

FINANCIAL STATEMENTS

AS AT 31 - 12 - 2007

In accordance with International Financial Reporting Standards



Athens 28 February 2008

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Independent Auditor's Report (translation from the original text in Greek)

To the Shareholders of EMPORIKI BANK OF GREECE S.A.

Report on the Financial Statements

We have audited the accompanying financial statements of Emporiki Bank of Greece S.A. (the "Bank"), which comprise of the balance sheet as of 31 December 2007 and the related statement of income, changes in equity and cash flows 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 Bank as of 31 December 2007 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Without qualifying our opinion, we draw attention to note 33 of the accompanying financial statements, which describes events following the adoption of Law 3371/2005 (Social Security Regulation of Banking Institutions) by the Bank and the uncertain final outcome of related litigation.

Reference to Other Legal and Regulatory Requirements

The Board of Directors' Report contains all information required by articles 43a paragraph 3, 16 paragraph 9 of Law 2190/1920 and article 11a of Law 3371/2005, and is consistent with the financial statements referred to in the preceding paragraph.

PRICEWATERHOUSECOOPERS 

PricewaterhouseCoopers
Certified Auditors - Accountants
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SOEL Reg. No. 113

Athens, 28 February 2008
The Certified Auditor - Accountant

Constantinos Michalatos
SOEL Reg. No. 17701

Income Statement

	Note	1 January- 31 December 2007	1 January- 31 December 2006
Interest & similar income		1.325.177	1.047.619*
Interest expense & similar charges		(622.429)	(384.569)*
NET INTEREST INCOME	6	702.748	663.050
Fee & commission income		155.899	159.628
Fee & commission expense		(8.426)	(7.333)
NET FEE & COMMISSION INCOME	7	147.473	152.295
Dividend income	8	1.586	1.616
Net trading results	9	(18.086)	6.253
Gains less losses from investment securities	10	55.226	7.929
Other operating income	11	13.362	14.185
NET OPERATING INCOME		902.309	845.328
Staff costs	12	(401.519)	(371.436)
Depreciation & amortization	23,24,25	(24.959)	(25.136)
Impairment losses on loans and advances	20	(211.300)	(442.628)
Other provisions		(17.900)	(55.428)
Other operating expenses	13	(185.592)	(183.814)
TOTAL OPERATING EXPENSES		(841.270)	(1.078.442)
PROFIT / (LOSS) BEFORE TAX		61.039	(233.114)
Income tax expense	14	(12.504)	(4.854)
PROFIT / (LOSS) AFTER TAX		48.535	(237.968)
Basic earnings per share (in Euro)	15	0,37	(1,8)

*The amounts of 2006 have been adjusted for comparison purposes
 Notes on pages 8 to 47 form an integral part of these financial statements

Balance Sheet

	Note	31 December 2007	31 December 2006
ASSETS			
Cash and balances with Central Bank	16	835.705	682.023
Treasury bills		31.395	6.895
Due from other banks	17	3.306.847	1.801.478
Trading securities	18	1.357.724	1.401.041
Derivative financial instruments	19	21.520	52.279
Loans and advances to customers	20	18.343.942	16.157.612
Available-for-sale securities	21	1.552.804	257.752
Held-to-maturity securities		66.515	76.486
Investments in subsidiaries	22	287.124	280.291
Investments in associates	22	2.281	2.043
Intangible assets	23	8.764	9.829
Property, plant and equipment	24	301.750	304.956
Investment property	25	95.409	93.274
Deferred tax assets	32	321.244	310.761
Income tax advance		4.529	2.976
Other assets	26	267.760	365.614
TOTAL ASSETS		26.805.313	21.805.310
LIABILITIES AND EQUITY			
Liabilities			
Due to other banks	27	3.562.464	1.330.206
Derivative financial instruments	19	21.713	58.003
Due to customers	28	17.674.319	16.375.026
Debt securities in issue	29	2.883.301	1.386.260
Other borrowed funds	30	707.064	710.989
Due to State pension fund	33	552.849	621.465
Other provisions	34	117.471	76.793
Current tax liabilities		15.501	7.501
Deferred tax liabilities	32	4.433	3.277
Other liabilities	31	426.246	437.378
Total liabilities		25.965.361	21.006.898
Equity			
Share Capital	36	728.153	728.153
Share premium		371.497	371.497
Other reserves	37	670.877	675.767
Retained earnings		(979.110)	(739.037)
Results for the year		48.535	(237.968)
Total equity		839.952	798.412
TOTAL LIABILITIES AND EQUITY		26.805.313	21.805.310

Notes on pages 8 to 47 form an integral part of these financial statements

Statement of Changes in Equity

	Share capital	Share premium	Other reserves	Retained earnings	TOTAL
Balance as at 1 January 2006	728.153	371.497	678.063	(739.037)	1.038.676
Net change in available-for-sale securities	-	-	(2.296)	-	(2.296)
Profit / (loss) for the year	-	-	-	(237.968)	(237.968)
Balance as at 31 December 2006	728.153	371.497	675.767	(977.005)	798.412
Balance as at 1 January 2007	728.153	371.497	675.767	(977.005)	798.412
Net change in available-for-sale securities	-	-	(6.995)	-	(6.995)
Profit / (loss) for the year	-	-	-	48.535	48.535
Transfer to reserves	-	-	2.105	(2.105)	-
Balance as at 31 December 2007	728.153	371.497	670.877	(930.575)	839.952

Notes on pages 8 to 47 form an integral part of these financial statements

Cash Flow Statement

	1 January- 31 December 2007	1 January- 31 December 2006
Cash flows from operating activities		
Profit / (loss) after tax	48.535	(237.968)
<u>Adjustments for reconciliation of period result to cash flows from operating activities</u>		
<u>Adjustments for non cash items included in profit and loss for the period :</u>		
Depreciation and amortization	24.959	25.136
Gain from sale of subsidiary	(36.192)	-
Gain from sale of other subsidiaries	(5.791)	-
Impairment losses on investment securities	-	13.856
Impairment losses on loans and other receivables	211.300	442.628
Other provisions	17.900	55.428
	212.176	537.048
<u>Net (increase)/ decrease of operating assets :</u>		
Obligatory deposits to Bank of Greece	106.704	(82.748)
Due from other banks	(264.427)	76.242
Trading securities (less government bonds)	(48.944)	(19.296)
Derivative financial instruments (assets)	30.759	(18.658)
Loans and advances to customers (net of write-offs)	(2.384.532)	(1.833.236)
Deferred tax assets	(10.483)	(61.705)
Other assets	97.853	(35.220)
	(2.473.070)	(1.974.621)
<u>Net increase/(decrease) of operating liabilities :</u>		
Due to other banks	2.232.259	116.697
Derivative financial instruments (liabilities)	(36.290)	36.027
Due to customers	1.299.292	1.564.402
Current tax liabilities	6.447	1.021
Deferred tax liabilities	1.157	1.732
Other liabilities (net of impairment losses on participations)	(90.289)	(164.996)
Provision for staff indemnity	(71)	-
	3.412.505	1.554.883
Total cash flows from operating activities	1.200.146	(120.658)
Cash flows from investing activities		
Net change in participations in subsidiaries	(28.580)	(16.092)
Proceeds from the sale of subsidiary	86.794	-
Net change in participations in associates	(15)	10.393
Net change in property, plant and equipment, intangible assets and investment property	(22.823)	(18.521)
Net change in available-for-sale investments	(1.302.045)	(193.470)
Net change in held-to-maturity investments	9.970	(76.486)
Total cash flows from investing activities	(1.256.699)	(294.176)
Cash flows from financing activities		
Proceeds from the issue of mortgage backed securities (securitization)	-	995.884
Proceeds from the issue of other debt securities	1.880.000	248.750
Proceeds from the issue of subordinated debt	-	370.000
Repayment of mortgage backed securities (securitization)	(404.569)	(201.595)
Sale of own debt securities	14.687	(65.171)
Total cash flows from financial activities	1.490.118	1.347.868
Net increase/(decrease) in cash and cash equivalents	1.433.565	933.034
Cash and cash equivalents, at beginning of period (Note 38)	3.295.071	2.362.037
Cash and cash equivalents, at end of period (Note 38)	4.728.636	3.295.071

Notes on pages 8 to 47 form an integral part of these financial statements

Notes to the financial statements

1. General information

Emporiki Bank ("Emporiki Bank" or the "Bank") operates in all banking activities (retail, corporate) as well as in investment banking, asset management, portfolio management and in general financial services. The Bank's registered office is at 11 Sofocleous Str. and its registration number as "Societe Anonyme" is 6064/06/B/86/03. The Bank offers services in Greece through its network of 380 branches and abroad through its branches in London as well as through its subsidiaries in Cyprus, Bulgaria, Albania, and Romania.

Emporiki Bank was established in Greece in 1907 and its shares are listed on the Athens Stock Exchange from 1909. The share of Emporiki Bank is included in the FTSE ASE 140, FTSE ASE BANKS and FTSE ASE Small Cap 80. Also, it is included in the FTSE4Good. The companies that are included in the FTSE4Good indexes are distinguished for their sensitivity on subjects of environmental politics and transparent management, as well as for the elaboration of constructive relationships with all the social members and the support and protection of human rights.

Its web site address is www.emporiki.gr.

The members of the Board of Directors, as at 31 December 2007, are the following:

Executive members

Antony	Crontiras	Chief Executive Officer
Bruno	Charrier	Deputy Chief Executive Officer
Pierre-Rene-Henri	Harang	Member
Fokion	Dimakakos	Member
Despina	Chalkidis	Member

Non-executive members

Jean-Frederic	De Leusse	Chairman
Bernard	De Wit	Vice – Chairman
Luc	Demazure	Member
Philippe	Dore	Member
Yves	Nanquette	Member
Charlotte-Maria-Ypatia	Stratos	Member
Charalampos	David	Member

Independent non-executive members

Panagiotis	Zafeiropoulos	Member
Christoforos	Chatzopoulos	Member
Nikolaos	Ebeoglou	Member
Achilles	Constantakopoulos	Member
Alexandra	Papalexopoulou	Member

The Board of Directors of the Bank approved these Financial Statements on 28th February 2008.

