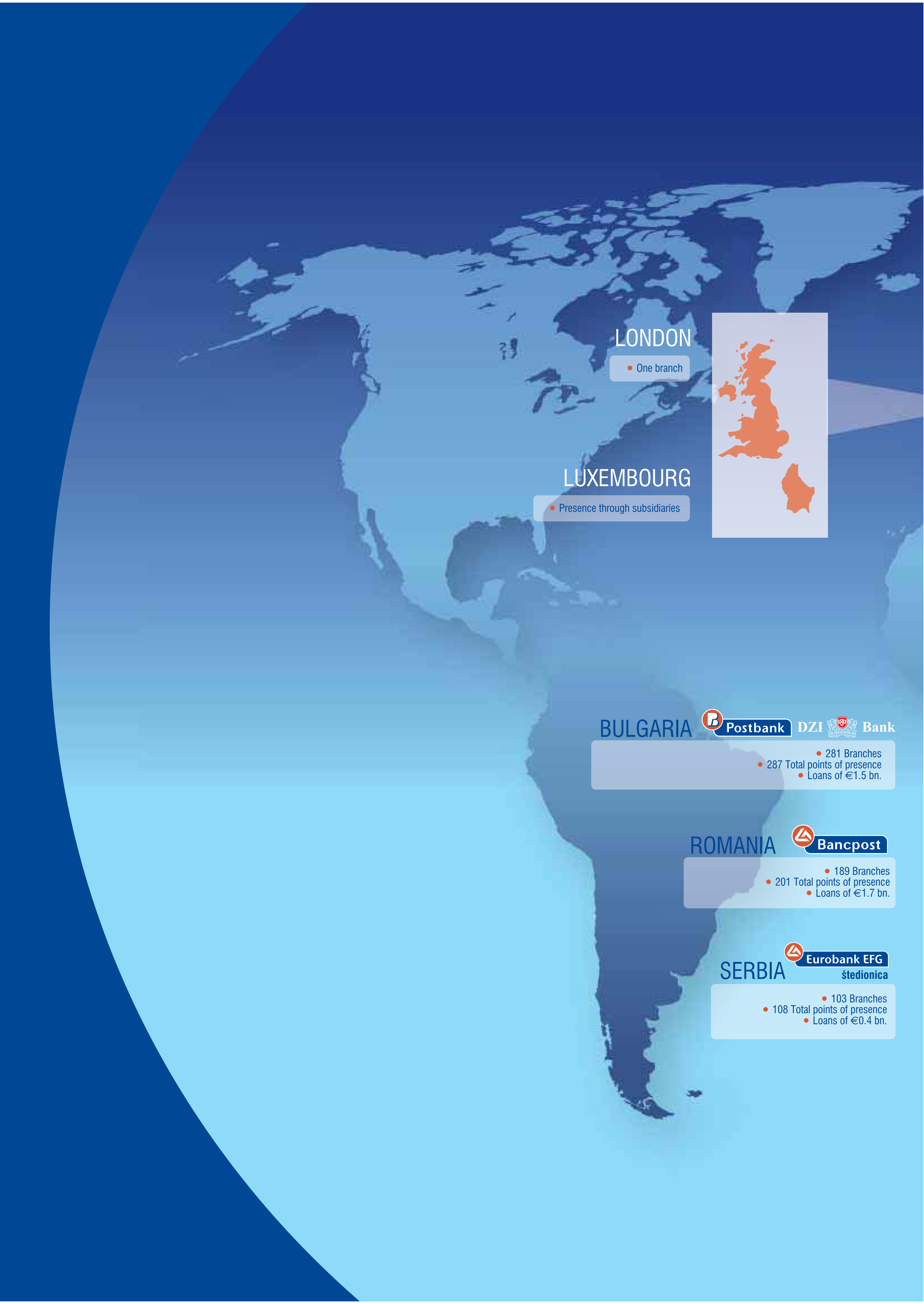
Eurobank EFG

Open to the challenges of a new era

ANNUAL REPORT 2006


LONDON
One branch
LUXEMBOURG
Presence through subsidiaries
BULGARIA
Postbank
DZI Bank
281 Branches
287 Total points of presence
Loans of €1.5 bn.
ROMANIA
Bancpost
189 Branches
201 Total points of presence
Loans of €1.7 bn.
SERBIA
Eurobank EFG
štedionica
103 Branches
108 Total points of presence
Loans of €0.4 bn.

Eurobank EFG

POLAND
Polbank EFG

- 70 Branches
- 130 Total points of presence
- Loans of €0.2 bn.

UKRAINE
Universal Bank

- Universal Bank UKRAINE
- 33 Branches

TURKEY
EFG Istanbul Securities
TEKFENBANK

31 Branches

GREECE
Eurobank EFG

- 367 Branches
- 520 Total points of presence
- Loans of €31.1 bn.

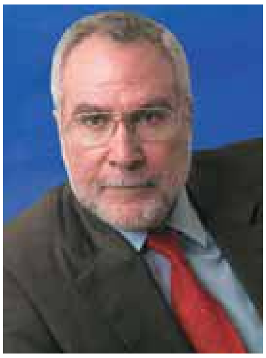
Eurobank EFG

CONTENTS

Members of the Strategic Planning Committee and the Executive Committee

Xenophon C. Nickitas *
Chairman of the Board

George C. Gondicas*
Honorary Chairman of the Board



Byron N. Ballis
Deputy Chief Executive Officer - Retail Banking and Board Member

Nicholas C. Nanopoulos
Chief Executive Officer and Board Member

Nikolaos B. Karamouzis
Deputy Chief Executive Officer - Wholesale Banking and Board Member

Paula N. Hadjisotiriou
General Manager-Finance & Strategy and Board Secretary

Eurobank EFG

** Strategic Planning Committee Members only.*

Members of the Executive Committee

Fokion Chr. Karavias
General Manager – Global Markets

Evaggelos I. Kavvalos
General Manager – Small Business Banking

Harry M. Kyrkos
General Manager – Risk Management and Board Member

George P. Marinos
General Manager – Corporate Banking

Nicholas K. Pavlides
General Manager – Operations, Technology & Organization and Board Member

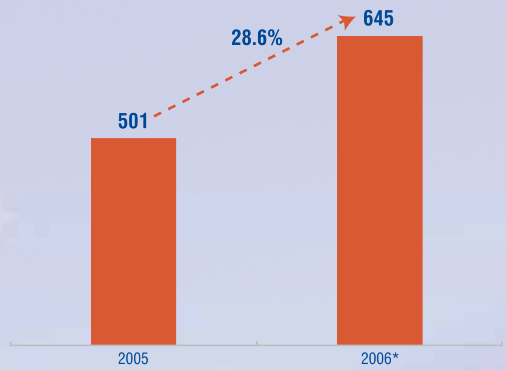
P.Giorgio Pradelli
General Manager – International Division

Michael G. Vlastarakis
General Manager – Branch Network

THE YEAR IN REVIEW

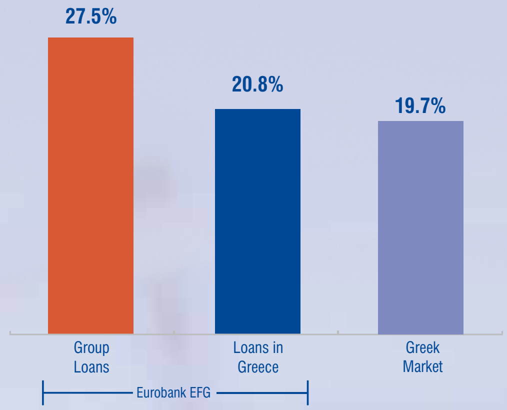
Financial Highlights

Net Profit (€ m.)

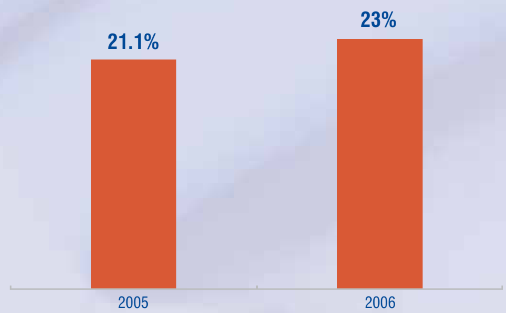


*excluding one - off reserves tax

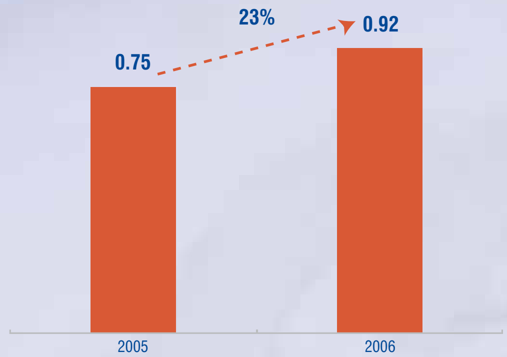
Loan Growth in 2006



RoE After Tax and Minorities



Dividend per Share (€)



Eurobank EFG

Consolidated Figures of Eurobank EFG

(Amounts in € million)	2006	2005	% Change
BALANCE SHEET			
Loans and Advances to Customers	**34,907**	27,385	27.5%
Deposits	**23,914**	19,255	24.2%
Total Shareholders' Equity	**2,657**	2,523	5.3%
Total Assets	**53,820**	44,464	21.0%
PROFIT AND LOSS			
Net Interest Income	**1,597**	1,372	16.4%
Net Banking Fee and Comission Income	**447**	355	26.0%
Non-Banking Fee and Commission Income	**58**	66	(12.5%)
Core Income[1]	**2,101**	1,792	17.2%
Total Operating Income	**2,234**	1,861	20.0%
Total Operating Expenses	**1,062**	891	19.2%
Impairment Losses on Loans and Advances	**344**	309	11.5%
Core Profit[2]	**695**	592	17.3%
Profit before Tax after Minority Interest	**825**	672	22.9%
Net Profit for the Year attributable to Shareholders	**601**	501	20.0%
Net Profit[3]	**645**	501	28.6%

1. Net Interest Income + Total Net Fee and Commission Income
2. Core Income - Operating Expenses - Provisions
3. Excluding one - off reserves tax

		2006	2005
FINANCIAL RATIOS			
Net Interest Margin		3.3%	3.5%
Cost / Income		47.5%	47.9%
Non Performing Loans		2.8%	3.0%
Coverage		89.3%	92.0%
Provisions / Loans		1.1%	1.3%
Tier I		8.5%	10.9%
Total Capital Adequacy		10.4%	13.5%
Return on Assets (after tax)[3]		1.33%	1.30%
Return on Equity (after tax) [3]		23.0%	21.1%
DATA PER SHARE			
Earnings per Share (€)[3]		1.59	1.29
Dividend per Share(€)		0.92	0.75
Dividend Yield		3.7%	3.5%
(based on average share price)			
INFRASTRUCTURE DATA			
Total points of presence		1,312	868
	Greece	520	467
	New Europe	790	399
	Luxembourg	1	1
	London	1	1
Human Resources		17,866	16,201
	Greece	9,701	9,117
	New Europe	8,165	7,084

Ratings

	Long-Term	Financial Strength	Short Term
Moody's	A2	C+	P-1
Standard & Poor's	A-	-	A-2
FITCH	A	B-2	F1

Review of the Year

Romania

FEBRUARY

Entered the Polish market
through the opening of the first branches of Polbank EFG in Warsaw.
By year-end this organic network comprised 130 branches and points-of-sale.

MARCH

Following the conclusion
of an agreement with the Serbian government, Eurobank EFG acquired 100% of Nacionalna Štedionica Banka, finalizing a process that began in September 2005.

APRIL

The Annual General Meeting
of the Bank's shareholders approved the distribution of a total dividend of €286 million for the fiscal year 2005, as well as the free distribution of 2 new shares for every 10 shares held.

Eurobank Properties was successfully listed in the Athens Stock Exchange.

MAY

Entered the Turkish banking market,
through an agreement to acquire 70% of Tekfenbank.
Tekfenbank is a medium-sized bank with a network of 31 branches, mainly focused on small and medium-sized enterprises.

JUNE

Eurobank EFG successfully completed
its third securitization of mortgage loans through the issue and placement of a €1 bn bond loan in international markets.
There had been two similar issues in 2004 and 2005, worth €750 each.

Bulgaria

Serbia

Poland

J U L Y

Entered the banking market of Ukraine,
through an agreement to acquire 99.34% of Universal Bank. This is a medium sized bank with 33 branches, which uses multiple distribution networks and offers a wide range of retail and corporate banking products.
Its activities are concentrated in the western Ukraine and Kiev.

O C T O B E R

Eurobank EFG successfully issued
a bond loan from the partial securitization of its Small Business lending portfolio, worth €2.25 bn, the first such venture ever undertaken by a Greek bank.

N O V E M B E R

Bancpost, the Romanian subsidiary
of Eurobank EFG, celebrated the 15th anniversary of its establishment by organizing a grand event for its employees, its clients, the Romanian authorities and the media, featuring the former German Chancellor, Mr. Gerhard Schroeder, as the main speaker.

S E P T E M B E R

Agreement for the acquisition of a 74.26%
stake in Bulgaria's DZI Bank.
DZI Bank is listed in the Bulgarian Stock Exchange and operates a network of 131 branches and 43 micro-branches.
Its forthcoming merger with Postbank - a Eurobank EFG subsidiary - is designed to place the Group among the leaders of the Bulgarian banking market.
Upon completion of the deal in December 2006 Eurobank EFG increased its stake to more than 90%.

D E C E M B E R

Eurobank EFG was ranked the best Private Banking
services provider in Greece by the internationally acclaimed financial magazine, Euromoney, for a third consecutive year.

Letter to Shareholders

Dear Shareholders,

The year 2006 was a positive one for the Greek economy, which grew at a sturdy rate of 4.2%, significantly outpacing the Eurozone average. Moreover, there was also significant progress in the fiscal adjustment front, as the deficit was reduced below the 3% threshold set by the Stability and Growth Pact. Nevertheless, Greece is expected to deal with an increasingly competitive global environment. The deterioration of our country's current account in recent years, as the deficit reached 12.1% of GDP in 2006, stresses our economy's reduced competitiveness. Thus, the economy's further structural reform becomes a top priority, in order to ensure high growth rates in the future, as well as real convergence, competitiveness gains and reduced unemployment. However, the dynamism already built up by the private sector in Greece and abroad, creates a positive backdrop. This dynamism should be further reinforced through wider reforms, centered on the rationalization of the state's role within the economy, and the creation of an appealing environment, designed to support private initiative and entrepreneurship, and attract new investments.

In 2006, the performance of the Greek banking system was outstanding in terms of both fundamentals and profit growth. Domestic competition increased with significant benefits to customers, albeit also with a clear lead for big banks. Abroad, Greek banks continued their dynamic expansion, establishing the Greek banking system as the spearhead for the constant improvement of Greece's role in the region during the past few years.

As far as our Banking Group is concerned, 2006 was a year of dynamic growth, both in Greece, and in the region of New Europe, featuring excellent results in all fields of banking operations, sound profitability, and new international distinctions. Presently, Eurobank EFG is an international Group with more than 1,300 branches and points-of-sale in Greece and abroad. Our domestic and overseas workforce comprises almost 19,000 people.

As far as the domestic market is concerned, in 2006 our Group demonstrated once more its ability to sustain high growth rates in all fields of banking operation, and to evolve faster than its competitors. A clear proof of that is that, in recent years, the growth of our loans is constantly outperforming the market average, reaffirming both our leadership and our capability to keep on capturing market share.

In New Europe we continue our dynamic expansion, having invested funds of more than €1 billion to date. Our aim is to become a regional power that will play a major role in the economies of the region's countries. In the previous year we expanded to new banking markets, such as Poland, Turkey and the Ukraine, consolidating at the same time our positions in the countries where we were already present. Consequently, our current operations include six countries, besides Greece: Bulgaria, Romania, Serbia, Poland, Turkey and the Ukraine. We are addressing a market of more than 200 million citizens, with a total GDP of almost €1 trillion.

More specifically, in 2006 we developed a new subsidiary bank in Poland from the ground up; the bank now comprises more than 130 branches and points-of-sale. The Bank's growth plan and its performance during the first stage of operation surpassed our original expectations. In Serbia, we further consolidated our presence through the acquisition of the Nacionalna Štedionica Banca. Its merger with EFG Eurobank AD Beograd will create one of the largest banking networks in the country. In Turkey, we acquired Tekfenbank, a bank offering a wide range of corporate banking products and services, and operating an efficient and selective network in the most high-end regions of the country. In the Ukraine we acquired Universal Bank, thus making the first step for our Group's entry in this attractive market. In Bulgaria, we bought a majority stake in DZI Bank. Its forthcoming merger with Postbank will place us among the leaders of the Bulgarian market in terms of assets and loans. In all these countries we are preparing a comprehensive program, designed to restructure and modernize our material and personnel training infrastructure, dynamically expanding, at the same time, our overseas network, which currently comprises more than 800 branches and points-of-sale.

Our dynamic growth in Greece and New Europe, along with its qualitative features, was once more ascertained by the Group's financial results for 2006, which exceeded the targets we had set at the beginning of the previous year. Consolidated net profits increased by 28.6% year-on-year, and amounted to €645 million, as compared to an original target of €615 million. The Group's assets increased by 21% year-on-year reaching €53.8 billion by the end of 2006. Total loan growth amounted to 27.5%, while lending in New Europe countries increased by 117%, accounting for a significant percentage of our Bank's operations growth.

Despite the substantial growth of our operations, the quality of our portfolio was not only unaffected, but improved significantly. Under conditions of increasing concern about overextension, the non-performing loans ratio fell to 2.76% by the end of 2006 from 3.02% in 2005, and is much lower than the sector's average.

Our Group also holds a leading position in Asset Management. In 2006, total assets under management increased by 21%, reaching €44.6 billion. Private Banking assets under management increased by 19%, exceeding €7.5 billion. Our lead in this sector has been internationally recognized, since the Private Banking Division of Eurobank EFG was once more ranked the best in Greece by the internationally acclaimed financial magazine, Euromoney.

Despite our dynamic growth and our significant investments in infrastructure, the Bank's efficiency ratio shows substantial improvement. It is worth noting that in 2006 the efficiency ratio, i.e. the cost to income ratio, was reduced to 40.7% from 42.7% in 2005 and 59% in 2002. This 40% ranks us among the most efficient banks worldwide.

We are also implementing our premise reorganization program, which will produce substantial gains. In 2006, we relocated many of the Bank's Back Office operations to the former ATHOC complex in the district of Nea Ionia. Overall, this relocation involved 1,400 people from 17 different buildings.

The robust growth of our operations is supported by a comprehensive plan, designed to raise liquidity under the best possible terms. In this context we continued our loan securitization program, whose major feature was the securitization of a small business loan portfolio, worth €2.25 billion. This is the largest securitization issue ever made by a Greek bank, and the first securitization of small business loans in Greece.

Our dynamic growth is coupled with our growing involvement in the social process. Along these lines, we increased our initiatives in the fields of Culture, Education, Sport and the Environment. It is worth noting that we have the honor of sponsoring the Greek National Basketball Team, which in 2006 achieved, following a spectacular performance, the greatest international feat in its history, by winning the silver medal at the World Championship, and filling all Greeks with pride.

Our dynamism, performance and prospects are acknowledged by the most influential international rating agencies, the most reliable analysts and, of course, by our local and foreign shareholders, who trust our share and increase their positions in it.

In 2006, Fitch, the international credit rating agency, upgraded the Bank's credit ratings (Long Term A, Short Term F1, Outlook "Stable"). Thus, Eurobank EFG currently enjoys the highest credit ratings among Greek banks by all international rating agencies. Moreover, our Group has been bestowed many distinctions by the most reliable international and Greek media: Best Bank in Greece for 2006 by "Global Finance", Best Bank in Greece in Private Banking by "Euromoney", Best Bank in Greece in Trade Finance by "Global Finance, and Best Domestic Custodian 2006 by the "Global Custodian".

Strong profitability led the Board of Directors of the Bank to recommend to the Annual General Meeting the distribution of a total dividend of €0.92 per share (including the €0.36 interim dividend), increased by 23% as compared to the total dividend for 2005. The total dividend represents a dividend yield of 3.7% on the average price of the share during 2006. Moreover, the Board decided to recommend the free distribution of 2 new shares to Shareholders for every 10 shares held.

The ability of our Group to ensure steady growth rates in Greece, to expand dynamically, albeit cautiously, in the wider region, and to achieve sound profit growth, provide the best and most stable foundations for our long-term prospects. In this context, the Management of the Bank announced new targets for the three-year period 2007-2009; these targets precisely reflect the growth dynamics and the consolidation of the Group's presence. More specifically, the Bank will seek to achieve:

- Net Profit CAGR of 22% for the period 2007-2009
- Return on Equity above 25% by 2009
- Cost to Income Ratio below 45% by 2009

2006 was a year of dynamic growth. We continued to lay the foundations of a strong international presence, based on our long-term perspective and vision. We are now able to compete on equal terms with the largest international banking groups and to gain the trust of our clients in the new markets that we are entering, offering quality services, supreme targeted products, modern service infrastructures and a modern approach of banking relations.

The materialization of our strategy is guaranteed by our people, who are always at the forefront of developments, conferring context and value to all our operations, thanks to their responsibility, hard work and commitment to the common vision.

We are envisaging and building a modern, strong international banking Group, based in Greece and playing a leading role in the region of New Europe.

We are guided by the satisfaction of our clients and the trust of our shareholders.

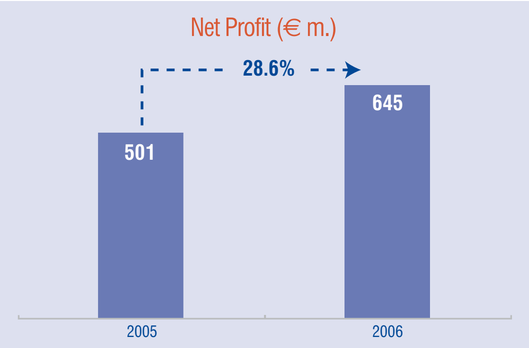
Athens, February 27th, 2007

Xenophon C. Nickitas
Chairman of the Board of Directors

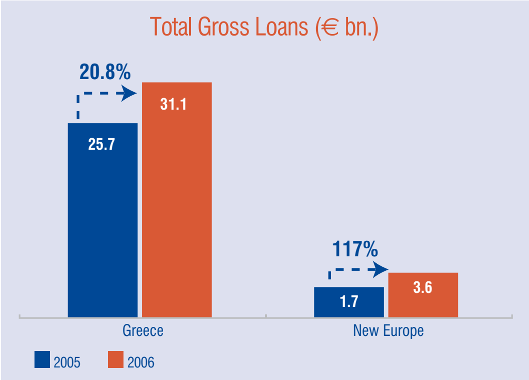
Nicholas C. Nanopoulos
Chief Executive Officer

Financial Review

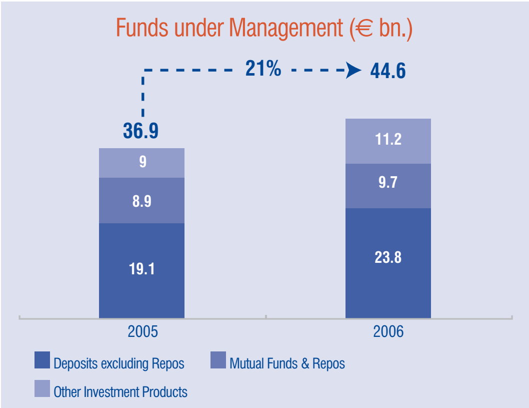
As a result of the steady growth of Eurobank EFG both in Greece and in New Europe, along with the enhancement of its role in these markets, the financial results for 2006 exceeded the targets set by the Bank's management at the beginning of the previous year. More specifically, consolidated net profits increased by 28.6%, and reached €644.5 million, against a target of €615 million, while taking into account the one-off tax charge on the Bank's reserves, net profits amounted to €601.1 million.



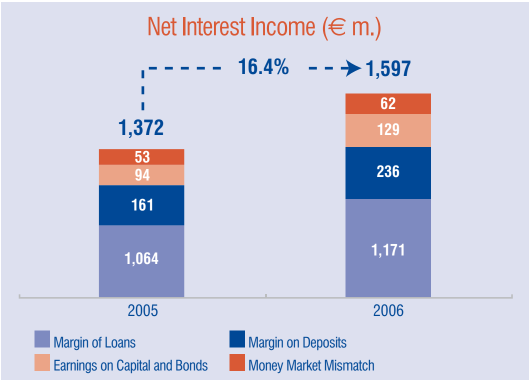
The Group's assets increased by 21%, and amounted to €53.8 billion by the end of 2006, as compared with €44.5 billion by the end of 2005. This increase was mainly accounted for by the dynamic expansion of the Loan Portfolio, which grew by 27.5%, reaching €34.9 billion. More specifically, Household Lending (mortgage and consumer loans) increased by 28% to €16.7 billion and Business Lending increased by 26.9% to €18.2 billion. The growth of the loan portfolio was equally impressive in New Europe, as loan balances increased by 117% on a comparative basis[1] and amounted to €3.6 billion. It is worth noting that in 2006 Eurobank's lending balances increased by €5.3 billion in Greece and by €2 billion in New Europe.



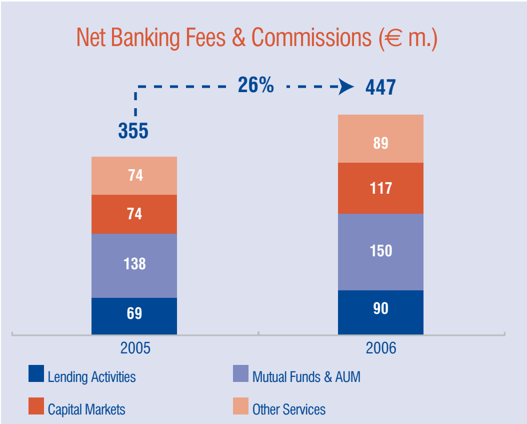
Wealth Management also showed significant results, since total assets under management registered an annual increase of 21%, reaching €44.6 billion at the end of 2006.



The growth of the Bank's loan portfolio led to a 16.4% increase in Net Interest Income, which amounted to €1.6 billion. Moreover, the net interest margin remained at 3.3%.

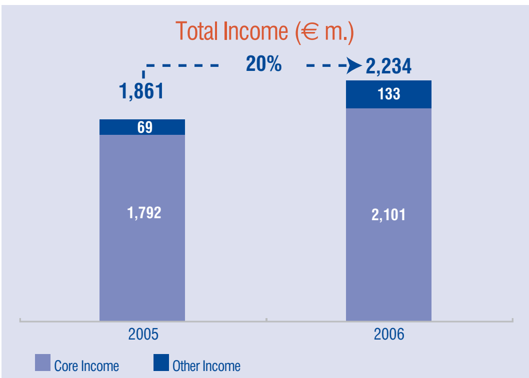


Total Fees and Commissions also registered a substantial increase, spearheaded by the growth of fees generated from capital markets and asset management. More specifically, commissions from banking operations registered a dynamic increase of 26%, reaching €446.7 million in 2006.

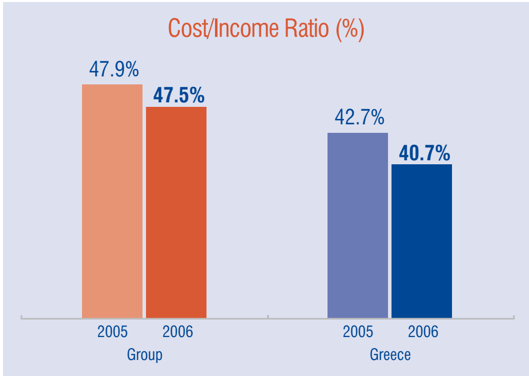


Net Interest and Commission income increased by 17.2% overall, reaching €2.1 billion and accounting for 94% of the Total Income of the Eurobank EFG Group. Moreover, trading income, along with dividend income and other operating income, increased to €132.6 million in 2006, from €68.9 million in 2005.

