EFG EUROBANK ERGASIAS S.A.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2007

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Company Registration No: 6068/06/B/86/07

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Independent auditor's report

To the Shareholders of EFG Eurobank Ergasias S.A.

Report on the Financial Statements

We have audited the accompanying financial statements of EFG Eurobank Ergasias SA (the "Company") set out on pages 4 to 36 which comprise the balance sheet as of 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Greek Auditing Standards which conform with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2007, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Athens, 26 February 2008

The Certified Auditor-Accountant

Kyriacos Riris
SOEL Reg. No. 12111

PRICEWATERHOUSECOOPERS

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

		Year ended 31 December	
	Note	2007 € million	2006 € million
Interest income	5	**5,345**	3,674
Interest expense	5	**(3,874)**	(2,392)
Net interest income		**1,471**	1,282
Banking fee and commission income		**333**	333
Banking fee and commission expense		**(117)**	(117)
Net banking fee and commission income		**216**	216
Income from non banking services		**6**	5
Dividend income		**163**	47
Net trading income/(loss)		**65**	22
Gains less losses from investment securities		**95**	59
Other operating income		**18**	13
		347	146
Operating income		**2,034**	1,644
Operating expenses	6	**(841)**	(692)
Impairment losses on loans and advances	16	**(339)**	(308)
Profit before tax		**854**	644
Income tax expense	8	**(149)**	(169)
Net profit for the year attributable to shareholders*		**705**	475

*** Comparable profit for the year excluding:**			
- Taxation on reserves	8	**(16)**	(43)
- Wildfire donation	6	**(20)**	-
Net profit excluding taxation on reserves and donation		**741**	518

Notes on pages 8 to 36 form an integral part of these financial statements

	Note	At 31 December 2007 € million	2006 € million
ASSETS			
Cash and balances with central bank	10	**1,259**	1,641
Loans and advances to banks	12	**16,545**	5,196
Financial instruments at fair value through profit or loss	13	**485**	574
Derivative financial instruments	14	**797**	574
Loans and advances to customers	15	**37,235**	30,183
Available-for-sale investment securities	17	**9,355**	10,019
Investments in subsidiary undertakings	18	**1,810**	1,091
Investments in associated undertakings	19	**27**	37
Intangible assets	20	**65**	11
Property, plant and equipment	21	**406**	452
Other assets	22	**288**	279
Total assets		**68,272**	50,057
LIABILITIES			
Due to other banks	23	**5,539**	2,191
Repurchase agreements with banks	23	**9,761**	9,359
Derivative financial instruments	14	**935**	734
Due to customers	24	**38,939**	30,363
Other borrowed funds	25	**7,919**	3,515
Other liabilities	26	**492**	733
Total liabilities		**63,585**	46,895
EQUITY			
Share capital	28	**1,434**	1,243
Share premium	28	**1,340**	183
Other reserves		**1,136**	950
Ordinary shareholders' equity		**3,910**	2,376
Hybrid capital	29	**777**	786
Total		**4,687**	3,162
Total equity and liabilities		**68,272**	50,057

Notes on pages 8 to 36 form an integral part of these financial statements

Statement of Changes in Equity
for the year ended 31 December 2007

	Attributable to ordinary shareholders of the Bank						
	Share capital € million	Share premium € million	Special reserves € million	Retained earnings € million	Total € million	Hybrid capital € million	Total € million
Balance at 1 January 2006	1,047	482	896	(71)	2,354	762	3,116
Cash flow hedges							
- net changes in fair value, net of tax	-	-	19	-	19	-	19
- transfer to net profit, net of tax	-	-	(6)	-	(6)	-	(6)
Available-for-sale securities							
- net changes in fair value, net of tax	-	-	(131)	-	(131)	-	(131)
- transfer to net profit, net of tax	-	-	107	-	107	-	107
Net income/(expense) recognised directly in equity	-	-	(11)	-	(11)	-	(11)
Profit for the year	-	-	-	475	475	-	475
Total recognised income for the year 2006	-	-	(11)	475	464	-	464
Issue of bonus shares by capitalisation of share premium	210	(210)	-	-	-	-	-
Expenses related to the issue of bonus shares	-	(3)	-	-	(3)	-	(3)
Distribution of free shares to executive directors, management and staff	2	19	-	-	21	-	21
Legal mergers	-	-	(56)	54	(2)	-	(2)
Purchase of hybrid capital	-	-	-	-	-	(28)	(28)
Sale of hybrid capital	-	-	-	(2)	(2)	52	50
Hybrid capital's dividend paid	-	-	-	(41)	(41)	-	(41)
Final dividend for 2005	-	-	-	(171)	(171)	-	(171)
Interim dividend for 2006	-	-	-	(136)	(136)	-	(136)
Employee share option scheme:							
- Value of employee services	-	-	6	-	6	-	6
- Share capital increase due to share options exercised	0	0	-	-	0	-	0
Purchase of treasury shares	(23)	(145)	-	-	(168)	-	(168)
Sale of treasury shares	7	40	7	-	54	-	54
Transfers between reserves	-	-	(71)	71	-	-	-
	196	(299)	(114)	(225)	(442)	24	(418)
Balance at 31 December 2006	1,243	183	771	179	2,376	786	3,162
Balance at 1 January 2007	1,243	183	771	179	2,376	786	3,162
Cash flow hedges							
- net changes in fair value, net of tax	-	-	5	-	5	-	5
- transfer to net profit, net of tax	-	-	(4)	-	(4)	-	(4)
Available-for-sale securities							
- net changes in fair value, net of tax	-	-	(78)	-	(78)	-	(78)
- transfer to net profit, net of tax	-	-	(48)	-	(48)	-	(48)
Currency translation differences	-	-	-	(3)	(3)	-	(3)
Net income/(expense) recognised directly in equity	-	-	(125)	(3)	(128)	-	(128)
Profit for the year	-	-	-	705	705	-	705
Total recognised income for the year 2007	-	-	(125)	702	577	-	577
Distribution of free shares to executive directors, management and staff	3	26	-	-	29	-	29
Share capital increase, net of expenses	169	1,043	-	-	1,212	-	1,212
Share capital increase due to re-investment of dividend	2	13	-	-	15	-	15
Purchase of hybrid capital	-	-	-	-	-	(26)	(26)
Sale of hybrid capital	-	-	-	-	-	17	17
Hybrid capital's dividend paid	-	-	-	(44)	(44)	-	(44)
Final dividend for 2006	-	-	-	(214)	(214)	-	(214)
Interim dividend for 2007	-	-	-	(166)	(166)	-	(166)
Employee share option scheme:							
- Value of employee services	-	-	9	-	9	-	9
- Share capital increase due to share options exercised	5	17	-	-	22	-	22
Purchase of treasury shares	(22)	(173)	-	-	(195)	-	(195)
Sale of treasury shares	34	231	24	-	289	-	289
Transfers between reserves	-	-	222	(222)	-	-	-
	191	1,157	255	(646)	957	(9)	948
Balance at 31 December 2007	1,434	1,340	901	235	3,910	777	4,687
	Note 28	Note 28	Note 31			Note 29	

Notes on pages 8 to 36 form an integral part of these financial statements

Cash Flow Statement
for the year ended 31 December 2007

	Note	Year ended 31 December 2007 € million	2006 € million
Cash flows from operating activities			
Interest received and net trading receipts		**4,537**	2,988
Interest paid		**(3,172)**	(1,899)
Fees and commissions received		**334**	314
Fees and commissions paid		**(102)**	(109)
Dividends received		**0**	1
Other income received		**28**	2
Cash payments to employees and suppliers		**(686)**	(577)
Income taxes paid		**(64)**	(137)
Cash flows from operating profits before changes in operating assets and liabilities		**875**	583
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central bank		**3**	(69)
Net (increase)/decrease in financial instruments at fair value through profit or loss		**100**	134
Net (increase)/decrease in loans and advances to banks		**(2,671)**	(495)
Net (increase)/decrease in loans and advances to customers		**(6,977)**	(6,046)
Net (increase)/decrease in derivative financial instruments asset		**113**	287
Net (increase)/decrease in other assets		**(7)**	70
Net increase/(decrease) in due to other banks and repurchase agreements		**3,724**	922
Net increase/(decrease) in due to customers		**8,356**	5,593
Net increase/(decrease) in derivative financial instruments liabilities		**(209)**	(357)
Net increase/(decrease) in other liabilities		**(299)**	419
Net cash from operating activities		**3,008**	1,041
Cash flows from investing activities			
Purchases of property, plant and equipment		**(97)**	(106)
Proceeds from sale of property, plant and equipment		**63**	16
Purchases of available-for-sale investment securities	17	**(7,198)**	(5,521)
Proceeds from sale of available-for-sale investment securities	17	**7,673**	4,490
Acquisition of subsidiary undertakings		**(720)**	(275)
Proceeds from sale/liquidation of subsidiary undertakings		**-**	35
Acquisition of associated undertakings		**-**	0
Participation in capital increase of associated undertakings		**-**	(13)
Proceeds from sale of associated undertakings		**9**	0
Dividends from investment securities, subsidiary and associated undertakings		**163**	46
Net cash used in investing activities		**(107)**	(1,328)
Cash flows from financing activities			
Proceeds from other borrowed funds		**4,054**	2,000
Repayments from other borrowed funds		**315**	(530)
Proceeds from exercise of options		**22**	0
Purchases of hybrid capital	29	**(26)**	(28)
Proceeds from sale of hybrid capital	29	**17**	52
Hybrid capital's dividend paid		**(44)**	(41)
Dividends paid	37	**(379)**	(304)
Issue of ordinary shares	28	**1,244**	-
Expenses for issue of ordinary and bonus shares	28	**(17)**	(3)
Purchases of treasury shares		**(195)**	(168)
Proceeds from sale of treasury shares		**298**	54
Net cash from financing activities		**5,289**	1,032
Net increase/(decrease) in cash and cash equivalents		**8,190**	745
Cash and cash equivalents at beginning of year	11	**4,835**	4,090
Cash and cash equivalents at end of year	11	**13,025**	4,835

Notes on pages 8 to 36 form an integral part of these financial statements

1. General information

EFG Eurobank Ergasias S.A. (the "Company" or the "Bank") is active in retail, corporate and private banking, asset management, treasury, capital markets and other services. The Company is incorporated in Greece and its shares are listed on the Athens Stock Exchange. The Bank operates mainly in Greece and in Central, Eastern and Southeastern Europe (New Europe).

These financial statements were approved by the Board of Directors on 25 February 2008.

2. Principal accounting policies

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

(a) Basis of preparation

The financial statements of the Bank have been prepared in accordance with both International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards issued by the IASB and in particular with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements.

These financial statements are the separate statements of the Bank prepared in accordance with the requirements of Capital Market Commission. The Bank prepares also consolidated financial statements which include the financial statements of the Bank and its subsidiaries.

The policies set out below have been consistently applied to the years 2006 and 2007. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(a) Amended and new standards and interpretations effective 1 January 2007

The application of the amended and new standards and interpretations listed below did not result in substantial changes to the Bank's accounting policies:
▪ IFRS 7, Financial Instruments: Disclosures;
▪ IAS 1, Amendment - Capital Disclosures;
▪ IFRIC 8, Scope of IFRS 2;
▪ IFRIC 9, Reassessment of Embedded Derivatives;
▪ IFRIC 10, Interim Financial Reporting and Impairment.

(b) Standards and Interpretations issued but not yet effective

The following standards and interpretations that were issued but not yet effective for accounting periods beginning on 1 January 2007 have not been early adopted:
▪ IAS 1, Presentation of Financial Statements (effective 1 January 2009);
▪ IAS 23, Borrowing costs (effective 1 January 2009);
▪ IFRIC 11, IFRS 2 Group and Treasury Shares Transactions (effective for annual periods beginning on or after 1 March 2007);
▪ IFRIC 13, Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008);
▪ IFRIC 14, IAS 19 -The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008).

The application of the above mentioned standards and interpretations is not expected to have a material impact on the Bank's financial statements in the period of the initial application. IAS 1 affects the presentation of owner changes in equity and of comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs.

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

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The Bank's presentation currency is the Euro (€) being the functional currency of the Bank. Except as indicated, financial information presented in euro has been rounded to the nearest million.

