



ASPIS BANK A.E.

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2007

**In accordance with International Financial
Reporting Standards (IFRS) as adopted by the European Union**

These consolidated financial statements have been approved by the Board of Directors of ASPIS BANK S.A. on 18 March 2008 and are available at the following web page: www.aspisbank.gr



Contents

Consolidated Income Statement	1
Consolidated Balance Sheet	2
Consolidated Statement of Changes in Equity	3
Consolidated Statement of Cash Flows	4
Notes to the Consolidated Financial Statements	5-46
Independent Auditor's Report	



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

	Notes	2007	2006
Interest income		146 411	117 723
Interest expense		(90 544)	(63 915)
Net interest income	7	55 867	53 808
Fee and commission income	8	29 352	26 970
Fee and commission expense		(458)	(683)
Net fee and commission income		28 894	26 287
Net trading income	9	2 380	2 208
Other operating income	10	10 156	7 944
Operating income		97 297	90 247
Impairment losses	19	(3 444)	(2 726)
Personnel expenses	11	(36 662)	(33 763)
Depreciation and amortization	22,23	(9 687)	(8 269)
Operating expenses	12	(31 818)	(27 159)
Profit before income tax expense		15 686	18 330
Income tax expense	13	(8 540)	(5 939)
Profit for the period		7 146	12 391
Attributable to:			
Equity holders of the Bank		6 931	12 272
Minority interest		215	119
		<u>7 146</u>	<u>12 391</u>
Basic and diluted earnings per share (euro)	14	0.11	0.25

The attached notes on pages 5 to 46 form part of these consolidated financial statements.

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

**VICE PRESIDENT OF THE
BOARD OF DIRECTORS**

**THE GENERAL MANAGER OF
CAPITAL MARKETS AND CHIEF
FINANCIAL OFFICER**

FINANCIAL MANAGER

KONSTANTINOS V. KARATZAS
ID No E533458

LOUKAS M. KYRIACOPOULOS
ID No A045552

DIOMIDIS H. NIKOLETOPOULOS
ID No F123387

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	2007	2006
Cash and cash equivalents	15	93 121	74 220
Trading securities	16	11 144	3 948
Derivative assets	17	13	53
Loans and advances to banks	18	495 814	444 353
Loans and advances to customers	19	2 213 854	1 859 556
Investment securities			
- Available-for-sale	20	20 683	22 488
- Held-to-maturity	21	3 279	34 254
Property and equipment	22	53 172	32 002
Intangible assets	23	9 220	4 189
Deferred tax assets	24	-	1 860
Other assets	25	44 143	35 357
Total assets		2 944 443	2 512 280
Liabilities			
Derivative liabilities	17	-	3
Deposits from banks		213 661	95 954
Deposits from customers	26	2 182 104	1 938 865
Debt securities in issue	27	278 040	253 736
Current tax liability		534	422
Deferred tax liability	24	1 199	-
Employee benefits	29	3 654	3 178
Other liabilities	28	40 589	35 533
Total Liabilities		2 719 781	2 327 691
Equity			
Share capital	30	173 614	172 029
Share premium		17 053	17 078
Reserves	31	3 896	(89)
Accumulated deficit		(10 963)	(5 748)
Total equity attributable to equity holders of the Bank		183 600	183 270
Minority interest		1 533	1 319
Hybrid securities		39 529	-
Total equity		224 662	184 589
Total liabilities and equity		2 944 443	2 512 280

The attached notes on pages 5 to 46 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	Hybrid securities	Total
Balance 1 January 2006	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 (net)	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
Profit for the year	-	-	-	-	-	-	6 931	6 931	215	-	7 146
Change in the fair value of available for sale reserve	-	-	-	-	(2 565)	-	-	(2 565)	-	-	(2 565)
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	-	(57)	-	(57)	-	-	(57)
Recognized income and expenses	-	-	-	-	(2 565)	(57)	6 931	4 309	215	-	4 524
Dividends	-	-	-	-	-	-	(3 809)	(3 809)	-	-	(3 809)
Allocation of reserves	-	-	499	6 103	-	-	(6 600)	2	-	-	2
Other	-	-	-	6	(1)	-	(5)	-	(1)	-	(1)
Issue of hybrid securities	-	-	-	-	-	-	-	-	-	39 529	39 529
Payment of dividend to hybrid securities holders	-	-	-	-	-	-	(1 732)	(1 732)	-	-	(1 732)
Share capital increase (net)	1 585	(25)	-	-	-	-	-	1 560	-	-	1 560
Balance 31 December 2007	173 614	17 053	499	7 356	(3 959)	-	(10 963)	183 600	1 533	39 529	224 662

The attached notes on pages 5 to 46 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)

	2007	2006
Operating activities		
Profit before taxes	15 686	18 330
Adjustments for:		
Depreciation and amortization	9 687	8 269
Impairment on assets	3 444	2 726
Employee benefit	536	1 235
Other non-cash items	4 655	8 479
Change in fair value	<u>(1 239)</u>	<u>(213)</u>
	<u>32 769</u>	<u>38 826</u>
Changes in:		
Trading assets	(6 701)	867
Derivative assets	84	13
Loans and advances to customers	(357 743)	(240 240)
Other assets	(7 241)	6 530
Deposits from banks	117 707	(126 776)
Deposits from customers	243 239	368 414
Payment of prior year taxes	(5 178)	-
Other liabilities	<u>14 107</u>	<u>6 587</u>
Net cash used in operating activities	<u>31 043</u>	<u>54 221</u>
Cash flows from investing activities		
Proceeds from sale of investment securities	29 622	17 131
Proceeds from sale of property and equipment	36	32
Change in investments	-	(142)
Purchase of property and equipment	(35 924)	(12 136)
Dividends received	<u>46</u>	<u>49</u>
Net cash used in investing activities	<u>(6 220)</u>	<u>4 934</u>
Cash flows from financing activities		
Net (decrease)/ increase in subordinated liabilities	24 304	(5 894)
Issue of hybrid securities	39 529	-
Payment of dividends	(3 792)	-
Payment of dividends to hybrid security issues	(1 732)	-
Proceeds from the issue of shares	<u>1 560</u>	<u>51 193</u>
Net cash from financing activities	<u>59 869</u>	<u>45 299</u>
Net increase in cash and cash equivalents	84 692	104 454
Cash and cash equivalents at 1 January	518 573	428 631
Effect of exchange rate fluctuations on cash and cash equivalents	<u>(14 330)</u>	<u>(14 512)</u>
Cash and cash equivalents at 31 December	<u>588 935</u>	<u>518 573</u>
Cash and cash equivalents consist of:		
Cash and balances with Central Bank	93 121	74 220
Loans and advances to banks	<u>495 814</u>	<u>444 353</u>
	<u>588 935</u>	<u>518 573</u>

The attached notes on pages 5 to 46 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 Euro and 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 Bank 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 of the Bank and its subsidiaries (the “Group”) have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The consolidated financial statements were approved by the Board of Directors on 18 March 2008.

