



ASPIS BANK S.A.



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INTERIM FINANCIAL STATEMENTS

30 September 2006

In accordance with International Financial Reporting Standards - IFRS

These financial statements are available at the following web page: www.aspisbank.gr



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Income Statement

(In thousands of Euro)

	Notes	<u>FROM 1 JANUARY TO</u>		<u>FROM 1 APRIL TO</u>	
		<u>30/9/2006</u>	<u>30/9/2005</u>	<u>30/9/2006</u>	<u>30/9/2005</u>
Interest income		74,954	63,126	26,700	21,713
Interest expense		(38,868)	(30,189)	(14,523)	(10,149)
Net interest income		36,086	32,938	12,177	11,564
Commission income		19,167	17,958	5,323	5,629
Commission expense		(337)	(381)	(106)	(107)
Net commission income		18,830	17,577	5,217	5,522
Net trading income		2,496	4,870	842	2,093
Income from dividends		49	44	49	44
Other income		3,019	1,481	932	447
Total Operating Income	6	60,480	56,910	19,217	19,670
Staff costs		(26,484)	(24,755)	(9,057)	(8,096)
Depreciation and amortization		(3,807)	(3,715)	(1,268)	(1,219)
Other expenses		(19,211)	(19,228)	(6,552)	(6,730)
Impairment losses on loans and advances		(1,904)	1,825)	(400)	(500)
Total operating Expenses		(51,406)	(49,523)	(17,277)	(16,545)
Profit before tax	6	9,074	7,387	1,940	3,125
Income tax	7	(1,869)	1,847)	(355)	(1,627)
Profit after tax	6	7,205	5,540	1,585	1,498
Basic and diluted earnings per share		0,15	0,11	0,03	0,03

The attached notes form part of these financial statements.

Balance Sheet

(In thousands of Euro)

ASSETS	Notes	30/9/2006	31/12/2005
Cash and balances with Central Bank		57,262	66,319
Due from banks		267,810	331,182
Trading securities		4,888	1,820
Loans and advances to customers		1,534,646	1,403,632
Derivative financial assets		54	134
Investment securities		55,461	71,266
Investment in subsidiaries and associates		30,493	30,493
Property, plant and equipment	8	26,111	25,271
Intangible assets	9	1,057	2,242
Other assets		56,799	40,293
TOTAL ASSETS		2,034,581	1,972,652
LIABILITIES			
Due to banks		90,202	190,730
Due to customers		1,727,063	1,573,361
Derivative financial liabilities		5	145
Debt securities in issue and other borrowed funds	10	49,677	49,613
Other liabilities		25,189	25,592
Employee defined benefit obligations		2,967	2,194
TOTAL LIABILITIES		1,895,103	1,841,635
EQUITY			
Share capital		132,330	143,561
Share premium		5,019	5,584
Reserves		(4,547)	(4,019)
Accumulated deficit		6,676	(14,109)
TOTAL EQUITY		139,478	131,017
TOTAL LIABILITIES AND EQUITY		2,034,581	1,972,652

The attached notes form part of these financial statements.

**CASH FLOW STATEMENT***(In thousands of Euro)*

	1/1-30/9/2006	1/1-30/9/2005
Operating activities		
Profit before taxes	9,074	7,385
Adjustments for non-cash items		
Depreciation	3,807	3,716
Impairment	1,904	1,824
Changes in provisions	885	422
Other non-cash items	(5,376)	(3,987)
Fair value (gain)/loss of trading instruments	(770)	(914)
(Gain)/loss on the sale of investments, property and equipment		-
	9,524	8,447
Changes in operating assets and liabilities		
Due from banks over 3 months	-	
Trading securities	2,880	932
Derivative financial instruments	5	
Loans and advances to customers	(132,918)	(150,461)
Other assets	(10,615)	(15,203)
Deposits from banks	(100,528)	(6,146)
Deposits from customers	153,702	(11,219)
Derivative financial instruments		(41)
Other liabilities	3,373	25,009
Cash flows from operating activities	(74,577)	(148,682)
Investing activities		
Proceeds from sale of investments	17,058	(2,082)
Proceeds from sale of property and equipment	14	1,119
Acquisition of property and equipment	(3,474)	(3,221)
Cash flows from investing activities	(13,598)	(4,184)
Financing activities		
Debt securities issued	(1,535)	49,564
Share capital increase expenses	(564)	-
Cash flows from financing activities	(2,099)	49,564
Total net cash flows	(63,078)	(103,302)
Effect of exchange rate fluctuations on cash and cash equivalents	(9,351)	(112)
Net increase/(decrease) in cash flows	(72,429)	(103,414)
Cash and cash equivalents starting period	397,501	404,166
Cash and cash equivalents at the end of the period	325,072	300,752
Cash and cash equivalents consists of:		
Cash and balances with Central bank	57262	84,920
Due from banks	267,810	215,832
	325,072	300,752

Statement of changes in equity

For the period ended 30 September 2006

(In thousands of Euro)

