

**CONSOLIDATED
FINANCIAL STATEMENTS**

AS AT 31 -12 -2006

In accordance with International Financial Reporting Standards



ATHENS , 22 February 2007

Contents of the consolidated financial statements

Independent Auditor’s Report	3
Consolidated Income Statement	5
Consolidated Balance Sheet	6
Consolidated Statement of Changes in Equity.....	7
Consolidated Cash Flow Statement.....	8
Notes to the consolidated financial statements.....	9
1. General information.....	9
2. Summary of significant accounting policies.....	9
3. Critical accounting estimates, and judgements in applying accounting policies.....	19
4. Financial risk Management	20
5. Segment results.....	25
6. Net interest income.....	26
7. Net commission income.....	26
8. Dividend income.....	27
9. Net trading results.....	27
10. Gains less losses from investment securities.....	27
11. Net income from insurance operations.....	27
12. Other operating income	28
13. Staff costs.....	28
14. Other operating expenses.....	28
15. Income tax.....	28
16. Earnings per share	29
17. Cash and balances with Central Banks	29
18. Treasury bills.....	29
19. Due from other banks.....	29
20. Trading securities.....	30
21. Derivative financial instruments.....	30
22. Loans and advances to customers.....	31
23. Available-for-sale securities.....	31
24. Held-to-maturity securities	32
25. Participation in subsidiaries	32
26. Participation in associates.....	33
27. Intangible assets	34
28. Property, plant and equipment.....	35
29. Investment property	36
30. Other assets.....	36
31. Due to other banks	36
32. Due to customers	37
33. Debt securities in issue	37
34. Other borrowed funds.....	38
35. Due State pension funds	38
36. Personnel leaving indemnities.....	39
37. Insurance reserves.....	39
38. Other liabilities.....	39
39. Deferred tax assets/ liabilities	39
40. Contingent liabilities and commitments.....	40
41. Share capital	40
43. Related party transactions.....	41
44. Capital adequacy	43
45. Effect in Income Statement from the harmonize with Credit Agricole Group’s accounting policies.....	43
46. Post Balance Sheet Events.....	43

Independent Auditor’s Report (translated from the original in Greek)

To the Shareholders and Board of Directors of Emporiki Bank of Greece S.A.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Emporiki Bank of Greece S.A. (the “Company”) and its subsidiaries (the “Group”) which comprise the consolidated balance sheet as of 31 December 2006 and the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group 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 45 of the consolidated 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 35 of the consolidated 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.



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

Athens, 22 February 2007

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

Consolidated Income Statement

	<u>Note</u>	<u>01/01- 31/12/2006</u>	<u>01/01- 31/12/2005</u>
Interest & similar income		1.121.469	965.556
Interest expense & similar charges		(393.898)	(355.617)
Net interest income	6	727.571	609.939
Fee & commission income		164.880	159.059
Fee & commission expense		(8.269)	(13.016)
Net commission income	7	156.611	146.043
Net premiums from insurance contracts		181.132	186.860
Net claims and benefits on insurance contracts		(161.304)	(169.937)
Net income from insurance operations	11	19.828	16.923
Dividend income	8	7.483	3.655
Net trading results	9	9.049	13.595
Gains less losses from investment securities	10	38.311	7.135
Other operating income	12	29.612	29.047
Net operating income		988.465	826.337
Staff costs	13	(427.891)	(370.209)
Depreciation & amortization		(37.548)	(35.174)
Impairment losses on loans and receivables	22	(479.707)	(118.108)
Other provisions		(61.407)	(1.907)
Other operating expenses	14	(204.892)	(179.819)
Total operating expenses		(1.211.445)	(705.217)
Share of loss of associates		(5.147)	(6.562)
PROFIT/ (LOSS) BEFORE INCOME TAX		(228.127)	114.558
Income tax expense	15	(7.484)	(40.890)
PROFIT/ (LOSS) AFTER INCOME TAX		(235.611)	73.668
Attributable to:			
Equity holders of the Bank		(234.725)	75.972
Minority interest		(886)	(2.304)
Basic earnings per share (in Euro)	16	(1,77)	0,80

Notes on pages 9 to 43 form an integral part of these financial statements.

Consolidated Balance Sheet

	Σημ.	31 December 2006	31 December 2005
ASSETS			
Cash and balances with Central Bank	17	791.442	728.120
Treasury bills	18	14.949	12.359
Due from other banks	19	1.262.858	1.149.796
Trading securities	20	1.723.003	1.055.278
Derivative financial instruments	21	52.377	34.019
Loans and advances to customers	22	17.226.186	15.632.511
Available-for-sale securities	23	277.703	112.271
Held-to-maturity securities	24	129.513	28.642
Investments in non consolidated subsidiaries	25	2.466	2.672
Investments in associates	26	3.706	17.769
Intangible assets	27	14.300	20.154
Property, plant and equipment	28	367.249	371.856
Investment property	29	109.737	116.548
Deferred tax assets	39	321.242	251.161
Income tax advance		4.479	3.305
Other assets	30	494.733	481.164
TOTAL ASSETS		22.795.943	20.017.625
LIABILITIES AND EQUITY			
Liabilities			
Due to other banks	31	1.261.803	1.279.863
Derivative financial instruments	21	58.003	22.008
Due to customers	32	16.656.814	14.929.308
Debt securities in issue	33	1.381.219	399.803
Other borrowed funds	34	710.989	349.157
Due to State pension funds	35	621.466	786.327
Personnel leaving indemnities	36	32.335	32.265
Insurance reserves	37	604.066	553.653
Other provisions		90.239	32.173
Current income tax liabilities		16.485	16.583
Deferred tax liabilities	39	6.338	5.778
Other liabilities	38	509.691	523.543
Total liabilities		21.949.448	18.930.461
Equity			
Share Capital	41	728.153	728.153
Share premium		371.487	371.497
Less: Treasury shares		-	-
Other reserves		679.529	691.477
Accumulated deficit		(712.367)	(794.657)
Results for the period		(234.725)	75.972
		832.077	1.072.442
Minority interests		14.418	14.722
TOTAL EQUITY		846.495	1.087.164
TOTAL LIABILITIES AND EQUITY		22.795.943	20.017.625

Notes on pages 9 to 43 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Treasury shares	Currency translation differences	Other reserves	Accumulated deficit	TOTAL	Minority interests	TOTAL
Balance as at 1 January 2005	485.435	272.183	(132.793)	(2.921)	699.922	(899.932)	421.894	31.819	453.714
Available-for-sale valuation	-	-	-	-	8.496	499	8.995	1	8.996
Profit for the year 2005	-	-	-	-	-	75.972	75.972	(2.304)	73.668
Foreign exchange differences	-	-	-	5.133	-	-	5.133	105	5.238
Change in accounting for Credicom, Emporiki Life	-	-	-	-	-	-	-	(13.867)	(13.867)
Disposal of subsidiaries Emporiki Georgia, Astika Hotels	-	-	-	-	-	-	-	(1.032)	(1.032)
Share capital increase through capitalization of reserves	97.087	(146.463)	-	-	(12.850)	60.776	(1.450)	-	(1.450)
Share capital increase (Dec. 2005)	145.631	245.777	-	-	-	-	391.408	-	391.408
Sale of treasury shares	-	-	132.793	-	(6.303)	44.000	170.490	-	170.490
Balance as at 31 December 2005	728.153	371.497	-	2.212	689.265	(718.685)	1.072.442	14.722	1.087.164
Balance as at 1 January 2006	728.153	371.497	-	2.212	689.265	(718.685)	1.072.442	14.722	1.087.164
Appropriations of 2005	-	-	-	-	1.506	(1.506)	-	-	-
Profit for the year 2006	-	-	-	-	-	(234.725)	(234.725)	(886)	(235.611)
Share capital increase expenses (Credicom)	-	(10)	-	-	-	-	(10)	-	(10)
Share capital increase (Phoenix – Metrolife)	-	-	-	-	-	-	-	983	983
Transfers between reserves	-	-	-	-	(8.116)	8.116	-	-	-
Fixed asset sale	-	-	-	-	(111)	-	(111)	(11)	(122)
Available-for-sale valuation	-	-	-	-	(1.525)	-	(1.525)	-	(1.525)
Changes in subsidiaries shareholding structure	-	-	-	-	-	(293)	(293)	(371)	(664)
Foreign exchange differences	-	-	-	(3.701)	-	-	(3.701)	(19)	(3.720)
Balance as at 31 December 2006	728.153	371.487	-	(1.490)	681.019	(947.092)	832.077	14.418	846.495

Notes on pages 9 to 43 form an integral part of these financial statements.

