



ASPIS BANK

**ANNUAL BULLETIN
FISCAL YEAR 2007**

Pursuant to the decision
No. 5/204/14.11.2000 of the Capital Market Commission

Athens, March 2008



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1. GENERAL INFORMATION

This Annual Bulletin contains all information and financial data necessary for an accurate assessment of the assets, financial condition, results from operations and prospects of the Bank and the Group of ASPIS BANK S.A.

This Annual Bulletin was compiled according to the stipulations of decision No.7/372/15-02-2006 of the Capital Market Commission.



REPORT OF THE BOARD OF DIRECTORS ON A GROUP BASIS OF ASPIS BANK FOR THE PERIOD FROM 01/01/2007 TO 31/12/2007

Greek Economy Trends and International Economic Environment

The Greek economy continued to achieve growth rates that on average were higher than those of the Euro zone (4% compared to 2,7% of the Eurozone) which was lower than those achieved in 2006. For one more year, this growth was achieved through the increase of domestic demand by 3,7%, and in particular through the increase of private consumption by 3,1% and investment by 5,8%. Average inflation rate reached 3%. As for the effect to the Greek economy from foreign sector activity, it continued to have a negative effect on GDP's growth rates, despite the fact that it noted an increase by 1,8%, since the deficit in the Current Foreign Exchange balance increased. Regarding the Greek's economy fiscal sector, a significant improvement took place as the fiscal deficit decreased to 2,7% of the GDP. Due to this development Greece managed to exit from the EU's Excessive Fiscal Deficit monitoring procedure, in June 2007. In respect, and according to early estimates, public deficit decreased to 93,4% of the GDP, remaining, though, in high levels. The economy development for Greek in 2008 is bound to be contingent on the persistence and the speed of introduction of the structural reforms needed for improving its international competitiveness.

The duration and the extent of USA's economic and financial crisis, which lead to the liquidity crisis and international financial system faced, will play a pivotal and significant role. Still, this crisis has not affected directly the Greek Banking system, which, relying on the increased domestic demand, managed to improve its growth rates and its profits in the 2007 fiscal year. The growth leverages of the Greek banking market were both retail banking and the expansion of Greek banks in Southeastern Europe and Turkey. The current conditions in international markets are not favorable due to the fact that banking system faces pressures for increased interest rates in money market. Therefore, the future development of banking institutions in 2008 and in the future will be determined, to a great extent, by their ability, readiness and early preparation to face new standards and improving the quality of their portfolio and with their penetration to the market new Europe market.

Progress for ASPIS BANK

During 2007, Aspisis Bank continued its structural reorganization, expansion and rapid growth. Its branch network increased further reaching a total number of 72 branches at the end of 2007, four of which initiated their operations in 2007. Moreover, ASPIS Bank launched new financial and banking products in both retail and corporate banking. In this context of restructuring and reorganization, the Bank put in effect in October 2007 its new processing system, the benefits of which can be assessed in the long-term. With the introduction of this new system ASPIS Bank's operation procedures improved. Thus, the Bank anticipates gaining effectiveness and speeding regarding its realization of its future development plans.

Moreover, as regards the financing of its operations, ASPIS Bank managed to raise on time, before the outbreak of the international financial crisis- the necessary funds, through the issuance of hybrid titles (Tier I) of an amount Euro 90 million and of low security bond titles (Lower Tier II). These measures improved the Bank's liquidity and its capital adequacy. However, the increasing financial crisis, as transmitted from USA to European markets, that escalated in the second half of 2007, and the increased cost of money affected at least indirectly, Bank's and Group's performance.

In particular, as regards **ASPIS Group**:



Profit after tax and minority interests reached Euro 6,9 million in contrast to Euro 12,3 million for 2006, after taking into account the payment of tax that concerned previous fiscal years that was Euro 5,6 million. Profit before tax decreased by 14 % to Euro 15,7 million, with total operating income increasing by 8% to an amount of Euro 97,3 million, and total operating expenses (before provision) increased by 13% and an amount of Euro 78,2 million. This decrease can be attributed to the increased cost of money following the increased cost of raising funds, and an increase in operating expenses.

In particular, operating income reached an amount of Euro 97,3 million, compared to Euro 90,25 million for 2006, that result mainly from pure banking operations, which means stable and repetitive sources of income. However, the acute competitiveness and the unfavorable international economic and financial environment that led to an increased cost of money, and low interest rate margins in housing loans, the main source of income for Bank, affected interest and commission income which both increased by 4 % to an amount of Euro 55,9 million and by 10% to an amount of Euro 28,9 million, respectively. Interest income from loans increased by 21%, comprising the 86% of the total interest income. At the same time, commission income from loans was increased by 18%, comprising the 50% of the total commission income. Commissions from funds transfer increased by 37%, while the commission from capital management and other brokerage transactions were increased by 5%.

Total operating expenses were increased by 13%, while depreciation expenses were increased by 17% and general/other operating expenses by 17%. The main factors that contributed to the latter's increase were the increase in advertising expenses, that is part of the context of promoting more assertive the Bank's brand name, and the increased in the operating expenses as a result of Bank's expansion and reorganization.

The Bank's assets increased by 17% to Euro 2,9 billion mainly, as a result of the development of the Bank's operations. The Bank's loans portfolio (before allowance) has increased by 19% reaching an amount of Euro 2,25 billion, driven mainly by the sector of housing loans, which comprises the main operational sector of the Bank since its establishment. In particular, housing loans increased by 12% to Euro 1,1 billion with the allowance of new loans having been increased by 27%. Consumer Loans and Credit Cards increased by 19% to €111 million. Corporate loans, including leasing operations, increased by 28% due to the emphasis that the Bank gives to the development of sectors with higher profit margins than housing loans.

At the same time, customers deposits reached an amount of Euro 2,2 billion, an increase of 13% compared to 2006.

Raising additional capital funds from international capital market in 2007 resulted in an increase (on a annual basis) of ASPIS Group equity by 22% and to an amount of Euro 225 million and reinforced the Group's capital adequacy with the respective total index rate reaching 16,2%.

As regards **Aspis Bank**, performance and basic indices presented the same trends.

In particular, profits after tax amounted to Euro 3 million compared to Euro 11,4 million in 2006. Profit before tax decreased by 38% in Euro 10,6 million. Operating income increased by 2% and amounted to Euro 82,6 million, compared to Euro 81,1 million in 2006. Net interest income and commissions increased by 2% in Euro 75 million. The main source of income from interest and commissions remained the increased loan allowances. Interest income commissions from loans and credit were increased by 25% and 18% respectively. Commissions from capital movements were increased by 37%.

Total operating expenses (before allowance) have increased by 12% in Euro 69 million with depreciations having increased by 5 % and general operating expenses by 18 %.



Total assets increased by 20% and loans (before allowance) of Euro 2,8 billion remained the main source of income having increased by 23% for Euro 2,1 billion. Housing loans increased by 17,5% to Euro 958 million. Consumer loans and credit cards increased by 19% to Euro 111 million. Corporate loans increased by 30 % and to Euro 983 million.

Clients' deposits reached Euro 2,2 billion recording an increase of 13% in comparison to 2006. Capital Adequacy Index reached 17,1 %.

Given the development of figures and results as it is aforementioned, the Bank's Board of Directors decided to put under the consideration of the Annual General Assembly of Shareholders the distribution of dividend equal to Euro 0.02 per share.

Athens, 18 March 2008
PRESIDENT OF THE BOARD OF DIRECTORS
& GENERAL MANAGER

KONSTANTINOS B. KARATZAS
A.T E533458

I confirm that, the above Consolidated Report of the BoD which consists of 3 pages is the one mentioned in the Audit Report that was provided on 19 March 2008

Athens, 19 March 2008

KPMG CERTIFIED AUDITORS S.A
Nick Vouniseas
AM SOEL 18701



ASPIS BANK SA

SUPPLEMENTARY REPORT TO THE GENERAL SHAREHOLDERS MEETING OF ASPIS BANK ATE IN ACCORDANCE WITH ARTICLE 11a L. 3371/2005

In accordance with Law 3451/30-5-2006 that aligns local regulations to European Council Decision 2004/25/EU, article 11a was included in Law 3371/2005 which states that listed companies in the Athens Stock Exchange must submit a supplementary report to the General Shareholders Meeting and provide detail information for certain issues. This report of the Board of Directors to the General Shareholders Meeting provides the additional information required by article 11a of Law 3371/2005.

1) Banks share capital structure

ASPIS BANK ATE share capital amounts to one hundred and seventy three million six hundred and thirteen thousand five hundred and eighty six EURO and 34 cents (173,613,586,34) divided into sixty four million sixty four thousand fifty four (64,064,054) ordinary shares at a par value of EURO 2.71 each. These shares are listed in the Athens Stock Exchange.

The rights that are derived by the share depend on the percentage of shares owned. Each share in accordance with law and company statute provides the following rights:

Each share has one vote in the General Shareholders Meeting

No shareholder may participate or vote in the General Shareholders Meeting if he/she does not submit a certification from the Central Depository Fund that prove that he is a shareholder in accordance with paragraph 1 of article 51 of Law 2396/1996 .This certification must be submitted within five (5) days before the General Shareholders Meeting. Those shareholders who do not abide to this rule may participate if the Assembly allows them to.

- To earn dividend from the Bank's annual net profit as follows:
 - i) At least 35% of profit after tax and after allocation of legal reserve is defined as minimum dividend and any additional amounts depends on the General Shareholders Meeting. Each shareholder is entitled to a dividend as long as he is registered in the shareholders register when the decision for distribution of dividend is made.
 - ii) The dividend must be paid within two months after the date that the financial statements are approved by the General Shareholders Meeting. The terms and method of payment are announced in the press. If a shareholder does not collect his dividend within five years after the decision to distribute a dividend is made by the General Shareholders Meeting then this amount is written off in favor of the Greek State.



- Preference right for each share capital increase in cash.
- Right to receive a copy of the financial statements along with the auditors report and Report of the Board of Directors.
- The General Shareholders Meeting of the Bank maintains all the rights for the liquidation of the company and participation in relevant meetings in accordance with paragraph 3 of article 44 and 38.1

The shareholders of the Bank are limited to the par value of the shares they own.

2) Restrictions to transfer of shares of the Bank

Transfers are in accordance with law and there are no limits stated in the Article of Association as they are all listed in the Athens Stock Exchange.

3) Significant direct and indirect holdings as per PD 51/1992

The most significant direct holdings in accordance with PD 51/1992 as of 31/12/2007 are:

Shareholder	Shares owned	% held to capital
Commercial Value Bond	13.215.188	20,818%
Aspis Pronoia AEGA Insur.Co	5.768.872	9,088%
Commercial Value Insur.Co	5.646.477	8,895%
Aspis Pronoia AEGA Bond	3.629.325	5,717%
Aspis Pronoia AEAZ Insur.Co	3.173.154	5,000%

4) Shares held with control rights

None.

5) Limits to voting rights

None.

6) Shareholders agreement with Bank

None that the Bank is aware of.



7) Rules for assigning or replacing members of the BOD and changes in Articles of Association

The rules stated in the Articles of Association for replacing and assigning members to the Board are the same as those stated in Law 2190/1920. The term for each Board member is three years. Members may be re-elected.

8) BOD authority for issuing new shares or purchasing own shares

- a) In accordance with article 13 par. 1 b) of CL 2190/1920, the Bank's BOD has the right after a decision made by the General Shareholders Meeting as stated in article 7b of CL 2190/1920, to increase share capital by issuing new shares with a two third majority. In this case the share capital may increase either up to four times of the paid amount of the capital that was applicable on the date that the bank begun its operations or the double after the approval of the modification of article 6 of the Articles of Association.
- b) In accordance with article 13 par. 9 and 23α of CL 2190/1920, the General Shareholders Meeting may issue a stock option plan to management and members of the Board. This decision states that the number of shares in this plan can not exceed 1/10 of the present share capital and the present terms as applicable at the moment. The General Shareholders Meeting has the right to extend this plan for the following period.

9) Important agreements that are applicable which may be modified or mature in case of a public offer

None

10) Agreements with BOD members and the Bank's personnel

There are no special agreements for indemnity to be paid in case of termination or resignation of an employee as a result of a public offer. There are agreements for payment of indemnity to the President and Managing Director, to the General Managers and to certain members of the Bank if their contract ends prior to maturity.

Athens, 18 /3/2008

For the Bank's BOD

Constantinos Karatzas
President and Managing Director



ASPIS BANK S.A.

FINANCIAL STATEMENTS

31 December 2007

In accordance with International Financial Reporting Standards (IFRS) are adopted by the European Union

These financial statements have been approved by the Board of Directors of ASPIS BANK A.E. on 18 March 2008 and are available at the following web page: www.aspisbank.gr



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ASPIS BANK S.A.
Income Statement
For the year ended 31 December
(In thousands of Euro)

	Note	2007	2006
Interest income		131 859	103 439
Interest expense		(82 920)	(54 566)
Net interest income	7	48 939	48 873
Fee and commission income	8	26 504	25 511
Fee and commission expense		(351)	(525)
Net fee and commission income		26 153	24 986
Net trading income	9	2 819	2 990
Other operating income	10	4 655	4 254
Operating income		82 566	81 103
Impairment losses on loans and advances	19	(3 050)	(2 404)
Personnel expenses	11	(33 623)	(31 096)
Depreciation and amortization	23,24	(5 316)	(5 080)
Other expenses	12	(29 939)	(25 414)
Profit before income tax		10 638	17 109
Income tax expense	13	(7 626)	(5 739)
Profit for the period		3 012	11 370
Basic and diluted earnings per share (in Euro)	14	0.05	0.23

The attached notes on pages 16 to 57 form part of these financial statements.

PRESIDENT OF THE BOARD OF DIRECTORS AND MANAGING DIRECTOR	VICE PRESIDENT OF THE BOARD OF DIRECTORS	THE GENERAL MANAGER OF CAPITAL MARKETS AND CHIEF FINANCIAL OFFICER	FINANCIAL MANAGER
KONSTANTINOS V. KARATZAS ID No E533458	LOUKAS M. KYRIACOPOULOS ID No A045552	DIOMIDIS H. NIKOLETOPOULOS ID No F123387	EVANGELOS V. STATHOPOULOS ID No S045074 LICENCE No OEE 523 1 ST CLASS



ASPIS BANK S.A.
Balance Sheet
For the year ended 31 December
(In thousands of Euro)

Assets	Note	2007	2006
Cash and cash equivalents	15	93 119	74 214
Trading assets	16	7 756	1 245
Derivative assets	17	13	53
Loans and advances to banks	18	473 786	421 189
Loans and advances to customers	19	2 043 186	1 655 897
Investment in subsidiaries and associates	20	30 492	30 494
Investment securities			
- Available-for-sale	21	23 183	24 988
- Held-to-maturity	22	3 279	34 254
Property and equipment	23	47 806	27 495
Intangible assets	24	4 590	1 267
Deferred tax assets	25	-	1 608
Other assets	26	43 456	39 665
Total assets		2 770 666	2 312 369
Liabilities			
Derivative liabilities	17	-	3
Deposits from banks		201 660	83 945
Deposits from customers	27	2 190 797	1 944 891
Deferred tax liability	25	1 138	-
Subordinated liabilities and hybrid issues	28	139 092	49 698
Current tax liability		-	634
Employee benefits	30	3 456	3 014
Other liabilities	29	36 743	30 545
Total liabilities		2 572 886	2 112 730
Equity			
Share capital	31	173 614	172 029
Share premium		17 053	17 078
Reserves	32	2 730	(1 250)
Retained earnings		4 383	11 782
Total equity		197 780	199 639
Total liabilities and equity		2 770 666	2 312 369

The attached notes on pages 16 to 57 form part of these financial statements.



ASPIS BANK S.A.
Statement of changes in equity
For the year ended 31 December
(In thousands of Euro)

	Share capital	Share premium	Statutory reserve	Fair value reserve	Tax-free reserve	Hedge reserve	Accumulated deficit/ Retained earnings	Total
Balance at 1 January 2006	143 561	5 584	2 350	(7 516)	1 013	134	(14 109)	131 017
Profit for the year	-	-	-	-	-	-	11 370	11 370
Change in fair value of available for sale financial assets	-	-	-	6 122	-	-	-	6 122
Effective portion of fair value changes in cash flow hedge	-	-	-	-	-	(77)	-	(77)
Recognized income and expense	-	-	-	6 122	-	(77)	11 370	17 415
Offset losses	(11 231)	-	(2 350)	-	(940)	-	14 521	-
Other amounts	-	-	-	-	14	-	-	14
Share capital increase (net)	39 699	11 494	-	-	-	-	-	51 193
Balance at 31 December 2006	172 029	17 078	-	(1 394)	87	57	11 782	199 639
Profit for the year	-	-	-	-	-	-	3 012	3 012
Change in fair value of available for sale financial assets	-	-	-	(2 565)	-	-	-	(2 565)
Effective portion of fair value changes in cash flow hedge	-	-	-	-	-	(57)	-	(57)
Recognized income and expense	-	-	-	(2 565)	-	(57)	3 012	390
Dividends	-	-	-	-	-	-	(3 809)	(3 809)
Allocation to reserves	-	-	499	-	6 103	-	(6 602)	-
Share capital increase (net)	1 585	(25)	-	-	-	-	-	1 560
Balance at 31 December 2007	173 614	17 053	499	(3 959)	6 190	-	4 383	197 780

The attached notes on pages 16 to 57 form part of these financial statements.



ASPIS BANK S.A.
Statement of Cash Flows
For the year ended 31 December
(In thousands of Euro)

	2007	2006
Operating activities		
Profit before taxes	10 638	17 109
Adjustments for non-cash items		
Depreciation and amortization	5 316	5 080
Impairment on financial assets	3 050	2 404
Change in provisions	476	1 181
Other non-cash items	1 661	1 437
Change in fair value	<u>(1 093)</u>	<u>(77)</u>
	20 048	27 134
Change in:		
Trading assets	(6 171)	867
Derivative assets	84	13
Loans and advances to customers	(390 339)	(254 661)
Other assets	1 888	1 788
Deposits from banks	117 716	(106 785)
Deposits from customers	245 907	371 529
Other liabilities	13 700	12 655
Prior year taxes paid	<u>(4 880)</u>	<u>-</u>
Net cash flow from/(used) in operating activities	<u>(2 047)</u>	<u>52 540</u>
Cash flows from investing activities		
Proceeds from sale of investment securities	29 622	17 131
Proceeds from sale of property and equipment	36	24
Purchase of property and equipment	(28 986)	(6 389)
Dividends received	<u>46</u>	<u>49</u>
Net cash flow from investing activities	<u>718</u>	<u>10 815</u>
Cash flows from financing activities		
Increase in subordinated liabilities	89 393	(2 134)
Issue of shares	1 560	51 193
Dividends paid	<u>(3 792)</u>	<u>-</u>
Net cash flows from financing activities	<u>87 161</u>	<u>49 059</u>
Net increase in cash and cash equivalents	85 832	112 414
Cash and cash equivalents at 1 January	495 403	397 501
Effect of exchange rate fluctuations on cash held	<u>(14 330)</u>	<u>(14 512)</u>
Cash and cash equivalents at 31 December	<u>566 905</u>	<u>495 403</u>
Cash and cash equivalents consist of:		
Cash and balances with Central Bank	93 119	74 214
Loans and advances to banks	473 786	421 189
	<u>566 905</u>	<u>495 403</u>

The attached notes on pages 16 to 57 form part of these financial statements.