(b) Investments in subsidiaries, associated undertakings and joint ventures

In these separate financial statements of the Bank, the investments in subsidiaries, associated undertakings and joint ventures are accounted at cost net of any impairment losses.

(c) Foreign currencies

Assets and liabilities denominated in foreign currencies have been translated into the functional currency at the market rates of exchange ruling at the balance sheet date and exchange differences are accounted for in the income statement.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair-value-through-profit-or-loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(d) Derivative financial instruments and hedging

Derivative financial instruments, including foreign exchange contracts, forward currency agreements and interest rate options (both written and purchased), currency and interest rate swaps, and other derivative financial instruments, are initially recognised in the balance sheet at fair value on the date on which a derivative contract is entered into and subsequently are re-measured at their fair value. Fair values are obtained from quoted market prices, including recent market transactions, discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e., the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

Certain derivatives, embedded in other financial instruments, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Bank designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or unrecognised firm commitments (fair value hedge); or, (2) hedges of the exposure to variability in cash flows of recognised assets or liabilities or highly probable forecasted transactions (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

2. Principal accounting policies (continued)

(d) Derivative financial instruments and hedging (continued)

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

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged item for which the effective interest method is not used remains until the disposal of the equity security.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

(iv) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

The fair values of derivative instruments held for trading and hedging purposes are disclosed in note 14.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(f) Income statement

(i) Interest income and expenses
Interest income and expenses are recognised in the income statement for all interest bearing instruments on an accruals basis, using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

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

(ii) Fees and commissions
Fees and commissions are generally recognised on an accruals basis. Commissions and fees relating to foreign exchange transactions, imports-exports, remittances, bank charges and brokerage activities are recognised on the completion of the underlying transaction.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are periodically reviewed for impairment, with any impairment charge being recognised immediately in the income statement.

Depreciation is calculated on the straight-line method to write down the cost of property, plant and equipment, to their residual values over their estimated useful life as follows:
- Land: No depreciation
- Freehold buildings: 40-50 years
- Leasehold improvements: over the life of the lease contract or useful life if shorter
- Computer hardware and software: 4-10 years
- Other furniture and equipment: 4-20 years
- Motor vehicles: 5-7 years

Property held for rental yields and/or capital appreciation that is not occupied by the Bank is classified as investment property. Investment property is carried at cost less accumulated depreciation and accumulated impairment losses.

(h) Intangible assets

Costs associated with the maintenance of existing computer software programmes are expensed as incurred. Development costs associated with the production of identifiable and unique products controlled by the Bank, that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets and are amortised using the straight-line method over 4 years except for core systems whose useful life may extend up to 10 years.

2. Principal accounting policies (continued)

(i) Financial Assets

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

(i) Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedging instruments.

The Bank designates financial assets at fair value through profit or loss when either:
a) it eliminates or significantly reduces measurement or recognition inconsistencies; or

b) financial assets share the same risks with financial liabilities and those risks are managed and evaluated on a fair value basis ; or

c) structured products containing embedded derivatives that could significantly modify the cash flows.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Bank upon initial recognition designates as at fair value through profit or loss and those that the Bank upon initial recognition designates as available-for-sale. They arise when the Bank provides money, goods or services directly to a debtor.

(iii) Held-to-maturity
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. If the Bank were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale
Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Accounting treatment and calculation
Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available-for-sale are recognised on trade-date, the date on which the Bank commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. However, interest calculated using the effective interest method is recognised in the income statement. Dividends on equity instruments are recognised in the income statement when the entity’s right to receive payment is established.

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

(j) Impairment of financial assets

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

a) significant financial difficulty of the issuer or obligor;
b) a breach of contract, such as a default or delinquency in interest or principal payments;
c) the Bank granting to the borrower, for economic or legal reasons relating to the borrower’s financial difficulty, a concession that the lender would not otherwise consider;
d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for that financial asset because of financial difficulties; or
f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
   - adverse changes in the payment status of borrowers in the group; or
   - national or local economic conditions that correlate with defaults on the assets in the group.

2. Principal accounting policies (continued)

(j) Impairment of financial assets (continued)

(i) Assets carried at amortised cost

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

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

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

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

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

(ii) Available-for-sale assets

In case of equity and debt investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity investments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

(k) Sale and repurchase agreements and securities lending

(i) Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in amounts due to other banks or due to customers, as appropriate. Securities purchased under agreements to resell ("reverse repos") are recorded as loans and advances to other banks or customers as appropriate. The difference between the sale and repurchase price is treated as interest and accrued over the period of the repo agreements using the effective interest method.

(ii) Securities lending

Securities lent to counterparties are retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability.

(l) Financial liabilities

The Bank classifies its financial liabilities in the following categories: financial liabilities measured at amortised cost and financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss have two sub categories :

Financial liabilities held for trading and financial liabilities designated at fair value through profit or loss upon initial recognition. The Bank designates financial liabilities at fair value through profit or loss when either:

a) it eliminates or significantly reduces measurement or recognition inconsistencies; or

b) financial liabilities share the same risks with financial assets and those risks are managed and evaluated on a fair value basis ;or

c) structured products contain embedded derivatives that could significantly modify the cash flows.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

2. Principal accounting policies (continued)

(m) Leases

(i) Accounting for leases as lessee
Leases of property, plant and equipment where the Bank has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

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

(ii) Accounting for leases as lessor
Finance leases:
When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Operating leases:
Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(n) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The principal temporary differences arise from loan impairment, depreciation of fixed assets, pension and other retirement benefits obligations, and revaluation of certain financial assets and liabilities, including derivative instruments.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax related to changes in fair values of available-for-sale investments and cash flow hedges which are taken directly to equity is also charged or credited directly to equity, and is subsequently recognised in the income statement together with the deferred gain or loss.

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

(o) Employee benefits

(i) Pension obligations
The Company participates in certain defined contribution pension plans under which the Bank pays fixed contributions into a separate entity. The Bank has no further payment obligations once the contributions have been paid.

The Bank's contributions to defined contribution pension plans are recognised as employee benefit expense in the year to which they relate.

(ii) Standard legal staff retirement indemnity obligations (SLSRI)
In accordance with Greek labour legislation, if employees remain in the employment of a company until normal retirement age, they are entitled to a lump sum payment which is based on the number of years of service and the level of remuneration at the date of retirement. Provision has been made for the actuarial value of the lump sum payable on retirement (SLSRI) using the projected unit credit method. Under this method the cost of providing retirement indemnities is charged to the income statement so as to spread the cost over the period of service of the employees, in accordance with actuarial valuations which are performed every year. The SLSRI obligation is calculated as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses that arise in calculating the Bank's obligation in respect of the SLSRI obligations are charged directly in the profit and loss for the year.

In addition, the Bank has enhanced the above provision by taking into consideration potential separations before normal retirement based on the terms of previous voluntary separation schemes. The Bank recognises separation indemnity when it is demonstrably committed to separations either according to detailed formal plans which are announced and cannot be withdrawn or as a result of mutually agreed termination terms. Benefits payable in more than 12 months from the balance sheet date are discounted to present value.

(iii) Performance-based cash payments
The Bank's Management awards high performing employees with bonuses in cash, from time to time, on a discretionary basis. Cash payments requiring only Management approval are recognised as employee benefit expenses on an accrual basis. Cash payments requiring General Meeting approval as distribution of profits to staff are recognised as employee benefit expense in the accounting period that they are approved by the Bank’s shareholders.

(iv) Performance-based share-based payments
The Bank’s Management awards high-performing employees with bonuses in the form of shares and share options, from time to time, on a discretionary basis. The shares vest in the period granted. The fair value of the shares granted is recognised as an employee benefit expense with a corresponding increase in share capital (par value) and share premium.

Following vesting periods of 20 to 32 months, the options are exercisable on alternative dates within a 24 or 36 month period, only if the holders are still employed by the Bank. The fair value of the options granted is recognised as an employee benefit expense with a corresponding increase in a non-distributable reserve over the vesting period, until exercised. The proceeds received net of any directly attributable transaction costs are credited to share capital (par value) and share premium when the options are exercised, with a transfer of the non distributable reserve to share premium.

(p) Repossessed properties

Land and buildings repossessed through an auction process to recover impaired loans are, except where otherwise stated, included in "Other Assets". Assets acquired from an auction process are held temporarily for liquidation and are valued at the lower of cost and net realisable value. Any gains or losses on liquidation are included in "Other operating income".

(q) Related party transactions

Related parties include subsidiaries, associates, fellow subsidiaries, directors, their close families, companies owned or controlled by them and companies whose financial and operating policies they can influence. Transactions of similar nature are disclosed on an aggregate basis. All banking transactions entered into with related parties are in the normal course of business and on an arm's length basis.

2. Principal accounting policies (continued)

(r) Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimates of the amount of the obligation can be made.

(s) Share Capital

Ordinary shares are classified as equity.

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

Dividend distribution on ordinary shares is recognised as a deduction in the Bank's equity when approved by the Company's shareholders. Interim dividends are recognised as a deduction in the Bank's equity when approved by the Board of Directors.

Where the Bank purchases own shares (treasury shares), the consideration paid including any directly attributable incremental costs (net of income taxes), is deducted from shareholders' equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

(t) Hybrid capital

Callable non-voting hybrid capital, which has no fixed redemption date and pays non-cumulative dividend is classified as equity.

Incremental costs directly attributable to the issue of new hybrid capital are shown in equity as a deduction from the proceeds, net of tax.

Where hybrid capital, issued by the Bank, is repurchased, the consideration paid including any directly attributable incremental costs (net of income taxes), is deducted from shareholders' equity. Where such capital is subsequently called or sold, any consideration received is included in shareholders' equity.

(u) Financial Guarantees

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned on a straight line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the balance sheet date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of Management. Any increase in the liability relating to guarantees is taken to the income statement.

(v) Securitisations

The Bank securitises various financial assets, which generally results in the sale of the assets to special purpose entities, which, in turn issue securities to investors. Interests in the securitised financial assets may be retained in the form of subordinated tranches or other residual interests.

(w) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank drafts.

3. Critical accounting estimates and judgements in applying accounting policies

In the process of applying the Bank's accounting policies, the Bank's Management makes various judgments, estimates and assumptions that affect the reported amounts of assets and liabilities recognized in the financial statements within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses on loans and advances

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

(b) Fair value of financial instruments

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

(c) Impairment of available for sale equity investments

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

(d) Income taxes

The Bank is subject to income taxes in various jurisdictions and estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. Financial risk management

4.1 Use of financial instruments

By their nature the Bank's activities are principally related to the use of financial instruments including derivatives. The Bank accepts deposits from customers, at both fixed and floating rates, and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The Bank seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The Bank also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers within a range of credit standing. Such exposures include both on-balance sheet loans and advances and off-balance sheet guarantees and other commitments such as letters of credit.

The Bank also trades in financial instruments where it takes positions in traded and over the counter instruments including derivatives, to take advantage of short-term market movements in the equity and bond markets and in currency and interest rates. The Board of Directors' Risk Committee (Eurobank Risk Committee - ERC) places trading limits on the level of exposure that can be taken in relation to overnight and intra-day market positions as well as limits in longer durations. With the exception of specific hedging arrangements, foreign exchange and interest rate exposures associated with these derivatives are normally concluded to hedge outstanding positions, thereby controlling the variability in the net cash amounts required to offset market positions.

4.2 Financial risk factors

The Bank's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk and interest rate risk) and liquidity risk. The Bank's overall risk management policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Bank's financial performance, financial position and cash flows.

4.2.1 Credit risk

The Bank takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are recognised for losses that have been incurred at the balance sheet date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Bank's portfolio, could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and are subject to an annual or more frequent review. The level of credit risk by product, industry sector and by country are reviewed quarterly by the ERC. The exposure to any one borrower including banks and brokers is further restricted by sub limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored on a daily basis.

The Bank is active in the corporate and retail lending markets. Credit risk is well spread over a diversity of personal and commercial customers. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing the lending limits where appropriate. The Bank reduces its credit risk associated with loans and advances to customers by entering into collateralised arrangements. The types of collateral that the Bank obtains are cash deposits and other cash equivalents, real estate, receivables, securities, vessels and bank guarantees.

(a) Derivatives

The Bank maintains control limits on net open derivative positions i.e., the difference between purchase and sale contracts, by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Bank (i.e., derivatives with a positive fair value) which in relation to derivatives in only a small proportion of the contract notional amount used to express the volume of instruments outstanding. The credit risk exposure is managed as part of the overall lending limits with customers together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties. Further details of the Bank's derivative instruments are provided in note 14.

