

PROTONBANK

PROTON BANK S.A.
FINANCIAL STATEMENTS
31 December 2007

In accordance with the International Financial Reporting Standards

The attached financial statements were approved by the Board of Directors of Proton Bank SA on 20 March, 2008 and they are available in the web site of Proton Bank at www.proton.gr

These financial statements were translated from the original statutory financial statements that have been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language financial statements, the Greek language financial statements will prevail over this document

Index to the financial statements

INDEPENDENT AUDITORS' REPORT	4
INCOME STATEMENT	6
BALANCE SHEET	7
STATEMENT OF CHANGES IN EQUITY	8
CASH FLOW STATEMENT	9
1 General information	10
2 Significant accounting policies	10
2.1 Basis of preparation of the condensed interim financial information	10
2.2 Estimates and judgments	11
2.3 Comparatives	11
2.4 Subsidiaries and Associates	12
2.4.1 Subsidiaries	12
2.4.2 Associates	12
2.5 Segment reporting	12
2.6 Foreign exchange transaction	12
2.7 Financial assets	12
2.7.1 Derecognition	12
2.8 Offsetting	13
2.9 Derivative financial instruments	13
2.10 Fair value measurement of financial assets and liabilities	13
2.11 Interest income and expense	13
2.12 Fee and commission income	13
2.13 Dividend income	14
2.14 Sale and repurchase agreement	14
2.15 Impairment of financial assets	14
2.16 Intangible assets	14
2.17 Property, plant and equipment	15
2.18 Non-current assets held-for-sale	15
2.19 Leases	15
2.19.1 The Bank is the lessor	15
2.19.2 The Bank is the lessee	15
2.20 Cash and cash equivalents	16
2.21 Provisions	16
2.22 Employee benefits	16
2.23 Deferred tax	16
2.24 Financial liabilities	16
2.25 Share capital	17
2.26 Fiduciary activities	17
3 Financial risk management	18
3.1 Credit risk	18
3.2 Market risk	22
3.3 Liquidity risk	22
3.4 Foreign exchange risk	24
3.5 Interest rate risk	25
3.6 Capital management and capital adequacy	26
4 Critical accounting estimates and judgments	27
4.1 Recognition of the identifiable intangible assets acquired from business combinations	27
4.2 Impairment losses on loans and receivables	27
4.3 Fair value of derivative financial instruments	27
4.4 Impairment of available-for-sale financial assets	27
4.5 Impairment test of goodwill acquired in a business combination	27
4.6 Held-to-maturity investments	27
4.7 Income taxes	27
5 Segment analysis	28
5.1.1 Business segment	28
5.2 Geographical segment	29
6 Net interest income	29
7 Net fee and commission income	29
8 Dividend income	30
9 Net trading income	30
10 Net income from financial instruments designated at fair value	30
11 Other operating income	30
12 Personnel expense	30
13 Other administrative expenses	30
14 Depreciation expenses	31
15 Impairment losses on financial assets and non financial assets	31
16 Income tax expense	31
17 Earnings per share	32

18	Cash and cash equivalents	32
19	Loans and advances to banks	32
20	Loans and receivables	33
21	Derivative financial instruments	34
22	Trading portfolio	34
23	Financial assets at fair value through profit or loss	35
24	Held-to-maturity investments	35
25	Available-for-sale assets	35
26	Investment in subsidiaries and associates	35
26.1.	Investment in subsidiaries	36
26.2.	Investment in associates	36
27	Intangible assets	38
27.1.	Impairment testing of goodwill	38
28	Property, plant and equipment	39
29	Non-current assets held-for-sale	40
30	Deferred tax assets/ liabilities	40
31	Other assets	41
32	Due to banks	41
33	Due to customers	42
34	Debt securities in issue	42
35	Retirement benefit obligations	43
36	Current income tax liabilities	43
37	Other liabilities	43
38	Share capital	43
39	Share premium	44
40	Other reserves	44
40.1.	Statutory reserve	44
40.2	Tax free reserves	44
41	Cash and cash equivalents	44
42	Dividend per share	44
43	Contingent liabilities and commitments	45
43.1	Legal proceedings	45
43.2	Letters of guarantee /Irrevocable letters of credit	45
43.3	Pledged assets	45
43.4	Capital commitments	45
43.5	Stock option plan	46
43.6	Purchase treasury shares	46
44	Related party transactions	46
45	Business acquisition	48
45.1	Acquisition of Omega Bank SA and Proton Securities SA	48
45.1.1	Financial effect of acquisition on the acquirer	48
45.1.2	Adjustments as a result of completing the initial accounting of the cost of acquisition	49
45.2	Absorption of Proton Finance	49
46	Changes in the composition of BoD	51
47	Events after the balance sheet date	52

INDEPENDENT AUDITORS' REPORT

To the Shareholders of PROTON BANK S.A.

Report on the financial statements

We have audited the accompanying financial statements of PROTON BANK S.A. ("the Bank"), which comprise the balance sheet as at December 31, 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Responsibility of the Management for the Financial Statements

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

Responsibility of the Auditor

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank'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 abovementioned financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2007, and the financial performance and the cash flows of the Bank for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.



44, Vas. Konstantinou Str, 116 35 Athens
SOEL Reg. No 127

Athens, 21 March 2008

The Certified Public
Accountant Auditor

Athanasia M. Arabatzi
SOEL Reg. No 12821

INCOME STATEMENT

(in thousands of euros)	Note	1.1-31.12.07	1.1-31.12.06
Interest and similar income		112.339	26.697
Interest expense and similar charges		(69.519)	(12.635)
Net interest income	6	42.820	14.062
Fee and commission income		42.483	20.174
Fee and commission expense		(8.187)	(2.728)
Net fee and commission income	7	34.296	17.446
Dividend income	8	3.802	2.840
Net trading income	9	8.155	27.256
Net income from financial instruments designated at fair value	10	2.263	-
Other operating income	11	888	235
Operating income		92.224	61.839
Personnel expenses	12	(24.062)	(9.705)
Other administrative expenses	13	(23.935)	(11.977)
Depreciation expenses	14	(7.194)	(2.196)
Impairment losses on financial assets	15	(7.093)	(1.475)
Total operating expenses		(62.284)	(25.353)
Profit before tax		29.940	36.486
Income tax expense	16	(9.657)	(4.879)
Profit for the period		20.283	31.607
Earnings per share (expressed in € per share)			
- Basic		0,33	0,66

The restated financial statements 1.1-31.12.2006 is owed to the completion of the estimation of the fair value of the identifiable intangible assets acquired at the merger with OMEGA Bank, as they are thoroughly quoted in the note of 50.1.2 here below.

The notes on pages 10 to 52 are an integral part of these financial statements as at 31 December 2007.

BALANCE SHEET

(in thousands of euros)	Note	31.12.2007	31.12.2006
ASSETS			(restated)
Cash and balances with the Central Bank	18	52.554	36.671
Loans and advances to banks	19	205.047	93.394
Loans and receivables	20	1.372.538	947.338
Derivative financial instruments	21	11.529	2.611
Financial assets at fair value through profit or loss	22	173.060	251.694
Financial assets designated at fair value	23	5.421	-
Investment securities:			
- Held-to-maturity	24	9.717	6.646
- Available-for-sale	25	250.227	30.977
Investments in subsidiaries and associates	26	48.261	47.689
Intangible assets	27	102.661	106.691
Property, plant and equipment	28	27.809	26.899
Non-current assets held for sale	29	218	64
Deferred tax assets	30	7.073	3.782
Other assets	31	89.020	28.035
Total assets		2.355.135	1.582.491
LIABILITIES			
Due to banks	32	433.933	90.460
Due to customers	33	1.470.488	1.064.599
Derivative financial instruments	21	14.570	6.319
Debt securities in issue	34	25.283	-
Retirement benefit obligations	35	1.079	897
Current income tax liabilities	36	10.455	945
Deferred tax liabilities	30	6.917	5.548
Other liabilities	37	9.341	13.889
Total liabilities		1.972.066	1.182.657
EQUITY			
Share capital	38	281.450	281.450
Share premium	39	85.478	85.478
Less: Treasury shares	38	(7.668)	-
Other reserves	40	3.361	14.155
Retained earnings		20.448	18.751
Total equity		383.069	399.834
Total equity and liabilities		2.355.135	1.582.491

The restated financial statements 1.1-31.12.2006 is owed to the completion of the estimation of the fair value of the identifiable intangible assets acquired at the merger with OMEGA Bank, as they are thoroughly quoted in the note of 50.1.2 here below.

The notes on pages 10 to 52 are an integral part of these financial statements as at 31 December 2007.

STATEMENT OF CHANGES IN EQUITY

(Restated)

(in thousands of euros)	Share capital	Treasury shares	Share premium	Revaluation reserve	Tax free reserves	Statutory reserve	Retained earnings/ (losses)	Total equity
Balance at 1 January 2006	202.660	-	-	34.391	-	214	(2.368)	234.897
- Net revaluation gains /(losses) on available-for-sale assets				539				539
- Profit for the period							32.651	32.651
<i>Total recognized income and expenses</i>				<i>539</i>			<i>32.651</i>	<i>33.190</i>
- Acquisition cost (Omega Bank)	78.771		85.478					164.249
- Net change in equity due to merger with Proton Securities				(21.136)		147	2.169	(18.820)
- Capitalization of reserves	19						(19)	-
- Dividends paid in 2005							(12.638)	(12.638)
Balance at 31 December 2006, as previously reported	281.450	-	85.478	13.794	-	361	19.795	400.878
- Amortization of identifiable intangible assets acquired on acquisition of Omega Bank for the period 1.10-31.12.2006 (Note 31.1.2)							(1.043)	(1.043)
Balance at 31 December 2006 (restated)	281.450	-	85.478	13.794	-	361	18.752	399.835
Balance at 1 January 2007	281.450	-	85.478	13.794	-	361	18.752	399.835
- Net revaluation gains /(losses) on available-for-sale assets				(12.912)				(12.912)
- Profit for the period							20.283	20.283
<i>Total recognized income and expenses</i>				<i>(12.912)</i>			<i>20.283</i>	<i>7.371</i>
- Net (purchases) /sales of treasury shares		(7.668)						(7.668)
- Net change in equity due to merger with Proton Finance (Note 45.1.3)							101	101
- Fair value of employee services					982			982
- Capitalization of reserves						1.135	(1.135)	-
- Dividends paid in 2006							(17.551)	(17.551)
Balance at 31 December 2007	281.450	(7.668)	85.478	882	982	1.496	20.448	383.069

The restated financial statements 1.1-31.12.2006 is owed to the completion of the estimation of the fair value of the identifiable intangible assets acquired at the merger with OMEGA Bank, as they are thoroughly quoted in the note of 50.1.2 here below.

The tax free reserves at 31.12.2006 of 2.302 thousand euros are included in retained earnings.

The notes on pages 10 to 52 are an integral part of these financial statements as at 31 December 2007.

CASH FLOW STATEMENT

(in thousands of euros)

	1.1-31.12.2007	(restated) 1.1-31.12.2006
Cash flows from operating activities:		
Profit before taxation	29.939	36.487
Adjustments for:		
Add: impairment losses on financial assets	6.942	1.475
Add: depreciation expense	7.194	3.239
Add: provisions for retirement benefits	614	44
Add: Fair value of employee stock options	983	-
Gains (-)/ losses (+) from revaluation of financial assets at fair value through profit or loss	4.272	(5.470)
Gains (-)/ losses (+) from investment activities	(8.065)	(2.840)
Cash flows from operating activities before changes in operating assets and liabilities	41.879	32.935
Changes in operating assets and liabilities:		
Net (increase)/decrease in cash and balances with the Central Bank	9.298	4.197
Net (increase)/decrease in loans and advances to banks	(15.082)	-
Net (increase)/decrease in loans and receivables	(441.247)	(134.407)
Net (increase)/decrease in financial assets at fair value through profit or loss	68.274	(106.799)
Net (increase)/decrease in other assets	(61.190)	(3.022)
Net increase /(decrease) in due to banks	343.472	52.521
Net increase /(decrease) in due to customers	405.936	101.287
Net increase /(decrease) in other liabilities	(5.674)	4.022
Net cash flows from operating activities before tax payment	345.666	(49.267)
Income tax paid	-	(3.720)
Net cash flows from operating activities	345.666	(52.986)
Cash flows from investing activities:		
(Purchase) / sale of property, plant and equipment and intangible assets	560	(2.154)
(Acquisition) / disposal of available-for-sale financial assets	(227.030)	(6.740)
(Acquisition) / disposal of subsidiaries	-	131.594
Repurchase / sale of companies	(734)	(2.305)
Dividends received	3.802	2.840
Net cash flows from investing activities	(223.402)	123.234
Cash flows from financing activities:		
Proceeds/ (repayment) from debt securities in issue	24.671	-
Dividends paid	(17.515)	(12.638)
Net (decrease)/ increase in treasury shares	(7.668)	-
Net cash flows from financing activities	(512)	(12.638)
Net increase/ (decrease) in cash and cash equivalents	121.752	57.610
Cash and cash equivalents at beginning of period (note 41)	114.699	57.089
Cash and cash equivalents at end of period (note 41)	236.450	114.699

The restated financial statements 1.1-31.12.2006 is owed to the completion of the estimation of the fair value of the identifiable intangible assets acquired at the merger with OMEGA Bank, as they are thoroughly quoted in the note of 50.1.2 here below.

The notes on pages 10 to 52 are an integral part of these financial statements as at 31 December 2007.

1 General information

PROTON BANK SA (the Bank, thereafter) and its subsidiaries (together, the Group, thereafter) provide private and corporate banking, investment banking, financial services, portfolio management, insurance and other services. The Bank is established in Greece and has a network of 28 branches. The Group's commerce business are found mainly in Greece, Switzerland and Serbia.

The Bank's shares have been listed since December 2005 on the Athens Stock Exchange, and apart from the General Index they are also included in the FTSE-40 index. The total number of common shares outstanding at 31 December 2007 was 61.923.339.

The number of personnel as of 31 December 2007 was 580.

The attached financial statements were approved by the Board of Directors of the Bank on 20 March 2008, and are subject to be approval of the General Meeting of Shareholders.

2 Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are presented here below and are consistent with those previously followed.

The Bank's functional currency is the euro and the amounts in the financial statements are presented in thousands of euros, unless otherwise stated in the relevant notes. Any differences in the tables are due to roundings.

2.1 Basis of preparation of the condensed interim financial information

The attached financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and their Interpretations as adopted by the European Union. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities held at fair value through profit or loss, and all derivative financial instruments.

Adoption of new standards, amendments and interpretations with value date as of 1 January 2007:

(a) IFRS 7, "Financial Instruments: Disclosures":

The Bank adopted the IFRS 7, "Financial Instruments: Disclosures" and IAS 1 Amendment- Presentation of Financial Statements effective 1 January 2007.

IFRS 7 introduces new disclosures for the improvement of information relating to financial instruments. It has replaced IAS 30 "Disclosures in the Financial Statements of Banks and similar Financial Institutions" as well as all IAS 32 provisions on disclosures, while IAS 32 has been revised to IAS 32 "Financial Instruments: Presentation". All disclosures concerning financial instruments, as well as, comparative period financial information have been reformulated in order to respond to the requirements of the new standard. The most significant additional information presented in the consolidated financial statements of the Group is a sensitivity analysis, for the justification of the Group's exposure to market risks in relation to its financial instruments, an analysis of the maturity of financial obligations which identifies conventional remaining debts, as well as qualitative and quantitative analyses of credit risks that the Group is exposed to. The aforementioned first implementation of the IFRS 7 standard, has not led to adjustments in prior years' entries as far as cash flows, net results, or any other entry in the Balance Sheet are concerned.

