



EGNATIA BANK S.A.

Interim financial statements

30 September 2006

In accordance with International Financial Reporting Standards

The attached interim financial statements were approved by the Board of Directors of EGNATIA BANK S.A. on 3 November 2006 and have been posted on the Bank's website www.egnatibank.gr.

**Danaidon 4, 54626, Thessaloniki
Company Reg. No. 6072/06/B/86/11**

Table of contents

	Page	
Interim financial statements		
Income statement	2	
Balance sheet	3	
Changes in statements of equity	4	
Cash flow statement	5	
Notes		
1	General information for the Bank	6
2	State of compliance for interim financial statements	6
3	Significant accounting policies	6
4	Estimates	7
5	Management of financial risks	7
6	Segment result	7
7	Income tax	8
8	Earnings per share	9
9	Intangible assets	9
10	Property, plant and equipment	9
11	Investments in subsidiaries and associates	9
12	Debt securities	10
13	Share capital	11
14	Contingent liabilities	11
14.1	Legal issues	11
14.2	Capital commitments	11
15	Related parties	12
16	Changes in amounts showed in previously published financial statements	13
17	Post Balance Sheet events	13

Interim Income statement
For the period ended 30 September 2006
(Amounts in thousands of Euros)

	Note	1/1 - 30/09/2006	1/1 - 30/09/2005	1/7 - 30/09/2006	1/7 - 30/09/2005
Interest and similar income		140,441	117,611	48,566	40,635
Interest expense and similar charges		69,983	50,237	25,323	18,514
Net interest income		70,458	67,374	23,243	22,121
Fee and commission income		17,164	17,595	5,515	6,089
Fee and commission expense		1,524	2,177	588	761
Net fee and commission income		15,640	15,418	4,927	5,328
Dividend income		496	417	10	38
Net trading income/(expense)		3,573	2,114	2,001	955
Other income		1,376	3,463	463	2,351
Operating income		91,543	88,786	30,644	30,793
Impairment losses on loans and advances		14,614	10,571	3,374	3,611
Staff costs		42,950	39,454	13,997	13,174
Other operating expenses		18,552	16,316	6,549	5,720
Depreciation		4,208	4,482	1,433	1,488
Impairment losses on other items		2,659	0	0	0
Profit before tax		8,560	17,963	5,291	6,800
Tax	7	2,777	5,866	1,301	2,307
Profit after tax		5,783	12,097	3,990	4,493
Earnings per share (Euro per share)	8				
Basic		0.06	0.14	0.04	0.05
Diluted		0.06	0.14	0.04	0.05

The Chairman
of the Board of Directors

Vassilios N. Theocharakis
ADT S 231179/98

The Managing Director

Eleftherios A. Chiliadakis
ADT P 073667/90

The Manager
of the Finance Department

Aggelos N. Sapranidis
ADT AA 273117/05
Permit Class A, Reg. No.
0016834/18-07-2001

Interim balance sheet
 30 September 2006
 (Amounts in thousands of Euros)

<u>ASSETS</u>	<u>Note</u>	<u>30 September 2006</u>	<u>31 December 2005</u>
Cash and balances with Central Bank		90,776	103,251
Loans and advances to banks		529,778	623,912
Trading securities		14,089	15,589
Derivative financial instruments – assets		282	34
Loans and advances to customers (net of impairment)		2,462,355	2,277,988
Investment securities		194,175	127,343
Investment in subsidiaries	11	41,335	43,885
Investment in associates	11	161	161
Intangible assets	9	7,167	7,373
Property, plant and equipment	10	40,972	41,102
Other assets		<u>52,631</u>	<u>43,509</u>
<u>TOTAL ASSETS</u>		<u>3,433,721</u>	<u>3,284,147</u>
<u>LIABILITIES</u>			
Deposits from banks		185,590	5,684
Deposits from customers		2,614,790	2,646,338
Derivative financial instruments – liabilities		1,004	1,600
Debt securities in issue and other borrowed funds	12	308,907	315,087
Provisions			
Employee benefits		8,056	9,062
Other provisions		<u>4,152</u>	<u>12,208</u>
Other liabilities			
Tax		2,777	231
Other liabilities		<u>51,865</u>	<u>50,786</u>
Total liabilities (a)		<u>3,177,141</u>	<u>3,034,488</u>
Share capital	13	109,115	107,840
Share premium		116,773	138,479
Reserves		18,315	17,189
Retained earnings / (loss)		12,377	(13,849)
Total net equity (b)		<u>256,580</u>	<u>249,659</u>
<u>TOTAL LIABILITIES (a) + (b)</u>		<u>3,433,721</u>	<u>3,284,147</u>

