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**HELLENIC DEPOSIT
GUARANTEE FUND
(HDGF)**

**ANNUAL REPORT
2007**

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GUARANTEE FUND
(HDGF)

**ANNUAL REPORT
2007**

HELLENIC DEPOSIT GUARANTEE FUND

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1. The Greek Banking System and the HDGF in 2007

Year twelve (1 January - 31 December 2007) of the HDGF's operations was marked by continued favourable developments in the Greek banking system. For yet another year, banks posted strong profits and capital adequacy, which has enabled them to weather the current financial turmoil successfully. This performance came on the back of ongoing lending growth, particularly in the retail segment (despite the slight slowdown in mortgage and consumer lending growth), the changing configuration of their sources of income as a result of the expansion of their business in, for the most part, neighbouring countries, and the very limited exposure to securities associated with sub-prime debt, which has been the cause of the latest global credit crunch.

The dynamic performance of Greek banks at home and, particularly, abroad has enabled them to enhance the quality of their loan books (via, inter alia, write-offs of NPLs), to meet the challenge of increasing competition (through diversification of performance across groups and individual banks), and to meet the demand for large-scale investments arising from expansion in emerging markets and adjustment to the new banking regulatory framework.

Banks have now got the right infrastructures in place and have developed the means to

meet the requirements of the new institutional framework governing the operations of banks, as set out by banking law 3601/2007, which integrates into Greek legislation EU Directives 2006/48/EC "on the taking up and pursuit of the business of credit institutions" and 2006/49/EC "on the capital adequacy of investment firms and credit institutions", and law 3606/2007 on markets in financial instruments that integrates into Greek legislation the MiFID Directive setting out rules for the provision of financial services. Banks are also making substantial progress in the transition to the Single Euro Payment Area (SEPA), which aims, through electronic systems, at achieving full integration of payment services throughout the EU.

In addition, during the same period banks continued to implement structural changes. Egnatia Bank merged with Marfin Bank and Laiki Bank (Hellas), with absorption of Marfin and Laiki Banks by Egnatia, while the Russian Kedr Bank set up a branch in Greece, which subsequently joined the Greek deposit guarantee scheme. As a result of the above developments, the number of banks now participating in the HDGF is forty (40), of which nineteen (19) are Greek commercial and investment banks, sixteen (16) are Greek cooperative banks, and five (5) are branches of banks headquartered outside the EU (table 1).

The restructuring dynamic of the Greek banking sector through mergers and acquisi-

Table 1
Credit institutions participating in HDGF

A.	Greek commercial banks
1.	Aegean Baltic Bank
2.	Alpha Bank
3.	Aspis Bank
4.	ATE Bank
5.	Bank of Attica
6.	EFG Eurobank - Ergasias
7.	Emporiki Bank
8.	Emporiki Credicom
9.	FBB - First Business Bank
10.	General Bank of Greece
11.	Greek Postal Savings Bank
12.	Investment Bank of Greece
13.	Marfin Egnatia Bank
14.	Millennium Bank
15.	National Bank of Greece
16.	Panellinia Bank
17.	Piraeus Bank
18.	Probank
19.	Proton Bank
B.	Greek cooperative banks
20.	Achaiki Cooperative Bank
21.	Chania Cooperative Bank
22.	Corinthia Cooperative Bank
23.	Dodecanese Cooperative Bank
24.	Drama Cooperative Bank
25.	Evia Cooperative Bank
26.	Evros Cooperative Bank
27.	Ioannina Cooperative Bank ("Stochos")
28.	Karditsa Cooperative Bank
29.	Kozani Cooperative Bank
30.	Lamia Cooperative Bank
31.	Lesvos-Limnos Cooperative Bank
32.	Pankritia Cooperative Bank
33.	Pieria Cooperative Bank
34.	Serres Cooperative Bank ("Serraiiki Credit")
35.	Thessalia Cooperative Bank
C.	Branches of credit institutions incorporated outside the EU
36.	American Bank of Albania - Greek Branch
37.	American Express Bank Ltd.
38.	Bank of America N.A.
39.	Bank Saderat Iran
40.	Kedr Bank Athens

tions on both the national and cross-border level will most probably be impacted, at least in the short term, by the current international economic slowdown, although the factors leading to such mergers and acquisitions activity still apply. These factors include the substantial growth margins of the Balkan countries, and the countries of Central and Eastern Europe, the outlook for the banking sector in these countries, and the inevitable outward-looking strategy of Greek banks.

The entry of new banks and the expansion of banks' business into other countries through the opening of new branches have served to increase the revenues, as well as the potential obligations, of the Greek deposit guarantee scheme, given that the overall level of risk assumption has risen. On the other hand, the impact on the HDGF's revenues of M&A by banks will lead simply to a realignment of contributions among banks without altering the revenues of the HDGF, since legislation requires that the ratio of the total annual contribution to the deposits comprising the basis for calculation should remain unchanged.

2. Revenues, expenses and accounts

The HDGF's results in 2007 were impacted primarily by bank deposits –the key for calculating contributions– which grew at a slower pace than in 2006, and fell short of budget expectations. The performance of bank deposits impacted revenues from annual

membership contributions as well as income from capital, which depends on total placements. Total expenses were only slightly off target, without substantial fall-out on the year's results, since they are relatively low.

The growth in deposits in 2007 led to a readjustment in the computation scale for annual membership contributions, as per HDGF legislation. Accordingly, the scale for 2007 was as follows:

Deposits thresholds (€ millions)	Percentage contribution rate
0 – 499	0.1250
499 – 2,488	0.1200
2,488 – 7,359	0.1175
7,359 – 17,428	0.0205
over 17,428	0.0025

As required by law, the credit institutions participating in the HDGF paid the remaining half of their annual contributions to the Fund for 2006 in April 2007, and the first half of their contributions for 2007 in October of the same year. More specifically, 80% of the contributions were placed in time deposits at the member banks paying the contributions, while the remaining 20% was deposited in the HDGF current account at the Bank of Greece and invested in European securities.

In the following pages an explanation is given for the factors that led to divergence

between the results and initial budget levels. A breakdown of the revenues, expenses and accounts of HDGF in 2007 is set forth in tables 2, 3 and 4.

Revenues

Total income in 2007 amounted to €128,454,239. This was 1.7% short of the budget forecast (table 2).

Income from membership contributions totalled €101,537,598 falling short of the budget target by 0.9%. This was due mainly to the slower growth in deposits, up 12.6% instead of the projected 14%. Contribution revenues were impacted favourably by the entry of Kedr Bank in December 2007 (the precise timing of which was not known when the budget was drawn up) due to the first membership instalment of Kedr Bank, thereby offsetting in part the adverse impact of the slower growth in deposits.

