

**FINANCIAL STATEMENTS**

**AS AT 31 - 12 - 2006**

**In accordance with International Financial Reporting Standards**



**Athens 22 February 2007**

**Contents of the financial statements**

<b>Independent Auditor’s Report</b> .....	<b>3</b>
<b>Income Statement</b> .....	<b>4</b>
<b>Balance Sheet</b> .....	<b>5</b>
<b>Statement of Changes in Equity</b> .....	<b>6</b>
<b>Cash Flow Statement</b> .....	<b>7</b>
<b>Notes to the financial statements</b> .....	<b>8</b>
<b>1. General information</b> .....	<b>8</b>
<b>2. Summary of significant accounting policies</b> .....	<b>8</b>
<b>3. Critical accounting estimates, and judgements in applying accounting policies</b> .....	<b>14</b>
<b>4. Financial risk Management</b> .....	<b>14</b>
<b>5. Segment reporting</b> .....	<b>21</b>
<b>6. Net interest income</b> .....	<b>22</b>
<b>7. Net fee &amp; commission income</b> .....	<b>22</b>
<b>8. Dividend income</b> .....	<b>23</b>
<b>9. Net trading results</b> .....	<b>23</b>
<b>10. Gains less losses of investment portfolio</b> .....	<b>23</b>
<b>11. Other operating income</b> .....	<b>23</b>
<b>12. Staff costs</b> .....	<b>24</b>
<b>13. Other operating expenses</b> .....	<b>24</b>
<b>14. Income tax expense</b> .....	<b>24</b>
<b>15. Earnings per share</b> .....	<b>24</b>
<b>16. Cash and balances with Central Bank</b> .....	<b>25</b>
<b>17. Due from other banks</b> .....	<b>25</b>
<b>18. Trading securities</b> .....	<b>25</b>
<b>19. Derivative financial instruments</b> .....	<b>26</b>
<b>20. Loans and advances to customers</b> .....	<b>27</b>
<b>21. Available-for-sale securities</b> .....	<b>27</b>
<b>22. Investments in subsidiaries / associates</b> .....	<b>28</b>
<b>23. Intangible Assets</b> .....	<b>30</b>
<b>24. Property, plant and equipment</b> .....	<b>31</b>
<b>25. Investment property</b> .....	<b>32</b>
<b>26. Other assets</b> .....	<b>32</b>
<b>27. Due to other banks</b> .....	<b>32</b>
<b>28. Due to customers</b> .....	<b>33</b>
<b>29. Debt securities in issue</b> .....	<b>33</b>
<b>30. Other borrowed funds</b> .....	<b>34</b>
<b>31. Other liabilities</b> .....	<b>34</b>
<b>32. Deferred tax assets/ liabilities</b> .....	<b>35</b>
<b>33. Obligations to pension funds</b> .....	<b>36</b>
<b>34. Contingent liabilities and commitments</b> .....	<b>36</b>
<b>35. Share capital and own shares</b> .....	<b>37</b>
<b>36. Other reserves</b> .....	<b>37</b>
<b>37. Cash and cash equivalents</b> .....	<b>37</b>
<b>38. Related party transactions</b> .....	<b>38</b>
<b>39. Dividends paid</b> .....	<b>39</b>
<b>40. Capital adequacy</b> .....	<b>40</b>
<b>41. Effect on the results of the period due to the alignment with the accounting policies of Credit Agricole Group</b> .....	<b>40</b>
<b>42. Post balance sheet events</b> .....	<b>40</b>

**Independent Auditor's Report**  
(Translated from the original in Greek)

**To the Shareholders of Emporiki Bank of Greece S.A.**

**Report on the Financial Statements**

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards which 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 or 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 financial statements based on our audit. We conducted our audit in accordance with Greek Standards on Auditing which are aligned with 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 from 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 the 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 financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, which have been adopted by the European Union.

Without qualifying our opinion, we draw attention to: (a) note 41 of the financial statements, which refers to additional provisions and adjustments made to certain balance sheet items and the respective charges to the income statement, arising from a change of accounting estimates by the management of the Company in the context of the alignment of the accounting policies and risk estimation methodologies of the Company to those of its holding company and; (b) note 33 of the financial statements, which refers to matters related to the adoption of Law 3371/2005 (Social Security Regulation of Banking Institutions) by the Company.

**Report on Other Legal and Regulatory Requirements**

The information included in the Directors' Report is consistent with the above financial statements.

Athens, 22 February 2007

Constantinos Michalatos  
Certified Auditor – Accountant  
SOEL Reg. No. 17701

PricewaterhouseCoopers  
Certified Auditors  
268 Kifissias Avenue, Halandri 152 32  
SOEL Reg. No. 113

**Income Statement**

	Note	1 January- 31 December 2006	1 January- 31 December 2005
Interest & similar income		1.101.939	905.521
Interest & similar expense		(438.889)	(341.225)
<b>NET INTEREST INCOME</b>	<b>6</b>	<b>663.050</b>	<b>564.296</b>
Fee & commission income		159.628	153.807
Fee & commission expense		(7.333)	(12.245)
<b>NET FEE &amp; COMMISSION INCOME</b>	<b>7</b>	<b>152.295</b>	<b>141.562</b>
Dividend income	<b>8</b>	1.616	2.060
Net trading results	<b>9</b>	6.253	4.041
Gains less losses from investment securities	<b>10</b>	7.929	2.580
Other operating income	<b>11</b>	14.185	11.508
<b>NET OPERATING INCOME</b>		<b>845.328</b>	<b>726.047</b>
Staff costs	<b>12</b>	(371.436)	(321.031)
Depreciation & amortization	<b>23,24,25</b>	(25.136)	(24.124)
Impairment losses on loans and other receivables	<b>20</b>	(442.628)	(112.845)
Other provisions		(55.428)	-
Other operating expenses	<b>13</b>	(183.814)	(152.704)
<b>TOTAL OPERATING EXPENSES</b>		<b>(1.078.442)</b>	<b>(610.704)</b>
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(233.114)</b>	<b>115.343</b>
Income tax expense	<b>14</b>	(4.854)	(27.276)
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>(237.968)</b>	<b>88.067</b>
Basic earnings per share (in Euro)	<b>15</b>	(1,8)	0,92

Notes on pages 8 to 40 form an integral part of these financial statements

## Balance Sheet

	Note	31 December 2006	31 December 2005
<b>ASSETS</b>			
Cash and balances with Central Bank	16	682.023	679.951
Treasury bills		6.895	919
Due from other banks	17	1.801.478	1.445.615
Trading securities	18	1.401.041	806.117
Derivative financial instruments	19	52.279	33.621
Loans and advances to customers	20	16.157.612	14.767.004
Available-for-sale securities	21	257.752	70.381
Held-to-maturity securities		76.486	-
Investments in subsidiaries	22	280.291	264.199
Investments in associates	22	2.043	22.489
Intangible assets	23	9.829	11.198
Property, plant and equipment	24	304.956	305.854
Investment property	25	93.274	97.622
Deferred tax assets	32	310.761	249.056
Income tax advance		2.976	3.096
Other assets	26	365.614	330.394
<b>TOTAL ASSETS</b>		<b>21.805.310</b>	<b>19.087.516</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Due to other banks	27	1.330.206	1.213.509
Derivative financial instruments	19	58.003	21.976
Due to customers	28	16.375.026	14.810.624
Debt securities in issue	29	1.386.260	399.327
Other borrowed funds	30	710.989	348.619
Due to State pension fund	33	621.465	786.327
Other provisions		76.793	20.528
Current tax liabilities		7.501	6.600
Deferred tax liabilities	32	3.277	1.544
Other liabilities	31	437.378	439.786
<b>Total liabilities</b>		<b>21.006.898</b>	<b>18.048.840</b>
<b>Equity</b>			
Share Capital	35	728.153	728.153
Share premium		371.497	371.497
Other reserves	36	675.767	678.063
Accumulated deficit		(739.037)	(827.104)
Results for the year		(237.968)	88.067
<b>Total equity</b>		<b>798.412</b>	<b>1.038.676</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>21.805.310</b>	<b>19.087.516</b>

Notes on pages 8 to 40 form an integral part of these financial statements

**Statement of Changes in Equity**

	Share capital	Share premium	Treasury shares	Other reserves	Accumulated deficit	TOTAL
<b>Balance as at 1 January 2005</b>	<b>485.435</b>	<b>272.183</b>	<b>(88.935)</b>	<b>675.120</b>	<b>(932.379)</b>	<b>411.424</b>
Available-for-sale valuation	-	-	-	7.327	499	7.826
Profit / (loss) for the year	-	-	-	-	88.067	88.067
Share Capital increase through capitalization of reserves	97.087	(146.463)	-	(12.850)	60.776	(1.450)
Sale of treasury shares	-	-	88.935	8.466	44.000	141.401
Share capital increase	145.631	245.777	-	-	-	391.408
<b>Balance as at 31 December 2005</b>	<b>728.153</b>	<b>371.497</b>	<b>-</b>	<b>678.063</b>	<b>(739.037)</b>	<b>1.038.676</b>
<b>Balance as at 1 January 2006</b>	<b>728.153</b>	<b>371.497</b>	<b>-</b>	<b>678.063</b>	<b>(739.037)</b>	<b>1.038.676</b>
Available-for-sale valuation	-	-	-	(2.296)	-	(2.296)
Profit / (loss) for the year	-	-	-	-	(237.968)	(237.968)
<b>Balance as at 31 December 2006</b>	<b>728.153</b>	<b>371.497</b>	<b>-</b>	<b>675.767</b>	<b>(977.005)</b>	<b>798.412</b>

