



Condensed Interim Financial Statements  
for the Nine Months Ending

**30 SEPTEMBER**  
**2006**

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## Consolidated Income Statement for the Period

Amounts in Euro '000	Note	9 month period up to		3 months from 1st of July up to	
		30th September 2006	30th September 2005	30th September 2006	30th September 2005
Interest and similar Income		151.429	26.404	69.874	9.524
Interest and similar expenses		(85.022)	(18.033)	(40.494)	(6.467)
<b>Net interest income</b>		<b>66.407</b>	<b>8.371</b>	<b>29.380</b>	<b>3.057</b>
Fee and commission income		79.286	19.577	19.279	5.730
Fee and commission expense	3.2.2	(19.000)	(6.396)	(6.091)	(2.514)
<b>Net fee and commission income</b>		<b>60.286</b>	<b>13.181</b>	<b>13.188</b>	<b>3.216</b>
Dividend income		4.286	6.212	312	122
Net trading income		71.464	26.243	36.253	11.307
Other operating income		1.697	523	539	38
<b>Net operating income</b>		<b>204.140</b>	<b>54.530</b>	<b>79.672</b>	<b>17.740</b>
Staff costs		(51.507)	(11.965)	(22.553)	(4.034)
General operating expenses		(25.313)	(7.213)	(11.090)	(2.491)
Write-off of goodwill			(92)		(6)
Depreciation		(4.427)	(816)	(2.078)	(270)
Provisions		(10.359)	(1.478)	(4.480)	(952)
<b>Total operating expenses</b>		<b>(91.606)</b>	<b>(21.564)</b>	<b>(40.201)</b>	<b>(7.753)</b>
Profits / (losses) from investments in associates		5.831	986	5.064	362
<b>Profit before tax</b>		<b>118.365</b>	<b>33.952</b>	<b>44.535</b>	<b>10.349</b>
Less: Income tax		(24.389)	(7.938)	(9.852)	(2.319)
<b>Profit after tax</b>		<b>93.976</b>	<b>26.014</b>	<b>34.683</b>	<b>8.030</b>
<b>Attributable to:</b>					
Shareholders of Parent Company		83.193	23.807	30.517	7.433
Minority interest		10.783	2.207	4.166	597
		<b>93.976</b>	<b>26.014</b>	<b>34.683</b>	<b>8.030</b>
<b>Earnings per share</b>					
- Basic		1,626	0,952	0,593	0,297
- Diluted		1,587	0,910	0,592	0,280

The accompanying notes form an integral part of the financial statements

## Consolidated Balance Sheet

<i>Amounts in Euro '000</i>	Note	30th September 2006	31st December 2005
<b>ASSETS</b>			
Cash and balances with Central Bank		179.558	41.301
Loans and advances to other financial institutions		650.224	343.519
Trading portfolio and other financial instruments at fair value through Profit & Loss		372.183	410.744
Derivative financial instruments - assets		3.938	188
Loans and advances to customers (net of provisions)		3.455.917	490.067
Investment portfolio		460.291	170.043
Investment in associates		162.434	17.736
Property investment		6.802	6.802
Property, plant and equipment		74.868	18.927
Goodwill and other intangible assets		203.931	56.253
Deferred tax asset		12.443	4.904
Other assets		147.002	73.480
<b>Total assets</b>		<b>5.729.591</b>	<b>1.633.964</b>
<b>EQUITY AND LIABILITIES</b>			
Due to other financial institutions		354.147	134.522
Due to customers		3.952.096	746.126
Derivative financial instruments - liabilities		2.999	1.873
Debt securities in issue		337.678	26.442
Retirement benefit obligations		9.519	770
Deferred tax liability		4.956	3.702
Dividends payable		894	148
Other liabilities		156.869	57.916
<b>Total liabilities</b>		<b>4.819.158</b>	<b>971.499</b>
<b>Shareholders equity</b>			
Share capital	7	424.678	421.194
Share premium	7	204.974	186.192
Revaluation reserve		871	250
Other reserves		5.402	8.797
Retained earnings		91.823	12.970
<i>Total equity attributable to shareholders of the Parent</i>		<b>727.748</b>	<b>629.403</b>
Minority rights		182.685	33.062
<b>Total equity</b>		<b>910.433</b>	<b>662.465</b>
<b>Total liabilities and equity</b>		<b>5.729.591</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 30<sup>th</sup> September 2006

Amounts in Euro '000	Attributable to the shareholders of the Parent Company								
	Share capital	Share premium	Revaluation reserve	Other reserves	Translation reserve	Retained earnings	Total	Minority interest	Total
Opening balance as at 1 <sup>st</sup> January 2005	217.750	393	(500)	15.790	(11)	(14.491)	218.931	30.917	249.848
Net profit / (loss) directly recognised in equity as mentioned in the consolidated statement of recognised income and expense			1.949		5		1.954		1.954
Net result for the period 01/01-30/09/2005						23.807	23.807	2.207	26.014
<b>Total profit for the period recognised</b>	<b>0</b>	<b>0</b>	<b>1.949</b>	<b>0</b>	<b>5</b>	<b>23.807</b>	<b>25.761</b>	<b>2.207</b>	<b>27.968</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)
Return of subsidiaries' share capital to third parties								(701)	(701)
Acquisitions and changes in shareholdings in subsidiaries								(360)	(360)
Stock options granted to company employees		120					120		120
	(11.250)	120	0	(6.989)	0	(1.761)	(19.880)	(1.061)	(20.941)
<b>Equity balance as at 30<sup>th</sup> September 2005</b>	<b>206.500</b>	<b>513</b>	<b>1.449</b>	<b>8.801</b>	<b>(6)</b>	<b>7.555</b>	<b>224.812</b>	<b>32.063</b>	<b>256.875</b>

