

INVESTMENT BANK OF GREECE S.A.

**FINANCIAL STATEMENT INFORMATION FOR THE FINANCIAL
YEAR ENDING 31st DECEMBER 2005**

TABLE OF CONTENTS

Director's Report.....	1
Auditors' Report.....	4
Income Statement for the Financial Year 2005	5
Balance sheet.....	6
Statement of Changes in Equity for the Financial Year 2005	7
Cash Flow Statement for the Financial Year 2005.....	8
1. Information on the Bank.....	9
1.1 General Information.....	9
2. Basis of Preparation of Financial Statements.....	10
2.1 Summary of General Accounting Policies	10
2.2 Financial Instruments	11
2.3 Conversion into Foreign Currency.....	18
2.4 Tangible Fixed Assets.....	18
2.5 Property Investment	19
2.6 Intangible Assets	19
2.7 Impairment of Assets.....	20
2.8 Leased Agreements	20
2.9 Non-Current Assets Held for Sale	21
2.10 Cash and Cash Equivalents	21
2.11 Share Capital.....	21
2.12 Income Tax and Deferred Tax.....	21
2.13 Employee Benefits	22
2.14 Provisions.....	24
2.15 Revenue Recognition.....	24
2.16 Dividend Distribution	25
2.17 New Accounting Standards and Interpretations of the IFRIC.....	25
3. Financial Risk Management.....	25
3.1 Credit Risk	25
3.2 Market Risk.....	26
3.3 Currency Risk	27
3.4 Interest Rate Risk.....	28
3.5 Liquidity Risk.....	29
4. Cash and Balances with Central Bank.....	30
5. Loans and Advances to Financial Institutions	31
6. Trading Portfolio and Other Financial Assets at Fair Value through Profit & Loss	31
7. Derivative Financial Instruments.....	32
8. Loans and Advances to Customers.....	32
9. Investment Portfolio.....	33
10. Investments of the Bank in Subsidiaries and Associates.....	34
11. Property Investment and Property, Plant and Equipment.....	34
12. Intangible Assets	35
13. Deferred Tax	35
14. Other Assets.....	36
15. Due to Financial Institutions.....	37
16. Customer Deposits and Other Customer Accounts.....	37
17. Retirement Benefit Obligations	37
18. Other Liabilities.....	38
19. Share Capital.....	39
20. Other Reserves and Retained Earnings.....	39

21. Net Interest Income	39
22. Net Fee and Commission Income	39
23. Net Trading Income	40
24. Other Income	40
25. Employee Benefits and Remuneration	40
26. Other Operating Expenses	41
27. Provisions for Impairment of Loans and other Investments	41
28. Income Tax	41
29. Cash and Cash Equivalents	42
30. Commitments, Contingent Assets and Liabilities	43
31. Balances with Related Parties	43
32. Analysis of Adjustments Related to First Time Adoption of IFRS	45
33. Post-Balance Sheet Events	47

Director's Report

Dear Shareholders,

The financial year 2005 was in essence the second year our Bank's activity under its current form, after its merger with "MARFIN HELLENIC SECURITIES S.A.", which was consummated at the end of 2003.

The main strategic aim of the merger in question was the strengthening achieved through increased capital adequacy, the expansion of the customer base and the larger variety of products and services.

The services provided cover a broad range of investing needs of modern enterprises and investors: Securities transactions, access to foreign markets, analysis, consulting, (deposits, loans) with emphasis on investment banking (corporate finance, Bond Loans, Project Finance, Bridge Financing etc.).

The Bank is a member of the Athens Exchange S.A. and is classified as one of the best performing companies in the specific sector as far as trading volume and market share are concerned. The Bank is also a member of the Athens Derivatives Exchange and is a Market Maker of type B' and in 2005 held first place in several products in the relevant ranking, based on trading volumes.

In the context of the provisions of investment services, the Bank operates, through a special team which consists of highly experienced personnel, in the sector of securities transactions in foreign markets. The Bank has agreed to cooperate with the largest foreign brokerage houses in securities and derivatives transactions, providing:

- Direct reception and transmission of orders through an on-line terminal
- Competitive fees and commissions
- Investment proposals
- Daily update

We are satisfied with the fact the results surpassed our expectations confirming our strategic choice on the aforementioned merger.

FINANCIAL RESULTS

In 2005 the Bank achieved a substantial increase in profitability by 305% from € 2,17 million in 2004 to € 8,81 million in 2005.

The increase in profitability in 2005 was the result of the dynamic development in all profit centers resulting in a 67% increase in the Bank's net income from € 11,9 million to € 19,9 million in 2005.

Net interest income increased 36% reaching € 3,2 million, net fee and commission income increased by 48% reaching € 10,4 million and the net trading result increased 215% reaching € 5,1 million.

The positive developments are due to the expansion of the Bank's loans portfolio as well as to the increase in its market share in the securities and derivatives markets.

Loans to customers net of provisions reached € 129,9 million increased by 160% compared to the loans portfolio for the year ending 31 December 2004.

It should be noted that special emphasis was given to the preservation of the loans portfolio quality. Despite the fact that there was an increase of more than 200% in the loans portfolio, provisions for doubtful debts remained at low levels representing just 40 basis points in relation to the total loan balance as at 31 December 2005.

Taking into consideration the intense competition, we pay special attention to the control of the Bank's operating expenses. In this way, the Bank limited its overall increase in operating expenses to 10,5% despite the fact that staff expenses increased 17,2% which was a result of the extraordinary growth in the Bank's activities.

One of the most important efficiency ratios in the financial sector is that of cost to income. The ratio in question improved to 53,8% in 2005 compared to 2004 where the ratio was equal to 81,4%.

Return on equity, on an average basis, reached 11,69%, indicating a substantial improvement compared to a ratio of 2,97% in 2004.

To summarize, the main points that explain the Bank's increased profitability are:

- the rapid growth in the loans portfolio by 121%
- the increase in commissions by 48%
- the increase in trading income by 215%
- the control of costs which was restrained to a marginal increase of 10,5%, while there was simultaneous growth in the Bank's activities and revenues.

The Bank would not have been able to achieve these results without the loyalty and hard work of its employees and executives, our customers' preference and our shareholders' trust and support. We thank all our valuable colleagues.

REGULATORY RATIOS

The Bank's capital adequacy and solvency ratios, despite the fact that loans increased more than twice, were preserved at high levels, i.e. 38,05% and 28,97 % respectively, with a minimum requirement of 8%.

Furthermore the new liquidity ratios, which were recently established under act 2560/1.4.2005 of the Governor of Bank of Greece which refers to the framework of control of Bank of Greece over the liquidity sufficiency of financial institutions, are quite satisfying for our Bank. The "available funds liquidity ratio" reached 42,9% against 20%, the minimum requirement, whereas the "maturity gap assets-liabilities liquidity ratio" +14,2% against -20%, the minimum requirement.

Auditors' Report

To the Shareholders of «INVESTMENT BANK OF GREECE S.A.»

We have audited the accompanying financial statements of «INVESTMENT BANK OF GREECE "societe anonyme" , as of and for the year ended 31 December 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Company as of 31 December 2005, and of the results of its operations, its cash flows and the changes in shareholders' equity for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union, and the Board of Directors' Report is consistent with the aforementioned financial statements.

Athens , 28 February 2006

The Certified Public Accountant

KOSTAS I. MALISOVAS

SOEL Reg.No 11281

BKR PROTIPOS ELEGKTIKI S.A.

A.M.- S.O.E.L.: 111

Income Statement for the Financial Year 2005

<i>Amounts in Euro '000</i>	Note	Financial Year	
		31 st December 2005	31 st December 2004
Turnover			
Interest and similar Income		5,594	3,394
Interest and similar expenses		(2,390)	(1,039)
Net interest income	21	3,204	2,355
Fee and commission income		20,016	13,741
Fee and commission expense		(9,578)	(6,715)
Net fee and commission income	22	10,438	7,026
Dividend income		484	391
Net trading income	23	5,109	1,619
Other operating income	24	648	503
Total net income		6,241	2,513
		19,883	11,894
Staff costs	25	(6,557)	(5,591)
Other operating expenses	26	(3,128)	(3,117)
Depreciation		(489)	(507)
Provisions for impairment losses on loans and advances	27	(525)	(461)
Total operating expenses		(10,699)	(9,676)
Profit before tax		9,184	2,218
Less: Income tax	28	(369)	(40)
Profit after tax		8,815	2,178
Earnings per share			
- Basic		2,887	0,713

The accompanying notes form an integral part of the financial statements

Balance sheet

<i>Amounts in Euro '000</i>	Note	31st December 2005	31st December 2004
ASSETS			
Cash and balances with Central Bank	4	5.506	847
Loans and advances to financial institutions	5	43.306	13.475
Trading portfolio and other financial instruments at fair value through Profit & Loss	6	53.959	59.481
Derivative financial instruments	7	1	224
Loans and advances to customers	8	129.964	49.999
Investment portfolio	9	15.203	2.715
Investment in associates	10	2.826	2.482
Property investment	11	5.460	5.460
Property, plant and equipment	11	15.945	16.170
Goodwill and other intangible assets	12	158	263
Deferred tax asset	13	731	1.163
Other assets	14	19.684	14.648
Total assets		292.743	166.927
EQUITY AND LIABILITIES			
Due to financial institutions	15	68.000	35.520
Due to customers	16	107.060	36.592
Derivative financial instruments	7	325	1.243
Retirement benefit obligations	17	262	207
Deferred tax liability	13	1.761	1.859
Other liabilities	18	31.135	16.034
Total liabilities		208.543	91.455
Shareholders equity			
Share capital	19	89.606	89.606
Revaluation reserve		(87)	0
Other reserves	20	2.215	2.215
Retained earnings	20	(7.534)	(16.349)
Total equity		84.200	75.472
Total liabilities and equity		292.743	166.927

The accompanying notes form an integral part of the financial statements

Statement of Changes in Equity for the Financial Year 2005

Amounts in Euro '000

	Note	Share capital	Revaluation reserve	Other reserves	Retained earnings	Total
Opening balance as at 1st January 2004 under GR GAAP	32	89.606	0	(609)	(16.996)	72.001
Adjustments due to first implementation of IFRS		0	0	2.824	(1.530)	1.294
Balance as at 1st January 2004 under IFRS		89.606	0	2.215	(18.526)	73.295
<i>Changes in equity for the year 01/01 - 31/12/2004</i>						
Net results of the year 01/01-31/12/2004					2.177	2.177
Balance as at 31st December 2004		89.606	0	2.215	(16.349)	75.472

