MARFIN FINANCIAL GROUP

Financial Statements for the Year

2006

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BOARD OF DIRECTORS' REPORT

The Board of Directors presents the audited consolidated financial statements of MARFIN FINANCIAL GROUP HOLDINGS S.A. (hereinafter "the Group") for the financial year ending 31 December 2006.

RESULTS FOR FINANCIAL YEAR 2006

The consolidated results of 2006 are presented in the consolidated income statement on page 7. The consolidated results for 2006 include the consolidated financial results of EGNATIA BANK S.A. for the period from 29-03-2006 to 21/12/2006.

The Group's results reached € 257,7 mln for 2006 compared to € 32,5 mln for 2005 achieving an increase of 694% on an annual basis.

For 2006 Group operating income reached € 547,9 mln. Net interest income, net fee and commission income and net trading income amounted to € 97,5 mln, € 77,5 mln and € 364,7 mln respectively.

Operating expenses amounted to € 154 mln for 2006 and an efficiency ratio (cost to income ratio) at 28,1%.

Loans and advances to customers net of provisions reached € 1 bln, a 104% increase on an annual basis. Customer deposits reached € 1,5 bln, a 102% increase compared to 2005's figure.

Return on average equity (ROE) reached 33,8% and the return on average assets ratio for 2006 was 11,00% compared to 2,95% for 2005.

DIVIDEND POLICY

The Company's Board of Directors will propose to the Regular General Shareholders Meeting the distribution of € 15,33 per share in the form of a dividend and share capital return.

MOST IMPORTANT EVENTS

The past year has brought some important developments for the Group, both as regards the shares and its business:

- ✓ The company DUBAI FINANCIAL LLC, acquired 31,6% of the Group.
- ✓ Implementing the Group's declared strategy for consolidation in the medium banking sector, the Group increased its controlling interest in EGNATIA BANK S.A. from 9,84% to 44,95% and acquired 9,99% of CYPRUS POPULAR BANK PUBLIC COMPANY LTD (February 2006).
- ✓ In the context of the Group's operational restructuring and the achievement of economies of scale, MARFIN POPULAR BANK PUBLIC CO LTD» (former «CYPRUS POPULAR BANK PUBLIC COMPANY LTD») submitted public tender offers for the acquisition of 100% of MARFIN FINANCIAL GROUP HOLDINGS S.A., 100% of EGNATIA BANK S.A. and 19,79% of LAIKI BANK (HELLAS) S.A. and managed to acquire 95,30% of MARFIN FINANCIAL

GROUP HOLDINGS S.A., 86,25% of EGNATIA BANK S.A. and 19,79% of LAIKI BANK (HELLAS) S.A. The Group decided to merge the 3 banking institutions, namely MARFIN BANK S.A., EGNATIA BANK S.A. and LAIKI BANK (HELLAS) S.A. which operate mainly in Greece. The merger will be completed by the end of the first half of 2007.

- ✓ MARFIN FINANCIAL GROUP HOLDINGS S.A. acquired a majority stake of 50,12% in AS SBM PANK, an Estonian Bank, accessing in this way a rapidly growing economy.
- ✓ MARFIN BANK S.A., a 100% subsidiary of MARFIN FINANCIAL GROUP HOLDINGS S.A., acquired 100% of MFG CAPITAL PARTNERS LTD, which is domiciled in the United Kingdom and 30% of ARIS CAPITAL MANAGEMENT LLC, which is domiciled in the United States. Both companies operate in the Alternative Investments Management sector.
- ✓ MARFIN CAPITAL S.A., a 100% subsidiary of MARFIN FINANCIAL GROUP HOLDINGS S.A., in the context of its venture capital activity, acquired 26,61% of the HYGEIA DIAGNOSTIC AND THERAPEUTIC SOCIETE ANONYME hospital.
- ✓ Beneficiaries fully exercised the stock options for the purchase of MARFIN FINANCIAL GROUP HOLDINGS S.A. (stock option plan).

CORPORATE GOVERNANCE

The Group applies corporate governance principles in order to ensure transparency to the investing public, independent supervision of Management and to safeguard its shareholders interests. In this context, there are, at a Board of Directors' level, two committees exclusively composed of independent, non-executive members: The Internal Audit Committee and the Remuneration and Nominations Committee.

RISK MANAGEMENT

As every group, the Group is exposed to risks, which can adversely influence the results and realisation of the Group's strategic objectives. The Group has developed systems for the evaluation of its customers' credit rating in order to minimise credit risk, it applies modern methods and sensitivity testing for market risk and counterparty risk assessment and uses relevant evaluation procedures for operation monitoring in order to minimise operational risk.

OUTLOOK

During 2006 a very successful chapter for MARFIN FINANCIAL GROUP HOLDINGS S.A. was concluded. Management will propose to the General Shareholders Meeting the Company's renaming to MARFIN INVESTMENT GROUP and its share capital increase by € 5 bln in order to transform it into a holding company with equity investments in the sectors of health, technology, telecommunications utilities, tourism and others.

Following the BoD's request,
Maroussi, 27 February 2007

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MARFIN FINANCIAL GROUP HOLDINGS A.E.

Report on the Financial Statements

We have audited the accompanying financial statements of MARFIN FINANCIAL GROUP HOLDINGS A.E. (the "Company") as well as the consolidated financial statements of the Company and its subsidiaries (the "Group") which comprise the separate and consolidated balance sheet as at 31 December 2006, and the income statements, statements of changes in equity, statements of recognized income and expense and cash flow statements 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, that have been adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud 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 that are harmonized with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2006 and the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Report on Other Legal and Regulatory Requirements

The information included in the Board of Directors' Report, set out in pages 3 to 4, is consistent with the accompanying financial statements.

Athens, 27 February 2007
Certified Chartered Accountant

Sotiris A. Constantinou
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Chartered Accountants
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116 35 Athens, Greece
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Consolidated Income Statement for the Financial Year 2006

Amounts in Euro '000	Note	Financial Year 31st December 2006	Financial Year 31st December 2005
Interest and similar income		223.532	37.977
Interest and similar expenses		(126.054)	(25.876)
Net interest income	28	**97.478**	**12.101**
Fee and commission income		103.534	31.407
Fee and commission expense		(26.026)	(8.964)
Net fee and commission income	29	**77.508**	**22.443**
Dividend income		4.532	6.225
Net trading income	30	364.752	30.535
Other operating income		3.671	995
		372.955	**37.755**
Total net income		**547.941**	**72.299**
Staff costs	32	(77.525)	(16.443)
Other operating expenses	33	(68.273)	(10.459)
Write-off of goodwill		(216)	(109)
Depreciation		(8.032)	(1.082)
Provisions for impairment losses on loans and advances	35	(27.275)	(3.354)
Total operating expenses		**(181.321)**	**(31.447)**
Share of profits / (losses) of associates	14	10.570	1.300
Profit before tax		**377.190**	**42.152**
Less: Income tax	36	(119.508)	(9.681)
Profit after tax		**257.682**	**32.471**
Attributable to:			
Shareholders of the Parent Company		242.984	29.222
Minority interest		14.698	3.249
		257.682	**32.471**
Earnings per share			
- Basic	37	4,676	1,144
- Diluted	37	4,516	1,092

The accompanying notes form an integral part of the financial statements

Consolidated Balance Sheet

Amounts in Euro '000	Note	31st December 2006	31st December 2005
ASSETS			
Cash and balances with Central Bank	8	58.197	41.301
Loans and advances to financial institutions	9	672.899	343.519
Trading portfolio and other financial instruments at fair value through Profit & Loss	10	404.127	410.744
Derivative financial instruments	11	4.049	188
Loans and advances to customers	12	1.002.220	490.067
Investment portfolio	13	525.334	170.043
Investment in associates	14	9.488	17.736
Property investment	16	6.780	6.802
Property, plant and equipment	16	18.441	18.927
Goodwill and other intangible assets	17	74.364	56.253
Deferred tax asset	18	22.741	4.904
Other assets	19	67.148	73.480
Total assets		**2.865.787**	**1.633.964**
EQUITY AND LIABILITIES			
Due to financial institutions	20	193.388	134.522
Due to customers	21	1.508.246	746.126
Derivative financial instruments	11	1.382	1.873
Debt securities in issue	22	3.421	26.442
Retirement benefit obligations	23	850	770
Deferred tax liability	18	15.191	3.702
Dividends payable	24	285	148
Other liabilities	25	204.817	57.916
Total liabilities		**1.927.580**	**971.499**
Shareholders equity			
Share capital	26	436.576	421.194
Share premium		208.670	186.192
Revaluation reserve		(2.495)	250
Other reserves	27	5.101	8.797
Retained earnings	27	259.784	12.970
Total equity attributed to shareholders of the Parent Company		**907.636**	**629.403**
Minority rights		30.571	33.062
Total equity		**938.207**	**662.465**
Total liabilities and equity		**2.865.787**	**1.633.964**

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Changes in Equity for the Financial Year 2005

	Attributable to shareholders of the Parent Company								
Amounts in Euro '000	Share capital	Share premium	Revaluation reserve	Other reserves	Translation reserve	Retained earnings	Total	Minority interest	Total
Opening balance as at 1st January 2005	**217.750**	**393**	**(500)**	**15.790**	**(11)**	**(14.491)**	**218.931**	**30.917**	**249.848**
Net profit / (loss) directly recognised in equity as mentioned in the consolidated statement of recognised income and expense			750		7		757		**757**
Net results for the year 01/01-31/12/2005						29.222	29.222	3.249	**32.471**
Total profit / (loss) recognised for the financial year	0	0	750	0	7	29.222	29.979	3.249	**33.228**
Dividends from the preceding financial year				(6.989)		(1.761)	(8.750)		**(8.750)**
Share capital return to shareholders	(11.250)						(11.250)		**(11.250)**
Return of subsidiaries' share capital to third parties							0	(701)	**(701)**
Acquisitions and changes in shareholdings in subsidiaries							0	(403)	**(403)**
Stock options granted to company employees		153					153		**153**
Share capital increase	214.694	193.509					408.203		**408.203**
Expenses from share capital increase		(10.655)					(10.655)		**(10.655)**
Tax related to share capital increase		2.792					2.792		**2.792**
	203.444	185.799	0	(6.989)	0	(1.761)	380.493	(1.104)	379.389
Balance as at 31st December 2005	**421.194**	**186.192**	**250**	**8.801**	**(4)**	**12.970**	**629.403**	**33.062**	**662.465**

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Changes in Equity for the Financial Year 2006

Amounts in Euro '000	Note	Share capital	Share premium	Reval. reserve	Other reserves	Translation reserve	Retained earnings	Total	Minority interest	Total
		Attributable to shareholders of the Parent Company								
Opening balance as at 1st January 2006		**421.194**	**186.192**	**250**	**8.801**	**(4)**	**12.970**	**629.403**	**33.062**	**662.465**
Net profit / (loss) directly recognised in equity as mentioned in the consolidated statement of recognised income and expense				(2.745)		21		(2.724)	3	**(2.721)**
Net result for the year 01/01/2006 - 31/12/2006							242.984	242.984	14.698	**257.682**
Total profit / (loss) recognised for the year		0	0	(2.745)	0	21	242.984	240.260	14.701	**254.961**
Dividends from preceding financial year							(7.500)	(7.500)		**(7.500)**
Share capital return to shareholders	26	(18.867)						(18.867)		**(18.867)**
Distribution of reserves of preceding financial years					(3.590)		1.041	(2.549)		**(2.549)**
Transfer between reserves and retained earnings					225		(225)	0	(7)	**(7)**
Acquisitions – sales and changes in shareholdings in subsidiaries								0	(17.040)	**(17.040)**
Stock options granted to employees			4.279					4.279		**4.279**
Loss from purchase of bond conversion options					(140)			(140)		**(140)**
Sale of convertible bonds (value of conversion option)					9.327			9.327	(145)	**9.182**
Conversion of bonds into shares	26	22.351	18.461		(9.539)		10.514	41.787		**41.787**
Share capital increase from exercise of beneficiaries' stock options	26	11.898	(262)					11.636		**11.636**
		15.382	22.478	0	(3.717)	0	3.830	37.973	(17.192)	**20.781**
Balance as at 31st December 2006		**436.576**	**208.670**	**(2.495)**	**5.084**	**17**	**259.784**	**907.636**	**30.571**	**938.207**

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Recognised Income and Expense

Amounts in Euro '000	31st December 2006	31st December 2005
- Available for sale investments:		
Valuation gains / (losses) taken to equity	(3.687)	1.044
Tax on items taken directly to / or transferred from equity	945	(294)
- Exchange differences on translation of foreign operations	21	7
Net income recognised directly in equity	(2.721)	757
Profit for the year	257.682	32.471
Total recognised income and expense for the year	**254.961**	**33.228**
Attributable to:		
Shareholders of the Parent Company	240.260	29.979
Minority interest	14.701	3.249
	254.961	**33.228**

Consolidated Cash Flow Statement for the Financial Year 2006

Amounts in Euro '000	Note	Financial Year 31st December 2006	31st December 2005
Cash flows from operating activities			
Profits before tax		**377.190**	**42.152**
Adjustments for:			
Depreciation		8.032	1.082
Share of profit / loss from measurement of financial assets at fair value through Profit& Loss		(31.748)	(20.692)
Share of profit / loss from associates		(10.570)	(1.300)
Write-off of goodwill from subsidiaries		216	109
Profits / loss from revaluation of derivative financial instruments		(4.344)	768
Provision for employee benefit plan		128	161
Employee benefits in the form of stock options		4.279	153
Impairment loss from investments and loans		27.275	3.373
Other (minority of sold subsidiary)		(9.905)	
Profit / loss from a.f.s. portfolio at fair value		1.971	(2.376)
Profits (subtracted) losses (added) from investing activities		(297.093)	
Profit / loss from disposal of fixed assets		1	(3)
Interest and other non-cash expenses		4.540	
Gain / (loss) from revaluation of property investments		22	
Cash flows from operating activities before changes in working capital		*69.994*	*23.427*
Changes in working capital			
Trading portfolio		80.228	3.753
Loans and advances to financial institutions		33.374	(3.585)
Loans and advances to customers		(527.786)	(251.396)
Other assets		(10.679)	(32.259)
Due to financial institutions		58.865	36.481
Due to customers		766.412	186.577
Other liabilities		11.710	31.185
Cash flows from operating activities before payment of income tax		482.118	(5.817)
Income tax paid in		(26.506)	(2.402)
Net cash flows from operating activities		**455.612**	**(8.219)**
Investing activities			
Portfolios available for sale and held to maturity	13	(275.211)	(106.255)
Acquisition of financial assets at fair value through Profit & Loss		(60.565)	(32.281)
Purchase of fixed assets		(828)	(1.038)
Acquisition of subsidiaries and associates	5.2	65.362	(665)
Return of share capital of subsidiaries to third parties			(701)
Other investments		(36)	(41)
Proceeds from a.f.s. portfolio	13	176.715	8.993
Proceeds from sale of property, plant and equipment		2	6
Net cash flow from investing activities		**(94.561)**	**(131.982)**
Financing activities			
Issuance of common shares		11.244	397.548
Acquisition of own bonds		(206)	
Dividends and other payments to the shareholders of the Parent		(21.285)	(27.444)
Dividends to third parties		28.847	(157)
Sale of Group bonds			
Net cash flow from financing activities		**18.600**	**369.947**
Effect of FX translations on cash and cash equivalents		(1)	
Net increase / decrease in cash and cash equivalents		379.650	229.746
Cash and cash equivalents at the beginning of the financial year		351.446	121.700
Cash and cash equivalents at the end of the financial year	38	**731.096**	**351.446**

The accompanying notes form an integral part of the financial statements

Income Statement for the Financial Year 2006 (Parent Company)

Amounts in Euro '000	Note	Financial Year 31st December 2006	31st December 2005
Income from dividends and other non-fixed income securities		11.583	10.514
Profit / (loss) from sale of financial assets	30	380.554	3.288
Profit / (loss) from financial assets through profit & loss		2.473	17.740
Other income	31	2.973	1.429
Total income		**397.583**	**32.971**
Staff remuneration and other expenses	32	(5.039)	(674)
Depreciation		(394)	(151)
Other operating expenses	33	(35.773)	(2.353)
Financial expenses		(6.147)	(3.063)
Total operating expenses		**(47.353)**	**(6.241)**
Profits before tax		**350.230**	**26.730**
Income tax	36	(107.088)	(6.289)
Profit after tax		**243.142**	**20.441**

The accompanying notes form an integral part of the financial statements

Balance Sheet (Parent Company)

Amounts in Euro '000	Note	31st December 2006	31st December 2005
ASSETS			
Non-current assets			
Property, plant and equipment	16	38	737
Intangible assets	17		1
Investments in subsidiaries	15	566.831	266.814
Investments in associates	14	4.712	13.694
Deferred tax assets	18	3.291	3.576
Available for sale portfolio	13	269.971	19.070
Other non-current assets	19	2.163	9.436
		847.006	**313.328**
Current assets			
Customer deposits and other receivables	19	15.155	36.187
Financial assets at fair value through profit & loss	10	79.713	92.630
Derivative financial instruments	11		87
Cash and cash equivalents	8	320.587	411.145
		415.455	**540.049**
Total assets		**1.262.461**	**853.377**
EQUITY AND LIABILITIES			
Equity attributed to the shareholders			
Share capital	26	436.576	421.194
Share premium		206.161	183.683
Revaluation reserve		176.128	86.297
Other reserves	27	3.345	6.916
Retained earnings	27	258.917	21.418
Total shareholders equity		**1.081.127**	**719.508**
LIABILITIES			
Long-term liabilities			
Bond loans	22	22	41.949
Deferred tax liabilities	18	62.237	30.354
Employee benefit obligations	23	15	27
Other long-term liabilities	25		314
Total long-term liabilities		62.274	72.644
Short-term liabilities			
Suppliers and other liabilities	25	15.345	11.599
Short-term liabilities to financial institutions	25		42.880
Dividends payable	24	285	148
Current tax liabilities	25	103.411	5.131
Derivative financial instruments	11	19	1.467
Total short-term liabilities		119.060	61.225
Total liabilities		**181.334**	**133.869**
Total shareholders equity and liabilities		**1.262.461**	**853.377**

Statement of Changes in Equity for the Financial Year 2005 (Parent Company)

Amounts in Euro '000	Share Capital	Share Premium	Reval. Reserve	Other Reserves	Retained Earnings	Total
Opening balance on 1st January 2005, as initially published	217.750	393	(1.856)	13.905	2.738	**232.930**
Readjustments of previous financial year due to change in accounting policy						
Gains from revaluation of subsidiaries and associates at fair value			38.291			**38.291**
Less: Tax			(9.572)			**(9.572)**
Readjusted balance as at 1st January 2005	**217.750**	**393**	**26.863**	**13.905**	**2.738**	**261.649**
Change in equity for the year 01/01-31/12/2005:						
Net profit / (loss) directly recognised in equity as mentioned in the statement of recognised income and expense for the year			59.434			**59.434**
Profit for the year 01/01-31/12/2005					20.441	**20.441**
Total profit recognised for the year	**0**	**0**	**59.434**	**0**	**20.441**	**79.875**
Dividend from the financial year 2004				(6.989)	(1.761)	**(8.750)**
Stock options granted to company employees		153				**153**
Share capital return with decrease in nominal share value	(11.250)					(11.250)
Share capital increase	214.694	193.509				408.203
Expenses from share capital increase		(14.055)				(14.055)
Tax related to share capital increase		3.683				3.683
	203.444	**183.290**	**0**	**(6.989)**	**(1.761)**	**377.984**
Balance as at 31st December 2005	**421.194**	**183.683**	**86.297**	**6.916**	**21.418**	**719.508**

The accompanying notes form an integral part of the financial statements

Statement of Changes in Equity for the Financial Year 2006 (Parent Company)

Amounts in Euro '000	Note	Share Capital	Share Premium	Reval. Reserve	Other Reserves	Retained Earnings	Total
Opening balance on 1st January 2006, as initially published		421.194	183.683	991	6.916	21.418	**634.202**
Readjustments of previous financial year due to change in accounting policy							
Gains from revaluation of subsidiaries and associates at fair value				113.741			**113.741**
Less: Tax				(28.435)			**(28.435)**
Readjusted balance as at 1st January 2006		**421.194**	**183.683**	**86.297**	**6.916**	**21.418**	**719.508**
Change in equity for the year 01/01-31/12/2005:							
Net profit / (loss) directly recognised in equity as mentioned in the statement of recognised income and expense for the year				89.831			**89.831**
Profit for the year 01/01-31/12/2006						243.142	**243.142**
Total profit recognised for the year		**0**	**0**	**89.831**	**0**	**243.142**	**332.973**
Dividends from preceding financial year						(7.500)	**(7.500)**
Share capital return to shareholders	26	(18.867)					**(18.867)**
Transfer between reserves and retained earnings					371	(371)	**0**
Distribution of reserves from preceding years					(3.590)	1.041	**(2.549)**
Loss from purchase of conversion options of own bonds					(140)		**(140)**
Conversion of bonds into shares	26	22.351	18.461		(212)	1.187	**41.787**
Stock options granted to company employees			4.279				**4.279**
Share capital increase from exercise of beneficiaries' stock options	26	11.898	(262)				**11.636**
		15.382	**22.478**	**0**	**(3.571)**	**(5.643)**	**28.646**
Balance as at 31st December 2006		**436.576**	**206.161**	**176.128**	**3.345**	**258.917**	**1.081.127**

The accompanying notes form an integral part of the financial statements

Statement of Recognised Income and Expense

Amounts in Euro '000	31st December 2006	31st December 2005
- Investment in subsidiaries and associates		
Valuation gains / (losses) taken to equity	157.125	76.161
Transfer to Profit & Loss on sale	(34.125)	
- Investments available for sale		
Valuation gains / (losses) taken to equity	(3.385)	3.293
Tax on items taken directly to equity	(29.784)	(20.020)
Net income recognised directly in equity	**89.831**	**59.434**
Profit for the year	**243.142**	**20.441**
Total recognised income and expense for the year	**332.973**	**79.875**
Effect of changes in accounting policy		**85.306**

The accompanying notes form an integral part of the financial statements

Cash Flow Statement for the Financial Year 2006 (Parent Company)

Amounts in Euro '000	Financial Year 31st December 2006	31st December 2005
Operating activities		
Profit for the year	**350.230**	**26.730**
Adjustments in profits:		
Depreciation	394	151
Accrued liabilities for personnel retirement	(12)	6
Employee benefits in the form of stock options	4.279	153
Provisions	7.280	18
Profit / (loss) from disposal of tangible fixed assets		
Profit / (loss) from revaluation of derivative financial instruments	(1.360)	1.446
Profit / (loss) from revaluation of financial assets at fair value	(2.472)	(17.741)
Profit / (loss) from available for sale portfolio at fair value	1.971	(2.352)
Profit (subtracted) / (Loss) (added) from investment activities	(376.856)	
Interest income	(3.180)	(1.245)
Amortisation of grants		(78)
Interest expense and similar charges	6.147	3.063
	(13.579)	*10.151*
Changes in working capital		
Increase / (decrease) in stocks		
Increase / (decrease) in receivables	(599)	(17.918)
Increase / (decrease) in liabilities other than financial institutions	2.348	7.760
Increase / (decrease) in trading portfolio	(11.633)	12.123
	(9.884)	*1.965*
Cash flows from operating activities prior to interest and tax	**(23.463)**	**12.116**
Less: Interest expense	(4.432)	(2.676)
Less: Tax expense	(18.202)	(2.148)
Net cash flows from operating activities	**(46.097)**	**7.292**
Investing activities		
Purchase of property, plant and equipment	(8)	(31)
Proceeds from sale of property, plant and equipment		
Acquisition of financial assets available for sale	(100.078)	(441)
Acquisition of financial assets at fair value through Profit & Loss	(12.874)	(32.281)
Acquisition of subsidiaries	7.841	(6.675)
Sale of financial assets of the available for sale portfolio	110.813	11
Interest received	2.972	1.245
Increase in long-term receivables		
Net cash flows from investing activities	**8.666**	**(38.172)**
Financing activities		
Issuance of common shares	11.244	394.149
Acquisition of treasury shares		
Proceeds from loans	(42.880)	42.880
Dividends and other payments made to the shareholders of the Parent	(21.285)	(27.444)
Acquisition of own bonds	(206)	
Net cash flows from financing activities	**(53.127)**	**409.585**
Net increase / (decrease) in cash and cash equivalents	**(90.558)**	**378.705**
Cash and cash equivalents at the beginning of the year	411.145	32.440
Cash and cash equivalents at the end of the year	**320.587**	**411.145**

The accompanying notes form an integral part of the financial statements

1. Group Profile

1.1 General Information

MARFIN FINANCIAL GROUP HOLDINGS S.A. (hereinafter "the Company"), domiciled in Greece, operates as a holding company (Societé Anonyme) in accordance with Greek Regulations and especially with the provisions of Company Law 2190/1920 on Sociétés Anonymes, as it stands.

