

**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

AS AT 30-6-2005

In accordance with International Financial Reporting Standards



ATHENS 19 SEPTEMBER 2005

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REVIEW REPORT OF THE AUDITORS

To the Shareholders of Emporiki Bank of Greece S.A.

We have reviewed the accompanying consolidated interim condensed financial statements of Emporiki Bank of Greece S.A. (the "Bank") and its subsidiaries (the "Group"), for the six month period ended 30 June 2005. These consolidated 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 consolidated 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 Group 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 34 of the financial statements, as to the accounting treatment which the Bank adopted with regards to the auxiliary pension fund for retired employees after the adoption of Law 3371/2005 and the uncertainty regarding legal claims against this law which may alter the liability recorded; and
- (b) Note 44 of the financial statements with respect to the capital adequacy of the Bank and Group as determined by the Bank of Greece and to 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 Consolidated Income Statements

	Note	1/1- 30/06/2005	1/1- 30/06/2004	1/4- 30/06/2005	1/4- 30/06/2004
Interest income		464,182	423,706	236,032	220,131
Interest expense		(157,179)	(140,786)	(81,908)	(71,614)
Net interest income	6	307,003	282,920	154,124	148,517
Commission income		75,403	74,622	34,584	34,251
Commission expense		(4,998)	(6,111)	(2,864)	(3,304)
Net commission income	7	70,405	68,511	31,720	30,947
Insurance fees		96,618	107,488	48,267	56,665
Insurance expenses		(78,906)	(85,670)	(41,884)	(48,527)
Net fees from insurance operations	11	17,712	21,818	6,383	8,138
Dividend income	8	2,788	6,877	2,414	2,333
Net trading results	9	5,572	15,728	(1,475)	(355)
Gains less losses investment portfolio	10	4,676	(2,312)	4,681	(326)
Other operating income		8,928	12,972	5,235	9,142
Net operating income		417,084	406,514	203,082	198,396
Staff expenses	12	(192,845)	(208,703)	(93,979)	(102,042)
Depreciation		(20,001)	(17,893)	(9,022)	(7,350)
Impairment losses and advances	21	(55,440)	(76,150)	(27,371)	(28,279)
Other operating expenses	13	(84,220)	(99,780)	(44,765)	(49,144)
Total operating expenses		(352,506)	(402,526)	(175,137)	(186,815)
Net income from associates		510	(5,341)	(114)	(3,252)
Net results from sale of subsidiaries		31	-	106	-
GAIN/ (LOSS) BEFORE TAXES		65,119	(1,353)	27,937	8,329
Tax	14	(19,929)	(11,433)	(6,581)	(8,604)
GAIN/ (LOSS) AFTER TAXES		45,190	(12,786)	21,356	(275)
Allocated to:					
Shareholders of the Bank		45,995	(9,789)	21,502	76
Minority		(805)	(2,997)	(146)	(351)
Basic earnings per share (in Euro)	15	0.55	(0.12)	0.26	0.00

Notes on pages 9 to 52 form an integral part of these financial statements.

Interim Consolidated Balance Sheet

	Note	30 June 2005	31 December 2004
ASSETS			
Cash and balances with Central Bank	16	612,738	644,778
Treasury bills	17	53,616	33,869
Due from banks	18	1,334,147	918,441
Trading securities	19	1,347,948	2,229,924
Derivative financial instruments – Assets	20	13,507	249
Loans and advances to customers (net of provision)	21	14,195,925	13,565,287
Available for sale securities	22	71,529	99,840
Held-to-maturity securities	23	37,506	32,603
Investments in non consolidated subsidiaries	24	3,178	4,991
Investments in associates	25	24,362	21,286
Held for sale subsidiaries		18,600	-
Intangible assets	26	14,506	26,465
Property, plant and equipment	27	370,699	375,710
Investment property	28	119,583	128,899
Deferred tax asset	38	256,286	262,937
Income tax advance		3,168	16,906
Other assets	29	586,915	444,783
TOTAL ASSETS		19,064,213	18,806,968
LIABILITIES AND EQUITY			
Liabilities			
Due to other banks	30	827,845	806,512
Derivative financial instruments – Liabilities	20	33,989	53,024
Due to customers	31	15,166,956	14,928,224
Debt securities	32	386,244	396,421
Other debt securities	33	348,823	347,087
Due to pension fund schemes	34	712,000	712,000
Employee benefits	35	29,494	32,122
Insurance reserves	36	504,952	477,673
Tax liabilities		16,746	12,932
Deferred tax liabilities	38	4,428	5,469
Other liabilities	37	408,017	478,814
Total liabilities		18,439,494	18,250,278
Equity			
Share capital	40	582,522	485,435
Share premium		126,184	272,183
Less: Own shares		(100,974)	(132,793)
Other reserves		670,983	685,584
Accumulated deficit		(728,407)	(682,953)
Results for the period		45,995	(103,997)
		596,303	523,459
Minority interests		28,416	33,231
TOTAL EQUITY		624,719	556,690
TOTAL LIABILITIES AND EQUITY		19,064,213	18,806,968

Notes on pages 9 to 52 form an integral part of these financial statements.

Consolidated Interim Statement of Changes in Equity

	Share capital	Share premium	Own shares	Foreign exchange reserves	Other reserves	Accumulated deficit	TOTAL	Minority interests	TOTAL
Balance at 1 January 2004	429,658	278,392	(140,737)	(14,628)	729,302	(669,740)	612,248	69,339	681,587
Available-for-sale valuation					(17,987)		(17,987)		(17,987)
Results for the period 1/1/04-30/06/04						(9,789)	(9,789)	(2,997)	(12,786)
Dividend 2003						(40,683)	(40,683)		(40,683)
Transfer of results 2003					14,270	(14,352)	(83)		(83)
Foreign exchange differences				1,319			1,319		1,319
Change in percentage holdings of subsidiaries							-	958	958
Transfer between reserves				1,583	32,440	(34,023)	-		-
Revaluation reserves						(386)	(386)		(386)
Sale of own shares			10,952				10,952		10,952
Balance as at 30 June 2004	429,658	278,392	(129,784)	(11,726)	758,025	(768,975)	555,591	67,300	622,891
Balance as 1 January 2005	485,435	272,183	(132,793)	(5,300)	690,884	(786,950)	523,459	33,231	556,689
Available-for-sale valuation					508	499	1,007		1,007
Results for the period 1/1/2005-30/06/2005						45,995	45,995	(805)	45,190
Foreign exchange differences				5,066			5,066		5,066
Foreign exchange differences subsidiaries held for sale				839			839		839
Change in accounting for subsidiaries held for sale							-	(3,941)	(3,941)
Revaluation reserves					318	337	655	(69)	586
Transfer between reserves				996	1,609	(2,606)	-		-
Share capital increase by capitalization of reserves	97,087	(1,147)			(12,851)	(84,539)	(1,450)		(1,450)
Offset losses against share premium		(144,852)					144,852		-
Sale of own shares			31,820		(11,088)		20,732		20,732
Balance as at 30 June 2005	582,522	126,184	(100,974)	1,602	669,381	(682,412)	596,303	28,416	624,719

Notes on pages 9 to 52 form an integral part of these financial statements.

