



# **GREEK POSTAL SAVINGS BANK SA**

## **Financial Statements**

**on Consolidated and Stand Alone basis**

**31 December 2007**

**In accordance with the**

**International Financial Reporting Standards**

**MARCH 2008**

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**INDEPENDENT AUDITOR'S REPORT****(translated from the original in Greek)**

To the Shareholders of HELLENIC POSTBANK S.A.

**Report on the financial statements**

We have audited the accompanying financial statements of Greek Postal Savings Bank S.A. (the "Bank") and the consolidated financial statements of the Bank and its subsidiaries (the "Group"), which comprise the company and consolidated balance sheet as of 31 December 2007 and the related statements of income, changes in equity and cash flows of the Bank and the Group 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 which have been adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Greek Standards on Auditing which are aligned 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 and the Group as of 31 December 2007 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, which have been adopted by the European Union.

Without qualifying our opinion, we draw attention to note 43 of the accompanying financial statements, which refers to the Management's estimate on the recoverability of the commission income charged on idle deposit accounts.

**Report on other legal and regulatory requirements**

The Directors' Report includes the information required by articles 43a paragraph 3, 107 paragraph 3 and 16 paragraph 9 of Codified Law 2190/1920 and also by article 11a of Law 3371/2005 and that information is consistent with the above financial statements.

Athens, 31 March 2008  
The Certified Auditors- Accountants

The logo for PricewaterhouseCoopers, featuring the company name in a stylized, bold, serif font with a small square icon to the right.

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**INCOME STATEMENT**

<b>Amounts in €</b>	<b>Note</b>	<b>Consolidated</b>		<b>Stand alone</b>	
		<b>From 1 January to</b>		<b>From 1 January to</b>	
		<b>31.12.2007</b>	<b>31.12.2006</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Interest and similar income		614.218.077,14	475.215.455,21	614.215.395,31	475.213.521,72
Interest expense and similar charges		(319.852.741,36)	(221.642.820,87)	(319.852.556,26)	(221.642.774,87)
<b>Net Interest Income</b>	<b>6</b>	<b>294.365.335,78</b>	<b>253.572.634,34</b>	<b>294.362.839,05</b>	<b>253.570.746,85</b>
Fee and commission income		12.486.867,91	25.672.108,47	11.861.410,16	25.495.066,57
Fee and commission expense		(1.225.416,96)	(858.079,73)	(1.197.017,92)	(856.368,85)
<b>Net fee and commission income</b>	<b>7</b>	<b>11.261.450,95</b>	<b>24.814.028,74</b>	<b>10.664.392,24</b>	<b>24.638.697,72</b>
Dividend income	8	4.141.771,78	4.655.511,04	4.141.771,78	4.655.511,04
Net income from financial instruments designated at fair value and net trading income	9	(73.098.708,98)	74.485.663,21	(73.125.036,60)	74.476.801,03
Gains less losses from investment securities	10	55.739.266,20	51.914.878,30	55.739.266,20	51.914.878,30
Other operating income	11	1.044.830,23	2.676.997,41	1.075.416,66	2.689.350,84
<b>Total Operating Income</b>		<b>293.453.945,96</b>	<b>412.119.713,04</b>	<b>292.858.649,33</b>	<b>411.945.985,78</b>
Personnel expenses	12	(101.084.600,14)	(84.718.491,19)	(100.780.364,56)	(84.616.656,53)
General and administrative expenses	13	(99.314.023,95)	(85.185.218,93)	(99.076.154,38)	(85.111.260,43)
Depreciation and amortization charges		(10.179.983,52)	(9.135.478,78)	(10.125.326,63)	(9.107.670,11)
Impairment losses on loans and advances	15	(28.711.261,85)	(24.061.557,91)	(28.711.261,85)	(24.061.557,91)
Other operating expenses	14	(3.914.977,62)	(23.550.556,49)	(3.912.177,96)	(23.527.630,29)
<b>Total operating expenses</b>		<b>(243.204.847,08)</b>	<b>(226.651.303,30)</b>	<b>(242.605.285,38)</b>	<b>(226.424.775,27)</b>
Share of losses from associate		-	(28.768,44)	-	-
<b>Profit before tax</b>		<b>50.249.098,88</b>	<b>185.439.641,30</b>	<b>50.253.363,95</b>	<b>185.521.210,51</b>
Income tax	16	(6.800.724,08)	(32.297.122,47)	(6.805.762,38)	(32.295.189,53)
Tax on Reserves	17	-	(15.969.084,24)	-	(15.969.084,24)
<b>Profit for the year</b>		<b>43.448.374,80</b>	<b>137.173.434,59</b>	<b>43.447.601,57</b>	<b>137.256.936,74</b>
<b>Attributable to:</b>					
Minority Interest		378,88	(15.670,97)	-	-
Equity holders of the parent		43.447.995,92	137.189.105,56	43.447.601,57	137.256.936,74
<b>Earnings per share</b>					
- Basic and diluted	18	<b>0,31</b>	<b>0,97</b>	<b>0,31</b>	<b>0,97</b>

**Athens, 28 March 2008**BOARD OF  
DIRECTORS  
CHAIRMANBOARD OF  
DIRECTORS  
FIRST  
DEPUTY  
CHAIRMANBOARD OF  
DIRECTORS  
SECOND  
DEPUTY  
CHAIRMANGENERAL  
DIRECTOR OF  
FINANCIAL AND  
OPERATING  
SERVICESDEPUTY  
GENERAL  
DIRECTOR OF  
FINANCIAL  
SERVICESDIRECTOR OF  
FINANCIAL  
SERVICESANGELOS  
PHILIPPIDESANTONIOS  
KAMINARISCHRISTOS  
MITRENTSESGEORGIOS  
XIFARASALEXANDROS  
TOPALOGLOUATHANASIOS  
DIONAS

**BALANCE SHEET****Balance Sheet**

Amounts in €	Note	Consolidated		Stand alone	
		31.12.2007	31.12.2006	31.12.2007	31.12.2006
<b>ASSETS</b>					
Cash and balances with central bank	20	129.337.342,86	148.863.699,85	129.336.316,06	148.862.119,78
Due from banks	21	2.584.419.109,80	757.870.400,32	2.584.049.992,06	757.494.298,89
Trading and financial assets designated at fair value	23	904.592.043,36	1.616.362.239,26	904.006.305,68	1.615.792.844,10
Derivative financial instruments	24	22.999.365,50	11.759.320,59	22.999.365,50	11.759.320,59
Loans and advances to customers	22	6.110.359.180,38	4.862.810.650,94	6.110.359.180,38	4.862.810.650,94
Less: Allowance for impairment on loans and advances to customers	22	(86.851.160,03)	(60.028.248,00)	(86.851.160,03)	(60.028.248,00)
Investment securities available for sale	25	3.121.333.230,19	4.097.038.608,53	3.121.333.230,19	4.097.038.608,53
Investment securities held-to-maturity	25	-	490.183.271,81	-	490.183.271,81
Investment in subsidiary and in associate	26	-	-	1.190.028,00	1.139.028,00
Property, plant and equipment	27	112.568.694,37	111.719.846,64	112.508.193,52	111.632.863,03
Intangible assets	28	10.286.537,47	11.359.606,00	10.260.241,65	11.306.861,55
Deferred tax assets	29	49.138.607,11	32.000.994,93	49.138.607,11	32.000.994,93
Current income tax assets	30	23.171.304,53	28.430.014,45	23.171.304,53	28.430.014,45
Other assets	31	201.007.541,09	200.754.704,16	200.914.567,75	200.686.813,21
<b>Total Assets</b>		<b>13.182.361.796,63</b>	<b>12.309.125.109,48</b>	<b>13.182.416.172,40</b>	<b>12.309.109.441,81</b>
<b>LIABILITIES</b>					
Due to banks	32	1.038.031.147,54	500.000.000,00	1.038.031.147,54	500.000.000,00
Due to customers	33	11.155.690.915,94	10.725.959.048,27	11.155.690.915,94	10.725.959.048,27
Derivative financial instruments	24	5.436.331,36	2.457.449,58	5.436.331,36	2.457.449,58
Deferred tax liabilities	29	11.739.311,98	38.396.584,91	11.739.311,98	38.391.546,61
Retirement benefit obligations	34	25.110.118,00	24.806.177,00	25.094.135,00	24.790.194,00
Other liabilities	35	199.329.045,21	148.084.683,23	199.279.052,87	148.046.612,52
<b>Total Liabilities</b>		<b>12.435.336.870,03</b>	<b>11.439.703.942,99</b>	<b>12.435.270.894,69</b>	<b>11.439.644.850,98</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share Capital	36	526.262.033,40	521.207.049,00	526.262.033,40	521.207.049,00
Share premium	37	16.904.259,06	2.130.062,03	16.904.259,06	2.130.062,03
Revaluation Reserve	38	5.031.275,00	106.107.309,12	5.031.275,00	106.107.309,12
Treasury shares	38	(126.700,00)	-	-	-
Other Reserves	38	85.517.210,08	83.344.830,00	85.517.210,08	83.344.830,00
Retained Earnings	38	112.850.624,39	156.095.070,55	113.430.500,17	156.675.340,68
<b>Capital and reserves attributable to equity holders of the parent</b>		<b>746.438.701,93</b>	<b>868.884.320,70</b>	<b>747.145.277,71</b>	<b>869.464.590,83</b>
Minority Interest		586.224,67	536.845,79	-	-
<b>Total Equity</b>		<b>747.024.926,60</b>	<b>869.421.166,49</b>	<b>747.145.277,71</b>	<b>869.464.590,83</b>
<b>Total Equity and Liabilities</b>		<b>13.182.361.796,63</b>	<b>12.309.125.109,48</b>	<b>13.182.416.172,40</b>	<b>12.309.109.441,81</b>

Athens, 28 March 2008

BOARD OF  
DIRECTORS  
CHAIRMANBOARD OF  
DIRECTORS  
FIRST  
DEPUTY  
CHAIRMANBOARD OF  
DIRECTORS  
SECOND  
DEPUTY  
CHAIRMANGENERAL  
DIRECTOR OF  
FINANCIAL AND  
OPERATING  
SERVICESDEPUTY  
GENERAL  
DIRECTOR OF  
FINANCIAL  
SERVICESDIRECTOR OF  
FINANCIAL  
SERVICESANGELOS  
PHILIPPIDESANTONIOS  
KAMINARISCHRISTOS  
MITRENTSESGEORGIOS  
XIFARASALEXANDROS  
TOPALOGLOUATHANASIOS  
DIONAS

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2006**

Amounts in €	Attributable to the shareholders of the parent company							Minority Interest	Total	
	Share Capital	Share premium	Statutory Reserve	Revaluation Reserve	Treasury shares	Other reserves	Retained earnings			
Balance at 1 January 2006 in accordance with IFRS	521.207.049,00	-	59.481.983,16	230.199.868,32	-	17.000.000,00	37.038.153,43	864.927.053,91	-	864.927.053,91
Movement in Equity 1/1-31/12/2006										
Movement in the AFS reserve	-	-	-	(124.092.559,20)	-	-	-	(124.092.559,20)	-	(124.092.559,20)
Profit for the year	-	-	-	-	-	-	137.189.105,56	137.189.105,56	(15.670,97)	137.173.434,59
<b>Total recognised income for the year</b>	-	-	-	<b>(124.092.559,20)</b>	-	-	<b>137.189.105,56</b>	<b>13.096.546,36</b>	<b>(15.670,97)</b>	<b>13.080.875,39</b>
Transfer to Legal Reserve	-	-	6.862.846,84	-	-	-	(6.862.846,84)	-	-	-
Shares offered to employees at a discount and free from the main shareholder	-	2.130.062,03	-	-	-	-	-	2.130.062,03	-	2.130.062,03
Movements from consolidation of subsidiary	-	-	-	-	-	-	-	-	552.516,76	552.516,76
Dividend relating to 2006	-	-	-	-	-	-	(11.269.341,60)	(11.269.341,60)	-	(11.269.341,60)
<b>Balance at 31 December 2006</b>	<b>521.207.049,00</b>	<b>2.130.062,03</b>	<b>66.344.830,00</b>	<b>106.107.309,12</b>	<b>-</b>	<b>17.000.000,00</b>	<b>156.095.070,55</b>	<b>868.884.320,70</b>	<b>536.845,79</b>	<b>869.421.166,49</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2007**

Amounts in €	Attributable to the shareholders of the parent company							Minority Interest	Total	
	Share Capital	Share premium	Statutory Reserve	Revaluation Reserve	Treasury shares	Other reserves	Retained earnings			
Balance at 1 January 2007 in accordance with IFRS	521.207.049,00	2.130.062,03	66.344.830,00	106.107.309,12	-	17.000.000,00	156.095.070,55	868.884.320,70	536.845,79	869.421.166,49
Movement in Equity 1/1-31/12/2007										
Movement in the AFS reserve	-	-	-	(101.076.034,12)	-	-	-	(101.076.034,12)	-	(101.076.034,12)
Movements from consolidation of subsidiary	-	-	-	-	-	-	-	-	49.000,00	49.000,00
Profit for the year	-	-	-	-	-	-	43.447.995,92	43.447.995,92	378,88	43.448.374,80
<b>Total recognised income for the year</b>	-	-	-	<b>(101.076.034,12)</b>	-	-	<b>43.447.995,92</b>	<b>(57.628.038,20)</b>	<b>49.378,88</b>	<b>(57.578.659,32)</b>
Proceeds from shares issued from employee share option plan scheme	5.054.984,40	-	-	-	-	-	-	5.054.984,40	-	5.054.984,40
Purchases of own shares	-	-	-	-	(126.700,00)	-	-	(126.700,00)	-	(126.700,00)
Transfer to Legal Reserve	-	-	2.172.380,08	-	-	-	(2.172.380,08)	-	-	-
Value of employee services from employee share option scheme and free from the main shareholder	-	14.774.197,03	-	-	-	-	-	14.774.197,03	-	14.774.197,03
Dividend relating to 2006	-	-	-	-	-	-	(84.520.062,00)	(84.520.062,00)	-	(84.520.062,00)
<b>Balance at 31 December 2007</b>	<b>526.262.033,40</b>	<b>16.904.259,06</b>	<b>68.517.210,08</b>	<b>5.031.275,00</b>	<b>(126.700,00)</b>	<b>17.000.000,00</b>	<b>112.850.624,39</b>	<b>746.438.701,93</b>	<b>586.224,67</b>	<b>747.024.926,60</b>

The notes in pages 11 to 74 are an integral part of these financial statements.

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

<i>Amounts in €</i>	Share Capital	Share premium	Statutory Reserve	Revaluation Reserves	Other reserves	Retained earnings	Total
<b>Balance at 1 January 2006 in accordance with IFRS</b>	521.207.049,00	-	59.481.983,16	230.199.868,32	17.000.000,00	37.550.592,38	865.439.492,86
<b>Movement in Equity 1/1-31/12/2006</b>							
Movement in the AFS reserve	-	-	-	(124.092.559,20)	-	-	(124.092.559,20)
Profit for the year	-	-	-	-	-	137.256.936,74	137.256.936,74
<b>Total recognised income for the year</b>	-	-	-	(124.092.559,20)	-	137.256.936,74	13.164.377,54
Transfer to Legal Reserve	-	-	6.862.846,84	-	-	(6.862.846,84)	-
Value of employee services from employee share option scheme and free from the main shareholder	-	2.130.062,03	-	-	-	-	2.130.062,03
Dividend relating to 2005	-	-	-	-	-	(11.269.341,60)	(11.269.341,60)
<b>Balance at 31 December 2006</b>	<b>521.207.049,00</b>	<b>2.130.062,03</b>	<b>66.344.830,00</b>	<b>106.107.309,12</b>	<b>17.000.000,00</b>	<b>156.675.340,68</b>	<b>869.464.590,83</b>

**STATEMENT OF CHANGES IN EQUITY ON STAND ALONE BASIS AS AT 31 DECEMBER 2007**

<i>Amounts in €</i>	Share Capital	Share premium	Statutory Reserve	Revaluation Reserves	Other reserves	Retained earnings	Total
<b>Balance at 1 January 2007 in accordance with IFRS</b>	521.207.049,00	2.130.062,03	66.344.830,00	106.107.309,12	17.000.000,00	156.675.340,68	869.464.590,83
<b>Movement in Equity 1/1-31/12/2007</b>							
Movement in the AFS reserve	-	-	-	(101.076.034,12)	-	-	(101.076.034,12)
Profit for the year	-	-	-	-	-	43.447.601,57	43.447.601,57
<b>Total recognised income for the year</b>	-	-	-	(101.076.034,12)	-	43.447.601,57	(57.628.432,55)
Proceeds from shares issued from employee share option plan scheme	5.054.984,40	-	-	-	-	-	5.054.984,40
Transfer to Legal Reserve	-	-	2.172.380,08	-	-	(2.172.380,08)	-
Value of employee services from employee share option scheme and free from the main shareholder	-	14.774.197,03	-	-	-	-	14.774.197,03
Dividend relating to 2006	-	-	-	-	-	(84.520.062,00)	(84.520.062,00)
<b>Balance at 31 December 2007</b>	<b>526.262.033,40</b>	<b>16.904.259,06</b>	<b>68.517.210,08</b>	<b>5.031.275,00</b>	<b>17.000.000,00</b>	<b>113.430.500,17</b>	<b>747.145.277,71</b>

**CASH FLOW STATEMENT**

Amounts in €	Note	Consolidated		Stand alone	
		31.12.2007	From 1 January to 31.12.2006	31.12.2007	From 1 January to 31.12.2006
<b>Operating activities</b>					
Profit before tax		50.249.098,88	185.439.641,30	50.253.363,95	185.521.210,51
<i>Adjustments to profits for:</i>					
Depreciation of tangible assets	27	7.861.804,50	7.031.201,82	7.833.596,24	7.017.592,06
Amortisation of intangible assets	28	2.318.179,02	2.104.276,96	2.291.730,39	2.090.078,05
Share in losses of associate		-	28.768,44	-	-
Shares offered to employees at a discount and free from the main shareholder	12	14.774.197,03	2.130.062,03	14.774.197,03	2.130.062,03
Other adjustments		-	122.060,69	-	99.308,56
Allowance for the impairment of loans and other receivables	15	28.711.261,85	24.061.557,91	28.711.261,85	24.061.557,91
Amortization of premium / discount of investment securities	25	6.350.788,27	4.746.031,47	6.350.788,27	4.746.031,47
Allowance for termination benefits	12	303.941,00	6.837.496,00	303.941,00	6.837.496,00
Income from the write off of deposit balances	11	-	(2.382.049,45)	-	(2.382.049,45)
Cost for additional employee expense L. 3016/2202	12	16.051.965,04	-	16.051.965,04	-
Contribution to Hellenic Deposit Guarantee Fund		4.323.999,00	17.872.601,50	4.323.999,00	17.872.601,50
(Profit) / loss from investment securities		(55.739.266,20)	(51.701.566,22)	(55.739.266,20)	(51.701.566,22)
Exchange currency differences	25	64.791,76	(213.312,08)	64.791,76	(213.312,08)
Income tax paid		(20.517.695,82)	(151.487.166,58)	(20.517.695,82)	(151.487.166,58)
		<b>54.753.064,33</b>	<b>44.589.603,79</b>	<b>54.702.672,51</b>	<b>44.591.843,76</b>
<b>Net change (increase) decrease of operations related assets and liabilities</b>					
Obligatory deposits to Bank of Greece		14.088.339,06	55.547.671,15	14.088.339,06	55.547.671,15
Financial Assets at fair value through profit or loss		506.952.716,25	(18.429.273,50)	506.969.058,77	(18.420.411,32)
Loans and receivables from customers		(1.249.436.879,26)	(1.818.756.863,15)	(1.249.436.879,26)	(1.818.756.863,15)
Other assets		(252.836,93)	(12.470.917,40)	(227.754,54)	(12.468.368,46)
Due from / to banks		(329.411.668,69)	460.442.816,23	(329.411.668,69)	460.442.816,23
Derivatives		(8.261.163,13)	(75.117.727,81)	(8.261.163,13)	(75.117.727,81)
Due to customers		429.731.867,67	774.502.332,52	429.731.867,67	774.502.332,52
Other liabilities		30.868.397,94	(15.448.986,98)	30.856.476,31	(15.449.990,66)
		<b>(605.721.227,09)</b>	<b>(649.730.948,94)</b>	<b>(605.691.723,81)</b>	<b>(649.720.541,50)</b>
<b>Cash flow from operating activities</b>		<b>(550.968.162,76)</b>	<b>(605.141.345,15)</b>	<b>(550.989.051,30)</b>	<b>(605.128.697,74)</b>
<b>Investing activities</b>					
Purchases of tangible assets	27,28	(9.955.762,72)	(10.336.219,40)	(9.954.037,22)	(10.317.915,52)
Investments in subsidiaries and associated companies		-	(34.028,00)	(51.000,00)	(89.028,00)
Net (increase) / decrease of investments securities		(1.709.423.342,75)	(797.647.758,68)	(1.709.423.342,75)	(797.647.758,68)
Income from sale and maturity of investment securities		3.098.740.441,50	1.209.789.422,75	3.098.740.441,50	1.209.789.422,75
<b>Net cash flow from investing activities</b>		<b>1.379.361.336,03</b>	<b>401.771.416,67</b>	<b>1.379.312.061,53</b>	<b>401.734.720,55</b>
<b>Financing Activities</b>					
Increase of Share capital	36	5.103.984,40	55.000,00	5.054.984,40	-
Purchases of treasury shares	38	(126.700,00)	-	-	-
Share capital redemption		-	(90.495.199,40)	-	(90.495.199,40)
Distribution of reserves and available profits to the shareholders of the parent company		-	(208.772.615,53)	-	(208.772.615,53)
Dividends paid to shareholders of the parent company	19	(84.520.062,00)	(11.269.341,60)	(84.520.062,00)	(11.269.341,60)
<b>Net cash flow from financing activities</b>		<b>(79.542.777,60)</b>	<b>(310.482.156,53)</b>	<b>(79.465.077,60)</b>	<b>(310.537.156,53)</b>
<b>Net increase in cash and cash equivalents</b>					
Cash and cash equivalents at the beginning of the year		748.850.395,67	(513.852.085,01)	748.857.932,63	(513.931.133,72)
Cash and cash equivalents at the beginning of the subsidiary		1.112.457.670,78	1.626.011.123,00	1.112.079.989,28	1.626.011.123,00
		-	298.632,79	-	-
<b>Cash and cash equivalents at the end of the year</b>	42	<b>1.861.308.066,45</b>	<b>1.112.457.670,78</b>	<b>1.860.937.921,91</b>	<b>1.112.079.989,28</b>

## NOTES CONCERNING CONSOLIDATED AND STAND ALONE FINANCIAL STATEMENTS

### 1. Information for the Bank

#### 1.1 General Information

- Greek Postal Savings Bank is a societe anonym bearing the title “GREEK POSTAL SAVINGS BANK” for all its international transactions, and has substituted in all its rights and obligations the decentralized public entity Postal Savings Bank which was established by virtue of Law GYMST/1909, as subsequently supplemented and amended by Compulsory Law 391/1936, Law1118/1938 and other provisions.
- On April 19<sup>th</sup>, 2006, on the Governor’s Act of the Bank of Greece No 2579/19.4.2006 was issued according to provisions of article 9 paragraph 5 of law 3082/2002, which constitutes as a banking license. Therefore, the Bank is under the supervisory role of Bank of Greece according to Law 2076/1992, as amended.
- The Bank’s registered office is located in the Municipality of Athens (2-6 Pesmazoglou Street, 101 75). By resolution of the Board of Directors, the Bank can establish and close down branches, correspondence offices, safe deposit boxes and/or agencies anywhere in Greece and abroad. As of 31/12/2007, it is noted that «GREEK POSTAL SAVINGS BANK’s» branch network comprises 140 branches throughout Greece.
- The term of the Bank is set to 100 years from its establishment and may be extended by resolution of the General Meeting of the shareholders.
- From 5 June 2006, the Bank has listed all of its shares in the Athens Stock Exchange Market, after the relevant decisions 1/381/12.5.2006 and 18/31.5.2006 of the Hellenic Capital Market Commission and the Athens Stock Exchange respectively. Though this listing, the decision of the Interministerial Privatization Committee, for the disposition of 49.080.000 ordinary nominal shares of the Bank ( 34,84%), owned by Greek Government, was implemented.
- The sale of the Bank’s 28,173,354 common shares, ownership of the main shareholder “Greek State”, through a private placement to qualified investors in Greece and internationally, via an accelerated book building process was successfully completed on July 11, 2007. The offering took place as part of the State’s privatization program, at the price of 18,10 euro per share selling at a small premium relative to the closing price on July 09, 2007. The offering was oversubscribed three times. Following the aforementioned offering of shares, representing 20% of voting rights of the Bank outstanding share capital the direct participation percentage of the main shareholder “Greek State” in the Bank’s share capital has declined to 34.43% from 54.43%, while the indirect participation, of 10%, via «Hellenic Post S.A.» has remained unchanged.
- As of July 20<sup>th</sup>, 2007, the Securities Accounts of the beneficiaries of the Private Placement, i.e., the members of the Board of Directors, the Bank employees and associates were credited with 73,054 free shares, corresponding to 0.052% of the Bank’s share capital, which were disposed by the main shareholder, the “Greek State”, in the context of the Greek Postal Savings Bank share withholding incentive, following Decision No.

