HELLENIC DEPOSIT & INVESTMENT GUARANTEE FUND (HDIGF)

ANNUAL REPORT

2008

The Hellenic Deposit and Investment Guarantee Fund (HDIGF) was established by virtue of article 2, paragraph 1 of Law 3746/2009 (Government Gazette 27A/16-02-2009), and is the successor in interest to the Hellenic Deposit Guarantee Fund, established by virtue of article 2 of Law 2832/2000. Likewise, by virtue of article 27 of Law 3746/2009, the HDIGF, as successor in interest to the HDGF, succeeds to the rights and obligations of the latter vis-à-vis third parties, including its personnel.

Accordingly, the HDIFG prepared the 2008 Annual Report for the 13th year of operations of the former HDGF, which covers the period from 01-01-2008 to 31-12-2008.

HELLENIC DEPOSIT & INVESTMENT GUARANTEE FUND (HDIGF)

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HELLENIC DEPOSIT GUARANTEE FUND (HDGF)

(1-1-2008 to 31-12-2008)

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Manager of Credit System Supervision, Bank of Greece (*)

Panayiotis E. Kyriakopoulos

(*) attends Board meetings without right to vote

DIRECTORS

George I. Stratakis *(till 24-8-2008)*

Stergios A. Stagos *(since 25-8-2008)*

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HDIGF ANNUAL REPORT 2008

1. The banking system and deposit guarantees

The HDIGF Annual Report for 2008 presents the thirteenth year of operations of the HDGF, covering the period from 1 January 2008 to 31 December 2008, when major developments impacted the banking system as well as the deposit-guarantee scheme.

1.1 Developments in the global banking system and the role of deposit guarantees

In 2008, the turbulence that originally appeared in the previous year in the banking markets turned into a full-blown storm. The main reason for this was that during the first half of 2008 the financial strength of investment banks in the US became seriously weakened, culminating in the near collapse of Bear Stearns in March 2008, as well as a number of government-sponsored enterprises involved in mortgage lending and some US bond insurers. A serious symptom of the turbulence was the inability of the interbank market to keep interbank lending buoyant, while the cost of lending rose, reflecting the prevailing conditions of extreme uncertainty.

In the second half of the year, the force and breadth of the storm increased yet more in the banking markets, with the eventual collapse of Lehman Brothers, the investment banking colossus in the US, and emergence of signs that depositor confidence, even regarding healthy banks, was declining dramatically, while a generalized instability was gripping the banking market around the globe.

Governments began to intervene dynamically in an effort to contain the impact of the unprecedented force of the global credit crisis, hoping thereby to maintain stability in the banking system and keep funding to the economy flowing, while also seeking to minimize the fallout in the real economy. These measures focused, on the one hand, on maintaining an adequate supply of liquidity in the banking sector and strengthening the capital base of those banks that were encountering serious difficulties and, on the other hand, on raising the level of cover among deposit-guarantee schemes so as to protect the savings of depositors and restore confidence in the banking system. This served to highlight the key role that deposit-guarantee schemes play in containing systemic risk resulting from loss of confidence by depositors, even as regards healthy credit institutions, which could derive either from financial troubles, faced by a limited number of banks in a single country or from shockwaves sparked off by global crises. The deposit-guarantee scheme, functioning as a means of fending off external shocks, gave the authorities greater flexibility in dealing with hazardous situations in the banking system.

While massive intervention by the authorities succeeded in containing some of the fallout from the credit crisis, the worsening in economic fundamentals around the globe will only serve to increase problems at banks thereby prolonging the woes of the banking markets. Recovery is likely to depend largely on the return to normal operations in the banking sector in order to secure an uninterrupted flow of savings funds into productive investments. The deposit-guarantee scheme is extremely important in this respect, since it strengthens the confidence of ordinary depositors in the banking system and boosts its resilience in the face of systemic risk.

1.2 Developments in the Greek banking system

The adverse conditions prevailing in the global money and capital markets have inevitably had a negative impact on the Greek banking sector, though its fundamentals nevertheless remain strong. This development reflects Greek banks' very limited exposure to the toxic assets associated with the US subprime mortgage market lying at the heart of the credit crisis, their sound capital structure, their low dependence on the markets for raising funds, their satisfactory level of gearing, and the implementation of stricter criteria in their credit approval policies. Furthermore, in view of the growing risks that derive from the high volatility in the money and capital markets that is leading to losses in the value of assets, weaker economic activity and, consequently, higher loan losses, current conditions of tight liquidity in the international markets and the marked sensitivity of the emerging markets of SE Europe to the global crisis, Greek banks, at the suggestion of the Bank of Greece, are taking measures to strengthen their position and secure stability in the banking system.

In line with the requirements of the times, Greek credit institutions have kept their capital adequacy ratios high as well as their provisions for loan loss, while also making serious efforts to enhance the mix and quality of their loan books so as to be better positioned to absorb the external financial shocks. As a result of these developments, Greek banks' profits retreated somewhat in 2008, while a downward trend – similar to that reported by banks throughout the euro area – was also seen in core efficiency ratios, though these still fared relatively well.

Within this overall framework, and in its efforts to address the impact of the global banking crisis, the government together with the Bank of Greece prepared a plan to strengthen liquidity in the economy, which was brought into effect by virtue of Law 3723/2008 (Government Gazette 250A/19-12-2008). This plan aims primarily at proactively averting a situation whereby credit would dry up in the economy, injecting liquidity into the banking system through the issue of special Hellenic Republic notes and the provision of government guarantees for loans to be taken out by banks. Additionally, this plan is expected to enhance the capital base of banks by means of government participation in their capital through the acquisition of preferred stock. Many of the banks opted to participate in the scheme, thereby keeping credit flowing and bringing normal conditions back to the banking market.

1.3 Measures taken on the European level

A country's deposit-guarantee scheme, aimed at providing protection for savers, reduces the likelihood of a generalized bank run under condition of panic. Accordingly, in their efforts to address the consequences of the ongoing turbulence in the global banking markets and restore confidence and normal operations to the banking sector, many of the countries of the

European Union strengthened their deposit-guarantee schemes at national level. However, it quickly became clear that in order to secure banking stability at the same time without derailing progress towards the single banking market because of competition factors, the EU Member States needed to work in unison.

In periods of banking stability, when the failure of banks was considered extremely unlikely, the deposit-guarantee scheme was viewed as a means of protecting first and foremost small depositors. Accordingly, key principles of this system were not included in the framework of the minimum harmonization required for implementing the principle of mutual recognition of regulatory controls and the principle of control of credit institutions by the authorities of the country of origin, which comprise the basic working principles for an integrated banking market in the EU. When, however, as recently, the guarantee of deposits becomes crucial for stability in the banking sector, it is clear that minimum harmonization is not sufficient if it is not extended also to the insurance mechanism for credit institutions.

Even in the earliest stages of the credit crisis measures were taken at the European level. Initially, the measures basically provided for the supply, on the part of the ECB, of badly needed liquidity. As the situation rapidly deteriorated, however, during the second half of 2008, various initiatives were also taken on the political level. At an emergency meeting of the Ecofin Council on 7 October 2008 to map out the immediate response to the financial crisis, the participants committed to implement every measure necessary to support stability in the banking sector. It was thus agreed that the EU Member States would provide, for an initial period of at least one year, deposit guarantees of a minimum of euro 50,000 while recognizing that some of the EU Member States could in fact increase this limit to as much euro 100,000. In addition, in a drive to enhance deposit protection and boost convergence of deposit-guarantee schemes the EU submitted to the European Parliament and the Council a specific Proposal Directive amending Directive 94/19/EC on deposit-guarantee schemes, in respect of the level of cover and disbursement deadlines. The Proposal moves within the framework agreed by EU finance ministers at the Ecofin Council of 7 October 2008.

Directive 94/19/EC sets the minimum guarantee level at euro 20,000 while at the same time giving EU Member States the flexibility to determine higher coverage according to their economy. However, as the crisis took hold, this level looked insufficient: on the one hand, it was not enough to preserve the confidence of depositors and, in turn, the stability of the banking system; on the other hand, it could lead to cross-border distortions in competition between member states as a result of differing guarantee levels. Indeed, in their efforts to address the impact of the credit crunch almost all the Member States increased their deposit-guarantee levels, given that the low level specified by the Directive was leading to a bank run. Following the increase in the guarantee level, only eight countries provide guarantees for deposits up to euro 50,000 while France and the UK are between euro 50,000 and euro 100,000. Additionally, the differences in the level of cover lead, among other things, not only to flight of deposits from countries with low guarantee levels to countries with higher guarantee levels, but also from banks located in countries with lower guarantee levels to banks located in countries with higher guarantee levels, which nevertheless operate within the same market.

According to the Proposal of the European Commission, the minimum cover must be raised to euro 50,000. Furthermore, as of 31 December 2010, the level shall be raised to euro 100,000 unless, according to the European Commission's assessment of the impact submitted to the European Council by 31 December 2009, the setting of this limit and the concomitant harmonization are considered inappropriate for addressing the problems in the banking sector and financially unviable for all the Member States. In the event that the assessment indicates that the guarantee level of euro 100,000 and concomitant harmonization are not appropriate, the European Commission must submit new proposals to the European Parliament and the Council. In addition, the Proposal Directive provides the European Commission with the authority to adjust the cover level in line with inflation in the EU, as measured by the Harmonized Index of Consumer Prices published by it.