1. General Information

ASPIS BANK S.A. (previously ASPIS MORTGAGE BANK S.A.) was founded by Pavlos D.Psomiadis and the AEGON BV insurance company, under the name “ASPIS BANK”, as a Banking Société Anonyme in 1992 and received its license by the Bank of Greece (decision no. 487/2.12.91 of the Currency and Credit Commission), and the Ministerial Council (no. 5/8, GG 1/13.1.92, issue 1) Act according to law. According to this license, the Bank operated in accordance with mortgage banks laws until 3 August 2001. The Bank of Greece (PDBG 2478/3-8-2001) abolished the special legal framework for mortgage banks. On 3 September 2001, the Currency and Credit Commission of the Bank of Greece approved the modification of the Articles of Association of ASPIS BANK, which from thereafter engages in all banking operations defined by law. The Ministry of Development, as per decision no. K2-13660/26-10-2001, approved the modification of the Bank’s Articles of Association regarding its name, and received its current name of ASPIS BANK S.A. The Regular Shareholders’ Meeting on 1 June 2001 had already approved the aforementioned modifications of articles 1 (regarding the name) and 4 (regarding the purpose) of the Bank’s Articles of Association. ASPIS BANK maintains a Head Office in the Municipality of Athens, at 4 Othonos St., 105 57 Athens, and is registered in the Société Anonyme Registry under no. 26699/06/B/92/12. The Bank was established for a term of ninety-nine (99) years from the date it was registered in the Société Anonyme Registry.

According to article 4 of the Bank’s Articles of Association its exclusive purpose is to carry out on its behalf or on the behalf of third parties all banking activities allowed under current legislation. The following are the main activities that Bank may perform:

- ❑ Accepting, with or without interest, all types of deposits or other returnable funds denominated in euros and foreign currency.
- ❑ Issuing loans and credit of all types, providing guarantees and acquiring or transferring claims, as well as intermediating in the financing of business enterprises or in business collaborations.
- ❑ Assuming debt, credit or guarantees and issuing debt securities in order to draw funds.
- ❑ Providing bill payment, fund transfer and export trade financing facilities.
- ❑ Safekeeping, management and administration of all types of securities, bonds, financial products and assets in general, including asset portfolios, transacting trades of these assets on behalf of the Bank or of third parties, as well as providing related financial and consulting services.
- ❑ The establishment or participation in domestic or foreign companies of any type engaged in the money market, capital market and the broader banking and investment sector in general.



- ❑ The issuance and management of means of payment (credit and debit cards, travel and bank cheques, etc.)
- ❑ Underwriting services, participation in the issuance and sale of securities, the coverage of issues and the provision of related services.
- ❑ Providing consulting services to business enterprises regarding their capital structure and business strategy, as well as services regarding mergers, spin-offs and acquisitions, and related issues.
- ❑ Providing reorganization and financial restructuring services.
- ❑ Factoring corporate receivables.
- ❑ Providing business-related information, including credit rating services.
- ❑ Providing safe-deposit box services.
- ❑ Representing third parties that have or pursue objectives similar to those mentioned above and in general engaging in any type of action, transaction, work or activity pursuant to the above or contributing to the advancement of the objectives of the Bank, as stated in the Articles of Association.
- ❑ Actively participating, as a member, in organized stock markets, having received a relevant license from the Bank of Greece.

To achieve its objectives, the Bank may cooperate with other legal entities, business enterprises or individuals, including those that pursue similar objectives, as well as participate in the aforementioned legal entities and business enterprises, in compliance with the provisions of banking legislation or any other applicable laws.

Fitch Ratings recently gave ASPIS BANK a BB+ rating while certifying its risk management systems.

2. Basis of preparation

2.1 *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The financial statements were approved by the Board of Directors on 18 March 2008.



2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- trading instruments are measured at fair value
- available-for-sale financial assets are measured at fair value
- derivative financial instruments are measured at fair value

2.3 Functional and presentation currency

These financial statements are presented in Euro, which is the Bank's functional currency. Except as indicated, financial information presented in Euro has been rounded to the nearest thousand.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are for the calculation of impairment losses on loans, fair value of financial instruments and for the calculation of income tax.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to Euro at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Euro at the exchange rate at the date that the fair value was determined.

3.2 Interest

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate.



3.3 Fees and commission

Fees and commission income and expenses that are not integral to the measurement of the effective interest rate which are recorded based on the relevant services.

3.4 Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences as well as gains less losses that were recycled from equity to the income statement.

3.5 Dividends

Dividend income is recognized when the right to receive income is established.

3.6 Lease payments made

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

3.7 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.



3.8 Financial instruments

(a) Recognition

The Bank initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

(b) Derecognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Bank enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

(c) Offsetting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(d) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(e) Fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, etc. The Bank uses widely recognised valuation models for determining the fair value of common and more simple financial instruments like options and interest rate and currency swaps. For these financial instruments, inputs into models are market observable.

For more complex instruments, the bank uses proprietary models, which usually are developed from recognized valuation models.



(f) Identification and measurement of impairment

At each balance sheet date the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The Bank considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

In assessing collective impairment the Bank uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

3.9 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months. Cash and cash equivalents are carried at amortised cost in the balance sheet.

3.10 Trading assets

Trading assets are those assets and liabilities that the Bank acquires or incurs principally for the purpose of short-term profit or position taking.

Trading assets are initially recognised and subsequently measured at fair value in the balance sheet with transaction costs taken directly to profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition.



3.11 Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the balance sheet. The treatment of changes in their fair value depends on their classification as explained below.

When a derivative is designated as a hedge of the change in fair value of a recognised asset or liability, changes in the fair value of the derivative are recognised immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk.

When a derivative is designated as a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative are recognised directly in equity. The amount recognised in equity is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same income statement line item as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

3.12 Investment in subsidiaries and associates

There are carried at cost less impairment losses.

3.13 Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date, the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

For finance leases where the Bank is the lessor and the risks and rewards incident to ownership of an asset are transferred to the lessee, the present value (net investment) of lease payments is recognized as loans and advances.

3.14 Investment securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either held-to-maturity or available-for-sale.

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.



Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Bank becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in equity until the investment is sold or impaired and the balance in equity is recognised in profit or loss.

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale investments.

3.15 Property and equipment

Items of property and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditure that is attributable to the acquisition of the items.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the property, plant and equipment. Land is not depreciated.

The estimated useful lives are as follows:

Own property	50 years
Leasehold improvements	12 years
Furniture and equipment	7 – 15 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is higher of the assets fair value less costs to sell and value in use.

Gains and losses on disposal are determined by comparing proceeds with carrying amounts. These are included in the income statement.

3.16 Intangible assets

Intangible assets consists of software that has been acquired by the Bank and stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the software which is between 4 to 15 years.



3.17 Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities that are sources of funding for the Bank are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method.

The Bank enters into contracts to sale and repurchase own investments at a specific date and at a specific price. Investments sold under these agreements are not derecognized and are classified and measured as trading, available-for-sale or held-to-maturity. The amount of the sale is depicted as due from financial institutions or customers.

Deposits, debt securities and subordinated liabilities are initially measured at fair value plus transaction costs and subsequently measured at the amortized cost using the effective interest method.

3.18 Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.19 Employee benefits

(a) Defined contribution plans

The Bank pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Bank has no further payment adjustments once the contributions have been paid. The obligations for contributions are recognized as an expense in the income statement as incurred.

(b) Defined benefit plans

The Bank has a defined benefit plan whereby it is required, by law, to pay to retiring employees a lump sum. The amount of the payment varies depending upon the employee's length of service and salary on the date of retirement. The Bank's obligation in respect of this defined benefit plan is measured by estimating the present value amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on Greek State bonds that have maturity dates approximating the terms of the Bank's obligations. The calculation is performed by an independent qualified actuary using the projected unit method, less the fair value of any plan assets and adjusted for unrecognised gains or losses and past service costs. The calculation is performed annually by a qualified actuary using the projected unit credit method. The discount rate is the yield at the balance sheet date on Government bonds that have maturity dates that match the employment term of the pension liability.



All actuarial gains and losses in calculating the Bank's obligation in respect of the plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

The amount recognized in the income statement by the Bank for defined benefit pension plans include:

- the increase in the present value of the defined benefit obligation resulting from employee service in the current period (service cost)
- the increase in the present value of the defined benefit obligation which arises as the benefits are one year closer to settlement (interest cost).

3.20 Share capital

(a) Share issue costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax from the proceeds.

(b) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability in the period in which they are approved by the Bank's shareholders.

(c) Own shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Where such shares are subsequently sold or re-issued, any consideration received is included in shareholders' equity.

3.21 Segment reporting

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

3.22 New standards and interpretations

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007, and have not been applied in preparing these financial statements:

- IFRS 8 "Operating Segments" introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Bank's 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Bank's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them.
- Revised IAS 23 "Borrowing Costs" removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.
- IFRIC 11 IFRS 2 – "Group and Treasury Share Transactions" requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity



instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained.

- IFRIC 12 “Service Concession Arrangements” provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12, which becomes mandatory for the Bank’s 2008 financial statements, is not expected to have any effect on the financial statements.
- IFRIC 13 “Customer Loyalty Programmes” addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Bank’s 2009 financial statements, is not expected to have any impact on the financial statements.
- IFRIC 14 IAS 19 – “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability.

4. Financial Risk Management

4.1 Introduction and overview

The Bank monitors the following risks:

- Credit Risk
- Liquidity Risk
- Market Risk, and
- Operational Risk

This note presents information about the Bank’s exposure to each of the above risks, the Bank’s objectives, policies and processes for measuring and managing risk, and the Bank’s management of capital.

The Board of Directors in order to promote stability and continue its operations has established an effective risk management operations framework, that enables the Bank to recognize and analyse all types of risks which it is exposed to.

The Board has established the Asset and Liability (ALCO) committee for the Bank and a Risk Audit Committee, which are responsible for developing and monitoring the risk management policies of the Bank in their specified areas.

The Risk Management Division, operates as an independent unit in the Bank, reporting to the Risk Audit Committee and the Board of Directors. The unit is responsible, for improving on a continual basis the existing management methods, for detecting and analyzing in an adequate format the risk that the Bank faces through quantitative methods, as well as for developing new quantitative tools, which will enhance the Bank’s risk management framework.



4.2 *Credit risk*

Credit risk is a corner stone, in the Bank's risk management framework, in terms of the credible measurement of credit risk. Credit risk, is the risk of financial loss to the Bank, if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credits and credit limits give to individuals or corporates are the basic sources of credit risk. Credit risk may also arise from investment activities and transactions on investments and securities settlement.

Reliable credit risk measurement, contributes in maximizing the Bank's profitability, by monitoring the level of expected and unexpected financial loss. By using historical data and informational systems, the Bank develops, evaluates and implements mathematical models, in order to score loan applications. Prompt risk detection criteria, are defined, for loan portfolios, and if considered necessary, correctional actions are proposed.

For retail customer loans a scoring model exists, which classifies each customer to a certain risk category. This model, is reviewed on a regular basis, and modified, if considered necessary.

For corporate clients, a rating model is used, which classifies each client in a risk category, taking into account financial and qualitative data. Especially, for companies that are corporate or small and medium sized enterprises, the Credit Risk Tracker rating system, of Standard & Poor's is implemented.

4.2.1 *Loan impairment*

We consider, that a loan is impaired, when its book value is greater than the expected recoverable amount. The loss amount, that must be posted, is the difference between its book value and its recoverable amount. The recoverable amount, is calculated as the net present value of the expected future cash flows, discounted at the original effective interest rate of the loan.

If the Bank decides that there is no objective evidence of impairment for a financial asset that was tested for individually it classifies this loan in a separate portfolio with similar characteristics and tests for impairment on a portfolio basis.

The Bank classifies loans and advances to customers based on impairment loss in the following four categories based on impairment loss calculation:

a) Individually impaired

These are loans and advances to customers which the Bank has proceeded in legal actions and determines that it is probable, that it will be unable to collect in total or partially all principal and interest due according to the contractual terms of the loan agreements. These loans are examined for impairment, on an individual basis.

b) Collectively impaired

These are loans and advances to customers which the Bank has proceeded in legal actions and determines that it is probable, that it will be unable to collect in total or partially all principal and interest due according



to the contractual terms of the loan agreements. These loans are examined for impairment, on a collective basis. The portfolio are based on the time period that the loan was denounced from the first year.

c) Past due and tested for impairment

These are loans that are overdue for 30 days and above in terms of contractual interest or principal payments. The overdue loans are tested for impairment based on probability of default coefficients (PD) and loss given default rates (LGD) per loan.

d) Neither past due and tested for impairment

These are customer loans, that are not considered overdue or are overdue less than 30 days. These loans are tested for impairment based on probability of default and loss given default rates per loan.

The table that follows is an analysis of the Bank's loans by types of risk in accordance with the impairment calculation method used by the Bank. Each category is separated into risk categories based on the credit rating and days in delay for each customer taken into account the security coverage for the customer.

The following table also shows the evaluation of the Bank's credit risk for amounts due from credit institutions and for investment securities.



ASPIS BANK S.A.
Notes to the financial statements

The following exposures, are based in their book value, exactly as they appear in the Bank's balance sheet.
(Amounts in thousand of Euro)

31 December	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	2007	2006	2007	2006	2007	2006
	2 043 186	1 655 897	473 786	421 189	26 462	59 242
Individually impaired						
Grade 6	898	64	-	-	-	-
Grade 7	20 652	14 426	-	-	-	-
Grade 8	3 058	16 626	-	-	-	-
Grade 9	15 510	14 900	-	-	-	-
Grade 10	12 368	9 828	-	-	-	-
Gross amount	52 486	55 844	-	-	-	-
Impairment loss	(18 202)	(16 980)	-	-	-	-
Carrying amount	34 284	38 864	-	-	-	-
Collectively impaired						
Grade 7	2 255	1 538	-	-	-	-
Grade 8	5 388	8 460	-	-	-	-
Grade 9	5 859	1 839	-	-	-	-
Grade 10	9 056	7 495	-	-	-	-
Gross amount	22 558	19 332	-	-	-	-
Impairment loss	(12 198)	(11 124)	-	-	-	-
Carrying amount	10 360	8 208	-	-	-	-



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Past due and tested for impairment

Grade 2	62 604	3 103	-	-	-	-
Grade 3	36 840	13 652	-	-	-	-
Grade 4	26 208	29 249	-	-	-	-
Grade 5	5 845	26 583	-	-	-	-
Grade 6	5 359	10 168	-	-	-	-
Grade 7	551	5 217	-	-	-	-
Grade 8	-	495	-	-	-	-
Grade 9	-	201	-	-	-	-
Grade 10	-	44	-	-	-	-
Gross amount	137 407	88 712	-	-	-	-
Impairment loss	(578)	(508)	-	-	-	-
Carrying amount	136 829	88 204	-	-	-	-

31 December	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	2007	2006	2007	2006	2007	2006
Past due comprises:						
30-90 days	78 458	57 750	-	-	-	-
90-180 days	42 475	29 743	-	-	-	-
180 days +	15 896	711	-	-	-	-
Carrying amount	136 829	88 204	-	-	-	-

Neither past due and tested for impairment

Grade 1	847 406	670 605	473 786	421 189	26 462	59 242
Grade 2	415 267	149 778	-	-	-	-
Grade 3	206 933	272 809	-	-	-	-
Grade 4	113 077	106 335	-	-	-	-
Grade 5	154 926	141 016	-	-	-	-
Grade 6	130 530	186 251	-	-	-	-
Gross amount	1 868 139	1 526 794	473 786	421 189	26 462	59 242
Impairment loss	(6 426)	(6 173)	-	-	-	-
Carrying amount	1 861 713	1 520 621	473 786	421 189	26 462	59 242

Total carrying amount

2 043 186 1 655 897 473 786 421 189 26 462 59 242



Set out below is an analysis of the gross and net of allowance for impairment amounts of 31 December 2007 and 2006 by risk grade.

31 December 2007

(Amounts in thousand of Euro)

	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
	2 080 589	2 043 186	473 786	473 786	26 462	26 462
Individually impaired						
Grade 6	898	807	-	-	-	-
Grade 7	20 652	19 358	-	-	-	-
Grade 8	3 058	3 058	-	-	-	-
Grade 9	15 510	9 682	-	-	-	-
Grade 10	12 367	1 379	-	-	-	-
Total	52 485	34 284	-	-	-	-

	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
Collectively impaired						
Grade 7	2 255	1 447	-	-	-	-
Grade 8	5 388	3 501	-	-	-	-
Grade 9	5 859	2 600	-	-	-	-
Grade 10	9 056	2 812	-	-	-	-
Total	22 558	10 360	-	-	-	-

Past due and tested for impairment						
Grade 2	62 604	62 552	-	-	-	-
Grade 3	36 840	36 794	-	-	-	-
Grade 4	26 208	25 970	-	-	-	-
Grade 5	5 845	5 818	-	-	-	-
Grade 6	5 359	5 285	-	-	-	-
Grade 7	551	410	-	-	-	-
Total	137 407	136 829	-	-	-	-



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Notes to the financial statements

Past due comprises:						
30-90 days	78 754	78 458	-	-	-	-
90-180 days	42 596	42 475	-	-	-	-
180 days +	16 057	15 896	-	-	-	-
Total	137 407	136 829	-	-	-	-

**Neither past
due and tested
for impairment**

Grade 1	847 406	845 545	473 786	473 786	26 462	26 462
Grade 2	415 267	413 537	-	-	-	-
Grade 3	206 933	205 965	-	-	-	-
Grade 4	113 077	112 548	-	-	-	-
Grade 5	154 926	154 201	-	-	-	-
Grade 6	130 530	129 917	-	-	-	-
Total	1 868 139	1 861 713	473 786	473 786	26 462	26 462

Total **2 080 589** **2 043 186** **473 786** **473 786** **26 462** **26 462**

(Amounts in thousand of Euro)

	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
<i>31 December 2006</i>	1 690 682	1 655 897	421 189	421 189	59 242	59 242

**Individually
impaired**

Grade 6	64	45	-	-	-	-
Grade 7	14 426	14 122	-	-	-	-
Grade 8	16 626	15 355	-	-	-	-
Grade 9	14 900	9 342	-	-	-	-
Grade 10	9 828	-	-	-	-	-
Total	55 844	38 864	-	-	-	-

**Collectively
impaired**

Grade 7	1 538	601	-	-	-	-
Grade 8	8 460	4 112	-	-	-	-
Grade 9	1 839	719	-	-	-	-
Grade 10	7 495	2 776	-	-	-	-
Total	19 332	8 208	-	-	-	-



Past due and tested for impairment

Grade 2	3 103	3 103	-	-	-	-
Grade 3	13 652	13 622	-	-	-	-
Grade 4	29 249	29 068	-	-	-	-
Grade 5	26 583	26 460	-	-	-	-
Grade 6	10 168	10 118	-	-	-	-
Grade 7	5 217	5 172	-	-	-	-
Grade 8	495	449	-	-	-	-
Grade 9	201	188	-	-	-	-
Grade 10	44	24	-	-	-	-
Total	88 712	88 204	-	-	-	-

Past due comprises:

30-90 days	58 103	57 750	-	-	-	-
90-180 days	29 869	29 743	-	-	-	-
180 days +	740	711	-	-	-	-
Total	88 712	88 204	-	-	-	-

	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
Neither past due and tested for impairment						
Grade 1	670 605	669 053	421 189	421 189	59 242	59 242
Grade 2	149 778	147 697	-	-	-	-
Grade 3	272 809	271 874	-	-	-	-
Grade 4	106 335	105 944	-	-	-	-
Grade 5	141 016	140 509	-	-	-	-
Grade 6	186 251	185 544	-	-	-	-
Total	1 526 794	1 520 621	421 189	421 189	59 242	59 242
Grand total	1 690 682	1 655 897	421 189	421 189	59 242	59 242



4.2.2 Collateral

The Bank as part of its risk management policy receives collateral in order to protect its receivables. The major categories of collateral against loans and advances to customers are in the form of cheques, prenotices over property and other guarantees, such as cash collateral. The table below shows collateral held for the Bank's credit risk.