Notes on pages 8 to 40 form an integral part of these financial statements

## Cash Flow Statement

	<b>1 January- 31 December 2006</b>	<b>1 January- 31 December 2005</b>
<b>Cash flows from operating activities</b>		
Profit / (loss) after tax	(237.968)	88.067
<b><u>Adjustments for reconciliation of period result to cash flows from operating activities</u></b>		
<u>Adjustments for non cash items included in profit and loss for the period :</u>		
Depreciation and amortization	25.136	24.124
Impairment losses on investment securities	13.856	-
Impairment losses on loans and other receivables	442.628	112.845
Other provisions	55.428	-
	<b>537.048</b>	<b>136.969</b>
<u>Net (increase)/ decrease of operating assets :</u>		
Obligatory deposits to Bank of Greece	(82.748)	30.731
Due from other banks	76.242	(5.024)
Trading securities (less government bonds)	(19.296)	300.715
Derivative financial instruments (assets)	(18.658)	(33.371)
Loans and advances to customers (net of write-offs)	(1.833.236)	(2.034.010)
Deferred tax assets	(61.705)	19.927
Other assets	(35.220)	(13.265)
	<b>(1.974.621)</b>	<b>(1.734.297)</b>
<u>Net increase/(decrease) of operating liabilities :</u>		
Due to other banks	116.697	458.336
Derivative financial instruments (liabilities)	36.027	(31.048)
Due to customers	1.564.402	115.519
Current tax liabilities	1.021	11.958
Deferred tax liabilities	1.732	(751)
Other liabilities (net of impairment losses on participations)	(164.996)	107.169
Personnel indemnities	-	27
	<b>1.554.883</b>	<b>661.210</b>
<b>Total cash flows from operating activities</b>	<b>(120.658)</b>	<b>(848.051)</b>
<b>Cash flows from investing activities</b>		
Increase of participations in subsidiaries	(16.092)	(57.129)
Decrease of participations in associates	10.393	-
Net change in property, plant and equipment, intangible assets and investment property	(18.521)	(5.514)
Net change in available-for-sale investments	(193.470)	7.450
Net change in held-to-maturity investments	(76.486)	-
<b>Total cash flows from investing activities</b>	<b>(294.176)</b>	<b>(55.193)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of mortgage backed securities (securitization)	995.884	-
Proceeds from the issue of other debt securities	248.750	-
Proceeds from the issue of subordinated debt	370.000	-
Repayment of mortgage backed securities (securitization)	(201.595)	-
Proceeds from share capital increase	-	391.408
Tax on share capital increase	-	(1.450)
Proceeds from sale of own shares	-	141.401
Purchase of own bonds	(65.171)	-
<b>Total cash flows from financial activities</b>	<b>1.347.868</b>	<b>531.359</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>933.034</b>	<b>(371.885)</b>
Cash and cash equivalents, at beginning of period (Note 37)	2.362.037	2.733.922
<b>Cash and cash equivalents, at end of period (Note 37)</b>	<b>3.295.071</b>	<b>2.362.037</b>

Notes on pages 8 to 40 form an integral part of these financial statements

## Notes to the financial statements

### 1. General information

Emporiki Bank ("Emporiki Bank" or the "Bank") operates in all banking activities (retail, corporate) as well as in investment banking, asset management, portfolio management and in general financial services. The Bank's registered office is at 11 Sofocleous Str. and its registration number as "Societe Anonyme" is 6064/06/B/86/03. The Bank offers services in Greece through its network of 374 branches and abroad through its branches in London as well as through its subsidiaries in Germany, Cyprus, Bulgaria, Albania, and Romania.

Emporiki Bank was established in Greece in 1907 and its shares are listed in the Athens Stock Exchange from 1909. The share of Emporiki Bank is included in the FTSE ASE 20, FTSE ASE 140, FTSE ASE Banks and FTSE ASE International.

Its web site address is [www.emporiki.gr](http://www.emporiki.gr).

The members of the Board of Directors, as at 22<sup>st</sup> February 2007, are the following:

Executive members		
Antonios	Krontiras	Managing Director
Christian	Jacques	Member
Fokion	Demakakos	Member
Despina	Chalkidi	Member
Non-executive members		
Jean-Frederic	De Leusse	Chairman
Bernard	Dewit	Vice-Chairman
Pfillipe	Dore	Member
Pierre-Rene-Henri	Harang	Member
Ypatia-Maria-Charlotte	Stratou	Member
Panagiotis	Tsakos	Member
Independent non-executive members		
Spiridon	Lorentziadis	Member
Christoforos	Hatzopoulos	Member
Nikolaos	Ebeoglou	Member

The Board of Directors approved these financial statements on 22 February 2007, and they are subject to the approval of the Shareholders' Annual General Meeting.

The Bank's financial statements are included in the consolidated financial statements of Credi Agricole S.A. The registered office of Credit Agricole S.A. is 91-93, Boulevard Pasteur, 75015 Paris, France and its web site address is [www.credit-agricole.fr](http://www.credit-agricole.fr)

### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### 2.1 Basis of preparation

The financial statements as at 31 December 2006 have been prepared in accordance with International Financial Reporting Standards (IFRS), which have been adopted by the European Union, and those Standards and Interpretations approved by the International Accounting Standards Board.

The accounting policies applied for all the periods that are presented in these financial statements, are disclosed separately below. The Bank early adopted, from 1 January 2004, IAS 32(revised) "Financial Instruments: Disclosure and Presentation" and IAS 39(revised) "Financial Instruments: Recognition and Measurement".

The bank applied or is going to apply, the following newly issued Standards, amendments or Interpretations, which are relevant to its operations and will become effective for periods beginning on or after 1 January 2006

- IAS 19 (Amendment) "Employee Benefits"
- IAS 39 (Amendment) "Fair Value Option"
- IAS 39 (Amendment) "Cash Flow Hedge Accounting of Forecast Intra-group Transactions"
- IAS 39 and IFRS 4 (Amendment) "Financial Guarantee Contracts"
- IAS 21 (Amendment) "The Effects of Changes in Foreign Exchange Rates"
- IFRS 6 "Exploration for and evaluation of mineral resources"
- IFRS 8 "Operating Segments"
- IFRIC 4 "Determining whether an Arrangement contains a Lease",
- IFRIC 5 «Rights to Interests arising from Decommissioning, Restoration, and Environmental Rehabilitation Funds»
- IFRIC 6 «Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment»

The amendments to the Standards mentioned above and the issue of Interpretation 4 do not have any significant effect on the Bank's financial statements. IFRS 6 and IFRIC 5 and 6 are not relevant to the Bank's nature of business.

Apart from the amendments to the Standards and the new interpretations stated above, IASB has issued the International Financial Reporting Standard 7 "Financial Instruments: Disclosures" and has amended the International Accounting Standard 1. IFRS 7 and the amendment to IAS 1, are effective for accounting periods beginning on or after 1 January 2007 and their application is expected to have a significant effect on the disclosures required for the financial instruments.

Finally, IASB has issued IFRS 8 and the interpretations 7,8, 9,10,11 and 12 which are effective for accounting periods beginning on or after 1 January 2007 and their application is not expected to have any significant effect on the Bank's financial statements. It is mentioned that IFRS 8 and IFRIC's 11 and 12 have not yet endorsed by the European Union.

The financial statements are presented in Euro, the Bank's functional currency, rounded to the nearest thousand unless otherwise indicated.

These annual financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. Its also requires management to exercise judgment in the process of applying the Bank's accounting policies.

## **2.2 Foreign currency translation**

### **(a) Functional and presentation currency**

The financial statements are presented in the functional and presentation currency of the Bank, the Euro.

### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Translation differences on monetary items, such as equities included in the trading portfolio are reported as part of the fair value gain or loss. Translation differences on monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value adjustment reserve as of 1 January 2004.

## **2.3 Derivative financial instruments and hedge accounting**

The Bank uses derivative financial instruments either for hedging purposes or for trading purposes and on behalf of customers. The Bank uses the following derivatives: OTC and exchange traded options, futures, interest rate and currency swaps and forwards.

Derivatives are initially recognized at acquisition cost on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, if market prices are not available. The Bank is not applying hedge accounting and changes in the fair value of derivatives are recognized in the income statement.

For economic purposes, the Bank designates certain derivatives as either hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge) or, hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge) or hedges for a net investment in a foreign subsidiary. The Bank 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 Bank 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.

## **2.4 Interest income and expense**

Interest income and expense are recognized in the income statement for all instruments measured at amortized cost using the effective interest method, taking into account all fees and commissions paid or received between parties to the financial asset or expense over the points paid or received between parties to the contract. Interest and similar income includes interest income from loans and advances to customers, interest income from fixed and floating interest-bearing securities and also premium or discount amortization of, mainly, Greek Government bonds and of other financial instruments.

The Bank does not recognize interest income on non-performing loans. Interest income for these loans are recorded in off balance sheet accounts until these items are considered performing.

## 2.5 Fee and commission income

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with all related direct costs) and recognized as an adjustment to the effective interest rate on the loans.

## 2.6 Financial assets

The Bank classifies its financial assets in the following 4 categories. Management determines the classification of its investments at initial recognition and reassessment at reporting period.

### (a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading (including derivatives), and other financial assets 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.

### (b) 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 Bank provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans include originated loans and do not include acquired loans.

### (c) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. The Bank has designated government bonds as held-to-maturity, with a book value of 74.486 euro, as at 31 December 2006.

### (d) 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 categories (a), (c), (d) above are recognized on settlement date – the date that a financial asset is delivered to or by the Bank, which for held to maturity assets and available for sale securities includes transaction costs. Loans and advances (category b) are recognized when cash is advanced to the borrowers.

Available-for-sale financial assets are subsequently carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial assets is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity should be recognized in profit or loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value based on closing rates. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise.

Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method less impairment losses. These assets are examined for impairment losses, which is when the present value of expected cash flows discounted at the effective rate is less than book value.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Bank establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, and other valuation techniques commonly used by market participants.

The Bank assesses at each reporting period if there are indications of impairment. For equity instruments classified as available-for-sale such indications exist when the hedge is a considerable or prolonged decline in the fair value compared to cost. If such impairment exists the remaining amount in equity is transferred to the income statement.

## 2.7 Off setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when:

- a) there is a legally enforceable right to offset the recognized amounts and
- b) there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

## 2.8 Sale and repurchase agreements

Securities sold subject to repurchase agreements (“repos”) are included in the financial statements of the Bank as assets; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate.

Securities purchased by the Bank under agreements to resell (“reverse repos”) are recorded as loans and advances to other banks or customers, as appropriate. These securities are not included in the Bank's financial statements.

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

## 2.9 Impairment of financial assets

Assets with an infinite useful life and are not depreciated but are assessed for impairment losses at each balance sheet date or whenever there is an indication that the reporting balance is non recoverable. Assets that are depreciated are tested for impairment loss when there is evidence that the book value is not recoverable. The recoverable amount is the largest amount between fair value less selling costs and value in use. In estimating the recoverable amount assets are classified in smaller cash generating units. Impairment loss when incurred is recognized to the income statement.

