



**EFG EUROBANK ERGASIAS S.A.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED**

**30 JUNE 2006**

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Company Registration No: 6068/06/B/86/07

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[Translation from the original text in Greek]

**REVIEW REPORT OF THE CERTIFIED AUDITORS- ACCOUNTANTS**

**To the Shareholders of EFG EUROBANK ERGASIAS S.A.**

We have reviewed the accompanying condensed interim balance sheet of EFG EUROBANK ERGASIAS S.A. (the "Company") as of 30 June 2006 and the related condensed interim Company statements of income, cash flows and changes in shareholders' equity for the six months ended 30 June 2006. Our review was restricted to financial information for the six months period ended 30 June 2006 and did not encompass a review of financial information relating to the Company's performance for the three months period ended 30 June 2006 as a separate quarter which is presented in the income statement of the accompanying condensed interim financial statements. These condensed interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these condensed interim financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400, as required by the Greek Standards on Auditing. This Standard requires that we plan and perform the review to obtain moderate assurance about whether the condensed company interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company 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 condensed interim company financial statements for the six monthly period ended 30 June 2006 has not been properly prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Athens, August 3, 2006

**PRICEWATERHOUSECOOPERS** 

|   | Note | Six months ended<br>30 June |            | Three months ended<br>30 June |            |
|---|------|-----------------------------|------------|-------------------------------|------------|
|   |      | 2006                        | 2005       | 2006                          | 2005       |
|   |      | €million                    | €million   | €million                      | €million   |
| Net interest income   |      | 622                         | 538        | 319                           | 271        |
| Net banking fee and commission income                         |      | 111                         | 88         | 59                            | 51         |
| Non banking services  |      | 2                           | 2          | 1                             | 1          |
| <b>Core income</b>  |      | <b>735</b>                  | <b>628</b> | <b>379</b>                    | <b>323</b> |
| Dividend income   |      | 35                          | 33         | 35                            | 32         |
| Net trading income/(loss)                                     |      | 21                          | 9          | 13                            | 1          |
| Gains less losses from investment securities                  |      | 31                          | 31         | 18                            | 20         |
| Other operating income  | 5, 6 | 12                          | 3          | 2                             | 2          |
|   |      | <b>99</b>                   | <b>76</b>  | <b>68</b>                     | <b>55</b>  |
| <b>Operating income</b>                                       |      | <b>834</b>                  | <b>704</b> | <b>447</b>                    | <b>378</b> |
| Operating expenses  |      | (328)                       | (282)      | (165)                         | (142)      |
| Impairment losses on loans and advances                       |      | (156)                       | (145)      | (75)                          | (79)       |
| <b>Profit before tax</b>                                      |      | <b>350</b>                  | <b>277</b> | <b>207</b>                    | <b>157</b> |
| Income tax expense  | 7    | (69)                        | (69)       | (33)                          | (34)       |
| <b>Net profit for the period attributable to shareholders</b> |      | <b>281</b>                  | <b>208</b> | <b>174</b>                    | <b>123</b> |

Notes on pages 8 to 12 form an integral part of these condensed interim financial statements