The Bank's financial statements are included in the consolidated Financial Statements of Credit Agricole S.A. The registered office of Credit Agricole S.A. is 91-93, Boulevard Pasteur, 75015 Paris, France and its web site address is www.credit-agricole.fr

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The Financial Statements as at 31 December 2007 have been prepared in accordance with International Financial Reporting Standards (IFRS), which have been adopted by the European Union, and those Standards and Interpretations approved by the International Accounting Standards Board.

The accounting policies applied for all the periods that are presented in these financial statements, are disclosed separately below.

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current reporting period and subsequent reporting periods. The Bank's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

a) Standards and Interpretations effective after 1 January 2007

- IFRS 7 - Financial Instruments: Disclosures and the complementary amendment to IAS 1 - Presentation of Financial Statements: Capital Disclosures: This standard and amendment introduces new disclosures relating to financial instruments. For the current year the applicable IFRS 7 disclosures have only been presented in respect of events and transactions related to financial instruments which are material to an understanding of the current year.
- IFRIC 7 - Applying the Restatement Approach under IAS 29: This interpretation provides guidance on how to apply requirements of IAS 29 in a reporting period in which a company identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As the Bank does not operate in a hyperinflationary economy this interpretation does not apply to the Bank's financial statements.
- IFRIC 8 - Scope of IFRS 2: This interpretation considers transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. This interpretation will not apply to the Bank's financial statements.
- IFRIC 9 - Reassessment of Embedded Derivatives: This interpretation requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. The implementation of this interpretation doesn't have a material effect on the Bank's financial statements.
- IFRIC 10 - Interim Financial Reporting and Impairment: This interpretation prohibits the impairment losses recognized in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The implementation of this interpretation does not have a material effect on the Bank's financial statements.

b) Standards and Interpretations effective after 1 January 2008

- IFRS 8 - Operating Segments: This standard is effective for annual periods beginning on or after 1 January 2009 and supersedes IAS 14, under which segments were identified and reported based on a risk and return analysis. Under IFRS 8 segments are components of an entity regularly reviewed by the entity's chief operating decision maker and are reported in the financial statements based on this internal component classification. The Bank will apply IFRS 8 from 1 January 2009, and its implementation is expected to affect the presentation of the Bank's operations by business segment.
- IAS 23 – Borrowing Costs: This standard is effective for annual periods beginning on or after 1 January 2009 and replaces the previous version of IAS 23. The main change is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that need a substantial period of time to get ready for use or sale. Bank will apply IAS 23 from 1 January 2009.
- IFRIC 11 - IFRS 2: Group and Treasury share transactions: This interpretation is effective for annual periods beginning on or after 1 March 2007 and clarifies the treatment where employees of a subsidiary receive the shares of a parent. It also clarifies whether certain types of transactions are accounted for as equity-settled or cash-settled transactions. This interpretation is not expected to have any impact on the Bank's financial statements.
- IFRIC 12 – Service Concession Arrangements: This interpretation is effective for annual periods beginning on or after 1 January 2008 and applies to companies that participate in service concession arrangements. This interpretation is not relevant to the Bank's operations.
- IFRIC 13 – Customer Loyalty Programmes: This interpretation is effective for annual periods beginning on or after 1 July 2008 and clarifies the treatment of entities that grant loyalty award credits such as "points" and "travel miles" to customers who buy other goods or services. This interpretation is not relevant to the Bank's operations.
- IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: This interpretation is effective for annual periods beginning on or after 1 January 2008 and applies to post-employment and other long-term employee defined benefit plans. The interpretation clarifies when refunds or reductions in future contributions should be regarded as available, how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum funding requirement might give rise to a liability. As the Bank does not operate any such benefit plans for its employees, this interpretation is not relevant to the Bank.

The financial statements are presented in Euro, the Bank's functional currency, rounded to the nearest thousand unless otherwise indicated.

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

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Bank's accounting policies.

2.2 Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in the functional and presentation currency of the Bank, the Euro.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Translation differences on monetary items, such as equities included in the trading portfolio are reported as part of the fair value gain or loss. Translation differences on monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value adjustment reserve as of 1 January 2004.

2.3 Derivative financial instruments and hedge accounting

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

Derivatives are initially recognized at acquisition cost on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, if market prices are not available. The Bank is not applying hedge accounting and changes in the fair value of derivatives are recognized in the income statement.

For economic purposes, the Bank designates certain derivatives as either hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge) or, hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge) or hedges for a net investment in a foreign subsidiary. 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.

2.4 Interest income and expense

Interest income and expense are recognized in the income statement for all instruments measured at amortized cost using the effective interest method, taking into account all fees and commissions paid or received between parties to the financial asset or expense over the points paid or received between parties to the contract. Interest and similar income includes interest income from loans and advances to customers, interest income from fixed and floating interest-bearing securities and also premium or discount amortization of, mainly, Greek Government bonds and of other financial instruments.

The Bank does not recognize interest income on non-performing loans. Interest income for these loans are recorded in off balance sheet accounts until these items are considered performing.

2.5 Fee and commission income

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with all related direct costs) and recognized as an adjustment to the effective interest rate on the loans.

2.6 Financial assets

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

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

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

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans include originated loans and do not include acquired loans.

(c) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. The Bank has designated government bonds as held-to-maturity, with a book value of 66.515 euro, as at 31 December 2007.

(d) Available-for-sale

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

Purchases and sales of financial assets at categories (a), (c), (d) above are recognized on settlement date – the date that a financial asset is delivered to or by the Bank, which for held to maturity assets and available for sale securities includes transaction costs. Loans and advances (category b) are recognized when cash is advanced to the borrowers.

Available-for-sale financial assets are subsequently carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial assets is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity should be recognized in profit or loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value based on closing rates. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise.

Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method less impairment losses. These assets are examined for impairment losses, which is when the present value of expected cash flows discounted at the effective rate is less than book value.

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

The Bank assesses at each reporting period if there are indications of impairment. For equity instruments classified as available-for-sale such indications exist when the hedge is a considerable or prolonged decline in the fair value compared to cost. If such impairment exists the remaining amount in equity is transferred to the income statement.

2.7 Off-setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when:

- a) there is a legally enforceable right to offset the recognized amounts and
- b) there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.8 Sale and repurchase agreements

Securities sold subject to repurchase agreements ("repos") are included in the financial statements of the Bank as assets; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate.

Securities purchased by the Bank under agreements to resell ("reverse repos") are recorded as loans and advances to other banks or customers, as appropriate. These securities are not included in the Bank's financial statements.

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

2.9 Impairment of financial assets

Assets with an infinite useful life and are not depreciated but are assessed for impairment losses at each balance sheet date or whenever there is an indication that the reporting balance is non recoverable. Assets that are depreciated are tested for impairment loss when there is evidence that the book value is not recoverable. The recoverable amount is the largest amount between fair value less selling costs and value in use. In estimating the recoverable amount assets are classified in smaller cash generating units. Impairment loss when incurred is recognized to the income statement.

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets (loans, investments) is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the 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 is becoming probable that the borrower will go bankrupt or will follow a financial restructuring;
- e. the disappearance of an active market for that financial asset because of financial difficulties;
- 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 bank, including:
 - adverse changes in the payment status of borrowers in the bank; or
 - national or local economic conditions that correlate with defaults on the assets in the bank

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

Changes in the expected cash flows are recognized in the income statement as a gain if there is a release or a loss if there is an increase.

Impairment loss is considered the difference between the carrying amount at the date of the impairment test loss and the expected cash flows of the assets discounted using the original effective interest rate.

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.

In subsequent periods, possible changes in expected cash flows as result of a change in the financial asset, are recognized in the income statement and the amount of the impairment loss is reversed or increased by adjusting the allowance account through the income statement.

2.10 Intangible assets – Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives (three to five years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

2.11 Property, plant and equipment

Operating property, plant and equipment are stated at historical cost less depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	<u>Years</u>
Buildings and leasehold improvements	40 to 50
Computer Hardware	3 to 4
Vehicles	5 to 7
Furniture and equipment	5 to 7

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

On transition date to IFRS (1 January 2004) the Bank valued land and buildings at fair value based on professional valuations. This fair value was considered as deemed cost.

2.12 Investment property

The Bank classifies land and buildings that are not used for operational purposes or are held for investment purposes (rental income or capital appreciation) as investment property and records them at amortized cost less impairment losses. The Bank depreciates investment property during its useful life, which is estimated at 40 to 50 years. On transition date to IFRS (1 January 2004) the Bank classified investment property at fair value as determined by professional valuers. Fair value was considered as their deemed cost.

2.13 Leases (The Bank as lessee)

Leases of fixed assets where the Bank has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period. Fixed assets acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

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

2.14 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including: cash and non-restricted balances with the Bank of Greece, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.15 Provisions

Provisions for restructuring costs and legal claims are recognized when:

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

2.16 Employee benefits

- (a) Short-term obligations

Short-term obligations to employees in cash or other non-monetary items are recognized as an expense on an accrual basis.

- (b) Post employment benefits

The Bank has only defined contribution plans. The contributions are recognized as employee benefit expense when they are due.

The current status of the Bank's obligations to pension funds is described in detail in note 33.

(c) Employee termination benefits

Employee termination benefits are paid when employees leave prior to retirement. The Bank records a liability when it is obliged to pay an amount according to a detailed employee scheme or when there are motives for voluntary termination. Long-term employment schemes are discounted.

In case the number of the beneficiary employees is not known precisely, termination benefits are recognized as a contingent liability.

2.17 Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary difference can be utilized.

Deferred taxes are presented separately as assets and liabilities and are not offset.

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

2.18 Debt securities and other debt issues

Debt securities issues and subordinated debt of the Bank are recognized initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. They are subsequently measured at amortized cost; any difference between proceeds net of transaction costs and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

2.19 Share capital and own shares

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds. Directly attributable costs of issuing shares for the purpose of acquiring an entity are included in the cost of the acquired entity.

Where the Bank purchases the Bank's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are sold or cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.20 Fiduciary activities

The Bank commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Bank.