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets (loans, investments) 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 group of assets is impaired includes observable data that comes to the attention of the Bank about the following loss events:

- a. significant financial difficulty of the issuer or obligor;
- b. a breach of contract, such as a default or delinquency in interest or principal payments;
- c. the Bank 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 is becoming probable that the borrower will go bankrupt or will follow a financial restructuring;
- e. the disappearance of an active market for that financial asset because of financial difficulties;
- f. 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 bank, including:
  - adverse changes in the payment status of borrowers in the bank; or
  - national or local economic conditions that correlate with defaults on the assets in the bank

The Bank 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.

Changes in the expected cash flows are recognized in the income statement as a gain if there is a release or a loss if there is an increase.

Impairment loss is considered the difference between the carrying amount at the date of the impairment test loss and the expected cash flows of the assets discounted using the original effective interest rate.

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 Bank’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.

In subsequent periods, possible changes in expected cash flows as result of a change in the financial asset, are recognized in the income statement and the amount of the impairment loss is reversed or increased by adjusting the allowance account through the income statement.

## 2.10 Intangible assets – Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives (three to five years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

## 2.11 Property, plant and equipment

Operating property, plant and equipment are stated at historical cost less depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	<u>Years</u>
Buildings and leasehold improvements	40 to 50
Computer Hardware	3 to 4
Vehicles	5 to 7
Furniture and equipment	5 to 7

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

On transition date to IFRS (1 January 2004) the Bank valued land and buildings at fair value based on professional valuations. This fair value was considered as deemed cost.

## 2.12 Investment property

The Bank classifies land and buildings that are not used for operational purposes or are held for investment purposes (rental income or capital appreciation) as investment property and records them at amortized cost less impairment losses. The Bank depreciates investment property during its useful life, which is estimated at 40 to 50 years. On transition date to IFRS (1 January 2004) the Bank classified investment property at fair value as determined by professional valuers. Fair value was considered as their deemed cost.

## 2.13 Leases (The Bank as lessee)

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

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

## 2.14 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including: cash and non-restricted balances with the Bank of Greece, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

## 2.15 Provisions

Provisions for restructuring costs and legal claims are recognized when:

- (1) the Bank has a present legal or constructive obligation as a result of past events;
- (2) it is more likely than not that an outflow of resources will be required to settle the obligation; and
- (3) the amount has been reliably estimated.

## 2.16 Employee benefits

- (a) Short-term obligations

Short-term obligations to employees in cash or other non-monetary items are recognized as an expense on an accrual basis.

- (b) Post employment benefits

The Bank has both defined benefit and defined contribution plans. The contributions are recognized as employee benefit expense when they are due.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets.

Upon the date of publishing these financial statements the Bank has an auxiliary fund (TEAPETE) which has been submitted to law 3371/2005 "Capital market and other laws" as explained in note 33.

(c) Employee termination benefits

Employee termination benefits are paid when employees leave prior to retirement. The Bank records a liability when it is obliged to pay an amount according to a detailed employee scheme or when there are motives for voluntary termination. Long-term employment schemes are discounted.

In case the number of the beneficiary employees is not known precisely, termination benefits are recognized as a contingent liability.

## 2.17 Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary difference can be utilized.

Deferred taxes are presented separately as assets and liabilities and are not offset.

Income tax payable on profits, based on the applicable tax law rate, is recognized as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognized as an asset when it is probable that future taxable profits will be available against with these losses can be utilized.

## 2.18 Debt securities and other debt issues

Debt securities issues and subordinated debt of the Bank are recognized initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. They are subsequently measured at amortized cost; any difference between proceeds net of transaction costs and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

## 2.19 Share capital and own shares

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. Directly attributable costs of issuing shares for the purpose of acquiring an entity are included in the cost of the acquired entity.

Where the Bank purchases the Bank's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are sold or cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

## 2.20 Fiduciary activities

The Bank commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Bank.

## 2.21 Related-party transactions

Related parties include companies within the control of the Bank, companies for which the Bank exerts significant influence, Board of Directors members and their close family members. The bank enters into transactions with related parties in the usual course of its business.

## 2.22 Segment reporting

The business segments is the primary reporting format of the Bank. Taking into consideration the Bank's internal reporting system and organizational structure, the following reportable business segments have been identified:

- Retail banking

- Corporate banking
- Insurance and asset management activities
- Investment banking and Treasury
- Other

### **2.23 Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

## **3. Critical accounting estimates, and judgements in applying accounting policies**

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

### **(a) Impairment on loans and advances**

The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

### **(b) Fair value of derivatives**

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques are used to determine fair value, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

### **(c) Impairment of available-for-sale equity investments**

The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

### **(d) Income taxes**

The Bank recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### **(e) Due to state pension funds**

The estimates, judgements and assumptions, concerning the liabilities to State pension funds are illustrated in Note 33.

## **4. Financial risk Management**

### **4.1 Financial risk factors**

The Bank's activities are related with financial instrument risks including risks from derivatives. The Bank receives deposits from customers for different time intervals offering fixed and floating rates. The Bank invests these funds to achieve higher than the average offer rate. To expand this spread the Bank receives short-term deposits and offers higher rates for long-term liabilities maintaining adequate liquidity coverage for all possible obligations that may occur.

The Bank is exposed to various risks such as credit, liquidity, cash flow and fair value risk from the change in rates. The general risk management policy for the Bank is focused on confronting the uncertainties of financial markets and tries to minimize any negative effects to the profits for the Bank. The Bank uses financial derivatives such as futures/forwards and interest rate swaps to hedge these risks.

Risk management apart from credit risk is maintained by the financial management division adapting to regulations and decisions that are approved by the Banks' management and by the Asset Liability Committee (ALCO). Credit risk management is governed by the Credit Committee that defines the credit risk strategy and monitors its progress. Risk Management defines, estimates and confronts all financial risks in cooperation with the departments that are involved with these risks. The Management gives instructions and guidelines for central risk management and special instructions for confronting special risks such as foreign exchange, interest and credit risk.

#### Cash flow hedging and fair value hedging for changes in interest rates

Operating income and cash flows of the Bank are affected by the change in interest rates. The Bank in several cases is exposed to floating rates loans and enters into a interest rate swap (IRS) to hedge cash flows on future interest payments that result in converting floating loans to fixed.

IRS contracts allow the Bank to convert long-term exposure from floating to fixed at a lower rate from on inception. Through IRS the Bank agrees with third parties to swap at a notional amount the primarily difference between floating and fixed.

Interest rate risk is from medium - long-term loans. Floating rate loans expose the Bank to cash flow risks. Fixed rate loans expose the Bank to fair value risks. It is the Bank's policy to have approximately their entire loan portfolio with floating rates.

## **4.2 Credit risk**

Credit risk is the loss from the risk that the counterparty will be unable to pay amounts in full when due. In accordance with its credit scoring policy the Bank can estimate the credit risk for each loan category and estimate the exposure to credit risk.

From experience and credit risk system improvements, management is able to carefully manage the credit risk it is exposed to, by issuing credit policies.

Regarding, the credit risk of corporate and medium sized entities, the Bank, through the alignment with Credit Agricole processes and policies, is in the process of improving its credit risk evaluation. More specifically, the Bank has adopted the grading system of Credit Agricole, concerning the assessment of the credit risk from corporate and medium sized entities.

Regarding retail loans, the Bank applies credit scoring systems aiming at an improved evaluation of its customers credit profile. These systems are, continually, checked and parameterized in order to provide more accurate assessments of the Bank's credit risk.

The current provisions of the Bank are considered as adequate for covering the possible loss, which has been calculated from the Bank's provisioning system for allocating impairment allowances of portfolio loans.

The Bank is in the process of developing new risk management policies to comply with the new Basle II framework.

## **4.3 Market risk**

In 2006 the Bank developed and improved its internal risk management policy. The maximum value at risk (VaR) for the trading portfolio is estimated through historical simulation on a daily basis. In addition it uses the Monte-Carlo methodology. This analysis is performed for each market risk factor (interest rate risk, foreign exchange risk and market risk) and is confirmed through back testing and stress testing.

During 2006, the Bank has adopted a strategy to invest in international high grade corporate bonds. The average credit rating of this portfolio for the year was A according to Standard & Poor's evaluation.

Within the context of the Group risk management policy, the Bank is including in its systems the subsidiaries of the financial sector. In addition, the audit, for the certification of the internal risk estimation model (VAR), from the regulatory authorities (Bank of Greece) was completed during 2006. The certification of the internal risk estimation model (VAR) will be used for calculating capital requirements instead of the standardised method.

## **4.4 Foreign currency risk**

Foreign exchange risk is the risk from the change in value of a financial instrument asset or liability as a result of changes in foreign exchange rates. Foreign currency risk from transactions in foreign currency is a result of a long or short open position exposing the Bank to foreign exchange risks. These risks may also result by funding assets in one currency with a liability in a different currency or through forward contracts or by option derivatives. This risk is also driven by the net equity of subsidiaries with a presentation currency other than the Euro. The Bank covers this risk as its funding is to a large extent the same currency. The Bank does transactions in foreign currencies to cover customer needs or to hedge its open positions. The Bank's risk management monitors transactions based on limits approved. The Bank maintains limits in order to control the following:

- (a) Open positions in a currency (long or short per currency),
- (b) Total negative exposures,

(c) Maximum losses (On a daily/monthly or annual basis).

The following tables show the foreign currency exposure of the Bank. These tables present assets and liabilities per currency. In addition the notional amount used to hedge the currency risk is also shown.