Consolidated Interim Cash Flow Statement

	1 January – 30 June 2005	1 January – 30 June 2004
Inflows / (outflows) from operating activities		
Net gain/(loss) after taxes	45,995	(9,789)
Payment Board of Directors fees	-	(83)
<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	20,001	17,893
Impairment for credit losses	55,440	76,150
Foreign currency differences	4,570	1,319
Net (income)/expense from associates	(541)	5,341
	<u>79,470</u>	<u>100,702</u>
<u>Net (increase)/ decrease operating assets:</u>		
Obligatory deposits with central bank	(19,989)	(396,358)
Due to credit institutions	(36,380)	856
Trading securities (less government bonds)	165,988	570,142
Derivative financial instruments (assets)	(13,258)	(26,097)
Loans and advances to customers (net of write-offs)	(927,493)	(1,081,721)
Deferred tax asset	6,650	(3,900)
Other assets	(144,376)	124,203
	<u>(968,858)</u>	<u>(812,876)</u>
<u>Net increase/(decrease) operating liabilities:</u>		
Due to banks	132,651	997,326
Derivative financial instruments (liabilities)	(19,034)	(69,244)
Due to customers	403,276	122,439
Current tax liabilities	17,552	(16,887)
Other liabilities	(41,163)	214,937
Deferred tax liabilities	(1,041)	811
Minority interests	(874)	(2,039)
Employee benefits	910	(617)
	<u>492,277</u>	<u>1,246,726</u>
Total inflows/(outflows) from operating activities	(351,116)	524,681
Inflows / (outflows) from investment activities		
Increase in participation in subsidiaries	3,307	12,345
Adjustments through equity	1,151	(386)
Adjustments through equity (associates)	(4,061)	(10,056)
Changes in property, plant and equipment, intangible assets and investment property	(5,268)	(48,510)
Decrease of held to maturity assets	4,841	131,643
Decrease of available-for-sale investments	29,292	34,931
Total inflows/ (outflows) from investment activities	29,263	119,966
Inflows / (outflows) from financial activities		
Sale of own shares	20,732	10,952
Payment of dividend 2003	-	(40,683)
Issue debt security	(8,441)	-
Tax on capital	(1,450)	-
Total inflows/(outflows) from financial activities	10,841	(29,731)
Net increase/(decrease) in cash and cash equivalents	(311,012)	614,916
Cash and cash equivalent, opening (Note 41)	2,720,806	2,303,028
Cash and cash equivalent, closing (Note 41)	2,409,794	2,917,944

Balances for 31 December 2004 have been adjusted to reflect held for sale assets.
Notes on pages 9 to 52 form an integral part of these financial statements.

Notes to the interim consolidated financial statements

1. General information

Emporiki Bank Group ("Emporiki Bank" or "Group") operates in all banking activities (retail, corporate) in investment banking, in asset management and in financial services. The Group 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. Emporiki Bank is one of the shares that comprise the Athens General Index and 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 19 September 2005.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

These interim consolidated 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 Group'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 Group's consolidated 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 consolidated 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 Group's equity and its net income and cash flows are provided in Note 4.

These consolidated 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 Group's accounting policies.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Foreign currency translation

(a) Functional and presentation currency

The consolidated 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.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (3) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments either for hedging purposes or for trading purposes and on behalf of customers. The Group 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 Group 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 Group 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 Group 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.

2.5 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.

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 and 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 Group 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.

2.6 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.

2.7 Financial assets

The Group 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 Group 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 Group's management has the positive intention and ability to hold to maturity. The Group 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 in categories (a), (c), (d) above are recognized on trade date – the date on which the Group 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 Group 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 Group 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.

2.8 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.

2.9 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. Securities lent to counterparties are also retained in the financial statements.

2.10 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 Group 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 Group 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 Group 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 group, including:
 - adverse changes in the payment status of borrowers in the group; or
 - national or local economic conditions that correlate with defaults on the assets in the group

The Group 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 Group 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 occurred, then 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. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics for Group exposure. These characteristics (financial, historical, geographical sector) 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, the expected cash flows change then these are recorded as a gain or loss to the income statement.

2.11 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.

2.12 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

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 carrying amount. These are included in the income statement.

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

2.13 Investment property

The Group 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 Group depreciates investment property during its useful life which is estimated at 40 to 50 years. On transition date to IFRS (1 January 2004) the Group classified investment property at fair value as determined by professional valuers. Fair value was considered as their deemed cost.

2.14 Leases

(a) *The Group as lessee*

Leases of property, plant and equipment where the Group 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.

(b) The Group as lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognized on a straight-line basis over the lease term.

2.15 Insurance activities

a) Provision for insurance claim

Provision for unsettled claims

As a result of normal operations obligations or outstanding claims occur, most of which are delayed due to their nature or are under legal proceedings. Specialists along with legal council where considered necessary determine the settlement of these claims and the fair value of any provisions.

This provision is determined on a file by file basis, on supporting evidence taken into account direct claims and third party fees such as lawyers, court and judicial expenses.

b) Recognition of income

Insurance premium fees are recognized as income:

1. Upon issue for long term life contracts
2. Upon the term of the contract for short term life contracts
3. Based on the insurance period for settlement of claims.

c) Reinsurance contracts

Reinsurance contracts are contracts issued by one insurer to compensate losses on one or more contracts issued by and the insurer.

d) Unbundling of components

The company issues investment contracts on a unit linked basis or a defined acquisition fund – DAF. The fair value of a unit link fund is determined by the current net price of a unit which reflects the fair value of the asset linked to the fund time, the number of the funds held by the issuer on a balance sheet date.

The fair value of the liability of DAF is determined by the contributions made less acquisitions or amounts settled plus investment income from the use of the asset during the period.

e) Assessment of provision

Provisions are accounted for in accordance with IFRS 4 based on the level of provisions less defined acquisition costs (DAC). Current discounted cash flows are used less direct expenses. Future cash flows are discounted using yield curves. Any amounts that are insufficient are deducted from DAC and a corresponding liability for the risk is determined . Any DAC deducted cannot be replaced.

2.16 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.

2.17 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.

2.18 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 Group 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, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Greek Government bonds.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives based on the corridor approach for 10% of defined benefit obligations. Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

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 34.

(c) Employee termination benefits

Employee termination benefits are paid when employees leave prior to retirement. The Group 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.

2.19 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.

2.20 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.

2.21 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 Group or other members of the consolidated Group purchases the Bank's 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.

2.22 Fiduciary activities

The Group 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 Group.

2.23 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 Group's activities are related with financial instrument risks and risks from derivatives. The Group 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 Group 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 Group 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 Group is focused on confronting the uncertainties of financial markets and tries to minimize any negative effects to the profits for the Group. The Group 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 Group are affected by the change in interest rates. The Group 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 risk is from long term loans. Floating rate loans expose the Group to cash flow risks. Fixed rate loans expose the Group to fair value risks. It is the Groups 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 Group 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 Group already connects the customer grading with the credit risk exposed within a year by industry.

Apart from credit risk, the Group 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 Group and Bank. It also monitors shifts in the quality of the loan portfolio in order to confront any risks incurred.

For retail loans the Group 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 Group 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 Group.

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 Group 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 Group 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 Group 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 Group covers this risk as its funding is to a large extent the same currency. The Group does transactions in foreign currencies to cover customer needs or to hedge its open positions. The Group's risk management monitors transactions based on limits approved. The Group 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 Group. 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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30 June 2005