2.21 Related-party transactions

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

2.22 Segment reporting

The business segments are the primary reporting format of the Bank. Taking into consideration the Bank's internal reporting system and organizational structure, the following reportable business segments have been identified:

- Retail banking
- Corporate banking
- Investment banking and Treasury
- Other

2.23 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial risk Management

3.1 Financial risk factors

The Bank's activities are related with financial instrument risks including risks from derivatives. The Bank receives deposits from customers for different time intervals offering fixed and floating rates. The Bank invests these funds to achieve higher than the average offer rate. To expand this spread the Bank receives short-term deposits and offers higher rates for long-term liabilities maintaining adequate liquidity coverage for all possible obligations that may occur.

The Bank is exposed to various risks such as credit, liquidity, cash flow and fair value risk from the change in rates. The general risk management policy for the Bank is focused on confronting the uncertainties of financial markets and tries to minimize any negative effects to the profits for the Bank. The Bank uses financial derivatives such as futures/forwards and interest rate swaps to hedge these risks.

Risk management apart from credit risk is maintained by the financial management division adapting to regulations and decisions that are approved by the Banks' management and by the Asset Liability Committee (ALCO). Credit risk management is governed by the Credit Committee that defines the credit risk strategy and monitors its progress. Risk Management defines, estimates and confronts all financial risks in cooperation with the departments that are involved with these risks. The Management gives instructions and guidelines for central risk management and special instructions for confronting special risks such as foreign exchange, interest and credit risk.

Cash flow hedging and fair value hedging for changes in interest rates

Operating income and cash flows of the Bank are affected by the change in interest rates. The Bank in several cases is exposed to floating rates loans and enters into a interest rate swap (IRS) to hedge cash flows on future interest payments that result in converting floating loans to fixed.

IRS contracts allow the Bank to convert long-term exposure from floating to fixed at a lower rate from that on inception. Through IRS the Bank agrees with third parties to swap at a notional amount the primarily difference between floating and fixed.

Interest rate risk arises from medium and long-term loans. Floating rate loans expose the Bank to cash flow risks. Fixed rate loans expose the Bank to fair value risks. It is the Bank's policy to have approximately their entire loan portfolio with floating rates.

3.2 Credit risk

Emporiki Bank has as main strategic target the effective management of the total risks undertaken and the further improvement of its portfolio quality.

The Bank makes a continuous effort to develop internal risk rating facilities that identify borrower's creditworthiness and the specific characteristics per type of exposure. This effort is aligned with the requirements of the new Pillar II (Basel II) Regulatory Accord, regarding the capital adequacy obligations and with the CASA norms.

The credit approval process is subject to a detailed risk review and analysis that is compliant with the methodologies of Credit Agricole SA .

The credit risk strategy by type of exposure is summarized below:

Corporate Credit Risk Strategy:

Regarding the corporate assessment, Emporiki has incorporated CASA's rating facilities. Specifically, the Bank uses as its primary instrument of corporate credit risk measurement, a Group model of 15 rating grades that assesses the borrower's quantitative and qualitative data as well as transactional behaviour.

The model also can be used to perform a time series analysis of the company's credit rating. A timely diagnosis of such rating's downward trend can prevent the Bank from potential losses.

Apart from the corporate rating tool Emporiki in order to monitor concentration risk, has established sector limits, which are closely monitored and reviewed annually.

Additionally, the portfolio of the largest exposures is reviewed on a yearly basis taking into account both the Corporate and Risk Business lines, while the amount, the type and the complexity per exposure are approved by different delegation levels via specific Credit Decision Processes. As a result, a more diversified portfolio is achieved with less concentrated exposures.

Professionals' & Small Enterprises' Credit Risk Strategy:

For Professionals' & Small Enterprises' credit exposures, systemic control tools that verify the fulfillment of specific credit policy rules are applied via the fulfillment of the electronic credit application form. Moreover, a bespoke application scorecard, developed by an external vendor is used for credit assessing the obligors.

Additionally, the objective is to improve the risk assessment of those exposures via the development of scorecards per product and a behavioral scorecard for Small Businesses.

Individuals' Credit Risk Strategy:

Consumer lending:

Credit financing to private individuals is designed to meet primarily consumer needs, while its repayment, which is not normally associated with the financed item, is made and influenced by the available personal and family income of the borrower. Individual's consumer lending, is mainly based upon the fulfillment of general credit policy rules, as well as upon bespoke application scorecards developed by external vendor. Those scorecards are closely monitored by the Risk Management division in co-operation with Credit Agricole's relevant division via several validation and calibration procedures.

Housing lending:

Credit financing for mortgages (eg. purchase, building, completion, extension, repair, purchase of land for the building of houses or business premises) is currently based on the fulfillment of specific credit policy rules.

The Bank has started to implement a new centralized process via the Centralization Unit for approving all mortgage loans. In specific, that Unit is responsible to verify the fulfillment of the credit policy rules and the credit documentations, to check the collaterals' status (eg. full ownership etc.), to co-operate with the Real Estate Division for the evaluation of the collateral market value, to reconcile the application data with the contract data.

Regarding housing credit's statistical rating tool, an application scorecard for mortgage applications will be in production this year.

3.2.1 Impairment and Provisions

The table below shows the percentage of the Bank's on-balance sheet items relating to loans and advances and the associated impairment provision for each of the Bank's internal credit rating categories :

	2007		2006	
	Loans & advances (%)	Impairment Provision (%)	Loans & advances (%)	Impairment Provision (%)
Standard monitoring	90	7,4	89	6,6
Special monitoring	1	2,4	1	0,4
Sub-standard	9	90,2	10	93
Total	100	100	100	100

3.2.2 Maximum exposure to credit risk before collateral held or other credit enhancements

The following table presents the Bank's maximum credit risk exposure as of 31/12/2007 and 31/12/2006, without including collateral held or other credit enhancements. For on-balance sheet assets, the credit exposures are based on their carrying amounts as reported on the balance sheet.

	Maximum Exposure	
	2007	2006
Credit risk exposures relating to on-balance sheet assets are :		
Treasury bills	31.395	6.895
Due from other banks	3.306.847	1.801.478
Trading securities - Debt securities	1.328.829	1.381.625
Derivative financial instruments	21.520	52.279
Loans and advances to customers:		
Loans to Individuals:		
Revolving Easy Business	488.705	440.069
Credit Cards	342.708	327.487
Consumer Loans	1.918.892	1.665.553
Mortgage Loans	7.259.555	5.848.694
Loans to corporate entities:		
Large Corporate Customers	3.832.168	3.237.663
Small and medium size enterprises (SME's)	4.501.915	4.638.146
Available-for-sale securities - Debt securities	1.526.680	229.892
Held-to-maturity securities	66.515	76.486
Other assets	267.760	365.614
Credit risk exposures relating to off-balance sheet assets are :		
Letters of guarantee	1.867.090	1.811.132
Total	26.760.579	21.883.013

3.2.3 Loans and advances

Loans and advances to customers and to banks are summarized as follows :

	2007		2006	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	10.819.300	3.306.847	7.637.013	1.801.478
Past due but not impaired	6.345.663	-	3.700.762	-
Impaired	2.130.523	-	5.894.746	-
Gross Total	19.295.486	3.306.847	17.232.521	1.801.478
Less: allowance for impairment	951.543	-	1.074.958	-
Net Total	18.343.943	3.306.847	16.157.563	1.801.478

(a) Loans and advances neither past due or impaired by rating class

31 December 2007

	Overdrafts	Credit Cards	Term loans	Mortgages	Large Corporate Customers	SME's	Loans and advances to customers	Loans and advances to banks
Standard monitoring	268.897	205.405	1.206.137	5.332.995	2.434.549	1.315.359	10.763.342	3.306.847
Special monitoring	-	-	-	1.196	6.576	2.616	10.388	-
Sub-standard	-	-	3.259	17.110	11.589	13.612	45.570	-
Total	268.897	205.405	1.209.396	5.351.301	2.452.714	1.331.587	10.819.300	3.306.847

31 December 2006

	Overdrafts	Credit cards	Term loans	Mortgages	Large corporate customers	SME's	Loans and advances to customers	Loans and advances to banks
Standard monitoring	-	1.528	80.429	4.273.525	1.844.661	1.308.324	7.508.467	1.801.478
Special monitoring	-	-	-	-	77.389	16.957	94.346	-
Sub-standard	-	-	4	1.990	17.908	14.298	34.200	-
Total	-	1.528	80.433	4.275.515	1.939.958	1.339.579	7.637.013	1.801.478

(b) Loans and advances past due but not impaired

The gross amount of loans and advances by class to customers that were past due but not impaired is shown to the following tables :

31 December 2007

	Individual (retail customers)				Total
	Revolving Easy	Credit Cards	Consumer Loans	Mortgage Loans	
Past due up to 30 days	150.418	86.660	363.669	1.042.929	1.643.676
Past due up to 30-90 days	21.677	13.348	87.428	306.155	428.608
Past due up to 90-180 days	-	9	100	49.752	49.861
Past due more than 180 days	22	-	110	628	760
Total	172.117	100.017	451.307	1.399.464	2.122.905

	Corporate entities		
	Large Corporate Customers	SME's	Total
Past due up to 30 days		871.029	2.446.857
Past due up to 30-90 days		320.209	334.920
Past due up to 90-180 days		45.159	65.898
Past due more than 180 days		41.426	97.260
Total		1.277.823	2.944.935

31 December 2006

	Individual (retail customers)				Total
	Revolving Easy	Credit Cards	Consumer Loans	Mortgage Loans	
Past due up to 30 days	-	513	11.171	904.670	916.354
Past due up to 30-90 days	-	60	145	240.320	240.525
Past due up to 90-180 days	-	15	2	87.024	87.041
Past due more than 180 days	-	0	104	8.725	8.829
Total	-	588	11.422	1.240.739	1.252.749

	Corporate entities		
	Large Corporate Customers	SME's	Total
Past due up to 30 days		983.567	1.058.569
Past due up to 30-90 days		170.985	62.771
Past due up to 90-180 days		14.194	31.679
Past due more than 180 days		25.291	100.957
Total		1.194.037	1.253.976

(c) Loans and advances individually impaired

The breakdown of the gross amount of individually impaired loans and advances by customer class are as follows :

31 December 2007	Corporate Entities		
	Large Corporate Customers	SME's	Total
Individually impaired loans	263.281	387.865	651.146

31 December 2006	Corporate Entities		
	Large Corporate Customers	SME's	Total
Individually impaired loans	285.822	440.678	726.500

The 2006 information set out above is not fully comparable to that for the year ended 31 December 2007, due to changes in the risk management policies and methodologies applied for assessing credit risk.