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 currency*

These consolidated financial statements are presented in euro, which is the Group'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, the fair value of securities and the calculation of income tax.

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 all of the Group.

3.1 *Basis of consolidation*

3.1.1 *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.

3.1.2 *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.

3.1.3 *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.



3.1.4 Translations 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

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. 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 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 not integral to the measurement of the effective interest rate which are recorded based on the relevant services.

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 as well as gains less losses that were recycled from equity to the income statement.

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) Recognition

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

(b) 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.

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

The Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.



(c) 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, or for gains and losses arising from a group of similar transactions.

(d) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(e) Fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, etc. The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments like options and interest rate and currency swaps. For these financial instruments, inputs into models are market observable.

For more complex instruments, the Group uses proprietary models, which usually are developed from recognized valuation models.

(f) Identification and measurement of impairment

At each balance sheet date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The Group considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.



In assessing collective impairment the Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

3.10 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. Cash and cash equivalents are carried at amortised cost in the balance sheet.

3.11 Trading assets

Trading assets are those assets and liabilities that the Group acquires or incurs principally for the purpose of short-term profit or position taking.

Trading assets are initially recognised and subsequently measured at fair value in the balance sheet with transaction costs taken directly to profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition.

3.12 Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the balance sheet. The treatment of changes in their fair value depends on their classification as explained below.

When a derivative is designated as a hedge of the change in fair value of a recognised asset or liability, changes in the fair value of the derivative are recognised immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk.

When a derivative is designated as a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative are recognised directly in equity. The amount recognised in equity is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same income statement line item as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.



3.13 Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date, the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

For finance leases where the Group is the lessor and the risks and rewards incident to ownership of an asset are transferred to the lessee, the present value (net investment) of lease payments is recognized as loans and advances.

3.14 Investment securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either held-to-maturity or available-for-sale.

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in equity until the investment is sold or impaired and the balance in equity is recognised in profit or loss.

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale investments.

3.15 Property and equipment

Items of property 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 – 15 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.

3.16 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 to 15 years.

3.17 Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities that are sources of funding for the Group are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method.

The Group enters into contracts to sale and repurchase own investments at a specific date and at a specific price. Investments sold under these agreements are not derecognized and are classified and measured as trading, available-for-sale or held-to-maturity. The amount of the sale is depicted as due from financial institutions or customers.

Deposits, debt securities and subordinated liabilities are initially measured at fair value plus transaction costs and subsequently measured at the amortized cost using the effective interest method.

3.18 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 and, where appropriate, the risks specific to the liability.



3.19 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 unrecognized 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 in calculating the Group's obligation in respect of the plan, to the extent that any cumulative unrecognized 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 recognized 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 recognized.

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).

3.20 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 recognized as a liability in the period in which they are approved by the Bank's shareholders.



(c) *Own shares*

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. Where such shares are subsequently sold or re-issued, any consideration received is included in shareholders' equity.

3.21 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.

3.22 New standards and interpretations

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007, and have not been applied in preparing these financial statements:

- IFRS 8 “Operating Segments” introduces the “management approach” to segment reporting. IFRS 8, which becomes mandatory for the Group’s 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group’s Chief Operating Decision Maker in order to assess each segment’s performance and to allocate resources to them.
- Revised IAS 23 “Borrowing Costs” removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.
- IFRIC 11 IFRS 2 – “Group and Treasury Share Transactions” requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained.
- IFRIC 12 “Service Concession Arrangements” provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12, which becomes mandatory for the Group’s 2008 financial statements, is not expected to have any effect on the financial statements.
- IFRIC 13 “Customer Loyalty Programmes” addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group’s 2009 financial statements, is not expected to have any impact on the financial statements.
- IFRIC 14 IAS 19 – “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability.



4. Financial Risk Management

4.1 Introduction and overview

The Group monitors the following risks:

- Credit Risk
- Liquidity Risk
- Market Risk, and
- Operational Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors in order to promote stability and continue its operations has established an effective risk management operations framework, that enables the Group to recognize and analyse all types of risks which it is exposed to.

The Board has established the Asset and Liability (ALCO) Committee of the Group, and the Risk Audit Committee, which are responsible for developing and monitoring the risk management policies of the Group in their specified areas.

The Risk Management Division, operates as an independent unit in the Bank, reporting to the Risk Audit Committee and the Board of Directors. The unit is responsible, for improving on a continual basis the existing management methods, for detecting and analyzing in an adequate format the risk that the Group faces through quantitative methods, of all Group risks, as well as for developing new quantitative tools, which will enhance the Group's risk management framework.

4.2 Credit risk

Credit risk is a corner stone, in the Group's risk management framework, in terms of the credible measurement of credit risk. Credit risk, is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credits and credit limits give to individuals or corporates are the basic sources of credit risk. Credit risk may also arise from investment activities and transactions on investments and securities settlement.

Reliable credit risk measurement, contributes in maximizing of the Group's profitability, by monitoring the level of expected and unexpected financial loss. By using historical data and informational systems, the Group develops, evaluates and implements mathematical models, in order to score loan applications. Prompt risk detection criteria, are defined, for loan portfolios, and if considered necessary, correctional actions are proposed.

For retail customer loans a scoring model exists, which classifies each customer to a certain risk category. This model, is reviewed on a regular basis, and modified, if considered necessary.



For corporate clients, a rating model is used, which classifies each client in a risk category, taking into account financial and qualitative data. Especially, for companies that are corporate or small and medium sized enterprises, the Credit Risk Tracker rating system, of Standard & Poor's is implemented.

4.2.1 Loan impairment

We consider, that a loan is impaired, when its book value is greater than the expected recoverable amount. The loss amount, that must be posted, is the difference between its book value and its recoverable amount. The recoverable amount, is calculated as the net present value of the expected future cash flows, discounted at the original effective interest rate of the loan.