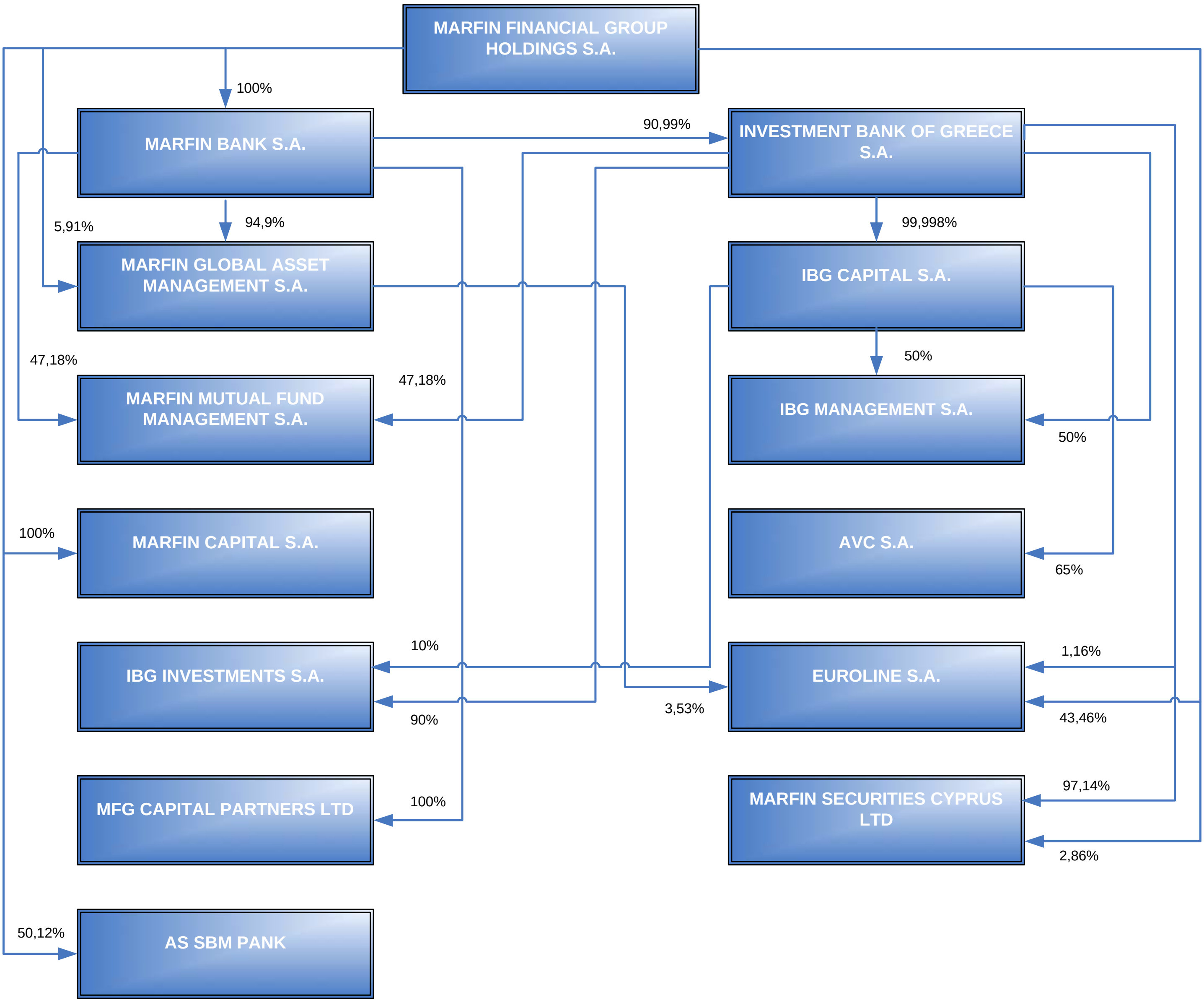
According to article 3 of its Statute, the main objective of the Company is to establish and / or participate in established companies or companies under establishment regardless of their nature operating in Greece or abroad.

MARFIN GROUP (hereinafter "the Group"), as at 31/12/2006 had 16 banking branches and employed a total of 402 people whereas the Company employed 12.

The financial statements for the financial year ending 31/12/2006 were approved by the Board of Directors on 27/02/2007 and are to subject to final approval by the General Shareholder Meeting. They are available to the investing public at the Company's Head Office (Maroussi, 24 Kifissias Avenue) and on the Company website (www.marfingroup.gr). Information is available for at least 2 years in accordance with par. 1, article 2 of Presidential Act 360/1985, as it stands after its modification from Law 3301/2004.

The Company is a subsidiary of MARFIN POPULAR BANK PUBLIC COMPANY LIMITED (former CYPRUS POPULAR BANK PUBLIC COMPANY LTD. hereinafter "MARFIN POPULAR BANK"), domiciled in Cyprus, whose share is listed in the Athens Exchange and Cyprus Stock Exchange. The current financial statements are included in the consolidated financial statements of MARFIN POPULAR BANK.

1.2 Structure and Activities of the Group's Main Units



The most important companies of MARFIN GROUP operate in the following sectors:

Company	Sectors
MARFIN FINANCIAL GROUP HOLDINGS S.A.	Investments in subsidiaries Investments in associates Medium-term investments Trading investments
MARFIN BANK S.A.	Private Banking Retail Banking Loans and Leverage Treasury and Markets Large corporates and SMEs
INVESTMENT BANK OF GREECE S.A.	Investment Banking Securities transactions Corporate
MARFIN GLOBAL ASSET MANAGEMENT S.A.	Private portfolio management Institutional portfolio management

2. Basis of Financial Statement Preparation

2.1 Statement of Compliance

The Company's consolidated financial statements for the financial year ending 31st December 2006 have been prepared according to the International Financial Reporting standards (IFRS), which were published by the International Accounting Standards Board (IASB) and according to their interpretations, which have been published by the International Financial Reporting Interpretations Committee (IFRIC) and have been adopted by the European Union.

The Group applies all the International Accounting Standards, International Financial Reporting Standards and their interpretations which apply to the Group's activities. The relevant accounting policies, a summary of which is presented in section 3, have been applied efficiently in all periods presented, except if otherwise stated.

2.2 Basis of Measurement

The Group's financial Statements have been prepared according to the principle of historical cost as modified for the fair value readjustment of the items to follow:

- Financial assets and liabilities at fair value through Profit & Loss (derivatives included),
- Financial assets available for sale, and
- Property investments

2.3 Presentation Currency

The current financial statements are presented in Euros, the Group's functional currency, i.e. the currency of the primary financial environment, in which the Company as well as its subsidiaries operate.

All amounts are presented in Euro thousands unless mentioned otherwise. It is essential to mention that due to rounding, numbers presented throughout the condensed separate and consolidated financial statements, may not add up precisely to the totals provided in the financial statements, the same applies for percentages.

2.4 Use of Estimates

The preparation of the financial statements according to IFRS requires the use of estimates and judgements on applying the Company's accounting policies. Opinions, assumptions and Management estimations affect the valuation of several asset and liability items, the amounts recognised during the financial year regarding specific income and expenses as well as the presented estimates and contingent liabilities.

The assumptions and estimates are assessed on a continuous basis and according to experience and other factors, include expectations on future event outcomes which are considered as logical given the current conditions. The estimates and assumptions regard the future having as a consequence that the actual results may deviate from the accounting calculations.

The aspects that require the highest degree of judgement as well as the aspects which are mostly influenced in the financial statements, are presented in section 4.

2.5 Adoption of New and Amended IFRS

As of the 1st of January 2006 the Group adopted all new and amended IFRS as well as new interpretations, which are related to the Group's activities and require compulsory application. The adoption of the new and amended standards and interpretations did not cause a significant influence on the financial statements, except from the following points mentioned below:

(a) IAS 39 (Amendment): The Fair Value Option

With the amendment of IAS 39 mentioned above some constraints are introduced as to the selection of financial assets to be valued at fair value though Profit & Loss (referred to as "fair value option"). In specific, initially the option of selecting fair value as the basis for the valuation of any financial instrument depends on whether the fair value of the specific financial asset or liability can be reliably estimated. With the amended fair value option an additional requirement has been introduced whereby choosing fair value will lead to a more relevant view. The revised provisions stand necessarily for the financial years commencing as of 01/01/2006.

The Group, applying the amended provisions of the standard, on 01/01/2006, transferred investments amounting to € 39.897 thous. from the financial assets at fair value through profit & loss portfolio temporarily to the available for sale portfolio and on 29/03/2006 to the investments in subsidiaries portfolio.

(b) IAS 39 and IFRS 4 (Amendment): Financial Guarantee Contracts

With this amendment, provisions of IAS 39 are introduced regarding subsequent valuation of financial guarantee contracts. The revised provisions stand necessarily for the financial years as of 01/01/2006. In the context of its recurring activities, the Group provides guarantees to its customers. However, the adoption of the aforementioned amendment does not affect significantly the Group's financial statements, as its previous accounting policy is not severely modified.

(c) IAS 19 (Amendment): Employee Benefits

With this amendment, which is compulsory for the financial years commencing as of 01/01/2006, an additional method is introduced for the recognition of actuarial gains or losses. Furthermore, it imposes, in some instances, additional requirements for recognition of benefit programmes in which multiple employers participate. Lastly, it imposes additional disclosures. The Group did not alter its accounting policy for recognition of actuarial gains and losses, nor did it participate in multiple employer programmes. Therefore, the adoption of the amended standard affects only the structure and extent of the disclosures provided.

The amended standards below as well as the new interpretations require compulsory application for the financial year presented, but do not have any effect on the Group's financial statements as they are not relevant to its activities:

- IAS 21 (Amendment), Net Investment in a Foreign Operation,
- IAS 39 (Amendment), Cash flow Hedge Accounting of Forecast Intragroup Transactions
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards
- IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources
- IFRIC 4, Determining whether an Arrangement contains a Lease
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and electronic Equipment

2.6 Change in Accounting Policy

During Financial year 2006, the Company proceeded to a change in its accounting policy relating to its investment in subsidiaries in its separate Balance Sheet. The Company decided to value its investments in subsidiaries at fair value, whereas in preparing its separate financial statements for the preceding financial year the Company valued its investments in subsidiaries at cost.

Explicitly, in preparing its financial statements for financial year 2005, the Company valued its investments in subsidiaries at cost. According to the Company's new accounting policy, which is in accord with IAS 27 "Consolidated and Separate Financial Statements", investments in subsidiaries are measured at fair value on each balance sheet date. Gains or losses derived from measurement of subsidiaries at fair value (on each balance sheet date) are recognised directly in the revaluation reserve in equity until these investments are sold or can be characterised as impaired in which cases gains or losses are recognised in the Income Statement. Impairment losses which have been recognised in the income statement can not be reversed through the Income Statement.

The relevant change was considered compulsory as the financial statements provide a reliable and relevant view of the Company's financial condition. With the new accounting policy adopted by the Company, the Balance Sheet represents the fair (true) value of its investments therefore providing in each period information relating to the actual accounting change in the Company's equity.

The Company applied the relevant provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" regarding the aforementioned change in accounting policy for investment valuation. The new accounting policy is applied in retrospect consequently adjusting the revaluation reserve as of the 1st of January 2005. The relevant adjustments incurred in the investments and equity as at 31/12/2004 and 31/12/2005 are provided in section 15.

2.7 New Standards and Interpretations

On the date of approval of the consolidated financial statements, the standards and interpretations to follow were published which are not however applied in these financial statements:

a) IFRS 7 Financial Instruments: Disclosures (effective from 1st January 2007):

IFRS 7 introduces new disclosures for the improvement of information provided regarding financial instruments. It replaces IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions" as well as all the provisions of IAS 32 which refer to disclosures, which is renamed to IAS 32 "Financial Instruments: Recognition". The new standard requires two disclosure categories, the first being disclosures on the financial instruments the Company uses and their effects on the financial statements and the second being disclosures on financial risk. It introduces new disclosures for qualitative and quantitative information on risk exposure deriving from the financial instruments, such as minimum disclosure requirements on credit risk, liquidity risk as well as a sensitivity analysis on market risk.
The new standard is applied by the Group as of the 1st of January 2007 and is expected to modify significantly the structure and extent of information provided on financial risk. No effects are expected on the financial condition of the Group as the new standard exclusively refers to disclosure provisions.

b) IAS 1 Presentation of Financial Statements: Disclosures relating to Capital (effective from 1st January 2007):

IAS 1 introduces new disclosures regarding the usage and amount of the Company's capital. The Group applies the specific amendment, which affects only the extent of the disclosures, as of the 1st of January 2007.

c) IFRS 8 Operating Segments (effective from 1st January 2009):

IFRS 8 replaces IAS 14 "Reporting Financial Information by Segment". The new IFRS requires a management approach on information presentation regarding the different operational segments of the Group. The information disclosed is the information that management used in assessing the efficiency of each segment as well as the way financial resources are distributed to each segment. This information will probably differ from the information used in preparing the balance sheet and income statement. Lastly, explanations should be provided on the base of preparation of business segments reporting as well as reconciliations with the financial statement accounts.

The Group is studying the consequences of IFRS 8 on the quality of disclosures provided as well as the probability of its prior application.

d) IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on 1st March 2006):

The specific interpretation is not applicable on the Group's activities.

(e) IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on 1st May 2006):

The specific interpretation is not expected to be applicable on the Group's activities.

(f) IFRIC 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on 1st June 2006):

According to this interpretation, an entity, generally, after the date of initial recognition is prohibited from reexamining its estimate if an embedded derivative should or should not be separated from the primary contract.

The Group has been applying the specific interpretation as of 1st January 2007. It is not expected to affect significantly the financial statements.

(g) IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on 1st November 2006):

This interpretation requires that impairment losses on goodwill or investments valued at cost and which had been recognized in preceding interim periods of the same year cannot be reversed. The Group has been applying this interpretation since 1st January 2007.

(h) Group and Treasury Share Transactions (effective for annual periods beginning on 1st March 2007):

IFRIC 11 provides directions for the application of IFRS 2 in 3 situations: a) remuneration based on shares settled through the entity's acquisition of treasury shares, b) the Parent Company which provides remuneration based on shares to employees of a subsidiary and c) a subsidiary which provides to its employees remuneration based on shares of its Parent Company.

The Group has been applying this interpretation since 1st January 2007 and no effect is expected on the financial statements as on the date the financial statements were issued no employee benefit programs existed.

(i) IFRIC 12, Service Concession Arrangements (effective for annual periods beginning on 1st January 2008)

The specific interpretation is not applicable on the Group's activities.

3. Summary of Important Accounting Policies

3.1 Consolidation

Subsidiaries: Subsidiary undertakings are those companies over which the Parent Company has control directly or indirectly through other Group subsidiaries. The Company has power to exercise control if it has the majority of voting rights over its subsidiaries. Subsidiaries are as well those over which the Parent, being the most important and sole major shareholder, has the capability to assign the majority of the members of the Board of Directors. The existence and effect of potential voting rights that are exercisable during the preparation of the financial statements are considered when assessing whether the Parent Company controls another entity.

Subsidiaries are fully consolidated using the purchase method from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The acquisition cost of a subsidiary is measured at the fair value of the assets given, the shares issued and the liabilities undertaken on the date of the exchange, plus any other cost directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair values on the acquisition date. The excess between the cost in the case of an acquisition and the proportionate identifiable net assets of the subsidiary is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement. Goodwill is examined yearly for possible impairment and the difference between book value and recoverable value is recorded in the income statement for the period as an impairment loss.

Intra-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. All Group subsidiaries follow the same accounting policies as those adopted by the Group.

Transactions with minority Interests

The Group treats transactions with minority interests of its existing subsidiaries as transactions with third parties. The difference between the price paid for the acquisition of minority interests and their proportion of the subsidiary's book value is recognized as goodwill.

Associates: These undertakings include entities over which the Group has significant influence but not control. The assumptions used by the Group suggest that if a Group holds between 20% and 50% of the voting rights of another company, then the group has a significant influence on the company. Investments in associates are initially recognised at acquisition cost on the date of acquisition and then are accounted for using the equity method of accounting.

At the end of every financial year, the acquisition cost increases by the Group's proportion in the associate's changes in equity and decreases by the amount of dividends received from the associate. The Group's share in the associate's profits or losses, after the acquisition, is accounted for in the Income Statement whereas, the Group's share in changes in reserves, after the undertaking, is accounted for in reserves. In the case where the Group's participation in the associate's losses is equal or exceeds its cost of participation, inclusive of any doubtful debts, the Group does not account for any further losses, except if it has covered all liabilities or has made payments on behalf of the associate as well as those arising in the context of the shareholding.

Non-realised profits from intra-group transactions between the Group and its associates, are eliminated by the amount of the Group's shareholding in the associate. Non-realised losses are eliminated unless if the transaction shows evidence of impairment of the acquired asset. The accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

3.2 Financial Instruments

A financial instrument is defined as an agreement which creates either a financial asset in a company and a financial liability or a shareholding in another company.

3.2.1 Initial Recognition

The financial assets and liabilities are recognized as of the date of transaction which is the date during which the Group becomes a compatible part of the financial instrument.
The financial assets and liabilities are initially measured at fair value adding the corresponding transaction costs except from the financial assets and liabilities at fair value through profit and loss.

3.2.2 Classification and Measurement of Financial Assets

The Group's financial instruments are classified in the categories depicted below according to the designation of the contract.

i) Financial Assets at Fair Value through Profit & Loss

This category refers to those financial assets that satisfy the following criteria or presumptions:
1) Financial assets that are held for trading purposes. These assets are securities purchased with the objective of realizing profits from short-term changes in price, including derivatives, except from those that are designated and qualify as hedges.
2) Financial assets and liabilities that are classified in the specific category during initial recognition because:
a) They are elements that, according to the Group's strategy, are managed, assessed and monitored at fair value
In essence, they are venture capital investments or
b) This selection decreases significantly the accounting imbalance which would have appeared in a different situation, or
c) instruments including embedded derivatives which differentiate the cash flows of the primary contract and the Group decides to classify the compound financial instrument in this category.

Specifically, the Group acquires significant holding percentages of the share capital of other companies. These investments are a part of the venture capital portfolio which the Group holds. According to the Group's strategy, Management monitors the portfolio daily on a fair value basis.

The assets in this portfolio are measured at fair value and the changes in fair value are recognized in the Income Statement for the financial year as a trading result. The financial assets of this category, in the Group's balance sheet, are included in the account "Trading portfolio and other financial assets at fair value through profit and loss".

ii) Loans and Claims

Include non-derivative financial assets with fixed or determinable payments, which are not traded in an active market and which the Group does not plan to sell in the short-term.

Loans and claims are carried at amortised cost using the effective interest method.

iii) Investments Held-to-Maturity

These include non-derivative financial assets with fixed or determinable payments and specified maturity date for which 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 amortised cost using the effective interest method, less any accumulated impairment in value.

If part of the Held-to-Maturity portfolio is sold or reclassified before the maturity date (unless IAS 39 criteria are met), firstly the whole portfolio is transferred to the available for sale portfolio and secondly the Group is prohibited from classifying any financial assets as Held-to-Maturity for the next 2 years.

In the Group Balance Sheet the Held-to-Maturity portfolio is included in the "Investment Portfolio" account.

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. The available for sale portfolio is the portfolio of assets for which it has not been specified for how long it will be held and may be sold either according to liquidity needs or changes in interest rates or prices.

Financial assets of the available for sale portfolio are initially recognised at fair value and the relevant profits and losses are recognized in an equity reserve until these assets are sold are impaired. On sale or impairment of the assets the profits or losses are transferred to the Income Statement.

Interest income from the available for sale portfolio is recognized in the income statement using the effective interest rate method. Dividends from assets available for sale are recognized in the Income Statement when the Group has the right to earn dividends. Foreign currency differences are recognized in the Income Statement.

3.2.3 Measurement of Financial Liabilities

The Group's financial liabilities include mostly customer deposits and interbank deposits. Financial liabilities are initially measured at their fair value, i.e. the of amount cash offered or other financial assets. After their initial recognition, they are measured at amortized cost using the effective rate method. Interest expenses are recognised in the Income Statement for the year under consideration.

