SUBJECT TO COMPLETION, DATED MAY 15, 2006

PRELIMINARY INTERNATIONAL OFFERING MEMORANDUM

49,080,000 Shares

Postal Savings Bank S.A.

(incorporated with limited liability in the Hellenic Republic)

Ordinary Shares

€ ● per share

The Hellenic Republic, our selling shareholder, is selling up to 49,080,000 of our ordinary shares in a combined offering, comprising (i) an international offering outside of Greece to qualified investors, (ii) a public offering to qualified and non-qualified investors in Greece, and (iii) an offering of shares to our employees, certain independent contractors who collaborate with us and members of our board through a private placement.

All of the ordinary shares being offered in the combined offering are being offered and sold by the Hellenic Republic. We will not receive any proceeds from the sale of ordinary shares in the combined offering. Following the combined offering and prior to the transfer to the Hellenic Republic of any ordinary shares purchased through stabilization, the Hellenic Republic, directly or indirectly, will own approximately 65.2% of our share capital.

Prior to the combined offering, there has been no public market for our ordinary shares. Application has been made by us for the listing of, and permission to deal in, our ordinary shares on the Athens Exchange.

Investing in our ordinary shares involves risks. See "Risk Factors" beginning on page 11.

The joint bookrunners have elected to have the Hellenic Republic sell up to 5,070,000 additional ordinary shares, included in the total shown above, in order to meet excess demand. The joint domestic bookrunners may, in agreement with the joint bookrunners, effect transactions that stabilize or maintain the market price of the ordinary shares during the 30-day period beginning on the date trading of our ordinary shares commences. No more than 5,070,000 ordinary shares may be purchased through stabilization and, at the end of the period, all ordinary shares so purchased must be transferred to the Hellenic Republic at the offer price.

The ordinary shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended. In the United States, the offering is being made only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in transactions exempt from the registration requirements of the Securities Act. Outside the United States, the offering is being made in offshore transactions in reliance on Regulation S under the Securities Act.

We expect that the ordinary shares will be ready for delivery through the book-entry facilities of the Central Securities Depositary S.A. on or about June 5, 2006 and that trading will commence two days later.

Joint Bookrunners

Goldman Sachs International **JPMorgan**

Joint Lead Managers

Goldman Sachs International **JPMorgan**

NBG International **Piraeus Bank**

● , 2006

Pursuant to requirements of applicable U.S. law, the Offering Memorandum is confidential for distribution in the United States. You are authorized to use this Offering Memorandum solely for the purpose of considering the purchase of our ordinary shares in the combined offering described in this Offering Memorandum. We have furnished the information in this Offering Memorandum. You acknowledge and agree that the managers make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the managers. You may not reproduce or distribute this Offering Memorandum, in whole or in part, and you may not disclose any of the contents of this Offering Memorandum or use any information in this Offering Memorandum for any purpose other than considering an investment in our ordinary shares offered hereby. You agree to the foregoing by accepting delivery of this Offering Memorandum.

Notwithstanding any provision herein and the otherwise confidential nature of this Offering Memorandum and its contents, and effective from the date of commencement of discussions concerning this offering of ordinary shares, each party thereto (and each employee, representative, or other agent of such party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the offering of ordinary shares and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure, except to the extent that any such disclosure could reasonably be expected to cause this offering not to be in compliance with securities laws. In addition, no person may disclose the name of or identifying information with respect to any party identified herein or other non-public business or financial information that is unrelated to the tax treatment or tax structure of the offering of ordinary shares without our prior consent. For purposes of this paragraph, the tax treatment of the offering of ordinary shares is the purported or claimed U.S. federal income tax treatment of the offering of ordinary shares, and the tax structure is any fact that may be relevant to understanding the purported or claimed U.S. federal income tax treatment of the offering of ordinary shares.

No person is authorized to give information or to make any representation in connection with the offering or sale of our ordinary shares other than as contained in this Offering Memorandum. If any such information is given or made, it must not be relied upon as having been authorized by us or any of the managers or any of their affiliates or advisers or selling agents. Neither the delivery of this Offering Memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in our affairs or that the information set forth in this Offering Memorandum is correct as of any date subsequent to the date hereof.

We accept responsibility for the information contained in this Offering Memorandum and to the best of our knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

In making an investment decision, prospective investors must rely upon their own examination of our company and the terms of this Offering Memorandum, including the risks involved.

The distribution of this Offering Memorandum and the offering and sale of our ordinary shares in certain jurisdictions may be restricted by law. We and the managers require persons into whose possession this Offering Memorandum comes to inform themselves about and to observe any such restrictions. This Offering Memorandum does not constitute an offer of, or an invitation to purchase, any of our ordinary shares in any jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a public offering to occur in any jurisdiction other than Greece.

We have not submitted this international Offering Memorandum to the clearance procedures of the Hellenic Capital Market Commission and accordingly it may not be used in connection with any offer to purchase or sell any shares in the Greek public offering. For the purposes of the Greek public offering, we have prepared an Offering Memorandum in the Greek language which will be approved by the Hellenic Capital Market Commission.

In connection with the combined offering the joint domestic bookrunners may, in agreement with the joint bookrunners, effect transactions that stabilize or maintain the market price of our ordinary shares at levels above those that might otherwise prevail in the open market. Such transactions may be effected on the Athens Exchange and shall be carried out in accordance with applicable rules and regulations. Such stabilizing, if commenced, may be discontinued at any time.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The ordinary shares offered hereby have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The ordinary shares offered hereby have not been approved or disapproved by the U.S. Securities and Exchange Commission (the **SEC**), any state securities commission in the United States or any other U.S. regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (RSA) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENCED IN THE STATE OF NEW HAMPSHIRE IMPLIES THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT ANY EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Offering Memorandum has been prepared on the basis that all offers of ordinary shares, other than the offer contemplated in the Greek offering prospectus in the Hellenic Republic, once the Greek offering prospectus has been approved by the competent authority in such member state and published in accordance with the Prospectus Directive (2003/71/EC) as implemented in the Hellenic Republic, will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the European Economic Area (**EEA**), from the requirement to produce a prospectus for offers of ordinary shares. Accordingly, any person making or intending to make any offer within the EEA of ordinary shares which are the subject of the offer contemplated in this Offering Memorandum should only do so in circumstances in which no obligation arises for the Bank or any of the International Managers to produce a prospectus for such offer. Neither the Bank nor the International Managers have authorised, nor do they authorise, the making of any offer of ordinary shares through any financial intermediary, other than offers made by International Managers which constitute the final placement of ordinary shares contemplated in this Offering Memorandum.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This Offering Memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments; (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended); (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any shares may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as **relevant persons**). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

This offer is only being made to persons in the United Kingdom whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Prospectus Rules and the

FSMA, and each Underwriter has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the ordinary shares in circumstances in which section 21(1) of the FSMA does not apply to the Company.

NOTICE TO PROSPECTIVE INVESTORS IN ITALY

The offering of the ordinary shares has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no ordinary shares may be offered, sold or delivered, nor may copies of this document or of any other document relating to the ordinary shares be distributed in the Republic of Italy except: (i) to professional investors (operatori qualificati), as defined in Article 31, second paragraph of CONSOB Regulation No. 11522 of July 1, 1998, as amended and (ii) in circumstances which are exempt from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree no. 58 of February 24, 1998, as amended (the **Financial Services Act**) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of May 14, 1999, as amended. Any offer, sale or delivery of the ordinary shares or distribution of copies of this document or any other document relating to the ordinary shares in the Republic of Italy under (i) or (ii) above must be: (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of September 1, 1993, as amended and (b) in compliance with any other applicable laws and regulations.

NOTICE TO PROSPECTIVE INVESTORS IN THE NETHERLANDS

In or from the Netherlands (whether as part of their initial distribution or at any time thereafter), the ordinary shares described in this Offering Memorandum may not, are not and will not be offered, distributed, sold, transferred or delivered, directly or indirectly, to any private individual or legal entity other than to individuals or legal entities who or which trade in securities in the conduct of a business or a profession or trade within the meaning of Section 2 of the exemption regulation pursuant to the Netherlands Securities Market Supervision Act 1995 ("*artikel 2 Vrijstellingsregeling Wet toezicht effectenverkeer 1995*"), which includes banks, securities intermediaries (including dealers and brokers), insurance companies, pension funds, other institutional investors, undertakings with a treasury department and commercial enterprises that, as an ancillary activity, regularly invest in securities.

NOTICE TO PROSPECTIVE INVESTORS IN CANADA

The ordinary shares described in this Offering Memorandum have not been, and will not be, offered or sold (directly or indirectly) in, or to residents of, Canada. None of the ordinary shares described in this Offering Memorandum have been or will be qualified for issue or sale in Canada pursuant to a prospectus and may not be offered, issued or sold, directly or indirectly, in any province or territory of Canada. No action has been or will be taken by us that would permit a public offering or a private placement of the ordinary shares described in this Offering Memorandum in Canada.

NOTICE TO PROSPECTIVE INVESTORS IN AUSTRALIA

This Offering Memorandum and any other document issued in connection with the combined offering is not directed at persons in Australia, its territories or possessions, unless they are a person who is required to pay at least A$500,000 for the ordinary shares described in this Offering Memorandum or its foreign currency equivalent (disregarding amounts, if any, lent by the Bank or other person offering the ordinary shares or its associates (within the meaning of those expressions in Part 6D.2 of the Corporations Act 2001 (the **Corporations Act**) (an **Australian sophisticated investor**), or a person who is a professional investor (within the meaning of subsection 708(11) of the Corporations Act) (an **Australian professional investor**) or otherwise unless the circumstances do not require any disclosure to be made under Part 6D.2 of that Act. This Offering Memorandum does not constitute a disclosure document or prospectus within the meaning of the Corporations Act and no disclosure document or prospectus in relation to the ordinary shares described in this Offering Memorandum has been lodged under Division 5 of Part 6D.2 of the Corporations Act. Any person who is issued the ordinary shares described in this Offering Memorandum or who buys or to whom are transferred any ordinary shares described in this Offering Memorandum shall not sell or transfer such ordinary shares in Australia for twelve months after the issue of those ordinary shares, unless that sale or transfer is to a person to whom the ordinary shares may be sold or transferred without an Australian law compliant disclosure document or prospectus, such as an Australian sophisticated investor or an Australian professional investor.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

The ordinary shares described in this Offering Memorandum have not been and will not be registered under the Securities and Exchange Law of Japan. Accordingly, none of the ordinary shares may be offered, issued or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to any persons for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law of Japan and any other applicable laws, regulations and ministerial guidelines of Japan.

CERTAIN TERMS AND CONVENTIONS

References in this Offering Memorandum to "PSB," "Bank," "we," "us," "our," the "Company" and similar terms refer to the Postal Savings Bank S.A.

AVAILABLE INFORMATION

We are currently not subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder. For as long as this remains the case, we will furnish, upon written request, to any owner of our ordinary shares offered hereby, or any prospective purchaser designated by any such owner, information satisfying the requirements of subsection (d)(4)(i) of Rule 144A under the Securities Act to permit compliance with Rule 144A in connection with resales of our ordinary shares for as long as any of our ordinary shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act. We will also furnish to each such owner all notices of shareholders' meetings and other reports and communications that are made generally available to shareholders by us. We do not currently intend to make an application for an exemption under Rule 12g3-2(b) under the Exchange Act.

Pursuant to Greek law, we will be required to file with the Hellenic Capital Market Commission and the Athens Exchange unaudited quarterly reports and audited six-month and annual reports in accordance with International Financial Reporting Standards (**IFRS**) within 60 days of the relevant period end and to publish such reports in at least one Greek newspaper, the Official List of the Athens Exchange and our website. Due to the timing of our listing, we are not required to publish financial statements for the quarter ended March 31, 2006. In accordance with applicable requirements, our first interim financial statements will be prepared as at, and for the six moths ended, June 30, 2006.

We will make available to our shareholders an annual report containing audited financial statements for the year no later than 10 business days before our general assembly of shareholders. We will make publicly available, but will not mail to shareholders unless specifically requested in writing, (a) audited IFRS annual financial statements for the year no later than the end of April of the following year, (b) audited IFRS financial statements for the first six months of each year no later than the end of August of the year, and (c) quarterly summary unaudited IFRS financial data for the first and third quarters of each year no later than two months after the end of such quarter. We will not be making available quarterly financial data as at, and for the three months ended, March 31, 2006.

Our principal office is located at 2-6 Pesmatzoglou Street, 10575 Athens, Greece, and our telephone number is +30 (210) 3704900.

MARKET AND INDUSTRY INFORMATION

Market data and certain industry forecasts used throughout this Offering Memorandum were obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including Bank of Greece publications. The information has been accurately reproduced and as far as we are aware and able to ascertain from the information published by such sources, no facts have been omitted which would render the reproduction of this information inaccurate or misleading.

JURISDICTION AND SERVICE OF PROCESS IN THE UNITED STATES AND ENFORCEMENT OF FOREIGN JUDGMENTS IN GREECE

We are a *société anonyme* incorporated in the Hellenic Republic. Substantially all of our assets are located in Greece. None of our directors, officers or the other persons named in this Offering Memorandum are residents of the United States. It may not be possible for you to effect service of process within the United States upon us or such persons with respect to matters arising under the federal securities laws of the United States, or to enforce against us or such persons judgments obtained in the United States predicated upon the civil liability provisions of U.S. federal securities laws. There is doubt as to the enforceability in Greece, in original actions or in actions for enforcement of United States court judgments, of civil liabilities predicated solely upon U.S. federal securities laws to the extent that (a) such laws are contrary to mandatory provisions of Greek law and the international public policy of the Hellenic Republic and (b) judgments rendered by United States courts do not meet the requirements prescribed by the Greek Code of Civil Procedure.

CONSENT TO SERVICE AND SOVEREIGN IMMUNITY

The Hellenic Republic is a sovereign state and enjoys sovereign immunity. We do not enjoy sovereign immunity. We and the Hellenic Republic will irrevocably submit to the jurisdiction of any state or federal court in the City of New York, New York in the United States in any action arising out of or based on the ordinary shares brought by any holder of an ordinary share. In addition, we and the Hellenic Republic irrevocably waive, to the fullest extent permitted by law, any immunity, including, in the case of the Hellenic Republic, foreign sovereign immunity, from jurisdiction and, except as provided below, from execution or attachment or any similar process to which we or the Hellenic Republic may otherwise be entitled in any such action in the competent courts of England or the United States or in any competent court in the Hellenic Republic.

Under Article 94 Paragraph 4 of the Greek Constitution, court judgments may be compulsorily enforced against the assets and general property of the Hellenic Republic in accordance with Law 3068/2002. Paragraph 4 of such law provides, among other things, that monetary claims against the Hellenic Republic may be compulsorily enforced against the private property of the Hellenic Republic. However, (a) claims by the Hellenic Republic against third parties arising from a legal relationship governed by public law (for example, the right to collect taxes or a fine) or (b) assets of the Hellenic Republic that serve a specific public purpose may not be seized or attached. Moreover, according to Paragraphs 2 and 3 of Article 4 of Law 3068/2002, compulsory execution against the Hellenic Republic is permitted after the lapse of 60 days from the service of the relevant court judgment on the minister responsible for making the relevant payment provided that all other requirements set forth in the Greek Code of Civil Procedure have been satisfied. Notwithstanding the above, no compulsory enforcement may be made against the premises of the Hellenic Republic's diplomatic missions in any jurisdiction that affords immunity thereto or with respect to assets of the Hellenic Republic located outside Greece which are necessary for the proper functioning of the Hellenic Republic as a sovereign power. As a result, the foregoing waiver shall not constitute a waiver of such immunity.

The Hellenic Republic reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976, as amended (the **Sovereign Immunities Act**), with respect to actions brought against the Hellenic Republic under the United States federal securities laws or any state securities laws. In the absence of a waiver of immunity by the Hellenic Republic with respect to such actions, it would not be possible to obtain a United States judgment in an action against the Hellenic Republic, unless a court were to determine that the Hellenic Republic is not entitled under the Sovereign Immunities Act to sovereign immunity with respect to such action.

A final judgment against the Hellenic Republic or us rendered by any competent English court will be recognized in Greece without being reviewed as to the merits according to the provisions of European Union Regulation 44/2001 on international jurisdiction, recognition and enforcement of civil and commercial judgments. Such judgments may not be enforceable if they are predicated upon laws contrary to the public policy of the Hellenic Republic. A judicial duty equivalent to 0.7% of the amount claimed is payable to the Hellenic Republic upon the commencement of proceedings before a Greek court to obtain a judgment upon any such amount due from the Hellenic Republic or us.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

This Offering Memorandum includes our audited financial statements as at and for the years ended December 31, 2004 and 2005, which were prepared in accordance with IFRS and audited by our independent auditors, Deloitte Hadjipavlou Sofianos & Cambanis S.A. Due to significant differences between Greek GAAP and IFRS and major changes in our activities since 2003, we have not included our past Greek GAAP financial statements in this Offering Memorandum.

Our financial statements are expressed in euros. All references to **euros** and **€** are to the lawful currency of the member states of the European Union which adopted the single currency in accordance with the Treaty Establishing the European Community (signed in Rome on March 25, 1957), as amended by the Treaty on European Union (signed in Maastricht on February 7, 1992) (the **EC Treaty**). For historical information regarding rates of exchange between the euro and the U.S. dollar, see "Exchange Rates".

As a result of rounding adjustments, the figures or percentages in a column may not add up to the total for that column.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains **forward-looking statements** relating to our business and the sectors in which it operates. These forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "estimates," "plans," "projects," "expects," "intends," "targets", "may," "is expected to," "will," "will continue," "should," "would be," "seeks" or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans, prospects, anticipated growth, objectives, goals, future events or intentions. Forward-looking statements may be found in sections of this Offering Memorandum entitled "Risk Factors," "Operating and Financial Review and Prospects," "Industry and Regulation," "Our Business," and elsewhere.

These forward-looking statements reflect our current views with respect to future events and are subject to certain known or unknown risks, uncertainties and assumptions. Many factors could cause our actual results, performance or achievements to be materially different from the future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Such risks, uncertainties, assumptions and other important factors include, among others:

- our ability to develop and expand our business;
- our ability to integrate new computer systems into our operations and to use these new systems to produce accurate and timely financial statements and to enhance productivity;
- our ability to make adequate provisions against problem loans in the future;
- our ability to take advantage of new technologies;
- competition from other banks;
- changes in overall economic conditions in the Hellenic Republic;
- performance of our investment portfolio, the Athens Exchange (the **ATHEX**) and volatility in the world's securities markets;
- the effects of regulation (including tax regulations and capital adequacy requirements);
- our ability to maintain our relationship with Hellenic Post Offices (**ELTA**);
- our ability to retain key management and strengthen our resources at the corporate level;
- our ability to hire and dismiss employees;
- the effects of European Economic and Monetary Union;
- the effects of litigation;
- capital spending and financial resources; and
- our anticipated future revenues.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those described in this Offering Memorandum as anticipated, believed, estimated or expected. We do not intend, and do not assume any obligation, to update any industry information or forward-looking statements set out in this Offering Memorandum.

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SUMMARY

This summary contains basic information about us. It likely does not contain all the information that may be important to you. You should read the entire Offering Memorandum, including the financial information and related notes, before making an investment decision. In particular, you should consider carefully the factors described under the heading "Risk Factors".

Our Business

We are the seventh largest Greek bank in terms of assets and have historically been, and continue to be, one of the leading depositary institutions for retail savings in the Hellenic Republic. As at December 31, 2005, we had approximately 4.9 million accounts (both deposits and loans), of which approximately 45% have been dormant for the past five years. We offer a wide range of traditional retail banking products including deposit accounts, mortgage and consumer loans and credit cards, as well as financial services including payroll accounts, payment transfer services and foreign exchange. We also offer mutual funds through our sole subsidiary, T.T.ELTA.AEDAK (the **Mutual Fund Management Company**), a company formed in 2002 through equal participations held by ELTA and us. In addition, we have substantial treasury operations through which we invest our excess liquidity, primarily in Greek government bonds and interbank placements.

As at December 31, 2005, our network consisted of 136 domestic branches throughout Greece. Our presence is significantly enhanced through our relationship with ELTA, governed by a comprehensive agreement entered into on November 19, 2001, which provides for the acceptance of deposits and distribution of certain banking products, including mutual funds and credit cards through approximately 820 post offices, which are located in virtually every town in Greece. Our distribution network also included 130 automated teller machines as at December 31, 2005. See "Our Business—Distribution Channels—Branch Network" and "Our Relationship with the Selling Shareholder" for a description of our relationship with ELTA.

Our total customer deposits as at December 31, 2005 amounted to €9,953.8 million, representing approximately 4.7 million individual deposit accounts. Our total assets and total loans before provisions amounted to €11,564.6 million and €3,044.7 million, respectively. As at December 31, 2005, we had approximately 192,000 individual loans outstanding. By reference to the latest available financial statements of commercial banks in the Hellenic Republic, as at December 31, 2005, our market share of saving deposits, total deposits (including repos) and mortgage loans in Greece stood at 9.6%, 6.3% and 5.0%, respectively. As at that same date, we had 1,220 Bank employees, of whom approximately 416 were located in our central office and 804 in our branches.

Our Strategy

We intend to strengthen and expand our position as a leading financial services provider in the retail market and offer a wide range of simple and attractively-priced products and services available through our extensive distribution network, which management believes corresponds to the needs of a substantial majority of the Greek population. Our principal strategies in order to attain our objectives are set forth below:

Rapidly growing our retail banking operations: Our large customer deposit base provides significant potential for cross-selling additional retail banking products to our depositors. As at December 31, 2005, we had approximately 4.9 million accounts (both deposits and loans), however, only a small portion of our depositors use our loan and credit card products. Thus, we believe that strong cross-selling potential exists which we plan to exploit by increasing advertising, more active utilization of the ELTA network and enhancing our own existing distribution network. In addition, our strategy calls for attracting new clients, principally by increasing our penetration of lower and middle-income Greek families, which traditionally represented a significant portion of our customers.

Modernizing the Bank: We are in the process of implementing an internal re-organization aimed at creating a modern, client-focused, quality minded and more efficient organizational structure. The elements of this strategy include (i) hiring approximately 600 younger staff; (ii) training staff; (iii) implementing a new, modern integrated IT system; (iv) improving our internal control and risk management systems and (v) introducing remuneration schemes to our sales force, based on profitability targets.

Achieving increased profitability: Our strategy for achieving higher profit margins and return on equity involves progressively redirecting the business towards more profitable activities while containing cost. We are deploying greater portions of our assets away from interbank deposits and our proprietary investment portfolio, and into more profitable mortgage and consumer loans and credit cards. The cost of hiring approximately 600 new employees by the end of 2007, which is expected to be approximately €21.6 million, will be offset, in part, by the approximately 200 employees who will retire, be transferred or otherwise leave the Bank by the end of 2007.

The Hellenic Republic as a Controlling Shareholder

The Hellenic Republic currently owns 100% of all of our outstanding ordinary shares, 90% directly and 10% indirectly through ELTA. Following the combined offering and prior to the transfer to the Hellenic Republic of any ordinary shares purchased through stabilization, the Hellenic Republic will own, directly or indirectly, approximately 65.2% of our share capital.

In accordance with our articles of association, the Hellenic Republic can only exercise its decision-making power as a shareholder at our general assembly of shareholders. According to Greek legislation, the Minister of Economy and Finance attends the general assembly of shareholders as the representative of the Hellenic Republic. Our board of directors (who in turn designates our Chairman) was appointed by our general assembly of shareholders.

Recent Developments

The first quarter of 2006 was characterized by a high demand for our mortgage loans as well as consumer loans and credit cards. Loan disbursements were significantly higher in comparison to the average quarterly loan disbursements in 2005, while customer deposits increased at a rate above inflation. We continued the implementation of our strategy for the growth of our lending activity, through marketing and advertising, and by offering competitive interest rates.

Our banking license

We received a banking license from the Bank of Greece on April 19, 2006, although we have effectively operated as a banking institution since 1926.

Mutual Participation in ELTA and the Bank

In the context of strengthening the historic bond between our Bank and ELTA, we entered into an agreement in May 2006 with the Hellenic Republic for the purchase for cash of 10% of ELTA's ordinary shares (i.e. 11,868,900 ordinary shares) for €21.4 million. ELTA is purchasing, under a separate agreement with the Hellenic Republic, 10% of our ordinary shares (i.e. 14,086,670 ordinary shares) at a 10% discount to the offer price of our ordinary shares. As at December 31, 2005, ELTA had a book value of €182.2 million and net income of €13.4 million. The Hellenic Republic has a right of first refusal to acquire the ordinary shares purchased pursuant to the agreements referred to above.

Increase of our shareholding in the Mutual Fund Management Company

Our management and the management of ELTA have initiated the procedure for the transfer of shares from ELTA to PSB representing 1% of the share capital of the Mutual Fund Management Company. Such transfer is expected to be complete by the end of July 2006.

Upgrade of IT Systems

We are in the process of implementing a major upgrade to our existing information technology infrastructure, pursuant to our new Integrated Information System (**IIS**) Project. Upon completion of the project, we will have one core unified customer-based system as opposed to the 14 independent product-based systems we currently have. We expect the core part of the IIS Project (excluding budgeting and costing) to be implemented by the end of June 2006 while budgeting and costing to be operational by the end of 2006.

Formation of new insurance agency subsidiary

We are in the process of incorporating a subsidiary which will offer insurance products, and which we expect will commence operations by the end of 2006.

The Combined Offering

The combined offering:	The combined offering of up to 49,080,000 ordinary shares consists of an international offering, a Greek public offering and an employee offering. The completion of the international offering is conditional upon the completion of the Greek offering, and the completion of the Greek offering is conditional upon the completion of the international offering.
The international offering:	The international offering consists of an offering by the selling shareholder at the offer price to: (a) qualified investors outside the United States and Greece in reliance on Regulation S under the Securities Act and (b) qualified institutional buyers in the United States in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act. See "Underwriting".
The Greek public offering:	The Greek public offering consists of an offering by the selling shareholder of ordinary shares through a public offering of ordinary shares in Greece to qualified and non-qualified investors at the offer price.
The employee offering:	The employee offering (the **Employee Offering**) consists of an offering by the selling shareholder of 1,750,000 ordinary shares to our employees, certain independent contractors who collaborate with us (who, in any event, cannot number more than 50) and members of our board through a private placement. Ordinary shares offered to our employees and members of our board will be offered at a 10% discount to the offer price.
Additional ordinary shares:	The joint bookrunners have elected to have the Hellenic Republic sell 5,070,000 additional ordinary shares, included in the total shown above, in order to meet excess demand.
Bonus shares:	The Greek public offering consists of an offering by the selling shareholder to all persons who are not qualified institutional investors of one bonus share for every 10 ordinary shares held for a period of six months after the closing date, up to a maximum of 100 ordinary shares per person. The employee offering consists of an offering by the selling shareholder of one bonus share for every 10 ordinary shares held for a period of one year after the closing date, up to a maximum of 100 ordinary shares per person.
Stabilization:	The joint domestic bookrunners may, in agreement with the joint bookrunners, effect transactions that stabilize or maintain the market price of our ordinary shares, in accordance with Greek law and EU Commission Regulation 2273/2003, during the 30-day period beginning on the date trading of our ordinary shares

	commences. No more than 5,070,000 ordinary shares may be purchased through stabilization and, at the end of the period all ordinary shares so purchased must be transferred to the Hellenic Republic at the offer price.
The selling shareholder:	The Hellenic Republic is offering and selling all of the ordinary shares in this combined offering. Following the combined offering and prior to the transfer to the Hellenic Republic of any ordinary shares purchased through stabilization, the Hellenic Republic, directly or indirectly, will own approximately 65.2% of our share capital.
Offer price:	€● per ordinary share.
Ordinary shares outstanding immediately before and after the combined offering:	140,866,770 ordinary shares.
Voting rights and restrictions:	Each ordinary share gives the holder the right to cast one vote at a general assembly of shareholders.
Use of proceeds:	We will not receive any of the proceeds from the ordinary shares sold by the selling shareholder in the combined offering.
Risk factors:	You should also read "Risk Factors" and other information in this Offering Memorandum for a discussion of factors you should carefully consider before deciding to invest in our ordinary shares.
Dividends:	In the future, we intend to maintain a dividend policy in line with other Greek banks. For the years ending December 31, 2006, 2007 and 2008, we intend to recommend at our annual meeting of shareholders a dividend of between 35% and 50% of earnings available for distribution depending on capital requirements and subject to our financial condition, the amount of our net profits on an unconsolidated basis, our capital expenditure plans or other future cash needs, applicable restrictions on the payments of dividends under Greek law and such other factors that we may decide are relevant. However, the ultimate decision regarding the distribution of dividends remains subject to the vote of the general assembly of our shareholders. According to our articles of association and Greek law, subject to sufficient profit being available after any required payment of 5.0% of our annual profits to ordinary reserves, we must pay a minimum dividend equal to the greater of (a) 6.0% of our paid-up share capital or (b) 35.0% of our net profits. No distribution may be made if at the end of the last financial year the total shareholders' equity is lower, or would be lower after the distribution, than the aggregate of our share capital and our reserves that may not be distributed. Investors who acquire our shares as part of the combined offering will not be entitled to such dividend. You should also read "Dividends and Dividend Policy".

Athens Exchange symbol:	●.
Market for our ordinary shares:	Application has been made for the listing and trading of our ordinary shares on the Athens Exchange.
Payment, delivery and settlement:	Payment for and delivery of the ordinary shares are expected to be made on or about ●, 2006. The ordinary shares will settle against payment in euro through the book-entry facilities of the Central Securities Depositary S.A. (a centralized securities depositary system). You should also read "Securities Trading in Greece—Settlement, Clearance and the Central Securities Depositary".
Lock-up:	We and the selling shareholder have agreed that during the period of six months from the date on which our ordinary shares are delivered to investors in the combined offering, we and the selling shareholder will not offer, sell or contract to sell, pledge or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by us, the selling shareholder or any of their affiliates or any person in privity with either of them), directly or indirectly, or announce the offering of, any other ordinary shares or any securities convertible into, or exchangeable for, ordinary shares. Purchasers in the Employee Offering, as a condition to subscription in such offering, have agreed not to sell ordinary shares for a period of six months from the date of purchase.
Underwriters:	Goldman Sachs International, J.P. Morgan Securities Ltd., NBG International and Piraeus Bank S.A.

Summary Financial Information

The following table presents our summary financial information that has been derived from our audited consolidated financial statements contained in this Offering Memorandum, as at and for the years ended December 31, 2004 and 2005, in each case prepared in accordance with IFRS. The information should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements and the respective notes thereto, and the section entitled "Operating and Financial Review and Prospects".

Our audited consolidated financial statements as at and for the years ended December 31, 2004 and 2005 have been audited by Deloitte Hadjipavlou Sofianos & Cambanis S.A., our independent accountants, as indicated in their audit report included elsewhere in this Offering Memorandum.

