



ASPIS BANK A.E.

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2006

**In accordance with International Financial
Reporting Standards - IFRS**

These consolidated financial statements have been approved by the Board of Directors of ASPIS BANK S.A. on 12 February 2007 and are available at the following web page: www.aspisbank.gr



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ASPIS BANK A.E.
Consolidated Income Statement
As at 31 December
(In thousands of Euro)

	Notes	2006	2005
Interest income		117 723	103 143
Interest expense		<u>(63 915)</u>	<u>(51 886)</u>
Net interest income	7	<u>53 808</u>	<u>51 257</u>
Fee and commission income	8	26 970	25 663
Fee and commission expense		<u>(683)</u>	<u>(414)</u>
Net fee and commission income		<u>26 287</u>	<u>25 249</u>
Net trading income	9	2 208	5 055
Other operating income	10	<u>7 944</u>	<u>8 001</u>
Operating income		90 247	89 562
Impairment losses	19	(2 726)	(2 607)
Personnel expenses	11	(33 763)	(34 964)
Depreciation and amortization	22,25	(8 269)	(8 070)
Operating expenses	12	<u>(27 159)</u>	<u>(28 764)</u>
Profit before income tax expense		18 330	15 157
Income tax expense	13	<u>(5 939)</u>	<u>(4 061)</u>
Profit for the period		<u>12 391</u>	<u>11 096</u>
Attributable to:			
Equity holders of the Bank		12 272	11 229
Minority interest		<u>119</u>	<u>(133)</u>
		<u>12 391</u>	<u>11 096</u>
Basic and diluted earnings per share (euro)	14	0.25	0.23

The attached notes on pages 5 to 35 form part of these consolidated financial statements.

**PRESIDENT OF THE BOARD OF
DIRECTORS AND MANAGING
DIRECTOR**

KONSTANTINOS V. KARATZAS
ID No I013419

**VICE PRESIDENT OF THE BOARD
OF DIRECTORS**

LOUKAS A. KYRIAKOPOULOS
ID No A045552

**CHIEF FINANCIAL
OFFICER**

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



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

Assets	Notes	2006	2005
Cash and cash equivalents	15	74 220	66 322
Trading securities	16	3 948	4 556
Derivative assets	17	53	1 355
Loans and advances to banks	18	444 353	362 309
Loans and advances to customers	19	1 859 556	1 622 042
Investment securities			
- available-for-sale	20	22 488	16 373
- held-to-maturity	21	34 254	52 393
Property and equipment	22	32 002	28 680
Intangible assets	23	4 189	3 976
Deferred tax assets, net	24	1 860	5 327
Other assets	25	35 357	36 891
Total assets		2 512 280	2 200 224
Liabilities			
Derivative liabilities	17	3	145
Deposits from banks		95 954	222 730
Deposits from customers	26	1 938 865	1 570 451
Debt securities in issue	27	253 736	250 618
Current tax liability		422	289
Other liabilities	28	35 533	38 727
Employee benefits	29	3 178	2 352
Total Liabilities		2 327 691	2 085 312
Equity			
Share capital	30	172 029	143 561
Share premium		17 078	5 584
Reserves	31	(89)	(2 858)
Accumulated deficit		(5 748)	(32 541)
Total equity attributable to equity holders of the Bank		183 270	113 746
Minority interest		1 319	1 166
Total equity		184 589	114 912
Total liabilities and equity		2 512 280	2 200 224

The attached notes on pages 5 to 35 form part of these consolidated financial statements.



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

	Share capital	Share premium	Statutory reserve	Tax-free reserve	Available for sale reserve	Hedge reserve	Accumulated deficit	Attributable to shareholders	Minority interests	Total
Balance 1 January 2005	143 021	5 590	2 350	2 173	(8 878)	-	(43 551)	100 705	1 310	102 015
Profit for the year	-	-	-	-	-	-	11 229	11 229	(133)	11 096
Change in the fair value of available for sale reserve	-	-	-	-	1 363	-	-	1 363	-	1 363
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	-	134	-	134	-	134
Recognized income and expenses	-	-	-	-	1 363	134	11 229	12 726	(133)	12 593
Other	-	-	-	-	-	-	(219)	(219)	(11)	(230)
Share capital increase	540	(6)	-	-	-	-	-	534	-	534
Balance 31 December 2005	143 561	5 584	2 350	2 173	(7 515)	134	(32 541)	113 746	1 166	114 912
Profit for the year	-	-	-	-	-	-	12 272	12 272	119	12 391
Change in the fair value of available for sale reserve	-	-	-	-	6 122	-	-	6 122	-	6 122
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	-	(77)	-	(77)	-	(77)
Recognized income and expenses	-	-	-	-	6 122	(77)	12 272	18 317	119	18 436
Offset losses	(11 231)	-	(2 350)	(940)	-	-	14 521	-	-	-
Other	-	-	-	14	-	-	-	14	34	48
Share capital increase	39 699	11 494	-	-	-	-	-	51 193	-	51 193
Balance 31 December 2006	172 029	17 078	-	1 247	(1 393)	57	(5 748)	183 270	1 319	184 589

The attached notes on pages 5 to 35 form part of these consolidated financial statements.



