



**ASPIS BANK S.A.**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**30 June 2007**

*In accordance with International Financial Reporting Standards as adopted by the European Union for interim financial reporting (IAS 34)*

These interim consolidated financial statements are posted in the following web page:  
**[www.aspisbank.gr](http://www.aspisbank.gr)**



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**Report on Review of interim financial reporting**

**Consolidated Income Statement for the period***(In thousands of Euro)*

	Notes	FROM 1 JANUARY TO		FROM 1 APRIL TO	
		30/6/2007	30/6/2006	30/6/2007	30/6/2006
Interest income		68 700	55 724	34 742	28 077
Interest expense		<u>(40 979)</u>	<u>(29 563)</u>	<u>(21 263)</u>	<u>(16 006)</u>
<b>Net interest income</b>		<b>27 721</b>	<b>26 161</b>	<b>13 479</b>	<b>12 071</b>
Commission income		14 662	14 685	7 514	7 708
Commission expense		<u>(214)</u>	<u>(319)</u>	<u>(105)</u>	<u>(166)</u>
<b>Net commission income</b>		<b>14 448</b>	<b>14 366</b>	<b>7 409</b>	<b>7 542</b>
Net trading income		1 133	798	700	463
Other income		4 782	4 238	2 375	2 363
Dividend income		<u>13</u>	<u>-</u>	<u>13</u>	<u>-</u>
<b>Total Operating Income</b>	<b>6</b>	<b>48 097</b>	<b>45 563</b>	<b>23 976</b>	<b>22 439</b>
Staff costs		(17 465)	(18 682)	(8 679)	(9 728)
Depreciation and amortization		(4 519)	(4 219)	(2 346)	(2 135)
General administrative and other expenses		(13 304)	(13 599)	(6 299)	(6 587)
Impairment losses on loans and advances		<u>(1 970)</u>	<u>(1 638)</u>	<u>(841)</u>	<u>(736)</u>
<b>Total Operating Expenses</b>		<b>(37 258)</b>	<b>(38 138)</b>	<b>(18 165)</b>	<b>(19 186)</b>
<b>Profit before income tax</b>	<b>6</b>	<b>10 839</b>	<b>7 425</b>	<b>5 811</b>	<b>3 253</b>
Income tax	<b>7</b>	<u>(7 148)</u>	<u>(1 616)</u>	<u>(6 229)</u>	<u>(747)</u>
<b>Profit / (Loss) for the period</b>	<b>6</b>	<b>3 691</b>	<b>5 809</b>	<b>(418)</b>	<b>2 506</b>
Attributable to:					
Equity holders of the Bank		3 537	5 852	(360)	2 623
Minority interests		<u>154</u>	<u>(43)</u>	<u>(58)</u>	<u>(117)</u>
		3 691	5 809	(418)	2 506
Basic and diluted earnings per share		0.06	0.12	(0.007)	0.05

The attached notes form an integral part of these consolidated interim financial statements.