(b) Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk is reduced by a master netting agreement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

(c) Credit related commitments

The primary purpose of credit related commitments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans since they represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are secured by the underlying shipment of goods to which they relate and therefore carry less risk than a loan. Commitments to extend credit represent contractual commitments to extend credit in the form of loans, guarantees or letters of credit for which the Bank usually receives a commitment fee.

4. Financial risk management (continued)

4.2 Financial risk factors (continued)

4.2.1 Credit risk (continued)

4.2.1.1 Maximum exposure to credit risk before collateral held

	2007 € million	2006 € million
Credit risk exposures relating to on-balance sheet assets are as follows:		
Loans and advances to banks	**16,545**	5,196
Loans and advances to customers:		
- Lending to medium size and large corporate entities (wholesale)	**12,431**	10,463
- Consumer lending	**8,417**	6,902
- Mortgage lending	**9,996**	7,920
- Small business lending	**6,391**	4,898
Financial instruments at fair value through profit or loss:		
- Debt securities	**370**	503
Derivative financial instruments	**797**	574
Investment securities		
- Debt securities	**8,782**	9,630
Other assets	**151**	125
Credit risk exposures relating to off-balance sheet items	**21,554**	15,410
At 31 December	**85,434**	61,621

The above table represents the maximum credit risk exposure to the Bank at 31 December 2007 and 2006, without taking account of any collateral held. For on-balance-sheet-assets, the exposure set out above are based on net carrying amounts as reported in the balance sheet.

4.2.1.2 Loans and advances

Loans and advances are summarised as follows:

	31 December 2007		31 December 2006	
	Loans and advances to customers € million	Loans and advances to banks € million	Loans and advances to customers € million	Loans and advances to banks € million
Neither past due nor impaired	**32,159**	**16,545**	25,647	5,196
Past due but not impaired	**4,704**	**-**	4,196	-
Impaired:				
- Individually assessed	**835**	**-**	790	-
- collectively assessed	**368**	**-**	299	-
Gross	**38,066**	**16,545**	30,932	5,196
Less: allowance for impairment	**(831)**	**-**	(749)	-
Net	**37,235**	**16,545**	30,183	5,196
Non-performing loans included above	**954**		846	
Past due more than 90 days included above (under Basel II)	**1,182**		1,047	

(a) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired at 31 December 2007 and 2006 can be assessed by reference to the Bank's standard grading system. The following information is based on that system:

	31 December 2007		31 December 2006	
	Loans and advances to customers € million	Loans and advances to banks € million	Loans and advances to customers € million	Loans and advances to banks € million
Grades:				
Satisfactory risk	**31,904**	**16,545**	25,311	5,196
Watch list and special mention	**255**	**-**	336	-
Total	**32,159**	**16,545**	25,647	5,196

4. Financial risk management (continued)

4.2 Financial risk factors (continued)

4.2.1 Credit risk (continued)

4.2.1.2 Loans and advances (continued)

(b) Loans and advances past due but not impaired

	31 December 2007				
	Wholesale € million	Consumer € million	Mortgage € million	Small business € million	Total € million
Past due up to 29 days	**524**	**1,512**	**704**	**603**	**3,343**
Past due 30 - 89 days	**154**	**383**	**223**	**476**	**1,236**
Past due 90 - less than 1 year	**24**	**-**	**84**	**17**	**125**
Total	**702**	**1,895**	**1,011**	**1,096**	**4,704**
Fair value of collateral	**368**	**-**	**1,004**	**531**	**1,903**

	31 December 2006				
	Wholesale € million	Consumer € million	Mortgage € million	Small business € million	Total € million
Past due up to 29 days	587	1,266	557	470	2,880
Past due 30 - 89 days	457	305	140	307	1,209
Past due 90 - less than 1 year	59	-	48	-	107
Total	1,103	1,571	745	777	4,196
Fair value of collateral	476	-	740	369	1,585

Based on past experience, consumer and small business loans less than 90 days past due - for mortgage loans 180 days past due - are not considered impaired, unless specific information indicates to the contrary. Certain wholesale loans for which the exposure is fully collateralised and /or the counterparty is of high credit quality are not considered impaired for a period of up to 1 year.

The fair value of collateral is the lower of the loan's carrying amount, the collaterals' fair value and, if any, the prenotation.

(c) Impaired Loans and advances collectively assessed

For collectively assessed accounts, loans are treated as impaired based on historical loss data for groups of loans with similar characteristics. The criteria used by the Bank to determine that there is objective evidence of impairment are provided in Bank's accounting policy 2 (j).

The collectively assessed loans and advances to customers before taking into consideration the cash flows from collateral held is € 368 million (2006: € 299 million). The breakdown of the gross amount of individually assessed loans and advances by class is as follows:

	31 December 2007			31 December 2006		
	Consumer € million	Mortgage € million	Total € million	Consumer € million	Mortgage € million	Total € million
Collectively assessed loans	**287**	**81**	**368**	239	60	299
Fair value of collateral	**-**	**79**	**79**	-	59	59

(d) Impaired Loans and advances individually assessed

For individually assessed accounts, loans are treated as impaired as soon as there is objective evidence that an impairment loss has been incurred. The criteria used by the Bank to determine that there is objective evidence of impairment are provided in Bank's accounting policy 2 (j).

The individually assessed loans and advances to customers before taking into consideration the cash flows from collateral held is € 835 million (2006: € 790 million). The breakdown of the gross amount of individually assessed loans and advances by class, along with the fair value of related collateral held by the Bank as security, are as follows:

	31 December 2007			31 December 2006		
	Small business € million	Wholesale € million	Total € million	Small business € million	Wholesale € million	Total € million
Individually assessed loans	**336**	**499**	**835**	263	527	790
Fair value of collateral	**152**	**201**	**353**	119	218	337

(e) Loans and advances renegotiated

Loans and advances renegotiated activities include extended payment arrangements, modification and deferral of payments. Provided that the customer account is performing for a period of one year following the renegotiation date, a previously overdue customer account is reset to a normal status.

(f) Non-performing loans

Non-performing loans are defined as the loans delinquent for a given period determined in accordance with applicable law and practice in the countries the Bank operates. In Greece, mortgages are considered as non-performing when they are delinquent for more than 180 days and consumer loans for more than 90 days. Loans to corporate entities are considered as non-performing when they are transferred to non accrual status which occurs when the loans are delinquent for more than 180 days or earlier in the case of a material credit event.

	2007 € million	2006 € million
- Lending to medium size and large corporate entities (wholesale)	**342**	383
- Consumer lending	**287**	239
- Mortgage lending	**81**	60
- Small business lending	**244**	164
	954	846

4. Financial risk management (continued)

4.2 Financial risk factors (continued)

4.2.1 Credit risk (continued)

4.2.1.3 Debt securities

The table below presents an analysis of debt securities by rating agency designation at 31 December 2007, based on Standard & Poor's ratings or their equivalent:

	31 December 2007		
	Trading securities € million	Available-for-sale securities € million	Total € million
AAA	**0**	**2,251**	**2,251**
AA- to AA+	**48**	**497**	**545**
A- to A+	**261**	**3,607**	**3,867**
Lower than A-	**56**	**2,304**	**2,361**
Unrated	**5**	**124**	**128**
Total	**370**	**8,783**	**9,152**

Included in securities lower than A- and unrated, an amount of€ 1.886 million relates to sovereign debt.

4.2.1.4 Concentration of credit risk

(a) Geographical sectors

The following table breaks down the Bank's main credit exposure at their gross carrying amounts, as categorised by geographical region as of 31 December 2007. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties.

	Greece € million	Other Western European countries € million	New Europe countries € million	Other countries € million	Total € million
Loans and advances to banks	1,369	12,429	2,721	26	**16,545**
Loans and advances to customers:					**-**
- Lending to medium size and large corporate entities	11,872	517	169	205	**12,763**
- Consumer lending	7,941	1	734	0	**8,676**
- Mortgage lending	9,339	47	611	16	**10,013**
- Small business lending	6,301	0	313	0	**6,614**
Debt securities	2,434	2,845	3,136	737	**9,152**
Derivative financial instruments	342	388	46	21	**797**
Other assets	134	3	14	-	**151**
As at 31 December 2007	39,732	16,230	7,744	1,005	**64,711**
As at 31 December 2006	34,405	8,672	3,093	790	46,960

(b) Industry sectors

The following table breaks down the Bank's main credit exposure at their gross carrying amounts, as categorised by the industry sectors of its counterparties.

	Commerce and services € million	Private individuals € million	Manufacturing € million	Shipping € million	Construction € million	Other € million	Total € million
Loans and advances to banks	16,545	-	-	-	-	-	**16,545**
Loans and advances to customers:							
- Lending to medium size and large corporate entities	8,125	219	2,529	697	414	779	**12,763**
- Consumer lending	-	8,676	-	-	-	-	**8,676**
- Mortgage lending	27	9,985	0	-	1	0	**10,013**
- Small business lending	5,393	98	590	10	443	80	**6,614**
Debt securities	3,042	-	-	-	-	6,110	**9,152**
Derivative financial instruments	797	-	-	-	-	-	**797**
Other assets	143	-	-	-	-	8	**151**
As at 31 December 2007	34,072	18,978	3,119	707	858	6,977	**64,711**
As at 31 December 2006	19,728	15,210	2,951	437	755	7,879	46,960

Credit exposure to other industry sectors includes mainly sovereign assets (debt securities and loans and advances).

4.2.2 Market risk

The Bank takes on exposure to market risks. Market risks arise from exposure on interest rate, currency and equity products or combination of them, all of which are exposed to general and specific market movements. Specifically, the market risks the Bank is exposed to are the following:

(a) Interest rate risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial positions and cash flows. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board's Risk Committee (ERC) sets limits on the level of mismatch of interest rate repricing that may be undertaken.

4. Financial risk management (continued)

4.2 Financial risk factors (continued)

4.2.2 Market risk (continued)

(b) Currency risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The ERC sets limits on the level of exposures which are monitored daily.

(c) Equity risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Bank's investment portfolio.

Market risk in Greece is managed and monitored using Value at Risk (VaR) methodology.

VAR summary for 2007 and 2006

VaR is a methodology used in measuring financial risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon. The VaR that the Bank measures is an estimate based upon a 99% confidence level and a holding period of 10 days and the methodology used for the calculation is Monte Carlo simulation (full repricing).

The VaR models are designed to measure market risk in a normal market environment. It is assumed that any changes occurring in the risk factors affecting the normal market environment will follow a normal distribution. The distribution is calculated using exponentially weighted moving average (EWMA) of 6 months historical data.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to certain limitations. Given this, actual outcomes are monitored regularly, via back testing process, to test the validity of the assumptions and the parameters used in the VaR calculation.

Since VaR constitutes an integral part of the Bank's market risk control regime, VaR limits have been established for all (trading and non trading portfolio) operations and actual exposure is reviewed daily by management. However, the use of this approach does not prevent losses outside of these limits in the event of extraordinary market movements.

Average VaR by risk type (Trading and Non-trading portfolio)

	2007 € million	2006 € million
Interest rate Risk	**34**	33
Foreign Exchange Risk	**25**	3
Equities Risk	**25**	23
Total VaR	**53**	41

The aggregate of the interest rate, foreign exchange and equities risks VAR results does not constitute the Bank's total VaR due to correlations and consequent diversification effects between risk types and portfolio types.

4.2.3 Liquidity risk

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw-downs and guarantees and from margin and other calls on cash-settled derivatives. The Bank maintains cash resources to meet all of these needs. The ERC sets liquidity limits to ensure that sufficient funds are available to meet such calls.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the Management of the Bank. It is unusual for banks to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

The amounts disclosed in the table below are the contractual undiscounted cash flows for the years 2007 and 2006.

