



**Condensed Interim Financial Statements  
for the Half Year ending**

**30 JUNE  
2006**

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**UNQUALIFIED REVIEW REPORT – MATTER OF EMPHASIS  
To the shareholders of “MARFIN FINANCIAL GROUP S.A.”**

We have reviewed the accompanying interim financial statements as well as the consolidated financial statements of the Societe Anonyme MARFIN FINANCIAL GROUP A.E., as of and for the six-month period ended 30 June 2006. These interim financial statements are the responsibility of the Company's management. We conducted our review in accordance with the International Standard on Review Engagements as required by the Greek Standards on auditing. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view in accordance with the International Financial Reporting Standards that have been adopted by the European Union.

Without qualifying our opinion as far as the review conclusions are concerned, we draw attention to note no. 5 of the financial statements, concerning the fact that income tax returns of the parent company and its subsidiaries for periods covering from one up to six financial years have not been inspected by tax authorities and consequently it is possible that additional taxes and penalties be imposed when those tax returns are inspected and finalised. The outcome of the tax inspection cannot be reliably estimated at this stage and therefore no relevant provision has been recognised in the financial statements.

Athens, 30 August 2006  
Sotiris A. Konstantinou  
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**Consolidated Income Statement for the Period**

Amounts in Euro '000	Note	6 month period up to		3 months from 1st of April up to	
		30th June 2006	30th June 2005	30th June 2006	30th June 2005
<b>Turnover</b>					
Interest and similar Income		81.555	16.880	66.387	8.921
Interest and similar expenses		(44.528)	(11.566)	(35.221)	(5.995)
<b>Net interest income</b>		<b>37.027</b>	<b>5.314</b>	<b>31.166</b>	<b>2.926</b>
Fee and commission income		60.007	13.847	34.169	8.642
Fee and commission expense	2.2.2	(12.909)	(3.883)	(7.703)	(1.928)
<b>Net fee and commission income</b>		<b>47.098</b>	<b>9.964</b>	<b>26.466</b>	<b>6.714</b>
Dividend income		3.974	6.090	3.337	657
Net trading income		35.211	14.936	13.236	10.020
Other operating income		1.158	485	983	304
<b>Net operating income</b>		<b>40.343</b>	<b>21.511</b>	<b>17.556</b>	<b>10.981</b>
		<b>124.468</b>	<b>36.789</b>	<b>75.188</b>	<b>20.621</b>
Staff costs		(28.954)	(7.930)	(23.331)	(4.330)
General operating expenses		(14.223)	(4.722)	(11.033)	(2.553)
Write-off of goodwill			(86)		(86)
Depreciation		(2.349)	(546)	(2.042)	(269)
Provisions		(5.879)	(526)	(4.966)	(381)
<b>Total operating expenses</b>		<b>(51.405)</b>	<b>(13.810)</b>	<b>(41.372)</b>	<b>(7.619)</b>
Profits / (losses) from investments in associates		767	624	(119)	697
<b>Profit before tax</b>		<b>73.830</b>	<b>23.603</b>	<b>33.697</b>	<b>13.699</b>
Less: Income tax		(14.537)	(5.619)	(7.585)	(3.225)
<b>Profit after tax</b>		<b>59.293</b>	<b>17.984</b>	<b>26.112</b>	<b>10.474</b>
<b>Attributable to:</b>					
Shareholders of Parent Company		52.676	16.374	21.535	9.626
Minority interest		6.617	1.610	4.577	848
		<b>59.293</b>	<b>17.984</b>	<b>26.112</b>	<b>10.474</b>
<b>Earnings per share</b>					
- Basic		1,033	0,655	0,422	0,385
- Diluted		0,995	0,629	0,407	0,359

The accompanying notes form an integral part of the financial statements

**Consolidated Balance Sheet**

<i>Amounts in Euro '000</i>	<b>30th June 2006</b>	<b>31st December 2005</b>
<b>ASSETS</b>		
Cash and balances with Central Bank	213.551	41.301
Loans and advances to other financial institutions	791.219	343.519
Trading portfolio and other financial instruments at fair value through Profit & Loss	327.067	410.744
Derivative financial instruments - assets	3.411	188
Loans and advances to customers (net of provisions)	3.203.892	490.067
Investment portfolio	532.218	170.043
Investment in associates	110.972	17.736
Property investment	6.802	6.802
Property, plant and equipment	71.592	18.927
Goodwill and other intangible assets	203.264	56.253
Deferred tax asset	12.947	4.904
Other assets	157.911	73.480
<b>Total assets</b>	<b>5.634.846</b>	<b>1.633.964</b>
<b>EQUITY AND LIABILITIES</b>		
Due to other financial institutions	207.176	134.522
Due to customers	4.046.709	746.126
Derivative financial instruments - liabilities	3.425	1.873
Debt securities in issue	361.514	26.442
Retirement benefit obligations	10.054	770
Deferred tax liability	4.968	3.702
Dividends payable	5.910	148
Other liabilities	179.296	57.916
<b>Total liabilities</b>	<b>4.819.052</b>	<b>971.499</b>
<b>Shareholders equity</b>		
Share capital	402.327	421.194
Share premium	186.208	186.192
Revaluation reserve	(10)	250
Other reserves	4.459	8.797
Retained earnings	50.811	12.970
<i>Total equity</i>	<b>643.795</b>	<b>629.403</b>
Minority rights	171.999	33.062
<b>Total equity</b>	<b>815.794</b>	<b>662.465</b>
<b>Total liabilities and equity</b>	<b>5.634.846</b>	<b>1.633.964</b>

*The accompanying notes form an integral part of the financial statements*

**Consolidated Statement of Changes in Equity for the Period Ending 31<sup>st</sup> March 2006**

	Attributable to the shareholders of the Parent Company						Total	Minority interest	Total
	Share capital	Share premium	Revaluation reserve	Other reserves	Translation reserve	Retained earnings			
<i>Amounts in Euro '000</i>									
<b>Opening balance as at 1<sup>st</sup> January 2005</b>	<b>217.750</b>	<b>393</b>	<b>(500)</b>	<b>15.790</b>	<b>(11)</b>	<b>(14.491)</b>	<b>218.931</b>	<b>30.917</b>	<b>249.848</b>
Net profit / (loss) directly recognised in equity as mentioned in the consolidated statement of recognised income and expense for the period			2.282	0	6	16.374	2.288	1.610	2.288
Net result for the period 01/01-30/06/2005						16.374	16.374	1.610	17.984
<b>Total profit for the year recognised</b>	<b>0</b>	<b>0</b>	<b>2.282</b>	<b>0</b>	<b>6</b>	<b>16.374</b>	<b>18.662</b>	<b>1.610</b>	<b>20.272</b>
Dividends from the preceding financial year				(6.989)		(1.761)	(8.750)		(8.750)
Share capital return to shareholders	(11.250)						(11.250)		(11.250)
Acquisitions and changes in shareholdings in subsidiaries								(366)	(366)
Stock options granted to company employees		77					77		77
	(11.250)	77		(6.989)	0	(1.761)	(19.923)	(366)	(20.289)
<b>Equity balance as at 30<sup>th</sup> June 2005</b>	<b>206.500</b>	<b>470</b>	<b>1.782</b>	<b>8.801</b>	<b>(5)</b>	<b>122</b>	<b>217.670</b>	<b>32.161</b>	<b>249.831</b>

	Attributable to the shareholders of the Parent Company						Total	Minority interest	Total
	Share capital	Share premium	Revaluation reserve	Other reserves	Translation reserve	Retained earnings			
<i>Amounts in Euro '000</i>									
<b>Equity balance as at 1st January 2006</b>	<b>421.194</b>	<b>186.192</b>	<b>250</b>	<b>8.801</b>	<b>(4)</b>	<b>12.970</b>	<b>629.403</b>	<b>33.062</b>	<b>662.465</b>
Net profit / (loss) directly recognised in equity as mentioned in the consolidated statement of recognised income and expense for the period			(260)		(61)		(321)	0	(321)
Net result for the period 01/01/2006 - 30/06/2006						52.676	52.676	6.617	59.293
<b>Total profit / (loss) recognised for the period</b>	<b>0</b>	<b>0</b>	<b>(260)</b>	<b>0</b>	<b>(61)</b>	<b>52.676</b>	<b>52.355</b>	<b>6.617</b>	<b>58.972</b>
Dividends from preceding financial year						(7.500)	(7.500)		(7.500)
Share capital return to shareholders	(18.867)						(18.867)		(18.867)
Distribution of reserves of preceding financial years				(3.590)		1.041	(2.549)		(2.549)
Transfer between reserves and retained earnings				761		(761)			0
Consolidation of subsidiary				(1.448)		(7.615)	(9.063)		(9.063)
Acquisitions and changes in shareholdings in subsidiaries							0	132.320	132.320
Stock options granted to company employees		46					46		46
Expenses from share capital increase from exercise of beneficiaries' stock options		(30)					(30)		(30)
	(18.867)	16	0	(4.277)	0	(14.835)	(37.963)	132.320	94.357
<b>Equity balance as at 30th June 2006</b>	<b>402.327</b>	<b>186.208</b>	<b>(10)</b>	<b>4.524</b>	<b>(65)</b>	<b>50.811</b>	<b>643.795</b>	<b>171.999</b>	<b>815.794</b>