(b) IAS 1 Amendment- Presentation of Financial Statements effective 1 January 2007

The amendment to IAS 1 affects the presentation of owner changes in equity and of comprehensive income.

(c) IFRIC 7, "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies":

IFRIC 7 provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity 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 subsidiaries have a currency of a hyperinflationary economy as its functional currency, IFRIC 7 is not relevant to the Group's operations.

(d) IFRIC 8, "IFRS 2 Share Based Payments":

IFRIC 8 requires consideration of 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. The Group has adopted IFRIC 8 since January 1st, 2007, but this does not have any impact on the Group's accounts.

(e) IFRIC 9, "Reassessment of Embedded Derivatives":

According to IFRIC 9, an entity, in general, can assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative only at first recognition, while a subsequent reassessment is prohibited. The Group has adopted IFRIC 9 since January 1st, 2007, but this does not have any impact on the Group's accounts.

(f) IFRIC 10, "Interim Financial Reporting and Impairment":

IFRIC 10 prohibits impairment losses to be recognized in an interim period on goodwill, investments in equity instruments as well as investments in financial assets to be carried at cost, and be reversed at a subsequent balance sheet date. The Group applies IFRIC 10 since January 1st, 2007, but this does not have any impact on the Group's accounts.

(a) IFRS 8, "Operating segments" (effective from 1 January 2009):

IFRS 8 replaces IAS 14 "Segment Reporting". The new IFRS requires a "management approach" to the Group's presentation of financial information under segment reporting. Information disclosed is basically information that the Management uses for internal reporting so as to assess the productivity of segments, as well as the manner in which resources are allocated. Such reporting might differentiate from information used during the preparation of the balance sheet and the income statement. Furthermore, the standard requires that explanatory notes on the basis of preparation of segment reporting, as well as traces to entries in financial statements should also be disclosed.

Moreover, the following standards, amendments and interpretations have been issued and are subject to endorsement by the European Union.

(b)) IFRIC 11, "Group and treasury share transactions"

IFRIC 11 provides guidance on three cases: i) the accounting of share based payment arrangements involving an entity's own equity instruments, ii) the accounting of share based payment arrangements involving equity instruments of a subsidiary and iii) the accounting of share based payment arrangements involving options over a parent's equity instruments.

(c)) IFRIC 12, "Service concession arrangements" (effective for annual periods beginning on or after 1 January 2008):

This interpretation has no application to the Group's activities.

(d)) IFRIC 13, "Customer Loyalty Programmes" (effective for annual accounting periods beginning on or after 1 July 2008):

IFRIC 13 is applied on customer loyalty programmes. This interpretation is applicable to credit card customer loyalty programmes, nevertheless, its adoption will not have a significant impact on the Group's financial position.

(e) IFIRC 14: " IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective from 1 January 2008):

This interpretation has no application to Group activities.

(f) IAS 23: (Revised 2007) "Borrowing Costs" (effective from 1 January 2009):

The revised IAS 23 removes the option of immediately expensing borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset. The adoption of the revised IAS will have no significant impact on the Group's financial statements.

(g) IAS 1: "Presentation of Financial Statements" – revised 2007 (effective from 1 January 2009):

The fundamental change in IAS 1 is concerned with the segregation of the presentation of owner changes in equity in those which are due to transactions with owners and because of their capacity as owners (e.g. dividends, capital increase), from those which are due to other changes in equity (e.g. reserves). The revision of the Standard produces changes in both the terminology and the presentation of financial statements.

However, the new terms do not affect the rules of recognition, measurements and disclosure of equity transactions and all other events which are required by other standards. The adoption of the revised standard is expected to transform the structure and description in the presentation of financial statements without, however, causing any alternations to the financial position of an entity.

(h) IFRS 3: "Business Combinations" – Revised 2007 and subsequent amendments in IAS 27, 28 and 31 (effective the first annual reporting period beginning on or after 1 July 2009):

The revised standard introduces significant amendments for the application of the acquisition method for business combinations. Among other changes the standard introduces the possibility of minority interests being measured at fair value. Furthermore, the revised standard requires that the acquirer of a subsidiary recognizes the assets acquired and liabilities assumed as a transaction with owners of the business and any difference should be recognized in equity. The revised IFRS 3 applies for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning gon or after July 1st, 2009, while no consolidation adjustments are required for the period before the revised standard will become effective. Thus, the adoption of the revised standards will have no significant impact on the Group's financial statements.

(i) IFRS 2: "Share-based Payment" – Amendment 2008: Vesting Conditions and Cancellations (effective from 1 January 2009):

This amendment clarifies that only service conditions and performance conditions are vesting conditions, while all other features need to be included in the grant date fair value. The Group is currently assessing the implications from the adoption of the aforementioned amendment.

(g) IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Amendment 2008: Put table Financial Instruments and Obligations Arising on Liquidation (effective from 1 January 2009):

These amendments address the classifications of some put table financial instruments as well as instruments or their components that impose to the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation. The above mentioned amendments are not applicable at present for Group activities.

2.2 Estimates and judgments

The preparation of financial statements in conformity with the IFRS, requires the use of certain estimates, and management to exercise its judgment which may affect the carrying amounts of the items in the financial statements. Estimates and assumptions are based on historical data and other factors that are considered reasonable under the current circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any changes in accounting estimates are recognized prospectively in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both current and future periods.

Judgments made by management in the application of the IFRS that have a significant effect on the financial statements, and estimates with significant risk of material adjustments in future periods, are disclosed in note 4.

2.3 Comparatives

For the preparation of the balance sheet and the income statement of the period ended 31 December 2007, comparatives as of 31 December 2006 have been used. As thoroughly described in note 45, the Bank acquired Omega Bank SA and absorbed Proton Securities SA on 29 September 2006. In addition, as thoroughly described in note 45, the Bank acquired Proton Finance SA with 30 September 2007 representing the Balance Sheet Transformation date for merger purposes. Thus, the items in the balance sheet, the income statement and the cash flow statement of the period ended 31 December 2007 are not comparable with the respective items of the period ended 31 December 2006.

Additionally, as it is thoroughly quoted in the note of 45.1.2 here below, the balance sheet, income statement, statement of changes in equity, and cash flow statement as at 31 December 2006 have been restated due to (a) depreciation expenses over the fair value in the identifiable intangible assets acquired as these have been specified with the completion of the assessment in the fair value in the identifiable intangible assets acquired at the merger with OMEGA Bank, and (b) assessment of deferred tax liability over the fair value in the above mentioned assets.

2.4 Subsidiaries and Associates

2.4.1 Subsidiaries

Subsidiaries are all entities controlled by the Bank. Control is the power to govern directly or indirectly the financial and operating policies of the entity so as to obtain benefits from its activities. The existence of any potential voting rights which are exercisable are taken into consideration when assessing whether the Bank controls another entity or not. All subsidiaries are consolidated (full consolidation) from the date on which control is transferred to the Bank and are no longer consolidated from the date that control ceases to exist.

2.4.2 Associates

Associates are all entities over which the Group has significant influence but does not exhibit control. Investments in associates are accounted for by applying the equity method from the date on which significant influence is obtained until the date that the influence ceases to exist. When the Group's share in the post acquisition net assets of the investee equals or exceeds the cost of investment, the Group ceases to recognize any further losses, unless the Group has a legal or constructive commitment for all or part of the liabilities of the associate.

2.5 Segment reporting

A business segment represents a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments of the Bank.

A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns which are different from those of segments operating in other economic environments.

2.6 Foreign exchange transaction

Transactions in foreign currencies are translated into the functional currency (i.e. euro) using the exchange rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at that date. Translation differences from monetary items are recognized in the income statement. Translation differences arising from non-monetary assets and liabilities which are stated at historical cost, are recognized in the income statement. Translation differences on non-monetary items carried at fair value through profit or loss, are reported as part of their fair value gain or loss. Translation differences on non-monetary items classified as available-for-sale financial assets and qualifying cash flow hedges are included in the fair value reserve in equity.

2.7 Financial assets

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

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

This category has two sub-categories: (i) financial assets held for trading, and (ii) financial assets designated at fair value through profit or loss upon initial recognition. A financial asset is classified as held-for-trading if it is acquired principally for the purpose of selling or repurchasing in the near term. Derivatives are also categorized as held for trading unless they are designated as hedging instruments.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost. They arise when the Bank provides money directly to a debtor with no intention of trading the receivable.

Loans and receivables, as well as financial assets held-to-maturity, are carried at amortized cost using the effective interest rate method.

(c) Financial assets held-to-maturity

Financial assets held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity. When the Bank has the intention to sell more than an insignificant amount of held-to-maturity assets, the entire category is tainted and reclassified as available-for-sale.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available assets or not classified in any other categories. They include investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Financial assets of this category are initially recognized at fair value plus transaction costs. Thereafter they are measured at fair value with changes recognized in a separate component of equity until they are sold or impaired. When they are impaired, any cumulative loss that had been previously recognized directly in equity is removed from equity and recognized in profit or loss. Furthermore, the fair value of investments in equity instruments that do not have a quoted market price is based on valuation techniques, taken into consideration assumptions and references to the fair value of another instrument that is substantially the same and discounted cash flow analysis.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity investments, and available-for-sale financial assets are recognized at trade date; the date on which the Bank commits to purchase or sell the asset. Loans are recognized when cash is advanced to the borrowers.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

2.7.1 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets expires or when the Bank transfers substantially all the risks and rewards of ownership.

2.8 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis.

Income and expenses are offset only when permitted by the accounting standards or for gains and losses arising from a group of similar transactions.

2.9 Derivative financial instruments

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently reassessed at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models as appropriate. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received).

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

The method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Bank designates certain derivatives as either:

- (1) hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge);
- (2) hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

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

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

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the equity security.

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

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged items will affect profit or loss.

When a hedging instrument expires or it is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

When using derivatives for hedging, the Bank documents at the inception of the transaction, the relationship between hedged items and hedging instruments, and whether the hedging transactions are highly effective in offsetting fair values or cash flows of hedged items at each balance sheet date.

Derivatives that do not qualify for hedge accounting: Changes in the fair value of derivatives that do not qualify for hedge accounting under IAS 39, are immediately recognized in the income statement. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

2.10 Fair value measurement of financial assets and liabilities

The determination of fair value of financial assets and liabilities is based on quoted market prices for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques which is not materially different from the values presented in the financial statements. More specifically:

For investments traded in active markets, fair value was based on quoted market prices at the balance sheet date.

For investments in financial instruments that do not have a quoted price, fair value was determined by using valuation techniques such as discounted cash flow models, comparison to similar instruments for which market observable prices are available, and valuation models.

The fair value of derivative financial instruments for which quoted prices are not available is based on valuation models. Although these models are based on market inputs, they require assumptions and estimates about volatility and other inputs which are periodically reviewed when market conditions change.

2.11 Interest income and expense

Interest income and expense are recognized in the income statement on an accrual basis using the effective interest rate. Interest income and expense includes the amortization of any discount or premium, transaction costs or other differences between the initial cost of an interest bearing financial asset and the amount to be received or paid at maturity using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of the financial asset or financial liability and of allocating the interest income or expense over the relevant period.

The effective interest rate is the rate that exactly discounts the future cash receipts or payments through the expected life of the financial instrument.

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

2.12 Fee and commission income

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Commissions and fees arising from third party transactions are recognized in the income statement on completion of the underlying transaction. Portfolio management fees and other advisory and service fees are recognized in the income statement based on the applicable service contracts, usually on a time-apportionate basis.

2.13 Dividend income

Dividend income is recognized in the income statement when the entity's right to receive payment is established. Dividends are normally received in a subsequent date that that when the Bank's right to receive payment is established.

2.14 Sale and repurchase agreement

The Bank enters into agreements to purchase (sale) and to resell (repurchase) investments at a certain date in the future at a predetermined price.

Investments purchased subject to commitments to resell them at future dates are not recognized. The amounts paid are recognized as loans and receivables to other banks or customers. The receivables are collateralized by the underlying security.

Investments sold under repurchase agreements continue to be recognized in the balance sheet and are measured in accordance with the accounting policy for either assets held for trading or available-for-sale as appropriate. The proceeds from the sale of the investments are recognized as liabilities to other banks or customers.

The difference between the sale and repurchase price is recognized as interest on an accrual basis over the life of the agreement.

2.15 Impairment of financial assets

(a) Assets carried at amortized cost

For the measurement of impairment on loans, the Bank assesses from the date of transition to the IFRS, and at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. The assumptions and the methodology used are regularly reviewed in order for any deviations between actual and estimated losses to be insignificant.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

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

(b) Financial assets at fair value

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the asset is impaired. If such an evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value less any impairment loss on the financial asset previously recognized in profit or loss is removed from equity and recognized in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

2.16 Intangible assets

Intangible assets include goodwill arising from acquisitions as well as software which is carried at amortized cost less accumulated amortization.

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the Bank's interest in the fair value of the net identifiable assets of the acquired subsidiary or associate at the date of the acquisition. Negative goodwill is recognized immediately as a gain in the income statement. Goodwill is not subject to amortization but is tested annually for impairment.

Goodwill is allocated to cash-generating units on the date of acquisition. When the allocation can only be provisionally determined, the process can be extended but not beyond twelve months from the date of acquisition.

(b) *Other intangible assets coming from business combination*

An intangible asset shall be recognized if, and only if, it is probable that the expected future economic benefits that are attributed to the asset will flow to the Bank, where the cost of the intangible asset can be measured reliably. The cost of a separately intangible assets comprises any directly attributable cost of originating, producing and preparing the asset for its intended use. Examples of directly attributable costs are:

- personnel expenses arising directly from bringing the asset to its working condition;
- third party fees arising directly from producing the asset;
- allocated administrative expenses based on working hours as a cost driver from producing the asset.

The Bank, has recognized the following intangible assets in their fair value that was acquired at the take-over of Omega Bank as part of a business combination on 30 September 2006.

- Intangible asset from conventions of customer loans
- Intangible asset from conventions of customer deposits
- Intangible asset from conventions of financial brokerage.

Depreciation of other intangible assets coming from business combination is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, which extends from 4 to 5 years. Other intangible assets coming from business combination that are subject to amortizations are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable

(c) *Software*

Amortization is charged over the estimated useful life, which the Bank has defined to five years.

Expenditures incurred to maintain software programs are recognized in the income statement when incurred. On the contrary, expenditures incurred to enhance or improve the performance of the software as well as expenditures incurred for conversion of the software, are included in the carrying amount of the asset provided that these can be measured reliably.

2.17 Property, plant and equipment

This category includes land, head offices, lease hold improvements and office equipment.

Property, plant and equipment are stated at historical cost less depreciation, except land and buildings which are carried at fair value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Repair and maintenance expenses are charged to the income statement when incurred.

Depreciation on buildings and other tangible assets is calculated using the straight line method to allocate their cost or fair value to their residual values over their estimated useful lives.

Land is not depreciated, but is reviewed for impairment.

The carrying amount of impaired assets are written down to their recoverable amounts. Gains and losses from disposals are recognized in the income statement.

