

ALPHA BANK



FINANCIAL STATEMENTS AS AT 30.6.2005

(In accordance with the International Financial Reporting Standards – IFRS)



ATHENS
30 AUGUST 2005

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Review Report

To the Shareholders of ALPHA BANK A.E.

We have reviewed the accompanying interim financial statements (financial statements) of ALPHA BANK A.E. ("the Bank") for the six month period ended 30 June 2005. These financial statements are the responsibility of the Bank's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400 as provided by the Greek Auditing Standards. This standard requires that we plan and perform the review to obtain moderate assurance that the financial statements are free of material misstatement. A review is limited primarily to inquiries of Bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly in all material respects, in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union including the assumptions management has made about the policies expected to be adopted when management prepares its first annual financial statements in accordance with IFRS adopted by the European Union as of 31 December 2005.

Without qualifying our review conclusion, we draw attention to: a) Note 37b to the financial statements that explains that the tax obligations of the Bank for certain years have not yet been audited by the tax authorities and accordingly its tax obligations for those years are not considered final. The outcome of a tax audit can not presently be determined. b) Note 1.1 to the financial statements that explains why there is a possibility that the Bank's management may determine that changes to the accounting policies adopted in preparing the financial statements are necessary when management prepares its first annual financial statements as of 31 December 2005 in accordance with IFRS adopted by the European Union.

Athens, 30 August 2005
KPMG Kyriacou Certified Auditors A.E.

Marios T. Kyriacou,
Certified Auditor Accountant
AM SOEL 11121

Nick Vouniseas,
Certified Auditor Accountant
AM SOEL 18701

Income statement

	Note	(Thousands of Euro)			
		From 1 January to		From 1 April to	
		30.6.2005	30.6.2004	30.6.2005	30.6.2004
Interest and similar income	2	744,626	652,232	385,779	332,152
Interest expense and similar charges	2	276,920	220,691	146,663	111,495
Net interest income		467,706	431,541	239,116	220,657
Fee and commission income	3	124,813	129,750	64,965	67,181
Fee and commission expense	3	9,646	7,866	5,170	4,507
Net fee and commission income		115,167	121,884	59,795	62,674
Dividend income	4	59,609	27,114	5,042	16,965
Gains less losses on financial transactions	5	(8,251)	41,082	(16,692)	(4,224)
Other income	6	15,910	5,864	12,437	3,960
		67,268	74,060	787	16,701
Total income		650,141	627,485	299,698	300,032
Staff costs	7	173,498	160,660	86,015	79,113
General administrative expenses	8	112,603	154,186	58,850	79,115
Depreciation and amortization expenses	19,20,21	18,906	18,127	9,424	8,711
Other expenses	31	70	9	61	4
Total expenses		305,077	332,982	154,350	166,943
Impairment losses on loans and advances	9	115,735	90,532	59,020	45,771
Profit before tax		229,329	203,971	86,328	87,318
Income tax expense	10	34,149	54,477	14,166	23,209
Profit after tax		195,180	149,494	72,162	64,109
Earnings per share:	11				
Basic earnings per share (€)		0.68	0.53	0.25	0.23
Diluted earnings per share (€)		0.68	0.53	0.25	0.23

The attached notes (pages 15 to 90) form part of these financial statements.

Balance sheet

(Thousands of Euro)

	Note	30.6.2005	31.12.2004
ASSETS			
Cash and balances with Central Banks	12	931,848	1,422,363
Due from banks	13	10,231,729	5,716,248
Securities held for trading	14	404,555	156,925
Derivative financial assets	15	177,693	172,144
Loans and advances to customers	16	21,711,423	19,901,496
Investment securities			
-Available for sale	17	2,732,490	2,217,850
Investments in subsidiaries and associates	18	1,403,067	1,331,748
Investment property	19	76,838	43,547
Property, plant and equipment	20	530,674	527,848
Goodwill and other intangible assets	21	22,584	23,109
Deferred tax assets	22	175,393	172,339
Other assets	23	148,263	157,052
		<u>38,546,557</u>	<u>31,842,669</u>
Non-current assets held for sale	24	51,813	-
Total Assets		<u>38,598,370</u>	<u>31,842,669</u>
LIABILITIES			
Due to banks	25	6,301,200	1,810,972
Derivative financial liabilities	15	155,361	228,989
Due to customers	26	18,737,677	18,948,052
Debt securities in issue and other borrowed funds	27	10,087,022	7,834,909
Liabilities for current income tax and other taxes	28	38,248	127,367
Deferred tax liabilities	22	8,110	1,755
Employee defined benefit obligations	29	537,164	516,929
Other liabilities	30	762,692	559,342
Provisions	31	1,882	2,337
Total Liabilities		<u>36,629,356</u>	<u>30,030,652</u>
EQUITY			
Share Capital	32	1,456,018	1,274,272
Share premium	33	125,685	-
Reserves	34	262,516	264,835
Retained earnings	35	154,770	291,548
Treasury shares	36	(29,975)	(18,638)
Total Equity		<u>1,969,014</u>	<u>1,812,017</u>
Total Liabilities and Equity		<u>38,598,370</u>	<u>31,842,669</u>

The attached notes (pages 15 to 90) form part of these financial statements.

Statement of changes in equity

	Note	Share capital	Share premium	Reserves	Retained earnings	Treasury shares	Total
Balance 1.1.2004		953,721	244,914	240,484	209,678	-	1,648,797
Changes in equity for the period							
1.1-30.6.2004							
Available for sale securities:							
Valuation		-	-	6,274	-	-	6,274
Impairment		-	-	2,034	-	-	2,034
Transfer to income statement due to sales		-	-	(29,696)	-	-	(29,696)
Taxes recognized directly in equity		-	-	-	(2,099)	-	(2,099)
Other		-	-	-	(295)	-	(295)
<hr/>							
Net income recognized directly in equity		-	-	(21,388)	(2,394)	-	(23,782)
Profit for the period		-	-	-	149,494	-	149,494
<hr/>							
Total		-	-	(21,388)	147,100	-	125,712
Dividends paid		-	-	-	(117,502)	-	(117,502)
Share options valuation		-	-	414	-	-	414
Share capital increase	32	319,996	-	-	(319,996)	-	-
Ex-Ionian Bank goodwill net-off	33	-	(244,914)	-	244,914	-	-
<hr/>							
Balance 30.6.2004		1,273,717	-	219,510	164,194	-	1,657,421

	Note	Share capital	Share premium	Reserves	Retained earnings	Treasury shares	Total
Balance 1.7.2004		1,273,717	-	219,510	164,194	-	1,657,421
Changes in equity for the period 1.7-31.12.2004							
Available for sale securities:							
Valuation		-	-	13,374	-	-	13,374
Transfer to income statement due to sales		-	-	531	-	-	531
Other		-	-	-	1,886	-	1,886
Net income recognized directly in equity		-	-	13,905	1,886	-	15,791
Profit for the period		-	-	-	156,468	-	156,468
Total		-	-	13,905	158,354	-	172,259
Purchases of treasury shares	36	-	-	-	-	(18,638)	(18,638)
Reserves		-	-	31,000	(31,000)	-	-
Share options exercise	32	555	-	-	-	-	555
Share options valuation		-	-	420	-	-	420
Balance 31.12.2004		<u>1,274,272</u>	-	<u>264,835</u>	<u>291,548</u>	<u>(18,638)</u>	<u>1,812,017</u>

	Note	Share capital	Share premium	Reserves	Retained earnings	Treasury shares	Total
Balance 1.1.2005		1,274,272	-	264,835	291,548	(18,638)	1,812,017
Changes in equity for the period 1.1-30.6.2005							
Available for sale securities:							
Valuation		-	-	(4,442)	-	-	(4,442)
Transfer to income statement due to sales		-	-	1,018	-	-	1,018
Other		-	-	-	403	-	403
Net income recognized directly in equity		-	-	(3,424)	403	-	(3,021)
Profit for the period		-	-	-	195,180	-	195,180
Total		-	-	(3,424)	195,583	-	192,159
Purchases of treasury shares	36	-	-	-	-	(11,337)	(11,337)
Dividends paid	35	-	-	-	(174,064)	-	(174,064)
Increase of share capital from capitalization of reserve with change of nominal value of share to € 5	32	157,735	-	-	(157,735)	-	-
Acquisition of 61.24% of Delta Singular A.E. with issuance of 7,564,106 shares	32,33	23,449	125,685	-	-	-	149,134
Capitalization of reserve to round the share price to € 5.35	32	562	-	-	(562)	-	-
Share options valuation		-	-	1,105	-	-	1,105
Balance 30.6.2005		1,456,018	125,685	262,516	154,770	(29,975)	1,969,014

The attached notes (pages 15 to 90) form part of these financial statements.

Cash flow statement

		(Thousands of Euro)	
		From 1 January to	
	Note	30.6.2005	30.6.2004
Cash flows from operating activities			
Profit before taxes		229,329	203,971
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	19,20	13,682	13,556
Amortization of intangible assets	21	5,224	4,571
Impairment losses and provisions		115,791	90,524
Gains (losses) from investing activities		(59,239)	(66,474)
Gains (losses) from financing activities		17,342	11,978
		322,129	258,126
<i>Net (increase) decrease in assets relating to operating activities:</i>			
Due from Banks		(161,740)	(248,784)
Financial assets held for trading and derivative assets		(253,179)	(662,600)
Loans and advances to customers		(1,918,313)	(1,317,774)
Other assets		(12,408)	(8,306)
<i>Net increase (decrease) in liabilities relating to operating activities</i>			
Due to Banks		4,490,227	(1,025,537)
Trading and derivative liabilities		(73,629)	(126,739)
Due to customers		1,497,922	1,498,594
Other liabilities		194,543	203,138
<i>Net cash from operating activities before taxes</i>		4,085,552	(1,429,882)
Income taxes paid		(118,040)	(113,663)
Net cash flows from operating activities		3,967,512	(1,543,545)
Cash flows from investing activities			
Acquisitions of subsidiaries and associates		(171,676)	(81,693)
Proceeds from sale of investments (subsidiaries and associates)		59	121
Dividends income	4	59,609	27,114
Acquisition of property, plant and equipment	19,20,21	(19,022)	(14,389)
Disposals of property, plant and equipment		108	293
Net (increase) decrease in investment securities		(490,197)	(241,206)
Net cash flows from investing activities		(621,119)	(309,760)
Cash flows from financing activities			
Purchases (sales) of treasury shares	36	(11,337)	-
Dividends paid		(166,829)	(117,502)
Proceeds from the issue of subordinated debt		805,000	199,200
Repayment of subordinated debt		(110,194)	(11,978)
Net cash flows from financing activities		516,640	69,720
Effect of exchange rate fluctuations on cash and cash equivalents		601	481
Net increase (decrease) in cash and cash equivalents		3,863,634	(1,783,104)
Cash and cash equivalents at beginning of the period	12	6,085,579	6,933,643
Cash and cash equivalents at end of the period	12	9,949,213	5,150,539

The attached notes (pages 15 to 90) form part of these financial statements.

General information

At present, the Bank operates under the brand name of ALPHA BANK S.A. and with the sign of ALPHA BANK. Its registered office is at 40 Stadiou Street, Athens and it is listed as a societe anonyme, with number 6066/06/B/86/05.

The Bank's duration is until 2100 which can be extended by a decision of the shareholders in a general meeting. In accordance with article 4 of the articles of association, the Bank's purpose is to provide general banking services in Greece and abroad.

The term of the Board of Directors, which were elected by the shareholders in general meeting of April 19, 2005, ends in 2010. The members of the Board of Directors consist of:

CHAIRMAN (executive member)

Yannis S. Costopoulos

Mr. Costopoulos was born in Athens. He studied to become a shipbuilder at King's College Durham University in England. His career started at the Credit Commercial Bank in 1963. He was chief executive officer and general manager of the Bank from 1973 and Chairman of the Board of Directors and general manager from 1984 up to 1996. As of 23 February 2005 he holds the position of Executive President.

VICE-CHAIRMAN (non-executive member)

Andreas L. Canellopoulos

Mr. Canellopoulos is President of Titan Cement Company S.A. He was elected to the Bank's Board of Directors in 1989 and from 1995 was appointed non-executive Vice President. From 1994 up to 2000 he was the president of the Greek Industries Union.

EXECUTIVE MEMBERS

MANAGING DIRECTOR

Demetrios P. Mantzounis

Mr. Mantzounis was born in Athens. He studied political sciences at the Aix-Marseille University. Mr. Mantzounis joined the Bank in 1973 and was appointed general manager in 2002. On 23 February 2005 he was elected Managing Director.

EXECUTIVE DIRECTORS AND GENERAL MANAGERS

Marinos S. Yannopoulos (CFO)

Mr. Yannopoulos was born in Athens and holds degrees in Economics (MA in Industrial Economics) from Sussex University and Business Administration (MBA) from Manchester Business School. He worked abroad for 15 years for Chase Manhattan Bank and Exxon, in London, New York, Frankfurt, Milan, Rome and 2 years as general manager of Ionian and Popular Bank of Greece. On 23 February 2005 he was appointed General Manager of the Bank.

Spyros N. Filaretos

Mr. Filaretos was born in Athens. He studied economics at the University of Manchester and Sussex. He joined the Bank in 1985 and in 1997 was appointed executive general manager. On 23 February 2005 he was appointed General Manager.

Artemis Ch. Theodoridis

Mr. Theodoridis was born in Athens. He studied Economics and holds an MBA from the University of Chicago. He is the Chairman and Managing Director of Alpha Finance and was appointed executive General Manager of the Bank in 2002. From 23 February 2005 he was appointed General Manager. He served as a member of the Board of Directors of the Athens Stock Exchange (1996-1999) and the Capital Securities Depository (2000-2002).

NON-EXECUTIVE MEMBERS**George E. Agouridis ***

Mr. Agouridis is a lawyer and president of the Hellenic Advisory Committee of Stavros S. Niarchos Foundation. He is a member of the Bank's Board of Directors from 2000.

Sophia G. Eleftheroudaki

Ms Eleftheroudaki is Managing Director of the bookstore and publishing company G. C. Eleftheroudakis S.A. since 1983. She was elected to the Board of Directors in 2005.

Paul G. Karakostas*

Mr. Karakostas is Chairman and Managing Director of GENKA Investment S.A. He was elected to the Bank's Board of Directors in 2000. He was president of the Greek British Commercial Council and was president of the Greek Winery Union.

Ioannis K. Lyras **

Mr. Lyras is Chairman of Paralos Maritime Corporation S.A. He is a member of the Bank's Board of Directors since 2005. He was the president of the Greek Shipowners Association from 1997 to 2003. He also represents the Greek Shipowners Associations Brand at Directors of the Union of European Shipowners.

Nicholaos I. Manassis **

Mr. Manassis is Chairman of the Board of Directors and Managing Director of Halyvourgia Thessalia S.A. and a member of the Board of Directors of the Greek Steel Industry Company S.A. He is also a member of the Bank's Board of Directors since 2005.

Minas G. Tanes *

Mr. Tanes is Managing Director and General Manager of Athenian Brewery S.A. since 1976. He is member of the Bank's Board of Directors since 2003.

INDEPENDENT NON-EXECUTIVE MEMBERS**Pavlos A. Apostolides ****

Mr. Apostolides graduated from the Athens Law School. He is member of the Diplomatic Corp since 1965 and he was, among other things, the ambassador of Greece in Cyprus and a resident representative of Greece in the European Union in Brussels. In 1998 he was appointed General Secretary of the foreign office and the following year was appointed Director of National Information Service, until his retirement in November 2004.

Thanos M. Veremis

Professor of Political Sciences at the University of Athens since 1987. He is a member of the Bank's Board of Directors since 2000. He is also a member of the Board of Directors of the Hellenic Union of European and Foreign Politics (ELIAMEP) since 1998 and was the president of the Union from 1995 to 2000.

SECRETARY**Hector P. Verykios**

Manager, Alpha Bank

* Member of the Audit Committee

** Member of the Remuneration Committee

The certified auditors of the Bank are:

Principal Auditors:

Marios T. Kyriacou

Nick E. Vouniseas

Substitute Auditors:

Garyfallia B. Spyriouni

Nick Ch. Tsiboukas

of KPMG Kyriacou Certified Auditors S.A.

The Bank's shares are listed on the Athens Stock Exchange since 1925. Since February 2004 the Bank has been included in the FTSE Eurotop 300 Index, which consists of the 300 largest European companies.

Apart from the Greek market, the shares of the Bank are traded over the counter in London and New York in the form of international certificates (GDR's and ADR's).

The Bank as at 30 June 2005 has issued 291,203,608 shares after the distribution of 2 shares for each 10 shares in issue, and its capitalization amounts to € 6.4 billion.

The Bank's growth and consistent dividend policy has attracted local and foreign investors. This has increased the shares' liquidity which for the six-month period to 30 June 2005 amounted to an average of 800,000 shares per day.

The rating of the Bank which remains in high level, in accordance with international ratings agencies, is as follows:

Standard and Poor's:

BBB+

Moody's:

A3

Fitch:

A-

The Board of Directors approved the financial statements on 30 August 2005.

Notes to the financial statements

1. Accounting principles applied

1.1 Basis of presentation

These financial statements relate to the six month period from 1 January 2005 to 30 June 2005 which is a part of the period covered by the Bank's first financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union with Regulation 1606/2002 of the European Parliament and the Council of the European Union on 19 July 2002.

The financial statements are presented in Euro, rounded to the nearest thousand unless otherwise indicated.

The financial statements are prepared on the historical cost basis except for the following assets and liabilities:

- Investments held for trading
- Derivative financial instruments
- Available-for-sale investments

The Bank has prepared these financial statements in accordance with International Financial Reporting Standards. In particular the Bank applied IAS 34 "Interim Financial Reporting" and IFRS 1 "First-time Adoption of International Financial Reporting Standards", and all the standards and interpretations adopted by the European Union which are mandatory for the preparation of financial statements for periods that begin after 1 January 2005. These financial statements have been prepared applying the same accounting principles as described in the published financial statements as at 31 March 2005, except for the matter described in note 1.2.

Set out below are the standards and interpretations applied that are included in the directives of the European Council 1725/2003, 707/2004, 2086/2004, 2236/2004, 2237/2004, 2238/2004 and 211/2005:

- International Accounting Standards 1, 2, 7, 8, 10, 11, 12, 14, 16-21, 23, 24, 26, 27-34, 36-41.
- International Financial Reporting Standards 1-5.
- Interpretation International Financial Reporting Standard 1.
- Interpretation International Accounting Standards 7, 10, 12, 13, 15, 21, 25, 27, 29, 31, 32.

The adoption of the above standards and interpretations cover all the periods presented in the financial statements except for IFRS 5 which has been adopted from 1 January 2005 in accordance with the exception set out in IFRS 1.

The adoption by the European Union, by 31 December 2005, of new standards or interpretations issued by the International Accounting Standards Board (IASB) and their mandatory or voluntary adoption after 1 January 2005, may retrospectively affect the period that the financial statements present.

An explanation of the impact of the transition to IFRS on the financial position and comparative figures previously reported in accordance with Greek generally accepted accounting principles (Greek GAAP), is included in note 46. This note provides reconciliations of balance sheet, equity and income statement.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions. Actual results may differ from these estimates.

1.2 Change in accounting policies

Leases

For finance leases where the Bank is the lessor, unearned finance income is deducted from the total amount of lease payments, and is classified in loans and advances to customers, instead of other liabilities as previously reported in the 31 March 2005 interim IFRS financial statements.

The Bank has not entered into any finance leases as a lessor in the period presented in the financial statements, and no restatement of the prior period financial statements was required.

1.3 Segment reporting

The Bank after taking into account the present management and reporting structure, and that the majority of its income arise from activities in Greece considers that:

a. the primary reporting format are the following business segments:

- Retail
- Corporate
- Asset Management and Insurance
- Investment Banking and Treasury
- South Eastern Europe
- Other

b. the following geographical segments, are the secondary reporting format:

- Greece
- Other countries

Detailed information relating to business and geographical segments is presented in note 38.

