Eurobank EFG

ANNUAL REPORT 2007

Eurobank EFG Group: More than 1,500 servicing units and 22,000 personnel, in a market of 200 million people.

GREECE Eurobank EFG
400 Branches
558 Total servicing units
€37.4 bn. Loans

BULGARIA Postbank
224 Branches
233 Total servicing units
€2.4 bn. Loans

ROMANIA Bancpost
237 Branches
255 Total servicing units
€3.1 bn. Loans

SERBIA Eurobank EFG štedionica
101 Branches
106 Total servicing units
€848 m. Loans

POLAND Polbank EFG
248 Branches
254 Total servicing units
€1.7 bn. Loans

UKRAINE Universal Bank
75 Branches
78 Total servicing units
€334 m. Loans

TURKEY Eurobank Tekfen
36 Branches
€715 m. Loans

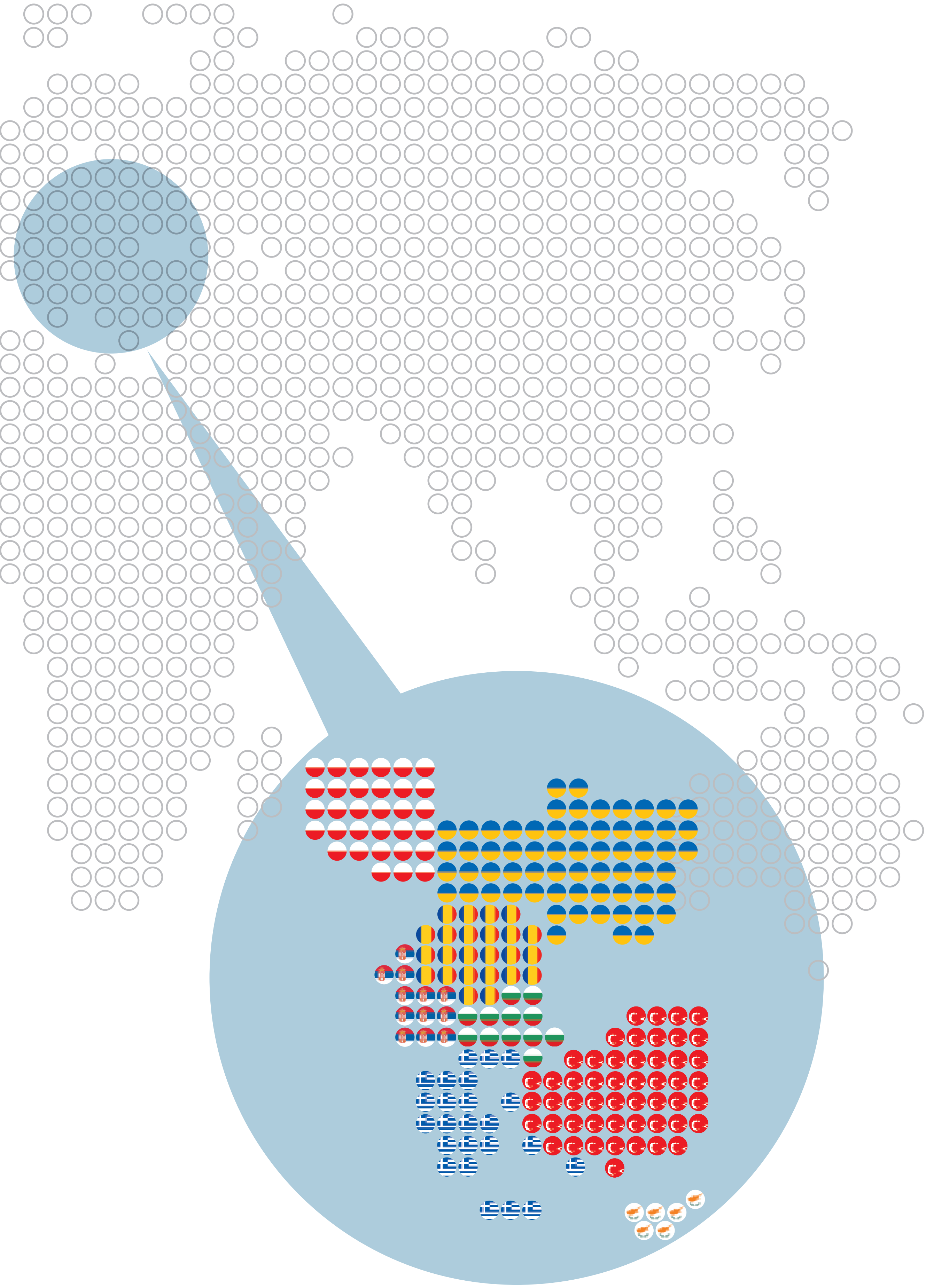
CYPRUS Eurobank EFG
1 Branch
€106 m. Loans

LONDON
Branch

LUXEMBOURG
Subsidiaries

Data as at 31.12 2007

Eurobank EFG



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Members of the Strategic Planning Committee and the Executive Committee

Members of the Strategic Planning Committee and the Executive Committee

George C. Gondicas* (1)
Honorary Chairman of the Board

Xenophon C. Nickitas * (2)
Chairman of the Board

Nicholas C. Nanopoulos (7)
Chief Executive Officer
and Board Member

Michael H. Colakides (6)
Deputy Chief Executive Officer
- Risk Management
and Board Member

Byron N. Ballis (4)
Deputy Chief Executive Officer
- Retail Banking
and Board Member

Nikolaos B. Karamouzis (3)
Deputy Chief Executive Officer
- Wholesale Banking and Board
Member

Paula N. Hadjisotiriou (5)
General Manager Finance &
Strategy and Board Secretary

* *Strategic Planning Committee Members only*

Members of the Executive Committee

Fokion Chr. Karavias (11)
General Manager – Global Markets

Evaggelos I. Kavvalos (8)
General Manager –
Small Business Banking

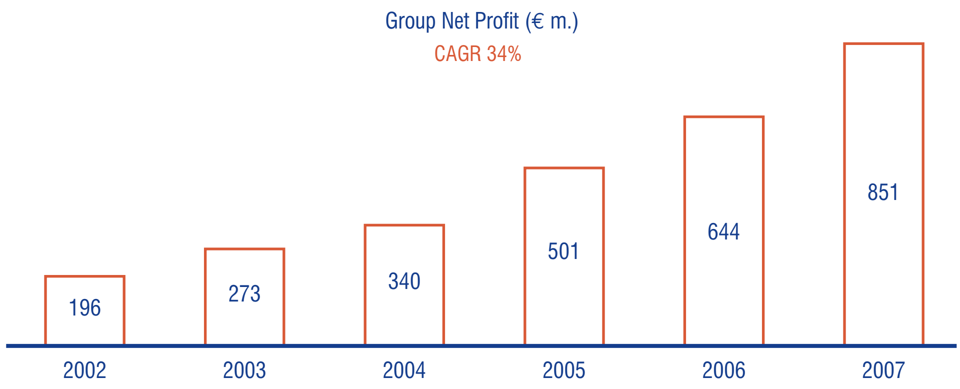
George P. Marinos (10)
General Manager – Corporate Banking

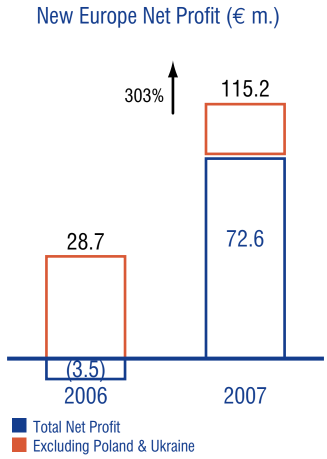
Nikos K. Pavlidis (12)
General Manager – Operations,
Technology & Organization
and Board Member

P. Giorgio Pradelli (13)
General Manager – International Division

Michael G. Vlastarakis (9)
General Manager – Branch Network

Financial Highlights





Ratings	Eurobank EFG Ratings	Outlook	Greece Sovereign Rating
MOODY'S	Aa3 / P-1 / C+	Positive	A1
STANDARD & POOR'S	A- / A-2	Stable	A
FITCH	A / F1 / B-2	Stable	A

Eurobank EFG

Eurobank EFG - Consolidated Financial Figures

		2007	2006	% Change	New Europe
Balance Sheet	Total Assets	€68.4bn.	€53.8bn.	**27.1%**	€14.3bn.
	Total Loans	€46.7bn.	€34 9bn.	**33.7%**	€9.3bn.
	Total Deposits	€36.2bn.	€27.7bn.	**30.5%**	€5.4bn.

		2007	2006	% Change	New Europe
Profits & Loss (Amounts in € m.)	Net Interest income	€2,004	€1,597	**25.5%**	€443
	Net Banking Fees & Commissions	€558	€447	**24.9%**	€177
	Non Banking Fees	€78	€57	**32.4%**	€2
	Total Operating Income	**€2,817**	**€2.233**	**26.1%**	**€638**
	Operating Expenses	€1,354*	€1.062	**27.5%**	€484
	Impairment losses on loans	€401	€344	**16.3%**	€70
	Profit before Tax & after Minorities	€1,053*	€825	**27.6%**	€75
	Net Profit	**€851**[1]	**€644**[2]	**€32.1%**	**€73**

		2007	2006
Financial Ratios	Net Interest Margin	3.3%	3.3%
	Cost to Income	48.1%	47.5%
	NPLs (% of loans)	2.40%	2.76%
	NPLs Coverage	92.1%	89.3%
	Provisions to Loans	1.01%	1.14%
	Tier I Ratio	9.2%[3]	8.5%
	Risk Asset Ratio	12.2%[3]	10.4%
	ROA after Tax	1.4%[1]	1.3%[2]
	ROE after Tax and Minorities	23.5%[1]	23.0%[2]
	EPS (€)	1.67 [1]	1 29 [2]

			2007	2006
Networks & Resources	**Branches and other Client Service Units**		**1,523**	**1,312**
		Greece	558	520
		New Europe	963	790
		London	1	1
		Luxembourg	1	1
	Human Resources		**22,109**	**17,866**
		Greece	10,284	9,701
		New Europe	11,825	8,165

[1] *Excluding trading gains tax (€16.6m.) and one-off wildfire donations (€20 m.)*
[2] *Excluding reserves tax (€43 m.)*
[3] *Under Basle II regulations*
* *Excluding one-off wildfire donations (€20 m.)*

Review of the Year

January
Eurobank EFG is named **“Best Bank in Greece 2007”** by the internationally acclaimed Global Finance magazine, and **“Best Bank in Greece (2007) in Private Banking”** by Euromoney for a third consecutive year.

February
Acquisition of a 99.34% stake in Ukraine’s **Universal Bank**.

Launching of the **Free Banking Transactions** programme, which abolishes banking charges to households and professionals/small businesses in Greece.

March
The Eurobank EFG and Tekfen groups form a strategic alliance, following the former’s acquisition of a 70% stake in Tekfenbank. In December, Tekfenbank was renamed to **Eurobank Tekfen**.

April
The annual General Meeting authorized the **distribution of a total dividend of €0.92 per share for the fiscal year 2006**, increased by 23% as compared to the previous year.

Completion of the legal merger between Eurobank EFG and Nationalna Štedionica Banca in Serbia the new entity is renamed **Eurobank EFG Štedionica**.

May
Eurobank EFG re-launches and upgrades the Savings Account concept in Greece. The new “Mega Savings” product offers 3% interest from the very first Euro deposited, irrespective of the deposit amount, and without any charges or expenses.

June
The Bank’s Board of Directors **appoints Mr. Spiros Lorentziadis as an independent non-executive director**, to replace the late Panayotis Lambropoulos.

Eurobank EFG **relocates its headquarters** to the Bodosakis Foundation Building.

July

Postbank is named "Bank of the Year" in Bulgaria by the "Pari" newspaper.

August

The Group initiates its **organic growth in Cyprus**, through the opening of a Eurobank EFG branch in Nicosia. This was followed by the incorporation of Eurobank EFG Cyprus, a subsidiary focused on wholesale, international and private banking, as well as institutional asset management operations.

The John S. Latsis Public Benefit Foundation and Eurobank EFG announce a **€60 million programme for the support of fire-stricken citizens and prefectures**.

September

Successful completion of the Bank's share capital increase by payment in cash, with preemptive rights in favor of existing shareholders at a ratio of 2 new shares for every 15 existing shares, and an issue price of €20 per share. The issue raised a total of €1.2 billion.

October

The Board of Directors appoints Mr. Michael Colakides as Deputy CEO.

November

The extraordinary General Meeting of the Bank's shareholders authorizes the **distribution of an interim dividend of €0.32 per share, for the fiscal year 2007**. The total interim dividend amounts to €167 million, and is 23% larger than the total interim dividend distributed in 2007. This is the first time that shareholders had the option **to re-invest their interim dividends.**

Completion of the **legal and operational mergers between Postbank and DZI bank in Bulgaria**, under the Postbank brand.

December

For the fifth time, Eurobank EFG is named **"Bank of the Year 2007" in Greece** by the internationally acclaimed "The Banker" magazine, a member of the Financial Times publishing group.

Bancpost is named **"Bank of the Year" in Romania** by the Bucharest Business Week magazine, as well as one of the "Best Managed Banks in Central & Eastern Europe" by the Euromoney magazine.

Letter to Shareholders

Dear Shareholders,

In 2007, the global financial environment was marked by uncertainty and volatility, with intense fluctuations in stock markets. The problems that were triggered by the crisis in the US sub-prime mortgage loan market had an adverse effect on the international securitizations market and the evaluation of the relevant bonds, causing further negative chain reactions in the US real estate market, and eroding US consumer confidence. As a result, large US investment banks, as well as other European financial institutions, were forced to make significant write-offs and post negative valuations.

The repercussions of the financial crisis, in conjunction with oil, and other basic raw materials, price hikes, which fuel inflationary pressures, have stirred up concerns about a possible slowdown, or recession, of the American economy that will significantly affect global economic growth. In particular, estimates concerning the Euro zone's growth rate during 2008 have been revised downwards. Nevertheless, the strong growth rates and dynamism shown by large emerging economies, such as China, India and Brazil, underpin the growth prospects of the global economy, and provide a significant counterbalance to the slowdown experienced by more mature economies.

The Greek economy, inextricably intertwined with the global economy, did not remain unaffected by developments. The increased prices of oil and other raw materials have driven production and distribution costs upwards, causing severe inflationary pressures. Such an environment generates the conditions for a deterioration of the Greek economy's international competitiveness, which is evident in the substantial widening of the current account deficit, which rose to 14.1% of GDP in 2007.However, in 2007 the Greek economy managed to sustain the great advantage of its strong growth rate, which stood to approximately 4%, once again clearly outperforming the already decelerating growth rate of the Euro zone. The uncertainty prevailing in the global financial environment, the danger of a slowdown in the world's largest economies, and the re-emergence of inflationary pressures, intensify the challenges faced by the Greek economy and stress the urgency of promoting structural reforms without any delay. The gravity of the situation is stressed by the current account deficit, which widened in 2007. Investment, driven by the mobilization of private sector entrepreneurship, can boost supply, and support the development and invigoration of economic activity. The utilization of Community Support Framework programmes, along with large infrastructure projects, the promotion of privatizations and their extension to network industries and infrastructures, the opening of "closed" professions, as well as the development of new types of investment under the Public-Private Partnership concept, generate increased growth prospects. Moreover, Greece must deal efficiently with the great challenges of the structural reform front, in order to improve the macroeconomic environment, boost the economy's competitiveness and productivity, establish confidence, and attract investments.

These are the only conditions that guarantee the maintenance of strong growth rates in the future, within a fiercely competitive and rapidly changing globalized environment.

The adverse conditions that emerged in the global financial system during 2007 also affected the domestic banking market, as they caused disuptions in international capital markets that led to an increase in the cost of funds. Greek banks, though, were not directly hit by this adverse conjecture, since they had no exposure to US mortgage-backed securities, CDOs and CLOs, owing to their responsible and prudent risk management. On the contrary, their strategy during the past few years has been generally based on further developing their domestic operations, and strengthening their extroversion. In spite of the unfavourable conditions that occurred in 2007, this strategy enabled the Greek banking system to sustain the strong growth rates of both its fundamentals and profitability. Competition became more severe, with significant benefits for bank customers. In addition, the further expansion of Greek banking presence abroad ensures that the Greek banking system will play a key part in our country's effort to upgrade its role in the wider region, and supports the Greek banks' profitability in the long-term.

As far as the Eurobank EFG Group is concerned, 2007 was a year of dynamic growth in Greece and abroad, a year of strong organic profitability and outstanding performance in all fields of activity.

It was also a year of major projects concerning the reorganization and improvement of our infrastructure abroad.

Showing dynamism and insight we grew on solid foundations, and today we have created an international, modern and financially robust banking organization, which is headquartered in Greece, and is a major player in eight countries from the wider region of Central and South-eastern Europe (New Europe). Today, our Group's assets amount to €68 billion and our regulatory capital stands at €5.7 billion. Overall, we have developed a network of more than 1,500 units (branches, business centres and points of sale) in Greece and abroad, with a workforce in excess of 22,000.

We established 266 new units in Greece and abroad, just in 2007. More specifically, our overseas network comprises 963 units with approximately 12,000 employees.

During the past year, we further enhanced our leadership in the domestic market.

Developing innovative products and services in all fields, and emphasizing on quality, we constantly capture new market shares, and build long-term relations of cooperation and trust with our customers. Focusing on customer needs, we presented a series of pioneering initiatives that set new standards in the Greek banking market, such as the "Free Banking Transactions", the "Mega Savings Account", and the extension of banking hours in ten branches. We also streamlined customer service, further upgrading our relationships with our customers.

Moreover, we continued our dynamic expansion abroad, consolidating our regional presence. Transferring our successful business model abroad, we achieve strong business growth rates, and gain the trust of the local markets, under conditions of fierce competition against the world's largest banking groups. Prospects are good since, despite any conjectural macroeconomic imbalances, the rapidly growing economies of Central, and South-eastern, Europe are characterized by significant disposable income growth, and a low degree of banking product and service penetration. Therefore, foreign activities are expected to be a main driver of our Group's growth in forthcoming years, and the target is to raise their contribution to more than 35% of consolidated net profits by 2010.

During the past year, we completed the acquisitions of Turkey's Tekfenbank that was renamed to Eurobank Tekfen, and Ukraine's Universal Bank both acquisitions had been announced in the previous year and made a dynamic entry in the banking market of Cyprus. In Bulgaria, we managed to complete the legal and operational mergers between DZI Bank and Postbank in a very short period of time. Postbank now controls the third largest network in the country, with more than 224 branches and nine business centres. In Serbia, we completed the operational merger of Nacionalna Štedionica Banka. In late 2007, the new merged bank, which had been renamed to Eurobank EFG Štedionica, comprised 101 branches and five business centres.

In Romania, we continued expanding the Bancpost network, which by the end of the year comprised 237 branches and 16 business centres. In Poland, the Polbank EFG network, which began its operations in early 2006 sustained its rapid organic growth rates, since its branches and points of sale more than doubled, reaching 254 from 130 in the previous year. In Turkey, Eurobank Tekfen, with 36 branches-business centres, doubled its volumes in just nine months and continues to grow its operations dynamically. In the Ukraine, we continued expanding the network of Universal Bank, which reached 75 branches and three business centres by the end of 2007, from 33 that existed prior to the acquisition of the bank. In Cyprus we successfully launched the provision of corporate banking, as well as institutional asset management and private banking, services.

Our Group's results, especially during a challenging period and under conditions of fierce competition, testify to our ability to revise, achieve, but also surpass, our ambitious targets.

More specifically, our Group's net profit, which stems solely from organic sources, rose by 32.1% as compared to 2006, amounting to €851 million (excluding extraordinary taxes and the support to the fire-stricken), against an already upwards revised target of €820 million. New Europe subsidiaries contributed net profits of €73 million, against a target of €60 million, playing a major role in this.

In Lending, we sustained our leadership, by expanding our portfolio by almost €12 billion or 34% in a rather competitive environment. By the end of 2007 the Group's loan portfolio amounted to €46.7 billion, of which 20%, i.e. €9.3 billion concerned loans extended abroad. In this field, foreign subsidiaries are starting to play an important role, since new loans extended abroad during the fourth quarter, exceeded new loans extended in Greece for the first time. Household Lending (mortgage and consumer loans) increased by 30.5% and Business Lending increased by 36.7%. It is worth noting that, despite the dynamic growth of our operations, the quality of our portfolio has been improving, as a result of efficient risk management: non-performing loans were further reduced to 2.4% of total loans. This is a record low for Eurobank EFG, and one of the lowest ratios in the Greek banking market.

Deposits registered a significant increase of 30.5%, or €8.5 billion in absolute terms, reaching €36.2 billion. Especially during the fourth quarter we attracted new deposits of €3.8 billion, as compared to new loans of €3.5 billion, marking our best performance ever. As a result, by the end of 2007 the loans to deposits ratio fell to 126% from 130% in the nine months of the year, favourably comparing to most European banks. Total assets under management increased by 17.4% and amounted to €52.4 billion, verifying our Group's leadership in Wealth Management. Moreover, in 2007 the Group consolidated its position in the capital market and equity brokerage fields.

The Group's total revenues rose by 26.1%, increasing from €2.2 billion in 2006 to €2.8 billion in 2007.

It is worth noting that 94% for our revenues are generated from organic, recurring sources. Moreover, the contribution of New Europe to the Group's total operating income has doubled, and now accounts for 23%.

Along with the dynamic growth of the Group's revenues, we continue the effort to improve efficiency, despite the increase in costs that results from expansion through investments in Greece, and in the new markets. More specifically, the efficiency ratio, i.e. the cost to income ratio, was reduced to 40% from 40.7% in 2006 for domestic operations, and to 75.8% from 89.6% in New Europe.

The robust growth of our volumes is supported by a comprehensive plan, designed to raise liquidity under the best possible terms. To this end, in 2007 we continued our securitization programme, by undertaking our fourth mortgage loan securitization, and our first consumer loans securitization. Moreover, we continued to issue floating rate bonds by means of our EFG Hellas PLC subsidiary, drawing a total of €4.2 billion from the markets.

Strong organic growth and profitability, in conjunction with a successful €1.2 billion share capital increase, have produced a Basel II compliant capital adequacy ratio of 12.2%, much higher than the 8% minimum set by the Bank of Greece, and one of the stronger in Greece. The reinforcement of our capitalization increases our potential for further growth and utilization of opportunities. It should also be noted that Eurobank EFG is given the highest credit ratings among Greek banks from the international rating agencies, which recognize our economic strength, risk management efficiency, robust growth, portfolio quality, profitability and prospects.

The positive results for the year 2007 allowed the Board of Directors of the Bank to recommend to the Annual General Meeting the distribution of a total dividend of €0.82 per share, which represents a total dividend of €425 million, as compared to €350 million last year, increased by 21.5%.

Our Group's growth is based on strong and sound foundations, which establish optimum conditions for sustaining our high growth, and profitability, rates in the future.

To this end, we announced specific financial targets for 2008, without any change in the targets set for 2010. More specifically, the Group aims at:

- Net profits of at least €1,030 million in 2008 and €1,550 million in 2010;
- New Europe net income of at least €170 million in 2008 and €550 million in 2010;
- A Cost/Income ratio of less than 45% in 2010;
- A Return on Equity ratio of more than 25% in 2010.

Our dynamic growth is coupled with our growing involvement in the social process, through major sponsorship programmes in the fields of Culture, Education, Sports and the Environment. The same feeling of social responsibility and solidarity galvanized us after the devastating wildfires of summer 2007, prompting us to join the effort of relieving our stricken fellow citizens, as well as the effort to reinforce the preventive mechanisms, and restore the fire-damaged regions. The Support Programme, budgeted at €20 million, is implemented consistently and with rather positive results.

The year 2007 was a year of major challenges for both the Greek economy and the Greek financial system. In this rather demanding and competitive environment our Group performed outstandingly in the domestic and regional markets, and exceeded the upwards revised targets we had set, verifying the soundness of our strategy and attesting to the capacities and efficiency of our people.

Eurobank EFG is consolidating its position in eight countries that cover a wide geographical area with a population of over 200 million, building on solid foundations, and always responding to the challenges of the new era.

Our success is guaranteed by our people, who are always capable of being in the vanguard, and materialize our common vision by means of their responsibility, hard work and commitment to our values.

With our sophisticated approach, seriousness and dynamism, we invest in quality and gain the trust of our clients in all countries we have established operations.

Today, Eurobank EFG is an international, modern, financially robust, efficient and operationally profitable organization, firmly oriented towards long-term growth and value creation for our personnel, customers and shareholders.

