ANNUAL BULLETIN FOR THE FINANCIAL YEAR 2005

PURSUANT TO DECISION NO
5/204/14.11.2000 OF THE HELLENIC CAPITAL MARKET COMMISSION

Emporiki Bank

ATHENS 2006

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GENERAL INFORMATION ABOUT EMPORIKI BANK

Emporiki Bank was established in 1907 and its head-office is located at 11 Sophocleous Street, in the Municipality of Athens. Its operation is governed by the provisions of Law 2190/1920 concerning Société Anonyme companies and by the provisions of the specific laws on credit institutions (S.A. Registration No. 6064/06/B/86/03).

The Bank's business name in Greek is «ΕΜΠΟΡΙΚΗ ΤΡΑΠΕΖΑ ΤΗΣ ΕΛΛΑΔΟΣ Α.Ε.» («EMPORIKI TRAPEZA TIS ELLADOS S.A.»). For transactions abroad, the name «EMPORIKI BANK OF GREECE S.A.» is used in the English language. In the case of texts in languages other than Greek, the Bank's business name is written either as an exact translation into the other language or is written in latin characters. The Bank's distinctive title is «ΕΜΠΟΡΙΚΗ ΤΡΑΠΕΖΑ» («EMPORIKI TRAPEZA») and in the foreign language «Emporiki Bank» both within Greece and abroad.

By decision of its Board of Directors, the Bank may establish branches, agencies and representative offices anywhere in Greece and abroad, duly conforming to the legal formalities. According to Article 4 of its Articles of Association, the Bank conducts in Greece and abroad, on its own behalf and on behalf of third parties, or in cooperation or association with other legal or natural persons of any nationality, all banking and financial operations permitted by law, as in force each time, to banking sociétés anonymes.

On 11.3.2005, the Greek Ministry of Develompent approved the decision of the Repeat General Meeting of the Emporiki Bank's Shareholders of 26.10.2004 regarding amendment of Article 4 of the Bank's Articles of Association, for the purpose of also including factoring activities in the Bank's business purposes, in the context of the merger by absorption of Emporiki Bank with its subsidiary «Emporiki Factoring S.A.».

The relative majority of the Bank's shares belongs to public legal entities and the company has been listed on the Athens Stock Exchange since April 8th, 1909. In April 1999, the Bank transferred 51% of its share participation in Ionian Bank to Alpha Credit Bank (known today as Alpha Bank). In June 2000, Emporiki Bank signed a cooperation memorandum with the French bank Crédit Agricole. The Emporiki Bank Group transferred a package of Emporiki Bank shares, corresponding to 6.7% of the Bank's share capital, to Crédit Agricole. In May 2002, Crédit Agricole increased its participation in Emporiki Bank by exercising its right of first refusal regarding the Bank's shares held by the Deposits and Loans Fund. On 31.12.2005, Crédit Agricole's participation in the share capital of Emporiki Bank stood at 8.838%. In addition, Crédit Agricole also held the voting rights through its participation of 1.751% in the Special Purpose Vehicle Aegean Finance S.A. Through its strategic alliance with Crédit Agricole, new companies have been established in various areas of activity within the financial sector.

Emporiki Bank offers a wide range of traditional and modern banking products and services, meeting the savings, financing and investment needs of its clientele. At the end of 2005, the Bank's assets stood at EUR 19,088 million, equity amounted to EUR 1,039 million and liabilities to

customers stood at EUR 14,811 million. The Bank recorded pre-tax profit of EUR 115.3 million at the end of 2005.

At the end of 2005, Emporiki Bank operated in Greece with a network of 373 branches and 6,377 employees. During 2005, the Bank's branch network restructuring continued with the aim of expanding the Bank's presence in selected locations throughout the country. At the same time, and with a view to curtailing operating costs, branch mergers and relocations were also continued.

Emporiki Bank is active in the Balkan countries and in southeastern Europe. At the end of 2005, the Bank was present through subsidiary banks in Romania (6 branches and 1 office), Bulgaria (7 branches), Albania (3 branches) and Cyprus (12 branches). The Bank was also present in Germany (3 branches and 1 point of sale). The Bank also had a branch in London.

During 2005, as part of the efforts undertaken to rationalise its network abroad, the Bank sold subsidiary banks in Georgia and in Armenia. More specifically, the sale and transfer of all of the shares held by the Bank (100%) in its subsidiary «Emporiki Bank-Armenia CJSC» was concluded on 24.5.2005, in the amount of USD 3,100,000. In addition, the sale and transfer of all of the shares held by the Bank in its subsidiary «Emporiki Bank-Georgia S.A.» (6,963,456 shares or 86.11%) was concluded on 28.12.2005.

Emporiki Bank has established a Euro Medium Term Note (ETMN) Programme in the total amount of EUR 2 billion. During 2004, the Bank through its subsidiary, Emporiki Group Finance PLC issued a subordinated bond loan with a nominal value of EUR 350 million and a senior debt bond loan with a nominal value of EUR 400 million. During 2005, no issues of bond loans under the Programme took place.

In 2004, Emporiki Bank established the subsidiary company Emporiki Funding Limited, with the purpose of issuing innovative titles (Hybrid Tier I Funds) up to a total amount of EUR 200 million. By the end of 2005, no titles had been issued.

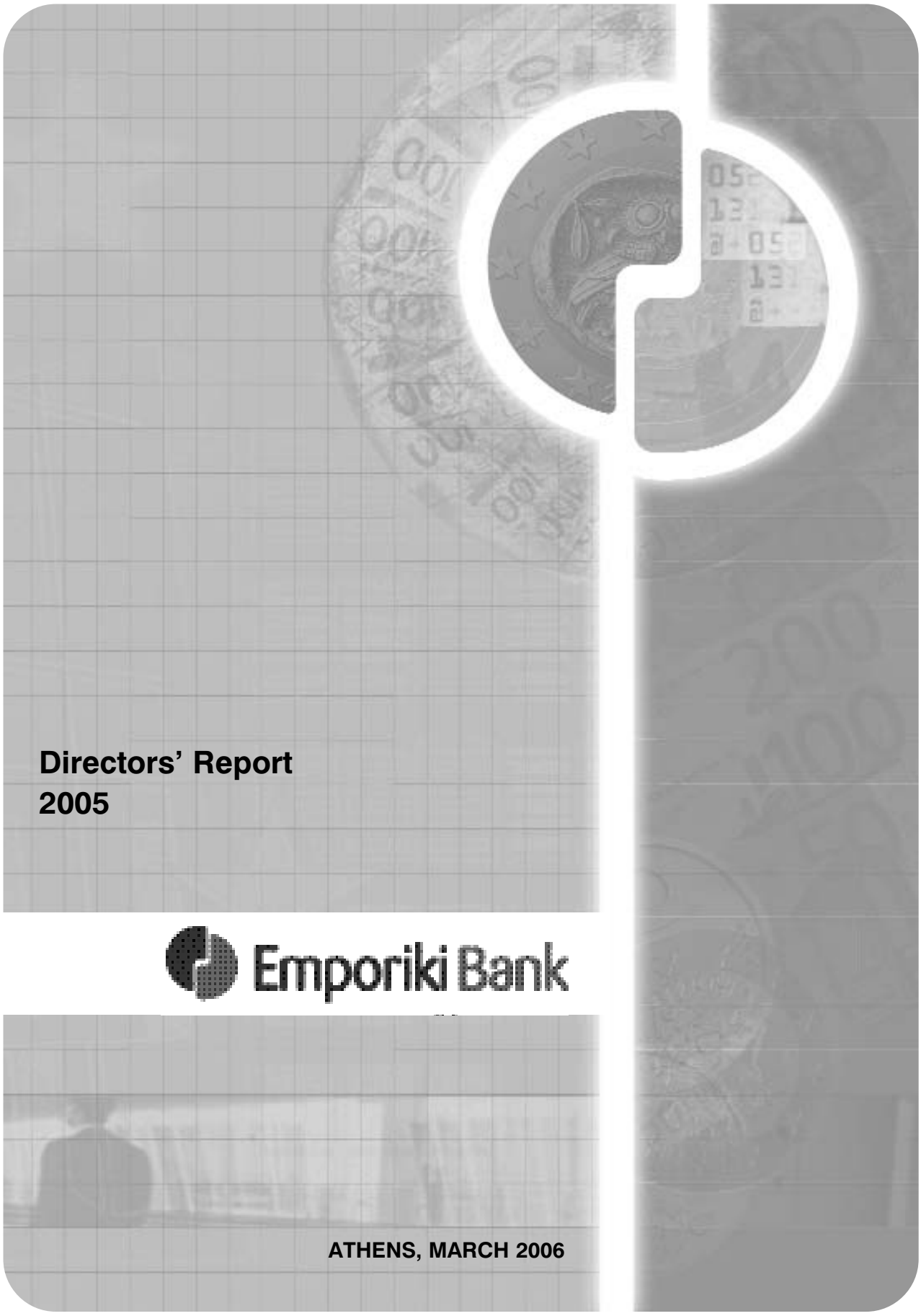
On 24.3.2005, following the approval of the Ministry of Development, the merger by absorption of Emporiki Bank with its wholly-owned subsidiaries «Cadmus Investments and Consulting Services S.A.», «Cadmus Investment Initiatives S.A.», and «Cadmus Business Enterprises S.A.» was concluded.

As required by International Accounting Standards, the representation of the Bank's insurance liabilities to TEAPETE (the Auxiliary Pension Fund of Emporiki Bank) in its balance sheet resulted in the reduction of shareholders's equity. Thus, the improvement of the Bank's capital adequacy became a priority objective in 2005. For this purpose, on 25.7.2005, the accelerated book building procedure was used to effect the sale of all of the Bank's treasury shares (5,478,264 shares representing 5.2% of the share capital) at EUR 26.40 per share. The proceeds amounted to EUR 145 million. In addition, the Bank proceeded to increase its share capital by means of contribution in cash in the total amount of EUR 397,174,410 raised through the issue and public offer an

26,478,294 new, ordinary registered voting shares of the Bank in dematerialised form, with a par value of EUR 5.50 per share and an offer price of EUR 15 per share, at a ratio of 5 new shares for every 20 existing shares. The share capital increase was completed on 21.12.2005.

The Emporiki Bank Group is one of the most modern groups operating in the financial sector and has a dynamic presence in the following areas: leasing, insurance, bancassurance, asset management for institutional investors, mutual fund management, real estate property development and management, consumer credit. Crédit Agricole, the Bank's strategic partner, is significantly involved in the activities of the Emporiki Group companies in the areas of bancassurance, asset management for institutional investors, mutual fund management and consumer credit.

At the end of 2005, Group assets amounted to EUR 20,018 million, equity was EUR 1,072 million and liabilities due to customers amounted to EUR 14,929 million. Group profit (before tax and minority rights) was EUR 114.6 million at the end of 2005.



Directors' Report 2005

Emporiki Bank

ATHENS, MARCH 2006

EMPORIKI BANK SA

DIRECTORS' REPORT

2005 HIGHLIGHTS

The main positive aspects of 2005 performance are:

- **Continuous progress in retail banking**
  Following a period of strikes, growth in the fourth quarter recovered at satisfactory levels, where disbursements of mortgages and consumer loans rose to €402.9m and €273.8m respectively. Meanwhile, Credicom's disbursements surged to €215.6m, while 8,445 bancassurance contracts were sold.
- **Significant decrease of operating expenses**
  Actions to reduce operating expenses bear fruits, as total operating expenses dropped by 19.9% versus 2004 at group level.
- **Group restructuring**
  During 2005 the disposal of the subsidiaries in Armenia and Georgia was completed, while in first quarter of 2006 the participation in Mediafon was disposed of and the merger of Ermis Mutual Funds and Emporiki Asset Management was decided.
- **Resolution of pension issue**
  The completion of all the relevant steps towards the resolution of the pension issue and the confirmation of pension deficit for the inclusion to the Law 3371/2005 at €1,156m has the following impact to consolidated results:
  - Shareholders' equity
    The shareholders' equity is reduced by €786,3m (pre-tax) and subsequently enhanced by deferred tax assets of €196.6m. Hence, shareholders' equity stands at €1,087.2m.
  - Income Statement
    Emporiki will cease contributing the annual extraordinary contribution to TEAPETE (€65m for 2005). Instead, the Bank will pay a contribution, which is estimated at €25m in the first year of application. Moreover, for the outstanding amount towards the state-sponsored pension funds (€786.3m), Emporiki will bear an interest charge of €27.8m for 2005, as it was not possible to make the relevant payments during the year.

Earnings before tax of the Group have been negatively affected by:

- **Phoenix has a €10.7m adverse impact**
  In spite of the significant progress in Phoenix restructuring programme, which mainly focuses on a selective underwriting policy and cost cutting, the insurance company posted losses of €11.9m in 2005, compared with €42.2m losses in 2004. Taking into account the subsidiary's restructuring efforts, and the industry's positive prospects, Emporiki retained an international financial advisor to consider alternative plans.
- **Phosphoric Fertilizer Industry (VFL) has a €6.5m adverse impact**
  VFL is a non-core asset, where Emporiki holds a 44% stake. At the 10.01.2006 extraordinary general assembly a restructuring plan was approved to restructure the asset in the medium term.
- **Emporiki Cyprus has a €3.9m adverse impact**
  During 2005, negotiations to sell the Cypriot subsidiary did not conclude.
- **Additional €6.2m taxes were charged due to tax assessments of previous years**
  Tax audits in Ermis Mutual Funds and Emporiki Leasing led to additional tax charges.

All the above led consolidated earnings before tax to €114.6m, i.e. close to the Bank's level of earnings before tax (115.3m), evidently affected by the negative development in the aforementioned subsidiaries.

FINAL RESOLUTION OF THE PENSION ISSUE

Following the enactment of Law 3371/2005 covering the banking sector pension plans, Emporiki expressed its interest in including the Bank's personnel into the provisions of the Law. Pursuant to a request by the Public Enterprise of Transferable Securities (DEKA), Emporiki's 9% shareholder, an extraordinary general meeting was called on August 16, 2005 that decided the termination on behalf of the Bank of the agreement with TEAPETE (Emporiki's auxiliary pension fund) and the application to ETAT (state-run auxiliary fund for bank employees) for inclusion of Emporiki's employees.

We note that the Bank, making use of the relevant provisions of Law 3371/2005, recognised in its interim financial statements the estimated cost of the inclusion of its personnel to the provisions of the Law. The initial estimate was €1.108 m., of which €712m was charged against shareholders' equity.

Subsequently, the Ministry of Economy and Finance commissioned the compilation of a special economic study by an international independent actuary to finalise the cost from the inclusion of Emporiki's personnel to ETAT. According to the study, that has been recently confirmed by Law, the cost amounts to **€1,156m,** with €778.6m referring to ETEAM, and €377.3m referring to ETAT.

Pursuant to the above, and considering that the final cost for the inclusion of Emporiki's personnel in the provisions of Law 3371/2005 was higher than the initial estimate, a restatement of the IFRS transition balance sheet was conducted resulting in a reduction of shareholders' equity of €107.5m. The reduction of shareholders' equity represents a €75m reduction, net of taxes, in relation to the pension fund and a further €32.5m referring to past years, mainly for loans and advances to customers.

PRIVATISATION: THE FINAL STEP

Following the relevant decision of the Government Committee for the commencement of Emporiki's privatisation process, and the appointment of Citigroup as advisor to the State, Emporiki intends to hire an international financial advisor to assist the Management in its effort to maximise the value for all its shareholders.

DIVIDEND

The Board of Directors will propose to the Annual General Assembly to distribute no dividend for the fiscal year 2005. Thereupon, the recently voted legislative amendment for the pension issue, €786.3m will burden net asset value, i.e. approximately €75m more than initially calculated, shaping Tier I ratio at 8.6%. The Management has as priority to maintain its shareholders' funds at current levels, so as to have an adequate base to increase its capital through hybrid capital and subordinate debt. Moreover, the management will propose the cancellation of losses, derived due to the first time application of IFRS, against reserves in order to be in a position to distribute dividend for the fiscal year 2006 and secure relevant tax benefits.

RESULTS 2005

In 2005, **earnings after tax** rose to €76m compared with €104m losses in 2004. Despite the obstructions related with strikes for the pension issue, profitability significantly improved, due to the gradual increase of the main categories of operating income and the noticeable decrease of operating expenses. Earnings before tax stood at €114.6m from €94m losses a year earlier.

Net interest income increased by 6.6% to €609.9m, where €27.8m represented an interest expense relating to the €786.3m amount due towards pension funds. Adjusted for this expense, net interest income would stand at €637.7m, 11.4% higher compared to 2004, reflecting the shift in the composition of the loan book towards consumer and mortgages, which represent 40% of the Bank's total loan book versus 38% in December 2004.

Fee and commission income increased by 6.4% to €146m reflecting mainly the increase in loan disbursements.

Net income from insurance operations was shaped at €16.9m, showing a 44.9% decrease. This decline is mainly attributed to the restructuring efforts of Phoenix in the motor business, where its selective underwriting policy led to a decrease in production but also to a rise in claims in motor third party liability. Meaningful progress was also evident in renegotiating terms of investment contracts (DAF).

Trading results stood at €13.6m in 2005 versus €32.8m in 2004. **Net gains from investment securities** increased to €7.1m from €25.7m losses a year earlier.

The 19.9% decrease in **operating expenses**, is mainly attributed to the successful implementation of the Group's restructuring programme. Cost to income improved significantly as it was shaped at 71% compared with 93.1% in 2004.

Staff expenses decreased by 21.6% as a result of the voluntary retirement schemes applied to the Group, as also the voluntary retirement of Bank employees that had reached TEAPETE's retirement age. Group's personnel stood at 7,657 in December 2005, 5% (392 employees) lower than December 2004. The resolution of the pension issue has significantly contributed to the decrease of staff expenses, as the Bank has ceased paying the extraordinary payment to TEAPETE, which has been replaced by annual contributions of €25m.

Other operating expenses recorded a 17.6% decrease on an annual basis, reflecting the materialisation of specific actions, introduced in the last 18 months, to rationalise the cost base in the entire Group, despite that production related expenses continued to grow.

BALANCE SHEET 2005

The **Bank loan book** reached €15.4bn in December 2005 compared with €13.5bn in December 2004, marking a 14.5% increase. This performance is satisfactory, taking into account the adverse effect of the strikes, but also the mass exit of personnel during the year. Mortgages and consumer loans, jointly representing approximately 40% of the Bank's loan portfolio, constitute the main growth driving areas.

In 2005, the annual increase of **mortgages** in the Bank stood at 24.7%, while new disbursements rose to €1,239.1m, of which €402.9m was generated during fourth-quarter 2005. In **consumer lending** the annual growth rate for the Bank stood at 13.7%, with new disbursements at €669.1m, shaping total consumer loans at €1.9bn. Consumer loans with pre-notations, branded under Cash 4U, rose to €248.6m. Credicom demonstrated significant expansion in 2005, as its loan outstandings reached €287.2m at the end of 2005. Credicom operates exclusively through retailers´ networks covering in that way one of the fastest growing segments in the consumer credit market. Taking under consideration consumer loans of the Bank and Credicom, Emporiki increased its market share in consumer lending.