|  | Note | 30 June<br>2006<br>€million | 31 December<br>2005<br>€million |
|--|------|-----------------------------|---------------------------------|
| <b>ASSETS</b>  |      |                             |                                 |
| Cash and balances with central bank                        |      | 977                         | 1,107                           |
| Loans and advances to banks                                |      | 4,117                       | 4,238                           |
| Financial instruments at fair-value-through-profit-or-loss |      | 949                         | 864                             |
| Derivative financial instruments                           |      | 626                         | 366                             |
| Loans and advances to customers                            |      | 26,702                      | 24,214                          |
| Available-for-sale investment securities                   |      | 9,718                       | 9,309                           |
| Investments in subsidiary undertakings                     | 5    | 1,055                       | 896                             |
| Investments in associated undertakings                     | 6    | 18                          | 18                              |
| Intangible assets  |      | 8                           | 5                               |
| Property, plant and equipment                              |      | 407                         | 398                             |
| Other assets   |      | 403                         | 309                             |
| <b>Total assets</b>  |      | <b>44,980</b>               | <b>41,724</b>                   |
| <b>LIABILITIES</b>   |      |                             |                                 |
| Due to other banks   |      | 11,678                      | 10,623                          |
| Derivative financial instruments                           |      | 733                         | 742                             |
| Due to customers   |      | 26,009                      | 24,660                          |
| Other borrowed funds                                       | 8    | 2,979                       | 2,031                           |
| Other liabilities  |      | 467                         | 552                             |
| <b>Total liabilities</b>                                   |      | <b>41,866</b>               | <b>38,608</b>                   |
| <b>EQUITY</b>  |      |                             |                                 |
| Share capital  | 9    | 1,253                       | 1,047                           |
| Share premium  | 9    | 249                         | 482                             |
| Other reserves   |      | 824                         | 825                             |
| <b>Ordinary shareholders' equity</b>                       |      | <b>2,326</b>                | <b>2,354</b>                    |
| Hybrid capital   | 11   | 788                         | 762                             |
| <b>Total</b>   |      | <b>3,114</b>                | <b>3,116</b>                    |
| <b>Total equity and liabilities</b>                        |      | <b>44,980</b>               | <b>41,724</b>                   |

Notes on pages 8 to 12 form an integral part of these condensed interim financial statements

| Note   | Attributable to ordinary shareholders of the Bank |                           |                              |                               |                   | Hybrid capital<br>€million | Total<br>€million |
|--|---|---------------------------|------------------------------|-------------------------------|-------------------|----------------------------|-------------------|
|  | Share capital<br>€million                         | Share premium<br>€million | Special reserves<br>€million | Retained earnings<br>€million | Total<br>€million |                            |                   |
| <b>Balance at 1 January 2005</b>   | 926   | 502                       | 598                          | (29)                          | 1,997             | -                          | 1,997             |
| Cash flow hedges   |   |                           |                              |                               |                   |                            |                   |
| - net changes in fair value, net of tax                                      | -   | -                         | (11)                         | -                             | (11)              | -                          | (11)              |
| - transfer to net profit, net of tax   | -   | -                         | 8                            | -                             | 8                 | -                          | 8                 |
| Available-for-sale securities  |   |                           |                              |                               |                   |                            |                   |
| - net changes in fair value, net of tax                                      | -   | -                         | 36                           | -                             | 36                | -                          | 36                |
| - transfer to net profit, net of tax   | -   | -                         | (41)                         | -                             | (41)              | -                          | (41)              |
| Net income/(expense) recognised directly in equity                           | -   | -                         | (8)                          | -                             | (8)               | -                          | (8)               |
| Profit for the period  | -   | -                         | -                            | 208                           | 208               | -                          | 208               |
| Total recognised income for the six months ended 30 June 2005                | -   | -                         | (8)                          | 208                           | 200               | -                          | 200               |
| Dividends for 2004   | -   | -                         | -                            | (132)                         | (132)             | -                          | (132)             |
| Issue of hybrid capital  | -   | -                         | -                            | -                             | -                 | 197                        | 197               |
| Purchase of hybrid capital   | -   | -                         | -                            | -                             | -                 | (11)                       | (11)              |