Depreciation is calculated using the straight-line method to allocate their cost or fair value to their residual values over their estimated useful lives as follows:

- Land: not depreciated
- Buildings: 50 years.
- Lease hold improvements: over the lease period
- Computers: 3 years
- Vehicles: 5-7 years
- Furniture and equipment: 10 years.

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

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

Gain and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.18 Non-current assets held-for-sale

The bank classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

This category comprises of tangibles and other assets acquired from auctions with the intention to recover loans and receivables past due. For this to be the case, these assets are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets and their sale is highly probable. This category also includes PROTON Insurance SA (disposal group) where management is committed to sell this subsidiary.

Before classifying an asset or a group as a non-current asset (or disposal group), the asset is recognized and subsequently measured following the relevant IFRS measurement guidelines.

The Bank measures a non-current asset (or disposal group) classified as held for sale at the lower of their carrying amount and fair value less cost to sell, and presents this asset separately from other assets in the balance sheet. Any gain or loss on the remeasurement of a non-current asset (or disposal group) classified as held for sale is included in the income statement. According to IFRS 5, any subsequent increase in fair value less cost to sell, but not in excess of the cumulative loss previously recognized for a write-down to fair value less costs to sell, should be directly attributable to these assets, except otherwise stated.

The Bank does not depreciate (or amortize) a non-current (or disposal group) classified as held for sale, but this asset is subject to impairment testing at the balance sheet date.

The gain or loss measured from the sale of a non-current (or disposal group) classified as held for sale is recognized in the income statement.

2.19 Leases

2.19.1 The Bank is the lessor

(a) Financial leases:

When assets are held subject to a finance lease and the risks and rewards of ownership are transferred to the lessee, the present value of the lease payments is recognized as receivable from loans and receivables.

Lease payments reduce the receivable from leases and interest income is recognized on an accrual basis over the lease term.

Receivables from financial leases are reviewed for impairment, according to the applicable procedure for loans and receivables as described in note 2.12.

(b) Operating leases:

When assets are held subject to an operating lease, they are recognized in the balance sheet and are depreciated over their useful life. The lease payments are recognized as interest income on an accrual basis over the lease term.

2.19.2 The Bank is the lessee

Lease agreements that the risks and rewards of ownership are not substantially transferred by the lessor are classified as operating leases. In these cases, the leased asset is not recognized as a separate asset. Lease payments are recognized as an expense on a straight line basis over the lease term.

2.20 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include monetary assets with less than three months to maturity from the date of acquisition, including cash and non-restricted balances with central bank, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.21 Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of a post event and it is probable that an outflow of economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.22 Employee benefits

(a) Defined contribution plans

The Bank's personnel is insured for its main pension to publicly administered pension insurance funds (i.e Social Security Foundation and other) depending on their specialty. The contributions paid by the Bank are included in "personnel expenses".

The Bank's personnel is also insured for medical care in multiemployer funds. In these funds, there no separate accounts for each Bank, hence accounting for defined contribution is followed. Once the contribution has been paid, the Bank has no further payment obligations.

(b) Defined benefit plans

Provisions for employee retirement, such as compensation defined under Law 2112/20, is determined actuarially using the projected unit credit method.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service 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 and past service costs. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited income over the employee's expected average remaining working lives. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience and changes in actuarial assumptions in excess of the greater of 10% of the fair value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employee's expected average remaining working lives. Actuarial gains or losses below the 10% corridor are not recognized.

(c) Share-based compensation

The Bank rewards key management executives, according to their efficiency with options on its own shares.

At each balance sheet date, the Bank revises its estimates of the number of options that are expected to become exercisable.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense (personnel expense) with a corresponding increase in equity during the grant date and exercise date.

The proceeds received are credited to share capital and share premium when the options are exercised.

2.23 Deferred tax

A deferred tax asset and/or liability is being recognized for all temporary differences by applying the liability method arising between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

A deferred tax liability shall be recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill, or/and (b) the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profits nor taxable profits. A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, unless the deferred tax asset arises from the initial recognition of an assets or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profits nor taxable profits.

The Bank reassess deferred tax asset and proceeds to a decrease whenever it has become probable that future taxable profit will not allow the deferred tax asset to be recovered.

The method of accounting of the deferred tax is based on the current legislating tax rates or on tax rates being enacted after the balance sheet date.

The income tax is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity. As such, if the tax relates to items that are credited or charged directly to equity current tax and deferred tax shall be charged or credited directly to equity.

The income tax represents the current tax obligation over the taxable profit which results from tax rates or tax laws, by taking into consideration any adjustment which might affect a deferred tax asset or liability relating to a transaction or item that was previously charged or credited to equity.

In Greece, any taxable profits are being considered temporary till our Local Tax Authorities proceed in the relevant audit which is fully prescribed and enforced by the current Tax Legislation. As such, additional tax burden and differences might be incurred as a result of such an audit.

2.24 Financial liabilities

Financial liabilities are treated as held for trading if:

- a) acquired principally for the purpose of selling or repurchasing them in the near term
- b) a derivative financial instrument (except for a designated and effective hedging instrument)

Financial liabilities are initially recognized at fair value. Subsequently any changes in their fair value are recognized in the income statement.

The Bank has classified in this category derivative financial instruments not held or qualifying for hedging purposes.

Derivative financial liabilities that are part of a hedging relationship are measured at fair value. Subsequently, any changes in their fair value are subject to principles described in note 2.9.

Liabilities not included in the above categories are carried at amortized cost using the effective interest rate method.

2.25 Share capital**(a) Share issue costs**

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

(b) Dividends on ordinary shares

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

(c) Treasury shares

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

2.26 Fiduciary activities

The Bank provides custody services to individuals and financial institutions. These assets and income (i.e. interest, dividends) arising thereon are excluded from these financial statements, as they are not assets of the Bank.

3 Financial risk management

The Bank discloses information that enables users of its financial statements to evaluate the nature and extend of risks arising from financial instruments to which the Bank is exposed at 31 December 2007. Besides, for each type of risk arising from financial instruments, the Bank also discloses its objectives, policies and processes for managing the risk and the methods used to measure the risk. The most significant risks to which the Bank is exposed to are: credit risk, liquidity risk and market risk; market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

3.1 Credit risk

The Bank is exposed to credit risk whenever the counterparty to a financial instrument will cause a financial loss by failing to discharge an obligation when due. Activities that give rise to credit risk and the associated maximum exposure to credit risk include, but are not limited to (a) granting loans and receivables to customers and placing deposits with other entities, (b) entering into derivative contracts, (c) granting financial guarantees, and (d) making a loan commitment that is irrevocable over the life of the facility or is revocable only in response to a material adverse change. The type of qualitative information the Bank discloses includes, but is not limited to, a narrative description of the policies and processes for accepting, measuring, monitoring and controlling risk which might include the scope and nature the risk reporting or measurement systems or the policies for hedging or mitigating risk, or a description that identifies each concentration which might refer to industry sectors or geographical distribution of counterparties by groups of countries. The amount that best represents the Bank's maximum exposure to credit risk are regularly reviewed by taking into account of any collateral held as security and other credit enhancements.

The Bank monitors and controls its exposure to credit risk by using an external or internal credit grading system and analyzing the nature of the counterparty and historical information about counterparty default rates, and, if necessary, the Bank proceeds in adjustment of the existing counterparty credit limits. Exposure to credit risk are partially covered with collaterals and other credit enhancement pledged.

3.1.1 Credit risk exposure

a) Loans and receivables

In measuring credit risk exposure of loan and receivables at a counterparty level, the Bank reflects four components (i) the financial position; (ii) the qualitative elements and the 'probability of default' on the existing contractual obligations; (iii) the historical reimbursement and transactional attitude; and (iv) the probable existence of reliable and solvent collaterals held as security and other credit enhancements and their respective fair value.

Loans and receivables with insignificant fair value, as those that are neither past due nor impaired, are summarized in clusters which exhibit similar credit risk elements, such as credit cards, consumer/personal loans, mortgage loans etc. As a consequence, the Bank reassess for any potential allowance for impairment on a cluster basis. During the reassessment process, the volume of probable doubtful debts, time-lag, time horizon of the collectability of doubtful debts, the macroeconomic and microeconomic environment, the industry position and any past empirical evidence related with the level of the expected loss.

Whenever loans and receivables are characterized as doubtful their carrying amount is adjusted to its replacement value, which is defined as the net present value of all the expected cash flows including the expected discounted recoverable amount from collateral held as security and other credit enhancements.

Any differences arising from subsequent reassessments in the recoverable amount and time horizon where these amounts are expected to be collected are recorded in the income statement. Allowance for impairment should be reversed whenever the credit quality of the counterparty has been improved insomuch that the timely liquidation of the debt (capital and interest), based on the contractual agreement, is feasible.

For doubtful debts past due over 180 days no interest calculation takes place, while the respective claim is depicted on off-balance sheet items.

After all necessary judicial and other procedures have been exhausted and once it is highly expected that doubtful and bad debts will not be collected, the Bank proceeds with write-offs against their allowance for impairment.

b) Securities

For the evaluation and measurement of credit risks that is included in securities, are used mainly the gradations of foreign organizations of borrowing evaluation. The exposure of Group in the credit risk by securities is measured on the basis of fair value openings. Investments in securities constitute a different instrument of credit risk and at the same time ensure a reliable and direct liquidity.

3.1.2 Financial assets subject to credit risk exposure before collateral held or other credit enhancements

In the here below table the maximum credit risk exposure is depicted as at 31 December 2007 and 31 December 2006 respectively, without taking into account any collaterals, information about the credit quality of financial assets that are neither past due nor impaired or other credit enhancements pledged. All figures in the table mirror the carrying value of the assets, as well as the off-balance sheet items:

Maximum credit risk exposure

	31.12.2007	31.12.2006
Credit risk exposures relating to on-balance sheet assets are as follows:		
Due from banks	205.047	93.394
Loans and advances to banks	45.906	21.516
Loans and receivables:		
Loans to individuals and households:		
-Credit cards	37.232	39.256
-Consumer / personal loans	159.010	118.267
-Mortgage loans	48.341	53.052
Loans to corporate businesses	1.117.730	754.545
Derivative financial instruments	11.529	2.611
Financial assets at fair value through profit or loss	126.287	137.587
Financial assets designated at fair value	5.421	-

Investment securities:

-Held-to-maturity investments	9.717	6.646
-Available-for-sale financial assets	242.144	28.142
Other assets	89.020	28.035

Credit risk exposures relating to off-balance sheet items are as follows:

Letter of guarantees and credits	113.358	87.389
Loan commitments and other liabilities	<u>3.830</u>	<u>3.935</u>
Total	2.214.572	1.374.345

3.1.3 Loans and receivables

Loans and receivables are summarized as follows:

	31.12.2007		31.12.2006	
	Loans and receivables	Loans and advances to banks (1)	Loans and receivables	Loans and advances to banks
Loans and receivables without impairment losses	1.224.084	250.953	783.152	114.910
Doubtful debt without any impairment losses	72.323		111.060	
Loans and receivables with impairment losses	<u>65.906</u>		<u>70.909</u>	
Total loans and receivables without allowance for impairment	1.362.313	250.953	965.120	114.910
Less: Allowance for impairment	<u>(35.680)</u>		<u>(39.298)</u>	
Total loans and receivables after allowance for impairment	1.326.633	250.953	925.823	114.910

(1) The loans and advances to banks item includes amount of 205.047 th. euros (2006: 93.394 th. euros) that reported under the B/S line "Loans and advances to Banks."

a) Loans and receivables without impairment losses:

As at 31 December 2007:

Rating	Loans to individuals and households			Loans to corporate businesses	Total
	Consumer/personal loans	Credit cards	Mortgage loans	Corporate loans	
Standard monitoring	<u>135.243</u>	<u>17.844</u>	<u>39.271</u>	<u>1.031.726</u>	1.224.084

As at 31 December 2006:

Rating	Loans to individuals and households			Loans to corporate businesses	Total
	Consumer/personal loans	Credit cards	Mortgage loans	Corporate loans	
Standard monitoring	<u>101.714</u>		<u>19.725</u>	<u>44.654</u>	<u>617.058</u> 783.152

Under this category, restructured claims from loans are also included which, otherwise, they would be included in one of the two subcategories that are analyzed as follows:

	31.12.2007	31.12.2006
Loans to individuals and households	32	347
Loans to corporate businesses	<u>11.117</u>	<u>3.624</u>
	11.149	3.971

b) Loans and advances to banks without impairment losses:

	31.12.2007	31.12.2006
Standard monitoring	<u>250.953</u>	<u>114.910</u>
Total	250.953	114.910

The loans and advances to banks item includes amount of 205.047 th. euros (2006: 93.394 th. euros) that reported under the B/S line "Loans and advances to Banks."

c) Doubtful debt without any impairment losses:
As at 31 December 2007:

	Loans to individuals and households			Loans to corporate businesses	
	Consumer/personal loans	Credit cards	Mortgage loans	Corporate loans	Total
Past due up to 1-90 days	13.111	4.864	4.917	34.107	56.999
Past due up to 91-180 days	1.810	761	1.533	6.518	10.622
Past due up to over 180 days	265	29	13	4.394	4.702
Total	15.186	5.655	6.463	45.019	72.323
Fair value of collaterals and other credit enhancements pledged	7.670	-	5.944	29.791	43.404

As at 31 December 2006:

	Loans to individuals and households			Loans to corporate businesses	
	Consumer/personal loans	Credit cards	Mortgage loans	Corporate loans	Total
Past due up to 1-90 days	9.434	6.412	6.724	72.020	94.590
Past due up to 91-180 days	3.654	1.169	440	2.820	8.083
Past due up to over 180 days	283	893	34	7.177	8.387
Total	13.371	8.474	7.198	82.017	111.060

d) Loans and receivables with impairment losses:
As at 31 December 2007:

	Loans to individuals and households			Loans to corporate businesses	
	Consumer/personal loans	Credit cards	Mortgage loans	Corporate loans	Total
Loans and receivables with impairment losses	8.582	13.733	2.607	40.984	65.906
Fair value of collaterals and other credit enhancements pledged	3.030	-	1.808	14.860	19.698

As at 31 December 2006:

	Loans to individuals and households			Loans to corporate businesses	
	Consumer/personal loans	Credit cards	Mortgage loans	Corporate loans	Total
Fair value of collaterals and other credit enhancements pledged	3.181	11.058	1.199	55.471	70.909

3.1.4. Debt securities and other eligible bills

The table below presents an analysis of debt securities, and other eligible bills by rating agency designation at 31 December 2007, based on Standard & Poor's rating system:

	Loans and receivables to banks	Trading portfolio	Financial assets at fair value through profit or loss	Held-to-maturity investments	Available-for-sale financial assets	Total
AAA	-	4.735	-	-	51.334	56.069
AA- to AA+	14.579	81.733	-	-	12.402	108.714
A- to A+	6.441	18.684	-	6.659	129.805	161.589
Lower than A-	94.590	15.474	-	-	8.531	118.595
Unrated	135.343	5.661	5.421	3.058	40.072	189.555
Total	250.953	126.287	5.421	9.717	242.144	634.522

The loans and advances to banks items includes amount of 205.047 th. euros that reported under the B/S line " Loans and advances to Banks".

The above figures does not exhibit time-lag and no impairment loss has been incurred.

3.1.5 Repossessed collateral

During 2007, the Bank obtained assets by taking possession of collateral held as security, as follows:

Balance sheet item

	2007	2006
Land	84	64
Buildings	70	-
Total	154	64

3.1.6. Concentration of risks of financial assets with credit risk exposure: analysis per industry

The here below table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by the industry sectors of our counterparties.

