognized. The amounts paid are recognized in loans to either banks or customers. The receivables are shown as collateralized by the underlying security.

Investments sold under repurchase agreements continue to be recognized in the balance sheet and are measured in accordance with the accounting policy for either assets held for trading or available-for-sale or held to maturity as appropriate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers.

The difference between the sale and repurchase considerations is recognized on an accrual basis over the period of the transaction and is included in interest.

3.14 Property, plant and equipment

Land and buildings are used by the Group either for branches or for administrative purposes. All property, plant and equipment is stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method over their expected useful life, as follows:

Buildings	40-70	years
Machinery	7-14	years
Vehicles	7-9	years
Furniture and other equipment	5-8	years

Leasehold improvements are depreciated over either the useful life of the improvement or the duration of the lease whichever is the shorter.

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is higher of the asset's fair value less costs to sell and value in use.

Gain and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the income statement.

Certain items of property, plant and equipment that had been revalued to fair value prior to 1 January 2004, the date of transition to IFRSs, are valued on deemed cost. Deemed cost is considered the revalued amount which constitutes the cost of acquisition.

3.15 Investment Property

Properties held by the Group either to earn rental income, capital appreciation, or both, are classified as investment property. Investment property is accounted for in a similar manner as property, plant and equipment (Note 3.14).

The Group includes as investment property, property acquired resulting from the foreclosure of non-performing customer loans.

3.16 Intangible Assets

Intangible assets include goodwill arising from the acquisition of subsidiaries as well as software which is stated at cost less accumulated amortisation.

(a) Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Positive goodwill is a non amortized intangible asset which is assesed on each balance sheet date for impairment.

Negative goodwill is recognised immediately in profit or loss.

Goodwill should be allocated to the cash generating units on the acquisition date. In case that there are difficulties in the immediate allocation of the fair value of assets, this can be postponed but should be performed within twelve months from the acquisition date.

(b) Software

Amortization is charged over the estimated useful life, which the Group has defined to three years. Expenditure incurred to maintain software programs is recognized in the income statement of the year. On the contrary expenditure incurred to enhance or improve the performance of the software as well as expenditure incurred for conversion of the software are incorporated in the cost value of the asset under the condition that these can be measured with accuracy.

3.17 Leases

The Group as the lessor

When the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the present value of the minimum lease payments of the arrangement is presented within loans and advances.

The lease rentals received decrease the aggregate amount of lease payments and finance income is recognized on an accrual basis.

The finance lease loans are subject to the same impairment testing as applied to customer loans and advances as described in note 3.10.

The Group as the lessee

Lease agreements that the lessor transfers the use of an asset for a predetermined period without transferring the risks and rewards incidental to ownership are classified as operational leases. In this case the Group doesn't recognize the leased assets on the balance sheet. The operational lease payments (lease payments made that correspond to the use of the leased asset free of any incentives given by the lessor) are recognised on the income statement during the life of the contract.

In case where the Group is the lessee under a finance lease, fixed assets under the finance lease are recognised as assets and the respective obligation for the lease payments as a liability on the balance sheet. At the inception of the lease, fixed assets leased under finance leases are recognised on the balance sheet at amounts equal to the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Leased assets are depreciated over their useful life, if it is longer than the lease term, only if it is expected that the ownership of the leased assets will pass to the Group at the end of the lease term. Finance lease payments are apportioned between the capital element and the finance charge.

The capital element is used as a reduction of the outstanding liability and the finance charge at the income statement is allocated to periods during the lease term.

3.18 Provisions

A provision is recognized in the balance sheet when the Group has a present legal obligation or constructive obligation as a result of a post event and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate has been made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

3.19 Employee benefits

(a) Defined contribution plans

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(b) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculatedly separately for each plan by estimating the amount of future benefit that employees have earned in return of service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on Greek State bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When benefits are improved, the portion of the increased benefit relating to past service by employees is recognized as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the income statement.

All actuarial gains and losses as at 1 January 2004, the date of transition to IFRSs were recognized. In respect of actuarial gains or losses that arise subsequent to 1 January 2004 in calculating the Group's obligation in respect of a plan, to the extent that any cumulative unrecognized actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets, that portion is recognized in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized.

3.20 Share capital

(a) Share issue costs

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

(b) Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability in the period in which they are approved by the shareholders.

(c) Treasury shares

When share capital recognized as equity is repurchased, the amount of the consideration paid including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction of total equity. Where such shares are subsequently sold or re-issued any consideration is included in shareholders' equity.

3.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS) figures for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.22 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

3.23 Insurance Contracts

As of 1st January 2005 risk from insurance contracts is segregated according to IFRS 4, and contracts are classified as insurance or investment contracts. The Insurance company of the Group has both life insurance contracts and non-life insurance contracts.

Insurance contracts are defined as those contracts that contain significant insurance risk at the inception of the contract which is transferred from the insured party to the insurance company and the insurance company agrees to indemnify the insured party when a determined doubtful future event occurs that has a negative effect on the insured party.

Premiums from insurance contracts are recognized as revenue (written premium) on a pro rata basis over the related policy duration.

The premiums are reported before the deduction of the related commissions.

a) Acquisition costs

Commissions and other acquisition costs incurred during the financial period for securing new investment contracts and or renewing existing contracts but which are related to subsequent financial periods are reported in the balance sheet account "Other Assets" and are amortized over the life of the contract.

b) Insurance reserves

Insurance reserves are the insurance company's net contractual obligations that are originated from the insurance contracts, and include the mathematical reserves, the unearned premium reserves and outstanding claims reserve.

Mathematical reserves contain the life insurance and are the difference created between the present value of the cash obligations that the insurance company has taken up for every life insurance contract and the premiums owed by the policy holder which are payable to the insurance company. This difference is calculated using the approved from the corresponding authority technical base (mortality table, technical interest rate) at the beginning of the contract. If loss is ascertained when the liability adequacy test is performed, extra reserve is charged.

Unearned premium reserves include the ratio of written premiums that relate to future periods.

The outstanding claims reserve incorporates a reserve for incurred but not reported claims to the insurance company at balance sheet date (I.B.N.R.). The calculation of insurance reserves conducted on balance sheet date is in accordance to Law 400/1970 and the relevant decisions of the Ministry of Development.

The change in insurance reserves concerns the increase/decrease in relation to the prior year insurance reserves. The company's portion on the change of insurance reserves is transferred to the income statement and the remaining amount is debited in the reinsurance account according to the reinsurance treaties.

c) Liability Adequacy Test

At each reporting date a liability adequacy test is performed by the Group's insurance company to ensure the adequacy of the unearned premiums according to IFRS 4. In performing the test current best estimates of future contractual cash flows claims from insurance contracts are used.

Any inadequacy is immediately charged to the income statement increasing the equivalent inadequate reserve.

The company derecognises a financial obligation arising from an insurance contract when its either fulfilled, expired or terminated.

d) Reinsurance treaties

The benefits resulting for the insurance company from the reinsurance treaties are recognized in the asset account "Receivables from reinsurers". Liabilities to the reinsurers mainly represent the payable reinsurance premiums. The company reviews whether the receivables from the reinsurers have been impaired at the financial statement date and if this is the case it reduces their accounting value and recognizes the impairment loss in the income statement.

3.24 Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In case of manufactured inventories and work in progress, cost includes and appropriate share of overheads based on normal operating capacity.

3.25 New Standards

The new standards and amendments and interpretations issued, which must be adopted for financial periods from 1 January 2007, are the following:

International Financial Reporting Standard 7 « Financial instruments: Disclosures», (Rule 108/2006) as well as the changes that it has imposed to other standards.

IFRS 7 and the amendments that it imposes on other standards are effective for annual periods beginning on or after 1.1.2007 and they are expected to affect significantly the disclosure requirements concerning financial instruments.

Amendment to IAS 1 «Presentation of Financial Statements – Capital Disclosure (effective for annual periods beginning on or after 1.1.2007)

This amendment requires additional disclosures both quantitative and qualitative relating to the management of the Group's capital.

Finally the International Accounting Standards Board (IASB) has issued the following standards and interpretations which have not yet been adopted by the European Union:

International Financial Reporting Standard 8 «Operating segments» Effective for annual periods on or after 1.1.2009.

This standard replaces the IAS 14 “Segment Reporting”. Its adoption by the European Union and the Group will have an significant impact on the Group’s disclosures about operating segments.

