

PROTONBANK

PROTON BANK S.A..

CONSOLIDATED 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

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BOARD OF DIRECTORS REPORT FOR 'PROTON BANK S.A.' FOR THE YEAR ENDED AT 31 DECEMBER 2007

Dear Shareholders,

Year 2007 proved rather difficult for the international economy and capital markets. The rate of world GDP growth approached 4.5%, driven by the emerging economies of Asia and to a lesser extent by the emerging economies of Eastern Europe. However, the key characteristic of the global economy during 2007 was the crisis in the US sub-prime mortgage market, which began last July. The US sub-prime mortgage market crisis not only caused turmoil in international capital markets, but also resulted in a serious liquidity crisis in the international financial system, even threatening the US economy with a recession.

The Greek economy on the other hand, continued at a strong pace, with a 4% GDP growth rate, remaining one of the fastest growing economies in the EU. At the same time, the decrease in unemployment and progress on the structural reform front continue steadily but slowly, with most important development the effort to reform the social security system.

For PROTON, 2007 proved to be a very productive year. Apart from the reorganization and restructuring of the Bank and its adjustment to the new circumstances, following the merger with OMEGA, which was completed only in September 2006, the Bank succeeded to expand significantly its activities, both in terms of core earnings and in terms of branch network.

This expansion is outlined by the developments in the Group's organic profitability: net interest income reached at €43.26m in 2007 and net fee and commission income reached €35.61m. Deposits from customers reached €1.45bn at end-2007, growing by 45.3% y-o-y, whereas loans reached €1.37bn, increasing by 45.3% y-o-y. At the same period the Group's total assets climbed to €2.37bn, growing by 49.1% on an annual basis.

A key aspect for the development of the Group in 2007 was the expansion of its branch network, in line with the Bank's business plan. More specifically, the Bank opened ten new branches during the course of the year. As a result, the Bank's network at 31/12/2007 amounted to 28 branches, whereas the beginning of April is expected to see the operation of the 29th. In other words, 30% of the Bank's network begun operating in 2007. This fact led to a significant increase in depreciation expenses, especially during the last quarter of the year. Including the goodwill from the absorption of OMEGA, depreciation reached €7.23m at the end of 2007.

The quality of the Bank's loan portfolio improved considerably in 2007. The NPL ratio –including loans with over 90 days delay- decreased significantly, reaching 5.06% at end-2007, versus 7.93% at end-2006. In addition, there has been a considerable improvement in the collection of arrears of non-performing loans, reaching €19m at the end of 2007, versus €10,51m at end-2006, as result of the reorganisation and the greater efficiency of the Bank. Moreover, as a better safety net against older non-performing loans, the Group undertook during the last quarter of the year, €5,04m new provisions. As a result, total new provisions for 2007 reached €6.98m.

Part of the process of rationalisation of the Bank's activities was the decision to disinvest from the insurance sector, with the sale of the subsidiary PROTON Insurance to Commercial Value, expected to be completed within the first half of the year. Part of the reorganisation of the Group was the triple merger of its subsidiaries PROTON Mutual Funds Management Co, PROTON Asset Management and OMEGA Mutual Funds Management Co, by absorption of the last two by the first, which was completed during the last quarter of the year. Moreover, PROTON Finance, a 100% subsidiary of the Bank, was absorbed by the Bank.

It is noted that the Group was very successful during the past year in implementing its business plan, especially during the first three quarters. Increased depreciation from the new branches and increased new provisions during the last quarter of the year, together with a negative market conjecture, resulting on the one hand to an increase in the Bank's cost of funding and on the other hand to delays in the completion of certain investment banking projects, as well as increased tax obligations for the Financial Year, impacted on Group earnings. Group after tax profits at the end of 2007 reached €20,76m.

Taking into account the profitability of the Bank, the Board of Directors decided to propose to the Annual General Assembly of the Shareholders a €0.20 dividend per share, so that total dividend for FY2007 amounts to €12.38m.

It should also be noted that in accordance to the respective decision of the Extraordinary General Assembly of the Bank's shareholders of 24 November 2006, concerning share buyback, until 31 December 2007 the Bank had bought 760.483 shares with total value € 7.67m, corresponding to 1.2% of the Bank's total shares. As far as these shares are concerned, the Bank will proceed in accordance to the provisions and requirements of c.l.2190/1920.

Dear shareholders,

At the beginning of 2008 the international economy and the international financial system faces many uncertainties. The deceleration of the developed economies, with increased possibility of a recession in the USA, inflationary pressures in the global economy together with very strong oil prices, the general weakness of the dollar and the unprecedented liquidity crisis in the international interbank market, with global banking leaders such as Bear Sterns having difficulties in meeting their obligations, imply a difficult year ahead.

Despite the problems and difficulties of the international environment, PROTON continues unhindered with the implementation of its business plan. In 2008 we expect to complete the restructuring of the capital base of the Bank, in accordance to the requirements of Basel II, to continue the network expansion with the opening of 12 new branches, to further improve the quality of the Bank's loan portfolio and we have every reason to believe that the expansion of the Bank's organic activities will continue at the same strong pace.

Our vision is to create a dynamic banking institution, characterised by credibility, consistency. An institution which aims high and offers high quality services to its clients. An institution which creates real value for its shareholders. We are turning this vision into reality, by implementing a policy of dynamic but balanced growth.

Athens, March 20, 2008

The Executive Vice-Chairman of the Board of Directors
Anthony I. Athanassoglou

Explanatory Report to the Ordinary General Meeting of the Shareholders of "PROTON BANK S.A." (according to article 11a L. 3371/2005)

The present explanatory report of the Board of Directors to the Ordinary General Meeting of the Shareholders of "PROTON BANK S.A." contains detailed information in relation to the issues of paragraph 1 of the article 11a of L. 3371/2005:

(a) Structure of the share capital of the Bank

The share capital of the Bank amounts today to two hundred and eighty one million four hundred fifty thousand three hundred and sixty euro and seventy eight cents (€ 281.450.360, 78) and is divided into sixty two million six hundred eighty three thousand and eight hundred twenty two (62.683.822) common registered by vote shares, of a nominal value of four euro and forty nine cents (€ 4, 49) each.

The shares of the Bank are obligatorily registered shares, according to article 11a par. 2 of Codified Law 2190/1920, as in force. The shares are listed for trading at the Main Market of the Athens Stock Exchange and are maintained in electronic form in the files of the company "EXAE AE (ex Central Securities Depository S.A.)".

The rights of the Bank's Shareholders which derive from its share are equivalent to the percentage of the capital, to which the paid value of the share corresponds to. Each share provides all the rights that are predicted by the law and the articles of association of the company, and specifically:

- Each Shareholder, who is registered with the Registry of Shareholders of the Bank, at the date that defines the beneficiaries of dividends, has a right to the dividend from the annual profits or under liquidation profits of the Bank.

According to the provisions of articles 44a, 45 and 46a of Codified Law 2190/1920, as in force and the provisions of article 3 of the Compulsory Law 148/1967, as amended by article 1 of the Law 876/1979 and as in force, a percentage of 35% of the net profits following a deduction only of the ordinary reserves. The granting of an additional dividend is decided by the General Meeting of the Shareholders.

Following a decision of the General Meeting of the Shareholders, which takes place according to the provisions of article 22 of the Bank's Articles of Association the rest of the net profits, after the formation of the ordinary reserve and the distribution of the first dividends, can be used, as a whole or part, for the increase of the share capital with the issuance of new shares, which are provided to the shareholders without any payment in cash, instead of an additional dividend, according to the article 3a par. 3 of Codified Law 2190/1920, as in force.

In case of any distributed provisionary dividends or percentage can not exceed the half (50%) of the each financial year's net profits.

The payment of the dividends takes place within two (2) months following the decision of the Ordinary General Meeting of the Shareholders, which approved the annual financial statements and at a date which is set by the Ordinary General Meeting, or by the Board of Directors, if there is an authorization in the decision of the General Meeting of the Shareholders. Shareholders that have not collected in due time their dividends do not have any right in interest. Any claim regarding the dividends which have not be paid to the shareholders, lapsed after five (5) years from the date that became due and payable and the relevant amount comes to the Hellenic Public.

- The withdraw right of the contribution at the expiration of the time set or the liquidation or respectively at the amortization of the share capital which corresponds to the share, if this has been decided by the General Meeting of the Shareholders.
- The pre-emption right in any case of an increase of the Bank's share capital, which is not realized with contribution in kind, or issuance of bonds with the transformation right to shares and the undertaking of the new shares or bonds.
- The right to participate in the General Meeting may be specified in the following rights: authorization, presence, participation in the meetings, submission of proposals to the items of the agenda, registration of the proposal in the minutes and right to vote.

The liability of the shareholders of the Bank is up to the amount of the nominal value of the share.

(b) Restrictions in the transfer of the Bank's shares.

The transfer of the Bank's shares takes place according to the provisions of the article 8b of Codified Law 2190/1920 as in force and there is no restriction to their transfer in its Articles of Association.

It should be also noted that the Bank's shares have been entered in the Athens Stock Exchange Market.

(c) Important direct or indirect participants with the meaning of the provisions of the P.D. 51/1992.

The following table refers to individual shareholders (natural persons or legal entities) who own directly or indirectly percentage over 5% of the total number of the Bank's shares on 31st December 2007:

Shareholder's name	Number of shares	% of the total number of shares
IRF European Finance Investments Ltd	12.911.941	20.5985%
Drawbridge Global Macro Fund	4.510.000	7.1948%
Morgan Stanley and CO International PLC	4.376.896	6.9824%
Athanassoglou Antonios	3,413,035	5.4448%

(d) Shares that provide special control rights.

There are no shares of the Bank which provide to beneficiaries special control rights.

(e) Restrictions in the right of vote.

Each share gives the right of one vote in the General Meeting of the Shareholders. There are no provisions in the Articles of Association of the Bank for restrictions in the right of the vote which derives from its shares. In case of co-ownership of one or more shares, the rights of the co-owners will be exercised by a common representative and in case of its absence, the exercise will be hold.

(f) Agreements between the Shareholders of the Bank.

The Bank is not aware of any agreements between its shareholders, which means restrictions in the transfer of its shares or in the exercise of the rights of vote

which derives from its shares, with the exception of the agreement dated 31.05.2006 executed between the shareholders of the Bank the foreign company «IRF EUROPEAN FINANCE INVESTMENTS LTD.», Antonis Athanassoglou and Ilias Lianos. This agreement contains limitations as to the transfer of shares, including the special agreement concerning the right of first refusal in the event of share transfer and agreements as to the exercise of voting rights with regard to the election or/and the replacement of BoD members and of the Bank's management.