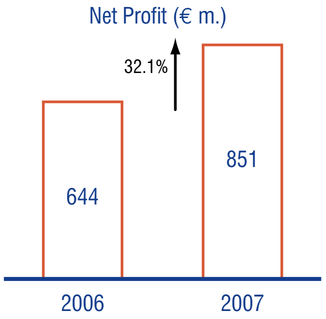
Athens, February 25th, 2008

Xenophon C. Nickitas
Chairman of the Board of Directors

Nicholas C. Nanopoulos
Chief Executive Officer

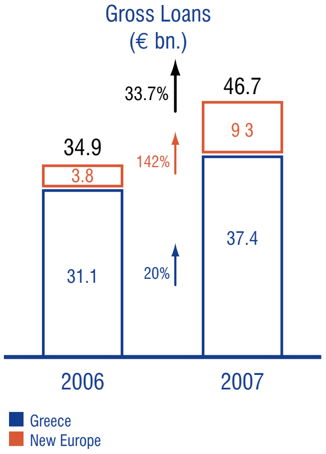
Financial Review

In 2007, the Eurobank EFG Group sustained its dynamic growth rates and its expansion drive, both in Greece and in New Europe. By the end of the year, the Group had developed a presence in eight countries, with total assets of €68 billion, a network of more than 1,500 branches, points-of-sale and business centres, and a workforce of 22,000. In a rather challenging environment, the Group's unabated expansion in Greece and New Europe, along with the spectacular growth of operations in these markets, generated profits well above the revised targets that had been set by the Management. More specifically, the Group's net profit, which stems purely from organic sources, increased by 32.1% and amounted to €851 million in 2007, excluding a trading gains tax of €16.6 million and the donations to the fire-stricken (€20 million), against a revised target of €820 million. Taking into account the trading gains tax, and the Group's donation to the fire-stricken, the net profit of the Group amounts to €815 million. The results from foreign operations were rather impressive, as net income from New Europe reached €72.6 million, as compared to a loss of €3.5 million in 2006, surpassing the €60 million target. Excluding the results from Polish and Ukrainian operations, the Group's most recent investments in New Europe, net profits from foreign operations more than tripled, rising to €115 million from €29 million in the previous year.



The positive results for the year 2007 allowed the Board of Directors of the Bank to recommend to the Annual General Meeting the distribution of a dividend of €0.82 per share, which represents a total dividend of €425 million, as compared to €350 million last year increased by 21.5%.

Group total loans increased by a spectacular 33.7%, and amounted to €46.7 billion by the end of 2007, as a result of strong credit expansion in Greece and New Europe. More specifically, loan balances in Greece increased by 20.4% year on year, and amounted to €37.4 billion, while loan balances in New Europe more than doubled, rising to €9.3 billion from €3.8 billion in the previous year. It is worth noting that loan growth was spectacular in the fourth quarter of 2007, as new loans in New Europe rose to €1.8 billion from €1.2 billion in Q3, exceeding for the first time the volume of new loans extended in Greece, which reached €1.7 billion in the final quarter of the year.



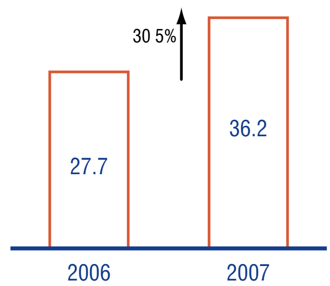
Group business lending showed very high growth rates, as a result of the continuous supply of innovative and differentiated products to the corporate clients of Eurobank EFG in Greece and in New Europe. Loan balances to businesses rose by 36.7% and reached €24.8 billion, with corporate loans increased by 42.5% to €7.7 billion, loans to medium sized enterprises increased by 31.7% to €9.5 billion, and loans to small businesses increased by 37.6% to €7.6 billion.

Eurobank EFG

Household lending showed equally strong growth rates, as a result of sustained brisk demand for consumer and mortgage products in the domestic market and the countries of New Europe. Consolidated household loan balances increased by 30.5% and reached €21.8 billion, with consumer loans increased by 28.9% to €10.6 billion, and mortgage loans increased by 32.2% to €11.3 billion.

Customer deposit balances increased by an impressive 30.5%, reaching €36.2 billion by the end of 2007, as a result of the gradual maturation of the new branches, and the attraction of new customers. It is worth noting that new customer deposits during the fourth quarter of 2007 reached a record-high of €3.8 billion, exceeding by 7% the volume of new loans extended during the same period. As a result of this, the loans to deposit ratio fell to 126% by the end of 2007, from 130% for the first nine-months. Private Banking assets under management also showed a significant 9% increase, reaching €8.2 billion in 2007, as a result of the provision of specialized and innovative services to the Bank's clients.

Customers Deposits (€ bn.)



Moreover, assets under management from Insurance Operations increased by 19% and reached €1.3 billion, through the successful implementation of the bancassurance model in the Greek market. Total assets under management increased by 17.4%, and reached €52.4 billion by the end of 2007. The initiatives aimed at increasing assets under management in New Europe proved rather successful, since client assets grew by 59.7% and amounted to €7 billion, as compared to €4.4 billion in the previous year.

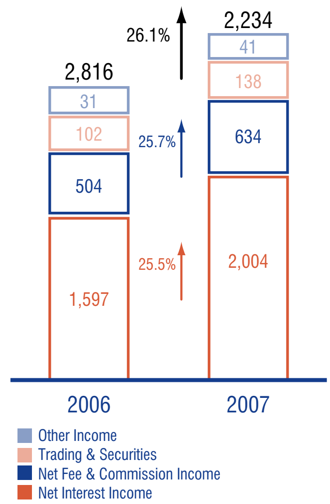
The strong growth of the Bank's loan portfolio in Greece and New Europe led to a 25.5% year-on-year increase in Net Interest Income, which amounted to €2 billion in 2007. In Q4, net interest income amounted to €560 million, increased by 8.4% from the third quarter.

Net interest income from operations in New Europe doubled in 2007, and rose to €443 million, from €215 million in the previous year, contributing 22.1% to the Group's total net interest income. Moreover, the net interest margin (net interest income to average earning assets) remained above 3.2%.

Net fee and commission income also registered a significant increase of 25.7%, reaching €634 million in 2007. Fees from banking activities increased by 24.9%, and stood at €558 million, as a result of the rapid growth of the network's business, and the strong expansion of the lending portfolio, especially in New Europe. Furthermore, commissions from insurance and other non-banking operations increased by 32.4%, reaching €76 million in 2007. Fees and commissions from New Europe more than doubled, and rose to €179 million from €82 million in 2006, contributing 28.2% to the Group's total commission income.

Trading Gains from Bonds, Equities and Foreign Exchange were up by 35.2%, to €138 million from €102 million in 2006, as a result of efficient management, despite the unfavourable conditions prevailing in the capital markets. Overall, trading gains, along with dividend income and other operating income, amounted to €179 million, increased by 34.8% year-on-year.

Operating Income (€ m.)

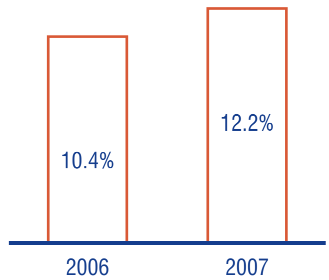


The Group's Operating Income rose by 26.1%, increasing from €2.2 billion in 2006 to €2.8 billion in 2007. As a result of the Group's strong growth in New Europe, total income from this region doubled, reaching €638 million, as compared to €313 million in 2006. The contribution of this income to the Group's total income soared to 22.7% from 14% in 2006.

Total Operating Expenses increased by 11.3% in Greece and 27.5% on the Group level, while on a comparable basis, i.e. excluding the donation to Greece's fire-stricken and the launching of new ventures in Poland, the Ukraine, Tekfenbank and DZI Bank, Group operating expenses rose by 16.1%.

The increase in costs was to a great extent the result of the network's expansion by 266 branches, business centres and points of sale in New Europe and Greece in 2007, whose aim was to enhance the Group's footprint. The Cost to Income (efficiency) ratio was reduced to 40% from 40.7% for domestic operations in 2006, and to 75.8% from 89.6% in New Europe in 2006. At Group level, the cost-to-income ratio stood at 48% in 2007.

The increase in the Group's profitability by 32.1% to €851 million raised the Return on average Assets (after taxes) to 1.4%. As a result of the share capital increase, the Return on average Equity (after taxes and minority interest) amounted to 23.5%.



Eurobank EFG sustains a strong capital adequacy ratio. Following the successful completion of the Bank's share capital increase, the Basel II compliant Total Capital Adequacy ratio reached 12.2%, well above the 8% minimum set by the Bank of Greece. Moreover, Core Tier I capital remained at high levels, and amounted to 9.2% in 2007.

The enhancement of the Group's capital structure was accompanied by an improvement in loan portfolio quality, as a result of efficient risk management. More specifically, the non–performing loan ratio was reduced to 2.4% of total loans. This represents a record low for Eurobank EFG and is well within the limits set by the Bank of Greece for the end of 2008. Provisions accounted for 1.01% of performing loans by the end of 2007, covering 92.1% of doubtful loans, one of the highest ratios in the market. Taking collaterals into account, the coverage of non-collateralized loans amounted to 137%.

Financial targets for 2008 and 2010

The Eurobank EFG Group has announced certain financial targets for the years 2008 and 2010. More specifically:

- Net Profits of at least €1,030 million in 2008 and €1,550 million in 2010;
- New Europe Profits of at least €170 million in 2008 and €550 million in 2010;
- A Cost-Income ratio of less than 45% in 2010;
- A Return on Equity ratio of more than 25% in 2010.

The Eurobank EFG Share

The year 2007 was tough for the global financial system and the Banking sector. Although the year started well, in August the repercussions of the crisis that erupted in the US market for sub-prime backed debt started to spread in the money markets, generating downside risks. Major US investment banks, as well as European and Swiss giants, were forced to sustain losses amounting to dozen billion Euros, while the Fed's repeated interest rate cuts failed to reverse the trends in the sector.

In such an environment, European banking shares lost almost 17% during 2007; however, Greek banking shares closed the year with a gain of approximately 18%. In 2007, the share of Eurobank EFG gained 7.9%. Although the share underperformed the Athens Stock Exchange, it outperformed the European Bank average by 25%. To take a longer-term view, in the past five years the stock of Eurobank EFG gained 217%, as compared with 196% for the General Index of the Athens Stock Exchange, and 52% for the Eurostoxx European banking shares index.

Based on the closing price as at December 31st, 2007, the Bank's market capitalization stood at to €12.6 billion, ranking it in the second place among all companies listed in the Athens Stock Exchange (ASE). The combination of increased 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 represented 8.9% of the large capitalization FTSE/ASE-20 index, and 9% 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 2007 increased significantly, as the daily average number of shares traded rose to 976,000, from 642,000 in 2006 and 452,000 in 2005. The increased liquidity of the share is depicted on the relevant chart, which illustrates the average daily value of transactions for the twelve-months of 2007. In 2007, the average daily value of transactions increased to €23 million, from €15 million in 2006 and €11 million in 2005.

Dividend Yield

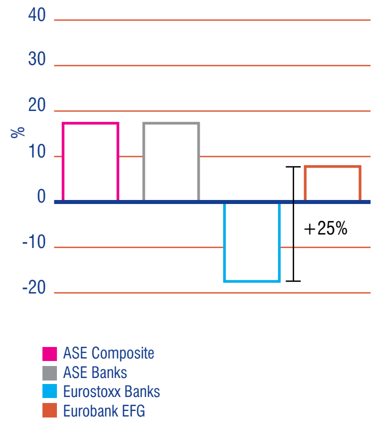
The substantial increase in the profitability of the Eurobank EFG Group allowed the Board of Directors to recommend to the Annual General Meeting the distribution of a total dividend of €0.82 per share (including the €0.32 interim dividend approved by the extraordinary General Meeting of the Bank's shareholders on November 9th, 2007), which represents a total dividend of €425 million, as compared to €350 million in the previous year, increased by 21.5%.

Share Capital Increase – Share Buy-Back Program

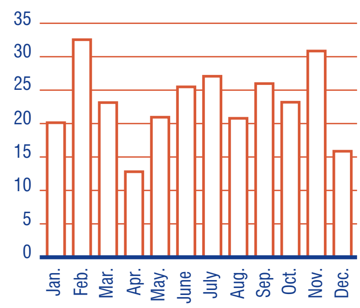
The share capital increase that was performed in accordance with the decision taken by the 1st Repeat General Meeting of the Shareholders that was held on August 2nd 2007, led to the issuance of 61,444,496 new Eurobank EFG shares. Two new shares were issued for every 15 old ones at an issue price of €20 per share, while the total amount of new share capital added up to €1,223 million. The new shares were listed in the ASE on September 25th.

In 2007, the Bank continued its share buy-back program. By the end of 2007, the total number of own shares held by the Bank amounted to 3,431,626, and accounted for 0.65% of the total number of Eurobank shares.

Performance of the Eurobank EFG Share and the market in 2007



Average Daily Value of transactions per month in 2007 (€m.)



Share Data	2007
Closing Price (year-end)	€24.08
Highest Price	€27.30
Lowest Price	€22.12
Market Capitalisation (year-end, in €m.)	€12.641
Treasury Shares	3,431,626
Total Number of Shares	**524,945,638**

Eurobank EFG

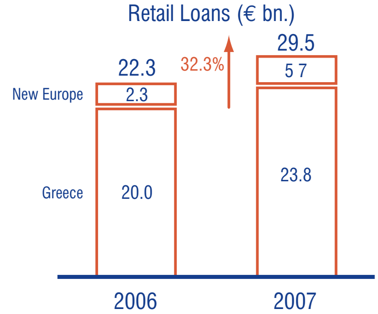
Retail Banking

Retail Banking

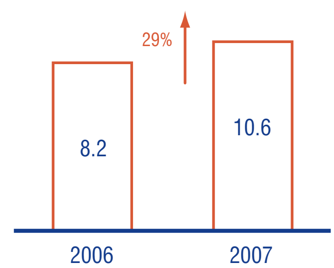
The year 2007 was marked by the rapid growth of Retail Banking operations, in terms of both lending and deposits, in Greece as well as in New Europe. Apart from the supremacy of Eurobank EFG in the field of products and services, another major factor that boosted the Group's presence in Retail Banking was the addition of 243 new outlets to the branch and point-of-sale network, leading to a total of 1,391. Total lending to households and small enterprises exceeded €29.5 billion, increased by 32.3% year-on-year, with new loans of €3.8 billion extended in Greece and €3.4 billion extended in New Europe during 2007.

During the past year, and especially during the last fourth-months, Eurobank EFG achieved rapid retail deposit growth in Greece, mainly driven by three major initiatives. Early in 2007 the Bank brought a revolution in the market by introducing the "Free Banking Transactions" programme for households, small enterprises and professionals. Once more, Eurobank EFG broke new ground in May 2007 with "Mega Savings Account", a deposit product that offers 3% interest from the very first Euro deposited. Moreover, during the course of the year the Bank established a new Personal Banking advisor model addressed to affluent clients, which was implemented in more than 200 branches. These initiatives were enthusiastically welcomed by the Bank's customers, and added to its competitive advantage in the domestic deposits market. In New Europe, Eurobank EFG managed to increase deposits through the development of new products that were proved successful, significantly boosting its market shares.

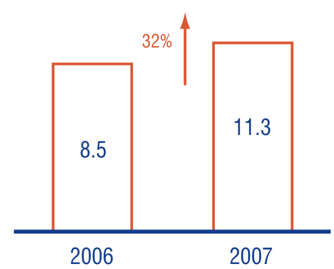
Retail Loans (€ bn.)



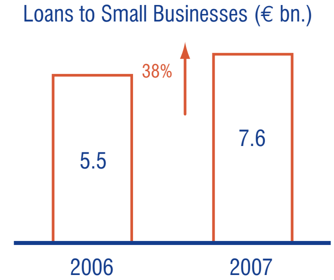
Consumer Loans (€ bn.)



Mortgage Loans (€ bn.)



Loans to Small Businesses (€ bn.)



Customer Service Networks in Greece

In Greece, the Retail Banking Network consisted, by the end of 2007, of 400 branches and 104 "open24" points-of-sale. The "open24" outlets comprise an innovative, state-of-the-art and totally differentiated network for the sale of banking and insurance products. Aiming at the more efficient and fast provision of services to retail customers, Eurobank EFG is constantly expanding its alternative sales networks. Therefore, apart from the "open24" network, customers may use 437 Automatic Payment System (APS) machines, 904 ATMs, and 42 self-service electronic tellers (SSET), as well as the EuroPhone Banking service. EuroPhone Banking remains the larger and most modern banking call centre in Greece, as it processed over 3.3 million calls in 2007, and executed the largest number of financial transactions and inquiries in the market. EuroPhone Banking received the award for the best "Large Call Centre" in Greece for 2007.

Consumer Lending

Once more, Eurobank EFG confirmed its leadership in consumer lending, clearly demonstrating its supremacy over its competitors in Greece, and further enhancing its presence in the rapidly growing markets of New Europe.

By the end of 2007, the Group's consumer loan and credit card balances stood at €10.6 billion, increased by 29% year-on-year, while lending portfolio quality ratios remained at exceptional levels, favourably comparing to international standards.

In Greece, the Group's consumer loans continued to set market trends through new innovative programmes, such as the "Evelikti Grammi", which combines the security of a fixed term loan with the repayment flexibility of an open loan. The "En Taxi" loan, having established itself as the most successful debt consolidation program, introduced a fixed interest rate, as well as rewards for punctual customers.

In credit cards, Eurobank EFG maintained its dominant position in terms of both outstanding balances and the number of cards, which exceeded 2 million. The innovative PhotoCard presented a unique novelty, while emphasis was given once more to co-branded credit cads, such as the Cosmote Visa and the Ethniki Ellados Basket Visa. Moreover, the successful "Epistrophi" loyalty program was enriched with the participation of new major vendors.

Consumer lending growth was rapid in New Europe, where loan balances more than doubled, while the number of cards exceeded 1 million. More specifically, in 2007 the total portfolio of consumer loans abroad increased by 114% year-on-year.

The completion of the mergers between Postbank and DZI in Bulgaria, and Eurobank EFG Beograd and NSB in Serbia, consolidated the position of the Bank, which also made a dynamic entry in the Ukrainian market. The process of converting private label cards to the Euroline and American Express brands was initiated in Bulgaria and Romania, with the aim of improving the services on offer, and ensuring the cards' general acceptance via the international payments system.

Mortgage Lending

The dynamic response of Eurobank EFG to the customers' specific demands, and to competitive challenges in the mortgage lending market, led to a year-on-year consolidated loan growth of 32%, to €11.3 billion.

In Greece, competition was intense, and focused on the creation of attractive mortgage lending packages with low rates, fixed for short periods. In the first half of the year, the Bank launched home loans denominated in Swiss francs, while in the second half it offered integrated housing solutions, through fixed rate programmes denominated in both CHF, and Euro. Overall, Eurobank EFG remained far ahead of the competition in terms of the provision of novel, quality service, before and after the sale of the home loan.

Expansion in the wider region of New Europe was equally dynamic. Eurobank EFG consolidated its position in the mortgage lending markets of Romania, Bulgaria, Serbia, Poland and the Ukraine, by implementing its successful operating model and marketing a wide range of mortgage lending products in these countries. As a result, mortgage lending balances in New Europe amounted to €1.9 billion in 2007, as compared to €638 million in 2006.

The soundness of its mortgage loan portfolio enabled the Eurobank EFG to proceed to a fourth securitization issue in June 2007, backed by balances worth €1.55 billion. This issue received ratings by the Standard & Poor's, Moody's and Fitch international credit rating agencies; it is worth noting that a portion of €1.35 billion received the highest possible rating (AAA), a fact that confirms the premium quality of the Bank's portfolio. For the purposes of this securitization, the Bank completed its preparation for the implementation of Basel II on Mortgage Lending.

Small Business Banking

Product innovation, procedure streamlining, but above all, the expertise possessed by the specialized advisors of Eurobank EFG, led to an impressive 38% increase in small business lending, which amounted to €7.6 billion in 2007.

In Greece, Eurobank EFG asserted its leading role in Small Business Banking despite the competition's mobilization, by achieving an annual growth rate of 25%, to €6.4 billion.
The streamlining of automated procedures led to loan disbursements upon customer application. Moreover, risk-based pricing was enabled in accordance with the requirements of Basel II, whose implementation preparations have been successfully completed. The 24h Business Services Debit card was converted to the Maestro brand, becoming the first professional credit card in the Greek market. Another product innovation was the launching of a flexible overdraft account, as well as the "Free Banking Transactions" programme for small enterprises and professionals.

The Bank also reached out to farmers, by creating the groundbreaking "Agrotikos 2 in 1" programme, and issuing a sector-specific debit card. Equally successful was the initiative concerning the "free proposal drafting" for those interested to be receive funding from the Third CSF. Finally, Eurobank EFG responded immediately to the problems faced by the small businesses and professionals that suffered from last summer's wildfires in Greece, through the creation of "Anaplasi", a targeted product that offers additional interest rate subsidies and facilities beyond those provided by the State.

In New Europe, small business lending growth was spectacular, as balances increased by 202% owing to the fast implementation of the operating model of Eurobank EFG.

Corporate Banking

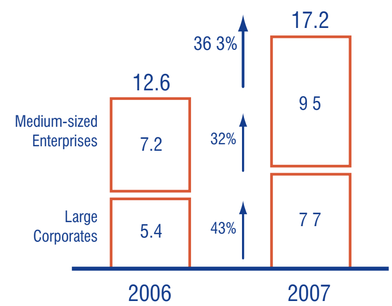
Corporate Banking

In a fiercely competitive environment, the Corporate Banking division of Eurobank EFG outperformed the overall domestic market in terms of operations growth, through continuous improvements in service quality, and the offer of innovative products.

Utilizing its extensive know-how and its international experience in Corporate Banking, Eurobank EFG achieved a substantial increase in operations volume, as total lending to large and medium sized enterprises in Greece and New Europe rose to €17.2 billion in 2007 from €12.6 billion in 2006, registering a 36.3% increase.

As part of the Bank's adaptation to the requirements of Basel II, there was a substantial improvement in the quality of the corporate lending portfolio. Moreover, and in order to provide effective support to local enterprises that are already present, or wish to become active, in the countries of New Europe, the Group focused on the development of similar units in its subsidiaries abroad, offering the necessary know-how, along with new products, adjusted to the needs of the local markets. Finally, a major effort was made to develop innovative electronic services and products (the e-Opseos account, imports/exports via internet banking, e-payment services), as well as transaction banking services and sector-specific products (e.g. funding of investment plans for the installation of photovoltaic parks).

Wholesale loans (€ bn.)



Lending to Large Corporates

Eurobank EFG aims at fully covering the needs of large enterprises.

This objective is achieved through direct and continual co-operation between the client-entrepreneur and the Relationship Manager responsible for coordinating all activities, as well as through cross-selling, which is extended to the countries in New Europe, where the Bank is constantly increasing its footprint.

In 2007, a series of new business deals led to the enhancement of many businesses and sectors (food, telecommunications etc.) laying the groundwork for productive investments and the modernization of many enterprises.

These developments led to an increase in operations volume. Moreover, constant client monitoring led to an improvement in loan portfolio quality.

In 2007, Eurobank EFG consolidated its presence in the large corporate sector, (enterprises with annual turnover of more than €25 million). As a result, corporate lending balances in Greece amounted to €5.5 billion at the end of the year, increased by 25%, as compared with the end of 2006. Operations growth was also substantial in New Europe, as loan balances increased by 117% to €2.2 billion.

Lending to Medium-Sized Enterprises

Medium-sized businesses (with turnover from €2.5 million to €25 million) are serviced by 42 specialized Business Centres in Greece and 76 in New Europe, 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.

In 2007, great emphasis was placed on the further growth of the medium-sized enterprises sector, a key sector that comprises a large number of dynamic companies. Eurobank EFG has been rather successfully involved in this sector, by combining the introduction of new innovative products with upgrades of existing "traditional" products and services. Moreover, new investments are made in cutting-edge technologies that cover the entire range of operations, aiming at the provision of excellent services to corporate clients and the efficient management of risk that safeguards the quality of the lending portfolio.Other successful ventures undertaken in 2007 were the launching of new Treasury (interest rate and foreign exchange risk coverage), electronic transaction and mass payment, as well as payroll administration, products. Moreover, the development and operation of centralized systems led to the simplification of dealings with clients, and the reduction of total transaction costs.

As a result of the above, lending balances to medium-sized enterprises amounted to €9.5 billion by the end of the year, registering an annual increase of 32%.

Shipping

The dramatic increase in demand for dry bulk tonnage, mainly owing to China's economic development and, to a lesser extent, to delays in coal loading/unloading (in Australian ports), was enough to absorb the continuous growth of the fleet.

The freight market broke all records (the “Baltic” index opened at 4,397 points at the beginning of the year and closed at 9,143 points in the end of 2007) and vessel prices adjusted accordingly.