Amounts in Euro '000	Note	Attributable to the shareholders of the Parent Company								
		Share capital	Share premium	Revaluation reserve	Other reserves	Translation reserve	Retained earnings	Total	Minority interest	Total
Equity balance as at 1st January 2006		421.194	186.192	250	8.801	(4)	12.970	629.403	33.062	662.465
Net profit / (loss) directly recognised in equity as mentioned in the consolidated statement of recognised income and expense				621		(247)		374	(389)	(15)
Net result for the period 01/01/2006 - 30/09/2006							83.193	83.193	10.783	93.976
<b>Total profit / (loss) recognised for the period</b>		<b>0</b>	<b>0</b>	<b>621</b>	<b>0</b>	<b>(247)</b>	<b>83.193</b>	<b>83.567</b>	<b>10.394</b>	<b>93.961</b>
Dividends from preceding financial year							(7.500)	(7.500)		(7.500)
Share capital return to shareholders	7	(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					(20)		(7.615)	(7.635)		(7.635)
Acquisitions and changes in shareholdings in subsidiaries								0	139.067	139.067
Stock options granted to employees			214					214		214
Other actions						(87)		(87)		(87)
Sale of convertible bonds (value of convertibility option)	6							9.308	162	9.470
Conversion of bonds into shares	6,7	22.351	18.598		(212)		1.187	41.924		41.924
Expenses from share capital increase from exercise of beneficiaries' stock options			(30)					(30)		(30)
		3.484	18.782	0	(3.148)	0	(4.340)	14.778	139.229	154.007
<b>Equity balance as at 30th September 2006</b>		<b>424.678</b>	<b>204.974</b>	<b>871</b>	<b>5.653</b>	<b>(251)</b>	<b>91.823</b>	<b>727.748</b>	<b>182.685</b>	<b>910.433</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>	30th September 2006	30th September 2005
- Available for sale investments:		
Valuation gains / (losses) taken to equity	(17)	2.623
Tax on items taken directly to / or transferred from equity	138	(674)
- Exchange differences on translation of foreign operations	(136)	5
<b>Net income recognised directly in equity</b>	<b>(15)</b>	<b>1.954</b>
<b>Profit for the period</b>	<b>93.976</b>	<b>26.014</b>
<b>Total recognised income and expense for the period</b>	<b>93.961</b>	<b>27.968</b>
Attributable to:		
Shareholders of the Parent	83.567	25.761
Minority interest	10.394	2.207
	<b>93.961</b>	<b>27.968</b>

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### Consolidated Cash Flow Statement for the Period

Amounts in Euro '000

	30th September 2006	30th September 2005
<b>Cash flows from operating activities</b>		
Profits before tax	118.365	33.952
<i>Adjustments for:</i>		
Depreciation	4.427	816
Profit / (loss) from financial assets at fair value	(37.045)	(16.269)
Profit (subtracted / (Loss) (added) from investment activities	(15.467)	
Share on profit / loss from associates	(5.831)	(986)
Write-off of goodwill from subsidiaries		92
Provision for employee benefit plan	744	121
Employee benefits in the form of stock options	214	120
Provisions on loans & other investments	10.359	1.478
Profit / loss from disposal of fixed assets	22	(3)
<i>Cash flows from operating activities before changes in working capital</i>	<i>75.788</i>	<i>19.321</i>
<b>Changes in working capital</b>		
Trading portfolio	101.825	(34.675)
Loans and advances to financial institutions	26.785	0
Loans and advances to customers	(479.906)	(149.812)
Other assets	(25.144)	(13.320)
Due to financial institutions	195.599	42.643
Due to customers	408.380	155.239
Other liabilities	28.041	13.371
<i>Cash flows from operating activities before payment of income tax</i>	<i>331.368</i>	<i>32.767</i>
Income tax paid	(10.187)	1.970
<b>Net cash flows from operating activities</b>	<b>321.181</b>	<b>34.737</b>
<b>Investing activities</b>		
Portfolios available for sale and held to maturity	(315.838)	(67.135)
Acquisition of financial assets at fair value through Profit & Loss	(58.190)	
Sale of financial assets at fair value through P&L	24.556	
Purchase of fixed assets	(2.513)	(411)
Investments in subsidiaries and associates	341.301	(664)
Return of subsidiaries' share capital to third parties		(701)
Other investments	(9.793)	(26)
Proceeds from a.f.s. portfolio	180.805	4.270
Proceeds from sale of property, plant and equipment	29	6
<b>Net cash flow from investing activities</b>	<b>160.357</b>	<b>(64.661)</b>
<b>Financing activities</b>		
Dividends and other payments to the shareholders of the Parent	(21.284)	(19.946)
Dividends to third parties	(2.786)	
<b>Net cash flow from financing activities</b>	<b>(24.070)</b>	<b>(19.946)</b>
FX translation differences in cash and cash equivalents	369	
<b>Net increase / decrease in cash and cash equivalents</b>	<b>457.837</b>	<b>(49.870)</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>809.283</b>	<b>71.830</b>

The accompanying notes form an integral part of the financial statements

	9 month period up to		3 months from 1st of July up to	
	30th September 2006	30th September 2005	30th September 2006	30th September 2005
<i>Amounts in Euro '000</i>				
Income from dividends and other non-fixed income securities	11.583	10.514	179	22
Profit / (loss) from sale of financial assets	13.948	0	12.164	0
Profit / (loss) from financial assets through profit and loss	903	16.182	515	5.130
Other income	2.299	1.156	26	(8)
<b>Total income</b>	<b>28.733</b>	<b>27.852</b>	<b>12.884</b>	<b>5.144</b>
Staff remuneration and other expenses	(729)	(503)	(355)	(154)
Depreciation	(78)	(115)	(24)	(40)
Other operating expenses	(1.583)	(1.619)	(554)	(628)
Financial expenses	(4.628)	(2.150)	(2.539)	(745)
<b>Total operating expenses</b>	<b>(7.018)</b>	<b>(4.387)</b>	<b>(3.472)</b>	<b>(1.567)</b>
<b>Profit before tax</b>	<b>21.715</b>	<b>23.465</b>	<b>9.412</b>	<b>3.577</b>
Income tax	(5.007)	(5.367)	(3.002)	(1.014)
<b>Profit after tax</b>	<b>16.708</b>	<b>18.098</b>	<b>6.410</b>	<b>2.563</b>