3.2.4 Debt securities, treasury bills and other eligible bills

The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at 31 December 2007, based on Moody's rating.

	Treasury bills	Trading securities	Available-for-sale securities	Held-to-maturity securities	Total
Aaa	-	67.614	124.589	-	192.203
Aa1 - Aa3	-	81.545	756.882	-	838.427
A1 - A3	31.395	1.140.325	645.208	66.515	1.883.443
Baa1 - Baa3	-	30.297	-	-	30.297
Ba1 – Ba3	-	9.048	-	-	9.048
Total	31.395	1.328.829	1.526.679	66.515	2.953.418

3.2.5 Concentration of risks of financial assets with credit risk exposure

(a) Geographical Sectors

The geographical concentration allocates exposures to regions based on the counterparties' country of domicile. The Bank's credit exposure, by geographical region as of 31 December 2007 and as of 31 December 2006, is mainly concentrated in Europe.

(b) Industry Sectors

31 December 2007	Financial Institutions	Manufacturing	Real Estate	Whole sale & Retail Trade	Public Sector	Other Industries	Individuals	Total
Treasury bills	-	-	-	-	31.395	-	-	31.395
Due from other banks	3.306.847	-	-	-	-	-	-	3.306.847
Trading securities - Debt securities	298.185	-	-	-	1.030.644	-	-	1.328.829
Derivative financial instruments	21.520	-	-	-	-	-	-	21.520
Loans and advances to customers:								
Loans to Individuals:								
Revolving Easy Business	-	-	-	488.705	-	-	-	488.705
Credit Cards	-	-	-	-	-	-	342.707	342.707
Consumer Loans	-	-	-	-	-	-	1.918.892	1.918.892
Mortgage Loans	-	-	-	-	-	-	7.259.555	7.259.555
Loans to corporate entities:								
Large Corporate Customers	468.955	522.239	271.693	250.380	588.250	1.730.652	-	3.832.169
Small and medium size enterprises	30.505	446.852	432.449	859.311	129.286	2.603.512	-	4.501.915
Available-for-sale securities - Debt securities	1.152.115	-	-	-	374.565	-	-	1.526.680
Held-to-maturity securities	-	-	-	-	-	66.515	-	66.515
Other assets	-	-	-	-	-	267.760	-	267.760
Total	5.278.127	969.091	704.142	1.598.396	2.154.140	4.668.439	9.521.154	24.893.489
As at 31 December 2006	478.176	857.361	683.432	1.492.901	648.099	4.155.909	7.841.734	16.157.612

3.3 Market risk

Emporiki takes on exposure to market risks, which is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. Emporiki separates exposures to market risk into either trading or non-trading portfolios. The market risks arising from trading and non-trading activities are concentrated in Treasury. Regular reports are submitted to the top management and heads of the related business units. Trading portfolio include positions arising from market-making transactions where Emporiki acts as principal with clients or with the market. Non-trading portfolios consist of available-for-sale investments.

As part of the management of market risk, Emporiki undertakes various hedging strategies. Emporiki also enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt securities. The major measurement techniques used to measure and control market risk is outlined below.

Value at risk

Emporiki applies a 'value at risk' methodology (VAR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The ALCO committee sets limits on the value of risk that may be accepted for Emporiki, trading and non-trading separately, which are monitored on a daily basis. VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It

expresses the ‘maximum’ amount Emporiki might lose, but only to a certain level of confidence (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain ‘holding period’ until positions can be closed (1 day). It also assumes that market moves occurring over this holding period will follow a similar pattern to those that have occurred over 1-day period in the past. Emporiki assessment of past movements is based on data for the past one year. Emporiki applies these historical changes in rates, prices, indices, etc. directly to its current positions – a method known as historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/factors used in the VAR calculation. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. As VAR constitutes an integral part of Emporiki’s market risk control regime, the ALCO committee annually for all trading and non-trading portfolio operations establishes VAR limits.

Back-testing the VAR results for trading books continuously monitors the quality of the VAR model. All back-testing exceptions and any exceptional revenues on the profit side of the VAR distribution are investigated, and all back-testing results are reported to the ALCO committee.

Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by Emporiki Treasury include: risk factor stress testing, where stress movements are applied to each risk category; and ad hoc stress testing. The results of the stress tests are reviewed by senior management and presented to ALCO Committee.

VAR summary for 2007 and 2006

(a) Trading portfolio VAR by Risk Type

	01/01- 31/12/2007			01/01- 31/12/2006		
	Average	High	Low	Average	High	Low
Foreign exchange risk	28	140	1	63	205	4
Interest rate risk	482	1.659	275	339	686	122
Equities risk	787	996	527	523	673	32
Total VAR	931	1.767	602	646	996	222

(b) Non – Trading portfolio VAR by Risk Type

	01/01- 31/12/2007			01/01- 31/12/2006		
	Average	High	Low	Average	High	Low
Foreign exchange risk	-	-	-	-	-	-
Interest rate risk	122	414	14	55	141	1
Equities risk	586	1.055	224	696	985	509
Total VAR	615	1067	227	701	994	523

3.4 Foreign currency risk

Foreign exchange risk is the risk from the change in value of a financial instrument asset or liability as a result of changes in foreign exchange rates. Foreign currency risk from transactions in foreign currency is a result of a long or short open position exposing the Bank to foreign exchange risks. These risks may also result by funding assets in one currency with a liability in a different currency or through forward contracts or by option derivatives. This risk is also driven by the net equity of subsidiaries with a presentation currency other than the Euro. The Bank covers this risk as its funding is to a large extent the same currency. The Bank does transactions in foreign currencies to cover customer needs or to hedge its open positions. The Bank’s risk management monitors transactions based on limits approved. The Bank maintains limits in order to control the following:

- Open positions in a currency (long or short per currency),
- Total negative exposures,
- Maximum losses (On a daily/monthly or annual basis).

The following tables show the foreign currency exposure of the Bank. These tables present financial assets and liabilities per currency. In addition the notional amount used to hedge the currency risk is also shown.

31 December 2007

	EUR	USD	GBP	CHF	JPY	Other	Total
Cash and balances with Central Bank	834.138	889	183	61	9	425	835.705
Treasury bills	31.395	-	-	-	-	-	31.395
Due from other banks	2.814.821	141.047	84.124	124.770	10.605	131.480	3.306.847
Trading securities	1.329.853	27.871	-	-	-	-	1.357.724
Derivative financial instruments	21.520	-	-	-	-	-	21.520
Loans and advances to customers	17.567.430	588.062	11.175	149.445	26.907	923	18.343.942
Available-for-sale securities	1.552.804	-	-	-	-	-	1.552.804
Held-to-maturity securities	66.515	-	-	-	-	-	66.515
Other assets	262.315	4.809	173	457	-	6	267.760
Total financial assets	24.480.791	762.678	95.655	274.733	37.521	132.834	25.784.212
Due to other banks	3.217.185	16.744	5.057	269.246	36.717	17.515	3.562.464
Derivative financial instruments	21.713	-	-	-	-	-	21.713
Due to customers	16.549.684	742.138	89.465	4.939	156.649	131.444	17.674.319
Debt securities in issue	2.883.301	-	-	-	-	-	2.883.301
Other borrowed funds	707.064	-	-	-	-	-	707.064
Due to State pension fund	552.849	-	-	-	-	-	552.849
Other liabilities	424.300	250	985	300	-	411	426.246
Total financial liabilities	24.356.096	759.132	95.507	274.485	193.366	149.370	25.827.956
Net Equity	124.695	3.546	148	248	(155.845)	(16.536)	(43.744)
Off balance sheet items	(155.825)	(2.179)	(210)	-	156.134	-	(2.080)
31 December 2006							
Total financial assets	19.474.222	876.335	92.928	194.104	33.627	129.964	20.801.180
Total financial liabilities	18.830.533	895.919	96.645	196.165	339.000	126.964	20.485.226
Net Equity	643.689	(19.584)	(3.717)	(2.061)	(305.373)	3.000	315.954
Off balance sheet items	(314.244)	13.070	-	-	304.571	(10.897)	(7.500)

3.5 Interest rate risk

Interest rate risk is the risk of changes in the fair value of financial instruments and to net interest income for the Bank as a result of changes in interest rates. Interest rate risk arises as a result of the deferral in the re-pricing of asset and liability items to interest rate changes.

The Bank's interest rate risk relates to both its retail operations and its capital market operations (fixed rate bonds and interest rate futures), the exposure to which is generally covered by money market operations.

The Bank measures its interest rate exposure with an interest rate – gap analysis.

The following tables summarizes the interest rate exposure by setting out the book value of financial asset and liability items of the Group categorized based on the shorter date between the interest rate re-pricing date and the maturity date of the financial asset or liability.

