IRF European Finance Investments Limited

Financial Statements

for the year ended
31 December 2006

In accordance with the International Financial Reporting Standards

The accompanying financial statements of "IRF European Investment Limited" ("the Company") as well as the consolidated financial statements of the Company and its subsidiaries ("the Group"), for the year ended December 31st 2006 were approved by the Company's Board of Directors on March 16th, 2007.

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BOARD OF DIRECTORS

Name	Position
Angeliki Frangou	Chairman, Non – Executive Director
Sheldon Goldman	Deputy Chairman
Loukas Valetopoulos	Chief Executive Officer, Director
Alexander Meraclis	Secretary of the Company
John Karakadas	Non – Executive Director

Changes in the Board of Directors

- On July 6th 2006, Andreas Vgenopoulos Deputy Chairman and Company Secretary resigned and at the same date Sheldon Goldman was appointed as Deputy Chairman and Alexander Meraclis as Secretary of the Company.
- On September 29th 2006, George Kintis Chief Executive Officer and Director of the company resigned and Loukas Valetopoulos was appointed as Director and as Chief Executive Officer of the Company.
- On January 25th 2007, Dennis Malamatinas Director resigned from the Board of IRF.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL ACCOUNTS

The Directors are responsible for preparing annual accounts and consolidated annual accounts for each financial year which present fairly the financial position and the performance of the Company and that of the Group (ref. Note 5) in accordance with applicable law and regulations.

They have elected to prepare the financial statements and consolidated financial statements in accordance with the IFRS as adopted by the EU.

In preparing these annual accounts, the Directors:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with the IFRS as adopted by EU and;
- prepare the annual accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and that of the Group and enable them to ensure that their annual accounts comply with applicable laws and regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of IRF EUROPEAN FINANCE INVESTMENTS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of "IRF European Finance Investments Limited" ("the Company") as well as the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise (for both the Company and the Group), the balance sheet as at December 31, 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

Opinion
In our opinion, the abovementioned financial statements present fairly, in all material respects, the financial position of the Company and that of the Group as of December 31, 2006, and the financial performance and the cash flows of the Company and those of the Group for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Emphasis
Without qualifying our opinion, we draw attention to note 50.2 of the consolidated financial statements. Tax returns of the Greek subsidiaries have not been inspected by Greek Tax Authorities yet, and therefore can not be considered as final. It is possible that additional taxes and penalties will be imposed when Tax Authorities examine the relevant tax returns. The outcome of the tax inspection could not be estimated at this stage and therefore no relevant provision has been made.

Athens, March 16th, 2007
The Certified Chartered Accountant

Vassilis Kazas
SOEL Reg. No. 13281

Grant Thornton

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116 35 Athens, Greece
SOEL Reg. No. 127

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

Amounts presented in € '000	Note	THE GROUP 01/01 - 31/12/2006	THE GROUP 08/09 - 31/12/2005	THE COMPANY 01/01 - 31/12/2006	THE COMPANY 08/09 - 31/12/2005
Interest and similar income		28,992	6	5,797	6
Interest and similar expenses		(12,263)	(1,329)	(756)	(1,329)
Net interest income	**8**	**16,729**	**(1,323)**	**5,042**	**(1,323)**
Fee and commission income		10,296	-	-	-
Fee and commission expense		(2,430)	-	(375)	-
Net fee and commission income	**9**	**7,866**	-	**(375)**	-
Income from insurance activities		7,284	-	-	-
Expense from insurance activities		506	-	-	-
Net Income from insurance activities	**10**	**7,790**	-	-	-
Dividend income	**11**	1,626	-	15,095	-
Net result from financial activities	**12**	28,555	-	-	-
Other operating income	**13**	1,299	-	897	-
Total Net Income		**63,865**	**(1,323)**	**20,659**	**(1,323)**
Staff costs	**14**	(8,233)	-	(155)	-
Other operating expenses	**15**	(12,642)	(72)	(457)	(72)
Depreciation	**16**	(878)	-	-	-
Insurance claims	**17**	(4,968)	-	-	-
Impairment losses	**18**	(558)	-	-	-
Total operating expenses		**(27,280)**	**(72)**	**(612)**	**(72)**
Share of profits / (losses) of associates		240	-	-	-
Profit before tax		**36,825**	**(1,396)**	**20,047**	**(1,396)**
Income tax expense	**19**	(2,916)	-	-	-
Profit after tax		**33,909**	**(1,396)**	**20,047**	**(1,396)**
Attributable to:					
Shareholders of the Company		23,571	(1,396)	20,047	(1,396)
Minority Interest		10,338	-	-	-
		33,909	**(1,396)**	**20,047**	**(1,396)**
Earning per Share (€/share)					
- Basic	**47**	0.41	(0.05)	0.35	(0.05)
- Diluted	**47**	0.37	(0.05)	0.32	(0.05)

The accompanying notes constitute an integral part of the financial statements.

BALANCE SHEET

Amounts presented in € '000		THE GROUP		THE COMPANY	
	Note	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
ASSETS					
Cash and balances with Central Bank	**20**	37,397	-	-	-
Loans and advances to financial institutions	**21**	181,885	2,206	3,880	2,206
Restricted cash held in Trust	**22**	-	210,294	-	210,294
Trading Portfolio and other financial assets at fair value through Profit & Loss	**23**	264,174	-	-	-
Derivative financial intruments	**24**	2,611	-	-	-
Loans and advances to customers	**25**	941,214	-	-	-
Insurance Assets	**26**	18,060	-	-	-
Investment Portfolio	**27**	37,977	-	-	-
Investments in Subsidiaries	**28**	-	-	126,687	-
Investments in Associates	**29**	4,604	-	-	-
Property, plant and equipment	**30**	33,402	-	-	-
Investment Property	**30**	50	-	-	-
Non current assets held for sale	**31**	64	-	-	-
Goodwill and other intangible assets	**32**	186,216	-	-	-
Deferred Tax Assets	**33**	3,200	-	-	-
Other Assets	**34**	34,885	5	88,516	5
TOTAL ASSETS		**1,745,739**	**212,506**	**219,082**	**212,506**
EQUITY AND LIABILITIES					
Due to financial institutions	**35**	90,897	-	-	-
Due to Customers	**36**	1,042,157	-	-	-
Derivative financial intruments	**24**	6,319	-	-	-
Issued Debt Securities	**37**	1,500	-	-	-
Compound financial instrument	**38**	-	203,426	-	203,426
Provisions for insurance contracts	**39**	34,093	-	-	-
Retirement benefit obligations	**40**	1,228	-	-	-
Current income tax liabilities	**41**	1,349	-	-	-
Other liabilities	**42**	21,445	170	185	170
Total Liabilities		**1,198,987**	**203,596**	**185**	**203,596**
Shareholders equity					
Share Capital	**43**	71	71	71	71
Share Premium	**43**	200,174	10,234	200,174	10,234
Revaluation Reserve	**44**	(2)	-	-	-
Other reserves	**44**	16,156	-	-	-
Retained Earnings / (losses)	**44**	22,208	(1,396)	18,652	(1,396)
Total equity attributable to shareholders' of the Company		238,607	8,910	218,897	8,910
Minority Interest		308,145	-	-	-
Total equity		**546,752**	**8,910**	**218,897**	**8,910**
TOTAL LIABILITIES AND EQUITY		**1,745,739**	**212,506**	**219,082**	**212,506**

The accompanying notes constitute an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts presented in € '000	Note	Attributable to shareholders of the Company							
		Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)	Total	Minority Interest	Total
Opening balance as at 8th September 2005		-	-	-	-	-	-	-	-
Net result for the period 08/09-31/12/2005		-	-	-	-	(1,396)	(1,396)	-	(1,396)
Total profit /(loss) recognized for the financial year		-	-	-	-	(1,396)	(1,396)	-	(1,396)
Issue of common stock to initial shareholders		14	-	-	-	-	14	-	14
Issue of shares on offering,net of offering costs		57	10,234	-	-	-	10,291	-	10,291
		71	10,234	-	-	-	10,305	-	10,305
Balance as at 31st December 2005		71	10,234	-	-	(1,396)	8,910	-	8,910
Opening balance as at 1st January 2006		71	10,234	-	-	(1,396)	8,910	-	8,910
Net result for the year 01/01-31/12/2006		-	-	-	-	23,571	23,571	10,338	33,909
Available for sale instruments:									
- Valuation gains /(losses) taken to equity		-	-	1,740	-	-	1,740	(9)	1,731
- Tranferred to Profit & Loss on sale		-	-	(1,742)	-	-	(1,742)	-	(1,742)
Exchange Differences on translating foreign operations		-	-	-	2	-	2	9	11
Total profit /(loss) recognized for the financial year		-	-	(2)	2	23,571	23,571	10,337	33,909
Decrease in Share Capital due to the cancelled shares	43	(0.54)	0.54	-	-	-	(0)	-	(0)
Conversion of Compound Financial Instruments to Common Shares (after the acquisition of PROTON)	43	-	189,940	-	-	-	189,940	-	189,940
Acquisition (absorption) of OMEGA BANK by PROTON BANK		-	-	-	16,153	-	16,153	297,677	313,831
Purchase of Treasury Shares of PROTON BANK		-	-	-	-	(322)	(322)	(1,275)	(1,597)
Sale of Treasury Shares of PROTON BANK		-	-	-	-	355	355	1,405	1,760
		(1)	189,941	-	16,153	33	206,126	297,808	503,934
Balance as at 31st December 2006		71	200,174	(2)	16,156	22,208	238,607	308,145	546,752

The accompanying notes constitute an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY (THE COMPANY)

Amounts presented in € '000	Note	Attributable to shareholders of the Company			
		Share Capital	Share Premium	Retained Earnings / (losses)	Total
Opening balance as at 8th September 2005		-	-	-	-
Net results for the period 08/09-31/12/2005		-	-	(1,396)	(1,396)
Total profit /(loss) recognized for the financial year		-	-	**(1,396)**	**(1,396)**
Issue of common stock to initial shareholders		14	-	-	14
Issue of shares on offering,net of offering costs		57	10,234	-	10,291
		71	10,234		10,305
Balance as at 31st December 2005		**71**	**10,234**	**(1,396)**	**8,910**
Opening balance as at 1st January 2006		**71**	**10,234**	**(1,396)**	**8,910**
Net results for the period		-	-	20,047	20,047
Total profit /(loss) recognized for the financial year		-	-	**20,047**	**20,047**
Share Capital return to Shareholders due to cancelled shares	**43**	(0.54)	0.54	-	-
Conversion of Compound Financial Instruments to Common Shares (after the acquisition of PROTON)	**43**	-	189,940	-	189,940
		(0.54)	189,941	20,047	209,987
Balance as at 31st December 2006		**71**	**200,174**	**18,652**	**218,897**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

		THE GROUP		THE COMPANY	
Amounts presented in € '000	**Note**	**2006**	**2005**	**2006**	**2005**
Cash flows from operating activities					
Profits before tax		**36,825**	**(1,396)**	**20,047**	**(1,396)**
Adjustments for:					
Depreciation		878	-	-	-
Profit /(Loss) from investment activities		(16,149)	-	-	-
Provision for employee benefit plan		94	-	-	-
Impairment loss on investment and loans		558	-	-	-
Share of profit /loss from associates		(240)	-	-	-
Profit /(loss) from disposal of fixed assets		(2)	-	-	-
Interest and other non cash income /expenses		(1,562)	1,328	(1,562)	1,328
Dividends Received from subsidiaries		-	-	(15,095)	-
Cash flows from operating activities before changes in working capital		*20,402*	*(67)*	*3,390*	*(67)*
Changes in working capital					
Trading portfolio		(72,346)	-	-	-
Cash reserves held in Central Bank		(4,196)	-	-	-
Loans and advances to customers		26,748	-	-	-
Insurance Receivables		3,455	-	-	-
Reinsurance Receivables		302	-	-	-
Derivatives		1,789	-	-	-
Other Assets		38,941	(5)	(73,415)	(5)
Due to financial institutions		14,926	-	-	-
Due to customers		92,088	-	-	-
Provisions for insurance contracts		(1,243)	-	-	-
Other Liabilities		(145,587)	170	61	170
Cash flows from operating activities before payment of income tax		(24,720)	97	(69,964)	97
Income tax paid		(3,048)	-	-	-
Net cash flows from operating activities		**(27,768)**	**97**	**(69,964)**	**97**
Investing activities					
Additions /Disposals of investment securities		9,727	-	-	-
Purchase of tangible and intangible assets		(1,081)	-	-	-
Acquisition of subsidiaries and associates	**46.3**	22,106	-	(126,687)	-
Proceeds from sale of property, plant & equipment & intangible assets		61	-	-	-
Non current assets held for sale		(64)	-	-	-
Release of cash placed on Trust		201,266	(209,493)	201,266	(209,493)
Net cash flow from investing activities		**232,014**	**(209,493)**	**74,580**	**(209,493)**
Financing activities					
Gross proceeds from initial public offering		-	228,538	-	228,538
Payment of costs of initial public offering		-	(16,950)	-	(16,950)
Issuance of common shares		-	14	-	14
Amount Repayable to Shareholders of Negative Vote	**43**	(1,915)	-	(1,915)	-
Sales of treasury shares		406	-	-	-
Proceeds from other borrowed funds		75,000	237	75,000	237
Repayments of other borrowed funds		(75,000)	(237)	(75,000)	(237)
Net cash flow from financing activities		**(1,509)**	**211,602**	**(1,915)**	**211,602**
Net increase / decrease in cash and cash equivalents		**202,738**	**2,206**	**2,701**	**2,206**
Cash and cash equivalents at the beginning of the financial year		2,206	-	2,206	-
Effect of exchange rate fluctuations on cash held		(1,028)	-	(1,028)	-
Cash and cash equivalents at the end of the financial year	**45**	**203,917**	**2,206**	**3,880**	**2,206**

The accompanying notes constitute an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Country of incorporation
IRF European Finance Investments Ltd. was incorporated on 8th September 2005 under the Bermuda Companies Act. The Company is listed on AIM, a market operated by the London Stock Exchange plc. The Company's registered office is at Canon's Court 22 Victoria Street, Hamilton HM12, Bermuda.

Principal Activities
The Group, through its subsidiaries, is engaged in the provision of banking, financial and insurance services. IRF was formed as an investing company to serve as a vehicle for the acquisition of an entity in the financial services industry in Europe, with a primary focus on credit institutions and insurance companies in Greece, Bulgaria, Romania and Turkey.

In June 2006, the Company acquired a controlling interest in PROTON BANK, a Greek bank, listed on the Athens Stock Exchange. Proton Bank and its subsidiaries operate in the sectors of retail, corporate and investment banking, portfolio management, insurance and other financial services.

PROTON BANK is licensed by the Bank of Greece to operate as a financial institution in Greece.

PROTON BANK, which is established in Greece and is supervised by the Bank of Greece, operates through a network of 21 branches. On 7th September 2006, the Extraordinary General Meeting of Shareholders of PROTON BANK decided the merger of the Bank with the companies OMEGA BANK and PROTON SECURITIES. The merger was completed in September 2006.