Interpretations 11 and 12 «Bank and Treasury Shares Transactions» Effective for annual periods on or after 1.3.2007 and «Service Concession Arrangements» Effective for annual periods on or after 1.1.2008

The Group is examining whether there will be an impact from the adoption of the above interpretations.

4. RISK MANAGEMENT

This note provides details of the Group's exposures to risks and describes the methods used by management to control risk. The most important types of financial risk to which the Group is exposed are credit risk, liquidity and market risk. Market risk includes currency risk, interest rate risk and equity price risk.

4.1 Credit risk

The Group takes an exposure to credit risk, which is the risk that a counterparty will be unable to pay an amount in full when due. Impairment provisions are provided for losses that have been incurred at the balance sheet date.
Significant changes in the economy or in the health of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments.
Such risks are monitored on a revolving basis and are subject to an annual or more frequent review. Limits on the level of credit risk by product and industry sector are set.

The exposure to any one borrower including banks is further restricted by sub-limits covering on and off-balance sheet exposures. Actual exposures against limits are monitored daily.
Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these credit limits where appropriate. Exposure to credit risk is managed in part by obtaining collateral.

4.2 Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Group applies modern methods for measuring market risk, such as "Value at Risk" model.

The value at risk valuation estimates the maximum possible loss in the net present value of the portfolio that can occur in a set time period and for a given confidence level, nevertheless it can not measure losses that can arise from extreme financial conditions. The Group uses a confidence level of 97,5% in order to carry out value at risk valuation for the daily time horizon.

The Group also applies a program to back test the value at risk analysis by comparing daily the actual fluctuation in the value of the portfolio with the respective value- at- risk figure.
The trading portfolio of the Group consists of bonds, shares and derivatives. The value at risk price for the whole trading portfolio as at 31 December 2006 was EUR 1,638 million (2005: EUR 2,458 million) and of which EUR 0,006 million (2005: EUR 0,012 million) related to interest rate risk, EUR 1,220 million (2005: EUR 0,830 million) for market risk and EUR 1,494 million (2005: EUR 2,144 million) for foreign exchange risk. Due to the structure of the trading portfolio as of 31 December 2006 and the level of diversification a reduction of the value-at-risk of EUR 1,083 million (2005: EUR 0,529 million) has been accomplished.

4.3 Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both the risks of being unable to fund assets at appropriate maturities and rates, and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Group has access to a diverse funding base. Funds are raised using a broad range of instruments including deposits, debt securities and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Group strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Group continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Group strategy.

The following table provides an analysis of the Group's assets and liabilities into relevant maturity groupings based on the remaining periods to repayment (the amounts are expressed in thousands of Euro):

Maturity of assets and liabilities
At 31 December 2006

Assets	**Up to 1 month**	**1 - 3months**	**3- 12 months**	**1 - 5 years**	**Over 5 years**	**Total**
Cash and balances with Central Bank	947.172	0	0	0	0	947.172
Loans and advances to banks	1.189.014	127.526	0	0	0	1.316.540
Trading securities	127.730	0	4	37.127	414.274	579.135
Derivative financial instruments	20.358	0	0	0	0	20.358
Loans and advances to customers	79.260	712.552	1.971.166	3.697.690	7.051.576	13.512.244
Available-for-sale securities	848.311	540	4.927	104.969	579.957	1.538.704
Held-to-maturity portfolio	0	35.577	55.759	1.059.652	128.622	1.279.610
Investments in associates	0	0	0	0	149.759	149.759
Investment property	0	0	0	0	186.175	186.175
Property, plant and equipment	0	0	0	0	492.393	492.393
Intangible assets	0	0	0	0	35.410	35.410
Deferred tax asset	0	0	0	393.037	0	393.037
Other assets	47.651	40.878	660.787	3.253	211.133	963.702
Total assets	**3.259.496**	**917.073**	**2.692.643**	**5.295.728**	**9.249.299**	**21.414.239**
Liabilities						
Deposits from banks	101.935	0	38.201	9.151	1.741	151.028
Deposits from customers	15.342.740	1.155.171	1.576.284	15.101	0	18.089.296
Derivative financial instruments	49.592	0	0	0	0	49.592
Provision for employee benefits	9.625	13.632	17.228	88.143	205.951	334.579
Other liabilities	26.944	12.292	319.283	12.301	628.146	998.966
Subordinated loans	0	0	0	0	394.973	394.973
Total liabilities	**15.530.836**	**1.181.095**	**1.950.996**	**124.696**	**1.230.811**	**20.018.434**
Net liquidity gap	**(12.271.340)**	**(264.022)**	**741.647**	**5.171.032**	**8.018.488**	**1.395.805**
At 31 December 2005						
Total assets	4.205.059	364.152	2.596.315	7.010.436	6.649.992	20.825.954
Total liabilities	15.787.365	739.753	1.488.376	306.291	1.280.762	19.602.547
Net liquidity gap	**(11.582.306)**	**(375.601)**	**1.107.939**	**6.704.145**	**5.369.230**	**1.223.407**

4.4 Currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing exchange rates on its financial position and cash flows. The Board of Directors set limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The table below summarizes the Group's exposure to foreign currency exchange risk at 31 December 2006. Included in the table are the Group's assets and liabilities at carrying amounts, categorized by currency (the amounts are expressed in thousands of Euro):

At 31 December 2006

Assets	EUR	USD	GBP	OTHER	Total
Cash and balances with Central Bank	927.086	10.835	1.138	8.113	947.172
Loans and advances to banks	1.039.355	139.781	36.598	100.806	1.316.540
Trading securities	565.564	13.571	0	0	579.135
Derivative financial instruments	20.358	0	0	0	20.358
Loans and advances to customers	13.352.542	68.562	1	91.139	13.512.244
Available-for-sale securities	1.500.728	37.826	0	150	1.538.704
Held-to-maturity portfolio	1.279.610	0	0	0	1.279.610
Investments in associates	149.759	0	0	0	149.759
Investment property	186.175	0	0	0	186.175
Property, plant and equipment	469.522	0	0	22.871	492.393
Intangible assets	34.894	0	0	516	35.410
Deferred tax asset	393.037	0	0	0	393.037
Other assets	963.295	1	22	384	963.702
Total assets	**20.881.925**	**270.576**	**37.759**	**223.979**	**21.414.239**
Liabilities					
Deposits from banks	125.027	23.364	0	2.637	151.028
Deposits from customers	17.767.690	194.613	19.008	107.985	18.089.296
Derivative financial instruments	49.592	0	0	0	49.592
Provision for employee benefits	334.579	0	0	0	334.579
Other liabilities	994.158	4.037	401	370	998.966
Subordinated loans	394.973	0	0	0	394.973
Total liabilities	**19.666.019**	**222.014**	**19.409**	**110.992**	**20.018.434**
Net on balance sheet position	**1.215.906**	**48.562**	**18.350**	**112.987**	**1.395.805**
Net off balance sheet position	**2.334.286**	**0**	**0**	**36.797**	**2.371.083**
At 31 December 2005					
Total assets	20.293.758	322.377	33.040	176.779	20.825.954
Total liabilities	19.217.656	275.885	15.761	93.245	19.602.547
Net on balance sheet position	**1.076.102**	**46.492**	**17.279**	**83.534**	**1.223.407**
Net off balance sheet position	**2.510.000**	**852**	**0**	**33.864**	**2.544.716**

4.5 Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extend that interest earning assets, including investments, and interest bearing liabilities mature or reprice at different times or differing amounts. The table below summarizes the Group's exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates (amounts are expressed in thousands of Euro):

