EGNATIA BANK A.E

Financial Statements

31 December 2006

In accordance with International Financial Reporting Standards

The attached financial statements have been approved by the Board of Directors of EGNATIA BANK A.E. on 24 January 2007 and are posted on the Bank's website www.egnatiabank.gr.

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Income Statement
For the year ended 31 December 2006
(In thousands of Euro)

	Note	2006	2005
Interest income		192.573	159.810
Interest expense		(97.642)	(70.380)
Net interest income	**5**	**94.931**	**89.430**
Fee and commission income		23.838	24.100
Fee and commission expense		(2.089)	(2.931)
Net fee and commission income	**6**	**21.749**	**21.169**
Net trading income	**7**	5.144	3.067
Operating income		568	175
Dividend income	**8**	496	417
Other income	**9**	2.218	4.136
Operating income		**125.106**	**118.394**
Impairment losses loans	**18**	(18.495)	(14.483)
Impairment losses other assets	**20**	(5.449)	0
Staff costs	**10**	(57.366)	(53.305)
Depreciation	**21, 22**	(5.737)	(5.855)
Other operating expenses	**11**	(26.450)	(22.790)
Profit before tax		**11.609**	**21.961**
Income tax expense	**12**	(3.970)	(7.337)
Profit after tax		**7.639**	**14.624**
Earnings per share (Euro)	**13**		
Basic and diluted		0,08	0,17

Thessaloniki 24 January 2007

The Chairman of the Board of Directors	The Managing Director	The Manager of the Finance Department
Vassilios N. Theocharakis A.D.T. S 231179/98	Eleftherios A. Chiliadakis A.D.T. P 073667/90	Aggelos N. Sapranidis A.D.T. AA 273117/05 Permit No. 0016834/18-07-2001

Attached notes on pages 7 to 45 are part of the financial statements of 31 December 2006.

Balance Sheet
31 December 2006
(Amounts in thousands of Euro)

Assets	**Note**	**2006**	**2005**
Cash and balances with Central Bank	**14**	108.028	103.251
Loans and advances to banks	**15**	585.721	623.912
Trading securities	**16**	13.037	15.589
Derivative financial instruments	**17**	937	34
Loans and advances to customers	**18**	2.601.090	2.276.223
Investment securities	**19**	241.995	127.343
Investments in subsidiaries and associates	**20**	41.496	44.046
Intangible assets	**21**	7.264	7.373
Property and equipment	**22**	44.162	41.102
Deferred tax assets	**23**	7.302	7.439
Investment property		19.106	22.129
Other assets	**24**	26.173	15.706
Total assets		**3.696.311**	**3.284.147**
Liabilities			
Deposits from banks	**25**	277.022	5.684
Deposits from customers	**26**	2.759.631	2.624.388
Derivative financial instruments	**17**	2.331	1.600
Debt securities in issue and other borrowed funds	**27**	308.852	315.087
Employee benefits	**28**	8.315	9.062
Other provisions		0	5.700
Current tax liability		2.175	231
Deferred tax liabilities	**23**	652	345
Other liabilities	**29**	78.523	72.391
Total liabilities		**3.437.501**	**3.034.488**
Share capital	**30**	109.145	107.840
Share premium	**30**	116.827	138.479
Reserves	**31**	18.605	17.189
Retained earnings/ Accumulated deficit		14.233	(13.849)
Total equity		**258.810**	**249.659**
Total liabilities and equity		**3.696.311**	**3.284.147**

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EGNATIA BANK

Statement of Changes in Shareholders' Equity
For the year ended 31 December 2006
(Amounts in thousands of Euro)

	Share capital	Share premium	Other reserves	Revaluation reserves available-for-sale	Accumulated deficit	Total
Balance at 1 January 2005	**99.893**	**124.786**	**17.593**	**(571)**	**(21.643)**	**220.058**
Increase of share capital by converting bonds	7.947	13.693				21.640
Revaluation of available for sale portfolio				167		167
Dividends for 2004					(6.830)	(6.830)
Profit for the year					14.624	14.624
Balance at 31 December 2005	**107.840**	**138.479**	**17.593**	**(404)**	**(13.849)**	**249.659**
Balance at 1 January 2006	**107.840**	**138.479**	**17.593**	**(404)**	**(13.849)**	**249.659**
Increase of share capital by converting bonds	1.305	1.991				3.296
Dividends for 2005					(4.462)	(4.462)
Allocation to reserves			1.484		(1.484)	
Revaluation of available for sale portfolio				826		826
Transfer to income statement due to transfer to trading book				(894)		(894)
Profit for the year					7.639	7.639
Offset losses against share premium		(23.643)			23.643	
Offset losses against preference shares					2.746	2.746
Balance at 31 December 2006	**109.145**	**116.827**	**19.077**	**(472)**	**14.233**	**258.810**

Attached notes on pages 7 to 45 are part of the financial statements of 31 December 2006.

EGNATIA BANK

Cash Flow Statement
For the year ended 31 December 2006

	2006	2005
Operating activities		
Profit before tax	11.609	21.961
Adjustments for non-cash items		
Depreciation	5.737	5.855
Impairment loans and advances	18.495	14.483
Employee benefit	1.031	1.465
Valuation trading portfolio	(2.587)	(921)
Transfer to investing activities	(856)	(4.805)
Transfer to financing activities	11.902	5.056
	45.331	**43.094**
Changes in operating assets and liabilities		
Loans and advances to banks	(4.285)	(37.072)
Trading securities and derivatives	4.236	(6.339)
Loans and advances to customers	(304.116)	(286.917)
Other assets	(7.307)	364
Changes in operating liabilities		
Deposits from banks	271.337	(3.280)
Deposits from customers	135.244	184.419
Other liabilities	(31.652)	(1.826)
Net cash flow from operating activities before taxes	**108.788**	**(107.557)**
Tax paid	(10.577)	(7.389)
Net cash flow from operating activities	**98.211**	**(114.946)**
Investing activities		
Investments in subsidiaries and associates	(2.900)	(1.069)
Net increase/(decrease) in investments	(114.720)	(30.424)
Dividends received	496	417
Purchase of assets	(8.723)	(9.167)
Sale of assets	85	124
Other flows from investing activities	5.709	4.584
Cash flows from investing activities	**(120.053)**	**(35.535)**
Financing activities		
Dividends paid	(4.462)	(6.830)
Issue/(payment) of debt	(18.138)	252.974
Share capital increase	(20.346)	21.640
Other cash flows from financing activities	26.389	0
Cash flows from financing activities	**(16.557)**	**267.784**
Total cash flows	**(38.399)**	**117.303**
Foreign exchange difference	700	775
Net cash flow movement	**(37.699)**	**118.078**
Cash and cash equivalents, opening	**677.430**	**559.352**
Cash and cash equivalents, closing	**639.731**	**677.430**
Cash and cash equivalents consists of :		
Cash and cash balances with Central Bank	108.028	103.251
Due from banks	531.703	574.179
	639.731	**677.430**

Attached notes on pages 7 to 45 are part of the financial statements of 31 December 2006.

1. General Information on the Bank

Egnatia Bank ("the Bank") operates as a financial institution and provides primarily financial and banking services to individuals and businesses.

The Bank has 1 356 employees. The Bank's primary activities are in Greece, but it also has subsidiaries that operate in Romania and Cyprus.

The Bank is listed in the Athens Stock Exchange after the merger with Central Bank in accordance with the Ministry of Development decision K2-8832/30.07.99. It operates as a limited by shares company (A.E.) and follows the accounting policies stated in Company Law 2190/1920 and banking regulations 2076/1992.

The Bank's registered office is at 4 Danaidon Str. in the municipality of Thessalonica.

According to article 3 of the Articles of Association the purpose of the Bank is to provide recognised and approved banking services on its own behalf, on behalf of third parties in Greece and abroad.