The accompanying notes form an integral part of the financial statements

**Consolidated Statement of Recognised Income and Expense for the Period**

<i>Amounts in Euro '000</i>	<b>30th June 2006</b>	<b>30th June 2005</b>
- Available for sale investments:		
Valuation gains / (losses) taken to equity	(445)	3.094
Tax on items taken directly to or transferred from equity	185	(812)
- Exchange differences on translation of foreign operations	(61)	6
<b>Net income recognised directly in equity</b>	<b>(321)</b>	<b>2.288</b>
<b>Profit for the period</b>	<b>59.293</b>	<b>17.984</b>
<b>Total recognised income and expense for the period</b>	<b>58.972</b>	<b>20.272</b>
Attributable to:		
Shareholders of the Parent	52.355	18.662
Minority interest	6.617	1.610
	<b>58.972</b>	<b>20.272</b>

*The accompanying notes form an integral part of the financial statements*

**Consolidated Cash Flow Statement for the Period**

<i>Amounts in Euro '000</i>	<b>30th June 2006</b>	<b>30th June 2005</b>
<b><u>Cash flows from operating activities</u></b>		
Profits before tax	<b>73.831</b>	<b>23.603</b>
<i>Adjustments for:</i>		
Depreciation	2.349	546
Share of profit / loss from measurement of financial assets at fair value through Profit & Loss	(22.602)	(11.109)
Share on profit / loss from associates	(767)	(624)
Write-off of goodwill from subsidiaries		86
Provision for employee benefit plan	405	81
Employee benefits in the form of stock options	47	78
Provisions on loans & other investments	5.879	526
Profit / loss from disposal of fixed assets	12	(3)
<i>Cash flows from operating activities before changes in working capital</i>	<i>59.154</i>	<i>13.184</i>
<b><u>Changes in working capital</u></b>		
Trading portfolio	151.450	(27.661)
Loans and advances to financial institutions	(810)	
Loans and advances to customers	(240.244)	(82.151)
Other assets	(37.100)	2.146
Due to financial institutions	49.628	(5.043)
Due to customers	515.424	51.973
Other liabilities	54.033	23.098
<i>Cash flows from operating activities before payment of income</i>	<i>551.535</i>	<i>(24.454)</i>
Income tax paid	(8.879)	(1.291)
<b>Net cash flows from operating activities</b>	<b>542.656</b>	<b>(25.745)</b>
<b><u>Investing activities</u></b>		
Portfolios available for sale and held to maturity	(275.021)	(9.797)
Acquisition of financial assets at fair value through Profit & Loss	(52.115)	
Purchase of fixed assets	(1.868)	(339)
Investments in subsidiaries and associates	381.169	(6.448)
Other investments	(5.510)	
Proceeds from a.f.s. portfolio	38.900	3.829
Proceeds from sale of financial assets a.f.s.	859	
Proceeds from sale of property, plant and equipment	38	6
<b>Net cash flow from investing activities</b>	<b>86.452</b>	<b>(12.749)</b>
<b><u>Financing activities</u></b>		
Issuance of common shares		
Acquisition of treasury shares		
Dividends and other payments to the shareholders of the Parent	(21.283)	(19.988)
Dividends to third parties	(2.786)	
Interest on borrowings		
<b>Net cash flow from financing activities</b>	<b>(24.069)</b>	<b>(19.988)</b>
FX translation differences in cash and cash equivalents	190	
<b>Net increase / decrease in cash and cash equivalents</b>	<b>605.229</b>	<b>(58.482)</b>
Cash and cash equivalents at the beginning of the period	351.446	121.700
<b>Cash and cash equivalents at the end of the period</b>	<b>956.675</b>	<b>63.218</b>

*The accompanying notes form an integral part of the financial statements*



**Income Statement for the Period (Parent Company)**

	6 month period up to		3 months from 1st of April up to	
	30th June 2006	30th June 2005	30th June 2006	30th June 2005
<i>Amounts in Euro '000</i>				
Income from dividends and other non-fixed income securities	11.404	10.491	10.786	244
Profit / (loss) from sale of financial assets	1.784	1.126	415	881
Profit / (loss) from financial assets through profit and loss	388	9.926	(295)	9.672
Other income	2.273	1.164	1.336	217
<b>Total income</b>	<b>15.849</b>	<b>22.707</b>	<b>12.242</b>	<b>11.014</b>
Staff remuneration and other expenses	(374)	(349)	(199)	(218)
Depreciation	(54)	(75)	(27)	(37)
Other operating expenses	(1.029)	(991)	(562)	(738)
Financial expenses	(2.089)	(1.405)	(956)	(710)
<b>Total operating expenses</b>	<b>(3.546)</b>	<b>(2.820)</b>	<b>(1.744)</b>	<b>(1.703)</b>
<b>Profit before tax</b>	<b>12.303</b>	<b>19.887</b>	<b>10.498</b>	<b>9.311</b>
Income tax	(2.005)	(4.353)	(1.548)	(2.691)
<b>Profit after tax</b>	<b>10.298</b>	<b>15.534</b>	<b>8.950</b>	<b>6.620</b>

*The accompanying notes form an integral part of the financial statements*

**Balance Sheet (Parent Company)**

<i>Amounts in Euro '000</i>	<b>Note</b>	<b>30th June 2006</b>	<b>31st December 2005</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		684	737
Intangible assets			1
Investments in subsidiaries	2.2.1	650.562	266.814
Investments in associates		172.122	13.694
Deferred tax assets		2.871	3.576
Available for sale portfolio		114.403	19.070
Other non-current assets		9.438	9.436
		<b>950.080</b>	<b>313.328</b>
<b>Current assets</b>			
Customer deposits and other receivables		13.800	36.187
Trading portfolio and other financial assets at fair value through profit and loss		63.258	92.630
Derivative financial instruments			87
Cash and cash equivalents		18.478	411.145
		<b>95.536</b>	<b>540.049</b>
<b>Total assets</b>		<b>1.045.616</b>	<b>853.377</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributed to the shareholders</b>			
Share capital		402.327	421.194
Share premium		183.699	183.683
Revaluation reserve		169.747	86.297
Other reserves		3.696	6.916
Retained earnings		24.887	21.418
<b>Total shareholders equity</b>		<b>784.356</b>	<b>719.508</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Bond loans		9.873	41.949
Deferred tax liabilities		57.461	30.354
Employee benefit obligations		31	27
Other long-term liabilities		314	314
Total long-term liabilities		67.679	72.644
<b>Short-term liabilities</b>			
Convertible bond loan		32.262	
Suppliers and other liabilities		33.802	11.599
Short-term liabilities to financial institutions		120.000	42.880
Dividends payable		287	148
Current tax liabilities		6.831	5.131
Derivative financial instruments		399	1.467
Total short-term liabilities		193.581	61.225
<b>Total liabilities</b>		<b>261.260</b>	<b>133.869</b>
<b>Total shareholders equity and liabilities</b>		<b>1.045.616</b>	<b>853.377</b>

*The accompanying notes form an integral part of the financial statements*

**Statement of Changes in Equity for the three-month period ending 31<sup>st</sup> March 2006 (Parent Company)**

Amounts in Euro '000

	Share Capital	Share Premium	Reval. Reserve	Other Reserves	Retained Earnings	Total
<b>Opening balance on 1st January 2005, as initially published</b>	217.750	393	(1.855)	13.904	2.738	<b>232.930</b>
Readjustments of previous financial year due to change in accounting policy						<b>0</b>
Gains from revaluation of subsidiaries and associates at fair value			38.291			<b>38.291</b>
Less: Tax			(9.572)			<b>(9.572)</b>
<b>Readjusted balance as at 1st January 2005</b>	<b>217.750</b>	<b>393</b>	<b>26.864</b>	<b>13.904</b>	<b>2.738</b>	<b>261.649</b>
Change in equity for the period 01/01-31/12/2005:						
Net profit / (loss) directly recognised in equity as mentioned in the statement of recognised income and expense for the period			28.760			<b>28.760</b>
Profit for the period 01/01-30/06/2006					15.534	<b>15.534</b>
<b>Total profit for the period recognised</b>	<b>0</b>	<b>0</b>	<b>28.760</b>	<b>0</b>	<b>15.534</b>	<b>44.294</b>
Dividend from the financial year 2004				(6.989)	(1.761)	<b>(8.750)</b>
Stock options granted to company employees		77				<b>77</b>
Share capital return with decrease in nominal share value	(11.250)					<b>(11.250)</b>
	<b>(11.250)</b>	<b>77</b>	<b>0</b>	<b>(6.989)</b>	<b>(1.761)</b>	<b>(19.923)</b>
<b>Equity balance as at 30th June 2005</b>	<b>206.500</b>	<b>470</b>	<b>55.624</b>	<b>6.915</b>	<b>16.511</b>	<b>286.020</b>