Consolidated Cash Flow Statement

	Period ended 31 December	
	2006	2005
Profit / (loss) after tax	(234.725)	75.792
<u>Adjustment for reconciliation of period result to cash flows from operating activities</u>		
<u>Adjustments for non cash items included in profit and loss for the period:</u>		
Depreciation and amortization	37.548	35.174
Impairment for losses on loans and advances	479.707	118.108
Currency translation differences	(3.702)	5.133
Amortization of expenses from issuance of borrowed funds	-	1.802
Share of (profit) / loss of associates	5.147	6.562
	518.700	166.779
<u>Net (increase)/ decrease of operating assets:</u>		
Obligatory deposits to Bank of Greece	(78.946)	18.093
Due from other banks	76.242	(4.926)
Trading securities (less government bonds)	(67.187)	244.212
Derivative financial instruments	(18.358)	(33.770)
Loans and advances to customers (net of write-offs)	(2.073.382)	(2.255.595)
Deferred tax assets	(70.081)	20.734
Other assets	(13.568)	(35.084)
	(2.245.280)	(2.046.336)
<u>Net increase/(decrease) operating liabilities:</u>		
Due to other banks	(18.061)	473.351
Derivative financial instruments	35.995	(31.016)
Due to customers	1.727.506	1.084
Current tax liabilities	(1.272)	17.252
Deferred tax liabilities	560	309
Other liabilities	(70.233)	184.384
Minority interests	(304)	(17.097)
Staff leaving indemnity	70	-
	1.674.261	628.267
Total cash flows from operating activities	(287.044)	(1.175.318)
Cash flows from investing activities		
Changes in participations in non consolidated subsidiaries and adjustments of associates' equity	8.829	(726)
Net change in property, plant and equipment, intangible assets and investment property	(20.387)	(12.658)
Increase / decrease of held to maturity securities	(100.871)	3.961
Increase / decrease of available-for-sale investments	(166.957)	(3.437)
Total cash flows from investing activities	(279.386)	(12.860)
Cash flows from financing activities		
Proceeds from the issue of mortgage backed securities (securitization)	995.884	-
Proceeds from the issue of other debt securities	244.130	-
Proceeds from the issue of subordinated debt	370.000	-
Repayment of mortgage backed securities (securitization)	(201.595)	-
Share capital increase	(10)	391.408
Proceeds from sale of own debt securities	-	3.650
Proceeds from sale of own shares	-	170.490
Tax on share capital increase	-	(1.450)
Purchase of own bonds	(65.171)	-
Total cash flows from financial activities	1.343.238	564.098
Net increase / (decrease) in cash and cash equivalents	776.808	(624.080)
Cash and cash equivalents, at beginning of period (Note 42)	2.143.466	2.767.546
Cash and cash equivalents, at end of period (Note 42)	2.920.274	2.143.466

Notes on pages 9 to 43 form an integral part of these financial statements

Notes to the consolidated financial statements

1. General information

EMPORIKI BANK GROUP ("Emporiki Bank" or "Group") provides retail, corporate and investment banking services, asset management and other financial services. The Group offers services in Greece through its network of 373 branches and abroad through its branch in London and 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 since 1909. Emporiki Bank's shares participate in the Athens General Index and the FTSE XA 20, FTSE XA 140, FTSE XA ΤΡΑΠΕΖΕΣ και FTSE XA INTERNATIONAL.

The Bank's registered office is at 11 Sofocleous Str. and its registration number as "Societe Anonyme" is 6064/06/B/86/03.

Emporiki Bank's web site address is www.emporiki.gr.

The members of the Board of Directors of the Bank as of 22 February 2007 are the following:

Executive members

Antonios	Krontiras	Managing Director
Christian	Jacques	Member
Fokion	Dimakakos	Member
Despina	Chalkidi	Member

Non-executive members

Jean-Frederic	De Leusse	Chairman
Bernard	Dewit	Vice – Chairman
Phillipe	Dore	Member
Pierre-Rene-Henri	Harang	Member
Ipatia-Maria-Sarlota	Stratou	Member
Panayotis	Tsakos	Member

Independent non-executive members

Spiridon	Lorentziadis	Member
Christophoros	Chatzopoulos	Member
Nikolaos	Empeoglou	Member

The Board of Directors approved these financial statements on 22 February 2007.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements as at 31 December 2005 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 for all the periods that are presented in these consolidated financial statements are disclosed separately below. The Group early adopted, from 1 January 2004, IAS 32(revised) "Financial Instruments: Disclosure and Presentation" and IAS 39(revised) "Financial Instruments: Recognition and Measurement".

The Group has 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 (Amendment) “Exploration for and evaluation of mineral resources”
- IFRS 8 (Amendment) “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 Group’s financial statements. IFRS 6 and the IFRIC 5 and 6 are not relevant to the Group’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. We notice that IFRS 8 and the interpretations 11 and 12 have not been adopted, yet, 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. It also requires management to exercise judgment in the process of applying the Group's accounting policies.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power directly or indirectly to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at

their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Proportionate consolidation

The Group applied proportional consolidation for the first time in the consolidated financial statements as at 30 September 2005, with regards to its share in the jointly controlled entities Emporiki Life AE and Emporiki Credicom AE. IAS 31 (interests in joint ventures) defines proportionate consolidation as a method of accounting whereby a venture's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is combined line by line with similar items in the venturer's financial statements. IAS 31 asserts that this method of accounting is necessary in order to capture the substance and economic reality of a venturer's interest in a jointly controlled entity.

The application of proportionate consolidation means that the balance sheet of the venturer includes its share of the assets that it controls jointly and its share of liabilities for which it is jointly responsible. The income statement of the venturer includes its share of the income and expenses of the jointly controlled entity.

2.3 Foreign currency translation

(a) Functional and presentation currency

The consolidated financial statements are presented in the functional and presentation currency of the Group, 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 held at fair value through profit or loss, 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 reserve as of 1 January 2004.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (3) all resulting exchange differences are recognized as a separate component of equity and they are recycled to the Income Statement on the sale of the entity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Derivative financial instruments and hedge accounting

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

Derivatives are initially recognized at fair value 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. Changes in the fair value of derivatives are recognized in the income statement.

The Group 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 for a net investment in a foreign subsidiary.

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

2.5 Interest income and expense

Interest income and expense are recognized in the consolidated income statement for all instruments measured at amortized cost using the effective interest method and includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. 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 Group does not recognize interest income on non-performing loans. Interest income for these loans are recorded in off balance sheet accounts until they are considered performing.

2.6 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 related direct costs) and recognized as an adjustment to the effective interest rate on the loans.

2.7 Financial assets

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

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

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

(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 Group 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 Group's management has the positive intention and ability to hold to maturity. As at 31 December 2006 the Group had held to maturity securities amounted to € 129 millions, which primarily concerned state bonds.

(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 in categories (a), (c), (d) above are recognized on settlement date – the date that a financial asset is delivered to or by the Group, 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 and financial assets at fair value through profit or loss 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.

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 Group 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 Group 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 prolong decline in the fair value

compared to cost. If such impairment exists the remaining amount in equity is transferred to the income statement.