Loans to small and medium enterprises (SMEs) increased by 10.6% in 2005, with their outstandings reaching €4.8bn. The growth of this loan category accelerated in the fourth quarter of 2005, as the Bank applied a sales performance program in its network for the promotion of "Easy Business", a new category of standardized loans to SMEs.

Non-performing loans represented 5.7% of the total loans in December 2005, showing an improvement compared with September 2005 (5.9%), as the application of "early collection" to SMEs has properly rolled out. Provisions covered 74% of non-performing loans at the end of December 2005.

Bank deposits were shaped at €14.7bn, increasing marginally on an annual basis. Time deposits rose by 14%, offsetting the decrease of €1.1bn (-98.9%) noted in repos, and represent 35.4% of total. Sight and savings deposits, 64.5% of the total deposit base, showed a 6.9% increase to €9.5bn. The successful launching of the new salary account and the acquisition of new SME clients based on the "Easy Business" products enhanced sight accounts. Assets under management approached €2.3bn, showing a net increase of €245m year-on-year, which is expected to be further enhanced, as the Bank launched its new investment product "Advantage". Loans exceeded deposits, as the loan to deposit ratio was formed at 104.6% in December 2005 versus 92.3% last year.

Shareholders' funds reached €1,087.2m in 2005, following the €397m share capital increase completed by the year-end, and the disposal of the Bank's treasury shares in July 2005, which added approximately €145m to shareholders' funds. Tier I and total capital adequacy ratios are estimated at 8.6% and 8.9% respectively at end of December 2005.

Athens, 30 March 2006

Chairman,
Board of Directors

GEORGE PROVOPOULOS

It is certified that the above Directors' report, which consists of five pages, is the one mentioned in our review report dated 30 March 2006.

Athens, 30 March 2006

THE CERTIFIED AUDITORS ACCOUNTANTS

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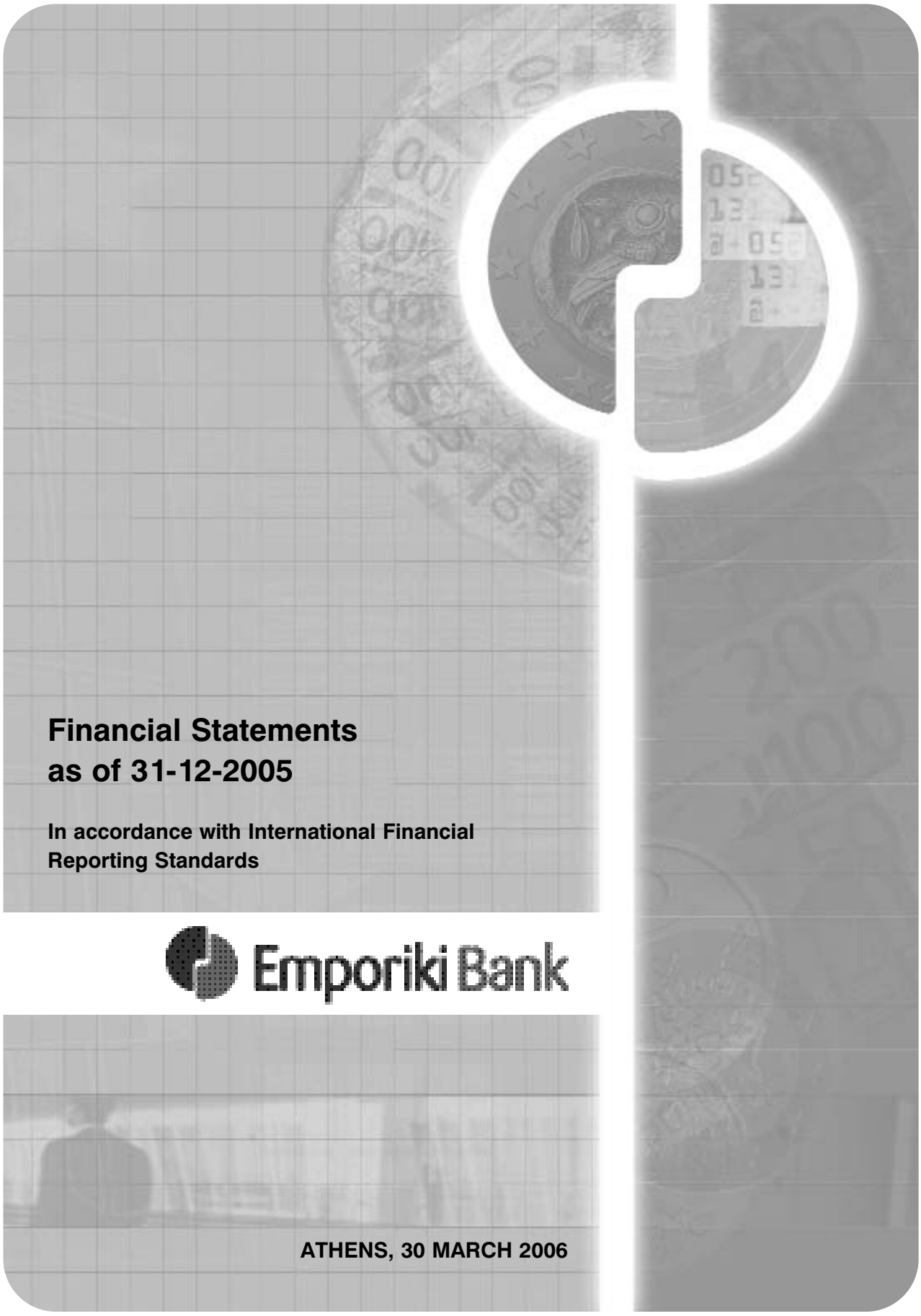
AM SOEL 11691



Financial Statements as of 31-12-2005

In accordance with International Financial Reporting Standards

Emporiki Bank

ATHENS, 30 MARCH 2006

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Auditors' Report
(Translated from the original in Greek)

To the Shareholders of Emporiki Bank of Greece S.A.

We have audited the accompanying balance sheet of Emporiki Bank of Greece S.A. (the "Company") as of 31 December 2005 and the related statements of income, cash flows and changes in shareholders' equity for the year ended 31 December 2005. These financial statements set out on pages 5 to 55 are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Greek Auditing Standards, which conforms to International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We also assessed the consistency of the information included in the Directors' Report. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2005, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the information included in the Directors' Report is consistent with the financial statements.

Without qualifying our opinion, we draw attention to (a) note 34 of the financial statements with respect to the accounting treatment that the Company adopted in relation to the liability arising from the adoption and implementation of Law 3371/2005 (Social Security Regulation of Banking Institutions) and (b) note 43 of the financial statements, with respect to the modifications made on the published interim financial statements as a result of the completion of first time adoption of IFRS.

Athens, 30 March 2006
THE CERTIFIED AUDITORS ACCOUNTANTS

PRICEWATERHOUSECOOPERS

Goutis X. Vassilios
AM SOEL 10411

Papageorgiou P. Antonios
AM SOEL 11691

Income Statement

	Note	1 January-31 December 2005	1 January-31 December 2004
Interest & similar income		905.521	816.507
Interest expense & similar charges		(341.225)	(281.258)
Net interest income	**7**	**564.296**	**535.249**
Fee & commission income		153.807	138.313
Fee & commission expense		(12.245)	(11.866)
Net fee & commission income	**8**	**141.562**	**126.447**
Dividend income	**9**	2.060	4.430
Net trading results	**10**	4.041	18.442
Gains less losses from investment securities	**11**	2.580	(67.036)
Other operating income	**12**	11.508	15.725
Net operating income		**726.047**	**633.257**
Staff costs	**13**	(321.031)	(396.686)
Depreciation & amortization		(24.124)	(29.953)
Impairment losses on loans and other receivables	**21**	(112.845)	(133.351)
Other operating expenses	**14**	(152.704)	(151.442)
Total operating expenses		**(610.704)**	**(711.432)**
PROFIT BEFORE TAX		**115.343**	**(78.175)**
Income tax expense	**15**	(27.276)	(15.996)
PROFIT AFTER TAX		**88.067**	**(94.171)**
Basic earnings per share (in Euro)	**16**	0,92	(1,16)

Notes on pages 21 to 67 form an integral part of these financial statements.

Balance Sheet

	Note	31 December 2005	31 December 2004
ASSETS			
Cash and balances with Central Bank	17	679.951	607.736
Treasury bills		919	27.772
Due from banks	18	1.445.615	1.101.278
Trading securities	19	806.117	1.894.123
Derivative financial instruments	20	33.621	249
Loans and advances to customers	21	14.767.004	12.845.838
Available-for-sale securities	22	70.381	70.005
Investments in subsidiaries	23	264.199	245.268
Investments in associates	23	22.489	22.489
Intangible assets	24	11.198	15.425
Property, plant and equipment	25	305.854	314.092
Investment property	26	97.622	103.768
Deferred tax assets	33	249.056	268.983
Income tax advance		3.096	16.906
Other assets	27	330.394	317.130
TOTAL ASSETS		**19.087.516**	**17.851.062**
LIABILITIES AND EQUITY			
Liabilities			
Due to other banks	28	1.213.509	755.172
Derivative financial instruments	20	21.976	53.024
Due to customers	29	14.810.624	14.695.105
Debt securities in issue	30	399.327	398.853
Other borrowed funds	31	348.619	348.082
Due to State pension fund	34	786.327	786.327
Personnel indemnities		479	452
Current tax liabilities		6.600	8.453
Deferred tax liabilities	33	1.544	2.296
Other liabilities	32	459.835	391.874
TOTAL LIABILITIES		**18.048.840**	**17.439.638**
Equity			
Share Capital	36	728.153	485.435
Share premium		371.497	272.183
Treasury shares	36	-	(88.935)
Other reserves	37	678.063	675.120
Accumulated deficit		(827.104)	(838.208)
Results for the year		88.067	(94.171)
TOTAL EQUITY		**1.038.676**	**411.424**
TOTAL LIABILITIES AND EQUITY		**19.087.516**	**17.851.062**

Notes on pages 21 to 67 form an integral part of these financial statements.

Statement of Changes in Equity

	Share capital	Share premium	Treasury shares	Other reserves	Accumulated deficit	TOTAL
Balance as at 1 January 2004 (as it has been originally published in interim financial statements)	**429.658**	**278.392**	**(88.935)**	**642.931**	**(699.884)**	**562.162**
Adjustments (note 43)	-	-	-	-	(107.504)	(107.504)
Restated balance as at 1 January 2004	**429.658**	**278.392**	**(88.935)**	**642.931**	**(807.388)**	**454.658**
Available-for-sale valuation	-	-	-	2.584	-	2.584
Loss for the year	-	-	-	-	(94.171)	(94.171)
Prior year (2003) dividends	-	-	-	-	(40.683)	(40.683)
Other 2003 appropriations	-	-	-	14.270	(14.352)	(82)
Merger by absorption	55.777	(6.209)	-	15.335	24.215	89.118
Balance as at 31 December 2004	**485.435**	**272.183**	**(88.935)**	**675.120**	**(932.379)**	**411.424**
Balance as at 1 January 2005 (as it has been originally published in interim financial statements)	**485.435**	**272.183**	**(88.935)**	**675.120**	**(824.875)**	**518.928**
Adjustments (note 43)	-	-	-	-	(107.504)	(107.504)
Restated balance as at 1 January 2005	**485.435**	**272.183**	**(88.935)**	**675.120**	**(932.379)**	**411.424**
Available-for-sale valuation	-	-	-	7.327	499	7.826
Profit for the year	-	-	-	-	88.067	88.067
Share Capital increase through capitalization of reserves	97.087	(146.463)	-	(12.850)	60.776	(1.450)
Sale of treasury shares	-	-	88.935	8.466	44.000	141.401
Share capital increase	145.631	245.777	-	-	-	391.408
Balance as at 31 December 2005	**728.153**	**371.497**	**-**	**678.063**	**(739.037)**	**1.038.676**

Notes on pages 21 to 67 form an integral part of these financial statements.

Cash Flow Statement

	1 January – 31 December 2005	1 January – 31 December 2004
Cash flows from operating activities		
Profit / (loss) after tax	88.067	(94.171)
Adjustment for reconciliation of period result to cash flows from operating activities		
Adjustments for non cash items included in profit and loss for the period:		
Depreciation and amortization	24.124	29.953
Impairment losses on investment securities	-	68.505
Impairment losses on loans and other receivables	112.845	133.351
	136.969	231.809
Net (increase)/ decrease of operating assets:		
Obligatory deposits to Bank of Greece	30.731	(144.582)
Due from other banks	(5.024)	22.870
Trading securities (less government bonds)	300.715	278.797
Derivative financial instruments (assets)	(33.371)	(108)
Loans and advances to customers (net of write-offs)	(2.034.010)	(1.409.460)
Deferred tax assets	19.927	4.213
Other assets	(13.265)	332
	(1.734.297)	(1.247.938)
Net increase/(decrease) of operating liabilities:		
Due to other banks	458.336	(470.384)
Derivative financial instruments (liabilities)	(31.048)	(23.197)
Due to customers	115.519	853.420
Current tax liabilities	11.958	(21.171)
Deferred tax liabilities	(751)	1.184
Other liabilities (net of impairment losses on participations)	107.169	173.582
Personnel indemnities	27	452
	661.210	513.886
Total cash flows from operating activities	**(848.051)**	**(596.414)**
Cash flows from investing activities		
Increase of participations in subsidiaries	(57.129)	212.837
Increase of participations in associates	-	(7.132)
Net change in property, plant and equipment, intangible assets and investment property	(5.514)	(49.292)
Net change in available-for-sale investments	7.450	(5.605)
Total cash flows from investing activities	**(55.193)**	**150.808**
Cash flows from financing activities		
Tax on share capital increase	(1.450)	-
Proceeds from sale of own shares	141.401	-
Proceeds from share capital increase	391.408	-
Payment of 2003 dividend	-	(40.683)
Proceeds from issuance of subordinated debt	-	746.862
Total cash flows from financial activities	**531.359**	**706.179**
Net increase/(decrease) in cash and cash equivalents	**(371.885)**	**260.573**
Cash and cash equivalents, at beginning of period (Note 38)	2.733.922	2.472.567
Net increase in cash and cash equivalents due to merger	-	782
Cash and cash equivalents, at end of period (Note 38)	**2.362.037**	**2.733.922**

Notes on pages 21 to 67 form an integral part of these financial statements.

Notes to the financial statements

1. General information

Emporiki Bank ("Emporiki Bank" or the "Bank") operates in all banking activities (retail, corporate) as well as in investment banking, asset management, portfolio management and in general financial services. The Bank's registered office is at 11 Sofocleous Str. and its registration number as "Societe Anonyme" is 6064/06/B/86/03. The Bank offers services in Greece through its network of 373 branches and abroad through its branches in London as well as through its subsidiaries in Germany, Cyprus, Bulgaria, Albania, and Romania.

Emporiki Bank was established in Greece in 1907 and its shares are listed in the Athens Stock Exchange from 1909. The share of Emporiki Bank is included in the Athens General Index and in the FTSE 20.

Its web site address is www.emporiki.gr.

The members of the Board of Directors, after the Annual General Meeting held on 25 April 2005, are the following:

Executive members		
Georgios	Provopoulos	Chairman and Managing Director
Leonidas	Zonnios	General Manager
Nicolaos	Mpeis	General Manager
Fokion	Demakakos	Member
Christos	Bratsiakos	Member
Non-executive members		
Bernard	Dewit	Member
Jean-Luc	Perron	Member
Demetrios	Prokopiou	Member
Ioannis	Fotopoulos	Member
Panayotis	Tsakos	Member
Independent non-executive members		
Demetrios	Krontiras	Member
Margarita	Zoulovits	Member
Nicolaos	Embeoglou	Member

The Board of Directors approved these financial statements on 30 March 2006.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

Emporiki Bank financial statements as at 31 December 2005 have been prepared in accordance with International Financial Reporting Standards (IFRS), which have been adopted by the European Union, and those Standards and Interpretations approved by the International Accounting Standards Board. In particular, IFRS 1 is applied since, the period ending at 31 December 2005, is the first IFRS annual reporting period.

The accounting policies applied for all the periods that are presented in these financial statements, are disclosed separately below. The Bank early adopted, from 1 January 2004, IAS 32(revised) "Financial Instruments: Disclosure and Presentation" and IAS 39(revised) "Financial Instruments: Recognition and Measurement". The policies applied regarding the financial instruments for the periods of 2004 and 2005 are disclosed, separately, below.

The bank is going to apply, the following newly issued Standards, amendments or Interpretations, which are relevant to its operations and will become effective for periods beginning on or after 1 January 2006:

•IAS 19 (Amendment) "Employee Benefits"
•IAS 39 (Amendment) "Cash Flow Hedge Accounting of Forecast Intra-group Transactions"
•IAS 39 and IFRS 4 (Amendment) "Financial Guarantee Contracts"
•IFRS 7 "Financial Instruments: Disclosures"
•IFRIC 4 "Determining whether an Arrangement contains a Lease"

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

The Bank's financial statements were prepared in accordance with Greek Generally Accepted Accounting Principles (Greek GAAP) until 31 December 2004. Greek GAAP differs in some areas from IFRS. In preparing the Bank's annual financial statements, management has amended certain accounting, valuation and consolidation methods applied in the Greek GAAP financial statements to comply with IFRS. The comparative figures in respect of 2004 were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of the transition from Greek GAAP to IFRS on the Bank's equity and its net income and cash flows are provided in Note 5.

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

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

2.2 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2.3 Derivative financial instruments and hedge accounting

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

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

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

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

2.4 Interest income and expense

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

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

2.5 Fee and commission income

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

2.6 Financial assets

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

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

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

(b) Loans and receivables

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

(c) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. The Bank did not have any held-to-maturity assets when preparing these financial statements.

(d) Available-for-sale

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

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

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

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

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

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

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

2.7 Off setting financial instruments

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

a) there is a legally enforceable right to offset the recognized amounts and

b) there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.8 Sale and repurchase agreements

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

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

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

2.9 Impairment of financial assets

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

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

(i) significant financial difficulty of the issuer or obligor;
(ii) a breach of contract, such as a default or delinquency in interest or principal payments;
(iii) the Bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
(iv) it is becoming probable that the borrower will go bankrupt or will follow a financial restructuring;
(v) the disappearance of an active market for that financial asset because of financial difficulties;
(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the bank, including:
- adverse changes in the payment status of borrowers in the bank; or
- national or local economic conditions that correlate with defaults on the assets in the bank

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

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

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

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

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

2.10 Intangible assets – Software

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

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

2.11 Property, plant and equipment

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

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

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

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

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

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

2.12 Investment property

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

2.13 Leases (The Bank as lessee)

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

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

2.14 Cash and cash equivalents

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

2.15 Provisions

Provisions for restructuring costs and legal claims are recognized when:

(1) the Bank has a present legal or constructive obligation as a result of past events;

(2) it is more likely than not that an outflow of resources will be required to settle the obligation; and

(3) the amount has been reliably estimated.