31 December 2007

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non interest bearing	Total
Cash and balances with Central Bank	634.219	-	-	-	-	201.486	835.705
Treasury bills	14.359	-	17.720	-	-	(684)	31.395
Due from other banks	2.975.522	261.958	54.516	-	-	14.851	3.306.847
Trading securities	96.218	210.087	161.825	716.293	123.476	49.825	1.357.724
Derivative financial instruments	21.520	-	-	-	-	-	21.520
Loans and advances to customers	9.628.719	977.918	1.594.259	6.132.290	329.293	(318.537)	18.343.942
Available-for-sale securities	356.076	734.404	433.741	15.309	10.206	3.068	1.552.804
Held-to-maturity securities	66.515	-	-	-	-	-	66.515
Other assets	-	-	-	-	-	267.760	267.760
Total financial assets	13.793.148	2.184.367	2.262.061	6.863.892	462.975	217.769	25.784.212
Due to other banks	3.395.081	153.012	11.374	-	-	2.997	3.562.464
Derivative financial instruments	21.713	-	-	-	-	-	21.713
Due to customers	11.953.268	2.471.819	3.014.454	111.151	-	123.627	17.674.319
Debt securities in issue	353.047	2.235.962	294.206	-	-	86	2.883.301
Other borrowed funds	220.727	486.337	-	-	-	-	707.064
Due to State pension fund	61.041	-	-	266.484	225.324	-	552.849
Other liabilities	-	-	-	-	-	426.246	426.246
Total financial liabilities	16.004.877	5.347.130	3.320.034	377.635	225.324	552.956	25.827.956
Net interest rate exposure	(2.211.729)	(3.162.763)	(1.057.973)	6.486.257	237.651	(335.187)	(43.744)

31 December 2006

Total financial assets	11.874.385	2.878.532	2.757.713	3.158.792	548.971	(417.213)	20.801.180
Total financial liabilities	13.762.858	3.034.769	2.679.507	624.520	253.290	130.282	20.485.226
Net interest rate exposure	(1.888.473)	(156.237)	78.206	2.534.272	295.681	(547.495)	315.954

3.6 Liquidity risk

Liquidity risk is the risk arising from the difference between the maturity of asset and liability items. Liquidity risk expresses the danger that the Bank cannot fulfill its obligations in the future due to these differences between financial instruments or transactions.

The Bank measures this risk and controls it by using a developed liquidity management system that has various controls. The Bank adheres to liquidity restraints authorized by the regulatory authorities locally and abroad as well as to internal limits.

The Bank controls and manages liquidity risk throughout the period by using the following:

- (a) Minimum reserve balance as defined by the Bank of Greece.
- (b) Liquidity indexes defined by the Bank of Greece and internally.

The Bank's operations abroad adhere to liquidity rules defined by the Bank of Greece and local regulatory decisions.

The following table summarize the financial assets and liabilities items of the Bank by remaining maturity as at the reporting date.

31 December 2007

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash and balances with Central Bank	634.219	-	-	-	201.486	835.705
Treasury bills	14.359	-	17.720	-	(684)	31.395
Due from other banks	2.960.827	261.958	54.516	14.694	14.852	3.306.847
Trading securities	17.901	11.916	114.298	829.959	383.650	1.357.724
Derivative financial instruments	21.520	-	-	-	-	21.520
Loans and advances to customers	3.264.168	1.129.431	3.007.528	3.676.135	7.266.680	18.343.942
Available-for-sale securities	-	16.330	326.813	703.589	506.072	1.552.804
Held-to-maturity securities	5.379	-	5.515	48.681	6.940	66.515
Other assets	-	-	104.642	-	163.118	267.760
Total financial assets	6.918.373	1.419.635	3.631.032	5.273.058	8.542.114	25.784.212
Due to other banks	3.395.081	10.843	11.374	-	145.166	3.562.464
Derivative financial instruments	21.713	-	-	-	-	21.713
Due to customers	12.076.895	2.471.819	3.014.454	111.151	-	17.674.319
Debt securities in issue	-	-	-	2.471.327	411.974	2.883.301
Other borrowed funds	-	-	-	220.727	486.337	707.064
Due to State pension fund	61.041	-	-	266.484	225.324	552.849
Other liabilities	-	426.246	-	-	-	426.246
Total financial liabilities	15.554.730	2.908.908	3.025.828	3.069.689	1.268.801	25.827.956
Net equity	(8.636.357)	(1.489.273)	605.204	2.203.369	7.273.313	(43.744)

31 December 2006

Total financial assets	4.497.675	1.843.470	3.302.973	5.002.549	6.154.513	20.801.180
Total financial liabilities	4.993.925	2.518.928	2.878.263	1.812.738	8.281.372	20.485.226
Net equity	(496.250)	(675.458)	424.710	3.189.811	(2.126.859)	315.954

3.7 Establishment of fair values

The fair value of quoted investments, which are negotiable in active markets/stock exchanges, such as derivatives, shares, bonds, mutual funds, is established based on current bid prices valid at balance sheet date.

If the market for a financial asset is not active (and for unlisted securities), fair values are established by using valuation techniques and assumptions based on market information at the balance sheet date.

3.8 Fair values financial assets and liabilities

The following table presents the book and fair values for the financial instruments (assets and liabilities) that are not measured in fair value:

	Book Value	Fair Value
	31/12/2007	31/12/2007
Financial Assets		
Due from other banks	3.306.847	3.306.847
Loans and advances to customers (after provisions)	18.343.942	18.343.608
Held-to-maturity securities	66.515	66.579
Financial Liabilities		
Due to other banks	3.562.464	3.562.464
Due to customers	17.674.319	17.674.528
Debt securities in issue	2.883.301	2.846.027
Other borrowed funds	707.064	702.776

The fair value of the loans and advances to customers is calculated by discounting the future cash flows with the appropriate interest rates for similar credit risk and term. The calculation of the fair value of deposits to customers is based on discounting future cash flows with inter-bank rates according to the term of each deposit.

4. Critical accounting estimates, and judgements in applying accounting policies

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factor, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment on loans and advances

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

(b) Fair value of derivatives

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

(c) Impairment of available-for-sale equity investments

The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the 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 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.

(e) Due to state pension funds

The estimates, judgements and assumptions, concerning the liabilities to State pension funds are illustrated in Note 33.

5. Segment reporting

<u>From 1/1 to 31/12/2007</u>	Total	Retail banking	Corporate banking	Investment banking & treasury	Other
Net interest income	702.748	583.514	86.952	32.282	-
Net fee & commission income	147.473	110.254	22.161	15.058	-
Other Income	52.088	-	-	38.726	13.362
NET OPERATING INCOME	902.309	693.768	109.113	86.066	13.362
Staff costs	401.519	323.686	24.872	12.942	40.019
Impairment losses on loans and other receivables	211.300	181.718	29.582	-	-
Other provisions	17.900	-	-	-	17.900
Other operating expenses	210.551	169.826	12.760	9.677	18.288
TOTAL OPERATING EXPENSES	841.270	675.230	67.214	22.619	76.207
PROFIT / (LOSS) BEFORE TAX	61.039	18.538	41.899	63.447	(62.845)
<u>From 1/1 to 31/12/2006*</u>	Total	Retail banking	Corporate banking	Investment banking & treasury	Other
Net interest income	663.050	565.845	65.267	31.938	-
Net fee & commission income	152.295	121.312	23.030	7.953	-
Other Income	29.983	-	-	15.798	14.185
NET OPERATING INCOME	845.328	687.157	88.297	55.689	14.185
Staff costs	371.436	299.435	23.009	11.972	37.020
Impairment losses on loans and other receivables	442.628	354.102	88.526	-	-
Other provisions	55.428	-	-	-	55.428
Other operating expenses	208.950	168.534	12.663	9.604	18.149
TOTAL OPERATING EXPENSES	1.078.442	822.071	124.198	21.576	110.597
PROFIT / (LOSS) BEFORE TAX	(233.114)	(134.914)	(35.901)	34.113	(96.412)

* The amounts of 2006 have been adjusted for comparison purposes.

Retail banking includes all services and products offered to individuals, freelance professionals and SMEs.

Corporate banking includes products and services offered to large corporations and shipping companies.

Investment banking and Treasury include financial services, consulting and transaction services on capital exchange issues and on dealing room activities.

Other includes all non-financial and administrative and back office functions of the Bank.

6. Net interest income

	1/1 – 31/12/2007	1/1 – 31/12/2006 *
Interest & similar income		
Cash and short-term funds	93.546	55.130
Bonds/ Treasury bills	206.362	121.667
Loans and advances	1.025.269	870.822
	1.325.177	1.047.619
Interest expense & similar changes		
Banks and customers	462.929	292.045
Debt securities	88.317	41.707
Securities and repos	15.393	12.353
Obligations to pension funds	19.651	24.093
Other borrowing funds	36.139	14.371
	622.429	384.569
Net interest income	702.748	663.050

*The amounts of 2006 have been adjusted for comparison purposes

7. Net fee & commission income

	1/1 – 31/12/2007	1/1 – 31/12/2006
Fee & commission income		
Loans	33.236	35.459
Working capital	7.167	6.716
Letters of guarantee	12.753	13.618
Credit cards	28.147	29.089
Imports – Exports	6.034	7.256
Mutual Funds	-	10.803
Other commissions	68.562	56.687
	155.899	159.628
Fee & commission expense		
Credit cards	6.513	6.391
Other	1.913	942
	8.426	7.333
Net fee & commission income	147.473	152.295

8. Dividend income

	1/1 – 31/12/2007	1/1 – 31/12/2006
Subsidiaries and associates	373	290
Trading portfolio	1.061	501
Available-for-sale portfolio	152	825
Dividend income	1.586	1.616

9. Net trading results	1/1 – 31/12/2007	1/1 – 31/12/2006
Net profit / (loss) from transactions and foreign exchange valuation	(5.510)	750
Net loss from sale and valuation of bonds	(21.527)	(29.994)
Net profit from sale and valuation of shares and other variable yield securities	3.286	4.637
Net profit from sale and valuation of derivatives	6.375	30.860
Loss from sale of receivables	(710)	-
Net trading results	(18.086)	6.253

10. Gains less losses of investment portfolio	1/1 – 31/12/2007	1/1 – 31/12/2006
Net profit from mutual funds units sales	946	-
Net profit from sale of subsidiaries and associates	41.984	6.426
Impairment losses of participation to associates	-	(10.052)
Net profit from sale of available-for-sale shares	12.296	15.359
Impairment losses of available-for-sale financial assets	-	(3.804)
Total result of investment portfolio	55.226	7.929

On 29.06.2007, 108.009.631 shares (90,13%) of the subsidiary PHOENIX METROLIFE EMPORIKI were sold for € 86.794 thousands. The gain from the sale, which amounted to € 36.192 thousands, is analyzed as follows:

Proceeds from sale		86.794
Less :		
Carrying value	27.315	
Provisions for contractual guarantees	19.777	
Directly related expenses	3.510	(50.602)
Gain from sale		<u>36.192</u>

11. Other operating income	1/1 – 31/12/2007	1/1 – 31/12/2006
Rental income	1.225	1.553
Proceeds from written-off receivables	4.529	3.391
Gain from sale of fixed assets	5.185	7.713
Other income	2.423	1.528
Other operating income	13.362	14.185

12. Staff costs	1/1 – 31/12/2007	1/1 – 31/12/2006
Salaries and wages	267.513	266.597
Social security costs (principal and auxiliary plans)	81.857	95.645
Other benefits	52.149	9.194
Staff expenses	401.519	371.436

Total personnel of Emporiki Bank as at 31 December 2007 were 5.748 compared to 6.278 as at 31 December 2006.