At 31 December 2006

Assets	**Up to 1 month**	**1 - 3months**	**3- 12 months**	**1 - 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
Cash and balances with Central Bank	947.172	0	0	0	0	0	947.172
Loans and advances to banks	1.179.708	127.936	2.396	0	0	6.500	1.316.540
Trading securities	19.712	0	10	37.127	414.233	108.053	579.135
Derivative financial instruments	20.358	0	0	0	0	0	20.358
Loans and advances to customers	7.395.261	524.777	528.845	2.137.867	2.925.494	0	13.512.244
Available-for-sale securities	76.983	199.647	189.337	48.406	220.770	803.561	1.538.704
Held-to-maturity portfolio	32.274	35.577	1.189.649	12.110	10.000	0	1.279.610
Investments in associates	0	0	0	0	0	149.759	149.759
Investment property	0	0	0	0	0	186.175	186.175
Property, plant and equipment	0	0	0	0	0	492.393	492.393
Intangible assets	0	0	0	0	0	35.410	35.410
Deferred tax asset	0	0	0	0	0	393.037	393.037
Other assets	0	0	0	0	0	963.702	963.702
Total assets	**9.671.468**	**887.937**	**1.910.237**	**2.235.510**	**3.570.497**	**3.138.590**	**21.414.239**
Liabilities							
Deposits from banks	101.935	3.795	43.497	32	0	1.769	151.028
Deposits from customers	15.343.826	1.155.121	1.576.282	14.067	0	0	18.089.296
Derivative financial instruments	49.592	0	0	0	0	0	49.592
Provision for employee benefits	0	0	0	0	0	334.579	334.579
Other liabilities	4.874	1.013	150.477	0	0	842.602	998.966
Subordinated loans	0	394.973	0	0	0	0	394.973
Total liabilities	**15.500.227**	**1.554.902**	**1.770.256**	**14.099**	**0**	**1.178.950**	**20.018.434**
Total interest sensitivity gap	**(5.828.759)**	**(666.965)**	**139.981**	**2.221.411**	**3.570.497**	**1.959.640**	**1.395.805**
At 31 December 2005							
Total assets	13.313.786	607.316	1.824.071	1.281.534	1.230.276	2.568.971	20.825.954
Total liabilities	15.736.826	1.168.147	1.338.203	33.941	0	1.325.430	19.602.547
Total interest sensitivity gap	**(2.423.040)**	**(560.831)**	**485.868**	**1.247.593**	**1.230.276**	**1.243.541**	**1.223.407**

4.6 Capital management and capital adequacy

The Group's objectives when managing capital, which is a broader concept than the "equity" on the face of the balance sheets, are:

- To comply with the capital requirements set by the regulators of the Banking markets where the Bank operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives, as implemented by the Bank of Greece. The required information is filed with the Authority on a quarterly basis.

Capital adequacy for the Group is measured according to the relevant direction of the Bank of Greece (Directive of the Bank of Greece 2563/05), that applies the direction of the European Union relating to the capital adequacy of financial institutions and investment companies). According to the abovementioned direction subsidiaries that are either financial institutions or investment companies are consolidated according to the full consolidation method, while companies that belong to the insurance, industrial and commercial sector are consolidated using the equity method.

The Group's regulatory capital is divided into two tiers:

- Tier 1 capital
- Tier 2 capital

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of –and reflecting an estimate of credit, market and other risks associated with-each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital of the Bank for the years ended 31 December 2006 and 2005 respectively.

Tier 1 Capital	**31/12/2006**	**31/12/2005**
Total equity (Regulatory Balance Sheet)	1.369.353	1.135.832
Less: Intangible assets	(35.119)	(4.786)
Less: Proposed dividends	(81.490)	0
Adjustment due to Bank of Greece directive 2563/2005	(83.108)	(9.345)
	1.169.636	**1.121.702**
Tier 2 Capital		
Supplementary capital	398.768	394.699
Adjustment according to Bank of Greece directive 2563/2005	2.740	(46.512)
	401.508	**348.187**
Deductions according to Bank of Greece directive 2563/2005	**(337.272)**	**(183.091)**
Regulatory capital	**1.233.872**	**1.286.797**
Risk-weighted assets	**11.099.580**	**9.509.698**
Capital adequacy ratio	**11,12%**	**13,53%**

The capital ratio for the Group, is estimated to 11,12% which is much higher than the regulatory limit of 8% set by the Bank of Greece directive.

5. CRITICAL ACCOUNTING ESTIMATES, AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Group upon preparing the financial statements makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

5.1 Fair Value

For the presentation of assets and liabilities at fair value, the Group used current market prices for every financial instrument. For those assets and liabilities that their current market price was not available, the values that were derived by applying valuation methods do not differ much from their carrying values. Specifically:

1. The listed securities are valued at fair value, which is determined according to the current market price on the day of the balance sheet date.
2. Non listed securities are valued at cost of acquisition less any impairment.
3. Land and property is presented at deemed cost, which does not differ substantially from fair value

5.2 Impairment losses on loans and advances to customers

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. If such evidence exists, the recoverable amount of the financial asset or group of financial assets is calculated and an impairment provision is accounted. The impairment is recorded in the income statement. The estimates, judgments and the methodology implemented are assessed regularly so as the deviations between the impairment provision and the actual losses incurred are minimized.

5.3 Fair value of derivatives

The fair value of derivative financial instruments that are not quoted in active markets are determined by using valuation techniques. Those models even though are dependent on measurable data, they require estimates and judgments (i.e. so as to determine volatility and credit risk). Those estimates and judgments are assessed regularly and when market conditions change. Changes in the estimates for the above derivatives can change the fair value of financial investments published.

5.4 Impairment of available for sale portfolio

The available for sale portfolio is measured at fair value with any changes in fair value recorded in a corresponding reserve. Impairment arises when there is a significant or prolonged decline in fair value below its cost. At such case the corresponding reserve is transferred to the income statement. Furthermore, estimates are used to determine the fair value of securities which are not quoted in active markets.
For these financial instruments, fair value is calculated using financial models along with estimates for future segment variations and prospects, as well as the financial condition of the companies that are included in the Group's portfolio.

5.5 Income tax

The Group is subject to income tax according to the tax legislation in Greece. The Group's tax obligations will be considered to be final after the completion of the relevant tax audit.

Due to the method that the tax obligations are finalized in Greece the Group remains contingent liable to additional taxes and penalties which may be assessed upon such examination. The Group has accounted a provision for the unaudited fiscal years due to historical data. Any differences that may arise from the tax audits for the unaudited fiscal years will be accounted in the year that will rise.

5.6 Reserves for outstanding claims

For the assessment of the adequacy of the outstanding claims reserves the Insurance company of the Group used the chain ladder / link ratio method, which is based on the hypothesis that the ratio observed in the past between accumulated losses (outstanding and paid) will be repeated in the future.

For the conduct of the relevant audit, data of the last four years were used.

5.7 Government grants

For the accounting of the government grant referring to the restructuring of the sugar production process, the Management of the Group ascertained that: a) there is reasonable certainty that its subsidiary company, the Hellenic Sugar Company, has the ability to comply with the terms and conditions set by the European Union regulations and b) that the subsidy will be received.

6. SEGMENT REPORTING

The segments that are considered to be as most representative for the Group's business activity is the financial sector that includes banking activities, mutual fund management and leasing activities, the insurance sector and the manufacturing sector.

Business sector analysis

(Amounts in thousand Euro) **31/12/2006**

	Financial sector	Insurance sector	Commercial and industrial sector	Total
Net interest income	596.151	16.260	(12.245)	600.166
Net fee and commission income	83.344	263	301	83.908
Net trading income	65.436	3.789	772	69.997
Dividend income	24.863	858	52	25.773
Other operating income	44.648	34.674	53.096	132.418
Total operating income	**814.442**	**55.844**	**41.976**	**912.262**
Impairment losses	(62.670)	0	0	(62.670)
Operating expenses	(488.345)	(43.401)	(27.843)	(559.589)
Operating Results	**263.427**	**12.443**	**14.133**	**290.003**
Income from associates	6.255	0	0	6.255
Profit before tax	**269.682**	**12.443**	**14.133**	**296.258**
Income tax expense	(83.835)	(822)	(10.995)	(95.652)
Intercompany transactions per sector	(10.094)	(7.876)	11.162	(6.808)
Profit after tax	**175.753**	**3.745**	**14.300**	**193.798**
Total assets per sector	21.783.369	672.091	584.878	23.040.338
Intercompany transactions per sector	(1.473.873)	(138.971)	(13.255)	(1.626.099)
Net equity and liabilities per sector	21.783.369	672.091	584.878	23.040.338
Intercompany transactions per sector	1.316.092	23.004	287.003	1.626.099

(Amounts in thousand Euro) **31/12/2005**

	Financial sector	Insurance sector	Commercial and industrial sector	Total
Net interest income	604.372	9.935	(9.740)	604.567
Net fee and commission income	74.114	412	276	74.802
Net trading income	10.768	3.468	513	14.749
Dividend income	15.845	458	12	16.315
Other operating income	26.509	33.674	67.360	127.543
Total operating income	**731.608**	**47.947**	**58.421**	**837.976**
Impairment losses	(126.645)	0	0	(126.645)
Operating expenses	(444.575)	(40.369)	(40.015)	(524.959)
Operating Results	**160.388**	**7.578**	**18.406**	**186.372**
Income from associates	1.605	0	(14)	1.591
Profit before tax	**161.993**	**7.578**	**18.392**	**187.963**
Income tax expense	(37.157)	(2.921)	(2.690)	(42.768)
Profit after tax	**124.836**	**4.657**	**15.702**	**145.195**