3.2.4 Derivative Financial Instruments and Hedging

The Group holds derivative financial instruments both for its own interests, particularly for profit making or hedging purposes, and for the service of its clients' needs.

The Group incurs transactions in derivative products, which include Interest Rate Swaps, Stock futures, FX Futures, Index Futures, Equity Options, FX Options and Forward Rate Agreements.

The Group classifies derivatives in the following categories:

i) Derivatives Held for Trading Purposes

All derivatives held for trading purposes are measured on each balance sheet date at fair value. Derivatives created for the purpose of hedging but which do not fulfill the criteria for hedging are also included in this category.

Changes in the fair values of derivative financial instruments are included in the "Net trading income" account. The derivatives are presented as assets when their estimated fair value is positive and when their estimated fair value is negative these derivatives are presented as liabilities.

ii) Derivatives Held for Hedging Purposes

The Group also uses derivative financial instruments for hedging risks that arise from the changes of interest rates, stock prices and exchange rates. The Group applies fair value hedge accounting or cash flow hedge accounting to those derivatives that meet relevant criteria. As for the derivatives that do not meet the criteria for hedge accounting, any profit or loss that arises from the changes in fair value is recorded in the income statement.

There is a hedge relationship for the purposes of applying hedge accounting when:

(a) Upon commencement of the hedge there is documentation on the hedging relationship and the Group's intention regarding risk management and its strategy applied for undertaking the hedge.

(b) The hedge is expected to be extremely effective for offsetting fair value or cash flow changes attributed to the hedged risk, pursuant to the documented risk management strategy for the said hedge relationship.

(c) As for the forecasted cash flow hedges, it is quite possible that the anticipated transaction being the subject to the hedge may also be exposed to the risk of a cash flow change that could affect the results.

(d) The effectiveness of the hedge can be evaluated reliably.

(e) The hedge is evaluated as extremely effective throughout the year.

The derivatives that are held for hedging are measured on each balance sheet at fair value. The accounting treatment of changes in fair value depends on the type of hedge.

(a) Fair Value Hedging

As for fair value hedges that meet the criteria for hedge accounting, any profit or loss from the revaluation of the derivative at fair value is recognized in the Profit and Loss Statement. Any profit or loss of the hedged instrument that is due to the hedged risk, readjusts the book value of the hedged instrument and is recognised in the income statement, irrespective of the classification of the financial instrument (e.g. AFS financial instruments).

Hedge accounting is discontinued when the hedging instrument expires or is sold, is terminated or exercised, or when the hedge does no longer meet the criteria for hedge accounting. If there is any adjustment in the book value of the hedged instrument for which the effective interest rate is used, the adjustment is transferred partially to the income statement as a part of a recalculated effective rate for the remaining life of the instrument.

(b) Cash Flow Hedging

For cash flow hedges that meet the criteria for hedge accounting, the part of the profit or loss from the derivative that is designated as an active hedge is recognised directly in the "reserves" account, and the part that is designated as a inactive hedge is recognised in the income statement. Any profit or loss that had been recognised directly in the reserves account is transferred to the income statement for the same period when the hedged transaction affects the results.

Hedge accounting is discontinued when the hedging instrument expires or is sold, is terminated or exercised, or when the hedge does no longer meet the criteria for hedge accounting. The accumulated profit or loss which has been directly recognized in equity up the date in question remains in the equity reserve until the hedged instrument affects the income statement. If a hedged transaction is not expected anymore to take place, the net accumulated profits or losses which had been recognized in the equity reserves are transferred immediately to the income statement.

3.2.5 Embedded Derivatives

An embedded derivative is a constituent element of a hybrid (composite) financial instrument, which also includes a non-derivative main contract. A derivative is considered as embedded in a main financial instrument when it cannot be transferred independently from the said instrument. The Group's embedded derivatives include mainly corporate bonds with an embedded option for conversion into shares.

An embedded derivative is separated from the main contract only on the condition that the following requirements are met:

(a) The composite instrument is not classified as a financial asset at fair value though profit and loss,

(b) The financial attributes and risks of the embedded derivative are not closely linked to the financial attributes and risks of the main contract,

(c) A special financial instrument having the same terms as the embedded derivative would meet the definition of a derivative.

In that case, the derivative financial instrument is measured at its fair value, with the profit or loss being recognized in the Income Statement, whereas the main financial instrument is accounted for depending on the category to which it has been classified (e.g. Available for sale financial instruments).

3.2.6 Fair Value Measurement Methods

The fair values of financial assets and liabilities that are traded in active markets are determined by the current bid prices without subtracting the transaction costs. As for non-traded financial assets and liabilities, the fair values are determined by the application of evaluation techniques such as an analysis of recent transactions, comparable assets which are traded, derivative valuation models and discounted cash flows.

The Group uses generally accepted valuation methods for the measurement of fair values such as interest rate swaps and FX swaps. The data used is based upon relevant market measurements (interest rates, share prices, etc.) on the closing date of the balance sheet. Valuation techniques are also used for the valuation of non-traded securities as well as for derivatives on non-traded securities. In this case, the techniques used are more complex and apart from market data, they embed assumptions and estimates for the future cash flows of the security. The estimated future cash flows are based upon Management's best estimates and the discount rate is the market rate for an instrument having the same attributes and risks. In some cases, the valuations derived from the generally accepted methods for security valuation are adjusted to reflect factors which are taken into consideration by the market in order to value a security, such as business risk and marketability risk.

3.2.7 Impairment of Financial Instruments

Financial assets, except from those classified in the "financial assets at fair value through profit and loss" category, are reviewed on each balance sheet date in order to determine whether there is any significant evidence that an asset or a group of assets has been impaired.

An asset is considered as having been impaired when its book value is higher than its anticipated recoverable amount.

Such objective evidence that an asset (including equity instruments) has been impaired includes the following:

i. A significant financial difficulty on the part of the borrower

ii. A breach of the terms of the loan agreement (e.g. default or delay in interest or principal payments)

iii. The Group, for financial or legal reasons associated with the borrower's financial difficulty, grants to the latter a concession that the Group would not consider under different circumstances

iv. There is a possibility that the borrower will file bankruptcy or other financial reorganization

v. An equity instrument would cease trading in an organized market

vi. Observable data that indicate the existence of a measurable decrease in the estimated future receivables from a group of loans in relation to the amount provided, even if the said decrease cannot be identified yet with the individual loan in the group, including: – Adverse changes in the balance payment status of the borrowers in the group (e.g. an increase in the number of overdue payments due to problems in the sector) or – Financial conditions on a national or local scale that are related to a delay in payments for the loans in the group (e.g. increased unemployment rates in a certain geographical area of borrowers, decreased value of real estate taken as security in the same area, or adverse operating conditions in a certain sector, which have an impact on the borrowers included in the said group).

A provision for impairment of loans or other debt securities is recognized if there is evidence that he Group will not receive all amounts owed as stated in the contractual terms of the loans. The amount of provision for the impairment of a financial asset valued at amortised cost (such as bonds and loans) is the difference between book value and its recoverable amount, which is calculated as the present value of the expected future cash flows of the security discounted based on the effective rate of the security. The relative difference is recognized in the income statement for the period.

The identification of impairment is performed on an individual borrower basis for the loans that the Group considers significant, and on a group of borrowers' basis for those loans it does not consider significant. The loans that have been evaluated on a borrower basis without any evidence of impairment, significant or not, are classified in groups of assets that have similar credit risk attributes and are evaluated on a collective basis. For the estimation of provisions for impairment on a collective basis, historical data is taken into consideration as current estimates regarding the probability of breach of the terms stated in the loan agreement by the borrower, the receipt of loan payments and the time required for receipt of payments.

If in a subsequent period the amount of the provision formed is decreased and the said decrease is associated with objective events that have taken place after the formation of the provision, such as an improvement in the borrower's credit rating, then the provision is decreased by recognizing the difference in the Income Statement.

Impairment provisions are recognized for financial assets as well (debt and equity instruments) which are measured at fair value and are classified as available for sale. In this case, the decrease in an asset's fair value which has been recognized in equity is transferred to the income statement. The amount of impairment loss is the difference between the security's acquisition cost and its fair value. Subsequent reversal of a equity instrument's impairment loss cannot be carried out through the income statement. On the contrary, if the fair value of a debt instrument, on a subsequent date, has increased and is related to subjective events that took place after the formation of the provision, then the reversal of the impairment provision is recognized in the income statement.

3.2.8 Derecognition

A financial asset is derecognized when the Group loses control over the contractual interests included in the said asset. This happens when the said interests expire or are transferred and the Group has actually transferred all the risks and rewards that arise from ownership thereof.
Financial liabilities are derecognized when the Group's commitment to make payments in cash or other financial instruments is cancelled or is eliminated.

3.2.9 Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legally enforceable right and intends to realize the asset and settle the liability simultaneously on a net amount basis.
Income and expenses are offset if such an act is permitted by the standards or when they refer to gains or losses that arose from a group of similar transactions such as trading portfolio transactions.

3.2.10 Repurchase Agreements and Security Lending

The Group makes purchases (sales) of investments based on repurchase (resale) agreements of the same investments at a specific price in the future at a fixed price.

The same investments sold on condition of repurchase (repos) are not written-off from the balance sheet, but continue to be valued depending on their classification (trading portfolio or available for sale). The amounts received are recognized as a liability in the balance sheet and are measured at their amortised cost based on the effective rate method.

The securities purchased, on condition that they will be resold in the future (reverse repos), are not recognized. The amounts paid for purchase thereof are recognized as Loans and Advances to Financial Institutions or Customers respectively and are measured at their amortised cost based on the effective rate.

3.2.11 Financial Guarantees

Financial guarantees (letters of guarantee) are contracts based on which the Group takes the responsibility of compensating the holder for the loss to be probably suffered because the primary debtor will not pay his debts in a timely manner.

Commissions from financial guarantee contracts are initially recognized as a liability (considered as the fair value of the liability) and are gradually transferred to the income statement throughout the whole duration of the guarantee.

On each balance sheet date, the Group examines the possibility of whether the guarantees will default in which case the liability to be recognized, in such occurrence, will be the highest amount between the present value of the amount to be paid and the amortised amount of the commissions to be received.

3.3 Conversion into Foreign Currency

The consolidated financial statements are presented in Euro, which is the functional currency and the Group's reporting currency.

(i) Foreign Activities

The assets and liabilities in the financial statements, including goodwill and fair value adjustments due to business combinations, of the foreign subsidiaries, are converted into Euro based on the exchange rates applicable on the balance sheet date. The gains and losses have been converted into the Group reporting currency based on the average exchange rates prevailing during the period reported. Any differences arising from the said procedure have been charged / (credited) to the "F/X translation reserve" account of the subsidiaries' balance sheets in equity.

(ii) Transactions in Foreign Currency

Foreign currency transactions are converted into the functional currency by using the exchange rates applicable on the date when the said transactions are performed. The monetary asset and liability items which are denominated in foreign currency are converted into the Group's functional currency on the balance sheet date using the prevailing exchange rate on the said day. Any gains or losses due to translation differences that result from the settlement of such transactions during the period, as well as from the conversion of monetary assets denominated in foreign currency based on the prevailing exchange rates on the balance sheet date, are recognized in the Income Statement. The non-monetary assets which are denominated in foreign currency and which are measured at fair value are converted into the Group's functional currency using the prevailing exchange rate on the date of their fair value measurement. The FX translation differences from non-monetary items measured at fair value, are considered as part of the fair value and thus are recorded in the same account as the fair value differences. In the case of effectively hedging currency risk for non-monetary assets that are measured as available for sale, the part of the change in their fair value thereof that is due to the currency change is recognized through the income statement for the year.

3.4 Tangible Fixed Assets

Tangible assets are recognised in the financial statements at cost, less, firstly, the accumulated depreciation and secondly, any potential impairment. The acquisition cost includes all the direct costs stemming from the acquisition of the assets.

Subsequent expenses are recorded as an increase in the book value of tangible assets or as a separate asset only to the degree that the said expenses increase the future financial gains anticipated from the use of the fixed asset and their cost can be measured reliably. The cost of repair and maintenance works is recognised in the income statement when the said works are carried out.

Depreciation of other tangible assets (excluding land, which is not depreciated) is calculated based on the straight-line method over their estimated useful life as follows:

Buildings	40-50 years
Mechanical equipment	4-7 years
Vehicles	8-10 years
Other equipment	4-7 years

The balance values and useful lives of tangible assets are subject to review on each balance sheet date. When the book values of tangible assets are higher than their recoverable value, then the difference (impairment) is recognized directly as an expense in the income statement.

Upon sale of tangible assets, the differences between the sale price and their book value are recognized as profit or loss in the income statement.

3.5 Property Investment

The Group owns land and buildings, which it holds for investment purposes (e.g. rent). Property Investments are measured at fair values, as these are calculated by independent estimators which use acceptable methods. Any profit and loss that arises from changes in fair value is recognized in the income statement.

The methods normally applied for the determination of fair value of property are as follows:

i) Comparison method or Property market data: Based on the said method, the value ascribed to the property being estimated is determined by comparing the values of other property having similar attributes.
ii) Investment method: The said method is aimed at calculating the capital value of an investor's right to collect a yearly income from certain property.

3.6 Intangible Assets

Intangible assets include mainly software licenses, website development costs.
Intangible assets are measured at cost less depreciation. Depreciation is recorded based on the straight-line method during the useful life of the said assets, which ranges from 4 to 5 years.
The maintenance of software programs is recognized as an expense when it is incurred. On the contrary, the costs incurred for the improvement or prolongation of the efficiency of software programs beyond their initial technical specifications, or respectively the costs incurred for the modification of software, are incorporated into the acquisition cost of the intangible asset, on the necessary condition that they can be measured reliably.

3.7 Goodwill

Goodwill arises when acquiring subsidiaries and associates.

Acquisitions prior to the 1st of January 2004

The Group had adopted IFRS as of 1st January 2004. In the context of the transition to IFRS, the Group chose to apply the exemption provided by the IFRS to not restate goodwill recognized on acquisitions before the transition date according to the previous accounting policies.

Acquisitions after the 1st of January 2004

Goodwill is the difference between the acquisition cost and fair value of the assets, liabilities and contingent liabilities of an acquired undertaking on the date of the acquisition.

Acquisition of minority interests

Goodwill is the difference between the acquisition cost of the minority interests in already owned subsidiaries and their proportion on the book value of the net assets on the date of the acquisition.
In the case where a subsidiary is acquired, goodwill is presented as a separate item in the Assets, whereas in the case of the acquisition of an associate, goodwill is included in the value of the Group's investment in the associate.
Following initial recognition, goodwill is measured at cost less the accumulated losses due to its impairment. Goodwill is not amortised, but is examined on a yearly basis to determine possible impairment.

3.8 Impairment of Non-Financial Assets

The assets that have an indefinite useful life are not depreciated and are subject to an impairment test on a yearly basis, as well as when there is certain evidence that their book value may not be recoverable. The assets that are depreciated are subject to an impairment test when there is evidence that their book value will not be recovered.

An impairment loss is recognized when the book value of an asset or a CGU (Cash Generating Unit) exceeds their recoverable amount. A CGU is the smallest asset unit which can produce cash flows irrespective of other elements of the Group. The recoverable value is the highest amount between the net fair value (after deducting transaction costs) and the value of usage. The usage value is the present value of the expected cash flows which are to flow into the entity from the utilization of an asset and from its disposal at the end of its useful life. The asset's book value decreases to the amount of its recoverable value. In the case of a CGU, the impairment loss is first deducted from the amount of goodwill which has been recognized for the said unit and after that from the rest of the assets on a proportional basis.
Impairment losses are recognized in the financial year's income statement. An impairment test is carried out on the rest of the assets, on each balance sheet date, in order to examine whether there are indications that the impairment loss has decreased. An impairment loss can be reversed if there is a change in the recoverable amount's estimate. Following the reversal of the impairment loss, the book value cannot exceed the book value (net of depreciation) as it would have been presented had the impairment loss not been recognized.

3.9 Leased Agreements

Group Undertaking as the Lessee: Leases of fixed assets where all the risks and rewards related to the ownership of an asset have been transferred to the Group, irrespective of whether the title of the said asset is finally transferred or not, are classified as finance leases. The said leases are capitalized at inception of the lease at the lowest between the fair value of the fixed asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant fixed rate on the remaining financial liability. The corresponding rental obligations, net of finance charges, are included in liabilities. The part of the finance charge related to financial leases is recognized in the income statement over the lease term. The fixed assets acquired under finance leases are depreciated over the shortest between the useful life of the fixed assets or the lease term thereof.
Leases where the lessor transfers the right to use an asset for an agreed period of time, without transferring the risks and rewards of ownership thereof, are classified as operating leases. Payments made under operating leases (net of any incentives offered by the lessor) are recognized in the income statement proportionally over the lease term.
Group Undertaking as the Lessor: When assets are leased out under a capital lease, the present value of the lease payments is recognized as a claim. The difference between the gross amount of the claim and the present value of the claim is recognized as unearned financial income. Lease income is recognized in the income statement over the lease term using the net investment method, which reflects a constant periodic rate of return.
Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their anticipated useful lives on a basis consistent with similar owned property. Rental income (net of any incentives offered to lessees) is recognized using the straight-line method over the lease term.

3.10 Non-Current Assets Held for Sale

The Group classifies an asset, or a group of assets as "non-current assets held for sale" when it has the intention and ability to sell the assets within one year from their classification date.
The non-current assets held for sale are measured at the lowest between their book value right before they are classified as held for sale and their fair value less the cost of sale.

3.11 Cash and Cash Equivalents

The cash and cash equivalents account includes balances with a maturity date up to three months from the first day of possession thereof (initial term) such as: cash in hand, cash and balances with Central Banks and loans and advances to financial institutions.
Cash balances are valued at amortised cost on the balance sheet date.

3.12 Share Capital

Share capital issuing expenses: Expenses for share capital increase are subtracted from equity after calculating the corresponding income tax.

Treasury shares: Parent company shares owned by the latter or its subsidiaries are recognised at cost, are included in the 'Treasury Shares' account and are subtracted from the Parent Company equity until they are cancelled, reissued or resold. Treasury share acquisition cost includes transaction expenditures, after excluding the corresponding income tax. The Parent Company treasury shares do not reduce the number of outstanding shares; they do, nevertheless, affect the number of shares included in the earnings per share calculation. The Parent Company treasury shares do not involve a dividend collection option. The difference between acquisition cost and the final price from reselling (or reissuing) treasury shares is recognized under equity and is not included in the net result.

3.13 Convertible Bond Loans

The Group classifies a financial instrument it issued under equity or liabilities depending on the instrument's contractual terms. Convertible bond loans are divided in two parts: on the one hand, the financial liability, and on the other, the equity component regarding the option the holder is granted to convert his bond into Company common shares.
The financial liability is primarily reflected at present value of any future payments the Group has assumed regardless of bond holders' exercising any option. A discount rate is the market rate in effect on the issuing date of a similar loan, the embedded conversion option excluded. A posteriori, the liability is measured at amortized cost by means of the effective rate method. Interest derived from bond loans is included in the 'Interest expenses' account.
The residual value between the net product of issue and the present value of the financial liability, after subtracting the corresponding income tax is directly credited to equity.
The Company's convertible bonds sale, after they have been issued by the Group's companies, is recorded in the consolidated financial statements like the initial bonds' issue.

3.14 Income Tax and Deferred Tax

The income tax charge involves current taxes, deferred ones and the differences of preceding financial years' tax audit.
Income tax is recognized in the financial year's income statement, except for the tax on transactions recognized directly in equity, in which case it is recognized accordingly to equity. To assess the annual tax charge, all the required adjustments on the accounting result are taken into account in order to establish the final taxable income.
The current income taxes include short-term liabilities or claims vis-à-vis fiscal authorities pertaining to the payable taxes on the year's taxable income and any additional income taxes regarding previous financial years.

Current taxes are measured on the basis of tax rates and fiscal regulations in force during the corresponding financial years, based on the yearly taxable profit.

Deferred taxes are the taxes or the tax relieves from the financial encumbrances or benefits of the financial year in question, which have been allocated or shall be allocated to different financial years by tax authorities. Deferred income tax is determined by the liability method deriving from the temporary differences between the book value and the assets and liabilities tax base. There is no deferred income tax if it derives from the initial identification of an asset or liability in transaction outside a business combination and which identification did not affect neither the accounting nor the tax profit or loss.

Deferred tax assets and liabilities are assessed in accordance with the tax rates set to be in effect in the financial year during which an asset or a liability shall be settled, taking into account tax rates (and fiscal regulations) which have been and practically are in force until the Balance Sheet date. In case it is not possible to clearly determine the time needed to invert the temporary differences, the tax rate to be applied is the one in force on the financial year after the balance sheet date.

Deferred tax assets are identified to the extent in which a future taxable profit shall exist for the use of the temporary difference which creates the deferred tax asset.

Deferred income tax is identified for the temporary differences deriving from investments in subsidiaries and associates, except for the cases whereby temporary differences inversion is controlled by the Group and is probable that they shall not be inverted in the foreseeable future.

Most of the changes in the deferred tax assets or liabilities are identified as a part of tax charges in the income statement. Only the changes in assets and liabilities affecting the temporary differences are reflected directly in the Group’s equity, such as property value revaluation, and as a result, the relative change in the deferred tax assets or liabilities is debited to the relative equity account.

Tax audit differences regard additional income taxes and additional charges on behalf of the fiscal authorities due to the Group taxable income redenomination in the framework of the ordinary or extraordinary tax audit.

3.15 Employee Benefits

Short-term Benefits: Short-term benefits to personnel (except for termination of employment benefits) in cash and kind are recognised as an expense when considered accrued. Any unpaid amount is recognised as a liability, whereas in case the amount already paid exceeds the benefits’ amount, the entity identifies the excessive amount as an asset (prepaid expense) only to the extent that the prepayment shall lead to a future payments’ reduction or refund.

Retirement Benefits: Benefits following termination of employment include lump-sum severance grants, pensions and other benefits paid to employees after termination of employment in exchange for their service. The Group’s liabilities for retirement benefits cover both defined contribution schemes and defined benefit plans.

The defined contribution scheme accrued cost is recognised as an expense in the financial year in question. Pension plans adopted by the Group are partly financed through payments to insurance companies or state social security funds.

i) Defined Contribution Scheme

Defined contribution schemes regard contribution payment to Social Security Organizations (e.g Social Security Fund (IKA)) and therefore, the Group does not have any legal obligation in case the State Fund is incapable of paying a pension to the insured person. The employer's obligation is limited in paying the employer's contributions to the Funds. The payable contribution by the Group in a defined contribution scheme is identified as a liability after the deduction of the paid contribution, while accrued contributions are identified as expenditure in the results.

ii) Defined Benefit Plan

The Group's defined benefit plan regards the legal commitment to pay lump-sum severance grant, pursuant to L. 2112/1920. To found participation right in these plans is conditional upon the employee's work experience until retirement. Part of the Group's obligation is financed through contribution payment to insurance companies.

