

FIRST QUARTER 2007 FINANCIAL RESULTS

“Greek Postal Savings Bank continued with a successful growth trend during the First Quarter of 2007 in regards to both the basic balance sheet figures, as well as in respect to the further increase of its market share in Retail Banking.

The results of operations in the financial statements of the First Quarter 2007 are considered to be particularly encouraging despite the decrease of the pre-tax profits as compared to the First Quarter 2006, which is due to the decrease of trading income, which is generally considered as non-recurring profit.

Excluding the results in question, as well as provisions and depreciation, profits before taxes on a consolidated basis reached an increase in the order of 39.35% in comparison to the First Quarter 2006, which demonstrates the successful development of Management’s main strategy, i.e., that of its transformation into a Bank, with continuously increasing earnings from repeated operations.

More specifically and in particular, in the First Quarter 2007, the loans portfolio reached 5,231.85 million Euro, compared to 4,862.81 million Euro on December 31, 2006 and 3,541.64 million Euro on March 31, 2006. In total, approximately 369 million Euro of new loans were granted, of which 63% concerned new mortgage loans and 37% concerned consumer loans and credit cards. This represents an increase of approximately 7.59% in respect to the outstanding loans as of 31st December 2006 and approximately 47.72% increase in terms of outstanding loans as of March 31st, 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 in the first quarter 2007 reached, on the one hand for mortgage loans 6.34%, compared to 6.28% on December 31, 2006 and 5.27% as of March 31, 2006, and on the other hand consumer loans increased by 7.29%, compared to 6.88% as of December 31, 2006 and 5.44% as of March 31, 2006.

Respectively, deposits presented a small increase of approximately 113 million Euro, which corresponds to 1.06%, reaching the amount of 10,839.27 million Euro, compared to 10,725.96 million Euro on December 31, 2006 and 10,063.41 million Euro as of March 31, 2006, representing an increase of 7.71%.

Despite that market conditions remain extremely 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

- **Recurring results increase of 39.35% (profit before tax minus trading income, provisions and depreciation).**
- **Net Interest Income rose by 11.76%.**
- **Expansion of net loan portfolio (pre provisions) by 7.59% to 5,231.85 mil Euro since the beginning of the year.**
- **Loans to deposit ratio increased by 48.27% from 45.34% on 31.12.2006 and 35.19% in respect to the corresponding first quarter of 2006.**
- **Loan interest income increased by 61.25% to 64.44 mil Euro, compared to 38.10 million Euro in the first quarter of 2006.**
- **Retaining of the very low NPL levels with NPL/Gross Loans ratio to 0.50% compared to 0.46% on 31.12.2006 and 0.35% in the corresponding first quarter of 2006.**
- **Further improvement of ROE to 5.49% in the first quarter 2007 (consolidated 21.95%), from 21.33% for 2006.**

KEY DEVELOPMENTS

- **Robust growth in banking operations**

The Greek Postal Savings Bank continues to successfully expand its banking operations. At the end of the first quarter 2007, total loans grew to 5,231.85 million Euro, up by 7.59% since the beginning of the year. Loan interest income rose by 61.25% reaching 64.44 million Euro for the first quarter 2007, compared to 38.10 million Euro in the first quarter 2006. The proportion of net interest income rose by 11.76% in the first quarter 2007 compared to the first quarter 2006. Loans to deposits ratio developed at 48.27% in the first quarter 2007, from 45.34% in the end of 2006 and 30.59% in the end of 2005.

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

PSB's loan portfolio, after provisions, increased by 7.58% reaching 5,166.80 million Euro in the first quarter 2007, compared to 4,802.78 million Euro on December 31, 2006 and compared to 3,504.60 million Euro in the corresponding first quarter of 2006, demonstrating an increase of 47.43%.

Consumer loans increased by 11.07% since the end of 2006, reaching 1,366.82 million Euro from 1,230.57 million Euro, while compared to the first quarter 2006 they increased by 71.76%.

Mortgage loans increased by 7.06% since the end of 2006 reaching 3,529.28 million Euro from 3,296.54 million Euro, while compared to the first quarter 2006 they increased by 45.97%.

Finally, credit cards loans increased by 9.13% since the end of 2006, to 139.98 million Euro from 128.27 million Euro, while compared to the first quarter 2006 they increased by 70.16%.

In addition, deposits increased by 1.06%, reaching 10,839.27 million Euro from 10,725.96 million Euro, on 31st December 2006 and 10,063.41 million Euro for the corresponding first quarter of 2006, representing an increase of 7.71%.

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

The Greek Postal Savings Bank continued its efforts on enhancing the bank's corporate profile and awareness. Marketing expenses were shaped at 858 million Euro from the beginning of 2007 and this trend is expected to continue and intensify throughout the financial year. 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.

- **Successful decrease of Operating Expenses**

During the first quarter 2007, there was a very encouraging decrease in total operating expenses, including depreciation, by 5.83%. Total operating expenses accounted to 42.48 million Euro, compared to 45.11 million Euro in the corresponding first quarter 2006.

- **New IT System**

Within 2006 one of the greater targets of the PSB's management was completed. On October 1st 2006, "PROFITS", the new integrated Information System of the Bank became fully operational. The successful installation and operation of the new IT system will allow for faster and more efficient treatment not only of the Bank's transactions and information flow but also of the main clientele database, so as to effectively support and promote the Bank's cross selling plan. 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 system Risk Management system, its final supply, 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.