There were two changes in the shareholder structure in 2006. Marfin Group purchased the control of the Bank on 29 March 2006. Control was obtained originally by purchasing 34.45% of ordinary shares and obtaining the majority in voting rights and the management in several boards of the Bank. During the year, Marfin Group increased its participation to 44.95%. In December 2006, Marfin Popular Bank Public Company Ltd (formerly Popular Bank Cyprus Ltd) made a public offer to acquire 100% of ordinary and preference shares of the Bank and Marfin Group proceeded in selling its investment. First on 13 December 2006 it sold 14,08% to institutional investors and on 21 December 2006, 30.86% of the Bank shares were exchanged with Marfin Popular Bank shares.

As a result of the public offer the Bank as at 29 December 2006 is considered a subsidiary of Marfin Popular Bank Public Company Ltd and holds 86.44% of ordinary shares and 84.31% of preference shares. Therefore the results for the period from 29 March 2006 to 21 December 2006 are included in the consolidated financial statements of Marfin Financial Group A.E. whereas its assets, liabilities and net worth is included in the consolidated financial statements of Marfin Popular Bank Public Company Ltd.

The Boards of Marfin Bank ATE, Egnatia Bank A.E. and Laiki Bank (Hellas) A.E. wholly owned subsidiaries of Marfin Popular Bank Public Company Ltd decided to proceed in the legal merger of Marfin Bank ATE and Laiki Bank (Hellas) A.E. with Egnatia Bank. The transition date is 31 December 2006.

2. Basis of preparation

2.1 Principles of compliance

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

The Board of Directors approved these financial statements on 24 January 2007.

2.2 Basis of presentation

The financial statements are presented in euro rounded to the nearest thousand. They are prepared on a historic cost basis except for the following assets and liabilities that are stated at their fair value:

- financial instruments classified as available-for-sale securities,
- financial instruments held for trading,
- derivative financial instruments and
- investment property.

2.3 Estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

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

3. Significant Accounting Principles

The accounting principles applied for the preparation of the financial statements are as follows:

3.1 Investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost less impairment losses where considered necessary.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated to euro, the reporting currency at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies, at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency that are translated to euro using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined. Differences arising from the translation of non-monetary assets, such as trading securities, are reported in the profit and loss.

3.3 Financial instruments

(a) Classification

Instruments at fair value through profit or loss. This category has two sub categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. These include derivative contracts that are not designated and effective hedging instruments.

Loans and receivables are loans and receivables created by the Bank providing money to a debtor other than those created with the intention of short-term profit taking.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Bank has the intent and ability to hold to maturity. These include certain purchased loans and advances to banks and customers, and certain debt investments.

Available-for-sale assets are financial assets that are not held for trading purposes, loans and receivables, or held to maturity. Available-for-sale include certain debt and equity investments.

(b) Recognition

The Bank recognizes financial assets held for trading, available-for-sale and held-to-maturity, on the date it commits to purchase the assets. From this date any gains and losses arising from changes in fair value of the assets are recognized. Loans and receivables are recognized when cash is advanced to the borrowers.

(c) Measurement

Financial instruments are measured initially at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent to initial recognition all trading instruments and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is started at cost, including transaction costs, less impairment losses.

All non-trading financial liabilities, loans and receivables and held-to-maturity assets are measured at amortized cost less impairment losses. Amortized cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

(d) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without deducting transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimate and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

The fair value of derivatives that are not exchange-traded is estimated as the amount that the Bank would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and current creditworthiness of the counterparties.

(e) Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of available-for-sale assets are recognized directly in equity. When the financial assets are sold, collected or otherwise disposed of the cumulative gain or loss recognized in equity is transferred to the income statement.

Gains and losses arising from a change in the fair value of instruments at fair value through profit or loss are recognized in the income statement.

3.4 Hedge accounting

Where there is a hedging relationship between a derivative instrument and a related item being hedged, the hedging instrument is measured at fair value. The treatment of the gains and losses that result is set out below.

A hedging relationship exists where:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is highly effective throughout the reporting period; and
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect net profit or loss.

The fair value of derivative hedging instruments is calculated in the same way as the fair value of trading instruments.

When a derivative financial instrument hedges the exposures to changes in the fair value of a recognized asset or liability, the hedged item is at fair value in respect of the risk being hedged. Gains and losses on re-measurement of both the hedging instrument and the hedged items are recognized in the income statement. These amounts are included in net trading income/(expense).

Where a derivative financial instrument hedges the exposure to variability in the cash flow of recognized assets or liabilities or anticipated transactions or firm commitments, the effective part of any gain or loss on re-measurement of the hedging instrument is recognized directly in equity. The ineffective part of any gain or loss is recognized in the income statement.

3.5 Repurchase agreements

The Bank enters into agreements for the purchases (sales) of investments and to resell (repurchase) substantially the identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognized. The amounts paid are recognized in loans to either banks or customers. The receivables are shown as collateralized by the underlying security. Investments sold under repurchase agreements continue to be recognized in the balance sheet and are measured in accordance with the accounting policy for either assets held for trading or available-for-sale as appropriate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers.

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

3.6 Property and equipment

Items of property and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses.

Certain items of property and equipment that have been revalued on 1 January 2004, the date of transition to IFRS are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings	40	years
Furniture and office equipment	6-9	years
Vehicles	6-7	years
Computer hardware	4	years

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

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

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

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

3.7 Investment property

Investment property are properties held by the Bank either to earn rental income or for capital appreciation. The Bank records investment property at fair value as determined by an independent valuation company having an appropriate recognised professional qualification. Some of these assets are leased but the lease contract was signed prior to its acquisition by the Bank. Initially investment property is recorded at cost including acquisition expenses. Any gain or loss arising from a change in fair value is recognised in profit or loss.

3.8 Intangible assets

Intangible assets consist of software that has been acquired by the Bank and stated at cost less accumulated amortization and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the software, which is between 4 to 8 years.

3.9 Cash and cash equivalents

Cash and cash equivalents include monetary assets with an original maturity of three months or less, such as cash balance, placements with the Central Bank and amounts due from financial institutions. Cash and cash equivalents are started at amortized cost.

3.10 Impairment

(a) Assets carried at amortized cost

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

(i) significant financial difficulty of the issuer or obligator;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) the Bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;

(iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganization;

(v) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

- adverse changes in the payment status of borrowers in the group; or
- national or local economic conditions that correlate defaults on the assets in the groups.

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

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

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

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

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group of historical loss experience for assets with credit risk characteristics similar to those in the group.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce and differences between loss estimates and actual loss experience.

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

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

(b) Assets carried at fair value

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

3.11 Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest rate method. Financial liabilities include amounts due to credit institutions, customers and debt securities issued.

3.12 Employee benefits

(a) Defined contribution plans

The Bank pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Bank has not further payment adjustments once the contributions have been paid. The obligations for contributions are recognized as an expense in the income statement as incurred.

(b) Defined benefit plans

The Bank has a defined benefit plan whereby it is required, by law, to pay to retiring employees a lump sum. The amount of the payment varies depending upon the employee's length of service and salary on the date of retirement. The Bank's obligation in respect of this defined benefit plan is measured by estimating the present value amount of future benefit is discounted to determine it present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on Greek State bonds that have maturity dates approximating the terms of the Bank's obligations. The calculation is performed by an independent qualified actuary using the projected unit method less the fair value of any plan assets and adjusted for unrecognized gains or losses and past service costs.

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

The amount recognized in the income statement by the Bank for defined benefit pension plans include:

- the increase in the present value of the defined benefit obligation resulting from employee service in the current period (service cost)
- the increase in the present value of the defined benefit obligation, which arises as the benefits are one year closer to settlement (interest cost).

All actuarial gains and losses are recognized in the income statement using the corridor method amortizing any amounts based on the term of the pension liability.