**Athens, 1 August 2007**

President of the Board and Chief Executive

Vice-president of the Board

Chief Financial Officer

Konstantinos B. Karatzas  
A.T. I013419

Loukas M. Kyriacopoulos  
A.T. A045552

Evangelos B. Stathopoulos  
A.T. S045074  
Perm. Lisc. OEE 523 A Class

**Consolidated Balance Sheet***(In thousands of Euro)*

<b><u>ASSETS</u></b>	<b>Notes</b>	<b>30/6/2007</b>	<b>31/12/2006</b>
Cash and balances with Central Bank		81 854	74 220
Trading investments		11 130	3 948
Derivative financial assets		94	53
Due from banks		412 643	444 353
Due from customers		2 043 553	1 859 556
Investment securities		22 968	56 742
Property, plant and equipment	<b>8</b>	32 104	32 002
Intangible assets	<b>9</b>	5 600	4 189
Other assets		<u>47 091</u>	<u>37 217</u>
<b>TOTAL ASSETS</b>		<b><u>2 657 037</u></b>	<b><u>2 512 280</u></b>
<b><u>LIABILITIES</u></b>			
Derivative financial liabilities		-	3
Due to banks		29 662	95 954
Due to customers		2 070 692	1 938 865
Debt securities in issue and other borrowed funds	<b>10</b>	289 690	253 736
Current income tax liability		977	422
Other liabilities		41 315	35 533
Employee benefits		<u>3 422</u>	<u>3 178</u>
<b>TOTAL LIABILITIES</b>		<b><u>2 435 758</u></b>	<b><u>2 327 691</u></b>
<b>EQUITY</b>			
Share capital		172 029	172 029
Share premium		17 078	17 078
Reserves		3 811	(89)
Accumulated deficit		<u>(12 626)</u>	<u>(5 748)</u>
<b>Equity attributable to equity holders of the Bank</b>		<b>180 292</b>	<b>183 270</b>
Minority interest		1 472	1 319
Hybrid Securities	<b>11</b>	<u>39 515</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<b><u>221 279</u></b>	<b><u>184 589</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>2 657 037</u></b>	<b><u>2 512 280</u></b>

The attached notes form an integral part of these consolidated interim financial statements.

**Consolidated Cash Flow Statement***(In thousands of Euro)*

	1/1-30/6/2007	1/1-30/6/2006
<b>Operating activities</b>		
Profit before income taxes	10 839	7 425
<b>Adjustments for non-cash items</b>		
Depreciation	4 519	4 219
Impairment losses on loans	1 970	1 638
Employee benefits	268	616
Other non-cash items	(367)	13 722
Fair value (gain)/loss of trading instruments	(746)	(530)
(Gain)/Loss on the sale of investments	99	(243)
	<u>16 582</u>	<u>26 847</u>
<b>Changes in operating assets and liabilities</b>		
Trading securities	(6 916)	(2 406)
Derivative financial instruments	4	1 135
Loans and advances to customers	(185 967)	(89 531)
Other assets	(10 841)	(6 372)
Deposits from banks	(66 292)	(130 017)
Deposits from customers	131 827	176 313
Other liabilities	1 093	1 674
<b>Cash flow from operating activities</b>	<b>(120 510)</b>	<b>(22 357)</b>
<b>Investing activities</b>		
Proceeds from sale of investments	30 867	16 875
Proceeds from sale of property and equipment	-	316
Acquisition of property and equipment and intangible assets	(6 132)	(5 372)
Dividends received	13	-
<b>Cash flow from investing activities</b>	<b>24 748</b>	<b>11 819</b>
<b>Financial activities</b>		
Debt securities issued	35 954	11 681
Share capital increase	-	(48)
Issue of hybrid securities	39 515	-
Dividends paid	(3 795)	-
<b>Cash flow from financing activities</b>	<b>71 674</b>	<b>11 633</b>
<b>Net increase/(decrease) in cash flows</b>	<b>(24 088)</b>	<b>1 095</b>
<b>Cash and cash equivalents at the start of the period</b>	<b>518 573</b>	<b>428 631</b>
Effect of exchange rate fluctuations on cash and cash equivalents	12	(9 322)
<b>Cash and cash equivalents at the end of the period</b>	<b><u>494 497</u></b>	<b><u>420 404</u></b>
<b>Cash and cash equivalents consists of:</b>		
Cash and balances with Central bank	81 854	82 842
Due from banks	<u>412 643</u>	<u>337 562</u>
	494 497	420 404



**Consolidated Statement of Changes in Equity**

For the period ended 30 June (In thousands of Euro)