The liability recognized in the balance sheet for defined benefit plans is the present value of the liability for the defined benefit less the plan assets' fair value (reserve from payments to an insurance company), the changes deriving from any actuarial profit or loss and the service cost. The defined benefit commitment is calculated on an annual basis by an independent actuary with the use of the projected unit credit method. Long-term Greek bonds' rate is used for discounting.

Actuarial profits and losses form part of the Company's commitment to grant the benefit and of the expense which shall be recognized in the income statement. The adjustments' outcome based on historical data, if below or above a 10% accumulated liability margin, is recognized in the income statement within the expected insurance period of the plan's participants. The service cost is directly recognized in the income statement except for the case where plan's changes depend on employees' remaining years of service. In such a case, the service cost is recognized in the income statement using the fixed method during the maturity period.

Employment Termination Benefits: Benefits due to employment termination are paid when employees step down prior to the retirement date. The Group recognizes these benefits upon committing itself that it terminates employees' employment according to a detailed plan for which there is no withdrawal possibility.

Remuneration based on Equity Instruments: The Group grants equity instruments to personnel. In detail, on the basis of a stock option plan approved by the General Shareholders Meeting, the Group grants the personnel stock options for the acquisition of Parent Company shares. These benefits are settled by issuing new shares from the Parent Company, on the condition that the employee fulfils certain vesting conditions linked to his/her performance and exercises his/her options.

Services rendered by employees are measured according to the fair value of the options granted on the grant date. Option fair value is calculated by using a widely accepted option-pricing model and taking into account the share's closing price on grant date. Options' fair value, following their issue, is readjusted in case there is a modification in the plan favourable for employees. Employees' services residual value is recognized as an expense in the income statement

by an equal credit amount ιn equity, in the share premium account. The relative amount is divided throughout the vesting period and is calculated on the basis of the number of options set to vest in each year.
During the exercise of stock options, the net collected amount (after subtracting direct costs) is recognized in share capital (new shares nominal value) and in share premium (difference between the stock option exercise price and the share's nominal value).

3.16 Provisions

Provisions are recognized when the Group has present legal or imputed liabilities as a result of past events; their liquidation is possible through resources' outflow and the exact liability amount may be estimated in a reliable way. On the balance sheet drafting date provisions are examined and adapted accordingly to reflect the present value of the expense expected to be necessary for the liability settlement. Restructuring provisions are identified only if there is a thorough restructuring plan and if Management has informed the affected parties on the plan's key points.

Contingent liabilities are not recognized in the financial statements but simply disclosed unless the possibility of resources' outflow embodying financial benefits is minimal. Contingent claims are not recognized in the financial statements but are quoted, provided there is a possible inflow of financial benefits.

3.17 Revenues-Expenses Recognition

The Group's revenues mainly include interest from loans and interest bearing securities, portfolio management commissions, letters of guarantee, foreign currency trading and other banking transactions, dividend income and other revenues. Intercompany income within the Group is totally eliminated.
Revenue recognition is carried out as follows:

i) Interest

Interest income and expenses refer to interest bearing instruments in the balance sheet and are recognized on an accrued basis using the effective rate method. The effective rate is the one equalizing discounted estimated future cash flows to be collected or paid during the estimated life cycle of the financial instrument with its net book value. The effective rate is calculated at the initial financial instrument recognition or liability recognition and is not reviewed afterwards. Any paid or collected fees, transaction charges or any additional premium or discount being an integral part thereof is taken into account for the calculation.

Interest income includes revenues from securities of the investment or trading portfolio as well as interest from loans and short-term deposits.
Interest expenses include interest on customers and financial institutions deposits ad well as bond loan interest.

ii) Fees and Commissions

Commission income mainly refers to securities transactions commissions, investment banking commissions and asset management commissions. Fee and commission income is recognized depending on the transaction completion in order to be linked to the cost of services provided, while those revenues linked to credit risk exposure are recognized in the income statement during the risk period.

Commissions payable refer to securities transactions commissions and are recognized in the income statement during the time the corresponding service is provided.

iii) Dividend Income

Dividends are registered as income upon establishing their collection entitlement.

3.18 Dividend Distribution

Dividend distribution amongst the Company's shareholders is recognized as a liability in the consolidated financial statements on the date the distribution is approved by the General Shareholders Meeting.

3.19 Business Segment Reporting

A business segment is an asset and activity group offering products and services exposed to different risks and having different returns compared to those of other business segments. A geographical segment is defined as the geographical area in which products and services are provided, being exposed to different risks and having different performances compared to other regions.

The Group's revenues source has been a criterion to define the primary sector.

During the financial year 2005 income statement presentation the Group had classified its activities in 4 business segments:

1. Commercial Banking
2. Investment Banking
3. Treasury and Capital Markets
4. Securities Transactions

During financial year 2006 the Group proceeded to a revision of the relative classification geared towards full and thorough information called for by virtue of significant changes, such as the Group's introduction into Retail Banking through participation in EGNATIA BANK S.A. (hereinafter "EGNATIA BANK").

The new business segments are the following:

1. Corporate & Investment Banking
2. Retail Banking
3. Wealth Management (Private Banking, Fund Management, Securities Transactions)
4. Treasury and Capital Markets
5. Holdings & Investments

The abovementioned change in the business segments for which information is given in Section 7 has been implemented retrospectively since 01/01/2005 providing, thus, full comparative data on financial year 2006.

4. Assessments and Evaluations

Drawing up financial statements according to IFRS requires assessments and evaluations upon applying the Group's accounting policies. When applying the Group's accounting policies, Management is required to evaluate the following categories:

1) Financial Instruments Classification

The Group's accounting policies require financial assets and liabilities classification, when created, in different categories:

- Investments held to maturity. In this category, Management is stating the Group's intention and examines the Group's capacity to hold these investments until their maturity.
- Financial instruments for trading purposes include Investments and derivatives held to achieve short-term profit.
- Financial assets and liabilities at fair value through profit & Loss. Classifying an investment in this category depends on the way Management evaluates return on investment and investment risk. Therefore, this category also includes investments not belonging to the trading portfolio but to the holdings portfolio and are being followed up internally at their fair value, in accordance with the Group's strategy.

2) Hedge Accounting

To determine an effective hedging relationship, the Group is required to declare its strategy on hedging and to foresee, on the other hand, that the hedging will be effective throughout the hedging instrument (derivative) duration.

The categories whereby assessments and admissions have the highest impact on financial statements are presented herein:

1) Credit Risk Provisions

The financial assets measured at amortised cost are subject to impairment testing on each balance sheet date, according to section 3.2.7. For the claims examined on a case by case basis the impairment test is based on the Management's assessment for the present value of cash flows set to inflow from the loan servicing by the debtor and from any cover liquidation. Calculating these cash flows, Management makes assessments on the counter-party's financial position, on the possibility of a settlement and on the net value of any guarantees. With regard to loans monitored on a collective basis, the necessary provision depends on assessments regarding each loan group credit risk, the market's economic factors, and the inherent portfolio risks. The parameters required are defined based on historical data and present economic conditions. Provisions' accuracy is determined by how well future cash flows of specific counterparties have been estimated and how well all hypotheses and parameters have been used to define all the provisions.

2) Financial Instrument Fair Value Measurement

Financial assets and liabilities fair value calculation for which there are no published market prices requires the use of specific measurement techniques. Fair value calculation calls for various kinds of assessments. The most important ones involve assessment of various risks an instrument is subject to, such as business risk, liquidity risk etc. and businesses profitability future perspectives assessment in case of equity instrument measurement.

3) Goodwill Impairment Test

The Group tests for impairment of goodwill on acquired subsidiaries on an basis. In order to ascertain whether there is evidence for impairment, the value in use and the fair value of a business unit need to be calculated. Usually the methods used are the cash flows present value method, future dividends present value method and measurement on the basis of similar entity indicators. To apply the specific methods, Management needs to use data, such as the subsidiary's estimated future profitability, business plans and market data, such as interest rates.

5. Consolidated Entities

The following table indicates the Group structure as at 31/12/2006**:**

Company Name	Head Office	Direct Shareholding %	Indirect Shareholding %	Total Shareholding %	Consolidation Method
SUBSIDIARIES					
MARFIN BANK S.A.	Greece	100,00%	0,00%	**100,00%**	Purchase Method
INVESTMENT BANK OF GREECE S.A.	Greece	0,00%	90,99%	**90,99%**	Purchase Method
MARFIN GLOBAL ASSET MANAGEMENT S.A.	Greece	5,91%	94,09%	**100,00%**	Purchase Method
MARFIN SECURITIES CYPRUS LTD.	Cyprus	2,86%	88,39%	**91,25%**	Purchase Method
MARFIN MUTUAL FUNDS S.A.	Greece	0,00%	90,11%	**90,11%**	Purchase Method
IBG CAPITAL S.A.	Greece	0,00%	90,99%	**90,99%**	Purchase Method
IBG MANAGEMENT S.A.	Greece	0,00%	90,99%	**90,99%**	Purchase Method
AVC S.A.	Greece	0,00%	59,14%	**59,14%**	Purchase Method
MARFIN CAPITAL S.A.	British Virgin Islands	100,00%	0,00%	**100,00%**	Purchase Method
IBG INVESTMENTS S.A.	British Virgin Islands	0,00%	90,99%	**90,99%**	Purchase Method
MFG CAPITAL PARTNERS LTD	United Kingdom	0,00%	100,00%	**100,00%**	Purchase Method
EUROLINE S.A.	Greece	43,46%	4,59%	**48,04%**	Purchase Method
AS SBM BANK	Estonia	50,12%	0,00%	**50,12%**	Purchase Method
ASSOCIATES					
ARIS CAPITAL MANAGEMENT LLC	U.S.A.	0,00%	30,00%	**30,00%**	Equity Method
INTERINVEST INVESTMENT COMPANY S.A.	Greece	24,57%	4,41%	**28,99%**	Equity Method

5.1 Changes in Group Structure during the Financial Year

During the financial year the following changes took place in the Group structure.

1) On 21/10/2006 MARFIN POPULAR BANK submitted a tender offer for the acquisition of up to 100% of the Company's common shares and up to 100% of EGNATIA BANK's common and preferred shares. As a result, the

Company has been a subsidiary of MARFIN POPULAR BANK since 22/12/2006 with MARFIN POPULAR BANK holding 95,30% of the Company's common shares.

2) Prior to the submission of the tender offers by MARFIN POPULAR BANK, the Group had gained strategic participation in the Bank in question. In detail, on 03/02/2006 the Group acquired 9,99% of MARFIN POPULAR BANK's shares. Gradually it increased its stake in MARFIN POPULAR BANK to 15,32%. Following the tender offer by MARFIN POPULAR BANK to acquire 100% of the Company's share capital, the Group proceeded to a full liquidation of the abovementioned investment. Therefore, on 13/12/2006 all MARFIN POPULAR BANK shares were sold to institutional investors.

   Due to the Group's shareholding in MARFIN POPULAR BANK share capital and its representation with three members of its 13-member Board of Directors, the Group had substantial control over MARFIN POPULAR BANK and it consolidated it with the equity method for the period 15/06/2006-13/12/2006. The impact from MARFIN POPULAR BANK's consolidation is presented further down.

3) On 29/3/2006 the Group took control of EGNATIA BANK. The relative control was taken on the one hand by acquiring 34,45% of EGNATIA BANK's common shares and, on the other, by the Group's representation by majority in EGNATIA BANK's management bodies. Throughout the financial year the Group acquired more common shares of EGNATIA BANK reaching a total of 44,95%. Following the MARFIN POPULAR BANK tender offer to acquire 100% of EGNATIA BANK's share capital, the Group proceeded to a full liquidation of its investment in EGNATIA BANK. In particular, on 13/12/2006 14,08% of the shares were sold to institutional investors, while on 21/12/2006 the rest 30,86% of EGNATIA BANK shares were exchanged with shares of MARFIN POPULAR BANK, the Parent Company. As a result, on 31/12/2006 the Group held 4,57% of its Parent Company shares. With the use of the purchase method the Group fully consolidated EGNATIA BANK for the 29/3/2006-21/12/2006 period. The impact from EGNATIA BANK's consolidation is described in detail further down.

4) During the financial year the Group acquired a minority stake of 30,01% of its existing participation in INVESTMENT BANK OF GREECE reaching a total percentage of 90,99%. Moreover, on 06/11/2006 the Parent Company participation in INVESTMENT BANK OF GREECE S.A. (74,92%) (hereinafter "INVESTMENT BANK OF GREECE") was transferred to the Company's subsidiary MARFIN BANK S.A. (hereinafter MARFIN BANK).

5) The Company on 10/08/2006 acquired 50,12% of the Estonian bank AS SBM PANK (hereinafter "SBM BANK") participating by 100% in the bank's share capital increase.

6) On 31/01/2006 the associate EUROLINE S.A. (hereinafter "EUROLINE") absorbed the associate MARFIN GLOBAL INVESTMENTS S.A. As a result of this merger the Group's percentage in EUROLINE decreased from 48,56% to 47,11%. Furthermore, during the financial year a 0,94% percentage was acquired reaching a total stake of 48,05%.

7) Because of its significant percentage in EUROLINE, the Group has the capacity to control the company and appoint the majority of the Board of Directors members. On 30/6/2006 the Group appointed the Board of Directors of EUROLINE. In this context, EUROLINE is considered a subsidiary company and is consolidated with the purchase method. It should be highlighted that up to 30/6/2006 EUROLINE was being consolidated with the equity method.

8) On 30/06/2006 the associate company INTERINVEST S.A. (hereinafter "INTERINVEST") absorbed the company NEXUS INVESTMENT S.A. The result of this merger was that the Group's participation in INTERINVEST dropped from 44,57% to 28,99%.
9) On 15/10/2006 the subsidiary MARFIN BANK purchased 30% of the share capital of ARIS CAPITAL MANAGEMENT LLC (hereinafter "ARIS CAPITAL MANAGEMENT"), a hedge fund management company with its office registered in the USA.
10) The Boards of Directors of INVESTMENT BANK OF GREECE and EGNATIA FINANCE S.A. (hereinafter "EGNATIA FINANCE") decided to begin the merger process by absorption of the latter by the former with Balance Sheet consolidation date on 30/06/2006.
11) The Boards of Directors of MARFIN BANK, EGNATIA BANK and LAIKI BANK (HELLAS) S.A., (hereinafter "LAIKI HELLAS"), all MARFIN POPULAR BANK subsidiaries, decided to commence merger procedures through the absorption of MARFIN BANK and LAIKI HELLAS by EGNATIA BANK.
12) On 31/12/2006 the merger of the subsidiaries MARFIN GLOBAL ASSET MANAGEMENT S.A. and MARFIN MUTUAL FUND MANAGEMENT S.A was under way.
13) On 31/3/2006 the subsidiary AVC S.A. entered into liquidation.
14) The company MARFIN SECURITIES CYPRUS LTD is idle.
15) MARFIN BANK, 100% subsidiary of the Company, acquired 100% of MFG CAPITAL PARTNERS LTD (hereinafter "MFG CAPITAL PARTNERS"), an asset management company domiciled in the United Kingdom.
16) The Company's Board of Directors decided to transfer all of its banking and similar transactions activities to MARFIN POPULAR BANK. For this reason the Group will sell within the first quarter of 2007 its investment in MARFIN BANK (including all of MARFIN BANK's subsidiaries) and in SBM BANK to MARFIN POPULAR BANK. More information on the impact on the Group's financial statements is given in section 42
17) Apart from the above note, there was no significant change in the Group's structure after the balance sheet date.

EGNATIA BANK

On 29/3/2006 the Group took control of EGNATIA BANK. The relative control was acquired after acquiring 34,45% of EGNATIA BANK's common shares and, on the other hand, by the Group's representation by majority in EGNATIA BANK's management bodies. During the financial year the Group bought more common shares of EGNATIA BANK reaching a total percentage of 44,95%. In total, the acquisition cost of EGNATIA BANK - the whole amount paid in cash - stood at € 238.306 thous., of which € 32.281 thous. cover the acquisition of shares in 2005 and there was goodwill amounting to € 128.291 thous., while the analytical data of the acquired bank on the day of control are presented in the table below (based on the 31/3/2006 balance sheet).

After the tender offer by MARFIN POPULAR BANK for the acquisition of 100% of EGNATIA BANK's share capital, the Group proceeded to a full liquidation of its investment in EGNATIA BANK. In detail, on 13/12/2006 14,08% of the shares were sold to institutional investors through a private placement and on 21/12/2006 the rest 30,86% of EGNATIA BANK's shares were exchanged with MARFIN POPULAR BANK's shares. The transfer of shares held by a company for the acquisition of shares in another company meets the criteria of IAS 39 regarding the writing-off of financial instruments and therefore the difference is recognized in the income statement. The proceeds from EGNATIA BANK's sale amounted to € 364.778 thous., of which €112.054 thous. was collected in cash and a total of € 252.724 thous. was settled in kind (MARFIN POPULAR BANK shares). In total, the profit from selling the Group's investment in EGNATIA BANK was € 112.071 thous., while the subsidiary's financials on the date of loss of control are presented in the table below (based on the 31/12/2006 balance sheet which is the closest to the sale date in order to draw financial data).

It is noted that due to the sale of the investment within nine months since the take over of control, the Group had not completed EGNATIA BANK's intangible assets fair value measurement on the acquisition date (according to IFRS 3, a 12-month period elapses to complete the work in question). Non-completion of this procedure does not bring about any significant effect on the financial statements.

Amounts in Euro '000	**Acquisition Date**	**Sale Date**
Cash and balances with Central Bank	171.388	182.728
Loans and advances to financial institutions	559.730	553.960
Trading portfolio	13.765	16.417
Derivative financial instruments – assets	595	937
Loans and advances to customers (net of provisions)	2.371.673	2.742.114
Investment portfolio	130.210	242.119
Investments in associates	1.632	0
Intangible assets	8.149	7.606
Property, plant and equipment and property investments	47.630	56.801
Other assets	169.486	86.213
Due to other financial institutions	(23.026)	(330.655)
Due to customers	(2.785.159)	(2.829.634)
Derivative financial instruments – liabilities	(2.871)	(2.331)
Debt securities in issue	(337.459)	(331.389)
Provisions	(9.403)	(8.886)
Other liabilities	(61.305)	(115.061)
Minority rights	(7.914)	(10.165)
Total net assets	**247.120**	**260.776**
Percentage of acquisition	34,74%	
Net assets acquired	85.854	
Cost of acquisition	184.568	
Goodwill during 1st consolidation	98.714	
Plus:		
Acquisition cost of additional 10,21% of shares after the date of control	53.737	
Less: Proportion of equity of acquired companies	24.161	
Additional goodwill after first consolidation	29.577	
Total acquisition cost of subsidiary	**238.306**	
Total goodwill	**128.291**	
The total cost is analysed as follows:		
Acquisition price	240.324	
Less: dividend received from earnings before acquisition	(2.018)	
Acquisition cost	238.306	

Percentage of Group sold		44,95%
Net assets proportioned to the Group		117.224
plus: Goodwill from acquisition		128.291
Plus: consolidation adjustments		7.192
Book value of Group's investment		**252.707**
Investment selling value		364.778
Profit from sale		**112.071**

During the financial year 2006, EGNATIA BANK's total profits stood at € 19.829 thous. The Group consolidated EGNATIA BANK's results for the whole period it had its control, namely for the period 29/3-21/12/2006, i.e. for a sum of € 16.690 thous.

Section 41 presents in detail EGNATIA BANK's income statement included in the Group's consolidated financial statements.

In addition, during the financial year the Group acquired EGNATIA BANK preferred shares. Totally, preferred shares of total cost of € 7.393 thous. were acquired. These shares were sold for € 9.028 thous., of which € 5.335 thous. was collected in cash and € 3.693 thous. in kind (MARFIN POPULAR BANK shares). During financial year 2006 a total of € 1.650 thous. emerged as profit from buying and selling EGNATIA BANK preferred shares.

MARFIN POPULAR BANK

On 03/02/2006 the Group acquired 9,99% of MARFIN POPULAR BANK shares (renamed to MARFIN POPULAR BANK since 04/12/06). The Group gradually increased its participation rate in MARFIN POPULAR BANK to 15,32%. At the MARFIN POPULAR BANK General Meeting on June 15th 2006 the Group appointed three members as representatives at its 13-member Board of Directors. It proposed other eight members widely respected as trustworthy, who are not its representatives.

Because of the Group's participation in MARFIN POPULAR BANK's share capital and of its capacity to be represented at its Board of Directors, the Group deems that it is in a position to have substantial influence over MARFIN POPULAR BANK. As a result from this influence potential, MARFIN POPULAR BANK has been consolidated with the equity method since 15/6/2006.

The overall participation acquisition cost in MARFIN POPULAR BANK rose to € 203.884 thous. and was paid entirely in cash.

On 13/12/2006 all MARFIN POPULAR BANK shares held until that date were sold to institutional investors through private placements. The price which was paid entirely in cash stood at € 387.014 thous. and the profit was € 173.084 thous.

A total of € 10.046 thous. is included in the income statement and represents the Group's percentage in MARFIN POPULAR BANK's net results for the period 15/6-13/12/2006.

INVESTMENT BANK OF GREECE

During the financial year, the Group has made a series of consecutive acquisitions of INVESTMENT BANK OF GREECE minority interest blocks. The latter is a Group subsidiary. On the whole the Group acquired an additional 30,01% of the subsidiary's share capital for a total of € 44.783 thous. paid entirely in cash.

The minority rights' percentage purchased has a book value amounting to € 26.756 thous. The difference of € 18.027 thous. has been recognised as goodwill.

The subsidiary's net results shall be attributed to the Parent Company and minority shareholders. The Parent Company's profit share has been calculated on the basis of the purchase date of each share block. If the 30,01% had been acquired on 1/1/2006, the Group would have enjoyed € 1.516 thous. more profit.

Furthermore, on 06/11/2006 the Parent Company transferred her INVESTMENT BANK OF GREECE stake (74,92%) to MARFIN BANK for a total of € 181.150 thous. This transaction has been eliminated from the consolidated financial statements. A € 70.125 thous. profit has been recognised in the Parent Company's separate income statement.

