

**INTERIM FINANCIAL STATEMENTS
BANK**

AS AT 31-3-2005

In accordance with International Financial Reporting Standards



ATHENS 13 JULY 2005

EMPORIKI BANK

Interim Financial Statements (unaudited) – 31 March 2005

Amounts in thousands Euro (unless otherwise expressed)

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Interim Income Statements

	Note	1 January- 31 March 2005	1 January- 31 March 2005
Interest income		217,055	191,768
Interest expense		<u>(74,153)</u>	<u>(66,658)</u>
Net interest income	5	142,902	125,110
Commission income		39,611	34,956
Commission expense		<u>(1,680)</u>	<u>(2,932)</u>
Net commission income	6	37,931	32,024
Dividend income	7	240	1,498
Net trading results	8	5,060	12,558
Gains less losses investment portfolio		-	(5,472)
Other operating income		<u>1,308</u>	<u>1,938</u>
Net operating income		187,441	167,655
Staff expenses	9	(87,493)	(90,381)
Depreciation		(8,226)	(6,789)
Impairment loans and advances	17	(27,499)	(39,765)
Other operating expenses	10	<u>(30,498)</u>	<u>(32,041)</u>
Total operating expenses		(153,716)	(168,976)
GAIN/ (LOSS) BEFORE TAX		33,725	(1,321)
Income tax	11	(11,917)	(2,142)
GAIN/ (LOSS) AFTER TAX		21,808	(3,463)
Basic earnings per share (in Euro)	12	0.26	(0.04)

Notes on pages 8 to 45 form an integral part of these financial statements.

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Interim Balance Sheet

	Note	31 March 2005	31 December 2004
ASSETS			
Cash and balances with Central Bank	13	469,197	607,736
Treasury bills		29,445	27,771
Due from banks	14	1,464,655	1,101,278
Trading securities	15	1,141,566	1,894,123
Derivative financial instruments – Assets	16	273	249
Loans and advances to customers (net of provision)	17	13,186,148	12,916,101
Available for sale securities	18	69,202	70,005
Investments in subsidiaries	19	263,129	245,268
Investments in associates	19	22,489	22,489
Intangible assets	20	12,286	15,425
Property, plant and equipment	21	310,834	314,092
Investment property	22	103,476	103,768
Deferred tax asset	29	259,499	260,026
Income tax advance		16,906	16,906
Other assets	23	344,485	320,362
TOTAL ASSETS		17,693,590	17,915,599
LIABILITIES AND EQUITY			
Liabilities			
Due to other banks	24	325,449	755,172
Derivative financial instruments – Liabilities	16	16,232	53,024
Due to customers	25	14,941,946	14,695,105
Debt securities	26	398,853	398,853
Other debt securities	27	348,082	348,082
Employee benefits		450	452
Due to pension fund schemes	30	712,000	712,000
Other liabilities	28	387,804	423,234
Tax liabilities		19,194	8,453
Deferred tax liabilities	29	2,877	2,296
Total liabilities		17,152,887	17,396,671
Equity			
Share capital	32	485,435	485,435
Share premium	32	272,183	272,183
Less: Own shares	32	(88,935)	(88,935)
Accumulated deficit	33	(803,067)	(824,875)
Other reserves	33	675,087	675,120
Total Equity		540,703	518,928
TOTAL LIABILITIES AND EQUITY		17,693,590	17,915,599

Notes on pages 8 to 45 form an integral part of these financial statements.

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Interim Statement of Changes in Equity

	Share capital	Share premium	Own shares	Other reserves	Accumulated deficit/(losses)	TOTAL
Balance at 1 January 2004	429,658	278,392	(88,935)	642,931	(699,884)	562,164
Available-for-sale valuation	-	-	-	976	-	976
Results for the period 1/1/04- 31/3/04	-	-	-	-	(3,463)	(3,463)
Balance as at 31 March 2004	429,658	278,392	(88,935)	643,907	(703,346)	559,677
Balance as at 1 April 2004	429,658	278,392	(88,935)	643,907	(703,346)	559,677
Available-for-sale valuation	-	-	-	1,608	-	1,608
Dividend 2003	-	-	-	-	(40,683)	(40,683)
Appropriation 2003	-	-	-	-	-	-
Appropriation 2003	-	-	-	14,270	(14,352)	(83)
Loss for the period 1/4/04- 31/12/04	-	-	-	-	(90,708)	(90,708)
Effect from mergers	55,777	(6,209)	-	15,076	24,214	88,858
Other adjustments	-	-	-	259	-	259
Balance as at 31 December 2004	485,435	272,183	(88,935)	675,120	(824,875)	518,928
Balance as at 1 January 2005	485,435	272,183	(88,935)	675,120	(824,875)	518,928
Available-for-sale valuation	-	-	-	(29)	-	(29)
Results for the period 1/1/05 - 31/3/05	-	-	-	-	21,808	21,808
Other adjustments	-	-	-	(4)	-	(4)
Balance as at 31 March 2005	485,435	272,183	(88,935)	675,087	(803,067)	540,703

Notes on pages 8 to 45 form an integral part of these financial statements.

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Interim Cash Flow Statement

	1 January– 31 March 2005	1 January– 31 March 2004
Inflows / (outflows) from operating activities		
Net gain/(loss) after taxes	21,808	(3,463)
<u>Adjustment to net result for net inflows/(outflows) of operating activities</u>		
<u>Adjustments to profit and loss account for non cash items ::</u>		
Depreciation and amortization	8,226	6,790
Impairment for credit losses	27,499	39,765
	<u>35,725</u>	<u>46,555</u>
<u>Net (increase)/ decrease operating assets:</u>		
Obligatory deposits with Bank of Greece	56,530	(136,971)
Due from credit institutions	(3,041)	(9,450)
Trading securities (less government bonds)	230,431	(5,371)
Derivative financial instruments (assets)	(24)	(95)
Loans and advances to customers (net of write-offs)	(297,547)	(709,403)
Deferred tax asset	526	(4,617)
Other assets	(24,123)	23,140
	<u>(37,248)</u>	<u>(842,765)</u>
<u>Net increase/(decrease) operating liabilities:</u>		
Due to banks	(429,724)	1,713,974
Derivative financial instruments (liabilities)	(36,792)	(20,711)
Due to customers	246,840	(35,423)
Other liabilities (excluding impairment on participations)	2,768	(122,849)
Current tax liabilities	10,741	6,277
Deferred tax liabilities	582	482
Employee benefits (L. 2112/20)	(2)	-
	<u>(205,585)</u>	<u>1,541,750</u>
Total inflows/(outflows) from operating activities	(185,300)	742,077
Inflows / (outflows) from investment activities		
Increase in participation in subsidiaries	(56,060)	(23,881)
Changes in property, plant and equipment, intangible assets and investment property	(1,537)	(1,241)
Decrease of available-for-sale investments	770	874
Total inflows/ (outflows) from investment activities	(56,827)	(24,248)
Net increase/(decrease) in cash and cash equivalents	(242,127)	717,829
Cash and cash equivalent, opening	2,733,924	2,472,567
Cash and cash equivalent, closing	2,491,797	3,190,396

Notes on pages 8 to 45 form an integral part of these financial statements.

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Notes to the interim financial statements**1. General information**

Emporiki Bank ("Emporiki Bank") operates in all banking activities (retail, corporate) in investment banking, in asset management and in financial services. The Bank offers services in Greece through its network of 380 branches and abroad through its branches in London as well as through its subsidiaries in Germany, Cyprus, Bulgaria, Albania, Romania, Armenia and Georgia.

Emporiki Bank was established in Greece in 1907 and its shares are listed in the Athens Stock Exchange from 1909. The share of Emporiki Bank is included in the Athens General Index and in the FTSE 20.

Its web site address is www.emporiki.gr.

The financial statements have been approved by the Board of Directors of the Bank on 12 July 2005.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim financial statements are set out below.