ASSETS	EUR	USD	GBP	CHF	JPY	Other	Total
Cash and balances with Central Bank	583,597	8,111	645	108	38	20,239	612,738
Treasury bills and other eligible bills	53,616	-	-	-	-	-	53,616
Due from banks	964,412	177,629	70,261	27,234	3,139	91,472	1,334,147
Trading securities	1,333,017	14,884	-	-	-	47	1,347,948
Derivative financial instruments – assets	13,507	-	-	-	-	-	13,507
Loans and advances to customers (after impairment loss)	13,257,063	756,748	36,883	82,998	56,650	5,583	14,195,925
Available-for-sale securities	51,733	16,119	-	-	-	3,677	71,529
Held-to-maturity securities	28,636	-	-	-	-	8,870	37,506
(Non-consolidated) subsidiaries	3,178	-	-	-	-	-	3,178
Investment in associates	24,222	140	-	-	-	-	24,362
Held for sale subsidiaries	-	-	-	-	-	18,600	18,600
Intangible assets	14,182	-	13	-	-	311	14,506
Property, plant and equipment	363,869	487	55	-	-	6,288	370,699
Investment property	119,583	-	-	-	-	-	119,583
Deferred tax asset	256,241	-	-	-	-	45	256,286
Income tax advances	3,168	-	-	-	-	-	3,168
Other assets	560,982	21,687	3,464	(66)	1	847	586,915
Total assets	17,631,006	995,805	111,321	110,274	59,828	155,979	19,064,213
LIABILITIES	EUR	USD	GBP	CHF	JPY	Other	Total
Due to banks	559,573	80,457	21,961	103,576	59,741	2,537	827,845
Derivative financial instruments – liabilities	33,989	-	-	-	-	-	33,989
Due to customers	13,785,742	861,968	87,448	5,251	257,676	168,871	15,166,956
Debt securities	386,244	-	-	-	-	-	386,244
Other debt issues	348,823	-	-	-	-	-	348,823
Due to pension fund schemes	712,000	-	-	-	-	-	712,000
Employee benefits	29,494	-	-	-	-	-	29,494
Insurance reserves	504,952	-	-	-	-	-	504,952
Other liabilities	380,868	25,869	628	(9)	4	657	408,017
Current tax liabilities	16,682	-	-	-	-	64	16,746
Deferred tax liabilities	4,378	-	-	-	-	50	4,428
Total liabilities	16,762,745	968,294	110,037	108,818	317,421	172,179	18,439,494
Net equity	868,261	27,511	1,284	1,456	(257,593)	(16,200)	624,719
Off balance sheet items	(284,220)	(1,712)	-	-	254,859	28,789	(2,283)
31 December 2004	EUR	USD	GBP	CHF	JPY	Other	Total
Total assets	17,302,646	948,496	99,431	82,567	68,673	305,155	18,806,968
Total liabilities	16,283,065	901,870	107,730	91,639	518,686	347,288	18,250,278
Net equity	1,019,581	46,626	(8,299)	(9,072)	(450,013)	(42,133)	556,690
Off balance sheet items	(427,421)	(1,670)	9,219	(84,257)	461,230	45,794	2,895

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 Group 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 Group 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 Group for every change by 1 basis point (0,01%) to the yield curve.

The Group'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 Group's balance sheet.

The Group 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 Group 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 Group 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 Group categorized by the minimum between the date that rates change or when the financial asset or liability matures.

30 June 2005

Interest risk

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non interest bearing	Total
ASSETS							
Cash and balances with Central Bank	333,111	-	-	-	-	279,627	612,738
Treasury bills and other eligible bills	25,231	945	27,440	-	-	-	53,616
Due from banks	795,845	193,136	123,304	43,950	1,068	176,844	1,334,147
Trading securities	59,320	123,704	101,665	521,271	180,803	361,185	1,347,948
Derivative financial instruments – assets	364	-	-	-	-	13,143	13,507
Loans and advances to customers (after impairment loss)	8,871,024	2,875,250	1,798,577	843,312	454,030	(646,268)	14,195,925
Available-for-sale securities	396	6,118	13,072	326	-	51,617	71,529
Held-to-maturity securities	-	94	458	-	36,954	-	37,506
(Non-consolidated) subsidiaries	-	-	-	-	-	3,178	3,178
Investment in associates	-	-	-	-	-	24,362	24,362
Held for sale subsidiaries	-	-	-	-	-	18,600	18,600
Intangible assets	-	-	-	-	-	14,506	14,506
Property, plant and equipment	-	-	-	-	-	370,699	370,699
Investment property	-	-	-	-	-	119,583	119,583
Deferred tax asset	21	-	40	-	-	256,225	256,286
Income tax advances	-	-	-	-	-	3,168	3,168
Other assets	5,155	3,518	1,054	-	-	577,188	586,915
Total assets	10,090,467	3,202,765	2,065,610	1,408,859	672,855	1,623,657	19,064,213
LIABILITIES							
Due to banks	457,711	250,169	98,241	1,958	1,831	17,935	827,845
Derivative financial instruments – liabilities	21,220	-	-	-	-	12,769	33,989
Due to customers	11,544,518	1,350,528	2,128,088	45,695	-	98,127	15,166,956
Debt securities	-	386,244	-	-	-	-	386,244
Other debt issues	-	348,672	-	-	-	151	348,823
Due to pension fund schemes	-	-	-	712,000	-	-	712,000
Employee benefits	74	-	-	-	-	29,420	29,494
Insurance reserves	-	-	-	-	-	504,952	504,952
Other liabilities	6,729	8,128	1	576	-	392,583	408,017
Current tax liabilities	-	-	-	-	-	16,746	16,746
Deferred tax liabilities	-	-	-	-	-	4,428	4,428
Total liabilities	12,030,252	2,343,741	2,226,330	760,229	1,831	1,077,111	18,439,494
Net interest rate exposure	(1,939,785)	859,024	(160,720)	648,630	671.024		

31 December 2004

ASSETS	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	442,924	-	-	-	-	201,854	644,778
Treasury bills and other eligible bills	12,076	1,213	20,580	-	-	-	33,869
Due from banks	9,101	124,377	127,097	39,832	140	617,894	918,441
Trading securities	158,924	282,590	155,877	711,611	477,895	443,027	2,229,924
Derivative financial instruments – assets	249	-	-	-	-	-	249
Loans and advances to customers (after impairment loss)	8,614,739	2,037,176	2,179,341	809,610	537,028	(612,607)	13,565,287
Available-for-sale securities	19,173	4,552	6,069	602	31,461	37,983	99,840
Held-to-maturity securities	-	-	-	-	30,087	2,516	32,603
(Non-consolidated) subsidiaries	-	-	-	-	-	4,991	4,991
Investment in associates	-	-	-	-	-	21,286	21,286
Intangible assets	-	-	-	-	-	26,465	26,465
Property, plant and equipment	-	-	-	-	-	375,710	375,710
Investment property	-	-	-	-	-	128,899	128,899
Deferred tax asset	846	-	-	-	-	262,091	262,937
Income tax advances	-	-	-	-	-	16,906	16,906
Other assets	1,262	3,948	-	-	-	439,573	444,783
Total assets	9,259,294	2,453,856	2,488,964	1,561,655	1,076,611	1,966,588	18,806,968
LIABILITIES							
Due to banks	418,255	215,199	136,672	5,081	16,646	14,659	806,512
Derivative financial instruments – liabilities	53,024	-	-	-	-	-	53,024
Due to customers	11,510,429	1,081,177	2,129,196	70,124	3,885	133,413	14,928,224
Debt securities	-	396,421	-	-	-	-	396,421
Other debt issues	-	347,087	-	-	-	-	347,087
Due to pension fund schemes	-	-	-	712,000	-	-	712,000
Employee benefits	71	-	-	-	-	32,051	32,122
Insurance reserves	-	-	-	-	-	477,673	477,673
Other liabilities	5,623	9,488	13	914	-	462,776	478,814
Current tax liabilities	-	-	-	-	-	12,932	12,932
Deferred tax liabilities	-	-	-	-	-	5,469	5,469
Total liabilities	11,987,402	2,049,372	2,265,881	788,119	20,531	1,138,973	18,250,278
Net interest rate exposure	(2,728,108)	404,484	223,083	773,536	1,056,080		

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 Group can not fulfill its obligations in the future from gaps between financial instruments or transactions.