- (g) Regulations for the appointment and replacement of the Members of the Board of Directors, as well as for the amendment of the Articles of Association.

The regulations of the Articles of Association of the Bank for the appointment and the replacement of the members of the Board of Directors and for the amendment of the provisions of the Articles of Association are not different from Codified Law 2190/1920. With regard to special agreements between the Shareholders concerning the appointment of BoD members of the Bank see paragraph (f) above.

- (h) Power of the Board of Directors or of certain Members of the Board of Directors for the issuance of new shares or for the purchase of own shares according to article 16 of the CL 2190/1920.

- According to the provisions of article 6 of the Bank's Articles of Association, during the first five (5) years from the establishment of the Bank, the Board of Directors may by its decision, which is taken by the majority of two- third (2/3) at least of the total of its members

a) increase the share capital in whole or in part with the issuance of new shares, for amount that will not exceed the initial share capital and b) to issue a bond loan with the issuance of bonds convertible to shares, for amount that can not exceed the half of the paid share capital. The above powers can be assigned to the Board of Directors also with a decision of the General Meeting, which is under the provisions of publicity of the article 7b CL 2190/1920, as in force. In that case, the share capital can be increased up to the amount of the paid capital at the same date that the Board of Directors was authorized with that power while the amount of the bond loan cannot exceed the half of the paid share capital at the same date. The above powers of the Board of Directors can be renewed by the General Meeting for a period that can not exceed the five years for each renewal and their validity will start after the expiration of each five year period. This decision of the General Meeting is under the provisions of publicity of article 7b of Codified Law 2190/1920, as in force.

The power of the Board of Directors to increase the share capital of the Bank, according to paragraph 1, can be also exercised in parallel to this of the General Meeting of the Shareholders according to paragraph 2 of article 6 of the Bank's Articles of Association. According to paragraph 6 of article 6 of the Bank's Articles of Association, in each case of increase of the share capital, which is not made in kind, the right of pre-emption is provided for the whole new share capital, in favor of all the Shareholders at the time of the issuance, respectively to their participation in the existing share capital. After the expiration of the deadline, which was define by the corporate body of the Bank which decided the increase for the exercise of the pre-emption right, which in no case can not be less than one (1) month period, the shares which have not be taken, in accordance with the above, will be free for disposal by the Bank's Board of Directors. Additionally, in case that the corporate body which has decided the increase of the share capital, failed to set a deadline for the exercise of the pre-emption right, this deadline or its extension will be defined by a decision of the Board of Directors as it is provided for in article 11 of Codified Law 2190/1920 as in force.

The Extraordinary General Meeting of the Bank's shareholders, during its session dated 23.09.2005, decided the renewal and the assignment of the powers of article 6 of the Articles of Association of the Bank to its Board of Directors pertaining to (a) the share capital increase in part or in whole through the issuance of new shares, for an amount which can not exceed the share capital paid up until 23.09.2005 and (b) the issuance of a bond loan with convertible shares which are issued in the context of the share capital increase for an amount which can not exceed the half of the Company's paid-up share capital, for another five-year period. The force of the above power was set to commence as of 18.09.2006 and expires on 17.09.2011. It is noted that at the time when the said decision of the General Meeting was taken, i.e. on 23.09.2005, the Bank's share capital amounted to thirty five million (35,000,000) Euros.

It is noted that until today the Board of Directors of the Bank has not exercised its right based on the above power granted to it by virtue of the decision of the Extraordinary General Meeting dated 23.09.2005 concerning the share capital increase or/and the issuance of a convertible bond loan.

- According to the provisions of article 13 par. 9 of Codified Law 2190/1920, a stock option plan to the members of the Board of Directors and the personnel can be set up following a decision of the General Meeting of the Shareholders with the form of pre-emption rights for the purchase of shares according to the specific terms of this decision. The Bank's Extraordinary General Meeting of the Shareholders, dated 24.11.2006, decided a stock option plan to the members of the Board of Directors and the Bank's personnel as well as of its affiliates, with the form of pre-emption rights for the purchase of shares (stock option plan), according to article 13 par. 9 of Codified Law 2190/1920. In particular, the General Meeting approved the regulation for the disposal of pre-emption rights for the purchase of Bank's shares for the executive and non-executive members of the Board of Directors, the executive managers and the Bank's personnel and of its affiliates, by which the terms of operation of the above stock-option plan (the "Program") are defined as follows:

(1) The duration of the Program was set up for 6 years beginning with the approval of the General Meeting and ending December 2012.

(2) The executive and non-executive members of the Board of Directors, the managers and the rest of the Bank's personnel and of its affiliates, can participate in the Program.

(3) In the context of the Program, in case that equivalent right are exercised, common nominal shares may be issued, partially, up to 6,268,382 in favor of the beneficiaries of the Program. The disposal price of the shares will be 10.46 euro per share, while the deadline for exercising the pre-emption rights will be up to three (3) years.

(4) The pre-emption rights are granted in favor to the beneficiaries following an ad hoc decision of the Board of Directors within the duration of the Program following a proposal of the Management and Fee Commission.

In case that not all of the rights for the purchase of shares have been exercised by the beneficiaries, during the program and the cover of the increase amount of the share capital is not fully covered, the share capital is increased up to the covered amount according to the provisions of article 13a par. 1 of Codified Law 2190/1920.

(5) The pre-emption rights are exercised under the terms of the program and the decisions of the Board of Directors, by 1/3 of the total number of the rights annually under the sole discretion of the beneficiaries according to the provisions of the relevant Regulation. Specifically, the rights which have not been exercised by a beneficiary will be transferred to the next period of rights' exercising.

(6) The beneficiary has the right to exercise the total of its non-exercised rights of the whole period of the program in case of change of the share participation of the Bank that has as a result in the change of its control within the meaning of the terms of article 42e of Codified Law 2190/1920 etc., with the exception of the occasion that the change of control occurs in the today's biggest shareholder of the Bank, which is IRF European Finance Investments LTD (i.e if IRF LTD assumes control according to the meaning of article 42e of Codified Law 2190/1920), according to which the whole exercise of the non-exercised rights will not stand. In the event of change in the shareholders' interest, if all his rights are not exercised,

the non-exercised rights are transferred to the next year until the end of the Program.

Any other terms are included in the Regulation in force, as included in the minutes of the Extraordinary General Meeting dated 24.11.2006, registered in the Registry of Societe Anonymes dated 22.12.2006.

The Board of Directors of the Bank during its meeting dated 16.04.2007 resolved to grant a total number of 4,943,815 Option Rights (hereinafter the "**Rights**") to 553 individuals in total with an exercise deadline of three-years. The exercise of the Rights, after the date of their maturity, was resolved to be conducted as follows:

1. Up to 1/3, to the maximum, of all Rights are exercised during the time period as of November 1, 2007 until November 30, 2007 by simultaneously paying the corresponding amount to the Bank (first strike period).
2. Cumulatively up to 2/3, to the maximum, of all Rights are exercised during the time period as of November 1, 2008 until November 30, 2008 by simultaneously paying the corresponding amount to the Bank (second strike period).
3. Cumulatively and up to 100%, to the maximum, of all Rights are exercised during the time period as of November 1, 2009 until November 30, 2009 by simultaneously paying the corresponding amount to the Bank (third strike period).

It is noted that during the first exercise time period, 1st to 30th November, no option rights were exercised and no amount was paid for the share capital increase. Consequently, the share capital of the Bank was not amended and amounts to the sum mentioned in paragraph (a) above.

According to the provisions of paragraphs 5 to 13 of article 16 of Codified Law 2190/1920, the Board of Directors of the Bank, as a company listed at the Athens Stock Exchange, has the right, following a relevant decision by the General Meeting of the Shareholders, to proceed to the purchase of own shares through the Athens Stock Exchange up to percentage of 10% of the total of the shares with the special terms and procedures of the above paragraphs. The Extraordinary General Meeting of the Shareholders of the Bank dated 24.11.2006 decided the purchase of own shares, according to article 16 par. 5 of Codified Law 2190/1920, with the following main terms, i.e.:

- 1) The maximum number of shares to be purchased was set up to 10% of the total of the shares of the Company, i.e. up to 6,268,382 shares.
- 2) The maximum and the minimum price (range of price) at which the purchases would be permitted to take place was set between five (5) Euro and fifteen (15) Euro.
- 3) The time period during which the purchases could take place was set to twelve (12) months as of the date the decision was taken, i.e. until 24.11.2007.

In implementing the above decision of the General Meeting of the Bank's shareholders the Board of Directors, by virtue of its decision dated 08.05.2007, resolved to purchase own shares. During the time period as of 24.05.2007 until 23.11.2007, 760,483 own shares in total were purchased, i.e 1.2132% of the total amount of its shares, of contractual value equal to 7,667,744.46 Euros, with an average acquisition price of 10.083 Euros per share. Consequently, the Bank possesses today 760,483 own shares in total, i.e a percentage of 1.2132% of the total of its shares.

- i) Important agreements that the Bank has concluded.

There are no important agreements that the Bank has concluded, that are in force, amend or expire in case of a change in its control following a public proposal.

- j) Agreements that the Bank has concluded with Members of its Board of Directors or with its personnel.

There are no agreements of the Bank with members of its Board of Directors or its personnel that allow compensation to be paid, especially in case of resignation or dismissal without an important reason or expiration of their term or their exit due to the drafting of a public offer. The formed provisions for compensation due to retirement, consequence of the implementation of the provisions of L. 3371/2005, amounted at 31st of December 2007 to the amount of 1,079 thousand Euros . There are not any formed provisions for compensations due to retirement for the members of the Board of Directors of the Bank exempt the General Manager, who is also a member of the Board of Directors. The formed provisions referring to individuals who have the capacity of General Managers amounts to 115 thousand Euros.

Athens, March 20, 2008

The Executive Vice-Chairman of the Board of Directors

Anthony I. Athanassoglou

INDEPENDENT AUDITORS' REPORT

To the Shareholders of PROTON BANK S.A.

Report on the financial statements

We have audited the accompanying consolidated financial statements of PROTON BANK S.A. ("the Bank") and its subsidiaries ("the Group"), 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2007, and the financial performance and the cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Report on Other Legal and Regulatory Requirements

The Board of Directors Report comprises the information prescribed by article 107, paragraph 3 and Article 16, paragraph 9 of the Law 2190/20 as well as Article 11α of the Law N.3371/2005 and its content is consistent with the abovementioned financial statements.