66/10.05.2006 of the Interministerial Committee for Privatizations, and Decision No. 2/27865/0025 of the Minister of Economy and Finance, which were issued during the Initial Public Offering process of the Bank on the Athens Stock Exchange. According to these decisions, a share withholding incentive was granted by the main shareholder, the "Greek State", to every employee, member of the Board of Directors and associate of the Bank, who would acquire shares of the Bank, in the context of the Private Placement and would continue to hold them for a period of twelve (12) months from the date of registration of the shares in his/her Securities Account, which is held in the Dematerialized Securities System of the Central Securities Depository for the supply of one (1) free share for every ten (10) held shares, as specified per the above, and up until the total of one hundred (100) free shares per employee, Member of the Board if Directors and Associate of the Bank. Following this offering, the percentage of the main shareholder, the "Greek State" decreased to 34.37%.

- On 21<sup>st</sup> December 2007 the Greek Postal Savings Bank S.A. pursuant to article 10 of law 3340/2005 and within the framework of implementing a share offering Plan (Stock Option Plan), of Article 13 of L. 2190/20 that have been issued from the extraordinary General Assembly on April 18<sup>th</sup>, 2007 setting the maximum number of shares up to 2% of the existing number of shares issued at that point of time, and not to exceed 2.817.335 shares. The Board of Directors of the Bank, according to Article 13 of Law 2190/1920, regarding Société Anonyme, on 20<sup>th</sup> December 2007, resolved upon a share capital increase of the Bank in the amount of €5.054.984,40 by cash payment through the issuance of 1.366.212 new common, registered, voting shares of nominal value offering price of €3,70 per share, due to the exercise of Stock Options Rights by the Beneficiaries, during the exercise period, between December 10<sup>th</sup> 2007 and December 15<sup>th</sup> 2007. The decisions mentioned above, were submitted to the Ministry of Development, to Directorate of Societe Anonyme Companies and Credit that concerns Banking Institutions (Number of protocol K2-18440 & K2-18441/21.12.2007) in order to be entered in the Société Anonyme register which is retained by the Ministry of Development. As a result, the share capital of the Bank amounted to €526.262.033,40 divided into 142.232.982 common, registered, voting shares of nominal value €3,70 each. The Bank proceeded in all necessary actions, according to the underlying legislation, so that the shares corresponding to exercised Stock Rights commence trading on the Athens Stock Exchange Market. Eventually the new shares were listed on Athens Stock Exchange on 17<sup>th</sup> January 2008. By the share capital increase the percentage of the shares held by the main shareholder-Greek public, reduced to 34,043%, whereas the percentage of the second main shareholder-EL.TA reduced to 9,904% from 10%.
- These financial statements for the fiscal year ended on 31 December 2007, were approved from the Board of Directors on 28<sup>th</sup> March 2008 and are subject to the approval of the Bank's shareholders in the Annual General Meeting.

### **1.1.1 Collaboration Agreement with the Hellenic Post S.A.**

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

- Major terms and conditions of the agreement

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

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

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

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

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

- Financial Cost

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

- Network used

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

Based on the terms of the agreement the Bank's products/ services are sold at 844 EL.TA branches and 950 postmen delivering in rural areas, who act as EL.TA subcontractors in remote areas where there are no branches or agencies, while the EL.TA products/ services are sold through the Bank's network comprising of 140 branches.

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

The exclusive collaboration agreement expressly acknowledges that EL.TA shall undertake to sell, exclusively, only the banking products of the Bank, provided that the Bank will neither use nor develop its branches network competitively to the EL.TA network.

- Products/ Services

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

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

Regarding any new products to be developed by either one of the counterparties, the agreement provides "the right of first refusal" to the other party. New products do not include variations or changes introduced to existing products, but rather distinct, new wide product categories aimed to cover customers' needs not covered by existing products.

### **1.1.2 Modification of contract with ELTA**

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

Subsequent to the decisions of the Board of Directors of the companies, the duration of the contract was modified, and extended up to 31 December 2021. In addition the amount of the minimum guaranteed annual fee that the Bank pays to ELTA, for the use of its branches network was decreased, from €10 million, to €7 million annually. At the same time, the basis of calculation for the management of working capital for deposits was readjusted, via its network, in order to become more attractive and provide a source of motivation for its further activation, not only in the sector of deposit account service but also in the sector of loans. Especially, in the sector of allowances, the collaboration that had started since the summer of 2006, in the form of the pilot program, continued in the period under examination and developed very well. As a result, the program was applied in a larger number of branches, which amounted to 308 until the end of 2007.

Finally, according to Management, the creation and the operation of 200 to 300 special discriminate rooms, inside the branches of the network of EL.TA is programmed within 2008 and 2009 (Shop in the shop), in order to enforce the presence of Greek Postal Savings Bank in this network and finally enforce its productivity.

### **1.1.3 Bank's participation in ELTA's capital.**

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

During period 2007 the increase of EL.TA share capital has been completed, in which the Bank participated maintaining its proportionate percentage of 10% by cash payment, amounting to €8.704.000,00, which correspond to 5.120.000 new, common, nominal shares of nominal value €1,7 each. After the aforementioned increase the total of the shares and voting rights of EL.TA owned by the Bank amounts to 16.988.900 shares and the value of the participation reaches the amount of € 30.117.000,00 maintaining the participation percentage unchanged.

### **1.1.4 Mortgage Savings**

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

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

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

The 29th meeting of the Board of Directors of the Greek Postal Savings Bank, held on 4 March 2004, approved the "General Management and Operations Regulation for the Mortgage Allowance Investment Account". It should be clarified that the Greek Postal Savings Bank has established the foregoing account.

As the Greek Postal Savings Bank has implemented IFRS, it has assigned to a specialized actuarial firm to prepare a valuation study in order to calculate the cost of implementing the specific scheme. The result of such study has been recorded in the financial statements bearing a negative sign under Note 22 to the financial statements "Loans and advances to customers" and specifically under item "Mortgage Loans". The respective result of the study amounted to approximately € 91.981 thousand as at 31 December 2007 and to approximately € 92.086 thousands as at 31 December 2006. In order to calculate the present value of the scheme, the discount rates of 4,8% and 4% were used for the years 2007 and 2006 respectively.

## **1.2 Structure and activities of the Bank**

The purpose of the Bank is to operate, for its own account or for the account of third parties, in Greece and abroad, independently or in collaboration or joint venture, operation, without limitation or other distinction, for the total of the operations and activities that are allowed from time to time to domestic financial institutions by the existing legislation. The following activities fall under the purposes of the Bank:

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

It should be noted that one of the Bank's main purposes is through its credit policy to support the general economic development of the country and of the local communities where it operates, and its contribution to benefit the public.

## **1.3 Composition of the Bank's Board of Directors**

The Board of Directors of the Bank, at 31 December 2007, is as follows:

- |                              |   |
|------------------------------|---|
| • Philippides Angelos,       | <b>Chairman, Executive Member</b>               |
| • Kaminaris Antonios,        | <b>First Deputy Chairman, Executive Member</b>  |
| • Mitrentses Christos,       | <b>Second Deputy Chairman, Executive Member</b> |
| • Taprantzis Andreas,        | <b>Non Executive Member</b>                     |
| • Halikias Ioannis,          | <b>Independent Non Executive Member</b>         |
| • Lambropoulos Konstantinos, | <b>Non Executive Member</b>                     |
| • Chatzimichalis Dimitrios   | <b>Non Executive Member</b>                     |
| • Michalopoulou Adamantia,   | <b>Non Executive Member</b>                     |
| • Spiliopoulos Vasilios,     | <b>Independent Non Executive Member</b>         |
| • Kotsiris Konstantinos,     | <b>Non Executive Member</b>                     |
| • Tsagdis Ioannis,           | <b>Non Executive Member</b>                     |

According to decision 98 of the Board of Directors on October 8<sup>th</sup> 2007, the prior President, Mr. Panagiotis Tsoupidis was replaced by Mr. Angelos Phillipides. The term of the Board of Directors will last until the 30<sup>th</sup> of June 2009.

## **2. Summary of Significant Accounting Policies**

### **2.1 Basis of Presentation**

The consolidated and stand alone financial statements of the Bank as of 31 December 2007 are prepared in accordance with International Financial Reporting Standards (I.F.R.S.) and International Accounting Standards (I.A.S.), issued by the International Accounting Standards Board (I.A.S.B.), as well as their interpretations, which have been issued by the International Financial Reporting Interpretations Committee (I.F.R.I.C.), as these have been endorsed by the European Union, through the procedure of adoption which European Committee follows.

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

#### **2.1.1 Adoption of New IFRSs, amendments and interpretations**

Certain new standards, amendments to standards and interpretations have been issued, which 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:

#### **Standards effective for 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 and does not have any impact on the classification and valuation of the group's financial instruments, or the disclosures relating to taxation and trade and other payables. The pronouncements of this standard have been applied in the preparation of these financial statements.

### **Interpretations effective for 2007**

#### **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 none of the Group companies operate in a hyperinflationary economy this interpretation does not affect the Group'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 affect the Group'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. This interpretation is not relevant to the Group's operations.

#### **IFRIC 10 - Interim Financial Reporting and Impairment**

This interpretation prohibits the impairment losses recognised 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. This interpretation does not have any impact on the Group's financial statements.

### **Standards 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 Group will apply IFRS 8 from 1 January 2009.

#### **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. Group will apply IAS 23 from 1 January 2009.

## **Interpretations effective after 1 January 2008**

### **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 Group'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 Group'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 Group'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 Group does not operate any such benefit plans for its employees, this interpretation is not relevant to the Group.

## **2.2 Consolidation**

### **2.2.1 Business combinations and subsidiaries**

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the sum of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the acquiree plus any costs directly attributable to the acquisition. The acquired identifiable assets, liabilities and contingent liabilities are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition

over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Where the cost of the acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

For disposals of ownership interests that result in a loss of control, the Group recognises gains and losses in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered.

The Bank accounts for investments in subsidiaries in its stand alone financial statements at cost less impairment.

### **2.2.2 Associates**

Associates are entities over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any cumulative impairments losses) identified in acquisition.

Under this method the Group's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's investment in associates includes goodwill (net of accumulated amortisation) on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associates.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company accounts for investments in associates in its stand alone financial statements at cost less impairment.

### **2.2.3 Consolidation Basis**

The consolidated financial statements as at 31 December 2007 include the financial statements of the Bank and its subsidiary, "Greek Postal Savings Bank-EL.TA Mutual Fund Management S.A.". The Bank does not hold directly or indirectly more than 50% of the voting rights, neither has significant influence in other entities.

As at 31 December 2007 the Bank consolidates its subsidiary "Greek Postal Savings Bank-EL.TA Mutual Fund Management S.A", in which the Bank holding represents 51% of voting rights. As at 24 July 2007 the increase of share

capital of Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A" of € 100.000 was certified. The Bank' s participation in the increase of share capital amounts to € 51.000.

In the previous year 2006, due to the increase of the percentage of the participation of the Bank to the entity "Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A." from 50% to 51%, it has been consolidated with the full consolidation method for the period 1/8/2006-31/12/2006, while in the period 1/1/2006-31/07/2006 it had been consolidated using the Equity Method.

## **2.3 Financial Instruments**

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

### **2.3.1 Initial Recognition**

The Bank records all of its financial assets and liabilities including derivative financial instruments in the Balance Sheet. The acquisition of financial instruments is recognized on the date of transaction. The financial assets and liabilities are initially recognized at their fair value plus transaction costs that are directly attributable to the acquisition.

### **2.3.2 Classification and Financial Asset Measurement**

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

#### *i) Financial assets designated at fair value*

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

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

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

- a) It eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases; or
- b) A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the board of Directors.
- c) Derivatives meet the definition of this category, though in the Balance Sheet they are presented separately under the account "Derivatives".

*ii) Loans and Receivables*

Loans and other claims are measured at amortized cost using the effective interest method and are assessed at each balance sheet date in order to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If any such evidence exists, the entity calculates the recoverable amount of that financial asset or group of financial assets in order to determine the amount of any impairment loss which is then recognized through Profit & Loss. The impairment loss is the difference between the carrying and the net present value of its expected recoverable amount.

An asset is impaired when its carrying value exceeds the net present value of its expected recoverable amount. An impairment loss is incurred if, and only if, there is objective evidence that the Bank will not recover all amounts due according to the terms of the contracts. Objective evidence that a financial asset or group of assets is impaired or is not recoverable are the following:

- (i) Significant financial difficulty of the borrower;
- (ii) A breach of contract, (such as a default or delinquency in interest or principal payments);
- (iii) The Bank, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- (iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- (v) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - Adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments or an increased number of credit card borrowers who have reached their credit limit and are paying the minimum monthly amount); or
  - National or local economic conditions that correlate with defaults on the assets in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area).

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

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

Loans are characterized as past due after a 3-month non performing period, during which no interest payment took place. Past due loans are assessed in memo accounts.

Loans to institutions, whose collateral is covered by the Greek State, are considered totally recoverable and are not examined for impairment.

*iii) Held-to-Maturity financial assets*

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

The Held-to-Maturity portfolio, which is kept up to the maturity date, is carried at amortized cost using the effective interest method, less any accumulated impairment in value. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount for the impairment loss for assets carried at amortized cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's effective interest rate. Impairment losses are recognized in the Profit & Loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed as long as after the reversal the carrying amount of the financial asset does not exceed the amortized cost that would have been had the impairment not been recognized at the date the impairment is reversed.

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

*iv) Available for sale financial assets*

This portfolio includes non-derivative financial assets, which are either classified in this category or cannot be classified in any of the portfolios mentioned above. These financial assets may be sold according to liquidity needs or changes in interest rates or prices. Financial assets of the available for sale portfolio are initially recognized at cost (including transaction costs) and then carried at fair value. After initial recognition the entity measures the available for sale portfolio financial assets at their fair values. The unrealized gains or losses arising from changes in the fair value of securities classified as available for sale are recognized directly in equity up to the point where the financial assets are sold or if there is evidence of impairment, in which case the profit or loss is recognized in the Bank's Income Statement.

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

### **2.3.3 Measurement of Financial Liabilities**

The Bank's financial liabilities include mostly customer deposits and intra-group deposits.

Financial liabilities are initially recognized at their acquisition cost which is the fair value of cash or other financial assets paid. After their initial recognition they are measured using the effective rate method. Interest expenses are recognized in the Profit and Loss account of the period under consideration.

### **2.3.4 Derivatives and Hedging**

The Bank uses derivatives for its own benefit, with the purpose of realizing profits or the hedging of risks that come from the change in interest rates and foreign exchange rates and for the benefits of its clients.

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

All derivatives are initially measured at fair value at the date of the contract. After initial recognition, at each balance sheet date, they are measured at their fair values. Fair values are obtained from quoted market prices in active markets and option pricing models, where market prices are not available. Derivative's gains/losses are included in the account "financial operations result".

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

The Bank has not applied hedge accounting in the years 2007 and 2006.

### **2.3.5 Fair Value attributing methods**

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

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

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

### **2.3.6 Derecognition**

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

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

### **2.3.7 Offsetting**

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

### **2.3.8 Sale and Repurchase Agreements**

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

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

## **2.4 Conversion into Foreign Currency**

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

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

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

## **2.5 Property, plant and equipment**

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

Subsequent costs are added to the book value of the property, plant and equipment or as separate assets only to the extent that these costs increase future economic benefits that are estimated to arise from the use of the asset and their

cost can be reliably measured. The cost of repairs and maintenance is charged to the income statement during the financial period in which they are incurred.

The depreciation of other property, plant and equipment (except land that is not depreciable) is calculated using the straight line method to allocate their cost to the residual value over their estimated useful lives as follows:

Buildings	50-60	Years
Mechanical Equipment	7	Years
Electrical Equipment	3-4	Years
Motor vehicles	8	Years
Furniture	5	Years

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

At the sale of the fixed assets, the differences between the consideration received and the carrying amount are recognized in the income statement. Repairs and maintenance expenses are charged to the income statement during the financial period they are incurred.

## 2.6 Intangible Assets

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

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

## 2.7 Repossessed Assets

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

## **2.8 Impairment of Tangible and Intangible Assets**

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

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

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

## **2.9 Leases**

Leases are classified as finance leases when, according to the terms of lease, the risks and rewards of ownership of the asset are transferred to the lessee. All other leases are classified as operating leases. The payments for operating leases (net from incentives offered from the lessor) are recognized in the income statement on a straight line basis throughout the duration of the lease. Currently, all the Bank's leases are classified as operational leases.

## **2.10 Cash and Cash Equivalents**

For the purposes of Cash Flow Statement, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash and non-restricted balances with Central Banks, Treasury Bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

## **2.11 Income and Deferred Taxes**

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

The taxable profit differs from the profit reported on the income statement as it does not include temporary taxable or allowable differences as well as balances which are permanent differences or are tax exempt.

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

Deferred taxation is calculated with the balance sheet method and is recognized for all temporary differences between accounting and tax base of assets and liabilities, which are included in the financial statements.

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

Deferred tax assets and liabilities are offset when the Bank has a legally enforceable right to offset current tax assets against current tax liabilities and when those are related with income taxes levied from the same tax authority and furthermore, the Group is willing to settle current tax liabilities and assets on a net basis. Differed tax related to fair value re-measurement of available for sale investments cash and flow hedges, which are charged or credited directly to equity is also credited or charged directly to equity and subsequently recognized in the income statement together with the differed gain or loss.

## **2.12 Employee Benefits**

**Short – term benefits:** Cash paid to the short-term employee benefits (except for the post retirement benefits) and benefits in kind are recognized as an expense when they are considered accrued.

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

### **Employee benefits**

The Bank pays contributions to defined employee plans during the service and after retirement. The Bank has both defined benefit and defined contributions plans, which grant lump sum compensations upon termination, pension and other medical benefits.

#### a) Defined benefit plans

Defined benefit plans are pension plans that define an amount of pension benefit to be provided, usually as a function of one or more factors such as years of service, age and compensation. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses. The Bank has elected to use the "corridor approach" of IAS 19 "Employee Benefits", according to which part of the actuarial gains/losses are not recognized and are amortized over the expected average remaining working lives of the employees participating in that plan. However, without disregarding the above, the Bank at its transition date to IFRS has elected to take the exemption of paragraph 20 of IFRS 1 in relation to Employee benefits and has recognized all the cumulative actuarial gains and losses up to the date of the transition to IFRS.

The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on government bonds that have terms to maturity approximating the terms on the related pension liability.

#### b) Defined contribution plans

Defined contribution plans are pension plans to which the employer pays contributions to and has no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to pension obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such they are included in line 'staff costs' of the Income Statement.

### **Share based compensation**

The fair value of the employee services received in exchange for the grant of the options under a share option scheme is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted.

The proceeds received from the issue of new shares, net of any directly attributable transaction cost, increase share capital and share premium when the options are exercised.

