

**INTERIM FINANCIAL STATEMENTS  
BANK**

**AS AT 30 - 6 - 2005**

**In accordance with International Financial Reporting Standards**



**ATHENS 19 SEPTEMBER 2005**

**Contents of the interim consolidated financial statements**

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## REVIEW REPORT OF THE AUDITORS

### To the Shareholders of Emporiki Bank of Greece A.E.

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

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial statements of the Bank have not been properly prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Without qualifying our review report we note the following :

- (a) Note 31 of the financial statements, as to the accounting treatment that the Bank adopted with regards to the auxiliary pension fund of the retired employees after the adoption of Law 3371/2005 and the uncertainty regarding legal claims against this law which may change the liability recorded; and
- (b) Note 40 of the financial statements with respect to the capital adequacy of the Bank and Group as determined by the Bank of Greece and to the actions required to meet regulatory requirements and satisfy conditions for the Bank to continue operating.

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Athens, 19 September 2005  
THE CERTIFIED AUDITORS ACCOUNTANTS

Goutis X. Vassilios      Papageorgiou P. Antonios  
AM SOEL 10411              AM SOEL 11691

## Interim Income Statements

	<b>Note</b>	<b>1 January- 30 June 2005</b>	<b>1 January- 30 June 2004</b>	<b>1 April - 30 June 2005</b>	<b>1April- 30 June 2004</b>
Interest income		440,501	396,109	223,445	204,341
Interest expense		(154,407)	(134,447)	(80,254)	(67,789)
<b>Net interest income</b>	<b>5</b>	<b>286,094</b>	<b>261,662</b>	<b>143,191</b>	<b>136,552</b>
Commission income		73,006	66,253	33,395	31,296
Commission expense		(3,838)	(6,104)	(2,157)	(3,172)
<b>Net commission income</b>	<b>6</b>	<b>69,168</b>	<b>60,149</b>	<b>31,238</b>	<b>28,124</b>
Dividend income	7	1,481	2,193	1,241	696
Net trading results	8	610	17,643	(4,450)	5,085
Gains less losses investment portfolio	9	2,890	(14,078)	2,890	(8,605)
Other operating income		3,257	7,486	1,949	5,548
<b>Net operating income</b>		<b>363,500</b>	<b>335,055</b>	<b>176,059</b>	<b>167,400</b>
Staff expenses	10	(169,318)	(176,118)	(81,824)	(85,737)
Depreciation		(15,623)	(12,383)	(7,398)	(5,593)
Impairment losses and advances	18	(54,557)	(65,602)	(27,058)	(25,837)
Other operating expenses	11	(66,070)	(68,544)	(35,572)	(36,504)
<b>Total operating expenses</b>		<b>(305,568)</b>	<b>(322,647)</b>	<b>(151,852)</b>	<b>(153,671)</b>
<b>GAIN/ (LOSS) BEFORE TAXES</b>		<b>57,932</b>	<b>12,408</b>	<b>24,207</b>	<b>13,729</b>
Tax	12	(17,235)	(7,976)	(5,318)	(5,834)
<b>GAIN AFTER TAXES FOR THE PERIOD</b>		<b>40,697</b>	<b>4,432</b>	<b>18,889</b>	<b>7,895</b>
Basic earnings per share (in Euro))	13	0,48	0,05	0,23	0,10

Notes on pages 9 to 48 form an integral part of these financial statements.

## Interim Balance Sheet

	Note	30 June 2005	31 December 2004
<b>ASSETS</b>			
Cash and balances with Central Bank	14	579,119	607,736
Treasury bills		53,616	27,772
Due from banks	15	1,547,697	1,101,278
Trading securities	16	956,334	1,894,123
Derivative financial instruments – Assets	17	13,507	249
Loans and advances to customers	18	13,635,087	12,916,101
Investments	19	44,429	70,005
Investments in subsidiaries	20	242,179	245,268
Investments in associates	20	22,489	22,489
Held for sale subsidiaries	38	18,234	-
Intangible assets	21	10,107	15,425
Property, plant and equipment	22	309,407	314,092
Investment property	23	100,141	103,768
Deferred tax asset	30	254,346	260,025
Income tax advance		3,096	16,906
Other assets	24	451,388	320,362
<b>TOTAL ASSETS</b>		<b>18,241,176</b>	<b>17,915,599</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Due to other banks	25	765,981	755,172
Derivative financial instruments – Liabilities	17	33,989	53,024
Due to customers	26	15,103,307	14,695,105
Debt securities	27	398,853	398,853
Other debt securities	28	348,082	348,082
Due to pension fund schemes	31	712,000	712,000
Employee benefits		450	452
Current tax liabilities		13,058	8,453
Deferred tax liabilities	30	794	2,296
Other liabilities	29	306,504	423,234
<b>TOTAL LIABILITIES</b>		<b>17,683,018</b>	<b>17,396,671</b>
<b>Equity</b>			
Share capital	33	582,522	485,435
Share premium		126,184	272,183
Less: Own shares	33	(88,935)	(88,935)
Other reserves	34	661,754	675,120
Accumulated deficit	34	(764,064)	(730,704)
Results for the period		40,697	(94,171)
<b>TOTAL EQUITY</b>		<b>558,158</b>	<b>518,928</b>
<b>TOTAL LIABILITES AND EQUITY</b>		<b>18,241,176</b>	<b>17,915,599</b>

Notes on pages 9 to 48 form an integral part of these financial statements.

## Interim Statement of Changes in Equity

	Share capital	Share premium	Own shares	Other reserves	Accumulated deficit	TOTAL
<b>Balance at 1 January 2004</b>	<b>429,658</b>	<b>278,392</b>	<b>(88,935)</b>	<b>642,931</b>	<b>(699,883)</b>	<b>562,163</b>
Available-for-sale valuation	-	-	-	(712)	-	(712)
Profit for the period 1/1/04-30/06/04	-	-	-	-	4,432	4,432
Dividends 2003	-	-	-	-	(40,683)	(40,683)
Transfer of results 2003	-	-	-	14,270	(14,352)	(82)
Other adjustments	-	-	-	238	-	238
<b>Balance as at 30 June 2004</b>	<b>429,658</b>	<b>278,392</b>	<b>(88,935)</b>	<b>656,727</b>	<b>(750,486)</b>	<b>525,356</b>
<b>Balance as at 1 January 2005</b>	<b>485,435</b>	<b>272,183</b>	<b>(88,935)</b>	<b>675,120</b>	<b>(824,875)</b>	<b>518,928</b>
Available-for-sale valuation	-	-	-	(515)	498	(17)
Profit for the period 1/1/2005-30/06/2005	-	-	-	-	40,697	40,697
Offset losses against share premium	-	(144,852)	-	-	144,852	-
Share capital increase by capitalization of reserves	97,087	(1,147)	-	(12,851)	(84,539)	(1,450)
<b>Balance as at 30 June 2005</b>	<b>582,522</b>	<b>126,184</b>	<b>(88,935)</b>	<b>661,754</b>	<b>(723,367)</b>	<b>558,158</b>

Notes on pages 9 to 48 form an integral part of these financial statements.