	31 December 2007					
	Less than 1 month € million	**1 - 3 months € million**	**3 months to 1 year € million**	**1 - 5 years € million**	**Over 5 years € million**	**Gross nominal inflow / (outflow) € million**
Non-derivative liabilities:						
- Due to other banks & repurchase agreements with banks	**10,256**	**3,500**	**1,553**	**24**	**-**	**15,333**
- Due to customers	**21,788**	**3,307**	**5,280**	**6,721**	**5,048**	**42,144**
- Other borrowed funds	**127**	**253**	**1,118**	**3,701**	**4,494**	**9,692**
- Other liabilities	**355**	**-**	**-**	**-**	**137**	**492**
Derivative financial instruments:						
- Outflows from gross and net settled	**8,122**	**1,947**	**2,662**	**2,297**	**468**	**15,495**
- Inflows from gross settled	**(8,099)**	**(1,915)**	**(2,594)**	**(1,999)**	**(224)**	**(14,832)**
	32,549	**7,092**	**8,019**	**10,744**	**9,923**	**68,324**

Off-balance sheet items

	Less than 1 year € million	**1 - 5 years € million**	**Over 5 years € million**
Guarantees and standby letters of credit	**10,196**	**6,015**	**5,338**
Capital expenditure	**7**	**-**	**-**
Operating lease commitments	**67**	**107**	**107**
	10,270	**6,122**	**5,445**

4. Financial risk management (continued)

4.2 Financial risk factors (continued)

4.2.3 Liquidity risk (continued)

	31 December 2006					
	Less than 1 month € million	1 - 3 months € million	3 months to 1 year € million	1 - 5 years € million	Over 5 years € million	Gross nominal inflow / (outflow) € million
Non-derivative liabilities:						
- Due to other banks & repurchase agreements with banks	7,817	3,421	744	4	-	11,986
- Due to customers	18,447	2,223	3,004	5,238	4,018	32,930
- Other borrowed funds	37	74	331	1,599	2,258	4,299
- Other liabilities	605	-	-	-	140	745
Derivative financial instruments:						-
- Outflows from gross and net settled	6,026	1,995	1,834	1,790	337	11,982
- Inflows from gross settled	(5,984)	(1,995)	(1,751)	(1,597)	(285)	(11,612)
	26,948	5,718	4,162	7,034	6,468	50,330

Off-balance sheet items

	Less than 1 year € million	1 - 5 years € million	Over 5 years € million
Guarantees and standby letters of credit	6,164	4,936	4,305
Capital expenditure	17	-	-
Operating lease commitments	47	44	82
	6,228	4,980	4,387

4.3 Capital management

2007 under Basel II Standardised methodology (2006 figures are based on Basel I calculations)	2007 € million	2006 € million
Ordinary and Preferred shareholders' equity	**3,910**	2,376
Regulatory adjustments - mainly final dividend and intangibles	**(404)**	(409)
Total Tier I capital	**3,506**	1,967
Tier II capital - mainly subordinated debt	**2,230**	1,501
Other regulatory deductions	**(23)**	(25)
Total Regulatory Capital	**5,713**	3,443
Risk Weighted Assets	**45,120**	34,791
Ratios:	**%**	%
Tier I	**7.8%**	5.7%
Total BIS	**12.7%**	9.9%

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios") and adopted by the European Union and the Bank of Greece in supervising the Bank.

The Bank and its individually regulated operations have complied with all externally imposed capital requirements throughout the period.

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, processes and policies from previous years.

Regulatory capital consists of Tier I capital, which includes shareholders' ordinary equity, preferred securities and minority interest and excludes estimated dividends. Deductions of Tier I include goodwill and intangible assets. Tier II capital includes subordinated debts and revaluation reserves. Certain adjustments are made to IFRS-based results and reserves, as prescribed by Bank of Greece that impact both Tier I & II capital.

There have been no material changes in the Bank's management of capital during the period.

4.4 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. However market prices are not available for a significant number of financial assets and liabilities held and issued by the Bank. Therefore, for financial instruments where no market price is available, the fair values of financial assets and liabilities are estimated using present value or other estimation and valuation techniques based on current prevailing market conditions.

The values derived using these techniques are significantly affected by underlying assumptions concerning both the amounts and timing of future cash flows and the discount rates used. The following methods and assumptions indicate that the fair values of financial assets and liabilities approximate their carrying amounts:

a) financial assets at fair-value-through-profit-or-loss, derivatives and other transactions undertaken for trading purposes as well as treasury bills, available-for-sale securities and assets and liabilities designated at fair-value-through-profit-or-loss are measured at fair value (see notes 13, 14, 17, 24, 25 and 26) by reference to quoted market prices when available. If quoted market prices are not available, then the fair values are estimated using valuation techniques based on observable market data.

b) substantially all of the Bank's other financial assets and liabilities are at floating rates of interest, which re-price at frequent intervals. Therefore the Bank has no significant exposure to fair value fluctuations and the carrying value of the financial assets and liabilities is substantially equivalent to their fair values, unless otherwise stated.

4.5 Fiduciary activities

The Bank provides custody, trustee, corporate administration, investment management and advisory services to third parties. This involves the Bank making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements.

5. Net interest income

	2007 € million	2006 € million
Interest income		
Banks and customers	**4,852**	3,227
Trading securities	**21**	41
Other securities	**472**	406
Total interest income	**5,345**	3,674
Interest expense		
Banks and customers	**(3,692)**	(2,306)
Other borrowed funds	**(182)**	(86)
Total interest expense	**(3,874)**	(2,392)
Net interest income	**1,471**	1,282

Derivative financial instruments contribute € 1,798 million (2006: € 1,103 million) to interest income and € 1,840 million (2006: € 1,159 million) to interest expense.

6. Operating expenses

	2007 € million	2006 € million
Staff costs (note 7)	**452**	391
Administrative expenses	**240**	194
Amortisation and impairment of intangible assets (note 20)	**8**	2
Depreciation and impairment of property, plant and equipment (note 21)	**57**	54
Operating lease rentals	**64**	51
	821	692
Wildfire donation (see below)	**20**	-
	841	692

Following the catastrophic wildfires in Greece in the summer of 2007, Eurobank EFG committed € 20 million for the support of victims, the reconstruction of the region affected, and the prevention of similar disasters.

7. Staff costs

	2007 € million	2006 € million
Wages, salaries and staff bonuses	**324**	273
Social security costs	**65**	55
Additional pension and other post employment costs	**22**	23
Other	**41**	40
	452	391

The average number of employees of the Bank during the year was 8,739 (2006: 7,681).

8. Income tax expense

	2007 € million	2006 € million
Current tax	**116**	115
Deferred tax	**17**	11
	133	126
Current tax - tax on prior year reserves (see below)	**-**	43
Deferred tax - taxation on reserves (see below)	**16**	-
Total tax charge	**149**	169

The Greek corporate rate of tax in 2007 is 25% (2006: 29%). The Bank's tax rate for 2007 is 25% (2006: 24%, in accordance with special incentives for mergers). The tax on the Bank's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2007 € million	2006 € million
Profit before tax	**854**	644
Tax at the applicable tax rates of 25% (2006: 29%)	**214**	187
Tax effect of:		
- parent company benefit from reduced tax rate (2006: 24%)	**-**	(32)
- reserves taxable under new law (see below)	**16**	-
- income and expenses not subject to tax	**(87)**	(40)
- other	**6**	11
- one-off taxation on non-taxed prior year reserves (see below)	**-**	43
Income tax expense	**149**	169

Following law 3513 that was enacted in November 2006, the non-taxed reserves of the Bank that had been accounted for and presented in the financial statements for the year-ended 31 December 2005, which would be taxable on distribution and which have not been distributed or capitalised, were subject to one-off taxation at a rate of 10% or 15% based on the tax status of the respective reserves. As a result the Bank paid the amount of € 43.3 million. In March 2007, the Bank lodged a formal legal claim questioning the proper applicability of the above law on legal grounds. The resolution of the legal dispute is expected to be lengthy.

Following law 3634 that was enacted in January 2008, the non-taxed reserves created in 2007 from (a) capital gains on listed shares, (b) gains from derivatives (domestic and foreign) and (c) non-taxable profits under the provisions of article 99 of L.2238/1994, will be taxed at 25% in September 2008. As a result, the Bank will pay the amount of € 16.6 million on the 2007 profits accounted for through the Income Statement, and € 8 million on the capital gains on treasury shares accounted for in equity.

9. Deferred income taxes

Deferred income taxes are calculated on all temporary differences under the liability method using the expected effective tax rate of 25% (2006: 25%).

The movement on the deferred income tax account is as follows:

	2007 € million	2006 € million
At 1 January	**92**	86
Income statement credit / (charge)	**(33)**	(11)
Available for sale securities:		
- fair value measurement (note 17)	**(7)**	74
- transfer to net profit (note 17)	**4**	(7)
- fair value hedges (note 17)	**12**	(46)
Cash flow hedges	**(0)**	(4)
Other	**(9)**	-
At 31 December	**59**	92

Deferred income tax assets are attributable to the following items:	2007 € million	2006 € million
Valuation temporary differences accounted directly to special reserves	**(15)**	(15)
Valuation temporary differences accounted through the income statement	**(7)**	13
Cash flow hedges	**(5)**	(5)
Fixed assets temporary differences	**3**	6
Pensions and other post retirement benefits	**26**	24
Loan impairment	**29**	54
Unused tax losses	**12**	-
Other temporary differences	**16**	15
Deferred income tax assets (note 22)	**59**	92

9. Deferred income taxes (continued)

The deferred income tax (credit) / charge in the income statement comprises the following temporary differences:

	2007 € million	2006 € million
Valuation temporary differences	**20**	(1)
Fixed assets temporary differences	**3**	7
Pensions and other post retirement benefits	**(2)**	2
Loan impairment	**25**	14
Unused tax losses	**(12)**	-
Other temporary differences	**(1)**	(11)
Deferred income tax (credit) / charge	**33**	11

10. Cash and balances with central bank

	2007 € million	2006 € million
Cash in hand	**495**	395
Balances with central bank	**764**	1,246
	1,259	1,641
of which:		
Mandatory deposits with central bank	**441**	443

Mandatory deposits with central bank represent the minimum level of average monthly deposits which the Bank is required to maintain. Balances with central bank can be withdrawn at any time provided the average monthly minimum deposits are maintained.

11. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprises the following balances with less than 90 days maturity:

	2007 € million	2006 € million
Cash and balances with central bank (excluding mandatory deposits with central banks)	**818**	1,198
Loans and advances to banks	**12,162**	3,595
Financial instruments at fair value through profit or loss	**45**	42
	13,025	4,835

12. Loans and advances to banks

	2007 € million	2006 € million
Pledged deposits with banks	**1,033**	553
Items in course of collection and current accounts with banks	**898**	590
Placements with other banks	**14,614**	4,053
	16,545	5,196
Included in loans and advances to banks are unsubordinated amounts due from:		
- subsidiary undertakings	**12,141**	2,610
- settlement balances with banks	**198**	152
Included in loans and advances to banks are subordinated amounts due from:		
- subsidiary undertakings	**279**	70

The fair value of financial assets that the Bank accepted as collateral and may be sold or repledged is€ 2,067 million (2006: € 1,177 million).

13. Financial instruments at fair value through profit or loss (including trading)

	2007 € million	2006 € million
Trading portfolio		
Issued by public bodies:		
- government	**182**	159
	182	159
Issued by other issuers:		
- banks	**5**	56
- other corporations	**195**	298
	200	354
Total trading portfolio	**382**	513
Other financial assets designated at fair value through profit or loss	**103**	61
Total	**485**	574
Equity securities	**12**	10
Treasury bills	**-**	20
Debt securities	**370**	483
Other financial assets at fair value through profit or loss	**103**	61
	485	574
Pledged securities under repurchase agreements with central bank	**27**	101

The fair value of the transferred securities that continue to be recognised in the Balance Sheet at 31 December 2007 amounts to € 353 million (2006: € 387 million) and the carrying amount of their associated liabilities amounts to€ 379 million (2006: € 377 million).

14 Derivative financial instruments and hedge accounting

14.1 Derivative financial instruments

The Bank utilises the following derivative instruments for both hedging and non-hedging purposes:

Currency forwards represent commitments to purchase or sell foreign and domestic currency. Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates or to buy or sell foreign currency or a financial instrument on a future date at a specified price established in an organized financial market. Since future contracts are collateralised by cash or marketable securities and changes in the futures contract value are settled daily with the exchange, the credit risk is negligible.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e. cross-currency interest rate swaps). Except for certain currency swaps, no exchange of principal takes place. The Bank's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for its lending activities and/or marks to market with bilateral collateralisation agreements over and above an agreed threshold.