| Employee share option scheme:  |   |                           |                              |                               |                   |                            |                   |
| - Value of employee services   | -   | -                         | 1                            | -                             | 1                 | -                          | 1                 |
| Purchase of treasury shares  | (4)   | (28)                      | -                            | -                             | (32)              | -                          | (32)              |
| Sale of treasury shares  | 1   | 7                         | -                            | -                             | 8                 | -                          | 8                 |
|  | (3)   | (21)                      | 1                            | (132)                         | (155)             | 186                        | 31                |
| <b>Balance at 30 June 2005</b>   | <b>923</b>  | <b>481</b>                | <b>591</b>                   | <b>47</b>                     | <b>2,042</b>      | <b>186</b>                 | <b>2,228</b>      |
| <b>Balance at 1 January 2006</b>   | 1,047   | 482                       | 896                          | (71)                          | 2,354             | 762                        | 3,116             |
| Cash flow hedges   |   |                           |                              |                               |                   |                            |                   |
| - net changes in fair value, net of tax                                      | -   | -                         | 4                            | -                             | 4                 | -                          | 4                 |
| - transfer to net profit, net of tax   | -   | -                         | 4                            | -                             | 4                 | -                          | 4                 |
| Available-for-sale securities  |   |                           |                              |                               |                   |                            |                   |
| - net changes in fair value, net of tax                                      | -   | -                         | (270)                        | -                             | (270)             | -                          | (270)             |
| - transfer to net profit, net of tax   | -   | -                         | 168                          | -                             | 168               | -                          | 168               |
| Currency translation differences   | -   | -                         | 0                            | -                             | 0                 | -                          | 0                 |
| Net income/(expense) recognised directly in equity                           | -   | -                         | (94)                         | -                             | (94)              | -                          | (94)              |
| Profit for the period  | -   | -                         | -                            | 281                           | 281               | -                          | 281               |
| Total recognised income for the six months ended 30 June 2006                | -   | -                         | (94)                         | 281                           | 187               | -                          | 187               |
| Issue of bonus shares by capitalisation of share premium                     | 210   | (210)                     | -                            | -                             | -                 | -                          | -                 |
| Expenses related to the issue of bonus shares                                | -   | (2)                       | -                            | -                             | (2)               | -                          | (2)               |
| Distribution of free shares to executive directors, management and staff     | 2   | 19                        | -                            | -                             | 21                | -                          | 21                |
| Legal mergers  | -   | -                         | -                            | (1)                           | (1)               | -                          | (1)               |
| Changes in participating interests in subsidiary and associated undertakings | -   | -                         | 1                            | -                             | 1                 | -                          | 1                 |
| Purchase of hybrid capital   | 11  | -                         | -                            | -                             | -                 | (19)                       | (19)              |
| Sale of hybrid capital   | 11  | -                         | -                            | (2)                           | (2)               | 45                         | 43                |
| Hybrid capital's dividend paid   | -   | -                         | -                            | (17)                          | (17)              | -                          | (17)              |
| Dividends for 2005   | -   | -                         | -                            | (171)                         | (171)             | -                          | (171)             |
| Employee share option scheme:  |   |                           |                              |                               |                   |                            |                   |
| - Value of employee services   | -   | -                         | 2                            | -                             | 2                 | -                          | 2                 |
| Purchase of treasury shares  | (6)   | (40)                      | -                            | -                             | (46)              | -                          | (46)              |
|  | 206   | (233)                     | 3                            | (191)                         | (215)             | 26                         | (189)             |
| <b>Balance at 30 June 2006</b>   | <b>1,253</b>                                      | <b>249</b>                | <b>805</b>                   | <b>19</b>                     | <b>2,326</b>      | <b>788</b>                 | <b>3,114</b>      |
|  | Note 9  | Note 9                    |                              |                               |                   | Note 11                    |                   |