The Proposal recognizes that the three-month deadline for paying compensation to beneficiaries specified by the current Directive, which can be extended to nine (9) months, does little to restore consumer confidence in the banking system. Accordingly, the disbursement time needs to be slimmed to twenty (20) working days, which can then be extended for a further ten (10) days in exceptional circumstances and subsequent to approval by the relevant authorities. Two years after the new Directive comes into force, the Commission shall submit a report to the European Parliament and the Council on the effectiveness of the disbursement process, in which it shall also consider the likelihood of reducing the deadline even further to ten (10) working days. In addition, in the event that the regulatory authorities activate the deposit-guarantee scheme because a bank is unable to return deposits, and in order to facilitate rapid disbursement of compensation to depositors, the date of the decision regarding the bank's collapse is reduced to five (5) working days, from the twenty-one (21) currently in force. Last, the principle of co-insurance is discontinued: a number of Member States had employed the concept of co-insurance, by which, at the time of payment of compensation, a percentage was withheld and depositors were obliged to bear part of the loss of their deposits.

The Proposal recognizes the right to set up and run deposit-guarantee schemes that provide full cover for certain kinds of long-term deposits, such as pension claims. In addition, the Proposal does not deal with schemes that aim at securing the normal operation of banks by strengthening their solvency and liquidity, and which provide protection to depositors at least equal to that of deposit-guarantee schemes, as well as voluntary compensation schemes that have not been officially recognized by a Member State.

In addition, the Proposal lays the basis for further harmonization of the deposit-guarantee schemes. The Commission is charged with the task of submitting to the European Parliament and the Council by 31 December 2009 a report on:

- harmonization of funding systems, examining in particular the availability of funds required to pay compensation, the impact of the current differences on fair competition, and the benefits and costs of harmonization,
- imposition of contributions on the basis of risk undertaken by the banks,
- current divergences in the legal framework of the various Member States regarding set-off of banks' counterclaims for computing compensation, the effectiveness of the set-off system, and the likely difficulties that this will create in cross-border settlement procedures,
- harmonization of the range of products and depositors covered, taking into account the special operating circumstances of small and medium enterprises and local authorities,
- the link between deposit-guarantee schemes and alternative means for reimbursing depositor, such as emergency payout mechanisms, and
- the benefits and costs arising from the likely imposition of a Community-wide deposit-guarantee scheme.

The adoption of the said Proposal undoubtedly strengthens the effectiveness of deposit guarantees. At the same time, however, it involves a number of substantial changes in the way the agencies concerned operate and the way that banks keep depositor data, so that they can disclose swiftly and accurately information for calculating compensation within the narrow time limit set by the Proposal of the European Commission[1].

In addition, international consultations on effective reforms in the banking system have been stepped up so as to address the problems highlighted by the crisis and the address the danger of more generalized instability in the banking markets. These consultations will inevitably focus also on the deposit guarantee system, given that this is an inherent part of crisis management in the banking system.

1.4 Legislative changes in the Greek deposit-guarantee scheme

During the past year, the HDGF, as the agency responsible for implementing the deposit-guarantee scheme in Greece, played a crucial role in maintaining an environment of banking stability, thereby creating a mood of security among the saving public and absorbing the shocks that derived from the deteriorating

[1] The said Proposal of the European Commission has now become Directive 2009/14/EC of the European Parliament and Council and was published in the Official Journal of the European Union, Law 68/13-3-2009. p.3.

position of banks abroad. In its efforts to fulfil its mission and further strengthen the credibility of the institution in the public mind, it decided, by virtue of article 6, L. 3714/2008 (Government Gazette 23A/7-11-2008), to increase the level of deposits covered to euro 100,000 for a period of three years and to increase five-fold the levels for calculating the annual contributions by banks, by their position on a scale, so that contributions are in line with the maximum guarantee level.

What is more, in order to integrate the field of implementation of the guarantee scheme and enhance the workings of the agency charged with managing it, priority has been placed on modernizing, consolidating and codifying the provisions governing depositor compensation when banks become insolvent. Accordingly, new legislation was introduced, under Law 3746/2009 (Government Gazette 27A/16-2-2009), establishing the Hellenic Deposit and Guarantee Fund (HDIGF), successor in interest to the Hellenic Deposit Guarantee Fund (HDGF). This legislation broadens the task of the agency to extending cover also for investment services provided by banks that are not subject to the Co-Guarantee Fund for Insuring Investment Services of L. 2533/1997 (Government Gazette 228A/11-11-2009). Accordingly, a strong and credible agency has been established whose protection now extends to all market sectors where banks are active. Note that by virtue of the new legislation two discrete sectors of guarantee activity are established, drawing on separate asset pools: Deposit Guarantees, which involves the sum of the assets of the HDIGF, and Investment Guarantees, for which a separate asset pool is planned. This capital will be composed primarily of contributions from banks providing covered investment services so as to meet the potential claims therefrom and thereby secure the fullest measure of cover.

1.5 International activity of the HDGF in 2008

During the year in question, the HDGF participated in the European Forum of Deposit Insurers (EFDI), which promotes cooperation and exchange of know-how and views among European deposit guarantee organizations. Last year it focused on determining the fallout from the credit crunch, so that its members are prepared to deal with the situation. The EFDI also monitored closely European Commission initiatives regarding revision of Directive 94/19/EC on deposit-guarantee schemes. A number of working groups set up by the EFDI will help it assess the proposed amendments to the Directive and submit for adoption the proposals that seem best suited to enhancing the efficiency of the various deposit-guarantee schemes. In addition, the EFDI promotes cooperation with the US Federal Deposit Insurance Corporation (FDIC) and the International Association of Deposit Insurance (IADI) in which non-EU deposit-guarantee schemes participate. This collaboration and exchange of views and experience is particularly important given the intense pace of globalization and the speed at which local or international crises can inflict shocks on the wider global system.

On 22 and 23 September 2008 the annual meeting of the EFDI was held in Dublin together with the first EFDI - FDIC joint conference on the subject of Financial Integration and the Safety Net. At the meeting, in which the HDGF took part, the outlook and challenges faced by deposit-guarantee schemes under present-day conditions of intense stress in the global markets, the impact of loss of depositor confidence in banks, and the potential for enhancing the efficiency of the institution of deposit-guarantee schemes were analyzed in detail.

The European Commission assigned the EFDI with the task of carrying out a study regarding the development of a joint voluntary approach to determining contributions on the basis of the risks undertaken by credit institutions. The HDGF participates in the relevant working group set up by the EFDI and composed of experts from the various European deposit guarantee schemes and the Joint Research Centre of the Commission. At the meetings of the working group, which took place in Ispra, Italy on 11 April and 21 May 2008, the means for funding EU deposit-guarantee schemes on the basis of risks undertaken by banks were discussed and analyzed, and the components needed for such a system to work effectively were outlined.

The HDGF also participated in the meeting of the EU Member States financial services working group held on 28 October 2008 in Brussels, which examined the Commission's Proposal for revision of Directive 94/19/EC.

In September 2008, the general manager of the Deposit Guarantee Scheme of Kazakhstan, Mrs Bakhyt Mazhenova, made an official visit to the HDGF. During her visit, Mrs Mazhenova was given an opportunity to examine the way in which the HDGF operates, compare notes with the Greek agency, and discuss the practices of an efficient system. Mrs Mazhenova also invited the director of the HDIGF to visit Kazakhstan for the IADA meeting that is scheduled to take place in Almaty in May 2009.

2. Revenues, expenses and accounts

2.1 Introduction

The factors affecting the financial performance of the HDGF are first and foremost bank deposits, the entry of new member banks to the scheme, and the yields of the securities in which the HDGF's funds are invested. Specifically, increases in deposits have a positive impact on both revenues from annual contributions and on capital income because of the increased placements on which interest is calculated, while the entry of new member banks leads – thanks to the payment of initial subscription fees and annual contributions – to an increase in revenues, although, significantly, it also increases the potential liabilities of the HDGF.

In 2008, deposits grew rapidly, reflecting the dysfunction of the interbank market and the resultant effort by banks to attract deposits, particularly time deposits. Because of the increase in deposits, which comprise the basis for computing contributions by member credit institutions, the Board of Directors of the HDGF decided to adjust the thresholds for calculating banks' contributions. In addition, by virtue of article 6, Law 3714/2008, the maximum cover offered by the deposit-guarantee system was increased fivefold from euro 20,000 to euro 100,000 while there was a fivefold increase in the calculation ratio for contributions. The deposit thresholds and corresponding calculation ratios for annual contributions in 2008 are set out in the following table:

Deposit thresholds (€ millions)	Percentage contribution rate
0 – 600	0.625
600.01 – 2,990	0.6
2,990.01 – 8,843	0.5875
8,843.01 – 20,940	0.1025
over 20,940	0.0125

According to article 4, par. 11 and 12 of Law 3746/2009, four fifths of the total contribution as set out above comprises "Additional Deposit Guarantee Funds", which is defined as assets belonging ab indiviso to the member credit institutions of the scheme in proportion to their percentage participation in it. The formation of this Fund does not influence the results of the HDIGF.