	Financial institutions	Manufacturing	Transportations/ telecommunications	Public sector	Trade	Leasing	Other industries	Individuals and households	Total
Loans and advances to banks	250.953								250.953
Loans and receivables:									
Loans to individuals and households:									
-Credit cards								37.232	37.232
-Consumer / personal loans								159.010	159.010
-Mortgage loans								48.341	48.341
Loans to corporate businesses:		113.773	205.918	263.905	69.858	464.276			1.117.730
Derivative financial instruments	11.529								11.529
Financial assets at fair value through profit or loss	109.901	6.602	1.071	23.850	11.247		20.389		173.060
Financial assets designated at fair value					5.421				5.421
Investment securities:									
-Held-to-maturity investments				6.659			3.058		9.717
-Available-for-sale financial assets	104.285	445	536	129.805	587		14.569		250.227
Total maximum credit risk as at 31 December 2007	476.668	120.820	207.525	160.314	281.160	69.858	502.292	244.583	2.063.220
Total maximum credit risk as at 31 December 2006	293.090	50.616	95.267	25.087	200.489	11.388	392.052	210.575	1.278.564

3.1.7. Concentration of risks of financial assets with credit risk exposure: analysis per geographical region

The Bank presents a huge width of credit risk in Greece, as in the table below:

ASSETS	GREECE	OTHER COUNTRIES	TOTAL
Loans and advances to banks	112.341	92.706	205.047
Loans and receivables	1.075.871	296.667	1.372.538
Derivative financial instruments	-	11.529	11.529
Financial assets at fair value through profit or loss	21.039	105.248	126.287
Financial assets designated at fair value	5.421	-	5.421
Investment securities:			
-Held-to-maturity investments	9.717	-	9.717
-Available-for-sale financial assets	204	241.940	242.144
Other assets	81.852	9.568	91.420
Total assets	1.306.445	757.658	2.064.103

Loans and advances to customers are included after the impairment losses.

3.2 Market risk

The Bank is exposed on market risk; the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market process. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. In preparing market risk analysis, the Bank employs, on a daily basis, contemporary methods and processes, such as VaR calculations, sensitivity analysis (delta, gamma, duration) and stress tests.

In the beginning of 2007, the ALCO has structured and clearly determined the main parameters and assumptions underlying market risk calculations. Relevant limits are prescribed and measured utilizing the VAR methodology, which are intimately related with the trading and banking book by product, risk and business unit. The VAR measure for the trading and banking book, as at 31 December 2007, is calculated to € 1.334.940.

VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the maximum amount the Bank might lose, but only to a certain level of confidence over a certain period. For the scenario, the historical scenario on 11 September 2001, is used not only for the decrease in prices of equity securities in the period under consideration, which represents a primary factor risk in the Bank's portfolio but also for the time proximity of the relevant crisis. In the scenario, the actual historical percentage movements for all variables are used. With regards with the scenario crisis, based on the aggregate portfolio of the Bank, on 31 December 2007, it is reported a loss of 1,9 millions for the market risk, which for the interest rate risk and foreign exchange risk a gain of € 21.919 and € 4.510 euros respectively is calculated.

The method does not estimate the potential loss under extreme market movements (non normal). The Bank calculates a VAR estimate for a 99% confidence level and a 1 day holding period.

The Bank regularly applies on a daily basis a back testing program to control the VAR estimates, by comparing the actual changes in the portfolio with the respective VAR measures.

VaR review

	VaR 99% 1day	
	31.12.2007	31.12.2006
Trading-book VAR		
Foreign-exchange risk	66.255	111.449
Interest-rate risk	290.301	363.089
Equities risk	1.074.801	2.596.954
Total VAR	1.064.230	2.471.458

3.3 Liquidity risk

Liquidity risk arises whenever the Bank might encounter difficulty in meeting commitments associated with financial liabilities when they fall due. The factors that the Bank might consider in estimating liquidity risk exposure, but are not limited to, are (a) an expectation that some of its liabilities to be paid later than the earliest date on which the Bank can be required to pay, (b) there is not a liquid market for some financial assets, and (c) if, indeed, there is a liquid market, but some financial assets are not readily saleable in their value.

The bank has very diverse funding sources which is attainable through a wide range of products including, deposits, debt securities and equity. This improves its financing capability, reduces the dependence from few funding sources, and generally lowers its borrowing cost. The bank tries to balance the need between financing and flexibility, by maintaining a portfolio with different maturities.

Besides, the Bank measures and monitors, on a daily basis, the mandatory liquidity ratios, "Liquid Assets / Total Liabilities" and "Net Current Assets / Total Liabilities", as these prescribed by the Bank of Greece, whereas, on regular time intervals, the Bank works out scenarios of liquidity crisis and the ability of handling such crisis is thoroughly appreciated.

The monitoring and controlling of the liquidity risk exposure represents a dynamic procedure in order the Bank's business and strategic goals to be fully fulfilled.

3.3.1. Non-derivative cash flows

The here below table presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date by using an appropriate number of time bands. The amounts disclosed in the table are the contractual undiscounted cash flows:

As at 31 December 2007:

LIABILITIES	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Due to banks	288.498	145.435	-	-	-	433.933
Due to customers	1.041.565	278.979	112.359	13.852	3.733	1.450.488
Debt securities in issue	-	580	984	3.998	30.556	36.118
Retirement benefit obligations	-	-	-	-	1.079	1.079
Current income tax liabilities	-	10.455	-	-	-	10.455
Deferred tax liabilities	-	-	-	6.917	-	6.917
Other liabilities	260	9.076	-	-	5	9.341
Total liabilities	1.330.323	444.525	113.343	24.767	35.373	1.948.331

As at 31 December 2006:

LIABILITIES	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Due to banks	33.497	6.165	35.235	15.563	-	90.460
Due to customers	112.821	399.953	398.922	152.903	-	1.064.599
Retirement benefit obligations	-	-	-	-	897	897
Current income tax liabilities	-	945	-	-	-	945
Deferred tax liabilities	-	-	-	5.548	-	5.548
Other liabilities	-	-	-	13.889	-	13.889
Total liabilities	146.318	407.063	434.157	187.903	897	1.176.338

3.3.2. Derivative cash flows

The Bank has entered into the following derivative financial instruments:

1. Interest rate swaps
2. Futures
3. Credit default swaps
4. Options
5. Forwards
6. Share swaps

The table below analyzes the Bank's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

a) Derivatives settled on a net basis:

As at 31 December 2007:

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading:						
-Foreign exchange derivatives	-	-	-	-	-	-
-Interest rate derivatives	-	-	-	-	-	-
-Other derivative contracts	1.444	-	(297)	-	-	1.147
Total	1.444	-	(297)	-	-	1.147

As at 31 December 2006:

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading:						
-Foreign exchange derivatives	-	-	-	-	-	-
-Interest rate derivatives	-	-	-	-	-	-
-Other derivative contracts	7.557	-	(373)	(445)	-	6.738
Total	7.557	-	(373)	(445)	-	6.738

b) Derivatives settled on a gross basis:

As at 31 December 2007:

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading:						
-Foreign exchange derivatives						
-Outflow	180.428	46.529	37.258	-	-	264.214
-Inflow	177.738	46.444	36.781	-	-	260.963
-Interest rate derivatives						
-Outflow	197	2.152	6.139	8.943	15.737	33.168
-Inflow	62	1.124	7.730	9.760	15.539	34.215
-Other derivative contracts						
-Outflow	-	-	-	-	-	-
-Inflow	-	4	13	52	-	70
Total Outflow	180.625	48.681	43.397	8.943	15.737	297.383
Total Inflow	177.800	47.572	44.525	9.812	15.539	295.248

As at 31 December 2006:	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading:						
-Foreign exchange derivatives						
-Outflow	116.176	107.848	29.299	1497,506	-	254.821
-Inflow	114.447	104.827	28.931	1429,3	-	249.635
-Interest rate derivatives						
-Outflow	113	1.585	6.676	16.050	17.615	42.040
-Inflow	-	472	7.719	16.386	18.021	42.598
-Other derivative contracts						
-Outflow	-	22	66	285	-	372
-Inflow	-	1	3	15	1	20
Total Outflow	116.290	109.454	36.041	17.833	17.615	297.233
Total Inflow	114.447	105.301	36.654	17.830	18.022	292.253

3.4 Foreign exchange risk

The Bank takes on foreign exchange risk arising from the exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The here below table summaries the Bank's exposure to foreign currency exchange risk at 31 December. Included in here below table are the Bank's financial assets and liabilities, as they categorized by currency in the B/S:

As at 31 December 2007:

ASSETS	EUR	USD	GBP	JPY	OTHER	TOTAL
Cash and balances with the Central Bank	52.554					52.554
Loans and advances to banks	180.129	15.707	4.366	1.566	3.279	205.047
Loans and receivables	1.239.586	109.371	12	1.831	21.738	1.372.538
Derivative financial instruments	4.639	6.890				11.529
Financial assets at fair value through profit or loss	166.140	4.140	178		2.602	173.060
Financial assets designated at fair value	5.421					5.421
Investment securities:						
- Held-to-maturity	9.717					9.717
- Available-for-sale	250.227					250.227
Investments in subsidiaries and associates	48.261					48.261
Intangible assets	102.661					102.661
Property, plant and equipment	27.809					27.809
Non-current assets held for sale	218					218
Deferred tax assets	7.073					7.073
Other assets	85.556	3.179	16		269	89.020
Total assets	2.179.991	139.287	4.572	3.397	27.888	2.355.135
LIABILITIES	EUR	USD	GBP	JPY	OTHER	TOTAL
Due to banks	355.562	78.120			251	433.933
Due to customers	1.174.437	107.183	4.563	183.144	1.161	1.470.488
Derivative financial instruments	7.729	6.841				14.570
Debt securities in issue	25.283					25.283
Retirement benefit obligations	1.079					1.079
Current income tax liabilities	10.455					10.455
Deferred tax liabilities	6.917					6.917
Other liabilities	8.641	627		9	64	9.341
Total liabilities	1.590.103	182.771	4.563	183.153	1.476	1.972.066
Net on-balance sheet financial position	588.888	(53484)	9	(179.756)	26.412	383.069

As at 31 December 2006:

Total assets	1.462.747	75.364	3.361	797 40.222	1.582.491
Total liabilities	930.354	72.264	3.535	175.620 884	1.182.657
Net on-balance sheet financial position	532.393	3.100	(174)	(174.823) 39.338	399.834

3.5 Interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fluctuations in market interest rates affect significantly the present value of expected future cash flows from investments and liabilities.

The here below table summarizes the Bank's exposure interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of contractual reprising or maturity dates.

As at 31 December 2007:

ASSETS	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with the Central Bank	-	-	-	-	-	52.554	52.554
Loans and advances to banks	205.047	-	-	-	-	-	205.047
Loans and receivables	739.936	412.781	218.217	398	1.207	-	1.372.538
Derivative financial instruments	-	-	-	-	-	11.529	11.529
Financial assets at fair value through profit or loss	81.801	23.079	4.203	4.780	12.424	46.773	173.060
Financial assets designated at fair value	-	-	-	-	2.223	3.198	5.421
Investment securities:							
- Held-to-maturity	-	-	3.000	6.717	-	-	9.717
- Available-for-sale	-	-	-	242.144	-	8.083	250.227
Investments in subsidiaries and associates	-	-	-	-	-	48.261	48.261
Intangible assets	-	-	-	-	-	102.661	102.661
Property, plant and equipment	-	-	-	-	-	27.809	27.809
Non-current assets held for sale	-	-	-	-	-	218	218
Deferred tax assets	-	-	-	-	-	7.073	7.073
Other assets	-	-	-	-	-	89.020	89.020
Total assets	1.026.784	435.860	225.420	254.039	15.854	397.179	2.355.135
LIABILITIES	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing	Total
Due to banks	290.176	143.757	-	-	-	-	433.933
Due to customers	1.070.185	274.997	109.784	12.405	3.117	-	1.470.488
Derivative financial instruments	14.570	-	-	-	-	-	14.570
Debt securities in issue	-	-	-	-	25.283	-	25.283
Retirement benefit obligations	-	-	-	-	-	1.079	1.079
Current income tax liabilities	-	-	-	-	-	10.455	10.455
Deferred tax liabilities	-	-	-	-	-	6.917	6.917
Other liabilities	-	-	-	-	-	9.341	9.341
Total liabilities	1.374.931	418.754	109.784	12.405	28.400	27.792	1.972.066
Interest sensitivity gap	(348.147)	17.106	115.636	241.634	(12.546)	369.387	383.069

As at 31 December 2006:

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing	Total
Total asset	200.405	453.607	257.465	218.852	100.010	352.152	1.582.491
Total liabilities	830.078	161.170	120.948	48.411		22.050	1.182.657
Interest sensitivity gap	(629.673)	292.437	136.517	170.441	100.010	330.102	399.834

3.6 Capital management and capital adequacy

The Bank's objectives when managing capital, which is a broader concept than the "equity" on the face of the balance sheets, are:

- To comply with the capital requirements set by the regulators of the Banking markets where the Bank operates;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives, as implemented by the Bank of Greece. The required information is filed with the Authority on a quarterly basis.

The Bank's capital adequacy is calculated according to the relevant directive by the Bank of Greece, which is an enforcement of the directive of the European Union for the capital adequacy of financial institutions and investment funds.

The Bank's regulatory capital as managed by the Treasury Department is divided into two tiers:

- Tier 1 capital: share capital (net of any book values of the treasury shares), minority interests arising on consolidation from interests in permanent shareholders' equity, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and
- Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of –and reflecting an estimate of credit, market and other risks associated with–each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table here below summarizes the composition of regulatory capital of the Bank for the years ended 31 December 2007 and 2006 respectively:

	31.12.2007	31.12.2006
Tier 1 Capital		
Share Capital	281.450	281.450
Share Premium	85.478	85.478
Less: Treasury shares	(7.668)	-
Other reserves	2.479	16.456
Retained earnings	20.448	17.493
Revaluation reserves	883	-
Less: Dividends for the period	(12.385)	(17.551)
Less: Regulatory adjustment at revaluation reserve (available-for-sale assets)	12.912	-
Less: Revaluation reserve (available-for-sale investments)	(13.795)	(13.793)
Upper Tier 1 Capital	369.802	369.533
Less: Intangible assets	(102.661)	(102.806)
Less: Proportion of other deductible items*	(17.242)	-
Total Tier 1 Capital	249.900	266.727
Tier 2 Capital		
Regulatory adjustment at revaluation reserve (available-for-sale assets)	6.208	6.205
Less: Proportion of other deductible items *	(34.282)	(18.262)
Total Tier 2 Capital	(28.074)	(12.057)
Total Regulatory Capital	221.826	254.670
Risk-weighted assets	1.829.010	1.593.079
Capital adequacy ratio	12,13%	15,99%

*** Other deductible items from Tier 1 Capital and Tier 2 Capital**

Less: Equity investments (> 10%) in financial institutions	(5.236)	(13.792)
Less: Equity investments in insurance companies	(17.040)	-
Less: Double-gearing loans and advances	(29.247)	(4.470)
Total other deductible items	(51.523)	(18.262)
Allocated to:		
Tier 1 Capital	(17.242)	-
Tier 2 Capital	(34.282)	(18.262)
	(51.523)	(18.262)

4 Critical accounting estimates and judgments

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

4.1 Recognition of the identifiable intangible assets acquired from business combinations

The Bank identifies a non-monetary asset without physical substance as an intangible asset if it:

- is separable, i.e. capable of being separated or divided from the Bank and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Bank or from other rights and obligations.

