

**REPORT OF THE BOARD OF DIRECTORS ON A GROUP BASIS OF ASPIS BANK
FOR THE PERIOD FROM 01/01/2007 TO 31/12/2007**

Greek Economy Trends and International Economic Environment

The Greek economy continued to achieve growth rates that on average were higher than those of the Euro zone (4% compared to 2,7% of the Eurozone) which was lower than those achieved in 2006. For one more year, this growth was achieved through the increase of domestic demand by 3,7%, and in particular through the increase of private consumption by 3,1% and investment by 5,8%. Average inflation rate reached 3%. As for the effect to the Greek economy from foreign sector activity, it continued to have a negative effect on GDP's growth rates, despite the fact that it noted an increase by 1,8%, since the deficit in the Current Foreign Exchange balance increased. Regarding the Greek's economy fiscal sector, a significant improvement took place as the fiscal deficit decreased to 2,7% of the GDP. Due to this development Greece managed to exit from the EU's Excessive Fiscal Deficit monitoring procedure, in June 2007. In respect, and according to early estimates, public deficit decreased to 93,4% of the GDP, remaining, though, in high levels. The economy development for Greek in 2008 is bound to be contingent on the persistence and the speed of introduction of the structural reforms needed for improving its international competitiveness.

The duration and the extent of USA's economic and financial crisis, which lead to the liquidity crisis and international financial system faced, will play a pivotal and significant role. Still, this crisis has not affected directly the Greek Banking system, which, relying on the increased domestic demand, managed to improve its growth rates and its profits in the 2007 fiscal year. The growth leverages of the Greek banking market were both retail banking and the expansion of Greek banks in Southeastern Europe and Turkey. The current conditions in international markets are not favorable due to the fact that banking system faces pressures for increased interest rates in money market. Therefore, the future development of banking institutions in 2008 and in the future will be determined, to a great extent, by their ability, readiness and early preparation to face new standards and improving the quality of their portfolio and with their penetration to the market new Europe market.

Progress for ASPIS BANK

During 2007, Aspis Bank continued its structural reorganization, expansion and rapid growth. Its branch network increased further reaching a total number of 72 branches at the end of 2007, four of which initiated their operations in 2007. Moreover, ASPIS Bank launched new financial and banking products in both retail and corporate banking. In this context of restructuring and reorganization, the Bank put in effect in October 2007 its new processing system, the benefits of which can be assessed in the long-term. With the introduction of this new system ASPIS Bank's operation procedures improved. Thus, the Bank anticipates gaining effectiveness and speeding regarding its realization of its future development plans.

Moreover, as regards the financing of its operations, ASPIS Bank managed to raise on time, before the outbreak of the international financial crisis- the necessary funds, through the issuance of hybrid titles (Tier I) of an amount Euro 90 million and of low security bond titles (Lower Tier II). These measures improved the Bank's liquidity and its capital adequacy. However, the increasing financial crisis, as transmitted from USA to European markets, that escalated in the second half of 2007, and the increased cost of money affected at least indirectly, Bank's and Group's performance.

In particular, as regards **ASPIS Group**:

Profit after tax and minority interests reached Euro 6,9 million in contrast to Euro 12,3 million for 2006, after taking into account the payment of tax that concerned previous fiscal years that was Euro 5,6 million. Profit before tax decreased by 14 % to Euro 15,7 million, with total operating income increasing by 8% to an amount of Euro 97,3 million, and total operating expenses (before provision) increased by 13% and an amount of Euro 78,2 million. This decrease can be attributed to the increased cost of money following the increased cost of raising funds, and an increase in operating expenses.

In particular, operating income reached an amount of Euro 97,3 million, compared to Euro 90,25 million for 2006, that result mainly from pure banking operations, which means stable and repetitive sources of income. However, the acute competitiveness and the unfavorable international economic and financial environment that led to an increased cost of money, and low interest rate margins in housing loans, the main source of income for Bank, affected interest and commission income which both increased by 4 % to an amount of Euro 55,9 million and by 10% to an amount of Euro 28,9 million, respectively. Interest income from loans increased by 21%, comprising the 86% of the total interest income. At the same time, commission income from loans was increased by 18%, comprising the 50% of the total commission income. Commissions from funds transfer increased by 37%, while the commission from capital management and other brokerage transactions were increased by 5%.

Total operating expenses were increased by 13%, while depreciation expenses were increased by 17% and general/other operating expenses by 17%. The main factors that contributed to the latter's increase were the increase in advertising expenses, that is part of the context of promoting more assertive the Bank's brand name, and the increased in the operating expenses as a result of Bank's expansion and reorganization.

The Bank's assets increased by 17% to Euro 2,9 billion mainly, as a result of the development of the Bank's operations. The Bank's loans portfolio (before allowance) has increased by 19% reaching an amount of Euro 2,25 billion, driven mainly by the sector of housing loans, which comprises the main operational sector of the Bank since its establishment. In particular, housing loans increased by 12% to Euro 1,1 billion with the allowance of new loans having been increased by 27%. Consumer Loans and Credit Cards increased by 19% to €11 million. Corporate loans, including leasing operations, increased by 28% due to the emphasis that the Bank gives to the development of sectors with higher profit margins than housing loans.

At the same time, customers deposits reached an amount of Euro 2,2 billion, an increase of 13% compared to 2006.

Raising additional capital funds from international capital market in 2007 resulted in an increase (on a annual basis) of ASPIS Group equity by 22% and to an amount of Euro 225 million and reinforced the Group's capital adequacy with the respective total index rate reaching 16,2%.

As regards **Aspis Bank**, performance and basic indices presented the same trends.

In particular, profits after tax amounted to Euro 3 million compared to Euro 11,4 million in 2006. Profit before tax decreased by 38% in Euro 10,6 million. Operating income increased by 2% and amounted to Euro 82,6 million, compared to Euro 81,1 million in 2006. Net interest income and commissions increased by 2% in Euro 75 million. The main source of income from interest and commissions remained the increased loan allowances. Interest income commissions from loans and credit were increased by 25% and 18% respectively. Commissions from capital movements were increased by 37%.

Total operating expenses (before allowance) have increased by 12% in Euro 69 million with depreciations having increased by 5 % and general operating expenses by 18 %.

Total assets increased by 20% and loans (before allowance) of Euro 2,8 billion remained the main source of income having increased by 23% for Euro 2,1 billion. Housing loans increased by 17,5% to Euro 958 million .Consumer loans and credit cards increased by 19% to Euro 111 million. Corporate loans increased by 30 % and to Euro 983 million.

Clients' deposits reached Euro 2,2 billion recording an increase of 13% in comparison to 2006. Capital Adequacy Index reached 17,1 %.

Given the development of figures and results as it is aforementioned, the Bank's Board of Directors decided to put under the consideration of the Annual General Assembly of Shareholders the distribution of dividend equal to Euro 0.02 per share.

Athens, 18 March 2008

**PRESIDENT OF THE BOARD OF DIRECTORS
& GENERAL MANAGER**

KONSTANTINOS B. KARATZAS

A.T E533458

I confirm that, the above Consolidated Report of the BoD which consists of 3 pages is the one mentioned in the Audit Report that was provided on 19 March 2008

Athens, 19 March 2008

KPMG CERTIFIED AUDITORS S.A
Nick Vouniseas
AM SOEL 18701