**31 December 2006**

	EUR	USD	GBP	CHF	JPY	Other	Total
Cash and balances with Central Bank	680.409	1.067	207	35	10	295	682.023
Treasury bills	6.895	-	-	-	-	-	6.895
Due from other banks	1.185.715	318.886	78.550	82.207	6.500	129.620	1.801.478
Trading securities	1.377.376	23.665	-	-	-	-	1.401.041
Derivative financial instruments	52.279	-	-	-	-	-	52.279
Loans and advances to customers	15.471.928	532.672	14.033	111.862	27.117	-	16.157.612
Available-for-sale securities	257.705	-	-	-	-	47	257.752
Held-to-maturity securities	76.486	-	-	-	-	-	76.486
Investments in subsidiaries	204.465	15.537	18	-	-	60.271	280.291
Investments in associates	1.396	-	-	-	-	647	2.043
Intangible assets	9.708	-	121	-	-	-	9.829
Property, plant and equipment	304.536	411	9	-	-	-	304.956
Investment property	93.274	-	-	-	-	-	93.274
Deferred tax assets	310.761	-	-	-	-	-	310.761
Income tax advance	2.976	-	-	-	-	-	2.976
Other assets	365.429	45	138	-	-	2	365.614
<b>Total assets</b>	<b>20.401.338</b>	<b>892.283</b>	<b>93.076</b>	<b>194.104</b>	<b>33.627</b>	<b>190.882</b>	<b>21.805.310</b>

	EUR	USD	GBP	CHF	JPY	Άλλα	Σύνολο
Due to other banks	1.034.667	65.683	3.406	192.661	33.262	527	1.330.206
Derivative financial instruments	58.003	-	-	-	-	-	58.003
Due to customers	15.015.872	830.236	93.239	3.504	305.738	126.437	16.375.026
Debt securities in issue	1.386.260	-	-	-	-	-	1.386.260
Other borrowed funds	710.989	-	-	-	-	-	710.989
Due to State pension fund	621.465	-	-	-	-	-	621.465
Other provisions	76.793	-	-	-	-	-	76.793
Current tax liabilities	439.129	326	(1.200)	(322)	(502)	(53)	437.378
Deferred tax liabilities	7.501	-	-	-	-	-	7.501
Other liabilities	3.277	-	-	-	-	-	3.277
<b>Total liabilities</b>	<b>19.353.956</b>	<b>896.245</b>	<b>95.445</b>	<b>195.843</b>	<b>338.498</b>	<b>126.911</b>	<b>21.006.898</b>
<b>Net Equity</b>	<b>1.047.382</b>	<b>(3.962)</b>	<b>(2.369)</b>	<b>(1.739)</b>	<b>(304.871)</b>	<b>63.971</b>	<b>798.412</b>
<b>Off balance sheet items</b>	<b>(314.244)</b>	<b>13.070</b>	<b>-</b>	<b>-</b>	<b>304.571</b>	<b>(10.897)</b>	<b>(7.500)</b>

**31 December 2005**

	EUR	USD	GBP	CHF	JPY	Άλλα	Σύνολο
Total assets	17.658.890	1.004.650	96.181	118.735	44.858	164.202	19.087.516
Total liabilities	16.101.503	988.126	100.541	116.961	602.851	138.858	18.048.840
<b>Net Equity</b>	<b>1.557.387</b>	<b>16.524</b>	<b>(4.360)</b>	<b>1.774</b>	<b>(556.993)</b>	<b>25.344</b>	<b>1.038.676</b>
<b>Off balance sheet items</b>	<b>(592.283)</b>	<b>(18.319)</b>	<b>-</b>	<b>-</b>	<b>573.716</b>	<b>37.974</b>	<b>1.088</b>

#### **4.5 Interest rate risk**

Interest rate risk is the risk for changes in the fair value of financial instruments and to net interest income for the Bank as a result of changes in interest rates. Interest rate risk is a result of the deferral in adjusting assets and liability items to interest rate changes.

The Bank's interest rate risk mainly arises from retail banking and is usually funded by money market activities. There is though, a small volume of transactions in fixed rate bonds and interest rate forwards compared to the size of the Bank's balance sheet.

The Bank measures its interest rate exposure with an Interest rate – Gap Analysis.

The following tables show the interest rate exposure. These tables present the book value of asset and liability items of the Bank categorized based on the shorter date between the interest rate re-pricing date and the maturity date of the financial asset or liability.

**31 December 2006**

	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Non interest bearing</b>	<b>Total</b>
Cash and balances with Central Bank	464.981	-	-	-	-	217.042	682.023
Treasury bills	2.758	-	4.137	-	-	-	6.895
Due from other banks	1.358.652	288.713	50.949	-	75.400	27.764	1.801.478
Trading securities	82.898	151.979	248.692	787.526	110.530	19.416	1.401.041
Derivative financial instruments	52.279	-	-	-	-	-	52.279
Loans and advances to customers	9.822.537	2.412.552	2.412.554	2.240.228	344.650	(1.074.909)	16.157.612
Available-for-sale securities	13.794	25.288	41.381	131.038	18.391	27.860	257.752
Held-to-maturity securities	76.486	-	-	-	-	-	76.486
Investments in subsidiaries	-	-	-	-	-	280.291	280.291
Investments in associates	-	-	-	-	-	2.043	2.043
Intangible assets	-	-	-	-	-	9.829	9.829
Property, plant and equipment	-	-	-	-	-	304.956	304.956
Investment property	-	-	-	-	-	93.274	93.274
Deferred tax assets	-	-	-	-	-	310.761	310.761
Income tax advance	-	-	-	-	-	2.976	2.976
Other assets	-	-	-	-	-	365.614	365.614
<b>Total assets</b>	<b>11.874.385</b>	<b>2.878.532</b>	<b>2.757.713</b>	<b>3.158.792</b>	<b>548.971</b>	<b>586.917</b>	<b>21.805.310</b>
Due to other banks	957.749	292.645	79.812	-	-	-	1.330.206
Derivative financial instruments	58.003	-	-	-	-	-	58.003
Due to customers	11.698.628	1.624.809	2.599.695	324.962	-	126.932	16.375.026
Debt securities in issue	638.872	747.315	-	-	-	73	1.386.260
Other borrowed funds	340.989	370.000	-	-	-	-	710.989
Due to State pension fund	68.617	-	-	299.558	253.290	-	621.465
Other provisions	-	-	-	-	-	76.793	76.793
Current tax liabilities	-	-	-	-	-	437.378	437.378
Deferred tax liabilities	-	-	-	-	-	7.501	7.501
Other liabilities	-	-	-	-	-	3.277	3.277
<b>Total liabilities</b>	<b>13.762.858</b>	<b>3.034.769</b>	<b>2.679.507</b>	<b>624.520</b>	<b>253.290</b>	<b>651.954</b>	<b>21.006.898</b>
<b>Net interest rate exposure</b>	<b>(1.888.473)</b>	<b>(156.237)</b>	<b>78.206</b>	<b>2.534.272</b>	<b>295.681</b>		

**31 December 2005**

	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Non interest bearing</b>	<b>Total</b>
Total assets	12.492.862	2.550.959	2.252.600	810.142	53.378	927.575	19.087.516
Total liabilities	12.806.917	2.017.314	1.836.757	435.422	393.163	559.267	18.048.840
<b>Net interest rate exposure</b>	<b>(314.055)</b>	<b>533.645</b>	<b>415.843</b>	<b>374.720</b>	<b>(339.785)</b>		

#### **4.6 Liquidity risk**

Liquidity risk is the risk from the gap between the maturity of asset and liability items. Liquidity risk expresses the danger that the Bank cannot fulfill its obligations in the future from gaps between financial instruments or transactions.

The Bank measures this risk and controls it by using a developed liquidity management that has various controls. The Bank adheres to liquidity restraints authorized by the regulatory authorities locally and abroad as well as to internal limits.

The Bank controls and manages liquidity risk throughout the period by using the following:

- (a) Minimum reserve balance as defined by the Bank of Greece.
- (b) Liquidity indexes defined by the regulatory authority (Bank of Greece) and internally.

The Bank's operations abroad adhere to liquidity rules defined by the Bank of Greece and local regulatory decisions.

The following table depicts the assets and liability items of the Bank by remaining maturity as at the reporting date.

**31 December 2006**

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash and balances with Central Bank	682.023	-	-	-	-	682.023
Treasury bills	2.847	4.048	-	-	-	6.895
Due from other banks	1.243.102	205.382	112.682	201.712	38.600	1.801.478
Trading securities	55.750	3.320	36.025	1.072.003	233.943	1.401.041
Derivative financial instruments	52.279	-	-	-	-	52.279
Loans and advances to customers	2.235.067	1.620.756	3.050.093	3.648.106	5.603.590	16.157.612
Available-for-sale securities	26.972	9.964	887	19.994	199.935	257.752
Held-to-maturity securities	-	-	-	-	76.486	76.486
Investments in subsidiaries	-	-	-	-	280.291	280.291
Investments in associates	-	-	-	-	2.043	2.043
Intangible assets	-	-	-	-	9.829	9.829
Property, plant and equipment	-	-	-	-	304.956	304.956
Investment property	-	-	-	-	93.274	93.274
Deferred tax assets	-	-	-	310.761	-	310.761
Income tax advance	-	-	2.976	-	-	2.976
Other assets	199.635	-	103.286	60.734	1.959	365.614
<b>Total assets</b>	<b>4.497.675</b>	<b>1.843.470</b>	<b>3.305.949</b>	<b>5.313.310</b>	<b>6.844.906</b>	<b>21.805.310</b>
Due to other banks	524.298	707.381	23.527	75.000	-	1.330.206
Derivative financial instruments	58.003	-	-	-	-	58.003
Due to customers	4.343.007	1.811.547	2.464.869	97.521	7.658.082	16.375.026
Debt securities in issue	-	-	389.867	996.393	-	1.386.260
Other borrowed funds	-	-	-	340.989	370.000	710.989
Due to State pension fund	68.617	-	-	299.558	253.290	621.465
Other provisions	-	-	-	449	76.344	76.793
Current tax liabilities	210.469	128.034	101.238	(2.363)	-	437.378
Deferred tax liabilities	-	-	7.501	-	-	7.501
Other liabilities	-	-	-	3.277	-	3.277
<b>Total liabilities</b>	<b>5.204.394</b>	<b>2.646.962</b>	<b>2.987.002</b>	<b>1.810.824</b>	<b>8.357.716</b>	<b>21.006.898</b>
<b>Net equity</b>	<b>(706.719)</b>	<b>(803.492)</b>	<b>318.947</b>	<b>3.502.486</b>	<b>(1.512.810)</b>	<b>798.412</b>
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total

**31 December 2005**

Total assets	5.444.076	1.661.373	2.639.671	4.191.502	5.150.894	19.087.516
Total liabilities	6.289.707	750.431	1.850.339	1.629.839	7.528.524	18.048.840
<b>Net equity</b>	<b>(845.631)</b>	<b>910.942</b>	<b>789.332</b>	<b>2.561.663</b>	<b>(2.377.630)</b>	<b>1.038.676</b>

**4.7 Establishment of fair values**

Fair value of quoted investments, which are negotiable in active markets/stock exchanges, such as derivatives, shares, bonds, mutual funds, is established based on current bid prices valid at balance sheet date.