Thus, the Bank has identified intangible assets from a business combination as follows:

- intangible assets from loan contractual agreements
- intangible assets from deposits contractual agreements
- intangible assets from contractual agreements in brokerage services.

The amortization method being used to allocate the depreciable amount of the identifiable intangible assets acquired from business combinations is the straight-line method, with a finite useful life between 4 to 5 years.

4.2 Impairment losses on loans and receivables

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. If such evidence exists, the recoverable amount of the financial asset or group of financial assets is calculated and an impairment provision is accounted. The impairment is charged to the income statement. The methodology and assumptions used are reviewed regularly in order for any deviations between loss estimates and actual loss experience are minimized.

4.3 Fair value of derivative financial instruments

The fair value of derivative financial instruments that are not quoted in active markets are determined by using valuation techniques. Those models even though are dependent on measurable data, they require estimates and judgments (i.e. to determine volatility and credit risk). Those estimates and judgments are regularly assessed and whenever market conditions change. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4.4 Impairment of available-for-sale financial assets

The available-for-sale portfolio is measured at fair value with any changes in fair value recognized in a fair value reserve. Available-for-sale equity investments are impaired when there has been a significant or prolonged decline in fair value below its cost. When the declines in fair value are considered significant or prolonged, the fair value reserve is transferred to the income statement. Furthermore, estimates are used to determine the fair value of equity investments which are not quoted in active markets. For those investments, the fair value is determined by using valuation techniques taking under consideration assumptions about industry and sector performances as well as the financial position of the investee.

4.5 Impairment test of goodwill acquired in a business combination

The Bank assesses at each balance sheet date, after initial recognition, goodwill acquired in a business combination at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is represented by each primary reporting segment (Note 27.1).

4.6 Held-to-maturity investments

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 requires significant judgment. In making this judgment, the bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire category as available for sale. The investments would therefore be measured at fair value and not amortized cost.

4.7 Income taxes

The Bank is subject to income tax according to the tax legislation in Greece. The Bank's tax obligations are considered to be finalized after the completion of the review by the tax authorities.

Due to the method according to which the tax liabilities are settled in Greece, the Bank remains contingently liable for any additional taxes and penalties for the un-audited tax periods. Relevant provision has been taken according to IFRS. Where the final tax outcome of such an audit is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. Segment analysis

5.1.1 Business segment

The bank is divided into two main business segments on conducting its business:

- Commercial banking – incorporating personal banking, private banking, corporate banking, mortgage banking, etc; and
- Investment banking – incorporating trading, structured financing, brokerage services, merger and acquisitions advice, etc.

The here below table summarizes the Bank's financial position by business segment:

	Retail Banking	Investment Banking	Total
As at 31 December 2007			
Interest and similar income	109.138	3.201	112.339
Interest and similar expense	(68.416)	(1.103)	(69.519)
Net interest income	40.722	2.098	42.820
Fee and commission income	5.924	36.559	42.483
Fee and commission expense	(887)	(7.300)	(8.187)
Net fee and commission income	5.037	29.259	34.296
Dividend income	-	3.802	3.802
Net trading income	338	7.818	8.156
Net income from financial instruments designated at fair value	-	2.263	2.263
Other operating income	888	-	888
Operating income	46.985	45.240	92.225
Administrative expenses	(31.670)	(13.119)	(44.789)
Depreciation expenses	(3.646)	(979)	(4.625)
Impairment losses on financial assets	(6.892)	(203)	(7.095)
Profit before tax	4.777	30.938	35.715
Non-allocated expenses	-	-	(5.777)
Income tax expense	-	-	(9.657)
Profit for the period	-	-	20.281
Total assets at 31 December 2007	1.460.444	894.662	2.355.135
Total equity and liabilities at 31 December 2007	1.535.626	436.440	1.972.066
As at 31 December 2006			
Interest and similar income	23.210	3.487	26.697
Interest and similar expense	(12.635)	-	(12.635)
Net interest income	10.575	3.487	14.062
Fee and commission income	9.840	10.334	20.174
Fee and commission expense	(531)	(2.197)	(2.728)
Net fee and commission income	9.309	8.137	17.446
Dividend income	-	2.840	2.840
Net trading income	-	27.256	27.256
Net income from financial instruments designated at fair value	-	-	-
Other operating income	235	-	235
Operating income	20.119	41.720	61.839
Administrative expenses	(7.054)	(14.627)	(21.681)
Depreciation expenses	(375)	(778)	(1.153)
Impairment losses on financial assets	(254)	(1.221)	(1.475)
Profit before tax	12.436	25.094	37.530
Income tax expense	-	-	(4.879)
Profit for the period	-	-	32.651

Total assets at 31 December 2006 1.043.753 534.233 1.577.986

Total equity and liabilities at 31 December 2006 837.293 345.364 1.182.657

As mentioned in note 2.3, the revenues and profits per segment, for the years ending at 31 December 2007 and 2006 respectively, are not comparable.

5.2 Geographical segment

The Bank mainly operates in Greece and therefore no results per geographical area are presented.

6 Net interest income

	1.1.-31.12.2007	1.1-31.12.2006
Interest and similar income		
Loans and receivables	84.814	20.527
Debt securities	15.521	3.487
Loans and advances to banks	8.837	2.587
Other interest and similar income	3.167	96
Total	<u>112.339</u>	<u>26.697</u>
Interest expense and similar charges		
Due to customers	(53.331)	(10.137)
Due to banks	(7.645)	(739)
Contributions (Law N.128)	(4.849)	(1.553)
Other interest and similar expense	(3.083)	(206)
Debt securities in issue	(611)	-
Total	<u>(69.519)</u>	<u>(12.635)</u>
Net interest income	<u>42.820</u>	<u>14.062</u>

7 Net fee and commission income

	1.1.-31.12.2007	1.1-31.12.2006
Fee and commission income		
Investment Banking:		
Investment activities	15.465	7.012
Securities brokerage	20.580	10.334
Asset management	427	485
Retail Banking:		
Loans and receivables	2.084	1.132
Credit cards	2.111	676
Letters of guarantee	886	304
Imports-exports	486	106
Fund management:		
Foreign currency transactions	302	86
Remittance	142	39
Total	<u>42.483</u>	<u>20.174</u>
Fee and commission expense		
Investment Banking:		
Investment activities	(1.954)	(18)
Securities brokerage	(5.280)	(2.018)
Retail Banking:		
Credit cards	(838)	(142)
Remittance fees/commissions from LGs	(49)	(19)
Fund management:		
Fiduciary activities	(66)	(531)
Total	<u>(8.187)</u>	<u>(2.728)</u>
Net fee and commission income	<u>34.296</u>	<u>17.446</u>

8 Dividend income

	1.1.-31.12.2007	1.1-31.12.2006
Trading securities	3.392	2.821
Available-for-sale securities	410	19
Total	3.802	2.840

9 Net trading income

	1.1.-31.12.2007	1.1-31.12.2006
Transaction gains less losses	14.690	21.539
Foreign exchange translation and transaction (gains less loss)	338	177
Securities valuation	(8.581)	13.879
Unwind of discount	-	70
Derivative financial instruments	1.708	(8.409)
Total	8.155	27.256

10 Net income from financial instruments designated at fair value

	1.1.-31.12.2007	1.1-31.12.2006
Securities valuation	2.263	-
Total	2.263	-

11 Other operating income

	1.1.-31.12.2007	1.1-31.12.2006
Other income	582	113
Rentals	169	72
Non-banking activities	137	50
Total	888	235

12 Personnel expense

	1.1.-31.12.2007	1.1-31.12.2006
Salaries	(17.637)	(8.144)
Social security costs	(3.911)	(1.440)
Other employee costs	(917)	(77)
Pension and retirement costs	(614)	(44)
Share-based payment transactions	(983)	-
Total	(24.062)	(9.705)

13 Other administrative expenses

	1.1.-31.12.2007	1.1-31.12.2006
Subscriptions and other contributions	(4.504)	(3.306)
Operating lease rentals	(3.979)	(1.507)
Other expenses	(4.033)	(1.954)
Third party fees	(2.985)	(1.742)
Contribution to Hellenic Deposit Guarantee Fund	(1.453)	(277)
Taxes and duties	(1.991)	(985)
Maintenance costs	(1.481)	(674)
Telephone – posting expenses	(1.221)	(567)
Promotion and advertising expenses	(1.033)	(430)
Consumables	(493)	(262)
Utilities	(434)	(153)
Insurance costs	(330)	(119)
Total	(23.937)	(11.976)

14 Depreciation expenses

	1.1.-31.12.2007	1.1-31.12.2006
Identifiable intangible assets acquired from business combinations	(4.173)	(1.043)
Property, plant and equipment	(2.340)	(782)
Other intangible assets	(681)	(371)
Total	(7.194)	(2.196)

15 Impairment losses on financial assets and non financial assets

	1.1.-31.12.2007	1.1-31.12.2006
Loans and receivables	(6.891)	(858)
Investment portfolio	-	-
Available-for-sales equity investments	(36)	-
Investments in subsidiaries	(116)	(595)
Other assets	(50)	(22)
Total	(7.093)	(1.475)

16 Income tax expense

	1.1.-31.12.2007	1.1-31.12.2006
Current tax	(10.192)	(1.778)
Tax on reserves	-	(2.453)
Deferred tax	1.361	(648)
Tax provisions	(826)	-
Total	(9.657)	(4.879)

The Bank has been reviewed by the Local Tax Authorities for the years up to and including 2006. The tax audit for the years 2005 and 2006 was finalized on 16 November 2007, where an additional tax expense of 529 thousands of euro was offset in liabilities since the tax calculated exceeds the amount due up to and including 2006. For the un-audited period ended on 31 December 2007 the Bank has charged its profits for potential taxable differences. Due to method according to which tax liabilities are settled in Greece, the Bank remains contingently liable to additional taxes and penalties for un-audited periods.

The tax rate for Greek legal entities, in accordance with the articles of the Greek tax legislation (Article 109 § 1, Law 2238/94) is 25% for the year 2007 and 29% for the years 2006. The Bank made use of the tax incentives granted to companies that merge or absorb other entities (Law. 2992/2002), and defined the amount of 2006 income tax based on the tax rate in effect, reduced by five (5) percentage points, namely 24%. Taxable profits for the year 2007 will be taxed on a 25% tax rate, since the benefits from the reduction in the tax rate cease to exist.

The income tax expense charged in the income statement differs with the one that would be calculated by strictly applying the nominal tax rate over the taxable profits. The here below table depicts a reconciliation of the income tax expense at the balance sheet date:

Income tax expense charged to the income statement	1.1.-31.12.2007	1.1-31.12.2006
Profit before tax	29.939	37.530
Income tax expense calculated at a 25% tax rate (2006: 24%)	(10.192)	(9.008)
Income not subject to tax	838	8.093
Non-deductible expenses	(272)	(19)
Supplementary tax 3% on real estate	(10)	(11)
Tax on tax differences	(557)	-
Tax on tax free reserves	-	(2.453)
Tax on dividends paid	-	(833)
Tax on tax difference	(825)	-
Deferred tax charge to the income statement	1.361	(648)
Total income tax	(9.657)	(4.879)

Deferred income tax assets and liabilities are attributable to the following items: 1.1.-31.12.2007

Loans an receivables	608
Allowance for impairment, net of revaluation	(1.393)
Impairment losses of other assets	16
Derivative financial instruments	10
Non-Derivative financial instruments	1.430
Property, plant and equipemt, and intangibles	625
Leasing	610
Financial assets at Net Present Value	15
Retirement benefit obligations	22
Financial liabilities	(50)
Deferred tax from salaries expenses	(257)
Deferred tax from previous losses	(275)
Total deferred income tax assets and liabilities	1.361

Further information on deferred income tax assets and liabilities is presented in Note 30.

17 Earnings per share

	1.1.-31.12.2007	1.1-31.12.2006
Profit attributable to the equity holders	20.281	31.608
Number of ordinary shares outstanding at the beginning of period	62.683.822	62.683.822
Less: Treasury shares	(760.483)	-
Number of ordinary shares outstanding at the end of period	61.923.339	62.683.822
Weighted average number of ordinary shares in issue	62.344.147	47.395.488
Basic and diluted earnings per share (expressed in euro per share)	0,33	0,66

Basic earnings per share is calculated by dividing the net profit attributable to the equity holders of the Bank by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the Bank and held as treasury shares.

- Diluted earnings

Basic and diluted earnings per share remain the same since the effect of the employee share options are antidilutive for the current period and therefore has not been considered.

18 Cash and cash equivalents

	31.12.2007	31.12.2006
Cheques receivable	34.142	12.018
Cash in hand and items in course of collection	12.344	9.287
Included in cash and cash equivalents (note 41)	46.486	21.305
Mandatory reserve deposits with the Central Bank	6.068	15.366
Total cash and cash equivalents	52.554	36.671

19 Loans and advances to banks

	31.12.2007	31.12.2006
Interbank deposits	155.133	47.877
Placements with other banks (up to 90 days)	33.779	44.140
Cheques receivable	1.053	1.377
Included in cash and cash equivalents (note 41)	189.965	93.394
Placements with other banks (over 90 days)	15.082	-
Total	205.047	93.394

20 Loans and receivables

	31.12.2007	31.12.2006
Individuals:		
Consumer/personal	48.341	53.052
Mortgages	159.010	118.267
Credit cards	37.232	39.256
Total loans and receivables to individuals	244.583	210.575
Corporate entities:		
Other entities	222.280	287.765
Commercial-insurance	263.905	185.567
Credit institutions	45.906	21.516
Transportation-Telecommunication	205.918	93.516
Building-construction	139.832	73.454
Manufacture	113.773	42.373
Services	29.752	36.954
Small industry	12.946	14.957
Agricultural	57.847	5.259
Energy	310	2.163
Mining	1.309	1.149
Total loans and receivables to corporate entities	1.093.778	764.673
Finance lease receivables (1)	69.858	11.388
Gross loans and receivables	1.408.219	986.636
Less: allowance for impairment		
Individuals:		
Balance at December 2007	(16.271)	(138)
Acquisitions (accumulated allowances of Omega Bank)	-	(8.889)
Fair value adjustments of acquired loans and receivables (Omega Bank)	-	(8.068)
Impairment charge for the period	2.090	(339)
Write offs	-	1.163
Total allowances for individuals	(14.181)	(16.271)
Corporate entities:		
Balance at December 2007	(23.027)	(453)
Acquisitions (accumulated allowances of Omega Bank)	-	(21.214)
Fair value adjustments of acquired loans (Omega Bank)	-	(1.900)
Impairment charge for the period	(8.982)	(456)
Derecognition of financial assets	10.509	-
Write offs	-	996
Total allowances for corporate entities	(21.500)	(23.027)
Total allowances at 31 December 2007	(35.681)	(39.298)
Net loans and receivables	1.372.538	947.338
(1) Finance lease receivables	31.12.2007	31.12.2006
Gross investment in the lease	98.710	17.185
Less: unearned finance income	(28.852)	(5.797)
Net investment in lease at the end of period	69.858	11.388
Present value of minimum lease payments receivable at 31 December 2007 :		
No later than 1 year	11.286	1.143
Later than 1 year and no later than 5 years	43.733	3.734
Later than 5 years	14.839	6.511
Total	69.858	11.388

21 Derivative financial instruments

As at 31 December 2007	Contract/ notional amount	Fair value	
		Assets	Liabilities
Derivatives held for trading			
a) Foreign exchange derivatives			
- Options	3.583	-	(136)
- Futures	9.418	-	-
	13.001	-	(136)
b) OTC derivatives			
- Interest rate swaps	489.672	4.302	(4.240)
- Options	1.770.193	6.861	(6.836)
- Forwards	324.064	-	(3.358)
- Credit default swaps	30.000	72	-
-Share options	10.000	294	-
	2.623.929	11.529	(14.434)
Total identifiable derivative assets/(liabilities) held for trading	2.636.930	11.529	(14.570)

As at 31 December 2006	Contract/ notional amount	Fair Value	
		Assets	Liabilities
Derivatives held for trading			
a) Foreign exchange derivatives			
- Options	12.648	224	(100)
- Futures	335.751	-	-
	348.399	224	(100)
b) OTC derivatives			
- Interest rate swaps	594.481	1.992	(2.427)
- Options	3.037	28	(7)
- Forwards	281.187	-	(3.753)
- Credit default swaps	13.417	42	(32)
-Share options	10.000	325	-
	902.122	2.387	(6.219)
Total identifiable derivative assets/(liabilities) held for trading	1.250.521	2.611	(6.319)

The Bank does not utilize the hedge accounting, as this is prescribed in IAS (though there is a designated hedging relationship between a hedging instrument and a hedged item). Changes in the fair value of any derivative instrument that are not considered for hedge accounting are recognized immediately in the income statement under net trading income. The contractual or notional amount of certain types of financial instrument provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

22 Trading portfolio

	31.12.2007	31.12.2006
Equity securities	38.466	98.224
Corporate bonds	102.437	119.146
Government bonds	23.850	18.441
Mutual funds	8.307	15.883
Total	173.060	251.694

23 Financial assets at fair value through profit or loss

	31.12.2007	31.12.2006
Corporate bonds	5.421	-
Total	5.421	-

The here above figure refers to structured products which are revalued at their fair value and conform to the IAS 39.