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

	2006	2005
Operating activities		
Profit before taxes	18 330	15 157
Adjustments for:		
Depreciation and amortization	8 269	8 070
Impairment on assets	2 726	2 607
Employee benefit	1 235	613
Other non-cash items	8 479	(1 442)
Change in fair value	(213)	(195)
Other	<u>-</u>	<u>19</u>
	<u>38 826</u>	<u>24 829</u>
Changes in:		
Trading assets	867	(2 384)
Derivative assets	13	(1 296)
Loans and advances to customers	(240 240)	(229 313)
Other assets	6 530	(13 778)
Deposits from banks	(126 776)	185 145
Deposits from customers	368 414	4 137
Other liabilities	<u>6 587</u>	<u>13 931</u>
Net cash used in operating activities	<u>54 221</u>	<u>(18 729)</u>
Cash flows from investing activities		
Proceeds from sale of investment securities	17 131	254
Proceeds from sale of property and equipment	32	3 211
Change in investments	(142)	1 882
Purchase of property and equipment	(12 136)	(8 682)
Dividends received	<u>49</u>	<u>44</u>
Net cash used in investing activities	<u>4 934</u>	<u>(3 291)</u>
Cash flows from financing activities		
Net (decrease)/ increase in subordinated liabilities	(5 894)	21 200
Proceeds from the issue of shares	<u>51 193</u>	<u>535</u>
Net cash from financing activities	<u>45 299</u>	<u>21 735</u>
Net increase/ (decrease) in cash and cash equivalents	104 454	(285)
Cash and cash equivalents at 1 January	428 631	434 753
Effect of exchange rate fluctuations on cash and cash equivalents	<u>(14 512)</u>	<u>(5 837)</u>
Cash and cash equivalents at 31 December	<u>518 573</u>	<u>428 631</u>
Cash and cash equivalents consist of:		
Cash and balances with Central Bank	74 220	66 322
Loans and advances to banks	<u>444 353</u>	<u>362 309</u>
	<u>518 573</u>	<u>428 631</u>

The attached notes on pages 5 to 35 form part of these consolidated financial statements.



1. General Information

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

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

- ❑ Accepting, with or without interest, all types of deposits or other returnable funds denominated in euros, 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 Group may cooperate with other legal entities, business enterprises or individuals, including those that pursue similar objectives, as well as participate in the aforementioned legal entities and business enterprises, in compliance with the provisions of banking legislation or any other applicable laws.

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

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The consolidated financial statements were approved by the Board of Directors on 12 February 2007.

2.2 Basis of measurement

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

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



2.3 Functional and presentation

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

The most significant effect on the amount recognised in the financial statements are the calculation of impairment losses.

3. Significant accounting policies

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

3.1 Basis of consolidation

(i) Subsidiaries

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

(ii) Associates

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



(iii) Special purpose entities

Special purpose entities are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of particular assets, or the execution of a specific borrowing or lending transaction. The financial statements of special purpose entities are included in the Group's consolidated financial statements where the substance of the relationship is that the Group controls the special purpose entity.

(iv) Transactions eliminated on consolidation

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

3.2 Foreign currency

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

3.3 Interest

Interest income and expense are recognised in the income statement using the effective interest method. Interest income and expense includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis. 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 (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate.

3.4 Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

3.5 Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.



3.6 Dividends

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

3.7 Lease payments made

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

3.8 Income tax expense

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

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

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

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

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

3.9 Financial instruments

(a) Classification

Instruments at fair value through profit or loss. This category has two sub categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. These include derivative contracts that are not designated and effective hedging instruments.

Loans and receivables are loans and receivables created by the Group providing money, goods or services to a debtor other than those created with the intention of short-term profit taking.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Group has the intent and ability to hold to maturity. These include certain purchased loans and advances to banks and customers, and certain debt investments.



Available-for-sale assets are financial assets that are not held for trading purposes, loans and receivables, or held to maturity. Available-for-sale include certain debt and equity investments.

(b) Recognition

The Group recognises financial assets held for trading, available-for-sale and held-to-maturity, on the date it commits to purchase the assets. From this date any gains and losses arising from changes in fair value of the assets are recognised. Loans and receivables are recognised when cost is advanced to the borrowers.

(c) Measurement

Financial instruments are measured initially at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent to initial recognition all trading instruments and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

All non-trading financial liabilities, loans and receivables and held-to-maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

(d) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimate and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Group would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and current creditworthiness of the counterparties.

(e) Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of available-for-sale assets are recognised directly in equity. When the financial assets are sold, collected or otherwise disposed of the cumulative gain or loss recognised in equity is transferred to the income statement.