(Amounts in thousand of Euro)

	2007	2006
Loans and advances to customers		
Retail customers:		
Mortgages	957 978	815 534
Credit cards	44 402	36 349
Other consumer loans	66 432	56 887
	1 068 812	908 770
Corporate clients:		
Subsidiaries	6 501	10 603
Subsidiaries – Corporate bonds	54 874	40 000
Corporate and shipping loans	799 443	638 688
Corporate bonds	102 003	46 700
Other	20 161	18 454
	982 982	754 445
Amounts for securities transaction	28 795	27 467
	2 080 589	1 690 682
Impairment loss	(37 403)	(34 785)
Loans and advances after provisions	2 043 186	1 655 897
Collaterals		
Retail clients:	1 210 901	968 044
Corporate clients:	1 387 830	1 021 928
Total collateral amount	2 598 731	1 989 972



Loans to retail customers, in their majority, are collateralized in the form of mortgage interests over property. As far as, loans to corporate clients are concerned, their collaterals, are in the form of cheques, mortgage interests over property, and other collateral types, such as cash, securities and machinery.

The following table describes the collaterals held against corporate clients, expressed in thousands of Euro and per collateral type.

	2007		2006
Cheques	265 037	Cheques	456 172
Property	221 553	Property	159 235
Others	901 240	Others	406 521
	1 387 830		1 021 928

4.2.3 *Write-off policy*

The Bank writes off loans when the Bank determines, that the loans are uncollectible. This is done, after considering information, such as the occurrence of significant changes in the borrower's financial position, in a manner that the borrower can no longer pay the obligation.

4.3 *Market Risk*

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates is concerned.

For market risk, the Bank, elaborates, develops and carries out risk methods, that are based on Value-at-Risk (VaR) models. VaR measures, the worst expected loss, over a given horizon, under normal market conditions, at a given confidence level. As this model is not used for losses arising from extreme events the Bank applies stress tests on its securities portfolio. Specifically, the Bank uses extreme value theory for concluding on changes in Bank's securities portfolio when extreme events occur. The VaR model used by the Bank, is based upon a 99 percent confidence level and assumes a 10-day holding period. In addition, the Bank, uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual portfolios and the Bank's overall position. As at 31 December 2007, VaR for securities portfolio was Euro 1,68 million and Euro 19,6 thousands for the Bank's foreign exchange position. The Bank, as at 31 December 2007, held a short position of Euro 448 thousands, against several currencies.

With respect to 29 December 2006, VaR was equal to Euro 2,77 millions for the securities portfolio, and Euro 7,3 thousands for the Bank's foreign exchange position. The Bank, as at 29 December 2006, held a long position of Euro 570 thousands, against several currencies.



All the above, are summarized in the following tables:

Investment risk (in millions of Euro)	2007	2006
Securities' value	27,14	58,18
VaR	1,68	2,77

Currency risk (in thousands of Euro)	2007	2006
Foreign exchange position	-448	+570
VaR	19,6	7,3

The large difference of securities' value, between years 2006 and 2007, arises from the fact, that during 2007, the Bank liquidated some of the bonds, while other bonds matured.

4.4 Liquidity risk

Liquidity risk arises with respect to the general funding of the Bank's activities and in the management of positions. It includes both the risks of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Bank's philosophy is to manage its liquidity to ensure at all possible means that there are enough means to cover its obligations under normal or abnormal circumstances without affecting its reputation.

The Bank has access to a diverse funding base. Funds are raised using a broad range of instruments including deposits, debt securities and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Bank strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Bank continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Bank strategy.

The two mandatory indices, set by the Bank of Greece, the Net Liquid Assets index and the Assets minus Liabilities index, are monitored on a daily basis.

The Net Liquid Assets index, was as follows:

	2007	2006
At 31 December	24,16%	24,99%
Average for the period	22,23%	21,42%
Maximum for the period	24,16%	24,99%
Minimum for the period	18,16%	18,71%



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The following table provides an analysis of the Bank's assets and liabilities into relevant maturity groupings based on the remaining periods to repayment of: (the amounts are expressed in thousands of Euro)

At 31 December 2007	Up to 1 month	1-3 months	3-6 months	6-12 months	1 to 5 years	Over 5 years	Total
Assets							
Cash and balances with Central Bank	93 119	-	-	-	-	-	93 119
Trading securities	1 233	-	-	-	1 707	4 816	7 756
Derivative financial instruments	13	-	-	-	-	-	13
Loans and advances to banks	473 786	-	-	-	-	-	473 786
Loans and advances to customers	515 753	238	485 824	35 102	65 079	941 190	2 043 186
Investment in subsidiaries	-	-	-	-	-	30 492	30 492
Available-for-sale investments	-	-	-	2 556	-	20 627	23 183
Held-to-maturity investments	-	-	-	-	-	3 279	3 279
Property and equipment and intangible assets	-	-	-	-	28 666	23 730	52 396
Other assets	<u>9 257</u>	<u>9 773</u>	<u>-</u>	<u>4 310</u>	<u>12 082</u>	<u>8 034</u>	<u>43 456</u>
Total assets	<u>1 093 161</u>	<u>10 011</u>	<u>485 824</u>	<u>41 968</u>	<u>107 534</u>	<u>1 032 168</u>	<u>2 770 666</u>
Liabilities							
Derivative financial instruments	-	-	-	-	-	-	-
Deposits from banks	201 660	-	-	-	-	-	201 660
Due to customers	1 160 493	393 771	90 294	62 912	483 327	-	2 190 797
Subordinated liabilities and hybrid issues	-	-	-	-	99 563	39 529	139 092
Other liabilities and provisions	<u>20 028</u>	<u>11 507</u>	<u>-</u>	<u>507</u>	<u>44</u>	<u>9 251</u>	<u>41 337</u>
Total liabilities	<u>1 382 181</u>	<u>405 278</u>	<u>90 294</u>	<u>63 419</u>	<u>582 934</u>	<u>48 780</u>	<u>2 572 886</u>
Net liquidity gap	<u>(289 020)</u>	<u>(395 267)</u>	<u>395 530</u>	<u>(21 451)</u>	<u>(475 400)</u>	<u>983 388</u>	<u>197 780</u>
Total assets	<u>778 583</u>	<u>215 974</u>	<u>316 288</u>	<u>59 160</u>	<u>464 636</u>	<u>477 728</u>	<u>2 312 369</u>
Total liabilities	<u>772 001</u>	<u>626 810</u>	<u>118 985</u>	<u>95 381</u>	<u>499 553</u>	<u>-</u>	<u>2 112 730</u>
Net liquidity gap	<u>6 582</u>	<u>(410 836)</u>	<u>197 303</u>	<u>(36 221)</u>	<u>(34 917)</u>	<u>477 728</u>	<u>199 639</u>



4.5 Currency risk

The Bank takes on exposure to the effects of fluctuations in the prevailing exchange rates on its financial position and cash flows. The Board of Directors set limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The table below summarises the Bank's exposure to foreign currency exchange risk at 31 December 2007. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by currency (the amounts are expressed in thousands of Euro).

	EURO	USD	Other	Total
Assets				
Cash and balances with Central Bank	92 414	453	252	93 119
Trading securities	7 632	124	-	7 756
Derivative financial instruments	13	-	-	13
Loans and advances to banks	279 309	174 054	20 423	473 786
Loans and advances to customers	1 976 167	50 843	16 176	2 043 186
Investment in subsidiaries and associates	30 492	-	-	30 492
Available-for-sale investments	22 430	-	753	23 183
Held-to-maturity investments	3 279	-	-	3 279
Property and equipment	47 806	-	-	47 806
Intangible assets	4 590	-	-	4 590
Other assets	<u>38 561</u>	<u>4 741</u>	<u>154</u>	<u>43 456</u>
Total assets	<u>2 502 693</u>	<u>230 215</u>	<u>37 758</u>	<u>2 770 666</u>
Liabilities				
Derivative financial instruments				
Deposits from banks	201 660	-	-	201 660
Due to customers	1 925 520	227 334	37 943	2 190 797
Subordinated liabilities and hybrid issues	139 092	-	-	139 092
Other liabilities	<u>40 240</u>	<u>918</u>	<u>179</u>	<u>41 337</u>
Total liabilities	<u>2 306 512</u>	<u>228 252</u>	<u>38 122</u>	<u>2 572 886</u>
Net on-balance sheet position	<u>196 181</u>	<u>1 963</u>	<u>(364)</u>	<u>197 780</u>
Net off-balance sheet position	<u>1 431</u>	<u>(932)</u>	<u>(499)</u>	<u>-</u>
At 31 December 2006				
Total assets	<u>2 096 140</u>	<u>173 638</u>	<u>42 591</u>	<u>2 312 369</u>
Total liabilities	<u>1 901 936</u>	<u>170 690</u>	<u>40 104</u>	<u>2 112 730</u>
Net on-balance position	<u>194 204</u>	<u>2 948</u>	<u>2 487</u>	<u>199 639</u>
Net off-balance position	<u>2 030</u>	<u>(2 041)</u>	<u>11</u>	<u>-</u>



4.6 Interest rate risk

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating rate assets and liabilities the Bank is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices.

Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Bank's business strategies.

A parallel shift in the yield curves more than 1% is expected to reduce the Bank's profits in one year by an amount of EUR 1.35 million. On the other hand a decrease of rates by 1% will lead to an increase in the Bank's profits in one year by an amount of EUR 1.35 million.

The table below summarises the Bank's exposure to interest rate risks. Included in the table the Bank's assets and liabilities at carrying amounts, categorized by the earlier or contractual repricing or maturity dates (the amounts are expressed in thousands of Euro):



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31 December 2007	Effective Interest rate	Floating	1-3 months	3-12 months	1 to 2 years	Over 2 years	Non- interest	Total
Assets								
Cash and balances with Central Bank	2.72%	-	65 479	-	-	-	27 640	93 119
Trading securities	3.73%	-	4 892	1 631	-	-	1 233	7 756
Derivative financial instruments		-	-	-	-	-	13	13
Loans and advances to banks	4.41%	-	461 895	-	-	-	11 891	473 786
Loans and advances to customers	5.92%	1 440 744	66 391	52 483	113 352	370 216	-	2 043 186
Investment in subsidiaries		-	-	-	-	-	30 492	30 492
Available for sale Investments	9.25%	-	2 556	-	-	-	20 627	23 183
Held to maturity Investments	2.86%	-	-	3 279	-	-	-	3 279
Other assets	5.03%	-	-	1 404	-	-	94 448	95 852
Total assets		1 440 744	601 213	58 797	113 352	370 216	186 344	2 770 666
Liabilities								
Deposits from banks	3.19%	-	201 660	-	-	-	-	201 660
Deposits from Customers	3.34%	-	1 937 172	247 291	6 303	31	-	2 190 797
Subordinated liabilities and hybrid issues	6.58%	-	139 092	-	-	-	-	139 092
Other liabilities		-	-	-	-	-	41 337	41 337
Total liabilities		-	2 277 924	247 291	6 303	31	41 337	2 572 886
Interest sensitivity Gap		1 440 744	(1 676 711)	(188 494)	107 049	370 185	145 007	197 780
31 December 2006								
		585 370	987 759	214 812	55 908	323 241	145 279	2 312 369
Total assets		-	1 417 327	118 985	95 381	446 841	34 196	2 112 730
Total liabilities		585 370	(429 568)	95 827	(39 473)	(123 600)	111 083	199 639



4.7 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Through continuous reports, regarding the Bank's exposure to operational risk, the Board, is informed of this type of risk, and decides about the strategy that must be adopted, in order to prevent any financial losses, that arise from operational events.

In this framework, the Bank, is in the process, of developing a loss database for operational risk, which is a necessary assumption for implementing the Standardized Approach. Nevertheless, in the present stage, the Bank, is going to implement, the Basic Indicator method, for the computation of its operational risk charge.

4.8 Stress testing

The Bank implements, several stress testing scenarios, in order to assess the impact of extreme financial events, to the Bank's portfolio value.

The Bank, runs stress tests, on a regular basis, with scenarios that concern the various types of risk, that the Bank is being exposed (credit risk, market risk, liquidity risk). The Risk Management Division, analyses the results of these tests, and proposes appropriate policies.

4.9 Capital adequacy

The capital adequacy of the Bank, is monitored on a monthly basis, and is submitted to the Bank of Greece, ever three months.

The Bank applies the rules set by the Bank of Greece, regarding the adequacy of its capital. The regulation framework, that applies to the Greek Banking system, is the same as in the European Union. The Bank of Greece, as a regulator, requires the Bank to maintain a prescribed ratio of regulatory capital to total risk-weighted assets of at least 8%.

The capital adequacy ratio is the ratio of total capital to total weighted assets and other off balance sheet items and the imputed amount arising from total capital requirements for the coverage of market risk.



Regulatory capital must be covered by at least half of Tier I capital and then rest must be covered by Tier II capital.

Capital Adequacy Directive (<i>amounts in thousand of Euro</i>)	2007	2006
Upper Tier I	197 460	199 639
Lower Tier I	-	-
Deductions	<u>(11 917)</u>	<u>(5 495)</u>
Total Tier 1	<u>185 543</u>	<u>194 144</u>
Upper Tier II	-	-
Lower Tier II	136 217	67 492
Deductions	<u>(7 328)</u>	<u>(17 794)</u>
Total Tier II	<u>128 889</u>	<u>49 698</u>
Regulatory capital	<u>314 432</u>	<u>226 048</u>
Risk-weighted assets		
On and off balance sheet items	1 828 859	1 557 316
Market risk	<u>14 021</u>	<u>6 550</u>
Total risk-weighted assets	<u>1 842 880</u>	<u>1 563 867</u>
Indices (in %)		
Tier 1 CAD	10.06	12.47
Total CAD	17.06	14.52

5. Fair values of financial assets and liabilities

The following table summarises the carrying amounts and fair value of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value (the amounts are expressed in thousands of Euro).

	<u>Carrying amount</u>		<u>Fair value</u>	
	2007	2006	2007	2006
Financial assets				
Loans and advances to banks	473 786	421 189	473 786	421 189
Loans and advances to customers	2 043 186	1 655 897	2 030 236	1 504 559
Investment securities held-to-maturity	3 279	34 254	3 113	33 961
Investment in subsidiaries	30 492	30 494	30 492	30 494
Financial liabilities				
Deposits from banks	201 660	83 945	201 660	83 945
Deposits from customers	2 190 797	1 944 891	2 188 600	1 949 999
Subordinated liabilities and hybrid instruments	139 092	49 698	139 092	49 698



6. Segment reporting

The Bank operates in Greece and is organized into three business segments:

- 1) Corporate banking
- 2) Brokerage transactions
- 3) Retail banking

At 31 December 2007

(In thousands of Euro)

	<u>Corporate</u>	<u>Brokerage</u>	<u>Retail</u>	<u>Total</u>
Operating revenue	11 851	5 029	65 686	82 566
Profit before income tax	3 335	344	6 959	10 638
Profit for the year	943	97	1 972	3 012
Total assets	255 789	30 922	2 483 955	2 770 666
Total liabilities	73 142	11 905	2 487 839	2 572 886
Capital expenditure	13	168	28 805	28 986
Depreciation and amortization	13	54	5 249	5 316
Impairment loss	1 088	8	1 954	3 050

At 31 December 2006

(In thousands of Euro)

	<u>Corporate</u>	<u>Brokerage</u>	<u>Retail</u>	<u>Total</u>
Operating revenue	9 663	5 440	66 000	81 103
Profit before income tax	4 866	1 300	10 943	17 109
Profit for the year	3 234	864	7 272	11 370
Total assets	180 209	31 319	2 100 841	2 312 369
Total liabilities	63 547	13 030	2 036 153	2 112 730
Capital expenditure	1	4	6 384	6 389
Depreciation and amortization	14	88	4 978	5 080
Impairment loss	346	-	2 058	2 404



7. Net interest income

	2007	2006
<i>(In thousands of Euro)</i>		
Interest income		
Loans and advances to customers	113 030	90 402
Money market	15 372	11 695
Investment securities	3 186	1 191
Trading securities	271	151
	<u>131 859</u>	<u>103 439</u>
Interest expense		
Deposits from banks and customers	(75 163)	(52 256)
Subordinated liabilities	(7 757)	(2 310)
	<u>(82 920)</u>	<u>(54 566)</u>
Net interest income	<u>48 939</u>	<u>48 873</u>

8. Fee and commission income

	2007	2006
<i>(In thousands of Euro)</i>		
Loans and letters of guarantees	12 317	10 763
Brokerage transactions	4 016	4 363
Transfers and similar	1 974	1 443
Imports-exports	1 254	1 388
Management and custodian fees	2 511	2 795
Credit cards	1 671	1 385
Deposits	500	604
Property	302	786
Other	1 959	1 984
	<u>26 504</u>	<u>25 511</u>

9. Net trading income

	2007	2006
<i>(In thousands of Euro)</i>		
Foreign exchange	1 151	1 190
Trading portfolio	(154)	(82)
Securitized loans	1 676	1 889
Derivatives	146	(7)
	<u>2 819</u>	<u>2 990</u>



10. Other operating income

	2007	2006
<i>(In thousands of Euro)</i>		
Dividend income	46	49
Services	4 609	4 205
	4 655	4 254

11. Personnel expenses

	2007	2006
<i>(In thousands of Euro)</i>		
Wages and salaries	23 795	21 562
Social security obligations	6 807	5 665
Contribution to defined contribution plans	2 545	2 688
Contribution to defined benefit plans	476	1 181
	33 623	31 096

The average number of employees during 2007 was 987 (2006: 955).

12. Other expenses

	2007	2006
<i>(In thousands of Euro)</i>		
Operating lease payments	6 915	6 862
Lawyers, engineers and other professionals	6 041	5 426
Utilities, postage and similar charges	2 065	1 591
Other taxes	2 359	1 772
Contributions	2 161	2 157
Other	10 398	7 606
	29 939	25 414

13. Income tax expense

	2007	2006
<i>(In thousands of Euro)</i>		
Current year	-	1 562
Prior year taxes	4 880	-
Tax on reserves	-	837
Deferred tax expense	2 746	3 340
	7 626	5 739



Reconciliation of effective tax rate

(In thousands of Euro)

		2007		2006
Profit before income tax		10 638		17 109
Income tax using corporate tax rate	25%	2 660	29%	4 961
Non-deductible expenses	2%	223	3%	458
Tax exempt income	-	-	(-)	(57)
Prior year taxes	46%	4 880	-	-
Tax on reserves	-	-	5%	837
Other differences	(1%)	(137)	(3%)	(460)
		<u>72%</u>		<u>34%</u>
		<u>7 626</u>		<u>5 739</u>

In Greece, the results reported to the tax authorities by an entity are provisional and subject to revision until such time as the tax authorities examine the books and records of the entity and the related tax returns as accepted as final. Therefore, entities remain contingently liable for additional taxes and penalties, which may be assessed upon such examination. The tax authorities have audited and the Bank has settled all obligations up to the year ended 31 December 2004. In 2007, the tax authorities completed their audit for financial periods ended 2003 and 2004 and an amount of EUR 4 880 thousand was assessed. Because of the method under which the tax obligations are ultimately concluded in Greece, the Bank remains contingently liable for additional taxes and penalties for its open tax years (2005 to 2007).

14. Earnings per share

The calculation of basic earnings per share at 31 December 2007 was based on the profit after tax for the years attributable to ordinary shareholders of EUR 3 012 thousand (2006: EUR 11 370 thousand) and a weighted average number of ordinary shares outstanding, during the year ended 31 December 2007 of 63 487 261 (2006: 50 051 068). The increase in weighted average number of ordinary shares is from the effect of share capital increase of towards the end of 2006.

