



GREEK POSTAL SAVINGS BANK SA

Financial Statements

on Consolidated and Stand Alone basis

31 December 2006

In accordance with the

International Financial Reporting Standards

MARCH 2007

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INCOME STATEMENT

<i>Amounts in €</i>	Note	Consolidated		Stand alone	
		From the 1 January to 31.12.2006	From the 1 January to 31.12.2005	From the 1 January to 31.12.2006	From the 1 January to 31.12.2005
Interest & similar income		475.215.455,21	419.097.208,76	475.213.521,72	419.097.208,76
Interest expense & similar charges		(221.642.820,87)	(176.815.430,66)	(221.642.774,87)	(176.815.430,66)
Net Interest Income	6	253.572.634,34	242.281.778,10	253.570.746,85	242.281.778,10
Fee and commission income		25.672.108,47	4.052.566,04	25.495.066,57	4.052.566,04
Fee and commission expense		(858.079,73)	(524.933,53)	(856.368,85)	(524.933,53)
Net fee and commission income	7	24.814.028,74	3.527.632,51	24.638.697,72	3.527.632,51
Dividend income	8	4.655.511,04	5.105.207,01	4.655.511,04	5.105.207,01
Financial operations results	8	126.400.541,51	30.316.917,43	126.391.679,33	30.316.917,43
Other operating income	9	7.891.176,53	15.149.817,75	7.903.529,96	15.149.817,75
Total Operating Income		417.333.892,16	296.381.352,80	417.160.164,90	296.381.352,80
Personnel expenses	10	(84.718.491,19)	(56.271.155,02)	(84.616.656,53)	(56.271.155,02)
General and administrative expenses	11	(85.185.218,93)	(52.895.920,15)	(85.111.260,43)	(52.895.920,15)
Depreciation and amortization charges		(9.135.478,78)	(6.183.003,98)	(9.107.670,11)	(6.183.003,98)
Other operating expenses	12	(23.550.556,49)	(12.146.584,69)	(23.527.630,29)	(12.146.584,69)
Total operating expenses		(202.589.745,39)	(127.496.663,84)	(202.363.217,36)	(127.496.663,84)
Impairment losses on loans and advances	13	(29.275.737,03)	(18.910.538,20)	(29.275.737,03)	(18.910.538,20)
Share in losses from associates		(28.768,44)	(86.096,36)	-	-
Profit before tax		185.439.641,30	149.888.054,40	185.521.210,51	149.974.150,76
Income tax	14	(32.297.122,47)	(27.338.422,50)	(32.295.189,53)	(27.338.422,50)
Tax on Reserves	15	(15.969.084,24)	-	(15.969.084,24)	-
Net Profit		137.173.434,59	122.549.631,90	137.256.936,74	122.635.728,26
Attributable to:					
Minority Interest		(15.670,97)	-	-	-
Equity holders of Greek Postal Savings Bank		137.189.105,56	122.549.631,90	137.256.936,74	122.635.728,26
Earnings per share	16				
- Basic		0,97	0,74	0,97	0,74

Athens, 28 March 2007

Board of Directors
CHAIRMANBoard of Directors
FIRST
DEPUTY
CHAIRMANBoard of Directors
SECOND
DEPUTY
CHAIRMANFINANCIAL
DIRECTORDIRECTOR OF
ACCOUNTING
DEPARTMENTPANAGIOTIS
TSOUPIDISANTONIS
KAMINARISCHRISTOS
MITRENTSESGEORGIOS
XIFARASSTAVROS
XIFARAS

BALANCE SHEET

<i>Amounts in €</i>	Note	Consolidated		Stand alone	
		31.12.2006	31.12.2005	31.12.2006	31.12.2005
ASSETS					
Cash and balances with central bank	18	148.863.699,85	191.266.079,14	148.862.119,78	191.266.079,14
Due from banks	19	757.870.400,32	1.249.262.724,33	757.494.298,89	1.249.262.724,33
Financial assets at fair value through profit and loss	20	1.616.362.239,26	1.593.121.669,08	1.615.792.844,10	1.593.121.669,08
Derivative financial instruments	21	11.759.320,59	810.147,80	11.759.320,59	810.147,80
Loans and advances to customers	22	4.862.810.650,94	3.044.667.020,61	4.862.810.650,94	3.044.667.020,61
Less: Allowance for impairment on loans & advances to customers	22	(60.028.248,00)	(31.365.743,79)	(60.028.248,00)	(31.365.743,79)
Investment securities available for sale	23	4.097.038.608,53	4.618.912.350,52	4.097.038.608,53	4.618.912.350,52
Investment securities held to maturity	23	490.183.271,81	491.871.117,75	490.183.271,81	491.871.117,75
Investment in subsidiary and in associate	24	0,00	537.561,05	1.139.028,00	1.050.000,00
Property and equipment	25	111.719.846,64	110.750.791,08	111.632.863,03	110.750.791,08
Intangible assets	26	11.359.606,00	10.970.975,17	11.306.861,55	10.970.975,17
Deferred tax assets	27	32.000.994,93	36.224.148,01	32.000.994,93	36.224.148,01
Other assets	28	256.759.503,92	247.566.024,39	256.691.612,97	247.566.024,39
Total Assets		<u>12.336.699.894,79</u>	<u>11.564.594.865,14</u>	<u>12.336.684.227,12</u>	<u>11.565.107.304,09</u>
LIABILITIES					
Due to banks	29	500.000.000,00	-	500.000.000,00	-
Due to customers	30	10.725.959.048,27	9.953.838.765,20	10.725.959.048,27	9.953.838.765,20
Derivative financial instruments	21	2.457.449,58	66.626.004,60	2.457.449,58	66.626.004,60
Deferred tax liabilities	27	38.396.584,91	67.737.773,28	38.391.546,61	67.737.773,28
Retirement benefit obligations	31	24.806.177,00	17.952.698,00	24.790.194,00	17.952.698,00
Other liabilities	32	175.659.468,54	593.512.570,15	175.621.397,83	593.512.570,15
Total Liabilities		<u>11.467.278.728,30</u>	<u>10.699.667.811,23</u>	<u>11.467.219.636,29</u>	<u>10.699.667.811,23</u>
SHAREHOLDERS' EQUITY					
Share Capital	33	521.207.049,00	521.207.049,00	521.207.049,00	521.207.049,00
Share premium		2.130.062,03	-	2.130.062,03	-
Revaluation Reserves	34	106.107.309,12	230.199.868,32	106.107.309,12	230.199.868,32
Other Reserves	34	83.344.830,00	76.481.983,16	83.344.830,00	76.481.983,16
Retained Earnings	34	156.095.070,55	37.038.153,43	156.675.340,68	37.550.592,38
Capital and reserves attributable to Greek Postal Savings Bank equity holders		<u>868.884.320,70</u>	<u>864.927.053,91</u>	<u>869.464.590,83</u>	<u>865.439.492,86</u>
Minority Interest		536.845,79	-	-	-
Total Equity		<u>869.421.166,49</u>	<u>864.927.053,91</u>	<u>869.464.590,83</u>	<u>865.439.492,86</u>
Total Equity and Liabilities		<u>12.336.699.894,79</u>	<u>11.564.594.865,14</u>	<u>12.336.684.227,12</u>	<u>11.565.107.304,09</u>

Athens, 28 March 2007

Board of Directors
CHAIRMANBoard of Directors
FIRST
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KAMINARISCHRISTOS
MITRENTSESGEORGIOS
XIFARASSTAVROS
XIFARAS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2005

Amounts in €	Attributable to the shareholders of the parent company					
	Share Capital	Statutory Reserve	Revaluation Reserves	Other reserves	Retained earnings	Total
Balance at 1 January 2005 in accordance with IFRS	555.000.000,00	53.350.196,75	266.011.911,45	17.000.000,00	276.095.171,87	1.167.457.280,07
Movement in Equity 1/1-31/12/2005						
Movement in the AFS reserve	-	-	(35.812.043,13)	-	-	(35.812.043,13)
Profit after tax for the period	-	-	-	-	122.549.631,90	122.549.631,90
Legal reserve for the period	-	6.131.786,41	-	-	(6.131.786,41)	-
Total realized profit (loss) for the period	-	6.131.786,41	(35.812.043,13)	-	116.417.845,49	86.737.588,77
Increase in share capital	56.702.248,40	-	-	-	(56.702.248,40)	-
Decrease in share capital	(90.495.199,40)	-	-	-	-	(90.495.199,40)
Reverse distribution	-	-	-	-	(208.772.615,53)	(208.772.615,53)
Dividend distribution	-	-	-	-	(90.000.000,00)	(90.000.000,00)
Balance at 31 December 2005	521.207.049,00	59.481.983,16	230.199.868,32	17.000.000,00	37.038.153,43	864.927.053,91

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2006

Amounts in €	Attributable to the shareholders of the parent company						Total	Minority Interest	Total
	Share Capital	Shares premium	Statutory Reserve	Revaluation Reserves	Other reserves	Retained earnings			
Balance at 1 January 2006 in accordance with IFRS	521.207.049,00	0,00	59.481.983,16	230.199.868,32	17.000.000,00	37.038.153,43	864.927.053,91	864.927.053,91	
Movement in Equity 1/1-31/12/2006									
Movement in the AFS reserve	-	-	-	(124.092.559,20)	-	-	(124.092.559,20)	(124.092.559,20)	
Shares offered to employees at a discount and free from the main shareholder	-	2.130.062,03	-	-	-	-	2.130.062,03	2.130.062,03	
Movements from consolidation of subsidiary	-	-	-	-	-	-	-	552.516,76	
Profit after tax for the period	-	-	6.862.846,84	-	-	137.189.105,56	137.189.105,56	(15.670,97)	
Legal Reserve for the period	-	-	-	-	-	(6.862.846,84)	-	-	
Profit after tax for the period	-	2.130.062,03	6.862.846,84	(124.092.559,20)	-	130.326.258,72	15.226.608,39	536.845,79	
Dividend distribution	-	-	-	-	-	(11.269.341,60)	(11.269.341,60)	(11.269.341,60)	
Balance at 31 December 2006	521.207.049,00	2.130.062,03	66.344.830,00	106.107.309,12	17.000.000,00	156.095.070,55	868.884.320,70	536.845,79	

The notes in pages 9 to 68 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY ON STAND ALONE BASIS AS AT 31 DECEMBER 2005

Amounts in €	Share Capital	Statutory Reserve	Revaluation Reserves	Other reserves	Retained earnings	Total
Balance at 1 January 2005 in accordance with IFRS	555.000.000,00	53.350.196,75	266.011.911,45	17.000.000,00	276.521.514,46	1.167.883.622,66
Movement in Equity 1/1-31/12/2005						
Movement in the AFS reserve	-	-	(35.812.043,13)	-	-	(35.812.043,13)
Profit after tax for the period	-	-	-	-	122.635.728,26	122.635.728,26
Legal reserve for the period	-	6.131.786,41	-	-	(6.131.786,41)	-
Total realized profit (loss) for the period	-	6.131.786,41	(35.812.043,13)	-	116.503.941,85	86.823.685,13
Increase in share capital	56.702.248,40	-	-	-	(56.702.248,40)	-
Decrease in share capital	(90.495.199,40)	-	-	-	-	(90.495.199,40)
Reserve distribution	-	-	-	-	(208.772.615,53)	(208.772.615,53)
Dividend distribution	-	-	-	-	(90.000.000,00)	(90.000.000,00)
Balance at 31 December 2005	521.207.049,00	59.481.983,16	230.199.868,32	17.000.000,00	37.550.592,38	865.439.492,86

STATEMENT OF CHANGES IN EQUITY ON STAND ALONE BASIS AS AT 31 DECEMBER 2006

Amounts in €	Share Capital	Share premium	Statutory Reserve	Revaluation Reserves	Other reserves	Retained earnings	Total
Balance at 1 January 2006 in accordance with IFRS	521.207.049,00	-	59.481.983,16	230.199.868,32	17.000.000,00	37.550.592,38	865.439.492,86
Movement in Equity 1/1-31/12/2006							
Movement in the AFS reserve	-	-	-	(124.092.559,20)	-	-	(124.092.559,20)
Shares offered to employees at a discount and free from the main shareholder	-	2.130.062,03	-	-	-	-	2.130.062,03
Profit after tax for the period	-	-	-	-	-	137.256.936,74	137.256.936,74
Legal Reserve for the period	-	-	6.862.846,84	-	-	(6.862.846,84)	-
Total realized profit (loss) for the period	-	2.130.062,03	6.862.846,84	(124.092.559,20)	-	130.394.089,90	152.944.399,57
Dividend distribution	-	-	-	-	-	(11.269.341,60)	(11.269.341,60)
Balance at 31 December 2006	521.207.049,00	2.130.062,03	66.344.830,00	106.107.309,12	17.000.000,00	156.675.340,68	869.464.590,83

CASH FLOW STATEMENTS

Amounts in €	Note	Consolidated		Stand alone	
		From 1 January to 31.12.2006	From 1 January to 31.12.2005	From 1 January to 31.12.2006	From 1 January to 31.12.2005
Operating activities					
Profit before tax		185.439.641,30	149.888.054,40	185.521.210,51	149.974.150,76
<i>Adjustments to profits for:</i>					
Depreciation of fixed assets		7.031.201,82	4.954.670,04	7.017.592,06	4.954.670,04
A mortisation of intangible assets		2.104.276,96	1.228.333,94	2.090.078,05	1.228.333,94
Share in losses of associates		28.768,44	86.096,36	-	-
Shares offered to employees at a discount and free from the main shareholder		2.130.062,03	-	2.130.062,03	-
Other adjustments		122.060,69	-	99.308,56	-
Allowance for the impairment of loans and other receivables		24.061.557,91	18.910.538,20	24.061.557,91	18.910.538,20
A mortization of premium / discount of investment securities	37	4.746.031,47	11.163.610,14	4.746.031,47	11.163.610,14
Allowance for termination benefits		6.837.496,00	1.347.308,00	6.837.496,00	1.347.308,00
Income from the write off		(2.382.049,45)	(10.959.891,66)	(2.382.049,45)	(10.959.891,66)
(Profit) / loss from investment securities	37	(51.914.878,30)	(44.337.722,49)	(51.914.878,30)	(44.337.722,49)
Income tax paid		(118.640.464,31)	(29.631.992,19)	(118.640.464,31)	(29.631.992,19)
		59.563.704,56	102.649.004,74	59.565.944,53	102.649.004,74
Net change (increase) decrease of operations related assets and liabilities					
Financial Assets at fair value through profit or loss		(22.680.037,20)	(312.833.753,68)	(22.671.175,02)	(312.833.753,68)
Loans and receivables from customers		(1.818.756.863,15)	(984.551.637,31)	(1.818.756.863,15)	(984.551.637,31)
Other assets		(49.822.006,46)	(19.650.355,37)	(49.819.457,52)	(19.650.355,37)
Due from / to banks (net value)		460.442.816,23	-	460.442.816,23	-
Derivatives (net value)		(75.117.727,81)	689.766.199,12	(75.117.727,81)	689.766.199,12
Due to customers		774.502.332,52	(6.706.570,48)	774.502.332,52	(6.706.570,48)
Other liabilities		6.928.001,31	(3.258.545,28)	6.926.997,63	(3.258.545,28)
		(724.503.484,56)	(637.234.663,00)	(724.493.077,12)	(637.234.663,00)
Cash flow from operating activities		(664.939.780,00)	(534.585.658,26)	(664.927.132,59)	(534.585.658,26)
Investing activities					
Purchases of fixed assets		(10.336.219,40)	(20.609.324,82)	(10.317.915,52)	(20.609.324,82)
Investments in subsidiaries and associated companies		(34.028,00)	(450.000,00)	(89.028,00)	(450.000,00)
Net (increase) / decrease of investments securities		(797.647.758,68)	(4.019.141.712,82)	(797.647.758,68)	(4.019.141.712,82)
Income from sale and maturity of investment securities		1.209.789.422,75	3.665.408.478,02	1.209.789.422,75	3.665.408.478,02
Net cash flow from investing activities		401.771.416,67	(374.792.559,62)	401.734.720,55	(374.792.559,62)
Financing Activities					
Increase of Share capital		55.000,00	-	-	-
Share capital redemption		(90.495.199,40)	-	(90.495.199,40)	-
Distribution of reserves and available profits to the shareholders of the parent company		(208.772.615,53)	-	(208.772.615,53)	-
Dividends paid to shareholders of the parent company		(11.269.341,60)	(90.000.000,00)	(11.269.341,60)	(90.000.000,00)
Net cash flow from financing activities		(310.482.156,53)	(90.000.000,00)	(310.537.156,53)	(90.000.000,00)
Net increase of cash and cash equivalents					
Cash and cash equivalents at the beginning of the year		(573.650.519,86)	(999.378.217,88)	(573.729.568,57)	(999.378.217,88)
subsidiary		1.440.528.803,47	2.439.907.021,35	1.440.528.803,47	2.439.907.021,35
		298.632,79	-	-	-
Cash and cash equivalents at the end of the year	38	867.176.916,40	1.440.528.803,47	866.799.234,90	1.440.528.803,47

The notes in pages 9 to 68 are an integral part of these financial statements.

1. Information for the Bank

1.1 General Information

- Greek Postal Savings Bank is a societe anonym bearing the title “GREEK POSTAL SAVINGS BANK” for all its international transactions, and has substituted in all its rights and obligations the decentralized public entity Postal Savings Bank which was established by virtue of Law GYMST/1909, as subsequently supplemented and amended by Compulsory Law 391/1936, Law1118/1938 and other provisions.
- On 19.4.2006 the Governor’s Act of the Bank of Greece No 2579/19.4.2006 was issued according to provisions of article 9 paragraph 5 of law 3082/2002, which constitutes as a banking license. Therefore, the bank is under the supervisory role of Bank of Greece according to Law 2076/1992, as amended.
- The bank’s registered office is located in the Municipality of Athens (2-6 Pasmazoglou Street, 101 75). By resolution of the Board of Directors, the Bank can establish and close down branches, correspondence offices, safe deposit boxes or/and agencies anywhere in Greece and abroad. As of 31/12/2006, it is noted that «GREEK POSTAL SAVINGS BANK’s» branch network comprises 136 branches throughout Greece.
- The term of the bank is set to 100 years from its establishment and may be extended by resolution of the General Meeting of the shareholders.
- On 5 June 2006, the Bank has listed all of its shares in the Athens Stock Exchange Market, after the relevant decisions 1/381/12.5.2006 and 18/31.5.2006 of the Hellenic Capital Market Commission and the Athens Stock Exchange respectively. Though this listing, the decision of the Interministerial Privatization Committee, for the disposition of 49.080.000 ordinary nominal shares of the bank (34,84%), owned by Greek Government, was implemented.
- These financial statements for the fiscal year ended on 31 December 2006, were approved from the Board of Directors on 28th March 2007 and are subject to the approval of the Bank’s shareholders in the Annual General Meeting.

Collaboration Agreement with the Hellenic Post S.A.

On 19 November 2001, the Bank entered into a 10-year exclusive collaboration agreement with the Hellenic Post (hereinafter "EL.TA").

- Major terms and conditions of the agreement

—The agreement may be automatically extended provided that at least six (6) months prior to its expiry none of the counter parties involved has notified in writing its intention to decline its extension.

