NATIONAL BANK OF GREECE S.A.

Financial Statements

31 December 2006

In accordance with
International Financial Reporting Standards

March 2007

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the NATIONAL BANK OF GREECE S.A.

Report on the Financial Statements

We have audited the accompanying financial statements of National Bank of Greece S.A. ("the Bank"), which comprise the balance sheet as of 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

The content of the Director's Report is consistent with the above financial statements.

Athens, 20 March 2007

The Certified Public Accountant Auditor

Nikolaos C. Sofianos

RN SOEL 12231

Deloitte.

Hadjipavlou Sofianos &
Cambanis S.A.
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RN SOEL E120
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Income Statement

€ 000's	Note	Year ended 31.12.2006	31.12.2005
Interest and similar income		2.653.228	2.153.971
Interest expense and similar charges		(1.091.338)	(818.197)
Net interest income	**6**	**1.561.890**	**1.335.774**
Fee and commission income		325.048	298.729
Fee and commission expense		(65.207)	(57.756)
Net fee and commission income	**7**	**259.841**	**240.973**
Dividend income	**8**	44.884	47.455
Net trading income	**9**	59.552	11.035
Net result from investment securities	**23**	101.038	102.689
Other operating income	**10**	83.228	31.060
Total operating income		**2.110.433**	**1.768.986**
Personnel expenses	**11,12**	(729.831)	(657.640)
General & administrative expenses & other provisions	**13**	(220.869)	(212.665)
Depreciation & amortisation expenses	**14**	(65.036)	(72.146)
Other operating expenses	**15**	(18.642)	(12.247)
Total operating expenses		**(1.034.378)**	**(954.698)**
Impairment losses on loans and advances	**22**	(235.987)	(191.421)
Profit before tax		**840.068**	**622.867**
Tax expenses	**16**	(155.803)	(148.553)
Tax on untaxed reserves	**16**	(100.607)	-
Profit for the period		**583.658**	**474.314**
Earnings per share- Basic & Diluted	**17**	**€1.39**	**€1.33**
Earnings per share - Basic & Diluted excluding one-off tax on reserves	**17**	**€1.63**	**€1.33**

Athens, 15 March 2007

THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER	THE VICE CHAIRMAN AND DEPUTY CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL AND CHIEF OPERATING OFFICER	THE CHIEF ACCOUNTANT
EFSTRATIOS-GEORGIOS A. ARAPOGLOU	IOANNIS G. PECHLIVANIDIS	ANTHIMOS C. THOMOPOULOS	IOANNIS P. KYRIAKOPOULOS

The notes on pages 9 to 57 form an integral part of these financial statements

Balance Sheet

€ 000's	Note	31.12.2006	31.12.2005
ASSETS			
Cash and balances with central banks	**18**	2.034.464	1.848.223
Treasury bills and other eligible bills		185.332	86.078
Due from banks (net)	**19**	4.539.923	4.142.623
Financial assets at fair value through P&L	**20**	12.283.625	13.409.663
Derivative financial instruments	**21**	204.690	283.500
Loans and advances to customers (net)	**22**	32.755.298	27.178.715
Investment securities-available for sale	**23**	2.436.665	2.153.682
Investment securities-held to maturity	**23**	105.680	43.781
Investment property	**-**	186	416
Investments in subsidiaries	**24**	4.016.713	1.398.070
Investments in associates	**24**	237.836	278.025
Intangible assets	**25**	49.262	33.878
Property & equipment	**26**	1.091.931	1.142.738
Deferred tax assets	**27**	129.159	148.759
Other assets	**28**	1.235.398	1.111.303
Assets classified as held for sale	**24**	-	19.476
Total assets		**61.306.162**	**53.278.930**
LIABILITIES			
Due to banks	**29**	5.871.463	4.986.420
Derivative financial instruments	**21**	344.687	303.422
Due to customers	**30**	44.564.664	41.060.200
Other borrowed funds	**31**	2.512.074	2.024.051
Current tax liabilities	**32**	167.501	139.375
Deferred tax liabilities	**27**	79.108	85.575
Retirement benefit obligations	**12**	59.544	62.856
Other liabilities	**32**	1.588.573	1.644.542
Total liabilities		**55.187.614**	**50.306.441**
SHAREHOLDERS' EQUITY			
Share capital	**34**	2.376.436	1.696.347
Share premium	**34**	2.263.725	-
Less: treasury shares	**34**	(4.490)	(1.085)
Reserves and retained earnings	**35**	1.482.877	1.277.227
Total Equity		**6.118.548**	**2.972.489**
Total equity and liabilities		**61.306.162**	**53.278.930**

Athens, 15 March 2007

THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER	THE VICE CHAIRMAN AND DEPUTY CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL AND CHIEF OPERATING OFFICER	THE CHIEF ACCOUNTANT
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The notes on pages 9 to 57 form an integral part of these financial statements

Statement of Changes in Equity

€ 000's	Share capital	Share premium	Treasury shares	Reserves & Retained earnings	Total
At 1 January 2005	**1.492.090**	**32.393**	**(29.518)**	**1.131.004**	**2.625.969**
Movement in the available for sale securities reserve, net of tax..…..…………………………………………	-	-	-	(64.014)	**(64.014)**
Net Profit/(loss) for the period………………………...	-	-	-	474.314	**474.314**
Purchases of treasury shares…………………………..	-	-	(10.179)	-	**(10.179)**
Disposals of treasury shares…………………………..	-	-	50.054	23.153	**73.207**
Dividends……………………………………………..…	-	-	-	(197.958)	**(197.958)**
Merger through absorption of subsidiaries……………	204.257	(32.393)	(11.442)	(89.142)	**71.280**
Currency translation differences………………………	-	-	-	(130)	**(130)**
Balance at 31 December 2005/at 1 January 2006….	**1.696.347**	**-**	**(1.085)**	**1.277.227**	**2.972.489**
Movement in the available for sale securities reserve, net of tax……...………………………………………	-	-	-	(47.944)	**(47.944)**
Cash flow hedges……………………………….………..	-	-	-	3.383	**3.383**
Net Profit/(loss) for the period………………………..	-	-	-	583.658	**583.658**
Purchases of treasury shares …………………………	-	-	(3.405)	-	**(3.405)**
Share Capital Increase………………………………...	678.539	2.321.960	-	-	**3.000.499**
Share Capital issue costs (net of tax)…..…………….	-	(64.064)	-	-	**(64.064)**
Stock options exercised……………..……………….…..	1.550	5.829	-	-	**7.379**
Share based payments…………………………………	-	-	-	6.383	**6.383**
Board of Directors emoluments….……………………	-	-	-	(50)	**(50)**
Dividends……………………………………………...	-	-	-	(339.234)	**(339.234)**
Currency translation differences………………………	-	-	-	(546)	**(546)**
Balance at 31 December 2006……………….…………..	**2.376.436**	**2.263.725**	**(4.490)**	**1.482.877**	**6.118.548**

Detailed analysis of the changes in equity is presented in notes 34 & 35 of these financial statements.

Cash Flow Statement		**12-month period ended**	
€ 000's	**Note**	**31.12.2006**	**31.12.2005**
Cash flows from operating activities			
Net Profit		**583.658**	**474.314**
Non-cash items included in profit and other adjustments:		**125.890**	**124.974**
Depreciation, amortisation & impairment on fixed assets & invest. property		65.036	72.146
Share based		6.383	-
Impairment losses on investments		37.378	-
Amortization of premiums / discounts of investment securities		9.483	10.109
Provisions for credit and other risks		237.050	191.655
Deferred tax expense / (benefit).		12.990	10.145
Dividend income from investment securities		(43.289)	(42.126)
Net (profit) / loss on sale of fixed assets & investment property		(60.725)	(14.266)
Net (income) / expense on investment securities		(138.416)	(102.689)
Net (increase) / decrease in operating assets:		**9.337**	**(4.045.307)**
Net due from / to banks		1.251.645	855.021
Financial assets at fair value through P&L		1.126.038	(4.573.758)
Net proceeds / (purchase) of treasury bills and other eligible bills		(79.902)	32.560
Net derivative financial instruments		120.075	(42.136)
Net loans and advances to customers / due to customers		(2.308.106)	(404.504)
Other assets		(100.413)	87.510
Net increase / (decrease) in operating liabilities:		**(362.498)**	**689.330**
Income taxes paid.		(244.161)	(108.115)
Other liabilities		(118.337)	797.445
Net cash flow from / (used in) operating activities.		**356.387**	**(2.756.689)**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		(2.224.984)	(12.548)
Disposals of subsidiaries, net of cash disposed		54.942	-
Acquisitions of associates net of cash		(62.502)	(259.010)
Dividends received from investment securities & associates		43.289	42.126
Purchases of fixed assets and intangible assets		(92.265)	(63.674)
Purchases of investment property		-	(54)
Proceeds from sales of fixed assets		120.797	20.664
Proceeds from sale of investment property		216	-
Purchases of investment securities - available for sale		(2.003.786)	(1.002.690)
Proceeds from redemption & sale of investment securities - available for sale		1.792.930	2.021.367
Purchases of investment securities - held to maturity		(85.000)	(66.266)
Proceeds from redemption of investment securities - held to maturity		23.101	22.485
Net cash from / (used in) investing activities		**(2.433.262)**	**702.400**
Cash flows from financing activities			
Proceeds from borrowed funds and debt securities (net)		488.023	441.903
Share Capital Increase.		3.007.878	-
Net sales /(purchases) of treasury shares /rights		(3.405)	63.028
Dividends to shareholders		(339.234)	(197.958)
Share Capital issue costs		(83.035)	-
Net cash from / (used in) financing activities		**3.070.227**	**306.973**
Effect of foreign exchange rate changes on cash and cash equivalents		(27.240)	114.078
Net increase/(decrease) in cash and cash equivalents		**966.112**	**(1.633.238)**
Cash and cash equivalents at beginning of period of merged companies		**-**	**9.293**
Cash and cash equivalents at beginning of period		**2.646.494**	**4.270.439**
Cash and cash equivalents at end of period	**37**	**3.612.606**	**2.646.494**

The notes on pages 9 to 57 form an integral part of these financial statements

NOTE 1: General Information

National Bank of Greece S.A. (hereinafter the "Bank") was founded in 1841 and has been listed on the Athens Stock Exchange since 1880. The Bank has further listing in the New York Stock Exchange (since 1999), and in other major European stock exchanges. The Bank's headquarters are located at 86 Eolou street, (Reg. 6062/06/B/86/01), tel.: (+30) 210 334 1000. By resolution of the Board of Directors the Bank can establish branches, agencies and correspondence offices in Greece and abroad. In its 165 years of operations the Bank has expanded on its commercial banking business by entering into related business areas. National Bank of Greece provides a wide range of financial services including retail and commercial banking, asset management, brokerage, investment banking, & bank assurance services. The Bank operates primarily in Greece, but also has operations in UK, SE Europe, Cyprus, and Egypt,.

The Board of Directors consists of the following members:

Executive Members	
Efstratios-Georgios (Takis) A. Arapoglou	*Chairman - Chief Executive Officer*
Ioannis G. Pechlivanidis	*Vice Chairman- Deputy Chief Executive Officer*
Non-Executive Members	
Achilleas D. Mylonopoulos	*Employees' representative*
John P. Panagopoulos	*Employees' representative*
Ioannis C. Yiannidis	*Professor, University of Athens Law School*
Independent Non-Executive Members	
H.E. the Metropolitan of Ioannina Theoklitos	
Stefanos C. Vavalidis	*Member of the Board of Directors, European Bank for Reconstruction & Development*
Dimitrios A. Daskalopoulos	*Chairman and Managing Director, Delta S.A., Chairman, Federation of Greek Industrialists*
Nikolaos D. Efthymiou	*Chairman, Association of Greek Shipowners*
George Z. Lanaras	*Shipowner*
Stefanos G. Pantzopoulos	*Business Consultant, former Certified Auditor*
Constantinos D. Pilarinos	*Economist, General Manager of Finances and Technical Services, Church of Greece*
Drakoulis K. Fountoukakos-Kyriakakos	*Entrepreneur*
Ploutarchos K. Sakellaris	*Professor, University of Athens, and Chairman, Council of Economic Advisors.*
George I.Mergos	*Professor, University of Athens, Governor of IKA (Social Security Fund)*

Directors are elected by the shareholders at their general meeting for a term of three years and may be re-elected. The term of the above members expires in 2007. On 30 August 2006, the employees' representative, Mr. A. Mylonopoulos was elected as a non-executive BoD member in the position vacated by the resignation of Mr. G. Athanasopoulos. On 21 February 2006, Mr A. Stavrou was elected as a non-executive BoD member in the position of the deceased I. Vartholomeos. Furthermore, on 15 March 2007, Mr. G. Mergos was elected as un independent non executive BoD member in the position of Mr A. Stavrou,

These financial statements have been approved for issue by the Bank's Board of Directors on 15 March 2007 and are subject to the approval of the Annual General Meeting of the Bank's shareholders.

NOTE 2: Summary of significant accounting policies

2.1 Basis of presentation

The financial statements of the Bank (the "financial statements") are prepared in accordance with International Financial Reporting Standards and International Accounting Standards (collectively, IFRS), and are stated in Euro, rounded to the nearest thousand (unless otherwise stated). The financial statements have been prepared under the historical cost convention as modified by the revaluation of available for sale investment securities, financial assets and liabilities at fair value through profit and loss and all derivative contracts measured at fair value

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Use of available information and application of judgment are inherent in the formation of estimates in the following areas: valuation of OTC derivatives, unlisted securities, retirement benefits obligation, impairment of loans and receivables, open tax years and litigation. Actual results in the future could differ from such estimates and the differences may be material to the financial statements.

2.2 Adoption of International Financial Reporting Standards (IFRS)

The Bank adopted the requirements of IFRS for the first time for the purpose of preparing financial statements for the year ending 31 December 2005

New standards, amendments and interpretations to existing standards effective in 2006

The following standards and interpretations are mandatory for the accounting periods beginning on or after 1 2006:

- IAS 19 (Amendment), "Employee Benefits" (effective from 1 January 2006).
This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. The Bank has not changed its accounting policy for the recognition of actuarial gains and losses and has not participated in any multi-employer plans.

- IAS 39 (Amendment), "Cash Flow Hedge Accounting of Forecast Intragroup Transactions"(Effective from 1 January 2006). The amendment allows the foreign currency risk of a highly probable forecast intragroup transaction to qualify as a hedged item in the financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b)the foreign currency risk will affect profit & loss. The Bank did not have any intragroup transactions that would qualify as a hedged item in the financial statements as of 31 December 2006.

- IAS 39 (Amendment), "The Fair Value Option" (effective from 1 January 2006). This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The Bank has decided to apply this amendment for the annual period beginning 1 January 2005 (early adoption).

- IFRIC 4, "Determining whether an Arrangement contains a Lease" (Effective from 1 January 2006). IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. This amendment did not have a significant impact on the Bank's financial position.

New standards, amendments and interpretations to existing standards that are not yet effective

The new standards, amendments and interpretations to existing standards that are mandatory for the Bank's accounting periods beginning on or after 1 January 2007 are as follows:

- IFRS 7, "Financial Instruments: Disclosures", and a complementary amendment to IAS 1, "Presentation of Financial Statements – Capital Disclosures" (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, “Disclosures in the Financial Statements of Banks and Similar Financial Institutions”, and disclosure requirements in IAS 32, “Financial Instruments: Disclosure and Presentation”. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity’s capital and how it manages capital. The Bank assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Bank intends to apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

- IFRS 8 “Operating Segments” (effective from 1 January 2009). This standard changes the way the segment information is measured and disclosed and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity’s chief operating decision maker in order to allocate resources to the segments and to assess performance. The Bank has decided to apply this standard for the annual period beginning on 1 January 2009, however there will be no significant impact on the Bank’s financial reporting.

- IFRIC 8, “Scope of IFRS 2” (effective for annual periods beginning on or after 1 May 2006). IFRIC 8 clarifies that IFRS 2 “Share based payment” will apply to any arrangement when equity instruments are granted or liabilities are incurred by the entity, when the identifiable consideration appears to be less than the fair value of the instruments given. It presumes that such cases are an indication that other consideration has been or will be received. The Bank will apply this IFRIC from 2007, and its adoption will have no or insignificant impact on its financial statements.