15. Cash and cash equivalents

(In thousands of Euro)

	2007	2006
Cash in hand	25 835	23 025
Reserves with Central Bank	67 284	51 189
	<u>93 119</u>	<u>74 214</u>

16. Trading assets

(In thousands of Euro)

	2007	2006
Bonds	6 843	1 185
Equities	913	60
	<u>7 756</u>	<u>1 245</u>



17. Derivative assets/ liabilities

(In thousands of Euro)

	2007		2006	
	<u>Fair Value</u>		<u>Fair Value</u>	
	Assets	Liabilities	Assets	Liabilities
Forward contracts – currency	-	-	(4)	-
Futures – bonds	13	-	-	3
Interest rate swaps	-	-	57	-
	<u>13</u>	<u>-</u>	<u>53</u>	<u>3</u>

18. Loans and advances to banks

(In thousands of Euro)

	2007	2006
Current accounts	11 649	11 628
Money market placements	461 894	406 822
Items in course of collection	243	2 739
	<u>473 786</u>	<u>421 189</u>

19. Loans and advances to customers

(In thousands of Euro)

Retail customers:		
Housing	957 978	815 534
Credit cards	44 402	36 349
Other consumer	66 432	56 887
	<u>1 068 812</u>	<u>908 770</u>
Corporate customers:		
Subsidiaries	6 501	10 603
Corporate bonds – subsidiaries	54 874	40 000
Corporate loans	741 488	612 727
Corporate bonds	102 003	46 700
Shipping	57 955	25 961
Other	20 161	18 454
	<u>982 982</u>	<u>754 445</u>
Amounts due relating to brokerage transactions	28 795	27 467
	<u>2 080 589</u>	<u>1 690 682</u>
Impairment allowance	(37 403)	(34 785)
Loans and advances to customers net of impairment	<u>2 043 186</u>	<u>1 655 897</u>



Allowance for impairment

(In thousands of Euro)

	2007	2006
Balance at 1 January	34 785	42 000
Impairment loss for the year	3 050	2 404
Write-offs	(432)	(9 619)
Balance at 31 December	37 403	34 785

20. Investments in subsidiaries and associates

	Country of incorporation	2007	Ownership interest	2006
<i>(In thousands of Euro)</i>				
Aspis Leasing	Greece	21 693	100%	21 693
Aspis AE Insurance Brokerage	Greece	616	100%	616
Aspis International AEDAK	Greece	8 166	55%	8 166
Aspis Finance plc	United Kingdom	17	100%	19
Aspis Jersey plc	Jersey Islands	-	100%	-
		30 492		30 494

21. Available-for-sale investments

(In thousands of Euro)

	2007	2006
Mutual fund units	10 740	10 527
Listed equities	9 041	11 819
Corporate bonds	2 556	2 548
Non-listed equities	846	94
	23 183	24 988

22. Held-to-maturity securities

(In thousands of Euro)

	2007	2006
Greek Government bonds	3 279	18 914
Other bonds	-	15 340
	3 279	34 254



23. Property and equipment

(In thousands of Euro)

	<u>Property and buildings</u>	<u>Leasehold improvements</u>	<u>Furniture and equipment</u>	<u>Total</u>
Cost				
Balance at 1 January 2006	6 484	23 992	17 554	48 030
Acquisitions	-	1 903	3 372	5 275
Disposals	-	(12)	(12)	(24)
Transfer from intangible assets	-	-	6 444	6 444
Disposals	501	(501)	-	-
Write-offs	-	(53)	(851)	(904)
Balance at 31 December 2006	<u>6 985</u>	<u>25 329</u>	<u>26 507</u>	<u>58 821</u>
Balance at 1 January 2007	6 985	25 329	26 507	58 821
Acquisitions	-	953	24 106	25 059
Write-offs	-	(30)	(644)	(674)
Balance at 31 December 2007	<u>6 985</u>	<u>26 252</u>	<u>49 969</u>	<u>83 206</u>
Depreciation				
Balance at 1 January 2006	418	9 667	12 674	22 759
Depreciation for the year	133	2 018	2 458	4 609
Transfer from intangible assets	-	-	4 827	4 827
Transfers	204	(204)	-	-
Disposals	-	(19)	-	(19)
Write-offs	-	-	(850)	(850)
Balance at 31 December 2006	<u>755</u>	<u>11 462</u>	<u>19 109</u>	<u>31 326</u>
Balance at 1 January 2007	755	11 462	19 109	31 326
Depreciations for the year	138	2 011	2 563	4 712
Write-offs	-	(11)	(627)	(638)
Balance at 31 December 2007	<u>893</u>	<u>13 462</u>	<u>21 045</u>	<u>35 400</u>
Carrying amounts				
Balance at 1 January 2006	<u>6 066</u>	<u>14 325</u>	<u>4 880</u>	<u>25 271</u>
Balance at 31 December 2006	<u>6 230</u>	<u>13 867</u>	<u>7 398</u>	<u>27 495</u>
Balance at 1 January 2007	<u>6 230</u>	<u>13 867</u>	<u>7 398</u>	<u>27 495</u>
Balance at 31 December 2007	<u>6 092</u>	<u>12 790</u>	<u>28 924</u>	<u>47 806</u>



24. Intangible assets

(In thousands of Euro)

Cost	Purchased software
Balance at 1 January 2006	8 033
Acquisitions	1 114
Transfer to property and equipment	<u>(6 444)</u>
Balance at 31 December 2006	<u>2 703</u>
Balance at 1 January 2007	2 703
Acquisitions	<u>3 927</u>
Balance at 31 December 2007	<u>6 630</u>
Amortization	
Balance at 1 January 2006	5 791
Amortization for the year	472
Transfer to property and equipment	<u>(4 827)</u>
Balance at 31 December 2006	<u>1 436</u>
Balance at 1 January 2007	1 436
Amortization for the year	<u>604</u>
Balance at 31 December 2007	<u>2 040</u>
Carrying amounts	
Balance at 1 January 2006	<u>2 242</u>
Balance at 31 December 2006	<u>1 267</u>
Balance at 1 January 2007	<u>1 267</u>
Balance at 31 December 2007	<u>4 590</u>



25. Deferred tax assets/(liabilities)

(In thousands of Euro)

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2007	2006
Deferred tax assets		
Impairment for customer loans	1 910	2 259
Employee benefits	852	741
Commission income	817	890
Tax loss	<u>882</u>	<u>-</u>
	4 461	3 890
Deferred tax liabilities		
Property and equipment	(4 923)	(2 262)
Commission expense	(18)	(20)
Loans	<u>(658)</u>	<u>-</u>
	<u>(5 599)</u>	<u>(2 282)</u>
Net deferred tax asset/(liability)	<u>(1 138)</u>	<u>1 608</u>

Movement in temporary differences during the year

(In thousands of Euro)

2007	Opening balance	Recognized in income	Closing balance
Customer loans impairment	2 259	(349)	1 910
Employee benefits	741	111	852
Commission income	890	(73)	817
Property, plant and equipment	(2 262)	(2 661)	(4 923)
Commission expense	(20)	2	(18)
Loans	-	(658)	(658)
Tax loss	-	882	882
Total	1 608	(2 746)	(1 138)



2006	Opening balance	Recognized in income	Closing balance
Customer loans impairment	3 828	(1 569)	2 259
Employee benefits	550	191	741
Commission income	977	(87)	890
Property, plant and equipment	(387)	(1 875)	(2 262)
Commission expense	(20)	-	(20)
	4 948	(3 340)	1 608

26. Other assets

(In thousands of Euro)

	2007	2006
Guarantees and participations to other funds	7 351	7 987
Advances	1 657	13 520
Receivables from Greek State and other public organizations	4 790	2 252
Accrued income	12 370	8 390
Other	17 288	7 516
	43 456	39 665

27. Deposits from customers

(In thousands of Euro)

	2007	2006
On demand and current accounts	364 037	206 364
Savings accounts	229 766	320 008
Term deposits	1 596 994	1 418 519
	2 190 797	1 944 891

28. Subordinated liabilities and hybrid issues

This account relates to the subordinated liability from the proceeds from the issuance of subordinated floating rate notes by the Bank's subsidiary Aspiss Finance plc. and hybrid securities issued by Aspiss Jersey plc. The proceeds of these notes are loaned to the Bank:



	2007	2006
<i>(In thousands of Euro)</i>		
Hybrid issues	40 000	-
Subordinated loans	100 250	50 000
Direct expenses	(1 158)	(302)
	<u>139 092</u>	<u>49 698</u>

a) Hybrid notes

1. Aspis Jersey plc. Issued in April 2007 an amount of EUR 15 000 thousand at Euribor three month plus a spread of 3.95% which if recalled on April 2017 will be 4.95%.
2. Aspis Jersey plc. Issued in April 2007 an amount of EUR 25 000 thousand at Euribor three month plus a spread of 4.50% which if recalled on April 2017 will be 5.50%.

The issuer has the option not to pay interest. The issuer can recall.

b) Subordinated loans

1. Aspis Jersey plc. Issued in April 2007 an amount of EUR 50 250 thousand with recall date April 2012 at Euribor plus 1.24% which if recalled on April 2017 will be increased by 1.30%.
2. Aspis Finance plc. Issue in February 2005 an amount of EUR 50 million due in 2015 with recall date February 2010 and maturity February 2015. Interest rate is Euribor 3 month plus 1.35% spread which if recalled increases by 1.30%.

All amounts are carried at amortized cost. The costs relating to the loan are amortized as interest expense using the effective interest method over the period of the placements.

29. Other liabilities

	2007	2006
<i>(In thousands of Euro)</i>		
Tax and duties	1 854	1 503
Amounts and cheques payable	6 959	12 071
Accrued interest expense	11 768	6 131
Other liabilities	<u>16 162</u>	<u>10 840</u>
	<u>36 743</u>	<u>30 545</u>



30. Employee benefits

Employee benefits consist of:

(In thousands of Euro)

	2007	2006
Recognized liability for defined benefit obligations	3 406	2 964
Vacation not taken	<u>50</u>	<u>50</u>
	<u>3 456</u>	<u>3 014</u>

Defined benefit obligations

(In thousands of Euro)

	2007	2006
Present value of unfunded obligations	3 737	3 311
Unrecognised actuarial gains and losses	<u>(331)</u>	<u>(347)</u>
Recognized liability for defined benefit obligations	<u>3 406</u>	<u>2 964</u>

Movement in the liability for defined benefit obligations

(In thousands of Euro)

	2007	2006
Liability for defined benefit obligations at 1 January	2 964	2 144
Expense recognized in profit or loss (see below)	476	1 181
Benefits paid	<u>(34)</u>	<u>(361)</u>
	<u>3 406</u>	<u>2 964</u>

Expense recognized in profit or loss

(In thousands of Euro)

	2007	2006
Current service costs	335	468
Interest on obligation	140	145
Amortization of actuarial loss	1	38
Past service cost	<u>-</u>	<u>530</u>
	<u>476</u>	<u>1 181</u>

Actuarial assumptions

	2007	2006
Discount rate	4.3%	4.3%
Future salary increases	5.0%	5.0%



31. Share capital

At 31 December 2007, the share capital comprised 64 064 054 (2006: 63 474 403) ordinary shares with a par value of EUR 2.71 per share after the share capital increase of EUR 1 585 thousand.

32. Reserves

(In thousands of Euro)

	2007	2006
Statutory reserve	499	-
Untaxed reserves	1 908	-
Fair value reserve	(3 959)	(1 394)
Other reserves	<u>4 282</u>	<u>144</u>
	<u>2 730</u>	<u>(1 250)</u>

Statutory reserve: Under the provisions of Greek corporate law, entities are required to transfer 5% of their annual profits to a statutory reserve until the reserve equals one third of the issued capital. This reserve is not available for distribution but may be applied to cover losses.

Untaxed reserves: In accordance with Greek tax law certain types of income and profits are not taxed if retained and recorded to a specific reserve account. In the event that the reserves are distributed they will be taxed at the rate applicable on the date of distribution.

Fair value reserve: The fair value reserve includes the cumulative net charge in the fair value of available-for-sale investments until the investment is derecognised or impaired.

Other reserves: Other reserves comprises the cash flow hedge reserve and amounts that have been taxed and are free for distribution.

In case tax free reserves are distributed a tax of EUR 477 thousand will be paid.

33. Securitizations

The Bank has transferred housing loans securitized to Byzantium Finance plc, a special purpose vehicle of an amount of EUR 250 million in November 2003. These loans as at 31 December 2007 amount to EUR 150 180 thousand.

34. Related-party transactions

(In thousands of Euro)

The Bank defines its subsidiaries and the Board of Directors as related parties.

(a) Board of Directors

	2007	2006
Loans and advances to customers	15 934	7 645
Deposits from customers	10 184	13 524



ASPIS BANK S.A.
Notes to the financial statements

Other liabilities	48	92
Income		
Net interest income	284	(90)
Net commission income	64	74
Expenses		
Staff costs	3 044	2 823
Other operating expenses	341	46

(b) Balances and transaction with subsidiaries:

	2007	2006
Available-for-sale securities	2 500	2 500
Loans and advances to customers	79 943	69 058
Other assets	3 408	3 375
Deposits from customers	28 883	6 860
Subordinated liabilities and hybrid issues	140 250	50 000
Other liabilities	2 142	370
Income		
Interest income	3 692	4 075
Commission income	2 143	2 164
Net trading results	1 676	1 889
Other income	85	94
Expenses		
Interest expense	7 787	2 336
Other expense	337	221

(c) Other key management personnel and other parties:

	2007	2006
Loans and advances to customers	18 071	18 020
Other assets	-	415
Amounts due from customers	46 912	95 500
Other liabilities	78	382
Income		
Net interest income	(528)	(1 160)
Net commission income	194	649
Expenses		
Other operating expenses	2 782	3 615



35. Contingent liabilities and commitments

35.1 Litigation

The Bank is a defendant in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the financial condition of the Bank.

35.2 Credit commitments

The contractual amounts of the Bank's off-balance sheet financial instruments that commit to extend credit to customers are as follows (amounts in thousands of Euro):

	2007	2006
Letters of guarantee	210 182	214 809
Letters of credit	10 118	23 517

35.3 Operating leases

The Bank's commitments from lease contracts refer mainly to buildings used for its branches and other operating units. The future minimum lease payments under operating leases are as follows (amounts in thousands of Euro):

	2007	2006
Up to 1 year	6 396	6 684
From 1 to 5 years	16 332	18 282
Over 5 years	6 767	7 703

Independent Auditors' Report
(Translated from the original in Greek)

To the Shareholders of ASPIS BANK A.E.

Report on the Financial Statements

We have audited the accompanying financial statements of ASPIS BANK A.E. (the "Bank") which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view, of the financial position of the Bank as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Emphasis of Matter

Without qualifying our opinion we draw attention to note 13 of the financial statements, that explains that the tax obligations of the Bank have not been audited by the tax authorities and accordingly its tax obligations for those years are not considered final. The outcome of a tax audit can not presently be determined.

Athens, 19 March 2008

KPMG Certified Auditors AE

Nick Vouniseas
Certified Auditor Accountant
AM SOEL 18701



ASPIS BANK S.A.

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2007

**In accordance with International Financial
Reporting Standards (IFRS) as adopted by the European Union**

These consolidated financial statements have been approved by the Board of Directors of ASPIS BANK S.A. on 18 March 2008 and are available at the following web page: www.aspisbank.gr



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ASPIS BANK S.A.
Consolidated Income Statement
For the year ended 31 December
(In thousands of Euro)

	Notes	2007	2006
Interest income		146 411	117 723
Interest expense		(90 544)	(63 915)
Net interest income	7	55 867	53 808
Fee and commission income	8	29 352	26 970
Fee and commission expense		(458)	(683)
Net fee and commission income		28 894	26 287
Net trading income	9	2 380	2 208
Other operating income	10	10 156	7 944
Operating income		97 297	90 247
Impairment losses	19	(3 444)	(2 726)
Personnel expenses	11	(36 662)	(33 763)
Depreciation and amortization	22,23	(9 687)	(8 269)
Operating expenses	12	(31 818)	(27 159)
Profit before income tax expense		15 686	18 330
Income tax expense	13	(8 540)	(5 939)
Profit for the period		7 146	12 391
Attributable to:			
Equity holders of the Bank		6 931	12 272
Minority interest		215	119
		<u>7 146</u>	<u>12 391</u>
Basic and diluted earnings per share (euro)	14	0.11	0.25

The attached notes on pages 66 to 107 form part of these consolidated financial statements.

PRESIDENT OF THE BOARD
OF DIRECTORS AND
MANAGING DIRECTOR

VICE PRESIDENT OF THE
BOARD OF DIRECTORS

THE GENERAL MANAGER OF
CAPITAL MARKETS AND CHIEF
FINANCIAL OFFICER

FINANCIAL MANAGER

KONSTANTINOS V. KARATZAS
ID No E533458

LOUKAS M. KYRIACOPOULOS
ID No A045552

DIOMIDIS H. NIKOLETOPOULOS
ID No F123387

EVANGELOS V. STATHOPOULOS
ID No S045074
LICENCE No OEE 523 1ST CLASS



ASPIS BANK S.A.
Consolidated Balance Sheet
as at 31 December
(In thousands of Euro)

Assets	Notes	2007	2006
Cash and cash equivalents	15	93 121	74 220
Trading securities	16	11 144	3 948
Derivative assets	17	13	53
Loans and advances to banks	18	495 814	444 353
Loans and advances to customers	19	2 213 854	1 859 556
Investment securities			
- Available-for-sale	20	20 683	22 488
- Held-to-maturity	21	3 279	34 254
Property and equipment	22	53 172	32 002
Intangible assets	23	9 220	4 189
Deferred tax assets	24	-	1 860
Other assets	25	44 143	35 357
Total assets		2 944 443	2 512 280
Liabilities			
Derivative liabilities	17	-	3
Deposits from banks		213 661	95 954
Deposits from customers	26	2 182 104	1 938 865
Debt securities in issue	27	278 040	253 736
Current tax liability		534	422
Deferred tax liability	24	1 199	-
Employee benefits	29	3 654	3 178
Other liabilities	28	40 589	35 533
Total Liabilities		2 719 781	2 327 691
Equity			
Share capital	30	173 614	172 029
Share premium		17 053	17 078
Reserves	31	3 896	(89)
Accumulated deficit		(10 963)	(5 748)
Total equity attributable to equity holders of the Bank		183 600	183 270
Minority interest		1 533	1 319
Hybrid securities		39 529	-
Total equity		224 662	184 589
Total liabilities and equity		2 944 443	2 512 280

The attached notes on pages 66 to 107 form part of these consolidated financial statements.



ASPIS BANK S.A.
Consolidated Balance Sheet
as at 31 December
(In thousands of Euro)

	Share capital	Share premium	Statutory reserve	Tax-free reserve	Available for sale reserve	Hedge reserve	Accumulated deficit	Attributable to shareholders	Minority interests	Hybrid securities	Total
Balance 1 January 2006	143 561	5 584	2 350	2 173	(7 515)	134	(32 541)	113 746	1 166	-	114 912
Profit for the year	-	-	-	-	-	-	12 272	12 272	119	-	12 391
Change in the fair value of available for sale reserve	-	-	-	-	6 122	-	-	6 122	-	-	6 122
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	-	(77)	-	(77)	-	-	(77)
Recognized income and expenses	-	-	-	-	6 122	(77)	12 272	18 317	119	-	18 436
Offset losses	(11 231)	-	(2 350)	(940)	-	-	14 521	-	-	-	-
Other	-	-	-	14	-	-	-	14	34	-	48
Share capital increase (net)	39 699	11 494	-	-	-	-	-	51 193	-	-	51 193
Balance 31 December 2006	172 029	17 078	-	1 247	(1 393)	57	(5 748)	183 270	1 319	-	184 589
Profit for the year	-	-	-	-	-	-	6 931	6 931	215	-	7 146
Change in the fair value of available for sale reserve	-	-	-	-	(2 565)	-	-	(2 565)	-	-	(2 565)
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	-	(57)	-	(57)	-	-	(57)
Recognized income and expenses	-	-	-	-	(2 565)	(57)	6 931	4 309	215	-	4 524
Dividends	-	-	-	-	-	-	(3 809)	(3 809)	-	-	(3 809)
Allocation of reserves	-	-	499	6 103	-	-	(6 600)	2	-	-	2
Other	-	-	-	6	(1)	-	(5)	-	(1)	-	(1)
Issue of hybrid securities	-	-	-	-	-	-	-	-	-	39 529	39 529
Payment of dividend to hybrid securities holders	-	-	-	-	-	-	(1 732)	(1 732)	-	-	(1 732)
Share capital increase (net)	1 585	(25)	-	-	-	-	-	1 560	-	-	1 560
Balance 31 December 2007	173 614	17 053	499	7 356	(3 959)	-	(10 963)	183 600	1 533	39 529	224 662

The attached notes on pages 66 to 107 form part of these consolidated financial statements.