### **2.13 Provisions**

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

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

## **2.14 Share Capital**

Share capital includes the common shares of the bank. Common shares are included in equity.

Incremental costs directly attributable to the issue of new shares are shown after the reduction of the relative income tax in reduction to the product of issue. Incremental costs directly attributable to the issue of new shares for the acquisition of other entities are included in the cost of acquisition of the new company.

The acquisition cost of treasury shares is presented reductively to the equity of the Bank, until the own shares are sold or cancelled. Every profit or loss from treasury shares sales, net from transaction costs and taxes, is included as reserve in the equity.

## **2.15 Revenue Recognition**

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

Revenue recognition policies are as follows:

### *i) Interest Income*

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

### *ii) Income from commissions*

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

### *iii) Income from dividends*

Income from dividends are realized when the right to collect is constituted.

## 2.16 Dividends Distribution

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

## 2.17 Segment Reporting

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

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

The bank had divided its activities in the following business segments:

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

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

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

The method and certain assertions used for defining segments results have been changed concerning the year ended at 31.12.2007. For purposes of comparability the data for period 2006 have been adjusted accordingly.

## 2.18 Reclassification of amounts

Certain amounts of the financial statements of the comparative periods have been reclassified compared to the published financial statements to conform to the current periods' presentation.

In the income statement of the previous period of 31.12.2006 amount of € 5.214.179,12 , concerning income from Impairment losses on other assets, was reclassified from the account "Other operating income" to the account "Impairment losses on loans and advances".

At the comparable balance sheet dated 31.12.2006 in the accounts "Other assets" and "Other liabilities", assets and liabilities amounting to € 4.504.844,70 have been reclassified in order to be comparable with those of the closing period.

Furthermore, in the comparative balance sheet dated 31.12.2006 the account "Current tax assets" has been inserted for comparison reasons, in which tax liabilities of an amount of € 23.069.940,61 and assets from advance payments of income tax amount of € 51.499.955,06 have been offset, which were included in the account "Other Liabilities" and "Other Assets" respectively.

The cash flow statement of 31.12.2006 has been adjusted in order to be comparable with the cash flow statement of the closing period. The restated and published cash flows of 31.12.2006 are presented at the note 41.

The segment report for period 2006 has been adjusted in order to be comparable with the corresponding report of period 2007.

It should be noted that the aforementioned amendments have no effect in the results of the previous period.

### **3. Critical accounting policies, estimates and judgments**

#### **3.1 Critical accounting policies and estimates**

The preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) requires management to make a number of judgments, estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses in consolidated and stand alone Financial Statements and the accompanying notes. The Bank's management believes that the judgments, estimates and assumptions used in the preparation of the Financial Statements are appropriate given the factual circumstances as of 31 December 2007 which have not changed in comparison with the previous period, except from the case of the provision concerning the administrative commission from the dormant accounts of deposits of the accounting period 2006, which is referred to Note 43.

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

##### **3.1.1 Recognition and measurement of financial instruments at fair value**

Assets and liabilities that are classified as held for trading purposes are recorded at fair value on the balance sheet date, with changes in fair value reflected in "financial operation results". For listed financial instruments, fair value is based on quoted market prices for the specific instrument. Where no active market exists, or where quoted prices are not otherwise available, fair value is determined using a variety of valuation techniques. These include present value methods, models based on observable input parameters, and models where some of the input parameters are unobservable.

Valuation methods are used primarily to value derivatives transacted in the over-the-counter market and periodically reviewed thereafter. All valuation models are validated before they are used as a basis for financial reporting. Although a significant degree of judgment is, in some cases, required in establishing fair values, management believes that the

fair values recorded in the balance sheet and the changes in fair values recorded in the income statement are prudent and reflective of the underlying economics, based on the controls and procedural safeguards employed.

### **3.1.2 Allowance for loan losses**

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

### **3.1.3 Retirement benefit obligations**

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

### **3.1.4 Useful lives of depreciable assets**

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

## **3.2 Critical Accounting Judgments**

### **3.2.1. Held-to-maturity financial assets**

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

### **3.2.2 Impairment for available-for-sale financial assets**

The Bank follows the IAS 39 guidance on determining when an investment is other than temporarily impaired. This determination requires judgment and the Bank evaluates the duration and extent to which the fair value of an investment is lower than its cost. Additionally, the financial position and short-term business perspective of the investor,

including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

### **3.2.3 Income Taxes**

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

## **4. Financial Risk Management**

The Bank's activities expose the Bank to a variety of financial risks, from which the most important are : credit risk, market risk, liquidity risk, fair values of financial assets and liabilities as well as capital adequacy. Market risk includes currency risk, interest rate and other price risk.

The Bank's risk management policies are designed to identify, monitor and analyze these risks, to set appropriate risk limits and controls. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Board Risk Management Committee under policies approved by the Board of Directors. The Board Risk Management Committee identifies, evaluates, and hedges financial risks in close co-operation with the Bank's operating units.

Apart from the Board Risk Management Committee, there is also the Risk Management Deputation, in the responsibilities of which the following are included:

- The strategic undertaking modulation of every risk type and capital management.
- The development of an internal risk management system and its integration in the business decisions procedure.
- Evaluation of Board Risk Management Committee reports and notification to the Board of Directors.
- Annual valuation of the adequacy and effectiveness of the Bank's risk management policy.

### **4.1 Credit Risk**

Credit risk is the risk of financial loss for the Bank that arises when the debtors are in no position to pay off their loans and to fulfill their contractual/transactional obligations. Credit risk is considered the most significant for the Bank's business; and its efficient monitoring and management constitutes a top priority for management.

The Bank's overall exposure to credit risk mainly arises from the retail banking allowances, the Bank's investment and transaction activities, the trading activities in the derivative markets as well as from the settlement of financial instruments.

#### **4.1.1 Credit risk measurement**

There are various factors that affect the level of credit risk, some of which are the general economic and market conditions, as well as the future expectations, the counterparties' financial condition, the type, the duration and amount of the exposure, as well as the presence of any collateral/security (guarantees).

The Bank's Board of Directors considers the efficient management of credit risk very important. Greek Postal Savings Bank has created and developed all the needed infrastructure and procedures, in order to estimate and value the credit capacity of each customer.

##### **a) Loans and advances**

In measuring credit risk of loans and advances the Bank reflects : (i) a customer's creditworthiness and the probability of defaulting on their contractual obligations is systematically assessed, (ii) the Bank's current exposure to credit risk arising from the claim is monitored.

##### **(i) Systematic evaluations of the customer's creditworthiness and assessment of the probability of defaulting on their contractual obligations**

The Bank evaluates the creditworthiness of its borrowers and assesses the probability of defaulting on their contractual obligations. The Bank regularly tests the predictive capability of the creditworthiness evaluation and rating models used both for Corporate and Retail Credit, thus ensuring its potential of accurately depicting any credit risk allowing for the timely implementations of measures addressing arising problems. The Bank focusing on the application of modern credit risk measurement methods, evaluates applicants creditworthiness using applications scoring models.

##### **(ii) Monitoring the Bank's current credit risk exposure**

The Bank monitors the credit risk exposure of its loans and advances to customers, based on their notional amount, as presented in the financial statements.

##### **b) Securities and other bills**

For the measurement and evaluation of the credit risk entailed in debt securities and other bills, external ratings from rating agencies are used, such as Standard and Poor's, Moody's or other similar organizations. The amount of the Bank's exposure to credit risk from debt securities and other bills is measured based on the market value of on or off balance sheet exposures and/or positions.

### **c) Stress Testing**

Stress testing exercises constitute an integral part of the Bank's credit risk measurement and quantification, providing estimates of the size of financial losses that could occur under extreme financial market conditions. Greek Postal Savings Bank systematically runs credit risk stress testing exercises, in accordance with the instructions issued by the Bank of Greece (Governor of the Bank of Greece Decree /2577/9.3.2006), the results of which are presented to and evaluated by the Board Risk Management Committee. The stress tests are performed by the Bank Risk Management Division and primarily make use of the sensitivity analysis technique.

#### **4.1.2 Credit limits management and risk mitigation techniques**

The Bank manages, controls and limits the concentration of credit risk per counterparty, per counterparty group, per product and per segment by applying credit limits, which indicate the maximum acceptable risk exposure. The Bank's total exposure to borrower credit risk is further controlled by the application of sub-limits that address on and off-balance sheet exposures, as well as daily positions of the trading book in financial instruments, such as foreign exchange forward contracts.

The following paragraphs describe further techniques applied by the Greek Postal Savings Bank for credit risk control and limitation.

#### **a) Collateral / Security**

The Bank obtains collateral/ security against its credit to customers, minimizing thus the overall credit risk and ensuring the timely repayment of its debt claims.

To this end, the Bank has established categories of acceptable collateral and has incorporated them in its credit policy. The main types are the following:

- Mortgages and certain consumer loans on real estate property
- Greek State letters of guarantee for loans to public institutions
- Highly valuable objects for loans against pledge
- Pledged deposits and securities

The collateral / security associated with a credit is initially evaluated during the credit approval process, based on their current or fair value, and re-evaluate at regular intervals. In general, no collateral/ security is required against exposures to financial institutions, unless it has to do with resale agreements (reverse repos).

#### **b) Derivatives**

The Bank systematically monitors and controls the exposure and duration of its net open positions in the derivative markets. On any given moment, the overall credit risk exposure of the Bank to derivative products corresponds to the

positive market value of its open positions. Credit exposures from positions in the derivative markets are part of the overall credit limits set for any counterparty and are taken into consideration during the approval procedure.

### **c) Netting arrangements**

In cases where there is the legal right and the expressed intention to net the amounts owed to the Bank by counterparty, the Bank is entitled to proceed in netting a claim along with an associated obligation and record the net amount on the Balance Sheet.

### **d) Credit-related commitments**

The Bank uses credit-related commitments to provide customers with funds as required. These credit-related commitments entail the same risk as the Bank's loans and advances and mainly concern approved loan contracts for mortgage and consumer loans.

#### **4.1.3. Impairment and provisioning policy**

Greek Postal Savings Bank systematically examines whether there is valid and objective evidence that a claim's value has been impaired. To this end, as of the date of each published financial statement, it conducts an impairment test concerning the value of its loans, according to the general principles and methodology described in the International Accounting Standards, and proceeds with assuming the respective provisions.

A claim is considered impaired when its book value exceeds its anticipated recoverable amount. The recoverable amount is estimated by the sum of present value of future cash flows from anticipated repayments and the present value of liquidation of any collateral/guarantees in case the borrower fails to service the loan. In the event that there are indications that the Bank will not be able to receive all payments due, a specific provision is made for the impaired amount of associated with the loan. The amount of the provision is set as the difference between the carrying amount and the present value of the estimated future cash flows.

The Bank, according to its IAS 39, considers the criteria stated in section 2.3.2 as reliable and objective evidence that a loan or group of loans has been impaired.

The estimation concerning the existence of impairment and any resulting provisioning is conducted individually at a loan level for those considered by the Bank as significant, and collectively on the loan group level for those considered less significant. The estimation of impairment is conducted collectively for claims (portfolios of claims) with common risk characteristics, which are not considered significant on an individual basis. Also collective assessment includes loans that have been tested individually for impairment but no impairment has occurred.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, such as an improvement in the debtor's credit rating, the previously recognized loss is reduced and the difference is recognized in the Income Statement.

**Write-offs**

The Bank proceeds with write-offs of impaired loans against their respective provisions, after all necessary judicial and other procedures have been exhausted and once it is highly expected that these loans will not be collected. The Board of Directors of the Bank and its subsidiaries makes the decision for the write-offs.

The Bank continues the monitoring of the written-off loans, following their write off, in case that they may become collectable. Probable income from written-off loans is assessed in the income statement.

**4.1.4 Maximum exposure to credit risk before collateral held or other credit enhancements**

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

<b>Maximum exposure in Credit Risk</b>		
<b>Credit risk exposure relating to on-balance sheet assets</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Loans and advances to credit institutions	2.584.419.109,80	757.870.400,32
Loans and advances to consumers (net of provisions)		
Loans to individuals		
-Consumer/personal loans	1.650.701.667,70	1.201.811.269,61
-Mortgages	4.052.507.755,70	3.274.854.263,02
-Credit cards	158.628.137,52	119.529.368,32
Loans to corporate entities		
-Public sector	161.670.459,43	206.587.501,99
Trade Portfolio		
-Bonds	445.938.134,74	723.456.008,25
Derivative financial instruments-assets	22.999.365,50	11.759.320,59
-Bonds	334.327.456,13	693.217.658,35
Investment portfolio		
Available for sale		
-Bonds	2.986.121.175,62	3.976.614.501,08
Held to maturity		
-Bonds	-	490.183.271,81
Other assets	201.007.541,09	200.754.704,16
<b>Total</b>	<b>12.598.320.803,23</b>	<b>11.656.638.267,50</b>
<b>Credit risk exposure to off-balance sheet assets</b>		
Loan commitments and other credit related liabilities	106.837.790,53	64.718.590,13
<b>Total</b>	<b>12.705.158.593,76</b>	<b>11.721.356.857,63</b>

**4.1.5 Loans and advances**

Loans and advances to customers and to credit institutions are summarized as follows:

	31.12.2007		31.12.2006	
	Loans and advances to consumers	Loans and advances to credit institutions	Loans and advances to consumers	Loans and advances to credit institutions
Neither past due nor impaired	5.618.555.239,14	2.584.419.109,80	4.508.700.997,36	757.870.400,32
Past due over one day but not impaired	287.729.372,29	-	203.257.335,32	-
Impaired	204.074.568,95	-	150.852.318,26	-
<b>Gross</b>	<b>6.110.359.180,38</b>	<b>2.584.419.109,80</b>	<b>4.862.810.650,94</b>	<b>757.870.400,32</b>
Less: allowance for impairment	(86.851.160,03)	-	(60.028.248,00)	-
<b>Net</b>	<b>6.023.508.020,35</b>	<b>2.584.419.109,80</b>	<b>4.802.782.402,94</b>	<b>757.870.400,32</b>

**a) Loans without impairment****Loans and advances to customers**

31.12.2007	Loans and advances to individuals (retail customers)			Loans and advances to corporate entities	Total loans and advances to customers
	Consumer loans	Mortgages	Credit Cards	Public Sector	
Standard monitoring	1.586.195.509,36	3.749.397.060,02	121.292.210,33	161.670.459,43	5.618.555.239,14
<b>Total</b>	<b>1.586.195.509,36</b>	<b>3.749.397.060,02</b>	<b>121.292.210,33</b>	<b>161.670.459,43</b>	<b>5.618.555.239,14</b>

31.12.2006	Loans and advances to individuals (retail customers)			Loans and advances to corporate entities	Total loans and advances to customers
	Consumer loans	Mortgages	Credit Cards	Public Sector	
Standard monitoring	1.160.722.588,40	3.049.205.402,30	92.185.504,67	206.587.501,99	4.508.700.997,36
<b>Total</b>	<b>1.160.722.588,40</b>	<b>3.049.205.402,30</b>	<b>92.185.504,67</b>	<b>206.587.501,99</b>	<b>4.508.700.997,36</b>

**Loans and advances to credit institutions**

	31/12/2007	31/12/2006
Investment grade	556.084.739,67	11.621.722,38
Special Monitoring	284.339.792,23	30.766.747,46
Standard Monitoring	1.743.994.577,90	715.481.930,48
<b>Total</b>	<b>2.584.419.109,80</b>	<b>757.870.400,32</b>

**b) Loans and advances past due above 90 days but not impaired**

31.12.2007	Loans and advances to individuals			Loans and advances to corporate institutions	Total
	Consumer loans	Mortgages	Credit Cards	Public Sector	
up to 30 days	34.281.314,79	139.111.632,43	23.711.388,16	-	197.104.335,38
31 - 60 days	14.032.217,72	42.113.488,80	7.206.406,28	-	63.352.112,80
61 - 90 days	6.716.076,61	18.053.908,29	2.502.939,21	-	27.272.924,11
<b>Total</b>	<b>55.029.609,12</b>	<b>199.279.029,52</b>	<b>33.420.733,65</b>	-	<b>287.729.372,29</b>

31.12.2006	Loans and advances to individuals			Loans and advances to corporate institutions	Total
	Consumer loans	Mortgages	Credit Cards	Public Sector	
up to 30 days	19.948.409,02	109.491.032,68	17.303.663,42	-	146.743.105,12
31 - 60 days	7.456.827,63	24.539.811,57	5.242.213,87	-	37.238.853,07
61 - 90 days	5.222.945,22	12.116.676,36	1.935.755,55	-	19.275.377,13
<b>Total</b>	<b>32.628.181,87</b>	<b>146.147.520,61</b>	<b>24.481.632,84</b>	-	<b>203.257.335,32</b>

**c) Loans and advances impaired**

31.12.2007	Loans and advances to individuals (retail customers)			Loans and advances to corporate entities	Total
	Consumer loans	Mortgages	Credit cards	Public sector	
Impaired loans	48.631.468,05	137.150.389,99	17.447.386,54	845.324,37	204.074.568,95
<b>Total</b>	<b>48.631.468,05</b>	<b>137.150.389,99</b>	<b>17.447.386,54</b>	<b>845.324,37</b>	<b>204.074.568,95</b>

31.12.2006	Loans and advances to individuals (retail customers)			Loans and advances to corporate entities	Total
	Consumer loans	Mortgages	Credit cards	Public sector	
Impaired loans	37.214.854,99	101.185.363,51	11.606.775,39	845.324,37	150.852.318,26
<b>Total</b>	<b>37.214.854,99</b>	<b>101.185.363,51</b>	<b>11.606.775,39</b>	<b>845.324,37</b>	<b>150.852.318,26</b>

The Bank receives for mortgages collateral securities that pertain to (A') attached property, plant and equipment as at 110%- 120% of the loans' value.

**4.1.6 Investment in securities and treasury bills**

<b>31 December 2007</b>				
	<b>Trade Portfolio</b>	<b>Available for sale</b>	<b>Held to maturity</b>	<b>Total</b>
AAA	59.928.988,00	59.885.097,10	-	<b>119.814.085,10</b>
AA- to AA+	102.050.266,40	121.143.850,00	-	<b>223.194.116,40</b>
A- to A+	389.896.512,86	2.595.107.958,16	-	<b>2.985.004.471,02</b>
Lower than A-	72.725.670,90	164.318.981,00	-	<b>237.044.651,90</b>
Unrated	155.661.088,00	45.665.289,36	-	<b>201.326.377,36</b>
<b>Total</b>	<b>780.262.526,16</b>	<b>2.986.121.175,62</b>	<b>-</b>	<b>3.766.383.701,78</b>

<b>31 December 2006</b>				
	<b>Trade Portfolio</b>	<b>Available for sale</b>	<b>Held to maturity</b>	<b>Total</b>
AAA	111.676.443,00	115.210.749,00	-	<b>226.887.192,00</b>
AA- to AA+	168.356.750,00	35.854.840,00	-	<b>204.211.590,00</b>
A- to A+	684.425.285,30	3.421.244.299,97	247.066.025,63	<b>4.352.735.610,90</b>
Lower than A-	94.666.586,91	344.208.962,57	-	<b>438.875.549,48</b>
Unrated	357.545.536,66	60.095.649,54	243.117.246,18	<b>660.758.432,38</b>
<b>Total</b>	<b>1.416.670.601,87</b>	<b>3.976.614.501,08</b>	<b>490.183.271,81</b>	<b>5.883.468.374,76</b>

**4.1.7 Obtaining ownership of provided collaterals**

During period 2007, the Bank obtained assets after transferring the ownership of its assets' collaterals.

	<b>2007</b>	<b>2006</b>
Pledged assets	312.352,52	211.986,68
<b>Total</b>	<b>312.352,52</b>	<b>211.986,68</b>

**4.1.8 Concentration of risks of financial assets with credit risk exposure per industrial sector**

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by industrial sector as at 31 December 2007. The Bank has allocated exposures to sectors based on the industry sector of our counterparties.

31.12.2007	BANKING & OTHER FINANCIAL SERVICES	CONSTRUCTION	ENERGY	INSURANCE	TELECOMMUNICATIONS	OTHER INDUSTRIES	PUBLIC SECTOR	INDIVIDUALS	TOTAL
Loans and advances to credit institutions	2584.419.109,80	-	-	-	-	-	-	-	2584.419.109,80
Loans and advances to consumers									
-Consumer/personal loans	-	-	-	-	-	-	-	1.650.701.657,70	1.650.701.657,70
-Mortgages	-	-	-	-	-	-	-	4.052.507.755,70	4.052.507.755,70
-Credit Cards	-	-	-	-	-	-	-	158.628.137,52	158.628.137,52
Loans to corporate entities									
-Public Sector	-	-	-	-	-	-	161.670.459,43	-	161.670.459,43
Trade Portfolio									
-Bonds	199.141.201,89	9.475.795,00	17.451.875,00	-	26.910.849,65	15.602.394,35	177.356.018,85	-	445.938.134,74
Derivative financial instruments-assets	22.999.355,50	-	-	-	-	-	-	-	22.999.355,50
Financial instruments at fair value through profit & loss									
-Bonds	334.327.456,13	-	-	-	-	-	-	-	334.327.456,13
Investment Portfolio									
-Available for sale									
-Bonds	364.231.170,56	4.782.870,00	6.665.395,00	4.721.750,00	59.502.801,00	40.053.491,44	2.506.163.697,62	-	2.986.121.175,62
Other assets	188.457.097,58	-	-	-	-	455.762,64	288.151,57	11.826.529,30	201.007.541,09
Loan commitments and other credit related liabilities	-	-	-	-	-	-	-	106.837.790,53	106.837.790,53
<b>Total Exposure 31.12.2007</b>	<b>3.693.575.401,46</b>	<b>14.258.665,00</b>	<b>24.117.270,00</b>	<b>4.721.750,00</b>	<b>86.413.650,65</b>	<b>56.111.648,43</b>	<b>2.845.458.327,47</b>	<b>5.990.501.880,75</b>	<b>12.705.158.593,76</b>
<b>Total Exposure 31.12.2006</b>	<b>2.239.856.952,39</b>	<b>9.800.550,00</b>	<b>57.218.000,00</b>	<b>10.294.379,00</b>	<b>84.604.373,12</b>	<b>70.748.416,90</b>	<b>4.576.358.557,75</b>	<b>4.672.475.618,47</b>	<b>11.721.356.657,63</b>

## 4.2 Market Risk

Market risk is the risk of a loss arising from financial assets and liabilities management as well as from various portfolios management due to adverse changes in the prices of the related assets.