Amounts in Euro '000

	Share Capital	Share Premium	Reval. Reserve	Other Reserves	Retained Earnings	Total
<b>Opening balance on 1st January 2006, as initially published</b>	421.194	183.683	991	6.916	21.418	<b>634.202</b>
Readjustments of previous financial year due to change in accounting policy						<b>0</b>
Gains from revaluation of subsidiaries and associates at fair value			113.741			<b>113.741</b>
Less: Tax			(28.435)			<b>(28.435)</b>
<b>Readjusted balance as at 1st January 2006</b>	<b>421.194</b>	<b>183.683</b>	<b>86.297</b>	<b>6.916</b>	<b>21.418</b>	<b>719.508</b>
Change in equity for the period 01/01-31/12/2005:						
Net profit / (loss) directly recognised in equity as mentioned in the statement of recognised income and expense for the period	0	0	83.450	0	0	<b>83.450</b>
Profit for the period 01/01-30/06/2006					10.298	<b>10.298</b>
<b>Total profit for the period recognised</b>	<b>0</b>	<b>0</b>	<b>83.450</b>	<b>0</b>	<b>10.298</b>	<b>93.748</b>
Dividends from preceding financial year					(7.500)	<b>(7.500)</b>
Share capital return to shareholders	(18.867)					<b>(18.867)</b>
Transfer between reserves and retained earnings				370	(370)	<b>0</b>
Distribution of reserves from preceding years				(3.590)	1.041	<b>(2.549)</b>
Stock options granted to company employees	0	46				<b>46</b>
Expenses from share capital increase from beneficiaries' exercise of stock options	0	(30)				<b>(30)</b>
	<b>(18.867)</b>	<b>16</b>	<b>0</b>	<b>(3.220)</b>	<b>(6.829)</b>	<b>(28.900)</b>
<b>Equity balance as at 30th June 2006</b>	<b>402.327</b>	<b>183.699</b>	<b>169.747</b>	<b>3.696</b>	<b>24.887</b>	<b>784.356</b>

The accompanying notes form an integral part of the financial statements

**Statement of Recognised Income and Expense for the Period (Parent Company)**

<i>Amounts in Euro '000</i>	<b>30th June 2006</b>	<b>30th June 2005</b>
- Investment in subsidiaries and associates		
Valuation gains / (losses) taken to equity	110.429	34.890
Tax on items taken directly to equity	(27.487)	(8.730)
	<hr/> 82.942	<hr/> 26.160
- Investments available for sale		
Valuation gains / (losses) taken to equity	677	3.562
Tax on items taken directly to equity	(169)	(962)
	<hr/> 508	<hr/> 2.600
<b>Net income recognised directly in equity</b>	83.450	28.760
<b>Profit for the period</b>	<hr/> 10.298	<hr/> 15.534
<b>Total recognised income and expense for the period</b>	<hr/> <b>93.748</b>	<hr/> <b>44.294</b>
Effect of changes in accounting policy	<hr/> <b>85.306</b>	<hr/> <b>28.719</b>

*The accompanying notes form an integral part of the financial statements*

**Cash Flow Statement for the Period (Parent Company)**

<i>Amounts in Euro '000</i>	<b>30th June 2006</b>	<b>30th June 2005</b>
<b><u>Operating activities</u></b>		
<b>Profit for the period before tax</b>	<b>12.303</b>	<b>19.887</b>
<i>Adjustments in profits:</i>		
Depreciation	54	75
Accrued liabilities for personnel retirement	4	3
Employee benefits in the form of stock options	46	77
Provisions		
Profit / (loss) from disposal of tangible fixed assets		
Profit / (loss) from revaluation of financial assets at fair value	(5)	(10.610)
Interest income	(2.432)	(461)
Amortisation of grants		
Interest expense and similar charges	2.089	1.405
	<u>12.059</u>	<u>10.376</u>
<b><u>Changes in working capital</u></b>		
Increase / (decrease) in stocks		
Increase (decrease) in receivables	15.078	6.180
Increase / (decrease) in liabilities other than financial institutions	23.812	(3.431)
Net increase / (decrease) in trading portfolio	(12.130)	11.010
	<u>26.760</u>	<u>13.759</u>
<b>Cash flows from operating activities</b>	<b>38.819</b>	<b>24.135</b>
Less: Interest expense	(984)	(368)
Less: Tax expense	(2.708)	(1.037)
<b>Net cash flows from operating activities</b>	<b>35.127</b>	<b>22.730</b>
<b><u>Investing activities</u></b>		
Purchase of property, plant and equipment		(27)
Proceeds from sale of property, plant and equipment		
Acquisition of financial assets available for sale	(94.183)	
Acquisition of financial assets at fair value through Profit & Loss		(441)
Investments in associates	(101.944)	(244)
Investments in subsidiaries	(289.904)	(6.420)
Sale of financial assets of the available for sale portfolio	158	11
Interest received	2.242	356
<b>Net cash flows from investing activities</b>	<b>(483.631)</b>	<b>(6.765)</b>
<b><u>Financing activities</u></b>		
Issuance of common shares		
Acquisition of treasury shares		
Proceeds from loans	77.120	
Dividends and other payments made to the shareholders of the Parent	(21.283)	(19.987)
Repayments of loans	0	
<b>Net cash flows from financing activities</b>	<b>55.837</b>	<b>(19.987)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(392.667)</b>	<b>(4.022)</b>
Cash and cash equivalents at the beginning of the period	411.145	32.440
<b>Cash and cash equivalents at the end of the period</b>	<b>18.478</b>	<b>28.418</b>

*The accompanying notes form an integral part of the financial statements*

## 1. General Information on the Company

"MARFIN FINANCIAL GROUP HOLDINGS S.A." operates as societe anonyme holding company, according to the Greek Legislation and especially according to the provisions of C.L. 2190/1920 on societes anonymes, as it stands.

During the first six months of the financial year 2006 the Company, according to its investment plan, proceeded to agreements in the context of the consolidation in the mid-cap banking sector. The most significant investments, for the three months ending 31/03/2006, are described below briefly:

- Increase of stake in "EGNATIA BANK S.A." by 33,47% (an increase by 24,9% during the first 3 months of 2006 and a further increase of 8,57% during the second quarter) increasing the Company's overall stake to 43,31% of EGNATIA's share capital. The Company also increased its stake over EGNATIA's preferred shares by 3,98% from 1,90%, which it held on 31 March, to 5,88% on 30 June 2006.
- Agreement for the acquisition of 50,12% of the Estonian bank "AS SBM PANK".
- Acquisition of a 9,98% stake in "POPULAR BANK OF CYPRUS PUBLIC COMPANY LTD." as well as 9,98% of the bank's rights and a further increase, during the second quarter, by 0,28% reaching 10,26%.
- Acquisition of minority stake of 28,73% in its subsidiary INVESTMENT BANK OF GREECE S.A. and a further increase by 0,2% during the second quarter reaching 74,92%. Note that the Group's total shareholding (direct and indirect) in INVESTMENT BANK OF GREECE S.A. is 89,90%.

The Group, during the period in question, had 91 banking branches and occupied 2.089 people, whereas the Parent occupied 11 (*MARFIN GROUP's personnel includes the number of personnel of EGNATIA BANK's personnel as well*).

## 2. Notes to the Condensed Financial Statements

### 2.1 Presentation of Condensed Financial Statements

The condensed financial statements of the Group for the six-month period ending 30/06/2006 have been prepared based on IAS 34 "Interim Financial Reporting" and should be read in conjunction with the published annual financial statements for the financial year ending on the 31<sup>st</sup> of December 2005.

It should be noted that due to rounding, the actual sums and percentages presented in the Condensed Separate and Consolidated Financial Statements may not exactly be the same as those presented in the Notes to the Financial Statements for the period.

### 2.2 Basic Accounting Policies – Change of Accounting Policy

The condensed separate and consolidated financial statements for the half-year ending 30/06/2006 have been prepared based on the same accounting policies as those used by the Group in the preparation of the annual financial statements for the financial year 2005, except from the following:

### 2.2.1 Investments in Subsidiaries

For the period under consideration, the Company proceeded to a change in accounting policy on the valuation of investments in participations in its Separate Balance Sheet. Specifically, the Company decided to value its participations in subsidiaries at fair value, whereas in the preparation of the Separate Financial Statements of the previous financial year the investments in subsidiaries had been valued at cost.

In preparing its Separate financial statements for the financial year 2005, the Company valued its investments in subsidiaries at cost. According to the new accounting policy adopted by the Company, which conforms to IAS 27 "Consolidated and Separate Financial Statements", investments in subsidiaries are valued every quarter at fair value. Gains or losses from the revaluation of subsidiaries of the Company at fair value are recognised, in a similar manner to that of Financial Assets Available for Sale and according to IAS 39 par.55.B, directly in the revaluation reserve in equity until the assets are sold or impaired in which cases gains or losses are recognised in the Income Statement. Impairment losses which have been recognised in the Income Statement cannot be reversed through the Income Statement itself.

The relevant change in accounting policy was thought to be essential as it leads to more efficient and comprehensive financial statements and a clearer picture of the Company's financial position. With the new accounting policy that the Company is adopting, the Balance Sheet discloses the fair (true) value of its investments therefore providing, for each period, information relating to the change in the actual equity of the Company.

The Company applied the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in dealing with the aforementioned change in the accounting policy of asset valuation. The new accounting policy is applied in retrospect resulting in an adjustment of the revaluation reserve as of the 1<sup>st</sup> of January 2005. The adjustments made to the investments in subsidiaries and in the Company's equity are given analytically below for the period ending 30/06/2005, and the financial years ending 31/12/2004 and 31/12/2005.