In 2008, the number of HDGF member credit institutions was impacted by the opening of a branch of "T.C. Ziraat Bankasi A.S." in Greece and its subscription to the HDGF in November 2008. Accordingly, the number of HDGF member credit institutions at the end of the year totalled forty one (41). Nineteen (19) of these are Greek commercial and investment banks, sixteen (16) Greek cooperative banks, and six (6) branches of banks incorporated outside the EU.

Credit institutions participating in HDGF in 2008

A.	**Greek commercial banks**
1.	ATEbank
2.	Aegean Baltic Bank
3.	Alpha Bank
4.	Aspis Bank
5.	Bank of Attica
6.	General Bank of Greece
7.	National Bank of Greece
8.	Emporiki Bank
9.	Emporiki Credicom
10.	Investment Bank of Greece
11.	EFG Eurobank - Ergasias
12.	Marfin Egnatia Bank
13.	Millennium Bank
14.	Panellinia Bank
15.	Piraeus Bank
16.	Proton Bank
17.	FBB – First Business Bank
19.	Greek Postal Savings Bank
B.	**Greek cooperative banks**
20.	Achaiki Cooperative Bank
21.	Chania Cooperative Bank
22.	Corinthia Cooperative Bank
23.	Drama Cooperative Bank
24.	Dodecanese Cooperative Bank
25.	Epirus Cooperative Bank
26.	Evia Cooperative Bank
27.	Evros Cooperative Bank
28.	Karditsa Cooperative Bank
29.	Lamia Cooperative Bank
30.	Lesvos-Lemnos Cooperative Bank
31.	Pankritia Cooperative Bank
32.	Pieria Cooperative Bank
33.	Serres Cooperative Bank ("Serraiki Credit")
34.	Thessaly Cooperative Bank
35.	West Macedonia Cooperative Bank
C.	**Branches of credit institutions incorporated outside the EU**
36.	American Express Banking Corporation
37.	Bank of America N.A.
38.	Bank Saderat Iran
39.	Intesa SanPaolo Bank Albania-Greek Branch
40.	Kedr Bank Athens
41.	T.C. Ziraat Bankasi A.S.

The yields of European securities in which the HDGF invests its funds presented substantial fluctuations in 2008, due to the environment of extreme uncertainty in the international markets.

Expenses posted a slight decline compared with the budget projections but just had a very small impact on the final results because of their relatively low overall level.

The following section gives an account of the factors that led to divergence between the results and initial budget levels. A breakdown of the revenues, expenses and accounts of the HDGF in 2008 is set forth in tables 2, 3 and 4.

2.2 Revenues

Total income in 2008 amounted to **euro 159,022,775**. This was 5.1% higher than the budget forecast of **euro 151,235,300** (Tables 1 and 2).

Income from membership contributions totalled euro 121,017,293 or 7.8% over initial projections of euro 112,255,300. This reflected mainly the 19% growth in deposits, which comprise the basis for calculating contributions, as compared with the forecast for 10% growth.

Capital revenues, which are comprised mainly of interest, totalled euro 38,005,137. This result was 2.5% shorter than the forecast euro 38,980,000 reflecting the fact that interest rates were lower than expected. The average return on placements in time deposits, which is determined by the interest rate on Greek Government 3-month T-bills, stood at 4.06% compared with the expected 4.1%. The average return on European government securities in which the HDGF invests (via the Bank of Greece) stood at 4.11% compared with initial estimates of 4.25%. For placements overall the average return in 2008 was 4.07% compared with the budgeted 4.14% and 3.66% in 2007. The shortfall in interest income was more than offset by the increase in membership fees, thereby pushing total revenues to higher levels than anticipated.

2.3 Expenses

Total expenses amounted to **euro 916,401**. This was 2.5% less than the anticipated euro 940,000 (Tables 1 and 3). The various factors behind the divergence between eventual and forecast expenses are listed below:

a) Staff salaries and third-party fees amounted to euro 730,434 or 4.3% below initial expectations of euro 763,200. This reflects mainly the change in status of seconded staff.

b) Third-party service fees totalled euro 27,030 overshooting the budget forecast of euro 24,300 by 11.2%, mostly because of the higher expenses relating to public utility corporations.

c) Tax and duties amounted to euro 10,875 or 35.9% over forecasts of euro 8,000 because of the change in legislation regarding property tax.

d) Other expenses amounted to euro 60,230 or 15.3% below the forecast of euro 71,100 mainly because of lower publication costs than anticipated.

e) Banking fees, which include fees for management of the HDGF's funds, amounted to euro 14,822 or 64.7% over the budget forecast of euro 9,000 because of the greater volume of transactions involved in the management of the HDGF's assets.

f) Fixed assets depreciation was at the budgeted level.

g) Provisions totalled euro 22,271 exceeding initial projections of euro 15,400 by 44.6% due to implementation of the new collective labour agreement and the increase in staff pay.

Last, extraordinary and non-operating expenses totalled euro 2,940 reflecting back-dated payment of salaries of seconded staff who departed from service at the HDGF.

2.4 Results – Investments

Surplus funds at the end of 2008 totalled **euro 158,106,374**. This was 5.2% above the budgeted euro 150,295,300. Furthermore, funds for investment were 2.1% over the budgeted estimate of euro 151,900,000 at euro 155,159,900. The difference between the surplus funds and the funds for investment reflects the fact that membership fees are collected in instalments and consequently the HDGF's claims on its member credit institutions are higher relative to the previous year.

Last, the HDGF's accumulated funds at 31 December 2008 amounted to euro 1,100,511,817 while total capital resources and cash in hand and cash equivalents amounted to euro 1,098,650,730 (Table 6).

2.5 Additional funds for guaranteeing deposits

The Supplementary Deposit Cover Fund set up pursuant to Law 3746/2009 (Government Gazette 27A/16-2-2009) stood at euro 481,726,980 (Table 5). Of this amount, **euro 481,687,106** comprises the additional annual contribution, and euro 39,874 earnings derived from management of this contribution. Note that the law specifies that the deadline for payment of the corresponding contributions by banks is 31 December 2008, which date most of the banks used as the payment date for meeting their membership dues, meaning that earnings derived therefrom in 2008 were low.

The total accumulated funds of the HDGF, including the Supplementary Deposit Cover Fund, at 31 December 2008 amounted to **euro 1,582,238,796** (Table 7).

Table 1

Results 2008

Amounts in euro

		2008		Deviation (%)
		Budget target	Actual	
I.	**ORDINARY REVENUES**	**151,235,300**	**159,022,775**	**5.1**
	- Membership fees	112,255,300	121,017,293	7.8
	- Capital income (after tax)	38,980,000	38,005,137	-2.5
	- Extraordinary and non-operating income	-	345	-
II.	**EXPENSES**	**940,000**	**916,401**	**-2.5**
	1. Ordinary expenses	*924,600*	*89,190*	*-3.6*
	- Staff salaries & 3rd party fees	763,200	730,434	-4.3
	- 3rd party services	24,300	27,030	11.2
	- Taxes & duties	8,000	10,875	35.9
	- Other operating expenses	71,100	60,230	-15.3
	- Banking expenses	9,000	14,822	64.7
	- Fixed assets depreciation	49,000	47,799	-2.5
	2. Provisions	*15,400*	*22,271*	*44.6*
	3. Extraordinary & non-operating expenses	-	*2,940*	-
III.	**SURPLUS (I-II)**	**150,295,300**	**158,106,374**	**5.2**
IV.	**FUNDS FOR INVESTING**	**151,900,000**	**155,159,900**	**2.1**
	- Surplus	150,295,300	158,106,374	5.2
	- Fixed assets depreciation	49,000	47,799	-2.5
	- Change in claims & liabilities[1]	1,555,700	-2,994,273	…
V.	**INVESTMENTS**	**151,900,000**	**155,159,900**	**2.1**
	- Placements in securities	32,150,000	32,326,400	0.5
	- Time deposits	119,730,000	122,832,200	2.6
	- Fixed equipment	20,000	1,300	-93.5

[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 2

Revenues 2008

Amounts in euro

		2008		Deviation (%)
		Budget target	Actual	
	<u>REVENUES</u>	**<u>151,235,300</u>**	**<u>159,022,775</u>**	**<u>5.1</u>**
1.	**Membership fees**	**112,255,300**	**121,017,293**	**7.8**
	- Annual contributions	*111,355,300*	*120,421,776*	*8.1*
	- Initial subscription fee for new members	*900,000*	*595,517*	-
2.	**Capital income**	**38,980,000**	**38,005,137**	**-2.5**
	- Income on securities	*9,950,000*	*9,455,507*	*-5.0*
	Income on EU securities	9,950,000	9,455,507	
	- Interest on deposits (after tax)	*29,030,000*	*28,549,630*	*-1.7*
	Interest on deposits (before tax)	32,255,600	31,721,811	
	Less: tax	3,255,600	3,172,181	
3.	**Extraordinary & non-operating income**	**-**	**345**	