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

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Note	1.1.-31.12.2007	1.1.-31.12.2006 (Restated)
Interest and similar income		112.194	26.613
Interest expense and similar charges		(68.932)	(12.450)
Net interest income	6	43.262	14.163
Fee and commission income		43.966	22.533
Fee and commission expense		(8.360)	(2.748)
Net fee and commission income	7	35.606	19.785
Dividend income	8	3.412	2.844
Net trading income	9	8.211	27.922
Net income from financial instruments designated at fair value	10	2.263	-
Other operating income	11	1.480	469
Operating income		94.234	65.183
Personnel expenses	12	(25.036)	(10.704)
Other administrative expenses	13	(24.914)	(12.726)
Depreciation expenses	14	(7.225)	(2.189)
Impairment losses on financial assets	15	(6.981)	(1.475)
Total operating expenses		(64.156)	(27.094)
Share of profit of associates	16	255	240
Profit before tax		30.333	38.329
Income tax expense	17	(9.732)	(5.220)
Profit after tax from continuing activities		20.601	33.109
Profit after tax from discontinued activities	18.1	152	(136)
Profit for the period		20.753	32.973
Attributable to:			
Equity holders of the Bank		20.611	32.903
Minority interests		142	70
Earnings per share:	18		
From continuing and discontinued activities			
Basic (expressed in € per share)		0,33	0,69
From continuing activities		0,33	0,70
Basic (expressed in € per share)			

The restated income statement 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.

In addition the consolidated income statement restated for the period of 1.1.-31.12.2006 on the basis of the I.F.R.S. 5 for the presentation of discontinued activity.

The notes on pages 15 to 63 are an integral part of these consolidated financial statements as at 31 December 2007.

CONSOLIDATED BALANCE SHEET

(in thousands of euros)

	Note	31.12.2007	31.12.2006 (Restated)
ASSETS			
Cash and balances with the Central Bank	19	52.796	37.397
Loans and advances to banks	20	205.055	93.404
Loans and receivables	21	1.368.023	941.214
Derivative financial instruments	22	11.529	2.611
Financial assets at fair value through profit or loss	23	174.381	260.309
Financial assets designated at fair value	24	5.421	-
Investment securities:			
- Held-to-maturity	25	9.717	6.646
- Available-for-sale	26	250.227	31.331
Investments in associates	27	3.886	4.604
Intangible assets	28	104.271	121.345
Property, plant and equipment	29	27.880	33.402
Investment property	30	-	50
Insurance receivables	31	-	16.721
Reinsurance contracts	32	-	1.339
Deferred tax assets	33	7.098	1.244
Other assets	34	91.420	34.822
		2.311.704	1.586.439
Non-current assets held for sale	35	53.727	64
Total assets		2.365.431	1.586.503
LIABILITIES			
Due to banks	36	433.941	90.897
Due to customers	37	1.450.287	1.042.157
Derivative financial instruments	22	14.570	6.319
Debt securities in issue	38	25.283	1.500
Retirement benefit obligations	39	1.140	1.228
Current income tax liabilities	40	10.498	1.349
Provisions for insurance contracts	41	-	34.093
Deferred tax liabilities	33	6.928	2.971
Other liabilities	42	10.880	21.245
		1.953.527	1.201.759
Liabilities related to non-current assets held for sale	35	44.339	-
Total liabilities		1.997.866	1.201.759
EQUITY			
Share capital	43	281.450	281.450
Share premium	44	85.456	85.478
Less: Treasury shares		(8.646)	-
Other reserves	45	(9.943)	517
Retained earnings		18.579	16.612
		366.896	384.057
Minority interests		669	687
Total equity		367.565	384.744
Total equity and liabilities		2.365.431	1.586.503

The restated income statement 1.1-31.12.2006 is owed to 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, as they are thoroughly quoted in the note of 50.1.2. here below.

The notes on pages 15 to 63 are an integral part of these consolidated financial statements as at 31 December 2007.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Treasury shares	Attributable to equity holders of the Bank			Statutory reserve	Retained earnings/ (losses)	Total	Minority interest	Total equity
			Share premium	Revaluation reserve	Employ share option plan reserve					
<i>(in thousands of euros)</i>										
Balance at 1 January 2006	202.660					336	(3.725)	199.271	41	199.312
- Net revaluation gains / (losses) on available-for-sale assets				(11)				(11)		(11)
- Other consolidation adjustments							(11)	(11)	(1)	(12)
- Exchange differences on translating foreign operations							15	15	(4)	11
- Change in minority interests due to acquisition (Omega Bank)									587	587
- Profit for the period							33.946	33.946	70	34.016
Total recognised income and expense				(11)			33.950	33.939	652	34.591
- Purchase of treasury shares		(4.043)						(4.043)		(4.043)
- Sale of treasury shares		4.043						275		4.318
- Statutory reserve						45	(41)	4	2	6
- Cost of acquisition (Omega Bank)	78.771		85.478					164.249		164.249
- Capitalization of reserves	19						(19)			
- Net change in equity due to merger (Proton Securities)						147	(147)		(8)	(8)
- Dividend relating to 2005							(12.638)	(12.638)	-	(12.638)
Balance at 31 December 2006 as previously reported	281.450	0	85.478	(11)		528	17.655	385.100	687	385.787
Amortization of identifiable intangible assets acquired on acquisition of Omega Bank for the period 1.10-31.12.2006 (Note 50.1.2.)							(1.043)	(1.043)		(1.043)
Balance at 31 December 2006 (restated)	281.450	0	85.478	(11)		-	16.612	384.057	687	384.744
<hr/>										
Balance at 1 January 2007	281.450		85.478	(11)		-	16.612	384.057	687	384.744
Changes in equity 1.1.2007-31.12.2007										
- Participation in share capital increase (Proton Insurance SA)									96	96
- Acquisition of minority interests (Omega Mutual Funds SA)									(132)	(132)
- Other consolidation adjustments				(6)			81	75	(105)	(30)
- Available-for-sale investments: valuation gains/ (losses) taken to equity										(12.582)
- Exchange differences on translating foreign operations							(13)	(13)	(2)	(15)
- Shift of interest due to share capital increase (Proton Insurance SA)							(19)	(19)	19	
Profit for the period							20.611	20.611	142	20.753
Total 2007 recognised income and expense				(12.588)			20.663	8.075	18	8.093
- Fair value of employee services received						983		983		983
- Statutory reserve							10	(10)		-
- Purchases/ Sales of treasury shares		(8.646)						(8.646)		(8.646)
- Cost in share capital increase Proton Insurance			(21)					(21)	(4)	(25)
- Statutory reserve						1.135	(1.135)			
- Dividend relating to 2006							(17.551)	(17.551)	(32)	(17.583)
Balance at 31 December 2007	281.450	(8.646)	85.457	(12.599)		983	1.673	18.579	669	367.565

The restated income statement 1.1-31.12.2006 is owed to 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, as they are thoroughly quoted in the note of 50.1.2. here below.

The tax free reserves at 31.12..2006 of 3.111 thousand euros are included in retained earnings.

The notes on pages 15 to 63 are an integral part of these consolidated financial statements as at 31 December 2007.

CONSOLIDATED CASH FLOW STATEMENT

	<u>1.1-31.12.2007</u>	<u>1.1-31.12.2006</u> (Restated)
<i>(in thousands of euros)</i>		
Cash flows from operating activities:		
Profit before taxation	30.504	38.203
Adjustments for:	-	-
Add: impairment losses on financial assets	6.981	1.475
Add: depreciation expense	7.361	2.216
Add: provisions for retirement benefits	678	129
Add: Fair value of employee stock options	983	-
Gains (-)/ losses (+) from revaluation of financial assets at fair value through profit or loss	4.495	(4.822)
Gains (-)/ losses (+) from investment activities	<u>(7.993)</u>	<u>(2.850)</u>
Cash flows from operating activities before changes in operating assets and liabilities	43.009	34.351
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	(437.290)	(171.278)
Net (increase)/decrease in financial assets at fair value through profit or loss	62.711	(38.169)
Net (increase)/ decrease in insurance receivables	(2.889)	3.455
Net (increase)/ decrease in reinsurance contracts	(293)	302
Net (increase)/ decrease in other assets	(60.250)	27.951
Net increase/ (decrease) in due to banks	343.045	52.959
Net increase/ (decrease) in due to customers	408.131	116.193
Net increase/ (decrease) in provisions for insurance contracts	2.001	(1.243)
Net increase/ (decrease) in other liabilities	(6.373)	(23.324)
Net cash flows from operating activities before tax payment	346.018	(54.606)
Income tax paid	(189)	(6.253)
Net cash flows from operating activities	345.829	(60.859)
Cash flows from investing activities:		
(Purchase) / sale of property, plant and equipment and intangible assets	506	(818)
(Acquisition) / disposal of held-to-maturity financial assets	-	(6.740)
(Acquisition) / disposal of available-for-sale financial assets	(227.029)	290
Repurchase / sale of companies	(136)	131.836
Dividends received from available-for-sale financial assets	15	23
Dividends received from investments in subsidiaries and associates	395	-
Dividends received from financial assets at fair value through profit or loss	3.453	2.827
Net cash flows from investing activities	(222.796)	127.418
Cash flows from financing activities:		
Proceeds/ (repayment) from debt securities in issue	24.671	-
Dividends paid	(17.547)	-
Net (decrease)/ increase in treasury shares	(8.646)	4.318
Increase receiving of share capital	70	(12.638)
Net cash flows from financing activities	(1.452)	(8.320)
Foreign exchange differences on cash equivalents	-	-
Net increase/ (decrease) in cash and cash equivalents	121.581	58.239
Cash and cash equivalents at beginning of period (note 46)	115.436	57.197
Cash and cash equivalents at end of period (note 46)	237.017	115.436

The restated income statement 1.1-31.12.2006 is owed to 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, as they are thoroughly quoted in the note of 50.1.2. here below.

The notes on pages 15 to 63 are an integral part of these consolidated 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 (note 43).

The consolidated financial statements are included, with the method of full consolidation, in the consolidated financial statements of «IRF European Finance Investments LTD», which the rate of participation, as at 31 December 2007 into the Bank's share capital was 20,5985%.

The number of personnel as of 31 December 2007 was 669.

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

1.1 Subsidiaries and associates

(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 45.1.3).

(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 (FEK 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 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 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. 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 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.