AS SBM PANK

On 10/08/2006, the Company acquired 50,12% of the Estonian SBM BANK via a 100% participation in the latter's share capital increase. The total acquisition cost, paid entirely in cash, amounted to € 6.432 thous. The acquired assets and liabilities' fair value is as follows:

Amounts in Euro '000	
Cash and balances with Central Bank	929
Loans and advances to financial institutions	10.373
Trading portfolio and other financial assets at fair value through profit and loss	32
Loans and advances to customers	16.853
Investment portfolio	787
Property, plant and equipment and property investments	252
Intangible assets	63
Other assets	165
Due to other financial institutions	(1.000)
Due to customers	(12.431)
Debt securities in issue	(3.399)
Other liabilities	(223)
Total Net Assets	**12.402**
Percentage of acquisition	0
Net assets acquired	**6.216**
Acquisition Cost	**6.432**
Goodwill	**(216)**
Cash outflow for acquisition	6.216
Less: Cash balances of acquired bank	(11.302)
Net Cash Flow form acquisition	**(5.086)**

It is worth noting that the resulting goodwill, amounting to € 216 thous., has been directly written off from the income statement.

The consolidated financial statement includes a total of € 164 thous. which represents the subsidiary's net result from the acquisition date to 31/12/2006. SBM BANK's total net results for the financial year 2006 amounted to € 228 thous. If the subsidiary's acquisition had been completed on 01/01/06, the Group's net result would have been greater by € 64 thous.

EUROLINE

The Group holds 48,05% of EUROLINE's share capital. Given the changes in the company's Board of Directors' structure, on 30/06/2006 the Group consolidated EUROLINE as one of its subsidiaries, using for first time consolidation the purchase method. EUROLINE's first-time consolidation balance sheet is the balance sheet as of 30/06/2006. The Group's participation in the subsidiary's income statement as of 30/6/2006 is a loss of € 95 thous. This amount has been integrated using the equity method and is included in the account "Share of profits / (losses) of associates". The subsidiary's results as of 01/07/2007 have been integrated in the Group's consolidated financial statements using the purchase method.

On the first consolidation day, the subsidiary's assets and liabilities were as follows:

Amounts in Euro '000	
Loans and advances to financial institutions	2.023
Trading portfolio and other financial assets at fair value through profit and loss	22.596
Property plant and equipment and property investments	22
Intangible assets	6
Other assets	950
Other liabilities	(314)
Total Net Assets	**25.283**
Group's percentage during consolidation	48,03%
Total Net Assets proportioned to the Group	**12.144**
Book value of shareholding on date of first consolidation (according to the equity method)	12.144

ARIS CAPITAL MANAGEMENT

On 21/10/2006, the Company's subsidiary MARFIN BANK acquired 30% of ARIS CAPITAL MANAGEMENT share capital, a United States-based hedge fund management company. The total acquisition cost was € 2.278 thous. and was paid entirely in cash. The goodwill arising from this acquisition is as follows:

Amounts in Euro '000		
Acquisition cost		2.278
Less: Proportion in Net Assets of the associate		
- Total equity	130	
- Shareholding percentage	30%	
- Group's proportion		39
Goodwill		2.239

It must be noted that according to IFRS 3, initial consolidation requires assets (including intangible assets), liabilities and contingent liabilities fair value identification and definition of the associate. However, given the short time having elapsed since the company's date of acquisition, the Group used the possibility provided by paragraph 62 of IFRS 3 to proceed to a temporary consolidation entry definition waiting for the associate company's asset and liability measurement process. The resulting goodwill relates mainly to two hedge fund management contracts, to the contractual right of access to an international banking establishment's distribution network, to the company's human resources capabilities and to the considerable development perspectives linked to hedge fund products.

The Group's participation of ARIS CAPITAL MANAGEMENT results for the period 21/10-31/12/2006 amounts to € 49 thous. and have been consolidated, using the equity method, in the item "share of profit / (loss) from associates".
The associate's net results for the financial year 2006 amount to € 833 thous. If the associate's acquisition had been completed on the 01.01.06, the Group net profit would have been greater by € 201 thous.

5.2 Acquisition and Sale Impact on the Cash Flow Statement

The following amounts, resulting from subsidiary and associate companies' acquisition and sale during the financial year, are included in the consolidated income statement.

Amounts in Euro '000		
EGNATIA BANK		(96.029)
Acquisition of 35,95% (10,33% acquired in 2005)	(208.043)	
Dividend from earnings before acquisition	2.018	
Sale in cash of 14,08%	112.054	
Acquisition of preferred shares	(7.393)	
Sale of preferred shares	5.335	
MARFIN POPULAR BANK		183.130
Acquisition of 15,32%	(207.711)	
Dividend from earnings before the acquisition	3.826	
Sale in cash of 15,32%	387.014	
Expenses from sale of MARFIN POPULAR BANK and EGNATIA BANK		(7.480)
INVESTMENT BANK OF GREECE		(18.669)
Offsetting of down-payment for acquisition of shares	26.114	
Acquisition of 30,01%	(44.783)	
SBM BANK		4.870
Acquisition of 50,12%	(6.432)	
Cash and cash equivalents on the acquisition date	11.302	
EUROLINE		1.818

Acquisition of percentage	(205)	
Cash and cash equivalents on the date of first consolidation	2.023	
ARIS CAPITAL MANAGEMENT		(2.278)
Acquisition of 30%	(2.278)	
Net Cash Flow from acquisitions / sale of shareholdings in subsidiaries and associates		**65.362**

6. Risk Management

As all other financial institutions, the Group is exposed to several risks. These risks are continually monitored with various methods so that the concentration of unreasonable risks is avoided. The nature of these risks and the ways they are dealt with are explained below.

6.1 Credit Risk

Credit risk is the possibility of non-promptly repayment of existing and contingent obligations of the Group's counterparties resulting in the loss of funds. Credit risk management focuses on ensuring a disciplined risk culture, risk transparency and intelligent risk-taking.

A fundamental principle of the Group's Credit Policy is to undertake carefully selected and calculated credit risks against an expected return, in order to optimise the investment of the available funds and to protect the interests of its depositors and shareholders.

In order to achieve this goal, Group Management focuses on the proper management of credit risk, having first set the right infrastructure and procedures.

Group customers are businesses (large-, medium- and small-size) of the private and public sectors, as well as retail customers with business activities.

The methods for evaluating the credit ability of counterparties (credit rating) are differentiated depending in which of the above categories the customer belongs to and are based both on quantitative and qualitative characteristics.

The Group has developed a system for rating credit facilities (facility risk rating), in which both the credit ability of the counterparty, as well as the quality and sufficiency of the securities offered are measured. This rating is the outcome of the combination of the customer's credit ability (credit rating) and the result of a second model which calculates the credit risk of every customer / limit, based on the recovery given default ratio.
In addition, the Group offers a wide range of standardized loan products, which are addressed both to retail customers (mortgages, overdraft accounts, personal loans), as well as to freelance businessmen (working capital, business premises loans and business equipment loans). For the credit rating of this customer type a Credit Scoring model has been developed and used.

The total credit risk undertaken, categorized by customer, by customer type, by customer economic group and by credit facility / product type is being monitored by the Group's Credit Division.

Counterparty Banks' Risk

The Group runs the risk of loss of funds due to the possible untimely repayment of existing and future obligations by counterparty banks.

Within its daily operations, the Group is transacting with banks and other financial organisations in Cyprus and abroad. By conducting these transactions, the Group is running the risk of losing funds due to the possible untimely repayment to the Group of the existing and future obligations of the counterparty banks.

The counterparty risk is monitored on a Group basis. The responsibility for approving limits has been delegated to the Risk Management Committee, which approves relevant limits per counterparty and per product further to the proposals of the Treasury and the Risk Management Units of MARFIN Group. The methodology and the level of relevant limits is based mostly on the credit worthiness of each counterparty as well as the relevant limits set by regulators.

The allocation of approved limits is the responsibility of the Risk Management Unit of MARFIN Group, which undertakes the daily responsibility of controlling and monitoring the limits as to the total exposure to each counterparty. Moreover, it has the responsibility of informing and reporting to the Management the level of counterparty risk maintained by MARFIN Group.

Country Risk

The Group is exposed to the risk of losing funds due to probable political, financial and other events in a specific country where the Group's funds or cash balances have been placed or invested in several regional banks and financial institutions.

For purposes of risk management there does not exist a system for country risk assessment as this kind of risk is embedded in Counterparty banks risk / issuer risk and is examined during assessing the counterparty's credibility.

6.2 Interest Rate Risk

Interest rate risk is the risk of the decrease in the value of financial instruments and in the Group's net interest income as a result of adverse changes in the market interest rates. Interest rate risk arises from holding assets and liabilities, on and off-balance sheet positions, with different maturity dates or repricing dates.

The Group monitors interest rate risk systematically, on a consolidated basis, according to the guidelines of regulatory authorities as well as the internally set regulations.

In order to assess the exposure to interest rate risk the Static Repricing Gap methodology has been set in place. According to the specific methodology, all interest bearing assets and liabilities are classified in maturity bands per currency, according to their remaining time to maturity (fixed interest rate assets/liabilities) or their next repricing (floating rate assets/liabilities) and their difference is the gap which is calculated for every time band. The Static Repricing Gap is used in order to assess the level of sensitivity of all assets and liabilities of the Groups (on and off balance sheet).

In addition, the Group uses a variety of derivative instruments for hedging any interest rate risks that arise from balance sheet management. Specifically, they use Interest Rate Swaps, in order to hedge future interest rate cash flows arising from long-term deposits and long term loans.

The following tables summarise the Group's exposure to interest rate risks. Included in the tables are the Group's assets and liabilities at carrying amounts categorised by contractual reprising date for floating rate items and maturity date for fixed rate items.

Amounts in Euro '000	Up to 1 month	1-3 months	3-12 months	1-2 years	2-5 years	Over 5 years	Non-interest bearing	Total
As at 31st December 2006								
Assets								
Cash and balances with Central Bank	55.405						2.792	58.197
Loans and advances to financial institutions	636.771	36.019	64				45	672.899
Trading portfolio and other financial instruments at fair value through P&L	5.631	40.169	85.052	25.485	31.030	7.051	209.709	404.127
Loans and advances to customers	517.057	341.723	131.976	3.703		2	7.759	1.002.220
Investment portfolio	28.903	39.291	41.095	12.525	76.584	54.201	282.223	534.822
Other assets		603	94		136	3.208	189.481	193.522
Total assets	**1.243.767**	**457.805**	**258.281**	**41.713**	**107.750**	**64.462**	**692.009**	**2.865.787**
Liabilities								
Due to financial institutions	31.998	161.390						193.388
Due to customers	870.669	437.282	194.326	5.969				1.508.246
Debt securities in issue and other debt obligations			3.421					3.421
Other borrowed funds								
Other liabilities							222.525	222.525
Total liabilities	**902.667**	**598.672**	**197.747**	**5.969**	**0**	**0**	**222.525**	**1.927.580**
Total interest sensitivity gap	**341.100**	**(140.867)**	**60.534**	**35.744**	**107.750**	**64.462**	**469.484**	**938.207**
As at 31st December 2005								
Total assets	661.669	236.537	200.120	60.696	66.042	101.457	307.443	1.633.964
Total liabilities	718.096	115.808	30.324	42.945	0	0	64.326	971.499
Net liquidity gap	**(56.427)**	**120.729**	**169.796**	**17.751**	**66.042**	**101.457**	**243.117**	**662.465**

Geographical Risk

The Group operates mainly in Greece. The Banks' branch network consists of 14 branches in Greece and 2 in Estonia. Moreover, part of the Group's venture capital activity is held by foreign subsidiaries. Income from activities in Greece form the largest part of the Group's income, whereas the assets held in Greece form 99% of the Group's consolidated assets.

6.3 Currency Risk

Currency risk relates to the risk of fluctuations in the value of financial instruments and assets and liabilities due to changes in exchange rates. Currency risk arises from an open position, either positive or negative, in a foreign currency, creating exposure to a change in the relevant exchange rate. This may arise from the holding assets in one currency funded by liabilities in another currency or from an FX spot or contracts or derivatives including options.

The Group enters into foreign exchange transactions in order to accommodate customer needs and for hedging its own exposure. The Group's Treasury enters into mainly FX spot transactions in the spectrum of predefined and approved limits as well as derivative products at a lower degree.

The Group uses exposure calculations and associated limit structures for monitoring:

a) Open position by currency – net long / short position of each currency.
b) Total net short position – sum of short positions in all currencies
c) Maximum loss limits – maximum level of losses resulting from foreign exchange fluctuations on a daily / monthly / yearly basis.

The Group calculates the maximum potential loss for the open positions in different currencies by working on crisis simulation scenarios. These scenarios assume large fluctuations in all currencies in a way that could adversely affect the three Group's profitability.

The following tables summarise the Group's exposure to currency risk. Included in the tables are the Group's assets and liabilities at carrying amounts, categorised by currency. The tables also present the notional amount of foreign exchange derivatives, which are used to reduce the Group's exposure to currency movements, categorised by currency.

Amounts in Euro '000	EUR	USD	GBP	CHF	JPY	Other Currencies	Total
As at 31st December 2006							
Currency risk for assets							
Cash and balances with Central Bank	53.291	115	20	6		4.765	**58.197**
Loans and advances to financial institutions	642.442	22.844	3.285	1.630	145	2.553	**672.899**
Derivative financial instruments	29.479	(35.802)	43	(7.326)	17.655		**4.049**
Trading portfolio and other financial assets at fair value through Profit & Loss	342.635	59.660	634	1.055		143	**404.127**
Loans and advances to customers	849.995	112.694		12.391	5.588	21.552	**1.002.220**
Investment portfolio	461.665	62.919				750	**525.334**
Participations in associates	7.161	2.327				0	**9.488**
Goodwill and other intangible assets	74.296					68	**74.364**
Property, plant and equipment	24.964		13			244	**25.221**
Other assets	93.325	(1.631)	222	(2.030)	(349)	351	**89.888**
Total assets	**2.579.253**	**223.126**	**4.217**	**5.726**	**23.039**	**30.426**	**2.865.787**
Currency risk of liabilities	**EUR**	**USD**	**GBP**	**CHF**	**JPY**	**Other Currencies**	**Total**
Due to financial institutions	179.762	11.390		242		1.994	**193.388**
Due to customers	1.289.585	170.020	4.138	2.248	36.876	5.380	**1.508.247**
Derivative financial instruments	(22.599)	15.610	201			8.170	**1.382**
Debt securities in issue	22					3.399	**3.421**
Other liabilities	209.446	8.345	595	470	4	1.432	**220.292**
Retirement benefit obligations	850						**850**
Total liabilities	**1.657.066**	**205.365**	**4.934**	**2.960**	**36.880**	**20.375**	**1.927.580**
Net on-balance sheet position	**922.187**	**17.761**	**(717)**	**2.766**	**(13.841)**	**10.051**	**938.207**
As at 31st December 2005							
Total assets	1.404.674	222.256	1.699	2.804	1.180	1.351	1.633.964
Total liabilities	744.921	220.380	2.343	2.635	788	432	971.499
Net on-balance sheet position	**659.753**	**1.876**	**(644)**	**169**	**392**	**919**	**662.465**

6.4 Liquidity Risk

Liquidity risk is defined as the risk that the Group might not have sufficient financial resources available to enable it to meet immediate obligations as they fall due or in order for this to happen the Group has to incur a severe financial cost.

The Group recognises the nature of liquidity risk and manages the risk through a well-developed liquidity management structure comprising of a diverse range of controls, procedures and limits. The Group has to comply with liquidity ratios set by both foreign and local banking regulators, as well as, with internal limits.

The Group monitors and manages liquidity risk through the use of the following set of controls:

a) Balance in the Minimum Reserve Account as set by the local regulators.
b) Mismatch ratios between maturing assets and liabilities for time periods up to one month.
c) Ratio of liquid assets over total customer deposits.

A substantial portion of the Group's assets is funded with customer deposits and bonds issued by the banks. Savings and sight deposits cover immediate cash needs while long-term investment needs are usually covered by the issue of bonds and time deposits.

Although deposits may be withdrawn on demand with no advance notice, the large spread by number and type of depositors helps to ensure against unexpected fluctuations and constitutes a stable deposit base.

The following tables analyse assets and liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date.

Amounts in Euro '000	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
As at 31st December 2006							
Asset liquidity							
Cash and balances with Central Bank	58.197						**58.197**
Loans and advances to credit institutions	637.968	34.931					**672.899**
Derivative financial instruments	611		93		137	3.208	**4.049**
Trading portfolio and other financial assets at fair value through Profit & Loss	168.806	37.289	10.774	54.916	85.274	47.068	**404.127**
Loans and advances to customers	62.473	39.153	178.246	324.502	91.514	306.332	**1.002.220**
Investment portfolio	1.301	6.764	27.501	80.369	27.963	381.436	**525.334**
Investments in associates						9.488	**9.488**
Other assets	20.837	7.581	27.412	22.945		110.698	**189.473**
Total assets	**950.193**	**125.718**	**244.026**	**482.732**	**204.888**	**858.230**	**2.865.787**

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
Liability liquidity							
Due to financial institutions	41.394	151.994					**193.388**
Derivative financial instruments	888	276	218				**1.382**
Due to customers	1.203.952	81.598	194.326	28.112	257		**1.508.245**
Bond loans			3.399	22			**3.421**
Other borrowed funds							**0**
Other liabilities	30.320	43.154	130.865	15.975		830	**221.144**
Total liabilities	**1.276.554**	**277.022**	**328.808**	**44.109**	**257**	**830**	**1.927.580**
Net liquidity gap	**(326.361)**	**(151.304)**	**(84.782)**	**438.623**	**204.631**	**857.400**	**938.207**
As at 31st December 2005							
Total assets	656.638	102.022	186.389	101.935	135.938	451.042	1.633.964
Total liabilities	744.002	125.499	67.825	30.157	185	3.831	971.499
Net liquidity gap	**(87.364)**	**(23.477)**	**118.564**	**71.778**	**135.753**	**447.211**	**662.465**

6.5 Fair Value of Assets and Liabilities

The fair value represents the amount at which an asset could be exchanged, or a liability settled, in an arm's length transaction. Differences therefore can arise between carrying values and fair values. The definition of fair value assumes that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Generally accepted methods of determining fair value include reference to quoted market prices or to prices prevailing for similar financial instruments.

With reference to the above, the carrying value of the Group's assets and liabilities is not materially different from their fair value with the exception of held-to-maturity financial assets.

(a) Loans and Advances to other Financial Institutions

Loans and advances to other financial institutions include interbank placements and items in the course of collection. The fair value of floating as well as fixed rate placements closely approximates their carrying value since their average maturity is approximately within one month.

(b) Advances to Customers

Advances to customers are net of provisions for impairment. The vast majority of advances earn interest at floating rates and hence its fair value approximates carrying value.

(c) Held-to-maturity Financial Assets

The fair value of held-to-maturity financial assets amounts to € 20.108 thous. Fair value for held-to-maturity financial assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

(d) Deposits

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed as well as floating interest bearing deposits closely approximates their carrying value since their average maturity is less than one year.

(e) Debt Securities in Issue

The fair value of the Bond Loans does not differ substantially from their book value.

7. Business Segment Reporting

Section 3.19 refers to Group Business Segment Reporting and to the change made compared to the preceding financial year. The change in business segment reporting is applied in retrospect as of 01/01/2005 providing fully comparable data for the financial year 2006.

Amounts in Euro '000	Corporate & Investment Banking	Retail Banking	Wealth Manegement	Treasury and Capital Markets	Investments and Holdings	THE GROUP
Financial year 1st January - 31st December 2006						
Net Income	**50.543**	**82.698**	**39.568**	**65.979**	**309.153**	**547.941**
- from interest	26.298	64.667	1.731	15.700	(10.918)	97.478
- from fees and commissions	23.959	15.337	34.678	4.551	(1.017)	77.508
- net trading income and other income	286	2.694	3.159	45.728	321.088	372.955
Result before Tax	**27.235**	**4.750**	**14.946**	**52.717**	**277.542**	**377.190**
Tax						(119.508)
Result after Tax						**257.682**
Other items by segment						
Impairment charge	8.566	11.335	95		7.280	27.275
Depreciation	814	4.506	1.895	368	448	8.032
Write-off of goodwill		(216)				(216)
Proportion of profit / (loss) from associates			524		10.046	10.570
Investments in associates					9.488	9.488
Financial Year 1st January - 31st December 2005						
Net Income	**13.042**	**2.103**	**11.991**	**21.783**	**23.380**	**72.299**
- from interest	7.209	1.439	(488)	5.262	(1.321)	12.101
- from fees and commissions	5.774	624	12.233	4.334	(522)	22.443
- net trading income and other other income	59	40	246	12.187	25.223	37.755
Result before Tax	**4.916**	**(3.610)**	**2.330**	**17.153**	**21.363**	**42.152**
Tax						(9.681)
Result after Tax						**32.471**
Other items by segment						
Impairment charge	2.830			139	385	3.354
Depreciation	85	362	271	165	199	1.082
Write-off of goodwill					(109)	(109)
Share of profit / (loss) from associates			1.300			1.300
Investments in associates					17.736	17.736

	Corporate & Investment Banking	Retail Banking	Wealth Manegement	Treasury and Capital Markets	Investments and Holdings	THE GROUP
31st December 2006						
Assets	717.422	202.730	146.385	1.510.016	571.253	3.147.806
Balances between segments						(282.019)
Total assets						**2.865.787**
Liabilities	361.270	899.723	431.097	440.476	145.488	2.278.054
Balances between segments						(350.474)
Total liabilities						**1.927.580**
31st December 2005						
Assets	312.620	139.865	69.892	938.662	271.564	1.732.603
Balances between segments						(98.639)
Total assets						**1.633.964**
Liabilities	45.128	418.038	226.007	318.989	117.311	1.125.473
Balances between segments						(153.974)
Total liabilities						**971.499**

8. Cash and Balances with Central Bank

The cash and balances with Central Bank account is analysed as follows:

	THE GROUP	
Amounts in Euro '000	31st December 2006	31st December 2005
Cash in hand	2.792	1.712
Balances with Central Bank	55.405	39.589
Total	**58.197**	**41.301**

The minimum requirement reserve that the Group's banks are obligated to sustain with the Central Banks for 31/12/2006 amounts to € 29.030 thous.