Amounts in Euro '000

	Note	Share capital	Revaluation reserve	Other reserves	Retained earnings	Total
Opening balance as at 1st January 2005 under GR GAAP	32	89.606	0	458	(16.378)	73.686
Adjustments due to first implementation of IFRS		0		1.757	29	1.786
Balance as at 1st January 2004 under IFRS		89.606	0	2.215	(16.349)	75.472
<i>Changes in equity for the year 01/01 - 31/12/2004</i>						
Profits from reval. of fair value of financial assets a.f.s.			(122)			(122)
Tax related to profits recognized in equity			35			35
Net results for the year 01/01-31/12/2005					8.815	8.815
Balance as at 31st December 2005		89.606	(87)	2.215	(7.534)	84.200

The accompanying notes form an integral part of the financial statements

Cash Flow Statement for the Financial Year 2005

<i>Amounts in Euro '000</i>	Note	Financial Year	
		31 st December 2005	31 st December 2004
<u>Cash flows from operating activities</u>			
Profits before tax		9.184	2.218
<i>Adjustments for:</i>			
Depreciation		489	507
Share of profit / loss from measurement of financial assets at fair value through Profit & Loss		(1.003)	(1.384)
Profits / loss from revaluation of derivative financial instruments		(696)	(227)
Provision for employee benefit plan		55	(107)
Impairment loss from investments and loans		525	461
Profit / loss from disposal of fixed assets			28
<i>Cash flows from operating activities before changes in working capital</i>		<i>8.554</i>	<i>1.496</i>
Changes in working capital			
Trading portfolio		6.526	(31.511)
Loans and advances to customers		(80.491)	(20.291)
Other assets		(5.036)	(1.848)
Due to financial institutions		32.480	30.938
Due to customers		70.468	25.821
Other liabilities		15.101	(11.793)
<i>Cash flows from operating activities before payment of income tax</i>		<i>47.602</i>	<i>(7.188)</i>
Income tax paid in		0	0
Net cash flows from operating activities		47.602	(7.188)
<u>Investing activities</u>			
Portfolios available for sale and held to maturity	9	(13.210)	0
Purchase of fixed assets		(123)	(272)
Acquisition of subsidiaries and associates		(452)	(368)
Return of share capital of subsidiaries		108	
Other investments		(35)	(387)
Proceeds from a.f.s. portfolio	9	600	1.174
Proceeds from sale of property, plant and equipment			24
Net cash flow from investing activities		(13.112)	171
<u>Financing activities</u>			
Repayments of loans		0	(11.388)
Interest on borrowings			(169)
Net cash flow from financing activities		0	(11.557)
Net increase / decrease in cash and cash equivalents		34.490	(18.574)
Cash and cash equivalents at the beginning of the financial year		14.322	32.896
Cash and cash equivalents at the end of the financial year	29	48.812	14.322

The accompanying notes form an integral part of the financial statements

1. Information on the Bank

1.1 General Information

“INVESTMENT BANK OF GREECE SOCIETE ANONYME”, hereinafter INVESTMENT BANK OF GREECE (IBG) or “the Bank”, incorporated by act 55401/18.1.2000 executed by Athens Notary Public Anna Tsafara, which was approved by resolution K2-881/24.1.2000 of the Minister of Development published in Government Gazette no. 533/26.1.2000 (SA & LTD Issue). It operates as a banking societe anonyme, according to the Greek legislation and in particular according to the provisions of law 2190/1920 on societes anonymes, as it stands.

The Bank initially was domiciled in the Municipality of Athens and after the Shareholders Meeting on 27 November 2001 was relocated to the Municipality of Amaroussion, Attica. The Bank operates in Greece and employs 152 people. The Supervisory Credit Division of Bank of Greece is the regulatory authority, which defines regulatory requirements as set by Act 2563/2005 of the Governor of Bank of Greece.

On 29 December 2003 during the General Shareholder Meeting, a resolution was made concerning the merger of the Bank with the absorption of the company “MARFIN-ELLINIKI INVESTMENT COMPANY S.A.”, according to the provisions of law 2190/1920, law 2515/1997 and law 2199/1993 and modified Balance Sheets as at 30 June 2003. The aforementioned merger was approved by resolution 2/2369/27.2.2004 of the Prefecture of Athens.

The term of the company is defined to ninety nine (99) years and its objective, according to its articles of association, is the carrying out, on its own behalf or on behalf of third parties, of all banking operations permitted by the law. The services provided cover the entire range of investment needs of modern enterprises and investors:

- Stock Exchange Services at the Athens Exchange.
- Access to Foreign Markets.
- Analyst Services.
- Corporate Finance Advisory
- Corporate Banking

The financial statements as at 31.12.2005, were approved by the Board of Directors on 27/02/2006 and are subject to final approval from the General Shareholders Meeting, and available to the investing public at the Bank’s head office (24B Kifissias Avenue, Maroussi) and on the website (www.marfingroup.gr), where they will be accessible for at least two years, according to par. 1 article 2 of P.D. 360/1985, as it stands after its amendment by 3301/2004.

It should be noted that due to rounding, the actual sums of the amounts depicted in the condensed financial statements, might differ from the sums depicted in the financial statements (full notes), the same applies for the percentages presented.

2. Basis of Preparation of Financial Statements

2.1 Summary of General Accounting Policies

The consolidated financial statements of «INVESTMENT BANK OF GREECE S.A.» for the year ending 31st December 2005 have been prepared according to the International Financial Reporting standards (IFRS), which were published by the International Accounting Standards Board (IASB) and adopted by the E.U. The IFRS were developed by the International Financial Reporting Interpretations Committee (IFRIC) and approved by the IASB.

The Bank's financial statements have been prepared based on the principle of historical cost as modified by the revaluation of specific assets and liabilities at current values, and the going concern concept. The Bank's financial statements are in accordance with the framework imposed by the IASB and the standards mentioned below which constitute the "IFRS Stable Platform 2005".

IAS 1	Presentation of Financial Statements (R)
IAS 7	Cash Flow Statements
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (R)
IAS 10	Events After the Balance Sheet Date (R)
IAS 12	Income Taxes
IAS 16	Property, Plant and Equipment (R)
IAS 17	Leases (R)
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 21	The Effects of Changes in Foreign Exchange Rates (R)
IAS 24	Related-Party Disclosures (R)
IAS 27	Consolidated and Separate Financial Statements (R)
IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
IAS 32	Financial Instruments: Disclosure and Presentation (R)
IAS 34	Interim Financial Reporting
IAS 36	Impairments of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments, Recognition and Measurement (R)
IAS 40	Investment Property (R)
IFRS 1	First-Time Adoption of IFRS (R)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (R)

(R) = Standard is revised or newly issued in 2003 or 2004

The Interim Financial Statements are covered by IFRS 1 "First-Time Adoption of IFRS" due to the fact of first-time adoption and implementation of IFRS in preparing and publishing the statements. Although the first-time adoption of IFRS is considered to be 01/01/2005, the Bank's transition date to the IFRS is considered to be the 1st of January 2004.

The policies to follow have been implemented appropriately in all presented periods, except from those regarding the classification and evaluation of financial instruments. As of the 1st of January 2005 the Bank applied IAS 32 and IAS 39 and not IFRS 1.

The last published annual consolidated financial statements of the Bank had been prepared according to the Greek Generally Accepted Accounting Principles (GR GAAP). In several cases, the principles of the GR GAAP, are different from those of the IFRS. In preparing the Bank's consolidated financial statements, Management modified some of its accounting, revaluation and consolidation methods that were normally used according to the GR GAAP in order to conform to the IFRS. The comparable items for the year ending 2004 have been readjusted based on these modifications. Reconciliation and description of effects of transition from GR GAAP to IFRS in the Income Statement, Cash Flows and Equity are explained in Note 39.

The Bank is subsidiary of "MARFIN FINANCIAL GROUP HOLDINGS S.A." BY 60,98%. According to IAS 27 (revised in 2003), the Bank and its subsidiaries are consolidated using the purchase method and the consolidated financial statements of the Group " MARFIN FINANCIAL GROUP HOLDINGS S.A." are compiled according to IFRS which are available to the public.

2.2 Financial Instruments

A Financial instrument is defined as a legally enforceable agreement between two or more parties, expressing a contractual right or a right to the payment of money. Practically all documents used in credit are financial instruments, including checks, drafts, notes and bonds.

2.2.1 Initial Recognition

The Bank records the total of its financial assets and liabilities including derivative financial instruments in the Balance Sheet. The purchase of financial instruments is recognised on the date of transaction, which is also the date on which the Bank signs the contract. These investments are initially measured at fair value adding the corresponding transaction costs except from those transaction costs derived from financial instruments at fair value through the Profit and Loss Account.

2.2.2 Classification and Financial Asset Measurement

The Bank's financial instruments are classified in the categories depicted below according to the designation of the contract and the strategic objective of the purchase.

i) Financial assets at fair value through Profit & Loss

This category refers to those financial assets that satisfy the following criteria or presumptions:

- Financial assets and liabilities that are obtained for trading purposes are securities purchased with the objective of realising profits from short-term changes in price, including derivatives, except from those that are designated and qualify as hedges.
- Any other financial asset or liability that was not primarily acquired for trading purposes but during initial recognition had been defined as an asset at fair value through Profit and Loss.
- The above-mentioned financial assets and liabilities are included in the Balance Sheet as "Trading Portfolio and other Financial Assets at Fair Value through Profit and Loss.

Changes in derivative fair value are recorded in the Profit and Loss statement as "Profit/loss arising from sale & revaluation of financial instruments". Interest received from bonds and other interest bearing securities which are part of the trading portfolio is accounted for in the "interest received" account, whereas dividends from participations are included in the Income Statement as "dividend received".

ii) Loans and other allowances / claims on customers

Include non-derivative financial assets and liabilities with fixed or determinable payments, which are not quoted in an active market. Loans and claims are carried at amortised cost using the effective interest method.

iii) Investments Held-to-Maturity

These include non-derivative financial assets with fixed or determinable payments and specified maturity date. The Bank has the ability and intention to hold these investments up to maturity.