Total Group Operating Income increased by 20% and reached €2.2 billion in 2006, thanks to the growth of Retail and Corporate Banking, as well as Capital Markets (Equity Brokerage, Investment Banking and Treasury), operations.



Despite the continued expansion of the Group, its efficiency ratio showed significant improvement.
More specifically, the Cost to Income ratio regarding domestic operations decreased from 42.7% in 2005 to 40.7% in 2006; when operations in New Europe are taken into account the ratio stands at 47.5%.



The improvement of the Group's profitability led to an increase in the average Return on Assets (after taxes) and the average Return on Equity (after taxes and minority interest), which stood at 1.33%[2] and 23%[2] respectively in 2006. Finally, in 2006 the Total Capital Adequacy Ratio amounted to 10.4%, while Tier I capital stood at 8.5%.

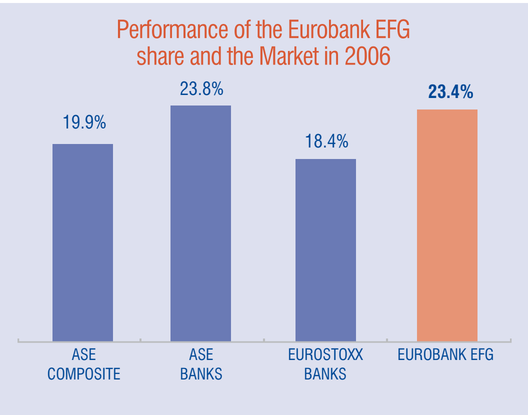
Strong profitability led the Board of Directors of the Bank to recommend to the Annual General Meeting the distribution of a total dividend of €0.92 per share (including the €0.36 interim dividend), as compared with €0.75[3] last year (a 23% increase).

[1] Excluding DZI Bank
[2] Excluding the one-off tax charge on the Bank's reserves.
[3] Adjusted for the distribution of free shares at a ratio of 2/10 in 2006.

The Eurobank EFG Share

Performance

The year 2006 was favorable for capital markets, despite any fluctuations that occurred during its course - mainly as a consequence of increased volatility in emerging markets during the May-June period. Both the Greek and international markets showed strong returns at year end, while the share price of Eurobank EFG had increased by 23.4%. As shown in the following chart, this return outperforms the General Index (19.9%) and is much higher than that of the Eurostoxx European banking shares index (18.4%).



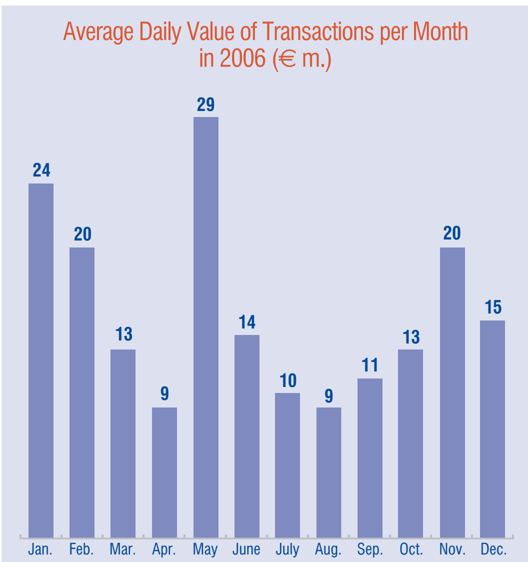
To take a longer-term view, in the past five years Eurobank EFG stock gained 110.8%, as compared with 69.6% for the General Index of the Athens Stock Exchange, and 40.6% for the Eurostoxx European banking shares index.

Market Capitalization - Trading Activity

Based on the closing price of December 29th, 2006, the Market Capitalization of the Bank amounted to €10.5 billion, ranking it in the third place among all companies listed in the Athens Stock Exchange (ASE). The combination of greater liquidity and high free float is reflected on the increased weight of the Bank's share in the composition of stock market indices: More specifically, the Eurobank EFG share represented 9.6% of the large capitalization FTSE/ASE-20 index, and 8.3% of the General Index of the ASE. It is also included in major international indices, such as the FTSE Eurofirst 300, MSCI (Greece, Euro and EAFE), S&P Europe 350, FTSE Med 100 and FTSE4Good.

The volume of transactions on the share of Eurobank EFG for the year 2006 grew significantly, since the daily average number of shares traded rose to 642 thousand, from 452 thousand in 2005.

The increased liquidity of the share is depicted on the following chart, which illustrates the average daily value of transactions for the twelve-months of 2006.
In 2006, the average daily value of transactions increased to €15 million, from €11 million in 2005.



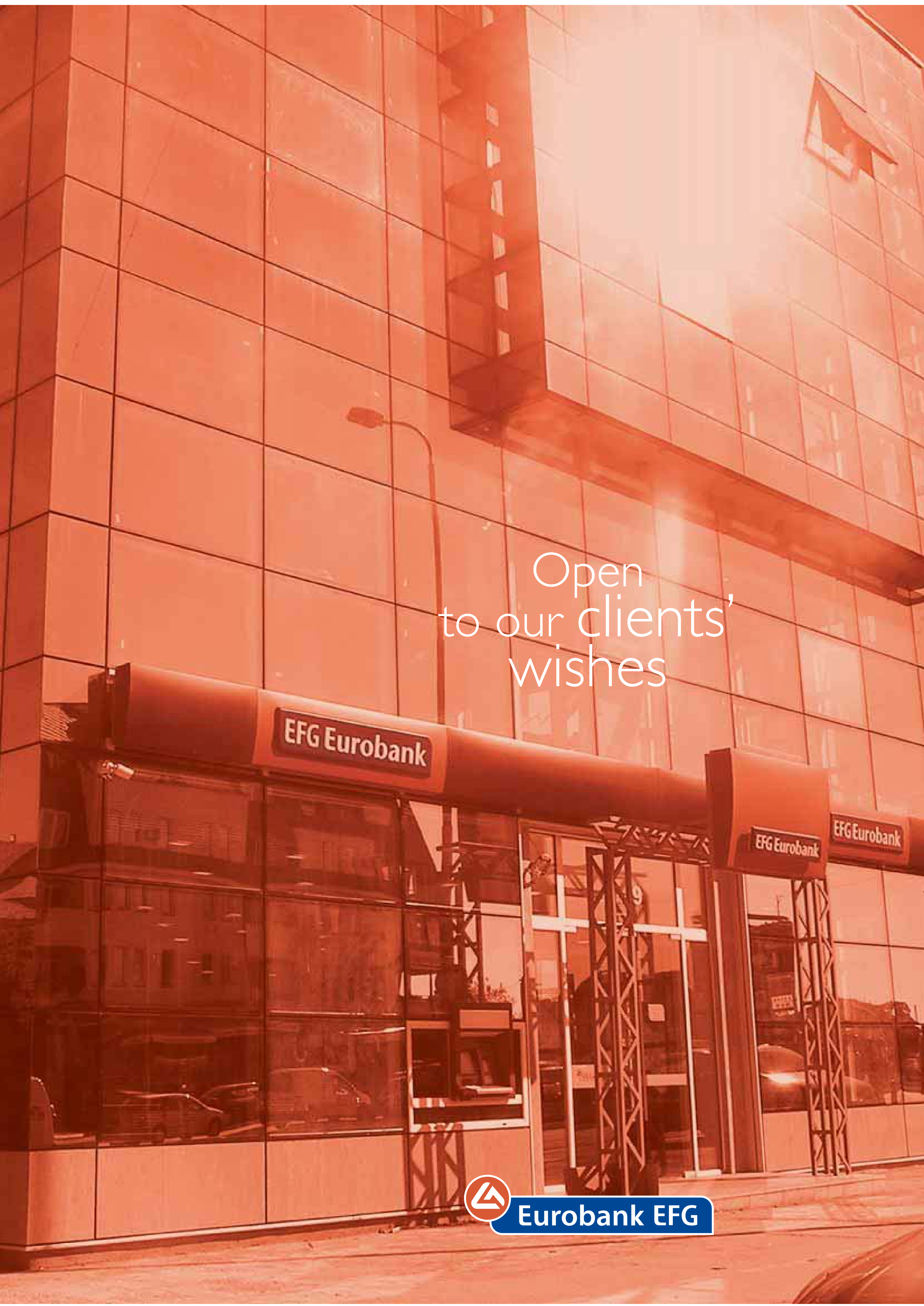
Dividend Yield

The substantial increase in the profitability of the Eurobank EFG Group allowed the Board of Directors of the Bank to recommend to the Annual General Meeting the distribution of a total dividend of €0.92 per share (including the €0.36 interim dividend approved by the Board on October 31st, 2006), which represents a dividend yield of 3.7% on the average price of the share during 2006.

Share Buy-Back program

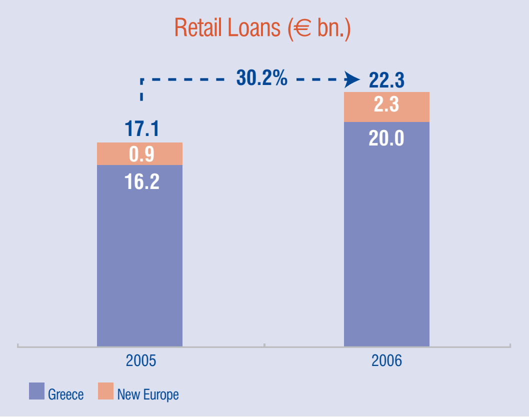
In 2006, the Bank continued its share buy-back program. On 31.12.2005, Eurobank EFG held 2,262,629 own shares (adjusted for the free distribution of 2 new shares for every 10 existing shares). By the end of 2006, the total number of own shares held by the Bank amounted to 6,712,407, and accounted for 1.67% of the total number of Eurobank EFG shares.

Share Data	2006
Closing Price (year-end)	€ 27.44
Highest Price	€ 29.00
Lowest Price	€ 20.70
Market Capitalisation (year-end, in €m)	€ 10,515
Treasury Shares	6,712,407
Total Number of Shares	**383,188,108**


Open
to our clients'
wishes
EFG Eurobank
EFG Eurobank
EFG Eurobank
Eurobank EFG

Retail Banking

In 2006, Eurobank EFG remained the Bank of choice for retail customers in Greece, retaining its leadership in terms of products and services in a rather competitive environment. More specifically, the Bank remained the leader in Consumer Lending and Small Business Banking, with market shares of almost 26.5% and 33% respectively, and increased its share in the Mortgage Lending market to 13.6%. Moreover, foreign Retail Banking operations showed rapid growth. On a consolidated basis, the Retail Banking loan portfolio amounted to €22.3 billion, registering a remarkable year-on-year increase of 30.2%. Moreover, retail banking customer assets under management increased by 18%, as compared with 2005, and almost reached €21 billion.



Retail Banking Service Networks

In 2006, Eurobank EFG enhanced its presence in Greece by opening 36 new branches, and brought its total domestic network to 367 branches. The expansion of the branch network was coupled by the upgrading of the specialized Advisors' role in the fields of Mortgage Lending and Small Business Banking; also, in 2006 the Bank launched the new institution of Personal Banking Advisors for retail banking customers with large cash reserves.

Moreover, Eurobank EFG expanded its alternative sales and retail customer service networks, which include the OPEN24 sales network, the Automatic Payment System (APS) machines, the ATMs, the self-service electronic tellers (SSET), and the EuroPhone Banking service. More than 62% of all banking transactions are performed by means of these alternative networks.

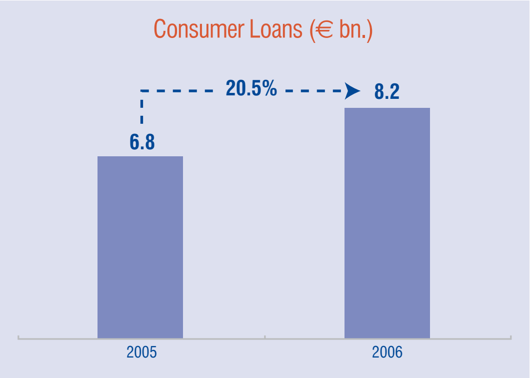
The Open24 outlets comprise an innovative, state-of-the-art and totally differentiated network for the sale of banking and insurance products. By the end of the year, this network comprised 100 Open24 outlets. In 2006, the Bank proceeded to the systematic implementation of an ATM upgrade program, designed to bring its network in line with the EMV standards, which result to the provision of fast services to its clients. By the end of the year, 826 ATMs, 395 APS, and 9 SSET were in operation.

EuroPhone Banking remains the larger and most modern banking call center in Greece, processing more than 3.2 million calls in 2006, and executing the largest number of financial transactions and inquiries in the market. Thanks to its supreme services, it received the award for the best "Large Call Center in Greece" at the annual "CRM Grand Prix 2006" competition held by Teleperformance.

Consumer Lending

Amid developments that produce a dynamic and competitive environment in the consumer lending sector, Eurobank EFG retained its domestic leadership and enhanced its presence in the rapidly growing markets of New Europe.

At the end of 2006, the Group's consumer loan and credit card balances stood at €8.2 billion, increased by 20.5% year-on-year. Always adhering to the principle of responsible lending, the Bank managed to sustain the quality of its loan portfolio.



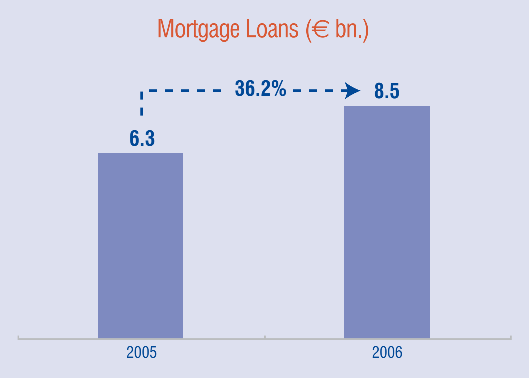
Consumer lending operations, such as the "En Taxi" debt consolidation and repayment program, showed substantial growth, while there was also emphasis on the launching and promotion of new programs that successfully supplemented existing ones. The overdraft checking account with a revolving credit facility, and the open loan for the purchase of goods from associated businesses, where two new products with innovative features.

A novel initiative in the credit card market was the design and launching of "Epistrophi", a sophisticated loyalty program. Eurobank EFG remains the leader of the Greek market in terms of both card balances and numbers, with more than 2 million credit cards in circulation.

The expansion of consumer lending in New Europe was remarkable, as Eurobank EFG consolidated its position in Romania, Bulgaria and Serbia. Equally impressive was its rapid growth in the Polish market in just one year of operation, and despite the harsh competition. Overall, overseas credit balances were doubled, while the total number of cards reached 850,000.

Mortgage Lending

In a highly competitive environment, focusing on interest rates, specifically, the offer of new low installment mortgage packages at fixed rates, Eurobank EFG once more outperformed the Greek market, increasing its market share from 13.3% in 2005 to 13.6% in 2006. In Greece, mortgage loan balances increased by 30.5% year-on-year, reaching €7.9 billion. Consolidated mortgage loans registered an annual increase of 36.2% and amounted to €8.5 billion.



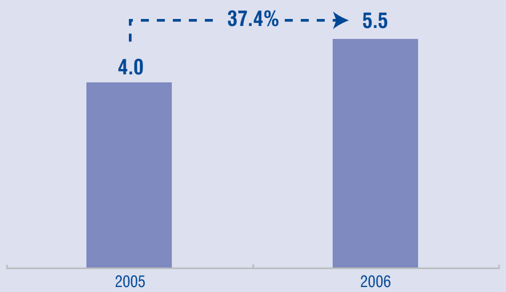
In 2006 Eurobank EFG intensified its advertising campaign, responding to competitive challenges with products designed on the basis of its customers' needs. Moreover, the Bank retained its lead in terms of novel, quality service, before and after the sale of the loan, by offering the "Flexi Loans". In the second quarter of the year, Eurobank EFG turned the tables yet again, by launching the SWISS Home Loan in Greece, a CHF-denominated facility, which offers protection from potential exchange rate fluctuations.

The soundness of its mortgage loan portfolio enabled the Bank to proceed to a third securitization issue in June 2006, backed by balances of €1 billion. This issue was rated by the international credit rating agencies Standard & Poor's, Moody's and Fitch; it is worth noting that €900 million received the highest possible rating (AAA), a fact that confirms the premium quality of the Bank's portfolio.

Small Business Banking

In 2006, the supremacy of the strategic model employed by Eurobank EFG in the field of Small Business Banking was affirmed once more, despite the growth of competition in the market for loans to Small Businesses and Free-lance professionals. At group level, Small Business loans increased by 37.4% in 2006 and amounted to €5.5 billion, as a result of the impressive expansion of the customer base and the growth of cross-selling.

Loans to Small Businesses (€ bn.)



Portfolio quality remained rather high, as confirmed by the €2.25 billion securitization bond issued in October 2006 by Eurobank EFG, the first ever undertaken by a Greek bank. A portion of 78% of the securitized portfolio received an AAA rating by the Standard & Poor's and Moody's international credit rating agencies. For the purposes of this securitization, the Bank completed its preparation for the implementation of Basel II on Small Business Lending.

Seeking to cover the entire range of small enterprise lending requirements, Eurobank EFG offered two new types of soft loans, one in cooperation with the European Investment Bank and the other based on the Swiss franc. Moreover, it was successfully involved in the government's subsidization schemes (TEMPME SA and Third Community Support Framework), and developed new sectoral programs designed for sound business sectors with low banking debt burdens. Moreover, the Bank provided its clients with more service options at the workplace through alternative networks and especially via the Internet.

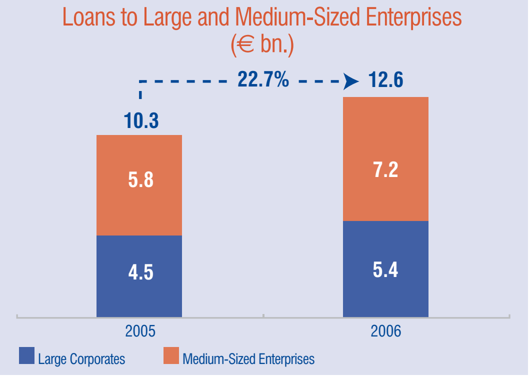
The Small Business Banking operating model has also been successfully implemented in Bulgaria, Romania, Serbia and Poland, where the entire product range is already on offer. Credit policy reformation was crucial for growth in New Europe, since it incorporated automated procedures that ensure homogeneity, increased volume processing and low credit risk.


Bancpost
Open
to the needs
of the business
environment
Eurobank EFG

Corporate Banking

The year 2006, has been another year of successful operation for the Corporate Banking division of Eurobank EFG. In an increasingly competitive environment, the Corporate Banking division of Eurobank EFG managed to outperform the market in terms of growth, achieving a substantial increase of both operations volume and revenues, and accelerating at the same time the penetration of business sectors that offer significant growth prospects.

The successful presence of Eurobank EFG in the Corporate Banking field is reflected on the considerable increase of total loans extended to large corporations and medium sized businesses in Greece, New Europe and in the shipping sector. At the end of 2006, total loan balances rose to €12.6 billion, from €10.3 billion in 2005, registering a substantial increase of 22.7%.



Through its involvement in the project concerning the Bank's adaptation to the requirements of Basel II, Corporate Banking also improved the quality of its portfolio, and has set the target of increasing its contribution to the total income generated from risk-free operations. Moreover, and in order to provide effective support to local enterprises that are already operating, or wish to operate, in the countries of New Europe, the Group focused on the development of similar units in its regional subsidiaries, in co-operation with the local divisions, offering the necessary know-how, along with new products, tailor-made for each country.

Lending to Large Corporates

The recuperation of the Greek business climate, and the finalization of major business deals (mergers & acquisitions) in 2006, helped many enterprises and sectors (food, telecommunications, information technology) to improve their financial positions. These developments, in conjunction with active portfolio management, led to the upgrading of both lending portfolio quality and financial results.

In 2006, Eurobank EFG reinforced its position in the large corporates sector. Special emphasis was placed on the development of technological infrastructure and the extensive strengthening of cross-sales. As a result, lending balances amounted to €5.4 billion by the end of the year, increased by 20.5%, as compared with the end of 2005. This growth in fundamentals is due to both the strengthening of relations with existing clients, to which the Bank successfully provides a full range of products and services that cater to their needs (credit, cash management, financial risk protection and advisory services), and the offering of technologically advanced applications (electronic payments and import-export processing, electronic payroll administration etc.).

Lending to Medium-Sized enterprises

Medium-sized businesses (with turnover from €2.5 million to €25 million) are serviced by 41 specialized Business Centers, run by properly trained and experienced personnel, covering the entire country and offering a full range of products and services, designed to provide comprehensive coverage for the needs of every business.

Other successful ventures undertaken in 2006 was the launching of new Treasury (interest rate and foreign exchange risk coverage), cash management, and payroll administration products, insurance and investment services, and electronic transactions services, as well as the development of a centralized imports-exports model, which simplified procedures for the client and reduced total costs.

In 2006, the Group's loans to medium-sized enterprises grew at a fast pace. Year-end loan balances amounted to €7.2 billion, registering an annual increase of 24.4%.

Shipping

After a somewhat flat first half, the freight market reached its 12-month high in 2006, followed by dry bulk carrier values, mainly because of the increased demand for iron ore products from China and the United States. Similarly favorable conditions prevailed in the market for wet cargo vessels during the second half of the year, mainly because of the spectacular increase in the demand for fuel, and the accumulation of strategic reserves by the US.

In 2006, the market retained its momentum for a fourth consecutive year, with increasing liquidity reserves, historically high vessel prices, access to the European, Asian and American capital markets, whereas expectations regarding its future trend did not exhibit any clear-cut pattern.

As a result of these developments, more than 67% of the Bank's portfolio was renewed, mainly through prepayments. By the end of 2006, the portfolio reached €426 million. The quality of this portfolio is exceptional, since it contains no bad debts. Financing opportunities for 2007 are expected to focus mostly on newbuilds, and less on older vessels.

Leasing

EFG Eurobank Leasing, a leader in the Greek leasing market during the past few years, sustained its quality and profitable growth in 2006. Claims amounted to €1.3 billion, and, as a result, the company's market share remained at the 20% level.

Real Estate leasing comprised the majority of new operations during 2006, while there was great interest for the "real estate leasing investment" product, which has been specifically designed for the real estate market, as well as for the "releasing", i.e. the refinancing of existing leasing agreements. Another innovation was the option to conclude real estate leasing agreements with durations of up to 25 years.

Thanks to the consolidation of the company's presence abroad, a substantial percentage of revenues were generated from the operation of its subsidiaries in New Europe, and more specifically, Bulgaria, Romania and Serbia. Moreover, the acquisition of Tekfen Leasing in Turkey is expected to create the conditions for the development of leasing operations in this neighboring country.

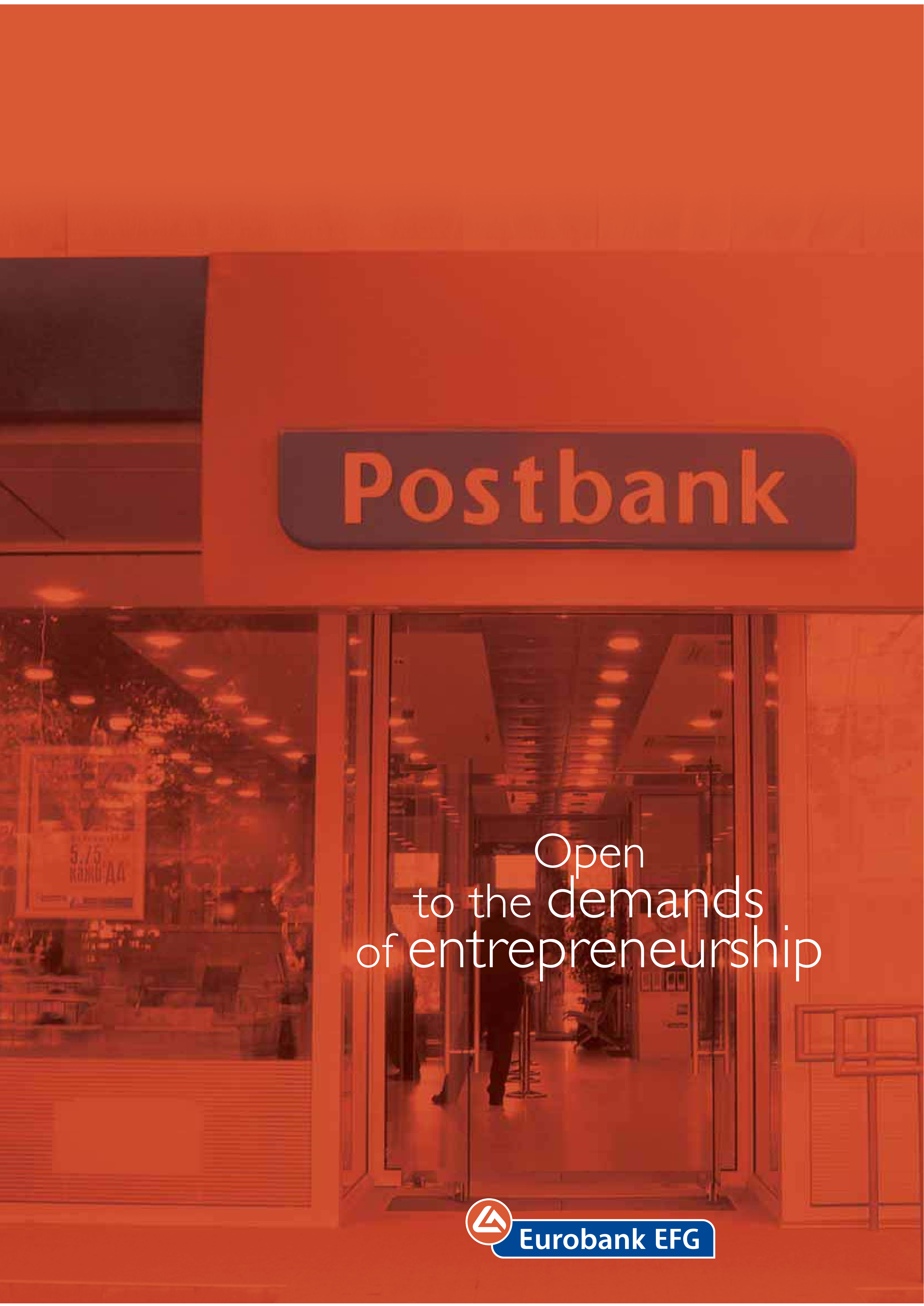
Co-operation agreements with commercial associates were expanded through vendor leasing programs, covering a wide range of business sectors, while the company also launched the offer of operating lease programs, always in cooperation with recognized vendors.

Finally, EFG Fin & Rent, a group subsidiary, expanded the scope of its operations beyond the provision of long-term passenger vehicle operating lease services, by offering stock financing services to automobile dealers and vendors.

Factoring

The Group's involvement in the Factoring market was very successful during 2006. As a factoring firm with a differentiated product concept and organization, EFG Factors continues to be in the lead of developments in the Greek factoring sector, outgrowing once more the Greek market. In 2006, the firm's turnover increased by 15%, as compared to a mere 3% for the overall domestic factoring market.

EFG Factors consolidated its position in the domestic, and New European, markets. In 2006, EFG Factors was ranked 6th in the world and 3rd in Europe in Export-Import Factoring, among 212 member-firms of the Factors Chain International (FCI). The firm's share in the Greek factoring market is estimated to have risen to 34% in 2006, from 31.5% in 2005, while in International Factoring it reached 48% of the Greek market. Moreover, the firm was successfully involved in specialized products (Forfaiting) achieving large volumes of operations (Forfaiting deals of €80 million).
Regarding activities in New Europe, EFG Factors upgraded its representation office in Sophia to a full-service Branch, remaining the only Factor in Bulgaria.