Table 3

Expenses 2008

Amounts in euro

		2008		Deviation (%)
		Budget target	**Actual**	
	EXPENSES	**940,000**	**916,401**	**-2.5**
1.	**Administrative Expenses**	**924,600**	**891,190**	**-3.6**
a.	***Staff salaries & 3rd party fees***	***763,200***	***730,434***	***-4.3***
i	**Staff salaries & expenses**	**733,500**	**700,780**	
-	***Salaries of staff on HDGF payroll***	***505,300***	***493,833***	***-2.3***
	Payroll staff	348,300	355,470	2.1
	Seconded staff	150,500	138,149	-8.2
	Fees for 3rd parties hired on a project basis	6,500	214	-96.7
-	***Other fees & staff expenses***	***10,800***	***5,374***	***-50.2***
	Staff training expenses	4,000	357	-91.1
	Staff benefits	6,800	5,017	-26.2
-	***Employer's contributions***	***162,600***	***144,648***	***-11.0***
	Employer's contributions for salaried staff	77,900	73,048	-6.2
	Employer's contributions to insurance funds	77,700	66,715	-14.1
	Employer's contributions to Attorneys' Fund	6,300	4,867	-22.7
	Employer's contributions for staff hired on a project basis	700	18	-97.4
-	***Other staff expenses***	***54,800***	***56,925***	***3.9***
	Internal auditor fee	37,800	37,450	-0.9
	Seconded staff	17,000	19,475	14.6
ii	**Third-party fees & expenses**	**29,700**	**29,654**	**-0.2**
	Fees of other freelancers	1,700	1,727	1.6
	BoD remuneration	21,100	21,120	0.1
	Chartered auditors' fees	6,900	6,807	-1.3
b.	***Third-party services***	***24,300***	***27,030***	**11.2**
-	Phone, electric & post	13,000	11,765	-9.5
-	Insurance	1,300	1,029	-20.8
-	Contracts – maintenance of equipment	10,000	14,236	42.4
c.	***Tax & duties***	***8,000***	***10,875***	***35.9***
d.	***Other operating expenses***	***71,100***	***60,230***	***-15.3***
-	Travel expenses	6,500	6,826	5.0
-	Information & PR expenses	4,500	3,671	-18.4
-	Subscriptions	8,300	4,491	-45.9
-	Printed materials & stationery	2,600	1,582	-39.2
-	Consumables	3,800	4,164	9.6
-	Publications	28,000	23,725	-15.3
-	Communal bills	17,100	15,771	-7.8
-	Other 3rd party fees for services rendered	300	-	-
e.	***Banking expenses***	***9,000***	***14,822***	***64.7***
f.	***Fixed assets depreciation***	***49,000***	***47,799***	***-2.5***
2.	**Provisions**	**15,400**	**22,271**	**44.6**
3.	**Extraordinary & non-operating income**	**-**	**2,940**	**-**

Table 4

Changes in receivables and liabilities 2008

Amounts in euro

		2008	
		Budget target	**Actual**
	Changes in receivables & liabilities {(I+III+IV)-(II)} [1]	**1,555,700**	**-2,994,277**
I.	Change in HDIGF's current account no. 612.271 held with BoG	65,800	4,035
II.	Change in claims [2,3]	-1,464,500	3,161,755
	Annual contributions	5,061,650	9,594,846
	Initial contributions of new members	-6,526,150	-6,430,794
	Other claims	-	-2,297
III.	Change in liabilities [4,5]	10,000	141,172
	Tax, duties, insurance contributions	-	-2,272
	Other transition accounts	10,000	-80,597
	Adjustment accounts	-	224,041
IV.	Provisions	15,400	22,271

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 unallocated capital that increases funds for investing.
5. The decrease in liabilities reduces capital for investing.

Table 5

Breakdown of Supplementary Deposit Cover Fund 2008

Amounts in euro

		2008
I.	**Balance at 1 January**	**-**
-	Annual contribution	481,687,106
-	Earnings	39,874
II.	**Balance at 31 December**	**481,726,980**

Table 6
Breakdown of capital resources at 31 December 2008
Amounts in euro

1.	Government securities	256,577,623.13
2.	Time deposits [1]	780,889,686.51
3.	Claims from contributions	60,859,906.00
4.	Other resources	323,514.83
	Total capital resources (1+2+3+4)	**1,098,650,730.47**

1. Including earned but non-claimable interest on time deposits amounting to euro 7,454,512.42

Diagram 1: Percentage breakdown of capital resources at 31 December 2008

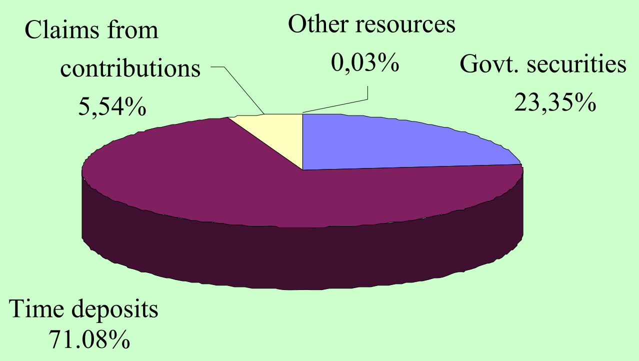

Table 7

Breakdown of accumulated capital resources at 31 December 2008

Amounts in euro

Total accumulated capital resources of HDGF	1,100,511,816.80
Supplementary deposit cover fund	481,726,979.20
Total accumulated capital resources at 31 December 2008	1,582,238,796.00

Diagram 2: Percentage breakdown of accumulated capital resources at 31 December 2008

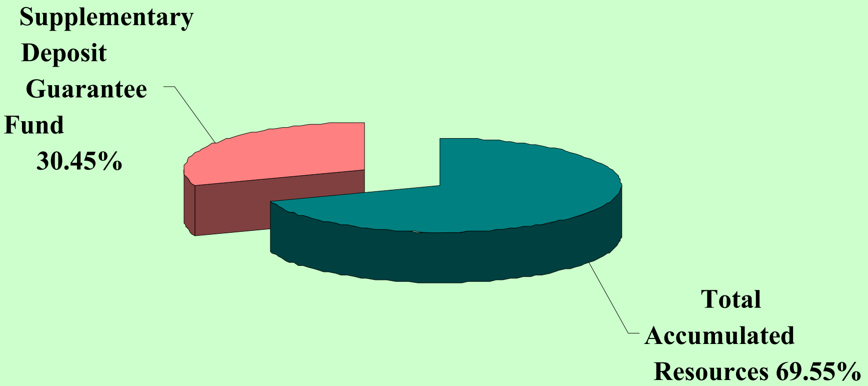

Table 8

HDGF's annual resources 1995-2008

Amounts in euro

	Start-up capital	New members' entry fees	Annual contributions	Interest	Total resources
1995	8,804,109		28,777,290		**37,581,399**
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	12,301,560	**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**
2008		595,517	120,421,776	38,005,137	**159,022,430**