2.8 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.

2.9 Sale and repurchase agreements

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

Securities purchased under agreements to resell (“reverse repos”) are recorded as loans and advances to other banks or customers, as appropriate and the securities are not shown in the financial statement. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

2.10 Impairment of financial assets

Assets with an infinite useful life and are not depreciated 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 Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

- (i) significant financial difficulty of the issuer or obligor;
- (ii) a breach of contract, such as a default or delinquency in interest or principal payments;
- (iii) the Group granting to the borrower, for economic or legal reasons relating to the borrower’s financial difficulty, a concession that the lender would not otherwise consider;
- (iv) it is becoming probable that the borrower will go bankrupt or will follow a financial restructuring;
- (v) the disappearance of an active market for that financial asset because of financial difficulties;
- (vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - adverse changes in the payment status of borrowers in the group; or
 - national or local economic conditions that correlate with defaults on the assets in the group

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

If there is objective evidence that an impairment loss on an asset or a group of assets has occurred, then the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics for Group exposure. These characteristics (financial, historical, geographical sector) 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.

If, in a subsequent period, the expected cash flows change then these are recorded as a gain or loss to the income statement.

2.11 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.

2.12 Property, plant and equipment

Property, plant and equipment is 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 Group 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:

Description	Years
Buildings and leasehold improvements	40 έως 50
Computer Hardware	3 έως 4
Vehicles	5 έως 7
Furniture and equipment	5 έως 7

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. 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 Group valued land and buildings at fair value based on professional valuations. This fair value was considered as deemed cost.

2.13 Investment property

The Group 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 Group depreciates investment property during its useful life, which is estimated at 40 to 50 years. On transition date to IFRS (1 January 2004) the Group classified investment property at fair value as determined by professional valuers. Fair value was considered as their deemed cost.

2.14 Leases

(a) The Group as lessee

Leases of property, plant and equipment where the Group 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.

Property, plant and equipment acquired under finance leases is 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.

(b) The Group as lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognized on a straight-line basis over the lease term.

2.15 Insurance activities

a) Provision for insurance claim

Provision for unsettled claims

As a result of normal operations of the Group insurance companies, obligations or outstanding claims occur, most of which are delayed, due to their nature or are under legal proceedings. Specialists along with legal council, where considered necessary, determine the settlement of these claims and the fair value of any liabilities of the insurance companies.

This provision is determined on a file-by-file basis, based on supporting evidence and taken into account direct claims and third party fees such as lawyers, court and judicial expenses.

b) Recognition of income

Insurance premium fees are recognized as income during the period of the insurance contract (short term life contracts and contracts for settlement of claims). For long term life contracts income is recognized on issue of the contract and the relevant expense is recognized by the method of technical reserves.

c) Reinsurance contracts

Reinsurance contracts are contracts issued by one insurer to compensate losses on one or more contracts issued by and the insurer.

d) Unbundling of components

The Group insurance companies issue investment contracts on a unit linked basis or a defined acquisition fund – DAF. The fair value of a unit link fund is determined by the current net price of a unit, which reflects the fair value of the asset linked to the fund time, times the number of the units held by the issuer on a balance sheet date.

The fair value of the liability of DAF is determined by the contributions made less acquisitions or amounts settled plus investment income from the use of the asset during the period.

e) Assessment of provision

Provisions are accounted for in accordance with IFRS 4 based on the level of provisions less defined acquisition costs (DAC). Current discounted cash flows are used less direct expenses. Future cash flows are discounted using yield curves. Any amounts that are insufficient are deducted from DAC and a corresponding liability for the risk is determined. Any DAC deducted cannot be replaced.

2.16 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.

2.17 Provisions

Provisions for restructuring costs and legal claims are recognized when:

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

2.18 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 Group 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, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Greek Government bonds.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives based on the corridor approach for 10% of defined benefit obligations. Past-service costs are recognized immediately in income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Upon the date of publishing these consolidated financial statements Emporiki Bank has an auxiliary fund (TEAPETE) which has been submitted to law 3371/2005 "Capital market and other laws" as explained in note 35.

(c) Employee termination benefits

Employee termination benefits are paid when employees leave prior to retirement. The Group 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 amount is not known precisely, termination benefits are recognized as a contingent liability.

2.19 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 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, 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.

2.20 Debt securities and other issues

Debt securities and subordinated debts of the Group are recognized initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. These 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.

2.21 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.

Consideration paid for treasury shares is deducted from total shareholders' equity until they are cancelled or sold. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.22 Fiduciary activities

The Group commonly acts as trustees 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 Group.

2.23 Related-party transactions

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

2.24 Segment reporting

The business segments is the primary reporting format of the Group. Taking into consideration the Group'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

2.25 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 management of the Group 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 Group 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 Group 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 Group 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 Group 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) Due to state pension funds

The estimates, judgements and assumptions, concerning the liabilities to State pension funds are illustrated in Note 35.

(e) Investments in associates

The estimates, judgements and assumptions, concerning the investments in associates are illustrated in Note 27.

(f) Income taxes

Estimates are required for the income tax calculation, since the Group companies are subject to income tax in different countries. Tax estimation is subjective due to the nature and the volume of transactions in the normal course of the Group business. The Group 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.

4. Financial risk Management

4.1 Financial risk factors

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.

4.2 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 Group can estimate the credit risk for each loan category and estimate the exposure to credit risk.

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

It applies an internal credit grading for corporate entities, small and medium size entities. This model has been improved and is continually reviewed within the context of policies, procedures and repayment behavior of the counterparties, so that the Group will maximize the benefit from its use. The new model is based on classifying loans in delay by collateral coverage.

Based on the same model the Group already connects the customer grading with the credit risk exposed within a year by industry.

Concerning the monitoring and management of concentration risk, the Group developed a new system of limits per industry. This system is based on the rating of industries according to their dynamic characteristics and on the measurement of optimum diversification of the loan portfolio.

Regarding retail loans, the Group can assess the credit scoring systems in use and by modifying their data can, precisely, estimate the credit risk by customer and minimize that risk. In order to quantify credit risk and estimate the possible loss the Group has developed methodologies based on the payment behaviors of customers.

In addition the Group has developed a system for allocating impairment losses of portfolio loans. This system calculates an estimation of the possible loss for the following year based on historic trends and it is used to evaluate the quality of the credit portfolio. Impairment losses recorded cover all losses for the Group.

Emporiki Bank is in the process of developing new risk management policies, so that the Group procedures 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