In 2007, both freight markets and vessel values retained their momentum for a fifth consecutive year. The accumulation of huge liquidity, as a result of persistently profitable vessel operation, along with the sanguine expectations of most entrepreneurs concerning the visible future of the shipping industry, as well as easy (in comparison to the past) access to capital markets (New York, London, Hong-Kong), encouraged many ship-owners to launch major investment plans, place mass orders for new vessels, and prepay their debts.

Against such a backdrop, the Bank’s lending portfolio in Greece was significantly reduced either through prepayments (USD 310 million) or through repayments (USD 113 million), which were, nevertheless, overcompensated for by new loans (USD 801 million). As a result, the Bank’s shipping loans rose from USD 549 million in 2006 to USD 967 million in 2007, registering a spectacular increase of 76%.

In 2008, financing is mainly expected to cover investments for the purchase of new-builds, and to a lesser extent the acquisition of older vessels.

Leasing

EFG Eurobank Leasing, one of the key players in the Greek leasing market of the past few years, sustained its quality and profitable growth in 2007. New financing exceeded €500 million, and, as a result, the company’s market share remained at the vicinity of 20%. In 2007, a large portion of new operations was directed towards real estate leasing, while there was great interest for the financing of hotels and office blocks through the “real estate leasing investment” facility, which offers financing terms for investments in income generating properties. The development of deals and collaborations with vendors, as well as brokers, was equally successful and generated a substantial part of new business. After all, in the past years vendor leasing has been a major source of new business for EFG Eurobank Leasing, and also a field for the development of innovative products, which are not only catering for this segment of the market, but are applied to all the company’s financing operations.

The performance of EFG Eurobank Leasing in New Europe during 2007 went beyond all expectations, with the significant growth of leasing balances in Bulgaria, Romania and Serbia, the further expansion of Tekfen Leasing in Turkey, as well as the formation of a new company in Poland. As a result of steady growth since 2004, the company's foreign subsidiaries are ranked among the top leasing firms of the countries in which they operate.

Finally, Fin & Rent, a subsidiary of the Eurobank EFG Group in Greece, expanded the scope of its operations beyond the provision of long-term passenger vehicle operating lease services (fleet under management of approximately 1,500 vehicles as per 31.12.2007), by offering stock financing services to automobile, as well as other goods, dealers and vendors, an initiative that will provide integrated financing services to the trade sector in general.

Factoring

In 2007, EFG Factors managed to increase its share in the factoring market. Sustaining its positive growth rates and the high quality of its services, the company consolidated its position in both the domestic and international factoring markets. The firm's market share reached 30% in 2007, while its share in international Factoring exceeded 46%.

Moreover, EFG Factors is the sector leader in terms of assets.

EFG Factors is one of the top ten factoring firms-members of the Factors Chain International in the field of Export-Import Factoring. More specifically, in 2007 EFG Factors was ranked 9th in the world, and 5th in Europe, in the field of International Factoring, at the annual evaluation of 212 members of the Factors Chain International (FCI).

EFG Factors remains the only Greek factoring firm that has established operations abroad and, more specifically, in the Bulgarian market. The admission of EFG Factors S.A.-Branch Bulgaria as an independent member of Factors Chain International corroborates the strategy and the successful transfer of the firm's operating model abroad.

EFG Factors has been a member of the International Forfaiting Association (IFA) since 2002, executing successful forfaiting deals in the primary and secondary markets.

In 2007, EFG Factors completed the installation of N-Factor a system that has been exclusively developed in-house, and has been awarded by Microsoft, in its Athens and Thessaloniki offices, as well as in its Bulgarian branch. The system was selected as the main IT system for the factoring operations of Eurobank Tekfen in Turkey, where it was installed in December 2007.

Investment Banking, Capital Markets & Wealth Management

Investment Banking & Capital Markets

Investment Banking

In 2007, the Greek Investment Banking market recorded a rather productive year, with the realization of a series of large scale, mostly domestic, acquisitions in various sectors. A large part of these investments was made by Greek funds.

Moreover, the privatizations programme was mainly focused on the banking and telecommunications sectors, and although it was not too extensive in scope, it facilitated the further improvement of sentiment in the Athens Stock Exchange. The favourable conditions that prevailed in the capital markets, especially during the first nine-months, enabled the raising of large amounts of capital that will provide a basis for further corporate deals in the future. Major steps forward were made regarding the implementation of Public-Private Partnerships (PPPs), which are expected to have a positive effect in forthcoming years. Once more, EFG Telesis Finance retained its leadership in the initial public offering, debt capital and financial advice sectors, while it is now considered a key reference on infrastructure project financing issues.

More specifically, EFG Telesis Finance increased its involvement as an underwriter in the field of IPOs and listings in the Athens Stock Exchange, capturing a market share (in terms of distribution) of 25%, as compared to 22% in 2006. In 2007, four new companies were listed in the ASE by means of public offerings, the most outstanding being those of Aegean Airlines and Terna Energy. EFG Telesis Finance attracted 26% and 34% of respective total demand for these two deals in the domestic market, utilizing the Group's alternative distribution networks in the best possible manner. Of equal importance was the participation of EFG Telesis Finance in the private placement of €1.1 billion of OTE shares with Greek and foreign institutional funds in June 2007. It should be noted that EFG Telesis Finance was the only Greek underwriter that acted as Joint Global Coordinator and Bookrunner.

In Debt Capital Markets, EFG Telesis Finance participated in the organization and signing of the syndicated loan agreements for the Thessaloniki Underwater By-pass and the Ionian Highway projects, being respectively the Co-Lead Manager and the Co-Lead Manager/Advisor. EFG Telesis Finance also acted as the Co-Lead Manager and Advisor for the Central Greece highway project, whose concession, and lending, agreements have been finally signed. Moreover, the firm was deeply involved in the field of structured real estate project financing deals, mainly in the countries of South-Eastern Europe, by completing the financing arrangements for the new Power Complex Era Shopping Centre in Iaşi, Romania, and the Residential Complex Vitosha Gardens in Sofia, Bulgaria. In the field of leveraged transactions, EFG Telesis Finance organized and financed the acquisition of a 51.8% stake in ELMEC Sport S.A. by Homeric Dept Stores (Laskarides Group), while it organized and co-financed the acquisition of 100% of Dodoni by NBGI

Private Equity Fund, as well as the acquisition of 60% of E. J. Papadopoulos SA. Finally, the firm worked towards the creation of an international financing portfolio, as part of the Group's strategy to become a key player in the debt capital markets of New Europe, securing, among others, the role of Co-Lead Manager in the Telecom Serbia, OPET (Turkey) and Koc Consumer Finance (Turkey) deals. Overall, EFG Telesis Finance was the co-lead manager in 19 syndicated loan and bond issues, with a total value of approximately €3.6 billion.

In the field of advisory services, Eurobank EFG, through EFG Telesis Finance, was ranked first among Greek banks in 2007, in terms of both the number and value of transactions, successfully executing some of the most important deals of the year, such as the sale of Dodoni, where EFG Telesis Finance acted as advisor to the selling shareholders; the acquisition of Elmec Sport, where EFG Telesis Finance acted as advisor to the buyer; the acquisition of E. J. Papadopoulos SA etc.

During the past year, the firm continued its joint expansion with EFG Eurobank Securities into the countries of South-Eastern Europe, through the acquisition of a brokerage and investment firm in Serbia, the formation of a similar company in Bulgaria, and the preparation of the relevant infrastructure in other countries. Eurobank EFG aims at creating a strong investment bank in SE Europe, which will cater for the needs of the Group's customers in the countries where it has established operations.

Equity Brokerage

EFG Eurobank Securities continued to grow, commanding 16.8% of the value of transactions in the Athens Stock Exchange. The firm was also actively involved in the sale of a block of OPAP shares by the Greek State to international and Greek investors.

In 2007, the Research Desk of EFG Eurobank Securities continued to produce highly accurate forecasts. More specifically, the annual survey of the Greek market performed by the AQ Research international ratings agency for 2007, ranked EFG Eurobank Securities in the first place for its recommendations regarding Greek stocks.

In 2007, the International Capital Markets Desk sustained its high growth rates, through a substantial increase in transaction volumes. Apart from the investor's strong preference for the European and US markets, there is also increased interest for the new emerging markets of Eastern Europe and Asia.

In 2007, the Derivatives Department remained among the leaders in the Derivatives Exchange, with an increased share (18.1%) in the market for stock and index futures and options. Moreover, there was a significant increase in the trading of derivatives on stock market indices, sovereign bonds and currencies in international markets, while there was also increased investor interest for commodities such as wheat and crude oil.

In 2007, the Group continued its expansion in new emerging markets, as it officially completed the acquisition of Serbia's Prospera Securities, one of leading brokerages in the country, which has been distinguished by the Euromoney magazine for the quality of the investment services it offers (Serbia's Best Equity House Award). In Bulgaria, the Group is preparing the spin-off of stock exchange activities from its subsidiary Postbank to the newly-formed EFG Securities (Bulgaria), aiming at the further growth of operations, the introduction of new innovative products and the best exploitation of synergies with the Group's brokerage subsidiaries in New Europe.

Treasury

As a result of the international credit crunch, 2007 turned into a year full of challenges for the Global Markets Division. Nevertheless, thanks to its zero exposure to the US sub-prime and CDO markets, the Division achieved fast operations growth, and increased profitability, both in Greece and in the regional markets of New Europe.

Actually, in 2007 the Global Markets Division assumed for the first time the global responsibility for the Treasury Departments of all subsidiary banks in New Europe. The coordination of operations, the monitoring of elementary risks and the development of new products are executed centrally; nonetheless, responsibility for servicing clients and dealing in the local markets continues to lie with the staff of the

Treasury Department in each of the subsidiary Banks. During the past year, the Division completed the human resources infrastructure for its sales and dealing units, and continued to develop front office systems - a centralized information system for the real-time recording and monitoring of transactions - as well as back office systems for the execution and clearing of all deals.

Proper staffing and efficient central coordination led to significant profitability increases in all countries. The establishment of 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 all countries where it has established operations, is one of the Bank's principal strategic targets.

The trading department's activities in Greece generated increased profits, thanks to its differentiation into new markets and products. 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.

Special emphasis was placed on the growth of commission income both in Greece, and in New Europe. In Greece, the sales department of the Global Markets Division has been 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. Similar organisation structures have been developed in Treasuries abroad, taking into account the peculiarities of each country.

The year 2007 was also challenging as far as raising liquidity from international markets was concerned, as a result of rapid credit expansion, especially in New Europe, and the international credit crunch that was triggered in August by the crisis in the US sub-prime market. Having realized the largest part of its wholesale funding programme in the first half of 2007, the Group managed to minimize the consequences from the crisis. In 2007, Eurobank EFG undertook a fourth mortgage loan securitization, which amounted to €1.5 billion, the largest such securitization ever undertaken by a Greek bank, as well as the first securitization of consumer lending balances (€2.5 billion) in Greece.

Wealth Management

Mutual Funds

In 2007, the Eurobank EFG Group retained its leading position in the Greek mutual fund market and expanded its presence in New Europe by means of organic growth.

With total funds under management of €5.8 billion in 56 mutual funds that cover advanced and emerging capital markets worldwide, EFG Mutual Fund Management Company controls more than one third of the Greek market, with a share of 34.9% (excluding money market mutual funds) and was ranked first for a sixth year in a row. Moreover, the company expanded the range of products offered through its Luxemburg platform, raising the total number of Luxemburg-based mutual funds to 27, with total funds under management of €2.5 billion.

As part of its dynamic expansion in New Europe, the Eurobank EFG Group has consolidated its presence in the Romanian mutual fund market. With total funds under management of €33 million, EFG Eurobank Mutual Funds Management Romania SAI S.A. was ranked among the largest three companies of the local market for a third consecutive year, with a market share of 13%.

Moreover, in 2007 the EFG Mutual Fund Management Company prepared its entry into the promising markets of Poland and Bulgaria, by methodically and efficiently laying the necessary groundwork, and fitting the networks of the Group's subsidiary Banks with the appropriate infrastructures and platforms. As a result the Group was able to make a dynamic entry into these markets during the final quarter, launching its mutual funds in Poland and Bulgaria in October 2007 and December 2007 respectively. As a result of this dynamic expansion, the mutual funds of the Eurobank EFG Group are now available in six countries: Greece, Luxemburg, Cyprus, Poland, Romania and Bulgaria.

The repeatedly high evaluations received by the Standard & Poor's and Morningstar international rating agencies, along with the distinctions awarded to the mutual funds of Eurobank EFG, attest once more to the excellent infrastructure and organization of EFG Mutual Funds, as well as to its unwavering dedication to the achievement of quality results on behalf of its shareholders.

Insurance

Insurance operations, under the name EFG Eurolife Insurance, posted a notable performance in 2007. EFG Eurolife Insurance is active in the fields of Life, Annuity, Health, and Property insurance, as well as in the field of Advisory Services. It includes two insurance firms, EFG Eurolife Life Insurance SA - the second largest life insurance company in Greece - and EFG Eurolife General Insurance SA, as well as an insurance brokerage firm, EFG Insurance Services SA.

Both insurance companies of the Group carry increased reserves, with investments that outweigh total insurance liabilities.

The year 2007, apart from the critical growth that occurred in the banking networks, also saw the significant expansion of other insurance networks, with remarkable premium production.

Moreover, the company established operations in Romania through the formation of two new subsidiaries, EFG Eurolife Asigurari de Viata SA and EFG Asigurari Generale SA, which are active in the life, and general, insurance fields respectively.

EFG Insurance Services, one of the three largest insurance brokers in the Greek market, aims at providing integrated insurance solutions to specialized corporate and private client needs. Its dynamic growth is based both on the utilization of the banking network, and on the expansion of its business through independent distribution channels.

Asset management

EFG Eurobank Asset Management further consolidated its dominant position in the field of asset management services for institutional clients, with total funds under management of more than €1.4 billion, as compared to €1.2 billion in 2006.

The company's accountability and reliability, its specialization in the field of institutional investors and its consistently high returns through time, in conjunction with the efficiency of its services and the professionalism of its staff, have raised its brand awareness in Greece and abroad. Therefore, the company is always one of the top choices in the field of equity portfolio management for pension funds, and public welfare institutions.

In the field of insurance organization reserve management, EFG Eurobank Asset Management was selected for a sixth year as the external manager of the domestic stock portfolio of the Hellenic Telecommunications Organization Employee Fund, as the latter restructured its investment strategy and re-evaluated the management contracts on behalf of its Special Fund. Moreover, the company completed a fifth 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 €620 million, generating returns that outperformed the selected benchmark. Moreover, EFG Eurobank Asset Management continued to thrive as the manager of three selected mutual funds of the EFG Mutual Fund Management Company and assumed the management of the newly-formed EFG (LF) Equity B.R.S.-30 mutual fund, which invests in the stock markets of Romania, Bulgaria and Serbia.

Finally, in the field of discretionary asset management, the company managed to expand its funds under management despite the deposit rate increase, and the private clients' reduced appetite for assuming risks in a global financial environment of increased volatility.

The company's activities are not confined within the Greek borders, but are also reaching into the countries where the Eurobank EFG Group has established a presence.

More specifically, EFG Eurobank Asset Management has extended its presence in the institutional market of Cyprus, and has been selected as an external manager by large provident funds and investment firms.

Private Banking

The significant interest rate hikes of 2007 diverted customer interest from investments to savings, while the liquidity crisis that hit the interbank market by the end of the summer led banks to an interest rate competition, in an effort to improve their liquidity ratios.
Conditions were adverse for Private Banking operations, and affected fund raising mechanisms. However, Private Banking assets under management increased by 9% to €8.2 billion.

The plan of Eurobank EFG for developing Wealth Management Services started bearing fruit in 2007, and contributed to income growth.

There was a substantial increase in loan balances, as a direct result of expanding the Private Banking customer base of mortgage lending, as well as the successful promotion of new products (leisure vessel financing, loans for investment purposes, and loans for the acquisition of real property abroad).

In the field of asset management, the options offered to customers were mainly focused on absolute return strategies and products with various degrees of volatility, on partial coverage products with exposures to short- and medium- term stock markets, as well as on thematic products wherever the markets presented opportunities. Moreover, 2007 was essentially the first year that open architecture strategy was implemented to the benefit of the clients, as the selection of mutual funds was enriched through the addition of selected products offered by Goldman Sachs.

International Presence

The Presence of Eurobank EFG in "New Europe"

With the successful implementation of a dynamic international expansion strategy especially over the course of the last two years, Eurobank EFG has evolved into one of the leading banking groups in New Europe with presence in seven countries. At present, the Eurobank EFG Group addresses a total population of over 195 million people through a network of 963 branches, business centres and points-of-sale, with total assets in New Europe of €14.3 billion, and a workforce of 11,800.

In 2007, Eurobank EFG continued its dynamic development in the region by concluding the acquisitions of Tekfebank in Turkey and Universal Bank in Ukraine, while it also entered the banking market of Cyprus. The Group completed in record time the legal and operational merger of DZI Bank with Postbank in Bulgaria, as well as the operational merger of Nacionalna Štedionica Banka and EFG Eurobank in Serbia, enhancing its overall presence in these countries. In Poland, the Polbank EFG branch networked, launched in 2006, continued its rapid organic expansion reaching a network of 254 branches and points-of-sale from 130 at the end of 2006, already establishing itself as an important institution, especially in Retail Banking. In the Ukraine, the Group quickly re-positioned the newly acquired Universal Bank establishing a strong presence in Kiev and offering an expanding range of attractive products to the market. In Turkey, Tekfenbank has been renamed to Eurobank Tekfen and achieved fast growth in business volumes, contributing positively together with EFG Istanbul Securities to Group profitability. In Cyprus, the Group will initially focus on attracting corporate and high net worth private clients, offering superior service to this clientele.

Abiding by its principle to become the banking group of first choice in key markets in New Europe, and aiming for the continuous development of the Group, the international strategy of Eurobank EFG is twofold. In those countries where its has an established presence, namely Bulgaria, Romania and Serbia, Eurobank EFG aims to augment its position among the leading universal banking groups offering a full range of products and services. In Poland, Ukraine, Turkey and Cyprus, where Eurobank EFG has recently entered the market, the strategic focus remains on the rapid and efficient implementation of its successful business model that will allow it to establish a position among the top tier banks in those counties. The fast growing economies of Central and Southeastern Europe, characterized by increasing disposable income levels and a low degree of banking penetration are expected to remain key growth drivers for the Group in the coming years.

Bulgaria

The year 2006 has been another year of successful operation for Postbank. The bank continued its expansion in the Bulgarian market and successfully completed its legal and operational mergers with DZI. The new bank retained the Postbank brand, while its legal name is Eurobank EFG Bulgaria AD.

Postbank controls the third largest network in the country, with 233 points-of-sale throughout the country, and a workforce of more than 3,000. In loans, the merged bank commands a 10.8% share. Postbank ranks second in mortgage lending, with a market share of 10.1%, and is ranked fourth in consumer lending with a market share of 12.8%.

In 2007, total loans increased by 65% as compared to 2006.

Business lending increased by 63%, while household lending increased by 67%.

Fitch Ratings, the international credit rating agency, gives Postbank an A- rating with a steady outlook for long-term placement, thus confirming the Bank's financial strength.

Postbank received many distinctions during the year, including two awards at the "Banks, Investments, Money" international financial exposition, while it was selected as "Bank of the Year" in Bulgaria by the "Pari Daily Banking Awards".

Romania

In 2007, Bancpost sustained its strong growth rates. Its network comprises 237 branches and 16 business centres. It also registered a significant increase in operations volume, in terms of loans to both businesses and individuals.

Through Bancpost, the Eurobank EFG Group offers a wide range of products and services in Romania, providing comprehensive coverage to both corporate and retail customer needs. Bancpost employs more than 4,000 and commands a 6.7% share in loans.

Bancpost's distinction as "Bank of the Year" by the Bucharest Business Week magazine, along with the bestowal of the "Best Managed Banks in Central and Eastern Europe" award by the Euromoney magazine, attest to the high quality of its products and services, and the commitment of its personnel and management towards customers and shareholders.

The bank's activities in Romania are supported by a grid of subsidiaries that consists of EFG Retail Services, EFG Leasing, EFG Property Services, EFG Finance, EFG Securities and EFG Mutual Funds Management, as well as the Group's two insurance companies, Eurolife Life and Eurolife General Insurance Services. Moreover, Bancpost is involved in the market for pension products through its subsidiary fund, Bancpost Fond de Pensii.

Serbia

Following the completion of the legal merger between Eurobank EFG and NSB into a single banking organization under the name Eurobank EFG Štedionica, the operational merger between the two banks was completed in April 2007. According to December 2007 data, the new bank numbers 101 branches and five business centres. Moreover, it established alternative distribution channels, in order to expand its operations, and provide flexible and supreme services to its customers. Eurobank EFG Štedionica is the sixth largest bank in terms of assets, with a share of 5.3%, and has been constantly growing in the past few years.

Prospera Securities, EFG Retail Services, EFG Property Services and EFG Leasing are other subsidiaries that operate in Serbia, ensuring the provision of a full range of tailored products and services to businesses and individuals.

Turkey

In March 2007, the Group acquired a 70% stake in Tekfenbank, an institution that offers services and products mainly to small and medium sized enterprises. In October 2007, EFG Istanbul Securities, a Group member since 2005, was absorbed by the Bank, which was renamed to Eurobank Tekfen. The continuation of the partnership between the Eurobank EFG Group and the Tekfen Group, which still controls the remaining 30% of Eurobank Tekfen, provides a solid basis for the bank's expansion into the rapidly growing banking market of Turkey.

Eurobank Tekfen'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, the bank has retail, mostly high-end, customers. At the end of 2007 the network of Eurobank Tekfen comprised 36 business centres/branches.

In 2007, Eurobank Tekfen increased its capacity in corporate lending, leasing and factoring, with the aim of achieving rapid expansion in these fields. Its growth strategy is concentrated on the Corporate Banking and Capital Markets fields, through the provision of innovative product and services to Turkey's SMEs, as well as large enterprises, whose number is estimated at 2.5 million. Gradually the Bank will penetrate new sectors with significant growth prospects, such as mortgage lending and wealth management, while it also intends to consolidate its momentum in the field of capital markets. Moreover, Eurobank Tekfen aims at developing cross-sales with Group banks in other countries in New Europe.

Poland

Polbank EFG has entered its third year of operation, following its successful introduction to the Polish market in 2006. The strategic target of Polbank EFG for the year 2007 was to further expand its network, consolidate its presence in urban centres, and enhance its structure and operations. In order to achieve this target, the Bank expanded its network to 248 branches and five business centres, not only in Warsaw, but also in key positions throughout the country.

The alternative sales networks (micro branches, telemarketing, mobile force) that were created during the year brought the bank closer to the average customer, raising the public's brand awareness.
The development of new competitive retail banking, as well as alternative savings, products, raised the bank's share in retail new business to 6.4%, with a corresponding increase in its market share from 0.5% in 2006 to 1.9% in 2007. Moreover, the deployment of Polbank EFG's operations in Corporate Banking has already started to cover the fields of small businesses and retail investors, with the aim of achieving the bank's establishment in the field of large corporates.

In 2007 Polbank EFG won the Bronze EFFIE 2007 award in the "Launch" category, as well as the "Trustworthy Employer" award (June 2007). The strategic targets of Polbank EFG for 2008 are to increase its market share in loans and deposits, to further expand its sales network, and to develop its Direct Banking services, as well as the EFG Insurance Services and EFG Properties Services subsidiaries, which are active in the insurance and real estate sectors respectively.

Ukraine

In 2007, Universal Bank completed its first year as a member of the Eurobank EFG Group with 75 branches, two business centres, and a special unit for large corporates. The expansion of the branch network in Kiev and the enhancement of the bank's presence in Western Ukraine were the principal targets for 2007, since in February 2007, when it was acquired by Eurobank EFG, the bank controlled 33 branches.

During this year the Group laid the groundwork for the rationalization of the bank's operation and infrastructure, in accordance with the standards of the Eurobank EFG Group. Emphasis was placed on the staffing of the Retail and Corporate Banking Divisions and the proper training of the bank's personnel, as well as on technological infrastructure and risk management systems.

Universal Bank branches offer consumer and mortgage loans, savings products, and special programmes for small businesses and professionals. Moreover, it is emphasizing on the further development and establishment of Corporate Banking, through programmes and products for medium sized and large enterprises.

Results are encouraging, since assets in the Ukraine rose to €435 million, while the loan portfolio expanded to €334 million. The strategic target for 2008 provides for the further expansion of the bank's network. By constantly developing new and competitive Retail Banking and Corporate Banking products, Universal Bank aims at securing a place among Ukraine's largest banks within the following years.