The Held-to-Maturity portfolio, which is kept up to the maturity date, is carried at amortised cost using the effective interest method, less any accumulated impairment in value. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount for the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's effective interest rate. Impairment losses are recognised in the Income Statement.

If part of the Held-to-Maturity portfolio is sold or reclassified before the maturity date (unless IAS 39 criteria are met), then the Bank cannot classify any financial assets as Held-to-Maturity for the current year and the next 2 years.

iii) Investments Held-to-Maturity

These include non-derivative financial assets with fixed or determinable payments and specified maturity date. The Bank has the ability and intention to hold these investments up to maturity.

The Held-to-Maturity portfolio, which is kept up to the maturity date, is carried at amortised cost using the effective interest method, less any accumulated impairment in value. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount for the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's effective interest rate. Impairment losses are recognised in the Income Statement.

If part of the Held-to-Maturity portfolio is sold or reclassified before the maturity date (unless IAS 39 criteria are met), then the Bank cannot classify any financial assets as Held-to-Maturity for the current year and the next 2 years.

In the Bank Balance Sheet the Held-to-Maturity portfolio is included in the "Investment Portfolio" account.

iv) Available for sale portfolio

This portfolio includes non-derivative financial assets, which are either classified in this category or cannot be classified in any of the portfolios mentioned above. These financial assets may be sold according to liquidity needs or changes in interest rates or prices. The classification of investments as available for sale is not binding and it is subject to Management intentions as to subsequent reclassification. (check with grant)

Financial assets of the available for sale portfolio are initially recognised at cost (including transaction costs) and then carried at fair value. The non-realised gains or losses arising from changes in the fair value of securities classified as available for sale are recognised directly in equity (Revaluation reserve) up to the point where the financial assets are sold or if there is evidence of impairment, in which case the profit or loss is recognised in the Bank's Income Statement.

Impairment losses that have been recognised in the Income Statement are not reversed through the Income Statement.

2.2.3 Measurement of Financial Liabilities

The Bank's financial liabilities include mostly customer deposits and interbank deposits. Financial liabilities are initially recognised at their acquisition cost which is the fair value of cash or other financial assets paid. After their initial recognition they are measured using the effective rate method. Interest expenses are recognised in the Profit and Loss account of the period under consideration.

2.2.4 Derivative Financial Instruments and Hedging

The Bank holds derivative financial instruments both for its own interests, particularly for profit making or hedging purposes, and for the service of its clients needs.

The Bank incurs transactions in derivative products, which include Interest Rate Swaps, Stock futures, FX Futures, Index Futures, Equity Options, FX Options and Forward Rate Agreements.

All of the above derivative financial instruments held by the Bank are initially recognised at cost and are subsequently revalued at fair values at the end of every financial period. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, where market prices are not available. Changes in the fair values of derivative financial instruments are included in the "Net trading income" account.

Derivatives are recognised as assets when their fair value is positive and as liabilities when their fair value is negative.

The Bank classifies derivatives in the following categories:

i) Embedded Derivatives

An embedded derivative is a constituent element of a hybrid (composite) financial instrument, which also includes a non-derivative main contract. A derivative is considered as embedded in a main financial instrument when it cannot be transferred independently from the said instrument. The Bank's embedded derivatives include mainly corporate bonds with an embedded option for conversion into shares.

An embedded derivative is separated from the main contract only on the condition that the following requirements are met:

- (a) The composite instrument is not measured at fair value through Profit and Loss
- (b) The financial attributes and risks of the embedded derivative are not closely linked to the financial attributes and risks of the main contract,
- (c) A special financial instrument having the same terms as the embedded derivative would meet the definition of a derivative.

In that case, the derivative financial instrument is measured at its fair value, with the profit or loss evaluated being recognized in the Profit and Loss Statement, whereas the main financial instrument is accounted for depending on the category it is incorporated into (e.g. Available-for-sale [AFS] financial instruments).

In the case where the Bank intends to use an embedded derivative for trading purposes, then it does not separate the value of the derivative from the value of the main financial instrument, but classifies the composite financial instrument in the trading portfolio and values it at its fair value with the total change of price being recognized in the Profit and Loss Statement of the financial period. The same accounting treatment is used in case it is impossible to value the embedded derivative separately, either at the time of acquisition thereof, or at a later date.

ii) Hedge Accounting

The Bank also uses derivative financial instruments for hedging risks that arise from the changes of interest rates and exchange rates. The Bank applies fair value hedges or cash flow hedges to those derivatives that meet relevant criteria. As for the derivatives that do not meet the criteria for hedge accounting, any profit or loss that arises from the changes in fair value is recorded in the Profit and Loss Statement.

There is a hedge relationship for the purposes of applying hedge accounting when:

- (a) Upon commencement of the hedge there is documentation of the hedging relationship and the Bank's intention regarding risk management and its strategy applied for undertaking the hedge.
- (b) The hedge is expected to be extremely effective for offsetting fair value or cash flow changes attributed to the hedged risk, pursuant to the documented risk management strategy for the said hedge relationship.
- (c) As for the forecasted cash flow hedges, it is quite possible that the anticipated transaction being the subject to the hedge may also be exposed to the risk of a cash flow change that could affect the results.
- (d) The effectiveness of the hedge can be evaluated reliably.
- (e) The hedge is evaluated as extremely effective throughout the period.

As for fair value hedges that meet the criteria for hedge accounting, any profit or loss from the revaluation of the derivative at fair value is recognized in the Profit and Loss Statement. Any profit or loss of the hedged instrument that is due to the hedged risk, readjusts the book value of the hedged instrument and is recognised in the income statement, irrespective of the classification of the financial instrument (e.g. AFS financial instruments).

As for cash flow hedges that meet the criteria for hedge accounting, the part of the profit or loss from the derivative that is designated as an active hedge is recognised directly in the "reserves" account, and the part that is designated as a non-active hedge is inserted into the income statement. Any profit or loss that had been inserted directly into the reserves account is transferred to the income statement for the period when the hedged transaction affects the results.

Hedge accounting is discontinued when the hedging instrument expires or is sold, is terminated or exercised, or when the hedge does no longer meet the criteria for hedge accounting. In case a hedged transaction is no longer expected to be realized, the net accumulated profit or loss that has been inserted into the reserves account will be transferred to the income statement.

2.2.5 Fair Value Measurement Methods

The fair values of financial assets that are traded in active markets are determined by the current bid prices without subtracting the transaction costs. As for non-tradable assets, the fair values are determined by the application of evaluation techniques such as an analysis of recent transactions, comparable assets that are tradable, derivative evaluation models and discounted cash flows.

When evaluation models are applied, the data used is based upon relevant market measurements (interest rates, share prices, etc.) on the closing date of the balance sheet. In case discounted cash flow techniques are applied, the estimated future cash flows are based upon Management's best estimates and the discount rate is the market rate for an instrument having the same attributes and risks.

Participation titles that are non tradable in an active market, whose fair value cannot possibly be determined reliably, as well as the derivative financial instruments associated with these participation titles are evaluated at their acquisition cost.

2.2.6 Impairment of Financial Instruments

Financial assets are reviewed at each balance sheet date in order to determine whether there is any objective evidence that an asset or a group of assets has been impaired.

An asset is considered as having been impaired when its book value is higher than its anticipated recoverable amount. If there is such evidence, the recoverable amount of the asset or group of assets is calculated and a provision for impairment of assets is formed and recognised in the Profit and Loss Statement of the financial period. The amount of the provision is the difference between the book value and the recoverable amount of the loan.

A provision for impairment of assets associated with loans is recognized if there is evidence that the Bank will not be able to receive all the amounts due as set forth in the contractual terms of the loans. Such objective evidence that an asset or group of assets has been impaired or has become uncollectible include the following:

- i. A significant financial difficulty on the part of the borrower.
- ii. A breach of the terms of the loan agreement (e.g. default or delinquency in interest or principal payments).
- iii. The Bank, for financial or legal reasons associated with the borrower's financial difficulty grants to the latter a concession that the Bank would not consider under different circumstances.
- iv. There is a possibility that the borrower will enter bankruptcy or other financial reorganization.
- v. Observable data that indicate the existence of a measurable decrease in the estimated future collections from a group of loans in relation to the amount provided, even if the said decrease cannot be identified yet with the individual loan in the group, including: – Adverse changes in the balance payment status of the borrowers in the group (e.g. an increase in the number of overdue payments due to problems in the sector) or – Financial conditions on a national or local scale that are related to delinquency in payments for the loans

in the group (e.g. increased unemployment rates in a certain geographical area of borrowers, decreased value of real estate taken as security in the same area, or adverse operating conditions in a certain sector, which have an impact on the borrowers included in the said group).

The identification of impairment is performed on an individual borrower basis for the loans that the Bank considers significant, and it is performed on an individual borrower basis or on a group of borrowers basis for those loans it does not consider significant. The loans that have been evaluated on a borrower basis without any evidence of impairment, significant or not, are classified in groups of assets that have similar credit risk attributes and are evaluated on a collective basis.

If in a subsequent period the amount of the provision formed is decreased and the said decrease is associated with objective events that have taken place after the formation of the provision, such as an improvement in the borrower's credit rating, then the provision is decreased by having the difference recognized in the Profit and Loss Statement.

2.2.7 Derecognition

A financial asset is derecognized when the Bank loses control over the contractual interests included in the said asset. This happens when the said interests expire or are transferred and the Bank has actually transferred all the risks and rewards that arise from ownership thereof.

Financial liabilities are derecognized when the Bank's commitment to make payments in cash or other financial instruments is eliminated.

2.2.8 Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Bank has a legally enforceable right and intends to realize the asset and settle the liability simultaneously on a net amount basis.

2.2.9 Sale and Repurchase Agreements and Security Lending

The Bank makes purchases (sales) of investments based on repurchase (resale) agreements of the same investments at a specific price in the future at a fixed price.

