



Aspis Bank

Interim Financial Statement for the nine month period ended at 30th September 2009

In accordance with International Accounting Standard 34
These Financial statements have been approved by the Board of Directors of Aspis Bank S.A.
on 3rd November 2009 and are available at the following web page: www.aspisbank.gr



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**Statement of Comprehensive Income***(Amounts in thousand of Euro)*

	Note	From 1st January to		From 1st July to	
		30.09.2009	30.09.2008	30.09.2009	30.09.2008
Interest and similar income		80,928	114,215	24,327	39,819
Interest expense and similar charges		(71,736)	(87,290)	(19,203)	(32,542)
Net interest income	7	9,192	26,925	5,124	7,277
Fee and commission income	8	14,225	17,256	4,096	5,363
Commission expense		(350)	(364)	(123)	(131)
Net fee and commission income		13,875	16,892	3,973	5,232
Net trading income / (expense)	9	(9,886)	(1,187)	(11,667)	(503)
Other operating income	10	904	2,472	237	659
Total operating income		14,085	45,102	(2,333)	12,665
Staff expenses	11	(33,602)	(42,288)	(12,386)	(10,810)
Depreciation and amortization	23, 24	(5,297)	(4,784)	(1,793)	(1,706)
Other operating expenses	12	(22,240)	(24,634)	(7,408)	(7,666)
Impairment on loans and advances	13	(35,584)	(12,213)	(20,157)	(2,175)
Provisions	29	(2,432)	-	(2,182)	-
Total operating expenses		(99,155)	(83,919)	(43,926)	(22,357)
Loss before income tax		(85,070)	(38,817)	(46,259)	(9,692)
Income tax	14	14,666	8,465	7,338	1,170
Loss for the period		(70,404)	(30,352)	(38,921)	(8,522)
Transfer of impairment losses of available for sale securities to profit or loss		8,338	-	8,331	-
Changes in fair value of Available for Sale securities		1,749	(5,633)	586	(739)
Other comprehensive income after tax		10,087	(5,633)	8,917	(739)
Total comprehensive income after tax		(60,317)	(35,985)	(30,004)	(9,261)
Basic and diluted earnings/(loss) per share (in Euro)	15	(1.0990)	(0.4738)	(0.6075)	(0.1330)

C.G.Sorotos

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HEAD OF ACCOUNTING

The attached notes on pages 8 to 42 form an integral part of these financial statements. Amounts relating to 2008 have not been audited or reviewed.

**Statement of Financial Position***(Amounts in thousand of Euro)*

Assets	Note	30.09.2009	31.12.2008
Cash & cash equivalents	16	51,887	79,323
Loans and advances to banks	17	256,580	237,424
Loans and advances to customers (net of impairment)	18	1,939,432	1,974,414
Trading securities	19	2,899	-
Investment securities			
- Available-for- sale	20	408,783	22,120
- Held-to-maturity	21	10,535	3,210
Investment in subsidiaries and associates	22	30,549	30,549
Property, plant and equipment	23	42,617	44,876
Intangible assets	24	5,033	5,282
Deferred tax asset	25	25,577	10,560
Other assets	26	107,367	52,337
Total assets		2,881,259	2,460,095

Liabilities		30.09.2009	31.12.2008
Due to banks		262,822	156,183
Due to customers	27	1,974,478	1,993,094
Debt securities in issue	28	90,274	141,568
Other borrowed funds	34	426,811	-
Provisions	29	2,401	5,346
Other liabilities	30	44,410	23,764
Employee benefits	31	3,912	3,672
Total liabilities		2,805,108	2,323,627

Equity		30.09.2009	31.12.2008
Share capital	32	38,438	173,614
Share premium		17,053	17,053
Reserve from share capital reduction	32	135,176	-
Other reserves	33	6,662	(3,425)
Accumulated deficit		(121,178)	(50,774)
Equity attributable to equity holders of the Bank		76,151	136,468

Total liabilities and Equity		2,881,259	2,460,095
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Statement of Changes in Equity
(Amounts in thousand of Euro)

	Share Capital	Share Premium	Reserve from share capital reduction	Other reserves	Accumulated deficit	Total
Balance as at 1st January 2008	173,614	17,053	-	2,730	4,383	197,780
Other comprehensive income						
Loss for the period	-	-	-	-	(30,352)	(30,352)
Changes in fair value of available for Sale securities	-	-	-	(5,633)	-	(5,633)
Total comprehensive income after tax	-	-	-	(5,633)	(30,352)	(35,985)
Transactions with owners						
Prior year dividends paid	-	-	-	-	(1,281)	(1,281)
Reserve appropriation	-	-	-	1,651	(1,651)	-
Other transfers	-	-	-	(1)	-	(1)
Total transactions with owners	-	-	0	1,650	(2,932)	(1,282)
Balance as at 30th September 2008	173,614	17,053	-	(1,253)	(28,901)	160,513
Balance as at 1st January 2009	173,614	17,053	-	(3,425)	(50,774)	136,468
Other comprehensive income						
Loss for the period	-	-	-	-	(70,404)	(70,404)
Changes in fair value of available for Sale securities	-	-	-	1,749	-	1,749
Transfer on impairment losses of available for sale securities to profit or loss	-	-	-	8,338	-	8,338
Total comprehensive income after tax	-	-	-	10,087	(70,404)	(60,317)
Transactions with owners						
Reserve from share capital reduction	(135,176)	-	135,176	-	-	-
Total transactions with owners	(135,176)	-	135,176	-	-	-
Balance as at 30th September 2009	38,438	17,053	135,176	6,662	(121,178)	76,151

The attached notes on pages 8 to 42 form an integral part of these financial statements. Amounts relating to 2008 have not been audited or reviewed.

**Cash Flow Statement***(Amounts in thousand of Euro)*

	30.09.2009	30.09.2008
Cash flows from operating activities		
Loss before income tax	(85,070)	(38,817)
Adjustments for non-cash items		
Depreciation and amortisation	5,297	4,784
Impairment losses on loans and advances	35,584	12,213
Other provisions	2,432	-
Defined benefit obligation	299	332
Other non-cash items	11,385	7,139
(Gains)/losses from valuation of Trading and Available for Sale securities	(701)	(115)
(Gains)/losses on the sale of property and equipment	-	-
	(30,774)	(14,464)
Changes in operations		
Net (increase)/decrease in available for sale securities	(389,736)	(900)
Net (increase)/decrease in trading securities	(2,899)	-
Net (increase)/decrease in derivative financial instruments	-	(4)
Net (increase)/decrease in loans and advances to customers	6,294	(35,358)
Net (increase)/decrease in other assets	(55,031)	(18,887)
Net increase/(decrease) in due to banks	106,639	(137,177)
Net increase/(decrease) in due to customers	(22,681)	180,197
Net increase/(decrease) in other liabilities	14,082	10,427
Net cash inflow/(outflow) from operating activities	(374,106)	(16,166)
Cash flows from investing activities		
Proceeds from sale of investments	-	162
Proceeds from sale of property and equipment	13	36
Purchases of investments	(7,103)	(3,074)
Purchases of property, equipment and intangible assets	(2,799)	-
Dividends received	62	76
Net cash inflow/(outflow) from investing activities	(9,827)	(2,800)
Cash flows from financing activities		
Net proceeds from issue/(repayment) of debt securities	375,517	164
Prior year dividends paid	-	(1,281)
Net cash inflow/(outflow) from financing activities	375,517	(1,117)
Net increase/(decrease) in cash and cash equivalents	(8,416)	(20,083)
Cash and cash equivalents as at 1st January	316,748	580,036
Foreign exchange differences on cash and cash equivalents	135	(1,281)
Cash and cash equivalents as at 30th September	308,467	558,672
Cash and cash equivalents consists of:		
Cash and balances with Central Bank	51,887	132,870
Due to banks	256,580	425,802
	308,467	558,672

The attached notes on pages 8 to 42 form an integral part of these financial statements. Amounts relating to 2008 have not been audited or reviewed.



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 Soci t  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 Soci t  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 Soci t  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 is allowed to provide:

- 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.

2. Basis of preparation

2.1 Statement of compliance

This interim consolidated financial report has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". Due to the forth coming share capital increase, the management of the Bank has decided to prepare full scope financial statements, in accordance with IAS 1 «Presentation of Financial Statements», in order for the investors to be better informed. In accordance with law



3556/2007, there is no need for the interim financial statements of the first and third quarter to be audited by the statutory auditor.

The Bank's management has demanded for the interim financial statements, for the period ending as of 30 September 2009, to be audited from the statutory auditor. Comparative amounts, for the period ending as of 30 September 2008, are unaudited.

The financial statements were approved by the Board of Directors on 3rd November 2009

2.2 Basis of measurement

The 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

As explained in Note 4.9 the capital adequacy ratio for the Bank is less than the minimum limit of 8%. As explained in Note 32 the Bank's Board of Directors decided on July 23, 2009 for a share capital increase. Based on the funds that will be withdrawn, the Management believes that the Bank will continue unhampered its activities.

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 according to IFRS 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.