2.16 Employee benefits

(a) Short-term obligations

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

(b) Post employment benefits

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

Upon the date of publishing these financial statements the Bank has an auxiliary fund (TEAPETE) which has been submitted to law 3371/2005 "Capital market and other laws" as explained in note 36.

(c) Employee termination benefits

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

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

2.17 Deferred tax

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

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

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

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

2.18 Debt securities and other debt issues

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

2.19 Share capital and own shares

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

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

2.20 Fiduciary activities

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

2.21 Related-party transactions

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

2.22 Segment reporting

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

- Retail banking
- Corporate banking
- Insurance and asset management activities
- Investment banking and Treasury
- Other

2.23 Comparatives

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

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

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

(a) Impairment on loans and advances

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

(b) Fair value of derivatives

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

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

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

requires judgement. In making this judgement, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

(d) Income taxes

The Bank recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Due to state pension funds

The estimates, judgements and assumptions, concerning the liabilities to State pension funds are illustrated in Note 34.

4. Financial risk Management

4.1 Financial risk factors

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

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

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

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

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

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

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

4.2 Credit risk

Credit risk is the loss from the risk that the counterparty will be unable to pay amounts in full when due. In accordance with its credit scoring policy the Bank can estimate the credit risk for each loan category and estimate the exposure to credit risk.

From experience, management is able to carefully manage the credit risk it is exposed to, by issuing credit policies.

It applies an internal credit grading for corporate entities, small and medium size entities. This model has been improved and is continually reviewed within the context of policies, procedures and repayment behavior of the counterparties, so that the Bank will maximize the benefit from its use. The new model is based on classifying loans in delay by collateral coverage.

Based on the same model the Bank already connects the customer grading with the credit risk exposed within a year by industry.

Concerning the monitoring and management of concentration risk, the Bank developed a new system of limits per industry. This system is based on the rating of industries according to their dynamic characteristics and on the measurement of optimum diversification of the loan portfolio.

Regarding retail loans, the Bank can assess the credit scoring systems in use and by modifying their data can, precisely, estimate the credit risk by customer and minimize that risk. In order to quantify credit risk and estimate the possible loss the Bank has developed methodologies based on the payment behaviors of customers.

In addition the Bank has developed a system for allocating impairment allowances of portfolio loans. This system calculates an estimation of the possible loss for the following year based on historic trends and it is used to evaluate the quality of the credit portfolio. Impairment losses recorded cover the estimation of the possible loss for the Bank.

Emporiki Bank is in the process of developing new risk management policies to comply with the new Basle II framework.

4.3 Market risk

In 2005 the Bank developed and improved its internal risk management policy. The maximum value at risk (VaR) for the trading portfolio is estimated through historical simulation on a daily basis. In addition it uses the Monte-Carlo methodology. This analysis is performed for each market risk factor (interest rate risk, foreign exchange risk and market risk) and is confirmed through back testing and stress testing. In 2004 the Bank adopted an investment strategy in high quality international corporate securities.

The average credit rating of this portfolio by the end of 2005 was A according to Standard & Poor's evaluation.

Within the context of the Group risk management policy, the Bank in 2005 included Phoinix-Metrolife in its systems and, in the future, it will include the subsidiaries in the financial sector. In addition, it submitted to the regulatory authorities (Bank of Greece) for the certification of the internal risk estimation model (VAR) so that it can substitute the currently applied standardized methodology.

4.4 Foreign currency risk

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

(a)Open positions in a currency (long or short per currency).

(b)Total negative exposures.

(c)Maximum losses (On a daily/monthly or annual basis).

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

31 December 2005 ASSETS	EUR	USD	GBP	CHF	JPY	Other	Total
Cash and balances with Central Bank	678.482	838	232	26	57	316	679.951
Treasury bills and other eligible bills	919	-	-	-	-	-	919
Due from other banks	978.875	261.411	69.276	39.364	5.358	91.331	1.445.615
Trading securities	795.517	10.553	-	-	-	47	806.117
Derivative financial instruments – assets	33.621	-	-	-	-	-	33.621
Loans and advances to customers	13.909.003	713.035	26.281	79.149	39.442	94	14.767.004
Available-for-sale securities	69.884	-	-	-	-	497	70.381
Investment in subsidiaries	183.591	17.939	18	-	-	62.651	264.199
Investment in associates	13.224	-	-	-	-	9.265	22.489
Intangible assets	11.194	-	4	-	-	-	11.198
Property, plant and equipment	305.357	459	38	-	-	-	305.854
Investment property	97.622	-	-	-	-	-	97.622
Deferred tax asset	249.056	-	-	-	-	-	249.056
Income tax advances	3.096	-	-	-	-	-	3.096
Other assets	329.449	415	332	196	1	1	330.394
TOTAL ASSETS	**17.658.890**	**1.004.650**	**96.181**	**118.735**	**44.858**	**164.202**	**19.087.516**

LIABILITIES	EUR	USD	GBP	CHF	JPY	Other	Total
Due to other banks	974.257	105.236	7.336	112.269	10.831	3.580	1.213.509
Derivative financial instruments – liabilities	21.976	-	-	-	-	-	21.976
Due to customers	13.100.762	869.470	91.592	4.634	608.404	135.762	14.810.624
Debt securities in issue	399.327	-	-	-	-	-	399.327
Other borrowed funds	348.619	-	-	-	-	-	348.619
Personnel indemnities	479	-	-	-	-	-	479
Due to State pension funds	786.327	-	-	-	-	-	786.327
Other liabilities	461.612	13.420	1.613	58	(16.384)	(484)	459.835
Current tax liabilities	6.600	-	-	-	-	-	6.600
Deferred tax liabilities	1.544	-	-	-	-	-	1.544
Total liabilities	**16.101.503**	**988.126**	**100.541**	**116.961**	**602.851**	**138.858**	**18.048.840**
Net equity	**1.557.387**	**16.524**	**(4.360)**	**1.774**	**(557.993)**	**25.344**	**1.038.676**
Off balance sheet items	(592.283)	(18.319)	-	-	573.716	37.974	1.088

31 December 2004	EUR	USD	GBP	CHF	JPY	Other	Total
Total assets	16.564.744	893.546	105.801	90.962	65.300	130.709	17.851.062
Total liabilities	15.706.908	883.236	106.728	91.663	518.696	132.407	17.439.638
Net equity	**857.836**	**10.310**	**(927)**	**(701)**	**(453.396)**	**(1.698)**	**411.424**
Off balance sheet items	(468.108)	(202)	9.219	(84.257)	500.454	45.834	2.940

4.5 Interest rate risk

Interest rate risk is the risk for changes in the fair value of financial instruments and to net interest income for the Bank as a result of changes in interest rates. Interest rate risk is a result of the deferral in adjusting assets and liability items to interest rate changes.

The Bank uses the PVBP methodology (Present Value of a Basis Point) to measure, control and manage interest rate risk. PVBP measures the effect to the fair value of financial instruments and to the profitability of the Bank for every change by 1 basis point (0,01%) to the yield curve.

The Bank's interest rate risk mainly arises from retail banking and is usually funded by money market activities. There is though, a small volume of transactions in fixed rate bonds and interest rate forwards compared to the size of the Bank's balance sheet.

The Bank uses PVBPs as a measurement of exposures in order to control:

(a) Total interest rate exposure by maturity.

(b) Total interest rate exposure per currency (mainly Euro, GBP, USD and Australian Dollar).

(c) Total interest rate exposure.

The Bank measures its interest rate exposure as the maximum loss occurring as a result of changes in interest rates. These changes are based on historic data and through stress scenarios. It should be noted that the Bank measures its interest rate exposure to count the maximum loss within a reasonable interval.

The following tables show the interest rate exposure. These tables present the book value of asset and liability items for the Bank categorized by the shorter between the interest rate repricing date and the maturity date of the financial asset or liability.

31 December 2005

ASSETS	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non interest bearing	Total
Cash and balances with Central Bank	465.247	-	-	-		214.704	679.951
Treasury bills and other eligible bills	336	-	583	-	-	-	919
Due from other banks	1.174.815	149.991	103.096	9.217	-	8.496	1.445.615
Trading securities	170.463	109.942	17.838	437.638	43.406	26.830	806.117
Derivative financial instruments – assets	33.621	-	-	-	-	-	33.621
Loans and advances to customers	10.648.380	2.258.801	2.131.083	363.287	9.972	(644.519)	14.767.004
Available-for-sale securities	-	32.225	-	-	-	38.156	70.381
Investment in subsidiaries	-	-	-	-	-	264.199	264.199
Investment in associates	-	-	-	-	-	22.489	22.489
Intangible assets	-	-	-	-	-	11.198	11.198
Property, plant and equipment	-	-	-	-	-	305.854	305.854
Investment property	-	-	-	-	-	97.622	97.622
Deferred tax assets	-	-	-	-	-	249.056	249.056
Income tax advances	-	-	-	-	-	3.096	3.096
Other assets	-	-	-	-	-	330.394	330.394
Total assets	**12.492.862**	**2.550.959**	**2.252.600**	**810.142**	**53.378**	**927.575**	**19.087.516**
LIABILITIES							
Due to other banks	969.258	227.629	15.438	-	-	1.184	1.213.509
Derivative financial instruments – liabilities	21.976	-	-	-	-	-	21.976
Due to customers	11.467.064	1.390.431	1.742.686	120.891	-	89.552	14.810.624
Debt securities in issue	-	399.254	-	-	-	73	399.327
Other borrowed funds	348.619	-	-	-	-	-	348.619
Personnel indemnities	-	-	-	-	-	479	479
Due to State pension fund	-	-	78.633	314.531	393.163	-	786.327
Other liabilities	-	-	-	-	-	459.835	459.835
Current tax liabilities	-	-	-	-	-	6.600	6.600
Deferred tax liabilities	-	-	-	-	-	1.544	1.544
Total liabilities	**12.806.917**	**2.017.314**	**1.836.757**	**435.422**	**393.163**	**559.267**	**18.048.840**
Net interest rate exposure	**(314.055)**	**533.645**	**415.843**	**374.720**	**(339.785)**		

31 December 2004

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non interest bearing	Total
Cash and balances with Central Bank	410.613	-	-	-	-	197.123	607.736
Treasury bills and other eligible bills	10.905	-	16.867	-	-	-	27.772
Due from other banks	842.720	121.021	116.363	-	-	21.174	1.101.278
Trading securities	146.748	282.590	155.877	711.611	477.895	119.402	1.894.123
Derivative financial instruments – assets	249	-	-	-	-	-	249
Loans and advances to customers	8.364.974	2.342.171	1.918.396	507.636	328.060	(615.399)	12.845.838
Available-for-sale securities	19.173	4.552	6.069	-	31.461	8.750	70.005
Investment in subsidiaries	-	-	-	-	-	245.268	245.268
Investment in associates	-	-	-	-	-	22.489	22.489
Intangible assets	-	-	-	-	-	15.425	15.425
Property, plant and equipment	-	-	-	-	-	314.092	314.092
Investment property	-	-	-	-	-	103.768	103.768
Deferred tax assets	-	-	-	-	-	268.983	268.983
Income tax advances	-	-	-	-	-	16.906	16.906
Other assets	-	-	-	-	-	317.130	317.130
Total assets	**9.795.382**	**2.750.334**	**2.213.572**	**1.219.247**	**837.416**	**1.035.111**	**17.851.062**
LIABILITIES							
Due to other banks	526.169	189.905	39.098	-	-	-	755.172
Derivative financial instruments – liabilities	53.024	-	-	-	-	-	53.024
Due to customers	11.455.003	1.015.577	2.055.697	36.211	-	132.617	14.695.105
Debt securities in issue	-	398.853	-	-	-	-	398.853
Other borrowed funds	-	348.082	-	-	-	-	348.082
Personnel indemnities	-	-	-	-	-	452	452
Due to State pension fund	-	-	-	393.164	393.163	-	786.327
Other liabilities	-	-	-	-	-	391.874	391.874
Current tax liabilities	-	-	-	-	-	8.453	8.453
Deferred tax liabilities	-	-	-	-	-	2.296	2.296
Total liabilities	**12.034.196**	**1.952.417**	**2.094.795**	**429.375**	**393.163**	**535.692**	**17.439.638**
Net interest rate exposure	**(2.238.814)**	**797.917**	**118.777**	**789.872**	**444.253**		

4.6 Liquidity risk

Liquidity risk is the risk from the gap between the maturity of asset and liability items. Liquidity risk expresses the danger that the Bank cannot fulfill its obligations in the future from gaps between financial instruments or transactions.

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

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

(a) Minimum reserve balance as defined by the Bank of Greece.

(b) Liquidity indexes defined by the regulatory authority (Bank of Greece) and internally.

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

The following tables depict the assets and liability items of the Bank by maturity as at the reporting date.

31 December 2005	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
ASSETS						
Cash and balances with Central Bank	679.951	-	-	-	-	679.951
Treasury bills and other eligible bills	827	-	92	-	-	919
Due from other banks	996.487	159.401	56.069	123.335	110.323	1.445.615
Trading securities	553.960	-	-	96.793	155.364	806.117
Derivative financial instruments – assets	33.621	-	-	-	-	33.621
Loans and advances to customers	2.946.451	1.452.797	2.518.587	3.665.324	4.183.845	14.767.004
Available-for-sale securities	15.802	-	-	54.579	-	70.381
Investment in subsidiaries	-	-	-	-	264.199	264.199
Investment in associates	-	-	-	-	22.489	22.489
Intangible assets	-	-	-	-	11.198	11.198
Property, plant and equipment	-	-	-	-	305.854	305.854
Investment property	-	-	-	-	97.622	97.622
Deferred tax assets	-	-	-	249.056	-	249.056
Income tax advances	-	-	3.096	-	-	3.096
Other assets	216.977	49.175	61.827	2.415	-	330.394
Total assets	**5.444.076**	**1.661.373**	**2.639.671**	**4.191.502**	**5.150.894**	**19.087.516**
LIABILITIES						
Due to other banks	514.763	521.132	9.918	-	167.696	1.213.509
Derivative financial instruments – liabilities	21.976	-	-	-	-	21.976
Due to customers	5.432.295	139.057	1.742.860	877.366	6.619.046	14.810.624
Debt securities in issue	-	-	-	399.327	-	399.327
Other borrowed funds	-	-	-	-	348.619	348.619
Personnel indemnities	-	-	-	479	-	479
Due to State pension fund	-	-	78.633	314.531	393.163	786.327
Other liabilities	320.673	90.242	12.328	36.592	-	459.835
Current tax liabilities	-	-	6.600	-	-	6.600
Deferred tax liabilities	-	-	-	1.544	-	1.544
Total liabilities	**6.289.707**	**750.431**	**1.850.339**	**1.629.839**	**7.528.524**	**18.048.840**
Net equity	**(845.631)**	**910.942**	**789.332**	**2.561.663**	**(2.377.630)**	**1.038.676**

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2004						
Total assets	5.096.383	2.010.976	2.805.740	4.634.749	3.303.214	**17.851.062**
Total liabilities	4.691.957	1.083.008	2.096.042	8.140.052	1.428.579	**17.439.638**
Net equity	**404.426**	**927.968**	**709.698**	**(3.505.303)**	**1.874.635**	**411.424**

4.7 Establishment of fair values

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

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

5. Transition to IFRS

5.1 Application of IFRS 1

The financial statements of the Bank for the year ending 31 December 2005 are the first annual financial statements in accordance with IFRS. The financial statements have been presented as stated in note 2.1. The Bank has applied IFRS 1 for the preparation of these annual financial statements.

The transition date for the Bank to IFRS is the 1st of January 2004, the date when the "opening balance sheet" of the Bank was prepared in accordance with IFRS. The present annual financial statements refer to the period between 1 January to 31 December 2005, and the 1st of January 2005 is considered as the date the Bank adopted IFRS.

For the compilation of the annual financial statements the Bank adopted the exemptions in accordance with IFRS 1.

5.1.1 Optional exemptions from full retrospective application of IFRS
The Bank decided to apply the following optional exemptions for IFRS purposes:

a) Business combinations: The Bank decided not to adjust any business acquisitions prior to 1 January 2004 (transition date).

b) Deemed cost: The Bank considers as deemed cost for property held 1 January 2004 the fair value as at that date.

5.1.2 Mandatory exemptions from full retrospective application of IFRS

Derecognition of financial instruments

The financial instruments that were derecognized as at 1 January 2004 will not be recognized in the future financial statements.

Hedge accounting

The management applies hedge accounting from 1 January 2004 only if all of the criteria required for hedge accounting according to IAS 39, are met.

Estimates and judgements

According to IFRS 1, it is not allowed to use information, which has been disclosed after 1 January 2004 for estimations made under Greek GAAP except for correction of errors. The Bank adjusted its estimations in the cases were the measurement basis was not in accordance with IFRS, using information available at the transition date.

5.2 Reconciliation between IFRS and Greek GAAP

The following tables show the effect to the Bank from the transition to IFRS. The first schedule shows the reconciliation of equity as at 1 January 2004 and 31 December 2004, while the following tables show in detail the effect to the:

- Balance sheet items 1 January 2004
- Balance sheet items 31 December 2004
- Profit and loss account as at 31 December 2004
- Cash flow statement as at 31 December 2004

5.2.1 Reconciliation net equity

		1 January 2004	31 December 2004
Total Net Equity (Greek GAAP) - Published		**1.268.571**	**1.328.863**
Reversal of 2003 appropriation of profit	(1)	40.766	-
Intangible assets write-off	(2)	(18.646)	(21.791)
Revaluation of property at fair value	(3)	195.206	(16.148)
Change in depreciation rates	(4)	-	1.184
Financial leases	(5)	(23)	(61)
Impairment of loans and advances	(6)	(142.100)	(127.248)
Effective interest rate method for commission on loans (IAS 39)	(7)	(21.957)	(40.757)
Effective interest rate method for interest on loans (IAS 39)	(7)	3.175	7.998
Provision for obligation to ETEAM	(8)	(786.327)	(786.327)
Impairment of investments in subsidiaries	(9)	(259.348)	(155.909)
Impairment of investments in associates	(9)	(36.653)	(19.390)
Impairment of available-for-sale assets	(9)	(20.874)	-
Revaluation of available-for-sale assets	(9)	(25)	29
Revaluation of trading portfolio	(9)	(6.646)	-
Derivatives at fair value	(9)	142	(386)
Tax on property revaluation	(10)	(7.641)	-
Provision for employee benefits obligation	(10)	(16.415)	(15.689)
Other provision	(10)	(5.400)	(6.400)
Write-off of withholding taxes from the sale of investments		(3.233)	(3.233)
Deferred tax assets	(11)	273.197	268.985
Deferred tax liabilities	(11)	(1.111)	(2.296)
Total adjustments		**(813.913)**	**(917.439)**
Total net equity (IFRS)		**454.658**	**411.424**

The above table has been restated in comparison with the table presented in the interim financial statements of 2005 (Refer to Note 43).