—The agreement may be immediately terminated by either parties, with written notice, in the case where the counterparty has failed to comply with any of its contractual obligations and has not remedied such failure within three (3) months from written notification. Upon expiry of the agreement, in accordance with its terms and conditions, all pending issues shall be settled within three (3) years.

—Each counter party may develop autonomously its main activities in terms of the financial products and services it provides.

—The branches of the respective network of each counter party shall retain all their corporate identity marks so that the products of each counter party are promoted and sold from the network of the other party in a distinct manner.

—In case where the agreement expires or is terminated, all pending issues between the counter parties shall be settled and such settlements must be completed within three (3) years. During the settlement period the counter parties shall be bound by the exclusivity, secrecy and confidentiality obligations that were in force during the term of the agreement.

- Financial Cost

—With regard to the provision of services and the concession of space and equipment within the EL.TA network, the Bank pays: a) fees per transaction, the calculation of which is based on the number of transactions; b) management fees, calculated as a percentage on the average amount of deposit account balances serviced by the EL.TA network; and c) additional fees calculated as a productivity percentage on the net increase of the amount of the deposit account balances serviced by the EL.TA network.

- Network used

—The network of EL.TA branches, agencies, and postmen delivering in rural areas has become the network providing the Bank's products, as well as other common products that the parties may develop in the future.

—Based on the terms of the agreement the Bank's products/ services are sold at 820 EL.TA branches, 1.148 agencies and 950 postmen delivering in rural areas, who act as EL.TA subcontractors in remote areas where there are no branches or agencies, while the EL.TA products/ services are sold through the Bank's network comprising 136 branches.

—Based on the terms of the agreement, the Bank has committed not to open branches in any area where an EL.TA branch already exists. Specifically, the Bank may not open a branch in such distance from an EL.TA branch that would affect the overall turnover of EL.TA. The responsibility for the operation of each branch lies with its owner and each counter party shall compensate the other for any damage incurred intentionally or due to negligence of its employees.

—As contractual base of the exclusive collaboration agreement is expressly acknowledged by the counter parties that EL.TA shall undertake to sell, exclusively, only the banking products of the Bank, provided that the Bank will neither use nor develop its branches network competitively to the EL.TA network.

• Products/ Services

—Each counter party shall develop in an autonomous way its main activities in terms of the financial products and services it provides, and more specifically (a) the Bank in terms of its banking operations, and in particular its deposits and loans products; and b) EL.TA in terms of the financial products and the operations related to the GIRO current accounts, such as national and international money transfer transactions (Western Union, Eurogiro, foreign checks), transactions related to quick payments (collections, payments), transactions on GIRO accounts and Social Security pension payments.

—Based on the agreement between the counter parties, the Bank's branches shall sell EL.TA products of increased added value. Increased added value products are considered to be the following: Eurogiro, Western Union, Social Security pension payments, transactions on Giro accounts, cash on delivery checks, quick payments, courier services, as well as prepaid and philatelic products.

—The Bank's products/ services shall be available in the EL.TA branches.

—With regard to any new products to be developed by either one of the counter parties, the agreement provides "the right of first refusal" to the other party. New products shall not mean variations or changes introduced to existing products, but rather distinct, new wide product categories aimed to cover customers' needs not covered by existing products.

Modification of contract with ELTA

On 27 December 2006, a modification of annex 6 of the collaboration agreement of 19 November 2001 between the EL.TA and the Greek Postal Savings Bank was signed. With this modification, a new system of compensation adjusted to the market data and the pricing of banking products and services that were not forecasted in the initial contract of 2001 were agreed. Total compensation of ELTA derives from the sum of: 1) the cost of the Bank's access to the Network of ELTA Shops (transactions fees) and 2) fee of commercial agreement in which the Lowest Guaranteed Annual Fee amounted to € 10 million annually or € 2,5 million quarterly is included (supply of sale of products and services of Greek Postal Savings bank from the Network of ELTA's Shops).

Bank's participation in ELTA's capital and ELTA's participation in Bank's capital.

In the frame of the strengthening of the historical bonds between the Postal Savings bank and the ELTA, as well as the strengthening of the existing collaboration between them, it was decided by the Interministerial Privatization Committee through the decision dated 05.04.2006 and the General Assembly of the shareholders and the management decision of both companies, the sale of 10% of the Bank's shares (i.e. 14.086.670 shares held by the Greek State) to the EL.TA, and the sale of 10% of the EL.TA shares (i.e. 11.868.900 shares held by the Greek State) to the Bank. The purchase by the bank of the 10% of the EL.TA shares held by the Greek State, and the purchase by EL.TA of the 10% of Bank's shares held by the Greek State, was realised simultaneously.

Mortgage Savings

Article 10, paragraph 12, of the law establishing the Bank, Law 3082/2002 (Government Gazette Issue No. 316/16.12.2002), provides that by decision of the Bank's Board of Directors an amount of € 17million will be made available from the Greek Postal Savings Bank reserves existing at the time of publication of such law in an account existing or to be created by virtue of a similar decision and the return proceeds of such account will be made available to cover mortgage benefits to the Bank's employees. The Board of Directors will deal with issues relating to this account.

The 17th meeting of the Board of Directors of the Greek Postal Savings Bank held on 23 September 2003, unanimously decided that the account provided for in Law 3082/2002 must be created effective 1 January 2003. Pursuant to Law 3082/2002, such account will be credited with the amount of € 17 million , as well as with the amounts relating to principal repayments of the mortgage loans paid each month by the employees which will be refinanced as a new loan to the beneficiaries bearing a special interest rate. The Greek Postal Savings Bank will reinvest the amount related to the collected instalments together with the amount of € 17,000,000, guaranteeing a minimum return. The investment policy for the product must cover a minimum annual net return of 5.25% aiming to reduce the total duration of the loans.

All persons employed as of 16 December 2002 under a salaried employment agreement, as well as retired employees of the Greek Postal Savings Bank are the beneficiaries of this account.

The 29th meeting of the Board of Directors of the Greek Postal Savings Bank, held on 4 March 2004, approved the "General Management and Operations Regulation for the Mortgage Allowance Investment Account".

It should be clarified that the Greek Postal Savings Bank has not established the foregoing account. As the Greek Postal Savings Bank has implemented IFRS, it has assigned to a specialized actuarial firm to prepare a valuation study in order to calculate the cost of implementing the specific scheme. The result of such study has been recorded in the financial statements bearing a negative sign under Note 22 to the financial statements "Loans and advances to customers" and specifically under item "Mortgage Loans". The respective result of the study amounted to € 92 million as at 31 December 2006 and to € 95 million as at 31 December 2005. In order to calculate the present value of the scheme, the discount rates used 4% and 4,1% for the years 2005 and 2006 respectively.

1.2 Structure and activities of the Bank

The purpose of the «GREEK POSTAL SAVINGS BANK» is the, for its own account or for the account of third parties, in Greece and abroad, independently or in collaboration or joint venture, operation, without limitation or other distinction, of the total of the operation and activities that are allowed from time to time to domestic financial institutions by the existing legislation.

The following activities fall under the purposes of the Bank:

- The acceptance, on an interest-bearing or no interest basis, of any type of deposits or other accepted funds in Euro, exchange or foreign currency.
- The granting of loans and of credits of any kind, the offer of guarantees in favour of third parties, the acquisition or transfer of claims, as well as the intermediation in the financing of companies or their collaboration, as well as the issue / administration of means of payments.
- The receipt of loans, credits or guarantees and the issue of securities for the raising of funds.
- The acts of executing payments and funds transfer as well as of financing overseas trade.
- The safeguarding, organizing and management of any kind of movable assets, securities, financial products and generally of assets, including their portfolio, the operation of transactions over these, for own account or for the account of third parties, as well as the offer of relevant services and advices.
- The establishment of, or participation in, domestic or foreign companies of any kind that are involved in the money market, capital market and generally in the wider financial and investment sector.
- The offer of services of contractor, the participation in the issue and disposal of securities, the offer of advice on financial restructuring services, the factoring, the offer of commercial services and of services of 'safe deposit boxes' leasing, the offer of investment activities of L. 2396/1996.

At this point, it should be noted that one of its main purposes is the, through its credit policy, promotion of the general economic development of the country and of the local communities where it activates, and its contribution to the fulfilment of more general beneficial to the public purposes.

1.3 Composition of the Bank's Board of Directors

The Board of Directors of the «GREEK POSTAL SAVINGS BANK», at 31 December 2006, is as follows:

- Tsoupidis Panagiotis, **Chairman, Executive Member**
- Kaminaris Antonios, **First Deputy Chairman, Executive Member**
- Mitrentses Christos, **Second Deputy Chairman, Executive Member**
- Taprantzis Andreas, **Member**
- Drakatos Gerasimos, **Member**
- Lambropoulos Konstantinos, **Member**
- Chatzimichalis Dimitrios, **Member**
- Mihalopoulou Adamantia, **Member**
- Spiliopoulos Vasilios, **Member**
- Kotsiris Konstantinos, **Member**
- Tsagdis Ioannis, **Member**

The term of the Board of Directors commenced on the 30th of June 2004, and will last until the 30th of June 2009.

2. Summary of Significant Accounting Policies

2.1 Basis of Presentation

The consolidated and stand alone financial statements of the Bank as of 31 December 2006 are prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), issued by the International Accounting Standards Board (IASB), as well as their interpretations, which have been issued by the International Financial Reporting Interpretations Committee (IFRIC), as these have been endorsed by the European Union.

The Bank is consolidated and stand alone financial statements have been prepared under the historic cost convention, as adjusted by the fair valuation of certain assets and liabilities, the going concern principle, and comply with the Framework for Preparation and Presentation of financial statements.

2.1.1 Adoption of I.F.R.S.

The preparation of Financial Statements according to I.F.R.S. requires the use of estimates and assumptions for the implementation of the accounting standards. The financial statements as at 31 December 2005 are covered from IFRS 1 (first implementation of IFRS). The transition date for the purpose of IFRS 1 is the 1st of January 2004. The Bank adopted IFRS 1, for the preparation of Financial Statements in accordance with International Financial Reporting Standards, on 2005.

New IFRSs, amendments and interpretations due from 1st January 2006

The Bank has applied the same accounting standards with those implemented for the preparation of the Financial Statements of the accounting period that ended on 31 December 2005.

From the 1st of January 2006 the Bank has adopted all the new and revised IFRSs, as well as the new interpretations, corresponding to its operations and have mandatory application. The adoption of new and revised standards and interpretations has no material impact on the financial statements:

IAS 19 (Revised) Employee Benefits:

This revision, which is mandatory for periods starting from 1/1/2006, introduces an additional method of actuarial gains and losses recognition. It also introduces, in certain cases, additional recognition requirements for multi-employer plans. Finally, it requires additional disclosures. The Bank has not amended the accounting recognition principle of actuarial gains and losses, neither participates in multi-employer plans. Therefore, the adoption of the revised standards has an impact only on the form and extend of the disclosures provided.

IAS 39 (Revised) The Fair Value Option:

The above revised IAS 39 introduces certain limitations on the choice options of financial instruments measurement at fair value through profit and loss (referred to as "fair value option"). In particular, initially, the choice option of fair value as basis for measurement of all financial instruments was subject only to the condition that the fair value of that financial instrument could be measured reliably. With the revised fair value option there was added another condition so that the fair value option could lead to more relevant information. The revised requirements are due mandatory for periods starting from 1/1/2006. The Bank has adopted the revised IAS 39 for the accounting periods starting from the 1st of January 2005 and thereafter (retrospective implementation).

IAS 39 and IFRS 4 (Revised): Financial Guarantee Contracts

The above revision introduces into IAS 39 requirements concerning the subsequent measurement of financial guarantee contracts. The revised requirements are due mandatory for periods starting from 1/1/2006. The above revised standard has no material impact on the financial position of the Bank.

IFRIC 4: Determining whether an Asset contains a Lease

IFRIC 4 requires the determination whether an arrangement is or contains a lease, to be based on the substance of the agreement. An evaluation is required when a) the accomplishment of the agreement depends on the use of a specific asset or assets, and b) the arrangement contains the right to use the asset. The management evaluates the impact of IFRIC 4 on the Bank's activities and believes that the adoption will have a limited impact on the form and the extend of the disclosures.

The below revised standards and new interpretations are mandatory applied in the presented period, though they have no impact on the financial statements of the Bank since they are not relevant to its operations:

- IAS 21 (Revised), Net Investment in a Foreign Operation,

- IAS 39 (Revised), Cash Flow Hedges in Intercompany Transactions,
- IFRS 1 (Revised), First Time Adoption of International Financial Reporting Standards
- IFRS 6 (Revised) Exploration for and Evaluation of Mineral Resources,
- IFRIC 5, Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds,
- IFRIC 6, Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment.

New IFRSs, amendments and interpretations due from 1st January 2007

As at the date of approval of the financial statements, the following standards and interpretations have been issued that are effective from 1.1.2007 and have not been applied in the aforementioned financial statements:

IFRS 7 Financial Instruments: Disclosures:

IFRS 7 introduces new disclosures aimed at improving the reporting concerning the financial instruments. It replaces IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions" as well as all the requirements of IAS 32 referring to disclosures, which is renamed "Financial Instruments: Disclosure and Presentation.". The new Standard requires two categories of disclosures, on one hand – disclosures of financial instruments used by the Entity and their impact on the financial statements, and, on the other hand - disclosures of financial risks. It introduces new disclosures of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk.

The new Standard is applied by the Bank from 1 January 2007 and is expected to amend the form and the extent of reporting provided concerning financial risks.

- IAS 1 Presentation of Financial Statements: Disclosures concerning the capital (effective from 1 January 2007):

IAS 1 introduces new disclosures concerning the size and way of management of the entity's capital.

The Bank applies the particular revision, which has an impact only on the extent of the disclosures provided, from 1 January 2007.

- IFRS 8 Operating Segments (effective from 1 January 2009):
- IFRIC 7 Applying the Restatement Approach under IAS 29 , Financial Reporting in Hyperinflationary Economies (effective for periods starting from 1 March 2006):
- IFRIC 8 Scope of IFRS 2 (effective for periods starting from 1 May 2006):
- IFRIC 9 Reassessment of Embedded Derivatives (effective for periods starting from 1 June 2006):
- IFRIC 10, Interim Financial Reporting and Impairment (effective for periods starting from 1 November 2006)
- IFRIC 11, IFRS 2: Group and Treasury Share Transactions (effective for periods starting from 1 March 2007)
- IFRIC 12 Service Concession Arrangements (effective for periods starting from 1 January 2008)

2.2 Consolidation

The consolidated financial statements as at 31 December 2006 include the financial statements of the Bank and its subsidiary, Mutual Fund Company PSB – ELTA. The Bank does not hold directly or indirectly more than 50% of the voting rights, neither has significant influence in other entities.

Increase of participation percentage in “Postal Savings – Greek ELTA Mutual Fund Management Company” in 2006

According to law 3283/2004 (article 5, paragr. 1), OFFICIAL JOURNAL OF THE HELLENIC REPUBLIC A' 210/2-11-2004 and in the frame of implementing the commitments/ declarations of the Bank's management, that had been included in the offering memorandum for the IPO on the Athens Exchange, on the 4th of August 2006 1% of the equity capital, amounting to 2.100 common shares (cost of €34.028), of the Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A. to the Bank, owned by “Greek Posts S.A.” was transferred to the Bank.

As a result of this transfer, the total participation of the Postal Savings Bank Greece S.A. in the share capital of Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A. reached the percentage of 51%, while the share of Greek Posts descended to 49%. In addition, in the share capital increase of the mutual funds management company “Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A.”, the Bank will participate with its new percentage ownership of 51%, by acquiring 5.610 new common shares.

2.2.1 Consolidation Basis

As at 31 December 2005 the Bank consolidates its associate entity "Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A.", in which the Bank has significant influence but not control and its holding represents 50% of voting rights. Investments in associates are initially recorded at acquisition cost on the date of acquisition and then are accounted for using the equity method in the consolidated financial statements

On the contrary, as at 31 December 2006, due to the increase of the percentage of the participation of the Bank to the entity "The Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A." from 50% in 51%, it is consolidated with the full consolidation method for period 1/1/2006-31/12/2006, while in the respectively previous period it had been consolidated with the Equity Method.

2.3 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.3.1 Initial Recognition

The Group records all of its financial assets and liabilities including derivative financial instruments in the Balance Sheet. The acquisition of financial instruments is recognized on the date of transaction, which is also the date on which the Group is bind to acquire the instrument. When a financial asset or financial liability is recognized initially, an entity shall measure it at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

2.3.2 Classification and Financial Asset Measurement

The Group's financial instruments are classified in the categories described below according to the substance of the contract and the strategic objective of their acquisition.

i) Financial assets at fair value through Profit & Loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions

- Financial assets that are classified as held for trading. These assets are securities that are acquired with the objective of realizing profits from short-term changes in prices, including derivatives, except for derivatives that are designated and effective hedging instruments.

-Financial asset at fair value through profit or loss .Upon initial recognition the Bank may designate any financial asset as at fair value through profit or loss except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, when either:

- a) It eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases; or
- b) A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel, for example the board of Directors and chief officer.

-Derivatives meet the definition of this category, though in the Balance Sheet they are presented separately under the account "Derivatives".

ii) Loans and Receivables

Include non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market. Loans and other claims are measured at amortized cost using the effective interest method.

Loans and other claims are assessed at each balance sheet date in order to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. An asset is impaired when its carrying value exceeds the net present value of its expected recoverable amount. If any such evidence exists, the entity calculates the recoverable amount of that financial asset or group of financial assets in order to determine the amount of any impairment loss which is then recognized through Profit & Loss. The impairment loss is the difference between the carrying and the net present value of its expected recoverable amount.

An impairment loss is incurred if, and only if, there is objective evidence that the Group will not recover all amounts due according to the terms of the contracts. Objective evidence that a financial asset or group of assets is impaired or is not recoverable are the following:

- (i) significant financial difficulty of the borrower;
- (ii) a breach of contract, (such as a default or delinquency in interest or principal payments);
- (iii) the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- (iv) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- (v) 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 (e.g. an increased number of delayed payments or an increased number of credit card borrowers who have reached their credit limit and are paying the minimum monthly amount); or

- national or local economic conditions that correlate with defaults on the assets in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, or adverse changes in industry conditions that affect the borrowers in the group)

The entity 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 entity 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.

The impairment losses are reversed in subsequent periods, if the increase of the expected recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the financial asset will not exceed the amortized cost if the impairment was never recognized.

In the Group's Balance Sheet the financial assets of this category are included in the "Loans and advances to customers" account.

iii) Investments Held-to-Maturity

These include non-derivative financial assets with fixed or determinable payments and specified maturity date. The Group has the ability and intention to hold these investments up to maturity.

The Held-to-Maturity portfolio, which is kept up to the maturity date, is carried at amortized cost using the effective interest method, less any accumulated impairment in value. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount for the impairment loss for assets carried at amortized cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's effective interest rate. Impairment losses are recognized in the Profit & Loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed as long as after the reversal the carrying amount of the financial asset does not exceed the amortized cost that would have been had the impairment not been recognized at the date the impairment is reversed.

If part of the Held-to-Maturity portfolio is sold or reclassified before the maturity date (unless IAS 39 criteria are met), then the Group cannot classify any financial assets as Held-to-Maturity for the current year and the next 2 years.