If the Group decides that there is no objective evidence of impairment for a financial asset that was tested for individually it classifies this loan in a separate portfolio with similar characteristics and tests for impairment on a portfolio basis.

The Group classifies loans and advances to customers based on impairment loss in the following four categories based on impairment loss calculation:

a) Individually impaired

These are loans and advances to customers which the Group has proceeded in legal actions and determines that it is probable, that it will be unable to collect in total or partially all principal and interest due according to the contractual terms of the loan agreements. These loans are examined for impairment, on an individual basis.

b) Collectively impaired

These are loans and advances to customers which the Group has proceeded in legal actions and determines that it is probable, that it will be unable to collect in total or partially all principal and interest due according to the contractual terms of the loan agreements. These loans are examined for impairment, on a collective basis. The portfolio are based on the time period that the loan was denounced from the first year.

c) Past due and tested for impairment

These are loans that are overdue for 30 days and above in terms of contractual interest or principal payments. The overdue loans are tested for impairment based on probability of default coefficients (PD) and loss given default rates (LGD) per loan.

d) Neither past due and tested for impairment

These are customer loans, that are not considered overdue or are overdue less than 30 days. These loans are tested for impairment based on probability of default and loss given default rates per loan.



ASPIS BANK A.E.
Notes to the consolidated financial statements

The table that follows is an analysis of the Group's loans by types of risk in accordance with the impairment calculation method used by the Group. Each category is separated into risk categories based on the credit rating and days in delay for each customer taken into account the security coverage for the customer.

The following table also shows the evaluation of the Group's credit risk for amounts due from credit institutions and for investment securities.

The following exposures, are based in their book value, exactly as they appear in the Group's balance sheet.

(Amounts in thousand of Euro)

31 December	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	2007	2006	2007	2006	2007	2006
	2 213 854	1 859 556	495 814	444 353	23 962	56 742
Individual impaired						
Grade 6	896	64	-	-	-	-
Grade 7	31 850	20 747	-	-	-	-
Grade 8	3 058	16 626	-	-	-	-
Grade 9	15 510	14 900	-	-	-	-
Grade 10	12 367	9 828	-	-	-	-
Gross amount	63 681	62 165	-	-	-	-
Impairment loss	(19 422)	(17 951)	-	-	-	-
Carrying amount	44 259	44 214	-	-	-	-
Collectively impaired						
Grade 7	2 636	1 863	-	-	-	-
Grade 8	5 388	8 460	-	-	-	-
Grade 9	5 859	1 839	-	-	-	-
Grade 10	9 056	7 495	-	-	-	-
Gross amount	22 939	19 657	-	-	-	-
Impairment loss	(12 198)	(11 124)	-	-	-	-
Carrying amount	10 741	8 533	-	-	-	-



ASPIS BANK A.E.
Notes to the consolidated financial statements

	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	2007	2006	2007	2006	2007	2006
Past due and tested for impairment						
Grade 2	71 930	11 215	-	-	-	-
Grade 3	39 869	14 344	-	-	-	-
Grade 4	26 692	29 763	-	-	-	-
Grade 5	15 769	29 830	-	-	-	-
Grade 6	5 359	10 168	-	-	-	-
Grade 7	551	5 217	-	-	-	-
Grade 8	-	495	-	-	-	-
Grade 9	-	201	-	-	-	-
Grade 10	-	44	-	-	-	-
Gross amount	160 170	101 277	-	-	-	-
Impairment loss	(861)	(648)	-	-	-	-
Carrying amount	159 309	100 629	-	-	-	-
Past due comprises:						
30-90 days	87 785	65 862	-	-	-	-
90-180 days	55 144	34 056	-	-	-	-
180 days +	16 380	711	-	-	-	-
Carrying amount	159 309	100 629	-	-	-	-
Neither past due and tested for impairment						
Grade 1	965 798	818 066	495 814	444 353	23 962	56 742
Grade 2	496 048	238 433	-	-	-	-
Grade 3	156 084	225 299	-	-	-	-
Grade 4	113 077	106 335	-	-	-	-
Grade 5	144 434	137 969	-	-	-	-
Grade 6	130 530	186 251	-	-	-	-
Gross amount	2 005 971	1 712 353	495 814	444 353	23 962	56 742
Impairment loss	(6 426)	(6 173)	-	-	-	-
Carrying amount	1 999 545	1 706 180	495 814	444 353	23 962	56 742
Total carrying amount	2 213 854	1 859 556	495 814	444 353	23 962	56 742



ASPIS BANK A.E.
Notes to the consolidated financial statements

Set out below is an analysis of the gross and net of allowance for impairment amounts of 31 December 2007 and 2006 by risk grade:

(Amounts in thousand of Euro)

31 December 2007	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
	2 252 761	2 213 854	495 814	495 814	23 962	23 962
Individually impaired						
Grade 6	896	805	-	-	-	-
Grade 7	31 850	29 336	-	-	-	-
Grade 8	3 058	3 058	-	-	-	-
Grade 9	15 510	9 682	-	-	-	-
Grade 10	12 367	1 379	-	-	-	-
Total	63 681	44 260	-	-	-	-
Collectively impaired						
Grade 7	2 636	1 828	-	-	-	-
Grade 8	5 388	3 501	-	-	-	-
Grade 9	5 859	2 600	-	-	-	-
Grade 10	9 056	2 812	-	-	-	-
Total	22 939	10 741	-	-	-	-
Past due and tested for impairment						
Grade 2	71 930	71 878	-	-	-	-
Grade 3	39 869	39 823	-	-	-	-
Grade 4	26 692	26 454	-	-	-	-
Grade 5	15 769	15 458	-	-	-	-
Grade 6	5 359	5 285	-	-	-	-
Grade 7	551	410	-	-	-	-
Total	160 170	159 308	-	-	-	-
Past due comprises:						
30-90 days	88 080	87 784	-	-	-	-
90-180 days	55 549	55 144	-	-	-	-
180 days +	16 541	16 380	-	-	-	-
Total	160 170	159 308	-	-	-	-



ASPIS BANK A.E.
Notes to the consolidated financial statements

	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
Neither past due and tested for impairment						
Grade 1	965 798	963 937	495 814	495 814	23 962	23 962
Grade 2	496 048	494 318	-	-	-	-
Grade 3	156 084	155 116	-	-	-	-
Grade 4	113 077	112 548	-	-	-	-
Grade 5	144 434	143 709	-	-	-	-
Grade 6	130 530	129 917	-	-	-	-
Total	2 005 971	1 999 545	495 814	495 814	23 962	23 962