### 4.2.1 Currency Risk

Foreign currency risk is the investment risk deriving from unfavorable currency rate changes, when the Bank holds open foreign exchange positions. Management has set specific maximum currency exposure limits for intra-day and daily currency positions. Currency exposure limits are daily monitored.

The Bank's open foreign exchange positions for the years ended on December 31, 2006 and 2007 in stand alone and on a consolidated basis were as follows.

## Currency Risk at 31/12/2007 company

	USD	CAD	GBP	CHF	SEK	OTHER CURRENCIES	EURO	TOTAL
<b>Currency Risk concerning Assets</b>								
Cash and balances with Central Bank	24.588,39	1.221,54	13.115,16	543,91	211,83	6.355,89	129.290.279,34	129.336.316,06
Receivables to Credit Institutions	7.342.158,24	1.010.411,18	978.193,87	197.838,90	188.033,42	587.860,09	2.573.745.496,36	2.584.049.992,06
Trading Securities and other Financial assets at fair value through profit & loss	39.253.541,21	-	-	-	-	8.988,75	864.743.775,72	904.006.305,68
Derivative financial instruments	-	-	-	-	-	-	22.999.365,50	22.999.365,50
Loans & advances to customers	-	-	-	-	-	-	6.110.359.180,38	6.110.359.180,38
Minus : Provisions	-	-	-	-	-	-	(86.851.160,03)	(86.851.160,03)
Investments Available for Sale	809.051,18	-	-	-	-	-	3.120.524.179,01	3.121.333.230,19
Investments in Associated Undertaking	-	-	-	-	-	-	1.190.028,00	1.190.028,00
Tangible Assets+B33	-	-	-	-	-	-	112.508.193,52	112.508.193,52
Intangible Assets	-	-	-	-	-	-	10.260.241,65	10.260.241,65
Deferred Tax Asset	-	-	-	-	-	-	49.138.607,11	49.138.607,11
Current tax assets	-	-	-	-	-	-	23.171.304,53	23.171.304,53
Other Assets	734.565,77	2.662,38	4.712,62	181,30	80,32	915,04	200.171.450,32	200.914.567,75
<b>Total Assets</b>	<b>48.163.904,79</b>	<b>1.014.295,10</b>	<b>996.021,65</b>	<b>198.564,11</b>	<b>188.325,57</b>	<b>604.119,77</b>	<b>13.131.250.941,41</b>	<b>13.182.416.172,40</b>
<b>Currency Risk concerning Liabilities</b>								
Liabilities due to credit institutions	-	-	-	-	-	-	1.038.031.147,54	1.038.031.147,54
Cash and balances due to Customers	8.866.349,87	774.505,87	607.889,35	105.302,15	183.157,41	249.999,87	11.144.903.711,42	11.155.690.915,94
Derivative financial instruments	-	-	-	-	-	-	5.436.331,36	5.436.331,36
Deferred Tax Liabilities	-	-	-	-	-	-	11.739.311,98	11.739.311,98
Employment Benefit Obligations	-	-	-	-	-	-	25.094.135,00	25.094.135,00
Other Liabilities	520.592,11	7.200,21	5.443,30	1.132,55	2.987,12	3.531,59	198.738.165,99	199.279.052,87
<b>Total Liabilities</b>	<b>9.386.941,98</b>	<b>781.706,08</b>	<b>613.332,65</b>	<b>106.434,70</b>	<b>186.144,53</b>	<b>253.531,46</b>	<b>12.423.942.803,29</b>	<b>12.435.270.894,69</b>
<b>Net on balance sheet position</b>	<b>38.776.962,81</b>	<b>232.589,02</b>	<b>382.689,00</b>	<b>92.129,41</b>	<b>2.181,04</b>	<b>350.588,31</b>	<b>707.308.138,12</b>	<b>747.145.277,71</b>
Time contracts and other currency derivatives	(34.829,074,11)	-	-	-	-	-	34.829,074,11	-
<b>Net currency position</b>	<b>3.947.888,70</b>	<b>232.589,02</b>	<b>382.689,00</b>	<b>92.129,41</b>	<b>2.181,04</b>	<b>350.588,31</b>	<b>742.137.212,23</b>	<b>747.145.277,71</b>

## Currency Risk at 31/12/2007 consolidated

	USD	CAD	GBP	CHF	SEK	OTHER CURRENCIES	EURO	TOTAL
<b>Currency Risk concerning Assets</b>								
Cash and balances with central bank	24.588,39	1.221,54	13.115,16	543,91	211,83	6.355,89	129.291.306,14	129.337.342,86
Receivables to Credit Institutions	7.342.158,24	1.010.411,18	978.193,87	197.838,90	188.033,42	587.860,09	2.574.114.614,10	2.584.419.109,80
Trading Securities and other Financial assets at fair value through profit & loss	39.253.541,21	-	-	-	-	8.988,75	865.329.513,40	904.592.043,36
Derivative financial instruments	-	-	-	-	-	-	22.999.365,50	22.999.365,50
Loans & advances to customers	-	-	-	-	-	-	6.110.359.180,38	6.110.359.180,38
Minus : Provisions	-	-	-	-	-	-	(86.851.160,03)	(86.851.160,03)
Investments Available for Sale	809.051,18	-	-	-	-	-	3.120.524.179,01	3.121.333.230,19
Tangible Assets	-	-	-	-	-	-	112.568.694,37	112.568.694,37
Intangible Assets	-	-	-	-	-	-	10.286.537,47	10.286.537,47
Deferred Tax Asset	-	-	-	-	-	-	49.138.607,11	49.138.607,11
Advance payment regarding income tax	-	-	-	-	-	-	23.171.304,53	23.171.304,53
Other Assets	734.565,77	2.662,38	4.712,62	181,30	80,32	915,04	200.264.423,66	201.007.541,09
<b>Total Assets</b>	<b>48.163.904,79</b>	<b>1.014.295,10</b>	<b>996.021,65</b>	<b>198.564,11</b>	<b>188.325,57</b>	<b>604.119,77</b>	<b>13.131.196.565,64</b>	<b>13.182.361.796,63</b>
<b>Currency Risk concerning Liabilities</b>								
Liabilities due to credit institutions	-	-	-	-	-	-	1.038.031.147,54	1.038.031.147,54
Cash and balances due to Customers	8.866.349,87	774.505,87	607.889,35	105.302,15	183.157,41	249.999,87	11.144.903.711,42	11.155.690.915,94
Derivative financial instruments	-	-	-	-	-	-	5.436.331,36	5.436.331,36
Deferred Tax Liabilities	-	-	-	-	-	-	11.739.311,98	11.739.311,98
Employment Benefit Obligations	-	-	-	-	-	-	25.110.118,00	25.110.118,00
Other Liabilities	520.592,11	7.200,21	5.443,30	1.132,55	2.987,12	3.531,59	198.788.158,33	199.329.045,21
<b>Total Liabilities</b>	<b>9.386.941,98</b>	<b>781.706,08</b>	<b>613.332,65</b>	<b>106.434,70</b>	<b>186.144,53</b>	<b>253.531,46</b>	<b>12.424.008.776,63</b>	<b>12.435.336.870,03</b>
<b>Net on balance sheet position</b>	<b>38.776.962,81</b>	<b>232.589,02</b>	<b>382.689,00</b>	<b>92.129,41</b>	<b>2.181,04</b>	<b>350.588,31</b>	<b>707.187.787,01</b>	<b>747.024.926,60</b>
Time contracts and other currency derivatives	(34.829,074,11)	-	-	-	-	-	34.829,074,11	-
<b>Net currency position</b>	<b>3.947.888,70</b>	<b>232.589,02</b>	<b>382.689,00</b>	<b>92.129,41</b>	<b>2.181,04</b>	<b>350.588,31</b>	<b>742.016.861,12</b>	<b>747.024.926,60</b>

Respectively, for period 2006 we had the following data:

Currency Risk at 31/12/2006 company								
	USD	CAD	GBP	CHF	SEK	OTHER CURRENCIES	EURO	TOTAL
<b>Currency Risk concerning Assets</b>								
Cash and balances with Central Bank	11.795,54	2.189,15	4.278,48	360,94	221,23	11.081,29	148.832.193,15	148.862.119,78
Receivables to Credit Institutions	1.702.290,21	834.912,20	737.384,53	131.256,54	185.335,59	544.192,04	753.358.927,78	757.494.298,89
Trading Securities and other Financial assets at fair value through profit & loss	-	-	-	-	-	-	1.615.792.844,10	1.615.792.844,10
Derivative financial instruments	-	-	-	-	-	-	11.759.320,59	11.759.320,59
Loans & advances to customers	-	-	-	-	-	-	4.862.810.650,94	4.862.810.650,94
Minus :Provisions	-	-	-	-	-	-	(60.028.248,00)	(60.028.248,00)
Investments Available for Sale	1.151.794,06	-	-	-	-	-	4.095.886.814,47	4.097.038.608,53
Investments Held to Maturity	-	-	-	-	-	-	490.183.271,81	490.183.271,81
Investments in Associated Undertaking	-	-	-	-	-	-	1.139.028,00	1.139.028,00
Tangible Assets	-	-	-	-	-	-	111.632.863,03	111.632.863,03
Intangible Assets	-	-	-	-	-	-	11.306.861,55	11.306.861,55
Deferred Tax Assets	-	-	-	-	-	-	32.000.994,93	32.000.994,93
Current tax assets	-	-	-	-	-	-	28.430.014,45	28.430.014,45
Other Assets	176.586,44	3.581,75	26.056,99	563,31	147,49	2.739,97	200.477.137,26	200.686.813,21
<b>Total Assets</b>	<b>3.042.466,25</b>	<b>840.683,10</b>	<b>767.720,00</b>	<b>132.180,79</b>	<b>185.704,31</b>	<b>558.013,30</b>	<b>12.303.582.674,06</b>	<b>12.309.109.441,81</b>
<b>Currency Risk concerning Liabilities</b>								
Liabilities due to credit institutions	-	-	-	-	-	-	500.000.000,00	500.000.000,00
Cash and balances due to Customers	7.142.919,29	611.214,71	435.116,00	97.221,29	187.255,33	149.636,69	10.717.335.684,96	10.725.959.048,27
Derivative financial instruments	-	-	-	-	-	-	2.457.449,58	2.457.449,58
Deferred Tax Liabilities	-	-	-	-	-	-	38.391.546,61	38.391.546,61
Employment Benefit Obligations	-	-	-	-	-	-	24.790.194,00	24.790.194,00
Other Liabilities	76.426,99	5.260,28	11.997,10	480,66	1.687,42	2.213,18	147.948.546,89	148.046.612,52
<b>Total Liabilities</b>	<b>7.219.346,28</b>	<b>616.474,99</b>	<b>447.113,10</b>	<b>97.701,95</b>	<b>188.942,75</b>	<b>151.849,87</b>	<b>11.430.923.422,04</b>	<b>11.439.544.850,98</b>
<b>Net on balance sheet position</b>	<b>(4.176.880,03)</b>	<b>224.208,11</b>	<b>320.606,90</b>	<b>34.478,84</b>	<b>(3.238,44)</b>	<b>406.163,43</b>	<b>872.659.252,02</b>	<b>869.464.590,83</b>
Time contracts and other currency derivatives	-	-	-	-	-	-	-	-
<b>Net currency position</b>	<b>(4.176.880,03)</b>	<b>224.208,11</b>	<b>320.606,90</b>	<b>34.478,84</b>	<b>(3.238,44)</b>	<b>406.163,43</b>	<b>872.659.252,02</b>	<b>869.464.590,83</b>

Currency Risk at 31/12/2006 consolidated								
	USD	CAD	GBP	CHF	SEK	OTHER CURRENCIES	EURO	TOTAL
<b>Currency Risk concerning Assets</b>								
Cash and balances with central bank	11.795,54	2.189,15	4.278,48	360,94	221,23	11.081,29	148.833.773,22	148.863.699,85
Receivables to Credit Institutions	1.702.290,21	834.912,20	737.384,53	131.256,54	185.335,59	544.192,04	753.735.029,21	757.870.400,32
Trading Securities and other Financial assets at fair value through profit & loss	-	-	-	-	-	-	1.616.362.239,26	1.616.362.239,26
Derivative financial instruments	-	-	-	-	-	-	11.759.320,59	11.759.320,59
Loans & advances to customers	-	-	-	-	-	-	4.862.810.650,94	4.862.810.650,94
Minus :Provisions	-	-	-	-	-	-	(60.028.248,00)	(60.028.248,00)
Investments Available for Sale	1.151.794,06	-	-	-	-	-	4.095.886.814,47	4.097.038.608,53
Investments Held to Maturity	-	-	-	-	-	-	490.183.271,81	490.183.271,81
Tangible Assets	-	-	-	-	-	-	111.719.846,64	111.719.846,64
Intangible Assets	-	-	-	-	-	-	11.359.606,00	11.359.606,00
Deferred Tax Assets	-	-	-	-	-	-	32.000.994,93	32.000.994,93
Current tax assets	-	-	-	-	-	-	28.430.014,45	28.430.014,45
Other Assets	176.586,44	3.581,75	26.056,99	563,32	147,49	2.739,97	200.545.028,20	200.754.704,16
<b>Total Assets</b>	<b>3.042.466,25</b>	<b>840.683,10</b>	<b>767.720,00</b>	<b>132.180,80</b>	<b>185.704,31</b>	<b>558.013,30</b>	<b>12.303.598.341,72</b>	<b>12.309.125.109,48</b>
<b>Currency Risk concerning Liabilities</b>								
Liabilities due to credit institutions	-	-	-	-	-	-	500.000.000,00	500.000.000,00
Cash and balances due to Customers	7.142.919,29	611.214,71	435.116,00	97.221,29	187.255,33	149.636,69	10.717.335.684,96	10.725.959.048,27
Derivative financial instruments	-	-	-	-	-	-	2.457.449,58	2.457.449,58
Deferred Tax Liabilities	-	-	-	-	-	-	38.396.584,91	38.396.584,91
Employment Benefit Obligations	-	-	-	-	-	-	24.806.177,00	24.806.177,00
Other Liabilities	76.426,99	5.260,28	11.997,10	480,66	1.687,42	2.213,18	147.986.617,60	148.084.683,23
<b>Total Liabilities</b>	<b>7.219.346,28</b>	<b>616.474,99</b>	<b>447.113,10</b>	<b>97.701,95</b>	<b>188.942,75</b>	<b>151.849,87</b>	<b>11.430.982.514,05</b>	<b>11.439.703.942,99</b>
<b>Net on balance sheet position</b>	<b>(4.176.880,03)</b>	<b>224.208,11</b>	<b>320.606,90</b>	<b>34.478,85</b>	<b>(3.238,44)</b>	<b>406.163,43</b>	<b>872.615.827,67</b>	<b>869.421.166,49</b>
Time contracts and other currency derivatives	-	-	-	-	-	-	-	-
<b>Net currency position</b>	<b>(4.176.880,03)</b>	<b>224.208,11</b>	<b>320.606,90</b>	<b>34.478,85</b>	<b>(3.238,44)</b>	<b>406.163,43</b>	<b>872.615.827,67</b>	<b>869.421.166,49</b>

Furthermore, in order to reduce the foreign exchange risk, the Bank follows the cash flows of the invested capitals in foreign currency and makes the appropriate placements in currency futures.

The Bank in order to assess the foreign exchange risk, calculates the effect to the annual result that a variance in the currency exchange rates would provoke. The related calculations that took into account balances at 31.12.2007 have shown that in the case of a variance in the currency market by +/- 6% for the main currencies and +/- 20% for the secondary ones would affect the Bank's results by € 0,37 mil.

## 4.2.2 Interest Rate Risk

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

## Interest Rate Risk 31/12/2007 company

	Up to 1month	1-3 months	3-12 months	1-5 years	Over 5 years	Non Affected Elements	Total
<b>Assets</b>							
Cash and Balances in the Central Bank	90.865.878,85	-	-	-	-	38.470.437,21	129.336.316,06
Cash and advances to Credit Institutions	2.584.049.992,06	-	-	-	-	-	2.584.049.992,06
Trading Securities and other Financial assets at fair value through profit and loss	104.876.156,46	146.402.900,20	267.059.377,50	66.919.700,45	195.007.456,26	123.740.714,81	904.006.305,68
Derivative Financial Instruments	10.844.686,76	3.622.089,44	8.532.589,30	-	-	-	22.999.365,50
Loans and Advances to Customers	2.484.282.627,49	17.474.499,67	288.668.459,23	3.048.233.425,11	253.991.832,05	17.708.336,83	6.110.359.180,38
Minus : Provisions	-	-	-	-	-	(86.851.160,03)	(86.851.160,03)
Investments Available for Sale	62.605.825,46	418.190.309,45	468.896.443,23	1.701.232.917,93	335.195.679,55	135.212.054,57	3.121.333.230,19
Investments Held to Maturity	-	-	-	-	-	-	-
Investments in Associated Undertaking	-	-	-	-	-	1.190.028,00	1.190.028,00
Tangible Assets	-	-	-	-	-	112.508.193,52	112.508.193,52
Intangible Assets	-	-	-	-	-	10.260.241,65	10.260.241,65
Deferred Tax Asset	-	-	-	-	-	49.138.607,11	49.138.607,11
Current Tax Asset	-	-	-	-	-	23.171.304,53	23.171.304,53
Other Assets	-	-	-	-	-	200.914.567,75	200.914.567,75
<b>Total Assets</b>	<b>5.337.525.167,08</b>	<b>585.689.798,76</b>	<b>1.033.156.869,26</b>	<b>4.816.386.043,49</b>	<b>784.194.967,86</b>	<b>625.463.325,95</b>	<b>13.182.416.172,40</b>
<b>Liabilities</b>							
Liabilities due to credit institutions	500.000.000,00	-	538.031.147,54	-	-	-	1.038.031.147,54
Cash and balances due to Customers	8.299.202.888,42	1.349.529.324,43	1.506.958.703,09	-	-	-	11.155.690.915,94
Derivative financial instruments	2.872.642,25	733.102,94	1.830.586,17	-	-	-	5.436.331,36
Deferred Tax Liabilities	-	-	-	-	-	11.739.311,98	11.739.311,98
Employment Benefit Obligations	-	-	-	-	-	25.094.135,00	25.094.135,00
Other Liabilities	-	-	-	-	-	199.279.052,87	199.279.052,87
<b>Total Liabilities</b>	<b>8.802.075.530,67</b>	<b>1.350.262.427,37</b>	<b>2.046.820.436,80</b>	<b>-</b>	<b>-</b>	<b>236.112.489,85</b>	<b>12.435.270.894,69</b>
<b>Total Interest Sensitivity Gap</b>	<b>(3.464.550.363,59)</b>	<b>(764.572.628,61)</b>	<b>(1.013.663.567,54)</b>	<b>4.816.386.043,49</b>	<b>784.194.967,86</b>	<b>389.350.826,10</b>	<b>747.145.277,71</b>

## Interest Rate Risk 31/12/2007 consolidated

	Up to 1month	1-3 months	3-12 months	1-5 years	Over 5 years	Non Affected Elements	Total
<b>Assets</b>							
Cash and Balances in the Central Bank	90.866.905,65	-	-	-	-	38.470.437,21	129.337.342,86
Cash and advances to Credit Institutions	2.584.419.109,80	-	-	-	-	-	2.584.419.109,80
Trading Securities and other Financial assets at fair value through profit and loss	104.876.156,46	146.402.900,20	267.059.377,50	66.919.700,45	195.007.456,26	124.326.452,49	904.592.043,36
Derivative Financial Instruments	10.844.686,76	3.622.089,44	8.532.589,30	-	-	-	22.999.365,50
Loans and Advances to Customers	2.484.282.627,49	17.474.499,67	288.668.459,23	3.048.233.425,11	253.991.832,05	17.708.336,83	6.110.359.180,38
Minus : Provisions	-	-	-	-	-	(86.851.160,03)	(86.851.160,03)
Investments Available for Sale	62.605.825,46	418.190.309,45	468.896.443,23	1.701.232.917,93	335.195.679,55	135.212.054,57	3.121.333.230,19
Investments Held to Maturity	-	-	-	-	-	-	-
Investments in Associated Undertaking	-	-	-	-	-	-	-
Tangible Assets	-	-	-	-	-	112.568.694,37	112.568.694,37
Intangible Assets	-	-	-	-	-	10.286.537,47	10.286.537,47
Deferred Tax Asset	-	-	-	-	-	49.138.607,11	49.138.607,11
Current Tax Asset	-	-	-	-	-	23.171.304,53	23.171.304,53
Other Assets	-	-	-	-	-	201.007.541,09	201.007.541,09
<b>Total Assets</b>	<b>5.337.895.311,62</b>	<b>585.689.798,76</b>	<b>1.033.156.869,26</b>	<b>4.816.386.043,49</b>	<b>784.194.967,86</b>	<b>625.038.805,64</b>	<b>13.182.361.796,63</b>
<b>Liabilities</b>							
Liabilities due to credit institutions	500.000.000,00	-	538.031.147,54	-	-	-	1.038.031.147,54
Cash and balances due to Customers	8.299.202.888,42	1.349.529.324,43	1.506.958.703,09	-	-	-	11.155.690.915,94
Derivative financial instruments	2.872.642,25	733.102,94	1.830.586,17	-	-	-	5.436.331,36
Deferred Tax Liabilities	-	-	-	-	-	11.739.311,98	11.739.311,98
Employment Benefit Obligations	-	-	-	-	-	25.110.118,00	25.110.118,00
Other Liabilities	-	-	-	-	-	199.329.045,21	199.329.045,21
<b>Total Liabilities</b>	<b>8.802.075.530,67</b>	<b>1.350.262.427,37</b>	<b>2.046.820.436,80</b>	<b>-</b>	<b>-</b>	<b>236.178.475,19</b>	<b>12.435.336.870,03</b>
<b>Total Interest Sensitivity Gap</b>	<b>(3.464.180.219,05)</b>	<b>(764.572.628,61)</b>	<b>(1.013.663.567,54)</b>	<b>4.816.386.043,49</b>	<b>784.194.967,86</b>	<b>388.860.330,45</b>	<b>747.024.926,60</b>