13. Other operating expenses	1/1 – 31/12/2007	1/1 – 31/12/2006
Fees and third party expenses	18.604	20.023
Third parties fees	50.323	56.583
Insurance fees	17.159	10.813
Taxes and duties	18.776	17.754
Other expenses	80.730	78.641
Other operating expenses	185.592	183.814

14. Income tax expense	1/1 – 31/12/2007	1/1 – 31/12/2006
Tax for the period (provision)	21.830	10.313
Special tax on non-taxed reserves	-	54.514
Deferred taxation (Note 32)	(9.326)	(59.973)
Income tax expense	12.504	4.854

15. Earnings per share	1/1 – 31/12/2007	1/1 – 31/12/2006
Attributable profits/ (losses) to the Bank shareholders	48.535	(237.968)
Average number of shares (excluding own shares)	132.391.468	132.391.468
Basic Earnings per share (Euro)	0,37	(1,8)

Basic earnings per share is calculated on the profit after tax attributable to the Bank's shareholders and the weighted average number of shares outstanding during the period after deducting own shares in ownership during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding during the period and the profit or loss attributable to ordinary equity holders for all the effects of dilutive potential ordinary shares. There were no outstanding dilutive ordinary shares during the periods presented in these financial statements.

16. Cash and balances with Central Bank

	31/12/2007	31/12/2006
Cash	246.414	215.211
Deposits at Central Bank excluding obligatory deposits for liquidity purposes	433.654	204.026
Cheques' receivables – Central Bank clearing office	1.385	1.831
Included as cash and cash equivalents (Note 38)	681.453	421.068
Obligatory deposits at Central Bank	154.252	260.955
Cash and balances with Central Bank	835.705	682.023

Obligatory deposits with Central Bank is a requirement set by the Bank of Greece for all financial institutions established in Greece and are equal to 2% of total customer deposits excluding the first € 100 millions. The Bank is also required to maintain a current account with Bank of Greece in order to facilitate inter-bank transactions through the Trans European – Automated Real Time Gross Settlement Express Transfer System (TARGET).

17. Due from other banks

	31/12/2007	31/12/2006
Cheques receivable	7.261	5.454
On demand	157.659	188.241
Placements in other banks	2.767.233	1.452.797
Other amounts due	52.991	97.710
Included as cash and cash equivalents (Note 38)	2.985.144	1.744.202
Placements in other banks not included in cash and cash equivalents	305.100	-
Loans and borrowings in other banks	16.603	57.276
Due from other banks	3.306.847	1.801.478

18. Trading securities

	31/12/2007	31/12/2006
Trading securities portfolio		
Bonds issued by the Hellenic Republic (Note 38)	1.030.644	1.122.906
Other issuers	298.185	258.719
Total	1.328.829	1.381.625
Listed shares	28.895	19.416
Total	28.895	19.416
Trading securities	1.357.724	1.401.041

19. Derivative financial instruments

	31/12/2007			31/12/2006		
	Contract / Nominal value	Fair value		Contract / Nominal value	Fair value	
		Assets	Liabilities		Assets	Liabilities
a) Currency derivatives						
Currency Forwards	469.513	1.684	946	626.291	-	2.548
Currency Swaps	3.674	-	20	50.093	1.139	-
Currency Options	-	-	-	7.875	98	52
Total	473.187	1.684	966	684.259	1.237	2.600
b) Interest rate derivatives						
Interest rate swaps	2.343.180	16.315	19.893	4.934.950	50.202	50.050
Exchange traded interest rate futures	-	-	-	9.871	79	40
Caps & Floors	58.127	642	771	56.450	451	579
Total	2.401.307	16.957	20.664	5.001.271	50.732	50.669
c) Index Options						
OTC index options	2.516	119	83	29.077	310	266
Total	2.516	119	83	29.077	310	266
d) Bond Futures						
Exchange traded bond/futures	244.931	2.760	-	282.600	-	4.468
Total	244.931	2.760	-	282.600	-	4.468
Derivative financial instruments	3.121.941	21.520	21.713	5.997.207	52.279	58.003

20. Loans and advances to customers

	31/12/2007	31/12/2006
Loans to individuals		
Revolving Easy Business	548.544	473.569
Credit cards	395.184	403.487
Consumer loans	2.089.455	1.823.553
Mortgage loans	7.375.315	5.953.524
	10.408.498	8.654.133
Loans to corporate entities		
Large Corporate Customers	4.028.951	3.486.063
Small and medium size enterprises	4.858.036	5.092.325
	8.886.987	8.578.388
Loans and advances to customers	19.295.485	17.232.521
Less: Impairment losses on loans and advances	(951.543)	(1.074.909)
	18.343.942	16.157.612
Floating interest rate	13.377.054	14.494.330
Fixed interest rate	5.918.432	2.738.191
Total loans and advances to customers	19.295.486	17.232.521
<u>Impairment losses on loans and advances</u>		
Changes on impairment losses for loans and advances :		
Balance at 1 January	1.074.909	644.519
Reclassification of impairment into available-for-sale securities	-	(1.942)
Transfer to other provisions	(13.100)	-
Impairment losses on loans and advances	211.300	442.628
Unwinding (Realisation of impairment loss) and write-offs	(321.566)	(10.296)
Balance at 31 December	951.543	1.074.909

21. Available-for-sale securities

	31/12/2007	31/12/2006
Available-for-sale securities at fair value		
Bonds issued by Hellenic Republic	374.565	219.928
Bonds of other issuers	1.152.115	9.964
Listed shares	3.036	11.084
Non listed shares	1.701	3.965
Mutual funds units	21.387	12.811
Available-for-sale securities	1.552.804	257.752

22. Investments in subsidiaries / associates

The bank's investments in subsidiaries are analyzed as follows:

	Company	Country of incorporation	% Held as at 31.12.07	Balance as at 31.12.07	% Held as at 31.12.06	Balance as at 31.12.06
1	EMPORIKI BANK-GERMANY	GERMANY	100,00%	22.198	100,00%	22.198
2	EMPORIKI BANK BULGARIA	BULGARIA	100,00%	12.108	100,00%	12.108
3	EMPORIKI BANK ALBANIA	ALBANIA	100,00%	14.513	100,00%	8.663
4	EMPIOIKH LEASING	GREECE	100,00%	54.157	100,00%	54.157
5	EMPORIKI BANK CYPRUS	CYPRUS	91,18%	22.440	81,19%	15.905
6	EMPORIKI VENT. CAPITAL DEVELOPED	CYPRUS	100,00%	16.376	100,00%	16.376
7	EMPORIKI VENT. CAPITAL EMERGING	CYPRUS	100,00%	15.882	100,00%	15.882
8	ELVIO	GREECE	-	-	100,00%	150
9	EMPORIKI GROUP FINANCE	UNITED KINGDOM	100,00%	18	100,00%	18
10	BANK INSTITUTION	GREECE	-	-	99,90%	599
11	RESEARCH BANK FOR HISTORICAL ARCHIVES (Non- profit organization)	GREECE	99,90%	15	99,90%	15
12	EMPORIKI MEDIA	GREECE	99,00%	769	99,00%	769
13	EMPORIKI MANAGEMENT	GREECE	99,65%	6.514	99,65%	6.514
14	EMPORIKI BANK ROMANIA	ROMANIA	98,35%	16.791	98,13%	16.722
15	PHOENIX METROLIFE EMPORIKI	GREECE	-	-	89,84%	27.315
16	EMPORIKI ASSET MANAGEMENT	GREECE	-	-	80,00%	4.800
17	ERMIS	GREECE	-	-	71,70%	1.871
18	EMPORIKI ASSET MANAGEMENT AEDAK		73,10%	6.671	-	-
19	TOTAL CARE	GREECE	70,00%	259	70,00%	259
20	EMPORIKI DEVELOPMENT AND REAL ESTATE MANAGEMENT	GREECE	100,00%	34.197	100,00%	34.197
21	GREEK INDUSTRY OF BAGS	GREECE	58,71%	263	58,71%	263
22	EMPORIKI RENT	GREECE	-	-	51,00%	3.060
23	EMPORIKI LIFE	GREECE	50,00%	5.000	50,00%	5.000
24	EMPORIKI CREDICOM	GREECE	50,00%	54.450	50,00%	33.450
25	EMPORIKI INSURANCES	GREECE	50,00%	4.500	-	-
26	APE INVESTMENT PROPERTY	GREECE	5,38%	3	-	-
				287.124		280.291

The bank's investments in associates are analyzed as follows :

	Company	Country of incorporation	% Held as at 31.12.07	Balance as at 31.12.07	% Held as at 31.12.06	Balance as at 31.12.06
1	ALPHA GRAPHICS FRACHISE DEVELOPMENT	GREECE	-	-	49,00%	218
2	INCURIAM INVESTMENT	CYPRUS	20,00%	767	20,00%	767
3	EULER HERMES EMPORIKI	GREECE	21,71%	1.514	18,57%	1.058
4	INDUSTRY OF PHOSPHORIC FERTILIZERS	GREECE	42,16%	-	42,16%	-
				2.281		2.043

The movement in the investment portfolio is summarized as follows:

	Investments in subsidiaries		Investments in associates	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Opening balance	280.291	264.199	2.043	22.489
Addition	37.957	35.461	456	380
Reduction	(31.124)	(19.369)	(218)	(10.774)
Impairment	-	-	-	(10.052)
Closing balance	287.124	280.291	2.281	2.043

During the first quarter of 2007, the Bank bought 1.698.300 shares (9.99%) of EMPORIKI BANK CYPRUS L.T.D from QUANTUM FINANCIAL LIMITED (ex GLORY FINANCIAL SERVICES LIMITED) for € 6,5 millions. As a result Emporiki Bank owns 15.501.000 shares of EMPORIKI BANK CYPRUS L.T.D which is the 91,18% of its share capital.