If the market for a financial asset is not active (and for unlisted securities), fair values are established by using valuation techniques and assumptions based on market information at balance sheet date.

## 5. Segment reporting

<u>From 1/1 to 31/12/2006</u>	Total	Retail banking	Corporate banking	Insurance / Asset management	Investment banking & treasury	Other
Net interest income	663.050	565.845	65.267	-	31.938	-
Net fee & commission income	152.295	100.382	23.030	20.930	7.953	-
Other Income	29.983	-	-	-	15.798	14.185
<b>NET OPERATING INCOME</b>	<b>845.328</b>	<b>666.227</b>	<b>88.297</b>	<b>20.930</b>	<b>55.689</b>	<b>14.185</b>
Staff costs	371.436	293.435	14.857	11.143	14.857	37.144
Impairment losses on loans and other receivables	442.628	354.102	88.526	-	-	-
Other provisions	55.428	-	-	-	-	55.428
Other operating expenses	208.950	158.801	8.358	6.269	6.269	29.253
<b>TOTAL OPERATING EXPENSES</b>	<b>1.078.442</b>	<b>806.338</b>	<b>111.741</b>	<b>17.412</b>	<b>21.126</b>	<b>121.825</b>
<b>PROFIT / (LOSS) BEFORE TAX</b>	<b>(233.114)</b>	<b>(140.111)</b>	<b>(23.444)</b>	<b>3.518</b>	<b>34.563</b>	<b>(107.640)</b>

  

<u>From 1/1 to 31/12/2005*</u>	Total	Retail banking	Corporate banking	Insurance / Asset management	Investment banking & treasury	Other
Net interest income	564.296	473.500	60.500	-	30.296	-
Net fee & commission income	141.562	92.961	21.125	19.295	8.181	-
Other Income	20.189	-	-	4.547	8.681	6.961
<b>NET OPERATING INCOME</b>	<b>726.047</b>	<b>566.461</b>	<b>81.625</b>	<b>23.842</b>	<b>47.158</b>	<b>6.961</b>
Staff costs	321.031	239.935	29.917	3.529	14.504	33.146
Impairment losses on loans and other receivables	112.845	85.762	27.083	-	-	-
Other operating expenses	176.828	122.129	15.111	1.679	22.307	15.602
<b>TOTAL OPERATING EXPENSES</b>	<b>610.704</b>	<b>447.826</b>	<b>72.111</b>	<b>5.208</b>	<b>36.811</b>	<b>48.748</b>
<b>PROFIT / (LOSS) BEFORE TAX</b>	<b>115.343</b>	<b>118.635</b>	<b>9.514</b>	<b>18.634</b>	<b>10.347</b>	<b>(41.787)</b>

\* Figures of 2005 were adjusted for comparison purposes.

Retail banking includes all services and products offered to individuals, freelance professionals small and medium size entities.

Corporate banking includes products and services offered to large corporations and shipping companies.

Insurance and asset management services refer to portfolio management for clients and insurance products delivered through the Bank's network.

Investment banking and Treasury include financial services, consulting and transaction services on capital exchange issues and on dealing room activities.

In the other sections are all non-financial or insurance activities as well as the administrative and back off services of the Bank

<b>6. Net interest income</b>	<b>1/1 – 31/12/2006</b>	<b>1/1 – 31/12/2005</b>
<b>Interest &amp; similar income</b>		
Cash and short-term funds	55.130	43.447
Bonds/ Treasury bills	121.667	65.185
Customer bonds and reverse repos	-	107
Loans and advances	925.142	796.782
	<b>1.101.939</b>	<b>905.521</b>
<b>Interest expense &amp; similar changes</b>		
Banks and customers	346.365	284.715
Debt securities	41.707	10.369
Securities and repos	12.353	7.645
Obligations to pension funds	24.093	27.757
Other borrowing funds	14.371	10.739
	<b>438.889</b>	<b>341.225</b>
<b>Net interest income</b>	<b>663.050</b>	<b>564.296</b>

<b>7. Net fee &amp; commission income</b>	<b>1/1 – 31/12/2006</b>	<b>1/1 – 31/12/2005</b>
<b>Fee &amp; commission income</b>		
Loans	35.459	27.255
Working capital	6.716	7.347
Letters of guarantee	13.618	13.355
Credit cards	29.089	29.842
Imports – Exports	7.256	7.629
Mutual Funds	10.803	10.064
Other commissions	56.687	58.315
	<b>159.628</b>	<b>153.807</b>
<b>Fee &amp; commission expenses</b>		
Credit cards	6.391	7.578
Related banks and companies	-	291
Other	942	4.376
	<b>7.333</b>	<b>12.245</b>
<b>Net fee &amp; commission income</b>	<b>152.295</b>	<b>141.562</b>

<b>8. Dividend income</b>	<b>1/1 – 31/12/2006</b>	<b>1/1 – 31/12/2005</b>
Subsidiaries and associates	290	299
Trading portfolio	501	852
Available-for-sale portfolio	825	909
<b>Dividend income</b>	<b>1.616</b>	<b>2.060</b>

<b>9. Net trading results</b>	<b>1/1 – 31/12/2006</b>	<b>1/1 – 31/12/2005</b>
Net profit from transactions and foreign exchange valuation	750	3.663
Net profit from sale and valuation of bonds	(29.994)	(5.300)
Net profit from sale and valuation of shares and other variable yield securities	4.637	11.461
Net loss from sale and valuation of derivatives	30.860	(5.783)
<b>Net trading results</b>	<b>6.253</b>	<b>4.041</b>

<b>10. Gains less losses of investment portfolio</b>	<b>1/1 – 31/12/2006</b>	<b>1/1 – 31/12/2005</b>
Net profit from mutual funds units sales	-	2.464
Net profit from sale of subsidiaries and associates	6.426	116
Impairment losses of participation to associates	(10.052)	-
Net profit from sale of available-for-sale shares	15.359	-
Impairment losses of available-for-sale financial assets	(3.804)	-
<b>Total result of investment portfolio</b>	<b>7.929</b>	<b>2.580</b>

<b>11. Other operating income</b>	<b>1/1 – 31/12/2006</b>	<b>1/1 – 31/12/2005</b>
Rental income	1.553	1.548
Proceeds from written-off receivables	3.391	3.591
Gain from sale of fixed assets	7.713	4.051
Other income	1.528	2.318
<b>Other operating income</b>	<b>14.185</b>	<b>11.508</b>

<b>12. Staff costs</b>	<b>1/1 – 31/12/2006</b>	<b>1/1 – 31/12/2005</b>
Salaries and wages	266.597	220.043
Social security cost (principal and auxiliary)	95.645	85.449
Other benefits	9.194	15.539
<b>Staff expenses</b>	<b>371.436</b>	<b>321.031</b>

Total personnel of Emporiki Bank as at 31 December 2006 consists of 6.278 people compared to 6.377 as at 31 December 2005.

<b>13. Other operating expenses</b>	<b>1/1 – 31/12/2006</b>	<b>1/1 – 31/12/2005</b>
Fees and third party expenses	20.023	18.517
Third parties fees	56.583	43.676
Insurance fees	10.813	7.627
Taxes and duties	17.754	15.278
Other expenses	78.641	67.606
<b>Other operating expenses</b>	<b>183.814</b>	<b>152.704</b>

<b>14. Income tax expense</b>	<b>1/1 – 31/12/2006</b>	<b>1/1 – 31/12/2005</b>
Tax for the period (provision)	10.313	8.100
Special tax on non-taxed reserves	54.514	-
Deferred taxation (Note 32)	(59.973)	19.176
<b>Income tax expense</b>	<b>4.854</b>	<b>27.276</b>

<b>15. Earnings per share</b>	<b>1/1 – 31/12/2006</b>	<b>1/1 – 31/12/2005</b>
Attributable profits/ (losses) to the Bank shareholders	(237.968)	88.067
Average number of shares (excluding own shares)	132.391.468	95.948.899
<b>Basic Earnings per share (Euro)</b>	<b>(1,8)</b>	<b>0,92</b>

Basic earnings per share is calculated on the profit after tax attributable to the Bank's shareholders and the weighted average number of shares outstanding during the period after deducting own shares in ownership during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding during the period and the profit or loss attributable to ordinary equity holders for all the effects of dilutive potential ordinary shares. There were no outstanding dilutive ordinary shares during the periods presented in these financial statements.

<b>16. Cash and balances with Central Bank</b>	<b>31/12/2006</b>	<b>31/12/2005</b>
Cash	215.211	219.109
Deposits at Central Bank excluding obligatory deposits for liquidity purposes	204.026	280.940
Cheques' receivables – Central Bank clearing office	1.831	1.695
<b>Included as cash and cash equivalents (Note 37)</b>	<b>421.068</b>	<b>501.744</b>
Obligatory deposits at Central Bank	260.955	178.207
<b>Cash and balances with Central Bank</b>	<b>682.023</b>	<b>679.951</b>

Obligatory deposits with Central Bank is a requirement set by the Bank of Greece for all financial institutions established in Greece and equal 2% of total customer deposits. The Bank is also required to maintain a current account with Bank of Greece in order to facilitate inter-bank transactions through the Trans European – Automated Real Time Gross Settlement Express Transfer System (TARGET).