Interim statement of changes in equity
For the period ended 30 September 2006
(Amounts in thousands of Euros)

Statement of changes in equity	Share capital	Share premium	Reserves	Revaluation reserves available-for-sale	Accumulated Deficit	Total
Balance 01 January 2005	99,893	124,786	17,593	(571)	(21,643)	220,058
Share capital increase from debt securities conversion	4,951	8,531				13,482
Available for sale valuation				430		430
Dividends					(6,830)	(6,830)
Results for the period					12,097	12,097
Balance 30 September 2005	104,844	133,317	17,593	(141)	(16,376)	239,237
Balance 01 October 2005	104,844	133,317	17,593	(141)	(16,376)	239,237
Share capital increase from debt securities conversion	2,996	5,162				8,158
Available for sale valuation				(263)		(263)
Results for the period					2,527	2,527
Balance 31 December 2005	107,840	138,479	17,593	(404)	(13,849)	249,659
Balance 01 January 2006	107,840	138,479	17,593	(404)	(13,849)	249,659
Share capital increase from debt securities conversion	1,275	1,938				3,213
Dividends					(4,462)	(4,462)
Distribution to reserves			1,484		(1,484)	
Available for sale valuation				(358)		(358)
Results for the period					5,783	5,783
Deficit compensation by reserve capitalization		(23,644)			23,644	
Deficit compensation by preferred shares					2,745	2,745
Balance 30 September 2006	109,115	116,773	19,077	(762)	12,377	256,580

Interim Cash flow statement
For the period ended 30 September 2006
(Amounts in thousands of Euros)

	01/01/2006 - 30/09/2006	01/01/2005 - 30/09/2005
Operating activities		
Profit/ (loss) before tax	8,559	17,963
Adjustments for non-cash items		
Depreciation	4,208	4,482
Impairment loans and advances	14,614	10,571
Employee benefit	773	649
Valuation trading portfolio	(1,180)	(631)
Transfer to investing activities	(1,777)	(3,501)
Transfer to financing activities	8,559	2,789
	33,756	32,322
Changes in operating assets		
Loans and advances to banks	(27,466)	(35,708)
Trading securities and derivatives	2,432	826
Loans and advances to customers	(199,171)	(181,064)
Other assets	(9,122)	(4,433)
Changes in operating liabilities		
Deposits from banks	179,906	(3,845)
Deposits from customers	(31,547)	48,249
Other liabilities	(2,271)	1,326
Net cash flow from operating activities before taxes	(53,483)	(142,327)
Tax paid	(1,189)	(3,387)
Net cash flow from operating activities	(54,672)	(145,714)
Investing activities		
Investments in subsidiaries and associates	(109)	(1,069)
Net (increase)/decrease in investments	(67,190)	(30,157)
Dividends Received	496	417
Purchase of assets	(3,905)	(6,472)
Sale of assets	12	124
Other flows from investing activities	3,961	3,085
Cash flows from investing activities	(66,735)	(34,072)
Financing activities		
Dividends	(4,462)	(6,830)
Issue/ (payment) of debt	(14,738)	262,841
Share capital increase	(20,431)	13,482
Other flows	26,389	0
Cash flows from financing activities	(13,242)	269,493
Total cash flows	(134,649)	89,707
Foreign exchange difference	574	575
Net cash flow increase (decrease)	(134,075)	90,282
Cash and cash equivalents, opening	677,430	559,351
Cash and cash equivalents, closing	543,355	649,633
Cash and cash equivalents consists of:		
Cash and cash balances with Central Bank	88,643	123,041
Due from banks	454,712	526,592
	543,355	649,633

Notes on pages 6 to 14 are included as part of these interim financial statements.

1. General Information on the Bank

Egnatia Bank ("the Bank") operates as a financial institution and provides primarily financial and banking services to individuals and businesses.

The Bank has 1,360 employees. The Bank's primary activities are in Greece, but it also has subsidiaries that operate in Romania and Cyprus.

The interim financial statements are presented in thousands of Euros.