2.1 Basis of preparation

These interim financial statements of Emporiki Bank for 31 March 2005 are for the three month period ended 31 March 2005 have been prepared in accordance with International Financial Reporting Standards (IFRS). They have been prepared in accordance IAS 34, "Interim Financial Reporting", and are covered by IFRS 1, "First-time Adoption of IFRS", because they are part of the period covered by the Bank's first IFRS financial statements for the year ended 31 December 2005.

These interim financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (April – June 2005). The policies applied to financial statements for all the periods are disclosed separately below.

The Bank's financial statements were prepared in accordance with Greek Generally Accepted Accounting Principles (Greek GAAP) until 31 December 2004. Greek GAAP differs in some areas from IFRS. In preparing the interim financial statements, management has amended certain accounting, valuation and consolidation methods applied in the Greek GAAP financial statements to comply with IFRS. The comparative figures in respect of 2004 were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of the transition from Greek GAAP to IFRS on the Bank's equity and its net income and cash flows are provided in Note 4.

These interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. Its also requires management to exercise judgment in the process of applying the Bank's accounting policies.

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2.2 Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in the functional and presentation currency of the Group, the Euro.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve as of 1 January 2004.

2.3 Derivative financial instruments and hedge accounting

The Bank uses derivative financial instruments either for hedging purposes or for trading purposes and on behalf of customers. The Bank uses the following derivatives: OTC and exchange traded options, futures, interest rate and currency swaps and forwards.

Derivatives are initially recognized at cost and are subsequently remeasured at their fair value, obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, if market prices are not available. Changes in the fair value of derivatives are recorded in the income statement.

The Bank designates certain derivatives as either hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge) or, hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge) or for a net investment in a foreign subsidiary.

The Bank documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Bank also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivative that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

2.4 Interest income and expense

Interest income and expense are recognized in the income statement for all instruments measured at amortised cost using the effective interest method, which includes all fees and points paid or received between parties to the contract, transaction costs and all other premiums or discounts.

The Bank does not recognize interest income on non-performing loans . Interest income for these loans are recorded in off balance sheet accounts until they are considered performing.

2.5 Fee and commission income

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loans.

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2.6 Financial assets

The Bank classifies its financial assets in the following 4 categories. Management determines the classification of its investments at initial recognition and reassess at reporting period.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category, if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans include originated loans and do not include loans acquired.

(c) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. The Bank did not have any held-to-maturity assets when preparing these financial statements.

(d) Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Purchases and sales of financial assets at categories (a), (c), (d) above are recognized on trade date – the date on which the Bank commits to purchase or sell the asset at fair value which for held for sale assets and available for sale securities includes transaction costs. Loans and advances (category b) are recognized when cash is advanced to the borrowers.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial assets is derecognized or impaired at which time the cumulative gain or loss previously recognised in equity should be recognized in profit or loss.

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method less impairment losses. These assets are examined for impairment losses which is when the present value of expected cash flows discounted at the effective rate is less than book value.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Bank establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, and other valuation techniques commonly used by market participants.

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The Bank assesses at each reporting period if there are indications of impairment. For equity instruments classified as available-for-sale such indications exist when the hedge is a prolong decline in the fair value compared to cost. If such impairment exists the remaining amount in equity is transferred to the income statement.

2.7 Off setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when:

- a) there is a legally enforceable right to offset the recognized amounts and
- b) there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.8 Sale and repurchase agreements

Securities sold subject to repurchase agreements (“repos”) are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate.

Securities purchased under agreements to resell (“reverse repos”) are recorded as loans and advances to other banks or customers, as appropriate. Securities lent to counterparties are also retained in the financial statements of the Bank. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

2.9 Impairment of financial assets

Assets with an infinite useful life and are not depreciated are assessed for impairment losses annually or whenever there is an indication that the reporting balance is non recoverable. Assets that are depreciated are tested for impairment loss when there is evidence that the book value is not recoverable. The recoverable amount is the largest amount between fair value less selling costs and book value. In estimating the recoverable amount assets are classified in smaller cash generating units. Impairment loss when incurred is recorded to the income statement.

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Bank about the following loss events:

- (i) significant financial difficulty of the issuer or obligor;
- (ii) a breach of contract, such as a default or delinquency in interest or principal payments;
- (iii) the Bank granting to the borrower, for economic or legal reasons relating to the borrower’s financial difficulty, a concession that the lender would not otherwise consider;
- (iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- (v) the disappearance of an active market for that financial asset because of financial difficulties;

or

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(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

- adverse changes in the payment status of borrowers in the Bank; or
- national or local economic conditions that correlate with defaults on the assets in the group

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on an asset or a group of assets has accrued, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. These characteristics (industry, financial, sector, geographical) are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Changes in the expected cash flows are recognized in the income statement as a gain if there is a release or a loss if there is an increase.

2.10 Intangible assets - Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives (three to five years). Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

2.11 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Years
Buildings and leasehold improvements	40 to 50
Computer Hardware	3 to 4
Vehicles	5 to 7
Furniture and equipment	5 to 7

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

On transition date to IFRS (1 January 2004) the Bank valued land and buildings at fair value based on professional valuations. This fair value was considered as deemed cost.

2.12 Investment property

The Bank classifies land and buildings that are not used for operational purposes or are held for investment purposes (rental income or capital appreciation) as investment property and records them at amortized cost less impairment losses. The Bank depreciates investment property during its useful life which is estimated at 40 to 50 years. On transition date to IFRS (1 January 2004) the Bank classified investment property at fair value as determined by professional valuers. Fair value was considered as their deemed cost.

2.13 Leases (The Bank as lessee)

Leases of property, plant and equipment where the Bank has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized 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 corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period. Property, plant and equipment acquired under finance leases is depreciated over the lower between the useful life of the asset or the term of the lease.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.14 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including: cash and non-restricted balances with the Bank of Greece, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

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2.15 Provisions

Provisions for restructuring costs and legal claims are recognized when:

- (1) the Group has a present legal or constructive obligation as a result of past events;
- (2) it is more likely than not that an outflow of resources will be required to settle the obligation;
and
- (3) the amount has been reliably estimated.

2.16 Employee benefits

(a) Short-term obligations

Short-term obligations to employees in cash or other non-monetary items are recognised as an expense on an accrual basis.

(b) Post employment benefits

The Bank has both defined benefit and defined contribution plans. The contributions are recognized as employee benefit expense when they are due.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets.

Upon the date of publishing these financial statements the Bank has an auxiliary fund (TEAPETE) which is subject to law "Capital market and other laws" as explained in note 30.

(c) Employee termination benefits

Employee termination benefits are paid when employees leave prior to retirement. The Bank records a liability when it is obliged to pay an amount according to a detailed employee scheme or when there are motives for voluntary termination. Long-term employment schemes are discounted.

In case the amount is not known precisely, termination benefits are recognized as a contingent liability.

2.17 Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary difference can be utilized. Deferred taxes are presented separately as assets and liabilities and are not offset.

Income tax payable on profits, based on the applicable tax law, is recognized as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognized as an asset when it is probable that future taxable profits will be available against with these losses can be utilized.

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2.18 Borrowings

Borrowing are recognized initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

2.19 Share capital and own shares

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

Where the Bank purchases its equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.20 Fiduciary activities

The Bank commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Bank.

2.21 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. Financial risk Management

3.1 Financial risk factors

The Bank's activities are related with financial instrument risks and risks from derivatives. The Bank receives deposits from customers for different time intervals offering fixed and floating rates. The Bank invests these funds to achieve higher than the average offer rate. To expand this spread the Bank receives short term deposits and offers higher rates for long term liabilities maintaining an adequate liquidity coverage for all possible obligations that may occur.

The Bank is exposed to various risks such as credit, liquidity, cash flow and fair value risk from the change in rates. the general risk management policy for the Bank is focused on confronting the uncertainties of financial markets and tries to minimize any negative effects to the profits for the Bank. The Bank uses financial derivatives such as futures/forwards and interest rate swaps to hedge these risks.