- IFRIC 9, “Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006). IFRIC 9 requires an entity to assess whether a contract contains an embedded derivative at the date the entity first becomes a party to the contract and prohibits reassessment unless there is as change to the contract that significantly modifies the cash flows. The Bank will apply this IFRIC from 2007 and its adoption will have no significant impact on its financial statements.

- IFRIC 10, “Interim Financial Reporting and Impairment” (effective for annual periods beginning on or after 1 November 2006). IFRIC 10 addresses an inconsistency between IAS 34 “Interim Financial Reporting” and the impairment relating to goodwill in IAS 36 “Impairment of Assets” and equity instruments classified as available for sale in IAS 39 “Financial Instruments: Recognition and Measurement”. This interpretation states that the specific requirements of IAS 36 and IAS 39 take precedence over the general requirements of IAS 34 and therefore, any impairment loss recognised for these assets in an interim period may not be reversed in subsequent periods. The Bank will apply this IFRIC from 2007.

- IFRIC 11, IFRS 2 “ Group and Treasury Share Transactions” (effective for annual periods beginning on or after 1 March 2007). This IFRIC requires arrangements whereby an employee is granted rights to an entity’s equity instruments to be accounted for as an equity-settled scheme by the entity even if:

- The entity chooses or is required to buy those equity instruments (e.g. treasury shares) from another party, or
- The shareholder(s) of the entity provide the equity instruments required

The Interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for schemes when their employees receive rights to equity instruments of the parent. In particular, it prescribes that:

- When the parent grants rights to equity instruments to the employees, they will be accounted for as equity settled scheme (as an equity contribution to the parent) when the parent accounts for it this way in the consolidated financial statements. When employees transfer between subsidiaries, each entity recognises compensation expense based on the proportion of the total vesting period for which the employee has worked for that subsidiary, measured at the fair value at the original grant date by the parent.
- When the subsidiary grants rights to equity instruments of its parent to its employees, it will be accounted for as a cash-settled scheme.

The Bank will apply this IFRIC from 2008, however its adoption will have no significant impact on Bank’s financial statements.

- IFRIC 12, “Service Concession Arrangements” (effective for annual periods beginning on or after 1 January 2008). The Bank will apply this IFRIC from 2008 and is currently evaluating its impact on the Bank’s financial reporting.

2.3 Foreign currency translation

Items included in the financial statements of the Bank are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The financial statements are presented in thousands of Euro (€), which is the functional currency of the Bank.

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on debt securities and other monetary financial assets re-measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, translation differences are either recognised in the income statement (applicable for example for equity securities held for trading), or within shareholders' equity, if non-monetary financial assets are classified as available for sale investment securities.

When preparing the financial statements, assets and liabilities of foreign entities are translated at the exchange rates prevailing at the balance sheet date, while income and expense items are translated at average rates for the period. Differences resulting from the use of closing and average exchange rates and from revaluing a foreign entity's opening net asset balance at closing rate are recognised directly in foreign currency translation reserve within shareholders' equity.

2.4 Regular way purchases and sales

In case of "regular way" purchases and sales of financial assets the Bank uses "settlement date" accounting apart from trading and investment securities and derivative financial instruments, which are recognised at "trade date".

2.5 Derivative financial instruments and hedging

Derivative financial instruments including foreign exchange contracts, forward rate agreements, currency and interest rate swaps, interest rate futures, currency and interest rate options (both written and purchased) and other derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are re-measured at their fair value. All derivatives are carried in assets when favourable to the Bank and in liabilities when unfavourable to the Bank. Fair values are obtained from quoted market prices, dealer price quotations, discounted cash flow models and options pricing models, as appropriate. Where the Bank enters into derivative instruments used for trading purposes, realised and unrealised gains and losses are recognised in trading income.

A derivative may be embedded in another financial instrument, known as "host contract". In such combinations, the derivative instrument is separated from the host contract and treated as a separate derivative, provided that its risks and economic characteristics are not closely related to those of the host contract, the embedded derivative actually meets the definition of a derivative and the host contract is not carried at fair value with unrealised gains and losses reported in the income statement.

The Bank also uses derivative instruments as part of its asset and liability management activities to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions. The Bank applies either fair value or cash flow hedge accounting when transactions meet the specified criteria to obtain hedge accounting treatment. The Bank's criteria for a derivative instrument to be accounted for as a hedge include:

- at inception of the hedge, there is formal designation and documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship;
- the hedge is documented showing that it is expected to be highly effective in offsetting the risk in the hedged item throughout the hedging period. A hedge is considered to be highly effective when the Bank achieves offsetting changes in fair value between 80 percent and 125 percent for the risk being hedged; and
- the hedge is highly effective on an ongoing basis.

2.5.1 Fair value hedges

For qualifying fair value hedges, the change in fair value of the hedging derivative is recognised in the income statement along with the corresponding change in the fair value of the hedged asset or liability that is attributable to that specific hedged risk. If the hedge relationship is terminated for reasons other than the de-recognition of the hedged item, the difference between the carrying amount of the hedged item at that point and the value at which it would have been carried had the hedge never existed (the "unamortised fair value adjustment"), is, in the case of interest bearing financial instruments, amortised to the income statement over the remaining term of the original hedge, while for non-interest bearing instruments that amount is immediately recognised in the income statement. If the hedged instrument is derecognised, e.g. sold or repaid, the unamortised fair value adjustment is recognised immediately in the income statement.

2.5.2 Cash flow hedges

Fair value gains or losses associated with the effective portion of a derivative designated as a cash flow hedge are recognised initially in shareholders' equity. When the cash flows that the derivative is hedging (including cash flows from transactions that were only forecast when the derivative hedge was effected) materialize, resulting in income or expense, then the associated gain or loss on the hedging derivative is simultaneously transferred from shareholders' equity to corresponding income or expense line item.

If a cash flow hedge for a forecast transaction is deemed to be no longer effective, or the hedge relationship is terminated, the cumulative gain or loss on the hedging derivative previously reported in shareholders' equity remains in shareholders' equity until the committed or forecast transaction occurs, at which point it is transferred from shareholders' equity to trading income.

Certain derivative instruments transacted as effective economic hedges under the Bank's risk management positions, do not qualify for hedge accounting under the specific rules of IAS 39 and are therefore treated in the same way as derivative instruments held for trading purposes, i.e. fair value gains and losses are recognised in trading income.

The foreign currency risk of a highly probable forecast intragroup transaction is qualified as a hedged item in the financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect profit or loss.

Notwithstanding the above, transactions entered into before the date of transition to IFRS, shall not be retrospectively designated as hedges.

2.6 Offsetting

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

2.7 Interest income and expense

Interest income and expense are recognised in the income statement for all interest bearing instruments on a time proportion basis, taking account of the principal outstanding and using the effective interest rate method based on the actual purchase price. Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other discounted instruments.

The recognition of income on commercial and mortgage loans ceases when the recovery of principal and/or interest becomes doubtful of collection, such as when overdue by a maximum of 180 days, or when the borrower or securities' issuer defaults, if earlier than 180 days. Credit card loans, other non-secured personal credit lines and certain consumer finance loans are placed on non-accrual basis no later than the date upon which they become 90 days delinquent. In all cases, loans must be placed on non-accrual at an earlier date, if collection of principal and/or interest is considered doubtful. All interest accrued but not collected for loans that are placed on non-accrual or written off is excluded from interest income until received.

2.8 Fee and commission income

Fees and commissions are generally recognised on an accrual basis over the period the service is provided. Commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as acquisition of loans, equity shares or other securities or the purchase or sale of businesses, are recognised upon completion of the underlying transaction.

2.9 Financial assets& Liabilities at fair value through profit and loss

All financial assets, acquired principally for the purpose of selling in the short term or if so designated by the management, are classified under this category which has the following two sub-categories:

a. Trading securities
Trading securities are securities, which are either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit making exists.

Trading securities are initially recognised at cost and subsequently re-measured at fair value. The determination of fair values of trading securities is based on quoted market prices, dealer price quotation and pricing models, as appropriate. Gains and losses realised on disposal or redemption and unrealised gains and losses from changes in the fair value of trading securities are included in net trading income. Interest earned whilst holding trading securities is reported as interest income. Dividends received are separately reported and included in dividend income. Trading securities may also include securities sold under sale and repurchase agreements.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date, which is the date that the Bank commits to purchase or sell the asset. Otherwise such transactions are treated as derivatives until settlement occurs.

Trading securities held are not reclassified out of the respective category. Respectively, investment securities are not reclassified into the trading securities category while they are held.

b. At fair value through profit or loss
Upon initial recognition the Bank may designate any financial asset as at fair value through profit or loss except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, when either:

(i) It eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
(ii) A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel, for example the board of directors and chief executive officer.
Interest income on financials assets at fair value through profit and loss is reported as interest income.

c. Financial liabilities at fair value through profit or loss

Financial liabilities designated at fair value through profit and loss are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, financial liabilities at fair value through profit and loss are re-measured at fair value with unrealised gains and losses reported in net trading income. Interest expense on financials liabilities at fair value through profit and loss is reported as interest expense.

2.10 Sale and repurchase agreements

Securities sold subject to a linked repurchase agreement ('Repos') are retained in the financial statements as trading or investment securities and the counterparty liability is included in amounts due to banks, due to customers or other deposits, as appropriate. Securities purchased under agreement to resell ('Reversed Repos') are recorded as due from other banks or loans and advances to customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of Repos (or Reverse Repos) agreement using the effective interest rate method.

2.11 Securities borrowing and lending

Securities borrowed and securities lent are recorded at the amount of cash collateral advanced or received, plus accrued interest. Securities borrowed and securities received as collateral under securities lending transactions are not recognised in the financial statements unless control of the contractual rights that comprise these securities transferred is gained or sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability.

Respectively, securities lent and securities provided as collateral under securities borrowing transactions are not derecognised from the financial statements unless control of the contractual rights that comprise these securities transferred is relinquished.
The Bank monitors the market value of the securities borrowed and lent on a regular basis and provides or requests additional collateral in accordance with the underlying agreements. Fees and interest received or paid are recorded as interest income or interest expense, on an accrual basis.

2.12 Investment Securities

Investment securities are classified as either available for sale or held to maturity investment securities based on management intention on purchase date. Investment securities are recognised at trade date, which is the date that the Bank commits to purchase or sell the asset. All other purchases and sales, which do not fall within market convention are recognised as derivative forward transactions until settlement.

Available for sale investment securities are initially recorded at cost (including transaction costs) and subsequently re-measured at fair value based on quoted bid prices in active markets, dealer price quotations or discounted expected cash flows. Fair values for unquoted equity investments are determined by applying recognised valuation techniques such as price/earnings or price/cash flow ratios, refined to reflect the specific circumstances of the issuer. Unrealised gains and losses arising from changes in the fair value of available for sale investment securities are reported in shareholders' equity, net of taxes (where applicable), until such investment is sold, collected or otherwise disposed of, or until such investment is determined to be impaired.

Available for sale investment securities may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or equity prices. When an available for sale investment security is disposed of or impaired, the accumulated unrealised gain or loss included in shareholders' equity is transferred to the income statement for the period and reported as gains / losses from investment securities. Gains and losses on disposal are determined using the moving average cost method.

Held to maturity investment securities consist of securities with fixed or determinable payments, which the management has the positive intend and ability to hold to maturity. Held to maturity investment securities are carried at amortised cost using the effective interest rate method, less any provision for impairment. Amortised cost is calculated by taking into account any fees, points paid or received, transaction costs and any discount or premium on acquisition.

An investment security is considered impaired if its carrying amount exceeds its recoverable amount and there is objective evidence that the decline in price has reached a level that recovery of the cost value cannot be reasonably expected within the foreseeable future. The amount of the impairment loss for financial assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate. For quoted financial assets re-measured to fair value the recoverable amount is the present value of expected future cash flows discounted at the current market rate of interest for a similar financial asset whereas for unquoted financial assets the recoverable amount is determined by applying recognised valuation techniques.

Interest earned whilst holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income, when a dividend is declared.

2.13 Loans and receivables

Loans originated by the Bank include loans where money is provided directly to the borrower, other than those that are originated with the intent to be sold (if any), in which case they are recorded as assets at fair value through profit and loss, available for sale investment securities or as held to maturity, as appropriate.

Loans originated by the Bank are recognised when cash is advanced to borrowers. They are initially recorded at cost including any transaction costs, and are subsequently valued at amortised cost using the effective interest rate method.

Interest on loans originated by the Bank is included in interest income and is recognised on an accrual basis. Fees and direct costs relating to a loan origination, financing or restructuring and to loan commitments are treated as part of the cost of the transaction and are deferred and amortised to interest income over the life of the loan using the effective interest rate method.

2.14 Impairment losses on loans and advances

A credit risk provision for loan impairment is established if there is objective evidence that the Bank will be unable to collect all amounts due on a claim according to the original contractual terms. A “claim” means a loan, a commitment such as a letter of credit, guarantee or commitment to extent credit.

A provision for loan impairment is reported as a reduction of the carrying amount of a claim on the balance sheet, whereas for an off-balance sheet item such as a commitment, a provision for impairment loss is reported in other liabilities. Additions to provisions for loans impairment are made through charges to impairment losses on loans & advances.

The Bank assesses whether objective evidence of impairment exists for loans that are considered individually significant, i.e. all loans above €1 million, and collectively for loans that are not considered individually significant. A loan is subject to impairment test when interest and/or capital is in arrears for a period over 90 days and/or such qualitative indications exist, at the assessment date, which demonstrate that the borrower will not be able to meet his obligations. Usually such indications include but are not restricted to significant financial difficulty, deterioration of credit rating, probability of bankruptcy or other financial reorganization procedures.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the loans’ carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at a) the loan’s original effective interest rate, if the loan bears a fixed interest rate, or b) current effective interest rate, if the loan bears a variable interest rate.

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

For the purposes of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics. Loans to corporates are grouped based on days in arrears, product type, economic sector, size of business, collateral type and other relevant credit risk characteristics. Mortgages and retail loans are also grouped based on days in arrears or product type. Those characteristics are relevant to the estimation of future cash flows for pools of loans by being indicative of the debtors’ ability to pay all amounts due and together with historical loss experience for loans with credit risk characteristics similar to those in the pool form the foundation of the loan loss allowance computation. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects and conditions in the historical period that do not exist currently.

All impaired loans are reviewed and analysed at least annually and any subsequent changes to the amounts and timing of the expected future cash flows compared with the prior estimates result in a change in the provision for loans impairment and are charged or credited to impairment losses on loans and advances. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

Subject to compliance with tax laws in each jurisdiction, a loan, which is deemed to be uncollectible or forgiven, is written off against the related provision for loans impairment. Subsequent recoveries are credited to impairment losses on loans and advances in the income statement. In the case of loans to borrowers in countries where there is an increased risk of difficulties in servicing external debt, an assessment of the political and economic situation is made, and additional country risk provisions are established if necessary.

2.15 Property and equipment

Property and equipment include land and buildings, leasehold improvements and transportation and other equipment, held by the Bank for use in the supply of services or for administrative purposes. Property and equipment are initially recorded at cost, which includes all costs that are required to bring an asset into working condition.

Subsequent to initial recognition, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Costs incurred subsequent to the acquisition of an asset, which is classified as property and equipment are capitalised, only when it is probable that they will result in future economic benefits to the Bank beyond those originally anticipated for the asset, otherwise they are expensed as incurred.

Depreciation of an item of property and equipment begins when it is available for use and ceases only when the asset is derecognised. Therefore, the depreciation of an item of property and equipment that is retired from active use does not cease unless it is fully depreciated. Property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Land	No depreciation
Buildings used in operation	Not exceeding 50 years
Buildings (other than those used in operation)	Not exceeding 50 years
Leasehold improvements	Residual lease term, not exceeding 10 years
Furniture and related equipment	Not exceeding 12 years
Motor vehicles	Not exceeding 10 years
Hardware and other equipment	Not exceeding 5 years

The Bank periodically reviews land and buildings for impairment. Where the carrying amount on an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Foreclosed assets, which consist of properties acquired through foreclosure in full or partial satisfaction of a related loan, are initially measured at cost, which includes transaction costs, and reported under other assets. After initial recognition foreclosed assets are re-measured at the lower of their carrying amount and fair value less estimated costs to sell. Any gains or losses on liquidation of foreclosed assets are included in other operating income.