Notes on pages 8 to 12 form an integral part of these condensed interim financial statements

|   | Note | Six months ended<br>30 June |                  |
|---|------|-----------------------------|------------------|
|   |      | 2006<br>€million            | 2005<br>€million |
| <b>Cash flows from operating activities</b>   |      |                             |                  |
| Interest received and net trading receipts  |      | 1,303                       | 738              |
| Interest paid   |      | (690)                       | (370)            |
| Fees and commissions received   |      | 137                         | 138              |
| Fees and commissions paid   |      | (45)                        | (64)             |
| Dividends received  |      | 26                          | 19               |
| Other income received   |      | 0                           | 6                |
| Cash payments to employees and suppliers  |      | (269)                       | (217)            |
| Income taxes paid   |      | (99)                        | (105)            |
| Cash flows from operating profits before changes in operating assets and liabilities  |      | 363                         | 145              |
| <b>Changes in operating assets and liabilities</b>                                    |      |                             |                  |
| Net (increase)/decrease in cash and balances with central bank                        |      | 26                          | (13)             |
| Net (increase)/decrease in financial instruments at fair-value-through-profit-or-loss |      | 131                         | 964              |
| Net (increase)/decrease in loans and advances to banks                                |      | (124)                       | (166)            |
| Net (increase)/decrease in loans and advances to customers                            |      | (2,448)                     | (2,159)          |
| Net (increase)/decrease in other assets   |      | 242                         | 38               |
| Net increase/(decrease) in due to other banks   |      | 1,052                       | 3,874            |
| Net increase/(decrease) in due to customers   |      | 1,283                       | 811              |
| Net increase/(decrease) in other liabilities  |      | (265)                       | (219)            |
| <b>Net cash from operating activities</b>   |      | <b>260</b>                  | <b>3,275</b>     |
| <b>Cash flows from investing activities</b>   |      |                             |                  |
| Purchases of property, plant and equipment  |      | (38)                        | (14)             |
| Proceeds from sale of property, plant and equipment                                   |      | 1                           | 3                |
| Purchases of available-for-sale investment securities                                 |      | (3,180)                     | (2,963)          |
| Proceeds from sale of available-for-sale investment securities                        |      | 2,249                       | 1,021            |
| Acquisition of subsidiary undertakings  |      | (194)                       | (38)             |
| Proceeds from sale of subsidiary undertakings   | 5    | 15                          | -                |
| Acquisition of associated undertakings  |      | -                           | (35)             |
| Proceeds from sale of associated undertakings   |      | 0                           | -                |
| Dividends from associated undertakings  |      | 1                           | -                |
| <b>Net cash from investing activities</b>   |      | <b>(1,146)</b>              | <b>(2,026)</b>   |
| <b>Cash flows from financing activities</b>   |      |                             |                  |
| Proceeds from the issue of other borrowed funds                                       | 8    | 1,000                       | 750              |
| Repayments of other borrowed funds  | 8    | (52)                        | (50)             |
| Proceeds from the issue of hybrid capital   |      | -                           | 197              |
| Purchases of hybrid capital   | 11   | (19)                        | (11)             |
| Proceeds from sale of hybrid capital  | 11   | 45                          | -                |
| Hybrid capital's dividend paid  |      | (17)                        | -                |
| Dividends paid  | 15   | (171)                       | (132)            |
| Issue of share capital  |      | (2)                         | -                |
| Purchases of treasury shares  |      | (46)                        | (32)             |
| Proceeds from sale of treasury shares   |      | -                           | 8                |
| <b>Net cash from financing activities</b>   |      | <b>738</b>                  | <b>730</b>       |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                           |      | <b>(148)</b>                | <b>1,979</b>     |
| Cash and cash equivalents at beginning of period                                      |      | 4,090                       | 1,822            |
| <b>Cash and cash equivalents at end of period</b>                                     |      | <b>3,942</b>                | <b>3,801</b>     |

Notes on pages 8 to 12 form an integral part of these condensed interim financial statement:

**1. General information**

EFG Eurobank Ergasias S.A. (the "Bank") is active in retail, corporate and private banking, asset management, treasury, capital markets and other services. The Bank is incorporated in Greece and its shares are listed on the Athens Stock Exchange. The Bank operates mainly in Greece and in New Europe.

These condensed interim financial statements were approved by the Board of Directors on 31 July 2006.

**2. Basis of preparation of condensed interim financial statements**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and they should be read in conjunction with the Bank's published annual financial statements for the year ended 31 December 2005. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

These condensed interim financial statements are the separate statements of the Bank prepared in accordance with the requirements of Capital Market Commission. The Bank prepares also consolidated financial statements which include the financial statements of the Bank and its subsidiaries.

**3. Principal accounting policies**

The same accounting policies and methods of computation are followed in these condensed interim financial statements as those in the published annual financial statements for the year ended 31 December 2005.

**4. Critical accounting estimates and judgements in applying accounting policies**

In preparing these condensed interim financial statements, the significant judgements made by Management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those applied to the published annual financial statements for the year ended 31 December 2005.

**5. Investments in subsidiary undertakings****(a) Hellas on Line S.A.**

In January 2006, the Bank disposed of its 100% holding in Hellas on Line S.A. The subsidiary was sold for a defined consideration of € 19 million plus consideration contingent on future services. The initial gain on disposal of € 12.2 million excludes the contingent consideration and is included in other operating income. The net cash inflow on disposal was € 15 million.

**(b) EFG Mutual Funds Co. S.A.**

In January 2006, the Bank increased its direct participation in EFG Mutual Funds Co. S.A. to 100% from 50%.