1.4 Foreign currency transactions

The financial statements are presented in Euro, which is the currency of the country of incorporation of the Bank (functional currency).

Transactions in foreign currencies are translated to Euro at the exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Euro at the closing exchange rate on that date. Foreign exchange differences arising on translation are recognized in the income statement.

Non-monetary assets and liabilities are recognized at the exchange rate ruling on initial recognition, except for non-monetary items denominated in foreign currencies that are stated at fair value. The exchange differences relating to these items are part of the change in fair value and are recognized in the income statement or recorded directly in equity depending on the classification of the non-monetary item.

1.5 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents consist of:

- a. Cash on hand.
- b. Non-restricted placements with Central Bank.
- c. Short-term balances due from banks.

Short-term balances due from banks are amounts that mature within three months after the date of the financial statements.

1.6 Classification and measurement of financial assets

The Bank classifies its financial assets in the following categories:

- Loans and receivables.
- Held-to-maturity investments.
- Financial assets at fair value through profit or loss.
- Available-for-sale financial assets.

For each of the above classifications the following is applicable:

a) Loans and receivables

Included in this category are:

- i. Direct loans to customers.
- ii. Amounts paid for a portion or total acquisition of bonds issued by customers.
- iii. All receivables from customers, banks etc.

Loans and receivables are carried at amortized cost.

b) Held-to-maturity

Held-to-maturity investments are financial assets that the Bank has the positive intention and ability to hold to maturity.

This category is carried at amortized cost. The Bank has not included any financial assets in this category.

c) Financial assets at fair value through profit or loss.

Financial assets included in this category are those:

- i. That are acquired principally for the purpose of selling in the short term and in order to exploit short term market fluctuations (trading portfolio). The Bank has included in this category fixed rate Government bonds and treasury bills.
- ii. The Bank chooses, at initial recognition, to recognize changes in fair value in the income statement.

The Bank has not included any financial asset in this category.

d) Available-for-sale

Available-for-sale financial assets are investments that have not been classified in any of the previous categories.

The Bank has included in this category:

- i. Variable interest rate bonds.
- ii. Fixed rate bonds, except those issued by the Greek State.
- iii. Shares.
- iv. Mutual fund units.

The measurement principles noted above are not applicable when a particular financial asset is a hedged item, in which case the principles set out in note 1.7 are followed.

1.7 Derivative financial instruments and hedge accounting

Derivatives are financial instruments that upon inception have a small or zero value and subsequently change in accordance with a particular underlying instrument (foreign exchange, interest rates, index or other variable).

All derivatives are recognized as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivatives are entered into for either hedging or trading purposes and they are recognized at fair value irrespective of the purpose for which they have been entered into.

The Bank's activities involve the use of derivatives as a means of exercising asset-liability management within the guidelines established by the Asset-Liability Committee (ALCO).

When the Bank uses derivatives for hedging purposes it ensures that appropriate documentation exists on inception of the transaction, and that the effectiveness of the hedge is monitored on an ongoing basis and the above are repeated at each balance sheet date.

In addition the Bank uses derivatives for trading purposes to exploit short-term market fluctuations, within the Group risk level set by the Asset-Liability Committee (ALCO). Valuation differences arising from these derivatives are recognized in gains less losses on financial transactions

We emphasize the following:

a. Synthetic Swaps

The Bank, in order to increase the return on deposits to selective customers uses synthetic swaps. This involves the conversion of a Euro deposit to JPY with a simultaneous forward purchase of JPY to cover the foreign exchange exposure. The result arising from the forward foreign exchange is recognized as interest expense, foreign exchange differences and gains less losses on financial transactions.

b. FX Swaps

These types of Swaps are entered into primarily to hedge the exposures arising from customer loans and deposits. As there is no documentation to support hedge accounting they are accounted for as trading instruments. The result arising from these derivatives is recognized as interest expense, foreign exchange differences, in order to match with the interest element resulting from the deposits and loans, and gains less losses on financial transactions.

Hedge accounting

Hedge accounting relates to the valuation rules to offset the effects on a gain or loss from changes in the fair value of a hedging instrument and a hedged item which would not be achieved if the normal remeasurement principles were followed.

Documentation of the hedge relationship upon inception and of the effectiveness of the hedge on the on-going basis are the basic requirements for the adoption of hedge accounting.

a) Fair value hedge

A fair value hedge of a financial instrument offsets the change in the fair value of the hedged item in respect of the risks being hedged.

Changes in the fair value of both the hedging instrument and the hedged item in respect of the risk being hedged are recognized in the income statement.

The Bank uses interest rate swaps (IRSs) to hedge risks relating to borrowings, bonds, loans and fixed rate term deposits.

b) Cash flow hedge

A cash flow hedge changes the cash flows of a financial instrument from a variable rate to a fixed rate.

The effective part of any gain or loss on the hedging instrument is recognized directly in equity, whereas the ineffective part is recognized in the income statement. The accounting treatment of the hedged item does not change.

There were no instances that would require cash flow hedge accounting.

c) Hedge of net investment in a foreign operation

It is applied to hedge the foreign exchange risk arising from investments in foreign operations.

1.8 Property, plant and equipment

This caption includes: land; buildings (owned and leased) for use by branches or for administrative purposes; additions and improvements cost to leased fixed assets; and equipment. Items of property, plant and equipment are stated at cost less accumulated depreciation. Cost includes the costs relating to the acquisition of property, plant and equipment.

Subsequent expenditure is capitalized or recognized as separate asset only when it increases the future economic benefits. All costs for repairs and maintenance are recognized in the income statement as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment taking into account residual values.

The estimated useful lives are as follows:

- Buildings: 33 years.
- Additions to leased fixed assets and improvements: over the term of the lease.
- Equipment: 4 to 20 years.

Land is not depreciated, however, it is reviewed periodically for impairment.

The residual value of property and equipment and the useful live are reviewed and adjusted if necessary at each reporting date.

Property, plant and equipment which is considered impaired is carried at its recoverable amount. Gains and losses arising from the sale of property, plant and equipment are recognized in the income statement.

1.9 Investment property

The Bank includes in this category buildings or a portion of buildings together with the respective portion of the land that is held to earn rental income.

Investment property is initially recognized at cost, which includes all related costs of acquisition. Subsequent to initial recognition investment property is stated at cost less accumulated depreciation and impairment losses.

All costs for repairs and maintenance are recognized in the income statement as incurred.

The estimated useful lives over which depreciation is charged are the same as own-used property.

1.10 Goodwill and other intangible assets

The Bank has included in this caption mainly software, which is carried at cost less amortization. Amortization is charged over the estimated useful life, which the Bank has estimated is three years. For intangible assets no residual value is estimated. Expenditure incurred to maintain the software programs is recognized in the income statement as incurred.

1.11 Leases

The Bank enters into leases either as a lessee or as a lessor.

When the risks and rewards incident to ownership of an asset are transferred to the lessee they are classified as finance leases. All other lease agreements are classified as operating leases.

The accounting treatment followed depends on the classification of the lease, which is as follows:

a) When the Bank is the lessor

i. Finance leases:

For finance leases where the Bank is the lessor the aggregate amount of lease payments is recognized as loans and advances.

The difference between the present value (net investment) of lease payments, and the aggregate amount of lease payments, is recognized as unearned finance income and is deducted from loans and advances.

The lease rentals received decrease aggregate amount of lease payments, and finance income is recognized on an accrual basis.

The finance lease loans are subject to the same impairment testing as applied to customer loans and advances as described in note 1.12.

The Bank has not entered into any finance leases as a lessor in any period covered by these financial statements.

ii. Operating leases:

When the Bank is a lessor of assets under operating leases, the leased asset is recognized and depreciation is charged over its estimated useful life. Income arising from the leased asset is recognized on an accrual basis.

b) When the Bank is the lessee

i. Finance leases:

For finance leases, where the Bank is the lessee, the leased asset is recognized as own-used property and equipment or as investment property and a respective liability is recognized in other liabilities. At the commencement of the lease the leased asset and the related liability are recognized at amounts equal to the fair

value of leased property or, if lower, the present value of the minimum lease payments.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease or if this is not available the Bank's borrowing rate for similar financing.

Subsequent to initial recognition the leased assets are depreciated over their useful lives unless the duration of the lease is less than the useful life and the Bank is not expected to obtain ownership by the end of the lease, in which case the asset is depreciated over the term of the lease.

The lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

ii. Operating leases:

For operating leases, the Bank as a lessee does not recognize the leased asset but charges in general administrative expenses, the lease payments on an accrual basis.

1.12 Impairment losses on loans and advances

The Bank has assessed as at 31.12.2003, and at each balance sheet date, whether there is evidence of impairment in accordance with the general principles and methodology set out in IAS 39 and the relevant implementation guidance.

Specifically the steps performed were the following:

a. Establishment of events that provide objective evidence that a loan is impaired (trigger events).

The loans and advances with payment of interest or principal overdue by more than 90 days represent the majority of the loans which were tested for impairment.

In addition an impairment test may be performed for accounts with delays less than 90 days, or accounts with no delay when:

- i. procedures for forced recovery have been initiated
- ii. the Bank has information that indicates that the financial position of the borrower is deteriorating (reduced sales, gross margins, profit etc.) or other events (bankruptcy filing, extra-ordinary events such as floods, fire, etc at the installations of the borrower) which occurred after the date of initial recognition and which are considered to affect the ability of the borrower to adhere to the agreed repayment schedule.

Finally, an impairment test is performed on loans and advances granted to sectors of the economy or geographical regions which are experiencing problems that arose after the date of initial recognition of the loans.

b. The criteria for assessment on an individual or collective basis.

The outstanding balance is the basic factor in determining whether the assessment of impairment will be performed on an individual basis or on a collective basis.

The Bank decided that the amount of EUR 1 million will be the limit. In determining the above amount the Bank considered numerous factors such as the composition of the loan portfolio the specific circumstances of the market and experience obtained from the management of the portfolio.

c. Establishment of groups of assets with similar risk characteristics

In those instances which based on the amount outstanding the assessment of impairment was performed on a collective basis of assets with similar risk characteristics, with respect to credit risk, the collective groups were determined as follows:

- i. the borrowers' industries (construction, tourism etc.) for commercial loans.
- ii. the type of loan (consumer, credit cards, mortgage etc.) for retail loans.

Based on detailed internal data the above groups are either expanded or combined in the event that this is justified from the historical data.

d. Methodology in determining future cash flows from impaired loans

The Bank has accumulated a significant amount of historical data of the last five years, which includes the loss given default for loans after the completion of forced recovery, or other measures, including the realization of all collaterals held.

On the basis of this data the amount of the impairment is determined on both an individual and collective basis taking into account the time value of money.

The cash flows are discounted at the loans original effective interest rate.

e. Interest income recognition

Interest income on impaired loans is recognized based on the carrying value of the loan after the impairment at the original effective interest rate.

f. Impairment recognition

The Bank write-offs impaired loans, with exceptions to a small number of accounts with large outstandings where an allowance account is established.

g. Recoveries

If in a subsequent period events occur after the impairment which results in a decrease in the impairment or the collection of amounts from loans and advances previously written-off, the recoveries are recognized in the income statement.

1.13 Deferred taxation

Deferred taxation is the tax that will be paid or for which relief will be obtained in the future resulting from the different period that certain items are recognized for financial reporting and tax purposes.

Deferred tax is provided for temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are provided based on the expected manner of realization or settlement using tax rates (and laws) enacted at the balance sheet date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, taking into consideration the enacted tax rates at balance sheet date.

Current and deferred tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity in which case it is recognized in equity.

1.14 Non-current assets held for sale

Consists of property and machinery that the Bank has obtained from foreclosures of customer loans and advances, which are held for sale.

Certain items of property are at present leased to third parties, but these lease agreements were entered into before the Bank obtained possession of the property.

Assets held for sale are valued at the lower between the carrying amount and the fair value less costs to sell.

Property in this category are not depreciated, however, they are reviewed for impairment at each reporting date.

Gains or losses from the sale of these assets are recognized in the income statement.

1.15 Financial liabilities

Financial liabilities may be classified as held for trading:

- i. when the financial liability is acquired or repurchased in the short term to take advantage of short-term market fluctuations.
- ii. they are derivatives which are not used for hedging purposes.

Financial liabilities are initially recognized and remeasured at fair value, with changes in fair value recognized in the income statement.

The Bank has included in this category derivatives which are not used for hedging purposes.

The liabilities from derivatives which are used for hedging purposes are measured at fair value. Changes in fair value are accounted as set out in note 1.7.

The liabilities which are not classified in the above category are measured at amortized cost using the effective interest method. Liabilities to credit institutions and customers, debt issued and other loan liabilities are classified in this category.

1.16 Employee benefits

The Bank has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement which is dependent, among others, on years of service and salary on date of retirement and it is guaranteed by the Bank.

A defined contribution plan is where the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in current or prior years.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets together with adjustments for unrecognized actuarial gains or losses and past service costs.

The defined benefit obligation is calculated annually based on actuarial valuation performed by independent actuaries using the projected unit credit method.

The present value of the defined benefit is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are

denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Cumulative actuarial gains and losses arising from experience adjustments and changes, and actuarial assumption variations to the extent that they exceed 10 per cent of the greater of the accrued obligations and the fair value of plan assets are amortized in a period equal to the average remaining working lives of the employees. Past-service costs are recognized immediately in income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In the second case, the past service costs are amortized on a straight line basis over the vesting period.

For defined contribution plans, the Bank pays contributions to publicly or privately administered pension insurance plans, to insurance companies and other funds on a mandatory or voluntary basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense on an accrual basis. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.17 Share options granted to employees

The Bank rewards the performance of its executives and managers by granting share options. The share options are exercised after the expiration of three years from the grant date.

The fair value is recognized over the period from the grant date and exercise date and recorded as an expense in payroll and related costs with an increase of a reserve in equity respectively. The amount paid by the beneficiaries of share options upon the exercise date increases the share capital of the Bank.

1.18 Provisions

A provision is recognized when the Bank has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. Provisions are measured by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money. Cash payments are recorded to provisions to the extent that they relate to the specific provision. At each reporting period provisions are re-assessed.

Provisions are not recognized for future operating losses. However, future events that may affect the amount required to settle the obligation, for which a provision has been recognized, are taken into account when sufficient objective evidence exists that they will occur. Reimbursements from third parties relating to a portion of or all of the estimated cash outflow are recognized as assets, only when it is virtually certain that they will be received. The expense recognized in the income statement relating to the provision may be presented net of the amount of the reimbursement.

1.19 Sale and repurchase agreements

The Bank enters into purchases of securities under agreements to resell at a certain date in the future at a fixed price. Securities purchased subject to commitments to resell them at future dates are not recognized.

The amounts paid are recognized in loans and advances to either banks or customers. The difference between the purchase price and the resale price is recognized as interest on an accrual basis.

Securities that are sold under agreements to repurchase continue to be recognized in the balance sheet and are measured in accordance with accounting policy of the category that they have been classified and are presented as investments. The proceeds from the sale of the securities are reported as liabilities to either banks or customers. The difference between the sales price and the repurchase price is recognized on an accrual basis as interest.

Securities borrowed under securities borrowing agreements are not recognized except when they have been sold to third parties whereby the gain on the sale is recognized in the income statement and the liability to deliver the security is recognized at fair value.

1.20 Equity

Incremental costs of share capital increase

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

Share premium

The issuance of shares as consideration for the acquisition of a business are shown at their market value. The difference between the nominal value of the shares issued and their market value is recorded as share premium.

Employee share options

The fair value of share options granted to Bank's management is recorded to equity and to the income statement, respectively. Upon the exercising of the share options the amount received from the beneficiaries is recorded as share capital.

Treasury shares

The cost of acquiring treasury shares is recognized as a reduction of equity. Subsequent gains or losses from the sale of treasury shares, after deducting all direct costs and taxes, is recognized directly in retained earnings.

Retained earnings

Dividends are deducted from retained earnings and recorded as a liability in the period that the dividend is approved by the General Meeting of the shareholders.

1.21 Interest income and expense

Interest income and expense are recognized in the income statement for all instruments measured at amortized cost.

The recognition of interest income and expense is performed on the accrual basis using the effective interest method.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, in order for the present value of the future cash flows to be equal to the carrying amount of the financial instrument including fees or transaction costs.

Interest on financial assets that are impaired, is determined on the balance after the impairment provision using the effective interest rate.

Interest income and expenses is also calculated on interest bearing financial instruments that are remeasured at fair value.

1.22 Fee and Commission income

Fee and commission income are recognized on a accrual basis when the relevant services have been provided.

Transaction revenues relating to the recognition of a financial instrument which is measured at amortized cost, such as loans and advances, are capitalized and recognized in the income statement using the effective interest method.

1.23 Comparatives

To the extent considered necessary the comparatives have been adjusted to facilitate changes in presentation of the current year amounts.

1.24 Notes relating to the interim financial statements

The results and activities of the Bank are not subject to seasonal fluctuations.

The allocation of expenses in the interim financial statements is performed on a basis consistent with the preparation of the year end financial statements.

Dividend income is recognized in the income statement, at the date dividends are approved by the shareholders' in general meeting of the companies that the Bank participates.

Current income tax expense is recognized in these interim financial statements based on management's best estimate of the weighted average annual income tax rate expected to be applicable at year end.

Income Statement

2. Net interest income

	From 1 January to		From 1 April to	
	30.6.2005	30.6.2004	30.6.2005	30.6.2004
Interest and similar income				
Banks	77,578	57,795	41,683	26,062
Investment Securities	38,912	38,181	20,608	23,699
Loans and advances to customers	622,504	546,096	321,486	277,713
Other	5,632	10,160	2,002	4,678
Total	744,626	652,232	385,779	332,152
Interest expense and similar charges				
Banks	38,466	17,928	23,495	8,657
Customers	84,145	78,058	42,468	38,474
Debt securities in issue and other borrowed funds	119,881	67,612	64,765	37,571
Other	34,428	57,093	15,935	26,793
Total	276,920	220,691	146,663	111,495

3. Net fee and commission income

	From 1 January to		From 1 April to	
	30.6.2005	30.6.2004	30.6.2005	30.6.2004
Fee and commission income				
Loans	18,476	21,145	9,786	9,839
Letters of guarantee	15,527	18,053	7,862	8,996
Imports-Exports	9,146	10,254	4,609	5,305
Credit Cards	25,282	24,201	13,967	13,280
Fund transfers	29,904	34,927	15,219	19,143
Mutual Funds	12,774	8,350	6,702	4,263
Management and advisory fees	4,352	4,015	2,240	1,589
Other	9,352	8,805	4,580	4,766
Total	124,813	129,750	64,965	67,181
Fee and commission expense				
Credit Cards	7,159	5,934	3,719	3,478
Other	2,487	1,932	1,451	1,029
Total	9,646	7,866	5,170	4,507

4. Dividend income

	From 1 January to		From 1 April to	
	30.6.2005	30.6.2004	30.6.2005	30.6.2004
Subsidiaries and associates	57,818	26,565	3,400	16,499
Available-for-sale securities	1,791	549	1,642	466
Total	59,609	27,114	5,042	16,965

5. Gains less losses on financial transactions

	From 1 January to		From 1 April to	
	30.6.2005	30.6.2004	30.6.2005	30.6.2004
Foreign exchange differences	(2,069)	7,137	(2,202)	3,681
Bonds	(11,054)	28,995	(12,514)	(4,238)
Shares	3,451	1,163	2,439	292
Other financial instruments	1,871	3,787	(4,415)	(3,959)
	<u>(8,251)</u>	<u>41,082</u>	<u>(16,692)</u>	<u>(4,224)</u>

6. Other income

	From 1 January to		From 1 April to	
	30.6.2005	30.6.2004	30.6.2005	30.6.2004
Rental income	1,379	1,189	795	566
Sale of fixed assets	778	59	387	59
Fund transfers	433	39	206	6
Insurance indemnities	442	268	47	101
Secondment of personnel to group companies	1,138	1,164	642	679
Tax discount	1,635	2,372	1,635	2,372
Goodwill from merger with Delta Singular A.E. (note 43)	7,695	-	7,695	-
Other	2,410	773	1,030	177
Total	<u>15,910</u>	<u>5,864</u>	<u>12,437</u>	<u>3,960</u>

7. Staff costs

	From 1 January to		From 1 April to	
	30.6.2005	30.6.2004	30.6.2005	30.6.2004
Wages and Salaries	105,921	98,867	52,310	48,394
Social Security contributions	30,455	29,394	15,085	14,388
Expenses of defined benefit plan	22,082	20,623	11,041	10,311
Other	15,040	11,776	7,579	6,020
Total	<u>173,498</u>	<u>160,660</u>	<u>86,015</u>	<u>79,113</u>

The total employees of the Bank as at 30.6.2005 was 6,981 in Greece and 177 abroad.