The following table summarizes the principal components of our audited consolidated results of operations for the years ended December 31, 2004 and 2005:

	For the year ended December 31,	
	2004	2005
	(in €)	
Income Statement Data:		
Interest and similar income	407,801,984	419,097,209
Interest expense and similar charges	(166,137,862)	(176,815,431)
Net interest income	**241,664,123**	**242,281,778**
Fee and commission income	2,097,546	4,052,566
Fee and commission expense	(260,700)	(524,934)
Net fee and commission income	**1,836,847**	**3,527,633**
Dividend income	7,882,671	5,105,207
Net trading income/(loss)	(7,808,177)	30,316,917
Other operating income	13,246,716	15,149,818
Total operating income	**256,822,180**	**296,381,353**
Personnel expenses	(47,507,147)	(56,271.155)
General and administrative expenses	(26,815,893)	(52,895,920)
Depreciation and amortization charges	(4,791,507)	(6,183,004)
Other operating expenses	(2,183,353)	(12,146,585)
Total operating expenses	**(81,297,901)**	**(127,496,664)**
Impairment losses on loans and advances	(3,987,458)	(18,910,538)
Share of profit of associates	(124,976)	(86,096)
Profit before taxes	**171,411,845**	**149,888,054**
Tax expense	(39,537,253)	(27,338,423)
Net profit	**131,874,591**	**122,549,632**
Earnings per share	0.80	0.74

The following table summarizes the principal components of our audited consolidated balance sheet as at December 31, 2004 and 2005:

	As at December 31,	
	2004	2005
	(in €)	
Balance Sheet Data:		
Assets		
Cash and balances with Central Bank	121,309,395	191,266,079
Due from banks	2,318,597,626	1,249,262,724
Financial assets at fair value through P&L	1,280,287,915	1,593,121,669
Derivative financial instruments	—	810,148
Loans and advances to customers	2,060,115,383	3,044,667,021
Less: Allowance for impairment on loans and advances to customers	(16,570,238)	(31,365,744)
Investment securities—available for sale	4,282,230,691	4,618,912,351
Investment securities—held to maturity	493,558,962	491,871,118
Investment in associate	173,657	537,561
Property & equipment	102,473,821	110,750,791
Intangible assets	4,821,624	10,970,975
Deferred tax assets	33,637,713	36,224,148
Other assets	232,030,701	247,566,024
Total Assets	**10,912,667,252**	**11,564,594,865**
Liabilities		
Due to customers	9,275,032,458	9,953,838,765
Derivative financial instruments	72,522,427	66,626,005
Deferred tax liabilities	188,248,863	67,737,773
Retirement benefit obligations	16,605,390	17,952,698
Other liabilities	192,800,834	593,512,570
Total Liabilities	**9,745,209,972**	**10,699,667,811**
Shareholders' Equity:		
Share capital	555,000,000	521,207,049
Revaluation reserves	266,011,911	230,199,868
Other reserves	70,350,197	76,481,983
Retained earnings	276,095,172	37,038,153
Total Equity	**1,167,457,280**	**864,927,054**
Total Liabilities and Equity	**10,912,667,252**	**11,564,594,865**

The following table shows our financial performance ratios as at and for the years ended December 31, 2004 and 2005:

	As at and for the year ended December 31,	
	2004	2005
	(in percentages except as indicated)	
Summary Financial Ratios and Other Information:		
Net interest income as a percentage of average interest-earning assets(1)	2.5%	2.4%
Net interest spread(1),(2)	2.5%	2.2%
Yield(1),(3)	4.3%	4.1%
Net interest income to total operating income	94.1%	81.7%
Operating expenses as a percentage of total average assets(4)	0.8%	1.1%
Cost to income(5)	31.7%	43.0%
Return on average total assets(6)	1.2%	1.1%
Return on average shareholders' equity(7)	11.8%	12.1%
Balance Sheet Ratios		
Deposits (including repos) to total assets	85.0%	86.1%
Net loans to deposits	22.0%	30.3%
Net loans to total assets	18.7%	26.1%
Shareholders' equity to assets	10.7%	7.5%
Credit Quality:		
Non-performing loans to total loans(8)	0.14%	0.22%
Loan loss reserves to non-performing loans	560.8%	458.6%
Provision charge for loan losses to total loans(9)	0.18%	0.49%
Capital Adequacy		
Tier I ratio	27.7%	14.6%
Total capital adequacy ratio	21.5%	13.1%
Shareholders' equity to net loans	57.1%	28.7%
Other Information		
Employees(10)	1,229	1,220
Branches	136	136
Wholesale Price Index Inflation(11)	2.9%	3.5%
Performance Indicators (in € millions)		
Total assets per employee	8.9	9.5
Total assets per branch	80.2	85.0
Deposits per employee	7.5	8.2
Deposits per branch	68.2	73.2
Gross loans per employee(10)	1.7	2.5
Gross loans per branch	15.1	22.4
Non-interest expense per employee(12)	0.07	0.10

Note: Average balances based on opening and closing balances. 2003 data used for 2004 average balances based on Greek GAAP, as reconciled to IFRS.

(1) Based on average monthly balances (see section "Selected Statistical Data and Other Information").

(2) Calculated as the difference between interest income as a percentage of average interest-earning assets and interest expense as a percentage of average interest-bearing liabilities.

(3) Calculated as interest income as a percentage of average interest-earning assets.

(4) Average assets calculated on a yearly basis.

(5) Calculated as operating expenses before provisions divided by total operating income.

(6) Calculated as net income as a percentage of average total assets (yearly average).

(7) Calculated as net income as a percentage of average shareholders' equity (yearly average).

(8) Calculated as non-performing loans as a percentage of total gross loans.

(9) Calculated as annual provision charge for doubtful loans as a percentage of total gross loans.

(10) Total number of employees of PSB (excluding employees of the Mutual Fund Management Company).

(11) Source: Economist Intelligence Unit Risk Briefing from April 26, 2006.

(12) Includes operating expenses before provisions.

USE OF PROCEEDS

We will not receive any of the proceeds from the ordinary shares sold by the selling shareholder in the combined offering.

RISK FACTORS

An investment in our ordinary shares is subject to a number of risks. In addition to other information contained in this offering memorandum, prospective investors should carefully consider the risks described below before investing in our ordinary shares. If any of the events described below actually occur, our business, financial condition or results of operations could be materially adversely affected and, accordingly, the value and trading price of our ordinary shares may decline, resulting in a loss of all or part of any investment in our ordinary shares. Furthermore, the risks and uncertainties described may not be the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations.

Risks Relating to our Business

The Hellenic Republic has had, and may continue to have, a significant influence on our operations and will continue to be a significant shareholder after the combined offering.

Governmental influence in the past

In the past, the Hellenic Republic significantly influenced our management policies. Certain of our operations and some of our commercial or investment decision-making were affected by the political and economic objectives of the Greek government, resulting in, among others, us purchasing Greek government bonds and providing financing to state-owned companies, as well as offering attractive interest rates for deposits.

The Hellenic Republic will continue to be our majority shareholder after the combined offering.

Following the combined offering, the Hellenic Republic will directly or indirectly control approximately 68.8% of our outstanding share capital, or approximately 65.2% of our outstanding share capital assuming full exercise of the over-allotment option. This holding will allow the Hellenic Republic to continue to exercise significant influence over decisions submitted to a vote of our shareholders.

The Hellenic Republic will exercise its rights as a shareholder through the mechanisms of Greek corporate law and our articles of association. Our articles of association provide that most decisions submitted to shareholders for a vote are to be determined by a simple voting majority at any general assembly of shareholders, with the exception of certain extraordinary resolutions requiring a quorum of two thirds of votes cast. As long as the Hellenic Republic holds a majority of our shares, it will have significant influence over decisions submitted to a vote of our shareholders, enabling it to, among others, to approve capital increases and other amendments to our articles of association, as well as elect the members of our board of directors.

As long as the Hellenic Republic holds a majority of our shares, we will be subject to European Regulations concerning public procurement of goods and services and the tendering for public works unless such regulations are amended.

While we expect to continue to follow our commercially-oriented policies, we cannot assure you that our current senior management will continue to serve in their current capacities or that our commercial initiatives and policies will not be altered if there is a change in government or government policy.

In the future we will be subject to new legal and interim financial reporting requirements and our ability to meet the new requirements has not been tested.

Upon the listing of our shares on the ATHEX and following the granting of our banking license, we will be subject to (i) corporate governance rules that require us to adopt, among others things, internal audit procedures in accordance with Law 3016/2002 regulating corporate governance requirements for listing companies and the relevant Acts of the Governor of the Bank of Greece and (ii) interim reporting obligations. In addition, we will be required to publish quarterly financial statements in accordance with IFRS within the required period after the end of each quarter, which is currently 60 days. In the past, we have not been required to publish any interim financial statements and up until now our financial reporting systems were not designed to produce such statements. We produced our annual financial statements for the year ended December 31, 2005, according to IFRS, making use of our old financial reporting system. Our management believes that we will be able to meet our obligations to produce interim financial statements on a timely basis. However, since our ability to comply with these requirements has not been tested, there can be no assurance, that we will be able to comply with these requirements without difficulty on a timely basis.

Our information technology system may not be fully successfully implemented within the expected timeframe.

We are in the process of implementing a new Integrated Information Systems (**IIS**) project to upgrade our existing information technology infrastructure. The new IT system is designed to assist, among other things, in improving our internal controls and financial reporting systems, as well as managing the risks arising from the increase in our lending activities. Although we expect the core part of the IIS Project (excluding budgeting and costing) to be implemented by the end of June 2006, with the budgeting and costing to be operational by the end of 2006, we cannot assure you that the new system will be implemented in the expected time frame.

In order to ensure a smooth roll out of the new IIS, we are finalizing the process of conducting internal data migration and integrity checks. As this major information technology upgrade has not been fully tested either and as substantial training will be required in the use of the new system which is currently underway, we cannot assure you that the system will be fully successful when implemented. Failure to implement the new IT system successfully could delay the process of achieving our objectives.

Our independent auditors have informed us that while improvements have occurred, our internal controls over financial reporting need further improvement.

Our independent auditors have informed us, in the context of the listing of our shares, that while improvements have occurred, our internal controls over financial reporting need further improvement. Although we are in the process of implementing some new internal controls over financial reporting which we believe address the weaknesses of such existing controls, the new controls have not been implemented or fully tested and until they are successfully implemented and tested, we cannot assure you that the necessary improvements will have been effected.

***We are subject to certain restrictions applicable to the hiring and firing of employees*.**

Pursuant to the recently enacted Law 3429/2005 regulating public sector companies, following the Interministerial Privatization Committee Decision 55/8.6.20 we will not be classified as a public sector company in Greece, although the Hellenic Republic will retain its absolute majority shareholding. However, as long as the Hellenic Republic continues to retain the majority of our share capital, we will be subject to specific provisions applicable to the hiring of public sector companies' employees. With regard to new hires, as long as the Hellenic Republic continues to hold more than 50% of our shares, all prospective new employees must be hired through a process supervised by an independent public authority. Hiring through this process reduces our flexibility in relation to current business needs. See "Our Business—Employees". Such employees may be dismissed in accordance with the labor laws applicable to private sector employees. Restrictions on our ability to hire and reduce staff numbers could have a material adverse effect on our financial condition and results of operations, as they may limit our operational flexibility and may result in delays in the implementation of our business plan.

Our plans aimed at creating a modern, dynamic and highly competitive retail bank may not be successful.

We have implemented new plans designed to enhance our profitability and improve our ability to compete successfully in a liberalized market. We are continuing to develop these plans, which include rapidly growing our retail banking operations, modernizing the Bank and achieving increased profitability.

We have recently recruited some of our senior managers from the private sector to help us implement our plans. However, the degree of success of our strategy depends, in part, on factors outside our control, such as the development of the Greek economy as well as Greek labor laws and the acceptance by our employees of new management initiatives. There can be no assurance that we will be able to implement successfully, or realize fully the benefits of, these initiatives.

Our limited financial track record in the consumer lending and credit card markets may not be indicative of future results.

A key element of our strategy for future growth depends on our ability to reposition ourselves from being principally a deposit taking institution, to a modern financial institution serving the full financial needs of retail customers. We have only recently entered into the consumer lending and credit card markets, and we have only recently begun offering mortgage loans to individuals other than public sector employees, areas in which our competitors already have significant experience. Our limited financial track record in such areas may not be indicative of future results.

Our financial performance may be adversely affected by the performance of our investment portfolio.

Reflecting our excess liquidity, we have a large portfolio of investment securities. Accordingly, our revenues and profits are dependent to some extent on market conditions in the bond and, to a lesser extent, equity markets, and changes in these markets conditions could introduce volatility into and adversely affect our results of operations. We may also experience reduced interest income from our bond portfolio if we are unable to reinvest the proceeds of maturing bonds in other bonds with the same or greater yields.

To the extent we invest in equities, bonds issued by non-government issuers, hedge funds and structured financial products, we may also experience volatility in results that could adversely affect our financial performance from adverse performance of these asset classes.

We attempt to mitigate interest rate risk in our investment portfolio, including through interest rate swaps, though we do not measure value at risk for the portfolio as a whole.

Our ability to operate effectively as a listed company is dependent upon the retention of certain key management and the strengthening of our resources at the corporate level.

The continued improvement of our internal controls as well as compliance with Law 3016/2002 and the related reporting obligations arising from the listing of our shares and the receipt of our banking license, will be costly and will place a significant burden on management. We are highly dependent upon the personal efforts and ability of certain key management. The loss of these key employees could have a substantial adverse effect on our ability to operate effectively as a listed company and to achieve our objectives going forward. We will need to hire additional corporate level and management employees to assist with our objectives and ongoing compliance with the requirements imposed on listed companies. Failure to recruit, or delays in recruiting, such additional employees could have a material adverse affect on our ability to achieve our objectives and meet our obligations as a listed company.

Termination of our agreement with ELTA could adversely impact our future growth.

Under the terms of the ten-year renewable agreement we entered into with ELTA on November 19, 2001, ELTA markets our banking products and exclusively distributes certain of our products, while we exclusively offer through our branches ELTA's postal products, such as Eurogiro, pension payments, Giro accounts' transaction services and prepaid philatelic products. In addition, we are required to exclusively use the postal services provided by ELTA. At the same time, our customers can perform a number of banking transactions at approximately 820 of ELTA's branches throughout Greece. After 2011, the agreement with ELTA will be automatically renewed for periods of one year unless prior written notice is served to the other party at least six months before the end of the existing term. The agreement may also be terminated by either party at any time if the other party has breached any of its obligations under the agreement and has not remedied such a breach within three months following written notice by the other party.

If our agreement with ELTA were to terminate in the future for any reason, this could restrict our ability to provide services to our existing clients and to attract new clients through the ELTA network.

Our relationship with ELTA, and our exclusive use of ELTA's branch network to distribute our products, may be subject to challenge.

In recent years, following the implementation of the EC Postal Services Directives of 1996 and 2001, the European postal services market has been significantly liberalized with the goal of exposing it to increased competition. A third and final Directive is scheduled for adoption in 2007 which could lead to the full liberalization of the European postal services market. The European Commission has, in recent years, shown an increasing willingness to review the relationships between postal service operators and post banks within EU member states to determine whether such relationships are anti-competitive. Further liberalization of the European postal services sector could result in increased scrutiny by the European Commission of the relationship between PSB and ELTA which could negatively affect our respective existing and future operational arrangements.

We have historically benefited, and continue to benefit, from our close relationship with ELTA. As described above, we entered into an exclusive agreement with ELTA on November 19, 2001 which is due to expire in November 2011. It is possible that this exclusive arrangement with ELTA could be challenged by the European Commission, the Greek Competition Commission or by third parties who sustain that such arrangements constitute a breach of competition law. In addition, we could be subject to a fine imposed by the Greek authorities if they determined that the agreement was anti-competitive. If a substantial fine were imposed on us, it could have a material adverse effect on our results of operations, financial position and prospects.

The European Commission has, in recent years, investigated state aid issues arising from the relationships between postal services operators and postal banks in other EU member states such as Germany and France. Due to our exclusive use of the ELTA branch network, and the amounts we pay to ELTA, under the agreement described above, our relationship with ELTA could be investigated by the European Commission to determine whether it constitutes impermissible state aid and whether it falls within the scope of articles 87-89 of the EC Treaty. In order for the terms of our agreement with ELTA to be found not to constitute impermissible state aid to us, such terms must be able to be considered as having been concluded on an arm's length basis. Although we believe that the terms of this agreement with ELTA have been negotiated on an arm's length basis, there can be no assurance that the European Commission would not find the agreement to constitute impermissible state aid if challenged. If the European Commission were to determine that we are the beneficiary of impermissible state aid, we would be required to amend the terms of the agreement necessary for the elimination of such impermissible state aid and reimburse, with interest, to the Hellenic Republic, directly or indirectly, such amounts as the European Commission determined constituted impermissible state aid. Such a finding by the European Commission, and any requirement to repay a substantial amount to the Hellenic Republic, could have a material adverse effect on our results of operations, financial position or prospects.

Our reputation is an important asset and, if damaged, we may not be able to retain and attract clients.

We currently enjoy a strong reputation as a reliable and customer friendly institution. We cannot, however, assure you that in the future the public perception of PSB will remain favorable. Our reputation could be harmed by negative publicity, press speculation and other factors beyond our control. Regardless of the factual accuracy of any negative publicity, damage to our reputation could result in the loss of customers and have a material adverse impact on our business and prospects.

Our present loan delinquency rates may not be indicative of future delinquency rates.

Since our conversion to a *société anonyme* in 2002, we have introduced a new range of loan products that are marketed to retail customers generally and not solely to public sector employees. Furthermore, expanding our retail loan portfolio represents one of our principal growth strategies. Historically, we have had a very low ratio of non-performing loans. As at December 31, 2005 our exposure arising from non-performing loans was approximately €6.8 million or 0.22% of our loan portfolio. This low ratio is primarily due to the fact that prior to the change in our corporate status in December 2002, our lending activities were limited to extending credit to public sector employees, in the form of fully collateralized mortgage loans and general purpose government guaranteed loans to state-owned enterprises in Greece.

We made provisions for approximately €31.4 million covering over 400% of our non-performing loans as at December 31, 2005. When we began expanding our lending activity, our non-performing loans began to rise and we expect that they will continue to do so. Accordingly, the current levels of delinquency rates may not be representative of future delinquency rates.

Non-performing loans could have a negative impact on our operations in the future.

We are in the process of expanding our retail loan portfolio. We began gradually introducing revised credit approval and monitoring procedures in 2003 to help improve the quality of our newly-originated loans and mitigate against future non-performing loans. These new procedures focus on the borrower's cash flow and ability to repay. However, we cannot assure you that these credit approval and monitoring procedures will effectively limit the amount of loans that become non-performing in the future, or that these future non-performing loans will not have a material negative impact on our operating results in future periods. In addition, other factors outside of our control, such as a downturn in the global economy, may result in a higher proportion of non-performing loans.

Our delinquent loans in Greece are not considered non-performing until later than would be the case in the United States.

Until January 1, 2002, interest on all our loans in Greece would stop accruing when they were delinquent for 360 days. This period was reduced to 180 days following new rules enacted by Greek Law 2937/2001 that took effect from that date. In each case, this is longer than would be the case if such loans were extended in the United States where loans are generally considered non-performing if they are delinquent for 90 days.

Risks Relating to our Industry

The Greek Banking industry is characterized by an increased level of competition.

We face significant competition from banks and financial services companies that provide similar products and services. Deregulation has led to intensified competition in the Greek banking sector. Consolidation among Greek banks has also led to increased competition resulting from the increased efficiency and greater resources of merged entities. Our ability to successfully compete against other banks depends on a number of factors. We cannot assure you that we will be able to successfully compete and, if we are not successful, this could have a material adverse effect on our financial condition and results of operations.

Changes to, or an increase in the regulation of, the Greek banking sector could have a material adverse impact on our business, results of operations and financial condition.

Regulation of the banking industry in Greece has changed in recent years pursuant to changes in Greek law, largely to comply with applicable EU directives. In addition, the Bank of Greece, the central bank in Greece, has in recent years introduced regulatory changes in the Greek banking sector. In January 1999, the Bank of Greece introduced new provisioning policies that require Greek banks to make specific provisions depending on the status and the type of a given loan and the number of days the loan has been in arrears. These provisioning policies were amended in January 2003 and January 2005 and generally require Greek banks, including the Bank, to increase their provisions for capital adequacy purposes. We cannot predict what regulatory changes may be imposed in the future, either as a result of regulatory initiatives in the European Union or by the Bank of Greece. If we are required to make additional provisions or increase our reserves, as may result from the proposed New Basel Capital Accord (discussed below) and other potential regulatory changes, this could adversely affect our results of operations. In addition, failures on our part to comply with regulatory requirements could result in significant penalties and could adversely affect our business. Nevertheless, our current capital significantly exceeds the minimum required by the Bank of Greece.

Our capital adequacy requirements may change as a result of the New Basel Capital Accord.

In 1988, the Basel Committee on Banking Supervision adopted capital guidelines (which are referred to in this Offering Memorandum as the **Basel Guidelines**) based on the relationship between a bank's capital and its credit risks. The Basel Guidelines have been implemented by banking regulators in most industrialized countries, including the Hellenic Republic. The Basel Guidelines are intended to strengthen the soundness of the international banking system and reduce competitive inequality among international banks by harmonizing the definition of capital and the basis for the evaluation of asset risks and by establishing a uniform target capital adequacy ratio of capital to risk-weighted assets.

In 1996, the Basel Committee amended the Basel Guidelines in order to address market risk, such as foreign exchange and interest rate exposures. In June 2004, the Basel Committee released its third consultative paper on the new capital adequacy standards in order to overhaul the existing regime, contemplating a "New Basel Capital Accord." The New Basel Capital Accord proposals currently include various methodologies for the calculation of capital requirements in respect of credit risk and the newly introduced operational risk (the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events). The New Basel Capital Accord was finalized by the Basel Committee in June 2004 and is expected to be implemented in the various countries that participate in the Basel Committee by year end 2006. If the New Basel Capital Accord proposals are fully adopted by the European Union, we may be required by our regulators to maintain higher levels of capital, which could decrease our operational flexibility and may increase our financing costs. Consequently, we cannot assure you that the New Basel Capital Accord will not have a material adverse effect on our financial condition or results of operations in the future.

The Greek banking sector is characterized by high levels of union membership and is subject to significant strikes.

All of our employees are members of labor unions. Apart from the 100 PSB employees belonging to the Union of PSB Information Technology Center Employees, the remainder of our employees belong to the Union of PSB Employees. These unions have recently participated in strikes called by the Greek Union of Bank Employees (**OTOE**) as well as the General Union of Employees in Greece (**GSEE**) concerning general issues of the banking sector. Strikes have been called on several occasions in the past, including one recently in February 2006. Future strikes by the OTOE and other unions may result in significant work stoppages in the Greek banking sector, including PSB. There has been no strike triggered by specific issues between our management and our employees which led to work stoppages in PSB in the last two years. The participation of our employees in any strikes could have a material adverse affect on our operations, and could materially harm our business and financial condition.

Political and economic developments in Greece and abroad could adversely affect our operations, strategy and prospects.

Our financial condition, results of operations and prospects as well as the market price and liquidity of our shares may be adversely affected by events outside our control, including, without limitation:

- changes in Greek government policy;
- EU Directives in the banking sector and other areas;
- political instability or military action affecting Europe and/or other areas abroad;
- taxation and other political, economic or social developments in Greece affecting the Bank;
- changes in interest rates set by the European Central Bank; and
- movements in consumer confidence and level of consumer spending.

We cannot assure you that other such events and trends outside of our control will not have a negative effect on our financial condition or results of operations.

Risks Relating to the Offering

The ATHEX is less liquid and more volatile than other major exchanges.

The sole trading market for our shares will be the ATHEX. The ATHEX is less liquid than major markets in Western Europe and the United States. As a result, shareholders may face difficulty in buying and selling ordinary shares, especially in large blocks.

Following the combined offering and prior to the transfer to the Hellenic Republic of any ordinary shares purchased through stabilization, the Hellenic Republic will own, directly or indirectly, approximately 65.2% of our share capital. Future sales of substantial amounts of our ordinary shares in the public market by any large shareholder or group of shareholders, or even the perception that such sales could occur, could affect the market price of our ordinary shares.

The Athens Exchange has in the past experienced substantial fluctuations in the market prices of listed securities. This has in the past affected, and may in the future affect, the market price and liquidity of shares of companies listed on the ATHEX, including the market price and liquidity of our ordinary shares.

The market price of our ordinary shares is subject to volatility.

The market price of our ordinary shares may be subject to wide fluctuations in response to numerous factors, many of which are beyond our control. These factors include, without limitations, the following:

- actual or anticipated fluctuations in our operating results;
- the condition of the Greek economy and the economies of the other countries that have adopted the euro as their currency pursuant to European Monetary Union (**EMU**) policy;
- potential or actual sale of large numbers of our shares into the market;
- our competitors' positions in the market;
- changes in financial estimates by securities analysts;
- conditions and trends in the banking sector in Greece and elsewhere in Europe;
- our earnings releases and the earnings releases of our competitors; and
- the general state of the securities markets.

Such market fluctuations may adversely affect the market price of our ordinary shares regardless of our actual performance, and the market value of our ordinary shares may vary considerably from their underlying net asset value.

Furthermore, our admission to the ATHEX is not an indication that there will be a liquid market for the ordinary shares. Prior to our listing on the ATHEX, there had been no public market for our ordinary shares and there is no guarantee that an active market will develop or be sustained. The market value of our ordinary shares may go down as well as up.

Pre-emptive rights may not be available to U.S. holders of our ordinary shares.

Under Greek law and our articles of association, prior to the issuance of any new shares, we must offer holders of our existing shares pre-emptive rights to subscribe and pay for a sufficient number of ordinary shares to maintain their existing ownership percentages. These pre-emptive rights are generally transferable during the subscription period for the related offering and may be quoted on the Athens Exchange.

U.S. holders of shares may not be able to receive (and trade) or exercise pre-emptive rights for new ordinary shares under the laws of the United States unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. Our decision to file a registration statement with respect to these shares will be at our sole discretion and will depend on the costs and potential liabilities associated with any such registration statement, as well as the perceived benefits of enabling U.S. holders of shares to exercise their pre-emptive rights and any other factors we may consider appropriate at the time.

If U.S. holders of ordinary shares are not able to receive (and trade) or exercise pre-emptive rights granted in respect of their shares in any rights offering by us, then they may not receive the economic benefit of such rights. In addition, their proportional ownership interests in PSB will be diluted.

Our ordinary shares will not be subject to the provisions of the public tender offer regulation (the Greek Public Tender Offer Regulation) if an investor acquires a majority stake in PSB from the Hellenic Republic directly or indirectly in the context of a privatization.

Pursuant to the Greek Public Tender Offer Regulation, an investor who acquires 50% or more of the voting share capital of a company listed on the ATHEX is required to launch a public tender offer for the remaining voting share capital of such company. The price of the tender offer, and the type of consideration that may be paid, are subject to restrictions set forth in the regulation. Under the terms of the regulation, however, the obligation to launch a tender offer generally does not apply to the share capital of listed companies that are undergoing privatization. Accordingly, any investor who may eventually acquire 50% or more of our share capital may not be required to tender for our remaining outstanding shares.

We expect to be a passive foreign investment company for U.S. federal income tax purposes for the current taxable year and there is a significant likelihood that we will be a passive foreign investment company in one or more future taxable years, and our status as such could subject U.S. investors in the ordinary shares to adverse U.S. federal income tax consequences.

Based on our analysis of our current assets and income, we expect to be a passive foreign investment company (a **PFIC**) for U.S. federal income tax purposes for the current taxable year and there is a significant likelihood that we will be a passive foreign investment company in one or more future taxable years. If we are treated as a PFIC for any taxable year during which a U.S. investor held ordinary shares, such investor would be subject to an adverse U.S. federal income tax regime. Under this regime, any gain recognized on a sale or other disposition of, or certain distributions received on, ordinary shares by a U.S. investor would be allocated ratably over the investor's holding period. The amount allocated to the current taxable year and any taxable year before we became a PFIC would be taxed as ordinary income in the current year, the amount allocated to other years would be taxed at the highest marginal rate in effect for each such taxable year and an interest charge would be imposed on the amount allocated to each such taxable year. If we are a PFIC in any year that a U.S. investor holds ordinary shares, we will generally continue to be a PFIC with respect to that U.S. investor in all succeeding years, regardless of whether we continue to be a PFIC with respect to other investors. Certain elections, including a gain recognition election if we cease to be a PFIC and a mark-to-market election, may be available which may help to mitigate some of the adverse tax consequences described above. We urge U.S. investors to consult their own tax advisers about the application of the PFIC rules. See the section entitled "Taxation of our Ordinary Shares—United States Federal Income Taxation—Passive Foreign Investment Company Considerations."

DIVIDENDS AND DIVIDEND POLICY

Our articles of association and Greek corporate law govern payment of dividends. Under our articles of association and Greek law, unless our ordinary reserves are equal to or exceed one-third of our share capital, the first 5.0% of our annual profit must be set aside as ordinary reserves before any dividends are paid. Such reserves cannot be distributed during the lifetime of the Bank. Under Greek corporate law and our articles of association, the minimum amount distributed, subject to sufficient profit being available after any required payment of 5.0% of our annual profits to ordinary reserves, is the greater of 6.0% of our paid-up share capital or 35.0% of our net profits. In addition, under our articles of association and Greek law, no distribution may be made if at the end of the last financial year the total shareholders' equity shown on our balance sheet is lower, or would be lower after the distribution, than the aggregate of our share capital and our reserves that may not be distributed.

We intend to maintain a dividend policy in line with other Greek banks. For the years ending December 31, 2006, 2007 and 2008, we intend to recommend to our annual meeting of shareholders a dividend of between 35% and 50% of earnings available for distribution, depending on capital requirements and subject to our financial condition, the amount of our net profits on an unconsolidated basis, our capital expenditure plans or other future cash needs, applicable restrictions on the payments of dividends under Greek law and such other factors that we may decide are relevant. However, the ultimate decision regarding the distribution of dividends remains subject to the vote of the annual general meeting of our shareholders.

The table below presents information on dividends proposed for the periods indicated therein and approved by the general assembly of the following year:

	For the year ended December 31,		
	2003	**2004**	**2005**
	(in € except for percentages)		
Total dividends declared	150,000,000	90,000,000	11,269,342
Dividend declared per share	1.00	0.60	0.08
Total dividends declared as % of net profit	33.8%(1)	68.2%	9.2%

(1) Calculated based on restated Greek GAAP financial statements.

Our dividends paid to shareholders in the past years may not be representative of dividends we will be paying in the future.

On April 10, 2006, our Board of Directors approved the financial statements for the financial year ended December 31, 2005 and approved a dividend of a total amount of €11.27 million (€0.08 per share), which must be paid within two months from the date of the Annual General Assembly approving our annual financial statements. Investors who acquire our shares as part of the combined offering will not be entitled to such dividend.

Under Greek corporate law, we may also distribute an interim dividend if interim financial statements are published, as provided under Greek corporate law, at least 20 days prior to the distribution of the interim dividend and submitted to the Greek Ministry of Development. The interim dividend may not exceed 50.0% of the net profits shown in the interim financial statements.

No Greek withholding taxes are imposed on the payment of dividends. See "Taxation of Our Ordinary Shares—Greek Taxation—Taxation of our Company and of Dividends".

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our unaudited capitalization and indebtedness as at December 31, 2005. The sale of the ordinary shares in the combined offering will not affect our capitalization. This table should be read in conjunction with "Operating and Financial Review and Prospects," "Description of our Share Capital" and the audited consolidated financial statements and the related notes thereto included in this Offering Memorandum.

	As at December 31, 2005
	(in € millions)
Total current debt	
Guaranteed	0
Secured	0
Unguaranteed/unsecured	0
Total non-current debt (excluding current portion of long-term debt)	
Guaranteed	0
Secured	0
Unguaranteed/unsecured	0
Shareholders' Equity	
Share capital	521.2
Reserves	343.7
Total	864.9
Net indebtedness	
Cash	191.3
Cash equivalents(1)	1,249.3
Trading securities	1,593.1
Current financial receivables	3,033.7
Current bank debt	0
Current portion of non-current debt	0
Other current financial debt	0
Current financial debt	0
Net current financial indebtedness	3,033.7
Non-current bank loans	0
Bonds issued	0
Other non-current loans	0
Non-current financial indebtedness	0
Net financial indebtedness	3,033.7

(1) Due from banks.