Foreign currency and interest rate options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a foreign currency or a financial instrument at a predetermined price. In consideration for the assumption of foreign exchange or interest rate risk, the seller receives a premium from the purchaser. Options may be either exchange-traded or negotiated between the Bank and a customer (OTC). The Bank is exposed to credit risk on purchased options only, and only to the extent of their carrying amount, which is their fair value.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The fair values of derivative instruments held are set out in the following table:

	31 December 2007			31 December 2006		
	Contract/ notional amount	**Fair values**		Contract/ notional amount	Fair values	
		Assets	**Liabilities**		Assets	Liabilities
	€ million	**€ million**	**€ million**	€ million	€ million	€ million
Derivatives held for trading						
OTC currency derivatives						
- Currency forwards	**2,616**	**40**	**34**	1,226	22	19
- Currency swaps	**769**	**4**	**7**	2,358	38	26
- OTC currency options bought and sold	**3,525**	**79**	**74**	1,870	22	21
		123	**115**		82	66
OTC interest rate derivatives						
- Interest rate swaps	**31,756**	**501**	**485**	25,343	376	356
- Cross-currency interest rate swaps	**1,344**	**53**	**74**	838	18	79
- Forward Rate Agreements	**2,412**	**4**	**2**	4,465	1	1
- OTC interest rate options	**14,603**	**25**	**27**	14,131	26	33
		583	**588**		421	469
Exchange traded interest rate futures	**360**	**4**	**5**	657	2	2
Exchange traded interest rate options	**80**	**1**	**1**	982	1	(0)
		588	**594**		424	471
Other derivatives						
OTC index options bought and sold	**7**	**1**	**1**	25	4	4
Forward security contracts	**127**	**0**	**0**	4	0	0
Other derivative contracts (see below)	**540**	**11**	**9**	406	1	2
		12	**10**		5	6
Total derivative assets/liabilities held for trading		**723**	**719**		511	543
Derivatives designated as fair value hedges						
Interest rate swaps	**3,637**	**55**	**170**	3,894	51	169
Cross-currency interest rate swaps	**114**	**7**	**7**	129	5	7
		62	**177**		56	176
Derivatives designated as cash flow hedges						
Interest rate swaps	**2,970**	**12**	**39**	1,615	7	15
Total derivatives assets/liabilities used for hedging purposes		**74**	**216**		63	191
Total derivatives assets / liabilities		**797**	**935**		574	734

Other derivative contracts include credit default swaps, exchange traded index futures, exchange traded index options bought and sold and commodity swaps.

14 Derivative financial instruments and hedge accounting (continued)

14.2 Hedge accounting

The Bank uses derivatives for hedging purposes in order to reduce its exposure to credit and market risks. This is achieved by hedging specific financial instruments or portfolios of fixed rate financial instruments. The hedging practices and accounting treatment are disclosed in Note 2 (d).

(a) Fair value hedges

The Bank hedges a proportion of its existing interest rate risk resulting from any potential decrease in the fair value of fixed rate available-for-sale bonds and any potential increase in the fair value of deposits denominated both in local and foreign currencies using interest rate and cross currency interest rate swaps. The net fair value of these swaps at 31 December 2007 was € 115 million liability (2006: € 120 million liability). The losses on the hedging instruments were € 14 millions (2006: € 197 gain). The gains on the hedged item attributable to the hedged risk were€ 47 million (2006: € 184 million loss).

(b) Cash flow hedges

The Bank hedges a proportion of its existing interest rate risk resulting from any cash flow variability associated with future interest rate changes on variable rate assets or liabilities or unrecognised highly probable forecast transactions using interest rate swaps. At 31 December 2007, interest rate swaps had a net fair value of € 27 million liability (2006: € 8 million liability). In 2007, the ineffectiveness recognised in income statements that arises from cash flow hedges was € 7 million gain (2006: € 0.5 million loss).

15. Loans and advances to customers

	2007 € million	2006 € million
Lending to medium size and large corporate entities	**12,764**	10,806
Consumer lending	**8,676**	7,122
Mortgage lending	**10,012**	7,935
Small business lending	**6,614**	5,069
Gross loans and advances to customers	**38,066**	30,932
Less: Provision for impairment losses (note 16)	**(831)**	(749)
	37,235	30,183
The loans and advances to customers include the following amounts:		
- due from subsidiary undertakings	**1,953**	2,024
- due from associated undertakings, unsubordinated	**0**	0
- maturing after 1 year	**18,561**	12,498

Loans and advances to customers include securitised loans as detailed below:

	2007 € million	2006 € million
Residential Mortgage Backed Securities (Themeleion I - June 2004)	**215**	398
Residential Mortgage Backed Securities (Themeleion II - June 2005)	**231**	455
Residential Mortgage Backed Securities (Themeleion III - June 2006)	**398**	828
Residential Mortgage Backed Securities (Themeleion IV - June 2007)	**1,477**	-
Credit Card Asset Backed Securities (Karta PLC - July 2005)	**976**	997
Small Business Loan Asset Backed Securities (Anaptyxi - October 2006)	**2,648**	2,864
Consumer Loan Asset Backed Securities (Daneion - November 2007)	**3,444**	-
Total securitised loans	**9,389**	5,542

16. Provision for impairment losses on loans and advances to customers

A reconciliation of the provision for impairment losses on loans and advances by class is as follows:

	31 December 2007				
	Wholesale € million	**Consumer € million**	**Mortgage € million**	**Small business € million**	**Total € million**
Balance at 1 January	**343**	**220**	**15**	**171**	**749**
Impairment losses on loans and advances charged in the year	**16**	**271**	**0**	**52**	**339**
Amounts recovered during the year	**1**	**4**	**2**	**1**	**8**
Loans written off during the year as uncollectible	**(27)**	**(236)**	**(0)**	**(2)**	**(265)**
Foreign exchange differences	**-**	**0**	**0**	**0**	**0**
Balance at 31 December	**333**	**259**	**17**	**222**	**831**

	31 December 2006				
	Wholesale € million	Consumer € million	Mortgage € million	Small business € million	Total € million
Balance at 1 January	344	196	14	129	683
Impairment losses on loans and advances charged in the year	31	235	0	42	308
Amounts recovered during the year	2	11	1	1	15
Loans written off during the year as uncollectible	(34)	(222)	(0)	(1)	(257)
Balance at 31 December	343	220	15	171	749

Repossessed properties

During the year, the Bank obtained assets amounting to€ 17 million (2006: € 13 million), by taking possession of collateral held as security.

17. Available-for-sale investment securities

	2007 € million	2006 € million
Issued by public bodies:		
- government	**5,928**	7,006
- other public sector	**-**	18
	5,928	7,024
Issued by other issuers:		
- banks	**622**	435
- other	**2,805**	2,560
	3,427	2,995
Total	**9,355**	10,019
Listed	**8,193**	9,306
Unlisted	**1,162**	713
	9,355	10,019
Equity	**573**	389
Debt	**8,782**	9,630
	9,355	10,019
Unamortised discounts and premiums included above	**(123)**	45
Pledged securities with stock market clearing houses	**51**	7
Pledged securities under repurchase agreements with central banks	**2,805**	2,296
Maturing after 1 year	**8,162**	8,925

The fair value of the transferred securities that continue to be recognised in the Balance Sheet at 31 December 2007 amounts to € 9,984 million (2006: € 9,244 million) and the carrying amount of their associated liabilities amounts to€ 10,228 million (2006: € 9,461 million).

	2007 € million	2006 € million
The movement in the account is as follows:		
Net book value at 1 January	**10,019**	9,309
Arising from legal mergers	**-**	6
Exchange adjustments	**(123)**	(121)
Additions	**7,198**	5,521
Disposals and redemptions	**(7,673)**	(4,490)
Amortisation of discounts / premiums and interest	**5**	(1)
Net gains / (losses) from changes in fair value for the year	**(71)**	(205)
Net book value at 31 December	**9,355**	10,019

Equity reserve : revaluation of the available-for-sale investments

Gains and losses arising from the changes in the fair value of available-for-sale investments are recognised in a revaluation reserve for available for sale financial assets in equity. The movement of the reserve is as follows:

	2007 € million	2006 € million
At 1 January	**140**	164
Deferred income taxes on AFS equities opening reserves (see note 9)	**(24)**	-
Net gains / (losses) from changes in fair value	**(71)**	(205)
Deferred income taxes	**17**	74
	(54)	(131)
Net (gains) / losses transferred to net profit on disposal	**(17)**	(37)
Impairment losses transferred to net profit	**-**	13
Deferred income taxes	**4**	(7)
	(13)	(31)
Net losses / (gains) transferred to net profit from fair value hedges	**(47)**	184
Deferred income taxes	**12**	(46)
	(35)	138
Balance at 31 December	**14**	140

18. Investments in subsidiary undertakings

The following is a listing of the Bank's subsidiaries at 31 December 2007:

Name	Note	Percentage Holding	Country of incorporation	Line of business
EFG Business Services S.A.		100.00	Greece	Payroll and advisory services
EFG Eurobank Asset Management S.A.		100.00	Greece	Asset management
EFG Eurobank Ergasias Leasing S.A.		100.00	Greece	Leasing
EFG Eurobank Securities S.A.		100.00	Greece	Capital markets and investment services
EFG Eurolife General Insurance S.A		100.00	Greece	Insurance services
EFG Eurolife Life Insurance S.A.		100.00	Greece	Insurance services
EFG Factors S.A.		100.00	Greece	Factoring
EFG Insurance Services S.A.		95.00	Greece	Insurance brokerage
EFG Internet Services S.A.		100.00	Greece	Internet and electronic banking
EFG Mutual Funds Mngt Company S.A		100.00	Greece	Mutual fund management
EFG Telesis Finance S.A.		100.00	Greece	Investment banking
Eurobank Cards S.A.		100.00	Greece	Credit card management
Eurobank Fin and Rent S.A. (*)		25.00	Greece	Vehicle leasing and rental
Eurobank Properties R.E.I.C.	l	54.88	Greece	Investment Services
Eurobank Property Services S.A.		100.00	Greece	Real estate services
Financial Planning Services S.A		100.00	Greece	Receivables collection
Global Fund Management S.A		62.50	Greece	Investment advisors
Be-Business Exchanges S.A.	h	97.26	Greece	Business-to business e-commerce
Eurobank EFG Bulgaria A.D.	j	63.56	Bulgaria	Banking
EFG Leasing E.A.D.		100.00	Bulgaria	Leasing
EFG Property Services Sofia A.D.		80.00	Bulgaria	Real estate services
EFG Hellas (Cayman Islands) Ltd		100.00	Cayman Islands	Special purpose financing vehicle
GFM Levant Capital (Cayman) Ltd		72.50	Cayman Islands	Fund management
Berberis Investments Limited		99.99	Channel Islands	Holding company
EFG Hellas Funding Limited		100.00	Channel Islands	Special purpose financing vehicle
CEH Balkan Holdings Ltd		100.00	Cyprus	Holding company
EFG Private Bank (Luxembourg) S.A.		100.00	Luxembourg	Banking
Eurobank EFG Fund Management Company (Luxembourg) S.A.		100.00	Luxembourg	Fund management
Eurobank EFG Holding (Luxembourg) S.A.		99.00	Luxembourg	Holding company
EFG New Europe Funding B.V		100.00	Netherlands	Finance company
EFG New Europe Holding B.V.	c	100.00	Netherlands	Holding company
EFG Property Services Polska Sp. z.o.o	i	1.67	Poland	Real estate services
Polbank Dystrybucja Sp. z o.o.		100.00	Poland	Sundry services
Bancpost S.A.		77.56	Romania	Banking
EFG Eurobank Finance S.A.		100.00	Romania	Investment banking
EFG Leasing IFN S.A.	f	99.92	Romania	Leasing
EFG Eurobank Mutual Funds Management Romania S.A.I. S.A.		81.00	Romania	Mutual fund management
EFG Eurobank Property Services S.A.		80.00	Romania	Real estate services
EFG IT Shared Services S.A.		99.25	Romania	Informatics data processing
S.C. EFG Eurolife Asigurari de Viata S.A.	a	9.90	Romania	Insurance services
S.C. EFG Eurolife Asigurari Generale S.A.	b	9.90	Romania	Insurance services
EFG Leasing A.D. Beograd	d	25.81	Serbia	Leasing
EFG Property Services D.o.o. Beograd		80.00	Serbia	Real estate services
Eurobank EFG Stedionica A.D. Beograd	e	73.95	Serbia	Banking
EFG Istanbul Holding A.S.		100.00	Turkey	Holding company
Anaptyxi 2006-1 PLC		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Anaptyxi APC Ltd.		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Anaptyxi Holdings Ltd		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Anaptyxi Options Ltd		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Daneion 2007-1 PLC	k	-	United Kingdom	Special purpose financing vehicle (SIC 12)
Daneion APC Ltd	k	-	United Kingdom	Special purpose financing vehicle (SIC 12)
Daneion Holdings Ltd	k	-	United Kingdom	Special purpose financing vehicle (SIC 12)
EFG Hellas PLC		99.99	United Kingdom	Special purpose financing vehicle
Karta 2005 -1 PLC		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Karta APC Ltd		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Karta Holdings Ltd		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Karta LNI 1 Ltd		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Karta Options Ltd		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion Mortgage Finance PLC		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion II Mortgage Finance PLC		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion III Mortgage Finance PLC		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion III Holdings Limited		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion IV Mortgage Finance PLC	g	-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion IV Holdings Limited	g	-	United Kingdom	Special purpose financing vehicle (SIC 12)
Eurobank EFG Ukraine Distribution LLC		100.00	Ukraine	Sundry services

(*) indirect participation 75%

(a) S.C. EFG Eurolife Asigurari de Viata S.A., Bucharest

In February 2007, the Bank in cooperation with EFG Eurolife General Insurance S.A., EFG Eurolife Life Insurance S.A., Eurobank Cards S.A. and EFG Business Services S.A. established S.C. EFG Eurolife Asigurari de Viata S.A., a life insurance company operating in Romania. The Bank's holding in the share capital of the company is 9.9%.