Total assets per sector	20.560.458	664.330	603.872	21.828.660
Intercompany transactions per sector	(817.128)	(168.633)	(16.945)	(1.002.706)
Net equity and liabilities per sector	20.560.458	664.330	603.872	21.828.660
Intercompany transactions per sector	780.299	2.035	220.372	1.002.706

7. NET INTEREST INCOME

(Amounts in thousand Euro)

	1/1-31/12/2006	1/1-31/12/2005
Interest and similar income:		
Loans and advances to customers	683.252	665.479
Loans to banks	81.494	78.080
Finance leases	16.476	14.869
Debt instruments	84.886	67.568
	866.108	**825.996**
Interest expense and similar charges:		
Customer deposits	(242.608)	(200.299)
Bank deposits	(6.468)	(8.404)
Subordinated loans	(16.173)	(13.947)
	(265.249)	**(222.650)**
Net interest income	**600.859**	**603.346**

Interest income from Loans and advances to customers as of 31/12/2005, includes an amount of EUR 60 million, that represents the accounted Interest income derived from the application of Panotokia law 3259/2004. This amount constitutes non recurring income, while an equivalent provision for impairment losses had been recognized in the income statement of the period (Note 15).

8. NET FEE AND COMMISSION INCOME

(Amounts in thousand Euro)

	1/1-31/12/2006	1/1-31/12/2005
fee and commission income		
Loans and advances to customers	22.192	14.943
Money transfers	14.387	13.603
Mutual funds	7.955	9.123
Letters of guarantee	6.469	7.007
Credit cards	6.852	7.546
Equity brokerage	5.089	3.845
Import-exports	1.181	1.275
Other	35.009	35.021
	99.134	**92.363**
fee and commission expenses		
Contribution to Savings Guarantee Fund	(10.064)	(9.376)
Other	(8.531)	(8.026)
	(18.595)	**(17.402)**
Net fee and commission income	**80.539**	**74.961**

9. NET TRADING INCOME

(Amounts in thousand Euro)

	1/1-31/12/2006	1/1-31/12/2005
Trading portfolio		
Gain minus Losses		
Derivative financial instruments	(2.797)	(9.991)
Foreign exchange differences	(5.113)	6.962
Sales		
Equity instruments	9.702	12.074
Debt instruments	(235)	3.825
Mutual Funds	0	0
Revaluation		
Equity instruments	6.544	6.918
Debt instruments	10.374	5.420
Mutual Funds	27	35
Derivative financial instruments	(2.260)	(6.859)
	16.242	**18.384**

10. NET GAIN / (LOSS) ON DISPOSAL OF NON TRADING FINANCIAL INSTRUMENTS

(Amounts in thousand Euro)

	1/1-31/12/2006	1/1-31/12/2005
Financial assets available for sale		
From sale		
Equity instruments	42.976	648
Debt instruments	524	58
Mutual Funds	1.268	(1.390)
Other	2.035	0
Impairment		
Equity instruments	0	(1.610)
Results from subsidiaries		
Consolidation differences for the period	144	(1.341)
	46.947	**(3.635)**

Amount of approximately EUR 41,8 million of the period 1/1 – 31/12/2006, was derived from the disposal of a part of the available for sale securities of listed firms in the Athens Stock Exchange.

11. DIVIDEND INCOME

(Amounts in thousand Euro)

	1/1 - 31/12/2006	1/1 - 31/12/2005
Trading securities	4.031	2.102
Available for sale securities	21.742	14.213
	25.773	**16.315**

12. OTHER OPERATING INCOME

(Amounts in thousand Euro)

	1/1-31/12/2006	**1/1-31/12/2005**
Gross profit on sale of goods and services (Note 14)	36.620	57.059
Insurance activities (Note 13)	24.177	22.035
Gain from the sale of fixed assets	9.110	4.371
Income from investment property	3.765	4.552
Income from sequential activities	7.919	5.818
Telecommunication fees	2.848	2.624
Other	24.207	14.449
	108.646	**110.908**

13. INSURANCE ACTIVITIES

(Amounts in thousand Euro)

	1/1 - 31/12/2006	**1/1 - 31/12/2005**
NON LIFE		
Premiums and other related income	110.996	112.187
Less: Reinsurance fees and similar expenses	(29.192)	(27.072)
Acquisition fees	(11.205)	(11.523)
Claim indemnities	(50.877)	(59.285)
Reinsurers' participation	5.969	10.242
	25.691	**24.549**
LIFE		
Premiums and other related income	53.999	53.805
Less: Reinsurance fees and similar expenses	(1.263)	(1.229)
Acquisition fees	(8.017)	(8.868)
Claim indemnities	(46.861)	(47.083)
Reinsurers' participation	628	861
	(1.514)	**(2.514)**
	24.177	**22.035**

14. GROSS PROFIT ON SALE OF GOODS AND SERVICES

(Amounts in thousand Euro)

	1/1 - 31/12/2006	**1/1 - 31/12/2005**
Sales	487.941	376.662
Less: Cost of goods sold	(425.679)	(298.892)
Gross profit	62.262	77.770
Distribution expenses	(25.492)	(20.295)
Other related expenses	(150)	(416)
	36.620	**57.059**

15. IMPAIRMENT LOSSES

(Amounts in thousand Euro)

	1/1-31/12/2006	**1/1-31/12/2005**
Loans and advances to customers	(62.670)	(120.377)
Other	0	(6.268)
	(62.670)	**(126.645)**

Due to the application of Law 3259/2004, the Bank as of 31/12/2005 accounted a provision of approximately EUR 60 million for impairment losses on Loans and advances to customers, in order to offset the equivalent recorded Net interest income (Note 7). This amount constitutes non recurring expense.

16. OPERATING EXPENSES

(Amounts in thousand Euro)

	1/1-31/12/2006	**1/1-31/12/2005**
Staff cost (Note 17)	(382.316)	(361.311)
Third party fees	(23.577)	(21.818)
Advertising and promotion expenses	(19.756)	(12.607)
Telecommunication expenses	(11.018)	(9.478)
Insurance fees	(318)	(219)
Repairs and maintenance	(10.993)	(10.875)
Travel	(7.307)	(6.237)
Stationery	(3.321)	(3.249)
Utility services	(2.978)	(2.760)
Depreciation	(30.094)	(29.566)
Amortization of intangible assets	(3.921)	(3.741)
Impairment	(5.966)	0
Operating lease rentals	(13.413)	(14.210)
Other taxes	(6.037)	(11.321)
Other	(12.126)	(19.870)
	(533.141)	**(507.262)**

17. STAFF COST

(Amounts in thousand Euro)

	1/1 - 31/12/2006	**1/1 - 31/12/2005**
Wages and salaries	(215.294)	(203.832)
Social security costs	(101.357)	(100.634)
Defined benefit plan costs (note 35)	(37.953)	(32.241)
Other staff costs	(27.712)	(24.604)
	(382.316)	**(361.311)**

The average number of persons employed by the Group during the year 2006 was 9.679 (2005: 9.354).

18. INCOME TAX EXPENSE

(Amounts in thousand Euro)

	1/1-31/12/2006	**1/1-31/12/2005**
Current tax	(35.051)	(3.638)
Deferred tax	(21.693)	(39.130)
Reserve taxation (clause 10 Law 3513/2006)	(8.918)	0
Profit distribution tax (year 2005)	(29.990)	0
	(95.652)	**(42.768)**

The income tax of the period was calculated on the basis of the current tax rate of 29%. It should be noted that the income tax rate that will be used from 1/1/2007 will be 25%.

The dividend distribution of EUR 0,07 per share, resulted in an additional income tax charge of approximately EUR 30 million which was recorded in the income statement of the third quarter of 2006. This amount constitutes non recurring expense.

In the closing financial year, according to the clauses of the latest tax law, 15% of the Banks' tax free reserves were taxed. The total obligation from the taxation of the above mentioned reserves was Euro 8,9 million and was paid in total during 2006. The reserves of total amount Euro 59,5 million that were taxed according to the clauses of the latest tax law can be capitalized or distributed without further taxation. The abovementioned tax amount was recorded in the income statement
Further information about deferred income tax is provided in note 31.