The Group 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 Group 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 Group'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 Group 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	Total
Cash and balances with Central Bank	612,738	-	-	-	-	612,738
Treasury bills and other eligible bills	35	-	53,581	-	-	53,616
Due from banks	1,065,532	3,257	148,338	82,855	34,165	1,334,147
Trading securities	897,275	256,119	181,490	8,163	4,901	1,347,948
Derivative financial instruments – assets	13,507	-	-	-	-	13,507
Loans and advances to customers (after impairment loss)	1,831,837	1,715,634	3,015,650	3,136,225	4,496,579	14,195,925
Available-for-sale securities	33,829	14	22,873	14,813	-	71,529
Held-to-maturity securities	443	1,097	3,946	3,384	28,636	37,506
(Non-consolidated) subsidiaries	-	-	-	-	3,178	3,178
Investment in associates	-	-	-	-	24,362	24,362
Held for sale subsidiaries	-	18,600	-	-	-	18,600
Intangible assets	57	1	2	1,250	13,196	14,506
Property, plant and equipment	77	-	3	18,388	352,231	370,699
Investment property	-	-	4,002	1,251	114,330	119,583
Deferred tax asset	31	-	87	254,771	1,397	256,286
Income tax advances	-	-	72	3,096	-	3,168
Other assets	250,751	138,379	186,670	11,055	60	586,915
Total assets	4,706,112	2,133,101	3,616,714	3,535,251	5,073,035	19,064,213
LIABILITIES						
Due to banks	277,567	247,381	205,926	46,845	50,126	827,845
Derivative financial instruments – liabilities	33,989	-	-	-	-	33,989
Due to customers	3,982,357	1,151,538	1,799,789	7,903,545	329,727	15,166,956
Debt securities	-	-	-	386,244	-	386,244
Other debt issues	-	-	-	-	348,823	348,823
Due to pension fund schemes	-	-	-	712,000	-	712,000
Employee benefits	-	-	29,494	-	-	29,494
Insurance reserves	-	-	-	504,952	-	504,952
Other liabilities	165,934	152,896	85,437	3,750	-	408,017
Current tax liabilities	477	15,444	825	-	-	16,746
Deferred tax liabilities	-	-	546	3,882	-	4,428
Total liabilities	4,460,324	1,567,259	2,122,017	9,561,218	728,676	18,439,494
Net equity	245,788	565,842	1,494,697	(6,025,967)	4,344,359	624,719
31 December 2004						
Total assets	5,121,156	1,999,898	2,828,818	5,403,602	3,453,494	18,806,968
Total liabilities	4,622,574	1,190,368	2,401,810	7,833,217	2,202,309	18,250,278
Net equity	498,582	809,530	427,008	(2,429,615)	1,251,185	556,690

4. Transition to IFRS

4.1 Application of IFRS 1

The consolidated financial statements of the Group for the year ending 31 December 2005 will be the first annual financial statements in accordance with IFRS. The current interim consolidated financial statements have been presented as stated in note 3. The Group has applied IFRS 1 for the preparation of these interim consolidated financial statements.

The transition date for the Group to IFRS is 1 January 2004, the date when the Group prepared the Opening balance sheet of the Group in accordance with IFRS. The present consolidated 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 Group.

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

4.1.1 Exemptions for applying IFRS

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

- a) Business combinations: The Group decided not to adjust any business acquisitions prior to 1 January 2004 (transition date).
- b) Deemed cost: The Group 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 Group 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

	1 January 2004	30 June 2004	31 December 2004
Consolidated Net Equity (Greek GAAP)	1,199,703	1,228,831	1,273,166
Less: Minority interests	(59,382)	(67,051)	(27,550)
Total net equity attributable to shareholders of the Bank (Greek GAAP)	1,140,321	1,161,780	1,245,616
Allocation of profit 2003	41,664	-	-
Intangible assets write-off	(22,411)	(25,661)	(25,071)
Revaluation of property at fair value	199,996	196,795	(15,514)
Impairment of loans and advances	(104,597)	(111,699)	(89,745)
Provision for obligation to ETEAM	(712,000)	(712,000)	(712,000)
Effective interest rate 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
Impairment of available for sale assets	(20,874)	(20,874)	-
Impairment trading securities	(6,537)	(7,538)	3,308
Derivative financial assts at fair value	142	98	(386)
Change in depreciation rates	-	2,024	1,184
Revaluation available-for-sale securities	(25)	33	29
Financial leases	14,410	14,419	15,531
Employee benefit obligation	(16,804)	(19,225)	(18,240)
Tax on valuation of property	(7,641)	(8,191)	-
Income tax	-	(13,795)	-
Impairment of non consolidated subsidiaries (in liquidation)	(30,478)	(30,474)	-
Effect on consolidation for subsidiaries not consolidated	(30,662)	(42,497)	(44,618)
Revaluation difference associates	(22,786)	(29,015)	(12,419)
Change in own shares at cost	15,783	14,834	13,409
Write-off of costs on own shares	(52,033)	(40,850)	(43,859)
Deferred tax assets	265,875	271,854	260,870
Deferred tax liabilities	(5,691)	(5,070)	(5,044)
Other	(14,622)	(13,061)	(16,833)
Total adjustments	(528,073)	(606,189)	(722,157)
Consolidated net equity (IFRS)	612,248	555,591	523,459

4.2.2 Balance Sheet reconciliation 1 January 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
ASSETS			
Cash and balances with Central Bank	432,483	(2,562)	429,921
Treasury bills	15,641	779	16,420
Due from banks	646,008	17,959	663,967
Trading securities	-	2,595,326	2,595,326
Derivative financial instruments – assets	-	142	142
Loans and advances to customers (net of provision)	12,030,355	233,814	12,264,169
Bonds and other fixed income securities	2,154,300	(2,154,300)	-
Shares and other variable income securities	382,662	(382,662)	-
Available-for-sale securities	-	159,622	159,622
Held-to-maturity securities	-	160,263	160,263
Investments in non-consolidated subsidiaries	93,424	(72,619)	20,805
Investment in associates	109,249	(87,694)	21,555
Intangible assets	61,406	(28,982)	32,424
Property, plant and equipment	529,037	(161,339)	367,698
Investment property	-	105,865	105,865
Deferred tax asset	-	269,196	269,196
Income tax advances	-	18,957	18,957
Other assets	433,398	105,270	538,668
Total assets	16,887,963	777,035	17,664,998
LIABILITIES			
Due to banks	1,290,514	32,805	1,323,319
Derivative financial instruments – liabilities	-	76,221	76,221
Due to customers	14,042,682	(19,382)	14,023,300
Debt securities	73	-	73
Due to pension funds scheme	-	712,000	712,000
Employee benefits	-	34,806	34,806
Insurance reserves	14,889	460,865	475,754
Other liabilities	340,102	(43,942)	296,160
Current tax liabilities	-	35,772	35,772
Deferred tax liabilities	-	6,006	6,006
Total liabilities	15,688,260	1,295,151	16,983,411
Equity			
Share capital	429,658	-	429,658
Share premium	278,392	-	278,392
Less: Own shares	(88,935)	(51,802)	(140,737)
Other reserves	524,415	190,260	714,675
Consolidation differences	(3,470)	3,470	-
Retained profit/ (loss)	261	(670,001)	(669,740)
Total equity	1,140,321	(528,073)	612,248
Minority interests	59,382	9,957	69,339
Total equity and minority interests	1,199,703	(518,116)	681,587
Total liabilities and equity	16,887,963	777,035	17,664,998