(b) S.C. EFG Eurolife Asigurari Generale S.A., Bucharest

In February 2007, the Bank in cooperation with EFG Eurolife General Insurance S.A., EFG Eurolife Life Insurance S.A., Eurobank Cards S.A. and EFG Business Services S.A. established S.C. EFG Eurolife Asigurari Generale S.A., a general insurance company operating in Romania. The Bank's holding in the share capital of the company is 9.9%.

18. Investments in subsidiary undertakings (continued)

(c) New Europe Holding B.V., Amsterdam (formerly Cayne Management Group B.V.)
In March 2007, the Bank acquired 100% of the share capital of Cayne Management Group B.V. (renamed New Europe Holding B.V.), a holding company operating in the Netherlands. In July 2007, the Bank increased the company's share capital by€500 million.

(d) EFG Leasing A.D. Beograd
In April 2007, the Bank decreased its participation in the company's share capital to 50.24% from 51.14% and in October 2007 to 25.81%.

(e) Eurobank EFG Stedionica A.D. Beograd
In May 2007, the Bank decreased its participation in the company's share capital to 85.98% from 94.48% and in November 2007 to 73.95%.

(f) EFG Leasing IFN S.A., Bucharest (formerly EFG Eurobank Leasing S.A.)
In May 2007, EFG Eurobank Leasing S.A. changed its name to EFG Leasing IFN S.A.

(g) Themeleion IV, UK
In June 2007, the Bank established Themeleion IV Holdings Limited and Themeleion IV Mortgage Finance PLC, special purpose entities, as part of the fourth securitisation of mortgage loans.

(h) Be-Business Exchanges S.A.
In June 2007, the Bank increased its participation in Be-Business Exchanges S.A. to 76.32% from 71.04% and in September 2007 to 96.37%. In December 2007, the Bank participated in the share capital increase of the company and its participation increased to 97.26%.

(i) EFG Property Services Polska Sp. z.o.o
In October 2007, the Bank in cooperation with EFG New Europe Holding B.V. established EFG Property Services Polska Sp. z.o.o, a real estate services company operating in Poland. The Bank's holding in the share capital of the company is 1.67%.

(j) Eurobank EFG Bulgaria A.D., Sofia
In November 2007, Bulgarian Post Bank A.D. and DZI Bank A.D. merged with a local reference date of 31 July 2007. The merged entity was renamed Eurobank EFG Bulgaria A.D.

(k) Daneion, UK
In November 2007, the Bank established Daneion Holdings Ltd, Daneion 2007-1 PLC and Daneion APC Ltd, special purpose entities, as part of the first securitisation of consumer loans .

(l) Eurobank Properties R.E.I.C.
In December 2007, the Bank participated in the share capital increase of the company amounting to € 329.4 million in cash in favour of existing shareholders, at a ratio of 3 new shares for every 2 held at a price of€ 20 per share.

19. Investments in associated undertakings

The following is a listing of the Bank's associates and joint ventures as at 31 December 2007:

Name	Country of Incorporation	Line of business	Percentage Holding	Assets € million	Liabilities € million	Profit / (loss) € million
Cardlink S.A.	Greece	POS administration	50.00	**1**	**0**	**(0)**
Dias S.A.	Greece	Closed-end investment fund	42.09	**97**	**3**	**16**
Tefin S.A.	Greece	Motor vehicle sales financing	50.00	**8**	**1**	**(0)**
Unitfinance S.A.	Greece	Financing company	40.00	**34**	**27**	**2**
				140	**31**	**18**

As at 31 December 2007, all of the Bank's associates are unlisted except for Dias S.A. (31 December 2006: Dias S.A.). The fair value of the investments in the Bank's associates that are listed based on quoted market prices as at 31 December 2007 was€ 30 million (31 December 2006: € 30 million).

Tefin S.A., Cardlink S.A. and Unitfinance S.A are the Bank's joint ventures.

(a) Sofitel Athens Airport S.A.
In December 2007, the Bank disposed of its 50.50% holding in its associated undertaking, Sofitel Athens Airport S.A. The provisional gain on disposal is € 1 million and is included in other operating income.

20. Intangible assets

	2007 € million	2006 € million
Cost:		
Balance at 1 January	13	6
Additions	29	7
Transfers	33	-
Disposals and write - offs	-	(0)
Balance at 31 December	75	13
Accumulated impairment / amortisation:		
Balance at 1 January	(2)	(0)
Amortisation charge for the year	(8)	(2)
Transfers	(0)	-
Disposals and write - offs	0	0
Balance at 31 December	(10)	(2)
Net book value at 31 December	65	11

21. Property, plant and equipment

	Land, buildings, leasehold improvements € million	Furniture, equipment motor vehicles € million	Computer hardware, software € million	Investment Property € million	Total fixed assets € million
Cost:					
Balance at 1 January 2006	315	99	285	63	**762**
Arising from legal merger	-	0	0	-	**0**
Transfers	(8)	0	1	7	**-**
Additions	48	17	46	4	**115**
Disposals and write - offs	(7)	(3)	(8)	(2)	**(20)**
Impairment	(0)	(0)	-	-	**(0)**
Balance at 31 December 2006	348	113	324	72	**857**
Accumulated depreciation:					
Balance at 1 January 2006	(79)	(69)	(212)	(4)	**(364)**
Arising from legal merger	-	(0)	(0)	-	**(0)**
Transfers	(0)	(0)	0	0	**(0)**
Disposals and write-offs	3	2	8	0	**13**
Charge for the year	(14)	(10)	(30)	(0)	**(54)**
Balance at 31 December 2006	(90)	(77)	(234)	(4)	**(405)**

	Land, buildings, leasehold improvements € million	Furniture, equipment motor vehicles € million	Computer hardware, software € million	Investment Property € million	Total fixed assets € million
Cost:					
Balance at 1 January 2007	348	113	324	72	**857**
Transfers	(27)	(0)	(11)	9	**(29)**
Additions	46	20	28	0	**94**
Disposals and write - offs	(64)	(5)	(7)	(2)	**(78)**
Impairment	(0)	0	-	-	**-**
Exchange adjustments	(0)	0	(1)	-	**(1)**
Balance at 31 December 2007	303	128	333	79	**843**
Accumulated depreciation:					
Balance at 1 January 2007	(90)	(77)	(234)	(4)	**(405)**
Transfers	(0)	(0)	0	0	**-**
Disposals and write-offs	13	5	7	0	**25**
Charge for the year	(16)	(11)	(30)	0	**(57)**
Exchange adjustments	0	0	(0)	-	**-**
Balance at 31 December 2007	(93)	(83)	(257)	(4)	**(437)**
Net book value at 31 December 2007	210	45	76	75	**406**
Net book value at 31 December 2006	258	36	90	68	**452**

Leasehold improvements relate to premises occupied by the Bank for its own activities.

Included in the above as at 31 December 2007 is € 12 million (31 December 2006: € 42 million) relating to assets under construction.

Investment property

Investment property is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight line method over a period of 40-50 years. The fair value of investment property as at 31 December 2007 was € 112 million (31 December 2006: € 104 million). The fair values are open-market values provided by professionally qualified valuers.

During the year ended 31 December 2007 an amount of € 3 million (31 December 2006: € 1.8 million) was recognised as rental income from investment property in income from non banking services. There were no capital commitments in relation to investment property as at 31 December 2007 (31 December 2006:€ nil).

22. Other assets

	2007 € million	2006 € million
Prepaid expenses and accrued income	**151**	125
Deferred tax asset (note 9)	**59**	92
Repossessed properties	**78**	62
	288	279

23. Due to other banks

	2007 € million	2006 € million
Items in course of collection and current accounts with banks	**308**	459
Deposits from other banks	**5,231**	1,732
	5,539	2,191
Included in the amounts due to other banks are amounts due to:		
- subsidiary undertakings	**4,323**	1,086
- fellow subsidiary and associate undertakings	**88**	509
- settlement balances with banks	**200**	162

Amounts related to repurchase agreements with Banks are presented in a separate line on the face of the balance sheet and comparatives have been adjusted accordingly.

24. Due to customers

	2007 € million	2006 € million
Savings and current accounts	**11,278**	9,229
Term deposits	**27,596**	21,026
Repurchase agreements	**65**	108
	38,939	30,363
Included in the amounts due to customers are amounts due to:		
- parent undertaking	**0**	52
- subsidiary undertakings	**15,941**	11,468
- fellow subsidiary and associate undertakings	**14**	275
- maturing after 1 year	**8,500**	6,492

25. Other borrowed funds

Other borrowed funds arisen from the securitization of assets from special purpose vehicles on behalf of the Bank are as follows:

(a) Residential Mortgage Backed Securities (RMBS)

In June 2004, the Bank proceeded with the securitisation of mortgage loans through the issuance of mortgage loans asset backed securities by Themeleion Mortgage Finance PLC, a special purpose entity, at an average funding cost of Euribor plus 19 basis points for seven years. As at 31 December 2007 the liability amounted to € 214 million (2006: € 281 million).

In June 2005, the Bank proceeded with the securitisation of mortgage loans through the issuance of mortgage loans asset backed securities by Themeleion II Mortgage Finance PLC, a special purpose entity, at an average funding cost of three month Euribor plus 17.5 basis points for seven years. As at 31 December 2007 the liability amounted to € 257 million (2006: € 576 million).

In June 2006, the Bank proceeded with the securitisation of mortgage loans through the issuance of mortgage loans asset backed securities by Themeleion III Mortgage Finance PLC, a special purpose entity, at an average funding cost of three month Euribor plus 16 basis points for seven years. As at 31 December 2007 the liability amounted to € 425 million (2006: € 959 million).

In June 2007, the Bank proceeded with the securitisation of mortgage loans through the issuance of mortgage loans asset backed securities by Themeleion IV Mortgage Finance PLC, a special purpose entity, at par with a coupon of three month Euribor plus 13 basis points for five years. As at 31 December 2007 the liability amounted to € 1,505 million.

(b) Credit Card Asset Backed Securities

In July 2005, the Bank proceeded with the securitisation of credit card loan portfolio through the issuance of credit card asset backed securities by Karta 2005-1 PLC, a special purpose entity, at an average funding cost of three month Euribor plus 21.7 basis points. As at 31 December 2007 the liability amounted to € 756 million (2006: € 737 million).

(c) Small Business Loan Asset Backed Securities

In October 2006, the Bank proceeded with the securitisation of loans to small business borrowers through the issuance of small business loan asset-backed securities by Anaptyxi 2006-1 PLC, a special purpose entity, at par with a coupon of three month Euribor plus 17 basis points for class A notes. As at 31 December 2007 the liability amounted to € 2,260 million (2006: € 962 million).