ASSETS	EUR	USD	GBP	CHF	JPY	Άλλα	Σύνολο
Cash and balances with Central Bank	698.314	2.277	524	41	10	90.276	791.442
Treasury bills	6.895	-	-	-	-	8.054	14.949
Due from other banks	722.128	324.649	78.587	1.150	511	135.833	1.262.858
Trading securities	1.698.436	24.514	-	-	-	53	1.723.003
Derivative financial instruments	52.377	-	-	-	-	-	52.377
Loans and advances to customers	16.226.552	549.855	14.622	193.864	32.410	208.883	17.226.186
Available-for-sale securities	271.301	6.040	-	-	-	362	277.703
Held-to-maturity securities	126.630	-	-	-	-	2.883	129.513
Investments in non consolidated subsidiaries	1.757	701	-	-	-	8	2.466
Investments in associates	2.940	-	-	-	-	766	3.706
Intangible assets	9.500	-	121	-	-	4.679	14.300
Property, plant and equipment	354.502	411	9	-	-	12.327	367.249
Investment property	109.737	-	-	-	-	-	109.737
Deferred tax assets	321.236	-	-	-	-	7	321.243
Income tax advance	4.367	-	-	-	-	112	4.479
Other assets	480.062	9.735	681	193	2	4.060	494.733
Total assets	21.086.733	918.182	94.544	195.248	32.933	468.303	22.795.943
LIABILITIES	EUR	USD	GBP	CHF	JPY	Άλλα	Σύνολο
Due to other banks	945.284	86.625	99	193.284	32.618	3.893	1.261.803
Derivative financial instruments	58.003	-	-	-	-	-	58.003
Due to customers	14.976.338	858.073	97.505	3.667	305.807	415.424	16.656.814
Debt securities in issue	1.381.219	-	-	-	-	-	1.381.219
Other borrowed funds	710.989	-	-	-	-	-	710.989
Due to State pension funds	621.465	-	-	-	-	-	621.465
Personnel leaving indemnities	31.854	-	-	-	-	481	32.335
Insurance reserves	604.067	-	-	-	-	-	604.067
Other provisions	89.107	-	-	-	-	1.132	90.239
Current income tax liabilities	16.407	-	-	-	-	78	16.485
Deferred tax liabilities	6.200	-	-	-	-	138	6.338
Other liabilities	504.398	4.173	(149)	(251)	(501)	2.023	509.693
Total liabilities	19.945.329	948.871	97.455	196.700	337.924	423.169	21.949.448
Net equity	1.141.404	(30.689)	(2.911)	(1.452)	(304.991)	45.134	846.495
Off balance sheet items	(328.364)	27.331	-	-	304.571	(10.997)	(7.459)
31 December 2005	EUR	USD	GBP	CHF	JPY	Άλλα	Σύνολο
Total assets	18.356.202	1.020.194	98.667	119.749	47.353	375.459	20.017.625
Total liabilities	16.745.036	998.678	102.734	118.047	602.823	363.143	18.930.461
Net equity	1.611.167	21.516	(4.067)	1.702	(555.470)	12.316	1.087.164
Off balance sheet items	(591.406)	(673)	-	-	557.795	35.454	1.170

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

ASSETS	Up to 1 month	1-3 months	3- 12 months	1-5 years	Over 5 years	Non interest bearing	Total
Cash and balances with Central Bank	541.388	-	-	-	-	250.054	791.442
Treasury bills	5.980	-	8.969	-	-	-	14.949
Due from other banks	992.083	213.518	43.486	-	-	13.772	1.262.858
Trading securities	-	273.206	290.947	915.283	124.920	118.648	1.723.003
Derivative financial instruments	52.377	-	-	-	-	-	52.377
Loans and advances to customers	10.480.185	2.519.112	2.638.947	2.434.923	302.559	(1.149.540)	17.226.186
Available-for-sale securities	-	39.909	42.501	133.703	18.248	43.342	277.703
Held-to-maturity securities	76.486	8.790	9.360	29.446	4.019	1.412	129.513
Investments in non consolidated subsidiaries	-	-	-	-	-	2.466	2.466
Investments in associates	-	-	-	-	-	3.706	3.706
Intangible assets	-	-	-	-	-	14.300	14.300
Property, plant and equipment	-	-	-	-	-	367.249	367.249
Investment property	-	-	-	-	-	109.737	109.737
Deferred tax assets	-	-	-	-	-	321.242	321.242
Income tax advance	-	-	-	-	-	4.479	4.479
Other assets	-	-	-	-	-	494.733	494.733
Total assets	12.148.499	3.054.534	3.034.210	3.513.355	449.746	595.600	22.795.943

LIABILITIES

Due to other banks	912.045	274.745	72.070	-	-	2.943	1.261.803
Derivative financial instruments	58.003	-	-	-	-	-	58.003
Due to customers	11.826.776	1.713.618	2.628.542	352.059	-	135.819	16.656.814
Debt securities in issue	633.904	747.315	-	-	-	-	1.381.219
Other borrowed funds	340.989	370.000	-	-	-	-	710.989
Due to State pension funds	68.617	-	-	299.558	253.290	-	621.466
Personnel leaving indemnities	-	-	-	-	-	32.335	32.335
Insurance reserves	-	-	-	-	-	604.066	604.066
Other provisions	-	-	-	-	-	90.239	90.239
Current income tax liabilities	-	-	-	-	-	16.485	16.485
Deferred tax liabilities	-	-	-	-	-	6.338	6.338
Other liabilities	-	-	-	-	-	509.691	509.691
Total liabilities	13.840.334	3.105.678	2.700.612	651.618	253.290	1.397.915	21.949.448

Net interest rate exposure

(1.691.835)	(51.144)	333.598	2.861.737	196.456
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31 December 2005

	Up to 1 month	1-3 months	3- 12 months	1-5 years	Over 5 years	Non interest bearing	Total
Total assets	10.895.895	3.436.174	2.190.575	1.373.302	669.679	1.452.000	20.017.625
Total liabilities	12.094.584	2.476.423	2.246.627	48.820	2.830	2.061.178	18.930.461
Net interest rate exposure	(1.198.689)	959.751	(56.052)	1.324.482	666.849		

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
ASSETS						
Cash and balances with Central Bank	777.719	4.138	8.664	921	-	791.442
Treasury bills	3.654	7.413	3.882	-	-	14.949
Due from other banks	1.139.610	22.292	70.644	26.463	3.849	1.262.858
Trading securities	122.099	217.974	40.195	1.097.156	245.579	1.723.003
Derivative financial instruments	52.279	98	-	-	-	52.377
Loans and advances to customers	2.208.075	1.647.616	3.190.055	4.075.155	6.105.286	17.226.186
Available-for-sale securities	23.948	10.091	1.981	39.779	201.904	277.703
Held-to-maturity securities	1.279	1.232	1.228	29.074	96.700	129.513
Investments in non consolidated subsidiaries	-	-	-	42	2.424	2.466
Investments in associates	-	-	-	8	3.698	3.706
Intangible assets	-	-	-	1.282	13.018	14.300
Property, plant and equipment	-	-	5	15.974	351.270	367.249
Investment property	110	-	-	5.070	104.557	109.737
Deferred tax assets	7	-	-	319.466	1.769	321.242
Income tax advance	112	28	3.347	992	-	4.479
Other assets	208.193	1.686	215.139	44.833	24.883	494.733
Total assets	4.537.085	1.912.568	3.535.140	5.656.214	7.154.937	22.795.943
LIABILITIES						
Due to other banks	460.374	698.228	26.964	76.237	1	1.261.804
Derivative financial instruments	58.003	-	-	-	-	58.003
Due to customers	4.506.906	1.644.106	2.738.998	123.449	7.643.355	16.656.814
Debt securities in issue	-	-	384.653	996.567	-	1.381.220
Other borrowed funds	-	-	-	340.989	370.000	710.989
Due to State pension funds	68.616	-	-	-	552.849	621.465
Personnel leaving indemnities	-	10	471	27.957	3.897	32.335
Insurance reserves	295	589	1.178	7.422	594.582	604.066
Other provisions	180	3.250	7.474	-	79.335	90.239
Current income tax liabilities	69	-	14.677	1.739	-	16.485
Deferred tax liabilities	79	-	-	4.757	1.502	6.338
Other liabilities	242.818	(4.966)	253.761	11.732	6.346	509.692
Total liabilities	5.337.339	2.341.218	3.428.176	1.590.849	9.251.867	21.949.448
Net equity	(800.254)	(428.650)	106.964	4.065.366	(2.096.930)	846.495
	Up to 1 month	1-3 months	3- 12 months	1-5 years	Over 5 years	Total
31 December 2005						
Total assets	5.546.721	1.906.239	2.876.368	4.586.266	5.102.031	20.017.625
Total liabilities	6.039.915	873.626	2.150.800	1.910.590	7.955.530	18.930.461
Net equity	(493.194)	1.032.613	725.568	2.675.676	(2.853.499)	1.087.164