**(c) Bancpost S.A., Bucharest**

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

**(d) Bulgarian Post Bank A.D., Sofia**

In February 2006, the Bank participated in the share capital increase of Bulgarian Post Bank A.D. and its shareholding increased to 75.33% from 53.38%.

**(e) Global Fund Management S.A.**

In March 2006, the Bank increased its shareholding in Global Fund Management S.A. to 62.5% from 15%; the investment has been transferred from associated undertakings to subsidiary undertakings.

**(f) Nacionalna Stedionica Banka A.D., Beograd**

In March 2006, the Bank increased its shareholding in Nacionalna Stedionica Banka A.D., Beograd to 90.32% from 52.54% and in June 2006 to 93.52%.

**(g) Polbank Dystrybucja Sp. z o.o.**

In March 2006, EFG Express Kredit Spolca Z Organizczona Odpowiedzialnoscia changed its name to Polbank Dystrybucja Sp. z o.o.

**(h) Eurobank Properties R.E.I.C.**

Following an initial public offering of 7.3% (1,780,000) existing shares and 22.58% (5,510,066) new shares, the shares of Eurobank Properties R.E.I.C. were listed in April 2006 on the Athens Stock Exchange and the Bank's shareholding was reduced to 54.88% from 70.88%.

**(i) Eurobank EFG Fund Management Co. (Luxembourg) S.A.**

In April 2006, the Bank established Eurobank EFG Fund Management Co. (Luxembourg) S.A., a fund management company operating in Luxembourg. The company is a 100% subsidiary of the Bank.

**(j) Intertrust Mutual Funds Co. S.A.**

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

**(k) Tekfenbank A.S.**

On 8 May 2006, the Bank announced the agreement for the acquisition of 70% of the share capital of Tekfenbank A.S., which operates in Turkey. Closing of the transaction is subject to regulatory approvals and is expected to occur in the third quarter 2006.

**(l) EFG Eurobank A.D. Beograd**

In June 2006, the Bank participated in the share capital increase of EFG Eurobank A.D. Beograd and its shareholding increased to 98.85% from 97.99%.

**(m) EFG Leasing A.D., Beograd**

In June 2006, the Bank established EFG Leasing A.D., Beograd, a leasing company operating in Serbia. The shareholding in the company is at 51.14%.

**(n) GFM Levant Capital (Cayman) Ltd**

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

**(o) Themeleion III**

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



**5. Investments in subsidiary undertakings (continued)****Post balance sheet events****(p) Financial Planning Receivables Management Services S.A.**

In July 2006, the Bank established Financial Planning Receivables Management Services S.A., a receivables collection company operating in Greece. The company is a 100% subsidiary of the Bank.

**(q) Universal Bank OJSC**

In July 2006, the Bank reached an agreement to acquire 99.3% participation in Universal Bank OJSC, a bank which operates in Ukraine. Closing of the transaction is subject to regulatory approvals and is expected to occur in the fourth quarter 2006.

**(r) Eurobank EFG Holding (Luxembourg) S.A.**

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

**6. Investments in associated undertakings****(a) Logic Data Information Systems**

In January 2006, the Bank disposed of its 0.57% stake in its associated undertaking, LogicDIS. The loss on disposal, estimated at € 2.9 million, is included in other operating income.

**Post balance sheet events****(b) Dias A.E.E.X.**

In July 2006, the Bank participated in the capital increase of Dias A.E.E.X. and maintained its participation at 42.04%.

**7. Income tax expense**

As of 1 January 2006, the nominal Greek corporate rate of tax is reduced from 32% to 29%.