Capitalization

	As at December 31,	
	2004	2005
	(in € millions)	
Amounts due to banks	0	0
Amounts due to customers	9,275.0	9,953.8
Promissory notes and other securitized obligations	0	0
Subordinated liabilities	0	0
Minority interests	0	0
Shareholders' equity		
Share capital	555.0	521.2
Revaluation reserves	266.0	230.2
Other reserves	70.4	76.5
Retained earnings	276.1	37.0
Total shareholders' equity	1,167.5	864.9
Total capitalization	10,442.5	10,818.7

Regulatory Capital and Capital Adequacy Ratios

	As at December 31,	
	2004	2005
	(in € millions except for percentages)	
Share capital	555.0	521.2
Other reserves	70.4	76.5
Retained earnings	276.1	37.0
Tier I capital	896.6	623.8
Tier II capital	22.4	27.9
Less: adjustments	(221.1)	(92.6)
Total regulatory capital	697.9	559.1
Risk weighted assets(1)	3,242.3	4,272.2
Tier I ratio	27.65%	14.60%
Total capital adequacy ratio	21.52%	13.09%
Solvency ratio(2)	35.21%	20.18%

(1) Including the risk weighted assets equivalent of market risk capital charges.

(2) Risk weighted assets, excluding the risk weighted assets equivalent of market risk capital charges.

In our opinion, our working capital is sufficient for our present requirements. Our share capital as at December 31, 2005 and as of the date of this Offering Memorandum consisted of 140,866,770 issued shares.

EXCHANGE RATES

Almost all of our operations are in Greece and our accounts are denominated in euros. The euro was introduced as the official currency of Greece on January 1, 2001.

The following table sets forth, for the periods indicated, the average, high, low and period-end noon buying rates in the City of New York for cable transfers in euro as certified for customs purposes by the Federal Reserve Bank of New York. Amounts are expressed in U.S. dollars per €1.00. The average amounts set forth below under "Average" are calculated as the average of the noon buying rates on the last business day of each month during the 2003, 2004 and 2005 year periods and for the other periods, are calculated as the average of the noon buying rates for each business day during the period.

	U.S. dollars per euro			
	Average	**High**	**Low**	**Period-end**
2001	0.8909	0.9535	0.8370	0.8901
2002	0.9495	1.0485	0.8594	1.0485
2003	1.1411	1.2597	1.0361	1.2597
2004	1.2478	1.3625	1.1801	1.3538
2005	1.2400	1.3476	1.1667	1.1842
2006 (through May 8)	1.2313	1.2733	1.1860	1.2720
November 2005	1.1789	1.2067	1.1667	1.1790
December 2005	1.1841	1.2041	1.1699	1.1842
January 2006	1.2126	1.2287	1.1980	1.2158
February 2006	1.1940	1.2100	1.1860	1.1925
March 2006	1.2028	1.2197	1.1886	1.2139
April 2006	1.2273	1.2345	1.2091	1.2340
May 2006 (through May 8)	1.2671	1.2733	1.2607	1.2720

SELECTED FINANCIAL INFORMATION

The following selected financial information has been derived from our audited consolidated financial statements contained in this Offering Memorandum as at and for the years ended December 31, 2004 and 2005, in each case prepared in accordance with IFRS. The information should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements and the respective notes thereto, and the section entitled "Operating and Financial Review and Prospects" included elsewhere in this Offering Memorandum.

Our audited consolidated financial statements as at and for the year ended December 31, 2004 and 2005 have been audited by Deloitte Hadjipavlou Sofianos & Cambanis S.A., our independent accountants, as indicated in their audit report included elsewhere in this Offering Memorandum.

The following table shows the principal components of our audited consolidated results of operations for the year ended December 31, 2004 and 2005:

	For the year ended December 31,	
	2004	2005
	(in €)	
Income Statement Data:		
Interest and similar income	407,801,984	419,097,209
Interest expense and similar charges	(166,137,862)	(176,815,431)
Net interest income	**241,664,123**	**242,281,778**
Fee and commission income	2,097,546	4,052,566
Fee and commission expense	(260,700)	(524,934)
Net fee and commission income	**1,836,847**	**3,527,633**
Dividend income	7,882,671	5,105,207
Net trading income/(loss)	(7,808,177)	30,316,917
Other operating income	13,246,716	15,149,818
Total operating income	**256,822,180**	**296,381,353**
Personnel expenses	(47,507,147)	(56,271.155)
General and administrative expenses	(26,815,893)	(52,895,920)
Depreciation and amortization charges	(4,791,507)	(6,183,004)
Other operating expenses	(2,183,353)	(12,146,585)
Total operating expenses	**(81,297,901)**	**(127,496,664)**
Impairment losses on loans and advances	(3,987,458)	(18,910,538)
Share of profit of associates	(124,976)	(86,096)
Profit before taxes	**171,411,845**	**149,888,054**
Tax expense	(39,537,253)	(27,338,423)
Net profit	**131,874,591**	**122,549,632**
Earnings per share	0.80	0.74

The following table shows the principal components of our audited consolidated balance sheet as at December 31, 2004 and 2005:

	As at December 31,	
	2004	2005
	(in €)	
Balance Sheet Information:		
Assets		
Cash and balances with Central Bank	121,309,395	191,266,079
Due from banks	2,318,597,626	1,249,262,724
Financial assets at fair value through P&L	1,280,287,915	1,593,121,669
Derivative financial instruments	—	810,148
Loans and advances to customers	2,060,115,383	3,044,667,021
Less: Allowance for impairment on loans and advances to customers	(16,570,238)	(31,365,744)
Investment securities—available for sale	4,282,230,691	4,618,912,351
Investment securities—held to maturity	493,558,962	491,871,118
Investment in associate	173,657	537,561
Property & equipment	102,473,821	110,750,791
Intangible assets	4,821,624	10,970,975
Deferred tax assets	33,637,713	36,224,148
Other assets	232,030,701	247,566,024
Total Assets	**10,912,667,252**	**11,564,594,865**
Liabilities		
Due to customers	9,275,032,458	9,953,838,765
Derivative financial instruments	72,522,427	66,626,005
Deferred tax liabilities	188,248,863	67,737,773
Retirement benefit obligations	16,605,390	17,952,698
Other liabilities	192,800,834	593,512,570
Total Liabilities	**9,745,209,972**	**10,699,667,811**
Shareholders' Equity:		
Share capital	555,000,000	521,207,049
Revaluation reserves	266,011,911	230,199,868
Other reserves	70,350,197	76,481,983
Retained earnings	276,095,172	37,038,153
Total Equity	**1,167,457,280**	**864,927,054**
Total Liabilities and Equity	**10,912,667,252**	**11,564,594,865**

The following table shows our financial performance ratios as at and for the year ended December 31, 2004 and 2005:

	As at and for the year ended December 31,	
	2004	2005
	(in percentages except as indicated)	
Financial Ratios and Other Information:		
Profitability Ratios		
Net interest income as a percentage of average interest-earning assets(1)	2.5%	2.4%
Net interest spread(1),(2)	2.5%	2.2%
Yield(1),(3)	4.3%	4.1%
Net interest income to total operating income	94.1%	81.7%
Operating expenses as a percentage of total average assets(4)	0.8%	1.1%
Cost to income(5)	31.7%	43.0%
Return on average total assets(6)	1.2%	1.1%
Return on average shareholders' equity(7)	11.8%	12.1%
Balance Sheet Ratios		
Deposits (including repos) to total assets	85.0%	86.1%
Net loans to deposits	22.0%	30.3%
Net loans to total assets	18.7%	26.1%
Shareholders' equity to assets	10.7%	7.5%
Credit Quality:		
Non-performing loans to total loans(8)	0.14%	0.22%
Loan loss reserves to non-performing loans	560.8%	458.6%
Provision charge for loan losses to total loans(9)	0.18%	0.49%
Capital Adequacy		
Tier I ratio	27.7%	14.6%
Total capital adequacy ratio	21.5%	13.1%
Shareholders' equity to net loans	57.1%	28.7%
Other Information		
Employees(10)	1,229	1,220
Branches	136	136
Wholesale Price Index Inflation(11)	2.9%	3.5%
Performance Indicators (in € millions)		
Total assets per employee	8.9	9.5
Total assets per branch	80.2	85.0
Deposits per employee	7.5	8.2
Deposits per branch	68.2	73.2
Gross loans per employee(10)	1.7	2.5
Gross loans per branch	15.1	22.4
Non-interest expense per employee(12)	0.07	0.10

Note: Average balances based on opening and closing balances. 2003 data used for 2004 average balances based on Greek GAAP, as reconciled to IFRS.

(1) Based on average monthly balances (see section "Selected Statistical Data and Other Information").

(2) Calculated as the difference between interest income as a percentage of average interest-earning assets and interest expense as a percentage of average interest-bearing liabilities.

(3) Calculated as interest income as a percentage of average interest-earning assets.

(4) Average assets calculated on a yearly basis.

(5) Calculated as operating expenses before provisions divided by total operating income.

(6) Calculated as net income as a percentage of average total assets (yearly average).

(7) Calculated as net income as a percentage of average shareholders' equity (yearly average).

(8) Calculated as non-performing loans as a percentage of total gross loans.

(9) Calculated as annual provision charge for doubtful loans as a percentage of total gross loans.

(10) Total number of employees of PSB (excluding employees of the Mutual Fund Management Company).

(11) Source: Economist Intelligence Unit Risk Briefing from April 26, 2006.

(12) Includes operating expenses before provisions.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

General

The following discussion and analysis should be read together with the consolidated financial statements, including the accompanying notes, included elsewhere in this Offering Circular. The audited consolidated financial statements and the accompanying notes for the years ended December 31, 2005 and 2004 have been prepared in accordance with IFRS.

Some of the information in the discussion and analysis set forth below and elsewhere in this Offering Circular includes forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements" and "Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained in this Offering Memorandum.

Transition to IFRS; Comparability of Information; Greek GAAP Historical Accounts

Until January 1, 2005, we prepared our audited financial statements in accordance with Greek GAAP. As a result of European Union requirements, we have prepared our audited consolidated financial statements included in this Offering Circular as at and for the years ended December 31, 2004 and 2005 in accordance with IFRS 1, First Time Adoption of IFRS. Greek GAAP and IFRS differ in important respects from U.S. GAAP. Due to the significant differences between Greek GAAP and IFRS and the major changes in our activities since 2003, we have not included our past Greek GAAP financial statements in this Offering Memorandum. Our Greek GAAP financial statements for the two year period ending December 31, 2004 included audit opinions containing qualifications for (i) unallocated credits and delays in financial accounts reconciliation of deposits made at post office branches and (ii) inability to allocate batch payments received from tax authorities with individual loan balances. These 2003 and 2004 financial statements have since been restated and subsequently audited in the context of the listing procedure and the report only remains qualified with respect to the reconciliation of loan balances. For the fiscal year ended 2005, we made a provision of approximately €3.4 million, out of a total €4.1 million provision, with respect to certain batch payments received from governmental authorities that we were not able to allocate in 2005 to individual loan balances. Our 2005 audit opinion does not have any qualifications.

Financial Reporting Systems and Controls

Our independent auditors have reported that while improvements have occurred, our internal controls over financial reporting need further improvement. Although we are in the process of implementing some new internal controls which we believe will address the weaknesses of such existing controls, the new controls have not as yet been fully implemented or tested.

For a description of the risks associated with our financial reporting systems and controls and related issues, see "Risk Factors—*Our independent auditors have informed us that while improvements have occurred, our internal controls over financial reporting need further improvement;—In the future we will be subject to new legal and interim financial reporting requirements and our ability to meet the new requirements has not been tested;—Our information technology system may not be fully successfully implemented within the expected timeframe;—Our ability to operate effectively as a listed company is dependent upon the retention of certain key management and the strengthening of our resources at the corporate level.*"

Overview

We provide a wide range of retail banking products, including deposit accounts, residential mortgage and consumer loans and credit cards, together with other financial services, through our network of 136 branches in Greece as well as through approximately 820 ELTA branches which have agreed to distribute certain of our products and services. Prior to our conversion into a *société anonyme* in 2002, our principal lending activities consisted of extending (a) mortgage loans to public sector employees and (b) general purpose state-guaranteed loans to state-owned enterprises in Greece. During this time, our principal sources of income were interest income earned on such loans, together with interest and trading income from our securities portfolio (comprised for the most part of Greek government bonds.) Since our conversion to a *société anonyme* in 2002, we have increased our loan portfolio, by introducing a range of consumer loan products and extending mortgage lending to the general public; accordingly, interest earned on outstanding loans now represents a higher proportion of our income. We fund our lending activities and our securities portfolio principally through demand and short-term deposit accounts. Approximately 81.7% of our operating income for the year ended December 31, 2005 was generated by net interest income.

Key Factors Affecting Our Results of Operations

Economic and Business Environment. Our operations and earnings are affected by social, political and economic developments and conditions, particularly in Greece. In addition, we are subject to general international economic conditions, the development of the international financial markets, international political events, interest rate levels and volatility, currency exchange rates and volatility, regulatory developments in Greece and the European Union and general competitive factors in the Greek banking industry.

Changes in the Banking Industry and Competitive Environment. The Greek banking sector has expanded rapidly in recent years as a result of deregulation, modernization, and Greece's adoption of the Euro. Over the past decade, deregulation and the restructuring of the banking sector have led to significant bank consolidation. This has created a competitive environment in the Greek banking sector that is characterized by significant expansion of private sector banks generally driven by large commercial banks in particular.

Institutions operating in the banking sector in Greece include domestic banks, foreign banks and other credit institutions. As at December 31, 2004, there were 46 domestic and foreign banks and other credit institutions operating in Greece (excluding co-operative banks). Domestic banks may be either state-controlled or privately owned and can be grouped into one of two principal categories: universal banks (commercial and/or investment banks) and specialized credit institutions. In recent years, private banks in Greece have continued to gain market share at the expense of those banks directly or indirectly controlled by the State. As a result, private banks' assets, as a percentage of all banks' assets, have grown steadily in Greece. Although private banks have continued to gain market share, the State continues to play an active role in the market.

According to information published by the Bank of Greece, at December 31, 2004, domestic commercial banks controlled approximately 80.9% of the Greek banking sector's total assets, foreign commercial banks controlled approximately 10.0% of such assets and specialized credit institutions controlled approximately 8.4% of such assets as at the end of 2004.

Foreign banks are becoming increasingly active in the Greek market, although they have made relatively limited inroads into the Greek retail banking market overall. In addition, Greek banks are expanding their operations beyond Greece. Several Greek banks are increasingly active in the South-eastern European region, especially in Romania and Bulgaria and, recently, in Turkey. In addition to opening their own branches in the region, Greek banks are also expanding through acquisitions of shareholdings in local banks in these areas.

Adoption of IFRS. Pursuant to Law 2992/2002 and EU directives, we are required to prepare our statutory accounts in accordance with IFRS rather than Greek GAAP. This requirement took effect from January 1, 2005, according to Law 3229/2004. The use of IFRS will allow our financial results to be more directly comparable with the results of other European financial institutions.

Expanding our retail operations. Since 2002, we have significantly expanded our consumer and mortgage lending activities, together with our credit card business, as part of our transformation into a modern, commercial bank capable of meeting the demands of a wide range of Greek consumers. Our total gross retail loans (representing mortgage, consumer loans and credit cards) grew to €2,791.5 million as at December 31, 2005 from €1,770.5 million as at December 31, 2004.

Relationship with the Hellenic Republic. We maintain a close relationship with the Hellenic Republic, which presently owns 100% of our outstanding share capital, 90% directly and 10% indirectly through ELTA, see "—Relationship with ELTA" below, and will continue to be a controlling shareholder following the combined offering. The Hellenic Republic's relationship with us is defined by its capacity as a legislator, controlling shareholder, an issuer of debt held by us, a customer, as well as a regulatory authority with oversight over, among others, policies regarding our personnel. A number of our loans to state-owned corporate borrowers have benefited (and continue to benefit) from government guarantees. However, no new loan agreements have been signed with public entities since December 2003.

Relationship with ELTA. In addition to our distribution relationship with ELTA as discussed in detail in "Our Business—Distribution Channels—Branch Network—Our distribution relationship with ELTA", we now also have a shareholding arrangement with ELTA. We entered into an agreement in May 2006, with the Hellenic Republic for the purchase for cash of 10% of ELTA's shares (i.e. 11,868,900 shares) for €21.4 million. ELTA is purchasing, under a separate agreement with the Hellenic Republic, 10% of our shares (i.e. 14,086,670 shares) at a 10% discount to offer price of our shares. As at December 31, 2005, ELTA had a book value of €182.2 million and net income of €13.4 million. The Hellenic Republic has a right of first refusal to acquire the ordinary shares purchased pursuant to the agreements referred to above.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with IFRS requires management to make a number of judgments, estimates and assumptions that affect the reported amount of assets, liabilities, income and expense in the Financial Statements and accompanying notes. Our management believes that the judgments, estimates and assumptions used in the preparation of the financial statements are appropriate given the factual circumstances as of December 31, 2005.

Various elements of our accounting policies, by their nature, are inherently subject to estimations, valuation assumptions and other subjective assessments. In particular, we have identified five accounting policies which, due to the judgments, estimates and assumptions inherent in those policies, and the sensitivity of the financial judgments to those judgments, estimates and assumptions, are critical to understanding the financial statements.

Recognition and measurement of financial instruments at fair value

Assets and liabilities that are trading instruments are recorded at fair value on the balance sheet date, with changes in fair value reflected in net trading income. For exchange traded financial instruments, fair value is based on quoted market prices for the specific instrument. Where no active market exists, or where quoted prices are not otherwise available, we determine fair value using a variety of valuation techniques. These include present value methods, models based on observable input parameters, and models where some of the input parameters are unobservable. Valuation models are used primarily to value derivatives transacted in the over-the-counter market and periodically reviewed thereafter. All valuation models are validated before they are used as a basis for financial reporting. Although a significant degree of judgment is, in some cases, required in establishing fair values, management believes the fair values recorded in the balance sheet and the changes in fair values recorded in the income statement are prudent and reflective of the underlying economics, based on the controls and procedural safeguards we employ.

Allowance for loan losses

The amount of the allowance set aside for loan losses is based upon management's ongoing assessments of the probable estimated losses in the loan portfolio. The accuracy of the allowances and provisions made depends on how well management estimates future cash flows for specific counterparty allowances and provisions and the model assumptions and parameters used in determining collective allowances. While this necessarily involves judgment, our management believes that the allowances and provisions are reasonable and supportable.

Retirement benefit obligations

The retirement benefit obligation is actuarially determined using assumed discount rates and assumed rates of compensation increase. These assumptions are ultimately determined by reviewing our salary increases each year.

Useful lives of depreciable assets

Our management determines the estimated useful lives and related depreciation charges for our property and other equipment. Our estimate is based on the projected operating life cycle of our buildings and the other depreciable assets such as furniture and other equipment, motor vehicles, hardware and other equipment and it could not change significantly. However, management will change the depreciation charge where useful lives are determined to be different than previously estimated lives or it will write down or write off technically obsolete assets.

Critical judgments

Held-to-maturity investments

We follow the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification is based on our evaluation of our intention and ability to hold such investment to maturity.

Impairment of available-for-sale financial assets

We follow the guidance of IAS 39 on determining when an investment is other than temporarily impaired. This determination requires judgment and we evaluate the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Income Taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. We recognize liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact, through the profit and loss account, the income tax and deferred tax provisions in the period in which such determination is made.

Operating Results

The table below sets forth our consolidated results of operations for the year ended December 31, 2005 compared with the year ended December 31, 2004.

	The Group Year ended December 31,		2004/2005 Change
	2004	2005	
	(in € thousands, except per share amounts)		(%)
Interest and similar income	407,802.0	419,097.2	2.8
Interest expense and similar charges	(166,137.9)	(176,815.4)	6.4
Net interest income	**241,664.1**	**242,281.8**	**0.3**
Fee and commission income	2,097.5	4,052.6	93.2
Fee and commission expense	(260.7)	(524.9)	101.4
Net fee and commission income	**1,836.8**	**3,527.6**	**92.0**
Dividend income	7,882.7	5,105.2	(35.2)
Net trading income/(loss)	(7,808.2)	30,316.9	—
Other operating income	13,246.7	15,149.8	14.4
Total operating income	**256,822.2**	**296,381.4**	**15.4**
Personnel expenses	(47,507.1)	(56,271.2)	18.4
General & administrative expenses	(26,815.9)	(52,895.9)	97.3
Depreciation and amortization charges	(4,791.5)	(6,183.0)	29.0
Other operating expenses	(2,183.4)	(12,146.6)	456.3
Total operating expenses	**(81,297.9)**	**(127,496.7)**	**56.8**
Impairment losses on loans and advances	(3,987.5)	(18,910.5)	374.3
Share of profits of associates	(125.0)	(86.1)	(31.1)
Profit before tax	**171,411.8**	**149,888.1**	**(12.6)**
Tax expense	(39,537.3)	(27,338.4)	(30.9)
Net profit	**131,874.6**	**122,549.6**	**(7.1)**
Earnings per share	0.80	0.74	(7.5)

Overview. The year ended December 31, 2005 was characterized by a 7.1% decrease in net profit to €122.5 million for the year ended December 31, 2005 as compared with €131.9 million for the year ended December 31, 2004. The decrease was driven by a 56.8% increase in total operating costs and a 374.3% increase in provisions for impairment of loans and other assets. The increase in operating costs and provisions more than offset the increase of €39.6 million or 15.4% in total operating income, driven primarily by a €38.1 million increase in net trading income for the year ended December 31, 2005.

Net interest income. The year ended December 31, 2005 was characterized by a 0.3% increase in net interest income to €242.3 million for the year ended December 31, 2005, representing 81.7% of our total operating income, as compared with €241.7 million for the year ended December 31, 2004, representing 94.1% of our total operating income. This marginal increase was mainly due to a significant increase in loan interest and interest from interbank placements which more than offset a decrease in interest from fixed income securities and an increase in interest expenses.

The following table summarizes the key components of net interest income:

	Year ended December 31,		2004/2005 Change
	2004	2005	
	(in € thousands)		(%)
Interest earned on:			
Fixed income securities	288,572.1	269,181.2	(6.7)
Loans and advances to customers	86,099.4	107,850.7	25.3
Amounts due from banks	30,164.7	38,178.7	26.6
Other interest earning assets	2,965.8	3,886.7	31.1
Total interest and similar income	**407,802.0**	**419,097.2**	**2.8**
Interest payable on:			
Amounts due to customers	(164,313.0)	(171,592.7)	4.4
Other	(1,824.8)	(5,222.7)	186.2
Total interest and similar expenses	**166,137.9**	**176,815.4**	**6.4**
Net interest income	**241,664.1**	**242,281.8**	**0.3**

Total interest income increased by 2.8% to €419.1 million in 2005, as compared with €407.8 million in 2004. The increase is attributable to a 25.3% increase in interest income from loans (from €86.1 million in 2004 to €107.9 million in 2005), driven by higher loan balances (net customer loans increased by €969.8 million from December 31, 2004 to December 31, 2005, or by 47.5%, primarily in the second half of 2005). The increase in total interest income is also attributable to a 26.6% increase in interest from interbank transactions (from €30.2 million for the year ended December 31, 2004 to €38.2 million for the year ended December 31, 2005), mostly due to increased average interbank balances. Other interest income increased by 31.1% to €3.9 million in 2005 as compared with €3.0 million in 2004, mostly due to a 57.7% increase in cash and balances with the Central Bank. The overall increase in total interest income was modest due to a decline in interest income from fixed income securities, mostly Greek government bonds, which decreased from €288.6 million to €269.2 million, or by 6.7%. The decrease was principally driven by the reinvestment of old, long-dated high-yielding securities maturing as of December 31, 2004, into lower-yielding securities and interbank placements.

Total interest expense increased by 6.4% to €176.8 million in 2005, as compared with €166.1 million in 2004. In particular, interest on customer deposits increased by 4.4%, reflecting a 7.3% increase in deposits between December 31, 2004 and December 31, 2005 as well as slightly higher interest rates for our higher yield deposits (such as saving accounts, repos and time deposits). Other interest expenses include duties payable to the Bank of Greece on interest income from loans (0.6% on consumer loans and 0.12% on mortgage loans according to Law 128/1975). This amount increased by €3.4 million in 2005 reflecting higher interest income from loans.

Net fee and commission income. We reported net fee and commission income of €3.5 million in 2005, as compared with €1.8 million for 2004, an increase of 92.0%. Our fee and commission income concerned fees and commissions from credit cards and consumer credit (48.3%), commission income from mortgage loans disbursements (21.4%) and commission income from securities, asset management, foreign exchange transactions and other commissions (30.3%). The increase was mainly driven by an increase in commission income from mortgage loans disbursements as well as consumer credit and credit card related fees, in the context of increased lending activity. Our income from fees on mortgage loans amounted to €0.9 million in 2005, reflecting increased disbursements in 2005. Income from commissions on credit cards and consumer credit increased to €2.0 million in 2005, as compared with €1.1 million in 2004 as a result of the significant increase in volumes of credit cards and consumer credit.

Our commission expenses increased to €0.5 million in 2005, as compared with €0.3 million in 2004 as a result of an increase in our banking activities (such as cash transfers to our branch network and custody arrangements) and higher credit card costs. The following table summarizes the principal components of net commission income for the years ended December 31, 2004 and 2005:

	Year ended December 31,		2004/2005 Change
	2004	2005	
	(in € thousands)		(%)
Commission from securities	191.5	280.5	46.5
Fund management fees	202.9	150.0	(26.1)
Commissions from foreign exchange operations	16.9	19.1	13.1
Commissions from credit cards and consumer loans	1,053.2	1,956.1	85.7
Other commission income	633.0	1,647.0	160.2
Total commission income	**2,097.5**	**4,052.6**	**93.2**
Credit card commission expenses	(30.7)	(43.0)	40.1
Other commission expenses	(230.0)	(481.9)	109.5
Total commission expenses	**(260.7)**	**(524.9)**	**101.4**
Net commission income	**1,836.8**	**3,527.6**	**92.0**

Dividend income and net trading income. Dividend income decreased by 35.2% to €5.1 million in 2005, as compared with €7.9 million in 2004, due to lower income from dividends on the listed stock portfolio. This decrease was due to no dividends being paid on one of our principal equity investments (in Bank of Attica, where we hold a 19.1% share interest), as well as the sale of one of our equity investments towards the end of 2004 (our share interest in National Portfolio Investment Company). This decrease was partially offset by a 160.9% increase in income from share dividends of unlisted companies, due to increased dividends from DIAS S.A., a *société anonyme* formed by approximately 35 Greek banks, whose ATMs are available for use by customers of any DIAS member. The following table summarizes the principal components of dividend income during 2004 and 2005:

	Year ended December 31,		2004/2005 Change
	2004	2005	
	(in € thousands)		(%)
Income from dividends on shares of companies listed on the ATHEX	7,845.4	5,008.1	(36.2)
Income from dividends on shares of unlisted companies	37.2	97.1	160.9
Total	**7,882.7**	**5,105.2**	**(35.2)**

Net trading income increased to €30.3 million in 2005, representing 10.2% of our total operating income, from a loss of €7.8 million in 2004. This increase was mostly due to lower losses from the trading portfolio which more than offset lower income from the portfolio of available for sale securities. The following table summarizes the key components of net trading income during 2004 and 2005:

	Year ended December 31,		2004/2005 Change
	2004	2005	
	(in € thousands)		(%)
Profit from available-for-sale securities	61,639.4	44,337.7	(28.1)
Profit/(Losses) from financial assets at fair value through P&L	(68,494.1)	(14,714.8)	(78.5)
Shares	9,165.4	38,150.5	316.2
Securities and hedging instruments	(80,756.7)	(56,591.2)	(29.9)
Mutual funds	3,097.3	3,725.8	20.3
Foreign exchange profits/(losses)	(953.5)	694.0	—
Total	**(7,808.2)**	**30,316.9**	

Profit of the available-for-sale portfolio decreased by 28.1% to €44.3 million in 2005, as compared with €61.6 million in 2004. The decrease was mainly due to lower realized gains from the sale of bonds, which resulted primarily from a decrease in the volume of bonds being sold. This decrease was partially offset by realized gains from the sale of shares included in the available-for-sale portfolio, mainly the sale of most of our share interest in the Bank of Greece.

Losses from financial assets at fair value through profit or loss declined by 78.5% to €14.7 million in 2005, as compared with €68.5 million in 2004. The lower losses reflect a decline in swap losses which decreased by €68.0 million, or 109%, which was partly offset by increased losses in the bond portfolio. The losses on the bonds trading portfolio are mainly due to the marking to market of a portfolio of Tier 1 CMS (Constant Maturity Swaps) securities. The profit in the equity portfolio, which is comprised primarily of shares of Greek listed companies, increased as a result of the positive performance of the ATHEX.

We use swap agreements to protect a substantial portion of our fixed rate bond portfolio, a portion which is characterized by high-coupon, long-maturity, available-for-sale securities, from interest rate risk. In order to limit the potential loss in value of such bonds which could derive from an unexpected increase in interest rates, we have entered into agreements whereby fixed interest rate income is swapped against floating interest rate income. Our result from swap positions includes both the net interest payments resulting from the swap agreements as well as fluctuations in the value of these derivatives (i.e. mark to market of the swap agreements). We incurred losses from swaps both in 2004 and 2005, of €95.7 million and €28.6 million, respectively. Our swap agreements, which are marked to market each year, are characterized by significant volatility. The higher losses for 2004 are due to negative mark to market of the swaps as required under IFRS, as compared to positive mark to market registered in 2005. Net interest payments resulting from the swaps agreements have not changed significantly between 2004 and 2005.

The current presentation of trading income results reflects the fact that our swap agreements do not qualify for hedge accounting treatment under IFRS.

Our profits from mutual funds increased by 20.3% in 2005 due to higher valuations. Our results from exchange trades increased to €694.0 thousand in 2005, as compared with losses of €953.5 thousand, as a result of gains on dollar denominated interbank placements.

Other operating income. Other operating income increased by 14.4% to €15.1 million in 2005, as compared with €13.2 million in 2004. Other operating income consists mainly of deposit balances that, after being inactive for 20 years, become property of the Bank, income from renting buildings, and, in 2005, reversal of tax provisions as well as other adjustments. Income from dormant deposit balances accounted for 72.3% of other operating income in 2005 and registered a 12.1% increase in 2005. Upon the receipt of our banking license in April 2006, we are no longer able to continue to claim deposit balances inactive for a period of more than 20 years.

The following table summarizes other operating income for 2004 and 2005:

	Year ended December 31,		2004/2005
	2004	**2005**	**Change**
	(in € thousands)		**(%)**
Income from the write-off of deposit balances in favor of the Company in accordance with article 6 of the relevant regulation	9,773.7	10,959.9	12.1
Real estate rental income	69.0	54.2	(21.4)
Other income	3,404.1	4,135.7	21.5
Total	**13,246.7**	**15,149.8**	**14.4**

Total Operating Income. As a result of the above, total operating income amounted to €296.4 million for the year ended December 31, 2005, as compared with €256.8 million in 2004, an increase of 15.4%.