The merger of the group company EMPORIKI ASSET MANAGEMENT with ERMIS, was completed on 22 January 2007, and the new company was renamed into EMPORIKI ASSET MANAGEMENT.

Additionally, the Banks's Board of Directors decided, on 8 February 2007, to curtail the operations of EMPORIKI BANK GERMANY initiating restructuring involving the transfer of part of the subsidiary's operations to a German branch of the Bank.

On 18.05.2007, on 23.07.2007 and on 26.11.2007 the share capital of Emporiki Credicom was increased by € 15 millions, € 18 millions and € 9 millions, respectively. Emporiki Bank participated in these share capital increases, by contributing € 7,5 millions, € 9 millions and € 4,5 millions respectively, without any dilution of its participation.

On 21.06.2007 the share capital of EULER HERMES EMPORIKI was increased by € 1,14 millions. Emporiki Bank participated to this capital increase, for its own participation percentage and also for PHOENIX METROLIFE EMPORIKI participation percentage. As a result Emporiki Bank owns 178.000 shares which represent the 21,71% of the company.

The acquisition of PHOENIX METROLIFE EMPORIKI by Groupama International was completed on 29.06.2007 (Note 10).

On the third quarter, the cost of the Bank's participation to "EMPORIKI RENT" reduced by € 2,8 million as a result of the company's share capital reduction by € 5,5 millions. On 29.08.2007 the Bank sold the 51% of "EMPORIKI RENT" to EMPORIKI CREDICOM for € 2,7 millions.

The resolution at the Shareholders Special General Meeting of "INDUSTRY OF PHOSPHORIC FERTILIZERS S.A." at 11th July 2007, was the approval of the 4.6.2007 agreement between the Company and its creditors and the increase of its Share Capital with partial capitalization of the Company's debt with partial restriction of shareholders', non creditors, options of the above increase. On 26.07.2007, the Bank decided to participate in the imminent share capital increase of the company by € 95 millions with the capitalization of outstanding loans amounting to € 26,4 millions.

On 11.09.2007 the sale of ELVIO S.A. to Helbio Holding S.A. was completed for € 3.2 millions.

Since 31.12.2007 Emporiki Bank established a new general insurance company. The new company's share capital will be € 9 millions and Credit Agricole is going to participate to the company with a percentage of 50%.

On 26.10.2007 the procedure of transferring EMPORIKI's Bank participation in the company ALPHA GRAPHICS FRANCHISE DEVELOPMENT LIMITED to the company OPTIONS CASSOULIDES PROPERTIES AND INVESTMENTS LTD was completed (i.e. 923.805 common shares, which represent 49% of the total share capital of the company, were sold) for € 0.4 millions.

On 30.11.2007 the share capital of "EMPORIKI BANK ALBANIA" was increased by € 5,8 millions, represented by 7.203 new shares.

23. Intangible Assets

	<u>Software</u>
1 January 2006	
Cost	57.648
Accumulated depreciation	(46.450)
Net book value	11.198
31 December 2006	
Opening net book value	11.198
Additions/(Disposals)	3.729
Change in depreciation	(5.098)
Closing net book value	9.829
31 December 2006	
Cost	61.377
Accumulated depreciation	(51.548)
Net book value	9.829
31 December 2007	
Opening net book value	9.829
Additions/(Disposals)	3.477
Change in depreciation	(4.542)
Closing net book value	8.764
31 December 2007	
Cost	64.854
Accumulated depreciation	(56.090)
Net book value	8.764

24. Property, plant and equipment

	Land	Buildings and leasehold improvements	Other tangible assets	Total
1 January 2006				
Cost	169.334	93.774	181.083	444.191
Accumulated depreciation	-	(5.020)	(133.317)	(138.337)
Net book value	169.334	88.754	47.766	305.854
31 December 2006				
Opening net book value	169.334	88.754	47.766	305.854
Additions/(Disposals)	54	1.504	16.873	18.431
Change in depreciation	-	(2.419)	(16.910)	(19.329)
Closing net book value	169.388	87.839	47.729	304.956
31 December 2006				
Cost	169.388	95.278	197.956	462.622
Accumulated depreciation	-	(7.439)	(150.227)	(157.666)
Net book value	169.388	87.839	47.729	304.956
31 December 2007				
Opening net book value	169.388	87.839	47.729	304.956
Additions/(Disposals)	2.782	(126)	13.755	16.411
Change in depreciation	-	(2.510)	(17.107)	(19.617)
Closing net book value	172.170	85.203	44.377	301.750
31 December 2007				
Cost	172.170	95.152	211.711	479.033
Accumulated depreciation	-	(9.949)	(167.334)	(177.283)
Net book value	172.170	85.203	44.377	301.750

25. Investment property

	Land	Buildings and equipment	Total
1 January 2006			
Cost	66.150	32.765	98.915
Accumulated depreciation	-	(1.293)	(1.293)
Net book value	66.150	31.472	97.622
31 December 2006			
Opening net book value	66.150	31.472	97.622
Additions/(Disposals)	(6.705)	3.066	(3.639)
Change in depreciation	-	(709)	(709)
Closing net book value	59.445	33.829	93.274
31 December 2006			
Opening net book value	59.445	35.831	95.276
Additions/(Disposals)	-	(2.002)	(2.002)
Change in depreciation	-	-	-
Closing net book value	59.445	33.829	93.274
31 December 2007			
Opening net book value	59.445	33.829	93.274
Additions/(Disposals)	2.098	837	2.935
Change in depreciation	-	(800)	(800)
Closing net book value	61.543	33.866	95.409
31 December 2007			
Cost	61.543	36.668	98.211
Accumulated depreciation	-	(2.802)	(2.802)
Net book value	61.543	33.866	95.409

26. Other assets

	31/12/2007	31/12/2006
Prepaid expenses	77	2.494
Accrued income	104.642	70.553
Other	163.041	292.567
	267.760	365.614

27. Due to other banks

	31/12/2007	31/12/2006
Borrowings from banks	3.562.464	1.306.250
Current accounts	-	23.956
	3.562.464	1.330.206

28. Due to customers

	31/12/2007	31/12/2006
Deposits from legal entities		
Sight accounts	1.734.055	1.619.221
Term deposits	1.337.545	1.520.157
	3.071.600	3.139.378
Deposits from individuals		
Current accounts	473.103	487.732
Term deposits	7.493.108	5.594.491
Saving accounts	6.525.583	7.026.493
	14.491.794	13.108.716
Cheques and remittances payable	110.925	126.932
	17.674.319	16.375.026
Fixed interest rate	8.830.653	7.114.648
Floating interest rate	8.732.741	9.133.446
Total deposits	17.563.394	16.248.094

Fixed rate deposits include term deposits in euro and foreign currency.

29. Debt securities in issue

	31/12/2007	31/12/2006
Debt securities	2.883.228	1.386.187
Other credit titles	73	73
	2.883.301	1.386.260

Until the 31th of December 2007 Emporiki Bank repaid, through the special purpose entity “Lithos Mortgage Financing Plc”, € 404.568.754 mortgage backed securities.

In 2007 Emporiki Bank issued 9 debt securities, through Emporiki Finance Plc, with a nominal value of € 2.280.000.000, analyzed as follows:

	<u>Maturity Date</u>	<u>Interest</u>
Nominal Value loan of € 50.000.000	15.03.2016	3m Euribor + 0,005%
Nominal Value loan of € 60.000.000	26.02.2015	3m Euribor + 0,005%
Nominal Value loan of € 70.000.000	26.02.2019	6m Euribor + 0,110%
Nominal Value loan of € 400.000.000	29.06.2010	3m Euribor +0,110%
Nominal Value loan of € 400.000.000	27.06.2012	3m Euribor +0,140%
Nominal Value loan of € 300.000.000	17.04.2009	3m Euribor +0,150%
Nominal Value loan of € 500.000.000	19.11.2009	3m Euribor +0,170%
Nominal Value loan of € 250.000.000	29.10.2010	6m Euribor +0,225%
Nominal Value loan of € 250.000.000	19.11.2010	3m Euribor +0,250%

As at 31 December 2007, the Bank owned debt securities issued by Lithos Mortgage Financing Plc and Emporiki Group Finance Plc with a total value of € 38.160.622 .

30. Other borrowed funds

	31/12/2007	31/12/2006
Subordinated notes	337.064	340.989
Subordinated notes due to the parent company	200.000	200.000
Hybrid securities due to the parent company	170.000	170.000
	707.064	710.989

As at 31 December 2007, the Bank owned subordinated debt securities issued by Emporiki Group Finance Plc with a total value of € 12.323.486 .

31. Other liabilities

	31/12/2007	31/12/2006
Dividends payable	974	1.502
Accrued expenses and deferred income	195.242	101.281
Other	230.030	334.595
	426.246	437.378

32. Deferred tax assets/ liabilities

Deferred tax is calculated on all temporary timing differences based on the liability method and the expected tax rate

Deferred tax assets and liabilities arise from:

	31/12/2007	31/12/2006
Deferred tax assets		
Intangible assets write-off	595	1.401
Impairment of loans and receivables	145.850	115.351
Provision for the cost of transfer to ETEAM & ETAT	138.212	155.501
Commissions recognition based on effective interest rates	3.621	5.894
Impairment of investments for companies under clearing process	7.000	7.000
Provision for staff expenses	8.972	11.487
Other provisions	17.248	13.857
Other temporary tax differences	(254)	270
	321.244	310.761
Deferred tax liabilities		
Reduced depreciation rates for buildings	4.433	3.277
	4.433	3.277
Net deferred tax assets	316.811	307.484

The charge/ (release) of deferred tax assets and liabilities through the income statements is as follows:

	31/12/2007	31/12/2006
Deferred tax (income statement)		
Intangible assets variation	806	1.194
Provision for the cost of transfer to ETEAM & ETAT	17.288	39.073
Impairment of loans and receivables	(30.499)	(82.297)
Commissions recognition based on real interest rates	2.273	1.051
Provision for staff expenses	2.514	(8.449)
Reduced depreciation rates for buildings	1.157	1.732
Other provisions	(3.258)	(13.857)
Impairment of investments at companies under clearing process	-	1.837
Other temporary tax differences	393	(257)
	(9.326)	(59.973)

33. Obligations to pension funds

The Auxiliary Pension Fund (TEAPETE) for the Bank's employees is considered a defined benefit plan prior to law 3371/2005. Under law 3371/2005, which the Bank has opted to adopt, all employees and pensioners that were employed up to 31 December 2004 will no longer be included in TEAPETE but will be included in IKA –ETEAM and ETAT which are the auxiliary funds for state control plans and the new auxiliary fund for bank employees, respectively, both of which are considered defined contribution plans. Employees that join the Bank after 1/1/2005 are automatically included in IKA-ETEAM.