In the Group Balance Sheet the Held-to-Maturity portfolio is included in the "Investments Held to Maturity".

iv) Available for sale portfolio

This portfolio includes non-derivative financial assets, which are either classified in this category or cannot be classified in any of the portfolios mentioned above. These financial assets may be sold according to liquidity needs or changes in interest rates or prices.

Financial assets of the available for sale portfolio are initially recognized at cost (including transaction costs) and then carried at fair value. After initial recognition the entity measures the available for sale portfolio financial assets at their fair values. The non-realized gains or losses arising from changes in the fair value of securities classified as available for sale are recognized directly in equity up to the point where the financial assets are sold or if there is evidence of impairment, in which case the profit or loss is recognized in the Group Income Statement.

Impairment losses that have been recognized in the Income Statement are not reversed through the Income Statement.

In the Group Balance Sheet the Held-to-Maturity portfolio is included in the "Investments Available For Sale".

2.3.3 Measurement of Financial Liabilities

The Group's financial liabilities include mostly customer deposits and intra-group deposits. Financial liabilities are initially recognized at their acquisition cost which is the fair value of cash or other financial assets paid. After their initial recognition they are measured using the effective rate method. Interest expenses are recognized in the Profit and Loss account of the period under consideration.

2.3.4 Derivatives and Hedging

The Group uses derivatives for its own benefit, with the purpose of realizing profits and for the benefits of its clients.

The derivatives traded by the Group include mostly Interest Rate Swaps.

All derivatives are initially measured at fair value at the date of the contract. After initial recognition, at each balance sheet, are measured at their fair values. The changes in fair values of derivatives are recognized in the financial results of the fiscal year when they arise.

The derivatives are depicted as assets when their expected fair value is positive and as liabilities when their expected fair value is negative.

Derivatives' categorization:

i) Embedded Derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract — with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. The Group's embedded derivatives concern mainly corporate bonds with embedded rights to convert into stocks.

An embedded derivative shall be separated from the host contract and accounted for as a derivative if, and only if:

- (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) the hybrid (combined) instrument is not measured at fair value with changes in fair value recognized in profit or loss (i.e., a derivative that is embedded in a financial asset or financial liability at fair value through profit or loss is not separated).

If an embedded derivative is separated, it is valued at fair value with the profit or loss of valuation being recognized in the financial results of the fiscal year, while the host instrument is accounted for according to the category in which it is included (e.g. Assets held for sale).

In the Case the Group is planning to use an embedded derivative for commercial use, then the value of the embedded derivative is not separated from the value of the host contract, but categorizes the hybrid (complex) instrument in the trading portfolio and values it at fair value with the total change in its price to be recognized in the income statement of the fiscal year. The same accounting treatment is followed in the case where it is impossible to value specifically the embedded derivative, either when initially recognized or subsequently.

ii) *Hedge Accounting*

The Bank also uses derivatives for the hedging of risks that come from the change in interest rates and foreign exchange. The Bank utilizes fair value hedge accounting or cash flow hedge accounting for derivatives that fulfil the relevant requirements. For derivatives that do not fulfill the requirements for hedge accounting, profits or losses that arise from changes in fair value are transferred to the income statement.

A hedging relationship for hedging purposes exists when:

- (a) At the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
- (b) The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship.
- (c) For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss.
- (d) The effectiveness of the hedge can be reliably measured,
- (e) The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

If a fair value hedge meets the above conditions during the period, the gain or loss from remeasuring the hedging instrument at fair value, are recognized in the income statement. The gain or loss on the hedged item attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognized in profit or loss, regardless of the classification of the financial asset (e.g. Financial assets available for sale).

If a cash flow hedge meets the above conditions during the period, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized directly in equity through the statement of changes in equity and the ineffective portion of the gain or loss on the hedging instrument shall be recognized in profit or loss. Income or expenses arising from cash flows, which are hedged by the derivative (including cash flows that have not been materialized at the inception of the hedging relationship), are recognized in the income statement along with the respective gains or losses of the hedging instrument, that had been recognized directly to reserves up to the date of the cash flows.

Hedge accounting is discontinued when the hedged medium expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting. In this case, the cumulative gain or loss on the hedging instrument that remains recognized directly in equity from the period when the hedge was effective shall remain separately recognized in equity until the forecast transaction occurs. When the transaction occurs, the cumulative gain or loss recognized directly in equity shall be transferred in the income statement.

2.3.5 Fair Value attributing methods

The fair values of financial assets traded on organized markets is determined on a case by case basis using prices provided by the specific markets, securities traders or future cash flow discounting models. For non traded assets the fair values are specified by the use of valuation techniques as the recent transaction analysis, comparable trading items, derivative valuation models and discounted cash flows.

Wherever valuation models are used, the data used are based on relevant market measurements (interest rates, stock prices etc) on the date of the balance sheet. In case discounted cash flows are used, the expected future cash flows are based on the best estimated of the Management and the discount rate is the market rate for an asset with the same characteristics and risk.

For shares not traded in an active market whose fair value can not be reliably estimated as well as the derivatives which are related with those shares are valued at their historic cost.

2.3.6 Derecognition

A financial asset is derecognized whenever the Group loses control of the contractual rights to the cash flows from the financial asset. This is the case when the rights expire or are being transferred and the Bank has substantially transferred all the risks and the rewards of ownership of the asset.

Financial obligations are derecognized when the obligation to pay cash or transfer other financial assets is extinguished.

2.3.7 Offsetting

A financial asset and a financial liability is offsetted and the net amount is presented in the balance sheet when, and only when, the Bank currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.3.8 Sale and Repurchase Agreements

The Group engages in sales of instruments based on repurchase agreements of its own instruments at a future fixed price.

Those instruments that are sold on the terms of being repurchased (repos) are not derecognized from the balance sheet but continue to be valued according to their classification (trading portfolio or available for sale). The amounts received are recognized on the balance sheet as obligations and are valued on their amortized cost using the effective interest rate method.

2.4 Conversion into Foreign Currency

The consolidated and stand alone financial statements are presented in Euro, which is the functional and presentation currency of the Bank and its subsidiary.

The assets and liabilities of the financial statements are converted into euros and the foreign exchange rates of the balance sheet date

Transactions in foreign currencies are converted into functional currency using the exchange rates as of the dates of the transactions. Gains and losses from currency translation differences that derive from such transactions and from the conversion of assets and liabilities denominated in foreign currencies into the functional currency using the exchange rates on the balance sheet date, are transferred to the income statement.

2.5 Tangible Assets

Fixed assets used for rendering services or administration purposes are presented on the financial statements at historic cost, less accumulated depreciation and any accumulated impairments losses. The historic cost includes all direct costs for the purchase of the assets. Especially, the property of the Bank was evaluated at their fair value on 31-12-2003 by independent evaluators (article 9, L.2190/1920) according to L.3082/2002, Chapter H, Article 3, para 3, which has been considered to be deemed cost according to IFRS 1.

Subsequent costs are added to the book value of the fixed assets or as separate assets only to the extent that these costs increase future economic benefits that are estimated to arise from the use of the asset and their cost can be reliably measured. The costs of repair and maintenance is transferred to the income statements whenever incurred.

The depreciation of other fixed assets (except land that is not depreciable) is calculated with the straight line method during the useful life of the asset, as follows:

Buildings	50-60	Years
Mechanical Equipment	7	Years
Electrical Equipment	3-4	Years
Means of Transport	8	Years
Furniture	5	Years

The residual values and the useful lives of the fixed assets are revalued on each balance sheet date. When the carrying values of the fixed assets exceed their recoverable value, the difference (impairment) is recognized immediately as an expense in the income statement.

At the sale of the fixed assets, the differences between the consideration received and the carrying value is recognized to the income statement. Repair and maintenance expenses are accounted for in their relevant fiscal years.

2.6 Intangible Assets

The intangible assets include the Bank's computer software.

The intangible assets are evaluated at historic cost less accumulated amortization. Intangible assets are amortized using the straight-line method over their useful lives, not exceeding period of 7 years.

Software maintenance costs are expensed as incurred. Expenditure which enhance or extend the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the software, provided that it can be reliably measured.

2.7 Repossessed Assets

Repossessed assets mainly include property which are acquired by the Bank through the process of auction due to forced liquidation of collaterals securing loans. The specific items, are initially recognized in the cost of acquisition, including transactions costs, and are included in "Other Assets" in the balance sheet. In subsequent periods, they are measured at the lower value between carrying and recoverable value (recoverable value is the fair value of the asset less any costs to dispose). Gains or losses from disposal of repossessed assets, are accounted in "Other Operating Income" in the income statement.

2.8 Impairment of Tangible and Intangible Assets

On each balance sheet date the Group examines the book value of the tangible and intangible assets to determine whether there is an indication for impairment. The recoverable value of the asset is then calculated. When it is not possible to estimate the recoverable value of a specific asset, the Group estimates the recoverable value of the cash flow generating unit, to which the asset belongs. The recoverable value is the greater amount between the net sale price and the value in use. For the calculation of the value in use of the asset, the estimated future cash flows are discounted to their present value.

If the recoverable amount of an asset (or a cash flow generating unit) is estimated to be less than its carrying value, the carrying value of the asset (or the cash flow generating unit) is reduced to the recoverable amount. An impairment loss is immediately recognized in the income statement as an expense.

If, subsequently, an impairment loss reverses, the carrying value of the asset (or the cash flow generating unit) increases up to the lower between the revised estimated recoverable value and the carrying value of the asset if no impairment loss had been recognized (or the cash flow generating unit) in prior periods. The reversal of the impairment loss is recognized in the income statement.

2.9 Leases

Leases are classified as finance leases when, according to the terms of lease, the risks and rewards of ownership of the asset are transferred to the lessee. All other leases are classified as operating leases.

The payments for operating leases (net from incentives offered from the lessor) are recognized in the income statement on a straight line basis throughout the duration of the lease. Currently, all the Bank's leases are classified as operational leases.

2.10 Cash and Cash Equivalents

For the purposes of Cash Flow Statement, cash and cash equivalents include balances of "Cash and Balances with Central Bank" and "Due from Banks" with maturities less than three months from the first day of their acquisition (initial acquisition) .

2.11 Income and Deferred Taxes

The burden of the results of the fiscal year with income tax includes the current tax and the deferred tax, that is, the tax or the tax relief that are related to the economic benefits that arise during the fiscal year but have already been accounted for or will be accounted by the tax authorities in different fiscal years. Income tax is recognized in the income statement of the fiscal year, except for the tax that relates to transactions that were recognized directly to equity, in which case it is also recognized directly in equity.

At this point it is worth noting that the taxable profit differs from the profit reported on the income statement as it does not include temporary taxable or allowable differences as well as balances which are permanent differences or are tax exempt.

Current taxes are accounted for according to the tax rates and the tax laws that are used in fiscal years with which they are relevant, based on the taxable for the year.

Deferred taxation is calculated with the balance sheet method and is recognized for all temporary differences between accounting and tax base of assets and liabilities. Liabilities from deferred taxation is generally recognized for all the temporary tax differences. Deferred tax assets are recognized to the extent at which there will be enough future taxable profits to utilize the temporary difference that creates the deferred tax asset. Deferred tax is not recognized when it derives from the original recognition of an asset or a liability in a transaction, apart from a business merger, that did not affect neither accounting profit nor tax profit, when the transaction occurred. The book value of the deferred tax asset is examined on every balance sheet date and is reduced to the extent that it is not likely that adequate available taxable profit will exist to utilize recovery of the asset (wholly or in part). The deferred tax assets and liabilities are calculated based on the tax rates that are expected to be applied in the fiscal year when it is estimated that the asset or liability will be settled, taking in mind the tax rates (and tax laws) that have been put in effect or effectively apply up to the date of the balance sheet.

Deferred tax assets and liabilities are offsetted when the Bank has a legally enforceable right to set off current tax assets against current tax liabilities and when those are related with income taxes levied from the same tax authority and furthermore, the Group is willing to settle current tax liabilities and assets on a net basis. Deferred taxation is recognized as an expense or income in the income statement, with the exception of cases where the deferred tax is recognized directly to equity, when it relates to items directly recognized in the Equity.

2.12 Employee Benefits

Short – term benefits: The short-term employee benefits (except for the post employment benefits) in money and in kind are recognized as an expense when they are considered accrued.

Unpaid amounts are recognized as a liability, while in the case where the amount already paid exceeds the amount of the benefits, the Group recognizes the excess amount as an asset (pre-paid expense) only to the extent that the prepayment will lead to a reduction of future payments or in refund.

Cost of Post Employment benefits

The contributions to defined contribution plans, are expensed when they become payable. The contribution to state programs or pension organizations are treated like contributions to defined contribution plans, when the Group's obligations towards those Organizations are similar to those that derive from a defined contribution plan.

For defined benefit plans, the cost of those benefits is estimated using the projected credit unit method, based on actuarial studies' estimates, which take place on every balance sheet date. The actuarial gains or losses that exceed 10% of the highest between the present value of the defined benefit obligation of the Group and the fair value of any plan assets are depreciated in the expected average of the residual working life of the participating employees. Past service cost is recognized immediately to the extent those benefits are already vested. In other cases, they are depreciated on a different basis, i.e. in the average vesting period of those benefits.

The defined benefit liability recognized on the balance sheet represents the present value of the defined benefit obligation plus any unrecognized actuarial gains or losses, minus the unrecognized past service cost, minus the fair value of the plan assets. Any asset that comes from the relevant calculation is limited to the non recognized actuarial losses and the cost of previous working experience, plus the present value of the available returns and the decrease in the future contribution to the program.

2.13 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are calculated on the basis of the best estimate of the Board of Directors, overviewed on the balance sheet date and are adjusted to represent the present value of the expense which is expected to settle an obligation.

Contingent liabilities are not recognized in the financial statements but are disclosed, unless the possibility of the outflow resource with potential financial benefit is remote. Contingent assets are not recognized in the financial statements but are disclosed if the inflow of economic is probable.

2.14 Revenue Recognition

The Group's revenue mainly includes interest income from loans and interest bearing securities, commissions from portfolio management, letters of guarantee, currency transactions and other banking activities, income from dividends and other income. Any intercompany revenue is eliminated on consolidation.

Revenue recognition policies are as follows:

i) Interest Income

Interest income refers to all the interest bearing balance sheet items and are recognized on accruals basis, using the effective interest method with the basis of the calculation being the acquisition cost. Interest income includes the coupons from fixed interest securities and trading securities, the accrued premium/discount of government and similar securities as well as the interest of loans/placements.

ii) Income from commissions

Income from fees and commissions are recognized depending on the stage of completion of the services rendered in order to match the related to the costs, while those related to the undertaking of credit risk are charged in the income statement on a systematic basis during the period within which the risk exists as it is incorporated in the effective interest rate method calculation.

iii) Income from dividends and securities

Income from dividends are realized when the right to collect is constituted. Gains from securities are recognized upon their sale.

2.15 Dividends Distribution

The distribution of dividends to the shareholders of the Bank is recognized as liability in the financial statements on the date that the distribution is approved by the General Meeting of the shareholders.

2.16 Segment Reporting

A segment is defined as a group of assets and operations that provide products and services, that are subject to risks and rewards different from those of other segments.

A geographical segment is a geographical area where products and services provided are subject to risks and rewards different from those of other areas. The Bank's activities take place exclusively in Greece.

During period 2005, the Bank had not divided its activities in different business segments as its activities were entirely related to the banking sector. In period 2006, The Group has recognized the following reporting segments:

1) Retail Banking: The segment comprises the total of private individuals. Via the network of its branches and the alternative network of ELTA shops, the Bank provides its clients with a range of mortgage and consumption credit products, credit cards and deposit products.

2) Corporate: This segment comprises public companies. The Bank provides loans to the customers of this segment and has not issued letter of credit. This segment is not a strategic activity for the Bank, since it derives from the prior Public Service and such kind of loans are not provided anymore.

3) Treasury: This segment comprises the Bank's capital management, Bank's securities and treasury services management. The financial products in which the Bank invests are mainly bonds, derivative products, shares listed in both Athens Stock Exchange and foreign stock exchanges and foreign currency transactions.

The above change in business segments is applied retrospectively from 1 January 2005, thus providing comparative data for period 2006.

3. Critical accounting policies, estimates and judgments

3.1 Critical accounting policies and estimates

The preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) requires management to make a number of judgments, estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses in consolidated and stand alone Financial Statements and the accompanying notes. The Bank's management believes that the judgments, estimates and assumptions used in the preparation of the Financial Statements are appropriate given the factual circumstances as of 31 December 2006.

Various elements of the Bank's accounting policies, by their nature, are inherently subject to estimations, valuation assumptions and other subjective assessments. In particular, the Bank has identified five accounting policies which, due to the judgments, estimates and assumptions inherent in those policies, and the sensitivity of the financial statements to those judgments, estimates and assumptions, are critical to understanding the financial statements.

3.1.1 Recognition and measurement of financial instruments at fair value

Assets and liabilities that are classified as held for trading purposes are recorded at fair value on the balance sheet date, with changes in fair value reflected in "financial operation results". For listed financial instruments, fair value is based on quoted market prices for the specific instrument. Where no active market exists, or where quoted prices are not otherwise available, fair value is determined using a variety of valuation techniques. These include present value methods, models based on observable input parameters, and models where some of the input parameters are unobservable. Valuation methods are used primarily to value derivatives transacted in the over-the-counter market and periodically reviewed thereafter. All valuation models are validated before they are used as a basis for financial reporting. Although a significant degree of judgment is, in some cases, required in establishing fair values, management believes that the fair values recorded in the balance sheet and the changes in fair values recorded in the income statement are prudent and reflective of the underlying economics, based on the controls and procedural safeguards employed.

3.1.2 Allowance for loan losses

The amount of the allowance provided for loan losses is based upon management's ongoing assessments of the probable estimated losses in the loan portfolio. The accuracy of the allowances provided depends on management's estimates of future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances. While this necessarily involves judgment, the Bank's management believes that the allowances are reasonable and supportable.

3.1.3 Retirement benefit obligations

The defined benefit obligation is actuarially determined using assumed discount rates and assumed rates of compensation increase. These assumptions are ultimately determined by reviewing the Bank's salary increases each year.

3.1.4 Useful lives of depreciable assets

The management of the Bank determines the estimated useful lives and related depreciation charges for its property and other equipment. The Bank's estimate is based on the projected operating life cycle of its buildings and other depreciable assets such as furniture and other equipment, motor vehicles, hardware and other equipment and it could not change significantly. However, management will change the depreciation charge where useful lives are turned to be different than previously estimated lives or it will write down or write-off obsolete assets.

3.2 Critical Accounting Judgments

3.2.1. Held to maturity investments

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

3.2.2 Impairment for available-for-sale financial assets

The Bank follows the IAS 39 guidance on determining when an investment is other than temporarily impaired. This determination requires judgment and the Bank evaluates the duration and extent to which the fair value of an investment is lower than its cost. Additionally, the financial position and short-term business perspective of the investor, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

3.2.3 Income Taxes

Significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. The Bank recognizes liabilities for anticipated differences due to a tax audit from tax authorities based on estimates of whether additional taxes will be imposed. In case the final payable taxes are different from the amounts that were initially recorded, such differences will affect, through the income statement, current and deferred income tax provision in the respective period.