2. BASIS OF FINANCIAL STATEMENT PREPARATION

2.1 Statement of Compliance

The financial statements of the Company and the Group for the year ended 31 December 2006 have been prepared according to the International Financial Reporting standards (IFRS), which were published by the International Accounting Standards Board (IASB) and in compliance with to their interpretations, which have been published by the International Financial Reporting Interpretations Committee (IFRIC) and have been adopted by the European Union.

The Group has adopted all International Accounting Standards, International Financial Reporting Standards and their interpretations which apply to the Group's activities.

2.2 Basis of Measurement

The financial Statements have been prepared on the historical cost basis except for the following items which are measured at fair value:

- Financial assets and liabilities at fair value through Profit & Loss (including derivatives),
- Financial assets available for sale, and
- Investment Properties, and
- Land and Buildings

2.3 Functional and Presentation Currency

The current financial statements are presented in Euro, which is the functional currency of the Group. The functional currency is the currency of the primary economic environment in which an entity operates and is normally the one in which it primarily generates and expends cash. Management used its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

As part of this approach, management considers various factors stated in IAS 21. Priority is given to factors such as the currency that mainly influences costs and sales. This currency is mainly Euro since the Group is and will be engaged in a business combination in Europe. The Company has also issued financial instruments in US$. However, according to par. 12 of IAS 21, this factor is not given priority.

All amounts are presented in thousand Euro unless mentioned otherwise. It is essential to mention that due to rounding, numbers presented throughout the condensed separate and consolidated financial statements, may not add up precisely to the totals provided in the financial statements, the same applies to percentages.

2.4 Comparative Figures

The Group's financial statements for the year ended December 31st, 2006 are its first consolidated financial statements. Consolidated balance sheet, Consolidated Income statement and Consolidated Cash flow Statement for the year 2006 include the Company's as well as its subsidiaries' items, while the relevant statements for the year 2005 refer only to the Company. Furthermore, Consolidated and Separate Income Statement for the year 2005 covers the four-month period from the incorporation of the Company (8th September 2005) until the year end (31st December 2005), while Income Statement of 2006 covers the whole twelve-month period.
Thereby, the balance sheet, income statement and cash flow of the year for the Company and the Group are not comparable with the respective statements of the prior year.

2.5 Use of Estimates

The preparation of the financial statements requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses.

Assumptions and estimates are reviewed on an ongoing basis and are revised based on experience and other factors. Revisions of the accounting estimated are recognised in the period in which estimates are revised and in any future periods affected. Assumptions and estimates include expectations on future event and outcomes that are considered as reasonable given the current conditions. Actual results may differ from these estimates.
Significant areas of estimates uncertainty and items that are significantly affected by judgements in applying accounting policies are presented in paragraph 4.

2.6 Adoption of new and revised IFRS

In the current year, the Group adopted all new and revised International Accounting Standards (IAS) and IFRS, which are relevant to its operations and applicable for annual accounting periods commencing from 1st January, 2006. The adoption of the new and amended standards and interpretations did not have a material effect on the Company's and the Group's financial statements:

- *IAS 39 (Amendment): The Fair Value Option*
- *IAS 39 and IFRS 4 (Amendment): Financial Guarantee Contracts*
- *IAS 19 (Amendment): Employee Benefits*
  With this amendment, which is compulsory for the financial years commencing as of 01/01/2006, an additional method is introduced for the recognition of actuarial gains or losses. Furthermore, it imposes, in some instances, additional requirements for recognition of benefit programmes in which multiple employers participate. Lastly, it imposes additional disclosures. The Group did not alter its accounting policy for recognition of actuarial gains and losses, nor did it participate in multiple employer

programmes. Therefore, the adoption of the amended standard affects only the structure and extent of the disclosures provided. This amendment introduces the option of an alternative recognition approach to actuarial gains and losses. It also adds new recognition and disclosure requirements for multiemployer plans. The Group did not change the accounting policy adopted for recognition of actuarial gains and losses.

- IAS 21 (Amendment), Net Investment in a Foreign Operation
- *IAS 39 (Amendment), Cash flow Hedge Accounting of Forecast Intragroup Transactions*
- *IFRIC 4, Determining whether an Arrangement contains a Lease*

The amended standards below as well as the new interpretations require compulsory application for the financial year presented, but do not have any effect on the Group's financial statements as they are not relevant to its activities:

- *IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards*
- *IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources*
- *IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
- *IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and electronic Equipment*

2.7 New Standards and Interpretations

On the date of approval of these consolidated financial statements, the following accounting standards have been issued but are not applicable in the preparation of these consolidated financial statements:

(a) IFRS 7, Financial Instruments: Disclosures and IAS 1 (Revised) Presentation of Financial Statements – Capital Disclosures (effective from 1st January, 2007)
IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30 Disclosures in the Financial Statements of Banks and similar Financial Institutions, and disclosure requirements in IAS 32 Financial Instruments: Disclosure and Presentation. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and the additional disclosures required. The Group will apply IFRS 7 and the amendment to IAS 1 from 1 January, 2007.

(b) IFRS 8 Operating Segments (effective from 1st January 2009):
IFRS 8 replaces IAS 14 "Reporting Financial Information by Segment". The new IFRS requires a management approach to information presentation regarding the different operational segments of the Group. The information disclosed is the information that management used in assessing the efficiency of each segment as well as the way financial resources are distributed to each segment. This information will probably differ from the information used in preparing the balance sheet and income statement. Lastly, explanations should be provided on the base of preparation of business segments reporting as well as reconciliations with the financial statement accounts. The Group is studying the consequences of IFRS 8 on the quality of disclosures provided as well as the probability of its prior application.

(c) IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on 1st March 2006):
This Interpretation is not applicable to the Group's operations.

(d) IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on 1st May 2006):
The adoption of this interpretation will not affect the Group's financial statements.

(e) IFRIC 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on 1st June 2006):
The Group assesses whether an embedded derivative needs to be separated from the host contract and accounted for as a derivative when the Group first becomes a party to the contract. According to this

Interpretation, subsequent reassessment is prohibited unless there is a change in the terms of the contract. The Group applies this Interpretation from 1st January, 2007.

(f) IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on 1st November 2006):
This Interpretation requires an entity not to reverse an impairment loss recognized in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. The Group intends to apply this Interpretation from 1st January, 2007.

(g) IFRIC 11, Group and Treasury Share Transactions (effective for annual periods beginning on 1st March 2007):
IFRIC 11 refers to various issues relating to IFRS 2 and in particular to share-based payment arrangements involving an entity's own equity instruments and share-based payment arrangements involving equity instruments of the parent. The Group intends to apply this Interpretation from 1st January, 2008.

(h) IFRIC 12, Service Concession Arrangements (effective for annual periods beginning on 1st January 2008)
The specific interpretation is not applicable to the Group's activities.

3. SUMMARY OF IMPORTANT ACCOUNTING POLICIES

3.1 Consolidation

Subsidiaries: Subsidiary are entities controlled by the Company. Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist if the Company has ownership, directly of indirectly, over more than half of the voting rights. The Group has also adopted a policy to consider as a subsidiary an entity over which the Company is in the position to have effective control, even though it has the ownership of less than half of the voting rights. The Group has developed several criteria in order to determine whether it has the "de facto" control over the entity, including the actual representation of the Company in the Board of Directors and the management of the subsidiary and the fact that there is no realistic possibility that all the other shareholders of the subsidiary will be organised and take control over the entity.

Subsidiaries are fully consolidated using the purchase method from the date on which control commences until the date that control ceases. The acquisition cost of a subsidiary is measured at the fair value of the assets given, the shares issued and the liabilities undertaken on the date of the exchange, plus any other cost directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair values on the acquisition date. The excess between the cost of acquisition and the fair value of the 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.

Intra-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. All Group subsidiaries follow the same accounting policies as those adopted by the Group.

Associates: Associates are entities over which the Group has significant influence but not control. Significant influence is presumed to exist if the Group holds between 20% and 50% of the voting rights of another company. Investments in associates are initially recognised at acquisition cost and subsequently are accounted under the equity method. At the each balance sheet date, investments carrying amount is increased by the Group's proportion in the associate's changes in equity and decreases by the amount of dividends received from the associate.

The Group's share in the associate's profits or losses, after the acquisition date, is recognised in the Income Statement whereas, the Group's share in changes in reserves, is recognised directly in equity accounts.
In case when the Group's participation in the associate's losses is equal or exceeds its cost of participation, inclusive of any doubtful debts, the Group does not account for any further losses, except if it has covered all liabilities or has made payments on behalf of the associate as well as those arising in the context of the shareholding.

3.2 Foreign Currency

(a) Foreign Operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments due to business combinations, are translated into Euro at exchange rates applicable on the balance sheet date. The income and expenses are translated into Euro at exchange rate at the dates of transactions or, if it is impracticable, based on the average exchange rates during the reporting period. Any differences arising from the translation of the assets, liabilities, income and expenses are recognized into "Other reserves" within equity.

(b) Foreign Currency Transactions
Foreign currency transactions are translated into the respective functional currency of the Group entities at the exchange rates at the dates of transactions. Monetary asset and liability denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date. The non-monetary assets denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on the execution of foreign currency transactions and on the retranslation of monetary assets and liabilities are recognized in profit or loss.

3.3 Interest income and expense

Interest income and expense are recognised on an accrual basis in the income statement for all interest bearing assets and liabilities, based on the effective interest method. Interest income and expense include the amortization of any discount or premium, transaction costs or other differences between the initial cost of an interest bearing financial asset and the amount to be received or paid at maturity using the effective interest rate method.

The effective interest rate is the rate that exactly discounts any estimated future payment or receipt through the expected life of a financial instrument (or until the next date of interest reset), to the carrying amount of the financial instrument, including any fees or transaction costs incurred.

3.4 Fee and commissions income

Fees and commissions are generally recognised on an accrual basis when the relevant services have been provided. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party are recognised on completion of the underlying transaction. Portfolio management fees and other advisory and service fees are recognized in the income statement according the applicable service contract, usually on a time-apportionate basis.

3.5 Dividend Income

Dividend income is recognized in the income statement when the right to receive payment is established.

3.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.6.1 Initial Recognition

Financial assets and liabilities are recognized at the trade date which is the date when the Group becomes a part to the contractual provision of the instruments. The financial assets and liabilities are initially measured at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

3.6.2 Classification and Measurement of Financial Assets

Management determines the classification of its investments at initial recognition. Financial assets are classified into the following categories:

(a) Financial Assets and Liabilities at Fair Value through Profit & 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 the held for trading category if acquired principally for the purpose of generating a profit from short-term fluctuations in price. Derivative financial instruments are also categorised as held for trading unless they are designated as accounting hedges in which case hedge accounting is applied. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with a documented investment strategy. Information about these financial assets is provided internally on a fair value basis to key management personnel.

(b) Loans and Receivables
These include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which the Group does not indent to sell in the short-term. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are measured at amortized cost using the effective interest method.

(c) Held to maturity investments
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. When the Group to sell other than an insignificant amount of held-to-maturity assets, then he entire category tainted and reclassified as available-for-sale.

(d) Available for sale investment
Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.
Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity, and available-for-sale are recognized at trade date – the date on which the Group commits to purchase or sell the asset. Loans are recognized when cash is advanced to the borrowers.
Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.
Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

3.6.3 Off setting

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

Income and expenses are offset only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

3.6.4 Fair value measurement

For the measurement of assets and liabilities at fair value, the Group uses current market prices for every financial instrument. For those assets and liabilities whose current market price was not available, the values that were derived by applying valuation methods do not differ much from their carrying values.
In particular:

- The listed securities are valued at fair value, which is determined according to the current market price on the day of the balance sheet date.
- Non listed securities are valued at cost of acquisition less any impairment.
- The fair value of derivative financial instruments that are not quoted in active markets is determined by using valuation techniques. These models, even though dependent on measurable data, may require estimates and judgments (i.e. volatility and credit risk). Those estimates are assessed regulatory and when market conditions change.

3.6.5 Impairment of financial assets

(a) Assets carried at amortized cost
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 a 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 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 reorganisation; or
(v) 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 borrower 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 financial assets has been incurred, the amount of loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or a 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.

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

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group 's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effect of conditions in the historical period that do not exist currently.

The methodology and assumptions used of estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written-off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

(b) Assets carried at fair value

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

3.6.6 Derivative financial instruments and hedge accounting

Derivative financial instruments include forward exchange contracts, currency and interest rate swaps, stock, currency and index futures, equity and currency options and other derivative financial instruments. These are initially recognised in the balance sheet at fair value, and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models and other appropriate pricing models. All derivatives are shown as financial assets at fair value through profit or loss when fair value is positive and as financial liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received).

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contracts is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

The method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the items being hedged. The Group designates certain derivatives as either (1) hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

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 derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge – For fair value hedges that meet the criteria for hedge accounting, any profit or loss from the revaluation of the derivative at fair value is recognized in the income statement. Any profit or loss of the hedged instrument that is due to the hedged risk, adjusts the book value of the hedged instrument and is recognized in the income statement, irrespective of the classification of the financial instrument (e.g. available-for-sale financial instruments).

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the equity security.

Cash flow hedge – For cash flow hedges that meet the criteria of hedge accounting, the part of the profit or loss from the derivative that is designated as an active hedge is recognized directly in reserves and the part that is designated as a non-active hedge is recognized in the income statement. Any profit or loss that has been recognized directly into reserves is transferred to the income statement in the period when the hedged transaction affects the results.

Hedge accounting is discontinued when the hedging instrument expires or is sold, is terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting. In case a hedged transaction is no longer expected to be realized, the net accumulated profit or loss that has been recognized into the reserves will be transferred to the income statement.
When derivative instruments are used for hedges of net investments in foreign operations and the criteria for hedge accounting as set out by IAS 39 are met, changes in the fair value of the hedging instrument are recognized in reserves.

3.6.7 Sale and repurchase agreements

The Group enters into agreements for purchases (sales) of investments and to resell (repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased, on condition that they will be resold in the future (reverse repos), are not recognized in the balance sheet. The amounts paid for purchase thereof are recognized as receivables from other banks or customers. The difference between the sale and repurchase consideration is recognized as interest income or expense during the repurchase agreement period on an accrual basis.

Investments sold under repurchase agreements continue to be recognized in the balance sheet and are measured in accordance with the accounting policy for either assets held for trading or available-for-sale as appropriate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers.

3.7 Insurance contracts

Through its insurance subsidiaries, the Group issues insurance contracts to customers. Under these contracts the Group accepts significant insurance risk, by agreeing to compensate the contract holder on the occurrence of a specified, uncertain future event.
Since January 1st 2005 risk bearing contracts have been separated into insurance contracts and financial contracts (IFRS 4). Group's insurance company issues only insurance contracts covering property and casualty risks up to one year of duration.

Property and casualty insurance contracts are separated in two categories:
a) Automobile third party liability. This category includes insurance contracts covering the risk of automobile third party liability.
b) Non-automobile lines. This category includes insurance contracts covering the risk of fire and allied lines, marine, general liability, legal protection, road assistance, etc.

Gross insurance premiums are recognized in the income statement over the period covered by the related insurance contract. The insurance premiums are recognized before the deduction of the relevant commissions.

Contract costs
Costs incurred for the initiation or the renewal of insurance contract, such as brokers commission, are deferred and recognized as an asset. The relevant amounts are amortized to Profit or Loss on a systematic basis over the contractual term of the relevant insurance contract.