The most significant estimates and critical judgments applied by the Bank in the preparation of the financial statements are:

- The impairment loss on loans and advances to customers (Note 13)
- The fair value measurement for financial instruments (Note 5)

- The recovery of the recognised differed tax asset (Note 25)
- Provisions (Note 29)
- The calculation of income tax expense (Note 14)
- The recognition of securitized loans (Note 34)

2.5 Reclassification of items

Certain figures concerning prior year of 2008 have been reclassified in order to be comparable to current period's interim financial statements. The reclassification in the statement of financial position relates to the transfer of total amount of € 5,908 thousand from "Other assets" to "Loans and advances to customers".

A reclassification in the "Other liabilities" relates to the transfer of total amount of € 17,443 thousand from "Accrued Interest Expense" to "Due to Customers" (€ 15,187 thousand) and "Debt securities in issue" (€ 2,256 thousand), respectively.

3. Significant accounting policies

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

3.1 Resume

The Group since 1 January 2009 has changed the following accounting principles:

- Definition and presentation of operating segments
- Presentation of financial statements

3.2 Changes in accounting policies

(a) IFRS 8 Operating Segments

IFRS 8 replaces IAS 14: "Segment reporting". The new Standard requires a management approach for disclosures regarding the adequacy of other Bank's operational areas. The disclosed information is used for the evaluation of each segment made by management, as well as the allocation of economic resources. It is more likely that the information is different from the criteria used for the preparation of the Statement of Financial Position and comprehensive income. In addition, explanations must be provided for the preparation of operating segment reporting as well as for the reconciliation of financial reporting items.

(b) IAS 1 Presentation of Financial Statements – Revised 2008

The main changes of this standard, effective for annual periods beginning on or after 1.1.2009, are summarized in the statement of changes in equity regarding transactions with owners in their capacity as owners (e.g. dividends, share capital increase) from other changes in equity. Moreover, the revised IAS 1 changes the definitions, as well as the



presentation of financial report. New definitions in this standard do not change the recognition measurement or disclosure of specific transactions and other events required by other standards.

The change in presentation and disclosure has been applied to these interim financial statements.

3.3 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. Foreign currency gains or losses on monetary items are recorded in the Income Statement for the year. 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.

Exchange differences are recorded in the Income Statement or in equity if they result from the retranslation of an item of equity.

3.4 Interest income and expense

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 Bank calculates the effective interest rate taking into account the future cash flows in accordance with contractual terms but not the losses from credit risk. The calculation of effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the financial instrument.

3.5 Fees and commission

Fees and commission income and expenses that are not integral to the measurement of the effective interest rate are recorded in profit or loss account based on the period that respective services were produced.

3.6 Net trading income

Net trading income comprises gains less losses related to trading assets, liabilities and derivatives, 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.

3.7 Dividends

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

3.8 Leases

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

Minimum lease payments made under finance leases are proportionately registered between the finance expense and the reduction of the outstanding liability.

3.9 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. 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.

3.10 Financial assets and liabilities

(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.



A financial asset or financial liability is initially measured at fair value plus (for an item not classified as trading) transaction costs that are directly attributable to its acquisition or issuance.

(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 enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the 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.

The Bank derecognises specific loans and receivables when they are determined to be uncollectible.

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

(c) Offsetting

Financial assets and liabilities are offset 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

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, less for impairment.

(e) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The fair value of financial assets and financial liabilities are determined 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.

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 bank.

The Bank considers evidence of impairment both at an individual and collective level. All individually significant financial assets and held to maturity investment securities 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.

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 accurate.

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 future 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.

3.11 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 cost in the balance sheet.

3.12 Trading assets

Trading assets are those assets 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 the income statement. All changes in fair value are recognised as part of net trading income in income statement. Trading assets are not reclassified subsequent to their initial recognition.

(a) Change in accounting policy

In October 2008 the IASB issued "Reclassification of Financial Asset: Recognition and Measurement according to IAS 39".

The amendment to IAS 39 permits the Bank to reclassify a non derivative financial asset from trading portfolio to another category, if they are no longer held for the purpose of being sold or repurchased in the near term. According to the amendment the Bank has transferred, since 1.07.08, all securities were transferred from "held for trading" portfolio to the "available for sale" portfolio.

3.13 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 accounting treatment of changes in their fair value depends on their classification as explained below.

The fair value of derivative financial instruments is calculated in the same manner with the calculation of the fair value of financial instruments held for trading.

When a derivative is designated for hedging changes in fair value of a recognised asset or liability (hedged item), changes in the fair value of the derivative (hedging instrument) 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 or irrevocable lending commitments that could affect profit or loss, the effective portion of changes in the fair value of the derivative are recognised directly in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Bank does not apply hedge accounting

3.14 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 them immediately or in the near term.

In cases where the Bank is the lessee in financial leases and all risks and rewards associated with the leased asset have been transferred, the transaction is accounted as a loan.

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 amortized cost using the effective interest method.

3.15 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.

(i) Available-for-sale investments

Available-for-sale investments are non-derivative investments that are intended to be held for an indefinite period of time and may be sold in response to liquidity needs of the Bank. Unlisted 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.

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.

(ii) Held-to-maturity investments

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 would result in the reclassification of all held-to-maturity investments as available-for-sale investments and prevent the Bank from classifying investment securities as held to maturity for the following two financial years.

3.16 Investment in subsidiaries and associates

Investment in subsidiaries and associates are carried at cost including transaction costs less impairment losses wherever it was deemed appropriate.

3.17 Property, plant and equipment

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses.

Cost includes expenditure attributable to the acquisition or construction of an asset. Maintenance costs are recorded in the Income Statement of the year they refer to.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the property, plant and equipment. Leased assets are depreciated over the shorter period between the lease term or their estimated useful life. 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 fixed assets' useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

Tangible 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 fair value of the asset less costs to sell and value in use.

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

3.18 Investment property

Investment property is property held either to earn rental income or for capital appreciation upon disposal. The Bank's investment property items have been mainly acquired through the enforcement of security over loans and advances (repossessed property).

3.19 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.

3.20 Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are sources of funding for the Bank.

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 to 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.

3.21 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.



A provision for restructuring is recognized when the Bank has approved a formal and detailed restructuring plan, and the restructuring either has commenced or has been announced. Future operating costs are not provided for.

3.22 Employee benefits

(a) Defined contribution plans

The Bank pays contributions to public or private 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 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).

(c) Termination benefits

Termination benefits are recognised as an expense when the Bank is committed to either terminate employment before the normal retirement date or in the course of a voluntary redundancy.

(d) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for an amount expected to be paid as a short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be measured reliably.

3.23 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.

3.24 Financial guarantees

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at fair value and the initial fair value is amortised over the life of the financial guarantee. Subsequently, the guarantee liability is carried at the higher of this amortised amount and the present value of any expected payment.

3.25 Basic and diluted earnings per share

The Bank illustrates basic and diluted earnings per share attributable to ordinary shares. The calculation of the basic rate profit per share is based on profit or loss after tax attributable to ordinary shareholders over the weighted average number of ordinary shares for the period including the treasury shares. The diluted earnings per share is calculated with profits attributable to ordinary shareholders over a



weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares due to convertible shares given to employees

3.26 Operating segment

A segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses.

All operating segments' operating results are reviewed regularly by the Bank's CEO to make appropriate decisions.

3.27 New IFRS amendments and interpretations

With the exception of the standards that were early adopted from 1 January 2009 and explained in note 3.2 there is a number of new standards, amendments to standards and interpretations that are not mandatory for 30 September 2009 and have not been applied. The only new standards or interpretations that will have an impact are the following:

• **Amendment of International Accounting Standard 27** «Consolidated and Separate Financial Statements» and the **International Financial Reporting Standard 1** «First Time Adoption of International Financial Reporting Standards» regarding the cost of an investment in a subsidiary, associate and jointly controlled entity. Effective for annual periods beginning on or after 1.1.2009 (Regulation 69/23.1.2009).

With this amendment issued by the Council on 22 May 2008, the cost of an investment in a subsidiary, associate and jointly controlled entity in the investor's separate financial statements is no longer affected by profits appropriated before the acquisition date. These profit appropriations will be accounted in profit and loss account as dividend income. This amendment also made changes to IAS 36 - Impairment of Assets, where indications of impairment on investments were included, based on the effect in equity due to dividends appropriation to the investors.

Regarding to the entities adopting for first time IFRS and for facilitating the issuance of financial statements there are options of the cost measurement of an investment in a subsidiary, associate and jointly controlled entity based on fair value at the date of transition or the previous GAAP carrying amount.

This amendment has not been yet endorsed by the European Union.

The amendment will make changes in accounting policies for recognition of dividend's income and determination of the cost of acquisition of Bank's investments.