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 results

	Group	Retail	Corporate	Insurance and Asset management	Investment Banking & Treasury	Other
<u>From 01/01 to 31/12/2006</u>						
Net interest income	727.571	601.379	83.606	5.989	35.008	1.589
Net commission income	156.611	106.073	23.030	19.555	7.953	-
Net fee and income from insurance activities	19.828	-	-	19.828	-	-
Other income	84.455	435	3.577	5.596	54.844	20.003
TOTAL NET INCOME	988.465	707.886	110.213	50.968	97.806	21.592
Employee benefits	427.891	315.256	17.974	40.281	14.857	39.522
Impairment loans and advances	479.707	363.461	116.245	-	-	-
Other provision	61.407	1.074	-	-	-	60.333
Other administration expense	242.440	160.563	14.316	22.955	7.716	36.891
TOTAL OPERATING EXPENSES	1.211.445	840.355	148.536	63.236	22.573	136.746
Share of loss of associates	(5.147)				(5.147)	
PROFIT (LOSSES) BEFORE TAXES	(228.127)	(132.468)	(38.323)	(12.267)	70.086	(115.154)
<u>From 01/01 to 31/12/2005*</u>						
Net interest income	609.939	496.314	74.616	2.667	36.342	-
Net commission income	146.043	94.745	21.225	22.791	7.281	-
Net fee from insurance	16.923	-	-	16.923	-	-
Other income	53.432	-	-	-	24.385	29.047
TOTAL NET INCOME	826.337	591.059	95.841	42.381	68.008	29.047
Employee benefits	370.208	247.836	38.410	30.405	14.504	39.053
Impairment loans and advances	118.108	89.309	28.799	-	-	-
Other provision	1.907	71	69	1.041	556	170
Other administration expense	214.994	133.685	17.995	18.533	22.453	22.328
TOTAL OPERATING EXPENSES	705.217	470.901	85.273	49.979	37.513	61.551
Share of loss of associates	(6.562)				(6.562)	
PROFIT (LOSSES) BEFORE TAXES	114.558	120.158	10.568	(7.598)	23.933	(32.504)

* 2005 figures have been adjusted for comparison reasons

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

Corporate refers to products and services offered to corporations and shipping companies.

Insurance and asset management services refer to portfolio management for clients, mutual fund asset management of ERMIS and insurance products offered by the insurance companies of the Group.

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.

	<u>01/01- 31/12/2006</u>	<u>01/01- 31/12/2005</u>
6. Net interest income		
Interest and similar income		
Cash and short-term funds	46.919	39.925
Bonds/ Treasury bills	118.886	67.871
Lending securities and reverse repos	15	471
Loans and advances	<u>955.649</u>	<u>857.289</u>
	1.121.469	965.556
Interest and similar expense		
Banks and customers	282.291	299.155
Debt securities	61.408	10.441
Securities and repos	12.353	7.536
Other borrowing funds	13.754	10.739
Due to pension funds	<u>24.093</u>	<u>27.746</u>
	393.898	355.617
Total net interest income	<u>727.571</u>	<u>609.939</u>
7. Net commission income	<u>01/01- 31/12/2006</u>	<u>01/01- 31/12/2005</u>
Commission income		
Loans	28.937	29.136
Working capital	6.716	8.759
Letters of guarantee	13.976	13.609
Credit cards	29.691	30.147
Imports – Exports	7.403	7.747
Mutual Funds	14.970	13.221
Other commissions	<u>63.187</u>	<u>56.440</u>
	164.880	159.059
Commission expenses		
Credit card commissions	6.439	8.040
Other	<u>1.830</u>	<u>4.976</u>
	8.269	13.016
Total net commission income	<u>156.611</u>	<u>146.043</u>

	<u>01/01- 31/12/2006</u>	<u>01/01- 31/12/2005</u>
8. Dividend income		
Trading portfolio	1.272	3.349
Available-for-sale portfolio	6.211	306
Total Dividend income	<u>7.483</u>	<u>3.655</u>
9. Net trading results		
Net profit from transactions and foreign exchange valuation	7.237	4.487
Net profit from sale and valuation of bonds	(30.945)	(5.580)
Net profit from sale and valuation of shares and other variable yield securities	4.631	10.940
Net loss from sale and valuation of derivatives	30.908	(5.019)
Profits from "Phoenix Metrolife" trading portfolio	(2.783)	8.767
Total net trading results	<u>9.049</u>	<u>13.595</u>
10. Gains less losses from investment securities		
Net profit from sale of bonds	182	20
Net loss from sale of shares and other variable yield securities	9.885	4.211
Net profit/loss from mutual funds unit sales	-	2.444
Net gain/loss from sale of securities	28.244	460
Total gain less losses investment portfolio	<u>38.311</u>	<u>7.135</u>
11. Net income from insurance operations		
Net life insurance premiums and rights	62.818	48.978
Net general insurance premiums and rights	118.314	137.882
Net premiums from insurance contracts	<u>181.132</u>	<u>186.860</u>
Life insurance claims (excluding DAF & Unit Linked)	(24.902)	(21.615)
General insurance claims	(71.281)	(88.727)
Change of reserves on non finalized compensations	(3.583)	(3.470)
Gains / (Losses) on investment products	(3.090)	11.031
Change of technical reserves	(26.457)	(25.146)
Commissions and other direct production expenses	(31.991)	(42.011)
Net claims and benefits on insurance contracts	<u>(161.304)</u>	<u>(169.937)</u>
Total net income from insurance operations	<u>19.828</u>	<u>16.923</u>

12. Other operating income	<u>01/01- 31/12/2006</u>	<u>01/01- 31/12/2005</u>
Rental income	1.880	1.890
Proceeds from written-off receivables	6.817	4.381
Gain from the sale of fixed assets	7.757	4.565
Income from “EVISAK”	4.944	4.423
Income from “Astika Hotels”	-	1.200
Operating leases	3.469	4.476
Foreign exchange differences	65	1.271
Other	<u>4.680</u>	<u>6.841</u>
Total other operating income	<u>29.612</u>	<u>29.047</u>

13. Staff costs	<u>01/01- 31/12/2006</u>	<u>01/01- 31/12/2005</u>
Salaries and wages	304.893	261.890
Social security cost (principal and auxiliary)	102.912	103.272
Other benefits	<u>20.085</u>	<u>5.047</u>
Total staff costs	<u>427.891</u>	<u>370.209</u>

Total personnel of the Group as at 31 December 2006¹ consists of 7.609 people compared to 7.658 as at 31 December 2005.

14. Other operating expenses	<u>01/01- 31/12/2006</u>	<u>01/01- 31/12/2005</u>
Fees and third party expenses	37.445	34.247
Third parties fees	59.354	47.680
Insurance fees	3.608	887
Taxes and duties	18.700	17.159
Other expenses	<u>85.785</u>	<u>79.846</u>
Total other operating expenses	<u>204.892</u>	<u>179.819</u>

15. Income tax	<u>01/01- 31/12/2006</u>	<u>01/01- 31/12/2005</u>
Tax for the period (estimate)	76.953	21.855
Deferred taxation (Note 39)	<u>(69.469)</u>	<u>19.035</u>
Total income tax	<u>7.484</u>	<u>40.890</u>

16. Earnings per share	<u>01/01- 31/12/2006</u>	<u>01/01- 31/12/2005</u>
Profits allocated to shareholders of the Bank (in € thousands)	(234.725)	75.972
Average number of shares (excluding own shares)	<u>132.391.468</u>	<u>95.535.079</u>
Profit/ (Losses) per share (in €)	(1,77)	0,80

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

17. Cash and balances with Central Banks	<u>31/12/06</u>	<u>31/12/05</u>
Cash	226.034	226.024
Deposits at Central Bank excluding obligatory deposits for liquidity purposes	268.898	286.212
Cheques receivables – Central Bank clearing office	<u>3.553</u>	<u>1.874</u>
Included as cash and cash equivalents (Note 42)	498.485	514.110
Obligatory deposits at Central Banks	<u>292.956</u>	<u>214.010</u>
Total cash and balances with Central Bank	<u>791.442</u>	<u>728.120</u>

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).