## Interim Cash Flow Statement

	1 January – 30 June 2005	1 January – 30 June 2004
<b>Inflows / (outflows) from operating activities</b>		
Net gain/(loss) after taxes	40,697	4,432
Payment Board of Directors fees	-	(83)
<b><u>Adjustment to net result for net inflows/(outflows) of operating activities</u></b>		
<b><u>Adjustments to profit and loss account for non cash items</u></b>		
Depreciation and amortization	15,623	12,383
Impairment for credit losses	54,558	65,602
	<u>70,181</u>	<u>77,985</u>
<b><u>Net (increase)/ decrease operating assets:</u></b>		
Obligatory deposits with central bank	(30,353)	(421,358)
Due to credit institutions	(4,811)	(4,145)
Trading securities (less government bonds)	254,263	316,447
Derivative financial instruments (assets)	(13,258)	(26,097)
Loans and advances to customers (net of write-offs)	(773,544)	(881,622)
Deferred tax asset	5,679	(6,527)
Other assets	(131,027)	(43,557)
	<u>(693,051)</u>	<u>(1,066,859)</u>
<b><u>Net increase/(decrease) operating liabilities:</u></b>		
Due to banks	10,808	997,582
Derivative financial instruments (liabilities)	(19,034)	(69,244)
Due to customers	408,202	138,481
Other liabilities (net of participations impairment losses)	(78,534)	189,979
Current tax liabilities	18,416	(15,665)
Deferred tax liabilities	(1,501)	708
	<u>338,357</u>	<u>1,241,841</u>
<b>Total inflows/(outflows) from operating activities</b>	<b>(243,816)</b>	<b>257,316</b>
<b>Inflows / (outflows) from investment activities</b>		
Increase in participation in subsidiaries	(53,344)	(24,962)
Increase in participation in associates	-	(359)
Changes in property, plant and equipment, intangible assets and investment property	(1,995)	(7,413)
Change in available-for-sale investments	25,559	(2,033)
<b>Total inflows/ (outflows) from investment activities</b>	<b>(29,780)</b>	<b>(34,767)</b>
<b>Inflows/ (outflows) from financial activities</b>		
Tax on share capital increase	(1,450)	-
Payment of dividend 2003	-	(40,683)
<b>Total inflows/(outflows) from financial activities</b>	<b>(1,450)</b>	<b>(40,683)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(275,046)</b>	<b>181,866</b>
Cash and cash equivalent, opening (Note 35)	2,733,924	2,472,567
<b>Cash and cash equivalent, closing (Note 35)</b>	<b>2,458,878</b>	<b>2,654,433</b>

Notes on pages 9 to 48 form an integral part of these financial statements.

## **Notes to the interim financial statements**

### **1. General information**

Emporiki Bank ("Emporiki Bank" the "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 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](http://www.emporiki.gr).

The financial statements have been approved by the Board of Directors of the Bank on 19 September 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 30 June 2005 are for the six month period ended 30 June 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 instruments 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 Bank's 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. It also requires management to exercise judgment in the process of applying the Group's accounting policies.

## **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 fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are 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 expenses**

Interest income and expense are recognized in the income statement for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period, the calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, 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.

## **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 acquired loans.

### **(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.

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. 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 incur 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
- (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 bank, 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 bank

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.

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.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics 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.

If, in a subsequent period due to changes in expected cash flows as a change in the financial asset, the amount of the impairment loss is reversed or increased by adjusting the allowance account through the income statement.

## **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 Group 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.

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

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Gains and losses on disposals are determined by comparing proceeds with 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. The property, plant and equipment acquired under finance leases is 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 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.

## **2.15 Provisions**

Provisions for restructuring costs and legal claims are recognized when:

- (1) the Bank 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 31.

(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 income 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.

## 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 the Bank's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are sold or 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 trustee 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.

#### 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.

IRS contracts allow the Bank to convert long-term exposure from floating to fixed at a lower rate from on inception. Through IRS the Bank agrees with third parties to swap at a notional amount the difference between floating and fixed.

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 an investment strategy in high quality international corporate.

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.

**30 June 2005**

<b>ASSETS</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>CHF</b>	<b>JPY</b>	<b>Other</b>	<b>Total</b>
Cash and balances with Central Bank	576,819	1,078	594	96	38	494	579,119
Treasury bills and other eligible bills	53,616	-	-	-	-	-	53,616
Due from banks	1,164,407	183,505	70,110	36,026	7,542	86,107	1,547,697
Trading securities	949,842	6,445	-	-	-	47	956,334
Derivative financial instruments – assets	13,507	-	-	-	-	-	13,507
Loans and advances to customers (after impairment loss)	12,738,730	732,922	36,357	74,525	52,458	95	13,635,087
Available-for-sale securities	44,429	-	-	-	-	-	44,429
Investment in subsidiaries	177,649	17,759	18	-	-	46,753	242,179
Investment in associates	22,489	-	-	-	-	-	22,489
Held for sale subsidiaries	-	-	-	-	-	18,234	18,234
Intangible assets	10,094	-	13	-	-	-	10,107
Property, plant and equipment	308,904	448	55	-	-	-	309,407
Investment property	100,141	-	-	-	-	-	100,141
Deferred tax asset	254,346	-	-	-	-	-	254,346
Income tax advances	3,096	-	-	-	-	-	3,096
<b>Other assets</b>	427,871	19,887	3,464	(66)	1	231	451,388
<b>TOTAL ASSETS</b>	<b>16,845,940</b>	<b>962,044</b>	<b>110,611</b>	<b>110,581</b>	<b>60,039</b>	<b>151,961</b>	<b>18,241,176</b>
<b>LIABILITIES</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>CHF</b>	<b>JPY</b>	<b>Other</b>	<b>Total</b>
Due to banks	493,842	84,133	23,017	103,819	59,856	1,314	765,981
Derivative financial instruments – liabilities	33,989	-	-	-	-	-	33,989
Due to customers	13,781,336	837,786	86,788	5,214	257,676	134,507	15,103,307
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	287,364	18,466	626	(9)	4	53	306,504
Current tax liabilities	13,058	-	-	-	-	-	13,058
Deferred tax liabilities	794	-	-	-	-	-	794
<b>Total liabilities</b>	<b>16,069,768</b>	<b>940,385</b>	<b>110,431</b>	<b>109,024</b>	<b>317,536</b>	<b>135,874</b>	<b>17,683,018</b>
<b>Net equity</b>	<b>776,172</b>	<b>21,659</b>	<b>180</b>	<b>1,557</b>	<b>(257,497)</b>	<b>16,087</b>	<b>558,158</b>
<b>Off balance sheet items</b>	<b>(293,760)</b>	<b>(2,709)</b>	<b>99</b>	<b>-</b>	<b>254,859</b>	<b>39,251</b>	<b>(2,260)</b>
<b>31 December 2004</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>CHF</b>	<b>JPY</b>	<b>Other</b>	<b>Total</b>
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
<b>Net equity</b>	<b>965,340</b>	<b>10,310</b>	<b>(927)</b>	<b>(701)</b>	<b>(453,396)</b>	<b>(1,698)</b>	<b>518,928</b>
<b>Off balance sheet items</b>	<b>(468,108)</b>	<b>(202)</b>	<b>9,219</b>	<b>(84,257)</b>	<b>500,454</b>	<b>45,834</b>	<b>2,940</b>

### **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.

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.