*Amounts in Euro '000*

#### Balance Sheet

Investments in subsidiaries

	31 <sup>st</sup> December 2005	30 <sup>th</sup> June 2005	31 <sup>st</sup> December 2004
-As disclosed initially	153.073	153.073	146.653
-Effect from change in accounting principle	113.741	72.854	38.291
- Adjusted amount	<b>266.814</b>	<b>225.927</b>	<b>184.944</b>

#### Deferred tax liability

- As disclosed initially	1.919	4.214	198
- Effect from change in accounting principle	28.435	18.214	9.572
- Adjusted amount	<b>30.354</b>	<b>22.428</b>	<b>9.770</b>

The Company's Equity has been adjusted as follows:

Amounts in Euro '000

	31 <sup>st</sup> December 2005	30 <sup>th</sup> June 2005	31 <sup>st</sup> December 2004
<b>Equity</b>			
- Gains / (loss) from fair value	113.741	72.854	38.291
- Less deferred tax	(28.435)	(18.214)	(9.572)
- Total amount recognised in revaluation reserve	<b>85.306</b>	<b>54.640</b>	<b>28.719</b>

### 2.2.2 Change in Classification of Accounts in the Income Statement

In the Income Statement for the six-month period ending 30<sup>th</sup> June 2006 the account "Fee and Commission Expenses" include fees and commissions paid to personnel relating to securities transactions. The relevant expenses had been recognised, for the financial year 2005, in the account "Operating expenses". Due to the fact that the expenses are directly related to the relevant income from commissions it was considered essential that their disclosure should be made in deduction from net fee and commission income. In order for the Income Statements of the two periods to be absolutely comparable, the Group proceeded to a reclassification of the relevant accounts of the period under comparison ending 30<sup>th</sup> June 2005 as follows: The "Fee and commission expense" account for the period 01/01 – 30/06/2005 was increased by € 1.327 thous. whereas the "Operating expenses" account was decreased by the same amount and for the period 01/04 – 30/06/2005 the "Fee and commission expense" account was increased by € 639 thous. whereas the "Operating expenses" account was decreased by the same amount. It is noted that the aforementioned modification does not cause any changes whatsoever to the turnover and the total result figures for the period.

### 2.2.3 Business Segment Reporting

The Group, for its presentation during the financial year 2005, had classified its operations into 4 business segments:

1. Commercial Banking
2. Investment Banking
3. Treasury & Capital Markets
4. Securities Transactions

During the financial year 2006 the Group changed its classification of activities, so as to provide even more precise and analytical disclosure due to the entrance of the Group into Retail Banking through a majority stake in EGNATIA BANK S.A.

The new business segments are presented below:

1. Corporate & Investment Banking
2. Retail Banking
3. Wealth Management (Securities Transactions, Asset Management, Private Banking)



- 4. Treasury & Capital Markets
- 5. Holdings & Investments

Due to the aforementioned change in business segment reporting, information is provided in retrospect from 01/01/2005 so as to provide fully comparable financial information for the first half of 2006.

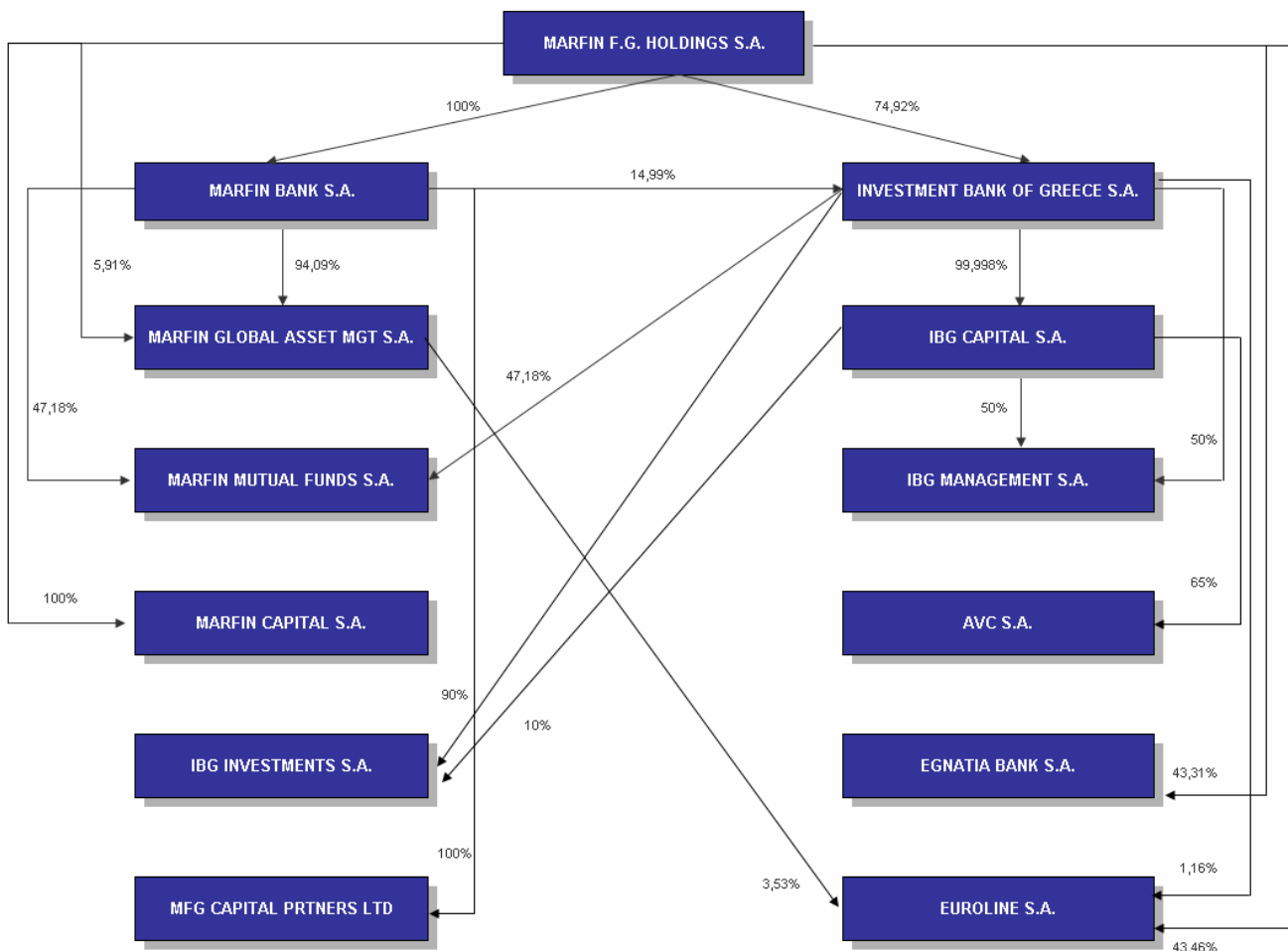
### 2.2.4 Accounting Estimates

The important assumptions made by the Group for the estimation of several accounting measurements alongside the uncertainty affecting these estimates are the same as those adopted during the preparation of the annual financial statements for the financial year ending 31 December 2005.

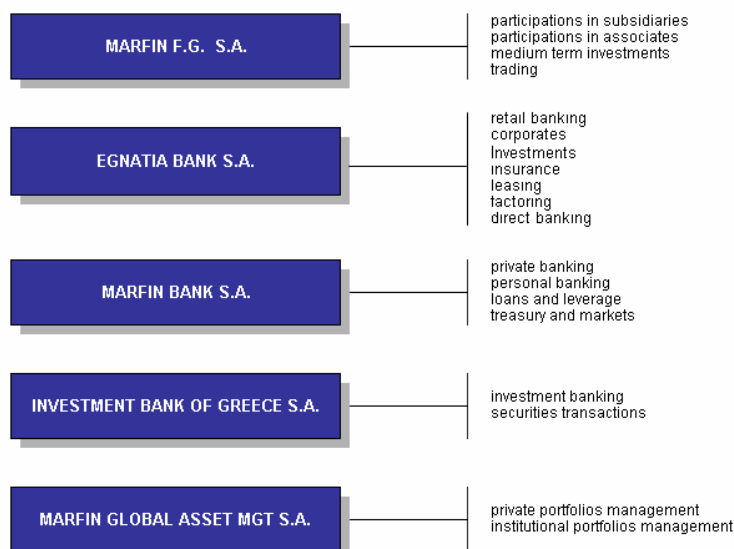
### 2.3 Statement of Recognised Income and Expense for the Period

For the half year of 2006, the Group is presenting, as a part of its financial statements, the "Statement of Recognised Income and Expense for the Period", according to IAS 1 "Presentation of Financial Statements". The specific statement aims to provide full disclosure regarding net income recognised during the period under consideration as far as the Group as well as the Company are concerned.