Open
to the demands
of entrepreneurship

Eurobank EFG

Investment Banking & Capital Markets

Investment Banking

The recovery of the Greek Investment Banking market continued in 2006, mainly through the realization of a series of large scale, domestic and cross-border, acquisitions. The Group's specialized subsidiary, EFG Telesis Finance, sustained the previous years' leadership in all its fields of activity.

More specifically, EFG Telesis Finance remained the leading underwriter in the field of IPOs and listings in the Athens Stock Exchange, capturing a market share (in terms of distribution) of 22%, and attracting the larger demand (24%) in the domestic market, thus demonstrating the Group's dominance in the field of share underwriting.

In Debt Capital Markets, EFG Telesis Finance continued to expand its operations in more complex and high-leverage financing areas and, more specifically, in Project Finance (Co-Leader Manager of the Thessaloniki Underwater By-pass and the Ionian Highway and Advisor to the Provisional Contractors for the Maliakos-Kleidi project), and Real Estate project financing, mainly in SE European countries. Moreover, it played a leading role in high-leverage deals, such as the financing of the acquisitions of Hyatt, Sklavenitis, NIKAS, and ANDROMEDA. Finally, EFG Telesis Finance worked towards the creation of an international financing portfolio. Overall, EFG Telesis Finance was the co-lead manager in 17 syndicated loan and bond issues, with a total value of approximately €2.7 billion.

In the field of advisory services, EFG Telesis Finance was involved as a financial advisor in the most important deals of the year (e.g. the formation of VIVARTIA through a merger among leading Greek companies of the food sector: DELTA, CHIPITA, GOODYS and General Frozen Foods Co.; the sale of Delta Ice Cream to Nestle; the acquisition of NIKAS by Global Finance; the provision of advisory services to the Boards of ELAIS and Hyatt regarding third party bids for the acquisition of their shares; and the voluntary bid for the acquisition of Liberis Publications shares).

In 2006, the firm and EFG Eurobank Securities continued their joint expansion to the countries of New Europe (especially Bulgaria, along with the preparation of the relevant infrastructure in Serbia and Poland), with the aim of creating a strong investment bank in the region.

Equity Brokerage

For a third consecutive year, EFG Eurobank Securities continued to grow, and sustained its dominant position, commanding 17.1% of the value of transactions in the Athens Stock Exchange.

The Derivatives Department remained one of the leaders in the Derivatives Exchange, with a market share of 16.3%, providing its clients with access to country and region futures and options. It also started offering commodity investment instruments (CBOT, NYMEX), whose major advantage is their inflation risk hedging capabilities, which are not available by any other form of investment.

In 2006, the International Capital Markets Desk attracted record numbers of new private and institutional investors, whose attention was mainly focused on emerging markets. Two new markets were added to the investment options palette: Bulgaria and Hong-Kong.

In 2006, the Research Desk of EFG Eurobank Securities continued to produce rather accurate forecasts. A pan-European study performed by the international ratings agency, AQ Research, concerning the evaluations of Greek mid-capitalization companies, ranked the Research Desk of EFG Eurobank Securities in the second place.

As far as activity in new emerging markets is concerned, in 2006 EFG Istanbul Securities remained one of Turkey's most successful undertakings. More specifically, catering to the needs of institutional clients from the US, Europe and the Middle East, by December 2006 the firm had executed transactions worth $11.7 billion, which accounted for more than 10% of the total transactions performed by international investors in the Turkish capital market. EFG Istanbul Securities has been offering Derivative investment options since the last quarter of 2006, with the aim of capturing a leading position in the newly-formed Turkish Derivatives Exchange. Moreover, its Research Desk was ranked first in Turkey by the pan-European study of the international ratings agency, AQ Research, which examined the evaluations of mid-capitalization companies.

In 2006, Eurobank EFG Securities achieved substantial operations growth in Romania, increasing its market share from 1.12% in 2005 to 3.11% in 2006, and capturing the 12th place among securities firms, and the first place among the Greek securities firms that operate in the Romanian Stock Exchange.

Moreover, EFG Eurobank Securities in Greece has been a remote member of the Cypriot Stock Exchange since late November 2006, offering it clients the option to invest in the Cypriot market through the common platform.

Treasury

The top priorities of the Global Markets Division in 2006 were to develop its operations in the regional markets of New Europe, and to consolidate its leading position in Greece. The strategic target is to establish Eurobank EFG as a major regional player in foreign exchange, interest rate, bond, and derivative product trading, in liquidity management, and in the sale of financial and investment products in those markets where the Group has a banking presence.

The model that involves the development of client-oriented operations and the emphasis on commission income growth is successfully implemented in Greece. Great effort is made in order to establish this successful model as an operations growth paradigm for New Europe. In Greece, the sales department of the Global Markets Division is appropriately structured, in order to service a wide range of clients, such as domestic and overseas institutional clients, large and medium-sized enterprises, shipping companies, and private customers of the private banking and retail networks, who require different products or services. The Group is in the process of establishing a similar structure in the Global Markets Divisions of the countries in which Eurobank EFG is operating, taking into account the peculiarities of each country.

The trading department was actively involved in new markets and products, seeking to disperse risks and improve profitability. The department's rather satisfactory results were mainly due to the utilization of opportunities and the proper management of risks, in a tough global environment of rising interest rates and bearish bond markets that prevailed for the most part of 2006. Eurobank EFG sustained its active presence in primary and secondary markets, and is one of the Primary Dealers in the Greek, Bulgarian, Romanian, and Serbian sovereign bond markets.

A major task of the Global Markets Division was to ensure the necessary liquidity that would enable the Bank to sustain its high loan growth rates, increasing its market share both in Greece and in New Europe. To this end, in 2006 the Bank undertook a third mortgage loan securitization, which amounted to €1 billion, as well as the first securitization of small business lending balances ever undertaken in Greece, which amounted to €2.25 billion, and was the first such issue ever made by a Greek bank. The Bank's successful involvement in the international securitizations market for a third year in a row, confirms the quality of its lending portfolio, since all issues received favorable ratings from international credit rating agencies.

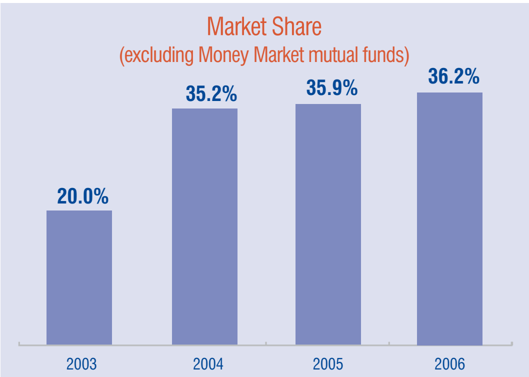
The Bank also issued a $500 million bond loan, a large portion of which has been placed with Asian institutional investors. Moreover, it proceeded to a series of private placements, including issues denominated in Romanian leu and Bulgarian lev (through its subsidiary, Postbank), which were offered in the local markets, enhancing the liquidity of the Group's subsidiary Banks.

Wealth Management

Mutual Funds

In 2006, the Eurobank EFG group retained its leading position in the Greek mutual fund market and expanded its presence in New Europe through both organic growth and the formation of partnerships with international investment firms.

With total funds under management of €7.2 billion in 33 mutual funds that cover the most important capital markets worldwide, EFG Mutual Fund Management Company commanded a share of 36.2% (excluding money market mutual funds) and was ranked first for a fifth year in a row.



The variety of the products on offer was augmented, with a focus on innovative composition and positive returns. Moreover, the EFG Mutual Fund Management Company developed partnerships with established overseas houses (e.g. Vanguard, Fidelity, Legg Mason, Invesco, Credit Suisse, Pimco), providing new solutions and prospects through the Funds of Funds it manages.

The firm's structure was further enhanced with the introduction of the Risk Management, Audit Control and Investment Strategy departments, while the Morning-star and Standard & Poor's international agencies evaluated and rewarded the mutual funds for their returns.

In April 2006, a new firm, the Eurobank EFG Fund Management Company (Lux) S.A., was incorporated in Luxemburg; its purpose is to support the growth of mutual fund management operations in New European countries, where the group is already present. Overall, there were 20 mutual funds with total funds under management of €500 million.

The Eurobank EFG Group is actively involved in the mutual fund market of Romania. With total funds of €19.7 million under management, EFG Eurobank Mutual Funds Management Romania SAI S.A. captured the third place in the local market, with a total share of 11.3%. It manages two mutual funds, the Bancpost Plus and the Bancpost Active Balanced, which pursue conservative and aggressive investment strategies respectively. Moreover, it supported the development of a new and innovative product for the Romanian market, the Ronsmart, a composite deposit and investment product, for which it received the "Best Product of the Year" at the Piata Financiara Annual Awards ceremony.

Insurance

Insurance operations achieved a very positive performance in 2006. EFG Eurolife Insurance is the leader in life insurance and one of the three largest insurance groups in the Greek market. EFG Eurolife is active in the fields of Life, Annuity, Health, and Property insurance, as well as in the field of advisory services. The Group includes two insurance firms, EFG Eurolife Life Insurance SA & EFG Eurolife General Insurance SA, as well as an insurance brokerage firm, EFG Insurance Services SA.

In 2006, the Group's firms further improved the soundness of their technical results, and increased premium production by 16.6%, as compared with 2005. They also created the necessary infrastructure for the deployment of new sales networks, as well as their expansion to overseas markets. The profit growth rate (after taxes) remains high, and was accompanied by substantial investments in human resources and IT applications.

For a second consecutive year, EFG Eurolife Life Insurance was ranked first in terms of premium production in the Greek life insurance market, with an estimated market share of 19%. The profitability of EFG Eurolife Life Insurance and EFG Eurolife General Insurance is among the highest in the Insurance industry and both firms carry increased reserves, with investments that outweigh total insurance liabilities, while both the existing portfolio and the new production of the life insurance company carry a high embedded value.

EFG Insurance Services is one of the largest insurance brokers in the Greek market and is ranked among its leaders in terms of profits.

Asset Management

In 2006, EFG Eurobank Asset Management SA sustained its growth momentum, with funds under management of more than €1.2 billion. Despite the increase in competition, the company sustained its leadership in the field of advisory services related to the management of first and second pillar pension fund equity portfolios, and consolidated its position in the field of service provision to institutions and trust funds.

In the field of insurance organization reserve management, EFG Eurobank Asset Management provided for a fifth year management services to the Special Fund of the Hellenic Telecommunications Organization Employee Fund, generating returns that exceeded the pre-selected benchmark. Moreover, the company completed a fourth successful accounting period as one of the two external managers for the Mixed Domestic Mutual Fund of the Insurance Organizations Mutual Fund Management Company, the largest mixed domestic fund with total assets of €560 million, generating rather high returns in both absolute and relative terms. The three mutual funds of EFG Mutual Fund Management Company, whose management has been assigned to EFG Eurobank Asset Management, also yielded rather satisfactory returns.

The company provided very efficient advisory services to portfolio investment companies affiliated with the Group, and to the Bank itself, regarding the management of its own portfolio.

Finally, in the field of discretionary asset management, the company expanded the range of portfolio types on offer, aiming to cater for specialized client needs. All 17 distinct types of portfolio yielded excellent returns in 2006, continuing the successful course of the past four years and contributing to the dynamic growth of both assets and clients by 40% and 50% respectively.

Private Banking

In 2006, Eurobank EFG Private Banking reasserted its dominance and retained its leading position in the Greek Private Banking market, widening its lead from the competition in terms of assets under management. This fact was demonstrated, first, by the distinction awarded for a third consecutive year by the Euromoney magazine, which nominated Eurobank EFG as the Best Bank in Private Banking in Greece for 2007, and, second, by the continuous improvement of service quality and product know-how.

By the end of 2006, assets under management in Greece and abroad amounted to €7.5 billion.
This result was facilitated by the markets' good performance, which boosted investor interest and improved investor sentiment regarding exposure to selected securities. Special mention should be made to the increase of discretionary asset management funds by 37.5%, which was due to strong portfolio returns, and to the clients' trust towards, and preference for, this division, a result of its consistent operation and its demonstrable know-how and professionalism.

Since the financial needs of our high-end clients cover the entire range of their professional and family activities, the Bank formed the Wealth Management Services Division, whose main task is to provide high quality services that go beyond the sphere of investment and banking. The Division offers real property financing options in Greece, Romania, and England. It also recommends certain investment properties to clients interested in creating real estate portfolios in these countries, ensuring at the same time the means to finance their investment. Moreover, it launched - with great success - the provision of financing solutions for the purchase of yachts (Marine Financing), in cooperation with Group companies on the international level. Finally, the Division provides Estate & Tax Planning services to clients that wish to develop a methodic tax, succession, and long-term financial planning strategy.

International Presence

Having promptly identified the banking opportunities and the dynamism presented by the countries of New Europe, in the past few years Eurobank EFG has been implementing a long-term expansion strategy, which involves its active presence in Bulgaria, Romania, Serbia, Poland, Turkey and the Ukraine.

The Group's investments outside Greece stood at €1 billion by the end of 2006, translated into more than 8,000 employees, as well as 790 branches and points-of-sale abroad.

The year 2006 was marked by rapid developments in Bulgaria, Romania and Serbia, where the Group had already been active, and by its entry into new banking markets: Poland, Turkey and the Ukraine. In Poland, the group started pursuing standalone growth in February 2006, and by the end of the year it already operated 70 branches and 60 points-of-sale. In Turkey, the Group closed a deal for the acquisition of Tekfenbank in May 2006, while it became the first Greek bank to enter the Ukrainian market, after concluding an agreement for the acquisition of Universal Bank in July. In September 2006, the Group acquired Bulgaria's DZI Bank, which, following its merger with Bulgarian Postbank, will become one of the largest banks in the country. In Serbia, the Group successfully completed the acquisition and absorption of the Nationalna Štedionica Banca (NSB).

The international strategy of Eurobank EFG seeks to establish the Group's leadership in Retail and Corporate Banking, through the implementation of its successful domestic business model, and having as a rule the continuous expansion of the Group in those regional markets that are poised to converge with the European Union (EU). The low degree of banking penetration, in conjunction with Romania's and Bulgaria's EU accession in 2007, are expected to remain decisive factors for the achievement of substantial growth rates in the region of Central and Southeastern Europe.

Advertisement for a savings product offered by Polbank EFG (Poland).

Bulgaria

The Group sustained its growth drive in Bulgaria during 2006, as the Bulgarian Postbank continued to grow at a fast pace, capturing leading positions in fields such as consumer and mortgage loans, and credit cards. More specifically, loans grew by 83.2% in organic terms, as compared with 2005, and reached €1.2 billion - €1.5 billion, when the portfolio of DZI is also taken into account. Another key priority, besides credit expansion, has been to preserve the quality of the bank's loan portfolio. As a result, Fitch Ratings raised Postbank's rating from BBB+ to A-.

In 2006, Postbank continued to expand its network, reaching 151 branches and five business centers, which provide sufficient coverage to all major cities throughout the country.

The Bank's activity is complemented by specialized subsidiaries, which operate in the consumer lending, leasing and real estate markets.

Furthermore, Eurobank EFG made another major investment in the Bulgarian market, by acquiring a majority stake in DZI Bank, a local medium-sized bank, listed in the Sophia Stock Exchange. The two banks complement each other, since DZI Bank appears to be rather strong in fields such as corporate banking and retail deposits.

This acquisition will further enhance the Eurobank EFG presence in Bulgaria, since it is expected to produce substantial synergies. The future merger between the two banks will create an entity with a network of more than 280 branches, and market shares of 10%, or more, in terms of assets, loans, and deposits. Moreover, this merger will place Eurobank in the fourth place of the Bulgarian market in terms of assets and loans, and in the third place in terms of deposits.

Advertisement for a mortgage loan offered by Postbank (Bulgaria).

Romania

In 2006, Bancpost adopted a new corporate identity and philosophy, along the lines of the Eurobank EFG group. The Bank continued to reorganize its operations by completing the centralization of its information systems, restructured its business model, and maintained its intensive personnel training program. Moreover, it proceeded to the further expansion and internal reorganization of its customer services network, reaching 189 branches and 10 business centers. The Romanian subsidiaries of the Group are active in the fields of consumer lending, investment banking & capital markets, leasing, mutual fund management and real estate.

The quality and differentiation of the Bank's product portfolio was sustained through the successful introduction of new deposit products, along with relevant products in the fields of mortgage and consumer lending (RONSMART, TAROM American Express, etc.).

As a result, total assets increased by 54.3% and loans increased by 101%, as compared with 2005, reaching €1.7 billion. Total customer deposits increased by 44.3%.

The financial strength of Bancpost was confirmed by the A- rating provided by Fitch Ratings, which is comparable to Romania's sovereign debt rating. Moreover, the Eurobank EFG Group exercised its options for the acquisition of the shares held by EBRD and IFC (7.28% each), increasing its stake in the share capital of Bancpost to 77.57%.

Advertisement for a secured personal loan offered by Bancpost (Romania).

Serbia

Eurobank EFG consolidated its presence in the Serbian market by finalizing the acquisition of 100% of the Nacionalna Štedionica Banka (NSB) in March 2006. Having gained full control, Eurobank EFG realized the merger of the two banks in two stages: the legal merger by October 2006, and the systemic merger that took place in early 2007. The legal merger was completed in October 2006, and the new bank was renamed Eurobank EFG Štedionica a.d. Beograd. The "new" bank incorporates the dynamism of both organizations, and operates the fourth largest network in Serbia, with 103 branches and 4 business centers at the end of 2006.

During their merger, the two banks intensified their operations and, as a result, captured a market share that, in terms of loans, amounted to 4.9% in December 2006, as compared with 2.2% in December 2005. The "new" bank improved its ranking in terms of assets, and climbed to the seventh place in September 2006, from the ninth place it held in December 2005.

Moreover, the Group's specialized subsidiaries were actively involved in the consumer lending, leasing and real estate markets.

Advertisement for a consumer loan offered by Eurobank EFG (Serbia) for the purchase of automobiles.

Poland

The Eurobank EFG Group is operating in Poland through branches that bear the Polbank EFG brand name, and constitute an organic investment. The strategic and operational structure of Polbank EFG was designed in a way that ensures success in the increasingly competitive Polish market.

The first branches opened in February 2006, just six months after the appointment of an operations team to Poland. The success of Polbank EFG is reflected on the sound growth of its customer base, and on its recognition by specialized agencies. More specifically, the annual evaluation of the Forbes magazine ranked Polbank EFG as the fifth best bank in retail banking, much higher than other local and international banks with a long-standing presence in Poland. Moreover, the products of Polbank EFG are acknowledged by the Media as the most innovative, while a special survey conducted by the Newsweek magazine using the "mystery shopper" technique, showed that the Bank is one of the "friendliest", thanks to its high quality services and its properly trained personnel. By the end of 2006, Polbank EFG provided retail customers and small businesses with a multitude of deposit and lending products, such as mortgage loans and credit cards.

The distribution network of Polbank EFG is swiftly expanding and by late 2006 - after ten months of operation - comprised 70 branches. Moreover, Polbank EFG has developed a call center and 60 alternative points-of-sale. The innovative nature of the products and the quality of the services, in conjunction with the expansion of the network in key Polish cities, contributed to the impressive growth of both loans, and deposits, whose year-end balances reached €231 million, and €137 million respectively.

Turkey

The Eurobank EFG Group has been active in Turkey since 2005, through EFG Istanbul Securities. Moreover, in 2006 it concluded an agreement for the acquisition of Tekfenbank, which offers a wide range of banking products and services in Turkey.

Tekfenbank's customer base comprises mainly small and medium sized enterprises (SMEs) from various industries, with which the Bank retains a long and close business relation. Moreover, Tekfenbank has also retail - mostly high-end - customers.

The strategy of Tekfenbank for the future will focus on the enhancement of the Bank's presence in the SMEs sector. The Bank seeks to attract new customers through its existing 31-branch network, and to expand its banking product distribution network by opening new branches. It also seeks to increase balances per client and to intensify cross-selling, especially to its more affluent clients. Furthermore, Tekfenbank intends to penetrate new growing sectors of the banking market, such as mortgage lending, and asset and capital management. In addition, the Bank intends to enhance its capital market activities through EFG Istanbul Securities.

Ukraine

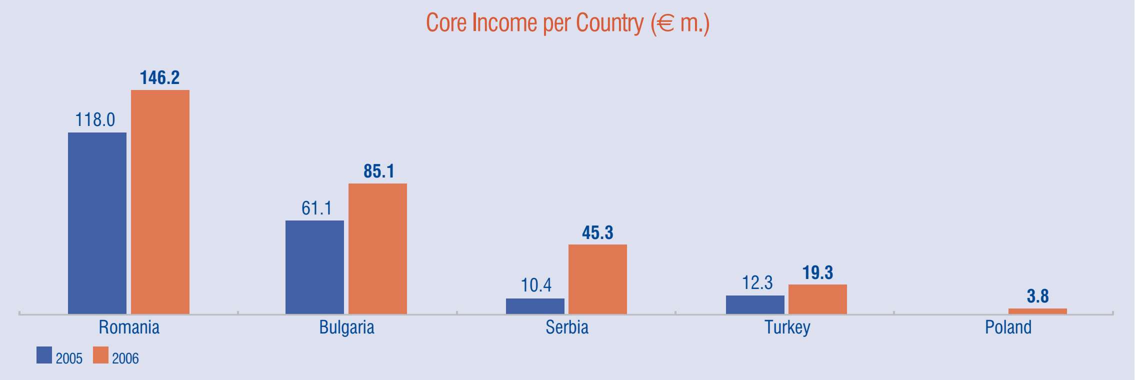
In July 2006, Eurobank EFG agreed to acquire shares that represent 99.34% of the share capital of Ukraine's Universal Bank. The transaction was completed in February 2007.

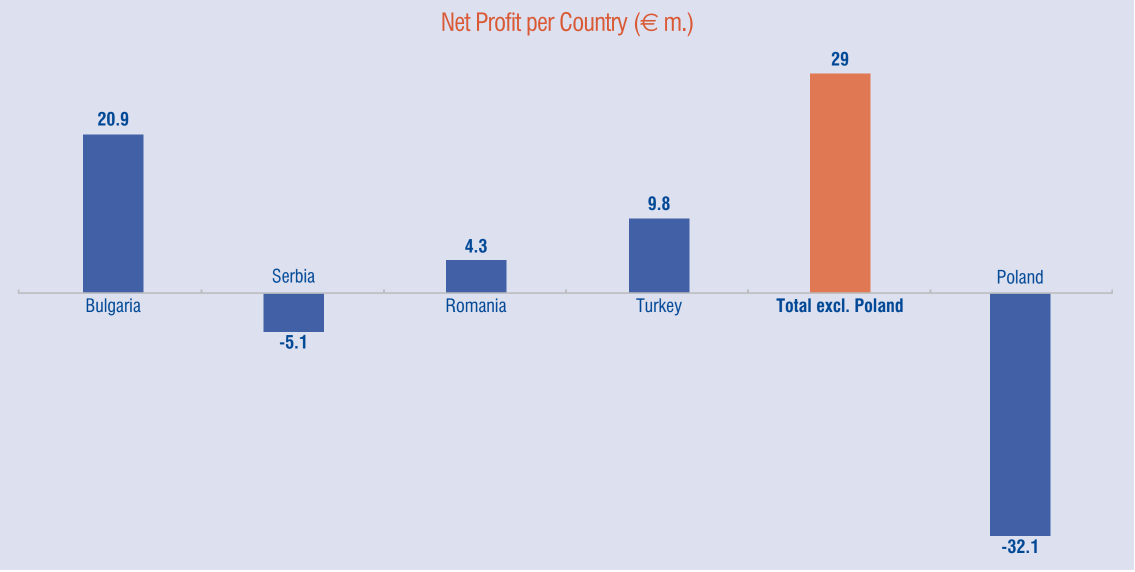
Universal Bank is a mid-sized bank, based in the city of Lviv, whose activities are concentrated in the western Ukraine and Kiev. It has a network of 33 branches, employs almost 480 people, and uses multiple distribution networks, offering a wide range of retail and corporate banking products.

With a population of approximately 47 million people, Ukraine is expected to show high growth rates in the medium term. The currently low rates of banking, and especially household lending penetration, generate significant growth prospects for the country's banking system, which already exhibits one of the fastest growth rates in Eastern Europe. The acquisition of Universal Bank ensures the entry of Eurobank EFG in a promising market. The Group intends to expand its operations, in order to achieve the dynamic coverage of the entire country, thus building one of the leaders in the Ukrainian market.

Loans in New Europe

	Net Loan Additions in 2006 (€ bn.)	Total Gross Loans 2006 (€ bn.)	Y-o-Y growth (%)
Romania	**0.9**	**1.7**	**101%**
Bulgaria (excluding DZI)	**0.6**	**1.3**	**83%**
Including DZI	0.8	1.5	119%
Serbia	**0.3**	**0.4**	**228%**
Poland	**0.2**	**0.2**	**Launched in 2006**
Total New Europe	**2.0**	**3.6**	**117%**
Including DZI	2.2	3.8	131%





Other Activities of the Group

Securities Services

The performance of custodian services regarding foreign institutional investors during 2006 was rather remarkable, since Eurobank EFG was able to increase its cross-border client base considerably, and gain a leading position in the Greek custody business.

Also the Bank has received an excellent rating from the annual Greek custodian services review of the international renowned magazine “Global Custodian”: “Top Rated” classification for the third consecutive year regarding Greek institutional investors and “Top Rated” classification for the first year regarding cross border investors. Also the Bank has been recognized by the Global Finance magazine as the Best Sub Custodian in Greece.

Payment Services

In 2006, the Bank extended its relations with major domestic and foreign financial institutions, taking advantage of technological applications, and its participation in all major international and domestic payment systems. Recently, the Bank successfully completed the project of centralizing the processing of all its New European subsidiaries' international payments in Athens. This has resulted in improved effectiveness, control, and profitability for the Group.

Payroll Services

Eurobank EFG offers payroll administration services through EFG Business Services SA. Apart from expanding the customer base, in 2006 emphasis was placed on the growth of cross-sales to existing customers. The Salary Domiciliation Program provides salaried employees with a series of retail banking products, under preferential terms. In the field of payroll administration, the company expanded its already advanced technological program with the Outsourcing method. Moreover, it increased the number of client-companies, offering them additional personnel cost forecasting and budgeting services. In New Europe, it assisted the development of similar Units responsible for the promotion of Salary Domiciliation Programs in Bulgaria, Romania and Serbia, and the provision of payroll administration services in Bulgaria.

Real Estate

Regarding the Group's activities in the Real Estate market, the year 2006 was marked by the highly successful listing of EFG Eurobank Properties R.E.I.C. in the Athens Stock Exchange. Overall demand amounted to 60.7 million shares, producing an oversubscription rate of almost 8.3 times.

The response of international institutional investors was rather notable, since 50% of the company's shares were distributed through the domestic initial public offering, and 50% through the international IPO. Concurrently, the Group completed, through EFG Eurobank Properties R.E.I.C., the acquisition of the building complex occupied by the Organizing Commit tee of the 2004 Olympics in Nea Ionia, Attica, and implemented the major project of refurbishing the office spaces, and creating a sophisticated information center. This complex now houses a large number of Bank units and subsidiaries. Regarding its activity in the Real Estate markets of New Europe, the Group expanded its presence in Poland and Ukraine, and consolidated its presence in Romania, Bulgaria, and Serbia through its local real estate service subsidiaries.