**30 June 2005**

**Interest risk**

	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Non interest bearing</b>	<b>Total</b>
<b>ASSETS</b>							
Cash and balances with Central Bank	317,028	-	-	-	-	262,091	<b>579,119</b>
Treasury bills and other eligible securities	24,436	-	29,180	-	-	-	<b>53,616</b>
Due from banks	1,223,406	177,484	117,718	-	-	29,089	<b>1,547,697</b>
Trading securities	49,647	103,531	85,087	436,267	151,319	130,483	<b>956,334</b>
Derivative financial instruments – assets	13,507	-	-	-	-	-	<b>13,507</b>
Loans and advances to customers (after impairment loss)	8,696,509	3,182,265	1,565,237	515,416	296,944	(621,284)	<b>13,635,087</b>
Available-for-sale securities	850	13,918	29,629	-	-	32	<b>44,429</b>
Investment in subsidiaries	-	-	-	-	-	242,179	<b>242,179</b>
Investment in associates	-	-	-	-	-	22,489	<b>22,489</b>
Held for sale subsidiaries	-	-	-	-	-	18,234	<b>18,234</b>
Intangible assets	-	-	-	-	-	10,107	<b>10,107</b>
Property, plant and equipment	-	-	-	-	-	309,407	<b>309,407</b>
Investment property	-	-	-	-	-	100,141	<b>100,141</b>
Deferred tax asset	-	-	-	-	-	254,346	<b>254,346</b>
Income tax advances	-	-	-	-	-	3,096	<b>3,096</b>
Other assets	-	-	-	-	-	451,388	<b>451,388</b>
<b>Total assets</b>	<b>10,325,383</b>	<b>3,477,198</b>	<b>1,826,851</b>	<b>951,683</b>	<b>448,263</b>	<b>1,211,798</b>	<b>18,241,176</b>
<b>LIABILITIES</b>							
Due to banks	550,884	215,097	-	-	-	-	<b>765,981</b>
Derivative financial instruments – liabilities	33,989	-	-	-	-	-	<b>33,989</b>
Due to customers	11,611,965	1,301,374	2,058,124	34,280	-	97,564	<b>15,103,307</b>
Debt securities	-	398,780	-	-	-	73	<b>398,853</b>
Other debt issues	-	348,082	-	-	-	-	<b>348,082</b>
Employee benefits	-	-	-	-	-	450	<b>450</b>
Due to pension fund schemes	-	-	-	-	-	712,000	<b>712,000</b>
Other liabilities	-	-	-	-	-	306,504	<b>306,504</b>
Current tax liabilities	-	-	-	-	-	13,058	<b>13,058</b>
Deferred tax liabilities	-	-	-	-	-	794	<b>794</b>
<b>Total liabilities</b>	<b>12,196,838</b>	<b>2,263,333</b>	<b>2,058,124</b>	<b>34,280</b>	<b>0</b>	<b>1,130,443</b>	<b>17,683,018</b>
<b>Net interest rate exposure</b>	<b>(1,871,455)</b>	<b>1,213,865</b>	<b>(231,273)</b>	<b>917,403</b>	<b>448,263</b>		

**31 December 2004**

	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Non interest bearing</b>	<b>Total</b>
Cash and balances with Central Bank	410,613	-	-	-	-	197,123	<b>607,736</b>
Treasury bills and other eligible bills	10,905	-	16,867	-	-	-	<b>27,772</b>
Due from banks	842,720	121,021	116,363	-	-	21,174	<b>1,101,278</b>
Trading securities	146,748	282,590	155,877	711,611	477,895	119,402	<b>1,894,123</b>
Derivative financial instruments – assets	249	-	-	-	-	-	<b>249</b>
Loans and advances to customers (after impairment loss)	8,364,975	2,342,171	1,918,396	517,827	350,628	(577,896)	<b>12,916,101</b>
Available-for-sale securities	19,173	4,552	6,069	-	31,461	8,750	<b>70,005</b>
Investment in subsidiaries	-	-	-	-	-	245,268	<b>245,268</b>
Investment in associates	-	-	-	-	-	22,489	<b>22,489</b>
Intangible assets	-	-	-	-	-	15,425	<b>15,425</b>
Property, plant and equipment	-	-	-	-	-	314,092	<b>314,092</b>
Investment property	-	-	-	-	-	103,768	<b>103,768</b>
Deferred tax asset	-	-	-	-	-	260,025	<b>260,025</b>
Income tax advances	-	-	-	-	-	16,906	<b>16,906</b>
Other assets	-	-	-	-	-	320,362	<b>320,362</b>
<b>Total assets</b>	<b>9,795,383</b>	<b>2,750,334</b>	<b>2,213,572</b>	<b>1,229,438</b>	<b>859,984</b>	<b>1,066,888</b>	<b>17,915,599</b>
<b>LIABILITIES</b>							
Due to banks	526,169	189,905	39,098	-	-	-	<b>755,172</b>
Derivative financial instruments – liabilities	53,024	-	-	-	-	-	<b>53,024</b>
Due to customers	11,455,003	1,015,577	2,055,697	36,211	-	132,617	<b>14,695,105</b>
Debt securities	-	398,853	-	-	-	-	<b>398,853</b>
Other debt issues	-	348,082	-	-	-	-	<b>348,082</b>
Employee benefits	-	-	-	-	-	452	<b>452</b>
Due to pension fund schemes	-	-	-	-	-	712,000	<b>712,000</b>
Other liabilities	-	-	-	-	-	423,234	<b>423,234</b>
Current tax liabilities	-	-	-	-	-	8,453	<b>8,453</b>
Deferred tax liabilities	-	-	-	-	-	2,296	<b>2,296</b>
<b>Total liabilities</b>	<b>12,034,196</b>	<b>1,952,417</b>	<b>2,094,795</b>	<b>36,211</b>	<b>-</b>	<b>1,279,052</b>	<b>17,396,671</b>
<b>Net interest rate exposure</b>	<b>(2,238,813)</b>	<b>797,917</b>	<b>118,777</b>	<b>1,193,227</b>	<b>859,984</b>		

### **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 Bank 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.

**30 June 2005**

	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Non interest bearing</b>
<b>ASSETS</b>						
Cash and balances with Central Bank	579,119	-	-	-	-	<b>579,119</b>
Treasury bills and other eligible bills	35	-	53,581	-	-	<b>53,616</b>
Due from banks	1,187,235	136,578	137,613	68,464	17,807	<b>1,547,697</b>
Trading securities	852,853	-	103,481	-	-	<b>956,334</b>
Derivative financial instruments – assets	13,507	-	-	-	-	<b>13,507</b>
Loans and advances to customers (after impairment loss)	1,776,258	1,631,341	2,801,083	3,067,777	4,358,628	<b>13,635,087</b>
Available-for-sale securities	30,235	-	-	14,194	-	<b>44,429</b>
Investment in subsidiaries	-	-	-	-	242,179	<b>242,179</b>
Investment in associates	-	-	-	-	22,489	<b>22,489</b>
Held for sale subsidiaries	-	18,234	-	-	-	<b>18,234</b>
Intangible assets	-	-	-	-	10,107	<b>10,107</b>
Property, plant and equipment	-	-	-	-	309,407	<b>309,407</b>
Investment property	-	-	-	-	100,141	<b>100,141</b>
Deferred tax asset	-	-	-	254,346	-	<b>254,346</b>
Income tax advances	-	-	-	3,096	-	<b>3,096</b>
Other assets	243,679	75,154	128,852	3,703	-	<b>451,388</b>
<b>Total assets</b>	<b>4,682,921</b>	<b>1,861,307</b>	<b>3,224,610</b>	<b>3,411,580</b>	<b>5,060,758</b>	<b>18,241,176</b>
<b>LIABILITIES</b>						
Due to banks	490,698	218,543	6,740	-	50,000	<b>765,981</b>
Derivative financial instruments – liabilities	33,989	-	-	-	-	<b>33,989</b>
Due to customers	4,035,813	1,100,203	1,743,512	7,894,581	329,198	<b>15,103,307</b>
Debt securities	-	-	-	398,853	-	<b>398,853</b>
Other debt issues	-	-	-	-	348,082	<b>348,082</b>
Employee benefits	-	-	-	450	-	<b>450</b>
Due to pension fund schemes	-	-	-	712,000	-	<b>712,000</b>
Other liabilities	146,242	130,211	30,051	-	-	<b>306,504</b>
Current tax liabilities	-	13,058	-	-	-	<b>13,058</b>
Deferred tax liabilities	-	-	-	794	-	<b>794</b>
<b>Total liabilities</b>	<b>4,706,742</b>	<b>1,462,015</b>	<b>1,780,303</b>	<b>9,006,678</b>	<b>727,280</b>	<b>17,683,018</b>
<b>Net equity</b>	<b>(23,821)</b>	<b>399,292</b>	<b>1,444,307</b>	<b>(5,595,098)</b>	<b>4,333,478</b>	<b>558,158</b>
<b>31 December 2004</b>						
Total assets	5,096,449	2,010,976	2,805,740	4,644,939	3,357,495	<b>17,915,599</b>
Total liabilities	4,692,220	1,083,008	2,096,042	8,074,254	1,451,147	<b>17,396,671</b>
<b>Net equity</b>	<b>404.229</b>	<b>927.968</b>	<b>709.698</b>	<b>(3.429.315)</b>	<b>1.906.348</b>	<b>518.928</b>

### **3.7 Establishment of fair values**

Fair value of quoted investments which are negotiable in active markets/stock exchanges, such as derivatives, shares, bonds, mutual funds, is established based on current bid prices valid at balance sheet date.