4. Financial Risk Management

4.1 Credit Risk

Credit risk from loans derives from borrowers' inability to repay their debt, part or in whole, according to contractual repayment schedule.

The majority of loans concerns mortgage loans, representing 67,79% of the group's total outstanding loans. Loans to public sector represent 4,27% of the group's balance, while consumer loans and loans given to personnel represents 25,30% and the remaining balance of 2,64 % relates to credit cards.

Group's management gives great importance in the adequate management of credit risk by evaluating the credit worthiness of each counterparty.

In order to achieve the above target, Group's management have set in place the necessary structures and procedures.

4.2 Market Risk

Market risk is the risk of a loss in various portfolios of the Group due to adverse changes in the prices of the related assets. Such portfolios include equities and financial indices, interest rates, commodities, currencies, etc.

4.3 Currency Risk

Foreign currency risk is the investment risk deriving from unfavorable currency rate changes, when the Group holds open foreign exchange positions.

Management has set specific maximum currency exposure limits for intra-day and daily currency positions. Currency exposure limits are daily monitored.

The Group's open foreign exchange positions for the years ended on December 31, 2005 and 2006 were as follows:

Currency Risk at 31/12/2005 company

	USD	CAD	GBP	CHF	SEK	OTHER CURRENCIES	EURO	TOTAL
Currency Risk concerning Assets								
Cash and balances with central bank	17.358,65	14,57	1.408,14	1.363,26	-	6.250,38	191.239.684,14	191.266.079,14
Receivables to Credit Institutions	12.288.743,35	453.411,28	643.681,04	124.068,50	226.126,75	471.040,91	1.235.055.652,50	1.249.262.724,33
Trading Securities and other Financial assets at fair value through profit & loss	-	-	-	-	-	-	1.593.121.669,08	1.593.121.669,08
Derivative financial instruments	-	-	-	-	-	-	810.147,80	810.147,80
Loans & advances to customers	-	-	-	-	-	-	3.044.667.020,61	3.044.667.020,61
Minus :Provisions	-	-	-	-	-	-	(31.365.743,79)	(31.365.743,79)
Investments Available for Sale	1.800.045,56	-	-	-	-	-	4.617.112.304,96	4.618.912.350,52
Investments Held to Maturity	-	-	-	-	-	-	491.871.117,75	491.871.117,75
Investments in Associated Undertaking	-	-	-	-	-	-	1.050.000,00	1.050.000,00
Tangible Assets	-	-	-	-	-	-	110.750.791,08	110.750.791,08
Intangible Assets	-	-	-	-	-	-	10.970.975,17	10.970.975,17
Deferred Tax Asset	-	-	-	-	-	-	36.224.148,01	36.224.148,01
Other Assets	56.908,81	852,08	1.599,34	308,53	675,66	2.561,86	247.503.118,11	247.566.024,39
Total Assets	14.163.056,37	454.277,93	646.688,52	125.740,29	226.802,41	479.853,15	11.549.010.885,42	11.565.107.304,09
Currency Risk concerning Liabilities								
Cash and balances due to Customers	6.475.526,73	258.441,87	366.263,32	99.518,66	178.884,38	156.369,94	9.946.303.760,30	9.953.838.765,20
Derivative financial instruments	-	-	-	-	-	-	66.626.004,60	66.626.004,60
Deferred Tax Liabilities	-	-	-	-	-	-	67.737.773,28	67.737.773,28
Employment Benefit Obligations	-	-	-	-	-	-	17.952.698,00	17.952.698,00
Other Liabilities	34.569,52	750,81	1.094,15	249,80	603,45	2.012,85	593.473.289,57	593.512.570,15
Total Liabilities	6.510.096,25	259.192,68	367.357,47	99.768,46	179.487,83	158.382,79	10.692.093.525,75	10.699.667.811,23
Net on balance sheet position	7.652.960,12	195.085,25	279.331,05	25.971,83	47.314,58	321.470,36	856.917.359,67	865.439.492,86

Currency Risk at 31/12/2005 consolidated

	USD	CAD	GBP	CHF	SEK	OTHER CURRENCIES	EURO	TOTAL
Currency Risk concerning Assets								
Cash and balances with central bank	17.358,65	14,57	1.408,14	1.363,26	-	6.250,38	191.239.684,14	191.266.079,14
Receivables to Credit Institutions	12.288.743,35	453.411,28	643.681,04	124.068,50	226.126,75	471.040,91	1.235.055.652,50	1.249.262.724,33
Trading Securities and other Financial assets at fair value through profit & loss	-	-	-	-	-	-	1.593.121.669,08	1.593.121.669,08
Derivative financial instruments	-	-	-	-	-	-	810.147,80	810.147,80
Loans & advances to customers	-	-	-	-	-	-	3.044.667.020,61	3.044.667.020,61
Minus :Provisions	-	-	-	-	-	-	(31.365.743,79)	(31.365.743,79)
Investments Available for Sale	1.800.045,56	-	-	-	-	-	4.617.112.304,96	4.618.912.350,52
Investments Held to Maturity	-	-	-	-	-	-	491.871.117,75	491.871.117,75
Investments in Associated Undertaking	-	-	-	-	-	-	537.561,05	537.561,05
Tangible Assets	-	-	-	-	-	-	110.750.791,08	110.750.791,08
Intangible Assets	-	-	-	-	-	-	10.970.975,17	10.970.975,17
Deferred Tax Asset	-	-	-	-	-	-	36.224.148,01	36.224.148,01
Other Assets	56.908,81	852,08	1.599,34	308,53	675,66	2.561,86	247.503.118,11	247.566.024,39
Total Assets	14.163.056,37	454.277,93	646.688,52	125.740,29	226.802,41	479.853,15	11.548.498.446,47	11.564.594.865,14
Currency Risk concerning Liabilities								
Cash and balances due to Customers	6.475.526,73	258.441,87	366.263,32	99.518,66	178.884,38	156.369,94	9.946.303.760,30	9.953.838.765,20
Derivative financial instruments	-	-	-	-	-	-	66.626.004,60	66.626.004,60
Deferred Tax Liabilities	-	-	-	-	-	-	67.737.773,28	67.737.773,28
Employment Benefit Obligations	-	-	-	-	-	-	17.952.698,00	17.952.698,00
Other Liabilities	34.569,52	750,81	1.094,15	249,80	603,45	2.012,85	593.473.289,57	593.512.570,15
Total Liabilities	6.510.096,25	259.192,68	367.357,47	99.768,46	179.487,83	158.382,79	10.692.093.525,75	10.699.667.811,23
Net on balance sheet position	7.652.960,12	195.085,25	279.331,05	25.971,83	47.314,58	321.470,36	856.404.920,72	864.927.053,91

Currency Risk at 31/12/2006 company

	USD	CAD	GBP	CHF	SEK	OTHER CURRENCIES	EURO	TOTAL
Currency Risk concerning Assets								
Cash and balances with central bank	11.795,54	2.189,15	4.278,48	360,94	221,23	11.081,29	148.832.193,15	148.862.119,78
Receivables to Credit Institutions	1.702.290,21	834.912,20	737.384,53	131.256,54	185.335,59	544.192,04	753.358.927,78	757.494.298,89
Trading Securities and other Financial assets at fair value through profit & loss	-	-	-	-	-	-	1.615.792.844,10	1.615.792.844,10
Derivative financial instruments	-	-	-	-	-	-	11.759.320,59	11.759.320,59
Loans & advances to customers	-	-	-	-	-	-	4.862.810.650,94	4.862.810.650,94
Minus :Provisions	-	-	-	-	-	-	(60.028.248,00)	(60.028.248,00)
Investments Available for Sale	1.151.794,06	-	-	-	-	-	4.095.886.814,47	4.097.038.608,53
Investments Held to Maturity	-	-	-	-	-	-	490.183.271,81	490.183.271,81
Investments in Associated Undertaking	-	-	-	-	-	-	1.139.028,00	1.139.028,00
Tangible Assets	-	-	-	-	-	-	111.632.863,03	111.632.863,03
Intangible Assets	-	-	-	-	-	-	11.306.861,55	11.306.861,55
Deferred Tax Asset	-	-	-	-	-	-	32.000.994,93	32.000.994,93
Other Assets	176.586,44	3.581,75	26.056,99	563,31	147,49	2.739,97	256.481.937,02	256.691.612,97
Total Assets	3.042.466,25	840.683,10	767.720,00	132.180,79	185.704,31	558.013,30	12.331.157.459,37	12.336.684.227,12
Currency Risk concerning Liabilities								
Liabilities due to credit institutions	-	-	-	-	-	-	500.000.000,00	500.000.000,00
Cash and balances due to Customers	7.142.919,29	611.214,71	435.116,00	97.221,29	187.255,33	149.636,69	10.717.335.684,96	10.725.959.048,27
Derivative financial instruments	-	-	-	-	-	-	2.457.449,58	2.457.449,58
Deferred Tax Liabilities	-	-	-	-	-	-	38.391.546,61	38.391.546,61
Employment Benefit Obligations	-	-	-	-	-	-	24.790.194,00	24.790.194,00
Other Liabilities	76.426,99	5.260,28	11.997,10	480,66	1.687,42	2.213,18	175.523.332,20	175.621.397,83
Total Liabilities	7.219.346,28	616.474,99	447.113,10	97.701,95	188.942,75	151.849,87	11.458.498.207,35	11.467.219.636,29
Net on balance sheet position	(4.176.880,03)	224.208,11	320.606,90	34.478,84	(3.238,44)	406.163,43	872.659.252,02	869.464.590,83

Currency Risk at 31/12/2006 consolidated

	USD	CAD	GBP	CHF	SEK	OTHER CURRENCIES	EURO	TOTAL
Currency Risk concerning Assets								
Cash and balances with central bank	11.795,54	2.189,15	4.278,48	360,94	221,23	11.081,29	148.833.773,22	148.863.699,85
Receivables to Credit Institutions	1.702.290,21	834.912,20	737.384,53	131.256,54	185.335,59	544.192,04	753.735.029,21	757.870.400,32
Trading Securities and other Financial assets at fair value through profit & loss	-	-	-	-	-	-	1.616.362.239,26	1.616.362.239,26
Derivative financial instruments	-	-	-	-	-	-	11.759.320,59	11.759.320,59
Loans & advances to customers	-	-	-	-	-	-	4.862.810.650,94	4.862.810.650,94
Minus :Provisions	-	-	-	-	-	-	(60.028.248,00)	(60.028.248,00)
Investments Available for Sale	1.151.794,06	-	-	-	-	-	4.095.886.814,47	4.097.038.608,53
Investments Held to Maturity	-	-	-	-	-	-	490.183.271,81	490.183.271,81
Investments in Associated Undertaking	-	-	-	-	-	-	-	-
Tangible Assets	-	-	-	-	-	-	111.719.846,64	111.719.846,64
Intangible Assets	-	-	-	-	-	-	11.359.606,00	11.359.606,00
Deferred Tax Asset	-	-	-	-	-	-	32.000.994,93	32.000.994,93
Other Assets	176.586,44	3.581,75	26.056,99	563,31	147,49	2.739,97	256.549.827,97	256.759.503,92
Total Assets	3.042.466,25	840.683,10	767.720,00	132.180,79	185.704,31	558.013,30	12.331.173.127,04	12.336.699.894,79
Currency Risk concerning Liabilities								
Liabilities due to credit institutions	-	-	-	-	-	-	500.000.000,00	500.000.000,00
Cash and balances due to Customers	7.142.919,29	611.214,71	435.116,00	97.221,29	187.255,33	149.636,69	10.717.335.684,96	10.725.959.048,27
Derivative financial instruments	-	-	-	-	-	-	2.457.449,58	2.457.449,58
Deferred Tax Liabilities	-	-	-	-	-	-	38.396.584,91	38.396.584,91
Employment Benefit Obligations	-	-	-	-	-	-	24.806.177,00	24.806.177,00
Other Liabilities	76.426,99	5.260,28	11.997,10	480,66	1.687,42	2.213,18	175.561.402,91	175.659.468,54
Total Liabilities	7.219.346,28	616.474,99	447.113,10	97.701,95	188.942,75	151.849,87	11.458.557.299,36	11.467.278.728,30
Net on balance sheet position	(4.176.880,03)	224.208,11	320.606,90	34.478,84	(3.238,44)	406.163,43	872.615.827,68	869.421.166,49

4.4 Interest Rate Risk

Interest rate risk is the risk due to adverse movements in interest rates.

Interest Rate Risk 31/12/2005 com pany

	Up to 1month	1-3 months	3-12 months	1-5 years	Over 5 years	Non Affected Elements	Total
Assets							
Cash and Balances in the Central Bank	191.266.079,14	-	-	-	-	-	191.266.079,14
Cash and advances to Credit Institutions	902.837.802,74	234.655.108,54	111.769.813,05	-	-	-	1.249.262.724,33
Trading Securities and other Financial assets at fair value through profit and loss	15.000.000,00	139.753.853,00	535.788.145,80	499.551.979,22	251.429.268,72	151.598.422,34	1.593.121.669,08
Derivative Financial instruments	-	-	-	454.534,89	355.612,91	-	810.147,80
Loans and Advances to Customers	-	58.184.905,89	167.895.490,53	619.444.103,58	2.199.142.520,61	-	3.044.667.020,61
Minus :Provisions	-	-	-	-	-	(31.365.743,79)	(31.365.743,79)
Investments Available for Sale	19.990,01	1.239.746.728,79	100.285.105,37	2.813.111.422,47	341.395.044,06	124.354.059,82	4.618.912.350,52
Investments Held to Maturity	-	-	491.871.117,75	-	-	-	491.871.117,75
Investments in Associated Undertaking	-	-	-	-	-	1.050.000,00	1.050.000,00
Tangible Assets	-	-	-	-	-	110.750.791,08	110.750.791,08
Intangible Assets	-	-	-	-	-	10.970.975,17	10.970.975,17
Deferred Tax Asset	-	-	-	-	-	36.224.148,01	36.224.148,01
Other Assets	-	-	-	-	-	247.566.024,39	247.566.024,39
Total Assets	1.109.123.871,89	1.672.340.596,22	1.407.609.672,50	3.932.562.040,16	2.792.322.446,30	651.148.677,02	11.565.107.304,09
Liabilities							
Cash and balances due to Customers	2.291.546.886,78	1.349.444.556,90	6.297.407.932,20	-	-	15.439.389,32	9.953.838.765,20
Derivative financial instruments	-	-	295.115,15	37.469.017,65	28.861.871,80	-	66.626.004,60
Deferred Tax Liabilities	-	-	-	-	-	67.737.773,28	67.737.773,28
Employment Benefit Obligations	-	-	-	-	-	17.952.698,00	17.952.698,00
Other Liabilities	-	-	-	-	-	593.512.570,15	593.512.570,15
Total Liabilities	2.291.546.886,78	1.349.444.556,90	6.297.703.047,35	37.469.017,65	28.861.871,80	694.642.430,75	10.699.667.811,23
Total Interest Sensitivity Gap	(1.182.423.014,89)	322.896.039,32	(4.890.093.374,85)	3.895.093.022,51	2.763.460.574,50	(43.493.753,73)	865.439.492,86

Interest Rate Risk 31/12/2005 consolidated

	Up to 1m onth	1-3 months	3-12 months	1-5 years	Over 5 years	Non Affected Elements	Total
Assets							
Cash and Balances in the Central Bank	191.266.079,14	-	-	-	-	-	191.266.079,14
Cash and advances to Credit Institutions	902.837.802,74	234.655.108,54	111.769.813,05	-	-	-	1.249.262.724,33
Trading Securities and other Financial assets at fair value through profit and loss	15.000.000,00	139.753.853,00	535.788.145,80	499.551.979,22	251.429.268,72	151.598.422,34	1.593.121.669,08
Derivative Financial Instruments	-	-	-	454.534,89	355.612,91	-	810.147,80
Loans and Advances to Customers	-	58.184.905,89	167.895.490,53	619.444.103,58	2.199.142.520,61	-	3.044.667.020,61
Minus :Provisions	-	-	-	-	-	(31.365.743,79)	(31.365.743,79)
Investments Available for Sale	19.990,01	1.239.746.728,79	100.285.105,37	2.813.111.422,47	341.395.044,06	124.354.059,82	4.618.912.350,52
Investments Held to Maturity	-	-	491.871.117,75	-	-	-	491.871.117,75
Investments in Associated Undertaking	-	-	-	-	-	537.561,05	537.561,05
Tangible Assets	-	-	-	-	-	110.750.791,08	110.750.791,08
Intangible Assets	-	-	-	-	-	10.970.975,17	10.970.975,17
Deferred Tax Asset	-	-	-	-	-	36.224.148,01	36.224.148,01
Other Assets	-	-	-	-	-	247.566.024,39	247.566.024,39
Total Assets	1.109.123.871,89	1.672.340.596,22	1.407.609.672,50	3.932.562.040,16	2.792.322.446,30	650.636.238,07	11.564.594.865,14
Liabilities							
Liabilities due to credit institutions	-	-	-	-	-	-	-
Cash and balances due to Customers	2.291.546.886,78	1.349.444.556,90	6.297.407.932,20	-	-	15.439.389,32	9.953.838.765,20
Derivative financial instruments	-	-	295.115,15	37.469.017,65	28.861.871,80	-	66.626.004,60
Deferred Tax Liabilities	-	-	-	-	-	67.737.773,28	67.737.773,28
Employment Benefit Obligations	-	-	-	-	-	17.952.698,00	17.952.698,00
Other Liabilities	-	-	-	-	-	593.512.570,15	593.512.570,15
Total Liabilities	2.291.546.886,78	1.349.444.556,90	6.297.703.047,35	37.469.017,65	28.861.871,80	694.642.430,75	10.699.667.811,23
Total Interest Sensitivity Gap	(1.182.423.014,89)	322.896.039,32	(4.890.093.374,85)	3.895.093.022,51	2.763.460.574,50	(44.006.192,68)	864.927.053,91