E-Commerce

Business Exchanges expanded the range of its services, realizing a client base increase of 23% in 2006. In the field of e-procurement, the electronic market of Business Exchanges hosted more than 600 businesses and over 3,700 users, while the value of transactions exceeded €120 million. In the field of e-payment services to large business groups, in 2006 Business Exchanges operated again its electronic payments platform with great success, enabling the Bank's corporate clients to automate the collection of receivables from their buyer networks, eliminating the use of cheques and saving a significant number of man-hours. Moreover, Business Exchanges designed and realized similar services that cover payables settlement.

e-Banking and Internet Services

Once more, the e-banking service of Eurobank EFG was distinguished at all annual comparative evaluations by reputable publications and organizations in the sector (RAM – "Top Performance"; PC World - "Best Service"; PC Magazine – "Editor's choice"). The main parameters that distinguish the e-Banking of Eurobank EFG are the comprehensiveness of available transactions, the high level of security, the friendly and easy-to-sue navigation environment, as well as the 24-hour provision of technical support to clients. Beyond the local market, EFG e-Solutions was rather active in the Southeastern European countries where Eurobank EFG is present, introducing e-banking services (Poland, Serbia), and integrated "self-service" solutions for the execution of banking transactions via alternative sales networks (Poland). The company's target is to focus on the materialization and support of all the applications of Eurobank EFG subsidiary banks abroad.

Risk Management

Credit Risk

Eurobank EFG follows international best practices by implementing a well-defined credit approval process, independent credit reviews and an overall effective risk management function. The segregation of duties imposes independence among the account officers responsible for the relationship, the approval process, the disbursement and credit monitoring, over the life of the loan. The Bank's policies are revised on an annual basis. In 2006, the Bank performed its third mortgage loan securitization (€1 billion), and was the first Greek bank to securitize loans to small businesses, worth a total of €2.25 billion. These issues, which received high ratings from international agencies, verify the excellent quality of the Bank's portfolio.

For the evaluation of consumer credit quality and performance, Eurobank EFG uses proper statistical models (application & behavioral scorecards). The approval process is centralized. The portfolio is also monitored though a set of statistical analyses. Provisions are based on delinquency analysis. The adequacy of the Bank's provisioning policy is reviewed every six months, while provisions are calculated on a monthly basis.

In mortgage lending, Eurobank EFG employs centralized approval, along with an application scoring model, implemented in line with credit policy rules. All property collateral valuations are performed by independent engineers and are cross-referenced with the "objective" values, assessed by tax authorities. Loan amounts depend upon the independent appraisal and the borrower's creditworthiness. Portfolio quality is also monitored through a range of statistical analyses, such as distributions and delinquency ratios per Loan to Value bands, loan maturities etc.

With respect to small business loans, the Bank proceeded to the first securitization of such claims ever undertaken in the Greek market. Credit approval is based on the following framework: centralized approval procedures, clear guidelines on collateral, working capital financing through the assignment of credit card receivables, and foreign currency lending on a fully collateralized basis.

Corporate lending makes greater use of financial analysis. As regards large corporations, liquidity and financial strength are evaluated and unanimous committee approval is required. Most credit facilities are short-term, and mainly collateralized through postdated cheques. It should be noted that the Bank adheres to strict procedures concerning the review, acceptance and monitoring of collateral. The evaluation of the corporate lending portfolio is based on a credit rating system that takes the characteristics of both the obligor and the collateral into account.

This system is also used for the quarterly calculation of provisions for the Corporate Banking portfolio. Moreover, the Credit Control Sector is constantly auditing the various units of the Bank, ensuring the proper description of the obligors' creditworthiness.

Credit Review Policies

At Eurobank EFG, the credit review process is managed by the Credit Control Sector, which is responsible for the post-approval control and monitoring of business credit portfolios. The Credit Control Sector operates independently from all business units of the Bank and reports to the General Manager - Risk Executive.

In 2006, the Bank continued to employ Moody's Risk Advisor (MRA) system for all eligible corporate /wholesale credits; the system evaluates clients mainly on the basis of financial, as well as key qualitative, criteria. It is worth noting that the Bank has been tracking all delinquent cases (probability of default) since early 2005, thus allowing the future recalibration of the model in line with the new Basel II definition of default.

As far as risk measurement is concerned the Bank has developed the appropriate transactional rating systems, which rate all corporate clients on the basis of both borrower rating, and the existence of any collateral. The Bank's credit exposure per client is subject to detailed reviews. Each case is reviewed at least once a year, while in case of inclusion in the watch-list it is reviewed every six months or more frequently, if required. Credit reviews include an assessment of the client's history, and forecast future financial performance, balance sheet strength and cash flows, along with all relevant industry trends and other external considerations. These issues are examined in relation to the size, structure and duration of the exposure.

Under the supervision of the parent Bank, all New Europe subsidiaries have adopted the same structure. In other words, they have independent Risk Management divisions that monitor and control the activities of all business units, in accordance with methods similar to those of the parent Bank.

Basel II

In line with its strategy to implement best international practice in risk management, in 2004 Eurobank EFG launched a large scale project for the adoption of the Internal Ratings Based (IRB) approach, in accordance with the requirements of the New Capital Accord, also known as "Basel II".

The implementation plan has been prepared at Group level and has a four-year horizon, in accordance with the conditions set by the Bank of Greece. The plan provides for the application of IRB on the majority of the Bank's loan portfolios from January 1st, 2008 (Foundation IRB for Wholesale, Advanced IRB for Retail), and a gradual transition for the remaining portfolios of the Bank, as well as for subsidiaries with substantial balances.

In the context of the adaptation program, the Bank has created a database for the accumulation of historical data, as well as the development, or calibration, of advanced models for the assessment and measurement of client/credit relation risks.

Market Risk

Market Risk is the potential loss that may occur from changes in market fundamentals (interest rates, exchange rates, share prices, product/commodity prices and the volatilities of these risk factors). In order to ensure the efficient monitoring of market risks that emanate from its overall activities, the Bank adheres to certain principles and policies. The objectives of these policies are:

- To establish an effective market risk monitoring and management framework at Group level.

- To ensure compliance with Greek and Swiss regulations.

- To provide the Bank with a competitive advantage.

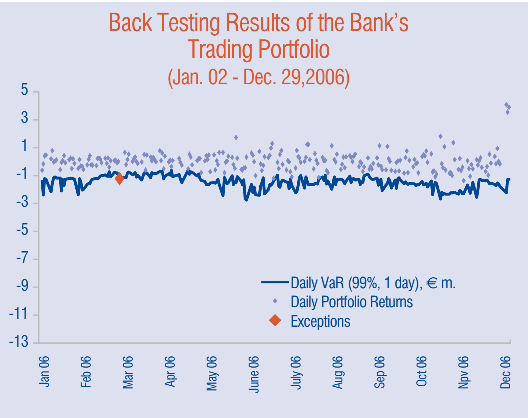
All market risks (interest rate, foreign exchange, equity, volatility) are monitored and calculated by the internal credit rating system on a daily basis. The internal credit rating model employs the Value at Risk (VaR) methodology. Since September 2005, the Bank uses a VaR model, approved by the Bank of Greece, for the calculation of market risk capital requirements.

In 2006, the average total VaR of the Bank (Trading and Banking Book, 99% confidence level, 10-day holding period) stood at 1.2% of Regulatory Capital and at 6.3% of pre-tax profits. The Risk Management

Division also monitors the VaR of Group subsidiaries, such as EFG Eurobank Securities, EFG Eurolife Insurance and EFG Eurobank Leasing. The methodology applied to these subsidiaries is identical to the one employed by the Bank. EFG Eurolife Insurance applies additional policies, in accordance with the legislation and regulation that governs insurance companies.

Back Testing

The Bank employs back testing controls in order to test the calibration and predictive capabilities of its internal risk assessment model. This testing comprises the comparison of daily VaR readings and portfolio value changes for 250 days. Back testing for 2006 revealed one override in 250 working days. According to the regulatory framework, this number of overrides confirms the accuracy and reliability of the model.



Stress testing

Given that the VaR approach does not cover extreme market conditions, the Bank has been applying various stress tests, to simulate the effect of many standard variation movements of risk factors and the breakdown of historical correlations. It is worth noting that none of these stress tests (sensitivity analysis and historical crises) reveal losses that would affect the smooth operation of the Bank.

Liquidity Risk

Liquidity Risk refers to the Bank's possible inability to meet its obligations as they come due.

In order to comply with the requirements of the regulatory framework (Bank of Greece, and Swiss Federal Banking Commission rules about liquidity) the Bank has set specific liquidity management and monitoring policies.

These policies ensure that:

- Sufficient liquid assets are held at all times, capable of meeting the relevant obligations as they come due.
- A prudent proportion of medium-term assets are funded by Liability items with similar maturities.

Responsibility for liquidity management lies with the Asset and Liability Committee.

Operational Risk

Above and beyond the need to comply with Basel II requirements, as adopted by the European Union, Eurobank EFG recognizes that operational risk management has a crucial effect on its performance. The active management of the operational risks inherent in the operations of both the Bank, and the entire Group, is gradually and methodically imbedded into the procedures of all domestic, and overseas, units and subsidiaries.

The individual business units of the Group retain the principal responsibility for the management of the operational risk inherent in their own activities. The Operational Risk Division reports to the Risk Executive of the Bank, and is responsible for the implementation of the Group's Operational Risk Management Principles and Policy, the establishment of the appropriate tools, and the provision of support to individual units regarding the identification, assessment, mitigation, monitoring and reporting of operational risk, and the improvement of internal controls.

Both the Bank and the Group will implement the Standardized Approach for the calculation of Operational Risk capital requirements, as defined by the relevant EU directive. The Bank has been accumulating and assessing operational risk events since 2004, in order to identify risks and undertake initiatives designed to minimize operational risk losses.

At the same time, the Bank organizes the implementation of control & risk self-assessments, in order to ensure the fullest possible identification and assessment of risks. The aforementioned steps form part of the integrated operational risk management framework that is gradually implemented at Group Level.

Internal Audit

The primary role of the Internal Audit function is to assist the Board and the Audit Committee in discharging their responsibilities with regard to the system of internal controls, through the provision of independent and systematic appraisals on the adequacy, efficiency and effectiveness of all internal controls that are embedded in the operations of both the Bank and its subsidiaries.

The Internal Audit Division is reporting directly to the Audit Committee; this fact reinforces its operation and establishes its independence and reliability. The Bank's Internal Audit Division features the highest percentage of internationally certified auditors among the audit divisions of all Greek banks.

In order to ensure that the Bank's international subsidiaries adhere to the audit principles and quality standards of the Group, a new division was set up in 2006, within the Bank's Internal Audit, dedicated to the monitoring and support of the Internal Audit functions of international subsidiaries.

Regulatory Compliance

In 2006, the Compliance & Regulatory Requests Division was reinforced with experienced personnel, and made substantial investments in infrastructure and information systems, in order to upgrade the anti-money laundering framework. Special emphasis was placed on the provision of guidance and support to the Compliance functions of the Bank's domestic and overseas subsidiaries.

Corporate Governance

The Group is committed to adhere to optimum corporate governance and ethics principles, regarding the entire range of its activities. The Board of Directors, supported by a specialized Corporate Governance division, is responsible for the supervision of Group issues, and continuously seeks to improve and reinforce the Group's processes, structures and policies. Apart from ensuring Group compliance with the applicable legal and regulatory framework, the aim is to ensure transparency and accountability in decision making, as well as to develop a corporate mindset and view that are based on business ethics values, and designed to defend shareholder, and all other stakeholder, interests. Entrepreneurship and open communication are encouraged, without any impediment on the removal of persons that violate the Group's principles and moral standards.

A further step towards this direction was the formation in 2006 of a Nomination Committe, whose sole purpose is the appointment, assessment and succession of senior executives.

The Group is committed to promote relations of faith and trust with the public, and to ensure the methodical and steady development of its activities on the domestic, and regional, level.

Management Committees

Executive Committee:

N. Nanopoulos (Chairman), B. Ballis, N. Karamouzis, G. Alvertis (till March 8, 2007), P. Hadjisotiriou, F. Karavias, E. Kavvalos, H. Kyrkos, G. Marinos, N. Pavlides, P. Pradelli, M. Vlastarakis.

Strategic Planning Committee:

N. Nanopoulos (Chairman), X. Nickitas, G. Gondicas, B. Ballis, N. Karamouzis, P. Hadjisotiriou.

Credit Committee:

G. Katsaros (Chairman), G. Marinos, I. Viga.

Ethics Committee:

X. Nickitas, G. Gondicas, Th. Kitsos, Th. Zambella.

Board of Directors and Board Committees

Board of Directors		Audit Committee	Risk Committee	Remuneration Committee	Nomination Committee
Chairman	Xenophon C. Nickitas		✔		
Honorary Chairman	George C. Gondicas				
Vice-President A’	Anna Maria Louisa J. Latsis				
Vice-President B’	Lazaros D. Efraimoglou				
Chief Executive Officer	Nicholas C. Nanopoulos		✔	✔	
Deputy Chief Executive Officer	Byron N. Ballis		✔		
Deputy Chief Executive Officer	Nikolaos B. Karamouzis		✔		
Risk Executive	Harry M. Kyrkos		Chairman		
Chief Operating Officer	Nicholas K. Pavlides				
Non Executive Directors	Fotis S. Antonatos	✔			
	Antonios G. Bibas				
	Emmanuel Leonard C. Bussetil	Chairman	✔	Chairman	✔
	Dr. Spiro J. Latsis				
	Dr. Pericles P. Petalas	✔	✔	✔	Chairman
Non Executive Independent Directors	Panagiotis K. Lambropoulos				
	Dr. Panagiotis B. Tridimas	✔			✔
Secretary	Paula N. Hadjisotiriou				

Each one of the aforementioned Committees sets its own Terms of Operation, which are included in the detailed Internal Governance Manual of the Bank, and are approved by its Board of Directors.

EFG EUROBANK ERGASIAS S.A.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2006

8, Othonos Street, Athens 105 57, Greece
www.eurobank.gr, Tel.: (+30) 210 333 7000
Company Registration No: 6068/06/B/86/07

Business Outlook

In 2006, the Greek economy grew much faster than the European average growth rate, as real GDP growth in Greece exceeded 4%. Macroeconomic prospects and banking sector developments were positive, as evidenced by the fundamentals and results. In the new era of transformation and development of the Greek economy, domestic banks assumed a leading role in providing valuable assistance to private enterprise, both in Greece, and in the greater region.

2006 was a year of new major achievements, international acclaim and wide recognition for Eurobank. In the domestic market, Eurobank has established itself as the leading banking group, steadily strengthening and differentiating itself from its competitors. Abroad, the Bank implements a visionary and disciplined development strategy, turning into a powerful regional player with a major role in the markets of Central, Eastern and Southeastern Europe (New Europe). Eurobank now addresses a market of more than 200 million residents, providing comprehensive coverage for all their needs for banking services and products.

Acquisitions in Greece

In March 2006, the Group increased its shareholding in Global Fund Management S.A. to 72% from 44.44%; as a result the company has been transferred from investments in associated undertakings to subsidiary undertakings.

Disposals in Greece

Eurobank and Intracom Holdings concluded the share transfer of the 100% of the share capital of Hellas on Line from Eurobank EFG to Intracom Holdings in January 2006.

During the same month, Eurobank agreed to transfer its LogicDIS stake to the Greek Information Technology Holdings S.A. (GIT Holdings). In addition, Eurobank agreed to transfer the convertible bond issued by LogicDIS to a company indicated by GIT Holdings. Conversion of this bond would increase GIT Holdings participation in LogicDIS to 42.7%.

Funding Program

Securitizations

Eurobank launched its third residential mortgage backed securities program, Themeleion III, in June 2006. The total size amounted to €1,000 million at an average funding cost of 3-month Euribor + 16 bps and a 7-year effective maturity. The bonds were rated by rating agencies Standard & Poors, Moody's and Fitch. Specifically, the amount of €900 million received the highest possible rating of AAA/Aaa/AAA (with coupon three month Euribor + 14bps), the amount of €40 million was rated at AA/Aa2/AA- (with coupon three month Euribor + 21 bps), the amount of €20 million was rated at A/A2/A (with coupon three month Euribor + 30 bps) and the amount of €40 million was rated at BBB/Baa2/BBB+ (with coupon three month Euribor + 58bps).

Eurobank securitized €2.25bn of its portfolio of small business loans in October 2006. The securities were rated by the rating agencies Standard & Poor's and Moody's. Specifically, the €1,750 million Class A Notes received the highest possible rating of AAA/Aaa (with coupon three month Euribor + 17bps); the €150million Class B Notes were rated A/A1 (with coupon three month Euribor + 40bps); the €125million Class C Notes were rated BBB/Baa1 (with coupon three month Euribor + 75bps) and the €225million Class D Notes were rated BB/Ba2 (with coupon three month Euribor + 250bps). This was the first small business loans securitisation transaction originated by a Greek bank and, at the same time, the largest ever securitization of assets in Greece. The proceeds from the securitization were used to cover part of the bank's funding needs.

Liabilities evidenced by paper

Additionally the Bank increased its Liabilities Evidenced by paper by €2.5bn in 2006. The outstanding medium term and short-term notes under the Euro Medium Term Note (EMTN) and Euro Commercial Paper (ECP) programs reached €7.3bn and €1.8bn respectively on December 31, 2006.

Regional Expansion

The Group increased its stake in Bancpost S.A. to 77.56% from 77.31% in February 2006.

The Group participated in the share capital increase of Bulgarian Post Bank A.D. and its shareholding increased to 99.66% from 98.70% in February 2006.

Eurobank entered the Polish market in February 2006 and on the following month started offering its products and services to its clients through its Polbank EFG branches in Warsaw and the phone banking center Polbank24.

Eurobank became the 100% share owner of Nacionalna štedionica Banka in Serbia (NSB), following the signing of an Agreement with the Serbian Government to acquire an additional 37.7% of the shares of NSB held by the Republic of Serbia in March 2006. The merger of NSB and EFG Eurobank A.D. Beograd was completed in October 2006. The merged entity changed its name to Eurobank EFG Stedionica A.D. Beograd. The new bank will focus on retail and corporate banking activities for small, medium and large-sized companies. As at 31 December 2006 the Group owns 99.96% of the bank's shareholding.

The Group established Eurobank EFG Fund Management Co. (Luxembourg) S.A., a 100% owned fund management company in Luxembourg in April 2006.

Eurobank agreed to acquire 70% of Tekfenbank in Turkey in May 2006. Tekfenbank is a universal bank that provides a complete range of banking products and services in Turkey. The bank has an efficient network of 30 branches which covers the most affluent areas of the country. Tekfenbank is focused on small and medium sized business customers (SMEs).

The Group established EFG Leasing A.D., Beograd in Serbia in June 2006. The initial stake in EFG Leasing A.D. was 99.44% but, following an increase in the shareholding in EFG Eurobank A.D. Beograd, the Group increased its stake in EFG Leasing A.D. to 99.98% as at December 2006.

Eurobank reached an agreement with private shareholders of Universal Bank in Ukraine to acquire shares representing 99.34% of the bank's share capital in July 2006. Universal Bank is a medium-sized bank, operating a network of 32 branches which offers a wide range of retail and wholesale banking products. The bank focuses on Western Ukraine and Kiev. The acquisition of Universal Bank allows Eurobank to enter this attractive market and expand to achieve strong nationwide coverage in the Ukrainian market.

The Group established Eurobank EFG Holding (Luxembourg) S.A., a holding company based in Luxembourg. The company is a 100% subsidiary of the Group in July 2006.

Eurobank reached an agreement with DZI Life Insurance A.D. and other shareholders of DZI Bank in Bulgaria to acquire shares representing 74.26% of the bank's share capital in September 2006. DZI Bank is a medium-sized Bulgarian bank listed on the Bulgarian Stock Exchange and operates a network of 131 branches and 43 micro-branches. DZI Bank is particularly strong in corporate and commercial banking, deposit gathering and card issuing. Eurobank acquired control of over 90% of DZI Bank in Bulgaria in December 2006.

Share capital changes

Following the distribution of free shares to staff, 655.000 new ordinary shares with a nominal value of € 3.30 each, were listed on the Athens Stock Exchange on May 4, 2006. As a result, the total number of shares of the Bank was raised to 319,976,451, while the Bank's shares capital amounted to€ 1,055,922,288.30.

The Bank's Annual General Meeting of April 3, 2006, authorized a share capital increase of € 211,184,460.30, through (i) capitalization of an equal amount of the share premium account, and (ii) the issue of 63,995,291 new free common registered shares, of nominal value €3.30 each, in a ratio of 2 new free shares for every 10 outstanding. Trading of the new shares commenced on the Athens Stock Exchange on May 24, 2006. Following this, the Bank's share capital amounted to € 1,267,106,748.60, divided in 383,971,742 shares, each of a nominal value € 3.30.

Following a relevant decision of the A' Repeat AGM of April 17th, 2006 786,000 treasury shares were cancelled and trading of these shares seized on July 5, 2006. Following this, the Bank's share capital amounted to € 1,264,512,948.60, divided in 383,185,742 shares, of a nominal value € 3.30 each.

Due to the exercise of stock option rights, the share capital increased by a total amount of €7,807.80 and 2,366 new ordinary registered shares commenced trading on the Athens Stock Exchange on January 24, 2007. After the above increase, the Bank's share capital amounted to €1,264,520,756.40 divided into 383,188,108 ordinary registered shares, of a nominal value of €3.30 each.

Financial results review and proposed dividend distribution

Total Assets stood at €53.8bn, rising by 21% at the end of 2006. Balance sheet expansion mainly reflects robust growth in business volumes in Greece and in the region of Central, Eastern and Southeastern Europe. Specifically, Eurobank increased its gross loans in Greece by 20.8% to€31.1bn. Taking into account loans in New Europe, gross loans on a consolidated basis amounted to €34.9bn, increasing by 27.4%. Customer Funds under Management expanded by 21% to €44.6bn., including total deposits of €23.9bn, up 24.2% y-o-y.

Consolidated net profit increased by 28.6% to €644.5m (excluding one off taxation of €43.3m). Based on the group's satisfactory profitability, the directors propose to the Annual General Meeting the payment of a dividend of€0.92 per share to shareholders, which includes the interim dividend of € 0.36 per share distributed in December 2006.

Index to the consolidated financial statements

Independent auditor's report

To the Shareholders of EFG Eurobank Ergasias S.A.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of EFG Eurobank Ergasias (the "Company") and its subsidiaries (the "Group") set out on pages 6 to 45 which comprise the consolidated balance sheet as of 31 December 2006 and the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2006, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal Requirements

In our opinion the content of Board of Directors' Report, as set out on pages 2 to 3 is consistent with the aforementioned financial statements.

Athens, 26 February 2007

The Certified Auditor-Accountant

Kyriacos Riris
SOEL Reg. No. 12111

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
268 Kifissias Avenue
15 232 Halandri
SOEL Reg. No. 113

Consolidated Income Statement

	Note	Year ended 31 December 2006 € million	2005 € million
Interest income	5	**4,007**	2,850
Interest expense	5	**(2,410)**	(1,478)
Net interest income		**1,597**	1,372
Banking fee and commission income		**574**	498
Banking fee and commission expense		**(127)**	(144)
Net banking fee and commission income	6	**447**	354
Net insurance income		**37**	36
Non banking services		**20**	30
Core income		**2,101**	1,792
Dividend income		**9**	4
Net trading income/(loss)		**32**	20
Gains less losses from investment securities		**70**	37
Other operating income		**21**	7
		132	68
Operating income		**2,233**	1,860
Operating expenses	7	**(1,062)**	(890)
Impairment losses on loans and advances	18	**(344)**	(309)
Profit from operations		**827**	661
Share of results of associates	21	**5**	15
Profit before tax		**832**	676
Income tax expense	9	**(225)**	(172)
Profit after tax		**607**	504
Minority interest		**(6)**	(3)
Net profit for the year attributable to shareholders		**601**	501
Net profit excluding one-off taxation on reserves	9	**644**	501

	Note	€	€
Earnings per share			
- basic	11	1.47	1.29
- diluted	11	1.47	1.29
- excluding one-off taxation on reserves	11	1.59	1.29

Notes on pages 10 to 45 form an integral part of these consolidated financial statements

Consolidated Balance Sheet

	Note	At 31 December 2006 € million	2005 € million
ASSETS			
Cash and balances with central banks	12	**2,654**	1,755
Loans and advances to banks	14	**2,938**	2,993
Financial instruments at fair-value-through-profit-or-loss	15	**807**	1,209
Derivative financial instruments	16	**518**	311
Loans and advances to customers	17	**34,046**	26,624
Available-for-sale investment securities	19	**10,936**	10,024
Investments in associated undertakings	21	**48**	35
Intangible assets	22	**354**	154
Property, plant and equipment	23	**974**	827
Other assets	24	**545**	532
Total assets		**53,820**	44,464
LIABILITIES			
Due to other banks	25	**10,923**	10,781
Derivative financial instruments	16	**709**	736
Due to customers	26	**23,914**	19,255
Liabilities evidenced by paper	27	**13,160**	9,153
Other liabilities	28	**1,490**	1,140
Total liabilities		**50,196**	41,065
EQUITY			
Share capital	30	**1,242**	1,047
Share premium	30	**176**	482
Other reserves		**1,239**	994
Ordinary shareholders' equity		**2,657**	2,523
Preferred securities	31	**786**	762
Ordinary and Preferred shareholders' equity		**3,443**	3,285
Minority interest		**181**	114
Total		**3,624**	3,399
Total equity and liabilities		**53,820**	44,464

Notes on pages 10 to 45 form an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity
for the year ended 31 December 2006

	Note	Attributable to ordinary shareholders of the Bank							
		Share capital € million	Share premium € million	Special reserves € million	Retained earnings € million	Total € million	Preferred securities € million	Minority interest € million	Total € million
Balance at 1 January 2005		926	501	599	76	2,102	-	78	2,180
Cash flow hedges									
- net changes in fair value, net of tax		-	-	(2)	-	(2)	-	-	(2)
- transfer to net profit, net of tax		-	-	10	-	10	-	-	10
Available-for-sale securities									
- net changes in fair value, net of tax		-	-	167	-	167	-	1	168
- transfer to net profit, net of tax		-	-	(99)	-	(99)	-	-	(99)
- net changes in fair value, net of tax - associated undertakings		-	-	(7)	-	(7)	-	-	(7)
Currency translation differences		-	-	10	-	10	-	3	13
Net income/(expense) recognised directly in equity		-	-	79	-	79	-	4	83
Profit for the year		-	-	-	501	501	-	3	504
Total recognised income for the year ended 31 December 2005		-	-	79	501	580	-	7	587
Minority's share of capital increase of subsidiaries		-	-	-	-	-	-	66	66
Acquisitions		-	-	-	(9)	(9)	-	(36)	(45)
Issue of preferred securities		-	-	-	-	-	791	-	791
Purchase of preferred securities		-	-	-	-	-	(29)	-	(29)
Dividend for 2004		-	-	-	(132)	(132)	-	-	(132)
Interim dividend for 2005		-	-	-	(115)	(115)	-	-	(115)
Dividend paid by subsidiaries attributable to minority interest		-	-	-	-	-	-	(1)	(1)
Own shares dividend		-	-	-	0	0	-	-	0
Capitalisation of reserves		15	-	(15)	-	-	-	-	-
Purchase of treasury shares		(14)	(91)	-	-	(105)	-	-	(105)
Sale of treasury shares		8	52	8	-	68	-	-	68
Employee share option scheme:									
- Value of employee services		-	-	3	-	3	-	-	3
- Share capital increase due to share options exercised		0	0	-	-	-	-	-	-
Reserve transfers		-	-	239	(239)	-	-	-	-
Merger of Greek Progress Fund S.A.		112	20	-	(1)	131	-	-	131
		121	(19)	235	(496)	(159)	762	29	632
Balance at 31 December 2005		1,047	482	913	81	2,523	762	114	3,399
Balance at 1 January 2006		1,047	482	913	81	2,523	762	114	3,399
Cash flow hedges									
- net changes in fair value, net of tax		-	-	19	-	19	-	-	19
- transfer to net profit, net of tax		-	-	(6)	-	(6)	-	-	(6)
Available-for-sale securities									
- net changes in fair value, net of tax		-	-	(131)	-	(131)	-	(0)	(131)
- transfer to net profit, net of tax		-	-	99	-	99	-	-	99
Currency translation differences		-	-	25	-	25	-	4	29
Net income/(expense) recognised directly in equity		-	-	6	-	6	-	4	10
Profit for the year		-	-	-	601	601	-	6	607
Total recognised income for the year ended 31 December 2006		-	-	6	601	607	-	10	617
Issue of bonus shares by capitalisation of share premium		210	(210)	-	-	-	-	-	-
Expenses related to the issue of bonus shares		-	(3)	-	-	(3)	-	-	(3)
Distribution of free shares to executive directors, management and staff		2	19	-	-	21	-	-	21
Minority's share in subsidiaries' capital increase		-	-	-	-	-	-	38	38
Acquisitions/Changes in participating interests in subsidiary and associated undertakings	20	-	-	-	(25)	(25)	-	27	2
Merger of Intertrust Mutual Funds Co S.A.		-	-	(56)	56	-	-	-	-
Purchase of preferred securities	31	-	-	-	-	-	(28)	-	(28)
Sale of preferred securities	31	-	-	-	(2)	(2)	52	-	50
Preferred securities' dividend paid		-	-	-	(41)	(41)	-	-	(41)
Dividend for 2005	45	-	-	-	(171)	(171)	-	-	(171)
Interim dividend for 2006	45	-	-	-	(136)	(136)	-	-	(136)
Dividends paid by subsidiaries attributable to minority interest		-	-	-	-	-	-	(8)	(8)
Own shares dividend		-	-	-	0	0	-	-	0
Purchase of treasury shares		(25)	(158)	-	-	(183)	-	-	(183)
Sale of treasury shares		8	46	7	-	61	-	-	61
Employee share option scheme:									
- Value of employee services		-	-	6	-	6	-	-	6
- Share capital increase due to share options exercised		0	0	-	-	0	-	-	0
Reserve transfers		-	-	115	(115)	-	-	-	-
		195	(306)	72	(434)	(473)	24	57	(392)
Balance at 31 December 2006		**1,242**	**176**	**991**	**248**	**2,657**	**786**	**181**	**3,624**
		Note 30	Note 30	Note 33			Note 31		