	Share Capital	Share Premium	Reserves	Available for sale reserve	Accumulated deficit	Attributable to Bank's equity holders	Minority interest	Hybrid Securities	Total
<b>Balance at 1 January 2006</b>	<b>143 561</b>	<b>5 584</b>	<b>4 656</b>	<b>(7 515)</b>	<b>(32 540)</b>	<b>113 746</b>	<b>1 166</b>	-	<b>114 912</b>
Valuation of available for sale securities	-	-	-	2 051	-	2 051	-	-	2 051
Share capital increase expenses	-	(49)	-	-	-	(49)	-	-	(49)
Cash flow hedge	-	-	(43)	-	-	(43)	-	-	(43)
Other differences	-	-	15	-	2	17	36	-	53
Profit for the period	-	-	-	-	5 852	5 852	(43)	-	5 809
<b>Balance at 30 June 2006</b>	<b>143 561</b>	<b>5 535</b>	<b>4 628</b>	<b>(5 464)</b>	<b>(26 686)</b>	<b>121 574</b>	<b>1 159</b>	-	<b>122 733</b>
<b>Balance at 1 July 2006</b>	<b>143 561</b>	<b>5 535</b>	<b>4 628</b>	<b>(5 464)</b>	<b>(26 686)</b>	<b>121 574</b>	<b>1 159</b>	-	<b>122 733</b>
Valuation of available for sale securities	-	-	-	4 071	-	4 071	-	-	4 071
Share capital increase (net)	39 699	11 543	-	-	-	51 242	-	-	51 242
Cash flow hedge	-	-	(34)	-	-	(34)	-	-	(34)
Offset losses	(11 231)	-	(3 290)	-	14 521	-	-	-	-
Other differences	-	-	-	-	(3)	(3)	(2)	-	(5)
Profit for the period	-	-	-	-	6 420	6 420	162	-	6 582
<b>Balance at 31 December 2006</b>	<b>172 029</b>	<b>17 078</b>	<b>1 304</b>	<b>(1 393)</b>	<b>(5 748)</b>	<b>183 270</b>	<b>1 319</b>	-	<b>184 589</b>
<b>Balance at 1 January 2007</b>	<b>172 029</b>	<b>17 078</b>	<b>1 304</b>	<b>(1 393)</b>	<b>(5 748)</b>	<b>183 270</b>	<b>1 319</b>	-	<b>184 589</b>
Valuation of available for sale securities	-	-	-	(2 744)	-	(2 744)	-	-	(2 744)
Cash Flow Hedge	-	-	36	-	-	36	-	-	36
Reserves appropriation	-	-	6 602	-	(6 602)	-	-	-	-
Dividends paid	-	-	-	-	(3 808)	(3 808)	-	-	(3 808)
Issue of Hybrid Securities	-	-	-	-	-	-	-	39 515	39 515
Other Movements	-	-	6	-	(5)	1	(1)	-	-
Profit for the period	-	-	-	-	3 537	3 537	154	-	3 691
<b>Balance at 30 June 2007</b>	<b>172 029</b>	<b>17 078</b>	<b>7 948</b>	<b>(4 137)</b>	<b>(12 626)</b>	<b>180 292</b>	<b>1 472</b>	<b>39 515</b>	<b>221 279</b>



## 1. General Information

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

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

## 2. Basis of preparation

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting”. The interim consolidated financial statements do not include all the information required for full annual financial statements and they should be examined in accordance with the annual consolidated financial statements for the year ended 31 December 2006

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

The interim consolidated financial statements were authorized for issuance from Board of Directors on 1 August 2007.

## 3. Significant Accounting Principles

The interim consolidated financial statements for 30 June 2007 have been prepared with the same accounting policies that were adopted in the annual financial statements for the year ended 31 December 2006.

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 2007 and onwards are the following:

- ***IFRS 7: Financial Instruments: Disclosures and amendment to IAS 1 «Financial Statement Presentation and Capital Disclosures (effective 1 January 2007)»***

IFRS 7 requires the presentation of additional disclosures as well as quantitative and qualitative information on financial risks. It replaces IAS 30 “Disclosures for Banks and similar Financial Institutions” and the disclosure requirement of IAS 32 financial statements: “Presentation Disclosure”. It is applicable to all entities that apply IFRS. The amendment to IAS 1 requires disclosures for the capital of a Company and the way this is managed. Disclosure requirements that are required under IFRS 7 and amendments to IAS 1 will be disclosed in the annual financial



statements of the Group as of 31 December 2007. The Group believes there will no be effect from adopting IFRS 7.

• ***IFRS 8 «Operational Segments» (applicable as of 1 January 2009)***

This standard presentation and definition of segment results is based in accordance with internal management reports for the resources and the estimate its effectiveness. This standard has not been adopted up to now by the European Union. The Group believes there will be no effect form adopting IFRS 8.