	Share Capital	Share Premium	Reserves	Available for sale reserve	Accumulated deficit	Total
Balance at 1 January 2005	143,021	5,590	3,363	(8,878)	(24,157)	118,940
Valuation of available for sale securities	-	-	-	705	-	705
Profit for the period	-	-	-	-	5,540	5,540
Balance at 30 September 2005	143,021	5,590	3,363	(8,173)	(18,617)	125,184
Balance at 1 October 2005	143,021	5,590	3,364	(8,173)	(18,617)	125,184
Valuation of available for sale securities	-	-	-	657	-	657
Share capital increase (net)	540	(6)	-	-	-	534
Cash flow hedge	-	-	134	-	-	134
Profit for the period	-	-	-	-	4,508	4,508
Balance at 31 December 2005	143,561	5,584	3,497	(7,516)	(14,109)	131,017
Balance at 1 January 2006	143,561	5,584	3,497	(7,516)	(14,109)	131,017
Valuation of available for sale securities	-	-	-	1,866	-	1,866
Share capital increase expenses	-	(564)	-	-	-	(564)
Cash flow hedge	-	-	(58)	-	-	(58)
Other movements	(11,231)	-	(2,337)	-	13,581	13
Profit for the period	-	-	-	-	7,205	7,205
Balance at 30 September 2006	132,330	5,019	1,102	(5,650)	6,677	139,478

1. General Information

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

The Bank operates in Greece in private, corporate and stock exchange sectors and other financial services sectors.

2. Basis of preparation

The condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 «Interim Financial Reporting». The condensed interim financial statements do not include all the information required for full annual financial statements and they should be examined in accordance with the annual financial statements for the year ended 31 December 2005.

The financial statements are presented in Euro, rounded to the nearest thousand.

The condensed interim financial statements were authorized for issuance from Board of Directors on 9/11/2006.

3. Significant Accounting Principles

The condensed interim financial statements for 30 September 2006 have been prepared with the same accounting policies that were adopted in the annual financial statements for the year ended 31 December 2005.

The accounting policies that were disclosed as well as the amendments and interpretations of these policies which have been adopted and will be mandatory applied for the periods starting from 1 January 2006 and onwards are the following:

- **IAS 19 (amendment) «Employee benefits» (effective from 1 January 2006)**

The Bank has the option of an alternative recognition approach for actuarial gains or losses. At this moment the Bank does not intend to change the accounting policy adopted for recognition of actuarial gains or losses and does not participate in multi-employer plans. Therefore the adoption of this amendment will only impact the format and the extent of disclosures presented in the accounts.

- **IAS 39 (amendment) «Cash Flow Hedge Accounting of Forecast Intragroup Transactions» (effective from 1 January 2006)**

This amendment has not been adopted by the Bank.

- *IAS 39 and IFRS 4 (amendment) «Financial Guarantees Contracts» (effective from 1 January 2006)*

This amendment requires issued financial guarantees which are not considered as insurance contracts to be initially recorded at their fair value and subsequently measured at the higher price of a) the unamortized balance of fees received and accrued and b) the expenditure required to settle the commitment at the balance sheet date. This amendment did not have an impact on the Bank's financial position.

- *Interpretation 4 «Determining whether an Arrangement contains a lease» (effective from 1 January 2006)*

This interpretation has no effect on the Bank.

- *Interpretation 5 «Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds» (effective from 1 January 2006)*

This interpretation has no effect on the Bank.

4. Estimates

The preparation of interim financial statements in conformity with IAS 34 Interim Financial Reporting requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The underlying assumptions that have been adopted by the Bank for the estimation of particular accounting values and the sources of uncertainty affecting these estimations for the preparation of the interim financial statements are the same with those applied for the preparation of the annual financial statements for the year ended 31 December 2005.

5. Management of Financial Risks

The Bank's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements as at and for the year ended 31 December 2005.

6. Segment Reporting

The Bank is organized into three business segments:

- 1) Corporate Banking
- 2) Retail Banking
- 3) Brokerage Transactions

From 1 January to
(In thousands of Euro)

	Corporate Banking		Retail Banking		Brokerage Transactions		Total	
	30/9/2006	30/9/2005	30/9/2006	30/9/2005	30/9/2006	30/9/2005	30/9/2006	30/9/2005
Segment revenue (external customers)	6,151	5,997	50,083	3,880	4,246	47,033	60,480	56,910
Segment revenue (transactions with other segments)	(3,599)	(3,560)	3,980	(144)	(381)	3,704	0	0
Total revenue	2,552	2,437	54,063	3,736	3,865	50,737	60,480	56,910
Segment result before tax	1,839	1,815	6,167	1,356	1,068	4,216	9,074	7,387
Segment result after tax	1,448	1,361	4,908	1,017	849	3,162	7,205	5,540

7. Income tax

The Bank's effective tax rate was 21 % for the period ended at 30 September 2006 (25% for the year ended 31 December 2005 and 25% for the six period ended 30 September 2005).