Capital revenues from interest on invested funds totalled €26,914,201 falling 4.7% short of budget projections. This shortfall reflects mainly the slower growth in total placements on which interest is calculated and, to a smaller extent, the slower growth in interest rates (and accordingly the returns on the HDGF's funds) versus initial projections.

In 2007, the average return on total placements stood at 3.66% compared with the

budgeted 3.68% and the corresponding 2.5% in 2006. The average return on placements in time deposits, which is determined by the interest rate on 3-month T-bills, finally stood at 3.6% compared with the budgeted 3.7%. These interest rates are directly impacted by the basic ECB rates, which ceased to rise further in the second half of 2007, mainly because of the adverse conditions prevailing in the global money and capital markets. The average return on European government securities in which the HDGF invests (via the Bank of Greece) stood at 4% compared with the budgeted 3.8%. Returns on bonds grew during the first half of the year, but subsequently retreated as demand by investors for safe placements increased in the face of growing uncertainty in the global capital markets.

Revenues also presented extraordinary and non-operating income of €2,440 corresponding to the grant for the purchase of investment goods (computer equipment) stemming from the HDGF's participation in the METEHO business plan of the Information Society initiative.

Expenses

Total expenses in 2007 exceeded the budget by 6.8%, totalling €896,535. The various components of the deviation from the budgeted level of expenses are set out below:

1. Staff salaries and third-party fees amounted to €712,403 or 3% over

budget. This reflects mainly the increased cost of pay of seconded staff and is associated with the salary grade of the staff concerned.

2. Third-party service fees totalled €24,140 and exceeded the budget target by 25.4%, reflecting increased maintenance costs of equipment.
3. Tax and duties amounted to €2,787 or 62.2% below forecasts because of the abolition of the large property tax.
4. Other expenses amounted to €60,937 or 15.9% over budget, mainly because of increased travel and publication expenses.
5. Banking fees, which include fees for management of the HDGF's funds, amounted to €13,466 or 17.1% over budget, reflecting mainly higher over-performance of the funds.
6. Fixed assets depreciation totalled €47,329 roughly in line with the budget target.
7. Lastly, provisions totalled €15,340 exceeding the budget target by 39.5% due to the increase in contingent staff compensation.

Extraordinary and non-operating expenses totalled €20,133 reflecting previous years' pay for seconded staff.

Results - Investments

Surplus funds at the end of 2007 totalled €127,557,704. This was 1.8% below the budgeted €129,866,500. A shortfall of 2.2% was also posted for funds for investment, totalling €129,050,800. The difference between the surplus funds and the funds for investment reflects mainly HDGF claims stemming from the receipt of contributions on an instalment basis.

Finally, HDGF's accumulated funds at 31 December 2007 amounted to €942.2 million while total capital resources and cash in hand and cash equivalents amounted to €940.3 million (table 6).

3. Objectives and outlook

The smooth operation of the banking system contributes to economic growth on account of the central role it plays in converting savings into productive investments and, accordingly, in improving the allocation and exploitation of the growth dynamic inherent therein. The stability and reliability of this system depend to a large extent on the confidence –which it is the HDGF's role to maintain and enhance, as the country's deposit guarantee institution– of those conducting transactions with banks. The present-day banking scene is marked by ever more intensive competition in the struggle to gain market share and raise funds, constant adaptation to cus-

tomers needs, growth in the banking sector in dynamically developing countries, greater familiarity of consumers with new technologies, and the dependence of banks on the smooth operation of international banking markets, which as events have shown cannot be taken for granted. Within such an environment, deposit guarantee schemes acquire particular importance as a force for strengthening the reliability of the banking system in the eyes of the savers and as a mechanism for cushioning the impact of adverse developments.

In order to fulfil its mission effectively, the HDGF seeks to strengthen its reserves so as to boost its ability to cover banks' depositors without resorting to outside borrowing in the event that the deposit guarantee system is activated. What is more, the HDGF undertakes various initiatives to publicise its role and function in protecting depositors, so as to further strengthen the public's confidence in the Greek banking system.

Likewise, the HDGF attributes particular importance to broadening its collaboration with other deposit guarantee schemes around Europe. In this context, it monitors on an ongoing basis the initiatives of the European Commission with regard to the review of Directive 94/19/EC on Deposit Guarantee Schemes (DGS) and reviews the proposed amendments through participation in a working group composed of the various deposit guarantee schemes of the

EU member states. At present, the review of the Directive focuses on the harmonization of basic issues relating to the operation of the various deposit guarantee schemes, which on the one hand still present substantial obstacles for achieving full integration of the European banking markets because of the differences between them and, on the other, play a fundamental role in the effectiveness of the systems as the means for fostering stability in banking markets. These issues include: the definition of the deposits guaranteed by the schemes, the exchange of information among the various deposit guarantee schemes, the deadline within which compensation should be paid, the

topping-up system, the setting of the level of contributions, and the provision of information to depositors.

The HDGF also participates in the working groups of the European Forum of Deposit Insurers (EFDI), the body that promotes cooperation and exchange of experience among the various European deposit guarantee schemes, which has been assigned by the European Commission with the task of carrying out surveys related to the aforesaid issues arising from the review of the Directive, and with drawing up relevant proposals and promoting their adoption.

Table 2
Results 2007

Amounts in €

No.		2007		Deviation (%)
		Budget target	Actual	
I.	ORDINARY REVENUES	130,706,000	128,454,239	-1.7
-	Membership fees	102,456,000	101,537,598	-0.9
-	Capital income (after tax)	28,250,000	26,914,201	-4.7
-	Extraordinary and non-operating income	-	2,440	-
II.	EXPENSES	839,500	896,535	6.8
1.	<i>Ordinary expenses</i>	828,500	861,062	3.9
-	Staff salaries and third-party fees	691,900	712,403	3.0
-	Third-party services	19,250	24,140	25.4
-	Tax and duties	7,380	2,787	-62.2
-	Other operating expenses	52,570	60,937	15.9
-	Banking expenses	11,500	13,466	17.1
-	Fixed asset depreciation	45,900	47,329	3.1
2.	Provisions	11,000	15,340	39.5
3.	Extraordinary & non-operating expenses	-	20,133	-
III.	SURPLUS (I-II)	129,866,500	127,557,704	-1.8
IV.	FUNDS FOR INVESTING	131,960,000	129,050,800	-2.2
-	Surplus	129,866,500	127,557,704	-1.8
-	Fixed asset depreciation	45,900	47,329	3.1
-	Change in claims and liabilities ¹	2,047,600	1,445,767	-
V.	INVESTMENTS	131,960,000	129,050,800	-2.2
-	Placements in securities	28,150,000	27,765,200	-1.4
-	Time deposits	103,805,000	101,280,100	-2.4
-	Fixed equipment	5,000	5,500	10.0

¹ A plus sign before a change in liabilities and claims implies an increase in funds for investing, while a minus sign implies a decrease in funds for investing.