Risk management apart from credit risk is maintained at a central level adopting to regulations and decisions made by the Asset Liability Committee (ALCO). Credit risk management is governed by the Credit Committee that defines the credit risk strategy and monitors its progress. Risk Management defines, estimates and confronts all financial risks in cooperation with the departments that are involved with these risks. The Board of Directors gives written instructions and guidelines for central risk management and special instructions for confronting special risks such as foreign exchange, interest and credit risk.

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Cash flow hedging and fair value hedging for changes in interest rates.

Operating income and cash flows of the Bank are affected by the change in interest rates. The Bank in several cases is exposed to floating rates loans and enters into a interest rate swap (IRS) to hedge cash flows on future interest payments that result in transferring floating loans to fixed.

Interest rate swaps allow the Bank to convert long-term exposure in floating rates to fixed which would be less than if the Bank would borrow if the loans at inception were made with fixed rates. Through IFRS the Bank agrees with third parties to exchange at specific time intervals the difference between fixed and floating rates based on the initial nominal value borrowed.

Interest rate risk is from long term loans. Floating rate loans expose the Bank to cash flow risks. Fixed rate loans expose the Bank to fair value risks. It is the Bank's policy to have approximately all of their loan portfolio with floating rates.

3.2 Credit risk

Credit risk is the loss from the risk that the counterparty will be unable to pay amounts in full when due. In accordance with its credit scoring policy the Bank can estimate the credit risk for each loan category and estimate the exposure to credit risk.

From experience, management is able to carefully manage the credit risk it is exposed to by issuing credit policies.

It applies an internal credit grading for corporate entities, small and medium size entities. This model has been expanded and improved and will apply in 2005 for improving credit risk management. The new model is based on classifying loans in delays by collateral coverage.

Based on the same model the Bank already connects the customer grading with the credit risk exposed within a year by industry.

Apart from credit risk, the Bank also monitors market risk by monitoring loan concentration per business sector. In addition it develops practices to evaluate and approve credit risk exposed by the Bank. It also monitors shifts in the quality of the loan portfolio in order to confront any risks incurred.

For retail loans the Bank has developed a credit scoring system to estimate precisely the credit risk by customer and minimizing credit risk. This is done through monitoring payment behaviors of customers.

In addition the Bank has developed a system for allocating impairment losses for portfolio loans that gives a statistical estimate on the possible loss for the following year based on historic trends and is used to evaluate the quality of the credit portfolio. Impairment losses recorded cover all losses for the Bank.

Emporiki Bank is in the process of developing new risk management policies to adopt to the new Basle II framework.

3.3 Market risk

In 2004 the Bank developed and improved its internal risk management policy. The maximum value at risk (VaR) for the trading portfolio is estimated through historical simulation on a daily basis. In addition it uses the Monte-Carlo methodology. This analysis is done for each market risk (interest, foreign currency and equity) and is confirmed through backtesting controls and stress testing. In 2004 it adopted a strategy to invest in high quality international corporate bonds.

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The average credit rating of this portfolio by the end of 2004 was A according to Standard & Poor's.

For 2005 the Bank considers as its top priority to cover the risk management policy for all its subsidiaries. In addition, it will start reporting to regulatory authorities using standardized methodologies.

3.4 Foreign currency

Foreign currency risk is the risk from the change in value of a financial instrument asset or liability as a result of changes in currency rates. Foreign currency risk from transactions in foreign currency is a result of a long or short open position exposing the Bank to foreign exchange risks. These risks may also result by funding assets in one currency with a different currency or through forward contracts or by option derivatives. This risk is also driven by the net equity of subsidiaries with a presentation currency other than the Euro. The Bank covers this risk as its funding is to a large extent the same currency. The Bank does transactions in foreign currencies to cover customer needs or to hedge its open positions. The Bank's risk management monitors transactions based on limits approved. The Bank maintains limits in order to control the following:

- (a) Open positions in a currency (long or short per currency).
- (b) Total negative exposures.
- (c) Maximum losses (On a daily/monthly or annual basis).

The following tables show the foreign currency exposure of the Bank. These tables present assets and liabilities per currency. In addition the notional amount used to hedge the currency risk is also shown.

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ASSETS	EUR	USD	GBP	CHF	JPY	Other	Total
Cash and balances with Central Bank	467,702	910	207	75	11	292	469,197
Treasury bills and other eligible bills	29,445	-	-	-	-	-	29,445
Due from banks	1,144,580	185,686	46,341	21,017	6,431	60,600	1,464,655
Trading securities	1,141,520	-	-	-	-	46	1,141,566
Derivative financial instruments – assets	273	-	-	-	-	-	273
Loans and advances to customers (after impairment loss)	12,350,918	669,496	39,195	74,592	51,857	90	13,186,148
Available-for-sale securities	69,202	-	-	-	-	-	69,202
Investment in subsidiaries	175,373	23,893	18	-	-	63,845	263,129
Investment in associates	22,489	-	-	-	-	-	22,489
Intangible assets	12,263	-	23	-	-	-	12,286
Property, plant and equipment	310,353	418	63	-	-	-	310,834
Investment property	103,476	-	-	-	-	-	103,476
Deferred tax asset	259,499	-	-	-	-	-	259,499
Income tax advances	16,906	-	-	-	-	-	16,906
Other assets	376,981	23,089	2,500	386	(57,712)	(759)	344,485
Total assets	16,480,981	903,492	88,347	96,070	587	124,114	17,693,590

LIABILITIES

	EUR	USD	GBP	CHF	JPY	Other	Total
Due to banks	175,509	97,850	4,212	41,342	6,191	345	325,449
Derivative financial instruments – liabilities	16,232	-	-	-	-	-	16,232
Due to customers	13,627,561	780,748	82,353	5,172	316,835	129,277	14,941,946
Debt securities	398,853	-	-	-	-	-	398,853
Other debt issues	348,082	-	-	-	-	-	348,082
Employee benefits	450	-	-	-	-	-	450
Due to pension fund schemes	712,000	-	-	-	-	-	712,000
Other liabilities	368,862	17,426	1,261	208	4	43	387,804
Current tax liabilities	19,194	-	-	-	-	-	19,194
Deferred tax liabilities	2,877	-	-	-	-	-	2,877
Total liabilities	15,669,619	896,024	87,826	46,722	323,030	129,665	17,152,887
Net equity	811,362	7,468	521	49,348	(322,443)	(5,551)	540,703
Off balance sheet items	(269,921)	(1,071)	-	(50,002)	258,960	65,198	3,164

31 December 2004

	EUR	USD	GBP	CHF	JPY	Other	Total
Total assets	16,629,281	893,546	105,801	90,962	65,300	130,709	17,915,599
Total liabilities	15,663,941	883,236	106,728	91,663	518,696	132,407	17,396,671
Net equity	965,340	10,310	(927)	(701)	(453,396)	(1,698)	518,928
Off balance sheet items	(468,108)	(202)	9,219	(84,257)	500,454	45,834	2,940

3.5 Interest rate risk

Interest rate risk is the risk for changes in the fair value of financial instruments and to net interest income for the Bank as a result of changes in interest rates. Interest rate risk is a result of the deferral in adjusting assets and liability items to interest rate changes.

The Bank uses the PVBP methodology (Present Value of a Basis Point) to measure control and manage interest rate. PVBP measures the effect to the fair value of financial instruments and to the profitability of the Bank for every change by 1 basis point (0.01%) to the yield curve.

The Bank's interest rate risk is from retail banking and is usually funded by the money market. There is though a small volume of transactions in fixed rate bonds and interest rate forwards compared to the size of the Bank's balance sheet.

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The Bank uses PVBPs as a measurement of exposures in order to control:

- (a) Total interest rate exposure by period.
- (b) Total interest rate exposure per currency (mainly Euro, GBP, USD and Australian Dollar).
- (c) Total interest rate exposure.

The Bank measures its interest rate exposure as the maximum loss as a result of changes in interest rates. These changes are based on historic data and through stress scenarios. It should be noted that the Bank measures its interest rate exposure to count the maximum loss within a reasonable interval.

The following tables show the interest rate exposure. These tables present the book value of asset and liability items for the Bank categorized by the minimum between the date that rates change or when the financial asset or liability matures.