- The income tax rate for companies was reduced from 32% to 29% from 1 January 2006.

8. Property, plant and equipment

For the nine months period ended 30 September 2006 the Bank acquired fixed assets of value EUR 2,698 thousand

Management decided to allocate software cost that is related to hardware to property, plant and equipment. The acquisition cost of this software was EUR 6 445 thousand in 30 September 2006 and the respective accumulated amortization was EUR 4 826 thousand.

9. Intangible Assets

Apart from the reallocation of software which is stated in note 8 the Bank acquired during the period ended 30 September 2006 intangible assets of EUR 777 thousand.

10. Debt securities in issue and other borrowed funds

The movement, during the six months period ended 30 September 2006, is due to partial payment of expenses from the Bank's subsidiary, Aspis Finance plc.

11. Related parties

All the Bank's transactions are neutral and are performed under the normal course of business.

The balances with related parties as at 30 September 2006 are set out in the table below (In thousands of Euro):

a) *Subsidiaries:*

	30/9/2006	31/12/2005
Available-for-sale securities	2,500	2,500
Loans and advances to customers	68,467	76,387
Other assets	4,208	4,541
Deposits from customers	7,846	3,040
Other liabilities	343	210
Subordinated liabilities	49,677	49,613
Interest income	2,205	1,948
Interest expense	1,680	1,725
Commission income	1,566	1,884
Net trading income	1,734	4,382
Other income	66	80
Other expenses	135	29

b) *Board of Directors and Senior Management:*

	30/9/2006	31/12/2005
Staff costs	2,134	3,506
Loans and advances to customers	7,335	4,078
Deposits from customers	14,156	11,948
Net interest income	(66)	172
Net commission income	57	20
Other operating expenses	34	44

c) *Balances and transactions with other related parties:*

	30/9/2006	31/12/2005
Loans and advances to customers	19,582	22,288
Other assets	1,191	664
Deposits from customers	66,810	39,903
Other liabilities	63	92
Net interest income	(821)	459
Net commission income	1,036	952
Other operating expenses	2,591	3,344

12. Contingent liabilities and commitments

12.1 Litigation

The Bank believes, after consultation with legal counsel, that the ultimate disposition of these matters is not expected to have a material adverse effect on the financial position of the Bank.

12.2 Credit commitments

(In thousands of Euro)

	30/9/2006	31/12/2005
Letters of guarantee		
High risk	108,680	90 791
Other	108,972	106 435
Letter of credit	15,578	12 393

12.3 Tax matters

The tax authorities have audited and the Bank has settled all obligations up to the year ended 31 December 2002. Because of the manner in which income taxes are concluded in Greece, the Bank remains contingently liable for additional taxes (or reduction of the tax losses that can be carried forward and offset against future tax profits) and penalties that might be assessed for the unaudited by the tax authorities' years.

12.4 Pledged assets

The Bank does not have any pledged assets.

12.5 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 for 30 September 2006 are as follows (in thousands of Euro):

Up to 1 year	6,748
From 1 to 5 years	20,520
Over 5 years	<u>5,993</u>
	<u>33,261</u>

13. Subsequent events

On 24 July 2006 the Extraordinary General Meeting of the Shareholders approved the following:

- To increase share capital through a cash deposit where current shareholders may exercise a conversion right of 3 new shares for 10 shares held. The total number of shares to be issued under the share increase plan amounts to 14, 649,093 ordinary shares with an issue price 3, 60 Euro each. Total funds expected to be raised from the share capital increase amount to EUR 52 737 thousand
- The above share capital increase will take place from 13/11/2006 to 27/11/2006.

14. Changes in amounts showed in previously published financial statements

The Bank proceeded in the following changes:

a) Income statement 30 September 2005

(In thousands of Euro)

	Published	Change	Reported
Interest income	35,764	(2,826)	32,938
Net trading income	2,044	2,826	4,870
Commission income	17,958	(976)	16,982
Other income	1,481	976	2,457

The amount of EUR 2,826 thousand concerns income from securitized loans. The amount of EUR 976 thousand concerns other income received from loan holders due to litigation.

b) Balance Sheet 31/12/2005

(In thousands of Euro)

	Published	Change	Reported
Other assets	54 691	(14 398)	40 293
Other liabilities	39 709	(14 398)	25 311

The change concerns the offsetting of amounts for the clearing of ETESEP account.

The changes above have no effect in the income statement.

c) Income tax 30 September 2005

Up to 30/06/2005(see note 10 to the financial statements) there was an estimate that there would be tax losses at year end. For information purposes to investors and taking into account that the actual effective rate is finally 25% that was verified on 31/12/2005 the bank proceeded in changing the comparative figure for income tax(nine months period) from 372 th to 1,847 th. and the profits after tax from 7,013 th. To 5,540 th. Earnings per share changed from 0,14 to ,011. The above changes affected the list of Equity movements for the comparative period(line Results current period).