Personnel expenses. Expenses associated with employee benefits and remuneration increased by 18.4% to €56.3 million for the year ended December 31, 2005, as compared with €47.5 million for the year ended December 31, 2004. This was mainly due to an increase of 17.3% in wages in connection with collective bargaining agreements, an increase in wages for employees who have been with us for a number of years, severance payments to the previous management, costs of hiring of certain experienced executives and overtime compensation. This increase more than offset the slight decrease in the number of our employees over the period 2004 to 2005, from 1,234 employees to 1,224, which includes employees of the Mutual Fund Management Company (five in 2004 and four in 2005). This decrease was the result of attrition within the ordinary course of business.

The following table summarizes the principal components of staff costs during 2004 and 2005:

	Year ended December 31, 2004	Year ended December 31, 2005	2004/2005 Change
	(in € thousands)		(%)
Wages and salaries	44,182.3	51,834.9	17.3
Social security contributions	1,011.9	1,139.4	12.6
Provisions for staff termination indemnity	1,318.0	1,347.3	2.2
Other personnel expenses	994.9	1,949.5	95.9
Total	**47,507.1**	**56,271.2**	**18.4**

Wages and salaries increased by 17.3% in 2005, from €44.2 million to €51.8 million, while social insurance contributions rose by 12.6%. Other personnel costs, consisting mainly of training expenses increased by 95.9% to €1.9 million in 2005 from €1.0 million in 2004.

General & administrative expenses. Administrative expenses totalled €52.9 million in 2005, increasing by 97.3% from €26.8 million in 2004. This increase was mainly due to higher expenses related to consulting expenses and third party contracts relating to the upgrade of our infrastructure, the offering of our shares, the use of direct distribution channels for certain lending products, increased lending activity as well as higher advertising expenses incurred in connection with the advertising campaign launched in 2005, and to a lesser extent to increased non-income taxes and duties. Administrative expenses include the annual payment to ELTA for the use of its network. We paid ELTA €7.8 million in 2005 as compared with €7.1 million in 2004, representing payments for cash transactions processed on our behalf, as well as fees on deposits collected through the ELTA network. We expect our joining fee for participating in the Deposits Guarantee Fund to range from €19 million to €22 million and, following the receipt of our banking license in April 2006, our annual cost (pro-rated for the first year), payable in two installments, shall be calculated on our average deposits for June and is expected to range from €7 million to €9 million. Our joining fee must be paid in six equal installments which shall be recorded on our quarterly financial statements for 2006. See "Our Business—Financial Products and Services—Deposits".

The following table summarizes the administrative expenses for the years ended December 31, 2004 and 2005:

	Year ended December 31, 2004	Year ended December 31, 2005	2004/2005 Change
	(in € thousands)		(%)
Third party fees and expenses	6,986.6	15,808.8	126.3
Commissions to ELTA	7,132.1	7,773.1	9.0
Taxes and duties	2,133.6	5,094.2	138.8
Miscellaneous expenses	10,563.6	24,219.7	129.3
Total	**26,815.9**	**52,895.9**	**97.3**

Depreciation and amortization charges. Depreciation and amortization totalled €6.2 million in 2005, compared to €4.8 million in 2004. This 29.0% increase is attributable to new investments in software, as well as buildings and furniture.

Other operating expenses. Other costs mainly include the cost of certain employee benefits provided in the form of subsidies for employee mortgage loans. These loan subsidies were granted only until 2005. Many of our employees took advantage of these loans in 2005 in anticipation of the subsidy program ending. Therefore, in 2005 we recorded a cost of €12.0 million, as compared with €1.6 million in 2004 to make up for the actuarial deficit which was calculated with regards to the subsidy program lending.

Impairment losses on loans and advances. We recorded increased provisions of €18.9 million in 2005, as compared with €4.0 million in 2004, a 374.3% increase. The increase was driven by provisions for customer loans which increased from €3.7 million to €14.8 million in 2005. The increase was the result of increased lending activity and was determined following the Bank of Greece requirements.

Provisions for other assets increased to €4.1 million in 2005 from €0.2 million in 2004, reflecting our management's approach regarding certain customer receivables (mainly interest on loans) that were not fully collected as of year end and that could not be reconciled.

The table below shows a detailed split of loan loss allowances for 2004 and 2005:

	Year ended December 31,		2004/2005 Change
	2004	**2005**	
	(in € thousands)		**(%)**
From loans and advances to customers	3,740.7	14,795.5	295.5
From other receivables	246.8	4,115.0	1,567.5
Total	**3,987.5**	**18,910.5**	**374.3**

Share of profit of associates. Loss from associated undertaking represents our share of the losses of TT-ELTA AEDAK. Losses declined from €124,976 in 2004 to €86,096 in 2005.

Profit before tax. As a result of the above, for the year ended December 31, 2005, we had profit before income tax of €149.9 million as compared with €171.4 million for the same period in 2004, a decrease of 12.6%.

Tax expense. Our tax expense for 2005 amounted to €27.3 million, as compared with €39.5 million in 2004, a decrease of 30.9%. The effective tax rate for the period was 18.2% as opposed to 23.1% for the year ended December 31, 2004. The reduction of the effective tax rate was driven by the reduction in corporate tax rate from 35% to 32% over the same period and a slight increase in tax-exempt interest income from bonds. The corporate tax rate in Greece will be reduced to 29% by the end of 2006 and to 25% by the end of 2007.

Balance Sheet Data

The table below sets forth our balance sheet as at December 31, 2004 and 2005:

	The Group Year ended December 31, 2004	2005	2004/2005 Change
	(in € thousands)		(%)
ASSETS			
Cash and balances with Central Bank	121,309.4	191,266.1	57.7
Due from banks	2,318,597.6	1,249,262.7	(46.1)
Financial assets at fair value through P&L	1,280,287.9	1,593,121.7	24.4
Derivative financial instruments	0.00	810.1	—
Loans and advances to customers	2,060,115.4	3,044,667.0	47.8
Less: Allowance for impairment on loans and advances to customers	(16,570.2)	(31,365.7)	89.3
Investment securities—available for sale	4,282,230.7	4,618,912.4	7.9
Investment securities—held to maturity	493,559.0	491,871.1	(0.3)
Investment in associate	173.7	537.6	209.6
Property & equipment	102,473.8	110,750.8	8.1
Intangible assets	4,821.6	10,971.0	127.5
Deferred tax assets	33,637.7	36,224.1	7.7
Other assets	232,030.7	247,566.0	6.7
Total assets	**10,912,667.3**	**11,564,594.9**	**6.0**
LIABILITIES			
Due to customers	9,275,032.5	9,953,838.8	7.3
Derivative financial instruments	72,522.4	66,626.0	(8.1)
Deferred tax liabilities	188,248.9	67,737.8	(64.0)
Retirement benefit obligations	16,605.4	17,952.7	8.1
Other liabilities	192,800.8	593,512.6	207.8
Total liabilities	**9,745,210.0**	**10,699,667.8**	**9.8**
SHAREHOLDERS' EQUITY			
Share capital	555,000.0	521,207.0	(6.1)
Revaluation reserves	266,011.9	230,199.9	(13.5)
Other reserves	70,350.2	76,482.0	8.7
Retained earnings	276.095.2	37,038.2	(86.6)
Total Equity	**1,167,457.3**	**864,927.1**	**(25.9)**
Total Liabilities and Equity	**10,912,667.3**	**11,564,594.9**	**6.0**

Overview. Total assets increased by 6.0% representing a total of €11,564.6 million as at December 31, 2005. The increase was driven by an increase of customer deposits from €9,275 million as at December 31, 2004 to €9,954 million as at December 31, 2005. The additional balance sheet liquidity was absorbed by an increase in gross loans to customers from €2,060.1 million at December 31, 2004 to €3,044.7 million at December 31, 2005 and an increase in our investment portfolio.

Cash and balances with central bank. Cash and balances with central bank include mandatory reserves against customer deposits, cash at hand, and other liquid assets with the Central Bank. The respective balance increased from €121.3 million as at December 31, 2004 to €191.3 million as at December 31, 2005. The significant increase is attributed to higher average customer deposits.

Due from banks. Due from banks represents short term placements of excess liquidity in the interbank market. The respective balance decreased from €2,318.6 million as at December 31, 2004 to €1,249.3 million as at December 31, 2005 reflecting our strategy adopted in 2005 to reinvest part of the sums due from banks in higher yielding instruments included in our securities portfolio.

Financial assets at fair value through profit and loss. Financial assets at fair value through profit and loss represent short term investments that are held for trading purposes. The financial result from the sale of any such securities and the result from their current market valuation as of each balance sheet date are charged through our profit and loss account. The outstanding balance increased from

€1,280.3 million as at December 31, 2004 to €1,593.1 million as at December 31, 2005. The increase in the total balance reflects our strategy to more effectively invest our liquidity in higher yielding instruments.

Financial assets at fair value through profit and loss include fixed income securities, equities, mutual fund units and alternative investments. Greek Government bonds accounted for 49.6% of fixed income securities (in this classification) as at December 31, 2005. This bond portfolio increased from €498.9 million as at December 31, 2004 to €694.8 million as at December 31, 2005, primarily due to the addition to the portfolio of government bonds. Equity securities and mutual funds remained largely stable with the total balance increasing from €202.4 million to €207.9 million. The allocation of the portfolio between equities and mutual funds did not change materially over the same period. Alternative investments include investments in CDOs and hedge funds and refer mainly to capital-protected notes whose performance is linked to the performance of certain underlying assets. Alternative investments increased from €579.0 million at December 31, 2004 to €690.4 million at December 31, 2005.

Loans and advances to customers. Loans to customers increased by 47.8% to €3,044.7 million as at December 31, 2005 as compared with €2,060.1 million as at December 31, 2004. The increase reflects our strategy of expanding our lending activities.

The increase in loans was driven by the significant increase in outstanding consumer loan balances to €567.9 million as at December 31, 2005 as compared with €22.3 million as at December 31, 2004. Consumer loans include mainly loans to civil servants where debt service is directly deducted by their employer from their monthly salary. Mortgage loans increased by 25.7% to €2,152.8 million as at December 31, 2005 as compared with €1,713.3 million as at December 31, 2004. Mortgage loans include our old portfolio of loans to civil servants as well as our new loan products available to the general public. Credit card balances increased from €35.0 million as at December 31, 2004 to €70.8 million of as at December 31, 2005, an increase of 102.5%. Loans to the public sector declined 12.6% from €289.6 million as at December 31, 2004 to €253.2 million as at December 31, 2005, reflecting our strategy to discontinue lending to the public sector.

Gross non-performing loans for the year ended December 31, 2005 amounted to €6.8 million (or 0.22% of the total gross customer loans) as compared with €3.0 million in 2004 (or 0.14% of the total gross customer loans). Accumulated provisions on customer loans stood at €31.4 million, an increase of 89.3% as compared to €16.6 million as at December 31, 2004.

Investment securities—available for sale. The available for sale portfolio increased by 7.9% to €4,618.9 million in 2005 from €4,282.2 million in 2004. Greek government bonds accounted for 76.2% of the available-for-sale portfolio.

Investment in associate. Participation in associated undertaking represents our 50% participation in TT-ELTA AEDAK. The balance was increased by a capital increase of €450,000 and the operating losses during the period.

Investments securities—held to maturity. Investments held to maturity decrease by 0.3% from €493.6 million to €491.9 million and consist entirely of Greek Government Bonds.

Property and equipment. Property, plant and equipment consist of the Bank's real estate property, furniture and equipment. As at December 31, 2005, the value of real estate attributable to land stood at €65.6 million while the net book value of buildings after depreciation stood at €31.9 million. Real estate is valued at current prices pursuant to the founding law of PSB and in line with IFRS. Furniture and equipment increased substantially in 2005 following additions of €10.5 million in the context of our modernization program.

Intangible assets. Intangible assets increased from €4.8 million in 2004 to €11.0 million as at December 31, 2005 reflecting mainly software improvements of €7.4 million.

Other assets. Other assets remained largely stable increasing from €232.0 million as at December 31, 2004 to €247.6 million as at December 31, 2005. Other assets primarily include interest accrued (accounting for 65.2% of total other assets as at December 31, 2005) and tax prepayments (accounting for 26.1% of other assets).

Due to customers. Due to customers increased by 7.3% from €9,275.0 million as at December 31, 2004 to €9,953.8 million as at December 31, 2005. The increase was mainly due to a 11.3% increase in savings deposits balances. The decline in the repurchase agreements balances and the parallel increase of time deposits reflects the transfer of certain deposits from repurchase agreements to time deposits following termination of the favorable tax treatment on repurchase agreements.

Deferred tax liabilities. Deferred tax liabilities decreased substantially from €188.2 million as at December 31, 2004 to €67.7 million as at December 31, 2005. The decrease reflects the triggering of significant tax payments by the distribution of reserves, conducted prior to the end of 2005, in the context of optimizing our capital position. Outstanding deferred tax liabilities as at December 31, 2005 of €56.0 million reflect deferred tax liabilities arising from our revaluation reserve. The actual tax liabilities will be incurred as the revaluation reserve is realized through the sale of our available-for-sale portfolio.

Other liabilities. Other liabilities increased substantially as at December 31, 2005 reaching €593.5 million as compared with €192.8 million the year before. Other liabilities include interest accrued on liabilities as well as taxes due as at year end. The substantial increase in 2005 is attributed to the increase in payments outstanding to shareholders and taxes due resulting from the capital distribution decided at the end of 2005. Amounts due to shareholders were paid in January 2006.

Shareholders' equity. The shareholders' equity decreased from €1,167.5 million in 2004 to €864.9 million in 2005, mainly as a result of a distribution of €299.3 million to our shareholders in the context of a capital decrease and reserve distribution.

At a general meeting of shareholders on December 23, 2005, our shareholder decided to reduce our share capital by an amount of €90,495,199.40 through the cancellation of 24,458,162 common registered shares of a par value of €3.70 each and the return of the corresponding capital to our shareholder, the Hellenic Republic. The decision was as a result of our share capital significantly exceeding our capital needs under our business plan. This capital decrease more than offset a capital increase of €56,702,248.40 that was also approved at the same general meeting. This capital increase was realized through the issuance of 15,324,932 new common registered shares of a par value of €3.70 each through: (a) the capitalization of €52,145,652.67 of reserves from the readjustment of the value of our real estate, (b) the capitalization of €4,556,593.91 of reserves from the readjustment of the value of securities and participations held by us and (c) the capitalization of €1.82 from the reserves from profits carried forward. As of December 31, 2005, our share capital amounted to €521,207,049 comprised of 140,866,770 common registered shares of a par value of €3.70 each.

At the same general meeting, our shareholders also decided on: (a) the distribution of €208,772,615.53 from available profits and reserves and (b) the adoption of IFRS for the financial year ending December 31, 2005 and for the next five subsequent years. The corporate transactions discussed above resulted in aggregate reduction of shareholders' equity by €299.3 million.

Liquidity and Capital Resources

Our principal source of liquidity is our deposit base. In recent years, we have generally been in a position of excess liquidity due to our large deposit base that has historically been invested in the securities portfolio (mostly Greek government bonds), which has generally been larger than loans to customers. We expect loans to gradually form a larger portion of our assets.

Our cash flow in 2005 was negative due to significant increases in our lending activities.

Although, subject to certain exceptions, Greek law does not allow an entity to own its own shares, subsidiaries in Greece are allowed to own, and trade in the market, shares of their parent company. We currently do not hold any treasury stock.

Asset/Liability, Internal Audit and Risk Management

Liquidity Exposure. Liquidity risk management seeks to ensure that, even under adverse conditions, we have an excess of resources over the funds necessary to cover customer needs, maturing liabilities and the capital requirements of our operations. Liquidity risk arises in general funding of financing, trading and investment activities and in management of positions. This risk involves both the risk of unexpected increases in the cost of funding the portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner on reasonable terms.

The maturities of our liabilities traditionally have been heavily weighted toward short-term maturities. As at December 31, 2005, the vast majority of our deposits were demand deposits. In connection with our lending activities, we permit mismatched positions resulting from assets having longer average maturities than liabilities as we consider demand and savings deposits to be relatively stable given past experience.

The following tables show the liquidity risk based on our assets and liabilities on a consolidated basis as at December 31, 2004 and 2005. The maturities shown are calculated from the respective balance sheet date.

Liquidity Risk as at December 31, 2004
(in € millions)

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	TOTAL
Assets items liquidity	2,038.8	698.2	702.4	3,967.2	3,506.1	10,912.7
Liability items liquidity (I)	7,297.5	491.3	1,673.7	179.1	103.6	9,745.2
Equity (II)	—	—	—	—	1,167.5	1,167.5
Grand total (I + II)	7,297.5	491.3	1,673.7	179.1	1,271.0	10,912.7
Net liquidity GAP	**(5,258.7)**	**206.9**	**(971.3)**	**3,788.1**	**2,235.1**	**0.0**

Liquidity Risk as at December 31, 2005
(in € millions)

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	TOTAL
Assets items liquidity	1,140.5	577.1	1,082.8	4,280.0	4,484.1	11,564.6
Liability items liquidity (I)	8,236.8	327.4	1,985.3	72.6	77.6	10,699.7
Equity (II)	—	—	—	—	864.9	864.9
Grand total (I + II)	8,236.8	327.4	1,985.3	72.6	942.5	11,564.6
Net liquidity GAP	**(7,096.3)**	**249.7**	**(902.4)**	**4,207.5**	**3,541.6**	**0.0**

Interest Rate Exposure. Exposure to interest rate risk arises from a mismatch of assets and liabilities on which interest rates change from time to time. Our interest rate risk is limited because most of our interest bearing liabilities are at floating rates of interest, and most of our interest earning assets are at floating rates. We have actively protected the portion of our bond portfolio which is characterized by higher interest yield and longer maturity. In particular, we enter into swap agreements in order to limit the impact that unexpected increases in current or future interest rates may have on the marking to market of our bond portfolio.

The following tables show our exposure to interest rate risk as at December 31, 2004 and 2005:

Interest Rate Risk as at December 31, 2004
(in € millions)

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Items not affected	TOTAL
Total assets	2,268.4	1,049.6	631.5	3,756.4	2,521.5	685.3	10,912.7
Total liabilities	2,772.7	1,146.9	5,352.3	25.0	47.5	400.8	9,745.2
Equity	—	—	—	—	—	1,167.5	1,167.5
Total liabilities & equity	2,772.7	1,146.9	5,352.3	25.0	47.5	1,568.2	10,912.7
Total interest sensitivity gap	**(504.3)**	**(97.3)**	**(4,720.8)**	**3,731.4**	**2,474.0**	**(883.0)**	**0.0**

Interest Rate Risk as at December 31, 2005
(in € millions)

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Items not affected	TOTAL
Total assets	1,109.1	1,672.3	1,407.6	3,932.6	2,792.3	650.6	11,564.6
Total liabilities	2,291.5	1,349.4	6,297.7	37.5	28.9	694.6	10,699.7
Equity	—	—	—	—	—	864.9	864.9
Total liabilities & equity	2,291.5	1,349.4	6,297.7	37.5	28.9	1,559.6	11,564.6
Total interest sensitivity GAP	**(1,182.4)**	**322.9**	**(4,890.1)**	**3,895.1**	**2,763.5**	**(908.9)**	**0.0**

Market Risk Exposure. Market risk is the risk of a loss in value of securities portfolios due to adverse developments in the prices of the assets included in the portfolios. Such portfolios consist of fixed income securities, mostly government bonds, equities and other securities.

Currency Risk Exposure. Foreign exchange risk is the investment risk deriving from unfavorable currency rate movements, at times when we hold open foreign exchange positions. We currently have minimum currency risk exposure as the vast majority of our activities are euro denominated.

Capital Adequacy

We, together with other banks operating in Greece, are required to comply with capital adequacy guidelines promulgated by the Bank of Greece, which are based upon the standards established by the Bank of International Settlements (**BIS**). These guidelines require banks to maintain adequate levels of capital against risk-bearing assets and off-balance sheet exposures. Total consolidated capital adequacy ratio is calculated by dividing Tier I and Tier II capital, net of deductions, by risk weighted assets. Tier I capital comprises bank's share capital, share surplus, reserves, minority interests, retained earnings and profit for the current period minus, if any, period loss, own shares and intangible assets. Tier II capital comprises general provisions, revaluation surplus and subordinated debt. Pursuant to these guidelines, banks based in Greece are required to maintain a total capital adequacy ratio at a minimum of 8%.

As at December 31, 2005 our total capital adequacy ratio was 13.09% and our Tier I ratio 14.60%. In view of the implementation by year end 2006 of the New Capital Accord, commonly referred to as Basel II, we have decided to adopt the standardized approach for the measurement of credit risk and the basic indicator approach for the measurement of operational risk.

We plan to introduce more advanced methods of measurement after the modernization of our IT systems is completed and the relevant databases are populated with the appropriate data.

Although the loan portfolio, consisting mainly of mortgage loans, will receive a more favorable treatment under Basel II, our overall capital requirements may increase because of the additional capital requirements for operational risks.

As the new regulations necessitate improvements in both management information systems and risk management systems, we are currently working on improving these systems to be able to meet the new requirements imposed.

The following table sets out information on our capital and our consolidated capital adequacy ratios as at each of December 31, 2004 and 2005, all computed based upon consolidated financial statements in accordance with Bank of Greece standards:

Regulatory Capital and Capital Adequacy Ratios

	As at December 31,	
	2004	2005
	(in € millions except for percentages)	
Share capital	555.0	521.2
Other reserves	70.4	76.5
Retained earnings	276.1	37.0
Tier I capital	896.6	623.8
Tier II capital	22.4	27.9
Less: adjustments	(221.1)	(92.6)
Total regulatory capital	697.9	559.1
Risk weighted assets(1)	3,242.3	4,272.2
Tier I ratio	27.65%	14.60%
Total capital adequacy ratio	21.52%	13.09%
Solvency ratio(2)	35.21%	20.18%

(1) Including the risk weighted assets equivalent of market risk capital charges.

(2) Risk weighted assets, excluding the risk weighted assets equivalent of market risk capital charges.

In our opinion, our working capital is sufficient for our present requirements. Our share capital as at December 31, 2005 and as of the date of this Offering Memorandum consisted of 140,866,770 issued shares.

Our total capital adequacy ratio stood at 13.09% as at December 31, 2005. This ratio was substantially reduced from the level as at December 31, 2004 reflecting the increase in risk weighted assets driven by increased business activity and the reduction in shareholders' equity following the capital distribution in 2005. The available-for-sale revaluation reserve balance is not included in our regulatory capital. Similarly, our participation in the Bank of Attica is deducted from total capital as it represents a participation in excess of 10% of the capital of another credit institution.

Trend Information

The first quarter of 2006 has been characterized by high demand for both mortgage and consumer loans and for credit cards.

Loan disbursements during the same period were considerably higher, as compared with the average quarterly loan disbursements in 2005, while customer deposits rose at a rate above inflation.

We continued implementing our strategy of focused loan growth, aimed at increasing our market share in the retail banking sector through significant advertising, intensified selling efforts and competitive rates while at the same time managing our large securities portfolio.

Off-balance Sheet Arrangements

We have no off-balance sheet arrangements that are required to be disclosed according to IFRS requirements.

Contractual Obligations

As at December 31, 2005, we had lease obligations of €13.3 million relating to property and car leases. We did not have any other material contractual obligations other than those related to our ordinary course banking business.

OUR BUSINESS

Introduction

We are the seventh largest Greek bank in terms of assets and have historically been, and continue to be, one of the leading depositary institutions for retail savings in the Hellenic Republic. We have wide geographic coverage throughout Greece through our network of 136 branches, as well as access to approximately 820 ELTA branches. As at December 31, 2005, we had approximately 4.9 million accounts (both deposits and loans), of which approximately 45% have been dormant for the past five years. We offer a wide range of traditional retail banking products including deposit accounts, mortgage and consumer loans and credit cards, as well as financial services including payroll accounts, payment transfer services and foreign exchange. We also offer mutual funds through our sole subsidiary, the Mutual Fund Company. In addition, we have substantial treasury operations through which we invest our excess liquidity, primarily in Greek government bonds and interbank placements.

Since our foundation, we have remained under the control of the Hellenic Republic, initially as a special purpose financial institution operating in the form of a public sector legal entity, independently administered and funded and, following the conversion of our corporate status in December 2002 to a *société anonyme*, as an entity 100% owned by the Hellenic Republic, directly or indirectly. The new management team appointed by the General Assemblies held in May and June 2004 has undertaken an extensive modernization program aimed at strengthening the Bank's position in the Greek banking market as a leading retail-focused commercial bank through upgrading the Bank's product offering, raising its corporate profile and modernizing its physical and human infrastructure.

The Bank was founded in the then-independent state of the island of Crete in 1900 as part of the post office system, and commenced its operations (limited to accepting retail deposits) in 1902 through a network of 26 post office branches, at the time called TTT (Telegraph Telecommunications Post). In 1909, we were re-founded as part of the public sector, independently administered and funded; in December 1914 the Cretan branch of the PSB was abolished and transferred to Athens; in 1915 we increased our distribution network to 45 offices. Lending operations to public sector employees and public sector entities began in 1926, and by 1934, our network of post office branches had expanded to 600, covering substantially all of Greece, serving approximately 68,000 depositors. In 1970, the postal services were made autonomous through the formation of ELTA, and we began conducting our banking operations outside the post office system by opening 100 of our own branches, while continuing to distribute some of our products through the post office network.

As at December 31, 2005, our network consisted of 136 domestic branches throughout Greece. Our presence is significantly enhanced through our relationship with ELTA, governed by a comprehensive agreement entered into on November 19, 2001, which provides for the acceptance of deposits and distribution of certain banking products, including mutual funds and credit cards through approximately 820 post offices, which are located in virtually every town in Greece. Our distribution network also included 130 automated teller machines as at December 31, 2005. See "—Branch Network" and "Our Relationship with the Selling Shareholder" for a description of our relationship with ELTA.

Our total customer deposits as at December 31, 2005 amounted to €9,953.8 million, representing approximately 4.7 million individual deposit accounts. Our total assets and total loans before provisions amounted to €11,564.6 million and €3,044.7 million, respectively. As at December 31, 2005, we had approximately 192,000 individual loans outstanding. By reference to the latest available financial statements of commercial banks in the Hellenic Republic, as at December 31, 2005, our market share of saving deposits, total deposits (including repos), and mortgage loans in Greece stood at 9.6%, 6.3% and 5.0%, respectively. As at that same date, we had 1,220 bank employees, of whom approximately 416 were located in our central office and 804 in our branches.

As at the date of this Offering Memorandum, all of our issued share capital is owned directly or indirectly by the Hellenic Republic. Following the combined offering and prior to the transfer to the Hellenic Republic of any ordinary shares purchased through stabilization, the Hellenic Republic will hold, directly or indirectly, 65.2% of our shares.

Strategy

We intend to strengthen and expand our position as a leading financial services provider in the retail market and offer a wide range of simple and attractively-priced products and services available through our extensive distribution network, which management believes corresponds to the needs of a substantial majority of the Greek population. Our principal strategies in order to attain our objectives are set forth below:

Rapidly growing our retail banking operations: Our large customer deposit base provides significant potential for cross-selling additional retail banking products to our depositors. As at December 31, 2005, we had approximately 4.9 million accounts (both deposits and loans). However, only a small portion of our depositors represent customers to whom we sell other banking products such as loans and credit cards. We intend to increase sales of retail loans and credit cards to our existing customer deposit base, primarily through an intensive direct mailing advertising campaign. In addition to cross-selling additional products to our existing customers, our strategy also calls for attracting new customers, principally by increasing our penetration of lower and middle-income Greek families, which have traditionally represented a significant portion of our customers. We believe that opportunities for attracting new customers from this portion of the population are significant. Increasing our penetration will principally involve the use of direct mail advertising and telemarketing. Growth in retail borrowings by both new and existing customers will also be driven by introducing new types of consumer and mortgage loan products with varying characteristics such as interest rate and maturities that are more closely tailored to specific customer needs. Our marketing strategy, with regard to both new and current customers, will also be supported by enhancements in our existing distribution channels, as we hire more sales people at our branches, train an increasing number of our branch office employees to promote our products and increase the number of ATMs by approximately 40% by the end of 2006, as compared to 2005. New distribution channels will also support sales, primarily through referrals by real estate agents and construction contractors to promote our mortgage products. We also plan to act as insurance brokers for products of various insurance companies through a new company that we expect to form before the end of 2006.

Modernizing the Bank: We are in the process of implementing an internal re-organization aimed at creating a modern, client-focused, quality minded and more efficient organizational structure. The elements of this strategy include (i) hiring younger staff members, (ii) training staff in the use of modern technology and sales promotion methods; (iii) implementing new information technologies including a new, modern integrated IT system and a management information system; (iv) improving our internal control and risk management systems, and (v) introducing remuneration schemes to our sales force, based on profitability targets. Our strategy also calls for improving our image and the public's perception of us, our products and our services, as a modern bank capable of meeting the banking needs of a wider portion of Greek consumers. We plan to achieve this by launching an advertising campaign to promote the modern face of the Bank, refurbishing our branches and reinforcing our corporate identity, through corporate branding.

Achieving increased profitability: Our strategy for achieving higher profit margins and return on equity involves progressively redirecting the business towards more profitable activities while containing cost. We are deploying greater portions of our assets away from interbank deposits and our proprietary investment portfolio, and into more profitable mortgage and consumer loans and credit cards. We plan to contain costs, notwithstanding the expected increase in our retail operations, primarily by offering standardized financial products and by maintaining an efficient organizational structure within the Bank. The increased cost of hiring approximately 600 new employees by the end of 2007, which is expected to be, in the aggregate, approximately €21.6 million, will be offset, in part, by the approximately 200 employees who are expected to retire, be transferred or otherwise leave the Bank by the end of 2007.

Recent Developments and Prospects

The first quarter of 2006 was characterized by a high demand in mortgage loans as well as consumer loans and credit cards. Loan drawdowns were significantly higher in comparison to the average quarterly loan disbursements in 2005, while customer deposits increased at a rate above inflation. We continued the implementation of our strategy for the development of loans aiming at the increase of our retail banking market share, through marketing and advertising, and by offering competitive interest rates.

Our banking license

We received the banking license from the Bank of Greece on April 19, 2006, although we have effectively operated as a banking institution since 1926.

Mutual Participation in ELTA and the Bank

In the context of strengthening the historic bond between our Bank and ELTA, we entered into an agreement in May 2006, with the Hellenic Republic for the purchase for cash of 10% of ELTA's shares (i.e. 11,868,900 shares) for €21.4 million. ELTA is purchasing, under a separate agreement with the Hellenic Republic, 10% of our shares (i.e. 14,086,670 shares) at a 10% discount to the offer price of our shares. As at December 31, 2005, ELTA had a book value of €182.2 million and net income of €13.4 million. The Hellenic Republic has a right of first refusal to acquire the shares purchased pursuant to the agreements referred to above.

Increase of our shareholding in the Mutual Fund Management Company

Our management and the management of ELTA have initiated the procedure for the transfer of shares from ELTA to PSB representing 1% of the share capital of the Mutual Fund Management Company. Such transfer is expected to be completed by the end of July 2006. As a result of such transfer, the consolidation of the Mutual Fund Management Company by PSB shall be effected through the full consolidation method rather than the equity consolidation method we have used thus far. However, given the comparatively small size of the Mutual Fund Management Company, the effect of this change in accounting on our total assets is not expected to exceed 0.005%.

Upgrade of IT Systems

We are in the process of implementing a major upgrade to our existing information technology infrastructure, pursuant to our new Integrated Information System (IIS) Project. Upon completion of the project, we will have one core unified customer-based system as opposed to the 14 independent product-based systems we currently have. We expect the core part of the IIS Project (excluding budgeting and costing) to be implemented by the end of June 2006 while budgeting and costing to be operational by the end of 2006. Within this framework, we are at the final stage of the completion procedure of the PROFITS core banking system and the infrastructure upgrade required for its operation in a production environment. See "Risk Factors—Our information technology system may not be fully successfully implemented within the expected time frame" and "—Information Technology".