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	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non interest bearing	Total
Interest risk							
Cash and balances with Central Bank	256,853	-	-	-	-	212,344	469,197
Treasury bills and other eligible bills	13,420	-	16,163	-	-	(138)	29,445
Due from banks	1,157,764	167,961	111,402	-	-	27,528	1,464,655
Trading securities	59,263	123,584	101,567	520,767	180,628	155,756	1,141,566
Derivative financial instruments – assets	273	-	-	-	-	-	273
Loans and advances to customers (after impairment loss)	8,412,786	3,078,444	1,514,171	498,601	6,100	(323,954)	13,186,148
Available-for-sale securities	1,324	21,678	46,150	-	-	50	69,202
Investment in subsidiaries	-	-	-	-	-	263,129	263,129
Investment in associates	-	-	-	-	-	22,489	22,489
Intangible assets	-	-	-	-	-	12,286	12,286
Property, plant and equipment	-	-	-	-	-	310,834	310,834
Investment property	-	-	-	-	-	103,476	103,476
Deferred tax asset	-	-	-	-	-	259,499	259,499
Income tax advances	-	-	-	-	-	16,906	16,906
Other assets	-	-	-	-	-	344,485	344,485
Total assets	9,901,683	3,391,667	1,789,453	1,019,368	186,728	1,404,692	17,693,590
Due to banks	234,059	91,390	-	-	-	-	325,449
Derivative financial instruments – liabilities	16,232	-	-	-	-	-	16,232
Due to customers	11,487,905	1,287,470	2,036,136	33,914	-	96,522	14,941,946
Debt securities	-	398,780	-	-	-	73	398,853
Other debt issues	-	348,082	-	-	-	-	348,082
Employee benefits	-	-	-	-	-	450	450
Due to pension fund schemes	-	-	-	-	-	712,000	712,000
Other liabilities	-	-	-	-	-	387,804	387,804
Current tax liabilities	-	-	-	-	-	19,194	19,194
Deferred tax liabilities	-	-	-	-	-	2,877	2,877
Total liabilities	11,738,195	2,125,722	2,036,136	33,914	186,728	1,218,920	17,152,887
Net interest rate exposure	(1,836,512)	1,265,945	(246,682)	985,454	186,728		

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	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non interest bearing	Total
Cash and balances with Central Bank	410,613	-	-	-	-	197,122	607,736
Treasury bills and other eligible bills	10,905	-	17,065	-	-	(197)	27,773
Due from banks	842,720	121,021	116,363	-	-	21,174	1,101,278
Trading securities	146,748	282,590	155,877	711,611	477,895	119,403	1,894,123
Derivative financial instruments – assets	249	-	-	-	-	-	249
Loans and advances to customers (after impairment loss)	8,364,975	2,342,171	1,918,396	517,827	6,954	(234,223)	12,916,101
Available-for-sale securities	19,173	4,552	6,069	-	31,461	8,750	70,005
Investment in subsidiaries	-	-	-	-	-	245,268	245,268
Investment in associates	-	-	-	-	-	22,489	22,489
Intangible assets	-	-	-	-	-	15,425	15,425
Property, plant and equipment	-	-	-	-	-	314,092	314,092
Investment property	-	-	-	-	-	103,768	103,768
Deferred tax asset	-	-	-	-	-	260,025	260,025
Income tax advances	-	-	-	-	-	16,907	16,907
Other assets	-	-	-	-	-	320,362	320,362
Total assets	9,795,382	2,750,334	2,213,771	1,229,438	516,310	1,410,364	17,915,599
Due to banks	526,169	189,905	39,098	-	-	-	755,172
Derivative financial instruments – liabilities	53,024	-	-	-	-	-	53,024
Due to customers	11,455,003	1,015,577	2,055,697	36,211	-	132,617	14,695,105
Debt securities	-	398,853	-	-	-	-	398,853
Other debt issues	-	348,082	-	-	-	-	348,082
Employee benefits	-	-	-	-	-	452	452
Due to pension fund schemes	-	-	-	-	-	712,000	712,000
Other liabilities	-	-	-	-	-	423,234	423,234
Current tax liabilities	-	-	-	-	-	8,453	8,453
Deferred tax liabilities	-	-	-	-	-	2,296	2,296
Total liabilities	12,034,195	1,952,417	2,094,795	36,211	-	1,279,052	17,396,671
Net interest rate exposure	(2,238,813)	797,916	118,975	1,193,227	516,310		

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3.6 Liquidity risk

Liquidity risk is the risk from the gap between the maturity of asset and liability items. Liquidity risk expresses the danger that the Bank can not fulfill its obligations in the future from gaps between financial instruments or transactions.

The Bank measures this risk and controls it by using a developed liquidity management that has various controls. The Group adheres to liquidity restraints authorized by the regulatory authorities locally and abroad as well as to internal limits.

The Bank controls and manages liquidity risk throughout the period by using the following:

- (a) Minimum reserve balance as defined by the Bank of Greece.
- (b) Liquidity indexes defined by the regulatory authority (Bank of Greece) and internally.

The Bank's operations abroad adhere to liquidity rules defined by the Bank of Greece and local regulatory decisions.

The following tables depict the assets and liability items of the Bank by maturity as at the reporting date.

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	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non interest bearing
Cash and balances with Central Bank	469,197	-	-	-	-	469,197
Treasury bills and other eligible bills	23	-	29,422	-	-	29,445
Due from banks	1,126,279	119,812	161,001	43,615	13,948	1,464,655
Trading securities	1,013,248	-	-	128,318	-	1,141,566
Derivative financial instruments – assets	273	-	-	-	-	273
Loans and advances to customers (after impairment loss)	1,456,328	2,156,686	2,787,725	3,882,795	2,902,614	13,186,148
Available-for-sale securities	44,489	-	-	24,713	-	69,202
Investment in subsidiaries	-	-	-	-	263,129	263,129
Investment in associates	-	-	-	-	22,489	22,489
Intangible assets	-	-	-	-	12,286	12,686
Property, plant and equipment	-	-	-	-	310,834	310,834
Investment property	-	-	-	-	103,476	103,476
Deferred tax asset	-	-	-	259,499	-	259,499
Income tax advances	-	-	-	16,907	-	16,907
Other assets	288,456	-	41,585	14,444	-	344,485
Total assets	4,398,293	2,276,498	3,019,733	4,370,291	3,628,776	17,693,590
Due to banks	187,333	88,116	-	-	50,000	325,449
Derivative financial instruments – liabilities	16,232	-	-	-	-	16,232
Due to customers	3,709,016	1,208,690	2,015,813	7,296,180	712,247	14,941,946
Debt securities	-	-	-	398,853	-	398,853
Other debt issues	-	-	-	-	348,082	348,082
Employee benefits	-	-	449	-	-	449
Due to pension fund schemes	-	-	-	712,000	-	712,000
Other liabilities	255,046	9,405	85,428	-	37,925	387,804
Current tax liabilities	-	19,194	-	-	-	19,194
Deferred tax liabilities	-	-	-	2,877	-	2,877
Total liabilities	4,167,627	1,325,405	2,101,690	8,409,910	1,148,254	17,152,886
Net equity	230,666	951,093	918,043	(4,039,619)	2,480,522	540,703
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non interest bearing
31 December 2004						
Total assets	5,096,449	2,010,976	2,805,740	4,644,939	3,357,495	17,915,599
Total liabilities	4,692,220	1,083,008	2,096,042	8,074,254	1,451,147	17,396,671
Net equity	404,229)	927,968	709,698	(3,429,315)	1,906,348	518,928

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3.7 Fair value estimation

Fair values of financial instruments that are listed in active markets equal to the published closing prices at balance sheet date.

Fair values of financial instruments not listed in active markets are determined using specific valuation techniques and acknowledgments based on market information at the balance sheet date.

4. Transition to IFRS

4.1 Application of IFRS 1

The financial statements of the Bank for the year ending 31 December 2005 will be the first annual financial statements in accordance with IFRS. The current interim financial statements have been presented as stated in note 2.1. The Bank has applied IFRS 1 for the preparation of these interim financial statements.