2.16 Investment property

Investment property includes land and buildings, owned by the Bank (or held through a leasing agreement, either finance or operating) with the intention of earning rentals or for capital appreciation or both, and is initially recorded at cost, which includes transaction costs. A property interest that is held by the Bank under an operating lease is classified and accounted for as investment property when a) the property would otherwise meet the definition of an investment property or b) the operating lease is accounted for as if it were a finance lease.

Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

Investment property is depreciated on a straight-line basis over its estimated useful life, which approximates the useful life of similar assets included in property and equipment. Investment property is periodically reviewed for impairment.

2.17 Intangible assets

Intangible assets include goodwill, computer software and other intangible assets that comprise of separately identifiable intangible items arising from acquisitions.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Bank's share of the net assets of the acquired entity at the date of acquisition. Subsequent to initial recognition, goodwill is stated at cost less accumulated impairment losses. Management tests goodwill for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Any excess, as at the date of the exchange transaction, of the acquirer's interest in the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition, should be recognised as negative goodwill. Once it has been established that negative goodwill exists, the Bank a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination and b) recognizes immediately in the income statement any profit or loss remaining after the reassessment.

Computer software includes costs that are directly associated with identifiable and unique software products controlled by the Bank that are anticipated to generate future economic benefits exceeding costs beyond one year. Expenditure, which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets, are amortised using the straight-line method over their useful lives, not exceeding a period of 10 years.

Expenditure on starting up an operation or branch, training personnel, advertising and promotion and relocating or reorganizing part or the entire Bank is recognised as an expense when it is incurred.
At each balance sheet date, management reviews intangible assets and assesses whether there is any indication of impairment. If such indications exist an analysis is performed to assess whether the carrying amount of intangible assets is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

2.18 Leases

a. The Bank is the lessee
Leases where the Bank has substantially all the risks and rewards of ownership of the asset are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other liabilities. The interest element of the finance cost is charged to the income statement over the lease period. All assets acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.
Leases where a significant portion of the risks and rewards of ownership of the asset are retained by the lessor, are classified as operating leases. The total payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset.

b. The Bank is the lessor
Finance leases: When assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return. Finance lease receivables are included in loans and advances to customers.

Operating leases: Assets leased out under operating leases are included in the balance sheet based on the nature of the asset. They are depreciated over their useful lives on a basis consistent with similar owned property. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.19 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, unrestricted balances held with central banks, amounts due from other banks and highly liquid financial assets with original maturities of less than three months from the date of acquisition such as treasury bills and other eligible bills, investment and trading securities which are subject to insignificant risk of changes to fair value and are used by the Bank in the management of its short-term commitments.

2.20 Provisions

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

2.21 Employee benefits

Bank operates various retirement benefit plans in accordance with conditions and practices in Greece. Such plans are classified as pension plan or other post-retirement benefit plans and are charged or credited to the income statement over the service lives of the related employees.

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2.21.1 Pension plans

a. Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. For defined benefit plans, the pension liability is the present value of the defined benefit obligation at the balance sheet date minus the fair value of the plan assets, including any adjustments for unrecognised actuarial gains/losses and past service costs. The Bank follows the "corridor" approach of IAS 19 "Employee Benefits" according to which a certain amount of actuarial gains and losses remains unrecognised and is amortised over the average remaining service lives of the employees participating in the plan.

The defined benefit obligation is calculated by independent actuaries on an annual basis using the projected unit credit method. The present value of the defined obligation is determined by the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the terms of the related liability. Pension costs are charged or credited to the income statement over the service lives of the related employees.

b. Defined contribution plans

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods. Bank contributions to defined contribution plans are charged to the income statement in the year to which they relate and are included in staff costs.

2.21.2 Other post-retirement benefit plans

Bank employees participate in plans, which provide for various health benefits including post-retirement healthcare benefits. Such plans are all defined contribution and Group contributions are charged to the income statement in the year to which they relate and are included in staff costs.

2.21.3 Share based payment transactions

The Bank has a Group-wide stock option plan for the executive members of the Board of Directors, management and staff of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted. Fair value is determined using an option-pricing model that takes into account the stock price at the grant date, the exercise price, the expected life of the option, the expected volatility of the underlying stock and the expected dividends on it, and the risk-free interest rate over the expected life of the option.
When the options are exercised and new shares are issued, the proceeds received net of any transaction costs are credited to share capital (par value) and the surplus to share premium.

2.22 Income taxes

Income tax payable on profits, based on the applicable tax laws in each jurisdiction, is recognised as an expense in the period in which profits arise.

Deferred income tax is fully provided, using the liability method, on all temporary differences arising between the carrying amounts of assets and liabilities in the balance sheet and their amounts as measured for tax purposes.

The principal temporary differences arise from provisions for pensions and revaluation of certain assets. Deferred tax assets relating to the unused tax losses carried forward are recognised to the extent that it is probable that sufficient taxable profits will be available against which these losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the balance sheet date.

Deferred tax, related to fair value changes of available for sale investment securities and cash flow hedges, which are charged or credited directly to shareholders' equity, is also credited or charged directly to shareholders' equity where applicable and is subsequently recognised in the income statement together with the deferred gain or loss.

2.23 Borrowings

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

2.24 Share capital and treasury shares

Share issue costs: Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income tax benefit.

Dividends on ordinary shares: Dividends on ordinary shares are recognised as a liability in the period in which they are approved by the Annual General Meeting of the Shareholders of the Bank and its subsidiaries.

Treasury shares: NBG shares held by the Bank are classified as treasury shares and the consideration paid including any attributable incremental external costs, net of income taxes, is deducted from total shareholders' equity until they are cancelled, reissued or resold. Treasury shares do not reduce the number of shares issued but affect the number of outstanding shares used in the calculation of earnings per share. Treasury shares held by the Bank are not eligible to receive cash dividends. Any difference between acquisition cost and ultimate proceeds from subsequent resale (or reissue) of treasury shares is included in shareholders' equity and is therefore not to be considered a gain or loss to be included in the income statement.

2.25 Segment reporting

The Bank is organised on a worldwide basis into five business segments and provides products or services that are subject to risks and returns that are different from those of other business segments. This organizational structure is the basis upon which the Bank reports its primary segment information.

2.26 Assets and liabilities held for sale

Assets (or disposal groups) are classified as held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is effected in accordance with the applicable IFRS's. Upon initial classification as assets held for sale, they are measured at their lower of carrying amount and fair value less costs to sell and are classified separately from other assets in the balance sheet. Offsetting of assets and liabilities is not permitted.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

2.27 Related party transactions

Related parties include entities, which the Bank has the ability to exercise significant influence in making financial and operating decisions. Related parties include, directors, their close relatives, companies owned or controlled by them and companies over which they can influence the financial and operating policies. All banking transactions entered into with related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties and do not involve more than a normal amount of risk.

2.28 Fiduciary and trust activities

The Bank provides fiduciary and trust services to individuals and other institutions, whereby it holds and manages assets or invests funds received in various financial instruments at the direction of the customer. The Bank receives fee income for providing these services. Trust assets are not assets of the Bank and are not recognised in the financial statements. The Bank is not exposed to any credit risk relating to such placements, as it does not guarantee these investments.

2.29 Earnings per share

A basic earnings per share (EPS) ratio is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

A diluted earnings per share ratio is computed using the same method as for basic EPS, but the determinants are adjusted to reflect the potential dilution that could occur if convertible debt securities, options, warrants or other contracts to issue ordinary shares were converted or exercised into ordinary shares.

NOTE 3: Critical accounting policies, estimates & judgments

3.1 Critical accounting policies and estimates

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) requires management to make a number of judgments, estimates and assumptions that affect the reported amount of assets, liabilities, income and expense in the Bank's Financial Statements and accompanying notes. The Bank believes that the judgments, estimates and assumptions used in the preparation of the Financial Statements are appropriate given the factual circumstances as of 31 December 2006.

Various elements of the Bank's accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions and other subjective assessments. In particular, the Bank has identified seven accounting policies which, due to the judgments, estimates and assumptions inherent in those policies, and the sensitivity of the financial statements to those judgments, estimates and assumptions, are critical to an understanding of the financial statements.

Recognition and measurement of financial instruments at fair value
Assets and liabilities that are trading instruments are recorded at fair value on the balance sheet date, with changes in fair value reflected in net trading income. For exchange traded financial instruments, fair value is based on quoted market prices for the specific instrument. Where no active market exists, or where quoted prices are not otherwise available, The Bank determines fair value using a variety of valuation techniques. These include present value methods, models based on observable input parameters, and models where some of the input parameters are unobservable.

Valuation models are used primarily to value derivatives transacted in the over-the-counter market. All valuation models are validated before they are used as a basis for financial reporting, and periodically reviewed thereafter, by qualified personnel independent of the area that created the model. Wherever possible, The Bank compares valuations derived from models with quoted prices of similar financial instruments, and with actual values when realised, in order to further validate and calibrate our models. A variety of factors are incorporated into our models, including actual or estimated market prices and rates, such as time value and volatility, and market depth and liquidity.

The Bank applies its models consistently from one period to the next, ensuring comparability and continuity of valuations over time, but estimating fair value inherently involves a significant degree of judgment. Management therefore establishes valuation adjustments to cover the risks associated with the estimation of unobservable input parameters and the assumptions within the models themselves.

Although a significant degree of judgment is, in some cases, required in establishing fair values, management believes the fair values recorded in the balance sheet and the changes in fair values recorded in the income statement are prudent and reflective of the underlying economics, based on the controls and procedural safeguards that Bank employs.

Fair value option
The Bank adopted revised IAS 32 and revised IAS 39 at 1 January 2005. The Bank has applied the exception provided in IFRS 1 not to restate the comparative prior year. Revised IAS 39 permits an entity to designate any financial asset or financial liability as held at fair value and to recognize fair value changes in profit and loss. The Bank applies the fair value option primarily to debt instruments in order to present more relevant information by eliminating or significantly reducing measurement inconsistency (an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on a different basis.

Recognition of deferred Day 1 Profit and Loss
The Bank has entered into transactions, some of which will mature after more than ten years, where determines fair value using valuation models for which not all inputs are market observable prices or rates. The Bank initially recognizes a financial instrument at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. Such a difference between the transaction price and the model value is commonly referred to as "Day 1 profit and loss". In accordance with applicable accounting literature, the Bank does not recognize that initial difference, usually a gain, immediately in profit and loss. While applicable accounting literature prohibits immediate recognition of Day 1 profit and

loss, it does not address when it is appropriate to recognize Day 1 profit in the income statement. It also does not address subsequent measurement of these instruments.

Bank's decisions regarding recognizing deferred Day 1 profit and loss are based on the principle of prudence and are made after careful consideration of facts and circumstances to ensure The Bank does not prematurely release a portion of the deferred profit to income. For each transaction, the Bank determines individually the appropriate method of recognizing the Day 1 profit and loss amount in the income statement. Deferred Day 1 profit and loss is amortised over the life of the transaction, deferred until fair value can be determined using market observable inputs, or realised through settlement. In all instances, any unrecognised Day 1 profit and loss is immediately released to income if fair value of the financial instrument in question can be determined either by using market observable model inputs or by reference to a quoted price for the same product in an active market.

After entering into a transaction, The Bank measure the financial instrument at fair value, adjusted for the deferred Day 1 profit and loss. Subsequent changes in fair value are recognised immediately in the income statement without reversal of deferred Day 1 profits and losses.

Investments in subsidiaries and associates

The Bank regularly reviews its investments in subsidiaries and associates for possible impairment indications. If the impairment indicators are identified, the Bank makes an assessment about whether the carrying amount of such assets remains fully recoverable. When making this assessment the Bank compares the carrying value to market value, if available, or a fair value determined by a qualified evaluator or pricing model. Determination of a fair value by a qualified evaluator or pricing model requires management to make assumptions and use estimates.

The Bank believes that the assumptions and estimates used are reasonable and supportable in the existing market environment and commensurate with the risk profile of the assets valued. However, different ones could be used which would lead to different results.

Allowance for loan losses

The amount of the allowance set aside for loan losses is based upon management's ongoing assessments of the probable estimated losses inherent in the loan portfolio. Assessments are conducted by members of management responsible for various types of loans employing a methodology and guidelines, which are continually monitored and improved. This methodology has two primary components: specific allowances and collective allowances. The Bank assesses whether objective evidence of impairment exists for loans that are considered individually significant, i.e. all loans above €1 million, and collectively for loans that are not considered individually significant.

A loan is subject to impairment test when interest and/or capital is in arrears for a period over 90 days and/or such qualitative indications exist, at the assessment date, which demonstrate that the borrower will not be able to meet his obligations. Usually such indications include but are not restricted to significant financial difficulty, deterioration of credit rating, probability of bankruptcy or other financial reorganization procedures.

The specific counterparty component applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows which are expected to be received. In estimating these cash flows, management makes judgments about counterparty's financial situation and the net realizable value of any underlying collateral or guarantees in our favour. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently reviewed.

In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, we make assumptions both to define the way we model inherent losses and to determine the required input parameters, based on historical experience and current economic conditions.

The accuracy of the allowances and provisions we make depends on how well we estimate future cash flows for specific counterparty allowances and provisions and the model assumptions and parameters used in determining collective allowances. While this necessarily involves judgment, we believe that our allowances and provisions are reasonable and supportable.

Net periodic benefit cost

The net periodic benefit cost is actuarially determined using assumed discount rates, assumed rates of compensation increase and the expected return on plan assets. These assumptions are ultimately determined by reviewing the Bank's salary increases each year. The expected long-term return on plan assets represents management's expectation of the average rate of earnings on the funds invested to provide for the benefits included in the projected benefit obligation. To determine the expected long-term rate of return assumption the Bank and its advisors make forward-looking assumptions in the context of historical returns and volatilities for each asset class as well as correlations among asset classes. The expected long-term rate of return assumption is annually adjusted based on revised expectations of future investment performance of the overall capital markets, as well as changes to local regulations affecting investment strategy.

Useful lives of depreciable assets

The Bank's management determines the estimated useful lives and related depreciation charges for its property and other equipment. The Bank's estimate is based on the projected operating life cycle of its buildings and the other depreciable assets such as furniture and other equipment, motor vehicles, hardware and other equipment. Such estimates are not expected to change significantly, however, management modifies depreciation charge rates wherever useful lives turn out to be different than previously estimated and it writes down or writes off technically obsolete assets.

Stock options granted to employees

The Bank grants options over shares in NBG to its employees under a stock option program. Employee services received, which are charged to the P&L, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments as at the date of grant, excluding the impact of non-market vesting conditions. Fair value of stock options is estimated by using the Black Scholes model on the date of grant based on the assumptions described in note 11, which include among others the exercise price, the dividend yield, the risk free interest rate and share price volatility

3.2 Critical accounting judgments

Held to maturity investments

The Bank follows the IAS 39 guidance of on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification is based on the Bank's evaluation of its intention and ability to hold such investment to maturity.

Impairment of available-for-sale financial assets

The Bank follows the guidance of IAS 39 on determining when an investment is other than temporarily impaired. This determination requires judgment and the Bank evaluates the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Income taxes

The Bank is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Put options on minority interests

Put options as part of a business combination under IAS 32 "Financial Instruments: Disclosure and Presentation" are accounted for as a liability. The liability is recognised as if the puttable instrument has already been exercised, and subsequently is measured at fair value, using different valuation techniques based on best estimates available to the management. The difference (if any), between the fair value of the liability and the legal minority interest's share of net assets is recognised as part of the cost of investment. Subsequent changes to the valuation of the put option will be recorded as changes to the liability and to the cost of investment, without any direct impact on the income statement. Since there is no clear guidance in IFRS 3 on Business combinations and IAS 32 on Financial Instruments on how such options must be accounted for and no specific IFRIC guidance has yet issued, the Bank applies the provisions of IAS 32.23 while waiting for an interpretation from IASB and IFRIC.

NOTE 4: Financial risk management

4.1 Credit risk

The credit risk process for the Bank is managed by the Bank's Risk Management Division, which works closely with centralised underwriting units responsible for particular type of loans. Under the Bank's facility risk rating system, corporate exposures are grouped into eight risk classes. Low risk borrowers are often offered more favourable terms, while loans to high-risk borrowers generally require third party guarantees and additional collateral. The Bank also uses a number of obligor rating systems, assigning a borrower rating to each counterparty, whether large, medium corporate or small business. This rating is based primarily upon quantitative criteria (mostly liquidity, profitability, capital structure and debt service ratios) as well as qualitative factors such as management quality, reputation with customers and employees and company standing. In addition, all Bank's rating systems consider the borrower's industry risk and its relative position within its peer group. As the Banks prepares for compliance with Basel II IRB methods, corporate borrower ratings are mapped to probabilities of default and will take precedence over the existing eight-grade facility rating, to be replaced in the near future by specific expected loss estimates per obligor.