Notes to the reconciliation of equity

(1) According to IFRS, dividends and profit appropriation are recognized when they are approved by the shareholders. According to the Greek GAAP, dividends and profit appropriation are recognized when they are proposed.

(2) Under Greek GAAP the recognition of specific intangible assets is allowed. According to IFRS, intangible assets are recognized when it is probable that future economic benefits will flow to the entity.

(3) On transition date to IFRS (1 January 2004) the Bank valued land and buildings at fair value based on professional valuations. This fair value was considered as deemed cost Under Greek GAAP, property was revalued according to the tax law provisions.

(4) The depreciation rate, according to Greek GAAP was determined by the provisions of the tax law. In IFRS, the depreciation charge is recognized using the straight line method over the assets useful life.

(5) In Greek GAAP, expenses from finance leases are recognized to the Income Statement on a straight-line method. Under IFRS, expenses from finance leases are recognized using the effective interest rate method.

(6) Loans to customers and other receivables were assessed for indication of impairment. Impairment loss was recognized for those loans and receivables for which the carrying amount exceeded the recoverable amount.

(7) According to IFRS, directly attributable fees and commissions, relating to loans, are recognized to the Income Statement using the effective interest rate method. According to Greek GAAP, these fees and commissions are recognized to the Income Statement when they are received or incurred.

(8) The Bank recognized its liability arising from the inclusion of TEAPETE to IKA-ETEAM according to L.3371/2005.

(9) Securities and derivatives were recognized according to IAS 39 provisions. According to Greek GAAP, securities are valued at the lower of cost or market value.

(10) According to IFRS provisions are recognized when there is a present contractual or constructive obligation and an outflow of resources embodying economic benefits is probable. Greek GAAP allows the recognition of specific classes of provisions.

(11) According to Greek GAAP, no liability or asset from deferred taxes is recognized.

5.2.2 Balance Sheet reconciliation 1 January 2004

	GREEK GAAP	Effect on transition to IFRS	IFRS
ASSETS			
Cash and balances with Central Bank	398.114	-	398.114
Treasury bills	9.792	-	9.792
Due from other banks	964.942	-	964.942
Trading securities	-	2.153.791	2.153.791
Derivative financial instruments	-	142	142
Loans and advances to customers*	11.705.002	(135.272)	11.569.730
Bonds and other fixed income securities	1.924.367	(1.924.367)	-
Shares and other variable income securities	287.271	(287.271)	-
Available-for-sale securities	-	61.816	61.816
Investments in subsidiaries	721.995	(271.722)	450.273
Investment in associates	31.663	(16.306)	15.357
Intangible assets	48.500	(27.849)	20.651
Property, plant and equipment	134.866	174.414	309.280
Investment property	-	84.016	84.016
Deferred tax assets*	-	273.197	273.197
Income tax advances	-	18.957	18.957
Other assets*	417.770	(100.226)	317.544
Total assets*	**16.644.282**	**3.320**	**16.647.602**
LIABILITIES			
Due to other banks	1.225.556	-	1.225.556
Derivative financial instruments	-	76.221	76.221
Due to customers	13.841.685	-	13.841.685
Debt securities in issue	73	-	73
Other provisions	29	(29)	-
Due to State pension fund *	-	786.327	786.327
Other liabilities*	308.368	(78.071)	230.297
Current tax liabilities	-	31.674	31.674
Deferred tax liabilities	-	1.111	1.111
Total liabilities*	**15.375.711**	**817.233**	**16.192.944**
Equity			
Share capital	429.658	-	429.658
Share premium	278.392	-	278.392
Treasury shares	(88.935)	-	(88.935)
Other reserves	649.456	(6.525)	642.931
Accumulated deficit*	-	(807.388)	(807.388)
Total equity*	**1.268.571**	**(813.913)**	**454.658**
TOTAL LIABILITIES AND EQUITY	**16.644.282**	**3.320**	**16.647.602**

*The figures per IFRS have been restated in comparison with those figures presented in the interim financial statements of 2005. Refer to Note 43.

5.2.3 Balance Sheet Reconciliation 31 December 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
ASSETS			
Cash and balances with Central Bank	607.736	-	607.736
Treasury bills	27.772	-	27.772
Due from other banks	1.101.278	-	1.101.278
Trading securities	-	1.894.123	1.894.123
Derivative financial instruments	-	249	249
Loans and advances to customers*	12.989.597	(143.759)	12.845.838
Bonds and other fixed income securities	1.849.560	(1.849.560)	-
Shares and other variable income securities	101.182	(101.182)	-
Available-for-sale securities	-	70.005	70.005
Investments in subsidiaries	397.802	(152.534)	245.268
Investment in associates	20.412	2.077	22.489
Intangible assets	46.419	(30.994)	15.425
Property, plant and equipment	331.167	(17.075)	314.092
Investment property	-	103.768	103.768
Deferred tax asset	-	268.983	268.983
Income tax advances*	-	16.906	16.906
Other assets*	441.757	(124.627)	317.130
Total assets*	**17.914.682**	**(63.620)**	**17.851.062**
Liabilities			
Due to other banks	755.172	-	755.172
Derivative financial instruments	-	53.024	53.024
Due to customers	14.695.105	-	14.695.105
Debt securities	398.853	-	398.853
Other debt securities	348.082	-	348.082
Employee benefits	13.635	(13.183)	452
Due to State pension fund*	-	786.327	786.327
Other provisions	17.453	(17.453)	-
Other liabilities*	357.519	34.355	391.874
Current tax liabilities	-	8.453	8.453
Deferred tax liabilities	-	2.296	2.296
Total liabilities*	**16.585.819**	**853.819**	**17.439.638**
Equity			
Share capital	485.435	-	485.435
Share premium	361.137	(88.954)	272.183
Less: Own shares	(88.935)	-	(88.935)
Other reserves	716.077	(40.957)	675.120
Accumulated deficit*	(144.851)	(787.528)	(932.379)
Total equity*	**1.328.863**	**(917.439)**	**411.424**
Total liabilities and equity	**17.914.682**	**(63.620)**	**17.851.062**

*The figures per IFRS have been restated in comparison with those figures presented in the interim financial statements of 2005. Refer to Note 43.

5.2.4 Reconciliation of income statement for the year ended 31 December 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
Interest & similar income	811.684	4.823	816.507
Interest expense & similar charges	(289.277)	8.019	(281.258)
Net interest income	**522.407**	**12.842**	**535.249**
Fee & commission income	150.813	(12.500)	138.313
Fee & commission expense	(11.866)	-	(11.866)
Net Fee & commission income	**138.947**	**(12.500)**	**126.447**
Dividend income	4.430	-	4.430
Net trading results	(15.953)	34.395	18.442
Gains less losses from investment securities	-	(67.036)	(67.036)
Other operating income	12.037	3.688	15.725
Net operating income	**661.868**	**(28.611)**	**633.257**
Staff costs	(401.090)	4.404	(396.686)
Depreciation	(37.015)	7.062	(29.953)
Impairment losses on loans and advances	(148.203)	14.852	(133.351)
Other operating expenses	(122.373)	(29.069)	(151.442)
Total operating expenses	**(708.681)**	**(2.751)**	**(711.432)**
Extraordinary results	3.423	(3.423)	0
LOSS BEFORE TAX	**(43.390)**	**(34.785)**	**(78.175)**
Income Tax	(18.984)	2.988	(15.996)
LOSS AFTER TAX	**(62.374)**	**(31.797)**	**(94.171)**

5.2.5 Cash Flow Statement as at 31 December 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
Cash flows from operating activities	(237.405)	(359.009)	(596.414)
Cash flows from investing activities	(94.759)	245.567	150.808
Cash flows from financing activities	700.209	5.970	706.179
Net increase/(decrease) in cash and cash equivalents	**368.045**	**(107.472)**	**260.573**
Net increase in cash and cash equivalents due to merger	782	-	782
Cash and cash equivalents, at beginning of period	**1.211.693**	1.260.874	**2.472.567**
Cash and cash equivalents, at end of period	**1.580.520**	**1.153.402**	**2.733.922**

The material adjustments to the cash flow statement are due to the following:

a) the definition of cash and cash equivalents. According to IFRS, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including cash on hand and non-restricted balances with the Bank of Greece, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

b) reclassifications

6. Segment reporting

From 1/1 to 31/12/2005	Total	Retail banking	Corporate banking	Insurance / Asset management	Investment banking & treasury	Other
Net interest income	564.296	470.667	67.128	-	26.501	-
Net fee and commission income	141.562	105.757	18.663	10.064	7.078	-
Other income	20.189	-	-	4.547	8.681	6.961
Net Operating Income	726.047	576.424	85.791	14.611	42.260	6.961
Staff costs	321.031	239.935	29.917	3.529	14.504	33.146
Impairment losses on loans and other receivables	112.845	85.762	27.083	-	-	-
Other operating expenses	176.828	122.129	15.111	1.679	22.307	15.602
Total Operating Expenses	610.704	447.826	72.111	5.208	36.811	48.748
PROFIT (LOSS) BEFORE TAX	**115.343**	**128.598**	**13.680**	**9.403**	**5.449**	**(41.787)**

From 1/1 to 31/12/2004	Total	Retail banking	Corporate banking	Insurance / Asset management	Investment banking & treasury	Other
Net interest income	535.249	445.929	66.633	-	22.687	-
Net fee and commission income	126.447	93.482	17.148	9.748	6.069	-
Other income	(28.439)	-	-	2.418	(44.164)	13.307
Net Operating Income	633.257	539.411	83.781	12.166	(15.408)	13.307
Staff costs	396.686	303.623	38.836	3.756	12.357	38.114
Impairment losses on loans and other receivables	133.351	96.013	37.338	-	-	-
Other operating expenses	181.395	136.015	16.289	1.725	13.032	14.334
Total Operating Expenses	711.432	535.651	92.463	5.481	25.389	52.448
PROFIT (LOSS) BEFORE TAX	**(78.175)**	**3.760**	**(8.682)**	**6.685**	**(40.797)**	**(39.141)**

Retail banking includes all services and products offered to individuals, freelance professionals small and medium size entities.

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

Insurance and asset management services refer to portfolio management for clients and insurance products delivered through the Bank's network.

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

In the other sections are all non-financial or insurance activities as well as the administrative and back off services of the Bank

7. Net interest income	1/1 –31/12/2005	1/1 –31/12/2004
Interest income		
Cash and short-term funds	43.447	28.126
Bonds/ Treasury bills	65.185	77.517
Customer bonds and reverse repos	107	852
Loans and advances	796.782	710.012
	905.521	**816.507**
Interest expense		
Banks and customers	284.715	243.576
Debt securities	10.369	1.731
Securities and repos	7.645	31.645
Obligations to pension funds	27.757	-
Other borrowing funds	10.739	4.306
	341.225	**281.258**
Net interest income	**564.296**	**535.249**

8. Net fee & commission income	1/1 –31/12/2005	1/1 –31/12/2004
Fee & commission income		
Loans	27.255	14.595
Working capital	7.347	8.761
Letters of guarantee	13.355	12.401
Credit cards	29.842	28.319
Imports – Exports	7.629	8.254
Mutual Funds	10.064	9.737
Other commissions	58.315	56.246
	153.807	**138.313**
Fee & commission expenses		
Credit cards	7.578	8.453
Related banks and companies	291	2.710
Other	4.376	703
	12.245	**11.866**
Net commission income	**141.562**	**126.447**

9. Dividend income	1/1 –31/12/2005	1/1 –31/12/2004
Subsidiaries and associates	299	470
Trading portfolio	852	3.719
Available-for-sale portfolio	909	241
Dividend income	**2.060**	**4.430**

10. Net trading results	1/1 –31/12/2005	1/1 –31/12/2004
Net profit from sale and valuation of mutual funds units	-	2.115
Net profit from transactions and foreign exchange valuation	3.663	(985)
Net profit from sale and valuation of bonds	(5.300)	29.825
Net profit from sale and valuation of shares and other variable yield securities	11.461	27.287
Net loss from sale and valuation of derivatives	(5.783)	(39.800)
Net trading results	**4.041**	**18.442**

11.Gains less losses of investment portfolio	1/1 –31/12/2005	1/1 –31/12/2004
Net profit from mutual funds units sales	2.464	-
Net profit from sale of subsidiary	116	-
Impairment losses of participation to subsidiaries	-	(67.036)
Total result of investment portfolio	**2.580**	**(67.036)**

12.Other operating income	1/1 –31/12/2005	1/1 –31/12/2004
Rental income	1.548	1.759
Proceeds from written-off receivables	3.591	2.360
Gain from the sale of fixed assets	4.051	9.405
Other income	2.318	2.201
Other operating income	**11.508**	**15.725**

13. Staff costs	1/1 –31/12/2005	1/1 –31/12/2004
Salaries and wages	220.043	246.806
Social security cost (principal and auxiliary)	85.449	101.525
Other benefits	15.539	48.355
Staff expenses	**321.031**	**396.686**

Total personnel of Emporiki Bank as at 31 December 2005 consists of 6.377 people compared to 6.627 as at 31 December 2004.

14. Other operating expenses	1/1 –31/12/2005	1/1 –31/12/2004
Fees and third party expenses	18.517	17.510
Third parties fees	43.676	43.814
Insurance fees	7.627	6.139
Taxes and duties	15.278	13.537
Other expenses	67.606	70.442
Other operating expenses	**152.704**	**151.442**

15. Income tax expense	1/1 –31/12/2005	1/1 –31/12/2004
Tax for the period (provision)	8.100	10.598
Deferred taxation (Note 33)	19.176	5.398
Income tax expense	**27.276**	**15.996**

16. Earnings per share	1/1 –31/12/2005	1/1 –31/12/2004
Attributable profits/ (losses) to the Bank shareholders	88.067	(94.171)
Average number of shares (excluding own shares)	95.948.899	81.436.453
Basic Earnings per share (Euro)	0,92	(1,16)

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

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

17. Cash and balances with Central Bank	31/12/05	31/12/04
Cash	219.109	223.915
Deposits at Central Bank excluding obligatory deposits for liquidity purposes	280.940	173.711
Cheques' receivables – Central Bank clearing office	1.695	1.171
Included as cash and cash equivalents (Note 38)	**501.744**	**398.797**
Obligatory deposits at Central Bank	178.207	208.939
Cash and balances with Central Bank	**679.951**	**607.736**

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

18. Due from other banks	31/12/05	31/12/04
Cheques receivables	4.459	4.910
On demand	4.330	8.623
Placements in other banks	1.271.090	862.674
Reverse Repos	-	59.556
Other amounts due	32.218	37.022
Included as cash and cash equivalents (Note 38)	**1.312.097**	**972.785**
Loans and borrowings in other banks	133.518	128.493
Due from other banks	**1.445.615**	**1.101.278**

19. Trading securities	31/12/05	31/12/04
Trading securities portfolio		
Bonds issued by Hellenic Republic (Note 38)	547.277	1.334.568
Other issuers	232.010	485.092
Total	**779.287**	**1.819.660**
Listed shares	26.830	54.568
Mutual funds	-	19.895
Total	**26.830**	**74.463**
Trading securities	**806.117**	**1.894.123**

20. Derivatives financial instruments

	31/12/05			31/12/04		
		Fair value			Fair value	
	Contract / Nominal value	Assets	Liabilities	Contract / Nominal value	Assets	Liabilities
a) Currency derivatives						
Currency Forwards	1.220.855	-	55	1.209.546	-	2.153
Currency Swaps	225.699	30.180	-	386.994	-	7.554
Currency options	9.915	10	8	-	-	-
Total		**30.190**	**63**		**-**	**9.707**
b) Interest rate derivatives						
Interest rate swaps	2.117.313	-	18.790	2.262.414	105	27.461
Exchange traded interest rate futures	-	-	-	366.000	-	15.221
Caps	2.972	85	139	-	-	-
Total		**85**	**18.929**		**105**	**42.682**
c) Index options						
OTC index options	325.515	3.346	2.984	19.207	144	635
Total		**3.346**	**2.984**		**144**	**635**
Derivative financial instruments		**33.621**	**21.976**		**249**	**53.024**

21. Loans and advances to customers	31/12/05	31/12/04
Loans to individuals		
Overdrafts	3.165	3.156
Credit cards	380.748	371.933
Term loans (including consumer loans)	1.365.911	894.846
Housing loans	4.201.324	3.369.497
Other loans	189.047	435.256
	6.140.195	**5.074.688**
Loans to legal entities		
Business loans	7.452.824	7.222.541
Syndicated loans	133.048	168.423
State and public companies	348.280	400.142
Loans in the form of bonds and other loans	1.337.176	595.443
	9.271.328	**8.386.549**
Loans and advances to customers	**15.411.523**	**13.461.237**
Less: Impairment losses on loans and advances	(644.519)	(615.399)
	14.767.004	**12.845.838**
Floating interest rate	14.530.648	12.417.513
Fixed interest rate	880.875	1.043.724
Total	**15.411.523**	**13.461.237**
Impairment losses on loans and advances		
Changes on impairment losses for loans and advances		
Balance at 1 January	615.399	471.936
Impairment from merged companies	-	17.423
Impairment for loans	112.845	133.351
Write-offs	(83.725)	(7.311)
Balance at 31 December	**644.519**	**615.399**

22. Available-for-sale securities	31/12/05	31/12/04
Available-for-sale securities at fair value		
Bonds issued by Hellenic Republic	2.028	29.928
Bonds of other issuers	30.197	-
Listed shares	20.542	16.562
Non listed shares	8.014	11.988
Mutual funds units	9.600	11.527
Available-for-sale securities	**70.381**	**70.005**