Interest Rate Risk 31/12/2006 company

	Up to 1m onth	1-3 months	3-12 months	1-5 years	Over 5 years	Non Affected Elements	Total
Assets							
Cash and Balances in the Central Bank	148.862.119,78	-	-	-	-	-	148.862.119,78
Cash and advances to Credit Institutions	757.494.298,89	-	-	-	-	-	757.494.298,89
Trading Securities and other Financial assets at fair value through profit and loss	480.146.274,02	175.116.214,61	405.580.787,80	125.315.235,44	230.515.154,71	199.119.177,52	1.615.792.844,10
Derivative Financial Instruments	304.660,50	1.813.094,32	9.641.565,77	-	-	-	11.759.320,59
Loans and Advances to Customers	2.520.203.260,54	201.580.173,55	313.055.531,32	1.651.962.078,28	176.009.607,25	-	4.862.810.650,94
Minus :Provisions	-	-	-	-	-	(60.028.248,00)	(60.028.248,00)
Investments Available for Sale	110.686.987,08	1.048.949.770,42	127.481.502,58	2.235.999.790,30	453.496.450,70	120.424.107,45	4.097.038.608,53
Investments Held to Maturity	-	-	490.183.271,81	-	-	-	490.183.271,81
Investments in Associated Undertaking	-	-	-	-	-	1.139.028,00	1.139.028,00
Tangible Assets	-	-	-	-	-	111.632.863,03	111.632.863,03
Intangible Assets	-	-	-	-	-	11.306.861,55	11.306.861,55
Deferred Tax Asset	-	-	-	-	-	32.000.994,93	32.000.994,93
Other Assets	-	-	-	-	-	256.691.612,97	256.691.612,97
Total Assets	4.017.697.600,81	1.427.459.252,90	1.345.942.659,28	4.013.277.104,02	860.021.212,66	672.286.397,45	12.336.684.227,12
Liabilities							
Liabilities due to credit institutions	500.000.000,00	-	-	-	-	-	500.000.000,00
Cash and balances due to Customers	8.209.077.766,52	313.840.918,06	2.203.040.363,69	-	-	-	10.725.959.048,27
Derivative financial instruments	490.172,19	1.409.271,49	558.005,90	-	-	-	2.457.449,58
Deferred Tax Liabilities	-	-	-	-	-	38.391.546,61	38.391.546,61
Employment Benefit Obligations	-	-	-	-	-	24.790.194,00	24.790.194,00
Other Liabilities	-	-	-	-	-	175.621.397,83	175.621.397,83
Total Liabilities	8.709.567.938,71	315.250.189,55	2.203.598.369,59	-	-	238.803.138,44	11.467.219.636,29
Total Interest Sensitivity Gap	(4.691.870.337,90)	1.112.209.063,35	(857.655.710,31)	4.013.277.104,02	860.021.212,66	433.483.259,01	869.464.590,83

Interest Rate Risk 31/12/2006 consolidated

	Up to 1m onth	1-3 months	3-12 months	1-5 years	Over 5 years	Non Affected Elements	Total
Assets							
Cash and Balances in the Central Bank	148.863.699,85	-	-	-	-	-	148.863.699,85
Cash and advances to Credit Institutions	757.870.400,32	-	-	-	-	-	757.870.400,32
Trading Securities and other Financial assets at fair value through profit and loss	480.146.274,02	175.116.214,61	405.580.787,80	125.315.235,44	230.515.154,71	199.688.572,68	1.616.362.239,26
Derivative Financial instruments	304.660,50	1.813.094,32	9.641.565,77	-	-	-	11.759.320,59
Loans and Advances to Customers	2.520.203.260,54	201.580.173,55	313.055.531,32	1.651.962.078,28	176.009.607,25	-	4.862.810.650,94
Minus :Provisions	-	-	-	-	-	(60.028.248,00)	(60.028.248,00)
Investments Available for Sale	110.686.987,08	1.048.949.770,42	127.481.502,58	2.235.999.790,30	453.496.450,70	120.424.107,45	4.097.038.608,53
Investments Held to Maturity	-	-	490.183.271,81	-	-	-	490.183.271,81
Investments in Associated Undertaking	-	-	-	-	-	-	-
Tangible Assets	-	-	-	-	-	111.719.846,64	111.719.846,64
Intangible Assets	-	-	-	-	-	11.359.606,00	11.359.606,00
Deferred Tax Asset	-	-	-	-	-	32.000.994,93	32.000.994,93
Other Assets	-	-	-	-	-	256.759.503,92	256.759.503,92
Total Assets	4.018.075.282,31	1.427.459.252,90	1.345.942.659,28	4.013.277.104,02	860.021.212,66	671.924.383,62	12.336.699.894,79
Liabilities							
Liabilities due to credit institutions	500.000.000,00	-	-	-	-	-	500.000.000,00
Cash and balances due to Customers	8.209.077.766,52	313.840.918,06	2.203.040.363,69	-	-	-	10.725.959.048,27
Derivative financial instruments	490.172,19	1.409.271,49	558.005,90	-	-	-	2.457.449,58
Deferred Tax Liabilities	-	-	-	-	-	38.396.584,91	38.396.584,91
Employment Benefit Obligations	-	-	-	-	-	24.806.177,00	24.806.177,00
Other Liabilities	-	-	-	-	-	175.659.468,54	175.659.468,54
Total Liabilities	8.709.567.938,71	315.250.189,55	2.203.598.369,59	-	-	238.862.230,45	11.467.278.728,30
Total Interest Sensitivity Gap	(4.691.492.656,40)	1.112.209.063,35	(857.655.710,31)	4.013.277.104,02	860.021.212,66	433.062.153,17	869.421.166,49

4.5 Liquidity Risk

Liquidity risk is the risk of a financial institution which will not be able to meet its obligations as they become due, because of lack of the required liquidity.

Regarding the management of liquidity risk the Group classifies asset and liability elements to time bands according to the remaining period at balance sheet date in order to meet all of its payment obligations as they fall due. The table below analyses assets and liabilities based on the remaining period at balance sheet date to the contractual maturity date.

Liquidity Risk 31/12/2005 Company

Amounts in €	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets						
Cash and Balances in the Central Bank	191.266.079,14	-	-	-	-	191.266.079,14
Cash and advances to Credit Institutions	912.348.660,92	224.842.976,99	112.071.086,42	-	-	1.249.262.724,33
Trading Securities and other Financial assets at fair value through profit and loss	-	-	416.220.285,80	322.456.299,73	854.445.083,55	1.593.121.669,08
Derivative Financial instruments	-	-	-	454.534,89	355.612,91	810.147,80
Investments Available for Sale	-	298.697.118,79	67.003.935,50	2.528.351.994,37	1.724.859.301,86	4.618.912.350,52
Investments Held to Maturity	-	-	-	491.871.117,75	-	491.871.117,75
Loans and Advances to Customers	36.649.987,59	52.723.128,05	226.169.512,32	920.623.583,46	1.808.500.809,19	3.044.667.020,61
Minus :Provisions	-	-	-	-	(31.365.743,79)	(31.365.743,79)
Investments in Associated Undertaking	-	-	-	-	1.050.000,00	1.050.000,00
Tangible Assets	-	-	-	-	110.750.791,08	110.750.791,08
Intangible Assets	-	-	-	-	10.970.975,17	10.970.975,17
Deferred Tax Asset	-	-	2.502.567,98	16.274.131,44	17.447.448,59	36.224.148,01
Other Assets	251.278,28	806.330,75	258.879.278,79	-	(12.370.863,43)	247.566.024,39
Total Assets	1.140.516.005,93	577.069.554,58	1.082.846.666,81	4.280.031.661,64	4.484.643.415,13	11.565.107.304,09
Liquidity of Liabilities						
Cash and balances due to Customers	7.985.985.496,88	300.367.221,63	1.667.486.046,69	-	-	9.953.838.765,20
Derivative financial instruments	-	-	295.115,15	37.469.017,65	28.861.871,80	66.626.004,60
Deferred Tax Liabilities	-	3.621.963,15	812.481,17	32.166.375,12	31.136.953,84	67.737.773,28
Employment Benefit Obligations	-	-	-	359.053,96	17.593.644,04	17.952.698,00
Other Liabilities	250.864.179,89	23.396.311,12	316.663.974,16	2.561.754,98	26.350,00	593.512.570,15
Total Liabilities	8.236.849.676,77	327.385.495,90	1.985.257.617,17	72.556.201,71	77.618.819,68	10.699.667.811,23
Total Liquidity Gap	(7.096.333.670,84)	249.684.058,68	(902.410.950,36)	4.207.475.459,93	4.407.024.595,45	865.439.492,86

Liquidity Risk 31/12/2005 Consolidated						
<i>Amounts in €</i>	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liquidity of Assets						
Cash and Balances in the Central Bank	191.266.079,14	-	-	-	-	191.266.079,14
Cash and advances to Credit Institutions	912.348.660,92	224.842.976,99	112.071.086,42	-	-	1.249.262.724,33
Trading Securities and other Financial assets at fair value through profit and loss	-	-	416.220.285,80	322.456.299,73	854.445.083,55	1.593.121.669,08
Derivative Financial Instruments	-	-	-	454.534,89	355.612,91	810.147,80
Investments Available for Sale	-	298.697.118,79	67.003.935,50	2.528.351.994,37	1.724.859.301,86	4.618.912.350,52
Investments Held to Maturity	-	-	-	491.871.117,75	-	491.871.117,75
Loans and Advances to Customers	36.649.987,59	52.723.128,05	226.169.512,32	920.623.583,46	1.808.500.809,19	3.044.667.020,61
Minus :Provisions	-	-	-	-	(31.365.743,79)	(31.365.743,79)
Investments in Associated Undertaking	-	-	-	-	537.561,05	537.561,05
Tangible Assets	-	-	-	-	110.750.791,08	110.750.791,08
Intangible Assets	-	-	-	-	10.970.975,17	10.970.975,17
Deferred Tax Asset	-	-	2.502.567,98	16.274.131,44	17.447.448,59	36.224.148,01
Other Assets	251.278,28	806.330,75	258.879.278,79	-	(12.370.863,43)	247.566.024,39
Total Assets	1.140.516.005,93	577.069.554,58	1.082.846.666,81	4.280.031.661,64	4.484.130.976,18	11.564.594.865,14
Liquidity of Liabilities						
Cash and balances due to Customers	7.985.985.496,88	300.367.221,63	1.667.486.046,69	-	-	9.953.838.765,20
Derivative financial instruments	-	-	295.115,15	37.469.017,65	28.861.871,80	66.626.004,60
Deferred Tax Liabilities	-	3.621.963,15	812.481,17	32.166.375,12	31.136.953,84	67.737.773,28
Employment Benefit Obligations	-	-	-	359.053,96	17.593.644,04	17.952.698,00
Other Liabilities	250.864.179,89	23.396.311,12	316.663.974,16	2.561.754,98	26.350,00	593.512.570,15
Total Liabilities	8.236.849.676,77	327.385.495,90	1.985.257.617,17	72.556.201,71	77.618.819,68	10.699.667.811,23
Total Liquidity Gap	(7.096.333.670,84)	249.684.058,68	(902.410.950,36)	4.207.475.459,93	4.406.512.156,50	864.927.053,91
Liquidity Risk 31/12/2006 Company						
<i>Amounts in €</i>	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liquidity of Assets						
Cash and Balances in the Central Bank	148.862.119,78	-	-	-	-	148.862.119,78
Cash and advances to Credit Institutions	727.494.298,89	-	30.000.000,00	-	-	757.494.298,89
Trading Securities and other Financial assets at fair value through profit and loss	-	199.130.086,20	25.105.000,00	365.003.225,30	1.026.554.532,60	1.615.792.844,10
Derivative Financial Instruments	-	87.000,00	-	6.722.415,45	4.949.905,14	11.759.320,59
Loans and Advances to Customers	10.569.639,03	109.298.613,20	470.459.025,39	1.290.519.255,00	2.981.964.118,32	4.862.810.650,94
Minus :Provisions	-	-	-	-	(60.028.248,00)	(60.028.248,00)
Investments Available for Sale	50.000.000,00	29.998.500,00	115.090.468,48	2.417.094.693,33	1.484.854.946,72	4.097.038.608,53
Investments Held to Maturity	-	-	490.183.271,81	-	-	490.183.271,81
Investments in Associated Undertaking	-	-	-	-	1.139.028,00	1.139.028,00
Tangible Assets	-	-	-	-	111.632.863,03	111.632.863,03
Intangible Assets	-	-	-	-	11.306.861,55	11.306.861,55
Deferred Tax Asset	28.201,54	2.901.651,91	4.001.119,28	9.130.940,39	15.939.081,81	32.000.994,93
Other Assets	186.579.089,54	26.699.229,73	50.312.399,34	-	(6.899.105,64)	256.691.612,97
Total Assets	1.123.533.348,77	368.115.081,05	1.185.151.284,30	4.088.470.529,47	5.571.413.983,52	12.336.684.227,12
Liquidity of Liabilities						
Liabilities to credit institutions	500.000.000,00	-	-	-	-	500.000.000,00
Cash and balances due to Customers	8.209.077.766,52	313.840.918,06	2.203.040.363,69	-	-	10.725.959.048,27
Derivative financial instruments	-	2.000,00	69.984,56	2.077.059,58	308.405,44	2.457.449,58
Deferred Tax Liabilities	262.532,68	473.384,95	658.222,59	22.057.345,18	14.940.061,21	38.391.546,61
Employment Benefit Obligations	84.286,66	168.573,32	758.579,94	4.045.759,66	19.732.994,42	24.790.194,00
Other Liabilities	77.856.552,10	28.575.672,91	69.127.417,85	61.754,98	-	175.621.397,83
Total Liabilities	8.787.281.137,96	343.060.549,23	2.273.654.568,62	28.241.919,40	34.981.461,08	11.467.219.636,29
Total Liquidity Gap	(7.663.747.789,18)	25.054.531,82	(1.088.503.284,32)	4.060.228.610,07	5.536.432.522,45	869.464.590,83

Liquidity Risk 31/12/2006 Consolidated						
<i>Amounts in €</i>	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liquidity of Assets						
Cash and Balances in the Central Bank	148.863.699,85					148.863.699,85
Cash and advances to Credit Institutions	727.870.400,32		30.000.000,00			757.870.400,32
Trading Securities and other Financial assets at fair value through profit and loss	-	199.699.481,36	25.105.000,00	365.003.225,30	1.026.554.532,60	1.616.362.239,26
Derivative Financial Instruments	-	87.000,00		6.722.415,45	4.949.905,14	11.759.320,59
Loans and Advances to Customers	10.569.639,03	109.298.613,20	470.459.025,39	1.290.519.255,00	2.981.964.118,32	4.862.810.650,94
Minus :Provisions	-	-	-	-	(60.028.248,00)	(60.028.248,00)
Investments Available for Sale	50.000.000,00	29.998.500,00	115.090.468,48	2.417.094.693,33	1.484.854.946,72	4.097.038.608,53
Investments Held to Maturity	-	-	490.183.271,81	-	-	490.183.271,81
Investments in Associated Undertaking	-	-	-	-	-	-
Tangible Assets	-	-	-	-	111.719.846,64	111.719.846,64
Intangible Assets	-	-	-	-	11.359.606,00	11.359.606,00
Deferred Tax Asset	28.201,54	2.901.651,91	4.001.119,28	9.130.940,39	15.939.081,81	32.000.994,93
Other Assets	186.642.039,03	26.699.229,73	50.312.399,34	-	(6.894.164,18)	256.759.503,92
Total Assets	1.123.973.979,76	368.684.476,21	1.185.151.284,30	4.088.470.529,47	5.570.419.625,04	12.336.699.894,79
Liquidity of Liabilities						
Liabilities to credit institutions	500.000.000,00	-	-	-	-	500.000.000,00
Cash and balances due to Customers	8.209.077.766,52	313.840.918,06	2.203.040.363,69	-	-	10.725.959.048,27
Derivative financial instruments	-	2.000,00	69.984,56	2.077.059,58	308.405,44	2.457.449,58
Deferred Tax Liabilities	262.532,68	478.423,25	658.222,59	22.057.345,18	14.940.061,21	38.396.584,91
Employment Benefit Obligations	84.286,66	168.573,32	758.579,94	4.045.759,66	19.748.977,42	24.806.177,00
Other Liabilities	77.894.622,81	28.575.672,91	69.127.417,85	61.754,98	-	175.659.468,54
Total Liabilities	8.787.319.208,67	343.065.587,53	2.273.654.568,62	28.241.919,40	34.997.444,08	11.467.278.728,30
Total Liquidity Gap	(7.663.345.228,90)	25.618.888,68	(1.088.503.284,32)	4.060.228.610,07	5.535.422.180,97	869.421.166,49

4.6 Fair Values of financial assets and liabilities

Assets	ON STANDALONE BASIS			
	31.12.2006		31.12.2005	
	Face Value	Fair Value	Face Value	Fair Value
Cash and balances with central bank	148.862.119,78	148.862.119,78	191.266.079,14	191.266.079,14
Due from banks	757.494.298,89	757.494.298,89	1.249.262.724,33	1.249.262.724,33
Financial assets at fair value through profit and loss	1.615.792.844,10	1.615.792.844,10	1.593.121.669,08	1.593.121.669,08
Derivative financial instruments	11.759.320,59	11.759.320,59	810.147,80	810.147,80
Loans and advances to customers	4.862.810.650,94	4.776.530.173,94	3.044.667.020,61	2.999.648.310,20
Less: Allowance for impairment on loans & advances to customers	(60.028.248,00)	(60.028.248,00)	(31.365.743,79)	(31.365.743,79)
Investment securities available for sale	4.097.038.608,53	4.097.038.608,53	4.618.912.350,52	4.618.912.350,52
Investment securities held to maturity	490.183.271,81	493.517.047,56	491.871.117,75	507.993.895,02
Liabilities	Face Value	Fair Value	Face Value	Fair Value
Due to customers	10.725.959.048,27	10.725.959.048,27	9.953.838.765,20	9.953.838.765,20
Derivative financial instruments	2.457.449,58	2.457.449,58	66.626.004,60	66.626.004,60

Assets	ON CONSOLIDATED BASIS			
	31.12.2006		31.12.2005	
	Face Value	Fair Value	Face Value	Fair Value
Cash and balances with central bank	148.863.699,85	148.863.699,85	191.266.079,14	191.266.079,14
Due from banks	757.870.400,32	757.870.400,32	1.249.262.724,33	1.249.262.724,33
Financial assets at fair value through profit and loss	1.616.362.239,26	1.616.362.239,26	1.593.121.669,08	1.593.121.669,08
Derivative financial instruments	11.759.320,59	11.759.320,59	810.147,80	810.147,80
Loans and advances to customers	4.862.810.650,94	4.776.530.173,94	3.044.667.020,61	2.999.648.310,20
Less: Allowance for impairment on loans & advances to customers	(60.028.248,00)	(60.028.248,00)	(31.365.743,79)	(31.365.743,79)
Investment securities available for sale	4.097.038.608,53	4.097.038.608,53	4.618.912.350,52	4.618.912.350,52
Investment securities held to maturity	490.183.271,81	493.517.047,56	491.871.117,75	507.993.895,02
Liabilities	Face Value	Fair Value	Face Value	Fair Value
Due to customers	10.725.959.048,27	10.725.959.048,27	9.953.838.765,20	9.953.838.765,20
Derivative financial instruments	2.457.449,58	2.457.449,58	66.626.004,60	66.626.004,60

4.7 Capital Adequacy

In accordance with the regulatory framework applicable to Greek Banks, the Bank is subject to various regulatory capital requirements administered by the Bank of Greece, which are based on the regulations of the Bank of International Settlements (BIS). Those regulations require that banks maintain minimum capital levels against assets and certain off-balance sheet items that expose them to risk.

The total capital adequacy ratio (solvent ratio), on consolidated basis, for a credit institution is defined as the ratio of equity to the sum of risk weighted assets (in accordance with the BIS guidelines) and off-balance sheet items, so that the total capital adequacy ratio and the solvency ratio to be greater or equal to the percentage of 8%.

Amounts in thousand €	31.12.2006	31.12.2005
Share Capital	521.207,05	521.207,05
Other Reserves	83.344,83	76.481,98
Retained Earnings	156.095,07	37.038,15
Capital (TIER I)	663.950,10	623.756,13
Capital (TIER II)	12.974,12	27.915,47
Total Equity	676.924,22	651.671,60
Less: Reclassifications	117.364,66	92.562,18
Total Equity	559.559,56	559.109,42
Risk w eighted assets (total market risk)	4.982.342,60	4.272.197,00
Capital adequacy ratio (TIER I)	13,33%	14,60%
Total capital adequacy ratio	11,23%	13,09%
Solvency Ratio	14,42%	20,18%

As of December 2006, the total asset adequacy ratio for the Bank was 11,23%. In accordance with the proposals of Basel II, which are expected to be effective from January 2008, the Bank will adopt the Standardized Approach to measure credit risk, and the Basic Indicator Approach to measure the operational risk.