Investments in subsidiaries at 31 December 2007

As at 31 December 2007

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

Investments in subsidiaries at 31 December 2006
As at 31 December 2006

Name	Country	Participation %
Proton Asset Management SA	Greece	99,90%
Proton Mutual Funds SA	Greece	99,90%
First Global Brokers SA	Serbia	82,49%
Omega Mutual Funds SA	Greece	93,07%
Omega Brokerage SA	Greece	66,00%
Omega Insurance SA	Greece	82,78%
Omega Real Estate SA	Greece	100,00%
Omega Kahn Financial Services SA	Switzerland	80,00%
Intellectron Systems SA	Greece	55,64%

Investments in associates at 31 December 2007

Name	Country	% Participation*
Omega Portfolio Investment Co. SA	Greece	29,20%

Investments in associates at 31 December 2006

Name	Country	% Participation*
Omega Portfolio Investment Co. SA	Greece	28,72%

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

1.1 Changes in the composition of the BoD

a) 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

b) 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 Member

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.

2 Summary of significant accounting policies

The accounting policies adopted in the preparation of these financial statements are set out below and have been consistently applied to all the years presented.

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

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with 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.

New standards, amendments and interpretations issued but not yet effective

(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. The outcome of the adoption of the interpretation by the Group was the recognition in the financial statements of the option premiums that the parent offers to the members of staff of the Group.

(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) IFRIC 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 on 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.

(j) 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 50.1, 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

The consolidated income statement for the fiscal period 2006 was restated with base of I.F.R.S. 5, so that it is presented the discontinued activity of PROTON Insurance.

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 Consolidation

The consolidated financial statements are included the Proton Bank, its subsidiaries and associates.

2.4.1. Investments in 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. Investments in 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.

2.4.3. Elimination of intragroup transactions

Intragroup balances, unrealized gains or losses and income or expenses on transactions between group companies, are eliminated in preparing the consolidated financial statements. Gains or losses from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

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 currency transactions

a) The items, which are included in the financial statements of the foreign subsidiaries, are measured in the currency of economic environment in which is functioned each foreign subsidiary company. The consolidated financial statements are created in Euros that are the currency of country in which has settled the parent company.

b) 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 Group 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.

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

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

Loans and receivables are carried at amortized cost using the effective interest rate method.

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 Group has the intent and ability to hold to maturity. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

Available-for-sale financial assets: Available-for-sale financial assets are non derivative financial assets that are either designated in this category 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. Subsequently 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 under consideration assumptions and references to the current 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, and available-for-sale are recognized at trade date; the date on which the Group 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.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or when the Bank has transferred substantially all the risks and rewards of ownership.

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 Group 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 Group 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 Group 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 the standards 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 agreements

The Group 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 Group'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 Group, 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group has a present legal or constructive obligation as a result of a past 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 Group'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 Group'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 Group 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 (2) 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 Group 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. A s 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 Group 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 Group 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 Group.

2.27 Insurance contracts

Since January 1st 2005 risk bearing contracts are separated into insurance contracts and financial contracts (IFRS 4). Group's insurance company issues only insurance contracts covering property and casualty risks up to one year of duration.

Insurance contracts are those contracts when the insurer has accepted significant risk from another party (the policyholders) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholders.

Gross earned recurring premiums are recognized as revenue when payable by the policyholder. Gross changes in the unearned premium provision are recorded against premiums.

Gross earned insurance premiums are recognized including corresponding commissions.

Property and casualty insurance contracts are separated in two categories:

(a) automobile third party liability

This category includes insurance contracts covering the risk of automobile third party liability

(b) non-automobile lines

This category includes insurance contracts covering the risk of fire and allied lines, marine, general liability, legal protection, road assistance, etc.

2.27.1. Deferred acquisition costs

Those direct (commissions) and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums.

2.27.2. Non-life insurance contract liabilities

Non-life insurance contract liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are known as the unearned premiums reserves and the provisions for outstanding claims. Unearned premium reserves include the gross premium corresponding to the unexpired part of insurance contracts.

Provisions for outstanding claims are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs. The amount of provisions is estimated based on available information (adjuster reports, court decisions etc.) at the balance sheet date.

Provisions for outstanding claims include reserves for incurred claims, which are not reported to the company at the balance sheet date (I.B.N.R.). Provisions for outstanding claims are reported at the balance sheet date according to the requirements of regulatory authority legislation in force (law 400/1970). Specifically the automobile third party liability related claims reserves, are checked according to the K3-3975/11.10.1999 decision of The Ministry of Development, forming the greater possible reserve. I.B.N.R. provisions are estimated based on the K3-3974/11.10.1999 decision of The Ministry of Development.

The difference in non-life insurance contract liabilities (increase/decrease) related to their previous assessment is transferred to the profit and loss accounts as far as the company's own retention, while the rest is transferred to the reinsurance accounts, according to the reinsurance agreements.

2.27.3. Liability adequacy tests

At each reporting date, the Group's Insurance Company performs a liability adequacy test according to IFRS 4, using updated estimates of future cash flows arising out of the insurance contracts and outstanding claims portfolio.

In the case that the adequacy test reveals insufficient reserves, provisions are adjusted accordingly.

The liability is derecognized when the contract expires, is discharged or is cancelled.

2.27.4. Reinsurance contracts

The Group's insurance company benefits from reinsurance contracts are recognized as assets «reinsurance receivables». Liabilities towards reinsurers are reinsurance premiums due. An impairment review is performed at each reporting date against reinsurance receivables. Any impairment loss is reported in the profit and loss accounts.

3 Financial risk management

The Group discloses information that enables users of its financial statements to evaluate the nature and extend of risks arising from financial instruments to which the Group is exposed at 31 December 2007. Besides, for each type of risk arising from financial instruments, the Group 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 Group 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 Group 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 Group 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 Group maximum exposure to credit risk are regularly reviewed by taking into account of any collateral held as security and other credit enhancements.

The Group 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 Group 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 Group 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 Group 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:

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	205.055	93.404
Loans and advances to banks	45.906	21.516
Loans and receivables:		
Loans to individuals and households:		
-Credit cards	37.232	28.197
-Consumer / personal loans	159.010	116.309
-Mortgage loans	48.341	51.810
Loans to corporate businesses	1.113.216	762.680
Derivative financial instruments	11.529	2.611
Financial assets at fair value through profit or loss	126.792	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	91.420	34.821
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	3.830	3.935
Total	2.212.971	1.375.047

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	1.219.570	250.961	777.028	114.920
Doubtful debt without any impairment losses	72.323		111.060	
Loans and receivables with impairment losses	65.905		70.909	
Total loans and receivables without allowance for impairment	1.357.798	250.961	958.996	114.920
Less: Allowance for impairment	(35.680)		(39.298)	
Total loans and receivables after allowance for impairment	1.322.118	250.961	919.699	114.920

(1) The loans and advances to banks item includes amount of 205.055 th. euros (2006: 93.404 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	135.243	17.844	39.271	1.027.212	1.219.570

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	101.714	19.725	44.654	610.934	777.028

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:

	2007	2006
Loans to individuals and households	32	347
Loans to corporate businesses	11.117	3.624
Total	11.149	3.971

b) Loans and advances to banks without impairment losses:

	31.12.2007	31.12.2006
Standard monitoring	250.961	114.920
Total	250.961	114.920

The loans and advances to banks item includes amount of 205.055 th. euros (2006: 93.404 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	Total
	Consumer/personal loans	Credit cards	Mortgage loans	Corporate loans	
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	7.680	-	5.944	29.791	43.415

As at 31 December 2006:

	Loans to individuals and households			Loans to corporate businesses	Total
	Consumer/personal loans	Credit cards	Mortgage loans	Corporate loans	
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	13.372	8.473	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	Total
	Consumer/personal loans	Credit cards	Mortgage loans	Corporate loans	
Loans and receivables with impairment losses	8.582	13.733	2.607	40.983	65.905
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	Total
	Consumer/personal loans	Credit cards	Mortgage loans	Corporate loans	
Loans and receivables with impairment losses	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 :

	Due 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	161.588
Lower than A-	94.590	15.474	-	-	8.531	118.595
Unrated	135.351	6.166	5.421	3.058	40.072	189.563
Total	250.961	126.792	5.421	9.717	242.144	635.035

3.1.5. Repossessed collateral

During 2007, the Group 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 Group'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	250.961								250.961
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	459.762			1.113.216
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	476.676	120.820	207.525	160.314	281.160	69.858	497.778	244.583	2.058.714
Total maximum credit risk as at 31 December 2006	293.100	50.616	95.267	25.087	200.489	11.388	385.918	210.575	1.272.440

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

The Group presents a huge width of credit risk in Greece . as in the table below:

ASSETS	GREECE	OTHER COUNTRIES	TOTAL
Loans and advances to banks	112.349	92.706	205.055
Loans and receivables	1.071.356	296.667	1.368.023
Derivative financial instruments	-	11.529	11.529
Financial assets at fair value through profit or loss	21.039	105.753	126.792
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	1.301.938	758.163	2.060.101

3.2 Market risk

The Group 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 Group 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 Group might lose, but only to a certain level of confidence over a certain period. The method does not estimate the potential loss under extreme market movements (non normal). The Group calculates a VAR estimate for a 99% confidence level and a 1 day holding period.

The Group 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 Group 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 Group 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 Group tries to balance the need between financing and flexibility, by maintaining a portfolio with different maturities.

Besides, the Group 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 Group 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 Group'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 Group 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	288.506	145.435	-	-	-	433.941
Due to customers	1.041.364	278.979	112.359	13.852	3.733	1.450.287
Debt securities in issue	-	580	984	3.998	30.556	36.118
Retirement benefit obligations	-	-	-	-	1.140	1.140
Current income tax liabilities	-	10.498	-	-	-	10.498
Deferred tax liabilities	-	-	-	6.928	-	6.928
Other liabilities	260	10.615	-	-	5	10.880
Total liabilities	1.330.130	446.107	113.343	24.778	35.434	1.949.792

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	33.934	6.165	35.235	15.563	-	90.897
Due to customers	90.379	399.953	398.922	152.903	-	1.042.157
Debt securities in issue	-	-	75	343	1.575	1.993
Retirement benefit obligations	-	-	-	-	1.228	1.228
Current income tax liabilities	-	1.349	-	-	-	1.349
Deferred tax liabilities	-	-	-	2.971	-	2.971
Other liabilities	-	-	7.356	13.889	-	21.245
Total liabilities	124.313	407.467	441.588	185.669	2.803	1.161.840

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 analyses the Group'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 2007

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	1.498	-	254.821
-Inflow	114.447	104.827	28.931	1.430	-	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 Group 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 Group 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 summarizes the Group's exposure to foreign currency exchange risk at 31 December.