The Bank is listed in the Athens Stock Exchange after the merger with Bank of Central Greece in accordance with the Ministry of Development decision K2-8832/30.07.99. It operates as a limited by shares company (A.E.) and follows the accounting policies stated in Company Law 2190/1920 and banking regulations 2076/1992.

The Bank's registered office is at 4 Danaidon Str. in the municipality of Thessalonica.

According to article 3 of the Articles of Association the purpose of the Bank is to provide banking services on its own behalf, on behalf of third parties in Greece and abroad.

The Boards of Directors of the subsidiaries "Egnatia Bank S.A." and "Marfin Bank S.A." as well as of the associate "Laiki Bank (Hellas) S.A.", which is a subsidiary of "The Cyprus Popular Bank Public Company LTD", have decided to commence the procedure for the merger of "Marfin Bank S.A." and Laiki Bank (Hellas) S.A." with "Egnatia Bank S.A.". The date of merger has been decided to be 31st of December 2006.

2. Basis of compliance

The interim financial statements as of 30.09.06 have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 "Interim financial statements". They do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements at for the year ended 31 December 2005.

The Bank also prepares consolidated financial statements that include the operations of its subsidiaries.

Theses statements were approved by the Board on 3 November 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 results

Business segment

The Bank is organized into the following business segments:

- a) Retail banking
- b) Investment and corporate banking

- c) Treasury
- d) Asset Management
- e) Investments and participations

30 September 2006

	Corporate	Retail	Property	Money market	Investments	Total
<i>Amounts in thousands of Euros</i>						
Operating results	11,710	71,929	410	7,494	0	91,543
Profit before tax	2,169	4,028	27	5,453	(3,117)	8,560
Tax						2,777
Profit after tax						5,783

30 September 2005

	Corporate	Retail	Property	Money market	Investments	Total
<i>Amounts in thousands of Euros</i>						
Operating results	7,704	71,887	420	8,775	0	88,786
Profit before tax	735	10,573	42	6,613	0	17,963
Tax						5,866
Profit after tax						12,097

7. Income tax

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 are accepted as final. Therefore entities remain contingently liable for additional taxes and penalties, which may be assessed upon such examination. During this period the tax audit for the year ended 1999 was completed and an additional amount of taxes and penalties of 1,548 thousand Euros was assessed. Because of the method under which

the tax obligations are ultimately concluded in Greece, the Bank remains contingently liable for additional taxes and penalties for its open tax years (2000-2005).

8. Earnings per share (Euro per share)

Basic earnings per share is calculated by dividing the profit after tax that is attributable to the shareholders of the parent company with the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit after tax that is attributable to the shareholders of the parent company after adjusting for the interest expense attributable to the holders of the Bank's convertible bond issue with the weighted average number of ordinary shares adjusted by the number of ordinary shares converted from the convertible bond issue.

	30 Sept. 2006	30 Sept. 2005
Basic earnings per share		
Profit attributable to shareholders of the Bank	5.783	12.097
Weighted average number of outstanding ordinary shares	92,980,825	85,851,049
Basic earnings per share	0.06	0.14
Diluted earnings per share		
Profit attributable to shareholders of the Bank	5.851	12.868
Weighted average number of outstanding ordinary shares	93,558,439	93,558,439
Diluted earnings per share	0.06	0.14

9. Intangible assets

During the period 01.01 -30.09.2006, additions amounted to 765 thousand Euros compared to 2,207 thousand Euros last period.

10. Property, plant and equipment

During the period 01.01 -30.09.2006, additions amounted to 3,139 thousand Euros compared to 4,265 thousand Euros in the previous period. An amount of 110 thousand Euros was disposed in the nine-month period of 2006 (nine-month period 2005 149 thousand Euros) and a loss of 12 thousand Euros (2005 gain 6 thousand Euros).

11. Investments in subsidiaries and associates

(In thousands of Euros)

	Country	% Participation	30 Sept. 2006	31 Dec. 2005
Egnatia Bank Romania S.A.	Romania	98.99%	18,317	18,317
Egnatia Leasing Romania S.A..	Romania	99.00%	219	111
Egnatia Finance Stock Brokers & Investment Advisor S.A.	Greece	70.00%	13,002	13,002
Egnatia Mutual Fund Management Company S.A.	Greece	51.00%	307	307
Egnatia Leasing S.A.	Greece	99.90%	9,001	9,001
Egnatia FIN S.A.	Greece	99.00%	290	290

Eurocambio - Foreign Exchange & Tourism Enterprises S.A.	Greece	81.85%	0	2,659
Egnatia Insurance Services S.A.	Greece	60.00%	180	180
Egnatia Financial Services LTD	Cyprus	5.00%	161	161
	United Kingdom		18	18
Egnatia Finance PLC	United Kingdom	100.00%		
Obafemi Holdings LTD	Cyprus	100.00%	1	0
			41,496	44,046

In June 2006 the Bank established Obafemi Holdings.