The same investments sold on condition of repurchase (repos) are not written-off from the balance sheet, but continue to be measured depending on their classification (trading portfolio or AFS). The amounts received are recognized as a liability in the balance sheet and are measured at their amortised cost based on the effective rate method.

The securities purchased, on condition that they will be resold in the future (reverse repos), are not recognized. The amounts paid for purchase thereof are recognized as Receivables from Financial Institutions or Customers respectively and are measured at their amortised cost based on the effective rate.

The Bank enters share purchase agreements making a commitment to resell them (stock reverse repos) through the Athens Derivatives Exchange (ADEX). The acquired shares are then sold in the Athens Exchange. The shares are not recognized as assets. The Bank recognizes the commitment to resell the said shares as a liability in the balance sheet, and it is measured at the fair value of the securities that the Bank is committed to repurchase and return to the Athens Derivatives Exchange Clearing House (ADECH).

2.3 Conversion into Foreign Currency

The data of the financial statements of the Bank's undertakings are measured based on the currency used in the primary financial environment where the Bank operates (functional currency). Transactions in foreign currency are converted into the functional currency using the exchange rate applicable on the day of the transaction in question.

Any gains or losses due to exchange rates that result from the settlement of such transactions during the period in question, as well as from the conversion of monetary assets denominated in foreign currency based on the prevailing exchange rates at the balance sheet date, are recognized through the Profit and Loss Statement. The exchange rates due to non-monetary assets that are measured at fair value are considered as part of the fair value and thus are recorded in the same account as the differences in fair value. In the case of effectively hedging the exchange risk for non-monetary assets that are measured as AFS, the part of the change in fair value thereof that is due to the exchange rate change is recognized through the Profit and Loss Statement for the period.

2.4 Tangible Fixed Assets

Tangible assets are recognised in the financial statements at their acquisition cost, less, firstly, the accumulated depreciation and secondly, any potential impairment of fixed assets. The acquisition cost includes all the related costs related to the acquisition of the assets. More specifically, the "property, plant and equipment" of the Bank were measured at the estimated cost pursuant to IFRS 1, which is at their fair value at the date when the change to the International Accounting Standards (IAS) occurred (1/1/2004). The fair value of property, plant and equipment was determined by the study of an independent estimator.

Subsequent expenses are recorded as an increase in the book value of tangible assets or as a separate asset only to the degree that the said expenses increase the future financial rewards anticipated from the use of the fixed asset and their cost can be measured reliably. The cost of repair and maintenance works is recorded in the Profit and Loss Statement when the said works are carried out.

Depreciation of other tangible assets (besides land, which is not depreciated) is calculated based on the straight-line method over their estimated useful life as follows:

Buildings	40-50 years
Mechanical equipment	4-7 years
Vehicles	4-5 years
Other equipment	3-5 years

The balance values and useful lives of tangible assets are subject to review at each balance sheet date. When the book values of tangible assets are higher than their recoverable value, then the difference (impairment) is recognized directly as an expense in the Profit and Loss Statement.

Upon sale of tangible assets, the differences between the sale price and their book value are recognized as profit or loss. The repair and maintenance costs are recognized as an expense for the relevant period.

2.5 Property Investment

The Bank owns lands and buildings, which it holds for investment purposes (e.g. to collect rentals). Property Investments are measured at fair values, as these are calculated based on acceptable methods. Any profit and loss that arises from changes in fair value is recognized in the Profit and Loss Statement.

The methods normally applied for the determination of fair value of real estate are as follows:

- i) Real estate market data comparing method: Based on the said method, the value ascribed to the property being evaluated is determined by comparing the values of other land having similar attributes.
- ii) Investment method: The said method is aimed at calculating the capital value of an investor's right to collect a yearly income from certain real estate.

2.6 Intangible Assets

Intangible assets include mainly software licenses, website development costs and goodwill created from the takeover and merger of branches of other banks.

Intangible assets are measured at their acquisition cost less depreciation. Depreciation is performed based on the straight-line method during the useful life of the said assets, which ranges from 1 to 3 years.

The maintenance of software programs is recognized as an expense when it is incurred. On the contrary the costs incurred for the improvement or prolongation of the efficiency of software programs beyond their initial technical specifications, or correspondingly the costs incurred for the modification of software, are incorporated into the acquisition cost of the intangible asset, on the necessary condition that they can be measured reliably.

2.7 Impairment of Assets

The assets that have an indefinite useful life are not depreciated and are subjected to impairment control on a yearly basis, as well as when there is certain evidence that their book value may be unrecoverable. The assets that are depreciated are subject to impairment control when there is evidence that their book value will not be recovered. The recoverable value is the higher amount between the net selling price and the value in use. The loss incurred due to the impairment of assets is recognized by the undertaking when the book value of the said assets (or of the Cash Generating Units [CGU]) is higher than their recoverable amount.

The net selling value is the amount collected from the sale of an asset as part of a bilateral transaction where the parties thereto are fully informed and have proceeded willingly, after subtracting any additional direct selling cost of the asset, whereas the value in use is the present value of the estimated future cash flows expected to arise for the undertaking from the use of an asset, as well as from its disposal at the end of its estimated useful life.

2.8 Leased Agreements

Bank Undertaking as Lessee : Leases of fixed assets where all the risks and rewards related to the ownership of an asset have been transferred to the Bank, irrespective of whether the title to the said asset is finally transferred or not, are classified as finance leases. The said leases are capitalized at the inception of the lease at the lower of the fair value of the fixed asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant fixed rate on the remaining balance. The corresponding rental obligations, net of finance charges cost, are included in liabilities. The part of the financial cost related to financial leases is recognized as Profit and Loss over the lease term. The fixed assets acquired under finance leases are depreciated over the shorter of the useful life of the fixed assets or the lease term thereof.

Leases where the lessor transfers the right to use an asset for an agreed period of time, without transferring the risks and rewards of ownership thereof, are classified as operating leases. Payments made under operating leases (net of any incentives offered by the lessor) are recognized as Profit and Loss proportionally over the lease term.

Bank Undertaking as Lessor : When assets are leased out under a financial lease, the present value of the lease payments is recognized as receivable. The difference between the gross amount of the receivable and the present value of the receivable is recognized as unearned financial income. Lease income is recognized as Profit and Loss over the lease term using the net investment method, which reflects a constant periodic rate of return.

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their anticipated useful lives on a basis consistent with similar owned property. Rental income (net of any incentives offered to lessees) is recognized on a straight-line method over the lease term.

2.9 Non-Current Assets Held for Sale

The Bank acquires property, plant and equipment as part of settling loans and other lending. The property, plant and equipment acquired is classified as "non current assets held for sale" if the Bank intends and is able to sell the said property, plant and equipment within one year from their classification date. The said property, plant and equipment are estimated at the lowest value between their book value right after they are classified as held for sale and their fair value less the cost of sale.

In case the classification criteria are not met, the acquired property, plant and equipment are classified under "other assets" and are measured at their acquisition cost less the accumulated losses due to impairment thereof.

2.10 Cash and Cash Equivalents

The cash and cash equivalents account includes balances with a maturity date up to three months from the first day of acquisition thereof (initial term) such as: cash in hand, cash and balances with central banks and loans and advances to financial institutions.

2.11 Share Capital

Expenses relating to the share capital increase: The expenses incurred in the case of a share capital increase, except from the case of a merger, are deducted from shareholders equity after computing tax imposed to the specific expenses

2.12 Income Tax and Deferred Tax

The income tax charges over the period reported includes the present taxes and deferred taxes, that is, the taxes or tax reductions related to the financial rewards that arise over the period but have already been charged, or are to be charged, by taxation authorities to different periods. The income tax is recognized in

the Profit and Loss Statement of the period, except for the tax that pertains to transactions recorded directly in shareholders' equity, in which case it is directly recorded, correspondingly, in the shareholders' equity.

The present income tax includes the short-term liabilities to or receivables from Public Financial Authorities, including, the State, Tax Authorities, Social Insurance Funds etc. that pertain to payable taxes on the taxable income of the period and any potential additional income taxes associated with prior financial years.

The current taxes are measured according to tax rates and taxation laws applicable to the reporting periods they are associated with, based on the taxable profit for the year. All changes in the short-term tax data of the assets or in the liabilities are recognized as part of the tax expense in the Profit and Loss Statement.

Deferred income tax is calculated, using the liability method, on all temporary differences arising between the book values and the tax bases of assets and liabilities. Deferred tax is not calculated if the initial recognition of an asset or liability over a transaction, except for the merger of undertakings, has shown that it has not affected either the accounting or the taxable profit or loss.

Deferred tax assets and liabilities are measured according to the tax rates that are expected to be applied to the period in which, the claim or liability will be settled, taking into account the applicable tax rates (and tax laws) which effectively apply up to the balance sheet date. In the case where it is not possible to determine the reversal time of the differences, the tax factor applied is the one after the balance sheet date.

Deferred tax assets are recognized up to the point where a future tax profit will be realized for the use of the temporary difference, which causes the deferred tax asset.

Deferred tax is recognized from temporary differences that arise from investments in subsidiaries and associates, except from the case where the reversal of temporary differences is controlled by the Bank and it is probable that the temporary differences will not be reversed in the foreseeable future.

Most changes in deferred tax assets and liabilities are recognized as a part of tax expenses in the Profit & Loss statement for the period. Only those changes in assets and liabilities that affect the temporary differences are recognized directly in the Bank's shareholders' equity are those which cause the relative change in assets or liabilities to be charged against shareholders' equity.

2.13 Employee Benefits

Short-term benefits: The short-term employee benefits (except for the benefits associated with the termination of employment) in cash and in kind are recognized as a cost when accrued. Any potential non-paid amount is recorded as a liability, or in the case where the already paid amount exceeds the amount of

benefits, the company recognizes the exceeding amount as an asset (prepaid cost) only to the extent that the prepayment will lead to a decrease in future payments or to a return.