• **Amendment of International Accounting Standard 27** – «Consolidated and Separate Financial Statements» and **International Financial Reporting Standard 3**

«Business combination»

Effective for annual period beginning on or after 1.7.2009

The main changes from the amended standards issued on 10 January 2008, are summarized as follows:

i. In circumstances where changes in ownership interests of subsidiaries after control is obtained or the loss of control, the value of the investment existed prior to the change of ownership interest or the remaining ownership interest, should be measured at fair value with changes recognized in profit and loss account.

ii. Upon initial recognition non-controlling interest might be measured at fair value. In addition non-controlling interest should absorb the total losses incurred attributable to their interest.

iii. Any contingent consideration of an entity is recognized as a liability and measured at fair value.

iv. Costs incurred by the acquirer are not included in the cost of a business combination but are expensed.

Finally, changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

4. Financial Risk Management

4.1 Introduction and overview

The Bank monitors the following risks:

- Credit
- Liquidity
- Market
- Operational

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.

More specifically, the ALCO Committee determines the Bank's strategy in relation to financial and qualitative goals but also in relation to macroeconomic and financial developments. It determines the desired liquidity levels, the interbanking



transaction limits and the pricing policy of the Bank in products and services.

The main tasks of the Risk Audit Committee are the monitoring and the annual valuation of the adequacy and efficiency of the Internal Audit of the Bank and the Group. Moreover the Committee submits suggestions regarding any weaknesses noticed and supervises the correct application of the measures decided by the Board of Directors.

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, credit limits approved and irrevocable loan commitments 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

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 non performing loans that have been significantly impaired due to the deterioration of the credit wealthiness of borrowers. The Group assesses these loans on an individual bases and records a loan impairment, equal to the difference of the carrying amount of the loan and the present value of the recoverable amount using the effective rate of the loan

b) Collectively impaired

These are loans and advances to customers which the Bank has also 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 according to the contractual terms of the loan agreements. These loans are examined for impairment, on a collective basis. The portfolio's impairment, is based on the time period that the loan was denounced from the first year.

c) More than 30 days past due

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

d) Less than or equal to 30 days past due

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

The table that follows, is an analysis of the Group's loans by risk categories, in accordance with the impairment calculation method, that is used by the Risk Management Division. There is also an additional breakdown of each risk category into risk grades. The classification of each exposure into a risk grade, is based upon the credit rating of the customer, the time bucket that the exposure lies, and the collateral coverage that the exposure has.



Specifically, risk grades 1 to 3 correspond to low risk exposures, risk grades 4 to 6 correspond to medium risk exposures, while risk grades 7 to 10 correspond to high risk exposures.

Moreover, the higher risk an exposure is facing, the higher risk grade, numerically, is attributed to this exposure, that is risk

grade one (1), is the grade with the minimum risk, whereas risk grade ten (10), is the grade with the highest risk.

The following table also shows the evaluation of the Bank's credit risk for amounts due from credit institutions and for investment securities (available for sale and held to maturity securities).



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

<i>(Amounts in thousand of Euro)</i>						
	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
30 September 2009	30.09.2009	31.12.2008	30.09.2009	31.12.2008	30.09.2009	31.12.2008
Individually impaired						
Grade 6	1,387	863	-	-	-	-
Grade 7	50,509	31,462	-	-	-	-
Grade 8	2,618	1,631	-	-	-	-
Grade 9	29,029	18,083	-	-	-	-
Grade 10	28,352	17,661	-	-	-	-
Gross amount	111,895	69,700	0	0	0	0
Impairment loss	(51,927)	(27,243)	-	-	-	-
Carrying amount	59,968	42,457	0	0	0	0
Collectively impaired						
Grade 7	2,310	1,849	-	-	-	-
Grade 8	3,263	2,612	-	-	-	-
Grade 9	3,869	3,097	-	-	-	-
Grade 10	19,048	15,244	-	-	-	-
Gross amount	28,490	22,802	0	0	0	0
Impairment loss	(21,835)	(14,494)	-	-	-	-
Carrying amount	6,655	8,308	0	0	0	0
More than 30 days past due						
Grade 2	122,215	88,232	-	-	-	-
Grade 3	74,721	53,944	-	-	-	-
Grade 4	42,739	30,855	-	-	-	-
Grade 5	14,362	10,369	-	-	-	-
Grade 6	8,692	6,275	-	-	-	-
Grade 7	1,061	766	-	-	-	-
Gross amount	263,790	190,441	0	0	0	0
Impairment loss	(3,528)	(2,844)	-	-	-	-
Carrying amount	260,262	187,597	0	0	0	0
Over 30 days past due comprises:						
31-90 days	97,186	110,144	-	-	-	-
91-180 days	122,806	51,072	-	-	-	-
180 days +	40,270	26,381	-	-	-	-
Carrying amount	260,262	187,597	0	0	0	0
Less than or equal to 30 days past due						
Grade 1	722,519	780,041	256,580	237,424	419,318	25,330
Grade 2	323,096	346,174	-	-	-	-
Grade 3	190,659	204,277	-	-	-	-
Grade 4	110,041	117,900	-	-	-	-
Grade 5	150,766	161,535	-	-	-	-
Grade 6	127,025	136,098	-	-	-	-
Gross amount	1,624,106	1,746,025	256,580	237,424	419,318	25,330
Impairment loss	(11,559)	(9,973)	-	-	-	-
Carrying amount	1,612,547	1,736,052	256,580	237,424	419,318	25,330
Grand total	1,939,432	1,974,414	256,580	237,424	419,318	25,330



Set out below is an analysis of the gross and net of allowance for impairment amounts of 30 September 2009 and 31 December 2008 gross (before impairment) and net (after impairment) by risk grade.

(Amounts in thousand of Euro)

30 September 2009	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
Individually impaired						
Grade 6	1,387	908	-	-	-	-
Grade 7	50,509	50,111	-	-	-	-
Grade 8	2,618	1,570	-	-	-	-
Grade 9	29,029	7,322	-	-	-	-
Grade 10	28,352	57	-	-	-	-
Gross amount	111,895	59,968	0	0	0	0
30 September 2009	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
Collectively impaired						
Grade 7	2,310	817	-	-	-	-
Grade 8	3,263	1,000	-	-	-	-
Grade 9	3,869	1,173	-	-	-	-
Grade 10	19,048	3,665	-	-	-	-
Gross amount	28,490	6,655	0	0	0	0
30 September 2009	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
More than 30 days past due						
Grade 2	122,215	121,449	-	-	-	-
Grade 3	74,721	73,676	-	-	-	-
Grade 4	42,739	41,322	-	-	-	-
Grade 5	14,362	14,263	-	-	-	-
Grade 6	8,692	8,515	-	-	-	-
Grade 7	1,061	1,037	-	-	-	-
Gross amount	263,790	260,262	0	0	0	0
Over 30 days past due comprises:						
31-90 days	97,672	97,186	-	-	-	-
91-180 days	124,573	122,806	-	-	-	-
180 days +	41,545	40,270	-	-	-	-
Carrying amount	263,790	260,262	0	0	0	0
30 September 2009	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
Less than or equal to 30 days past due						
Grade 1	722,519	718,128	256,581	256,581	419,318	419,318
Grade 2	323,096	321,453	-	-	-	-
Grade 3	190,659	188,838	-	-	-	-
Grade 4	110,041	108,990	-	-	-	-
Grade 5	150,766	149,326	-	-	-	-
Grade 6	127,025	125,812	-	-	-	-
Gross amount	1,624,106	1,612,547	256,581	256,581	419,318	419,318
Grand total	2,028,281	1,939,432	256,581	256,581	419,318	419,318



(Amounts in thousand of Euro)

31 December 2008	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
Individually impaired						
Grade 6	863	613	-	-	-	-
Grade 7	31,462	31,253	-	-	-	-
Grade 8	1,631	1,081	-	-	-	-
Grade 9	18,083	9,108	-	-	-	-
Grade 10	17,661	403	-	-	-	-
Gross amount	69,700	42,458	0	0	0	0
Collectively impaired						
Grade 7	1,849	858	-	-	-	-
Grade 8	2,612	1,110	-	-	-	-
Grade 9	3,097	1,307	-	-	-	-
Grade 10	15,244	5,034	-	-	-	-
Gross amount	22,802	8,309	0	0	0	0
More than 30 days past due						
Grade 2	88,232	87,614	-	-	-	-
Grade 3	53,944	53,102	-	-	-	-
Grade 4	30,855	29,713	-	-	-	-
Grade 5	10,369	10,289	-	-	-	-
Grade 6	6,275	6,133	-	-	-	-
Grade 7	766	746	-	-	-	-
Gross amount	190,441	187,597	0	0	0	0
Over 30 days past due comprises:						
31-90 days	111,186	110,144	-	-	-	-
91-180 days	52,045	51,072	-	-	-	-
180 days +	27,210	26,381	-	-	-	-
Carrying amount	190,441	187,597	0	0	0	0
Less than or equal to 30 days past due						
Grade 1	780,041	776,251	237,424	237,424	25,330	25,330
Grade 2	346,174	344,756	-	-	-	-
Grade 3	204,277	202,706	-	-	-	-
Grade 4	117,900	116,994	-	-	-	-
Grade 5	161,535	160,292	-	-	-	-
Grade 6	136,098	135,051	-	-	-	-
Gross amount	1,746,025	1,736,050	237,424	237,424	25,330	25,330
Grand total	2,028,968	1,974,414	237,424	237,424	25,330	25,330

**4.2.2 Collateral**

The Bank as part of its risk management policy receives collateral in order to secure the repayment of its loans. The major categories of collateral against loans and advances to customers are in the form of pre notices over property, cheques and pledge deposits.