18. Treasury bills	<u>31/12/06</u>	<u>31/12/05</u>
Greek state treasury bills	6.895	919
Foreign government treasury bills	<u>8.054</u>	<u>11.440</u>
Total treasury bills	<u>14.949</u>	<u>12.359</u>

19. Due from other banks	<u>31/12/06</u>	<u>31/12/05</u>
Cheques receivables	5.454	4.459
On demand	220.864	12.322
Placements in other banks	881.553	967.279
Other amounts due	<u>97.711</u>	<u>32.218</u>
Included as cash and cash equivalents (Note 42)	1.205.582	1.016.278
Loans to other banks	<u>57.276</u>	<u>133.518</u>
Total due from other banks	<u>1.262.858</u>	<u>1.149.796</u>

20. Trading securities

	<u>31/12/06</u>	<u>31/12/05</u>
Bonds issued by Greek state (Note 42)	1.169.566	600.275
Bonds issued by other Governments (Note 42)	31.691	443
Other issuers bonds	446.979	349.534
Listed shares	46.286	76.791
Non listed shares	1.234	1.658
Mutual funds	27.247	26.577
Total trading securities	<u>1.723.003</u>	<u>1.055.278</u>

21. Derivative financial instruments

	<u>31/12/2006</u>			<u>31/12/2005</u>		
	Fair value			Fair value		
	Contract/ Nominal value	Assets	Liabilities	Contract/ Nominal value	Assets	Liabilities
a) Currency derivatives						
Currency forwards	626.291	-	2.548	1.220.855	-	55
Currency swaps	50.093	1.139	-	3.225.699	30.180	-
Currency options	7.785	98	52	9.915	10	40
Total		1.237	2.600		30.190	95
b) Interest rate derivatives						
Interest rate swaps	4.934.950	50.202	50.050	17.301.280	199	18.790
Exchange traded interest rate futures	9.871	79	40	14.071.725	62	-
Caps	56.450	451	579	2.972	85	139
Total		50.732	50.669		346	18.929
c) Index options						
OTC index options	29.077	310	266	325.515	3.483	2.984
Total		310	266		3.483	2.984
d) Bond Futures						
Exchange traded bondfutures	284.600	98	4.468		-	-
		98	4.468		-	-
Total derivatives financial instruments		<u>52.377</u>	<u>58.003</u>		<u>34.019</u>	<u>22.008</u>

22. Loans and advances to customers	<u>31/12/06</u>	<u>31/12/05</u>
Loans to individuals		
Overdrafts	15.120	12.252
Credit cards	441.694	417.334
Term loans (including consumer loans)	2.072.198	1.573.705
Housing loans	5.608.108	4.299.734
Other loans	<u>254.638</u>	<u>238.662</u>
	8.391.758	6.541.686
Loans to legal entities		
Business loans	7.436.676	7.220.627
Syndicated loans	100.788	175.848
State and public companies	404.430	604.566
Financial leases	477.935	431.327
Loans in the form of bonds and other loans	<u>1.564.139</u>	<u>1.344.475</u>
	9.983.968	9.776.843
Total loans and advances to customers	<u>18.375.726</u>	<u>16.318.530</u>
Less: Impairment losses on loans and advances	(1.149.540)	(686.019)
	<u>17.226.186</u>	<u>15.632.511</u>
Floating interest rate	15.140.924	14.943.033
Fixed interest rate	<u>3.234.802</u>	<u>1.375.497</u>
Total	18.375.726	16.318.530
Impairment losses on loans and advances	<u>31/12/06</u>	<u>31/12/05</u>
Balance at 1 January	686.019	650.110
Impairment for loans	479.707	118.108
Write-offs	<u>(16.186)</u>	<u>(82.199)</u>
Balance at 31 December	<u>1.149.540</u>	<u>686.019</u>
23. Available-for-sale securities	<u>31/12/06</u>	<u>31/12/05</u>
Bonds issued by Hellenic Republic	227.906	2.028
Bonds issued by other Governments	-	493
Other issuers bonds	12.865	30.197
Listed shares	11.084	39.560
Non listed shares	13.037	30.393
Mutual funds units	<u>12.811</u>	<u>9.600</u>
Total available-for-sale securities	<u>277.703</u>	<u>112.271</u>

24. Held-to-maturity securities	<u>31/12/06</u>	<u>31/12/05</u>
Bonds issued by Hellenic Republic	27.945	17.982
Bonds issued by other Governments	11.884	-
Other issuers bonds	<u>89.684</u>	<u>10.660</u>
Total held-to-maturity securities	<u>129.513</u>	<u>28.642</u>

25. Participation in subsidiaries

The following subsidiaries were consolidated using the full consolidation method:

Company	Country of incorporation	Direct & indirect % participation as at	
		31.12.06	31.12.05
1 EMPORIKI BANK-GERMANY GMBH .	GERMANY	100,00	100,00
2 EMPORIKI BANK-BULGARIA A.D.	BULGARIA	100,00	100,00
3 EMPORIKI BANK-ALBANIA S.A.	ALBANIA	100,00	100,00
4 EMPORIKI LEASING S.A.	GREECE	100,00	100,00
5 EMPORIKI BANK CYPRUS	CYPRUS	81,19	81,19
6 EMPORIKI VENTURE CAPITAL ENTERPRISES LTD	CYPRUS	-	100,00
7 EMPORIKI VENTURE CAPITAL DEVELOPED MARKETS LTD	CYPRUS	100,00	100,00
8 EMPORIKI VENTURE CAPITAL EMERGING MARKETS LTD	CYPRUS	100,00	100,00
9 EMPORIKI VENTURE CAPITAL FUNDS LTD	CYPRUS	-	100,00
10 EMPORIKI GROUP FINANCE P.L.C.	ENGLAND	100,00	100,00
11 EMPORIKI MANAGEMENT	GREECE	100,00	100,00
12 EMPORIKI BANK-ROMANIA S.A.	ROMANIA	98,48	98,48
13 THERMA EMPORIKI DEVELOPMENT	GREECE	-	96,51
14 KOLONOS REAL ESTATE S.A.	GREECE	-	96,51
15 THERMAIKOS REAL ESTATE S.A.	GREECE	-	96,51
16 PHOENIX METROLIFE EMPORIKI	GREECE	89,84	89,84
17 EMPORIKI ASSET MANAGEMENT A.E.P.E.Y.	GREECE	80,00	80,00
18 ERMIS AEDAK	GREECE	71,70	71,70
19 EMPORIKI DEVELOPMENT & REAL ESTATE MANAGEMENT	GREECE	100,00	96,50
20 GREEK INDUSTRY OF BAGS	GREECE	70,26	70,26
21 EMPORIKI RENT	GREECE	51,00	51,00
22 EMPORIKI LIFE (proportionate consolidation)	GREECE	50,00	50,00
23 EMPORIKI CREDICOM (proportionate consolidation)	GREECE	50,00	50,00

On 31.03.2006 and 07.12.2006 the Bank participated to the 2 share capital increases of Emporiki Credicom, without any dilution of its participation.

On 30.03.2006 the Bank sold its participation in Therma Emporiki Development and Thermaikos Real Estate.

On 30.06.2006 Kolonos Real Estate SA was merged with Emporiki Development & Real Estate Management.

On 19.12.2006 the merger of Emporiki Venture Capital Funds Ltd and Emporiki Venture Capital Enterprises Ltd with Emporiki Venture Capital Development Markets Ltd was completed.

On 14.11.2006 the share capital of Emporiki Development & Real Estate Management was decreased by € 29.347.028. Additional on 28.11.2006 Emporiki Bank increased its participation in Emporiki Development & Real Estate Management from 65,6% to 100% by buying 10.094.000 ordinary shares, which are representing the 34,4% of Emporiki Development & Real Estate Management share capital from Phoenix Metrolife Emporiki.