**Interest Rate Risk 31/12/2006 company**

	Up to 1month	1-3 months	3-12 months	1-5 years	Over 5 years	Non Affected Elements	Total
<b>Assets</b>							
Cash and Balances in the Central Bank	103.908.524,59	-	-	-	-	44.953.595,19	148.862.119,78
Cash and advances to Credit Institutions	757.494.298,89	-	-	-	-	-	757.494.298,89
Trading Securities and other Financial assets at fair value through profit and loss	480.146.274,02	175.116.214,61	405.580.787,80	125.315.235,44	230.515.154,71	199.119.177,52	1.615.792.844,10
Derivative Financial Instruments	304.660,50	1.813.094,32	9.641.565,77	-	-	-	11.759.320,59
Loans and Advances to Customers	2.520.203.260,54	201.580.173,55	313.055.531,32	1.651.962.078,28	176.009.607,25	-	4.862.810.650,94
Minus : Provisions	-	-	-	-	-	(60.028.248,00)	(60.028.248,00)
Investments Available for Sale	110.686.987,08	1.048.949.770,42	127.481.502,58	2.235.999.790,30	453.496.450,70	120.424.107,45	4.097.038.608,53
Investments Held to Maturity	-	-	490.183.271,81	-	-	-	490.183.271,81
Investments in Associated Undertaking	-	-	-	-	-	1.139.028,00	1.139.028,00
Tangible Assets	-	-	-	-	-	111.632.863,03	111.632.863,03
Intangible Assets	-	-	-	-	-	11.306.861,55	11.306.861,55
Deferred Tax Asset	-	-	-	-	-	32.000.994,93	32.000.994,93
Current Tax Assets	-	-	28.430.014,45	-	-	-	28.430.014,45
Other Assets	-	-	-	-	-	200.686.813,21	200.686.813,21
<b>Total Assets</b>	<b>3.972.744.005,62</b>	<b>1.427.459.252,90</b>	<b>1.374.372.673,73</b>	<b>4.013.277.104,02</b>	<b>860.021.212,66</b>	<b>661.235.192,88</b>	<b>12.309.109.441,81</b>
<b>Liabilities</b>							
Liabilities due to credit institutions	500.000.000,00	-	-	-	-	-	500.000.000,00
Cash and balances due to Customers	8.209.077.766,52	313.840.918,06	2.203.040.363,69	-	-	-	10.725.959.048,27
Derivative financial instruments	490.172,19	1.409.271,49	558.005,90	-	-	-	2.457.449,58
Deferred Tax Liabilities	-	-	-	-	-	38.391.546,61	38.391.546,61
Employment Benefit Obligations	-	-	-	-	-	24.790.194,00	24.790.194,00
Other Liabilities	-	-	-	-	-	148.046.612,52	148.046.612,52
<b>Total Liabilities</b>	<b>8.709.567.938,71</b>	<b>315.250.189,55</b>	<b>2.203.598.369,59</b>	<b>-</b>	<b>-</b>	<b>211.228.353,13</b>	<b>11.439.644.850,98</b>
<b>Total Interest Sensitivity Gap</b>	<b>(4.736.823.933,09)</b>	<b>1.112.209.063,35</b>	<b>(829.225.695,86)</b>	<b>4.013.277.104,02</b>	<b>860.021.212,66</b>	<b>450.006.839,75</b>	<b>869.464.590,83</b>

**Interest Rate Risk 31/12/2006 consolidated**

	Up to 1month	1-3 months	3-12 months	1-5 years	Over 5 years	Non Affected Elements	Total
<b>Assets</b>							
Cash and Balances in the Central Bank	103.908.524,59	-	-	-	-	44.955.175,26	148.863.699,85
Cash and advances to Credit Institutions	757.870.400,32	-	-	-	-	-	757.870.400,32
Trading Securities and other Financial assets at fair value through profit and loss	480.146.274,02	175.116.214,61	405.580.787,80	125.315.235,44	230.515.154,71	199.688.572,68	1.616.362.239,26
Derivative Financial Instruments	304.660,50	1.813.094,32	9.641.565,77	-	-	-	11.759.320,59
Loans and Advances to Customers	2.520.203.260,54	201.580.173,55	313.055.531,32	1.651.962.078,28	176.009.607,25	-	4.862.810.650,94
Minus : Provisions	-	-	-	-	-	(60.028.248,00)	(60.028.248,00)
Investments Available for Sale	110.686.987,08	1.048.949.770,42	127.481.502,58	2.235.999.790,30	453.496.450,70	120.424.107,45	4.097.038.608,53
Investments Held to Maturity	-	-	490.183.271,81	-	-	-	490.183.271,81
Tangible Assets	-	-	-	-	-	111.719.846,64	111.719.846,64
Intangible Assets	-	-	-	-	-	11.359.606,00	11.359.606,00
Deferred Tax Asset	-	-	-	-	-	32.000.994,93	32.000.994,93
Current Tax Asset	-	-	28.430.014,45	-	-	-	28.430.014,45
Other Assets	-	-	-	-	-	200.754.704,16	200.754.704,16
<b>Total Assets</b>	<b>3.973.120.107,05</b>	<b>1.427.459.252,90</b>	<b>1.374.372.673,73</b>	<b>4.013.277.104,02</b>	<b>860.021.212,66</b>	<b>660.874.759,12</b>	<b>12.309.125.109,48</b>
<b>Liabilities</b>							
Liabilities due to credit institutions	500.000.000,00	-	-	-	-	-	500.000.000,00
Cash and balances due to Customers	8.209.077.766,52	313.840.918,06	2.203.040.363,69	-	-	-	10.725.959.048,27
Derivative financial instruments	490.172,19	1.409.271,49	558.005,90	-	-	-	2.457.449,58
Deferred Tax Liabilities	-	-	-	-	-	38.396.584,91	38.396.584,91
Employment Benefit Obligations	-	-	-	-	-	24.806.177,00	24.806.177,00
Other Liabilities	-	-	-	-	-	148.084.683,23	148.084.683,23
<b>Total Liabilities</b>	<b>8.709.567.938,71</b>	<b>315.250.189,55</b>	<b>2.203.598.369,59</b>	<b>-</b>	<b>-</b>	<b>211.287.445,14</b>	<b>11.439.703.942,99</b>
<b>Total Interest Sensitivity Gap</b>	<b>(4.736.447.831,66)</b>	<b>1.112.209.063,35</b>	<b>(829.225.695,86)</b>	<b>4.013.277.104,02</b>	<b>860.021.212,66</b>	<b>449.587.313,98</b>	<b>869.421.166,49</b>

Furthermore, the Bank, for measuring interest rate risk, estimates the negative impact on the annual interest rate income arising from the parallel change in interest rates in all the currencies as by 100 basic points. The amendments that were made to the balances at the end of December, 2007 indicated that in case the interest rate fall by 100 basic points, the Bank will suffer losses amounting to € 51,5 million.

**4.3 Liquidity Risk**

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

Regarding the management of liquidity risk the Bank classifies asset and liability elements to time bands according to the remaining period at the balance sheet date in order to meet all of its payment obligations as they fall due.

The following tables analyze assets and liabilities based on the years ended on December 31, 2006 and 2007 in stand alone and in consolidated basis.

## Liquidity Risk 31/12/2007 Company

Amounts in €	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
<b>Liquidity of Assets</b>						
Cash and Balances in the Central Bank	129.336.316,06	-	-	-	-	129.336.316,06
Cash and advances to Credit Institutions	916.506.550,72	1.545.543.441,34	122.000.000,00	-	-	2.584.049.992,06
Trading Securities and other Financial assets at fair value through profit and loss	-	123.740.714,81	1.544.316,44	213.237.314,40	565.483.960,03	904.006.305,68
Derivative Financial Instruments	-	931.137,65	544.273,99	13.972.829,44	7.551.124,42	22.999.365,50
Loans and Advances to Customers	30.207.167,40	87.113.218,78	380.111.138,86	1.839.796.751,67	3.773.130.903,67	6.110.359.180,38
Minus :Provisions	-	-	-	-	(86.851.160,03)	(86.851.160,03)
Investments Available for Sale	16.620.300,00	249.894,01	423.360.727,63	1.958.823.240,68	722.279.067,87	3.121.333.230,19
Investments in Associated Undertaking	-	-	-	-	1.190.028,00	1.190.028,00
Tangible Assets	-	-	-	-	112.508.193,52	112.508.193,52
Intangible Assets	-	-	-	-	10.260.241,65	10.260.241,65
Deferred Tax Asset	1.445.274,71	3.062.088,14	4.816.156,24	16.096.426,91	23.718.661,11	49.138.607,11
Current Tax Assets	-	-	23.171.304,53	-	-	23.171.304,53
Other Assets	3.890.587,36	7.960.310,21	169.392.749,90	-	19.670.920,28	200.914.567,75
<b>Total Assets</b>	<b>1.098.006.196,25</b>	<b>1.768.600.804,94</b>	<b>1.124.940.667,59</b>	<b>4.041.926.563,10</b>	<b>5.148.941.940,52</b>	<b>13.182.416.172,40</b>
<b>Liquidity of Liabilities</b>						
Liabilities to credit institutions	500.000.000,00	-	538.031.147,54	-	-	1.038.031.147,54
Cash and balances due to Customers	8.299.202.888,42	1.349.529.324,43	1.506.958.703,09	-	-	11.155.690.915,94
Derivative financial instruments	-	134.328,78	3.072,12	4.825.734,05	473.196,41	5.436.331,36
Deferred Tax Liabilities	2.046.453,66	721.707,83	498.263,04	2.387.478,01	6.085.409,43	11.739.311,98
Current Tax Liabilities	-	-	-	-	-	-
Employment Benefit Obligations	39.913,66	79.827,32	359.222,95	1.915.855,72	22.699.315,35	25.094.135,00
Other Liabilities	153.690.810,25	5.508.427,73	39.809.443,41	270.371,48	-	199.279.052,87
<b>Total Liabilities</b>	<b>8.954.980.066,00</b>	<b>1.355.973.616,09</b>	<b>2.085.659.852,15</b>	<b>9.399.439,26</b>	<b>29.257.921,19</b>	<b>12.435.270.894,69</b>
<b>Total Liquidity Gap</b>	<b>(7.856.973.869,74)</b>	<b>412.627.188,85</b>	<b>(960.719.184,56)</b>	<b>4.032.527.123,84</b>	<b>5.119.684.019,33</b>	<b>747.145.277,71</b>

## Liquidity Risk 31/12/2007 Consolidated

Amounts in €	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
<b>Liquidity of Assets</b>						
Cash and Balances in the Central Bank	129.337.342,86	-	-	-	-	129.337.342,86
Cash and advances to Credit Institutions	916.875.668,46	1.545.543.441,34	122.000.000,00	-	-	2.584.419.109,80
Trading Securities and other Financial assets at fair value through profit and loss	-	124.326.452,49	1.544.316,44	213.237.314,40	565.483.960,03	904.592.043,36
Derivative Financial Instruments	-	931.137,65	544.273,99	13.972.829,44	7.551.124,42	22.999.365,50
Loans and Advances to Customers	30.207.167,40	87.113.218,78	380.111.138,86	1.839.796.751,67	3.773.130.903,67	6.110.359.180,38
Minus :Provisions	-	-	-	-	(86.851.160,03)	(86.851.160,03)
Investments Available for Sale	16.620.300,00	249.894,01	423.360.727,63	1.958.823.240,68	722.279.067,87	3.121.333.230,19
Investments Held to Maturity	-	-	-	-	-	-
Investments in Associated Undertaking	-	-	-	-	-	-
Tangible Assets	-	-	-	-	112.568.694,37	112.568.694,37
Intangible Assets	-	-	-	-	10.286.537,47	10.286.537,47
Deferred Tax Asset	1.445.274,71	3.062.088,14	4.816.156,24	16.096.426,91	23.718.661,11	49.138.607,11
Current Tax Assets	-	-	23.171.304,53	-	-	23.171.304,53
Other Assets	3.890.587,36	8.048.342,09	169.392.749,90	-	19.675.861,74	201.007.541,09
<b>Total Assets</b>	<b>1.098.376.340,79</b>	<b>1.769.274.574,50</b>	<b>1.124.940.667,59</b>	<b>4.041.926.563,10</b>	<b>5.147.843.650,65</b>	<b>13.182.361.796,63</b>
<b>Liquidity of Liabilities</b>						
Liabilities to credit institutions	500.000.000,00	-	538.031.147,54	-	-	1.038.031.147,54
Cash and balances due to Customers	8.299.202.888,42	1.349.529.324,43	1.506.958.703,09	-	-	11.155.690.915,94
Derivative financial instruments	-	134.328,78	3.072,12	4.825.734,05	473.196,41	5.436.331,36
Deferred Tax Liabilities	2.046.453,66	721.707,83	498.263,04	2.387.478,01	6.085.409,43	11.739.311,98
Current Tax Liabilities	-	-	-	-	-	-
Employment Benefit Obligations	39.913,66	79.827,32	359.222,95	1.915.855,72	22.715.298,35	25.110.118,00
Other Liabilities	153.740.802,59	5.508.427,73	39.809.443,41	270.371,48	-	199.329.045,21
<b>Total Liabilities</b>	<b>8.955.030.058,34</b>	<b>1.355.973.616,09</b>	<b>2.085.659.852,15</b>	<b>9.399.439,26</b>	<b>29.273.904,19</b>	<b>12.435.336.870,02</b>
<b>Total Liquidity Gap</b>	<b>(7.856.653.717,54)</b>	<b>413.300.958,41</b>	<b>(960.719.184,56)</b>	<b>4.032.527.123,84</b>	<b>5.118.569.746,46</b>	<b>747.024.926,60</b>

Respectively, for period 2006 we had the following data:

**Liquidity Risk 31/12/2006 Company**

Amounts in €	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
<b>Assets</b>						
Cash and Balances in the Central Bank	148.862.119,78	-	-	-	-	148.862.119,78
Cash and advances to Credit Institutions	727.494.298,89	-	30.000.000,00	-	-	757.494.298,89
Trading Securities and other Financial assets at fair value through profit and loss	-	199.130.086,20	25.105.000,00	365.003.225,30	1.026.554.532,60	1.615.792.844,10
Derivative Financial Instruments	-	87.000,00	-	6.722.415,45	4.949.905,14	11.759.320,59
Loans and Advances to Customers	10.569.639,03	109.298.613,20	470.459.025,38	1.290.519.255,00	2.981.964.118,33	4.862.810.650,94
Minus :Provisions	-	-	-	-	(60.028.248,00)	(60.028.248,00)
Investments Available for Sale	50.000.000,00	29.998.500,00	115.090.468,48	2.417.094.693,33	1.484.854.946,72	4.097.038.608,53
Investments Held to Maturity	-	-	490.183.271,81	-	-	490.183.271,81
Investments in Associated Undertaking	-	-	-	-	1.139.028,00	1.139.028,00
Tangible Assets	-	-	-	-	111.632.863,03	111.632.863,03
Intangible Assets	-	-	-	-	11.306.861,55	11.306.861,55
Deferred Tax Asset	28.201,54	2.901.651,91	4.001.119,28	9.130.940,39	15.939.081,81	32.000.994,93
Current Tax Assets	-	-	28.430.014,45	-	-	28.430.014,45
Other Assets	130.574.289,78	26.699.229,73	50.312.399,34	-	(6.899.105,64)	200.686.813,21
<b>Total Assets</b>	<b>1.067.528.549,02</b>	<b>368.115.081,04</b>	<b>1.213.581.298,74</b>	<b>4.088.470.529,47</b>	<b>5.571.413.983,54</b>	<b>12.309.109.441,81</b>
<b>Liquidity of Liabilities</b>						
Cash and balances due to Credit Institutions	500.000.000,00	-	-	-	-	500.000.000,00
Cash and balances due to Customers	8.209.077.766,52	313.840.918,06	2.203.040.363,69	-	-	10.725.959.048,27
Derivative financial instruments	-	2.000,00	69.984,56	2.077.059,58	308.405,44	2.457.449,58
Deferred Tax Liabilities	262.532,68	473.384,95	658.222,59	22.057.345,18	14.940.061,21	38.391.546,61
Employment Benefit Obligations	84.286,66	168.573,32	758.579,94	4.045.759,66	19.732.994,42	24.790.194,00
Other Liabilities	77.856.552,10	28.575.672,91	41.552.632,53	61.754,98	-	148.046.612,52
<b>Total Liabilities</b>	<b>8.787.281.137,96</b>	<b>343.060.549,24</b>	<b>2.246.079.783,31</b>	<b>28.241.919,40</b>	<b>34.981.461,07</b>	<b>11.439.644.850,98</b>
<b>Total Liquidity Gap</b>	<b>(7.719.752.588,94)</b>	<b>25.054.531,80</b>	<b>(1.032.498.484,57)</b>	<b>4.060.228.610,07</b>	<b>5.536.432.522,47</b>	<b>869.464.590,83</b>

**Liquidity Risk 31/12/2006 Consolidated**

Amounts in €	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
<b>Liquidity of Assets</b>						
Cash and Balances in the Central Bank	148.863.699,85	-	-	-	-	148.863.699,85
Cash and advances to Credit Institutions	727.870.400,32	-	30.000.000,00	-	-	757.870.400,32
Trading Securities and other Financial assets at fair value through profit and loss	-	199.699.481,36	25.105.000,00	365.003.225,30	1.026.554.532,60	1.616.362.239,26
Derivative Financial Instruments	-	87.000,00	-	6.722.415,45	4.949.905,14	11.759.320,59
Loans and Advances to Customers	10.569.639,03	109.298.613,20	470.459.025,39	1.290.519.255,00	2.981.964.118,32	4.862.810.650,94
Minus :Provisions	-	-	-	-	(60.028.248,00)	(60.028.248,00)
Investments Available for Sale	50.000.000,00	29.998.500,00	115.090.468,48	2.417.094.693,33	1.484.854.946,72	4.097.038.608,53
Investments Held to Maturity	-	-	490.183.271,81	-	-	490.183.271,81
Tangible Assets	-	-	-	-	111.719.846,64	111.719.846,64
Intangible Assets	-	-	-	-	11.359.606,00	11.359.606,00
Deferred Tax Asset	28.201,54	2.901.651,91	4.001.119,28	9.130.940,39	15.939.081,81	32.000.994,93
Current Tax Assets	-	-	28.430.014,45	-	-	28.430.014,45
Other Assets	130.637.239,27	26.699.229,73	50.312.399,34	-	(6.894.164,18)	200.754.704,16
<b>Total Assets</b>	<b>1.067.969.180,01</b>	<b>368.684.476,20</b>	<b>1.213.581.298,75</b>	<b>4.088.470.529,47</b>	<b>5.570.419.625,05</b>	<b>12.309.125.109,48</b>
<b>Liquidity of Liabilities</b>						
Cash and balances due to Credit Institutions	500.000.000,00	-	-	-	-	500.000.000,00
Cash and balances due to Customers	8.209.077.766,52	313.840.918,06	2.203.040.363,69	-	-	10.725.959.048,27
Derivative financial instruments	-	2.000,00	69.984,56	2.077.059,58	308.405,44	2.457.449,58
Deferred Tax Liabilities	262.532,68	478.423,25	658.222,59	22.057.345,18	14.940.061,21	38.396.584,91
Employment Benefit Obligations	84.286,66	168.573,32	758.579,94	4.045.759,66	19.748.977,42	24.806.177,00
Other Liabilities	77.894.622,81	28.575.672,91	41.552.632,53	61.754,98	-	148.084.683,23
<b>Total Liabilities</b>	<b>8.787.319.208,67</b>	<b>343.065.587,54</b>	<b>2.246.079.783,31</b>	<b>28.241.919,40</b>	<b>34.997.444,07</b>	<b>11.439.703.942,99</b>
<b>Total Liquidity Gap</b>	<b>(7.719.350.028,66)</b>	<b>25.016.888,66</b>	<b>(1.032.498.484,56)</b>	<b>4.060.228.610,07</b>	<b>5.533.422.180,98</b>	<b>869.421.166,49</b>

**Derivatives Cash flows****a) Derivatives settled on a net basis**

2007	up to 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
<b>Derivatives held for trading:</b>						
-Derivatives over index/securities	-	823.637,50	-	-	-	<b>823.637,50</b>
<b>Total</b>	-	<b>823.637,50</b>	-	-	-	<b>823.637,50</b>
2006	up to 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
<b>Derivatives held for trading:</b>						
-Derivatives over index/securities	-	85.000,00	-	-	-	<b>85.000,00</b>
<b>Total</b>	-	<b>85.000,00</b>	-	-	-	<b>85.000,00</b>

**b) Derivatives settled on a gross basis**

2007	up to 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
<b>Derivatives held for trading:</b>						
-Currency Swaps						
-Outflow	(30.714,33)	(378.578,00)	(3.311.131,98)	(28.129.121,23)	(14.890.652,97)	<b>(46.740.198,51)</b>
-Inflow	30.355,14	436.098,85	3.303.393,18	29.140.460,45	15.830.016,72	<b>48.740.324,34</b>
-Interest Rate Swaps						
-Outflow	(12.085.364,48)	(7.474.729,51)	(112.447.931,07)	(1.798.661.935,03)	(223.515.540,35)	<b>(2.154.185.500,44)</b>
-Inflow	12.161.849,06	7.656.950,66	118.810.198,00	1.797.078.299,27	223.960.642,61	<b>2.159.667.939,60</b>
<b>Total Outflows</b>	<b>(12.116.078,81)</b>	<b>(7.853.307,51)</b>	<b>(115.759.063,05)</b>	<b>(1.826.791.056,26)</b>	<b>(238.406.193,32)</b>	<b>(2.200.925.698,95)</b>
<b>Total Inflows</b>	<b>12.192.204,20</b>	<b>8.093.049,51</b>	<b>122.113.591,18</b>	<b>1.826.218.759,72</b>	<b>239.790.659,33</b>	<b>2.208.408.263,94</b>
2006	up to 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
<b>Derivatives held for trading:</b>						
-Currency Swaps						
-Outflow	-	(22.850,51)	(423.391,33)	(8.730.221,42)	-	<b>(9.176.463,26)</b>
-Inflow	-	16.526,86	354.533,61	9.116.294,97	-	<b>9.487.355,44</b>
-Interest Rate Swaps						
-Outflow	-	(14.154.075,93)	(62.257.591,04)	(619.173.570,75)	(305.821.750,00)	<b>(1.001.406.987,72)</b>
-Inflow	-	14.810.786,73	62.376.419,15	627.178.580,43	308.254.931,93	<b>1.012.620.718,24</b>
<b>Total Outflows</b>	-	<b>(14.176.926,44)</b>	<b>(62.680.982,37)</b>	<b>(627.903.792,17)</b>	<b>(305.821.750,00)</b>	<b>(1.010.583.450,98)</b>
<b>Total Inflows</b>	-	<b>14.827.313,59</b>	<b>62.730.952,76</b>	<b>636.294.875,40</b>	<b>308.254.931,93</b>	<b>1.022.108.073,68</b>

**4.4 Fair Values of financial assets and liabilities**

Financial Assets	Carrying Value		Fair Value	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Loans and advances to credit institutions	2.584.419.109,80	757.870.400,32	2.584.419.109,80	757.870.400,32
Loans and advances to consumers				
-Retail customers	5.947.843.396,58	4.655.377.824,58	5.943.571.747,56	4.652.036.193,55
-Public sector	162.515.783,80	207.432.826,36	162.515.783,80	207.432.826,36
Portfolio held to maturity	-	490.183.271,81	-	493.517.047,56
Financial liabilities	Carrying Value		Fair Value	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Deposits from banks	1.038.031.147,54	500.000.000,00	1.038.031.147,54	500.000.000,00
Due to customers	11.155.690.915,94	10.725.959.048,27	11.155.742.175,20	10.726.008.338,19

The fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Differences might arise between the carrying amount and the fair value of financial assets and liabilities.