24 Held-to-maturity investments

	31.12.2007	31.12.2006
Government bonds	6.659	6.646
Corporate bonds	3.058	-
Total	9.717	6.646

Mainly include bonds, that are held from the issue date and for which the Bank intends to hold until maturity. The fair value of the above mentioned bonds as of 31 December 2007 is 9.785 thousands of euros.

25 Available-for-sale assets

	31.12.2007	31.12.2006
Government bonds	129.805	-
Corporate bonds	112.339	28.142
Equity securities	5.991	5.494
Other investments	2.092	345
	250.227	33.981
less: allowance for impairment	-	(3.004)
Total	250.227	30.977

All the available-for-sale instruments are valued at the fair value.

The here below table summarizes the movement of Available-for-sale assets :

	Available for sale	Held to maturity	Total
Balance at 1 January 2007	30.977	6.646	37.623
Additions	226.424	3.000	229.424
Disposals	(238)		(238)
Derecognition of loans and receivables	587		587
Transfer	(3.004)		(3.004)
Transfer of impairment losses to other assets	3.004		3.004
Accruals	5.649	71	5.720
Gains/(losses) from changes in fair value	(13.125)		(13.125)
Balance at 31 December 2007	250.227	9.717	259.944

26 Investment in subsidiaries and associates

	31.12.2007	31.12.2006
Investments in subsidiaries	44.835	43.912
Investments in associates	3.425	3.777
Total	48.261	47.689

In the non-consolidated financial statements, investments in subsidiaries and associates are carried at fair value according to IAS 39, as available for sale financial assets measured at fair value with changes in fair value directly recognized in equity.

26.1. Investment in subsidiaries
(1) Proton Finance

On 29 July 2007, it was recorded in the Societes Anonymes Register of the Ministry of Development and was published in the Governmental File (FEK 6677/29.6.2007) the change of the corporate name of «OMEGA SOCIETE ANONYME PROVISION OF FINANCIAL ADVICE, TECHNOLOGY AND INFORMATION SYSTEMS» to «PROTON SOCIETE ANONYME PROVISION OF FINANCIAL ADVICE, TECHNOLOGY AND INFORMATION SYSTEMS».

On 27 September 2007 the Board of Directors decided the commencement of merger procedures by absorption of its 100% subsidiary company under the corporate name «PROTON SOCIETE ANONYME PROVISION OF FINANCIAL ADVICE, TECHNOLOGY AND INFORMATION SYSTEMS». The balance sheet transformation date was settled on 30 September 2007, while the share capital of the Bank has remained unchanged. The IFRS 3-Business Combinations does not apply here, since the Bank, in the balance sheet transformation date, held 100% of the outstanding common shares of its subsidiary. Thus, in preparing the financial statements, resulting from the merger, like items of assets, liabilities, equity, income and expenses were added together.(note 45.2).

(2) Proton Insurance

On 24 September 2007, it was recorded in the Societes Anonymes Register of the Ministry of Development and was published in the Governmental File (F.E.K. 10999/24.9.2007) the change of the corporate name of «OMEGA SOCIETE ANONYME INSURANCE» to «PROTON SOCIETE ANONYME PROVISION INSURANCE».

On 28 December 2007, the Bank entered into a contractual agreement with «COMMERCIAL VALUE SOCIETE ANONYME INSURANCE» to sell 91,29% of the outstanding common shares of «PROTON SOCIETE ANONYME PROVISION INSURANCE». The sale was accomplished with the contract signed by both parties involved on 20.3.2008; the relevant cash inflow for the Bank totaled to 19 million euros. The sale contract will be finalized after receiving the relevant authorization, as it is strongly prescribed by the Commerce Law, by the local authorities. From the valuation of Proton Insurance SA no loss accrue between the carrying amount and the fair value less costs to sale for the equity investment. The equity investment in Proton Insurance SA, in the consolidated financial statements, has been reported as a discontinued operation.

(3) Proton Mutual Funds SA

Proton Bank S.A. hereby announces in accordance with the provisions of law 3340/2005 article 10 par. 1 and the Capital Markets Commission rule 3/347/12.07.2005 article 2, following its earlier notification of 02.01.2007 on the commencement of merger procedures of its subsidiaries PROTON MUTUAL FUND MANAGEMENT COMPANY, PROTON ASSET MANAGEMENT INVESTMENT SERVICES S.A. and OMEGA MUTUAL FUND MANAGEMENT COMPANY, that on October 25th, 2007 the Ministry of Development of Greece (Ref: K-15482) approved the merger by absorption of the companies PROTON ASSET MANAGEMENT INVESTMENT SERVICES S.A. and OMEGA MUTUAL FUND MANAGEMENT COMPANY by PROTON MUTUAL FUND MANAGEMENT COMPANY.

As at 31 December 2007

Name	Country	Participation %	Carrying amount
Proton Mutual Funds SA	Greece	99,91%	26.283
First Global Brokers SA	Serbia	82,49%	-
Omega Brokerage SA	Greece	66,00%	1.428
Proton Insurance SA	Greece	91,29%	17.040
Omega Kahn Financial Services SA	Switzerland	80,00%	54
Intellectron Systems SA	Greece	55,64%	-
			44.835

As at 31 December 2006

Name	Country	Participation %	Carrying amount
Proton Asset Management SA	Greece	99,90%	22.000
Proton Mutual Funds SA	Greece	99,90%	2.000
First Global Brokers SA	Serbia	82,49%	-
Omega Mutual Funds SA	Greece	93,07%	2.125
Omega Brokerage SA	Greece	66,00%	1.458
Omega Insurance SA	Greece	82,78%	15.957
Omega Real Estate SA	Greece	100,00%	317
Omega Kahn Financial Services SA	Switzerland	80,00%	54
Intellectron Systems SA	Greece	55,64%	-
			43.911

26.2. Investment in associates
As at 31 December 2007

Name	Country	% Participation*	Assets*	Liabilities	Income	Profit	Carrying value
Omega Portfolio Investment Co. SA	Greece	29,20%	15.824	91	1.523	1.034	3.424

As at 31 December 2006

Name	Country	% Participation*	Assets	Liabilities	Income	Profit	Carrying value
Omega Portfolio Investment Co. SA	Greece	28,72%	16.122	74	2.267	1.742	3.778

*(31.12.2007: indirect 4,48%, direct 24,72%. 31.12.2006: indirect 4,06%, direct 24,69%)

Investments in subsidiaries and associates, in the non-consolidated financial statements, are reported in their fair value according to IAS 39 as Available-for-sale financial assets at fair value through equity.

The subsidiary Omega Portfolio Investment Co. SA, since it is listed in the Athens Stock Exchange, has been reported in its fair value as at 31 December 2007.

During the period the following changes took place in the Bank's portfolio investments in subsidiaries and associates:

Balance at 1 January 2007	47.689
Buy-out of minority interests (OMEGA MFMC)	132
Participation in the increase of share capital (Proton Insurance SA)	598
Merger by absorption of Proton Finance SA	(317)
Participation increase in Proton Securities SA due to merger by absorption of Proton Finance SA	600
Revaluation differences in subsidiaries, at the fair value	26
Revaluation differences in subsidiaries, at the fair value through profit or loss	(116)
Revaluation differences in associates, at the fair value	(356)
Disposal of associates	(5)
Balance at 31 December 2007	48.261
Balance at 1 January 2006	51.595
Buy-out of minority interests (Proton Securities SA)	10
Derecognition due to mergerr by absorption of Proton Securities SA	(27.010)
Investments in subsidiaries of the acqiee in a business combination	20.821
Participation in the increase of share capital (Omega Insurance SA)	2.306
Revaluation differences in associates, at the fair value	555
Transfer due to take-over	7
Impairment losses (First Global Brokers)	(595)
Balance at 31 December 2006	47.689

27 Intangible assets
As at 31st December 2007:

	Combination difference	Other	Software	Total
Balance at 1 January 2007				
Cost	83.965	19.538	5.480	108.983
Accumulated depreciation	-	(1.043)	(1.249)	(2.292)
Net book value	83.965	18.495	4.231	106.691

Year ended 31 December 2007

Opening net book value	83.965	18.495	4.231	106.691
Exchange rate adjustments	-	-	-	-
Additions from mergers by absorption of subsidiaries	1.623	-	-	1.623
Derecognition –cost	-	-	(1.513)	(1.513)
Derecognition –accumulated depreciation	-	-	397	397
Additions	-	-	324	324
Disposals –cost	-	-	(8)	(8)
Disposals - accumulated depreciation	-	-	1	1
Depreciation charge	-	(4.173)	(681)	(4.854)
Closing net book value	85.588	14.322	2.751	102.661

Balance at 31 December 2007

Cost	85.588	19.538	4.283	109.409
Accumulated depreciation	-	(5.216)	(1.532)	(6.748)
Net book value	85.588	14.322	2.750	102.661

As at 31st December 2006:

	Combination difference	Other	Software	Total
Balance at 1 January 2006				
Cost	-	-	470	470
Accumulated depreciation	-	-	(377)	(377)
Net book value	-	-	93	93

Year ended 31 December 2006

Opening net book value	-	-	93	93
Additions from merger by absorption Proton Securities- Cost	-	-	578	578
Additions from merger by absorption Proton Securities - Accumulated depreciation	-	-	(501)	(501)
Acquisitions	98.576	-	4.259	102.835
Additions	-	-	173	173
Depreciation charge	-	-	(371)	(371)
Closing net book value	98.576	-	4.231	102.807

Balance at 31 December 2006

Cost	98.576	-	5.480	104.056
Accumulated depreciation	-	-	(1.249)	(1.249)
Net book value as reported	98.576	-	4.231	102.807
Fair value adjustments due to finalization of initial accounting (note 45)	(14.611)	19.538	-	4.927
Amortization of identifiable intangible assets acquired on acquisition of Omega Bank for the period 1.10 -31.12.2006 (note 45)	-	(1.043)	-	(1.043)
Net book value as restated	83.965	18.495	4.231	106.691

27.1. Impairment testing of goodwill

Goodwill has been resulted from the acquisition of Omega Bank and refers to the excess of the cost of acquisition over the fair value of the Bank's share of the net identifiable assets of the acquired company at the date of acquisition, as described in note 45

Goodwill is allocated to cash-generating units for the purpose of impairment testing; each of those cash-generating units is represented by each primary reporting segment. Goodwill has been allocated in the cash-generating units, comprising the banking operations, namely commercial banking and investment banking.

The first impairment testing of the goodwill resulting from the acquisition of Omega Bank and its subsidiaries on 29 September 2006 finalized on 31 December 2007. The recoverable amount of the cash-generating units has been determined based on value in use calculations. For the determination of the value in use, the pre-tax expected future cash flows has been utilized based on the approved by the management business plan and projections covering a four-year period. The estimation of pre-tax expected future cash flows requires high degree of management judgment and is based on assumptions about future events, and know-how from trends and elements from the past. The key assumptions used for the value in use calculations are the following:

Average growth of net interest and similar income 2007-2011	25,0%
Average growth of profits 2007-2011	31,1%
Average growth of loans and receivables 2007-2011	27,8%
Average growth of customer deposits 2007-2011	24,3%
Average growth of the risk weighted assets 2007-2011	22,7%
Minimum capital requirements (Tier I)	8,0%
Average net interest margin after 2011	16,2%
Average growth after 2011	2,00%
Discount rate (pre-tax cost of equity)	10,4%

The recoverable amount of goodwill is based on assumptions and judgments in respect with future events and market parameters which might not be confirmed. More precisely, the recoverable amount is particularly sensitive into various assumptions for future profitability, perpetual growth and return on capital employed. Nevertheless, the recoverable amount, as at 31 December 2007, exceeds essentially the respective accounting value including goodwill (almost 1,7 times more), meaning that any revision in one of the above mentioned assumptions is not expected to materially affect the impairment testing.

28 Property, plant and equipment

As at 31st December 2007:

	Land	Buildings	Machinery	Vehicles	Furniture	Total
Balance at 1 January 2007						
Cost	8.313	11.894	62	183	9.305	29.757
Accumulated depreciation	-	(752)	(24)	(82)	(2.000)	(2.858)
Net book value	8.313	11.142	38	101	7.305	26.899
Year ended 31 December 2007						
Opening net book value	8.313	11.142	38	101	7.304	26.898
Additions from merger by absorption	2.025	2.102	-	-	-	4.127
Additions	-	1.829	10	-	1.426	3.265
Disposals - cost of acquisition	(3.105)	(1.053)	-	(3)	(2)	(4.163)
Disposals - accumulated depreciation	-	22	-	-	1	23
Depreciation charge	-	(978)	(9)	(27)	(1.327)	(2.341)
Closing net book value	7.233	13.064	39	71	7.402	27.809
Balance at 31 December 2007						
Cost	7.233	14.795	72	180	10.729	33.009
Accumulated depreciation	-	(1.730)	(33)	(109)	(3.326)	(5.200)
Net book value	7.233	13.065	39	71	7.403	27.809

As at 31st December 2006:

	Land	Buildings	Machinery	Vehicles	Furniture	Total
Balance at 1 January 2006						
Cost	-	1.194	23	169	1.533	2.919
Accumulated depreciation	-	(438)	(19)	(56)	(1.304)	(1.817)
Net book value	-	756	4	113	229	1.102
Year ended 31 December 2006						
Opening net book value	-	756	4	113	229	1.102
Absorption (Proton Securities SA) – Cost of acquisition	-	59	-	-	326	385
Absorption (Proton Securities SA)–Accumulated depreciation	-	(24)	-	-	(262)	(286)
Acquisitions	8.313	10.120	37	14	7.032	25.516
Additions	-	521	2	-	447	970
Disposals - cost of acquisition	-	-	-	-	(33)	(33)
Disposals - accumulated depreciation	-	-	-	-	27	27
Depreciation charge	-	(290)	(5)	(26)	(461)	(782)
Closing net book value	8.313	11.142	38	101	7.305	26.899
Balance at 31 December 2006						
Cost	8.313	11.894	62	183	9.305	29.757
Accumulated depreciation	-	(752)	(24)	(82)	(2.000)	(2.858)
Net book value	8.313	11.142	38	101	7.305	26.899

	Land	Buildings	Machinery	Vehicles	Furniture	Total
Balance at 1 January 2006						
Cost	8.313	11.894	62	183	9.305	29.757
Accumulated depreciation	-	(752)	(24)	(82)	(2.000)	(2.858)
Net book value	8.313	11.142	38	101	7.305	26.899

29 Non-current assets held-for-sale

	31.12.2007	31.12.2006
Land	148	64
Buildings	70	-
Total	218	64

The account includes land acquired from foreclosure and auctions. According to IFRS 5, the Bank must sell any assets of this category within twelve months from the date of acquisition.