Liabilities from insurance contracts
Provisions for outstanding claims are revised at each balance sheet date and any change is recognized in Profit or Loss to the extend that it refers to claim covered by the Group, while any amount covered by reinsurance is recognized as an asset (receivable) according to the reinsurance contracts.

(a) Unearned Premiums
Gross insurance premiums for general insurance business are recognized in the income statement over the period covered by the related insurance contract. The proportion of premiums which relates to periods of risk extending beyond the end of the year is reported as unearned premium and is calculated on a daily basis.

(b) Provisions for claims incurred
Provisions for outstanding claims are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs. The amount of provisions is estimated based on available information (adjuster reports, court decisions etc.) at the balance sheet date.
Provisions for outstanding claims include reserves for incurred claims, which are not reported to the company at the balance sheet date (I.B.N.R.). Provisions for outstanding claims are reported at the balance sheet date according to the requirements of regulatory authority legislation in force (law 400/1970). Specifically the automobile third party liability related claims reserves, are checked according to the K3-3975/11.10.1999 decision of The Ministry of Development, forming the greater possible reserve. I.B.N.R. provisions are estimated based on the K3-3974/11.10.1999 decision of The Ministry of Development.
Provisions for outstanding claims include reserves for incurred claims, which are not reported to the company at the balance sheet date (I.B.N.R.). Provisions for outstanding claims are reported at the balance sheet date according to the requirements of regulatory authority legislation in force (law 400/1970). Specifically the automobile third party liability related claims reserves, are checked according to the K3-3975/11.10.1999 decision of The Ministry of Development, forming the greater possible reserve. I.B.N.R. provisions are estimated based on the K3-3974/11.10.1999 decision of The Ministry of Development.

The difference in non-life insurance contract liabilities (increase / decrease) related to their previous assessment is transferred to the profit and loss accounts as far as the company's own retention, while the rest is transferred to the reinsurance accounts, according to the reinsurance agreements.

Reinsurance contracts

Reinsurance contracts are contracts entered into by the Group's insurance subsidiaries, under which the Group is compensated for losses incurred under insurance contracts issued by the Group's insurance subsidiaries. The reinsurance contracts entered into by the Group's insurance subsidiaries, in which the issuer of the insurance contract is another insurer (inwards reinsurance) are included in reinsurance contracts.

Any amounts recovered from reinsurers, that derive from the reinsurance contracts of the Group, are recognized in assets. The amounts recovered from or to reinsurers are calculated based on the amounts related with the reinsurance contracts and are based on the terms of each reinsurance contract. The reinsurance liabilities are mainly premiums payable for reinsurance contracts and are recognized as expenses on an accrual basis.

The Group evaluates its reinsurance assets for impairment. If there is objective evidence that the reinsurance assets have incurred an impairment, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes the reduction in its value in the income statement.

Liability adequacy test

At each balance sheet date, liability adequacy tests are performed by the Group's insurance companies to ensure the adequacy of liabilities that arise from their operations. In performing these tests, current best estimates of operational and investment income and operational and administration expenses are based on past experience and financial results.

In case when the adequacy test reveals insufficient reserves, provisions are adjusted accordingly. The liability is derecognized when the contract expires, is discharged or is cancelled.

3.8 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity and include cash and non restricted balances with Central Bank, government bonds and treasury bills and amounts due from other banks and short-term government securities.

3.9 Intangible assets

The Group has included in this category goodwill from acquisitions and software which is carried at amortised cost less accumulated amortization.

(a) Goodwill and other intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in the balance sheet in "Goodwill and other intangible assets".

Negative goodwill is recognised immediately as gain in the income statement.

Goodwill is tested for impairment annually and whenever there are indications of impairment and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing, using the country of operation and economic segment as the allocation bases.

(b) Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software are carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement.

Costs associated with maintenance of computer software programmes are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of five years. Amortisation commences when the computer software is available for use and is included within "Depreciation" in the income statement.

3.10 Property, plant and equipment

All plant and equipment are stated at historical cost less depreciation, except land and buildings which are shown at fair value based on valuations by external independent valuers, less subsequent depreciation for buildings.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Expenditure for repairs and maintenance of property and equipment is charged to the income statement of the year in which they were incurred. Depreciation on buildings and other tangible assets are calculated using the straight line method to allocate their cost or fair value to their residual values over their estimated useful lives.

The carrying amount of impaired assets is written down to their recoverable amounts. Gains and losses from disposals are recognised in the income statement.

Land is not depreciated but is reviewed for impairment.. Depreciation on other property and equipment is calculated using the straight-line method to allocate the cost or revalued amount of each asset less their residual values, over their estimated useful lives. The estimated useful lives are as follows:

- Buildings: 50 years
- Lease hold improvements: depreciated on a straight-line basis over the term of the lease
- Computers: 3 years
- Vehicles: 5-7 years
- Furniture and equipment: 10 years
- The commercial value of leased assets is depreciated over the lease period

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposal of property and equipment are determined by comparing proceeds to carrying amount and are included in the income statement.

3.11 Assets held for sale

This category includes fixed assets that will be sold within 12 months whose carrying amount will be recovered principally through the sale transaction. Assets held for sale, according to IFRS 5 "Non current assets held for sale and discontinued operations", are valued at the lower of their carrying amount and fair value less costs to sell. Assets held for sale are not depreciated but are subject to impairment. Gains/ losses from sale of these assets are recognized in the income statement.

3.12 Leases

3.12.1 A Group company is a lessee

(i) Finance lease
The Group has not entered into a finance lease agreement in the capacity of a lessee.
(ii) Operating leases:
Leases where the risks and rewards of ownership remain with the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received by the lessor) are charged to the income statement on a straight line basis over the period of the lease.

3.12.2 A Group company is a lessor

(i) Finance lease
When assets are leased out under finance lease / hire purchase, the present value of the lease payments is recognized as a receivable. Lease income and hire purchase fees are recognized in the income statement in a systematic manner, based on instalments receivable during the year so as to provide a constant periodic rate using the net investment method.
(ii) Operating leases:
Assets leased out under operating leases are carried on the Group's financial statements and are depreciated over their useful economic lives. Payments received under operating leases are recorded in the income statement on a straight line basis.

3.13 Financial liabilities

Financial liabilities are treated as held for trading if:
(a) acquired principally for the purpose of selling or repurchasing them in the near term
(b) a derivative financial instrument (except for a designated and effective hedging instrument)
Financial liabilities are initially recognised at fair value. Subsequently any changes in their fair value are recognised in the income statement.

The Group has classified in this category derivative financial instruments not held and qualifying for hedging purposes.

Derivative financial liabilities that are part of a hedging relationship are measured at fair value. Subsequently, any changes in their fair value are subject to principles described in note 2.13. Liabilities not included in the above categories are carried at amortised cost using the effective interest rate method.

3.14 Share capital

(a) Share issue costs
Incremental costs directly attributable to the issue of new shares are deducted from equity.

(b) Dividends on ordinary shares
The dividend distribution to ordinary shareholders is recognized in the period in which the dividend is approved by the Company's shareholders. Dividend for the year that is declared after the balance sheet date is disclosed in Note 48.

(c) Treasury Shares
Where the Company or other members of the Group purchase the Company's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

3.15 Fiduciary activities

Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from these financial statements where the Group acts in a fiduciary capacity such as nominee, trustee or agent.

3.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.
Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.
The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

3.17 Employee benefits

(a) Defined contribution plans
A defined contribution plan is a plan under which the Company and the employees pay fixed contributions into a separate fund. The benefits provided to the employees participating in defined contribution plans are based on the return of the fund. Each fund is governed by specified regulations as agreed between the two parties and in compliance with relevant statutory obligations. The contributions of the Group to the defined contribution plans are charged to the income statement in the year in which they arise.
The Group's personnel is insured for its main pension to publicly administered pension insurance funds (i.e Social Security Foundation and other) depending on their specialty. The contributions paid by the Group are included in "Staff costs". The Group's personnel is also insured for medical care in multiemployer funds. In these funds, there are no separate accounts for each company, hence accounting for defined contribution is followed. Once the contribution has been paid, the Group has no further payment obligations.

(b) Defined benefit plans
The Group operates defined contribution and benefit plans in Greece. Provisions for employee retirement, such as compensation defined under Law 2112/20, are determined actuarially using the projected unit credit method. A defined benefit plan is a plan that defines an amount of lump sum or pension benefit to be provided upon retirement which is determined by taking into account factors such as years of service and employee salary. Retirement benefit costs relating to the defined benefit plans and which are those included in staff costs are assessed using the projected unit credit method. Under this method, the cost of providing defined benefit pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of professionally qualified actuaries who value the plan at the end of each year.
The obligation for the defined benefit plans is measured at the present value of the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the terms of the related liability less the fair value of the plan assets.
Actuarial gains or losses which exceed 10% of the greater of the present value of the Group's obligation and the fair value of the plan assets, are amortised over the expected average remaining working lives of the participating employees. Actuarial gains or losses below the 10% corridor are not recognised.

(c) Share-based compensation
The Group rewards key management executives, according to their efficiency with options on its own shares. At each balance sheet date, the Group revises its estimates for the number of options that are expected to become exercisable. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense (Staff costs) with a corresponding increase in equity during the grand date and exercise date. The proceeds received are credited to share capital and share premium when the options are exercised.

3.18 Income Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.
Deferred tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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 realised or the deferred tax liability is settled. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable differences.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

In Greece submitted tax returns are not considered as final until tax authorities audit the companies books and records, or until the statute of limitation expires. In Greece the results reported to the tax authorities by an entity are provisional and are subject to revision until the tax authorities examine the books and records of the entity and the related tax returns are accepted as final. Therefore, entities remain contingently liable for additional taxes and penalties which may be assessed on such tax examination. It is common practice in Greece for the tax authorities to audit an entity's books and records and to disallow expenses arbitrarily and to assess additional taxes.

3.19 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment is analyzed in Note 7.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment losses on loans and advances

The Group reviews its loan portfolio to assess impairment at least quarterly. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is sufficient evidence indicating that the balance of a loan or a portfolio of homogenous loans outstanding will not be fully recovered. This evidence includes:

- violation of the contractual terms resulting in the delay of capital or interest payment,
- significant deterioration in the loan repayment ability,
- legal action,
- bankruptcy, and
- other objective evidence that leads to the conclusion that the Group will not collect the full amount due.

For a loan that has been characterized as impaired, the realisable value of its securities is considered to be the present value of its future cash flows. In addition, for significant amounts other factors such as the financial status of the customer, the alternative sources of funds available and the extent to which credit worthy guarantors can support the customer are considered. The provision amount is calculated as the difference between the loan's carrying amount and the realisable amount, including all securities and guarantees.

(b) Fair value of financial instruments

The fair value of financial instruments that are not quoted in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The valuation techniques used are frequently assessed to ensure their validity and appropriateness. Changes in methods and assumptions about these factors could affect the reported fair value of financial instruments.

(c) Impairment of available for sale financial assets

The Group follows the guidance in IAS 39 to determine if an investment has been impaired. This decision requires critical judgement. Available for sale equity investments are impaired when there has been a significant or prolonged decline in fair value below its cost. When the declines in fair value are considered significant or prolonged, the fair value reserve is transferred to the income statement. Furthermore, estimates are used to determine the fair value of equity investments which are not quoted in active markets. For those investments, the fair value is determined by using valuation techniques taking under consideration assumptions about industry and sector performances as well as the financial health of the investee.

(d) Income taxes

The Group is subject to income tax according to the tax legislation in Greece. In order to establish the corporation tax, as presented in the balance sheet, significant assumptions are required. For specific transactions and calculations the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Retirement benefits

The present value of liabilities arising from staff retirement benefits is determined by means of an actuarial valuation using specific assumptions. These assumptions are disclosed in Note 39.
According to the relevant Group's accounting policy for retirement benefits, any changes in the assumptions are likely to have an effect on the level of the unrecognised actuarial gain or loss.

(f) Insurance claims

Insurance liabilities for claims are calculated by using information relating to the claim. The Group assesses each claim separately and the estimated liability is based on the facts of each claim, experience and other relevant factors, on a case-by-case basis. The Group is liable for all events covered by the policy even if the loss is discovered after the policy's expiry date. A provision is made for claims incurred but not yet reported (IBNR). Reserve adequacy test was performed through the link ratio methodology, using last six years data. The methodology assumes persistence of accumulated losses ratios (paid and outstanding claims).

(g) Financial Instruments Classification

The Group's accounting policies require financial assets and liabilities to be classified into different categories at their inception:

- Investments held to maturity. Management judgement is required when applying this classification, which takes into account the Group's intention & ability to hold investment to maturity.
- Financial instruments for trading purposes include Investments and derivatives held to achieve short-term profit.

(h) Control over subsidiaries

The Group has adopted a policy to consider as a subsidiary an entity over which it has the "de facto" power to control its financing and operating activities no matter whether it holds less than half of the voting rights. Management exercises its judgment and has developed certain criteria to determine whether effective control exist, such as representation in the entities governing body, ability to control the General Meeting of Shareholders decision and structure of voting rights of the entity.

5. STRUCTURE OF THE GROUP

The following table indicates the Group structure as at 31/12/2006:

Company Name	Head Office	Direct Shareholding %	Indirect Shareholding %	Total Shareholding %	Proton's shareholding	Relation that dictated the consolidation
IRF European Finance Investments Limited	Bermudes			Parent		
SUBSIDIARIES						
Mimosa Trading SA	Marshall Islands	100.00%	0.00%	100%		The participation percentage
Myrtle Trading Company	Marshall Islands	100.00%	0.00%	100%		The participation percentage
Proton Group						
Proton Bank AE	Greece	20.16%	0.00%	20.16%	Parent of Proton Group	Control over the entity
Proton Asset Management AEΠEY	Greece	0.00%	20.14%	20.14%	99.90%	Control over the entity
Proton Mutual Funds Mgt Co SA	Greece	0.00%	20.14%	20.14%	99.90%	Control over the entity
First Global Brokers SA	Serbia	0.00%	16.63%	16.63%	82.49%	Control over the entity
Omega Mutual Funds Mgt Co SA	Greece	0.00%	18.76%	18.76%	93.07%	Control over the entity
Omega Insurance & Reinsurance Services SA	Greece	0.00%	13.31%	13.31%	66.00%	Control over the entity
Omega Insurance SA	Greece	0.00%	16.69%	16.69%	82.78%	Control over the entity
Intellectron Systems	Greece	0.00%	11.42%	11.42%	56.64%	Control over the entity
Omega Kahn Financial Services SA	Switzerland	0.00%	16.13%	16.13%	80.00%	Control over the entity
Omega SA Financial Advisors - Investments & Real Estate Mgt	Greece	0.00%	20.16%	20.16%	100.00%	Control over the entity
ASSOCIATES						
Omega Porfolio Investment SA	Greece	0.00%	5.80%	5.80%	28.75%	

PROTON BANK is fully consolidated because of the "de facto" power of the Company to control its financial and operating activities. In particular, the Company owns the 20.16% of the voting rights of PROTON while the percentage of voting rights controlled be the Company is increased to 26.14% after taking into consideration the holding of two other shareholders of PROTON who are committed to vote in accordance with IRF's instructions based on an agreement.