Table 3
Revenues 2007

Amounts in €

Item no.		2007		Deviation (%)
		Budget target	Actual	
	REVENUES	130,706,000	128,451,799	-1.7
1.	Membership fees	102,456,000	101,537,598	-0.9
-	<i>Annual contributions</i>	<i>102,456,000</i>	<i>101,232,083</i>	<i>-1.2</i>
-	<i>Initial subscription fee for new member</i>	-	<i>305,515</i>	-
2.	Capital income	28,250,000	26,914,201	-4.7
-	<i>Income on securities</i>	<i>7,850,000</i>	<i>7,563,533</i>	<i>-3.6</i>
	Income on EU securities	7,850,000	7,563,533	
-	<i>Interest on deposits (after tax)</i>	<i>20,400,000</i>	<i>19,350,668</i>	<i>-5.1</i>
	Interest on deposits (before tax)	22,666,700	21,500,742	
	Less: tax	2,266,700	2,150,074	

Table 4
Expenses 2007

Amounts in €

Item no.		2007		Deviation (%)
		Budget target	Actual	
	EXPENSES	839,500	876,402	4.4
1.	Ordinary expenses	828,500	861,062	3.9
a.	<i>Staff salaries and third-party fees</i>	<i>691,900</i>	<i>712,403</i>	<i>3.0</i>
i	Staff salaries and expenses	663,000	683,204	
	<i>Salaries of staff on HDGF payroll</i>	<i>460,500</i>	<i>469,880</i>	<i>2.0</i>
	Payroll staff	334,800	326,233	-2.6
	Salaries of staff seconded from outside HDGF	119,600	137,385	14.9
	Fees for third parties hired on a project basis	6,100	6,262	2.7
	<i>Other fees and staff expenses</i>	<i>12,300</i>	<i>12,294</i>	
	Staff training expenses	3,500	4,106	17.3
	Staff benefits	8,800	8,188	-7.0
-	<i>Employer's contributions</i>	<i>138,580</i>	<i>148,294</i>	<i>7.0</i>
	Employer's contributions for salaried staff	76,480	71,620	-6.4
	Employer's contributions to insurance funds	57,800	71,384	23.5
	Employer's contributions to the Attorneys' Fund	3,700	4,754	28.5
	Employer's contributions for staff hired on a project basis	600	536	-10.7
-	<i>Other staff expenses</i>	<i>51,620</i>	<i>52,736</i>	<i>2.2</i>
	Internal auditor fee	34,600	35,716	3.2
	Staff seconded from outside HDGF	17,020	17,020	-
ii	Third-party fees and expenses	28,900	29,199	1.0
	Fees of other freelancers	1,200	1,582	31.8
	BoD remuneration	21,100	21,120	0.1
	Chartered auditors' fees	6,600	6,497	-1.6
b.	<i>Third-party services</i>	<i>19,250</i>	<i>24,140</i>	<i>25.4</i>
-	Phone, electric and post	13,000	11,575	-11.0
-	Insurance	4,000	1,032	-74.2
-	Contracts-maintenance of equipment	2,250	11,533	412.6
c.	<i>Tax and duties</i>	<i>7,380</i>	<i>2,787</i>	<i>-62.2</i>
d.	<i>Other operating expenses</i>	<i>52,570</i>	<i>60,937</i>	<i>15.9</i>
-	Travel expenses	4,500	6,220	38.2
-	Information and PR expenses	1,370	3,751	173.8
-	Subscriptions	3,900	4,020	3.1
-	Printed materials and stationary	2,150	2,025	-5.8
-	Consumables	3,100	3,708	19.6
-	Publications	22,000	25,775	17.2
-	Communal bills	15,200	15,438	1.6
-	Other third-party fees for services rendered	350	-	-
e.	<i>Banking expenses</i>	<i>11,500</i>	<i>13,466</i>	<i>17.1</i>
f.	<i>Fixed assets depreciation</i>	<i>45,900</i>	<i>47,329</i>	<i>3.1</i>
2.	Provisions	11,000	15,340	39.5

Table 5
Changes in receivables and liabilities 2007

Amounts in €

Item no.		2007	
		Budget target	Actual
	Changes in receivables & liabilities¹ {(I+III+IV)-(II)}	<u>2,047,600</u>	<u>1,445,767</u>
I.	Change in HDGF's current account (612.271) held with BoG	20,000	-16,395
II.	Change in claims^{2,3}	-2,006,600	-868,718
	Annual contributions	6,291,500	5,679,068
	Initial contributions of new members	-8,298,100	-6,553,267
	Other claims	-	5,481
III.	Change in liabilities^{4,5}	10,000	578,104
	Tax, duties, insurance contributions	-	1,945
	Other transition accounts	10,000	75,551
	Adjustment accounts ⁶		500,608
IV.	Provisions	11,000	15,340

1 A plus sign before a change in claims and liabilities implies an increase in funds for investing, while a minus sign implies a decrease in funds for investing.

2 The increase in claims implies a reduction in capital available for investing.

3 The decrease in claims implies an increase in capital available for investing.

4 The increase in liabilities creates non-distributable capital that increases funds for investing.

5 The decrease in liabilities reduces capital for investing.

6 This includes losses arising from the revaluation, at the end of the year, of HDGF's portfolio, and is written to "Adjustment accounts" in Liabilities on the Balance Sheet, reducing Own capital by an equivalent amount, and due to be offset against future profits from sale of securities. These losses have not as yet been realized and therefore did not burden the Results for 2007.