The Bank after taken into consideration future prospects for Eurocambio Foreign Exchange AE decided to record an impairment loss of 2,659 thousand Euros.

12. Debt securities in issue and other borrowed funds

(In thousands of Euros)

	30 Sept. 2006	31 Dec. 2005
Preference shares	12,974	12,522
Share premium on preference shares	15,040	17,036
Convertible subordinated debt maturity 2013	1,074	5,783
Subordinated debt maturity 2015	80,000	80,000
Inter-company debt security maturity 2008	199,819	199,746
Debt securities in issue and other borrowed funds	308,907	315,087

The Bank's preference shares are not convertible. Preference shares have the following benefits: a) to receive the minimum dividend as stated in article 28 paragraph 2 of the article of association before ordinary shareholders and the right to receive any additional benefit that the ordinary shareholders will receive b) to receive a cumulative amount in the future if in any period a dividend is not distributed or if the Bank pays an amount that is less than 6% of the share capital in one or more financial periods c) first right to the net asset amount before the ordinary shareholders in case of liquidation and in any excess of any amount over the share capital.

The decrease of 1,996 thousand Euros in the share premium on the preference shares is due to compensation for the deficit that arose from the first implementation of the IFRS, by 2,745 thousand Euros and by the increase of 749 thousand Euros from the conversion of preferred bonds to equivalent shares (Note 13).

The convertible bond was issued 21 January 2003 and has a maturity of 10 years with the right of first redemption after 5 years. It has a rate of interest of Euribor plus 1.75% up to the date of redemption and 3.25% until maturity. Interest accrues every 3 months starting 21 January 2003.

Convertible subordinated debt holders have the right to exchange one note for one share. As at 30 September 2006 convertible debt holders had the right to exchange 298,160 notes for

an equivalent number of ordinary shares and 76,660 preference shares. The par value of the debt security is 3.20 Euro.

The subordinated debt with maturity 2015 was issued 4 May 2005 and has a 10 year term with the right to fixed redemption after the end of the fifth year. It has an interest rate of Euribor plus 1.10% up to redemption date and 2.40% up to maturity. It accrues interest quarterly starting 4 August 2005. The subordinated debt is used as secondary capital (Tier II capital) for capital adequacy purposes.

Debt security matures in 2008 (3 years) and pays Euribor plus 0.55% until maturity.

13. Share capital

	30 Sept. 2006	31 Dec. 2005
Number of ordinary shares (par value 1.17 Euros)	93,260,279	92,170,669
Share capital paid (in thousands of Euros)	109,115	107,840
Share premium (in thousands of Euros)	116,773	138,479

The Annual shareholders meeting of the Bank decided on 22 June 2006 to distribute a dividend of 0.05 Euros per share for 2005. The total amount of the dividend amounts to 4,462 thousand Euros.

The share capital of the Bank decreased by 26,389 thousand Euros due to decrease in the share's par value, to compensate for the deficit that arose from the first implementation of IFRS, with a simultaneous, equal increase in the share capital with equivalent increase in the share's par value, by reserve capitalization arising from the issue of share premiums, ordinary shares of 23,644 thousand Euros and preferred shares of 2,745 thousand Euros (Note 12). At the same time, there is an increase in the share premium of 1,938 thousand Euros due to conversion of ordinary bonds to corresponding shares.

14. Contingent liabilities

14.1 Legal issues

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 the legal services, the ultimate disposition of these matters is not expected to have a material adverse effect on the financial condition of the Bank

14.2 Capital commitments

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

	30 Sept. 2006	31 Dec. 2005
Letters of guarantee	194,923	194,497
Letters of credit	3,537	3,643

15. Related parties

All banking transactions are neutral and performed under normal terms.