The table below summarises collateral held for the Bank's credit risk.

(Amounts in thousand of Euro)

	30.09.2009	31.12.2008
Retail customers:		
Mortgages	515,358	956,130
Securitized loans	398,555	-
Credit cards	57,287	54,224
Other consumer loans	87,857	79,467
Total	1,059,057	1,089,821
Corporate clients:		
Subsidiaries	3	486
Subsidiaries – Corporate bonds	152,500	50,000
Corporate loans	608,991	677,412
Shipping loans	43,709	52,280
Corporate bonds	128,453	136,000
Local authorities & other organizations	14,978	2,951
Total	948,634	919,129
Advances from securities transaction	20,590	20,018
Loans and advances	2,028,281	2,028,968
Impairment loss	(88,849)	(54,554)
Loans and advances after provisions	1,939,432	1,974,414

Collaterals		
Retail clients:	1,245,164	1,281,334
Corporate clients:	1,383,014	1,410,525
Total collateral amount	2,628,178	2,691,859

Loans to retail customers, in their majority, are collateralized in the form of pre notices over property. As far as, loans to corporate clients is concerned, their collaterals, are in the form of cheques, pre notices over property, and other collateral types (cash, securities, machinery). The following table describes the collaterals held against corporate clients per collateral type.

(Amounts in thousand of Euro)

	30.09.2009	31.12.2008
Cheques	258,522	263,664
Property	315,734	322,015
Others	808,758	824,846
Total	1,383,014	1,410,525



4.3 Market Risk

Market risk is the risk arising from changes in market parameters such as changes in interest rates, equity prices and foreign exchange rates.

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. As at 30 September 2009, VaR for the securities' portfolio was € 1.3 million thousands and 39.7 thousands for the Bank's foreign exchange position. For the calculation of the VaR Bank's security portfolio contains stocks, mutual funds and bonds available for sale that are in the trading portfolio. The Bank, as at 30 September 2009, held a long position of € 1.7 million, against several currencies.

With respect to 31 December 2008, VaR was equal to € 967 thousands for the securities' portfolio, and € 41.6 thousands for the Bank's foreign exchange position. The Bank, as at 31 December 2008, held a long position of 1.8 million, against several currencies.

The above are shown in the above tables.

(Amounts in thousand of Euro)

	30.09.2009	31.12.2008
Investment risk		
Securities' value	31,805	23,161
VaR	1,328	967
Currency risk		
Foreign exchange position	1,692	1,771
VaR	39.7	41.6

4.4 Liquidity risk

Liquidity risk is the risk of the Bank being unable to meet its financial obligations due to inadequate liquidity.

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.

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 has access to a diverse funding base. Funds are raised using a broad range of instruments including deposits, debt securities and share capital. 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, based on Director of Bank of Greece decision (2619/09).



The Net Liquid Assets index, was as follows:

	30.09.2009	31.12.2008
At 30 September	33.39%	15.36%
Average for the period	27.92%	21.17%
Maximum for the period	33.39%	26.10%
Minimum for the period	21.35%	13.53%

In February 2009 the Bank concluded the securitisation of €424 million residential mortgages. As a result the liquidity ratio has increased to 30% approximately.

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:

At 30 September 2009	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
Cash & cash equivalents	51,887	-	-	-	-	-	51,887
Loans and advances to Banks	256,580	-	-	-	-	-	256,580
Loans and advances to customers	435,056	12,575	1,502	2,898	533,115	954,286	1,939,432
Trading securities	-	-	6	-	2,893	-	2,899
Available for sale investment securities	14,053	5	518	596	12,047	381,564	408,783
Held to maturity investment securities	-	-	-	3,365	5,101	2,069	10,535
Total assets	757,576	12,580	2,026	6,859	553,156	1,337,919	2,670,116
Liabilities							
Due to banks	262,822	-	-	-	-	-	262,822
Due to customers	826,221	481,730	197,584	24,789	444,154	-	1,974,478
Debt securities in issue	541	(25)	146	(22)	(203)	89,837	90,274
Other borrowed funds	25,000	-	-	-	-	401,811	426,811
Total liabilities	1,114,584	481,705	197,730	24,767	443,951	491,648	2,754,385
At 31 December 2008	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
Total assets	737,378	6,313	460,086	24,635	45,553	1,042,526	2,316,491
Total liabilities	1,040,785	503,515	198,770	52,112	456,101	39,562	2,290,845

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 30 September 2009. Included in the table are the Bank's assets and liabilities at carrying amounts, classified by currency.



(Amounts in thousand of Euro)

At 30th September 2009	EUR	USD	Other	Total
Assets				
Cash & cash equivalents	51,545	87	255	51,887
Loans and advances to banks	185,567	60,384	10,629	256,580
Loans and advances to customers	1,904,557	29,962	4,913	1,939,432
Financial assets at fair value through profit or loss	2,899	-	-	2,899
Available for sale investments	407,254	-	1,529	408,783
Held to maturity investments	10,535	-	-	10,535
Total assets	2,562,357	90,433	17,326	2,670,116
Liabilities				
Due to banks	257,981	-	4,841	262,822
Due to customers	1,864,329	98,072	12,077	1,974,478
Debt securities in issue and other borrowed funds	517,085	-	-	517,085
Total liabilities	2,639,395	98,072	16,918	2,754,385
At 31th December 2008	EUR	USD	Other	Total
Total assets	2,135,481	160,674	20,336	2,316,491
Total liabilities	2,099,344	165,769	25,732	2,290,845
Net off-balance sheet position	(14)	(11)	25	-

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 upward shift in the yield curves of 1% is expected to increase the Bank's loss in one year by an amount of € 1.52 million. On the other hand a parallel downward shift in the yield curves of 1% is expected to reduce Bank's loss in one year by an amount of € 1.52 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:

*(Amounts in thousand of Euro)*

At 30th September 2009	Effective Interest rate	Floating	1-3 months	3-12 months	1 to 2 years	Over 2 years	Non-interest	Total
Assets								
Cash & cash equivalents	0.50%	-	32,450	-	-	-	19,437	51,887
Loans and advances to banks	1.00%	-	228,831	-	-	-	27,749	256,580
Loans and advances to customers	5.20%	1,023,407	258,547	140,258	283,507	214,702	19,011	1,939,432
Financial assets at fair value through profit or loss	2.80%	-	1,994	905	-	-	-	2,899
Available for sale investment securities	1.50%	-	385,267	13,502	-	-	10,014	408,783
Held to maturity investment securities	5.80%	-	-	10,535	-	-	-	10,535
Total assets		1,023,407	907,089	165,200	283,507	214,702	76,211	2,670,116
Liabilities								
Due to banks	0.40%	-	262,822	-	-	-	-	262,822
Due to customers	2.80%	-	1,743,747	220,949	502	-	9,280	1,974,478
Debt securities & other borrowed funds	3.70%	-	115,274	-	-	-	401,811	517,085
Total liabilities		-	2,121,843	220,949	502	-	411,091	2,754,385
At 31th December 2008								
		Floating	1-3 months	3-12 months	1 to 2 years	Over 2 years	Non-interest	Total
Total assets		1,041,867	549,138	146,008	288,621	218,575	72,282	2,316,491
Total liabilities		-	2,042,907	246,260	1,678	-	-	2,290,845

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 measure the loss from the above causes and to set the right control procedures for all its operations.

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 and 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, every 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 regulatory capital to total risk weighted assets of on and off balance sheet items, arising from credit risk, market risk, operational risk and securitized positions. Regulatory capital must be covered by at least half of Tier I capital and the rest must be covered by Tier II capital. Tier I capital is computed for 2009 according to BASEL II. There are no significant differences compared to the BASEL I computation method, applied until 2007.



(Amounts in thousand of Euro)

	30.09.2009	31.12.2008
Upper Tier I	71,057	132,710
Lower Tier I	-	-
Deductions	(3,426)	(4,396)
Total Tier I	67,631	128,314
Upper Tier II	40,142	39,562
Lower Tier II	35,529	66,355
Deductions	(8,040)	(4,396)
Total Tier II	67,631	101,521
Regulatory capital	135,262	229,835
Risk-weighted assets		
Credit Risk	1,402,650	1,553,250
Market risk	12,088	10,150
Operational Risk	140,613	140,613
Securitized Exposures	187,550	48,038
Total risk-weighted assets	1,742,901	1,752,051
Indices (in %)		
Tier 1 CAD	3.88	7.32
Total CAD	7.76	13.12

Bank of Greece knows that at 30 September 2009 the capital adequacy ratio is below 8%. Bank was in discussions with Bank of Greece for the actions that will be taken in order to raise the rate above the minimum border. Among these actions are the increase of share capital by € 120 million that will be completed by the end of the year and Bank's participation in the support framework through the valuation of the preference shares.



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.