ASPIS BANK S.A.
Consolidated Balance Sheet
as at 31 December
(In thousands of Euro)

	2007	2006
Operating activities		
Profit before taxes	15 686	18 330
Adjustments for:		
Depreciation and amortization	9 687	8 269
Impairment on assets	3 444	2 726
Employee benefit	536	1 235
Other non-cash items	4 655	8 479
Change in fair value	<u>(1 239)</u>	<u>(213)</u>
	<u>32 769</u>	<u>38 826</u>
Changes in:		
Trading assets	(6 701)	867
Derivative assets	84	13
Loans and advances to customers	(357 743)	(240 240)
Other assets	(7 241)	6 530
Deposits from banks	117 707	(126 776)
Deposits from customers	243 239	368 414
Payment of prior year taxes	(5 178)	-
Other liabilities	<u>14 107</u>	<u>6 587</u>
Net cash used in operating activities	<u>31 043</u>	<u>54 221</u>
Cash flows from investing activities		
Proceeds from sale of investment securities	29 622	17 131
Proceeds from sale of property and equipment	36	32
Change in investments	-	(142)
Purchase of property and equipment	(35 924)	(12 136)
Dividends received	<u>46</u>	<u>49</u>
Net cash used in investing activities	<u>(6 220)</u>	<u>4 934</u>
Cash flows from financing activities		
Net (decrease)/ increase in subordinated liabilities	24 304	(5 894)
Issue of hybrid securities	39 529	-
Payment of dividends	(3 792)	-
Payment of dividends to hybrid security issues	(1 732)	-
Proceeds from the issue of shares	<u>1 560</u>	<u>51 193</u>
Net cash from financing activities	<u>59 869</u>	<u>45 299</u>
Net increase in cash and cash equivalents	84 692	104 454
Cash and cash equivalents at 1 January	518 573	428 631
Effect of exchange rate fluctuations on cash and cash equivalents	<u>(14 330)</u>	<u>(14 512)</u>
Cash and cash equivalents at 31 December	<u>588 935</u>	<u>518 573</u>
Cash and cash equivalents consist of:		
Cash and balances with Central Bank	93 121	74 220
Loans and advances to banks	<u>495 814</u>	<u>444 353</u>
	<u>588 935</u>	<u>518 573</u>

The attached notes on pages 66 to 107 form part of these consolidated financial statements.



1. General Information

ASPIS BANK S.A. (previously ASPIS MORTGAGE BANK S.A.) was founded by Pavlos D.Psomiadis and the AEGON BV insurance company, under the name “ASPIS BANK” (the “Bank”), as a Banking Société Anonyme in 1992 and received its license by the Bank of Greece (decision no. 487/2.12.91 of the Currency and Credit Commission), and the Ministerial Council (no. 5/8, GG 1/13.1.92, issue 1) Act according to law. According to this license, the Bank operated in accordance with mortgage banks laws until 3 August 2001. The Bank of Greece (PDBG 2478/3-8-2001) abolished the special legal framework for mortgage banks. On 3 September 2001, the Currency and Credit Commission of the Bank of Greece approved the modification of the Articles of Association of ASPIS BANK, which from thereafter engages in all banking operations defined by law. The Ministry of Development, as per decision no. K2-13660/26-10-2001, approved the modification of the Bank’s Articles of Association regarding its name, and received its current name of ASPIS BANK S.A. The Regular Shareholders’ Meeting on 1 June 2001 had already approved the aforementioned modifications of articles 1 (regarding the name) and 4 (regarding the purpose) of the Bank’s Articles of Association. ASPIS BANK maintains a Head Office in the Municipality of Athens, at 4 Othonos St., 105 57 Athens, and is registered in the Société Anonyme Registry under no. 26699/06/B/92/12. The Bank was established for a term of ninety-nine (99) years from the date it was registered in the Société Anonyme Registry.

According to article 4 of the Bank’s Articles of Association its exclusive purpose is to carry out on its behalf or on the behalf of third parties all banking activities allowed under current legislation. The following are the main activities that Bank may perform:

- ❑ Accepting, with or without interest, all types of deposits or other returnable funds denominated in Euro and foreign currency.
- ❑ Issuing loans and credit of all types, providing guarantees and acquiring or transferring claims, as well as intermediating in the financing of business enterprises or in business collaborations.
- ❑ Assuming debt, credit or guarantees and issuing debt securities in order to draw funds.
- ❑ Providing bill payment, fund transfer and export trade financing facilities.
- ❑ Safekeeping, management and administration of all types of securities, bonds, financial products and assets in general, including asset portfolios, transacting trades of these assets on behalf of the Bank or of third parties, as well as providing related financial and consulting services.
- ❑ The establishment or participation in domestic or foreign companies of any type engaged in the money market, capital market and the broader banking and investment sector in general.



- ❑ The issuance and management of means of payment (credit and debit cards, travel and bank cheques, etc.)
- ❑ Underwriting services, participation in the issuance and sale of securities, the coverage of issues and the provision of related services.
- ❑ Providing consulting services to business enterprises regarding their capital structure and business strategy, as well as services regarding mergers, spin-offs and acquisitions, and related issues.
- ❑ Providing reorganization and financial restructuring services.
- ❑ Factoring corporate receivables.
- ❑ Providing business-related information, including credit rating services.
- ❑ Providing safe-deposit box services.
- ❑ Representing third parties that have or pursue objectives similar to those mentioned above and in general engaging in any type of action, transaction, work or activity pursuant to the above or contributing to the advancement of the objectives of the Bank, as stated in the Articles of Association.
- ❑ Actively participating, as a member, in organized stock markets, having received a relevant license from the Bank of Greece.

To achieve its objectives, the Bank may cooperate with other legal entities, business enterprises or individuals, including those that pursue similar objectives, as well as participate in the aforementioned legal entities and business enterprises, in compliance with the provisions of banking legislation or any other applicable laws.

Fitch Ratings recently gave ASPIS BANK a BB+ rating while certifying its risk management systems.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements of the Bank and its subsidiaries (the “Group”) have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The consolidated financial statements were approved by the Board of Directors on 18 March 2008.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value
- derivative financial instruments are measured at fair value



2.3 *Functional and presentation currency*

These consolidated financial statements are presented in euro, which is the Group's functional currency. Except as indicated, financial information presented in euro has been rounded to the nearest thousand.

2.4 *Use of estimates and judgments*

The preparation of financial statements according to IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The most significant effect on the amount recognised in the financial statements are the calculation of impairment losses, the fair value of securities and the calculation of income tax.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all of the Group.

3.1 *Basis of consolidation*

3.1.1 *Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. When the Group's share of losses exceeds its interest in the associates the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of an associate.

3.1.2 *Associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of total recognized gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in the associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of an associate.

3.1.3 *Special purpose entities*

Special purpose entities are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of particular assets, or the execution of a specific borrowing or lending transaction. The financial statements of special purpose entities are included in the



Group's consolidated financial statements where the substance of the relationship is that the Group controls the special purpose entity.

3.1.4 Translations eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated to Euro at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Euro at the exchange rate at the date that the fair value was determined.

3.3 Interest

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate.

3.4 Fees and commission

Fees and commission income and expenses that are not integral to the measurement of the effective interest rate which are recorded based on the relevant services.

3.5 Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences as well as gains less losses that were recycled from equity to the income statement.

3.6 Dividends

Dividend income is recognised when the right to receive income is established.

3.7 Lease payments made

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.



3.8 *Income tax expense*

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.9 *Financial instruments*

(a) Recognition

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

(b) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.



(c) Offsetting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(d) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(e) Fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, etc. The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments like options and interest rate and currency swaps. For these financial instruments, inputs into models are market observable.

For more complex instruments, the Group uses proprietary models, which usually are developed from recognized valuation models.

(f) Identification and measurement of impairment

At each balance sheet date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The Group considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.



In assessing collective impairment the Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

3.10 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months. Cash and cash equivalents are carried at amortised cost in the balance sheet.

3.11 Trading assets

Trading assets are those assets and liabilities that the Group acquires or incurs principally for the purpose of short-term profit or position taking.

Trading assets are initially recognised and subsequently measured at fair value in the balance sheet with transaction costs taken directly to profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition.

3.12 Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the balance sheet. The treatment of changes in their fair value depends on their classification as explained below.

When a derivative is designated as a hedge of the change in fair value of a recognised asset or liability, changes in the fair value of the derivative are recognised immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk.

When a derivative is designated as a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative are recognised directly in equity. The amount recognised in equity is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same income statement line item as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.



3.13 Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date, the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

For finance leases where the Group is the lessor and the risks and rewards incident to ownership of an asset are transferred to the lessee, the present value (net investment) of lease payments is recognized as loans and advances.

3.14 Investment securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either held-to-maturity or available-for-sale.

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in equity until the investment is sold or impaired and the balance in equity is recognised in profit or loss.

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale investments.

3.15 Property and equipment

Items of property and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditure that is attributable to the acquisition of the items.



Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the property, plant and equipment. Land is not depreciated.

The estimated useful lives are as follows:

Own property	50 years
Leasehold improvements	12 years
Furniture and equipment	7 – 15 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is higher of the assets fair value less costs to sell and value in use.

Gains and losses on disposal are determined by comparing proceeds with carrying amounts. These are included in the income statement.

3.16 Intangible assets

Intangible assets consists of software that has been acquired by the Group and stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the software which is between 4 to 15 years.

3.17 Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities that are sources of funding for the Group are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method.

The Group enters into contracts to sale and repurchase own investments at a specific date and at a specific price. Investments sold under these agreements are not derecognized and are classified and measured as trading, available-for-sale or held-to-maturity. The amount of the sale is depicted as due from financial institutions or customers.

Deposits, debt securities and subordinated liabilities are initially measured at fair value plus transaction costs and subsequently measured at the amortized cost using the effective interest method.



3.18 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.19 Employee benefits

(a) Defined contribution plans

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment adjustments once the contributions have been paid. The obligations for contributions are recognized as an expense in the income statement as incurred.

(b) Defined benefit plans

The Group has a defined benefit plan whereby it is required, by law, to pay to retiring employees a lump sum. The amount of the payment varies depending upon the employee's length of service and salary on the date of retirement. The Group's obligation in respect of this defined benefit plan is measured by estimating the present value amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on Greek State bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by an independent qualified actuary using the projected unit method, less the fair value of any plan assets and adjusted for unrecognised gains or losses and past service costs. The calculation is performed annually by a qualified actuary using the projected unit credit method. The discount rate is the yield at the balance sheet date on Government bonds that have maturity dates that match the employment term of the pension liability.

All actuarial gains and losses in calculating the Group's obligation in respect of the plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

The amount recognized in the income statement by the Group for defined benefit pension plans include:

- the increase in the present value of the defined benefit obligation resulting from employee service in the current period (service cost).
- the increase in the present value of the defined benefit obligation which arises as the benefits are one year closer to settlement (interest cost).



3.20 Share capital

(a) Share issue costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax from the proceeds.

(b) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability in the period in which they are approved by the Bank's shareholders.

(c) Own shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Where such shares are subsequently sold or re-issued, any consideration received is included in shareholders' equity.

3.21 Segment reporting

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

3.22 New standards and interpretations

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007, and have not been applied in preparing these financial statements:

- IFRS 8 "Operating Segments" introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Group's 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them.
- Revised IAS 23 "Borrowing Costs" removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.
- IFRIC 11 IFRS 2 – "Group and Treasury Share Transactions" requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained.
- IFRIC 12 "Service Concession Arrangements" provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12, which becomes mandatory for the Group's 2008 financial statements, is not expected to have any effect on the financial statements.
- IFRIC 13 "Customer Loyalty Programmes" addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for



awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group's 2009 financial statements, is not expected to have any impact on the financial statements.

- IFRIC 14 IAS 19 – “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability.

4. Financial Risk Management

4.1 Introduction and overview

The Group monitors the following risks:

- Credit Risk
- Liquidity Risk
- Market Risk, and
- Operational Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors in order to promote stability and continue its operations has established an effective risk management operations framework, that enables the Group to recognize and analyse all types of risks which it is exposed to.

The Board has established the Asset and Liability (ALCO) Committee of the Group, and the Risk Audit Committee, which are responsible for developing and monitoring the risk management policies of the Group in their specified areas.

The Risk Management Division, operates as an independent unit in the Bank, reporting to the Risk Audit Committee and the Board of Directors. The unit is responsible, for improving on a continual basis the existing management methods, for detecting and analyzing in an adequate format the risk that the Group faces through quantitative methods, of all Group risks, as well as for developing new quantitative tools, which will enhance the Group's risk management framework.

4.2 Credit risk

Credit risk is a corner stone, in the Group's risk management framework, in terms of the credible measurement of credit risk. Credit risk, is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credits and credit limits give to individuals or corporates are the basic sources of credit risk. Credit risk may also arise from investment activities and transactions on investments and securities settlement.



Reliable credit risk measurement, contributes in maximizing of the Group's profitability, by monitoring the level of expected and unexpected financial loss. By using historical data and informational systems, the Group develops, evaluates and implements mathematical models, in order to score loan applications. Prompt risk detection criteria, are defined, for loan portfolios, and if considered necessary, correctional actions are proposed.

For retail customer loans a scoring model exists, which classifies each customer to a certain risk category. This model, is reviewed on a regular basis, and modified, if considered necessary.

For corporate clients, a rating model is used, which classifies each client in a risk category, taking into account financial and qualitative data. Especially, for companies that are corporate or small and medium sized enterprises, the Credit Risk Tracker rating system, of Standard & Poor's is implemented.

4.2.1 Loan impairment

We consider, that a loan is impaired , when its book value is greater than the expected recoverable amount. The loss amount, that must be posted, is the difference between its book value and its recoverable amount. The recoverable amount, is calculated as the net present value of the expected future cash flows, discounted at the original effective interest rate of the loan.

If the Group decides that there is no objective evidence of impairment for a financial asset that was tested for individually it classifies this loan in a separate portfolio with similar characteristics and tests for impairment on a portfolio basis.

The Group classifies loans and advances to customers based on impairment loss in the following four categories based on impairment loss calculation:

e) Individually impaired

These are loans and advances to customers which the Group has proceeded in legal actions and determines that it is probable, that it will be unable to collect in total or partially all principal and interest due according to the contractual terms of the loan agreements. These loans are examined for impairment, on an individual basis.

f) Collectively impaired

These are loans and advances to customers which the Group has proceeded in legal actions and determines that it is probable, that it will be unable to collect in total or partially all principal and interest due according to the contractual terms of the loan agreements. These loans are examined for impairment, on a collective basis. The portfolio are based on the time period that the loan was denounced from the first year.



g) Past due and tested for impairment

These are loans that are overdue for 30 days and above in terms of contractual interest or principal payments. The overdue loans are tested for impairment based on probability of default coefficients (PD) and loss given default rates (LGD) per loan.

h) Neither past due and tested for impairment

These are customer loans, that are not considered overdue or are overdue less than 30 days. These loans are tested for impairment based on probability of default and loss given default rates per loan.

The table that follows is an analysis of the Group's loans by types of risk in accordance with the impairment calculation method used by the Group. Each category is separated into risk categories based on the credit rating and days in delay for each customer taken into account the security coverage for the customer.

The following table also shows the evaluation of the Group's credit risk for amounts due from credit institutions and for investment securities.

The following exposures, are based in their book value, exactly as they appear in the Group's balance sheet.

(Amounts in thousand of Euro)

31 December	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	2007	2006	2007	2006	2007	2006
	2 213 854	1 859 556	495 814	444 353	23 962	56 742
Individual impaired						
Grade 6	896	64	-	-	-	-
Grade 7	31 850	20 747	-	-	-	-
Grade 8	3 058	16 626	-	-	-	-
Grade 9	15 510	14 900	-	-	-	-
Grade 10	12 367	9 828	-	-	-	-
Gross amount	63 681	62 165	-	-	-	-
Impairment loss	(19 422)	(17 951)	-	-	-	-
Carrying amount	44 259	44 214	-	-	-	-



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**Collectively
impaired**

Grade 7	2 636	1 863	-	-	-	-
Grade 8	5 388	8 460	-	-	-	-
Grade 9	5 859	1 839	-	-	-	-
Grade 10	9 056	7 495	-	-	-	-
Gross amount	22 939	19 657	-	-	-	-
Impairment loss	(12 198)	(11 124)	-	-	-	-
Carrying amount	10 741	8 533	-	-	-	-

	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	2007	2006	2007	2006	2007	2006
Past due and tested for impairment						
Grade 2	71 930	11 215	-	-	-	-
Grade 3	39 869	14 344	-	-	-	-
Grade 4	26 692	29 763	-	-	-	-
Grade 5	15 769	29 830	-	-	-	-
Grade 6	5 359	10 168	-	-	-	-
Grade 7	551	5 217	-	-	-	-
Grade 8	-	495	-	-	-	-
Grade 9	-	201	-	-	-	-
Grade 10	-	44	-	-	-	-
Gross amount	160 170	101 277	-	-	-	-
Impairment loss	(861)	(648)	-	-	-	-
Carrying amount	159 309	100 629	-	-	-	-

Past due

comprises:

30-90 days	87 785	65 862	-	-	-	-
90-180 days	55 144	34 056	-	-	-	-
180 days +	16 380	711	-	-	-	-
Carrying amount	159 309	100 629	-	-	-	-



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**Neither past
due and tested
for impairment**

Grade 1	965 798	818 066	495 814	444 353	23 962	56 742
Grade 2	496 048	238 433	-	-	-	-
Grade 3	156 084	225 299	-	-	-	-
Grade 4	113 077	106 335	-	-	-	-
Grade 5	144 434	137 969	-	-	-	-
Grade 6	130 530	186 251	-	-	-	-
Gross amount	2 005 971	1 712 353	495 814	444 353	23 962	56 742
Impairment loss	(6 426)	(6 173)	-	-	-	-
Carrying amount	1 999 545	1 706 180	495 814	444 353	23 962	56 742

**Total carrying
amount**

2 213 854 1 859 556 495 814 444 353 23 962 56 742

Set out below is an analysis of the gross and net of allowance for impairment amounts of 31 December 2007 and 2006 by risk grade:

(Amounts in thousand of Euro)

31 December 2007	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
	2 252 761	2 213 854	495 814	495 814	23 962	23 962
Individually impaired						
Grade 6	896	805	-	-	-	-
Grade 7	31 850	29 336	-	-	-	-
Grade 8	3 058	3 058	-	-	-	-
Grade 9	15 510	9 682	-	-	-	-
Grade 10	12 367	1 379	-	-	-	-
Total	63 681	44 260	-	-	-	-

Collectively impaired

Grade 7	2 636	1 828	-	-	-	-
Grade 8	5 388	3 501	-	-	-	-
Grade 9	5 859	2 600	-	-	-	-
Grade 10	9 056	2 812	-	-	-	-
Total	22 939	10 741	-	-	-	-



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Past due and tested for impairment

Grade 2	71 930	71 878	-	-	-	-
Grade 3	39 869	39 823	-	-	-	-
Grade 4	26 692	26 454	-	-	-	-
Grade 5	15 769	15 458	-	-	-	-
Grade 6	5 359	5 285	-	-	-	-
Grade 7	551	410	-	-	-	-
Total	160 170	159 308	-	-	-	-

Past due comprises:

30-90 days	88 080	87 784	-	-	-	-
90-180 days	55 549	55 144	-	-	-	-
180 days +	16 541	16 380	-	-	-	-
Total	160 170	159 308	-	-	-	-

	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
Neither past due and tested for impairment						
Grade 1	965 798	963 937	495 814	495 814	23 962	23 962
Grade 2	496 048	494 318	-	-	-	-
Grade 3	156 084	155 116	-	-	-	-
Grade 4	113 077	112 548	-	-	-	-
Grade 5	144 434	143 709	-	-	-	-
Grade 6	130 530	129 917	-	-	-	-
Total	2 005 971	1 999 545	495 814	495 814	23 962	23 962

Total **2 252 761** **2 213 854** **495 814** **495 814** **23 962** **23 962**



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(Amounts in thousand of Euro)

31 December 2006	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
	1 895 452	1 859 556	444 353	444 353	56 742	56 742

Individually impaired

Grade 6	64	45	-	-	-	-
Grade 7	20 747	19 472	-	-	-	-
Grade 8	16 626	15 355	-	-	-	-
Grade 9	14 900	9 342	-	-	-	-
Grade 10	9 828	-	-	-	-	-
Total	62 165	44 214	-	-	-	-

Collectively impaired

Grade 7	1 863	926	-	-	-	-
Grade 8	8 460	4 112	-	-	-	-
Grade 9	1 839	719	-	-	-	-
Grade 10	7 495	2 776	-	-	-	-
Total	19 657	8 533	-	-	-	-

	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
Past due and tested for impairment						
Grade 2	11 215	11 215	-	-	-	-
Grade 3	14 344	14 314	-	-	-	-
Grade 4	29 763	29 582	-	-	-	-
Grade 5	29 830	29 567	-	-	-	-
Grade 6	10 168	10 118	-	-	-	-
Grade 7	5 217	5 172	-	-	-	-
Grade 8	495	449	-	-	-	-
Grade 9	201	188	-	-	-	-
Grade 10	44	24	-	-	-	-
Total	101 277	100 629	-	-	-	-
Past due comprises:						
30-90 days	66 215	65 862	-	-	-	-
90-180 days	34 322	34 056	-	-	-	-
180 days +	740	711	-	-	-	-
Total	101 277	100 629	-	-	-	-



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**Neither past
due and tested
for impairment**

Grade 1	818 066	816 514	444 353	444 353	56 742	56 742
Grade 2	238 433	236 352	-	-	-	-
Grade 3	225 299	224 364	-	-	-	-
Grade 4	106 335	105 944	-	-	-	-
Grade 5	137 969	137 462	-	-	-	-
Grade 6	186 251	185 544	-	-	-	-
Total	1 712 353	1 706 180	444 353	444 353	56 742	56 742

Grand total **1 895 452** **1 859 556** **444 353** **444 353** **56 742** **56 742**

4.2.2 Collateral

The Group as part of its risk management policy receives collateral in order to protect its receivables. The major categories of collateral against loans and advances to customers are in the form of cheques, prenotices over property and other guarantees, such as cash collateral. The table below shows collateral held for the Group's credit risk.