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<i>Amounts in Euro '000</i>	Note	30th September 2006	31st December 2005
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		660	737
Intangible assets		0	1
Investments in subsidiaries	3.2.1	684.520	266.814
Investments in associates		237.582	13.694
Deferred tax assets		2.589	3.576
Available for sale portfolio		19.616	19.070
Other non-current assets		9.439	9.436
		<b>954.406</b>	<b>313.328</b>
<b>Current assets</b>			
Customer deposits and other receivables		12.360	36.187
Trading portfolio and other financial assets at fair value through profit and loss		63.046	92.630
Derivative financial instruments			87
Cash and cash equivalents		13.876	411.145
		<b>89.282</b>	<b>540.049</b>
<b>Total assets</b>		<b>1.043.688</b>	<b>853.377</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributed to the shareholders</b>			
Share capital	7	424.678	421.194
Share premium	7	202.465	183.683
Revaluation reserve		197.753	86.297
Other reserves		3.485	6.916
Retained earnings		32.483	21.418
<b>Total shareholders equity</b>		<b>860.864</b>	<b>719.508</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Bond loans	6	89	41.949
Deferred tax liabilities		75.985	30.354
Employee benefit obligations		32	27
Other long-term liabilities		314	314
<b>Total long-term liabilities</b>		<b>76.420</b>	<b>72.644</b>
<b>Short-term liabilities</b>			
Convertible bond loan			0
Suppliers and other liabilities		3.112	11.599
Short-term liabilities to financial institutions		96.000	42.880
Dividends payable		286	148
Current tax liabilities		6.431	5.131
Derivative financial instruments		575	1.467
<b>Total short-term liabilities</b>		<b>106.404</b>	<b>61.225</b>
<b>Total liabilities</b>		<b>182.824</b>	<b>133.869</b>
<b>Total shareholders equity and liabilities</b>		<b>1.043.688</b>	<b>853.377</b>

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**Statement of Changes in Equity for the Period ending 30<sup>th</sup> September 2006 (Parent Company)**

Amounts in Euro '000

Opening balance on 1st January 2005, as initially published  
accounting policy  
Gains from revaluation of subsidiaries and associates at fair value  
Less: Tax  
Readjusted balance as at 1st January 2005  
Change in equity for the period 01/01-31/09/2005:

Net profit / (loss) directly recognised in equity as mentioned in the statement of recognised income and expense for the period  
Profit for the period 01/01-30/09/2006  
Total profit for the period recognised

Dividend from the financial year 2004  
Stock options granted to company employees  
Share capital return with decrease in nominal share value

Equity balance as at 30th September 2005

	Share Capital	Share Premium	Reval. Reserve	Other Reserves	Retained Earnings	Total
Opening balance on 1st January 2005, as initially published	217.750	393	(1.855)	13.904	2.738	232.930
Gains from revaluation of subsidiaries and associates at fair value			38.291			38.291
Less: Tax			(9.572)			(9.572)
Readjusted balance as at 1st January 2005	217.750	393	26.864	13.904	2.738	261.649
Change in equity for the period 01/01-31/09/2005:						
Net profit / (loss) directly recognised in equity as mentioned in the statement of recognised income and expense for the period			28.527			28.527
Profit for the period 01/01-30/09/2006					18.098	18.098
Total profit for the period recognised	0	0	28.527	0	18.098	46.625
Dividend from the financial year 2004				(6.989)	(1.761)	(8.750)
Stock options granted to company employees		120				120
Share capital return with decrease in nominal share value	(11.250)					(11.250)
	(11.250)	120	0	(6.989)	(1.761)	(19.880)
Equity balance as at 30th September 2005	206.500	513	55.391	6.915	19.075	288.394

Amounts in Euro '000

Opening balance on 1st January 2006, as initially published  
Readjustments of previous financial year due to change in accounting policy  
Gains from revaluation of subsidiaries and associates at fair value  
Less: Tax  
Readjusted balance as at 1st January 2006  
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  
Profit for the period 01/01-30/09/2006  
Total profit for the period recognised  
Dividends from preceding financial year  
Share capital return to shareholders  
Transfer between reserves and retained earnings  
Distribution of reserves from preceding years  
Conversion of bonds into shares  
Stock options granted to company employees  
Expenses from share capital increase from beneficiaries' exercise of stock options

Equity balance as at 30th September 2006

Note

	Share Capital	Share Premium	Reval. Reserve	Other Reserves	Retained Earnings	Total
Opening balance on 1st January 2006, as initially published	421.194	183.683	991	6.916	21.418	634.202
Readjustments of previous financial year due to change in accounting policy						
Gains from revaluation of subsidiaries and associates at fair value			113.741			113.741
Less: Tax			(28.435)			(28.435)
Readjusted balance as at 1st January 2006	421.194	183.683	86.297	6.916	21.418	719.508
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	111.456	0	0	111.456
Profit for the period 01/01-30/09/2006					16.708	16.708
Total profit for the period recognised	0	0	111.456	0	16.708	128.164
Dividends from preceding financial year					(7.500)	(7.500)
Share capital return to shareholders	(18.867)					(18.867)
Transfer between reserves and retained earnings				371	(371)	0
Distribution of reserves from preceding years				(3.590)	1.041	(2.549)
Conversion of bonds into shares	22.351	18.598		(212)	1.187	41.924
Stock options granted to company employees	0	214				214
Expenses from share capital increase from beneficiaries' exercise of stock options	0	(30)				(30)
	3.484	18.782	0	(3.431)	(5.643)	13.192
Equity balance as at 30th September 2006	424.678	202.465	197.753	3.485	32.483	860.864

The accompanying notes form an integral part of the financial statements

Amounts in Euro '000

	30th September 2006	30th September 2005
- Investment in subsidiaries and associates		
Valuation gains / (losses) taken to equity	157.728	34.840
Tax on items taken directly to equity	(46.390)	(8.717)
	111.338	26.123
- Investments available for sale		
Valuation gains / (losses) taken to equity		3.293
Tax on items taken directly to equity	118	(889)
	118	2.404
<b>Net income recognised directly in equity</b>	111.456	28.527
<b>Profit for the period</b>	16.708	18.098
<b>Total recognised income and expense for the period</b>	128.164	46.625
Effect of changes in accounting policy	85.306	28.719

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Amounts in Euro '000

	30th September 2006	30th September 2005
<b><u>Operating activities</u></b>		
Profit for the period before tax	21.715	23.465
<i>Adjustments in profits:</i>		
Depreciation	78	115
Accrued liabilities for personnel retirement	6	4
Employee benefits in the form of stock options	214	120
Profit / (loss) from financial assets at fair value	(420)	(15.380)
Profit (subtracted) / (loss) (added) from investment activities	(11.435)	
Interest income	(2.597)	(634)
Interest expense and similar charges	4.628	2.151
	<u>12.189</u>	<u>9.841</u>
<b><i>Changes in working capital</i></b>		
Increase (decrease) in receivables	16.613	5.470
Increase / (decrease) in liabilities other than financial institutions	(8.681)	(3.412)
Net increase / (decrease) in trading portfolio	(11.404)	(20.045)
	<u>(3.472)</u>	<u>(17.987)</u>
<b>Cash flows from operating activities</b>	<b>8.717</b>	<b>(8.146)</b>
Less: Interest expense	(2.968)	(388)
Less: Tax expense	(4.792)	(1.716)
	<u>957</u>	<u>(10.250)</u>
<b><u>Investing activities</u></b>		
Purchase of property, plant and equipment	(1)	(29)
Acquisition of financial assets available for sale	(100.078)	
Acquisition of financial assets at fair value through Profit & Loss		(441)
Investments in associates	(147.785)	(255)
Investments in subsidiaries	(295.079)	(6.420)
Sale of financial assets of the available for sale portfolio	110.569	11
Interest received	2.312	470
	<u>(430.062)</u>	<u>(6.664)</u>
<b><u>Financing activities</u></b>		
Proceeds from loans	53.120	10.000
Dividends and other payments made to the shareholders of the Parent	(21.284)	(19.946)
<b>Net cash flows from financing activities</b>	<b>31.836</b>	<b>(9.946)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(397.269)</b>	<b>(26.860)</b>
Cash and cash equivalents at the beginning of the period	411.145	32.440
	<u>13.876</u>	<u>5.580</u>