Gains and losses arising from a change in the fair value of instruments at fair value through profit or loss are recognised in the income statement.



(f) Offsetting

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

(g) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by Group is recognised as a separate asset or liability.

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

(h) Hedge accounting

Where there is a hedging relationship between a derivative instrument and a related item being hedged, the hedging instrument is measured at fair value. The treatment of any resultant gains and losses is set out below.

The fair value of derivative hedging instruments is calculated in the same way as the fair value of trading instruments.

When a derivative financial instrument hedges the exposures to changes in the fair value of a recognised asset or liability, the hedged item is at fair value in respect of the risk being hedged. Gains and losses on remeasurement of both the hedging instrument and the hedged items are recognised in the income statement. These amount are included in gains less losses from non-trading instruments.

Where a derivative financial instrument hedges the exposure to variability in the cash flow of recognised assets or liabilities or anticipated transactions or firm commitments, the effective part of any gain or loss on remeasurement of the hedging instrument is recognised directly in equity. The ineffective part of any gain or loss is recognised in the income statement.

3.10 Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

- (i) significant financial difficulty of the issuer or obligator;
- (ii) a breach of contract, such as a default or delinquency in interest or principal payments;



- (iii) the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- (iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (v) the disappearance of an active market for that financial asset because of financial difficulties; or
- (vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - adverse changes in the payment status of borrowers in the group; or
 - national or local economic conditions that correlate defaults on the assets in the groups.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group.



Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce and differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written-off against the related provision for loan impairment. Such loans are written-off after all necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written-off decrease the amount of the provision for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

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 including treasury bills. Cash and cash equivalents are carried at amortised cost in the balance sheet.

3.12 Property, plant and equipment

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

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



The estimated useful lives are as follows:

Own property	50 years
Leasehold improvements	12 years
Furniture and equipment	7 – 8 years

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

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

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

3.13 Intangible assets

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

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the software which is between 4-10 years.

3.14 Employee benefits

(a) Defined contribution plans

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

(b) Defined benefit plans

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



All actuarial gains and losses as at 1 January 2004, the date of transition to IFRSs, were recognised. In respect of actuarial gains and losses that arise subsequent to 1 January 2004 in calculating the Group's obligation in respect of the plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

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

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

All actuarial gains and losses are recognised in the income statement using the corridor method amortising any amounts based on the term of the pension liability.

3.15 Provisions

A provision is recognised in the balance sheet when the Group has a present legal obligation or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate has been made. If the effect is material, 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.

3.16 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 Group's shareholders.

(c) Repurchase of share capital

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. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. Where such shares are subsequently sold or re-issued, any consideration received is included in shareholders' equity.

3.17 Segment reporting

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



3.18 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2006, and have not been applied in preparing these consolidated financial statements:

- IFRS 7 Financial Instruments Disclosures will become mandatory for the Group's 2007 financial statements and will not effect the net asset of the Group.
- IFRS 8 Operating Segments which is effective for annual periods beginning on or after 1 January 2009 and supplements IAS 14 Segment Reporting and will not effect the net asset of the Group.
- IFRS 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies which is effective from 1 March 2006.
- IFRS 8 Scope of IFRS 2 Share-based Payment which is effective from 1 May 2006 and will not effect the net asset of the Group.
- IFRIC 9 Reassessment of Embedded Derivatives which is effective from 1 June 2006 and will not effect the net position of the Group.
- IFRIC 10 Interim Financial Reporting and Impairment will become mandatory for the Group's 2007 financial statements, and will not effect the net asset of the Group.
- IFRIC 11 – IFRS 2 Group and Treasury Share Transactions addresses the classification of a share based payment transaction in the financial statements of the entity receiving the services. It will be applied in the Group's 2007 financial statements. The Group has not yet determined the potential effect of the interpretation.
- IFRIC 12 – Service Concession Arrangements which is effective for unusual period beginning on or after 1 January 2008. The Group has not yet determined the potential effect of the interpretation.

4. Risk management

This note provides details of the Group's exposures to risks and describes the methods used by management to control risk. The most important types of financial risk to which the Group is exposed are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and equity price risk.

4.1 Credit risk

The Group takes an exposure to credit risk, which is the risk that a counterparty will be unable to pay an amount in full when due. Impairment provisions are provided for losses that have been incurred at the balance sheet date. Significant changes in the economy or in the health of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk by product and industry sector are approved by the Board of Directors.



The exposure to any one borrower including banks is further restricted by sub-limits covering on and off-balance sheet exposures. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees, but a significant portion of the Group's exposures related to personal lending where no such facilities can be obtained.