<b>17. Due from other banks</b>	<b>31/12/2006</b>	<b>31/12/2005</b>
Cheques receivables	5.454	4.459
On demand	188.241	4.330
Placements in other banks	1.452.797	1.271.090
Other amounts due	97.710	32.218
<b>Included as cash and cash equivalents (Note 37)</b>	<b>1.744.202</b>	<b>1.312.097</b>
Loans and borrowings in other banks	57.276	133.518
<b>Due from other banks</b>	<b>1.801.478</b>	<b>1.445.615</b>

<b>18. Trading securities</b>	<b>31/12/2006</b>	<b>31/12/2005</b>
<b>Trading securities portfolio</b>		
Bonds issued by the Hellenic Republic (Note 37)	1.122.906	547.277
Other issuers	258.719	232.010
<b>Total</b>	<b>1.381.625</b>	<b>779.287</b>
Listed shares	19.416	26.830
Mutual funds	-	-
<b>Total</b>	<b>19.416</b>	<b>26.830</b>
<b>Trading securities</b>	<b>1.401.041</b>	<b>806.117</b>

## 19. Derivative financial instruments

	31/12/2006			31/12/2005		
	Contract / Nominal value	Fair value		Contract / Nominal value	Fair value	
		Assets	Liabilities		Assets	Liabilities
<b>a) Currency derivatives</b>						
Currency Forwards	626.291	-	2.548	1.220.855	-	55
Currency Swaps	50.093	1.139	-	225.699	30.180	-
Currency Options	7.875	98	52	9.915	10	8
<b>Total</b>		<b>1.237</b>	<b>2.600</b>		<b>30.190</b>	<b>63</b>
<b>b) Interest rate derivatives</b>						
Interest rate swaps	4.934.950	50.202	50.050	2.117.313	-	18.790
Exchange traded interest rate futures	9.871	79	40	-	-	-
Caps & Floors	56.450	451	579	2.972	85	139
<b>Total</b>		<b>50.732</b>	<b>50.669</b>		<b>85</b>	<b>18.929</b>
<b>c) Index Options</b>						
OTC index options	29.077	310	266	325.515	3.346	2.984
<b>Total</b>		<b>310</b>	<b>266</b>		<b>3.346</b>	<b>2.984</b>
<b>d) Παράγωγα επί ομολόγων (Bond Futures)</b>						
Exchange traded bond futures	282.600	-	4.468	-	-	-
<b>Total</b>		<b>-</b>	<b>4.468</b>		<b>-</b>	<b>-</b>
<b>Derivative financial instruments</b>		<b>52.279</b>	<b>58.003</b>		<b>33.621</b>	<b>21.976</b>

<b>20. Loans and advances to customers</b>	<b>31/12/2006</b>	<b>31/12/2005</b>
<b>Loans to individuals</b>		
Overdrafts	3.828	3.165
Credit cards	401.496	380.748
Term loans (including consumer loans)	1.745.182	1.365.911
Housing loans	5.445.475	4.201.324
Other loans and advances	168.302	189.047
	<b>7.764.283</b>	<b>6.140.195</b>
<b>Loans to legal entities</b>		
Business loans	7.154.843	7.196.538
Syndicated loans	92.172	133.048
State and public companies	404.430	604.566
Loans in the form of bonds and other loans	1.816.793	1.337.176
	<b>9.468.238</b>	<b>9.271.328</b>
<b>Loans and advances to customers</b>	<b>17.232.521</b>	<b>15.411.523</b>
Less: Impairment losses on loans and advances	(1.074.909)	(644.519)
	<b>16.157.612</b>	<b>14.767.004</b>
Floating interest rate	14.494.330	14.530.648
Fixed interest rate	2.738.191	880.875
<b>Total</b>	<b>17.232.521</b>	<b>15.411.523</b>
<b><u>Impairment losses on loans and advances</u></b>		
Changes on impairment losses for loans and advances :		
<b>Balance at 1 January</b>	644.519	615.399
Reclassification of impairment into available-for-sale securities	(1.942)	-
Impairment for loans	442.628	112.845
Write-offs	(10.296)	(83.725)
<b>Balance at 31 December</b>	<b>1.074.909</b>	<b>644.519</b>

<b>21. Available-for-sale securities</b>	<b>31/12/2006</b>	<b>31/12/2005</b>
<b>Available-for-sale securities at fair value</b>		
Bonds issued by Hellenic Republic	219.928	2.028
Bonds of other issuers	9.964	30.197
Listed shares	11.084	20.542
Non listed shares	3.965	8.014
Mutual funds units	12.811	9.600
<b>Available-for-sale securities</b>	<b>257.752</b>	<b>70.381</b>

## 22. Investments in subsidiaries / associates

The bank's investments in subsidiaries are analyzed as follows:

	<b>Company</b>	<b>Country of incorporation</b>	<b>% Held as at 31.12.06</b>	<b>Balance as at 31.12.06</b>	<b>% Held as at 31.12.05</b>	<b>Balance as at 31.12.05</b>
1	EMPORIKI BANK-GERMANY	GERMANY	100,00%	22.198	100,00%	22.198
2	EMPORIKI BANK BULGARIA	BULGARIA	100,00%	12.108	100,00%	12.108
3	EMPORIKI BANK ALBANIA	ALBANIA	100,00%	8.663	100,00%	8.663
4	EMPIOIKH LEASING	GREECE	100,00%	54.157	100,00%	54.157
5	EMPORIKI BANK CYPRUS	CYPRUS	81,19%	15.905	81,19%	15.905
6	EMPORIKI VENT. CAPITAL ENTERPRISES	CYPRUS	-	-	100,00%	5.067
7	EMPORIKI VENT. CAPITAL DEVELOPED	CYPRUS	100,00%	16.376	100,00%	5.196
8	EMPORIKI VENT. CAPITAL EMERGING	CYPRUS	100,00%	15.882	100,00%	15.882
9	EMPORIKI VENT. CAPITAL FUNDS	CYPRUS	-	-	100,00%	6.113
10	ELVIO	GREECE	100,00%	150	100,00%	150
11	EMPORIKI GROUP FINANCE	UNITED KINGDOM	100,00%	18	100,00%	134
12	BANK INSTITUTION	GREECE	99,90%	599	99,90%	599
13	RESEARCH BANK FOR HISTORICAL ARCHIVES (Non- profit organization)..	GREECE	99,90%	15	99,90%	15
14	EMPORIKI MEDIA	GREECE	99,00%	769	99,00%	769
15	EMPORIKI MANAGEMENT	GREECE	99,65%	6.514	99,65%	6.514
16	EMPORIKI BANK ROMANIA	ROMANIA	98,13%	16.722	98,13%	16.722
17	THERMA EMPORIKI DEVELOPMENT	GREECE	-	-	0,01%	0
18	KOLONOS REAL ESTATE	GREECE	-	-	0,01%	0
19	THERMAIKOS REAL ESTATE	GREECE	-	-	0,01%	0
20	PHOENIX METROLIFE EMPORIKI	GREECE	89,84%	27.315	89,84%	17.298
21	EMPORIKI ASSET MANAGEMENT	GREECE	80,00%	4.800	80,00%	4.800
22	ERMIS AEDAK	GREECE	71,70%	1.871	71,70%	1.871
23	TOTAL CARE	GREECE	70,00%	259	70,00%	259
24	EMPORIKI DEVELOPMENT AND REAL ESTATE MANAGEMENT	GREECE	100,00%	34.197	65,60%	38.506
25	GREEK INDUSTRY OF BAGS	GREECE	58,71%	263	58,71%	263
26	EMPORIKI RENT	GREECE	51,00%	3.060	51,00%	3.060
27	EMPORIKI LIFE	GREECE	50,00%	5.000	50,00%	5.000
28	EMPORIKI CREDICOM	GREECE	50,00%	33.450	50,00%	22.950
				<b>280.291</b>		<b>264.199</b>

The bank's investments in associates are analyzed as follows

	<b>Company</b>	<b>Country of incorporation</b>	<b>% Held as at 31.12.06</b>	<b>Balance as at 31.12.06</b>	<b>% Held as at 31.12.05</b>	<b>Balance as at 31.12.05</b>
1	ALPHA GRAPHICS FRACHISE DEVELOPMENT	GREECE	49,00%	218	49,00%	218
2	INDUSTRY OF PHOSPHORIC FERTILIZERS	GREECE	42,16%	-	42,16%	10.052
3	MEDIAFON	GREECE	-	-	25,00%	114
4	INCURIAM INVESTMENT	CYPRUS	20,00%	767	20,00%	767
5	ICAP	GREECE	-	-	20,00%	5.000
6	EULER HERMES EMPORIKI	GREECE	18,57%	1.058	15,00%	679
7	CHARALAMBIDES DAIRIES	CYPRUS	-	-	20,12%	5.659
				<b>2.043</b>		<b>22.489</b>

The movement in the investment portfolio is summarized as follows:

	Investments in subsidiaries		Investments in associates	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Opening balance</b>	264.199	245.268	22.489	22.489
Addition	35.461	23.414	380	-
Reduction	(19369)	(4.483)	(10.774)	-
Impairment		-	(10.052)	-
<b>Closing balance</b>	<b>280.291</b>	<b>264.199</b>	<b>2.043</b>	<b>22.489</b>

The Bank at 31.03.2006 and at 07.12.2006 participated to the share capital increase of EMPORIKI CREDICOM, without any dilution of its participation. On 21st of January 2006, the Bank sold its participation in MEDIAFON to third parties. Additionally, the carrying amount of the participation in the Industry of Phosphoric Fertilizers was fully impaired during the 1st quarter of 2006.

During the 2nd quarter of 2006, the Bank participated to the share capital increase of EULER HERMES EMPORIKI, resulting to an increase of its direct participation by 3,57%.

At 31 October 2006, the Bank sold its participation in the associate company CHARALAMBIDES DAIRIES. The participation interest in the company was 20,12% (equivalent of 8.940.000 shares).

The share capital of EMPORIKI DEVELOPMENT AND REAL ESTATE MANAGEMENT was reduced by € 29.347.028 on 14 November 2006. The Bank, with a participation interest of 65,6% in EMPORIKI DEVELOPMENT AND REAL ESTATE MANAGEMENT, purchased 10.094.000 ordinary shares from PHOENIX METROLIFE EMPORIKI, representing 34,4% of the company's share capital. This purchase resulted in increasing the Bank's participation interest into 100%.

The merger of Emporiki Venture Capital Funds and Emporiki Venture Capital Enterprises with Emporiki Venture Capital Developed Markets, was completed on 19 December 2006.

On 21 December 2006 the Bank sold its participation in the associate company ICAP. The participation interest in the company was 20% (equivalent of 1.344.000 shares).