Total **2 252 761** **2 213 854** **495 814** **495 814** **23 962** **23 962**

(Amounts in thousand of Euro)

31 December 2006	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
	1 895 452	1 859 556	444 353	444 353	56 742	56 742
Individually impaired						
Grade 6	64	45	-	-	-	-
Grade 7	20 747	19 472	-	-	-	-
Grade 8	16 626	15 355	-	-	-	-
Grade 9	14 900	9 342	-	-	-	-
Grade 10	9 828	-	-	-	-	-
Total	62 165	44 214	-	-	-	-
Collectively impaired						
Grade 7	1 863	926	-	-	-	-
Grade 8	8 460	4 112	-	-	-	-
Grade 9	1 839	719	-	-	-	-
Grade 10	7 495	2 776	-	-	-	-
Total	19 657	8 533	-	-	-	-



ASPIS BANK A.E.
Notes to the consolidated financial statements

	Loans and advances to customers		Loans and advances to credit institutions		Investment securities	
	Gross	Net	Gross	Net	Gross	Net
Past due and tested for impairment						
Grade 2	11 215	11 215	-	-	-	-
Grade 3	14 344	14 314	-	-	-	-
Grade 4	29 763	29 582	-	-	-	-
Grade 5	29 830	29 567	-	-	-	-
Grade 6	10 168	10 118	-	-	-	-
Grade 7	5 217	5 172	-	-	-	-
Grade 8	495	449	-	-	-	-
Grade 9	201	188	-	-	-	-
Grade 10	44	24	-	-	-	-
Total	101 277	100 629	-	-	-	-
Past due comprises:						
30-90 days	66 215	65 862	-	-	-	-
90-180 days	34 322	34 056	-	-	-	-
180 days +	740	711	-	-	-	-
Total	101 277	100 629	-	-	-	-
Neither past due and tested for impairment						
Grade 1	818 066	816 514	444 353	444 353	56 742	56 742
Grade 2	238 433	236 352	-	-	-	-
Grade 3	225 299	224 364	-	-	-	-
Grade 4	106 335	105 944	-	-	-	-
Grade 5	137 969	137 462	-	-	-	-
Grade 6	186 251	185 544	-	-	-	-
Total	1 712 353	1 706 180	444 353	444 353	56 742	56 742
Grand total	1 895 452	1 859 556	444 353	444 353	56 742	56 742



4.2.2 Collateral

The Group as part of its risk management policy receives collateral in order to protect its receivables. The major categories of collateral against loans and advances to customers are in the form of cheques, prenotices over property and other guarantees, such as cash collateral. The table below shows collateral held for the Group's credit risk.

(Amounts in thousand of Euro)

	2007	2006
Loans and advances to customers		
Retail customers:		
Mortgages	1 108 158	991 093
Credit cards	44 402	36 349
Other consumer loans	66 432	56 887
	1 218 992	1 084 329
Corporate clients:		
Subsidiaries	742 652	612 573
Subsidiaries – Corporate bonds	102 045	46 700
Corporate and shipping loans	57 955	25 961
Corporate bonds	101 903	98 222
Other	419	200
	1 004 974	783 656
Amounts for securities transaction	28 795	27 467
	2 252 761	1 895 452
Impairment loss	(38 907)	(35 896)
Loans and advances after provisions	2 213 854	1 859 556
Collaterals		
Retail clients:	1 577 196	1 334 339
Corporate clients:	1 387 830	1 021 928
Total collateral amount	2 965 026	2 356 267

Loans to retail customers, in their majority, are collateralized in the form of mortgage interests over property. As far as, loans to corporate clients are concerned, their collaterals, are in the form of cheques, mortgage interests over property, and other collateral types, such as cash, securities and machinery.



The following table describes the collaterals held against corporate clients, expressed in thousands of Euro and per collateral type.

	2007		2006
Cheques	265 037	Cheques	456 172
Property	221 553	Property	159 235
Others	901 240	Others	406 521
	1 387 830		1 021 928

4.2.3 Write-off policy

The Group writes off loans when the Group determines, that the loans are uncollectible. This is done, after considering information, such as the occurrence of significant changes in the borrower's financial position, in a manner that the borrower can no longer pay the obligation.

4.3 Market Risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates is concerned.

For market risk, the Group, elaborates, develops and carries out risk methods, that are based on Value-at-Risk (VaR) models. VaR measures, the worst expected loss, over a given horizon, under normal market conditions, at a given confidence level. As this model is not used for losses arising from extreme events the Group applies stress tests on its securities portfolio. Specifically, the Group uses extreme value theory for concluding on changes in the Group's securities portfolio when extreme events occur. The VaR model used by the Group, is based upon a 99 percent confidence level and assumes a 10-day holding period. In addition, the Group, uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual portfolios and the Group's overall position. At 31 December 2007, VaR for securities portfolio was Euro 1,68 million and Euro 19,6 thousands for the Group's foreign exchange position. The Group, as at 31 December 2007, held a short position of Euro 448 thousands, against several currencies.

With respect to 29 December 2006, VaR was equal to Euro 2,77 millions for the securities portfolio, and Euro 7,3 thousands for the Group's foreign exchange position. The Group, as at 29 December 2006, held a long position of Euro 570 thousands, against several currencies.



All the above, are summarized in the following tables:

Investment risk (in millions of Euro)	2007	2006
Securities' value	27,14	58,18
VaR	1,68	2,77

Currency risk (in thousands of Euro)	2007	2006
Foreign exchange position	-448	+570
VaR	19,6	7,3

The large difference of securities' value, between years 2006 and 2007, arises from the fact, that during 2007, the Group liquidated some of the bonds, while other bonds matured.

4.4 Liquidity risk

Liquidity risk arises with respect to 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's philosophy is to manage its liquidity to ensure at all possible means that there are enough means to cover its obligations under normal or abnormal circumstances without affecting its reputation.

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 two mandatory indices, set by the Bank of Greece, the Net Liquid Assets index and the Assets minus Liabilities index, are monitored on a daily basis.