Defined contribution plans

- All the employees of the Bank receive their main pension from the Social Insurance Fund (IKA). The contributions paid by the Bank are included in payroll and related costs.
- The supplementary pension plan for employees from the former Ionian and Popular Bank of Greece is TAPILTAT, a multi-employer plan. The Bank has obtained legal opinions that indicate that it has no obligation if the fund does not have sufficient assets to pay employee benefits. Therefore the Bank considers that the fund is a defined contribution plan and it is accounted for as such. The contributions paid are included in the defined contribution plan expenses.
- All employees of the Bank receive medical benefits from the Employee Medical Insurance Fund Credit Bank, General, American Express as this multi-employer plan does not maintain separate records for each bank it has been accounted for as a defined contribution plan.

Defined benefit plans

Details of defined benefit plans are described in note 29.

8. General administrative expenses

	From 1 January to		From 1 April to	
	30.6.2005	30.6.2004	30.6.2005	30.6.2004
Rent of buildings	10,400	10,004	5,274	5,024
Rent and maintenance of EDP equipment	7,936	8,235	3,665	2,855
EDP expenses	14,180	13,607	7,453	8,058
Marketing and advertisement expenses	10,214	12,226	6,813	8,078
Telecommunications and postage	8,891	9,167	4,874	4,506
Third party fees	7,303	6,995	4,281	3,992
Consultants fees	3,381	2,226	1,807	1,429
Contribution to Savings Guarantee Fund	4,938	4,037	2,570	2,037
Insurance	4,492	4,884	2,204	2,681
Consumables	1,954	2,045	1,026	1,242
Electricity	2,043	1,889	1,065	912
Donations	1,230	306	361	105
Taxes (VAT, real estate etc)	13,085	12,670	6,625	6,610
Olympic Games sponsorship	-	42,116	-	21,058
Impairment from merger with Delta Singular A.E.	852	-	852	-
Other	21,704	23,779	9,980	10,528
Total	112,603	154,186	58,850	79,115

9. Impairment losses on loans and advances

	From 1 January to		From 1 April to	
	30.6.2005	30.6.2004	30.6.2005	30.6.2004
Customer loans and advances	117,592	92,181	59,888	46,860
Recoveries	(1,857)	(1,649)	(868)	(1,089)
Total	115,735	90,532	59,020	45,771

10. Income tax

In accordance with Greek law the 2004 profits of entities in Greece are taxed at a rate of 35%, for 2005 32%, for 2006 29% and 25% there after.

In addition, in accordance with article 9 of Law 2992/2002, the tax rate for entities that have concluded mergers is reduced by 10% and 5%. This reduced rate is applicable on the profits declared for the first and second fiscal year after the completion of the merger respectively, on the condition that the entities were not related from 1.1.1997 up to 20.3.2002. For entities that were related up to 31.12.1996 the reduction of the tax rate amounts to 5% for each year.

The 2004 profit of the Bank was taxed at the reduced rate of 30% as the Bank merged (absorbed) with Alpha Investments A.E., a subsidiary which was a related entity prior to 1.1.1997.

The 2005 profit will be taxed at a rate of 22% due to the merger with Delta Singular A.E., a listed company, which was not related with the Bank before 1.1.1997.

It should be noted that, due to the fact that all profits have been taxed, the distribution of dividends to shareholders are free of tax.

Income tax

	From 1 January to		From 1 April to	
	30.6.2005	30.6.2004	30.6.2005	30.6.2004
Current tax	28,841	57,798	11,896	24,331
Deferred tax	5,308	(3,321)	2,270	(1,122)
Total	34,149	54,477	14,166	23,209

Deferred tax recognized in the income statement is attributable to the following temporary differences:

	30.6.2005	30.6.2004
Intangibles write-off	4,601	(5,252)
Impairment on loans	(1,355)	-
Fees and expenses relating to the acquisition of financial instruments	851	(1,275)
Employee defined benefit obligations	404	2,888
Valuation on derivatives financial instruments	(1,077)	(849)
Valuation on hedged instruments	1,012	1,077
Other temporary differences	872	90
Total	5,308	(3,321)

	30.6.2005	30.6.2004
Profit before tax	229,329	203,971
Income tax (tax rate 22% for 2005 and 30% for 2004)	50,452	61,191
Increase/(decrease) due to:		
Additional tax on rent income from property	146	103
Non-taxable income	(16,699)	(5,459)
Permanent differences	1,309	(277)
Part of profit relating to non-taxable income	(2,125)	(2,684)
Reduction in tax rate	637	664
Other	429	939
Income tax	34,149	54,477

11. Earnings per share

Basic earnings per share:

Basic earnings per share is calculated by dividing the profit after tax for the period by the weighted average number of ordinary shares outstanding, after deducting own shares held, during the period.

	From 1 January to		From 1 April to	
	30.6.2005	30.6.2004	30.6.2005	30.6.2004
Profit attributable to shareholders (in € thousand)	195,180	149,494	72,162	64,109
Weighted average number of outstanding ordinary shares	286,037,824	283,537,056	289,418,813	283,537,056
Basic earnings per share (in € per share)	0.68	0.53	0.25	0.23

Diluted earnings per share:

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Bank has a single category of dilutive potential ordinary shares resulting from a share options program. For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Bank's shares) based on the monetary value of the subscription rights attached to outstanding share options. The weighted average number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	From 1 January to		From 1 April to	
	30.6.2005	30.6.2004	30.6.2005	30.6.2004
Profit attributable to shareholders (in € thousands)	195,180	149,494	72,162	64,109
Weighted average number of outstanding ordinary shares	286,037,824	283,537,056	289,418,813	283,537,056
Adjustment for share options	381,920	303,841	411,622	303,841
Weighted average number of outstanding ordinary shares for diluted earnings per share	286,419,744	283,840,897	289,830,435	283,840,897
Diluted earnings per share (in € per share)	0.68	0.53	0.25	0.23

Assets

12. Cash and balances with Central Banks

	30.6.2005	31.12.2004
Cash	281,408	240,664
Cheques receivable	59,193	43,839
Balances with Central Banks	591,247	1,137,860
Total	931,848	1,422,363
Sale and repurchase agreements (Reverse Repos)	5,583,539	4,354,406
Short-term placements with other Banks	3,433,826	308,810
Cash and cash equivalents (as presented for the purposes of the cash flow statement)	9,949,213	6,085,579

13. Due from banks

	30.6.2005	31.12.2004
Placements with other banks	4,648,190	1,361,842
Sale and repurchase agreements (Reverse Repos)	5,583,539	4,354,406
Total	10,231,729	5,716,248

14. Securities held for trading

	30.6.2005	31.12.2004
Government bonds	323,677	101,576
Other debt securities		
- Listed	77,192	52,412
- Non-listed	3,686	2,937
Total	404,555	156,925

15. Derivatives

	30 June 2005		
	Contract nominal amount	Fair value	
		Assets	Liabilities
Derivatives held-for-trading			
a. Foreign Exchange Derivatives			
Currency forwards	516,805	4,657	9,051
Currency swaps	2,562,131	26,463	3,358
Cross currency swaps	617,665	67,629	65,892
Currency options	786,301	6,081	4,995
Currency options embedded in retail products	7,836	58	-
Total non-listed	<u>4,490,738</u>	<u>104,888</u>	<u>83,296</u>
b. Interest rate derivatives			
Interest rate swaps	3,964,391	66,089	67,152
Interest rate options	28,194	14	14
Total non-listed	<u>3,992,585</u>	<u>66,103</u>	<u>67,166</u>
Futures	897,805	2	163
Options	195,000	-	154
Total listed	<u>1,092,805</u>	<u>2</u>	<u>317</u>
c. Index derivatives			
Options	35,261	111	-
Total listed	<u>35,261</u>	<u>111</u>	<u>-</u>
d. Commodity Derivatives			
Options	4,011	91	-
Total	<u>4,011</u>	<u>91</u>	<u>-</u>
Derivatives for hedging			
a. Foreign exchange derivatives			
Cross currency swaps	217,786	-	1,954
Total non-listed	<u>217,786</u>	<u>-</u>	<u>1,954</u>
b. Interest rate derivatives			
Interest rate swaps	405,520	6,498	2,628
Total non-listed	<u>405,520</u>	<u>6,498</u>	<u>2,628</u>
Grand Total	<u>10,238,706</u>	<u>177,693</u>	<u>155,361</u>

31 December 2004			
	Contract nominal amount	Fair value	
		Assets	Liabilities
Derivatives held –for- trading			
a. Foreign exchange derivatives			
Currency forwards	1,371,007	9,906	17,827
Currency swaps	1,792,663	24,804	66,883
Cross currency swaps	613,085	100,605	101,121
Currency options	979,369	5,133	5,606
Currency options embedded in retail products	17,277	34	22
Total non-listed	4,773,401	140,482	191,459
b. Interest rate derivatives			
Interest rate swaps	2,020,394	30,143	35,922
Interest rate options	26,886	38	38
Total non listed	2,047,280	30,181	35,960
Futures	74,416		42
Total listed	74,416		42
c. Index futures			
Option embedded in retail products	341	-	64
Total non-listed	341	-	64
Futures	1,953	-	1
Total listed	1,953	-	1
Derivatives for hedging			
a. Interest rate derivatives			
Interest rate swaps	221,754	1,481	1,463
Total non-listed	221,754	1,481	1,463
Grand Total	7,119,145	172,144	228,989

16. Loans and advances to customers

	30.6.2005	31.12.2004
<i>Individuals:</i>		
Housing	5,585,555	4,754,846
Consumer	1,403,866	1,192,729
Credit cards	921,721	779,385
Other	143,172	174,346
<i>Companies:</i>		
Overdrafts	5,593,903	5,312,610
Term loans	8,751,665	8,281,950
Other receivables	44,785	26,750
	22,444,667	20,522,616
Less: Allowance for impairment losses	(733,244)	(621,120)
Total	21,711,423	19,901,496

Allowance for impairment losses

Balance 1.1.2004	439,700
Exchange differences	141
Provision for loan impairment (note 9)	92,181
Loans written-off during the period	(2,132)
Balance 30.6.2004	529,890
Exchange differences	(106)
Provision for loan impairment	99,495
Loans written-off during the period	(8,159)
Balance 31.12.2004	621,120
Exchange differences	(108)
Provision for loan impairment (note 9)	117,592
Provision from merger with Delta Singular A.E.	7,566
Loans written-off during the period	(12,926)
Balance 30.6.2005	733,244

17. Investment securities

Available-for-sale	30.6.2005	31.12.2004
Government bonds	1,354,460	791,364
Other debt securities:		
- Listed	1,295,440	1,325,839
- Non-listed	-	10,959
Shares:		
- Listed	46,174	54,135
- Non-listed	5,132	7,425
Other variable yield securities	31,284	28,128
Total	2,732,490	2,217,850

18. Investments in subsidiaries and associates

	1.1-30.6.2005	1.7-31.12.2004	1.1-30.6.2004
Subsidiaries			
Opening balance ⁽¹⁾	1,221,616	1,213,369	1,130,830
Purchases	171,001	8,261	82,548
Sales	-	(14)	(9)
Impairment	-	-	-
Closing balance	1,392,617	1,221,616	1,213,369
Associates			
Opening balance ⁽²⁾	110,082	110,014	109,878
Purchases	914	68	136
Sales ⁽³⁾	(100,336)	-	-
Impairment ⁽⁴⁾	(260)	-	-
Closing balance	10,400	110,082	110,014
Joint Ventures			
Opening balance	50	-	-
Purchases	-	50	-
Sales	-	-	-
Impairment	-	-	-
Closing balance	50	50	-
Total	1,403,067	1,331,748	1,323,383

Additions of investments represent shares purchases, participation in share capital increases and cancellations of shares due to mergers.

Disposals of investments represent sales of shares, repayment of capital and liquidation of companies.

- (1) As at 31.12.2003 the carrying amount of certain subsidiaries was written down by € 23,542 to recognize an impairment, as the recoverable amount was determined to be less than the carrying amount.
- (2) As at 31.12.2003 the carrying amount of certain associates was written down by € 121 to recognize an impairment, as the recoverable amount was determined to be less than the carrying amount.
- (3) An amount of € 100,130 relates to Delta Singular A.E. which was merged with the Bank on 8 April 2005.
- (4) During the six month period to 30.6.2005 the carrying amount of the Bank's investment in Gaiognomon A.E. was written down by an amount of € 260 as the entity has entered into liquidation procedures and the carrying value was higher than the recoverable amount.

Summary Financial information
Subsidiaries and Associates

Subsidiaries

30.6.2005							
Name	Country of incorporation	Assets	Equity	Liabilities	Turnover 1.1-30.6.2005	Profit/(loss) before tax 1.1-30.6.2005	Ownership interest %
BANKS							
1. Alpha Bank London Ltd	United Kingdom	562,192	89,742	472,450	13,611	2,865	100.00
2. Alpha Bank Ltd	Cyprus	2,228,989	199,938	2,029,051	67,372	10,871	100.00
3. Alpha Bank Romania S.A.	Romania	953,410	100,086	853,324	44,705	14,405	99.91
4. Alpha Bank AD Skopje	Fyrom	55,353	22,296	33,057	2,356	1,182	100.00
5. Alpha Bank Jersey Ltd	Jersey	184,786	10,231	174,555	2,679	326	100.00
6. Jubanka a.d. Beograd	Serbia-Montenegro	237,708	95,656	142,052	14,962	5,502	88.64
LEASING COMPANIES							
1. Alpha Leasing A.E.	Greece	795,149	275,827	519,322	18,260	9,139	99.59
2. Alpha Leasing Romania S.A.	Romania	51,951	8,437	43,514	2,634	1,438	99.91
3. ABC Factors A.E.	Greece	365,034	50,983	314,051	14,143	5,245	100.00
4. Alpha Asset Finance Ltd	Cyprus	22,382	3,293	19,089	1,425	(1,126)	100.00
INVESTMENT BANKING							
1. Alpha Finance A.X.E.P.E.Y.	Greece	93,360	40,680	52,680	12,931	3,185	100.00
2. Alpha Finance US Corporation	U.S.A.	2,295	985	1,310	561	(151)	100.00
3. Alpha Finance Romania S.A.	Romania	2,863	1,924	939	727	535	99.98
4. Alpha Finance Ltd	Cyprus	1,821	1,796	25	64	29	100.00
5. Alpha Ventures	Greece	10,423	10,143	280	386	(51)	100.00
6. Alpha Equity Fund A.E.	Greece	15,784	15,550	234	140	91	100.00
7. Alpha AEF European Capital Investments	Holland	6,689	6,681	8	591	957	100.00
ASSET MANAGEMENT							
1. Alpha Mutual Fund Management A.E.	Greece	33,377	24,806	8,571	22,510	3,878	100.00
2. Alpha Asset Management A.E.P.E.Y.	Greece	10,110	8,346	1,764	5,646	4,804	100.00
3. Alpha Private Investment Services A.E.	Greece	8,110	7,044	1,066	4,159	981	100.00
4. ABL Independent Financial Advisers Ltd	United Kingdom	390	383	7	3	4	100.00
INSURANCE							
1. Alpha Insurance A.E.	Greece	381,454	69,132	312,322	73,604	5,416	99.56
2. Alpha Insurance Romania S.A.	Romania	5,570	2,089	3,481	2,137	(41)	99.22
3. Alpha Insurance Agents A.E.	Greece	3,726	2,773	953	2,966	3,016	100.00
4. Alpha Insurance Brokers A.E.	Greece	10,253	355	9,898	599	259	94.58
5. Alpha Insurance LTD Cyprus	Cyprus	34,500	4,367	30,133	9,018	699	99.92
OTHER COMPANIES							
1. Alpha Astika Akinitia A.E.	Greece	103,743	100,039	3,704	8,864	5,635	60.35
2. Alpha Group Jersey Ltd	Jersey	914,430	113	914,317	32,644	55	100.00
3. Ionian Hotel Enterprises A.E.	Greece	258,072	100,526	155,816	19,502	(1,505)	89.51
4. Ionian Holding A.E.	Greece	347,502	347,458	44	6,152	5,941	100.00
5. Oceanos A.T.O.E.E.	Greece	22,054	17,405	4,649	686	380	100.00
6. Alpha Credit Group Plc	United Kingdom	10,121,320	11,438	10,109,882	117,904	5,467	
7. Alpha Bank London Nominees Ltd	United Kingdom	-	-	-	-	-	100.00
8. Alpha Trustees Ltd	Cyprus	129	(255)	384	7	(10)	100.00
9. Messana Holdings S.A.	Luxembourg	6,949	6,879	70	-	(25)	100.00
10. Flagbright Ltd	United Kingdom	-	-	-	-	-	100.00
11. Kafe Mazi S.A.	Greece	151	92	59	100	2	100.00
12. Evremethea A.E.	Greece	2,058	323	1,735	261	(318)	100.00

Associates

30.6.2005					
Name	Country of Incorporation	Equity	Profit/(loss) before tax 1.1-30.6.05	Ownership interest %	
1. A.L.C. Novelle Investments Ltd	Cyprus	16,678	(359)	33.33	
2. Icap S.A.	Greece	17,717	1,325	26.96	
3. Lesvos Tourist Company A.E.	Greece	3,057	(126)	24.99	
4. Geosynthesis A.E.	Greece	84	(15)	20.00	
5. Gaiognomon A.E.	Greece	1,842	(57)	20.00	
6. EVISAK A.E.	Greece	2,670	199	27.00	
7. AEDEP Thessalias & Stereas Ellados	Greece	147	-	50.00	

Joint Ventures

30.6.2005								
Name	Country of Incorporation	Assets	Equity	Liabilities	Turnover 1.1-30.6.05	Profit/(loss) before tax 1.1-30.6.05	Ownership interest %	
1. Cardlink A.E.	Greece	580	117	463	446	310	50.00	

19. Investment property

	Land and buildings
Balance 1.1.2004	
Cost	49,297
Accumulated Depreciation	(5,589)
Net Book Value 1.1.2004	<u>43,708</u>
1.1.2004-30.6.2004	
Net Book Value 1.1.2004	43,708
Additions	146
Depreciation charge for the period	(196)
Net Book Value 30.6.2004	<u>43,658</u>
Balance 30.6.2004	
Cost	49,443
Accumulated Depreciation	(5,785)
1.7.2004-31.12.2004	
Net Book Value 1.7.2004	43,658
Additions	77
Depreciation charge for the period	(188)
Net Book Value 31.12.2004	<u>43,547</u>
Balance 31.12.2004	
Cost	49,520
Accumulated Depreciation	(5,973)
1.1.2005-30.6.2005	
Net Book Value 1.1.2005	43,547
Additions	73
Additions from merger with Delta Singular A.E.	36,546
Accumulated depreciation from merger with Delta Singular A.E.	(2,940)
Depreciation charge for the period	(388)
Net Book Value 30.6.2005	<u>76,838</u>
Balance 30.6.2005	
Cost	86,139
Accumulated Depreciation	(9,301)

20. Property, plant and equipment

	Land and Buildings	Leased equipment	Equipment	Total
Balance 1.1.2004				
Cost	636,737	8,406	212,230	857,373
Accumulated Depreciation	(134,984)	(8,084)	(177,861)	(320,929)
Net Book Value 1.1.2004	501,753	322	34,369	536,444
1.1.2004-30.6.2004				
Net book Value 1.1.2004	501,753	322	34,369	536,444
Additions	3,935	-	4,610	8,545
Disposals	(71)	-	(806)	(877)
<i>a) Cost</i>	856	-	2,680	3,536
<i>b) Depreciation</i>	785	-	1,874	2,659
Depreciation charge for the period	(5,868)	(119)	(7,373)	(13,360)
Net Book Value 30.6.2004	499,749	203	30,800	530,752
Balance 30.6.2004				
Cost	639,816	8,406	214,160	862,382
Accumulated Depreciation	(140,067)	(8,203)	(183,360)	(331,630)
1.7.2004-31.12.2004				
Net book Value 1.1.2004	499,749	203	30,800	530,752
Additions	21,501	-	8,991	30,492
Disposals	(19,971)	-	(397)	(20,368)
<i>a) Cost</i>	22,426	-	1,709	24,135
<i>b) Depreciation</i>	2,455	-	1,312	3,767
Depreciation charge for the period	(6,127)	(89)	(6,812)	(13,028)
Net book Value 31.12.2004	495,152	114	32,582	527,848
Balance 31.12.2004				
Cost	638,891	8,406	221,442	868,739
Accumulated Depreciation	(143,739)	(8,292)	(188,860)	(340,891)
1.1.2005-30.6.2005				
Net Book Value 1.1.2005	495,152	114	32,582	527,848
Additions	3,286	-	11,204	14,490
Additions from merger with Delta Singular A.E.	-	800	2,093	2,893
Accumulated depreciation from merger with Delta Singular A.E.	-	(270)	(1,902)	(2,172)
Disposals	(406)	-	(58)	(464)
<i>a) Cost</i>	1,059	-	2,917	3,976
<i>b) Depreciation</i>	653	-	2,859	3,512
Reclassification from non current assets held for sale	1,373	-	-	1,373
<i>a) Cost</i>	1,536	-	-	1,536
<i>b) Depreciation</i>	163	-	-	163
Depreciation charge for the period	(6,126)	(72)	(7,096)	(13,294)
Net Book Value 31.3.2005	493,279	572	36,823	530,674
Balance 30.6.2005				
Cost	642,654	9,206	231,822	883,682
Accumulated Depreciation	(149,375)	(8,634)	(194,999)	(353,008)

21. Goodwill and other intangible assets

Only software is included in this category.