### 3. Group structure as at 30/06/2006



The most important subsidiaries of the Group operate in the following sectors



The following table presents the consolidated companies of MARFIN GROUP for the period ending 30/06/2006:

Company name	Head Office	Direct Shareholding %	Indirect Shareholding %	Total shareholding %	Consolidation method
<b>SUBSIDIARIES</b>					
MARFIN BANK S.A.	Greece	100,00%	0,00%	<b>100,00%</b>	Purchase Method
INVESTMENT BANK OF GREECE S.A.	Greece	74,92%	14,99%	<b>89,90%</b>	Purchase Method
MARFIN GLOBAL ASSET MANAGEMENT S.A.	Greece	5,91%	94,09%	<b>100,00%</b>	Purchase Method
MARFIN SECURITIES CYPRUS LTD.	Cyprus	2,86%	87,34%	<b>90,19%</b>	Purchase Method
MARFIN MUTUAL FUNDS S.A.	Greece	0,00%	89,60%	<b>89,60%</b>	Purchase Method
IBG CAPITAL S.A.	Greece	0,00%	89,90%	<b>89,90%</b>	Purchase Method
IBG MANAGEMENT S.A.	Greece	0,00%	89,90%	<b>89,90%</b>	Purchase Method
AVC S.A.	Greece	0,00%	58,44%	<b>58,44%</b>	Purchase Method
MARFIN CAPITAL S.A.	British Virgin Islands	100,00%	0,00%	<b>100,00%</b>	Purchase Method
IBG INVESTMENTS S.A.	British Virgin Islands	0,00%	89,90%	<b>89,90%</b>	Purchase Method
EGNATIA BANK S.A.*	Greece	43,31%	0,00%	<b>43,31%</b>	Purchase Method
MFG CAPITAL PARTNERS LTD	United Kingdom	0,00%	100,00%	<b>100,00%</b>	Purchase Method
EUROLINE S.A.	Greece	43,46%	4,57%	<b>48,03%</b>	Purchase Method
<b>ASSOCIATES</b>					
POPULAR BANK OF CYPRUS PUBLIC COMPANY LTD	Cyprus	10,26%	0,00%	<b>10,26%</b>	Equity Method
INTERINVEST INVESTMENT COMPANY S.A.	Greece	24,57%	4,41%	<b>28,99%</b>	Equity Method

\* The subsidiaries and associates of EGNATIA BANK S.A. are subsidiaries and associates of MARFIN FINANCIAL GROUP HOLDINGS S.A. as well. For reasons of simplification, the associates and subsidiaries of EGNATIA BANK S.A. which are also subsidiaries and associates of MARFIN GROUP are presented separately further down.

### Notes

**During the period in question MARFIN GROUP underwent the following changes:**

- 1) The company "IBG INVESTMENT SERVICES COMPANY S.A." is under liquidation.
- 2) From 29/03/2006, the time when MARFIN FINANCIAL GROUP HOLDINGS S.A. took control over the Group of EGNATIA BANK S.A., the Group in question was consolidated through the purchase method

- 3) In the first quarter of 2006 MARFIN FINANCIAL GROUP HOLDINGS S.A. acquired a minority stake of 28,73% in its subsidiary INVESTMENT BANK OF GREECE S.A. and during the second quarter acquired an additional 0,20% reaching, at the end of the half year, 74,92% directly and 89,90 indirectly.
- 4) On 31/03/2006 MARFIN FINANCIAL GROUP HOLDINGS S.A. owned a 9,98% stake of "POPULAR BANK OF CYPRUS PUBLIC COMPANY LTD." and 9,98% of the Bank's rights. During the second quarter of 2006 the Company exercised its rights and furthermore acquired an additional 0,28%, reaching on 30/06/2006 a total of 10,26% over the Bank's share capital. Details on the procedure as well as the reasons for which the Bank in question is consolidated are provided in a chapter to follow.
- 5) "MARFIN CAPITAL S.A." a wholly owned subsidiary of MARFIN FINANCIAL GROUP HOLDINGS S.A. acquired on 24/01/2006 a 48,97% stake in "HYGEIA DIAGNOSTIC & THERAPEUTIC CENTRE OF ATHENS SOCIETE ANONYME" for € 53.688.320, in the context of venture capital operations which have been developed. The acquired company is operating in the health sector, it is listed in the Athens Exchange and is not consolidated. On 30/06/2006 MARFIN CAPITAL S.A. held 48,18% of HYGEIA's share capital. It should be noted that HYGEIA S.A. is considered an associate and as it is an investment in the context of venture capital activities it is valued, according to IAS 28 "Accounting for Investments in Associates" and IAS 39 "Financial Instruments: Recognition and Measurement", at fair value with gains or losses during the financial year being recognised in the Income Statement.
- For the half year ending 30/06/2006, the amount of € 25.415 thous. is included in the "Net trading income" account, which is derived from trading income relating to the shareholding of MARFIN CAPITAL S.A. in HYGEIA DIAGNOSTIC & THERAPEUTIC CENTRE OF ATHENS SOCIETE ANONYME.
- 6) The merger through the absorption of "NEXUS INVESTMENTS CLOSED END SOCIETE ANONYME" by "INTERINVEST - INTERNATIONAL INVESTMENTS CLOSED END SOCIETE ANONYME" was completed on 30/06/2006
- 7) On 31/1/2006 the merger through the absorption of "MARFIN GLOBAL INVESTMENTS CLOSED END SOCIETE ANONYME" by "EUROLINE INVESTMENTS CLOSED END SOCIETE ANONYME" was completed.
- 8) The merger through the absorption of "MARFIN GLOBAL ASSET MANAGEMENT INVESTMENT SERVICES SOCIETE ANONYME" by "MARFIN MUTUAL FUNDS MANAGEMENT SOCIETE ANONYME" is still underway.
- 9) "AVC S.A." has been under liquidation since 31/03/2006.
- 10) "MARFIN SECURITIES CYPRUS LTD." has discontinued its operations.
- 11) An agreement was signed for the acquisition of a 50,12% stake in "AS SBM PANK" of Estonia through the Company's participation in the bank's share capital increase.
- 12) MARFIN BANK S.A., the wholly owned subsidiary of MARFIN FINANCIAL GROUP HOLDINGS S.A. acquires 100% of MFG CAPITAL PARTNERS LTD.

### **Change of Group structure after the balance sheet date**

- The Group from 01/07/2006 up to and including 29/08/2006 increased its stake in EGNATIA BANK S.A. by acquiring 449.308 common registered shares and 144.273 preferred shares of EGNATIA BANK S.A. reaching

40.816.136 and 795.968 shares respectively. On 29/08/2006 the Company's percentages over EGNATIA's common and preferred shares were 43,77% and 7,18% respectively.

- The Group increased its percentage in POPULAR BANK OF CYPRUS PUBLIC COMPANY LTD acquiring 6.800.000 shares (1,9% of the Bank's share capital) and reaching a total stake of 12,16% over the Bank's share capital.
- On 10/08/2006 MARFIN FINANCIAL GROUP HOLDINGS S.A. acquired a 50,12% stake in the Estonian Bank AS SBM PANK through the participation in its share capital increase.
- MARFIN CAPITAL S.A., a subsidiary of MARFIN FINANCIAL GROUP HOLDINGS S.A., sold on 03/08 a 13,55 stake of *HYGEIA DIAGNOSTIC & THERAPEUTIC CENTRE OF ATHENS SOCIETE ANONYME*. In detail, *MARFIN CAPITAL S.A. sold 5.801.500 common registered shares decreasing its stake to 35,43% of HYGEIA's share capital.*

### **3.1 The Investment of MARFIN FINANCIAL GROUP HOLDINGS S.A. in EGNATIA BANK S.A.**

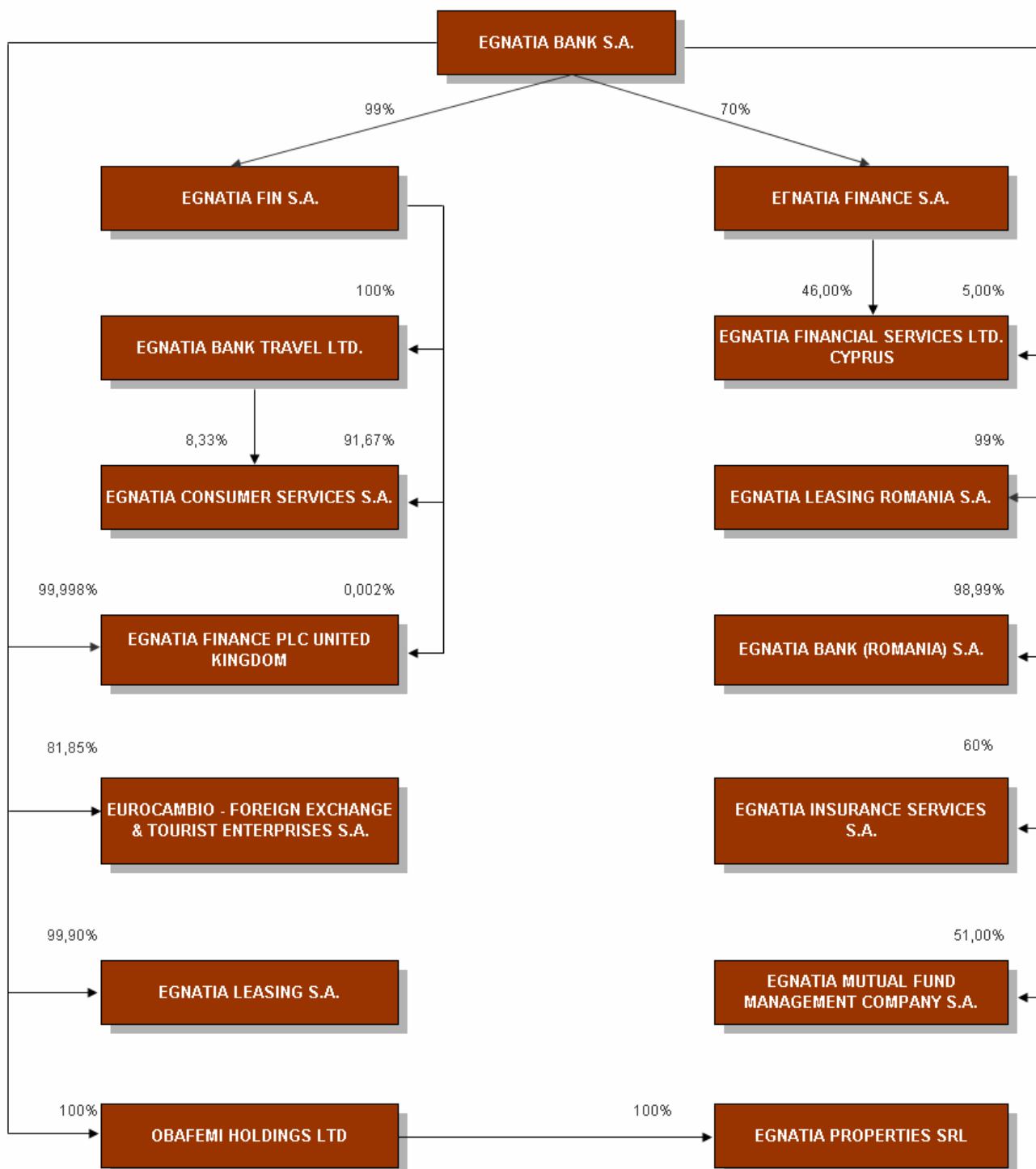
As of 30/06/2006, the Group held 43,32% of EGNATIA BANK S.A.'s share capital. The Group, taking into consideration the remaining free float of the bank, which makes the Group its largest shareholder, governs the financial and operating policies of EGNATIA BANK S.A. through its representation by three (3) out of four (4) Members in its Executive Committee and four (4) out of eleven (11) Members of its Board of Directors. Mr. Eleftherios Chiliadakis was appointed Chief Executive Officer of EGNATIA BANK S.A. and will responsible for the mergers to take place between the subsidiary banks.