(Amounts in thousand of Euro)

	2007	2006
Loans and advances to customers		
Retail customers:		
Mortgages	1 108 158	991 093
Credit cards	44 402	36 349
Other consumer loans	66 432	56 887
	1 218 992	1 084 329
Corporate clients:		
Subsidiaries	742 652	612 573
Subsidiaries – Corporate bonds	102 045	46 700
Corporate and shipping loans	57 955	25 961
Corporate bonds	101 903	98 222
Other	419	200
	1 004 974	783 656
Amounts for securities transaction	28 795	27 467
	2 252 761	1 895 452
Impairment loss	(38 907)	(35 896)
Loans and advances after provisions	2 213 854	1 859 556
Collaterals		
Retail clients:		
Corporate clients:		
	1 577 196	1 334 339
	1 387 830	1 021 928
Total collateral amount	2 965 026	2 356 267



Loans to retail customers, in their majority, are collateralized in the form of mortgage interests over property. As far as, loans to corporate clients are concerned, their collaterals, are in the form of cheques, mortgage interests over property, and other collateral types, such as cash, securities and machinery.

The following table describes the collaterals held against corporate clients, expressed in thousands of Euro and per collateral type.

	2007		2006
Cheques	265 037	Cheques	456 172
Property	221 553	Property	159 235
Others	901 240	Others	406 521
	1 387 830		1 021 928

4.2.3 Write-off policy

The Group writes off loans when the Group determines, that the loans are uncollectible. This is done, after considering information, such as the occurrence of significant changes in the borrower's financial position, in a manner that the borrower can no longer pay the obligation.

4.3 Market Risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates is concerned.

For market risk, the Group, elaborates, develops and carries out risk methods, that are based on Value-at-Risk (VaR) models. VaR measures, the worst expected loss, over a given horizon, under normal market conditions, at a given confidence level. As this model is not used for losses arising from extreme events the Group applies stress tests on its securities portfolio. Specifically, the Group uses extreme value theory for concluding on changes in the Group's securities portfolio when extreme events occur. The VaR model used by the Group, is based upon a 99 percent confidence level and assumes a 10-day holding period. In addition, the Group, uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual portfolios and the Group's overall position. At 31 December 2007, VaR for securities portfolio was Euro 1,68 million and Euro 19,6 thousands for the Group's foreign exchange position. The Group, as at 31 December 2007, held a short position of Euro 448 thousands, against several currencies.

With respect to 29 December 2006, VaR was equal to Euro 2,77 millions for the securities portfolio, and Euro 7,3 thousands for the Group's foreign exchange position. The Group, as at 29 December 2006, held a long position of Euro 570 thousands, against several currencies.



All the above, are summarized in the following tables:

Investment risk (in millions of Euro)	2007	2006
Securities' value	27,14	58,18
VaR	1,68	2,77

Currency risk (in thousands of Euro)	2007	2006
Foreign exchange position	-448	+570
VaR	19,6	7,3

The large difference of securities' value, between years 2006 and 2007, arises from the fact, that during 2007, the Group liquidated some of the bonds, while other bonds matured.

4.4 Liquidity risk

Liquidity risk arises with respect to the general funding of the Group's activities and in the management of positions. It includes both the risks of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Group's philosophy is to manage its liquidity to ensure at all possible means that there are enough means to cover its obligations under normal or abnormal circumstances without affecting its reputation.

The Group has access to a diverse funding base. Funds are raised using a broad range of instruments including deposits, debt securities and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Group strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Group continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Group strategy.

The two mandatory indices, set by the Bank of Greece, the Net Liquid Assets index and the Assets minus Liabilities index, are monitored on a daily basis.

The Net Liquid Assets index, was as follows:

	2007	2006
At 31 December	24,16%	24,99%
Average for the period	22,23%	21,42%
Maximum for the period	24,16%	24,99%
Minimum for the period	18,16%	18,71%



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The following table provides an analysis of the Group's assets and liabilities into relevant maturity groupings based on the remaining periods to repayment of: (the amounts are expressed in thousands of Euro)

At 31 December 2007	Up to 1 month	1-3 months	3-6 months	6-12 months	1 to 5 years	Over 5 years	Total
Assets							
Cash and balances with Central Bank	93 121	-	-	-	-	-	93 121
Trading securities	4 621	-	-	-	1 707	4 816	11 144
Derivative financial instruments	13	-	-	-	-	-	13
Loans and advances to banks	495 814	-	-	-	-	-	495 814
Loans and advances to customers	507 435	592	486 516	18 085	114 198	1 087 028	2 213 854
Available-for-sale investments	-	-	-	65	-	20 618	20 683
Held-to-maturity investments	-	-	-	-	-	3 279	3 279
Property and equipment and intangible assets	-	-	-	-	35 414	26 978	62 392
Other assets	<u>9 944</u>	<u>9 773</u>	<u>-</u>	<u>4 310</u>	<u>12 082</u>	<u>8 034</u>	<u>44 143</u>
Total assets	<u>1 110 948</u>	<u>10 365</u>	<u>486 516</u>	<u>22 460</u>	<u>163 401</u>	<u>1 150 753</u>	<u>2 944 443</u>
Liabilities							
Derivative financial instruments	-	-	-	-	-	-	-
Deposits from banks	213 661	-	-	-	-	-	213 661
Due to customers	1 151 800	393 771	90 294	62 912	483 327	-	2 182 104
Subordinated liabilities	-	-	-	148 562	129 478	-	278 040
Other liabilities and provisions	<u>24 506</u>	<u>10 621</u>	<u>166</u>	<u>619</u>	<u>554</u>	<u>9 510</u>	<u>45 976</u>
Total liabilities	<u>1 389 967</u>	<u>404 392</u>	<u>90 460</u>	<u>212 093</u>	<u>613 359</u>	<u>9 510</u>	<u>2 719 781</u>
Net liquidity gap	<u>(279 019)</u>	<u>(394 027)</u>	<u>396 056</u>	<u>(189 633)</u>	<u>(449 958)</u>	<u>1 141 243</u>	<u>224 662</u>
At 31 December 2006							
Total assets	<u>806 833</u>	<u>219 481</u>	<u>252 322</u>	<u>69 918</u>	<u>638 124</u>	<u>525 602</u>	<u>2 512 280</u>
Total liabilities	<u>783 883</u>	<u>629 736</u>	<u>123 414</u>	<u>104 351</u>	<u>606 807</u>	<u>79 500</u>	<u>2 327 691</u>
Net liquidity gap	<u>22 950</u>	<u>(410 255)</u>	<u>128 908</u>	<u>(34 433)</u>	<u>31 317</u>	<u>446 102</u>	<u>184 589</u>



4.5 Currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing exchange rates on its financial position and cash flows. The Board of Directors set limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange risk at 31 December 2007. Included in the table are the Group's assets and liabilities at carrying amounts, categorized by currency (the amounts are expressed in thousands of Euro).

At 31 December 2007	EURO	USD	Other	Total
Assets				
Cash and balances with Central Bank	92 417	453	251	93 121
Trading securities	11 020	124	-	11 144
Derivative financial instruments	13	-	-	13
Loans and advances to banks	301 337	174 054	20 423	495 814
Loans and advances to customers	2 151 208	50 843	11 803	2 213 854
Investment in subsidiaries and associates	19 930	-	753	20 683
Held-to-maturity investments	3 279	-	-	3 279
Property, plant and equipment	62 392	-	-	62 392
Other assets	<u>39 150</u>	<u>4 741</u>	<u>252</u>	<u>44 143</u>
Total assets	<u>2 680 746</u>	<u>230 215</u>	<u>33 482</u>	<u>2 944 443</u>
Liabilities				
Deposits from banks	213 661	-	-	213 661
Due to customers	1 924 756	219 405	37 943	2 182 104
Subordinated liabilities	278 040	-	-	278 040
Other liabilities	<u>44 616</u>	<u>918</u>	<u>442</u>	<u>45 976</u>
Total liabilities	<u>2 461 073</u>	<u>220 323</u>	<u>38 385</u>	<u>2 719 781</u>
Net on-balance sheet position	<u>219 673</u>	<u>9 892</u>	<u>(4 903)</u>	<u>224 662</u>
Net off-balance sheet position	<u>1 431</u>	<u>(932)</u>	<u>(499)</u>	<u>-</u>
At 31 December 2006				
Total assets	<u>2 291 788</u>	<u>171 230</u>	<u>49 262</u>	<u>2 512 280</u>
Total liabilities	<u>2 116 063</u>	<u>171 509</u>	<u>40 119</u>	<u>2 327 691</u>
Net on-balance position	<u>175 725</u>	<u>(279)</u>	<u>9 143</u>	<u>184 589</u>
Net off-balance position	<u>(2 041)</u>	<u>3</u>	<u>8</u>	<u>(2 030)</u>

4.6 Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices.

Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies.



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A parallel shift in the yield curves more than 1% is expected to reduce the Group's profits in one year by an amount of EUR 1.35 million. On the other hand a decrease of rates by 1% will lead to an increase in the Group's profits in one year by an amount of EUR 1.35 million.

The table below summarises the Group's exposure to interest rate risks. Included in the table the Group's assets and liabilities at carrying amounts, categorized by the earlier or contractual repricing or maturity dates (the amounts are expressed in thousands of Euro):

At 31 December 2007	Effective Interest rate	Floating	1-3 months	3-12 months	1 to 2 years	Over 2 years	Non- interest	Total
Assets								
Cash and balances with Central Bank	2,72%	-	65 478	-	-	-	27 643	93 121
Trading securities	3,73%	-	4 892	1 631	-	-	4 621	11 144
Derivative financial Instruments		-	-	-	-	-	13	13
Loans and advances to banks	4,41%	-	483 923	-	-	-	11 891	495 814
Loans and advances to customers	5,88%	1 628 019	47 822	52 483	113 352	372 178	-	2 213 854
Available for sale Investments		-	56	-	-	-	20 627	20 683
Held to maturity Investments	2,86%	-	-	3 279	-	-	-	3 279
Other assets	8,09%	4 408	-	1 404	4 529	756	95 438	106 535
Total assets		1 632 427	602 171	58 797	117 881	372 934	160 233	2 944 443
Liabilities								
Deposits from banks	3,39%	12 000	201 661	-	-	-	-	213 661
Deposits from Customers	3,34%	-	1 928 479	247 291	6 303	31	-	2 182 104
Subordinated liabilities	6,12%	-	124 330	153 710	-	-	-	278 040
Other liabilities		-	-	-	-	-	45 976	45 976
Total liabilities		12 000	2 254 470	401 001	6 303	31	45 976	2 719 781
Interest sensitivity Gap								
		1 620 427	(1 652 299)	(342 204)	111 578	372 903	114 257	224 662
At 31 December 2006								
Total assets		343 192	966 647	473 988	157 915	485 526	85 012	2 512 280
Total liabilities		83 007	1 452 137	194 522	97 293	461 596	39 136	2 327 691
Interest sensitivity Gap								
		260 185	(485 490)	279 466	60 622	23 930	45 876	184 589



4.7 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Through continuous reports, regarding the Group's exposure to operational risk, the Board, is informed of this type of risk, and decides about the strategy that must be adopted, in order to prevent any financial losses, that arise from operational events.

In this framework, the Group, is in the process, of developing a loss database for operational risk, which is a necessary assumption for implementing the Standardized Approach. Nevertheless, in the present stage, the Group, is going to implement, the Basic Indicator method, for the computation of its operational risk charge.

4.8 Stress testing

The Group implements, several stress testing scenarios, in order to assess the impact of extreme financial events, to the Group's portfolio value.

The Group, runs stress tests, on a regular basis, with scenarios that concern the various types of risk, that the Group is being exposed (credit risk, market risk, liquidity risk). The Risk Management Division, analyses the results of these tests, and proposes appropriate policies.

4.9 Capital adequacy

The capital adequacy of the Group, is monitored on a monthly basis, and is submitted to the Bank of Greece, ever three months.

The Group applies the rules set by the Bank of Greece, regarding the adequacy of its capital. The regulation framework, that applies to the Greek Banking system, is the same as in the European Union.

The Bank of Greece, as a regulator, requires the Group to maintain a prescribed ratio of regulatory capital to total risk-weighted assets of at least 8%.

The capital adequacy ratio is the ratio of total capital to total weighted assets and other off balance sheet items and the imputed amount arising from total capital requirements for the coverage of market risk.



Regulatory capital must be covered by at least half of Tier I capital and then rest must be covered by Tier II capital.

Capital Adequacy Directive (amounts in thousand of Euro)	2007	2006
Upper Tier I	224 492	184 589
Lower Tier I	-	-
Deductions	<u>(16 547)</u>	<u>(8 417)</u>
Total Tier 1	207 945	176 172
Upper Tier II	-	-
Lower Tier II	99 305	49 698
Deductions	(7 328)	(17 794)
Total Tier II	<u>91 977</u>	<u>31 904</u>
Regulatory capital	<u>299 922</u>	<u>208 076</u>
Risk-weighted assets		
On and off balance sheet items	1 827 363	1 580 617
Market risk	<u>19 104</u>	<u>10 605</u>
Total risk-weighted assets	<u>1 846 466</u>	<u>1 591 222</u>
Indices (in %)		
Tier 1 CAD	11.26	11.15
Total CAD	16.24	13.16

5. Fair values of financial assets and liabilities

The following table summarises the carrying amounts and fair value of those financial assets and liabilities not presented on the Group's balance sheet at their fair value.

(In thousands of Euro)

	<u>Carrying amount</u>		<u>Fair value</u>	
	2007	2006	2007	2006
Financial assets				
Loans and advances to banks	495 814	444 353	495 814	444 353
Loans and advances to customers	2 213 854	1 859 556	2 206 529	1 741 826
Investment securities held-to-maturity	3 279	34 254	3 113	33 961
Financial liabilities				
Deposits from banks	213 661	95 954	213 661	95 954
Deposits from customers	2 182 104	1 938 865	2 092 619	1 943 973
Debt securities in issue	278 040	253 736	278 040	253 736



6. Business segments

The Group operates in Greece and is organized into the following business segments:

- 1) Corporate banking
- 2) Brokerage transactions
- 3) Retail banking

At 31 December 2007

(In thousands of Euro)

	<u>Corporate</u>	<u>Brokerage</u>	<u>Retail</u>	<u>Total</u>
Operating revenue	22 481	9 531	65 285	97 297
Profit before income tax	7 668	1 848	6 170	15 686
Profit for the period	3 450	831	2 865	7 146
Total assets	363 057	32 781	2 548 605	2 944 443
Total liabilities	118 949	33 481	2 567 351	2 719 781
Capital expenditure	7 108	81	28 952	36 141
Depreciation	4 261	178	5 248	9 687
Impairment loss	1 482	8	1 954	3 444

At 31 December 2006

(In thousands of Euro)

	<u>Corporate</u>	<u>Brokerage</u>	<u>Retail</u>	<u>Total</u>
Operating revenue	19 870	7 960	62 417	90 247
Profit before income tax	6 494	1 240	10 596	18 330
Profit for the period	4 390	838	7 163	12 391
Total assets	285 900	34 462	2 191 918	2 512 280
Total liabilities	102 757	7 762	2 217 172	2 327 691
Capital expenditure	843	114	11 179	12 136
Depreciation	3 086	116	5 067	8 269
Impairment loss	668	-	2 058	2 726



7. Net interest income

	2007	2006
<i>(In thousands of Euro)</i>		
Interest income		
Loans and advances	126 520	104 320
Money market deals	16 603	12 263
Debt instruments	3 017	989
Trading instruments	271	151
Interest expense	146 411	117 723
Deposits from banks and customers	(76 022)	(54 813)
Borrowed funds	(14 522)	(9 102)
	(90 544)	(63 915)
Net interest income	55 867	53 808

8. Fee and commission income

	2007	2006
<i>(In thousands of Euro)</i>		
Loans and letters of guarantees	13 131	11 124
Management and custodian fees	4 437	3 712
Brokerage transactions	4 016	4 363
Transfers and similar	1 974	1 443
Imports-exports	1 254	1 388
Credit cards	1 671	1 385
Deposits	500	604
Property	302	786
Other	2 067	2 165
	29 352	26 970

9. Net trading income

	2007	2006
<i>(In thousands of Euro)</i>		
Foreign exchange	1 159	1 222
Equity instruments	(1)	(87)
Debt instruments	-	143
Derivatives	1 222	930
	2 380	2 208



10. Other operating income

	2007	2006
<i>(In thousands of Euro)</i>		
Dividend income	46	49
Services rendered	10 110	7 895
	10 156	7 944

11. Personnel expenses

	2007	2006
<i>(In thousands of Euro)</i>		
Wages and salaries	26 232	23 612
Social security costs	7 222	6 051
Defined contribution plans	2 672	2 865
Defined benefit plan	536	1 235
	36 662	33 763

The average number of persons employed by the Group during 2007 was 1 037 (2006: 1 008).