• ***IFRIC 11 “IFRS 2-Intragroup transaction on own shares” (applicable after 1 March 2007)***

This interpretation states that share based payments are valued at fair value even if the transaction refers to own shares from intragroup transaction. In addition the Interpretation sets the guidelines for accounting for such transactions, in the stand-alone financial statements of the subsidiary for stock options acquired from the parent company.

This Interpretation will be adopted in 2008 but there will not be any material effect on the Group.

• ***IFRIC 12 Service Concession Agreements (applicable 1 January 2008)***

IFRIC 12 sets out the general principles on recognition and measuring the obligations and related rights in service concession agreements. This Interpretation will be adopted in 2008 but there will not be any material effect on the Group. This Interpretation has not been adopted by the European Union but there will not be any material effect on the financial statements of the Group.

#### **4. Estimates**

The preparation of interim consolidated financial statements 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 Group for the estimation of particular accounting values and the sources of uncertainty affecting these estimations for the preparation of the interim consolidated financial statements are the same with those applied for the preparation of the annual consolidated financial statements for the year ended 31 December 2006.

#### **5. Management of Financial Risks**

The Group’s goals in monitoring exposure to financial risks and the methods used by management to control these risks are the same with those applied in the annual consolidated financial statements for the year ended 31 December 2006.

#### **6. Segment Reporting**

The Group is organized into three business segments:

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

**From 1 January to***(In thousands of Euro)*

	Corporate Banking		Retail Banking		Brokerage Transactions		Total	
	30/6/2007	30/6/2006	30/6/2007	30/6/2006	30/6/2007	30/6/2006	30/6/2007	30/6/2006
Segment income (external customers)	7 879	7 081	34 989	33 982	5 229	4 500	48 097	45 563
Segment income (transactions with other segments)	(2 594)	(2 206)	2 991	2 530	(397)	(324)	-	-
Total income	5 285	4 875	37 980	36 512	4 832	4 176	48 097	45 563
Segment result before tax	1 489	1 528	7 924	4 756	1 426	1 141	10 839	7 425
Segment result after tax	507	1 195	2 698	3 720	486	894	3 691	5 809

**7. Income tax**

The Group's effective tax rate was 66% for the six month period ended at 30 June 2007 (32% for the year ended 31 December 2006 and 22% for the six month period ended 30 June 2006).

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

- The income tax rate was reduced from 29% to 25% from 1 January 2007.
- Prior year taxes of EUR 5 588 thousands imposed by the tax authorities from the Bank (EUR 4 880 for financial periods 2003 to 2004) and of its subsidiaries Aspis International AEDAK (EUR 451 thousand for financial periods 2000 to 2005) and Aspis Leasing (EUR 257 thousand for financial periods of 2003 to 2005).

**8. Property, plant and equipment**

For the six months period ended 30 June 2007 the Group acquired fixed assets of value EUR 3 178 thousand (30 June 2006: EUR 3 486 thousand) and disposed of fixed assets of EUR 415 thousand.

**9. Intangible assets**

The Group acquired during the period ended 30 June 2007 intangible assets of EUR 2 954 thousand (30 June 2006: EUR 1 886).

**10. Debt Securities in Issue and other borrowed funds**

On 3 April 2007, a subordinated note of EUR 50 250 thousand was issued with maturity date 3 April 2017 and a first redemption option on 3 April 2012. The interest rate is three-month Euribor plus 124 basis points until the redemption date, which increases to 250 basis points in the event that the security is not redeemed.

**11. Hybrid Securities**

The Group, has issued, through its subsidiary ASPIS Jersey Ltd, from 1 January 2007 to 30<sup>th</sup> June 2007, the following hybrid securities:



- a) On 3 April 2007, a perpetual floating rate non-cumulative non-voting of EUR 15 million was issued with a first call up date on 3 April 2017. The interest rate is three-month Euribor plus 395 basis points until the redemption date, which increases to 495 basis points in the event that the security is not redeemed. According to the terms of the note, under certain circumstances, the Issuer has the discretion in the payment of the interest.
- b) On 3 April 2007, a perpetual floating rate non-cumulative non-voting of EUR 25 million was issued with a first call up date on 3 April 2017. The interest rate is three-month Euribor plus a 450 basis points. According to the terms of the note, under certain circumstances, the Issuer has the discretion in the payment of the interest.