Based on the provisions of Basel II, the capital requirements for the credit risk attributable to mortgage loans are decreased as compared to other types of loans. The above favors the Greek postal Savings Bank, as its loan portfolio mainly comprises mortgage loans. On the other hand, it is expected that there might be additional capital requirements for the Bank as a result of the measuring operational risks.

5. Segment Report analysis

Segment Report on stand alone Basis				
Amounts in €	Retail Banking	Corporate	Treasury	Total
From 1 January to 31 December 2006				
Net income from interest	90.730.269,22	4.432.458,73	158.408.018,90	253.570.746,85
Net income from commissions	24.902.579,81	47.507,98	(311.390,07)	24.638.697,72
Other operating income	3.211.561,86	143.099,74	135.596.058,73	138.950.720,33
Total	118.844.410,89	4.623.066,45	293.692.687,56	417.160.164,90
Expenses	(85.097.460,32)	(3.466.832,24)	(104.691.254,69)	(193.255.547,25)
Depreciation	(3.660.194,61)	(163.089,77)	(5.284.385,73)	(9.107.670,11)
Impairment losses on loans and advances	(28.430.413,16)	(845.323,87)	-	(29.275.737,03)
Profit before tax	1.656.342,80	147.820,56	183.717.047,15	185.521.210,51
Tax				(48.264.273,77)
Net Profit				137.256.936,74
Total Assets at 31.12.2006	4.779.531.920,23	214.513.488,36	7.342.638.818,53	12.336.684.227,12
Total Liabilities at 31.12.2006	4.598.203.604,99	204.490.022,95	6.664.526.008,35	11.467.219.636,29
From 1 January to 31 December 2005				
Net income from interest	49.848.259,08	3.937.172,75	188.496.346,27	242.281.778,10
Net income from commissions	2.623.416,87	87.995,45	816.220,19	3.527.632,51
Other operating income	4.202.926,57	367.298,73	46.001.716,89	50.571.942,19
Total	56.674.602,52	4.392.466,93	235.314.283,35	296.381.352,80
Expenses	(46.417.167,63)	(3.239.442,52)	(71.657.049,72)	(121.313.659,86)
Depreciation	(1.651.016,83)	(149.729,53)	(4.382.257,61)	(6.183.003,98)
Impairment losses on loans and advances	(14.664.097,22)	(1.329.876,45)	(2.916.564,53)	(18.910.538,20)
Profit before tax	(6.057.679,16)	(326.581,57)	156.358.411,49	149.974.150,76
Tax				(27.338.422,50)
Net Profit				122.635.728,26
Total Assets at 31.12.2005	2.889.792.435,05	263.511.948,35	8.411.802.920,68	11.565.107.304,09
Total Liabilities at 31.12.2005	2.810.363.187,33	254.567.072,12	7.634.737.551,78	10.699.667.811,23

Segment Reporting on Consolidated Basis				
Amounts in €	Retail Banking	Corporate	Treasury	Total
From 1 January to 31 December 2006				
Net income from interest	90.730.269,22	4.432.458,73	158.409.906,39	253.572.634,34
Net income from commissions	24.902.579,81	47.507,98	(136.059,05)	24.814.028,74
Other operating income	3.211.561,86	143.099,74	135.592.567,48	138.947.229,08
Total	118.844.410,89	4.623.066,45	293.866.414,82	417.333.892,16
Expenses	(85.097.460,32)	(3.466.832,24)	(104.889.974,05)	(193.454.266,61)
Depreciation	(3.660.194,61)	(163.089,77)	(5.312.194,40)	(9.135.478,78)
Impairment losses on loans and advances	(28.430.413,16)	(845.323,87)	-	(29.275.737,03)
Share in losses of associates	-	-	(28.768,44)	(28.768,44)
Profit before tax	1.656.342,80	147.820,56	183.635.477,94	185.439.641,30
Tax				(48.266.206,71)
Net Profit				137.173.434,59
Total Assets at 31.12.2006	4.779.531.920,23	214.513.488,36	7.342.654.486,20	12.336.699.894,79
Total Liabilities at 31.12.2006	4.598.203.604,99	204.490.022,95	6.664.585.100,36	11.467.278.728,30
From 1 January to 31 December 2005				
Net income from interest	49.848.259,08	3.937.172,75	188.496.346,27	242.281.778,10
Net income from commissions	2.623.416,87	87.995,45	816.220,19	3.527.632,51
Other operating income	4.202.926,57	367.298,73	46.001.716,89	50.571.942,19
Total	56.674.602,52	4.392.466,93	235.314.283,35	296.381.352,80
Expenses	(46.417.167,63)	(3.239.442,52)	(71.657.049,72)	(121.313.659,86)
Depreciation	(1.651.016,83)	(149.729,53)	(4.382.257,61)	(6.183.003,98)
Impairment losses on loans and advances	(14.664.097,22)	(1.329.876,45)	(2.916.564,53)	(18.910.538,20)
Share in losses of associates	-	-	(86.096,36)	(86.096,36)
Profit before tax	(6.057.679,16)	(326.581,57)	156.272.315,13	149.888.054,40
Tax				(27.338.422,50)
Net Profit				122.549.631,90
Total Assets at 31.12.2005	2.889.792.435,05	263.511.948,35	8.411.290.481,73	11.564.594.865,14
Total Liabilities at 31.12.2005	2.810.363.187,33	254.567.072,12	7.634.737.551,78	10.699.667.811,23

6. Net Interest Income

Net interest income is analyzed as follows:

<i>Amounts in €</i>	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
<i>Interest earned from:</i>				
Fixed Income Securities	263.828.542,41	269.181.153,77	263.828.542,41	269.181.153,77
Loans and advances to customers	180.777.293,42	107.850.679,24	180.777.293,42	107.850.679,24
Amounts due from banks	13.802.894,04	38.178.695,63	13.800.960,55	38.178.695,63
Other interest bearing assets	16.806.725,34	3.886.680,12	16.806.725,34	3.886.680,12
Interest and similar Income	475.215.455,21	419.097.208,76	475.213.521,72	419.097.208,76
<i>Interest payable on:</i>				
Amounts due to customers	212.303.832,76	171.592.694,23	212.303.832,76	171.592.694,23
Contribution to Hellenic Deposit Guarantee Fund	8.647.997,50	-	8.647.997,50	-
Other interest bearing liabilities	690.990,61	5.222.736,43	690.944,61	5.222.736,43
Interest and similar Expenses	221.642.820,87	176.815.430,66	221.642.774,87	176.815.430,66
Net Interest Income	253.572.634,34	242.281.778,10	253.570.746,85	242.281.778,10

7. Net fee and commission income

Net fee and commission income is analyzed as follows:

<i>Amounts in €</i>	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Commissions from securities	193.141,90	280.476,17	16.100,00	280.476,17
Fund Management Fees	160.367,02	149.991,29	160.367,02	149.991,29
Commissions from foreign exchange operations	26.342,86	19.066,34	26.342,86	19.066,34
Commissions from credit card and consumer loans	3.856.423,74	1.956.065,84	3.856.423,74	1.956.065,84
Other Commission Income	21.435.832,95	1.646.966,40	21.435.832,95	1.646.966,40
Total Commission Income	25.672.108,47	4.052.566,04	25.495.066,57	4.052.566,04
Credit cards commission expenses	115.346,65	42.993,34	115.346,65	42.993,34
Other commission expenses	742.733,08	481.940,19	741.022,20	481.940,19
Total commission expenses	858.079,73	524.933,53	856.368,85	524.933,53
Net Commission Income	24.814.028,74	3.527.632,51	24.638.697,72	3.527.632,51

The account "Other Commission Income" at the year 2006 includes commission income on deposit accounts amounting to 21.158.261,57 €.

8. Dividend income and financial operations results

Dividend income is analyzed as follows:

<i>Amounts in €</i>	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2006	31.12.2005
Income from dividends on shares of companies listed on the ASE	4.004.274,15	5.008.059,09
Income from dividends on shares of unlisted companies	651.236,89	97.147,92
Total	4.655.511,04	5.105.207,01

Financial operations results are analyzed as follows:

<i>Amounts in €</i>	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Gains from the sale of available for sale securities	51.914.878,30	44.337.722,49	51.914.878,30	44.337.722,49
Gains /(Losses) from financial assets at fair value through p&L				
- Shares	36.623.383,61	38.150.538,82	36.623.383,61	38.150.538,82
- Securities and hedging transactions	34.809.439,23	(56.591.192,23)	34.809.439,23	(56.591.192,23)
- Mutual Funds	3.571.957,77	3.725.834,76	3.563.095,59	3.725.834,76
	75.004.780,61	(14.714.818,65)	74.995.918,43	(14.714.818,65)
Foreign exchange profits/(losses)	(519.117,40)	694.013,59	(519.117,40)	694.013,59
Total	126.400.541,51	30.316.917,43	126.391.679,33	30.316.917,43

9. Other operating income

The other operating income is analyzed as follows:

<i>Amounts in €</i>	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Income from the write off of deposit balances in favor of the Bank in accordance with Article 6 of the relevant regulation	2.382.049,45	10.959.891,66	2.382.049,45	10.959.891,66
Real estate rental income	40.114,81	54.197,45	40.114,81	54.197,45
Reversal of provision for other receivables	5.214.179,12	-	5.214.179,12	-
Other income	254.833,15	4.135.728,64	267.186,58	4.135.728,64
Total	7.891.176,53	15.149.817,75	7.903.529,96	15.149.817,75

10. Personnel expenses

The number of the Group employees as at December 31, 2006 amount to 1.281 of which 1.276 refer to the Bank instead of 31 December 2005 that was 1.220 persons, concerning the Bank.

Personnel expenses are analyzed as follows:

<i>Amounts in €</i>	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Wages and salaries	72.701.943,72	51.834.890,79	72.611.000,90	51.834.890,79
Social security contributions	1.403.434,67	1.139.410,69	1.392.542,83	1.139.410,69
Provision for staff termination indemnity	1.675.036,00	1.347.308,00	1.675.036,00	1.347.308,00
Other personnel expenses	6.808.014,77	1.949.545,54	6.808.014,77	1.949.545,54
Cost of shares offered to employees at a discount and free from the main shareholder	2.130.062,03	-	2.130.062,03	-
Total	84.718.491,19	56.271.155,02	84.616.656,53	56.271.155,02

Following the decision 75/18.7.2006 of the Bank's Board of Directors, the integration of employees in wage levels according to the wage level of Hellenic Federation of Bank Employee Union as well as the adjustment of the Postal Saving's wage scale in the wage scale of Hellenic Federation of Bank Employee Union was approved. The lump sum cost has been estimated to about 5 mill € and has encumbered the results of the year.

The Interministerial Privatization Committee during the 10.05.2006 meeting decided the disposal of up to 1.750.000 existing common shares of the Bank owned by the Greek State with Private Placement to employees and members of the Bank's Board of Directors.

The shares of the Private Placement were allocated to the employees and to the Board of Directors, in a 10% decreased price in comparison with the Disposal Price (12,50 €). Furthermore the Greek State will distribute one free common share for every ten common shares. This intensive is provided to the employees and the Board of Directors of the Bank provided that they will retain them for a 12 month period. The intensive in question refers to the maximum number of 100 totally free common shares per beneficiary investor.

The accurate number of the Offered Private Placement Shares that the employees and the Board of Directors of the Bank are eligible to, was determined with a Board of Directors' decision and amounts in 1.694.256 common shares. From the total of 1.694.256 common shares, 1.530.625 common shares were finally exercised from the employees and the Board of Directors. The fair value of the granted rights of the Bank's shares in discounted price that encumbered the results of the year was € 2.130.062,03.

11. General and administrative expenses

General and administrative expenses are analyzed as follows:

Amounts in €	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Assosiated lawyers & engineers fees	7.518.859,04	4.348.628,85	7.518.859,04	4.348.628,85
Electronic Data Support fees	5.362.298,56	2.312.444,07	5.359.014,16	2.312.444,07
Other third party fees and expenses	21.623.199,22	9.147.749,32	21.575.294,84	9.147.749,32
Commissions to EL.TA.	8.865.553,79	7.773.114,89	8.865.553,79	7.773.114,89
Rental expense of buildings	3.017.399,60	1.605.711,52	3.017.399,60	1.605.711,52
Insurance Premium	486.028,67	272.591,87	486.028,67	272.591,87
Telephone-Postal expenses	3.119.940,82	2.295.616,40	3.116.766,67	2.295.616,40
Repairs & maintenance	1.467.060,92	1.672.735,91	1.466.846,72	1.672.735,91
Office supplies	2.226.105,75	1.292.379,61	2.224.162,80	1.292.379,61
Promotion and Advertising Expenses	8.385.787,82	7.229.978,46	8.384.738,06	7.229.978,46
Electricity Expenses	1.147.381,04	1.026.726,10	1.147.381,04	1.026.726,10
Cleaning expenses	710.775,59	688.557,29	710.775,59	688.557,29
Tax & Duties	8.520.102,23	5.094.243,90	8.518.158,53	5.094.243,90
Subscription-Contributions	2.625.802,82	904.156,08	2.614.619,74	904.156,08
Miscellaneous Expenses	10.108.923,06	7.231.285,88	10.105.661,18	7.231.285,88
Total	85.185.218,93	52.895.920,15	85.111.260,43	52.895.920,15

In the account "General and administrative expenses" previous year's account figures have been restated in order to be comparable with current year's.

12. Other operating expenses

Amounts in €	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Cost of applying Article 10 (12) of Law 3082/2002	-	11.668.857,00	-	11.668.857,00
Cost of consumer loans to employees	1.815.300,39	306.667,94	1.815.300,39	306.667,94
Initial lump sum contribution to Hellenic Deposit Guarantee Fund	20.322.905,00	-	20.322.905,00	-
Other expenses	1.412.351,10	171.059,75	1.389.424,90	171.059,75
Total	23.550.556,49	12.146.584,69	23.527.630,29	12.146.584,69

The cost of applying Article 10(12) of Law 3082/2002 relates to the projected actuarial loss resulting from the application of the provisions of Article 10(12) of Law 3082/2002 with regard to the allocation of a special reserve to cover mortgage benefits to the Bank's employees.

13. Impairment Losses on loans and advances

<i>Amounts in €</i>	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2006	31.12.2005
Loans and advances to customers	29.275.737,03	14.795.506,25
Other receivables	-	4.115.031,95
Total	29.275.737,03	18.910.538,20

14. Income Tax

Tax expense is analysed as follows:

<i>Amounts in €</i>	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Income Tax	22.922.051,63	33.602.273,58	22.922.051,63	33.602.273,58
Deferred Tax	9.375.070,84	(6.263.851,08)	9.373.137,90	(6.263.851,08)
Total	32.297.122,47	27.338.422,50	32.295.189,53	27.338.422,50

Current income tax for the Bank has been calculated using a tax rate of 29% for the year 2006 and a tax rate of 32% for the year 2005. Current income tax is recognized as expense for the period and calculated based on the current tax rate.

The current income tax recognized in the income statement is analyzed as follows:

<i>Amounts in €</i>	ON STAND ALONE BASIS	
	31.12.2006	31.12.2005
Profit before tax	185.521.210,51	149.974.150,76
Income tax based on the current tax rate of 29% (32% in 2005)	53.801.151,05	47.991.728,24
Income no subject to taxation	(29.524.199,58)	(31.288.630,11)
Expenses not deductible for tax purposes	4.280.935,10	5.139.116,24
Effect of tax rate change	1.334.964,24	2.949.112,19
Tax on reserves	15.969.084,24	-
Other effects	2.402.338,72	2.547.095,94
Income tax	48.264.273,77	27.338.422,50
Effective tax rate	26,02%	18,23%

15. Tax on reserves (Law 3513/2006 article 10)

<i>Amounts in €</i>	ON CONSOLIDATED BASIS	
	31.12.2006	31.12.2005
Tax on Reserves		
Codified Law 3513/06 article 10	15.969.084,24	-
Total	15.969.084,24	-

In accordance with Greek tax law, entities may form tax free reserves from either profits that are not subject to tax (for example gains from the sale of listed shares or mutual funds) or from income subject to taxation at the source and where the payment of the tax extinguishes the legal entity's tax liability, but not of its shareholders (for example interest from Greek Government Bonds).

The tax free serves were subject to taxation of distributed or capitalized at the tax rate enacted at the time of distribution or capitalization.

In accordance with article 10 of Law 3513/2006 these reserves, formed until 31.12.2005 by banks established in Greece and by branches of foreign banks operating in Greece, were subject to taxation.

The tax rate was 15% on profits that were not subject to tax and 10% on profits that were previously subject to tax at the source.

The total tax on these reserves for the Bank amounted to 15.969.084,24 €. The payment of the above tax extinguishes the Bank's liability as well as that of its shareholders. Therefore these reserves can be distributed or capitalized without any further payment of tax.

16. Earnings per share

The basic earnings per share are calculated as follows :

<i>Amounts in €</i>	On consolidated basis		On stand alone basis	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Net profit attributable to the shareholders of the Bank	137.189.105,56	122.549.631,90	137.256.936,74	122.635.728,26
Weighted average number of shares outstanding(no. of shares)	140.866.770	165.324.932	140.866.770	165.324.932
Basic earnings per share	0,97	0,74	0,97	0,74

17. Dividends

The management intends to propose to the Shareholders General Meeting of 2007 the distribution of dividends equal to 0,60 €/share for 2006, against 0,08€/share in 2005.

The Annual General Meeting of the Shareholders held on 10th May 2006, approved the financial statements for the period 1.1-31.12.2005 and decided the distribution of dividend amounting in total to € 11.269.341,60 which was paid in 2006. The proposed dividend of € 84.520.062,00 will be paid to the shareholders due to the legal provided period in accordance with the announce schedule of the intended corporate actions.