The reconciliation of the effective tax rate is as follows (in thousands of Euro):

	1/1-31/12/2006	**1/1-31/12/2005**
Profit before tax	289.450	187.963
Income tax at 29% (2005: 32%)	(83.941)	(60.148)
Tax exempt revenues (corresponding tax)	53.993	58.486
Non-deductible expenses (corresponding tax)	(4.943)	(1.774)
Additional tax on property	(161)	(202)
Reserve taxation (clause 10 Law 3513/2006)	(8.918)	0
Profit distribution tax (year 2005)	(29.990)	0
Effect of deferred tax on income statement	(21.693)	(39.130)
Tax	**(95.652)**	**(42.768)**
Effective tax rate	33,0%	22,7%

In Greece the results reported to the tax authorities by an entity are considered provisional and subject to revision until such time as the tax authorities examine the books and records of the entity and the related tax returns are accepted as final. Therefore, entities remain contingently liable for additional tax and penalties, which may be assessed upon such examination. The fiscal years that the Bank and its subsidiaries have not been audited by the tax authorities are as follows:

A.T.E. Bank	2005 – 2006
A.T.E. Insurance	2002 – 2006
A.T.E. Leasing	2005 – 2006
A.T.E. Cards	2006
A.T.E. A.X.E.P.E.Y.	2004 – 2006

A.T.E. AEDAK	2005 – 2006
ATE Techniki Pliroforiki	2001 – 2006
Hellenic Sugar Company	2001 – 2006
Dodoni	2004 – 2006
Elviz	2000 – 2006
Rodopi	2001 – 2006
Etanal	2003 – 2006
ATE RENT	2003 – 2006
ATE ADVERTISING	2000 – 2006

Because of the method under which the tax obligations are ultimately concluded in Greece, the Group remains contingently liable for additional taxes and penalties for its open tax years.

Against this contingency the Group using historical data from previous tax audits, has recorded a relevant provision for the unaudited tax years.

19. BASIC AND DILUTED EARNINGS PER SHARE

	1/1-31/12/2006	1/1-31/12/2005
Earnings after tax (in thousands of euro)	188.419	139.420
Weighted average of number of shares in issue	902.418.635	589.038.205
Basic and diluted earnings per share (expressed in euro per share)	**0,21**	**0,24**

Basic earnings per share is calculated by dividing the net profit by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury shares.

Basic and diluted earnings per share are the same as the Bank has not issued any dilutive share instruments.

20. CASH AND BALANCES WITH CENTRAL BANK

(Amounts in thousand Euro)

	31/12/2006	31/12/2005
Cash in hand	413.667	394.885
Balances with Central Bank	533.002	336.989
Mandatory deposits at Central Bank	503	2.061
	947.172	**733.935**

21. LOANS AND ADVANCES TO BANKS

(Amounts in thousand Euro)

	31/12/2006	31/12/2005
Current accounts	123.849	114.896
Other placements	1.192.691	2.279.499
	1.316.540	**2.394.395**

22. TRADING SECURITIES

(Amounts in thousand Euro)

	31/12/2006	31/12/2005
Greek government bonds	581	632
Corporate Loans	450.824	245.468
Equity securities	127.730	87.660
	579.135	**333.760**

23. DERIVATIVES FINANCIAL INSTRUMENTS

(Amounts in thousand Euro)	2006			2005		
	Nominal value	Asset	Liability	Nominal value	Asset	Liability
Foreign exchange derivatives						
Swaps	36.797	479	0	33.864	94	0
Forwards	0	0	0	852	5	0
Interest rate derivatives						
Swaps	1.670.000	19.879	0	1.670.000	0	35.029
O.T.C. interest rate options	840.000	0	49.592	840.000	0	55.026
	2.546.797	**20.358**	**49.592**	**2.544.716**	**99**	**90.055**

The notional amount of certain types of derivative financial instruments provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks.
The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, to the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

The Group does not apply hedge accounting, therefore the gains and losses arising on derivative financial instruments are recognized in net trading income.

24. LOANS AND ADVANCES TO CUSTOMERS

(Amounts in thousand Euro)

24.1	31/12/2006	31/12/2005
Credit cards	272.516	271.378
Consumer loans	523.372	402.172
Mortgages	4.032.921	2.860.518
Loans to private individuals	**4.828.809**	**3.534.068**
Loans to the agricultural sector	2.306.963	2.124.530
Corporate loans	2.564.197	2.732.857
Small and medium sized firms	875.918	800.270
Loans to corporate entities	**5.747.078**	**5.657.657**
Finance leasing	**363.534**	**320.242**
Loans to the public sector	**3.975.934**	**4.754.795**
	14.915.355	**14.266.762**
Less: allowance for uncollectibility	(1.403.111)	(1.709.302)
	13.512.244	**12.557.460**

24.2 Allowance for uncollectibility

Movement in the allowance for uncollectibility	2006	2005
Balance at 1 January	**1.709.302**	**2.306.425**
By acquisition	2.969	0
Provision for impairment	64.000	120.377
Recoveries	1.330	0
Loans written-off - Law 3259/2004	0	(408.988)
- Other	(371.830)	(308.512)
Balance at 31 December	**1.403.111**	**1.709.302**

The Group for the financial years 2006 and 2005 wrote off loans of total amount Euro 1,089 million. The part that arises from the implementation of the Panotokia Law, including the amount that was written off from the same cause in 2004, amounts to Euro 582 million. The remaining amount of Euro 680 million for the years 2006 and 2005 mainly relates to write offs of loans granted to agricultural associations and agricultural enterprises. In order for a write off to be materialized, a proposal is submitted by the Write Off Committee, which is subsequently verified by the Asset and Liability Management Committee (ALCO) and the Board of Directors. Write offs are recorded on off balance sheet accounts in order to be monitored for prospective legal actions and probable collections.

25. AVAILABLE-FOR-SALE SECURITIES

(Amounts in thousand Euro)

	31/12/2006	31/12/2005
Debt securities:		
Greek Government bonds	326.132	127.464
Other issuers	356.404	428.616
	682.536	556.080
Equity securities:		
Listed	719.389	648.622
Unlisted	15.321	12.822
Equity fund	53.045	0
	787.755	661.444
Mutual fund units	68.413	130.049
	1.538.704	**1.347.573**

All available-for-sale securities are carried at fair value, except, for the unlisted equity securities of EUR 15.321 thousand, which are carried at cost because fair value can not be determined.

The movement in the available-for-sale securities is summarized as follows:

(Amounts in thousand Euro)

	31/12/2006	31/12/2005
At 1 January	**1.347.573**	**1.065.605**
Additions	354.108	424.405
Disposals	(250.901)	(293.927)
Impairment	0	(1.610)
Gains from changes in fair value	87.924	153.100
31 December	**1.538.704**	**1.347.573**

Analysis of additions and reductions follows:

(Amounts in thousand Euro)

	Additions	Disposals
Greek Government bonds	253.164	41.184
Equity Fund	45.448	0
Corporate bonds	20.515	58.745
Listed securities	5.349	55.369
Unlisted securities	2.432	0
Mutual funds	27.200	95.603
	354.108	**250.901**

26. HELD TO MATURITY SECURITIES

(Amounts in thousand Euro)

	31/12/2006	31/12/2005
Greek Government bonds	1.268.610	1.377.987
Corporate bonds	11.000	11.000
	1.279.610	**1.388.987**

Mainly include Greek Government Bonds, that are held by the Group from the issue date and that the Group intends to hold until their maturity. The fair value of the above mentioned bonds as of 31.12.2006 is EUR 1.234.015 thousand (2005: EUR 1.363.436 thousand).