## 12. Related parties

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

The balances of the related parties transactions as at 30 June 2007 are set out in the table below (In thousands of Euro):

a) *Board of Directors and Senior Management:*

	<b>30/6/2007</b>	<b>31/12/2006</b>
Loans and advances to customers	8 486	7 645
Deposits from customers	13 536	13 524
Other liabilities	122	92
	<b>30/6/2007</b>	<b>30/6/2006</b>
Staff costs	1 797	1 928
Net interest income	(53)	(109)
Net commission income	33	4
Other expenses	24	-

b) *Other related parties:*

	<b>30/6/2007</b>	<b>31/12/2006</b>
Loans and advances to customers	17 309	18 020
Other assets	715	729
Deposits from customers	58 914	95 500
Other liabilities	598	630
	<b>30/6/2007</b>	<b>30/6/2006</b>
Net interest income	(975)	(428)
Net commission income	202	851
Other operating expenses	2 341	1 391



### 13. Contingent liabilities and commitments

#### 13.1 Litigation

Management, after consultation with legal counsel confirmed us that there are no litigation claims as at 30 June 2007 which could have a material adverse effect on the financial position of the Group.

#### 13.2 Credit commitments

*(In thousands of Euro)*

	30/6/2007	31/12/2006
Letters of guarantee	208 833	214 809
Letter of credit	15 817	23 517

#### 13.3 Tax matters

The tax authorities have audited and the Bank has settled all obligations up to the year ended 31 December 2004. The Group's subsidiaries have not been audited by the tax authorities for the following years:

Aspis Leasing	2006
Aspis Brokerage	2003-2006
Aspis AEDAK	2006
Aspis Credit	2004-2006

Because the manner in which income taxes are concluded in Greece, the Group remains contingently liable for additional taxes (or reduction of the tax losses that can be carried forward and offset against future tax profits) and penalties that might be assessed by the tax authorities for the unaudited years.

#### 13.4 Pledged assets

None of the Group's assets have been pledged.

#### 13.5 Operating Leases

The Group's commitments from lease contracts refer mainly to buildings used for its branches and other operating units. The future minimum lease payments under operating leases for 30 June 2007 are as follows (in thousands of Euro):

Up to 1 year	6 536
From 1 to 5 years	19 599
Over 5 years	<u>4 496</u>
	<u>30 631</u>

### 14. Dividends

As a result of the decision made by the Shareholders in their last General Meeting an amount of EUR 3 808 thousand or EUR 0.06 per share was paid as dividends.



**Report on Review of Interim Financial Information**  
(Translated from the original in Greek)

To the Shareholders of  
ASPIS BANK A.E.

**Introduction**

We have reviewed the accompanying consolidated balance sheet of ASPIS BANK A.E (“the Bank”) as of June 30, 2007 and the related consolidated statements of income, changes in equity and cash flows for the six-month period then ended and the selected explanatory notes (the interim financial information). Bank’s management is responsible for the preparation and presentation of this interim financial information in accordance with the International Financial Reporting Standards adopted by the European Union applicable to interim financial information (IAS 34). Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as provided by Greek Auditing Standards. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Greek Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of June 30, 2007 is not prepared, in all material respects, in accordance with International Financial Reporting Standards adopted by the European Union applicable to interim financial information (IAS 34).

**Emphasis of matter**

Without qualifying our review opinion we draw attention to note 13.3 of the interim financial information that explains that the obligations of the Bank and its subsidiaries have not yet been audited by the tax authorities for certain periods and accordingly its tax obligations are not considered final. The outcome of a tax audit can not presently be determined.

Athens, 10 August 2007

KPMG Kyriacou Certified Auditors AE

Nick Vouniseas  
Certified Auditor Accountant  
AM SOEL 18701