Company's directors use their judgment in order to ascertain whether IRF has the effective control of PROTON according to the accounting policy adopted. Based on all relevant information currently available, Company concludes that it has the ability to control PROTON and therefore fully consolidated its financial statements. The following reasons advocate that IRF has control over PROTON:

(a) IRF has already exercised its effective power and appointed six members in the eleven-member Board of Directors of PROTON, including PROTON's chairman,

(b) Based on the Purchase Agreement, the vendors, who are currently directors and shareholders of PROTON, agree to vote in such a way that will protect IRF's power to appoint the majority of the PROTON's Board of Directors,

(c) There is no realistic possibility that all the other shareholders, who represent the 73.86% of the voting rights, will be organized in such a way as to in practice block the exercise of IRF's power. In particular, the 73.86% of the shares of PROTON is held by more than 10.000 investors, the majority of whom do not usually attend the Shareholders' Meeting. Moreover, no one of them controls more than 5% of the entity and d) The relevant judgment is compliance the relevant Greek regulations.

All other subsidiaries comprising PROTON Group are consolidated because of the indirect, through PROTON Bank, ownership of the majority of their voting rights. The method of consolidation is the Purchase Method. Investment in associates is accounted under the equity method.

5.1 Changes in Group Structure during the Year 2006

During the financial year the following changes took place in the Group Structure:

1) **PROTON BANK:** On 29th June 2006 IRF European Finance Investments Ltd acquired a 28% stake in the share capital of the listed on the Athens Stock Exchange company "PROTON BANK". The range of activities of PROTON Group of Companies covers almost the whole spectrum of the financial industry. More precisely, PROTON Group is specialized in investment banking. The IRF Group consolidated PROTON BANK for the first time at 30/06/2006, date at which control was deemed to be acquired. "Control" is the right to lead the financial and business policies of an entity in order to receive benefits from its operation.

   On 7th September 2006, the Extraordinary General Meeting of shareholders of PROTON BANK approved the merger of the Bank with Omega Bank and Proton Securities. According to the Merger Contract, which was approved by the General Assembly, the exchange ratio was 1 share of Omega Bank for 0.90 shares of PROTON BANK. As Proton Bank holds 100% of Proton Securities shares, there was no exchange ratio. Additionally, the General Assembly decided the amendment of article 5 of its Articles of Association in order for the bank's share capital to rise after the merger, to a total amount of € 281,450,360.78 divided into 62,683,822 common voting shares of nominal value € 4.49 each. The merger was completed on 29th September 2006. Following Proton's Bank merger with Omega and taking into account the shares issued therewith, the Company now owns a 20.16% interest in PROTON BANK. For the above merger the provisions of IFRS 3 "Business Combinations" were followed which applies to business combinations after 31st March 2004.

2) **ARROW ASSET FINANCE SA:** The consolidated financial statements for the year ended 31st December 2006 do not include ARROW ASSET FINANCE SA, since on 30th September the dissolution of ARROW ASSET FINANCE SA was completed, as the Extraordinary General Meeting of the PROTON's shareholders, approved the start up and liquidation balance sheet according to the article 47 of Law 2190/1920 and 35 of the company's Articles of Association. The dissolution and liquidation of the company had no material effect on the Group's net assets since PROTON's investment in the particular subsidiary with a cost of € 369 thous. was written off. The impairment loss of € 369 thous. was charged against the income statement of PROTON of the year 2005. Consolidated P&L for the year 2006, includes the net result 01/07-30/09/2006.

3) **MIMOSA TRADING SA:** The Company is duly incorporated and has filed articles of incorporation under the provisions of the Marshall islands Business Corporation Act on 6th July 2006. The IRF European Finance Investments Ltd is the owner of five hundred (500) fully paid and non-assessable shares of the capital stock of the corporation. The aggregate number of shares of stock that the Corporation is authorized to issued to issue is five hundred (500) registered and/or bearer shares without par value.

4) **MYRTLE TRADING COMPANY:** The Company is duly incorporated and has filed articles of incorporation under the provisions of the Marshall islands Business Corporation Act on 6th July 2006. The IRF European Finance Investments Ltd is the owner of five hundred (500) fully paid and non-assessable shares of the capital stock of the corporation. The aggregate number of shares of stock that the Corporation is authorized to issued to issue is five hundred (500) registered and/or bearer shares without par value.

6. RISK MANAGEMENT

For risk management purposes, financial risks are monitored at two different levels: risks faced by Proton Group and risks faced by the Company. The nature of these risks and the ways they are dealt with by management are explained below.

The Proton Group is exposed to several risks, as all financial institutions. These risks are continually monitored through various methods so that the concentration of unreasonable risks is avoided.

On the other hand, the Company (including the wholly owned subsidiaries – Myrtle Trading Company and Mimosa Trading SA) is exposed to a limited level of risks. The Company indents to minimise its exposure to credit, liquidity and interest rate risk, while it is exposed to market risks due to its investments in equity shares.

6.1 Credit Risk

Group is exposed to credit risk, which is the risk of default of a counterparty, regarding its contractual obligations. Specifically in the case of loans, it is the risk of a counterparty to default on part, of its debt. Provisions for losses (impairment) are recognized when it is estimated that losses exist at the balance sheet date. The Group gives great consideration to the proper management of credit risk, due to the fact that significant changes in economy or in business sector represent a material part of the Group's portfolio and might cause losses that exceed existing provisions.

The Group mitigates the level of credit risk it undertakes by setting acceptable risk levels for each counterparty or group of counterparties in each business and geographical segment. The risks are periodically reviewed and adjusted. Limits have been placed on a product and sector level.

The undertaken risk for each borrower including banks, is furthermore reduced by placing sub-limits on and off balance sheet items. Loan balances are compared to credit limits on a daily basis.
The Group controls the exposure to credit risk with regular reviews on the borrowers capability to satisfy their interest and principal obligations by adjusting credit limits when necessary. Credit risk is partially covered with acceptable collaterals.

6.2 Market Risk

The Group takes on exposure to market risks. Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes. The Group applies modern methodologies, such as "value at risk", to measure market risk.

VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the maximum amount the Bank might lose, but only to a certain level of confidence over a certain period. The method does not estimate the potential loss extreme market movements (non normal). The Group calculates a VAR estimate for a 99% confidence level and a 10 day holding period.
The Group regularly applies on a daily basis a back testing program to control the VAR estimates, by comparing the actual changes in the portfolio with the respective VAR measures.

6.3 Liquidity Risk

Liquidity risk arises from the Group's financing process and management of the open positions in the market. Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with financing liabilities when they fall due and to replace funds when are withdrawn. The consequence may be the failure, to meet obligations to repay depositors, to fulfil commitments to lend, and to liquidate its financial assets at fair value.

The Group uses a large financing base which is achieved through a wide range of products including, deposits, debt securities and equity. This improves its financing capability, reduces the dependence on a single source, and generally lowers its borrowing cost. The Group tries to balance the need between financing and flexibility, by maintaining a portfolio with different maturities. The Group continually assesses liquidity risk by controlling and monitoring the required changes in order to meet its business goals in the frame of its strategy.

The table below presents the Group's net liquidity gap by taking into consideration the contractual maturity assets and liabilities as well as guidelines issued by the Bank of Greece.

	THE GROUP					
Amounts presented in € '000	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
As at 31st December 2006						
Asset liquidity						
Cash and balances with Central Bank	37,397	-	-	-	-	37,397
Loans and advances to financial institutions	151,903	16,227	13,755	-	-	181,885
Derivative financial instruments	2,611	-	-	-	-	2,611
Trading Portfolio and other financial intsruments at fair value through Profit & Loss	117,972	134,390	11,812	-	-	264,174
Loans and advances to customers	220,072	65,563	227,536	428,043	-	941,214
Insurance Receivables	-	-	16,721	-	-	16,721
Investment Portfolio	5,884	-	354	6,739	25,000	37,977
Investments in associates	-	-	-	-	4,604	4,604
Property, plant and equipment	-	-	-	-	33,402	33,402
Investment Property	-	-	-	-	50	50
Non current assets held for sale	-	-	64	-	-	64
Goodwill and other intangible assets	-	-	-	-	186,216	186,216
Reinsurance contracts	-	-	1,339	-	-	1,339
Deferred tax assets	-	-	-	3,200	-	3,200
Other assets	2,767	2,484	10,400	1,203	18,031	34,885
Total assets	**538,606**	**218,664**	**281,981**	**439,185**	**267,303**	**1,745,739**

	Up to 1 month	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Liability liquidity						
Due to financial institutions	33,934	6,165	35,235	15,563	-	90,897
Derivative financial intruments	6,319	-	-	-	-	6,319
Due to Customers	90,379	399,953	398,922	152,903	-	1,042,157
Issued Debt Securities	-	-	-	-	1,500	1,500
Provisions for insurance contracts	-	-	34,093	-	-	34,093
Retirement benefit obligations	-	-	-	1,228	-	1,228
Current income tax liabilities	-	-	1,349	-	-	1,349
Other liabilities	199	-	7,356	13,889	-	21,444
Total liabilities	**130,831**	**406,118**	**476,955**	**183,583**	**1,500**	**1,198,987**
Net liquidity gap	**407,776**	**(187,454)**	**(194,974)**	**255,602**	**265,803**	**546,752**
As at 31st December 2005						
Total assets	538,606	218,664	281,981	439,185	267,303	1,745,739
Total liabilities	130,831	406,118	476,955	183,583	1,500	1,198,987
Net liquidity gap	**407,776**	**(187,454)**	**(194,974)**	**255,602**	**265,803**	**546,752**

Amounts presented in € '000	THE GROUP					
	Up to 1 month	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
As at 31st December 2005						
Asset liquidity						
Cash and balances with Central Bank	2,206	-	-	-	-	2,206
Restricted cash held in Trust	-	-	210,294	-	-	210,294
Other assets	5	-	-	-	-	5
Total assets	**2,212**	**-**	**210,294**	**-**	**-**	**212,506**
	Up to 1 month	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Liability liquidity						
Other liabilities	170	-	-	-	-	170
Compound financial instrument	-	-	-	203,426	-	203,426
Total liabilities	**170**	**-**	**-**	**203,426**	**-**	**203,596**
Net liquidity gap	**2,042**	**-**	**210,294**	**(203,426)**	**-**	**8,910**
As at 31st December 2005						
Total assets	2,212	-	210,294	-	-	**212,506**
Total liabilities	170	-	-	203,426	-	**203,596**
Net liquidity gap	**2,042**	**-**	**210,294**	**(203,426)**	**-**	**8,910**

6.4 Currency Risk

The Group undertakes currency risk arising from the exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Proton Group sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

The following tables summarize the Groups' exposure to currency risk. The Group's assets and liabilities at carrying amounts, categorized by currency are included in the table).

Amounts presented in € '000	**EUR**	**USD**	**GBP**	**JPY**	**Other Currencies**	**Total**
As at 31st December 2006						
Currency risk for assets						
Cash and balances with Central Bank	37,257	129	9	-	2	37,397
Loans and advances to financial institutions	167,957	7,044	2,466	835	3,582	181,885
Derivative financial instruments	(123,901)	(4,525)	(20)	171,523	(40,466)	2,611
Trading portfolio and other financial assets at fair value through Profit & Loss	253,563	7,504	650	-	2,457	264,174
Loans and advances to customers	849,089	58,168	9	-	33,948	941,214
Investment Portfolio	37,753	224	-	-	-	37,977
Investments in associates	4,550	-	-	-	54	4,604
Goodwill and other intangible assets	186,216	-	-	-	-	186,216
Investment Property	50	-	-	-	-	50
Property, plant and equipment	33,402	-	-	-	-	33,402
Non current assets held for sale	64	-	-	-	-	64
Insurance Receivables	16,721	-	-	-	-	16,721
Reinsurance contracts	1,339	-	-	-	-	1,339
Deferred tax assets	3,200	-	-	-	-	3,200
Other assets	32,178	2,338	227	(38)	179	34,884
Total assets	**1,499,439**	**70,882**	**3,341**	**172,320**	**(244)**	**1,745,739**

Amounts presented in € '000

Currency risk of liabilities	**EUR**	**USD**	**GBP**	**JPY**	**Other Currencies**	**Total**
Due to financial institutions	70,016	20,881	-	-	-	90,897
Derivative financial instruments	6,312	7	-	-	-	6,319
Due to customers	811,020	50,825	3,535	175,636	1,141	1,042,157
Issued Debt Securities	1,500	-	-	-	-	1,500
Provision for insurance contracts	34,093	-	-	-	-	34,093
Retirement benefit obligations	1,228	-	-	-	-	1,228
Current income tax liabilities	1,349	-	-	-	-	1,349
Other liabilities	21,169	494	55	(16)	(257)	21,445
Total liabilities	**946,687**	**72,207**	**3,590**	**175,620**	**884**	**1,198,987**
Net on-balance sheet position	**552,752**	**(1,325)**	**(249)**	**(3,300)**	**(1,128)**	**546,752**
As at 31st December 2006						
Total assets	1,499,439	70,882	3,341	172,320	(244)	1,745,739
Total liabilities	946,687	72,207	3,590	175,620	884	1,198,987
Net on-balance sheet position	**552,752**	**(1,325)**	**(249)**	**(3,300)**	**(1,128)**	**546,752**

	THE GROUP					
Amounts presented in € '000	**EUR**	**USD**	**GBP**	**JPY**	**Other Currencies**	**Total**
As at 31st December 2005						
Currency risk for assets						
Loans and advances to financial institutions	-	2,206	-	-	-	2,206
Restricted cash held in Trust	-	210,294	-	-	-	210,294
Other Assets	-	5	-	-	-	5
Total assets	**-**	**212,506**	**-**	**-**	**-**	**212,506**
Currency risk of liabilities	**EUR**	**USD**	**GBP**	**JPY**	**Other Currencies**	**Total**
Other liabilities	85	(48)	133	-	-	170
Compound financial instrument	-	203,426	-	-	-	203,426
Total liabilities	**85**	**203,378**	**133**	**-**	**-**	**203,596**
Net on-balance sheet position	**(85)**	**9,127**	**(133)**	**-**	**-**	**8,910**
As at 31st December 2005						
Total assets	-	212,506	-	-	-	212,506
Total liabilities	85	203,378	133	-	-	203,596
Net on-balance sheet position	**(85)**	**9,127**	**(133)**	**-**	**-**	**8,910**

6.5 Interest Rate Risk

Interest rate risk is the risk of a negative impact on the Group's financial condition due to its exposure to interest rates. Fluctuations in market interest rates significantly affect the present value of expected future cash flows from investments and liabilities.

The following tables summarise the Group's exposure to interest rate risks. Included in the tables are the Group's assets and liabilities at carrying amounts categorized by contractual reprising date for floating rate items and maturity day for fixed rate items.