The Net Liquid Assets index, was as follows:

	2007	2006
At 31 December	24,16%	24,99%
Average for the period	22,23%	21,42%
Maximum for the period	24,16%	24,99%
Minimum for the period	18,16%	18,71%



ASPIS BANK A.E.
Notes to the consolidated financial statements

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

At 31 December 2007	Up to 1 month	1-3 months	3-6 months	6-12 months	1 to 5 years	Over 5 years	Total
Assets							
Cash and balances with Central Bank	93 121	-	-	-	-	-	93 121
Trading securities	4 621	-	-	-	1 707	4 816	11 144
Derivative financial instruments	13	-	-	-	-	-	13
Loans and advances to banks	495 814	-	-	-	-	-	495 814
Loans and advances to customers	507 435	592	486 516	18 085	114 198	1 087 028	2 213 854
Available-for-sale investments	-	-	-	65	-	20 618	20 683
Held-to-maturity investments	-	-	-	-	-	3 279	3 279
Property and equipment and intangible assets	-	-	-	-	35 414	26 978	62 392
Other assets	<u>9 944</u>	<u>9 773</u>	<u>-</u>	<u>4 310</u>	<u>12 082</u>	<u>8 034</u>	<u>44 143</u>
Total assets	<u>1 110 948</u>	<u>10 365</u>	<u>486 516</u>	<u>22 460</u>	<u>163 401</u>	<u>1 150 753</u>	<u>2 944 443</u>
Liabilities							
Derivative financial instruments	-	-	-	-	-	-	-
Deposits from banks	213 661	-	-	-	-	-	213 661
Due to customers	1 151 800	393 771	90 294	62 912	483 327	-	2 182 104
Subordinated liabilities	-	-	-	148 562	129 478	-	278 040
Other liabilities and provisions	<u>24 506</u>	<u>10 621</u>	<u>166</u>	<u>619</u>	<u>554</u>	<u>9 510</u>	<u>45 976</u>
Total liabilities	<u>1 389 967</u>	<u>404 392</u>	<u>90 460</u>	<u>212 093</u>	<u>613 359</u>	<u>9 510</u>	<u>2 719 781</u>
Net liquidity gap	<u>(279 019)</u>	<u>(394 027)</u>	<u>396 056</u>	<u>(189 633)</u>	<u>(449 958)</u>	<u>1 141 243</u>	<u>224 662</u>
At 31 December 2006							
Total assets	<u>806 833</u>	<u>219 481</u>	<u>252 322</u>	<u>69 918</u>	<u>638 124</u>	<u>525 602</u>	<u>2 512 280</u>
Total liabilities	<u>783 883</u>	<u>629 736</u>	<u>123 414</u>	<u>104 351</u>	<u>606 807</u>	<u>79 500</u>	<u>2 327 691</u>
Net liquidity gap	<u>22 950</u>	<u>(410 255)</u>	<u>128 908</u>	<u>(34 433)</u>	<u>31 317</u>	<u>446 102</u>	<u>184 589</u>



4.5 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 2007. 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).

At 31 December 2007	EURO	USD	Other	Total
Assets				
Cash and balances with Central Bank	92 417	453	251	93 121
Trading securities	11 020	124	-	11 144
Derivative financial instruments	13	-	-	13
Loans and advances to banks	301 337	174 054	20 423	495 814
Loans and advances to customers	2 151 208	50 843	11 803	2 213 854
Investment in subsidiaries and associates	19 930	-	753	20 683
Held-to-maturity investments	3 279	-	-	3 279
Property, plant and equipment	62 392	-	-	62 392
Other assets	<u>39 150</u>	<u>4 741</u>	<u>252</u>	<u>44 143</u>
Total assets	<u>2 680 746</u>	<u>230 215</u>	<u>33 482</u>	<u>2 944 443</u>
Liabilities				
Deposits from banks	213 661	-	-	213 661
Due to customers	1 924 756	219 405	37 943	2 182 104
Subordinated liabilities	278 040	-	-	278 040
Other liabilities	<u>44 616</u>	<u>918</u>	<u>442</u>	<u>45 976</u>
Total liabilities	<u>2 461 073</u>	<u>220 323</u>	<u>38 385</u>	<u>2 719 781</u>
Net on-balance sheet position	<u>219 673</u>	<u>9 892</u>	<u>(4 903)</u>	<u>224 662</u>
Net off-balance sheet position	<u>1 431</u>	<u>(932)</u>	<u>(499)</u>	<u>-</u>
At 31 December 2006				
Total assets	<u>2 291 788</u>	<u>171 230</u>	<u>49 262</u>	<u>2 512 280</u>
Total liabilities	<u>2 116 063</u>	<u>171 509</u>	<u>40 119</u>	<u>2 327 691</u>
Net on-balance position	<u>175 725</u>	<u>(279)</u>	<u>9 143</u>	<u>184 589</u>
Net off-balance position	<u>(2 041)</u>	<u>3</u>	<u>8</u>	<u>(2 030)</u>



4.6 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.

A parallel shift in the yield curves more than 1% is expected to reduce the Group's profits in one year by an amount of EUR 1.35 million. On the other hand a decrease of rates by 1% will lead to an increase in the Group's profits in one year by an amount of EUR 1.35 million.

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



ASPIS BANK A.E.
Notes to the consolidated financial statements

At 31 December 2007	Effective Interest rate	Floating	1-3 months	3-12 months	1 to 2 years	Over 2 years	Non- interest	Total
Assets								
Cash and balances with Central Bank	2,72%	-	65 478	-	-	-	27 643	93 121
Trading securities	3,73%	-	4 892	1 631	-	-	4 621	11 144
Derivative financial Instruments		-	-	-	-	-	13	13
Loans and advances to banks	4,41%	-	483 923	-	-	-	11 891	495 814
Loans and advances to customers	5,88%	1 628 019	47 822	52 483	113 352	372 178	-	2 213 854
Available for sale Investments		-	56	-	-	-	20 627	20 683
Held to maturity Investments	2,86%	-	-	3 279	-	-	-	3 279
Other assets	8,09%	4 408	-	1 404	4 529	756	95 438	106 535
Total assets		1 632 427	602 171	58 797	117 881	372 934	160 233	2 944 443
Liabilities								
Deposits from banks	3,39%	12 000	201 661	-	-	-	-	213 661
Deposits from Customers	3,34%	-	1 928 479	247 291	6 303	31	-	2 182 104
Subordinated liabilities	6,12%	-	124 330	153 710	-	-	-	278 040
Other liabilities		-	-	-	-	-	45 976	45 976
Total liabilities		12 000	2 254 470	401 001	6 303	31	45 976	2 719 781
Interest sensitivity Gap		1 620 427	(1 652 299)	(342 204)	111 578	372 903	114 257	224 662
At 31 December 2006								
Total assets		343 192	966 647	473 988	157 915	485 526	85 012	2 512 280
Total liabilities		83 007	1 452 137	194 522	97 293	461 596	39 136	2 327 691
Interest sensitivity Gap		260 185	(485 490)	279 466	60 622	23 930	45 876	184 589



4.7 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Through continuous reports, regarding the Group's exposure to operational risk, the Board, is informed of this type of risk, and decides about the strategy that must be adopted, in order to prevent any financial losses, that arise from operational events.