ANNEX

Table 6
Breakdown of capital resources at 31 December 2007

Amounts in €

1.	Government securities	224,251,270.30
	– European government securities ¹	224,251,270.30
2.	Time deposits ²	658,057,460.80
3.	Claims from Contributions	57,695,853.51
4.	Other resources	327,555.91
	Total resources (1+2+3+4)	940,332,140.52

1 This reflects the value as posted on the balance sheet for 2007. The corresponding market value is €224,331.605.

2 Including earned but non-claimable interest on time deposits amounting to €5,668,429.69.

Diagram 1
Percentage breakdown of capital resources at 31 December 2007

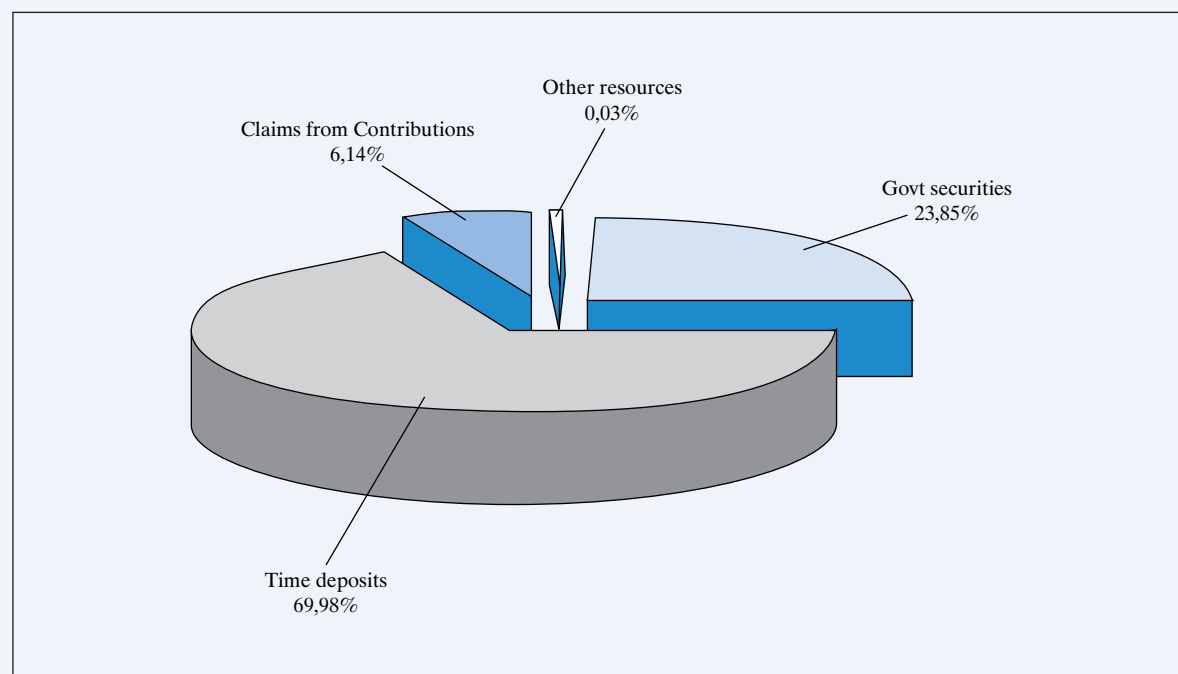


Table 7
HDGF's annual resources 1995-2007

Amounts in €

	Start-up capital	New members' entry fees	Annual contributions	Interest	Total resources
1995	8,804,108		28,777,290		37,581,398
1996		60,094	33,463,907	5,050,503	38,574,504
1997			38,117,811	6,831,433	44,949,244
1998		149,371	42,824,491	12,921,410	55,895,272
1999			45,506,036	15,692,505	61,198,541
2000		6,032,987	49,870,222	17,048,035	72,951,244
2001		6,534,100	52,965,769	11,967,876	71,467,745
2002		6,015,223	58,745,192	11,061,357	75,821,772
2003		640,281	61,586,031	10,134,662	72,360,974
2004		506,877	66,659,700	10,586,311	77,752,888
2005			73,914,664	11,301,560	86,216,224
2006		20,322,905	89,873,958	16,492,596	126,689,459
2007		305,515	101,232,083	26,914,201	128,451,799