The Bank's credit exposure to each borrower is subject to a detailed risk review at least annually, or semi-annually in case of high-risk borrowers, with all outstanding facilities being reviewed. Interim reviews are also undertaken throughout the year and on an ongoing basis, either following a late payment, or if there are issues which may affect the borrower's course of business, or changes relevant to the borrower's creditworthiness. In case of term loans, exposures to borrowers engaged in start-up projects and those posing special risks as a result of company or industry difficulties or otherwise, are generally subject to more frequent reviews. These reviews are undertaken by the loan officers responsible for the customer and are monitored by the Group's Risk Management Division. Credit reviews include consideration of the customer's historical and projected business performance, balance sheet strength and cash flow generation capability, as well as relevant industry trends. These matters are considered in relation to the size, structure and maturity of the Bank's exposure to its client, in conjunction with the nature of any security held. When the Bank determines, as a result of this process, that a borrower poses a risk, it takes appropriate action to limit its exposure as well as to downgrade all outstanding facilities of the borrower. For example, the Bank may increase its collateral level, reset the interest rate at a higher level or decrease its facility line. In addition, credit officers responsible for the customer will intensify the monitoring of its other exposures. When the review process results in the migration of the facility into a higher risk class, either the outstanding facility is restructured or future lending and renewals of existing lines are rejected. With respect to the facility risk rating categorization, a coefficient Expected Loss analysis is applied to all commercial and corporate loans and its results are taken into consideration during the formulation of the Bank's provisioning policy.

Since the beginning of the year, the Bank has implemented and currently enforces both Obligor limits and Sector limits. These are based on relative risk analyses of the existing commercial portfolio and are reviewed annually. Trends in the loan portfolio, including business development, asset quality and provisions for bad and doubtful debts, are reported regularly to the Board of Directors. The Bank also maintains an internal watch list of commercial loans, whose principal and interest payments are in arrears for up to three months, and have not yet been classified as non-performing loans. Credit officers responsible for customers on this watch list must take action in order to prevent the relevant loans from becoming non-performing and must report monthly on their progress.

With respect to mortgage loans, the underwriting process is centralised under the Mortgage Credit Division. All mortgage applications are rated using a bespoke application scorecard. Centralised underwriting ensures segregation of duties and uniform enforcement of underwriting standards. Loan security is typically in the form of a Mortgage Pre-notation on a property for 120% of the loan amount. Maximum loan amount usually does not exceed the 75% of the market value, but this may infrequently evolve up to 100% according to various factors and specific circumstances, which deal with the applicant's credit profile, type of ownership, location of the asset, type of the financed property etc.

For Personal Loans and Credit cards, the credit approval process is carried out through the use of bespoke credit scorecards. The Group Risk Management Division carries out among other reports, vintage analyses by period of disbursement, issuing channel, and product type for various delinquency definitions, thus continuously ensuring strict monitoring of the scorecards' efficiency and separation power. Exposures are pooled by application score and delinquency bucket to produce estimates of default probabilities.

The credit granting processes and procedures are centralised. The rational behind this organizational structure is three-fold:

- To ensure correct application of credit policy
- To effectively channel the applications through the business pipeline, thus speeding up the decision making process, while ensuring accuracy and consistency
- To effectively monitor the client information input process

Finally, through the development of portfolio models, Risk Management is able to calculate, evaluate and monitor expected and unexpected losses for all portfolio asset classes and segments.

The recently established Retail Banking Collection Division carries the responsibility of monitoring and collecting past due amounts of the entire retail portfolio. The Division's objectives are mainly focused on reducing loan portfolio delinquency rates, facilitating early awareness of defaulted loans, ensuring proactive remedial management of defaulted loans and reducing costs, minimizing losses and increasing the retail business portfolio overall profitability.

Geographical concentration of the Bank's loan portfolio and credit commitments is summarised in the following table.

Geographical concentration of loan portfolio (net) and credit commitments

	Loan portfolio				**Credit commitments**			
	31.12.2006		**31.12.2005**		**31.12.2006**		**31.12.2005**	
Greece…………………………..…	30.903.830	94,4%	25.665.317	94,4%	17.096.186	99,6%	12.953.650	98,6%
SE Europe………………………….	304.228	0,9%	266.854	1,0%	24.881	0,2%	41.472	0,3%
Rest of the World………..……	1.547.240	4,7%	1.246.544	4,6%	37.482	0,2%	145.874	1,1%
Total…………………………………	**32.755.298**		**27.178.715**		**17.158.549**		**13.140.996**	

4.2 Market Risk

The Bank takes on exposure to market risk. Market risk is the risk of loss attributed to adverse changes in the market value and the liquidity level of the Bank's portfolio due to unfavourable movements in interest rates, foreign exchange rates and equity prices / indices.

Since 2003, the Bank applies the "Value at Risk - (VaR)" model, in order to estimate the worst expected loss for 1-day holding period and a confidence interval of 99%. The Bank currently implements the VaR model taking into account the positions of both trading and available for sale (AFS) portfolios, through the most advanced software developed by the company Algorithmics. It should be noted that the Bank of Greece, as well as internal and external advisors, have certified the aforementioned methodology.

The Bank has established a framework of VaR limits in order to control and manage more efficiently the risks to which it is exposed. These limits have been determined upon the worldwide best practices; they refer not only to specific types of market risk - such as interest rate risk, foreign exchange risk and equity risk - but also to the overall market risk of the Bank' s trading and available for sale portfolios. In 2006, the Total VaR estimate (with 1-day holding period and 99% confidence interval) of the Bank's portfolio varied from €1.5 million to €10.6 million, with an average estimate of €5 million.

The Bank conducts a back-testing program on the positions of the trading portfolio on a daily basis, in order to evaluate and assess the accuracy of the VaR model. Back-testing compares the one-day VaR calculated by the internal model, with the change in the value of the portfolio due to the actual movements of the relevant risk factors. During 2006, there were only 3 cases out of 251 days where the actual change in the value of the portfolio exceeded the VaR estimates. Supplementary to the VaR model, the Bank conducts stress testing on a weekly basis, on both the trading and the available for sale portfolios, based on specific scenarios. The aim of stress testing is to evaluate the gains or losses that may occur under extreme market conditions.

4.3 Interest Rate Risk

For 2006, interest rate risk remained the most significant risk to which the Bank was exposed, due to the worldwide fluctuations of interest rates. The principal source of interest rate risk exposure arises from the Bank's bond portfolio, which mainly consists of Greek government bonds, for which the Bank is the principal market maker, in both the primary and the secondary markets. Its relatively large inventory facilitates its market-making activity and the distribution of Greek government bonds to retail and institutional investors in Greece and abroad. The Bank enters into futures contracts on medium-and long-term German government bonds in order to provide an economic hedge of fixed interest rate exposure arising from its position in fixed-rate Greek government bonds.

As a result of this economic hedging activity, fixed rate exposure is converted into a credit-spread exposure over the yield of medium-and long-term German government bonds, which is characterised by moderate moves resulting in lower volatility. As a secondary means of hedging the trading portfolio of Greek government bonds, the Bank also uses the swap market to convert part of the fixed rate exposure to a floating rate exposure in order to reduce earnings volatility in periods of volatile interest rates.

The Bank is also active in the interbank deposit market.

Interest sensitivity of Bank's assets and liabilities is summarised as follows:

At 31 December 2006

ASSETS	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Non interest bearing	Total
Cash and balances with central banks……	1.280.268	9.156	-	-	-	745.040	**2.034.464**
Treasury bills and other eligible bills…….	68.502	5.386	111.444	-	-	-	**185.332**
Due from banks(net)……………………..	2.508.136	1.085.913	578.572	296.645	-	70.657	**4.539.923**
Financial assets at fair value through P&L	329.482	75.041	7.017.501	2.868.295	1.956.524	36.782	**12.283.625**
Loans and advances to customers (net)….	19.592.852	2.617.650	6.167.364	2.683.045	1.436.025	258.362	**32.755.298**
Investment securities - available for sale*	53.972	95.889	475.101	612.027	423.916	4.792.473	**6.453.378**
- held to maturity…	-	85.000	18.400	2.280	-	-	**105.680**
Other assets………………………………	450.735	5.389	7.768	684	-	2.483.886	**2.948.462**
Total assets………………………………	**24.283.947**	**3.979.424**	**14.376.150**	**6.462.976**	**3.816.465**	**8.387.200**	**61.306.162**
LIABILITIES							
Due to banks…………………………….	4.698.894	777.086	376.058	1.484	9.565	8.376	**5.871.463**
Due to customers………………………..	38.129.672	2.898.096	2.878.375	184.372	72.975	401.174	**44.564.664**
Debt securities in issue & other borrowed funds…………………….	350.000	1.116.948	486.674	-	558.452	-	**2.512.074**
Other liabilities…………………………..	83.418	31.469	2.173	1.752	-	2.120.601	**2.239.413**
Total liabilities…………………………..	**43.261.984**	**4.823.599**	**3.743.280**	**187.608**	**640.992**	**2.530.151**	**55.187.614**
Total interest sensitivity gap……………...	**(18.978.037)**	**(844.175)**	**10.632.870**	**6.275.368**	**3.175.473**	**5.857.049**	**6.118.548**

**amounts include investments in subsidiaries*

At 31 December 2005

ASSETS	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Non interest bearing	Total
Cash and balances with central banks……	1.286.430	1.384	-	-	5.474	554.935	**1.848.223**
Treasury bills and other eligible bills……	17.400	5.278	63.400	-	-	-	**86.078**
Due from banks………………………….	1.325.326	987.613	1.313.508	305.142	-	211.034	**4.142.623**
Financial assets at fair value through P&L	363.294	315.786	6.826.281	3.878.158	1.806.220	219.924	**13.409.663**
Loans and advances to customers (net)….	16.313.454	2.027.002	6.321.864	1.292.484	1.092.775	131.136	**27.178.715**
Investment securities - available for sale*	49.064	211.253	404.759	370.717	779.975	1.735.984	**3.551.752**
- held to maturity…	8.661	-	35.120	-	-	-	**43.781**
Other assets………………………………	1.063.676	302	4.809	830	-	1.929.002	**2.998.619**
Assets held for sale……………………….	-	-	-	-	-	19.476	**19.476**
Total assets….……………………………	**20.427.305**	**3.548.618**	**14.969.741**	**5.847.331**	**3.684.444**	**4.801.491**	**53.278.930**
LIABILITIES							
Due to banks……………………………..	3.866.717	902.086	186.106	16.386	9.243	5.882	**4.986.420**
Due to customers………………………...	36.423.742	1.959.507	2.177.757	192.203	1.567	305.424	**41.060.200**
Debt securities in issue & other borrowed funds…………………….	350.000	988.444	685.607	-	-	-	**2.024.051**
Other liabilities…………………………...	732.787	24.747	3.171	-	30	1.475.035	**2.235.770**
Total liabilities…………………….….·	**41.373.246**	**3.874.784**	**3.052.641**	**208.589**	**10.840**	**1.786.341**	**50.306.441**
Total interest sensitivity gap…………..…...	(20.945.941)	(326.166)	11.917.100	5.638.742	3.673.604	3.015.150	2.972.489

**amounts include investments in subsidiaries*

4.4 Liquidity risk

Liquidity risk is defined as the risk of a financial institution not to be able to meet its obligations as they become due, because of lack of the required liquidity.

The Bank's principal sources of liquidity are its deposit base and, to a lesser extent, interbank borrowings. The Bank operates a network of 567 branches in Greece, and its domestic customer deposit base accounts for 30% of the Greek deposit market (savings and sight accounts) as of 31 December 2006. This provides the Bank with sufficient euro and foreign currency liquidity to fund its operations and treasury positions. The Bank also derives liquidity from the results of its operations and disposals of securities and other assets. In recent years, the Bank has generally been in a position of excess liquidity due to its large domestic deposit base. Deposits have funded the securities portfolio, loans to customers and reserve balances held at the central bank. Although the Bank was required to deposit a high proportion of foreign currency with the central bank pursuant to reserve requirements, the Bank was able to fund foreign currency assets, including foreign currency loans to domestic customers, through its foreign currency deposit base. The Bank participates in the interbank deposit market (denominated in euro and all major currencies) and enters into foreign exchange forward transactions with maturities up to a year. The net open positions carried are small and largely offset against the deposit base in the respective currency.

Liquidity risk management seeks to ensure that, even under adverse conditions, the Bank has access to the funds necessary to cover customer needs, maturing liabilities and the capital requirements of the Bank's operations. Liquidity risk arises in the general funding of the Bank's financing, trading and investment activities and in the management of positions. This risk involves both the risk of unexpected increases in the cost of funding the portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner on reasonable terms.

The table below analyses the Bank's assets and liabilities into relevant maturity groupings according to the remaining period at balance sheet date to the contractual maturity date.

At 31 December 2006

ASSETS	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Total
Cash and balances with central banks…….	2.026.833	1.531	-	-	6.100	**2.034.464**
Treasury bills and other eligible bills……..	68.501	5.386	111.445	-	-	**185.332**
Due from banks(net)……………………...	2.578.208	1.086.275	578.582	296.858	-	**4.539.923**
Financial assets at fair value through P&L	30.456	27.557	59.853	3.383.592	8.782.167	**12.283.625**
Derivative financial instruments………….	21.165	35.069	11.512	42.867	94.077	**204.690**
Loans and advances to customers (net)…...	2.439.922	2.078.184	6.447.397	9.489.321	12.300.474	**32.755.298**
Investment securities - available for sale*	-	82.013	96.266	630.206	5.644.893	**6.453.378**
- held to maturity….	-	-	-	5.680	100.000	**105.680**
Other assets……………………………….	313.715	746.293	228.894	3.694	1.451.176	**2.743.772**
Total assets……………………………….	**7.478.800**	**4.062.308**	**7.533.949**	**13.852.218**	**28.378.887**	**61.306.162**
LIABILITIES						
Due to banks………………………………	4.559.111	776.451	416.121	110.215	9.565	**5.871.463**
Derivative financial instruments………….	92.660	10.973	5.640	33.049	202.365	**344.687**
Due to customers………………………….	38.606.396	2.802.623	2.866.007	219.048	70.590	**44.564.664**
Debt securities in issue & Other borrowed funds…………………….	-	-	750.000	-	1.762.074	**2.512.074**
Other liabilities……………………………	154.655	980.432	682.393	2.161	75.085	**1.894.726**
Total liabilities…………………………...	**43.412.822**	**4.570.479**	**4.720.161**	**364.473**	**2.119.679**	**55.187.614**
Net liquidity gap…………………………	**(35.934.022)**	**(508.171)**	**2.813.788**	**13.487.745**	**26.259.208**	**6.118.548**

**amounts include investments in subsidiaries*

At 31 December 2005

ASSETS	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 yrs	Over 5 yrs	Total
Cash and balances with central banks…….	1.841.231	1.384	-	-	5.608	**1.848.223**
Treasury bills and other eligible bills……..	17.400	5.277	63.401	-	-	**86.078**
Due from banks(net)……………………...	1.529.315	986.262	1.315.285	311.761	-	**4.142.623**
Financial assets at fair value through P&L	202.006	74.881	623.703	4.362.047	8.147.026	**13.409.663**
Derivative financial instruments………….	49.541	6.992	31.595	39.971	155.401	**283.500**
Loans and advances to customers (net)…...	2.410.687	1.861.336	5.032.615	8.229.047	9.645.030	**27.178.715**
Investment securities - available for sale*	45.352	50.099	85.177	425.695	2.945.429	**3.551.752**
- held to maturity…	-	-	20.869	10.912	12.000	**43.781**
Other assets……………………………….	1.031.278	140.027	19.066	1.777	1.522.971	**2.715.119**
Assets held for sale……………………….	-	-	-	-	19.476	**19.476**
Total assets……………………………….	**7.126.810**	**3.126.258**	**7.191.711**	**13.381.210**	**22.452.941**	**53.278.930**
LIABILITIES						
Due to banks………………………………	3.750.557	881.268	273.925	71.376	9.294	**4.986.420**
Derivative financial instruments………….	29.718	9.931	31.081	52.426	180.266	**303.422**
Due to customers…………………………	36.778.946	1.878.649	2.174.391	226.319	1.895	**41.060.200**
Debt securities in issue & Other borrowed funds…………………….	-	-	-	750.000	1.274.051	**2.024.051**
Other liabilities……………………………	514.282	1.181.310	145.256	2.140	89.360	**1.932.348**
Total liabilities…………………………...	**41.073.503**	**3.951.158**	**2.624.653**	**1.102.261**	**1.554.866**	**50.306.441**
Net liquidity gap	**(33.946.693)**	**(824.900)**	**4.567.058**	**12.278.949**	**20.898.075**	**2.972.489**

**amounts include investments in subsidiaries*

4.5 Foreign exchange risk

The Bank trades in all major currencies holding mainly short-term positions, which arise from and are used for servicing its institutional, corporate, domestic and international clientele.