23. Investments in subsidiaries / associates

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

	Company	Country of incorporation	% Held as at 31/12/05	Balance as at 31/12/05	% Held as at 31/12/04	Balance as at 31/12/04
1	EMPORIKI BANK-GERMANY G.M.B.H.	GERMANY	100,00%	22.198	100,00%	22.198
2	EMPORIKI BANK BULGARIA A.D.	BULGARIA	100,00%	12.108	100,00%	12.108
3	EMPORIKI BANK ALBANIA S.A.	ALBANIA	100,00%	8.663	100,00%	8.663
4	EMPORIKI BANK ARMENIA	ARMENIA	-	-	100,00%	2.082
5	ΕΜΠΟΡΙΚΗ LEASING A.E.	GREECE	100,00%	54.157	100,00%	54.157
6	EMPORIKI BANK GEORGIA S.A.	GEORGIA	-	-	76,52%	2.329
7	EMPORIKI BANK CYPRUS L.T.D.	CYPRUS	81,19%	15.905	81,19%	15.905
8	EMPORIKI VENT. CAPITAL ENTERPRISES LIMITED	CYPRUS	100,00%	5.067	100,00%	5.067
9	EMPORIKI VENT. CAPITAL DEVELOPED LIMITED	CYPRUS	100,00%	5.196	100,00%	5.196
10	EMPORIKI VENT. CAPITAL EMERGING LIMITED	CYPRUS	100,00%	15.882	100,00%	15.882
11	EMPORIKI VENT. CAPITAL FUNDS LIMITED	CYPRUS	100,00%	6.113	100,00%	6.113
12	ELVIO A.E.	GREECE	100,00%	150	100,00%	150
13	EMPORIKI GROUP FINANCE PLC	UNITED KINGDOM	100,00%	134	100,00%	18
14	BANK INSTITUTION	GREECE	99,90%	599	99,90%	599
15	RESEARCH BANK FOR HISTORICAL ARCHIVES (Non- profit organization).	GREECE	99,90%	15	99,90%	15
16	EMPORIKI MEDIA	GREECE	99,00%	769	99,00%	769
17	EMPORIKI MANAGEMENT	GREECE	99,65%	6.514	99,65%	6.514
18	EMPORIKI BANK ROMANIA S.A.	ROMANIA	98,13%	16.722	98,13%	16.722
19	THERMA EMPORIKI DEVELOPMENT	GREECE	0,01%	0	0,01%	0
20	KOLONOS REAL ESTATE A.E.	GREECE	0,01%	0	0,01%	0
21	THERMAIKOS REAL ESTATE A.E.	GREECE	0,01%	0	0,01%	0
22	PHOENIX FINANCIAL INTERMEDIARIES	GREECE	-	-	40,00%	72
23	PHOENIX METROLIFE EMPORIKI	GREECE	89,84%	17.298	83,48%	0
24	EMPORIKI ASSET MANAGEMENT ΑΕΠΕΥ	GREECE	80,00%	4.800	80,00%	4.800
25	ERMIS AEDAK	GREECE	71,70%	1.871	71,70%	1.871
26	TOTAL CARE A.E	GREECE	70,00%	259	70,00%	259
27	EMPORIKI DEVELOPMENT AND REAL ESTATE MANAGEMENT	GREECE	65,50%	38.506	65,10%	38.506
28	GREEK INDUSTRY OF BAGS	GREECE	58,71%	263	58,71%	263
29	EMPORIKI RENT	GREECE	51,00%	3.060	51,00%	3.060
30	EMPORIKI LIFE	GREECE	50,00%	5.000	50,00%	5.000
31	EMPORIKI CREDICOM	GREECE	50,00%	22.950	50,00%	16.950
				264.199		245.268

The bank's investments in associates are analyzed as follows

	Company	Country of incorporation	% held as at 31/12/05	Balance as at 31/12/05	% held as at 31/12/04	Balance as at 31/12/04
1	ALPHA GRAPHICS FRACHISE DEVELOPMENT	GREECE	49,00%	218	49,00%	218
2	INDUSTRY OF PHOSPHORIC FERTILIZERS	GREECE	42,16%	10.052	42,16%	10.052
3	MEDIAFON	GREECE	25,00%	114	25,00%	114
4	INCURIAM INVESTMENT LTD	CYPRUS	20,00%	767	20,00%	767
5	ICAP	GREECE	20,00%	5.000	20,00%	5.000
6	EULER HERMES EMPORIKI	GREECE	15,00%	679	15,00%	679
7	CHARALAMBIDIES DAIRIES	CYPRUS	20,00%	5.659	20,00%	5.659
				22.489		22.489

The restructuring plan of the "Industry of Phosphoric Fertilizers" was approved in the special Shareholders General Meeting of the company, which was held at 10 January 2006. The restructuring plan is aiming at turning the company into a profitable corporation. Considering this, the Bank as being one of the company's shareholders and funding institution, decided to support the plan.

The movement in the investment portfolio is summarized as follows:

	Investments in subsidiaries		Investments in associates	
	31/12/05	31/12/04	31/12/05	31/12/04
Opening balance	245.268	450.273	22.489	15.356
Addition	23.414	81.284	-	7.133
Reduction	(4.483)	(229.702)	-	-
Impairment	-	(56.587)	-	-
Closing balance	**264.199**	**245.268**	**22.489**	**22.489**

During 2005 the Bank sold its participations of the subsidiaries "Emporiki Bank – Georgia SA" and "Emporiki Bank – Armenia CJSC".

24. Intangible Assets

	Software
1 January 2004	
Cost	50.840
Accumulated depreciation	(30.189)
Net book value	**20.651**
31 December 2004	
Opening net book value	20.651
Additions/Disposals	6.035
Change in depreciation	(11.261)
Closing net book value	**15.425**
31 December 2004	
Cost	56.875
Accumulated depreciation	(41.450)
Net book value	**15.425**
31 December 2005	
Opening net book value	15.425
Additions/Disposals	773
Change in depreciation	(5.000)
Closing net book value	**11.198**
31 December 2005	
Cost	57.648
Accumulated depreciation	(46.450)
Net book value	**11.198**

25. Property, plant and equipment

	Land	Buildings and leasehold improvements	Other tangible assets	Total
1 January 2005				
Cost	169.304	93.921	152.849	416.074
Accumulated depreciation	-	-	(106.796)	(106.796)
Net book value	**169.304**	**93.921**	**46.053**	**309.278**
Period 31 December 2004				
Opening net book value	169.304	93.921	46.053	309.278
Additions/Disposals	136	5.258	12.693	18.087
Change in depreciation	-	(2.689)	(10.584)	(13.273)
Closing net book value	**169.440**	**96.490**	**48.162**	**314.092**
31 December 2004				
Cost	169.440	99.179	165.542	434.161
Accumulated depreciation	-	(2.689)	(117.380)	(120.069)
Net book value	**169.440**	**96.490**	**48.162**	**314.092**
31 December 2005				
Opening net book value	169.440	96.490	48.162	314.092
Additions/Disposals	(106)	(5.405)	15.541	10.030
Change in depreciation	-	(2.331)	(15.937)	(18.268)
Closing net book value	**169.334**	**88.754**	**47.766**	**305.854**
31 December 2005				
Cost	169.334	93.774	181.083	444.191
Accumulated depreciation	-	(5.020)	(133.317)	(138.337)
Net book value	**169.334**	**88.754**	**47.766**	**305.854**

26. Investment property

	Land	Buildings and equipment	Total
1 January 2004			
Cost	48.989	35.027	84.016
Accumulated depreciation	-	-	-
Net book value	**48.989**	**35.027**	**84.016**
Period 31 December 2004			
Opening book value	48.989	35.027	84.016
Additions/ Disposals	21.361	(1.173)	20.188
Changes in depreciation	-	(436)	(436)
Closing net book value	**70.350**	**33.418**	**103.768**
31 December 2004			
Cost	70.350	33.854	104.204
Accumulated depreciation	-	(436)	(436)
Net book value	**70.350**	**33.418**	**103.768**
31 December 2005			
Opening book value	70.350	33.418	103.768
Additions/ Disposals	(4.200)	(1.089)	(5.289)
Changes in depreciation	-	(857)	(857)
Closing net book value	**66.150**	**31.472**	**97.622**
31 December 2005			
Cost	66.150	32.765	98.915
Accumulated depreciation	-	(1.293)	(1.293)
Net book value	**66.150**	**31.472**	**97.622**

27. Other assets

	31/12/05	31/12/04
Prepaid expenses	2.198	2.942
Accrued income	61.573	76.798
Other	266.623	237.390
	330.394	**317.130**

28. Due to other banks

	31/12/05	31/12/04
Borrowings from banks	1.066.389	687.339
Current accounts	147.120	67.833
	1.213.509	**755.172**

29. Due to customers	31/12/05	31/12/04
Deposits from legal entities		
Current accounts	1.821.916	1.239.231
Term deposits	1.393.268	1.337.371
Sale and repurchase agreements (Repos)	9.291	808.926
	3.224.475	**3.385.528**
Deposits from individuals		
Current accounts	466.140	417.063
Term deposits	3.824.936	3.240.431
Saving accounts	7.217.989	7.232.314
Sale and repurchase agreements (Repos)	3.230	309.827
	11.512.295	**11.199.635**
Cheques and remittances payable	73.854	109.942
	14.810.624	**14.695.105**
Fixed interest rate	5.230.725	5.696.555
Floating interest rate	9.506.045	8.888.608
Total deposits	**14.736.770**	**14.585.163**

Fixed rate deposits include term deposits and repos in euro and foreign currency. The remaining amounts are floating.

30. Debt securities in issue	31/12/05	31/12/04
Debt securities	399.254	398.780
Other credit titles	73	73
	399.327	**398.853**

Emporiki Group Finance PLC, a subsidiary of Emporiki Bank A.E., granted to Emporiki Bank A.E. a loan of total € 398.780.000, due in July 2007. For the above loan Emporiki Group Finance PLC, proceeded at 01.11.2004 to the issuance of Notes of a nominal value € 400.000.000, floating rate note (3months Euribor + 0,30%) and maturity in July 2007.

The other credit titles of € 73 thousands refer to a short-term obligation undertaken by Emporiki Bank A.E. to pay out the Bank bonds (nominal value plus accrued interest) issued by Investment Bank.

31. Other borrowed funds	31/12/05	31/12/04
Subordinated notes	348.619	348.082
	348.619	**348.082**

Emporiki Group Finance PLC, subsidiary of Emporiki Bank A.E. granted a subordinated loan to the bank amounting € 348.081.500, due in October 2014. For the above, Emporiki Group Finance PLC, proceeded on 05.08.2004 to the issuance of Notes of nominal value of € 350.000.000, floating rate (3months Euribor + 0,75%) due in October 2014, guaranteed by Emporiki Bank A.E.

32. Other liabilities	31/12/05	31/12/04
Dividends payable	1.944	2.439
Accrued expenses and deferred income	127.327	162.195
Other	330.564	227.240
	459.835	**391.874**

33. Deferred tax assets/ liabilities

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

Deferred tax assets and liabilities arise from:

	31/12/05	31/12/04
Deferred tax assets		
Intangible assets write-off	2.595	6.319
Impairment of loans and receivables	33.054	39.001
Provision for the cost of submission to ETEAM	194.574	196.582
Commissions recognition based on effective interest rates	6.945	10.189
Impairment of investments at companies under clearing process	8.837	9.752
Provision for staff expenses	3.037	7.122
Other temporary tax differences	14	18
	249.056	**268.983**
Deferred tax liabilities		
Commissions recognition based on effective interest rates *	-	2.000
Reduced depreciation rates for buildings	1.544	296
	1.544	**2.296**
Net deferred tax assets	**247.512**	**266.687**

*Deferred tax assets and liabilities resulting from the recognition of loan's commissions based on an effective interest rate are netted off in assets.

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

	31/12/05	31/12/04
Deferred tax (income statement)		
Intangible assets variation	3.724	(912)
Provision for the cost of submission to ETEAM	2.008	-
Impairment of loans and receivables	5.947	(3.476)
Commissions recognition based on real interest rates	1.245	(3.494)
Provision for staff expenses	4.085	(3.019)
Reduced depreciation rates for buildings	1.248	296
Change of tax rates	-	16.013
Impairment of investments in companies under liquidation	914	-
Other temporary tax differences	5	(10)
	19.176	**5.398**

34. Obligations to pension funds

The Auxiliary Pension Fund (TEAPETE) for the Bank's employees is considered a defined benefit plan prior to law 3371/2005. Under law 3371/2005, in which the Bank has opted for submission, all employees and pensioners that were employed up to 31 December 2004 will not be included in TEAPETE but will be included in IKA –ETEAM and ETAT which are the auxiliary funds for state control plans and the new auxiliary fund for bank employees, both of which are considered defined contribution plans. Employees that join the Bank after 1/1/2005 are automatically included in IKA-ETEAM.

Following the provisions of the new law 3371/2005, an economic study was performed by independent specialized actuaries, in order to determine the cost of including TEAPETE into the above-mentioned auxiliary funds (IKA-ETEAM and ETAT). This economic study was approved by the relevant committee of the Ministry of Economy and Finance. The Greek government has submitted an amendment to be approved by the Greek Parliament, regarding the results of this economic study. According to the study the Bank is estimated to pay into IKA-ETEAM and ETAT, for its pensioners a special contribution of 786,3 million Euro (upfront or within a period of 10 years). The present value of the future contributions from the voluntary retirement and the present value of the extra employees' and employers' contribution (paragraph b of article 59 of Law 3371/2005) have been taken into account into the amount mentioned above. In addition, the Bank will be obliged to pay additional contributions compared to those defined by ETEAM regulations for employees hired before 31/12/2004 for the following periods and up to the date they retire. The terms of the payment for the additional contributions is not defined by Law 3371/2005 and it is expected to be settled by an agreement between the Bank and the Ministry of Economy and Finance. The Bank estimated that the charge, regarding the additional contributions, in the income statement of 2005 is, nearly, 25 million. This charge has been calculated by applying gradually increasing contribution rates, so that the future annual charges will remain at the same level as for 2005. It should be noted, that the estimated annual charge it may be different from the one to be determined by the Ministry of Economy and Finance. However, the management of the Bank, based on the results of the economic study, the guidelines from the Ministry of Economy and Finance and the best estimates for the contribution rates(which form the basis of the additional contributions calculation), concluded that the charge of 25 million Euro into the income statement of 2005 was the most appropriate accounting treatment.

Law 3371/2005 allows the financial institutions to recognize the estimated cost of submission to the provisions of Law 3371/2005, based on the economic study mentioned above. In accordance with IFRS, and in particular IAS 19 "Employee benefits" and IFRS 1 "First time adoption of IFRS" the Bank should have recognized in their financial statements an amount of € 1,4 bill. (before taxes) on

transition date as of 1 January 2004 which refers to the obligations of the Bank to TEAPETE prior to law 3371/2005 based on an actuarial study and subsequently adjust the amount in accordance with the terms of the new law.

Based on the above and in accordance with IAS 1 "Financial statements" as to the "true and fair presentation" and "substance over form" rules the Bank decided in order to avoid a distortion of the results by recognizing the original liability and subsequently adjusting the amount to the profit and loss account, the Bank recorded against reserves as at 1 January 2004 an amount of € 786,3 mill. (before taxes) calculated on the basis of the obligations towards IKA-ETEAM and ETAT which the Bank will pay (upfront or within ten years). It should be noted that in accordance with IAS 1 all companies that apply IFRS may under extreme circumstances and situations exempt from applying certain standards by including explanatory notes so that the readers of financial statements have the necessary information to judge that the financial statements present a true and fair view of the financial position of the Bank. The treatment adopted was considered appropriate to allow the users of the financial statements a better understanding of the situation as stated in these financial statements.

In case the Bank recorded its obligation to TEAPETE in accordance with IAS 19 to record the events prior to law 3371/2005 the net equity (after deferred taxes) for 1 January 2004 would have to reduce by € 320 million, and € 460 million for 31 December 2004 whereas there would be no effect to 31 December 2005 figures. In addition, net profit after tax for the 2004 would have been reduced by € 30 million whereas the results for 2005 would have increased by € 460 million approximately.

The shareholders special general meeting held at 16 August 2005 decided to adopt law 3371/2005 and proceeded to the notice of termination of the contract with the employee union of the Bank regarding TEAPETE and additionally applied to the ETAT Board of Directors, for submission of the Bank's employees under the provisions of Law 3371/2005. Notwistanding the rejection of the temporary measures filed by the employee union (First instance court judgement, No.8849/05), there is a possibility for further legal dispute between the Bank and the employee union or other third parties regarding this issue

35. Contingent liabilities and commitments

a) Legal issues

The Bank during the normal course of its business is a defendant in claims from customers and other legal actions. According to the consultation of the Bank's Legal division the ultimate disposition of these matters is not expected to have a material effect on the financial position or operations of the Bank.

b) Contingent commitments

	31/12/05	31/12/04
Letters of guarantee	1.689.658	1.583.079
Unused approved credit limits	9.424.679	7.885.081
	11.114.337	**9.468.160**

c) Pledged assets

Pledged assets as at 31 December 2005 amount to 112.200 (198.396 as at 31 December 2004) including Hellenic Republic bonds pledged by the Bank of Greece for the purposes of transactions through TARGET, by the derivatives clearing house (ETESEP) as a margin insurance and pledged by foreign financial institution for funding purposes.

36. Share capital and own shares

As at 16 June 2005, Emporiki Bank increased its share capital by € 97.087.078 through issuing and distributing at par 17.652.196 new shares at € 5,50 each by capitalizing tax-exempt reserves.

During December of 2005, the Bank successfully completed the share capital increase of €397.174.410 in cash. The Bank issued 26.478.294 new shares of €5,5 nominal value at a price of €15 each, by way of rights issue, offering 5 new shares for every 20 existing shares. The directly attributable expenses of the share capital increase were deducted from share premium account.

The share capital as at 31 December 2005, after the share capital increases mentioned above, is €728.153.074 an the total number of ordinary shares is 132.391.468

On 25 July 2005 the Bank sold 5.48 million treasury shares that represent 5.17% of the share capital. The shares were sold for EUR 26.40 per share for a total amount of EUR 144 million. The gain from the sale, net of transaction costs, was transferred to a special reserve (Note 37). The Bank does not have any treasury shares as at 31 December 2005.

37. Other reserves	**31/12/05**	**31/12/04**
Statutory reserve	114.405	114.405
Valuation reserve of available-for-sale investments	17.657	10.330
Treasury shares reserve	-	44.000
Old reserves from securities sale	241.924	241.924
Reserves from disposal of treasury shares	52.466	-
Other reserves	251.611	264.461
	678.063	**675.120**

Statutory reserve and revaluation reserve of available-for-sale investments cannot be distributed. The remaining reserves concern tax-free reserves formed by gains from sales of listed securities and tax-free income that has not been distributed. In the event of distribution these reserves will taxed with the enacted tax rate prevailing at the year of distribution. The Bank does not have any intention to distribute those reserves in the foreseeable future, and thus no deferred tax has been calculated.

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

	31/12/05	**31/12/04**
Opening balance	10.330	7.746
Profit / (loss) from revaluation	8.847	2.584
Recycling to the Income Statement	(1.520)	-
Closing balance	**17.657**	**10.330**

38. Cash and cash equivalents

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

	31/12/05	31/12/04
Cash and balances with Central Bank (**Note 17**)	501.744	398.797
Treasury securities	919	27.772
Due from banks (**Note 18**)	1.312.097	972.785
Trading portfolio (**Note 19**)	547.277	1.334.568
	2.362.037	**2.733.922**

39. Related party transactions

The Greek State, Credit Agricole and pension funds with participating interests of 9,1%, 8,7% and 19,4% respectively, constitute the major shareholders of the Bank. The remaining shares are available to the equity market.

a) Transactions and balances with Board of Directors members

	31/12/05	31/12/04
Board of Directors fees *	987	2.004
Deposits	17.913	20.703
Loans	49.110	80.299
	68.010	**103.006**

*The fees of the non-executive members of Board of Directors amount to € 97 thousands for 2005 and to €36 for 2004

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

b) Transactions and balances with subsidiaries and associates :

Subsidiaries

	31/12/05	31/12/04
Assets		
Due from banks	375.721	262.331
Loans and advances to customers	338.766	429.653
Other assets	6.833	13
	721.320	**691.997**
Liabilities		
Due to other banks	66.925	44.161
Due to customers	313.312	109.247
Debt securities in issue	398.780	398.780
Other borrowed funds	348.082	348.082
Other liabilities	6.522	7.914
	1.133.621	**908.184**
Income		
Interest & similar income	13.502	16.195
Fee & commission income	14.508	13.125
Other operating income	571	1.721
	28.581	**31.041**
Expense		
Interest expense & similar charges	22.739	9.674
Fee & commission expense	209	919
Staff costs	865	-
Other operating expenses	12.798	2.740
	36.611	**13.333**

Associates

	31/12/05	31/12/04
Assets		
Loans and advances to customers	**39.231**	**34.786**
Liabilities		
Due to customers	**510**	**29**
Income		
Interest & similar income	**1.906**	**1.789**
Expense		
Interest expense & similar charges	**3**	**-**

40. Dividends paid

For the accounting year 2005, no dividend distribution was proposed due to losses reported by the Bank at its financial statements for the accounting year 2004.