During December 2006 the Bank paid approximately an amount of 10 million euros in order to participate to the share capital increase of PHOENIX METROLIFE EMPORIKI, increasing equally the book value of its participation.

### 23. Intangible Assets

	<u>Software</u>
<b>1 January 2005</b>	
Cost	56.875
Accumulated depreciation	<u>(41.450)</u>
<b>Net book value</b>	<b><u>15.425</u></b>
<b>31 December 2005</b>	
Opening net book value	15.425
Additions/(Disposals)	773
Change in depreciation	<u>(5.000)</u>
<b>Closing net book value</b>	<b><u>11.198</u></b>
<b>31 December 2005</b>	
Cost	57.648
Accumulated depreciation	<u>(46.450)</u>
<b>Net book value</b>	<b><u>11.198</u></b>
<b>31 December 2006</b>	
Opening net book value	11.198
Additions/(Disposals)	3.729
Change in depreciation	<u>(5.098)</u>
<b>Closing net book value</b>	<b><u>9.829</u></b>
<b>31 December 2006</b>	
Cost	61.377
Accumulated depreciation	<u>(51.548)</u>
<b>Net book value</b>	<b><u>9.829</u></b>

## 24. Property, plant and equipment

	Land	Buildings and leasehold improvements	Other tangible assets	Total
<b>1 January 2005</b>				
Cost	169.440	99.179	165.542	434.161
Accumulated depreciation	-	(2.689)	(117.380)	(120.069)
<b>Net book value</b>	<b>169.440</b>	<b>96.490</b>	<b>48.162</b>	<b>314.092</b>
<b>31 December 2005</b>				
Opening net book value	169.440	96.490	48.162	314.092
Additions/(Disposals)	(106)	(5.405)	15.541	10.030
Change in depreciation	-	(2.331)	(15.937)	(18.268)
<b>Closing net book value</b>	<b>169.334</b>	<b>88.754</b>	<b>47.766</b>	<b>305.854</b>
<b>31 December 2005</b>				
Cost	169.334	93.774	181.083	444.191
Accumulated depreciation	-	(5.020)	(133.317)	(138.337)
<b>Net book value</b>	<b>169.334</b>	<b>88.754</b>	<b>47.766</b>	<b>305.854</b>
<b>31 December 2006</b>				
Opening net book value	169.334	88.754	47.766	305.854
Additions/(Disposals)	54	1.504	16.873	18.431
Change in depreciation	-	(2.419)	(16.910)	(19.329)
<b>Closing net book value</b>	<b>169.388</b>	<b>87.839</b>	<b>47.729</b>	<b>304.956</b>
<b>31 December 2006</b>				
Cost	169.388	95.278	197.956	462.622
Accumulated depreciation	-	(7.439)	(150.227)	(157.666)
<b>Net book value</b>	<b>169.388</b>	<b>87.839</b>	<b>47.729</b>	<b>304.956</b>

## 25. Investment property

	Land	Buildings and equipment	Total
<b>1 January 2005</b>			
Cost	70.350	33.854	104.204
Accumulated depreciation	-	(436)	(436)
<b>Net book value</b>	<b>70.350</b>	<b>33.418</b>	<b>103.768</b>
<b>31 December 2005</b>			
Opening net book value	70.350	33.418	103.768
Additions/(Disposals)	(4.200)	(1.089)	(5.289)
Change in depreciation	-	(857)	(857)
<b>Closing net book value</b>	<b>66.150</b>	<b>31.472</b>	<b>97.622</b>
<b>31 December 2005</b>			
Opening net book value	66.150	32.765	98.915
Additions/(Disposals)	-	(1.293)	(1.293)
Change in depreciation	66.150	31.472	97.622
<b>31 December 2006</b>			
Opening net book value	66.150	31.472	97.622
Additions/(Disposals)	(6.705)	3.066	(3.639)
Change in depreciation	-	(709)	(709)
<b>Closing net book value</b>	<b>59.445</b>	<b>33.829</b>	<b>93.274</b>
<b>31 December 2006</b>			
Cost	59.445	35.831	95.276
Accumulated depreciation	-	(2.002)	(2.002)
<b>Net book value</b>	<b>59.445</b>	<b>33.829</b>	<b>93.274</b>

## 26. Other assets

	31/12/2006	31/12/2005
Prepaid expenses	2.494	2.198
Accrued income	70.553	61.573
Other	292.567	266.623
	<b>365.614</b>	<b>330.394</b>

## 27. Due to other banks

	31/12/2006	31/12/2005
Borrowings from banks	1.306.250	1.066.389
Current accounts	23.956	147.120
	<b>1.330.206</b>	<b>1.213.509</b>

<b>28. Due to customers</b>	<b>31/12/2006</b>	<b>31/12/2005</b>
<b>Deposits from legal entities</b>		
Current accounts	1.619.221	1.821.916
Term deposits	1.520.157	1.393.268
Sale and repurchase agreements (Repos)	-	9.291
	<b>3.139.378</b>	<b>3.224.475</b>
<b>Deposits from individuals</b>		
Current accounts	487.732	466.140
Term deposits	5.594.491	3.824.936
Saving accounts	7.026.493	7.217.989
Sale and repurchase agreements (Repos)	-	3.230
	<b>13.108.716</b>	<b>11.512.295</b>
<b>Cheques and remittances payable</b>	126.932	73.854
	<b>16.375.026</b>	<b>14.810.624</b>
Fixed interest rate	7.114.648	5.230.725
Floating interest rate	9.133.446	9.506.045
<b>Total deposits</b>	<b>16.248.094</b>	<b>14.736.770</b>

Fixed rate deposits include term deposits and repos in euro and foreign currency. The remaining amounts are floating

<b>29. Debt securities in issue</b>	<b>31/12/2006</b>	<b>31/12/2005</b>
Debt securities	1.386.187	399.254
Other credit titles	73	73
	<b>1.386.260</b>	<b>399.327</b>

The special purpose entity, "Lithos Mortgage Financing Plc" issued the following classes of residential mortgaged backed securities :

- € 910.000.000 nominal value of Class A floating rate notes (3 month Euribor plus 0,15% spread)
- € 53.000.000 nominal value of Class B floating rate notes (3 month Euribor plus 0,30% spread) and
- € 37.000.000 nominal value of Class C floating rate notes (3 month Euribor plus 0,55% spread)

These securities are callable from May 2013 onwards.

Moreover, Emporiki Group Finance Plc granted a loan to the bank amounting to € 248.750.000, due in April 2011. For the above, Emporiki Group Finance Plc, proceeded to the issuance of € 250.000.000 nominal value debt securities (Schuldschein) with 3 month Euribor plus 0,35% spread.

As at 31 December 2006, the Bank owned debt securities issued by Lithos Mortgage Financing Plc and Emporiki Group Finance Plc with a total value of € 57.156.513.

<b>30. Other borrowed funds</b>	<b>31/12/2006</b>	<b>31/12/2005</b>
Subordinated notes	340.989	348.619
Subordinated notes due to the parent company	200.000	-
Hybrid securities due to the parent company	170.000	-
	<b>710.989</b>	<b>348.619</b>

Subordinated bonds, concern a loan of € 348.081.500, due in October 2014. For the above loan Emporiki Group Finance Plc, proceeded at 05.08.2004 to the issuance of notes of a nominal value € 350.000.000 with floating rate (3months Euribor + 0,75%). These notes are callable from October 2009 onwards

Emporiki Bank issued subordinated notes (Tier II) to a member company of Credit Agricole group, amounting to € 200.000.000, due in December 2016 at a floating interest rate of 3 month Euribor + 0,36% (Tier II). These securities are callable from December 2011 onwards

Additionally, the Bank issued hybrid perpetual securities (Tier I) to a member company of Credit Agricole group, amounting to € 170.000.000, at a floating interest rate of 3 month Euribor + 1,17%. These securities are callable from December 2016 onwards.

As at 31 December 2006, the Bank owned debt securities issued by Emporiki Group Finance Plc with a total value of € 8.014.566.

<b>31. Other liabilities</b>	<b>31/12/2006</b>	<b>31/12/2005</b>
Dividends payable	1.502	1.944
Accrued expenses and deferred income	101.281	127.327
Other	334.595	330.564
	<b>437.378</b>	<b>459.835</b>

### 32. Deferred tax assets/ liabilities

Deferred tax is calculated on all temporary differences based on the liability method and the expected tax rate

Deferred tax assets and liabilities arise from:

	31/12/2006	31/12/2005
<b>Deferred tax assets</b>		
Intangible assets write-off	1.401	2.595
Impairment of loans and receivables	115.351	33.054
Provision for the cost of submission to ETEAM & ETAT	155.501	194.574
Commissions recognition based on effective interest rates	5.894	6.945
Impairment of investments at companies under clearing process	7.000	8.837
Provision for staff expenses	11.487	3.037
Other provisions	13.857	-
Other temporary tax differences	270	14
	<u>310.761</u>	<u>249.056</u>
<b>Deferred tax liabilities</b>		
Reduced depreciation rates for buildings	3.277	1.544
	<u>3.277</u>	<u>1.544</u>
<b>Net deferred tax assets</b>	<u>307.484</u>	<u>247.512</u>

The charge/ (release) of deferred tax assets and liabilities through the income statements is as follows:

	31/12/2006	31/12/2005
<b>Deferred tax (income statement)</b>		
Intangible assets variation	1.194	3.724
Provision for the cost of submission to ETEAM & ETAT	39.073	2.008
Impairment of loans and receivables	(82.297)	5.947
Commissions recognition based on real interest rates	1.051	1.245
Provision for staff expenses	(8.449)	4.085
Reduced depreciation rates for buildings	1.732	1.248
Other provisions	(13.857)	-
Impairment of investments at companies under clearing process	1.837	914
Other temporary tax differences	(257)	5
	<u>(59.973)</u>	<u>19.176</u>

### 33. Obligations to pension funds

The Auxiliary Pension Fund (TEAPETE) for the Bank's employees is considered a defined benefit plan prior to law 3371/2005. Under law 3371/2005, in which the Bank has opted for submission, all employees and pensioners that were employed up to 31 December 2004 will not be included in TEAPETE but will be included in IKA –ETEAM and ETAT which are the auxiliary funds for state control plans and the new auxiliary fund for bank employees, both of which are considered defined contribution plans. Employees that join the Bank after 1/1/2005 are automatically included in IKA-ETEAM.