Cyprus

In September 2007, Eurobank EFG launched its organic growth in Cyprus. Cyprus is a modern economy, with significant potential and growth rates that clearly outperform the European average. Cyprus' entry to the Euro zone is expected to further enhance this potential, opening new prospects for the island's economy.

Following the reduction in transaction costs and the upgrading of the country's sovereign rating, which are expected as a result of adopting the Euro, Cyprus will fulfil many of the conditions for becoming not only a major offshore financial centre, but also an international business hub for the Eastern Mediterranean.

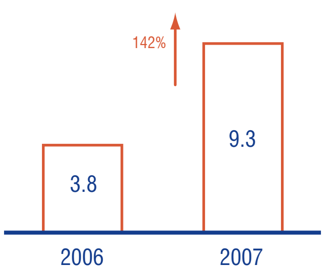
By late 2007, Eurobank EFG operated one branch/business centre in Nicosia, while the plans for 2008 provide for the expansion of the bank's presence through the opening of new business centres in major Cypriot cities. Initially, activities will concentrate in five sectors:

- Provision of integrated financial products and services to large and medium-sized enterprises;
- International Banking;
- Private Banking;
- Institutional Asset Management;
- Investment Banking and Equity Trading.

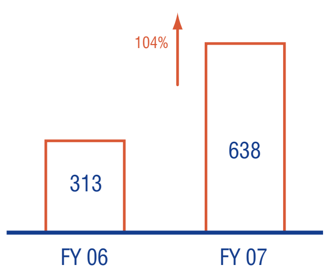
New Europe - 2007 Key Figures

		Bulgaria	Romania	Serbia	Poland	Turkey	Ukraine	Cyprus	New Europe	Δ%
Balance Sheet	Total Assets	€3.3 bn.	€4.8 bn.	€1.3 bn.	€2 2 bn.	€1.8 bn.	€435 m.	€535 m.	€14.3 bn.	125%
	Total Loans	€2.4 bn.	€3.1 bn.	€848 m.	€1.7 bn.	€715 m.	€334 m.	€106 m.	€9.3 bn.	142%
	Total Deposits	€1.7 bn.	€1.4 bn.	€574 m.	€699 m.	€613 m.	€100 m.	€295 m.	€5.4 bn.	83%
P&L	Operating Income	€152 m.	€246 m.	€87 m.	€75 m.	€62 m.	€18 m.	€2.5 m.	€638 m.	104%
	Operating Expenses	€91 m.	€176 m.	€58 εκατ.	€95 m.	€35 m.	€29 m.	€5 m.	€484 m.	73%
	Profit before tax (before MI)	€54 m.	€37 m.	€22 εκατ.	€(33) m.	€28 m.	€(19) m.	€(5) m.	€84 m.	
	Profit after tax and minorities	€50 m.	€29 m.	€20 εκατ.	€(27) m.	€22 m.	€(16) m.	€(5) m.	€72.6 m.	
Resousces	Retail network	224	237	101	248	-	75	-	887	
	Wholesale network	9	18	5	6	36	3	1	76	

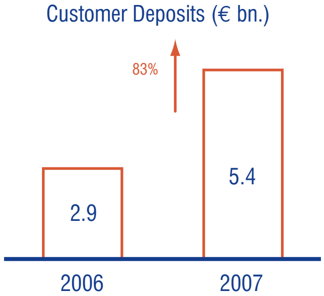
Gross loans (€ bn.)



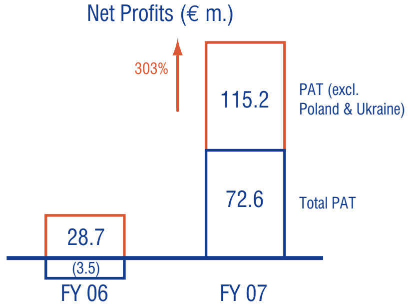
Operating Income (€ m.)



Customer Deposits (€ bn.)



Net Profits (€ m.)



Other Activities of the Group

Securities Services

Eurobank EFG commands a leading position in the provision of securities services to dom estic and foreign institutional investors. With direct presence in the Greek Capital Market, the Bank offers a full spectrum of transaction support services for equities, bonds and derivatives.

In 2007 the Bank received an excellent rating from the annual Greek custodian services review of the international renowned magazine “Global Custodian”: “Top Rated Custodian for Domestic, Foreign and Leading Institutional Investors” classification for the second. In fact, Eurobank EFG is the only Greek bank to receive a “Top Rated” ranking in all three classifications. Moreover, the Bank was recognized by the Global Finance magazine as the “Best Domestic Custodian”.

Payment Services

In 2007, the Bank consolidated its status as the Greek Correspondent of choice for international banking institutions. Its subsidiaries in New Europe created a substantial volume of operations, adding to the Group’s consolidated profits and boosting the Bank’s status as a major provider of international payments and Treasury services in the wider geographic region. The bank remains an active direct member in all fund transfer systems, and is fully prepared to provide its clients with a wide range of services through the SEPA system, following its activation in early 2008. This will supplement the existing specialized products of the Bank, ensuring that Eurobank EFG is not only capable of competing with other financial institutions in Greece, but also of offering products comparable to those of the largest international banks.

Payroll Services

In 2007, EFG Business Services SA, the company that promotes the “Pronomio” Salary Domiciliation Program and provides “Outsourcing Payroll Management” services, boosted its customer base in terms of both legal entities and individuals. Moreover, it organized a series of events for the promotion of banking products to the personnel of its client companies, with rather satisfactory results. It also upgraded its hardware, and further automated its operating processes, thus managing to reduce operating costs, boost productivity and enhance confidentiality. As a result, the company received operational certification in accordance with the International Standards on Auditing.

In the countries of New Europe where the Group has established a presence, the company contributed its know-how for the formation and launching of Group Sales business units, and the establishment of associated companies in Bulgaria and Serbia.

e-Banking, e-Commerce and internet services

Since early 2007, the Bank's e-Business division that is responsible for the provision of e-banking services to individuals and companies, together with Business Exchanges, a subsidiary company that provides e-commerce and e-payment solutions, consolidated certain core operations, in order to achieve economies of scale and optimize their services.

Results in the fields of sales, customer support, as well as the comprehensive coverage of corporate client needs, was impressive, with growth rates in excess of 50%.
This effort reduced operating costs and enhanced banking relationships with corporate and retail customers of all categories.

Moreover, the e-banking service for retail customers was once again recognized by the Global Finance magazine as the best in Greece, one of the most important awards bestowed by this publication, demonstrating the operational perfection and technical reliability of the internet services provided by the Bank to its customers. Apart from its domestic activities, EFG e-Solutions had a major contribution in new materializations (Ukraine, Cyprus) and a series of projects in Serbia and Poland. The company's target is to play a major role in the materialization and support of all applications used by Eurobank EFG subsidiary banks abroad.

As was the case in previous years, the company materialized innovative solutions designed to cover the customers' specific needs, forming new partnerships (Web Reverse Factoring, Guaranteed Payments, Deskbar/Toolbar) and improving the support of existing services (Click2Call, Click2Chat, CRM). This way, Eurobank EFG proves that it is orientated towards the provision of pioneering services that are not available by the competition, offering increased added value to its customers.

Real Estate

In 2007, Eurobank Properties completed its share capital increase by payment in cash, with pre-emptive rights in favour of existing shareholders. The total funds raised by means of the share capital increase amounted to €329.4 million. The success of the share capital increase attests to the strong confidence shown by shareholders, institutional and retail, to the progress and prospects of Eurobank Properties. As far as activity in the Real Estate markets of New Europe is concerned, the Group continued to provide real services in Romania, Bulgaria, Serbia and Poland, and initiated the process of entering the real estate market of the Ukraine. As far as investment activity is concerned, in 2007 Eurobank Properties started to implement its business strategy through selected investments in New Europe, which included the acquisition of commercial properties in Romania, Serbia and the Ukraine.

Risk Management

Effective risk management is a top priority, as well as a major competitive advantage, for Eurobank EFG. The Bank has allocated ample resources for upgrading its policies, methods and infrastructures, in order to ensure compliance with best international practices and the guidelines of the Basel Committee for Banking Supervision. Eurobank EFG implements a well-defined credit approval process, independent credit reviews and overall effective risk management policies for market and operational risk, both in Greece and in each country of New Europe. The risk management policies implemented by the Bank and its subsidiaries, as well as by the internal audit and compliance departments, are reviewed annually.

The Group's risk management policies are formulated by the Board's Risk Committee, which comprises the chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officer of Wholesale Banking, the Deputy Chief Executive Officer of Retail Banking, the Risk Executive and two non-executive directors. The Risk Committee meets quarterly and reports directly to the Board of Directors, while the local risk committees, which meet with the same frequency in each country of New Europe, report to the Risk Committee.

Credit Risk

Credit Approval Process

The credit approval and credit review processes are centralized both in Greece and in New Europe. The segregation of duties implies independence among the officers responsible for the client relationship, the approval process, and the disbursement and monitoring of the loan, during its lifecycle.

Since 2004, the Bank has been analyzing Corporate client creditworthiness by using Moody's Risk Advisor ("MRA") model, while since 2007 the final decision regarding credit proposal evaluations takes into account an additional Transactional Rating system, which factors in both the borrower's characteristics (creditworthiness) and any collateral. All credit lines are reviewed at least annually.

The loan approval process for small business banking clients (turnover up to €2.5 million) is based on a framework of centralized procedures, clear guidelines on collateral, and the "four-eyes" principle. The evaluation is based on an analysis of the clients' financial position, their past relationship with the Bank and statistical scorecards.

The consumer lending approval process is also centralized. The Bank uses advanced applications, behavioural credit scoring models and advanced underwriting criteria based on sophisticated data monitoring and analysis. Each area of the Consumer Lending business, and each product, has been analyzed externally to develop tailored credit scoring models.

The mortgage lending approval process is also centralized and is based on the customers' global exposure and income, and the value of the property, as well as on the "four eyes" underwriting standard. The Bank implements a comprehensive set of underwriting criteria, along with a statistical model for evaluating new mortgage loan applications. Real estate properties for all units are valued by EFG Eurobank Property Services, a subsidiary of the Bank.

The organization of the risk management divisions of the Group's subsidiary banks in Bulgaria, Romania, Serbia, Poland and the Ukraine is based on the model of the Bank's Risk Management Division. In Turkey, where the Group has recently expanded its operations, Eurobank Tekfen has already started the process for adopting the same risk management model. Lending approval processes in all banks throughout New Europe comply in full with the standards applicable to the parent Bank in Greece. The quality of portfolios is assessed through field reviews (case-by-case) for Wholesale Lending and on a portfolio basis for Retail Banking.

Credit Review

Following approval, the quality of the Group's Wholesale Banking and Retail Banking loans in Greece and abroad is monitored and assesses by the Credit Control Sector. The Credit Control Sector evaluates the quality of the portfolios through field reviews (case-by-case) for wholesale lending and statistical analyses on a portfolio basis for retail banking.

The Sector is also responsible for monitoring the credit review policy. The Credit Control Sector operates independently from all business units of the Bank and reports to the Risk Executive.

The Bank has set limits and controls regarding the concentration of risk to individual parties, groups or industries. Such risks are monitored on a revolving basis and are subject to quarterly or semi-annual reviews and approvals by the Board of Director's Risk Committee.

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 Banking exposures and Advanced IRB for Retail Banking), 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 materialized the following main projects:

- creation of a central database for the accumulation of historical data;
- development of a series of advanced models of risk evaluation and measurement (possibility of default, exposure to risk and loss estimates), which supplement the existing evaluation models;
- development of a framework for simulating extreme situations (macroeconomic and microeconomic factors), and
- realization of a mechanism for the automatic production of reports to regulators, analysts/investors, and the Bank's management.

Market Risk

Market risk is the potential loss that may occur from changes in interest rates, exchange rates, share prices and commodity prices. 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 policies establish an effective market risk monitoring and management framework at Group level, and ensure regulatory compliance.

The Market Risk Sector is responsible for measuring, monitoring and controlling market and liquidity risk, and ensuring the proper application of market risk management policies.

Value At Risk (VaR)
All market risks are monitored and calculated daily by the Bank's internal risk system, which employs the Value at Risk (VaR) methodology. The Bank has established and follows a framework of VaR limits, in order to control and manage more efficiently the market risks to which it is exposed.

For the year 2007, the VaR estimate for the Bank's trading book portfolio amounted from €1.4 million to €15.5 million, with an average estimate of €7.2 million. In the same period, the VaR estimate for the Bank's Trading & Banking Book portfolio amounted from €11.3 million to €25.1 million, with an average estimate of €16.9 million. Both figures are based on a 99% confidence level and a one-day holding period.

Back testing
The Bank also employs back testing controls in order to test the calibration and predictive capabilities of its internal risk assessment model. Back testing comprises the comparison of daily VaR readings and portfolio value changes.

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.

Liquidity Risk

Liquidity supervision is an essential tool of financial management and is designed to ensure that the Bank is always in a position to meet its obligations to repay, at call and/or maturity, clients and banks.

As a minimum, the Bank aims at fully adhering to regulatory, statutory and Group requirements. Liquidity management ensures that a short-term liquidity ratio is within limits and looks at the impact of evolving market conditions or changing product profiles on the Bank's cash-flow. The Bank's approach on liquidity management is to manage effectively the normal business, and to adhere to the Bank of Greece requirements of maintaining a "liquid cushion" and managing cash-flow maturity mismatches, in order to remain solvent in the event of a liquidity crisis.

In addition to the above, the bank aims at maintaining a stable and diversified funding base.

Operational Risk

The Board of Directors monitors the operational risk level and profile, and, more specifically, the level, frequency and severity of operational losses, through the Risk Committee, and the status of operational risk-related control issues, through the Audit Committee.

Each business unit of the Group retains the prime responsibility for the management of the operational risk inherent in its own activities. The Executive Committee is responsible for the efficient and effective governance of operational risk management. The "Operational Risk Control Division" is responsible for defining and rolling out the methodology for the identification, assessment, and reporting of operational risks in accordance with Board/Risk Committee decisions, regulatory requirements and our Group guidelines, for monitoring operational risk levels and profiles and reporting thereon to the Risk Committee, and defining and rolling out the methodology for the calculation of the regulatory capital charge for operational risk.

In 2007, the Bank launched the operational risk & control self-assessment programme, which will gradually cover the entirety of Eurobank EFG operations in Greece and abroad.

Currently, the Bank applies the standardized approach for operational risk capital calculation, as provided by Basel II, the EU Capital Requirements Directive and the relevant Bank of Greece regulations.

Corporate Governance

The Group is pledged to upholding the highest standards of corporate governance and ethical conduct in the entire range of its activities. The Board of Directors, assisted by a dedicated corporate governance division, provides oversight of the Group's affairs and constantly strives to improve and build on the Group's management processes, structures and policies not only to ensure compliance with laws and regulations but also to provide transparent decision-making and accountability, and to develop a corporate culture founded upon sound corporate ethics which keep to the forefront the interests of shareholders and other stakeholders. Eurobank EFG fosters a culture of enterprise and openness, without hesitating to distance individuals who violate Group values or ethical standards.

The establishment of a Group-wide conflicts of interest policy and process, dedicated to the alignment of the interests of individuals with those of the Group, was a further step in this process during 2007.

The Group is committed to promote public trust and confidence in its dealings, and to secure the balanced and sustainable growth of its local and regional operations.

Management Committees

Executive Committee: N. Nanopoulos (Chairman), B. Ballis, M. Colakides, N. Karamouzis, P. Hadjisotiriou, F. Karavias, E. Kavvalos, G. Marinos, N. Pavlidis, P. Pradelli, M. Vlastarakis.

Strategic Planning Committee: N. Nanopoulos (Chairman), X. Nickitas, G. Gondicas, B. Ballis, M. Colakides, N. Karamouzis, P. Hadjisotiriou.

Credit Committee: G. Katsaros (Chairman), G. Marinos, I. Viga.

Ethics Committee: X. Nickitas, G. Gondicas, A. Dessypri, Th. Zambella.

Board of Directors and Board Committees

Board of Directors		Audit Committee	Risk Committee	Remuneration Committee	Senior Executives Committee
Chairman	Xenophon C. Nickitas		✔		
Honorary Chairman	George C. Gondicas				
1st Vice-President	Anna Maria Louisa J. Latsis				
2nd Vice-Chairman	Lazaros D. Efraimoglou				
Chief Executive Officer	Nicholas C. Nanopoulos			✔	
Deputy Chief Executive Officer	Byron N. Ballis		✔		
Deputy Chief Executive Officer	Michael H. Colakides		Chairman		
Deputy Chief Executive Officer	Nikolaos B. Karamouzis		✔		
Chief Operating Officer	Nikos K. Pavlidis				
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	Dr. Panagiotis V. Tridimas	✔			✔
	Spiros S. Lorentziadis	✔	✔		
Secretary	Paula N. Hadjisotiriou				

Each one of the aforementioned Committee sets its own Terms of Operation, which are included in the detailed Internal Regulation 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 2007

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

The directors present their report together wi h the audited accounts for he year ended 31 December 2007.

Profit Attributable

The profit attributable to equity shareholders of Eurobank EFG, excluding the one-off wildfire donation and new taxation on reserves, amounted to €851m for the year, up 32.1% from €644m in 2006, as set out in the consolidated income statement on page 7.

After the donation and new taxation, the profit attributable to equity shareholders amounted to€815m, up 35.5 % from €601m in 2006.

Dividends

An interim dividend of €0.32 per ordinary share was paid on 10 December 2007, totalling €166m (2006 - €135m). The directors now recommend, subject to approval at the Annual General Meeting, a final dividend of €0.50 per ordinary share totalling €259m (2006 - €215m). This results in a total dividend for 2007 of €0.82 per share, totalling €425m, up 21.5% from 2006's €350m.

Dividend Reinvestment Plan

On 21 November 2007 the Extraordinary General Meeting authorised the Board of Directors to proceed with a dividend reinvestment plan within prescribed parameters. It was the first time that a Greek company had initiated such a plan, and ordinary shareholders were enabled to opt for the plan, during the payment of the interim dividend. A similar plan for the final dividend will be proposed to the 2008 Annual General Meeting.

Ordinary Share Capital – Rights Issue

On 2 August 2007, the Extraordinary General Meeting decided to issue 2 new shares for every 15 held, at a price of €20 per share, to finance targeted acquisitions outside Greece and to support the accelerated expansion of the Group's business, primarily abroad.

The rights issue was completed successfully and the proceeds totalled € 1,229m. The 61,444,496 new shares were issued and listed on the Athens Exchange on 25 September 2007. 97.5% of the shares were subscribed to during the rights exercise period. Out of the 1,554,008 unsubscribed new shares, 754,178 shares were allocated to employees who applied for up to 200 shares each, at €20 per share. The remaining unsubscribed new shares were allocated on a pro-rata basis to shareholders who exercised their over-subscription right. They applied for €328m worth of shares, and, due to excess demand, received only 4.9% of the shares they applied for. Overall, the total demand from employees and shareholders exceeded the unsubscribed new shares approximately 11 times.

Activities

Eurobank EFG Group is a financial services provider engaged in retail, corporate and private banking, asset management, insurance, treasury and capital markets services. The Group operates hrough branches, offices and subsidiaries in Greece and the region of Central, Eastern and Southeastern Europe (New Europe).

Business Outlook

For all the countries that the Eurobank EFG Group operates in, New Europe and in Greece, 2007 was initially characterized by a positive macro economic environment, supportive of business expansion and relatively immune to the subprime mortgage crisis that emerged during the summer. Even though the outlook on most economic fundamentals remains positive for 2008, the investment climate has deteriorated in some countries.

Greece continued its positive macroeconomic performance within 2007. Gross Domestic Product (GDP) growth remained robust, at an estimated 4.0% at the end of 2007 and forecasted at 3.7% for 2008. Unemployment decreased from 9.3% to 8.3%, supporting household balance sheets. Further improvement is expected in 2008. The macroeconomic climate thus supported healthy credit expansion, which, as at November 2007, was growing at 20.5% p.a.

In New Europe, robust economic growth continued in 2007 with credit expansion ranging from 33% to 61% (for the nine months of 2007). For 2008, GDP growth rate is forecasted at 5% or better in most countries in the region. It is noted that inflationary pressures have become apparent. However, the underlying positive economic fundamentals, coupled with he low household indebtedness, should support significant credit expansion in the region in 2008.

Regional Expansion

During 2007 the Eurobank EFG Group continued to expand its activities in New Europe with a total presence in seven countries. The Group further extended its network in the region reaching a total number of over 960 units (branches, points of sales and business centres) and employing 12,000 people by the end of the year.

In early 2007, the Group completed the acquisition of Universal Bank in Ukraine and entered the corporate banking market in Turkey through the acquisition of Tekfenbank, now named Eurobank Tekfen. In July the Group launched operations in Cyprus aiming to cater for the needs of wholesale and private banking clients.

In Bulgaria, Serbia and Romania the Group broadened the range of services provided through the establishment and/or acquisition of new subsidiaries and achieved high business growth rates. In Poland, the operations that had been initiated in 2006, are already achieving very high growth rates through a network of more than 250 units by the end of the year.

Financial Results Review

In 2007, Eurobank EFG grew its Balance Sheet by 27.1% to€68.4bn as a result of strong lending and deposit growth across all categories and all countries.

In Greece gross loans increased by 20.4% to €37.4bn and in New Europe loans more than doubled. In total, loans grew by 33.7% to reach €46.7bn. Despite the accelerated business development, credit quality has improved with non performing loans at 2.4% of gross loans, down from 2006's 2.8%. Provisioning charges were 1.01% of net loans, down from 2006's 1.14%; provisions now cover 92% of non performing loans, whereas the average coverage ra io in respect of all banks in Greece is 57% (Bank of Greece, September 2007).

In 2007, the growth in deposits was a record 30.5%, with client funds under management reaching €52.4bn, up 17.4% from 2006. The resulting loan to deposit ratio at the end of 2007 was 126%, whereas UBS European Banks' research estimates he European sector average (excluding Swiss banks and non-deposit taking institutions) at 156%.

Net interest income at €2,004m grew by 25.5% with a 3.28% net interest margin. Fees also increased by 25.7% to €634m, and operating income reached €2.8bn, up 26% from 2006. Cost to income ratios improved both in Greece, from 40.7% to 40%, and in New Europe, from 90% to 76%, resulting in a group cost to income ratio of 48.1%.

New Europe's profits totalled €72.6m against a loss of €3.5m in 2006, and a target of €60m. The net profit attributable to shareholders amounted to €851m, up 32% from 2006, and as compared to a revised target of €820m, which had been increased in August from €780m. The Return on Equity reached 23.5%, up from 23% last year, in spite of the €1.2bn rights issue in September.

All above numbers and ra ios exclude the one-off donation of€20m to the wildfire victims, and he €16m new taxation imposed at he end of the year.

Capital Adequacy

Following the Bank's rights issue of €1.2bn, and €750m subordinated debt issued in June, the regulatory capital reached €5.7bn, up from 2006's €3.6bn. Of this, Core Tier I capital was €4.3bn (2006 €2.5bn).

The Group's risk weighted assets under Basle II - Standardised Methodology total€46.3bn, compared to €34.5bn for 2006 measured under Basle I.

The capital adequacy ratio stands at 12.2% (up from 2006's 10.4%, and as compared to Greece's average of 11.4% (Bank of Greece, September 2007) and the minimum requirement of 8%). The Core Tier I ratio stands at 9.2% (2006 7.2%).

Share Capital

On 3 April 2007, the Annual General Meeting approved the adjustment of the par value of each ordinary share by 20% to €2.75 from €3.30, and the issue of 2 shares for every 10 held. This resulted in the issue of 76.8 million shares which were listed on the Athens Exchange on 23 May 2007.

In addition to the rights and bonus issues, he ordinary share capital was increased by 3.5 million shares during the year as a result of the interim dividend reinvestment program, and the distribution of shares to, and the exercise of options by, the executive directors, management and staff.

At 31 December 2007, the share capital amounts to €1,443,600,504.50 divided into 524,945,638 ordinary voting shares of a nominal value of €2.75 each. All shares are registered, listed on the Athens Exchange and have all the rights and obligations set by Greek law. Additional information is in note 32 to the accounts.

Authority to issue new shares

The only au horities that the Board of Directors has to issue shares, without further prior approval by the Shareholders General Meeting, are as follows:

- In relation to stock options:
    - As authorised by the General Meeting, the Board of Directors may issue stock options to directors, executive management and staff, wi hin the framework of the approved stock option program.
    - In addition the Board of Directors has been authorised to issue shares to those stock option holders who exercise their rights within the rules set by the stock option program. Further details are in note 34 to he accounts.
- In relation to dividend reinvestments:
    - As authorised by the General Meeting, the Board of Directors may issue shares to those shareholders who chose to reinvest their dividend in company shares. Further details are in note 32 to the accounts.
- Issue of new shares to institutional shareholders abroad:
    - As authorised by the General Meeting, the Board of Directors may issue shares to institutional shareholders abroad (minority shareholders in the Group's subsidiaries in New Europe). Further details are in note 32 to the accounts.