In this framework, the Group, is in the process, of developing a loss database for operational risk, which is a necessary assumption for implementing the Standardized Approach. Nevertheless, in the present stage, the Group, is going to implement, the Basic Indicator method, for the computation of its operational risk charge.

4.8 Stress testing

The Group implements, several stress testing scenarios, in order to assess the impact of extreme financial events, to the Group's portfolio value.

The Group, runs stress tests, on a regular basis, with scenarios that concern the various types of risk, that the Group is being exposed (credit risk, market risk, liquidity risk). The Risk Management Division, analyses the results of these tests, and proposes appropriate policies.

4.9 Capital adequacy

The capital adequacy of the Group, is monitored on a monthly basis, and is submitted to the Bank of Greece, ever three months.

The Group applies the rules set by the Bank of Greece, regarding the adequacy of its capital. The regulation framework, that applies to the Greek Banking system, is the same as in the European Union.

The Bank of Greece, as a regulator, requires the Group to maintain a prescribed ratio of regulatory capital to total risk-weighted assets of at least 8%.

The capital adequacy ratio is the ratio of total capital to total weighted assets and other off balance sheet items and the imputed amount arising from total capital requirements for the coverage of market risk.



ASPIS BANK A.E.
Notes to the consolidated financial statements

Regulatory capital must be covered by at least half of Tier I capital and then rest must be covered by Tier II capital.

Capital Adequacy Directive (amounts in thousand of Euro)	2007	2006
Upper Tier I	224 492	184 589
Lower Tier I	-	-
Deductions	<u>(16 547)</u>	<u>(8 417)</u>
Total Tier 1	207 945	176 172
Upper Tier II	-	-
Lower Tier II	99 305	49 698
Deductions	(7 328)	(17 794)
Total Tier II	<u>91 977</u>	<u>31 904</u>
Regulatory capital	<u>299 922</u>	<u>208 076</u>
Risk-weighted assets		
On and off balance sheet items	1 827 363	1 580 617
Market risk	<u>19 104</u>	<u>10 605</u>
Total risk-weighted assets	<u>1 846 466</u>	<u>1 591 222</u>
Indices (in %)		
Tier 1 CAD	11.26	11.15
Total CAD	16.24	13.16

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 amount</u>		<u>Fair value</u>	
	2007	2006	2007	2006
Financial assets				
Loans and advances to banks	495 814	444 353	495 814	444 353
Loans and advances to customers	2 213 854	1 859 556	2 206 529	1 741 826
Investment securities held-to-maturity	3 279	34 254	3 113	33 961
Financial liabilities				
Deposits from banks	213 661	95 954	213 661	95 954
Deposits from customers	2 182 104	1 938 865	2 092 619	1 943 973
Debt securities in issue	278 040	253 736	278 040	253 736



6. Business segments

The Group operates in Greece and is organized into the following business segments:

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

At 31 December 2007

(In thousands of Euro)

	<u>Corporate</u>	<u>Brokerage</u>	<u>Retail</u>	<u>Total</u>
Operating revenue	22 481	9 531	65 285	97 297
Profit before income tax	7 668	1 848	6 170	15 686
Profit for the period	3 450	831	2 865	7 146
Total assets	363 057	32 781	2 548 605	2 944 443
Total liabilities	118 949	33 481	2 567 351	2 719 781
Capital expenditure	7 108	81	28 952	36 141
Depreciation	4 261	178	5 248	9 687
Impairment loss	1 482	8	1 954	3 444

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



ASPIS BANK A.E.
Notes to the consolidated financial statements

7. Net interest income	2007	2006
<i>(In thousands of Euro)</i>		
Interest income		
Loans and advances	126 520	104 320
Money market deals	16 603	12 263
Debt instruments	3 017	989
Trading instruments	271	151
Interest expense	<u>146 411</u>	<u>117 723</u>
Deposits from banks and customers	(76 022)	(54 813)
Borrowed funds	(14 522)	(9 102)
	<u>(90 544)</u>	<u>(63 915)</u>
Net interest income	<u>55 867</u>	<u>53 808</u>
8. Fee and commission income	2007	2006
<i>(In thousands of Euro)</i>		
Loans and letters of guarantees	13 131	11 124
Management and custodian fees	4 437	3 712
Brokerage transactions	4 016	4 363
Transfers and similar	1 974	1 443
Imports-exports	1 254	1 388
Credit cards	1 671	1 385
Deposits	500	604
Property	302	786
Other	2 067	2 165
	<u>29 352</u>	<u>26 970</u>
9. Net trading income	2007	2006
<i>(In thousands of Euro)</i>		
Foreign exchange	1 159	1 222
Equity instruments	(1)	(87)
Debt instruments	-	143
Derivatives	1 222	930
	<u>2 380</u>	<u>2 208</u>



ASPIS BANK A.E.
Notes to the consolidated financial statements

10. Other operating income	2007	2006
<i>(In thousands of Euro)</i>		
Dividend income	46	49
Services rendered	10 110	7 895
	10 156	7 944

11. Personnel expenses	2007	2006
<i>(In thousands of Euro)</i>		
Wages and salaries	26 232	23 612
Social security costs	7 222	6 051
Defined contribution plans	2 672	2 865
Defined benefit plan	536	1 235
	36 662	33 763

The average number of persons employed by the Group during 2007 was 1 037 (2006: 1 008).