4.2.3 Balance Sheet reconciliation 30 June 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
ASSETS			
Cash and balances with Central Bank	733,679	1,398	735,077
Treasury bills	70,916	(4,370)	66,546
Due from banks	599,859	(519)	599,340
Trading securities	-	2,744,948	2,744,948
Derivative financial instruments – assets	-	26,239	26,239
Loans and advances to customers (net of provision)	12,898,242	371,498	13,269,740
Bonds and other fixed income securities	2,352,618	(2,352,618)	-
Shares and other variable income securities	172,641	(172,641)	-
Available-for-sale securities	-	106,704	106,704
Held-to-maturity securities	-	28,620	28,620
Investments in non-consolidated subsidiaries	88,091	(79,631)	8,460
Investment in associates	94,807	(68,536)	26,271
Intangible assets	61,638	(31,109)	30,529
Property, plant and equipment	542,612	(159,487)	383,125
Investment property	-	122,950	122,950
Deferred tax asset	-	273,096	273,096
Income tax advances	-	16,799	16,799
Other assets	510,100	(95,635)	414,465
Total assets	18,125,203	727,706	18,852,909
LIABILITIES			
Due to banks	2,283,983	36,662	2,320,645
Derivative financial instruments – liabilities	-	6,977	6,977
Due to customers	14,221,168	(75,428)	14,145,740
Debt securities	-	73	73
Other debt issues	-	-	-
Due to pension funds schemes	-	712,000	712,000
Employee benefits	3,759	30,430	34,189
Insurance reserves	13,556	449,384	462,940
Other liabilities	373,906	150,005	523,911
Current tax liabilities	-	16,726	16,726
Deferred tax liabilities	-	6,817	6,817
Total liabilities	16,896,372	1,333,646	18,230,018
Equity			
Share capital	429,658	-	429,658
Share premium	278,392	-	278,392
Less: Own shares	(88,935)	(40,849)	(129,784)
Other reserves	606,361	139,939	746,300
Consolidation differences	(3,401)	3,401	-
Retained loss	(60,296)	(708,679)	(768,975)
Total equity	1,161,779	(606,188)	555,591
Minority interests	67,052	248	67,300
Total equity and minority interests	1,228,831	(605,940)	622,891
Total liabilities and equity	18,125,203	727,706	18,852,909

4.2.4 Balance Sheet reconciliation 31 December 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
ASSETS			
Cash and balances with Central Bank	644,168	610	644,778
Treasury bills	35,547	(1,678)	33,869
Due from banks	879,623	38,818	918,441
Trading securities	-	2,229,924	2,229,924
Derivative financial instruments – assets	-	249	249
Loans and advances to customers (net of provision)	13,327,524	237,763	13,565,287
Bonds and other fixed income securities	1,882,174	(1,882,174)	-
Shares and other variable income securities	109,067	(109,067)	-
Available-for-sale securities	-	99,840	99,840
Held-to-maturity securities	-	32,603	32,603
Investments in non-consolidated subsidiaries	40,163	(35,172)	4,991
Investment in associates	47,062	(25,776)	21,286
Intangible assets	64,130	(37,665)	26,465
Property, plant and equipment	745,968	(370,258)	375,710
Investment property	-	128,899	128,899
Deferred tax asset	-	262,937	262,937
Income tax advances	-	16,906	16,906
Other assets	460,262	(15,479)	444,783
Total assets	18,235,688	571,280	18,806,968
LIABILITIES			
Liabilities			
Due to banks	806,735	(223)	806,512
Derivative financial instruments – liabilities	-	53,024	53,024
Due to customers	14,960,983	(32,759)	14,928,224
Debt securities	397,573	(1,152)	396,421
Other debt issues	348,850	(1,763)	347,087
Due to pension funds schemes	-	712,000	712,000
Employee benefits	15,595	16,527	32,122
Insurance reserves	33,398	444,275	477,673
Other liabilities	399,388	79,426	478,814
Current tax liabilities	-	12,932	12,932
Deferred tax liabilities	-	5,469	5,469
Total liabilities	16,962,522	1,287,756	18,250,278
Equity			
Share capital	485,435	-	485,435
Share premium	361,137	(88,954)	272,183
Less: Own shares	(88,935)	(43,858)	(132,793)
Other reserves	666,659	18,925	685,584
Consolidation differences	(1,768)	1,768	-
Retained loss	(176,912)	(610,038)	(786,950)
Total equity	1,245,616	(722,157)	523,459
Minority interests	27,550	5,681	33,231
Total equity and minority interests	1,273,166	(716,476)	556,690
Total liabilities and equity	18,235,688	571,280	18,806,968

4.2.5 Reconciliation of income statement 30 June 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
Interest income	460,833	(37,127)	423,706
Interest expense	(142,318)	1,532	(140,786)
Net interest income	318,515	(35,595)	282,920
Commission income	83,335	(8,713)	74,622
Commission expense	(6,199)	88	(6,111)
Net commission income	77,136	(8,625)	68,511
Insurance fees	-	107,488	107,488
Insurance expenses	-	(85,670)	(85,670)
Net fees from insurance operations	-	21,818	21,818
Dividend income	614	6,263	6,877
Net trading results	23,689	(7,961)	15,728
Gains less losses investment portfolio	5,448	(7,760)	(2,312)
Other operating income	14,554	(1,582)	12,972
Net operating income	439,956	(33,442)	406,514
Staff expenses	(260,369)	51,666	(208,703)
Depreciation	(68,211)	50,318	(17,893)
Impairment loans and advances	-	(76,150)	(76,150)
Other operating expenses	(76,254)	(23,526)	(99,780)
Total operating expenses	(404,834)	2,308	(402,526)
Net fee income from associates	626	(5,967)	(5,341)
GAIN (LOSS) BEFORE TAXES	35,747	(37,100)	(1,353)
Tax	-	(11,433)	(11,433)
GAIN / (LOSS) AFTER TAXES	35,747	(48,533)	(12,786)
Allocation to:			
Shareholders of the Bank	37,408	(47,197)	(9,789)
Minority	(1,661)	(1,336)	(2,997)

4.2.6 Reconciliation of income statement 31 December 2004

	Greek GAAP	Effect on transition to IFRS	IFRS
Interest income	956,131	(85,233)	870,898
Interest expense	(306,588)	7,440	(299,148)
Net interest income	649,543	(77,793)	571,750
Commission income	162,636	(11,495)	151,141
Commission expense	(13,995)	1,300	(12,695)
Net commission income	148,641	(10,195)	138,446
Insurance fees	-	228,077	228,077
Insurance expenses	-	(149,315)	(149,315)
Net fees from insurance operations	0	78,762	78,762
Dividend income	5,881	735	6,616
Net trading results	16,509	4,049	20,558
Gains less losses investment portfolio	(30,879)	20,049	(10,830)
Other operating income	13,886	19,100	32,986
Net operating income	803,581	34,707	838,288
Staff expenses	(424,677)	(35,678)	(460,355)
Depreciation	(129,706)	89,822	(39,884)
Impairment loans and advances	(161,349)	21,263	(140,086)
Other operating expenses	(139,634)	(144,133)	(283,767)
Total operating expenses	(855,366)	(68,726)	(924,092)
Extraordinary results	3,033	(3,033)	-
LOSS BEFORE TAXES	(48,752)	(37,052)	(85,804)
Net fee income from associates	-	(8,226)	(8,226)
Loss before taxes	(48,752)	(45,278)	(94,030)
Tax	(23,452)	4,292	(19,160)
LOSS AFTER TAXES	(72,204)	(40,986)	(113,190)
Allocation to:			
Shareholders of the Bank	(67,043)	(36,954)	(103,997)
Minority	(5,161)	(4,032)	(9,193)

5. Segment results

From 1/1 to 30/6/2005	Group	Retail	Non retail	Insurance and Asset management	Investment Banking & Treasury	Other
Net interest income	307,003	222,848	46,595	4,984	32,233	343
Net commission income	70,405	60,646	5,964	2,019	1,629	147
Net fee from insurance	17,712			17,712		
Other income	21,964	1,053	1,045	5,983	10,055	3,828
TOTAL NET INCOME	417,084	284,547	53,604	30,698	43,917	4,318
Employee benefits	192,845	130,155	30,146	13,224	1,494	17,826
Other administration expense	104,221	62,187	12,250	14,233	816	14,735
Impairment loans and advances	55,440	45,125	9,776		539	0
TOTAL OPERATING EXPENSES	352,506	237,467	52,172	27,457	2,849	32,561
GAINS (LOSSES) BEFORE TAXES	64,578	47,080	1,432	3,241	41,068	(28,243)

From 1/1 to 30/6/2004	Group	Retail	Non retail	Insurance and Asset management	Investment Banking & Treasury	Group
Net interest income	282,920	196,501	45,680	3,355	36,879	505
Net commission income	68,511	58,166	6,842	2,032	1,376	95
Net fee from insurance	21,818			21,818		
Other income	33,265	290	656	7,401	20,293	4,625
TOTAL NET INCOME	406,514	254,957	53,178	34,606	58,548	5,225
Employee benefits	208,703	141,259	25,080	15,231	1,373	25,761
Other administration expense	117,673	76,385	13,056	22,518	804	4,910
Impairment loans and advances	76,149	50,727	19,026		6,396	
TOTAL OPERATING EXPENSES	402,526	268,371	57,161	37,749	8,573	30,671
GAINS (LOSSES) BEFORE TAXES	3,988	(13,415)	(3,983)	(3,143)	49,975	(25,446)

Retail includes all services and products offered to individuals, freelance professional small and medium size entities.