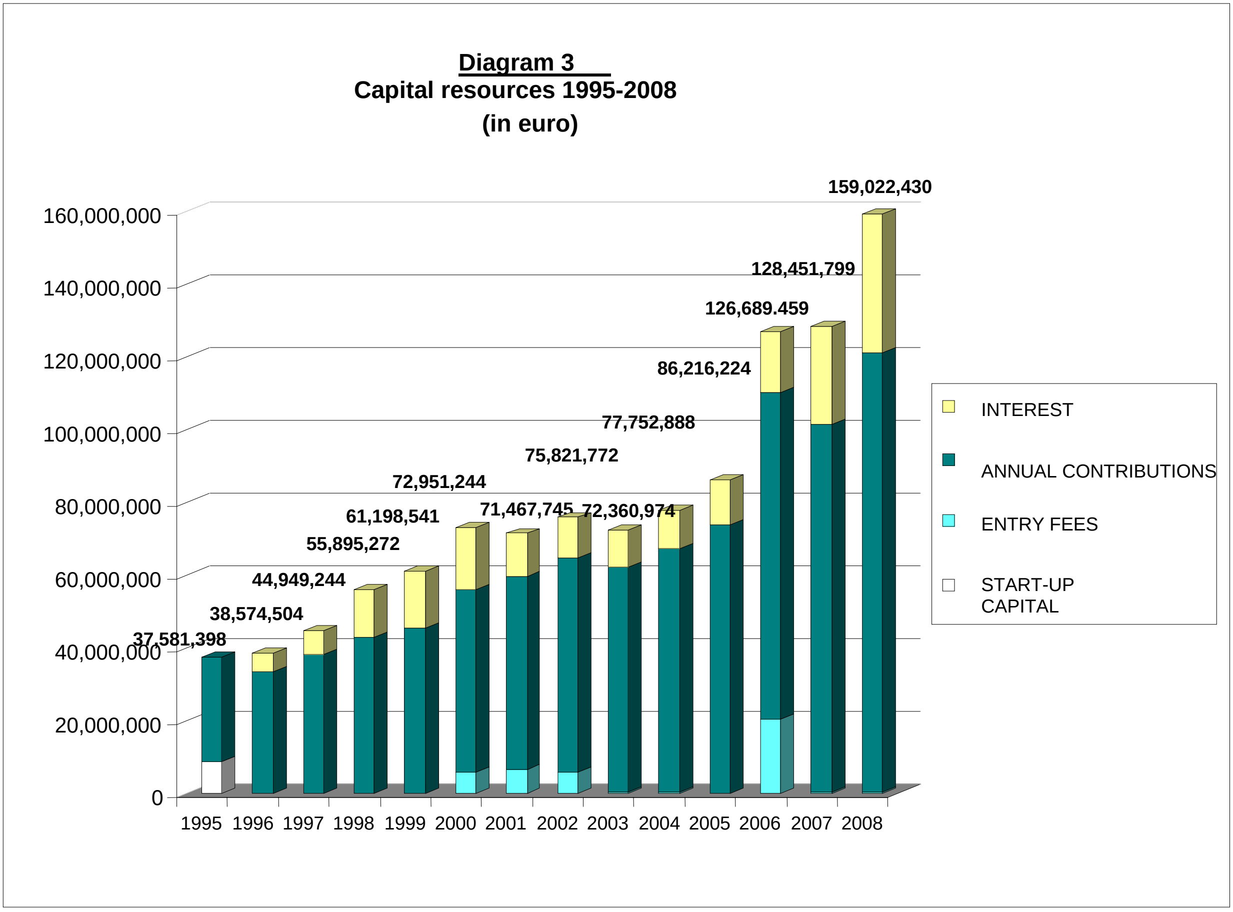

Table 9

Breakdown of HDGF time deposits per credit institution as at 31 December 2008

Amounts in euro

Credit institutions participating in the HDGF		Balance at 31/12/2008 [1]
1.	NATIONAL BANK OF GREECE	119,239,568.22
2.	ALPHA BANK	112,208,978.91
3.	EFG EUROBANK - ERGASIAS	98,290,210.97
4.	ATEBANK	91,648,644.05
5.	EMPORIKI BANK	91,410,685.53
6.	PIRAEUS BANK	73,629,582.80
7.	MARFIN EGNATIA BANK	42,904,279.62
8.	GREEK POSTAL SAVINGS BANK	36,502,601.62
9.	GENIKI BANK	22,395,166.46
10.	BANK OF ATTICA	14,147,551.55
11.	ASPIS BANK	12,789,848.34
12.	MILLENNIUM BANK	10,422,769.35
13.	FBB FIRST BUSINESS BANK	8,976,252.72
14.	PROBANK	8,935,323.83
15.	PROTON BANK	6,972,177.37
16.	PANKRITIA COOPERATIVE BANK	5,457,687.53
17.	AMERICAN EXPRESS BANKING CORPORATION	3,636,294.18
18.	INVESTMENT BANK OF GREECE	2,190,676.29
19.	PANELLINIA BANK	2,183,733.56
20.	CHANIA COOPERATIVE BANK	1,323,808.00
21.	DODECANESE COOPERATIVE BANK	1,083,873.67
22.	BANK OF AMERICA N.A.	1,029,800.18
23.	AEGEAN BALTIC BANK	992,850.53
24.	ACHAIKI COOPERATIVE BANK	656,344.63
25.	LAMIA COOPERATIVE BANK	616,725.46
26.	EMPORIKI CREDICOM	567,315.74
27.	EVIA COOPERATIVE BANK	357,020.85
28.	INTESA SANPAOLO BANK ALBANIA -GREEK BRANCH	351,849.61
29.	THESSALIA COOPERATIVE BANK	343,596.80
30.	LESVOS-LEMNOS COOPERATIVE BANK	272,915.15
31.	EVROS COOPERATIVE BANK	269,463.06
32.	EPIRUS COOPERATIVE BANK	268,620.83
33.	SERRES COOPERATIVE BANK “SERRAIKI CREDIT”	258,244.84
34.	KARDITSA COOPERATIVE BANK	194,457.44
35.	DRAMA COOPERATIVE BANK	152,162.17
36.	BANK SADERAT IRAN	150,061.14
37.	PIERIA COOPERATIVE BANK	139,990.07
38.	WEST MACEDONIA COOPERATIVE BANK	137,176.04
39.	KEDR BANK ATHENS	128,300.70
40.	CORINTHIA COOPERATIVE BANK	119,178.51
41.	T.C. ZIRAAT BANKASI A.S.[2]	79,402.00
	TOTAL	**773,435,190.32**

1. This does not include earned unclaimed interest amounting to euro 7,454,496.19.
2. T.C.ZIRAAT BANKASI A.S joined the HDGF on 3 November 2008.

Table 10

Breakdown of HDGF claims by credit institution as at 31 December 2008

Amounts in euro

HDIGF member credit institutions		2nd instalment of annual contribution 2008	Initial contribution	Total claims at 31/12/2008
1.	NATIONAL BANK OF GREECE	6,842,913.00		6,842,913.00
2.	EFG EUROBANK - ERGASIAS	6,545,096.00		6,545,096.00
3.	ALPHA BANK	6,536,220.00		6,536,220.00
4.	PIRAEUS BANK	6,362,368.00		6,362,368.00
5.	ATEBANK	6,301,837.00		6,301,837.00
6.	EMPORIKI BANK	6,036,902.00		6,036,902.00
7.	GREEK POSTAL SAVINGS BANK	5,448,918.00		5,448,918.00
8.	MARFIN EGNATIA BANK	5,348,019.00		5,348,019.00
9.	GENIKI BANK	1,470,062.00		1,470,062.00
10.	BANK OF ATTICA	1,430,118.00		1,430,118.00
11.	MILLENNIUM BANK	1,407,613.00		1,407,613.00
12.	PROBANK	1,376,128.00		1,376,128.00
13.	ASPIS BANK	1,309,627.00		1,309,627.00
14.	PANKRITIA COOPERATIVE BANK	828,409.00		828,409.00
15.	PROTON BANK	742,024.00		742,024.00
16.	FBB FIRST BUSINESS BANK	703,218.00		703,218.00
17.	T.C. ZIRAAT BANKASI A.S. [1]	0.00	496,264.00	496,264.00
18.	PANELLINIA BANK	302,316.00		302,316.00
19.	INVESTMENT BANK OF GREECE	194,341.00		194,341.00
20.	CHANIA COOPERATIVE BANK	180,642.00		180,642.00
21.	KEDR BANK ATHENS	4,389.00	152,758.00	157,147.00
22.	DODECANESE COOPERATIVE BANK	146,050.00		146,050.00
23.	ACHAIKI COOPERATIVE BANK	113,088.00		113,088.00
24.	AEGEAN BALTIC BANK	104,475.00		104,475.00
25.	BANK OF AMERICA N.A.	62,685.00		62.685,00
26.	THESSALIA COOPERATIVE BANK	54,290.00		54.290,00
27.	EVIA COOPERATIVE BANK	48,156.00		48.156,00
28.	AMERICAN EXPRESS BANK BANKING INCORPORATION [2]	38,877.00		38.877,00
29.	EPIRUS COOPERATIVE BANK [3]	36,504.00		36.504,00
30.	LESVOS-LEMNOS COOPERATIVE BANK	31,901.00		31.901,00
31.	LAMIA COOPERATIVE BANK	28,545.00		28.545,00
32.	EVROS COOPERATIVE BANK	26,836.00		26.836,00
33.	SERRES COOPERATIVE BANK "SERRAIKI CREDIT"	25,862.00		25.862,00
34.	CORINTHIA COOPERATIVE BANK	22,865.00		22.865,00
35.	KARDITSA COOPERATIVE BANK	20,460.00		20.460,00
36.	WEST MACEDONIA COOPERATIVE BANK [4]	20,034.00		20.034,00
37.	INTESA SANPAOLO BANK ALBANIA - GREEK BRANCH [5]	19,333.00		19.333,00
38.	DRAMA COOPERATIVE BANK	17,782.00		17.782,00
39.	PIERIA COOPERATIVE BANK	17,181.00		17.181,00
40.	BANK SADERAT IRAN	4,798.00		4.798,00
41.	EMPORIKI CREDICOM	0.00		0,00
TOTAL		**60.210.882,00**	**649,022.00**	**60,859,904.00**

1. T.C. Ziraat Bancasi A.S. joined the HDGF on 3 November 2008.
2. American Express Bank Ltd. was acquired by American Express Banking Corporation on 29 February 2008.
3. Ioannina Cooperative Bank "Stochos" received approval from the BoG on 30 September 2008 to change its name to Epirus Cooperative Bank.
4. Kozani Cooperative Bank received approval from the BoG on 22 February 2008 to change its name to West Macedonia Cooperative Bank.
5. American Bank of Albania Greek Branch notified the BoG on 15 September 2008 that its name has changed to Intesa SanPaolo Bank Albania-Greek Branch.