Included in her below table are the Group's financial assets and liabilities categorized by currency:

As at 31 December 2007

ASSETS	EUR	USD	GBP	JPY	OTHER	TOTAL
Cash and balances with the central bank	52.796					52.796
Loans and advances to banks	179.938	15.707	4.366	1.566	3.478	205.055
Loans and receivables	1.235.071	109.371	12	1.831	21.738	1.368.023
Derivative financial instruments	4.639	6.890				11.529
Financial assets at fair value through profit or loss	167.413	4.140	178		2.650	174.381
Financial assets designated at fair value	5.421					5.421
Investment securities:						
- Held-to-maturity	9.717					9.717
- Available-for-sale	250.130				97	250.227
Investments in subsidiaries and associates	3.886					3.886
Intangible assets	104.270				1	104.271
Property, plant and equipment	27.828				52	27.880
Non-current assets held for sale	53.727					53.727
Deferred tax assets	7.098					7.098
Other assets	87.602	3.179	16		623	91.420
Total assets	2.189.536	139.287	4.572	3.397	28.639	2.365.431

LIABILITIES	EUR	USD	GBP	JPY	OTHER	TOTAL
Due to banks	355.570	78.120			251	433.941
Due to customers	1.154.236	107.183	4.563	183.144	1.161	1.450.287
Derivative financial instruments	7.729	6.841				14.570
Debt securities in issue	25.283					25.283
Retirement benefit obligations	1.140					1.140
Current income tax liabilities	10.498					10.498
Deferred tax liabilities	6.928					6.928
Other liabilities	10.227	627		9	17	10.880
Liabilities directly associated with assets classified as held for sale	44.339					44.339
Total liabilities	1.615.950	192.771	4.563	183.153	1.429	1.997.866

Net on-balance sheet financial position	573.586	(53.484)	9	(179.756)	27.210	367.565
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As at 31 December 2006

	EUR	USD	GBP	JPY	OTHER	TOTAL
Total assets	1.466.759	75.364	3.361	797	40.222	1.586.503
Total liabilities	949.456	72.264	3.535	175.620	884	1.201.759
Net on-balance sheet financial position	517.303	3.100	(174)	(174.823)	39.338	384.744

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 Group'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		3 - 12 months		Over 5 years	Non-interest bearing	Total
	1 - 3 months		1 - 5 years				
Cash and balances with the central bank	-	-	-	-	-	52.796	52.796
Loans and advances to banks	205.047	-	-	-	-	-	205.047
Loans and receivables	739.936	412.781	213.702	398	1.207	-	1.368.023
Derivative financial instruments	-	-	-	-	-	11.529	11.529
Financial assets at fair value through profit or loss	81.801	23.079	5.524	4.780	12.424	46.773	174.381
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	-	-	-	-	-	3.886	3.886
Intangible assets	-	-	-	-	-	104.271	104.271
Property, plant and equipment	-	-	-	-	-	27.880	27.880
Non-current assets held for sale	-	-	-	-	-	53.727	53.727
Deferred tax assets	-	-	-	-	-	7.098	7.098
Other assets	-	-	-	-	-	91.420	91.420
Total assets	1.028.112	435.860	220.906	254.039	15.854	410.661	2.365.431
LIABILITIES	Up to 1 month		3 - 12 months		Over 5 years	Non-interest bearing	Total
	1 - 3 months		1 - 5 years				
Due to banks	290.184	143.757	-	-	-	-	433.941
Due to customers	1.049.984	274.997	109.784	12.405	3.117	-	1.450.287
Derivative financial instruments	14.570	-	-	-	-	-	14.570
Debt securities in issue	-	-	-	-	25.283	-	25.283
Retirement benefit obligations	-	-	-	-	-	1.140	1.140
Current income tax liabilities	-	-	-	-	-	10.498	10.498
Deferred tax liabilities	-	-	-	-	-	6.928	6.928
Other liabilities	-	-	-	-	-	44.339	44.339
Liabilities directly associated with assets classified as held for sale	-	-	-	-	-	10.880	10.880
Total liabilities	1.354.738	418.754	109.784	12.405	28.400	73.785	1.997.866
Interest sensitivity gap	(327.954)	17.106	112.442	241.634	(12.546)	336.876	367.557

As at 31 December 2006:

	Up to 1 month		3 - 12 months		Over 5 years	Non-interest bearing	Total
	1 - 3 months		1 - 5 years				
Total assets	204.417	453.607	257.465	218.852	100.010	352.152	1.586.503
Total liabilities	849.180	161.170	120.948	48.411	-	22.050	1.201.759
Interest sensitivity gap	(644.763)	292.437	136.517	170.441	100.010	330.102	384.744

3.6 Capital management and capital adequacy

The Group'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 Group'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 Group'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 Group'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 unrealized 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 Group for the years ended 31 December 2006 and 2005 respectively, according to Bank of Greece methodology :

	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)	-
Minority interests	191	687
Other reserves	2.656	3.103
Retained earnings	18.238	15.069
Revaluation reserves	12.540	-
Less: Dividends for the period	(12.385)	(17.551)
Less: Regulatory adjustment at revaluation reserve (available-for-sale assets)	(12.526)	-
Less: Revaluation reserve (available-for-sale investments)	(13)	-
Upper Tier 1 Capital	367.961	368.236
Less: Intangible assets	(104.271)	(117.462)
Less: Proportion of other deductible items*	(17.242)	-
Total Tier 1 Capital	246.449	250.774
Tier 2 Capital		
Less: Proportion of other deductible items *	(34.282)	(18.262)
Total Tier 2 Capital	(34.282)	(18.262)
Total Regulatory Capital	212.167	232.512
Risk-weighted assets	1.807.109	1.581.224
Capital adequacy ratio	11,74%	14,70%
* 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)

The insurance company of Group completely covered its obligations to cover in actuarial placement and solvency up to and including 31.12.2006.

4 Critical accounting estimates and judgments

The Group 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 Group 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 Group 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 Group 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 Group 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 281).

4.6 Held-to-maturity investments

The Group 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 Group 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.

4.8 Provisions for insurance activities

Reserve adequacy test was performed with the link ratio methodology, using last six years data. Said methodology assumes persistence of accumulated losses ratios (paid and outstanding claims).

5 Segment analysis
5.1 Business segment

The Group is divided into three 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.
- Insurance and other activities

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

As at 31 December 2007:

	Retail Investment Banking Banking		Insurance and other activities	Group	Discontinued activity	Continuing activity
Interest and similar income	109.138	3.056	106	112.300	106	112.194
Interest and similar expense	(68.416)	(516)	(312)	(69.244)	(312)	(68.932)
Net interest income	40.722	2.540	(206)	43.057	(206)	43.262
Income from insurance activities	-	-	39.643	39.643	39.643	-
Expense from insurance activities	-	-	(11.936)	(11.936)	(11.936)	-
Net income from insurance activities			27.707	27.707	27.707	-
Fee and commission income	5.924	38.042	-	43.966	-	43.966
Fee and commission expense	(887)	(7.473)	-	(8.360)	-	(8.360)
Net fee and commission income	5.037	30.568	-	35.606	-	35.606
Dividend income		3.412	55	3.467	55	3.412
Net trading income	338	7.873	(15)	8.196	(15)	8.211
Net income from financial instruments designated at fair value	-	2.263		2.263		2.263
Other operating income	714	12	756	1.482	2	1.480
Operating income	46.811	46.668	28.298	121.778	27.543	94.234
Administrative expenses	(31.671)	(14.389)	(5.633)	(51.693)	(4.951)	(46.741)
Depreciation expenses	(3.646)	(1.006)	(140)	(4.792)	(136)	(4.656)
Impairment losses on financial assets	(6.892)	(89)	(22.335)	(29.316)	(22.335)	(6.981)
Profit before tax	4.602	31.189	190	35.977	121	35.856
Share of profit of associates	-	302	-	302	47	255
Non-allocated expenses				(5.778)	-	(5.778)
Income tax expense				(9.748)	(16)	(9.732)
Profit for the period				20.753	152	20.601
			Insurance and other activities	Group	Discontinued activity	Continuing activity
	Retail Investment Banking Banking					
Total assets	1.430.478	878.647	56.306	2.365.431	53.727	2.311.704
Total liabilities	1.509.061	442.039	46.766	1.997.866	44.339	1.953.527

As at 31 December 2006:

	Retail Banking	Investment Banking	Insurance and other activities	Group	Discontinued activity	Continuing activity
Interest and similar income	23.126	3.487	2	26.615	2	26.613
Interest and similar expense	(12.450)	-	(39)	(12.489)	(39)	(12.450)
Net interest income	10.676	3.487	(37)	14.126	(37)	14.162
Income from insurance activities			7.284	7.284	7.284	-
Expense from insurance activities			506	506	506	-
Net income from insurance activities			7.790	7.790	7.790	-
Fee and commission income	12.204	10.334	(5)	22.533	-	22.533
Fee and commission expense	(551)	(2.197)	-	(2.748)	-	(2.748)
Net fee and commission income	11.653	8.137	(5)	19.785	-	19.785
Dividend income	4	2.840	6	2.850	6	2.844
Net trading income	634	27.256	70	27.960	39	27.921
Other operating income	309	-	164	473	2	471
Operating income	23.276	41.720	7.988	72.984	7.800	65.183
Administrative expenses	(8.383)	(14.627)	(3.352)	(26.362)	(2.929)	(23.432)
Depreciation expenses	(355)	(1.823)	(40)	(2.217)	(27)	(2.191)
Impairment losses on financial assets	(2.696)	1.221	(4.968)	(6.443)	(4.968)	(1.475)
Profit before tax	11.842	26.649	(372)	37.962	(124)	38.085
Share of profit of associates	-	302	-	240	-	240
Non-allocated expenses				-	-	-
Income tax expense				(5.232)	(12)	(5.220)
Profit for the period				32.970	(136)	33.105
Total assets	1.010.337	540.122	36.044	1.586.503	-	-
Total liabilities	1.047.098	113.244	41.416	1.201.758	-	-