The Company's cash equivalents are analysed as follows:

	THE COMPANY	
Amounts in Euro '000	31st December 2006	31st December 2005
Cash in hand and sight accounts	260.587	410.855
Short-term deposits	60.000	290
Total	**320.587**	**411.145**

9. Loans and Advances to Financial Institutions

The Group's claims regarding deposits and transactions with other banks are analysed as follows:

	THE GROUP	
Amounts in Euro '000	31st December 2006	31st December 2005
Loans to financial institutions	584.202	291.692
Nostro accounts in foreign banks	13.411	16.113
Nostro accounts in local banks	74.897	33.739
Sight accounts	36	1.948
Cheques receivable	354	27
Total	**672.899**	**343.519**

10. Trading Portfolio and Other Financial Assets at Fair Value through Profit & Loss

The trading portfolio is analysed as follows:

	THE GROUP		THE COMPANY	
Amounts in Euro '000	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Fixed Income Securities				
Greek Government treasury bills	47.793	107.305		
Other government treasury bills	24.216	46.270		
Corporate entity bonds	18.264	22.546		
Bank bonds	50.511	93.340		
	140.783	*269.461*	*0*	*0*
Shares & other non-fixed income securities				
Shares listed in Athens Exchange	146.749	92.297	16.818	45.689
Shares listed in foreign stock exchanges	12.961	110	4.706	64
Non-listed shares	3.022		3.022	
Mutual funds	46.978	3.468	1.532	1.469
	209.709	*95.875*	*26.078*	*47.222*
Securities with embedded derivatives				
Bonds with embedded derivatives (convertible into local shares)	12.098	14.011	12.098	14.011
Bonds with embedded derivatives (convertible into shares abroad)	41.537	31.397	41.537	31.397
	53.634	*45.408*	*53.634*	*45.408*
Trading portfolio	**404.127**	**410.744**	**79.713**	**92.630**

The book values of the aforementioned securities are classified as follows:

	THE GROUP		THE COMPANY	
Amounts in Euro '000	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Held for trading	259.096	214.030	10.182	52.733
Measured at fair value through profit and loss upon initial recognition	145.031	196.714	69.530	39.897
	404.127	**410.744**	**79.713**	**92.630**

An amount of € 73.201 thous. relates to bonds committed for liquidity and credit rating purposes. This amount appears in the cash-flow statement as part of the operating activities and as part of working capital changes.

The above mentioned portfolio has been measured on a fair value basis in its entirety. The Group's venture capital portfolio is included in the financial assets at fair value through profit and loss portfolio upon the first recognition and amounts to € 145.031 thous. Furthermore, this portfolio contains a 26,61% participation in the listed company entitled "HYGEIA DIAGNOSTIC & THERAPEUTIC OF ATHENS SOCIETE ANONYME", whose total value is € 75.501 thous. The investment portfolio measurement at fair values resulted in an overall gain of € 31.382 thous., recognised in the "Net trading income" account.

11. Derivative Financial Instruments

As at 31/12/2006 the derivatives traded by the Group are analysed below:

	THE GROUP					
	31st December 2006			31st December 2005		
	FAIR VALUE			FAIR VALUE		
Amounts in Euro '000	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Derivatives held for trading						
Currency derivatives:						
FX Forwards	33.513	79	75	37.600	55	55
Swaps	99.523	14	160	45.518	2	8
Other derivative instruments OTC	101.930	486	81	4.195	52	0
		579	**316**		**109**	**63**
Interest rate derivatives						
Swaps	338.224	3.208		27.689		
		3.208	**0**		**0**	**0**
Index/equity derivatives						
Futures				28.951		
Options	8	8		18.892		341
Index futures				18.531		
Reverse repos	66.692	254	1.012	6.222		1
		262	**1.012**		**0**	**342**
Total derivatives held for trading		**4.049**	**1.328**		**109**	**405**
Derivatives designated as fair value hedges						
FX Forwards	15.800		19	15.800		1.468
EURO CALL	41.095					
Options			34			
EURO PUT				5.000	79	
Futures				116.319		
Index Futures	70.061					
Total fair value hedge		**0**	**53**		**79**	**1.468**
Derivatives designated as cash flow hedges						
FX futures						
Total cash flow hedge		**0**	**0**		**0**	**0**
Total recognised derivatives		**4.049**	**1.382**		**188**	**1.873**

As at 31/12/2006 the derivatives traded by the Company are analysed below:

	THE COMPANY					
	31st December 2006			31st December 2005		
	Fair value			Fair value		
Amounts in Euro '000	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Index / equity derivatives						
Futures				5.326	8	
		0	**0**		**8**	**0**
Derivatives designated as fair value hedges						
FX Forwards	15.800		19	15.800		1.467
EURO CALL						
EURO PUT				5.000	79	
Futures						
Index Futures						
Total fair value hedge		**0**	**19**		**79**	**1.467**
Total		**0**	**19**		**87**	**1.467**

12. Loans and Advances to Customers

The loans portfolio at a Group level is analysed as foilows:

Amounts in Euro '000	THE GROUP 31st December 2006	31st December 2005
Consumer loans	63.578	52.990
Mortgages	75.864	28.586
Loans to individuals	36.992	30.837
Corporate loans	773.485	378.578
Loans to public entities & municipalities	84.539	16.287
	1.034.458	507.278
Less: provisions for losses (impairment) on loans and advances to customers	(32.238)	(17.211)
Total	**1.002.220**	**490.067**

Past due loans are loans on which no interest has been paid for 6 months. Interest on past due loans is recognised off-balance sheet.

Amounts in Euro '000	THE GROUP 31st December 2006	31st December 2005
Off-balance sheet past due interest account	5.477	2.451

The movements in the provisions account is as follows:

Amounts in Euro '000	THE GROUP 31st December 2006	31st December 2005
Balance at beginning of year	(17.211)	(14.430)
Acquisition of subsidiary	(101.296)	
Sale of subsidiary	113.386	
Expense for the year	(27.123)	(2.831)
Loans written-off	6	50
Balance at end of year	**(32.238)**	**(17.211)**

13. Investment Portfolio

The Group's investment portfolio comprises of financial instruments available for sale and held-to-maturity.

	THE GROUP		THE COMPANY	
Amounts in Euro '000	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Available for sale portfolio (at fair value)				
Greek Government bonds	76.584,20			
Foreign government bonds	21.372	26.023		
Corporate entity bonds	78.413	76.131		
Bank bonds	56.087	26.253		
Total fixed income securities	*232.456*	*128.407*	*0*	*0*
Shares listed in foreign stock exchanges	257.553		256.417	
Non-listed domestic shares	638	1.461		159
Non-listed foreign shares	14.201	18.911	13.554	18.911
Mutual funds	378	308		
Total non-fixed income securities	*272.770*	*20.680*	*269.971*	*19.070*
Total available for sale securities	**505.226**	**149.087**	**269.971**	**19.070**
Investments held-to-maturity				
Greek Government bonds	19.318	19.443		
Corporate entity bonds	471	1.513		
Bank bonds	318			
Total investment held-to-maturity	**20.108**	**20.956**	**0**	**0**
Total investment portfolio	**525.334**	**170.043**	**269.971**	**19.070**

The amount of € 102.050 thous. Refers to bonds committed for liquidity and credit rating purposes.

The movement in the investment portfolio for the financial year ending 31/12/2006 was as follows:

	THE GROUP			THE COMPANY
Amounts in Euro '000	Financial assets of available for sale portfolio	Investments held-to-maturity	Total	Financial assets available for sale
Balance as at 1st January 2006	149.087	20.956	170.043	19.070
Transfer from financial assets at fair value through profit & loss portfolio to the available for sale portfolio	39.897		39.897	39.897
Transfer to investments in subsidiaries portfolio	(39.897)		(39.897)	(39.897)
Additions	274.421	790	275.211	100.078
Transfer from Investments in subsidiaries	256.417		256.417	256.417
Disposals – write-offs	(175.202)	(1.513)	(176.715)	(110.813)
Gains / (losses) from a.f.s. portfolio	10.576		10.576	10.576
Amortisation of premium	(4.462)	(125)	(4.587)	
Exchange differences	(1.925)		(1.925)	(1.972)
Changes in fair value	(3.686)		(3.686)	(3.385)
Balance as at 31st December 2006	**505.226**	**20.108**	**525.334**	**269.971**

For 31/12/2006 the investment portfolio included 35.319.104 shares of the Group's Parent Company, MARFIN POPULAR BANK, i.e. 4,57% of its share capital amounting to € 256.417 thous. The Group acquired ownership of the said shares as a result of the exchange of EGNATIA BANK's shares in the context of MARFIN POPULAR BANK's Public Tender Offer. The Group intends to sell the said shares before the Regular General Shareholders Meeting in order to comply with the stipulations of article 17 of C.L. 2190/1920.

14. Group's Investments in Associates

Investments in associates include companies on which the Group has significant influence and are consolidated through the equity method.

Some brief financial information on the associates is given below:

Amounts in Euro '000	Domicile	Assets	Liabilities	Portfolio Management proceeds	Profits / (losses)	Participation %
		31st December 2006				
INTERINVEST S.A.	Greece	25.147	441	3.283	1.573	28,99%
ARIS CAPITAL MANAGEMENT LLC.	U.S.A.	1.363	1.112	1.561	580	30,00%
		26.510	1.553	4.844	2.153	

Financial information for the financial year 2005:

Amounts in Euro '000	Domicile	Assets	Liabilities	Portfolio management proceeds	Profits / (losses)	Participation %
		31st December 2005				
EUROLINE S.A.	Greece	19.560	762	2.437	1.335	48,56%
INTERINVEST S.A.	Greece	13.174	398	2.166	1.115	44,57%
MARFIN GLOBAL INVESTMENTS S.A.	Greece	7.202	292	402	(124)	42,15%
		39.936	1.452	5.005	2.326	

The movement in the investment in associates account for the financial year 2006 was as follows:

	THE GROUP	
Amounts in Euro '000	31st December 2006	31st December 2005
Beginning of year	17.736	16.191
Additions	212.461	256
Disposals	(219.332)	(11)
Transfer to Investments in subsidiaries	(11.947)	
Group share of profit / (loss) after tax and minority interest	10.570	1.300
Balance at end of year	**9.488**	**17.736**

- INTERINVEST's share is listed in the Athens Exchange. The Group investment's book value is € 7.161 thous., whereas its fair value is € 5.559 thous.
- In the total book value of the account "Investments in associates", goodwill amounting to € 2.239 thous. is included which refers to ARIS CAPITAL MANAGEMENT (please refer to section 5)
- In the additions and sales for the financial year 2006 MARFIN POPULAR BANK sales are included as well (please refer to section 5)

Investments in associates in the Parent's balance sheet have been measured at their value value. Gains or losses from revaluation of associates are directly recognized in equity. The movement in the investments in associates account of the Company are described as follows:

Amounts in Euro '000	THE COMPANY 31st December 2006	31st December 2005
Balance at beginning of year	13.694	12.728
Additions	207.711	
Disposals		
- Transfer to Investments in subsidiaries	(9.440)	
- Increase of shares in investments in associates		255
Adjustment in fair value directly transferred to reserves	458	711
Balance at end of year	**4.712**	**13.694**

15. Company Investments in Subsidiaries

The Company financial statements measure investments in subsidiaries at their fair value. The new accounting policy, described in section 2.6, has been applied retrospectively, this resulting in revaluation reserves being adjusted as of the 1st of January 2005.

Adjustments performed in the "Investments in subsidiaries" account for financial years 2004 and 2005 are listed below. Furthermore, the list contains all the above-mentioned account movements for financial years 2004, 2005 and 2006, as well as deferred tax and equity adjustments as of 31/12/2004 and 31/12/2005.

	Financial Year		
Amounts in Euro '000	2006	2005	2004
Balance at the beginning of the financial year	**266.814**	**184.944**	**129.626**
Additions			
- Increase / (Decrease) in investments	272.627	6.420	16.991
- Acquisitions	219.849		36
- Transfer from Investment in associates	9.440		
- Transfer from available for sale potfolio	39.897		
- Sale of subsidiary	(262.537)		
- Transfer from Subsidiaries to Available for Sale Portfolio	(135.926)		
Effect from change in accouting policy	156.667	75.450	38.291
Balance at year end	**566.831**	**266.814**	**184.944**

Amounts in Euro '000	31st December 2005	31st December 2004
Balance Sheet		
Investments in subsidiaries		
-As initially disclosed	153.073	146.653
-Effect from change in accounting principle	113.741	38.291
- Adjusted amount	**266.814**	**184.944**

Amounts in Euro '000	31st December 2005	31st December 2004
Deferred tax liability		
- As disclosed initially	1.919	198
- Effect from change in accounting principle	28.435	9.572
- Adjusted amount	**30.354**	**9.770**

The Company's equity has been adjusted with the following amounts:

Amounts in Euro '000	31st December 2005	31st December 2004
Equity		
- Gains / (loss) from fair value	113.741	38.291
- Less deferred tax	(28.435)	(9.572)
- Total amount recognised in revaluation reserve	**85.306**	**28.719**

16. Property Investment and Property, Plant and Equipment

The changes in the PP&E account at a Group level were as follows:

	THE GROUP				
	Property, plant and equipment				
Amounts in Euro '000	Land-buildings	Mechanical equipment & transport	Furniture & other equipment	Total	Investment in property
Acquisition cost on 1st December 2005	17.068	1.147	6.071	24.286	6.802
Less: Accumulated depreciation	(474)	(327)	(4.662)	(5.464)	
Carrying amount on 1st December 2005	**16.594**	**820**	**1.409**	**18.822**	**6.802**
Additions					
Write-off – disposals	(136)	(2)	(26)	(164)	
Depreciation for the year	(217)	(93)	(579)	(889)	
Depreciation attributed to disposed - written-off	128	1	11	140	
Acquisition cost on 31st December 2005	17.507	1.145	6.488	25.140	6.802
Less accumulated depreciation	(563)	(419)	(5.230)	(6.213)	
Carrying amount on 31st December 2005	**16.944**	**726**	**1.258**	**18.927**	**6.802**
Measurement of property fair value					(22)
Additions	164	7	544	715	
Write-off – disposals			(9)	(9)	
Acquisition - consolidation of subsidiaries	45.269	4.715	12.583	62.567	
Sale of subsidiary	(43.450)	(3.678)	(9.673)	(56.801)	
Depreciation of sold subsidiary	(1.631)	(1.037)	(2.542)	(5.210)	
Depreciation for the year	(264)	(698)	(531)	(1.493)	
Accumulated depreciation of consolidated subsidiaries	(78)		(184)	(262)	
Depreciation attributed to disposed-written-off			7	7	
Acquisition cost on 31st December 2006	17.859	1.152	7.391	26.402	6.780
Less accumulated depreciation	(905)	(1.117)	(5.938)	(7.961)	
Carrying amount on 31st December 2006	**16.954**	**35**	**1.453**	**18.441**	**6.780**

Income from rent on Group property amounted to € 404 thous. and € 418 thous. for 2006 and 2005 respectively.

Changes in the Company's PP&E account were as follows:

	THE COMPANY		
	Property, plant and equipment		
Amounts in Euro '000	**Mechanical equipment & transport**	**Furniture & other equipment**	**Total**
Acquisition cost on 1st December 2005	1.007	789	1.796
Less: Accumulated depreciation	(236)	(710)	(946)
Carrying amount on 1st December 2005	**771**	**79**	**850**
Additions		31	31
Depreciation for the year	(82)	(62)	(144)
Acquisition cost on 31st December 2005	1.007	820	1.827
Less accumulated depreciation	(318)	(772)	(1.090)
Carrying amount on 31st December 2005	**689**	**48**	**737**
Additions		8	8
Depreciation for the year	(685)	(22)	(707)
Acquisition cost on 31st December 2006	1.007	828	1.835
Less accumulated depreciation	(1.003)	(794)	(1.797)
Carrying amount on 31st December 2006	**4**	**34**	**38**

17. Goodwill and Other Intangible Assets

Goodwill and other intangible assets have been changed as follows:

	THE GROUP				THE COMPANY
Amounts in Euro '000	**Goodwill**	**Goodwill on acquisition of branches**	**Software and sundry expenses**	**Total**	**Software and sundry expenses**
Acquisition on 1st January 2005	55.337	712	3.413	59.462	464
Less: Accumulated depreciation		(71)	(3.028)	(3.099)	(456)
Carrying amount on 1st January 2005	**55.337**	**641**	**385**	**56.363**	**8**
Additions			81	2.236	
Write-off – disposals				0	
Depreciation for the year			(191)	(191)	(7)
Impairment (write-off) of goodwill				0	
Depreciation attributed to disposed – written-off				0	
Acquisition cost on 31st December 2005	55.337	712	3.494	59.543	464
Less: Accumulated depreciation		(71)	(3.219)	(3.290)	(463)
Carrying amount on 31st December 2005	**55.337**	**641**	**275**	**56.253**	**1**
Additions	18.027		149	18.176	
Write-off – disposals				0	
Acquisition - consolidation of subsidiaries	128.291		9.362	137.653	
Sale of subsidiary	(128.291)		(7.606)	(135.897)	
Depreciation of sold subsidiary			(1.509)	(1.509)	
Depreciation for the year			(135)	(135)	(1)
Accumulated depreciation of consolidated subsidiaries			(177)	(177)	
Depreciation attributed to disposed – written off				0	
Acquisition cost on 31st December 2006	73.364	712	3.890	77.966	464
Less: Accumulated depreciation	0	(71)	(3.531)	(3.602)	(464)
Carrying amount on 31st December 2006	**73.364**	**641**	**359**	**74.364**	**0**

For purposes of testing goodwill for possible impairment, goodwill is classified into the following cash generating untis:

Amounts in Euro '000	31st December 2006	31st December 2005
MARFIN BANK S.A. (Commercial banking services)	27.436	27.436
INVESTMENT BANK OF GREECE S.A. (Investment Banking)	45.928	27.901
MARFIN BANK S.A. - Thessaloniki branch	641	641
Total	**74.005**	**55.978**

The recoverable amount of the above-mentioned units was calculated on the basis of the subsidiaries' fair value less sale transaction expenses. The discounted dividend model and price multiples have been used to measure the fair value. The above mentioned methods require valuations regarding the subsidiaries' future profitability and use of similar enterprise indices for which there is observable market data. Subsidiary profitability predictions have been based on a thorough analysis of their past progress and future perspectives, as well as on an evaluation of existing market conditions. The main assumptions used to value subsidiary value are as follows:

Cost of capital (Discount rate)	10,04%
P/E of comparable corporations	32
P/BV of comparable corporations	2,5
Average increase in earnigns between 2007-2011	11%
Percentage increase in earnings after 2011	6%

The recoverable amount of the subsidiaries exceeds the book value of net assets of the said subsidiaries including goodwill by the amount of € 237.962 thous.

Furthermore, it was assessed with the discounted expected future cash flow model of the aforementioned units that their value of use exceeded their book value.

18. Deferred Tax

Deferred tax has been calculated based on the nominal tax rate applicable for the financial years in which a temporary taxable and deductible difference reversal is expected.

As for deferred tax assets and liabilities, they are to be offset if the law provides for an applicable statutory offset possibility of current tax assets against current tax liabilities and if deferred income taxes fall under the same tax authority. The amounts offset are the following:

Amounts in Euro '000	THE GROUP				THE COMPANY		
	31st December 2006		31st December 2005		31st December 2006		31st Decem
	Def. tax asset	Def. tax liability	Def. tax asset	Def. tax liability	Def. tax asset	Def. tax liability	Def. tax asset
Assets or liabilities							
Investments in property and property, plant and equipment	151	1.259		1.398	151		
Intangible fixed assets	2.524		3.237		2.258		2.977
Trading portfolio and other financial assets at fair value through profit & loss	17.532	208		2.506			
Available for sale portfolio	654		675				
Derivative financial instruments	5		652	15	5		402
Investment in associates		8.448				59.734	
Loans and other advances		987					
Cash in hand							
Bond loans	2		193	128	2		193
Employment benefit obligations	158	3	161			3	4
Derivative financial instruments							
Profit from financial assets		1.786					
Provisions for accrued expenses and contingent charges	1.715	2.500	332		875	2.500	
Total	22.741	15.191	5.250	4.048	3.291	62.237	3.576
Off-setting			(346)	(346)			
Total	**22.741**	**15.191**	**4.904**	**3.702**	**3.291**	**62.237**	**3.576**

Deferred tax movements in the income statement are as follows:

Amounts in Euro '000	THE GROUP		THE COMPANY	
	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Assets or liabilities				
Investments in property and property, plant and equipment	(305)	(31)	(151)	
Intangible fixed assets	503	593	719	165
Trading portfolio and other financial assets at fair value through profit & loss	8.593	199		
Available for sale portfolio	(405)	681		681
Derivative financial instruments	(102)	(16)		(402)
Investment in associates	(275)	64	(275)	64
Loans and other advances	561		402	
Cash in hand				
Bond loans	261	(108)	261	(108)
Employment benefit obligations	307	(37)	7	1
Derivative financial instruments	(5)		(5)	
Other short-term liabilities	1.188	(332)	1.497	
Profits / (losses) from financial assets	1.786			
Tax losses to be offset against future taxable income		213		
Total	**12.107**	**1.226**	**2.455**	**401**

Deferred tax assets are recognized only to the extent that their offset against predicted taxable income might be reasonably expected.

The sale of the Group's participation in INVESTMENT BANK OF GREECE to MARFIN BANK, one of the Group's subsidiaries, has given rise to a tax base increase and, thus, to deferred tax assets of € 17.531 thous. The relevant tax assets shall be offset in their entirety in 2007 and the above investment shall become independent from MARFIN Group.