4.2 Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both the risks of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

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

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



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At 31 December 2006	Up to 1 month	1-3 months	3-6 months	6-12 months	1 to 5 years	More than 5 years	Total
Cash and cash equivalent	74 220	-	-	-	-	-	74 220
Trading securities	-	-	-	-	3 948	-	3 948
Derivative financial instruments	53	-	-	-	-	-	53
Loans and advances to banks	443 455	898	-	-	-	-	444 353
Loans and advances to customers	289 105	195 277	235 171	69 918	544 483	525 602	1 859 556
Available-for-sale investments	-	-	-	-	22 488	-	22 488
Held-to-maturity investments	-	23 306	7 603	-	3 345	-	34 254
Property and equipment and intangible assets	-	-	-	-	36 191	-	36 191
Other assets	-	-	9 548	-	27 669	-	37 217
Total assets	806 833	219 481	252 322	69 918	638 124	525 602	2 512 280
Liabilities							
Derivative financial instruments	3	-	-	-	-	-	3
Deposits from banks	95 954	-	-	-	-	-	95 954
Due to customers	658 502	619 157	118 985	95 381	446 840	-	1 938 865
Debt securities in issue	1 121	2 927	4 429	8 970	156 789	79 500	253 736
Other liabilities	28 303	7 652	-	-	3 178	-	39 133
Total liabilities	783 883	629 736	123 414	104 351	606 807	79 500	2 327 691
Net liquidity gap	22 950	(410 255)	128 908	(34 433)	31 317	446 102	184 589
At 31 December 2005							
Total assets	682 784	201 733	254 792	60 977	383 849	616 089	2 200 224
Total liabilities	707 542	449 159	126 968	88 081	713 562	-	2 085 312
Net liquidity gap	(24 758)	(247 426)	127 824	(27 104)	(329 713)	616 089	114 912



4.3 Currency risk

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

	EURO	USD	Other	Total
Assets				
Cash and cash equivalents	73 678	356	186	74 220
Trading securities	3 812	136	-	3 948
Derivative financial instruments	53	-	-	53
Loans and advances to banks	295 687	124 779	23 887	444 353
Loans and advances to customers	1 815 013	29 317	15 226	1 859 556
Available-for-sale investments	22 488	-	-	22 488
Held-to-maturity investments	18 914	15 340	-	34 254
Property and equipment and intangible assets	36 191	-	-	36 191
Other assets	<u>25 952</u>	<u>1 302</u>	<u>9 963</u>	<u>37 217</u>
Total assets	<u>2 291 788</u>	<u>171 230</u>	<u>49 262</u>	<u>2 512 280</u>
Liabilities				
Derivative financial instruments	3	-	-	3
Deposits from banks	80 352	-	15 602	95 954
Due to customers	1 743 997	170 388	24 480	1 938 865
Debt securities in issue	253 736	-	-	253 736
Other liabilities	<u>37 975</u>	<u>1 121</u>	<u>37</u>	<u>39 133</u>
Total liabilities	<u>2 116 063</u>	<u>171 509</u>	<u>40 119</u>	<u>2 327 691</u>
Net on-balance sheet position	<u>175 725</u>	<u>(279)</u>	<u>9 143</u>	<u>184 589</u>
Net off-balance sheet position	<u>(2 041)</u>	<u>3</u>	<u>8</u>	<u>(2 030)</u>
31 December 2005				
Total assets	<u>1 945 498</u>	<u>192 146</u>	<u>62 580</u>	<u>2 200 224</u>
Total liabilities	<u>1 834 944</u>	<u>196 658</u>	<u>53 660</u>	<u>2 085 312</u>
Net on-balance position	<u>110 504</u>	<u>(4 512)</u>	<u>8 920</u>	<u>114 912</u>
Net off-balance position	<u>717</u>	<u>90</u>	<u>-</u>	<u>807</u>



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4.4 Interest rate risk

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

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

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

At 31 December 2006	Interest rate	Floating	1-3 months	3-6 months	6-12 months	1 to 5 years	Over 5 years	Non-interest	Total
Assets									
Cash and cash equivalents	2.39%	-	66 391	-	-	-	-	7 829	74 220
Trading securities	3.60%	-	1 174	-	-	-	10	2 764	3 948
Derivative financial instruments	-	-	-	-	-	-	-	53	53
Loans and advances to banks	3.61%	-	429 987	-	-	-	-	14 366	444 353
Loans and advances to customers	5.75%	343 192	461 359	100 708	346 762	157 915	485 516	(35 896)	1 859 556
Available-for-sale investments	-	-	-	-	-	-	-	22 488	22 488
Held-to-maturity investments	2.64%	-	7 736	-	26 518	-	-	-	34 254
Other assets	-	-	-	-	-	-	-	73 408	73 408
Total assets		<u>343 192</u>	<u>966 647</u>	<u>100 708</u>	<u>373 280</u>	<u>157 915</u>	<u>485 526</u>	<u>85 012</u>	<u>2 512 280</u>
Liabilities									
Derivative financial instruments	-	-	-	-	-	-	-	3	3
Deposits from banks	3.67%	-	95 954	-	-	-	-	-	95 954
Due to customers	2.71%	-	1 277 659	-	118 985	95 381	446 840	-	1 938 865
Debt securities in issue	4.17%	83 007	78 524	55 111	20 426	1 912	14 756	-	253 736
Other liabilities	-	-	-	-	-	-	-	39 133	39 133
Total liabilities		<u>83 007</u>	<u>1 452 137</u>	<u>55 111</u>	<u>139 411</u>	<u>97 293</u>	<u>461 596</u>	<u>39 136</u>	<u>2 327 691</u>
Net interest gap		<u>260 185</u>	<u>(485 490)</u>	<u>45 597</u>	<u>233 869</u>	<u>60 622</u>	<u>23 930</u>	<u>45 876</u>	<u>184 589</u>
At 31 December 2005									
Total assets		287 622	873 895	543 622	2 530	269 620	109 748	113 187	2 200 224
Total liabilities		<u>583 451</u>	<u>1 261 104</u>	<u>185 616</u>	<u>13 628</u>	-	-	<u>41 513</u>	<u>2 085 312</u>
Interest sensitivity gap		<u>(295 829)</u>	<u>(387 209)</u>	<u>358 006</u>	<u>(11 098)</u>	<u>269 620</u>	<u>109 748</u>	<u>71 674</u>	<u>114 912</u>