3.13 Provisions

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

3.14 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legal enforceable right to set off recognized amounts and the transactions are intended to be settled on a net basis. Income and expense are offset it they are part of group transactions.

3.15 De-recognition

A financial instrument is derecognized when the Bank loses control on contractual rights that comprise the financial instrument. This occurs when the rights are realized, expire or surrendered. A financial liability is derecognized when it is extinguished.

3.16 Interest income and expense

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

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

3.17 Fees and commission income

Fees and commissions are recognised in the income statement on an accrual basis when the period that the service has been provided.

3.18 Net trading income

Net trading income includes gains and losses arising from disposals and changes in the fair value of financial assets and liabilities held for trading.

3.19 Dividend income

Dividend income is recognized in the income statement on the date the dividend is approved.

3.20 Income tax

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

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable differences. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets or liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is probable that the related tax benefit will not be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

3.21 Share capital

(a) Share issues costs

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

(b) Dividends on ordinary shares

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

(c) Repurchase of share capital

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

3.22 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3.23 New standards

A number of new standards, amendments to standards and interpretations adopted by the European Union are not yet effective for the year ended 31 December 2006, and have not been applied in these financial statements:

- IFRS 7 *Disclosures in Financial Instruments,* which becomes mandatory for the 2007 financial statements, is not expected to have any impact on the Bank's net position.
- IFRS 8 *Operating Segments,* which becomes mandatory from 1 January 2009 is not expected to have any impact on the Bank's net position.
- IFRIC 7 *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies,* which was issued 1 March 2006 is not expected to have any impact on the financial statements.
- IFRIC 8 *Scope of IFRS 2 Share-based Payment,* which was issued 1 May 2006 is not expected to have any impact on the financial statements.
- IFRIC 9 *Reassessment of Embedded Derivatives,* which was issued 1 June 2006 is not expected to have any impact on the financial statements.
- IFRIC 10 *Interim Financial Reporting and Impairment,* which was issued 1 November 2006 will become mandatory for the 2007 financial statements.
- IFRIC 11 *Group and Treasury Share Transactions,* which is applicable from 1 March 2007 is not expected to have any impact on the financial statements.
- IFRIC 12 *Service Concession Agreements,* which is applicable from 1 January 2008 is not expected to have any impact on the financial statements.

4. Segment reporting

Geographical

The Bank operates primarily in Greece. Its branch network consists of 78 branches. All of its revenues are from activities in Greece.

Business

The Bank has the following business segments:

a) Investment and corporate banking

b) Retail

c) Asset management

d) Treasury and money market

e) Investments

31 December 2006

Amounts in thousands of Euro	Investment and corporate banking	Retail	Asset management	Treasury and money market	Investments	Total
Operating results	16.032	97.143	440	11.491	-	**125.106**
Profit before tax	**3.980**	**5.065**	**(67)**	**8.689**	**(6.058)**	**11.609**
Income tax	-	-	-	-	-	**(3.970)**
Profit after tax	-	-	-	-	-	**7.639**
Total Assets	686.605	2.105.812	228	903.666	-	**3.696.311**
Total Liabilities	320.940	2.300.511	55.000	761.050	-	**3.437.501**
Additions	130	8.520	30	43	-	**8.723**
Depreciation and amortization	602	4.907	19	209	-	**5.737**
Impairment	1.426	17.069	-	-	5.449	**23.944**

31 December 2005

Amounts in thousands of Euro	Investment and corporate banking	Retail	Asset management	Treasury and money market	Investments	Total
Operating results	9.794	96.046	498	12.056	-	**118.394**
Profit before tax	374	12.377	(8)	9.219	-	**21.961**
Income tax	-	-	-	-	-	**(7.337)**
Profit after tax	-	-	-	-	-	**14.624**
Total assets	610.809	1.849.145	218	823.975	-	**3.284.147**
Total liabilities	291.810	2.230.068	17.780	494.830	-	**3.034.488**
Additions	209	8.857	41	60	-	**9.167**
Depreciation and amortization	394	5.106	21	334	-	**5.855**
Impairment	1.973	12.510	-	-	-	**14.483**

5. Net interest income

(In thousands of Euro)

	2006	2005
Interest income		
Securities	5.822	4.674
Loans and advances to customers	164.087	142.097
Loans and advances to financial institutions	21.957	12.608
Other interest income	707	431
	192.573	**159.810**
Interest expense		
Customers deposits	(81.744)	(63.996)
Deposits from banks	(3.145)	(276)
Debt securities	(11.902)	(5.960)
Other interest expense	(851)	(148)
	(97.642)	**(70.380)**
Net interest income	**94.931**	**89.430**

6. Net fee and commission income

(In thousands of Euro)

	2006	2005
Fee and commission income		
Loans	7.117	7.558
Letters of guarantees	2.126	1.734
Credit cards	5.275	6.460
Consumer credit	1.698	1.459
Custodian	1.385	766
Working capital	2.285	2.077
Imports – Exports	855	1.043
Equity brokerage activities	348	245
Other	2.749	2.758
	23.838	**24.100**
Fee and commission expense		
Credit cards	(739)	(1.617)
Other	(1.350)	(1.314)
	(2.089)	**(2.931)**
Net fee and commission income	**21.749**	**21.169**

7. Net trading income

(In thousands of Euro)

	2006	2005
Foreign exchange differences	2.198	2.258
Gain from the sale and revaluation of trading securities	2.479	1.171
(Loss) from derivative financial instruments	467	(362)
Net trading income / (expense)	**5.144**	**3.067**

8. Dividend income

(In thousands of Euro)

	2006	2005
Trading securities	357	308
Available-for-sale securities	73	97
Subsidiaries and associates	66	12
Dividend income	**496**	**417**

9. Other income

(In thousands of Euro)

	2006	2005
Investment property	168	143
Sundry	2.050	3.993
Other income	**2.218**	**4.136**

10. Staff costs

(In thousands of Euro)

	2006	2005
Wages and salaries	(42.788)	(40.214)
Social security contributions	(10.172)	(9.389)
Defined benefit plan expense (note 27)	(1.538)	(1.186)
Other costs	(2.868)	(2.516)
Staff costs	**(57.366)**	**(53.305)**

The number of staff at the end of the year was 1.356 (2005: 1.370)

11. Other operating expenses

(In thousands of Euro)

	2006	2005
Rent (operating leases)	(7.903)	(7.213)
Taxes, stamp and duties	(2.087)	(1.702)
Repairs and maintenance	(1.504)	(1.287)
Third party fees (legal, engineers, etc)	(4.140)	(3.460)
Telephone and postage	(2.593)	(2.658)
Other expenses	(8.223)	(6.470)
Other operating expenses	**(26.450)**	**(22.790)**

12. Income tax expense

(In thousands of Euro)

	2006	2005
Current tax expense	2.425	5.833
Deferred tax	444	1.504
Tax on reserves	313	-
Prior year taxes	788	-
Income tax expense	**3.970**	**7.337**

Further information about deferred tax is provided in note 23. The reconciliation of the effective tax rate is as follows:

	%	2006	%	2005
Profits before tax		**11.609**		**21.961**
Profit before tax	29%	3.367	32%	7.028
Income tax	8%	873	6%	1.408
Non-deductible expenses	(4%)	(415)	(2%)	(418)
Prior year taxes	7%	788	0%	0
Tax on reserves	3%	313	0%	0
Other	(8%)	(956)	(3%)	(681)
Income tax expense	**34%**	**3.970**	**33%**	**7.337**

In Greece, the results reported to the tax authorities by an entity are provisional and subject to revision until such time as the tax authorities examine the books and records of the entity and the related tax returns are accepted as final. Therefore entities remain contingently liable for additional taxes and penalties, which may be assessed upon such examination. In 2006, the tax authorities completed their audit and the Bank has settled all obligations up to and including the year ended 31 December 2004. As a result an amount of EUR 6.488 thousand in taxes was assessed for which the Bank utilized an amount of EUR 5.700 in other provisions and an amount of EUR 788 thousand was recorded to the income statement. Because of the method under which the tax obligations are ultimately concluded in Greece, the Bank remains contingently liable for additional taxes and penalties for its open tax years.