Diagram 2
Capital resources 1995-2007

in €

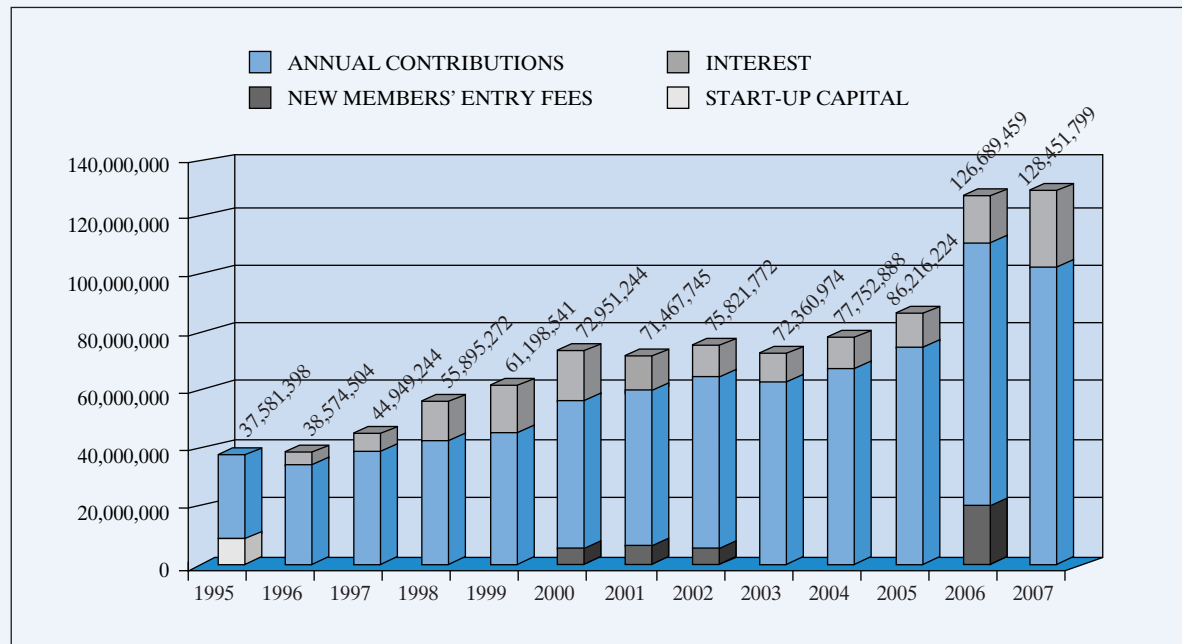


Table 8

Breakdown of HDGF's time deposits per credit institution as at 31 December 2007¹

Amounts in €

No.	Credit institutions participating in HDGF	Balance at 31/12/2007
1.	National Bank of Greece	104,989,389.10
2.	Alpha Bank	98,350,697.27
3.	EFG Eurobank - Ergasias	85,300,157.76
4.	Emporiki Bank	79,249,682.85
5.	ATE Bank	79,105,411.33
6.	Piraeus Bank	61,916,563.86
7.	Marfin Egnatia Bank	33,723,086.90
8.	Greek Postal Savings Bank	21,942,742.95
9.	Geniki Bank	19,278,734.14
10.	Bank of Attica	11,417,304.26
11.	Aspis Bank	10,535,518.63
12.	Millennium Bank	8,182,083.92
13.	FBB First Business Bank	7,669,959.48
14.	Probank	6,651,622.53
15.	Proton Bank	5,567,827.09
16.	Pankritia Cooperative Bank	4,061,654.41
17.	American Express Bank Ltd	3,428,216.11
18.	Investment Bank of Greece	1,789,919.71
19.	Panellinia Bank	1,693,104.59
20.	Chania Cooperative Bank	1,009,566.31
21.	Bank of America N.A.	914,193.22
22.	Dodecanese Cooperative Bank	840,068.07
23.	Aegean Baltic Bank	782,036.53
24.	Lamia Cooperative Bank	548,866.49
25.	Emporiki Credicom	545,451.35
26.	Achaiki Cooperative Bank	480,048.37
27.	American Bank of Albania - Greek Branch	313,598.69
28.	Evia Cooperative Bank	276,010.91
29.	Thessalia Cooperative Bank	256,922.16
30.	Evros Cooperative Bank	220,554.96
31.	Lesvos-Limnos Cooperative Bank	215,366.40
32.	Serres Cooperative Bank "Serraiki Credit"	210,745.70
33.	Ioannina Cooperative Bank "Stochos"	207,885.69
34.	Karditsa Cooperative Bank	155,904.26
35.	Bank Saderat Iran	135,163.59
36.	Drama Cooperative Bank	122,542.26
37.	Pieria Cooperative Bank	107,945.70
38.	Kozani Cooperative Bank	106,477.83
39.	Corinthia Cooperative Bank	86,005.73
40.	Kedr Bank Athens ²	0,00
	TOTAL	652,389,031.11

1 This does not include earned unclaimed interest amounting to €5,668,429.69.

2 Kedr Bank Athens joined the HDGF on 26 December 2007 and its time deposit was activated on 2 January 2008.

Table 9

Breakdown of contributions by credit institution as at 31 December 2007

Amounts in €

No.	Credit institutions participating in HDGF	2 nd installment of annual contribution 2007	Initial contribution	Total claims on credit institutions 31/12/2007
1.	Greek Postal Savings Bank	4,707,884.51	6,774,301.00	11,482,185.51
2.	National Bank of Greece	5,721,523.00		5,721,523.00
3.	Alpha Bank	5,426,458.00		5,426,458.00
4.	EFG Eurobank - Ergasias	5,412,794.00		5,412,794.00
5.	ATE Bank	5,400,543.00		5,400,543.00
6.	Emporiki Bank	5,185,045.00		5,185,045.00
7.	Piraeus Bank	5,147,516.00		5,147,516.00
8.	Marfin Egnatia Bank ¹	4,390,501.00		4,390,501.00
9.	Geniki Bank	1,453,520.00		1,453,520.00
10.	Bank of Attica	1,397,302.00		1,397,302.00
11.	ProBank	1,130,293.00		1,130,293.00
12.	Millennium Bank	979,159.00		979,159.00
13.	Aspis Bank	973,462.00		973,462.00
14.	Proton Bank	726,434.00		726,434.00
15.	Pankritia Cooperative Bank	707,076.00		707,076.00
16.	FBB First Business Bank	543,668.00		543,668.00
17.	Kedr Bank Athens	0,00	305,515.00	305,515.00
18.	Panellinia Bank	223,648.00		223,648.00
19.	Investment Bank of Greece	214,732.00		214,732.00
20.	Chania Cooperative Bank	160,061.00		160,061.00
21.	Aegean Baltic Bank	118,399.00		118,399.00
22.	Dodecanese Cooperative Bank	115,293.00		115,293.00
23.	Achaiki Cooperative Bank	82,139.00		82,139.00
24.	American Express Bank Ltd	52,592.00		52,592.00
25.	Thessalia Cooperative Bank ²	40,666.00		40,666.00
26.	Evia Cooperative Bank	38,822.00		38,822.00
27.	Bank of America N.A.	36,398.00		36,398.00
28.	Lamia Cooperative Bank	29,237.00		29,237.00
29.	Lesvos-Limnos Cooperative Bank	28,918.00		28,918.00
30.	Ioannina Cooperative Bank "Stochos"	28,813.00		28,813.00
31.	Evros Cooperative Bank	23,202.00		23,202.00
32.	Serres Cooperative Bank "Serraiiki Credit"	22,746.00		22,746.00
33.	Karditsa Cooperative Bank	19,709.00		19,709.00
34.	Pieria Cooperative Bank	17,244.00		17,244.00
35.	Corinthia Cooperative Bank	14,109.00		14,109.00
36.	American Bank of Albania Greek Branch	13,102.00		13,102.00
37.	Drama Cooperative Bank	13,008.00		13,008.00
38.	Kozani Cooperative Bank	12,945.00		12,945.00
39.	Bank Saderat Iran	7,074.00		7,074.00
40.	Emporiki Credicom	0,00		0,00
	TOTAL	50,616,035.51	7,079,816.00	57,695,853.51

1 On 29 June 2007, the merger by absorption of Laiki Bank (Hellas) and Marfin Bank with Egnatia Bank was completed, with the new banking entity adopting the name Marfin Egnatia Bank.

2 On 6 September 2007, the Trikala Cooperative Bank was registered in the SA companies register under the new name of Thessalia Cooperative Bank.

HELLENIC DEPOSIT GUARANTEE FUND

BALANCE SHEET AS AT 31 DECEMBER 2007
12th YEAR (1 January 2007 - 31 December 2007)