More specifically, the main actions that have been completed are:

- Our building in Piraeus has been transformed into a modern information systems centre, which fulfills all operation and security requirements.
- The receipt and installation of the IBM Mainframe has been completed at our information systems centre in Piraeus.
- The new hardware for our branches has been received and is in the process of being installed in our branches and central offices.
- The procedure and software for the migration of current data to the new PROFITS environment has been completed and final tests are being effected.
- The Securities System is in the process of being implemented and has been submitted to the PROFITS tests procedures.
- The installation of the PROFITS software in MVS environment has been completed.
- The control plan has been drafted and site acceptance tests are in progress. Following the completion of the tests, the system is expected to be fully operational by the end of June 2006.

An extensive business process reengineering (**BPR**) project has been developed, in which, having taken into account the regulatory framework, the requirements of the PROFITS system and our organizational chart and competencies, the products and services offered by us, the procedures in our branches and the procedures in our central offices have been documented. Branch personnel training on the IIS and branch procedures has been in progress since January 2006 and as concerns branch procedures was completed in April. The training of the personnel of our central offices shall follow, which is expected to be completed prior to the full installation of the Information Systems.

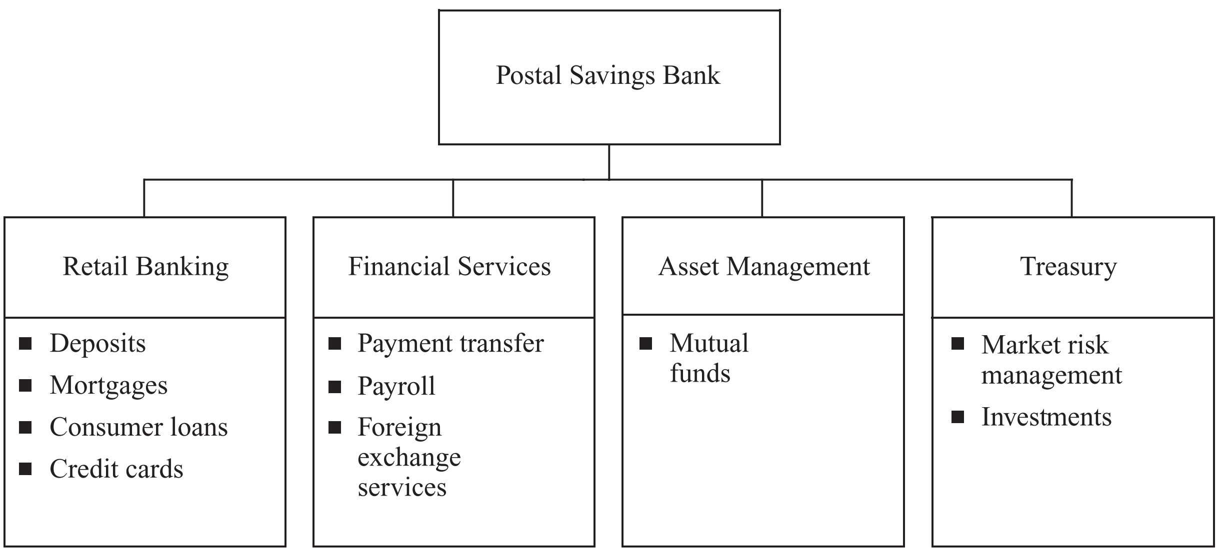
Formation of New Insurance Agency Subsidiary

We have begun the process of incorporating a subsidiary which will offer insurance products, and which we expect will commence operations by the end of 2006. Our principal strategy with respect to this subsidiary is to gain market share among customers who are required to purchase fire and earthquake insurance pursuant to standard banking practices regarding mortgage loans, as well as to offer additional insurance products. Our investment in such subsidiary is estimated to amount to €60,000.

Financial Products and Services

We offer traditional deposit products and several varieties of mortgage and consumer loans, as well as credit cards. In addition, we offer a range of financial services, including payment transfer, payroll and foreign exchange services. Through the Mutual Fund Management Company, customers may purchase mutual funds at any of our branches, as well as the post office branches. We also generate income from our treasury operations by investing our excess liquidity, primarily in Greek government bonds and interbank placements.

Our various financial products and services, as well as our treasury activities, are indicated in the diagram below:



Deposits

Since our establishment and up until our conversion to a *société anonyme* in 2002, we operated largely as a deposit-taking institution, while carrying on lending activities limited to mortgage loans to public sector employees and loans to public sector companies. As a result of our ability to offer highly competitive interest rates, to distribute products through our branches as well as through post office branches, and the full government guarantee on our deposits, we became widely perceived as a safe, convenient and cost-effective repository for customers' savings, principally among middle- and lower-income families. As at December 31, 2005, we had 4.7 million individual deposit accounts, representing total deposits of €9,953.8 million.

Retail deposits are the sole source of funding for our lending operations. We believe that, by leveraging off our established presence in the Greek market and our long standing relationships with our wide customer base, deposits will continue to grow and provide adequate funding to support our expanding loan portfolio and other liquidity needs.

We currently offer several types of savings accounts. Our most popular account is the traditional savings account (Savings and Savings-Plus), the balance of which represented 76.9% of total deposits as at December 31, 2005. See "—Financial Products and Services—Lending activities and credit cards". We also offer time deposits and repo accounts. The table below indicates the various deposit account products (excluding accounts referred to as "other liabilities") we offer, together with interest rates and when interest is paid on such deposits:

Type of account	Interest rate as at December 31, 2005	Number of accounts	Balance	Year of introduction
	(% per annum)		(in € millions)	
Savings	1.60	4,347,860	5,602.9	1902
Savings-Plus	1.40-2.00	280,168	1,961.7	2001
3 Months Notice	1.65	13,772	0.6	1962
3 Months Time deposit	2.00	6,842	144.9	1980
6 Months Time deposit	2.15	22,153	487.3	1980
12 Months Time deposit	2.25	35,223	713.6	1980
Current	2.00	4	9.2	2004
Savings-non profit organizations	1.60	3	76.8	1939
Individuals aged under 18	2.00	6,543	8.5	2004
Repos	2.40	17,381	932.9	

Customers can also open accounts in foreign currencies, although few take advantage of this service. As at December 31, 2005, outstanding balances of foreign currency deposits amounted to €7.5 million, principally in USD.

	As at December 31,	
	2004	2005
	(in € thousands)	
USD	4,555.9	6,475.5
SEK	102.1	178.9
CAD	169.2	258.4
GBP	350.2	366.3
CHF	102.4	99.5
Other	22.6	156.4

The following table provides a breakdown of customer deposits as at the dates indicated:

	As at December 31,			
	2004		2005	
	(in € millions)	(%)	(in € millions)	(%)
Savings	6,870.6	74.1	7,649.9	76.9
Time	775.5	8.4	1,346.4	13.5
Current account deposits	11.0	0.1	9.2	0.1
Securities sold under agreements to repurchase	1,614.8	17.4	932.9	9.4
Other liabilities	3.1	0.0	15.4	0.2
Total	**9,275.0**	**100.0**	**9,953.8**	**100.0**

As at December 31, 2005, approximately 76.9% of our customers' deposits were savings deposits which can be withdrawn on request and without prior notice. However, we believe that our deposit base made up by such accounts is stable, due to the relatively large number of individual depositors, and our long-standing relationships with many of our customers, in particular in rural areas and lower- and middle-income urban neighborhoods, who have historically been less likely to withdraw large sums at once. Moreover, our savings accounts offer a relatively attractive interest rate of 1.6% irrespective of the balance.

As at December 31, 2005, we had issued 68,661 debit cards.

In addition to deposits, we obtain liquidity from our equity base and income from our trading activities.

Upon its establishment in 1900, the Bank operated under state guarantee with respect to deposits, which remained in operation after our conversion to a *société anonyme* in December 2002 until April 19, 2006, when we received our banking license from the Bank of Greece.

Following receipt of our banking license, our depositors now benefit from the guarantee provided under the Deposits Guarantee Fund, a private law legal entity whose purpose is to compensate depositors up to €20,000 (including capital and accrued interest) per depositor, in the event that deposits in any of the credit institutions established and operating in Greece become unavailable. Our initial cost for participating in the Deposits Guarantee Fund is expected to range from €19 million to €22 million and, following the receipt of our banking license in April 2006, our annual cost (pro-rated for 2006), payable in two installments, shall be calculated on our average deposits for June and is expected to range from €7 million to €9 million. Our joining fee may be paid in six equal installments which shall be recorded on our quarterly financial statements for 2006.

Lending Activities and Credit Cards

In comparison with other Greek banks, lending has traditionally represented a smaller proportion of our activities. As at December 31, 2005, only €3,044.7 million of assets corresponding to 26.3% of our total assets consisted of outstanding loans to customers. Prior to the change in our corporate status in 2002, our lending activities were limited to extending credit to public sector employees, in the form of mortgage loans, and general purpose state guaranteed loans to state-owned enterprises in Greece. Since our conversion to a *société anonyme*, we have introduced a new range of loan products that are marketed to retail customers generally, not only to public sector employees. Corporate lending to public sector borrowers ceased in June 2004, and we expect, as these loans mature, to eliminate our exposure in this sector. We do not plan to engage in further corporate lending or lending to small and medium enterprises.

Expanding our retail loan portfolio, together with our credit card business, represents one of our principal growth strategies. As at December 31, 2005, loans and advances to customers accounted for approximately 26.3% of our total assets as opposed to 18.9% as at December 31, 2004. Our management expects that growth of lending activities will be driven by several factors relating to macroeconomic conditions in Greece, our current position in the Greek banking sector, and the initiatives we intend to put forward in order to achieve our planned growth, including increased advertising.

We believe that the Greek mortgage loan market contains potential for growth, given the relatively low ratio of total mortgage loans in Greece to Greek GDP, which was at only 54% of the pre-enlarged 15 Member State European Union average as at June 30, 2005, and the relatively low percentage of household financial liabilities (48%) in Greece as compared to 65% of the European Union average as at the same date. In terms of our positioning in the Greek market, we enjoy a number of competitive advantages that we believe will help us increase our share of the Greek mortgage and consumer lending market. For example, we do not have some of the legacy costs affecting several other Greek banks (overstaffed operations, pension fund liabilities and relatively high amounts of non-performing loans), and we are perceived in the market as a reliable institution with strong long-standing relationships with a wide portion of lower-and middle-income families in Greece. We also have one of the widest networks of selling points in Greece and currently one of the lowest cost/income ratios among Greek banks. Finally, in terms of initiatives, we expect that implementation of our new IT system, together with increased advertising and development of a larger and better trained sales force, will enable us to take advantage of cross-selling opportunities arising from our large customer base.

As part of our shift in strategic focus to increased lending activity, we now offer mortgage loans (to both public sector employees and the general public), and a variety of consumer loans, including loans to public sector employees and arranged through collaboration with state-owned entities, as well as student loans and general consumer loans. Our loan portfolio also includes corporate loans to state-owned enterprises (which are fully guaranteed by the Hellenic Republic) that were extended prior to December 2003; however, we have ceased making such loans.

The following table sets out a breakdown of total customers, total loans including credit cards and average interest rate by loan type, as at the dates indicated:

	As at December 31,					
	2004			2005		
	Loan Accounts	Total loans	Average interest rate	Loan accounts	Total loans	Average interest rate
		(in € millions)	(%)		(in € millions)	(%)
Mortgage loans (old portfolio)(1)	63,703	1,564.5	4.65	62,853	1,527.3	4.49%
Mortgage loans (new portfolio)(2)	3,110	148.7	3.90	10,350	625.6	3.75%
Consumer loans and credit cards	32,705	57.2	6.96	118,865	638.7	5.56%
Public sector corporate borrowers(3)	17	289.6	2.49	14	253.2	2.96%
Total	**99,535**	**2,060.1**	**—**	**192,082**	**3,044.7**	—
Total NPLs	972	3.0	—	620	6.8	—
Total NPLs as a % of total loans	—	0.14%	—	—	0.22%	—

(1) The old portfolio concerns loans granted prior to December 2002.

(2) The new portfolio concerns loans granted after December 2002.

(3) Concerns loans to organizations (entities) of the public sector the agreements for which had been signed prior to December 2003.

Mortgage loans

As at December 31, 2005, our total mortgage loans outstanding amounted to €2,152.8 million, of which €1,527.3 million were old portfolio loans and €625.6 million were new portfolio loans. Old portfolio mortgage loans are those loans made to public sector employees prior to December 2002, which have maturities extending to 2034. Our old portfolio loans represent comparatively low risk, as they are secured by first-ranking mortgage liens over the subject property which can be converted into fully enforceable mortgages upon application to a court. Moreover, the monthly payments due in respect of such loans are withheld by the borrower's employer and remitted to us through the competent local tax authorities. Following the terms of the mortgage, upon a borrower's retirement, an amount up to 60% of such borrower's monthly pension payment is withheld and remitted to us. Moreover, up to 75% of borrowers' severance pay and pension bonuses are also withheld. These loans carry floating interest rates.

Our new mortgage loan portfolio consists of loans extended after December 2002, to public sector employees and the general public. These loans carry maturities of up to 40 years when used to fund the purchase of real property, or up to 25 years when applied to repairs and improvements of existing property. The vast majority of new portfolio mortgage loans are floating rate loans, priced at the European Central Bank rate plus a spread (2% spread for loan amounts of less than €100,000 and 1.5% for loans equal to or exceeding €100,000). Monthly installments cannot exceed 40% of monthly net income and the age of the borrower cannot exceed 75 years after adding the term of the loan. For the last quarter of 2005, mortgage loan disbursements amounted to €175.32 million as compared to €49.02 million for the same period in 2004.

For more information concerning mortgage loan lending criteria and collateral, see "Selected Statistical Data and Other Information—Credit Approval".

Consumer loans

We first began extending consumer credit in December 2004, in line with our strategic decision to expand our lending activities. Since that time, consumer loans (not including credit cards) have grown to €567.9 million as at December 31, 2005, or 18.7% of our total loans.

We offer two types of consumer loans: consumer loans to public sector employees that are repaid through their salaries and arranged through collaboration with their employers and ordinary consumer loans to the general public.

Consumer loans arranged with borrowers' employers are granted on an unsecured basis to public sector employees (i.e. public servants and employees of state-owned companies) and may be used to purchase consumer goods and fund other personal needs. These loans have maximum maturities of eight years and carry a fixed interest rate of 5.9% per annum for the first five years, and a variable rate thereafter. The monthly payments due on such loans are withheld from the borrower's paycheck and remitted to us through the competent local tax authorities. Upon retirement, employees are obligated to repay any outstanding balance in full.

The average principal amount of such loans is approximately €10,000 and, to date, delinquency rates have been very low. We believe that consumer lending to public sector employees represents significant growth potential for our operations, due in part to the relationship we built with such employees as a public sector entity and due to our reputation as a convenient and cost effective repository for customers' savings. As at December 31, 2005, we had approached 350 state-owned companies which have agreed to withhold and remit to us the monthly payments in respect of loans made to their employees. As at that same date, the total number of public sector employees with which we have such repayment arrangements was approximately 45,000.

In addition, we offer a range of consumer loans to the general public, carrying various maturities and fixed and variable interest rates. The table below shows interest rate and maximum amount per loan type:

Consumer loan type	Tenor (in years)	Interest Rate in 2005	Maximum Amount (in €)
General Public			
Fixed rate (unsecured)	1-5	7.4%	30,000
Variable rate (unsecured)	1-6	3 months Euribor + 4.80%	30,000
Variable rate (secured by a mortgage)	3-30	ECB rate + 4.9% - 5.9%*	*
Student loan (Undergraduate)	1-10	5.9%	3,000
Student loan (Graduate)	1-10	5.9%	10,000
Student loan (Postgraduate)	1-10	5.9%	25,000
Public sector employees	5-8	5.9%*	30,000

* Depending on security offered.

For information concerning consumer lending criteria and approval, see "—Selected Statistical Data and Other Information—Credit Approval".

Public sector corporate loans

Public sector loans accounted for 8.3% of our total loan portfolio, or €253.2 million, as at December 31, 2005. These loans represent facilities granted to state-owned enterprises prior to December 2003, at a time when the commercial policies of our lending activities were under the direction of the Greek Ministry of the Economy and Finance. As part of our strategy to focus on the retail lending market, no new loan agreements have been signed to public sector entities since December 2003.

The table below provides information relating to each of our corporate loans to public sector borrowers:

Borrower	Outstanding balance as at December 31, 2005	Maturity	Interest Income in 2005
	(in € millions)		(in € millions)
Hellenic Army Industry	52.3	2008-2009	1.8
Hellenic Munitions Industry	34.1	2007-2009	1.2
Hellenic Real Estate Co.	69.5	2013-2017	2.2
Hellenic Horse Racings S.A.	57.9	2017	1.9
Hellenic Railroads	29.0	2013	0.9
Social Security Organization	2.9	2006	0.1
Museum of Modern Art	6.6	2010	0.2
Highways Construction Fund(1)	0.8		0.0
Hellenic Agricultural Insurance	—	—	0.0
Athens Public Transportation Organization	—	—	0.0
Total	**253.2**		**8.3**

(1) This amount is past due.

The interest rates we charge to our public sector borrowers range from 6-month Euribor + 0.10% to 6-month Euribor + 0.35%. All amounts due to us from public sector corporate borrowers are irrevocably and unconditionally guaranteed by the Hellenic Republic, and therefore represent minimal risk of non-payment.

Credit cards

We launched our credit card business in November 2001. Following an initial period of relatively slow growth, this segment of our operations began to increase significantly, benefiting from our advertising campaign in November and December of 2002 and our competitive interest rates. We also entered into an agreement with ELTA in April 2003 (as more fully described in "—Branch Network"), permitting customers to apply for credit cards in any of the post offices in Greece which form part of our network. We are not connected to any points of sale (**POS**) terminals, but we are in the process of acquiring POS terminals for the ELTA branches in our network.

Since the beginning of 2005, our credit card business has experienced increased growth as a result of our competitive pricing and the depth of our distribution network using post office branches. We currently offer the lowest interest rates (9.0%) on credit cards in the Greek market, as well as one of the lowest rates (6.0% for the first six months, 9.0% thereafter) on balance transfers. We believe that significant growth potential exists for our credit card segment, which we intend to realize through an advertising campaign which we began in November 2005, as well as through continued cross- selling and telemarketing activities. In addition, we expect the growth of our credit card business to be supported by more efficient use of our post office branches, where we plan to better train post office employees to market our credit cards, and also by using our new IT system to analyze our large customer database, helping us to identify which customers to target and focus our marketing efforts. As at December 31, 2005, approximately 53,000 credit cards were outstanding, with outstanding balances of €70.8 million compared to €35.0 million as at December 31, 2004. Of these cards, approximately 31,000 were issued in 2005. Our delinquency ratio for our credit cards was approximately 5% as at December 31, 2005.

We currently offer three varieties of Visa credit cards: TT Visa Classic, TT Visa Gold and the Philatelic Visa. Each type of credit card carries an interest rate of 9.0% (plus a levy of 0.6% pursuant to Greek Law 128/75). For a description of the control and approval processes for credit card applications, see"—Risk Management—Credit risk management".

In 2005, the volume of transactions through credit cards amounted to €34.5 million and cash withdrawals through credit cards amounted to €28.5 million.

Other Activities

In addition to our core deposit-taking and lending activities, we offer various additional financial services, such as mutual funds, payroll and payment transfer services, and foreign exchange.

Mutual funds

We formed the Mutual Fund Management Company with ELTA in 2002. This joint venture takes the form of a *société anonyme* incorporated under Greek law, and is subject to the provisions of its articles of association, as well as corporate legislation applicable to corporations incorporated in Greece. The administration of our Mutual Fund Management Company is carried out by us and ELTA (each 50% shareholders) through the exercise of voting rights at the shareholders' general assembly, and through the Board of Directors. The management of the Mutual Fund Management Company rests with its Board of Directors, which consists of seven to eleven members (currently there are nine members).

The share capital of the Mutual Fund Management Company today amounts to €2,100,000 and is divided in 210,000 common registered shares of a nominal value of €10.00 each. Each of us and ELTA hold 105,000 common registered shares.

According to the articles of association of the Mutual Fund Management Company, the participation of its current shareholders in its share capital cannot exceed 50% per shareholder. Furthermore, there is a right of first refusal in case one shareholder intends to sell his shares in the Mutual Fund Management Company.

Through the Mutual Fund Management Company, we offer customers the opportunity to invest in three types of mutual funds: the Domestic Balanced Mutual Fund, the Domestic Short-Term Investment Mutual Fund and the Domestic Bonds Mutual Fund.

Total assets under management for the Domestic Balanced Mutual Fund, the Domestic Short-Term Investment Mutual Fund and the Domestic Bonds Mutual Fund as at December 31, 2005 were €23.9 million, €19.2 million and €11.4 million, respectively.

The Mutual Fund Management Company has entered into representation agreements with us and ELTA (on July 15, 2003 and August 25, 2003 respectively), pursuant to which the Mutual Fund Management Company can utilize ours and ELTA's network in Greece and which obligates us and ELTA to train our employees who will be used for the sale of mutual funds units. The above agreements have a 3-year term. The Bank and ELTA are entitled to fees equal to 100% of the subscription/redemption fees plus extra productivity fees depending on their participation in the sale of mutual funds units. The above fees cover our and ELTA's expenditure for the organization of our networks for the sale of mutual funds units.

Our business plan for the Mutual Fund Management Company aims at increasing market share through more effective marketing at the post office branch level, by offering performance incentives to post office employees linked to mutual funds sales, and by developing new funds with various risk/return profiles.

In accordance with changes in the law governing ownership in mutual fund companies, the management of ELTA and our management are in the process of transferring shares representing 1% of the share capital of the Mutual Fund Management Company from ELTA to us. Such transfer is estimated to have been completed by the end of July 2006. The articles of association of the Mutual Fund Management Company will be amended accordingly.

Other Services

We engage in other activities, such as providing payroll services to approximately 40% of ELTA's work force, providing foreign exchange services and payment of pension benefits to civil servants as well as pawn broking. Our income from pawn broking (principally interest and insurance fees) in 2005 amounted to €0.44 million. Currently, we do not charge any fees or commissions for handling these activities, with the exception of fees relating to pawn broking activities which generated €0.11 million in 2005.

Treasury Operations

Our treasury operations have been historically a significant source of income for us. The large deposit base compared to the size of our loan portfolio gives rise to more than adequate liquidity, which we have traditionally invested mostly in Greek government bonds and interbank placements. Interest income from treasury operations amounted to €311.2 million for the year ended December 31, 2005 and was principally income from interest on fixed income securities and income from interbank transactions. Furthermore for the same period, our remaining income from Treasury activities amounted to €35.4 million and was principally income from shares dividends and trading income. As we focus more on our lending activities in the future, our treasury operations are expected to form a smaller component of total income.

Our Treasury Department is responsible for managing market risk (liquidity, interest rate and foreign exchange risk), and a limited portion of our credit risk arising from our equity portfolio, equity fund portfolio, and other securities whose underlying risk is credit-related. As part of our treasury operations, we managed approximately €6.7 billion of securities as at December 31, 2005, composed primarily of government and corporate bonds, equities and to a smaller extent (approximately 10% of our portfolio) structured products and alternative investments (hedge funds, CDOs and others). As at December 31, 2005 interbank deposits and deposits with the Central Bank amounted to €1.4 billion.

Treasury Portfolio

We usually invest three quarters of our excess liquidity in fixed income securities and the rest in interbank deposits, equities, mutual and hedge funds and various structured products. Investing in fixed income securities represented approximately 85% of our total securities portfolio as at December 31, 2005. Approximately 77% of these securities, as at the same date, were bonds issued by the Hellenic Republic and approximately 16% were investment grade bank and corporate bonds and the remaining 8% were EU and non-EU government bonds. The following rules generally govern our investment decisions: (i) all bonds should be euro-denominated; (ii) investments in structured products should not exceed 10% of total portfolio; (iii) all debt issues should be investment grade; (iv) with the exception of sovereign debt, exposure per individual issuer cannot exceed 1% of total portfolio value, (v) investments in equities should not exceed 25% of our net worth and (vi) alternative investments should not exceed 10% of our total portfolio. We hedge against interest rate risk for approximately 80% of all fixed rate exposure with a maturity of over three years. Alternative investments include synthetic investment products, whose underlying risk refers to interest rate differences, stock market indices, credit margins, as well as funds of funds and hedge funds.

The equity securities in which we invest are shares of large corporates listed on the Big Cap category of the Athens Exchange, as well as selected stock exchanges in Europe (Frankfurt, Paris and London). Alternative investments include structured products, such as CDOs, CLOs, funds of funds, and interest rate structures. Our securities portfolio comprises the following investments:

Securities Portfolio

	As at December 31,	
	2004	2005
	(in € millions)	
Fixed income securities		
Greek government bonds	4,140.7	4,355.6
Foreign government bonds	216.6	431.8
Corporate bonds	200.4	439.7
Bonds issued by financial institutions	539.8	452.3
Treasury bills	54.9	0.0
Total fixed income securities	**5,152.3**	**5,679.4**
Other investments	579.0	690.4
Equities		
Listed	269.9	275.6
Non-listed	0.7	0.4
Venture capital	2.5	1.8
Total equities	**273.2**	**277.8**
Mutual funds	**51.6**	**56.3**
Total portfolio	**6,056.1**	**6,703.9**

The nominal value of our derivative instrument gross open positions as at December 31, 2005 was €1,974.3 million, and consisted mostly of interest rate swaps entered into for hedging purposes only and also hedging for foreign exchange.

Risk Management

Our operations give rise to a variety of banking-related risks. The principal risks inherent in our business are credit risk, market risk and operational risk. Consequently, we believe that effective risk management is a crucial factor for the success of our operations and continued growth. A key component of our risk management strategy involves implementation of our new IT system, the core part of which should be implemented by the end of the first half of 2006, while the remaining parts of budgeting and costing will follow by the end of 2006. The implementation of our new IT system will assist in managing our risks and especially those arising from the increase in our lending activities.

Risk Management Principles and Committees

Our board of directors is responsible for setting the overall risk management strategy and deciding on the overall risk limits. The risk management process is supervised by our Risk Management Committee, which is composed of three members of the Board of Directors and reports directly to our board. Our Risk Management Committee was established in March 2006 and will be responsible for setting out the specific risk management policies and for supervising and monitoring the risk management process as well as supervising the Risk Management Unit. Our Risk Management Unit has the responsibility for day-to-day risk management, including mitigating risks generated by the relevant unit.

To date, our Risk Management Committee has not been convened, and has not prepared any reports for our board of directors.

The main objective of our risk management strategy is to create a framework for profitable operations that can be carried out within approved risk limits. All of our risk management objectives, tasks, responsibilities and key procedures have been documented in our internal regulations.

The key principle underpinning the allocation of tasks in our risk management process is the separation of duties between risk control and operational/business functions.

The risk management process will consist of the following steps:

- risk identification by analyzing the sources of existing and potential risks which can result from our current or planned activities;

• risk measurement and quantification;

• strategic risk management carried out by planning future risk mitigating measures, issuing recommendations and guidelines and implementing procedures and support tools;

• monitoring the level of risk we carry based on adopted methodologies of risk measurement and within specific limits; and

• risk reporting by providing periodic reports on the risk profile and measures taken with respect to those risks.

The strategy of asset and liability management is drawn by the Assets and Liabilities Management Committee (**ALCO**) and is made specific by the Investment Committee. ALCO, which is composed of the Chairman, the two Vice Chairmen, and seven managers, is empowered to implement risk management measures and/or issue recommendations to the Board of Directors with respect to market risk management. The assessment of credit applications is supported by credit committees located at various levels in our organizational structure.

Credit Risk Management

Credit risk is defined as the risk of incurring financial loss from a customer's inability or unwillingness to meet his or her financial obligations to us. While we have exposure to public sector companies, such lending was discontinued in December 2003, and our lending activity is now focused exclusively on retail loans. Since initiating our retail lending operations, we have adopted internationally recognized internal scoring systems for individuals in order to assess the credit risk of different customers.

Principles of credit risk management

The credit risk management process is based on the following principles:

• every credit application requires a comprehensive credit risk analysis resulting in a credit score or a credit rating;

• credit risk assessment for existing large exposure loans is carried out periodically and the frequency with which these assessments are carried out is adjusted to market conditions or changes in the financial standing of a borrower;

• we diversify our credit risk with respect to product and customer; and

• credit decisions may be made only by authorized persons.

Monitoring and classification of credit exposures

Continuous monitoring and the diversification of credit exposures are key for credit risk management. The monitoring process includes the review of the timeliness of payments, customers' financial standing and the value and the quality of collateral. In classifying loans, we follow criteria set by the relevant Greek regulations.

For more information, see "Selected Statistical Data and Other Information".

Market Risk Management

Market risk is defined as the risk of incurring a financial loss due to changes in interest rates, foreign exchange rates, securities prices or other external market conditions. The objective of market risk management is to manage positions within approved risk limits to optimize profitability while ensuring sufficient liquidity. This process is closely aligned with our business line activities and takes into account changes in the market environment and/or the behavior of our customers.

The market risk management process is documented in the form of principles and internal procedures that are communicated throughout our organization, to ensure that the competent units are aware of their responsibilities to manage market risk exposures within the approved limits.

Interest Rate Risk

Interest rate risk is defined as the risk of a decrease in our current or future financial results or our shareholders' equity as a result of adverse changes in interest rate levels. Interest rate risk is the most significant market risk that we face. The major interest rate risk factor is the volatility of euro interest rates. Our interest rate risk exposures in foreign currencies are marginal. See "Operating and Financial Review and Prospects".

The objectives of interest rate risk management are as follows:

- structuring on- and off-balance sheet positions to optimize our net asset value;
- hedging undesired interest rate risks; and
- shaping the profile of interest rate risk to optimize our net interest income.

We measure interest rate risk using price sensitivity measures and interest income measures, and rely on interest rate derivatives to hedge against interest rate risk. Our interest rate risk is largely determined by the difference in the speed of repricing depending on the shifts in the market of assets' and liabilities' interest rates.

Foreign exchange risk

Foreign exchange risk is defined as the risk of incurring losses due to unfavorable changes in foreign exchange rates. The objective of foreign exchange risk management is to foster conditions for profitable foreign currency transaction execution within approved risk limits.

Our activities involving foreign exchange are extremely limited. As an example, as at December 31, 2005 out of total deposits of approximately €10.0 billion, deposits in foreign currencies represent only approximately 0.1%. In addition, we do not engage in any foreign currency lending. Only a very limited proportion of our total treasury portfolio (0.03%) is denominated in foreign currency.

Liquidity Risk

Liquidity risk is defined as the risk of our inability to meet our current and future obligations. The objective of liquidity risk management is to adequately structure on- and off-balance sheet assets and liabilities to ensure our ongoing liquidity. This process takes into consideration our liquidity needs and changes in the interest rates or in our customers' behavior and the nature of our operations.

The methods for measuring liquidity risk are based on the evaluation of contractual and real liquidity gaps and the degree of stability of our deposit base.

As at December 31, 2005, our total deposit base of approximately €10.0 billion was diversified over a large number of individual customers (approximately 4.7 million deposit accounts), thereby reducing the liquidity risk resulting from withdrawal of deposits. Our average deposit amount is €2.1 thousand and the sum of the balance of our ten largest accounts per type of accounts (savings and savings plus accounts) represents only 0.17% of our depositor base. We have a large proportion of liquid assets on our books (principally government securities), thereby providing a relatively high degree of liquidity. In addition, we maintain credit lines with major Greek and international banks that can be utilized in the event of a liquidity crisis, including a credit line with the Bank of Greece.