For the year ended 2003, Bank's General Assembly meeting held at June 2004, approved dividend distribution of € 0,50 per share. Total amount of € 40.683.288, was recorded on Bank's Equity as appropriation of retained earnings.

41. Capital adequacy

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

According to management of the Bank based on:

(a) the financial information for the Bank and Group as at 31 December 2005 in accordance with IFRS,
(b) articles in Law 3301/04 "Financial insurance, IFRS and other",
(c) the announcement of CEBS as of 21.12.04 for "Regulations regarding changes to equity for credit institutions", and
(d) the consultation paper of the Bank of Greece as at 21 January 2004,

the Bank's solvency ratio as of 31 December 2005 is nearly 9% for both the Bank and the Group.

In order to improve the Bank's capital adequacy the 2nd Shareholders General Meeting on 21 September 2005 decided to proceed with a share capital increase for an amount of EUR 397.2 million (rights issue). The share capital increase was successfully completed during December 2005.

42. Important contracts

On 18 October 2000 the French Bank Credit Agricole and Emporiki Bank signed a Strategic Alliance Memorandum for corporation in the banking assurance sectors, consumer credit and asset management sectors. Credit Agricole two representative members in the Board of Directors and participates in the Bank's management. The Memorandum is for seven years with a right to extend.

Certain points of this agreement are as follows:

The strategic alliance relates to banks assurance, asset management investment bank and consumer credit sectors. Without affecting the existing operations, the two groups will not compete in Greece with the joint venture.

During the term of the Strategic Memorandum Credit Agricole will be represented with two members in the Board of Directors of the Bank and will participate with one representative in the management committees. The two counterparties will cooperate in matters related to the memorandum. The Strategic Memorandum is for seven years (initially matures 15 December 2007) and may extend for three years provided that the memorandum is not cancelled six months prior to maturity.

During the term of the Strategic Memorandum Credit Agricole can not sell 5.718.466 shares of Emporiki Bank which it acquired on 18 October 2000 from the sellers of Phoenix General Insurance and Emporiki Venture Capital unless the Strategic Memorandum is cancelled or expired or if Emporiki Bank agrees to allow it. Emporiki Bank will support within the guidelines of the Greek law to allow Credit Agricole to participate in any increase in the share capital.

Upon the maturity of Strategic Memorandum either as part of an agreement between the two parties or in case it extends the term of the Memorandum, Emporiki Bank may in certain cases be obliged to pay Credit Agricole the difference between the acquisition cost of obtaining 5.718.466 shares (Drachmae 94.068.765.700 or € 276 million) with the market value of the shares (if the second is lower) as long as Credit Agricole taken necessary measures to maximize the market value of these shares.

The Strategic Memorandum contains certain restraints of Emporiki Bank towards Credit Agricole such as: a) to inform on corporate governance issues and on the Bank's strategic development, b) Emporiki Bank agrees and the Group as a whole will not support the participation of any third parties (other than Credit Agricole) in the share capital increase of the Bank except under certain circumstances.

In some cases the violations of the terms of the Strategic Memorandum Emporiki Bank or Credit Agricole (depending on the circumstances) will be obliged among other matters to pay to the counterparty (Emporiki Bank or Credit Agricole depending on the circumstances) as a reimbursement the equivalent of 10 billion Drachmae (about € 29,3 million).

In respect of the Strategic Memorandum mentioned above, in a letter by Credit Agricole to Emporiki Bank dated 23 November 2005, the content of which is accepted by Emporiki Bank, it is clarified that the circumstances under which Emporiki Bank SA may have to pay the original consideration to Credit Agricole SA are as follows:

If in the first year following the termination of the Framework Agreement (either by agreement or its non-renewal beyond December 2007), Credit Agricole SA decides to sell, the selling shareholders who sold to Credit Agricole SA the shares in Emporiki Bank SA (Commercial Capital and Private Equity SA - which has now been succeded by Emporiki Bank SA following its absorption by Emporiki Bank SA - and Phoenix General Insurance Company SA) have the right and not the obligation to purchase the shares initially acquired by Credit Agricole SA (being 5.718.466 shares). If Phoenix General Insurance Company SA and Emporiki Bank SA exercise such right of first refusal, they are required to pay the higher of: (i) the Original Price (being GRD 94.068.765.700) and (ii) the Reference Price (being 90% of the 23 Business Day average market price preceding the transfer notice served by Credit Agricole SA). If however Phoenix General Insurance Company SA and Emporiki Bank SA indicate their intention to exercise their right of first refusal but the sale and purchase is not completed by them within 30 business days, then Credit Agricole SA is entitled to sell the shares initially acquired (being 5.718.466) on the ATHEX and Emporiki Bank SA has to pay the difference between the consideration actually received by Credit Agricole SA and the Original Price (being GRD 94.068.765.700). This further obligation of Emporiki Bank SA was included in the Framework Agreement, so that it deters the parties, who have the right of first refusal, on the one hand to exercise the right but unnecessarily delay the completion of the transfer.

43. Restatement of prior periods financial statements

The Bank made adjustments to the opening balance sheet of 1 January 2004 and the comparative figures of 31 December 2004 in comparison with those figures presented in the interim financial statements. The adjustments are the following:

Balance Sheet Captions	**DR / (CR)**
Loans and advances to customers [1]	(37.503)
Deferred tax assets [5]	8.958
Other assets [2]	(3.232)
Due to State pension fund [3]	(74.327)
Other liabilities [4]	(1.400)
	(107.504)
Equity	
Accumulated deficit	**107.504**

The adjustments made concern, mainly, correction of errors. More specifically:

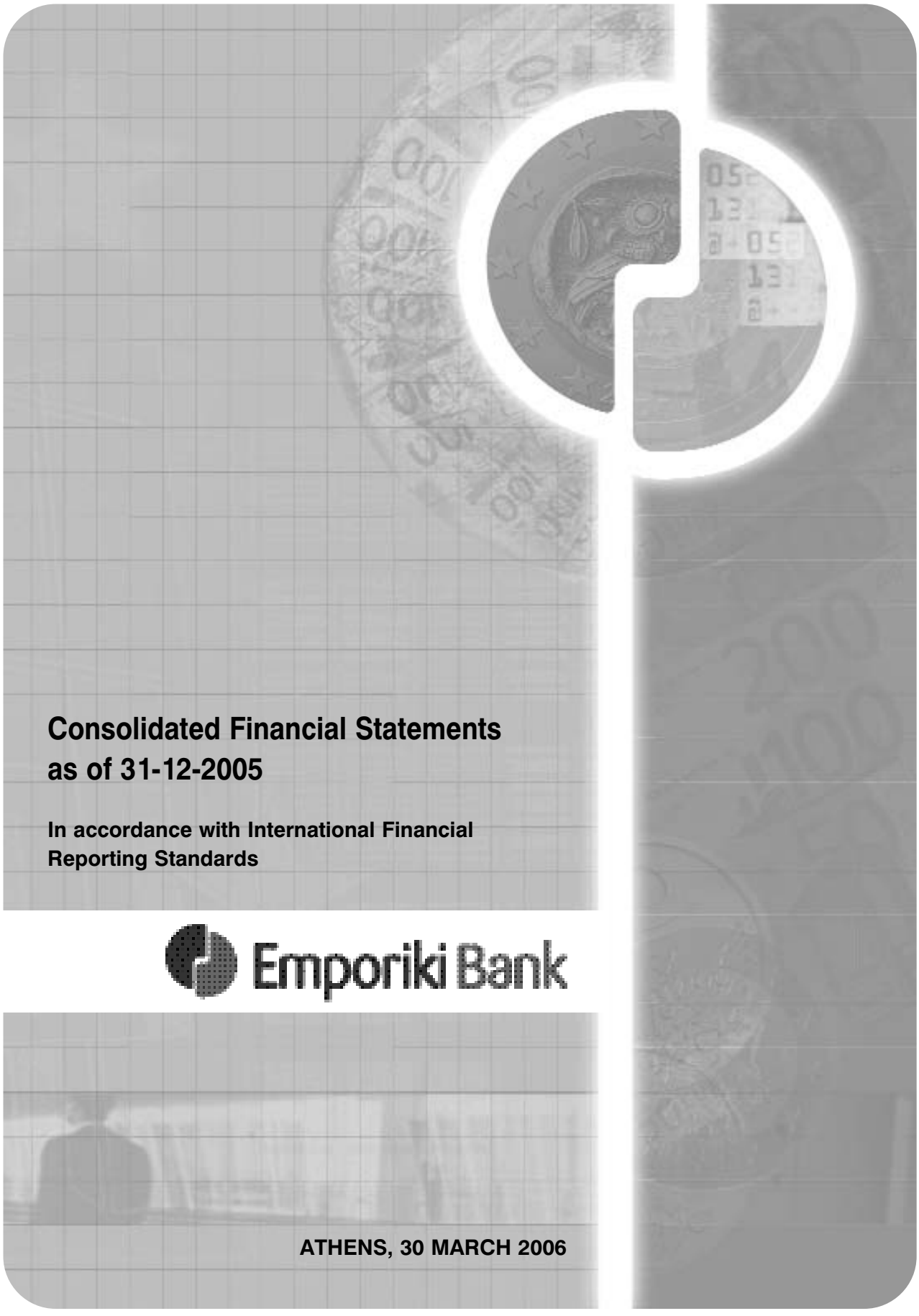
1 Increase of impairment loss for doubtful loans and receivables
2 Write-off of withheld tax from the sale of non-listed investments
3 Correction of calculation regarding the cost of submitting the Bank's Fund into the state – fund IKA-ETEAM according to Law 3371/2005
4 Recognition of liability that will be arise from the tax audit of 2003
5 Increase of deferred tax asset as a result of the above adjustments

As a result of the above adjustments, the following balance sheet captions were restated as at 1 January 2004 and 31 December 2004, in comparison with those originally published in the interim financial statements:

Balance Sheet captions - 1 January 2004	**Balance originally published** DR/(CR)	**Adjustment** DR/(CR)	**Restated Balance** DR/(CR)
Loans and advances to customers	11.607.233	(37.503)	11.569.730
Deferred tax assets	264.239	8.958	273.197
Other assets	320.776	(3.232)	317.544
Due to State pension fund	(712.000)	(74.327)	(786.327)
Other liabilities	(228.897)	(1.400)	(230.297)
		(107.504)	
Equity			
Accumulated deficit	699.884	**107.504**	807.388

Balance Sheet captions - 31 December 2004	**Balance originally published** DR/(CR)	**Adjustment** DR/(CR)	**Restated Balance** DR/(CR)
Loans and advances to customers	12.883.341	(37.503)	12.845.838
Deferred tax assets	260.025	8.958	268.983
Other assets	320.362	(3.232)	317.130
Due to State pension fund	(712.000)	(74.327)	(786.327)
Other liabilities	(390.474)	(1.400)	(391.874)
		(107.504)	
Equity			
Accumulated deficit	824.875	**107.504**	932.379

The effect of the adjustments mentioned above, in the balance sheet captions, is the same for all the periods presented in the Bank's interim financial statements according to IFRS. It should be noted, that the above adjustments have no effect in the income statements and the cash flow statements of the interim financial statements.



Consolidated Financial Statements as of 31-12-2005

In accordance with International Financial Reporting Standards

Emporiki Bank

ATHENS, 30 MARCH 2006

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Auditors' Report
(Translated from the original in Greek)

To the Shareholders of Emporiki Bank of Greece S.A.

We have audited the accompanying consolidated balance sheet of Emporiki Bank of Greece S.A. (the "Company") and its subsidiaries (the "Group") as of 31 December 2005 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year ended 31 December 2005. These financial statements set out on pages 5 to 59 are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Greek Auditing Standards, which conforms to International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We also assessed the consistency of the information included in the Directors' Report. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2005, and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the information included in the Directors' Report is consistent with the financial statements.

Without qualifying our opinion, we draw attention to (a) note 36 of the financial statements with respect to the accounting treatment that the Company adopted in relation to the liability arising from the adoption and implementation of Law 3371/2005 (Social Security Regulation of Banking Institutions) and (b) note 47 of the financial statements, with respect to the modifications made on the published interim financial statements as a result of the completion of first time adoption of IFRS.

Athens, 30 March 2006
THE CERTIFIED AUDITORS ACCOUNTANTS

PRICEWATERHOUSECOOPERS

Goutis X. Vassilios
AM SOEL 10411

Papageorgiou P. Antonios
AM SOEL 11691

Consolidated Income Statement

	Note	1/1-31/12/2005	1/1-31/12/2004
Interest & similar income		965.556	870.898
Interest expense & similar charges		(355.617)	(298.648)
Net interest income	**7**	**609.939**	**572.250**
Fee & commission income		159.059	151.141
Fee & commission expense		(13.016)	(13.902)
Net commission income	**8**	**146.043**	**137.239**
Net premiums from insurance contracts		186.860	212.807
Net claims and benefits on insurance contracts		(169.937)	(182.113)
Net income from insurance operations	**12**	**16.923**	**30.694**
Dividend income	9	3.655	9.647
Net trading results	10	13.595	32.845
Gains less losses from investment securities	11	7.135	(25.739)
Other operating income	13	29.047	30.208
Net operating income		**826.337**	**787.144**
Staff costs	14	(370.209)	(472.377)
Depreciation & amortization		(35.174)	(39.889)
Impairment losses on loans and receivables	23	(118.108)	(140.086)
Other operating expenses	15	(181.726)	(220.597)
Total operating expenses		**(705.217)**	**(872.949)**
Share of loss of associates		(6.562)	(8.225)
PROFIT/ (LOSS) BEFORE INCOME TAX		**114.558**	**(94.030)**
Income tax expense	16	(40.890)	(19.160)
PROFIT/ (LOSS) AFTER INCOME TAX		**73.668**	**(113.190)**
Attributable to:			
Equity holders of the Bank		75.972	(103.997)
Minority interest		(2.304)	(9.193)
Basic earnings per share (in Euro)	17	0,80	(1,28)

Notes on pages 77 to 131 form an integral part of these financial statements.

Consolidated Balance Sheet

	Note	31 December 2005	31 December 2004
ASSETS			
Cash and balances with Central Bank	18	728.120	644.778
Treasury bills	19	12.359	33.869
Due from other banks	20	1.149.796	918.441
Trading securities	21	1.055.278	2.229.924
Derivative financial instruments	22	34.019	249
Loans and advances to customers	23	15.632.511	13.495.024
Available-for-sale securities	24	112.271	99.840
Held-to-maturity securities	25	28.642	32.603
Investments in non consolidated subsidiaries	26	2.672	4.991
Investments in associates	27	17.769	21.286
Intangible assets	28	20.154	26.465
Property, plant and equipment	29	371.856	375.710
Investment property	30	116.548	128.899
Deferred tax assets	40	251.161	271.895
Income tax advance		3.305	16.906
Other assets	31	481.164	446.080
TOTAL ASSETS		**20.017.625**	**18.746.960**
LIABILITIES AND EQUITY			
Liabilities			
Due to other banks	32	1.279.863	806.512
Derivative financial instruments	22	22.008	53.024
Due to customers	33	14.929.308	14.928.224
Debt securities in issue	34	399.803	396.421
Other borrowed funds	35	349.157	347.087
Due to State pension funds	36	786.327	786.327
Personnel leaving indemnities	37	32.265	32.122
Insurance reserves	38	553.653	477.673
Current income tax liabilities		16.583	12.932
Deferred tax liabilities	40	5.778	5.469
Other liabilities	39	555.716	447.455
Total liabilities		**18.930.461**	**18.293.246**
Equity			
Share Capital	42	728.153	485.435
Share premium		371.497	272.183
Less: Treasury shares		-	(132.793)
Other reserves		691.477	697.001
Accumulated deficit		(794.657)	(795.934)
Results for the period		75.972	(103.997)
		1.072.442	**421.895**
Minority interests		**14.722**	**31.819**
TOTAL EQUITY		**1.087.164**	**453.714**
TOTAL LIABILITIES AND EQUITY		**20.017.625**	**18.746.960**

Notes on pages 77 to 131 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Treasury shares	Currency translation differences	Other reserves	Accumulated deficit	TOTAL	Minority interests	TOTAL
Balance as at 1 January 2004 (as it has been originally published in interim financial statements)	**429.658**	**278.392**	**(140.737)**	**(14.628)**	**729.302**	**(669.739)**	**612.248**	**69.339**	**681.587**
Adjustments	-	-	-	2.379	9.038	(112.982)	**(101.565)**	(1.412)	(102.977)
Restated balance as at 1 January 2004	**429.658**	**278.392**	**(140.737)**	**(12.249)**	**738.340**	**(782.721)**	**510.683**	**67.927**	**578.610**
Available-for-sale valuation	-	-	-	-	2.599	-	**2.599**	-	**2.599**
Loss for the year	-	-	-	-	-	(103.997)	**(103.997)**	(9.193)	**(113.190)**
Prior year (2003) dividends	-	-	-	-	-	(40.683)	**(40.683)**	-	**(40.683)**
Other 2003 appropriations	-	-	-	-	14.270	(14.352)	**(82)**	-	**(82)**
Translation differences	-	-	-	9.328	-	-	**9.328**	3.314	**12.642**
Change of participating interests in subsidiaries	-	-	-	-	-	-	**-**	2.985	**2.985**
Increase of participating interest in subsidiaries	-	-	-	-	-	(11.078)	**(11.078)**	15.673	**4.595**
Merger by absorption	55.777	(6.209)	(3.230)	-	(51.070)	51.070	**46.338**	(48.887)	**(2.549)**
Transfers between reserves	-	-	-	-	(4.217)	4.217	**-**	-	**0**
Sale of treasury shares	-	-	11.174	-	-	(2.387)	**8.787**	-	**8.787**
Balance as at 31 December 2004	**485.435**	**272.183**	**(132.793)**	**(2.921)**	**699.922**	**(899.931)**	**421.895**	**31.819**	**453.714**
Balance as at 1 January 2005 (as it has been originally published in interim financial statements)	**485.435**	**272.183**	**(132.793)**	**(5.300)**	**690.884**	**(786.950)**	**523.459**	**33.231**	**556.690**
Adjustments	-	-	-	2.379	9.038	(112.982)	**(101.565)**	(1.412)	**(102.977)**
Restated balance as at 1 January 2005	**485.435**	**272.183**	**(132.793)**	**(2.921)**	**699.922**	**(899.932)**	**421.894**	**31.819**	**453.714**
Available-for-sale valuation	-	-	-	-	8.496	499	**8.995**	1	**8.996**
Profit for the year	-	-	-	-	-	75.972	**75.972**	(2.304)	**73.668**
Translation differences	-	-	-	5.133	-	-	**5.133**	105	**5.238**
Change of accounting treatment in Emporiki Credicom and Emporiki Life	-	-	-	-	-	-	**-**	(13.867)	**(13.867)**
Disposal of subsidiaries – Emporiki Bank Georgia and Astika Hotels	-	-	-	-	-	-	**-**	(1.032)	**(1.032)**
Share capital increase through capitalization of reserves	97.087	(146.463)	-	-	(12.850)	60.776	**(1.450)**	-	**(1.450)**
Share capital increase (Dec. 2005)	145.631	245.777	-	-	-	-	**391.408**	-	**391.408**
Sale of treasury shares	-	-	132.793	-	(6.303)	44.000	**170.490**	-	**170.490**
Balance as at 31 December 2005	**728.153**	**371.497**	**-**	**2.212**	**689.265**	**(718.685)**	**1.072.442**	**14.722**	**1.087.164**

Notes on pages 77 to 131 form an integral part of these financial statements.