<u>A S S E T S</u>	<u>2 0 0 7</u> <i>(Amounts in €)</i>	<u>2 0 0 6</u> <i>(Amounts in €)</i>	<u>2 0 0 7</u> <i>(Amounts in €)</i>	<u>2 0 0 6</u> <i>(Amounts in €)</i>
<u>I CASH AND OTHER LIQUID ASSETS</u>				
1 Cash in hand	7.29	918.06	7,447.00	4,263.33
2 Sight deposits	327,548.62	310,266.25	14,090.52	15,830.50
3 Time deposits	652,389,031.11	652,716,587.02	18,158.86	17,375.34
	<u>652,389,031.11</u>	<u>553,053,147.80</u>	39,696.38	37,469.17
<u>III SHORT-TERM CLAIMS (CONTRIBUTIONS) ON CREDIT INSTITUTIONS</u>				
1 Annual contributions	50,616,037.51	44,936,969.93		
3 Initial contributions	6,927,058.00	6,858,781.00	105,192.25	29,640.93
	15,142.41	12,592.84		
<u>IV SUNDRY ASSETS</u>				
<u>V DEBT SECURITIES AND OTHER FIXED-INCOME SECURITIES</u>				
2 Other European sovereigns	224,251,270.30	196,486,084.61		
			69,591.45	54,251.86
<u>VII LONG-TERM CLAIMS</u>				
2 Warranties given	1,350.00	1,350.00		
3 Initial contributions	152,758.00	6,774,301.50	8,804,108.58	8,804,108.58
<u>IX INTANGIBLE FIXED ASSETS</u>				
1 Intangible fixed assets	325,810.45	325,810.45	805.17	-
Less: Depreciation	309,400.35	294,727.69	(224,386.26)	(734,189.04)
	16,410.10	31,082.76		
<u>X TANGIBLE ASSETS</u>				
1 Land	1,326,984.62	1,326,984.62		
2 Buildings and fixtures	760,970.29	760,970.29		
Less: Depreciation	81,494.86	57,990.75		
	679,475.43	702,979.54		
3 Furniture, computers and other equipment	100,204.84	94,678.57		
Less: Depreciation	79,669.02	70,516.80		
	20,535.82	24,161.77		
	2,026,995.87	2,054,125.93		
<u>XI TRANSITION ACCOUNTS</u>				
1 Accrued income	5,668,429.69	3,724,201.94		
2 Next year's expenses	3,843.00	630.00		
	5,672,272.69	3,724,831.94		
T O T A L A S S E T S (I+III+IV+V+VII+IX+X+XI)	942,395,881.90	814,244,452.62	942,395,881.90	814,244,452.62
<u>L I A B I L I T I E S</u>				
<u>I SHORT-TERM LIABILITIES</u>				
1 Services and fees			7,447.00	4,263.33
5 Taxes and duties			14,090.52	15,830.50
6 Pension funds			18,158.86	17,375.34
			39,696.38	37,469.17
<u>V TRANSITION ACCOUNTS</u>				
1 Accrued expenses			105,192.25	29,640.93
			69,591.45	54,251.86
<u>VI PROVISIONS FOR RISK AND OTHER EXPENSES</u>				
1 Provisions for staff compensation				
<u>VIII OWN FUNDS</u>				
8 Start-up capital			8,804,108.58	8,804,108.58
9 Investments			805.17	-
10 Adjustment accounts			(224,386.26)	(734,189.04)
12 Surplus carried forward				
Previous years' surplus		806,043,171.12	680,122,378.33	680,122,378.33
Current year's surplus		127,557,703.21	125,920,792.79	125,920,792.79
		933,600,874.33	806,043,171.12	814,123,090.66
T O T A L L I A B I L I T I E S (I+V+VI+VIII)	942,395,881.90	814,244,452.62	942,395,881.90	814,244,452.62

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2007		2 0 0 7 (Amounts in €)	2 0 0 6 (Amounts in €)
A	R E V E N U E S (I + II)	128.454.239,55	126.691.758,96
I	ORDINARY REVENUES (a + b)	128.451.798,67	126.689.459,22
00			
a	CONTRIBUTIONS		
1	Annual contribution	101.232.083,00	89.873.957,74
2	Initial contribution (entry fee)	30.515,00	20.322.905,00
		101.537.598,00	110.196.862,74
b	INTEREST AND SIMILAR INCOME		
1	Interest on fixed-income securities (before tax)	7.563.532,70	4.878.872,04
2	Interest on deposits (before tax)	21.500.742,22	12.904.138,30
	Less :		
3	Tax on interest	2.150.074,25	1.290.413,86
		26.914.200,67	16.492.596,48
II	EXTRAORDINARY REVENUES	2.440,68	2.299,74
1	Extraordinary and non-operating income		
B	E X P E N S E S (I + II)	896.536,34	770.966,17
I	ADMINISTRATIVE EXPENSES		
1	Staff salaries and third-party fees	712.403,13	636.228,74
2	Other operating expenses	101.331,58	79.583,03
3	Fixed assets depreciation	47.328,99	45.436,91
II	PROVISIONS (excluding portfolio revaluation)	15.339,59	9.717,49
III	EXTRAORDINARY CHARGES		
	Extraordinary and off-balance-sheet charges	20.133,05	-
	SURPLUS CARRIED FORWARD (A - B)	127.557.703,21	125.920.792,79

ATHENS , 27 MARCH 2008

CHAIRMAN
NIKOLAOS D. PALEOCRASSAS
ID H896087

MANAGER
GEORGIOS I. STRATAKIS
ID A26951

CHIEF ACCOUNTANT
DEMETRIOS I. THOMAS
ID 2054879
REG. NO. 14176-GRADE A

AUDITORS' REPORT

To the members of the Board of the Hellenic Deposit Guarantee Fund

Report on the accounts of the HDGF: We have audited the above financial statements of the Hellenic Deposit Guarantee Fund (HDGF), which comprise the Balance Sheet for the financial year ended 31 December 2007 and the Profit and Loss Account for the same year.

Responsibility of the Board for the Financial statements: Responsibility for preparing and presenting the financial statements in line with Accounting Standards, as set out by Greek legislation, lies with the Board of HDGF. This responsibility includes also the design, implementation and maintenance of internal control systems appropriate for the preparation and presentation of financial statements free of material inaccuracy, whether due to fraud or error. This responsibility includes also the choice and implementation of appropriate accounting policies and the application of accounting estimates appropriate for the situation.

Responsibility of the Auditors: We are responsible for formulating and stating an opinion with regard to the accounts on the basis of the audit carried out. Our audit was conducted in accordance with Greek Auditing Standards, which are in line with International Auditing Standards. These Standards require the design and conduct of an audit in such a way that ensures, with reasonable certainty, that the accounts are free of any material inaccuracies and omissions. The audit involves the gathering of data relating to the amounts and information presented in the accounts. The methods used are those deemed appropriate by the auditor and include an assessment of the risk of material inaccuracy in the accounts that may arise from fraud or error. In assessing this risk, the auditor takes into consideration the system of internal control used at the company for preparing and presenting the accounts, for the purpose of setting up auditing procedures appropriate for the situation and not for the purpose of stating an opinion regarding the effectiveness of the company's system of internal controls. The audit also includes an assessment of the appropriateness of the accounting principles implemented, the estimates of the Board of the HDGF and, more generally, the presentation of the data in the accounts. We consider that the audit carried out provides a sufficient basis on which to express the opinion contained in our Report.