Authority to acquire Treasury Shares

The Board of Directors was authorised by the Annual General Meeting of 2007, to take any action or handle any issue necessary for the implementation of a program of acquisition of treasury shares, in accordance wi h the provisions of article 16 of company law 2190/1920, prior to amendment by law 3604/2007. Further details are in note 32 to he accounts.

Substantial Shareholdings

Eurobank EFG is a member of the EFG Group, which consists of banks and financial services companies, the ultimate parent company of which is EFG Bank European Financial Group, a credit institution based in Switzerland. All voting rights at the General Meetings of EFG Bank European Financial Group are held by he Latsis family. EFG Bank European Financial Group controls 41 2% of the Bank. The remaining shares are held by institu ional and retail investors; the Bank has not been notified of any investor controlling more than 5% of voting rights.

Board Membership

The Board of Directors of Eurobank EFG is set out on Note 42 to the Accounts. Biographical details of the Board members are available on our website (www.eurobank.gr). Mr Michael Colakides was appointed as an executive Director with effect from 1 November 2007 replacing Mr H. Kyrkos. Mr Spyros Lorentziadis was appointed as independent non-executive Director with effect from 25 June 2007, replacing the deceased Panayiotis Lambropoulos. The Board's term expires at the 2010 Annual General Meeting.

Corporate Social Responsibility

Eurobank EFG has an extensive community programme covering many countries around the region. In addition it supports significant educational, cultural, environmental, sports and benevolent initiatives.

Following the catastrophic wildfires in Greece in he summer, Eurobank EFG committed €20m for he support of victims, the reconstruction of the regions affected, and the prevention of similar disasters. Already more than 5,000 families and businesses in nine different prefectures have received direct assistance through this program.

Employee Involvement

Eurobank EFG is committed to ensuring that employees share in the success of the Group. Shares are distributed to almost all staff and there are stock option programs for senior staff and executive directors. Staff are encouraged to hold, and have substantial sums invested in, Eurobank shares.

Employees are kept informed of matters of concern to them in a variety of ways, including through corporate news magazines, intranets and briefings. These communica ions help achieve a common awareness among employees of the financial and economic factors affecting the performance of the Group.

The diversity agenda at Eurobank EFG seeks to include customers, colleagues and suppliers. Our objective is to recruit and retain the best people, regardless of race, religion, age, gender, sexual orientation or disability. We strive to ensure our workforce reflects the communities in which we operate, and the international nature of the organisa ion. We recognise that diversity is a key part of responsible business strategy in support of our increasingly regional business.

Financial Instruments

The Group's financial risk management objectives and policies, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used, and the exposure to market risk, credit risk and liquidity risk are set out in Notes 2, 4 and 17 to the accounts.

Events after the Balance Sheet Date

In February 2008, the Central Bank of Cyprus approved the conversion of the Cyprus branch into a subsidiary. The conversion is expected to be completed by the end of March 2008.

Sundry information required under Law 3371/2007 (article 11a)

According to the Bank's Articles of Association:

- There are no restrictions on the transfer of he Bank's shares
- No shares carry special controlling or voting rights
- There are no restrictions on voting rights
- The appointment and replacement of directors, and the amendment of the Articles do not differ from the provisions of company law.

The Bank is not aware of any shareholders' agreements resulting in restrictions in the transfer of its shares or in the exercise of the shares' voting rights.

There are no significant agreements hat enter into force, are amended or expire if there is change in the control of the Bank following a public offer.

There are no special agreements between the Bank and the Directors or the staff for compensation in the event of resignation, dismissal without good reason or termination of their term of office or employment as a result of a public offer.

The Auditors

The Board's Audit Committee reviews he appointment of the external auditors, as well as their relationship with the Group, including monitoring the Group's use of the auditors for non-audit services and the balance of audit and non-audit fees paid to the auditors. Having reviewed the independence and effectiveness of the external auditors, the Committee has recommended to the Board that the existing auditors, PricewaterhouseCoopers S.A., be reappointed. PricewaterhouseCoopers have signified their willingness to continue in office, and ordinary resolutions reappointing them as auditors and setting their remuneration in accordance with the Institute of Certified Public Auditors' decisions, will be proposed at the 2008 AGM.

So far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Each of the Directors has taken all the steps that he or she ought to have taken as a Director in order to make himself of herself aware of any relevant audit informa ion and to establish that the Company's auditors are aware of that information. For these purposes, 'relevant audit information' means information needed by the Company's auditors in connection with preparing their report.

The Annual General Meeting

The Eurobank EFG AGM will be held at "Hotel Grande Bretagne", Constitution Square, A hens on 8 April 2008. The Notice of the Meeting will be published in the press and will be posted to the website www.eurobank.gr at least 20 days before the meeting.

Xenophon Nickitas	Nicholas Nanopoulos
Chairman	Chief Executive Officer

25 February 2008

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 7 to 49 which comprise the consolidated balance sheet as of 31 December 2007 and the consolidated income statement, statement of changes in equity and cash flow statement for he 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, whe her 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 he 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 evalua ing 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, he financial position of the Group as of 31 December 2007, and its financial performance and its cash flows for the year then ended in accordance with International Financial Repor ing Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The Board of Directors' Report, as set out on pages 2 to 4 contains all the informa ion under the provisions of articles 43a paragraph 3, 107 paragraph 3 and 16 paragraph 9 of L2190/1920 and article 11a of L3371/2005 and its content is consistent with the Group financial statements.

Athens, 26 February 2008

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 2007 € million	2006 € million
Interest income	5	**5,980**	4,007
Interest expense	5	**(3,976)**	(2,410)
Net interest income		**2,004**	1,597
Banking fee and commission income		**704**	574
Banking fee and commission expense		**(146)**	(127)
Net banking fee and commission income	6	**558**	447
Net insurance income		**53**	37
Income from non banking services	7	**23**	20
Dividend income		**13**	9
Net trading income/(loss)		**33**	32
Gains less losses from investment securities		**105**	70
Other operating income		**28**	21
Operating income		**2,817**	2,233
Operating expenses	8	**(1,374)**	(1,062)
Impairment losses on loans and advances	19	**(401)**	(344)
Profit from operations		**1,042**	827
Share of results of associates	23	**8**	5
Profit before tax		**1,050**	832
Income tax expense	10	**(219)**	(225)
Profit for the year		**831**	607
Net profit for the year attributable to minority interest		**16**	6
Net profit for the year attributable to shareholders*		**815**	601

	Note	€	€
Earnings per share			
- basic	12	1.60	1.19
- diluted	12	1.59	1.19

	Note	€ million	€ million
*** Comparable profit for the year excluding:**			
- Taxation on reserves	10	**(16)**	(43)
- Wildfire donation	8	**(20)**	-
Net profit excluding taxation on reserves and donation		**851**	644

	Note	€	€
Earnings per share excluding taxation on reserves and dona ion	12	1.67	1.29

Notes on pages 11 to 49 form an integral part of these consolidated financial statements

Consolidated Balance Sheet

	Note	At 31 December 2007 € million	2006 € million
ASSETS			
Cash and balances with central banks	13	**2,732**	2,654
Loans and advances to banks	15	**4,577**	2,938
Financial instruments at fair value hrough profit or loss	16	**960**	807
Derivative financial instruments	17	**738**	518
Loans and advances to customers	18	**45,638**	34,046
Available-for-sale investment securities	20	**10,477**	10,936
Held-to-maturity investment securities	21	**618**	-
Investments in associated undertakings	23	**46**	48
Intangible assets	24	**735**	354
Property, plant and equipment	25	**1,120**	974
Other assets	26	**748**	545
Total assets		**68,389**	53,820
LIABILITIES			
Due to other banks	27	**2,012**	1,536
Repurchase agreements with banks	27	**10,754**	9,387
Derivative financial instruments	17	**1,050**	709
Due to customers	28	**36,151**	27,707
Debt issued and other borrowed funds	29	**11,238**	9,367
Other liabilities	30	**1,825**	1,490
Total liabilities		**63,030**	50,196
EQUITY			
Share capital	32	**1,432**	1,242
Share premium	32	**1,325**	176
Other reserves		**1,495**	1,239
Ordinary shareholders' equity		**4,252**	2,657
Preferred securities	33	**777**	786
Ordinary and Preferred shareholders' equity		**5,029**	3,443
Minority interest		**330**	181
Total		**5,359**	3,624
Total equity and liabilities		**68,389**	53,820

Notes on pages 11 to 49 form an integral part of these consolidated financial statements

EFG EUROBANK ERGASIAS S.A.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2007

	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 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 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	-	-	-	(25)	(25)	-	27	2
Merger of Intertrust Mutual Funds Co S.A.	-	-	(56)	56	-	-	-	-
Purchase of preferred securities	-	-	-	-	-	(28)	-	(28)
Sale of preferred securities	-	-	-	(2)	(2)	52	-	50
Preferred securities' dividend paid	-	-	-	(41)	(41)	-	-	(41)
Final dividend for 2005	-	-	-	(171)	(171)	-	-	(171)
Interim dividend for 2006	-	-	-	(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
Transfers between reserves	-	-	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
Balance at 1 January 2007	1,242	176	991	248	2,657	786	181	3,624
Cash flow hedges								
- net changes in fair value, net of tax	-	-	5	-	5	-	-	5
- transfer to net profit, net of tax	-	-	(4)	-	(4)	-	-	(4)
Available-for-sale securities								
- net changes in fair value, net of tax	-	-	(93)	-	(93)	-	(0)	(93)
- transfer to net profit, net of tax	-	-	(58)	-	(58)	-	-	(58)
Net investment hedge	-	-	(2)	-	(2)	-	-	(2)
Currency translation differences	-	-	6	-	6	-	(3)	3
Net income/(expense) recognised directly in equity	-	-	(146)	-	(146)	-	(3)	(149)
Profit for the year	-	-	-	815	815	-	16	831
Total recognised income for the year 2007	-	-	(146)	815	669	-	13	682
Distribution of free shares to executive directors, management and staff	3	26	-	(0)	29	-	-	29
Share capital increase, net of expenses	169	1,043	-	-	1,212	-	-	1,212
Share capital increase due to re-investment of dividend	2	13	-	-	15	-	-	15
Minority's share in subsidiaries' capital increase	-	-	-	-	-	-	147	147
Acquisitions/Changes in participating interests in subsidiary and associated undertakings	-	-	-	(23)	(23)	-	(3)	(26)
Purchase of preferred securities	-	-	-	-	-	(26)	-	(26)
Sale of preferred securities	-	-	-	-	-	17	-	17
Preferred securities' dividend paid	-	-	-	(44)	(44)	-	-	(44)
Final dividend for 2006	-	-	-	(214)	(214)	-	-	(214)
Interim dividend for 2007	-	-	-	(166)	(166)	-	-	(166)
Dividends paid by subsidiaries attributable to minority interest	-	-	-	-	-	-	(8)	(8)
Employee share option scheme:								
- Value of employee services	-	-	9	-	9	-	-	9
- Share capital increase due to share options exercised	5	17	-	-	22	-	-	22
Purchase of treasury shares	(24)	(195)	-	-	(219)	-	-	(219)
Sale of treasury shares, net of tax	35	245	25	-	305	-	-	305
Transfers between reserves	-	-	281	(281)	-	-	-	-
	190	1,149	315	(728)	926	(9)	136	1,053
Balance at 31 December 2007	**1,432**	**1,325**	**1,160**	**335**	**4,252**	**777**	**330**	**5,359**
	Note 32	Note 32	Note 35			Note 33		

Notes on pages 11 to 49 form an integral part of these consolidated financial statements

Consolidated Cash Flow Statement
for the year ended 31 December 2007

	Note	Year ended 31 December 2007 € million	2006 € million
Cash flows from operating activities			
Interest received and net trading receipts		**5,057**	3,203
Interest paid		**(2,991)**	(1,752)
Fees and commissions received		**786**	681
Fees and commissions paid		**(125)**	(111)
Dividends received		**1**	3
Other income received		**52**	26
Cash payments to employees and suppliers		**(1,124)**	(903)
Income taxes paid		**(131)**	(176)
Cash flows from operating profits before changes in operating assets and liabilities		**1,525**	971
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**(356)**	(484)
Net (increase)/decrease in financial instruments at fair value through profit or loss		**199**	410
Net (increase)/decrease in loans and advances to banks		**(424)**	(290)
Net (increase)/decrease in loans and advances to customers		**(11,111)**	(7,238)
Net (increase)/decrease in derivative financial instruments asset		**132**	293
Net (increase)/decrease in o her assets		**(221)**	71
Net increase/(decrease) in due to other banks and repos		**1,668**	121
Net increase/(decrease) in due to customers		**7,927**	6,026
Net increase/(decrease) in derivative financial instruments liabilities		**(139)**	(377)
Net increase/(decrease) in o her liabilities		**(205)**	351
Net cash used in operating activities		**(1,005)**	(146)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(287)**	(270)
Proceeds from sale of property, plant and equipment		**80**	20
Purchases of available-for-sale investment securities	20	**(8,332)**	(6,560)
Proceeds from sale of available-for-sale investment securities	20	**8,621**	5,433
Purchases of held-to-maturity investment securities	21	**(574)**	-
Proceeds from redemption of held-to-maturity investment securities	21	**24**	-
Acquisition of subsidiary undertakings net of cash acquired		**(51)**	(145)
Proceeds from sale/liquidation of subsidiary undertakings net of cash disposed		**-**	35
Participation in capital increase in associated undertakings		**-**	(13)
Proceeds from sale of associated undertakings		**9**	14
Dividends from investment securities and associated undertakings		**12**	8
Net contributions by minority interest		**140**	73
Net cash used in investing activities		**(358)**	(1,405)
Cash flows from financing activities			
Proceeds from debt issued and other borrowed funds		**12,014**	9,307
Repayments of debt issued and other borrowed funds		**(10,428)**	(7,338)
Proceeds from exercise of options		**22**	0
Purchases of preferred securi ies	33	**(26)**	(28)
Proceeds from sale of preferred securities	33	**17**	52
Preferred securities' dividend paid		**(44)**	(41)
Dividends paid	43	**(379)**	(304)
Issue of ordinary shares	32	**1,244**	-
Expenses for issue of ordinary and bonus shares	32	**(17)**	(3)
Purchases of treasury shares		**(219)**	(183)
Proceeds from sale of treasury shares		**313**	61
Net cash from financing activities		**2,497**	1,523
Effect of exchange rate changes on cash and cash equivalents		**(7)**	23
Net increase/(decrease) in cash and cash equivalents		**1,127**	(5)
Cash and cash equivalents at beginning of year	14	**3,563**	3,568
Cash and cash equivalents at end of year	14	**4,690**	3,563

Notes on pages 11 to 49 form an integral part of these consolidated financial statements

1. General information

EFG Eurobank Ergasias S A. (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 Bank 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 Sou heastern Europe (New Europe).

These consolidated financial statements were approved by the Board of Directors on 25 February 2008.

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 hese statements.

The policies set out below have been consistently applied to the years 2006 and 2007. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(a) Amended and new standards and interpretations effective 1 January 2007

The application of the amended and new standards and interpretations listed below did not result in substan ial changes to the Group's accoun ing policies:
- IFRS 7, Financial Instruments: Disclosures;
- IAS 1, Amendment - Capital Disclosures;
- IFRS 4, Revised Guidance on Implementing IFRS 4, Insurance Contracts;
- IFRIC 8, Scope of IFRS 2;
- IFRIC 9, Reassessment of Embedded Derivatives;
- IFRIC 10, Interim Financial Reporting and Impairment.

(b) Standards and Interpretations issued but not yet effective

The following standards and interpretations that were issued but not yet effective for accounting periods beginning on 1 January 2007 have not been early adopted:
- IAS 1, Presentation of Financial Statements (effective 1 January 2009);
- IAS 23, Borrowing costs (effective 1 January 2009);
- IFRS 8, Operating Segments (effective 1 January 2009);
- IFRIC 11, IFRS 2 Group and Treasury Shares Transactions (effective for annual periods beginning on or after 1 March 2007);
- IFRIC 13, Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008);
- IFRIC 14, IAS 19 -The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008).

The application of the above mentioned standards and interpretations is not expected to have a material impact on the Group's financial statements in the period of the initial application. IAS 1 affects the presentation of owner changes in equity and of comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs.

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 he 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 ul imately 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 the 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 he 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 issued or exchanged and liabilities undertaken at the date of acquisi ion, plus costs directly attributable to the acquisition. Iden ifiable assets acquired and liabilities and con ingent 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 han the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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.

Commitments to purchase minority interests through put options granted to minority shareholders as part of a business combination are accounted for as a financial liability, with no minority interest recognised for reporting purposes. The financial liability is measured at fair value, using valuation techniques based on best estimates available to management. Any difference between the fair value of the financial liability and the legal minority interest's share of net assets is recognised as part of goodwill, and subsequent revisions to the valuation of the put option are recorded as changes to he corresponding financial liability and to goodwill.

The Group sponsors the formation of special purpose entities, which may or may not be directly owned subsidiaries for he purpose of asset securitisation (see accounting policy (x) 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 he entity indicates that the entity is controlled by the Group.

Where necessary, accoun ing 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 22.

2. Principal accounting policies (continued)

(b) Consolidation (continued)

(ii) Transactions with minority interests

Increases of the Group's ownership interest in subsidiaries are recorded as equity transactions and any difference between the consideration and the share of he new net assets acquired is recorded directly in equity. Gains or losses arising from disposals of ownership interest that do not result in a loss of control by the Group are also recorded directly in equity. For disposals of ownership interests that result in a loss of control, the Group recognises gains and losses in the income statement.

(iii) 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 discon inues recognising its share of further losses, unless it has incurred obliga ions 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 23.

(iv) 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 23.

(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 he 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 resul ing 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 (bo h 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., he 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.

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 resul ing fair value gain or loss depends on whe her 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 incep ion 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 accoun ing, 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 he 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 accoun ing, 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.

2. Principal accounting policies (continued)

(d) Derivative financial instruments and hedging (continued)

(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 hat 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 17.

(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 he 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 he 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 he 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 wi h 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 amor ised 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
O her 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 combina ions.

(i) Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value hrough 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 hose designated at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedging instruments.

The Group designates financial assets at fair value through profit or loss when either:
a) it eliminates or significantly reduces measurement or recognition inconsistencies; or
b) financial assets share the same risks with financial liabilities and those risks are managed and evaluated on a fair value basis ; or
c) structured products containing embedded derivatives that could significantly modify the cash flows.

2. Principal accounting policies (continued)

(i) Financial Assets (continued)

(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 hose that the Group upon initial recognition designates as at fair value through profit or loss and those that the Group 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. If the Group were 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.

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 is recognised in profit or loss. However, interest calculated using the effective interest method is recognised in the income statement. Dividends on 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 hat 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 whe her 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 hat 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) he Group gran ing 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) he disappearance of an active market for hat 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 hose assets, although the decrease cannot yet be identified with the individual financial assets in he group, including:
   - adverse changes in the payment status of borrowers in the group; or
   - na ional 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 effec ive 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 he 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 evalua ion of impairment, financial assets are grouped on the basis of similar credit risk characteris ics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and o her 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 he 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 he 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 assump ions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

2. Principal accounting policies (continued)

(j) Impairment of financial assets (continued)

(i) Assets carried at amortised cost (continued)

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.

(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, he 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 o her 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 he 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 hem is recorded at fair value as a trading liability.

(l) Financial liabilities
The Group classifies its financial liabilities in the following categories: financial liabilities measured at amortised cost and financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss have two sub categories :

Financial liabilities held for trading and financial liabilities designated at fair value through profit or loss upon initial recognition. The Group designates financial liabilities at fair value through profit or loss when either:
a) it eliminates or significantly reduces measurement or recognition inconsistencies; or

b) financial liabilities share the same risks with financial assets and those risks are managed and evaluated on a fair value basis ;or

c) structured products containing embedded derivatives that could significantly modify the cash flows.

Financial liabilities are derecognised when the obliga ion specified in the relevant contract is discharged, cancelled or expires.

(m) 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 he 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.

(n) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in he consolidated financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The principal temporary differences arise from loan impairment, depreciation of fixed assets, pension and other retirement benefit obligations, and revalua ion of certain financial assets and liabilities, including derivative instruments.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. 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 he 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)

(o) 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 he year to which they relate.

(ii) Standard legal staff retirement indemnity obligations (SLSRI)
In accordance with Greek labour legisla ion, 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 remunera ion at he 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 obliga ion in respect of he SLSRI obligations are charged direc ly in the profit and loss for the year.

In addition, the Company has enhanced he 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 he balance sheet date are discounted to present value.

(iii) Performance-based cash payments
The Group's Management awards high performing employees wi h bonuses in cash, from time to time, on a discre ionary 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.

(p) Insurance activities

(i) Revenue recognition
For casualty, property and short-duration life insurance contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

For long-term insurance contracts premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised.

(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 informa ion (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 he 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 he 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 liabili ies 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)

(q) 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".

(r) 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 transac ions entered into with related parties are in the normal course of business and on an arm's length basis.

(s) 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.

(t) 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.

(u) Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or op ions 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.

(v) 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 distribu ion 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.

(w) Financial Guarantees

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on he date the guarantee was given. Subsequent to initial recogni ion, the Group's liabili ies under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned on a straight line basis over the life of he guarantee and the best estimate of the expenditure required to settle any financial obligation arising at he balance sheet date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of Management. Any increase in the liability relating to guarantees is taken to the income statement.

(x) Securitisations

The Group securitises various financial assets, which generally results in he sale of he 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 he form of subordinated tranches or o her residual interests.

(y) 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 whe her an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating hat 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 here 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 es imating 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 calcula ions. 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 he 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 heir cost. In determining what is significant or prolonged the Group's management exercises judgment. In making his 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 heal h 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 en ities (SPEs) for various purposes including asset securitisa ion. 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 whe her 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 activi ies 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. Wi h the excep ion 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.

4.2 Financial risk factors

The Group's ac ivities 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 he balance sheet date. Significant changes in he economy, or in the health of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses hat 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 poten ial 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.

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 wi h 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. Fur her details of the Group's derivative instruments are provided in note 17.

(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 hat 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 herefore carry less risk than a loan. Commitments to extend credit represent contractual commitments to extend credit in the form of loans, guarantees or letters of credit for which the Group usually receives a commitment fee.

4.2.1.1 Maximum exposure to credit risk before collateral held

	2007	2006
	€ million	€ million
Credit risk exposures relating to on-balance sheet assets are as follows:		
Loans and advances to banks	**4,577**	2,938
Loans and advances to customers:		
- Lending to medium size and large corporate entities (wholesale)	**16,792**	12,246
- Consumer lending	**10,230**	7,940
- Mortgage lending	**11,246**	8,509
- Small business lending	**7,370**	5,351
Financial instruments at fair value through profit or loss:		
- Debt securi ies	**410**	508
Derivative financial instruments	**738**	518
Investment securities		
- Debt securi ies	**10,374**	10,429
Other assets	**584**	383
Credit risk exposures relating to off-balance sheet items	**2,775**	2,177
At 31 December	**65,096**	50,999

The above table represents the maximum credit risk exposure to he Group at 31 December 2007 and 2006, without taking account of any collateral held. For on-balance-sheet-assets, the exposure set out above are based on net carrying amounts as reported in the balance sheet.