If the market for a financial asset is not active (and for unlisted securities), fair values are established by using valuation techniques and assumptions based on market information at 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 30 June 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, 30 June 2004 and 31 December 2004, while the following tables show in detail the effect to:

- Balance sheet items 1 January 2004
- Balance sheet items 30 June 2004
- Balance sheet items 31 December 2004
- Six month profit and loss items for the period up to 30 June 2004
- Annual profit and loss accounts as at 31 December 2004

#### 4.2.1 Reconciliation net equity

	<b>1 January 2004</b>	<b>30 June 2004</b>	<b>31 December 2004</b>
<b>Total Net Equity (Greek GAAP) - Published</b>	<b>1,268,571</b>	<b>1,313,309</b>	<b>1,328,863</b>
Allocation of profit 2003	40,766	-	-
Intangible assets write-off	(18,646)	(19,884)	(21,791)
Revaluation of property at fair value	195,206	195,206	(16,148)
Change in depreciation rates	-	2,024	1,184
Financial leases	(23)	(14)	(61)
Impairment of loans and advances	(104,597)	(111,700)	(89,745)
Effective interest rate method for commission on loans (IAS 39)	(21,957)	(31,630)	(40,757)
Effective interest rate method for interest on loans (IAS 39)	3,175	5,334	7,998
Provision for obligation to ETEAM	(712,000)	(712,000)	(712,000)
Impairment of investments in subsidiaries	(259,348)	(273,426)	(155,909)
Impairment of investments in associates	(36,653)	(36,653)	(19,390)
Impairment of available-for-sale assets	(20,874)	(20,874)	-
Revaluation of available-for-sale assets	(25)	33	29
Revaluation of trading portfolio	(6,646)	(7,709)	-
Derivatives at fair value	142	98	(386)
Income tax	-	(13,795)	-
Tax on property revaluation	(7,641)	(7,641)	-
Property tax provision	-	(550)	-
Employee benefits obligation	(16,414)	(19,219)	(15,688)
Other provision (for unaudited financial years)	(4,000)	(4,500)	(5,000)
Deferred tax assets	264,239	269,655	260,025
Deferred tax liabilities	(1,111)	(708)	(2,296)
<b>Total adjustments</b>	<b>(706,407)</b>	<b>(787,953)</b>	<b>(809,935)</b>
<b>Total net equity (IFRS)</b>	<b>562,164</b>	<b>525,356</b>	<b>518,928</b>

#### 4.2.2 Balance Sheet reconciliation 1 January 2004

	<b>GREEK GAAP</b>	<b>Effect on transition to IFRS</b>	<b>IFRS</b>
<b>ASSETS</b>			
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
<b>Total assets</b>	<b>16,644,282</b>	<b>53,878</b>	<b>16,698,160</b>
<b>LIABILITIES</b>			
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
<b>Total liabilities</b>	<b>15,375,711</b>	<b>760,285</b>	<b>16,135,996</b>
<b>Equity</b>			
Share capital	429,658	-	429,658
Share premium	278,392	-	278,392
Less: Own shares	(88,935)	-	(88,935)
Other reserves	649,455	(6,523)	642,931
Retained loss	-	(699,884)	(699,884)
<b>Total equity</b>	<b>1,268,571</b>	<b>(706,407)</b>	<b>562,164</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>16,644,282</b>	<b>53,878</b>	<b>16,698,160</b>

### 4.2.3 Balance Sheet reconciliation 30 June 2004

	<b>GREEK GAAP</b>	<b>Effect on transition to IFRS</b>	<b>IFRS</b>
<b>ASSETS</b>			
Cash and balances with Central Bank	687,784	-	687,784
Treasury bills	63,023	-	63,023
Due from banks	822,865	-	822,865
Trading securities	-	2,243,889	2,243,889
Derivative financial instruments – assets	-	26,239	26,239
Loans and advances to customers (net of provision)	12,525,021	(82,985)	12,442,036
Bonds and other fixed income securities	2,220,085	(2,220,085)	-
Shares and other variable income securities	84,881	(84,881)	-
Available-for-sale securities	-	63,374	63,374
Investments in subsidiaries	747,468	(284,233)	463,235
Investment in associates	30,849	(15,133)	15,716
Intangible assets	46,084	(29,042)	17,042
Property, plant and equipment	132,101	177,987	310,088
Investment property	-	81,846	81,846
Deferred tax asset	-	270,766	270,766
Income tax advances	-	16,743	16,743
Other assets	486,236	(121,902)	364,334
<b>Total assets</b>	<b>17,846,397</b>	<b>42,583</b>	<b>17,888,980</b>
<b>LIABILITIES</b>			
Due to banks	2,223,138	-	2,223,138
Derivative financial instruments – liabilities	-	6,977	6,977
Due to customers	13,980,166	-	13,980,166
Debt securities	-	73	73
Other provisions	29	(29)	-
Due to pension schemes	-	712,000	712,000
Other liabilities	329,756	95,900	425,656
Current tax liabilities	-	13,795	13,795
Deferred tax liabilities	-	1,820	1,820
<b>Total liabilities</b>	<b>16,533,089</b>	<b>830,536</b>	<b>17,363,625</b>
<b>Equity</b>			
Share capital	429,658	-	429,658
Share premium	278,392	-	278,392
Less: Own shares	(88,935)	-	(88,935)
Other reserves	649,693	7,034	656,727
Retained gained / (losses)	44,500	(794,987)	(750,487)
<b>Total equity</b>	<b>1,313,308</b>	<b>(787,953)</b>	<b>525,355</b>
<b>Total liabilities and equity</b>	<b>17,846,397</b>	<b>42,583</b>	<b>17,888,980</b>

#### 4.2.4 Balance Sheet Reconciliation 31 December 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
<b>ASSETS</b>			
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
<b>Total assets</b>	<b>17,914,682</b>	<b>917</b>	<b>17,915,599</b>
<b>Liabilities</b>			
Due to banks	755,172	0	755,172
Derivative financial instruments – liabilities	-	53,024	53,024
Due to customers	14,695,105	0	14,695,105
Debt securities	398,853	0	398,853
Other debt issues	348,082	0	348,082
Employee benefits	13,635	(13,184)	452
Due to pension funds schemes	-	712,000	712,000
Other provisions	17,453	(17,453)	-
Other liabilities	357,518	65,716	423,234
Current tax liabilities	-	8,453	8,453
Deferred tax liabilities	-	2,296	2,296
<b>Total liabilities</b>	<b>16,585,819</b>	<b>810,852</b>	<b>17,396,671</b>
<b>Equity</b>			
Share capital	485,435	0	485,435
Share premium	361,137	(88,955)	272,183
Less: Own shares	(88,935)	0	(88,935)
Other reserves	716,077	(40,957)	675,120
Retained loss	(144,852)	(680,024)	(824,875)
<b>Total equity</b>	<b>1,328,863</b>	<b>(809,935)</b>	<b>518,928</b>
<b>Total liabilities and equity</b>	<b>17,914,682</b>	<b>917</b>	<b>17,915,599</b>