Following the provisions of the new law 3371/2005, an economic study was performed by independent specialized actuaries, in order to determine the cost of including TEAPETE into the above-mentioned auxiliary funds (IKA-ETEAM and ETAT). This economic study was completed within the 1st quarter of 2006 and was approved by the relevant committee of the Ministry of Economy and Finance and it was ratified by law (L. 3455/2006). According to the study the Bank will pay to IKA-ETEAM and ETAT, for its pensioners a special contribution of €786,3 million in total (upfront or within a period of 10 years bearing an interest rate of 3,53%).

In addition, the Bank will be obliged to pay additional contributions compared to those defined by ETEAM regulations for its employees hired before 31/12/2004 through to retirement. The terms of the payment of the increased contributions were not defined by Law 3371/2005 but were established following a ministerial decision IKA Φ20203/19189/931/7.11.06. The Bank proceeded to the payment of the scheduled installments as these were defined in the economic study mentioned above.

Notwithstanding the rejection of the temporary injunctive measures filed by the employee union (First Instance Court judgment, No.8849/05), there is a possibility for further legal dispute between the Bank and the employee union or other third parties regarding this issue. There are pending legal actions against the bank (from former and current Emporiki Bank employees), of which the first two were discussed in the First Instance Court of Athens on 14 February of 2007. The First Instance Court of Athens issued its ruling, number 116/2008, on 18 January 2008 and judged that the provisions of Law 3455/2006 are unconstitutional and the termination of employee contracts relating to TEAPETE is invalid. The above court ruling is neither executable nor does it have any immediate other consequences for Emporiki Bank. The final outcome of the relevant legal proceedings cannot be currently assessed.

The management of the Bank assesses that the procedures provided by the Laws will continue without affecting the Bank's goals, its course and employee relations.

34. Other provisions

Other provisions are summarized as follows :

	31/12/2007	31/12/2006
Provisions for tax issues	7.434	10.900
Provisions for non-used vacation leaves	7.500	9.195
Provisions for litigations	37.461	43.828
Provisions for suspense accounts & other receivables	44.100	11.600
Provisions for guarantees given	19.777	-
Other provisions	1.199	1.270
Total	117.471	76.793

35. Contingent liabilities and commitments

a) Legal issues

The Bank during the normal course of its business is a defendant in claims from customers and other legal actions for which the Bank has made a provision recognised in the Income Statement for the year of 2006. According to the consultation of the Bank's Legal division the ultimate disposition of these matters is not expected to have any, further, material effect on the financial position or operations of the Bank.

b) Commitments

	31/12/2007	31/12/2006
Letters of guarantee	1.867.090	1.811.132
Unused approved credit limits	13.483.917	11.569.064
	15.351.007	13.380.196

Emporiki Credicom, a 50% jointly controlled entity will finance its subsidiary Emporiki Rent with € 80 mil. The contingent liability that arises is fully guaranteed by Emporiki Bank.

c) Pledged assets

Pledged assets as at 31 December 2007 amount to € 1.401.873 (€ 447.800 as at 31 December 2006) including Hellenic Republic bonds pledged by the Bank of Greece for the purposes of transactions through TARGET, by the derivatives clearing house (ETESEF) as margin insurance and pledged by foreign financial institutions for funding purposes and for the securitization of mortgages.

Additionally, bonds with a nominal value of € 334.228 are provided as collateral as part of repurchasing agreements (repo) with another credit institution.

36. Share capital and own shares

The share capital as at 31 December 2007 and 31 December 2006, amounts to €728.153.074 comprising 132.391.468 ordinary shares of € 5,5 nominal value each.

37. Other reserves

	31/12/2007	31/12/2006
Statutory reserve	114.405	114.405
Valuation reserve of available-for-sale investments	8.368	15.361
Reserves from disposal of treasury shares	52.466	52.466
Other reserves	495.638	493.535
	670.877	675.767

Statutory reserve and revaluation reserve of available-for-sale investments cannot be distributed. Other reserves concern reserves formed by gains from sales of listed securities and taxable income that has not been distributed. These reserves have been taxed and therefore no deferred tax has been calculated, according to IAS 12.

The movement of the available-for-sale revaluation reserve is summarized as follows:

	31/12/2007	31/12/2006
Opening balance	15.361	17.657
Profit / (loss) from revaluation	6.740	12.135
Recycling to the Income Statement	(13.733)	(14.431)
Closing balance	8.368	15.361

38. Cash and cash equivalents

For cash flow purposes cash and cash equivalents includes the following accounts that have maturity up to 3 months from the date of purchase.

	31/12/2007	31/12/2006
Cash and balances with Central Bank (Note 16)	681.453	421.068
Treasury securities	31.395	6.895
Due from banks (Note 17)	2.985.144	1.744.202
Trading portfolio (Note 18)	1.030.644	1.122.906
	<u>4.728.636</u>	<u>3.295.071</u>

39. Related party transactions

Credit Agricole and pension funds with participating interests of 72,42 % and 7,87%, respectively, constituted the major shareholders of the Bank as at 31 December 2007. The remaining shares are widely held and traded on the Athens Stock Exchange.

a) Transactions and balances with Board of Directors members

	1/1 - 31/12/2007	1/1 - 31/12/2006
Board of Directors fees *	1.816	1.341

	31/12/2007	31/12/2006
Deposits	598	9.551
Loans	121	53.443

* The fees of the non-executive members of the Board of Directors of the Bank amount to € 412 thousands for 2007 and € 160 thousands for 2006

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

b) Transactions and balances with subsidiaries and associates:

Subsidiaries

	31/12/2007	31/12/2006
Assets		
Due from other banks	785.868	601.890
Loans and advances to customers	371.870	388.792
Other assets	13.572	22.922
	1.171.310	1.013.604
Liabilities		
Due to banks	154.364	137.906
Due to customers	66.863	248.075
Debt securities in issue	2.531.299	647.530
Other borrowed funds	548.082	348.082
Other liabilities	24.050	12.995
	3.324.658	1.394.588
Income		
Interest & similar income	37.593	26.990
Fee & commission income	12.841	17.054
Other operating income	594	859
	51.028	44.903
Expense		
Interest expense & similar charges	90.375	43.257
Fee & commission expense	265	190
Staff costs	(2.656)	1.192
Other operating expenses	18.191	18.790
	106.175	63.429

Associates

	31/12/2007	31/12/2006
Assets		
Loans and advances to customers	55.179	56.173
Liabilities		
Due to customers	4.639	13.477
Income		
Interest & similar income	2.364	1.770
Expense		
Interest expense & similar charges	65	26

c) Transactions and balances with Credit Agricole Group

	31/12/2007	31/12/2006
Assets		
Due from other banks	2.054.126	725.069
Derivative financial instruments – assets	1.459	6.549
Transactions portfolio	6.750	-
Other assets	6.883	137
	<u>2.069.218</u>	<u>731.755</u>
Liabilities		
Due to other banks	1.716.558	277.806
Other borrowed funds	370.000	370.000
Derivative financial instruments – liabilities	2.524	-
Other liabilities	5.120	264
	<u>2.094.202</u>	<u>648.070</u>
Income		
Net trading results	1.743	654
Interest & similar income	50.982	11.528
	<u>52.725</u>	<u>12.182</u>
Expense		
Interest expense & similar charges	53.373	9.669
Fee & commission expense	1.247	35
Other operating expenses	3.989	325
	<u>58.609</u>	<u>10.029</u>

The related party transactions and balances are summarized as follows :

	1/1 – 31/12/2007	1/1 – 31/12/2006
Income	106.117	59.219
Expense	164.849	73.484
Fees for Board of Directors members and key management personnel	1.816	1.341
	<u>272.782</u>	<u>134.044</u>
	31/12/2007	31/12/2006
Assets	3.295.707	1.801.532
Liabilities	5.423.499	2.056.135
Receivables from Board of Directors members and key management personnel	121	53.443
Liabilities to Board of Directors members and key management personnel	598	9.551
	<u>8.719.925</u>	<u>3.920.661</u>

40. Dividends paid

For the accounting year of 2007, no dividend distribution would be proposed due to the losses brought forward.

41. Capital adequacy

The Bank's solvency ratio is calculated in accordance with PD/BOG 2053/92 "Definition of equity for credit institutions in Greece" and PD/BOG 2397/96 "Solvency ratio for credit institutions" (modified PD/BOG 2494/02) with a minimum ratio of 8%.

Based on the current legislative framework, the Capital adequacy relevant index is analyzed as follows (amounts in millions euro):

Weighted Assets

Weighted Assets on credit risks	17.466
Weighted Assets on market risks	284
Total risk Weighted Assets	17.750

Regulatory shareholder's Equity

Tier #1 Capital	1.217
Tier #2 Capital	283
Total regulatory equity	1.500

The relevant index at 31 December 2007 is estimated to be 8,45 for the Bank.

42. Post balance sheet events

On 18.01.2008 the First Instance Court of Athens issued a decision in relation to legal actions by employees against the Bank in the context of the termination of TEAPETE. The matter is further analysed on note 33.

On 21.01.2008 the appropriate Regulation Authorities approved the establishment of the company "EMPORIKI INSURANCES".