Notes on pages 10 to 45 form an integral part of these consolidated financial statements

Consolidated Cash Flow Statement
for the year ended 31 December 2006

	Note	Year ended 31 December 2006 € million	2005 € million
Cash flows from operating activities			
Interest received and net trading receipts		**3,203**	2,078
Interest paid		**(1,752)**	(987)
Fees and commissions received		**681**	588
Fees and commissions paid		**(111)**	(117)
Dividends received		**3**	0
Other income received		**26**	39
Cash payments to employees and suppliers		**(903)**	(721)
Income taxes paid		**(176)**	(137)
Cash flows from operating profits before changes in operating assets and liabilities		**971**	743
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**(484)**	(243)
Net (increase)/decrease in financial instruments at fair-value-through-profit-or-loss		**410**	962
Net (increase)/decrease in loans and advances to banks		**(290)**	(625)
Net (increase)/decrease in loans and advances to customers		**(7,238)**	(5,351)
Net (increase)/decrease in other assets		**364**	123
Net increase/(decrease) in due to other banks		**121**	5,413
Net increase/(decrease) in due to customers		**4,014**	804
Net increase/(decrease) in other liabilities		**(26)**	(323)
Net cash from operating activities		**(2,158)**	1,503
Cash flows from investing activities			
Purchases of property, plant and equipment		**(270)**	(77)
Proceeds from sale of property, plant and equipment		**20**	27
Purchases of available-for-sale investment securities	19	**(6,560)**	(7,527)
Proceeds from sale of available-for-sale investment securities	19	**5,433**	3,439
Acquisition of subsidiary undertakings net of cash acquired		**(145)**	(70)
Proceeds from sale/liquidation of subsidiary undertakings net of cash disposed		**35**	-
Acquisition of associated undertakings		**-**	49
Participation in capital increase of associated undertakings	21	**(13)**	(1)
Proceeds from sale of associated undertakings		**14**	4
Dividends from investment securities and associated undertakings		**8**	7
Net contributions by minority interest		**73**	65
Net cash from investing activities		**(1,405)**	(4,084)
Cash flows from financing activities			
Proceeds from liabilities evidenced by paper		**11,940**	5,565
Repayments of liabilities evidenced by paper		**(7,959)**	(2,170)
Proceeds from exercise of options		**0**	0
Proceeds from the issue of preferred securities	31	**-**	791
Purchases of preferred securities	31	**(28)**	(29)
Proceeds from sale of preferred securities	31	**52**	-
Preferred securities' dividend paid		**(41)**	-
Dividends paid	45	**(304)**	(242)
Issue of share capital		**(3)**	-
Purchases of treasury shares		**(183)**	(105)
Proceeds from sale of treasury shares		**61**	68
Net cash from financing activities		**3,535**	3,878
Effect of exchange rate changes on cash and cash equivalents		**23**	24
Net increase/(decrease) in cash and cash equivalents		**(5)**	1,321
Cash and cash equivalents at beginning of year	13	**3,568**	2,247
Cash and cash equivalents at end of year	13	**3,563**	3,568

Notes on pages 10 to 45 form an integral part of these consolidated financial statements

1. General information

EFG Eurobank Ergasias S.A. (the “Company” or the “Bank”) and its subsidiaries (the “Group”) are active in retail, corporate and private banking, asset management, insurance, treasury, capital markets and other services. The Company is incorporated in Greece and its shares are listed on the Athens Stock Exchange. The Group operates mainly in Greece and in Central, Eastern and Southeastern Europe (New Europe).

These consolidated financial statements were approved by the Board of Directors on 26 February 2007.

2. Principal accounting policies

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

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with both International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards issued by the IASB and in particular with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements.

The policies set out below have been consistently applied to the years 2005 and 2006. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

The Group intends to adopt IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures from the accounting period beginning on 1 January 2007.

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

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The Group’s presentation currency is the Euro (€) being the functional currency of the parent Company. Except as indicated, financial information presented in euro has been rounded to the nearest million.

(b) Consolidation

(i) Subsidiaries

Subsidiary undertakings are all entities over which the Group, directly or indirectly, has power to exercise control over the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. 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 and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments or liabilities undertaken at the date of acquisition, 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 identifiable net assets of the subsidiary acquired (attributable to the Group) 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 recognised directly in the income statement. Increases of the Group's ownership interest in subsidiaries are recorded as equity transactions and any difference between the consideration and the share of the new net assets acquired is recorded directly in equity.

Gain or losses arising from disposals of ownership interest that do not result in loss of control by the Group are also recorded directly in equity.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The Group sponsors the formation of special purpose entities, which may or may not be directly owned subsidiaries for the purpose of asset securitisation (see accounting policy (y) below). The entities may acquire assets directly from the Bank. These companies are bankruptcy-remote entities and are consolidated in the Group's Financial Statements when the substance of the relationship between the Group and the entity indicates that the entity is controlled by the Group.

Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A listing of the Company’s subsidiaries is set out in note 20.

(ii) Associates

Investments in associated undertakings are accounted for by the equity method of accounting in the consolidated financial statements. These are undertakings over which the Group exercises significant influence but which are not controlled.

Equity accounting involves recognising in the income statement the Group's share of the associate's profit or loss for the year. The Group's interest in the associate is carried on the balance sheet at an amount that reflects its share of the net assets of the associate and any goodwill identified on acquisition net of any accumulated impairment losses. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses, unless it has incurred obligations or made payments on behalf of the associate. Where necessary the accounting policies used by the associate have been changed to ensure consistency with the policies of the Group.

A listing of the Group's associated undertakings, which are accounted for using the equity method, is shown in note 21.

(iii) Joint ventures

The Group's interest in jointly controlled entities are accounted for by the equity method of accounting in the consolidated financial statements and are treated as associates.

A listing of the Group's joint ventures is shown in note 21.

2. Principal accounting policies (continued)

(c) Foreign currencies

Assets and liabilities of foreign subsidiaries are translated using the closing exchange rate and income statement items at the exchange rates at the dates of the transactions (or at the average rate for the period when this is a reasonable approximation). All resulting exchange differences are recognised as a separate component of equity (cumulative translation adjustment).

Exchange differences arising from the retranslation of the net investment in foreign subsidiaries are taken to shareholders' equity until disposal of the net investments and then released to the income statement.

Assets and liabilities denominated in foreign currencies have been translated into the functional currency at the market rates of exchange ruling at the balance sheet date and exchange differences are accounted for in the income statement.

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 recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-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 non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(d) Derivative financial instruments and hedging

Derivative financial instruments, including foreign exchange contracts, forward currency agreements and interest rate options (both written and purchased), currency and interest rate swaps, and other derivative financial instruments, are initially recognised in the balance sheet at fair value on the date on which a derivative contract is entered into and subsequently are re-measured at their fair value. Fair values are obtained from quoted market prices, including recent market transactions, discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e., the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises gains or losses on the inception of the derivatives.

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

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or unrecognised firm commitments (fair value hedge); or, (2) hedges of the exposure to variability in cash flows of recognised assets or liabilities or highly probable forecasted transactions (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

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

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

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged item for which the effective interest method is not used remains until the disposal of the equity security.

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

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

(iv) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

The fair values of derivative instruments held for trading and hedging purposes are disclosed in note 16.

2. Principal accounting policies (continued)

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(f) Income statement

(i) Interest income and expenses
Interest income and expenses are recognised in the income statement for all interest bearing instruments on an accruals basis, using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation 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.

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

(ii) Fees and commissions
Fees and commissions are generally recognised on an accruals basis. Commissions and fees relating to foreign exchange transactions, imports-exports, remittances, bank charges and brokerage activities are recognised on the completion of the underlying transaction.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are periodically reviewed for impairment, with any impairment charge being recognised immediately in the income statement.

Depreciation is calculated on the straight-line method to write down the cost of property, plant and equipment, to their residual values over their estimated useful life as follows:
- Land: No depreciation
- Freehold buildings: 40-50 years
- Leasehold improvements: over the life of the lease contract or useful life if shorter
- Computer hardware and software: 4-10 years
- Other furniture and equipment: 4-20 years
- Motor vehicles: 5-7 years

Property held for rental yields and/or capital appreciation that is not occupied by the companies in the Group is classified as investment property. Investment property is carried at cost less accumulated depreciation and accumulated impairment losses.

(h) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. The cost of acquisition is adjusted for changes in the purchase consideration contingent on future events. Goodwill on acquisitions of subsidiaries is included in ‘intangible assets’. Goodwill on acquisitions of associates is included in ‘investments in associates’. Negative goodwill is recognised in the income statement. The carrying amount of goodwill is re-assessed annually and if found to be impaired it is written down to its recoverable amount.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Computer software
Costs associated with the maintenance of existing computer software programmes are expensed as incurred. Development costs associated with the production of identifiable and unique products controlled by the Group, that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets and are amortised using the straight-line method over 4 years except for core systems whose useful life may extend up to 10 years.

(iii) Other intangible assets
Other intangible assets are assets that are separable or arise from contractual or other legal rights and are amortised over their estimated useful lives. These include intangible assets acquired in business combinations.

(i) Financial Assets

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

(i) 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 categorised as held for trading unless they are designated as hedges.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the entity upon initial recognition designates as at fair-value through profit-or-loss and those that the entity upon initial recognition designates as available-for-sale. They arise when the Group provides money, goods or services directly to a debtor.

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

(iv) 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.

2. Principal accounting policies (continued)

(i) Financial Assets (continued)

(v) Accounting treatment and calculation

Purchases and sales of financial assets at-fair-value-through-profit-or-loss, held-to-maturity and available-for-sale are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair-value-through-profit-or-loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair-value-through-profit-or-loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. 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. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be recognised in profit or loss. However, interest calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the entity's right to receive payment is established.

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, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

(j) Impairment of financial assets

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 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:

a) significant financial difficulty of the issuer or obligor;
b) a breach of contract, such as a default or delinquency in interest or principal payments;
c) the 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;
d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for that financial asset because of financial difficulties; or
f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the 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.

(i) Assets carried at amortised cost

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 recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised 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. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

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 Group'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.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

2. Principal accounting policies (continued)

(j) Impairment of financial assets (continued)

(ii) Available-for-sale assets

In case of equity and debt investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity investments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

(k) Sale and repurchase agreements and securities lending

(i) Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in amounts due to other banks or 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. The difference between the sale and repurchase price is treated as interest and accrued over the period of the repo agreements using the effective interest method.

(ii) Securities lending

Securities lent to counterparties are retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability.

(l) Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

If the Group purchases its own debt, it is removed from the balance sheet, and the difference between the carrying amount of a liability and the consideration paid is included in gains less losses from investment securities.

(m) Financial liabilities at fair-value-through-profit-or-loss

The Group classifies its financial liabilities in the following categories: financial liabilities held for trading and financial liabilities that are designated by the Group at the time of initial recognition as measured at fair-value-through-profit-or-loss.

From 1 January 2005, the Group has early adopted the amended version of IAS 39: Recognition and Measurement – the Fair Value Option to financial liabilities, or group of financial liabilities managed and evaluated on a fair value basis, in order to reduce accounting inconsistencies and complexities. Specifically, the following liabilities are designated as at fair-value-through-profit-or-loss :

i) liabilities contractually linked to the performance of assets (unit-linked products) and
ii) structured products (customer deposits and notes issued) containing embedded derivatives that are managed using a mix of derivative and non - derivative instruments.

Gains and losses arising from changes in the fair value of the fair-value-through-profit-or-loss liabilities are included in the income statement in the period in which they arise.

(n) Leases

(i) Accounting for leases 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 capitalised 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 interest element of the finance cost is charged to the income statement over the lease period. The 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 any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(ii) Accounting for leases as lessor

Finance leases:
When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Operating leases:
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 recognised on a straight-line basis over the lease term.

(o) Deferred income tax

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The expected effective tax rates are used to determine deferred income tax. The principal temporary differences arise from loan impairment, depreciation of fixed assets, pension and other retirement benefits obligations, and revaluation of certain financial assets and liabilities, including derivative instruments.

Deferred tax assets are only recognised to the extent that it is probable that they will crystallise in the future. Deferred tax related to changes in fair values of available-for-sale investments and cash flow hedges which are taken directly to equity is also charged or credited directly to equity, and is subsequently recognised in the income statement together with the deferred gain or loss.

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

2. Principal accounting policies (continued)

(p) Employee benefits

(i) Pension obligations
The Company participates in certain defined contribution pension plans under which the Group pays fixed contributions into a separate entity. The Group has no further payment obligations once the contributions have been paid.

The Group's contributions to defined contribution pension plans are recognised as employee benefit expense in the year to which they relate.

(ii) Standard legal staff retirement indemnity obligations (SLSRI)
In accordance with Greek labour legislation, if employees remain in the employment of a company until normal retirement age, they are entitled to a lump sum payment which is based on the number of years of service and the level of remuneration at the date of retirement. Provision has been made for the actuarial value of the lump sum payable on retirement (SLSRI) using the projected unit credit method. Under this method the cost of providing retirement indemnities is charged to the income statement so as to spread the cost over the period of service of the employees, in accordance with actuarial valuations which are performed every year. The SLSRI obligation is calculated as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses that arise in calculating the Group's obligation in respect of the SLSRI obligations are charged directly in the profit and loss for the year.

In addition, the Company has enhanced the above provision by taking into consideration potential separations before normal retirement based on the terms of previous voluntary separation schemes. The Company recognises separation indemnity when it is demonstrably committed to separations either according to detailed formal plans which are announced and cannot be withdrawn or as a result of mutually agreed termination terms. Benefits payable in more than 12 months from the balance sheet date are discounted to present value.

(iii) Performance-based cash payments
The Group's Management awards high performing employees with bonuses in cash, from time to time, on a discretionary basis. Cash payments requiring only Management approval are recognised as employee benefit expenses on an accrual basis. Cash payments requiring General Meeting approval as distribution of profits to staff are recognised as employee benefit expense in the accounting period that they are approved by the Company’s shareholders.

(iv) Performance-based share-based payments
The Group’s Management awards high-performing employees with bonuses in the form of shares and share options, from time to time, on a discretionary basis. The shares vest in the period granted. The fair value of the shares granted is recognised as an employee benefit expense with a corresponding increase in share capital (par value) and share premium.

Following vesting periods of 20 to 32 months, the options are exercisable on alternative dates within a 24 or 36 month period, only if the holders are still employed by the Group. The fair value of the options granted is recognised as an employee benefit expense with a corresponding increase in a non-distributable reserve over the vesting period, until exercised. The proceeds received net of any directly attributable transaction costs are credited to share capital (par value) and share premium when the options are exercised, with a transfer of the non distributable reserve to share premium.

(q) Insurance activities

(i) Revenue recognition
Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. For long term contracts, revenue is recognised upon issue / receipt. The matching expense is recognised together with the recognition of mathematical provisions. Interest income is recognised on an accrual basis.

(ii) Provision for insurance liabilities
Insurance provisions are classified as follows:

Mathematical provisions
Mathematical provisions represent insurance provisions for long-term life insurance contracts. They are calculated in accordance with actuarial techniques, after taking into account the technical assumptions imposed by supervisory authorities (mortality table and the technical interest rate in effect at the contract’s inception), as the difference between the actuarial present value of the Group’s liabilities and the present value of the premiums to be received.

Unearned premiums’ provisions
Unearned premiums’ provisions represent part of net premiums received, regarding contracts with annual commencement and termination dates, which differ from the Group’s fiscal year, and they cover proportionately the period from the reporting date to the termination of the period covered by the respective premium.

Outstanding claims’ provisions
Outstanding claims provisions concern liabilities on claims occurred and reported but not fully settled by the end of the reporting period. The specified liabilities are examined on a case-by-case basis by professional valuers, based on existing information (loss adjustors' reports, medical reports, court decisions etc). The Group recognises additional provisions regarding claims occurred but not reported (IBNR) by the end of the reporting period. The calculation of these provisions is based on statistical methodologies in order to estimate the average cost per claim and the number of claims.

(iii) Liability adequacy
At each reporting date, the Group performs tests to assess the adequacy of the recognised insurance provisions, after deducting deferred acquisition costs, in accordance with IFRS 4. In case the assessment results to inadequate provisions, the entire deficiency is recognised in Profit or Loss.

To assess the mathematical provisions for life insurance contracts, the Group compares the recognised provisions with the present values of the estimated liabilities regarding the specified group of contracts. To assess the adequacy of the outstanding claims provisions the triangulation methodology is used, based on statistical data of the last five years.

(iv) Reinsurance
Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment at each reporting date. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement.

2. Principal accounting policies (continued)

(r) Repossessed properties

Land and buildings repossessed through an auction process to recover impaired loans are, except where otherwise stated, included in "Other Assets". Assets acquired from an auction process are held temporarily for liquidation and are valued at the lower of cost and net realisable value. Any gains or losses on liquidation are included in "Other operating income".

(s) Related party transactions

Related parties include associates, fellow subsidiaries, directors, their close families, companies owned or controlled by them and companies whose financial and operating policies they can influence. Transactions of similar nature are disclosed on an aggregate basis. All banking transactions entered into with related parties are in the normal course of business and on an arm's length basis.

(t) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimates of the amount of the obligation can be made.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment. The Group is organised into five main business segments. Segment revenue, segment expenses and segment performance include transfers between business segments. Such transfers are accounted for at competitive prices in line with charges to unaffiliated customers for similar services.

(v) Share Capital

Ordinary shares are classified as equity.

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

Dividend distribution on ordinary shares is recognised as a deduction in the Group’s equity when approved by the Company’s shareholders. Interim dividends are recognised as a deduction in the Group's equity when approved by the Board of Directors.

Where any Group company purchases the Company’s equity share capital (treasury shares), the consideration paid including any directly attributable incremental costs (net of income taxes), is deducted from shareholders’ equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders’ equity.

(w) Preferred Securities

Callable non-voting preferred securities, which have no fixed redemption date and pay non-cumulative dividend are classified as equity.

Incremental costs directly attributable to the issue of new preferred securities are shown in equity as a deduction from the proceeds, net of tax.

Dividend distribution on preferred securities is recognised as a deduction in the Group’s equity on the date it is due.

Where preferred securities, issued by the Group, are repurchased, the consideration paid including any directly attributable incremental costs (net of income taxes), is deducted from shareholders’ equity. Where such securities are subsequently called or sold, any consideration received is included in shareholders’ equity.

(x) Derecognition

The Group enters into transactions where it transfers assets recognised on its balance sheet, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the Balance Sheet. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset, if control over the asset is lost.

(y) Securitisations

The Group securitises various financial assets, which generally results in the sale of the assets to special purpose entities (see accounting policy b (i) above), which, in turn issue securities to investors. Interests in the securitised financial assets may be retained in the form of subordinated tranches or other residual interests.

(z) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank drafts.

3. Critical accounting estimates and judgements in applying accounting policies

In the process of applying the Group’s accounting policies, the Group’s Management makes various judgments, estimates and assumptions that affect the reported amounts of assets and liabilities recognized in the financial statements within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment continuously. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments 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. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(b) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered an impairment in accordance with the accounting policy stated in note 2 h(i). The recoverable amounts of cash-generating units are determined based on value in use calculations. These calculations are based on profitability and cash flow projections, which require the use of estimates such as growth rates for revenues and expenses and profit margins.

3. Critical accounting estimates and judgements in applying accounting policies (continued)

(c) Fair value of financial instruments

The fair value of financial instruments that are not quoted in an active market are determined by using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the personnel 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 practicable, 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 the reported fair value of financial instruments.

(d) 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 of the equity investments below their cost. In determining what is significant or prolonged the Group's management exercises judgment. 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.

(e) Securitisations and special purpose entities

The Group sponsors the formation of special purpose financing entities (SPEs) for various purposes including asset securitisation. The Group may or may not directly own the SPEs and consolidates those SPEs that it controls. In determining whether the Group controls an SPE, it makes judgements about its exposure to the risks and rewards related to the SPE and about its ability to make operational decisions for the SPE in question.

(f) Income taxes

The Group is subject to income taxes in various jurisdictions and estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of 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 Use of financial instruments

By their nature the Group's activities are principally related to the use of financial instruments including derivatives. The Group accepts deposits from customers, at both fixed and floating rates, and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The Group also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers within a range of credit standing. Such exposures include both on-balance sheet loans and advances and off-balance sheet guarantees and other commitments such as letters of credit.

The Group also trades in financial instruments where it takes positions in traded and over the counter instruments including derivatives, to take advantage of short-term market movements in the equity and bond markets and in currency and interest rates. The Board of Directors' Risk Committee (Eurobank Risk Committee - ERC) places trading limits on the level of exposure that can be taken in relation to overnight and intra-day market positions as well as limits in longer durations. With the exception of specific hedging arrangements, foreign exchange and interest rate exposures associated with these derivatives are normally concluded to hedge outstanding positions, thereby controlling the variability in the net cash amounts required to offset market positions.

<u>Fair value hedges</u>

The Group hedges a proportion of its existing interest rate risk resulting from any potential decrease in the fair value of fixed rate available-for-sale bonds and any potential increase in the fair value of deposits denominated both in local and foreign currencies using interest rate and cross currency interest rate swaps. The net fair value of these swaps at 31 December 2006 was € 119 million liability (31 December 2005: € 351 million liability) (note 16).

<u>Cash flow hedges</u>

The Group hedges a proportion of its existing interest rate risk resulting from any cash flow variability associated with future interest rate changes on variable rate assets or liabilities or unrecognised highly probable forecast transactions using interest rate swaps. The net fair value of these swaps at 31 December 2006 was € 8 million liability (31 December 2005: € 17 million liability) (note 16).

4.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk and interest rate risk) and liquidity risk. The Group's overall risk management policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance, financial position and cash flows.

4.2.1 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are recognised for losses that have been incurred at the balance sheet date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and are subject to an annual or more frequent review. The level of credit risk by product, industry sector and by country are reviewed quarterly by the ERC. The exposure to any one borrower including banks and brokers is further restricted by sub limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored on a daily basis.

The Group is active in the corporate and retail lending markets. Credit risk is well spread over a diversity of personal and commercial customers. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing the lending limits where appropriate. The Group reduces its credit risk associated with loans and advances to customers by entering into collateralised arrangements. The types of collateral that the Group obtains are cash deposits and other cash equivalents, real estate, receivables, securities, vessels and bank guarantees. The value of collateral that the Group has as at 31 December 2006 amounts to 27% (31 December 2005: 30%) of the total aggregate amount of the gross loans and advances to customers.

Economic sector risk concentrations within the Group's customer loan portfolio are analysed in note 17.

4. Financial risk management (continued)

4.2 Financial risk factors (continued)

4.2.1 Credit risk (continued)

(a) Derivatives

The Group maintains control limits on net open derivative positions i.e., the difference between purchase and sale contracts, by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e., derivatives with a positive fair value) which in relation to derivatives is only a small proportion of the contract notional amount used to express the volume of instruments outstanding. The credit risk exposure is managed as part o the overall lending limits with customers together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties. Further details of the Group's derivative instruments are provided in note 16.

(b) Master netting arrangements

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk is reduced by a master netting agreement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

(c) Credit related commitments

The primary purpose of credit related commitments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans since they represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are secured by the underlying shipment of goods to which they relate and therefore carry less risk than a loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of credit risk than shorter-term commitments.

(d) Geographical concentration of assets, liabilities and off balance sheet items

An analysis of the geographical concentration of assets, liabilities and off-balance sheet items to illustrate the concentrations of credit risk in relation to geographical areas is shown in note 34.

Geographical sector risk concentrations within the Group's customer loan portfolio are analysed in note 17.

4.2.2 Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Bank applies a 'value at risk' (VaR) methodology to estimate the market risk of positions held and the potential economic loss based upon a number of assumptions for various changes in market conditions.

The VaR that the Bank measures is an estimate, with a confidence level set at 99%, of the potential loss that might arise if the current positions were to be held unchanged for a 10-day horizon (holding period). The measurement is structured so that within a 10-day horizon losses exceeding the VaR figure should occur, on average, not more than once every 4 years. Actual outcomes are monitored regularly to test the validity of the assumptions and the parameters used in the VaR calculation.

Since VaR constitutes an integral part of the Bank's market risk control regime, VaR limits have been established for all (trading and banking book) operations and actual exposure is reviewed daily by management. The average daily VaR for the Bank during the year ended 31 December 2006 for a one day holding period was € 12.9 million. The average daily VaR for the Bank during the year ended 31 December 2005 for one day holding period was € 8.3 million. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

(a) Currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The ERC sets limits on the level of exposures which are monitored daily. The table in note 38 summarises the Group's exposure to foreign currency exchange rate risk at 31 December 2006 and 31 December 2005. Included in the table are the Group's assets and liabilities at carrying amounts categorised by currency.

(b) Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial positions and cash flows. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The ERC sets limits on the level of mismatch of interest rate repricing that may be undertaken.

The table in note 39 summarises the Group's exposure to interest rate risk. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

The yearly average effective interest rates for monetary financial instruments are summarised in note 39.

4. Financial risk management (continued)

4.2 Financial risk factors (continued)

4.2.3 Liquidity risk

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw-downs and guarantees and from margin and other calls on cash-settled derivatives. The Group maintains cash resources to meet all of these needs. The ERC sets liquidity limits to ensure that sufficient funds are available to meet such calls.

The table in note 40 analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the Management of the Group. It is unusual for banks to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

4.3 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. However market prices are not available for a significant number of financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values of financial assets and liabilities are estimated using present value or other estimation and valuation techniques based on current prevailing market conditions.