12. Operating expenses	2007	2006
<i>(In thousands of Euro)</i>		
Operating lease rentals	6 813	6 929
Lawyers, engineers and other professionals	6 617	5 957
Utilities postage and similar charges	2 227	1 714
Other taxes	2 545	1 977
Contributions	2 347	2 312
Other	11 269	8 270
	31 818	27 159

13. Income tax expense	2007	2006
<i>(In thousands of Euro)</i>		
Current year	395	1 635
Reserves	5 178	-
Prior year taxes	(92)	-
Offset losses prior years	-	837
Deferred tax	3 059	3 467
Total income tax expense	8 540	5 939



Reconciliation of effective tax rate

(In thousands of Euro)

		2007		2006
Profit before tax		15 686		18 330
Income tax at rate	25%	3 922	29%	5 316
Non-deductible expenses	3%	472	4%	460
Tax exempt revenues	-	(4)	-	(57)
Reserves	-	-	4%	837
Prior year taxes	33%	5 178	-	-
Offset losses prior years	-	(92)	-	-
Other differences	(6%)	(936)	(5%)	(617)
		55%		32%
		8 540		5 939

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	2005 – 2007
Aspis Leasing	2006 – 2007
Aspis A.E. Insurance Brokerage	2003 – 2007
Aspis International AEDAK	2006 – 2007
Aspis Credit	2006 – 2007

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.

14. Earnings per share

Basic and diluted earnings per share at 31 December 2007 are calculated based on profit after tax for the years attributable to the equity holders of EUR 7 146 thousand (2006: EUR 12 391 thousand) with a weighted average number of ordinary shares outstanding, during the year ended 31 December 2007 of 63 487 261 (2006: 50 051 068). The increase in the weighted average number is due to the increase of share capital by the end of 2006.

15. Cash and cash equivalents

(In thousands of Euro)

	2007	2006
Cash in hand	25 837	23 032
Placements with Central Bank	67 284	51 188
	93 121	74 220



ASPIS BANK A.E.
Notes to the consolidated financial statements

16. Trading securities	2007	2006
<i>(In thousands of Euro)</i>		
Debt securities	6 843	1 184
Equities	4 301	2 764
	11 144	3 948

17. Derivative assets/liabilities
(In thousands of Euro)

	2007		2006	
	<u>Fair Value</u>		<u>Fair Value</u>	
	Assets	Liabilities	Assets	Liabilities
Forward contracts – currency	-	-	(4)	-
Futures – bonds	13	-	-	3
Interest rate swaps	-	-	57	-
	13	-	53	3

18. Loans and advances to banks	2007	2006
<i>(In thousands of Euro)</i>		
Current accounts	33 677	34 793
Money market placements	461 893	406 823
Items in course of collection	244	2 737
	495 814	444 353



ASPIS BANK A.E.
Notes to the consolidated financial statements

19. Loans and advances to customers	2007	2006
<i>(In thousands of Euro)</i>		
Retail customers:		
Housing	1 108 158	991 093
Credit cards	44 402	36 349
Consumer loans	<u>66 432</u>	<u>56 887</u>
	<u>1 218 992</u>	<u>1 084 329</u>
Corporate customers:		
Corporate loans	742 652	612 573
Corporate bonds	102 045	46 700
Shipping	57 955	25 961
Finance leases	101 903	98 222
Other	<u>419</u>	<u>200</u>
	<u>1 004 974</u>	<u>783 656</u>
Amounts due from brokerage transactions	<u>28 795</u>	<u>27 467</u>
	2 252 761	1 895 452
Impairment loan loss	<u>(38 907)</u>	<u>(35 896)</u>
Loans and advances to customers net of impairment	<u>2 213 854</u>	<u>1 859 556</u>

Financial leases are analysed by maturity as follows:

	2007	2006
<i>(In thousands of Euro)</i>		
Up to one year	9 056	9 407
One to five years	83 683	78 057
Over five years	<u>26 789</u>	<u>30 921</u>
	119 528	118 385
Less: Deferred income	<u>(17 625)</u>	<u>(20 163)</u>
Total	<u>101 903</u>	<u>98 222</u>

The net amount of receivables from financial leasing during the year is analyzed as follows:

	2007	2006
<i>(In thousands of Euro)</i>		
Up to one year	3 693	3 953
One to five years	74 008	67 655
Over five years	<u>24 202</u>	<u>26 614</u>
Total	<u>101 903</u>	<u>98 222</u>



ASPIS BANK A.E.
Notes to the consolidated financial statements

	2007	2006
Impairment loss		
<i>(In thousands of Euro)</i>		
Balance 1 January	35 896	42 814
Impairment loss	3 444	2 726
Write-offs	(433)	(9 644)
31 December	38 907	35 896
20. Available-for-sale investments	2007	2006
<i>(In thousands of Euro)</i>		
Mutual fund units	10 740	10 527
Listed equity securities	9 041	11 819
Other debt securities	56	49
Other non-listed equity securities	846	93
	20 683	22 488
21. Held-to-maturity securities	2007	2006
<i>(In thousands of Euro)</i>		
Greek government bonds	3 279	18 914
Non Greek government bonds	-	15 340
	3 279	34 254



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 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>
Balance at 1 January 2007	6 985	25 874	33 237	66 096
Acquisitions	-	954	26 511	27 465
Write-offs	<u>-</u>	<u>(31)</u>	<u>(1 325)</u>	<u>(1 356)</u>
Balance at 31 December 2007	<u>6 985</u>	<u>26 797</u>	<u>58 423</u>	<u>92 205</u>
Depreciation				
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>
Balance at 1 January 2007	756	11 905	21 433	34 094
Depreciation charge for the year	139	2 041	3 862	6 042
Write-offs	<u>-</u>	<u>(12)</u>	<u>(1 091)</u>	<u>(1 103)</u>
Balance at 31 December 2007	<u>895</u>	<u>13 934</u>	<u>24 204</u>	<u>39 033</u>
Carrying amounts				
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>
Balance at 1 January 2007	<u>6 229</u>	<u>13 969</u>	<u>11 804</u>	<u>32 002</u>
Balance at 31 December 2007	<u>6 090</u>	<u>12 863</u>	<u>34 219</u>	<u>53 172</u>



23. Intangible assets

(In thousands of Euro)

Cost	Purchased software
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	<u>7 237</u>
Balance at 1 January 2007	7 237
Acquisitions	8 676
Disposals/ other movements	<u>(772)</u>
Balance at 31 December 2007	<u>15 141</u>
Amortisation	
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	<u>3 048</u>
Balance 1 January 2007	3 048
Amortisation for the year	3 645
Disposals	<u>(772)</u>
Balance at 31 December 2007	<u>5 921</u>
Carrying amounts	
Balance at 1 January 2006	<u>3 976</u>
Balance at 31 December 2006	<u>4 189</u>
Balance at 1 January 2007	<u>4 189</u>
Balance at 31 December 2007	<u>9 220</u>



24. Deferred tax asset/(liability)

(In thousands of Euro)