The items of transaction portfolio, the derivatives and securities available for sale are presented in the financial statements at their fair value. Loans and other advances, securities held to maturity and financial liabilities are presented in the financial statements at undiscounted cost. Their carrying value does not materially differ from their fair value. In particular:

(a) Loans and advances to banks

Loans and advances to banks mainly include short term interbank placements and other collectibles. The vast majority of the placements have their maturity date within three months. Liabilities to banks include liabilities that have their maturity within 3 months. Therefore, their fair value is quite similar to the carrying amount.

(b) Loans and advances to customers

The vast majority of loans refer to loans of fluctuating interest. Furthermore, the biggest part of the loans with fixed interest for the period over one year has been hedged for changes of the interest rates. Thus, the carrying amount of the loans and advances to customers does not materially differ from their fair value as at balance sheet date.

(c) Held to maturity securities

The fair value of held to maturity securities amounts to € 0 thousand (€ 2006: 493.517 thousand). The fair value of the aforementioned securities is defined through reference to secondary acquisition.

(d) Deposits

The fair value of deposits without fixed maturity date (saving and current accounts), is the amount that the Bank should pay when demanded by a customer, equal to the carrying amount. Deposits from customers, have average maturity period lower than three months. Therefore, their estimated fair value does not materially differ from their carrying amount.

#### **4.5 Capital Adequacy**

In accordance with the regulatory framework applicable to Greek Banks, the Bank is subject to various regulatory capital requirements administered by the Bank of Greece, which are based on the regulations of the Bank of International Settlements (BIS). Those regulations require that banks maintain minimum capital levels against assets and certain off-balance sheet items that expose them to risk, so that the capital adequacy ratio and the solvency ratio to be greater or equal to the percentage of 8%. The total capital adequacy ratio (solvent ratio), on consolidated basis, for a credit institution is defined as the ratio of equity to the sum of risk weighted assets (in accordance with the BIS guidelines) and off-balance sheet items.

Amounts in thousand €	31.12.2007	31.12.2006
Share Capital	526.262,03	521.207,05
Other Reserves	85.517,21	83.344,83
Retained Earnings	112.850,64	156.095,07
Capital ( TIER I )	701.117,29	663.950,10
Capital ( TIER II )	3.940,37	12.974,12
<b>Total Equity</b>	<b>705.057,66</b>	<b>676.924,22</b>
Less: Reclassifications	131.078,00	117.364,66
<b>Total Equity</b>	<b>573.979,66</b>	<b>559.559,56</b>
Risk weighted assets (total market risk)	5.806.349,75	4.982.342,60
<b>Capital adequacy ratio (TIER I)</b>	<b>12,08%</b>	<b>13,33%</b>
<b>Total capital adequacy ratio</b>	<b>9,89%</b>	<b>11,23%</b>
<b>Solvency Ratio</b>	<b>11,07%</b>	<b>14,42%</b>

As of 31 December 2007, the total asset adequacy ratio for the Bank was 9,89%. In accordance with the proposals of Basel II, which are expected to be effective from January 2008, the Bank will adopt the Standardized Approach to measure credit risk, and the Basic Indicator Approach to measure the operational risk.

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

## 5. Segment Report analysis

Segment Reporting on Stand alone Basis				
Amounts in €	Treasury	Retail Banking	Corporate	Total
<b>From 1 January to 31 December 2007</b>				
Net income from interest	44.165.833,83	242.852.321,05	7.344.684,17	294.362.839,05
Net income from commissions	(761.954,88)	11.381.470,99	44.876,13	10.664.392,24
Other operating income	(15.696.158,40)	3.527.576,44	-	(12.168.581,96)
<b>Total</b>	<b>27.707.720,55</b>	<b>257.761.368,48</b>	<b>7.389.560,30</b>	<b>292.858.649,33</b>
Expenses	9.736.149,22	189.744.397,13	4.288.150,55	203.768.696,90
Depreciation	507.062,22	9.332.570,48	285.693,93	10.125.326,63
Impairment losses on loans and advances	-	28.711.261,85	-	28.711.261,85
Profit before tax	<b>17.464.509,11</b>	<b>29.973.139,02</b>	<b>2.815.715,82</b>	<b>50.253.363,95</b>
Tax				(6.805.762,38)
<b>Net Profit</b>				<b>43.447.601,57</b>
Capital expenditure	322.435,29	9.352.573,38	279.028,55	9.954.037,22
Total Assets at 31.12.2007	6.866.874.407,89	6.146.131.601,57	169.410.162,94	<b>13.182.416.172,40</b>
Total Liabilities at 31.12.2007	1.127.162.243,15	11.112.150.240,90	195.958.410,64	<b>12.435.270.894,69</b>
<b>From 1 January to 31 December 2006</b>				
Net income from interest	63.167.456,14	188.179.914,60	2.223.376,11	253.570.746,85
Net income from commissions	(387.058,35)	24.976.568,12	49.187,95	24.638.697,72
Other operating income	134.575.010,81	(838.519,84)	50,24	133.736.541,21
<b>Total</b>	<b>197.355.408,60</b>	<b>212.317.962,88</b>	<b>2.272.614,30</b>	<b>411.945.985,78</b>
Expenses	11.393.426,32	177.899.296,93	3.962.824,00	193.255.547,25
Depreciation	600.796,44	8.172.553,95	334.319,72	9.107.670,11
Impairment losses on loans and advances	-	24.061.557,91	-	24.061.557,91
Profit before tax	<b>185.361.185,84</b>	<b>2.184.554,09</b>	<b>(2.024.529,42)</b>	<b>185.521.210,51</b>
Tax				(48.264.273,77)
<b>Net Profit</b>				<b>137.256.936,74</b>
Capital expenditure	485.075,78	9.530.216,92	302.622,82	10.317.915,52
Total Assets at 31.12.2006	7.208.950.646,34	4.881.882.043,28	218.276.752,19	<b>12.309.109.441,81</b>
Total Liabilities at 31.12.2006	574.531.243,10	10.737.166.651,50	127.946.956,38	<b>11.439.644.850,98</b>

<b>Segment Report on consolidated Basis</b>				
<b>Amounts in €</b>	<b>Treasury</b>	<b>Retail Banking</b>	<b>Corporate</b>	<b>Total</b>
<b>From 1 January to 31 December 2007</b>				
Net income from interest	44.168.330,56	242.852.321,05	7.344.684,17	294.365.335,78
Net income from commissions	(164.896,17)	11.381.470,99	44.876,13	11.261.450,95
Other operating income	(15.700.417,21)	3.527.576,44	-	(12.172.840,77)
<b>Total</b>	<b>28.303.017,18</b>	<b>257.761.368,48</b>	<b>7.389.560,30</b>	<b>293.453.945,96</b>
Expenses	10.281.054,02	189.744.397,14	4.288.150,55	204.313.601,71
Depreciation	561.719,11	9.332.570,48	285.693,93	10.179.983,52
Impairment losses on loans and advances	-	28.711.261,85	-	28.711.261,85
Profit before tax	<b>17.460.244,05</b>	<b>29.973.139,01</b>	<b>2.815.715,82</b>	<b>50.249.098,88</b>
Tax				(6.800.724,08)
<b>Net Profit</b>				<b>43.448.374,80</b>
Capital expenditure	322.493,89	9.354.200,12	279.068,71	9.955.762,72
Total Assets at 31.12.2007	6.866.820.032,12	6.146.131.601,57	169.410.162,94	<b>13.182.361.796,63</b>
Total Liabilities at 31.12.2007	1.127.228.218,50	11.112.150.240,89	195.958.410,64	<b>12.435.336.870,03</b>
<b>From 1 January to 31 December 2006</b>				
Net income from interest	63.169.343,63	188.179.914,60	2.223.376,11	253.572.634,34
Net income from commissions	(211.727,33)	24.976.568,12	49.187,95	24.814.028,74
Other operating income	134.571.519,56	(838.519,84)	50,24	133.733.049,96
<b>Total</b>	<b>197.529.135,86</b>	<b>212.317.962,88</b>	<b>2.272.614,30</b>	<b>412.119.713,04</b>
Expenses	11.592.145,68	177.899.296,93	3.962.823,99	193.454.266,61
Depreciation	628.605,11	8.172.553,95	334.319,72	9.135.478,78
Impairment losses on loans and advances	-	24.061.557,91	-	24.061.557,91
Share in losses from associates	-	-	-	(28.768,44)
Profit before tax	<b>185.308.385,07</b>	<b>2.184.554,08</b>	<b>(2.024.529,42)</b>	<b>185.439.641,30</b>
Tax				(48.266.206,71)
<b>Net Profit</b>				<b>137.173.434,59</b>
Capital expenditure	486.196,93	9.546.836,78	303.185,69	10.336.219,40
Total Assets at 31.12.2006	7.208.966.314,01	4.881.882.043,28	218.276.752,19	<b>12.309.125.109,48</b>
Total Liabilities at 31.12.2006	574.590.335,11	10.737.166.651,50	127.946.956,38	<b>11.439.703.942,99</b>

## 6. Net Interest Income

Net interest income is analyzed as follows:

<b>Amounts in €</b>	<b>ON CONSOLIDATED BASIS</b>		<b>ON STAND ALONE BASIS</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
<i>Interest earned from:</i>				
Fixed Income Securities	218.884.938,07	263.828.542,41	218.884.938,07	263.828.542,41
Loans and advances to customers	278.260.222,61	180.777.293,42	278.260.222,61	180.777.293,42
Amounts due from banks	108.625.418,55	25.330.685,92	108.622.736,72	25.328.752,43
Interests of deposits to Bank of Greece	8.447.497,91	5.278.933,46	8.447.497,91	5.278.933,46
<b>Interest and similar Income</b>	<b>614.218.077,14</b>	<b>475.215.455,21</b>	<b>614.215.395,31</b>	<b>475.213.521,72</b>
<i>Interest payable on:</i>				
Liabilities due to credit institutions	68.247.439,82	15.933.773,72	68.247.439,82	15.933.773,72
Amounts due to customers	240.659.125,18	196.370.059,04	240.659.125,18	196.370.059,04
Contribution to Hellenic Deposit				
Guarantee Fund	9.031.883,24	8.647.997,50	9.031.883,24	8.647.997,50
Other interest bearing liabilities	1.914.293,12	690.990,61	1.914.108,02	690.944,61
<b>Interest and similar Expenses</b>	<b>319.852.741,36</b>	<b>221.642.820,87</b>	<b>319.852.556,26</b>	<b>221.642.774,87</b>
<b>Net Interest Income</b>	<b>294.365.335,78</b>	<b>253.572.634,34</b>	<b>294.362.839,05</b>	<b>253.570.746,85</b>

## 7. Net fee and commission income

Net fee and commission income is analyzed as follows:

<i>Amounts in €</i>	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Commissions from securities	29.190,11	193.141,90	34.907,36	16.100,00
Fund Management Fees	674.417,19	160.367,02	43.242,19	160.367,02
Commissions from foreign exchange operations	72.948,62	26.342,86	72.948,62	26.342,86
Commissions from credit card and consumer loans	4.922.278,59	3.856.423,74	4.922.278,59	3.856.423,74
Other Commission Income	6.788.033,40	21.435.832,95	6.788.033,40	21.435.832,95
<b>Total Commission Income</b>	<b>12.486.867,91</b>	<b>25.672.108,47</b>	<b>11.861.410,16</b>	<b>25.495.066,57</b>
Credit cards commission expenses	135.855,05	115.346,65	135.855,05	115.346,65
Other commission expenses	1.089.561,91	742.733,08	1.061.162,87	741.022,20
<b>Total commission expenses</b>	<b>1.225.416,96</b>	<b>858.079,73</b>	<b>1.197.017,92</b>	<b>856.368,85</b>
<b>Net Commission Income</b>	<b>11.261.450,95</b>	<b>24.814.028,74</b>	<b>10.664.392,24</b>	<b>24.638.697,72</b>

The account "Other Commission Income" at the year 2007 includes commission income on deposit accounts amounting to €2.197.641,47 and €21.158.261,57 in 2006 respectively.

## 8. Dividend income

Dividend income is analyzed as follows:

<i>Amounts in €</i>	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2007	31.12.2006
Income from dividends on shares of companies listed on the ASE	3.659.116,66	4.004.274,15
Income from dividends on shares of listed companies on foreign stock markets	482.655,12	651.236,89
<b>Total</b>	<b>4.141.771,78</b>	<b>4.655.511,04</b>

## 9. Net income from financial instruments designated at fair value and net trading income

The profits / (losses) from financial instrument at fair value through P&L are analyzed as follows:

<i>Amounts in €</i>	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
<b>Gains / (Losses) from financial assets at fair value through P&amp;L</b>				
- Shares	11.553.491,72	36.623.383,61	11.543.506,62	36.623.383,61
- Securities and derivatives	(84.889.841,21)	34.809.439,23	(84.889.841,21)	34.809.439,23
- Mutual Funds	1.276.653,12	3.571.957,77	1.260.310,60	3.563.095,59
	<b>(72.059.696,37)</b>	<b>75.004.780,61</b>	<b>(72.086.023,99)</b>	<b>74.995.918,43</b>
Foreign exchange profits/(losses)	(1.039.012,61)	(519.117,40)	(1.039.012,61)	(519.117,40)
<b>Total</b>	<b>(73.098.708,98)</b>	<b>74.485.663,21</b>	<b>(73.125.036,60)</b>	<b>74.476.801,03</b>

**10. Gains less losses from investment securities**

The profits / (losses) of investment portfolio are analyzed as follows:

<b>Amounts in €</b>	<b>ON CONSOLIDATED BASIS</b>		<b>ON STAND ALONE BASIS</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
<b>Gains from the sale of available for sale securities</b>				
- Shares	12.705.420,48	35.622.834,93	12.705.420,48	35.622.834,93
- Securities and derivatives	50.505.116,06	16.292.043,37	50.505.116,06	16.292.043,37
- Impairment of investment portfolio bonds	(7.471.270,34)	-	(7.471.270,34)	-
<b>Total</b>	<b>55.739.266,20</b>	<b>51.914.878,30</b>	<b>55.739.266,20</b>	<b>51.914.878,30</b>

**11. Other operating income**

The other operating income is analyzed as follows:

<b>Amounts in €</b>	<b>ON CONSOLIDATED BASIS</b>		<b>ON STAND ALONE BASIS</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Income from the write off of deposit balances in favor of the Bank in accordance with Article 6 of the relevant regulation	-	2.382.049,45	-	2.382.049,45
Real estate rental income	32.334,11	40.114,81	32.334,11	40.114,81
Other income	1.012.496,12	254.833,15	1.043.082,55	267.186,58
<b>Total</b>	<b>1.044.830,23</b>	<b>2.676.997,41</b>	<b>1.075.416,66</b>	<b>2.689.350,84</b>

**12. Personnel expenses**

The number of the Group employees as at 31 December 2007 and 2006 amount to 1.318(of which 6 relate to the subsidiary) and 1.281 (of which 5 relate to the subsidiary) respectively.

Personnel expenses are analyzed as follows:

<b>Amounts in €</b>	<b>ON CONSOLIDATED BASIS</b>		<b>ON STAND ALONE BASIS</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Wages and salaries	65.481.709,47	72.701.943,72	65.232.071,45	72.611.000,90
Social security contributions	2.357.415,42	1.403.434,67	2.302.817,86	1.392.542,83
Provision for staff termination indemnity	303.941,00	6.837.496,00	303.941,00	6.837.496,00
Other personnel expenses	2.115.372,18	1.645.554,77	2.115.372,18	1.645.554,77
Cost of shares offered to employees at a discount and free from the main shareholder	14.774.197,03	2.130.062,03	14.774.197,03	2.130.062,03
Cost for additional employee expense L. 3016/2202	16.051.965,04	-	16.051.965,04	-
<b>Total</b>	<b>101.084.600,14</b>	<b>84.718.491,19</b>	<b>100.780.364,56</b>	<b>84.616.656,53</b>

The account «Cost of additional employee expense Law 3016/2002» pertains to the remuneration cost of pending legal claims of the total of employees, arising in the third quarter of the period, aimed at retrospective as starting (from the year 2002 and onwards) deposit of the allowance amounting to €176 monthly, in compliance with Article 14, of the Law 3016/2002, which, following the compromise reached by the parties involved was limited to the total amount of allowance as that of €16,05 million. The aforementioned amount does not comprise the retrospective daily interest rates

and administrative expenses that will burden the Bank in case the claims of the employees are satisfied – an event that is regarded as highly probable according to the estimates of the legal advisers. Following the compromise that had been reached, the employees resigned from their right as far as any current or contingent court claims are concerned.

The account “Cost of Shares offered to the employees at a discount and free from the main shareholder” for the period ended at 31 December 2007 concerns: a) The amount of €1.003.290,66 which is the cost of free shares that were offered by the main shareholder “The Greek State”, in the context of the Bank share withholding incentive which were received with private placement during the process of shares listing on Athens Stock Exchange Market. According the above plan 1 free share for each 10 held shares were disposed and up to 100 free shares per employee for the holding period of 12 months. and b) the amount of €13.770.906,37 refers to the cost of the Stock Option Plan for the shares that were offered to the employees, as the Extraordinary General Assembly decided on 18<sup>th</sup> April 2007. Further analysis of the above is presented in note 36.

### 13. General and administrative expenses

General and administrative expenses are analyzed as follows:

<b>Amounts in €</b>	<b>ON CONSOLIDATED BASIS</b>		<b>ON STAND ALONE BASIS</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Associated lawyers and engineers fees	4.495.178,73	7.518.859,04	4.495.178,73	7.518.859,04
Electronic Data Support fees	6.619.853,25	5.362.298,56	6.578.906,63	5.359.014,16
Other third party fees and expenses	31.499.659,81	21.623.199,22	31.424.935,24	21.575.294,84
Expenses of EL.TA. Network	12.998.260,31	8.865.553,79	12.998.260,31	8.865.553,79
Rental expense of buildings	3.702.348,80	3.017.399,60	3.723.934,77	3.017.399,60
Insurance Premium	701.467,04	486.028,67	701.467,04	486.028,67
Telephone-Postal expenses	4.333.081,65	3.119.940,82	4.325.052,92	3.116.766,67
Repairs & maintenance	1.773.363,38	1.467.060,92	1.762.019,63	1.466.846,72
Office supplies	2.360.075,03	2.226.105,75	2.349.167,98	2.224.162,80
Promotion and Advertising Expenses	6.098.772,85	8.385.787,82	6.064.820,01	8.384.738,06
Electricity Expenses	1.422.022,81	1.147.381,04	1.422.022,81	1.147.381,04
Cleaning expenses	862.891,81	710.775,59	862.891,81	710.775,59
Tax and Duties - VAT	10.088.400,76	8.520.102,23	10.079.872,54	8.518.158,53
Subscription-Contributions	1.644.315,88	2.625.802,82	1.579.897,63	2.614.619,74
Miscellaneous Expenses	10.714.331,84	10.108.923,06	10.707.726,33	10.105.661,18
<b>Total</b>	<b>99.314.023,95</b>	<b>85.185.218,93</b>	<b>99.076.154,38</b>	<b>85.111.260,43</b>

### 14. Other operating expenses

<b>Amounts in €</b>	<b>ON CONSOLIDATED BASIS</b>		<b>ON STAND ALONE BASIS</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Cost of consumer loans to employees	2.632.447,54	1.815.300,39	2.632.447,54	1.815.300,39
Initial lump sum contribution to Hellenic Deposit Guarantee Fund	-	20.322.905,00	-	20.322.905,00
Other expenses	1.282.530,08	1.412.351,10	1.279.730,42	1.389.424,90
<b>Total</b>	<b>3.914.977,62</b>	<b>23.550.556,49</b>	<b>3.912.177,96</b>	<b>23.527.630,29</b>

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

## 15. Impairment Losses on loans and advances

<b>Amounts in €</b>	<b>ON CONSOLIDATED &amp; STAND ALONE BASIS</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>
Loans and advances to customers	28.711.261,85	29.275.737,03
Reversal of provision for other receivables	-	(5.214.179,12)
<b>Total</b>	<b>28.711.261,85</b>	<b>24.061.557,91</b>

## 16. Income Tax

Tax expense is analysed as follows:

<b>Amounts in €</b>	<b>ON CONSOLIDATED BASIS</b>		<b>ON STAND ALONE BASIS</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Income Tax	25.776.405,74	22.922.051,63	25.776.405,74	22.922.051,63
Deferred Tax	(18.975.681,66)	9.375.070,84	(18.970.643,36)	9.373.137,90
<b>Total</b>	<b>6.800.724,08</b>	<b>32.297.122,47</b>	<b>6.805.762,38</b>	<b>32.295.189,53</b>

Current income tax for the Bank has been calculated using a tax rate of 25% for the year 2007 and a tax rate of 29% for the year 2006. Current income tax is recognized as expense for the period and calculated based on the effective tax rate.