18. Cash and Balance with Central Bank

Cash and Balances with Central Bank are analyzed as follows:

<i>Amounts in €</i>	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Cash in Hand	44.955.175,26	31.474.306,67	44.953.595,19	31.474.306,67
Mandatory balances to Central Bank	103.908.524,59	159.791.772,47	103.908.524,59	159.791.772,47
Total	148.863.699,85	191.266.079,14	148.862.119,78	191.266.079,14

19. Due from Banks

Amounts due from banks are analysed as follows:

<i>Amounts in €</i>	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Time Deposits with banks	732.938.807,51	1.227.000.000,00	732.938.807,51	1.227.000.000,00
Correspondent Banks	4.615.780,70	698.872,44	4.615.780,70	698.872,44
Sight deposits	13.379.824,63	12.651.041,39	13.003.723,20	12.651.041,39
Futures margin accounts	4.473.210,35	-	4.473.210,35	-
Other	2.462.777,13	8.912.810,50	2.462.777,13	8.912.810,50
Total	757.870.400,32	1.249.262.724,33	757.494.298,89	1.249.262.724,33

20. Financial assets at fair value through P&L

<i>Amounts in €</i>	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Financial Assets at fair value through profit or loss				
<u>Fixed income securities</u>				
Bonds issued by financial institutions	126.233.161,69	109.235.212,00	126.233.161,69	109.235.212,00
Mutual Fund Units	58.975.420,20	56.302.668,71	58.406.025,04	56.302.668,71
<u>Alternative Investments</u>	566.984.496,66	690.408.350,00	566.984.496,66	690.408.350,00
Total Financial Assets at fair value through profit or loss	752.193.078,55	855.946.230,71	751.623.683,39	855.946.230,71
Trading Securities				
<u>Fixed income securities</u>				
Greek Government Bonds	349.178.205,53	344.938.350,52	349.178.205,53	344.938.350,52
Foreign Government Bonds	183.614.250,37	179.005.812,50	183.614.250,37	179.005.812,50
Bonds issued by financial institutions	43.425.847,13	51.682.853,00	43.425.847,13	51.682.853,00
Corporate Bonds	147.226.796,52	9.950.000,00	147.226.796,52	9.950.000,00
Treasury Bills	10.908,70	-	10.908,70	-
	723.456.008,25	585.577.016,02	723.456.008,25	585.577.016,02
<u>Shares and other variable income securities</u>				
Shares listed on the ASE	105.711.052,76	146.457.956,35	105.711.052,76	146.457.956,35
Shares listed on foreign stock exchanges	35.002.099,70	5.140.466,00	35.002.099,70	5.140.466,00
	140.713.152,46	151.598.422,35	140.713.152,46	151.598.422,35
Total Trading Securities	864.169.160,71	737.175.438,37	864.169.160,71	737.175.438,37
Total	1.616.362.239,26	1.593.121.669,08	1.615.792.844,10	1.593.121.669,08

21. Derivative financial instruments

As at 31 December 2006 and 2005 the Bank was trading the following derivatives:

<i>Amounts in €</i>	31 December 2006			31 December 2005		
	Face Value	Fair Values		Face Value	Fair Values	
		Assets	Liabilities		Assets	Liabilities
Interest rate swaps	967.750.000,00	11.416.841,93	2.455.449,58	1.974.250.000,00	810.147,80	66.626.004,60
Currency Swaps	7.825.489,00	255.478,66	-	-	-	-
Futures	100.000.000,00	87.000,00	2.000,00	-	-	-
Total	1.075.575.489,00	11.759.320,59	2.457.449,58	1.974.250.000,00	810.147,80	66.626.004,60

22 Loans and advances to Customers

The loan portfolio is analyzed as follows:

<i>Amounts in €</i>	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2006	31.12.2005
Public Sector	207.432.826,36	253.159.787,14
Consumer loans	1.230.565.625,26	567.867.236,43
Mortgage Loans	3.296.538.286,42	2.152.819.868,60
Credit Cards	128.273.912,90	70.820.128,44
Total	4.862.810.650,94	3.044.667.020,61
Less: Allowances for impairment on loans and advances to customers	(60.028.248,00)	(31.365.743,79)
Net Total	4.802.782.402,94	3.013.301.276,82

Movement in allowance for impairment on loans and advances to customers:

<i>Amounts in €</i>	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2006	31.12.2005
Balance on January 1st	31.365.743,79	16.570.237,54
Provision for the period	29.275.737,03	14.795.506,25
Loans written off	(613.232,82)	-
Balance at period end	60.028.248,00	31.365.743,79

23 Available for sale and held to maturity securities

Available for sale and held to maturity securities are analyzed as follows :

Amounts in €	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2006	31.12.2005
Available for sale fixed income securities (fair values)		
Greek Government Bonds	3.164.860.537,46	3.518.797.967,53
Foreign Government Bonds	165.204.800,00	252.745.650,00
Corporate Bonds	485.924.378,08	429.755.073,01
Bonds issued by financial institutions	160.624.785,54	291.409.747,50
Treasury Bills	-	49.807,00
Total fixed income securities	3.976.614.501,08	4.492.758.245,04
Available for sale equity securities(fair values)		
Share listed on ASE	97.464.823,90	123.959.570,33
Unlisted shares	21.807.489,49	394.489,49
Venture Capitals	1.151.794,06	1.800.045,66
Total variable income equity securities	120.424.107,45	126.154.105,48
Total available for sale securities	4.097.038.608,53	4.618.912.350,52
Securities held to maturity		
Greek Government Bonds	490.183.271,81	491.871.117,75
Total held to maturity securities	490.183.271,81	491.871.117,75
Total available for sale securities and held to maturity securities	4.587.221.880,34	5.110.783.468,27

The movement of available for sale and held to maturity securities for the period 01.01-31.12.2005 is as follows:

	Investments available for sale	Investments held to maturity	Total
Opening balance as at 1.1.2005	4.282.230.691,27	493.558.961,72	4.775.789.652,99
Additions	4.019.141.712,82	-	4.019.141.712,82
Disposals & write offs	(3.647.679.532,35)	-	(3.647.679.532,35)
Foreign exchange differences	385.163,06	-	385.163,06
Premium/ discount	(9.475.766,17)	(1.687.843,97)	(11.163.610,14)
Adjustment to fair value recognized directly in reserves	(25.689.918,11)	-	(25.689.918,11)
Closing balance as at 31.12.2005	4.618.912.350,52	491.871.117,75	5.110.783.468,27

The movement of available for sale and held to maturity securities for the period 01.01-31.12.2006 is analysed as follows:

	Investments available for sale	Investments held to maturity	Total
Opening balance as at 1.1.2006	4.618.912.350,52	491.871.117,75	5.110.783.468,27
Additions	797.647.758,68	-	797.647.758,68
Disposals & write offs	(1.204.412.751,86)	-	(1.204.412.751,86)
Foreign exchange differences	213.312,08	-	213.312,08
Premium/ discount	(3.058.185,53)	(1.687.845,94)	(4.746.031,47)
Adjustment to fair value recognized directly in reserves	(112.263.875,36)	-	(112.263.875,36)
Closing balance as at 31.12.2006	4.097.038.608,53	490.183.271,81	4.587.221.880,34

24 Investment in subsidiary and in associate

Investments in subsidiary and in associate concern exclusively the company "Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A". The Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A. because of the increase of the percentage of the investment from 50% in 51% was consolidated with the full consolidation method from 1.8.2006. For the period 1.1.-31.7.2006 as the previous year it had been consolidated with the Equity method.

The movement of the account is analyzed as follows:

<i>Amounts in €</i>	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Balance on January 1st	537.561,05	173.657,41	1.050.000,00	600.000,00
Additions for the period	89.028,00	450.000,00	89.028,00	450.000,00
Share in earnings/(losses) after tax	(28.768,44)	(86.096,36)	-	-
Movements from total consolidation	(60.974,82)	-	-	-
Minority Interest	(536.845,79)	-	-	-
Balance at period end	-	537.561,05	1.139.028,00	1.050.000,00

Summary financial information of the consolidated Bank until the date of full consolidation are:

31.07.2006							
	Country of Establishment	Assets	Equity	Liabilities	Earnings/(Losses)	Participation %	Proportion of losses
Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A.	Greece	1.073.740,63	1.017.585,24	56.155,39	(57.536,87)	50%	(28.768,44)
31.12.2005							
	Country of Establishment	Assets	Equity	Liabilities	Earnings/(Losses)	Participation %	Proportion of losses
Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A.	Greece	1.114.921,29	1.075.122,11	39.799,19	(172.192,71)	50%	(86.096,36)

25 Property and equipment

The movement of property and equipment on consolidated and stand alone is analyzed as follows:

Property & equipment on stand alone basis

Amounts in €	Land	Buildings & Building installations	Mechanical Equipment & vehicles	Furniture and other equipment	Assets under Construction	Total
Cost						
Balance at the 1st of January 2005	65.615.461,77	31.168.867,86	3.142.828,78	20.183.838,26	1.038.240,73	121.149.237,40
Transfers	-	1.038.240,73	-	-	(1.038.240,73)	-
Additions	-	2.508.882,09	251.927,66	10.470.410,68	-	13.231.220,43
Balance at 31st of December 2005	65.615.461,77	34.715.990,68	3.394.756,44	30.654.248,94	-	134.380.457,83
Accumulated depreciation						
Balance at the 1st of January 2005	-	(1.335.729,91)	(2.759.186,06)	(14.580.500,49)	-	(18.675.416,46)
Disposals & write offs	-	419,75	-	-	-	419,75
Charge for the period	-	(1.472.994,58)	(146.157,66)	(3.335.517,80)	-	(4.954.670,04)
Balance at 31st of December 2005	-	(2.808.304,74)	(2.905.343,72)	(17.916.018,29)	-	(23.629.666,75)
Net Book Value at 31st December 2005	65.615.461,77	31.907.685,94	489.412,72	12.738.230,65	-	110.750.791,08
Cost						
Balance at the 1st of January 2006	65.615.461,77	34.715.990,68	3.394.756,44	30.654.248,94	-	134.380.457,83
Disposals /Transfers	-	-	-	(327.693,75)	-	(327.693,75)
Additions	-	2.795.233,00	201.596,81	5.217.492,45	5.322,58	8.219.644,84
Balance at 31st of December 2006	65.615.461,77	37.511.223,68	3.596.353,25	35.544.047,64	5.322,58	142.772.408,92
Accumulated depreciation						
Balance at the 1st of January 2006	-	(2.808.304,74)	(2.905.343,72)	(17.916.018,29)	-	(23.629.666,75)
Disposals & write offs	-	-	-	7.712,92	-	7.712,92
Charge for the period	-	(1.541.790,07)	(171.350,24)	(5.304.451,75)	-	(7.017.592,06)
Balance at 31st of December 2006	-	(4.350.094,81)	(3.076.693,96)	(23.212.757,12)	-	(30.639.545,89)
Net Book Value at 31st of December 2006	65.615.461,77	33.161.128,87	519.659,29	12.331.290,52	5.322,58	111.632.863,03

Property & equipment on consolidated basis

Amounts in €	Land	Buildings & Building installations	Mechanical Equipment & vehicles	Furniture and other equipment	Assets under Construction	Total
Cost						
Balance at the 1st of January 2005	65.615.461,77	31.168.867,86	3.142.828,78	20.183.838,26	1.038.240,73	121.149.237,40
Transfers	-	1.038.240,73	-	-	(1.038.240,73)	-
Additions	-	2.508.882,09	251.927,66	10.470.410,68	-	13.231.220,43
Balance at 31st of December 2005	65.615.461,77	34.715.990,68	3.394.756,44	30.654.248,94	-	134.380.457,83
Accumulated depreciation						
Balance at the 1st of January 2005	-	(1.335.729,91)	(2.759.186,06)	(14.580.500,49)	-	(18.675.416,46)
Disposals & write offs	-	419,75	-	-	-	419,75
Charge for the period	-	(1.472.994,58)	(146.157,66)	(3.335.517,80)	-	(4.954.670,04)
Balance at 31st of December 2005	-	(2.808.304,74)	(2.905.343,72)	(17.916.018,29)	-	(23.629.666,75)
Net Book Value at 31st December 2005	65.615.461,77	31.907.685,94	489.412,72	12.738.230,65	-	110.750.791,08
Cost						
Balance at the 1st of January 2006	65.615.461,77	34.715.990,68	3.394.756,44	30.654.248,94	-	134.380.457,83
Beginning balance of the consolidated subsidiary	-	22.375,98	-	139.375,66	-	161.751,64
Disposals /Transfers	-	-	-	(327.693,75)	-	(327.693,75)
Additions	-	2.795.233,00	201.596,81	5.227.890,27	5.322,58	8.230.042,66
Balance at 31st of December 2006	65.615.461,77	37.533.599,66	3.596.353,25	35.693.821,12	5.322,58	142.444.558,38
Accumulated depreciation						
Balance at the 1st of January 2006	-	(2.808.304,74)	(2.905.343,72)	(17.916.018,29)	-	(23.629.666,75)
Beginning balance of the consolidated subsidiary	-	(12.358,10)	-	(59.197,99)	-	(71.556,09)
Disposals & write offs	-	-	-	7.712,92	-	7.712,92
Charge for the period	-	(1.543.496,95)	(171.350,24)	(5.316.354,63)	-	(7.031.201,82)
Balance at 31st of December 2006	-	(4.364.159,79)	(3.076.693,96)	(23.283.857,99)	-	(30.724.711,74)
Net Book Value at 31st of December 2006	65.615.461,77	33.169.439,87	519.659,29	12.409.963,13	5.322,58	111.719.846,64

26. Intangible assets

The movement in intangible assets on stand alone and a consolidated basis is analyzed as follows:

<i>Amounts in €</i>	ON CONSOLIDATED BASIS SOFTWARE	ON STAND ALONE BASIS SOFTWARE
Cost		
Balance at the 1st of January 2005	5.797.390,26	5.797.390,26
Additions	7.377.579,28	7.377.579,28
Balance at 31st of December 2005	13.174.969,54	13.174.969,54
Accumulated amortisation		
Balance at the 1st of January 2005	(975.765,79)	(975.765,79)
Disposals & write offs	105,36	105,36
Amortisation charge for the period	(1.228.333,94)	(1.228.333,94)
Balance at 31st of December 2005	(2.203.994,37)	(2.203.994,37)
Net Book Value at 31st December 2005	10.970.975,17	10.970.975,17
	SOFTWARE	SOFTWARE
Cost		
Balance at the 1st of January 2006	13.174.969,54	13.174.969,54
Beginning balance of the consolidated subsidiary	132.160,72	-
Additions	2.434.828,44	2.426.922,38
Disposals & write offs	(1.092,28)	(1.092,28)
Balance at 31st of December 2006	15.740.866,42	15.600.799,64
Accumulated amortisation		
Balance at the 1st of January 2006	(2.203.994,37)	(2.203.994,37)
Beginning balance of the consolidated subsidiary	(73.123,42)	-
Disposals & write offs	134,33	134,33
Amortization charge for the period	(2.104.276,96)	(2.090.078,05)
Balance at 31st of December 2006	(4.381.260,42)	(4.293.938,09)
Net Book Value at 31st December 2006	11.359.606,00	11.306.861,55

27. Deferred tax assets and liabilities

Deferred tax assets and liabilities have been calculated based on the nominal tax rate at which temporary taxable and deductible differences are expected to reverse. Deferred tax assets and liabilities are not offset, as there is no legal right to offset current assets with current liabilities even when deferred income taxes relate to the same tax authority.

Deferred assets and liabilities on stand alone and consolidated basis are analysed as follows:

Amounts in €	ON STAND ALONE BASIS			
	31.12.2006		31.12.2005	
	Assets	Liabilities	Assets	Liabilities
Property and equipment	-	4.226.018,82	-	4.137.805,86
Intangible Assets	-	289.279,43	822.824,67	-
Financial assets at fair value through profit and loss	13.791.085,34	2.399.002,61	6.254.227,25	2.644.148,86
Available for sale financial assets	-	21.512.130,29	-	56.008.341,78
Loans and advances to customers	3.565.397,37	-	1.933.245,56	-
Retirement benefits obligations	6.197.548,50	-	4.488.174,50	-
Derivative financial instruments	-	2.246.098,96	19.086.598,47	-
Provisions for doubtful debts	-	7.719.016,50	-	4.947.476,78
Provisions for other receivables	2.394.099,64	-	2.856.077,56	-
Other staff benefit provisions	1.584.713,70	-	783.000,00	-
Contribution to Hellenic Deposit Guarantee Fund	4.468.150,38	-	-	-
Total	32.000.994,93	38.391.546,61	36.224.148,01	67.737.773,28

Amounts in €	ON CONSOLIDATED BASIS			
	31.12.2006		31.12.2005	
	Assets	Liabilities	Assets	Liabilities
Property and equipment	-	4.226.018,82	-	4.137.805,86
Intangible Assets	-	289.279,43	822.824,67	-
Financial assets at fair value through profit and loss	13.791.085,34	2.404.040,91	6.254.227,25	2.644.148,86
Available for sale financial assets	-	21.512.130,29	-	56.008.341,78
Loans and advances to customers	3.565.397,37	-	1.933.245,56	-
Retirement benefits obligations	6.197.548,50	-	4.488.174,50	-
Derivative financial instruments	-	2.246.098,96	19.086.598,47	-
Provisions for doubtful debts	-	7.719.016,50	-	4.947.476,78
Provisions for other receivables	2.394.099,64	-	2.856.077,56	-
Other staff benefit provisions	1.584.713,70	-	783.000,00	-
Contribution to Hellenic Deposit Guarantee Fund	4.468.150,38	-	-	-
Total	32.000.994,93	38.396.584,91	36.224.148,01	67.737.773,28

Deferred tax assets are recognized only to the extent that they are reasonably expected to be utilized against future taxable income.