Amounts presented in € '000	THE GROUP Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
As at 31st December 2006							
Assets							
Cash and balances with Central Bank	15,776	-	-	-	-	21,621	37,397
Loans and advances to financial institutions	151,765	16,227	13,765	-	-	128	181,885
Derivative financial instruments	-	-	-	-	-	2,611	2,611
Trading portfolio and other financial assets at fair value through Profit & Loss	-	-	3,197	66,026	68,364	126,587	264,174
Loans and advances to customers	116,712	437,380	240,513	146,609	-	-	941,214
Insurance Receivables	-	-	-	-	-	16,721	16,721
Investment Portfolio	-	-	-	447	31,646	5,884	37,977
Investments in associates	-	-	-	-	-	4,604	4,604
Property, plant and equipment	-	-	-	-	-	33,402	33,402
Investment Property	-	-	-	-	-	50	50
Non current assets held for sale	-	-	-	-	-	64	64
Goodwill and other intangible assets	-	-	-	-	-	186,216	186,216
Reinsurance contracts	-	-	-	-	-	1,339	1,339
Deferred tax assets	-	-	-	-	-	3,200	3,200
Other assets	-	-	-	-	-	34,885	34,885
Total assets	**284,253**	**453,607**	**257,475**	**213,082**	**100,010**	**437,312**	**1,745,739**
Liabilities							
Due to financial institutions	34,371	6,165	34,798	15,563	-	-	90,897
Derivative financial instruments	-	-	-	-	-	6,319	6,319
Due to customers	768,154	155,005	86,150	32,848	-	-	1,042,157
Obligations from bonds	-	-	-	-	1,500	-	1,500
Provision for insurance contracts	-	-	-	-	-	34,093	34,093
Retirement benefit obligations	-	-	-	-	-	1,228	1,228
Current income tax liabilities	-	-	-	-	-	1,349	1,349
Other liabilities	-	-	-	-	-	21,445	21,445
Total liabilities	**802,525**	**161,170**	**120,948**	**48,411**	**1,500**	**64,434**	**1,198,987**
Total interest sensitivity gap	**(518,272)**	**292,437**	**136,527**	**164,671**	**98,510**	**372,878**	**546,752**
As at 31st December 2005							
Total assets	284,253	453,607	257,475	213,082	100,010	437,312	1,745,739
Total liabilities	802,525	161,170	120,948	48,411	1,500	64,434	1,198,987
Net interest sensitivity gap	**(518,272)**	**292,437**	**136,527**	**164,671**	**98,510**	**372,878**	**546,752**

Amounts presented in € '000	THE GROUP Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
As at 31st December 2005							
Asset liquidity							
Cash and balances with Central Bank	2,206	-	-	-	-	-	2,206
Restricted cash held in Trust	-	-	210,294	-	-	-	210,294
Other assets	-	-	-	-	-	5	5
Total assets	**2,206**	**-**	**210,294**	**-**	**-**	**5**	**212,506**

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Liability liquidity							
Other liabilities	-	-	-	-	-	170	170
Compound financial instrument	-	-	-	203,426	-	-	203,426
Total liabilities	**-**	**-**	**-**	**203,426**	**-**	**170**	**203,596**
Net liquidity gap	**2,206**	**-**	**210,294**	**(203,426)**	**-**	**(165)**	**8,910**
As at 31st December 2005							
Total assets	2,206	-	210,294	-	-	5	212,506
Total liabilities	-	-	-	203,426	-	170	203,596
Net liquidity gap	**2,206**	**-**	**210,294**	**(203,426)**	**-**	**(165)**	**8,910**

7. SEGMENTAL ANALYSIS

7.1 By Business segment (primary segment)

The Group has defined the following business segments: Investment Banking, Other banking activities and insurance and other activities

Amounts presented in € '000	Investment Banking	Other Banking Activities	Insurance and other activities	Total
Financial year 1st January - 31st December 2006				
Net Income				
- from interest	8,535	8,231	(37)	16,729
- from fees and commissions	(1,698)	9,569	(5)	7,866
- from insurance activities	-	-	7,790	7,790
- from dividends	1,620	-	6	1,626
- net trading income and other income	28,677	943	234	29,854
Total Net Income	**37,133**	**18,743**	**7,988**	**63,864**
Profit before tax	**27,498**	**9,699**	**(372)**	**36,825**
Tax				(2,916)
Result after Tax				**33,909**
Other items by segment				
Depreciation (Note 16)	(483)	(355)	(40)	(878)
Insurance claims (Note 17)	-	-	(4,968)	(4,968)
Impairment Losses (Note 18)	1,809	(2,367)	-	(558)
Investments in associates	-	-	-	240
Financial Year 8th September - 31st December 2005				
Net Income				-
- from interest	(1,323)	-	-	(1,323)
Total Net Income	**(1,323)**	**-**	**-**	**(1,323)**
Profit before tax	**(1,396)**			**(1,396)**
Tax				-
Result after Tax				**(1,396)**

Amounts presented in € '000	Investment Banking	Other Banking Activities	Insurance and other activities	Total
31st December 2006				
Assets	1,066,959	505,359	173,422	1,745,739
Total Liabilities & Equity	822,640	533,216	389,884	1,745,739
31st December 2005				
Assets	212,506	-	-	212,506
Total Liabilities & Equity	212,506	-	-	212,506

7.2 By Geographical segment

A geographical segment is defined as a particular economic environment in which the Group is engaged in providing services and that is subject to different risks and return from those in other economic environments. The substantial part of assets and liabilities are currently held in Greece.

8. NET INTEREST INCOME

Amounts presented in € '000	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Interest and Similar Income				
From loans and advances to banks	8,466	6	5,797	6
From securities	3,070	-	-	-
From Loans and receivables	17,424	-	-	-
Other Interest related income	31	-	-	-
Total	**28,992**	**6**	**5,797**	**6**
Interest and Similar Expenses				
Due to financial institutions	81	-	-	-
Due to customers	9,281	-	-	-
Contribution Law 128	1,321	-	-	-
Interest on Compound instrument	-	1,328	-	1,328
Interest on Borrowing Funds (Financing Loans)	726	-	726	-
Other Interest related expenses	853	0.2	29	0.2
Total	**12,263**	**1,329**	**756**	**1,329**
Net Interest Income	**16,729**	**(1,323)**	**5,042**	**(1,323)**

During the year the Company fully utilized a financial facility of € 75 mil. granted by three banks. The relevant funds were raised in October 2006 and were fully repaid in the end of November.

9. NET FEE AND COMMISSION INCOME

Amounts presented in € '000	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Fee and commission income from:				
Loans and advances to customers	989	-	-	-
Letters of guarantee	111	-	-	-
Imports-Exports	106	-	-	-
Credit Cards	676	-	-	-
Foreign Exchange Transactions	86	-	-	-
Securities brokerage	5,840	-	-	-
Remittance	32	-	-	-
Management of Securities and Investment Banking	2,456	-	-	-
Total	*10,296*	-	-	-
Fee and commission expense from:				
Guarantees, Credit Cards	275	-	-	-
Securities brokerage	1,780	-	-	-
Loans Fees and Commissions	375	-	375	-
Total	*2,430*	-	*375*	-
Net fee and commission income	**7,866**	**-**	**(375)**	**-**

10. NET INCOME FROM INSURANCE SERVICES

Amounts presented in € '000	THE GROUP	
	31/12/2006	31/12/2005
Income from insurance activities	7,284	-
Expenses from insurance activities	506	-
Total	**7,790**	**-**

11. DIVIDEND INCOME

Amounts presented in € '000	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Dividends from AFS securities	23	-	-	-
Dividends from trading securities	1,603	-	-	-
Dividends from Subsidiaries (Note 49)	-	-	15,095	-
Total	**1,626**	**-**	**15,095**	**-**

12. NET RESULT FROM FINANCIAL ACTIVITIES

Amounts presented in € '000	THE GROUP	
	31/12/2006	31/12/2005
Foreign Exchange Differences	522	-
Purchase and sale of securities	24,176	-
Valuation of securities	11,853	-
Foreign Exchange Differences	177	-
Derivative instruments	(8,243)	-
Discount interests	70	-
Total	**28,555**	**-**

13. OTHER OPERATING INCOME

Amounts presented in € '000	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Building rentals	20	-	-	-
Non-banking activities	392	-	-	-
Proceeds from sale of fixed assets	2	-	-	-
Exchange Differences (other than trading activities)	897	-	897	-
Other income	(12)	-	-	-
Total	**1,299**	**-**	**897**	**-**

14. STAFF COSTS

Amounts presented in € '000	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Wages and salaries	6,853	-	155	-
Social insurance contribution	1,289	-	-	-
Pension and retirement costs	(8)	-	-	-
Other employee costs	97	-	-	-
Total	**8,233**	**-**	**155**	**-**

The number of staff is given below:

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Number of employees	640	-	1	-

On 31st December 2006 the Group employed 640 employees, while the Company employed just 1 employee.

15. OTHER OPERATING EXPENSES

Amounts presented in € '000	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Rentals	1,151	-	-	-
Maintainance costs	363	-	-	-
Promotion and advertising costs	247	-	-	-
Telephone expenses and postage	556	-	-	-
Other third parties fees	1,484	-	204	-
Contribution to Hellenic Deposit Guarantee Fund	277	-	-	-
Subscriptions and other contribution expenses	3,238	-	-	-
Insurance fees	72	-	-	-
Consumables	259	-	-	-
Taxes (Value Added, Property, etc.)	905	-	-	-
Insurance agency costs	1,994	-	-	-
Other operating expenses	2,096	72	252	72
Total	**12,642**	**72**	**457**	**72**

16. DEPRECIATION

Amounts presented in € '000	THE GROUP	
	31/12/2006	31/12/2005
Property, plant & equipment	601	-
Intangible assets	277	-
Total	**878**	**-**

17. INSURANCE CLAIMS

Amounts presented in € '000	THE GROUP	
	31/12/2006	**31/12/2005**
Automobile third party liability	1,838	-
Non-motor property and casualty lines	3,130	-
Total	**4,968**	**-**

18. IMPAIRMENT LOSSES

Amounts presented in € '000	THE GROUP	
	31/12/2006	**31/12/2005**
Loans and receivables	275	-
Financial investments	261	-
Other assets	22	-
Total impairment charge for credit losses	**558**	**-**

19. INCOME TAX EXPENSE

The tax charge for the year is analyzed below:

Amounts presented in € '000	THE GROUP	
Current Year Tax	**31/12/2006**	**31/12/2005**
Current Tax expense	2,285	-
Deferred Tax	631	-
Total tax charge	**2,916**	**-**

The reconciliation of the income tax expense for the year is as follows:

Amounts presented in € '000	THE GROUP	
	31/12/2006	**31/12/2005**
Profit before tax	36,825	-
Less: Taxable profits in other jurisdictions at 0%	(20,047)	-
Taxable in Greece at 24%	**16,778**	**-**
Income tax at normal rates (24%)	**4,027**	-
Adjustments for:		
Non-taxable income	(3,577)	-
Non-deductible expense	8	-
Addition tax on property, plant and equipment	5	-
Special taxation of prior years' reserves	2,453	-
Income tax expense	**2,916**	**-**
Current income tax	2,285	-
Deferred tax	631	-
Total income tax expense	**2,916**	**-**

The Group operates in a number of different jurisdictions. Income generated by entities established under Greek Law is subject to income tax according to the Greek Income Taxation Code. Profits recorded in the jurisdictions of Bermuda and Marshall Islands are tax free.

Under Greek legislation, normal income tax rates applicable to all entities incorporated in the form of societe anonyme are 29% for the year 2006 and 25% thereafter. PROTON BANK took advantage of the Law 2992/2002 tax incentive scheme, applicable to entities engaged into mergers, and was taxed at a reduced rate of 24% in 2006. In 2007 PROTON BANK will be taxed at the reduced rate of 20%.

Certain types of income, such as profits from trading with securities, are tax-free or taxed at lower rates as long as they are transferred into a special reserve. However, the relevant profits are taxable at normal tax rates in the event of distribution to the shareholders. According to the Ministry of Finance's resolution 1135/22.11.06 a special tax was imposed on those reserves during the year. The relevant income tax charge was € 2.453 thousand. After taking into consideration the above, effective tax rate for the PROTON Group is 17.4%. The Group's effective tax rate is 7.9%.

Income tax liability for Proton Group is not considered as final as it is further analyzed in Note 50.2.

Deferred tax recognized in the income statement is attributable to:

Amounts presented in € '000	THE GROUP	
	31/12/2006	**31/12/2005**
Loans and receivables	(523)	-
Employee bonuses	(195)	-
Accrued income	(214)	-
Other assets	(43)	-
Financial receivables	(13)	-
Retirement benefit obligations	2	-
Financial liabilities	20	-
Revaluation on OTC forwards	128	-
Property, plant & equipment and intangible assets	207	-
Total deferred tax	**(631)**	**-**

20. CASH AND BALANCES WITH CENTRAL BANK

Amounts presented in € '000	THE GROUP	
	31/12/2006	**31/12/2005**
Cash on hand and cash in course of collection	10,014	-
Cheques receivable	12,018	-
Included in cash and cash equivalents (Note 45)	22,032	-
Mandatory reserve deposits with Central Bank	15,365	-
Total	**37,397**	**-**

Mandatory reserves with the central bank are not available for everyday use by the Group.

21. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

Amounts presented in € '000	THE GROUP		THE COMPANY	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Deposits placed in other financial institutions	48,264	2,206	3,880	2,206
Nostro accounts	47,877	-	-	-
Time deposits	84,367	-	-	-
Cheques receivables	1,377	-	-	-
Total	**181,885**	**2,206**	**3,880**	**2,206**

The Company's cash equivalents refer to sight deposits in other financial institutions.

22. RESTRICTED CASH HELD IN TRUST

Amounts presented in € '000	THE GROUP		THE COMPANY	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Restricted cash held in Trust	-	210,294	-	210,294
Total	**-**	**210,294**	**-**	**210,294**

Under the terms of the Offering (Ref. Note 43), the net offering proceeds amounting to € 209,493,368 ($ 252,083,370) were placed in a trust Account. Under the agreement the Trust Funds would only be invested in United States government securities having a maturity of 180 days or less. The balance recorded at market value, including interest and movements in the value of investments at the balance sheet date at 31st December 2005. The market value of investments held in trust amounted to € 210,294,081 (US $ 253,046,867) at 31 December 2005.

Following the acquisition of Proton and the relevant decision of the Shareholders the funds held in Trust were released and were available for use by the Company without any restriction.

23. TRADING PORTFOLIO AND OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS

Amounts presented in € '000	THE GROUP	
	31/12/2006	**31/12/2005**
Government bonds	18,441	-
Corporate entities bonds	119,146	-
Mutual funds	23,996	-
Securities	102,591	-
Total	**264,174**	**-**

24. DERIVATIVE FINANCIAL INSTRUMENTS

The notional and fair values of derivatives held at 31st December 2006 were:

	THE GROUP		
	31st December 2006		
		FAIR VALUE	
Amounts presented in € '000	Notional amount	Assets	Liabilities
Derivatives held for trading			
a) trading in Exchanges			
Options	12,648	224	(100)
Forwards / Futures	335,751	-	-
	348,399	**224**	**(100)**
b) OTC			
Interest rate swaps	594,452	1,992	(2,427)
Options	3,037	28	(7)
FX Forwards	281,187	-	(3,753)
Credit default swaps	13,417	42	(32)
Total return swap	10,000	325	-
	902,093	**2,387**	**(6,219)**
Total recognised derivative assets /liabilities	**1,250,492**	**2,611**	**(6,319)**

The notional amount of certain types of derivative financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, to the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

The Group does not apply hedge accounting as described in IAS 39, therefore the gains and losses arising on derivative financial instruments are recognised in the income statement.