The values derived using these techniques are significantly affected by underlying assumptions concerning both the amounts and timing of future cash flows and the discount rates used. The following methods and assumptions indicate that the fair values of financial assets and liabilities approximate their carrying amounts:

a) trading assets, derivatives and other transactions undertaken for trading purposes as well as treasury bills, available-for-sale securities and assets and liabilities designated at fair-value-through-profit-or-loss are measured at fair value (see notes 15, 16, 19, 26, 27 and 28) by reference to quoted market prices when available. If quoted market prices are not available, then the fair values are estimated using valuation techniques based on observable market data.

b) substantially all of the Group's other financial assets and liabilities are at floating rates of interest, which re-price at frequent intervals. Therefore the Group has no significant exposure to fair value fluctuations and the carrying value of the financial assets and liabilities is substantially equivalent to their fair values, unless otherwise stated.

4.4 Fiduciary activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties. This involves the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements.

5. Net interest income

	2006 € million	2005 € million
Interest income		
Banks and customers	**3,525**	2,518
Trading securities	**50**	37
Other securities	**432**	295
Total interest income	**4,007**	2,850
Interest expense		
Banks and customers	**(2,058)**	(1,264)
Liabilities evidenced by paper	**(352)**	(214)
Total interest expense	**(2,410)**	(1,478)
Net interest income	**1,597**	1,372

Derivative financial instruments contribute €1,077 million (2005: € 630 million) to interest income and € 1,123 million (2005: € 684 million) to interest expense.

6. Net banking fee and commission income

	2006 € million	2005 € million
Mutual Funds and Assets under management related fees	**148**	138
Capital Markets related fees	**117**	73
Lending related fees and commissions	**93**	69
Other fees	**89**	74
Net banking fee and commission income	**447**	354

7. Operating expenses

	2006 € million	2005 € million
Staff costs (note 8)	**589**	486
Administrative expenses	**306**	255
Amortisation and impairment of intangible assets (note 22)	**13**	5
Depreciation and impairment of property, plant and equipment (note 23)	**86**	92
Operating lease rentals	**68**	52
	1,062	890

8. Staff costs

	2006 € million	2005 € million
Wages, salaries and staff bonuses	**420**	334
Social security costs	**82**	72
Additional pension and other post employment costs	**27**	17
Other	**60**	63
	589	486

The average number of employees of the Group during the year was 17,115 (2005: 14,887).

9. Income tax expense

	2006 € million	2005 € million
Current tax	**204**	176
Deferred tax (note 10)	**6**	(10)
Overseas taxes	**15**	6
Total tax charge	**225**	172

The Greek corporate rate of tax in 2006 is 29% (2005: 32%). In accordance with special incentives for mergers, the parent company tax rate for 2006 is 24% (2005: 27%). The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2006 € million	2005 € million
Profit before tax	**832**	676
Tax at the applicable tax rates of 29% (2005: 32%)	**241**	216
Tax effect of:		
- Parent company benefit from reduced tax rate in 2006 of 24% (2005: 27%)	**(32)**	(27)
- income and expenses not subject to tax	**(33)**	(23)
- effect of different tax rates in different countries	**(19)**	(3)
- other	**25**	9
	182	172
- one-off taxation on non-taxed reserves (see below)	**43**	-
Income tax expense	**225**	172

Following L.3513 that was enacted in November 2006, the non-taxed reserves of the Bank that had been accounted for and presented in the financial statements for the year-ended 31 December 2005, which would be taxable on distribution and which have not been distributed or capitalised, were subject to one-off taxation at a rate of 10% or 15% based on the tax status of the respective reserves. As a result the Bank paid the amount of € 43.3 million, accompanied by a specific statement questioning the proper applicability of the law on legal grounds. The resolution of the legal dispute is expected to be lengthy.

10. Deferred income taxes

Deferred income taxes are calculated on all temporary differences under the liability method using the expected effective tax rate of 25% (2005: 25%).

The movement on the deferred income tax account is as follows:

	2006 € million	2005 € million
At 1 January	**76**	60
Income statement credit / (charge)	**(6)**	10
Available for sale securities:		
- fair value measurement (note 19)	**78**	(10)
- transfer to net profit (note 19)	**(7)**	19
- fair value hedges (note 19)	**(48)**	(7)
Cash flow hedges	**(5)**	(3)
Other	**-**	7
At 31 December	**88**	76

Deferred income tax assets / liabilities are attributable to the following items:

	2006	2005
Valuation temporary differences accounted directly to special reserves	**(10)**	(34)
Valuation temporary differences accounted through the income statement	**10**	11
Cash flow hedges	**(5)**	(1)
Fixed assets temporary differences	**6**	13
Pensions and other post retirement benefits	**25**	27
Loan impairment	**51**	68
Unused tax losses	**8**	1
Other temporary differences	**15**	3
Deferred income tax assets (note 24)	**100**	88
Deferred income tax liabilities (note 28)	**12**	12
Net deferred income tax	**88**	76

The deferred income tax (credit) / charge in the income statement comprises the following temporary differences:

	2006	2005
Valuation temporary differences	**(1)**	7
Fixed assets temporary differences	**8**	(42)
Pensions and other post retirement benefits	**(2)**	11
Loan impairment	**12**	17
Other temporary differences	**(11)**	(3)
Deferred income tax (credit) / charge	**6**	(10)
	error in tax 0.241	

11. Earnings per share

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

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has one category of dilutive potential ordinary shares: share options. In order to adjust the weighted average number of shares for the share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Bank's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is added to the weighted average number of ordinary shares in issue in order to determine the weighted average number of ordinary shares used for the calculation of the diluted earnings per share.

		2006	2005
Net profit for year attributable to ordinary shareholders (after deducting dividend attributable to preferred securities holders)	*€ million*	**558**	**487**
Weighted average number of ordinary shares in issue	*Number of shares*	*379,236,544*	*377,429,824*
Weighted average number of ordinary shares for diluted earnings per share	*Number of shares*	*380,222,121*	*377,771,662*
Basic earnings per share	€	**1.47**	1.29
Diluted earnings per share	€	**1.47**	1.29
Earnings per share excluding one-off taxation on reserves (note 9)			
Basic and diluted earnings per share	€	**1.59**	1.29

Basic and diluted earnings per share for 2005 have been adjusted to be comparable due to the distribution of free shares in accordance with the decision of the Annual General Shareholders' Meeting held on 3 April 2006.

12. Cash and balances with central banks

	2006 € million	2005 € million
Cash in hand	**556**	382
Balances with central banks	**2,098**	1,373
	2,654	1,755
of which:		
Mandatory deposits with central banks	**1,295**	774

Mandatory deposits with central banks represent the minimum level of average monthly deposits which the Group is required to maintain. Balances with central banks can be withdrawn at any time provided the average monthly minimum deposits are maintained.

13. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprises the following balances with less than 90 days maturity:

	2006 € million	2005 € million
Cash and balances with central banks	**1,359**	981
Loans and advances to banks	**2,048**	2,386
Financial instruments at fair-value-through-profit-or-loss	**156**	201
	3,563	3,568

14. Loans and advances to banks

	2006 € million	2005 € million
Items in course of collection from other banks	**1,131**	748
Placements with other banks	**1,807**	2,245
	2,938	2,993
Included in loans and advances to banks are unsubordinated amounts due from:		
- fellow subsidiary and associated undertakings	**0**	0
- settlement balances with banks	**153**	1,116
- pledged deposits with banks	**553**	606

15. Financial instruments at fair-value-through-profit-or-loss (including trading)

	2006 € million	2005 € million
Trading portfolio		
Issued by public bodies:		
- government	**281**	900
- other public sector securities	**0**	-
	281	900
Issued by other issuers:		
- banks	**114**	59
- other	**226**	116
	340	175
Total trading portfolio	**621**	1,075
Other financial assets at fair-value-through-profit-or-loss		
- unit linked products	**125**	134
- hedge funds	**61**	-
Other portfolios	**186**	134
Total	**807**	1,209
Equity securities	**113**	112
Treasury bills	**20**	290
Other debt securities	**488**	673
Other financial assets at fair-value-through-profit-or-loss	**186**	134
	807	1,209
Pledged with central banks	**101**	526

16. Derivative financial instruments

The Group utilises the following derivative instruments for both hedging and non-hedging purposes:

Currency forwards represent commitments to purchase or sell foreign and domestic currency. Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates or to buy or sell foreign currency or a financial instrument on a future date at a specified price established in an organized financial market. Since future contracts are collateralised by cash or marketable securities and changes in the futures contract value are settled daily with the exchange, the credit risk is negligible.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e. cross-currency interest rate swaps). Except for certain currency swaps, no exchange of principal takes place. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities and/or marks to market with bilateral collateralisation agreements over and above an agreed threshold.

Foreign currency and interest rate options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a foreign currency or a financial instrument at a predetermined price. In consideration for the assumption of foreign exchange or interest rate risk, the seller receives a premium from the purchaser. Options may be either exchange-traded or negotiated between the Group and a customer (OTC). The Group is exposed to credit risk on purchased options only, and only to the extent of their carrying amount, which is their fair value.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The fair values of derivative instruments held are set out in the following table:

	31 December 2006			31 December 2005		
	Contract/ notional amount € million	**Fair values Assets € million**	**Fair values Liabilities € million**	Contract/ notional amount € million	Fair values Assets € million	Fair values Liabilities € million
Derivatives held for trading						
OTC currency derivatives						
- Currency forwards	**1,273**	**22**	**19**	501	13	11
- Currency swaps	**1,933**	**32**	**21**	4,015	41	28
- OTC currency options bought and sold	**1,870**	**22**	**21**	3,656	66	61
		76	**61**		120	100
OTC interest rate derivatives						
- Interest rate swaps	**25,494**	**323**	**342**	11,819	140	204
- Cross-currency interest rate swaps	**517**	**19**	**70**	555	26	27
- Forward Rate Agreements	**4,465**	**1**	**1**	-	-	-
- OTC interest rate options	**14,131**	**26**	**33**	1,121	0	0
		369	**446**		166	231
Exchange traded interest rate futures	**657**	**2**	**2**	2,085	1	3
Exchange traded interest rate options	**982**	**1**	**1**	2,954	3	5
		372	**449**		170	239
Other derivatives						
OTC index options bought and sold	**54**	**5**	**5**	131	11	11
Forward security contracts	**4**	**0**	**0**	458	1	1
Other derivative contracts (see below)	**517**	**1**	**3**	725	1	2
		6	**8**		13	14
Other trading liabilities						
- Securities sold not yet repurchased		**-**	**0**		-	7
Total derivative assets/liabilities held for trading		**454**	**518**		303	360
Derivatives designated as fair value hedges						
Interest rate swaps	**3,912**	**52**	**169**	5,379	7	335
Cross-currency interest rate swaps	**129**	**5**	**7**	152	-	23
		57	**176**		7	358
Derivatives designated as cash flow hedges						
Interest rate swaps	**1,615**	**7**	**15**	690	1	18
Total derivatives assets/liabilities used for hedging purposes		**64**	**191**		8	376
Total derivatives assets / liabilities		**518**	**709**		311	736

Other derivative contracts include credit default swaps, exchange traded index futures, exchange traded index options bought and sold and commodity swaps.

17. Loans and advances to customers

	2006 € million	2005 € million
Lending to medium size and large corporate entities	**12,635**	10,285
Consumer lending	**8,211**	6,811
Mortgage lending	**8,527**	6,262
Small business lending	**5,534**	4,027
Gross loans and advances to customers	**34,907**	27,385
Less: Provision for impairment losses (note 18)	**(861)**	(761)
	34,046	26,624

The loans and advances to customers include the following amounts:		
- due from associated undertakings, unsubordinated	**0**	8
- securitised loans	**5,542**	2,293

Loans and advances to customers include securitised assets. Analysis of Group's securitisation is presented in note 27.

Loans and advances to customers include finance lease receivables as detailed below:

	2006 € million	2005 € million
Gross investment in finance leases receivable:		
Not later than 1 year	**350**	238
Later than 1 year and not later than 5 years	**1,342**	567
Later than 5 years	**287**	653
	1,979	1,458
Unearned future finance income on finance leases	**(464)**	(301)
Net investment in finance leases	**1,515**	1,157
Less: provision for impairment losses	**(25)**	(20)
	1,490	1,137
The net investment in finance leases is analysed as follows:		
Not later than 1 year	**274**	180
Later than 1 year and not later than 5 years	**1,136**	430
Later than 5 years	**105**	547
	1,515	1,157
Less: provision for impairment losses	**(25)**	(20)
	1,490	1,137

Economic sector risk concentration within the Group's customer loan portfolio were as follows:

	2006 %	2005 %
Commerce and services	**32**	32
Private individuals	**48**	48
Manufacturing	**11**	11
Shipping	**1**	2
Construction	**4**	4
Other	**4**	3
	100	100

Geographic sector risk concentration within the Group's customer loan portfolio were as follows:

	2006 %	2005 %
Greece	**87**	92
Other Western European countries	**1**	1
New European countries	**12**	7
	100	100

18. Provision for impairment losses on loans and advances to customers

	2006 € million	2005 € million
Balance at 1 January	**761**	603
Arising from acquisitions	**5**	3
Impairment losses on loans and advances charged in the year	**344**	309
Amounts recovered during the year	**18**	34
Loans written off during the year as uncollectible	**(267)**	(188)
Balance at 31 December	**861**	761

19. Available-for-sale investment securities

	2006 € million	2005 € million
Issued by public bodies:		
- government	**7,659**	8,269
- other public sector	**40**	167
	7,699	8,436
Issued by other issuers:		
- banks	**706**	241
- other	**2,531**	1,347
	3,237	1,588
Total	**10,936**	10,024
Listed	**10,214**	9,455
Unlisted	**722**	569
	10,936	10,024
Equity	**507**	383
Debt	**10,429**	9,641
	10,936	10,024
Unamortised discounts and premiums included above	**46**	168
Pledged securities with stock market clearing houses	**7**	1
Credit facility with central banks secured by the above	**2,296**	546

	2006 € million	2005 € million
The movement in the account is as follows:		
Net book value at 1 January	**10,024**	5,485
Arising from acquisitions	**54**	122
Exchange adjustments	**(108)**	101
Additions	**6,560**	7,527
Disposals and redemptions	**(5,433)**	(3,439)
Reclassification to / from associates	**0**	0
Amortisation of discounts / premiums and interest	**48**	50
Net gains / (losses) from changes in fair value for the year	**(209)**	178
Net book value at 31 December	**10,936**	10,024

Equity reserve : revaluation of the available-for-sale investments

Gains and losses arising from the changes in the fair value of available-for-sale investments are recognised in a revaluation reserve for available for sale financial assets in equity. The movement of the reserve is as follows:

	2006 € million	2005 € million
At 1 January	**171**	103
Net gains / (losses) from changes in fair value	**(209)**	178
Deferred income taxes	**78**	(10)
Minority share of changes in fair value	**0**	(1)
	(131)	167
Net (gains) / losses transferred to net profit on disposal	**(49)**	(113)
Impairment losses transferred to net profit	**14**	13
Deferred income taxes	**(7)**	19
	(42)	(81)
Net losses / (gains) transferred to net profit from fair value hedges	**189**	(11)
Deferred income taxes	**(48)**	(7)
	141	(18)
Balance at 31 December	**139**	171

20. Shares in subsidiary undertakings

The following is a listing of the Group's subsidiaries at 31 December 2006:

Name	Note	Percentage Holding	Country of incorporation	Line of business
EFG Business Services S.A.		100.00	Greece	Payroll and advisory services
EFG Eurobank Asset Management S.A.		100.00	Greece	Asset management
EFG Eurobank Ergasias Leasing S.A.		100.00	Greece	Leasing
EFG Eurobank Securities S.A.		100.00	Greece	Capital markets and investment services
EFG Eurolife General Insurance S.A.		100.00	Greece	Insurance services
EFG Eurolife Life Insurance S.A.		100.00	Greece	Insurance services
EFG Factors S.A.		100.00	Greece	Factoring
EFG Insurance Services S.A.		100.00	Greece	Insurance brokerage
EFG Internet Services S.A.		100.00	Greece	Internet and electronic banking
EFG Mutual Funds Management Company S.A.		100.00	Greece	Mutual fund management
EFG Telesis Finance S.A.		100.00	Greece	Investment banking
Eurobank Cards S.A.		100.00	Greece	Credit card management
Eurobank Fin and Rent S.A.	g	100.00	Greece	Vehicle leasing and rental
Eurobank Properties R.E.I.C.	d	55.23	Greece	Investment Services
Eurobank Property Services S.A.		100.00	Greece	Real estate services
Financial Planning Services S.A.	f	100.00	Greece	Receivables collection
Global Fund Management S.A.	c	72.00	Greece	Investment advisors
OPEN 24 S.A.		100.00	Greece	Sundry services
Be-Business Exchanges S.A.		71.04	Greece	Business-to business e-commerce
Best Direct S.A.	b	100.00	Greece	Sundry services
Bulgarian Post Bank A.D.	h	99.66	Bulgaria	Banking
Bulgarian Retail Services A.D.		100.00	Bulgaria	Credit card management
DZI Bank A.D.	i	91.29	Bulgaria	Banking
EFG Auto Leasing E.O.O.D.		100.00	Bulgaria	Vehicle leasing and rental
EFG Leasing E.A.D.		100.00	Bulgaria	Leasing
EFG Property Services Sofia A.D.		80.00	Bulgaria	Real estate services
EFG Hellas (Cayman Islands) Ltd		100.00	Cayman Islands	Special purpose financing vehicle
GFM Levant Capital (Cayman) Ltd	j	72.50	Cayman Islands	Fund management
Berberis Investments Limited		100.00	Channel Islands	Holding company
EFG Hellas Funding Limited		100.00	Channel Islands	Special purpose financing vehicle
CEH Balkan Holdings Ltd		100.00	Cyprus	Holding company
Eurocredit Retail Services Ltd		100.00	Cyprus	Credit card management
Aristolux Investment Fund Management Company S.A.		98.40	Luxembourg	Investment fund management
EFG Private Bank (Luxembourg) S.A.		100.00	Luxembourg	Banking
Eurobank EFG Fund Management Company, (Luxembourg) S.A.	k	100.00	Luxembourg	Fund management
Eurobank EFG Holding (Luxembourg) S.A.	l	100.00	Luxembourg	Holding company
EFG New Europe Funding B.V.	m	100.00	Netherlands	Finance company
Polbank Dystrybucja Sp. z o.o.	n	100.00	Poland	Sundry services
Bancpost S.A.	o	77.56	Romania	Banking
EFG Eurobank Securities S.A.	s	100.00	Romania	Stock brokerage
EFG Eurobank Finance S.A.		100.00	Romania	Investment banking
EFG Eurobank Leasing S.A.		100.00	Romania	Leasing
EFG Eurobank Mutual Funds Management Romania S.A.I. S.A.	q	95.76	Romania	Mutual fund management
EFG Eurobank Property Services S.A.		80.00	Romania	Real estate services
EFG IT Shared Services S.A.	r	100.00	Romania	Informatics data processing
EFG Retail Services IFN S.A.	p	95.48	Romania	Credit card management
EFG Leasing A.D. Beograd	v	99.98	Serbia	Leasing
EFG Property Services D.o.o. Beograd		80.00	Serbia	Real estate services
Eurobank EFG Stedionica A.D. Beograd	u	99.96	Serbia	Banking
EFG Retail Services A.D. Beograd		100.00	Serbia	Credit card management
EFG Istanbul Holding A.S.		100.00	Turkey	Holding company
EFG Istanbul Menkul Degerler A.S.		100.00	Turkey	Capital market services
Anaptyxi 2006-1 Plc.	y	-	United Kingdom	Special purpose financing vehicle (SIC 12)
Anaptyxi APC Ltd.	y	-	United Kingdom	Special purpose financing vehicle (SIC 12)
Anaptyxi Holdings Ltd	y	-	United Kingdom	Special purpose financing vehicle (SIC 12)
Anaptyxi Options Ltd	y	-	United Kingdom	Special purpose financing vehicle (SIC 12)
EFG Hellas Plc.		100.00	United Kingdom	Special purpose financing vehicle
Karta 2005 -1 Plc		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Karta APC Ltd		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Karta Holdings Ltd		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Karta LNI 1 Ltd		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Karta Options Ltd		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion Mortgage Finance Plc		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion II Mortgage Finance Plc		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion III Mortgage Finance Plc	x	-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion III Holdings Limited	x	-	United Kingdom	Special purpose financing vehicle (SIC 12)
Eurobank EFG Ukraine Distribution LLC	ab	100.00	Ukraine	Sundry services

(a) Hellas on Line S.A.

In January 2006, the Group disposed of its 100% holding in Hellas on Line S.A. The subsidiary was sold for a defined consideration of € 19 million plus consideration contingent on future services. The initial gain on disposal of € 15.1 million excludes the contingent consideration and is included in other operating income. The net cash inflow on disposal after deducting cash in the subsidiary disposed was€ 18.1 million.

20. Shares in subsidiary undertakings (continued)

(b) Best Direct S.A.
In March 2006, the Group, through its 100% subsidiary Open 24 S.A., acquired 100% of the share capital of Best Direct S.A., a company providing sundry services.

(c) Global Fund Management S.A.
In March 2006, the Group increased its shareholding in Global Fund Management S.A. to 72% from 44.44%; as a result the company has been transferred from investments in associated undertakings to subsidiary undertakings and is consolidated using the full consolidation method.

(d) Eurobank Properties R.E.I.C.
Following an initial public offering of 7.3% (1,780,000) existing shares and 22.58% (5,510,066) new shares, the shares of Eurobank Properties R.E.I.C. were listed in April 2006 on the Athens Stock Exchange and the Group's shareholding was reduced to 54.88% from 70.88%. Since then, the Group acquired an additional 0.35% of the company's share capital increasing its shareholding to 55.23%.

(e) Intertrust Mutual Funds Co. S.A.
The absorption by the Bank of its 100% subsidiary Intertrust Mutual Funds Co. S.A., approved in November 2005, was completed on 11 April 2006.

(f) Financial Planning Services S.A.
In July 2006, the Group established, as a 100% subsidiary, Financial Planning Services S.A., a receivables collection company operating in Greece.

(g) Eurobank Fin and Rent S.A. (formerly Autorental S.A.)
In August 2006, Autorental S.A. changed its name to Eurobank Fin and Rent S.A.

(h) Bulgarian Post Bank A.D., Sofia
In February 2006, the Group participated in the share capital increase of Bulgarian Post Bank A.D. and its shareholding increased to 99.66% from 98.70%.

(i) DZI Bank A.D., Sofia
In December 2006, the Group acquired 91.29% of the share capital of DZI Bank A.D., which operates in Bulgaria.

Post balance sheet event
In February 2007, the Group increased its participation in the company to 94.2% as a result of a tender offer through the Bulgarian Stock Exchange.

(j) GFM Levant Capital (Cayman) Ltd
In June 2006, the Group established GFM Levant Capital (Cayman) Ltd, a fund management company operating in Cayman Islands. The shareholding in the company is at 72.50%.

(k) Eurobank EFG Fund Management Company, (Luxembourg) S.A.
In April 2006, the Group established, as a 100% subsidiary, Eurobank EFG Fund Management Company, (Luxembourg) S.A., a fund management company operating in Luxembourg.

(l) Eurobank EFG Holding (Luxembourg) S.A.
In July 2006, the Group established, as a 100% subsidiary, Eurobank EFG Holding (Luxembourg) S.A., a holding company based in Luxembourg.

(m) EFG New Europe Funding B.V., Amsterdam
In October 2006, the Group established, as a 100% subsidiary, EFG New Europe Funding B.V., a finance company based in the Netherlands.

(n) Polbank Dystrybucja Sp. z o.o., Warsaw (formerly EFG Express Kredit Spolca Z Organiczona Odpowiedzialnocia) and Branches in Poland
In March 2006, EFG Express Kredit Spolca Z Organiczona Odpowiedzialnocia changed its name to Polbank Dystrybucja Sp. z o.o. The Group commenced operations in Poland in February 2006 through branches of the parent company under the brand name Polbank EFG.

(o) Bancpost S.A., Bucharest
In February 2006, the share capital increase of Bancpost S.A. was finalised and the Group's shareholding increased to 77.56% from 77.31%.

(p) EFG Retail Services IFN S.A., Bucharest
Following the increase in shareholding of Bancpost S.A., the Group increased its shareholding in Euroline Retail Service S.A. to 95.48% from 95.43%. In August 2006, Euroline Retail Service S.A. changed its name to EFG Retail Services IFN S.A..

(q) EFG Eurobank Mutual Funds Management Romania S.A.I. S.A., Bucharest
Following the increase in shareholding of Bancpost S.A., the Group increased its shareholding in EFG Eurobank Mutual Funds Management Romania S.A.I. S.A. to 95.76% from 95.71%.

(r) EFG IT Shared Services S.A., Bucharest
In August 2006, the Group established, as a 100% subsidiary, EFG IT Shared Services S.A., an informatics data processing company operating in Romania.

(s) EFG Eurobank Securities S.A., Bucharest (formerly Capital Securities S.A.)
In May 2006, Capital Securities S.A. changed its name to EFG Eurobank Securities S.A.

(t) Nacionalna Stedionica Banka A.D., Beograd
In March 2006, the Group acquired the remaining 37.7% shareholding in Nacionalna Stedionica Banka A.D., Beograd, held by the Republic of Serbia. In October 2006, the company was absorbed by EFG Eurobank A.D. Beograd (see below).

(u) Eurobank EFG Stedionica A.D. Beograd (formerly EFG Eurobank A.D. Beograd)
In June and September 2006, the Group participated in share capital increases of EFG Eurobank A.D. Beograd and its shareholding increased to 99.21% from 97.99%.

In October 2006, the absorption of Nacionalna Stedionica Banka A.D. by EFG Eurobank A.D. Beograd with a local reference date 30 June 2006, was completed. The merged entity changed its name to Eurobank EFG Stedionica A.D. Beograd. In December 2006 the Group participated in a share capital increase and its shareholding increased to 99.96%

(v) EFG Leasing A.D., Beograd
In June 2006, the Group established EFG Leasing A.D., Beograd, a leasing company operating in Serbia. The shareholding in the company stood at 99.44%. By December, following the increases in shareholding of Eurobank EFG Stedionica A.D. Beograd in September, October and December, the Group increased its shareholding to 99.98%.

(w) Tekfenbank A.S., Istanbul
In May 2006, the Bank announced the agreement for the acquisition of 70% of the share capital of Tekfenbank A.S., which operates in Turkey. Closing of the transaction is subject to regulatory approvals and is expected to occur in the first quarter of 2007. As part of the agreement, Tekfenbank A.S. will acquire EFG Istanbul Menkul Degerler A.S., in 2007.

20. Shares in subsidiary undertakings (continued)

(x) Themeleion III, UK
In June 2006, the Group established Themeleion III Mortgage Finance Plc and Themeleion III Holdings Ltd, special purpose entities, as part of the third securitisation of mortgage loans.

(y) Anaptyxi, UK
In September 2006, the Group established Anaptyxi APC Ltd, Anaptyxi 2006-1 Plc, Anaptyxi Holdings Ltd and Anaptyxi Options Ltd special purpose entities, as part of the securitisation of small business banking loans.

(z) EFG Eurobank Ergasias International (C.I.) Ltd, Channel Islands
In December 2006, the liquidation of the 100% subsidiary EFG Eurobank Ergasias International (C.I.) Ltd was completed. The net cash inflow from the liquidation was € 16.8 million.

(aa) Universal Bank OJSC, Kiev
In July 2006, the Group reached an agreement to acquire 99.34% of Universal Bank OJSC, a bank which operates in Ukraine. Closing of the transaction is subject to regulatory approvals and is expected to occur in the first quarter of 2007.

(ab) Eurobank EFG Ukraine Distribution LLC, Kiev
In November 2006, the Group established as a 100% subsidiary Eurobank EFG Ukraine Distribution LLC, a company providing sundry services based in Ukraine.

Post balance sheet event

(ac) Prospera Securities A.D. Beograd
In January 2007, the Group announced the agreement for the acquisition of 74.16% of the share capital of Prospera Securities A.D. Beograd, a capital markets and investment services company operating in Serbia. Closing of the transaction is subject to regulatory approvals and is expected to occur in the second quarter of 2007.