Operational Risk

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems or external events.

Our operational risk management strategy is based on the following elements:

- procedures for operational risk management processes;
- organizational infrastructure, including areas of unit and managerial responsibilities; and
- key instruments for managing operational risk.

We are in the process of implementing an IT system which will enable the capture, collection and processing of operational risk data. See "—Information Technology".

Capital Adequacy

We, together with other banks operating in Greece, are required to comply with capital adequacy guidelines promulgated by the Bank of Greece, which are based upon the standards established by the Bank of International Settlements. These guidelines require banks to maintain adequate levels of capital against risk-bearing assets and off-balance sheet exposures. Total consolidated capital adequacy ratio is calculated by dividing the total of Tier I and Tier II Capital, net of deductions, by risk weighted assets. Tier I capital comprises a bank's share capital, share surplus, minority interests, reserves, retained earnings and profit for the current period minus period loss, if any, and own shares owned and intangible assets. Tier II capital comprises indicatively revaluation surplus and subordinated loans in accordance with BIS guidelines. Pursuant to these guidelines, Greek banks are required to maintain a total capital adequacy ratio at a minimum of 8%. If such ratio falls below 8%, the Bank of Greece procures that the bank adopts appropriate measures for such ratio to reach at least 8%.

As at December 31, 2005, our total capital adequacy ratio was 13.09%. This ratio was substantially reduced from the level as at December 31, 2004 reflecting the increase in risk weighted assets driven by increased business activity and the reduction in shareholders' equity following the capital distribution in 2005. In view of the implementation in January 2007 of the New Capital Accord, commonly referred to as Basel II, we have decided to adopt the standardized approach for the measurement of credit risk and the basic indicator approach for the measurement of operational risk.

We plan to introduce more advanced methods of measurement after the modernization of our IT systems is completed and the relevant data bases are enriched with the appropriate data.

Although our loans portfolio which consists mainly of mortgage loans will receive a more favorable treatment under Basel II, our overall capital requirements may increase because of the additional capital requirements for operational risks.

As the new regulations necessitate improvements in both management information systems and risk management systems, we are currently working on improving these systems to be able to meet the new requirements imposed.

The following table sets out information on our solvency ratios and our capital adequacy ratios as at each of December 31, 2004 and 2005, in accordance with Bank of Greece standards:

	As at December 31,	
	2004	2005
	(in € millions except for percentages)	
Share capital	555.0	521.2
Other reserves	70.4	76.5
Retained earnings	276.1	37.0
Tier I capital	896.6	623.8
Tier II capital	22.4	27.9
Less: adjustments	(221.1)	(92.6)
Total regulatory capital	697.9	559.1
Risk weighted assets(1)	3,242.3	4,272.2
Tier I ratio	27.65%	14.60%
Total capital adequacy ratio	21.52%	13.09%
Solvency ratio(2)	35.21%	20.18%

(1) Including the risk weighted assets equivalent of market risk capital charges.

(2) Risk weighted assets, excluding the risk weighted assets equivalent of market risk capital charges.

Distribution Channels

Branch Network

As at December 31, 2005, our branch network (excluding ELTA branches, which are discussed below) consisted of 136 branches throughout Greece, including 52 branches in Athens, 16 in Thessaloniki and 9 in Crete. Our branches are widely distributed, and cover almost all capital cities of the 52 administrative regions in Greece. Nearly all of our branches are full-service branches, at which customers may access our complete range of financial products and services.

We are in the process of refurbishing our branches and reinforcing our corporate identity, by upgrading our branch offices' appearance, introducing a standard layout and prominently displaying our corporate brand. The refurbishment will cost approximately €3.4 million, and is expected to be completed by December 2006.

We do not plan to increase the number of branches over the next three years, however, although branch expansion is not a key strategic objective, we may reconsider this decision in light of operational needs.

Our distribution relationship with ELTA

Since our founding, we have cooperated closely with ELTA in offering our products and services to our Greek customers. In November 2001, we entered into an exclusive agreement with ELTA. See "Risk Factors—Our relationship with ELTA, and our exclusive use of ELTA's branch network to distribute our products, may be subject to challenge".

We have cooperated with ELTA since our establishment. As of 2001 onwards, the above co-operation has been subject to the provisions of an exclusive agreement entered into between the parties on November 19, 2001. This agreement is discussed in more detail below.

Under the terms of this agreement, which is due to expire in November 2011, ELTA undertakes to market all banking products that we offer now or in the future. In addition, our customers can perform currently the following transactions at most of 820 post office branches out of the existing 849 ELTA branches throughout Greece:

- Opening a deposit account;
- Making deposits and withdrawals;
- Applying for credit cards; and
- Purchasing mutual funds

Loan distribution through the ELTA network will start in 2006.

The total number of deposit accounts opened in 2005 was 85,216, of which 62,235 (or 73%) were opened through our branches and 22,981 (or 27%) were opened through ELTA branches.

Under the terms of our agreement, ELTA is required to exclusively distribute our banking products and services through its network, while we exclusively distribute ELTA's high-value-added postal and financial products through our branches and we exclusively use the postal services provided by ELTA. For any new categories of products introduced by either party, the agreement provides for a right of first refusal to the other party. Such new products do not include variations or differentiation of existing products but distinct new broad categories of products which intend to cover client needs not covered at the time by existing products.

After 2011, the agreement will be automatically renewed unless prior written notice is served to the other party at least six months prior to the end of the existing term. The renewal will last for consecutive terms of one year, unless any of the parties notifies the other about its wish for the non-renewal of the agreement at least three months prior to the termination of such annual period. The agreement may be terminated by either party with immediate effect if the other party has breached any of its obligations under the agreement and has not remedied such a breach within three months following a written notice by the other party. Pursuant to the terms of the agreement, following termination, all pending issues must be settled within three years.

Under the terms of this agreement, each contracting party independently develops the services necessary for the core sectors of its business. Specifically, we develop services for our banking transactions and in particular, all of our deposit and loan products, while ELTA develops services for the financial products and transactions over the GIRO accounts, i.e. movement of internal capital and international payments (Western Union, Eurogiro, foreign checks), express payment transactions (collecting, payments), transactions over GIRO accounts and payments of IKA—OGA pensions.

The network of branches, co-operating agencies and individual/rural ELTA distributors serves as the network for the provision of our products and other common products of the contracting parties that may be developed in the future. In addition, high-value added products of ELTA are provided through the network of our branches following an agreement of the parties. The following are considered to be high value added products of ELTA: Eurogiro, Western Union, payment of IKA and OGA pensions, transactions over GIRO accounts, express payment, express courier, pre-paid products, etc. Apart from the above, the branches of the network of each contracting party retain all the trademarks of their corporate identity.

In accordance with the agreement, our products/services are currently provided through 820 ELTA branches (while the whole ELTA network consists of 849 branches), 1,148 co-operating agencies and 950 individual distributors who act as ELTA contractors in remote and inaccessible locations, where no branches or agencies exist). Under the terms of our agreement, the parties have classified the ELTA network into three types of branches (Type A, Type B and Type C), and the PSB network into two types of branches (Type A and Type B). ELTA Type A branches (of which there are 20) distribute the full range of PSB products and services and contain a separate area where a PSB employee sells, markets and provides financial advisory services concerning PSB products, and also provides information to PSB customers regarding the balances of their accounts and/or the value of their portfolio, as well as other auxiliary services such as facilitating the completion of relevant documentation and forwarding to PSB. Furthermore, ELTA employees perform PSB teller activities at the ELTA desks of the branch. In Type B branches (of which there are 649), financial advisory services are performed by an ELTA employee and no separate area exists for PSB in such branches. In addition, ELTA employees perform PSB teller activities at the ELTA desks of such branches. The number of services (advisory and teller) provided in such branches is more limited in comparison to Type A branches. Finally, in Type C branches (of which there are 151) PSB customers can make deposits to and withdrawals from their savings accounts, and no sales or financial advisory services for PSB products are offered.

According to the agreement, PSB Type A branches will have a separate ELTA desk with an ELTA employee for the provision of ELTA services covered by the Agreement, while in PSB Type B branches, the sale of ELTA products should take place through the branch's existing desks.

Pursuant to the provisions of the agreement, we have committed not to open a branch in any area where there already exists an ELTA branch. More specifically, we are prohibited from opening a branch within such distance from an ELTA branch as would affect ELTA's total turnover. In any case, the accounts that are kept with an ELTA branch will be transferred to our new branch.

The operational responsibility for the branches remains with the owner of the branch and one party compensates the other for any losses incurred due to the willful misconduct or negligence of its own employees. PSB customers who open accounts and perform transactions through ELTA branches shall also be considered as ELTA customers and vice-versa. Moreover, all PSB accounts serviced through ELTA branches are treated as PSB accounts. Under the terms of the agreement, in areas where ELTA decides to interrupt its activities for business reasons, the parties may enter into separate agreements for the continuation of the operation of such ELTA branches by sharing of costs between PSB and ELTA.

Each party bears the costs for the training of its own employees. However, PSB employees in ELTA Type A branches are monitored for conduct by ELTA supervisors who report to PSB, and ELTA employees in PSB Type A branches are monitored by PSB supervisors who report to ELTA.

Finally, under the terms of the agreement, ELTA undertakes to provide discounts to PSB in connection with PSB's use of the mails for its correspondence. The amount of such discount is determined bi-annually by an agreement between us and ELTA. The mailing services regarding correspondence between us and ELTA are also provided free of charge.

In addition to target-related incentives set and paid by ELTA, its employees at Type A and Type B branches receive from PSB a performance bonus equal to 0.1% of the annual increase of average account balances.

Our aggregate payments to ELTA under the agreement for the year 2005 amounted to €7.8 million and concern mainly fees from the transfer of savings accounts, capital management fees and fees for the provision of letter and parcel postal services.

The development and exploitation of the network of ELTA and the network of our branches aims at the achievement of economies of scale of the contracting parties, the reduction of their functional cost, the acquisition of educated and specialized personnel, the provision of financial services to broader categories of clients, the biggest possible geographical cover and the promotion of products that do not compete with each other.

Furthermore, the agreement provides for the mutual development of new products and/or services especially through the formation of, or participation in, joint ventures having as their object the provision of financial products of any type, e.g. banking and insurance products, mutual funds.

The basic aim of the above joint ventures will be the development and management of products/services on behalf of the contracting parties, while the distribution of the gross profits between the parties will be effected primarily on the basis of the sales that have been realized by the network of the branches of each contracting party. As concerns the distribution of dividends from the net profits of the joint ventures, these will be distributed to the parties in relation to their participation to the share capital.

To this end, we have already jointly formed the Mutual Fund Management Company, through which we offer mutual funds. Any activity undertaken in common with ELTA may cover wider geographical areas such as the Balkans.

For the provision of services and the concession of space and equipment in ELTA branches, we pay:

- a fee per transaction, calculated on the number of transactions;
- a capital management fee calculated on the average balances of deposit accounts served through the ELTA network; and
- additional fees, calculated as a productivity percentage on the net increase of the balances of deposit accounts served through the ELTA network and paid to ELTA employees.

Further to the 2001 cooperation agreement between ELTA and the Bank, on February 22, 2005, we entered in to an agreement with ELTA for the provision of letter and parcel postal services, which follows the current pricing for letter and parcel postal services, with the discounts provided in the current ELTA discount policy. Such agreement was extended until December 31, 2007 on the same terms and conditions. Our costs for the provision of letter and parcel postal services are included in the fees payable by ELTA from our cooperation agreement.

In addition, and in implementation of the provisions of the above co-operation agreement with ELTA, we concluded with ELTA two other agreements for the promotion and sale by ELTA and through the network of ELTA of our credit cards. The relevant contract will be valid until the co-operation contract with ELTA of November 19, 2001 is terminated in any way. The agreement can also be terminated in accordance to the provisions and the conditions described therein.

See "Risk Factors—Termination of our agreement with ELTA could adversely impact our future growth" and "Risk Factors—Our relationship with ELTA and our exclusive use of ELTA's branch network to distribute our products, may be subject to challenge."

ATMs

ATMs play an important role in our overall strategy for growth. We operated 130 ATMs as at December 31, 2005, 125 of which were located in our own branch offices and the remainder in post offices primarily in Athens and other major cities. Each ATM processes on average approximately 30 transactions per day. These transactions include cash withdrawals and deposits, credit card advances, account enquiries, and mini statements. In order to service the increasing use by customers of ATMs, and in line with our customer-orientated strategy, during 2006, we plan to increase our ATMs by approximately 40%. We expect to further expand our ATM network in 2007. In 2005, we issued 35,612 debit cards ("TT Visa Electron") which gave access to the savings account "Plus".

We are a 3.5% shareholder of DIAS S.A., a *société anonyme* formed by approximately 35 Greek banks, including the Bank of Greece, whose ATMs are available for use by customers of any DIAS member. DIAS S.A. develops and operates interbank payment systems including DIASATM (Interbank ATM Switching System) which connects the ATM networks of member banks with the aim to allow depositors to use the ATM network of each member bank. This system provides our customers with access to approximately 6,207 ATMs throughout Greece. Banks which are members of DIASATM pay a service fee in relation to each transaction by that bank's customers at another bank's ATMs.

Other Distribution Channels

Pursuant to the decision of the Board of Directors dated March 28, 2005, we plan to offer mortgage loans through real estate agents in Greece, civil engineers, construction contractors, lawyers and notary publics. We plan to incentivize these agents and engineers by means of a commission for offering our mortgage loans to customers purchasing real estate or constructing a property.

We also approach customers for credit cards through direct marketing and plan to expand this approach to offering consumer loans as well. In addition, we currently use specialized companies for the provision of intermediary services for the promotion of the banking products and services to existing and future customers through telephone and, we also plan to introduce telephone banking services, a call centre as well as internet banking services by the end of 2007.

Information Technology

We have been in the process of implementing a major upgrade to our existing information technology infrastructure, pursuant to our new Integrated Information System (IIS) Project. The core part of the IIS Project (excluding budgeting and costing) will be implemented by the end of June 2006 while budgeting and costing will be operational by the end of 2006. Upon completion of the project, we will have one core unified customer-based system as opposed to the 14 independent product-based systems we currently have.

The new IIS provides a considerable enhancement to our operational business environment according to the standards of modern banks. It caters for large customer management capacity, rapid development of new products, utilization of production data for MIS and reporting purposes and interface capabilities with other systems (both internal and external to the Bank) due to its open architecture. The new IIS offers a modern technological infrastructure that secures the quick and effective integration of new services/ systems according to our needs and the general trends of the banking industry.

Simultaneously with the development of the new IIS, an extensive business process reengineering (BPR) project is underway, which will permit us to implement the new IIS effectively and securely. Within the scope of the BPR project, personnel training is currently in progress, facilitating the rapid adaptation of our staff to the new operational environment.

Our new IIS comprises state of the art hardware and software designed to enhance our competitiveness in the retail banking sector, and includes the PROFITS Core Banking System, Dealing Room BTS- VISION, Payroll and Human Resources Management, and the Remedy Help Desk system, together with the relevant hardware and network infrastructure. Under the new organizational structure, our IT Division is divided into four subdivisions, with responsibility for technology, standards and security; applications; technical operations and backup/disaster recovery. IT training and help desk services are provided by a subdivision of our Organizational Operations Division.

The PROFITS banking system comprises subsystems to provide core banking functionality, including customer and product management, deposits, loans and collateral, funds transfer and foreign exchange, investment products, general ledger, budgeting and cost allocation. This system also provides interfaces with inter- banking and international system/ networks, including ELTA, DIAS, SWIFT and the Firstdata cards and ATM processing system. Dealing Room BTS-VISION System provides full support for our front, middle and back office operations. The Payroll and Human Resources Management System supports, *inter alia*, our payroll, employee records and appraisals, assignments, and training and development operations.

Our central systems operate as application and database servers for the PROFITS system environment, and are installed primarily at our new IT building, as well as our central office. Central systems include the Mainframe PROFITS production (IBM zSeries 890) with z/OS 1.6, RDBMS (DB2) and TP Monitor (CICS) software. Our land area network infrastructure covers our branches and central divisions, and consists of 135 branch servers, 1100 workstations, and 15 servers for our central divisions.

Moreover, there are 30 servers and 200 workstations supporting various departmental systems operations such as dealing room, card system, payroll, swift, and office automations.

IT security represents a principal concern of our information technology operations, and strict standards have been implemented in order to protect sensitive data on all levels (i.e. communications network, applications and database). Our backup zSeries 890 machine has been installed in the new IT building, while the legacy IBM Multiprise 3000 7060-H30 system will be upgraded to operate as a disaster recovery host, located in our headquarters on Pesmazoglou Street in Athens. An integrated automatic tape library system is operational for data backup, and tapes are stored in a remote location. Our backup and disaster recovery architecture is scheduled to expand following completion of the new IIS rollout. In order to ensure a smooth rollout of the new IIS, we have started a project dedicated to data migration which we first successfully tested in February 2005. Two more independent test cycles were performed in February and March 2006 on data migration and system integration which were also successful. The IIS complies with the Bank of Greece requirements for information technology systems.

Our IT capital expenditure for 2005 totalled €16.5 million, and covered primarily expenses related to hardware and software. The annual IT budget for both 2006 and 2007 is €6.5 million and is expected to cover expenses related to ATMs and hardware.

We are in the process of conducting internal data migration and integrity checks pursuant to which data from 14 systems are being migrated into a new database. This major information technology upgrade has not been fully tested and substantial training will be required in the use of the new system which is currently underway. See "Risk Factors—Our information technology system may not be fully successfully implemented within the expected timeframe".

Property

Our Supply Division is responsible for the acquisition, maintenance and administration of our properties. As at December 31, 2005, we owned 113 properties, with an aggregate cost value of €100.3 million. Of this total, our branches had a cost value of €64.0 million, and our central office a value of €30.2 million. We own 75 of our branch offices, lease 51 branches and the other 10 branches are situated on ELTA property. Our management is not aware of any material environmental issues relating to any of the properties we own or lease.

Properties which are owned by us generated approximately €54 thousand of rental and other income for the year ended December 31, 2005. As of the same date, we made €1.6 million in annual rent payments. We are in the process of refurbishing our branches. As part of this refurbishment, we expect to spend €3.4 million in 2006.

Employees

The following tables set out information on the number of our employees, (including employees of the Mutual Fund Management Company), as well as our consolidated staff costs as at the dates and for the periods indicated:

	As at and for the year ended December 31,			
	2004		2005	
	Employees	Wages and Salaries (in € millions)	Employees	Wages and Salaries (in € millions)
PSB				
Central offices (Attica region)				
Information technology	86	3.07	97	4.26
Administration	251	9.64	231	11.12
Technical support	46	1.77	42	1.99
Other	40	1.32	46	1.82
Branches				
Attica	309	11.10	271	11.27
Thessaloniki	101	3.50	103	4.13
Crete	51	1.81	47	1.93
Rest of Greece	345	11.96	383	15.32
Total bank	1,229	44.18	1,220	51.83
T.T.ELTA.AEDAK	5	0.23	4	0.15
Total	**1,234**	**44.40**	**1,224**	**51.99**

As at December 31, 2005, 804 of our total 1220 employees were located at branch offices. The average age of employees is approximately 45 years. We have obtained all necessary approvals and plan to hire 612 new employees by the end of 2007 (for 183 of which, the hiring procedure has already begun). Of these new hires, approximately 300 will be in sales positions at our branches and 300 will work at our administrative offices. The new employees will be hired through a process supervised by an independent public authority. The criteria for this selection process are stipulated in the law and vary depending on the category of the position to be filled. Candidates are selected mainly on the basis of performance in their exams, their academic qualifications, age and family situation. Large layoffs of more than 30 personnel are prohibited under Greek labor law. These hiring restrictions will continue to be in force as long as the Hellenic Republic owns more than 50% of our shares.

We employ an educated workforce, with approximately 30% of total employees holding university degrees, 3% with postgraduate qualifications, and 10% holding degrees from technical schools. Apart from the PROFITS-specific training programs, our employees attend a wide variety of training programs offered mainly by the Hellenic Bank Association and covering various areas such as promotion of banking products and services, money laundering, payments transfers, credit appraisal, and derivatives.

All of our employees are unionized and belong either to the main union (the **Union of PSB Employees**) or to the union of the employees working at the IT department (102 members). Although we consider relations with our employees to be good, our unions have recently participated in strikes called by the OTOE as well as the GSEE for general sector issues. There has been no union action caused by specific issues between management and our employees which led to work stoppages in the past three years.

Prior to the enactment of Law 3082/2002 and our resulting conversion into a *société anonyme*, our employees were public sector employees. Pursuant to Law 3082/2002, members of our permanent staff (those hired prior to our conversion into a *société anonyme*) now provide their services pursuant to an employment agreement subject to private law. Their employment agreements can be terminated only on the date that such employee is eligible to receive a full pension, and only for the reasons that in principle apply to public sector employees. In addition, employees that, upon effectiveness of Law 3082/2002, were providing their services pursuant to an employment agreement of an indefinite duration also formally became employees of the Bank (in its form of société *anonyme*) and their employment agreement continues with the same conditions. Of our total workforce (including our subsidiary's employees), 97% of our current employees (as at December 31, 2005) enjoy the pensions and the medical care regime of public sector employees. Any health care costs are paid by the Hellenic Republic. We bear no liability for social security contributions in respect of such employees except for a contribution of 3% of the national public sector salary. We are obliged to pay to each new employee a bonus as provided for by the labor legislation.

The permanent staff, as well as the staff under an employment agreement of indefinite duration that were transferred upon our transformation into a *société anonyme*, have the option to request, within one year following the enactment of Law 3082/2002 their transfer to a vacant position with a public sector company, municipality, authority or other public sector entity. Such employees can request transfers to positions of equivalent seniority, depending on their qualifications. Applications for such transfers are submitted to us, and we in turn submitted the list of transfer candidates to the Ministry of Internal Affairs. The Ministry, within a period of three months, has to issue a list of vacant positions for which eligible employees could apply. Pursuant to a recent amendment of the law, this list could be issued until March 30, 2006, while interested employees could submit their applications for vacant positions (provided they have not already submitted a previous application) until December 31, 2005. The transfers are effected through a joint ministerial decision of the Ministry of Internal Affairs, the Ministry of Finance and the competent ministry in each particular case. This decision is then published in the official Government Gazette.

All of our employees hired subsequent to our conversion into a *société anonyme* in 2002 (3% of our total employees as at December 31, 2005) have the legal status of private sector company employees. As a result, such employees may be dismissed according to regulations applicable to private sector employees. All pension and healthcare costs for such employees are the responsibility of the Greek Social Security Organization (the **IKA**), and the maximum employer contribution for each such employee was €20,544 for the year 2005. On average, cost per employee with the legal status of private sector employee is higher than that for employees with the legal status of civil servants, because it includes social security costs that, for civil servants, are covered directly by the Hellenic Republic.

The Organizational Regulation of the Bank, which defines the organizational units and departments of the Bank, their competencies and operation, as well as the positions, their classification in categories, the ranks, the specializations and the sectors of the employees, was initially published in the Official Government Gazette no 974 on July 15, 2003. In 2005, it was partially amended and the amendments were published in the Official Government Gazette no 1573 on November 14, 2005. The General Employees Regulation, which was approved and brought into force by the decision of our Board of Directors of March 28, 2005, defines the rules that apply to the professional status of the staff of the Bank, the requirements for each position and the conditions that apply to the hiring of the employees, their training, promotion, transfer to a different position, state of permanence, transfer to a different place, vacation, salaries, penalties, leaving or dismissal, as well as their duties and obligations. Additionally, the General Employees Regulation provides for the establishment of an Organizational Board, which has been established and operates pursuant to the Regulation.

As discussed above, our employees who were hired subsequent to our conversion into a *société anonyme* provide their services pursuant to an employment agreement subject to private law, and are subject to the medical care and pension regime of the IKA. On the other hand, the staff that, at the time of publication of Law 3082/2002, had permanent employee status, continues (following our conversion into a *société anonyme*) to be subject to the pension and medical care regime which applied prior to our conversion. Such employees could, however, within a period of one year following the publication of the said law, ask to be subject to the IKA medical care regime, however, no such employees exercised that right.

The table below shows the movement of employees for the last three years, showing hires, dismissals and retirement.

	For the year ended December 31,		
	2003	**2004**	**2005**
Hires	11	5	17
Retirement	14	34	25
Dismissals	—	—	—

Our employees' compensation does not include any performance-based profit-sharing or bonus schemes. However, on June 30, 2004, the Annual General Assembly decided on the payment of a special remuneration to employees. Specifically, it authorized the payment of a monthly salary to the employees that were employed with us until June 30, 2004 as a special remuneration due to the financial results of our first fiscal year and subject to the provision that the total expense for this payment would not exceed the 4% of the total amount of the net profits after taxes as calculated on an annual basis. Starting from 2005 onwards, in accordance with an agreement dated March 2, 2005, employees are entitled to receive an additional gross monthly salary every year as a bonus.

We enter into agreements with the employees, concerning compensation issues and labor issues which are renewed annually and cover all employees. These agreements have not yet been entered into for 2006.

Under our personnel charter, the collective labor agreements, the business employment agreements and the Agreements mentioned above, compensation is based almost exclusively on the length of service, employees' qualifications and position held. We plan to introduce remuneration schemes for our sales force based on profitability targets in the next few years.

Our benefits to employees include lower interest rate mortgages as well as children's camping facilities. Our employees are also entitled to participate in the employee offering of our shares (See "Summary—The Combined Offering").

We maintain a medical department, the competence of which has been assigned by the General Personnel Regulation and other relevant provisions. The aforementioned department is staffed by a physician who is our employee, and who procures the provision of medical and pharmaceutical treatment of our personnel, the control of medical and pharmaceutical expenses as well as the review of the quality of the work environment, the compliance with hygiene and security regulations and the application of protective measures.

On September 23, 2003, our board of directors authorized the establishment of a "Housing Savings Account" for the benefit of our employees and authorized a credit to the account in the amount of €17 million. Following the adoption of IFRS, an actuarial study was conducted which concluded that the total cost of the Housing Savings Account for the year ended December 31, 2005 amounted to €95 million. The program was discontinued in May 2006 and the additional cost for the first five months of 2006 is estimated to be between €3 million to €5 million.

No members of our board of directors, our management or supervisory bodies, including their relatives, participate or have rights over our share capital.

The employees, certain independent contractors who collaborate with us and members of our board are entitled to participate in the combined offering. There are no other agreements for the participation of the employees in our share capital, or any other rights (e.g. stock option plan) for the acquisition of shares.

Legal Matters

We have a very small number of legal and other proceedings in which we are engaged either as plaintiff or defendant. Pending claims against the Bank and the Mutual Fund Management Company amount to approximately €0.91 million. We are not aware of any governmental, legal or arbitration proceedings including those pending or threatened against us, which may have, or have had during the 12 months preceding the date of this Offering Circular, significant effects on us or our financial position or profitability.

In common with many banks and financial institutions, from time to time we experience incidents of dishonesty and breaches of internal controls by our employees. We have experienced an insignificant number of such incidents in the past, none of which we regard as having had or as being likely to cause a material adverse effect on our financial condition. Where incidents of misconduct have been identified by our internal audit or control procedures, we (and in some cases the relevant authorities) have taken measures against such individuals. Internal controls and procedures are continually being reviewed and when necessary are revised and improved.

Capital Expenditure

Details of our capital expenditure for the two years ended December 31, 2005 and 2004 are set out below:

	For the year ended December 31,	
	2004	**2005**
	(in € millions)	
Buildings and building installations	0.8	2.5
Mechanical equipment & vehicles	0.1	0.3
Furniture and other equipment	2.7	10.5
Assets under construction	0.2	—
Intangible assets	1.6	7.4
Total	**5.3**	**20.6**

Our capital expenditure during the two year period ending December 31, 2005 totalled €26.0 million and covered principally the implementation of our new IT system, and branch refurbishing. More specifically:

- €10.4 million related to hardware (installation of 300 working stations in the framework of the new Integrated Information System),
- €8.9 million related to software which mainly include the PROFITS Core Banking System, Dealing Room support system, BTS-VISION, Payroll and Human Resources Management and the Recovery Support System,

- €3.4 million related mainly to the refurbishment of our branches and the restitution and refurbishment of our building in Piraeus, where our Information Systems Centre is now installed.

We also participated in the share capital increases of the Mutual Fund Management Company, for an aggregate amount of €450,000.

Our two-year investment plan for 2006-2007 is estimated by our management to amount to approximately €30 million and will cover the development and completion of IT applications, the further development of our ATM network, the further renewal of our mechanical and electronic equipment, the replacement of our furniture, the completion of the refurbishment of existing branches and the limited extension of our branch network, depending on market conditions. Further we estimate that we will invest €60,000 for the formation of an insurance agency subsidiary. Within the framework of the further development of our activities, we expect, in accordance with our business plan, to invest approximately €14 million, principally for the refurbishment of our branches and our central offices. We further estimate to invest approximately €10 million for the upgrade of our ATM network.

SELECTED STATISTICAL DATA AND OTHER INFORMATION

Average Balances and Interest Rates

The following table presents average balances of assets and liabilities for the years ended December 31, 2004 and 2005 calculated on the basis of average monthly balances. Concerning interest-earning assets and interest-bearing liabilities the table provides the amount of interest earned or paid and the average rate of such interest for such asset or liability as applicable. We cease to accrue interest on all loans, residential mortgage, consumer, credit or commercial, when these loans are delinquent for more than 180 days. For the purposes of this section, average balances for 2004 and 2005 are based on monthly Greek GAAP figures adjusted to reflect the year-end adjustments to IFRS.

	Year ended December 31,					
	2004			2005		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	(in € millions)		(%)	(in € millions)		(%)
Interest-earning assets						
Balances with Central Bank	149.2	3.0	2.01	165.0	3.9	2.36
Due from banks	1,422.5	30.2	2.12	1,801.1	38.2	2.12
Treasury	5,934.2	288.6	4.86	5,854.1	269.2	4.60
Mortgage loans	1,622.6	75.0	4.62	1,896.9	83.1	4.38
Public sector loans	312.4	7.7	2.47	284.3	8.4	2.95
Consumer loans and credit cards	48.5	3.4	7.01	284.8	16.4	5.76
Total interest-earning assets	**9,489.4**	**407.8**	**4.30**	**10,286.0**	**419.1**	**4.07**
Interest-bearing liabilities						
Savings deposits	6,618.9	115.3	1.74	7,202.6	123.7	1.72
Time deposits	7.0	0.0	0.00	9.2	0.0	0.00
Current account deposits	861.0	17.4	2.02	1,130.9	23.1	2.04
Securities sold under agreements to repurchase	1,538.7	31.6	2.05	1,226.1	24.8	2.02
Total interest-bearing liabilities	**9,025.6**	**164.3**	**1.82%**	**9,568.8**	**171.6**	**1.79%**

Analysis of Changes in Interest Income and Interest Expense—Volume and Rate Analysis

The following table sets out an analysis of changes in our interest income and expenses as between the periods indicated:

	2005 as against 2004		
	Total interest change	Due to change in volume(1)	Due to change in Interest rate(2)
		(in € millions)	
Assets			
Balances with Central Bank	0.9	0.4	0.5
Due from banks	8.0	8.0	0.0
Treasury	(19.4)	(3.7)	(15.7)
Mortgage loans	8.1	12.0	(3.9)
Public sector loans	0.7	(0.8)	1.5
Consumer loans and credit cards	13.0	13.6	(0.6)
Total	**11.3**	**29.5**	**(18.2)**
Liabilities			
Savings deposits	8.4	10.0	(1.6)
Time deposits	5.7	5.5	0.2
Securities sold under agreements to repurchase	(6.8)	(6.3)	(0.5)
Total(3)	**7.3**	**9.2**	**(1.9)**

(1) Amounts due to changes in volume have been calculated by multiplying the change in volume during the year (on an average basis) times the current year average rate.