25. LOANS AND ADVANCES TO CUSTOMERS

The loan portfolio at a Group level is analyzed as follows:

Amounts presented in € '000	THE GROUP	
	31/12/2006	**31/12/2005**
Retail Customers		
Mortgages	51,810	-
Consumer Loans /Loans to individuals	88,372	-
Credit cards	28,197	-
Total loans and receivables to individuals	*168,379*	-
Corporate Customers		
Agriculture	5,259	-
Mining	1,149	-
Heavy industry	42,373	-
Small Industry	14,957	-
Building / construction	73,454	-
Energy	2,163	-
Commercial / Insurance	202,202	-
Transportation	93,516	-
Services	36,954	-
Other companies	328,720	-
Total loans and receivables to companies	*800,745*	-
Finance lease receivables	*11,388*	-
Total Loans and receivables	**980,512**	-
Less: Allowances for losses (impairment) on loans and advances to customers	(39,298)	-
Total	**941,214**	-

Loans are measured at amortized cost. Loans fair value is not materially different from their carrying amount.

The movements in the provisions account are as follows:

Amounts presented in € '000	**Allowances for losses on loans to individuals**	**Allowances for losses on loans to companies**	**Total**
Balance at beginning of year (01.01.2006)	-	-	-
Allowances from acquisitions (Proton Bank)	(265)	(909)	(1,174)
Allowances from acquisitions (Omega Bank)	(16,957)	(23,114)	(40,071)
Expense for the year	(212)	(63)	(275)
Loans written-off	1,163	1,059	2,222
Balance at end of year (31.12.2006)	**(16,271)**	**(23,027)**	**(39,298)**

Loans and advances to customers include finance lease receivables:

Amounts presented in € '000	**THE GROUP**	
	31/12/2006	**31/12/2005**
Net investment in finance leases		
Gross Investment in leased equipment	17,185	-
Less: unearned finance income	(5,797)	-
Net investments in leased equipment	**11,388**	**-**
The Net finance leases receivables comprises:		
Less than 1 year	1,143	-
Between 1 to 5 years	3,734	-
More than 5 years	6,511	-
Total	**11,388**	**-**

26. INSURANCE ASSETS

Amounts presented in € '000	**THE GROUP**	
	31/12/2006	**31/12/2005**
Insurance Receivables		
Insurance Debtors	8,498	-
Past due insurance debtors	1,248	-
Cheques receivable	7,520	-
Promissory notes and other receivables	110	-
Less: provisions for losses (impairment)	(655)	-
	16,721	-
Reinsurance Receivables		
Reinsurance Debtors	1,332	-
Receivables from reinsurance activities	7	-
	1,339	-
Total Insurance Assets	**18,060**	**-**

27. INVESTMENT PORTFOLIO

The Group's investment portfolio comprises financial instruments available for sale and held to maturity.

Amounts presented in € '000	THE GROUP	
	31/12/2006	**31/12/2005**
Investments held to maturity		
Government bonds	6,646	-
Total investment held to maturity	*6,646*	-
Available for sale portfolio (at fair value)		
Corporate bonds	28,458	-
Equity securities	5,502	-
Mutual Funds	30	-
Other investments	345	-
Less: Provision for losses (impairment)	(3,004)	-
Total available for sale securities	*31,331*	-
Total Investment Portfolio	**37,977**	**-**

H-T-M investments mainly refer to Greek Government Bonds for which the Group has the ability and the intention to hold to maturity. The fair value of the above mentioned financial instruments at 31 December 2006 is calculated at 6.648 thousands euros.

The movement in the investment portfolio for the year ended 31/12/2006 may be summarized as follows:

Amounts presented in € '000	THE GROUP		
	Investments held-to-maturity	**Financial assets available for sale**	**Total**
Balance as at 1st January 2006	-	-	-
Additions from the acquisition of Proton Bank	-	855	855
Additions from the acquisition of Omega Bank	-	31,024	31,024
Additions	6,768	171,317	178,085
Redemptions	-	(171,876)	(171,876)
Gains / (losses) from changes in fair value		11	11
Amortization of premium/ discount	(122)	-	(122)
Balance as at 31st December 2006	**6,646**	**31,331**	**37,977**

During the year the Company, through its wholly owned subsidiaries, MYRTLE TRADING COMPANY and MIMOSA TRADING SA, acquired a stake in Piraeus bank (a company listed to ASE) for a total consideration of € 171 million. The investment in Piraeus Bank was disposed in November 2006 at the total amount of € 185 million, generating a profit of € 13.9 million.

28. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are analyzed as follows:

Amounts presented in € '000	THE COMPANY	
	31/12/2006	**31/12/2005**
Opening balance	-	-
Acquisitions	126,687	-
Closing balance	**126,687**	**-**

Investments in Subsidiaries are measured at acquisition cost.

29. INVESTMENTS IN ASSOCIATES

Investment in associates refers to a 28.75% holding of Proton Bank to the closed-end fund Omega AEEX, a company listed on ASE.

Some brief financial information on the associates is given below:

Amounts presented in € '000	**Domicile**	**Assets**	**Liabilities**	**Profits /(losses)**	**Participation %**
Omega Portfolio Investment SA	Greece	16,122	83	1,695	5.80%

The movement in the investment in associates account for the year 2006 was as follows:

Amounts presented in € '000	THE GROUP	
	31/12/2006	**31/12/2005**
Beginning of year		
Additions from acquisitions (Omega Bank)	4,356	-
Transfer from trading portfolio	8	-
Group share of profit /(loss)	240	-
Total	**4,604**	**-**

Investments in associates are accounted under the equity method. The market value of the investment in Omega as at 31st December 2006 was € 3,777 thous.

30. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Amounts presented in € '000	THE GROUP					
	Land and Buildings	**Mechanical Equipment**	**Transportation means or vehicles**	**Furniture & other equipment**	**Total**	**Investment Property**
Cost or revaluation at 1st January 2005	-	-	-	-	-	-
Less: Accumulated depreciation	-	-	-	-	-	-
Carrying amountat 1st January 2006	-	-	-	-	-	-
Acquisition - PROTON BANK	1,246	23	169	2,304	3,742	-
Acquisition (absorption) - OMEGA BANK	24,666	37	50	7,267	32,020	50
Additions	533	3	-	381	917	-
Write-off /Disposals	-	-	-	(259)	(259)	-
Depreciation for the year	(220)	(4)	(19)	(358)	(601)	-
Depreciation attributable to disposed - written off	-	-	-	200	200	-
Accumulated depreciation of acquired subsidiary (Proton Bank)	(545)	(20)	(64)	(1,988)	(2,617)	-
Carrying amount at 1st January 2006	**25,680**	**39**	**136**	**7,547**	**33,402**	**50**
Cost or Revalaution at 31st December 2006	26,445	63	219	9,693	36,420	50
Less: Accumulated depreciation	(765)	(24)	(83)	(2,146)	(3,018)	-
Carrying amount at 31st December 2006	**25,680**	**39**	**136**	**7,547**	**33,402**	**50**

31. NON CURRENT ASSETS HELD FOR SALE

Amounts presented in € '000	THE GROUP	
	31/12/2006	**31/12/2005**
Land resulting from foreclosure	64	-

The account includes land acquired by means of foreclosure and auctions. According to IFRS 5, the Group must sell any assets of this category within twelve months from the date of acquisition.

32. GOODWILL AND OTHER INTANGIBLE ASSETS

Amounts presented in € '000	THE GROUP		
	Goodwill & other intangible assets acquired in business combination	**Software**	**Total**
Acquisition cost at 31st December 2005	-	-	-
Less: Accumulated depreciation	-	-	
Carrying amount at 31st December 2005	-	-	-
Acquisition of PROTON BANK	68,754	1,124	69,878
Acquisition of OMEGA BANK	114,211	3,384	117,595
Impairment	-	(109)	(109)
Additions	-	164	164
Depreciation for the year	-	(277)	(277)
Accumulated amortization of acquired subsidiary (Proton Bank)	-	(1,035)	(1,035)
	182,965	**3,251**	**186,216**
Acquisition cost at 31st December 2006	182,965	4,563	187,528
Less: Accumulated Amortization	-	(1,312)	(1,312)
Carrying amount at 31st December 2006	**182,965**	**3,251**	**186,216**

"Goodwill and other intangible assets" include business combination differences as described in Note 46. The relevant amount has been determined provisionally, since the process of identifying and measuring the identifiable intangible assets has not been finalised. The significant intangible assets that it is expected to arise are bank customer relationships, brokerage customer relationships, trade name and core deposits. The first impairment test of goodwill and intangible assets will take place when the purchase price allocation is finalised.

33. DEFERRED TAX

Deferred tax has been calculated based on the nominal tax rate applicable for the financial years in which a temporary taxable and deductible difference reversal is expected.

Deferred income tax assets and liabilities are attributable to the following items:

Amounts presented in € '000	THE GROUP	
	31/12/2006	**31/12/2005**
Deferred tax assets		
Retirement benefit obligations	392	-
Financial liabilities	242	-
Staff bonuses and allowances	216	-
Property, plant & equipment and Intangible assets	118	-
Tax loss	276	-
Fair value adjustments to loans acquired in business combination	2,492	-
Total deferred tax assets	**3,736**	**-**
Deferred tax liabilities		
Financial assets	(6)	-
Loan impairment and other credit risk provisions	(37)	-
Derivatives Listed in ADEX	(10)	-
Deferred income	(440)	-
Leasing	(43)	-
Total deferred tax liabilities	**(536)**	**-**
Total	**3,200**	**-**

34. OTHER ASSETS

The Group's other assets account is analysed as follows:

Amounts presented in € '000	THE GROUP	
	31/12/2006	31/12/2005
Other Assets		
Advances to employees	26	-
Advances to third parties	50	-
Contributions to Co-Guarantee Fund and Supplementary Fund	4,901	-
Guarantee fees	7,698	-
Prepayments to third parties	68	-
Brokerage fees receivables	8	-
Credit card receivables	2,095	-
Prepaid Taxes and other tax advances	3,946	-
Sundry debtors and other receivables	16,904	5
Bad debts (other than loans and receivables)	1,199	-
	36,895	5
Less:Provisions for losses (impairment) of receivables besides loans	(2,010)	-
Total	**34,885**	**5**

The Company's other assets are analyzed as follows:

Amounts presented in € '000	THE COMPANY	
	31/12/2006	31/12/2005
Other Assets		
Sundry debtors and other receivables	26	5
Loans to subsidiaries (Note 49)	73,395	-
Dividend receivables (Note 49)	15,095	-
Total	**88,516**	**5**

a) The Company is financing its wholly owned subsidiaries, MYRTLE and MIMOSA, for their trading activities. The amount of € 73,395 thous. is the amount due from the subsidiaries as at 31st December 2006. The abovementioned subsidiaries have undertaken the obligation to repay the Company any amounts from time to time lent to them, on first demand.

b) The amount of € 15,095 thous. refers to the dividend receivables of the Company from its wholly owned subsidiaries, MYRTLE (amount of € 4,127 thous.) and MIMOSA (amount of € 10,968 thous.).

35. DUE TO FINANCIAL INSTITUTIONS

Amounts presented in € '000	THE GROUP	
	31/12/2006	31/12/2005
Interbank deposits	33,933	-
Short-Term Loans	438	-
Sale and repurchase agreement (REPOS)	56,526	-
Total	**90,897**	**-**

All the Sale and repurchase agreements (REPOS) have a maturity of one month from the date of 31st December 2006.

36. DUE TO CUSTOMERS

Amounts presented in € '000	THE GROUP	
	31/12/2006	**31/12/2005**
Due to Customers		
Retail Customers		
Savings account	64,497	-
Sight deposits	1,122	-
Time deposits	586,410	-
	652,029	-
Corporate Customers		
Sight deposits	72,104	-
Time deposits:		
Companies	134,417	-
Public Organizations	7,788	-
Public companies	4,565	-
Other time deposits	84,401	-
Sale and repurchase agreement (REPOS)	920	-
	304,195	-
Blocked deposits	29	-
Pledged deposits	50,361	-
Margin accounts	35,543	-
Total	**1,042,157**	**-**

All the Sale and repurchase agreements (REPOS) have a maturity of one month from the date of 31st December 2006.

37. ISSUED DEBT SECURITIES

Amounts presented in € '000	THE GROUP	
	31/12/2006	**31/12/2005**
Issued Debt Securities	1,500	-
Total	1,500	-

Debt securities refer to a convertible bond issued by Omega Insurance SA and which is hold by the Chief Executive Director of the subsidiary. The basic characteristics of the convertible bond are the following:

Issue date	:	June 27th, 2006
Par value	:	€ 1,500 thous.
Coupon rate	:	5%
Title form and number	:	500,000 coupon bonds with par value € 3 each, can be formed in a single or multiple cumulative title.
Duration	:	Perpetuity with five-year notice of prepayment from the issuer, or relevant decision of the general assembly of bondholders.
Conversion ratio	:	One (1) bond is convertible to one (1) ordinary share with par value € 3.
Use of funds	:	Improve solvency and capital adequacy ratio of Omega Insurance.

38. COMPOUND FINANCIAL INSTRUMENT

Amounts presented in € '000	THE GROUP		THE COMPANY	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Compound financial instruments	-	203,426	-	203,426
Total	-	203,426	-	203,426

The Company's compound financial instruments at 31st December 2005 represented the present value of the cash held in trust, including estimated interest ($ 244,783 thous.), which would be payable to shareholders within 24 months following the date of the offering if no qualifying business combination had occurred.

In 2006, following the acquisition of Proton Bank, the amount of € 1,915 thous. ($ 2,425 thous.) was repaid to shareholders and the balance was transferred to share premium account (ref. Note 43).

