



ASPIS BANK S.A.



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INTERIM FINANCIAL STATEMENTS

30 June 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>	
		30/6/2006	30/6/2005	30/6/2006	30/6/2005
Interest income		48 254	41 414	24 932	21 437
Interest expense		(24 345)	(20 004)	(12 862)	(10 309)
Net interest income		23 909	21 410	12 070	11 128
Commission income		13 844	12 329	7 174	6 546
Commission expense		(231)	(274)	(126)	(138)
Net commission income		13 613	12 055	7 048	6 408
Net trading income		1 654	2 739	795	1 135
Other income		2 087	1 035	1 258	633
Total Operating Income	6	41 263	37 239	21 171	19 304
Staff costs		(17 427)	(16 659)	(8 980)	(8 405)
Depreciation and amortization		(2 539)	(2 497)	(1 283)	(1 310)
Other expenses		(12 659)	(12 499)	(6 906)	(6 468)
Impairment losses on loans and advances		(1 504)	(1 325)	(704)	(940)
Total operating Expenses		(34 129)	(32 980)	(17 873)	(17 123)
Profit before tax	6	7 134	4 259	3 298	2 181
Income tax	7	(1 514)	(220)	(690)	(243)
Profit after tax	6	5 620	4 039	2 608	1 938
Basic and diluted earnings per share		0.11	0.08	0.05	0.04

The attached notes form part of these financial statements.

Balance Sheet

(In thousands of Euro)

ASSETS	Notes	30/6/2006	31/12/2005
Cash and balances with Central Bank		82 840	66 319
Due from banks		314 683	331 182
Trading securities		1 493 232	1 403 632
Loans and advances to customers		4 128	1 820
Derivative financial assets		107	134
Investment securities		30 493	30 493
Investment in subsidiaries and associates		55 540	71 266
Property, plant and equipment	8	26 750	25 271
Intangible assets	9	1 017	2 242
Other assets		43 787	40 293
TOTAL ASSETS		2 052 577	1 972 652
LIABILITIES			
Due to banks		80 446	190 730
Due to customers		1 748 161	1 573 361
Derivative financial liabilities		10	145
Debt securities in issue and other borrowed funds	10	49 655	49 613
Current income tax liability		405	281
Other liabilities		32 573	25 311
Employee defined benefit obligations		2 716	2 194
TOTAL LIABILITIES		1 913 966	1 841 635
EQUITY			
Share capital		143 561	143 561
Share premium		5 535	5 584
Reserves		(1 996)	(4 019)
Accumulated deficit		(8 489)	(14 109)
TOTAL EQUITY		138 611	131 017
TOTAL LIABILITIES AND EQUITY		2 052 577	1 972 652

The attached notes form part of these financial statements.

CASH FLOW STATEMENT
(In thousands of Euro)

	1/1-30/6/2006	1/1-30/6/2005
Operating activities		
Profit before taxes	7 134	4 259
Adjustments for non-cash items		
Depreciation	2 539	2 497
Impairment	1 504	1 325
Changes in provisions	590	281
Other non-cash items	11 839	(636)
Fair value (gain)/loss of trading instruments	(500)	(8)
(Gain)/loss on the sale of investments, property and equipment	<u>(16)</u>	<u>-</u>
	<u>23 090</u>	<u>7 718</u>
Changes in operating assets and liabilities		
Due from banks over 3 months	-	(629)
Trading securities	(2 406)	563
Derivative financial instruments	(86)	(26)
Loans and advances to customers	(91 104)	(140 318)
Other assets	(7 337)	(32 876)
Deposits from banks	(110 284)	(49 744)
Deposits from customers	174 800	71 261
Other liabilities	<u>9 603</u>	<u>8 082</u>
Cash flows from operating activities	(3 724)	(135 969)
Investing activities		
Proceeds from sale of investments	16 875	-
Proceeds from sale of property and equipment	16	1 118
Acquisition of property and equipment	<u>(2 794)</u>	<u>(1 939)</u>
Cash flows from investing activities	14 097	(821)
Financing activities		
Debt securities issued	(981)	49 736
Share capital increase expenses	<u>(48)</u>	<u>-</u>
Cash flows from financing activities	<u>(1 029)</u>	<u>49 736</u>
Net increase/(decrease) in cash flows	<u>9 344</u>	<u>(87 054)</u>
Cash and cash equivalents at the start of the period	397 501	403 779
Effect of exchange rate fluctuations on cash and cash equivalents	(9 322)	(85)
Cash and cash equivalents at the end of the period	397 523	316 640
Cash and cash equivalents consists of:		
Cash and balances with Central bank	82 840	135 022
Due from banks	<u>314 683</u>	<u>181 618</u>
	<u>397 523</u>	<u>316 640</u>

Statement of changes in equity
For the period ended 30 June 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	3 364	(8 878)	(24 157)	118 940
Valuation of available for sale securities	-	-	-	927	-	927
Profit for the period	-	-	-	-	4 039	4 039
Balance at 30 June 2005	143 021	5 590	3 364	(7 951)	(20 118)	123 906
Balance at 1 July 2005	143 021	5 590	3 364	(7 951)	(20 118)	123 906
Valuation of available for sale securities	-	-	-	435	-	435
Share capital increase (net)	540	(6)	-	-	-	534
Cash flow hedge	-	-	133	-	-	133
Profit for the period	-	-	-	-	6 009	6 009
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	-	-	-	2 051	-	2 051
Share capital increase expenses	-	(49)	-	-	-	(49)
Cash flow hedge	-	-	(43)	-	-	(43)
Other differences	-	-	15	-	-	15
Profit for the period	-	-	-	-	5 620	5 620
Balance at 30 June 2006	143 561	5 535	3 469	(5 465)	(8 489)	138 611



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 28 August 2006.

