

## **REPORT OF THE BOARD OF DIRECTORS ON A CONSOLIDATED BASIS FOR ASPIS BANK AND THE PERIOD FROM 01/01/2006 TO 31/12/2006**

During 2006, the majority of banks along with ASPIS BANK, continued their growth and their high profitability and still play an important role in the development of the country.

The growth rate of Greek economy continued its growth over the Euro zone average and inflation reached 3.2%. The fiscal deficit decreased to 2.6% of GDP which increased by 4.4%. According to first estimations, the growth rate will reach 4.2% compared to 1.4% for the Euro zone. Growth still depends on domestic demand, which increased at a higher pace. Domestic demand, described as a driving wheel for the economy relied on the increase of private spending by 2,7% in 2006. The continuing expansion of loans from households and enterprises also contributed to the increase in private consumption and in investments.

In particular, according to estimations for November, households and enterprises financing increased by 26% and 16% respectively per annum.

In this positive macroeconomic environment, the majority of banks, as mentioned, maintained their dynamic growth and continued to increase their profitability despite the gap between interest rates for loans and deposits which remained higher compared to those of the Euro zone, however this gap is gradually decreasing.

### **Progress for ASPIS BANK**

During 2006, Aspiss Bank continued their structural reorganization, expansion and rapid growth. In addition, the branch network continued in increasing in 6 city/county capitals along with the establishment of new products/programs include for retail banking.

In particular, new products developed were, “ASPIS KATOIKIA WITH INTEREST PROTECTION”, “ASPIS CARD” with 5% REWARD, along with ASPIS COLLECTION OF DEBTS. In addition existing products were upgraded.

Towards the end of 2006, the share capital of the Bank increased and amounted to Euro 53 million in cash, which will contribute to the further expansion of operations and help liquidity. As a result, during 2006 the Bank increased their basic figures and profitability as a result of complying with the basic strategic course.

In particular,

Total assets of the Bank, increased by 17.5% amounting to Euro 2.31 bill compared to 2005, which amounted to Euro 1.97 bill.

Loans and advances to customers net of impairment, increased by 18% amounting to Euro 1.65 billion compared to 2005 which amounted Euro 1.40 billion and investments and cash increased by 18.37% amounted Euro 554 million compared to 2005 amounted Euro 468 mil.

Deposits increased by 23.60% and reached Euro 1.94 bill, compared to Euro 1.57 billion in 2005 while there was a decrease in intercompany liabilities by 56.31% compared to 2005.

As a result profit before tax increased by 27.78% amounting to Euro 17.10 mill compared to Euro 13.38 million in 2005. Profit after tax increased by 13.15% and reached Euro 11.09 mill instead of Euro 10.04 million and were influenced by the additional taxation for tax-free reserves for banks established up to 2005.

## **Progress for ASPIS BANK GROUP**

Aspis Bank Group continued, during 2006 at a profitable pace. Apart from the traditional areas which it operates, the Group officially launched the customer asset management services through their subsidiary, ASPIS INTERNATIONAL AEDAK.

Total Assets amounted to Euro 2.51 billion, an increased of 14.13% compared to 2005.

Loans and advances to customers after provisions, amounted to Euro 1.85 bill in 2006, compared to Euro 1.62 billion in 2005 an increase of 14.61%. Investments and cash increased by 15.33% amounting to Euro 579 million.

Deposits increased by 23.50% amounting to Euro 1.94 billion compared to Euro 1.57 billion in 2005 while at the same time intercompany liabilities decreased by 57.20%. Profit before tax, amounted Euro 18.33 million compared to Euro 15.15 million in 2005 an increased of 21%, while profit after tax increased by 11.67%.

Earnings per share amounted Euro 0.25 compared to 2005 and amounted in Euro 0.23.

## **Targets and Prospects**

The healthy progress and steady growth of the Bank continued in 2007 by building on the strong fundamentals that were established so far with a vision in establishing the Bank's presence in the Banking sector, as a role model and one of the most modern financial institutions.

The targets for the new year are:

Emphasis in sectors with high profit and growth margins such as funding of medium-size companies.

Maintain their position in the housing sector where the Bank enjoys competitive advantages compared to rivals as a result of their long history of presence in the particular sector.

Utilizing growth margins in the capital management sector and reinforcing the Bank's presence, in cooperation with ABN AMRO.

Continue in benefiting from synergies between the Bank and the insurance companies of ASPIS Pronoia Group, with a view in increasing cross-sector sales.

Increase income, by investing on systems which secure optimum utilization of human resources in operations with added value.

Constant development of new products by placing an emphasis in providing integrated banking solutions based on customers needs.

Further expanding the Bank's branch network with a view in being present in large cities in the country.

At the same time investments in new technologies will continue with a view to increase the modernization of infrastructures. By the first semester of 2007, the new electronic data processing system (Finacle) will have been installed to support of the Bank's existing services.

In February 2007, the Bank reached an agreement for the acquisition of 51% of the share capital of FBB following the strategic expansion through takeovers in supplementary sectors of banking activities and reinforcing the Bank's position in areas with limited presence such as in shipping and tourism loans. The forthcoming transaction is under the approval by the supervising committee and is expected to be completed during the second semester of 2007.

I confirm that, the above Consolidated Report of the BoD which consists of 4 pages is the one mentioned in the Audit Report that was provided on 27 February 2007

Athens 27 February 2007

KPMG KYRIACOU CERTIFIED AUDITORS S.A

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