Based on the date of the block trade and the obtention of control, EGNATIA was consolidated for the first time on 29/03/2006. For reasons of simplicity and due to the fact there is no significant influence, the first-time consolidation balance sheet used was EGNATIA BANK S.A.'s consolidated balance sheet for the period ending 31/03/2006. For the half year ending 30 June 2006, MARFIN GROUP's Consolidated Balance Sheet includes the Consolidated Balance Sheet of EGNATIA BANK S.A. as at 30/06/2006, whereas the Group's results, for the six months ending 30/06/2006, have been benefited only with a 3-day proportion of EGNATIA's 1<sup>st</sup> quarter results and the whole 2<sup>nd</sup> quarter results.

The figure below presents EGNATIA BANK's group structure for the period ending 30/06/2006:

Company name	Head Office	Direct Shareholding %	Indirect Shareholding %	Total shareholding %	Consolidation Method
<b>SUBSIDIARIES</b>					
EGNATIA FIN S.A.	Greece	99,00%	0,00%	<b>99,00%</b>	Purchase Method
EGNATIA BANK TRAVEL LTD.	Greece	0,00%	99,00%	<b>99,00%</b>	Purchase Method
EGNATIA CONSUMER SERVICES S.A.	Greece	0,00%	99,00%	<b>99,00%</b>	Purchase Method
EGNATIA FINANCE PLC UNITED KINGDOM	United Kingdom	99,998%	0,00198%	<b>100,00%</b>	Purchase Method
EUROCAMBIO FOREIGN EXCHANGE & TOURIST ENTERPRISES S.A.	Greece	81,85%	0,00%	<b>81,85%</b>	Purchase Method
EGNATIA LEASING S.A.	Greece	99,90%	0,00%	<b>99,90%</b>	Purchase Method
EGNATIA FINANCE S.A.	Greece	70,00%	0,00%	<b>70,00%</b>	Purchase Method
EGNATIA MUTUAL FUND MANAGEMENT COMPANY S.A.	Greece	51,00%	0,00%	<b>51,00%</b>	Purchase Method
EGNATIA LEASING ROMANIA S.A.	Romania	99,00%	0,00%	<b>99,00%</b>	Purchase Method
EGNATIA BANK (ROMANIA) S.A.	Romania	98,99%	0,00%	<b>98,99%</b>	Purchase Method
EGNATIA INSURANCE SERVICES S.A.	Greece	60,00%	0,00%	<b>60,00%</b>	Purchase Method
OBAFEMI HOLDINGS LTD	Cyprus	100,00%	0,00%	<b>100,00%</b>	Purchase Method
EGNATIA PROPERTIES SRL	Romania	0,00%	100,00%	<b>100,00%</b>	Purchase Method
<b>ASSOCIATES</b>					
EGNATIA FINANCIAL SERVICES LTD.	Cyprus	5,00%	32,20%	<b>37,20%</b>	Equity Method

The diagram provided next is the diagram depicting the structure of EGNATIA BANK S.A.'s Group (direct participations) for the six months ending 30/06/2006:



To follow is the first-time consolidation balance sheet of EGNATIA BANK S.A. for the period ending 31/03/2006:

<i>Amounts in Euro '000</i>	<b>31<sup>st</sup> March 2006</b>
<b><u>ASSETS</u></b>	
Cash and balances with Central Bank	171.453
Loans and advances to other credit institutions	559.730
Trading portfolio	13.765
Derivative financial instruments – assets	595
Loans and advances to customers (net of provisions)	2.479.132
Investment portfolio	130.210
Investments in associates	1.632
Intangible assets	8.149
Property plant and equipment	47.630
Other assets	62.003
<b>TOTAL ASSETS</b>	<b>3.474.299</b>
<b><u>LIABILITIES &amp; EQUITY</u></b>	
Due to other credit institutions	23.026
Due to customers	2.785.159
Derivative financial instruments – liabilities	2.871
Debt securities in issue and other borrowed funds	337.459
Provisions	13.618
Other liabilities	57.090
<b>Total liabilities (a)</b>	<b>3.219.223</b>
<b>Total equity (b)</b>	<b>255.076</b>
<b><u>LIABILITIES AND EQUITY (a) + (b)</u></b>	<b>3.474.299</b>

It is noted that according to IFRS 3, the initial consolidation requires the derivation of fair values which will be recognized in the Assets, the Liabilities and the contingent liabilities of the subsidiary. Given the complexity of this procedure, for the preparation of the consolidated interim financial statements, the Group utilized the provisions of par. 62 of IFRS 3 for temporary definition of the consolidation entries until the valuation procedure of all of the acquired subsidiary is consummated. Therefore, on 29/03/2006 the Group initially recognized goodwill from the acquisition of EGNATIA amounting to € 99.221 thous., and as at 30/06/2006 goodwill amounted to € 121.514 thous. Goodwill is attributed to the Banking Group's brand-name, its extensive branch network, its e-banking facilities, its customer base, and its preemptive business agreements. The final amount of goodwill that will be recognized in the annual Group financial statements for the financial year ending 31/12/2006 might presumably be different due to the valuation procedure on EGNATIA's Balance Sheet items.

Amounts in Euro '000

Cash paid	228.882
Acquisition cost	140
Dividend	<u>(2.018)</u>
Total acquisition cost	<b>227.004</b>
Proportion in fair value of net assets	<u><b>105.490</b></u>
<b>Goodwill</b>	<b>121.514</b>

To follow is a table indicating the percentage as a total of MARFIN FINANCIAL GROUP's direct and indirect ownership in EGNATIA BANK S.A.:

Company name	Head Office	Direct Shareholding %	Indirect Shareholding %	Total shareholding %	Consolidation Method
<b>SUBSIDIARIES</b>					
EGNATIA BANK S.A.	Greece	43,31%	0,00%	<b>43,31%</b>	Purchase Method
EGNATIA FIN S.A.	Greece	0,00%	42,88%	<b>42,88%</b>	Purchase Method
EGNATIA BANK TRAVEL LTD.	Greece	0,00%	42,88%	<b>42,88%</b>	Purchase Method
EGNATIA CONSUMER SERVICES S.A.	Greece	0,00%	42,88%	<b>42,88%</b>	Purchase Method
EGNATIA FINANCE PLC UNITED KINGDOM	United Kingdom	0,00%	43,31%	<b>43,31%</b>	Purchase Method
EUROCAMBIO FOREIGN EXCHANGE & TOURIST ENTERPRISES S.A.	Greece	0,00%	35,45%	<b>35,45%</b>	Purchase Method
EGNATIA LEASING S.A.	Greece	0,00%	43,27%	<b>43,27%</b>	Purchase Method
EGNATIA FINANCE S.A.	Greece	0,00%	30,32%	<b>30,32%</b>	Purchase Method
EGNATIA MUTUAL FUND MANAGEMENT COMPANY S.A.	Greece	0,00%	22,09%	<b>22,09%</b>	Purchase Method
EGNATIA LEASING ROMANIA S.A.	Romania	0,00%	42,88%	<b>42,88%</b>	Purchase Method
EGNATIA BANK (ROMANIA) S.A.	Romania	0,00%	42,87%	<b>42,87%</b>	Purchase Method
EGNATIA INSURANCE SERVICES S.A.	Greece	0,00%	25,99%	<b>25,99%</b>	Purchase Method
OBAFEMI HOLDINGS LTD.	Cyprus	0,00%	43,31%	<b>43,31%</b>	Purchase Method
EGNATIA PROPERTIES SRL	Romania	0,00%	43,31%	<b>43,31%</b>	Purchase Method
<b>ASSOCIATES</b>					
EGNATIA FINANCIAL SERVICES LTD.	Cyprus	0,00%	16,11%	<b>16,11%</b>	Equity Method

### 3.2 The Investment of MARFIN FINANCIAL GROUP HOLDINGS S.A. in EUROLINE S.A.

As at 30/06/2006 the Group held 48,03% of EUROLINE S.A.'s share capital. Taking into consideration the changes in the BoD structure of the Company in question, the Group consolidated EUROLINE S.A. as a subsidiary, using the purchase method, for the first time on 30/06/2006. The first-time consolidation balance sheet of EUROLINE was that for the as at 30/06/2006, whereas the Group's results, which were recognized under the line "Profits / (losses) from investments in associates", were benefited with the Company's results by the Group's respective proportion owned.