The movement of deferred tax for the years 2006 and 2005 is as follows:

Amounts in €	On Stand Alone Basis	
	31.12.2006	31.12.2005
Deferred Tax Assets		
Intangible Assets	-	822.824,67
Recognition of Financial derivatives	-	19.086.598,47
Loans and Advances to Customers	3.565.397,37	1.933.245,56
Employment benefit obligations	6.197.548,50	4.488.174,50
Trading Securities and other Financial assets at fair value through profit and loss	13.791.085,34	6.254.227,25
Other Provisions	8.446.963,72	3.639.077,56
Total	32.000.994,93	36.224.148,01
Deferred Tax Liabilities		
Intangible Assets	289.279,43	-
Tangible Assets - Differences in depreciations	2.904.872,54	3.259.572,76
Tangible Assets - Differences in depreciations	1.321.146,28	878.233,10
Trading Securities and other Financial assets at fair value through profit and loss	2.399.002,61	2.644.148,86
Financial derivatives	2.246.098,96	-
Deferred tax of reserves imposed on tax in special way	7.719.016,50	4.947.476,78
Available for Sale- Portfolio Securities	21.512.130,29	56.008.341,78
Total	38.391.546,61	67.737.773,28
Deferred tax expenses		
	31.12.2006	31.12.2005
Intangible Assets	1.112.104,10	1.137.280,44
Recognition of Financial derivatives	21.332.697,43	4.120.578,26
Loans and Advances to Customers	1.139.387,91	(1.639.873,33)
Employment benefit obligations	(1.709.374,00)	(336.827,00)
Other Provisions	(4.807.886,16)	(106.191,12)
Trading Securities and other Financial assets at fair value through profit and loss	(7.782.004,34)	(9.474.639,41)
Non deductible buildings' depreciations	(354.700,22)	(391.393,35)
Tangible Assets - Differences in depreciations	442.913,18	427.214,43
Deferred tax recognized to the results	9.373.137,90	(6.263.851,08)
Deferred tax recognized directly to the shareholder's equity	(34.496.211,49)	(116.833.673,80)
Net change in deferred tax	(25.123.073,59)	(123.097.524,88)

<i>Amounts in €</i>	On Consolidated Basis	
	31.12.2006	31.12.2005
Deferred Tax Assets		
Intangible Assets	-	822.824,67
Recognition of Financial derivatives	-	19.086.598,47
Loans and Advances to Customers	3.565.397,37	1.933.245,56
Employment benefit obligations	6.197.548,50	4.488.174,50
Trading Securities and other Financial assets at fair value through profit and loss	13.791.085,34	6.254.227,25
Other Provisions	8.446.963,72	3.639.077,56
Total	32.000.994,93	36.224.148,01
Deferred Tax Liabilities		
Intangible Assets	289.279,43	-
Tangible Assets - Differences in depreciations	2.904.872,54	3.259.572,76
Tangible Assets - Differences in depreciations	1.321.146,28	878.233,10
Trading Securities and other Financial assets at fair value through profit and loss	2.404.040,91	2.644.148,86
Financial derivatives	2.246.098,96	-
Deferred tax of reserves imposed on tax in special way	7.719.016,50	4.947.476,78
Available for Sale- Portfolio Securities	21.512.130,29	56.008.341,78
Total	38.396.584,91	67.737.773,28
Deferred tax expenses		
	31.12.2006	31.12.2005
Intangible Assets	1.112.104,10	1.137.280,44
Recognition of Financial derivatives	21.332.697,43	4.120.578,26
Loans and Advances to Customers	1.139.387,91	(1.639.873,33)
Employment benefit obligations	(1.709.374,00)	(336.827,00)
Other Provisions	(4.807.886,16)	(106.191,12)
Trading Securities and other Financial assets at fair value through profit and loss	(7.776.966,04)	(9.474.639,41)
Non deductible buildings' depreciations	(354.700,22)	(391.393,35)
Tangible Assets - Differences in depreciations	442.913,18	427.214,43
Deferred tax recognized to the results	9.378.176,20	(6.263.851,08)
Deferred tax recognized directly to the shareholder's equity	(34.496.211,49)	(116.833.673,80)
Net change in deferred tax	(25.118.035,29)	(123.097.524,88)

28. Other assets

Other assets are analyzed as follows:

<i>Amounts in €</i>	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Assets acquired through foreclosure proceedings	2.450.027,98	2.255.703,15	2.450.027,98	2.255.703,15
Commissions receivable	654.228,86	554.640,94	591.941,87	554.640,94
Amounts due from public sector collection agencies	-	12.390.428,39	-	12.390.428,39
Due from the Greek Government	51.743.831,29	64.688.153,42	51.743.168,79	64.688.153,42
Interest and other income receivable	4.874.220,95	2.915.196,62	4.874.220,95	2.915.196,62
Accrued interest	146.688.262,45	161.334.306,02	146.688.262,45	161.334.306,02
Other assets	59.925.330,96	18.218.173,54	59.920.389,50	18.218.173,54
Provision for impairment of other assets	(9.576.398,57)	(14.790.577,69)	(9.576.398,57)	(14.790.577,69)
Total	256.759.503,92	247.566.024,39	256.691.612,97	247.566.024,39

The movement in the provision for impairment of other assets is analyzed as follows:

Amounts in €	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2006	31.12.2005
Balance at start of period	14.790.577,69	10.675.545,74
Expense for the period	-	4.115.031,95
Income for the period	5.214.179,12	-
Balance at period end	9.576.398,57	14.790.577,69

29. Due to Banks

Amounts in €	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2006	31.12.2005
Due to banks		
Securities sold under agreement to repurchase	500.000.000,00	-
Total	500.000.000,00	-

30. Due to Customers

Deposits and other customer accounts are broken down as follows:

Amounts in €	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2006	31.12.2005
Sight deposits	23.726.638,10	9.169.942,15
Savings deposits	7.698.619.410,25	7.649.928.856,16
Time Deposits	2.383.729.263,07	1.346.368.189,84
Securities sold under agreements to repurchase	587.490.491,36	932.932.387,74
Other Liabilities	32.393.245,49	15.439.389,31
Total	10.725.959.048,27	9.953.838.765,20

31. Retirement Benefit Obligations

Retirement benefit obligations relate to indemnities payable to employees upon retirement and are analyzed for the Bank as follows:

Amounts in €	ON STAND ALONE BASIS			
	31.12.2006	31.12.2005	31.12.2004	1.1.2004
Lump sum retirement benefits - Unfunded	24.790.194,00	17.952.698,00	16.605.390,00	15.287.437,00

The sums included in the balance sheet are:

Amounts in €	31.12.2006	31.12.2005	31.12.2004	1.1.2004
Present Value of unfunded benefits payable	27.759.426,00	20.897.956,00	17.825.417,00	15.287.437,00
Not recognized transient liabilities	-	-	-	(14.594.490,00)
Direct recognized transient liabilities	-	-	-	14.594.490,00
Unrecognised actuarial profits/(losses)	(2.969.232,00)	(2.945.258,00)	(1.220.027,00)	-
Liability in Balance Sheet	24.790.194,00	17.952.698,00	16.605.390,00	15.287.437,00

The sums recognised in profit or loss are:

Amounts in €	31.12.2006	31.12.2005
Current service cost	726.886,00	634.269,00
Interest cost	761.991,00	736.735,00
Recognition of actuarial loss	186.159,00	-
Recognised cost of previous employment	5.162.460,00	-
Total included in personnel expenses	6.837.496,00	1.371.004,00

The movement in the retirement benefit obligations is as follows:

Amounts in €	31.12.2006	31.12.2005
Opening balance	17.952.698,00	16.605.390,00
Total expense recognised in income statement	6.837.496,00	1.371.005,00
Benefits paid by the employer	-	(23.697,00)
Closing balance	24.790.194,00	17.952.698,00

The main actuarial assumptions used for accounting purposes are:

	31.12.2006	31.12.2005
Discount rate	4,10%	4,00%
Rate of compensation increase	4,00%	4,00%
Expected remaining service life	11,10	11,36
Expected rate of salary increase	4,00%	4,00%

32. Other liabilities

Other liabilities are analyzed as follows:

Amounts in €	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Capital/money transfer transactions account	4.693.621,26	4.700.949,69	4.693.621,26	4.700.949,69
Current income tax payable	23.069.940,61	134.334.458,65	23.069.940,61	134.334.458,65
Other taxes payable	16.652.697,63	29.957.725,37	16.637.069,21	29.957.725,37
Interest and other expenses accrued for the period	64.129.779,97	89.592.370,10	64.129.779,97	89.592.370,10
Insurance premiums payable	940.788,18	1.989.429,91	932.119,03	1.989.429,91
Dividends payable	-	208.772.615,53	-	208.772.615,53
Suppliers	16.553.918,68	15.694.602,85	16.540.145,54	15.694.602,85
Amounts payable to shareholders following share capital decrease	-	90.495.199,40	-	90.495.199,40
Other liabilities	49.618.722,21	17.975.218,65	49.618.722,21	17.975.218,65
Total	175.659.468,54	593.512.570,15	175.621.397,83	593.512.570,15

33. Share capital

Share capital movements are analyzed as follows:

	Number of shares	Par Value	Share Capital
Balance on 1 January 2005	150.000.000	3,7	555.000.000,00
Share Capital Decrease	24.458.162		90.495.199,40
Issue of new shares	15.324.932		56.702.248,40
Balance on 31 December 2005	140.866.770	3,7	521.207.049,00
Balance on 31 December 2006	140.866.770	3,7	521.207.049,00

The Extraordinary General Meeting of the Shareholders held on December 23rd, 2005 decided to decrease the Bank's Share Capital by € 90.495.199,40 by decreasing the number of shares through cancellation of 24.458.162 ordinary nominal shares, with a face value of € 3.70 each. The decrease was effected by returning to the Shareholders the face value of the shares cancelled in cash.

At the foregoing Extraordinary General Meeting of the Shareholders, it was decided to increase the Bank's Share Capital by € 56.702.248,40 through the issuance of 15.324.932 new ordinary nominal shares with a face value of € 3,70 each. Such increase was effected through: a) capitalization of € 52.145.652,67 from the accumulated special reserve up to 31.12.03, in implementation of the relevant provisions of Law 3082/2002, which arose from the revaluation of the Bank's real estate ; b) capitalization of € 4.556.593,91 of securities revaluation reserve; and c) capitalization of € 1,82 of retained earnings as at 31.12.03.

After the foregoing increase, the Bank's Share Capital stood at € 521.207.049,00 and is divided into 140.866.770 ordinary nominal shares with a face value of € 3,70 each. As at 31.12.06 the share capital was fully paid up.

34. Other Reserves ,Retained earnings and revaluation Reserves

Other Reserves, Retained earnings and revaluation Reserves are analyzed as follows:

Amounts in €	ON CONSOLIDATED BASIS		STAND ALONE BASIS	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Legal Reserve for the year	66.344.830,00	59.481.983,16	66.344.830,00	59.481.983,16
Special Reserves	17.000.000,00	17.000.000,00	17.000.000,00	17.000.000,00
Retained Earnings	156.095.070,55	37.038.153,43	156.675.340,68	37.550.592,38
Total	239.439.900,55	113.520.136,59	240.020.170,68	114.032.575,54

According to article 44 of Codified Law 2190/1920 every year 5% of Bank's net profits is held for statutory reserve until this reserve equals 1/3 of Share Capital. The tax free reserves which are concluded in the retained earnings and concerns profits from securities and also specially taxable income (with decreased factors), as income from interest of Greek Government Bonds and treasury bills that have not been distributed. The tax free reserves and reserves from specially taxable income as at 31.12.2006 amount to € 91.476.529,41.

Revaluation reserves comprise reserves resulting from the measurement at fair value of available for sale financial assets.

The movement of Available for sale securities revaluation reserve for the period 1.1-31.12.2005 and 1.1-31.12.2006 is as follows:

Amount in €	31.12.2006	31.12.2005
	Available for sale securities revaluation reserve	
Balance at start of period	286.208.210,10	338.121.741,97
Less: Deffered tax	(56.008.341,78)	(72.109.830,52)
Net starting balance	230.199.868,32	266.011.911,45
Net (gains)/losses transferred to income statement	(47.879.816,77)	(26.223.613,76)
Net (gains)/losses from changes in fair value	(106.673.892,40)	(25.689.918,11)
Deferred tax movement	30.461.149,97	16.101.488,74
Balance at period end	106.107.309,12	230.199.868,32

35. Commitments,Contingent liabilities and Assets**a) Contingent tax liabilities**

The tax liabilities of the Bank and of its consolidated subsidiary are not final, as there are periods that have not been subject to tax audits. Such periods are:

Company	Open tax years
GREEK POSTAL SAVINGS BANK SA	2006
Greek Postal Savings Bank –	
EL.TA. Mutual Fund Management S.A.	2006

Given that the tax audit may not recognize certain expenses or appear some other differences, it is possible that additional taxes be imposed for periods not audited by the tax authorities.

b) Operating leases

The Bank's commitments (as lessee) mainly arise from buildings which are used as branches and vehicles used by Management. Its receivables (as lessor) mainly relate to rentals from buildings leased to Group's company.

From the lists of housing and real estate departments of Greek Postal Savings Bank and also from car rental contracts, the following can arise:

The minimum future lease payments for the company are:

	<u>31.12.2006</u>	<u>31.12.2005</u>
- within one year	2.819.902,84	1.444.077,81
- over one year and up to 5 years	10.143.085,56	7.518.480,37
- over 5 years	3.755.818,15	4.324.462,52
<i>Total</i>	<u><u>16.718.806,55</u></u>	<u><u>13.287.020,70</u></u>

The minimum future lease payments for the company are:

	<u>31.12.2006</u>	<u>31.12.2005</u>
- within one year	30.597,52	62.358,55
- over one year and up to 5 years	94.991,12	62.689,97
- over 5 years	-	1.490,15
<i>Total</i>	<u><u>125.588,64</u></u>	<u><u>126.538,67</u></u>

c) Other contingent liabilities

Capital Commitments

	<u>31.12.2006</u>	<u>31.12.2005</u>
Commitments to extend credit	<u><u>64.718.590,13</u></u>	<u><u>4.516.688,01</u></u>

d) Legal issues

There are certain claims and customer lawsuits against the Bank in the ordinary course of business. The total amount claimed by third parties in lawsuits filed against the Bank based on consultation with the Bank's legal department stands at € 1.462.952,26. In addition the total amount claimed by the Bank stands at € 975.447,02. It is not possible to charge default interest on the above totals.

The possible average charge estimated is 14%. With regard to the amounts claimed by third parties, and those claimed by the Greek Postal Savings Bank it is not possible to foresee their payment. There are no pending legal claims or liabilities for the Bank that could materially affect the financial position of the Bank as at 31 December 2006, hence no provision has been made for legal cases.

36. Transactions and Balances of Related Parties

In accordance with the provisions of Article 16 (4) of Law 3082 no loans nor credit may be granted to members of the Board of Directors, Members of Management, and their relatives. This prohibition ceases to apply when contracts are entered into on an arms length basis, consistent with current transactions of the Bank with its customers. Related parties are considered to be the affiliated entity, the members of the Board of Directors and the Bank's managers that participate in Committees.

Loans granted to related parties	31.12.2006	31.12.2005
Loans to Members of the Board of Directors and Company managers	4.823.805,21	3.875.996,96
Loan's Interest	60.658,96	9.959,39
	4.884.464,17	3.885.956,35

Members of the Board of Directors and of management fees and other benefits	31.12.2006	31.12.2005
Board of Directors and other committee participation fees	222.200,00	125.500,00
Board of Directors and member of management fees	2.587.938,76	1.563.371,80
Other benefits to Board of Directors and members of management	158.751,82	66.461,94
Total	2.968.890,58	1.755.333,74

Benefits Management and managers of the associated company-Greek Postal Savings Bank-EL.TA. Mutual Fund Management SA	31.12.2006	31.12.2005
Board of Directors and Postal's Savings Bank-EL.TA.'s Managers fees	64.800,00	64.800,00

Deposit balances	31.12.2006	31.12.2005
Bank Board of Directors members and managers	1.247.818,32	699.104,45
Deposit Interest	18.262,17	10.572,15
	1.266.080,49	709.676,60

Transactions with the associated company Greek Postal Savings Bank-EL.TA. Mutual Fund Management SA	31.12.2006	31.12.2005
Other Income	40.439,91	56.796,75

37. Restatement of prior year Cash Flow statement

<i>Amounts in €</i>	Adjustment Value	Disclosure Value	Adjustments	Subnote
	ON CONSOLIDATED AND STAND ALONE BASIS			
	From 1 January to 31.12.2005			
Net cash flow from :				
Operating activities	(534.585.658,26)	(501.411.545,91)	(33.174.112,35)	(I)
Investing activities	(374.792.559,62)	(407.966.671,97)	33.174.112,35	(I)
Financing activities	(90.000.000,00)	(90.000.000,00)	-	
Net increase of cash and cash equivalents	(999.378.217,88)	(999.378.217,88)	-	
Cash on hand and cash equivalents at the beginning of the period	2.439.907.021,35	2.439.907.021,35	-	
Cash on hand and cash equivalents at the end of the period	1.440.528.803,47	1.440.528.803,47	-	

Subnote:

- I. Effect of changes in depreciation premium / discount of investment securities amount of 11.163.610,14€ and from gains amount of 44.337.722,49€

38. Cash and cash equivalents analysis

For the purpose of the editing of cash flow statement, the following accounts' balances whose maturity is smaller than 3 months from the acquiring date are regarded as cash and cash equivalents.

<i>Amounts in €</i>	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Cash and balances with central bank	148.863.699,85	191.266.079,14	148.862.119,78	191.266.079,14
Due from banks	718.313.216,55	1.249.262.724,33	717.937.115,12	1.249.262.724,33
Cash and cash equivalents	867.176.916,40	1.440.528.803,47	866.799.234,90	1.440.528.803,47

39. Post Balance Sheet Events

There are no other events after the date of the financial statements which need to be disclosed under the International Financial Reporting Standards.

40. Bank's Note

1. The matter of exception in the Auditors' report concerns the uncertainty whether the Bank's income from charging "Dormant deposit accounts administration commission" comply with the provisions of Bank of Greece Directives 2501/31.10.2002 (customers information requirements on the terms of their bank transactions) as well as the decision of Central Bank of Greece Committee 178/3/19.7.2004 (clarification on interest rates and customers information on their bank transactions).

The Management disagrees with the Auditors' opinion since it considers that it has applied the policy of charging administration commissions on dormant deposit accounts, which has been applied by the banks in Greece and which fully complies with the provisions and decisions of the Bank of Greece.

2. The matter of emphasis in the Auditors' report concerns the compliance with the application of Governor's Act number 2577/9.3.2006 (on Internal Auditing Systems) and further improvement, especially in the systems' security area.

The Bank's Management informs that from the date the bank received an operating license from Bank of Greece (19/4/2006), it has been constantly improving the operation framework of Internal Auditing Systems in compliance with Governor's Act number 2577/9.3.2006 and especially concerning the systems' security area, from the date of installation of the Integrated Information System (1/10/2006), the implementation and development of system control procedures started up, in collaboration with external consultants company. This process is already in the second (out of three) stages of the project, which is expected to be completed in July, 2007.

41. INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "GREEK POSTAL SAVINGS BANK S.A."

Report on the Financial Statements

We have audited the accompanying, stand alone financial statements of Greek Postal Savings Bank S.A. ("the Bank") and the consolidated financial statements of the Bank and its subsidiary ("the Group"), which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. 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 the Greek Auditing Standards which are harmonised with the 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 provide a reasonable basis for our opinion and are sufficient and appropriate to provide a basis for our audit opinion.

Audit Findings

The Bank for the first time recognised in the current year, income from charging "Dormant deposit accounts administration commission" amounting to Euro 21.2 million on the basis of a relevant decision of the Bank's Administration Policy Committee. In the opinion of our legal counsels, the compliance of this decision to charge the above commission to the dormant deposit accounts, with the provisions of Bank of Greece Directive 2501/31.10.2002 and the decision of the (Central) Bank of Greece Committee for Banking and Credit matters 178/3/19.7.2004 is disputable. In our opinion, the Bank should have assessed the extent of collectability of the above mentioned income from charging commissions to dormant accounts and take the relevant necessary provisions against that recognised income. The maximum possible loss for the Bank, in case of non collection of the total of the above mentioned commissions charged, will not exceed Euro 15.1 million, after taking into account the relevant income tax effect.

Opinion

In our opinion, except for the impact, if any, of the matter referred to in the previous paragraph, the financial statements present fairly, in all material respects, the financial position of the Bank and 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 as these were adopted by the European Union.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

On 19 April 2006, the Bank received from the (Central) Bank of Greece an operating license in accordance with the provisions of Law 3082/2002. As of this date, the Bank is regulated under the "single licence" regime (single EU "passport") provided by Law 2076/92 (second Banking Directive), and therefore is subject to the particular provisions of the Governor's Act number 2577/9.3.2006 "Operation principles and assessment criteria for the organization and internal control systems of credit and financial institutions and their managing officers' respective functions". During 2006, the Bank installed a new Integrated Information System aiming to upgrade its existing infrastructure. Due to the large amount of data that had to be migrated to the new system, the process of fully complying with the requirements of the above mentioned Governor's Act had not been completed until the date of our report. The internal control system of the Bank continues to require further improvements, especially in the systems security area.

Report on Other Legal and Regulatory Requirements

The content of the Director's Report is consistent with the above financial statements.

Athens, April 12, 2007

The Certified Public Accountants

Michael Hadjipavlou
Reg. No.: 12511

Epaminondas Giouroukos
Reg. No.: 10351

Deloitte.

Hadjipavlou Sofianos & Cambanis S.A.
250 – 254 Kifissias Avenue
152 31 Halandri
Reg. No. SOEL: E 120