Benefits on retirement: The benefits on retirement include a lump sum pension indemnity paid to employees upon retirement in exchange for their service. The obligations of the Bank regarding pension benefits pertain both to defined contribution plans and defined benefit plans. The cost incurred for the defined contribution plan is recorded as an expense for the period under consideration. The pension schemes provided by the Bank are financed through incurring payments to insurance companies and State Social Insurance Institutions.

i) Defined contribution plan

The defined contribution plans are related to the payment of contributions to Social Security Entities (e.g. Social Security Organization [IKA]), so that the Bank will have no further liability in case the State Fund is unable to make pension payments to the insured person. The employer's only obligation is to make relevant contributions to the said Funds. The contribution due by the Bank as part of a defined contribution plan is recognized as a liability after subtracting the contribution paid, whereas the accrued contributions are recognized as cost in the Profit and Loss Statement of the period.

ii) Defined benefit plan

The defined benefit plan of the Bank pertains to the legal commitment undertaken for paying a lump sum pension indemnity according to L. 2112/1920. The establishment of a right to participation in such plans is normally based upon an employee's years of service until retirement. Part of the obligation of the Bank is funded through contributions made by the Bank to an Insurance Company.

The obligation recorded in the balance sheet for the defined benefit plans is the present value of the obligation concerning the defined benefit less the fair value of the assets of the plan (reserve resulting from payments made to the insurance company) and the valuations that arise from any actuarial profit or loss and the cost of previous service. The defined benefit commitment is calculated on a yearly basis by an independent actuary by the use of the projected unit credit method. For prepayment thereof, the exchange rate of the long term Greek Government bonds is used.

The actuarial profits or losses are part of both the benefit obligation of the undertaking and the cost that will be recognized in the Profit and Loss Statement. Those arising from adjustments based on historical data that are higher or lower than the 10% margin of the accumulated obligation are recorded in the Profit and Loss Statement within the anticipated average insurance time of the participants to the plan. The cost of previous service is recognized directly in the Profit and Loss Statement, except for the case where the changes in the plan are dependent upon the remaining time of service of the employees. In the said case, the cost of services rendered is recorded in the Profit and Loss Statement using the straight-line method within the maturity period.

Employment termination benefits: The benefits due to termination of the employment relationship are paid when employees leave before their normal retirement date. The Bank records such benefits when it is

committed, either when it actually terminates the employment of current employees based upon a detailed formal plan without possibility of withdrawal, or when it provides the said benefits as an incentive for voluntary redundancy.

2.14 Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligations and when a reliable estimate of the relevant amount can be made. Provisions are reviewed at the date of drawing up each balance sheet and are adjusted so as to reflect the present value of the cost expected to be required for settling the obligation. Possible liabilities are not recognized in the financial statements, but are published, unless the possibility for income outflows incorporating financial benefits is extremely limited. Potential claims are not recognized in the financial statements, but are published provided that the inflow of financial benefits is possible.

2.15 Revenue Recognition

The revenues of the Bank include mainly income from interest arising from loans and interest-bearing securities, portfolio management commissions, foreign exchange trade letters of guarantees and other banking transactions, income from dividends and other income. The inter-company revenues within the Group are completely eliminated.

The revenues are recognized as follows:

i) Interest and Similar Income

Income from interest pertains to all interest-bearing assets included in the balance sheet and are recognized on an accrued basis, by using the effective interest rate calculated based on the purchase price. Income from interest includes interest coupons from fixed interest rate securities and trading securities, the accrued premium/discount of government securities and other securities similar to them, as well as the interest that arises from loans/deposits.

ii) Fee and Commission Income

Income from fees and commissions are recognized depending on the completion of the transaction so as to associate them with cost of providing the service, whereas the ones associated with the undertaking of credit risk are recorded in the Income Statement on a fixed basis for as long as the risk is present.

iii) Dividend Income

Dividends are recognized as revenue when the right to receive payment is established.

2.16 Dividend Distribution

The distribution of dividends among the shareholders is recognized as a liability in the consolidated financial statements at the date when distribution thereof is approved by the General Assembly of .

2.17 New Accounting Standards and Interpretations of the IFRIC

The IASB and IFRIC have already published a new series of accounting standards and interpretations which are not part of the "IFRS Stable Platform 2005", and have, simultaneously, modified preceding standards.

The IFRS and IFRIC are compulsory for the financial periods commencing as of 1st January 2006 or 1st January 2007. The application of the modified standards and interpretations is not expected to have a significant effect on the financial statements, with exception to the application of IAS 39 "Financial Instruments, Recognition and Measurement". More specifically, because of the modification of the fair value option, the Bank, on 01/01/2006 is required to reclassify its investments in financial assets. Due to the aforementioned procedure, which is expected to be consummated when the Bank's financial statements are published for the first quarter of 2006, some of the Bank's investments will presumably be transferred from the "financial assets at fair value through profit & loss" portfolio to the "financial assets available for sale" portfolio.

3. Financial Risk Management

3.1 Credit Risk

Credit risk from loans derives from borrowers' breach of promise to pay their debt in part or in whole, within their contractual deadlines.

The Bank's basic credit policy principle is the undertaking of selected and calculable credit risks against corresponding profitability, aiming at the optimization of the Bank's invested capital and the protection of its depositors and shareholders.

In order to achieve the above target, the Bank's Management, gives great importance in the adequate management of credit risk, having set in place the necessary structures and procedures.

Given the Bank's strategy ("Investment Bank of Greece" being an Investment Bank), financed customers are mainly individuals having a business activity and secondly corporations, of large and medium size, operating either in the private, or in the broader public sectors.

The methods applied for credit risk assessment (Credit Rating) differentiate in accordance with the above-mentioned categories of Borrowers and are based on both quantitative and qualitative data/criteria.

The Bank has developed and applies a credit risk assessment model for each one facility (Risk Rating), which calculates both the borrower's solvency as well as the quality and adequacy of securities. Risk Rating is the combination of the Credit Rating which is then incorporated into a second model which calculates the credit risk for each Borrower/Facility in accordance with the Default Given Recovery Ratio.

The overall credit risk of the Bank per borrower, per borrowers category, per group of borrowers, as well as per type of credit/product, is followed by the Credit Division.

3.2 Market Risk

Market risk is the risk of a loss in various portfolios of the Bank due to adverse developments in the prices of the assets included in the said portfolios. Such portfolios include equities and financial indices, interest rates, commodities, currencies, etc.

The INVESTMENT BANK is active mainly in the area of securities transactions and thus the Bank's primary portfolio, which is exposed to Market risk, is that of shares and derivatives on equities and indices (Equities/Equity and Index Derivatives Book) listed in the Athens Exchange.

Each Executive Committee, which is the entity authorized for the determination of Market Risk Management Policy, has approved the Market Risk management procedures and has established relevant market risk limits per product and portfolio. The said limits are monitored and controlled systematically, are reviewed once a year, and are changed, if required, depending on the strategy of the Bank and the conditions prevailing in the market.

The measurement and monitoring of Market risk on all the underlying portfolios as well as the whole Group, is performed by the Risk Management Unit, on a daily basis. Measurements are performed through mechanical systems that apply modern Market Risk measurement techniques such as Value at Risk (VAR) measurement and Sensitivity Factors.

The Value at Risk measurement is an estimate of the maximum potential loss on a portfolio assuming a one-day holding period and utilizing a 99% Confidence Level, without taking into account the changes in prices that may be due to extraordinary financial factors and violent acts. VAR uses variance-covariance method in establishing the maximum potential loss and covers all trading portfolios.

On the 31st of December 2005 the said portfolios, on a Group basis, indicated a VAR of € 0,8 million (Gross Market Risk) reduced due to diversification by € 0,7 million, i.e. € 0,1 million (Net Market Risk), which is analysed as follows:

Amounts in millions

Currency Risk	:	€ 0,0
Interest Rate Risk in the Fixed Income Book	:	€ 0,1
Market Risk in the Financial Assets' Portfolio	:	€ 0,7
Gross Market Risk	:	€ 0,8
Diversification	:	€ -0,7
Net Market Risk	:	€ 0,1

Further to the aforementioned measurements, Market risk, to which portfolios exposed, is being monitored with the use of additional limits, such as, the maximum open position limit for each product and stop-loss for each portfolio.

3.3 Currency Risk

FX risk is the investment risk deriving from unfavorable currency rate movements, at times when the Bank holds open foreign exchange positions.

Management has set specific maximum currency exposure for the Bank, per currency, which is constantly monitored.

These limits are higher during the regular trading session, while they are lower for overnight carried positions. Specific maximum FX loss for each working day and calendar month are also set and monitored.

FX risk also arises from the Bank's companies' activities outside its base currency (Euro).

The Bank often offsets most of this risk by holding respective liabilities in the same currency.

Amounts in Euro '000

	EUR	USD	GBP	CHF	JPY	Other Currencies	Total
As at 31st December 2005							
Foreign exchange risk for assets							
Cash and balances with Central Bank	5.492		8			6	5.506
Loans and advances to credit institutions	35.500	7.120	609	20	40	17	43.306
Derivative financial instruments	(2.007)			2.008			1
Trading portfolio and other financial assets at fair value through Profit & Loss	53.959						53.959
Loans and advances to customers	129.964						129.964
Investment portfolio	2.115	13.088					15.203
Participations in associates	2.826						2.826
Goodwill and other intangible assets	158						158
Property, plant and equipment	21.405						21.405
Other assets	17.876	1.726	179	338	296		20.415
Total assets	267.288	21.934	796	2.366	336	23	292.743
Foreign exchange risk of liabilities							
Due to credit institutions	68.000						68.000
Due to customers	103.627	3.237			1		106.865
Derivative financial instruments	(13.190)	11.534		1.981			325
Other liabilities	24.556	7.237	791	213	291	3	33.091
Retirement benefit obligations	262						262
Total liabilities	183.255	22.008	791	2.194	292	3	208.543
Net on-balance sheet position	84.033	(74)	5	172	44	20	84.200
As at 31st December 2004							
Total assets	160.378	5.510	403	747	(129)	18	166.927
Total liabilities	85.038	5.491	168	712	43	3	91.455
Net on-balance sheet position	75.340	19	235	35	(172)	15	75.472

3.4 Interest Rate Risk

"Interest rate risk" is the undertaken investment risk of loss that arises from adverse changes in the market interest rates.

Such changes in interest rates can affect the earnings of INVESTMENT BANK OF GREECE, since they can be affected by:

- net interest income
- the value of interest income and operating expenses that are sensitive to interest changes.
- the value of the Bank's Assets and Liabilities as the present value of future cash flows (and in some cases, the cash flows themselves) changes when interest rates change.