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

"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 societies anonymes, as it stands.

The Company has its head office in Greece and its share participates in the ATHEX General Index as well as the FTSE Index. Financial Statements are available on the company's website [www.marfingroup.gr](http://www.marfingroup.gr). During the nine-month period of 2006 the Group had 93 banking branches and occupied 2.126 people, whereas the Parent occupied 12 (*MARFIN GROUP's personnel and banking branches include personnel and banking branches of EGNATIA BANK S.A. as well*).

## 2. Significant Events during the Nine-month Period of 2006

During the nine-month period of 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 period in question, are described below briefly:

- "DUBAI FINANCIAL LLC" becomes the largest shareholder of MARFIN FINANCIAL GROUP HOLDING S.A.
- Increase of stake in "EGNATIA BANK S.A." from 9,84% to a total of 43,86% of the Bank's share capital. The Company furthermore, on 30/09/2006 owned 0,08% of EGNATIA BANK's preferred shares.
- Acquisition of a 9,98% stake in "CYPRUS POPULAR BANK PUBLIC COMPANY LTD." during the first quarter of 2006, and a further increase, during the second and third quarter, by 2,98% reaching a total of 12,96%.
- Acquisition of a minority stake of 28,73%, during the first quarter, 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 Boards of Directors' of the Company's subsidiaries, "EGNATIA BANK S.A." and "MARFIN BANK S.A.", as well as the subsidiary of "CYPRUS POPULAR BANK PUBLIC Co Ltd", "LAIKI BANK (HELLAS)" decided upon the initiation of merger procedures through the absorption of "MARFIN BANK S.A." and "LAIKI BANK (HELLAS) S.A." by "EGNATIA BANK S.A.". The Balance Sheet consolidation date has been set on the 31<sup>st</sup> of December 2006.
- The Boards of Directors' of "INVESTMENT BANK OF GREECE S.A." and "EGNATIA FINANCE S.A." decided upon the initiation of merger procedures through the absorption of the second by the first company with a Balance Sheet consolidation date set on the 30<sup>th</sup> of June 2006.
- The Company's Board of Directors resolved upon a share capital increase of its subsidiary "MARFIN BANK S.A." by cash payment by the amount of € 181.150 thous. with the aim of acquiring the Company's total stake of 74,92% in "INVESTMENT BANK OF GREECE S.A.".

## 3. Notes to the Condensed Financial Statements

### 3.1 Presentation of Condensed Financial Statements

The Group's condensed financial statements for the nine-month period ending 30/09/2006 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.

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

The condensed separate and consolidated financial statements for the nine-months ending 30/09/2006 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:

#### 3.2.1 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 30/09/2005, and the financial years ending 31/12/2004 and 31/12/2005.

<i>Amounts in Euro '000</i>	31 <sup>st</sup> December 2005	30 <sup>th</sup> September 2005	31 <sup>st</sup> December 2004
<b>Balance Sheet</b>			
Investments in subsidiaries			
-As initially disclosed	153.073	153.073	146.653
-Effect from change in accounting principle	113.741	72.854	38.291
- Adjusted amount	<u>266.814</u>	<u>225.927</u>	<u>184.944</u>
<b>Deferred tax liability</b>			
- As disclosed initially	1.919	5.545	198
- Effect from change in accounting principle	28.435	18.214	9.572
- Adjusted amount	<u>30.354</u>	<u>23.759</u>	<u>9.770</u>

The Company's Equity has been adjusted as follows:

<i>Amounts in Euro '000</i>	31 <sup>st</sup> December 2005	30 <sup>th</sup> September 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	<u>85.306</u>	<u>54.640</u>	<u>28.719</u>

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

In the Income Statement for the nine-month period ending 30<sup>th</sup> September 2006, the account "Fee and Commission Expenses" includes 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> September 2005 as follows: The "Fee and commission expense" account for the period 01/01/05 – 30/09/2005 was increased by € 2.120 thous. whereas the "Operating expenses" account was decreased by the same amount and for the period 01/07/2005 – 30/09/2005 the "Fee and commission expense" account was increased by € 793 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.

### 3.2.3 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 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 nine-month period of 2006.