**8. Other borrowed funds**

During the six months ended 30 June 2006, the following new issues and repayments of other borrowed funds took place :

|                       | New issues<br>€million | Repayments<br>€million |
|-----------------------|------------------------|------------------------|
| <b>Long-term debt</b> |                        |                        |
| Securitised           |                        |                        |
| - floating rate       | 1,000                  | (52)                   |
| <b>Total</b>          | <b>1,000</b>           | <b>(52)</b>            |

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

**9. Ordinary share capital, share premium and treasury shares**

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

|  | Ordinary<br>share<br>capital<br>€million | Treasury<br>shares<br>€million | Net<br>€million | Share<br>premium<br>€million | Treasury<br>shares<br>€million | Net<br>€million |
|--|--|--------------------------------|-----------------|------------------------------|--------------------------------|-----------------|
| At 1 January 2006  | 1,054                                    | (7)                            | 1,047           | 523                          | (41)                           | 482             |
| 3 April 2006:  |  |                                |                 |                              |                                |                 |
| - Distribution of free shares to executive directors, management and staff | 2  | -                              | 2               | 19                           | -                              | 19              |
| - Bonus issue of 2 shares for every 10 held                                | 211                                      | (1)                            | 210             | (211)                        | 1                              | (210)           |
| - Expenses related to the above  | -  | -                              | -               | (2)                          | -                              | (2)             |
| 17 April 2006:   |  |                                |                 |                              |                                |                 |
| - Cancellation of Treasury shares  | (3)                                      | 3                              | -               | (15)                         | 15                             | -               |
| Purchase of treasury shares  | -  | (6)                            | (6)             | -                            | (40)                           | (40)            |
| <b>At 30 June 2006</b>   | <b>1,264</b>                             | <b>(11)</b>                    | <b>1,253</b>    | <b>314</b>                   | <b>(65)</b>                    | <b>249</b>      |

**9. Ordinary share capital, share premium and treasury shares (continued)**

|  | Number of shares   |                    |                    |
|--|--------------------|--------------------|--------------------|
|  | Issued             | Treasury shares    | Net                |
| At 1 January 2006  | 319,321,451        | (1,885,524)        | 317,435,927        |
| 3 April 2006:  |                    |                    |                    |
| - Distribution of free shares to executive directors, management and staff | 655,000            | -                  | 655,000            |
| - Bonus issue of 2 shares for every 10 held                                | 63,995,291         | (471,295)          | 63,523,996         |
| 17 April 2006:   |                    |                    |                    |
| - Cancellation of Treasury shares  | (786,000)          | 786,000            | -                  |
| Purchase of treasury shares  | -                  | (1,914,874)        | (1,914,874)        |
| <b>At 30 June 2006</b>   | <b>383,185,742</b> | <b>(3,485,693)</b> | <b>379,700,049</b> |

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

**10. Share options**

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

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

Following the above approval, 1,000,000 share options were granted with a strike price of € 18.00 per share, which may be exercised in December of 2008, 2009, 2010 and 2011 if the option holder is still employed by the Bank.

**11. Hybrid capital**

The movement of hybrid capital issued by the Bank through its Special Purpose Entity, EFG Hellas Funding Limited, is as follows:

|                            | Series A<br>€million | Series B<br>€million | Series C<br>€million | Total<br>€million |
|----------------------------|----------------------|----------------------|----------------------|-------------------|
| At 1 January 2006          | 178                  | 397                  | 187                  | 762               |
| Purchase of hybrid capital | (10)                 | (4)                  | (5)                  | (19)              |
| Sale of hybrid capital     | 27                   | 4                    | 14                   | 45                |
| <b>At 30 June 2006</b>     | <b>195</b>           | <b>397</b>           | <b>196</b>           | <b>788</b>        |

As at 30 June 2006, the dividend attributable to hybrid capital holders amounts to € 21 million.

**12. Contingent liabilities and capital expenditure commitments**

As at 30 June 2006 the Bank's contingent liabilities in terms of guarantees and standby letters of credit amounted to € 11,880 million (31 December 2005: € 11,613 million) and the Bank's documentary credits amounted to € 60 million (31 December 2005: € 69 million).

Bank's capital commitments in terms of property, plant and equipment amounted to € 10 million (31 December 2005: € 9 million). The unused credit facilities as at 30 June 2006 amounted to € 15,081 million (31 December 2005: € 12,607 million).