(Amounts in thousand of Euro)

	Carrying amount		Fair value	
	30.09.2009	31.12.2008	30.09.2009	31.12.2008
Financial assets				
Loans and advances to banks	256,580	237,424	256,580	237,424
Loans and advances to customers (net of impairment)	1,939,432	1,974,414	2,038,475	2,042,899
Investment securities held to maturity	10,535	3,210	11,111	3,092
Financial liabilities				
Deposits from banks	262,822	156,183	262,822	156,183
Deposits from customers	1,974,478	1,993,094	1,989,491	2,008,217
Subordinated liabilities and hybrid issues	517,085	141,568	517,085	141,568

For shares, bonds and mutual funds that are traded on a regulated market used their market value. For those securities not admitted on regulated market the acquisition cost is considered the best value. For loans and term deposits, the present value of future inflows and outflows was based on current interest rates in force.

Interest rates used for discounting cash flows were based on the curve of interest rates and are as follows.

Loans and due to customers (%)

30.09.2009				31.12.2008			
EUR	0.43800	-	1.23600	EUR	2.6920	-	3.1260
USD	0.24563	-	1.26375	USD	0.4363	-	2.0038
JPY	0.17563	-	0.79375	JPY	0.6913	-	1.0563
CHF	0.10083	-	0.69833	CHF	0.3400	-	1.0950
GBP	0.50313	-	1.10250	GBP	2.1663	-	3.0738
AUD	3.23000	-	4.91000	AUD	4.6500	-	4.8625
DKK	1.32500	-	1.89750	DKK	4.4925	-	4.9725
CAD	0.30000	-	1.50000	CAD	2.0467	-	2.4667
SEK	0.36250	-	1.09500	SEK	2.2900	-	2.6688

The table below analyzes the financial instruments at valuation. Levels that are appointed are:

- First level: market prices from regulated stock markets
- Second level: inputs out of market prices in the first level but identifiable
- Third level: prices not arising from the market

30.09.2009	First Level	Second level	Third Level	Total
Available for sale investment securities	406,902	-	1,881	408,783
Financial assets through profit and loss	2,899	-	-	2,899

31.12.2008	First Level	Second level	Third Level	Total
Available for sale investment securities	20,357	-	1,763	22,120
Financial assets through profit and loss	-	-	-	-

The third level of available-for-sale investment securities includes the participation to a Private Equity Funds and in other non listed shares (DIAS, TEIRESIAS etc).



6. Operating segments

The Bank operates and is organized in the following business segments:

- Corporate Banking: This segment includes banking services to large corporates operating in the commercial and industrial sector, banking services to shipping, participation in funding facilities through syndicated loans and corporate bonds.
- Shipping: This segment includes the banking services to shipping companies
- Asset Management and Stock brokerage: This segment includes stock brokerage services
- Credit Card: This segment includes credit card loans under VISA and MASTER trade marks.
- Retail Banking: This segment includes retail banking facilities such as loans, deposits and other facilities to individuals, households and small/medium companies
- Treasury: This segment includes Treasury activity.

(Amounts in Euro thousand)

30.09.2009	Corporate Banking	Shipping	Asset management & stock brokerage	Credit card	Retail Banking	Treasury	Other	Total
Interest income	6,362	945	247	2,848	63,643	6,829	54	80,928
Interest expense	(604)	(104)	(6)	(16)	(65,531)	(5,475)	-	(71,736)
Commissions & other earnings	572	114	1,604	1,523	10,905	(9,886)	61	4,893
Inter-segment revenue	(813)	(117)	(45)	(187)	2,310	(1,148)	-	-
Operating income	5,517	838	1,800	4,168	11,327	(9,680)	115	14,085
Profit/(loss) before tax	2,369	242	(7,200)	(2,906)	(72,193)	(5,498)	116	(85,070)
Income tax	-	-	-	-	-	-	-	-
Profit/(loss) after tax	-	-	-	-	-	-	-	(70,404)
Total assets	296,686	42,978	9,587	47,717	1,671,521	678,882	133,888	2,881,259
Total liabilities	56,746	8,030	20,844	242	2,316,792	378,097	24,357	2,805,108
Fixed assets additions	1	1	-	126	2,144	33	494	2,799
Depreciation	23	24	103	239	4,877	31	-	5,297
Loss from impairment of loans & advances	2,487	31	6,690	4,048	22,328	-	-	35,584

(Amounts in Euro thousand)

30.09.2008	Corporate Banking	Shipping	Asset management & stock brokerage	Credit card	Retail Banking	Treasury	Other	Total
Interest income	9,861	1,774	537	2,057	86,669	12,741	576	114,215
Interest expense	(1,324)	(242)	(13)	(52)	(73,392)	(12,267)	-	(87,290)
Commissions & other earnings	850	48	2,169	1,354	14,867	(1,187)	76	18,177
Inter-segment revenue	(780)	(81)	(65)	(194)	2,216	(1,096)	-	0
Operating income	8,607	1,499	2,628	3,165	30,360	(1,809)	652	45,102
Profit/(loss) before tax	5,814	126	(864)	(1,891)	(40,049)	(2,605)	652	(38,817)
Income tax	-	-	-	-	-	-	-	8,465
Profit/(loss) after tax	-	-	-	-	-	-	-	(30,352)
Total assets	233,832	54,466	21,894	47,006	1,779,883	564,082	105,792	2,806,955
Total liabilities	32,244	33,607	11,860	1,710	2,351,881	205,937	9,203	2,646,442
Fixed assets additions	2	7	15	43	3,002	5	-	3,074
Depreciation	21	49	109	220	4,355	30	-	4,784
Loss from impairment of loans & advances	2,185	130	360	1,804	7,734	-	-	12,213



7. Net interest income

(Amounts in thousand of Euro)

	From 1 st January to		From 1 st July to	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Interest income				
Loans and advances to customers	74,100	101,473	22,463	35,302
Available for sale	4,853	270	1,451	146
Money market	1,718	12,227	283	4,342
Investment securities	240	84	120	29
Trading securities	17	161	10	0
Total	80,928	114,215	24,327	39,819
Interest expense				
Deposits from banks and customers	(66,956)	(79,649)	(17,776)	(29,907)
Subordinated liabilities	(4,780)	(7,641)	(1,427)	(2,635)
Total	(71,736)	(87,290)	(19,203)	(32,542)
Net interest income	9,192	26,925	5,124	7,277

8. Fee and commission income

(Amounts in thousand of Euro)

	From 1 st January to		From 1 st July to	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Loans and letters of guarantees	6,188	8,511	1,547	2,625
Management and custodian fees	3,174	2,183	1,084	670
Brokerage transactions	1,653	2,146	542	595
Credit cards	1,565	1,416	422	500
Transfers and similar	638	1,305	229	433
Imports-exports	363	727	105	231
Property	113	188	41	56
Other	531	780	126	253
Total	14,225	17,256	4,096	5,363

9. Net trading income

(Amounts in thousand of Euro)

	From 1 st January to		From 1 st July to	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Trading portfolio	2,436	(2,043)	1,134	(686)
Foreign exchange	726	836	224	170
Available for Sale	(13,017)	-	(13,024)	-
Derivatives	(31)	20	(1)	13
Total	(9,886)	(1,187)	(11,667)	(503)

Following the decision of the Commission for the Supervision of Private Insurance received at 21 September 2009 for the revocation of operating license of the Aspis Pronia AEGA, the Bank has impaired the value of the possessed shares of this company with acquisition value € 13,142 thousand (7,317,593 shares). This impairment affected Bank's profit and loss account by € 13,070 thousand and it was posted in "Available-for-sale" in the caption "Net trading income/(expense)". The same caption also includes gain from sale of other available for sale securities of total amount of € 53 thousand.



10. Other operating income

(Amounts in thousand of Euro)

	From 1 st January to		From 1 st July to	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Leasing commissions	269	1,001	63	221
Rents/Leases	33	70	4	16
Dividend income	62	76	62	66
Safekeeping commissions	35	147	9	19
Profit from disposal of PPE	3	10	-	-
Other operating income	502	1,168	99	337
Σύνολο	904	2,472	237	659

11. Staff expenses

(Amounts in thousand of Euro)

	From 1 st January to		From 1 st July to	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Wages and salaries	26,547	25,447	10,057	8,064
Indemnification	-	8,421	-	392
Social security obligations	5,344	5,551	1,792	1,819
Contribution to defined contribution plans	1,412	2,537	437	425
Contribution to defined benefit plans	299	332	100	110
Total	33,602	42,288	12,386	10,810

The average number of employees for the Bank was 1,011 for 30 September 2009 (30.09.2008: 1.034).