13. Earnings Per Share

Basic earnings per share is calculated by dividing the profit after tax that is attributable to the shareholders of the parent company with the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit after tax that is attributable to the shareholders of the parent company after adjusting for the interest expense attributable to the holders of the Bank's convertible bond issue with the weighted average number of ordinary shares adjusted by the number of ordinary shares converted from the convertible bond issue.

	2006	2005
Basic earnings per share		
Profit attributable to shareholders of the Bank (in thousands of Euro)	7.639	14.624
Weighted average number of outstanding ordinary shares (In thousands)	93.057	87.430
Basic earnings per share	**0,08**	**0,17**
Diluted earnings per share		
Profit attributable to shareholders of the Bank (in thousands of Euro)	7.719	15.439
Weighted average number of outstanding ordinary shares (in thousands)	93.558	93.558
Diluted earnings per share	**0,08**	**0,17**

14. Cash and balances with Central Bank

(In thousands of Euro)

	2006	2005
Cash	26.657	23.022
Other placements with the Central Bank	30.988	32.308
Obligatory reserve deposits with the Central Bank	50.383	47.921
Cash and balances with Central Bank	**108.028**	**103.251**

15. Loans and advances to banks

(In thousands of Euro)

	2006	2005
Current accounts	12.869	8.309
Loans to banks	19.000	13.715
Placements with banks	553.852	601.888
Loan and advances to banks	**585.721**	**623.912**

16. Trading securities

(In thousands of Euro)

	2006	2005
Government bonds – FRN	-	9.980
Other bonds – FRN	-	3.999
Bank bonds	3.997	-
Bond	**3.997**	**13.979**
Listed in the ASE stocks	2.659	1.610
Local mutual fund units	6.381	-
Trading securities	**13.037**	**15.589**

During 2006 an amount of EUR 5.431 thousand was transferred to trading securities from available for sale. As a result an amount of EUR 894 thousand (gain) was recorded in the income statement.

17. Derivatives

(In thousands of Euro)

31 December 2006

		Fair value	
	Notional Amount	**Assets**	**Liabilities**
Deposits with embedded derivatives	815	49	49
Currency forwards	138.866	223	2.282
Futures	12.692	665	-
	152.373	**937**	**2.331**

31 December 2005

		Fair value	
	Notional Amount	**Assets**	**Notional Amount**
Interest rate swaps	114.473	34	1.600

18. Loans and advances to customers

(In thousands of Euro)

	2006	2005
Retail customers:		
Consumer	658.105	642.325
Credit cards	105.357	108.318
Housing	310.332	184.675
Other	1.282	1.627
	1.075.076	**936.945**
Corporate customers:		
Construction	128.502	83.397
Industrial	167.469	146.359
Commercial	490.325	403.098
Manufacturing	76.626	89.551
Service companies	357.513	263.695
Shipping	197.649	266.050
Factoring	49.255	46.521
Other	129.159	131.843
	1.596.498	**1.430.514**
Impairment	(70.484)	(91.236)
Loans to customers	**2.601.090**	**2.276.223**

Movement in impairment	2006	2005
Balance at 1 January	91.236	93.438
Provision for impairment	18.495	14.483
Write-offs	(39.247)	(16.685)
31 December	**70.484**	**91.236**

19. Investment securities

(In thousands of Euro)

	2006	2005
Available for sale		
Mutual fund units – local	-	5.536
Mutual fund units – abroad	37.965	-
Listed shares in the ASE	-	1.467
Listed shares abroad	-	327
Non listed shares	463	885
Greek Government bonds – fixed	19.888	-
Greek Government bonds – float	8.644	-
Other Government bonds – fixed	36.489	26.332
Corporate bonds – fixed	23.164	-
Corporate bonds – float	25.715	-
	152.328	**34.547**
Held to maturity		
Greek Government bonds – fixed	44.288	44.512
Greek Government bonds – float	10.000	10.000
Corporate bonds abroad – fixed	5.833	8.731
Corporate bonds abroad - float	29.546	29.553
	89.667	**92.796**
Investment securities	**241.995**	**127.343**

20. Investments in subsidiaries and associates

(In thousands of Euro)

	Country	% Ownership interest 2006	2006	% Ownership interest 2005	2005
Egnatia Bank Romania A.E.	Romania	98,99%	18.317	98,99%	18.317
Egnatia Leasing Romania A.E.	Romania	99,00%	217	99,00%	111
Εγνατία Finance ΑΧΕΠΕΥ	Greece	70,00%	13.002	70,00%	13.002
Εγνατία ΑΕΔΑΚ	Greece	51,00%	307	51,00%	307
Εγνατία Leasing A.E.	Greece	99,90%	9.001	99,90%	9.001
Egnatia Fin A.E.	Greece	99,00%	290	99,00%	290
Eurocambio Foreign Exchange A.E.	Greece	90,29%	0	81,85%	2.659
Egnatia Insurance Brokers L.T.D.	Greece	60,00%	180	60,00%	180
Egnatia Finance plc	United Kingdom	100,00%	19	100,00%	18
Obafemi Holdings Ltd	Cyprus	100,00%	2	-	-
Egnatia Financial Services Ltd (direct 5%, indirect 32.2%)	Cyprus	37,20%	161	37,20%	161
			41.496		**44.046**

In June 2006 the Bank established Obafemi Holdings.

In a General Shareholder's meeting on 7 December 2006 the shareholders of Eurocambio decided to dissolve the company. This will be completed in the first semester of 2007, and no results if any will occur for the Bank.

Taken this into consideration the Bank made a full impairment as follows:

		2006	2005
Eurocambio Foreign Exchange	Cost (share capital increase EUR 2.790 thousand)	5.449	2.659
	Impairment loss	(5.449)	0
	As shown in balance sheet	0	2.659

21. Intangible assets

(In thousands of Euro)

Cost	
Balance at 1 January 2005	16.530
Additions	3.105
Disposals	-
Balance at 31 December 2005	**19.635**
Balance 1 January 2006	19.635
Additions	1.206
Disposals	-
Balance at 31 December 2006	**20.841**
Amortization	
Balance at 1 January 2005	11.158
Amortization for the year	1.104
Disposals	-
Balance at 31 December 2005	**12.262**
Balance at 1 January 2006	12.262
Amortization for the year	1.315
Disposals	-
Balance at 31 December 2006	**13.577**
Carrying amounts	
At 1 January 2005	5.372
At 31 December 2005	**7.373**
At 1 January 2006	7.373
At 31 December 2006	**7.264**

22. Property and equipment

(In thousands of Euro)

	Land	Buildings	Leasehold improvements	Furniture and equipment	Other	Total
Cost						
Balance at 1 January 2005	10.277	15.500	21.124	28.641	4.305	79.847
Additions	1.646	1.845	737	1.386	448	6.062
Disposals	-	-	-	(10)	(149)	(159)
Balance at 31 December 2005	**11.923**	**17.345**	**21.861**	**30.017**	**4.604**	**85.750**
Balance at 1 January 2006	11.923	17.345	21.861	30.017	4.603	85.749
Additions	-	360	2.315	4.548	295	7.518
Disposals	-	-	(2.078)	(43)	(113)	(2.234)
Balance at 31 December 2006	**11.923**	**17.705**	**22.098**	**34.521**	**4.785**	**91.033**
Depreciation						
Balance at 1 January 2005	-	4.006	12.687	20.961	2.278	39.932
Additions	-	402	1.174	2.663	512	4.751
Disposals	-	-	-	(10)	(25)	(35)
Balance at 31 December 2005	**-**	**4.408**	**13.861**	**23.614**	**2.765**	**44.648**
Balance at 1 January 2006	-	4.408	13.861	23.614	2.765	44.648
Additions	-	431	1.335	2.152	505	4.423
Disposals	-	-	(2.076)	(43)	(80)	(2.199)
Balance at 31 December 2006	**-**	**4.839**	**13.120**	**25.723**	**3.190**	**46.872**
Carrying amounts						
At 1 January 2005	10.277	11.494	8.438	7.680	2.027	39.916
At 31 December 2005	**11.923**	**12.937**	**8.000**	**6.403**	**1.839**	**41.102**
At 1 January 2006	11.923	12.937	8.000	6.403	1.838	41.102
At 31 December 2006	**11.923**	**12.866**	**8.978**	**8.798**	**1.595**	**44.161**