Table 11

Breakdown of Supplementary Deposit Cover Fund by credit institution at 31 December 2008 [1]

Amounts in euro

HDGF member credit institutions		Value of participation	Percentage participation (%)
1.	NATIONAL BANK OF GREECE	54,745,747.56	11.36%
2.	EFG EUROBANK - ERGASIAS	52,363,109.29	10.87%
3.	ALPHA BANK	52,292,086.12	10.86%
4.	PIRAEUS BANK	50,901,214.10	10.57%
5.	ATEBANK	50,416,942.50	10.47%
6.	EMPORIKI BANK	48,297,370.97	10.03%
7.	GREEK POSTAL SAVINGS BANK	43,605,540.34	9.05%
8.	MARFIN EGNATIA BANK	42,786,062.17	8.88%
9.	GENIKI BANK	11,762,067.55	2.44%
10.	BANK OF ATTICA	11,441,463.26	2.38%
11.	MILLENNIUM BANK	11,261,396.36	2.34%
12.	PROBANK	11,009,519.00	2.29%
13.	ASPIS BANK	10,482,071.91	2.18%
14.	PANKRITIA COOPERATIVE BANK	6,627,566.73	1.38%
15.	PROTON BANK	5,936,462.75	1.23%
16.	FBB FIRST BUSINESS BANK	5,625,990.91	1.17%
17.	PANELLINIA BANK	2,418,639.86	0.50%
18.	INVESTMENT BANK OF GREECE	1,554,797.34	0.32%
19.	CHANIA COOPERATIVE BANK	1,445,199.45	0.30%
20.	DODECANESE COOPERATIVE BANK	1,168,446.11	0.24%
21.	ACHAIKI COOPERATIVE BANK	904,751.35	0.19%
22.	AEGEAN BALTIC BANK	835,839.28	0.17%
23.	BANK OF AMERICA N.A.	501,718.71	0.10%
24.	THESSALIA COOPERATIVE BANK	434,372.11	0.09%
25.	EVIA COOPERATIVE BANK	385,429.54	0.08%
26.	AMERICAN EXPRESS BANK BANKING INCORP.	311,039.87	0.06%
27.	EPIRUS COOPERATIVE BANK	292,059.69	0.06%
28.	LESVOS-LEMNOS COOPERATIVE BANK	255,231.76	0.05%
29.	LAMIA COOPERATIVE BANK	228,364.04	0.05%
30.	EVROS COOPERATIVE BANK	214,702.89	0.04%
31.	SERRES COOPERATIVE BANK “SERRAIKI CREDIT”	206,967.36	0.04%
32.	KORINTHIA COOPERATIVE BANK	182,927.15	0.04%
33.	KARDITSA COOPERATIVE BANK	163,694.60	0.03%
34.	WEST MACEDONIA COOPERATIVE BANK	160,285.05	0.03%
35.	INTESA SANPAOLO BANK ALBANIA -GREEK BRANCH	154,670.80	0.03%
36.	DRAMA COOPERATIVE BANK	142,260.34	0.03%
37.	PIERIA COOPERATIVE BANK	137,466.26	0.03%
38.	BANK SADERAT IRAN	38,387.42	0.01%
39.	KEDR BANK ATHENS	35,116.70	0.01%
40.	T.C. ZIRAAT BANKASI A.S. [2]	0.00	0.00%
41.	EMPORIKI CREDICOM	0.00	0.00%
TOTAL		**481,726,979.20**	**100.00%**

1. The Supplementary Deposit Cover Fund is a group of assets belonging ab indiviso to the member credit institutions, at a rate corresponding to their percentage participation, and is managed by the HDGF.
(Law 3746/09, article 4, par.12)
2. T.C. Ziraat Bankasi A.S. joined the HDGF on 3 November 2008.

HELLENIC DEPOSIT & INVESTMENT GUARANTEE FUND (former "HDGF")[1]

BALANCE SHEET AS AT 31 DECEMBER 2008

13th YEAR (1 JANUARY - 31 DECEMBER 2008)

ASSETS	2008 (amounts in euro) Deposit Guarantee Fund	Supplementary Deposit Guarantee Fund	Total Fund	2007 (amounts in euro) Deposit Guarantee Fund
I. CASH & OTHER LIQUID ASSETS				
1. Cash in hand	2,067.51	0.00	2,067.51	7.29
2. Sight deposits	321,447.32	42,647,717.80	42,969,165.12	327,548.62
3. Time deposits	773,435,190.32	192,674,843.30	966,110,033.62	652,389,031.11
Total	**773,758,705.15**	**235,322,561.10**	**1,009,081,266.25**	**652,716,587.02**
III. SHORT-TERM CLAIMS (CONTRIBUTIONS ON CERTAIN INSTITUTIONS				
1. Annual contributions	60,210,884.00	240,843,552.50	301,054,436.50	50,616,037.51
3. Initial contributions	300,344.00	0.00	300,344.00	6,927,058.00
Total	**60,511,228.00**	**240,843,552.50**	**301,354,780.50**	**57,543,095.51**
IV. SUNDRY ASSETS	**16,688.42**		**16,688.42**	**15,142.41**
V. DEBT SECURITIES & OTHER FIXED-INCOME SECURITIES				
2. Other European sovereigns	**256,577,623.13**	**5,516,078.66**	**262,093,701.79**	**224,251,270.30**
VII. LONG TERM CLAIMS				
2. Warranties received	1,350.00		1,350.00	1,350.00
3. Initial contributions	348,678.00		348,678.00	152,758.00
Total	**350,028.00**		**350,028.00**	**154,108.00**
IX. INTANGIBLE ASSETS				
1. Intangible fixed assets	325,810.45		325,810.45	325,810.45
Less: Depreciation	323,148.39		323,148.39	309,400.35
	2,662.06		**2,662.06**	**16,410.10**
X. TANGIBLE ASSETS				
1. Land	1,326,984.62		1,326,984.62	1,326,984.62
2. Building & fixtures	760,970.29		760,970.29	760,970.29
Less: Depreciation	104,893.48		104,893.48	81,494.86
	656,076.81		656,076.81	679,475.43
3. Furniture, computers & other equipment	101,423.36		101,423.36	100,204.84
Less: Depreciation	90,217.59		90,217.59	79,669.02
	11,205.77		11,205.77	20,535.82
Total tangible assets	**1,994,267.20**		**1,994,267.20**	**2,026,995.87**
XI. TRANSITION ACCOUNTS				
1. Accrued income	7,454,496.19	44,786.94	7,499,283.13	5,668,429.69
2. Next year's expenses	0.00	0.00	0.00	3,843.00
Total	**7,454,496.19**	**44,786.94**	**7,499,283.13**	**5,672,272.69**
TOTAL ASSETS (I+III+IV+V+VII+IX+X+XI)	**1,100,665,698.15**	**481,726,979.20**	**1,582,392,677.35**	**942,395,881.90**
OFF-BALANCE SHEET ASSETS				
3. Warranties received	2,539.00	0.00	2,539.00	2,539.00

LIABILITIES	2008 (amounts in euro)	2007 (amounts in euro)
I. SHORT-TERM LIABILITIES		
1. Suppliers	1,171.88	7,447.00
5. Taxes & Duties	16,053.86	14,090.52
6. Pension funds	20,198.27	18,158.86
Total	**37,424.01**	**39,696.38**
V. TRANSITION ACCOUNTS		
1. Accrued expenses	**24,594.46**	**105,192.25**
VI. PROVISION FOR RISK & OTHER EXPENSES		
1. Provisions for staff compensation	**91,862.88**	**69,591.45**
VII. SUPPLEMENTARY DEPOSIT GUARANTEE FUND [2]	**481,726,979.20**	**0.00**
VIII. OWN FUNDS		
8. START-UP CAPITAL	8,804,108.58	8,804,108.58
10. INVESTMENT SUBSIDIES	460.17	805.17
11. ADJUSTMENT ACCOUNTS	0.00	(224,386.26)
12. SURPLUS CARRIED FORWARD		
Previous year's surplus	933,600,874.33	806,043,171.12
Current year's surplus	158,106,373.72	127,557,703.21
	1,091,707,248.05	933,600,874.33
Total own funds	**1,100,511,816.80**	**942,181,401.82**
TOTAL LIABILITIES (I+V+VI+VII+VIII)	**1,582,392,677.35**	**942,395,881.90**
OFF-BALANCE SHEET LIABILITIES		
3. Contractual warranties	2,539.00	2,539.00

Notes:

1. The Hellenic Deposit & Investment Guarantee Fund (HDIGF) was established by virtue of Law 3746/2009 (Government Gazette 27/A'/16.2.2009) and it is the successor in interest to the Hellenic Deposit Guarantee Fund (HDGF), as provided for in article 2 of Law 2832/2000.
2. The Supplementary Deposit Guarantee Fund item under Liabilities concerns a group of assets belonging ab indiviso to the member credit institutions of the HDIGF at a rate corresponding to their level of participation, as specified in par. 12 & 13 of art. 4 of Law 3746/2009).