27. INVESTMENTS IN ASSOCIATES

The Group has the following investments in associates:

		Ownership	
	Country	2006	2005
First Business Bank A.E.	Greece	49,00%	44,00%
Sekap A.E.	Greece	42,87%	42,87%
AIK BANKA	Serbia	20,66%	-

28. INVESTMENT PROPERTY

(Amounts in thousand Euro)

	Land	Buildings	Total
At 1 January 2005			
Cost	120.610	86.217	206.827
Accumulated Depreciation	0	(22.504)	(22.504)
Net book value	**120.610**	**63.713**	**184.323**
2005			
Opening net book value	120.610	63.713	184.323
Additions	26.588	1.300	27.888
Disposals	(5.649)	(6.571)	(12.220)
Depreciation charge	0	(5.387)	(5.387)
Depreciation of disposals	0	2.456	2.456
Transfer	571	2.099	2.670
Net book value	**142.120**	**57.610**	**199.730**

31 December 2005			
Cost	142.120	83.045	225.165
Accumulated Depreciation	0	(25.435)	(25.435)
Net book value	**142.120**	**57.610**	**199.730**
2006			
Opening net book value	142.120	57.610	199.730
Additions	4.817	7.150	11.967
Disposals	(8.068)	(9.777)	(17.845)
Depreciation charge	0	(5.003)	(5.003)
Depreciation of disposals	0	2.624	2.624
Transfer	(5.114)	(184)	(5.298)
Net book value	**133.755**	**52.420**	**186.175**
31 December 2006			
Cost	133.755	80.234	213.989
Accumulated Depreciation	0	(27.814)	(27.814)
Net book value	**133.755**	**52.420**	**186.175**

Investment property are properties that the Group holds either to earn rental income or capital appreciation.

The Group has included as investment property, land and buildings that have come into its possession from the foreclosure of non-performing loans. In accordance with local banking regulations banks are required to dispose of foreclosed property within three years, however, extensions to this holding period can be approved by the Bank of Greece. The average holding period for the Group is 3 years.

The net book value of this property as at 31 December 2006 was EUR 103.808 thousand (2005: EUR 112.565 thousand).

29. PROPERTY, PLANT AND EQUIPMENT

(Amounts in thousand Euro)

	Land	Buildings	Furniture and Equipment	Leasehold Improvements	Under Construction	Total
At 1 January 2005						
Cost	184.556	246.606	261.995	11.724	15.417	720.298
Accumulated Depreciation	0	(63.434)	(201.374)	(4.542)	0	(269.350)
Net book value	**184.556**	**183.172**	**60.621**	**7.182**	**15.417**	**450.948**
2005						
Opening net book value	184.556	183.172	60.621	7.182	15.417	450.948
Additions	8.896	11.442	17.915	1.991	4.858	45.102
Disposals	(5.428)	(11.930)	(1.989)	0	(249)	(19.596)
Depreciation charge	0	(9.561)	(13.102)	(2.490)	0	(25.153)
Depreciation of disposals	0	503	1.297	0	0	1.800
Transfer	(571)	1.876	0	2.204	(6.179)	(2.670)
Net book value	**187.453**	**175.502**	**64.742**	**8.887**	**13.847**	**450.431**
31 December 2005						
Cost	187.453	247.994	277.921	15.919	13.847	743.134
Accumulated Depreciation	0	(72.492)	(213.179)	(7.032)	0	(292.703)
Net book value	**187.453**	**175.502**	**64.742**	**8.887**	**13.847**	**450.431**

2006						
Opening net book value	187.453	175.502	64.742	8.887	13.847	450.431
By acquisition (Cost)	1.842	23.675	3.054	0	192	28.763
By acquisition (Accumulated depreciation)	0	(4.015)	(1.877)	0	0	(5.892)
Additions	1.603	4.279	27.881	3.097	9.151	46.011
Disposals	(436)	(1.183)	(7.164)	0	0	(8.783)
Depreciation charge	0	(9.373)	(13.036)	(2.682)	0	(25.091)
Impairment (Accumulated depreciation)	0	1	722	0	0	723
Impairment (Cost)	0	(7)	(6.682)	0	0	(6.689)
Depreciation of disposals	0	1.183	6.439	0	0	7.622
Transfer	5.114	2.197	0	282	(2.295)	5.298
Net book value	**195.576**	**192.259**	**74.079**	**9.584**	**20.895**	**492.393**
31 December 2006						
Cost	195.576	276.955	295.010	19.016	20.895	807.452
Accumulated Depreciation	0	(84.696)	(220.931)	(9.432)	0	(315.059)
Net book value	**195.576**	**192.259**	**74.079**	**9.584**	**20.895**	**492.393**

30. INTANGIBLE ASSETS

(Amounts in thousand Euro)

	Software	Excess over cost	Total
At 1 January 2005			
Cost	19.442	0	19.442
Accumulated Amortization	(13.939)	0	(13.939)
Net book value	**5.503**	**0**	**5.503**
Plus:			
Additions	2.538	0	2.538
Minus:			
Amortization	(2.835)	0	(2.835)
Net book value 31/12/2005	**5.206**	**0**	**5.206**
Plus:			
Additions	4.966	0	4.966
By acquisition (Cost)	302	28.904	29.206
By acquisition (Accumulated amortization)	(47)		(47)
Minus:			
Amortization	(3.921)	0	(3.921)
Net book value 31/12/2006	**6.506**	**28.904**	**35.410**
Cost	21.980	0	21.980
Accumulated Amortization	(16.774)	0	(16.774)
Net book value 31/12/2005	**5.206**	**0**	**5.206**
Cost	27.248	28.904	56.152
Accumulated Amortization	(20.742)	0	(20.742)
Net book value 31/12/2006	**6.506**	**28.904**	**35.410**

The excess of cost over net assets acquired arose from the acquisition of MINDBANK (Romania) and reflects the difference between the cost of acquisition and the assets incorporated into the Group as analytically presented in Note 43.

31. DEFERRED TAX ASSET
(Amounts in thousands of Euro)

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31/12/2006	31/12/2005
Deferred tax asset:		
Intangible assets	1.631	2.060
Provision for impairment losses on customer loans	294.118	314.540
Derivative financial instruments	0	460
Employee benefits	77.561	78.243
Provision for potential liabilities	19.852	18.714
Other items	726	0
Tax losses carry forward	4.871	4.905
	398.759	**418.922**
Deferred tax liability:		
Property, plant and equipment	5.613	1.713
Derivative financial instruments	109	0
Other temporary differences	0	533
	5.722	**2.246**
Net deferred tax asset	**393.037**	**416.676**

Movement in temporary differences during the year

(Amounts in thousand Euro)

	Balance 1 January 2006	By acquisition	Recognized in income	Recognized in equity	Balance 31 Dec 2006
Intangible assets	2.060	0	132	(561)	1.631
Provision for impairment losses on customer loans	314.540	445	(20.867)	0	294.118
Employee benefits	78.243	63	(745)	0	77.561
Other items	(533)	11	1.248	0	726
Property, plant and equipment	(1.713)	(1.904)	(1.996)	0	(5.613)
Derivative financial instruments	460	0	(569)	0	(109)
Tax losses carry forward	4.905	0	(34)	0	4.871
Provisions for contingent liabilities	18.714	0	1.138	0	19.852
	416.676	**(1.385)**	**(21.693)**	**(561)**	**393.037**

32. OTHER ASSETS
(Amounts in thousand Euro)

	31/12/2006	31/12/2005
Prepaid expenses	1.480	1.346
Tax advances and other tax receivables	28.956	23.093
Accrued interest and commissions (note 32a)	74.101	66.435
Other receivables from public sector	183.692	127.337
Cheques and notes receivables	80.298	47.863
Receivables from pension fund	72.017	65.222
Customers (note 32c)	165.682	174.099
Inventories (note 32b)	187.177	309.144
Other	170.299	144.687
	963.702	**959.226**

32a. ACCRUED INTEREST AND COMMISSIONS

(Amounts in thousand Euro)

	31/12/2006	31/12/2005
Accrued interest from Public sector	7.101	8.170
Accrued interest from Private sector	3.932	5.622
Accrued interest from loans	59.242	47.373
Accrued interest from money market	1.782	2.776
Public sector commissions	1.584	1.671
Other	460	823
	74.101	**66.435**

32b. INVENTORIES

(Amounts in thousand Euro)

	31/12/2006	31/12/2005
Raw materials	3.292	3.465
Auxiliary materials	1.059	1.546
Work-in-progress	26.791	965
Packaging materials	1.055	949
Consumables	7.457	8.118
Spares parts	7.042	7.302
Other Inventories	457	192
Finished Goods	140.024	286.607
	187.177	**309.144**

The inventory primarily relates to finished goods held by the Hellenic Sugar Company.