23. Deferred tax

(In thousands of Euro)

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2006	2005
Deferred tax assets		
Intangible assets	4	84
Employee benefits obligation	1.881	1.863
Impairment loans and advances	1.662	3.253
Impairment of investments	1.397	35
Deferred income	685	431
Preference shares	227	-
Other items	1.446	1.773
	7.302	**7.439**
Deferred tax liability		
Property and equipment	120	345
Intangible assets	275	-
Other	257	-
	652	**345**

Movement in temporary differences during the year

	Balance 1 January 2005	Recognized in income	Balance 31 December 2005
Intangible assets	208	(124)	84
Employee benefits obligation	1.804	59	1.863
Impairment loans	3.883	(630)	3.253
Impairment of investments	35	-	35
Deferred income	219	212	431
Property and equipment	(296)	(49)	(345)
Other	2.745	(972)	1.773
	8.598	**(1.504)**	**7.094**

	Balance 1 January 2006	Recognized in income	Balance 31 December 2006
Intangible assets	84	(355)	(271)
Employee benefits obligation	1.863	18	1.881
Impairment loans and advances	3.253	(1.591)	1.662
Impairment of investments	35	1.362	1.397
Deferred income	431	254	685
Preference shares	-	227	227
Property and equipment	(345)	(57)	(402)
Other	1.773	(301)	1.471
	7.094	**(444)**	**6.650**

24. Other assets

(In thousands of Euro)

	2006	2005
Prepayments	1.746	1.032
Accrued interest income	12.574	8.755
Other	11.853	5.919
Other assets	**26.173**	**15.706**

25. Deposits from banks

(In thousands of Euro)

	2006	2005
Central Bank	55.000	-
Current deposits	9.582	3.653
Term deposits	1.621	1.590
Money markets	175.688	436
Loans	35.131	5
Deposits from banks	**277.022**	**5.684**

26. Deposits from customers

(In thousands of Euro)

	2006	2005
Retail customers:		
Current accounts	77.421	74.930
Saving accounts	488.595	472.727
Term deposits	1.342.806	1.312.485
	1.908.822	**1.860.142**
Corporate customers:		
On demand	194.602	184.457
Term	629.262	550.167
	823.864	**734.624**
Government entities		
On demand	23.162	7.690
Term	3.783	21.932
	26.945	**29.622**
Deposits from customers	**2.759.631**	**2.624.388**

Included in term deposits are funds that the Bank has raised by selling Greek governments bond, under agreements to repay their funds by repurchasing the bonds of future dates at the same price plus interest at a pre-determined rate. At 31 December 2006 the funds received amounted to EUR 0 thousand (2005: EUR 61 104 thousand). The majority of the repurchase agreements expire within one month of the balance sheet date and the total interest expense on repurchase agreements for 2006 was EUR 891 thousand (2005: EUR 1 734 thousand).

27. Debt securities in issue and other borrowed funds

(In thousands of Euro)

	2006	2005
Preference shares	13.026	12.522
Share premium on preference shares	15.130	17.036
Convertible subordinated debt maturity- 2013	852	5.783
Subordinated debt maturity 2015	80.000	80.000
Debt security (2008)	199.844	199.746
Debt securities in issue and other borrowed funds	**308.852**	**315.087**

The Bank's preference shares are not convertible. Preference shares have the following benefits: a) to receive the minimum dividend as stated in article 28 paragraph 2 of the article of association before ordinary shareholders and the right to receive any additional benefit that the ordinary shareholders will receive b) to receive a cumulative amount in the future if in any period a dividend is not distributed or if the Bank pays an amount that is less than 6% of the share capital in one or more financial periods c) first right to the net asset amount before the ordinary shareholders in case of liquidation and in any excess of any amount over the share capital.

The reduction of preference shares of EUR 1.906 thousand is from EUR 2.745 in losses absorbed and an a conversion of EUR 839 thousand from preference bonds.

Convertible subordinated debt holders have the right to exchange one note for one share. As at 31 December 2006 convertible debt holders had the right to exchange 271.710 notes for an equivalent number of ordinary shares and 31.910 preference shares. The bonds have a face value of EUR 3.2 per bond.

The convertible bond was issued 21 January 2003 and has a maturity of 10 years with the right of first redemption after 5 years. It has a rate of interest of Euribor plus 1.75% up to the date of redemption and 3.25% until maturity. Interest accrues every 3 months starting 21 January 2003.

The subordinated debt with maturity 2015 was issued 4 May 2005 and has a 10 year term with the right to fixed redemption after the end of the fifth year. It has an interest rate of Euribor plus 1.10% up to redemption date and 2.40% up to maturity. It accrues interest quarterly starting 4 August 2005.

The subordinated debt is used as secondary capital (Tier II capital) for capital adequacy purposes.

Debt security matures in 2008 (3 years) and pays Euribor plus 55 bps until maturity.

28. Employee benefits

(In thousands of Euro)

	2006	2005
Present value of unfunded obligations	9.157	7.995
Present value of funded obligations	820	907
Total present value	**9.977**	**8.903**
Fair value of plan assets	(565)	(550)
Past service costs	(1.008)	0
Unrecognised actuarial gains and losses	(710)	(1.303)
Recognized liability for defined benefit obligations	**7.695**	**7.050**
Provision for vacation not taken	579	1.151
Provision for employee bonus	0	600
Salaries due	41	261
Employee benefits	**8.315**	**9.062**
Movement in plan assets:		
Opening balance	550	600
Expected return	22	26
Contributions received	167	153
Contributions paid	(173)	(223)
Amounts in income statement	(2)	(1)
Actuarial (loss)/gain	2	(4)
Closing balance	**565**	**550**

	2006	2005
Net liability for defined benefit obligations at 1 January	7.050	6.463
Contributions received	(153)	(134)
Benefits paid	(740)	(465)
Expense recognized in the income statement	1.538	1.186
Net liability for defined benefit obligations at 31 December	**7.695**	**7.050**

Expense recognized in the income statement

	2006	2005
Current service costs	668	558
Expected return on plan assets	(22)	(26)
Actuarial loss recognition	33	0
Termination cost	507	320
Interest on obligation	352	333
	1.538	**1.186**

Principal actuarial assumptions used for 2006 and 2005 were as follows:

	2006	2005
Discount rate	4,20%	4,00%
Expected return on plan assets	4,20%	4,00%
Future salary increases	4,50%	4,50%
Remaining employment service	14,24	14,77

29. Other liabilities

(In thousands of Euro)

	2006	2005
Taxes and duties (other than income tax)	2.049	2.039
Due to social security funds	2.152	2.027
Suppliers and other creditors	8.063	6.413
Finance lease obligation	1.711	2.210
Amounts collected on behalf and due to third parties	635	459
Deferred income	15.726	10.518
Accrued expenses	4.417	13.526
Cheques and orders payable	29.389	21.950
Other	14.381	13.249
Other liabilities	**78.523**	**72.391**

30. Share capital, share premium

	2006	2005
Number of ordinary shares (par value € 1.17)	**93.286.729**	**92.170.669**
Share capital paid (in thousands of Euro)	**109.145**	**107.840**
Share premium (in thousands of Euro)	**116.827**	**138.479**

The Bank's share capital was reduced by EUR 26.389 thousand to offset losses and an equivalent increase from reserves and share premium reserve of EUR 23.643 thousand and 2.746 preference share (note 27). In addition the share premium reserve increased by EUR 1.991 thousand after converting bonds.