30 Deferred tax assets/ liabilities

	31.12.2007	31.12.2006
Deferred tax assets:		
Financial assets designated at fair value through profit or loss	1.430	-
Financial assets designated at fair value through equity	3.359	-
Financial assets	9	-
Financial liabilities	192	242
Finance leases	567	-
Property, plant and equipment	-	271
Commission from loans and advances	168	2.455
Provisions for bad debts	1.063	-
Retirement benefit obligations	269	248
Other assets	16	531
Total	7.073	3.747

Deferred tax liabilities:

Intangible assets	(3.581)	(5.013)
Property, plant and equipment	(537)	-
Financial assets designated at fair value through equity	(2.799)	-
Provisions for bad debts	-	(441)
Financial assets	-	(6)
Finance leases	-	(43)
Derivatives listed on the Athens Derivatives exchange	-	(10)
Total	(6.917)	(5.513)

Net deferred tax liability **156** **(1.766)**

The movement in the investment securities portfolio had as follows:

Balance at 1 January 2007 (1.766)

Deferred tax assets / (liabilities) from:

Loans and receivables	608
Provisions for bad debts less revaluation of loans and receivables OMEGA (note 4a)	(1.393)
Provisions for other assets	16
Derivative financial instruments	10
Non-derivative financial instruments	1.992
Intangible assets	625
Leasing	610
Financial assets, at net present value	15
Retirement benefit obligations	21
Financial liabilities	(50)
Staff bonuses	(257)
Taxable loss	(275)
Balance at 31 December 2007	156

31 Other assets

	31.12.2007	31.12.2006
Receivables from brokerage	15.209	8
Receivables from foreign stock exchange	4.608	-
Bond subscriptions	30.411	-
Other debtors	15.936	10.791
Contributions to Co-Guarantee Fund and Supplementary Fund	12.288	4.430
Greek state, prepaid taxes	8.653	3.648
Bad debts, other than loans and receivables	4.204	1.199
Credit card receivables	1.751	2.095
Guarantees	613	7.689
Advances to third parties	51	50
Receivables from transactions for third parties	70	68
Short term receivables from subsidiaries other than loans	123	125
Prepayments for buying property (leasing)	-	125
Advances to employees	21	26
	93.938	30.254
Less: allowances for impairment	(4.918)	(2.094)
Total	89.020	28.160

32 Due to banks

	31.12.2007	31.12.2006
Repurchase agreements (repos)	12.506	56.526
Deposits from other banks	392.372	33.934

Current accounts	191	-
Time deposits	28.864	-
Total	433.933	90.460

The total of the repurchase agreements (repos) mature within one month from the balance sheet date.

33 Due to customers

	31.12.2007	31.12.2006
Individuals:		
Time deposits	794.343	586.410
Under caution	1.739	-
Savings accounts	57.700	64.497
Current accounts	18.175	1.122
	871.957	652.029
Corporate entities:		
Current accounts	76.094	80.117
Time deposits:		
Corporate entities	359.033	148.846
Other time deposits	55.694	84.401
Public organizations	-	7.788
Municipal corporations	5.838	4.565
Sale and repurchase agreement (repos)	986	920
	497.645	326.637
Margin accounts	40.800	35.543
Pledged deposits	59.902	50.361
Blocked deposits	184	29
Total	1.470.488	1.064.599

The total of the repurchase agreements (repos) mature within one month from the balance sheet date.

34 Debt securities in issue

	31.12.2007	31.12.2006
Debt securities in issue	25.283	-
Total	25.283	-

Standard loan Eurobond with a duration of 10 years, till 13 July 2017, closely related with DBFRB USD Index. The main elements of the debt securities in issue are as follows:

Issue date: 13 July 2007

Principal amount: 25.000.000 euros

Bond coupons: quarterly

Interest rate:

2007-2008 5.15 per cent.

2008-2009 5.15 per cent.

2009-2010 8.75 per cent less the cumulative return of the DBFRB USD Index (max 8,75%, min 0,00%)

2010-2011 9.00 per cent less the cumulative return of the DBFRB USD Index (max 9,00%, min 0,00%)

2011-2012 9.50 per cent less the cumulative return of the DBFRB USD Index (max 9,50%, min 0,00%)

2012-2013 9.50 per cent less the cumulative return of the DBFRB USD Index (max 9,50%, min 0,00%)

2013-2014 10.00 per cent less the cumulative return of the DBFRB USD Index (max 10,00%, min 0,00%)

2014-2015 10.00 per cent less the cumulative return of the DBFRB USD Index (max 10,00%, min 0,00%)

2015-2016 10.00 per cent less the cumulative return of the DBFRB USD Index (max 10,00%, min 0,00%)

2016-2017 10.00 per cent less the cumulative return of the DBFRB USD Index (max 10,00%, min 0,00%)

Form and denomination: The Bond Loan is constituted by five hundred (500) Bonds and the nominal amount of each Bond is EUR 50,000.

The aggregate nominal amount of the Bonds shall be EUR 25,000,000. The Bonds will be issued in Bond Certificates each one of which comprises one or more Bonds.

Duration: 10 years

Scheduled redemption: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Final Maturity Date.

Purpose of the issuance : To strengthen solvency.

35 Retirement benefit obligations

	31.12.2007	31.12.2006
Amounts recognized in the balance sheet:		
Present value of defined benefit obligations	1.255	1.012
Unrecognised actuarial losses	(176)	(115)
Total liabilities at end of the year	1.079	897
Amounts recognized in the income statement:		
Current service cost	276	35
Interest cost	43	7
Net actuarial losses recognized	1	2
Cutback effect	282	-
Removal personnel	13	-
Total	615	44
Principal actuarial assumptions:		
Discount rate	4,90%	4,10%
Future salary increases	4,70%	4,70%

The movement in the defined benefit obligation over the year has as follows:

Balance at 1 January 2007	897	96
Increase due to business combinations (absorption of Proton Securities SA)	-	69
Increase due to business combinations (acquisition of Omega Bank SA)	-	772
Charge in the income statement	614	44
Benefits paid	(432)	(84)
Total	1.079	897

36 Current income tax liabilities

	31.12.2007	31.12.2006
Income tax expense	9.629	945
Tax provision in tax reviews	826	-
Total	10.455	945

37 Other liabilities

	31.12.2007	31.12.2006
Taxes and duties payable:		
Taxes and duties relating to prior years from tax reviews	541	1.321
Taxes from interest on deposits	439	253
Taxes and duties from salaries	519	444
Other taxes and duties payable	171	176
Payables to social security funds	852	732
Other liabilities:		
Due from settlement of brokerage transactions	266	2.048
Suppliers and other liabilities	6.232	4.890
Salaries payable	226	296
Due to foreign derivative brokerage customers	-	3.695
Dividends payable	95	34
Total	9.341	13.889

38 Share capital

	31.12.2007	31.12.2006
Paid up share capital at beginning of period	281.450	202.660
Increase due to acquisition of Omega Bank SA/ closed-end funds	-	78.771

Capitalization of reserves	-	19
Total	281.450	281.450

Ordinary shares (number of shares):

At 1 January 2006	62.683.822	45.135.892
Share issue	-	17.547.930
Total number of ordinary shares outstanding	62.683.822	62.683.822
Purchase treasury shares	(760.483)	-
Total number of ordinary shares in circulation	61.923.339	62.683.822

39 Share premium

	31.12.2007	31.12.2006
Balance at 1 January 2007	85.478	-
Increase due to acquisition of Omega Bank SA	-	85.478
Total	85.478	85.478

The share premium was created on the acquisition of Omega Bank SA and represents the difference between the market value and nominal value of exchanged shares for the .

40 Other reserves

	31.12.2007	31.12.2006
Available-for-sale reserve:		
Balance at 1 January 2007	13.794	34.391
Gains form change in fair value	(12.912)	539
Change due to business combinations (absorption of Proton Securities SA)	-	(21.136)
Total available-for-sale reserve	882	13.794
	31.12.2007	31.12.2006
Statutory reserves:		
Balance at 1 January 2007	361	214
Movements	1.135	147
Total statutory reserves	1.496	361
Stock option reserves :		
Balance at 1 January 2007	-	-
Stock option reserve	983	-
Total stock option reserves	983	-
Total reserves	3.361	14.155

40.1. Statutory reserve

According to the article 44, Law 2190/1920, at least 5% of the annual profits after tax are transferred to form the statutory reserve. The statutory reserve is exclusively utilized before the payment of the dividends to extinguish accumulated losses.

40.2 Tax free reserves

At the balance sheet date, according to the provisions of recent tax legislation, an additional tax burden was imposed on the profits of the banking institutions. The tax comes from the application of provisions of paragraphs of 1,4,5 of the articles 38 and of 99 of the Greek Income Tax Law, with a prerequisite that these profits after the authorization of the financial statements and the appropriation of profits of the reporting period have not been taxed before and are reported as a tax-free reserve, with a current tax rate of 25%. The Bank, for the period ended on 31 December 2007, structured a tax-free reserve from gains from purchase and sales of equity securities (i.e. 5.565 thousands euros) but no tax payment is required, according to the provisions of the above mentioned tax law, since these gains offset prior years' negative tax-free reserves. These reserves are reported in the Retained Earnings in the balance sheet.

41 Cash and cash equivalents

	31.12.2007	31.12.2006
Loans and advances to banks (note 19)	189.965	93.394
Cash and balances with the Central Bank (note 18)	46.485	21.305
Total	236.450	114.699

The beginning balance of cash and cash equivalents include the respective balance from "Proton Finance SA" which was merged by absorption by the Bank, thus, as mentioned in note 2.3, the balance of cash and cash equivalents of the previous year is not comparable.

42 Dividend per share

The annual Regular General Shareholders' Meeting of the Bank on 11 May 2007, approved a dividend amounting to a total of euro 17.551.470,16 (euro 0,28 per share). The dividend was paid on 24 May 2007.

The Board of Directors, during its meeting on 20 March 2008, decided to propose to the annual Regular General Shareholders' Meeting of the Bank dividends totaled to 12.385 thousands euros (euro 0,20 per share) . These financial statements do not include a provision for the proposed dividend, except for the tax relating to the proposed dividend.

43 Contingent liabilities and commitments

43.1 Legal proceedings

There are some receivables and legal actions against the bank in the ordinary course of business. No provision in relation to these claims has been recognized, after the consultation with legal counsel, the final sentence judgment and their settlement are not expected to have a material impact on the financial statements of the Bank.

43.2 Letters of guarantee /Irrevocable letters of credit

The off balance sheet items which represent the Bank' s commitment to extend credit to its customers are analyzes as follows(in thousands of euros):

	<u>2007</u>	<u>2006</u>
Letters of guarantee	110.878	84.585
Irrevocable letters of credit	<u>2.480</u>	<u>2.804</u>
Total	113.358	87.389

43.3 Pledged assets

Greek Government debt securities with a nominal value of 10.500 thousands of euros, have been assigned to HELEX.

Greek Government debt securities with a nominal value of 135.000 thousands of euros, and DEXIA bond with a nominal value of 50.000 thousands of euros have been assigned to Bank of Greece.

Halcyon debt securities with a nominal value of 12.500 thousands of euros have been assigned to Hypo Vereinsbank.

43.4 Capital commitments

(a) The Bank leases for its operating purposes, offices for head quarters and branches. The future minimum lease payments under non cancelable operating leases, have as follow:

	31.12.2007	31.12.2006
Lease payments no later than 1 year	3.598	3.712
Lease payments later than 1 year and no later than 5 years	15.095	16.206
Lease payments later than 5 years	<u>4.752</u>	<u>39.969</u>
Total	23.446	59.887
Monthly lease payments	300	309
Guarantees which will be offset at lease termination	557	1.123

(b) The Bank leases vehicles for private use. The future minimum lease payments for cars under non cancelable operating lease arrangements, have as follow:

Leased tangible assets: vehicles for private use

Lease term: 4 years per leased vehicle

Lease guarantees offset at the end of the lease: 15 thousands of euros

Accrued lease payments recognized in the income statement during the period: 331 thousands of euros.

	2007	2006
Lease payments no later than 1 year	281	195
Lease payments later than 1 year and no later than 5 years	569	303
Leasepayments later than 5 years	<u>-</u>	<u>-</u>
Total	850	498

(c) As of 31 December 2007, the Bank as a lessor, had signed non cancelable lease agreements for the acquisition of equipment for finance lease purposes amounting to 3.830 thousands of euros for which no payment had been.

43.5 Stock option plan

On 24 November 2006, the Extraordinary General Shareholders' Meeting of the Bank approved a share option plan for the members of the Board of Directors, key management personnel, its employees and the Bank's related companies in the form of stock options according to the article 13 § 9 of Law 2190/1920 after the proposition of the Board of Directors and the Compensation Committee. The options are conditional on the beneficiaries remaining during the options life under employment or other relationship with the Bank or Group companies (vesting period). The options are exercisable every November starting from the year of the grand and have a contractual option term of three (3) years. The Bank has no legal or constructive obligation to repurchase or settle the options in cash.

Share options were granted on 15 June 2007 with an exercise price of 10,46 euro. The fair value of options granted during the period determined using the Black-Scholes valuation model with the methodology of Monte Carlo simulation to 0,55 per option (0,28 euro for the period A, 0,57 euro for the period B, and 0,80 euro for the period C). The significant inputs into the model were: share price at the grand date (9,96 euro), the exercise price, option life (as described above) , expected volatility of share prices (12%), expected dividend yield (2,5%) and the risk free rate (swap rate yield curve). Thus, an analysis of the existing stock option plan is as follows:

Exercise date	Expire date	Exercise price (in euros)	Fair value (in euros)	31.12.2007	31.12.2006
30.11.2007	31.12.2009	10,46	0,28	1.547.618	-
30.11.2008	31.12.2009	10,46	0,57	1.547.618	-
30.11.2009	31.12.2009	10,46	0,80	1.547.618	-
Total of outstanding stock options:				4.642.854	-

On 30 November 2007 expired the first exercise period without the stock options were exercised. On the basis of the share stock option plan, the unallocated stock options are transported in the next period. Because of the above occasion the share capital of Proton Bank was not altered.