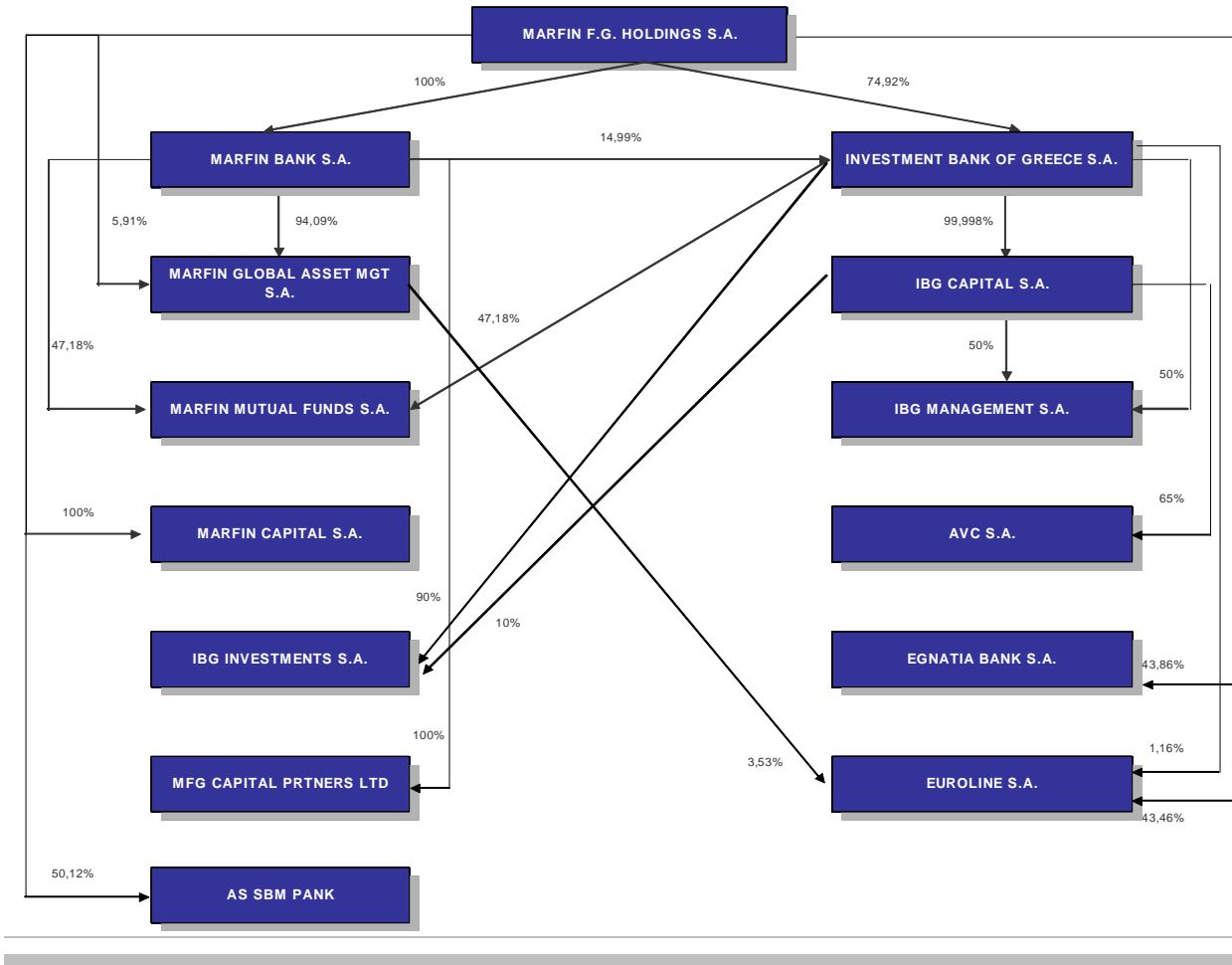
#### **3.2.4 Accounting Estimates**

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.

#### **3.3 Statement of Recognised Income and Expense for the Period**

For the nine months ending 30/09/2006, 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.

#### **4. Group structure as at 30/09/2006**



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

MARFIN F.G. S.A.	participations in subsidiaries participations in associates medium term investments trading
EGNATIA BANK S.A.	retail banking corporates investments insurance leasing factoring direct banking
MARFIN BANK S.A.	private banking retail banking loans and leverage treasury and markets large corporates and SMEs
INVESTMENT BANK OF GREECE S.A.	investment banking securities transactions corporate
MARFIN GLOBAL ASSET MGT S.A.	private portfolios management institutional portfolios management

The following table presents the consolidated companies of MARFIN GROUP for the period ending 30/09/2006:

Company name	Head Office	Direct Shareholding %	Indirect Shareholding %	shareholding %	Consolidation method
<b>SUBSIDIARIES</b>					
MARFIN BANK S.A.	Greece	100,00%	0,00%	100,00%	Purchase Method
INVESTMENT BANK OF GREECE S.A.	Greece	74,92%	14,99%	89,90%	Purchase Method
MARFIN GLOBAL ASSET MANAGEMENT S.A.	Greece	5,91%	94,09%	100,00%	Purchase Method
MARFIN SECURITIES CYPRUS LTD.	Cyprus	2,86%	87,34%	90,19%	Purchase Method
MARFIN MUTUAL FUNDS S.A.	Greece	0,00%	89,60%	89,60%	Purchase Method
IBG CAPITAL S.A.	Greece	0,00%	89,90%	89,90%	Purchase Method
IBG MANAGEMENT S.A.	Greece	0,00%	89,90%	89,90%	Purchase Method
AVC S.A.	Greece	0,00%	58,44%	58,44%	Purchase Method
MARFIN CAPITAL S.A.	British Virgin Islands	100,00%	0,00%	100,00%	Purchase Method
IBG INVESTMENTS S.A.	British Virgin Islands	0,00%	89,90%	89,90%	Purchase Method
EGNATIA BANK S.A. *	Greece	43,86%	0,00%	43,86%	Purchase Method
MFG CAPITAL PARTNERS LTD	United Kingdom	0,00%	100,00%	100,00%	Purchase Method
EUROLINE S.A.	Greece	43,46%	4,57%	48,03%	Purchase Method
AS SBM BANK	Estonia	50,12%	0,00%	50,12%	Purchase Method
<b>ASSOCIATES</b>					
CYPRUS POPULAR BANK PUBLIC COMPANY LTD.	Cyprus	12,96%	0,00%	12,96%	Equity Method
INTERINVEST INVESTMENT COMPANY S.A.	Greece	24,57%	4,41%	28,99%	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) 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.
- 2) During the period from 01/01/2006 up to 30/09/2006 MARFIN FINANCIAL GROUP HOLDINGS S.A. acquired a minority stake of 28,93% in its subsidiary INVESTMENT BANK OF GREECE S.A. reaching a direct and indirect total of 89,90%.
- 3) On 30/09/2006 MARFIN FINANCIAL GROUP HOLDINGS S.A. owned a 12,96% stake of "CYPRUS POPULAR BANK PUBLIC COMPANY LTD.". During the third quarter of 2006 the Company acquired an additional 2,7%.