(2) Amounts due to changes in rates have been calculated by multiplying the change in rates during the year (on an average basis) times the preceding year average volume.

(3) Excluding interest on other interest-bearing liabilities.

Average interest-earning assets—net interest margin

The following table shows the levels of interest earning assets and liabilities and the related interest income and expense derived from the table of average balances and interest rates. Net interest margin was calculated by dividing net interest income by average interest earning assets.

	As at December 31,	
	2004	2005
	(in € millions except for percentages)	
Average interest-earning assets	9,489.4	10,286.0
Interest income	407.8	419.1
Average interest bearing liabilities	9,025.6	9,568.8
Interest expense(1)	164.3	171.6
Net interest income(1)	243.5	247.5
Net interest margin(2)	2.5%	2.4%

(1) Excluding interest on other interest-bearing liabilities.

(2) Net interest margin represents net interest income divided by average interest-earning assets.

Return on equity and assets

The average total assets is calculated as the arithmetic average of total assets at the beginning of the year and the end of the year. The average shareholders' equity is calculated as the arithmetic average of shareholders' equity at the beginning of the year and the end of the year.

	2004	2005
	(in € millions except for percentages)	
Net interest income	241.7	242.3
Net profit (after tax)	131.9	122.5
Average total assets	10,620.8	11,238.6
Average shareholders' equity	1,113.8	1,016.2
Net interest income as a percent of:		
Average total assets	2.28%	2.16%
Average shareholders' equity	21.70%	23.84%
Net income as a percent of:		
Average total assets	1.24%	1.09%
Average shareholders' equity	11.84%	12.06%

Assets

Investment portfolio

The following table sets forth the cost and fair value of each type of our trading securities as at December 31, 2004 and 2005:

	As at December 31,			
	2004		2005	
	Amortized cost	Fair value	Amortized cost	Fair value
	(in € millions)			
Bonds				
Greek government bonds	346.7	347.0	345.1	344.9
Foreign government bonds	0.0	0.0	189.3	179.0
Bonds issued by financial institutions	148.6	151.9	183.0	160.9
Corporate bonds	0.0	0.0	10.0	10.0
Total bonds	**495.3**	**498.9**	**727.4**	**694.8**
Shares and Other Variable Income Securities				
Shares listed on the ATHEX	131.5	149.3	126.6	146.5
Shares listed in foreign stock exchanges	1.3	1.5	5.0	5.1
Mutual funds—Greece	46.1	51.6	47.2	56.3
Total shares and other variable income securities	**178.9**	**202.4**	**178.8**	**207.9**
Other Investments				
CDOs, hedge funds and structured products	569.8	579.0	679.4	690.4
Total of other investments	**569.8**	**579.0**	**679.4**	**690.4**
Total of trading securities	**1,244.0**	**1,280.3**	**1,585.6**	**1,593.1**

The following table sets forth the amortized cost and fair value as well as gross unrealized gains and losses of each type of our available-for-sale securities as at December 31, 2004 and 2005. Held to maturity portfolio is measured at amortized cost according to IFRS:

	As at December 31,							
	2004				2005			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Bonds and other fixed income securities								
Greek government bonds	3,041.1	259.0	0.0	3,300.1	3,319.7	202.7	(3.8)	3,518.8
Foreign government bonds	199.1	17.5	0.0	216.6	231.6	21.2	0.0	252.7
Corporate bonds	191.1	9.4	(0.1)	200.4	423.6	9.5	(3.3)	429.8
Bonds issued by financial institutions	385.2	2.7	(0.1)	387.8	293.9	0.6	(3.0)	291.4
Treasury bills	54.9	0.0	0.0	54.9	0.0	0.0	0.0	0.0
Total	**3,871.4**	**288.6**	**(0.2)**	**4,159.9**	**4,268.9**	**233.9**	**(10.1)**	**4,492.8**
Shares and other variable income securities								
Shares listed on the ATHEX	69.4	49.7	0.0	119.1	62.0	62.0	0.0	124.0
Unlisted shares	0.7	0.0	0.0	0.7	0.4	0.0	0.0	0.4
Venture capitals	2.5	0.0	0.0	2.5	1.8	0.0	0.0	1.8
Total of shares and other variable income securities	**72.6**	**49.7**	**0.0**	**122.4**	**64.2**	**62.0**	**0.0**	**126.2**
Total of available-for-sale securities	**3,944.0**	**338.4**	**(0.2)**	**4,282.2**	**4,333.1**	**295.9**	**(10.1)**	**4,618.9**

The tables below show the amortized cost and fair values of the trading, available-for-sale and held to maturity securities, by maturity:

	Year ended December 31, 2005									
	Within one year or less		After one year through five years		After five years through ten years		After ten years		Total	
Trading portfolio	**Amortized cost**	**Fair value**	**Amortized cost**	**Fair value**	**Amortized cost**	**Fair value**	**Amortized cost**	**Fair value**	**Amortized cost**	**Fair value**
					(in € millions)					
Bonds										
Greek government bonds	345.1	344.9	0.0	0.0	0.0	0.0	0.0	0.0	345.1	344.9
Foreign government bonds	0.0	0.0	0.0	0.0	9.9	9.8	179.4	169.2	189.3	179.0
Bonds issued by financial institutions	0.0	0.0	65.1	52.7	117.9	108.2	0.0	0.0	183.0	160.9
Corporate bonds	10.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0	10.0
Total of bonds	**355.1**	**354.9**	**65.1**	**52.7**	**127.8**	**118.0**	**179.4**	**169.2**	**727.4**	**694.8**
Other Investments										
CDOs, hedge funds and structured products	60.0	61.3	269.8	269.7	249.6	262.2	100.0	97.2	679.4	690.4
Total of other investments	**60.0**	**61.3**	**269.8**	**269.7**	**249.6**	**262.2**	**100.0**	**97.2**	**679.4**	**690.4**
Total of trading securities (without shares and mutual funds)	**415.1**	**416.2**	**334.9**	**322.4**	**377.4**	**380.2**	**279.4**	**266.4**	**1,406.8**	**1,385.2**
Available-for-sale portfolio										
Bonds and other fixed income securities										
Greek government bonds	297.9	298.9	1,956.3	2,112.1	201.0	238.3	864.4	869.5	3,319.6	3,518.8
Foreign government bonds	10.0	10.2	39.2	42.2	155.4	170.5	27.0	29.9	231.5	252.7
Corporate bonds	23.0	23.2	191.1	193.2	143.9	150.4	65.6	63.0	423.6	429.8
Bonds issued by financial institutions	33.6	33.6	182.0	180.6	55.6	55.5	22.7	21.7	293.9	291.4
Treasury bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**364.6**	**366.0**	**2,368.6**	**2,528.1**	**555.9**	**614.7**	**979.7**	**984.1**	**4,268.7**	**4,492.8**
Held-to-maturity portfolio										
Greek government bonds	0.0	0.0	491.9	508.0	0.0	0.0	0.0	0.0	491.9	508.0

Loan portfolio

Our loan portfolio has increased substantially as a result both of our focus on commercial activities and the increased demand for housing and consumer loans. As at December 31, 2005 total loans outstanding amounted to €3,044.7 million, of which mortgage loans represented 71%.

Loans by type of customer

The following table provides a breakdown of loans by type:

	Year ended December 31, 2004	Year ended December 31, 2005	Change
	(in € millions)		(%)
Mortgage loans	1,713.3	2,152.8	25.7%
Consumer loans	22.3	567.9	2,451.1%
Credit cards	35.0	70.8	102.5%
Public sector	289.6	253.2	(12.6)%
Total	**2,060.1**	**3,044.7**	**47.8%**
Less: Allowance for impairment on loans and advances to customers	16.6	31.4	89.3%
Total	**2,043.5**	**3,013.3**	**47.5%**

We offer residential mortgages which consist primarily of floating, and, to a lesser extent, of fixed rate loans. At December 31, 2005 these loans amounted to €2,152.8 million of which 71% were loans to public sector employees, secured by four different types of security including a mortgage on the real estate financed. The remaining 29% are all secured by a prenotation which is less expensive than mortgage.

Consumer loans are granted to individuals in order to cover their personal needs and are usually unsecured. The vast majority of these loans are to public sector employees and the payments are withheld from their payroll.

Public sector loans are those advanced in the past to state owned corporations and are all state guaranteed. Since 2004 the Bank does not, as a policy, extend credit to such entities.

Loans by maturity

The following table provides a breakdown of loans by maturity:

	As at December 31, 2004		2005	
	(in € millions)	(%)	(in € millions)	(%)
Within 1 year				
Mortgage loans	0.1		0.3	
Consumer loans	2.2		0.6	
Credit cards	0.0		0.0	
Public sector	0.8		3.8	
Total	**3.1**	**0.15%**	**4.7**	**0.15%**
After 1 year through 5 year				
Mortgage loans	8.0		12.5	
Consumer loans	12.5		274.4	
Credit cards	34.9		67.4	
Public sector	288.8		93.0	
Total	**344.2**	**16.71%**	**447.3**	**14.69%**
After 5 year				
Mortgage loans	1,705.2		2,140.0	
Consumer loans	7.6		292.9	
Credit cards	0.0		3.4	
Public sector	0.0		156.4	
Total	**1,712.8**	**83.14%**	**2,592.7**	**85.16%**
Total	**2,060.1**	**100.00%**	**3,044.7**	**100.00%**

Lending rates

Interest rates are set by reference to four principal criteria—competition, operational cost, cost of funds and the creditworthiness of the relevant loan category.

Our interest rate policy is decided and approved by ALCO (see "Our Business—Risk Management—Market risk management").

Currency profile

The entirety of our loan portfolio comprises euro-denominated assets.

Loan concentration

We are required by the Bank of Greece to report details of any financial exposure we have to a single customer, where the exposure exceeds 10% of our own funds. The Bank of Greece also limits the exposure which we can have to a single customer to not more than 25% (and in certain cases, including exposures to our subsidiary, 20%) of our own funds. As at December 31, 2005, we did not have any loan concentrations reaching these thresholds.

We also systematically monitor our exposures to individual customers. As at December 31, 2005, our largest borrowers were public sector entities (see "Our Business—Public sector corporate loans").

Loan security

Almost all of our mortgage loans are secured by first-ranking mortgages or prenotations and a small number of them by second ranking mortgages. Only a small portion of other loans is secured, specifically, certain consumer loans which are secured by mortgages over borrowers' real property. The table below provides a breakdown of the secured, government guaranteed and unsecured portions of our loan portfolio:

	As at December 31,			
	2004		2005	
	(in € millions)	(%)	(in € millions)	(%)
Secured Loans	**2,009.7**	**97.6%**	**2,412.8**	**79.2%**
of which first lien mortgages	1,713.3	83.2%	2,152.8	70.7%
of which other securities	296.4	14.4%	260.0	8.5%
Unsecured Loans	**50.4**	**2.4%**	**631.9**	**20.8%**
Total	**2,060.1**	**100.0%**	**3,044.7**	**100.0%**

Credit Approval

Credit approval is performed centrally, with respect to each type of loan we provide. Credit approval processes and limits, by loan category, are as follows:

Mortgage loans

The approval process for mortgage loans involves the following:

- loan application: the application reaches the Mortgage Credit Department through the sales executives in our branches;
- credit approval: supporting documentation is reviewed for completeness and accuracy and a check for "blacklist" items is conducted. A credit decision is made based on a set of criteria such as age, loan to income ratio and type of employment. Approved customers receive a letter setting forth the terms of the offered loan;
- appraisal of collateral: a professional appraiser or civil engineer, in each case selected from a pre-approved list kept by us, appraises the property to be collateralized. If its value does not meet the minimum requirement, then additional security may be required, or the loan amount is decreased;
- legal examination of documents: we engage outside legal counsel to review the loan agreement and the property titles of the collateral;

- execution of loan agreement: the loan agreement setting forth the terms and conditions of the loan is signed by us and the customer;
- Prenotation procedure: we undertake the necessary steps to obtain a first ranking mortgage prenotation over the subject property; and
- Loan disbursement: the customer receives the funds.

Approval authority for mortgage loans

The table below indicates the authority levels that must approve various mortgage loan amounts:

Level I	Head of Mortgage Loans	Up to €100,000
Level II	Deputy Credit Manager	Up to €250,000
Level III	Credit Manager	Up to 350,000
Level IV	Vice Chairman B	Up to €500,000
Level V	Large Financings Committee	More than €500,000

Mortgage lending criteria and enforcement

Loan approval criteria include the applicant's income and its sources, employment history, age, marital status and family size, credit history, other real estate property and the size of mortgage payments with respect to disposable income. Loan-to-value (LTV) ratios for mortgage loans are calculated on the basis of the appraised value of the subject property. Detailed appraisals are conducted by independent professional appraisers or civil engineers according to guidelines set by us. Our approved list of appraisers is subject to periodic review. LTV ratios are between 90% and 100% for mortgage loans of up to and including €200,000; 80% for loans exceeding €200,000 and up to €300,000; and 70% for loans exceeding €300,000. In common with other Greek banks, mortgage loans are fully secured by first-ranking mortgage prenotations, which can be converted into a fully enforceable first-ranking mortgage, following the issuance of a final court decision and the registration of the conversion with the Mortgage Registry within 90 days from the rendering of the court decision as final.

Our policy is to enforce our security interests in respect of defaulted mortgage loans. The procedures involved in a foreclosure include delivering a summons and complaint upon the borrower, establishing the existence of the debt, moving for judgement, and finally the conversion of the prenotation to a mortgage, the confiscation of the property and conducting a judicial sale of the foreclosed property at a public auction. Uncontested foreclosures normally require between nine and twelve months until the sale proceeds may be realized. Contested foreclosures may require significantly greater amounts of time, depending on the nature of the litigation.

Consumer loans

Applications for consumer loans to the general public are checked for accuracy, completeness and absence of "blacklist" information, and then scored, using a credit scorecard developed for us by a company with wide international experience in the field.

Approval limits are as follows:

Level I	Department Head	Up to €30,000
Level II	Deputy Credit Manager	Up to €100,000

Consumer loans arranged through employers

Credit scoring is conducted as with consumer loans to the general public, but is based upon a different set of criteria. Approval limits are as follows:

Level I	Department Head	Up to €10,000
Level II	Credit Subcommittee	Up to €30,000

Credit cards

Control and approval processes for credit card applications are analogous to those described for consumer loans. Application scoring is performed by means of a scorecard developed for us by the same company as for the consumer loans scorecard. Collection of delinquent amounts is fully outsourced. Approval limits for credit cards are as follows:

Level I	Head of the Credit Card Department	Up to €25,000
Level II	Vice Chairman A	More than €25,000

Loan administration

Loan administration is scrutinized for accuracy, adequacy and completeness by authorized staff. All disbursements are authorized by designated personnel and performed by the relevant branches.

Credit Monitoring

As in the case of credit approval, credit monitoring is centralized and conducted by the Central Credit and Collections Department which is part of our Loans Department. Our Credit Card Department has outsourced part of the collection process to specialized companies. The collection process involves the dispatch of dunning letters and telephone calls to delinquent customers, as well as letters relating to legal action to be taken by us in respect of problem loans. The Central Credit and Collections Department's main objectives are to reduce delinquency rates, to facilitate early recognition and proactive management of problem loans and to reduce costs and minimize losses.

When the debt is 180 days past due, or even earlier, an attorney is appointed from the list approved by the Legal Department and all legal action is monitored by the Bad Debts Department.

Non-performing loans and loan loss provisions

Historically, we have had a very low ratio of non-performing loans. As at December 31, 2005 our largest exposure arising from non performing loans in respect of a single customer (or customers within the same group of companies) was approximately €0.85 million.

The following table sets out information on the composition of our outstanding and non-performing loans as at the dates indicated:

	As at December 31,					
	2004			2005		
Sector	**Loans outstanding**	**NPL(1)**	**NPLs as percentage of amount outstanding for the sector**	**Loans outstanding**	**NPL(1)**	**NPLs as percentage of amount outstanding for the sector**
	(in € millions)		(%)	(in € millions)		(%)
Mortgage loans	1,713.3	0.0	0.00	2,152.8	2.6	0.12
Public sector(1)	289.6	0.8	0.29	253.2	0.8	0.34
Consumer loans and credit cards	57.2	2.1	3.69	638.7	3.4	0.53
Total	**2,060.1**	**3.0**	**0.14**	**3,044.7**	**6.8**	**0.22**

(1) Loans are considered non-performing when they are past due for more than 180 days.

For 2005, we have made provisions equal to €14.8 million for bad debts in comparison to provisions of €3.7 million in 2004, which represented 0.49% and 0.18%, respectively, of our total loan balances (before provisions) as at December 31, 2005 and 2004, respectively.

The following table shows the minimum loan provision requirements for sub-standard loans stipulated by the Bank of Greece for capital adequacy purposes:

Months in arrears	Mortgage loans	Consumer/credit card loans	All other loans
	(%)	(%)	(%)
0–3	1	1	1
3–6	7	14	10
6–12	18	35	25
Over 12 months	50	70	50
Doubtful	50	90	50
Bad debts	60	100	60

The following table illustrates the activity in the allowance for impairment on loans and advances to customers balance for the years 2004 and 2005:

	Year ended December 31,	
	2004	2005
	(in € thousands)	
Balance at beginning of year	12.8	16.6
Add: Provisions for the period	3.7	14.8
Less: Net write-offs	0.0	0.0
Balance at end of year	**16.6**	**31.4**

Key ratios related to the activity in our loan loss allowance for the years 2004 and 2005 are as follows:

	Year ended December 31,	
	2004	2005
	(%)	(%)
Accumulated allowance for loan losses as a percent of total loans	0.80	1.03
Loan loss charge as a percentage of total loans	0.18	0.49
Allowance for loan losses as a percent of non-performing loans	560.8	458.6

Deposits

	As at December 31,			
	2004		2005	
	(in € millions)	(%)	(in € millions)	(%)
By Type:				
Savings deposits	6,870.6	74.1	7,649.9	76.9
Time deposits	775.5	8.4	1,346.4	13.5
Current account deposits	11.0	0.1	9.2	0.1
Securities sold under agreements to repurchase	1,614.8	17.4	932.9	9.4
Other liabilities	3.1	0.0	15.4	0.2
Total	**9,275.0**	**100.00**	**9,953.8**	**100.00**

Contingent liabilities

As at December 31, 2005, we had no contingent liabilities except for loan commitments which have not been disbursed in the amount of €4.5 million.

Selected Financial Ratios

	As at December 31,	
	2004(1)	2005
	(%)	(%)
Return on average assets	1.2	1.1
Return on average equity	11.8	12.1
Equity to assets	10.7	7.5

(1) Ratios for 2004 have been calculated using IFRS accounts for year end 2004 and reconciliation of Greek GAAP accounts to IFRS for year end 2003 balance sheets.

INDUSTRY AND REGULATION

The Banking Sector in Greece

Historically, Greek law prohibited banks from directly engaging in financial services activities outside their traditional deposit and loan functions. Therefore, specialized financial institutions were established, each for the provision of a particular type of financial service. A Greek bank that sought to provide multiple financial services to its customers would create several subsidiaries, each a specialized institution within the bank's integrated group of diverse financial services companies. As a consequence of this historical practice, the Greek financial services sector today is characterized by a group of specialized companies established around a principal bank.

The banking sector has expanded rapidly in recent years, due to both deregulation and technological advances, as well as Greece's entry into the Eurozone. As at February 2006, there were 46 domestic and foreign banks and other credit institutions operating in Greece (excluding co-operative banks), of which 23 were domestic banks and 23 were branches of foreign banks. Domestic banks in Greece can be grouped into one of two principal categories: universal banks (commercial and/or investment banks) and specialized credit institutions. However, most specialized institutions have recently either been absorbed by other commercial banks or transformed into full-scale commercial banks.

Of the 23 domestic banks, 20 are Greek commercial banks, two are specialized credit institutions and one is a credit institution (**Consignments Deposits Loans Fund**) outside the scope of Law 2076/1992 (2nd Banking Directive). There are also 16 co-operative banks. Virtually all banks offer a full range of financial services (either directly or via subsidiaries or affiliates) in order to be able to provide a wide spectrum of financial products and services to their customers.

A number of new banks have been established in recent years. A common feature of each of these banks is their focus on specific market segments and/or banking business areas. The most significant of these new banks are Nova Bank (which offers consumer banking and plans to expand into business banking), First Business Bank (which focuses on tourism and shipping), Probank (which targets SME customers), Proton Bank and Marfin Bank and Investment Bank of Greece, a member of the Marfin Group (which offer investment banking services).

Universal banks

Traditionally, commercial banks have dominated the Greek financial services market. Recently, however, specialized credit institutions have expanded into commercial banking as a result of significant liberalization of the Greek financial services industry, thereby increasing competition in the market. The distinction between commercial and investment banks has ceased to formally exist and the Bank of Greece classifies all banks operating in Greece as "universal banks", with the exception of the Bank and the Consignment and Deposits Loans Fund, both of which are owned by the Hellenic Republic.

There are currently five banks that are controlled, directly or indirectly, by the Hellenic Republic. These comprise the Bank, the Agricultural Bank of Greece S.A., the National Bank of Greece S.A., Emporiki Bank S.A. and the Bank of Attica S.A. However, the recent trend appears to favor privatization of the industry. For example, in 1998, the Greek government privatized the Bank of Central Greece and Creta Bank, followed by Ionian Bank in early 1999 and ETBA (an ATHEX-listed industrial development bank in which the Hellenic Republic previously owned a majority interest) in March 2002. Additionally, a portion of the Hellenic Republic's indirect shareholding of the General Bank of Greece was sold to private investors in April 1998 and a majority stake was sold to Société Générale in early 2004. The Bank of Macedonia-Thrace was also state-controlled until the National Bank of Greece and the Bank sold 37% of its total equity to the Bank of Piraeus, a private commercial bank, in April 1998. In 2000, Credit Agricole purchased a 6.7% interest in Emporiki Bank, which was further increased to approximately 9.0%, in connection with the Greek government's privatization policies and acquired a right of first refusal to purchase any further stakes that may be privatized in the future.

Although there are currently 16 private banks incorporated in Greece, there has been a recent trend towards consolidation. For example, Ergobank S.A. and EFG Eurobank S.A. merged in July 2000 to form EFG Eurobank Ergasias. EFG Eurobank Ergasias merged with Telesis Bank in early 2002 and with UnitBank in December 2003. Similarly, the Bank of Macedonia-Thrace, the Bank of Piraeus and Xios Bank merged in June 2000, creating the Piraeus Group. The Piraeus Group subsequently acquired a 57.8% interest in ETBA. ETBA merged into the Piraeus Group in December 2003. In December 2002, the National Bank of Greece merged with ETEBA, the investment banking arm of National Bank of Greece. In addition, since September 2000, Banco Commercial Portugues, a Portuguese bank, has been active in the Greek market through Nova Bank. Finally in March 2006, the Marfin Group increased its participation in Egnatia Bank to 34.45%.

According to the Hellenic Banks Association, as at December 31, 2004, there were 2,668 branches of domestic banks operating in Greece.

Specialized Credit Institutions

The role of specialized credit institutions has been decreasing significantly in the last few years. Today, the remaining specialized credit institutions are the Deposits and Loans Fund, which is under the control of the Ministry of Economy & Finance, and other small investment banks.

Foreign Banks

Citibank, N.A., HSBC Bank plc (which acquired Midland Bank plc's and Barclays Bank plc's branches in Greece in 2001) and Société Générale are increasingly active in retail banking and have adopted a strategy of further development in this area. Also, at the end of the first half of 2004, Société Générale completed the process for the acquisition of a controlling stake in the General Bank of Greece. The three Cypriot banks which are active in Greece (the Bank of Cyprus, Laiki Bank and Hellenic Bank) have greatly expanded their operations and their networks of branches. Overall, however, foreign banks have made limited inroads into the Greek retail banking market.

According to the Hellenic Banks Association, as at December 31, 2004, there were 223 branches of foreign banks operating in Greece.

Overseas Expansion by Greek Banks

Greek banks are increasingly active in the Balkan region. In addition to opening their own branches in the Balkan countries, some Greek banks are also expanding through acquisitions of shareholdings in local banks. National Bank of Greece acquired United Bank of Bulgaria, the second largest Bulgarian bank, together with a 69.2% interest in Stopanska Banca of the Former Yugoslavian Republic of Macedonia and Banca Romaneasea in Romania. In addition, EFG Eurobank has acquired Bank Post, the third largest Romanian bank, as well as Post Bank in Bulgaria, Post Banka in Serbia and Nacionalna Stedionica Banca cf. in Serbia. Additionally, Egnatia Bank has acquired BNP-Dresdner Bank, which is also located in Romania. Alpha Bank acquired Kreditna Bank in the Former Yugoslavian Republic of Macedonia in 2000 and Jubanka in Serbia in 2005, and it also has its own branch network in Albania, Bulgaria, Romania (Alpha Bank Romania) and Cyprus (Alpha Bank Ltd Cyprus). Emporiki Bank has a presence in Albania (Emporiki Bank-Albania S.A., Emporiki Bank-Bulgaria EAD, Emporiki Bank-Romania S.A and Emporiki Bank-Cyprus Ltd. Novabank is present in Turkey through BankEuropa (formerly, Sitebank). Piraeus Bank acquired a local Romanian bank in 2000 and relaunched it as Piraeus Bank Romania. Finally, in 2005, Piraeus Bank acquired Eurobank cf. in Bulgaria, Atlas Banka in Serbia, Tirana Bank in Albania and ECB (Egyptian Commercial Bank) in Egypt. In April 2006, the National Bank of Greece signed an agreement to acquire up to a 90.3% interest in Finansbank, a bank in Turkey. In May 2006, EFG Eurobank announced its intention to acquire a 70% stake in Tekfen Bank in Turkey.

Regulation and Supervision of Banks in Greece

The Bank of Greece

The Bank of Greece is the central bank of the Hellenic Republic and a member of the European Central Bank and the European System of Central Banks. The Bank of Greece is responsible for the licensing and supervision of credit institutions in Greece and for granting banking licences to local banks, according to the requirements set forth in Law 2076/1992, which, was transposed into the Greek legal system through various EU Council banking co-ordination directives, including Directives 2000/12/EC and 2000/46/EC).

The principal objectives of the Hellenic Republic's banking laws and regulations are the protection of depositors, the fulfillment of monetary policy objectives and the orderly distribution of credit.

The EU Council's main directives on regulation of credit institutions have been adopted under Greek law, including:

(a) the first (77/780/EEC) and the second (89/646/EEC) Banking Directives, and their successive amendments, including Directive 2000/12/EC, on the co-ordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions, which were implemented by Law 2076/1992, as amended. Law 2076/1992 (i) sets out the requirements for the establishment of a credit institution in Greece, such as minimum capital requirements, organizational structure and licensing by the Bank of Greece); (ii) contains provisions concerning the freedom of establishment and the freedom to provide banking services throughout the EU (through the establishment of a branch or the provision of cross-border services) and in non-EU countries and provisions related to the qualified holdings of a credit institution in other enterprises (see below under "Equity Participations by banks") and to the qualified holdings in credit institutions;

(b) the Own Funds Directive (EU Council Directive 89/299), which defines a credit institution's regulatory capital and was adopted under Greek law pursuant to Act No. 2053/1992 of the Governor of the Bank of Greece, as currently in force, and supplemented by Resolution 198/17.5.2005 of the Banking and Credit Affairs committee concerning the treatment of deferred tax assets and pension fund liabilities in the definition of regulatory capital (the **Own Fund Regulations**). Own Fund Regulations determine the composition and the basic standards for the own funds of credit institutions on a consolidated and unconsolidated basis and specify the qualifying criteria for certain own funds items for the purposes of supervision and monitoring by the Bank of Greece;

(c) the Solvency Ratio Directive (EU Council Directive 89/647) and its successive amendments, which were adopted under Greek law pursuant to Act No. 2054/1992 of the Bank of Greece, as replaced by Act No. 2524/2003 of the Governor of the Bank of Greece (the **Solvency Ratio Regulations**). Pursuant to the Solvency Ratio Regulations, all credit institutions having their registered office in Greece, are required to permanently maintain their solvency ratio at a level of at least 8%. If the ratio falls below 8%, the Bank of Greece will ensure that the credit institution in question undertakes appropriate measures to restore the ratio to the agreed minimum as quickly as possible. The solvency ratio expresses own funds, as defined in Act No. 2053/1992 of the Governor of the Bank of Greece (see above), as a proportion of total assets and off-balance-sheet items, risk-adjusted in accordance with the regulations. Pursuant to the Solvency Ratio Regulations, degrees of credit risk, expressed as percentage weightings, are assigned to asset items and hence, the balance-sheet value of each asset is multiplied by the relevant weighting to produce a risk-adjusted value. Furthermore, for off-balance-sheet items, a two-stage calculation is used. Accordingly, own funds form the numerator of the solvency ratio while the total of the risk-adjusted values of the assets and off-balance sheet items mentioned above form the denominator of the solvency ratio;

(d) the Large Exposures Directive (EU Council Directive 92/121) on the supervision and monitoring of large exposures of credit institutions, which was adopted under Greek law pursuant to Act No. 2246/1993 of the Governor of the Bank of Greece, as currently in force (see below under "Exposure Limits");

(e) the Second Consolidated Supervision Directive (EU Council Directive 92/30) on the supervision of credit institutions on a consolidated basis (amending the First Consolidated Supervision Directive), which was implemented by Presidential Decree 267/1995, as currently in force. Pursuant to the above Presidential Decree, the Bank of Greece exercises supervision, on a consolidated basis, of: (i) credit institutions, which have their registered seat in Greece and have at least a credit institution or a financial institution as a subsidiary or which holds a participation in such institutions or (ii) credit institutions which have their registered seat in Greece and the parent undertaking of which is a financial holding company which has been formed in Greece, in which case the supervision is exercised on the basis of the consolidated financial situation of that financial holding company. The supervision of the Bank of Greece is exercised on the solvency, the adequacy of own funds to cover market risks and the control of large exposures;

(f) the Capital Adequacy Directive (EU Council Directive 93/6) and its amendment (EU Council Directive 98/31), which were fully implemented by Laws 2396/1996 and 2937/2001 and Acts

No. 2397/1996 and No. 2494/2002 and No. 2524/2003 and No. 2564/2005 of the Governor of the Bank of Greece (the **Capital Adequacy Laws and Regulations**). Pursuant to the Capital Adequacy Laws and Regulations, credit institutions are required on a daily basis to maintain own funds adequate to cover the market risk of their trading book, which includes equities and fixed income securities held for dealing or proprietary trading, OTC derivatives, repos, certain forms of securities lending and exposures due to unsettled transactions; and

(g) the Conglomerates Directive 2002/87/EC concerning the supplementary supervision of credit institutions, insurance companies and financial conglomerates, which was fully implemented by Law 3455/2006.

To prepare for Greece's participation in the EMU, significant changes were made to the regulatory framework of the Bank of Greece. In particular, its by-laws were amended to reinforce the Bank of Greece's independence from the State and to provide for new enforcement powers to enable better supervision of credit institutions.