Consolidated Cash Flow Statement

	1 January – 31 December 2005	1 January – 31 December 2004
Cash flows from operating activities		
Profit / (loss) after tax	75.972	(103.998)
Adjustment for reconciliation of period result to cash flows from operating activities		
Adjustments for non cash items included in profit and loss for the period:		
Depreciation and amortization	35.174	39.889
Impairment for losses on loans and advances	118.108	140.086
Currency translation differences	5.133	9.328
Amortization of issuance expenses of debt securities and other borrowed funds	1.802	-
Share of loss of associates	6.562	8.226
	166.779	197.529
Net (increase)/ decrease of operating assets:		
Obligatory deposits to Bank of Greece	18.093	(142.747)
Due from other banks	(4.926)	27.771
Trading securities (less government bonds)	244.212	458.116
Derivative financial instruments	(33.770)	(107)
Loans and advances to customers (net of write-offs)	(2.255.595)	(1.427.227)
Deferred tax assets	20.734	6.259
Other assets	(35.084)	93.801
	(2.046.336)	**(984.134)**
Net increase/(decrease) operating liabilities:		
Due to other banks	473.351	(516.807)
Derivative financial instruments	(31.016)	(23.197)
Due to customers	1.084	904.924
Current tax liabilities	17.252	(20.789)
Deferred tax liabilities	309	(537)
Other liabilities	184.384	167.913
Minority interests	(17.097)	(36.108)
	628.267	475.399
Total cash flows from operating activities	**(1.175.318)**	**(415.204)**
Cash flows from investing activities		
Changes in participations in non consolidated subsidiaries and adjustments of associates´ equity	(726)	7.857
Net change from merger by absorption and from increase in participating interest	-	35.261
Net change in property, plant and equipment, intangible assets and investment property	(12.658)	(64.976)
Decrease of held to maturity securities	3.961	127.660
Decrease / (increase) of available-for-sale investments	(3.437)	62.381
Total cash flows from investing activities	**(12.860)**	**168.183**
Cash flows from financing activities		
Proceeds from sale of own shares	170.490	8.787
Payment of dividend (2003)	-	(40.683)
Proceeds from share capital increase	391.408	-
Proceeds from issuance of subordinated debt	-	743.435
Proceeds from disposal of own debt securities	3.650	-
Tax on share capital increase through bonus issues	(1.450)	-
Total cash flows from financing activities	**564.098**	**711.539**
Net increase/(decrease) in cash and cash equivalents	**(624.080)**	**464.518**
Cash and cash equivalents, at beginning of period (Note 43)	2.767.546	2.303.028
Cash and cash equivalents, at end of period (Note 43)	**2.143.466**	**2.767.546**

Notes on pages 77 to 131 form an integral part of these financial statements

Notes to the consolidated financial statements

1. General information

EMPORIKI BANK GROUP ("Emporiki Bank" or "Group") provides retail, corporate and investment banking services, asset management and other financial services. The Group offers services in Greece through its network of 373 branches and abroad through its branch in London and its subsidiaries in Germany, Cyprus, Bulgaria, Albania, and Romania.

Emporiki Bank was established in Greece in 1907 and its shares are listed in the Athens Stock Exchange since 1909. Emporiki Bank's shares participate in the Athens General Index and the FTSE 20.

The Bank's registered office is at 11 Sofocleous Str. and its registration number as "Societe Anonyme" is 6064/06/B/86/03.

Emporiki Bank's web site address is www.emporiki.gr.

The members of the Board of Directors, after the Annual General Meeting held on 25 April 2005, are the following

Executive members		
Georgios	Provopoulos	Chairman and Managing Director
Leonidas	Zonnios	General Manager
Nicolaos	Mpeis	General Manager
Fokion	Demakakos	Member
Christos	Bratsiakos	Member
Non-executive members		
Bernard	Dewit	Member
Jean-Luc	Perron	Member
Demetrios	Prokopiou	Member
Ioannis	Fotopoulos	Member
Panayotis	Tsakos	Member
Independent non-executive members		
Demetrios	Krontiras	Member
Margarita	Zoulovits	Member
Nicolaos	Embeoglou	Member

The Board of Directors approved these financial statements on 30 March 2006.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements as at 31 December 2005 have been prepared in accordance with International Financial Reporting Standards (IFRS), which have been adopted by the European Union, and those Standards and Interpretations approved by the International Accounting Standards Board. In particular, IFRS 1 is applied since, the period ending at 31 December 2005, is the first IFRS annual reporting period.

The accounting policies for all the periods that are presented in these consolidated financial statements are disclosed separately below. The Group early adopted, from 1 January 2004, IAS 32(revised) "Financial Instruments: Disclosure and Presentation" and IAS 39(revised) "Financial Instruments: Recognition and Measurement". The policies applied regarding the financial instruments for the periods of 2004 and 2005 are disclosed, separately, below.

The Group is going to apply, the following newly issued Standards, amendments or Interpretations, which are relevant to its operations and will become effective for periods beginning on or after 1 January 2006:

- IAS 19 (Amendment) "Employee Benefits"
- IAS 39 (Amendment) "Cash Flow Hedge Accounting of Forecast Intra-group Transactions"
- IAS 39 and IFRS 4 (Amendment) "Financial Guarantee Contracts"
- IFRS 7 "Financial Instruments: Disclosures"
- IFRIC 4 "Determining whether an Arrangement contains a Lease"

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

The Group's consolidated financial statements were prepared in accordance with Greek Generally Accepted Accounting Principles (Greek GAAP) until 31 December 2004. Greek GAAP differs in some areas from IFRS. In preparing the consolidated financial statements, management has amended certain accounting, valuation and consolidation methods applied in the Greek GAAP financial statements to comply with IFRS. The comparative figures in respect of 2004 were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of the transition from Greek GAAP to IFRS on the Group's equity and its net income and cash flows are provided in Note 5.

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

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

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power directly or indirectly to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Proportionate consolidation

The Group applied proportional consolidation for the first time in the consolidated financial statements as at 30 September 2005, with regards to its share in the jointly controlled entities Emporiki Life AE and Emporiki Credicom AE. IAS 31 (interests in joint ventures) defines proportionate consolidation as a method of accounting whereby a venture' s share of each of the assets, liabilities, income and expenses of a jointly controlled entity is combined line by line with similar items in the venturer's financial statements. IAS 31 asserts that this method of accounting is necessary in order to capture the substance and economic reality of a venturer's interest in a jointly controlled entity.

The application of proportionate consolidation means that the balance sheet of the venturer includes its share of the assets that it controls jointly and its share of liabilities for which it is jointly responsible. The income statement of the venturer includes its share of the income and expenses of the jointly controlled entity.

2.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognized as a separate component of equity and they are recycled to the Income Statement on the sale of the entity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Derivative financial instruments and hedge accounting

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

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

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

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.

2.5 Interest income and expense

Interest income and expense are recognized in the consolidated income statement for all instruments measured at amortized cost using the effective interest method and includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Interest and similar income includes interest income from loans and advances to customers, interest income from fixed and floating interest-bearing securities and also premium or discount amortization of, mainly, Greek Government bonds and of other financial instruments.

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

2.6 Fee and commission income

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

2.7 Financial assets

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

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

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

(b) Loans and receivables

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

(c) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. As at 31 December 2005 the Group had limited held to maturity securities, which primarily concerned state bonds.

(d) Available-for-sale

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

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

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

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

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

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

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

2.8 Off setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when:
a) there is a legally enforceable right to offset the recognized amounts and
b) there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.9 Sale and repurchase agreements

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

Securities purchased under agreements to resell ("reverse repos") are recorded as loans and advances to other banks or customers, as appropriate and the securities are not shown in the financial statement. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

2.10 Impairment of financial assets

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

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

(i) significant financial difficulty of the issuer or obligor;
(ii) a breach of contract, such as a default or delinquency in interest or principal payments;
(iii) the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
(iv) it is becoming probable that the borrower will go bankrupt or will follow a financial restructuring;
(v) the disappearance of an active market for that financial asset because of financial difficulties;
(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
- adverse changes in the payment status of borrowers in the group; or
- national or local economic conditions that correlate with defaults on the assets in the group

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

If there is objective evidence that an impairment loss on an asset or a group of assets has occurred, then the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics for Group exposure. These characteristics (financial, historical, geographical sector) are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

If, in a subsequent period, the expected cash flows change then these are recorded as a gain or loss to the income statement.

2.11 Intangible assets - Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives (three to five years). Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

2.12 Property, plant and equipment

Property, plant ands equipment is stated at historical cost less depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Description	Years
Buildings and leasehold improvements	40 to 50
Computer Hardware	3 to 4
Vehicles	5 to 7
Furniture and equipment	5 to 7

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

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

2.13 Investment property

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

2.14 Leases

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

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(b) The Group as lessor
When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognized on a straight-line basis over the lease term.

2.15 Insurance activities

a) Provision for insurance claim

Provision for unsettled claims
As a result of normal operations of the Group insurance companies, obligations or outstanding claims occur, most of which are delayed, due to their nature or are under legal proceedings. Specialists along with legal council, where considered necessary, determine the settlement of these claims and the fair value of any liabilities of the insurance companies.

This provision is determined on a file-by-file basis, based on supporting evidence and taken into account direct claims and third party fees such as lawyers, court and judicial expenses.

b) Recognition of income

Insurance premium fees are recognized as income during the period of the insurance contract (short term life contracts and contracts for settlement of claims). For long term life contracts income is recognized on issue of the contract and the relevant expense is recognized by the method of technical reserves.

c) Reinsurance contracts

Reinsurance contracts are contracts issued by one insurer to compensate losses on one or more contracts issued by and the insurer.

d) Unbundling of components

The Group insurance companies issue investment contracts on a unit linked basis or a defined acquisition fund – DAF. The fair value of a unit link fund is determined by the current net price of a unit, which reflects the fair value of the asset linked to the fund time, times the number of the units held by the issuer on a balance sheet date.
The fair value of the liability of DAF is determined by the contributions made less acquisitions or amounts settled plus investment income from the use of the asset during the period.

e) Assessment of provision

Provisions are accounted for in accordance with IFRS 4 based on the level of provisions less defined acquisition costs (DAC). Current discounted cash flows are used less direct expenses. Future cash flows are discounted using yield curves. Any amounts that are insufficient are deducted from DAC and a corresponding liability for the risk is determined. Any DAC deducted cannot be replaced.

2.16 Cash and cash equivalents

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

2.17 Provisions

Provisions for restructuring costs and legal claims are recognized when:

(1) the Group has a present legal or constructive obligation as a result of past events;

(2) it is more likely than not that an outflow of resources will be required to settle the obligation; and

(3) the amount has been reliably estimated.

2.18 Employee benefits

(a) Short-term obligations

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

(b) Post employment benefits

The Group has both defined benefit and defined contribution plans. The contributions are recognized as employee benefit expense when they are due.

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. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Greek Government bonds.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives based on the corridor approach for 10% of defined benefit obligations. Past-service costs are recognized immediately in income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Upon the date of publishing these consolidated financial statements Emporiki Bank has an auxiliary fund (TEAPETE) which has been submitted to law 3371/2005 "Capital market and other laws" as explained in note 36

(c) Employee termination benefits

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

In case the amount is not known precisely, termination benefits are recognized as a contingent liability.

2.19 Deferred tax

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

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary difference can be utilized. Deferred taxes are presented separately as assets and liabilities and are not offset.

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

2.20 Debt securities and other issues

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

2.21 Share capital and own shares

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds. Directly attributable costs of issuing shares for the purpose of acquiring an entity are included in the cost of the acquired entity.
Consideration paid for treasury shares is deducted from total shareholders' equity until they are cancelled or sold. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.22 Fiduciary activities

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

2.23 Related-party transactions

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

2.24 Segment reporting

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

- Retail banking
- Corporate banking
- Insurance and asset management activities
- Investment banking and Treasury
- Other

2.25 Comparatives

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

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

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

(a) Impairment on loans and advances

The Group reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as

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

(b) Fair value of derivatives

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

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

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

(d) Due to state pension funds

The estimates, judgements and assumptions, concerning the liabilities to State pension funds are illustrated in Note 36.

(e) Investments in associates

The estimates, judgements and assumptions, concerning the investments in associates are illustrated in Note 27.

(f) Income taxes

Estimates are required for the income tax calculation, since the Group companies are subject to income tax in different countries. Tax estimation is subjective due to the nature and the volume of transactions in the normal course of the Group business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. Financial risk Management

4.1 Financial risk factors

The Group's activities are related with financial instrument risks and risks from derivatives. The Group receives deposits from customers for different time intervals offering fixed and floating rates. These funds are invested to achieve higher than the average offer rate. To expand this spread the Group

receives short-term deposits and offers higher rates for long-term liabilities maintaining adequate liquidity coverage for all possible obligations that may occur.

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

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

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

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

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

Interest rate risk is from long-term loans. Floating rate loans expose the Group to cash flow risks. Fixed rate loans expose the Group to fair value risks. It is the Groups policy to have approximately their entire loan portfolio with floating rates.

4.2 Credit risk

Credit risk is the loss from the risk that the counterparty will be unable to pay amounts in full when due. In accordance with its credit scoring policy the Group can estimate the credit risk for each loan category and estimate the exposure to credit risk.

From experience, management is able to carefully manage the credit risk it is exposed to by issuing credit policies.

It applies an internal credit grading for corporate entities, small and medium size entities. This model has been improved and is continually reviewed within the context of policies, procedures and repayment behavior of the counterparties, so that the Group will maximize the benefit from its use. The new model is based on classifying loans in delay by collateral coverage.

Based on the same model the Group already connects the customer grading with the credit risk exposed within a year by industry.

Concerning the monitoring and management of concentration risk, the Group developed a new system of limits per industry. This system is based on the rating of industries according to their dynamic characteristics and on the measurement of optimum diversification of the loan portfolio.

Regarding retail loans, the Group can assess the credit scoring systems in use and by modifying their data can, precisely, estimate the credit risk by customer and minimize that risk. In order to quantify

credit risk and estimate the possible loss the Group has developed methodologies based on the payment behaviors of customers.

In addition the Group has developed a system for allocating impairment losses of portfolio loans. This system calculates an estimation of the possible loss for the following year based on historic trends and it is used to evaluate the quality of the credit portfolio. Impairment losses recorded cover all losses for the Group.

Emporiki Bank is in the process of developing new risk management policies, so that the Group procedures comply with the new Basle II framework.

4.3 Market risk

In 2005 the Group developed and improved its internal risk management policy. The maximum value at risk (VaR) for the trading portfolio is estimated through historical simulation on a daily basis. In addition it uses the Monte-Carlo methodology. This analysis is performed for each market risk factor (interest rate risk, foreign exchange risk and market risk) and is confirmed through back testing and stress testing. In 2004 the Group adopted an investment strategy in high quality international corporate securities.

The average credit rating of this portfolio by the end of 2005 was A according to Standard & Poor's.

Within the context of the Group risk management policy, the Bank during 2005 included Phoinix-Metrolife in its systems and, in the future, it will include the subsidiaries in the financial sector. In addition, it submitted to the regulatory authorities (Bank of Greece) for the certification of the internal risk estimation model (VAR) so that it can substitute the currently applied standardized methodology.

4.4 Foreign currency risk

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

(a) Open positions in a currency (long or short per currency).

(b) Total negative exposures.

(c) Maximum losses (On a daily/monthly or annual basis).

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

31 December 2005 ASSETS	EUR	USD	GBP	CHF	JPY	Other	Total
Cash and balances with Central Bank	705.993	1.569	375	26	57	20.101	728.120
Treasury bills	919	-	-	-	-	11.440	12.359
Due from other banks	713.853	259.466	70.197	1.746	4.206	100.328	1.149.796
Trading securities	1.043.157	12.023	-	-	50	47	1.055.277
Derivative financial instruments	34.019	-	-	-	-	-	34.019
Loans and advances to customers	14.501.628	722.861	27.672	117.781	43.039	219.529	15.632.511
Available-for-sale securities	89.371	22.343	-	-	-	557	112.272
Held-to-maturity securities	28.642	-	-	-	-	-	28.642
Investments in non consolidated subsidiaries	2.672	-	-	-	-	-	2.672
Investments in associates	8.505	-	-	-	-	9.265	17.770
Intangible assets	15.101	-	4	-	-	5.049	20.154
Property, plant and equipment	364.881	495	38	-	-	6.442	371.856
Investment property	116.548	-	-	-	-	-	116.548
Deferred tax assets	251.127	-	-	-	-	34	251.161
Income tax advance	3.123	-	-	-	-	182	3.305
Other assets	476.664	1.437	381	196	1	2.486	481.165
Total assets	18.356.202	1.020.194	98.667	119.749	47.353	375.459	20.017.625

LIABILITIES	EUR	USD	GBP	CHF	JPY	Other	Total
Due to other banks	1.064.218	78.557	6.353	113.257	10.794	6.684	1.279.863
Derivative financial instruments	21.976	-	-	-	-	32	22.008
Due to customers	12.971.199	898.352	94.491	4.722	608.413	352.131	14.929.308
Debt securities in issue	399.803	-	-	-	-	-	399.803
Other borrowed funds	349.157	-	-	-	-	-	349.157
Due to State pension funds	786.327	-	-	-	-	-	786.327
Personnel leaving indemnities	30.983	-	-	-	-	1.282	32.265
Insurance reserves	553.653					-	553.653
Current income tax liabilities	16.321	-	-	-	-	262	16.583
Deferred tax liabilities	5.735	-	-	-	-	43	5.778
Other liabilities	545.664	21.769	1.890	68	(16.384)	2.709	555.716
Total liabilities	16.745.036	998.678	102.734	118.047	602.823	363.143	18.930.461
Net equity	1.611.167	21.516	(4.067)	1.702	(555.470)	12.316	1.087.164
Off balance sheet items	(591.406)	(673)	-	-	557.795	35.454	1.170

31 December 2004	EUR	USD	GBP	CHF	JPY	Other	Total
Total assets	17.242.638	948.496	99.431	82.567	68.673	305.155	18.746.960
Total liabilities	16.326.033	901.870	107.730	91.639	518.686	347.289	18.293.246
Net equity	916.605	46.626	(8.299)	(9.072)	(450.013)	(42.134)	453.714
Off balance sheet items	(427.421)	(1.670)	9.219	(84.257)	461.230	45.794	2.895

4.5 Interest rate risk

Interest rate risk is the risk for changes in the fair value of financial instruments and to net interest income for the Group as a result of changes in interest rates. Interest rate risk is a result of the deferral in adjusting assets and liability items to interest rate changes.