The volume of transactions per category is (amounts in thousands of Euros):

Management and Board of Directors	30 Sept. 2006	31 Dec. 2005
Loans and advances	90	422
Deposits and other liabilities	49,310	6,669
	1.1 - 30.09.2006	1.1 - 30.09.2005
Interest and commission income	10	71
Interest and commission expense	703	95
BOD fees for the period 01.01 – 30.09.2006 amount to 2,661 thousand Euros (30.09.2005: 2,032 thousand Euros).		
Subsidiaries and associates	30 Sept. 2006	31 Dec. 2005
Assets		
Loans and advances to banks	57,238	48,240
Loans and advances to customers	126,289	93,919
Other assets	414	152
	183,941	142,311
Liabilities		
Deposits from customers	36,883	24,583
Debt securities	279,819	279,746
Other liabilities	3,500	3,864
	320,202	308,193
	1.1 - 30.09.2006	1.1 - 30.09.2005
Income		
Interest income	5,262	2,800
Commission income	705	659
Other operating income	670	137
	6,637	3,596
Expenses		
Interest expense	7,712	796
Commission expense	24	8
Other operating expenses	831	505
	8,567	1,309

Other related parties	30 Sept. 2006	31 Dec. 2005
Assets		
Loans and advances to customers	29,007	26,976
Due from banks	68,948	0
Other assets	171	0
Property, plant and equipment	830	1,082
	98,956	28,058
Liabilities		
Deposits from customers	13,833	4,905

Due to banks	60,429	0
Other liabilities	168	613
	74,430	5,518
	1.1 - 30.09.2006	1.1 - 30.09.2005
Income		
Interest and similar income	1,625	675
Fee and commission income	66	67
	1,691	742
Expenses		
Interest expense	1,335	1,028
Other	556	569
	1,891	1,597

16. Changes in amounts showed in previously published financial statements

(In thousands of Euros)

	Published	Reported		
	30 Sept. 2005	30 Sept. 2005	Adjustment	Reclassification
Interest and similar income	117,270	117,611		341
Interest expense and similar charges	(49,543)	(50,237)	(564)	(130)
Fee and commission income	17,659	17,595		(64)
Fee and commission expense	(553)	(2,177)		(1,624)
Dividend income	340	417	77	
Net trading income/ (expense)	2,196	2,114		(82)
Other income	4,095	3,463		(632)
Impairment loss on loans and advances	(9,872)	(10,571)	(699)	
Staff costs	(39,843)	(39,454)	77	313
Other operating expenses	(17,971)	(16,316)	(109)	1,764
Tax	(5,515)	(5,866)	(465)	114
			(1,683)	

In the annual financial statements of 31 December 2005, the Bank adjusted amounts that related to the previous years and affected the amounts of the respective period of the first nine-month period of 2005 as stated above.

The other changes in the reporting lines are reclassifications made in order to be correctly disclosed and were made according to the published annual financial statements of 31 December 2005. (Respective publication of changed financial statements at 31/10/2006, according to the explanatory guidelines of ELTE # 118 AP/ 23.03.06 and the announcement of the Capital Exchange Committee of 24/03/06).

17. Post Balance Sheet events

On 31/10/2006 it was resolved upon that "CYPRUS POPULAR BANK PUBLIC COMPANY LTD" would be renamed to "MARFIN POPULAR BANK PUBLIC COMPANY LTD".

Furthermore “CYPRUS POPULAR BANK PUBLIC COMPANY LTD”, based on the postponed Extraordinary General Shareholder Meeting on 24/10/2006 and the prospecti for the public offers which were approved by the Hellenic Capital Market Commission, made a public or private offer:

- 1) To the holders of common and preferred shares and holders of convertible bonds of “EGNATIA BANK S.A.” to acquire up to 100% of the common and preferred shares as well as convertible bonds of the bank at an exchange ratio of 1,2090 shares of “CYPRUS POPULAR BANK PUBLIC COMPANY LTD” for every one share and / or bond of “EGNATIA BANK S.A.”.
- 2) To shareholders of “MARFIN FINANCIAL GROUP HOLDINGS S.A.” to acquire up to 100% of the Company’s common shares as well as stock options at an exchange ratio of 5,757 shares of “CYPRUS POPULAR BANK PUBLIC COMPANY LTD” for each share and / or stock option.
- 3) To the shareholders of “LAIKI BANK (HELLAS)” to acquire up to 19,79% of its common shares at an exchange ratio of 14,9962 shares of “CYPRUS POPULAR BANK PUBLIC COMPANY LTD” for each share.