

FINANCIAL RESULTS

For the Period January 1st, 2007 until June 30th, 2007

“Greek Postal Savings Bank continued during the Second Quarter of 2007 with a successful growth trend by increasing both the basic balance sheet figures, as well as its results. In parallel, it further expanded its market share in Retail Banking .

The continuously successful materialization of the main strategy for restructuring of the Bank’s assets and for the reinforcement of recurring revenue sources, in conjunction with the successful offering of a further 20% of shares from the part of the main shareholder, the Greek State, create at this point a clear **dynamic of acceleration** of the Management’s planning, particularly in the fields of strategic synergies’ development, more efficient operating cost control, further qualitative systems and human resources upgrade, stronger reinforcement of corporate identity, activity in new business sectors and ultimately more effective management for the accomplishment of the targeted transformation and market share.

The results after taxes in the financial statements of the First Half 2007 are particularly positive and increased by 25.03% compared to respective First Half 2006, which is due both to the increase of interest income (i.e. from recurring income sources) as well as to the containment of operating expenses, thus improving the cost to net earnings ratio to 40.61% from 45.87% during the previous year’s relevant period and from 48.54% at year end 2006.

It is encouraging and reflective of the successful development of the Bank’s asset restructuring that, excluding the financial results, the provisions and depreciation, profits before taxes on a consolidated basis reached an increase in the order of 63.79% in comparison to the First Half 2006, which demonstrates the continuously increasing trend in earnings from recurring operations.

More specifically and in particular, in the First Half 2007, the loans portfolio reached 5,614.96 million Euro, compared to 4,862.81 million Euro on December 31st, 2006 and 4,041.79 million Euro on June 30th, 2006. In total, approximately 752 million Euro of new loans were granted, of which 56% concerned new mortgage loans and 44% concerned consumer loans and credit cards. This represents an increase of approximately 15.47% in respect to the outstanding loans as of December 31st 2006 and approximately 38.92% increase in terms of outstanding loans as of June 30th, 2006.

It is worth noting that the rate increase of loans of the Greek Postal Savings Bank remains significantly higher than the corresponding market rate. According to the figures of the Bank of Greece Bulletin of Conjunctural Indicators, PSB’s market share during the month of May 2007 reached, on the one hand for mortgage loans 6.52%, compared to 6.28% on December 31st, 2006 and 5.82% as of June 30th, 2006, on the other hand consumer loans reached 7.51%, compared to 6.88% as of December 31st, 2006 and 6.20% as of June 30th, 2006.

Respectively, deposits presented an increase of approximately 382 million Euro, which corresponds to 3.56%, reaching the amount of 11,108.24 million Euro, compared to 10,725.96 million Euro on December 31st, 2006 and 10,230.31 million Euro as of June 30th, 2006, representing an increase of



8.58%. It is worth noting that the Postal Savings Bank holds 10% of “savings deposits” of the Greek Market.

Finally, it should be noted that the loans to deposits ratio is continuously improving. From 39.51% in June 2006, it reached 45.34% at the end of the previous year and 50.55% in June 2007.

Despite that market conditions remain particularly competitive in the Banking sector, the development of the Greek Postal Savings Bank figures confirms the estimate that the goals set by Management, primarily for the increase of the loans to deposits ratio to 80% and secondly for the increase of the market share to 10%, will materialize in a shorter time frame than initially anticipated.

Mr. Panos Tsoupidis, Chairman of the Board of Directors

FIRST HALF 2007 FINANCIAL SUMMARY

- **Results increase (after taxes) by 25.03%**
- **Recurring results increase of 63.79% (profit before tax minus trading income, provisions and depreciation).**
- **Net Interest Income rose by 19.96%.**
- **Expansion of net loan portfolio (pre provisions) by 15.47% to 5,614.96 million Euro since the beginning of the year.**
- **Loans to deposit ratio increased by 50.55% from 45.34% on December 31st, 2006 and 39.51% in respect to the corresponding first half of 2006.**
- **Retaining of the very low NPL levels with NPL/Gross Loans ratio to 0.25% compared to 0.46% on 31.12.2006 and 0.35% in the corresponding first half of 2006.**
- **Further improvement of ROE to 24.52%, in annual base, from 17,62% for 2006.**

KEY DEVELOPMENTS

- **Reduction of Participation by the Hellenic State below 50%**

On July 11, 2007 the planned sale of PSB's 28,173,354 common shares, held by PSB's major shareholder, the "Hellenic Republic", was successfully completed through a private placement to qualified investors in Greece and internationally, via an accelerated book building process.

The offering took place as part of the State's privatization program, at the price of 18.10 euros per share, selling at a small premium relative to the closing price of July 09, 2007. The offering was oversubscribed three times, while the revenue generated for the Greek Republic amounted to approximately 510 million Euro.