12. Other expenses

(Amounts in thousand of Euro)

	From 1 st January to		From 1 st July to	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Rentals and other property expense	6,734	6,961	2,107	2,404
Third party fees	3,236	3,947	1,131	827
Subscription fees	2,842	2,370	1,023	762
Other taxes	1,597	1,729	607	597
Marketing expenses	1,493	2,384	237	730
Telecommunication and postal charges	1,287	1,488	460	511
Credit card expenses	1,223	1,171	511	445
Other expenses	1,078	2,012	344	538
Traveling & accommodation expenses	918	1,030	270	273
Maintenance expenses	851	765	271	295
Consumables	491	395	165	137
Insurance premium	255	277	131	147
Financial consulting fees	235	105	151	-
Total	22,240	24,633	7,408	7,666

13. Impairment on loans and advances

(Amounts in thousand of Euro)

	From 1 st January to		From 1 st July to	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Impairment on loans and advances	34,313	11,488	19,733	1,933
Impairment on letters of guarantee	1,271	725	424	242
Total	35,584	12,213	20,157	2,175

**14. Income tax expense***(Amounts in thousand of Euro)*

	30.09.2009		30.09.2008	
Current year		-		-
Prior year taxes		(352)		(300)
Deferred tax		15,018		8,765
Total		14,666		8,465
Deffered tax (from temporary changes)		17,338		8,765
Effect of application of lower tax rates		(2,320)		-
		15,018		8,765
Reconciliation of effective tax rate				
	30.09.2009		30.09.2008	
Loss before income tax		(85,070)		(38,817)
Income tax using corporate tax rate	25%	21,268	25%	9,704
Non-deductible expenses	3%	(2,154)	5%	(1,780)
Tax exempt income	-1%	563	0%	14
Effect of permanent differences	3%	(2,337)	0%	(194)
Prior year taxes	0%	(352)	1%	(300)
Effect of application of lower tax rate	3%	(2,320)	0%	0
Recognition of tax losses for which no deferred tax assets has been computed	0%	0	-2%	882
Other differences	0%	(2)	0%	138
Total	-17%	14,666	-22%	8,465

Because of the method under which the tax obligations are ultimately concluded in Greece, the Bank remains contingently liable for additional tax and penalties for its open tax years (from 2008). The tax audit of the Bank for the fiscal years 2005, 2006 and 2007, was concluded in September 2009 and resulted in an additional tax amounting to € 852 thousand. Due to the fact that the Bank's management has formed provisions for open tax years amounting to € 500 thousand (30 September 2009: € 700 thousand), the Bank had an additional tax charge of € 352 thousand (third quarter: € 152 thousand). No provision for open tax years was formed for the fiscal years 2008 and 2009 because the Bank has tax losses. Tax losses for 2007 and 2008 can offset future taxable profits until 2012 and 2013 respectively.

Permanent differences mainly relate to the impairment loss of shares of Aspis Pronoia S.A. amounting to € 8,240 thousand, formed up to 31 December 2008, for which no deferred tax was computed.

15. Basic and diluted earnings per share

Basic earnings per share was calculated in accordance with the weighted average number of shares in circulation at the beginning of the year plus the addition of shares that were issued during the period, based on months issued, less the weighted average numbers of shares which were held by the Bank during the period.



During the period ended on 30 September 2009, the Bank decreased the share capital by an amount of € 135,176 thousand and a specific reserve by an equal amount was formed, reducing the nominal value of its shares from € 2.71 to € 0.60 without affecting the number of shares (64,064 thousand).

(Amounts in thousand of Euro)

	From 1 st January to		From 1st July to	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Profit/(Loss) of the period	(70,404)	(30,352)	(38,921)	(8,522)
Weighted average number of shares during the period	64,064	64,064	64,064	64,064
Basic and diluted earnings/(loss) per share (in Euro)	(1.0990)	(0.4738)	(0.6075)	(0.1330)

16. Cash and cash equivalents

(Amounts in thousand of Euro)

	30.09.2009	31.12.2008
Cash	19,437	24,329
Reserves with Central Bank	32,450	54,994
Total	51,887	79,323

17. Loans and advances to banks

(Amounts in thousand of Euro)

	30.09.2009	31.12.2008
Current accounts	37,899	41,699
Money market placements- Deposits	190,933	177,138
Items in course of collection	27,748	18,587
Total	256,580	237,424

18. Loans and advances to customers

(Amounts in thousand of Euro)

	30.09.2009	31.12.2008
Retail customers:		
Housing	515,358	956,130
Securitized mortgage loans	398,555	-
Credit cards	57,287	54,224
Other consumer	87,857	79,467
Total	1,059,057	1,089,821
Corporate customers:		
Subsidiaries	3	486
Corporate bond loans	152,500	50,000
Corporate loans	608,991	677,412
Shipping	43,709	52,280
Corporate bonds	128,453	136,000
Local authorities & other organizations	14,978	2,951
Total	948,634	919,129
Amounts due relating to brokerage transactions	20,590	20,018
Loans and advances	2,028,281	2,028,968
Impairment allowance	(88,849)	(54,554)
Loans and advances to customers net of impairment	1,939,432	1,974,414
Movement in allowance for impairment:		
Allowance for impairment	30.09.2009	31.12.2008
Balance at 1 st January	54,554	37,403
Impairment loss for the period	34,313	17,217
Write-offs	(18)	(66)
Total	88,849	54,554



19. Trading assets

(Amounts in thousand of Euro)

	30.09.2009	31.12.2008
Corporate bonds	2,899	-
Total	2,899	-

In accordance with the recent amendments to IAS 39, the Bank reclassified in July 2008 shares listed in the Athens Stock Exchange and bonds out of the "Trading Securities" portfolio to the "Available for Sale Securities" portfolio amounting to € 6,703 thousand. This reclassification was made due to the current volatility on the financial markets. The revaluation of these shares and bonds for the period from 01.01.09 to 30.09.09, resulted to a profit of € 995 thousand, which has been recognized in the Available for Sale securities reserve, whereas if the Bank had not reclassified the above shares and bonds, the aforementioned amount would have had an impact on profit and loss account.

Regarding the "Trading Securities" which have been formed in 2009, the amendments of IAS 39 were not applied by the Bank, as there are no reasons for applying it.

20. Available for sale investments

(Amounts in thousand of Euro)

	30.09.2009	31.12.2008
Mutual fund units	10,109	8,328
Listed shares	923	5,302
Securitization bonds	395,870	6,727
Non-listed equity securities	1,881	1,763
Total	408,783	22,120

After the decision by the Private Insurance Supervisory Committee held on 21 September 2009 regarding the recall of the operating license of Aspis Pronoia S.A., the Bank has impaired all its shares of the aforementioned company of total cost €13,143 thousand (7,317,593 shares). This impairment had an effect in the Bank's comprehensive income of € 4,830 thousand and is illustrated in "Profit/loss of financial instruments" of profit and loss account, while an amount of total value € 8,240 thousand concerning the impairment which had been formed until 31 December 2008 was transferred from Bank's reserves to the same line as above (Note 9).

21. Held-to-maturity securities

(Amounts in thousand of Euro)

	30.09.2009	31.12.2008
Greek Government bonds	10,535	3,210
Total	10,535	3,210

22. Investments in subsidiaries

(Amounts in thousand of Euro)

	Country of incorporation	Ownership percentage	30.09.2009	31.12.2008
Aspis Leasing	Greece	100%	21,694	21,694
Aspis AE Insurance Brokerage	Greece	100%	616	616
Aspis International AEDAK	Greece	55%	8,166	8,166
Aspis Housing S.A.	Greece	100%	60	60
Aspis Finance Plc	United Kingdom	100%	13	13
Aspis Jersey Ltd	Jersey Islands	100%	-	-
Total			30,549	30,549

The Bank always examines impairment at the end of the year.

**23. Property, plant and equipment***(Amounts in thousand of Euro)*

Cost	Property and Buildings	Leasehold improvements	Furniture and equipment	Total
Balance at 1 st January 2008	6,985	26,252	49,969	83,207
Acquisitions		799	1,937	2,736
Other movements/ write-offs	(10)		(375)	(384)
Balance as at 31th December 2008	6,976	27,051	51,531	85,558
Balance at 1 st January 2009	6,976	27,051	51,531	85,558
Acquisitions	261	781	1,263	2,305
Other movements/ write-offs			(25)	(25)
Balance as at 30th September 2009	7,237	27,832	52,769	87,838

Depreciation	Property and Buildings	Leasehold improvements	Furniture and equipment	Total
Balance at 1 st January 2008	895	13,461	21,044	35,400
Charge for the year	127	1,643	3,860	5,630
Other movements/ write-offs	(1)		(347)	(348)
Balance as at 31th December 2008	1,020	15,105	24,557	40,682
Balance at 1 st January 2009	1,020	15,105	24,557	40,682
Charge for the period	97	1,562	2,895	4,554
Other movements/ write-offs			(15)	(15)
Balance as at 30th September 2009	1,117	16,667	27,437	45,221

Carrying amounts	Property and Buildings	Leasehold improvements	Furniture and equipment	Total
Balance at 1 st January 2008	6,090	12,791	28,925	47,806
Balance as at 31th December 2008	5,955	11,946	26,974	44,876
Balance at 1 st January 2009	5,955	11,946	26,974	44,876
Balance as at 30th September 2009	6,119	11,165	25,332	42,617