5. Fair values of financial assets and liabilities

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

(In thousands of euro)

	<u>Carrying value</u>		<u>Fair value</u>	
	2006	2005	2006	2005
Financial assets				
Loans and advances to banks	444 353	362 309	444 353	362 309
Loans and advances to customers	1 859 556	1 622 042	1 741 826	1 685 696
Investment securities held-to-maturity	34 254	52 393	33 961	50 444
Financial liabilities				
Deposits from banks	95 954	222 730	95 954	190 730
Deposits from customers	1 938 865	1 570 451	1 943 973	1 573 602
Debt securities in issue	253 736	250 618	255 917	250 618

6. Business segments

The Group is organized into three business segments:

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

At 31 December 2006

(In thousands of euro)

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



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At 31 December 2005

(In thousands of euro)

	<u>Corporate</u>	<u>Brokerage</u>	<u>Retail</u>	<u>Total</u>
Operating revenue	10 552	8 365	70 645	89 562
Profit before income tax	4 023	2 653	8 481	15 157
Profit for the period	2 945	1 942	6 209	11 096
Total assets	305 179	27 284	1 867 761	2 200 224
Total liabilities	154 502	7 911	1 922 899	2 085 312
Capital expenditure	2 014	115	6 554	8 683
Depreciation	3 076	318	4 676	8 070
Impairment loss	2 025	221	361	2 607

7. Net interest income

(In thousands of euro)

Interest income

Loans and advances	104 320	88 160
Money market deals	12 263	7 813
Debt instruments	989	7 160
Trading instruments	151	10

Interest expense

Deposits from banks and customers	(54 813)	(37 419)
Borrowed funds	(9 102)	(14 467)

Net interest income	53 808	51 257
----------------------------	---------------	---------------

8. Net fee and commission income

(In thousands of euro)

Loans and letters of guarantees	11 124	10 086
Working capital	1 443	1 333
Imports-exports	1 388	1 292
Management and custodian fees	3 712	3 961
Brokerage transactions	4 363	3 484
Credit cards	2 068	1 481
Deposits	604	766
Property	786	531
Other	1 482	2 729



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9. Net trading income	2006	2005
<i>(In thousands of euro)</i>		
Foreign exchange	1 222	1 120
Equity instruments	(87)	(192)
Debt instruments	143	21
Derivatives	930	4 106
	2 208	5 055

10. Other income	2006	2005
<i>(In thousands of euro)</i>		
Dividend income	49	44
Net result form non-trading income	-	5
Services rendered	7 895	7 952
	7 944	8 001

11. Staff costs	2006	2005
<i>(In thousands of euro)</i>		
Wages and salaries	23 612	25 920
Social security costs	6 051	5 616
Defined benefit plan	1 235	613
Defined contribution plans	2 865	2 815
	33 763	34 964

The average number of persons employed by the Group during 2006 was 1 008 (2005: 971).

12. Operating expenses	2006	2005
<i>(In thousands of euro)</i>		
(Profit)/loss on sale of property and equipment	-	(154)
Operating lease rentals	6 929	7 108
Lawyers, engineers and other professionals	5 957	6 271
Utilities postage and similar charges	1 714	2 035
Other taxes	1 977	1 906
Contributions	2 312	1 793
Other	8 270	9 805
	27 159	28 764



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13. Income tax expense	2006	2005
<i>(In thousands of euro)</i>		
Current year	1 635	1 210
Reserves	837	-
Deferred tax	3 467	2 851
Total income tax expense	5 939	4 061

Reconciliation of effective tax rate

(In thousands of euro)

	2006		2005	
Profit before tax		18 330		15 157
Income tax at rate	29%	5 316	32%	4 850
Non-deductible expenses	4%	460	5%	665
Tax exempt revenues	-	(57)	(10%)	(1 540)
Reserves	4%	837	-	-
Other differences	(5%)	(617)	-	86
	32%	5 939	27%	4 061

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

Aspis Bank	2003 – 2006
Aspis Leasing	2003 – 2006
Aspis A.E. Insurance Brokerage	2003 – 2006
Aspis International AEDAK	2002 – 2006
Aspis Credit	2004 - 2006

During the year as a result of legislation the Bank paid an amount of EUR 837 thousand as tax on tax-free reserves of EUR 5 580 thousand.