Following the aforementioned offering of shares, representing 20% of voting rights of PSB's outstanding share capital, the main shareholder's, "Hellenic Republic", direct participation percentage in PSB's share capital has declined to 34.43% from 54.43%, while the indirect participation of the Hellenic Republic, of 10%, via "Hellenic Posts S.A." has remained unchanged.

- **Continuous Asset Restructuring**

The Greek Postal Savings Bank continues its so far successful restructuring of its asset base through the strong development of its loan portfolio in retail banking as well as through the corresponding reduction of its investment portfolio, which was traditionally high. In this way, gradually and at constant pace, the composition of results is being transformed, while the contribution of income from recurring activities is being reinforced.

At the end of the first half 2007, total loans grew to 5,614.96 million Euro, up by 15.47% since the beginning of the year. The proportion of net interest income rose by 19.96% in the first half 2007 compared to the first half 2006. Loans to deposits ratio developed at 50.55% in the first quarter 2007, from 45.34% in the end of 2006 and 39.51% in the first semester of 2006.

Correspondingly, the investment portfolio has been reduced to 5,150.95 million Euro on June 30, 2007, compared to fiscal year ending 2006, while this trend is expected to continue.

Finally, the main source of funding, namely deposits, demonstrated again an increasing trend, amounting to 11,108.24 million Euro at the end of the first half 2007 versus 10,725.96 million Euro at the end of the fiscal year 2006, and 10,230.31 million Euro for the corresponding period in 2006.

- **Continued Increase of loan portfolio and deposits**

PSB's loan portfolio, **after provisions**, increased by 15.47% reaching 5,545.60 million Euro at the end of the first half 2007, compared to 4,802.78 million Euro on December 31, 2006 and compared to 3,991.09 million Euro in the corresponding first semester of 2006, demonstrating an increase of 38.95%.

Consumer loans increased by 27.50% since the end of 2006, reaching 1,568.96 million Euro from 1,230.57 million Euro, while compared to the first half 2006 they increased by 59.74%.

Mortgage loans increased by 12.68% since the end of 2006 reaching 3,714.39 million Euro from 3,296.54 million Euro, while compared to the first quarter 2006 they increased by 35.91%.

Finally, credit cards loans increased by 15.03% since the end of 2006, to 147.55 million Euro from 128.27 million Euro, while compared to the first half 2006 they increased by 45.70%.

In addition, deposits increased by 3.56%, reaching 11,108.24 million Euro from 10,725.96 million Euro, on 31st December 2006 and 10,230.31 million Euro for the corresponding first semester of 2006, representing an increase of 8.58%.

- **Upgrade of corporate profile and brand awareness**

The Greek Postal Savings Bank continued its efforts on enhancing the bank's corporate profile and awareness, both by means of its advertising programs as well as through its financial backing programs within the framework of materialization of its "social responsibility" strategy. Within the above-mentioned framework, 3,64 million Euro have been spent from the beginning of 2007 and this trend is expected to continue and intensify throughout the financial year, especially after the reduction in participation of PSB's major shareholder, the "Hellenic Republic", below 50%. The advertising campaign is viewed as being successful, since the banking activities of the PSB are continuing to expand.

- **Human Resources**

In reference to employee hiring, 134 new employees were added to the Bank's work-force between December 2006 and January 2007, via hires which followed the ASEP (Supreme Commission for Employee Selection) procedure. The reduction in participation of PSB's major shareholder, the "Hellenic Republic", below 50%, has led to a liberation in the fields of hiring and human resources management, in order to achieve, within the least possible time, both an enhancement of quality as well as a rational management of costs.

- **Successful Control of Operating Expenses**

Throughout the second half of 2007, the effort to control and to rationally manage operating expenses, in the best way possible, has continued. There has been an overall decrease in total operating expenses, including depreciation, by 11.68% compared to the corresponding period last year. In total, they amounted to 102.42 million Euro, compared to 115.44 million Euro in the corresponding first half 2006.

- **Continuous development of the IT System**

After the completion of one of the greatest targets of the PSB's management, namely the installation and operation of the new integrated Information System of the Bank "PROFITS", the effort towards its constant improvement and expansion continues. The common at this point customer database will effectively promote the Bank's cross selling plan, and will allow for the more effective utilization of EL.TA. branch network. In general, full implementation and utilization of the system, together with user adoption of it, as is common under such circumstances, is expected to be fulfilled by the end of 2007, begging of 2008 the latest.

Moreover, the process of the international tender for the acquisition of a Risk Management system, its final supply, partial installation and operation is expected to be completed by the end of current year.

The IT center in Piraeus is currently at full operational mode and all necessary personnel are on location. In addition, the project of the foreseen procedures "IT Controls" is in full development,



based on the decisions and respective directives imposed of the Bank of Greece, expected to be finalized by the end of the current year.

Finally, the regional systems in terms of cost control, and the budget and management information reporting, are in the design stage, in order for their materialization to commence in the beginning of the coming year.