31. Reserves

(In thousands of Euro)

	2006	2005
Statutory reserve	7.210	6.481
Untaxed reserves	425	2.706
Extraordinary reserves	11.442	8.406
Revaluation reserve available-for-sale securities	(472)	(404)
Reserves	**18.605**	**17.189**

Statutory reserve: Under the provisions of corporate law, entities are required to transfer 5% of their annual profits to a statutory reserve until the reserve equals one third of the issued capital. This reserve is not available for distribution but may be applied to cover losses.

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

In 2006 after legislation issued the Bank paid an amount of EUR 313 thousand estimated as 15% tax on tax-free reserves of EUR 2.087 thousand. These reserves are now free of tax and may be distributed or capitalized.

Extraordinary reserves: Includes all other reserves that do not belong in the other categories.

32. Contingent liabilities and commitments

32.1 Litigation

The Bank is a defendant in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is note expected to have a material adverse effect on the financial condition of the Bank.

32.2 Credit commitments

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

	2006	2005
Letters of guarantees	215.183	194.497
Letters of credit	5.471	3.643

32.3 Operating leases

The Bank's commitment from lease contracts refers mainly to buildings used for its branches and other operating units. The future minimum lease payments under operating leases are as follows (amounts in thousands of Euro):

	2006	2005
Up to 1 year:	106	2 243
1 to 5 years:	13.246	4.344
Over 5 years:	38.333	32.416

33. Related Parties

The total amount of transactions with related parties amount to (amounts in thousands of Euro):

Board of Directors and Management	2006	2005
Loans and advances to customers	251	422
Deposits from customers	23.994	6.669
Income		
Interest and commission income	16	76
Expense		
Interest and commission expense	751	127

Subsidiaries and associates	2006	2005
Assets		
Loans and advances to banks	77.145	48.240
Loans and advances to customers	143.576	93.701
Other assets	670	370
Total Assets	**221.391**	**142.311**
Liabilities		
Deposits from customers	38.700	24.582
Debt securities	279.843	279.746
Other liabilities	3.890	3.864
Total Liabilities	**322.434**	**308.192**
Income		
Interest income	8.189	4.207
Commission income	875	712
Dividend income	357	308
Other operating income	1.007	599
Total Income	**10.428**	**5.826**
Expenses		
Interest expense	10.786	4.254
Fee and commission income	25	71
Other operating expenses	1.395	733
Total Expenses	**12.205**	**5.059**

Other related parties	2006	2005
Assets		
Loans and advances to customers	23.441	26.976
Due from banks	66.365	0
Other assets	459	0
Property and equipment	1.552	1.082
Total Assets	**91.817**	**28.058**
Liabilities		
Deposits from customers	57.106	4.905
Debt securities	176.201	0
Other liabilities	1.362	613
Total Liabilities	**234.669**	**5.518**

Other related parties	2006	2005
Income		
Interest and similar income	2.937	917
Fee and commission income	176	81
Total Income	**3.113**	**998**
Expenses		
Interest expense	2.775	1.584
Other	958	788
Total Expenses	**3.734**	**2.372**

Fees to BOD members and key management in 2006 amounted to EUR 3.556 thousand (31.12.2005: EUR 2.794 thousand).

34. Fair value

The following table summarises the carrying amounts and fair value of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value (the amounts are expressed in thousands of euro):

	2006		2005	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Loans and advances to banks	585.721	586.238	623.912	626.469
Loans and advances to customers	2.601.090	2.616.842	2.276.223	2.287.543
Investment securities held-to-maturity	89.667	89.306	92.796	93.130
Investment in subsidiaries	41.496	41.496	44.046	44.046
Financial liabilities				
Deposits from banks	277.022	277.244	5.684	5.690
Deposits from customers	2.759.631	2.768.626	2.624.388	2.615.668
Debt securities in issue	308.852	310.868	315.087	315.087

35. Risk Management

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

35.1 Interest rate risk

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest –bearing liabilities mature or reprice at different times or in different amounts. In the case of floating rate assets and liabilities the Bank is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices.

Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Bank's business strategies.

The Bank applies the Static Repricing Gap that separates products by maturity (fixed) or next repricing (floating) and calculates the gap each period and also to measure sensitivity. The Bank uses IRS to hedge interest risk.

31 December 2006	**Non interest**	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**Over 5 years**	**Total**
Assets								
Cash and balances with Central Bank	28.904	79.124	-	-	-	-	-	**108.028**
Loans and advances to banks	5.532	551.799	23.390	5.000	-	-	-	**585.721**
Trading securities	9.042	995	3.000	-	-	-	-	**13.037**
Derivative financial instruments	937	-	-	-	-	-	-	**937**
Loans and advances to customers	(63.022)	2.070.050	350.251	69.551	39.483	115.960	18.817	**2.601.090**
Investment securities	38.428	41.943	38.401	26.042	2.479	64.142	30.560	**241.995**
Investment in subsidiaries and associates	41.496	-	-	-	-	-	-	**41.496**
Intangible assets	7.264	-	-	-	-	-	-	**7.264**
Property and equipment	44.162	-	-	-	-	-	-	**44.162**
Deferred tax assets	7.302	-	-	-	-	-	-	**7.302**
Investment property	19.106	-	-	-	-	-	-	**19.106**
Other assets	26.173	-	-	-	-	-	-	**26.173**
Total assets	**165.324**	**2.743.911**	**415.042**	**100.593**	**41.962**	**180.102**	**49.377**	**3.696.311**
Liabilities								
Deposits from banks	2.769	274.170	83	-	-	-	-	**277.022**
Deposits from customers	66.516	1.987.267	453.441	173.534	71.476	7.397	-	**2.759.631**
Derivative financial instruments	2.331	-	-	-	-	-	-	**2.331**
Debt securities in issue and other borrowed funds	28.157	695	280.000	-	-	-	-	**308.852**
Employee benefits	8.315	-	-	-	-	-	-	**8.315**
Current tax	2.175	-	-	-	-	-	-	**2.175**
Deferred tax liabilities	652	-	-	-	-	-	-	**652**
Other liabilities	78.523	-	-	-	-	-	-	**78.523**
Total liabilities	**189.438**	**2.262.132**	**733.524**	**173.534**	**71.476**	**7.397**	**-**	**3.437.501**
Interest sensitivity gap	**(24.114)**	**481.779**	**(318.482)**	**(72.941)**	**(29.514)**	**172.705**	**49.377**	**258.810**
Hedged item	**-**	**(247)**	**6.569**	**(253)**	**(253)**	**(5.817)**	**-**	**-**
Total gap	**(24.114)**	**481.532**	**(311.913)**	**(73.194)**	**(29.767)**	**166.888**	**49.377**	**258.810**