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



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14. Earnings per share

Basic earnings per share at 31 December 2006 was based on the profit after tax for the years attributable to the equity holders of EUR 18 330 thousand (2005: EUR 11 096 thousand) with a weighted average number of ordinary shares outstanding, during the year ended 31 December 2006 of 50 051 068 (2005: 48 646 667). The increase in the weighted average number of shares by 1 404 401 is due to the increase of share capital by the end of the year.

15. Cash and balances with Central Bank	2006	2005
<i>(In thousands of euro)</i>		
Cash in hand	23 032	16 408
Placements with Central Bank	51 188	49 914
	74 220	66 322

16. Trading securities	2006	2005
<i>(In thousands of euro)</i>		
Debt securities	1 184	1 733
Mutual fund units	-	2 737
Equities	2 764	86
	3 948	4 556

17. Derivative financial instruments
(In thousands of euro)

	2006		2005	
	Fair Value		Fair Value	
	Assets	Liabilities	Assets	Liabilities
Forward – currency	(4)	-	-	105
Futures	-	3	-	17
Interest rate swaps	57	-	1 355	23
	53	3	1 355	145

18. Loans and advances to banks	2006	2005
<i>(In thousands of euro)</i>		
Current accounts	34 793	38 382
Other placements	406 823	320 169
Items in course of collection	2 737	3 758
	444 353	362 309



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19. Loans and advances to customers	2006	2005
<i>(In thousands of euro)</i>		
Retail customers:		
Housing	1 019 598	858 983
Credit cards	36 349	35 548
Other consumer	56 887	58 776
Corporate customers:		
Manufacturing	165 470	165 577
Wholesale and retail	381 396	294 351
Other	111 175	132 806
Financial leasing	97 111	93 826
Amounts due relating to brokerage transactions	27 466	24 989
	<u>1 895 452</u>	<u>1 664 856</u>
Less: Allowance for impairment	<u>(35 896)</u>	<u>(42 814)</u>
Net loans and advances to customers net of impairment	<u><u>1 859 556</u></u>	<u><u>1 622 042</u></u>
Allowance for impairment		
<i>(In thousands of euro)</i>		
	2006	2005
Balance at 1 January	42 814	40 251
Impairment loss for the year	2 726	2 607
Write-offs	<u>(9 644)</u>	<u>(44)</u>
At 31 December	<u><u>35 896</u></u>	<u><u>42 814</u></u>
20. Available-for-sale investment securities	2006	2005
<i>(In thousands of euro)</i>		
Mutual fund units	10 527	9 771
Listed equity securities	11 819	5 927
Other debt securities	49	41
Other non-listed equity securities	93	634
	<u>22 488</u>	<u>16 373</u>
21. Held-to-maturity securities	2006	2005
<i>(In thousands of euro)</i>		
Greek government bonds	18 914	35 088
Non Greek government bonds	<u>15 340</u>	<u>17 305</u>
	<u><u>34 254</u></u>	<u><u>52 393</u></u>



22. Property and equipment

(In thousands of euro)