Balance 1.1.2004	
Cost	71,872
Accumulated Amortization	<u>(51,742)</u>
Net Book Value 1.1.2004	<u>20,130</u>
<hr/>	
1.1.2004-30.6.2004	
Net book Value 1.1.2004	20,130
Additions	5,698
Amortization charge for the period	<u>(4,571)</u>
Net Book Value 30.6.2004	<u>21,257</u>
<hr/>	
Balance 30.6.2004	
Cost	77,570
Accumulated Amortization	(56,313)
<hr/>	
1.7.2004-31.12.2004	
Net Book Value 1.7.2004	21,257
Additions	6,936
Disposals	-
a) Cost	552
b) Amortization	552
Amortization charge for the period	<u>(5,084)</u>
Net Book Value 31.12.2004	<u>23,109</u>
<hr/>	
Balance 31.12.2004	
Cost	83,954
Accumulated Amortization	(60,845)
<hr/>	
1.1.2005-30.6.2005	
Net Book Value 1.1.2005	23,109
Additions	4,460
Additions from merger with Delta Singular A.E.	620
Accumulated depreciation from merger with Delta Singular A.E.	(381)
Amortization charge for the period	<u>(5,224)</u>
Net Book Value 30.6.2005	<u>22,584</u>
<hr/>	
Balance 30.6.2005	
Cost	89,034
Accumulated Amortization	(66,450)

22. Deferred tax assets and liabilities

1.1.2005-30.6.2005				
	Balance	Merge with Delta Singular	Recognition	Balance
	1.1.2005	A.E.	in Income	30.6.2005
Deferred Tax Assets				
Derivative financial assets	429	-	1,077	1,506
Loans and advances to customers	6,847	1,640	393	8,880
Goodwill and other intangible assets	24,609	387	-	24,996
Property, plant and equipment	38	-	(38)	-
Non-current assets held for sale	12,831	-	-	12,831
Employee defined benefit obligations	127,585	-	(405)	127,180
Total	172,339	2,027	1,027	175,393
Deferred Tax Liabilities				
Goodwill and other intangible assets	-	-	4,601	4,601
Property, plant and equipment	1,028	20	550	1,598
Debt securities in issue and other borrowed funds	477	-	890	1,367
Other temporary differences	250	-	294	544
Total	1,755	20	6,335	8,110
Balance	170,584	2,007	(5,308)	167,283
1.1.2004-30.6.2004				
	Balance	Recognition in		Balance
	1.1.2004	Income	Equity	30.6.2004
Deferred Tax Assets				
Derivative financial assets	2,284	807	-	3,091
Loans and advances to customers	3,253	1,276	-	4,529
Goodwill and other intangible assets	20,305	5,252	-	25,557
Property, plant and equipment	262	(34)	-	228
Other assets	10,783	-	3,313	14,096
Other liabilities	-	641	-	641
Employee defined benefit obligations	131,510	(2,888)	-	128,622
Total	168,397	5,054	3,313	176,764
Deferred Tax Liabilities				
Derivative financial liabilities	42	(42)	-	-
Property, plant and equipment	-	543	-	543
Debt securities in issue and other borrowed funds	-	1,281	-	1,281
Other temporary differences	383	(49)	-	334
Total	425	1,733	-	2,158
Balance	167,972	3,321	3,313	174,606

1.7.2004-31.12.2004				
Recognition in				
	Balance 1.7.2004	Income	Equity	Balance 31.12.2004
Deferred Tax Assets				
Derivative financial assets	3,091	(2,662)	-	429
Loans and advances to customers	4,529	2,318	-	6,847
Goodwill and other intangible assets	25,557	(948)	-	24,609
Property, plant and equipment	228	(190)	-	38
Other assets	14,096	(1,265)	-	12,831
Other liabilities	641	(641)	-	-
Employee defined benefit obligations	128,622	(1,037)	-	127,585
Total	176,764	(4,425)	-	172,339
Deferred Tax Liabilities				
Property, plant and equipment	543	485	-	1,028
Debt securities in issue and other borrowed funds	1,281	(804)	-	477
Other temporary differences	334	(84)	-	250
Total	2,158	(403)	-	1,755
Balance	174,606	(4,022)	-	170,584

23. Other assets

	30.6.2005	31.12.2004
Prepayments	15,144	6,270
Income receivable	2,552	2,130
Tax advances and withholding	78,756	69,429
Employee advances	7,959	7,712
Foreclosed property	-	32,619
Dividends receivables	2,158	-
Other	41,694	38,892
Total	148,263	157,052

24. Non-current assets held for sale

	Land and building	Office equipment	Total
Balance 1.1.2005			
Cost	32,002	617	32,619
1.1.2005-30.6.2005			
Net Book Value 1.1.2005	32,002	617	32,619
Additions	938	-	938
Additions from merger with Delta Singular A.E.	21,175	-	21,175
Disposals	(1,546)	-	(1,546)
Reclassification to property plant and equipment	(1,373)	-	(1,373)
Net Book Value 30.6.2005	51,196	617	51,813

Liabilities

25. Due to Banks

	30.6.2005	31.12.2004
Current accounts	1,296,980	43,703
Term deposits	1,318,259	772,826
Sale and repurchase agreements	3,685,961	994,443
Total	<u>6,301,200</u>	<u>1,810,972</u>

26. Due to customers

	30.6.2005	31.12.2004
Current accounts	5,445,106	5,080,534
Saving accounts	9,258,509	9,062,155
Fixed deposits		
- Synthetic swaps	226,367	1,109,286
- Other	2,625,886	1,668,180
Sale and repurchase agreements	942,818	1,902,783
	<u>18,498,686</u>	<u>18,822,938</u>
Cheques payable	238,991	125,114
Total	<u>18,737,677</u>	<u>18,948,052</u>

27. Debt securities in issue and other borrowed funds

The Bank to effectively fund its activities has significantly broaden its funding sources and so as to ensure:

- i) cheaper funding
- ii) long-term funding
- iii) strengthening of the capital adequacy ratio

As a result the Bank has issued:

- i) Senior debt securities
- ii) Subordinated debt securities
These securities are subordinated, because the holders in case of a compulsory payment are satisfied after the owners of common debt securities.
Their maturity is 10 years, with the right of first redemption after 5 years. These bonds are considered own funds for regulatory purposes.
- iii) Hybrid securities with or without interest step-up clause.
These securities are referred to as hybrid securities because they combine characteristics of debt and equity. They are perpetual securities and are offered for long-term borrowing. They can be redeemed after the expiration of 10 years.

Senior debt

	30.6.2005	31.12.2004
Euro due 2005	1,600,625	3,222,401
Euro due 2006	2,508,811	1,503,017
Euro due 2007 with 1 st call option in 2005	6,848	10,107
Euro due 2007	901,131	900,868
HKD 100 million due 2007	10,682	9,437
Euro due 2008	406,549	-
Euro due 2008 with 1 st call option in 2005	-	10,875
US \$ due 2008 with 1 st call option in 2005	8,141	-
Euro due 2009	710,172	710,202
Euro due 2009 with 1 st call option in 2004	-	41,379
Euro due 2009 with 1 st call option in 2005	9,163	10,132
CZK 1.500 million due 2009	49,705	48,971
US \$ 11 million due 2009	9,072	8,042
US \$ 5 million due 2009 with 1 st call option in 2005	4,073	3,652
HKD 50 million due 2009	5,329	-
Euro due 2010	544,089	-
Euro due 2010 with 1 st call option in 2005	17,097	-
Euro due 2010 with 1 st call option in 2007	1,001,003	-
US \$ 17 million due 2010 with 1 st call option in 2005	14,238	-
Euro due 2011 with 1 st call option in 2005	23,485	60,639
Euro due 2011	15,826	15,514
Euro due 2012	205,394	-
Euro due 2012 with 1 st call option in 2005	9,865	-
Euro due 2013	19,299	-
Euro due 2015	4,839	-
Total	8,085,436	6,555,236

Subordinated debt

Euro due 2010 with 1 st call option in 2005	-	100,229
Euro due 2012 with 1 st call option in 2007	325,716	325,757
Euro due 2013 with 1 st call option in 2008	351,488	351,492
Euro due 2014 with 1 st call option in 2009	200,914	201,082
JPY 30 billion with 1 st call option in 2015	220,814	-
Total	1,098,932	978,560

Hybrid securities

Euro perpetual with 1 st call option in 2012	301,058	301,113
Euro perpetual with 1 st call option in 2015	601,596	-
Total	902,654	301,113
Grand total	10,087,022	7,834,909

28. Liabilities for current income tax and other taxes

	30.6.2005	31.12.2004
Current income tax payable	28,841	115,132
Other taxes	9,407	12,235
Total	38,248	127,367

29. Employee defined benefit obligations

The total amounts recognized in the financial statements for the defined benefit obligations are presented in the table below:

	Balance sheet 30.6.2005	Income statement 1.1.-30.6.2005 (Note 7)	Balance sheet 31.12.2004	Income statement 1.1.-30.6.2004 (Note 7)
TAP	542,352	21,847	522,352	19,705
TAPILT	(5,188)	235	(5,423)	918
Total	537,164	22,082	516,929	20,623

Analysis of the amounts per pension fund is presented below.

a) Supplementary Pension Fund of the former Alpha Credit Bank (TAP).

The supplementary pension fund is also responsible for the main pension and benefits of retired employees for the period from the date of retirement until they are eligible to receive their pension from the Social Security Insurance Fund (IKA).

The Fund received extra contributions from the Bank as its plan assets were not sufficient to meet employee benefits, which were determined by an actuarial study.

The liability recognized is analyzed as follows:

	30.6.2005	31.12.2004
Present value of defined benefit obligations	707,811	698,796
Fair value of plan assets	(118,071)	(131,438)
	589,740	567,358
Unrecognized actuarial losses	(47,388)	(45,006)
Recognized liability	542,352	522,352

The movement in the net liability recognized in the balance sheet is as follows:

Balance 1.1.2004	499,851
Accrued expense recognized	19,705
Contributions paid	(2,299)
Balance 30.6.2004	517,257
Balance 1.7.2004	517,257
Accrued expense recognized	19,705
Contributions paid	(14,610)
Balance 31.12.2004	522,352
Balance 1.1.2005	522,352
Accrued expense recognized	21,847
Contributions paid	(1,847)
Balance 30.6.2005	542,352

Expense recognized in the income statement consists of:

	30.6.2005	30.6.2004
Current service cost	6,550	6,255
Interest cost	18,713	17,303
Expected return on plan assets	(3,416)	(3,853)
Actuarial losses recognized during the period	-	-
Total (included in staff costs)	21,847	19,705

The principal actuarial assumptions as at the balance sheet date are the following:

	36.6.2005	31.12.2004
Discount rate	5.5%	5.5%
Expected return on plan assets	5.5%	5.5%
Future salary increases	3.5%	3.5%
Future pension increases	2.5%	2.5%

b) Ionian and Popular Bank Insurance Fund (TAPILT)

Ionian and Popular Bank Insurance Fund is responsible for the benefits of retired employees for the period from the date of retirement until they are eligible to receive their pension from Social Security Insurance Fund (IKA).

The Bank has guaranteed all benefits to be paid by the Fund in accordance with the conditions set out in the Fund's charter.

The liability recognized is analyzed as follows:

	30.6.2005	31.12.2004
Present value of obligation	58,099	56,618
Fair value of plan assets	56,342	(55,641)
	<u>1,757</u>	<u>977</u>
Unrecognized actuarial losses	(6,945)	(6,400)
Recognized liability	<u>(5,188)</u>	<u>(5,423)</u>

The movement in the net liability recognized in the balance sheet as follows:

Balance 1.1.2004		32,505
Accrued expense recognized		918
Contributions paid		-
Balance 30.6.2004		33,423
Balance 1.7.2004		33,423
Accrued expense recognized		917
Contributions paid		(39,763)
Balance 31.12.2004		(5,423)
Balance 1.1.2005		(5,423)
Accrued expense recognized		235
Contributions paid		-
Balance 30.6.2005		<u>(5,188)</u>

Amounts recognized in income statement consists of:

	30.6.2005	30.6.2004
Current service cost	215	58
Interest cost	1,320	1,248
Expected return on plan assets	(1,327)	(388)
Actuarial losses recognized during the period	27	-
Total (included in staff costs)	<u>235</u>	<u>918</u>

The principal actuarial assumptions as at the balance sheet date are the following:

	30.6.2005	31.12.2004
Discount rate	5%	5%
Expected return on plan assets	5%	5%
Future salary increases	3.5%	3.5%

30. Other liabilities

	30.6.2005	31.12.2004
Creditors	24,781	96,179
Accrued income	56,621	62,582
Accrued interest expense	31,664	17,785
Withholdings in favour of third parties	399,687	141,343
Other	249,939	241,453
Total	<u>762,692</u>	<u>559,342</u>

31. Provisions

Balance 1 January 2004	15,917
Provisions charged to income statement	9
Provisions used during the period	<u>(4,409)</u>
Balance 30 June 2004	11,517
Provisions charged to income statement	1,259
Provisions used during the period	<u>(10,439)</u>
Balance 31 December 2004	2,337
Provisions charged to income statement	70
Provisions used during the period	<u>(525)</u>
Balance 30 June 2005	<u>1,882</u>

The provision charged for the period is included in "Other Expenses".

Equity

32. Share capital

	Number of shares	Paid-in capital
Opening Balance (1 January 2004)	195,835,935	953,721
Capitalization of fixed assets revaluation surplus	39,167,187	319,996
Balance 30 June 2005	<u>235,003,122</u>	<u>1,273,717</u>
Share options exercise	102,445	555
Balance 31 December 2004	<u>235,105,567</u>	<u>1,274,272</u>
Acquisition of 61,24% of Delta Singular A.E.	7,564,106	23,449
Capitalization of reserve to round the price of the share to € 5.35	-	562
Capitalization of reserve	48,533,935	157,735
Balance 30 June 2005	<u>291,203,608</u>	<u>1,456,018</u>

The total number of ordinary shares as at 30 June 2005 was 291,203,608 (30.6.2004: 235,003,122) with a nominal value € 5.00 per share (30.6.2004: € 5.42 per share).

Each share has the right of one vote at the shareholders' meetings.

As at 30.6.2005 the Bank held 1,592,172 own shares refer to note 36.

More details relating to share option plan to the Bank's executives is set out in note 42.

33. Share premium

Opening Balance (1 January 2004)	244,914
Ex-Ionian Bank goodwill net-off	(244,914)
Balance 30 June 2004/31 December 2004	-
Merger with Delta Singular A.E.	<u>125,685</u>
Balance 30 June 2005	125,685

34. Reserves

Balances of reserves are as follows:

	30.6.2005	31.12.2004
Statutory reserve	245,000	245,000
Investment securities reserve	15,549	18,972
Special reserve (from share option valuation)	1,967	863
Total	<u>262,516</u>	<u>264,835</u>

According to the Bank's articles of incorporation (article 25), the Bank is required to transfer 10% of its annual net profit to a reserve, until such reserve equals to 50% of the share capital. This reserve can only be used to off-set an accumulated deficit.

35. Retained earnings

The balance of retained earnings as at 30.6.2005 was € 154,770 (31.12.2004: € 291,548).

Included in retained earnings are gains arising on the sale of listed shares and other non-taxable income which the Bank has retained. These reserves will not be distributed in the near future therefore no deferred tax has been calculated in accordance with IAS 12.

The General Shareholders meeting held on 19 April 2005, approved the distribution of a dividend for 2004 of € 0.72 per share. The total amount of € 174,064 has been deducted from retained earnings.

36. Treasury shares

In 2004 the Bank purchased 913,860 own shares, in accordance with a decision of the shareholders in general meeting, in order to support the market price of the share. The total cost of acquiring the own shares amounts to € 18,638.

In 2005 182,772 own shares were acquired, from the free distribution to shareholders at a ratio of 2 new shares for 10. The Bank in accordance with the decision of the shareholders in general meeting, purchased 495,540 own shares of an amount of € 11,337. The total number of own shares held by the Bank as of 30 June 2005 is 1,592,192 and the total cost of € 29,975 is classified as a reduction to shareholders' equity.

Additional Information

37. Contingent liabilities and commitments

a) Legal issues

The Bank in the ordinary course of business is a defendant in claims from customers and other legal actions. No provision has been recorded because after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material effect on the financial position or operations of the Bank.

b) Tax Issues

The Bank's books and records have been audited by the tax authorities up to the year ended 31 December 2002. Additional taxes and penalties may be imposed for the unaudited years.

c) Operating leases

The Bank has various obligations (as lessee) with respect to leases of buildings which are used as branches or for administration purposes. The duration of the lease agreements is initially for 12 years with a renewal option or extension. In accordance with the lease agreements the rent is subject to annual indexation adjustment, usually according to official annual inflation rate.

The policy of the Bank is to renew these contracts.

The minimum future lease payments are:

	30.6.2005	31.12.2004
Less than one year	20,137	20,006
Between one and five years	59,619	62,246
More than five years	36,168	40,724
Total	<u>115,924</u>	<u>122,976</u>

The lease expense for the first six months of the year relating to buildings amounts to € 10,400 (2004: € 10,004) and are included in the administration expenses.

The Bank claims (as lessor) regarding owned buildings rental either to group companies or third parties companies.