**13. Post balance sheet events**

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

Note 5 - Investments in subsidiary undertakings

Note 6 - Investments in associated undertakings

**14. Related party transactions**

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

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

|  | 30 June 2006             |                       |                          |                   |
|--|--------------------------|-----------------------|--------------------------|-------------------|
|  | Subsidiaries<br>€million | EFG Group<br>€million | Key management personnel |                   |
|  |                          |                       | €million                 | Other<br>€million |
| Loans and advances to banks                                | 1,940                    | 0                     | -                        | -                 |
| Financial instruments at fair-value-through-profit-or-loss | 118                      | -                     | -                        | -                 |
| Available-for-sale investment securities                   | 211                      | 63                    | -                        | 29                |
| Derivative financial instruments assets                    | 102                      | -                     | -                        | -                 |
| Loans and advances to customers                            | 1,378                    | -                     | 7                        | 48                |
| Other assets   | 29                       | -                     | -                        | -                 |
| Due to other banks   | 499                      | 237                   | -                        | -                 |
| Derivative financial instruments liabilities               | 9                        | -                     | 2                        | -                 |
| Due to customers and other borrowed funds                  | 8,278                    | 261                   | 50                       | 52                |
| Other liabilities  | (27)                     | 1                     | -                        | -                 |
| Letters of guarantee issued                                | 9,956                    | 369                   | -                        | 1                 |
| Letters of guarantee received                              | -                        | 407                   | -                        | -                 |
|  |                          |                       |                          |                   |
| six months ended 30 June 2006                              |                          |                       |                          |                   |
| Net interest income/(expense)                              | (97)                     | (4)                   | (0)                      | 1                 |
| Net banking fee and commission income/(expense)            | 19                       | 0                     | -                        | 0                 |
| Dividend Income  | 31                       | -                     | -                        | -                 |
| Operating income/(expense)                                 | (5)                      | (2)                   | -                        | -                 |
|  |                          |                       |                          |                   |
|  | 31 December 2005         |                       |                          |                   |
|  | Subsidiaries<br>€million | EFG Group<br>€million | Key management personnel |                   |
|  |                          |                       | €million                 | Other<br>€million |
| Loans and advances to banks                                | 1,395                    | -                     | -                        | -                 |
| Financial instruments at fair-value-through-profit-or-loss | 150                      | -                     | -                        | -                 |
| Available-for-sale investment securities                   | 86                       | 30                    | -                        | 25                |
| Derivative financial instruments assets                    | 67                       | -                     | -                        | -                 |
| Loans and advances to customers                            | 1,174                    | -                     | 6                        | 126               |
| Other assets   | 69                       | 0                     | 0                        | -                 |
| Due to other banks   | 114                      | 24                    | -                        | -                 |
| Derivative financial instruments liabilities               | 28                       | -                     | -                        | -                 |
| Due to customers and other borrowed funds                  | 8,588                    | 290                   | 21                       | 74                |
| Other liabilities  | 19                       | 0                     | -                        | -                 |
| Letters of guarantee issued                                | 9,871                    | 361                   | -                        | 2                 |
| Letters of guarantee received                              | -                        | 517                   | -                        | -                 |
|  |                          |                       |                          |                   |
| six months ended 30 June 2005                              |                          |                       |                          |                   |
| Net interest income/(expense)                              | (63)                     | (4)                   | -                        | 2                 |
| Net banking fee and commission income/(expense)            | (7)                      | -                     | -                        | -                 |
| Dividend income  | 31                       | -                     | -                        | -                 |
| Operating income/(expense)                                 | 7                        | (2)                   | -                        | -                 |

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

In relation to the letters of guarantee issued to the companies of the Group, the Bank had received cash collateral €6,913 million as at 30 June 2006 and €7,408 million as at 31 December 2005, which is included in due to customers.

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

**Key management compensation (including directors)**

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments. Key management personnel received total compensation of €7 million for the six months ended 30 June 2006 (six months ended 30 June 2005: €4 million).

**15. Dividends**

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

The Annual General Meeting on 3 April 2006 approved a dividend in respect of 2005 of € 0.90 per share (equivalent to € 0.75 per share following the bonus issue of 2 shares for every 10 held) amounting to a total dividend of € 286 million. Out of this approved dividend an interim dividend of € 0.36 per share amounting to € 115 million had been paid in December 2005 in accordance with the decision of the Board of Directors of 23 November 2005. The remaining dividend of € 0.54 per share amounting to € 171 million was paid in April 2006 and has been accounted for in shareholders' equity as an appropriation of retained earnings during the period from 1 April 2006 to 30 June 2006.