The Bank's strategy is to hold minimal open foreign exchange risk but at a level sufficient to service its client base. In this context, the non-euro denominated Eurobond positions are funded by customer and interbank deposits in the respective currencies. The Bank's structural open foreign exchange position is limited to the capital contributed to the overseas operations (branches & subsidiaries) with the associated foreign exchange risk. In addition, because non-euro denominated expenses are largely offset by non-euro denominated revenues, the foreign exchange risk associated with overseas operations is relatively low.

The Bank files standard foreign exchange position reports on a regular basis, which enables the Central Bank to monitor its foreign exchange risk. VAR limits are set according to the guidelines of the Bank's Risk Management Council and monitored by the Internal Audit Division. The Bank's exposure to foreign exchange risk is as follows:

At 31 December 2006

ASSETS	EURO	USD	GBP	JPY	CHF	Other	Total
Cash and balances with central banks…	2.002.244	9.909	1.335	154	549	20.273	**2.034.464**
Treasury bills and other eligible bills….	168.652	-	-	-	-	16.680	**185.332**
Due from banks (net)………………….	3.198.319	138.257	165.784	10.978	35.223	991.362	**4.539.923**
Financial assets at FV through P&L…..	12.103.771	36.445	-	138.110	-	5.299	**12.283.625**
Derivative financial instruments………	168.939	17.680	1.828	52	288	15.903	**204.690**
Loans and advances to customers (net)	31.229.317	1.109.242	236.589	10.704	119.314	50.132	**32.755.298**
Investmentsecurities-available for sale*	5.935.560	231.197	141.335	98.156	-	47.130	**6.453.378**
- held to maturity	103.400	-	-	-	-	2.280	**105.680**
Investment property……………………	-	-	-	-	-	186	**186**
Investments in associates………………	237.836	-	-	-	-	-	**237.836**
Other intangible assets…………………	39.236	1.784	4.804	-	-	3.438	**49.262**
Property & equipment…………………	1.084.384	906	2	-	-	6.639	**1.091.931**
Other assets……………………………	1.095.526	96.856	131.557	34.307	2.778	3.533	**1.364.557**
Total assets………………………………..	**57.367.184**	**1.642.276**	**683.234**	**292.461**	**158.152**	**1.162.855**	**61.306.162**
LIABILITIES							
Due to banks…………………………...	5.156.055	603.886	46.078	344	7.166	57.934	**5.871.463**
Derivative financial instruments………	268.868	33.936	4.482	35.697	1.202	502	**344.687**
Due to customers………………………	39.182.100	3.424.482	433.548	428.894	30.002	1.065.638	**44.564.664**
Debt securities in issue & Other borrowed funds…………………	1.640.461	130.154	558.451	183.008	-	-	**2.512.074**
Other liabilities………………………..	646.055	87.332	35.778	58.363	10.804	996.850	**1.835.182**
Retirement benefit obligations………...	59.544	-	-	-	-	-	**59.544**
Total liabilities ……………………………	**46.953.083**	**4.279.790**	**1.078.337**	**706.306**	**49.174**	**2.120.924**	**55.187.614**
Net on balance sheet position………...	**10.414.101**	**(2.637.514)**	**(395.103)**	**(413.845)**	**108.978**	**(958.069)**	**6.118.548**

**amounts include investments in subsidiaries*

At 31 December 2005

ASSETS	EURO	USD	GBP	JPY	CHF	Other	Total
Cash and balances with central banks…..	1.818.888	15.348	1.688	138	450	11.711	**1.848.223**
Treasury bills and other eligible bills…...	68.052	-	-	-	-	18.026	**86.078**
Due from banks (net)……………………	3.470.728	442.162	92.572	6.158	47.060	83.943	**4.142.623**
Financial assets at FV through P&L…….	13.311.039	91.617	-	-	-	7.007	**13.409.663**
Derivative financial instruments………..	220.443	51.392	487	4.325	2.332	4.521	**283.500**
Loans and advances to customers (net)…	25.869.232	949.236	179.499	16.532	117.200	47.016	**27.178.715**
Investment securities - available for sale*	2.749.141	353.370	131.553	268.580	-	49.108	**3.551.752**
- held to maturity	40.968	-	-	-	-	2.813	**43.781**
Investment property……………………..	-	165	-	-	-	251	**416**
Investments in associates……………….	278.025	-	-	-	-	-	**278.025**
Goodwill & other intangible assets……..	28.907	2.246	237	-	-	2.488	**33.878**
Property & equipment…………………..	1.114.910	2	24.135	-	-	3.691	**1.142.738**
Other assets……………………………..	989.124	107.055	125.333	34.511	572	3.467	**1.260.062**
Assets held for sale……………………...	-	-	-	-	-	19.476	**19.476**
Total assets…………………………………	**49.959.457**	**2.012.593**	**555.504**	**330.244**	**167.614**	**253.518**	**53.278.930**

LIABILITIES	EURO	USD	GBP	JPY	CHF	Other	Total
Due to banks……………………………	4.546.214	304.074	70.846	130	7.050	58.106	**4.986.420**
Derivative financial instruments………...	178.082	68.628	1.777	53.299	258	1.378	**303.422**
Due to customers………………………..	35.487.466	3.632.987	387.927	371.264	39.163	1.141.393	**41.060.200**
Debt securities in issue & Other borrowed funds…………………..	1.663.154	144.914	-	215.983	-	-	**2.024.051**
Other liabilities …………………………	1.647.986	94.479	13.563	51.808	2.465	59.191	**1.869.492**
Retirement benefit obligations…………	62.856	-	-	-	-	-	**62.856**
Total liabilities…………………………….	**43.585.758**	**4.245.082**	**474.113**	**692.484**	**48.936**	**1.260.068**	**50.306.441**
Net on balance sheet position …………	**6.373.699**	**(2.232.489)**	**81.391**	**(362.240)**	**118.678**	**(1.006.550)**	**2.972.489**

**amounts include investments in subsidiaries*

4.6 Fair values of financial assets and liabilities

Management uses its best judgment in estimating the fair value of the Bank's unlisted financial instruments (OTC), however, there are inherent weaknesses in any estimation technique. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Bank's disclosures and those of other companies may not be meaningful.

	31 December 2006		31 December 2005	
Financial assets	Carrying amount	Fair value	Carrying amount	Fair value
Cash and balances with central banks…………….	2.034.464	2.034.464	1.848.223	1.848.223
Due from banks…………………………………...	4.539.923	4.538.031	4.142.623	4.137.762
Loans and advances to customers (net)…………...	32.755.298	33.872.403	27.178.715	27.835.917
Investment securities - held to maturity………….	105.680	105.680	43.781	43.781
Financial liabilities	Carrying amount	Fair value	Carrying amount	Fair value
Due to banks………………………………………	5.871.463	5.863.671	4.986.420	4.988.785
Due to customers………………………………..…	44.564.664	44.506.558	41.060.200	41.056.289
Other borrowed funds…………………………….	2.512.074	2.535.638	2.024.051	2.024.051

4.7 *Capital adequacy and Credit ratings*

The Bank is subject to various regulatory capital requirements administered by the central bank. Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios determined on a risk-weighted basis, capital (as defined) to assets, certain off-balance sheet items, and the notional credit equivalent arising from the total capital requirements against market risk, of at least 8%. At least half of the required capital must consist of ''Tier I'' capital (as defined), and the rest of ''Tier II'' capital (as defined). The framework applicable to Greek banks conforms to European Union requirements, in particular the Own Funds, the Solvency Ratio and the Capital Adequacy Directives. However, under the relevant European legislation, supervisory authorities of the member-states have some discretion in determining whether to include particular instruments as capital guidelines and to assign different weights, within a prescribed range, to various categories of assets.

Capital adequacy (amounts in € million)		
Capital:	**31.12.2006**	**31.12.2005**
Upper Tier I capital	5.618	2.560
Deductions	(49)	(34)
Tier I capital	**5.569**	**2.526**
Upper Tier II capital	1.575	1.089
Lower Tier II capital	933	966
Deductions	(6)	(6)
Total capital	**8.071**	**4.575**
Risk weighted assets:		
On Balance sheet (investment book)	31.914	24.339
Off Balance sheet (investment book)	2.049	1.868
Trading portfolio	950	999
Total risk weighted assets	**34.913**	**27.206**
Ratios:		
Tier I	**15,9%**	**9,3%**
Total BIS	**23,1%**	**16,8%**

As at 31 December 2006, in accordance with the rules of Bank of Greece (BoG) the capital base of the NBG Bank was €8.071 million. Therefore the capital base surplus, over the 8% of risk-weighted assets required by the BoG rules was €5.278 million.

Credit Ratings

The table below sets forth the credit ratings that have been assigned to the Bank by Moody's Investors Service Limited (referred to below as ''Moody's''), Standard and Poor's Rating Services (referred to below as 'Standard and Poor's''), Fitch Ratings Ltd. (referred to below as ''Fitch'') and Capital Intelligence Ltd. (referred below as (Capital Intelligence). All credit ratings have been recently affirmed and/or upgraded.

Rating Agency	Long term	Short term	Financial strength/ individual	Outlook
Moody's	A2	P-1	C	Stable
Standard & Poor's	BBB+	A-2	-	Stable
Fitch	A-	F2	B/C	Stable
Capital Intelligence	A	A1	A	Positive

NOTE 5: Segment reporting

The Bank manages its business through the following business segments:

Retail banking

Retail banking includes all individuals (retail banking customers) of the Bank, professionals, small-medium and small sized companies (companies with annual turnover of up to 2,5 million euros). The Bank, through its extended network of branches, offers to its retail customers a number of types of deposit and investment products as well as a wide range of traditional services and products.

Corporate & Investment banking

Corporate & Investment banking includes lending to all large and medium-sized companies, shipping finance and investment banking activities. The Bank offers its corporate customers a wide range of products and services, including financial and investment advisory services, deposit accounts, loans (denominated in both euro and foreign currency), foreign exchange and trade service activities.

Global Markets and Asset management

Global Markets and Asset management includes all treasury activities, private banking, asset management (mutual funds and closed end funds), custody services and brokerage.

International

The Bank's international banking activities include a wide range of traditional commercial banking services, such as extensions of commercial and retail credit, trade financing, foreign exchange and taking of deposits. In addition, the Bank offers shipping finance, investment banking and brokerage services through certain of its foreign branches.

Other

Includes proprietary real estate management as well as unallocated income and expense of the Bank (interest expense of subordinate debt, loans to NBG personnel etc).

Breakdown by business segment

€ 000s , unless otherwise stated	Retail Banking	Corporate & Investment Banking	Global markets & Asset Management	International	Other	Total
From 01.01.2006 to 31.12.2006						
Net interest income.	1.348.093	209.596	189.666	(42.589)	(142.876)	**1.561.890**
Net fee & commission income	132.629	57.232	69.653	784	(457)	**259.841**
Other operating income	76.856	(23.927)	125.173	41.412	69.188	**288.702**
Total operating income	**1.557.578**	**242.901**	**384.492**	**(393)**	**(74.145)**	**2.110.433**
Direct costs	(525.778)	(34.958)	(35.577)	(34.382)	(87.268)	**(717.963)**
Allocated costs & provisions	(458.249)	(63.122)	(17.241)	(8.525)	(5.265)	**(552.402)**
Profit before tax.	**573.551**	**144.821**	**331.674**	**(43.300)**	**(166.678)**	**840.068**
Taxes.	(166.330)	(41.998)	(73.565)	12.557	12.926	**(256.410)**
Profit for the period	**407.221**	**102.823**	**258.109**	**(30.743)**	**(153.752)**	**583.658**
Segment assets (in €million)	22.277.006	11.497.906	18.809.747	3.990.811	4.730.692	**61.306.162**
Segment liabilities (in €million)	41.262.625	515.002	6.455.718	1.629.830	5.324.439	**55.187.614**
Other Segment items						
Depreciation & amortisation expenses	(16.985)	(830)	(2.295)	(2.626)	(42.300)	**(65.036)**
Provision for loans impairment & advances	(209.487)	(29.455)	-	(1.798)	4.753	**(235.987)**
From 01.01.2005 to 31.12.2005						
Net interest income.	1.138.516	200.848	169.361	(1.480)	(171.471)	**1.335.774**
Net fee & commission income	132.193	51.844	52.083	2.299	2.554	**240.973**
Other operating income	53.526	(24.535)	94.208	7.213	61.827	**192.239**
Total operating income	**1.324.235**	**228.157**	**315.652**	**8.032**	**(107.090)**	**1.768.986**
Direct costs	(508.389)	(34.306)	(36.876)	(31.693)	(30.708)	**(641.972)**
Allocated costs & provisions	(402.711)	(55.989)	(19.885)	(10.413)	(15.149)	**(504.147)**
Profit before tax	**413.135**	**137.862**	**258.891**	**(34.074)**	**(152.947)**	**622.867**
Taxes.	(132.203)	(44.116)	(54.317)	10.904	71.179	**(148.553)**
Profit for the period	**280.932**	**93.746**	**204.574**	**(23.170)**	**(81.768)**	**474.314**
Segment assets (in €million)	19.151.373	9.912.008	18.591.372	857.720	4.766.457	**53.278.930**
Segment liabilities (in €million)	37.981.296	647.737	6.383.182	1.098.433	4.195.793	**50.306.441**
Other Segment items						
Depreciation & amortisation expenses	(20.064)	(1.037)	(3.707)	(2.999)	(44.339)	**(72.146)**
Provision for loans impairment & advances	(164.262)	(21.245)	-	(686)	(5.228)	**(191.421)**

NOTE 6: Net interest income	31.12.2006	31.12.2005
Interest earned on:		
Amounts due from banks	400.779	302.342
Securities	540.802	345.087
Loans and advances to customers	1.701.422	1.496.921
Other interest earning assets	10.225	9.621
Interest and similar income	**2.653.228**	**2.153.971**
Interest payable on:		
Amounts due to banks	(316.635)	(240.621)
Amounts due to customers	(665.573)	(491.907)
Other borrowed funds	(94.792)	(83.242)
Other interest paying liabilities	(14.338)	(2.427)
Interest expense and similar charges	**(1.091.338)**	**(818.197)**
Net interest income	**1.561.890**	**1.335.774**

NOTE 7: Net fee and commission income	31.12.2006	31.12.2005
Custody, brokerage & investment banking	23.450	24.473
Retail lending fees	23.934	24.430
Corporate lending fees	77.334	69.202
Banking fees & similar charges	97.511	101.504
Fund management fees	37.612	21.364
Net fee & commission income	**259.841**	**240.973**

NOTE 8: Dividend income	31.12.2006	31.12.2005
Trading securities	1.595	5.329
Available for sale securities	3.601	3.626
NBG Group securities	19.244	28.585
Other securities	20.444	9.915
Total	**44.884**	**47.455**

NOTE 9: Net trading income	31.12.2006	31.12.2005
Foreign exchange	22.325	10.373
Interest rate instruments	(40.164)	(49.175)
Equity securities	77.391	49.837
Total	**59.552**	**11.035**

NOTE 10: Other operating income	31.12.2006	31.12.2005
Real estate rentals	6.335	6.443
Real estate gains	62.903	16.968
Other income	13.990	7.649
Other operating income	**83.228**	**31.060**

NOTE 11: Personnel expenses	31.12.2006	31.12.2005
Wages and Salaries	437.010	415.431
Bonuses and other compensation expenses	27.564	34.916
Social security costs & defined contribution plans	192.920	186.485
Pension costs: defined benefit plans (Note 12)	1.550	5.106
Share based payment transaction	6.383	-
Other staff related benefits	64.404	15.702
Total	**729.831**	**657.640**

The average number of employees employed by the Bank during the period ended 31 December 2006 was 13.557 (2005:13.743).