The minimum future revenues are:

	30.6.2005	31.12.2004
Less than one year	2,823	2,884
Between one and five years	9,796	9,040
More than five years	5,885	5,090
Total	<u>18,504</u>	<u>17,014</u>

The lease revenue for the first six months of the year amounts to € 1,379 (2004: € 1,189), which are included in other income.

d) *Off balance sheet liabilities*

	30.6.2005	31.12.2004
Letters of guarantee	3,595,903	3,581,328
Letters of credit	87,655	70,312
Credit commitments	10,930,579	10,221,199
Guarantees issued for bonds by subsidiaries	10,072,413	7,819,123
Total	24,686,550	21,691,962

e) *Assets pledged*

	30.6.2005	31.12.2004
Trading securities	185,000	85,000
Investment securities	200,000	100,000
Total	385,000	185,000

From the trading portfolio securities € 5,000 are pledged as collateral to clearing house of derivative transactions "ETESEP" A.E. as margin account insurance and € 80,000 are placed for capital withdrawal, and the rest € 100,000 together with € 200,000 of investment securities related to securities pledged as collateral with the Bank of Greece for the participation in the Inter-Europe clearing of payments system on an ongoing time (TARGET).

38. Segment reporting

a. *Analysis by sector*

	(Millions of Euro)						
	30.6.2005						
	Bank	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other
Net interest income	467.7	336.5	107.3	1.0	17.3	7.1	(1.5)
Commission	115.2	53.9	41.9	15.2	2.9	1.3	
Other income	67.2	4.6	1.5	0.7	(5.7)	1.1	65.0
Total income	650.1	395.0	150.7	16.9	14.5	9.5	63.5
Expenses	305.1	149.9	28.3	2.9	4.1	3.8	116.1
Inter-segment expenses	0.0	69.5	13.2	11.2	3.1	2.0	(99.0)
Total expenses	305.1	219.4	41.5	14.1	7.2	5.8	17.1
Impairment	115.7	64.9	50.8				
Profit before tax	229.3	110.7	58.4	2.8	7.3	3.7	46.4
Total assets	38,598.4	12,349.9	10,709.9	64.2	13,565.5	262.6	1,646.3
Total liabilities	36,629.4	22,414.6	1,613.6	459.3	9,791.3	277.5	2,073.1
Capital expenditure							
1.1.-30.6.2005							
(Notes 19,20,21)	19.0	14.5	2.7	0.9	0.5	0.4	

	30.6.2004						
	Bank	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other
Net interest income	431.5	295.5	104.9	0.6	25.6	4.9	
Commission	121.9	61.0	47.8	8.0	4.2	0.9	
Other income	74.1	7.7	3.1	1.8	41.4	0.6	19.5
TOTAL INCOME	627.5	364.2	155.8	10.4	71.2	6.4	19.5
Expenses	333.0	145.4	27.1	3.2	3.7	3.0	150.6
Inter-segment expenses	0.0	100.7	18.8	9.5	3.2	2.2	(134.4)
Total expenses	333.0	246.1	45.9	12.7	6.9	5.2	16.2
Impairment	90.5	44.1	46.4				
Profit before tax	204.0	74.0	63.5	(2.3)	64.3	1.2	3.3
Total assets 31.12.2004	31,842.7	11,182.1	10,546.6	41.9	8,277.9	208.0	1,586.2
Total liabilities 31.12.2004	30,030.7	22,806.6	1,066.6	425.4	3,513.0	214.3	2,004.8
Capital expenditure 1.1.-30.6.2004 (Notes 19,20,21)	13.8	10.7	2.0	0.6	0.3	0.2	

i. Retail banking

Includes all individuals (retail banking customers) of the Bank, professionals, small and very small companies.

The Bank offers through its extension branch network, all types of deposit products (deposits/ savings accounts, working capital/ current accounts, investment facilities/ term deposits, Repos, Swaps), loan facilities (housing, consumer, corporate loans, letter of guarantees), debit and credit cards to the above customers.

ii. Corporate banking

Includes all medium-sized and large companies, corporations with international activities, corporations managed by the Corporate Banking Division (Corporate) and shipping corporations.

The Bank offers working capital facilities, corporate loans, and letters of guarantees.

iii. Asset management/ Insurance

Consists of a wide range of asset management services through the Bank's private banking units.

In addition a wide range of insurance products are also offered to individuals and corporations.

iv. Investment Banking/ Treasury

Includes stock exchange, advisory and brokerage services relating to capital markets, and also investment banking facilities, offered by the Bank. This segment also includes the interbank Dealing Room (FX Swaps, Bonds, Futures, IRS, Interbank placements – Borrowings etc.).

v. South Eastern Europe

Consists of the Bank's branches operating in South Eastern Europe.

vi. Other

This segment consists of the administration of the Bank.

b. *Analysis by geographical sector*

	(Millions of Euro)		
	30.6.2005		
	<u>Bank</u>	<u>Greece</u>	<u>Other countries</u>
Net interest income	467.7	460.5	7.2
Commission	115.2	112.9	2.3
Other income	67.2	66.2	1.0
Total Income	650.1	639.6	10.5
Expenses	305.1	300.9	4.2
Inter-segment expenses	-	(2.2)	2.2
Total expenses	305.1	298.7	6.4
Impairment	115.7	115.7	-
Profit before tax	229.3	225.2	4.1
Assets	38,598.4	37,273.4	1,325.0
	30.6.2004		
	<u>Bank</u>	<u>Greece</u>	<u>Other countries</u>
Net interest income	431.5	426.4	5.1
Commission	121.9	120.0	1.9
Other income	74.1	73.5	0.6
Total Income	627.5	619.9	7.6
Expenses	333.0	328.9	4.1
Inter-segment expenses	-	(3.0)	(3.0)
Total expenses	333.0	325.9	7.1
Impairment	90.5	90.5	-
Profit before tax	204.0	203.5	0.5
Assets 31.12.2004	31,842.7	30,622.0	1,220.7

39. Financial risk management

39.1 Market risk

Market risk is the risk of losses arising from unfavourable developments in interest rates, exchange rates, equity prices and commodities. Losses may also occur from trading portfolio and the management of assets and liabilities.

The market risk is measured by the Value at Risk – VAR. The method applied for calculating Value at Risk is historical simulation. The Bank applies a holding period of 1 and 10 days, depending on the time required to liquidate the portfolio.

In the first six months of 2005 it applied a 99% confidence level and a two year observation period.

During the first six months of 2005 the average Value at Risk for the Bank's trading portfolio for a ten day holding period was € 10.9 million. The maximum and minimum values were € 45.6 million (24.2.2005) and € 3 million (23.6.2005) respectively.

For 31 December 2004 the respective items are as follows:

- Average Value at Risk for 10 days, € 17.9 million.
- Maximum and minimum values € 54.9 million (3.2.2004) and € 3 million (7.12.2004).
- Value at Risk for 10 days in total for the Bank including investments € 13.1 million.

The Value at Risk methodology is complemented with stress tests based on both historical and hypothetical extreme movements of market parameters, in order to estimate the potential size of losses that could arise in extreme conditions.

Within the scope of policy-making for financial risk management by the Assets and Liabilities Management Committee (ALCO), exposure limits and maximum loss (stop loss) for various products of the trading portfolio have been set. In particular the following limits have been set for the following risks:

- Foreign currency risk for spot and forward positions.
- Interest rate risk for positions on bonds, Interest Rate Swaps, Interest Futures, Interest Options.
- Price risk for position in shares, index futures and options.
- Credit risk for interbank transactions, corporate bonds and Government bonds of emerging markets.

Positions held in these products are monitored during the day and are examined as to the corresponding limit percentage cover and limit excess.

Analysis of Assets and Liabilities

Market risk may also arise, apart from the trading portfolio, from the analysis of assets and liabilities loan portfolio and deposits.

The Bank takes on exposures to effects of fluctuations in foreign currency exchange rates. The management of the Bank sets limits on the level of exposure by currency and in total for both overnight and intra-day positions. The table below summarizes the Bank's exposure to foreign currency. Included in the table are the Bank's assets and liabilities and the off-balance sheet exposures categorized by currency.

Foreign Exchange Position as at 30.6.2005

	USD	GBP	CHF	JPY	OTHER F/C	EURO	TOTAL
ASSETS							
Cash and balances with Central Banks	5,939	1,167	192	24	17,567	906,959	931,848
Due from banks	1,917,715	24,814	157,756	17,857	20,405	8,093,182	10,231,729
Securities held for trading	-	-	-	-	-	404,555	404,555
Derivative financial assets	6,759	197	-	5,117	-	165,620	177,693
Loans and advances to customers	1,269,989	56,976	92,844	61,868	20,765	20,208,981	21,711,423
Investment Securities							
-Available for sale	285,140	-	-	-	51,986	2,395,364	2,732,490
Investments in subsidiaries and associates	35,367	61,436	-	-	178,272	1,127,992	1,403,067
Investment property	-	-	-	-	-	76,838	76,838
Property, plant and equipment	-	-	-	-	9,808	520,866	530,674
Goodwill and other intangible assets	-	-	-	-	66	22,518	22,584
Deferred tax assets	-	-	-	-	-	175,393	175,393
Other assets	5,469	1,122	3,484	3,985	2,647	131,556	148,263
Non-current assets held for sale	-	-	-	-	-	51,813	51,813
Total Assets	3,526,378	145,712	254,276	88,851	301,516	34,281,637	38,598,370
Liabilities							
Due to banks	798,888	85,131	(18,435)	3,082	24,587	5,407,947	6,301,200
Derivative financial liabilities	16,890	195	-	-	-	138,276	155,361
Due to customers	1,639,806	164,337	17,196	228,593	225,263	16,462,482	18,737,677
Debt securities in issue and other borrowed funds	35,524	-	-	220,814	65,716	9,764,968	10,087,022
Liabilities for current income tax and other taxes	-	13	-	-	25	38,210	38,248
Deferred tax liabilities	-	-	-	-	-	8,110	8,110
Employee defined benefit obligations	-	-	-	-	-	537,164	537,164
Other liabilities	7,091	530	180	309	2,682	751,900	762,692
Provisions	-	-	-	-	-	1,882	1,882
Total Liabilities	2,498,199	250,206	(1,059)	452,798	318,273	33,110,939	36,629,356
Net on-balance sheet position	1,028,179	(104,494)	255,335	(363,947)	(16,757)	1,170,698	1,969,014
Derivatives forward foreign exchange position	(1,025,232)	164,730	(255,347)	365,463	227,572	552,708	29,894
Total foreign exchange position	2,947	60,236	(12)	1,516	210,815	1,723,406	1,998,908
Credit commitments	409	-	-	-	23,950	10,906,220	10,930,579

Foreign Exchange Position as at 31.12.2004

	USD	GBP	CHF	JPY	OTHER F/C	EURO	TOTAL
Assets	1,755,712	143,293	239,119	128,404	285,428	29,290,713	31,842,669
Liabilities	1,861,621	199,491	19,051	1,116,031	270,312	26,564,146	30,030,652
Net on-balance sheet position	(105,909)	(56,198)	220,068	(987,627)	15,116	2,726,567	1,812,017
Derivatives forward foreign exchange position	117,514	118,159	(220,390)	987,044	183,327	(1,229,999)	(44,345)
Total foreign exchange position	11,605	61,961	(322)	(583)	198,443	1,496,568	1,767,672
Credit commitments	1,568	-	-	-	23,263	10,196,368	10,221,199

Furthermore, the assets and liabilities are analyzed with respect to interest rate risk (gap analysis) per currency. The assets and liabilities are categorized into time periods by either contractual repricing, in the case of variable interest rate instruments, or by maturity date, which is set out in the table below.

Interest Rate Risk (Gap Analysis) as at 30.6.2005

	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Non- interest bearing	Total
Assets								
Cash and balances with Central Banks	554,367	-	-	-	-	-	377,481	931,848
Due from Banks	8,021,906	1,965,593	131,006	113,224	-	-	-	10,231,729
Securities held for trading	117,711	-	29,625	7,953	179,506	69,760	-	404,555
Derivative financial assets	177,693	-	-	-	-	-	-	177,693
Loans and advances to customers	14,763,504	2,053,383	2,130,212	705,325	1,797,683	188,899	72,417	21,711,423
Investment Securities - Available-for-sale	101,793	46,088	147,804	2,099,963	153,049	100,612	83,181	2,732,490
Investments in subsidiaries and associates	-	-	-	-	-	-	1,403,067	1,403,067
Investment property	-	-	-	-	-	-	76,838	76,838
Property, plant and equipment	-	-	-	-	-	-	530,674	530,674
Goodwill and other intangible assets	-	-	-	-	-	-	22,584	22,584
Deferred tax assets	-	-	-	-	-	-	175,393	175,393
Other assets	-	-	-	-	-	-	148,263	148,263
Non-current assets held for sale	-	-	-	-	-	-	51,813	51,813
Total Assets	23,736,974	4,065,064	2,438,647	2,926,465	2,130,238	359,271	2,941,711	38,598,370
LIABILITIES								
Due to Banks	4,382,958	1,765,212	120,476	32,388	166	-	-	6,301,200
Derivatives financial liabilities	155,361	-	-	-	-	-	-	155,361
Due to customers	18,053,599	419,741	193,651	54,612	16,074	-	-	18,737,677
Debt securities in issue and other borrowed funds	5,886,090	3,458,639	78,997	663,296	-	-	-	10,087,022
Liabilities for current income tax and other taxes	-	-	-	-	-	-	38,248	38,248
Deferred tax liabilities	-	-	-	-	-	-	8,110	8,110
Employee defined benefit obligations	-	-	-	-	-	-	537,164	537,164
Other liabilities	-	-	-	-	-	-	762,692	762,692
Provisions	-	-	-	-	-	-	1,882	1,882
Total liabilities	28,478,008	5,643,592	393,124	750,296	16,240	-	1,348,096	36,629,356

	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
Equity								
Share capital	-	-	-	-	-	-	1,456,018	1,456,018
Share premium	-	-	-	-	-	-	125,685	125,685
Reserves	-	-	-	-	-	-	262,516	262,516
Reserves on available-for-sale securities	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	154,770	154,770
Treasury shares	-	-	-	-	-	-	(29,975)	(29,975)
Total Equity	-	-	-	-	-	-	1,969,014	1,969,014
Total Liabilities and Equity	28,478,008	5,643,592	393,124	750,296	16,240	-	3,317,110	38,598,370
GAP	(4,741,034)	(1,578,528)	2,045,523	2,176,169	2,113,998	359,271	(375,399)	
CUMULATIVE GAP	(4,741,034)	(6,319,562)	(4,274,039)	(2,097,870)	16,128	375,399	-	

Interest Rate Risk (Gap Analysis) as at 31.12.2004

	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Non-Interest bearing	Total
ASSETS								
Cash and balances with Central Banks	1,111,305	-	-	-	-	-	311,058	1,422,363
Due from banks	4,754,359	590,481	248,295	58,288	64,825	-	-	5,716,248
Securities held for trading	5,540	805	18,029	63,499	47,884	21,168	-	156,925
Derivative financial assets	172,144	-	-	-	-	-	-	172,144
Loans and advances to customers	12,675,116	2,124,217	2,016,642	1,113,339	1,648,611	253,253	70,318	19,901,496
Investment Securities								
- Available for sale	97,202	33,499	1,388,403	301,333	137,672	168,559	91,182	2,217,850
Investments in subsidiaries and associates	-	-	-	-	-	-	1,331,748	1,331,748
Property, plant and equipment and investment property	-	-	-	-	-	-	571,395	571,395
Goodwill and other intangible assets	-	-	-	-	-	-	23,109	23,109
Deferred tax assets	-	-	-	-	-	-	172,339	172,339
Other assets	-	-	-	-	-	-	157,052	157,052
Non-current assets held for sale	-	-	-	-	-	-	-	-
Total Assets	18,815,666	2,749,002	3,671,369	1,536,459	1,898,992	442,980	2,728,201	31,842,669
LIABILITIES								
Due to banks	1,160,527	393,837	256,608	-	-	-	-	1,810,972
Derivatives financial liabilities	228,989	-	-	-	-	-	-	228,989
Due to Customers	17,265,223	1,618,518	24,968	37,731	1,612	-	-	18,948,052
Debt securities in issue and other borrowed funds	5,054,624	2,712,137	68,148	-	-	-	-	7,834,909
Liabilities for current income tax and other taxes	-	-	-	-	-	-	686,709	686,709
Deferred tax liabilities	-	-	-	-	-	-	1,755	1,755
Employee defined benefit obligations	-	-	-	-	-	-	519,266	519,266
Total liabilities	23,709,363	4,724,492	349,724	37,731	1,612	-	1,207,730	30,030,652

	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
Equity								
Share capital	-	-	-	-	-	-	1,274,272	1,274,272
Share premium	-	-	-	-	-	-	-	-
Reserves	-	-	-	-	-	-	245,863	245,863
Reserves on available-for-sale securities	18,972	-	-	-	-	-	-	18,972
Retained earnings	-	-	-	-	-	-	291,548	291,548
Treasury shares	-	-	-	-	-	-	(18,638)	(18,638)
Total Equity	18,972	-	-	-	-	-	1,793,045	1,812,017
Total Liabilities and Equity	23,728,335	4,724,492	349,724	37,731	1,612	-	3,000,775	31,842,669
GAP	(4,912,669)	(1,975,490)	3,321,645	1,498,728	1,897,380	442,980	(272,574)	
CUMULATIVE GAP	(4,912,669)	(6,888,159)	(3,566,514)	(2,067,786)	(170,406)	272,574	-	

Effective interest rate

	EUR		USD		JPY		GBP	
	30.6.2005	31.12.2004	30.6.2005	31.12.2004	30.6.2005	31.12.2004	30.6.2005	31.12.2004
ASSETS								
Cash and balances with Central Banks	1.80%	1.85%	-	-	-	-	-	-
Due from banks	2.19%	2.16%	3.65%	2.26%	0.28%	0.02%	5.53%	4.81%
Due from customers	5.53%	5.46%	4.12%	3.42%	2.31%	2.23%	5.53%	5.46%
Securities held for trading	3.01%	2.63%	-	-	-	-	-	-
Investment securities	2.60%	3.14%	6.54%	5.99%	-	-	-	-
LIABILITIES								
Due to banks	2.04%	2.06%	3.29%	2.23%	-	-	4.76%	4.75%
Due to customers	0.79%	0.79%	2.16%	1.42%	0.01%	0.01%	3.81%	3.83%
Debt securities in issue and other borrowed funds	2.39%	2.42%	-	-	-	-	-	-

The above currencies cover the 98% of Bank's assets and liabilities.

GAP Analysis allows an immediate calculation of changes in net interest income and the value of assets and liabilities upon application of alternative scenarios, such as changes in market interest rates or changes in the Bank's base interest rates.

39.2 Credit risk

Credit risk is the risk that a counterparty (borrower) will be unable to pay amount in full when due. Impairment provisions are provided for losses that have been incurred at the balance sheet date.

Moreover, significant changes in the economy, or state of a particular industry could result in risks that are different from those provided for at the balance sheet date. To manage these risks management has established limits in relation to individual borrowers or groups of borrowers.

The limits established are constantly monitored and are subject to a regular review by the responsible (based on the amount of the limit) approval body. Limits relating to specific credit products, industries and countries are examined and approved by the ALCO and Executive Committee.

The exposure to credit risk is managed by an analysis of the ability of the borrowers to their obligations using internal credit rating systems and methodologies.

As a result the credit limits are adjusted if considered necessary. In addition the above analysis takes into account the interest rate spread and collaterals held.

39.3 Liquidity risk

Liquidity risk relates to the Bank's ability to maintain sufficient funds to cover its obligations. To that end, a liquidity GAP analysis is performed.