	<u>Land and buildings</u>	<u>Leasehold improvements</u>	<u>Furniture and equipment</u>	<u>Total</u>
Cost				
Balance at 1 January 2005	6 532	23 391	19 595	49 518
Acquisitions	-	1 229	3 116	4 345
Disposals	<u>(48)</u>	<u>(84)</u>	<u>(380)</u>	<u>(512)</u>
Balance at 31 December 2005	<u>6 484</u>	<u>24 536</u>	<u>22 331</u>	<u>53 351</u>
Balance at 1 January 2006	6 484	24 536	22 331	53 351
Acquisitions	-	1 904	5 786	7 690
Disposals	-	(12)	(19)	(31)
Transfer from intangible assets	-	-	6 444	6 444
Transfers	501	(501)	-	-
Write-offs	<u>-</u>	<u>(53)</u>	<u>(1 305)</u>	<u>(1 358)</u>
Balance at 31 December 2006	<u>6 985</u>	<u>25 874</u>	<u>33 237</u>	<u>66 096</u>
Depreciation				
Balance at 1 January 2005	327	8 126	12 077	20 530
Depreciation charge for the year	93	1 969	2 452	4 514
Disposals	<u>(2)</u>	<u>(17)</u>	<u>(354)</u>	<u>(373)</u>
Balance at 31 December 2005	<u>418</u>	<u>10 078</u>	<u>14 175</u>	<u>24 671</u>
Balance at 1 January 2006	418	10 078	14 175	24 671
Depreciation charge for the year	134	2 050	3 470	5 654
Disposals	-	(19)	-	(19)
Transfer from intangible assets	-	-	4 828	4 828
Transfers	204	(204)	-	-
Write-offs	<u>-</u>	<u>-</u>	<u>(1 040)</u>	<u>(1 040)</u>
Balance at 31 December 2006	<u>756</u>	<u>11 905</u>	<u>21 433</u>	<u>34 094</u>
Carrying amounts				
Balance at 1 January 2005	<u>6 205</u>	<u>15 265</u>	<u>7 518</u>	<u>28 988</u>
Balance at 31 December 2005	<u>6 066</u>	<u>14 458</u>	<u>8 156</u>	<u>28 680</u>
Balance at 1 January 2006	<u>6 066</u>	<u>14 458</u>	<u>8 156</u>	<u>28 680</u>
Balance at 31 December 2006	<u>6 229</u>	<u>13 969</u>	<u>11 804</u>	<u>32 002</u>



23. Intangible assets

(In thousands of euro)

Cost	Purchased software
Balance at 1 January 2005	9 348
Acquisitions	4 338
Disposals	<u>(2 699)</u>
Balance at 31 December 2005	<u>10 987</u>
Balance at 1 January 2006	10 987
Acquisitions	4 446
Disposals	(1 752)
Transfer to property and equipment	<u>(6 444)</u>
Balance at 31 December 2006	7 237
Amortisation	
Balance as at 1 January 2005	6 155
Amortisation for the year	3 556
Disposals	<u>(2 700)</u>
Balance at 31 December 2005	7 011
Balance 1 January 2006	7 011
Amortisation for the year	2 615
Disposals	(1 750)
Transfer to property and equipment	<u>(4 828)</u>
Balance at 31 December 2006	3 048
Carrying amounts	
Balance at 1 January 2005	<u>3 193</u>
Balance at 31 December 2005	<u>3 976</u>
Balance at 1 January 2006	<u>3 976</u>
Balance at 31 December 2006	<u>4 189</u>



24. Deferred tax assets, net

(In thousands of euro)

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

	2006	2005
Deferred tax asset		
Finance lease	512	1 166
Customer loans impairment	2 262	3 831
Employee benefits	777	590
Commission income	890	977
Tax loss	<u>422</u>	<u>207</u>
	<u>4 863</u>	<u>6 771</u>
Deferred tax liability:		
Finance lease	(754)	(254)
Property, plant and equipment	(2 264)	(1 015)
Commission expense	(19)	(20)
Other	<u>34</u>	<u>(155)</u>
	<u>(3 003)</u>	<u>(1 444)</u>
Net deferred tax asset	<u>1 860</u>	<u>5 327</u>

Movement in temporary differences during the year

(In thousands of euro)

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



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2005	Opening balance	Recognized in profit or loss	Closing balance		
Customer loans impairment	5 332	(1 501)	3 831		
Employee benefits	625	(35)	590		
Commission income	1 401	(424)	977		
Finance lease	1 255	(343)	912		
Property, plant and equipment	(212)	(803)	(1 015)		
Commission expense	(27)	7	(20)		
Tax loss	5	202	207		
Other	(201)	46	(155)		
	8 178	(2 851)	5 327		
25. Other assets				2006	2005
<i>(In thousands of euro)</i>					
Guarantees and participations to other funds				8 369	10 044
Advances				13 519	4 801
Receivables from Greek State and other public organizations				2 280	4 696
Accrued interest income				5 135	3 779
Other receivables				6 054	13 571
				35 357	36 891
26. Deposits from customers				2006	2005
<i>(In thousands of euro)</i>					
Sight and current accounts				200 432	218 859
Savings accounts				320 008	326 773
Term deposits				1 418 425	1 024 819
				1 938 865	1 570 451
27. Debt securities in issue					

The amount includes a subordinated floating rate for EUR 50 million due in 2015. In addition it includes floating rate notes issued by Byzantion Finance plc to fund the purchase of housing loans. These notes mature in 2032 but there is an option to repay the notes in January 2009. If the notes are not repaid the margin will double.