(d) Consumer Loan Asset Backed Securities

In November 2007, the Bank proceeded with the securitisation of consumer loans through the issuance of consumer loan asset-backed securities by Daneion 2007-1 PLC, a special purpose entity. As at 31 December 2007 the liability amounted to€ 2,503 million.

26. Other liabilities

	2007 € million	2006 € million
Current tax liabilities	**(50)**	(7)
Acquisition obligations	**5**	13
Deferred income and accrued expenses	**123**	90
Standard legal staff retirement indemnity obligations (note 27)	**66**	64
Trading liabilities	**0**	205
Other liabilities	**348**	368
	492	733

27. Standard legal staff retirement indemnity obligations

	2007 € million	2006 € million
Movement in the liability for standard legal staff retirement indemnity obligations		
Liability for staff retirement indemnity obligations at 1 January	**64**	51
Cost for the year (see below)	**16**	16
Benefits paid	**(14)**	(3)
Liability for staff retirement indemnity obligations at 31 December	**66**	64
Expense recognised in profit or loss		
Current service cost	**4**	4
Interest cost	**3**	2
Additional cost	**8**	8
Actuarial gains / losses	**1**	2
Total, included in staff costs (note 7)	**16**	16

Actuarial assumptions Principal actuarial assumptions (expressed as weighted averages)	2007 %	2006 %
Discount rate	**4.8**	**4.3**
Future salary increases	**3.5**	**3.5**
Inflation rate	**2.5**	**2.5**

28. Share capital, share premium and treasury shares

The par value of the Bank's shares was adjusted on 3 April 2007 to € 2.75 from € 3.30 per share due to the bonus issue of 2 shares for every 10 held. All shares are fully paid. The movement of share capital, share premium and treasury shares is as follows:

	Ordinary share capital € million	Treasury shares € million	Net € million	Share premium € million	Treasury shares € million	Net € million
At 1 January 2006	**1,054**	**(7)**	**1,047**	**523**	**(41)**	**482**
3 April 2006:						
- Distribution of free shares to executive directors, management and staff	2	-	2	19	-	19
- Bonus issue of 2 shares for every 10 held	211	(1)	210	(211)	1	(210)
- Expenses related to the above	-	-	-	(3)	-	(3)
17 April 2006:						
- Cancellation of Treasury shares	(3)	3	-	(15)	15	-
Share capital increase due to exercise of share options issued to executives directors, managements and staff	0	-	0	0	-	0
Purchase of treasury shares	-	(23)	(23)	-	(145)	(145)
Sale of treasury shares	-	7	7	-	40	40
At 31 December 2006	**1,264**	**(21)**	**1,243**	**313**	**(130)**	**183**
At 1 January 2007	**1,264**	**(21)**	**1,243**	**313**	**(130)**	**183**
3 April 2007:						
- Distribution of free shares to executive directors, management and staff	3	-	3	22	-	22
14 September 2007:						
- Share capital increase	169	(0)	169	1,060	(2)	1,058
- Share capital increase expenses	-	-	-	(17)	-	(17)
9 November 2007:						
- Distribution of free shares	0	-	0	4	-	4
21 November 2007:						
- Share capital increase due to re-investment of dividend	2	-	2	13	-	13
Share capital increase due to exercise of share options issued to executives directors, managements and staff	5	-	5	17	-	17
Purchase of treasury shares	-	(22)	(22)	-	(171)	(171)
Sale of treasury shares	-	34	34	-	231	231
At 31 December 2007	**1,443**	**(9)**	**1,434**	**1,412**	**(72)**	**1,340**

28. Share capital, share premium and treasury shares (continued)

The following is an analysis of the movement in the number of shares issued by the Bank:

	Number of shares		
	Issued	Treasury shares	Net
At 1 January 2006	**319,321,451**	**(1,885,524)**	**317,435,927**
3 April 2006: - Distribution of free shares to executive directors, management and staff	655,000	-	655,000
- Bonus issue of 2 shares for every 10 held	63,995,291	(471,295)	63,523,996
17 April 2006: - Cancellation of Treasury shares	(786,000)	786,000	-
Share capital increase due to exercise of share options issued to executives directors, management and staff	2,366	-	2,366
Purchase of treasury shares	-	(6,836,045)	(6,836,045)
Sale of treasury shares	-	2,000,000	2,000,000
At 31 December 2006	**383,188,108**	**(6,406,864)**	**376,781,244**
At 1 January 2007	**383,188,108**	**(6,406,864)**	**376,781,244**
3 April 2007: - Distribution of free shares to executive directors, management and staff	839,992	-	839,992
- Issue of 2 shares for every 10 held with the adjustment of the par value of the shares from €3.30 to €2.75	76,805,620	(290,588)	76,515,032
14 September 2007: - Share capital increase	61,444,496	-	61,444,496
9 November 2007: - Distribution of free shares to executive directors, management and staff	170,000	-	170,000
21 November 2007: - Share capital increase due to re-investment of dividend	649,605	-	649,605
Share capital increase due to exercise of share options issued to executives directors, management and staff	1,847,817	-	1,847,817
Purchase of treasury shares	-	(7,480,332)	(7,480,332)
Sale of treasury shares	-	10,746,158	10,746,158
At 31 December 2007	**524,945,638**	**(3,431,626)**	**521,514,012**

The rights issue of 2 new share for every 15 held at a price of € 20 each, approved by the Extraordinary General Shareholders Meeting on 2 August 2007 and totalling €1,229 million, was completed on 14 September 2007 and the new shares were listed on the Athens Exchange on 25 September 2007.

On 21 November 2007, the Extraordinary General Shareholders Meeting authorised the Board of Directors as follows:

(a) to increase the nominal share capital of the Bank by up to €150 million within the next 3 years to enable the reinvestment of dividends, and

(b) to increase the nominal share capital of the Bank by up to €22 million in cash, through private placement to foreign institutional investors abroad (minority shareholders in the Group's subsidiaries in New Europe), foregoing pre-emption rights to existing shareholders. The new shares issued will be offered as decided by the Board provided the price is no less than the average closing price of the five days preceding the issue date reduced by 3% and the offer is within one year from the date of the meeting.

Treasury shares special scheme

In accordance with Greek Company Law, prior to the amendment by L. 3604/2007 (August 2007), a company could acquire its own shares in order to support the share price of the company. As expressly stated under this specific section of Greek law, this type of action is only allowed when a company considers that the trading price of each stock, given the prevailing market conditions is significant lower than that which reflects its financial standing and future prospects. This specific section of Greek Company Law is not intended to deal with the reduction of shareholders' equity. Shares acquired should be sold back to investors through the stock market, or may be distributed to employees as part of a bonus programme within three years from the time of their acquisition. Shares still held by the company after the three-year period expires must be cancelled, subject to a General Meeting approval.

In April 2007, the Annual General Meeting approved the renewal of the treasury shares special scheme for one year within the price range of €4.88 to €30.89 per share (adjusted for the issue of 2 shares for every 10 held and the rights issue of 2 new shares for every 15 held) for a total of up to 5% of the Bank's shares and authorised the Board of Directors to take any action or handle an issue necessary for the application of the program of acquisition. As at 31 December 2007 the number of shares held under the treasury shares special scheme was 3,431,626.

29. Hybrid capital

On 18 March 2005, the Bank, through the Special Purpose Entity, EFG Hellas Funding Limited, issued € 200 million hybrid capital in the form of preferred securities which represent Lower Tier 1 capital for the Bank. The preferred securities have no fixed redemption date and give the issuer the right to call the issue at par on 18 March 2010 and annually thereafter. All obligations of the issuer in respect of the preferred securities are guaranteed on a subordinated basis by the Bank. The securities pay fixed non-cumulative annual dividend of 6.75% for the first two years and non-cumulative annual dividends that are determined based on the ten year EURO swap rate plus a spread of 0.125% capped at 8% thereafter. The preferred dividends may be declared by the directors of the issuer at their sole discretion and paid out of funds legally available to the issuer. The preferred dividend must be declared and paid if the Bank declares a dividend. The preferred securities are listed on the Luxembourg and Frankfurt Stock Exchanges.

On 2 November 2005, the Bank, through the Special Purpose Entity, EFG Hellas Funding Limited, issued € 400 million hybrid capital in the form of preferred securities which represent Lower Tier 1 capital for the Bank. The preferred securities have no fixed redemption date and give the issuer the right to call the issue at par on 2 November 2015 and quarterly thereafter. All obligations of the issuer in respect of the preferred securities are guaranteed on a subordinated basis by the Bank. The securities pay fixed non-cumulative annual dividend of 4.565% for the first ten years and non-cumulative annual dividends that are determined based on the 3month Euribor plus a spread of 2.22% thereafter. The preferred dividends may be declared by the directors of the issuer at their sole discretion and paid out of funds legally available to the issuer. The preferred dividend must be declared and paid if the Bank declares dividend, other than as legally required. The preferred securities are listed on the London Stock Exchange.

On 9 November 2005, the Bank, through the Special Purpose Entity, EFG Hellas Funding Limited, issued € 150 million hybrid capital in the form of preferred securities which represent Lower Tier 1 capital for the Bank. The preferred securities have no fixed redemption date and give the issuer the right to call the issue at par on 9 January 2011 and quarterly thereafter. All obligations of the issuer in respect of the preferred securities are guaranteed on a subordinated basis by the Bank. The securities pay fixed non-cumulative dividend on a quarterly basis at a rate of 6% per annum. The preferred dividends may be declared by the directors of the issuer at their sole discretion and paid out of funds legally available to the issuer. The preferred dividend must be declared and paid if the Bank declares dividend, other than as legally required. The preferred securities are listed on the London, Frankfurt and Euronext Amsterdam Stock Exchanges.

On 21 December 2005, the Bank, through the Special Purpose Entity, EFG Hellas Funding Limited, issued € 50 million hybrid capital in the form of preferred securities which is consolidated and form a single series with the existing€ 150 million preferred securities issued on 9 November 2005.

The movement of hybrid capital issued by the Bank through the Special Purpose Entity, EFG Hellas Funding Limited, is as follows:

	Series A € million	Series B € million	Series C € million	Total € million
At 1 January 2007	194	396	196	786
Purchase of hybrid capital	(14)	(3)	(9)	(26)
Sale of hybrid capital	4	4	9	17
At 31 December 2007	**184**	**397**	**196**	**777**

The rate of hybrid capital for the Tier 1 Issue series A has been determined to 4.297% for the period March 18, 2007 to March 17, 2008.
As at 31 December 2007, the dividend attributable to hybrid capital holders amounts to€ 39 million (31 December 2006: € 43 million).

30. Share options

The Bank grants share options to executive directors, management and employees. All options are equity-settled and may be exercised wholly or partly and converted into shares, at their owners' option provided that the vesting requirements are met.

The movement in the number of share options outstanding and their related weighted average exercise prices are as follows:

	31 December 2007		31 December 2006	
	Exercise price in € per share	Number of share options	Exercise price in € per share	Number of share options
At 1 January	**15.19**	**2,991,784**	17.98	1,527,455
Adjustment for corporate actions				
expiring in 2006	**-**	**-**	-	-
expiring in 2007	**6.21**	**2**	4.68	75
expiring in 2010	**12.14**	**469,345**	7.64	354
expiring in 2011	**12.17**	**279,047**	15.32	266,776
Granted, expiring in 2012	**13.82**	**1,483,851**	15.00	1,200,000
Exercised	**12.14**	**(1,847,817)**	7.64	(2,366)
Expired and cancelled	**12.08**	**(1,022)**	4.68	(510)
Balance at 31 December and average exercise price per share	**12.89**	**3,375,190**	15.19	2,991,784

Share options outstanding and exercisable at the end year have the following expiry dates and exercise prices:

Expiry date - 31 December

2007	**-**	**-**	-	-
2010	**12.14**	**412,292**	7.64	8
2011	**12.17**	**1,479,047**	15.32	1,791,776
2012	**13.82**	**1,483,851**	15.00	1,200,000
	12.89	**3,375,190**	15.19	2,991,784

In April 2006, the Annual General Meeting approved the establishment of an umbrella share options programme allowing the Board of Directors (through the Board's Remuneration Committee) to issue share options within the next 5 years (i.e. until the Annual General Meeting of the year 2011) totalling up to 3% of the Bank's shares within the defined framework similar to the share options issued in the past. The Repeat Extraordinary General Shareholders' Meeting on 21 November 2007 amended the terms of the programme so that the vesting period and exercise dates may be determined at the discretion of the Board following recommendation by the Remuneration Committee.