#### 4.2.5 Reconciliation of income statement for the period I January to 30 June 2004

	Greek GAAP	Reclassifications	Adjustments	IFRS
Interest income	393,950	-	2,159	396,109
Interest expense	(138,002)	3,555	-	(134,447)
<b>Net interest income</b>	<b>255,948</b>	<b>3,555</b>	<b>2,159</b>	<b>261,662</b>
Commission income	73,116	2,810	(9,673)	66,253
Commission expense	(6,104)	-	-	(6,104)
<b>Net commission income</b>	<b>67,012</b>	<b>2,810</b>	<b>(9,673)</b>	<b>60,149</b>
Dividend income	2,193	-	-	2,193
Net trading results	17,982	-	(339)	17,643
Gains less losses investment portfolio	-	-	(14,078)	(14,078)
Other operating income	5,653	1,834	-	7,486
<b>Net operating income</b>	<b>348,788</b>	<b>8,198</b>	<b>(21,931)</b>	<b>335,055</b>
Staff expenses	(174,931)	1,618	(2,805)	(176,118)
Depreciation	(17,368)	-	4,985	(12,383)
Impairment loans and advances	(58,500)	-	(7,102)	(65,602)
Other operating expenses	(57,844)	(5,461)	(5,239)	(68,544)
<b>Total operating expenses</b>	<b>(308,643)</b>	<b>(3,843)</b>	<b>(10,161)</b>	<b>(322,647)</b>
Non operating results	4,355	(4,355)	-	-
<b>Profit before tax</b>	<b>44,500</b>	<b>0</b>	<b>(32,092)</b>	<b>12,408</b>
Income tax	-	-	(7,976)	(7,976)
<b>Profit after tax for the period</b>	<b>44,500</b>	<b>0</b>	<b>(40,068)</b>	<b>4,432</b>

#### 4.2.6 Reconciliation of income statement for the year ended 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)
<b>Net interest income</b>	<b>522,407</b>	<b>12,843</b>	<b>535,249</b>
Commission income	150,813	(13,740)	137,073
Commission expense	(11,866)	-	(11,866)
<b>Net commission income</b>	<b>138,947</b>	<b>(13,740)</b>	<b>125,208</b>
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
<b>Net operating income</b>	<b>661,869</b>	<b>(32,286)</b>	<b>629,583</b>
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)
<b>Total operating expenses</b>	<b>(708,682)</b>	<b>924</b>	<b>(707,757)</b>
Extraordinary results	3,423	(3,423)	-
<b>Loss before tax</b>	<b>(43,391)</b>	<b>(34,784)</b>	<b>(78,175)</b>
Tax	(18,984)	2,988	(15,996)
<b>LOSS AFTER TAX</b>	<b>(62,375)</b>	<b>(31,796)</b>	<b>(94,171)</b>

<b>5. Net interest income</b>	<b>1/1 – 30/6 2005</b>	<b>1/1 – 30/6 2004</b>	<b>1/4 – 30/6 2005</b>	<b>1/4 – 30/6 2004</b>
<b>Interest income</b>				
Cash and short-term funds	21,654	14,189	11,405	6,875
Bonds/ Treasury bills	34,465	36,858	16,904	19,217
Lending securities and reverse repos	107	475	-	199
Loans and advances	384,275	344,587	195,136	178,050
	<b>440,501</b>	<b>396,109</b>	<b>223,445</b>	<b>204,341</b>
<b>Interest expense</b>				
Banks and customers	138,144	118,929	72,593	60,364
Debt securities	5,115	-	2,666	-
Securities and repos	5,835	15,500	2,477	7,425
Other borrowing funds	5,313	18	2,518	-
	<b>154,407</b>	<b>134,447</b>	<b>80,254</b>	<b>67,789</b>
<b>Net interest income</b>	<b>286,094</b>	<b>261,662</b>	<b>143,191</b>	<b>136,552</b>
<b>6. Net commission income</b>				
	<b>1/1 – 30/6 2005</b>	<b>1/1 – 30/6 2004</b>	<b>1/4 – 30/6 2005</b>	<b>1/4 – 30/6 2004</b>
<b>Commission income</b>				
Lending	14,837	10,089	6,270	3,853
Working capital	3,436	3,862	1,717	1,971
Letters of guarantee	6,162	6,551	2,766	3,192
Credit cards	13,291	12,853	7,544	6,955
Imports – Exports	3,534	4,319	1,728	2,070
Mutual Funds	5,057	4,721	2,117	2,055
Other commissions	26,689	23,858	11,253	11,200
	<b>73,006</b>	<b>66,253</b>	<b>33,395</b>	<b>31,296</b>
<b>Commission expenses</b>				
Credit card commissions	3,436	3,642	1,855	2,141
Commissions in associates Banks and companies	123	2,157	123	862
Other	279	305	179	169
	<b>3,838</b>	<b>6,104</b>	<b>2,157</b>	<b>3,172</b>
<b>Net commission income</b>	<b>69,168</b>	<b>60,149</b>	<b>31,238</b>	<b>28,124</b>

<b>7. Dividend income</b>	<b>1/1 – 30/6 2005</b>	<b>1/1 – 30/6 2004</b>	<b>1/4 – 30/6 2005</b>	<b>1/4 – 30/6 2004</b>
Trading portfolio	826	1,783	586	602
Available-for-sale portfolio	655	410	655	94
<b>Dividend income</b>	<b>1,481</b>	<b>2,193</b>	<b>1,241</b>	<b>696</b>

<b>8. Net trading results</b>	<b>1/1 – 30/6 2005</b>	<b>1/1 – 30/6 2004</b>	<b>1/4 – 30/6 2005</b>	<b>1/4 – 30/6 2004</b>
Net profit from transactions and foreign exchange valuation	3,591	1,626	778	1,871
Net profit from sale and valuation of bonds	12,335	822	9,275	(25,961)
Net profit from sale and valuation of shares and other variable yield securities	5,854	17,556	642	4,519
Net loss from sale and valuation of derivatives	(21,170)	(2,361)	(15,145)	24,656
<b>Net trading results</b>	<b>610</b>	<b>17,643</b>	<b>(4,450)</b>	<b>5,085</b>

<b>9. Gains less losses of investment portfolio</b>	<b>1/1 – 30/6 2005</b>	<b>1/1 – 30/6 2004</b>	<b>1/4 – 30/6 2005</b>	<b>1/4 – 30/6 2004</b>
Net profit from mutual funds units sales	2,453	-	2,453	-
Net profit from sale of subsidiary	437	-	437	-
Impairment of participation to subsidiaries	-	(14,078)	-	(8,605)
<b>Total result of investment portfolio</b>	<b>2,890</b>	<b>(14,078)</b>	<b>2,890</b>	<b>(8,605)</b>

<b>10. Staff expenses</b>	<b>1/1 – 30/6 2005</b>	<b>1/1 – 30/6 2004</b>	<b>1/4 – 30/6 2005</b>	<b>1/4 – 30/6 2004</b>
Salaries and wages	109,133	118,842	51,249	58,209
Social security cost (principal and auxiliary)	51,519	48,491	25,771	22,778
Other benefits	8,666	8,785	4,804	4,750
<b>Staff expenses</b>	<b>169,318</b>	<b>176,118</b>	<b>81,824</b>	<b>85,737</b>

Total personnel of Emporiki Bank as at 30 June 2005 consists of 6,430 people compared to 6,897 as at 30 June 2004.