PERFORMANCE OVERVIEW OF FIRST HALF 2007 **(on a consolidated basis)**

- **Net Interest Income** amounted 291.12 million Euro compared to 218.78 million Euro as of the corresponded last year 2006 period , an increase of 35.81%.
- **Net fee and commission income** reached the level of 152.59 million Euro versus 98.29 ml Euro as of the corresponded last year 2006 period, an increase of 55.23%. It should be noted that an important part of the increase of the interest income compared to the previous year is due to the significant increase of the time deposit accounts.
- **Net interest income**, as a result of the above, was shaped at 144.53 million Euro, versus 120.43 million Euro as of the corresponded last year 2006 period, an increase of 19.96%.
- **Net commissions' income** reached 5.23 million Euro, versus 10.43 million Euro the same period in 2006.
- **Dividend income** amounted to 3.25 million Euro versus 3.52 million Euro a year ago.
- **Income from financial transactions** reached the level of 70.91 million Euro, compared to 81.53 million Euro the same period in 2006, a decrease of 13.02%.
- **Other operating income** reached 0.56 million Euro compared to 2.49 million Euro as of the corresponded last year 2006 period.
- **Personnel expenses** amounted to 35.36 million Euro versus 34.56 million Euro in 2006, a marginal increase of 2.33%.
- **General administrative expenses** reached 50.86 million Euro, compared to 61.22 million Euro in the corresponding period of 2006, a decrease of 16.91%.
- **Amortizations** reached the level of 4.94 million Euro versus 4.42 million Euro a year ago, posting an increase of 11.58%.
- **Possible loan losses** reached 11.26 million Euro, versus 15.24 million Euro in first half of 2006, a decrease of 26.14%
- **Pre tax Earnings** increased by 18.52% during the first half of 2007, reaching 122.06 million Euro, compared to 102.98 million Euro the same period in 2006.
- **After tax Earnings increased** by 25.03% in 2007, reaching 100.01 million Euro, versus 79.99 million Euro in 2006.
- **Total Equity** following the respective income tax imposed on Bank's reserves, amounted to 815.92 million Euro, from 868.88 million Euro at the end of the previous financial year.
- **Total Assets increased** by 1.26% and reached 12,487.19 million Euro in the first half of 2007 compared to 12.332,70 million Euro at the end of the previous financial year.
- **Gross Loans** recorded a significant increase of 15.47% on a six months basis and amounted to 5.614,96 million Euro, versus 4.862,81 million Euro at the end of the previous financial year.
- **Deposits** posted an increase of 3.56% and reached 11.108,24 million Euro on June 30th, 2007 compared to 10.725,96 million Euro at the end of 2006.

FINANCIAL FIGURES & RATIO ANALYSIS OF FIRST HALF 2007 (in mil. Euro)
(on a consolidated basis)

	6/30/2006	12/31/2006	6/30/2007	12.06-06.07 Change	06.06-06.07 Change
Total assets	11,425.94	12,332.20	12,487.19	1.26%	9.29%
Total Loans	4,041.79	4,862.81	5,614.96	15.47%	38.92%
Total Deposits	10,230.31	10,725.96	11,108.24	3.56%	8.58%
Shareholders' equity	826.49	868.88	815.92	(6.10%)	(1.28%)
Total operating income	218.45		224.48		2.76%
Total operating expenses	115.47		102.42		(11.30%)
Net Income (before tax)	102.98		122.06		18.52%
Net Income (after tax)	79.99		100.01		25.03%
EBITDA	41.11		67.35		63.79%
ROA	0.70%		0.80%		0.10%
ROE	19.36%	17.62%	24.52%		5.16%
Cost to Income	45.87%	48.54%	40.61%		(5.26%)
Loans to Deposits	39.51%	45.34%	50.55%	5.21%	11.04%
NII to Assets	1.05%		1.16%		0.10%
NPL to Total Loans	0.34%	0.46%	0.25%	(0.21%)	(0.09%)
EPS	0.57 Euro		0.71 Euro		25.03%
# of branches	136	137	137	0	1
# of personnel	1,218	1,281	1,319	2.97%	8.29%

INCOME STATEMENT FIGURES (in mil. Euro)
(on a consolidated basis)

	6/30/2006	6/30/2007	Change
Net Interest Income	120.48	144.53	19.96%
Net fee and commission income	10.43	5.23	(49.85%)
Income from financial transactions	81.53	70.91	(13.02%)
Dividend Income	3.52	3.25	(7.80%)
Other Income	2.49	0.56	(77.37%)
Personnel Expenses	34.56	35.36	2.33%
General Administrative Expenses	38.11	49.44	29.72%
Depreciation	4.42	4.94	11.67%
Provision for loan losses	15.24	11.26	(26.15%)
Other Expenses	23.14	1.43	(93.84%)
Net Income (before tax)	102.98	122.06	18.52%
Income Tax	22.99	22.05	(4.10%)
Net Income (after tax)	79.99	100.01	25.03%