**24. Intangible assets***(Amounts in thousand of Euro)*

Cost	Purchased software
Balance at 1 st January 2008	6,630
Acquisitions	1,591
Balance as at 31th December 2008	8,221
Balance at 1 st January 2009	8,221
Acquisitions	494
Balance as at 30th September 2009	8,715
Amortization	
Balance at 1 st January 2008	2,040
Charge for the year	899
Balance as at 31th December 2008	2,939
Balance at 1 st January 2009	2,939
Charge for the period	743
Balance as at 30th September 2009	3,682
Carrying amounts	
Balance at 1 st January 2008	4,590
Balance as at 31th December 2008	5,282
Balance at 1 st January 2009	5,282
Balance as at 30th September 2009	5,033

**25. Deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are attributable to the following:

(Amounts in thousand of Euro)

	30.09.2009	31.12.2008
Deferred tax assets		
Impairment for customer loans	5,469	874
Employee benefits	783	725
Commission income	551	594
Provisions	493	1,211
Tax loss	23,367	12,260
Total	30,663	15,664
Deferred tax liabilities		
Property and equipment	(4,142)	(4,086)
Commission expense	(13)	(13)
Loans	(931)	(1,006)
Total	(5,086)	(5,105)
Net deferred tax asset	25,577	10,559

Movement in temporary differences during the period*(Amounts in thousand of Euro)*

	Opening balance	Recognized in income	Closing balance
30.09.2009			
Customer loans impairment	874	4,595	5,469
Employee benefits	725	58	783
Commission income	594	(43)	551
Property and equipment	(4,086)	(56)	(4,142)
Commission expense	(13)	-	(13)
Loans	(1,006)	75	(931)
Provisions	1,211	(718)	493
Tax loss	12,260	11,107	23,367
Total	10,559	15,018	25,577
31.12.2008			
Customer loans impairment	1,910	(1,036)	874
Employee benefits	852	(127)	725
Commission income	817	(223)	594
Property and equipment	(4,923)	837	(4,086)
Commission expense	(18)	5	(13)
Loans	(658)	(348)	(1,006)
Provisions	-	1,211	1,211
Tax loss	882	11,378	12,260
Total	(1,138)	11,697	10,559

The Bank is examining and has designed a plan of attaining adequate tax profits within the following 5 years in order to justify the offset of tax losses. Deferred tax asset regarding the taxation of profits for 2008 that may be offset until 2013 amounts to € 12,260 thousand, while the respective deferred tax asset concerning the taxation of profits for 2009 that may be offset until 2014 amounts to € 11,107 thousand.

**26. Other assets***(Amounts in thousand of Euro)*

	30.09.2009	31.12.2008
Receivables from Special Purpose Entities for residential mortgage securitization	47,219	-
Receivables from Greek State and other public organizations	11,426	11,169
Deposit Guarantee Fund	10,545	5,306
Guarantees and participations to other funds	10,470	9,540
Property acquired in auctions	5,157	5,184
Accrued income	3,448	5,387
Advances	1,003	1,795
Other receivables	18,099	13,956
Total	107,367	52,337

According to Law 3714/2008 the amount of individual deposits guaranteed by the Deposit Guarantee Funds was increased from €20 thousand to €100 thousand per depositor. The additional contribution made by banks is subject to special assets group according to Law 3746/2008.

Property acquired through auctions refers to property mainly acquired through the enforcement of security over loans and advances.

"Receivables from Greek State and other public organizations" consist of payments for capital tax amounting to €1,668 thousand. This amount arises from the following:

- Payment of € 900 thousand for the share capital increase with € 90,000 thousand with the issuance of preference shares which were to be retained by the Greek State according to the decision of extraordinary General Meeting of 23 January 2009. After the acquisition of these shares the aforementioned amount will be recognized in the share capital; otherwise this amount will be claimed by the Greek State.
- Payment of € 768 thousand for the increase of share capital according to the decision of extraordinary General Meeting of 23 July 2009.

27. Due to customers*(Amounts in thousand of Euro)*

	30.09.2009	31.12.2008
On demand and current accounts	353,310	279,027
Savings accounts	170,586	159,022
Term deposits	1,450,582	1,555,045
Total	1,974,478	1,993,094

From the amount of "term deposits" the deposits that are expected to mature within the following 12 months amount to € 1,450 million.

28. Debt securities in issue

This account relates to the subordinated liability from the proceeds from the issuance of subordinated floating rate notes by the Bank's subsidiary Aspis Finance plc. and hybrid securities issued by Aspis Jersey plc. The proceeds of these notes were returned to the Bank in the form of a loan:

(Amounts in thousand of Euro)

	30.09.2009	31.12.2008
Hybrid issues	40,000	40,000
Subordinated loans	50,000	100,250
Accrued expense	732	2,256
Direct expenses	(458)	(938)
Total	90,274	141,568

**a) Hybrid notes**

1. Aspis Jersey plc. Issued in April 2007 an amount of € 15,000 thousand at Euribor three month plus a spread of 3.95% which if recalled on April 2017 will be increased by 1%
2. Aspis Jersey plc. Issued in April 2007 an amount of € 25,000 thousand at Euribor three month plus a spread of 4.50%
The issuer has the option not to pay interest. The issuer can recall.

b) Subordinated loans

Aspis Finance plc. issued in February 2005 an amount of € 50,000 thousand 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.

Issuer Aspis Jersey Plc repurchased the subordinated loan due in 2017 and amounting to € 50,250 thousand.

The Bank has met all its payment obligations regarding interest, capital or any other term of the aforementioned securities.

29. Provisions

Movement in provisions:

(Amounts in thousand of Euro)

30.09.2009	Opening balance	Provision for the period	Usage of provisions	Closing balance
Restructuring plan	1,749	-	(810)	939
Contingent indemnification of labour legal disputes	1,000	-	-	1,000
Impairment on claims except for Bank loans	1,846	462	(2,097)	211
Litigation claims	251	-	-	251
Income tax for open tax years	500	-	(500)	-
Total	5,346	462	(3,407)	2,401
31.12.2008	Opening balance	Provision for the period	Usage of provisions	Closing balance
Restructuring plan	-	1,749	-	1,749
Contingent indemnification of labour legal disputes	-	1,000	-	1,000
Impairment on claims except for Bank loans	-	1,846	-	1,846
Litigation claims	-	251	-	251
Income tax for open tax years	-	500	-	500
Total	-	5,346	-	5,346

The provisions of the period amounting to € 462 thousand are recorded in the "Provisions" in the profit and loss account which also includes provisions of impairment of other claims amounting to € 1,970 thousand which are shown as deduction in assets.

The amount designated for the restructuring plan relates to the actions the Bank has started from 2008 in order to shut down certain branches considered unprofitable and to relocate them.

30. Other liabilities

(Amounts in thousand of Euro)

	30.09.2009	31.12.2008
Bank drafts & cheques payable	22,075	3,546
Other accrued expenses	11,322	8,280
Other liabilities	7,612	7,174
Tax obligations	1,742	1,826
State and Social Insurance liabilities	1,006	2,184
Accrued interest expenses	653	754
Total	44,410	23,764



31. Employee benefits

Employee benefits consist of:

(Amounts in thousand of Euro)

	30.09.2009	31.12.2008
Defined benefit obligations	3,862	3,622
Vacation not taken	50	50
Total	3,912	3,672
Defined benefit obligations		
Present value of unfunded obligations	3,335	3,020
Unrecognised actuarial gains and losses	527	602
Recognized liability for defined benefit obligations	3,862	3,622
Movement in the liability for defined benefit obligations		
	30.09.2009	31.12.2008
Defined benefit obligations at 1 January	3,622	3,406
Expense recognized in profit or loss (see below)	299	443
Benefits paid	(59)	(227)
Total	3,862	3,622
Expense recognized in profit or loss		
	30.09.2009	31.12.2008
Current service costs	194	292
Interest cost	122	150
Amortization of actuarial loss	(17)	1
Total	299	443
Actuarial assumptions		
	30.09.2009	31.12.2008
Discount rate	5.5%	5.5%
Future salary increases	4.0%	4.0%

32. Share capital

The extraordinary General Assembly of the Shareholders held on 23rd January 2009 decided the increase of the share capital with the amount of € 90,000 thousand which will be funded by the Greek State, according to the provisions of Law 3723/08 for enforcing the liquidity of the banks. This share capital increase takes place via the issue of 33,210,332 preference shares of nominal value of € 2.71. The extraordinary General Assembly of the Shareholders held on 23rd July 2009 decided the following:

1) To reduce the share capital by reducing a nominal value of shares from € 2.71 to 0.60. As a result, the share capital was decreased by € 135,176 thousand with a creation of special reserve of the same amount pursuant to the provisions of article 4, paragraph 4a of Law 2190/1920, as the latter was amended by the article 32 of Law 3763/2009. The aforementioned reserve can only be used for set off of future losses or for capitalization.

2) It decided to recall the decision of the extraordinary General Assembly of the Shareholders held on 23/1/2009, regarding the increase of share capital for an amount of € 90,000 thousand which was to be funded by the Greek State according to the provisions of Law 3723/08.