Emporiki Asset Management AEPEY since 20.02.2006 is in the process of merger with Ermis AEDAK.

In December 2006 the Bank participated, with approximately € 10 millions, in the share capital increase of Phoenix Metrolife Emporiki.

The main subsidiaries that were excluded from consolidation based on materiality are:

Company	
1	EMPORIKI MEDIA EPE
2	HISTORICAL ARCHIVES
3	BANKING DEVELOPMENT TRAINING AND RESEARCH CENTER
4	ELVIO AE
5	TOTAL CARE AE
6	EMPORIKI MERIMNA
7	PRESERVILLE ENTERPRISES LTD
8	ORMISTONE HOLDINGS LTD
9	DICAPRIO
10	MR SNACK

26. Participation in associates

The following associates were consolidated using the equity method:

Company	Country of incorporation	Direct & indirect % participation as at	
		31.12.06	31.12.05
1 INDUSTRY OF PHOSPHORIC FERTILIZER	GREECE	44,00	44,00
2 ICAP	GREECE	-	20,00
3 EULER HERMES EMPORIKI	GREECE	37,82	46,44
4 CHARALAMBIDIES DAIRIES	CYPRUS	-	20,12
5 MEDIAFON	GREECE	-	25,00

On 21.02.2006 the Bank sold its participation in MEDIAFON to third parties

On 31.10.2006 the Bank sold its participation in Charalambidies Diaries Ltd to third parties

On 21.12.2006 the Bank sold its participation in ICAP AE to third parties

During the 1st quarter of 2006 the carrying amount of the participation in the Industry of Phosphoric Fertilizers was fully impaired. It must be noted that the restructuring plan of the “Industry of Phosphoric Fertilizers” was approved in the special Shareholders General Meeting of the company, which was held at 10 January 2006. The restructuring plan is aiming at turning the company into a profitable corporation. The aforementioned restructuring plan was partially modified with the decision of the special Shareholders General Meeting of the company held on 1st September 2006. The Bank, taking into consideration this restructuring plan and by being one of the basic funding banks of the company, decided to support the plan by restructuring the company’s overdue loans, granting new loan facilities and enhancing its capital base, so that the company can face the increased restructuring costs.

On 24.05.2006 Phoenix Metrolife Emporiki sold 10% of its participation in Euler Hermes Emporiki to third parties. Additionally on 15.06.2006 Euler Hermes Emporiki made a share capital increase in which the Bank participated proportionately to its participation ratio and also Phoenix Metrolife Emporiki participation ratio. The two aforementioned events resulted to a decrease of Group’s participation ratio to Euler Hermes Emporiki by 8,62%.

The main associates that were excluded from consolidation based on materiality are:

Company

- 1 ALPHA GRAPHICS FRANCHISE DEVELOPMENT
- 2 INCURIAM INVESTMENT LTD

27. Intangible assets

	Software
1 January 2005	
Cost	71.938
Accumulated depreciation	(45.473)
Net book value	26.465
31 December 2005	
Opening net book value	26.465
Additions/Disposals	2.732
Change in depreciation	(9.043)
Closing net book value	20.154
31 December 2005	
Cost	74.670
Accumulated depreciation	(54.516)
Net book value	20.154
31 December 2006	
Opening net book value	20.154
Additions/Disposals	4.431
Change in depreciation	(10.285)
Closing net book value	14.300
31 December 2006	
Cost	79.101
Accumulated depreciation	(64.801)
Net book value	14.300

28. Property, plant and equipment

	Land, Buildings and Leasehold Improvements	Other Fixed Assets	Total
1 January 2005			
Cost	297.437	216.973	514.410
Accumulated depreciation	<u>(3.076)</u>	<u>(135.624)</u>	<u>(138.700)</u>
Net book value	<u>294.361</u>	<u>81.349</u>	<u>375.710</u>
31 December 2005			
Opening net book value	294.361	81.349	375.710
Additions/Disposals	4.141	14.901	19.042
Change in depreciation	<u>(3.795)</u>	<u>(19.101)</u>	<u>(22.896)</u>
Closing net book value	<u>294.707</u>	<u>77.149</u>	<u>371.856</u>
31 December 2005			
Cost	301.578	231.874	533.452
Accumulated depreciation	<u>(6.871)</u>	<u>(154.725)</u>	<u>(161.596)</u>
Net book value	<u>294.707</u>	<u>77.149</u>	<u>371.856</u>
31 December 2006			
Opening net book value	294.707	77.149	371.856
Additions/Disposals	4.735	14.210	18.945
Change in depreciation	<u>(3.525)</u>	<u>(20.027)</u>	<u>(23.552)</u>
Closing net book value	<u>295.917</u>	<u>71.332</u>	<u>367.249</u>
31 December 2006			
Cost	306.313	246.084	552.397
Accumulated depreciation	<u>(10.396)</u>	<u>(174.752)</u>	<u>(185.148)</u>
Net book value	<u>295.917</u>	<u>71.332</u>	<u>367.249</u>

29. Investment property

	<u>Land</u>	<u>Buildings and Equipment</u>	<u>Total</u>
1 January 2005			
Cost	75.510	54.741	130.251
Accumulated depreciation	-	(1.352)	(1.352)
Net book value	<u>75.510</u>	<u>53.389</u>	<u>128.899</u>
31 December 2005			
Opening net book value	75.510	53.389	128.899
Additions/ Disposals	(110)	(9.005)	(9.115)
Reclassifications	7.310	(7.310)	-
Change in depreciation	-	(3.236)	(3.236)
Closing net book value	<u>82.710</u>	<u>33.838</u>	<u>116.548</u>
31 December 2005			
Cost	82.710	38.426	121.136
Accumulated depreciation	-	(4.588)	(4.588)
Net book value	<u>82.710</u>	<u>33.838</u>	<u>116.548</u>
31 December 2006			
Opening net book value	82.710	33.838	116.548
Additions/Disposals	(14.618)	11.518	(3.100)
Change in depreciation	-	(3.711)	(3.711)
Closing net book value	<u>68.092</u>	<u>41.645</u>	<u>109.737</u>
31 December 2006			
Cost	68.092	49.944	118.036
Accumulated depreciation	-	(8.299)	(8.299)
Net book value	<u>68.092</u>	<u>41.645</u>	<u>109.737</u>

30. Other assets

	<u>31/12/06</u>	<u>31/12/05</u>
Prepaid expenses	30.928	23.912
Accrued income	70.442	64.923
Other	393.363	392.329
Total other assets	<u>494.733</u>	<u>481.164</u>

31. Due to other banks

	<u>31/12/06</u>	<u>31/12/05</u>
Borrowings from banks	1.119.200	1.110.746
Current accounts	95.785	167.816
Other liabilities	46.818	1.301
Total due to other banks	<u>1.261.803</u>	<u>1.279.863</u>

32. Due to customers	<u>31/12/06</u>	<u>31/12/05</u>
Deposits from legal entities		
Current accounts	1.667.086	1.842.841
Term deposits	1.467.628	1.230.906
Repurchase agreements	-	12.521
	<u>3.134.714</u>	<u>3.086.268</u>
Deposits from individuals		
Current accounts	517.032	507.736
Term deposits	5.823.264	4.022.621
Saving accounts	7.046.760	7.238.206
	<u>13.387.056</u>	<u>11.768.563</u>
Cheques and remittances payable	135.044	74.477
Total due to customers	<u>16.656.814</u>	<u>14.929.308</u>
Fixed interest rate	7.290.892	5.266.048
Floating interest rate	9.230.878	9.588.783
Total deposits	<u>16.521.770</u>	<u>14.854.831</u>

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

33. Debt securities in issue	<u>31/12/06</u>	<u>31/12/05</u>
Debt securities	1.381.146	399.730
Other credit titles	73	73
Total debt securities in issue	<u>1.381.219</u>	<u>399.803</u>

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.