4.2.1.2 Loans and advances

Loans and advances are summarised as follows:

	31 December 2007		31 December 2006	
	Loans and advances to customers € million	**Loans and advances to banks € million**	Loans and advances to customers € million	Loans and advances to banks € million
Nei her past due nor impaired	**39,133**	**4,577**	28,752	2,938
Past due but not impaired	**6,031**	**-**	4,945	-
Impaired:				
- collectively assessed	**452**	**-**	343	-
- individually assessed	**1,053**	**-**	867	-
Gross	**46,669**	**4,577**	34,907	2,938
Less: allowance for impairment	**(1,031)**	**-**	(861)	-
Net	**45,638**	**4,577**	34,046	2,938
Non-performing loans included above	**1,119**		958	
Past due more than 90 days included above (under Basel II)	**1,474**		1,182	

4. Financial risk management (continued)

4.2 Financial risk factors (continued)

4.2.1 Credit risk (continued)

4.2.1.2 Loans and advances (continued)

(a) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired at 31 December 2007 and 2006 can be assessed by reference to the Group's standard grading system. The following information is based on that system:

	31 December 2007		31 December 2006	
	Loans and advances to customers € million	Loans and advances to banks € million	Loans and advances to customers € million	Loans and advances to banks € million
Grades:				
Satisfactory risk	**38,826**	**4,577**	28,260	2,938
Watch list and special mention	**307**	**-**	492	-
Total	**39,133**	**4,577**	28,752	2,938

(b) Loans and advances past due but not impaired

	31 December 2007				
	Wholesale € million	Consumer € million	Mortgage € million	Small business € million	Total € million
Past due up to 29 days	**1,241**	**1,654**	**833**	**688**	**4,416**
Past due 30 - 89 days	**255**	**452**	**243**	**504**	**1,454**
Past due 90 - less than 1 year	**58**	**-**	**86**	**17**	**161**
Total	**1,554**	**2,106**	**1,162**	**1,209**	**6,031**
Fair value of collateral	**924**	**-**	**1,153**	**615**	**2,692**

	31 December 2006				
	Wholesale € million	Consumer € million	Mortgage € million	Small business € million	Total € million
Past due up to 29 days	984	1,375	582	576	3,517
Past due 30 - 89 days	529	321	144	310	1,304
Past due 90 - less than 1 year	75	-	49	-	124
Total	1,588	1,696	775	886	4,945
Fair value of collateral	718	-	764	428	1,910

Based on past experience, consumer and small business loans less than 90 days past due - for mortgage loans 180 days past due - are not considered impaired, unless specific information indicates to the contrary. Certain wholesale loans for which the exposure is fully collateralised and /or the counterparty is of high credit quality are not considered impaired for a period of up to 1 year.

The fair value of collateral is the lower of the loan's carrying amount, the collaterals' fair value and, if any, the prenotation.

(c) Impaired loans and advances collectively assessed

For collectively assessed accounts, loans are treated as impaired based on historical loss data for groups of loans with similar characteristics. The criteria used by the Group to determine that here is objective evidence of impairment are provided in Group's accounting policy 2 (j).

The collectively assessed loans and advances to customers before taking into consideration the cash flows from collateral held is € 452 million (2006: € 343 million). The breakdown of the gross amount of collectively assessed loans and advances by class is as follows:

	31 December 2007			31 December 2006		
	Consumer € million	Mortgage € million	Total € million	Consumer € million	Mortgage € million	Total € million
Collectively assessed loans	**368**	**84**	**452**	282	61	343
Fair value of collateral	**-**	**82**	**82**	-	60	60

(d) Impaired loans and advances individually assessed

For individually assessed accounts, loans are treated as impaired as soon as there is objective evidence that an impairment loss has been incurred. The criteria used by the Group to determine that there is objec ive evidence of impairment are provided in Group's accounting policy 2 (j).

The individually assessed loans and advances to customers before taking into consideration the cash flows from collateral held is € 1,053 million (2006: € 867 million). The breakdown of the gross amount of individually assessed loans and advances by class, along wi h the fair value of related collateral held by the Group as security, are as follows:

	31 December 2007			31 December 2006		
	Small business € million	Wholesale € million	Total € million	Small business € million	Wholesale € million	Total € million
Individually assessed loans	**379**	**674**	**1,053**	282	585	867
Fair value of collateral	**168**	**311**	**479**	129	252	381

(e) Loans and advances renegotiated

Loans and advances renegotiated activities include extended payment arrangements, modifica ion and deferral of payments. Provided that the customer account is performing for a period of one year following the renegotiation date, a previously overdue customer account is reset to a normal status.

4. Financial risk management (continued)

4.2 Financial risk factors (continued)

4.2.1 Credit risk (continued)

4.2.1.2 Loans and advances (continued)

(f) Non-performing loans

Non-performing loans are defined as the loans delinquent for a given period determined in accordance with applicable law and practice in the countries the Group operates In Greece, mortgages are considered as non-performing when they are delinquent for more than 180 days and consumer loans for more than 90 days. Loans to corporate entities are considered as non-performing when they are transferred to non accrual status which occurs when the loans are delinquent for more than 180 days or earlier in the case of a material credit event.

	2007	2006
	€ million	€ million
- Lending to medium size and large corporate entities (wholesale)	**417**	449
- Consumer lending	**368**	282
- Mortgage lending	**84**	61
- Small business lending	**250**	166
	1,119	958

4.2.1.3 Debt Securities

The table below presents an analysis of debt securities by rating agency designation at 31 December 2007, based on Standard & Poor's ra ings or their equivalent:

	31 December 2007			
	Trading securities € million	**Available-for-sale securities € million**	**Held to maturity securities € million**	**Total € million**
AAA	**0**	**2,262**	**-**	**2,262**
AA- to AA+	**17**	**542**	**-**	**559**
A- to A+	**228**	**4,141**	**-**	**4,369**
Lower than A-	**159**	**2,582**	**618**	**3,359**
Unrated	**6**	**229**	**-**	**235**
Total	**410**	**9,756**	**618**	**10,784**

€ 2,990 million included in securities rated lower than A- and unrated, relates to sovereign debt.

4.2.1.4 Concentration of credit risk

(a) Geographical sectors

The following table breaks down the Group's main credit exposure at their gross carrying amounts, as categorised by geographical region as of 31 December 2007. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

	Greece € million	**Other Western European countries € million**	**New Europe countries € million**	**Other countries € million**	**Total € million**
Loans and advances to banks	1,512	2,496	521	48	**4,577**
Loans and advances to customers:					
- Lending to medium size and large corporate entities	12,388	624	3,766	428	**17,206**
- Consumer lending	7,941	1	2,637	1	**10,580**
- Mortgage lending	9,339	47	1,868	16	**11,270**
- Small business lending	6,443	0	1,171	0	**7,614**
Debt securities	2,925	2,861	4,222	776	**10,784**
Derivative financial instruments	354	337	25	22	**738**
Other assets	397	51	129	7	**584**
As at 31 December 2007	**41,299**	**6,417**	**14,339**	**1,298**	**63,353**
As at 31 December 2006	35,307	6,680	6,763	931	49,681

(b) Industry sectors

The following table breaks down the Group's main credit exposure at heir gross carrying amounts, as categorised by the industry sectors of its counterparties.

	Commerce and services € million	**Private individuals € million**	**Manufacturing € million**	**Shipping € million**	**Construction € million**	**Other € million**	**Total € million**
Loans and advances to banks	4,577	-	-	-	-	-	**4,577**
Loans and advances to customers:							
- Lending to medium size and large corporate entities	9,439	336	3,613	735	1,512	1,571	**17,206**
- Consumer lending	-	10,580	-	-	-	-	**10,580**
- Mortgage lending	-	11,270	-	-	-	0	**11,270**
- Small business lending	6,047	106	749	-	522	190	**7,614**
Debt securities	2,969	-	8	-	4	7,803	**10,784**
Derivative financial instruments	691	0	0	11	-	36	**738**
Other assets	489	42	-	-	10	43	**584**
As at 31 December 2007	**24,212**	**22,334**	**4,370**	**746**	**2,048**	**9,643**	**63,353**
As at 31 December 2006	17,980	16,908	3,995	463	1,401	8,934	49,681

Credit exposure to other industry sectors includes mainly sovereign assets (debt securities and loans and advances).

4. Financial risk management (continued)

4.2 Financial risk factors (continued)

4.2.2 Market risk

The Group takes on exposure to market risks. Market risks arise from exposure on interest rate, currency and equity products or combination of them, all of which are exposed to general and specific market movements. Specifically, the market risks the Group is exposed to are the following:

(a) Interest rate risk
The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial posi ions 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 Board's Risk Committee (ERC) sets limits on the level of mismatch of interest rate repricing that may be undertaken.

(b) Currency risk
The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial posi ion and cash flows. The ERC sets limits on the level of exposures which are monitored daily.

(c) Equity risk
Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Bank's investment portfolio.

Market risk in Greece is managed and monitored using Value at Risk (VaR) me hodology. Market risk in New Europe is managed and monitored using sensitivity analyses. Information from New Europe is presented separately as it originates from significantly different economic environments with different risk characteristics.

(i) VaR summary for 2007 and 2006 (Greece)

VaR is a methodology used in measuring financial risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon. The VaR that the Group measures is an estimate based upon a 99% confidence level and a holding period of 10 days and the methodology used for the calculation is Monte Carlo simulation (full repricing).

The VaR models are designed to measure market risk in a normal market environment. It is assumed that any changes occurring in the risk factors affecting the normal market environment will follow a normal distribution. The distribution is calculated using exponentially weighted moving average (EWMA) of 6 months historical data.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to certain limitations. Given this, actual outcomes are monitored regularly, via back testing process, to test he validity of the assumptions and the parameters used in the VaR calculation.

Since VaR constitutes an integral part of the Group's market risk control regime, VaR limits have been established for all (trading and non trading portfolio) operations and actual exposure is reviewed daily by management. However, the use of this approach does not prevent losses outside of these limits in the event of extraordinary market movements.

Average VaR by risk type (Trading and Non-trading portfolio)

	2007	2006
	€ million	€ million
Interest rate Risk	**35**	32
Foreign Exchange Risk	**26**	3
Equities Risk	**28**	25
Total VaR	**57**	41

The aggregate of the interest rate, foreign exchange and equities VaR results does not constitute the Group's total VaR due to correlations and consequent diversification effects between risk types and portfolio types.

(ii) Sensitivity analysis for 2007 and 2006 (New Europe)

Sensitivity analyses used for monitoring market risk in New Europe do not represent worse case scenarios.

	31 December 2007			31 December 2006		
	Sensitivity of income statement € million	**Sensitivity of equity € million**	**Total sensitivity € million**	Sensitivity of income statement € million	Sensitivity of equity € million	Total sensitivity € million
Interest Rate:						
+100 bps parallel shift	**0**	**4**	**4**	(1)	(0)	(1)
Equities / Equity Indices / Mutual Funds:						
-10% decrease on prices	**-**	**(1)**	**(1)**	(0)	(1)	(1)
Foreign exchange:						
-10% depreciation of functional currency over foreign currencies	**19**	**(81)**	**(62)**	2	(53)	(51)

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 matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the Management of he 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 hey 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 he 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.

The amounts disclosed in the table below are the contractual undiscounted cash flows for the years 2007 and 2006.

	31 December 2007					
	Less than 1 month € million	1 - 3 months € million	3 months to 1 year € million	1 - 5 years € million	Over 5 years € million	Gross nominal (inflow) / outflow € million
Non-derivative liabilities:						
- Due to other banks & repurchase agreements with banks	**8,444**	**3,188**	**1,554**	**24**	**-**	**13,210**
- Due to customers	**24,521**	**3,413**	**4,747**	**2,644**	**1,572**	**36,897**
- Euro Commercial Papers (ECP)	**1,009**	**486**	**173**	**-**	**-**	**1,668**
- Debt issued and other borrowed funds	**126**	**410**	**2,101**	**6,100**	**5,058**	**13,795**
- Other liabilities	**822**	**26**	**128**	**67**	**782**	**1,825**
Derivative financial instruments:						
- Outflows from gross and net set led	**8,410**	**1,946**	**2,495**	**1,594**	**501**	**14,946**
- Inflows from gross settled	**(8,378)**	**(1,913)**	**(2,404)**	**(1,193)**	**(236)**	**(14,124)**
	34,954	**7,556**	**8,794**	**9,236**	**7,677**	**68,217**

Off-balance sheet items

	Less than 1 year € million	1 - 5 years € million	Over 5 years € million
Guarantees and standby letters of credit	**931**	**809**	**926**
Capital expenditure	**52**	**-**	**-**
Operating lease commitments	**75**	**86**	**24**
	1,058	**895**	**950**

	31 December 2006					
	Less than 1 month € million	1 - 3 months € million	3 months to 1 year € million	1 - 5 years € million	Over 5 years € million	Gross nominal (inflow) / outflow € million
Non-derivative liabilities:						
- Due to other banks & repurchase agreements with banks	7,350	2,944	762	29	37	11,122
- Due to customers	19,832	1,696	2,599	2,418	1,330	27,875
- Euro Commercial Papers (ECP)	967	531	280	-	-	1,778
- Debt issued and other borrowed funds	55	503	1,043	4,661	5,390	11,652
- Other liabilities	822	28	59	28	553	1,490
Derivative financial instruments:						
- Outflows from gross and net set led	5,798	1,898	1,630	1,329	353	11,008
- Inflows from gross settled	(5,813)	(1,899)	(1,550)	(1,172)	(297)	(10,731)
	29,011	5,701	4,823	7,293	7,366	54,194

Off-balance sheet items

	Less than 1 year € million	1 - 5 years € million	Over 5 years € million
Guarantees and standby letters of credit	1,020	549	520
Capital expenditure	21	-	-
Operating lease commitments	46	33	17
	1,087	582	537

4. Financial risk management (continued)

4.3 Capital management

2007 under Basel II Standardised methodology (2006 figures are based on Basel I calculations)	2007 € million	2006 € million
Ordinary and Preferred shareholders' equity	**5,029**	3,443
Add: Regulatory Minority Interest	**384**	229
Less: Goodwill	**(605)**	(285)
Less: Regulatory adjustments - mainly final dividend and intangibles	**(537)**	(467)
Total Tier I capital	**4,271**	2,920
Tier II capital - mainly subordinated debt	**1,457**	716
Less: Other regulatory deductions	**(60)**	(43)
Total Regulatory Capital	**5,668**	3,593
Risk Weighted Assets	**46,343**	34,542
Ratios:	**%**	%
Tier I	**9.2**	8.5
Total BIS	**12.2**	10.4

The Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios") and adopted by the European Union and the Bank of Greece in supervising the Bank.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the period.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, processes and policies from previous years.

Regulatory capital consists of Tier I capital, which includes shareholders' ordinary equity, preferred securities and minority interest and excludes estimated dividends. Deductions of Tier I include goodwill and intangible assets. Tier II capital includes subordinated debts and revaluation reserves. Certain adjustments are made to IFRS-based results and reserves, as prescribed by Bank of Greece that impact bo h Tier I & II capital.

There have been no material changes in the Group's management of capital during the period.

4.4 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 par ies 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 16, 17, 20, 28, 29 and 30) by reference to quoted market prices when available. If quoted market prices are not available, then he fair values are estimated using valuation techniques based on observable market data.

b) substantially all of he Group's o her 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.

4.5 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

	2007	2006
	€ million	€ million
Interest income		
Banks and customers	**5,373**	3,548
Trading securities	**20**	27
Other securities	**587**	432
Total interest income	**5,980**	4,007
Interest expense		
Banks and customers	**(3,503)**	(2,138)
Debt issued and other borrowed funds	**(473)**	(272)
Total interest expense	**(3,976)**	(2,410)
Net interest income	**2,004**	1,597

Derivative financial instruments contribute € 1,788 million (2006: € 1,077 million) to interest income and € 1,833 million (2006: € 1,123 million) to interest expense.

6. Net banking fee and commission income

	2007	2006
	€ million	€ million
Mutual Funds and Assets under management related fees	**116**	151
Capital Markets related fees	**154**	117
Lending related fees and commissions	**169**	90
Other fees	**119**	89
Net banking fee and commission income	**558**	447

7. Income from non banking services

Income from non banking services includes rental income from investment properties and other recurring income from services provided by the Group (e g. payroll services, e-commerce).

8. Operating expenses

	2007	2006
	€ million	€ million
Staff costs (note 9)	**727**	589
Administrative expenses	**412**	306
Amortisation and impairment of intangible assets (note 24)	**22**	13
Depreciation and impairment of property, plant and equipment (note 25)	**98**	86
Operating lease rentals	**95**	68
	1,354	1,062
Wildfire donation (see below)	**20**	-
	1,374	1,062

Following the catastrophic wildfires in Greece in the summer of 2007, Eurobank EFG committed € 20 million for the support of victims, the reconstruction of the region affected, and the prevention of similar disasters.

9. Staff costs

	2007 € million	2006 € million
Wages, salaries and staff bonuses	**538**	420
Social security costs	**97**	82
Additional pension and other post employment costs	**30**	27
Other	**62**	60
	727	589

The average number of employees of the Group during the year was 20,947 (2006: 17,115).

10. Income tax expense

	2007 € million	2006 € million
Current tax	**171**	162
Deferred tax	**9**	6
Overseas taxes	**23**	15
	203	182
Current tax - tax on prior year reserves (see below)	**-**	43
Deferred tax - taxation on reserves (see below)	**16**	-
Total tax charge	**219**	225

The Greek corporate rate of tax in 2007 is 25% (2006: 29%, except for the parent Bank, whose tax rate was 24% due to special merger incentives). The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2007 € million	2006 € million
Profit before tax	**1,050**	832
Tax at the applicable tax rates of 25% (2006: 29%)	**262**	241
Tax effect of:		
- parent company benefit from reduced tax rate (2006: 24%)	**-**	(32)
- reserves taxable under new law (see below)	**16**	-
- income and expenses not subject to tax	**(48)**	(33)
- effect of different tax rates in different countries	**(25)**	(19)
- other	**14**	25
- one-off taxation on non-taxed prior year reserves (see below)	**-**	43
Income tax expense	**219**	225

Following law 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. In March 2007, the Bank lodged a formal legal claim questioning the proper applicability of the above law on legal grounds. The resolution of the legal dispute is expected to be lengthy.

Following law 3634 that was enacted in January 2008, the non-taxed reserves created in 2007 from (a) capital gains on listed shares (domestic and foreign), (b) gains from derivatives (domestic and foreign) and (c) non-taxable profits under the provisions of article 99 of L.2238/1994, will be taxed at 25% in September 2008. As a result, the Bank will pay he amount of € 16.6 million on the 2007 profits accounted for through the Income Statement, and € 8 million on the capital gains on treasury shares accounted for in equity.

11. Deferred income taxes

Deferred income taxes are calculated on all temporary differences under the liability method using the expected effective tax rate of 25% (2006: 25%).

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

	2007 € million	2006 € million
At 1 January	**88**	76
Income statement credit / (charge)	**(25)**	(6)
Available for sale securi ies:		
- fair value measurement (note 20)	**(3)**	78
- transfer to net profit (note 20)	**4**	(7)
- fair value hedges (note 20)	**12**	(48)
Cash flow hedges	**(0)**	(5)
Other	**(5)**	-
At 31 December	**71**	88

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

	2007 € million	2006 € million
Valuation temporary differences accounted directly to special reserves	**(3)**	(10)
Valuation temporary differences accounted through the income statement	**(7)**	10
Cash flow hedges	**(5)**	(5)
Fixed assets temporary differences	**2**	6
Pensions and other post retirement benefits	**27**	25
Loan impairment	**34**	51
Unused tax losses	**16**	8
O her temporary differences	**22**	15
Deferred income tax assets (note 26)	**86**	100
Deferred income tax liabilities (note 30)	**15**	12
Net deferred income tax	**71**	88

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

	2007 € million	2006 € million
Valuation temporary differences	**18**	(1)
Fixed assets temporary differences	**9**	8
Pensions and other post retirement benefits	**(3)**	(2)
Loan impairment	**24**	12
Other temporary differences	**(23)**	(11)
Deferred income tax (credit) / charge	**25**	6

12. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by he 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 dilu ive potential ordinary shares. The Group has one category of dilutive potential ordinary shares: share options. In order to adjust he 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.

		2007	2006
Net profit for year attributable to ordinary shareholders (after deducting dividend attributable to preferred securities holders)	*€ million*	**776**	558
Weighted average number of ordinary shares in issue	*Number of shares*	*484,961,482*	*467,766,662*
Weighted average number of ordinary shares for diluted earnings per share	*Number of shares*	*486,352,900*	*468,777,099*
Basic earnings per share	€	**1.60**	1.19
Diluted earnings per share	€	**1.59**	1.19
Earnings per share excluding taxation on reserves and donation (note 8 and 10)			
Basic and diluted earnings per share	€	**1.67**	1 29

Basic and diluted earnings per share for 2006 have been adjusted taken into account due to the distribution of free shares in accordance with the decisions of the Annual General Shareholders' Mee ing held on 3 April 2007 and the Extraordinary Shareholders' Meeting held on 9 November 2007, and the rights issue that was completed on 14 September 2007 (see note 32).

13. Cash and balances with central banks

	2007 € million	2006 € million
Cash in hand	**705**	556
Balances with central banks	**2,027**	2,098
	2,732	2,654
of which:		
Mandatory deposits with central banks	**1,691**	1,295

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 he average monthly minimum deposits are maintained.

14. 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:

	2007 € million	2006 € million
Cash and balances with central banks (excluding mandatory deposits with central banks)	**1,041**	1,359
Loans and advances to banks	**3,141**	2,048
Financial instruments at fair value through profit or loss	**508**	156
	4,690	3,563

15. Loans and advances to banks

	2007 € million	2006 € million
Pledged deposits with banks	**1,033**	553
Items in course of collection and current accounts with banks	**928**	578
Placements with other banks	**2,616**	1,807
	4,577	2,938
Included in loans and advances to banks are unsubordinated amounts due from:		
- fellow subsidiary and associated undertakings	**0**	0
- set lement balances with banks	**200**	153

The fair value of financial assets that the Group accepted as collateral and may be sold or repledged is€ 2,067 million (2006: € 1,177 million).

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

	2007 € million	2006 € million
Trading portfolio		
Issued by public bodies:		
- government	**285**	281
- other public sector securities	**-**	0
	285	281
Issued by other issuers:		
- banks	**54**	114
- other corporations	**159**	226
	213	340
Total trading portfolio	**498**	621
Other financial assets designated at fair value through profit or loss		
- unit linked products	**287**	125
- hedge funds	**103**	61
- convertible bonds	**72**	-
Other portfolios	**462**	186
Total	**960**	807
Equity securities	**88**	113
Treasury bills	**-**	20
Debt securities	**410**	488
Other financial assets at fair value through profit or loss	**462**	186
	960	807
Pledged securities under repurchase agreements wi h central banks	**41**	101

The fair value of the transferred securities that continue to be recognised in the Balance Sheet at 31 December 2007 amounts to € 353 million (2006: € 387 million) and the carrying amount of their associated liabilities amounts to€ 379 million (2006: € 377 million).

17. Derivative financial instruments and hedge accounting

17.1 Derivative financial instruments

The Group utilises the following derivative instruments for bo h 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 he 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 op ion) 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 he assumption of foreign exchange or interest rate risk, the seller receives a premium from the purchaser. Options may be either exchange-traded or nego iated 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 no ional 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 significan ly from time to time. The fair values of derivative instruments held are set out in the following table:

	31 December 2007			31 December 2006		
	Contract/ notional amount	**Fair values**		Contract/ notional amount	Fair values	
		Assets	**Liabilities**		Assets	Liabilities
	€ million	**€ million**	**€ million**	€ million	€ million	€ million
Derivatives held for trading						
OTC currency derivatives						
- Currency forwards	**2,777**	**48**	**29**	1,273	22	19
- Currency swaps	**2,281**	**23**	**29**	1,933	32	21
- OTC currency options bought and sold	**3,560**	**90**	**85**	1,870	22	21
		161	**143**		76	61
OTC interest rate derivatives						
- Interest rate swaps	**32,196**	**421**	**521**	25,494	323	342
- Cross-currency interest rate swaps	**1,050**	**31**	**114**	517	19	70
- Forward Rate Agreements	**2,412**	**4**	**2**	4,465	1	1
- OTC interest rate options	**14,603**	**26**	**27**	14,131	26	33
		482	**664**		369	446
Exchange traded interest rate futures	**360**	**4**	**5**	657	2	2
Exchange traded interest rate options	**80**	**1**	**1**	982	1	1
		487	**670**		372	449
Other derivatives						
OTC index options bought and sold	**7**	**1**	**1**	54	5	5
Forward security contracts	**127**	**0**	**0**	4	0	0
O her derivative contracts (see below)	**644**	**11**	**9**	517	1	3
		12	**10**		6	8
Total derivative assets/liabilities held for trading		**660**	**823**		454	518
Derivatives designated as fair value hedges						
Interest rate swaps	**3,685**	**56**	**174**	3,912	52	169
Cross-currency interest rate swaps	**114**	**7**	**7**	129	5	7
		63	**181**		57	176
Derivatives designated as cash flow hedges						
Interest rate swaps	**2,970**	**12**	**39**	1,615	7	15
Derivatives designated as net investment hedges						
Currency forwards	**190**	**3**	**7**	-	-	-
Total deriva ives assets/liabilities used for hedging purposes		**78**	**227**		64	191
Total derivatives assets / liabilities		**738**	**1,050**		518	709

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

17. Derivative financial instruments and hedge accounting (continued)

17.2 Hedge accounting

The Group uses derivatives for hedging purposes in order to reduce its exposure to credit and market risks. This is achieved by hedging specific financial instruments or portfolios of fixed rate financial instruments. The hedging practices and accounting treatment are disclosed in Note 2 (d).

(a) Fair value hedges

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 2007 was € 118 million liability (2006: € 119 million liability). The losses on the hedging instruments were € 19 million (2006: € 199 million gain). The gains on the hedged item attributable to the hedged risk were€ 49 million (2006: € 189 million losses).