The Group uses the PVBP methodology (Present Value of a Basis Point) to measure control and manage interest rate. PVBP measures the effect to the fair value of financial instruments and to the profitability of the Group for every change by 1 basis point (0,01%) to the yield curve.

The Group's interest rate risk is from retail banking and is usually funded by the money market. There is though a small volume of transactions in fixed rate bonds and interest rate forwards compared to the size of the Group's balance sheet.

The Group uses PVBPs as a measurement of exposures in order to control:

(a) Total interest rate exposure by maturity.

(b) Total interest rate exposure per currency (mainly Euro, GBP, USD and Australian Dollar).

(c) Total interest rate exposure.

The Group measures its interest rate exposure as the maximum loss as a result of changes in interest rates. These changes are based on historic data and through stress scenarios. It should be noted that the Group measures its interest rate exposure to count the maximum loss within a reasonable interval.

The following tables show the interest rate exposure. These tables present the book value of asset and liability items for the Group categorized by the minimum between the date that rates change or when the financial asset or liability matures.

31 December 2005

Interest risk

ASSETS	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non interest bearing	Total
Cash and balances with Central Bank	395.837	-	-	-	-	332.283	**728.120**
Treasury bills	5.816	267	6.276	-	-	-	**12.359**
Due from other banks	685.877	166.448	106.266	37.877	920	152.408	**1.149.796**
Trading securities	46.440	96.845	79.592	408.091	141.547	282.764	**1.055.278**
Derivative financial instruments	916	-	-	-	-	33.103	**34.019**
Loans and advances to customers	9.756.050	3.159.979	1.976.686	926.823	498.992	(686.019)	**15.632.511**
Available for sale securities	621	9.603	20.518	511	-	81.017	**112.271**
Held-to-maturity securities	-	72	350	-	28.220	-	**28.642**
Investments in non consolidated subsidiaries	-	-	-	-	-	2.672	**2.672**
Investments in associates	-	-	-	-	-	17.769	**17.769**
Intangible assets	-	-	-	-	-	20.154	**20.154**
Property, plant and equipment	-	-	-	-	-	371.856	**371.856**
Investment property	-	-	-	-	-	116.548	**116.548**
Deferred tax assets	-	-	-	-	-	251.161	**251.161**
Income tax advance	-	-	-	-	-	3.305	**3.305**
Other assets	4.338	2.960	887	-	-	472.979	**481.164**
Total assets	**10.895.895**	**3.436.174**	**2.190.575**	**1.373.302**	**669.679**	**1.452.000**	**20.017.625**
LIABILITIES							
Due to other banks	707.628	386.765	151.882	3.027	2.830	27.730	**1.279.863**
Derivative financial instruments	13.740	-	-	-	-	8.268	**22.008**
Due to customers	11.363.629	1.329.367	2.094.744	44.979	-	96.589	**14.929.308**
Debt securities in issue	-	399.803	-	-	-	-	**399.803**
Other borrowed funds	-	349.006	-	-	-	151	**349.157**
Due to State pension funds	-	-	-	-	-	786.327	**786.327**
Personnel leaving indemnities	81	-	-	-	-	32.184	**32.265**
Insurance reserves	-	-	-	-	-	553.653	**553.653**
Other liabilities	9.506	11.482	1	814	-	533.914	**555.716**
Current income tax liabilities	-	-	-	-	-	16.583	**16.583**
Deferred tax liabilities	-	-	-	-	-	5.778	**5.778**
Total liabilities	**12.094.584**	**2.476.423**	**2.246.627**	**48.820**	**2.830**	**2.061.178**	**18.930.461**
Net interest rate exposure	**(1.198.689)**	**959.751**	**(56.052)**	**1.324.482**	**666.849**		

31 December 2004

ASSETS	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non interest bearing	Total
Cash and balances with Central Bank	442.924	-	-	-	-	201.854	644.778
Treasury bills	12.076	1.213	20.580	-	-	-	33.869
Due from other banks	9.101	124.377	127.097	39.832	140	617.894	918.441
Trading securities	158.924	282.590	155.877	711.611	477.895	443.027	2.229.924
Derivative financial instruments	249	-	-	-	-	-	249
Loans and advances to customers (net of allowance)	8.614.738	2.037.176	2.179.341	799.420	514.460	(650.110)	13.495.024
Available for sale securities	19.173	4.552	6.069	602	31.461	37.983	99.840
Held-to-maturity securities	-	-	-	-	30.087	2.516	32.603
Investments in non consolidated subsidiaries	-	-	-	-	-	4.991	4.991
Investments in associates	-	-	-	-	-	21.286	21.286
Intangible assets	-	-	-	-	-	26.465	26.465
Property, plant and equipment	-	-	-	-	-	375.710	375.710
Investment property	-	-	-	-	-	128.899	128.899
Deferred tax assets	846	-	-	-	-	271.049	271.895
Income tax advance	-	-	-	-	-	16.906	16.906
Other assets	1.262	3.948	-	-	-	440.870	446.080
Total assets	**9.259.293**	**2.453.856**	**2.488.964**	**1.551.465**	**1.054.043**	**1.939.340**	**18.746.960**
LIABILITIES							
Due to other banks	418.255	215.199	136.672	5.081	16.646	14.659	806.512
Derivative financial instruments	53.024	-	-	-	-	-	53.024
Due to customers	11.510.429	1.081.177	2.129.196	70.124	3.885	133.413	14.928.224
Debt securities in issue	-	396.421	-	-	-	-	396.421
Other borrowed funds	-	347.087	-	-	-	-	347.087
Due to State pension funds	-	-	-	786.327	-	-	786.327
Personnel leaving indemnities	71	-	-	-	-	32.051	32.122
Insurance reserves	-	-	-	-	-	477.673	477.673
Other liabilities	5.623	9.488	13	914	-	431.417	447.455
Current income tax liabilities	-	-	-	-	-	12.932	12.932
Deferred tax liabilities	-	-	-	-	-	5.469	5.469
Total liabilities	**11.987.402**	**2.049.372**	**2.265.881**	**862.446**	**20.531**	**1.107.614**	**18.293.246**
Net interest rate exposure	**(2.728.109)**	**404.484**	**223.083**	**689.019**	**1.033.512**		

4.6 Liquidity risk

Liquidity risk is the risk from the gap between the maturity of asset and liability items. Liquidity risk expresses the danger that the Group cannot fulfill its obligations in the future from gaps between financial instruments or transactions.

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

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

(a) Minimum reserve balance as defined by the Bank of Greece.

(b) Liquidity indexes defined by the regulatory authority (Bank of Greece) and internally.

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

The following tables depict the assets and liability items of the Group by maturity as at the reporting date.

31 December 2005

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash and balances with Central Bank	728.120	-	-	-	-	728.120
Treasury bills	1.613	3.409	4.327	3.010	-	12.359
Due from other banks	779.695	153.620	56.830	94.217	65.434	1.149.796
Trading securities	603.770	150.815	27.002	102.199	171.492	1.055.278
Derivative financial instruments	33.621	-	398	-	-	34.019
Loans and advances to customers (net of allowance)	3.159.289	1.478.657	2.650.488	4.004.742	4.339.335	15.632.511
Available for sale securities	35.313	-	22.343	54.615	-	112.271
Held-to-maturity securities	-	-	-	28.642	-	28.642
Investments in non consolidated subsidiaries	77	-	-	-	2.595	2.672
Investments in associates	-	-	-	8	17.761	17.769
Intangible assets	19	-	2	1.770	18.363	20.154
Property, plant and equipment	28	-	14	27.544	344.270	371.856
Investment property	-	-	-	2.252	114.296	116.548
Deferred tax assets	-	-	24	251.137	-	251.161
Income tax advance	182	3.095	28	-	-	3.305
Other assets	204.994	116.643	114.912	16.130	28.485	481.164
Total assets	**5.546.721**	**1.906.239**	**2.876.368**	**4.586.266**	**5.102.031**	**20.017.625**
LIABILITIES						
Due to other banks	188.002	594.345	94.633	231.221	171.662	1.279.863
Derivative financial instruments	22.008	-	-	-	-	22.008
Due to customers	5.520.452	160.197	1.894.296	874.369	6.479.994	14.929.308
Debt securities in issue	-	-	-	399.803	-	399.803
Other borrowed funds	-	-	-	-	349.157	349.157
Due to State pension funds	-	-	78.633	314.531	393.163	786.327
Personnel leaving indemnities	-	-	1.220	29.618	1.427	32.265
Insurance reserves	-	-	-	-	553.653	553.653
Other liabilities	309.109	103.028	79.602	60.100	3.877	555.716
Current income tax liabilities	344	14.512	1.727	-	-	16.583
Deferred tax liabilities	-	1.544	689	948	2.597	5.778
Total liabilities	**6.039.915**	**873.626**	**2.150.800**	**1.910.590**	**7.955.530**	**18.930.461**
Net equity	**(493.194)**	**1.032.613**	**725.568**	**2.675.676**	**(2.853.499)**	**1.087.164**

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2004						
Total assets	5.121.090	1.999.898	2.828.818	5.361.700	3.435.454	18.746.960
Total liabilities	4.622.311	1.190.368	2.401.810	7.899.016	2.179.741	18.293.246
Net equity	**498.779**	**809.530**	**427.008**	**(2.537.316)**	**1.255.713**	**453.714**

4.7 Establishment of fair values

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

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

5. Transition to IFRS

5.1 Application of IFRS 1

The Group's financial statements for the year ending 31 December 2005 will be the first annual financial statements that comply with IFRS. The Group has applied IFRS 1 for the preparation of these consolidated financial statements.

The transition date for the Group to IFRS is the 1st of January 2004, the date when the "opening balance sheet" of the Group was prepared in accordance with IFRS. The present consolidated financial statements refer to the period between 1 January to 31 December 2005, and the 1st of January 2005 is considered as the date the Group adopted IFRS.

For the preparation of these consolidated financial statements the Group has applied the mandatory exceptions and certain of the optional exceptions from full retrospective application of IFRS.

5.1.1 Optional exemptions from full retrospective application of IFRS

The Group has elected to apply the following optional exemptions from full retrospective application:
a) Business combinations exception: the Group has applied the business combinations exception in IFRS 1. It has not restated business combinations that took place prior to the 1st January 2004 transition date.
b) Fair value deemed cost exception: the Group has elected to measure its properties at fair value as at 1 January 2004.

5.1.2 Mandatory exemptions from full retrospective application of IFRS

Derecognition of financial instruments

The financial instruments that were derecognized as at 1 January 2004 will not be recognized in the future financial statements.

Hedge accounting

The management applies hedge accounting from 1 January 2004 only if all of the criteria required for hedge accounting according to IAS 39, are met.

Estimates and judgements

According to IFRS 1, it is not allowed to use information, which has been disclosed after 1 January 2004 for estimations made under Greek GAAP except for correction of errors. The Bank adjusted its estimations in the cases were the measurement basis was not in accordance with IFRS, using information available at the transition date.

5.2 Reconciliation between IFRS and Greek GAAP

The following tables show the effect to the Bank from the transition to IFRS. The first schedule shows the reconciliation of equity as at 1 January 2004 and 31 December 2004, while the following tables show in detail the effect to the:

- Balance sheet items 1 January 2004
- Balance sheet items 31 December 2004
- Profit and loss account as at 31 December 2004
- Cash flow statement as at 31 December 2004

5.2.1. Reconciliation net equity

		1 January 2004	31 December 2004
Consolidated Net Equity (Greek GAAP)		**1.199.703**	**1.273.166**
Less: Minority interests		(59.382)	(27.550)
Total net equity attributable to shareholders of the Bank (Greek GAAP)		**1.140.321**	**1.245.616**
Reversal of 2003 appropriations	(1)	41.664	-
Intangible assets write-off	(2)	(22.411)	(25.071)
Revaluation of property at fair value	(3)	199.996	(15.514)
Impairment losses on loans and advances	(4)	(142.100)	(127.248)
Provision related to State pension funds	(5)	(786.327)	(786.327)
Effective interest rate for commission on loans (IAS 39)	(6)	(21.957)	(40.757)
Effective interest rate method for interest on loans (IAS 39)	(6)	3.175	7.998
Impairment loss of available for sale assets	(7)	(20.874)	-
Impairment loss on trading securities	(7)	(6.537)	3.308
Derivative financial assets at fair value	(7)	142	(386)
Change in depreciation rates	(8)	-	1.184
Revaluation of available-for-sale securities	(7)	(25)	29
Financial leases	(9)	14.410	15.531
Personnel indemnities	(10)	(16.804)	(18.240)
Property taxes	(10)	(7.641)	-
Write-off of withholding taxes from the sale of investments		(3.232)	(3.232)
Impairment of non consolidated subsidiaries (under liquidation)	(7)	(30.478)	-
Adjustments related to subsidiaries previously not consolidated		(30.662)	(44.618)
Adjustments related to associated undertakings		(22.786)	(12.419)
Restatement of own shares at cost	(11)	15.783	13.409
Write-off of treasury shares (at cost)	(11)	(52.033)	(43.859)
Deferred tax assets recognition	(12)	274.833	269.828
Deferred tax liabilities recognition	(12)	(5.691)	(5.044)
Other adjustments		(10.082)	(12.293)
Total adjustments		**(629.637)**	**(823.721)**
Consolidated net equity (IFRS)		**510.684**	**421.895**

The above table has been restated in comparison with the table presented in the interim consolidated financial statements of 2005. Refer to Note 47

Notes to the reconciliation of equity

(1) According to IFRS, dividends and profit appropriation are recognized when they are approved by the shareholders. According to the Greek GAAP, dividends and profit appropriation are recognized when they are proposed.

(2) Under Greek GAAP the recognition of specific intangible assets is allowed. According to IFRS, intangible assets are recognized when it is probable that future economic benefits will flow to the entity.

(3) On transition date to IFRS (1 January 2004) the Group valued land and buildings at fair value based on professional valuations. This fair value was considered as deemed cost Under Greek GAAP, property was revalued according to the tax law provisions.

(4) Loans to customers and other receivables were assessed for indication of impairment. Impairment loss was recognized for those loans and receivables for which the carrying amount exceeded the recoverable amount.

(5) The Group recognized its liability arising from the inclusion of TEAPETE to IKA-ETEAM according to L.3371/2005.

(6) According to IFRS, directly attributable fees and commissions, relating to loans, are recognized to the Income Statement using the effective interest rate method. According to Greek GAAP, these fees and commissions are recognized to the Income Statement when they are received or incurred.

(7) Securities and derivatives were recognized according to IAS 39 provisions. According to Greek GAAP, securities are valued at the lower of cost or market value.

(8) The depreciation rate, according to Greek GAAP was determined by the provisions of the tax law. In IFRS, the depreciation charge is recognized using the straight-line method over the assets useful life.

(9) In Greek GAAP, expenses from finance leases are recognized to the Income Statement on a straight-line method. Under IFRS, expenses from finance leases are recognized using the effective interest rate method.

(10) According to IFRS provisions are recognized when there is a present contractual or constructive obligation and an outflow of resources embodying economic benefits is probable. Greek GAAP allows the recognition of specific classes of provisions.

(11) According to IFRS shares of the parent company held by subsidiaries are treated as treasury shares in consolidated financial statements and they are measured at cost as a deduction of equity.

(12) According to Greek GAAP, no liability or asset from deferred taxes is recognized.

5.2.2 Balance Sheet reconciliation 1 January 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
ASSETS			
Cash and balances with Central Bank	432.483	(2.562)	429.921
Treasury bills	15.641	779	16.420
Due from other banks	646.008	17.959	663.967
Trading securities	-	2.595.326	2.595.326
Derivative financial instruments	-	142	142
Loans and advances to customers (net of allowance)*	12.030.355	177.528	12.207.883
Bonds and other fixed income securities	2.154.300	(2.154.300)	-
Shares and other variable income securities	382.662	(382.662)	-
Available-for-sale securities	-	159.622	159.622
Held-to-maturity securities	-	160.263	160.263
Investments in non-consolidated subsidiaries	93.424	(72.619)	20.805
Investment in associates	109.249	(87.694)	21.555
Intangible assets	61.406	(28.982)	32.424
Property, plant and equipment	529.037	(161.339)	367.698
Investment property	-	105.865	105.865
Deferred tax asset*	-	278.154	278.154
Income tax advances	-	18.957	18.957
Other assets*	433.398	106.566	539.964
Total assets*	**16.887.963**	**731.003**	**17.618.966**
LIABILITIES			
Due to other banks	1.290.514	32.805	1.323.319
Derivative financial instruments – liabilities	-	76.221	76.221
Due to customers	14.042.682	(19.382)	14.023.300
Debt securities in issue	73	-	73
Due to State pension funds*	-	786.327	786.327
Personnel leaving indemnities	-	34.806	34.806
Insurance reserves	14.889	460.865	475.754
Other liabilities*	340.102	(61.325)	278.777
Current income tax liabilities	-	35.772	35.772
Deferred tax liabilities	-	6.006	6.006
Total liabilities*	**15.688.260**	**1.352.095**	**17.040.355**
Equity			
Share capital	429.658	-	429.658
Share premium	278.392	-	278.392
Less: Treasury shares	(88.935)	(51.802)	(140.737)
Other reserves*	524.415	201.678	726.093
Consolidation differences	(3.470)	3.470	-
Retained profit/ (loss)*	261	(782.983)	(782.722)
Total equity	**1.140.321**	**(629.637)**	**510.683**
Minority interests*	59.382	8.545	67.927
Total equity and minority interests*	**1.199.703**	**(621.092)**	**578.610**
Total liabilities and equity*	**16.887.963**	**731.033**	**17.618.966**

*The figures per IFRS have been restated in comparison with those figures presented in the interim financial statements of 2005. Refer to Note 47