Bonuses to employees are accrued for in the period the related service is provided.

Share based payments

On 22 June 2005, at a General Meeting of Shareholders, a stock options program (the Program) was approved for the executive members of the Board of Directors (BoD), management and staff of the Group. The Program shall last for five years and expires in 2010. The Bank's BoD may decide to grant the options one-off or in parts at any time at its discretion. The maximum number of shares to issue under the Program shall be 3,5 million. The strike price shall be within the range of € 5 to 70% of the average price thereof within the time period from 1 January of the year the options are granted until the date they can be exercised.

At the repeat General Meeting of Shareholders on June 1, 2006, a new Group-wide stock option program was approved for the Bank's executive members of the Board of Directors, managers and employees of the Bank and its affiliates. The program provided that a maximum number of 3,5 million new ordinary shares should be issued at a price floating within a range of a minimum price which is the nominal value of € 5 per share to a maximum price which is 70% of the average market price thereof within the time period from the date following the date of the General Meeting (i.e. June 1, 2006) until the date the options can be exercised for the first time. The stock option program expires in 2011. No options have yet been issued under this program.

On 29 November 2006, the Board of Directors approved the issue of 2.992.620 share options under the first program. The exercise price was set at €23,8 per share. The vesting conditions are as follows:

- 15% of the options: None, vest immediately
- 35% of the options: after 1 year
- 50% of the options: after 2 years

The vested options are exercisable between 6 and 15 December for 2006 and between 1 and 10 December for each subsequent year until 2010. After that date the unexercised options are cancelled. The options are forfeited if the employee leaves the Bank before the options vest.

Between 6 and 15 December 2006, 310.043 out of a maximum 448.893 vested share options were exercised. The balance of 138.850 vested share options remains exercisable at 31 December 2006.

Details of the share options outstanding during the year are as follows:

Stock Options	2006
	Number of share options
Outstanding at 1 January	-
Granted during the year	2.992.620
Exercised during the year	(310.043)
Outstanding at 31 December	**2.682.577**
Vested but not exercised at 31 December	138.850

The exercised price per option was € 23,8 and the remaining contractual life is 4 years.

The estimated fair value of the options granted is € 10,91for each option. This fair value was calculated using the Black-Scholes option-pricing model. The inputs into the model were as follows:

Option-pricing model inputs	2006
Share price(average price December 2006)…………………………………	€34,62
Exercise price………………………………………………………………	€23,80
Exercise period(years)………………………………………………………	1,96
Expected volatility………………………………………………………………	20%
Risk free rate……………………………………………………………………	3,9%
Expected dividend yield…………………………………………………………	2,7%

The weighted average expected volatility was determined by calculating the historical volatility of the Bank's share price over the last 24 months and the expected future volatility.

According to the terms of the program the vested options are recognised in the income statement whereas the outstanding options that will vest in future periods will affect income statement on a pro-rata basis. The total expense recognised during the period amounted to € 6.383.

NOTE 12: Retirement benefit obligations

I. Defined Contribution Plans

Pension Plan

The Bank's employees' Pension Plan provides for defined contributions to be made by the Bank at a rate of 26,5% of the employee's salary, for employees who joined any social security fund prior to 01.01.1993. The corresponding rate for employees insured by any social security fund after that date is 13,33%. Employee contributions are 11% of the employee's salary, for employees insured by any social security fund prior to 01.01.1993. The corresponding rate for employees insured by any social security fund after that date is 6,67%.

Auxiliary Pension Plan

The Bank's employees' Auxiliary Pension Plan provides for defined contributions to be made by the Bank at a rate of 9% of the employee's salary. Employees contribute at a rate of 3,5% of their salary. Benefits paid are determined by years of service with the Bank and the employee's final pensionable pay.

Defined contribution health plans

Contributions by the Bank to the National Bank of Greece Health Plan (T.Y.P.E.T.) amount to 6,25% of employees' salaries. Employees' contributions amount to 2,5% of their salaries. Additional contributions are paid for insured members of the employees' families and amount up to 2% for three or more protected members (spouse that does not work and children), and are increased further in the event that the insured spouse is employed or that members of the paternal family are also insured. Contributions of retired employees amount to 4% of their pensions and additional contributions equal to those paid by employees in service, are paid for other insured members of their families. T.Y.P.E.T. offers health benefits to employees before and after their retirement, and to insured members of their families.

Total benefits paid for defined contribution plans for 2006 and 2005 amount to €160 and €149,4 million

II. Plans that the Bank does not contribute to

Personnel Self-Insurance Plan

The Bank does not pay contributions to the aforementioned plan. National Bank of Greece has granted a loan to the plan, the outstanding balance of which as at 31 December 2006 was €63,4 million (2005: €68 million) maturing in 2020, bearing interest at three-month Euribor and fully collateralised.

III. Defined Benefit Plans

The Bank sponsors a Youth account benefit plan under which children of current and former employee . The benefit is 25% of 1,65 of the parents' basic monthly pay for every year of contributory service. Bank defined benefit plans also include a supplementary pension plan and termination indemnity liabilities for employees of former NBG Real Estate, witch merged with NBG during 2005.

Net periodic costs for these defined benefit plans sponsored by the Bank include the following components, which are recognised in the income statement for the periods ended:

	31.12.2006	31.12.2005
Current service cost	3.276	3.565
Interest cost on obligation	5.961	6.267
Expected return on plan assets	(6.662)	(4.726)
Amortisation of unrecognised actuarial gains	(1.025)	-
Pension costs – defined benefit plans	**1.550**	**5.106**

The cumulative funding status recognised in the balance sheet is reconciled below:

	31.12.2006	31.12.2005	31.12.2004	01.01.2004
Present value of funded obligations	157.922	141.277	98.994	92.464
Fair value of plan assets	(106.095)	(101.678)	(64.597)	(51.720)
	51.827	**39.599**	**34.397**	**40.744**
Present value of unfunded obligations	3.594	3.142	-	-
Unrecognised actuarial gains	4.123	20.115	6.570	-
Net Liability in balance sheet	**59.544**	**62.856**	**40.967**	**40.744**

Movement in net liability:

	2006	2005
Net liability at the beginning of the period	62.856	40.967
Merger of subsidiaries	-	21.811
Actual contributions paid by the Bank	(4.767)	(4.615)
Benefits paid directly	(95)	(413)
Total expense recognised in the income statement	1.550	5.106
Net liability in balance sheet..	**59.544**	**62.856**

The contribution expected to be paid by the Bank to funded plans in 2007 is approximately €4,8 million.

Reconciliation of defined benefit obligation:

	2006	2005
Defined benefit obligation at the beginning of the period	144.419	98.994
Merger of subsidiaries	-	30.871
Current service cost	3.276	3.565
Interest cost on obligation	5.961	6.267
Employee contributions	4.399	4.664
Benefits paid from the Fund	(12.940)	(12.446)
Benefits paid directly by the Bank/merged subsidiaries	(95)	(413)
Actuarial loss	16.496	12.917
Defined benefit obligation at end of period	**161.516**	**144.419**

Reconciliation of plan assets:

	2006	2005
Market value at the beginning of the period	101.678	64.597
Merger of subsidiaries	-	8.345
Expected return on plan assets	6.662	4.726
Company contributions	4.767	4.615
Employee contributions	4.399	4.664
Fund Benefits	(12.940)	(12.446)
Actuarial gain	1.529	27.177
Fair value of plan assets at end of period	**106.095**	**101.678**

The actual return on plan assets for the year ended 31 December 2006 was €8.190 (2005: €31.904).

The weighted average assumptions used to determine the net periodic pension costs are:

	2006	2005
Discount rate	4,50%	4,25%
Expected return on plan assets	8,00%	6,50%
Rate of compensation increase	4,50%	4,00%
Pension increase	2,50%	2,50%

To set the expected long-term rate of return assumptions the Bank, in consultation with its advisors, uses forward-looking assumptions in the context of historical returns and volatilities of each class as well as correlation among asset classes. The expected long-term rate of return assumption is annually adjusted based on revised expectations of future investment performance of the overall capital markets, as well as changes to local regulations affecting investment strategy.

The allocation of plan assets is as follows:

	2006	2005
Equity securities	97%	89%
Real estate.	3%	3%
Cash and cash equivalents	-	8%

Equity securities include common stock of the Bank in the amount of €103,2 million, 97,3% of total plan assets (2005: €90,6 million-89,1%).

NOTE 13: General & administrative expenses & other provisions	31.12.2006	31.12.2005
Duties and taxes	28.791	26.344
Utilities and rentals	99.933	109.322
Other administrative expenses & other provisions	92.145	76.999
Total	**220.869**	**212.665**

NOTE 14: Depreciation & amortisation expenses	31.12.2006	31.12.2005
Investment property	14	17
Intangible assets (Note 25)	9.699	13.056
Property & equipment (Note 26)	55.323	59.073
Total	**65.036**	**72.146**

NOTE 15: Other operating expenses	31.12.2006	31.12.2005
Loss from disposal of fixed assets	2.178	2.702
Maintenance and other related expenses	11.232	6.235
Other	5.232	3.310
Total	**18.642**	**12.247**

NOTE 16: Tax expense	31.12.2006	31.12.2005
Current tax	138.576	122.317
Taxation of non taxed reserves (Law 3513/06)	100.607	-
Deferred tax(Note 27)	12.991	10.145
Other taxes..	4.236	16.091
Total	**256.410**	**148.553**

Profit before tax	**840.068**	**622.867**
Tax calculated based on the current tax rate of 29% (2005: 32%)	(243.620)	(199.317)
Effect of tax rate reduction (5%) due to merger activity	42.004	31.143
Income not subject to taxation	70.225	45.424
Expenses non-deductible for tax purposes	(41.001)	(5.101)
Taxation of non-taxed reserves (Law 3513/06)	(100.607)	-
Other tax differences	16.589	(20.702)
Tax expense	**(256.410)**	**(148.553)**
Effective tax rate for the period	30,5%	23,8%

The domestic corporate tax rate for 2006 is 29% (2005: 32%). However, the Bank's statutory tax rate is reduced by 5% for 2005 and 2006 as a result of the merger with the National Investment Company. Further more the 24% tax rate is reduced due to the ratio of the non taxed and special taxed revenues to taxable income of the Bank.
On 22 November 2006 a new tax law (Law 3513/2006) was enacted whereby the non-taxed and the specially taxed banking reserves that have been accounted for and presented in the Financial Statements for the year-ended before 1 January 2006 and have not been distributed or capitalized up until the law was published, were subject to one-off taxation at a rate of 15% or 10% based on the tax status of the respective reserves. The bank paid € 100,6 million tax on €672 million non-taxed and specially taxed reserves. These reserves can be distributed or capitalized without any further tax.

NOTE 17: Earnings per share	**31.12.2006**	**31.12.2005**
Net profit attributable to equity holders.	583.658	474.314
Weighted average number of ordinary shares outstanding	418.620.222	357.066.889
Potential dilutive ordinary shares under stock options	77.942	-
Weighted average number of ordinary shares for dilutive EPS	418.698.164	357.066.889
Earnings per share basic & Diluted	**€ 1,39**	**€1,33**
Earnings per share - Basic & Diluted excluding one-off tax on reserves	**€ 1,63**	**€ 1,33**

The weighted average number of ordinary shares outstanding has been adjusted by 5.023.534 new shares issued in relation to the National Investment Company merger and by 2.670.367 shares issued in relation to the National Real Estate merger, from May 2005 and July 2005 respectively. In addition, the weighted average number of ordinary shares has been multiplied for all periods presented by a factor of 1,07 to incorporate to the earnings per share the discount price of the recent rights issue (see note 34: Share capital) Basic and diluted earnings per share from are €1,39 per share (2005: €1,33 whereas previously reported at €1,42). Basic and diluted earnings per share excluding one-off tax reserve are €1,63.

The potential dilutive ordinary shares result from the Bank's share option plan. On 29 November 2006, the BoD granted 2.992.620 stock options of which 310.043 were exercised (see note 11 Personnel expenses). The weighted average number of ordinary shares in calculating the basic earnings per share has been increased by the amount of 77.942 potential dilutive ordinary shares to arrive at the weighted average number of ordinary shares for calculating the diluted earnings per share.

NOTE 18: Cash and balances with central banks	**31.12.2006**	**31.12.2005**
Cash in hand	586.693	514 513
Balances with central banks	1.447.771	1.333.710
Total	**2.034.464**	**1.848.223**

The Bank is required to maintain a current account with the Bank of Greece to facilitate interbank transactions with the central bank, its member banks, and other financial institutions through the Trans-European Automated Real-Time Gross Settlement Express Transfer system (TARGET).

The central bank is the primary regulator of depository institutions in Greece. The central bank requires all banks established in Greece to maintain deposits with the central bank equal to 2% of total customer deposits as these are defined by the European Central Bank ("ECB"). From 1 January 2001 these deposits bear interest at the refinancing rate as set by the ECB (3,5% at 31 December 2006).

NOTE 19: Due from banks(net)	**31.12.2006**	**31.12.2005**
Sight deposits with banks	41.799	262.042
Time deposits with banks	1.996.320	1.346.163
Securities purchased under agreements to resell	2.297.367	2.352.637
Other	204.437	181.781
Total	**4.539.923**	**4.142.623**

NOTE 20: Financial assets at fair value through P & L	**31.12.2006**	**31.12.2005**
Assets at fair value through profit and loss	5.307.945	5.104.757
Trading Securities		
Government Bonds	6.570.889	7.859.537
Other public sector bonds	-	12.556
Other debt securities	369.299	216.583
Equity securities	35.492	216.230
Total	**12.283.625**	**13.409.663**

NOTE 21: Derivative financial instruments

At 31 December 2006	**Contract/notional Amount**	**Fair values Assets**	**Fair values Liabilities**
Derivatives held for trading:			
Interest rate derivatives - OTC	22.645.408	135.602	240.149
Foreign exchange derivatives- OTC	4.955.871	33.972	96.166
Other types of derivatives –OTC	167.641	4.083	889
Interest rate derivatives - Exchange traded	7.033.685	31.033	7.483
Total.	**34.802.605**	**204.690**	**344.687**

At 31 December 2005	**Contract/notional Amount**	**Fair values Assets**	**Fair values Liabilities**
Derivatives held for trading:			
Interest rate derivatives - OTC	24.258.944	192.003	261.495
Foreign exchange derivatives-OTC	6.083.427	56.467	25.454
Other types of derivatives-OTC	233.613	2.816	4.658
Interest rate derivatives - Exchange traded	12.695.203	32.214	11.815
Total	**43.271.187**	**283.500**	**303.422**

NOTE 22: Loans & advances to customers (net)	31.12.2006	31.12.2005
Mortgages	13.942.620	11.494.578
Consumer loans	3.314.136	2.652.424
Credit cards	1.506.360	1.468.940
Small Business lending	2.951.892	2.033.077
Retail lending	**21.715.008**	**17.649.019**
Corporate lending	11.988.023	10.450.928
Total	**33.703.031**	**28.099.947**
Less: Allowance for impairment on loans & advances to customers	(947.733)	(921.232)
Total	**32.755.298**	**27.178.715**

Movement in allowance for impairment on loans and advances:	2006	2005
Balance at 1 January	**921.232**	**935.729**
IAS 39 adjustments	-	17.106
Balance at 1 January as restated	**921.232**	**952.835**
Provision for loans impairment	235.987	191.421
Loans written off & recovered amounts	(205.673)	(228.411)
Foreign exchange differences	(3.813)	5.387
Balance at the end of the reporting period	**947.733**	**921.232**

NOTE 23: Investment securities	31.12.2006	31.12.2005
Available-for-sale investment securities:		
Greek Government bonds	981.682	865.364
Debt securities issued by other governments and public entities	299.549	303.588
Corporate bonds incorporated in Greece	105.737	206.914
Corporate bonds incorporated outside Greece	71.535	239.830
Debt securities issued by Greek financial institutions	3.000	43.546
Debt securities issued by foreign financial institutions	199.426	156.527
Debt securities	**1.660.929**	**1.815.769**
Equity securities (*)	514.072	92.482
Mutual funds units	262.488	246.255
Provision for impairment	(824)	(824)
Total available-for-sale investment securities	**2.436.665**	**2.153.682**
Held-to-maturity investment securities (at amortised cost):		
Corporate bonds incorporated in Greece	-	20.867
NBG Group bonds	105.680	22.914
Total held-to-maturity investment securities	**105.680**	**43.781**
Total investment securities	**2.542.345**	**2.197.463**

Net result from investment securities consists of:

Investment securities:		
Net gain on disposal of investments	138.416	102.689
Impairment charges on investments in associates	(37.378)	-
Total	**101.038**	**102.689**

(*) amount includes amount €356.043 ,related to the 100% of Founder Shares of Finansbank.