PROFIT & LOSS ACCOUNT for the year ended 31 December 2008

	2008 (amounts in €)		2007 (amounts in €)	
A. ***Revenues (I+II)***		**159,022,775.02**		**128,454,239.55**
I. ***ORDINARY REVENUES (a + b)***		**159,022,430.02**		**128,451,798.67**
a. **CONTRIBUTIONS**				
1 Annual contributions	120,421,776.00		101,232,083.00	
2 Initial contribution (entry fee)	595,517.00		305,515.00	
	121,017,293.00		101,537,598.00	
b. **INTEREST & SIMILAR INCOME**				
1 Interest on fixed-income securities	9,455,507.10		7,563,532.70	
2 Interest on deposits (before tax)	31,721,811.11		21,500,742.22	
3 Less: Tax on interest	3,172,181.19		2,150,074.25	
	38,005,137.02		26,914,200.67	
II. ***EXTRAORDINARY INCOME***				
1 Extraordinary & non-operating income		**345.00**		**2,440.88**
B. ***EXPENSES (I+II+III)***		**916,401.30**		**896,536.34**
I. **ADMINISTRATIVE EXPENSES**				
1. Staff salaries & third-party fees	730,435.10		712,403.13	
2. Other operating expeses	112,955.98		101,331.58	
3. Fixed assets depreciation	47,798.76	891,189.84	47,328.99	861,063.70
II. **PROVISIONS (excluding portfolio revaluation)**		22,271.43		15,339.59
III. ***EXTRAORDINARY & NON-OPERATING CHARGES***				
Previous years' expenses		2,940.03		20,133.05
SURPLUS CARRIED FORWARD (A - B)		**158,106,373.72**		**127,557,703.21**

ATHENS, 19 MARCH 2009

PRESIDENT

ELENI DENDRINOU - LOURI
ID: AE 023569

DIRECTOR	CHIEF ACCOUNTANT
STERGIOS A. STAGOS ID: F 117102	DIMITRIOS I. THOMAS ID: S 054879 REG. NO.: 14176 GRADE A

AUDITOR'S REPORT

To the members of the Board of the Hellenic Deposit & Invenstment Guarantee Fund (formerly HDGF)

Report on the accounts of the HDIGF

We have audited the above accounts of the Hellenic Deposit & Investment Guarantee Fund (HDIGF), which comprise the Balance Sheet for the financial year ended 31 December 2008 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 Greek GAAP, as set out by Greek legislation, lies with the Board of HDIGF. This responsibility includes the planning, 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 planning and carrying out 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 HDIGF and the overall presentation of the financial statements. 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 25, para. 2 of Law 3746/2009, the above accounts give a true and fair picture of HDIGF's asset structure and financial position at 31 December 2008, and the results of its operations for the year then ended, in accordance with accounting standards set out by Greek company law.

Other legal and regulatory issues

The contents of the Report of the Board of HDIGF are consistent with the above accounts.

ΣΟΛ Horwath

Athens, 20 March 2009
Certified Accountant-Auditor

Ioannis A. Kostarelis
Reg. No. Chart. Aud. 13691

BREAKDOWN OF THE ACCOUNTS & RESULTS OF THE HELLENIC DEPOSIT & INVESTMENT GUARANTEE FUND (formerly the HDGF)

as at 31 December 2008
13th Year
(1 January to 31 December 2008)

(amounts in euro)

INFORMATION RELATING TO THE STATUTORY FORMULATION AND STRUCTURE OF THE ACCOUNTS

Law 3746/2009 (Government Gazette 27/A/16.02.2009) established the Hellenic Deposit & Investment Guarantee Fund (HDIGF), a private legal entity, as successor in interest to the Hellenic Deposit Guarantee Fund (HDGF) set up by virtue of article 2 of Law 2832/2000.
The assets of the HDIGF (former HDGF), as drawn up on its establishment, are listed under Deposit Cover Fund.
Pursuant to article 6, par. 2 of Law 3714/2008 (Government Gazette 231/A/7.11.2008) the amount of the difference in the annual contribution of credit institutions is written to a special group of assets destined exclusively for meeting claims of depositors of member credit institutions participating in the HDIGF (the "Supplementary Deposit Cover Fund") as per the specific provisions of Law 3746/2009.
The Supplementary Deposit Cover Fund is a group of assets whose individual components belong ab indiviso to the credit institutions participating in it, in proportion to their participation, and is managed by the HDIGF as per the provisions of Law 3746/2009, appearing in a side distinct to the assets of the Supplementary Deposit Cover Fund.
Since HDIGF'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

	ASSETS Side 1	DEPOSIT COVER FUND	
I.	***CASH & OTHER LIQUID ASSSETS***		***773,758,705.15***
1.	Cash in hand: Cash balance required to meet current expenses.	2,067.51	
2.	Sight deposits	321,447.32	
	• Sight deposits: The HDIGF's current account balance held with the Bank of Greece (612.271). This amount is available principally for covering operational needs	317,334.88	
	• Current account: The non-allocated balance of current account no. 4845 held with the Dealing Room of the Financial Services Division of the Bank of Greece. Via this account the Bank of Greece can invest HDIGF funds.	4,112.44	
3.	Time deposits: The balance of HDGF's time deposits with member credit institutions as at 31 December 2008. The time deposit balance is comprised of the following items:	773,435,190.32	
a)	Balance at 31 December 2007	652,389,031.11	
b)	Increases from contributions:	94,282,595.79	
	• Annual contribution:	88,661,546.39	
	- 80% of the 2nd instalment of the 2007 contribution,	40,492,835.39	
	- 80% of the 1st instalment of the 2008 contribution	48,168,711.00	
	• Initial (membership) contribution: 80% of the instalments of the initial contribution of new member banks of HDIGF paid in 2008, as follows:	5,621,049.40	
	- KEDR BANK, 1st, 2nd & 3rd instalments.	122,205.40	
	- T.C. ZIRAAT BANKASI A.S., 1st instalment.	79,402.00	
	- GREEK POSTAL SAVINGS BANK, 5th & 6th instalments.	5,419,442.00	
c)	Interest on time deposits: Total interest received during the year after tax.	26,763,563.42	

III.	***SHORT-TERM CLAIMS (CONTRIBUTIONS) ON CREDIT INSTITUTIONS***		***60,511,228.00***
	HDIGF's outstanding claims on its members in respect of the 2nd instalment of the annual contribution as initially calculated before Law 3714/2008 came into effect, as follows:		
1.	Annual contributions:	60,210,884.00	
	• This item concerns the 2nd instalment of the regular annual contribution for 2008, which credit institutions are required to pay the HDIGF on the first working day of April 2009.	60,210,882.00	
	• 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 NA and ARAB BANK plc, both of which dispute owing such amounts.	(257,733.83)	
2.	Initial contributions:	300,344.00	
	Due in 2009:		
	• KEDR BANK ATHENS, 4th and 5th instalments	101,838.00	
	• T.C. ZIRAAT BANKASI A.S., 2nd and 3rd instalments	198,506.00	
IV.	***SUNDRY ASSETS***		***16,688.42***
1.	Advance payments to salaried staff:	16,688.42	
	Advance payments to salaried staff at HDGF that were paid at the end of 2008 but correspond to the salary of January 2009.		
V.	***DEBT SECURITIES & OTHER FIXED-INCOME SECURITIES***		***256,577,623.13***
2.	Other European government securities		
-	Zero-coupon Eurobonds	149,547,763.34	
	• Posted at nominal value	151,935,000.00	
	Less:		
	• Unearned income for the period subsequent to 31 December 2008 and up to maturity of securities.	(2,387,236.66)	
-	Eurobonds (fixed-yield)	107,029,859.79	
	• Posted at nominal value plus or minus gains or losses as at 31 December 2008.	104,894,608.46	
	Plus:		
	• Interest earned on Eurobond coupons (fixed-yield) as at 31 December 2008.	2,135,251.33	
VII.	***LONG-TERM CLAIMS***		***350,028.00***
2.	Warranties given:	1,350.00	
	Guarantees for the account of Public Utilities for services provided at the property at 6 Amerikis St, Athens, where HDIGF's offices are located.		
3.	Initial contribution:	348,678.00	
	Outstanding amount due on initial contributions and payable after 2009.		
	• KEDR BANK ATHENS, 6th instalment	50,920.00	
	• T.C ZIRAAT BANKASI A.S, 4th, 5th and 6th instalments	297,758.00	
IX.	***INTANGIBLE ASSETS***		***2,662.06***
	Intangible assets:	2,662.06	
	These include transfer tax and other charges associated with the acquisition of HDIGF'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 HDIGF has relocated, and costs associated with HDIGF's relocation.		
	• Purchase price (balance at 31/12/2008)	325,810,45	
	• Depreciation at 31/12/2008	(323,148.39)	