To follow is EUROLINE's Balance Sheet for the six months ending 30/06/2006:

<i>Amounts in Euro 000'</i>		<b>30 June 2006</b>
<b>ASSETS</b>		
Fixed assets		28
Short-term investments		22.596
Other assets		950
Cash and cash equivalents		2.023
<b>TOTAL ASSETS</b>		<b>25.597</b>
<b>LIABILITIES &amp; EQUITY</b>		
Long-term liabilities		8
Short-term liabilities		306
Total Equity		25.283
<b>LIABILITIES &amp; EQUITY</b>		<b>25.597</b>

### **3.3 The Investment of MARFIN FINANCIAL GROUP HOLDINGS S.A. in POPULAR BANK OF CYPRUS PUBLIC COMPANY LTD.**

As at 30/06/2006 the Group held 36.669.063 out of 357.464.742 shares of POPULAR BANK OF CYPRUS PUBLIC COMPANY LTD. i.e. 10,26% of the Bank's share capital.

*Amounts in Euro '000*

Cash paid	105.756
Acquisition expenses	15
Less dividend from earnings prior to acquisition	<u>(3.826)</u>
Total acquisition cost	101.944
Proportion in fair value of net assets	<u>80.934</u>
Goodwill	<b>21.010</b>

Goodwill is attributed to the Bank's brand-name, its extensive branch network, its e-banking & trading facilities, its customer base and its preemptive business agreements. It is noted that the amount of € 21.010 thous. is not recognized in the goodwill account but it is recorded alongside the acquisition cost of the shareholding under consideration.

POPULAR BANK OF CYPRUS Group was founded in 1901. Today it is a modern financial group offering a wide range of banking, insurance and investment services. As at 30/06/2006 POPULAR BANK had 115 branches in Cyprus, 55 branches in Greece, 5 branches in the United Kingdom, 9 branches in Australia 1 branch in Guernsey and 28 branches in Serbia, while it maintains five branches in four other countries in New York, Toronto, Montreal, Moscow and Johannesburg.

In Cyprus, the Group maintains the second largest market share in the banking sector with a 24,3% percentage in loans in 2005. An important part of the Group's business is undertaken in the developing Greek market in which the Group is active since 1992, holding a market share of 1.63% in loans in 2005.

**Consolidation of POPULAR BANK OF CYPRUS PUBLIC COMPANY LTD. using the equity method**

During the Annual General Shareholder Meeting of POPULAR BANK OF CYPRUS PUBLIC COMPANY LTD held on 15/06/2006 in Nicosia, MARFIN FINANCIAL GROUP HOLDINGS S.A. nominated and elected 11 out of 13 members of the Bank's BoD which were unanimously elected by the present shareholders as mentioned in detail in the press release published by the Company on 16/06/2006 ([www.marfingroup.gr](http://www.marfingroup.gr)). The new Board of Directors, which was constituted after several changes was made during the Board of Directors meeting of POPULAR BANK held on 01/08/2006, is depicted next:

<b>POPULAR BANK OF CYPRUS PUBLIC COMPANY LTD</b>	
<b>BOARD OF DIRECTORS</b>	
<b>Chairman</b>	Neoklis Lysandrou
<b>Vice Chairman</b>	Manolis Xanthakis
<b>Group Managing Director</b>	Christos Stylianides
<b>Member</b>	Andreas Vgenopoulos
<b>Member</b>	Chrysostomos Theoklis
<b>Member</b>	Platon Lanitis
<b>Member</b>	Michael Louis
<b>Member</b>	Kyriacos Magiras
<b>Member</b>	Constantinos Mylonas
<b>Member</b>	Rena Rouvitha Panou
<b>Member</b>	Andreas Philippou
<b>Member</b>	Marcos Foros
<b>EXECUTIVE COMMITTEE</b>	
Christos Stylianides – Group Managing Director	
Panayiotis Kounnis	
Michael Louis	
Kyriacos Magiras	
Petros Petrou	

In MARFIN GROUP's financial statements for the six months ending 30/06/2006, POPULAR BANK OF CYPRUS PUBLIC COMPANY LTD was consolidated with the equity method for the first time on 15/06/2006 according to the provisions of IAS 28 – "Investments in Associates" as the Parent is in the position to have significant control over POPULAR BANK OF CYPRUS. The existence of significant influence over the Bank in question is evident by the fact that a) 11 out of 13 Members of POPULAR BANK's BoD were nominated and elected by MARFIN FINANCIAL GROUP (note: 3 Members of the BoD, i.e. Messrs. Andreas Vgenopoulos, Manolis Xanthakis and Kyriacos Magiras represent MARFIN FINANCIAL GROUP), b) MARFIN FINANCIAL GROUP participates, through

its representatives as well as through the other Members who were nominated by the Company, in decision-making by the Board of Directors and the Executive Committee.

The Consolidated results of MARFIN GROUP for the first six months have been benefited only with a 15-day proportion of POPULAR BANK OF CYPRUS's consolidated results amounting to € 533,2 thous.

To follow are the main balance sheet figures of POPULAR BANK Of CYPRUS, given for information purposes, as they appear in the Bank's published Consolidated Financial Statements. Note that the Bank's Balance Sheet is not consolidated in MARFIN GROUP's Consolidated Balance Sheet.

<i>Amounts in Euro '000</i>	<b>30 June 2006</b>	<b>31 December 2005</b>
Cash and balances with Central Banks	930.511	751.463
Due from other banks	2.723.909	2.374.213
Financial assets at fair value through profit or loss	371.771	300.679
Advances to customers	7.631.497	6.949.038
Government bonds and treasury bills	570.831	589.574
Financial assets available-for-sale	985.964	947.035
Investments in associates	10.920	10.227
Due to other banks	382.229	213.110
Customer deposits	10.396.978	9.958.990
Senior debt	299.493	298.841
Total equity	859.612	665.347
Total assets	13.708.757	12.380.400

Below is the Group structure of POPULAR BANK OF CYPRUS PUBLIC COMPANY LTD as at 30/06/2006:

<b>Company Name</b>	<b>Total Shareholding</b>	<b>Activity</b>
Laiki Bank (Hellas) S.A.	80,21%	Banking
Laiki Leasing S.A.	80,21%	Leasing
Laiki Factoring S.A.	80,21%	Factoring and invoice discounting
Laiki A.E.D.A.K.	78,31%	Mutual funds management
Laiki Attalos Securities S.A.	75,14%	Brokerage
Laiki Life S.A.	80,21%	Life assurance
Laiki Insurance Agencies S.A.	80,21%	Insurance agents
Laiki Bank (Australia) Ltd	100%	Banking
Laiki Bank (Serbia) a.d.	90,43%	Banking
Laiki Bank (Guernsey) Ltd	100%	Banking
Laiki Cyprialife Ltd	100%	Life assurance
Laiki Insurance Ltd	100%	General insurance
Laiki Brokers (Insurance & Consultancy Services) Ltd	100%	Reinsurance agents
Laiki Insurance Agencies Ltd	100%	Insurance agents
Philiki Insurance Co Ltd	100%	Investment company

Paneuropean Insurance Co Ltd	100%	Investment company
Cyprialife Ltd	100%	Investment company
The Cyprus Popular Bank (Finance) Ltd	100%	Instalment finance and leasing
Laiki Factors Ltd	100%	Factoring and invoice discounting
Laiki Investments E.P.E.Y. Public Company Ltd	57%	Investment banking
Laiki Brokerage E.P.E.Y. Ltd	57%	Brokerage
Laiki E.D.A.K. and Asset Management Ltd	57%	Asset management
Laiki Lefkothea Centre Ltd	100%	Property development
Labancor Ltd	100%	Property development
LCL Cavendish Place Properties Ltd	100%	Property development
Auction Yard Ltd	100%	Auctions

### 3.4 Investment of MARFIN FINANCIAL GROUP HOLDINGS S.A. in MFG CAPITAL PARTNERS LTD

MFG CAPITAL PARTNERS LTD is an Asset Management Company domiciled in the United Kingdom. It is a indirect shareholding of MARFIN FINANCIAL GROUP HOLDINGS S.A., as MARFIN BANK S.A. (a wholly owned bank subsidiary of MARFIN FINANCIAL GROUP) acquired, during the second quarter of 2006, 100% of the Company in question, i.e. 500.100 shares at a price of £ 1 (€ 1,44) each. The first-time consolidation Balance Sheet of MFG CAPITAL PARTNERS LTD is its Balance Sheet as at 30/06/2006.

## 4. Business Segment Reporting

For the financial year 2006, based on section 2.2.3, the Group operates in five business segments: Corporate & Investment Banking, Retail Banking, Treasury & Capital Markets, Wealth Management and Holdings & Investments. The Group's activities are all located in Greece.