<b>11. Other operating expenses</b>	<b>1/1 – 30/6 2005</b>	<b>1/1 – 30/6 2004</b>	<b>1/4 – 30/6 2005</b>	<b>1/4 – 30/6 2004</b>
Fees and third party expenses	8,360	7,485	4,575	4,393
Third parties allowances	15,915	18,141	9,067	10,682
Insurance fees	1,529	1,530	784	669
Taxes and customs	6,011	6,612	4,747	3,296
Other expenses	34,255	34,776	16,399	17,464
<b>Other operating expenses</b>	<b>66,070</b>	<b>68,544</b>	<b>35,572</b>	<b>36,504</b>

<b>12. Income tax</b>	<b>1/1 – 30/6 2005</b>	<b>1/1 – 30/6 2004</b>	<b>1/4 – 30/6 2005</b>	<b>1/4 – 30/6 2004</b>
Accounting year tax (provision)	13,058	13,795	2,249	7,518
Deferred taxation (Note 30)	4,177	(5,819)	3,069	(1,684)
<b>Income tax</b>	<b>17,235</b>	<b>7,976</b>	<b>5,318</b>	<b>5,834</b>

<b>13. Earnings per share</b>	<b>1/1 – 30/6 2005</b>	<b>1/1 – 30/6 2004</b>	<b>1/4 – 30/6 2005</b>	<b>1/4 – 30/6 2004</b>
Apportioned profits at bank shareholders	40,697	4,432	18,889	7,895
Average number of shares (excluding own shares)	85,061,121	81,366,456	83,905,814	81,366,456
Profit per share	0,48	0,05	0,23	0,10

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

<b>14. Cash and reserves at Central Bank</b>	<b>30/06/05</b>	<b>31/12/04</b>
Cash	202,404	223,915
Deposits at Central Bank excluding deposits for liquidity purposes	135,305	173,711
Cheques' receivables – Central Bank clearing office	2,118	1,171
<b>Included as cash and cash equivalents (Note 35)</b>	<b>339,827</b>	<b>398,797</b>
Compulsory deposits at Central Bank	239,292	208,939
<b>Cash and reserves at Central Bank</b>	<b>579,119</b>	<b>607,736</b>

**15. Due from banks**

	<b>30/06/05</b>	<b>31/12/04</b>
Cheques receivables	14,254	4,910
On demand	22,242	8,623
Placements in other banks	1,341,399	862,674
Reverse Repos	-	59,556
Other amounts due	36,497	37,022
<b>Included as cash and cash equivalents (Note 35)</b>	<b>1,414,392</b>	<b>972,785</b>
Loans and borrowings in other banks	133,305	128,493
<b>Due from banks</b>	<b>1,547,697</b>	<b>1,101,278</b>

**16. Trading securities**

	<b>30/06/05</b>	<b>31/12/04</b>
<b>Trading portfolio securities</b>		
Bonds issued by Hellenic Republic (Note 35)	651,042	1,334,568
Other issuers bonds	278,626	485,092
	<b>929,668</b>	<b>1,819,660</b>
Listed shares	26,666	54,568
Mutual funds	-	19,895
<b>Total</b>	<b>26,666</b>	<b>74,463</b>
<b>Trading securities</b>	<b>956,334</b>	<b>1,894,123</b>

## 17. Derivatives financial instruments

	30/06/05			31/12/04		
	Contract/ Nominal value	Fair value		Contract/ Nominal value	Fair value	
		Assets	Liabilities		Assets	Liabilities
<b>a) Currency derivatives</b>						
Currency forwards	260,990	-	36	1,209,546	-	2,153
Currency swaps	123,948	13,047	-	386,994	-	7,554
<b>Total</b>		<b>13,047</b>	<b>36</b>		<b>-</b>	<b>9,707</b>
<b>b) Interest rate derivatives</b>						
Interest rate swaps	1,794,124	-	33,271	2,262,414	105	27,461
Exchange traded interest rate futures		-	-	366,000	-	15,221
<b>Total</b>		<b>-</b>	<b>33,271</b>		<b>105</b>	<b>42,682</b>
<b>c) Index options</b>						
OTC index options	79,536	460	682	19,207	144	636
<b>Total</b>		<b>460</b>	<b>682</b>		<b>144</b>	<b>636</b>
<b>Derivative financial instruments</b>		<b>13,507</b>	<b>33,989</b>		<b>249</b>	<b>53,025</b>

## 18. Loans and advances to customers (net of provision)

	30/06/05	31/12/04
<b>Loans to individuals</b>		
Overdrafts	3,229	3,156
Credit cards	405,095	371,933
Term loans (including consumer loans)	1,139,276	905,036
Housing loans	3,790,678	3,392,066
Other loans	221,174	435,256
	<b>5,559,452</b>	<b>5,107,447</b>
<b>Loans to legal entities</b>		
Business loans	7,404,351	7,222,541
Syndicated loans	164,973	168,423
State and public companies	379,715	400,142
Other loans (bonds)	747,880	595,444
	<b>8,696,919</b>	<b>8,386,550</b>
<b>Loans and advances to customers</b>	<b>14,256,371</b>	<b>13,493,997</b>
Less: Provisions for impairment losses on loans and advances	(621,284)	(577,896)
	<b>13,635,087</b>	<b>12,916,101</b>
<b>Floating interest rate</b>	13,301,367	12,450,272
<b>Fixed interest rate</b>	955,004	1,043,725
<b>Total</b>	<b>14,256,371</b>	<b>13,493,997</b>
<b>Provisions for impairment losses on loans and advances</b>		
Changes on loans and advances impairment losses		
<b>Balance at 1 January</b>	577,896	434,433
Provision from merged companies	-	17,423
Provision for loans impairment	54,558	133,351
Loans written-off	(11,170)	(7,311)
<b>Balance 30 June / 31 December</b>	<b>621,284</b>	<b>577,896</b>

## 19. Available for sale securities

	30/06/05	31/12/04
<b>Available-for-sale securities at fair value</b>		
Bonds issued by Hellenic public	11,520	29,928
Listed shares	14,152	16,562
Non listed shares	11,598	11,988
Mutual funds units	7,159	11,527
<b>Available-for-sale securities</b>	<b>44,429</b>	<b>70,005</b>

## 20. Investments in subsidiaries / associates

The main subsidiaries that were excluded from consolidation based on materiality are:

A/A	Name	Country of incorporation	% of participation at 30.06.2005	% 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.	BULGARIA	100.00%	100.00%
3	EMPORIKI BANK ALBANIA S.A.	ALBANIA	100.00%	100.00%
4	EMPIOIKH LEASING A.E.	GREECE	100.00%	100.00%
5	EMPORIKI VENT. CAPITAL ENTERPRISES LIMITED	CYPRUS	100.00%	100.00%
6	EMPORIKI VENT. CAPITAL DEVELOPED LIMITED	CYPRUS	100.00%	100.00%
7	EMPORIKI VENT. CAPITAL EMERGING LIMITED	CYPRUS	100.00%	100.00%
8	EMPORIKI VENT. CAPITAL FUNDS LIMITED	CYPRUS	100.00%	100.00%
9	ELVIO A.E.	GREECE	100.00%	100.00%
10	EMPORIKI GROUP FINANCE PLC	UNITED KINGDOM	100.00%	100.00%
11	BANKING DEVELOPMENT, Historical records, politic and economic contribution of Emporiki Bank of Greece	GREECE	99.90%	99.90%
12	URBAN NON PROFIT COMPANY	GREECE	99.90%	99.90%
13	EMPORIKI MEDIA	GREECE	99.90%	99.83%
14	EMPORIKI ASSET MANAGEMENT	GREECE	99.99%	99.99%
15	EMPORIKI BANK ROMANIA S.A.	ROMANIA	98.48%	98.48%
16	THERMA EMPORIKI DEVELOPMENT	GREECE	96.51%	96.51%
17	KOLONOS REAL ESTATE A.E.	GREECE	96.51%	96.51%
18	THERMAIKOS REAL ESTATE A.E.	GREECE	96.51%	96.51%
19	PHOENIX FINANCIAL INTERMEDIARIES	GREECE	93.90%	90.09%
20	PHOENIX METROLIFE EMPORIKI	GREECE	89.84%	83.48%
21	EMPORIKI ASSET MANAGEMENT ΑΕΠΕΥ	GREECE	80.02%	80.00%
22	ERMIS AEDAK	GREECE	71.70%	71.70%
23	TOTAL CARE A.E	GREECE	70.00%	70.00%