Non retail refers to products and services offered to corporates and shipping companies.

Insurance and asset management services refer to portfolio management for clients, mutual fund asset management of ERMIS and insurance products offered by the insurance companies of the Group.

Investment banking and Treasury include financial services, consulting and transaction services on capital exchange issues and on dealing room activities.

In the other sections are all non financial or insurance activities as well as the administrative and back off services of the Bank.

6. Net interest income

	1/1 – 30/6 2005	1/1 – 30/6 2004	1/4 – 30/6 2005	1/4 – 30/6 2004
Interest income				
Cash and short-term funds	21,547	12,144	11,008	6,075
Bonds/ Treasury bills	35,667	38,127	17,612	20,077
Lending securities and reverse repos	449	2,511	57	1,515
Loans and advances	406,519	370,924	207,355	192,464
	464,182	423,706	236,032	220,131
Interest expense				
Banks and customers	140,931	125,285	74,035	63,890
Debt securities	5,117	-	2,906	-
Securities and repos	5,824	15,501	2,487	7,724
Other borrowing funds	5,307	-	2,480	-
	157,179	140,786	81,908	71,614
Net interest income	307,003	282,920	154,124	148,517

7. Net commission income

	1/1 – 30/6 2005	1/1 – 30/6 2004	1/4 – 30/6 2005	1/4 – 30/6 2004
Commission income				
Lending	15,117	11,879	6,181	4,784
Working capital	4,546	9,616	2,316	2,872
Letters of guarantee	6,255	6,690	2,780	3,242
Credit cards	13,331	13,008	7,579	7,061
Imports – Exports	3,557	4,377	1,729	2,092
Mutual Funds	6,671	6,182	2,815	2,657
Other commissions	25,926	22,870	11,184	11,543
	75,403	74,622	34,584	34,251
Commission expenses				
Credit card commissions	3,436	3,869	1,854	2,366
Other	1,562	2,242	1,010	938
	4,998	6,111	2,864	3,304
Net commission income	70,405	68,511	31,720	30,947

8. Dividend income

	1/1 – 30/6 2005	1/1 – 30/6 2004	1/4 – 30/6 2005	1/4 – 30/6 2004
Trading portfolio	2,133	5,324	1,759	1,096
Available-for-sale portfolio	655	1,553	655	1,237
Dividend income	2,788	6,877	2,414	2,333

9. Net trading results

	<u>1/1 – 30/6</u> <u>2005</u>	<u>1/1 – 30/6</u> <u>2004</u>	<u>1/4 – 30/6</u> <u>2005</u>	<u>1/4 – 30/6</u> <u>2004</u>
Net profit from transactions and foreign exchange valuation	4,137	2,415	(2,205)	2,130
Net profit from sale and valuation of bonds	12,474	1,866	9,370	(25,008)
Net profit from sale and valuation of shares and other variable yield securities	6,070	18,129	858	2,394
Net loss from sale and valuation of derivatives	(20,899)	(1,958)	(14,874)	25,060
Net loss from units sale and valuation of mutual funds	3	(100)	(21)	(100)
Profits from "Phoenix Metrolife" trading portfolio	3,787	(4,624)	5,397	(4,831)
Net trading results	5,572	15,728	(1,475)	(355)

10. Gains less losses investment portfolio

	<u>1/1 – 30/6</u> <u>2005</u>	<u>1/1 – 30/6</u> <u>2004</u>	<u>1/4 – 30/6</u> <u>2005</u>	<u>1/4 – 30/6</u> <u>2004</u>
Net profit from sale and valuation of bonds	16	-	21	14
Net loss from sale and valuation of shares and other variable yield securities	1,786	-	1,786	-
Net profit/loss from mutual funds unit sales and valuation	2,437	-	2,437	-
Net gain/loss from sale and valuation of securities	437	(2,312)	437	(312)
Gain less losses investment portfolio	4,676	(2,312)	4,681	(326)

11. Net fee from insurance operations

	<u>1/1 – 30/6</u> <u>2005</u>	<u>1/1 – 30/6</u> <u>2004</u>	<u>1/4 – 30/6</u> <u>2005</u>	<u>1/4 – 30/6</u> <u>2004</u>
Net fees and rights from life insurance sector	28,109	31,266	14,462	19,348
Net fees and rights from general insurance	68,509	76,222	33,805	37,317
Insurance fees	96,618	107,488	48,267	56,665
Life insurance compensations (excluding DAF & Unit Linked)	(11,414)	(11,667)	(6,570)	(6,257)
General insurance compensations	(44,619)	(42,152)	(23,181)	(22,147)
Change of reserves on non finalized compensations	879	1,412	3,526	599
Income / (Expenses) from investment products	7,753	(3,689)	1,315	(1,049)
Change of technical reserves	(11,842)	(7,798)	(7,155)	(9,023)
Commissions and other direct production expenses	(19,662)	(21,776)	(9,909)	(10,650)
Insurance expenses	(78,906)	(85,670)	(41,884)	(48,527)
Net fee from insurance operations	17,712	21,818	6,383	8,138

12. Staff expenses	1/1 – 30/6 2005	1/1 – 30/6 2004	1/4 – 30/6 2005	1/4 – 30/6 2004
Salaries and wages	125,493	142,598	59,385	69,399
Social security cost (principal and auxiliary)	61,586	58,462	33,415	28,493
Other benefits	5,766	7,643	1,179	4,150
Staff expenses	192,845	208,703	93,979	102,042

Total personnel of the Group as at 30 June 2005 consists of 7,570 people compared to 8,473 as at 30 June 2004

13. Other operating expenses	1/1 – 30/6 2005	1/1 – 30/6 2004	1/4 – 30/6 2005	1/4 – 30/6 2004
Fees and third party expenses	11,671	11,228	6,982	7,018
Third parties allowances	20,837	26,001	11,893	14,137
Insurance fees	1,585	1,628	804	755
Taxes and duties	6,846	7,810	5,380	4,470
Other expenses	43,281	53,113	19,706	22,764
Other operating expenses	84,220	99,780	44,765	49,144

14. Income tax	1/1 – 30/6 2005	1/1 – 30/6 2004	1/4 – 30/6 2005	1/4 – 30/6 2004
Tax for the period (estimate)	14,319	16,501	4,550	9,455
Deferred taxation (Note 37)	5,610	(5,068)	2,031	(851)
Income tax	19,929	11,433	6,581	8,604

15. Earnings per share	1/1 – 30/6 2005	1/1 – 30/6 2004	1/4 – 30/6 2005	1/4 – 30/6 2004
Apportioned profits to shareholders of the Bank (in € thousands)	45,995	(9,789)	21,502	76
Average number of shares (excluding own shares)	83,431,115	80,392,846	83,905,814	81,366,456
Profit/ (Losses) per share (in €)	0.55	(0.12)	0.26	0.00