19. Other Assets

The other assets account is analysed as follows:

Amounts in Euro '000	THE GROUP 31st December 2006	THE GROUP 31st December 2005	THE COMPANY 31st December 2006	THE COMPANY 31st December 2005
Other debtors	12.339	9.325	2.037	701
Less: Provisions	(204)	(255)		
Debtors after provisions	12.135	9.070	2.037	701
Customers not related to banking and financial activities	274	420	274	420
Less: Provisions	(260)	(275)	(260)	(275)
Non-related customers after provisions	13	145	13	145
Guarantee deposit funds	3.570	3.569		
Complementary A.S.E. members guarantee fund	6.421	5.883		
Clearing accounts for securities transactions of ASE, ADEX and foreign stock exchanges	9.479	6.955		
Claims from the Greek State	17.058	2.541	12.875	1.097
Interim dividend		7.495		7.495
Margin derivative trading account	3.953	2.083		
Interest and other receivable income	13.981	9.215	228	20
Cheques awaiting clearance	1	103	1	14
Guarantees	327	299	43	36
Advances	209	26.122		26.115
Loans to third parties			2.120	10.000
	54.999	64.265	15.267	44.777
Total	**67.148**	**73.480**	**17.318**	**45.623**

The aforementioned items appear in the balance sheet as follows:

Amounts in Euro '000	THE COMPANY 31st December 2006	THE COMPANY 31st December 2005
Other long-term receivables	2.163	9.436
Due to customers and other short-term liabilities	15.155	36.187
Total	**17.318**	**45.623**

20. Due to Financial Institutions

The due to financial institutions account is analysed as follows:

Amounts in Euro '000	THE GROUP 31st December 2006	THE GROUP 31st December 2005
Amounts due to Central Bank	155.000	111.152
Interbank deposits	13.384	23.310
Due to financial institutions	25.004	60
Total	**193.388**	**134.522**

21. Due to Customers

The due to customers account is analysed as follows:

	THE GROUP	
Amounts in Euro '000	31st December 2006	31st December 2005
Sight deposits	627.873	293.456
Savings account	23.571	10.224
Time deposits	660.350	367.693
Blocked deposits	196.452	74.753
Total	**1.508.246**	**746.126**

22. Debt Securities in Issue

The amortised cost of the bond loans issued by companies within the Group according to the effective rate method is analysed indicated below:

	THE GROUP		THE COMPANY	
Amounts in Euro '000	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Bond loan with maturity: 19 December 2006		26.426		32.306
Bond loan with maturity: 12 June 2008	22	118	22	9.908
Bond loan with maturity: 20 April 2007	1.963			
Bond loan with maturity: 11 October 2007	716			
Bond loan with maturity: 19 October 2007	720			
Total	**3.421**	**26.544**	**22**	**42.214**
Distributed to:				
Bond loans (long-term liabilities)	3.421	26.442	22	41.949
Coupons payable		102		265
Total	**3.421**	**26.544**	**22**	**42.214**

MARFIN FINANCIAL GROUP HOLDINGS S.A. BOND LOANS

Convertible Bond Loan maturing in 2006

On 19/12/2001, MARFIN FINANCIAL SERVICES S.A., whose universal successor, following a merger through its absorption, is the Company, issued 1.813.750 bonds of € 17,80 value each and 6,50% coupon rate. The conversion ratio of each of these bonds into Company common shares, as modified by recent share capital modifications, is 1,1048611626 common shares for one bond. Their effective rate on the date of issue has been fixed at 6,75%. In 2005, 329.750 of the 1.813.750 bonds were held by Group companies, while the remaining 1.484.000 bonds were outstanding. During the financial year in course, all of the above mentioned bonds (nominal value: € 5.870 thous.), were sold to third parties. The Group recognised the sale as a new bond issuance. Thus, the difference between selling price and the present value of the liability, amounting to € 2.992 thous., was directly recognized in equity. Finally, during the financial year in course, 2.003.941 new shares were issued since all Bondholders exercised their conversion option. There were no bonds outstanding as of 31/12/2006.

Convertible Bond Loan maturing in 2008

On 12/06/2001, the Company issued 100.000 bonds of nominal value € 90 each and Euribor + 1% coupon rate. The conversion ratio of each of these bonds into Company common shares, as modified by recent Company share capital modifications, is 8,3636544179 common shares for one bond. Their effective rate on the date of issue was fixed at 7,35%.

In 2005, 98.180 of the 100.000 bonds were held by Group companies, while the remaining 1.820 bonds were outstanding. During the financial year in course, the Group sold to third parties an additional 97.511 of these bonds (nominal value: € 8.756 thous.). The Group recognised this sale as new bond issue. Thus, the difference between selling price and the present value of the liability, amounting to € 10.347 thous., was directly recognized in equity. Finally, during the financial year in course, 828.936 new shares were issued since the holders of 99.112 bonds exercised their conversion option. There were 888 bonds remaining as of 31/12/2006, 219 of which held by the Company.

SBM BANK BOND LOANS

Non-convertible Bond Loan issued by AS SBM PANK issued in 2005, maturing in 2007 (3.572 bonds each with nominal value € 639,116)

In April 2005 AS SBM PANK issued a Bond Loan with nominal value € 2.283 thous. comprising of non-convertible bonds maturing in April 2007. These bonds carry a fixed coupon rate, 4,75% paid annually on par value. Interest is paid semi-annually on 20/10 and on 20/04 every year until maturity. The bonds are traded in the Tallinn Stock Exchange (Estonia) and their market value as at 31/12/2006 was € 1.963 thous. In August 2006 AS SBM PANK redeemed bonds amounting to € 320 thous.

Non-convertible Bond Loan issued by AS SBM PANK in 2005, maturing in 2007 (1.120 bonds each with nominal value €639,116)

In October 2005 AS SBM PANK issued a Bond Loan with nominal value € 716 thous. comprising of non-convertible bonds maturing in October 2007. These bonds carry fixed coupon rate, 4,25% annually on par value. Interest is paid annually on 11/10 until maturity.

Non-convertible Bond Loan issued by AS SBM PANK in 2005, maturing in 2007 (1.127 bonds each with nominal value €639,116)

In October 2005 AS SBM PANK issued a Bond Loan with nominal value € 720 thous. comprising of non-convertible bonds maturing in 2007. These bonds carry fixed coupon rate, 4,25% annually on par value. Interest is paid annually on 19/10 until maturity.

23. Retirement Benefit Obligations

The Group's retirement benefit obligations to personnel regard a lump-sum indemnity to its retiring employees. In detail:

Amounts in Euro '000	THE GROUP 31st December 2006	THE GROUP 31st December 2005	THE COMPANY 31st December 2006	THE COMPANY 31st December 2005
Recognition in balance sheet:				
Lump sum pension indemnity				
- Funded				
- Non-funded	850	770	15	27
	850	**770**	**15**	**27**

	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Recognition in profit & loss				
Lump sum pension indemnity				
- Funded	108	68		
- Non-funded	1.223	161	4	6
	1.331	**229**	**4**	**6**

Lump sum indeminity on retirement

The amounts recognised are disclosed on the Balance Sheet as follows:

Amounts in Euro '000	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Present value of funded obligations	931	806		
Fair value of plan assets	(1.309)	(1.132)		
	(378)	(326)	0	0
Less: Restriction on assets	378	326		
Balance for recognition	0	0	0	0
Present value of non-funded obligations	1.459	804	48	30
Unrecognised actuarial profits / (losses)	(609)	(33)	(33)	(3)
Unrecognised cost of services rendered				
	850	770	15	27
Liability recognized in the balance sheet	**850**	**770**	**15**	**27**

The Group must pay lump-sum compensation according to Law 2112/20. Part of the Group's liability is financed by paying contributions to insurance companies. The Group's contributions are invested at the insurance company's discretion.

The following amounts have been recognized in the income statement.

Amounts in Euro '000	31st December 2006	31st December 2005
Fair value of plan assets in the beginning of the period	1.132	1.013
Payments	73	73
Compensation paid	(84)	0
Expected return	51	41
Actuarial profit / (loss)	137	5
Fair value of plan assets at the end of the period	1.309	1.132
Expected payments for 2007	75	

The amounts resognised in the Income Statement are described below:

Amounts in Euro '000	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Current service cost	636	184	6	5
Cost	275	63	1	1
Expected return on plan assets	(63)	(51)		
Net actuarial gains / (losses) recognized during the year	(5)	(0)	(3)	
Cost of services rendered	265			
Effect from restriction on assets from insurance policy	23	34		
Total included in staff costs	**1.131**	**229**	**4**	**6**

The change in liabilities is described below:

Amounts in Euro '000	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Opening book amount	770	609	27	21
F/X translation differences				
Sales / disposal of subsidiaries	(10.268)			
Acquisition of subsidiary	9.412			
Total amount debited in Income Statement	1.059	229	4	6
Contributions paid	(123)	(68)	(16)	
Closing year end account	**850**	**770**	**15**	**27**

The main actuarial assumptions used are provided below:

Amounts in Euro '000	31st December 2006	31st December 2005
Discount rate	4,10%	4,15%
Expected return on plan assets	4,10%	4,15%
Future salary increases	4% - 6%	4% - 6%

24. Dividends Payable

Dividends payable are analysed as follows:

Amounts in Euro '000	THE GROUP 31st December 2006	THE GROUP 31st December 2005	THE COMPANY 31st December 2006	THE COMPANY 31st December 2005
Dividends from year ending 2005				
Obligation arising from share capital return				
Parent's dividend from previous financial years	285	148	285	148
Subsidiaries' dividends to minority				
At year end	**285**	**148**	**285**	**148**

25. Other Liabilities

The other liabilities account is analysed as follows:

Amounts in Euro '000	THE GROUP 31st December 2006	THE GROUP 31st December 2005	THE COMPANY 31st December 2005	THE COMPANY 31st December 2005
Other creditors	22.036	21.088	13.499	11.300
Short-term liabilities to financial institutions				42.880
Due to customers from brokerage transactions	28.905	15.969		
Liabilities arising from taxes	123.195	10.482	103.411	5.131
Interest and other related expenses	8.327	3.916	1.825	284
Insurance companies	742	580	21	15
Other liabilities (cheques payable)	21.546	5.502		
Grants	66	379		314
Total	**204.817**	**57.916**	**118.756**	**59.924**

The aforementioned accounts are presented in the Company's balance sheet as follows:

Amounts in Euro '000	THE COMPANY 31st December 2006	THE COMPANY 31st December 2005
Other long-term liabilities		314
Short-term liabilities to financial institutions		42.880
Suppliers and other liabilities	15.345	11.599
Current tax liabilities	103.411	5.131
	118.756	**59.924**

26. Share Capital

The changes in share capital for the year are presented bellow:

Amounts in Euro '000	Number of shares	Nominal value	Share capital	Share premium	Total
1st December 2005	**25.000.000**	**€ 8.71**	**217.750**	**393**	**218.143**
Stock option					
- Fair value of services rendered				153	153
Reduction in share capital with return of cash to shareholders		- € 0,45	(11.250)		(11.250)
Share capital increase by issuing new shares	25.000.000	€ 8,26	206.500	193.500	400.000
Share capital increase from exercise of stock options by employees	992.000	€ 8,26	8.194	9	8.203
Expenses related to share capital increase				(10.655)	(10.655)
Tax related to share capital increase				2.792	2.792
31st December 2005	**50.992.000**	**8,26**	**421.194**	**186.192**	**607.386**
Stock option					
- Fair value of services rendered					
Share capital decrease with cash payment to shareholders		- € 0,37	(18.867)		(18.867)
Conversion of bonds into shares	2.832.877	€ 7,89	22.351	18.461	40.812
Share capital increase from exercise of stock options by employees	1.508.000	€ 7,89	11.898	(262)	11.636
Expenses relating to share capital increase					0
31st December 2006	**55.332.877**	**€ 7,89**	**436.576**	**208.670**	**645.246**

The relevant cash inflow appears net in the cash flow statement after subtracting the related expenses. Income tax on share capital increase expenses, however, has been included in the "Income tax" in the operating activities.

<u>Financial Year 2006</u>

- The Company's Second Regular General Shareholders Meeting of 22/05/2006 decided to reduce by € 18.867 thous. the Company's share capital and to return an amount of € 0,37 per share in cash to shareholders. The share capital decrease in question was carried out by reducing the Company's nominal share value from € 8,26 to € 7,89.
- On 10/10/2006, 2.832.877 new Company common registered shares commenced trading. These shares resulted from the Company's share capital increase amounting to € 22.351 thous. due to (a) the conversion of 99.112 bonds from the Company's convertible Bond Loan into 828.936 shares. These bonds had been issued on 12/06/2003, had a nominal value equal to € 8.920 thous. and their conversion price was set at € 10,7608463361 per share, and (b) the conversion of 1.813.750 bonds from the Company's convertible Bond Loan issued on 19/12/2001 into 2.003.941 shares of nominal value equal to € 32.285 thous. and conversion price set at € 16,1106214993 per share. The above-mentioned increase was certified by the Company's Board of Directors on 14/09/2006.
- The Company's Board of Directors decided during its meeting held on 01/12/2006 to issue 1.508.000 new common registered shares, of nominal value € 7,89 each. This share capital increase was made in the framework of the Company's stock option plan addressed to members of the Board of Directors, to the personnel and related companies and the issue price of the shares in question was set at € 7,90 each. The Board of Directors decided to increase the Company share capital by € 11.898 thous. during the same meeting. On the whole, the Company's Equity was increased

by € 11.913 thous., of which € 11.898 thous. was recognised in share capital and € 15 thous. was recognised in the Share premium account. The above-mentioned increase was certified by the Company's Board on 01/12/06.

Following the above-mentioned movements, the Company's share capital currently amounts to € 436.576 thous.; this amount is split into 55.332.877 common registered shares of nominal value € 7,89 each.

27. Other Reserves and Retained Earnings

The other reserves and retained earnings accounts are analysed as follows:

THE GROUP

Amounts in Euro '000	Legal reserve	Reserves from convertible bonds	Extraordinary reserve	Tax free and special reserves	Other reserves	Translation reserves	Total	Retained earnings balance
Balance as at 1st January 2006	**2.085**	**212**	**501**	**6.003**	**0**	**(4)**	**8.797**	**12.970**
Dividends from preceding financial year							0	(7.500)
Distribution of reserves of preceding financial years				(3.590)			(3.590)	1.041
Transfer between reserves and retained earnings	761			(536)			225	(225)
Sale of convertible bonds (value of convertibility option)		9.327					9.327	
Conversion of bonds into shares		(9.539)					(9.539)	10.514
Loss from purchase of conversion options of own bonds					(140)		(140)	
F/X differences						21	21	
Results for the financial year 1/1 – 31/12/2006							0	242.984
Balance as at 31st December 2006	**2.846**	**0**	**501**	**1.877**	**(140)**	**17**	**5.101**	**259.784**

THE COMPANY

Amounts in Euro '000	Legal reserve	Reserves from convertible bonds	Extraordinary reserve	Tax free and special reserves	Total	Retained earnings balance
Balance as at 1st January 2005	**1.690**	**212**	**501**	**4.513**	**6.916**	**21.418**
Dividends from preceding financial year						(7.500)
Distribution of reserves of preceding financial years				(3.590)	(3.590)	1.041
Transfer between reserves and retained earnings	371				371	(371)
Conversion of bonds into shares		(212)			(212)	1.187
Loss from purchase of conversion options of own bonds				(140)	(140)	
F/X differences						
Results for the financial year 1/1 – 31/12/2006						243.142
Balance as at 31st December 2006	**2.061**	**0**	**501**	**783**	**3.345**	**258.917**

1) During the financial year:

a) A dividend amounting to € 7.500 thous. was distributed which was fully offset by an interim dividend paid in 2005.

b) Reserves of net amount € 2.550 thous. were distributed (non-taxable reserves amounting to € 3.591 thous. less the corresponding tax of € 1.041 thous.)

2) During the financial year 329.750 convertible bonds, issued on 19/12/2001 and 98.180 convertible bonds issued on 12/06/2003 were sold. The difference between the selling price and the present value of the liability component represents the value of the conversion option granted. The relevant amount € 13.136 thous. minus the proportionate amount of tax amounting to € 3.809 thous. has been directly recognised in equity.

3) From the Company's retained earnings balance, an amount of € 12.157 thous. is used to form an obligatory legal reserve.

4) Non-taxable reserves are free to be distributed after the proportionate tax has been paid.

5) The Company's Board of Directors will propose to the Regular General Shareholders Meeting the distribution of € 15,33 per share, in the form of a € 4,41 dividend per share and a € 10,92 share capital return per share, due to a share capital decrease. Prior to the distribution of the aforementioned amounts, a partial capitalization of the share premium account amounting to € 197.538 thous. will have taken place following the relevant resolution of the Regular General Shareholders Meeting, as well as the sale of the MARFIN POPULAR BANK shares before the Regular General Shareholders Meeting following the relevant intention of the Company's Management.

28. Consolidated Net Interest Income

Net interest income is analysed as follows:

	THE GROUP	
Amounts in Euro '000	31st December 2006	31st December 2005
Interest income		
Interest from fixed income securities	25.620	14.483
Interest received from loans	169.518	18.613
Interest received from interbank transactions	23.063	2.825
Other interest related income	5.331	2.056
Total	**223.532**	**37.977**
Interest expense		
Customer deposits	(102.998)	(18.791)
Interbank transactions	(7.073)	(2.786)
Bond loan issuance	(10.117)	(1.885)
Other interest related expenses	(5.866)	(2.414)
Total	**(126.054)**	**(25.876)**
Net interest income	**97.478**	**12.101**

29. Consolidated Net Fee and Commission Income

Net fee and commission income is analysed as follows:

	THE GROUP	
Amounts in Euro '000	31st December 2006	31st December 2005
Net fee and commission income from Commercial Banking	21.369	10.217
Net fee and commission income from Asset Management	1.839	1.870
Net fee and commission income from Investment Banking	17.542	508
Net fee and commission income from Securities transactions	28.672	9.479
Other	8.085	369
Net fee and commission income	**77.508**	**22.443**

30. Consolidated Net Trading Income

Net trading income is analysed as follows:

	THE GROUP	
Amounts in Euro '000	31st December 2006	31st December 2005
Result from sale of subsidiaries and associates	279.325	
Net result from shares, mutual funds, and share hedging	70.909	20.266
Net result from FX and FX hedging	3.013	981
Net result from bonds and bond hedging	9.797	10.764
Net result from derivatives held for trading	1.708	(1.476)
Total	**364.752**	**30.535**

The result from the sale of subsidiaries and associates is analysed as follows:

Amounts in Euro '000	31st December 2006
Profit from sale of EGNATIA BANK common shares	112.071
Profit from sale of EGNATIA BANK preferred shares	1.650
Profit from sale of MARFIN POPULAR BANK shares	173.084
Less expenses related to sale transactions	(7.480)
Total	**279.325**

The Company's Profits / (losses) from sale of financial assets is analysed as follows:

	THE COMPANY	
Amounts in Euro '000	31st December 2006	31st December 2005
Result from sale of subsidiaries and associates	366.280	
Result from sale of financial assets available for sale	10.576	
Result from sale of financial assets of the trading portfolio	3.698	3.288
Total	**380.554**	**3.288**

31. Other Income

The other income account of the Company is analysed as follows:

	THE COMPANY	
Amounts in Euro '000	31st December 2006	31st December 2005
Income from services provided	94	292
Income from interest on deposits	2.800	1.023
Buildings & equipment rentals	256	239
Interest on loans	380	222
Other income	1.415	172
Gains / (losses) from FX	(1.972)	(519)
Total	**2.973**	**1.429**

32. Employee Benefits and Remuneration

The total charge in the income statement for the financial year is analysed as follows:

Amounts in Euro '000	THE GROUP 31st December 2006	THE GROUP 31st December 2005	THE COMPANY 31st December 2006	THE COMPANY 31st December 2005
Wages and salaries	57.263	13.422	643	438
Social insurance contribution	11.543	2.186	80	61
Pension plan costs	1.015	135	3	5
Stock options attributed to employees	4.279	153	4.279	153
Other staff costs	3.426	547	34	17
Total	**77.525**	**16.443**	**5039**	**674**

The number of staff is given below:

	THE GROUP 31st December 2006	THE GROUP 31st December 2005	THE COMPANY 31st December 2006	THE COMPANY 31st December 2005
Number of employees	402	370	12	9

33. Other Operating Expenses

The analysis of the other operating expenses account is given below:

Amounts in Euro '000	THE GROUP 31st December 2006	THE GROUP 31st December 2005
Fees relating to lawyers, advisory, auditors etc.	17.298	1.100
IT expenses	2.316	425
Subscriptions	2.283	864
Building and set-up expenses	14.078	3.272
Advertising expenses, sponsorship etc.	10.331	489
Miscellaneous operating expenses	21.966	4.309
Total	**68.273**	**10.459**

The expenses for the financial year 2006 are increased die to expenses incurred regarding the integration of the three groups, MARFIN, EGNATIA, LAIKI. The expenses regard advisory fees, a donation to the staff, advertising and restructuring expenses.

The analysis of the other operating expenses account of the Company is given below:

Amounts in Euro '000	Financial Year 31st December 2006	Financial Year 31st December 2005
Advertising and promotion expenses	7.862	163
Fees to third parties - Donations	13.370	336
Provisions	7.280	18
Other expenses	7.261	1.836
Total operating expenses	**35.773**	**2.353**

34. Stock Options

In January 2005 Company Management issued a stock option plan for the employees, according to a resolution made by the Company's Extraordinary Shareholders Meeting held on 2/11/04. On 14/1/2005 The Company's Board of Directors granted 2.500.000 stock options to members of the Board and employees as well as companies related to it. Based on the criteria set, the relevant options were expected to vest between 2005 and 2009. During the first year of application of the stock option plan, 992.000 stock options vested and were exercised by their beneficiaries.

During 2006, from the remaining 1.508.000 stock options, 177.000 options did not vest due to the fact that the plan's vesting conditions were not met. After the relevant authorization given by the General Shareholders Meeting, the Board of Directors on 14/09/2006 regranted 177.000 remaining options. The number of beneficiaries of the plan changed from 38 to 81 including Board members, Company employees and employees of related companies, by granting the 177.000 stock options to 43 new beneficiaries. Moreover, the possibility of full exercise, during 2006, of all stock options granted corresponding to the financial year 2006 and the forthcoming years, i.e. 1.508.000 stock options by all beneficiaries, was considered. In November 2006 all 1.508.000 stock options vested, which were fully exercised by the beneficiaries on 1/12/2006, when the Company's stock was trading at € 42,70.

On 31/12/2006 there were no remaining stock options granted to employees.

The movement in the number of stock options is described below:

	Stock options	
	2006	**2005**
Opening balance	1.508.000	0
Granted	177.000	2.500.000
Exercised	(1.508.000)	(992.000)
Unvested	(177.000)	0
Closing balance	**0**	**1.508.000**

Initially the strike price of all stock options was set at € 8,72 per option. According to the resolution of the General Shareholders Meeting, the strike price of the options is modified each time corporate events change the nominal value of the Company's share, such as a share capital decrease. Therefore the exercise price during 2005 decreased to € 8,27 and to € 7,90 per option in 2006.

The fair value of the options granted to employees was measured on grant date using the Black & Scholes valuation model. The fair value of the options granted on 14/01/2005 was € 0,18 per option and the assumptions used in their valuation are: a) The fair value (closing price) of the stock on grant date € 7,04, b) The expected volatility of the share price, i.e. a volatility of 13%, c) the exercise price of € 8,72, and d) the risk free rate 2,786%.

According to IFRS 2, in the case where the vesting conditions are modified, option fair values are recalculated just before and immediately after the modification occurs and the incremental value derived is added to the initial option valuation. According to the aforementioned, the option's fair value was recalculated on 04/05/2995 and 14/09/2006 due to the decrease of the exercise price to € 8,27 and € 7,90 respectively. The total fair value of the options granted on 14/01/2005 with November 2006 as exercise date was calculated to € 0,48 per option.