21. Investments in associated undertakings

	2006 € million	2005 € million
At 1 January	**35**	57
Additions	**6**	37
Disposal of associated undertakings	**(7)**	(3)
Transfer to subsidiaries fully consolidated / absorbed	**(3)**	(69)
Dividends collected	**(1)**	(3)
Share capital increase	**13**	1
Share of results for the year	**5**	15
Balance at 31 December	**48**	35

The following is a listing of the Group's associates and joint ventures as at 31 December 2006:

Name	Notes	Country of Incorporation	Line of business	Percentage Holding	Assets € million	Liabilities € million	Share of Net Assets € million	Profit / (loss) € million
Cardlink S.A.		Greece	POS administration	50.00	**1**	**1**	**0**	**(0)**
Dias S.A.	c	Greece	Closed-end investment fund	42.24	**87**	**6**	**35**	**14**
Filoxenia S.A.		Greece	Hotelier	22.00	**-**	**-**	**-**	**-**
Sofitel Athens Airport S.A.	d	Greece	Hotelier	50.50	**29**	**22**	**3**	**(2)**
Tefin S.A.		Greece	Motor vehicle sales financing	50.00	**7**	**1**	**4**	**(2)**
Unitfinance S.A.		Greece	Financing company	40.00	**31**	**25**	**2**	**3**
					155	**55**	**44**	**13**

As at 31 December 2006, all of the Group's associates are unlisted except for Dias S.A. (31 December 2005: Dias S.A. and LogicDIS S.A.). The fair value of the investments in the Group's associates that are listed based on quoted market prices as at 31 December 2006 was€ 30 million (31 December 2005: € 15 million).

Tefin S.A., Cardlink S.A. and Unitfinance S.A are Group's joint ventures.

(a) Logic Data Information Systems S.A.
In January 2006, the Group disposed of its 28.4% stake in its associated undertaking, LogicDIS. The provisional gain on disposal is € 3.5 million and is included in other operating income.

(b) Global Finance S.A.
In April 2006, Berberis Investment Limited (100% subsidiary of the Group) completed the sale of 30% of Global Finance S.A. Following the transaction, the Group's participation in Global Finance S.A. decreased to 19.9% and the investment has been transferred from investments in associated undertakings to available-for-sale investment securities.

(c) Dias S.A.
In 2006, the Group participated in a share capital increase in Dias S.A. and its shareholding increased to 42.24% from 42.04%.

(d) Sofitel Athens Airport S.A.
In the 3rd quarter of 2006, the Group increased its shareholding in Sofitel Athens Airport S.A. to 50.50 % from 20.20%. Due to legal restrictions, the Group does not exercise control over the company and therefore it is accounted for by the equity method.

(e) Propindex S.A.
In 2006, the Group did not participate in the share capital increase of Propindex S.A. This resulted in a decrease of the Group's shareholding in Propindex S.A. from 22.58% to 18.42% and the investment has been transferred from investments in associated undertakings to available-for-sale investment securities.

22. Intangible assets

	Goodwill € million	Other intangible assets € million	Total intangible assets € million
Cost:			
Balance at 1 January 2005	51	17	**68**
Arising from acquisition of subsidiaries	59	1	**60**
Additions	-	26	**26**
Adjustment to goodwill	4	-	**4**
Balance at 31 December 2005	114	44	**158**
Accumulated impairment / amortisation:			
Balance at 1 January 2005	-	(0)	**-**
Amortisation charge for the year	-	(5)	**(5)**
Exchange adjustments	-	1	**1**
Balance at 31 December 2005	-	(4)	**(4)**
Cost:			
Balance at 1 January 2006	114	44	**158**
Arising from acquisition of subsidiaries (note 42)	176	1	**177**
Additions	-	30	**30**
Disposals and write - offs	-	(1)	**(1)**
Exchange adjustments	-	1	**1**
Adjustment to goodwill (see below)	(5)	11	**6**
Balance at 31 December 2006	285	86	**371**
Accumulated impairment / amortisation:			
Balance at 1 January 2006	-	(4)	**(4)**
Arising from acquisition of subsidiaries	-	(1)	**(1)**
Amortisation charge for the year	-	(13)	**(13)**
Disposals and write - offs	-	1	**1**
Exchange adjustments	-	(0)	**-**
Balance at 31 December 2006	-	(17)	**(17)**
Net book value at 31 December 2006	285	69	**354**
Net book value at 31 December 2005	114	40	**154**

The adjustment to goodwill for 2005 relates to contingent purchase consideration in accordance with the provisions of the acquisition agreements for Intertrust Mutual Funds Co S.A. and Bancpost S.A.

Following the finalisation of the cost of acquisition of 62% of the share holding of Nacionalna Stedionica Banka A.D., intangible assets amounting to € 11 million which relate to contractual agency agreements and the customer deposit base of the acquiree are included in other intangible assets. Goodwill for 2006 was adjusted for the Group's share by € 6.6 million and for contingent purchase consideration and fair value adjustments in accordance with the provisions of the acquisition agreements for Intertrust Mutual Funds Co S.A. (€ 3 million reduction) and EFG Istanbul Menkul Degerler A.S. (€ 4.4 million).

The estimated useful lives of the intangible assets arising from the acquisitions range from 6 to 11 years.

22. Intangible assets (continued)

Impairment testing of goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash - generating units (CGUs) that are expected to benefit from that business combination and form part of the Group's primary business segments. The carrying amount of goodwill is allocated as follows:

	2006 € million	2005 € million
Asset Management, Private Banking & Insurance (AM, PB &INS)	**46**	47
New Europe (NE)	**239**	67
Total goodwill	**285**	114

Goodwill arising from business combinations that were effected during the period is based on provisional values since the determination of the subsidiaries' identifiable assets, liabilities or contingent liabilities, or the cost of the combinations has not been finalized.

During the year ended 31 December 2006, no impairment losses of the CGUs to which goodwill has been allocated, arise.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and cash flow projections based on financial budgets approved by Management covering a 5-year period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on respective market growth forecasts. Cash flows beyond the 5-year period are extrapolated using growth rates of future changes in the market.

(i) AM, PB & INS segment
The pre-tax discount rate applied to cash flow projections is 10%. The growth rate used to extrapolate cash flows beyond the 5-year period is 3% and does not exceed the average long-term growth rate for the relevant markets.

(ii) New Europe segment
The pre-tax discount rate applied to cash flow projections are 14% for Bancpost S.A. and Eurobank EFG Stedionica A.D. Beograd, 17% for EFG Eurobank Finance S.A. and EFG Eurobank Securities S.A. Romania, and 21% for EFG Istanbul Holding A.S. and EFG Istanbul Menkul Degerler A.S. The growth rate used to extrapolate cash flows beyond the 5-year period is 3.5% and does not exceed the average long-term growth rate for the relevant markets.

23. Property, plant and equipment

	Land, buildings, leasehold improvements € million	Furniture, equipment motor vehicles € million	Computer hardware, software € million	Investment Property € million	Total fixed assets € million
Cost:					
Balance at 1 January 2005	439	174	361	214	**1,188**
Arising from acquisition of subsidiaries	5	2	3	-	**10**
Transfers	(2)	0	4	(2)	**0**
Additions	84	26	41	27	**178**
Disposals and write - offs	(15)	(5)	(10)	(24)	**(54)**
Impairment	(1)	-	-	(0)	**(1)**
Exchange adjustments	14	5	3	-	**22**
Balance at 31 December 2005	524	202	402	215	**1,343**
Accumulated depreciation:					
Balance at 1 January 2005	(97)	(103)	(233)	(14)	**(447)**
Arising from acquisition of subsidiaries	(1)	(1)	(1)	-	**(3)**
Transfers	4	-	(1)	0	**3**
Disposals and write-offs	13	3	7	6	**29**
Charge for the year	(19)	(19)	(51)	(2)	**(91)**
Exchange adjustments	(5)	(1)	(1)	-	**(7)**
Balance at 31 December 2005	(105)	(121)	(280)	(10)	**(516)**
Cost:					
Balance at 1 January 2006	524	202	402	215	**1,343**
Arising from acquisition of subsidiaries	12	7	2	-	**21**
Transfers	(7)	(0)	0	7	**-**
Additions	114	38	62	24	**238**
Disposals and write - offs	(19)	(15)	(41)	(2)	**(77)**
Impairment	(0)	(0)	-	-	**(0)**
Exchange adjustments	10	5	4	-	**19**
Balance at 31 December 2006	634	237	429	244	**1,544**
Accumulated depreciation:					
Balance at 1 January 2006	(105)	(121)	(280)	(10)	**(516)**
Arising from acquisition of subsidiaries	(2)	(4)	(1)	-	**(7)**
Transfers	(1)	(1)	1	0	**(0)**
Disposals and write-offs	5	10	27	2	**44**
Charge for the year	(21)	(21)	(41)	(3)	**(86)**
Exchange adjustments	2	(3)	(4)	-	**(5)**
Balance at 31 December 2006	(122)	(140)	(298)	(11)	**(570)**
Net book value at 31 December 2006	512	97	131	233	**974**
Net book value at 31 December 2005	419	81	122	205	**827**

23. Property, plant and equipment (continued)

Leasehold improvements relate to premises occupied by the Group for its own activities.

Included in the above as at 31 December 2006 is € 46 million (31 December 2005: € 11 million) relating to assets under construction.

The net book value of finance leases included in property, plant and equipment as at 31 December 2006 was € 40 million (31 December 2005: € 42 million).

Investment property

Investment property is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight line method over a period of 40-50 years. The fair value of investment property as at 31 December 2006 was € 304 million (31 December 2005: € 267 million). The fair values are open-market values provided by professionally qualified valuers.

During the year ended 31 December 2006 an amount of € 16.4 million (31 December 2005: € 15.1 million) was recognised as rental income from investment property in non banking services. There were no capital commitments in relation to investment property as at 31 December 2006 (31 December 2005: € nil).

24. Other assets

	2006 € million	2005 € million
Prepaid expenses and accrued income	**78**	115
Deferred tax asset (note 10)	**100**	88
Repossessed properties	**62**	56
Other assets	**305**	273
	545	532

25. Due to other banks

	2006 € million	2005 € million
Items in course of collection	**484**	65
Deposits from other banks	**10,439**	10,716
	10,923	10,781
Included in the amounts due to other banks are amounts due to:		
- fellow subsidiary and associated undertakings	**509**	25
- settlement balances with banks	**162**	1,132

26. Due to customers

	2006 € million	2005 € million
Savings and current accounts	**10,626**	9,452
Term deposits and repurchase agreements	**12,709**	9,454
Unit linked products	**579**	349
	23,914	19,255
Included in the amounts due to customers are amounts due to:		
- parent undertaking	**53**	1
- fellow subsidiary and associate undertakings	**275**	295

The carrying amount of structured deposits and liabilities of unit-linked products classified as at fair-value-through-profit-or-loss at 31 December 2006 is €698 million (31 December 2005: € 540 million). The fair value change as at 31 December 2006 amounts to € 18 million loss (31 December 2005: € 30 million gain), which is attributable to changes in market conditions (changes in fair value attributable to credit risk are immaterial).

The changes in the fair value of structured deposits and liabilities of Unit-linked products are offset in the income statement against changes in the fair value of structured derivatives and assets classified as at fair-value-through-profit-or-loss, respectively.

27. Liabilities evidenced by paper

	2006 € million	2005 € million
Short-term debt		
- Commercial Paper (ECP)	**1,783**	1,394
Long-term debt		
- Medium-term notes (EMTN)	**7,254**	5,059
- Subordinated	**592**	643
- Securitised	**3,531**	2,057
	11,377	7,759
Total	**13,160**	9,153

Included above is the carrying amount of structured notes classified as at fair-value-through-profit-or-loss at 31 December 2006 amounting to € 2,210 million (31 December 2005: € 1,296 million). The fair value change as at 31 December 2006 amounts to € 8 million loss (31 December 2005: € 24 million loss), which is attributable to changes in market conditions (changes in fair value attributable to credit risk are immaterial). The changes in the fair value of structured notes are offset in the income statement against changes in the fair value of structured derivatives.

27. Liabilities evidenced by paper (continued)

The Group's funding consists of the following:

Residential Mortgage Backed Securities (RMBS)

In June 2004, the Group proceeded with the securitisation of mortgage loans through the transfer of the loans to Themeleion Mortgage Finance Plc, a special purpose entity, which in turn issued residential mortgage backed securities to investors. The total size of the issue amounts to € 750 million at an average funding cost of Euribor plus 19 basis points for seven years. The transaction has been accounted for as collateralised borrowing. The mortgage loans are retained on the balance sheet and the corresponding liability is included within liabilities evidenced by paper.

In June 2005, the Group proceeded with the second securitisation of mortgage loans through the transfer of the loans to Themeleion II Mortgage Finance Plc, a special purpose entity, which in turn issued residential mortgage backed securities to investors. The total size of the issue amounts to € 750 million at an average funding cost of three month Euribor plus 17.5 basis points for seven years. The transaction has been accounted for as collateralised borrowing. The mortgage loans are retained on the balance sheet and the corresponding liability is included within liabilities evidenced by paper.

In June 2006, the Group proceeded with the third securitisation of mortgage loans through the transfer of the loans to Themeleion III Mortgage Finance Plc, a special purpose entity, which in turn issued residential mortgage backed securities to investors. The total size of the issue amounts to € 1,000 million at an average funding cost of three month Euribor plus 16 basis points for seven years. The transaction has been accounted for as collateralised borrowing. The mortgage loans are retained on the balance sheet and the corresponding liability is included within liabilities evidenced by paper.

Credit Card Asset Backed Securities

In July 2005, the Group proceeded with the securitisation of part of the credit card loan portfolio and the issue of credit card asset backed securities to investors by Karta 2005-1 Plc, a special purpose entity registered in the United Kingdom. The total size of the issue amounts to € 750 million at an average funding cost of three month Euribor plus 21.7 basis points. The transaction was accounted for as collateralised borrowing where the credit card loans were retained on the consolidated balance sheet and the corresponding liability is included within liabilities evidenced by paper.

Small Business Loan Asset Backed Securities

In October 2006, the Group launched the securitisation of part of its portfolio of loans to small business borrowers through the issuance of small business loan asset-backed securities to investors by Anaptyxi 2006-1 PLC, a special purpose entity incorporated in the United Kingdom. The total size of the issue amounts to € 2,250 million, with €1,000 million of the Class A notes having been placed to international investors at par with a coupon of 3-month Euribor plus 0.17%. The Group retained the remaining €750 million Class A notes and all subordinated notes (€150 million Class B notes, €125 million Class C notes and €225 million Class D notes). The transaction was accounted for as a collateralised borrowing with the small business loans being retained on the consolidated balance sheet and the €1,000 million liability is included within liabilities evidenced by paper.

Lower Tier-II

In June 2004 the Group issued € 400 million unsecured subordinated floating rate notes through its subsidiary EFG Hellas Plc. The notes have a ten year maturity with a call provision after five years. The notes pay floating rate interest quarterly based on a coupon of 3-month Euribor plus 0.50% for the first five years. The notes qualify as lower tier II capital for the Group and are listed on the Luxembourg Stock Exchange.

In May 2005 the Group issued € 216 million unsecured subordinated fixed rate notes through its subsidiary EFG Hellas Plc. The notes have a thirty year maturity with a call provision after ten years. The notes pay fixed rate interest on a semester basis on a coupon of 2.76% per annum. The notes qualify as Lower Tier-II capital for the Group and are listed on the Luxembourg Stock Exchange.

In October 2005 the Group issued € 29 million unsecured subordinated fixed rate notes through its subsidiary EFG Hellas Plc, which is consolidated and form a single series with the existing Lower Tier-II of€ 216 million issued in May 2005.

EMTN and ECP

The Group issued medium term and short-term notes through its subsidiaries EFG Hellas Plc and EFG Hellas (Cayman Islands) Ltd under its Euro Medium Term Note (EMTN) and Euro Commercial Paper (ECP) programs respectively.

27. Liabilities evidenced by paper (continued)

The following tables analyse the liabilities evidenced by paper by contractual maturity and also into fixed and floating rate.

	31 December 2006			
	Within 1 year € million	1 - 5 years € million	Over 5 years € million	Total € million
EMTN				
Fixed rate	345	477	403	**1,225**
Accrued interest	28	-	-	**28**
Floating rate	1,755	3,864	356	**5,975**
Accrued interest	26	-	-	**26**
ECP				
Fixed rate	1,772	-	-	**1,772**
Accrued interest	11	-	-	**11**
Subordinated				
Fixed rate	-	-	192	**192**
Accrued interest	1	-	-	**1**
Floating rate	-	-	399	**399**
Accrued interest	0	-	-	**-**
Securitised				
Fixed rate	-	15	-	**15**
Accrued interest	0	-	-	**-**
Floating rate	-	731	2,754	**3,485**
Accrued interest	31	-	-	**31**
Total liabilities evidenced by paper	**3,969**	**5,087**	**4,104**	**13,160**

	31 December 2005			
	Within 1 year € million	1 - 5 years € million	Over 5 years € million	Total € million
EMTN				
Fixed rate	49	307	573	**929**
Accrued interest	27	-	-	**27**
Floating rate	1,024	2,929	139	**4,092**
Accrued interest	11	-	-	**11**
ECP				
Fixed rate	1,388	-	-	**1,388**
Accrued interest	6			**6**
Subordinated				
Fixed rate	-	-	244	**244**
Accrued interest	1	-	-	**1**
Floating rate	-	-	398	**398**
Accrued interest	0	-	-	**0**
Securitised				
Fixed rate	10	15	-	**25**
Accrued interest	1	-		**1**
Floating rate	-	750	1,277	**2,027**
Accrued interest	4	-	-	**4**
Total liabilities evidenced by paper	**2,521**	**4,001**	**2,631**	**9,153**

Post balance sheet event

In January 2007, the Group issued CHF 250 million senior fixed rate notes maturing in 2011, through its subsidiary EFG Hellas (Cayman Islands) Ltd, under its Euro Medium Term Note (EMTN) program.

28. Other liabilities

	2006 € million	2005 € million
Current tax liabilities	**42**	75
Acquisition obligations	**14**	47
Deferred income and accrued expenses	**105**	45
Standard legal staff retirement indemnity obligations (note 29)	**68**	58
Insurance liabilities	**429**	302
Trading liabilities	**205**	-
Deferred tax liabilities (note 10)	**12**	12
Other liabilities	**615**	601
	1,490	1,140

29. Standard legal staff retirement indemnity obligations

	2006 € million	2005 € million
Movement in the liability for standard legal staff retirement indemnity obligations		
Liability for staff retirement indemnity obligations at 1 January	**58**	50
Cost for the year (see below)	**17**	8
Benefits paid	**(7)**	(0)
Liability for staff retirement indemnity obligations at 31 December	**68**	58
Expense recognised in profit or loss		
Current service cost	**4**	2
Interest cost	**3**	2
Additional cost	**8**	4
Actuarial gains / losses	**2**	-
Total included in staff costs (note 8)	**17**	8

Actuarial assumptions Principal actuarial assumptions (expressed as weighted averages)	2006 %	2005 %
Discount rate	**4.25**	4.5
Future salary increases	**3.5**	4.0
Inflation rate	**2.5**	3.0

30. Share capital, share premium and treasury shares

The par value of the Bank's shares is € 3.30 per share. All shares are fully paid. The movement of share capital, share premium and treasury shares is as follows:

	Ordinary share capital € million	Treasury shares € million	Net € million	Share premium € million	Treasury shares € million	Net € million
At 1 January 2005	**927**	**(1)**	**926**	**503**	**(2)**	**501**
Share capital issued to Greek Progress Fund S.A. shareholders (exchanged for 1:7.9 shares) for fair value of assets acquired and increase of nominal value of shares from €2.95 to €3.26	112	-	112	24	-	24
Reduction of share premium and write off of consolidation difference related to absorption of Greek Progress Fund S.A.	-	-	-	(4)	-	(4)
Capitalisation of fixed assets revaluation reserves for rounding purposes related to the absorption of Greek Progress Fund S.A.	2	-	2	-	-	-
Increase of the nominal value of each ordinary share from €3.26 to € 3.30 by capitalisation of special reserves relating to revaluation of fixed assets.	13	-	13	-	-	-
Share capital increase due to exercise of share options issued to executives directors, managements and staff	0	-	0	0	- -	- 0
Share capital increase expenses due to options exercised	-	-	-	(0)	-	(0)
Purchase of treasury shares	-	(14)	(14)	-	(91)	(91)
Sale of treasury shares	-	8	8	-	52	52
At 31 December 2005	**1,054**	**(7)**	**1,047**	**523**	**(41)**	**482**
At 1 January 2006	**1,054**	**(7)**	**1,047**	**523**	**(41)**	**482**
3 April 2006:						
- Distribution of free shares to executive directors, management and staff	2	-	2	19	-	19
- Bonus issue of 2 shares for every 10 held	211	(1)	210	(211)	1	(210)
- Expenses related to the above	-	-	-	(3)	-	(3)
17 April 2006:						
- Cancellation of Treasury shares	(3)	3	-	(15)	15	-
Share capital increase due to exercise of share options issued to executives directors, managements and staff	0	-	0	0	- -	- 0
Purchase of treasury shares	-	(25)	(25)	-	(158)	(158)
Sale of treasury shares (see below)	-	8	8	-	46	46
At 31 December 2006	**1,264**	**(22)**	**1,242**	**313**	**(137)**	**176**

30. Share capital, share premium and treasury shares (continued)

The following is an analysis of the movement in the number of shares issued by the Bank:

	Number of shares		
	Issued	Treasury shares	Net
At 1 January 2005	**314,009,537**	**(186,899)**	**313,822,638**
Share capital issued to Greek Progress Fund S.A. shareholders (exchanged for 1:7.9 shares) for fair value of assets acquired	5,264,571	-	5,264,571
Share capital increase due to exercise of share options issued to executives directors, management and staff	47,343	-	47,343
Purchase of treasury shares	-	(4,192,785)	(4,192,785)
Sale of treasury shares	-	2,494,160	2,494,160
At 31 December 2005	**319,321,451**	**(1,885,524)**	**317,435,927**
At 1 January 2006	**319,321,451**	**(1,885,524)**	**317,435,927**
3 April 2006: - Distribution of free shares to executive directors, management and staff	655,000	-	655,000
- Bonus issue of 2 shares for every 10 held	63,995,291	(471,295)	63,523,996
17 April 2006: - Cancellation of Treasury shares	(786,000)	786,000	-
Share capital increase due to exercise of share options issued to executives directors, management and staff	2,366	-	2,366
Purchase of treasury shares	-	(7,447,838)	(7,447,838)
Sale of treasury shares (see below)	-	2,306,250	2,306,250
At 31 December 2006	**383,188,108**	**(6,712,407)**	**376,475,701**

The sale of 2,000,000 treasury shares was part of the agreed consideration for the acquisition of DZI Bank.

Post Balance sheet event

- On 6 February 2007, the Board of Directors decided to propose to the Annual General Meeting to adjust the par value of the ordinary shares from € 3.30 to € 2.75 and distribute 2 bonus shares for every 10 held.

- On 23 February 2007, the Bank sold 7,451,005 treasury shares at a price of € 29.40 per share.

Treasury shares special scheme

In accordance with Greek Company Law, a company may acquire its own shares in order to support the share price of the company. As expressly stated under this specific section of Greek law, this type of action is only allowed when the trading price of the stock, given the prevailing market conditions, the financial standing and the future prospects of the company, is substantially below management's share valuation. This specific section of Greek Company Law is not intended to deal with the reduction of shareholders' equity. Shares acquired should be sold back to investors through the stock market, or may be distributed to employees as part of a bonus programme within three years from the time of their acquisition. Shares still held by the company after the three-year period expires must be cancelled, subject to a General Meeting approval.

In April 2006, the Annual General Meeting approved the renewal of the treasury shares special scheme for one year within the price range of € 5.00 to € 33.33 per share for a total of up to 5% of the Bank's shares.

31. Preferred securities

On 18 March 2005, the Group, through its Special Purpose Entity, EFG Hellas Funding Limited, issued € 200 million preferred securities which represent Lower Tier 1 capital for the Group. The preferred securities have no fixed redemption date and give the issuer the right to call the issue at par on 18 March 2010 and annually thereafter. All obligations of the issuer in respect of the preferred securities are guaranteed on a subordinated basis by the Bank. The securities pay fixed non-cumulative annual dividend of 6.75% for the first two years and non-cumulative annual dividends that are determined based on the ten year EURO swap rate plus a spread of 0.125% capped at 8% thereafter. The preferred dividends may be declared by the directors of the issuer at their sole discretion and paid out of funds legally available to the issuer. The preferred dividend must be declared and paid if the Bank declares a dividend. The preferred securities are listed on the Luxembourg and Frankfurt Stock Exchanges.

On 2 November 2005, the Group, through its Special Purpose Entity, EFG Hellas Funding Limited, issued € 400 million preferred securities which represent Lower Tier 1 capital for the Group. The preferred securities have no fixed redemption date and give the issuer the right to call the issue at par on 2 November 2015 and quarterly thereafter. All obligations of the issuer in respect of the preferred securities are guaranteed on a subordinated basis by the Bank. The securities pay fixed non-cumulative annual dividend of 4.565% for the first ten years and non-cumulative annual dividends that are determined based on the 3month Euribor plus a spread of 2.22% thereafter. The preferred dividends may be declared by the directors of the issuer at their sole discretion and paid out of funds legally available to the issuer. The preferred dividend must be declared and paid if the Bank declares dividend, other than as legally required. The preferred securities are listed on the London Stock Exchange.

On 9 November 2005, the Group, through its Special Purpose Entity, EFG Hellas Funding Limited, issued € 150 million preferred securities which represent Lower Tier 1 capital for the Group. The preferred securities have no fixed redemption date and give the issuer the right to call the issue at par on 9 January 2011 and quarterly thereafter. All obligations of the issuer in respect of the preferred securities are guaranteed on a subordinated basis by the Bank. The securities pay fixed non-cumulative dividend on a quarterly basis at a rate of 6% per annum. The preferred dividends may be declared by the directors of the issuer at their sole discretion and paid out of funds legally available to the issuer. The preferred dividend must be declared and paid if the Bank declares dividend, other than as legally required. The preferred securities are listed on the London, Frankfurt and Euronext Amsterdam Stock Exchanges.

On 21 December 2005, the Group, through its Special Purpose Entity, EFG Hellas Funding Limited, issued € 50 million preferred securities which is consolidated and form a single series with the existing € 150 million preferred securities issued on 9 November 2005.

The movement of preferred securities issued by the Group through its Special Purpose Entity, EFG Hellas Funding Limited, is as follows:

	Series A € million	Series B € million	Series C € million	Total € million
At 1 January 2006	178	397	187	762
Purchase of preferred securities	(19)	(4)	(5)	(28)
Sale of preferred securities	35	3	14	52
At 31 December 2006	**194**	**396**	**196**	**786**

As at 31 December 2006, the dividend attributable to preferred securities holders amounts to € 43 million (31 December 2005: € 14 million).

32. Share options

The Group grants share options to executive directors, management and employees. All options are equity-settled and may be exercised wholly or partly and converted into shares, at their owners' option provided that the vesting requirements are met.