31 December 2005	Non interest	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
Assets								
Cash and balances with Central Bank	24.846	78.405	-	-	-	-	-	**103.251**
Loans and advances to banks	-	598.457	12.740	12.715	-	-	-	**623.912**
Trading securities	-	2.585	3.000	10.004	-	-	-	**15.589**
Derivative financial instruments	34	-	-	-	-	-	-	**34**
Loans and advances to customers	(80.194)	1.870.100	278.666	65.235	38.113	95.981	8.322	**2.276.223**
Investment securities	-	28.066	30.000	10.000	2.276	56.981	20	**127.343**
Investment in subsidiaries and associates	44.046	-	-	-	-	-	-	**44.046**
Intangible assets	7.373	-	-	-	-	-	-	**7.373**
Property and equipment	41.102	-	-	-	-	-	-	**41.102**
Deferred tax assets	7.439	-	-	-	-	-	-	**7.439**
Investment property	22.129	-	-	-	-	-	-	**22.129**
Other assets	13.941	1.765	-	-	-	-	-	**15.706**
Total assets	**80.716**	**2.579.378**	**324.406**	**97.954**	**40.389**	**152.962**	**8.342**	**3.284.147**
Liabilities								
Deposits from banks	-	5.620	64	-	-	-	-	**5.684**
Deposits from customers	-	1.858.963	484.634	205.007	72.178	3.606	-	**2.624.388**
Derivative financial instruments	1.600	-	-	-	-	-	-	**1.600**
Debt securities in issue and other borrowed funds	29.558	5.669	279.860	-	-	-	-	**315.087**
Employee benefits	9.062	-	-	-	-	-	-	**9.062**
Other provisions	5.700	-	-	-	-	-	-	**5.700**
Current tax	231	-	-	-	-	-	-	**231**
Deferred tax liabilities	345	-	-	-	-	-	-	**345**
Other liabilities	50.441	21.950	-	-	-	-	-	**72.391**
Total liabilities	**96.937**	**1.892.202**	**764.558**	**205.007**	**72.178**	**3.606**	**-**	**3.034.488**
Interest sensitivity gap	**(16.221)**	**687.176**	**(440.152)**	**(107.053)**	**(31.789)**	**149.356**	**8.342**	**249.659**

35.2 Liquidity risk

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

The Bank's aim is to invest its available capital (deposits, credit securities and share capital) but also to maintain a security level so as not to be exposed to any liquidity risk. The management of liquidity risk includes the location of liquidity needs, their quantification, as also the actions for maintaining a sufficient liquidity level. In order to monitor the liquidity risk, methodology of liquidity gap is applied, by which all financial asset – liabilities are thoroughly represented in time periods, according their remaining duration till maturity.

In addition, liquidity ratios are calculated and monitored as defined by the Presidential Decree 2560/1-4-2005 and the Bank’s liquidity is maintained within the limits prescribed by regulators.

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

31 December 2006	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
Assets							
Cash and balances with Central Bank	105.895	2.133	-	-	-	-	**108.028**
Loans and advances to banks	502.024	29.679	-	-	54.000	18	**585.721**
Trading securities	13.037	-	-	-	-	-	**13.037**
Derivative financial instruments	937	-	-	-	-	-	**937**
Loans and advances to customers	626.115	53.856	634.608	118.882	663.283	504.346	**2.601.090**
Investment securities	41.208	30.325	48.446	8.272	86.710	27.034	**241.995**
Investment in subsidiaries and associates	-	-	-	-	-	41.496	**41.496**
Intangible assets	-	-	-	-	-	7.264	**7.264**
Property and equipment	-	-	-	-	-	44.162	**44.162**
Deferred tax assets	-	-	-	-	7.302	-	**7.302**
Investment property	-	-	-	-	19.106	-	**19.106**
Other assets	8.297	3.388	8.979	461	2.883	2.165	**26.173**
Total assets	**1.297.513**	**119.381**	**692.033**	**127.615**	**833.284**	**626.485**	**3.696.311**
Liabilities							
Deposits from banks	266.935	10.083	-	-	2	2	**277.022**
Due to customers	1.402.272	453.441	173.534	71.476	658.908	-	**2.759.631**
Derivative financial instruments	2.331	-	-	-	-	-	**2.331**
Debt securities in issue and other borrowed funds	-	-	-	-	280.695	28.157	**308.852**
Employee benefits	-	-	-	-	8.315	-	**8.315**
Current tax liability	-	-	2.175	-	-	-	**2.175**
Deferred tax liabilities	-	-	-	-	652	-	**652**
Other liabilities	53.722	10.673	2.195	1.228	9.923	782	**78.523**
Total liabilities	**1.725.260**	**474.197**	**177.904**	**72.704**	**958.495**	**28.941**	**3.437.501**
Net liquidity gap	**(427.747)**	**(354.816)**	**514.129**	**54.911**	**(125.211)**	**597.544**	**258.810**

31 December 2005	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
Assets							
Cash and balances with Central Bank	102.251	-	-	1.000	-	-	**103.251**
Loans and advances to banks	562.113	13.066	-	12.715	35.000	1.018	**623.912**
Trading securities	15.589	-	-	-	-	-	**15.589**
Derivative financial instruments	34	-	-	-	-	-	**34**
Loans and advances to customers	636.543	60.698	590.394	131.117	586.419	271.052	**2.276.223**
Investment securities	24.637	9.527	-	2.300	63.416	27.463	**127.343**
Investment in subsidiaries and associates	-	-	-	-	-	44.046	**44.046**
Intangible assets	-	-	-	-	-	7.373	**7.373**
Property and equipment	-	-	-	-	-	41.102	**41.102**
Deferred tax assets	-	-	-	-	7.439	-	**7.439**
Investment property	-	-	-	-	22.129	-	**22.129**
Other assets	6.494	2.100	1.691	463	2.843	2.115	**15.706**
Total assets	**1.347.661**	**85.391**	**592.085**	**147.595**	**717.246**	**394.169**	**3.284.147**
Liabilities							
Deposits from banks	5.616	64	-	-	2	2	**5.684**
Due to customers	1.243.473	484.634	205.007	72.178	619.096	-	**2.624.388**
Derivative financial instruments	1.600	-	-	-	-	-	**1.600**
Debt securities in issue and other borrowed funds	-	-	-	-	285.529	29.558	**315.087**
Employee benefits	-	-	-	-	-	9.062	**9.062**
Other provisions	-	-	-	-	-	5.700	**5.700**
Current tax liability	-	-	231	-	-	-	**231**
Deferred tax liabilities	-	-	-	-	345	-	**345**
Other liabilities	45.063	7.902	2.584	699	13.034	3.109	**72.391**
Total liabilities	**1.295.752**	**492.600**	**207.822**	**72.877**	**918.006**	**47.431**	**3.034.488**
Net liquidity gap	**51.909**	**(407.209)**	**384.263**	**74.718**	**(200.760)**	**346.738**	**249.659**

35.3 Market risk

Market risk is the risk of occurring possible losses caused by the fluctuation and volatility of market prices, such as share prices, interest rate and foreign exchange rate fluctuations.

The Bank applies a 'value at risk' methodology (VAR) to estimate the market risk.

The measurement of the value at risk is an estimate of the change in value of the portfolio at a specific confidence level in a specified period of time. The Bank uses the Variance-Covariance methodology in estimating VaR. It is measured with a confidence level of 99% assumes and a one holding day period. Management has approved the VAR limits and the VAR manual.

VAR for the trading portfolio as at 31 December 2006 amounted to EUR 137 thousand (31 December 2005 EUR 446 thousand), where as the limit is EUR 800 thousand.