32c. CUSTOMERS

(Amounts in thousand Euro)

	31/12/2006	31/12/2005
Receivables from insurance contracts	43.671	48.336
Receivables from reinsurance contracts	18.105	19.403
Less: Allowance for uncollectibility	(5.920)	(5.422)
	55.856	62.317
Other receivables	140.916	142.911
Less: Allowance for uncollectibility	(31.090)	(31.129)
	109.826	111.782
	165.682	**174.099**

33. DEPOSITS FROM BANKS

(Amounts in thousand Euro)

	31/12/2006	31/12/2005
Current deposits	7.794	0
Term deposits	94.006	206.365
Due to Central Bank	1.198	1.221
Other borrowings	48.030	47.826
	151.028	**255.412**

34. DEPOSITS FROM CUSTOMERS

(Amounts in thousand Euro)

	31/12/2006	31/12/2005
Retail customers:		
Current accounts	165.326	171.722
Saving accounts	11.565.124	11.649.307
Term deposits	4.493.855	3.445.457
	16.224.305	**15.266.486**
Private sector entities:		
Current accounts	736.253	589.698
Term deposits	98.589	282.261
	834.842	**871.959**
Public sector entities		
Current accounts	917.666	1.343.445
Term deposits	112.483	114.159
	1.030.149	**1.457.604**
	18.089.296	**17.596.049**

At 31 December 2006 the funds received amounted to EUR 102.246 thousand (2005: EUR 270.703 thousand). The majority of the repurchase agreements expiry within one month of the balance sheet date and the total interest expense on repurchase agreements for the year ended 31 December 2006 was EUR 4.578 thousand (2005: EUR 9.054 thousand).

35. PROVISION FOR PENSION LIABILITIES

(a) Defined contribution plans

- Main Pension Plan

According to the law 3522/22.12.2006 effective 1st January 2007, the pension segment of the Main Employee Pension Fund of the Bank will accede to the Social Insurance - Common Employee Pension Fund (IKA- ETAM).

The employer and employees contributions rates are reduced to the respective effective ones in IKA-ETAM, promptly for the employees as of 01.01.2007, and gradually in equal portions for the employer (ATE Bank) within 5 years starting as of 01.01.2007.

Besides the above mentioned regular contributions, the Bank will continue to pay annually as a fixed contribution to IKA- ETAM, an amount of Euro 28 million for fifteen years.

- Medical fund

The medical fund of the Bank, "TYPATE", provides for defined contributions to be made by the Bank at a rate of 6.25% of the employee's salary. Such contributions amounted to approximately Euro 10.148 thousand as of 31 December 2006 (2005: 9 632 thousand). Employees contribute at a rate of 2%.

(b) Defined benefit plans

In addition to the plans discussed above, the Bank up to 31.12.2006 had the following defined benefit plans:

- Early Retirement Plan

Based upon an agreement the employees of the Bank, in certain instances, are eligible for retirement prior to the conditions set by the main and auxiliary pension plans. In the event that an employee decides to retire the Bank is required to pay to ELEM an additional contribution equal to the regular contributions that the Bank and employee would have paid if they continued their employment, and the monthly pension that the employee receives. The obligation for the additional contribution exists until the retired employee reaches the age of 65, at which point ELEM is responsible for all pension payments. This defined benefit plan is unfunded.

As of 1st January 2007 the insured employees and pensioners of ATE Bank's Auxiliary Pension Plan (ELEM) must compulsory accede to the Bank Employee Fund (E.T.A.T). The financial burden of E.T.A.T. and E.T.E.A.M. from the accession of the insured employees and pensioners of ATE Bank besides the regular contributions, is covered from a payment that ATE Bank will occur in the amount of Euro 380 million. An amount of Euro 280 million will be paid in January 2007 while the remaining amount of Euro 100 million will be made as a fixed contribution in 10 annual, equal payments made at the beginning of each year. The Bank in January 2007 paid the amount of Euro 280 million to ETAT which had been provided for, according an actuarial study for this purpose.

The Bank's contribution gradually decreases from 9% to 7,5% within 3 years performed from 01.01.2007.

- Lump Sum granted on retirement

The Bank also sponsors a funded plan that provides for the payment of a lump sum to retiring employees. The payment is determined based on the employee's length of service and salary on the date of retirement.

The amounts recorded in the financial statements with respect to the defined benefit plans are as follows:

(Amounts in thousand Euro)

	31/12/2006	31/12/2005
Present value of unfunded obligations	314.302	309.030
Present value of funded obligations	40.315	39.291
Fair value of plan assets	(17.985)	(16.023)
Unrecognized actuarial gains and losses	(2.053)	1.694
Recognized liability for defined benefit obligations	**334.579**	**333.992**

Movement in the net liability for defined benefit obligations recognized in the balance sheet

Net liability for defined benefit obligations at 1 January	333.992	339.087
Expense recognized in the income statement	37.953	32.241
Contributions received	(37.366)	(37.336)
Net liability for defined benefit obligations at 31 December	**334.579**	**333.992**

Expense recognized in the income statement	31/12/2006	31/12/2005
Current service cost	36.553	20.778
Interest on obligation	2.501	12.434
Expected return on plan assets	(561)	(507)
Net actuarial (gain)/loss recognized in year	(540)	(464)
	37.953	**32.241**

The principal actuarial assumptions at the balance sheet date are:

	2006		2005	
ACTUARIAL STUDY	**Non Funded**	**Funded**	**Non Funded**	**Funded**
Discount rate	**4,00%**	**4,00%**	**3,50%**	**3,50%**
Future salary increases	**4,22%**	**4,22%**	**4,52%**	**4,52%**
Future pension increases	–	–	Inflation rate	–
Expected return on plan assets	**4,00%**	**4,00%**	**3,50%**	**3,50%**

36. OTHER LIABILITIES

(Amounts in thousand Euro)

	31/12/2006	31/12/2005
Prepaid expenses and deferred income	134.234	112.758
Creditors and suppliers	70.819	87.461
Fees and payroll payable	2.818	2.219
Tax and duties payable (except income tax)	34.003	32.084
Income tax payable	22.107	3.577
Due to public sector	37.471	41.400
Other	110.604	69.005
	412.056	**348.504**

37. SUBORDINATED LOANS

(Amounts in thousand Euro)

	31/12/2006	31/12/2005
Subordinated loan due 2012	199.797	199.524
Subordinated loan due 2014	195.176	195.175
	394.973	**394.699**

The subordinated loans represent the proceeds received from the issuance of subordinated floating rate notes by ABG FINANCE INTERNATIONAL PLC, which are guaranteed by the Bank. The proceeds of these notes are loaned to the Bank on exactly the same terms as the notes issued.

The first notes issue occurred on 23 December 2002 for EUR 200 million due in 2012. The notes carry interest at Euribor plus 1,4% which is paid quarterly. The notes may be redeemed at the option of the Bank after 23 December 2007, if they are not redeemed the interest spread of 1,4% increases to 2,7%.

The second notes issue occurred on 18 August 2004 for EUR 200 million due in 2014. The notes carry interest at Euribor plus 0,75% which is paid quarterly. The notes may be redeemed at the option of the Bank after 19 August 2009, if they are not redeemed the interest spread of 0,75% increases to 2,05%.

The subordinated loans are carried at amortized cost. The costs related to the issue of the notes are amortized as interest expense using the effective interest method over the period of the placement to the first redemption option.

38. INSURANCE RESERVES

(Amounts in thousand Euro)

	Total		Ratio of company		Ratio of reinsurance	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Life Insurance						
Mathematical reserves	323.938	326.732	323.938	326.732	0	0
Unearned premiums	9.801	9.694	9.801	9.694	0	0
Profit sharing	25.774	27.904	25.774	27.904	0	0
Outstanding claim reserves	8.480	9.268	7.762	8.484	718	784
Outstanding claims incurred but not reported (IBNR)	2.444	2.507	2.444	2.507	0	0
Total life insurance reserves	**370.437**	**376.105**	**369.719**	**375.321**	**718**	**784**
Non-life Insurance						
Unearned premiums	43.750	41.011	36.843	34.056	6.907	6.955
Outstanding claim reserves	149.437	144.962	132.615	128.431	16.822	16.531
Total non-life insurance reserves	**193.187**	**185.973**	**169.458**	**162.487**	**23.729**	**23.486**
Reserves for Unit Linked products	**23.286**	**21.758**	**23.286**	**21.758**	**0**	**0**
	586.910	**583.836**	**562.463**	**559.566**	**24.447**	**24.270**

39. SHARE CAPITAL

At 31 December 2006 the share capital of the Group was Euro 651.919.999,68 and consisted of 905.444.444 authorized and issued common shares of nominal value of Euro 0,72 per share fully paid.

a) In the Annual Shareholders' Meeting on 04 May 2006 the following were decided:

- Decrease in the share capital by EUR 1.032.206.666,16 charged against the accumulated deficit, due to the application of the International Accounting Standards and a simultaneous decrease in the par value of each share from EUR 1,91 to EUR 0,77.
- Decrease in the share capital by EUR 45.272.222,20 and a simultaneous decrease in the par value of each share by EUR 0,05 in order to return the corresponding amount to the shareholders.
- Distribution of dividend of EUR 0,07 per share for the year 2005.

b) The major shareholder of the Group, the Greek State, on 12/05/2006 through accelerated book building, disposed 65.000.000 authorized and issued common shares of ATEbank which represent 7,2% of the Group's capital to institutional investors. The Greek State holds 77,3% of the Group's share capital.

c) During the nine-month period of 2006, the Bank disposed all of its treasury shares that held on 31 December 2005 (acquisition cost EUR 25.631 thousand). The net Euro 8.580 thousand loss from the disposal of the treasury shares was recognized directly in equity.