The movement of investment securities may be summarised as follows:

	2006	2005
Investment securities - available for sale		
Balance at 1 January ……………………………………………………………………..	**3.571.228**	**1.868.294**
- IAS 39 first time adoption adjustments & reclassifications(*)……………….…	-	2.181.146
- Additions within the period. ………………………………………………...………..	4.291.272	1.522.089
- Put options on Minority Interests…………………………………………...………..	354.981	-
- Disposals (sale and redemption) within the period. ………………...………….	(1.777.047)	(2.030.224)
- Gains / (losses) from changes in fair value……………………………………….	12.944	29.923
Balance at the end of the reporting period……………………………………..…..	**6.453.378**	**3.571.228**
Investment securities - held to maturity		
Balance at 1 January….………………………………………………………………..	**43.781**	**-**
-Additions within the period ……………………………………………………………...	85.000	66.265
-Redemptions within the period ……………………………………………………....	(23.101)	(22.484)
Balance at the end of the reporting period……………………………………..…..	**105.680**	**43.781**

(*) Prior to adopting IAS 39, investment securities were accounted for and reported under local GAAP provisions.

NOTE 24: Investments in subsidiaries and associates and assets classified as held for sale

	Country	Interest (%)	31.12.2006	Interest (%)	31.12.2005
Investments in subsidiaries					
National Securities SA	Greece	100,00	18.170	100,00	18.170
Ethniki Kefalaiou Management of Assets & Liabilities	Greece	100,00	3.326	100,00	3.326
Diethniki Mutual Fund Management SA	Greece	81,00	11.029	81,00	11.029
National Management & Organisation Company SA	Greece	100,00	23.328	100,00	23.328
Ethniki Leasing SA	Greece	93,33	29.055	93,33	29.055
Ethniki Mutual Funds SA	Greece	100,00	1.175	100,00	1.175
NBG Balkan Fund	Cyprus	-	-	100,00	500
NBG Greek Fund Ltd	Cyprus	100,00	15.000	100,00	15.000
ETEBA Emerging Markets Fund Ltd	Cyprus	100,00	147	100,00	147
ETEBA Estate Fund Ltd	Cyprus	100,00	147	100,00	147
ETEBA Venture Capital Management Company Ltd	Cyprus	100,00	18	100,00	18
NBG Bancassurance SA	Greece	99,70	300	99,70	300
The South African Bank of Athens Ltd	S. Africa	91,43	13.940	91,41	16.070
National Bank of Greece (Cyprus) Ltd	Cyprus	100,00	39.779	100,00	40.105
NBG Management Services Ltd	Cyprus	100,00	951	100,00	959
Stopanska Bank AD (*)	Fyrom	92,25	98.737	71,19	72.010
United Bulgarian Bank Ad	Bulgaria	99,91	239.076	99,91	239.076
NBG International Ltd	UK	100,00	10.424	100,00	10.215
NBG Finance Plc	UK	100,00	74	100,00	73
Interlease AD	Bulgaria	100,00	3.834	87,50	1.086
ETEBA Bulgaria AD	Bulgaria	92,00	547	92,00	551
ETEBA Romania SA	Romania	100,00	893	100,00	919
NBG Luxembourg Holding SA	Luxembourg	94,67	71	94,67	71
NBG Luxfinance Holding SA	Luxembourg	94,67	71	94,67	71
NBG Funding Ltd	UK	100,00	10	100,00	10
Banca Romaneasca SA(*)	Romania	98,89	130.105	97,14	69.507
Ethniki General Insurance SA	Greece	76,74	379.842	76,65	379.153
Astir Palace Vouliagmenis SA	Greece	78,06	195.806	78,06	195.806
Astir Alexandroupolis SA	Greece	-	-	100,00	5.055
Grand Hotel Summer Palace SA	Greece	100,00	5.781	100,00	5.781
NBG Training Centre SA	Greece	100,00	328	98,00	115
Ethnodata SA	Greece	98,41	6.062	98,41	6.062
Kadmos SA	Greece	100,00	1.716	99,99	1.716
Dionysos SA	Greece	99,91	36.931	99,90	36.470
Ektenepol Construction Company SA	Greece	100,00	47.947	100,00	47.947
Mortgage Tourist Protypos SA	Greece	100,00	81.450	100,00	79.950
Hellenic Tourist Construction SA	Greece	77,76	20.542	77,76	19.871
Ethniki Agricultural Operations SA	Greece	100,00	16	100,00	19
NBG International Holdings BV	Holland	100,00	52.678	100,00	58.807
Eurial Leasing SRL	Romania	70,00	8.430	70,00	8.400
Finansbank SA(*)	Turkey	55,68	2.176.608	-	-
Vojvodjanska Banka A.D Novisad	Serbia	99,43	362.369	-	-
			4.016.713		**1.398.070**

(*) % of participation includes the effect of put option agreements

	Country	Interest (%)	31.12.2006	Interest (%)	31.12.2005
Investments in associates					
AGET Heracles	Greece	26,00	216.344	26,00	216.344
Phosphate Fertilisers Industries SA	Greece	24,23	-	24,23	40.189
Larko Metalourgical Company SA	Greece	36,43	4.352	36,43	4.352
SIEMENS Teleindustrial SA	Greece	30,00	9.973	30,00	9.973
Eviop Tempo SA	Greece	21,21	2.438	21,21	2.438
Banking Information Systems ‘TEIRESIAS” SA	Greece	39,34	354	39,34	354
Hellenic Countrysides SA	Greece	20,23	340	20,23	340
Social Securities Fund Management SA	Greece	40,00	470	40,00	470
Klostiria Pellis	Greece	14,95	-	20,89	-
Planet Ernst &Young SA	Greece	33,18	3.565	31,72	3.565
			237.836		**278.025**
Assets classified as held for sale					
National Bank of Greece (Canada)	Canada	-	-	100,00	**19.476**

In February 2006 the Bank sold NBG Canada to Scotia Bank. The consideration received was € 51.950. The gain arising from the sale amounted to €31.917 minus the expenses arising from the sale amounted to €1.164 are reported in Income Statement in “Net result from investment securities”.

NOTE 25: Intangible assets

Cost	Goodwill	Software	Other	Total
At 1 January 2005	**38**	**137.572**	**15.675**	**153.285**
Foreign exchange differences	-	123	202	**325**
Transfers	(38)	(1.026)	328	**(736)**
Additions	-	7.435	10.075	**17.510**
Disposals	-	(1.034)	-	**(1.034)**
Merged subsidiaries	-	379	-	**379**
At 31 December 2005	**-**	**143.449**	**26.280**	**169.729**
Accumulated amortisation and impairment				
At 1 January 2005	**-**	**(123.115)**	**(1.453)**	**(124.568)**
Foreign exchange differences	-	(108)	10	**(98)**
Transfers	-	1.128	163	**1.291**
Disposals	-	955	-	**955**
Amortisation charge for the period	-	(10.481)	(2.575)	**(13.056)**
Merged subsidiaries	-	(375)	-	**(375)**
At 31 December 2005	**-**	**(131.996)**	**(3.855)**	**(135.851)**
Net book amount at 31 December 2005	**-**	**11.453**	**22.425**	**33.878**

Cost	Goodwill	Software	Other	Total
At 1 January 2006	**-**	**143.449**	**26.280**	**169.729**
Foreign exchange differences	-	54	(4)	**50**
Transfers	-	(1.754)	121	**(1.633)**
Additions	-	8.120	17.970	**26.090**
Disposals	-	(26)	-	**(26)**
At 31 December 2006	**-**	**149.843**	**44.367**	**194.210**
Accumulated amortisation and impairment				
At 1 January 2006	-	**(131.996)**	**(3.855)**	**(135.851)**
Foreign exchange differences	-	(22)	(59)	**(81)**
Transfers	-	1.042	(385)	**657**
Disposals	-	26	-	**26**
Amortisation charge for the period	-	(5.780)	(3.919)	**(9.699)**
At 31 December 2006	**-**	**(136.730)**	**(8.218)**	**(144.948)**
Net book amount at 31 December 2006	**-**	**13.113**	**36.149**	**49.262**

The useful life of certain software has been extended of up to 10 years. The effect of change in accounting estimate on the Bank's income statement was determined to €2,2 million.

NOTE 26: Property & equipment

Cost	Land	Buildings	Vehicles & equipment	Leasehold improvements	Assets under construction	**Total**
At 1 January 2005................	**563.169**	**604.251**	**361.501**	**49.957**	**20.537**	**1.599.415**
Foreign exchange differences.	57	926	74	65	(11)	**1.111**
Merged subsidiaries..............	65.913	58.622	3.805	-	-	**128.340**
Transfers..............................	(10.608)	(5.437)	284	2.300	(5)	**(13.466)**
Additions..............................	2.141	9.178	21.497	3.850	8.570	**45.236**
Disposals and write offs.........	(2.631)	(5.205)	(4.041)	(519)	-	**(12.396)**
At 31 December 2005...........	**618.041**	**662.335**	**383.120**	**55.653**	**29.091**	**1.748.240**
Accumulated depreciation and impairment						
At 1 January 2005................	**-**	**(221.469)**	**(281.107)**	**(35.976)**	**-**	**(538.552)**
Foreign exchange differences.	-	(102)	(82)	(17)	-	**(201)**
Merged subsidiaries..............	-	(8.950)	(3.212)	-	-	**(12.162)**
Transfers.............................	-	49	(90)	(1.371)	-	**(1.412)**
Disposals and write offs........	-	2.777	3.121	-	-	**5.898**
Charge for the period...........	-	(19.454)	(35.298)	(4.321)	-	**(59.073)**
At 31 December 2005...........	**-**	**(247.149)**	**(316.668)**	**(41.685)**	**-**	**(605.502)**
Net book amount at 31.12.2005...	**618.041**	**415.186**	**66.452**	**13.968**	**29.091**	**1.142.738**
Cost						
At 1 January 2006................	**618.041**	**662.335**	**383.120**	**55.653**	**29.091**	**1.748.240**
Foreign exchange differences.	-	79	236	(16)	32	**331**
Transfers..............................	(1.805)	(916)	324	157	(152)	**(2.392)**
Additions..............................	9	3.663	37.798	3.374	21.093	**65.937**
Disposals and write offs.........	(27.784)	(48.366)	(2.038)	(578)	(2.030)	**(80.796)**
At 31 December 2006...........	**588.461**	**616.795**	**419.440**	**58.590**	**48.034**	**1.731.320**
Accumulated depreciation and impairment						
At 1 January 2006................	**-**	**(247.149)**	**(316.668)**	**(41.685)**	**-**	**(605.502)**
Foreign exchange differences.	-	(5)	(72)	15	-	**(62)**
Transfers.............................	-	426	405	(57)	-	**774**
Disposals and write-offs........	-	18.459	1.687	578	-	**20.724**
Charge for the period............	-	(18.929)	(32.749)	(3.645)	-	**(55.323)**
At 31 December 2006...........	**-**	**(247.198)**	**(347.397)**	**(44.794)**	**-**	**(639.389)**
Net book amount at 31.12.2006...	**588.461**	**369.597**	**72.043**	**13.796**	**48.034**	**1.091.931**

There is no indication of impairment of fixed assets at the balance sheet date.

NOTE 27: Deferred tax assets & liabilities	31.12.2006	31.12.2005
Deferred tax assets:		
Securities and derivatives	96.961	108.036
Tangible and intangible assets	8.420	9.303
Pension and other post retirement benefits	14.058	15.120
Other temporary differences	9.720	16.300
Deferred tax assets	**129.159**	**148.759**

Deferred tax liabilities:	**31.12.2006**	**31.12.2005**
Securities and derivatives	62.121	76.575
Tangible and intangible assets	13.702	8.178
Other temporary differences	3.285	822
Deferred tax liabilities	**79.108**	**85.575**

Deferred tax charge in the income statement:	**31.12.2006**	**31.12.2005**
Securities and derivatives	3.348	1.853
Tangible and intangible assets	(5.382)	(4.962)
Loans and advances to customers	(433)	(4.619)
Pension and other post retirement benefits	(1.063)	(412)
Other temporary differences	(9.461)	(2.005)
Deferred tax charge in the income statement	**(12.991)**	**(10.145)**
Deferred tax through equity	**-**	**36.521**
Net deferred tax movement	**(12.991)**	**26.376**

NOTE 28: Other assets	31.12.2006	31.12.2005
Accrued interest and commissions	406.477	508.324
Tax prepayments and other recoverable taxes	196.016	136.013
Trade receivables	12.984	12.179
Assets acquired through foreclosure proceedings	134.387	139.838
Prepaid expenses	32.085	28.135
Other	453.449	286.814
Total other assets	**1.235.398**	**1.111.303**

Other assets as at 31.12.2006 include an amount of € 83.687 relating to unsettled balances from securities transactions.

NOTE 29: Due to banks	31.12.2006	31.12.2005
Demand deposits due to credit institutions	474.185	87.945
Time deposits due to credit institutions	284.418	284.457
Interbank deposits and amounts due to ECB	2.155.777	2.099.226
Amounts due to Central Bank	5.155	5.158
Securities sold under agreements to repurchase	2.929.419	2.479.265
Other	22.509	30.369
Total due to banks	**5.871.463**	**4.986.420**

NOTE 30: Due to customers	31.12.2006	31.12.2005
Deposits:		
Individuals.	36.132.788	33.937.922
Corporate.	5.534.297	4.404.633
Government and agencies	2.319.867	2.047.622
Total deposits	**43.986.952**	**40.390.177**
Securities sold to customers under agreements to repurchase	118.742	300.023
Other due to customers	458.970	370.000
Amounts due to customers	**44.564.664**	**41.060.200**

Included in due to customers are deposits, which contain one or more embedded derivatives. The Bank has designated these deposits as financial liabilities at fair value through profit and loss.The accumulated loss on these deposits as of December 31, 2006 was approximately €4.143 thousand.

NOTE 31: Other borrowed funds	31.12.2006	31.12.2005
Fixed rate notes	183.007	215.983
Floating rate notes	2.329.067	1.808.068
Total	**2.512.074**	**2.024.051**

- NBG Finance plc, a wholly owned subsidiary of the Bank, issued:

a) In June 2002, € 750 million callable subordinated floating rate notes guaranteed on a subordinated basis by the Bank due in June 2012. The notes are redeemable at the option of the Bank in or after June 2007. The notes carry interest at EURIBOR plus 80 bps to June 2007 and EURIBOR plus 210 bps thereafter, which is paid quarterly. The subordinated loan is carried at amortized cost. The commissions and other costs related to the issuance of those notes are amortized as interest expense on a constant yield basis over the period from the placement to the first redemption option.

b) In June 2005, JPY 30 billion callable subordinated fixed rate notes guaranteed on a subordinated basis by the Bank due in June 2035. The notes may be redeemed at the option of the Bank in or after June 2015. The notes carry fixed rate interest of 2,755% which is payable semi-annually in arrears. The subordinated loan is carried at fair value since it has been designated as a financial liability at fair value through profit and loss. The net accumulated gain on this loan is approximately €8.161 thousand in 2006.

The proceeds of the above Notes issued by NBG Finance are lent to the Bank under loan agreements with the same terms as each one of the Notes referred to above.