The Bank monitors interest rate risk systematically, always according to the supervisory stipulations and the internal regulations.

More specifically, a variety of widely accepted techniques are used, such as Interest Rate Gap Analysis, as well as more sophisticated dynamic interest rate risk modeling techniques, which produce useful and necessary conclusions about the profit-making of the Bank, based on the changes in interest rates. In addition, the Bank, uses various derivative financial instruments for hedging against any potential interest rate risks that arise from balance sheet management.

The attached table shows the Bank's level of exposure to interest rate risk, according to an Interest Rate Gap Analysis. Those assets or liabilities lacking an actual maturity date are assigned to the time band up to one month.

Amounts in Euro '000

	Up to 1 month	1-3 months	3-12 months	1-2 years	2-5 years	Over 5 years	Non-interest bearing	Total
At 31st December 2005								
Assets								
Cash and balances with Central Bank	5.235						271	5.506
Loans and advances to credit institutions	36.889	293	6.124					43.306
Trading portfolio and other financial assets at fair value through Profit & Loss			10.323		10.677		32.959	53.959
Loans and advances to customers	31.967	70.771	20.205				7.021	129.964
Investment portfolio		8.482	2.080	4.605			2.862	18.029
Other assets	1						41.978	41.979
Total assets	74.092	79.546	38.732	4.605	10.677	0	85.091	292.743
Liabilities								
Due to credit institutions	18.000	20.000	30.000					68.000
Due to customers	103.295	3.750	15					107.060
Other liabilities	2						33.481	33.483
Total liabilities	121.297	23.750	30.015	0	0	0	33.481	208.543
Total interest sensitivity gap	(47.205)	55.796	8.717	4.605	10.677	0	51.610	84.200

3.5 Liquidity Risk

"Liquidity risk" is defined as the risk of Bank not being able to meet its current and future financial obligations, fully and validly, as they become due, owing to a lack of the required liquidity.

The said risk also includes the possibility of being in need of refunding at higher interest rates, as well as of selling assets.

To monitor liquidity risk, Bank focuses on the management of cash flows and outflows over each time period, so that, under normal conditions, the Bank is able to meet its payment obligations.

For this purpose, the Treasury Department uses Liquidity Gap Analysis in order to have an overview of the expected cash flows arising from all Balance Sheet items, per time period.

Supervisory authorities have also set certain liquidity measurement indices, based on their own criteria, in order to control the net liquidity gap. The Risk Management Department and the Internal Audit Department are responsible for complying with the internal regulations and the limitations imposed by supervisory authorities.

For the application of the Analysis of the Net Liquidity Gap, it was assumed that the regular payments to the Bank will be realized wholly and in on time and on the other side, all of the Bank's obligations will be paid off wholly – for example, the depositors will withdraw all of their funds instead of renewing their deposits. In cases where there is no expiry date on the agreement for any obligations of receivables (open current accounts, sight accounts or savings accounts), then the funds in question are classified in the column named "up to 1 month" in the table to follow.

The shares, fixed assets and other receivables and liabilities have been classified in the column called "over 5 years" in the following table.

<i>Amounts in Euro '000</i>	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
At 31st December 2005							
Asset liquidity							
Cash and balances with Central Bank	5.506						5.506
Loans and advances to credit institutions	43.013	293					43.306
Derivative financial instruments	1						1
Trading portfolio and other financial assets at fair value through Profit & Loss	32.959			3.015	10.677	7.308	53.959
Loans and advances to customers	66.824	9.927	7.928	1.637	5.282	38.366	129.964
Investment portfolio					10.562	4.641	15.203
Investments in associates						2.826	2.826
Other assets	8.163	1.030	1.135	10.086		21.564	41.978
Total assets	156.466	11.250	9.063	14.738	26.521	74.705	292.743
Liability liquidity							
Due to credit institutions	18.000	20.000	30.000				68.000
Derivative financial instruments	2	323					325
Due to customers	103.295	3.750	15				107.060
Other liabilities	17.182	651	2.412	11.249		1.664	33.158
Total liabilities	138.479	24.724	32.427	11.249	0	1.664	208.543
Net liquidity gap	17.987	(13.474)	(23.364)	3.489	26.521	73.041	84.200
At 31st December 2004							
Total assets	41.370	9.865	41.057	5.168	7.215	62.252	166.927
Total liabilities	82.499	4.366	1.243	730	0	2.617	91.455
Net liquidity gap	(41.129)	5.499	39.814	4.438	7.215	59.635	75.472

4. Cash and Balances with Central Bank

The "cash and balances with Central Bank" figure is analysed as follows:

<i>Amounts in Euro '000</i>	31st December 2005	31st December 2004
Cash in hand	270	106
Balances with Central Bank	5.236	741
Total	5.506	847

For December 2005, the required reserves, on average, which the Bank is obliged to maintain in Bank of Greece, amount to € 1.016 thous.

5. Loans and Advances to Financial Institutions

The Bank's receivables from loans and advances to other financial institutions are analysed as follows:

<i>Amounts in Euro '000</i>	31st December 2005	31st December 2004
Loans to financial institutions	30.000	2.881
Nostro accounts in foreign banks	10.120	4.351
Nostro accounts in local banks	3.186	6.243
Total	43.306	13.475

6. Trading Portfolio and Other Financial Assets at Fair Value through Profit & Loss

The trading portfolio is analysed as follows:

<i>Amounts in Euro '000</i>	31st December 2005	31st December 2004
Fixed Income Securities		
Greek Government treasury bills	8.586	24.470
Other government treasury bills	5.106	0
Bank bonds	7.308	7.595
	<u>21.000</u>	<u>32.065</u>
Shares & other non-fixed income securities		
Shares listed in Athens Exchange	31.627	24.834
Shares listed in foreign stock exchanges	46	54
Mutual funds	1.286	2.528
	<u>32.959</u>	<u>27.416</u>
Trading portfolio	53.959	59.481

The book values of financial assets are classified as follows:

<i>Amounts in Euro '000</i>	31st December 2005	31st December 2004
Held for trading	40.959	50.904
Measured at fair value upon initial recognition	13.000	8.577
	<u>53.959</u>	<u>59.481</u>

Government bonds designated for collaterals amount to € 13.000 thous. This amount is recorded in the cash flow statement, under the operating activities entry as a part of the changes in working capital.

The trading portfolio has been measured at fair value except from the non-listed shares and some convertible bonds which have been valued at acquisition cost as it was not possible to determine the fair value due to fact that there was insufficient evidence in the market on similar financial instruments. Changes in fair value of the trading portfolio are recognized in the "Profit / loss from financial assets through profit and loss"

account in the Parent's income statement and in the "Net Trading Income" account in the consolidated income statement. Interest received from fixed income securities is recorded in the "Interest and similar income" account in the Income Statement using the effective rate method.

7. Derivative Financial Instruments

For the year ending 31st December 2005, the derivatives traded are described below.

	31 st December 2005			31 st December 2004		
	Notional amount	FAIR VALUE		Notional amount	FAIR VALUE	
Assets		Liabilities	Assets		Liabilities	
<i>Amounts in Euro '000</i>						
Derivatives held for trading						
Currency derivatives:						
Swaps	15.517	<u>1</u>	<u>2</u>	3.509	<u>4</u>	<u>0</u>
		<u>1</u>	<u>2</u>		<u>4</u>	<u>0</u>
Index/equity derivatives						
Futures	23.625			13.584		
Options	8.075		322	12.506	220	1.243
Index futures	18.531			32.872		
Other	6.222		<u>1</u>			
		<u>0</u>	<u>323</u>		<u>220</u>	<u>1.243</u>
Total derivatives held for trading		<u>1</u>	<u>325</u>		<u>224</u>	<u>1.243</u>

8. Loans and Advances to Customers

The Bank's loan portfolio is analysed as follows:

	31 st December 2005	31 st December 2004
<i>Amounts in Euro '000</i>		
Consumer loans	255	120
Loans to individuals	28.810	20.968
Corporate loans	96.528	38.951
Loans to public entities & municipalities	15.886	1.000
	<u>141.479</u>	<u>61.039</u>
Less: allowance for losses (impairment) on loans and advances to customers	(11.515)	(11.040)
Total	<u>129.964</u>	<u>49.999</u>

The maturity or adjustment of the interest rate of the loans is on average one month. The fair value of loans does not differ substantially from their nominal value.

Past due loans are the loans of which no interest has been paid for the period of six months. Interest posting for these loans is not recorded on the balance sheet, but off-balance sheet.

Amounts in Euro '000

	31st December 2005	31st December 2004
Off-balance sheet past due interest account	2.011	1.235

The movements of the provisions account for loan impairment is described as follows:

Amounts in Euro '000

	31st December 2005	31st December 2004
Balance at beginning of period	(11.040)	(10.755)
Expense for the period	(525)	(409)
Loans written-off	50	124
Balance at end of period	(11.515)	(11.040)

9. Investment Portfolio

The Bank's investment portfolio comprises of financial assets financial assets available for sale and financial assets held to maturity.

Amounts in Euro '000

	31st December 2005	31st December 2004
Available for sale portfolio (at fair value)		
Corporate entity bonds	4.605	
Bank bonds	8.483	
Non-negotiable entity bonds	2.080	2.680
<i>Total fixed income securities</i>	<i>15.168</i>	<i>2.680</i>
Shares listed in Athens Exchange		
Shares listed in foreign stock exchanges		
Non-listed domestic shares	35	35
<i>Total non-fixed income securities</i>	<i>35</i>	<i>35</i>
Total available for sale securities	15.203	2.715
Total investment portfolio	15.203	2.715

The movement for the investment portfolio for the financial year 1/1–31/12/2005 is:

Amounts in Euro '000

Balance as at 1st January 2005	2.715
Additions	13.210
Disposals	(600)
Changes in fair value	(122)
Balance as at 31st December 2005	15.203

10. Investments of the Bank in Subsidiaries and Associates

The Bank's participations in the other companies' capital by a percentage higher than 10% are analysed as follows:

Name	Participation %	Domicile	Description
IBG CAPITAL S.A.	99,99%	Greece	Venture Capital Societe Anonyme
IBG MANAGEMENT S.A.	50,00%	Greece	Mutual Fund Management Societe Anonyme Investment Services and Reception Societe
IBG INVESTMENT SERVICES S.A.	79,31%	Greece	Anonyme Reception and Transmission of Orders Societe
KOSKINAS S.A.	100,00%	Greece	Anonyme
MARFIN DECURITIES CYPRUS LTD	97,14%	Cyprus	Securities Transaction in Cyprus Stock Exchange
MARFIN MUTUAL FUNDS S.A.	47,18%	Greece	Mutual Fund Management
IBG INVESTMENTS S.A.	90,00%	British Virgin Islands	Investment Services and Reception Societe Anonyme

The financial statements of the Bank's aforementioned subsidiaries, excluding "IBG INVESTMENT SERVICES S.A." and "KOSKINAS S.A." which are under liquidation, for the purpose of compilation of the Parent's (MARFIN FINANCIAL GROUP HOLDINGS S.A.) financial statements, are consolidated using the purchase method.