The transition date for the Bank to IFRS is 1 January 2004, the date when the Bank prepared the opening balance sheet of the Bank in accordance with IFRS. The present interim financial statements refer to the period between 1 January to 31 March 2005 that for IFRS purposes is considered 1 January 2005 for the Bank.

For the compilation of the interim financial statements the Bank adopted the exemptions in accordance with IFRS 1.

4.1.1 Exemptions for applying IFRS

The Bank decided to apply the following exemptions for IFRS purposes:

a) Business combinations: The Bank decided not to adjust any business acquisitions prior to 1 January 2004 (transition date).

b) Deemed cost: The Bank considers as deemed cost for property held 1 January 2004 the fair value as at that date

4.2 Reconciliation between IFRS and Greek GAAP

The following tables show the effect to the Bank from the transition to IFRS. The first schedule shows the reconciliation of equity as at 1 January 2004, 31 March 2004 and 31 December 2004, while the following tables show in detail the effect to:

- Net equity as at 1 January 2004
- Net equity as at 31 March 2004
- Net equity as at 31 December 2004
- Net profit as at 31 March 2004
- Net profit as at 31 December 2004

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4.2.1 Reconciliation net equity

	<u>1 January 2004</u>	<u>31 March 2004</u>	<u>31 December 2004</u>
Net equity (Greek GAAP)	1,268,571	1,286,505	1,328,863
Allocation of profit 2003	40,766	40,766	-
Intangible assets write-off	(18,646)	(19,303)	(21,791)
Revaluation of property at fair value	195,206	195,206	(16,148)
Change in depreciation rates	-	381	1,184
Financial leases	(23)	(45)	(61)
Impairment of loans and advances	(104,597)	(112,362)	(89,745)
Effective interest rate for commission on loans (IAS 39)	(21,957)	(26,704)	(40,757)
Effective interest rate method for interest on loans (IAS 39)	3,175	4,171	7,998
Provision for obligation to ETEAM	(712,000)	(712,000)	(712,000)
Impairment of subsidiaries	(259,348)	(264,821)	(155,909)
Revaluation difference associates	(36,653)	(36,653)	(19,390)
Impairment of available for sale assets	(20,874)	(20,874)	-
Revaluation available-for-sale securities	(25)	83	29
Impairment trading securities	(6,646)	8,917	-
Derivative financial assts at fair value	142	(15,996)	(386)
Income tax provision first quarter 2004	-	(6,277)	-
Tax on valuation of property	(7,641)	(7,641)	-
Property tax estimate	-	(275)	-
Employee benefit obligation	(16,414)	(16,414)	(15,688)
Other	(4,000)	(4,250)	(5,000)
Deferred tax assets	264,239	268,856	260,025
Deferred tax liabilities	(1,111)	(1,593)	(2,296)
Total adjustments	(706,407)	(726,828)	(809,935)
Net equity (IFRS)	562,164	559,677	518,928

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4.2.2 Balance sheet reconciliation 1 January 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
ASSETS			
Cash and balances with Central Bank	398,114	-	398,114
Treasury bills	9,792	-	9,792
Due from banks	964,942	-	964,942
Trading securities	-	2,153,791	2,153,791
Derivative financial instruments – assets	-	142	142
Loans and advances to customers (net of provision)	11,705,002	(78,986)	11,626,016
Bonds and other fixed income securities	1,924,367	(1,924,367)	-
Shares and other variable income securities	287,271	(287,271)	-
Available-for-sale securities	-	61,816	61,816
Investments in subsidiaries	721,995	(271,722)	450,273
Investment in associates	31,663	(16,306)	15,356
Intangible assets	48,500	(27,849)	20,651
Property, plant and equipment	134,866	174,414	309,279
Investment property	-	84,016	84,016
Deferred tax asset	-	264,239	264,239
Income tax advances	-	18,957	18,957
Other assets	417,771	(96,994)	320,777
Total assets	16,644,282	53,878	16,698,160
LIABILITIES AND EQUITY			
Liabilities			
Due to banks	1,225,556	-	1,225,556
Derivative financial instruments – liabilities	-	76,221	76,221
Due to customers	13,841,685	-	13,841,685
Debt securities	73	-	73
Other provisions	29	(29)	-
Due to pension fund schemes	-	712,000	712,000
Other liabilities	308,367	(60,691)	247,676
Current tax liabilities	-	31,674	31,674
Deferred tax liabilities	-	1,111	1,111
Total liabilities	15,375,711	760,285	16,135,996
Equity			
Share capital	429,658	-	429,658
Share premium	278,392	-	278,392
Less: Own shares	(88,935)	-	(88,935)
Accumulated deficit	-	(699,884)	(699,884)
Other reserves	649,455	(6,523)	642,931
Total equity	1,268,571	(706,407)	562,164
Total liabilities and equity	16,644,282	53,878	16,698,160

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4.2.3 Balance sheet reconciliation 31 March 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
ASSETS			
Cash and balances with Central Bank	215,603	-	215,603
Treasury bills	108,971	-	108,971
Due from banks	1,127,690	-	1,127,690
Trading securities	-	2,943,994	2,943,994
Derivative financial instruments – assets	-	237	237
Loans and advances to customers (net of provision)	12,380,641	(84,986)	12,295,654
Bonds and other fixed income securities	2,692,015	(2,692,015)	-
Shares and other variable income securities	295,071	(295,071)	-
Available-for-sale securities	-	61,917	61,917
Investments in subsidiaries	745,877	(283,722)	462,155
Investment in associates	30,849	(15,492)	15,356
Intangible assets	47,022	(28,498)	18,524
Property, plant and equipment	131,904	174,776	306,680
Investment property	-	83,193	83,193
Deferred tax asset	-	268,856	268,856
Income tax advances	-	18,957	18,957
Other assets	395,720	(98,084)	297,636
Total assets	18,171,363	54,060	18,225,423
LIABILITIES AND EQUITY			
Liabilities			
Due to banks	2,939,531	-	2,939,531
Derivative financial instruments – liabilities	-	55,510	55,510
Due to customers	13,806,262	-	13,806,262
Other provisions	29	(29)	-
Due to pension fund schemes	-	712,000	712,000
Other liabilities	139,036	(26,136)	112,900
Current tax liabilities	-	37,951	37,951
Deferred tax liabilities	-	1,593	1,593
Total liabilities	16,884,858	780,888	17,665,746
Equity			
Share capital	429,658	-	429,658
Share premium	278,392	-	278,392
Less: Own shares	(88,935)	-	(88,935)
Accumulated deficit	17,934	(721,281)	(703,346)
Other reserves	649,455	(5,548)	643,907
Total equity	1,286,505	(726,828)	559,677
Total liabilities and equity	18,171,363	54,060	18,225,423

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4.2.4 Balance sheet reconciliation 31 December 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
ASSETS			
Cash and balances with Central Bank	607,736	-	607,736
Treasury bills	27,773	-	27,772
Due from banks	1,101,278	-	1,101,278
Trading securities	-	1,894,123	1,894,123
Derivative financial instruments – assets	-	249	249
Loans and advances to customers (net of provision)	12,989,597	(73,496)	12,916,101
Bonds and other fixed income securities	1,849,560	(1,849,560)	-
Shares and other variable income securities	101,182	(101,182)	-
Available-for-sale securities	-	70,005	70,005
Investments in subsidiaries	397,802	(152,535)	245,268
Investment in associates	20,411	2,077	22,489
Intangible assets	46,419	(30,994)	15,425
Property, plant and equipment	331,167	(17,075)	314,092
Investment property	-	103,768	103,768
Deferred tax asset	-	260,025	260,025
Income tax advances	-	16,907	16,906
Other assets	441,757	(121,395)	320,362
Total assets	17,914,682	917	17,915,599
LIABILITIES AND EQUITY			
Liabilities			
Due to banks	755,172	0	755,172
Derivative financial instruments – liabilities	0	53,024	53,024
Due to customers	14,695,105	0	14,695,105
Debt securities	398,853	0	398,853
Other debt securities	348,082	0	348,082
Employee benefits	13,635	(13,184)	452
Due to pension fund schemes	-	712,000	712,000
Other provisions	17,453	(17,453)	0
Other liabilities	357,518	65,716	423,234
Current tax liabilities	0	8,453	8,453
Deferred tax liabilities	0	2,296	2,296
Total liabilities	16,585,819	810,852	17,396,671
Equity			
Share capital	485,435	0	485,435
Share premium	361,137	(88,955)	272,183
Less: Own shares	(88,935)	0	(88,935)
Accumulated deficit	(144,852)	(680,024)	(824,875)
Other reserves	716,077	(40,957)	675,120
Total equity	1,328,863	(809,935)	518,928
Total liabilities and equity	17,914,682	917	17,915,599