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

	2007	2006
Deferred tax asset		
Finance lease	909	512
Customer loans impairment	1 816	2 262
Employee benefits	895	777
Commission income	817	890
Tax loss	<u>1 354</u>	<u>422</u>
	<u>5 791</u>	<u>4 863</u>
Deferred tax liability:		
Finance lease	(1 402)	(754)
Property and equipment	(4 923)	(2 264)
Commission expense	(6)	(19)
Loans	(658)	-
Other	<u>(1)</u>	<u>34</u>
	<u>6 990</u>	<u>(3 003)</u>
Net deferred tax asset/(liability)	<u>(1 199)</u>	<u>1 860</u>

Movement in temporary differences during the year

(In thousands of Euro)

2007	Opening balance	Recognized in profit or loss	Closing balance
Customer loans impairment	2 262	(446)	1 816
Employee benefits	777	118	895
Commission income	890	(73)	817
Finance lease	(242)	(253)	(495)
Property and equipment	(2 264)	(2 659)	(4 923)
Commission expense	(19)	13	(6)
Tax loss	422	932	1 354
Loans	-	(658)	(658)
Other	34	(33)	1
	<u>1 860</u>	<u>(3 059)</u>	<u>(1 199)</u>



ASPIS BANK A.E.
Notes to the consolidated financial statements

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
	5 327	(3 467)	1 860

25. Other assets	2007	2006
<i>(In thousands of Euro)</i>		
Guarantees and participations to other funds	7 732	8 369
Advances	1 656	13 519
Receivables from Greek State and other public organizations	4 818	2 280
Accrued interest income	9 471	6 054
Other receivables	20 466	5 135
	44 143	35 357

26. Deposits from customers	2007	2006
<i>(In thousands of Euro)</i>		
On demand and current accounts	355 543	200 432
Savings accounts	229 766	320 008
Term deposits	1 596 795	1 418 425
	2 182 104	1 938 865

27. Debt securities in issue	2007	2006
<i>(In thousands of Euro)</i>		
Subordinated loans	100 250	50 000
Securitized loans	148 563	174 151
Other bonds	29 928	29 928
Direct costs	(701)	(343)
	278 040	253 736



Subordinated loans are analyzed as follows:

- (1) Aspis Jersey plc - Issue. Month of issue April 2007, recall date April 2012, maturity April 2017. Interest rate is euribor 3 month plus 1.24% spread which is measured by 1.30% if recalled. Amount issued is EUR 50 250 thousand.
- (2) Aspis Finance plc. – Issue. Month of issue February 2005, recall Date February 2010, Maturity February 2015. Interest rate is euribor 3 month plus 1.35% spread which if recalled increases by 1.30%. Amount issued EUR 50 000 thousand.

All amounts shown above are depicted at amortized cost. Direct costs are amortized to the income statement based on the effective rate.

28. Other liabilities	2007	2006
<i>(In thousands of Euro)</i>		
Tax other than tax income and duties	2 021	1 931
Amounts and cheques payable	1 704	8 331
Accrued interest expense	12 377	4 798
Other liabilities	24 487	20 473
	40 589	35 533

29. Employee benefits

Employee benefits consist of:

(In thousands of Euro)

	2007	2006
Recognized liability for defined benefit obligations	3 604	3 128
Vacation taken	50	50
	3 654	3 178

Defined benefit obligations

(In thousands of Euro)

	2007	2006
Present value of unfunded obligations	4 024	3 553
Unrecognised actuarial gains and losses	(420)	(425)
Recognized liability for defined benefit obligations	3 604	3 128



Movement in the liability for defined benefit obligations

(In thousands of Euro)

	2007	2006
Liability for defined benefit obligations at 1 January	3 128	2 302
Expense recognized in profit or loss	536	1 235
Benefits paid	(60)	(409)
	<u>3 604</u>	<u>3 128</u>

Expense recognized in profit or loss

(In thousands of Euro)

	2007	2006
Current service costs	382	511
Interest on obligation	150	153
Amortization of actuarial loss	4	41
Past service cost	—	530
	<u>536</u>	<u>1 235</u>

Actuarial assumptions

	2007	2006
Discount rate	4.3%	4.3%
Future salary increases	5.0%	5.0%

30. Share Capital

At 31 December 2007, the share capital comprised 64 064 054 ordinary shares with a par value of EUR 2.71 per share, after the share capital increase by EUR 1 585 thousand.

31. Reserves

(In thousands of Euro)

	2007	2006
Statutory reserve	499	-
Untaxed reserve	2 833	1 247
Available-for-sale reserve	(3 959)	(1 393)
Other reserves	4 523	57
	<u>3 896</u>	<u>(89)</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.

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.

Available-for-sale reserve: This 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.

In case tax free reserves are distributed a tax of EUR 708 thousand will be paid.

32. Related-party transactions

The Group 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.

(In thousands of Euro)

(a) Transactions with key management personnel

	2007	2006
Loans and advances to customers	15 933	7 645
Amounts due to customers	11 151	13 524
Other liabilities	57	92
Income		
Net interest income	266	(90)
Net commission income	64	74
Expenses		
Staff costs	4 012	3 510
Other expenses	342	46

(b) Transactions with other parties

	2007	2006
Loans and advances to customers	18 071	18 020
Other assets	467	729
Amounts due from customers	47 879	95 500
Other liabilities	313	630
Income		
Net interest income	(528)	(1 160)
Net commission income	669	803
Expenses		
Other operating expenses	3 377	4 049



33. Contingent liabilities and commitments

33.1 Litigation

The Group 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 Group.

33.2 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):

	2007	2006
Letters of guarantee	210 182	214 809
Letters of credit	10 118	23 517

33.3 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):

	2007	2006
Up to 1 year	6 564	6 845
From 1 to 5 years	17 039	18 993
Over 5 years	6 767	7 865

Independent Auditors' Report
(Translated from the original in Greek)

To the Shareholders of ASPIS BANK A.E.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of ASPIS BANK A.E. (the "Bank") which comprise the balance sheet as at 31 December 2007, and the 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 the 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 misstatement, 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 harmonized with 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 Consolidated Financial Statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements give a true and fair view, of the consolidated financial position of the Bank as of 31 December 2007, and of its consolidated financial performance and its consolidated 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 and its subsidiaries have not 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 Board of Director's report is consistent with the Consolidated Financial Statements.

Athens, 19 March 2008

KPMG Certified Auditors AE

Nick Vouniseas
Certified Auditor Accountant
AM SOEL 18701