The movement in the number of share options outstanding and their related weighted average exercise prices are as follows:

	31 December 2006		31 December 2005	
	Exercise price in € per share	**Number of share options**	Exercise price in € per share	Number of share options
At 1 January	**17.98**	**1,527,455**	7.76	89,522
Adjustment for corporate actions				
2005	**-**	**-**	5.99	67
2006	**4.68**	**75**	5.50	3
2007	**7.64**	**354**	8.98	107
2010	**15.32**	**266,776**	-	-
Granted	**15.00**	**1,200,000**	18.00	1,525,000
Exercised	**7.64**	**(2,366)**	8.89	(47,343)
Expired and cancelled	**4.68**	**(510)**	5.99	(39,901)
Balance at 31 December and average exercise price per share	**15.19**	**2,991,784**	17.98	1,527,455

Share options outstanding and exercisable at the end year have the following expiry dates and exercise prices:

Expiry date - 31 December

2006		**-**	5.50	435
2007	**7.64**	**8**	8.98	2,020
2010	**15.32**	**1,791,776**	18.00	1,525,000
2011	**15.00**	**1,200,000**	-	-
	15.19	**2,991,784**	17.98	1,527,455

On 18 April 2005, the shareholders General Meeting approved the issue of 1,525,000 options on the Bank's shares to the Group's executive directors, management and staff employed by the Group on 31.12.2004. Provided that the holders are still employed by the Group, the options can be exercised in December of 2007, 2008, 2009 and 2010 at € 18 per share.

In April 2006, the Annual General Meeting approved the establishment of an umbrella share options programme allowing the Board of Directors (through the Board's Remuneration Committee) to issue share options within the next 5 years (i.e. until the Annual General Meeting of the year 2011) totalling up to 3% of the Bank's shares within the defined framework similar to the share options issued in the past.

32. Share options (continued)

Following the above approval, 1,200,000 share options were granted with a strike price of € 15.00 per share (adjusted for the issue of free shares in accordance with the decision of the Annual General Shareholders' Meeting), which may be exercised in December of 2008, 2009, 2010 and 2011 if the option holder is still employed by the Group.

The fair value of options granted is determined using the Monte Carlo valuation method, which simulates the share price path taking into account the terms and conditions upon which the options were granted. The fair value measurement is based on the assumption that the options will be exercised by the employees on the first possible occasion the options are in-the money.

The fair value of the options granted for the year ended 31 December 2006 was € 10.7 (2005: € 6.7). The significant inputs into the model were share price of € 25.92 (2005: € 24.7) at the grant date, exercise price shown above, dividend yield of 3.5%, expected average volatility of 25% (2005: 23%), expected option life of 3 years, and risk-free interest rate equal to the swap rate corresponding to the expected option life. The expected volatility is measured at the grant date of the options and is based on the average historical volatility of the share price over the last 2 to 4 years.

33. Special reserves

	Statutory reserves € million	Non-taxed reserves € million	IAS 39 equity € million	Treasury shares reserve € million	Other reserves € million	Total € million
Balance at 1 January 2005	134	152	104	117	92	599
Reserve transfers	17	434	-	(117)	(95)	239
Available-for-sale securities						
- net changes in fair value net of tax	-	-	167	-	-	167
- transfer to net profit net of tax	-	-	(99)	-	-	(99)
- net changes in fair value net of tax - associated undertakings	-	-	(7)	-	-	(7)
Cash flow hedges						
- net changes in fair value net of tax	-	-	(2)	-	-	(2)
- transfer to net profit net of tax	-	-	10	-	-	10
Capitalisation of reserves	-	-	-	-	(15)	(15)
Currency translation differences	-	-	-	-	10	10
Value of employee services	-	-	-	-	3	3
Profit/(loss) from sale of treasury shares	-	8	-	-	-	8
At 31 December 2005	151	594	173	-	(5)	913
Balance at 1 January 2006	151	594	173	-	(5)	913
Reserve transfers	86	4	-	-	25	115
Legal Mergers	0	10	-	-	(66)	(56)
Available-for-sale securities						
- net changes in fair value net of tax	-	-	(131)	-	-	(131)
- transfer to net profit net of tax	-	-	99	-	-	99
Cash flow hedges						
- net changes in fair value net of tax	-	-	19	-	-	19
- transfer to net profit net of tax	-	-	(6)	-	-	(6)
Currency translation differences	-	-	-	-	25	25
Value of employee services	-	-	-	-	6	6
Profit/(loss) from sale of treasury shares	-	7	-	-	-	7
At 31 December 2006	237	615	154	-	(15)	991

The Treasury shares reserve was recognised in accordance with the Law 2190/1920 up to 2005. Upon implementation of the IFRSs in 2005, the previous mentioned provision was no longer applicable and as a result all the treasury shares reserve was transferred to other categories of reserves.

Statutory reserves are not distributable. Non-taxed reserves are taxed when distributed. IAS39 reserves are not distributable.

Included in Other reserves as at 31 December 2006 is € 36 million (31 December 2005: € 11 million) relating to currency translation reserve. Included in IAS39 equity reserve as at 31 December 2006 is € 15 million (31 December 2005: € 1 million) relating to Cash flow hedging reserve.

Non-taxed reserves include an amount of € 289 million which following L3513 were subject to one-off taxation amounted to € 43.3 million (see note 9).

34. Geographical concentration of assets, liabilities and off-balance sheet items

	31 December 2006			
	Total assets € million	**Total liabilities € million**	**Credit commitments € million**	**Capital expenditure € million**
Greece	**38,242**	**33,351**	**1,220**	**19**
Western European countries	**6,451**	**11,842**	**519**	**-**
Canada and USA	**621**	**150**	**0**	**-**
South Eastern European countries	**6,851**	**4,495**	**323**	**2**
Other European countries	**1,401**	**100**	**6**	**-**
Other countries	**254**	**258**	**22**	**-**
	53,820	**50,196**	**2,090**	**21**

	31 December 2005			
	Total assets € million	Total liabilities € million	Credit commitments € million	Capital expenditure € million
Greece	33,028	28,691	1,032	10
Western European countries	6,216	10,171	394	-
Canada and USA	691	114	0	-
South Eastern European countries	3,967	1,935	92	-
Other European countries	473	12	-	-
Other countries	89	142	2	-
	44,464	41,065	1,520	10

35. Operating lease commitments

Leases as lessee - Non-cancellable operating lease rentals are payable as follows:

	31 December 2006		31 December 2005	
	Land and buildings € million	**Furniture, equipment, vehicles € million**	Land and buildings € million	Furniture, equipment, vehicles € million
Not later than one year	**43**	**3**	43	2
Later than one year and no later than five years	**26**	**7**	10	6
Later than five years	**17**	**-**	1	-
	86	**10**	54	8

The total of future minimum sublease payments to be received under non-cancellable subleases at the balance sheet date is€ 26 million (31 December 2005: € 27 million).

Leases as lessor - Non-cancellable operating lease rentals are receivable as follows:

	31 December 2006		31 December 2005	
	Land and buildings € million	**Furniture, equipment, vehicles € million**	Land and buildings € million	Furniture, equipment, vehicles € million
Not later than one year	**14**	**0**	13	-
Later than one year and no later than five years	**36**	**-**	35	-
Later than five years	**37**	**-**	31	-
	87	**0**	79	-

36. Contingent liabilities and commitments

	2006 € million	2005 € million
Contingent liabilities :		
Guarantees		
- guarantees and standby letters of credit	**1,396**	920
- other guarantees	**590**	528
	1,986	1,448
Commitments :		
Documentary credits	**104**	72
Capital expenditure	**21**	10
	125	82
	2,111	1,530

As at 31 December 2005 a letter of guarantee that the Bank issued in favour of EFG Ora Funding Limited II amounting to € 361 million is included, for which the ultimate parent company of the Bank has guaranteed unconditionally and without the right of cancellation.

The above amounts as at 31 December 2006 include the letter of guarantee that the Bank issued in favour of EFG Ora Funding Limited II amounting to € 377 million and for which the ultimate parent company of the Bank has guaranteed unconditionally and without the right of cancellation.

Legal proceedings

There were a number of legal proceedings outstanding against the Group as at the period end. The Group's management and its legal advisors believe that the outcome of existing lawsuits will not have a significant impact on the Group's financial statements.

37. Business segments

The Group is organised into five main business segments:

- Retail - incorporating customer current accounts, savings, deposits and investment savings products, credit and debit cards, consumer loans, small business banking and mortgages.
- Corporate - incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products to corporate entities.
- Asset Management, Private Banking and Insurance (AM, PB & INS) - incorporating private banking services, including total wealth management, to medium and high net worth individuals, insurance, mutual fund and investment savings products, and institutional asset management.
- Global and Capital Markets - incorporating investment banking services including corporate finance, merger and acquisitions advice, custody, equity brokerage, financial instruments trading and institutional finance to corporate and institutional entities, as well as, specialised financial advice and intermediation to private and large retail individuals as well as small and large corporate entities.
- New Europe - incorporating operations in Romania, Bulgaria, Serbia, Cyprus, Poland and Turkey.

Other operations of the Group comprise mainly of investing activities, including property management and investment, electronic commerce, the management of unallocated capital and, in 2005, the closed-end funds which have been absorbed by the Bank. Transactions between the business segments are on normal commercial terms and conditions. With the exception of Greece no other individual country contributed more than 10% of consolidated income or assets.

Information on geographical concentration of assets, liabilities and off balance sheet items is presented in note 34.

	31 December 2006							
	Retail € million	Corporate € million	AM, PB & INS € million	Global & Capital Markets € million	Other € million	New Europe € million	Elimination Center € million	Total € million
External revenue	**1,151**	**263**	**202**	**276**	**28**	**313**	**-**	**2,233**
Inter-segment revenue	**49**	**43**	**(47)**	**(34)**	**8**	**0**	**(19)**	**-**
Total revenue	**1,200**	**306**	**155**	**242**	**36**	**313**	**(19)**	**2,233**
Operating expenses	**(533)**	**(99)**	**(52)**	**(66)**	**(25)**	**(306)**	**19**	**(1,062)**
Impairment losses on loans and advances	**(274)**	**(33)**	**-**	**(0)**	**-**	**(37)**	**-**	**(344)**
Profit from operations	**393**	**174**	**103**	**176**	**11**	**(30)**	**-**	**827**
Profit before tax	**393**	**174**	**103**	**176**	**16**	**(30)**	**-**	**832**
Income tax expense								**(225)**
Group Profit after tax								**607**
Minority interest								**(6)**
Net profit attributable to shareholders								**601**
Segment assets	**20,119**	**10,882**	**748**	**13,885**	**1,964**	**6,174**		**53,772**
Associates	**6**	**-**	**-**	**-**	**42**	**-**		**48**
	20,125	**10,882**	**748**	**13,885**	**2,006**	**6,174**		**53,820**
Segment liabilities	**11,373**	**4,612**	**3,639**	**17,133**	**10,028**	**3,411**		**50,196**

	31 December 2005							
	Retail € million	Corporate € million	AM, PB & INS € million	Global & Capital Markets € million	Other € million	New Europe € million	Elimination Center € million	Total € million
External revenue	993	236	151	226	39	215	-	1,860
Inter-segment revenue	51	33	(24)	(45)	2	(0)	(17)	-
Total revenue	1,044	269	127	181	41	215	(17)	1,860
Operating expenses	(475)	(91)	(46)	(53)	(54)	(188)	17	(890)
Impairment losses on loans and advances	(239)	(55)	-	-	-	(15)	-	(309)
Profit from operations	331	123	80	128	(12)	11	-	661
Profit before tax	332	123	80	128	2	11	-	676
Income tax expense								(172)
Group Profit after tax								504
Minority interest								(3)
Net profit attributable to shareholders								501
Segment assets	16,179	9,349	559	9,535	5,843	2,964		44,429
Associates	6	-	-	-	29	-		35
	16,185	9,349	559	9,535	5,872	2,964		44,464
Segment liabilities	10,328	2,942	2,805	13,596	9,693	1,701		41,065

38. Currency risk

The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December 2006 and 31 December 2005. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by currency.

	31 December 2006			
	€ million			
	Euro	**USD**	**Other**	**Total**
Assets				
Cash and balances with central banks	2,117	14	523	**2,654**
Loans and advances to banks	1,878	709	351	**2,938**
Financial instruments at fair-value-through-profit-or-loss	627	31	149	**807**
Derivative financial instruments	442	48	28	**518**
Loans and advances to customers	30,208	823	3,015	**34,046**
Available-for-sale investment securities	8,532	1,200	1,204	**10,936**
Investments in associated undertakings	48	-	-	**48**
Intangible assets	324	-	30	**354**
Property, plant and equipment	719	-	256	**975**
Other assets	462	28	54	**544**
Total assets	**45,357**	**2,853**	**5,610**	**53,820**
Liabilities				
Due to other banks	7,462	1,998	1,463	**10,923**
Derivative financial instruments	840	(549)	418	**709**
Due to customers	17,411	3,502	3,001	**23,914**
Liabilities evidenced by paper	11,920	868	372	**13,160**
Other liabilities	4,817	(2,808)	(519)	**1,490**
Total liabilities	**42,450**	**3,011**	**4,735**	**50,196**
Net balance sheet position	**2,907**	**(158)**	**875**	**3,624**
Off balance sheet net notional position	**(196)**	**205**	**(90)**	**(81)**
Contingent liabilities and commitments (note 36)	**1,636**	**26**	**449**	**2,111**

	31 December 2005			
	€ million			
	Euro	USD	Other	Total
Assets				
Cash and balances with central banks	1,434	11	310	1,755
Loans and advances to banks	2,634	272	87	2,993
Financial instruments at fair-value-through-profit-or-loss	1,065	74	70	1,209
Derivative financial instruments	196	100	15	311
Loans and advances to customers	24,493	804	1,327	26,624
Available-for-sale investment securities	8,046	1,082	896	10,024
Investments in associated undertakings	35	-	-	35
Intangible assets	138	-	16	154
Property, plant and equipment	647	-	180	827
Other assets	488	12	32	532
Total assets	39,176	2,355	2,933	44,464
Liabilities				
Due to other banks	8,864	985	932	10,781
Derivative financial instruments	2,763	(1,791)	(236)	736
Due to customers	14,040	3,359	1,856	19,255
Liabilities evidenced by paper	8,379	410	364	9,153
Other liabilities	2,128	(528)	(460)	1,140
Total liabilities	36,174	2,435	2,456	41,065
Net balance sheet position	3,002	(80)	477	3,399
Off balance sheet net notional position	(122)	55	120	53
Contingent liabilities and commitments (note 36)	1,444	79	7	1,530

39. Interest rate risk

The table below summarises the Group's exposure to interest rate risk. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The carrying amounts of derivative financial instruments, which are principally used to reduce the Group's exposure to interest rate movements, are reported under the heading 'Non-interest bearing'.

	31 December 2006					
	Up to 3 months € million	**3 - 12 months € million**	**1 - 5 years € million**	**Over 5 years € million**	**Non-interest bearing € million**	**Total € million**
Assets						
Cash and balances with central banks	2,372	-	-	-	282	**2,654**
Loans and advances to banks	2,492	255	2	-	189	**2,938**
Financial instruments at fair-value-through-profit-or-loss	229	43	91	143	301	**807**
Derivative financial instruments	-	-	-	-	518	**518**
Loans and advances to customers	27,524	1,877	3,200	1,210	235	**34,046**
Available-for-sale investment securities	1,897	1,281	2,483	4,239	1,036	**10,936**
Investments in associated undertakings	-	-	-	-	48	**48**
Intangible assets	-	-	-	-	354	**354**
Property, plant and equipment	-	-	-	-	974	**974**
Other assets	-	-	-	-	545	**545**
Total assets	**34,514**	**3,456**	**5,776**	**5,592**	**4,482**	**53,820**
Liabilities						
Due to other banks	9,987	656	17	38	225	**10,923**
Derivative financial instruments	-	-	-	-	709	**709**
Due to customers	21,554	662	169	455	1,074	**23,914**
Liabilities evidenced by paper	11,467	1,033	399	252	9	**13,160**
Other liabilities	-	-	-	-	1,490	**1,490**
Total liabilities	**43,008**	**2,351**	**585**	**745**	**3,507**	**50,196**
Interest sensitivity gap	**(8,494)**	**1,105**	**5,191**	**4,847**	**975**	**3,624**

	31 December 2005					
	Up to 3 months € million	3 - 12 months € million	1 - 5 years € million	Over 5 years € million	Non-interest bearing € million	Total € million
Assets						
Cash and balances with central banks	1,604	0	-	-	151	1,755
Loans and advances to banks	2,977	1	0	-	15	2,993
Financial instruments at fair-value-through-profit-or-loss	201	200	164	392	252	1,209
Derivative financial instruments	-	-	-	-	311	311
Loans and advances to customers	21,924	2,121	1,565	851	163	26,624
Available-for-sale investment securities	885	804	2,184	5,562	589	10,024
Investments in associated undertakings	-	-	-	-	35	35
Intangible assets	-	-	-	-	154	154
Property, plant and equipment	-	-	-	-	827	827
Other assets	-	-	-	-	532	532
Total assets	27,591	3,126	3,913	6,805	3,029	44,464
Liabilities						
Due to other banks	10,303	399	26	21	32	10,781
Derivative financial instruments	-	-	-	-	736	736
Due to customers	18,530	295	21	215	194	19,255
Liabilities evidenced by paper	7,970	624	145	410	4	9,153
Other liabilities	-	-	-	-	1,140	1,140
Total liabilities	36,803	1,318	192	646	2,106	41,065
Interest sensitivity gap	(9,212)	1,808	3,721	6,159	923	3,399

The table below summarises the yearly average effective interest rate for monetary financial instruments:

	2006	2005
Assets		
Loans and advances to banks	**4.0%**	2.5%
Financial instruments at fair-value-through-profit-or-loss	**4.1%**	2.6%
Loans and advances to customers	**7.3%**	7.0%
Available-for-sale investment securities	**3.9%**	3.0%
Liabilities		
Due to other banks	**3.4%**	2.1%
Due to customers	**2.4%**	1.7%
Liabilities evidenced by paper	**3.5%**	2.6%

40. Maturity of assets and liabilities

The table below analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for term accounts and expected maturity date (Bank of Greece guidelines) for sight accounts.

	31 December 2006					
	Up to 1 month € million	**1-3 months € million**	**3 - 12 months € million**	**1 - 5 years € million**	**Over 5 years € million**	**Total € million**
Assets						
Cash and balances with central banks	2,651	3	-	-	-	**2,654**
Loans and advances to banks	2,312	289	247	14	76	**2,938**
Financial instruments at fair-value-through-profit-or-loss	170	5	82	192	358	**807**
Derivative financial instruments	35	41	47	75	320	**518**
Loans and advances to customers	7,847	1,189	9,809	6,598	8,603	**34,046**
Available-for-sale investment securities	577	75	1,081	2,817	6,386	**10,936**
Investments in associated undertakings	-	-	-	-	48	**48**
Intangible assets	-	-	-	-	354	**354**
Property, plant and equipment	-	-	-	-	974	**974**
Other assets	185	30	93	56	181	**545**
Total assets	**13,777**	**1,632**	**11,359**	**9,752**	**17,300**	**53,820**
Liabilities						
Due to other banks	7,527	2,653	635	23	85	**10,923**
Derivative financial instruments	16	55	59	110	469	**709**
Due to customers	12,419	1,701	1,559	7,765	470	**23,914**
Liabilities evidenced by paper	1,238	959	1,772	5,087	4,104	**13,160**
Other liabilities	638	118	92	29	613	**1,490**
Total liabilities	**21,838**	**5,486**	**4,117**	**13,014**	**5,741**	**50,196**
Net liquidity gap	**(8,061)**	**(3,854)**	**7,242**	**(3,262)**	**11,559**	**3,624**

	31 December 2005					
	Up to 1 month € million	1-3 months € million	3 - 12 months € million	1 - 5 years € million	Over 5 years € million	Total € million
Assets						
Cash and balances with central banks	1,750	-	5	-	-	1,755
Loans and advances to banks	2,818	175	0	-	-	2,993
Financial instruments at fair-value-through-profit-or-loss	284	15	168	202	540	1,209
Derivative financial instruments	37	55	42	47	130	311
Loans and advances to customers	4,486	1,981	4,845	6,765	8,547	26,624
Available-for-sale investment securities	290	316	450	2,488	6,480	10,024
Investments in associated undertakings	-	-	-	-	35	35
Intangible assets	-	-	-	-	154	154
Property, plant and equipment	-	-	-	-	827	827
Other assets	171	16	48	40	257	532
Total assets	9,836	2,558	5,558	9,542	16,970	44,464
Liabilities						
Due to other banks	6,050	4,244	414	25	48	10,781
Derivative financial instruments	24	77	25	141	469	736
Due to customers	9,562	1,198	719	7,445	331	19,255
Liabilities evidenced by paper	883	418	1,220	4,001	2,631	9,153
Other liabilities	285	50	164	5	636	1,140
Total liabilities	16,804	5,987	2,542	11,617	4,115	41,065
Net liquidity gap	(6,968)	(3,429)	3,016	(2,075)	12,855	3,399

41. Post balance sheet events

Details of significant post balance sheet events are provided in the following notes:

Note 20: Shares in subsidiary undertakings
Note 27: Liabilities evidenced by paper
Note 30: Share capital, share premium and treasury shares
Note 45: Dividends

42. Acquisition of subsidiaries

Details of acquisitions of subsidiaries during the year ended 31 December 2006 that gave rise to goodwill are as follows:

	Fair value of net assets acquired € million	Consi-deration € million	Goodwill € million
Global Fund Management S.A.	1	2	1
Best Direct S.A.	(1)	0	1
DZI A.D.	29	203	174
Total	**29**	**205**	**176**

The above acquisitions have been accounted for by the purchase method of accounting. The acquired companies contributed a net gain of € 0.04 million to the Group during the period from the date of their acquisition to 31 December 2006. If the acquisitions had been completed on 1 January 2006, the acquired companies would have contributed revenue of € 46 million and net gain of € 0.59 million for the year ended 31 December 2006.

Included in the € 29 million of fair value of net assets acquired are € 115 million of cash and cash equivalents.

The acquisition of the remaining 37.69% of the share capital of Nacionalna Stedionica Banka A.D., Beograd on 27 March 2006 is accounted for as equity transaction, with any difference between the consideration and the share of the additional net assets acquired recorded directly in equity, in accordance with the Group's accounting policies. Changes in participating interests of subsidiary undertakings that have been recognised directly in equity also include Eurobank Properties R.E.I.C, Bancpost S.A., Bulgarian Post Bank A.D., EFG Eurobank A.D. Beograd and EFG Eurobank Leasing Beograd.

The initial accounting for the business combinations that were effected during the period is presented provisionally since the determination of the subsidiaries' identifiable assets, liabilities or contingent liabilities, or the cost of the combinations has not been yet finalised.

Adjustments to the provisional values of previous year acquisitions
With respect to the acquisitions of 62.31% of the share capital of Nacionalna Stedionica Banka A.D., Beograd, and 100% of the share capital of EFG Istanbul Holding A.S. effected and presented provisionally in 2005, total goodwill has decreased by € 2.2 million as a result of adjustments that increased the provisional values of net assets acquired by € 6.6 million, and adjustments that increased total acquisition cost by € 4.4 million, mainly due to the execution of agreed contingent considerations.

43. Related party transactions

The Bank is a member of the EFG Group, the ultimate parent company of which is EFG Bank European Financial Group, a bank incorporated in Switzerland, which owns 41% of the ordinary shares. The remaining 59% of the shares are widely held. All the voting rights in EFG Bank European Financial Group are held by the Latsis family, the ultimate controlling party of the Group.

A number of banking transactions are entered into with related parties in the normal course of business and are conducted on an arms length basis. These include loans, deposits, letters of guarantee and derivatives. In addition, as part of its normal course of business in investment banking activities, the Group at times may hold positions in debt and equity instruments of related parties. The volume of related party transactions and outstanding balances at the year-end are as follows:

	31 December 2006			31 December 2005		
	EFG Group € million	**Key management personnel € million**	**Other € million**	EFG Group € million	Key management personnel € million	Other € million
Loans and advances to banks	0	-	-	-	-	-
Available for sale investment securities	62	-	51	30	-	25
Loans and advances to customers	-	10	5	-	6	128
Other assets	0	0	4	0	0	2
Due to other banks	509	-	-	25	-	-
Due to customers and liabilities evidenced by paper	304	41	174	290	21	114
Derivative financial instruments liabilities	-	2	-	-	-	-
Other liabilities	2	-	0	0	-	0
Net Interest income/(expense)	(17)	(1)	(2)	(7)	(0)	3
Net banking fee and commission income/(expense)	0	0	2	1	-	3
Operating expenses	(4)	-	(0)	(4)	-	-
Letters of guarantee issued	378	-	3	365	-	2
Letters of guarantee received	411	-	-	517	-	-

Key management personnel includes directors and key management personnel of the Group and its parent, and their close family members.

43. Related party transactions (continued)

No provisions have been recognised in respect of loans given to related parties (2005: nil).

Based on agreements the Group provides the following services to associated undertakings:
(a) Dias S.A. - portfolio management, custodian and share registry services.
(b) The Greek Progress Fund SA - advisory services on investment analysis and management, custodian and share registry services, until 31 October 2005.

Key management compensation (including directors)

Key management personnel are entitled to compensation in the form of short-term employee benefits €12 million (31 December 2005: € 7 million) and long-term employee benefits € 2 million (31 December 2005: € 2 million).

44. Board of Directors

Other as noted below, the Board of Directors of the Bank since the Bank's Annual General Meeting of 5 April 2004 is the following:

X. C. Nickitas	Chairman	
G. C. Gondicas	Honorary Chairman (non executive)	
Ms A.M.L. Latsis	1st Vice Chairman (non executive)	
L. D. Efraimoglou	2nd Vice Chairman (non executive)	
N. C. Nanopoulos	Chief Executive Officer	
B. N. Ballis	Deputy Chief Executive Officer	
N. B. Karamouzis	Deputy Chief Executive Officer	
H. M. Kyrkos	Executive	
N. K. Pavlidis	Executive	
F. S. Antonatos	Non Executive	
A. K. Bibas	Non Executive	
E. L. C. Bussetil	Non Executive	
S. J. Latsis	Non Executive	
P. P. Petalas	Non Executive	
S. P. Fafalios	Independent Non Executive	Until 31 October 2005
P. K. Lambropoulos	Independent Non Executive	
P. V. Tridimas	Independent Non Executive	From 31 October 2005

The Board of Directors' term expires at the next Annual General Meeting which will take place on 3 April 2007

45. Dividends

Final dividends are not accounted for until they have been ratified by the Annual General Meeting. On 31 October 2006, the Board of Directors declared the distribution of an interim dividend of € 0.36 per share, amounting to € 136 million, which was paid on 8 December 2006 as part of the dividend for the fiscal year 2006. The dividend proposed by the Board of Directors for 2006, with its decision on 6 February 2007, is subject to the approval of the upcoming Annual General Meeting of Shareholders and totals € 0.92 per share.

The Annual General Meeting on 3 April 2006 approved a dividend in respect of 2005 of € 0.75 per share (as adjusted following the bonus issue of 2 shares for every 10 held) amounting to a total dividend of € 286 million. Out of this approved dividend an interim dividend of € 0.30 per share (as adjusted following the bonus issue of 2 shares for every 10 held) amounting to € 115 million was paid in December 2005 in accordance with the decision of the Board of Directors on 23 November 2005. The remaining dividend of € 0.54 per share (equivalent to € 0.45 per share following the bonus issue of 2 shares for every 10 held) amounting to € 171 million was paid in April 2006 and has been accounted for in shareholders' equity as an appropriation of retained earnings during the period from 1 April 2006 to 30 June 2006.

CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	HEAD OF GROUP FINANCIAL SERVICES
Xenophon C. Nickitas	**Nicholas C. Nanopoulos**	**Paula Hadjisotiriou**	**Diomidis E. Nikoletopoulos**
I.D. No Θ - 914611	I.D. No Σ - 237468	I.D. No T - 005040	I.D. No Φ-123387

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&
EFG GROUP

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EFG GROUP

EFG Group is an international banking group headquartered in Geneva. It is organized into two subgroups: EFG International, which is a global private banking and asset management group headquartered in Zurich, and listed on the SWX Swiss exchange, and Eurobank EFG, which is one of the largest banking and financial institutions in Greece, with presence in New Europe, and listed on the Athens Stock Exchange.

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