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28. Other liabilities	2006	2005
<i>(In thousands of euro)</i>		
Tax other than tax income and duties	1 931	2 724
Amounts and cheques payable	8 331	9 879
Accrued interest expense	4 798	4 035
Other liabilities	20 473	22 089
	35 533	38 727

29. Employee benefits

Employee benefits consist of:

(In thousands of euro)

	2006	2005
Recognized liability for defined benefit obligations	3 128	2 302
Vacation taken	50	50
	3 178	2 352

Defined benefit obligations

(In thousands of euro)

	2006	2005
Present value of unfunded obligations	3 783	2 998
Unrecognised actuarial gains and losses	(655)	(696)
Recognized liability for defined benefit obligations	3 128	2 302

Movement in the liability for defined benefit obligations

(In thousands of euro)

	2006	2005
Liability for defined benefit obligations at 1 January	2 302	2 365
Expense recognized in profit or loss	1 235	613
Benefits paid	(409)	(676)
	3 128	2 302



Expense recognized in profit or loss

(In thousands of euro)

	2006	2005
Current service costs	511	447
Interest on obligation	153	139
Amortization of actuarial loss	41	27
Past service cost	<u>530</u>	<u>-</u>
	<u>1,235</u>	<u>613</u>

Actuarial assumptions

	2006	2005
Discount rate	4.5%	4.5%
Future salary increases	5.0%	5.0%

30. Share Capital

At 31 December 2006, the share capital comprised 63 474 403 ordinary shares with a par value of EUR 2.71 per share, after the share capital increase by EUR 39 685 thousand in cash by issuing 14 644 093 shares.

31. Reserves

(In thousands of euro)

	2006	2005
Statutory reserve	-	2 350
Untaxed reserve	1 247	2 173
Revaluation reserve available-for-sale investments	(1 393)	(7 515)
Other reserves	<u>57</u>	<u>134</u>
	<u>(89)</u>	<u>(2 858)</u>

Statutory reserve: Under the provisions of Greek corporate law, entities are required to transfer 5% of their annual profits to a statutory reserve until the reserve equals one third of the issued capital. This reserve is not available for distribution but may be applied to cover losses. In 2006, the Bank offset losses of EUR 2 350 thousand. In 2007, the shareholders in their annual meeting will decide on the distribution of statutory reserves.

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. The parent Bank paid amount of tax of EUR 837 thousand for tax free reserves.



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

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

32. Securitizations

The Group in November 2002 has transferred housing loans securitized to Byzantium Finance plc, a special purpose vehicle of EUR 250 million. These loans as at 31 December 2006 amounted to EUR 175 559 thousand.

33. Related-party transactions

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

(a) Transactions with key management personnel

	2006	2005
Loans and advances to customers	7 645	4 078
Amounts due to customers	13 524	11 948
Other liabilities	92	-
Income		
Net interest income	(90)	171
Net commission income	74	20
Expenses		
Staff costs	3 510	4 102
Other expenses	46	44

(b) Transactions with other parties

	2006	2005
Loans and advances to customers	18 020	22 378
Other assets	729	687
Amounts due from customers	95 500	39 813
Other liabilities	630	241
Income		
Net interest income	(1 160)	459
Net commission income	803	1 277
Expenses		
Other operating expenses	4 049	3 637



34. Contingent liabilities and commitments

34.1 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.

34.2 Credit commitments

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

	2006	2005
Letters of guarantee	214 809	197 226
Letters of credit	23 517	12 393

34.3 Operating leases

The Group's commitments from lease contracts refer mainly to buildings used for its branches and other operating units. There is an annual increase in leasing contracts according to the general price index. The average lease period is 9 years. The future minimum payments under operating leases are as follows (amounts in thousands of euro):

Up to 1 year	6 845
From 1 to 5 years	18 993
Over 5 years	7 865

35. Changes in prior year figures

- a) Due to an offset of clearing house- ETESEP an amount of EUR 14 398 thousand was transferred from "Interest expense" to "Other expenses".
- b) An amount of EUR 1 679 thousand transfers to expenses for loan customers was transferred from "Commission income" to "Other operating income".



- c) Reclassification in figures concern the debts securitization according to Law 3156/2003.
The reclassifications in prior year figures are shown in the following table

	Published consolidated income statement figure	Reclassification	Restated consolidated income statement figure
Interest income	103 470	(327)	103 143
Interest expense	48 407	3 479	51 886
Net trading income	1 548	3 507	5 055
Operating expenses	(72 097)	299	(71 798)

It is defined that in b and c there was no adjustment in 2005 before and after tax profits.

36. Post balance sheet events

In February 2007, the Bank agreed to acquire 51% of the share capital of FBB. This decision is subject to approval from the local authorities and will be completed during the 2nd trimester of 2007.

INDEPENDENT AUDITOR'S REPORT

(Translation from Greek to English)

To the Shareholders of
ASPIS BANK A.E

Report on the Financial Statements

We have audited the accompanying financial statements of ASPIS BANK A.E (the Bank), which comprise the consolidated balance sheet as at 31 December 2006, and the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of ASPIS BANK A.E. as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of Matter

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

Report on Other Legal and Regulatory Requirements

The content of the Report of the Board of Directors is consistent with the accompanying financial statements.

Athens, 27 February 2007

KPMG Kyriacou Certified Auditors A.E.

Nick Vouniseas
Certified Auditor Accountant
AM SOEL 18701