34. Other borrowed funds	<u>31/12/06</u>	<u>31/12/05</u>
Subordinated notes	340.989	349.157
Subordinated notes due to the parent company	200.000	-
Hybrid securities due to the parent company	170.000	-
Total other borrowed funds	<u>710.989</u>	<u>349.157</u>

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.

35. Due State 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 1st quarter 2006 and was approved by the relevant committee of the Ministry of Economy and Finance and it was ratified by law (N.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 (within a period of 10 years bearing an interest rate of 3,53%). The present value of the future contributions from the voluntary and the present value of the extra employee's and employers' contribution (paragraph b of the 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 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 Board of Directors of ETAT ratified the amount mentioned in the economic study and the Bank proceeded to the payment of the scheduled installments along with the related interest charge.

Notwithstanding the rejection of the temporary measures filed by the employee union (First instance court judgement, 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 of February 2007 and the relevant court decision is to be issued.

36. Personnel leaving indemnities	<u>31/12/06</u>	<u>31/12/05</u>
Defined benefit plans of local subsidiaries	26.359	29.028
Law 2112/20 employee claims	2.095	1.955
Defined benefit plans of foreign subsidiaries	3.881	1.282
Total personnel leaving indemnities	<u>32.335</u>	<u>32.265</u>

37. Insurance reserves	<u>31/12/06</u>	<u>31/12/05</u>
PHOENIX METROLIFE insurance and technical reserves	552.523	532.491
EMPORIKI LIFE insurance and technical reserves	51.543	21.161
Total insurance reserves	<u>604.066</u>	<u>553.653</u>

38. Other liabilities	<u>31/12/06</u>	<u>31/12/05</u>
Dividends payable	1.603	2.073
Accrued expenses and deferred income	103.981	132.025
Other	404.107	389.445
Total other liabilities	<u>509.691</u>	<u>523.543</u>

39. 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:

	<u>31/12/06</u>	<u>31/12/05</u>
Deferred tax assets		
Intangible assets write-off	1.867	2.860
Impairment of loans and receivables	121.683	33.064
Provision for the cost of submission to ETEAM	155.500	194.574
Commissions recognition based on effective interest rates	6.384	6.945
Impairment of investments at companies under clearing process	7.000	8.837
Provision for staff expenses	12.107	3.349
Other provisions	14.747	-
Other temporary tax differences	1.954	1.532
	<u>321.242</u>	<u>251.161</u>
Deferred tax liabilities		
Buildings reduced depreciation rates	3.598	1.575
Financial leases	1.906	3.615
Other temporary tax differences	835	588
	<u>6.338</u>	<u>5.778</u>
Net deferred tax assets	<u>314.904</u>	<u>245.383</u>

The change (release) of deferred tax assets and liabilities through the income statement is

	<u>31/12/06</u>	<u>31/12/05</u>
Deferred tax (income statement)		
Intangible assets variation	(993)	(2.519)
Impairment of loans and receivables	88.619	(5.947)
Commission recognition based on real interest rates	(561)	(1.542)
Provision for staff expenses	8.758	(3.840)
Buildings reduced depreciation rates	(2.023)	(1.279)
Impairment of investments in companies under liquidation	(1.837)	(915)
Financial leases	1.709	(1.089)
Provision for the cost of submission to ETEAM	(39.074)	(2.008)
Other provisions	14.747	-
Other temporary tax differences	176	104
	<u>69.521</u>	<u>(19.035)</u>
Transfer from other liabilities to Impairment of loans and receivables	(78)	-
Transfer from other assets to Other temporary tax differences	26	-
	<u>69.469</u>	<u>(19.035)</u>

40. Contingent liabilities and commitments

a) Legal issues

The Group is facing several litigations during the normal course of its business, for which provision have been raised against its income statement. According to the consultation of the Bank's Legal division the ultimate disposition of these matters is not expected to have a further material effect on the financial position or operations of the Group.

b) Contingent commitments

	<u>31/12/06</u>	<u>31/12/05</u>
Letters of guarantee	1.823.809	1.826.488
Unused approved credit limits	11.598.472	9.457.999
Total contingent commitments	<u>13.422.281</u>	<u>11.284.487</u>

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.

In addition, bonds of nominal value € 367.975 thousands have been pledged for a sale and repurchase agreement (repos) with another bank.

41. Share capital

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.

42. 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.

	<u>31/12/06</u>	<u>31/12/05</u>
Cash and balances with Central Banks (Note 17)	498.485	514.110
Treasury bills (Note 18)	14.949	12.359
Due from banks (Note 19)	1.205.582	1.016.278
Trading portfolio (Note 20)	<u>1.201.257</u>	<u>600.718</u>
	<u>2.920.273</u>	<u>2.143.465</u>

43. 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.

	<u>01/01- 31/12/06</u>	<u>01/01- 31/12/05</u>
Board of Directors fees*	1.965	1.833

	<u>31/12/06</u>	<u>31/12/05</u>
Deposits	14.811	23.756
Loans	<u>53.459</u>	<u>49.129</u>
	<u>68.270</u>	<u>72.885</u>

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

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

Associates	<u>31/12/06</u>	<u>31/12/05</u>
Assets		
- Loans and advances to customers	56.173	39.231
Liabilities		
- Due to customers	13.477	510
Income		
- Interest & similar income	2.134	1.906
Expense		
- Interest expense & similar charges	26	3

Transactions and balances with companies of Credit Agricole Group

	<u>31/12/2006</u>	<u>31/12/2005</u>
Assets		
Due from credit institutions	725.069	-
Derivative financial instruments	6.549	-
Other assets	137	-
	<u>731.755</u>	-
Liabilities		
Due to credit institutions	277.806	-
Other borrowed funds	370.000	-
Other liabilities	264	-
	<u>648.070</u>	-
Income		
Net trading results	654	-
Interest & similar income	11.528	-
	<u>12.182</u>	-
Expenses		
Interest expense & similar charges	9.669	-
Commission expenses	35	-
Other operating expenses	325	-
	<u>10.029</u>	-

The related parties transactions and balances are summarized as follows :

	<u>01/01- 31/12/06</u>	<u>01/01- 31/12/05</u>
Income	14.316	1.906
Expense	10.055	3
Fees from Board of Directors members and key management personnel	1.965	1.833
	<u>26.336</u>	<u>3.742</u>
	<u>31/12/06</u>	<u>31/12/05</u>
Assets	787.928	39.231
Liabilities	661.547	510
Receivables from Board of Directors members and key management personnel	53.459	49.129
Liabilities to Board of Directors members and key management personnel	14.811	23.756
	<u>1.517.745</u>	<u>112.626</u>

44. 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.

45. Effect in Income Statement from the harmonize with Credit Agricole Group's accounting policies

The accession of Emporiki Group to Credit Agricole Group and the subsequent harmonize of accounting policies resulted in the charge of Group's income statement of 2006. The Group has made all the necessary treatments in order to harmonize with Credit Agricole's risk management methodology and accounting policies. Specifically Emporiki Group's income statement has been charged with € 293,8 millions which is analysed as follow:

- € 299,4 millions, extra provision for impairment on loans and advances,
- € 59,5 millions, extra provision for various possible risks and possible impairment of receivables,
- € 21,7 millions, provision for staff bonus and other allowances,
- € 2,8 millions, extra impairment on available for sale shares,
- € 3,2 millions, extra depreciation of intangible assets due to adjustment of useful life,
- € (92,8) millions, deferred tax asset from the aforementioned adjustments.

46. Post Balance Sheet Events

On 22.01.2007 the merger of Emporiki Asset Management AEPEY with Ermis AEDAK was completed. The new company is called Emporiki Asset Management AEDAK.

On 08.02.2007 the Board of Directors decided the discontinuation and liquidation of the subsidiary company Emporiki Bank Germany GmbH.

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.