(b) Cash flow hedges

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. At 31 December 2007, interest rate swaps had a net fair value of € 27 million liability (2006: € 8 million liability). In 2007, the ineffectiveness recognised in income statements that arises from cash flow hedges was € 7 million gain (2006: € 0.5 million loss).

(c) Net investment hedges

The Group hedges part of the currency translation risk of net investments in foreign operations through currency forwards.

Currency forwards amounting to € 190 million in total analysed in RON 132 million (2006: nil), RSD 3.9 bn (2006: nil) and TRY 179 million (2006: nil) were designated as hedge instruments and gave rise to currency losses for the year of€ 2.5 million (2006: € nil), which have been deferred in the transla ion reserve component of equity.

18. Loans and advances to customers

	2007 € million	2006 € million
Lending to medium size and large corporate entities	**17,206**	12,635
Consumer lending	**10,580**	8,211
Mortgage lending	**11,270**	8,527
Small business lending	**7,614**	5,534
Gross loans and advances to customers	**46,669**	34,907
Less: Provision for impairment losses (note 19)	**(1,031)**	(861)
	45,638	34,046
The loans and advances to customers include the following amounts:		
- due from associated undertakings, unsubordinated	**0**	0
- maturing after 1 year	**21,634**	15,201

Loans and advances to customers include securitised loans as detailed below:

	2007 € million	2006 € million
Residential Mortgage Backed Securities (Themeleion I - June 2004)	**215**	398
Residential Mortgage Backed Securities (Themeleion II - June 2005)	**231**	455
Residential Mortgage Backed Securities (Themeleion III - June 2006)	**398**	828
Residential Mortgage Backed Securities (Themeleion IV - June 2007)	**1,477**	-
Credit Card Asset Backed Securities (Karta PLC - July 2005)	**976**	997
Small Business Loan Asset Backed Securities (Anaptyxi - October 2006)	**2,648**	2,864
Consumer Loan Asset Backed Securi ies (Daneion - November 2007)	**3,444**	-
Total securitised loans	**9,389**	5,542

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

	2007 € million	2006 € million
Gross investment in finance leases receivable:		
Not later than 1 year	**541**	350
Later than 1 year and not later than 5 years	**1,012**	1,342
Later than 5 years	**1,096**	287
	2,649	1,979
Unearned future finance income on finance leases	**(704)**	(464)
Net investment in finance leases	**1,945**	1,515
Less: provision for impairment losses	**(28)**	(25)
	1,917	1,490
The net investment in finance leases is analysed as follows:		
Not later than 1 year	**429**	274
Later than 1 year and not later than 5 years	**722**	1,136
Later than 5 years	**794**	105
	1,945	1,515
Less: provision for impairment losses	**(28)**	(25)
	1,917	1,490

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

A reconciliation of the provision for impairment losses on loans and advances by class is as follows:

	31 December 2007				
	Wholesale € million	**Consumer € million**	**Mortgage € million**	**Small business € million**	**Total € million**
Balance at 1 January	**389**	**271**	**18**	**183**	**861**
Arising from acquisitions	**23**	**8**	**3**	**4**	**38**
Impairment losses on loans and advances charged in the year	**28**	**315**	**1**	**57**	**401**
Amounts recovered during the year	**1**	**17**	**1**	**1**	**20**
Loans written off during the year as uncollectible	**(28)**	**(257)**	**(0)**	**(2)**	**(287)**
Foreign exchange differences	**1**	**(3)**	**(0)**	**(0)**	**(2)**
Balance at 31 December	**414**	**351**	**23**	**243**	**1,031**

	31 December 2006				
	Wholesale € million	Consumer € million	Mortgage € million	Small business € million	Total € million
Balance at 1 January	380	229	15	137	761
Arising from acquisitions	3	0	1	1	5
Impairment losses on loans and advances charged in the year	40	257	1	46	344
Amounts recovered during the year	2	14	1	1	18
Loans written off during the year as uncollectible	(36)	(229)	(0)	(2)	(267)
Foreign exchange differences	-	(0)	-	-	(0)
Balance at 31 December	389	271	18	183	861

Repossessed properties

During he year, the Group obtained assets amounting to€ 17 million (2006: € 13 million), by taking possession of collateral held as security.

20. Available-for-sale investment securities

	2007 € million	2006 € million
Issued by public bodies:		
- government	**6,870**	7,659
- other public sector	**130**	40
	7,000	7,699
Issued by other issuers:		
- banks	**728**	706
- other	**2,749**	2,531
	3,477	3,237
Total	**10,477**	10,936
Listed	**9,238**	10,214
Unlisted	**1,239**	722
	10,477	10,936
Equity	**721**	507
Debt	**9,756**	10,429
	10,477	10,936
Unamortised discounts and premiums included above	**(122)**	46
Pledged securities with stock market clearing houses	**51**	7
Pledged securities under repurchase agreements with central banks	**3,020**	2,296
Maturing after 1 year	**8,771**	9,203

The fair value of the transferred securities that continue to be recognised in he Balance Sheet at 31 December 2007 amounts to € 9,984 million (2006: € 9,244 million) and the carrying amount of their associated liabilities amounts to€ 10,228 million (2006: € 9,461 million).

The movement in the account is as follows:	**2007 € million**	2006 € million
Net book value at 1 January	**10,936**	10,024
Arising from acquisitions	**32**	54
Exchange adjustments	**(120)**	(108)
Additions	**8,332**	6,560
Disposals and redemptions	**(8,620)**	(5,433)
Reclassification to / from associates	**-**	0
Amortisa ion of discounts / premiums and interest	**7**	48
Net gains / (losses) from changes in fair value for the year	**(90)**	(209)
Net book value at 31 December	**10,477**	10,936

20. Available-for-sale investment securities (continued)

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:

	2007 € million	2006 € million
At 1 January	**139**	171
Deferred income taxes on AFS equities opening reserves (see note 10)	**(24)**	-
Net gains / (losses) from changes in fair value	**(90)**	(209)
Deferred income taxes	**21**	78
Minority share of changes in fair value	**0**	0
	(69)	(131)
Net (gains) / losses transferred to net profit on disposal	**(25)**	(49)
Impairment losses transferred to net profit	**-**	14
Deferred income taxes	**4**	(7)
	(21)	(42)
Net losses / (gains) transferred to net profit from fair value hedges	**(49)**	189
Deferred income taxes	**12**	(48)
	(37)	141
Balance at 31 December	**(12)**	139

21. Held-to-maturity investment securities

	2007 € million	2006 € million
Issued by public bodies		
- government	**618**	-
Listed	**562**	-
Unlisted	**56**	-
	618	-

	2007 € million	2006 € million
The movement in the account is as follows:		
Net book value at 1 January	**-**	-
Arising from acquisitions	**20**	-
Exchange adjustments	**8**	-
Additions	**574**	-
Redemptions	**(24)**	-
Accrued interest	**40**	-
Net book value at 31 December	**618**	-

22. Shares in subsidiary undertakings

The following is a listing of the Group's subsidiaries at 31 December 2007:

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 Mngt Company S.A.		100.00	Greece	Mutual fund management
EFG Telesis Finance S A.	k	100.00	Greece	Investment banking
Eurobank Cards S.A.		100.00	Greece	Credit card management
Eurobank Fin and Rent S A.		100.00	Greece	Vehicle leasing and rental
Eurobank Properties R.E.I.C.	u	55 25	Greece	Investment Services
Eurobank Property Services S.A.		100.00	Greece	Real estate services
Financial Planning Services S.A.		100.00	Greece	Receivables collection
Global Fund Management S.A.		72 00	Greece	Investment advisors
OPEN 24 S.A.		100.00	Greece	Sundry services
Be-Business Exchanges S.A.	i	97 26	Greece	Business-to business e-commerce
Best Direct S.A.		100.00	Greece	Sundry services
Eurobank EFG Bulgaria A.D.	d	99.70	Bulgaria	Banking
Bulgarian Retail Services A.D.		100.00	Bulgaria	Credit card management
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 Securities Bulgaria E.A.D.	t	100.00	Bulgaria	Capital markets and investment services
EFG Hellas (Cayman Islands) Ltd		100.00	Cayman Islands	Special purpose financing vehicle
GFM Levant Capital (Cayman) Ltd		72.50	Cayman Islands	Fund management
Berberis Investments Limited		100.00	Channel Islands	Holding company

22. Shares in subsidiary undertakings (continued)

Name	Note	Percentage Holding	Country of incorporation	Line of business
EFG Hellas Funding Limitec		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.		100.00	Luxembourg	Fund management
Eurobank EFG Holding (Luxembourg) S A.		100.00	Luxembourg	Holding company
EFG New Europe Funding B.V.		100.00	Netherlands	Finance company
EFG New Europe Holding B.V.	f	100.00	Netherlands	Holding company
EFG Leasing Poland Sp. z.o.o	s	100.00	Poland	Leasing
EFG Property Services Polska Sp. z.o.o	q	100.00	Poland	Real estate services
Polbank Dystrybucja Sp. z o.o.		100.00	Poland	Sundry services
Bancpost S.A.		77.56	Romania	Banking
EFG Eurobank Securities S A.		100.00	Romania	Stock brokerage
EFG Eurobank Finance S.A.		100.00	Romania	Investment banking
EFG Leasing IFN S.A.	g	100.00	Romania	Leasing
EFG Eurobank Mutual Funds Management Romania S.A.I. S.A.		95.76	Romania	Mutual fund management
EFG Eurobank Property Services S.A.		80.00	Romania	Real estate services
EFG IT Shared Services S.A.		100.00	Romania	Informatics data processing
EFG Retail Services IFN S.A.	v	99.96	Romania	Credit card management
S.C. EFG Eurolife Asigurari de Viata S.A.	b	100.00	Romania	Insurance services
S.C. EFG Eurolife Asigurari Generale S.A.	c	100.00	Romania	Insurance services
Eliade Tower S.A.	m	55.25	Romania	Real estate
Bancpost Fond de Pensii S A.	p	77.55	Romania	Pension fund
EFG Leasing A.D. Beograd	o	99.99	Serbia	Leasing
EFG Property Services D.o o. Beograd		80.00	Serbia	Real estate services
Eurobank EFG Stedionica A.D. Beograd	n	99.98	Serbia	Banking
EFG Retail Services A.D. Beograd		100.00	Serbia	Credit card management
Prospera Securities A.D. Beograd	j	88.32	Serbia	Capital market services
Reco Real Property A.D.	l	55.25	Serbia	Real estate
EFG Istanbul Holding A.S.		100.00	Turkey	Holding company
EFG Istanbul Menkul Degerler A.S.	e	98.23	Turkey	Capital market services
Tekfenbank A.S.	e	98.23	Turkey	Banking
Tekfen Finansal Kiralama A.S.	e	98.22	Turkey	Leasing
Anaptyxi 2006-1 PLC		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Anaptyxi APC Ltd.		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Anaptyxi Holdings Ltd		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Anaptyxi Options Ltd		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Daneion 2007-1 PLC	r	-	United Kingdom	Special purpose financing vehicle (SIC 12)
Daneion APC Ltd	r	-	United Kingdom	Special purpose financing vehicle (SIC 12)
Daneion Holdings Ltd	r	-	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		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion III Holdings Limited		-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion IV Mortgage Finance PLC	h	-	United Kingdom	Special purpose financing vehicle (SIC 12)
Themeleion IV Holdings Limited	h	-	United Kingdom	Special purpose financing vehicle (SIC 12)
Eurobank EFG Ukraine Distribution LLC		100.00	Ukraine	Sundry services
Universal Bank OJSC	a	99.92	Ukraine	Banking

(a) Universal Bank OJSC, Kiev

In February 2007, the Group completed he acquisition of 99.34% of he share capital of Universal Bank OJSC, which operates in Ukraine. In August, the Group participated in the share capital increase and its shareholding increased to 99.92%.

(b) S.C. EFG Eurolife Asigurari de Viata S.A., Bucharest

In February 2007, the Group established, as a 100% subsidiary, S.C. EFG Eurolife Asigurari de Viata S.A., a life insurance company operating in Romania.

(c) S.C. EFG Eurolife Asigurari Generale S.A., Bucharest

In February 2007, the Group established, as a 100% subsidiary, S.C. EFG Eurolife Asigurari Generale S.A., a general insurance company operating in Romania.

(d) DZI Bank A.D., Sofia

In March 2007, the Group increased its participation in DZI Bank A.D. to 99.75% from 91.29% as a result of a tender offer through the Bulgarian Stock Exchange, and in April 2007 its participation increased to 99.92%. Subsequently the company was delisted from the Bulgarian Stock Exchange.

In November 2007, the General Shareholders Meetings of Bulgarian Post Bank A.D. and DZI Bank A.D. merged with a local reference date of 31 July 2007. The merged entity was renamed Eurobank EFG Bulgaria A.D.

22. Shares in subsidiary undertakings (continued)

(e) Tekfenbank A.S. and Tekfen Finansal Kiralama A.S., Istanbul
In March 2007, the Group completed the acquisition of 70% of the share capital of Tekfenbank A.S. which operates in Turkey. The Group's participation includes a fur her 28.23%, currently held by the Sellers, which under the shareholders' agreement is subject to put and call options with exercise price based on future events. Tekfenbank A.S. controls 99.99% of the share capital of Tekfen Finansal Kiralama A.S., which is engaged in leasing activities. In October 2007, as part of the agreement of the acquisition, Tekfenbank A.S. acquired EFG Istanbul Menkul Degerler A.S., the Group's securi ies brokerage subsidiary operating in Turkey.

Post balance sheet event
In January 2008, Tekfenbank A.S. changed its name to Eurobank Tekfen A.S.

(f) EFG New Europe Holding B.V., Amsterdam (formerly Cayne Management Group B.V.)
In March 2007, the Group acquired 100% of the share capital of Cayne Management Group B.V. (renamed EFG New Europe Holding B.V.), a holding company operating in the Netherlands. In July 2007, the Group increased the company's share capital by €500 million.

(g) EFG Leasing IFN S.A., Bucharest (formerly EFG Eurobank Leasing S.A.)
In May 2007, EFG Eurobank Leasing S A. changed its name to EFG Leasing IFN S.A.

(h) Themeleion IV, UK
In June 2007, the Group established Themeleion IV Holdings Limited and Themeleion IV Mortgage Finance PLC, special purpose entities, as part of the fourth securitisation of mortgage loans.

(i) Be-Business Exchanges S.A.
In June 2007, the Group increased its participa ion in Be-Business Exchanges S.A. to 76.32% from 71 04% and in September 2007 to 96.37%. In December 2007, the Group participated in the share capital increase of he company and its participation increased to 97.26%.

(j) Prospera Securities A.D. Beograd
In July 2007, the Group completed 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. The Group's participation includes a further 14.16%, currently held by the Sellers, which under the sale and purchase agreement is subject to put and call options with exercise price based on future events.

(k) Accentis S.A.
In August 2007, the Group completed the acquisi ion of 100% of the share capital of Accentis S.A., a financial consulting company operating in Greece. In December 2007, the company was absorbed by EFG Telesis Finance S.A.

(l) Reco Real Property A.D., Beograd
In August 2007, the Group completed the acquisition of 55.23% of the share capital of Reco Real Property A.D., owner of a prime mixed use office and retail building in Belgrade. Following the increase in shareholding of Eurobank Properties R.E.I.C. in December 2007, the Group increased its shareholding in Reco Real Property A.D. to 55.25%.

(m) Eliade Tower S.A., Bucharest
In September 2007, the Group completed the acquisition of 55.23% of the share capital of Eliade Tower A.D., owner of an office building in Bucharest. Following the increase in shareholding of Eurobank Properties R.E.I.C. in December 2007, the Group increased its shareholding in Eliade Tower S.A. to 55.25%.

(n) Eurobank EFG Stedionica A.D. Beograd
In September 2007, the Group increased its participation in Eurobank EFG Stedionica A.D. Beograd to 99.98% from 99.96%.

(o) EFG Leasing A.D. Beograd
Following the increase in shareholding of Eurobank EFG Stedionica A.D. Beograd, the Group increased its shareholding in EFG Leasing A.D. Beograd to 99.99% from 99.98%.

(p) Bancpost Fond de Pensii S.A., Bucharest
In September 2007, the Group established, as a 77.55% subsidiary, Bancpost Fond de Pensii S.A., a pension fund company operating in Romania.

(q) EFG Property Services Polska Sp. z.o.o
In October 2007, the Group established, as a 100% subsidiary, EFG Property Services Polska Sp. z.o.o , a real estate services company operating in Poland.

(r) Daneion, UK
In November 2007, the Group established Daneion Holdings Ltd, Daneion 2007-1 PLC and Daneion APC Ltd, special purpose entities, as part of the first securitisation of consumer loans .

(s) EFG Leasing Poland Sp. z.o.o
In November 2007, he Group established, as a 100% subsidiary, EFG Leasing Poland Sp. z.o.o, a leasing company operating in Poland.

(t) EFG Securities Bulgaria E.A.D.
In December 2007, the Group established, as a 100% subsidiary, EFG Securities Bulgaria E.A.D., a capital markets and investment services company operating in Bulgaria.

(u) Eurobank Properties R.E.I.C.
In December 2007, the company concluded the share capital increase of € 329.4 million in cash in favour of existing shareholders, at a ratio of 3 new shares for every 2 held at a price of € 20 per share. In addition, he Group increased its participation in Eurobank Properties R.E.I.C. to 55.25% from 55.23%.

(v) EFG Retail Services IFN S.A.
In December 2007, the Group participated in the share capital increase of EFG Retail Services IFN S.A., through its 100% subsidiary EFG New Europe Holding B.V and its total participation increased to 99.96% from 95.48%.

Post balance sheet event

(w) Eurobank EFG Cyprus Ltd
In February 2008, he Central Bank of Cyprus approved the conversion of the Cyprus branch into a subsidiary. The conversion is expected to be completed by the end of March 2008.

23. Investments in associated undertakings

	2007 € million	2006 € million
At 1 January	**48**	35
Additions	**-**	6
Disposal of associated undertakings	**(8)**	(7)
Transfer to subsidiaries fully consolidated / absorbed	**-**	(3)
Dividends collected	**(2)**	(1)
Share capital increase	**-**	13
Share of results for the year	**8**	5
Balance at 31 December	**46**	48

The following is a listing of the Group's associates and joint ventures as at 31 December 2007:

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**	**0**	**0**	**(0)**
Dias S.A.	b	Greece	Closed-end investment fund	42.30	**97**	**3**	**39**	**16**
Tefin S.A.		Greece	Motor vehicle sales financing	50.00	**8**	**1**	**4**	**(0)**
Unitfinance S.A.		Greece	Financing company	40.00	**34**	**27**	**3**	**2**
					140	**31**	**46**	**18**

As at 31 December 2007, all of he Group's associates are unlisted except for Dias S.A. (31 December 2006: Dias 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 2007 was€ 30 million (31 December 2006: € 30 million).

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

(a) Sofitel Athens Airport S.A.

In December 2007, the Group disposed of its 50 50% holding in its associated undertaking, Sofitel Athens Airport S.A. The provisional gain on disposal is € 2.4 million and is included in other operating income.

(b) Dias S.A.

In December 2007, the Group increased its shareholding in Dias S.A. to 42.30% from 42.24%.

24. Intangible assets

	Goodwill € million	Other intangible assets € million	Total intangible assets € million
Cost:			
Balance at 1 January 2006	114	44	**158**
Arising from acquisition of subsidiaries	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)**
Cost:			
Balance at 1 January 2007	285	86	**371**
Arising from acquisition of subsidiaries (note 40)	306	7	**313**
Transfers	-	33	**33**
Additions	-	51	**51**
Disposals and write - offs	-	(3)	**(3)**
Exchange adjustments	-	(1)	**(1)**
Adjustment to goodwill (see below)	15	-	**15**
Balance at 31 December 2007	606	173	**779**
Accumulated impairment / amortisation:			
Balance at 1 January 2007	-	(17)	**(17)**
Arising from acquisition of subsidiaries	-	(6)	**(6)**
Transfers	-	(1)	**(1)**
Amortisa ion charge for the year	-	(21)	**(21)**
Disposals and write - offs	(0)	2	**2**
Impairment	(1)	-	**(1)**
Exchange adjustments	-	(0)	**(0)**
Balance at 31 December 2007	(1)	(43)	**(44)**
Net book value at 31 December 2007	605	130	**735**
Net book value at 31 December 2006	285	69	**354**

As at 31 December 2006, and following he finalisa ion 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 increase).

Goodwill for 2007 was adjusted for contingent purchase consideration and fair value adjustments in accordance with the provisions of the acquisition agreements for Intertrust Mutual Funds Co S.A. (€ 0.8 million reduction), EFG Istanbul Menkul Degerler A.S. (€ 1.7 million increase). and DZI Bank A.D. (€ 14.6 million increase).

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

24. 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:

	2007 € million	2006 € million
Global and Capital Markets	1	-
Wealth Management	44	46
New Europe (NE)	560	239
Total goodwill	**605**	285

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

During the year ended 31 December 2007, Best Direct goodwill amount of € 0.8 million was written down in full in other operating expenses, as it was no longer supported by the cash flow analysis. For the rest of the CGUs to which goodwill has been allocated, no impairment losses arise.

The recoverable amounts of he 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 ime 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 he market.

(i) Wealth Management segment

The pre-tax discount rate applied to cash flow projections is 13%. The growth rate used to extrapolate cash flows beyond he period covered by the most recently approved budgets 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, Eurobank EFG Stedionica A.D. Beograd and Eurobank EFG Bulgaria,18% for EFG Eurobank Finance S.A. and EFG Eurobank Securi ies S.A. Romania, and 20% for EFG Istanbul Holding A.S. The growth rate used to extrapolate cash flows beyond the period covered by the most recent budgets approved by management is 3% and does not exceed the average long-term growth rate for the relevant markets.

25. 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 2006	524	202	402	215	**1,343**
Arising from acquisition of subsidiaries	12	7	2	-	**21**
Transfers	(7)	(0)	0	7	**0**
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)**
Cost:					
Balance at 1 January 2007	634	237	429	244	**1,544**
Arising from acquisition of subsidiaries	26	8	6	50	**90**
Transfers	(26)	1	(14)	9	**(30)**
Additions	161	45	50	24	**280**
Disposals and write - offs	(72)	(13)	(22)	(2)	**(109)**
Impairment	0	(0)	-	-	**0**
Exchange adjustments	(7)	(4)	(3)	(1)	**(15)**
Balance at 31 December 2007	716	274	446	324	**1,760**
Accumulated depreciation:					
Balance at 1 January 2007	(122)	(140)	(298)	(11)	**(570)**
Arising from acquisition of subsidiaries	(10)	(7)	(4)	(0)	**(21)**
Transfers	0	1	(0)	(0)	**1**
Disposals and write-offs	17	12	15	0	**44**
Charge for the year	(27)	(25)	(43)	(3)	**(98)**
Exchange adjustments	1	2	2	0	**5**
Balance at 31 December 2007	(141)	(157)	(328)	(14)	**(640)**
Net book value at 31 December 2007	575	117	118	310	**1,120**
Net book value at 31 December 2006	512	97	131	233	**974**

25. 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 2007 is € 51 million (31 December 2006: € 46 million) relating to assets under construction.

The net book value of finance leases included in property, plant and equipment as at 31 December 2007 was € 39 million (31 December 2006: € 40 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 2007 was € 399 million (31 December 2006: € 304 million). The fair values are open-market values provided by professionally qualified valuers.

During the year ended 31 December 2007 an amount of € 19 million (31 December 2006: € 16.4 million) was recognised as rental income from investment property in income from non banking services. Capital commitments in rela ion to investment property as at 31 December 2007 was € 36 million (31 December 2006: € nil).

26. Other assets

	2007 € million	2006 € million
Prepaid expenses and accrued income	**98**	78
Deferred tax asset (note 11)	**86**	100
Repossessed properties	**78**	62
Settlement balances with customers	**72**	62
Other assets	**414**	243
	748	545

27. Due to other banks

	2007 € million	2006 € million
Items in course of collection and current accounts wi h banks	**353**	484
Deposits from other banks	**1,659**	1,052
	2,012	1,536
Included in the amounts due to other banks are amounts due to:		
- fellow subsidiary and associated undertakings	**88**	509
- settlement balances with banks	**200**	162

Amounts related to repurchase agreements with banks are presented in a separate line on the face of the balance sheet and comparatives have been adjusted accordingly.