- 4) "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 thous., in the context of venture capital operations which have been developed. HYGEIA S.A. is not consolidated in the Consolidated Financial Statements. On 30/09/2006 MARFIN CAPITAL S.A. held 35,43% 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 nine months ending 30/09/2006, the amount of € 32.741 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.
- 5) 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
- 6) The merger through the absorption of "MARFIN GLOBAL INVESTMENTS CLOSED END SOCIETE ANONYME" by "EUROLINE INVESTMENTS CLOSED END SOCIETE ANONYME" was completed on 31/1/2006.
- 7) The merger through the absorption of "MARFIN GLOBAL ASSET MANAGEMENT INVESTMENT SERVICES SOCIETE ANONYME" by "MARFIN MUTUAL FUND MANAGEMENT SOCIETE ANONYME" is still underway.
- 8) "AVC S.A." has been under liquidation since 31/03/2006.
- 9) "MARFIN SECURITIES CYPRUS LTD." has discontinued its operations.
- 10) On 10/08/2006 MARFIN FINANCIAL GROUP HOLDINGS S.A. acquired a 50,12% stake in "AS SBM PANK" of Estonia through a 100% participation in the bank's share capital increase. The Company paid a total of € 6.432 thous. for the acquisition of 10.050.000 shares each at a price of € 0,64. The bank in question was consolidated in the Company's financial statements for the nine-month period using the purchase method (further information in section 4.3)
- 11) MARFIN BANK S.A., a wholly owned subsidiary of MARFIN FINANCIAL GROUP HOLDINGS S.A., acquired 100% of MFG CAPITAL PARTNERS LTD (further information in section 4.5).
- 12) "IBG INVESTMENTS S.A." had a € 75 thous. share capital increase with the participation of "INVESTMENT BANK OF GREECE S.A." and "IBG CAPITAL S.A.".

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

- The Company from 01/10/2006 up to and including 23/11/2006 increased its stake in EGNATIA BANK S.A. by acquiring 960.667 common registered shares with the payment of € 7.268 thous. and 411.647 preferred shares of EGNATIA BANK S.A. with the payment of € 3.105 thous., reaching a total of 41.861.832 and 420.756 shares respectively. On 23/11/2006 the Company's percentages over EGNATIA's common and preferred shares were 44,87% and 3,79% respectively.

- From 01/10/2006 up to and including 23/11/2006 the Company further increased its percentage in POPULAR CYPRUS POPULAR BANK PUBLIC COMPANY LTD acquiring 8.426.474 shares (2,36% of the Bank's share capital) with the payment of € 51.727 thous., reaching a total stake of 15,32% over the Bank's share capital.

- On 06/11/2006 the Company transferred to its subsidiary, MARFIN BANK S.A., its total shareholding in INVESTMENT BANK OF GREECE S.A., that is, a 74,92% of the bank in question. MARFIN BANK S.A. furthermore acquired 1,09% resulting in a total shareholding of 90,99% over INVESTMENT BANK OF GREECE S.A.'s share capital.

- MARFIN BANK S.A. acquired 30% of the share capital of ARIS CAPITAL MANAGEMENT. The total investment amounted to \$ 3mln. The company in question will be consolidated in the Annual Consolidated Financial Statements with the equity method.

This investment is consistent with MARFIN FINANCIAL GROUP's strategy of offering high value asset management products to clients, is very synergetic and complementary to current product offering, and marks the entrance of the Group in the high growth area of Alternative Investments.

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

As of 30/09/2006, the Group held 43,86% 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 be 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 nine months ending 30 September 2006, MARFIN GROUP's Consolidated Income Statement includes the EGNATIA's consolidated results as follows: 1) 3 days from the first quarter and 2) the whole of the second and third quarter.

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

Amounts in Euro '000

31<sup>st</sup> March 2006

**ASSETS**

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><u>TOTAL ASSETS</u></b>	<b><u>3.474.299</u></b>

**LIABILITIES & EQUITY**

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><u>3.219.223</u></b>
<b>Total equity (b)</b>	<b><u>255.076</u></b>

**LIABILITIES AND EQUITY (a) + (b)**

**3.474.299**

It is noted that according to IFRS 3, the initial consolidation requires the fair valuation, 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 30/09/2006 goodwill amounted to € 122.061 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.

EGNATIA BANK S.A.

Amounts in Euro '000

Cash paid	232.384
Acquisition cost	147
Dividend	(2.018)
Total acquisition cost	<u>230.513</u>
Proportion in fair value of net assets	<u>108.452</u>
<b>Goodwill</b>	<b>122.061</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.'s subsidiaries and associates:

Company name	Head Office	Direct Shareholding %	Indirect Shareholding %	Total shareholding	Consolidation Method
<b>SUBSIDIARIES</b>					
EGNATIA BANK S.A.	Greece	43,86%	0,00%	43,86%	Purchase Method
EGNATIA FIN S.A.	Greece	0,00%	43,42%	43,42%	Purchase Method
EGNATIA BANK TRAVEL LTD.	Greece	0,00%	43,42%	43,42%	Purchase Method
EGNATIA CONSUMER SERVICES S.A.	Greece	0,00%	43,42%	43,42%	Purchase Method
EGNATIA FINANCE PLC UNITED KINGDOM	United Kingdom	0,00%	43,86%	43,86%	Purchase Method
EUROCAMBIO FOREIGN EXCHANGE & TOURIST ENTERPRISES S.A.	Greece	0,00%	35,90%	35,90%	Purchase Method
EGNATIA LEASING S.A.	Greece	0,00%	43,81%	43,81%	Purchase Method
EGNATIA FINANCE S.A.	Greece	0,00%	30,70%	30,70%	Purchase Method
EGNATIA MUTUAL FUND MANAGEMENT COMPANY S.A.	Greece	0,00%	22,37%	22,37%	Purchase Method
EGNATIA LEASING ROMANIA S.A.	Romania	0,00%	43,42%	43,42%	Purchase Method
EGNATIA BANK (ROMANIA) S.A.	Romania	0,00%	43,41%	43,41%	Purchase Method
EGNATIA INSURANCE SERVICES S.A.	Greece	0,00%	26,31%	26,31%	Purchase Method
OBAFEMI HOLDINGS LTD.	Cyprus	0,00%	43,86%	43,86%	Purchase Method
EGNATIA PROPERTIES SRL	Romania	0,00%	43,86%	43,86%	Purchase Method
<b>ASSOCIATES</b>					
EGNATIA FINANCIAL SERVICES LTD.	Cyprus	0,00%	16,31%	16,31%	Equity Method

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

As at 30/09/2006 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 30/06/2006, whereas the Group's results, for the half year ending 30/06/2006, include EUROLINE's results in the "Profits / (losses) from investments in associates" based on the percentage that the Group owned over EUROLINE, and for the third quarter, the Group includes in its Income Statement EUROLINE's third quarter results.

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

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

#### 4.3 The Investment of of MARFIN FINANCIAL GROUP HOLDINGS S.A. in AS SBM PANK

On 30/09/2006 MARFIN FINANCIAL GROUP HOLDINGS S.A. held 10.050.000 shares out a total of 20.050.000 of AS SBM PANK, i.e. a 50,12% of the bank's share capital.

First time consolidation Balance Sheet was that of the bank for the period ending 30/09/2006 whereas the Group's results were benefited with 52 days of the bank's third quarter results.