30. Share options (continued)

Following the Annual General Meeting of April 2006, the Board of Directors granted 1,479,047 share options with a strike price of € 12.17 per share (adjusted primarily for the issue of 2 shares for every 10 held and the rights issue of 2 new shares for every 15 held) to executive directors, management and employees, which may be exercised in December of 2008, 2009, 2010 and 2011 if the option holder is still employed by the Bank.

In April 2007, within the umbrella share options programme approved by the Repeat Annual General Meeting on 17 April 2006, the Board of Directors granted 1,483,851 share options with a strike price of €13.82 per share (adjusted for the issue of 2 shares for every 10 held and the rights issue of 2 new shares for every 15 held) to executive directors, management and employees. These may be exercised in December 2009, 2010, 2011 and 2012 if the holders are still employed by the Bank.

The fair value of options granted is determined using the Monte Carlo valuation method, which simulates the share price path taking into account the terms and conditions upon which the options were granted. The fair value measurement is based on the assumption that the options will be exercised by the employees on the first possible occasion the options are in-the money.

The fair value of the options granted for the year ended 31 December 2007 was € 9.11 (2006: € 10.7). The significant inputs into the model were share price of € 22.93 (2006: 25.92) at the grant date, exercise price of € 13.82, dividend yield of 3.3% (2006: 3.5%), expected average volatility of 25% (2006: 25%), expected option life of 3 years, and risk-free interest rate equal to 3 year swap rate. The expected volatility is measured at the grant date of the options and is based on the average historical volatility of the share price over the last 3 to 6 years.

31. Special reserves

	Statutory reserves € million	Non-taxed reserves € million	IAS 39 equity € million	Treasury shares reserve € million	Other reserves € million	Total € million
Balance at 1 January 2006	129	539	165	-	63	896
Transfers between reserves	24	(42)	-	-	(53)	(71)
Legal Mergers	0	10	-	-	(66)	(56)
Available-for-sale securities						
- net changes in fair value net of tax	-	-	(131)	-	-	(131)
- transfer to net profit net of tax	-	-	107	-	-	107
Cash flow hedges						
- net changes in fair value net of tax	-	-	19	-	-	19
- transfer to net profit net of tax	-	-	(6)	-	-	(6)
Value of employee services	-	-	-	-	6	6
Profit/(loss) from sale of treasury shares	-	7	-	-	-	7
At 31 December 2006	153	514	154	-	(50)	771
Balance at 1 January 2007	153	514	154		(50)	771
Transfers between reserves	35	139			48	222
Available-for-sale securities						
- net changes in fair value net of tax	-	-	(78)	-	-	(78)
- transfer to net profit net of tax	-	-	(48)	-	-	(48)
Cash flow hedges						
- net changes in fair value net of tax	-	-	5	-	-	5
- transfer to net profit net of tax	-	-	(4)	-	-	(4)
Value of employee services	-	-	-	-	9	9
Profit/(loss) from sale of treasury shares	-	-	-	-	24	24
At 31 December 2007	188	653	29	-	31	901

Statutory reserves and IAS39 reserves are not distributable. Included in IAS39 reserves as at 31 December 2007 is € 14 million (31 December 2006: € 13 million) relating to Cash flow hedging reserve.

Non-taxed reserves are taxed when distributed. As at 31 December 2007, non-taxed reserves include an amount of € 246 million which consists of € 289 million which following L.3513/2006 were subject to one-off taxation amounting to€ 43.3 million. The Bank has contested the above taxation in the courts (see note 8).

As at 31 December 2007, Other reserves also include capital and other gains of€ 74 million, net of tax according to L.3634 (see note 8).

32. Operating lease

Leases as lessee - Non-cancellable operating lease rentals are payable as follows:

	31 December 2007		31 December 2006	
	Land and buildings € million	Furniture, equipment, vehicles € million	Land and buildings € million	Furniture, equipment, vehicles € million
Not later than one year	**62**	**5**	44	3
Later than one year and no later than five years	**101**	**6**	39	5
Later than five years	**107**	**-**	82	-
	270	**11**	165	8

The total of future minimum sublease payments to be received under non-cancellable subleases at the balance sheet date is€ 2 million (31 December 2006: € nil).

Leases as lessor - Non-cancellable operating lease rentals are receivable as follows:

	31 December 2007		31 December 2006	
	Land and buildings € million	Furniture, equipment, vehicles € million	Land and buildings € million	Furniture, equipment, vehicles € million
Not later than one year	**4**	**-**	4	-
Later than one year and no later than five years	**1**	**-**	-	-
Later than five years	**-**	**-**	-	-
	5	**-**	4	-

33. Contingent liabilities and commitments

	2007 € million	2006 € million
Contingent liabilities :		
Guarantees		
- guarantees and standby letters of credit	**20,803**	14,742
- other guarantees	**679**	580
	21,482	15,322
Commitments :		
Documentary credits	**67**	84
Capital expenditure	**7**	17
	74	101
	21,556	15,423

As at 31 December 2007 a letter of guarantee that the Bank issued in favour of EFG Ora Funding Limited II amounted to € 385 million (2006: € 377 million) is included, against which the ultimate parent company of the Bank has guaranteed unconditionally and without the right of cancellation.

Legal proceedings

There were a number of legal proceedings outstanding against the Bank as at the period end. The Bank's management and its legal advisors believe that the outcome of existing lawsuits will not have a significant impact on the Bank's financial statements.

34. Post balance sheet events

Details of significant post balance sheet events are provided in the following notes:

Note 37 : Dividends

35. Related party transactions

The Bank is a member of the EFG Group, which consists of banks and financial services companies, the ultimate parent company of which is EFG Bank European Financial Group, a credit institution based in Switzerland. All voting rights at the general meetings of EFG Bank European Financial Group are held by the Latsis family. The EFG Group controls 41.2% of the Bank. The remaining shares are held by institutional and retail investors.

A number of banking transactions are entered into with related parties in the normal course of business and are conducted on an arms length basis. These include loans, deposits, letters of guarantee and derivatives. In addition, as part of its normal course of business in investment banking activities, the Bank at times may hold positions in debt and equity instruments of related parties. The volume of related party transactions and outstanding balances at the year-end are as follows:

	31 December 2007			
	Subsidiaries € million	**EFG Group € million**	**Key management personnel € million**	**Other € million**
Loans and advances to banks	**12,420**	**-**	**-**	**-**
Financial instruments at fair value through profit or loss	**82**	**-**	**-**	**-**
Available-for-sale investment securities	**206**	**56**	**-**	**43**
Derivative financial instruments assets	**110**	**-**	**-**	**-**
Loans and advances to customers	**1,953**	**24**	**16**	**38**
Other assets	**32**	**-**	**-**	**-**
Due to other banks	**4,323**	**88**	**-**	**-**
Derivative financial instruments liabilities	**21**	**-**	**2**	**-**
Due to customers	**15,941**	**2**	**38**	**55**
Other borrowed funds	**4,278**	**-**	**-**	
Other liabilities	**33**	**2**	**-**	**-**
Net Interest income/(expense)	**(334)**	**(6)**	**(0)**	**(1)**
Net banking fee and commission income/(expense)	**23**	**(2)**	**0**	**-**
Dividend income	**152**	**-**	**-**	**2**
Net trading income	**(1)**	**-**	**-**	**-**
Other operating income	**3**	**-**	**-**	**-**
Operating expenses	**(18)**	**-**	**-**	**-**
Impairment losses on loans and advances to customers	**(11)**	**-**	**-**	**-**
Letters of guarantee issued	**17,562**	**385**	**-**	**1**
Letters of guarantee received	**-**	**407**	**-**	**-**

	31 December 2006			
	Subsidiaries € million	EFG Group € million	Key management personnel € million	Other € million
Loans and advances to banks	2,680	0	-	-
Financial instruments at fair value through profit or loss	119	-	-	-
Available-for-sale investment securities	222	62	-	51
Derivative financial instruments assets	71	-	-	-
Loans and advances to customers	2,026	-	10	5
Other assets	34	-	-	-
Due to other banks	1,086	509	-	-
Derivative financial instruments liabilities	55	-	2	-
Due to customers	11,468	304	41	59
Other liabilities	33	1	-	-
Net Interest income/(expense)	(232)	(17)	(1)	1
Net banking fee and commission income/(expense)	34	-	-	-
Dividend income	41	-	-	-
Net trading income	(0)	-	-	-
Other operating income	3	-	-	-
Operating expenses	(16)	(3)	-	-
Impairment losses on loans and advances to customers	(2)	-	-	-
Letters of guarantee issued	13,058	377	-	2
Letters of guarantee received	-	407	-	-

Key management personnel includes directors and key management personnel of the Bank and its parent, and their close family members.

In relation to the letters of guarantee issued to the Bank's subsidiaries, the Bank had received cash collateral of €13,709 million as at 31 December 2007 (€ 10,140 million as at 31 December 2006), which is included in due to customers above.

No provisions have been recognised in respect of loans given to related parties (2006: € nil).

35. Related party transactions (continued)

Key management compensation (including directors)

Key management personnel are entitled to compensation in the form of short-term employee benefits € 12.8 million (31 December 2006: € 11.6 million) out of which € 4.1 million (31 December 2006: € 3.5 million) are share-based payments, and long-term employee benefits € 3.9 million (31 December 2006: € 2.4 million) out of which € 3.6 million (31 December 2006: € 2.0 million) are share-based payments.

36. Board of Directors

Other as noted below, the Board of Directors of the Bank since the Bank's Annual General Meeting of 3 April 2007 is the following:

X. C. Nickitas	Chairman	
G. C. Gondicas	Honorary Chairman (non executive)	
Ms A.M.L. Latsis	1st Vice Chairman (non executive)	
L. D. Efraimoglou	2nd Vice Chairman (non executive)	
N. C. Nanopoulos	Chief Executive Officer	
B. N. Ballis	Deputy Chief Executive Officer	
N. B. Karamouzis	Deputy Chief Executive Officer	
M. H. Colakides	Deputy Chief Executive Officer	From 1 November 2007
H. M. Kyrkos	Executive	Until 25 October 2007
N. K. Pavlidis	Executive	
F. S. Antonatos	Non Executive	
A. K. Bibas	Non Executive	
E. L. Bussetil	Non Executive	
S. J. Latsis	Non Executive	
P. P. Petalas	Non Executive	
P. K. Lambropoulos	Independent Non Executive	Until 21 May 2007
P. V. Tridimas	Independent Non Executive	
S.L. Lorentziadis	Independent Non Executive	From 25 June 2007

The Board of Directors' term expires at the Annual General Meeting which will take place within 2010

37. Dividends

Final dividends are not accounted for until they have been ratified by the Annual General Meeting.

On 9 November 2007, the Bank's Extraordinary General Shareholders Meeting approved the distribution of an interim dividend of € 0.32 per share, amounting to € 166 million, which was paid on 10 December 2007. The final dividend of € 0.50 per share proposed by the Board of Directors for 2007 on 7 February 2008, subject to the approval of the upcoming Annual General Meeting of Shareholders, brings the 2007 dividend to € 0.82 per share (2006: € 0.75 as adjusted for the issue of 2 shares for every 10 held and the rights issue of 2 new shares for every 15 held) totalling€ 425 million (2006: € 350 million).

For 2006, an interim dividend of €0.29 per share (adjusted as above) amounting to €136 million had been paid in December 2006 in accordance with the decision of the Board of Directors on 31 October 2006. The remaining final dividend of €0.46 per share amounting to €214 million was paid in April 2007 and has been accounted for in shareholders' equity as an appropriation of retained earnings during the period from 1 April 2007 to 30 June 2007.

Athens, 25 February 2008

Xenophon C. Nickitas	**Nicholas C. Nanopoulos**	**Paula Hadjisotiriou**	**Harris V. Kokologiannis**
I.D. No Θ - 914611	I.D. No Σ - 237468	I.D. No T - 005040	I.D No AE - 083615
CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	HEAD OF GROUP FINANCIAL SERVICES