Following the provisions of the new law 3371/2005, an economic study was performed by independent specialized actuaries, in order to determine the cost of including TEAPETE into the above-mentioned auxiliary funds (IKA-ETEAM and ETAT). This economic study was completed within the 1<sup>st</sup> quarter of 2006 and was approved by the relevant committee of the Ministry of Economy and Finance and it was ratified by law (L. 3455/2006). According to the study the Bank is estimated to pay into IKA-ETEAM and ETAT, for its pensioners a special contribution of 786,3 million Euro (upfront or within a period of 10 years bearing an interest rate of 3,53% ). The present value of the future contributions from the voluntary retirement and the present value of the extra employees' and employers' contribution (paragraph b of article 59 of Law 3371/2005) have been taken into account into the amount mentioned above.

In addition, the Bank will be obliged to pay additional contributions compared to those defined by ETEAM regulations for employees hired before 31/12/2004 for the following periods and up to the date they retire. The terms of the payment for the additional contributions is not defined by Law 3371/2005 and it is expected to be settled by an agreement between the Bank and the Ministry of Economy and Finance. The Bank estimated that the charge, regarding the additional contributions, in the income statement of 2006 is, nearly, 28 million. This charge has been calculated by applying gradually increasing contribution rates, so that the future annual charges will remain at the same level as for 2005.

The Bank proceeded to the payment of the scheduled installments as they were defined in the economic study mentioned above.

Notwithstanding the rejection of the temporary measures filed by the employee union (First instance court judgment, No.8849/05), there is a possibility for further legal dispute between the Bank and the employee union or other third parties regarding this issue. There are pending measures against the bank (from former and current Emporiki Bank employees), of which the first two were discussed in the first instance court on 14 February of 2007 and the relevant court decision is to be issued.

### 34. Contingent liabilities and commitments

#### a) Legal issues

The Bank during the normal course of its business is a defendant in claims from customers and other legal actions for which the Bank has made a provision recognised in the Income Statement for the year of 2006. According to the consultation of the Bank's Legal division the ultimate disposition of these matters is not expected to have any, further, material effect on the financial position or operations of the Bank.

#### b) Contingent commitments

	31/12/2006	31/12/2005
Letters of guarantee	1.811.132	1.689.658
Unused approved credit limits	11.569.064	9.424.679
	<b>13.380.196</b>	<b>11.114.337</b>

#### c) Pledged assets

Pledged assets as at 31 December 2006 amount to 447.800 (112.200 as at 31 December 2005) including Hellenic Republic bonds pledged by the Bank of Greece for the purposes of transactions through TARGET, by the derivatives clearing house (ETESEP) as a margin insurance and pledged by foreign financial institution for funding purposes and for the securitization of mortgages.

Additionally, bonds with nominal value of 367.975 euros have been collateralised as part of repurchasing agreements (repo) with another credit institution.

### 35. Share capital and own shares

The share capital as at 31 December 2006 and 31 December 2005, amounts to €728.153.074 divided in 132.391.468 ordinary shares of € 5,5 nominal value each.

### 36. Other reserves

	31/12/2006	31/12/2005
Statutory reserve	114.405	114.405
Valuation reserve of available-for-sale investments	15.361	17.657
Old reserves from securities sales	-	241.924
Reserves from disposal of treasury shares	52.466	52.466
Other reserves	493.535	251.611
	<u>675.767</u>	<u>678.063</u>

Statutory reserve and revaluation reserve of available-for-sale investments cannot be distributed. Other reserves concern reserves formed by gains from sales of listed securities and taxable income that has not been distributed. These reserves have been taxed and therefore no deferred tax has been calculated, according to IAS 12.

The movement of the available-for-sale revaluation reserve is summarized as follows:

	31/12/2006	31/12/2005
Opening balance	17.657	10.330
Profit / (loss) from revaluation	12.135	8.847
Recycling to the Income Statement	(14.431)	(1.520)
<b>Closing balance</b>	<u>15.361</u>	<u>17.657</u>

### 37. Cash and cash equivalents

For cash flow purposes cash and cash equivalents includes the following accounts that have maturity up to 3 months from the date of purchase.

	31/12/2006	31/12/2005
Cash and balances with Central Bank (Note 16)	421.068	501.744
Treasury securities	6.895	919
Due from banks (Note 17)	1.744.202	1.312.097
Trading portfolio (Note 18)	1.122.906	547.277
	<u>3.295.071</u>	<u>2.362.037</u>

### 38. Related party transactions

Credit Agricole and pension funds with participating interests of 71,97 %, 7,88% respectively, constituted the major shareholders of the Bank as at 31 December 2006. The remaining shares are available to the equity market.

#### a) Transactions and balances with Board of Directors members

	31/12/2006	31/12/2005
Board of Directors fees *	1.341	987
Deposits	9.551	17.913
Loans	53.443	49.110
	64.335	68.010

\* The fees of the non-executive members of Board of Directors amount to € 160 thousands for 2006 and € 97 thousands for 2005

Deposits and loans refer to members of the Board of Directors and their immediate family members and companies they control or influence.

#### b) Transactions and balances with subsidiaries and associates:

##### Subsidiaries

	31/12/2006	31/12/2005
<b>Assets</b>		
Due from other banks	601.890	375.721
Loans and advances to customers	388.792	338.766
Other assets	22.922	6.833
	<b>1.013.604</b>	<b>721.320</b>
<b>Liabilities</b>		
Due to banks	137.906	66.925
Due to customers	248.075	313.312
Debt securities in issue	647.530	398.780
Other borrowed funds	348.082	348.082
Other liabilities	12.995	6.522
	<b>1.394.588</b>	<b>1.133.621</b>
<b>Income</b>		
Interest & similar income	26.990	13.502
Fee & commission income	17.054	14.508
Other operating income	859	571
	<b>44.903</b>	<b>28.581</b>
<b>Expense</b>		
Interest expense & similar charges	43.257	22.739
Fee & commission expense	190	209
Staff costs	1.192	865
Other operating expenses	18.790	12.798
	<b>63.429</b>	<b>36.611</b>

**Associates**

	31/12/2006	31/12/2005
<b>Assets</b>		
Loans and advances to customers	<u>56.173</u>	<u>39.231</u>
<b>Liabilities</b>		
Due to customers	<u>13.477</u>	<u>510</u>
<b>Income</b>		
Interest & similar income	<u>2.134</u>	<u>1.906</u>
<b>Expense</b>		
Interest expense & similar charges	<u>26</u>	<u>3</u>

**c) Transactions and balances with Credit Agricole Group**

	31/12/2006
<b>Assets</b>	
Due from other banks	725.069
Loans and advances to customers	6.549
Other assets	137
	<u>731.755</u>
<b>Liabilities</b>	
Due to banks	277.806
Other borrowed funds	370.000
Other liabilities	264
	<u>648.070</u>
<b>Income</b>	
Financial transactions	654
Interest & similar income	11.528
	<u>12.182</u>
<b>Expense</b>	
Interest expense & similar charges	9.669
Fee & commission expense	35
Other operating expenses	325
	<u>10.029</u>

The related parties transactions and balances are summarized as follows :

	1/1 – 31/12/2006	1/1 – 31/12/2005
Income	59.219	30.487
Expense	73.484	36.614
Fees from Board of Directors members and key management personnel	1.341	987
	<u>134.044</u>	<u>68.088</u>
	<b>31/12/06</b>	<b>31/12/05</b>
Assets	1.801.532	760.551
Liabilities	2.056.135	1.134.131
Receivables from Board of Directors members and key management personnel	53.443	49.110
Liabilities to Board of Directors members and key management personnel	9.551	17.913
	<u>3.920.661</u>	<u>1.961.705</u>

**39. Dividends paid**

For the accounting year of 2006, no dividend distribution was proposed due to the losses brought forward and the losses reported by the Bank at its financial statements for 2006.

#### **40. Capital adequacy**

The Bank's solvency ratio is calculated in accordance with PD/BOG 2053/92 "Definition of equity for credit institutions in Greece" and PD/BOG 2397/96 "Solvency ratio for credit institutions" (modified PD/BOG 2494/02) with a minimum ratio of 8%.

Based on the current legislative framework, the relevant index as at 31 December 2006 is estimated at 9% approximately for both the Bank and the Group.

#### **41. Effect on the results of the period due to the alignment with the accounting policies of Credit Agricole Group.**

The incorporation of Emporiki Bank to the Credit Agricole Group and the harmonization of the Bank's accounting methods and policies with those of Credit Agricole Group, resulted in an decrease of the Bank's results for 2006. The Bank undertakes specific actions for the alignment with Credit Agricole's risk management and accounting policies. This had an adverse impact of €265.9 million on its 2006 year end accounts, which is analyzed as follows:

- €277,0 million additional provisions for impairment losses on loans and advances,
- €55,4 million additional provisions for various possible exposures and for various possible impairment of receivables ,
- €18,3 additional staff costs for providing for the staff benefits,
- €2,8 million additional impairment losses on available-for-sales shares portfolio,
- €(87,6) million tax benefit (deferred tax claim) derived from the above adjustments.

#### **42. Post balance sheet events**

The merger of the group company EMPORIKI ASSET MANAGEMENT with ERMIS AEDAK, was completed on 22 January 2007, and the new company was renamed into EMPORIKI ASSET MANAGEMENT AEDAK. Additionally , the Banks's Board of Directors decided, on 8 February 2007, to curtail the operations of EMPORIKI BANK GERMANY and to initiate the liquidation process of the company.

Finally, Groupama SA, Emporiki Bank and Credit Agricole SA announce that they have reached an agreement on a definitive list of key terms and conditions for the acquisition by Groupama International of 100% of the shares of PHOENIX METROLIFE EMPORIKI HELLENIC COMMERCIAL INSURANCE SA, and are in exclusive negotiations to finalise such terms and conditions. The contemplate transaction encompasses all the current operations of PHOENIX METROLIFE EMPORIKI HELLENIC COMMERCIAL INSURANCE S.A. and foresees that Emporiki Bank and of PHOENIX METROLIFE EMPORIKI HELLENIC COMMERCIAL INSURANCE S.A. will maintain a cooperation for the distributions of some non life insurance products.