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 Group 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	84.652	20.443
Debt securities	15.537	3.487
Loans and advances to banks	8.837	2.586
Other interest and similar income	3.168	278
Total	112.194	26.613
Interest expense and similar charges		
Due to customers	(52.740)	(9.946)
Due to banks	(7.649)	(153)
Contributions (Law N.128)	(4.849)	(1.553)
Other interest and similar expense	(3.082)	(798)
Debt securities in issue	(612)	-
Total	(68.932)	(12.450)
Net interest income	43.262	14.163

7 Net fee and commission income

	1.1.-31.12.2007	1.1.-31.12.2006
Fee and commission income		
Investment Banking:		
Investment activities	15.303	7.012
Securities brokerage	21.050	12.268
Asset management	1.613	910
Retail Banking:		
Loans and receivables	2.051	1.132
Credit cards	2.111	676
Letters of guarantee	878	304
Imports-exports	486	106
Fund management:		
Foreign currency transactions	332	86
Remittance	142	39
Total	43.966	22.533
Fee and commission expense		
Investment Banking:		
Investment activities	(1.953)	(18)
Securities brokerage	(5.320)	(2.217)
Retail Banking:		
Credit cards	(838)	-
Remittance fees/commissions from LGs	(49)	(19)
Fund management:		
Fiduciary activities	(73)	(494)
Other activities:		
Other commissions	(127)	-
Total	(8.360)	(2.748)
Net fee and commission income	35.606	19.785

8 Dividend income		
	1.1.-31.12.2007	1.1-31.12.2006
Trading securities	3.397	2.821
Available-for-sale securities	15	23
Total	3.412	2.844
9 Net trading income		
	1.1.-31.12.2007	1.1-31.12.2006
Transaction gains less losses	14.723	21.964
Foreign exchange translation and transaction (gains less loss)	409	191
Securities valuation	(8.631)	14.106
Unwind of discount	-	70
Derivative financial instruments	1.708	(8.409)
Total	8.211	27.922
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	1.347	57
Rentals	74	20
Non-banking activities	59	392
Total	1.480	469
12 Personnel expense		
	1.1.-31.12.2007	1.1-31.12.2006
Salaries	(18.351)	(8.894)
Social security costs	(4.066)	(1.593)
Other employee costs	(1.012)	(150)
Pension and retirement costs	(625)	(67)
Share-based payment transactions	(983)	-
Total	(25.036)	(10.704)
13 Other administrative expenses		
	1.1.-31.12.2007	1.1-31.12.2006
Subscriptions and other contributions	(4.626)	(3.374)
Operating lease rentals	(4.060)	(1.567)
Other expenses	(4.156)	(2.194)
Third party fees	(3.418)	(2.158)
Contribution to Hellenic Deposit Guarantee Fund	(1.455)	(277)
Taxes and duties	(2.016)	(1.071)
Maintenance costs	(1.562)	(602)
Telephone – posting expenses	(1.247)	(590)
Promotion and advertising expenses	(1.077)	(443)
Consumables	(518)	(277)
Utilities	(440)	(158)
Insurance costs	(338)	(91)
Total	(24.914)	(12.726)
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	(2.368)	(824)
Other intangible assets	(684)	(322)
Total	(7.225)	(2.189)

15 Impairment losses on financial assets and non financial assets

	1.1.-31.12.2007	1.1-31.12.2006
Loans and receivables	(6.892)	(858)
Available-for-sales equity investments	(36)	-
Investments in subsidiaries	-	(595)
Other assets	(53)	(22)
Total	(6.981)	(1.475)

16 Share of profit of associates

Proportion in profits in the subsidiary undertaking Omega Portfolio Investment Co. SA for the period 1.1-31.12.2007 totalled to 255 thousands euro (1.1-31.12.2006: 240 thousands euro).

17 Income tax expense

	1.1.-31.12.2007	1.1-31.12.2006
Current tax	(10.258)	(4.571)
Deferred tax	1.362	(649)
Tax provisions	(835)	-
Total	(9.732)	(5.220)

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 of the subsidiaries has been calculated by strictly applying the nominal tax rate over the taxable profits as these prescribed by the Greek Tax Legislation.

The Group has been reviewed by the Local Tax Authorities and fully settled their tax obligations for all the years unless otherwise stated in the here below note:

Proton Bank SA:	2007
Proton Mutual Funds Co SA :	2005-2007
Proton Insurance SA:	2006,2007
Omega Brokerage SA	2006,2007
First Global Brokers	2002-2007
Omega Kahn A.E.	2004-2007
Intellectron Systems A.E.	2001-2007
Omega Portfolio Investment Co SA	2006,2007

Due to the method according to which the tax liabilities are settled in Greece, the Group remains contingently liable for any additional taxes and penalties for the un-audited tax periods.

The income tax expense charged in the consolidated 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 consolidated balance sheet date:

Income tax expense charged to the income statement	1.1.-31.12.2007	1.1-31.12.2006
Profit before tax	30.333	38.325
Income tax expense calculated at a 25% tax rate (2006: 24%)	(7.583)	(9.419)
Income not subject to tax	(1.830)	8.214
Non-deductible expenses	(272)	(19)
Supplementary tax 3% on real estate	(8)	(11)
Tax on tax differences	(557)	-
Tax on tax free reserves	-	(2.453)
Tax on dividends paid	-	(883)
Tax on tax difference	(844)	-
Deferred tax charge to the income statement	1.362	(661)
Total income tax	(9.732)	(5.232)

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	23
Financial liabilities	(50)
Deferred tax from salaries expenses	(257)
Deferred tax from previous losses	(275)
Total deferred income tax assets and liabilities	1.362

Further information on deferred income tax assets and liabilities is presented in Note 33.

18 Earnings per share

From continuing and discontinued activities (attributable to:	1.1.-31.12.2007	1.1-31.12.2006
Net profit)	<u>20.611</u>	<u>32.900</u>
Number of ordinary shares outstanding at the beginning of period	62.683.822	45.135.892
Less: Treasury shares	(859.483)	17.547.930
Number of ordinary shares outstanding at the end of period	61.824.339	62.683.822
Weighted average number of ordinary shares in issue	<u>62.303.991</u>	<u>47.395.488</u>
Basic and diluted earnings per share (expressed in euro per share)	0,33	0,69
From continuing activities(attributable to:		
Net profit)	<u>20.516</u>	<u>33.069</u>
Weighted average number of ordinary shares in issue	62.303.991	47.395.488
Basic and diluted earnings per share (expressed in euro per share)	0,33	0,70

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.

18.1 Net profit from discontinued activities

As it is mentioned in note 1.1, On 20 March 2008, 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». Thus, the equity investment in the «PROTON SOCIETE ANONYME PROVISION INSURANCE» is reported as a discontinued operation.

The net profits from the equity investment in the «PROTON SOCIETE ANONYME PROVISION INSURANCE» which reported as a discontinuing operation, is as follows:

	1.1.-31.12.2007	1.1.-31.12.2006
Interest and similar income	106	2
Interest expense and similar charges	<u>(312)</u>	<u>(39)</u>
Net interest income	(206)	(37)
Income from insurance activities	39.643	7.284
Expense from insurance activities	<u>(11.936)</u>	<u>506</u>
Net income from insurance activities	27.707	7.790
Dividend income	55	6
Net trading income	(15)	39
Other operating income	<u>2</u>	<u>2</u>
Operating income	27.543	7.800
Personnel expenses	(1.969)	(395)
Administrative expenses	(2.982)	(2.534)
Depreciation expenses	(136)	(27)
Insurance	(22.335)	(4.968)
Other operating income	<u>-</u>	<u>-</u>
Operating income	(27.422)	(7.924)
Share of profit of associates	47	-
Non-allocated expenses	168	(124)
Income tax expense	<u>(16)</u>	<u>(12)</u>
Profit for the period	152	(136)

It is noted that the subsidiary has been reviewed by the Local Tax Authorities for the years up to and including 2005.

The subsidiary employs 59 individuals in 31.12.2006.

19 Cash and cash equivalents

	31.12.2007	31.12.2006
Cheques receivable	12.344	12.018
Cash in hand and items in course of collection	34.384	10.014
Included in cash and cash equivalents (note 41)	46.728	22.032
Mandatory reserve deposits with the Central Bank	6.068	15.365
Total cash and cash equivalents	52.796	37.397

20 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)	33.787	44.150
Cheques receivable	1.053	1.377
Included in cash and cash equivalents (note 41)	189.972	93.404
Placements with other banks (over 90 days))	15.082	-
Total	205.055	93.404

21 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	259.391	179.445
Credit institutions	45.906	21.516
Transportation-Telecommunication	205.918	93.514
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	1.089.264	758.549
Finance lease receivables (1)	69.858	11.388
Gross loans and receivables	1.403.705	980.512
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	1.368.023	941.214
(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

22 Derivative financial instruments

As at 31 December 2007	Contract/ Notional Amount	Fair values	
		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 Values	
		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 Group 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 favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

23 Trading portfolio

	31.12.2007	31.12.2006
Government bonds	23.850	18.441
Corporate bonds	102.942	119.146
Mutual funds	8.903	23.997
Equity securities	38.686	98.725
Total	174.381	260.309

24 Financial assets at fair value through profit or loss

	31.12.2007	31.12.2006
Corporate bonds	<u>5.421</u>	<u>-</u>
Total	5.421	-

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

25 Held-to-maturity investments

	31.12.2007	31.12.2006
Government bonds	6.659	6.646
Corporate bonds	<u>3.058</u>	<u>-</u>
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.

26 Available-for-sale assets

	31.12.2007	31.12.2006
Corporate bonds	112.339	28.458
Other financial assets	2.092	345
Equity securities	5.991	5.502
Mutual funds	-	30
Government bonds	<u>129.805</u>	<u>-</u>
Total	250.227	34.334
less: allowance for impairment	<u>-</u>	<u>(3.004)</u>
Total	250.227	31.331

All the above mentioned available-for-sale financial assets are reported at their fair value.

27 Investment in associates

	31.12.2007	31.12.2006
Investment in associates	<u>3.886</u>	<u>4.604</u>
Total	3.886	4.604

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	3.886

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	4.604

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

Investments in 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. Its fair value, as at 31 December 2007, is calculated to 3.426 thousands euro.