The analysis to follow is presented per business segment:

<i>Amounts in Euro '000</i>	Corporate & Investment Banking	Retail Banking	Wealth Management	Treasury and Capital Markets	Investments and Holdings	THE GROUP
<b>Period 1st January - 30th June 2006</b>						
<b>Net Income</b>	<b>30.987</b>	<b>30.741</b>	<b>16.087</b>	<b>22.126</b>	<b>24.527</b>	<b>124.468</b>
Result before tax	23.181	2.544	7.817	16.955	23.334	73.831
Tax						(14.538)
<b>Result after tax</b>						<b>59.293</b>
<b>Period 1st January - 30th June 2005</b>						
<b>Net Income</b>	<b>8.593</b>	<b>967</b>	<b>6.510</b>	<b>5.275</b>	<b>15.444</b>	<b>36.789</b>
Result before tax	5.897	(1.715)	1.485	3.434	14.502	23.603
Tax						(5.619)
<b>Result after tax</b>						<b>17.984</b>

## 5. Commitments, Contingent Assets and Liabilities (Group)

### a) Contingent liabilities from guarantees

Book values of contingent liabilities are analysed as follows:

<i>Amounts in Euro '000</i>	<b>THE GROUP</b>	
	<b>30th June 2006</b>	<b>31st December 2005</b>
<b>Contingent Liabilities from guarantees</b>		
Guarantees from income (Repos)	53.420	57
Letters of Guarantee (Bid and Performance books)	76.321	9.705
Letters of Guarantee (Advance Payment, Retention of Tenths, Prompt Payment)	160.585	12.309
	290.326	22.071
<b>Other Contingent Liabilities</b>		
Import letters of credits and confirmed letters of credit	5.732	14
	5.732	14
<b>Total</b>	<b>296.058</b>	<b>22.085</b>

### b) Contingent tax liabilities

MARFIN Group's tax liabilities are not conclusive as there still exist financial years which have not been inspected by tax authorities. Information is given below:

**Table 1**

<b>COMPANY NAME</b>	<b>NON-TAX AUDITED YEARS</b>
MARFIN FINANCIAL GROUP HOLDINGS S.A.	01/01/2004-31/12/2005
INVESTMENT BANK OF GREECE S.A.	01/07/2003-31/12/2005
MARFIN BANK S.A.	01/01/2003-31/12/2005
MARFIN GLOBAL ASSET MANAGEMENT S.A.	01/01/2003-31/12/2005
MARFIN MUTUAL FUNDS S.A.	01/01/2003-31/12/2005
IBG CAPITAL S.A.	01/01/2003-31/12/2005
IBG MANAGEMENT S.A.	01/01/2003-31/12/2005
AVC S.A.	01/01/2003-31/12/2005
MARFIN SECURITIES CYPRUS LTD.	01/01/2003-31/12/2005
MARFIN CAPITAL S.A.	N/A*
IBG INVESTMENTS S.A.	N/A*
MFG CAPITAL PARTNERS LTS (newly established)	-
EUROLINE S.A.	01/01/2005-31/12/2005

\*MARFIN CAPITAL S.A. is an offshore company

\*IBG INVESTMENTS S.A. is an offshore company

EGNATIA Group's tax liabilities are not conclusive as there still exist financial years which have not been inspected by tax authorities. Information is given below:

**Table 2**

COMPANY NAME	NON-TAX AUDITED YEARS
EGNATIA BANK S.A.	01/01/2000-31/12/2005
EGNATIA BANK ROMANIA S.A.	01/01/2003-31/12/2005
EGNATIA LEASING ROMANIA S.A. (from incorporation)	01/01/2004-31/12/2005
EGNATIA FINANCE PLC (from incorporation)	01/01/2005-31/12/2005
EGNATIA FINANCE S.A.	01/01/2002-31/12/2005
EGNATIA MUTUAL FUND MANAGEMENT COMPANY S.A.	01/01/2003-31/12/2005
EGNATIA INSURANCE SERVICES S.A.	01/01/2005-31/12/2005
EUROCAMBIO - FOREIGN EXCHANGE & TOURIST ENTERPRISES S.A.	01/01/2003-31/12/2005
EGNATIA FIN S.A.	01/01/2000-31/12/2005
EGNATIA LEASING S.A.	01/01/2005-31/12/2005
EGNATIA BANK TRAVEL LTD. (from incorporation)	01/01/2005-31/12/2005
EGNATIA CONSUMER SERVICES S.A. (from incorporation)	01/01/2005-31/12/2005
OBAFEMI HOLDINGS LTD (newly established)	-
EGNATIA PROPERTIES SRL (newly established)	-

### c) Contingent legal liabilities

For the companies listed in **table 1**, as of 30<sup>th</sup> June 2006, the Group did not have unsettled legal disputes that may substantially affect the Group's financial position.

For the companies listed in **table 2**, as derived from the published financial statements of EGNATIA BANK S.A. for the period from 01/01/2006 to 30/06/2006, "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."

## 6. Balances with Related Parties (Group)

### 1) Loans to related parties

	THE GROUP	
	30th June 2006	31st December 2005
<i>Amounts in Euro '000</i>		
<b>a) Loans to members of the Board of Directors and management personnel of the Group</b>		
Loans outstanding	28.233	9.437
Interest due	6	3
Other amounts due		
<b>Total</b>	<b>28.239</b>	<b>9.440</b>
<b>b) Loans and other claims on associates</b>		
Loans outstanding	12.381	
Interest due		
Other amounts due		922
<b>Total</b>	<b>12.381</b>	<b>922</b>
<b>Total</b>	<b>40.620</b>	<b>10.362</b>

## 2) Management Remuneration

	THE GROUP		THE COMPANY	
	30th June 2006	30th June 2005	30th June 2006	30th June 2005
<i>Amounts in Euro '000</i>				
Fees to members of the Board of Directors	852	761	212	270
Salaries	5.023	2.667	110	136
Other short-term obligations		220		
<b>Total</b>	<b>5.875</b>	<b>3.648</b>	<b>322</b>	<b>406</b>

## 3) Liabilities' Balances

	THE GROUP	
	30th June 2006	31st December 2005
<i>Amounts in Euro '000</i>		
<b>a) Balance from customer deposits</b>		
Board of Directors and Management of the Company and subsidiaries	86.528	10.008
Associates (equity method)	66.589	5.368
<b>Total</b>	<b>153.117</b>	<b>15.376</b>
<b>b) Other liabilities' balance</b>		
Board of Directors and Management of the Company and its subsidiaries	26	
Associates (equity method)		3.183
<b>Total</b>	<b>26</b>	<b>3.183</b>
<b>Total liabilities balances</b>	<b>153.143</b>	<b>18.559</b>

## 4) The Company's deposits and loans amounts due, eliminated from the consolidated financial statements

The amounts given below have been eliminated from the Group consolidated financial statements.

	THE COMPANY	
	30th June 2006	31st December 2005
<i>Amounts in Euro '000</i>		
<b>Receivables account</b>		
Deposits	17.962	409.780
Other receivables	347	19
<b>Total</b>	<b>18.309</b>	<b>409.799</b>
<b>Payables account</b>		
Bond loan	15.648	15.507
Short-term liabilities to financial institutions	120.000	42.880
Other liabilities	32.541	4.377
<b>Total</b>	<b>168.189</b>	<b>62.764</b>

## 7. Post-Balance Sheet Events

- 06/07/2006: The Boards of Directors of "MARFIN BANK", "LAIKI BANK (GREECE), and "EGNATIA BANK" decided the beginning of their merger procedure. The absorbing Bank will be "EGNATIA BANK" with balance-sheet consolidation date the 31st of December 2006. Furthermore, the Boards of Directors of "INVESTMENT BANK OF GREECE" and "EGNATIA FINANCE" decided to proceed with their merger with the absorbance of the second by the first and with balance-sheet consolidation date the 30th of June 2006.

- 10/08/2006: 100% participation of MARFIN FINANCIAL GROUP HOLDINGS S.A. in the share capital increase of AS SBM PANK, the Estonian bank, and acquisition of 10.050.000 shares at a cost of € 6.432 thous. (€ 0,64 per share).

With this investment, Marfin F.G. enters the Baltic countries market, the economies of which have very high growth rates. The economy of Estonia with a minimum public debt, is growing by 7% per annum whilst in the banking sector, although loan margins are equivalent with Greece the budgeted NPLs are close to zero.

Estonia is a member of EU and its currency has a locked range with euro. Main areas of economic activity are construction, technology, transportation and services.

- 18/08/2006: MARFIN FINANCIAL GROUP HOLDINGS S.A. increased its shareholding in POPULAR BANK OF CYPRUS PUBLIC COMPANY LTD from 10,26% to 12,16%. The Company invested € 32.306 thous. for the acquisition of 6.800.000 shares.

*Other than the event mentioned, no significant events, neither for the Group nor for the Company, have occurred after the balance sheet date for which disclosure would be necessary by the International Financial Reporting Standards.*

## **8. Approval of Financial Statements**

The Condensed Separate and Consolidated Financial Statements for the period ending on the 30<sup>th</sup> of June 2006 were approved by MARFIN FINANCIAL GROUP HOLDINGS S.A. Board of Directors on the 29<sup>th</sup> of August 2006.

THE VICE CHAIRMAN OF THE  
BoD AND MANAGING  
DIRECTOR

THE MEMBER OF THE BoD

THE CHIEF  
FINANCIAL OFFICER

THE ACCOUNTING  
SUPERVISIOR

ANDREAS VGENOPOULOS

EFTHYMIOS BOULOUTAS

CHRISTOPHE VIVIEN

STAVROULA MARKOULI