39. PROVISION FOR INSURANCE CONTRACTS

Amounts presented in € '000	THE GROUP	
	31/12/2006	**31/12/2005**
Total provisions for insurance contracts 01/01/2005	-	-
Additions through acquisitions (Omega Bank)	35,336	-
Unearned premiums 01/10-31/12/2006	(1,424)	-
Outstanding claim reserves 01/10-31/12/2006	181	-
Total provisions for insurance contracts 31/12/2006	**34,093**	-

Analyzed as follows:

Amounts in € '000	**Gross Provision**	**Reinsure's share**	**Net Provision**
Unearned Premiums	10,720	975	9,745
Outstanding claims	23,373	574	22,799
Balance at 31 December 2006	**34,093**	**1,549**	**32,534**

40. RETIREMENT BENEFIT OBLIGATION

The retirement benefit obligations to personnel is described as follows:

Amounts presented in € '000	THE GROUP	
	31/12/2006	**31/12/2005**
Amount recognized in Balance Sheet		
Present value of defined benefit obligations	1,382	-
Unrecognised actuarial profits / (losses)	(154)	-
Total Liabilities at the end of period	**1,228**	-

	THE GROUP	
Amounts recognized in Income Statement	**31/12/2006**	**31/12/2005**
Current service cost	87	-
Interest cost	6	-
Unrecognised actuarial profits / (losses)	1	-
Expense recognized in Income Statement	**94**	-

The change in liabilities is described below:

Amounts presented in € '000	THE GROUP	
Change in liabilities:	**31/12/2006**	**31/12/2005**
Opening balance	-	-
Increase due to acquisition of Proton Bank	221	-
Increase due to business combination with Omega	1,124	-
Expense for the period	94	
Compensation paid	(211)	-
Total liability recognized in Balance Sheet	**1,228**	**-**

The main actuarial assumptions used are provided below:

	31/12/2006	**31/12/2005**
Discount Rate	4.10%	3.72%
Future salary increases	4.70%	4.70%
Expected return on plan assets	4.10%	3.72%

41. CURRENT INCOME TAX LIABILITIES

Amounts presented in € '000	THE GROUP	
	31/12/2006	**31/12/2005**
Income Tax on Taxable Profits	1,349	-
Total	**1,349**	**-**

42. OTHER LIABILITIES

Amounts presented in € '000	THE GROUP		THE COMPANY	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Withholding taxes arising from salaries	510	-	-	-
Taxes and duties payable from customers' deposits	253	-	-	-
Otherwithholding taxes and duties	2,332	-	-	-
Prior year income taxes (from tax audit)	1,320	-	-	-
Social security contributions	859	-	-	-
Dividends Payable	34	-	-	-
Withholdings in favour of third parties	2	-	-	-
Salaries Payable	311	-	-	-
Brokerage transactions in foreign derivatives	13,782	-	-	-
Brokerage services securities and derivatives	74	-	-	-
Brokerage services -Cyprus	31	-	-	-
Suppliers and other third party liabilities	1,919	153	167	153
Amounts payable to related parties (Note 49.4)	19	17	19	17
Total	**21,445**	**170**	**185**	**170**

43. SHARE CAPITAL & SHARE PREMIUM

Amounts presented in € '000	Number of shares	Nominal value (US$)	Amounts in US $ Share Capital	Amounts in US $ Share Premium	Amounts in € Share Capital	Amounts in € Share Premium	Total
Balance at 8 September 2005	-	-	-	-	-	-	-
Issue of common stock to initial shareholders (15/09/2005)	8,000,000	0.0015	12	-	10	-	10
Share capital increase by issuing new shares (04/11/2005)	3,458,335	0.0015	5	-	4		4
Issue of shares on offering,net of offering costs	45,833,340	0.0015	69	(69)	57	(57)	-
Expenses related to issue of shares on net offering	-	-	-	12,383	-	10,291	10,291
Balance at 31 December 2005	**57,291,675**		**86**	**12,314**	**71**	**10,234**	**10,305**
Decrease in Share Capital due to the shares cancelled as a result of repurchase rights	(430,000)	0.0015	(0.6)	0.6	(0.54)	0.54	-
Conversion of Compound Financial Instruments to Common Shares (after the acquisition of PROTON BANK at 30th June 2006)	-	-	-	241,449	-	189,940	189,940
Balance at 31 December 2006	**56,861,675**		**85**	**253,764**	**71**	**200,174**	**200,245**

Year 2005

On 15 September 2005, 8,000,000 common shares, having a par value of $0.0015 each, were issued for a total consideration of $12,000 and the authorized share capital was increased to 136,500,000 common shares of $0.0015 each.

On 4 November 2005, further 3,458,335 common shares of $0.0015 were issued for a total consideration of $5,187.50 and the authorized share capital was increased to $148,958,355 common shares of $0.0015 each.

On 14 November 2005 the Company consummated its initial public offering (the "Offering"). The Company sold 45,833,340 units in the Offering at a price of $6.00 per Unit, generating gross offering proceeds of $275,000,040 (€228,538,220). Each Unit consisted of one share of the Company's common stock (the "Common Stock"), and two warrants ("Warrants"). Each Warrant entitles the holder to purchase from the Company one share of Common Stock at an exercise price of $5.00 per share.

According to the Offering circular, the net proceeds of the Offering, amounting to € 209,493,368 (US$252,083,370), were placed in a trust account (the "Trust Fund") to be held there until the earlier of the completion of a Business Combination, the exercise by any person who acquired common shares and warrants at the offering (a "New Shareholder") of his repurchase rights or the distribution of such funds to the New Shareholders. Moreover, if a business combination was not completed within 18 months (or within 24 months if a letter of intent or definitive agreement was entered into prior to the end of the 18 month period or unless extended by majority shareholder approval) after the effective date of the initial registration statement, funds held in the Trust account would be returned to the shareholders of the Company

On this basis and according to IAS 32, the proceeds received on issue of the units were allocated between debt and equity. In particular, the amount of € 201,297,018 ($ 242,220,702) representing the present value of the cash held in trust, including estimated interest, which would be payable to shareholders within 24 months following the date of the offering if no qualifying business combination had occurred was recognized in liabilities (compound financial instruments). The amount allocated to equity was the difference between the net proceeds and the value of the liability and represented the nominal value of the shares issued and the relative fair market value of each warrant attached to the Unit.

Year 2006

On 27 June 2006 the Special General Meeting of the Company's Shareholders approved the acquisition of PROTON BANK. The respective acquisition qualified as a business combination according to the Offering circular with the following consequences:

- Funds held under the Trust Account were released and were available to the Company for the acquisition of PROTON and for any other use.
- The Company was relieved from the obligation to repay the Offering proceeds to the shareholders, except for the shareholder who elected in the General Meeting to redeem their shares. In particular, shareholders of 430.000 shares elected to have their shares repurchased by the Company.

Based on the decision of the General Meeting of the shareholders:

- 430.000 shares were cancelled and therefore the number of common and fully paid shares was reduced to 56,861,675.
- The amount of € 1,914,672 ($ 2,425,392) was repaid to these shareholders
- The balance of € 189,940,006 ($ 241,449,403) was transferred from the liabilities (compound financial instrument) to equity (share premium account).
- Warrants issued during the Offering became exercisable (refer below).

On 20 December 2006 the Annual General Meeting of Shareholders decided the increase of the authorized share capital of the Company from US$ 223,687.53 to US$ 300,250 by the creation of an additional 51,041,645 common shares of par value US$ 0.0015 each and the relevant amendment of the bye-law 3 of the Company's bye-laws in order to reflect the increase.

Warrants

On the Offering the Company issued 45,833,340 Units. Each Unit consisted of one share of the Company's common stock and two warrants. Each Warrant entitles the holder to purchase from the Company one share of Common Stock at an exercise price of $5.00 per share.

According to the Offering, each warrant would become exercisable on the earlier of (i) completion of a business combination which, when combined with all of previous business combinations, has an aggregate transaction value of at least 50 per cent of the initial amount placed in Trust together with such funds as are deposited in the Trust fund following the stabilization period (a "Qualified Business Combination") and (ii) where a business combination has occurred but a Qualified Business Combination is not completed within 18 months after admission, or within 24 months after admission if a letter or intent, agreement in principle or definitive agreement has been signed by the Company during the initial 18 month period but such acquisition has not been consummated, or unless extended by majority shareholder approval (the date by which such Qualified Business Combination has to occur in any of these circumstances being the "Extended Date"),the relevant date shall be the extended date and will expire on the earlier of redemption or the date that is four years after the admission date.

Following the approval of the acquisition of PROTON BANK by the Special Shareholders Meeting, the 91.666.680 Warrants became exercisable and may be exercised by 14 November 2009.

Amounts presented in €	Preference Shares of $ 0.0001 each			Common Shares of $ 0.0015 each		
Authorized	Number	Amount in $	Amount in €	Number	Amount in $	Amount in €
In issue at 31 December 2005	2,500,000	250	208	148,958,355	223,438	185,687
Increase of authorized share capital according the decision of Annual General Meeting (20 December 2006)	-	-	-	51,041,645	76,562	63,627
Authorized at 31 December 2006	**2,500,000**	**250**	**208**	**200,000,000**	**300,000**	**249,314**

Amounts presented in €	Preference Shares of $ 0.0001 each			Common Shares of $ 0.0015 each		
Alloted, called up and fully paid	Number	Amount in $	Amount in €	Number	Amount in $	Amount in €
In issue at 31 December 2005	-	-	-	57,291,675	85,938	71,418
Decrease in Share Capital due to the shares cancelled as a result of repurchase rights	-	-	-	(430,000)	(645)	(536)
In issue at 31 December 2006 - fully paid	**-**	**-**	**-**	**56,861,675**	**85,293**	**70,882**

The holders of common shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share on a poll at meetings of the Company.

The Company is authorized to issue 2,500,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors.

44. OTHER RESERVES AND RETAINED EARNINGS

	THE GROUP				THE COMPANY
Amounts presented in € '000	**Revaluation Reserve**	**Other Reserves**	**Total Reserves**	**Retained Earnings / (losses)**	**Retained Earnings / (losses)**
Opening balance as at 8th September 2005	**-**	**-**	**-**	**-**	**-**
Net result for the period 08/09-31/12/2005	-	-	-	(1,396)	(1,396)
Total profit /(loss) recognized for the financial year	-	-	-	(1,396)	(1,396)
Balance as at 31st December 2005	**-**	**-**	**-**	**(1,396)**	**(1,396)**
Opening balance as at 1st January 2006	**-**	**-**	**-**	**(1,396)**	**(1,396)**
Net result for the period 01/01-31/12/2006	-	-	-	23,571	20,047
Fair value gains of a.f.s. financial assets	1,740	-	1,740	-	-
Reversal of Revaluation Reserve due to disposal of a.f.s. financial assets	(1,742)	-	(1,742)	-	-
Total profit /(loss) recognized for the financial year	**(2)**	**-**	**(2)**	**23,571**	**20,047**
Acquisition of the Subsidiary (PROTON BANK) on 30 June 2006	-	16,153	16,153	(0.43)	-
Exchange Differences on translating foreign operations	-	2	2	-	-
Purchase of Treasury Shares of PROTON BANK	-	-	-	(322)	-
Sale of Treasury Shares of PROTON BANK	-	-	-	355	-
	-	**16,156**	**16,156**	**32**	**-**
Balance as at 31st December 2006	**(2)**	**16,156**	**16,153**	**22,208**	**18,652**

As mentioned in note 5 "Group Structure" on 7th September 2006 the Extraordinary General Meeting of shareholders of PROTON BANK decided on the merger of the Bank with Omega Bank and Proton Securities. According to the Merger Contract, which was approved by the Proton's General Assembly, the exchange ratio was 1 share of the Omega Bank for 0.90 shares of PROTON BANK. As the Bank held 100% of the shares of Proton Securities, there was no exchange ratio.

Due to the share exchange ration, Proton's shareholders increased their portion in the net assets of the combined entity. The net assets of Proton attributable to the Company increased by € 16,156 thous. and the relevant amount was transferred from minority rights to Group's reserves.

45. CASH AND CASH EQUIVALENTS – CASH FLOW STATEMENT

For the purposes of preparing the Cash Flow Statement of the Group, the short-term placements in other financial institutions, which are either immediately available or available within 90 days, were included in the cash account.

Amounts presented in € '000	THE GROUP		THE COMPANY	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Cash and balances with Central Bank (Note 20)	22,032	-	-	-
Loans and advances to credit institutions (Note 21)	181,885	2,206	3,880	2,206
Total - Included in cash and cash equivalents	**203,917**	**2,206**	**3,880**	**2,206**

46. BUSINESS ACQUISITIONS

46.1 Acquisition of a 28% stake in the share capital of PROTON BANK

In June 2006 the Company entered into an acquisition agreement which was conditional on approval of the shareholders. At a special shareholders general meeting 75.74% of the votes and 69.67% of the shares voted in favour of the acquisition. On June 29th 2006, the Company acquired a 28.00 per cent stake in the share capital of PROTON BANK, a Greek investment bank, listed on the Athens Stock Exchange. The acquisition was completed after the approval of the Company's shareholders.

Details of net assets acquired and goodwill are as follows:

Amounts presented in € '000	
Purchase consideration:	
– Cash paid	120,061
– Direct costs relating to the acquisition	6,625
Total purchase consideration	126,687
Less: Fair value of net assets acquired	(57,932)
Goodwill & other intangible assets(Note 32)	**68,754**

The Group is in the process of completing the fair valuation of the net assets acquired, including intangible assets. The excess between the cost of acquisition and the fair value of identifiable assets, liabilities and contingent liabilities, will be recognized as Goodwill and will be subject to impairment testing. Consequently the Group has applied initial accounting determined provisionally according to IFRS 3 "Business Combinations". According to the IFRS3, the purchase price allocation should be completed within one year from the acquisition date.

Through the acquisition the Group achieved banking license, trade name, client relationships and web banking licenses in Greece. The abovementioned licenses will allow the Group to take advantage of significant growth margins of the Greek banking sector.

The assets and liabilities arising from the acquisition are as follows:

Amounts presented in € '000	**Fair Value recognized on acquisition**	**Acquiree's carrying amount**
Cash and balances with central bank	2,217	2,217
Loans and advances to financial institutions	14,739	14,739
Trading Portfolio and other financial intsruments at fair value through Profit & Loss	151,560	151,560
Loans and advances to customers	276,961	276,961
Investment Portfolio	855	855
Property, plant and equipment	1,125	1,125
Goodwill and Intangible assets	89	422
Deferred tax assets	420	420
Other assets	21,985	21,985
Due to financial institutions	(44,138)	(44,138)
Due to Customers	(62,705)	(62,705)
Derivative financial intruments	(159)	(159)
Retirement benefit obligations	(221)	(221)
Other liabilities	(155,808)	(155,808)
	206,919	**207,253**
Equity minority interests	(18)	(18)
Shareholders net assets	**206,901**	**207,235**
Acquisition Percentage of the Share Capital	28%	28%
Net Assets Acquired	**57,932**	**58,026**
Plus: Goodwill & other intagible assets	68,754	
Total consideration	**126,687**	

The acquisition resulted in an increase of assets and liabilities by € 469,951 thousands and € 263,032 thousands respectively. Proton's net profits for the period 01/07-31/12/2006 amounting to € 13,528 thous. were fully consolidated to the Group's Income Statement. If the acquisition was completed at 1st January 2006, then Group's net revenues and net profit after tax would be increased by € 42,679 thous. and € 20,485 thous. respectively.

46.2 Acquisition (absorption) of OMEGA BANK by PROTON BANK

On 7th September 2006, the Extraordinary General Assembly of shareholders of Proton Bank decided on the merger of the Bank with Omega Bank and Proton Securities (ref. Note 5.1). The acquisition (merger) of Omega Bank was affected by means of issuing and exchanging shares. The purchase consideration was determined based on the market price of Proton's share at the date of exchange.

Amounts presented in € '000	
Purchase consideration:	
Fair value of equity instruments exchanged (17,547,930 x € 9.36 per share)	164,249
Direct costs relating to the acquisition	601
Total Cost of business combination	**164,850**
Less: Fair Value of net assets acquired	(50,639)
Goodwill & other intangible assets(Note 32)	**114,211**

The assets and liabilities arising from the acquisition are as follows:

Amounts presented in € '000	**Fair Value recognized on acquisition**	**Acquiree's carrying amount**
Cash and balances with Central Bank	11,169	11,169
Loans and advances to financial institutions	155,982	155,982
Loans and advances to customers	756,641	766,608
Insurance Receivables	20,176	20,176
Trading Portfolio and other financial instruments at fair value through Profit & Loss	40,276	40,276
Investment Portfolio	31,024	31,024
Derivative financial instruments	368	368
Investments in ssociates	4,356	4,356
Property, plant and equipment	32,020	32,632
Property Investment	50	50
Intangible assets	3,384	3,384
Reinsurance Receivables	1,641	1,641
Deferred Tax Asset	3,612	1,120
Other Assets	16,860	16,860
Due to financial institutions	(95,417)	(95,417)
Derivative financial instruments	(2,128)	(2,128)
Due to Customers	(877,363)	(877,363)
Issued Debt Securities	(1,500)	(1,500)
Provisions for insurance contracts	(35,336)	(35,336)
Other liabilities	(13,465)	(13,978)
Retirement benefit obligations	(1,124)	(1,392)
	51,226	**58,532**
Equity minority interests	(587)	
Net Assets Acquired	**50,639**	**58,532**
Plus: Goodwill & other intangible assets	114,211	
Total consideration	**164,850**	**58,532**

According to IFRS3 the above combination was accounted for by applying the purchase method. The acquisition date is the date when control is transferred to the Group. The merger of the two banks was approved by the General Meeting of the Shareholders at 7th September 2006. However the merger was effective since 29th September 2006 when it was approved by all relevant authorities.