Opinion: In our opinion, and taking into consideration the remarks contained in our Report, which will be conveyed to the competent bodies in line with the provisions of article 14, L. 2832/2000, the above accounts give a true and fair picture of HDGF's financial position at 31 December 2007, and the results of its operations for the year then ended, in accordance with the accounting standards set out by Greek company law.

Other legal and regulatory issues: The contents of the Report of the Board of HDGF are consistent with the above financial statements.

Athens 31 March 2008
Certified Accountant-Auditor

IOANNIS ATH. KOSTARELIS
Reg. No. Chart. Aud. 13691

BREAKDOWN OF THE ACCOUNTS OF THE HELLENIC DEPOSIT GUARANTEE FUND (HDGF)

as at 31 December 2007
12th Year
(1 January to 31 December 2007)

(amounts in €)

1. INFORMATION RELATING TO THE STATUTORY FORMULATION AND STRUCTURE OF THE ACCOUNTS

Since HDGF's operations are related to the banking sector, its accounts are prepared in accordance with the Banking Sector Accounting Plan. A breakdown of the accounts follows:

ASSETS

I. CASH AND OTHER LIQUID ASSETS		652,716,587.02
1. <u>Cash in hand:</u>		<u>7.29</u>
Cash balance required to meet current expenses.		
2. <u>Sight deposits</u>		<u>327,548.62</u>
• <u>Sight deposits:</u>		<u>326,976,71</u>
HDGF's current account balance held with the Bank of Greece (612.271). This amount is available principally for covering operational needs.		
• <u>Current account:</u>		<u>571.91</u>
The non-distributable balance of current account no. 4845 held with the Forex Department of the Bank of Greece. Via this account the Bank of Greece can invest HDGF funds.		
3. <u>Time deposits:</u>		<u>652,389,031.11</u>
The balance of HDGF's time deposits with member credit institutions as at 31 December 2007. The time deposit balance is comprised of the following items:		
a) Balance at 31 December 2006:		553,053,147.80
b) <u>Increases from contributions:</u>		<u>81,929,443.09</u>
• <u>Annual contribution:</u>		<u>76,442,417.51</u>
– 80% of the 2 nd installment of the 2006 contribution,		35,949,577.92
– 80% of the 1 st installment of the 2007 contribution.		40,492,839.59
• <u>Initial (membership) contribution:</u>		<u>5,487,025.58</u>
80% of the initial contribution of new member banks of HDGF, as follows:		
– American Bank of Albania, 6 th installment,		44,737.00
– Serres Cooperative Bank "Serraiki Credit" 6 th installment,		22,846.58
– Greek Postal Savings Bank, 3 rd & 4 th installments		5,419,442.00
c) <u>Interest on time deposits:</u>		<u>17,406,440.22</u>
Total interest received during the year.		

III. SHORT-TERM CLAIMS (CONTRIBUTIONS) ON CREDIT INSTITUTIONS	57,543,095.51
HDGF's outstanding contribution claims from its members:	
1. <u>Annual contributions:</u>	50,616,037.51
• This item concerns the 2 nd installment of the regular annual contribution for 2006, which credit institutions are required to pay HDGF on the first working day of April 2008.	50,616,035.51
• The balance of the 2002 annual contribution of Citibank NA.	231,084.16
• The balance of the 2004 annual contribution of Arab Bank.	26,651.67
• Provision for contingent losses from non-receipt of outstanding annual contributions by Citibank and Arab Bank plc, both of which dispute owing such amounts.	(257,733.83)
2. <u>Initial contributions:</u>	6,927,058.00
Due in 2008:	
• Greek Postal Savings Bank, 5 th and 6 th installments	6,774,301.00
• Kedr Bank Athens, 1 st , 2 nd , 3 rd installments	152,757.00
The initial HDGF membership fee for Kedr Bank Athens was set at €305,515 to be paid in 6 six-monthly installments. The first installment was paid on 2 January 2008.	
IV. SUNDRY ASSETS	15,142.41
1. <u>Advance payments to salaried staff:</u>	13,890.48
Advance payments to salaried staff at HDGF that were paid at the end of 2007 but correspond to the salary of January 2008.	
2. <u>Cheques for collection:</u>	969.91
Cheque from Alpha Bank (n. 34064118-5 to be paid by 20-12-2007).	
3. <u>Advance payments to suppliers:</u>	282.02
Advance payment to Hellas On-Line for internet subscription.	
V. DEBT SECURITIES AND OTHER FIXED-INCOME SECURITIES	224,251,270.30
2. Other European government securities	
– <u>Zero-coupon Eurobonds</u>	135,283,024.94
Posted at nominal value, less:	138,923,000.00
• Unearned income for the period subsequent to 31 December 2007 and up to maturity of securities and	(3,605,347.55)
• loss arising from revaluation as at 31 December 2007.	(34,627.51)
– <u>Eurobonds (fixed-yield)</u>	88,968,245.36
• Posted at nominal value plus or minus gains or losses as at 31 December 2007.	87,708,852.80
• Interest earned on Eurobonds.	1,259,392.56
Interest earned on Eurobond coupons (fixed-yield) as at 31 December 2007.	
VII. LONG-TERM CLAIMS	154,108.00
2. <u>Warranties given:</u>	1,350.00
Guarantees for the account of Public Utilities for services provided at the property at 6 Amerikis St, Athens, where HDGF's offices are located.	
3. <u>Initial contribution:</u>	152,758.00
Initial contributions of KEDR Bank Athens, equal to initial contributions outstanding and due after 2008.	

<i>IX.</i>	<i>INTANGIBLE ASSETS</i>	<i>16,410.10</i>
	<u>Intangible assets:</u> These include transfer tax and other charges associated with the acquisition of HDGF's offices at 6 Amerikis St, purchase and expansion of software during the year, expenses associated with the improvement and renovation of communal areas in the building where HDGF has relocated, and costs associated with HDGF's relocation.	
	• Purchase price (balance at 31/12/2007)	325,810.45
	• Depreciation at 31 December 2007.	(309,400.35)
<i>X.</i>	<i>TANGIBLE ASSETS</i>	<i>2,026,995.87</i>
1.	<u>Land</u> Value of the share in the land property located at 6 Amerikis St, Athens.	<u>1,326,984.62</u>
2.	<u>Buildings and fixtures:</u> • Value of the offices on the 2 nd floor of the building located at 6 Amerikis St, Athens, where HDGF's offices are located. Total as at 31 December 2007 • Depreciation as at 31 December 2007.	<u>679,475.43</u> 760,970.29 (81,494.86)
3.	<u>Furniture and equipment:</u> This item includes investments in furniture and electronic equipment and associated peripherals in 2007: • Purchase price (balance at 31/12/2006) Plus: • Purchases carried out in 2007. Total at 31/12/2007 • Depreciation as at 31 December 2007	<u>20,535.82</u> 94,678.57 5,526.27 100,204.84 (79,669.02)
<i>XIV.</i>	<i>TRANSITION ACCOUNTS</i>	<i>5,672,272.69</i>
1.	<u>Accrued income</u> Earned but unclaimed interest (after tax) on HDGF's deposits with credit institutions.	<u>5,668,429.69</u>
2.	<u>Next year's expenses</u> <u>Subscriptions:</u> Subscriptions to financial journals for the following year. <u>Maintenance contracts:</u> Computer program maintenance for the following year.	<u>3,843.00</u> 630.00 3,213.00
<i>TOTAL ASSETS</i>		<i>942,395,881.90</i>