28 Intangible assets
As at 31 December 2007:

	Combination difference	Other	Software	Total
Balance at 1 January 2007				
Cost	99.599	19.538	4.564	123.701
Accumulated depreciation	-	(1.043)	(1.312)	(2.355)
Net book value	99.599	18.495	3.252	121.346

Year ended 31 December 2007

Opening net book value	99.599	18.495	3.252	121.346
Transfer in discontinuing operations:				
-Cost	(12.393)	-	(126)	(12.519)
-Accumulated depreciation	-	-	46	46
Additions	-	-	309	309
Disposals –cost	-	-	(8)	(8)
Disposals - accumulated depreciation	-	-	1	1
Depreciation charge	-	(4.173)	(730)	(4.903)
Closing net book value	87.205	14.322	2.744	104.271

Balance at 31 December 2007

Cost	87.205	19.538	4.739	111.483
Accumulated depreciation	-	(5.216)	(1.996)	(7.211)
Net book value	87.205	14.322	2.744	104.271

As at 31 December 2006:

	Combination difference	Other	Software	Total
Balance at 1 January 2006				
Cost	334	-	1.154	1.488
Accumulated depreciation	-	-	(990)	(990)
Net book value	334	-	164	497
Year ended 31 December 2006				
Opening net book value	334	-	-	334
Exchange differences	-	-	2	2
Additions	-	-	132	132
Absorption (OMEGA Bank)	114.211	-	3.383	117.594
Impairment FGB	(334)	-	-	(334)
Impairment	-	-	(109)	(109)
Depreciation charge	-	-	(322)	(322)
Closing net book value	114.211	-	3.086	117.297
Balance at 31 December 2006				
Cost	114.211	-	4.563	118.774
Accumulated depreciation	-	-	(1.312)	(1.312)
Net book value, as reported	114.211	-	3.251	117.462
Fair value adjustments due to finalization of initial accounting (Note 50.1)	(14.612)	19.538	-	4.926
Amortization of identifiable intangible assets acquired on acquisition of Omega Bank for the period 1.10 -31.12.2006 (Note 50.1)	-	(1.043)	-	(1.043)
Net book value as restated	99.599	18.495	3.251	121.345

28.1 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.

29 Property, plant and equipment
As at 31 December 2007:

	Land	Buildings	Machinery	Vehicles	Furniture	Total
Balance at 1 January 2007						
Cost	11.151	15.294	62	220	9.861	36.588
Accumulated depreciation	-	(765)	(24)	(84)	(2.313)	(3.186)
Net book value	11.151	14.529	38	136	7.548	33.402

Year ended 31December 2007

Opening net book value	11.151	14.529	38	136	7.548	33.402
Transfer to available-for-sale assets						
Cost	(813)	(1.301)	-	(36)	(221)	(2.370)
Accumulated depreciation	-	43	-	6	66	114
Additions	-	1.855	10	4	1.464	3.333
Disposals - cost of acquisition	(3.105)	(1.053)	-	(3)	(2)	(4.164)
Disposals - accumulated depreciation	-	22	-	-	1	24
Depreciation charge	-	(1.018)	(9)	(38)	(1.393)	(2.458)
Closing net book value	7.233	13.077	39	69	7.463	27.881

Balance at 31 December 2007

Cost	7.233	14.795	72	185	11.102	33.387
Accumulated depreciation	-	(1.718)	(34)	(116)	(3.639)	(5.507)
Net book value	7.233	13.077	38	69	7.463	27.880

As at 31 December 2006:

	Land	Buildings	Machinery	Vehicles	Furniture	Total
Balance at 1 January 2006						
Cost	-	1.246	23	169	2.212	3.650
Accumulated depreciation	-	(454)	(19)	(56)	(1.840)	(2.369)
Net book value	-	793	4	113	372	1.281

Year ended 31December 2006

Opening net book value	-	793	4	113	372	1.281
Absorption (OMEGA Bank)	11.151	13.515	37	50	7.267	32.020
Exchange differences	-	-	-	-	9	9
Additions	-	533	3	-	473	1.009
Disposals - cost of acquisition	-	-	-	-	(36)	(36)
Disposals - accumulated depreciation	-	-	-	-	27	27
Impairment -cost	-	-	-	-	(223)	(223)
Impairment - accumulated depreciation	-	-	-	-	16	16
Depreciation charge	-	(311)	(5)	(27)	(516)	(859)
Less: Accumulated depreciation	-	-	-	-	157	157
Closing net book value	11.151	14.530	39	136	7.547	33.402

Balance at 31 December 2006

Cost	11.151	15.294	62	219	9.863	36.588
Accumulated depreciation	-	(764)	(24)	(84)	(2.314)	(3.186)
Net book value	11.151	14.529	38	136	7.547	33.402

30 Investment property

	31.12.2007	31.12.2006
Cost	-	<u>50</u>
Total	-	50

31 Insurance receivables

	31.12.2007	31.12.2006
Receivables from contract holders	-	8.498
Due from contract holders	-	1.248
Cheques receivable postdated	-	7.520
Notes receivable and other	-	<u>110</u>
	-	17.376
Less: impairment provision	-	<u>(655)</u>
Total	-	16.721

No amounts for 2007 are reported since they represent a discontinued operation (note 35).

32 Reinsurance contracts

	31.12.2007	31.12.2006
Due from reinsurers	-	1.332
Claims from reinsurance activities	-	<u>7</u>
Total	-	1.339

No amounts for 2007 are reported since they represent a discontinued operation (note 35).

33 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	-
Property, plant and equipment	-	118
Financial liabilities	192	242
Finance leases	567	-
Property, plant and equipment	-	-
Commission from loans and advances	168	-
Provisions for bad debts	1.062	-
Retirement benefit obligations	295	392
Other assets	<u>16</u>	<u>492</u>
Total	7.098	1.244
Deferred tax liabilities:		
Intangible assets	(3.582)	-
Property, plant and equipment	(548)	-
Revaluation of fair value	-	(2.435)
Financial assets designated at fair value through equity	(2.798)	-
Provisions for bad debts	-	(37)
Commission from loans and advances	-	(440)
Financial assets	-	(6)
Finance leases	-	(43)
Derivatives listed on the Athens Derivatives exchange	-	<u>(10)</u>
Total	(6.928)	(2.971)
Net deferred tax liability	171	(1.727)

The movement in the investment securities portfolio had as follows::

Balance at 1 January 2007	3.200
Acquisitions (OMEGA Bank)	(4.927)
Elimination (Proton Insurance) –discontinued operation	9
Balance at 1 January 2007	(1.718)
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	1.957
Intangible assets	625
Leasing	610
Financial assets, at net present value	15
Retirement benefit obligations	23
Financial liabilities	(50)
Staff bonuses	(257)
Taxable loss	(275)
Balance at 31 December 2007	171

34 Other assets

	31.12.2007	31.12.2006
Receivables from brokerage	15.539	8
Receivables from foreign stock exchange	4.608	-
Bond subscriptions	30.411	-
Other debtors	17.382	16.927
Contributions to Co-Guarantee Fund and Supplementary Fund	12.639	4.901
Greek state, prepaid taxes	8.963	3.946
Bad debts, other than loans and receivables	4.206	1.199
Credit card receivables	1.751	2.095
Guarantees	621	7.699
Advances to third parties	52	50
Receivables from transactions for third parties	139	68
Short term receivables from subsidiaries other than loans	2	-
Advances to employees	28	26
	96.341	36.917
Less: allowances for impairment	(4.921)	(2.095)
Total	91.420	34.822

35 Discontinued operations

In the account the following are 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:

	31.12.2007	31.12.2006
Land	148	64
Buildings	70	-
Total	218	64

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 adjusted and 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.

The Group, by applying IFRS 5 "Non-current assets Held- for- Sale and Discontinued Operations", is presenting separately from other assets (liabilities) in the balance sheet the assets (liabilities) of the Proton Insurance SA under the headings "Non-current assets held for sale" and Liabilities related to non-current assets held for sale". Besides, the gain or loss recognized by the Proton Insurance SA is separately presented on the face of the consolidated income statement.

Assets and liabilities of discontinued operations related to the activities of Proton Insurance SA, after taking into consideration the eliminating entries, are as follows:

ASSETS	31.12.2007
Cash	10
Loans and advances to banks	306
Financial assets at fair value through profit or loss	12.980
Investments in associates	625
Intangible assets	12.473
Property, plant and equipment	2.256
Investment property	50
Insurance receivables	19.610
Reinsurance contracts	1.632
Deferred tax assets	69
Other assets	3.497
Total assets	53.509
LIABILITIES	31.12.2007
Debt securities in issue	1.539
Retirement benefit obligations	275
Provisions for insurance contracts	36.093
Deferred tax liabilities	93
Other liabilities	6.339
Total liabilities	44.339

a) An amount of 12.393 thousands euro, reported under balance sheet line "Intangible assets", represents goodwill from the acquisition of Proton Insurance SA.

From the recent revaluation of Proton Insurance SA, in the lower value between its carrying amount (net assets and goodwill) and its fair value less sales cost, no loss accrue since the carrying amount is less than its fair value less sales cost.

b) Under the balance sheet item "Debt securities in issue", a convertible loan is included. More precisely:

The Managing Director in order to participate in the placement of the convertible bond issued by Omega Insurance S.A., has entered into an equal-amount loan agreement with Omega Bank. Basic characteristics of the convertible bond are the following:

Issue date: June 27, 2006

Par value: 1.500 t

Coupon rate: 5%

Title form and number: 500.000 coupon bonds with par value 3 euro each, can be formed in a single or multiple cumulative title

Duration: Perpetuity with five-year notice of prepayment from the issuer, or relevant decision of the general assembly of the bondholders

Conversion ratio: One (1) bond is convertible to one (1) ordinary share of stock with par value 3 euro.

Use of funds: Strengthening of capital requirements.