The movement of the share capital is analyzed in the Statement of changes in Equity.

40. RESERVES

(Amounts in thousand Euro)

	31/12/2006	31/12/2005
Statutory reserve	27.659	41.399
Tax free reserves	65.676	17.065
Extraordinary reserve	91.245	164.699
Revaluation reserve available-for-sale investments	190.499	126.420
Other reserves	7.155	31.803
Foreign currency differences	2.379	0
	384.613	**381.386**

Statutory reserve: In accordance with Greek corporate law entities are required to transfer 5% of their annual profits after tax to a statutory reserve. This obligation ceases when the statutory reserve amount to one third of the Bank's share capital. This reserve is not available for distribution, but it may be applied to extinguish losses.

Tax free reserves: In accordance with Greek tax law certain types of income and profits are not taxed if retained and recorded to a specific reserve account. In the event that these reserves are distributed or capitalized they will be taxed at the rate applicable on the date of distribution or capitalization.

Extraordinary reserves: This reserve arises from profits that have been taxed and retained by the Bank. They can be distributed without any further taxes or withholdings.

Available for sale reserves: This reserve arises from the changes in the valuation of the available for sale securities. It is transferred to the income statement when the relevant securities are sold.

41. DIVIDEND PER SHARE

The annual shareholders' meeting on 04 May 2006 approved the distribution of dividends of total amount Euro 63.381 million (that is Euro 0,07 per share). This dividend arose from profits of 2005. Furthermore, capital return was materialized through a decrease in share capital by Euro 0,05 per sharer.

The Board of Directors of the Bank has decided and will propose to the General Shareholders Meeting the distribution of dividends of Euro 0,09 per share for 2006.

Income tax was calculated under the condition that the Bank will distribute profits according to the Board of Directors' proposal.

42. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Litigation

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 financial condition of the Group.

(b) Letters of guarantee and letters of credit

The contractual amounts of the Group's off-balance sheet financial statements that commit to extend credit to customers are as follows (amounts are expressed in thousands of Euro):

(Amounts in thousand Euro)

	31/12/2006	**31/12/2005**
Letters of quarantee	435.152	652.683
Letters of credit	4.657	995
	439.809	**653.678**

(c) Assets pledged

Assets are pledged with the Central Bank as guarantee for client Repos deposits. Their nominal value amounts to EUR 500.000 thousand as of 31 December 2006 and EUR 322.693 thousand as of 31 December 2005.

43. ACQUISITION OF SUBSIDIARIES

a) MINDBANK SA is included in the Consolidated Financial Statements for the first time. During the current period, ATEbank acquired 69,01% of the share capital of the Romanian Bank MINDBANK with total acquisition cost of EUR 48,7 million. In accordance with IFRS 3, the Group temporarily recognized an amount of EUR 28,9 million being the excess of cost over net assets acquired. The valuation of its assets at fair value, the allocation of the excess of cost over net assets acquired and the final determination of Goodwill will be completed within 12 months from the acquisition date in accordance with the relevant IFRS.

Specifically, the acquired bank has 269 employees, owns a network of 12 branches in Romania and targets on small and medium sized entities and individuals, offering a wide rage of banking products and services (in domestic and foreign currency).

The financial position of the acquired MINDBANK as of 31/12/2006 is presented on the following table:

(Amounts in thousands of Euro)

	31/12/2006
Assets	
Cash and balances with the Central Bank	20.413
Loans and advances to banks	18.740
Loans and advances to customers	37.522
Available-for-sale securities	150
Property, plant and equipment	22.871
Intangible assets	480
Other assets	337
Total assets	**100.514**
Liabilities	
Deposits from banks	18.386
Deposits from customers	49.005
Deferred tax liability	1.801
Other liabilities	439
Total liabilities	**69.631**
Equity	30.883
Total equity and liabilities	**100.514**

Purchase price of shares	:	43.987
Directly attributable costs relating to the acquisition	:	4.714
Total cost of acquisition	**:**	**48.701**
Goodwill	**:**	**28.904**

The fair value of the identifiable financial assets and liabilities will be determined based on the clauses of I.F.R.S 3 that relates to the acquisition of entities. The determination of the fair value of the identifiable intangible assets is in progress upon the final determination of the fair value of the identifiable intangible assets. The Group will allocate the excess cost over net assets acquired , by recognizing the respective intangible assets at fair value on the date of acquisition. The non allocated part will be recognized on the balance sheet as goodwill.

b) On October 26, 2006 the acquisition by ATEbank of 20% of ordinary shares and 24,99% of preference shares of the Serbian Bank AIK BANKA, was completed on, at a per ordinary share market price of 2,85 times the Bank's 30/06/2006 audited book value.

A total amount of EUR 94,9 million was offered for the acquisition of the above mentioned shares.

AIK BANKA has a market share of approximately 3%, is the second most profitable among 39 Banks in Serbia, and has a strong solvency ratio and the highest return on assets.

As mentioned above according to the clauses of IFRS 3 the fair value of assets of AIK BANKA will be determined in order to determine goodwill.

(c) On 27/12/2006 the Bank increased its participation in FBB by 5%. The cost of the additional consideration was Euro 8,6 million.

44. RELATED PARTY TRANSACTIONS

The Group is controlled by the Greek State that holds 77,3% of the share capital. The remaining share capital is widely held.

Related parties include a) BoD Members and members of the key management personnel, b) close members of the family and financial dependant of the above, c) associate companies of the Group.

The balances of the related party transactions of the Group with its associates and relating expense and income is as follows:

(Amounts in thousand Euro)

ASSETS	**31/12/2006**	**31/12/2005**
Loans and advances to customers	141.624	209.899
Total assets	**141.624**	**209.899**

LIABILITIES		
Deposits from customers	(42)	(39)
Total liabilities	**(42)**	**(39)**

INCOME STATEMENT	**31/12/2006**	**31/12/2005**
Income		
Interest and similar income	5.542	5.848
Other Operating income	65	48
Total income	**5.607**	**5.896**
Expenses		
Operating expenses	(11)	(18)
Total expenses	**(11)**	**(18)**

The key management and personnel fees were:

	31/12/2006	**31/12/2005**
Fees	(2.630)	(581)
Transportation	(114)	(11)
Other	(223)	(148)

Besides the above mentioned transactions, Group also performs transactions with a large number of companies under state control in the framework of its business (loans granted, deposits, other transactions such as wage payments, subsidy payments to farmers etc.)

45. RESTRUCTURING OF SUGAR INDUSTRY

The subsidiary company of the Group, the Hellenic Sugar Company, submitted to the Ministry of Agriculture, restructuring proposal as stipulated by the EU regulation 320/2006 of the European Council. In the proposal it stated that it revoked 50% of its production right and that it would convert its factories in Larissa and Xanthi so that they produce Bioethanole. Consequently, it applied for a restructuring grant in the amount of EUR 89,6 million for the commercial period of 2007/2008, according to article 3 of the above mentioned regulation.

According to the relevant clauses of IFRS 20 "Government Grants" the above mentioned amount was recorded on the balance sheet account "Other Liabilities" and will be recognized on the income statement when the relevant expenses are realized.

Hence, as of 31/12/2006 Euro 30,5 million were credited on the Group's income statement with a respective debit of expenses of Euro 32,1 million. Expenses mainly relate to contributions paid to the Restructuring Fund, impairment of fixed assets, provision for staff indemnities etc.

46. SUBSEQUENT EVENTS

There are no other significant issues that happened after the balance sheet date that require relevant remark.