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

16. Cash and balances with Central Bank	30/06/05	31/12/04
Cash	208,417	235,316
Deposits at Central Bank excluding deposits for liquidity purposes	150,111	176,188
Cheques receivables – Central Bank clearing office	2,118	1,171
Included as cash and cash equivalents (Note 39)	360,646	412,675
Compulsory deposits at Central Bank	252,092	232,103
Cash and balances with Central Bank	612,738	644,778

17. Treasury bills	30/06/05	31/12/04
Hellenic republic treasury bills	53,616	27,773
Other countries treasury bills	-	6,096
Treasury bills	53,616	33,869

18. Due from banks	30/06/05	31/12/04
Cheques receivables	14,313	4,910
On demand	29,747	18,096
Placements in other banks	1,088,618	670,265
Reverse Repos	-	59,556
Other amounts due	36,497	37,022
Included as cash and cash equivalents (Note 39)	1,169,175	789,849
Loans and borrowings with other banks	164,972	128,592
Due from banks	1,334,147	918,441

19. Trading securities

	30/06/05	31/12/04
Trading portfolio securities		
Bonds issued by Hellenic Republic (Note 39)	825,404	1,531,153
Bonds issued by other countries (Note 39)	953	-
Other issuers bonds	392,056	493,535
	1,218,413	2,024,688
Listed shares	88,784	36,524
Non listed shares	14,584	96
Mutual funds	26,167	168,616
Total	129,535	205,236
Trading securities	1,347,948	2,229,924

20. Derivative financial instruments

	30/06/05			31/12/04		
	Contract/ Nominal value	Fair value		Contract/ Nominal value	Fair value	
		Assets	Liabilities		Assets	Liabilities
a) Currency derivatives						
Currency forwards	260,990	-	36	1,209,546	-	2,153
Currency swaps	123,948	13,047	-	386,994	-	7,554
Total		13,047	36		-	9,707
b) Interest rate derivatives						
Interest rate swaps	1,794,124	-	33,271	2,262,414	105	27,461
Exchange traded interest rate futures	-	-	-	366,000	-	15,221
Total		-	33,271		105	42,682
c) Index options						
OTC index options	79,536	460	682	19,207	144	635
Total		460	682		144	635
Derivative financial instruments		13,507	33,989		249	53,024

21. Loans and advances to customers (net of provision)	30/06/05	31/12/04
Loans to individuals		
Overdrafts	9,955	3,193
Credit cards	461,464	371,933
Term loans (including consumer loans)	1,220,818	1,026,670
Housing loans	3,803,859	3,461,069
Other loans	247,058	435,256
	5,743,154	5,298,121
Loans to legal entities		
Business loans	7,266,268	7,194,256
Syndicated loans	227,320	168,423
State and public companies	379,715	400,142
Financial leases	457,467	458,674
Other	768,269	62,834
Other loans (bonds)	-	595,444
	9,099,039	8,879,773
Loans and advances to customers	14,842,193	14,177,894
Less: Provisions for impairment losses on loans and advances	(646,268)	(612,607)
	14,195,925	13,565,287
Floating interest rate	13,301,368	13,043,663
Fixed interest rate	1,540,825	1,134,231
Total	14,842,193	14,177,894
Provisions for impairment losses on loans and advances	30/06/05	31/12/04
Balance at 1 January	612,607	487,741
Subsidiaries held for sale	(10,559)	-
Sale of subsidiary	(50)	-
Provision for loans impairment	55,440	140,086
Loans written-off	(11,170)	(15,220)
Balance 30 June / 31 December	(646,268)	(612,607)

22. Available for sale securities	30/06/05	31/12/04
Available-for-sale securities at fair value		
Bonds issued by Hellenic public	11,520	29,928
Bonds issued by other countries	491	2,405
Other issuers bonds	-	93
Listed shares	17,854	16,562
Non listed shares	34,505	39,327
Mutual funds units	7,159	11,525
Available-for-sale securities	71,529	99,840

23. Held-to-maturity securities	30/06/05	31/12/04
Held-to-maturity securities at fair value		
Bonds issued by Hellenic public	17,978	17,981
Bonds issued by other countries	8,870	13,174
Other issuers bonds	10,658	1,448
Held-to-maturity securities	37,506	32,603

24. Participation in associates

The Board of Directors meeting number 2687 held 27 September 2004 decided as part of the strategic development of the Bank and Group to sell “Emporiki Bank – Armenia CJSC”, which has been completed.

It also decided to sell “Emporiki Bank – Georgia SA”. The Board of Directors meeting number 2711 held 12 July 2005 decided to sell “Emporiki Bank – Cyprus Ltd”. As a result the interim consolidated financial statements as at 30 June 2005 “Emporiki Bank – Georgia SA” and “Emporiki Bank – Cyprus Ltd” are classified as held for sale (balance 30/06/05 : € 18.600 thousand). The amounts shown in the interim financial statements as at 31 March 2005 classified as “Results of subsidiaries held for sale” are:

	<u>1/1- 31/03/2005</u>
Interest and similar income	3,694
Interest and similar expenses	<u>(1,726)</u>
Net interest income	1,968
Commission income	363
Commission expense	<u>(210)</u>
Net commission income	153
Dividend income	6
Net trading results	158
Other operating income	<u>34</u>
Net operating income	2,319
Staff expenses	(1,342)
Depreciation	(262)
Impairment loans and advances	523
Other operating expenses	<u>(1,334)</u>
Total operating expenses	(2,414)
Losses before (& after) taxes	(95)
Losses after taxes A' quarter 2005	(95)
Plus: Minority interest	20
Apportioned losses to bank shareholders	(75)
Profits after taxes B' quarter 2005	106
Profits after taxes A' half-year 2005	31

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

A/A	Name
1	Emporiki Media EPE
2	Historical Archives
3	Banking Development Training and Research Center A.E.
4	ELVIO AE
5	Total Care AE
6	Credit Association of Attica
7	AUDATEX
8	SKEYE TELEMATIC

25. Investments in associates

A/A	Name	Country of incorporation	% of participation at 30.06.2005	% of participation at 31.12.2004
1	Alpha Graphics Frachise Development	GREECE	49.00%	49.00%
2	Industry of Phosphoric Fertilizers	GREECE	44.00%	44.21%
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	46.44%	46.44%
8	Charalambides Dairies	CYPRUS	20.00%	20.00%

26. Intangible assets

	<u>Software</u>
31 December 2004	
Cost	83,931
Accumulated depreciation	<u>(57,466)</u>
Net book value	<u>26,465</u>
Additions/ Disposals	980
Subsidiaries held for sale	(6,927)
Subsidiary disposal	<u>(42)</u>
Total variation in cost	(5,989)
Additions/ Disposals	(6,799)
Subsidiaries held for sale	813
Subsidiary disposal	<u>17</u>
Total variation in depreciation	(5,969)
30 June 2005	
Cost	77,941
Accumulated depreciation	<u>(63,435)</u>
Net book value	<u>14,506</u>

27. Property, plant and equipment

	<u>Land, buildings and leasehold improvements</u>	<u>Other fixed assets</u>	<u>Total</u>
31 December 2004			
Cost	297,437	216,973	514,410
Accumulated depreciation	<u>(3,076)</u>	<u>(135,624)</u>	<u>(138,700)</u>
Net book value	<u>294,361</u>	<u>81,349</u>	<u>375,710</u>
Additions/ Disposals	987	7,416	8,403
Subsidiaries held for sale	(3,404)	(2,437)	(5,841)
Subsidiary disposal	<u>(861)</u>	<u>(523)</u>	<u>(1,383)</u>
Total variation in cost	(3,278)	4,457	1,179
Additions/ Disposals	(1,930)	(8,475)	(10,405)
Subsidiaries held for sale	1,706	1,806	3,512
Subsidiary disposal	<u>319</u>	<u>385</u>	<u>704</u>
Total variation in depreciation	95	(6,284)	(6,189)
30 June 2005			
Cost	294,159	221,430	515,589
Accumulated depreciation	<u>(2,981)</u>	<u>(141,908)</u>	<u>(144,890)</u>
Net book value	<u>291,178</u>	<u>79,521</u>	<u>370,699</u>