The change of the number of stock options for this period presents as follows:

	31.12.2007	31.12.2006
Balance at 1 January 2007	-	-
Options granted	4.943.815	-
Options exercised	-	-
Options amortized	(300.960)	-
Balance at 31 December 2007	4.642.855	-

43.6 Purchase treasury shares

On 24 November 2006, the Extraordinary General Shareholders' Meeting of the Bank approved the repurchase of treasury shares up to and including 10% of the total authorized and issued number of ordinary shares, namely up to and including six million two hundred sixty eight thousands three hundred eighty two (6.268.382) shares in a pricewidth from five (5,00 €) to fifteen (15,00 €) euros per share in a time interval up to and including 12 months from the date of approval by the Extraordinary General Shareholders' Meeting.

Till 31 December 2007, the Bank repurchased 760.483 shares totaled to 7.668 thousands euros, which represent the 1,2% of the total authorized and issued number of ordinary shares.

44 Related party transactions

Related parties include: a) Members of the Board of Directors, b) close members of the family and financial dependant of the above c) subsidiaries and associate companies of the Group.

The balances and transactions of the Bank with its related parties are as follow:

I. Subsidiaries	31.12.2007	31.12.2006
Assets		
Loans	4.511	6.123
Other assets (receivables)	120	173
Total	4.632	6.296
Liabilities		
Deposits	20.200	22.441
Other assets (liabilities)	3	-
Total	20.203	22.441

Income	1.1.-31.12.2007	1.1.-31.12.2006
Interest and similar income	162	84
Other operating income	385	165
Total	547	249
Expenses	1.1.-31.12.2007	1.1.-31.12.2006
Interest expense and similar charges	591	191
Administrative expenses	423	226
Total	1.014	417
	31.12.2007	31.12.2006
Letters of guarantee	936	1.036
II. Associated companies	31.12.2007	31.12.2006
Assets		
Other receivables	2	11
Total	2	11
Liabilities		
Deposits	5.188	6.574
Other liabilities	18	-
Total	5.206	6.574
Income	1.1.-31.12.2007	1.1.-31.12.2006
Interest and similar income	193	28
Expenses	1.1.-31.12.2007	1.1.-31.12.2006
Other operating expenses	71	26
III. Directors and key management personnel	31.12.2007	31.12.2006
Assets		
Loans	22.467	6.600
Total	22.467	6.600
Liabilities		
Deposits	67.775	34.868
Total	67.775	34.868
Income	1.1.-31.12.2007	1.1.-31.12.2006
Interest and similar income	1.419	131
Expenses	1.1.-31.12.2007	1.1.-31.12.2006
Salaries and other remuneration	3.882	1.054
Interest expense and similar charges	3.118	314
Other operating expenses	103	-
Total	7.105	1.368
	31.12.2007	31.12.2006
Letters of guarantee	17.843	127

Stock option plan as at 31 December 2007

	<u>Options</u>	<u>Value</u>
Key management personnel	1.045.200	221
Directors	1.679.600	355
	2.724.800	577

The members of the Board of Directors, according to the Law 2577/9.3.2006, were determined the limits and the procedures of Bank for each form of credit enhancements or participations to the persons that have special relation with the Bank and the Group.

45 Business acquisition

45.1 Acquisition of Omega Bank SA and Proton Securities SA

45.1.1 Financial effect of acquisition on the acquirer

The acquisition (absorption) of "Omega Bank SA" by the Bank on the date of acquisition resulted in an increase of assets and liabilities by 1.072.864 thousands of euros and 991.979 thousands of euros respectively.

If the acquisition had occurred on 1 January 2006, total net revenues and after tax profit of the acquirer for the period ending 31 December 2006 would have been 135.994 thousands of euros and 27.257 thousands of euros respectively.

The identifiable assets and liabilities acquired on the date of the acquisition are as follows:

	<u>Book value</u>	<u>Fair value adjustments</u>	<u>Fair value</u>
Cash and balances with the Central Bank	11.169		11.169
Cash and cash equivalents	155.739		155.739
Loans and receivables	772.731	(9.967)	762.764
Trading assets	30.889		30.889
Available-for-sale financial assets	30.661		30.661
Derivative financial instruments (assets)	368		368
Investment in subsidiaries and associates	20.821		20.821
Property, plant and equipment	26.127	(612)	25.515
Intangible assets (software)	4.322		4.322
Intangible asset from customer relationships - Loans	-	13.881	13.881
Intangible asset from customer relationships - Deposits	-	2.458	2.458
Intangible asset from customer relationships – Securities brokerage	-	3.199	3.199
Other assets	11.078		11.078
Deferred tax assets/liabilities	1.056	(2.435)	(1.379)
Deposits from banks	(85.417)		(85.417)
Derivative financial instruments (liabilities)	(2.128)		(2.128)
Due to customers	(897.699)		(897.699)
Other liabilities	(5.059)	513	(4.546)
Retirement benefit obligations	(1.078)	268	(810)
Fair value of net identifiable assets acquired	<u>73.580</u>	<u>7.305</u>	<u>80.885</u>

(Outflow)/inflow to acquire business:

Cash consideration (costs directly attributable to the acquisition)	(601)
Cash and cash equivalents acquired	155.739
Eliminations of cash equivalents between Proton Bank and Omega Bank	(23.545)
Net inflow	<u>131.593</u>

The final fair value of the above identifiable assets and liabilities has been determined from discounted cash flow models. The remaining difference that have not been allocated, is included in intangible assets and recognized as goodwill and will be subject to impairment test annually.

The cost of acquisition amounted to 164.850 thousands of euros and was determined by the market value of the Bank's shares on 29 September 2006, and is analyzed as follows:

Fair value of equity instruments exchanged (17.547.930 x 9,36 € per share)	164.249
Direct costs attributable to the acquisition	601

Total cost of acquisition	164.850
Fair value of net identifiable assets acquired	(80.885)
Goodwill	83.965

45.1.2 Adjustments as a result of completing the initial accounting of the cost of acquisition

The determination of fair values of the identifiable intangible assets acquired on the acquisition of Omega Bank on 30 September 2006, was based on estimates of independent appraisers. However, the appraisal was not finalized by the time the Bank completed its financial statements for the year ended 31 December 2006, and consequently, provisional fair values were recognized.

By the time the Bank prepared its condensed interim financial information for the period ended 30 June 2007, the appraisal was finalized.

IFRS 3 Business Combinations, requires adjustments to be made to the initial accounting for a business combination after that initial accounting is complete only to correct an error in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

IAS 8 requires the correction of an error (fair value adjustment) to be accounted for retrospectively, and for the financial information to be presented as if the error (fair value adjustment) had never occurred by correcting the error in the comparative information for the periods presented.

According to the results of the appraisal, the Bank recognized the following intangible assets at their fair values at the acquisition date:

	(amounts in thousands of euros)
• Intangible asset from customer relationships - Loans	13.881
• Intangible asset from customer relationships - Deposits	2.458
• Intangible asset from customer relationships – Securities brokerage	3.199
Total	19.538

Additionally, the above fair values the Bank recognized amortization amounting to 1.043 thousand euros relating to the period ended 31 December 2006 by restating the opening balance of retained earnings. The effect of the above restatement on the annual financial statements of 2006 is presented below:

	(amounts in thousands of euros)
• (increase) in amortization expense	(1.043)
• (decrease) in profit	(1.043)
• (decrease) in basic earnings per share	(0,05)
• (decrease) in intangible assets, net book value	(1.043)

Against the fair values, the Bank recognized a deferred tax liability amounting to 4.927 thousand euros which increased the goodwill that resulted on the acquisition date.

45.2 Absorption of Proton Finance

On 27 September 2007, the Board of Directors decided the commencement of merger procedures by absorption of its 100% subsidiary company under the corporate name «PROTON SOCIETE ANONYME PROVISION OF FINANCIAL ADVICE, TECHNOLOGY AND INFORMATION SYSTEMS».

The balance sheet transformation date was settled on 30 September 2007, while the share capital of the Bank has remained unchanged.

In addition, the Bank is not required to issue new ordinary shares, since the claim for issuance new shares will be amortized in accordance with the provisions of the article 78 of the L. 2190/1920.

The IFRS 3-Business Combinations does not apply here, since the Bank, in the balance sheet transformation date, held 100% of the outstanding common shares of its subsidiary. Thus, in preparing the financial statements, resulting from the merger, like items of assets, liabilities, equity, income and expenses were added together.

For reasons of comparability for this and the previous period, if the merger was finalized on 31 December 2006, the items of assets, liabilities, equity should be as follows:

BALANCE SHEET
Balance Sheets 31.12.2006

(in thousands of euros)

	Proton Bank	Proton Finance	Total before elimination entries	Elimination entries	Proforma Balance Sheet 31.12.2006
ASSETS					
Cash and balances with the Central Bank	36.671	314	36.985	(312)	36.673
Loans and advances to banks	93.394	-	93.394	-	93.394
Loans and receivables	947.338	-	947.338	(5.472)	941.866
Derivative financial instruments	2.611	-	2.611	-	2.611
Investment securities:	251.694	-	251.694	-	251.694
- Held-to-maturity	6.646	-	6.646	-	6.646
- Available-for-sale	30.977	1.062	32.039	(1.053)	30.985
Investments in subsidiaries and associates	47.689	-	47.689	283	47.972
Intangible assets	106.691	2	106.693	509	107.202
Property, plant and equipment	26.899	4.130	31.029	-	31.029
Non-current assets held for sale	64	-	64	-	64
Deferred tax assets	3.782	-	3.782	31	3.813
Other assets	28.035	551	28.586	(53)	28.533
Total assets	1.582.491	6.058	1.588.549	(6.068)	1.582.482
LIABILITIES					
Due to banks	90.460	-	90.460	-	90.460
Due to customers	1.064.599	-	1.064.599	(312)	1.064.287
Derivative financial instruments	6.319	-	6.319	-	6.319
Retirement benefit obligations	897	16	913	-	913
Current income tax liabilities	945	-	945	-	945
Deferred tax liabilities	5.548	-	5.548	-	5.548
Other liabilities	13.889	5.680	19.569	(5.525)	14.044
Total liabilities	1.182.657	5.697	1.188.354	(5.837)	1.182.516
EQUITY					
Treasury shares to share holders					
Share capital	281.450	327	281.777	(327)	281.450
Share premium	85.478	18	85.496	(18)	85.478
Other reserves	14.155	671	14.826	(645)	14.181
Retained earnings	18.751	(655)	18.096	760	18.855
Total equity	399.834	361	400.195	(230)	399.964
Total equity and liabilities	1.582.491	6.057	1.588.548	(6.068)	1.582.481

For reasons of comparability for this and the previous period, if the merger was finalized on 31 December 2006, the items of the net operating income and profits after taxes should be as follows:

(in thousands of euros)	Income Statement 1.1- 31.12.2006				Proforma Income Statement 1.1-31.12.2006
	Proton Bank	Proton Finance	Total before elimination entries	Elimination entries	
Interest and similar income	26.697	-	26.697	-	26.697
Interest expense and similar charges	(12.635)	(75)	(12.710)	-	(12.710)
Net interest income	14.062	(75)	13.987	-	13.987
Fee and commission income	20.174	-	20.174	-	20.174
Fee and commission expense	(2.728)	-	(2.728)	-	(2.728)
Net fee and commission income	17.446	-	17.446	-	17.446
Dividend income	2.840	-	2.840	-	2.840
Net trading income	27.256	32	27.288	243	27.530
Other operating income	235	195	430	(112)	318
Operating income	61.839	152	61.991	131	62.122
Personnel expenses	(9.705)	(68)	(9.773)	-	(9.773)
Other administrative expenses	(11.976)	(191)	(12.167)	65	(12.103)
Depreciation expenses	(2.196)	(12)	(2.208)	57	(2.151)
Impairment losses on financial assets	(1.475)	-	(1.475)	-	(1.475)
Total operating expenses	(25.352)	(271)	(25.623)	122	(25.501)
Profit before tax	36.487	(119)	36.368	253	36.620
Income tax expense	(4.879)	-	(4.879)	(2)	(4.881)
Profit for the period	31.608	(119)	31.489	251	31.739

46 Changes in the composition of BoD

On 8 August 2007 the Extraordinary General Meeting of the Bank, after the resignation of Hasdai V. Capon, elected Elias S. Tsotakos as a new Executive Member Board of Directors. The composition of the Bank's BoD on 31 December 2007 is as follows:

1. Angeliki N. Fragou-Chairman, Non-Executive Member
2. Anthony I. Athanassoglou-Executive Vice-Chairman, Executive Member
3. Elias G. Lianos-Managing Director, Executive Member
4. Theodoros P. Mylonas-Deputy Managing Director, Executive Member
5. Dimitrios G. Saramantis-Executive Member
6. Elias S. Tsotakos-Executive Member
7. Loukas N. Valetopoulos-Non-Executive Member
8. George P. Minetas-Non-Executive Member
9. Markos A. Foros-Non-Executive Member
10. Alexandra G. Stavropoulou-Independent Non-Executive Member
11. Panagiotis D. Alexakis- Independent Non-Executive Member

On 20 December 2007 the Extraordinary General Meeting of the bank, after the resignation of Theodoros P. Mylonas, elected Athanasios I. Papaspiliou as a new Executive Member Board of Directors. The composition of the Bank's BoD on 31 December 2007 is as follows :

1. Angeliki N. Fragou-Chairman, Non-Executive Member
2. Anthony I. Athanassoglou-Executive Vice-Chairman, Executive Member
3. Elias G. Lianos-Managing Director, Executive Member
4. Athanasios I. Papaspiliou –Executive Member
5. Dimitrios G. Saramantis-Executive Member
6. Elias S. Tsotakos-Executive Member
7. Loukas N. Valetopoulos-Non-Executive Member
8. George P. Minetas-Non-Executive Member
9. Markos A. Foros-Non-Executive Member
10. Alexandra G. Stavropoulou-Independent Non-Executive Member
11. Panagiotis D. Alexakis- Independent Non-Executive

The managing and supervisory duties of the above-mentioned new Board of Directors lasts, according with the article of 9 Statute of the Bank, for three-years, being started from the date of the Bank's Extraordinary General Shareholders' Meeting, on 7 September 2006, and will normally expire with the election of the new Board of Directors under the Bank's Regular General Shareholders' Meeting in 2009, with the restriction that it cannot be extended of more than four (4) years.

47 Events after the balance sheet date

On 28 December 2007, the Bank entered into a contractual agreement with the «COMMERCIAL VALUE SOCIETE ANONYME INSURANCE» to transfer 91,29% of the outstanding common shares of the «PROTON SOCIETE ANONYME PROVISION INSURANCE». The sale was accomplished with the contract signed by both parties involved on 20.3.2008; the relevant cash inflow for the Bank totalled to 19 million euros. The sale contract will be finalized after receiving the relevant authorization, as it is strongly prescribed by the Commerce Law, by the local authorities.

The Bank and the ASPIS Group have co-signed a long-term exclusive business agreement in bank assurance, whereas the Bank's branch network will be utilized to promote and sell insurance and bankassurance products of the ASPIS Group.

Beside the aforesaid, there were no significant events subsequent to the interim balance sheet date which are required to be mentioned.

Athens, 20 March, 2008

The Vice-Chairman of the BoD

The Managing Director

The General Manager

Anthony I. Athanassoglou

Elias G. Lianos

Athanasios I. Papaspiliou

The Chief Financial Officers

Georgios S. Nikiforakis

Polychronis V. Karachalios