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4.2.5 Reconciliation of income statement 31 March 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
Interest income	190,772	996	191,768
Interest expense	(68,421)	1,762	(66,658)
Net interest income	122,351	2,759	125,110
Commission income	38,311	(3,355)	34,956
Commission expense	(2,932)	0	(2,932)
Net commission income	35,379	(3,355)	32,024
Dividend income	1,498	-	1,498
Net trading results	14,001	(1,443)	12,558
Gains less losses investment portfolio	-	(5,473)	(5,473)
Other operating income	2,749	(811)	1,938
Net operating income	175,979	(8,323)	167,656
Staff expenses	(90,381)	-	(90,381)
Depreciation	(8,594)	1,804	(6,790)
Impairment loans and advances	(32,000)	(7,765)	(39,765)
Other operating expenses	(27,099)	(4,942)	(32,041)
Total operating expenses	(158,073)	(10,903)	(168,976)
Extraordinary results	29	(29)	-
GAIN (LOSS) BEFORE TAX	17,934	(19,255)	(1,321)
Tax	-	(2,142)	(2,142)
GAIN / (LOSS) AFTER TAX	17,934	(21,397)	(3,463)

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4.2.6 Reconciliation of income statement 31 December 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
Interest income	811,684	4,823	816,507
Interest expense	(289,277)	8,019	(281,258)
Net interest income	522,407	12,843	535,249
Commission income	150,813	(13,740)	137,073
Commission expense	(11,866)	-	(11,866)
Net commission income	138,947	(13,740)	125,208
Dividend income	4,430	-	4,430
Net trading results	(15,953)	34,395	18,442
Gains less losses investment portfolio	-	(67,036)	(67,036)
Other operating income	12,037	1,252	13,290
Net operating income	661,869	(32,286)	629,583
Staff expenses	(401,090)	4,404	(396,686)
Depreciation	(37,015)	7,062	(29,953)
Impairment loans and advances	(148,203)	14,852	(133,351)
Other operating expenses	(122,374)	(25,393)	(147,767)
Total operating expenses	(708,682)	924	(707,757)
Extraordinary results	3,423	(3,423)	-
GAIN (LOSS) BEFORE TAX	(43,391)	(34,784)	(72,085)
Tax	(18,984)	2,988	(15,996)
GAIN / (LOSS) AFTER TAX	(62,375)	(31,796)	(94,171)

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5. Net interest income

	1/1 - 31/3 2005	1/1 - 31/3 2004
Interest income		
Cash and short-term funds	10,249	7,314
Bonds/ Treasury bills	17,561	17,641
Lending securities and reverse repos	107	276
Loans and advances	189,138	166,537
	217,055	191,768
Interest expense		
Banks and customers	65,551	58,565
Debt securities	2,449	-
Securities and repos	3,358	8,076
Other borrowing funds	2,794	18
	74,153	66,658
Net interest income	142,902	125,110

6. Net commission income

	1/1 - 31/3 2005	1/1 - 31/3 2004
Commission income		
Lending	8,567	6,236
Working capital	1,719	1,891
Letters of guarantee	3,396	3,359
Credit cards	5,747	5,898
Imports – Exports	1,806	2,249
Mutual Funds	2,940	2,666
Other commissions	15,436	12,657
	39,611	34,956
Commission expenses		
Credit card commissions	1,581	1,501
Commissions form subsidiary banks and other companies	-	1,295
Other	99	135
	1,680	2,932
Net commission income	37,931	32,024

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7. Dividend income

	1/1 - 31/3 2005	1/1 - 31/3 2004
Trading portfolio	240	1,182
Available-for-sale portfolio	-	316
Dividend income	240	1,498

8. Net trading results

	1/1 - 31/3 2005	1/1 - 31/3 2004
Net profit from foreign exchange valuation	529	1,102
Net profit/(loss) from foreign exchange transactions	2,284	(1,347)
Net profit from sale and valuation of bonds	3,060	26,783
Net profit from sale and valuation of shares and other variable yield securities	5,212	13,037
Net loss from sale and valuation of derivatives	(6,024)	(27,017)
Trading results	5,060	12,558

9. Staff expenses

	1/1 - 31/3 2005	1/1 - 31/3 2004
Salaries and wages	57,884	60,633
Social security cost	9,402	9,697
Defined contribution post employee plans	16,346	16,016
Other benefits	3,861	4,034
Staff expenses	87,493	90,381

Total personnel of Emporiki Bank as at 31 March 2005 consists of 6,535 people compared to 6,935 as at 31 March 2004.

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10. Other operating expenses

	1/1 - 31/3 2005	1/1 - 31/3 2004
Fees and third party expenses	3,785	3,092
Third parties allowances	6,848	7,459
Insurance fees	745	861
Taxes and duties	1,264	3,316
Other expenses	17,856	17,313
Other operating expenses	30,498	32,041

11. Income tax

	1/1 - 31/3 2005	1/1 - 31/3 2004
Provision for current year	10,809	6,277
Deferred tax (Note 29)	1,108	(4,135)
Income tax	11,917	2,142

12. Earnings per share

	1/1 - 31/3 2005	1/1 - 31/3 2004
Profit attributable to shareholders of the Bank (in € thousands)	21,808	(3,463)
Average number of shares (excluding own shares)	83,695,758	83,695,758
Gain/ (Losses) per share (in €)	0,26	(0,04)

Basic earnings per share is calculated on profit attributable to the Bank's shareholders and the weighted average of shares outstanding during the year after deducting own shares issued.

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13. Cash and balances with the Central Bank

	31/03/05	31/12/04
Cash	208,918	223,915
Deposits at Central Bank excluding deposits for liquidity purposes	105,319	173,711
Cheques receivables – Central Bank clearing office	2,551	1,171
Included as cash and cash equivalents (Note 34)	316,788	398,797
Compulsory deposits with Central Bank	152,409	208,938
Cash and balances with the Central Bank	469,197	607,736

14. Due from banks

	31/03/05	31/12/04
Cheques receivables	9,586	4,910
On demand	17,572	8,623
Placements in other banks	1,287,160	862,674
Reverse Repos	-	59,556
Other amounts due	18,803	37,022
Included as cash and cash equivalents (Note 34)	1,333,121	972,785
Loans and borrowings with other banks	131,534	128,493
Due from banks	1,464,655	1,101,278

15. Trading securities

	31/03/05	31/12/04
Trading portfolio securities		
Bonds issued by Hellenic Republic (Note 34)	812,443	1,334,568
Bonds issued by other countries	281,918	485,092
	1,094,361	1,819,660
Listed shares	47,205	54,568
Mutual funds	-	19,894
Total	47,205	74,463
Trading securities	1,141,566	1,894,123

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16. Derivative financial instruments

	31/03/05			31/12/04		
	Contract/ Nominal value	Fair value		Contract/ Nominal value	Fair value	
		Assets	Liabilities		Assets	Liabilities
a) Currency derivatives						
Currency forwards	706,862	-	39	1,209,546	-	2,153
Currency swaps	307,049	-	794	386,994	-	7,554
Total		-	833		-	9,707
b) Interest rate derivatives						
Interest rate swaps	1,825,594	-	12,331	2,262,414	105	27,461
Exchange traded interest rate futures	275,000	-	2,312	366,000	-	15,221
Total		-	14,643		-	42,682
c) Index options						
OTC index options	54,555	273	755	19,207,794	144	636
Total		273	755		249	636
Derivative financial instruments		273	16,232		249	53,024