<b>24</b>	EMPORIKI DEVELOPMENT AND REAL ESTATE MANAGEMENT	GREECE	96.50%	96.50%
<b>25</b>	GREEK INDUSTRY OF BAGS	GREECE	70.26%	70.26%
<b>26</b>	EMPORIKI VEHICLES LEASING AND FACTORING	GREECE	50.00%	50.00%
<b>27</b>	EMPORIKI LIFE ASSURANCE	GREECE	50.00%	100.00%
<b>28</b>	EMPORIKI CREDICOM	GREECE	50.00%	50.00%
<b>29</b>	URBAN HOTELS A.E.	GREECE	49.22%	49.22%

Main participations of the group at its associates are as follows:

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

## 21. Intangible Assets

	<u>Software</u>
<b>1 January 2004</b>	
Cost	64,455
Accumulated depreciation	(43,804)
<b>Net book value</b>	<b>20,651</b>
<b>Period 31 December 2004</b>	
Opening net book value	20,651
Additions/Disposals	4,413
Change in depreciation	(9,639)
<b>Closing net book value</b>	<b>15,425</b>
<b>31 December 2004</b>	
Cost	68,868
Accumulated depreciation	(53,443)
<b>Net book value</b>	<b>15,425</b>
<b>6 months - 30 June 2005</b>	
Opening net book value	15,425
Additions/Disposals	769
Change in depreciation	(6,087)
<b>Closing net book value</b>	<b>10,107</b>
<b>30 June 2005</b>	
Cost	69,637
Accumulated depreciation	(59,530)
<b>Net book value</b>	<b>10,107</b>

## 22. Property, plant and equipment

	Land	Buildings and leasehold improvements	Other tangible assets	Total
<b>1 January 2005</b>				
Cost	169,304	93,921	152,849	416,074
Accumulated depreciation	-	-	(106,796)	(106,796)
<b>Net book value</b>	<b>169,304</b>	<b>93,921</b>	<b>46,053</b>	<b>309,278</b>
<b>Period 31 December 2004</b>				
Opening net book value	169,304	93,921	46,053	309,278
Additions/Disposals	136	5,258	12,693	18,087
Change in depreciation	-	(2,689)	(10,584)	(13,273)
<b>Closing net book value</b>	<b>169,440</b>	<b>96,490</b>	<b>48,162</b>	<b>314,092</b>
<b>31 December 2004</b>				
Cost	169,440	99,179	165,542	434,161
Accumulated depreciation	-	(2,689)	(117,380)	(120,069)
<b>Net book value</b>	<b>169,440</b>	<b>96,490</b>	<b>48,162</b>	<b>314,092</b>
<b>6 months - 30 June 2005</b>				
Opening net book value	169,440	96,490	48,162	314,092
Additions/Disposals	-	519	2,696	3,215
Change in depreciation	-	(1,136)	(6,764)	(7,900)
<b>Closing net book value</b>	<b>169,440</b>	<b>95,873</b>	<b>44,094</b>	<b>309,407</b>
<b>30 June 2005</b>				
Cost	169,440	99,698	168,238	437,376
Accumulated depreciation	-	(3,825)	(124,144)	(127,969)
<b>Net book value</b>	<b>169,440</b>	<b>95,873</b>	<b>44,094</b>	<b>309,407</b>

## 23. Investment property

	<b>Land</b>	<b>Buildings and equipment</b>	<b>Total</b>
<b>1 January 2004</b>			
Cost	48,989	35,027	84,016
Accumulated depreciation	-	-	-
<b>Net book value</b>	<b>48,989</b>	<b>35,027</b>	<b>84,016</b>
<b>Period 31 December 2004</b>			
Opening book value	48,989	35,027	84,016
Additions/ Disposals	21,361	(1,173)	20,188
Changes in depreciation	-	(436)	(436)
<b>Closing net book value</b>	<b>70,350</b>	<b>33,418</b>	<b>103,768</b>
<b>31 December 2004</b>			
Cost	70,350	33,854	104,204
Accumulated depreciation	-	(436)	(436)
<b>Net book value</b>	<b>70,350</b>	<b>33,418</b>	<b>103,768</b>
<b>6 months - 30 June 2005</b>			
Opening book value	70,350	33,418	103,768
Additions/ Disposals	(1,513)	(1,844)	(3,357)
Changes in depreciation	-	(270)	(270)
<b>Closing net book value</b>	<b>68,837</b>	<b>31,304</b>	<b>100,141</b>
<b>30 June 2005</b>			
Cost	68,837	32,010	100,847
Accumulated depreciation	-	(706)	(706)
<b>Net book value</b>	<b>68,837</b>	<b>31,304</b>	<b>100,141</b>

## 24. Other assets

	<b>30/06/05</b>	<b>31/12/04</b>
Accrued expenses	12,497	2,942
Accrued income	79,882	76,798
Other	359,009	240,622
	<b>451,388</b>	<b>320,362</b>

## 25. Due from banks

	<b>30/06/05</b>	<b>31/12/04</b>
Borrowings from banks	606,121	687,339
Current accounts	159,860	67,833
	<b>765,981</b>	<b>755,172</b>

## 26. Due to customers

	30/06/05	31/12/04
<b>Deposits from legal entities</b>		
Current accounts	1,437,875	1,239,231
Term deposits	1,880,815	1,337,371
Sale and repurchase agreements (Repos)	328,160	808,926
	<b>3,646,850</b>	<b>3,385,528</b>
<b>Deposits from individuals</b>		
Current accounts	449,435	417,063
Term deposits	3,529,486	3,240,431
Saving accounts	7,314,637	7,232,314
Sale and repurchase agreements (Repos)	7,774	309,827
	<b>11,301,332</b>	<b>11,199,635</b>
<b>Cheques and remittances payable</b>	155,125	109,942
	<b>15,103,307</b>	<b>14,695,105</b>
Fixed interest rate	5,746,235	5,696,555
Floating interest rate	9,201,947	8,888,608
<b>Total deposits</b>	<b>14,948,182</b>	<b>14,585,163</b>

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

## 27. Debt securities

	30/06/05	31/12/04
Debt securities	398,780	398,780
Other credit titles	73	73
	<b>398,853</b>	<b>398,853</b>

Emporiki Group Finance PLC, a subsidiary of Emporiki Bank A.E., granted to Emporiki Bank A.E. a loan of total € 398,780,000, due in July 2007. For the above loan Emporiki Group Finance PLC, proceeded at 01.11.2004 to the issuance of titles of a nominal value € 400,000,000, floating rate note (3months Euribor + 0,30%) and maturity in July 2007.

The other credit titles of € 73,359 refer to a short-term obligation undertaken by Emporiki Bank A.E. to pay out the Bank bonds (nominal value plus accrued interest) issued by Investment Bank.

## 28. Other debt securities

	30/06/05	31/12/04
Subordinated notes	348,082	348,082
	<b>348,082</b>	<b>348,082</b>

Emporiki Group Finance PLC, subsidiary of Emporiki Bank A.E. granted a subordinated loan to the bank amounting € 348,081,500, due in October 2014. For the above, Emporiki Group Finance PLC, proceeded on 05.08.2004 to the issuance of titles of nominal value of € 350,000,000, floating rate (3months Euribor + 0,75%) due in October 2014, guaranteed by Emporiki Bank A. E..

## 29. Other liabilities

	30/06/05	31/12/04
Dividends payable	1,993	2,439
Accrued expenses and deferred income	137,221	194,954
Other	167,290	225,841
	<b>306,504</b>	<b>423,234</b>

### 30. 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:

	30/06/05	31/12/04
<b>Deferred tax assets</b>		
Intangible assets write-off	4,828	6,319
Impairment of loans and receivables	30,149	29,625
Provision over expenses related to ETEAM social security	197,000	197,000
Commissions recognition based on effective interest rates	9,560	10,189
Impairment of investments at companies under clearing process	9,752	9,752
Provision for staff expenses	3,037	7,122
Other temporary tax differences	20	19
	<b>254,346</b>	<b>260,026</b>
<b>Deferred tax liabilities</b>		
Commissions recognition based on effective interest rates	-	2,000
Buildings reduced depreciation rates	794	296
	<b>794</b>	<b>2,296</b>
<b>Net deferred tax assets</b>	<b>253,552</b>	<b>257,730</b>

\* Deferred tax assets and liabilities resulting from the recognition of loan's commissions based on an effective interest rate are netted off on assets.