For the specific acquisition, an amount of € 215,6 thous. was recognized as goodwill which is attributable to the bank's brand-name, e-banking and the bank's customer base.

With this investment, MARFIN FINANCIAL GROUP HOLDINGS S.A. 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.

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

As at 30/09/2006 the Company held 46.319.845 out of 357.464.742 shares of CYPRUS POPULAR BANK PUBLIC COMPANY LTD. i.e. 12,96% of the Bank's share capital.

*Amounts in Euro '000*

Cash paid	151.510
Acquisition expenses	101
Less dividend from earnings prior to acquisition	<u>(3.826)</u>
Total acquisition cost	147.785
Proportion in fair value of net assets	<u>98.608</u>
<b>Goodwill</b>	<b>49.177</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 € 49.177 thous. is not recognized in the goodwill account but it is recorded alongside the acquisition cost of the shareholding under consideration.

CYPRUS POPULAR BANK Group was founded in 1901. Today it is a modern financial group offering a wide range of banking, insurance and investment services. As at 30/09/2006 CYPRUS POPULAR BANK Group had 115 branches in Cyprus, 56 branches in Greece, 5 branches in the United Kingdom, 9 branches in Australia 1 branch in Guernsey and 29 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 CYPRUS POPULAR BANK PUBLIC COMPANY LTD. using the equity method**

During the Annual General Shareholder Meeting of CYPRUS POPULAR BANK 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)).

In MARFIN GROUP's financial statements for the nine months ending 30/09/2006, CYPRUS POPULAR BANK 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 CYPRUS POPULAR BANK. The existence of significant influence over the Bank in question is evident by the fact that a) 11 out of 13 Members of CYPRUS 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 Kyriakos 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 nine-month period of 2006 have been benefited only with a 15-day proportion of CYPRUS POPULAR BANK's second quarter consolidated results amounting to € 533,2 thous. and with the whole of the bank's third quarter results amounting to €4.832 thous.

To follow are the main balance sheet figures of CYPRUS POPULAR BANK PUBLIC COMPANY LTD, 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>	30 September 2006	31 December 2005
Cash and balances with Central Banks	979.834	749.246
Due from other banks	3.295.817	2.367.210
Financial assets at fair value through profit or loss	366.959	299.792
Advances to customers	7.873.629	6.928.540
Government bonds and treasury bills	423.969	587.835
Financial assets available-for-sale	1.197.649	944.242
Investments in associates	12.078	10.196
Due to other banks	392.357	212.481
Customer deposits	11.318.570	9.929.614
Senior debt	300.227	297.959
Total equity	874.021	663.384
Total assets	14.656.694	12.343.880

#### 4.5 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 an 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.

#### 5. Business Segment Reporting

For the financial year 2006, based on section 3.2.3, 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:

Amounts in Euro '000

Period 1st January - 30th September 2006

	Corporate & Investment Banking	Retail Banking	Wealth Management	Treasury and Capital Markets	Investments and Holdings	THE GROUP
Net Income	40.501	57.112	25.104	50.863	30.561	204.141
Result before tax	27.146	4.461	9.564	43.745	33.451	118.366
Tax						(24.390)
Result after tax						93.976

Period 1st January - 30th September 2005

	Corporate & Investment Banking	Retail Banking	Wealth Management	Treasury and Capital Markets	Investments and Holdings	THE GROUP
Net Income	15.934	1.393	9.263	12.718	15.221	54.530
Result before tax	11.523	(2.723)	2.056	9.373	13.723	33.952
Tax						(7.938)
Result after tax						26.014

## 6. Debt Securities in Issue

During the third quarter 99.112 and 1.813.750 bonds of the bond loans issued by the Company (former "COMM GROUP") and "MARFIN FINANCIAL SERVICES SOCIETE ANONYME" respectively, part of which was owned by the Company's subsidiaries, MARFIN BANK S.A. and INVESTMENT BANK OF GREECE S.A.. The value of the conversion option of the bonds of net amount € 9.470 thous. was directly recognized in Consolidated Equity. The following table gives information on the bonds in question:

Bonds	Issue Date	Maturity Date	Total Number of Bonds issued	Total number of bonds remaining as of 30/09/06	Bonds outside the Group as of 30/09/06	Nominal value	Coupon rate	Effective rate
Convertible non-traded bonds	19/12/2001	19/12/2006	1.813.750	0	0	17,8	6,50%	6,75%
Convertible non-traded bonds	12/6/2003	12/6/2008	100.000	888	888	90	Euribor+1%	7,35%

## 7. Share Capital and Share Premium

- During the Regular General Shareholder General Meeting it was resolved upon to distribute a dividend which amounted to € 0,05 per share.

During the Company's 2<sup>nd</sup> Repeating General Shareholder Meeting, which was held on 22/05/2006, it was decided to decrease the Company's share capital by the amount of € 18.867 thous. and return share capital amounting € 0,37 per share. The share capital decrease was decided upon with a respective decrease in the share's par value from € 8,26 to € 7,89. Following the decrease, the Company's share capital amounted to € 402.327 thous. divided into 50.992.000 common registered shares with par value of € 7,89

From the actions mentioned above the total payment made to shareholders amounted to € 0,42 per share.

- On 14/09/2006 the Company's Board of Directors resolved upon the certification of the Company's share capital increase from the conversion of the bonds mentioned in the previously mentioned. The share capital increase amounted to € 22.351 thous. with the issuance of 2.832.877 new common registered shares with nominal value € 7,89 each.

The Company's new share capital amounted to € 424.678 thous. divided into 53.824.877 registered shares. From the conversion of the Company's bonds an amount of € 18.853 thous. was recognized in Share Premium.

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

### a) Contingent liabilities from guarantees

Book values of contingent liabilities are analysed as follows:

Amounts in Euro '000	THE GROUP	
	30th September 2006	31st December 2005
<b>Contingent Liabilities from guarantees</b>		
Guarantees from income (Repos)	9.118	57
Letters of Guarantee (Bid and Performance books)	84.218	9.705
Letters of Guarantee (Advance Payment, Retention of Tenths, Prompt Payment)	157.653	12.309
	<u>250.989</u>	<u>22.071</u>
<b>Other Contingent Liabilities</b>		
Import letters of credits and confirmed letters of credit	4.455	14
	<u>4.455</u>	<u>14</u>
<b>Total</b>	<u><b>255.444</b></u>	<u><b>22.085</b></u>

### 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

COMPANY NAME	NON-TAX AUDITED YEARS
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.	N/A**
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

\*\* MARFIN BANK S.A. has been tax audited up to and including the financial year 2005

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
EFNATIA FINANCE S.A.	01/01/2002-31/12/2005
EFNATIA 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
EFNATIA 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> of September 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 30/09/2006, "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 from the legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the financial condition of the Group."