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17. Loans and advances to customers (net of provision)

	31/03/05	31/12/04
Loans to individuals		
Overdrafts	3,323	3,156
Credit cards	380,512	371,933
Term loans (including consumer loans)	923,017	905,036
Housing loans	3,568,531	3,392,066
Other loans	409,598	435,256
	5,284,982	5,107,447
Loans to legal entities		
Corporates	7,255,328	7,222,541
Syndicated loans	169,214	168,423
State and public companies	393,162	400,142
Other loans (bonds)	688,573	595,444
	8,506,277	8,386,550
Loans and advances to customers	13,791,259	13,493,997
Less: Provisions for impairment losses on loans and advances	(605,110)	(577,896)
	13,186,148	12,916,101
Floating interest rate	12,829,060	12,450,272
Fixed interest rate	962,199	1,043,726
Total	13,791,259	13,493,997

Impairment losses for loans and advances

Movement in impairment on loans and advances

Balance 1 January	577,896	451,856
Impairment on loans	32,097	133,351
Loans written-off	(285)	(7,311)
Provision reversal	(4,598)	0
Balance 31 March/ 31 December	605,110	577,896

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18. Available for sale securities

	31/03/05	31/12/04
Available-for-sale securities at fair value		
Bonds issued by Hellenic public	29,899	29,928
Listed shares	17,775	16,562
Non listed shares	10,004	11,988
Mutual funds units	11,523	11,526
Available-for-sale securities	69,202	70,005

19. Investment in subsidiaries/ associates

The most significant subsidiaries of the Group are as follows:

A/A	Name	Country of incorporation	% of participation at 31.03.2005	% of participation at 31.12.2004
1	EMPORIKI BANK-GERMANY G.M.B.H.	GERMANY	100.00%	100.00%
2	EMPORIKI BANK BULGARIA A.D.	BULARIA	100.00%	100.00%
3	EMPORIKI BANK ARMENIA C.J.S.C.	ARMENIA	100.00%	100.00%
4	EMPORIKI BANK ALBANIA S.A.	ALBANIA	100.00%	100.00%
5	EMPORIKI LEASING A.E.	GREECE	100.00%	100.00%
6	EMPORIKI VENT. CAPITAL ENTERPRISES LIMITED	CYPRUS	100.00%	100.00%
7	EMPORIKI VENT. CAPITAL DEVELOPED LIMITED	CYPRUS	100.00%	100.00%
8	EMPORIKI VENT. CAPITAL EMERGING LIMITED	CYPRUS	100.00%	100.00%
9	EMPORIKI VENT. CAPITAL FUNDS LIMITED	CYPRUS	100.00%	100.00%
10	ELVIO A.E	GREECE	100.00%	100.00%
11	EMPORIKI GROUP FINANCE PLC	UNITED KINGDOM	100.00%	100.00%
12	BANKING DEVELOPMENT HISTORICAL ARCHIVES – POLITIC & ECONOMIC	GREECE	99.90%	99.90%
13	CONTRIBUTION OF EMPORKI BANK OF GREECE	GREECE	99.90%	99.90%
14	EMPORIKI MEDIA	GREECE	99.90%	99.83%
15	EMPORIKI ASSET MANAGEMENT	GREECE	99.99%	99.99%
16	EMPORIKI BANK ROMANIA S.A.	ROMANIA	98.48%	98.48%
17	THERMA EMPORIKI DEVELOPMENT	GREECE	96.51%	96.51%
18	KOLONOS REAL ESTATE A.E.	GREECE	96.51%	96.51%
19	THERMAIKOS REAL ESTATE A.E.	GREECE	96.51%	96.51%
20	PHOENIX FINANCIAL INTERMEDIARIES	GREECE	93.90%	90.09%
21	PHOENIX METROLIFE EMPORIKI	GREECE	89.84%	83.48%
22	EMPORIKI BANK GEORGIA S.A.	GEORGIA	86.10%	86.10%
23	EMPORIKI BANK CYPRUS L.T.D.	CYPRUS	81.19%	81.19%
24	EMPORIKI ASSET MANAGEMENT AEPEY	GREECE	80.02%	80.00%
25	ERMIS A.E.Δ.A.K.	GREECE	71.70%	71.70%

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26	TOTAL CARE A.E EMPORIKI DEVELOPMENT & REAL ESTATE	GREECE	70.00%	70.00%
27	MANAGEMENT	GREECE	96.50%	96.50%
28	GREEK INDUSTRY BAGS	GREECE	70.26%	70.26%
29	EMPORIKI VEHICLES LEASING AND FACTORIKI	GREECE	50.00%	50.00%
30	EMPORIKI LIFE ASSURANCE	GREECE	50.00%	100.00%
31	EMPORIKI CREDICOM	GREECE	50.00%	50.00%
32	URBAN HOTELS A.E	GREECE	49.22%	49.22%

The most significant associates of the Group are as follows:

1	ALPHA GRAPHICS FRACHISE DEVELOPMENT	GREECE	49.00%	49.00%
2	INDUSTRY OF PHOSPHORIC FERTILISERS	GREECE	42.16%	42.16%
3	MEDIAFON	GREECE	25.00%	15.00%
4	PROPINDEX	GREECE	22.58%	22.58%
5	INCURIAM INVESTMENT LTD	CYPRUS	20.00%	20.00%
6	ICAP	GREECE	20.00%	20.00%
7	EULER HERMES EMPORIKI	GREECE	15.00%	15.00%
8	CHARALAMBIDIES DAIRIES	CYPRUS	20.00%	20.00%

20. Intangible assets

	<u>Software</u>
1 January 2004	
Cost	64,455
Accumulated depreciation	(43,805)
Net book value	20,651
31 December 2004	
Net book value opening	20,651
Additions/ Disposals	4,413
Additions/ Disposals depreciation for the period	(9,639)
Net book value	15,425
31 December 2004	
Cost	68,869
Accumulated depreciation	(53,443)
Net book value	15,425
3 months- 31 March 2005	
Net book value opening	15,425
Additions/ Disposals Μεταβολή	376
Additions/ Disposals depreciation for the period	(3,514)
Net book value closing	12,286
31 March 2005	
Cost	69,244
Accumulated depreciation	(56,958)
Net book value	12,286

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21. Property, plant and equipment

	Land	Buildings and leasehold improvements	Other fixed assets	Total
1 January 2004				
Cost	169,304	93,921	152,849	416,075
Accumulated depreciation	-	-	(106,796)	(106,796)
Net book value	169,304	93,921	46,053	309,279
31 December 2004				
Net book value opening	169,304	93,921	46,053	309,279
Additions/ Disposals	136	5,258	12,693	18,086
Additions/ Disposals depreciation for the period	-	(2,689)	(10,585)	(13,274)
Net book value	169,440	96,490	48,161	314,092
31 December 2004				
Cost	169,440	99,179	165,542	434,161
Accumulated depreciation	-	(2,689)	(117,381)	(120,070)
Net book value	169,440	96,490	48,161	314,092
3 months- 31 March 2005				
Net book value opening	169,440	96,490	48,161	314,092
Additions/ Disposals	-	145	736	882
Additions/ Disposals depreciation for the period	-	(528)	(3,612)	(4,139)
Net book value closing	169,440	96,108	45,286	310,834
31 March 2005				
Cost	169,440	99,324	166,278	435,043
Accumulated depreciation	-	(3,217)	(120,992)	(124,209)
Net book value	169,440	96,108	45,286	310,834