Furthermore, the Company calculated the fair value of the options granted on 14/9/2006 based on the Black & Scholes valuation model. The data used for the application of the model are: a) The fair value (closing price) of the Company's stock on grant date, € 29,80, b) The expected volatility of the stock price, 13%, c) the exercise price € 7,90 and d) the risk free rate, 3,211%. The fair value of the options, with grant date 14/09/2006, was calculated to € 21,94 per option. The total fair value of the options granted which was recognized in the income statement for the financial year 2006 was calculated to € 4.279 thous.

35. Provisions for Impairment of Loans and Other Investments

The results for the financial year have been charged by the following amounts:

	THE GROUP	
Amounts in Euro '000	31st December 2006	31st December 2005
Provisions for loan impaiment	27.123	2.831
Provisions for impaiment of other receivables	152	80
Provisions for impaiment of shares		443
Total	**27.275**	**3.354**

36. Income Tax

The tax charge for the financial year is analysed below:

	THE GROUP		THE COMPANY	
Amounts in Euro '000	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Income Statement				
Tax for the financial Year	104.784	8.454	104.074	5.887
Deferred tax				
From reversal of temporary differences	12.107	1.014	2.455	402
From offset tax losses		213		
Differences from Tax Audit of preceding financial years	2.616		559	
Total	**119.508**	**9.681**	**107.088**	**6.289**

The reconciliation between tax based on the tax rate and income tax recognized in the income statement for the financial year is indicated next:

Amounts in Euro '000	THE GROUP 31st December 2006	THE GROUP 31st December 2005	THE COMPANY 31st December 2006	THE COMPANY 31st December 2005
Profits before tax	377.190	42.153	350.231	26.730
Tax rate applicable	29,0%	28,7%	29,0%	27,0%
Income tax based on applicable tax rate	**109.385**	**12.097**	**101.567**	**7.217**
Adjustment due to tax on foreign subsidiaries with different tax rates	(1.513)			
Tax corresponding to non-taxable income				
Profits / (losses) of associates using the equity method	(3.081)	(475)		
Dividends	(286)	(246)	(2.426)	(1.383)
Other non-taxable income	3.925	(64)		
Tax corresponding to non-taxable expenses				
Impaiment of goodwill and other investments	147	31		
Tax corresponding to expenses incurred concerning non-taxable income	156	167	156	167
Other non-deductible expenses	6.347	116	5.012	46
Stock option	1.241		1.241	
Tax deduction from offsetting of losses from previous financial years	(2.055)	(2.349)		
Non-recognition of deferred tax benefit from taxable losses	45	146		
Adjustment for change in tax rate	914	125	(70)	90
Supplementary tax on land and building	36	15	8	7
Tax differences from previous financial years	2.616	118	559	145
Tax corresponding to reserves' distribution	1.041		1.041	
Tax on reserves	542			
Tax on assets of Portfolio Management companies	48			
Tax expense in Income Statement for the financial year	**119.508**	**9.681**	**107.088**	**6.289**

In Greece the results disclosed to the tax authorities are considered as temporary and can be modified until the accounting books and data are examined by tax authorities and the tax declarations are considered conclusive. Consequently, the companies are subject to probable penalties and taxes which can be imposed during the assessment of the books and data.

In calculating the tax expense for the current financial year, the Group took into consideration the additional tax obligations which would occur from a possible tax audit. The relevant provision for contingent additional tax differences is included in the "Deferred tax liabilities" account.

Throughout the financial year the Company's tax audit for financial years 2004-2005 was concluded, the same for the Company's subsidiaries MARFIN BANK and INVESTMENT BANK OF GREECE but for financial years 2003-2005, and for EGNATIA BANK for the financial years 2000-2005. The result of the tax audit was additional tax amounting to € 2.616 thous.

According to the Ministry of Finance's resolution 1135/22.11.06 a self-tax was imposed to the reserves of banks which are derived from income which is taxed in a specific way with the depletion of the tax liability. The relevant taxes derived from the reserves of MARFIN BANK and INVESTMENT BANK OF GREECE which amounted to € 542 thous. were charged to the income statement for the financial year.

37. Earnings per Share

Basic and diluted earnings per share are analysed below:

	31st December 2006	31st December 2005
Basic earnings per share		
Profits attributable to the Parent Company's shareholders	242.984	29.222
Weighted average number of shares in issue	51.966.059	25.553.381
Basic earnings per share (Euro per share)	**4,676**	**1,144**
Diluted earnings per share		
Profits attributable to the Parent Company's shareholders according to the Income statement of the year	242.984	29.222
Adjustments for interest expense of convertible bonds	972	1.457
Adjusted profits attributable to the Parent Company's shareholders	243.956	30.679
Weighted average number of shares	51.966.059	25.553.381
Plus: increase in number of shares due to probable exercise of bonds convertibility option	1.196.141	1.580.709
Plus: adjustment for employee's stock option rights that have not yet been attributed	858.291	951.045
Weighted average number of shares for the diluted earnings per share	54.020.491	28.085.135
Diluted earnings per share (Euro per share)	**4,516**	**1,092**

In calculating the diluted earnings per share, own bonds held by the Group have not been taken into consideration.

38. Cash and Cash Equivalents

For purposes of preparing the cash flow statement of the Group the short-term placements in other financial institutions, which are either immediately available or available within 90 days, were included in the cash account.

	THE GROUP	
Amounts in Euro '000	31st December 2006	31st December 2005
Cash and balances with Central Bank	58.197	41.301
Immediately available and short-term deposits made to other banks	672.899	310.145
Total	**731.096**	**351.446**

Dividends received from subsidiaries and other long-term investments as well as acquisitions and sales in the trading portfolio have been included in the Company's cash flows from operating activities. Acquisitions and sales in the investment portfolio and other financial assets at fair value through profit and loss are included in the cash flows from investing activities.

39. Commitments, Contingent Assets and Liabilities on a Consolidated Basis

a) Contingent Liabilities from Guarantees

Book values of contingent liabilities are analysed as follows:

	THE GROUP	
Amounts in Euro '000	31st December 2006	31st December 2005
Contingent Liabilities from guarantees		
Guarantees from income		
Letters of Guarantee (Bid and Performance books)	9.177	13.024
Letters of Guarantee (Advance Payment, Retention of Tenths, Prompt Payment)	31.579	28.041
	40.756	41.065
Other Contingent Liabilities		
Import letters of credits and confirmed letters of credit	263	389
	263	389
Total	**41.019**	**41.454**

b) Contingent Tax Liabilities

Group tax liabilities are not conclusive as there exist financial years which have not been audited by tax authorities. Information is given below:

COMPANY NAME	Domicile	NON-TAX AUDITED YEARS
MARFIN FINANCIAL GROUP HOLDINGS S.A.	Greece	2006
INVESTMENT BANK OF GREECE S.A.	Greece	2006
MARFIN BANK S.A.	Greece	2006
MARFIN GLOBAL ASSET MANAGEMENT S.A.	Greece	01/01/2003-31/12/2006
MARFIN MUTUAL FUNDS S.A.	Greece	01/01/2003-31/12/2006
IBG CAPITAL S.A.	Greece	01/01/2003-31/12/2006
IBG MANAGEMENT S.A.	Greece	01/01/2003-31/12/2006
AVC S.A.	Greece	01/01/2003-31/12/2006
MARFIN SECURITIES CYPRUS LTD.	Cyprus	01/01/2003-31/12/2006
MARFIN CAPITAL S.A. [1]	British Virgin Islands	-
IBG INVESTMENTS S.A. [1]	British Virgin Islands	-
MFG CAPITAL PARTNERS LTD.	Ηνωμένο Βασίλειο	Newly established
AS SBM PANK	Estonia	1999-2006
EUROLINE S.A.	Greece	01/01/2005-31/12/2006

Note 1 - Not subject to income tax

c) Contingent Legal Liabilities

As at 31 December 2006, the Group does not have unsettled legal disputes that may substantially affect its financial position.

40. Balances with Related Parties

40.1 Transactions with the Parent Company (MARFIN POPULAR BANK) and other Parties having Significant Influence on the Group

Amounts in Euro '000

a) Asset accounts	THE GROUP 31st December 2006	THE GROUP 31st December 2005	THE COMPANY 31st December 2006	THE COMPANY 31st December 2005
Loans and advances to financial institutions	4.601		48	
Trading portfolio	600			
Investment portfolio	4.400			
Other amounts due	18			
Total	**9.620**	**0**	**48**	**0**

b) Liability accounts	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Deposits	2			
Total	**2**	**0**	**0**	**0**

c) Income	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Interest and similar income	106			
Fee and commission income	1.513			
Total	**1.619**	**0**	**0**	**0**

The balances above refer to the Parent Company of the Group, MARFIN POPULAR BANK. There were no balances with other parties having significant influence on the Group. i.e. major shareholders of the Group (DUBAI FINANCIAL LLC).

40.2 Transactions with Management and Members of the Board of Directors

Amounts in Euro '000

a) Asset accounts	31st December 2006	31st December 2005
Loans	5.611	9.437
Other assets	6	3
Total	**5.617**	**9.440**

31st December 2005

b) Liability accounts	31st December 2006	31st December 2005
Deposits	23.136	10.008
Total		

c) Income	31st December 2006	31st December 2005
Interest and similar income	110	240
Fee and commission income	174	113
Total	**284**	**353**

d) Expenses	31st December 2006	31st December 2005
Interest and similar expenses	1.262	365
Total	**1.262**	**365**

There are no balances and transactions with management and members of the Company's Board of Directors.

40.3 Management and Board of Directors Remuneration

Amounts in Euro '000	THE GROUP		THE COMPANY	
	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Fees to members of the BoD	1.618	1.527	330	540
Salaries	4.296	5.115	220	349
Total	**5.914**	**6.642**	**549**	**889**

The aforementioned assumptions refer to members of the BoD of the Parent Company and its subsidiaries as well as Management personnel within the Group. The expense relating to stock options granted to related parties amounted to € 3.426 thous.

40.4 Transactions with Associates

Amounts in Euro '000	THE GROUP	
a) Asset accounts	31st December 2006	31st December 2005
Other amounts due	324	922
Total	**324**	**922**

b) Liability accounts	31st December 2006	31st December 2005
Deposists	3.479	5.368
Other liabilities	1.359	3.183
Total	**4.838**	**8.551**

c) Income	31st December 2006	31st December 2005
Fee and commission income	942	1.087
Other income	15	
Total	**957**	**1.087**

d) Expenses	31st December 2006	31st December 2005
Interest and similar expenses	124	161
Total	**124**	**161**

The aforementioned balances regarding transactions and claims have not been eliminated from the consolidated financial statements.

40.5 Transactions with Other Related Parties

Amounts in Euro '000

a) Asset accounts	THE GROUP 31st December 2006	THE GROUP 31st December 2005	THE COMPANY 31st December 2006	THE COMPANY 31st December 2005
Loans and advances to financial institutions	225.963		60.111	
Loans	3.500			
Other amounts due	410	238	79	238
Total	**229.873**	**238**	**60.190**	**238**

b) Liability accounts	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Due to financial institutions	18.270			5.368
Deposits	2.023			
Other liabilities	505			
Total	**20.797**	**0**	**0**	**8.551**

c) Income	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Interest and similar income	850		27	
Fee and commission income	188			
Other income	52			
Total	**1.090**	**0**	**27**	**0**

d) Expenses	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Interest and similar expenses	660			
Fee and commission expense	0			
Other expenses	397			
	1.056	**0**	**0**	**0**

Other related parties refer mainly to Group subsidiaries of MARFN POPULAR BANK as well as entities controlled, directly or indirectly, by management personnel and members of the Board of Directors.

Claims and liabilities to other related parties refer to interbank deposits with the other banks within the Group, LAIKI HELLAS and EGNATIA BANK.

40.6 Transactions between Companies included in Consolidation

Amounts in Euro '000

a) Asset accounts	THE GROUP 31st December 2006	THE GROUP 31st December 2005	THE COMPANY 31st December 2006	THE COMPANY 31st December 2005
Loans and advances to financial institutions	333.163	478.579	259.693	409.780
Loans and advances to customers	23.753	54.639		
Investment portfolio		14.753		
Other amounts due	1.512	6.014		19
Total	**358.428**	**553.986**	**259.693**	**409.799**

b) Liability accounts	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Due to financial institutions	89.167	114.950		42.880
Deposits	268.362	418.278		
Bond loan		15.507		15.507
Other liabilities	899	5.249		4.377
Total	**358.428**	**553.986**	**0**	**62.764**

c) Income	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Interest and similar income	16.439	2.639	2.727	602
Net trading income	70.125		70.125	
Fee amd commission income	5.183	5.069		
Other income	442	436		
Total	**92.189**	**8.144**	**72.852**	**602**

d) Expenses	31st December 2006	31st December 2005	31st December 2006	31st December 2005
Interest and similar expenses	16.439	2.639	4.770	1.134
Fee and commission expense	5.149	1.669	2.293	274
Other expenses	476	436	314	582
Total	**22.064**	**4.744**	**7.377**	**1.990**

All the aforementioned transactions and balances of the Parent Company with its subsidiaries as well as between the subsidiaries have been fully eliminated from the consolidated financial statements.

Loans to related parties are given in the context of the Group's pricing policy. Interest rates on Management's and the BoD's loans and deposits are set according to the Bank's pricing policy for transactions with independent third parties. Loans to related parties are serviced regularly and no provisions have been formed on the respective balances, except from a provision amounting to € 800 thous. regarding a loan to a subsidiary which is under liquidation.

41. Effects of EGNATIA BANK and MARFIN POPULAR BANK on the Income Statement

As stated analytically in section 5, the Group's consolidated income statement includes among others a net result of € 16.690 thous. regarding the net result of EGNATIA GROUP for the period 29/3 - 21/12/2006 as well as a net result amounting to € 10.046 thous. regarding the Group's proportion in MARFIN POPULAR BANK's net results for the period 15/6 - 13/12/2006. Moreover, the consolidated results have been benefited with the amount of € 286.805 thous. regarding the profit from acquisitions and sales of the aforementioned Banks' shares.
The following tables are given in order to better comprehend the effect of the consolidation of EGNATIA BANK and MARFIN POPULAR BANK during the period and their subsequent sale.

Amounts in Euro '000	Subsidiary for sale - EGNATIA BANK	MARFIN Group	Intercompany Transactions	Consolidated Income Statement for FY 06
Interest and similar Income	154.558	72.258	(3.284)	223.532
Interest and similar expenses	(76.296)	(53.042)	3.284	(126.054)
Net interest income	**78.262**	**19.216**	**0**	**97.478**
Fee and commission income	38.232	65.412	(110)	103.534
Fee and commission expense	(8.920)	(17.182)	76	(26.026)
Net fee and commission income	**29.312**	**48.230**	**(34)**	**77.508**
Dividend income	166	4.366	0	4.532
Net trading income	7.212	78.215	0	85.427
Other operating income	2.965	707	0	3.671
Profit from sale of EGNATIA BANK and MARFIN POPULAR BANK		279.325		279.325
Total net income	**117.917**	**430.058**	**(34)**	**547.941**
Staff costs	(51.821)	(25.705)	0	(77.525)
Other operating expenses	(26.055)	(42.252)	34	(68.273)
Write-off of goodwill	0	(216)	0	(216)
Depreciation	(6.718)	(1.314)	0	(8.033)
Provisions for impairment losses on loans and advances	(12.090)	(15.185)	0	(27.275)
Total operating expenses	**(96.684)**	**(84.671)**	**34**	**(181.321)**
Share of profits / (losses) from MARFIN POPULAR BANK		10.046		10.046
Share of profits / (losses) from other associates	(55)	580		524
Profit before tax	**21.178**	**356.012**	**0**	**377.190**
Less: Income tax	(4.488)	(115.020)	0	(119.508)
Profit after tax	**16.690**	**240.993**	**0**	**257.682**
Attributable to:				
Shareholders of the Parent Company	6.785	236.200	0	242.984
Minority interest	9.905	4.793	0	14.698
	16.690	**240.993**		**257.682**

The aforementioned net results of EGNATIA BANK are included in the following business segments:

Amounts in Euro '000	Corporate and Investment Banking	Retail Banking	Wealth Management	Treasury and Capital Markets	Holdings and Investments	Total
Profit before tax	**3.925**	**7.927**	**2.421**	**8.575**	**(1.671)**	**21.177**
Tax						(4.488)
Profit after tax						**16.690**

It is noted that for financial year 2006 the sale of EGNATIA BANK is not a discontinued operation for MARFIN Group, as the Group continues to operate in the segments mentioned through its other subsidiary banks.

42. Assets and Liabilities Held for Sale after the Balance Sheet Date

The Company's Board of Directors during its meeting held on 10/01/2007 resolved upon the transfer of all its investments in banking activities to its Parent, MARFIN POPULAR BANK. In that context, Management has already scheduled the sale of the following investments:

Company Name	Domicile	% Direct Shareholding	% Indirect Shareholding	% Total Shareholding	Profits before Tax 2006	Equity 31/12/2006
SUBSIDIARIES						
MARFIN BANK S.A.	Greece	100,00%	0,00%	100,00%	15.266	281.042
INVESTMENT BANK OF GREECE S.A.	Greece	0,00%	90,99%	90,99%	25.024	114.305
MARFIN GLOBAL ASSET MGT S.A.	Greece	5,91%	94,09%	100,00%	586	5.543
MARFIN SECURITIES CYPRUS LTD.	Cyprus	2,86%	88,39%	91,25%	19	134
MARFIN MUTUAL FUND MANAGEMENT S.A.	Greece	0,00%	90,11%	90,11%	(94)	1.284
IBG CAPITAL S.A.	Greece	0,00%	90,99%	90,99%	(59)	2.361
IBG MANAGEMENT S.A.	Greece	0,00%	90,99%	90,99%	57	563
AVC VENTURE CAPITAL S.A.	Greece	0,00%	59,14%	59,14%	16	905
IBG INVESTMENTS S.A.	British Virgin Islands	0,00%	90,99%	90,99%	(2)	386
MFG CAPITAL PARTNERS LTD	United Kingdom	0,00%	100,00%	100,00%	(414)	331
AS SBM PANK	Estonia	50,12%	0,00%	50,12%	229	12.566
ASSOCIATES						
ARIS CAPITAL MANAGEMENT LLC	U.S.A.	0,00%	30,00%	30,00%	833	400

The assets and liabilities of the aforementioned companies as of 10/1/2007 are presented as a disposal group, whereas their results will be presented as results from discontinued operations for MARFIN Group. As the result of the resolution to transfer the banking activities outside MARFIN Group, all aspects linked to the activities in question such as loans, bonds, claims and liabilities related to financial institutions and customer deposits are classified as «Assets and Liabilities Held for Sale». Analytically, the aspects of those companies which are to be transferred, as included in the Group's consolidated financial statements for 31/12/2006, are presented below as follows:

Amounts in Euro '000	
Assets	
Cash and balances with Central Bank	58.195
Loans and advances to financial institutions	608.989
Trading portfolio and other financial assets at fair value through profit & loss	224.498
Derivative financial instruments	4.049
Loans and advances to customers	1.022.838
Investment portfolio	254.711
Investments in subsidiaries	0
Investments in associates	3.168
Property investments	6.780
Property, plant and equipment	18.380
Goodwill and other intangible assets	74.144
Deferred tax assets	1.919
Other assets	52.472
Total assets	**2.330.143**
Liabilities	
Due to Central Bank	155.000
Due to other financial institutions	38.388
Due to customers	1.772.561

Derivative financial instruments	762
Debt securities in issue	3.399
Retirement benefit obligations	826
Deferred tax liabilities	4.240
Dividends payable	0
Other liabilities	85.032
Total liabilities	**2.060.209**
Net assets	**269.934**

The sale of the investments in banking activities is expected to be concluded within the first quarter of 2007 once there has been a respective decision by MARFIN POPULAR BANK's BoD as well. The selling price will be agreed upon in the valuation report which will be prepared by an independent audit firm to be appointed by the parties.

The net results of the companies to be transferred which are included in the consolidated income statement of the financial year 2006 amount to € 32.798 thous. The financials of the companies to be sold are included in the following business segments:

1. Corporate & Investment Banking
2. Retail Banking
3. Wealth Management
4. Treasury & Capital Markets

43. Post Balance Sheet Events

- During its meeting held on 10.1.2007, the Company's Board of Directors resolved upon the sale of its shareholding in MARFIN BANK to the Parent Company MARFIN POPULAR BANK for a total consideration of approximately € 600 million. According to the Company's announcement made on 10/01/2007, the sale was expected to take place by no later than the end of February, pending a relevant decision to be taken in the meanwhile by the Board of Directors of MARFIN POPULAR BANK. The exact sale price will be determined by a valuation report prepared by an independent audit firm which will be mutually appointed by both parties.
  In addition, the Board of Directors decided to propose to the Regular General Shareholders Meeting, which will be convened by the Board of Directors following the approval of the Annual Financial Statements, the following items:

  1) renaming of the Company to MARFIN INVESTMENT GROUP (MIG) and the concentration of its activities acquisitions and equity investments in Greece, Cyprus and the wider South Eastern European region.
  2) a share capital increase of approximately € 5 bln in order to fund the new activities of the Company. The proposal by the Board of Directors regarding the detailed terms of the share capital increase will be finalized following the approval of the Annual Financial Statements by the Board of Directors. It is expected however that the share capital increase will take place without priority rights to the main shareholder while the shares corresponding to the waived rights will be allocated via a private

placement, at the discretion of the Board of Directors, to domestic and international strategic and institutional investors.

On 24/01/2007 it was announced that the Company's subsidiary, INVESTMENT BANK OF GREECE, closed a significant investment banking deal with "Louis PLC" and "Clin Company Ltd" for the acquisition of 64,28% of the share capital of company "The Cyprus Tourism Development Public Company Ltd", which is the owner of Hilton Cyprus in Nicossia.
The deal provides that the final buyers will be between the companies of MARFIN POPULAR BANK Group or companies of its major shareholders. However the deal cannot be concluded as the necessary legal, tax etc. due diligence have to be consummated as well as approvals have to be given by regulatory authorities.

Apart from the events mentioned above there are no other subsequent events, which regard the Company or the Group which, according to the International Financial Reporting Standards, need to be mentioned.

44. Approval of Financial Statements

The Annual Separate and Consolidated Financial Statements for the financial year ending 31 December 2006 were approved by the Company's Board of Directors on 27 February 2007.

Maroussi, 27 February 2007

The Vice Chairman and Chief Executive Officer	The member of the Board of Directors	The Chief Financial Officer	The Accounting Supervisor
Andreas Vgenopoulos	**Efthymios Bouloutas**	**Christophe Vivien**	**Stavroula Markouli**