12. Operating expenses

	2007	2006
<i>(In thousands of Euro)</i>		
Operating lease rentals	6 813	6 929
Lawyers, engineers and other professionals	6 617	5 957
Utilities postage and similar charges	2 227	1 714
Other taxes	2 545	1 977
Contributions	2 347	2 312
Other	11 269	8 270
	31 818	27 159

13. Income tax expense

	2007	2006
<i>(In thousands of Euro)</i>		
Current year	395	1 635
Reserves	5 178	-
Prior year taxes	(92)	-
Offset losses prior years	-	837
Deferred tax	3 059	3 467
Total income tax expense	8 540	5 939



Reconciliation of effective tax rate

(In thousands of Euro)

		2007		2006
Profit before tax		15 686		18 330
Income tax at rate	25%	3 922	29%	5 316
Non-deductible expenses	3%	472	4%	460
Tax exempt revenues	-	(4)	-	(57)
Reserves	-	-	4%	837
Prior year taxes	33%	5 178	-	-
Offset losses prior years	-	(92)	-	-
Other differences	(6%)	(936)	(5%)	(617)
		55%		32%
		8 540		5 939

In Greece the results reported to the tax authorities by an entity are provisional and subject to revision until such time as the tax authorities examine the books and records of the entity and the related tax returns as accepted as final. Therefore, entities remain contingently liable for additional taxes and penalties, which may be assessed upon such examination. The tax authorities have not audited the Bank and the subsidiaries for the following years:

Aspis Bank	2005 – 2007
Aspis Leasing	2006 – 2007
Aspis A.E. Insurance Brokerage	2003 – 2007
Aspis International AEDAK	2006 – 2007
Aspis Credit	2006 – 2007

Because of the method under which the tax obligations are ultimately concluded in Greece, the Group remains contingently liable for additional tax and penalties for its open tax years.

14. Earnings per share

Basic and diluted earnings per share at 31 December 2007 are calculated based on profit after tax for the years attributable to the equity holders of EUR 7 146 thousand (2006: EUR 12 391 thousand) with a weighted average number of ordinary shares outstanding, during the year ended 31 December 2007 of 63 487 261 (2006: 50 051 068). The increase in the weighted average number is due to the increase of share capital by the end of 2006.

15. Cash and cash equivalents

(In thousands of Euro)

	2007	2006
Cash in hand	25 837	23 032
Placements with Central Bank	67 284	51 188
	93 121	74 220



16. Trading securities

(In thousands of Euro)

	2007	2006
Debt securities	6 843	1 184
Equities	4 301	2 764
	<u>11 144</u>	<u>3 948</u>

17. Derivative assets/liabilities

(In thousands of Euro)

	2007		2006	
	<u>Fair Value</u>		<u>Fair Value</u>	
	Assets	Liabilities	Assets	Liabilities
Forward contracts – currency	-	-	(4)	-
Futures – bonds	13	-	-	3
Interest rate swaps	-	-	57	-
	<u>13</u>	<u>-</u>	<u>53</u>	<u>3</u>

18. Loans and advances to banks

(In thousands of Euro)

	2007	2006
Current accounts	33 677	34 793
Money market placements	461 893	406 823
Items in course of collection	244	2 737
	<u>495 814</u>	<u>444 353</u>



19. Loans and advances to customers

	2007	2006
<i>(In thousands of Euro)</i>		
Retail customers:		
Housing	1 108 158	991 093
Credit cards	44 402	36 349
Consumer loans	<u>66 432</u>	<u>56 887</u>
	<u>1 218 992</u>	<u>1 084 329</u>
Corporate customers:		
Corporate loans	742 652	612 573
Corporate bonds	102 045	46 700
Shipping	57 955	25 961
Finance leases	101 903	98 222
Other	<u>419</u>	<u>200</u>
	<u>1 004 974</u>	<u>783 656</u>
Amounts due from brokerage transactions	<u>28 795</u>	<u>27 467</u>
	2 252 761	1 895 452
Impairment loan loss	<u>(38 907)</u>	<u>(35 896)</u>
Loans and advances to customers net of impairment	<u>2 213 854</u>	<u>1 859 556</u>

Financial leases are analysed by maturity as follows:

	2007	2006
<i>(In thousands of Euro)</i>		
Up to one year	9 056	9 407
One to five years	83 683	78 057
Over five years	<u>26 789</u>	<u>30 921</u>
	119 528	118 385
Less: Deferred income	<u>(17 625)</u>	<u>(20 163)</u>
Total	<u>101 903</u>	<u>98 222</u>

The net amount of receivables from financial leasing during the year is analyzed as follows:

	2007	2006
<i>(In thousands of Euro)</i>		
Up to one year	3 693	3 953
One to five years	74 008	67 655
Over five years	<u>24 202</u>	<u>26 614</u>
Total	<u>101 903</u>	<u>98 222</u>



	2007	2006
Impairment loss		
<i>(In thousands of Euro)</i>		
Balance 1 January	35 896	42 814
Impairment loss	3 444	2 726
Write-offs	(433)	(9 644)
31 December	38 907	35 896

20. Available-for-sale investments

	2007	2006
<i>(In thousands of Euro)</i>		
Mutual fund units	10 740	10 527
Listed equity securities	9 041	11 819
Other debt securities	56	49
Other non-listed equity securities	846	93
	20 683	22 488

21. Held-to-maturity securities

	2007	2006
<i>(In thousands of Euro)</i>		
Greek government bonds	3 279	18 914
Non Greek government bonds	-	15 340
	3 279	34 254



22. Property and equipment

(In thousands of Euro)

	<u>Land and buildings</u>	<u>Leasehold improvements</u>	<u>Furniture and equipment</u>	<u>Total</u>
Cost				
Balance at 1 January 2006	6 484	24 536	22 331	53 351
Acquisitions	-	1 904	5 786	7 690
Disposals	-	(12)	(19)	(31)
Transfer from intangible assets	-	-	6 444	6 444
Transfers	501	(501)	-	-
Write-offs	<u>-</u>	<u>(53)</u>	<u>(1 305)</u>	<u>(1 358)</u>
Balance at 31 December 2006	<u>6 985</u>	<u>25 874</u>	<u>33 237</u>	<u>66 096</u>
Balance at 1 January 2007	6 985	25 874	33 237	66 096
Acquisitions	-	954	26 511	27 465
Write-offs	<u>-</u>	<u>(31)</u>	<u>(1 325)</u>	<u>(1 356)</u>
Balance at 31 December 2007	<u>6 985</u>	<u>26 797</u>	<u>58 423</u>	<u>92 205</u>
Depreciation				
Balance at 1 January 2006	418	10 078	14 175	24 671
Depreciation charge for the year	134	2 050	3 470	5 654
Disposals	-	(19)	-	(19)
Transfer from intangible assets	-	-	4 828	4 828
Transfers	204	(204)	-	-
Write-offs	<u>-</u>	<u>-</u>	<u>(1 040)</u>	<u>(1 040)</u>
Balance at 31 December 2006	<u>756</u>	<u>11 905</u>	<u>21 433</u>	<u>34 094</u>
Balance at 1 January 2007	756	11 905	21 433	34 094
Depreciation charge for the year	139	2 041	3 862	6 042
Write-offs	<u>-</u>	<u>(12)</u>	<u>(1 091)</u>	<u>(1 103)</u>
Balance at 31 December 2007	<u>895</u>	<u>13 934</u>	<u>24 204</u>	<u>39 033</u>
Carrying amounts				
Balance at 1 January 2006	6 066	14 458	8 156	28 680
Balance at 31 December 2006	<u>6 229</u>	<u>13 969</u>	<u>11 804</u>	<u>32 002</u>
Balance at 1 January 2007	6 229	13 969	11 804	32 002
Balance at 31 December 2007	<u>6 090</u>	<u>12 863</u>	<u>34 219</u>	<u>53 172</u>



23. Intangible assets

(In thousands of Euro)

Cost	Purchased software
Balance at 1 January 2006	10 987
Acquisitions	4 446
Disposals	(1 752)
Transfer to property and equipment	<u>(6 444)</u>
Balance at 31 December 2006	<u>7 237</u>
Balance at 1 January 2007	7 237
Acquisitions	8 676
Disposals/ other movements	<u>(772)</u>
Balance at 31 December 2007	<u>15 141</u>
Amortisation	
Balance 1 January 2006	7 011
Amortisation for the year	2 615
Disposals	(1 750)
Transfer to property and equipment	<u>(4 828)</u>
Balance at 31 December 2006	<u>3 048</u>
Balance 1 January 2007	3 048
Amortisation for the year	3 645
Disposals	<u>(772)</u>
Balance at 31 December 2007	<u>5 921</u>
Carrying amounts	
Balance at 1 January 2006	<u>3 976</u>
Balance at 31 December 2006	<u>4 189</u>
Balance at 1 January 2007	<u>4 189</u>
Balance at 31 December 2007	<u>9 220</u>



24. Deferred tax asset/(liability)

(In thousands of Euro)

Deferred tax assets and liabilities are attributable to the following (in thousands of euro):

	2007	2006
Deferred tax asset		
Finance lease	909	512
Customer loans impairment	1 816	2 262
Employee benefits	895	777
Commission income	817	890
Tax loss	<u>1 354</u>	<u>422</u>
	<u>5 791</u>	<u>4 863</u>
Deferred tax liability:		
Finance lease	(1 402)	(754)
Property and equipment	(4 923)	(2 264)
Commission expense	(6)	(19)
Loans	(658)	-
Other	<u>(1)</u>	<u>34</u>
	<u>6 990</u>	<u>(3 003)</u>
Net deferred tax asset/(liability)	<u>(1 199)</u>	<u>1 860</u>

Movement in temporary differences during the year

(In thousands of Euro)

2007	Opening balance	Recognized in profit or loss	Closing balance
Customer loans impairment	2 262	(446)	1 816
Employee benefits	777	118	895
Commission income	890	(73)	817
Finance lease	(242)	(253)	(495)
Property and equipment	(2 264)	(2 659)	(4 923)
Commission expense	(19)	13	(6)
Tax loss	422	932	1 354
Loans	-	(658)	(658)
Other	34	(33)	1
	<u>1 860</u>	<u>(3 059)</u>	<u>(1 199)</u>



2006	Opening balance	Recognized in profit or loss	Closing balance
Customer loans impairment	3 831	(1 569)	2 262
Employee benefits	590	187	777
Commission income	977	(87)	890
Finance lease	912	(1 154)	(242)
Property, plant and equipment	(1 015)	(1 249)	(2 264)
Commission expense	(20)	1	(19)
Tax loss	207	215	422
Other	(155)	189	34
	5 327	(3 467)	1 860

25. Other assets

(In thousands of Euro)

	2007	2006
Guarantees and participations to other funds	7 732	8 369
Advances	1 656	13 519
Receivables from Greek State and other public organizations	4 818	2 280
Accrued interest income	9 471	6 054
Other receivables	20 466	5 135
	44 143	35 357

26. Deposits from customers

(In thousands of Euro)

	2007	2006
On demand and current accounts	355 543	200 432
Savings accounts	229 766	320 008
Term deposits	1 596 795	1 418 425
	2 182 104	1 938 865



27. Debt securities in issue

	2007	2006
<i>(In thousands of Euro)</i>		
Subordinated loans	100 250	50 000
Securitized loans	148 563	174 151
Other bonds	29 928	29 928
Direct costs	(701)	(343)
	278 040	253 736

Subordinated loans are analyzed as follows:

- (1) Aspis Jersey plc - Issue. Month of issue April 2007, recall date April 2012, maturity April 2017. Interest rate is euribor 3 month plus 1.24% spread which is measured by 1.30% if recalled. Amount issued is EUR 50 250 thousand.
- (2) Aspis Finance plc. – Issue. Month of issue February 2005, recall Date February 2010, Maturity February 2015. Interest rate is euribor 3 month plus 1.35% spread which if recalled increases by 1.30%. Amount issued EUR 50 000 thousand.

All amounts shown above are depicted at amortized cost. Direct costs are amortized to the income statement based on the effective rate.

28. Other liabilities

	2007	2006
<i>(In thousands of Euro)</i>		
Tax other than tax income and duties	2 021	1 931
Amounts and cheques payable	1 704	8 331
Accrued interest expense	12 377	4 798
Other liabilities	24 487	20 473
	40 589	35 533



29. Employee benefits

Employee benefits consist of:

(In thousands of Euro)

	2007	2006
Recognized liability for defined benefit obligations	3 604	3 128
Vacation taken	50	50
	3 654	3 178

Defined benefit obligations

(In thousands of Euro)

	2007	2006
Present value of unfunded obligations	4 024	3 553
Unrecognised actuarial gains and losses	(420)	(425)
Recognized liability for defined benefit obligations	3 604	3 128

Movement in the liability for defined benefit obligations

(In thousands of Euro)

	2007	2006
Liability for defined benefit obligations at 1 January	3 128	2 302
Expense recognized in profit or loss	536	1 235
Benefits paid	(60)	(409)
	3 604	3 128

Expense recognized in profit or loss

(In thousands of Euro)

	2007	2006
Current service costs	382	511
Interest on obligation	150	153
Amortization of actuarial loss	4	41
Past service cost	-	530
	<u>536</u>	<u>1 235</u>

Actuarial assumptions

	2007	2006
Discount rate	4.3%	4.3%
Future salary increases	5.0%	5.0%



30. Share Capital

At 31 December 2007, the share capital comprised 64 064 054 ordinary shares with a par value of EUR 2.71 per share, after the share capital increase by EUR 1 585 thousand.

31. Reserves

(In thousands of Euro)

	2007	2006
Statutory reserve	499	-
Untaxed reserve	2 833	1 247
Available-for-sale reserve	(3 959)	(1 393)
Other reserves	4 523	57
	3 896	(89)

Statutory reserve: Under the provisions of Greek corporate law, entities are required to transfer 5% of their annual profits to a statutory reserve until the reserve equals one third of the issued capital. This reserve is not available for distribution but may be applied to cover losses.

Untaxed reserves: In accordance with Greek tax law certain types of income and profits are not taxed if retained and recorded to a specific reserve account. In the event that the reserves are distributed they will be taxed at the rate applicable on the date of distribution.

Available-for-sale reserve: This reserve includes the cumulative net charge in the fair value of available-for-sale investments until the investment is derecognised or impaired.

Other reserves: Other reserves comprises amounts that have been taxed and are free for distribution.

In case tax free reserves are distributed a tax of EUR 708 thousand will be paid.

32. Related-party transactions

The Group defines related parties as subsidiaries, the Board of Directors, the Executive Board, close family members and enterprises which are controlled by these individuals through their majority share-holding or their role as Chairman and/or CEO in those companies.



(In thousands of Euro)

(b) Transactions with key management personnel

	2007	2006
Loans and advances to customers	15 933	7 645
Amounts due to customers	11 151	13 524
Other liabilities	57	92
Income		
Net interest income	266	(90)
Net commission income	64	74
Expenses		
Staff costs	4 012	3 510
Other expenses	342	46

(b) Transactions with other parties

	2007	2006
Loans and advances to customers	18 071	18 020
Other assets	467	729
Amounts due from customers	47 879	95 500
Other liabilities	313	630
Income		
Net interest income	(528)	(1 160)
Net commission income	669	803
Expenses		
Other operating expenses	3 377	4 049

33. Contingent liabilities and commitments

33.1 Litigation

The Group is a defendant in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the financial condition of the Group.

33.2 Credit commitments

The contractual amounts of the Group's off-balance sheet financial instruments that commit to extend credit to customers are as follows (in thousands of Euro):

	2007	2006
Letters of guarantee	210 182	214 809
Letters of credit	10 118	23 517



33.3 Operating leases

The Group's commitments from lease contracts refer mainly to buildings used for its branches and other operating units. There is an annual increase in leasing contracts according to the general price index. The average lease period is 9 years.

The future minimum payments under operating leases are as follows (amounts in thousands of Euro):

	2007	2006
Up to 1 year	6 564	6 845
From 1 to 5 years	17 039	18 993
Over 5 years	6 767	7 865

Independent Auditors' Report
(Translated from the original in Greek)

To the Shareholders of ASPIS BANK A.E.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of ASPIS BANK A.E. (the "Bank") which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Greek Auditing Standards, which are harmonized with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements are free of material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view, of the consolidated financial position of the Bank as of 31 December 2007, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Emphasis of Matter

Without qualifying our opinion we draw attention to note 13 to the financial statements, that explains that the tax obligations of the Bank and its subsidiaries have not been audited by the tax authorities and accordingly its tax obligations for those years are not considered final. The outcome of a tax audit can not presently be determined.

Report on Other Legal and Regulatory Requirements

The Board of Director's report is consistent with the Consolidated Financial Statements.

Athens, 19 March 2008

KPMG Certified Auditors AE

Nick Vouniseas
Certified Auditor Accountant
AM SOEL 18701



Additional information article under Law 3401/2005 article 10

<u>DATE</u>	<u>ANNOUNCEMENT</u>
21/12/2007	PROVISION OF STOCK OPTION PLAN
11/12/2007	Ms ANNA GELI IS APPOINTED AS SHAREHOLDER REGISTER AND CORPORATE ANNOUNCEMENTS OFFICER
10/12/2007	Mr PAPPARIS, RESIGNATION ASSIGNMENT OF DUTIES TO Mr DAYIANTIS AND Mr MALLOUCHOS
10/12/2007	NEW GENERAL MANAGER,.Mr N. MALLOUCHOS
10/12/2007	NOTIFICATION OF PERCENTAGE OF VOTING RIGHTS OF ASPIS HOLDING PUBLIC LTD
23/11/2007	CLARIFICATION OF PERCENTAGE OF ASPIS PRONIA GENERAL INSURANCE SA
22/11/2007	FINANCIAL RESULTS FOR 9-MONTH 2007
19/11/2007	NOTIFICATION OF PERCENTAGE OF VOTING RIGHTS OF ASPIS PRONIA GENERAL INSURANCE SA
16/11/2007	ORGANIZATIONAL RESTRUCTURE OF THE BANK PRESENTED BY Mr KARATZAS
16/11/2007	TAX AUDIT FOR IT'S CONSOLIDATED SUBSIDIARY COMPANY ASPIS CREDIT S.A. FOR THE FINANCIAL YEARS 2004/2005
1/11/2007	NOTIFICATION OF PERCENTAGE OF VOTING RIGHTS OF ITS MAIN SHAREHOLDERS
19/10/2007	CHANGE OF THE THIRD QUARTER 2007 RESULTS ANNOUNCEMENT
8/10/2007	Mr DIOMIDIS NIKOLETOPOULOS, NEW CFO
17/8/2007	NOTES TO THE FINANCIAL STATEMENTS OF 30/6/2007 RESULTS
13/8/2007	FINANCIAL RESULTS FOR 1st HALF 2007



- 9/8/2007 CHANGE OF ANNOUNCEMENT DATE FOR THE FIRST SEMESTER RESULTS
- 17/7/2007 NOTIFICATION BY ITS SHAREHOLDERS, COMMERCIAL VALUE AND Mr PAVLOS PSOMIADIS FOR THEIR PARTICIPATION IN ASPIS BANK ATE AND THE PERCENTAGE OF VOTING RIGHTS IN ASPIS BANK ATE.
- 6/7/2007 TAX AUDIT FOR SUBSIDIARY COMPANY ASPIS INTERNATIONAL MUTUAL FUND MANAGEMENT COMPANY S.A.
- 2/7/2007 TAX AUDIT FOR SUBSIDIARY COMPANY ASPIS INTERNATIONAL MUTUAL FUND MANAGEMENT COMPANY S.A.
- 30/5/2007 FINANCIAL RESULTS FOR FIRST QUARTER 2007

- 18/5/2007 TAX AUDIT FOR FINANCIAL YEARS 2003 AND 2004
- 11/5/2007 INCORPORATION IN BODY OF THE BOARD OF DIRECTORS
- 10/5/2007 CLARIFICATIONS OF ACQUISITION OF 51 % FBBANK
- 10/5/2007 RESOLUTIONS OF THE ANNUAL GENERAL SHAREHOLDER'S MEETING OF THE 10th MAY 2007
- 10/5/2007 PAYMENT OF DIVIDEND