The movement of the account is described below:

<i>Amounts in Euro '000</i>	31st December 2005	31st December 2004
Balance at beginning of period	2.482	2.114
Additions		
- Acquisition of shares		338
- Return of share capital of subsidiaries	(108)	
- Increase of shares in investments in associates	452	30
Balance at end of period	2.826	2.482

The change in the account "Investments in Subsidiaries and Associates" regards the acquisition of an additional 3% in the Bank's subsidiary "MARFIN MUTUAL FUNDS S.A." amounting to € 452 thous., as well as a share capital return amounting to € 108 thous., from its subsidiary "IBG MANAGEMENT S.A. due to its share capital decrease.

11. Property Investment and Property, Plant and Equipment

Changes in the tangible assets account are stated below:

Amounts in Euro '000

	Property, plant and equipment				Total	Investment in property
	Land-buildings	Mechanical equipment & transport	Furniture & other equipment	Assets under construction		
Acquisition cost on 1 st January 2004	15.291	15	2.861	86	18.253	5.460
Less: Accumulated depreciation	(38)	(12)	(2.114)		(2.164)	
Carrying amount on 1st January 2004	15.253	3	747	86	16.089	5.460
Additions	382	12	260		654	
Write-off – disposals	(80)	(13)	(36)	(86)	(215)	
Depreciation for the period	(85)	(1)	(294)		(380)	
Depreciation attributed to disposed or written-off	7	11	4		22	
Acquisition cost on 31 st December 2004	15.593	14	3.085	0	18.692	5.460
Less: Accumulated depreciation	(116)	(2)	(2.404)	0	(2.522)	0
Carrying amount on 31st December 2004	15.477	12	681	0	16.170	5.460
Additions	22		123		145	
Transfers	0	0	0	0	0	
Write-off – disposals	0	(2)	(2)		(4)	
Depreciation for the period	(86)	(1)	(282)		(369)	
Depreciation attributed to disposed-written-off	0	1	2		3	
Acquisition cost on 31 st December 2005	15.615	12	3.206	0	18.833	5.460
Less accumulated depreciation	(202)	(2)	(2.684)	0	(2.888)	0
Carrying amount on 31st December 2005	15.413	10	522	0	15.945	5.460

12. Intangible Assets

The change in other intangible assets is described below:

Amounts in Euro '000

	Software and sundry expenses		Total
	Other intangibles		
Acquisition on 1 st January 2004	2.164		2.164
Less: Accumulated depreciation	(1.918)		(1.918)
Carrying amount on 1st January 2004	246	0	246
Additions	145		145
Write-off – disposals	(2)		(2)
Depreciation for the period	(126)		(126)
Impairment (write-off) of goodwill	0		0
Depreciation attributed to disposed – written-off	0		0
Acquisition cost on 31 st December 2004	2.307		2.307
Less: Accumulated depreciation	(2.044)		(2.044)
Carrying amount on 31st December 2004	263	0	263
Additions	14		14
Write-off – disposals	0		0
Depreciation for the period	(119)		(119)
Acquisition cost on 31 st December 2005	2.321		2.321
Less: Accumulated depreciation	(2.163)		(2.163)
Carrying amount on 31st December 2005	158	0	158

13. Deferred Tax

Deferred tax has been calculated based on the nominal tax rate, which will stand for the financial years in which the temporary taxable and deductible differences are expected to be reversed.

Deferred tax assets and liabilities are offset when, there is an applicable legal right to offset current tax receivables against current tax liabilities and secondly, when deferred income tax is applicable to the same Tax Authority. The offset amounts are mentioned in the following table:

	31st December 2005		31st December 2004	
	Def. tax asset	Def. tax liability	Def. tax asset	Def. tax liability
<i>Amounts in Euro '000</i>				
Assets or liabilities				
Investments in property and property, plant and equipment		1.391		1.422
Intangible fixed assets	130		447	
Trading portfolio and other financial assets at fair value through profit & loss		405		437
Available for sale portfolio	35			
Derivative financial instruments	245		494	
Employment benefit obligations	24		9	
Derivative financial instruments			213	
Other short-term liabilities	332			
<i>Total</i>	<i>766</i>	<i>1.796</i>	<i>1.163</i>	<i>1.859</i>
Off-setting	(35)	(35)		
Total	731	1.761	1.163	1.859

Deferred tax movements in the results of the financial year are as follows:

	31 st December 2005	31 st December 2004
Investments in property and property, plant and equipment	(31)	(59)
Intangible fixed assets	316	465
Trading portfolio and other financial assets at fair value through profit & loss	(32)	276
Derivative financial instruments	250	(13)
Employment benefit obligations	(15)	38
Other short-term liabilities	(332)	(494)
Tax losses to be offset against future taxable income	213	(213)
Total	369	0

14. Other Assets

Other assets are analysed as follows:

	31 st December 2005	31 st December 2004
<i>Amounts in Euro '000</i>		
Other debtors	1.640	777
Guarantee deposit funds	3.100	2.692
Complementary A.S.E. members guarantee fund	5.883	5.883
Clearing accounts for securities transactions of ASE, ADEX and foreign stock exchanges	6.955	
Claims from the Greek State	44	3.184
Margin derivative trading account	932	794
Interest and other receivable income	971	1.223
Expenses in forthcoming periods	60	17
Guarantees	107	101
Advances	44	29
Total	19.736	14.700
Less: Provisions	(52)	(52)
Total	19.684	14.648

15. Due to Financial Institutions

Liabilities to other financial institutions are analysed as follows:

<i>Amounts in Euro '000</i>	31st December 2005	31st December 2004
Amounts due to Central Bank	5.000	0
Interbank deposits	63.000	35.520
Σύνολο	68.000	35.520

16. Customer Deposits and Other Customer Accounts

Bank deposits and other customer accounts are analysed below:

<i>Amounts in Euro '000</i>	31st December 2005	31st December 2004
Sight deposits	58.559	1.935
Savings account	1.065	1.460
Time deposits	36.482	14.185
Blocked deposits	10.954	5.403
Repos	0	13.609
Total	107.060	36.592

17. Retirement Benefit Obligations

The benefits on retirement include a lump sum pension indemnities paid to employees upon retirement and are analysed as follows:

<i>Amounts in Euro '000</i>	31st December 2005	31st December 2004
Recognition in balance sheet:		
Lump sum pension indemnity		
- Funded	0	0
- Non-funded	262	207
	262	207

Lump sum indemnity on retirement

The amounts recognised are disclosed on the Balance Sheet as follows:

<i>Amounts in Euro '000</i>	31st December 2005	31st December 2004
Present value of non-funded obligations	276	221
Unrecognised actuarial profits / (losses)	(14)	(14)
Unrecognised cost of services rendered	262	207
Liability recognized in the balance sheet	262	207

The amounts recognised in the Income Statement are described below:

<i>Amounts in Euro '000</i>	31st December 2005	31st December 2004
Current service cost	46	32
Cost	9	13
Total included in staff costs	55	45

Change in liabilities:

<i>Amounts in Euro '000</i>	31st December 2005	31st December 2004
Opening book amount	207	314
Total amount debited in Income Statement	55	45
Contributions paid		(152)
Closing year end account	262	207

The major actuarial assumptions used are described below:

	31st December 2005	31st December 2004
Discount rate	4,15%	4,15%
Expected return on plan assets	4,15%	4,15%
Future salary increases	4,00%	4,00%

18. Other Liabilities

Other liabilities are stated below:

<i>Amounts in Euro '000</i>	31st December 2005	31st December 2004
Other creditors	8.988	1.268
Due to customers from securities transactions of ASE, ADEX and foreign stock exchanges	20.067	13.646
Liabilities arising from taxes	511	359
Interest and other related expenses	1.326	551
Insurance companies	243	210
Total	31.135	16.034

19. Share Capital

Changes in share capital are described below:

	Number of shares	Nominal value	Share capital	Share premium	Total
1st January 2004	3.053.000	€ 29,35	89.605.550	0	89.605.550
31st December 2004	3.053.000	€ 29,35	89.605.550	0	89.605.550
31st December 2005	3.053.000	€ 29,35	89.605.550	0	89.605.550

20. Other Reserves and Retained Earnings

Other reserves and retained earnings are analysed as follows:

	Legal reserve	Tax free and special reserves	Total	Retained earnings' balance
<i>Amounts in Euro '000</i>				
Balance as at 1st January 2004	1.788	427	2.215	(18.527)
Results of the period 1/1 – 31/12/2004			0	2.178
Balance as at 31st December 2004	1.788	427	2.215	(16.349)
Results of the period 1/1 – 31/12/2005				8.815
Balance as at 31st December 2005	1.788	427	2.215	(7.534)

21. Net Interest Income

The net income figure is analysed as follows:

	31 st December 2005	31 st December 2004
<i>Amounts in Euro '000</i>		
Interest income		
Interest from fixed income securities	1.045	1.094
Interest received from loans	4.292	2.083
Interest received from interbank transactions	255	212
Other interest related income	2	5
Total	5.594	3.394
Interest expense		
Customer deposits	(979)	(418)
Interbank transactions	(942)	(364)
Bond loan issuance	0	(170)
Other interest related expenses	(469)	(87)
Total	(2.390)	(1.039)
Net interest income	3.204	2.355