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

<b>Amounts in €</b>	<b>ON STAND ALONE BASIS</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>
<b>Profit before tax</b>	<b>50.253.363,95</b>	<b>185.521.210,51</b>
Income tax based on the current tax rate of 29% (32% in 2005)	12.563.340,99	53.801.151,05
Income not subject to taxation	(16.265.985,56)	(29.524.199,58)
Expenses not deductible for tax purposes	9.700.618,48	4.280.935,10
Effect of tax rate change	-	1.334.964,24
Tax on reserves	-	15.969.084,24
Other effects	807.788,47	2.402.338,72
<b>Income tax</b>	<b>6.805.762,38</b>	<b>48.264.273,77</b>

The income tax table in consolidated basis is not presented since there is no material difference between the two of the accounts of the subsidiary.

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

<b>Amounts in €</b>	<b>ON CONSOLIDATED BASIS</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>
<b>Tax on Reserves</b>		
Codified Law 3513/06 article 10	-	15.969.084,24
<b>Total</b>	<b>-</b>	<b>15.969.084,24</b>

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

In accordance with article 10 of Law 3513/2007 these reserves, formed until 31.12.2005 by banks established in Greece and by branches of foreign banks operating in Greece, were subject to taxation. The tax rate was 15% on profits that were not subject to tax and 10% on profits that were previously subject to tax at the source. The total tax on these reserves for the Bank amounted to 15.969.084,24 €. and it had a negative influence on the results of period 2006. The payment of the above tax extinguishes the Bank's liability as well as that of its shareholders. Therefore these reserves can be distributed or capitalized without any further payment of tax.

**18. Earnings per share**

The basic and diluted earnings per share are calculated as follows :

<b>Amounts in €</b>	<b>On consolidated basis</b>		<b>On stand alone basis</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Net profit attributable to the shareholders of the Bank	43.447.995,92	137.189.105,56	43.447.601,57	137.256.936,74
Weighted average number of shares outstanding(no. of shares)	140.911.687	140.866.770	140.911.687	140.866.770
Possible shares from share stock option	1.401.932		1.401.932	
Average number of shares for reduced earnings per share	142.313.619	140.866.770	142.313.619	140.866.770
Basic earnings per share	<b>0,31</b>	<b>0,97</b>	<b>0,31</b>	<b>0,97</b>
Diluted earnings per share	<b>0,31</b>	<b>0,97</b>	<b>0,31</b>	<b>0,97</b>

**19. Dividends**

The management intends to propose to the Shareholders General Meeting of 2008 the distribution of dividends equal to 0,25 € /share for 2007, against 0,60€ /share in 2006.

The Annual General Meeting of the Shareholders held on 24 May 2007 decided the distribution of dividend amounting in total to € 84.520.062,00 which was paid to the shareholders due to the legal provided period in accordance with the announce schedule of the intended corporate actions 2007.

## 20. Cash and Balance with Central Bank

Cash and Balance with Central Bank are analyzed as follows:

<i>Amounts in €</i>	<b>ON CONSOLIDATED BASIS</b>		<b>ON STAND ALONE BASIS</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Cash in Hand	38.471.464,01	44.955.175,26	38.470.437,21	44.953.595,19
Cash and balance with central bank	90.865.878,85	103.908.524,59	90.865.878,85	103.908.524,59
<b>Total</b>	<b>129.337.342,86</b>	<b>148.863.699,85</b>	<b>129.336.316,06</b>	<b>148.862.119,78</b>

In the account "Cash and Balance to Central Bank" an amount of € 89.820.020,77 at 31.12.2007 and an amount of € 103.908.359,83 at 31.12.2006 concerns obligatory deposits to Bank of Greece.

## 21. Due from Banks

Amounts due from banks are analysed as follows:

<i>Amounts in €</i>	<b>ON CONSOLIDATED BASIS</b>		<b>ON STAND ALONE BASIS</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Time Deposits with banks	2.442.006.554,49	732.938.807,51	2.442.006.554,49	732.938.807,51
Correspondent Banks	10.479.027,09	4.615.780,70	10.479.027,09	4.615.780,70
Sight deposits	7.573.164,03	13.379.824,63	7.204.046,29	13.003.723,20
Futures margin accounts	937.327,46	4.473.210,35	937.327,46	4.473.210,35
Reverse repos	122.000.000,00	-	122.000.000,00	-
Other	1.423.036,73	2.462.777,13	1.423.036,73	2.462.777,13
<b>Total</b>	<b>2.584.419.109,80</b>	<b>757.870.400,32</b>	<b>2.584.049.992,06</b>	<b>757.494.298,89</b>

## 22. Loans and advances to customers

<i>Amounts in €</i>	<b>ON CONSOLIDATED &amp; STAND ALONE BASIS</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>
Public Sector	162.515.783,80	207.432.826,36
Consumer loans	1.689.856.586,53	1.230.565.625,26
Mortgage Loans	4.085.826.479,53	3.296.538.286,42
Credit Cards	172.160.330,52	128.273.912,90
<b>Total</b>	<b>6.110.359.180,38</b>	<b>4.862.810.650,94</b>
Less: Allowances for impairment on loans and advances to customers	(86.851.160,03)	(60.028.248,00)
<b>Net Total</b>	<b>6.023.508.020,35</b>	<b>4.802.782.402,94</b>

The movement of the account "Provisions for impaired loans" is analyzed as follows:

	Consumer loans	Mortgages	Credit Cards	Public Institutions	Total
<b>Balance at 1st January 2007</b>	28.754.355,65	21.684.023,40	8.744.544,58	845.324,37	<b>60.028.248,00</b>
Provision for loan impairment	10.400.563,18	11.634.700,43	6.675.998,24	-	<b>28.711.261,85</b>
Loans written off	-	-	(1.927.835,86)	-	<b>(1.927.835,86)</b>
Returns from written off loans	-	-	39.486,04	-	<b>39.486,04</b>
<b>Balance at 31st December 2007</b>	<b>39.154.918,83</b>	<b>33.318.723,83</b>	<b>13.532.193,00</b>	<b>845.324,37</b>	<b>86.851.160,03</b>

	Consumer loans	Mortgages	Credit Cards	Public Institutions	Total
<b>Balance at 1st January 2006</b>	9.466.028,94	16.292.529,47	4.761.861,01	845.324,37	<b>31.365.743,79</b>
Provision for loan impairment	19.304.989,09	5.988.064,34	3.982.683,57	-	<b>29.275.737,00</b>
Loans written off	(16.662,38)	(596.570,41)	-	-	<b>(613.232,79)</b>
Returns from written off loans	-	-	-	-	-
<b>Balance at 31st December 2006</b>	<b>28.754.355,65</b>	<b>21.684.023,40</b>	<b>8.744.544,58</b>	<b>845.324,37</b>	<b>60.028.248,00</b>

### 23.Trading and financial assets designated at fair value

<i>Amounts in €</i>	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
<b>Financial Assets at fair value through profit or loss</b>				
<u>Bonds</u>				
Bonds issued by financial institutions	116.427.556,13	126.233.161,69	116.427.556,13	126.233.161,69
Mutual Fund Units	31.703.566,26	58.975.420,20	31.117.828,58	58.406.025,04
Alternative Investments	217.899.900,00	566.984.496,66	217.899.900,00	566.984.496,66
<b>Total Financial Assets at fair value through profit or loss</b>	<b>366.031.022,39</b>	<b>752.193.078,55</b>	<b>365.445.284,71</b>	<b>751.623.683,39</b>
 <b>Trading Securities</b>				
<u>Bonds and other debt securities</u>				
Greek Government Bonds	144.371.634,56	349.178.205,53	144.371.634,56	349.178.205,53
Foreign Government Bonds	32.987.449,00	183.614.250,37	32.987.449,00	183.614.250,37
Bonds issued by financial institutions	122.060.483,76	43.425.847,13	122.060.483,76	43.425.847,13
Corporate Bonds	146.518.567,42	147.226.796,52	146.518.567,42	147.226.796,52
Treasury Bills	-	10.908,70	-	10.908,70
	<b>445.938.134,74</b>	<b>723.456.008,25</b>	<b>445.938.134,74</b>	<b>723.456.008,25</b>
<u>Shares</u>				
Shares listed on the ASE	71.650.158,93	105.711.052,76	71.650.158,93	105.711.052,76
Shares listed on foreign stock exchanges	20.972.727,30	35.002.099,70	20.972.727,30	35.002.099,70
	<b>92.622.886,23</b>	<b>140.713.152,46</b>	<b>92.622.886,23</b>	<b>140.713.152,46</b>
 <b>Total Trading Securities</b>	<b>538.561.020,97</b>	<b>864.169.160,71</b>	<b>538.561.020,97</b>	<b>864.169.160,71</b>
 <b>Total</b>	<b>904.592.043,36</b>	<b>1.616.362.239,26</b>	<b>904.006.305,68</b>	<b>1.615.792.844,10</b>

## 24. Derivative financial instruments

As at 31 December 2007 and 2006 the Bank was trading the following derivatives:

Amounts in €	31 December 2007			31 December 2006		
	Face Value	Fair Values		Face Value	Fair Values	
		Assets	Liabilities		Assets	Liabilities
Interest rate swaps	2.473.750.000,00	20.292.726,87	5.167.146,31	967.750.000,00	11.416.841,93	2.455.449,58
Currency Swaps	34.829.074,11	1.775.501,13	161.685,05	7.825.489,00	255.478,66	-
Futures	167.646.962,50	931.137,50	107.500,00	100.000.000,00	87.000,00	2.000,00
<b>Total</b>	<b>2.676.226.036,61</b>	<b>22.999.365,50</b>	<b>5.436.331,36</b>	<b>1.075.575.489,00</b>	<b>11.759.320,59</b>	<b>2.457.449,58</b>

## 25. Available for sale and held to maturity securities

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

Amounts in €	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2007	31.12.2006
<b>Available for sale fixed income securities (fair values)</b>		
Greek Government Bonds	2.404.760.977,62	3.164.860.537,46
Foreign Government Bonds	101.402.720,00	165.204.800,00
Corporate Bonds	210.808.297,30	485.924.378,08
Bonds issued by financial institutions	269.149.180,70	160.624.785,54
<b>Total fixed income securities</b>	<b>2.986.121.175,62</b>	<b>3.976.614.501,08</b>
<b>Available for sale equity securities (fair values)</b>		
Share listed on ASE	103.404.646,16	97.464.823,90
Unlisted shares	30.511.489,49	21.807.489,49
Venture Capital	1.295.918,92	1.151.794,06
<b>Total variable income equity securities</b>	<b>135.212.054,57</b>	<b>120.424.107,45</b>
<b>Total available for sale securities</b>	<b>3.121.333.230,19</b>	<b>4.097.038.608,53</b>
<b>Securities held to maturity</b>		
Greek Government Bonds	-	490.183.271,81
<b>Total held to maturity securities</b>	<b>-</b>	<b>490.183.271,81</b>
<b>Total available for sale securities and held to maturity securities</b>	<b>3.121.333.230,19</b>	<b>4.587.221.880,34</b>

The fair values of pledged Greek Government Bonds are included in the above bonds at 31.12.2007:

<b>Pledged Greek Government Bonds</b>	
<b>Type of engagement</b>	<b>Fair Value 31.12.2007</b>
Interbank Repos	536.307.300,00
Pledged assets for daily liquidity (Bank of Greece)	357.477.500,00
Customer Repos	42.846.740,90
<b>Total</b>	<b>936.631.540,90</b>

The movement of available for sale and held to maturity securities for the period 01.01-31.12.2007 is analyzed as follows:

	<b>Investments available for sale</b>	<b>Investments held to maturity</b>	<b>Total</b>
<b>Opening balance as at 1.1.2007</b>	<b>4.097.038.608,53</b>	<b>490.183.271,81</b>	<b>4.587.221.880,34</b>
Additions	1.709.423.342,75	-	1.709.423.342,75
Disposals and write offs	(2.609.978.031,99)	(488.762.419,66)	(3.098.740.451,65)
Foreign exchange differences	(64.791,76)	-	(64.791,76)
Premium / discount	(4.929.936,12)	(1.420.852,15)	(6.350.788,27)
Adjustment to fair value recognized directly in reserves	(70.155.961,22)	-	(70.155.961,22)
<b>Closing balance as at 31.12.2007</b>	<b>3.121.333.230,19</b>	<b>-</b>	<b>3.121.333.230,19</b>

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

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

## 26. Investment in subsidiary and in associate

Participation in subsidiaries and associates solely pertains to the company «Postal Savings – Greek EL.TA. Mutual Fund Management S.A.». The company «Greek Postal Savings Bank – EL.TA. Mutual Fund Management S.A.» , due to the increase in the percentage of interests from 50% to 51%, was consolidated under the full consolidation method in 2006, starting from 1.8.2006. As far as the period of 1.1-31.7.2006 is concerned, as well as the previous year, it was consolidated under the equity method.

**27. Property, plant and equipment**

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

**Property & equipment on stand alone basis**

Amounts in €	Land	Buildings & Building installations	Mechanical Equipment & vehicles	Furniture and other equipment	Assets under Construction	Total
<b>Cost</b>						
<b>Balance at the 1st of January 2006</b>	65.615.461,77	34.715.990,68	3.394.756,44	30.654.248,94	-	134.380.457,83
Additions	-	2.795.233,00	201.596,81	4.889.798,70	5.322,58	7.891.951,09
<b>Balance at 31st of December 2006</b>	<b>65.615.461,77</b>	<b>37.511.223,68</b>	<b>3.596.353,25</b>	<b>35.544.047,64</b>	<b>5.322,58</b>	<b>142.272.408,92</b>
<b>Accumulated depreciation</b>						
<b>Balance at the 1st of January 2006</b>	-	(2.808.304,74)	(2.905.343,72)	(17.916.018,29)	-	(23.629.666,75)
Disposals & write offs	-	-	-	7.712,92	-	7.712,92
Depreciation for the period	-	(1.541.790,07)	(171.350,24)	(5.304.451,75)	-	(7.017.592,06)
<b>Balance at 31st of December 2006</b>	-	<b>(4.350.094,81)</b>	<b>(3.076.693,96)</b>	<b>(23.212.757,12)</b>	-	<b>(30.639.545,89)</b>
<b>Net Book Value at 31st December 2006</b>	<b>65.615.461,77</b>	<b>33.161.128,87</b>	<b>519.659,29</b>	<b>12.331.290,52</b>	<b>5.322,58</b>	<b>111.632.863,03</b>
<b>Cost</b>						
<b>Balance at the 1st of January 2007</b>	65.615.461,77	37.511.223,68	3.596.353,25	35.544.047,64	5.322,58	142.272.408,92
Additions	-	4.564.831,68	6.530,57	4.137.564,48	-	8.708.926,73
<b>Balance at 31st of December 2007</b>	<b>65.615.461,77</b>	<b>42.076.055,36</b>	<b>3.602.883,82</b>	<b>39.681.612,12</b>	<b>5.322,58</b>	<b>150.981.335,65</b>
<b>Accumulated depreciation</b>						
<b>Balance at the 1st of January 2007</b>	-	(4.350.094,81)	(3.076.693,96)	(23.212.757,12)	-	(30.639.545,89)
Depreciation for the period	-	(1.765.169,70)	(142.899,24)	(5.925.527,30)	-	(7.833.596,24)
<b>Balance at 31st of December 2007</b>	-	<b>(6.115.264,51)</b>	<b>(3.219.593,20)</b>	<b>(29.138.284,42)</b>	-	<b>(38.473.142,13)</b>
<b>Net Book Value at 31st of December 2007</b>	<b>65.615.461,77</b>	<b>35.960.790,85</b>	<b>383.290,62</b>	<b>10.543.327,70</b>	<b>5.322,58</b>	<b>112.508.193,52</b>

**Property Plant and equipment on consolidated basis**

Amounts in €	Land	Buildings & Building installations	Mechanical Equipment & vehicles	Furniture and other equipment	Assets under Construction	Total
<b>Cost</b>						
Balance at the 1st of January 2006	65.615.461,77	34.715.990,68	3.394.756,44	30.654.248,94	-	134.380.457,83
beginning balance of the consolidated subsidiary		22.375,98	-	139.375,66		161.751,64
Additions	-	2.795.233,00	201.596,81	4.900.196,52	5.322,58	7.902.348,91
<b>Balance at 31st of December 2006</b>	<b>65.615.461,77</b>	<b>37.533.599,66</b>	<b>3.596.353,25</b>	<b>35.693.821,12</b>	<b>5.322,58</b>	<b>142.444.558,38</b>
<b>Accumulated depreciation</b>						
Balance at the 1st of January 2006	-	(2.808.304,74)	(2.905.343,72)	(17.916.018,29)	-	(23.629.666,75)
beginning balance of the consolidated subsidiary	-	(12.358,10)		(59.197,99)		(71.556,09)
Disposals & write offs	-		-	7.712,92	-	7.712,92
Depreciation for the period		(1.543.496,95)	(171.350,24)	(5.316.354,63)	-	(7.031.201,82)
<b>Balance at 31st of December 2006</b>	<b>-</b>	<b>(4.364.159,79)</b>	<b>(3.076.693,96)</b>	<b>(23.283.857,99)</b>	<b>-</b>	<b>(30.724.711,74)</b>
<b>Net Book Value at 31st December 2006</b>	<b>65.615.461,77</b>	<b>33.169.439,87</b>	<b>519.659,29</b>	<b>12.409.963,13</b>	<b>5.322,58</b>	<b>111.719.846,64</b>
<b>Cost</b>						
Balance at the 1st of January 2007	65.615.461,77	37.533.599,66	3.596.353,25	35.693.821,12	5.322,58	142.444.558,38
Additions	-	4.564.831,68	6.530,57	4.139.289,98		8.710.652,23
<b>Balance at 31st of December 2007</b>	<b>65.615.461,77</b>	<b>42.098.431,34</b>	<b>3.602.883,82</b>	<b>39.833.111,10</b>	<b>5.322,58</b>	<b>151.155.210,61</b>
<b>Accumulated depreciation</b>						
Balance at the 1st of January 2007	-	(4.350.094,81)	(3.076.693,96)	(23.212.757,12)	-	(30.639.545,89)
beginning balance of the consolidated subsidiary	-	(14.064,98)	-	(71.100,87)		(85.165,85)
Depreciation for the period	-	(1.768.092,51)	(142.899,24)	(5.950.812,75)	-	(7.861.804,50)
<b>Balance at 31st of December 2007</b>	<b>-</b>	<b>(6.132.252,30)</b>	<b>(3.219.593,20)</b>	<b>(29.234.670,74)</b>	<b>-</b>	<b>(38.586.516,24)</b>
<b>Net Book Value at 31st of December 2007</b>	<b>65.615.461,77</b>	<b>35.966.179,04</b>	<b>383.290,62</b>	<b>10.598.440,36</b>	<b>5.322,58</b>	<b>112.568.694,37</b>

**28. Intangible assets**

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

Amounts in €	ON CONSOLIDATED BASIS SOFTWARE	ON STAND ALONE BASIS SOFTWARE
<b>Cost</b>		
Balance at the 1st of January 2006	13.174.969,54	13.174.969,54
Beginning balance of the consolidated subsidiary	132.160,72	-
Additions	2.433.870,49	2.425.964,43
Disposals and write offs	(134,33)	(134,33)
<b>Balance at 31st of December 2006</b>	<b>15.740.866,42</b>	<b>15.600.799,64</b>
<b>Accumulated amortisation</b>		
Balance at the 1st of January 2006	(2.203.994,37)	(2.203.994,37)
Beginning balance of the consolidated subsidiary	(73.123,42)	-
Disposals and write offs	134,33	134,33
Amortisation charge for the period	(2.104.276,96)	(2.090.078,05)
<b>Balance at 31st of December 2006</b>	<b>(4.381.260,42)</b>	<b>(4.293.938,09)</b>
<b>Net Book Value at 31st December 2006</b>	<b>11.359.606,00</b>	<b>11.306.861,55</b>
<b>Cost</b>		
Balance at the 1st of January 2007	15.740.866,42	15.600.799,64
Additions	1.245.110,49	1.245.110,49
<b>Balance at 31st of December 2007</b>	<b>16.985.976,91</b>	<b>16.845.910,13</b>
<b>Accumulated amortisation</b>		
Balance at the 1st of January 2007	(4.381.260,42)	(4.293.938,09)
Amortisation charge for the period	(2.318.179,02)	(2.291.730,39)
<b>Balance at 31st of December 2007</b>	<b>(6.699.439,44)</b>	<b>(6.585.668,48)</b>
<b>Net Book Value at 31st December 2007</b>	<b>10.286.537,47</b>	<b>10.260.241,65</b>

**29. Deferred tax assets and liabilities**

Deferred tax assets and liabilities have been calculated based on the nominal tax rate at which temporary taxable and deductible differences are expected to reverse.