- 10/5/2007 PRESS RELEASE OF THE ANNUAL GENERAL MEETING OF ASPIS BANK 'S SHAREHOLDERS
- 9/5/2007 DISAPPROVAL OF ACQUISITION OF 51% OF FBBANK
- 2/5/2007 CLARIFICATIONS ON PUBLISHMENT FOR FBB

- 27/4/2007 TAX AUDIT OF ASPIS LEASING AE FOR FINANCIAL YEARS 2003 AND 2005 HAS BEEN COMPLETED
- 18/4/2007 INVITATION TO THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS
- 3/4/2007 ISSUE OF SUBORDINATED FLOATING RATE GUARANTEED CALLABLE STEP-UP NOTES
- 26/3/2007 RELEASE OF THE ANNUAL REPORT FOR THE FINANCIAL YEAR 2006



- 16/3/2007 CORPORATE PRESENTATION OF ASPIS BANK AT THE ASSOCIATION OF GREEK INSTITUTIONAL INVESTORS
- 27/2/2007 FINANCIAL RESULTS FOR THE FINANCIAL YEAR 2006
- 27/2/2007 ALLOCATION OF FUNDS RAISED FROM SHARE CAPITAL INCREASE
- 20/2/2007 ASPIS BANK BUYS 51% OF FIRST BUSINESS BANK
- 16/2/2007 CORPORATE ACTIONS SCHEDULE OF ASPIS BANK FOR THE YEAR 2007
- 13/2/2007 CHANGE IN THE BOARD OF DIRECTORS
- 2/2/2007 CLARIFICATIONS OF AGREEMENT FOR THE PURCHASE OF 51% OF THE FBBANK
- 1/2/2007 ASPIS BANK TO ACQUIRE 51% OF FBBANK
- 18/1/2007 CLARIFICATIONS ON PUBLISHMENTS OF FBBANK
- 12/1/2007 NOTIFICATIONS OF REPORTING TRANSACTIONS
- 5/1/2007 NOTIFICATIONS OF REPORTING TRANSACTIONS



RELATED PARTIES TRANSACTIONS

(a) During year 2007 the Bank proceeded or renewed the following contracts with the related Companies (under article 42 low 2190/20)

1. As of 02/01/2007 agreement between ASPIS BANK and COMMERCIAL VALUE SA for the promotion of banking products
2. As of 15/03/2007 managerial Contract for supporting 3Y Bond payments between ASPIS BANK SA and ASPIS CAPITAL SA.
3. As of 15/03/2007 managerial Contract for supporting 6Y Bond payments between ASPIS BANK SA and ASPIS CAPITAL SA
4. As of 06/09/2007 managerial Contract for supporting 3Y Bond payments between ASPIS BANK SA and ASPIS CAPITAL SA.
5. As of 20/11/2007 managerial Contract for supporting 5y Bonds payments between ASPIS BANK and PROVISION SA .
6. As of 30/11/2007 managerial Contract for supporting 3y Bonds payments between ASPIS BANK and TIME SA.
7. As of 14/12/2007 Bond loan agreement with ASPIS LEASING SA in JPY(EUR equivalent 4,5 million)
8. As of 14/12/2007 Bond loan agreement with ASPIS CREDIT SA in EUR -10,5 million.

(b) Transactions with management and Members of Board of Directors

	2007
Loans and advances to customers	15 934
Amounts due from customers	10 184
Other liabilities	48
Net interest income	284
Net commission income	64
Other operating expenses	3 385

(c) Transactions with intra-group Companies (in 000's EUR)

2

Available to sale investments	2 500
Loans and advances to customers	79 943
Other Assets	3 408



Amounts due from customers	28 883
Minority interest liabilities and Hybrid issues	140 250
Other liabilities	2 142
Interest and other income	3 692
Commission income	2 143
Income from financial operations	1 676
Other income	85
Interest and other expenses	7 787
Other expenses	337

(d) Transactions with other related parties (in 000's EUR)

	2007
Loans and advances to customers	18 071
Amounts due from customers	46 912
Other liabilities	78
Net interest income	(528)
Net commission income	194
Other operating expenses	2 782



AVAILABILITY OF FINANCIAL STATEMENTS

Web-side address where the financial statements are included,
the board of Directors report and the Auditors report www.aspisbank.gr



CONDENSED FINANCIAL STATEMENTS

Periods

1/1-31/03/2007

1/4-30/06/2007

1/7-30/09/2007



ASPIS BANK S.A.

ASPIS BANK SA
CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1/1/2007 TO 31/12/2007
(Published under L.2190/20, article 135 for Financial Institutions Interim/Annual financial statements, consolidated or not under IFRS)

The information stated below is to provide a general understanding for the financial position and financial results of ASPIS BANK SA. Therefore it is suggested to the reader before undertaking any investment or transaction with the Bank to visit the bank's web-site where the Financial Statements under IFRS are listed, as well as the auditors review report.

INFORMATION ON THE FINANCIAL INSTITUTION		INCOME STATEMENT			
		GROUP		BANK	
		2007	2006	2007	2006
Full Name	ASPIS BANK SA				
Domicile	Athens Municipality, 4th Othonos str-10557 Athens				
Establishment Date	10/06/1992	55.867	53.808	48.939	48.873
Company Duration	99 Years	28.894	26.287	26.153	24.986
Main Activity	Banking Services	46	49	46	49
Companies Register	26699/06/B/92/12				
Regulator	Development Ministry/Bank of Greece	2.379	2.208	2.819	2.990
VAT Number	O94351776	10.111	7.895	4.609	4.205
Composition of the Board of Directors	Constantine V. Karatzas Chairman and Managing Director	97.297	90.247	82.566	81.103
	Kyriakopoulos Loukas Vice-Chairman Independent non executive	Provisions	3.444	2.726	3.050
	George Galaniakis Independent non executive Member	Staff expenses	36.662	33.763	33.623
	Campas Nikolaos Independent non executive Member	Operating expenses	31.818	27.159	29.939
	Drettas Nikolaos Non executive Member	Depreciation of fixed assets	9.687	8.269	5.316
	Nikas Panagiota Non executive Member	Impairment losses from assets			5.080
	Petropoulos Constantine Non executive Member	Income from participations			
Expiry Date of the Current Period	31 December 2007	Profit/(Losses) before tax	15.686	18.330	10.638
Period Duration	12 Months	(Less) : Income tax expense	8.376	5.939	7.626
Financial Statement Type	Annual	Profit/(Losses) after tax	7.310	12.391	3.012
Approval Date of the Financial Statements	12/02/2007	Transferred to Shareholders	7.022	12.272	11.370
Audit Firm	KPMG Kyriacou Certified Auditors SA	Minorities	288	119	0
Auditor	Nick Vounisseeas	Earnings per share-Basic	0.12	0.25	0.05
Auditors Report	Unqualified-Emphasis of matter	Suggested dividend per share €		0.02	0.06
Web-site address where the financial statements are included, the board of Directors report and the Auditors report	www.aspisbank.gr				
CONSOLIDATED COMPANIES		CASH FLOW STATEMENTS			
		GROUP		BANK	
		2007	2006	2007	2006
1-ASPIS INTERNATIONAL MFSA, Location-Athens Municipality, 23-25 Lekka str., 10562 Athens, Main activity-Mutual Funds Management					
2-ASPIS INSURANCE BROKERAGE SA, Location-Athens Municipality, 22 Omirou str 10672 Athens, Main activity- Insurance brokerage					
3-ASPIS LEASING SA, Location-Athens Municipality, 26-28 Mitropoleos str. 10563 Athens, Main activity -Leasing					
4-ASPIS CREDIT SA (subsidiary in percentage 99.995% of ASPIS LEASING SA)					
Location-Athens Municipality, 26-28 Mitropoleos str. 10563 Athens, Main activity-Operating lease.					
5-BYZANTIUM FINANCE PLC, Location London UK, Main activity-S.P.V.(for assets securitization).					
6-ASPIS FINANCE PLC, Location London UK, Main activity-S.P.V.(For the issue of Lower tier II Bond).					
7-ASPIS JERSEY PLC, Location Jersey UK, Main activity-S.P.V.(For the issue of Tier I and Lower Tier II Bonds)					
		Total cash flow from operating activities		54.221	52.540
		Total cash flow from investing activities		4.934	10.815
		Total cash flow from financing activities		45.299	49.059
		Net increase/(decrease) of cash/cash equivalents of the period	0	104.454	0
		Net effect from foreign exchange adjustments		-14.512	-14.512
		Total cash flows of the period	0	89.942	0
		Total cash/cash equivalents starting period	0	426.631	397.501
		Total cash/cash equivalents end of period	0	518.573	495.403
BALANCE SHEET ITEMS		NOTES TO THE FINANCIAL STATEMENTS			
		GROUP		BANK	
		2007	2006	2007	2006
ASSETS					
Cash and balances with Central Bank	93.121	74.220	93.119	74.214	
Due to other banks	495.814	444.353	473.786	421.189	ASIS BANK SA Athens Greece
Held for trading investments	11.144	3.948	7.756	1.248	ASIS INTERNATIONAL MFMC Athens Greece
Derivative financial instruments - assets	13	53	13	53	ASIS LEASING SA Athens Greece
Loans and advances to customers net of impairment	2.213.854	1.859.556	2.043.186	1.655.897	ASIS INSURANCE BROKERS SA Athens Greece
Investments in securities	23.962	56.742	26.462	59.242	ASIS OPERATING LEASING Athens Greece
Participations in subsidiaries	0	0	30.492	30.494	BYZANTIUM FINANCE PLC London UK **
Intangible assets	9.220	4.189	4.590	1.267	ASIS FINANCE PLC London UK
Tangible assets	53.172	32.002	47.806	27.495	ASIS JERSEY PLC Jersey UK (since 2nd Quarter 2007)
Other assets	44.045	37.217	43.456	41.273	**SPV for securitization of loans
TOTAL ASSETS	2.944.345	2.512.280	2.770.666	2.312.369	1-The following companies that are included in the consolidated financial statements are fully consolidated
LIABILITIES					Particip Tax anaudited periods
Due to other banks	213.660	95.954	201.660	83.945	Parent
Due to clients	2.162.104	1.938.865	2.190.797	1.944.891	55%
Derivative financial instruments - liabilities	0	3	0	3	100%
Bonds issued and similar liabilities	275.392	253.736	139.092	49.696	100%
Provisions	3.654	3.178	3.456	3.014	99.95%
Other liabilities	42.976	35.955	37.881	31.179	
Total liabilities	2.717.786	2.327.691	2.572.886	2.112.730	2- During 2007 there was a share capital increas by € 1.584 th due to stock option executions
Shareholders equity	185.424	183.270	197.780	199.639	3- There are no pledges against the Bank's property.
Minority interests	1.807	1.319	0	0	4- Claims that have been made against the Bank and the Group, will not have any significant effect in the future results.
Hybrid issued	39.529	0	0	0	5- The number of staff employed at 31/12/2007(31/12/2006) was 997(981) for the Bank and 1.044(1.033) for the Group.
Total shareholders equity	226.560	184.589	197.780	199.639	6- The bank transactions of 31/12/2007 with the related parties are the following: Receivables € 119.856 th, Payables € 228.498 th, Income € 7.597 th and Expenses € 16.625 th
TOTAL LIABILITIES	2.944.346	2.512.280	2.770.666	2.312.369	7- Receivables issued € 27.868 th. The group transactions with the related parties as of 31/12/2006 are the following Receivables € 34.472 th, Payables € 58.432 th, Income € 2.621 th and expenses € 10.082 th.
					8- The transactions with the members of the management are the following Receivables € 15.933 th, Payables € 10.184 th, Income € 348 th, expenses € 341 th, salaries € 3.044 th.
					9- The transactions with the members of the management for the group are the following Receivables € 15.933 th, Payables € 11.150 th, Income € 329 th expenses € 341 th, salaries € 4.011 th.
					7-Earnings per share were calculated using the average amount of shares.
					8-The group through ASPIS JERSEY PLC issued on 3/4/2007 a subordinated note of € 50,250 th and hybrid securities of € 40 th (more info in note and of the financial statements).
					9-The additional tax paid to the tax authorities finally amounted to 5.513 th (more info in note of the financial statements).
STATEMENT OF CHANGES IN EQUITY					
		GROUP		BANK	
		2007	2006	2007	2006
At January 1/1		114.912		131.017	
Profit/(Losses) after tax		12.391		11.370	
Increase/Decrease of Share Capital		51.193		51.193	
Dividends		0		0	
Profit/(Losses) period directly to equity		6.093		6.059	
Purchases/(Sales) own shares		0		0	
Equity at the end of period		0	184.589	0	199.639
Athens, 09/02/2007					
THE CHAIRMAN OF THE BOARD OF DIRECTORS AND MANAGING DIRECTOR		THE MEMBER OF THE BOARD OF DIRECTORS		THE CHIEF FINANCIAL OFFICER	
CONSTANTINE V. KARATZAS ID.No 1.01341971		LOUKAS M. KYRIAKOPOULOS ID.No A.04523		EVANGELOS V. STATHOPOULOS ID.No S.045074/95 OEE.Lic.Reg.No 523/24-5-99 A CI	



ASPIS BANK S.A

ASPIS BANK SA
Reg. No 2668906/B/02/12
4th Othonos str,10557 Athens
GREECE

CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1st JANUARY 2007 to 30th JUNE 2007

The information stated below is to provide a general understanding for the financial position and financial results of ASPIS BANK SA. Therefore it is suggested to the reader before undertaking any investment or transaction with the Bank to visit the web-site (www.aspisbank.gr) where the Condensed Financial Statements under IFRS are listed, as well as the auditors limited review report in case it is applicable.

(IN 000S EUR)	GROUP		BANK		CONSOLIDATED INCOME STATEMENT	GROUP			
	30/06/2007	31/12/2006	30/06/2007	31/12/2006		1/1-30/06/2007	1/1-30/06/2006	1/4-30/06/2007	1/4-30/06/2006
BALANCE SHEET ITEMS									
ASSETS									
Cash and balances with Central Bank	81,854	74,220	81,852	74,214	Net interest income	27,721	26,161	13,479	12,071
Due from banks	412,843	444,353	389,127	421,189	Net commission income	14,448	14,366	7,409	7,542
Held for training investments	11,130	3,948	8,320	1,245	Income from securities	13	0	13	0
Derivative financial assets	94	53	94	53	Net trading income	1,133	798	700	463
Loans and advances to customers net of provision	2,043,553	1,859,556	1,849,560	1,655,897	Other income	4,782	4,238	2,375	2,363
Investment securities	22,968	56,742	25,468	59,242	Total operating income	48,097	45,563	23,976	22,439
Investment in subsidiaries and associates	0	0	30,494	30,484	Impairment losses on loans and advances	1,970	1,638	841	736
Intangible assets	5,600	4,189	1,240	1,240	Staff costs	17,465	18,682	8,679	9,728
Property, plant and equipment	32,104	32,002	27,320	27,485	Other expenses	13,304	13,599	6,299	6,587
Other assets	47,091	37,217	47,483	41,273	Depreciation and amortization	4,519	4,219	2,346	2,135
					Impairment losses from assets	0	0	0	0
					Income from participations	0	0	0	0
TOTAL ASSETS	2,657,037	2,512,280	2,460,958	2,312,369	PROFIT/(LOSSES) BEFORE TAX	10,839	7,425	5,811	3,253
					(Less): Income tax expense	7,148	1,616	6,229	747
LIABILITIES					PROFIT/(LOSSES) AFTER TAX	3,691	5,809	-418	2,506
Due to banks	23,662	95,954	11,912	83,945	Transferred to				
Due to customers	2,070,692	1,938,665	2,074,437	1,944,891	Equity holders of the bank	3,636	5,852	-360	2,623
Derivative financial liabilities	0	3	0	0	Minorities interests	155	-43	-50	-117
Debt securities in issue and other borrowed funds	288,690	253,736	138,989	49,638	Basic and diluted earnings per share	0,06	0,12	0,00	0,05
Employee defined benefit obligations	3,422	3,178	3,228	3,014					
Other liabilities	42,292	35,955	37,246	31,179					
Total liabilities	2,435,758	2,327,691	2,265,612	2,112,730	INCOME STATEMENT				
Shareholders equity	219,807	183,270	195,146	199,638	Net interest income	24,427	23,909	11,960	11,128
Minority interests	1,472	1,319	0	0	Net commission income	13,169	13,613	6,760	6,408
Total shareholders equity	221,279	184,589	195,146	199,638	Income from securities	13	0	13	0
					Net trading income	1,439	1,654	622	1,135
TOTAL LIABILITIES	2,657,037	2,512,280	2,460,958	2,312,369	Other income	2,129	2,087	1,012	633
					Total operating income	41,177	41,263	20,375	19,304
CASH FLOW STATEMENTS					Impairment losses on loans and advances	1,730	1,504	680	940
Cash flows from operating activities	-120,510	-22,357	-138,368	-3,724	Staff costs	16,031	17,427	7,792	8,405
Cash flows from investing activities	24,748	11,819	28,439	14,097	Other expenses	12,429	12,659	6,367	6,468
Cash flows from financing activities	71,674	11,633	86,495	-1,028	Depreciation and amortization	2,612	2,539	1,303	1,310
Net increase/(decrease) of cash/cash equivalents of the period	-24,088	1,095	-24,434	9,344	Impairment losses from assets	0	0	0	0
Effect of exchange rate fluctuations on cash and cash equivalents	12	-8,322	10	-3,322	Income from participations	0	0	0	0
Net increase/(decrease) of cash flows	-34,076	-8,227	-24,424	22	PROFIT/(LOSSES) BEFORE TAX	8,375	7,134	4,233	2,161
Cash and cash equivalents at the start of the period	518,573	428,631	495,403	397,501	(Less): Income tax expense	6,352	1,514	5,474	243
Cash and cash equivalents at the end of the period	484,497	420,404	470,979	397,523	PROFIT/(LOSSES) AFTER TAX	2,023	5,620	-1,241	1,938
STATEMENT OF CHANGES IN EQUITY									
At January 1/1	184,589	114,912	199,639	131,017	Basic and diluted earnings per share	0,03	0,11	0,00	0,04
Share Capital increase(net)	0	-49	0	-49	NOTES TO THE FINANCIAL STATEMENTS				
Cash flow hedge	36	-43	36	-43	1-Group companies(full consolidation)				
Valuation of available for sale securities	-2,744	2,851	-2,744	2,051	ASPIS BANK SA,Athens	Parent	2006-2006		
Other differences		53	0	15	ASPIS INTERNATIONAL MFSA, Athens	55%	2006		
Profit/(Losses) period after taxes	3,691	5,809	2,023	5,620	ASPIS LEASING SA,Athens	100%	2006		
Dividends	-3,808	0	-3,808	0	ASPIS BROKERAGE SA,Athens	100%	2003-2006		
Hybrid Tier I issue	33,515	0	0	0	ASPIS CREDIT SA,Athens	99,95%	2004-2006		
Equity at the end of period	221,279	184,589	195,146	199,638	BYZANTIUM FINANCE PLC,London UK		2007		
					ASPIS FINANCE PLC,London UK(since 1st Q 2005)	100%	2007		
					ASPIS JERSEY PLC	100%	2007		
THE CHAIRMAN OF THE BOARD OF DIRECTORS AND MANAGING DIRECTOR	THE MEMBER OF THE BOARD OF DIRECTORS	THE CHIEF FINANCIAL OFFICER							
CONSTANTINE V.KARATZAS ID.No E.533458	LOUKAS M.KYRIAKOPOULOS ID.No A.045523	EVANGELOS V.STATHOPOULOS ID.No S.045074 OEE.Lic.Reg.No 523/24-S-99 A'CI							
AUDITOR	Nick Vouinseas SOEL Reg.No 18701								
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LIMITED REVIEW REPORT	Unqualified opinion-emphasis of matter-date 10/08/2007.								



ASPIS BANK S.A



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