X.	***TANGIBLE ASSETS***		***1,994,267.20***
1.	Land Value of the share in the land property located at 6 Amerikis St, Athens.	1,326,984.62	
2.	Buildings & fixtures:	656,076.81	
	• Value of the offices on the 2nd floor of the building located at 6 Amerikis St, Athens, where the HDIGF's offices are located. Total as at 31/12/2008	760,970.29	
	• Depreciation as at 31/12/2008	(104,893.48)	
3.	Furniture & equipment: This item includes investments in furniture and electronic equipment and associated peripherals in 2008:	11,205.77	
	• Purchase price (balance at 31/12/2007)	100,204.84	
	Plus: Purchases carried out in 2008.	1,218.52	
	Total at 31/12/2008	101,423.36	
	• Depreciation at 31/12/2008	(90,217.59)	
XIV.	***TRANSITION ACCOUNTS***		***7,454,496.19***
1.	Accrued income Earned but unclaimed interest (after tax) on HDIGF's deposits with credit institutions.	7,454,496.19	
	TOTAL DEPOSIT COVER FUND (Side 1)		***1,100,665,698.15***

ASSETS Side 2		SUPPLEMENTARY DEPOSIT COVER FUND	
I.	***CASH & OTHER LIQUID ASSETS***		***235,322,561.10***
2.	Sight deposits	42,647,717.80	
	• Sight deposits: Part of the HDIGF's current account balance held with the Bank of Greece (No. 612.271). This amount arose from the payment of 20% of the supplementary contribution instalment (art. 6 of Law 3714/2008), which credit institutions had to pay by 31/12/2008, invested in securities in 2009.	41,151,009.20	
	• Current account: Part of the unallocated balance of current account No. 4845. This amount was invested in securities in 2009.	1,496,708.60	
3.	Time deposits: The balance of the HDIGF's time deposits with member credit institutions as at 31 December 2008. The time deposit balance is comprised of the following components:	192,674,843.30	
a)	Balance at 31/12/2007	0.00	
b)	Increases from contributions:	192,674,843,30	
	• Annual contribution: 80% of the amount of the difference of the 1st instalment of the annual contribution for 2008 arising from implementation of art. 6, para. 2 of Law 3714/2008.	192,674,843,30	
III.	***SHORT-TERM CLAIMS (CONTRIBUTIONS) ON CREDIT INSTITUTIONS***		***240,843,552.50***
	The balance of HDIGF claims on its members, which concerns the amount of the difference of the 2nd instalment of the annual contribution for the year 2008 arising from implementation of art. 6, para. 2 of Law 3714/2008. Credit institutions are required to pay this amount to the HDIGF on the first working day of April 2009.	240,843,552.50	
V.	***DEBT SECURITIES & OTHER FIXED-INCOME SECURITIES***		***5,516,078.66***
2.	Other European government securities	5,516,078.66	
-	Zero-coupon Eurobonds	5,516,078.66	
	Posted at nominal value, less :	5,605,000.00	
	• Unearned income for the period subsequent to 31 December 2007 and up to maturity of securities and	(83,100.88)	
	• loss arising from revaluation as at 31 December 2008.	5,820.46	
XIV.	***TRANSITION ACCOUNTS***		***44,786.94***
1.	Accrued income: Earned but unclaimed interest (after tax) on HDIGF's deposits with credit institutions.	44,786.94	
	TOTAL SUPPLEMENTARY DEPOSIT COVER FUND (Side 2)		***481,726,979.20***
	TOTAL ASSETS (Sides 1 & 2)		***1,582,392,677.35***

LIABILITIES

I.		***SHORT-TERM LIABILITIES***		***37,424.01***
1.		Payables for services & fees: Credit balance of domestic suppliers and third-party associates as at 31 December 2008.	1,171.88	
5.		Payables for taxes & duties: Tax, paid to the Greek state in 2009, on staff salaries and third-party fees withheld in the last two months of 2008.	16,053.86	
6.		Payables for pension funds: 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 2009.	20,198.27	
V.		***TRANSITION ACCOUNTS***		***24,594.46***
		Expenses paid: Temporary credit account that presents accrued expenses as at 31 December 2008, but finalised in 2009, as set out below	24,594.46	
	a)	Operating expenses incurred but not paid during 2008 (telephone, electricity etc.)	6,757.70	
	b)	Wages and salaries earned in 2008 but paid in 2009.	17,836.76	
VI.		***PROVISIONS FOR RISK & OTHER EXPENSES***		***91,862.88***
1.		Provisions for staff compensation: Provisions to cover compensation due in the event that permanent members of HDIGF staff retire from employment.	91,862.88	
VII.		***SUPPLEMENTARY DEPOSIT COVER FUND*** This item concerns an amount from contributions, as per art. 4, para. 11 of Law 3746/2009, by credit institutions to the Supplementary Deposit Cover Fund, plus any earnings arising from such as comprise their individual share of the Fund.		***481,726,979.20***
VIII.		***OWN FUNDS***		***1,100,511,816.80***
8.		START-UP CAPITAL: Start-up capital of the HDIGF (former HDGF)	8,804,108.58	
9		Investment subsidies: The balance of the subsidy of the investment programme for the acquisition of fixed equipment.	460.17	
12.		SURPLUS CARRIED FORWARD: This comprises accumulated surplus:	1,091,707,248.05	
		• Previous years (1996 - 2007)	933,600,874.33	
		• Current year	158,106,373.72	
		TOTAL LIABILITIES		***1,582,392,677.35***

OFF-BALANCE SHEET ITEMS

3.	Contractual warranties: Warranties from third parties guaranteeing to the HDIGF good performance of contracts it signs with them.		2,539.00

INFORMATION RELATING TO THE PROFIT & LOSS ACCOUNT FOR 2008

A.		**REVENUES (I+II)**		**159,022,775.02**
I.		**ORDINARY REVENUES (a+b)**		159,022,430.02
a.		**CONTRIBUTIONS**	121,017,293.00	
1.		Annual contributions: Annual contribution of HDIGF member credit institutions for 2008, which concerns the amount of the ordinary annual contribution before the credit institutions made the supplementary contribution pursuant to art. 6 of Law 3714/2008.	120,421,776.00	
	2.	Initial contribution : Initial contribution (entry fee) of T.C ZIRAAT BANKASI A.S., which joined the HDIGF during the year. Note that the entry of the said credit institution into the deposit guarantee scheme was decided by Board of Directors' decision of 27/11/2008, which also set the initial entry fee at euro 595,517 to be paid in 6 six-monthly instalments. The first instalment was paid on 3 December 2008.	595,517.00	
b.		**INTEREST & RECEIVABLES**	38,005,137.02	
1.		Interest on fixed-income securities: Interest on Eurobonds and interest earned but unclaimed as at 31 December 2008.	9,455,507.10	
2.		Interest on deposits: Interest (before tax) earned between 1 January and 31 December 2008 on the HDIGF's time deposits held with member credit institutions.	31,721,811.11	
3.		Tax on the above interest: Tax withheld by member credit institutions on interest earned on time deposits in 2008.	(3,172,181.19)	
II.		**EXTRAORDINARY REVENUES** Income corresponding to the subsidy for the year for an investment programme.		345.00
B.		**EXPENSES (I+II+III)**		**916,401.30**
I.		**ADMINISTRATIVE EXPENSES**		891,189.84
1.		STAFF SALARIES & THIRD-PARTY FEES:	730,435.10	
	a)	Salaries and employer contributions of salaried employees and seconded staff.	657,956.24	
	b)	Fees to auditors and other freelancers.	39,177.30	
	c)	Fees for the annual audit (SOL S.A.).	6,806.80	
	d)	Board members' remuneration.	21,120.00	
	e)	Staff training and group insurance policies.	5,374.76	
		In 2007, the staff composition at the HDIGF was as follows: • The Director of the HDIGF is seconded from the Bank of Greece • Ten staff are employed under private law contracts. • One internal auditor on a project basis. • One auditor for the additional annual audit.		
2.		OTHER OPERATING COSTS: These include: Rent and running costs of the HDIGF's offices, staff travel expenses, publishing costs of HDIGF's financial statements for 2008 and information booklet on its role and activities, purchase of consumables, and banking fees paid to the Bank of Greece vis-à-vis HDIGF's payroll and asset management.	112,955.98	
3.		FIXED ASSETS DEPRECIATION: Fixed assets depreciation is computed using depreciation ratios set out in PD 299/2003. Depreciation is broken down as follows:	47,798.76	
		• Depreciation of start-up expenses and related costs.	13,748.04	
		• Depreciation of furniture, computers and other equipment.	10,652.10	
		• Depreciation of premises and fixtures.	23,398.62	
II.		**PROVISIONS** (excluding revaluation of portfolio)		22,271.43

	Provisions for staff compensation Provisions to cover compensation due in the event that permanent members of staff retire from employment.	22,271.43	
III.	**EXTRAORDINARY & NON-OPERATING EXPENSES**		2,940.03
	Previous years' expenses This item includes previous years' expenses paid during 2008.	2,940.03	
	SURPLUS CARRIED FORWARD As a non-profit making legal entity, the HDIGF is not subject to income tax on revenues deriving from its operations. Accordingly, the total profits for the financial year are carried forward as surplus to "Own Funds".		**158,106,373.72**