Cash flows arising from all assets and liabilities are estimated and classified into relevant time periods, depending on when they occur. The liquidity Gap analysis is set to the table below:

Liquidity risk (liquidity gap analysis) 30.6.2005

	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	TOTAL
ASSETS						
Cash and balances with Central Banks	931,848	-	-	-	-	931,848
Due from Banks	7,997,560	1,583,163	36,597	88,120	526,289	10,231,729
Securities held for trading	384,327	-	-	-	20,228	404,555
Derivative financial assets	177,693	-	-	-	-	177,693
Loans and advances to customers	1,315,055	1,692,615	2,489,674	3,605,999	12,608,080	21,711,423
Investment Securities	2,591,736	-	-	-	140,754	2,732,490
Investments in subsidiaries and associates	-	-	-	-	1,403,067	1,403,067
Investment property	-	-	-	-	76,838	76,838
Property, plant and equipment	-	-	-	-	530,674	530,674
Goodwill and other intangible assets	-	-	-	-	22,584	22,584
Deferred tax assets	-	-	-	-	175,393	175,393
Non-current assets held for sale	-	-	-	-	51,813	51,813
Other assets	10,521	25,554	36,528	25,972	49,688	148,263
Total Assets	13,408,740	3,301,332	2,562,799	3,720,091	15,605,408	38,598,370
LIABILITIES						
Due to banks	4,409,881	1,675,566	119,501	31,872	64,380	6,301,200
Derivative financial liabilities	155,361	-	-	-	-	155,361
Due to customers	3,391,026	795,793	722,233	1,123,350	12,705,275	18,737,677
Debt securities in issue and other borrowed funds	500,000	600,000	500,000	1,504,270	6,982,752	10,087,022
Liabilities for current income tax and other taxes	38,248	-	-	-	-	38,248
Deferred tax liabilities	-	-	-	-	8,110	8,110
Employee defined obligations	3,641	7,282	10,923	21,847	493,471	537,164
Other liabilities	174,973	12,071	3,234	10,818	561,596	762,692
Provisions	-	-	-	-	1,882	1,882
Total Liabilities	8,673,130	3,090,712	1,355,891	2,692,157	20,817,466	36,629,356
Equity	-	-	-	-	-	-
Total equity	-	-	-	-	1,969,014	1,969,014
Total Liabilities and Equity	8,673,130	3,090,712	1,355,891	2,692,157	22,786,480	38,598,370
Liquidity gap	4,735,610	210,620	1,206,908	1,027,934	(7,181,072)	

Liquidity risk (liquidity gap analysis) 31.12.2004

	less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	more than 1 year	Total
ASSETS						
Cash and balances with Central Banks	1,422,363	-	-	-	-	1,422,363
Due from Banks	4,730,663	383,067	98,900	5,621	497,997	5,716,248
Securities held for trading	149,078	-	-	-	7,847	156,925
Derivative financial assets	172,144	-	-	-	-	172,144
Loans and advances to customers	986,171	1,184,889	1,042,846	2,153,014	14,534,576	19,901,496
Investment Securities	2,102,364	-	-	-	115,486	2,217,850
Investments in subsidiaries and associates	-	-	-	-	1,331,748	1,331,748
Investment property	-	-	-	-	43,547	43,547
Property, plant and equipment	-	-	-	-	527,848	527,848
Goodwill and other intangible assets	-	-	-	-	23,109	23,109
Deferred tax assets	-	-	-	-	172,339	172,339
Other assets	12,844	81,482	23,838	16,339	22,549	157,052
Total assets	9,575,627	1,649,438	1,165,584	2,174,974	17,277,046	31,842,669
LIABILITIES						
Due to banks	1,372,877	243,551	141,807	307	52,430	1,810,972
Derivatives financial liabilities	228,989	-	-	-	-	228,989
Due to customers	3,581,942	1,465,487	572,183	1,087,485	12,240,955	18,948,052
Debt securities in issue and other borrowed funds	500,000	620,000	500,000	1,600,000	4,614,909	7,834,909
Liabilities for current income tax and other taxes	-	-	127,367	-	-	127,367
Deferred tax liabilities	-	-	-	-	1,755	1,755
Employee defined benefit obligations	3,641	7,282	10,923	21,847	473,236	516,929
Other liabilities	122,575	59,521	54,670	5,740	316,836	559,342
Provisions	-	-	-	-	2,337	2,337
Total Liabilities	5,810,024	2,395,841	1,406,950	2,715,379	17,702,458	30,030,652
Equity	-	-	-	-	-	-
Total equity	-	-	-	-	1,812,017	1,812,017
Total Liabilities and Equity	5,810,024	2,395,841	1,406,950	2,715,379	19,514,475	31,842,669
Liquidity gap	3,765,603	(746,403)	(241,366)	(540,405)	(2,237,429)	

A substantial portion of the Bank's assets is funded with customer deposits and bonds issued by the Bank. This type of funding can be divided into two categories:

- a) Customer deposits for working capital purposes
Deposits for working capital purposes consist of savings accounts and sight deposits. Although these deposits may be withdrawn on demand number of accounts and type of depositors help to ensure against unexpected fluctuations. Therefore, such deposits constitute mostly a stable deposit base. Principles of economic analysis (GARCH) are applied in order to estimate the maximum daily outflows at a confidence level of 99%. For example, the maximum daily savings accounts outflow was estimated to 1% of the total balance and on the sight deposits accounts the respective outflow was 6.3% of the total balance.
- b) Customer deposits
Customer deposits concern customer time deposits and customer repurchase agreements (repos). In order to measure the risk of these types of deposits daily outflows are estimated with statistical analysis of the daily renewal rate of such deposits.

40. Capital adequacy

The ratios measure capital adequacy by comparing the Bank's eligible capital with the risks that the Bank undertakes (risk weighted assets). Own funds include Tier I capital (share capital, reserves), additional Tier I capital (hybrid debt) and Tier II capital (subordinated debt and fixed asset revaluation reserves). The risk-weighted assets arise from the credit risk of the banking book and the market risk of the trading book.

The Bank uses all modern methods to manage its capital adequacy. It has issued hybrid and subordinated debt which are included in the calculation of eligible capital. The cost of these types of debt is lower than share capital and adds value to the shareholders.

The current capital ratios (Tier I ratio and capital adequacy ratio) are much higher than the regulatory limits set by the Bank of Greece directive (4% and 8%, respectively) and the capital base is capable to support the business growth of the Bank in all areas for the next years.

	(Millions of Euro)	
	30.6.2005	31.12.2004
Risk-weighted assets from credit risk	24,064	21,727
Risk-weighted assets from market risk	572	692
Total Risk-weighted assets	<u>24,636</u>	<u>22,419</u>
Upper Tier I capital	2,008	1,771
Tier I capital	1,985	1,748
Total Tier I + Tier II capital	3,670	2,779
Upper Tier I ratio	8.2%	7.9%
Tier I ratio	8.1%	7.8%
Capital adequacy ratio Tier I + Tier II	14.9%	12.4%

41. Related-party transactions

A number of banking transactions are entered into with related parties in the normal course of business. These transactions are performed at arms length terms and are approved by Bank's relevant committees.

- a. The outstanding balances with members of the Board of Directors are as follows:

	30.6.2005	31.12.2004
Loans	951	2,678
Deposits	4,358	3,582
Letters of guarantee	113	10

- b. The outstanding balances with subsidiaries and associates and the related results of these transactions are as follows:

I. Subsidiaries

	30.6.2005	31.12.2004
Assets		
Due from banks	791,173	626,211
Securities held for trading	51,732	-
Derivative financial assets	838	-
Loans and advances to customers	825,586	815,461
Available-for-sale securities	699,238	716,564
Total	2,368,567	2,158,236
Liabilities		
Due to banks	619,968	511,235
Due to customers	438,350	425,568
Derivatives financial liabilities	282	51
Debt securities in issue and other borrowed funds	10,087,022	7,834,909
Other liabilities	7,343	1,618
Total	11,152,965	8,773,381
Income		
Interest and similar income	26,258	23,230
Dividend income	57,623	26,419
Fee and commission income	14,382	11,269
Other income	1,193	1,205
Total	99,456	62,123
Expenses		
Interest expenses and similar charges	127,690	77,024
Fee and commission expense	2,242	962
General administrative expenses	10,629	7,454
Total	140,561	85,440

II. Associates

	30.6.2005	31.12.2004
Assets		
Loans and advances to customers	1,413	1,738
Total	1,413	1,738
Liabilities		
Due to customers	723	181,083
Other liabilities	-	123
Total	723	181,206
Letters of guarantee	931	216,561
Income		
Interest and similar income	56	639
Dividend income	195	146
Fee and commission income	12	68
Total	263	853
Expenses		
Interest and similar charges	3	54
General administrative expenses	-	15,298
Total	3	15,352

- c. The fees paid to the members of the Board of directors relating to the six month period ended 30 June 2005 amounts to € 1,317 (30.6.2004: € 534).

42. Share options granted to employees

On 11 April 2000 the Shareholders' in general meeting approved a share option plan to be granted to the executive managers of the Bank and Group for a five year period until 2004, which would be granted based on their performance. The total number of shares to be issued under the share option plan was set at 0.5% of the total shares in issue and the exercise price was set at the nominal value. If subsequent to the grant date, there is a change in either the nominal value of the shares or the number of shares in issue, the shares that may be issued under the share option plan can be adjusted.

The exercise of the share options is three years after the grant date, and the Bank is not obliged to settle the options in cash.

The movement of the outstanding share options and their weighted average exercise price, after the adjustment following the share capital increase of 30 March 2004 and 19 April 2005 with the approval of the annual ordinary General Assemblies is as follows:

	2005		2004	
	Average exercise price per share	Share options remaining	Average exercise price per share	Share options remaining
1 January	5	557,431	5	447,924
Granted	-	-	-	-
Cancelled	5	(10,552)	5	(13,849)
Exercised	-	-	-	-
Adjusted	5	(14,581)	5	(22,452)
30 June	5	532,298	5	411,623
Granted			5	284,540
Cancelled			-	-
Exercised			5	(102,445)
Adjusted			5	(36,287)
31 December			5	557,431

The number of the outstanding share options at 30 June 2005 resulted in 532,298 (31 December 2004 : 557,431) with the remaining average weighted duration of 23 months (31 December 2004 : 29 months) and exercise price € 5 (31 December 2004 : € 5).

The average weighted fair value per option was determined using the Black & Scholes valuation model. The significant inputs into the model are the share price, exercise price, dividend yield, discount rate and volatility. Volatility, that is the standard deviation of expected share price variations is measured based on statistical analysis of daily share prices over the last 12 months.

On 24 May 2005 the shareholders' in general meeting approved a share option plan to be granted to the executive managers of the Bank and the Group. The duration of this plan is 5 years maturing in December 2009. The total number of shares to be issued under the share plan was set up to 1% of the total shares in issue and the exercise price will range from the nominal value up to 80% of the market price of the share.

43. Business combinations

a) Acquisition of Jubanka a.d. Beograd

On 3 February 2005 Alpha Bank acquired 88.64% of the share capital of Jubanka a.d. Beograd ("Jubanka") a bank established in Serbia. The acquisition of Jubanka will enhance the Bank's presence in Serbia and strengthen its operations with an additional 90 branches, 286,000 retail and 30,000 business customers. Serbia is a key market for the Bank in terms of growth prospects in the retail, corporate and public sectors.

The acquired company's profit contribution for the period from 3 February 2005 to 30 June 2005 was € 5.2 million.

As of 30 June 2005, the initial accounting for the acquisition of Jubanka has been determined based on provisional values. The Bank expects the initial accounting for this business combination to be completed within 2005.

	(Millions of Euro)
	Provisional Value
<i>Assets</i>	
Fixed Assets	35.0
Financial Investments	8.4
Loans and advances to customers	106.5
Other assets	55.9
Total Assets	205.8
<i>Liabilities</i>	
Amounts due to customers	94.5
Other Liabilities	18.8
Total Liabilities	113.3
Net Assets	92.5
Total Liabilities and Equity	205.8

The total cost for the acquisition of 84.64% of Jubanka amounted to € 154.4 million.

The Bank in accordance with the provisions of the relevant purchase agreement, made an offer on 11 July 2005 for the purchase of the remaining shares of Jubanka (minority shares) more details in note 44.

b) Merger by absorption of Delta Singular A.E. by Alpha Bank

In June 2004 Alpha Bank announced the merger by absorption of Delta Singular A.E., a company listed on the Athens Stock Exchange, which Alpha Bank had an ownership interest of 38.76%. The legal procedure of the merger became effective on 8 April 2005, when the relevant decision of the Greek Ministry of Development was published in the Government Gazette. The absorbing entity (Alpha Bank) issued 7,564,106 new shares in exchange for the remaining 61.24% of the share capital of Delta Singular A.E.

The share exchange ratio was certified as to its fairness, by independent auditors based on financial data deriving from the balance sheets of the merged entities which were prepared on 31 July 2004 (reporting date). The above data were included on the merger agreement plan in August 2004 by the decisions of the Board of Directors of merged entities.

In accordance with the Greek corporate Law, after the completion of the merger the absorbed company ceases to exist as a legal entity and all its assets and liabilities become assets and liabilities of the absorbing entity (principal of Universal succession). Up to 8 April 2005 Delta Singular A.E. was included in the consolidated financial statements of Alpha Bank as an associate and was accounted under the equity method. The Group's share of loss of associates for the period 1.1.-8.4.2005 was charged with € 1 million.

Delta Singular A.E. had undergone a significant corporate reorganization throughout 2004, by disposing its main business units, i.e. outsourcing services, software development and systems integration, to international and Greek investors. As a result, as at 8 April 2005 date of legal completion merger, its net assets (€ 256.1 million) mainly comprised of cash (from the sale of the business units), real estate assets and certain minor participations.

	(Millions of Euro)
	Provisional Value
Assets	
Cash	178.3
Fixed Assets	55.1
Available for sale securities	8.2
Investments in subsidiaries and associates	0.6
Other assets	14.6
Total Assets	<u>256.8</u>
Liabilities	0.7
Net Assets	<u>256.1</u>
Total Liabilities and Equity	<u>256.8</u>

Delta Singular A.E. net assets acquired by Alpha Bank: (€ 256.1 million x 61.24%): € 156.8 million. Cost of acquisition for 61.24% (value of 7,564,106 new issued shares of Alpha bank with price € 19.72 per share): € 149.1 million.

Negative goodwill: € 7.7 million

The above negative goodwill increased the results for the period 1.1.-30.6.2005 and is included in other income.

- c) In 2004 and for the period 1.1.2005-30.6.2005 the Bank did not sell its participation in a principal subsidiary or associate.

44. Events after the balance sheet date

- a) In August 2005 the Bank successfully completed the purchase of the minority shares of Jubanka. As a result, the Bank's participation in Jubanka amounts to 97.14% of the total share capital. The acquisition was effected in accordance with the provisions of the relevant sale purchases agreement at the date of the initial acquisition of Jubanka, which set out the obligation of Alpha Bank to propose a public offer to the minority shareholders with similar financial terms as those agreed in the initial acquisition of the 88.64% stake in February 2005.

Regarding the remaining 2.86% minority holdings, the Bank will apply certain provisions stipulated by Serbian Corporate Law, and expect to acquire the remaining minority holdings before year end.

The cost for the acquisition of the 11.36% stake of the minorities is estimated at € 19.5 million and the total acquisition cost of Jubanka will amount to € 171.5 million.

- b) During the period from 1 July 2005 to 26 August 2005 the Bank acquired 2,820,640 own shares at a cost of € 63,700 thousand (€ 22.58 per share), which represents 0.88% of the total share capital of the Bank. The purchase of the own shares was in accordance with the decision of the Board of Directors on 26 April 2005 to approve the purchase of 3,600,000 own shares during the period from 9 May to 9 November 2005. The plan of the Bank to acquire own shares has been approved by the shareholders general meeting of 19 April 2005.

The total own shares held by the Bank as of 26 August 2005 is 4,412,812 with a total cost of € 93,675 thousand, representing 1.51% of the issued share capital.

45. Restatement of prior periods financial statements

Separation of embedded derivative from financial liability

The following captions of the financial statements were restated as follows:

	31.3.2005
Derivative financial liabilities	31,320
Debt securities in issue and other borrowed funds	31,320

46. Effects on the financial statements from transition to IFRS

In accordance with the European Union Directive 1606/2002 and Codified Law 2190/1920 the adoption of International Reporting Standards (IFRS) is applicable for financial statements that relate to periods after 1.1.2005.

Due to the requirement to present 2004 comparative figures on a consistent basis, the transition date to IFRS is 1.1.2004. On this date the transition balance sheet is prepared in accordance with IFRS 1.

Specifically, IFRS 1 requires the retrospective application of the new accounting standards, except for the exemptions discussed below, which are either mandatory exemptions or exemptions that the Bank has the option to apply.

Mandatory exemptions from full retrospective application of IFRS

a. Derecognition of financial instruments

Financial instruments derecognized before 1 January 2004 are not re-recognized under IFRS, even in the event that the financial instruments derecognized do not meet the derecognition criteria of IAS 39.

The Bank did not choose to apply the derecognition criteria to an earlier date.

b. Hedge Accounting

The requirements relating to hedge accounting have been considered for transactions arising after 1.1.2004. Transactions outstanding as at 1.1.2004 were examined as to their adherence to hedge accounting criteria during the preparation of the IFRS transition balance sheet date and thereafter.

c. Estimates

An entity's estimates at the date of transition to IFRS, and comparative period (year 2004) should be consistent with estimates made for the same date under Greek GAAP, unless there is objective evidence that these estimates were in error.

There is no evidence to suggest that a revision of the estimates used by the Bank in preparing the comparatives and the IFRS transition balance sheet is necessary.

d. Assets held for sale and discontinued operations

IFRS 5, which address the measurement and presentation of assets held for sale, was applied from 1.1.2005 in accordance with the transition provisions of the Standard.

In the periods covered by these financial statements the Bank does not have operations that will be discontinued.

Optional exemptions from full retrospective application of IFRS

a. Business combinations

The Bank elected not to restate business combinations that occurred prior to the 1.1.2004 transition date to IFRS, retaining the accounting treatment followed under Greek GAAP.

b. Fair value used as deemed cost

In the Bank's financial statements as at 31.12.2003 prepared in accordance with Greek GAAP land and buildings were valued to fair value based on the requirements of Law 3229/2004.

The fair value of the above assets, has been used as deemed cost at the date of transition to IFRS and the depreciation is charged on a straight line basis over their useful lives. The revaluation surplus that had been recorded directly to a reserve in equity under Greek GAAP has been transferred to retained earnings.

c. Employee benefits

The employee defined benefit obligations recognized as at 1.1.2004 include the cumulative actuarial losses which would not have been recognized if the Bank had applied IAS 19 retrospectively.

Subsequent actuarial gains or losses to the extent that they exceed either 10% of the accrued obligation or the fair value of plan assets will be amortized over a period equal to the average remaining working lives of the employees.

d. Compound financial instruments

Compound financial instruments issued by an entity which contain both a liability and equity component should be classified separately on initial recognition.

Exemption from the retrospective application of the above accounting treatment applies when the related instruments do not exist at the transition date.

This exemption is not applicable for the Bank.

e. Adoptions of IAS 32 and 39 and classification of financial instruments

The Bank did not use the exemption given by IFRS 1 concerning the comparative financial information for financial instruments and insurance contracts and adopted IAS 32, 39 and IFRS 4 from 1.1.2004.

The classification of financial instruments as available-for-sale assets and financial assets held for trading was performed at 1.1.2004.

f. Share-based payment transactions

The Bank has elected to apply the share-based payment exemption, and applied IFRS 2 from 1.1.2004 to share options granted after 7.11.2002 but that have not vested by 1.1.2005.

g. Other exemptions

The exemptions relating to exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates and to the accounting treatment of the insurance contracts are not applicable to the Bank's financial statements.