## 9. Balances with Related Parties (Group)

### 9.1 Transactions with Management personnel and members of the BoD (Group)

Amounts in Euro '000

	THE GROUP	
	30th September 2006	31st December 2005
<b>a) Asset accounts</b>		
Loans	6.691	9.437
Interest due	3	3
Other amounts due	0	0
<b>Total</b>	<b>6.694</b>	<b>9.440</b>
<b>b) Liability accounts</b>		
Deposits	67.236	10.008
Other liabilities	2	0
<b>Total</b>	<b>67.238</b>	<b>10.008</b>
<b>c) Income</b>		
Interest and similar income	103	93
Commission income	73	55
<b>Total</b>	<b>176</b>	<b>148</b>
<b>d) Expenses</b>		
Interest and similar expenses	896	192
Fees to members of the BoD	1.032	1.151
Salaries	7.315	3.860
Other short-term employee related expenses	0	491
<b>Total</b>	<b>9.244</b>	<b>5.693</b>

## 9.2 Transactions with other related parties

Amounts in Euro '000

	30th September 2006	31st December 2005
<b>a) Asset accounts</b>		
Loans	29.006	0
Other assets	261	238
<b>Total</b>	<b>29.267</b>	<b>238</b>
<b>b) Liability accounts</b>		
Deposits	17.956	5.368
Other liabilities	212	3.183
<b>Total</b>	<b>18.168</b>	<b>8.551</b>
<b>c) Income</b>		
Interest and similar income	584	0
Commission income	2.164	602
Other income	15	7
<b>Total</b>	<b>2.762</b>	<b>609</b>
<b>d) Expenses</b>		
Interest and similar expenses	509	78
Commission expense	0	0
Other expense	397	0
<b>Total</b>	<b>906</b>	<b>78</b>

## 9.3 Transactions with Management personnel and members of the BoD (Company)

Amounts in Euro '000

	THE COMPANY	
	30th September 2006	30th September 2005
<b>a) Expenses</b>		
Fees to members of the BoD	271	405
Salaries	217	312
<b>Total</b>	<b>488</b>	<b>717</b>

## 9.4 Transactions with other related parties (Company)

	30th September 2006	31st December 2005
<b>a) Asset accounts</b>		
<i>Amounts in Euro '000</i>		
Deposits	13.647	409.780
Other assets	4.960	19
<b>Total</b>	<b>18.607</b>	<b>409.799</b>
<b>b) Liability accounts</b>		
Bond loan	0	15.507
Short-term liabilities to financial institutions	96.000	42.880
Other liabilities	0	4.377
<b>Total</b>	<b>96.000</b>	<b>62.764</b>
<b>c) Income</b>		
Interest and similar income	2.266	565
<b>Total</b>	<b>2.266</b>	<b>565</b>
<b>d) Expenses</b>		
Interest and similar expenses	3.253	763
Other expenses	1.284	523
<b>Total</b>	<b>4.537</b>	<b>1.286</b>

## 10. Post-Balance Sheet Events

- On 31/10/2006 it was resolved upon that "CYPRUS POPULAR BANK PUBLIC COMPANY LTD" would be renamed to "MARFIN POPULAR BANK PUBLIC COMPANY LTD". Furthermore "CYPRUS POPULAR BANK PUBLIC COMPANY LTD", based on the postponed Extraordinary General Shareholder Meeting on 24/10/2006 and the prospecti for the public offers which were approved by the Hellenic Capital Market Commission, made a public or private offer:

1) To the holders of common and preferred shares and holders of convertible bonds of "EGNATIA BANK S.A." to acquire up to 100% of the common and preferred shares as well as convertible bonds of the bank at an exchange ratio of 1,2090 shares of "CYPRUS POPULAR BANK PUBLIC COMPANY LTD" for every one share and / or bond of "EGNATIA BANK S.A.".

2) To shareholders of "MARFIN FINANCIAL GROUP HOLDINGS S.A." to acquire up to 100% of the Company's common shares as well as stock options at an exchange ratio of 5,757 shares of "CYPRUS POPULAR BANK PUBLIC COMPANY LTD" for each share and / or stock option.

3) To the shareholders of "LAIKI BANK (HELLAS)" to acquire up to 19,79% of its common shares at an exchange ratio of 14,9962 shares of "CYPRUS POPULAR BANK PUBLIC COMPANY LTD" for each share.

- The new Board of Directors of "LAIKI BANK (HELLAS)", a subsidiary of "CYPRUS POPULAR BANK PUBLIC COMPANY LTD", is as follows: Chairman – Mr. Michael Louis, Vice Chairman – Mr. Platon Lanitis, Chief Executive Officer – Mr. Efthimios Bouloutas, Members – Messrs. Andreas Vgenopoulos, Eleftherios Chiliadakis, Kiriakos Magiras, Christos Stilianidis, Petros Petrou, Markos Foros, Dinos Milonas, Chrisostomos Theokli.

Mr. George Efstratiadis has been assigned as the new Chief Executive Officer of MARFIN BANK S.A.

- The Venture Capital Fund, IBG Hellenic Fund II acquired a stake in the company Solar Cells Hellas S.A.. The fund is being managed by IBG Management S.A. member of MARFIN FINANCIAL GROUP.

- On 22/11/2006 the Greek Parliament voted for a bill amendment according to which Banks are required to individually tax specific reserves which have been formed until 31/12/2005 and have arisen from tax deductible profits or specially taxed revenue. The amount of tax to be paid will be approximately € 506 thous.

*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.*

## 11. Approval of Financial Statements

The Condensed Separate and Consolidated Financial Statements for the period ending on the 30<sup>th</sup> of September 2006 were approved by MARFIN FINANCIAL GROUP HOLDINGS S.A. Board of Directors on the 24<sup>th</sup> of November 2006.

THE VICE CHAIRMAN OF  
THE BoD AND MANAGING  
DIRECTOR

THE MEMBER OF THE BoD

THE CHIEF  
FINANCIAL OFFICER

THE ACCOUNTING  
SUPERVISOR

ANDREAS VGENOPOULOS

EFTHIMIOS BOULOUTAS

CHRISTOPHE VIVIEN

STAVROULA MARKOULI