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22. Investment property

	Land	Buildings and equipment	Total
1 January 2004			
Cost	48,989	35,027	84,016
Accumulated depreciation	-	-	-
Net book value	48,989	35,027	84,016
31 December 2004			
Net book value opening	48,989	35,027	84,016
Additions/ Disposals	21,361	(1,173)	20,188
Additions/ Disposals depreciation for the period	-	(436)	(436)
Net book value	70,350	33,418	103,768
31 December 2004			
Cost	70,350	33,854	104,204
Accumulated depreciation	-	(436)	(436)
Net book value	70,350	33,418	103,768
3 months- 31 March 2005			
Net book value opening	70,350	33,418	103,768
Additions/ Disposals	-	(85)	(85)
Additions/ Disposals depreciation for the period	-	(208)	(208)
Net book value closing	70,350	33,125	103,476
31 March 2005			
Cost	70,350	33,769	104,119
Accumulated depreciation	-	(644)	(644)
Net book value	70,350	33,125	103,476

23. Other assets

	31/03/05	31/12/04
Accrued expenses	12,282	2,942
Accrued income	103,366	76,798
Other	228,837	240,622
	344,485	320,362

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24. Due to banks

	31/03/05	31/12/04
Borrowings from banks	278,922	687,339
Current accounts	46,500	67,832
Other liabilities	27	1
	<u>325,449</u>	<u>755,172</u>

25. Due to customers

	31/03/05	31/12/04
Deposits from legal entities		
Current accounts	1,345,499	1,239,231
Term deposits	1,904,986	1,337,371
Sale and repurchase agreements (Repos)	522,912	808,926
	<u>3,773,397</u>	<u>3,385,528</u>
Deposits from individuals		
Current accounts	399,630	417,063
Term deposits	3,620,654	3,240,431
Saving accounts	7,023,305	7,232,314
Sale and repurchase agreements (Repos)	23,268	309,827
	<u>11,066,857</u>	<u>11,199,635</u>
Cheques and remittances payable	101,692	109,942
	<u>14,941,946</u>	<u>14,695,105</u>
Fixed interest rate	6,071,820	5,696,555
Floating interest rate	8,768,434	8,888,608
Total deposits	<u>14,840,254</u>	<u>14,585,163</u>

Fixed rate deposits include term deposits and repos in euro and foreign currency. The remaining amounts are floating.

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26. Debt securities

	31/03/05	31/12/04
Debt securities	398,780	398,780
Other debt securities	73	73
	<u>398,853</u>	<u>398,853</u>

Emporiki Group Finance PLC a subsidiary of Emporiki Bank granted to Emporiki Bank a loan of to total € 398,780,000.00, due in July 2007. For the above loan Emporiki Group Finance PLC proceeded on 01.11.2004 to the issuance of titles of a nominal value € 400,000,000.00 floating rate (3 months Euribor + 0.30%) due in July 2007.

The other debt securities of € 73,358.76 refer to an overdue obligation undertaken by the Emporiki Bank to pay out the debt securities (nominal value plus accrued interest) issued by Investment Bank.

27. Other borrowing funds

	31/03/05	31/12/04
Subordinated notes	348,082	348,082
	<u>348,082</u>	<u>348,082</u>

Emporiki Group Finance PLC, a subsidiary of Emporiki Bank granted a subordinated loan to the Bank of total € 348,081,500.00, due in October 2014. For the above loan Emporiki Group Finance PLC, proceeded on 05.08.2004 to the issuance of titles of nominal value € 350,000,000.00 floating rate (3 months Euribor + 0.75%) due in October 2014 guaranteed by Emporiki Bank AE.

28. Other liabilities

	31/03/05	31/12/04
Dividends payable	2,151	2,439
Accrued expenses and deferred income	193,885	194,954
Other	191,768	225,841
	<u>387,804</u>	<u>423,234</u>

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29. Deferred tax assets/ liabilities

Deferred tax is calculated on all temporary differences based on the liability method and the expected tax rate.

Deferred tax assets and liabilities arise from:

	31/03/05	31/12/04
Deferred tax assets		
Intangible assets write-off	5,749	6,319
Impairment of loans and receivables	30,150	29,625
Provision over expenses related to ETEAM social security	197,000	197,000
Commissions recognition based on effective interest rates	11,202	10,189
Impairment of investments at companies under clearing process	9,752	9,752
Provision for staff expenses	3,372	3,922
Other temporary tax differences	2,274	3,219
	259,499	260,026
Deferred tax liabilities		
Commissions recognition based on effective interest rates	2,360	2,000
Buildings reduced depreciation rates	517	296
	2,877	2,296
Net deferred tax assets	256,622	257,730

The movement of deferred tax assets and liabilities through the income statement is::

	31/03/05	31/12/04
Deferred tax (income statement)		
Intangible assets variation	(571)	912
Impairment of loans and receivables	524	3,476
Commission recognition based on real interest rates	652	3,494
Provision for staff expenses	(1,509)	3,019
Buildings reduced depreciation rates	(221)	(296)
Announcement of new tax rates	-	(16,014)
Other temporary tax differences	17	11
	(1,108)	(5,398)

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30. Due to pension funds schemes

The Bank intends to comply with the requirements of the recently published law "Capital Market Issues and other requirements". According to this law as interpreted by the legal department of the Bank and taking into consideration the results of the financial study performed by the independent actuaries, the estimated cost of compliance is € 1,108 million.

Based on these facts, the Bank disclosed in the financial statements a respective obligation amounting to € 712 million. In addition, the Bank in compliance with the above law (article 59, paragraphs b and c) will pay within the next accounting years increased social security contributions for its employees in order to meet its future obligations to ETEAM. The present value of these additional contributions including the value of TEAPETE assets to be transferred is estimated to be € 396 million.

The above law specifies that final amounts due by each credit institution will be subsequently adjusted by a new law issued by the respective ministry that will rely on the results of "specialized actuarial studies".

31. Contingent liabilities and commitments

	31/03/05	31/12/04
Letters of guarantee	1,538,253	1.583.079
Contingent liability from the provision of credit limits		7,885,081
	9,634,952	9,468,160

32. Share capital

	Number of shares	Share capital	Share premium reserve	Own shares	Total
Balance 1 January 2004	85,931,676	429,658	278,392	(88,935)	619,115
Merger of Emporiki Investment Bank AE	124,451	622	2,026	-	2,648
Merger of Emporiki Investment A.E.E.X	2,204,851	11,024	35,895	-	46,919
Shares nominal value increase from € 5 to € 5.5	-	44,130	(44,130)	-	-
31 December 2004/ 1 January 2005	88,260,978	485,435	272,183	(88,935)	668,682
31 March 2005	88,260,978	485,435	272,183	(88,935)	668,682

The share capital of the Bank, fully paid amounts to € 485,435,379 and is divided to 88,260,978 shares of nominal value € 5.50 each.

The number of own shares amounts to 4,565,220 and represents 5.17% of the total number of shares.

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33. Retained earnings (Accumulated deficit) and other reserves

	31/03/05	31/12/04
Statutory reserve	114,405	114,405
Available-for-sale valuation reserve	10,301	10,330
Own shares reserve	44,000	44,000
Reserve from sale of securities	241,924	241,924
Other reserves	264,456	264,461
Accumulated deficit	(803,067)	(824,875)
Retained earnings and reserves	(127,981)	(149,755)

34. Cash and cash equivalents

For cash flow purposes cash and cash equivalents includes the following accounts that have a maturity up to 3 months from the date of purchase.

	31/03/05	31/12/04
Cash and balances with Central Bank (Note 13)	316,788	398,797
Treasury securities	29,445	27,772
Due from banks (Note 14)	1,333,121	972,785
Trading portfolio (Note 15)	812,443	1,334,568
	2,491,797	2,733,922

35. Related party transactions

	31/03/05	31/12/04
BOD fees	222	2,004
Deposits	18,883	20,703
Loans	79,540	80,299
	98,645	103,006

Deposits and loans refer to members of the Board of Directors and their immediate family and companies they control or influence.

In the course of its activities the Bank realizes transactions with various Group companies under strictly commercial terms such as loans, deposits and foreign exchange deals. Intergroup loan and deposit balances amount on 31 March 2005 to € 365,132 thousand s and € 170,873 thousand, respectively, as they are established under IAS 24.