3. Significant Accounting Principles

The condensed interim financial statements for 30 June 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	
	30/6/2006	30/6/2005	30/6/2006	30/6/2005	30/6/2006	30/6/2005	30/6/2006	30/6/2005
Segment revenue (external customers)	3 882	3 862	34 091	31 052	3 290	2 325	41 263	37 239
Segment revenue (transactions with other segments)	(2 561)	(2 799)	2 852	3 151	(291)	(352)	-	-
Total revenue	1 321	1 063	36 943	34 203	2 999	1 973	41 263	37 239
Segment result before tax	689	157	5 273	4 066	1 172	36	7 134	4 259
Segment result after tax	543	149	4 153	3 856	924	34	5 620	4 039

7. Income tax

The Bank's effective tax rate was 21% for the six month period ended at 30 June 2006 (25% for the year ended 31 December 2005 and 5% for the six month period ended 30 June 2005).

The reduction in the effective tax rate results from the following factors:

- The income tax rate was reduced from 32% to 29% from 1 January 2006.
- The Bank did not expect to record a tax profit for 2005.

8. Property, plant and equipment

For the six months period ended 30 June 2006 the Bank acquired fixed assets of value EUR 2 180 thousand (30 June 2005: EUR 1 382 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 June 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 June 2006 intangible assets of EUR 614 thousand.

10. Debt securities in issue and other borrowed funds

The movement, during the six months period ended 30 June 2006, is due to partial payment of expenses from the Bank's subsidiary, Aspiss 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 June 2006 are set out in the table below (In thousands of Euro):

a) *Subsidiaries:*

	30/6/2006	31/12/2005
Available-for-sale securities	2 500	2 500
Loans and advances to customers	67 251	76 387
Other assets	4 270	4 541
Deposits from customers	1 398	3 040
Other liabilities	362	210
Subordinated liabilities	49 655	49 613
Interest income	1 533	1 948
Interest expense	1 075	1 725
Commission income	988	1 884
Net trading income	1 162	4 382
Other income	51	80
Other expenses	97	29

b) *Board of Directors and Senior Management:*

	30/6/2006	31/12/2005
Staff costs	1 633	3 506
Loans and advances to customers	689	1 870
Deposits from customers	12 758	11 277
Net interest income	(109)	53
Net commission income	4	20

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

	30/6/2006	31/12/2005
Loans and advances to customers	20 335	22 288
Other assets	1 270	755
Deposits from customers	92 123	39 813
Other liabilities	340	92
Net interest income	(428)	459
Net commission income	839	952
Other operating expenses	1 206	2 697

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)

	30/6/2006	31/12/2005
Letters of guarantee		
High risk	92 640	90 791
Other	104 176	106 435
Letter of credit	18 761	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 June 2006 are as follows (in thousands of Euro):

Up to 1 year	6 287
From 1 to 5 years	21 641
Over 5 years	<u>5 600</u>
	<u>33 528</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.
- To decrease share capital with accumulated losses of EUR 11 231 thousand.
- To offset accumulated losses of EUR 2 350 thousand with the legal reserve.
- To adjust the creation of legal reserve from 20% to 5% of net profit, in compliance with Company Law 2190/1920.

14. Changes in amounts showed in previously published financial statements

The Bank proceeded in the following changes:

a) Income statement 30 June 2005

(In thousands of Euro)

	Published	Change	Reported
Interest income	43 403	(1 989)	41 414
Interest expense	(20 041)	37	(20 004)
Net trading income	787	1 952	2 739

The amount of EUR 1 989 thousand concerns income from securitized loans. The amount of EUR 37 thousand concerns expense from revaluation of IRS

b) Balance Sheet

(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.



Auditors' Review Report

To the Shareholders of Aspis Bank A.T.E.

We have reviewed the accompanying condensed financial statements ("financial statements") of Aspis Bank A.T.E. ("the Bank") that consist of the balance sheet as of 30 June 2006, the statements of income, changes in equity and cash flows for the six month period then ended, a summary of significant accounting policies and a selection of explanatory notes. The financial statements are the responsibility of the Bank's management. Our responsibility is to issue a report on these financial statements based on our review. Our review covers the financial information for the six month period and does not extend to a review of the information included in the income statement for the second quarter of 2006.

We conducted our review in accordance with the International Standard on Review Engagements 2400 as provided by the Greek Auditing Standards. This Standard requires us to plan and perform the review to obtain moderate assurance as to whether the financial statements are free of any material misstatement. A review is limited primarily to inquiries of Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the International Financial Reporting Standards adopted by the European Union applicable to interim financial reporting (IAS 34).

Without qualifying our review opinion we draw attention to note 12.3 to the condensed financial statements that explains that the tax obligations of the Bank have not yet been audited by the tax authorities for certain periods and accordingly its tax obligations are not considered final. The outcome of a tax audit can not presently be determined.

Athens, 28 August 2006
KPMG Kyriacou Certified Auditors A.E.

Nikolaos Vouniseas, Certified Auditor Accountant
AM SOEL 18701