46.1 Transition balance sheet to I.F.R.S. (1.1.2004)

	Note	Greek GAAP	Reclassifications	Adjustments	IFRS
ASSETS					
Cash and balances with Central Banks		925,913	-	-	925,913
Government and other securities eligible for refinancing from Central Bank	a	417,095	(417,095)	-	-
Due from banks	b	6,686,328	15,723	-	6,702,051
Securities held for trading	c	-	234,125	1,832	235,957
Derivative financial assets	d	-	19,459	330,117	349,576
Loans and advances to customers	e	17,542,316	324,561	36,375	17,903,252
Securities	f	1,296,538	(1,296,538)	-	-
Investment securities					
-Available-for-sale	g	-	1,476,235	29,110	1,505,345
Investments in subsidiaries and associates	h	-	1,510,501	(269,792)	1,240,709
Investments	i	1,478,550	(1,478,550)	-	-
Property, plant and equipment	j	610,136	(30,306)	322	580,152
Goodwill and other intangible assets	k	81,222	20,130	(81,222)	20,130
Deferred tax assets	l	-	-	168,397	168,397
Other assets	m	429,864	(254,568)	(42,815)	132,481
Prepaid expenses and accrued income	n	123,677	(123,677)	-	-
Total Assets		29,591,639	-	172,324	29,763,963
LIABILITIES					
Due to banks	o	2,641,667	3,296	-	2,644,963
Derivative financial liabilities	p	-	51,642	339,084	390,726
Due to customers	q	20,251,299	7,372	(470)	20,258,201
Debt securities in issue and other borrowed funds	r	3,649,078	10,589	-	3,659,667
Dividends payable	s	117,502	-	(117,502)	-
Liabilities for current income tax and other taxes		117,082	-	-	117,082
Deferred tax liabilities	t	-	-	425	425
Employee defined benefit obligations	u	6,314	-	526,042	532,356
Other liabilities	v	415,838	29,818	50,173	495,829
Deferred income and accrued expenses	w	102,717	(102,717)	-	-
Provisions		15,917	-	-	15,917
Total Liabilities		27,317,414	-	797,752	28,115,166
EQUITY					
Share Capital		953,721	-	-	953,721
Share premium		244,914	-	-	244,914
Reserves	x	1,171,310	(957,310)	26,484	240,484
Retained earnings	y	209,930	651,660	(651,912)	209,678
Goodwill	z	(305,650)	305,650	-	-
Treasury shares		-	-	-	-
Total equity		2,274,225	-	(625,428)	(1,648,797)
Total liabilities and equity		29,591,639	-	172,324	29,763,963

Reconciliation of equity 1.1.2004

		Note
Total equity in accordance with Greek GAAP	2,274,225	
Recognition of trading securities at fair value	1,832	c
Recognition of derivatives at fair value	(8,967)	d,p
Adjustment of available-for-sale carrying amount to original cost	38,573	g
Recognition of available-for-sale securities at fair value	(9,429)	g,m,v
Valuation effect on loans and deposits that are off-set	1,531	e,q
Adoption of effective interest method for loans valuation	(13,014)	e
Adjustments in investments in subsidiaries and associates	(269,664)	h
Intangible assets write-off	(81,222)	k
Recognition of property and equipment under finance lease and related liabilities	(1,046)	j,v
Impairment of foreclosed property	(43,128)	m
Recognition of employee defined benefit obligations	(526,042)	u
Recognition of deferred tax, assets and liabilities	167,972	l,t
Reclassification of dividends payable to retained earnings	117,502	s
Other adjustments	(326)	h,m,v
Total adjustments	<u>(625,428)</u>	
<i>Total equity in accordance with IFRS</i>	<u><u>1,648,797</u></u>	

Notes

a. Government and other securities eligible for refinancing with Central Bank

The total amount of € 417,095 which consists of debt securities (Bonds – treasury bills, etc.) was reclassified to financial assets held for trading and available-for-sale securities.

b. Due from banks

Balance in accordance with Greek GAAP	6,686,328
Reclassification from other assets	4,239
Reclassification of interbank placements accrued interest from other assets	<u>11,484</u>
Total	<u><u>6,702,051</u></u>

c. Securities held for trading

Cost of securities reclassified from other categories	227,608
Difference arising from the valuation of securities to fair value	1,832
Reclassification of accrued interest from other assets	<u>6,517</u>
Total	<u><u>235,957</u></u>

d. Derivative financial assets

Reclassification from accrued income	17,930
Valuation difference of derivatives	330,117
Reclassification of options from other assets	<u>1,529</u>
Total	<u><u>349,576</u></u>

e. Loans and advances to customers	
Balance in accordance with Greek GAAP	17,542,316
Reclassification of receivables from other assets	277,986
Recognition of receivables relating to discounted interest free installments	48,328
Adoption of effective interest method	(13,014)
Valuation difference on loans that are off-set	1,061
Reclassification of accrued interest from other assets	46,575
Total	<u>17,903,252</u>
f. Securities	
The amount of € 1,296,538 which consists of debt securities (bonds, treasury bills etc.), shares and mutual funds, was reclassified to financial assets held for trading, available-for-sale securities, and investment in subsidiaries and associates.	
g. Investment securities available-for-sale	
Reclassification of carrying amount from government and other securities eligible for refinancing	1,454,074
Adjustment of carrying amount to historical cost	38,573
Valuation difference	(9,463)
Reclassification of accrued interest from other assets	22,161
Total	<u>1,505,345</u>
h. Investments in subsidiaries and associates	
Reclassification from investments	1,472,453
Reclassification from securities	38,048
Adjustment of value to historical cost	(246,009)
Impairment loss	(23,662)
Other adjustments	(121)
Total	<u>1,240,709</u>
i. Investments	
Balance in accordance with Greek GAAP	1,478,550
Reclassification to investments in subsidiaries	(1,472,453)
Reclassification to available-for-sale securities	(6,097)
Balance	<u>-</u>
j. Property, plant and equipment	
Balance in accordance with Greek GAAP	610,136
Reclassification of software to intangible assets	(20,130)
Reclassification to other assets	(10,176)
Recognition of property and equipment under finance lease	322
Total	<u>580,152</u>
k. Goodwill and other intangible assets	
Balance in accordance with Greek GAAP	81,222
Reclassification of software from tangible assets	20,130
Intangibles write-off as these items are not recognized in accordance with IFRS	(81,222)
Total	<u>20,130</u>

l. Deferred tax assets	
Recognition of deferred tax asset	<u>168,397</u>
m. Other assets	
Balance in accordance with Greek GAAP	429,864
Reclassification of receivables to loans and advances to customers	(272,125)
Reclassification to amounts due from banks	(4,239)
Reclassification of arts from own-used property and equipment	9,870
Reclassification of advances from property and equipment	306
Impairment of foreclosed property and equipment	(43,128)
Reclassification from prepaid expenses and accrued income	11,620
Valuation of bonds on trade date	313
Total	<u>132,481</u>
n. Prepaid expenses and accrued income	
Balance in accordance with Greek GAAP	123,677
Reclassification of accrued interest to related asset accounts	(86,737)
Reclassification of commission relating to the sale of retail banking products to loans and advances	(5 861)
Reclassification to derivative assets	(19,459)
Reclassification to other assets	(11,620)
Total	<u>-</u>
o. Due to banks	
Balance in accordance with Greek GAAP	2,641,667
Reclassification of accrued interest from accrued expenses	3,296
Total	<u>2,644,963</u>
p. Derivative financial liabilities	
Reclassification from deferred income and accrued expenses	51,642
Remeasurement to fair value	339,084
Total	<u>390,726</u>
q. Due to customers	
Balance in accordance with Greek GAAP	20,251,299
Valuation difference on deposits that are off-set	(470)
Reclassification of accrued interest from accrued expenses	7,372
Total	<u>20,258,201</u>
r. Debt securities in issue and other borrowed funds	
Balance in accordance with Greek GAAP	3,649,078
Reclassification of accrued interest from accrued expenses	10,589
Total	<u>3,659,667</u>
s. Dividends payable	
Balance in accordance with Greek GAAP	117,502
Reclassification of dividends payable to retained earnings	(117,502)
Total	<u>-</u>
t. Deferred tax liabilities	
Recognition of deferred tax liabilities	<u>425</u>

u. Employee defined benefit obligations	
Balance in accordance with Greek GAAP	6,314
Recognition of employee defined benefit obligation in accordance with IFRS	<u>526,042</u>
Total	<u><u>532,356</u></u>
v. Other liabilities	
Balance in accordance with Greek GAAP	415,838
Reclassification from deferred income and accrued expenses	29,818
Recognition of liabilities on credit cards balances of no interest bearing installments	48,328
Recognition of finance lease liabilities	1,368
Valuation of bonds on trade date	606
Other adjustments	<u>(129)</u>
Total	<u><u>495,829</u></u>
w. Deferred income and accrued expenses	
Balance in accordance with Greek GAAP	102,717
Reclassification to derivatives	(51,642)
Reclassification of accrued interest payable to related categories	(21,257)
Reclassification to other liabilities	<u>(29,818)</u>
Total	<u><u>-</u></u>
x. Reserves	
Balance in accordance with Greek GAAP	1,171,310
Reclassification of reserves, except for statutory reserve, to retained earnings	(957,310)
Reserve on the valuation of share options granted to employees	30
Reserve on the valuation of available-for-sale securities	(9,429)
Transfer of impairment loss on available-for-sale securities to retained earnings	<u>35,883</u>
Total	<u><u>240,484</u></u>
y. Retained earnings	
Balance in accordance with Greek GAAP	209,930
Reclassification of all reserves, except for statutory reserve, to retained earnings	957,310
Goodwill	(305,650)
Transfer of impairment loss on available-for-sale securities to retained earnings	(35,883)
IFRS transition adjustments	<u>(616,029)</u>
Total	<u><u>209,678</u></u>
z. Goodwill	
Balance in accordance with Greek GAAP	(305,650)
Transfer to retained earnings	<u>305,650</u>
Total	<u><u>-</u></u>

46.2 Balance Sheet and income statement as at 30.6.2004

Balance Sheet

	Note	Greek GAAP	Reclassifications	Adjustments	IFRS
ASSETS					
Cash and balances with Central Banks		958,211	-	-	958,211
Government and other securities eligible for refinancing from Central Bank	a	1,959,706	(1,959,706)	-	-
Due from banks	b	5,076,366	58,586	-	5,134,952
Securities held for trading	c	-	993,555	(5,753)	987,802
Derivative financial assets	d	-	69,192	191,140	260,332
Loans and advances to customers	e	18,793,294	315,125	21,848	19,130,267
Securities	f	815,195	(815,195)	-	-
Investment securities					
-Available-for-sale	g	-	1,777,344	3,760	1,781,104
Investments in subsidiaries and associates	h	-	1,623,934	(300,551)	1,323,383
Investments	i	1,589,773	(1,589,773)	-	-
Property, plant and equipment	j	614,672	(36,390)	(3,872)	574,410
Goodwill and other intangible assets	k	102,232	21,257	(102,232)	21,257
Deferred tax assets	l	-	-	176,764	176,764
Other assets	m	475,093	(284,847)	(49,408)	140,838
Prepaid expenses and accrued income	n	173,082	(173,082)	-	-
Total Assets		3,557,624	-	(68,304)	30,489,320
LIABILITIES					
Due to banks	o	1,615,466	3,960	-	1,619,426
Derivative financial liabilities	p	-	60,485	203,502	263,987
Due to customers	q	19,257,967	4,281	(925)	19,261,323
Debt securities in issue and other borrowed funds	r	6,343,409	16,055	(5,125)	6,354,339
Liabilities for current income tax and other taxes		66,917	-	-	66,917
Deferred tax liabilities	s	-	-	2,158	2,158
Employee defined benefit obligations	t	6,032	26,200	518,448	550,680
Other liabilities	u	605,142	55,584	40,826	701,552
Deferred income and accrued expenses	v	177,429	(166,565)	(10,864)	-
Provisions	w	15,477	-	(3,960)	11,517
Total liabilities		28,087,839	-	744,060	28,831,899
EQUITY					
Share Capital		1,273,717	-	-	1,273,717
Reserves	x	828,662	(614,662)	5,510	219,510
Retained earnings	y	367,406	614,662	(817,874)	164,194
Total equity		2,469,785	-	(812,364)	1,657,421
Total liabilities and equity		30,557,624	-	(68,304)	30,489,320

	Note	Greek GAAP	Reclassifications	Adjustments	IFRS
INCOME STATEMENT 1.1-30.6.2004					
Interest and similar income	z	652,669	-	(437)	652,232
Interest expense and similar charges	aa	220,668	-	23	220,691
Net interest income		432,001	-	(460)	431,541
Fee and commission income	ab	142,723	-	(12,973)	129,750
Fee and commission expense	ac	13,036	-	(5,170)	7,866
Net fee and commission income		129,687	-	(7,803)	121,884
Dividend income	ad	13,687	-	13,427	27,114
Gains less losses on financial transactions	ae	51,238	-	(10,156)	41,082
Other income	af	5,078	1,041	(255)	5,864
Total operating income		631,691	1,041	(5,247)	627,485
Staff costs	ag	173,719	-	(13,059)	160,660
General administrative expenses	ah	110,572	1,935	41,679	154,186
Depreciation and amortization expenses	ai	40,060	-	(21,933)	18,127
Impairment losses on loans and advances	aj	92,181	(1,649)	-	90,532
Other expenses	ak	604	-	(595)	9
Total operating expenses		417,136	286	6,092	423,514
Extraordinary income		2,061	(2,061)	-	-
Extraordinary expenses		(802)	802	-	-
Extraordinary results		(504)	504	-	-
Profit before tax		215,310	-	(11,339)	203,971
Income tax	al	57,799	-	(3,322)	54,477
Net Profit		157,511	-	(8,017)	149,494

Reconciliation of equity 30.6.2004

		Note
Equity in accordance with Greek GAAP	2,469,785	
Recognition of trading securities at fair value	(5,753)	c
Recognition of derivatives at fair value	(12,363)	d,p
Adjustment of available-for-sale securities carrying amount to cost	38,573	g
Recognition of available-for-sale securities at fair value	(34,712)	g,m,v
Valuation effect on loans and deposits that are off-set	5,839	e,q,r
Adoption of effective interest method for loans valuation	(17,317)	e,r
Adjustments in investments in subsidiaries and associates	(300,422)	h
Intangible assets written-off	(102,232)	k,w
Recognition of property plant and equipment under finance lease and related liabilities	(912)	j,v
Impairment of foreclosed property	(50,059)	m
Recognition of employee defined benefit obligations	(518,449)	u
Recognition of deferred tax liabilities	174,606	l,t
Adjustment on cost, depreciation and results related to property plant and equipment	(4,075)	j
Adjustment for income recognized	14,825	n,w,x
Other adjustments	87	m,v,w
Total adjustments	<u>(812,364)</u>	
<i>Equity in accordance with IFRS</i>	<u><u>1,657,421</u></u>	

Notes

a. Government and other securities eligible for refinancing from the Central Bank.

The total amount of € 1,959,706 which consists of debt securities (Bonds – treasury bills, etc.), was reclassified to financial assets held for trading and available-for-sale securities.

b. Due from banks

Balance in accordance with Greek GAAP	5,076,366
Reclassification of accrued interest relating to interbank placements from other assets	<u>58,586</u>
Total	<u>5,134,952</u>

c. Securities held for trading

Cost of securities reclassified from other categories	975,103
Difference from valuation of securities to fair value	(5,753)
Reclassification of accrued interest from other assets	<u>18,452</u>
Total	<u>987,802</u>

d. Derivative financial assets

Reclassification from accrued income	61,967
Recognition of derivatives as financial assets and valuation at fair value	191,140
Reclassification of options from other assets	<u>7,225</u>
Total	<u>260,332</u>

e. Loans and advances to customers

Balance in accordance with Greek GAAP	18,793,294
Reclassification of receivables from other assets	264,615
Recognition of receivables relating to discounted interest free installments	39,377
Adoption of effective interest method for valuation	(18,117)
Valuation difference on loans that are off-set	588
Reclassification of accrued interest from other assets	<u>50,510</u>
Total	<u>19,130,267</u>

f. Securities

The total amount of € 815,195 which consists of debt securities (Bonds – treasury bills, etc.), shares and mutual funds, was reclassified to financial assets held for trading and available-for-sale securities.

g. Investment securities available-for-sale

Reclassification of carrying amount from government and other securities eligible for refinancing	1,765,638
Adjustment of carrying amount to historical cost	38,574
Valuation difference	(34,814)
Reclassification of accrued interest from other assets	<u>11,706</u>
Total	<u>1,781,104</u>

h. Investments in subsidiaries and associates	
Reclassification from investments and securities	1,623,934
Adjustment of value to historical cost	(276,888)
Impairment loss	(23,663)
Total	<u>1,323,383</u>
i. Investments	
Balance in accordance with Greek GAAP	1,589,773
Reclassification to investments in subsidiaries and associates	(1,584,963)
Reclassification to available-for-sale securities	(4,810)
Total	<u>-</u>
j. Property, plant and equipment	
Balance in accordance with Greek GAAP	614,672
Reclassification of software to intangible assets	(21,258)
Reclassification to other assets	(15,132)
Costs adjustments	(6,249)
Adjustment in depreciation based on assets useful lives	2,174
Recognition of property and equipment under finance lease	203
Total	<u>574,410</u>
k. Goodwill and other intangible assets	
Balance in accordance with Greek GAAP	102,232
Reclassification of software from tangible assets	21,257
Intangibles write-off as these items are not recognized in accordance with IFRS	(102,232)
Total	<u>21,257</u>
l. Deferred tax assets	
Recognition of deferred tax	<u>176,764</u>
m. Other assets	
Balance in accordance with Greek GAAP	475,093
Reclassification of receivables to loans and advances to customers	(312,526)
Reclassification of art from own-used property and equipment	9,994
Reclassification of advances from property and equipment	5,139
Impairment of foreclosed property and equipment	(50,059)
Reclassification of prepaid expenses and accrued income	12,546
Valuation of bonds on trade date	651
Total	<u>140,838</u>
n. Prepaid expenses and accrued income	
Balance in accordance with Greek GAAP	173,082
Reclassification of accrued interest to related accounts of assets	(85,523)
Reclassification of commission relating to the sale of retail banking products to loans and advances	(5,821)
Reclassification to derivative assets	(69,192)
Reclassification to other assets	(12,546)
Total	<u>-</u>

o. Due to banks	
Balance in accordance with Greek GAAP	1,615,466
Reclassification of accrued interest from accrued expenses	<u>3,960</u>
Total	<u><u>1,619,426</u></u>
p. Derivative financial liabilities	
Reclassification from deferred income and accrued expenses	53,181
Difference from recognition of derivatives and their measurement at fair value	203,502
Reclassification of options from other assets	<u>7,304</u>
Total	<u><u>263,987</u></u>
q. Due to customers	
Balance in accordance with Greek GAAP	19,257,967
Valuation difference on deposits that are off-set	(925)
Reclassification of accrued interest from accrued expenses	<u>4,281</u>
Total	<u><u>19,261,323</u></u>
r. Debt securities in issue and other borrowed funds	
Balance in accordance with Greek GAAP	6,343,409
Recognition of transaction expenses at the date liabilities are recorded	(800)
Valuation effect difference on deposits that are off-set	(4,325)
Reclassification of accrued interest from accrued expenses	<u>16,055</u>
Total	<u><u>6,354,339</u></u>
s. Deferred tax liabilities	
Recognition of difference tax liabilities	<u><u>2,158</u></u>
t. Employee defined benefit obligations	
Balance in accordance with Greek GAAP	6,032
Reclassification from accrued expenses	26,200
Recognition of employee defined benefit obligations in accordance with IFRS	<u>518,448</u>
Total	<u><u>550,680</u></u>
u. Other liabilities	
Balance in accordance with Greek GAAP	605,142
Reclassification from deferred income and accrued expenses	55,584
Recognition of liabilities on credit cards balances at no interest bearing installments	39,377
Reversal of liabilities not recognized	(128)
Recognition of finance lease liabilities	1,115
Valuation of bonds on trade date	<u>462</u>
Total	<u><u>701,552</u></u>