LIABILITIES

I. SHORT-TERM LIABILITIES		39,696.38
1. <u>Payables for services and fees:</u>	<u>7,447.00</u>	
Credit balance of domestic suppliers and third-party associates as at 31 December 2007.		
5. <u>Payables for taxes and duties:</u>	<u>14,090.52</u>	
Tax, paid to the Greek state in 2008, on staff salaries and third-party fees withheld in the last two months of 2007.		
6. <u>Payables for pension funds:</u>	<u>18,158.86</u>	
Payables to the IKA pension fund, the Attorneys' Fund, and the Welfare Fund for pension contributions on the regular salaries of salaried employees, paid to the Greek state in 2008.		
V. TRANSITION ACCOUNTS		105,192.25
1. <u>Expenses paid:</u>	<u>105,192.25</u>	
Temporary credit account that presents accrued expenses as at 31 December 2007, finally determined in 2008, as set out below:		
a) Operating expenses incurred but not paid during 2006 (telephone, electricity etc.).	6,798.18	
b) Wages and salaries earned in 2007 but paid in 2008.	98,394.07	
VI. PROVISIONS FOR RISK AND OTHER EXPENSES		69,591.45
1. <u>Provisions for staff compensation</u>	<u>69,591.45</u>	
Provisions to cover compensation due in the event that permanent members of staff retire from employment.		
VIII. OWN FUNDS		942,181,401.82
8. <u>Start-up capital</u>	<u>8,804,108.58</u>	
9. <u>Investment subsidies:</u>	<u>805.17</u>	
The balance of the Information Society METEHO investment subsidy for the acquisition of fixed equipment.		
10. <u>Adjustment accounts</u>	<u>(224,386.26)</u>	
These include loss arising from the revaluation, at the end of the year, of HDGF's portfolio, which appears in the "Adjustment accounts" under Liabilities on the balance sheet, reducing accordingly Own Funds, and destined to be offset against future earnings from sale of securities. The loss has not been realized and, accordingly, has not burdened the Results of the period.		
12. <u>Surplus carried forward</u>	<u>933,600,874.33</u>	
This comprises accumulated surplus:		
• Previous years (from 1996 to 2006)	806,043,171.12	
• Current year surplus	127,557,703.21	
TOTAL LIABILITIES		942,395,881.90
OFF-BALANCE-SHEET ITEMS		
3. <u>Contractual warranties:</u>	<u>2,539.00</u>	
Warranties from third parties guaranteeing HDGF's good performance of contracts it signs with them.		

INFORMATION RELATING TO THE PROFIT AND LOSS ACCOUNT FOR 2007

A. REVENUES (I+II)	128,454,239.55
I. ORDINARY REVENUES (a + b)	128,451,798.67
a. CONTRIBUTIONS	<u>101,537,598.00</u>
1. <u>Annual contributions:</u> Annual contributions for 2007 by HDGF member credit institutions.	101,232,083.00
2. <u>Initial entry fee</u>	<u>305,515.00</u>
b. INTEREST & RECEIVABLES	<u>26,914,200.67</u>
1. <u>Interest on fixed-income securities:</u> Interest on Eurobonds and interest earned but unclaimed as at 31 December 2007.	<u>7,563,532.70</u>
2. <u>Interest on deposits:</u> Interest (before tax) earned between 1 January and 31 December 2007 on HDGF's time deposits held with member credit institutions.	<u>21,500,742.22</u>
3. <u>Tax on the above interest:</u> Tax withheld by member credit institutions on interest earned on time deposits in 2007.	<u>(2,150,074.25)</u>
	2,440.88
II. EXTRAORDINARY REVENUES	2,065.83
1. Income corresponding to the Information Society METEHO subsidy for investment in computing equipment.	375.05
2. Income from reimbursement of previous years' pension contributions not owed.	
B. EXPENSES (I+II+III)	896,536.34
I. ADMINISTRATIVE EXPENSES	861,063.70
1. <u>Staff salaries and third-party fees:</u>	<u>712,403.13</u>
a) Wages and salaries of salaried employees and seconded staff.	628,105.53
b) Fees to auditors and other freelancers.	44,092.51
c) Fees for the annual audit.	6,497.40
d) Board members' remuneration.	21,120.00
e) Staff training and group insurance policies.	12,587.69
In 2007, the staff composition at HDGF was as follows:	
• The Director is seconded from the Bank of Greece.	
• Ten staff are employed under private law contracts.	
• One internal auditor.	
• One auditor for the additional administrative audit.	
2. <u>Other operating costs:</u> These include: Rent and running costs of HDGF's offices, staff travel expenses, publishing costs of HDGF's financial statements for 2007 and information booklet on its role and activities, purchase of consumables, and banking fees paid to the Bank of Greece vis-à-vis HDGF's payroll and asset management.	<u>101,331.58</u>
3. <u>Fixed assets depreciation:</u> Fixed assets depreciation is computed using depreciation ratios set out in PD 299/2003.	<u>47,328.99</u>

Depreciation is broken down as follows:

- Depreciation of start-up expenses and related costs. 16,924.08
- Depreciation of furniture, computers and other equipment. 5,008.72
- Depreciation of premises and fixtures. 23,504.11

II. PROVISIONS

15,339.59

Provisions for staff compensation:

Provisions to cover compensation due in the event that permanent members of staff retire from employment.

III. EXTRAORDINARY AND NON-OPERATING EXPENSES

Compensation for seconded staff:

20,133.05

Compensation for seconded staff of previous years that was paid during 2007.

SURPLUS CARRIED FORWARD

127,557,703.21

As a non-profit making legal entity, HDGF is not subject to income tax on revenues deriving from its operations. Thus, the total profits for the financial year are carried forward as surplus to "Own Funds".