The Group is in the process of completing the fair valuation of the net assets acquired, including intangible assets. The excess between the cost of acquisition and the fair value of identifiable assets, liabilities and contingent liabilities, will be recognized as Goodwill and will be subject to impairment testing. Consequently the Group has applied initial accounting determined provisionally according to IFRS 3 "Business Combinations". According to IFRS3, the Purchase Price Allocation should be completed within one (1) year from the acquisition date.

The acquisition of OMEGA BANK by PROTON BANK resulted in an increase of assets and liabilities by € 1,077,599 thous. and € 1,026,333 thous. respectively. The business combination had effect in the Group's results for the three month period ended at 31/12/2006 since the date of acquisition was the 29th September 2006. If the acquisition had occurred on 1st January 2006, the Group's net revenues would have been increased by € 61,687 thous. and net profit after tax would be have been decreased by € 7.979 thous.

46.3 Net Cash flow from the acquisitions

Net cash flow from the acquisitions *Amounts presented in € '000*	**THE GROUP 01/01 - 31/12/2006**	**THE COMPANY 01/01 - 31/12/2006**
Net cash outflow from the acquisition of PROTON BANK at 30/06/2006	(109,730)	(126,687)
Net cash inflow from the absorption of OMEGA BANK by PROTON BANK at 29/09/2006	131,836	0
Acquisition of subsidiaries, net of cash acquired	**22,106**	**(126,687)**

The net cash outflow from the acquisition of Proton Bank is analyzed as follows:

Amounts presented in € '000	
Cash flow on acquisition:	
Cash Paid	(126,687)
Less: "Cash and balances with central bank"	2,217
Less: "Due from Banks"	14,739
Net cash outflow	**(109,730)**

The net cash inflow from the acquisition (merger) of Omega Bank is analyzed as follows:

Amounts presented in € '000	
Cash flow on acquisition:	
Cash Paid (costs directly attributable to the acquisition)	(601)
Plus: "Loans and advances to Credit Institutions"	155,982
Less: "Elimination of cash and cash equivalents between Omega Bank and Proton Bank"	(23,545)
Net cash inflow	**131,836**

47. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of shares in issue during the year. Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to assume exercise of the warrants (Note 43).

Basic and diluted earnings per share are analysed below:

Amounts presented in €	THE GROUP		THE COMPANY	
Basic Earnings per share	**01/01 - 31/12/06**	**08/09 - 31/12/05**	**01/01 - 31/12/06**	**08/09 - 31/12/05**
Profits / (Loss) attributable to the Company's Shareholders	23,571,472	(1,395,525)	20,047,191	(1,395,527)
Weighted average number of shares in issue	57,118,508	28,134,141	57,118,508	28,134,141
Basic earnings per Share (€/Share)	**0.41**	**(0.05)**	**0.35**	**(0.05)**
Diluted Earnings per Share				
Profits / (Loss) attributable to the Company's Shareholders according to the Income Statement of the year	23,571,472	(1,395,525)	20,047,191	(1,395,527)
Weighted average number of shares	57,118,508	28,134,141	57,118,508	28,134,141
Plus: Shares with no consideration (adjustment in number of shares due to probable exercise of Warrants)	5,990,329	-	5,990,329	-
Weighted average number of shares for the purposes of diluted earnings per share	63,108,837	28,134,141	63,108,837	28,134,141
Diluted earnings per Share €/Share)	**0.37**	**(0.05)**	**0.32**	**(0.05)**

48. DIVIDEND PER SHARE

The Company's Board of Directors decided and will propose, at the Regular General Shareholders Meeting the distribution of $ 0.26 dividend per share for the year 2006. As the distribution of dividends requires approval of the shareholder's meeting, no liability in this respect is recognized in 2006 financial statements.

49. RELATED PARTIES TRANSACTIONS

49.1 Transactions between companies included in Consolidation

Amounts presented in 1,000.00 €	THE COMPANY	
	31/12/2006	**31/12/2005**
Asset Accounts		
Loans	73,395	-
Receivables from dividends	15,095	
Total	**88,490**	**-**
Income		
Dividend Income	15,095	-
Total	**15,095**	**-**

The aforementioned balances of the Company with its subsidiaries have been eliminated from the consolidated financial statements.

The Company is financing its wholly owned subsidiaries, MYRTLE TRADING COMPANY and MIMOSA TRADING SA, for their trading activities. The amount of € 73,395 thous. is the amount due from the subsidiaries as at 31st December 2006. The abovementioned subsidiaries have undertaken the obligation to repay the Company any and all amounts from time to time lent to them, on first demand.

The amount of € 15,095 thous. refers to the dividends of the Company from its wholly owned subsidiaries, MYRTLE TRADING COMPANY (amount of € 4,127 thous.) and MIMOSA TRADING SA (amount of € 10,968 thous.). In particular, at 29th December 2006 the Board of Directors of the abovementioned companies decided to distribute the above amounts within the first quarter of 2007, as cash dividend.

49.2 Transactions with Associates

Amounts presented in € '000	THE GROUP	
	31/12/2006	31/12/2005
Asset Accounts		
Other amounts due	11	-
Total	**11**	**-**
Liability Accounts		
Deposits	6,574	-
Total	**6,574**	**-**
Income /Expenses		
Interest and similar expenses	28	-
Other income	26	-
Total	**54**	**-**

The aforementioned balances regarding transactions have not been eliminated from the consolidated financial statements.

49.3 Transactions with Management and Members of the Board of Directors

Amounts presented in € '000	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Asset accounts				
Loans	8,100	-	-	-
Other assets	375	-	-	-
Total	**8,475**	**-**	**-**	**-**
Liability accounts				
Deposits	34,868	-	-	-
Other Liabilities	216	-	-	-
Total	**35,084**	**-**	**-**	**-**
Letters of Guarantee	**127**	**-**	**-**	**-**
Income				
Interest and similar income	212	-	-	-
Other income	1,405	-	-	-
Total	**1,617**	**-**	**-**	**-**
Expenses				
Remuneration	2,436	-	155	-
Interest and similar expenses	314	-	-	-
Other expenses	1,119	-	-	-
Total	**1,433**	**-**	**-**	**-**

Directors of the Company and their immediate relatives control 16,40 per cent of the voting shares of the Company.

No salaries or loans were paid to the Directors of the Company for the period, apart from salaries paid to CEO of the Company.

49.4 Other related party transactions

An affiliated company of Mrs Angeliki Frangou, Chairman of the BoD of the Company, provided general and administrative services including office space, utilities and secretarial support (for $10,000 per month). All sums due in connection with such services ceased to be payable on the completion of the business combination. During the year the expenses that have been recognized in the Income Statement amount to € 56.756. This balance bears no interest. The amount of € 18.550 due at 31st December 2006 was repaid on 11th January 2007.

On 20, July, 2006, the Company paid a success-based advisory fee of € 790,000 to S Goldman Advisors Limited in connection with the acquisition of PROTON BANK. Sheldon Goldman, then a Director of the Company, is also managing director of S Goldman Advisors Limited.

On 30 June 2006, the Company paid IBG a success-based advisory fee of € 3,300,000 on completion of the acquisition of PROTON BANK. IBG is affiliated with Marfin Financial Group ("MFG") and Marfin Bank A.S. Andreas Vgenopoulos, then the Company's Deputy Chairman, was also the Vice Chairman of MFG and Chairman of Marfin Bank S.A.

50. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

50.1 Contingent Legal Liabilities

As at 31 December, 2006 there were pending litigations against the Group in connection with its activities. Based on legal advice the Board of Directors believes that there is adequate defence against all claims and it is not probable that the Group will suffer any significant damage. Therefore, no provision has been made in the financial statements regarding these cases.

Material litigation settled during the year:
The Company had one claim during the year 2006. In particular, the Amaranth LLC, a shareholder of the Company, issued proceedings against the Company alleging that the Company failed to repurchase shares owned by Amaranth in the Company, in accordance with the Company's bye-laws. On 23rd October 2006, the Supreme Court of Bermuda ordered the legal action previously instituted by Amaranth LLC against the Company to be discontinued. No sums were paid by the Company to Amaranth in connection with this order.

50.2 Contingent Tax Liabilities

Proton Group is subject to Greek tax legislation. Under Greek Law, submitted tax returns are not considered as final and are subject to revision by tax authorities as a result of tax inspection in entities books and records. Tax liabilities are considered as final by stature after the completion of five years from the end of the relevant fiscal year, however it is common that the tax authorities will audit the entity's books and records. The tax authorities commonly seek to disallow expenses on the basis that they are not properly documented or that they do not represent proper business expenses, relying on a substantial degree of subjective judgment on the part of the tax management in order an out-of-court settlement to be reached. In practice, both companies and tax authorities tend to reach an out-of-court settlement at an acceptable level of additional taxes.

The accounting years that have not been inspected yet by the tax authorities for each of the Group's companies are as follows:

Company Name	Domicile	Open tax years
Mimosa Trading SA [1]	Marshall Islands	-
Myrtle Trading Company [1]	Marshall Islands	-
Proton Bank AE	Greece	2005-2006
Proton Asset Management AE	Greece	2005-2006
Proton Mutual Funds Management Co AE	Greece	2005-2006
First Global Brokers SA	Serbia	2002-2006
Intellectron Systems SA	Greece	2001-2006
Omega Kahn Financial Services SA	Switzerland	2004-2006
Omega SA Financial advisors – Investments & Real Estate Mgt	Greece	2006
Omega Mutual Funds Mgt Co SA	Greece	2006
Omega Insurance AE	Greece	2006
OMEGA Insurance Services AE	Greece	2006
Omega Portfolio investment SA	Greece	2006

Note 1: Not subject to income tax

As a result of the above the Group's respective tax obligations for periods covering one to six accounting years have not been finalized. No additional provision was recorded as the outcome of the tax audit cannot be reliably estimated at this stage.

50.3 Off balance sheet items

Amounts presented in € '000	THE GROUP		THE COMPANY	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Letters of Guarantee	85.172	-	-	-
Letters of credit	2.804	-	-	-
Total	**87.976**	-	-	-

50.4 Assets given as Collaterals

Government and Bank bonds of nominal value € 5,500 thous. and € 10,500 respectively have been pledged as securities for liquidity and credit limit purposes.

50.5 Finance lease – Operating lease commitments

(a) The Group as a lessor, has signed non cancellable operating lease agreements with a value of 1,049 thousand euros.

(b) The Group leases for its operating purposes, offices for head quarters and branches. The future minimum lease payments under non cancellable operating leases, are as follow:

Amounts presented in € '000	**31/12/2006**
Less than 1 year	3,712
Between 1 to 5 years	16,206
More than 5 years	39,969
Total	**59,887**
Monthly lease payment	309
Guarantees which will be offset at the lease termination	1,123

(c) The Group leases vehicles for private use. The future minimum lease payments for cars under non cancellable operating lease arrangements are as follows:
Leased tangible assets: vehicles for private use
Lease term: 4 years per leased vehicle.
Lease guarantees offset at the end of the lease: 14 thousand euros
Accrued lease payments recognised in the income statement during the period: 101 thousand euros.

Amounts presented in € '000	**31/12/2006**
Less than 1 year	204
Between 1 to 5 years	309
More than 5 years	-
Total	**513**

(d) The amount of unutilized approved finance lease facilities at 31st December 2006 was € 3,935 thous.

50.6 Stock Option Plan of Proton Group

On 24th November 2006, the Extraordinary General Meeting of Shareholders of Proton Bank approved a share option plan for the members of the Board of Directors, key management, its employees and the Bank's related companies in the form of stock options according to the article 13 of Law 2190/1920 after the proposition of the Board of Directors and the Remuneration Committee. The program has a contractual term of six years ending in December 2012. According to the plan, if all share options are exercised, then a number of up to 6.268.382 shares will be issued on behalf of the plan beneficiaries. The exercise price will be 10.46 euro per share and the options are exercisable for a three year period from the grand date. In the event that not all shares are exercised and the share capital increase is not fully covered, then according to the provisions of the article 13 §1 of Law 2190/1920, the share capital will increase up to the amount of coverage. The above program has not been implemented yet, since the final details of the program have not been set by the Remuneration Committee and approved by the Board of Directors.

50.7 Purchase of treasury shares by Proton Group

On 24 November 2006, the Extraordinary General Meeting of Shareholders of Proton Bank approved of the acquisition of up to 10% of the Bank's shares (6.268.382), for a price range from five (5) to fifteen (15) euros per share for the twelve month period starting from the date of approval by the General Meeting of Shareholders. No treasury shares were acquired since the decision of the General Meeting of Shareholders.

51. POST-BALANCE SHEET EVENTS

1) In the year 2007 the subsidiary of the Company MIMOSA TRADING SA completed the acquisition in the open market of approximately 12,55 million shares in Marfin Popular Bank, a commercial banking group listed on the Athens and Cyprus Stock Exchange, for approximately € 105,1 million. This acquisition was funded through cash balances and a loan facility. The Company's current intention is to retain this minority stake as an investment. Marfin Popular Bank is the result of a merger between Marfin Financial Group, Egnatia and Cyprus Popular Bank which occurred in the last quarter of 2006 and as a result is a significant bank in both Greece and Cyprus, with diversified banking interests in the retail, commercial and investment banking sectors. These shares represent approximately 1.6% of Marfin Popular Bank's outstanding shares as of December 31, 2006.
2) On 31 January 2007, Proton Bank and the majority shareholders of the insurance company "International Life SA Life Insurance" agreed to the purchase of 51% of the shares of International Life by the Proton in cash. The agreement provides for the purchase price to be equal to 1.55 the book value of International Life as of 31st December 2006 times the percentage to be acquired. The completion of this agreement is subject to the due diligence on the companies belonging to the International Life Group and the approval of the relevant regulatory authorities. The transaction is expected to be completed within three (3) months by April 30th 2007.

Apart from the events mentioned above there are no other subsequent events, which regard the Company or the Group which, according to the International Financial Reporting Standards, need to be mentioned.

52. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of "IRF European Finance Investments Limited" ("the Company") as well as the consolidated financial statements of the Company and its subsidiaries ("the Group"), for the year ended 31 December 2006 were approved by the Company's Board of Directors on March 16th, 2007 and are subject to the final approval of the General Meeting of the Shareholders according the Company's Bye-laws.

Independent Auditors Report on pages 5 to 6.

Athens, March 16th 2007

Angeliki Frangou	Loukas Valetopoulos
Chairman, Non – Executive Director	Chief Executive Officer, Director