v. Deferred income and accrued expenses	
Balance in accordance with Greek GAAP	177,429
Reclassification to derivatives	(60,485)
Reclassification of accrued interest to other categories	(24,296)
Reclassification of employee defined benefit obligations	(26,200)
Reversal of dividends	(13,426)
Recognition of accrued interests	2,562
Reclassification of balance to other liabilities	(55,584)
Total	<u><u>-</u></u>
w. Provisions	
Balance in accordance with Greek GAAP	15,477
Reversal of provisions	(3,960)
Total	<u><u>11,517</u></u>
x. Reserves	
Balance in accordance with Greek GAAP	828,662
Reclassification of reserves, except for statutory reserve, to retained earnings	(614,662)
Reserve on the valuation of shares options granted to employees	443
Reserve on the valuation of available-for-sale securities	(32,850)
Transfer of impairment loss on available-for-sale securities to retained earnings	37,917
Total	<u><u>219,510</u></u>
y. Retained earnings	
Balance in accordance with Greek GAAP	367,406
Reclassification of reserves, except for statutory reserves, to retained earnings	614,662
Transfer of impairment loss on available-for-sale securities from related reserve	(37,917)
IFRS transition adjustments	(779,957)
Total	<u><u>164,194</u></u>
z. Interest and similar income	
Balance in accordance with Greek GAAP	652,669
Adoption of effective interest rate for loans and advances	(437)
Total	<u><u>652,232</u></u>
aa. Interest expense and similar charges	
Balance in accordance with Greek GAAP	220,668
Recognition of interest from finance leases	23
Total	<u><u>220,691</u></u>
ab. Fee and commission income	
Balance in accordance with Greek GAAP	142,723
Recognition of transaction fees at the date loans and advances are recorded	(12,973)
Total	<u><u>129,750</u></u>

ac. Fee and commission expense	
Balance in accordance with Greek GAAP	13,036
Recognition of transaction expenses at the date loans and advances are recorded	(4,370)
Recognition of expenses at the date liabilities are recorded	(800)
Total	<u>7,866</u>
ad. Dividend income	
Balance in accordance with Greek GAAP	13,687
Recognition of dividends approved by the companies' General assembly	13,427
Total	<u>27,114</u>
ae. Gains less losses on financial transactions	
Balance in accordance with Greek GAAP	51,238
Valuation of securities held for trading	(7,171)
Valuation of derivatives	(3,396)
Valuation of financial instruments that are off-set	4,307
Adjustment of result relating to disposition of available-for-sale shares	(1,862)
Impairment on available for sale shares	(2,034)
Total	<u>41,082</u>
af. Other income	
Balance in accordance with Greek GAAP	5,078
Reclassification from extraordinary gain/loss	2,690
Reclassification to impairment loss on loans and advances	(1,649)
Reclassification of result of sale of property and equipment to income	(255)
Total	<u>5,864</u>
ag. Staff costs	
Balance in accordance with Greek GAAP	173,719
Recognition of expenses recorded as intangible	1,773
Reversal of contributions paid to defined benefit funds	(1,421)
Recognition of expense relating to shares options granted to employees	414
Reversal of accrued expenses	(8,248)
Reversal of accrued expense on employees defined benefit programs	(5,577)
Total	<u>160,660</u>
ah. General administrative expenses	
Balance in accordance with Greek GAAP	110,572
Reclassification from extraordinary gain/loss	1,935
Intangibles write-off	39,042
Recognition of transaction expenses at the date loans and advances are recorded	(3,936)
Reversal of expenses relating to rentals on finance lease	6,849
Reclassification of result of sale of property and equipment to income	(276)
Total	<u>154,186</u>

ai. Depreciation and amortization expenses	
Balance in accordance with Greek GAAP	40,060
Reversal of amortization relating to intangibles written-off	(19,805)
Adjustment of depreciation on property and equipment based on their useful lives	(2,246)
Recognition of depreciation on finance leased property	<u>118</u>
Total	<u><u>18,127</u></u>
aj. Impairment loss on loans and advances	
Balance in accordance with Greek GAAP	92,181
Reclassification of collections relating to receivables written-off	<u>(1,649)</u>
Total	<u><u>90,532</u></u>
ak. Other expenses	
Balance in accordance with Greek GAAP	604
Reversal of contribution expenses to defined benefit funds due to calculation by actuarial valuation	<u>(595)</u>
Total	<u><u>9</u></u>
al. Income tax	
Balance in accordance with Greek GAAP	57,799
Deferred tax	<u>(3,322)</u>
Total	<u><u>54,477</u></u>

46.3 Balance Sheet and income statement as at 31.12.2004

	Note	Greek GAAP	Reclassifications	Adjustments	IFRS
ASSETS					
Cash and balances with Central Banks		1,422,363	-	-	1,422,363
Government and other securities eligible for refinancing from Central Bank	a	1,536,758	(1,536,758)	-	-
Due from banks	b	5,646,298	69,950	-	5,716,248
Securities held for trading	c	-	158,261	(1,336)	156,925
Derivative financial assets	d	-	31,385	140,759	172,144
Loans and advances to customers	e	19,502,108	368,302	31,086	19,901,496
Securities	f	861,125	(861,125)	-	-
Investment securities					
-Available-for-sale	g	-	2,199,482	18,368	2,217,850
Investments in subsidiaries and associates	h	-	1,697,060	(365,312)	1,331,748
Investments	i	1,638,983	(1,638,983)	-	-
Property, plant and equipment	j	606,226	(33,333)	(1,498)	571,395
Goodwill and other intangible assets	k	98,966	22,621	(98,478)	23,109
Deferred tax assets	l	-	-	172,339	172,339
Other assets	m	544,335	(343,260)	(44,023)	157,052
Prepaid expenses and accrued income	n	134,626	(133,602)	(1,024)	-
Total Assets		31,991,788	-	(149,119)	31,842,669
LIABILITIES					
Due to banks	o	1,808,961	2,011	-	1,810,972
Derivative financial liabilities	p	-	86,515	142,474	228,989
Due to customers	q	18,942,597	6,125	(670)	18,948,052
Debt securities in issue and other borrowed funds	r	7,819,122	17,694	(1,907)	7,834,909
Dividends payable	s	174,064	-	(174,064)	-
Liabilities for current income tax and other taxes		127,367	-	-	127,367
Deferred tax liabilities	t	-	-	1,755	1,755
Employee defined benefit obligations	u	6,588	-	510,341	516,929
Other liabilities	v	420,974	80,368	58,000	559,342
Deferred income and accrued expenses	w	192,713	(192,713)	-	-
Provisions		2,337	-	-	2,337
Total Liabilities		29,494,723	-	535,929	30,030,652
EQUITY					
Share Capital		1,274,272	-	-	1,274,272
Share premium		-	-	-	-
Reserves	x	952,343	(707,343)	19,835	264,835
Retained earnings	y	289,088	707,343	(704,883)	291,548
Treasury shares		(18,638)	-	-	(18,638)
Total equity		2,497,065	-	(685,048)	1,812,017
Total liabilities and equity		31,991,788	-	(149,119)	31,842,669

	Note	Greek GAAP	Reclassifications	Adjustments	IFRS
Income statement 1.1-31.12.2004					
Interest and similar income	z	1,348,632	-	(44)	1,348,588
Interest expense and similar charges	aa	461,767	-	37	461,804
Net interest income		886,865	-	(81)	886,784
Fee and commission income	ab	296,990	-	(31,505)	265,485
Fee and commission expense	ac	29,579	-	(9,057)	20,522
Net fee and commission income		267,411	-	(22,448)	244,963
Dividend income	ad	30,899	-	(1,140)	29,759
Gains less losses on financial transactions	ae	65,989	-	3,147	69,136
Other income	af	9,198	10,409	3,571	23,178
Total operating income		1,260,362	10,409	(16,951)	1,253,820
Staff costs	ag	330,270	-	(1,716)	328,554
General administrative expenses	ah	232,434	1,026	42,547	276,007
Depreciation and amortization expenses	ai	84,073	-	(47,645)	36,428
Impairment losses on loans and advances	aj	190,396	(1,911)	1,280	189,765
Other expenses	ak	2,944	-	(1,676)	1,268
Total operating expenses		840,117	(885)	(7,210)	832,022
Extraordinary income		13,696	(13,696)	-	-
Extraordinary expenses		1,499	(1,499)	-	-
Extraordinary results		(903)	903	-	-
Profit before tax		431,539	-	(9,741)	421,798
Income tax	al	115,132	-	703	115,835
Gains (losses) from discontinued operations		-	-	-	-
Net profit		316,407	-	(10,444)	305,963

Reconciliation of equity 31.12.2004

		Note
Equity in accordance with Greek GAAP	2.497.065	
Recognition of trading securities at fair value	(1,336)	c
Recognition of derivatives at fair value	(1,715)	d,p
Adjustment of available-for-sale carrying amount to cost	38,573	g
Recognition of available-for-sale securities at fair value	(19,952)	g,m,v
Valuation effect on loans and deposits that are off-set	1,005	e,q,r
Adoption of effective interest method for loans valuation	(24,719)	e,r
Adjustments in investments in subsidiaries and associates	(365,312)	h
Intangible assets written-off	(98,478)	k
Recognition of property and equipment under finance lease and related liabilities	(150)	j,v
Impairment of foreclosed property	(45,419)	m
Recognition of employee defined benefit obligations	(510,341)	u
Recognition of deferred tax liabilities	170,584	l,t
Reclassification of dividends payable to retained earnings	174,064	y
Adjustment of cost, depreciation and results of own-used property and equipment	(1,612)	j
Other adjustments	(240)	m,v,n
Total adjustments	<u>(685,048)</u>	
<i>Equity in accordance with IFRS</i>	<u><u>1,812,017</u></u>	

Notes

a. Government and other securities eligible for refinancing with Central Bank.

The total amount of € 1,536,758 which consists of debt securities (Bonds – treasury bills, etc.) was reclassified to financial assets held for trading and available-for-sale securities.

b. Due from banks

Balance in accordance with Greek GAAP	5,646,298
Reclassification from other assets	58,268
Reclassification of accrued interest relating to interbank placements from other assets	11,682
Total	<u>5,716,248</u>

c. Securities held-for-trading

Cost of securities reclassified from other categories	155,322
Valuation difference	183
Reclassification of interest relating to trading securities to gains less losses on financial transactions	(1,519)
Reclassification of accrued interest from other assets	2,939
Total	<u>156,925</u>

d. Derivative financial assets

Reclassification from accrued income	25,679
Recognition of derivatives as financial assets and valuation at fair value	140,759
Reclassification of options from other assets	5,706
Total	<u>172,144</u>

e. Loans and advances to customers

Balance in accordance with Greek GAAP	19,502,108
Reclassification of receivables from other assets	311,355
Recognition of receivables relating to discounted interest free installments	57,377
Adoption of effective interest method valuation	(26,364)
Valuation difference on loans that are off-set	73
Reclassification of accrued interest from other assets	56,947
Total	<u>19,901,496</u>

f. Securities

The total amount of € 861,125, which consists of debt securities (Bonds - treasury bills etc.), shares and mutual funds, was reclassified to financial assets held-for-trading and to available-for-sale securities.

g. Investment securities available-for-sale

Reclassification of carrying amount from government and other securities eligible for refinancing	2,184,484
Adjustment of carrying value to historical cost	38,573
Valuation difference	(20,205)
Reclassification of accrued interest from other assets	14,998
Total	<u>2,217,850</u>

h. Investments in subsidiaries and associates	
Reclassification from investments and securities	1,697,060
Adjustment of carrying value to historical cost	(341,650)
Impairment loss	(23,662)
Total	<u>1,331,748</u>
i. Investments	
Balance in accordance with Greek GAAP	1,638,983
Reclassification to investments in subsidiaries and associates	(1,632,726)
Reclassification to available-for-sale securities	(6,257)
Total	<u>-</u>
j. Property, plant and equipment	
Balance in accordance with Greek GAAP	606,226
Reclassification of software to intangible assets	(23,109)
Reclassification to other assets	(10,224)
Reversal of adjustment of cost	(6,249)
Adjustment of profit from sales of property not recognized under IFRS due to different cost	525
Adjustment in depreciation based on asset useful lives	4,112
Recognition of property and equipment under finance lease	114
Total	<u>571,395</u>
k. Goodwill and other intangible assets	
Balance in accordance with Greek GAAP	98,966
Reclassification of software from tangible assets	23,109
Reclassification to other assets	(488)
Write-off of intangibles not recognized under IFRS	(98,478)
Total	<u>23,109</u>
l. Deferred tax assets	
Recognition of deferred tax asset	<u>172,339</u>
m. Other assets	
Balance in accordance with Greek GAAP	544,335
Reclassification of receivables to loans and advances to customers	(362,461)
Reclassification of arts from own-used property and equipment	9,946
Reclassification of advances from property and equipment	278
Adjustment of cost of foreclosed assets	(45,419)
Reclassification from intangible assets	488
Reclassification from prepaid expenses and accrued income	8,489
Valuation of bonds on trade date	1,396
Total	<u>157,052</u>
n. Prepaid expenses and accrued income	
Balance in accordance with Greek GAAP	134,626
Reclassification of accrued interest to related asset accounts	(86,566)
Reclassification of commission relating to the sale of retail banking products to loans and advances	(7,162)
Reclassification to derivative assets	(31,385)
Transfer to the income statement of unamortized part of receivable not recognized	(1,024)
Reclassification to other assets	(8,489)
Total	<u>-</u>

o. Due to banks	
Balance in accordance with Greek GAAP	1,808,961
Reclassification of accrued interest from accrued expenses	<u>2,011</u>
Total	<u>1,810,972</u>
p. Derivative financial liabilities	
Reclassification from deferred income and accrued expenses	80,240
Difference from recognition of derivatives and their measurement at fair value	142,474
Reclassification of options from other assets	<u>6,275</u>
Total	<u>228,989</u>
q. Due to customers	
Balance in accordance with Greek GAAP	18,942,597
Valuation difference on deposits that are off-set	(670)
Reclassification of accrued interest from accrued expenses	<u>6,125</u>
Total	<u>18,948,052</u>
r. Debt securities in issue and other borrowed funds	
Balance in accordance with Greek GAAP	7,819,122
Recognition of transaction expenses at the date the liabilities are recorded	(1,645)
Valuation difference on deposits that are off-set	(262)
Reclassification of accrued interest from accrued expenses	<u>17,694</u>
Total	<u>7,834,909</u>
s. Dividends payable	
Balance in accordance with Greek GAAP	174,064
Reclassification of dividends payable to retained earnings	<u>(174,064)</u>
Total	<u>-</u>
t. Deferred tax liabilities	
Recognition of deferred tax liabilities	<u>1,755</u>
u. Employee defined benefit obligations	
Balance in accordance with Greek GAAP	6,588
Recognition of employee defined benefit obligation in accordance with IFRS	<u>510,341</u>
Total	<u>516,929</u>
v. Other liabilities	
Balance in accordance with Greek GAAP	420,974
Reclassification from deferred income and accrued expenses	80,368
Recognition of liabilities on credit card balances of no interest bearing installments	57,377
Recognition of liabilities from finance leases	264
Valuation of bonds on trade date	<u>359</u>
Total	<u>559,342</u>

w. Deferred income and accrued expenses

Balance in accordance with Greek GAAP	192,713
Reclassification to derivatives	(86,515)
Reclassification of accrued expenses to related categories	(25,830)
Reclassification of balance to other liabilities	(80,368)
Total	<u><u>-</u></u>

x. Reserves

Balance in accordance with Greek GAAP	952,343
Reclassification of reserves, except for statutory reserve, to retained earnings	(707,343)
Reserve on the valuation of share options granted to employees	863
Reserve on the valuation of available-for-sales securities	(19,953)
Transfer of impairment loss from available-for-sale securities to retained earnings	38,925
Total	<u><u>264,835</u></u>

y. Retained earnings

Balance in accordance with Greek GAAP	289,088
Reclassification of reserves except for statutory reserve	707,343
Transfer of impairment loss from available-for-sale securities to retained earnings	(38,925)
Transition adjustments to IFRS	(665,958)
Total	<u><u>291,548</u></u>

z. Interest and similar income

Balance in accordance with Greek GAAP	1,348,632
Use of effective interest rate on loans and advances	1,475
Reclassification of interest on financial assets held for trading	(1,519)
Total	<u><u>1,348,588</u></u>

aa. Interest expense and similar charges

Balance in accordance with Greek GAAP	461,767
Recognition of finance lease interest	37
Total	<u><u>461,804</u></u>

ab. Fee and commission income

Balance in accordance with Greek GAAP	296,990
Recognition of transaction fee income at the date loans and advances are recorded	(31,505)
Total	<u><u>265,485</u></u>

ac. Fee and commission expense

Balance in accordance with Greek GAAP	29,579
Recognition of transaction cost at the date loans and advances are recorded	(7,412)
Recognition of transaction cost at the date liabilities are recorded	(1,645)
Total	<u><u>20,522</u></u>

ad. Dividend income

Balance in accordance with Greek GAAP	30,899
Reversal of income not recognized	(1,140)
Total	<u><u>29,759</u></u>

ae. Gains less losses on financial transactions	
Balance in accordance with Greek GAAP	65,989
Valuation of securities held for trading	(537)
Valuation of derivatives	7,252
Valuation of financial instruments that are off-set	(527)
Adjustment of result relating to disposition available-for-sale shares	(1,007)
Impairment loss on available-for-sale shares	(2,034)
Total	<u>69,136</u>
af. Other income	
Balance in accordance with Greek GAAP	9,198
Reclassification from extraordinary gain/loss	10,409
Transfer from reserves of grants	120
Adjustment of result on sale of property due to adjusted cost	5,061
Adjustment for income not recognized	(1,610)
Total	<u>23,178</u>
ag. Staff costs	
Balance in accordance with Greek GAAP	330,270
Recognition of expenses recorded as intangible	5,997
Reversal of contribution to defined benefit funds	(2,871)
Recognition of expense relating to shares options granted to employees	834
Recognition of Board of Directors fees	5,478
Accrued expense on employees' defined benefit programs	(11,154)
Total	<u>328,554</u>
ah. General administrative expenses	
Balance in accordance with Greek GAAP	232,434
Reclassification of extraordinary gain/loss	2,402
Write-off of intangibles	53,213
Recognition of transaction cost at the date loans and receivables are recognized	(9,270)
Reversal of rentals relating to finance leases	(1,140)
Reclassification of results from sale of property to income	(1,376)
Reversal of depreciation due to the recognition of the expense	(256)
Total	<u>276,007</u>
ai. Depreciation and amortization expenses	
Balance in accordance with Greek GAAP	84,073
Reversal of amortization on intangible assets written-off	(43,602)
Adjustment for depreciation on property and equipment based on their useful lives	(4,112)
Recognition of depreciation on finance leased property	208
Reversal of depreciation on other assets recognized at cost less impairment	(139)
Total	<u>36,428</u>
aj. Impairment losses on loans and advances	
Balance in accordance with Greek GAAP	190,396
Write-off of loan loss which was being amortized over five years	1,280
Reclassifications of collection relating to receivables written-off	(1,911)
Total	<u>189,765</u>

ak. Other expenses

Balance in accordance with Greek GAAP	2,944
Reversal of contributions expenses to defined benefit funds to calculation by actuarial valuation	<u>(1,676)</u>
Total	<u><u>1,268</u></u>

al. Income tax

Balance in accordance with Greek GAAP	115,132
Deferred tax	<u>703</u>
Total	<u><u>115,835</u></u>

46.4 Cash flow statement 30.6.2004

	Greek GAAP	Adjustments	IFRS
Cash flow from operating activities	(4,069,759)	2,526,214	(1,543,545)
Cash flow from investing activities	(124,659)	(185,101)	(309,760)
Cash flow from financing activities	2,573,504	(2,503,784)	69,720
Effect of exchange rate fluctuations on cash and cash equivalents	-	481	481
Net increase (decrease) in cash and cash equivalents	<u>(1,620,914)</u>	<u>(162,190)</u>	<u>(1,783,104)</u>
Cash and cash equivalents at the beginning of the period	<u>7,388,707</u>	<u>(455,064)</u>	<u>6,933,643</u>
Cash and cash equivalents at the end of the period	<u><u>5,767,793</u></u>	<u><u>(617,254)</u></u>	<u><u>5,150,539</u></u>

The material adjustments are due to:

- a) the definition of cash and cash equivalents.

According to IFRS, cash and cash equivalents include cash on hand, non-restricted placements with Central Banks and short-term balances due from banks maturing within three months after the date of the financial statements. According to Greek GAAP, cash and cash equivalents include cash on hand, non-restricted placements with Central Banks and all short-term balances due from banks.

- b) reclassifications.