35.4 Currency risk

The Bank takes on exposure to the effects of fluctuations in the prevailing exchange rates on its financial position and cash flows. Management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign currency exchange risk at 31 December. Included in the table on the Bank's assets and liabilities at carrying amounts categorized by currency (the amounts are in thousands of Euro):

31 December 2006	EUR	USD	GBP	CHF	JPY	Other	Total
Assets							
Cash and balances with Central Bank	103.007	1.816	1.552	230	115	1.308	**108.028**
Loans and advances to banks	348.206	211.068	12.309	555	332	13.251	**585.721**
Trading securities	13.037	-	-	-	-	-	**13.037**
Derivative financial instruments	792	145	-	-	-	-	**937**
Loans and advances to customers	2.481.000	106.616	-	6.426	7.048	-	**2.601.090**
Investment securities	170.674	71.321	-	-	-	-	**241.995**
Investments in subsidiaries and associates	41.477	-	19	-	-	-	**41.496**
Intangible assets	7.264	-	-	-	-	-	**7.264**
Property and equipment	44.162	-	-	-	-	-	**44.162**
Deferred tax assets	7.302	-	-	-	-	-	**7.302**
Investment property	19.106	-	-	-	-	-	**19.106**
Other assets	24.535	1.597	9	16	10	6	**26.173**
Total Assets	**3.260.562**	**392.563**	**13.889**	**7.227**	**7.505**	**14.565**	**3.696.311**
Liabilities							
Deposits from banks	275.890	322	116	-	-	694	**277.022**
Deposits from customers	2.255.191	403.397	13.714	811	83.490	3.028	**2.759.631**
Derivative financial instruments	2.331	-	-	-	-	-	**2.331**
Debt securities in issue and other borrowed funds	308.852	-	-	-	-	-	**308.852**
Employee benefits	8.315	-	-	-	-	-	**8.315**
Current tax liability	2.175	-	-	-	-	-	**2.175**
Deferred tax liabilities	652	-	-	-	-	-	**652**
Other liabilities	76.580	1.783	103	14	27	16	**78.523**
Total Liabilities	**2.929.986**	**405.502**	**13.933**	**825**	**83.517**	**3.738**	**3.437.501**
Net on balance sheet position	**330.576**	**(12.939)**	**(44)**	**6.402**	**(76.012)**	**10.827**	**258.810**
Forwards	(74.066)	12.344	321	(6.110)	76.032	(10.578)	**(2.057)**
Total position	**256.510**	**(595)**	**277**	**292**	**20**	**249**	**256.753**

31 December 2005	EUR	USD	GBP	CHF	JPY	Other	Total
Assets							
Cash and balances with Central Bank	96.221	5.320	650	18	258	784	**103.251**
Loans and advances to banks	444.360	162.238	11.539	596	1.500	3.679	**623.912**
Trading securities	15.589	-	-	-	-	-	**15.589**
Derivative financial instruments	34	-	-	-	-	-	**34**
Loans and advances to customers	2.077.389	190.289	-	6.481	2.064	-	**2.276.223**
Investment securities	100.511	26.505	-	-	327	-	**127.343**
Investments in subsidiaries and associates	44.028	-	18	-	-	-	**44.046**
Intangible assets	7.373	-	-	-	-	-	**7.373**
Property and equipment	41.102	-	-	-	-	-	**41.102**
Deferred tax assets	7.439	-	-	-	-	-	**7.439**
Investment property	22.129	-	-	-	-	-	**22.129**
Other assets	14.007	1.683	7	7	1	1	**15.706**
Total Assets	**2.870.182**	**386.035**	**12.214**	**7.102**	**4.150**	**4.464**	**3.284.147**
Liabilities							
Deposits from banks	4.481	677	90	-	-	436	**5.684**
Deposits from customers	2.121.620	393.511	12.070	91.935	1.335	3.919	**2.624.388**
Derivative financial instruments	1.600	-	-	-	-	-	**1.600**
Debt securities in issue and other borrowed funds	315.087	-	-	-	-	-	**315.087**
Employee benefits	9.062	-	-	-	-	-	**9.062**
Other provisions	5.700	-	-	-	-	-	**5.700**
Current tax liability	231	-	-	-	-	-	**231**
Deferred tax liabilities	345	-	-	-	-	-	**345**
Other liabilities	70.328	1.858	170	20	1	14	**72.391**
Total Liabilities	**2.528.454**	**396.046**	**12.330**	**91.955**	**1.336**	**4.369**	**3.034.488**
Net on balance sheet position	**341.728**	**(10.011)**	**(116)**	**(84.853)**	**2.814**	**95**	**249.659**
Forwards	(91.387)	8.371	101	84.828	(3.149)	(330)	**(1.567)**
Total position	**250.341**	**(1.640)**	**(15)**	**(25)**	**(335)**	**(235)**	**248.092**

35.5 Credit risk

Credit risk is the risk of loss resulting from counterparty default. The Bank considers credit risk for loans as the loss, which the Bank would suffer if a client or counterparty fails to meet their contractual obligations.

The Bank has established credit limits based on the creditworthiness of the counterparty in order to minimize the credit risk that the Bank undertakes. The creditworthiness analysis for each client is based on the country domicile, the business sector and other qualitative and quantitative characteristics for the client, the nature of the transaction and the collateral.

For credit control purposes, credit exposure is measured by the nature of the client in the following categories: central governments (for purchase and holdings of debt instruments), financial institutions, corporate customers (with reliable financial data), small and medium size entities (SME) and retail customers. The largest credit risk represents the loss from the failure of the counterparty to meet their contractual obligations. The Bank along with specialized consulting firms has developed a series of valuation models to assess the risk for each category.

A financial (quantitative) and business (qualitative) analysis is performed to valuate the credit risk for corporate customers. Financial analysis is based on the published financial statements of the customer. Business analysis depends on the quality characteristics of the business sector where the company operates. For SMEs the valuation mode takes into account qualitative characteristics as well as their payment behaviour. Two models exist for retail customers. The first one takes into account the qualitative and financial information of the customers. The first one takes into account the qualitative and financial information of the customer when the customer applies for a loan and the second model depends on evaluating the payment performance and the Bank's relationship with the customer. At the approval stage, the credit risk as a whole is assessed of the counterparty individually or collectively taken into account the credit limits approved by the divisions of the Bank. Collaterals and other securities that mitigate the credit risk are used to determine the credit limits. On a systematic basis, the Bank monitors the counterparty risk and credit exposure along with the credit limits. Off balance sheet items and credit exposures from settlement transactions are also used to develop credit exposures.

In order to assess the country risk the Bank approves limits that depend on credit ratings performed by credit agencies, macroeconomic data of the country as well as international and political developments. For counterparty risks with financial institutions, the Bank places limits for each type of banking transaction based on the risk of the transaction. The credit limit for each financial institution is split into trade limits and money market limits. These limits are based on the credit rating of the bank, their financial data and other qualitative information.

36. Reclassifications to prior year figures

	Published 31/12/2005	Previously 31/12/2006	Reclassification
Income statement			
Interest income	159.368	159.810	442
Interest expense	(70.240)	(70.380)	(140)
Commission income	24.532	24.100	(432)
Commission expense	(1.852)	(2.931)	(1.079)
Net trading results	3.562	3.242	(320)
Other income	4.598	4.136	(462)
Personnel expenses	(53.764)	(53.305)	459
Other administrative expenses	(24.208)	(22.790)	1.418
Tax	(7.451)	(7.337)	114
Assets			
Loans to customers	2.277.988	2.276.223	(1.765)
Other assets	43.509	45.274	1.765
Liabilities			
Due to customers	2.646.338	2.624.388	(21.950)
Other liabilities	51.017	72.967	21.950

Reclassifications made were done in order to have a fair presentation.

INDEPENDENT AUDITOR'S REPORT

(Translation from Greek to English)

To the Shareholders of
EGNATIA BANK A.E

Report on the Financial Statements

We have audited the accompanying financial statements of EGNATIA BANK A.E, which comprise the balance sheet as at 31 December 31 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 as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Greek Auditing Standards, which are based on 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of EGNATIA BANK A.E. 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 adopted by the European Union.

Without qualifying our opinion we draw attention to note 12 to the financial statements that explains that the tax obligations of the Bank have not yet been audited by the tax authorities and accordingly its tax obligations for those years are not considered final. The outcome of a tax audit cannot presently be determined.

Report on Other Legal and Regulatory Requirements

The content of the Report of the Board of Directors is consistent with the accompanying financial statements.

Athens, 20 February 2007

KPMG Kyriacou Certified Auditors A.E.

Nick Vouniseas
Certified Auditor Accountant
AM SOEL 18701