28. Due to customers

	2007 € million	2006 € million
Savings and current accounts	**12,765**	10,626
Term deposits and repurchase agreements	**16,687**	12,709
Unit linked products	**729**	579
Other medium term products	**5,970**	3,793
	36,151	27,707
Included in the amounts due to customers are amounts due to:		
- parent undertaking	**0**	53
- fellow subsidiary and associate undertakings	**14**	275
- maturing after 1 year	**3,892**	3,350

The carrying amount of structured deposits and liabilities of unit-linked products classified as at fair value through profit or loss at 31 December 2007 is € 2,497 million (31 December 2006: € 1,785 million). The fair value change as at 31 December 2007 amounts to € 65 million gain (31 December 2006: € 32 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.

The difference between the carrying amount and the contractual undiscounted amount that will be required to be paid at the maturity of the structured deposits is € 68 million (2006: € 60 million)

29. Debt issued and other borrowed funds

	2007 € million	2006 € million
Short-term debt		
- Commercial Paper (ECP)	**1,648**	1,783
Long-term debt		
- Medium-term notes (EMTN)	**4,943**	3,679
- Subordinated	**991**	374
- Securitised	**3,656**	3,531
	9,590	7,584
Total	**11,238**	9,367

Included above is the carrying amount of structured notes classified as at fair value through profit or loss at 31 December 2007 amounting to € 1,153 million (31 December 2006: € 565 million). The fair value change as at 31 December 2007 amounts to € 26 gain million (31 December 2006: € 10 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 deriva ives.

The difference between the carrying amount and the contractual undiscounted amount that will be required to be paid at the maturity of the structured notes is € 98 million (2006: € 50 million)

As at 31 December 2007, EMTNs held by Group's customers amounting to € 5,970 million (2006: € 3,793 million) are presented within “Due to customers”.

29. Debt issued and other borrowed funds (continued)

The Group's funding consists of the securitisations of various classes of loans and notes under Euro Medium Term Note (EMTN) and Euro Commercial Paper (ECP) programs:

Asset Backed Securities

(a) Residential Mortgage Backed Securities (RMBS)

In June 2004, the Group proceeded with the issuance of residen ial mortgage backed securities at an average funding cost of Euribor plus 19 basis points for seven years. As at 31 December 2007 the liability amounted to € 199 million (2006: € 281 million).

In June 2005, the Group proceeded with the issuance of residential mortgage backed securities at an average funding cost of three month Euribor plus 17 5 basis points for seven years. As at 31 December 2007 the liability amounted to € 236 million (2006: € 576 million).

In June 2006, the Group proceeded with the issuance of residential mortgage backed securities at an average funding cost of three month Euribor plus 16 basis points for seven years. As at 31 December 2007 the liability amounted to € 391 million (2006: € 959 million).

In June 2007, the Group proceeded with the issuance of residential mortgage backed securities at par with a coupon of three month Euribor plus 13 basis points for five years. As at 31 December 2007 the liability amounted to € 1,195 million.

(b) Credit Card Asset Backed Securities

In July 2005, the Group proceeded wi h the issuance of credit card asset backed securities at an average funding cost of three month Euribor plus 21.7 basis points. As at 31 December 2007 the liability amounted to € 727 million (2006: € 737 million).

(c) Small Business Loan Asset Backed Securities

In October 2006, the Group proceeded with the issuance of small business loan asset backed securities at par with a coupon of hree month Euribor plus 17 basis points for class A notes. As at 31 December 2007 the liability amounted to € 889 million (2006: € 962 million).

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 50 basis points 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 he 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.

In June 2007, the Group issued €750 million 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 30 basis points for the first five years. The notes qualify as Lower Tier II capital for the Group and are listed on the Luxembourg Stock Exchange.

As at 31 December 2007, the above issues include an amount of € 339 million held by Group's customers which is presented within "Due to customers" (2006: € 217 million)

29. Debt issued and other borrowed funds (continued)

The following tables analyse the debt issued and other borrowed funds by contractual maturity and also into fixed and floa ing rate.

	31 December 2007			
	Within 1 year € million	1 - 5 years € million	Over 5 years € million	Total € million
EMTN				
Fixed rate	36	266	15	**317**
Accrued interest	13	-	-	**13**
Floa ing rate	1,080	2,740	752	**4,572**
Accrued interest	41	-	-	**41**
ECP				
Fixed rate	1,648	-	-	**1,648**
Accrued interest	-	-	-	**-**
Subordinated				
Fixed rate	-	-	181	**181**
Accrued interest	1	-	-	**1**
Floa ing rate	-	-	807	**807**
Accrued interest	2	-	-	**2**
Securitised				
Fixed rate	15	-	-	**15**
Accrued interest	0	-	-	**0**
Floa ing rate	-	719	2,878	**3,597**
Accrued interest	44	-	-	**44**
Total debt issued and other borrowed funds	**2,880**	**3,725**	**4,633**	**11,238**

	31 December 2006			
	Within 1 year € million	1 - 5 years € million	Over 5 years € million	Total € million
EMTN				
Fixed rate	125	372	31	**528**
Accrued interest	20	-	-	**20**
Floa ing rate	818	2,004	290	**3,112**
Accrued interest	19	-	-	**19**
ECP				
Fixed rate	1,772	-	-	**1,772**
Accrued interest	11	-	-	**11**
Subordinated				
Fixed rate	-	-	192	**192**
Accrued interest	1	-	-	**1**
Floa ing rate	-	-	181	**181**
Accrued interest	0	-	-	**0**
Securitised				
Fixed rate	-	15	-	**15**
Accrued interest	0	-	-	**-**
Floa ing rate	-	731	2,754	**3,485**
Accrued interest	31	-	-	**31**
Total debt issued and other borrowed funds	**2,797**	**3,122**	**3,448**	**9,367**

30. Other liabilities

	2007 € million	2006 € million
Current tax liabilities	**13**	42
Acquisi ion obligations	**208**	14
Deferred income and accrued expenses	**174**	105
Standard legal staff retirement indemnity obliga ions (note 31)	**75**	68
Insurance liabilities	**494**	429
Trading liabilities	**95**	205
Deferred tax liabilities (note 11)	**15**	12
Set lement balances with customers	**66**	65
O her liabilities	**685**	550
	1,825	1,490

31. Standard legal staff retirement indemnity obligations

Movement in the liability for standard legal staff retirement indemnity obligations

	2007 € million	2006 € million
Liability for staff re irement indemnity obligations at 1 January	**68**	58
Arising from acquisitions	**3**	-
Cost for the year (see below)	**17**	17
Benefits paid	**(13)**	(7)
Liability for staff re irement indemnity obligations at 31 December	**75**	68

Expense recognised in profit or loss

	2007 € million	2006 € million
Current service cost	**5**	4
Interest cost	**3**	3
Additional cost	**8**	8
Actuarial gains / losses	**1**	2
Total included in staff costs (note 9)	**17**	17

Actuarial assumptions

Principal actuarial assumptions (expressed as weighted averages)

	2007 %	2006 %
Discount rate	**4.8**	4.3
Future salary increases	**3.5**	3.5
Inflation rate	**2.5**	2.5

32. Share capital, share premium and treasury shares

The par value of the Bank's shares was adjusted on 3 April 2007 to € 2.75 from € 3.30 per share due to the bonus issue of 2 shares for every 10 held. 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 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	-	8	8	-	46	46
At 31 December 2006	**1,264**	**(22)**	**1,242**	**313**	**(137)**	**176**
At 1 January 2007	**1,264**	**(22)**	**1,242**	**313**	**(137)**	**176**
3 April 2007:						
- Distribution of free shares to executive directors, management and staff	3	-	3	22	-	22
14 September 2007:						
- Share capital increase	169	(0)	169	1,060	(3)	1,057
- Share capital increase expenses	-	-	-	(17)	-	(17)
9 November 2007:						
- Distribution of free shares	0	-	0	4	-	4
21 November 2007:						
- Share capital increase due to re-investment of dividend	2	-	2	13	-	13
Share capital increase due to exercise of share options issued to executives directors,					-	-
managements and staff	5	-	5	17	-	17
Purchase of treasury shares	-	(24)	(24)	-	(192)	(192)
Sale of treasury shares	-	35	35	-	245	245
At 31 December 2007	**1,443**	**(11)**	**1,432**	**1,412**	**(87)**	**1,325**

32. 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 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	-	2,306,250	2,306,250
At 31 December 2006	**383,188,108**	**(6,712,407)**	**376,475,701**
At 1 January 2007	**383,188,108**	**(6,712,407)**	**376,475,701**
3 April 2007:			
- Distribution of free shares to executive directors, management and staff	839,992	-	839,992
- Issue of 2 shares for every 10 held with the adjustment of the par value of the shares from €3.30 to €2.75	76,805,620	(333,133)	76,472,487
14 September 2007:			
- Share capital increase	61,444,496	(165,174)	61,279,322
9 November 2007:			
- Distribution of free shares to executive directors, management and staff	170,000	-	170,000
21 November 2007:			
- Share capital increase due to re-investment of dividend	649,605	-	649,605
Share capital increase due to exercise of share options issued to executives directors, management and staff	1,847,817	-	1,847,817
Purchase of treasury shares	-	(8,268,241)	(8,268,241)
Sale of treasury shares	-	11,348,249	11,348,249
At 31 December 2007	**524,945,638**	**(4,130,706)**	**520,814,932**

The rights issue of 2 new share for every 15 held at a price of € 20 each, approved by the Extraordinary General Shareholders Meeting on 2 August 2007 and totalling €1,229 million, was completed on 14 September 2007 and he new shares were listed on he Athens Exchange on 25 September 2007.

On 21 November 2007, the Extraordinary General Shareholders Meeting authorised the Board of Directors as follows:
(a) to increase the nominal share capital of he Bank by up to €150 million within the next 3 years to enable the reinvestment of dividends, and
(b) to increase the nominal share capital of the Bank by up to €22 million in cash, through private placement to foreign institutional investors abroad (minority shareholders in the Group's subsidiaries in New Europe), foregoing pre-emption rights to existing shareholders. The new shares issued will be offered as decided by he Board provided the price is no less than the average closing price of the five days preceding the issue date reduced by 3% and the offer is within one year from he date of the meeting.

Treasury shares special scheme

In accordance with Greek Company Law, prior to the amendment by L. 3604/2007 (August 2007), a company could 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 a company considers that the trading price of each stock, given the prevailing market conditions is significant lower than that which reflects its financial standing and future prospects. 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 wi hin three years from the time of their acquisition. Shares still held by the company after he three-year period expires must be cancelled, subject to a General Meeting approval.

In April 2007, the Annual General Meeting approved the renewal of the treasury shares special scheme for one year within the price range of €4.88 to €30.89 per share (adjusted for the issue of 2 shares for every 10 held and the rights issue of 2 new shares for every 15 held) for a total of up to 5% of the Bank's shares and authorised the Board of Directors to take any action or handle an issue necessary for the application of he program of acquisition. As at 31 December 2007 the number of shares held under the treasury shares special scheme was 3,431,626.

33. Preferred securities

On 18 March 2005, the Group, through its Special Purpose Entity, EFG Hellas Funding Limited, issued € 200 million preferred securi ies which represent Lower Tier 1 capital for the Group. The preferred securi ies 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% hereafter. 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 redemp ion date and give the issuer the right to call he 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 dividend must be declared and paid if the Bank declares as dividend. 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 dividend must be declared and paid if the Bank declares a dividend. The preferred securi ies are listed on the London, Frankfurt and Euronext Amsterdam Stock Exchanges.

On 21 December 2005, he 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 2007	194	396	196	786
Purchase of preferred securities	(14)	(3)	(9)	(26)
Sale of preferred securi ies	4	4	9	17
At 31 December 2007	**184**	**397**	**196**	**777**

The rate of preferred dividends for the Tier 1 Issue series A has been determined to 4.297% for the period March 18, 2007 to March 17, 2008.

As at 31 December 2007, the dividend attributable to preferred securities holders amounts to€ 39 million (31 December 2006: € 43 million).

34. 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' op ion 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 2007		31 December 2006	
	Exercise price in € per share	**Number of share options**	Exercise price in € per share	Number of share options
At 1 January	**15.19**	**2,991,784**	17.98	1,527,455
Adjustment for corporate actions				
expiring in 2006	**-**	**-**	4.68	75
expiring in 2007	**6.21**	**2**	7.64	354
expiring in 2010	**12.14**	**469,345**	15.32	266,776
expiring in 2011	**12.17**	**279,047**	-	-
Granted, expiring in 2012	**13.82**	**1,483,851**	15.00	1,200,000
Exercised	**12.14**	**(1,847,817)**	7.64	(2,366)
Expired and cancelled	**12.08**	**(1,022)**	4.68	(510)
Balance at 31 December and average exercise price per share	**12.89**	**3,375,190**	15.19	2,991,784

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

Expiry date - 31 December

2007	**-**	**-**	7.64	8
2010	**12.14**	**412,292**	15.32	1,791,776
2011	**12.17**	**1,479,047**	15.00	1,200,000
2012	**13.82**	**1,483,851**	-	-
	12.89	**3,375,190**	15.19	2,991,784

In April 2006, the Annual General Mee ing approved the establishment of an umbrella share options programme allowing the Board of Directors (hrough 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. The Repeat Extraordinary General Shareholders' Meeting on 21 November 2007 amended the terms of the programme so that the vesting period and exercise dates may be determined at he discretion of he Board following recommendation by the Remuneration Committee.

Following the Annual General Meeting of April 2006, the Board of Directors granted 1,479,047 share options with a strike price of € 12.17 per share (adjusted primarily for the issue of 2 shares for every 10 held and the rights issue of 2 new shares for every 15 held) to executive directors, management and employees, which may be exercised in December of 2008, 2009, 2010 and 2011 if the option holder is still employed by the Group.

In April 2007, within the umbrella share options programme approved by the Repeat Annual General Meeting on 17 April 2006, the Board of Directors granted 1,483,851 share options with a strike price of €13.82 per share (adjusted for the issue of 2 shares for every 10 held and the rights issue of 2 new shares for every 15 held) to executive directors, management and employees. These may be exercised in December 2009, 2010, 2011 and 2012 if the holders are still employed by the Group.

34. Share options (continued)

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 he year ended 31 December 2007 was € 9.11 (2006: € 10.7). The significant inputs into the model were share price of € 22.93 (2006: 25.92) at the grant date, exercise price of € 13.82, dividend yield of 3.3% (2006: 3.5%), expected average volatility of 25% (2006: 25%), expected option life of 3 years, and risk-free interest rate equal to 3 year swap rate. The expected volatility is measured at the grant date of the options and is based on the average historical volatility of he share price over the last 3 to 6 years.

35. Special reserves

	Statutory reserves € million	Non-taxed reserves € million	IAS 39 reserves € million	Other reserves € million	Total € million
Balance at 1 January 2006	151	594	173	(5)	913
Transfers between reserves	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
Balance at 1 January 2007	237	615	154	(15)	991
Transfers between reserves	66	152	-	63	281
Available-for-sale securities					
- net changes in fair value net of tax	-	-	(93)	-	(93)
- transfer to net profit net of tax	-	-	(58)	-	(58)
Cash flow hedges					
- net changes in fair value net of tax	-	-	5	-	5
- transfer to net profit net of tax	-	-	(4)	-	(4)
Net investment hedge	-	-	-	(2)	(2)
Currency translation differences	-	-	-	6	6
Value of employee services	-	-	-	9	9
Profit/(loss) from sale of treasury shares	-	-	-	25	25
At 31 December 2007	303	767	4	86	1,160

Statutory reserves and IAS39 reserves are not distributable. Included in IAS39 reserves as at 31 December 2007 is € 16 million (31 December 2006: € 15 million) relating to Cash flow hedging reserve.

Non-taxed reserves are taxed when distributed. As at 31 December 2006, non-taxed reserves include an amount of € 246 million which consists of € 289 million which following L.3513/2006 were subject to one-off taxation amounting to€ 43 3 million. The Bank has contested the above taxation in the courts (see note 10).

Included in Other reserves as at 31 December 2007 is € 43 million (31 December 2006: € 36 million) relating to currency translation reserve. As at 31 December 2007, Other reserves also include capital and other gains of€ 74 million, net of tax according to L.3634 (see note 10).

36. Operating leases

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

	31 December 2007		31 December 2006	
	Land and buildings € million	Furniture, equipment, vehicles € million	Land and buildings € million	Furniture, equipment, vehicles € million
Not later than one year	**69**	**6**	43	3
Later than one year and no later than five years	**79**	**7**	26	7
Later than five years	**24**	**-**	17	-
	172	**13**	86	10

The total of future minimum sublease payments to be received under non-cancellable subleases at the balance sheet date is€ 26 million (31 December 2006: € 26 million).

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

	31 December 2007		31 December 2006	
	Land and buildings € million	Furniture, equipment, vehicles € million	Land and buildings € million	Furniture, equipment, vehicles € million
Not later than one year	**18**	**0**	14	0
Later than one year and no later than five years	**50**	**0**	36	-
Later than five years	**39**	**-**	37	-
	107	**1**	87	0

37. Contingent liabilities and commitments

	2007 € million	2006 € million
Contingent liabilities :		
Guarantees		
- guarantees and standby letters of credit	**1,390**	1,396
- other guarantees	**1,132**	590
	2,522	1,986
Commitments :		
Documentary credits	**145**	104
Capital expenditure	**52**	21
	197	125
	2,719	2,111

As at 31 December 2007 a letter of guarantee that he Bank issued in favour of EFG Ora Funding Limited II amounted to € 385 million (2006: € 377 million) is included, against 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.

38. 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.
- Wealth Management - 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, Turkey and Ukraine.

Other operations of the Group comprise mainly of investing activities, including property management and investment, electronic commerce and the management of unallocated capital. 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.

	31 December 2007							
	Retail € million	**Corporate € million**	**Wealth Management € million**	**Global & Capital Markets € million**	**Other € million**	**New Europe € million**	**Elimination center € million**	**Total € million**
External revenue	1,238	324	239	343	35	638	-	2,817
Inter-segment revenue	98	20	(61)	(36)	29	(0)	(50)	-
Total revenue	1,336	344	178	307	64	638	(50)	2,817
Operating expenses	(591)	(109)	(61)	(70)	(71)	(522)	50	(1,374)
Impairment losses on loans and advances	(310)	(20)	-	(1)	-	(70)	-	(401)
Profit from operations	435	215	117	236	(7)	46	-	1,042
Profit before tax	436	215	117	236	0	46	-	1,050
Minority interest	-	-	(1)	-	(6)	(9)	-	(16)
Profit before tax attributable to shareholders	436	215	116	236	(6)	37	-	1,034
Income tax expense								(219)
Net profit attributable to shareholders								815
Segment assets	23,933	13,094	1,061	13,493	2,450	14,312		68,343
Associates	6	-	-	-	40	-		46
	23,939	13,094	1,061	13,493	2,490	14,312		68,389
Segment liabilities	17,287	5,100	7,058	18,391	8,409	6,785		63,030

	31 December 2006							
	Retail € million	Corporate € million	Wealth Management € 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
Minority interest	-	-	-	-	(6)	(1)	-	(7)
Profit before tax attributable to shareholders	393	174	103	176	10	(31)	-	825
Income tax expense								(224)
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

39. Post balance sheet events

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

Note 22: Shares in subsidiary undertakings
Note 43: Dividends

40. Acquisition of subsidiaries

Details of acquisitions of subsidiaries during the year ended 31 December 2007 that gave rise to goodwill are as follows:

	Fair value of total assets acquired € million	Fair value of total liabilities acquired € million	Fair value of net assets acquired € million	Consi-deration € million	Goodwill € million
Universal Bank OJSC	91	79	12	47	35
Tekfenbank A.S.	603	547	56	319	264
Tekfen Finansal Kiralama A.S.	11	7	4	4	(0)
Prospera securities A.D.	1	0	1	7	6
Accentis S.A.	0	0	0	1	1
Eliade Tower S.A.	27	15	7	7	(0)
Total	**733**	**648**	**80**	**385**	**306**

The above acquisitions have been accounted for by the purchase method of accounting. The acquired companies contributed a net gain of € 14 million to he Group during the period from the date of their acquisition to 31 December 2007. If the acquisitions had been completed on 1 January 2007, the acquired companies would have contributed revenue of € 196 million and net gain of € 12 million for the year ended 31 December 2007.

Included in the € 80 million of fair value of net assets acquired are € 186 million of cash and cash equivalents.

The acquisition of the 8.63% of the share capital of DZI Bank A.D. in 2007 is accounted for as equity transac ion (€ 18 million), with the 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 participa ing interests of subsidiary undertakings that have been recognised directly in equity include also Be-Business Exchanges S.A., Eurobank EFG Stedionica A.D. Beograd, Eurobank Properties R.E.I.C. and EFG Retail Services IFN S.A.

With respect to the acquisition of Reco Real Property A.D., negative goodwill amounted to €0.3m has been recognised in the Income Statement and is included in operating expenses.

The initial accounting for the business combinations hat 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 91.29% of the share capital of DZI Bank A.D. effected and presented provisionally in 2006, total goodwill has increased by €14.6 million as a result of adjustments that decreased the provisional values of net assets acquired by €14.4 million, and adjustments that increased total acquisition cost by €0.2 million.

41. Related party transactions

The Bank is a member of the EFG Group, which consists of banks and financial services companies, the ultimate parent company of which is EFG Bank European Financial Group, a credit institution based in Switzerland. All voting rights at the general meetings of EFG Bank European Financial Group are held by the Latsis family. The EFG Group controls 41.2% of the Bank. The remaining shares are held by institutional and retail investors.

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 ac ivities, 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 he year-end are as follows:

	31 December 2007			31 December 2006		
	EFG Group € million	**Key management personnel € million**	**Other € million**	EFG Group € million	Key management personnel € million	O her € million
Loans and advances to banks	0	-	-	0	-	-
Available for sale investment securities	56	-	43	62	-	51
Loans and advances to customers	24	16	38	-	10	5
Other assets	-	0	3	0	0	4
Due to other banks	88	-	-	509	-	-
Due to customers	2	38	118	304	41	174
Derivative financial instruments liabilities	-	2	-	-	2	-
Other liabilities	2	-	0	2	-	0
Net Interest income/(expense)	(6)	(0)	(4)	(17)	(1)	(2)
Net banking fee and commission income/(expense)	(1)	0	4	0	0	2
Dividend income	-	-	2	-	-	-
Other operating income / (expense)	(1)	-	(0)	(4)	-	(0)
Letters of guarantee issued	386	-	3	378	-	3
Letters of guarantee received	411	-	-	411	-	-

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

41. Related party transactions (continued)

No provisions have been recognised in respect of loans given to related parties (2006: nil).

Based on agreements the Group provides portfolio management, custodian and share registry services to DIAS S.A. as associated undertaking.

Key management compensation (including directors)

Key management personnel are entitled to compensation in the form of short-term employee benefits € 12.8 million (31 December 2006: € 11.6 million) out of which € 4.1 million (31 December 2006: € 3.5 million) are share-based payments, and long-term employee benefits € 3.9 million (31 December 2006: € 2.4 million) out of which € 3.6 million (31 December 2006: € 2.0 million) are share-based payments.

42. Board of Directors

The Board of Directors of the Bank since the Bank's Annual General Meeting of 3 April 2007, other as noted below, 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	
M. H. Colakides	Deputy Chief Executive Officer	From 1 November 2007
H. M. Kyrkos	Executive	Until 25 October 2007
N. K. Pavlidis	Executive	
F. S. Antonatos	Non Executive	
A. K. Bibas	Non Executive	
E. L. Busse il	Non Executive	
S. J. Latsis	Non Executive	
P. P. Petalas	Non Executive	
P. K. Lambropoulos	Independent Non Executive	Until 21 May 2007
P. V. Tridimas	Independent Non Executive	
S.L. Lorentziadis	Independent Non Executive	From 25 June 2007

The Board of Directors' term expires at the Annual General Meeting which will take place in 2010

43. Dividends

Final dividends are not accounted for until they have been ratified by the Annual General Meeting.

On 9 November 2007, the Bank's Extraordinary General Shareholders Meeting approved the distribution of an interim dividend of € 0.32 per share, amounting to € 166 million, which was paid on 10 December 2007. The final dividend of € 0 50 per share proposed by the Board of Directors for 2007 on 7 February 2008, subject to the approval of the upcoming Annual General Meeting of Shareholders, brings the 2007 dividend to € 0.82 per share (2006: € 0.75 as adjusted for the issue of 2 shares for every 10 held and the rights issue of 2 new shares for every 15 held) totalling€ 425 million (2006: € 350 million).

For 2006, an interim dividend of €0.29 per share (adjusted as above) amounting to €136 million had been paid in December 2006 in accordance with the decision of the Board of Directors on 31 October 2006. The remaining final dividend of €0.46 per share amounting to €214 million was paid in April 2007 and has been accounted for in shareholders' equity as an appropriation of retained earnings during the period from 1 April 2007 to 30 June 2007.

Athens, 25 February 2008

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CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	CHIEF F NANCIAL OFFICER	HEAD OF GROUP FINANCIAL SERVICES

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&
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