28. Investment property

	Land	Buildings and equipment	Total
31 December 2004			
Cost	75,510	54,741	130,251
Accumulated depreciation	-	(1,352)	(1,352)
Net book value	75,510	53,389	128,899
6 months – 30 June 2005			
Net book value at 1.1.2005	75,510	53,389	128,899
Additions/ Disposals	(1,775)	(4,861)	(6,636)
Amounts reclassification	7,310	(7,310)	-
Variation in depreciation for the period	-	(2,680)	(2,680)
Net book value at end of period	81,045	38,538	119,583
30 June 2005			
Cost	81,045	42,570	123,615
Accumulated depreciation	-	(4,032)	(4,032)
Net book value	81,045	38,538	119,583

29. Other assets

	30/06/05	31/12/04
Accrued expenses	38,892	32,744
Accrued income	80,294	77,913
Other	467,729	334,126
	586,915	444,783

30. Due to other banks

	30/06/05	31/12/04
Borrowings from banks	662,055	716,301
Current accounts	161,509	88,571
Other liabilities	4,281	1,640
	827,845	806,512

31. Due to customers	30/06/05	31/12/04
Deposits from legal entities		
Current accounts	1,454,627	1,201,789
Term deposits	1,814,098	1,440,643
Repurchase agreements	309,393	769,508
	3,578,118	3,411,940
Deposits from individuals		
Current accounts	466,255	513,715
Term deposits	3,628,955	3,347,601
Saving accounts	7,330,366	7,235,199
Sale and repurchase agreements	7,774	309,827
	11,433,350	11,406,342
Cheques and remittances payable	155,488	109,942
	15,166,956	14,928,224
Fixed interest rate	5,760,218	5,867,579
Floating interest rate	9,251,410	8,950,703
Total deposits	15,011,468	14,818,282

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

32. Debt securities	30/06/05	31/12/04
Debt securities	386,171	396,348
Other credit titles	73	73
	386,244	396,421

Emporiki Group Finance PLC, issued a Euro 400.000.000 floating rate note (3 month Euribor + 0,30%) that matures in July 2007.

Other credit titles of Euro 73.359 refer to a mature obligation that Emporiki Bank accepted in order to pay bank bonds issued by Investment Bank.

33. Other debt securities

	30/06/05	31/12/04
Subordinated notes	348,823	347,087
	348,823	347,087

The notes refer to:

The issue of subordinated notes by Emporiki Group Finance PLC as at 5 August 2004, with a face value of Euro350.000.000. The notes are floating (3 month Euribor + 0.75%) and are seven year and Emporiki Bank is the guarantor.

34. Due to pension fund schemes

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 an additional 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 joining 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 billion (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 2004 an amount of € 712 million. (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 if they believe that the financial statements present a true and fair view of the financial position of the company. The treatment adopted was considered appropriate in order to provide all investors of the current period with the necessary information on the financial position of the Bank for the periods prior to adopting the new law, which is the scope of financial statements.

In case the Bank recognised its obligation to TEAPETE in accordance with IAS 19 and recorded conditions that existed 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.

35. Employee benefits

	30/06/05	31/12/04
Defined benefit plans local subsidiaries	27,638	26,622
Law 2112/20 employee claims	1,671	1,792
Defined benefit plans foreign subsidiaries	185	3,708
	29,494	32,122

As at 30 June 2005 there is no amount for subsidiaries held for sale.

36. Insurance reserves

	30/06/05	31/12/04
PHOENIX METROLIFE insurance and mathematical reserves	484,198	462,449
EMPORIKI LIFE insurance and technical reserves	20,754	15,224
	504,952	477,673

37. Other liabilities

	30/06/05	31/12/04
Dividends payable	1,994	2,858
Accrued expenses and deferred income	148,350	203,970
Other	257,673	271,986
	408,017	478,814

38. 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
Deferred tax assets		
Intangible assets write-off	6,720	6,988
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	9,561	11,534
Impairment of investments at companies under clearing process	9,752	9,752
Provision for staff expenses	3,104	7,189
Other temporary tax differences	-	849
	256,286	262,937
Deferred tax liabilities		
Property goodwill	222	222
Commissions recognition based on effective interest rates	-	2,425
Buildings reduced depreciation rates	794	296
Financial leases	3,412	2,526
	4,428	5,469
Net deferred tax assets	251,858	257,468

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

	30/06/05	31/12/04
Deferred tax (period's results)		
Intangible assets variation	(268)	1,012
Impairment of loans and receivables	524	3,476
Commission recognition based on real interest rates	452	3,616
Provision for staff expenses	(4,085)	3,019
Buildings reduced depreciation rates	(498)	(312)
Announcement of new tax rates	-	(16,014)
Financial leases	(886)	-
Other temporary tax differences	(849)	(519)
	(5,610)	(5,722)

39. Contingent liabilities and commitments

	30/06/05	31/12/04
Letters of guarantee	1,521,363	1,607,311
Contingent liability from the provision of credit limits	8,473,969	7,959,135
	<u>9,940,393</u>	<u>9,566,446</u>

40. Share capital

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 Euro 5.50 by capitalizing tax exempt reserves. Total share capital amounts to € 582,522,457 consisting of 105,913,174 shares.

41. 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 16)	360,646	412,675
Treasury securities (Note 17)	53,616	33,869
Due from banks (Note 18)	1,169,175	789,849
Trading portfolio (Note 19)	826,357	1,531,153
	<u>2,409,794</u>	<u>2,767,546</u>
Cash and cash equivalents adjustments at 31/12/04 related to sale of subsidiaries		(18,231)
Cash and balances with Central Bank		(147)
Government securities		(28,362)
Due from banks		<u>2,720,806</u>

42. Related party transactions

	30/06/05	31/12/04
BOD fees	780	2,417
Deposits	22,258	20,756
Loans	141,100	80,367
	<u>163,700</u>	<u>103,540</u>

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

43. 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).

44. 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 ratio as of 30 June 2005 is 6.4% for the Bank and 6.7% for the Group.

As stated in Note 42 in the interim consolidated financial statements management has already decided to sell its own shares, 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.

45. Restatement of prior period financial statements

a) The Group reinstated certain captions regarding insurance activities for balance sheet figures for 31 December 2004 and 31 March 2005 and profit and loss accounts for 31 March 2005 and 2004.

i) The reclassification of the income statement figures for the first quarter 2005 and 2004 are:

	1/1- 31/03/2005	1/1- 31/03/2004
Interest income	(2,080)	(2,359)
Interest expense	-	163
Commission expense	7,320	8,232
Insurance fees *	(16,895)	(3,712)
Insurance expenses **	13,967	(7,113)
Net trading results	2,081	2,196
Investment portfolio	(6,437)	2,640
Other operating income results	-	(345)
Other operating expenses	2,044	298
Total	-	-

* 31/03/05 "Net insurance premiums", ** 31/3/05 "Total claims"

ii) Insurance provisions in the balance sheet at 31 December 2004 include an amount of € 13,897 thousand with respect to insurance provisions for "Emporiki Life" that were recorded as "Other liabilities" in the financial statements as at 31 March 2005.

iii) Due to a mistake in classification purposes an amount of € 148,721 thousand that refers to "Available-for-sale securities" of Phoenix Metrolife as at 31 December 2004 was transferred to "Trading securities". The accounting treatment was in accordance with the relevant standards.

b) Interest income and interest expense for the first quarter of 2005 were reduced by € 8,655 thousand and by € 6,059 thousand for 2004. These amounts refer to non accounted intercompany transactions.

With respect to a and b above there is no effect to the profit after tax or to net equity of the Group based on published figures for prior years.