The conversion option is not reported separately from the liability since it is considered immaterial.

c) Cash flows from discontinued operations for the periods ended 31 December 2007 and 31 December 2006, are as follows:

CASH FLOW STATEMENT	<u>1.1-31.12.2007</u>	<u>1.1-31.12.2006</u>
Net cash flows from discontinued operating activities	(5.612)	966
Net cash flows from discontinued investing activities	55	21
Net cash flows from discontinued financing activities	(908)	1.760
Net increase/ (decrease) in cash and cash equivalents from discontinued operations	(6.465)	2.747

d) Under the balance sheet item "Provisions for insurance contracts" provisions for insurances that cover the whole spectrum of insurances is included, presented in the here below table:

As at 31 December 2007:

Unearned premiums 1.1.2007	10.721
Reported claims 1.1.2007	<u>23.372</u>

Total provisions for insurance contracts 34.093

Unearned premiums 1.1.2007 – 31.12.2007	962
Reported claims 1.1.2007 – 31.12.2007	<u>1.038</u>

Total provisions for insurance contracts 1.1-31.12.2007 36.093

As at 31 December 2007:

Unearned premiums 31.12.2007	11.683
Reported claims 31.12.2007	<u>24.410</u>

Total provisions for insurance contracts 36.093

As at 31 December 2007:

Unearned premiums 1.1.2007	11.444
Reported claims 1.1.2007	<u>13.704</u>

Total provisions for insurance contracts 25.148

Unearned premiums 1.1.2007 – 31.12.2007	(723)
Reported claims 1.1.2007 – 31.12.2007	<u>9.668</u>

Total provisions for insurance contracts 1.1-31.12.2007 34.093

As at 31 December 2007:

Unearned premiums 31.12.2007	10.721
Reported claims 31.12.2007	<u>23.372</u>

Total provisions for insurance contracts 34.093

36 Due to banks

	31.12.2007	31.12.2006
Deposits from other banks	392.371	33.934
Current accounts	201	-
Short-term loans	-	438
Time deposits	28.864	-
Repurchase agreements (Repos)	<u>12.505</u>	<u>56.526</u>
Total	433.941	90.897

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

37 Due to customers

	31.12.2007	31.12.2006
Individuals:		
Savings accounts	57.700	64.497
Current accounts	18.175	1.122
Under caution	1.738	-
Time deposits	<u>794.343</u>	<u>586.410</u>
	871.956	652.029
Corporate entities:		
Current accounts	67.898	72.104
Time deposits:		
Corporate entities	347.397	134.417
Public organizations	-	7.788
Municipal corporations	5.838	4.565
Other time deposits	55.694	84.402
Sale and repurchase agreement (repos)	<u>986</u>	<u>920</u>
	477.813	304.197
Blocked deposits	184	29
Pledged deposits	59.534	50.361
Margin accounts	<u>40.800</u>	<u>35.543</u>
Total	1.450.287	1.042.157

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

38 Debt in securities in issue

	31.12.2007	31.12.2006
Debt securities in issue	<u>25.283</u>	<u>1.500</u>
Total	25.283	1.500

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.

39 Retirement benefit obligations

	31.12.2007	31.12.2006
Amounts recognized in the balance sheet:		
Present value of defined benefit obligations	1.317	1.382
Unrecognized actuarial losses	(177)	(154)
Total liabilities at end of the year	1.140	1.228
Amounts recognized in the income statement:		
Current service cost	277	106
Interest cost	44	10
Net actuarial losses recognized	1	12
Cutback effect	283	1
Removal personnel	20	-
Total	625	129
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	1.228	200
Less: transfer in discontinued operations	(275)	-
	953	200
Increase due to business combinations (OMEGA)	-	1.086
Charge in the income statement	625	129
Benefits paid	(438)	(187)
Total	1.140	1.228

40 Current income tax liabilities

	31.12.2007	31.12.2006
Income tax expense	9.670	1.349
Tax provision in tax reviews	828	-
Total	10.498	1.349

41 Provisions for insurance contracts

	31.12.2007	31.12.2006
Provisions for unearned premiums:		
- automobile sector	-	7.150
- other	-	3.571
Provisions for reported claims:		
- automobile sector	-	21.417
- other	-	1.955
Total	-	34.093

No amounts for 2007 are reported since they represent a discontinued operation (note 35)

42 Other liabilities

	31.12.2007	31.12.2006
Taxes and duties payable:		
Taxes and duties relating to prior years from tax reviews	541	1.320
Taxes from interest on deposits	439	253
Taxes and duties from salaries	542	510
Other taxes and duties payable	188	2.317
Payables to social security funds	878	859
Other liabilities:		
Due from settlement of brokerage transactions	-	105
Suppliers and other liabilities	7.694	1.754
Salaries payable	239	311
Due to foreign derivative brokerage customers	262	13.782
Dividends payable	95	34
Total	10.880	21.245

43 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)	-
Subtotal	61.923.339	62.683.822
Purchase treasury shares from Proton Insurance	(99.000)	-
Total number of ordinary shares in circulation	61.824.339	62.683.822

44 Share premium

	31.12.2007	31.12.2006
Balance at 1 January 2007	85.478	-
Share issue cost	(22)	-
Increase due to acquisition of Omega Bank SA	-	85.478
Total	85.456	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 acquisition.

45 Other reserves

	31.12.2007	31.12.2006
Available-for-sale reserve:		
Balance at 1 January 2007	(11)	-
Gains form change in fair value	(12.582)	(11)
Change due to business combinations	(6)	-
Total available-for-sale reserve	(12.599)	(11)
Statutory reserves:		
Balance at 1 January 2007	528	336
Change due to business combinations	10	-
Movements	1.135	192
Total statutory reserves	1.673	528
Stock option reserves :		
Balance at 1 January 2007	-	-
Stock option reserve	983	-
Total stock option reserves	983	-
Total reserves	(9.943)	517

46.1. Statutory reserves

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..

46.2 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..

46 Cash and cash equivalents

	31.12.2007	31.12.2006
Loans and advances to banks (note 19)	189.972	93.404
Cash and balances with the Central Bank (note 18)	<u>46.728</u>	<u>22.032</u>
Subtotal	236.700	115.436
Plus: Cash and cash equivalents from discontinued operations		
Cash	10	-
Deposits to banks	<u>307</u>	<u>-</u>
Total cash and cash equivalents	237.017	115.436

47 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 Bank's 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.

48 Contingent liabilities and commitments

48.1 Legal proceedings

There are some receivables and legal actions against the Group 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 Group.

48.2 Letters of guarantee /Irrevocable letters of credit

The off balance sheet items which represent the Group'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	110.929	84.585
Irrevocable letters of credit	<u>2.480</u>	<u>2.804</u>
Total	113.409	87.389

48.3 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.

48.4 Capital commitments

(a) The Group 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
Leasepayments 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 Group 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	289	204
Lease payments later than 1 year and no later than 5 years	594	309
Leasepayments later than 5 years	<u>-</u>	<u>-</u>
Total	883	513

© As of 31 December 2007, the Group 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.

48.5 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	Exercise price (in euros)	Fair value (in euros)	31.12.2007	31.12.2006
30.11.2007	10,46	0,28	1.547.618	-
30.11.2008	10,46	0,57	1.547.618	-
30.11.2009	10,46	0,80	<u>1.547.618</u>	<u>-</u>
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 as at 1 January 2007	-	-
Options granted	4.943.815	-
Options exercised	-	-
Options amortized	<u>(300.960)</u>	<u>-</u>
Balance as at 31 December 2007	4.642.855	-

48.6 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.

49 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 Group with its related parties are as follow::

I. Associated companies	31.12.2007	31.12.2006
Assets		
Other receivables	28	11
Total	28	11
Liabilities		
Deposits	5.188	6.574
Other liabilities	18	-
Total	5.206	6.574
Expenses		
	1.1.-31.12.2007	1.1.-31.12.2006
Other operating expenses	193	28
Income		
	1.1.-31.12.2007	1.1.-31.12.2006
Interest and similar income	205	26

II. Directors and key management personnel	31.12.2007	31.12.2006
Assets		
Loans	22.467	8.100
Other assets	195	375
Total	22.662	8.475
Liabilities		
Deposits	67.775	34.868
Debts securities in issue	1.539	-
Other liabilities	177	216
Total	69.490	35.084
Income		
	1.1.-31.12.2007	1.1.-31.12.2006
Interest and similar income	1.419	212
Other income	394	1.405
Total	1.813	1.617
Expenses		
	1.1.-31.12.2007	1.1.-31.12.2006
Salaries and other remuneration	5.124	2.282
Interest expense and similar charges	3.120	314
Other operating expenses	491	1.119
Total	8.735	3.715
Letters of guarantee	31.12.2007	31.12.2006
	18.195	127

Stock option plan as at 31 December 2007

	Stock Options	Value
Key management personnel	1.045.200	221
Directors	1.679.600	355
Total	2.724.800	577

50 Business acquisition
50.1 Acquisition of Omega Bank SA and Proton Securities SA
50.1.1 Financial effect of acquisition on the acquirer

The acquisition (absorption) of "Omega Bank SA" and its subsidiaries, as well as Proton Securities, by the Group on the date of acquisition resulted in an increase of assets and liabilities by 1.093.486 thousands of euros and 1.027.648 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 134.671 thousands of euros and 18.767 thousands of euros respectively.

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

	Book Value	Fair Value Adjustments	Fair Value
Cash and balances with the Central Bank	11.169		11.169
Cash and cash equivalents	155.982		155.982
Loans and receivables	766.608	(9.967)	756.641
Insurance receivables	20.176		20.176
Financial assets at fair value through profit or loss	40.276		40.276
Derivative financial instruments	368		368
Available-for-sale assets	31.024		31.024
Investments in associates	4.356		4.356
Property, plant and equipment	32.632	(612)	32.020
Investment property	50		50
Intangible assets	3.384		3.384
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
Reinsurance contracts	1.641		1.641
Deferred tax assets/(liabilities)	1.120	(2.435)	(1.315)
Other assets	16.860		16.860
Due to banks	(95.417)		(95.417)
Due to customers	(877.363)		(877.363)
Derivative financial instruments	(2.128)		(2.128)
Debt securities in issue	(1.500)		(1.500)
Provisions for insurance contracts	(35.336)		(35.336)
Other liabilities	(13.978)	513	(13.465)
Retirement benefit obligations	(1.392)	268	(1.124)
Fair value of net identifiable assets acquired	58.532	7.306	65.838
Less: Minority interests			(587)
Fair value of net identifiable assets acquired attributable to the equity holders of the Bank			65.251

(Outflow)/inflow to acquire business:

Cash consideration (costs directly attributable to the acquisition)	(601)
Cash and cash equivalents acquired	155.982
Eliminations of cash equivalents between Proton Bank and Omega Bank	(23.545)
Net inflow	131.836

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	(65.251)
Goodwill	99.599

50.1.2 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 and its subsidiaries on 30 September 2006, was based on estimates of independent appraisers. However, the appraisal was not finalized by the time the Group completed its financial statements for the year ended 31 December 2006, and consequently, provisional fair values were recognized.

By the time the Group 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 Group recognized the following intangible assets at their fair values at the acquisition date:

	<u>(amounts in thousands of Euro)</u>
• 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

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

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:

	<u>(amounts in thousands of Euro)</u>
• (increase) in amortization expense	(1.043)
• (decrease) in profit	(1.043)
• (decrease) in basic earnings per share	(0,03)
• (decrease) in intangible assets, net book value	(1.043)

50.2 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.

50.3 Merger of subsidiaries

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.

51 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