3) It also decided to increase the share capital with cash for amount of € 76,877 thousand by issuing 128,128,108 new common, nominal shares of a nominal value of € 0.60. The aim is to collect € 120,000 thousand. Any difference arising from the amount of € 76,877 thousand will be recorded to share premium. The offer price will be determined by the Bank's Board of Directors. This increase is expected to be completed within 2009 and will improve the Bank's capital adequacy, as well as sustain the Bank's growth. The Bank has the right to participate to the state-aid program for the strengthening of the liquidity of the Greek economy through the issuance of preference shares which will be retained by the Greek State until 31 December 2009 according to Law 3723/2008.



33. Reserves

(Amounts in thousand of Euro)

	30.09.2009	31.12.2008
Statutory reserve	649	649
Untaxed reserves	1,908	1,908
Available for sale reserve	(1,677)	(11,764)
Reserve from share capital reduction	135,176	-
Other reserves	5,782	5,782
Total	141,838	(3,425)

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

Available for sale reserve: The available for sale reserve includes the cumulative net charge in the fair value of available-for-sale investments.

Other reserves: It includes other reserves.

34. Securitizations

On February 2009, the issuance of € 377 million bond loans (maturity: 15 October 2053, 3 month Euribor plus 0,25% spread), through Bank's subsidiary Byzantium II Finance Plc was completed. The Bonds are collateralized with mortgage loans of total value € 424 million of the Bank. The Bonds rated as AAA by the credit rating agency Fitch have been retained by the Bank and will be used for refinancing purposes through repos agreements.

Byzantium II issued additional Notes for € 33.25 million (maturity: 15 October 2053, 3 month Euribor plus 3% spread) purchased from the Bank aiming to establish reserves for protection against losses. These Notes are unrated and classified in "Available for Sale portfolio".

As of 30 September 2009 the above bonds are included in "Available for Sale portfolio" with a total value of € 377.52 million (Class A 362.17 and Class B 15.34) and the respective liability of € 401.81 million is classified in "Other borrowed funds".

The Bank granted a loan to Byzantium II of € 30.5 million in order to retain reserves for the protection against losses arising from the potential off-set of receivables with obligations of the borrowers.

According to IAS 39 the Bank continues to appear the collateralized bonds with mortgage loans in its balance sheet provided that the provisions of IAS 39 regarding the non recognition of financial instruments of balance sheet do not apply.

**35. Related-party transactions**

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

(Amounts in thousand of Euro)

	30.09.2009	31.12.2008
(a) Senior management and Board of Directors		
Loans and advances to customers	1,398	21,546
Due to customers	947	3,552
Other liabilities	116	81
	30.09.2009	30.09.2008
Income		
Net interest income	(65)	540
Net commission income	1	32
Expense		
Staff costs	1,360	14,617
Other operating expenses	232	398
	30.09.2009	31.12.2008
(b) Balances and transaction with subsidiaries		
Available-for-sale securities	380,021	2,500
Loans and advances to customers	197,398	69,557
Other assets	52,320	5,001
Due to customers	50,431	9,296
Subordinated liabilities and hybrid issues	115,000	140,250
Other borrowed funds	401,811	-
Other liabilities	744	2,257
	30.09.2009	30.09.2008
Income		
Interest income	6,524	3,026
Commission income	1,558	1,341
Net trading results	-	-
Other income	40	72
Expense		
Interest expense	4,871	7,659
Other expense	318	360
	30.09.2009	31.12.2008
(c) Other key management personnel and other parties:		
Loans and advances to customers	22,728	24,410
Other assets	1,962	-
Due to customers	49,967	58,932
Other liabilities	3	58
	30.09.2009	30.09.2008
Income		
Net interest income	590	(1,097)
Net commission income	391	55
Expense		
Other operating expenses	1,985	3,338



The claims of Bank from loans and letters of guarantee granted to Aspis Pronoia amounts to € 25,738 thousand for which an impairment of € 9,263 thousand has been established.

	Company name	Loans	Deposits	Interest income	Interest expense	Other income	Other expenses	Letters of Guarantee	Stock brokerage	Other assets	Other liabilities
Board of Directors & Senior management		498	947	8	73	1	1,592	-	900	-	116
	ASPIS INTERNATIONAL M.F.S.A.	-	348	-	-	212	28	352	-	5	10
	ASPIS LEASING S.A.	146,500	48,948	1,819	63	30	18	10,000	-	4	-
	ASPIS INSURANCE BROKERAGE S.A.	-	34	-	1	4	-	-	-	-	-
	ASPIS CREDIT S.A.	6,000	1,101	121	27	6	272	26	-	3	-
	ASPIS FINANCE PLC	-	-	-	1,375	-	-	-	-	3,832	50,180
	ASPIS JERSEY	-	-	-	3,405	-	-	-	-	-	65,551
	BYZANTIUM FINANCE I	19,121	-	50	-	308	-	-	-	2,500	-
	BYZANTIUM FINANCE II	25,776	-	4,534	-	1,038	-	-	-	425,998 *	401,811 **
Aspis Bank Group		197,397	50,431	6,524	4,871	1,598	318	10,378	0	432,342	517,552
	ASPIS PRONOIA S.A.	3,517	8,495	550	116	342	1,432	300	-	1,962	3
	ASPIS PRONOIA GEN.SECURITY LIFE S.A	-	9,673	11	243	30	197	269	-	-	-
	PROVISION S.A.	-	-	-	-	-	-	-	(12)	-	-
	ASPIS ESTIA S.A.	2,500	35	73	-	-	-	-	-	-	-
	ASPIS FUNDS	-	90	-	2	-	-	-	-	-	-
	COMMERCIAL VALUE S.A.	502	30,865	122	996	18	-	1,133	-	-	-
	E-VALLEY S.A.	-	35	-	-	-	-	-	-	-	-
	D.ATHENEOS INSURANCE GROUP	-	3	-	-	-	-	-	-	-	-
Parent Company Group		6,519	49,196	756	1,357	390	1,629	1,702	(12)	1,962	3
Other related parties		11,875	759	1,203	12	1	356	-	4,334	-	-
Total		216,289	101,333	8,491	6,313	1,990	3,895	12,080	5,222	434,304	517,671

*Available-for-sale securities and other funds to SPE for residential mortgage securitisation

** Other borrowed funds to SPE

36. Contingent liabilities and commitments

36.1 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. The Bank has formed a provision of € 1 million for contingent labour legal disputes and of € 251 thousand for litigation claims (Note 29).

36.2 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 thousand of Euro)

	30.09.2009	31.12.2008
Letters of guarantee	161,158	210,102
Letters of credit	902	1,306

The Bank participates in the Company of innovator business participations NBGI Private Equity and has contractual obligation to pay the amount of € 5,000 thousand. The Group has paid until today the amount of GBP 1,884 thousand or € 2,072 thousand. The value of the specific participation which has been classified in "Available for sale securities" arises to the amount of 1,529 thousand, according to the latest available evaluation of 31 December 2008.

36.3 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 thousand of Euro)

	30.09.2009	31.12.2008
Less than one year	6,012	6,588
Between one and five years	15,421	16,080
More than five years	10,931	8,188

37. Subsequent events

- According to the decision of the Bank's Board of Directors held on 10 October 2009, Mr Nikolaos Moustakis resigned from member of Board of Directors and his duties were assumed by Mr Stayros Androutopoulos as independent non-executive Member.

- The Private Insurance Supervisory Committee recalled the operating license of the Insurance Companies Aspis Pronoia SA and Aspis Pronoia Gen. Security Life SA on 21 September 2009. The aforementioned companies participate with 19.70% in the share capital of the Bank. The Bank faced an outflow of deposits amounting to € 286.9 million from the date of recall of licenses of the above companies until the reporting date. The deposit outflow from 1 October 2009 until now is approximately € 139.9 million.



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

To the Shareholders of
ASPIS BANK S.A.

Report on the Financial Statements

We have audited the accompanying financial statements of financial position of ASPIS BANK S.A. (the "Bank") as of 30 September 2009 and the statements of comprehensive income, changes in equity and cash flows for the nine-month period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, in accordance with IAS 34 Interim Financial Reporting. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these interim financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with relevant 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 interim financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the interim financial statements, whether due to fraud or error. In making those risk assessments we consider internal control relevant to the entity's preparation and fair presentation of the interim financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the interim financial statements.

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

Opinion

In our opinion, the interim financial statements give a true and fair view, of the interim financial position of the Bank as of 30 September 2009, and of its interim financial performance and its interim cash flows for the period then ended in accordance with IAS 34 Interim Financial Reporting.

We draw attention to the fact that we have not audited or reviewed the figures shown for 30 September 2008 which are included in the interim statements of comprehensive income, changes in equity and cash flows for the period then ended and we do not express any opinion on them.

Emphasis of matter

Without qualifying our opinion we draw attention to Note 2.2 of the interim financial statements which refers to the fact that capital adequacy ratio has fallen below the minimum limit. As a result, the Bank has, instantly, decided to increase its share capital, as it is requested by the Bank of Greece, in order to continue its operation without any doubt.

Athens, 4 November 2009

KPMG Certified Auditors A.E.

Harry Sirounis
Certified Auditor Accountant
AM SOEL 19071