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

	30/06/05	31/12/04
<b>Deferred tax (income statement)</b>		
Intangible assets variation	(1,490)	912
Impairment of loans and receivables	524	3,476
Commission recognition based on real interest rates	1,371	3,494
Provision for staff expenses	(4,085)	3,019
Buildings reduced depreciation rates	(498)	(296)
Announcement of new tax rates	-	(16,014)
Other temporary tax differences	1	11
	<b>(4,177)</b>	<b>(5,398)</b>

### **31. Obligations to pension funds**

The Auxiliary Pension Fund (TEAPETE) for the Bank's employees is considered a defined benefit plan under the statute of law 3371/2005. Under law 3371/2005, which the Bank wishes to apply, all employees and pensioners that were employed up to 31 December 2004 will not be included in TEAPETE but will be included in IKA – ETEAM and ETAT which are the auxiliary funds for state control plans and the new auxiliary fund for bank employees, both of which are considered defined contribution plans. Employees that join the Bank after 1/1/2005 are automatically included in IKA-ETEAM.

To cover the expense to have the pensioners join the new pension funds, the Bank had an actuarial study performed, which estimated that the Bank will pay a special contribution (as a lump sum or within a period of 10 years) of € 712 mill. to IKA-ETEAM and ETAT. In addition, the Bank will be obliged to pay additional contributions compared to ETEAM regulations for employees hired before 31/12/2004 for the following periods and up to the date they retire. Law 3371/2005 allows credit institutions to state in their financial statements for 2005 the amount assessed by the actuarial study for the cost of inclusion to the new funds.

In accordance with IFRS, and in particular IAS 19 "Employee benefits" and IFRS 1 "First time adoption of IFRS" the Bank should have recognized in their financial statements an amount of € 1,4 bill. (before taxes) on transition date as of 1 January 2004 which refers to the obligations of the Bank to TEAPETE prior to law 3371/2005 based on an actuarial study and subsequently adjust the amount in accordance with the terms of the new law.

Based on the above and in accordance with IAS 1 "Financial statements" as to the "true and fair presentation" and "substance over form" rule to avoid a distortion of the results by recognizing the original liability and subsequently adjusting the amount to the profit and loss account, the Bank recorded against reserves as at 1 January 2003 an amount of € 712 mill. (before taxes) calculated on the basis of the obligations towards IKA-ETEAM and ETAT. It should be noted that in accordance with IAS 1 all companies that apply IFRS may under extreme circumstances and situations exempt from applying certain standards by including explanatory notes so that the readers of financial statements have the necessary information to judge that the financial statements present a true and fair view of the financial position of the Bank. The treatment adopted was considered appropriate to allow the readers a better understanding of the situation as stated in these financial statements.

In case the Bank adopted in accordance with IAS 19 and recorded its obligation to TEAPETE to record the situation prior to law 3371/2005 the net equity (after deferred taxes) for 1 January 2004 would have to reduce by € 400 million, and € 410 million for 30 June 2004 whereas there would be no effect to 30 June 2005 figures. In addition, net profit after tax for the first semester of 2004 would have to reduce by € 10 million whereas the results for the first semester of 2005 would have to increase by € 530 million approximately.

The shareholders meeting held 16 August 2005 decide to adopt law 3371/2005 and disclaim its contract with the employee union of the Bank regarding TEAPETE. It should be noted that the final amounts will be calculated by a specialist of the ministry and therefore the final amount will probably differ from the result shown in the financial statements. There is also a legal dispute between the Bank and the employee union regarding this issue. In any event the Bank believed that this treatment is appropriate.

### 32. Contingent liabilities and commitments

	30/06/05	31/12/04
Letters of guarantee	1.502.637	1.583.079
Contingent liability from the provision of credit limits	8.437.756	7.885.081
	<b>9.940.393</b>	<b>9.468.160</b>

### 33. Share capital and own shares

As at 16 June 2005 Emporiki Bank increased its share capital by € 97,087,078 through issuing and distributing at par 17.652.196 new shares at € 5,50 by capitalizing tax exempt reserves. Total share capital amounts to € 582,522,457 consisting of 105.913.174 shares.

The number of own shares held by the bank is 4.565.220 and represents the 5.17% of the total number of shares has been issued.

### 34. Other reserves

	30/06/05	31/12/04
Statutory reserve	114,405	114,405
Valuation reserves from investments available-for-sale	9,815	10,330
Own shares reserve	44,000	44,000
Old reserves from securities sale	241,924	241,924
Other reserves	251,610	264,461
	<b>661,754</b>	<b>675,120</b>

### 35. 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.

	30/06/05	31/12/04
Cash and balances with Central Bank (Note 14)	339,827	398,797
Treasury securities	53,616	27,772
Due from banks (Note 15)	1,414,392	972,785
Trading portfolio (Note 16)	651,042	1,334,568
	<b>2,458,877</b>	<b>2,733,922</b>

	30/06/2005	31/12/04
<b>36. Related party transactions</b>		
BOD fees	438	2,004
Deposits	22,258	20,703
Loans	141,100	80,299
	<b>163,796</b>	<b>103,006</b>

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

### **37. Dividends paid**

For the accounting year 2005, no dividend distribution was proposed due to losses reported by the Bank at its financial statements for the accounting year 2004.

For the year ended 2003, Bank's General Assembly meeting held at June 2004, approved dividend distribution of € 0,50 per share. Total amount of € 40,683,288, was recorded on Bank's Equity as retained earnings.

### **38. Subsidiaries held for sale**

The Bank's Board of Directors meeting on 27 September 2004 with minutes number 2687, decided in view of the realization of the group's new development strategy and the amelioration of Bank's profitability, the sale of shares of subsidiary "Emporiki Bank – Armenia CJSC" which has already been completed.

By the same decision, the Bank's Board of Directors also decided the sale of shares of subsidiary "Emporiki Bank – Georgia S.A."

Bank's Board of Directors decided on 12 July 2005 with minutes number 2711, the sale of the bank's subsidiary called "Emporiki Bank –Cyprus Ltd".

### **39. Post balance sheet events**

a. On 25 July 2005 Emporiki Bank sold 5.48 million own shares that represent 5.2% of its share capital. The shares were sold at € 26.4 per item for an amount of € 143 million. The proceeds from the sale is a first step in increasing the equity structure of the Bank.

b. The Annual Shareholders meeting of the Bank decided on 16 August 2005 to submit TEAPETE to IKA-ETEAM and to the new Bank Fund (ETAT).

### **40. Capital adequacy**

The Bank's solvency ratio is calculated in accordance with PD/BOG 2053/92 "Definition of equity for credit institutions in Greece" and PD/BOG 2397/96 "Solvency ratio for credit institutions" (modified PD/BOG 2494/02) with a minimum ratio of 8%.

According to management of the Bank based on:

- (a) the financial information for the Bank and Group as at 30 June 2005 in accordance with IFRS,
- (b) articles in Law 3301/04 "Financial insurance, IFRS and other",
- (c) the announcement of CEBS as of 21.12.04 for "Regulations regarding changes to equity for credit institutions", and
- (d) the consultation paper of the Bank of Greece as at 21 January 2004,

the Bank's solvency ration as of 30 June 2005 is 6.4% for the Bank and 6.7% for the Group.

As stated in Note 39 in the interim financial statements management has already decided to sell its own shares for the enhancement of its capital adequacy, thus the solvency ratio has been modified to 7.5% and 7.8% for the Bank and Group and other steps have been made to increase the share capital of the Bank.