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

Amounts in €	ON STAND ALONE BASIS			
	31.12.2007		31.12.2006	
	Assets	Liabilities	Assets	Liabilities
Property plant and equipment	-	3.655.613,91	-	4.226.018,82
Intangible Assets	-	1.035.358,54	-	289.279,43
Financial assets at fair value through profit and loss	23.428.677,98	480.179,90	13.791.085,34	2.399.002,61
Available for sale financial assets	3.881.317,29	574.244,13	-	21.512.130,29
Loans and advances to customers	4.846.829,40	2.749.405,51	3.565.397,37	-
Retirement benefit obligations	6.273.533,75	-	6.197.548,50	-
Derivative financial instruments	-	3.244.509,99	-	2.246.098,96
Provision for doubtful debts	-	-	-	7.719.016,50
Provision for other receivables	2.123.557,73	-	2.394.099,64	-
Other staff benefit provisions	1.210.820,94	-	1.584.713,70	-
Accrued expenses	7.373.870,02	-	4.468.150,38	-
<b>Total</b>	<b>49.138.607,11</b>	<b>11.739.311,98</b>	<b>32.000.994,93</b>	<b>38.391.546,61</b>

Amounts in €	ON CONSOLIDATED BASIS			
	31.12.2007		31.12.2006	
	Assets	Liabilities	Assets	Liabilities
Property plant and equipment	-	3.655.613,91	-	4.226.018,82
Intangible Assets	-	1.035.358,54	-	289.279,43
Financial assets at fair value through profit and loss	23.428.677,98	480.179,90	13.791.085,34	2.404.040,91
Available for sale financial assets	3.881.317,29	574.244,13	-	21.512.130,29
Loans and advances to customers	4.846.829,40	2.749.405,51	3.565.397,37	-
Retirement benefit obligations	6.273.533,75	-	6.197.548,50	-
Derivative financial instruments	-	3.244.509,99	-	2.246.098,96
Provision for doubtful debts	-	-	-	7.719.016,50
Provision for other receivables	2.123.557,73	-	2.394.099,64	-
Other staff benefit provisions	1.210.820,94	-	1.584.713,70	-
Accrued expenses	7.373.870,02	-	4.468.150,38	-
<b>Total</b>	<b>49.138.607,11</b>	<b>11.739.311,98</b>	<b>32.000.994,93</b>	<b>38.396.584,91</b>

Deferred tax assets are recognized only to the extent that they are reasonably expected to be utilized against future taxable income. The movement of deferred tax for the years 2007 and 2006 is as follows:

Amounts in €	On Stand Alone Basis	
	31.12.2007	31.12.2006
<b>Deferred Tax Expenses</b>		
Intangible Assets	746.079,11	1.112.104,10
Recognition of Financial derivatives	998.411,03	21.332.697,43
Loans and Advances to Customers	(6.251.043,02)	1.139.387,91
Employment benefit obligations	(75.985,25)	(1.709.374,00)
Other Provisions	(2.261.284,97)	(4.807.886,16)
Trading Securities and other Financial assets at fair value through profit and loss	(11.556.415,35)	(7.782.004,34)
Non tax deductible buildings depreciation	(305.776,06)	(354.700,22)
Tangible Assets - Differences in depreciations	(264.628,85)	442.913,18
<b>Deferred tax recognized to the income statement</b>	<b>(18.970.643,36)</b>	<b>9.373.137,90</b>
Deferred tax recognized directly to shareholder's equity	(24.819.203,45)	(34.496.211,49)
<b>Net change in deferred tax</b>	<b>(43.789.846,81)</b>	<b>(25.123.073,59)</b>

Amounts in €	On Consolidated Basis	
	31.12.2007	31.12.2006
<b>Deferred tax expenses</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Intangible Assets	746.079,11	1.112.104,10
Recognition of Financial derivatives	998.411,03	21.332.697,43
Loans and Advances to Customers	(6.251.043,02)	1.139.387,91
Employment benefit obligations	(75.985,25)	(1.709.374,00)
Other Provisions	(2.261.284,97)	(4.807.886,16)
Trading Securities and other Financial assets at fair value through profit and loss	(11.561.453,65)	(7.780.071,40)
Non tax deductible buildings depreciation	(305.776,06)	(354.700,22)
Tangible Assets - Differences in depreciations	(264.628,85)	442.913,18
<b>Deferred tax recognized to the results</b>	<b>(18.975.681,66)</b>	<b>9.375.070,84</b>
Deferred tax recognized directly to the shareholder's equity	(24.819.203,45)	(34.496.211,49)
<b>Net change in deferred tax</b>	<b>(43.794.885,11)</b>	<b>(25.121.140,65)</b>

### 30. Current tax assets

Amounts in €	ON STAND ALONE AND CONSOLIDATED BASIS	
	31.12.2007	31.12.2006
Advance payment regarding income tax and other income tax assets to be offset	50.212.131,29	51.499.955,06
Income tax liabilities	(27.040.826,76)	(23.069.940,61)
<b>Net income tax assets</b>	<b>23.171.304,53</b>	<b>28.430.014,45</b>

### 31. Other assets

Other assets are analyzed as follows:

Amounts in €	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Assets acquired through foreclosure proceedings	2.744.263,14	2.450.027,98	2.744.263,14	2.450.027,98
Commissions receivable	173.587,40	654.228,86	86.218,02	591.941,87
Due from the Greek Government	267.844,77	243.876,23	267.182,27	243.213,73
Accrued interest on loans	22.600.796,17	6.489.398,60	22.600.796,17	6.489.398,60
Accrued interest on Financial assets	8.585.212,83	1.065.088,59	8.585.212,83	1.065.088,59
Portfolio Accrued interest	138.064.194,26	144.007.996,21	138.064.194,26	144.007.996,21
Other assets	37.065.873,42	55.420.486,26	37.060.931,96	55.415.544,80
Provision for impairment of other assets	(8.494.230,90)	(9.576.398,57)	(8.494.230,90)	(9.576.398,57)
<b>Total</b>	<b>201.007.541,09</b>	<b>200.754.704,16</b>	<b>200.914.567,75</b>	<b>200.686.813,21</b>

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

Amounts in €	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2007	31.12.2006
Balance at start of period	(9.576.398,57)	(14.790.577,69)
Income for the period	-	5.214.179,12
Write offs for the period	1.082.167,67	-
<b>Balance at period end</b>	<b>(8.494.230,90)</b>	<b>(9.576.398,57)</b>

**32. Due to Banks**

Amounts in €	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2007	31.12.2006
Due to banks	500.000.000,00	500.000.000,00
Securities sold under agreement to repurchase (Repos)	538.031.147,54	-
<b>Total</b>	<b>1.038.031.147,54</b>	<b>500.000.000,00</b>

**33. Due to Customers**

Deposits and other customer accounts are analyzed as follows:

Amounts in €	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2007	31.12.2006
Sight deposits	9.501.699,01	23.726.638,10
Savings deposits	7.070.510.006,81	7.698.619.410,25
Time Deposits	4.018.501.599,95	2.383.729.263,07
Securities sold under agreements to repurchase (Repos)	42.513.511,94	587.490.491,36
Other Liabilities	14.664.098,23	32.393.245,49
<b>Total</b>	<b>11.155.690.915,94</b>	<b>10.725.959.048,27</b>

### 34. Retirement Benefit Obligations

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

Amounts in €	ON STAND ALONE BASIS	
	31.12.2007	31.12.2006
<b>Liabilities in Balance Sheet:</b>		
Lump sum retirement benefits		
- Unfunded	<b>25.094.135,00</b>	<b>24.790.194,00</b>

The sums included in the balance sheet are:

Amounts in €	31.12.2007	31.12.2006
Present Value of unfunded benefits payable	28.490.121,00	27.759.426,00
Unrecognised actuarial profits/(losses)	(3.395.986,00)	(2.969.232,00)
Liability in Balance Sheet	<b>25.094.135,00</b>	<b>24.790.194,00</b>

The sums recognised in profit or loss are:

Amounts in €	31.12.2007	31.12.2006
Current service cost	136.347,57	726.886,00
Financial cost	150.180,43	761.991,00
Recognition of actuarial loss/gain	17.413,00	186.159,00
Recognised cost of previous employment	-	5.162.460,00
<b>Total included in personnel expenses</b>	<b>303.941,00</b>	<b>6.837.496,00</b>

The movement in the retirement benefit obligations is as follows:

Amounts in €	31.12.2007	31.12.2006
Opening balance	24.790.194,00	17.952.698,00
Total expense recognised in income statement	303.941,00	6.837.496,00
<b>Closing balance</b>	<b>25.094.135,00</b>	<b>24.790.194,00</b>

The main actuarial assertions used for accounting purposes are:

	31.12.2007	31.12.2006
Discount rate	4,80%	4,10%
Rate of compensation increase	4,00%	4,00%
Expected remaining service life	11,09	11,10
Inflation	2,50%	2,50%

There is no further analysis on a consolidated basis as the amounts of the subsidiary are not material.

### 35. Other liabilities

Other liabilities are analyzed as follows:

Amounts in €	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Capital/money transfer transactions account	80.825,61	188.776,56	80.825,61	188.776,56
Other taxes payable	10.483.401,01	16.652.697,63	10.472.325,50	16.637.069,21
Accrued interest on deposits	46.937.129,25	29.827.208,17	46.937.129,25	29.827.208,17
Accrued interbank interest	39.266.948,29	15.218.863,21	39.266.948,29	15.218.863,21
Accrued interest on Financial assets	32.867.953,01	19.083.708,59	32.867.953,01	19.083.708,59
Insurance premiums payable	886.899,38	940.788,18	875.452,95	932.119,03
Suppliers	16.026.393,91	16.553.918,68	16.008.376,71	16.540.145,54
Other liabilities	52.779.494,75	49.618.722,21	52.770.041,55	49.618.722,21
<b>Total</b>	<b>199.329.045,21</b>	<b>148.084.683,23</b>	<b>199.279.052,87</b>	<b>148.046.612,52</b>

### 36. Share capital

Share capital movements are analyzed as follows:

	Number of shares	Par Value	Share Capital
<b>Balance on 1 January 2006</b>	140.866.770	3,7	521.207.049,00
Issue of new shares	-	-	-
<b>Balance on 31 December 2006</b>	<b>140.866.770</b>	<b>3,7</b>	<b>521.207.049,00</b>
Issue of new shares	1.366.212	3,7	5.054.984,40
<b>Balance on 31 December 2007</b>	<b>142.232.982</b>	<b>3,7</b>	<b>526.262.033,40</b>

On 21st December 2007 the Board of Directors of the Bank pursuant to article 10 of law 3340/2005 and within the framework of implementing a 2 year share offering Plan (Stock Option Plan) that have been issued by the extraordinary General Assembly of April 18th, 2007, certified the share capital increase by cash payment.

The Board of Directors of the Bank, according to Article 13 of Law 2190/1920, regarding Societes Anonymes, on 20th December 2007, resolved upon a share capital increase of the Bank in an amount of €5.054.984,40 by cash payment through the issuance of 1.366.212 new common, registered, voting shares of nominal value and offering price of €3,70 per share, due to the exercise of Stock Options Rights by the Beneficiaries, during the exercise period, between December 10th 2007 and December 15th 2007.

The decisions mentioned above, were submitted to the Ministry of Development, to Directorate of Societe Anonyme Companies and Credit that concerns Banking Institutions (Number of protocol K2-18440 & K2-18441/21.12.2007) in order to enter in the Societe Anonyme register which belongs to the Ministry of Development.

As a result, the share capital of the Bank amounted to €526.262.033,40 divided into 142.232.982 common, registered, voting shares of nominal value €3,70 each.

### Stock Option Plan

The Extraordinary General Assembly of the shareholders of the Bank as at 18/4/2007, in compliance with Par. 9, Article 13 of the Law 2190/1920 decided on the establishment of a two-year share disposal plan in the form of stock options to

the members of the Board of Directors (only the employees' representatives), the Bank staff and associated companies not to exceed 2.817.335 shares thus corresponding to 2% of the shares issued at that point of time of the Bank. The distribution price of the newly issued shares was decided as that equal to the existing nominal value of the Bank shares. The Board of Directors of the Bank was authorized by the General Assembly to proceed to the definition of the specific conditions of the plan. The maturity period of the stock options was decided as that of annual duration and the maturity date was defined as that of 30<sup>th</sup> November of each year. The stock options that reach maturity in every period are decided to be those equal to half of the total of approved shares of the Plan.

The beneficiaries are entitled to full or partial exercise of their rights through their written statement addressed to the Board of Directors. In case a beneficiary does not exercise all the rights provided to him/her within the exercise period, he/she will be able to exercise them in the forthcoming year and, in any case, prior to the termination of the plan. The rights that have not been exercised until the termination of the plan are cancelled and amortized in full right directly.

The movements in the stock options for the year 2007 is as follows:

	<b>2007</b>
<b>Options at January, 1st</b>	-
Granted options	2.817.335
exercised options	<u>(1.366.212)</u>
<b>Options at December, 31st</b>	<u><b>1.451.123</b></u>

In the prior year of 2006, the Bank did not have a stock option plan. The items of the stock option plan as for the year 2007 is, in compliance with the 23/11/2007 decision of the Board of Directors and are as follows:

<b>Exercise Date</b>	<b>Exercise Price</b>	<b>Options Fair Value</b>	<b>Number of options</b>
30/11/2007	3,7	9,26	1.408.440
30/11/2008	3,7	9,26	1.408.895

The fair value of the options has been defined based on the share price as at the option grant date (23/11/2007). In December 2007, the number of options that were exercised within the frame of the aforementioned plan comes to 1.366.212 shares. The deposited amount for the exercise of the rights by the beneficiaries amounts to € 5.054.984,40.

### 37. Share premium

#### Movement from share issuance at a premium

<b>Balance at January, 1st 2006</b>	-
Shares offered to the employees at a discount (private placement from registering the Bank at the Stock Market) and free due to holding (note 12)	2.130.062,03
<b>Balance at December 31st, 2006</b>	<u><b>2.130.062,03</b></u>
Shares offered to the employees due to 12 month hold (note 12)	1.003.290,66
Increase due to cost of Stock Option Plan (December 2007) (note 36)	13.770.906,37
<b>Balance at December 31st, 2007</b>	<u><b>16.904.259,06</b></u>

**38. Other Reserves, Retained Earnings and Revaluation Reserves and Treasury Shares**

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

Amounts in €	ON CONSOLIDATED BASIS		STAND ALONE BASIS	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Legal Reserve for the year	68.517.210,08	66.344.830,00	68.517.210,08	66.344.830,00
Special Reserves	17.000.000,00	17.000.000,00	17.000.000,00	17.000.000,00
Retained Earnings	112.850.624,39	156.095.070,55	113.430.500,17	156.675.340,68
<b>Total</b>	<b>198.367.834,47</b>	<b>239.439.900,55</b>	<b>198.947.710,25</b>	<b>240.020.170,68</b>

According to article 44 of Codified Law 2190/1920 every year 5% of Bank's net profits is held for legal reserve until this reserve equals 1/3 of Share Capital. The tax free reserves are recorded in retained earnings and concern profits from securities and specially taxable income (with decreased factors), such as income from interest of Greek Government Bonds and treasury bills that have not been distributed. The tax free reserves and reserves from specially taxable income as at 31.12.2007 amount to €12.130.636,43.

Revaluation reserves comprise of reserves resulting from the measurement at fair value of available for sale financial assets. The movement of available for sale revaluation reserve is as follows:

Amount in €	31.12.2007	31.12.2006
	Available for sale securities revaluation	
Balance at the beginning of year	127.619.439,41	286.208.210,10
Less: Deferred tax	(21.512.130,29)	(56.008.341,78)
<b>Net starting balance</b>	<b>106.107.309,12</b>	<b>230.199.868,32</b>
Net (gains)/losses transferred to income statement	(55.739.276,35)	(46.324.895,33)
Net (gains)/losses from changes in fair value	(70.155.961,22)	(112.263.875,36)
Deferred tax movement	24.819.203,45	34.496.211,49
<b>Balance at year end</b>	<b>5.031.275,00</b>	<b>106.107.309,12</b>

The balance of treasury shares amounting to €126.700 concerns 7.000 shares of Greek Postal Savings Bank held by the subsidiary "Greek Postal Savings Bank - EL.TA Mutual Fund Management S.A."

**39. Commitments,Contingent Liabilities and Contingent Assets****a) Contingent tax liabilities**

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

COMPANY	OPEN TAX YEARS
GREEK POSTAL SAVINGS BANK SA	2007
Greek Postal Savings Bank – EL.TA. Mutual Fund Management S.A.	2006-2007

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

**b) Operating leases**

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

**The minimum future lease payments for the company are:**

	<b>31.12.2007</b>	<b>31.12.2006</b>
- within one year	3.767.548,42	2.819.902,84
- over one year and up to 5 years	11.910.075,57	10.143.085,56
- over 5 years	5.250.516,25	3.755.818,15
<i>Total</i>	<b>20.928.140,25</b>	<b>16.718.806,55</b>

Note : Concerns rent expense from leased buildings-Offices and Vehicles

**The minimum future lease payments for the company are:**

	<b>31.12.2007</b>	<b>31.12.2006</b>
- within one year	32.190,16	30.597,52
- over one year and up to 5 years	66.237,72	94.991,12
- over 5 years	-	-
<i>Total</i>	<b>98.427,88</b>	<b>125.588,64</b>

Note : Concerns rental incomes from leased buildings

**c) Other contingent liabilities**

<b>Amounts in €</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Commitments to extend credit	<b>106.837.790,53</b>	<b>64.718.590,13</b>

**d) Contingent Legal Issues**

There are certain claims and customer lawsuits against the Bank in the ordinary course of business. The total amount claimed in lawsuits filed against the Bank based on consultation with the Bank's legal department stands at € 3.330.876,51. In addition the total amount claimed by the Bank stands at €1.080.330,91.

There are no pending legal claims or liabilities for the Bank that could materially affect the financial position of the Bank as at 31 December 2007 and hence no provision has been made for legal cases.

**40. Related Parties Transactions and Balances**

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

<b>Amounts in €</b>		
<b>Loans granted to related parties</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Loans to Members of the Board of Directors and Company managers	4.770.899,62	4.823.805,21
Loan Interest	91.317,06	60.658,96
	<b>4.862.216,68</b>	<b>4.884.464,17</b>
<b>Members of the Board of Directors and of management fees and other benefits</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Board of Directors and other committee participation fees	278.500,00	222.200,00
Board of Directors and member of management fees	2.385.902,78	2.587.938,76
Other benefits to Board of Directors and members of management	436.699,65	158.751,82
<b>Total</b>	<b>3.101.102,43</b>	<b>2.968.890,58</b>
<b>Benefits Management and managers of the associated company-Greek Postal Savings Bank-EL.TA. Mutual Fund Management SA</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Board of Directors and Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A. Managers fees	52.200,00	64.800,00
<b>Deposit balances</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Bank Board of Directors members and managers	2.644.516,01	1.247.818,32
Deposit Interest	43.647,05	18.262,17
	<b>2.688.163,06</b>	<b>1.266.080,49</b>
<b>Transactions with the associated company Greek Postal Savings Bank-EL.TA. Mutual Fund Management SA</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Other Income	53.033,72	40.439,91

#### 41. Adjustment of prior year Cash Flow statement

<i>Amounts in €</i>	Adjusted Value	Disclosed Value	Adjusted Value	Disclosed Value	Adjustments	Subnote
	ON CONSOLIDATED BASIS		ON STAND ALONE BASIS			
	From 1 January to 31.12.2006		From 1 January to 31.12.2006			
<b>Net cash flow from:</b>						
Operating activities	(605.141.345,15)	(664.939.780,00)	(605.128.697,74)	(664.927.132,59)	59.798.434,85	(I), (II)
Investing activities	401.771.416,67	401.771.416,67	401.734.720,55	401.734.720,55	-	
Financing activities	(310.482.156,53)	(310.482.156,53)	(310.537.156,53)	(310.537.156,53)	-	
<b>Net increase of cash and cash equivalents</b>	<b>(513.852.085,01)</b>	<b>(573.650.519,86)</b>	<b>(513.931.133,72)</b>	<b>(573.729.568,57)</b>	<b>59.798.434,85</b>	(I), (II)
Cash on hand and cash equivalents at the beginning of the period	1.626.309.755,79	1.440.827.436,26	1.626.011.123,00	1.440.528.803,47	185.482.319,53	(III)
<b>Cash on hand and cash equivalents at the end of the period</b>	<b>1.112.457.670,78</b>	<b>867.176.916,40</b>	<b>1.112.079.989,28</b>	<b>866.799.234,90</b>	<b>245.280.754,38</b>	(IV)

#### Subnote:

- I. Net decrease of obligatory deposits to Bank of Greece at 31.12.2006 amount of € 55.547.671,15
- II. Effect from change of Greek Government Bonds at 31.12.2006 amount to €4.250.763,70
- III. Greek Government Bonds €344.938.350,51 less obligatory deposits to Bank of Greece amount of € 159.456.030,98 at 31.12.2005
- IV. Greek Government Bonds €349.189.114,21 less obligatory deposits to Bank of Greece amount to €103.908.359,83 at 31.12.2006

#### 42. Cash and cash equivalents analysis

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

<i>Amounts in €</i>	<b>ON CONSOLIDATED BASIS</b>		<b>ON STAND ALONE BASIS</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Cash and balances with Central Bank	39.517.322,09	44.955.340,02	39.516.295,29	44.953.759,95
Due from banks	1.677.419.109,80	718.313.216,55	1.677.049.992,06	717.937.115,12
Greek Government Bonds held for trading	144.371.634,56	349.189.114,21	144.371.634,56	349.189.114,21
<b>Cash and cash equivalents</b>	<b>1.861.308.066,45</b>	<b>1.112.457.670,78</b>	<b>1.860.937.921,91</b>	<b>1.112.079.989,28</b>

#### **43. Provision on the commission income charged on idle deposit accounts**

The Bank, taking into consideration, the requests submitted by 2.342 of its customers within the last 21 months, concerning the partial or total return of administrative commissions, which have been accounted for the idle accounts in the previous fiscal year ending 2006, amounting in total to 30.711,08 Euro (percentage of 0,14% on the total of the commissions in question), and in order for the Bank to cover the possibility of future submission of such requests, it has proceeded to the creation of a relevant provision during the year.

The amount of the provision constitutes the best possible estimation by the management and was defined based upon the aforementioned historical data, as well as the management's assertions concerning the possibility of future requests and is considered adequate. However, it should be noted that the effect on the financial position of the Bank from potential future disputes over commissions accounted on idle accounts cannot be estimated with accuracy at present.

#### **44. Events after the balance sheet date**

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

*These financial statements have been translated from the original which were prepared in the Greek language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Greek language version of the financial statements takes precedence over this translation.*