- NBG Funding Ltd, a wholly owned subsidiary of the Bank, issued:

a) In July 2003, € 350 million Series A Floating Rate Non – Cumulative Non Voting Preferred Securities. The notes carry interest at the 3-month EURIBOR plus 175 bps up until July 11, 2013 and EURIBOR plus 275 bps thereafter, which is paid quarterly.

b) In November 2004, € 350 million Series B and USD 180 million Series C Constant Maturity Swap (“CMS”) Linked Subordinated Callable Notes guaranteed on a subordinate basis by the Bank. The notes are perpetual and may be redeemed by NBG Funding, in whole but not in part in November 2014 or any dividend date falling thereafter subject to the consent of the Bank. The preferred dividend rate for series B is 6,25% the first year and then is determined as the 10 year EUR CMS mid swap rate plus 12,5bps reset every six months and capped at 8% and for series C is 6,75% the first year and then is determined as the 10 year USD CMS mid swap rate plus12, 5 bps reset every six months and capped at 8,5% paid semi-annually.

c) In February 2005, NBG Funding Ltd issued € 230 million Series D Constant Maturity Swap (“CMS”) Linked Subordinated Callable Notes guaranteed on a subordinate basis by the Bank. The notes are perpetual and may be redeemed by NBG Funding, in whole but not in part on 16 February 2015, or any dividend date falling thereafter subject to the consent of the Bank. The preferred dividend rate for series D is 6,00% until 16 February 2010, and thereafter determined as the difference of 10-year EUR CMS mid swap rate minus 2-year mid swap rate multiplied by four on annual basis capped at 10% and floored at 3,25%.

d) On 8 November 2006, NBG Funding Limited issued £375 million Series E Fixed/Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities. The securities are perpetual and may be redeemed by NBG Funding, in whole but not in part on November 2016 or on any dividend date falling thereafter subject to the consent of the Bank. The preferred dividend rate for series E is fixed at a rate of 6,2889% per annum until 8 November 2016 and thereafter floating equal to 2.08 per cent per annum above the London Interbank Offered Rate for three-month Sterling deposits. The dividends are payable annually in arrear on 8 November in each year, until 8 November 2016, following which quarterly in arrear on 8 February, 8 May, 8 August and 8 November in each year.

The proceeds of the instruments issued by NBG Funding were lent to NBG Finance through Eurobond issues and ultimately lent to the Bank under loan agreements with the same terms as each one of the instruments referred to above but with a 30-year maturity.

NOTE 32: Other liabilities	**31.12.2006**	**31.12.2005**
Accrued interest and commissions	257.934	288.218
Creditors and suppliers	220.307	173.531
Amounts due to government agencies	367.289	409.426
Other provisions	13.581	32.959
Taxes payable - other than income taxes	26.514	22.188
Accrued expenses and deferred income	62.688	30.361
Payroll related accruals	32.487	38.773
Dividends payable	12.516	12.698
Other	595.257	636.388
Total other liabilities	**1.588.573**	**1.644.542**
Current tax liabilities	167.501	139.375
Total	**1.756.074**	**1.783.917**

Other liabilities as at 31.12.2006 include an amount of € 94.543 relating to unsettled balances from securities transactions and liabilities from puttable instruments of € 361 million.

The movement of other provisions may be summarised as follows:

	2006	**2005**
Balance at 1 January	**32.959**	**32.263**
Foreign exchange differences	(146)	457
Provisions charged to income statement during the year	18	239
Non-utilised provisions reversed	(17.858)	-
Provisions utilised during the year	(1.392)	-
Balance 31 December	**13.581**	**32.959**

NOTE 33: Contingent liabilities and commitments

a. Legal proceedings

The Bank is a defendant in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the financial position of the Bank.

b. Pending Tax audits

The Bank has been audited by the tax authorities up to 2004 inclusive. The tax authorities have not yet audited 2005& 2006 and accordingly tax obligations for the both year not be considered final. Additional taxes and penalties may be imposed as a result of such tax audit; although the amount cannot be determined at present, it is not expected to have material effect on Bank's net assets.

c. Capital Commitments

In the normal course of business, the Bank enters into a number of contractual commitments on behalf of its customers and is a party to financial instruments with off-balance sheet risk to meet the financing needs of its customers. These contractual commitments consist of commitments to extend credit, commercial letters of credit and standby letters of credit and guarantees. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of the conditions established in the contract. Commercial letters of credit ensure payment by a bank to a third party for a customer's foreign or domestic trade transactions, generally to finance a commercial contract for the shipment of goods. Standby letters of credit and financial guarantees are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. All of these arrangements are related to the normal lending activities of the Bank. The Bank's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and commercial and standby letters of credit is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

	31.12.2006	**31.12.2005**
Commitments to extend credits	13.861.830	10.386.660
Standby letters of credit	259.746	136.915
Financial Guarantees	3.036.973	2.617.421
Total	**17.158.549**	**13.140.996**

d. Assets pledged	**31.12.2006**	**31.12.2005**
Assets pledged as collaterals	**2.082.583**	**1.517.188**

e. Operating lease commitments	**31.12.2006**	**31.12.2005**
No later than 1 year	19.200	17.609
Later than 1 year and no later than 5 years	70.801	56.570
Later than 5 years	49.300	64.215
Total	**139.301**	**138.394**

NOTE 34: Share capital, share premium and treasury shares

Share capital

	No of shares	€'000s
At 1 January 2005	**331.575.511**	**1.492.090**
Merger through absorption of subsidiaries:		
Share capital authorised, issued and fully paid on merger with National Investment Company	5.023.534	123.585
Share capital authorised, issued and fully paid on merger with National Real Estate	2.670.367	80.672
At 31 December 2005	**339.269.412**	**1.696.347**
Increase of share capital above par value	135.707.764	678.539
Share options exercised	310.043	1.550
At 31 December 2006	**475.287.219**	**2.376.436**

The total number of ordinary shares as at 31 December 2005 was 339.269.412 with a nominal value of €5 per share .The total number of ordinary shares as at 31 December 2006 was 475.287.219 with a nominal value of €5 per share.
The movement is as follows:
On 1 June 2006 the 2nd Repeat General Meeting of the Bank's shareholders approved the share capital increase of € 3 billion through a rights issue to existing shareholders at a ratio of 4 new shares to 10 existing at a price of €22,11 for each new share. The share capital increase was completed and fully subscribed on 5 July 2006 and was authorized by Approval K2-10274/7.7.2006 of the Ministry of Development. Consequently, the Bank's share capital was increased by €678.539 with the issue of 135.707.764 new shares. The difference from the issue of shares above par value of a total amount of €2.321.960 less the share capital issue costs net of tax of € 64.064 was credited to the "share premium account".
On 21 December 2006, following the Bank's stock option program the share capital was increased by €1.550 with the issue of 310.043 shares.

Share Premium

	2006	2005
At 1 January	**-**	**32.393**
Merger through absorption of National Investment	-	13.100
Merger through absorption of National Real Estate	-	(45.493)
Increase of share capital above par value	2.321.960	-
Share options exercised	5.829	-
Share capital issue costs (net of tax)	(64.064)	-
At 31 December	**2.263.725**	**-**

Treasury Shares

	No of shares	€'000s
At 1 January 2005	**1.457.311**	**29.518**
Purchases of treasury shares	370.000	10.179
Sales of treasury shares	(1.792.311)	(38.612)
At 31 December 2005	**35.000**	**1.085**
Purchases of treasury shares	100.000	3.405
At 31 December 2006	**135.000**	**4.490**

The Bank's Annual Ordinary General Meeting of its Shareholders held on 27 April 2006, approved an own shares buy-back programme pursuant to Article 16 par. 5 et seq. of Codified Law 2190/1920, providing for the purchase, by the Bank, of own shares up to 10% of its total shares at a minimum price of €5 and a maximum of €60 per share from 2 May 2006 through 27 April 2007.

NOTE 35: Reserves & Retained Earnings	31.12.2006	31.12.2005
Statutory reserve	244.363	212.652
Available for sale securities reserve	(6.805)	41.139
Other reserves and retained earnings	1.245.319	1.023.436
Total reserves & retained earnings	**1.482.877**	**1.277.227**

Before paying dividends, the Bank, in accordance with its Articles of Association & Greek corporate law (codified law 2190/20) must allocate between 5% & 20% of its net profits to the statutory reserve until this reserve equals at least one half of the Bank's share capital.
Tax exempt reserves -amount €116 millions-until their capitalisation or distribution (untaxed reserves) are included in other reserves, and retained earnings and represent profits made on the sale of shares, property, bonds and other similar assets taxed at special rates such as interest earned on treasury bills and bonds.

Other reserves & retained earnings include an amount of €3.383 th.representing a cash flow hedging instrument used to hedge the currency risk associated with a forecast transaction denominated in TRY.

The movement in the available for sale securities reserve may be summarised as follows:

Available for sale securities reserve	**2006**	**2005**
At 1 January	**41.139**	**105.153**
Net (gains) / losses from changes in fair value of AFS investments	52.598	38.675
Net result transferred to income statement	(100.542)	(102.689)
At the end of the reporting period	**(6.805)**	**41.139**

NOTE 36: Dividends per share

The Bank's Annual Ordinary General Meeting of its Shareholders held on 27 April 2006 approved the payment of a €1 dividend per share for the financial year 2005. Entitled to the dividend were the holders of Bank's shares as at the closing of the Athens Exchange session of 2 May 2006. As from 3 May 2006 the Bank's shares are traded ex-2005 dividend. The dividend was paid on 11 May 2006.

The dividend proposed by the Board of Directors for 2006 is subject to the approval of the upcoming Annual Ordinary General Meeting and amounts to €1 per share.

NOTE 37: Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalent consist of the following balances with less than three months maturity from the acquisition date.

	31.12.2006	31.12.2005
Cash and balances with central banks	1.029.664	1.134.970
Treasury bills and other eligible bills	19.352	-
Due from banks	2.563.590	1.511.524
Total cash and cash equivalents.	**3.612.606**	**2.646.494**

NOTE 38: Related –party transactions

The nature of the related party relationships for those related parties with whom the Bank entered into significant transactions or had significant balances outstanding at 31 December 2006 and 31 December 2005 are presented below. Transactions with related parties were entered into during the course of business at market rates.

a. Transactions with management

The Bank entered into banking transactions with members of the Board of Directors and General Managers of the Bank, in the normal course of business. The list of the members of the Board of Directors is shown under Note 1. As of 31 December 2006,loans, deposits and letters of guarantee amounted to €2.792 thousand, €2.707 thousand and €2 thousand respectively. Total compensation including salaries and other short-term benefits, post employment and other long-term benefits and termination benefits amounted to €8.213 thousand. Related parties of the Bank were also granted 875.220 options under stock option program approved by the General Meeting of Shareholders on 22 June 2005 (see note 11).

b. Other related party transactions

In million	**31.12.2006**	**31.12.2005**
Loans and advances to customers……………………………………………………	2.652	1.453
Due to customers……………………………………………………………..………..	3.740	3.004
Letters of guarantee..………………………………………………………………	83	149
Interest and commission income. ………………………………………………....	103	58
Interest and commission expense. ……………………………………..……………..	208	168

NOTE 39: Acquisitions, disposals and other capital transactions

1. Acquisitions and disposals

I. In January 2006, following its Board of Directors decision on 20 December 2005, the Bank participated in the share capital increase of its subsidiary Banca Romaneasca. The share capital increase was concluded in February 2006. Ultimately, 122,5 million new shares were issued and the Bank currently controls 194,4 million shares (98,88%).

II. In January 2006, the Bank concluded the sale of its subsidiary ASTIR Alexandroupolis. The total consideration received was €6,5 million.

III. On 3 February 2006, the Bank concluded the agreement for the sale of its subsidiary National Bank of Greece (Canada) to Scotiabank. The total consideration received was CAD 71,3 million.

IV. On 18 August 2006, NBG acquired from FIBA Group, 46% of Finansbank ordinary shares and 100% of the Founder Shares for a consideration of USD 2.323 million and USD 451 million respectively. The sellers, FIBA Group retain a residual stake of 9,68% in the ordinary share capital of Finansbank, which is subject to put and call agreements, as provided for in the shareholders' agreement between the Bank and the Sellers, exercisable for a two year period commencing two years after closing of the Acquisition at a multiple of between two and a half and three and a half times the book value of the Finansbank's share, subject to certain performance criteria. From the Mandatory Offer which lasted from 8 January to 29 January 2007, the Bank acquired a further 43,44% holding of the share capital. Therefore, the total participation in ordinary share capital of Finansbank amounts to 89,44%.

V. On 12 September 2006, the National Bank of Greece ("NBG") and the Republic of Serbia entered into a definitive agreement for the acquisition of 99,4% of the share capital of Vojvodanska Banka a.d. NoviSad (Vojvodanska) by NBG. NBG paid to the Republic of Serbia on the closing of the transaction €360 million in cash for the acquisition of 99,4% of Vojvodanska's share capital. A further €25 million has also been deposited by NBG in a escrow account until December 2007. The escrow is set against certain expected recoveries from Vojvodanska's fully provided non-performing loan portfolio and would be released to NBG on a € to € basis against any shortfall in the recoveries.

VI. On 19 October 2006 NBG and the shareholders of P&K Investment Services SA signed the SPA, whereby NBG will acquire 100% of P&K Investment Services SA. The consideration agreed upon amounted to €48,7 million. The main part of the consideration will be paid to the sellers upon closing. The remaining part will be released to the sellers three years after the acquisition, conditional on the attainment of key targets set out in the pre-agreed business plan. The transaction is expected to close within the 1st quarter of 2007, subject to obtaining all regulatory approvals.

VII. From 11 through to 25 December 2006, the Bank via a Mandatory Tender Offer acquired 191,2 million shares of Finans Leasing, corresponding to 2,55% of its share capital and 72,3 million shares of Finans Investment Trust, corresponding to 5,3% of its share capital. The total consideration paid amounted to €4,2 million and €0,6 million respectively.

2. Mergers through absorption

National Bank of Greece and National Real Estate

The Boards of Directors of the Bank and National Real Estate, further to their decisions (dated 29/7/2005) regarding the merger of the two companies through absorption of the latter by the Bank, proposed to the General Meetings of their Shareholders the following share exchange ratio: 2 shares of the absorbing National Bank for 15 shares of the absorbed National Real Estate. Approval by regulatory authorities to initiate the merger procedures was obtained in October 2005 (Greek Government Gazette issue 11146/21.10.2005). PricewaterhouseCoopers and KPMG were engaged as auditors to certify the book value of National Bank of Greece's and National Real Estate's assets respectively, as at the merger balance sheet date (31/7/2005) and opine on the fairness of the share swap ratio. PricewaterhouseCoopers and KPMG issued their fairness opinion on the share swap ratio. On 3 February 2006, the second repeat General Meeting of the Bank's Shareholders approved the above merger under the terms proposed by the Board of Directors.

On 31 March 2006, the Ministry of Development approved the aforementioned merger and as of the same date the National Real Estate was permanently deregistrated from the Registrar Of Companies (Ref. Of Merger Approval: K2-4813, Ref. Of Deregistration: K2-744).

On completion of the merger and cancellation of National Real Estate shares owned by National Bank, the Bank's total number of shares increased by 2.670.367 shares which, added to existing shares and raised the total number of the Bank's shares to 339.269.412.

NOTE 40: Post balance sheet events

1. Acquisitions & Disposals

From 8 January through to 29 January 2007, the Bank acquired via the Mandatory Tender Offer 5.430 million shares of Finansbank, corresponding to 43,44% of its share capital. The total consideration paid amounted to €1.733 million. Therefore, the total participation in share capital of Finansbank amounts to 89,44%.

On 24 January 2007, the Bank and International Finance Corporation (IFC) signed an agreement by which IFC will acquire shares of Finansbank of up to 5% of its share capital after the completion of the Mandatory Tender Offer. The price per share to IFC was determined to be the price per share paid by the Bank to the Finansbank shareholders during the Mandatory Tender Offer.

From 1 February up to 14 March 2007, the Bank acquired 858.429 shares of Finansbank for the consideration of €2,6million (TRY 4,8 million).

NOTE 41: Reclassifications

Certain amounts in prior periods have been reclassified to conform to the current presentation.

Income Statement	31.12.2005		
	As restated	**As previously reported**	**Reclassifications**
Personnel expenses……………………………………………..	(657.640)	(657.640)	-
General & administrative expenses & other provisions………..	(212.665)	(212.431)	234
Depreciation & amortisation charges………..……………….. ….	(72.146)	(72.146)	-
Other operating expenses………..……………………………….	(12.247)	(12.481)	(234)
Total operating expenses………..………………..………………..	**(954.698)**	**(954.698)**	-

NOTE 42: Foreign Currency Rates

Following rates were used for the translation of foreign branches:

From	To	Fixed rate as at 31.12.2006	Average rate 01.01.06 to 31.12.2006
ALL	EUR	0,00807	0,00854
CYP	EUR	1,72951	1,74133
EGP	EUR	0,13157	0,14085
GBP	EUR	1,48920	1,46725
RSD	EUR	0,01266	0,01223