Finally 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.

PERFORMANCE OVERVIEW OF 1Q 2007
(on a consolidated basis)

- **Net Interest Income** amounted 142.53 ml Euro compared to 108.30 ml Euro as of the corresponded last year 2006 period, an increase of 31.61%.
- **Net fee and commission income** reached 73.13 ml Euro versus 46.20 ml Euro as of the corresponded last year 2006 period, an increase of 58.29%. It should be noted that a part of increase of the interest income compared to the previous year is due to increase of the fixed-sun credit as well as the continuous increase of interest rate.
- **Net interest income** because of the above was shaped to 69.40 ml Euro, versus 62.10 ml Euro as of the corresponded last year 2006 period, an increase of 11.76%.
- **Net commissions' income** reached 2.74 ml Euro versus 0.83 ml Euro the same period in 2006, a very impressive increase.
- **Dividend income** amounted to 0.49 ml Euro versus 0.48 ml Euro a year ago, an increase of 1.91%.
- **Income from financial transactions** amounted to 23.26 ml Euro from 82.93 ml Euro of the previous year.
- **Other operating income** reached 0.01 ml Euro compared to 2.97 mil Euro as of the corresponded last year 2006 period.
- **Personnel expenses** amounted to 17.14 ml Euro versus 16.44 ml Euro in 2006, an increase of 4.26%.
- **General administrative expenses** reached 22.95 ml Euro, compared to 26.52 ml Euros the corresponding period of 2006, a decrease of 13.45%.
- **Amortizations** reached the level of 2.39 ml Euro versus 2.15 ml Euro a year ago, posting an increase of 11.14%.
- **Possible loan losses** reached 5.02 ml Euro, versus 8.42 ml Euro in 1Q 2006, a decrease of 40.39%
- **Pre tax Earnings** decreased by 49.38% during the first quarter of 2007, reaching 48.48 ml Euro, compared to 95.77 ml Euro the same period in 2006. It should be noted that the decrease in pre tax earnings is primarily due to the decrease in the income from financial transactions.
- **After tax Earnings** decreased by 47.20% in the first three months of 2007, reaching 39.12 ml Euro, versus 74.09 ml Euro in 2006.
- **Total Equity** following the respective income tax imposed on Bank's reserves, amounted to 883.30 mil Euro, from 869.42 mil Euro at the end of the December 2006.
- **Total Assets** decreased by 2.28% and reached 12.055,52 million Euro in the first quarter 2007 compared to 12.336,70 million Euro at the end of the previous financial year.
- **Gross Loans** recorded a significant increase of 7.59% on a quarterly basis and amounted to 5.231.85 mil Euro, versus 4.862.81 mil Euro at the end of the previous financial year.
- **Deposits** posted an increase of 1.06% and reached 10.839,27 mil Euro on March 31st, 2007 compared to 10.725,96 mil Euro at the end of 2006.

FINANCIAL FIGURES & RATIO ANALYSIS OF Q1 2007 (In mil Euro) **(on a consolidated basis)**

	3/31/2006	12/31/2006	3/31/2007	12.06-03.07 Change	03.06-03.07 Change
Total assets	11,289.82	12,336.70	12,055.52	(2.28%)	6.78%
Total Loans	3,541.89	4,862.81	5,231.85	7.59%	47.71%
Total Deposits	10,063.41	10,725.96	10,839.27	1.06%	7.71%
Shareholders' equity	902.71	869.42	883.30	1.60%	(2.15%)
Total operating income	149.30		95.98		(35.71%)
Total operating expenses	53.53		47.50		(11.26%)
Net Income (before tax)	95.77		48.48		(49.38%)
Net Income (after tax)	74.09		39.12		(47.20%)
EBITDA	23.41		32.63		39.35%
ROA	0.66%		0.32%		(0.33%)
ROE	8.21%		4.43%		(3.78%)
Cost to Income	30.21%		50.51%		20.30%
Loans to Deposits	35.20%	45.34%	48.27%	2.93%	13.07%
NII to Assets	0.55%		0.58%		0.03%
NPL to Total Loans	0.35%	0.46%	0.50%	0.04%	0.15%
EPS	0.53 Euros		0.28 Euros		(47.17%)
# of branches	136	137	137	0	1
# of personnel	1,220	1,281	1,316	2.73%	7.87%

INCOME STATEMENT FIGURES (In mil Euro) **(on a consolidated basis)**

	3/31/2006	3/31/2007	Change
Net Interest Income	62.10	69.40	11.76%
Net fee and commission income	0.83	2.74	230.12%
Income from financial transactions	82.93	23.26	(71.95%)
Dividend Income	0.48	0.49	2.08%
Other Income	2.96	0.10	(96.62%)
Personnel Expenses	16.44	17.14	4.26%
Administrative Expenses	15.84	22.67	43.12%
Depreciation	2.15	2.39	11.16%
Provision for loan losses	8.42	5.02	(40.38%)
Other Expenses	10.68	0.29	(97.28%)
Net Income (before tax)	95.77	48.48	(49.38%)
Income Tax	21.67	9.36	(56.81%)
Net Income (after tax)	74.09	39.12	(47.21%)