22. Net Fee and Commission Income

Net fee and commission income are analysed below:

Amounts in Euro '000

Net fees and commission income from Commercial Banking
Net fees and commission income from Investment Banking
Net fees and commission income from Securities transactions
Other

Net fees and commission income

31st December 2005	31st December 2004
458	14
903	393
9.075	6.619
2	0
10.438	7.026

23. Net Trading Income

The net trading income figure is analysed as follows:

Amounts in Euro '000

Net result from shares, mutual funds, and share hedging
Net result from FX and FX hedging
Net result from bonds and bonds hedging
Net result from derivatives held for trading

Total

31st December 2005	31st December 2004
5.341	1.779
89	42
(333)	(231)
12	29
5.109	1.619

24. Other Income

Other income analysed as follows:

Amounts in Euro '000

Buildings rentals
Extraordinary income

31st December 2005	31st December 2004
638	502
10	1
648	503

25. Employee Benefits and Remuneration

The total expense recognised for the financial year 2005 relating remuneration and benefits to employees is presented below:

Amounts in Euro '000

	31st December 2005	31st December 2004
Wages and salaries	5.573	4.571
Social insurance contribution	750	756
Stock options attributed to employees	46	32
Other staff costs	188	232
Total	6.557	5.591

The number of personnel for the financial years 2004 and 2005 are described below:

	31st December 2005	31st December 2004
Number of employees	152	149

26. Other Operating Expenses

The analysis of the "other operating expenses" account is as follows:

	31st December 2005	31st December 2004
<i>Amounts in Euro '000</i>		
Fees relating to lawyers, advisory, auditors etc.	233	165
IT expenses	195	205
Subscriptions	415	508
Building and set-up expenses	938	1.053
Advertising expenses, sponsorship etc.	38	32
Miscellaneous operating expenses	1.309	1.154
Total	3.128	3.117

27. Provisions for Impairment of Loans and other Investments

The results for the year have been charge with the following amounts:

	31st December 2005	31st December 2004
<i>Amounts in Euro '000</i>		
Provisions for loan impairment	525	409
Provisions for impairment of other receivables	0	52
Total	525	461

28. Income Tax

The income tax expense incurred for the financial year is analysed as follows:

Amounts in Euro '000

Income Statement

	31st December 2005	31st December 2004
Tax for the financial Year		40
Deferred tax		
From reversal of temporary differences	369	
Total	369	40

The reconciliation between tax based on the tax rate applicable and the tax expense recognized in the Income Statement for the financial year is presented as follows:

Amounts in Euro '000

	31st December 2005	31st December 2004
Profits before tax	9.184	2.218
Tax rate applicable	32%	35%
Income tax based on applicable tax rate	2.939	776
Tax corresponding to non-taxable income		
Dividends	(155)	
Tax corresponding to non-taxable expenses		
Other non-deductible expenses	22	
Tax deduction from offsetting of losses from previous financial years	(2.330)	(651)
Adjustment for change in tax rate	(107)	(85)
Adjustment for change in tax rate	369	40

29. Cash and Cash Equivalents

In forming the Bank's cash flow statement, short-term deposits made to other financial institutions, being either immediately available or available within 90 days, are included in the "cash in hand" account.

Amounts in Euro '000

	31st December 2005	31st December 2004
Cash and balances with Central Bank	5.506	847
Immediately available and short-term deposits made to other banks	43.306	13.475
Total	48.812	14.322

The Bank's cash flow from operating activities includes acquisitions and sales in the trading portfolio. Acquisitions and sales in the investment portfolio are included in cash flows from investing activities.

30. Commitments, Contingent Assets and Liabilities
a) Contingent liabilities from guarantees

Book values of contingent liabilities are analysed as follows:

<i>Amounts in Euro '000</i>	31st December 2005	31st December 2004
Contingent Liabilities from guarantees		
Guarantees from income		14.012
Letters of Guarantee (Bid and Performance books)	162	
Letters of Guarantee (Advance Payment, Retention of Tenths, Prompt Payment)	16.362	235
	<u>16.524</u>	<u>14.247</u>
Other Contingent Liabilities		
Import letters of credits and confirmed letters of credit	0	0
	<u>0</u>	<u>0</u>
Total	<u>16.524</u>	<u>14.247</u>

b) Contingent tax liabilities

The Bank's tax liabilities have not been finalized as the financial years from 1/7/2003 up to 31/12/2005 have not yet been tax-audited.

c) Contingent legal liabilities

As at 31 December 2005, the Bank does not have unsettled legal disputes that may substantially affect its financial position..

31. Balances with Related Parties
1) Claims on related parties

<i>Amounts in Euro '000</i>	31st December 2005	31st December 2004
a) Loans to members of the Board of Directors and management personnel of the Bank		
Loans outstanding	14	24
Total	<u>14</u>	<u>24</u>

b) Loans and other claims on associates

Due to financial institutions	301	221
Loans outstanding	11.759	2.350
Bond loans	2.080	2.080
Other due amounts	2.063	266
Total	16.203	4.917
Total	16.217	4.941

2) Management Remuneration
Amounts in Euro '000

	31st December 2005	31st December 2004
Fees to members of the Board of Directors	717	507
Salaries	1.484	1.352
Total	2.201	1.859

3) Liabilities' Balances
Amounts in Euro '000
a) Balance from liabilities to financial institutions

Interbank deposits	60.000	30.000
Total	60.000	30.000

β) Balance from customer deposits

Board of Directors and Management of the Company and subsidiaries	2	
Subsidiaries	57.028	4.295
Total	57.030	4.295

c) Other liabilities' balance

Subsidiaries	1.665	76
Total	1.665	76

Total liabilities balances

118.695	34.371
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4) Income/Expense from related parties
Amounts in Euro '000

	31st December 2005	31st December 2004
Income	2.162	1.404
Expense	(1.618)	(1.323)
Total	544	81

32. Analysis of Adjustments Related to First Time Adoption of IFRS

The table below presents the balance between previous years' shareholders' equity as initially published in accordance with GR GAAP and shareholders' equity of the period under consideration.

Reconciliation of Equity

<i>Amounts in Euro '000</i>	Note	1st January 2005	1st January 2004
Equity as last reported under GR GAAP		73.686	72.001
IFRS Adjustments			
Effects from measurement of property investments at fair value	ii	3.384	3.172
Effect due to non-recognition of set-up costs as intangible assets		(336)	(1.546)
Effect from measurement of financial assets at fair value	iii	1.366	461
Recognition of accrued liability for personnel retirement	iv	(28)	(135)
Recognition and measurement of derivative financial instruments		(1.543)	
Recognition of deferred tax		(697)	(697)
Recognition of employee remuneration on an accrual basis		(360)	
Effect from application of effective rate method in measurement of financial assets and liabilities			38
Total adjustments		1.786	1.293
Equity according to IFRS		75.472	73.294

Adjustments in the Consolidated Income Statement

<i>Amounts in Euro '000</i>	Note	12 month period up to 31/12/2004
Net results as last reported under GR GAAP		1.547
IFRS adjustments		
Effects from measurement of property investments at fair value	ii	351
Effect due to non-recognition of set-up costs as intangible assets		1.210
Effect from measurement of financial assets at fair value		904
Recognition of accrued liabilities for personnel retirement	iv	107
Effect from application of effective rate method in measurement of financial assets and liabilities		(38)
Recognition and measurement of derivative financial instruments		(1.543)
Recognition of employee remuneration on an accrual basis		(360)
Total adjustments		631
Net result according to IFRS		2.178

i) Effects from measurement of property investments and own property, plant and equipment

Property and buildings were measured at deemed cost on the date of transition to the IFRS (1/1/2004) according to the provisions of IFRS 1. Deemed cost is defined as the fair value of a fixed asset on the IFRS transition date. An independent certified estimator conducted studies in order to determine the fair values.

The remaining tangible assets (transportation means, furniture and computer hardware) were measured at acquisition cost subtracting accumulated depreciation. Depreciation was determined based on the estimated useful lives of the assets.

As far as investments in property are concerned, (land and buildings held for investment purpose, i.e. rent payments), their revaluation at fair value was conducted according to IAS 40. In this respect, depreciation does not apply for the "investments on property" account, as such, the depreciation value considered for the year ending 2004 under GR GAAP, is reversed.

ii) Financial assets at fair value

Due to their complexity, IAS 32 and IAS 39 could be exempted, according to IFRS 1. The Bank classified its financial assets in the following categories: "Financial Assets Available for Sale", "Financial Assets at Fair Value through Profit & Loss" and "Financial assets Held to Maturity". Financial assets were revalued on the IFRS transition date (1/1/2004) according to IAS 39.

The adjustments made in equity and the results by applying IAS 39 are due to the fact that the trading portfolio of the Banks has been measured according to GR GAAP by using the lowest between the current value and acquisition cost, whereas according to IAS, the financial assets of the trading portfolio should be measured at fair value, i.e. at their bid price on the balance sheet date.

Furthermore, the adjustments of the "available for sale portfolio" for the year ending 2004, are directly recognized in the reserves account, whereas under GR GAAP, adjustments were recognized in the income statement.

iii) Recognition of accrued liability for personnel retirement

Based on the new accounting principles, the present value of the legal commitment of a lump sum pension indemnity paid to employees upon retirement is recognized by the Bank as a liability. According to GR GAAP, the lump sum pension indemnity was recognized in the financial statements on a cash flow basis.

iv) Provisions for general banking risk

According to the previous accounting principles, the Bank had formed a particular provision for general banking risk. According to the new accounting standards it is obligatory to reassess the balance sheet assets for possible impairment at the period end, whereas the formation of general banking risks is prohibited.

33. Post-Balance Sheet Events**- Agreement between Investment Bank of Greece S.A. and IRF**

Investment Bank of Greece S.A., signed an important agreement for the provision of investment banking services to IRF European Finance Investments Ltd (IRF). IRF is an Investment Company listed in the AIM London Stock Exchange, which recently raised US \$275.000.000 through a public offering.

Maroussi, 27 February 2006

**Vice-Chairman of the Board
of Directors**

The Managing Director

The Financial officers

Andronidi Plakomichelaki

Kiriakos Magiras

**Stavroula
Markouli**

**Spyros
Agelopoulos**