In addition to the above, credit institutions are obliged to maintain efficient internal audit, compliance and risk management systems and procedures, submit periodic reports and statements to the Bank of Greece and provide the Bank of Greece with such further information as it may require, and, in connection with certain operations or activities, make notifications to, or request the prior approval of (as the case may be), the Bank of Greece, in each case in accordance with the applicable laws of the Hellenic Republic and the relevant acts, decisions and circulars of the Bank of Greece, each as in force from time to time.

The Bank of Greece has the power to conduct audits and inspect the books and records of credit institutions. In case of breach, the Bank of Greece can require the relevant credit institution to take appropriate measures to remedy the breach, impose fines, appoint an administrator and, where the breach cannot be remedied or in case of insolvency, revoke the licence of the credit institution and place it into special liquidation under the supervision of the Bank of Greece. In case of insufficient liquidity of a credit institution, the Bank of Greece may order a mandatory extension of that institution's due and payable obligations for a period not exceeding two months, which can be extended for a further one-month period, and appoint an administrator under its supervision.

Credit institutions are also obliged to comply with the provisions related to transparency of the procedures and their transaction terms with the public (Act of the Governor of the Bank of Greece 2501/2002).

Finally, credit institutions are subject to the provisions of Law 2331/1995, as amended by Laws 2479/1997, 2515/1997 and 3424/2005 on prevention of the use of the financial system for the purpose of money laundering, which transposed EC Directives 91/308 and 2001/97 into the Greek legal system. Pursuant to the provisions of Law 2331/1995, as in force, money laundering constitutes a criminal offence, punishable with imprisonment for up to ten years. Credit and financial institutions, which are subject to the provisions of Law 2331/1995, must observe certain obligations, such as the verification of the identity of their contracting parties, the reporting of any suspicious transactions and the maintenance of document archives. The authorities responsible for the implementation of the above provisions are the Bank of Greece, the Athens Exchange, the Hellenic Capital Markets Commission, the National Authority for the Fight Against Legalization of Income from Illegal Activities (which has not yet been formed), and as well as other competent ministries.

Credit Institutions Obligations

All credit institutions must furnish the following information to the Bank of Greece:

- credit control, solvency control and liquidity control on a stand alone and consolidated basis (Acts of the Governor of the Bank of Greece 1312/1988, 1313/1988 and 2563/2005);
- risk relating to open foreign exchange positions (Act of the Governor of the Bank of Greece 2291/1994);
- liquidity (Acts of the Governor of the Bank of Greece 2156/1992 and 2560/2005);
- adequacy of their provisions against claims from financings (Acts of the Governor of the Bank of Greece 2442/1999 and 2513/2003);
- large exposures (Act of the Governor of the Bank of Greece 2246/1993) and large debtors;

- deposit and lending interest rates (Act of the Governor of the Bank of Greece 2496/2002; and
- exposures to foreign residents, on a consolidated basis (Act of the Governor of the Bank of Greece 2520/2003).

Furthermore, we are subject to the provisions of Law 128/1975 concerning the special contribution and of Laws 2832/2000 and 2238/1994 concerning the payment of an annual interest tax contribution.

Limitations on the Use of Capital

Pursuant to the guidelines of ECB, we maintain obligatory capital blocked with the Bank of Greece. Furthermore, according to our management, there are no restrictions on capital movements, other than the limitations set out below:

Pursuant to Acts No. 2054/1992, 2397/1996 and 2524/2003 of the Governor of the Bank of Greece, we are required to maintain a total capital adequacy ratio at a minimum of 8%. We undertook to maintain to the Bank of Greece our capital adequacy ratio at above 10%.

Pursuant to the Act No. 2246/1993 of the Governor of the Bank of Greece, the value of each large exposure in the banking book may not exceed 25% of a credit institution's regulatory capital. Such threshold falls to 20% if the large exposure is to parent companies, subsidiaries, subsidiaries of their parent companies or companies controlled by persons, natural or legal, who hold a qualified holding in the credit institution or are among the five largest shareholders of such credit institution.

Qualified holdings in companies outside the financial and credit sectors may not exceed 15% of the credit institution's own funds for each company or 60% of the credit institution's own funds in aggregate, pursuant to article 16 of Law 2076/1992. Qualified holdings in credit or financial institutions, insurance companies and information technology companies exceeding €2.5 million are only allowed following an approval by the Bank of Greece.

With respect to the minimum reserves that credit institutions must maintain with the Bank of Greece, from January 1, 2001, such reserves are regulated by ECB Council Regulations 2818/1998 and 2819/1998 as follows:

- the Target account where the average balance during a month to fall below €200,000,000; and
- the credit institution must maintain a percentage of 2% of the customer deposits (the deposits of the national banks, the ECB and domestic credit institutions do not count towards such percentage).

It is noted that the aggregate of own funds consists of the share capital and various reserves created during fiscal years from our profits. Reserves, with the exception of the ordinary reserve, the reserve of para.12 of article 10 of Law 3082/2002 and the reserve from intraday sale and purchase transactions, are not subject to distribution limitations, but in the event of their distribution, are subject to income tax.

Pursuant to the guidelines of the ECB, we maintain reserves with the Bank of Greece which, as at December 31, 2005, amounted to €159.8 million.

Treatment of Non-performing Loans

Our accounting policies with respect to problem loans are based on Greek regulations, which differ in certain respects from those followed in other countries, including the United States. Under current Greek law, a non-performing loan is one where interest and/or principal has not been paid for six months (regardless of the existence or value of collateral). In respect of all loans, we cease to accrue interest on such loans when they are delinquent for 180 days. This is a longer period than would be the case if such loans were extended in the United States where loans are generally considered non-performing if they are delinquent for 90 days. As of January 1, 2007 and pursuant to Basel II requirements and Bank of Greece regulations, we will cease to accrue interest on loans when they are delinquent for 90 days.

Banks in Greece are permitted, for tax purposes, to take general provisions for loan losses up to 1% of the average annual balance of their loan portfolio, except for loans extended to state-owned organizations or loans guaranteed by the Hellenic Republic. Specific provisions for other loan losses are also permitted under relevant Greek tax laws. However, substantial tax penalties apply where loans that are written off against specific provision are subsequently recovered, even in minimal amounts. Under Greek banking regulations, non-performing loans can only be written off after all legal remedies for recovery, including the realization of collateral, have been exhausted. This process can take up to ten years. As a result, specific provisions for non-performing loans are generally made only if general provisions are deemed insufficient to cover non-performing loans.

Exposure Limits

The Bank of Greece, through Act No. 2246/1993 (the **Large Exposures Act**), adopted the EU Council's Large Exposures Directive. An exposure is considered a large exposure if it exceeds 10% of the credit institution's regulatory capital. This directive, drawing on the European Commission's 1986 recommendation, requires us to:

- immediately notify the Bank of Greece of any excessive concentration of exposure; and
- limit such concentrated exposures to a certain percentage of our regulatory capital.

The Large Exposures Act imposes two limits on exposure. First, the value of each large exposure in the banking book may not exceed 25% of a credit institution's regulatory capital. Second, total large exposures in the banking book for a given credit institution may not exceed 800% of its regulatory capital. Specific financial exposures are exempted from the above calculations (e.g. asset items constituting claims on Zone A central governments or central banks, asset items constituting claims on and other exposures to Zone B central governments or central banks which are denominated and, where applicable, funded in the national currencies of the borrowers).

Deposit Guarantee Fund

In January 1993, the Greek Parliament adopted Law 2114/1993 on the introduction of a deposit protection fund. This law was supplemented in July 1995 by the adoption of Greek Law 2324/1995, which took into account EU Council Directive 94/19 on deposit guarantee schemes, and further supplemented in June 2000 by the adoption of Greek Law 2832/2000. The Deposit Guarantee Fund commenced operations in September 1995. Currently, the fund, which is a private entity according to Greek Law 2832/2000, is administered jointly by the Bank of Greece, the Hellenic Bank Association and the Ministry of Finance.

The Deposit Guarantee Fund is funded by annual contributions of participating credit institutions (and cooperative banks pursuant to Greek Law 2832/2000). The level of each participant's annual contribution is generally determined according to certain percentages applied to the total amount of eligible deposits. If accumulated funds are not sufficient to cover the claimants whose deposits become unavailable, participants may be required to pay an additional contribution. However, this contribution may not exceed an amount equal to 300% of a bank's last annual contribution. This additional contribution is set off against the annual contributions of following years. Greek law adopted the minimum level of coverage provided by an EU directive, which amounts to €20,000 per depositor per credit institution. Accordingly, credit institutions in EU states that belong to a system offering a higher level of coverage have a competitive advantage compared to Greek banks.

Qualified Holdings in Banks

Pursuant to Law 2076/1992, a qualifying holding is a direct or indirect holding in a credit institution which represents 10% or more of the capital or of the voting rights of the credit institution.

Any natural or legal person who proposes to hold, directly or indirectly a qualifying holding in a credit institution must first inform the Bank of Greece, informing it of the size of the intended holding. Such a person must likewise inform the Bank of Greece if it proposes to increase its qualifying holding so that the proportion of the voting rights or of the capital held by it would reach or exceed 20%, 33% or 50% or so that the credit institution would become its subsidiary. The Bank of Greece has a maximum of three months from the date of the notification to either approve or oppose such a plan if, in view of the need to ensure sound and prudent management of the credit institution, it is not satisfied as to the suitability of such person. If the Bank of Greece approves the plan, it may fix a maximum period for its implementation. The same procedures apply in the case of a disposal of a qualified holding in a credit institution.

If the acquirer of the holdings is a credit institution, authorized in another Member State, the parent undertaking of a credit institution authorized in another Member State or a natural or legal person controlling a credit institution authorized in another Member State, and if, as a result of that acquisition, the institution in which the acquirer proposes to hold a holding would become a subsidiary or subject to the control of the acquirer, the assessment of the acquisition must be subject to the prior consultation with the competent authorities of such Member State.

Equity Participation by Banks

Banks in Greece must follow certain procedures regarding holdings in other companies.

The Bank of Greece

According to the Bank of Greece. Banking and Credit Affairs Committee resolution 80/15/29.8.2000, as amended by resolution 150/9/9.5.2003, credit institutions established in Greece and local branches of credit institutions established outside the European Economic Area must obtain prior approval of the Bank of Greece to acquire a holding in the share capital of other credit institutions, financial institutions, investment firms, holding companies, insurance companies, real estate management companies, information technology companies, inter-bank systems management companies, asset and liability management companies, stock and derivatives exchanges, the Central Securities Depository and the Derivatives Clearing House. Prior approval is required when:

- a bank (other than a co-operative bank) makes an initial investment in excess of €2.5 million or, in the case of co-operative credit institutions, an initial investment in excess of €0.5 million; and
- an already existing participation is increased by an amount exceeding the limits set by the Bank of Greece, and which calculated cumulatively over a calendar year, exceeds the lower of either of the two following thresholds:
  - 2% of the credit institution's own funds at the end of the previous six-month period; or
  - €8 million.

These thresholds do not include shares acquired through underwriting and retained for up to 12 months, while shares acquired through subsidiaries in which the parent holds a stake of at least 20% are included in such thresholds.

No prior approval is required for exceeding the limits set by the Bank of Greece if:

- the credit institution already owns, directly or indirectly, more than 50% of the share capital or the voting rights, and its capital adequacy ratio, on a stand-alone and consolidated basis, exceeds 11% and the additional investment does not influence this ratio by more than one percentage point; and
- the additional investment results from the distribution of bonus shares or the repurchase of shares sold on the Athens Exchange provided that in the latter case, (i) the repurchase is effected in the three-day period following the original sale and (ii) the difference between the proceeds of the sale and the book value of the investment prior to the sale is debited to special non-distributable reserves or provisions.

In addition, no prior approval is required for initial or additional investment via closed-end funds. Qualified holdings in companies outside the financial and credit sectors may not exceed 15% of the credit institution's own funds for each company or 60% of the credit institution's own funds in aggregate, pursuant to article 16 of Law 2076/1992. Qualified holdings in credit or financial institutions, insurance companies and information technology companies exceeding €2.5 million are only allowed following an approval by the Bank of Greece.

Competition Commission

Subject to EU regulations, new and significant holdings (concentrations) must be reported to the Greek Competition Commission according to Law 703/1977, as currently in force.

The Hellenic Capital Markets Commission and the ATHEX must be notified once certain ownership thresholds are crossed with respect to listed companies.

Basel Committee

On June 2004, the Basel Committee on Banking Supervision published its third and final consultation paper on the reformation of the current framework for capital adequacy of credit institutions. This extensive framework of the new proposals for the reformation of the supervisory framework of capital adequacy is known as the Basel II Accord and is based on three complementary pillars which contribute towards the security and stability of the financial and credit system.

- Pillar I: calculation of the minimum capital requirements to cover market, credit and operational risks;
- Pillar II: Supervisory procedures for the evaluation of the capital adequacy of credit institutions; and
- Pillar III: Market discipline through the publication of information relevant to the structure of the risks and the capital adequacy of credit institutions.

The Basel Committee is a forum, with participants including the Governors of the Central Banks and other Supervisory authorities from the USA, Germany, Japan, France, U.K., Canada, Netherlands, Spain, Switzerland, Sweden, Belgium and Luxembourg. The Basel Committee does not possess any legal powers, but is under the auspices of the Bank for International Settlements and its conclusions are of a consultative nature and aim to formulate general supervisory guidelines and standards for best practices. The final proposals are expected to be implemented in Greece by the end of 2006.

Special Legislative Regulations

We were subject, *inter alia*, to the provisions of Law 3310/2005, as in force, on transparency and regulatory compliance during the procedures for the awards of public contracts. Furthermore, we were subject to the provisions of Law 2471/1999, as currently in force, concerning the control of supply contracts, services contracts and works contracts. Since the enactment of Law 3429/2004, which sets out the regulatory framework for entities of the public sector, we are no longer considered to be a public enterprise in Greece, despite the fact that the Hellenic Republic shall hold the absolute majority of our share capital.

Pursuant to article 8 of our articles of association, the terms and procedures for the procurement of studies, works, rendering of services, supplies of movable assets and equipment, purchases of immovable properties, movable assets and leases or concessions of use and any other rights *in rem* or *in personam* on our assets are governed by regulations set by our board of directors. Based on the above, we have enacted three regulations: Regulation for the Supply of Materials, Regulation for the Conclusion of Services Contracts and Regulation for the Drafting of Studies and Execution of Works, the contents of which were approved by our board of directors on June 30, 2003 and amended on October 24, 2005.

With respect to the hiring of new personnel, we are subject to article 13 of Law 3429/2005. With respect to data protection, we are subject to Law 2472/1997.

Pursuant to article 6 para. 3 of Law 3082/2002, our employees are covered by social security, pension, welfare and medical care regime of public sector employees.

Legislative framework concerning public supply contracts, public services contracts and public works contracts in the EU

Until April 30, 2004 and the enactment of EU Directive 2004/18/EC "*on the coordination of procedures for the award of public works contracts, public supply contracts and public services contracts*", the legislative framework for public contracts at EU level (the **Public Contracts Directives**) was as follows:

(a) Directive 92/50/EEC "*on the coordination of procedures for the award of public services contracts*", which has been implemented in Greece through Presidential Decree 346/1998;

(b) Directive 93/36/EEC "*on the coordination of procedures for the award of public supply contracts*", which has been implemented in Greece through Presidential Decree 370/1995; and

(c) Directive 93/37/EEC "*on the coordination of procedures for the award of public works contracts*", which has been implemented in Greece through Presidential Decree 334/2000.

Greece has implemented these directives through Presidential Decrees 370/1995, 346/1998 and 334/2000.

Pursuant to the Public Contracts Directives, during the award of public works contracts, public supply contracts and public services contracts, contracting authorities must apply the "special" procedures provided by these directives.

Pursuant to the Public Contracts Directives, as well as article 1, para. 9 of EU Directive 2004/18/EC, "contracting authorities" means the relevant state, regional or local authorities, bodies governed by public law, associations formed by one or several such authorities or one or several of such bodies governed by public law.

Further, pursuant to article 1 para. 9 of EU Directive 2004/18/EC, a body governed by public law means any body: (a) established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character; (b) having legal personality; and (c) financed, for the most part, by the relevant state, regional or local authorities or other bodies governed by public law or subject to management supervision by those bodies, or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the relevant state, regional or local authorities or other bodies governed by public law.

With respect to Greece, pursuant to Annex III of EU Directive 2004/18/EC (**Annex III**), bodies governed by public law are considered to be: (a) public enterprises and public entities: (b) legal persons governed by private law which are state-owned or which regularly receive at least 50% of their annual budget in the form of state subsidies, pursuant to applicable rules, or in which the State has a capital holding of at least 51%; and (c) legal persons governed by private law which are owned by legal persons governed by public law, by local authorities of any level, including the Greek Central Association of Local Authorities (K.E.D.K.E), by local associations of communes (local administrative areas), or by public enterprises or entities, or by legal persons as referred to in (b) or which regularly receive at least 50% of their annual budget in the form of subsidies from such legal persons, pursuant to applicable rules or to their own articles of association, or legal persons as referred to above which have a capital holding of at least 51% in such legal persons governed by public law.

Each contracting authority must apply Annex III, provided that its financial object falls within the scope of Annex III (i.e. thresholds set by Annex III).

Contracting authorities award public works contracts, public supply contracts and public services contracts through the application of the following procedures: (a) either through open tender procedures, in which any natural or legal person may participate by submitting his offer, following the publication of the relevant public tender declaration by the contracting authority; (b) either through a restricted tender procedure, in which only the natural and legal persons that have been invited by the contracting authority may participate or (c) through a negotiated procedure, with or without publication of the public tender declaration.

Annex III also provides for the award of public works contracts, public supply contracts and public services contracts through the application of the procedure of competitive dialogue, if the contracting authority considers that due to the complexity of the contract, the use of the open or restricted procedure will not allow the award of the contract.

OUR MANAGEMENT

Overview

Pursuant to the articles of association of the Bank, our general assembly of shareholders is our supreme corporate body, with authority to decide on all matters that concern the Bank. Our board of directors supervises and controls management and approves our business plan and strategy, and is empowered to take all actions consistent with our corporate purpose as described in our articles of association, except for actions that by law or under our Articles may only be taken by our General Assembly of Shareholders. Our board may delegate a portion of its responsibilities to our Chairman, the two Vice Chairmen, other members of our board, or to third parties. Our board may not, however, delegate any responsibilities that pursuant to Greek law or our Articles may only be exercised collectively by our Board.

Corporate Governance

In May 2002, the Hellenic Republic enacted Law 3016/2002, which sets forth corporate governance provisions applicable to all listed companies and to companies that have applied for listing on the Athens Exchange. These corporate governance provisions, among other things, require companies to have executive, non-executive and independent non-executive directors; to establish an internal audit department, an investor relations department and a corporate announcements department; and to adopt an internal operating regulation. Additional provisions require us to monitor conflicts of interest and related party transactions involving our directors, general managers and other company insiders. In addition, our Board is required to submit to the competent authorities an annual report describing transactions with our affiliated companies.

On March 31, 2006, our board of directors approved our internal operating regulation (the **Internal Operating Regulation**), implementing the corporate governance requirements set forth in Law 3016/2002, as well as the requirements set forth in Law 3340/2005, decision 5/204/14.11.2000 of the Hellenic Capital Markets Commission, Law 2331/95, as amended by Law 3424/2005, and the Act of the Governor of the Bank of Greece number 2577/09.03.2006.

Board of Directors

In accordance with article 3 of Law 3016/2002, the members of our board of directors are classified as executive, non-executive and independent non-executive members. A director's status as executive or non-executive is determined by a decision of our board. Independent members are elected as such by the General Assembly of Shareholders. Non-executive directors must constitute at least one-third of our board, and of these non-executive directors, at least two must be independent.

Executive members of our board of directors are responsible for the Bank's day-to-day administrative matters, while non-executive members are responsible for the general promotion of the Bank's corporate purpose. Non-executive members of our board do not provide their services pursuant to any employment agreement, and do not provide services to the Bank in any other capacity.

Our board of directors consists of eleven members, each holding a five year term. Two members of our board act as representatives of, and are elected by, our employees. The remaining nine members are elected by our General Assembly of shareholders. Quorum for meetings of our board requires the presence (or representation) of one-half of the members plus one; however in all cases there must be at least five directors present. Resolutions of our board are approved by a majority vote of the members present.

Our board of directors is convened following an invitation by our Chairman at least once a month at the registered offices of the Company.

On June 30, 2004, the Annual General Assembly of our shareholders elected Messrs. Drakatos and Spiliopoulos as independent members of our Board; Messrs. Tsoupides, Kaminaris and Mitrentses as executive members and the remainder of our directors as non-executive members. Our Chairman is authorized to perform, among others, the following administrative and managerial functions:

- convene meetings of our board of directors and draft the agenda for such meetings;
- implement the decisions of our board of directors;

- implement agreements with public sector organizations and companies as well as private sector companies for the provision of services that are within the competency of the Bank;
- constitute committees and working groups from among the members of our board, as well as consultants and experts for studies and recommendations on issues that are within the competency of the Bank; and
- exercise any other authority that is granted to him by our board of directors.

The current composition of our board of directors is as follows:

Name	Date initially appointed	Date current term expires
Mr Panayiotis Tsoupides, Chairman, Executive member	30 June 2004	30 June 2009
Mr Antonios Kaminares, Vice Chairman A, Executive member	30 June 2004	30 June 2009
Mr Christos Mitrentses, Vice Chairman B, Executive member	30 June.2004	30 June 2009
Mr Christos Komninos, Member, Non-executive	30 June 2004	30 June 2009
Mr Gerasimos Drakatos, Member, Independent, Non-executive	30 June 2004	30 June 2009
Mr Konstantinos Lambropoulos, Member, Non-executive	30 June 2004	30 June 2009
Mr Dimitrios Chatzimichalis, Member, Non-executive	30 June 2004	30 June 2009
Ms Adamantia Michalopoulou, Member, Non-executive	11 April 2006	30 June 2009
Mr Vassilios Spiliopoulos, Member, Independent, Non-executive	30 June 2004	30 June 2009
Mr Ioannis Tsagdis, Member, Non-executive Representative of the employees	24 October 2005	30 June 2009
Mr Konstantinos Kotsiris, Representative of the employees	24 October 2005	30 June 2009

Brief biographical details of our directors

Mr *Panayiotis Tsoupides*, age 54 is a graduate of the Athens College and has a Masters Degree in Economics from the University of Wisconsin, Madison. During 1978-1980 he held a position with Chase Manhattan Bank, first as an analyst and later as a loans executive. From 1981 to 1995 he was a Loans Manager in Midland Bank in Greece (HSBC), while from 1996 to 1999 he was the Chairman and Managing Director of the Doriki Bank. For the period 2000 - 2004 Mr Tsoupides was an investment consultant for Eastern Europe and Russia, while for the period of 2001 to 2002 he also held the position of Managing Director of the Global Fund Management Investment Company. Additionally, from 1996 - 2001 he was a member of the Board of Directors of OTE and a member of the board of directors of other companies. He has been the Chairman of the Bank since May 2004.

Mr *Antonios Kaminares*, age 51 is a graduate of Deree College. Mr Kaminares has an experience in the banking sector for 20 years. He has held managing positions in Greece at Ergasias Bank and Athinon Bank, as well as at HSBC (in London and Zurich) and UBS (in London) for the last ten years. Mr Kaminares is a member of the Board of Directors of Hellenic Stock Exchanges, Bank of Attica and National Company of Portfolio Investments, and a Chairman and Managing Director of the AEDAK that has been established by the Bank and ELTA. He has been the Vice Chairman A of the Bank since May 2004.

Mr *Christos Mitrentses*, age 60, holds a degree from the Advanced School of Industrial Sciences of Thessaloniki, and a degree in mathematics from the Artistotelian University of Thessaloniki. He pursued graduate studies in corporate management at the University of Macedonia and earned his MBA in finance at Kingston University. Mr Mitrentses joined the Bank in 1975, and has held various positions, including, from 2002 to 2004, manager of PSB's central Thessaloniki branch. He has been Vice Chairman B of the Bank since May 2004.

Mr *Christos Komninos*, age 63, holds a degree in chemical engineering from the ITU Polytechnic of Istanbul. Between 1972 and 2000, he held various positions with the Hellenic Bottling Company, including Managing Director from 1995 to 2000. Subsequently, he was appointed chairman of the board and managing director of Papastratos ABES, from 2000 to 2003 (which was acquired by Philip Morris

Int S.A.). In 2004 he has served as a director of the Athens 2004 Olympic Games Committee and since March 2005 he holds the position of the Vice Chairman in Shelman S.A. He has been a member of the board of directors of the Bank since May 2004.

Mr *Gerasimos Drakatos*, age 40, holds a degree in economics from the University of Athens, a master's degree in finance, trade and shipping from the London City University Business School, has pursued additional studies in business administration and strategic planning at Harvard University and he is a candidate for a PhD Degree from the National and Kapodistrean University of Athens. Mr Drakatos has 15 years' experience in the banking sector in Greece and abroad and he has held the position of Chief financial officer and member of the board of directors of the Mixaniki Group, and a subsidiary manager for the Bioxalko Group. He has been a member of the Board of Directors of many companies, and he has been a member of our board of directors since May 2004.

Mr *Konstantinos Lambropoulos*, age 43, graduated with a BS in economics from the Wharton School of Finance, University of Pennsylvania, and earned his MBA from the Massachusetts Institute of Technology. He served as an account officer with Citibank from 1987 to 1990, managing director of Lambropoulos Bros. from 1991 to 2000, and as managing director of Attika Department Stores from 2003 to the present. He has been a member of our board of directors since May 2004.

Mr *Dimitrios Chatzimichalis*, age 58, holds a degree in law from the University of Athens, and a B.S. in business administration from the University of Maryland. He subsequently pursued post-graduate studies in European Union law in the University of Amsterdam, and earned an MBA from the University of Maryland. He presently serves as special legal advisor to the Hellenic Ministry of Development. He has been a member of our board of directors since May 2004.

Mrs *Adamantia Michalopoulou*, age 55, is a graduate of the Athens University of Economics and Business. From 1991 to 2004 she held the position of Director of the Department of Private Investments, the Department of Social Policy and the Department of the Production Sectors of the Ministry of Finance. She was also a member of the Board of Directors of the Greek National Television and a deputy member of the Board of Directors of the ATHEX, as well as a director of the Department of Supervision of the ATHEX. She is currently the head of the General Department of Private Investments and is a Deputy Chairman and member of the Opinion Committee for the Development Law and an elected member at the assembly of the representatives of the Economic Chamber of Greece. She has been a member of our board of directors since April 2006.

Mr *Vassilios Spiliopoulos*, age 61, is a graduate of the University of Athens Law School. In 1970, he joined B. G. Spiliopoulos ABEE Industries, and in 1982 he was appointed general secretary of the Association of Beverage Manufacturers, serving as president from 1983 to 1986, and currently as chairman of the board of that association. He was appointed president of the Association of Vine Produce Exporters in 1987. Presently, Mr Spiliopoulos is a member of the board of the Association of Peloponnesian and Western Greek Manufacturers, and vice president of the Association of Greek Manufacturers. He has been a member of our board of directors since May 2004.

Mr *Ioannis Tsagdis*, age 42, has a degree in finance from the Athens Lyceum of Economics, and a degree in business administration from the Hellenic Open University of Patras. He joined the Bank in 1987 and until 2000 he has served as an employee to various branches of the Bank. From 2000 to 2005 he worked to the Department for the Support of the Network Applications, as well as an instructor on matters for instructing personnel on banking and financial services as part of the Bank's training program. From 2005 until today, he has been working as an executive in the Sector for the Review of Branches of the Internal Audit Department. He has been a member of our board of directors since October 2005.

Mr *Konstantinos Kotsiris*, age 58, is a graduate of the Panteion Advanced School of Political Science. He first joined the Bank in 1976, and served until 1992 in the foreign exchange desks of various branches. In 1992, Mr Kotsiris was appointed manager of mortgage loans department in the Bank's headquarters, and in 2001 he became an executive in the financial services department and currently is the Director for Human Resources. He regularly sits on the Bank's ALCO and investment committees. He has been a member of our board of directors since October 2000.

The business address of our directors is 2-6 Pesmatzoglou Street, 10575 Athens, Greece.

Administrative and Supervisory Bodies

Pursuant to our Internal Regulation of Operations, our internal organizational structure includes the following additional administrative and supervisory bodies:

ALCO

The ALCO is under the direct supervision of the Chairman of our board, and sets out the Bank's policies regarding the structure and management of its assets and liabilities, with the objective of maximizing the Bank's profitability, within the contours of our general strategy and the existing internal and external regulatory restrictions. Specifically, the ALCO aims to, among others, optimize the structure of our assets and liabilities in relation to the risks to which we are exposed; plan for and monitor our capital needs in conjunction with the provisions of the supervisory authorities concerning our capital adequacy; maintain adequate levels of liquidity; and effectively control risk. In pursuing its objective, the ALCO's principal responsibilities include supervising and/or determining the following:

- our funding, financing and investment policies;
- our pricing policies for our deposit and loan products;
- our short-term and long-term financial objectives (e.g. level of capital per category of our assets and liabilities, net interest margin, solvency and capital adequacy ratios);
- management of interest-sensitive gaps in our assets and liabilities;
- interest rate, exchange rate, liquidity and credit risk policies; and
- approval of new financial products.

The current members of the ALCO are Panayiotis Tsoupides (chairman of the ALCO), Antonios Kaminaris, Konstantinos Kotsiris, Christos Mitrentses (whose curricula are provided in "—Board of Directors) and the other members listed below, together with biographical information:

Mr *Athanasios Tsadaris*, age 48, is a graduate of mathematics of the Aristoteleio University of Thessaloniki and has a Masters Degree in Business Administration for Executives from the Athens University of Economics and Business. He has over twenty years of experience in the banking sector and had held the positions of dealer, chief dealer, assistant treasurer and treasurer in the Bank of Macedonia Thrace, the Doriki Bank and the Geniki Bank. Mr Tsadaris was a member of the board of directors of Geniki AEDAK and a member of the ALCO Committee in various banks and mutual funds. He is a member of the Board of Directors of the Derivatives Clearing House and an elected member of the Committee for the Review of the Basic Traders of the bonds of the Bank of Greece. Mr Tsadaris started working with the Bank in September 2004 as an executive in the Treasury Department and was appointed as a Director of the said Department in August 2005. Mr Tsadaris is also a member of the board of directors of the Mutual Fund Management Company.

Mr *George Xyfaras*, age 43, is a graduate of the Athens University of Economics and Business. During his long time experience in the banking sector he held various positions of responsibility in many banks, such as Doriki Bank as a Chief Financial Officer, in Marfin Investment Company as Director of Internal Audit and responsible for Special Projects, in Marfin Bank as Director of the Financial and Management Department, CFO in Marfin Group and responsible for the Special Projects of the Group. Mr Xyfaras was also a Director of the Financial Department of Marfin AEDAK and Telesis AEDAK and a member of the Board of Directors of Marfin Investment Company, Marfin Global Asset Management Investment Company of New Millennium Investment Company and of Marfin Bank and he is a member of the Economic Chamber of Greece. He has been working with the Bank since September 2004 as an executive of the Financial Department and has been a director of the same department since August 2005.

Mr *Aristides Tsalkamas*, age 58, is a graduate of the Athens University of Economics and Business and the Economic Department of the National and Kapodistrian University of Athens and has a Master's degree in financial analysis from the University of Piraeus. He has been working with the Bank since 1973 in various responsible positions while since 2004 he is a director of the Banking Transactions Department.

Mr *Ioannis Fragioudakis*, age 58, is a graduate of the Athens University of Economics and Business. From 1976 to 1980 he was an executive of the Accounting Department of the company

"Metallotechnika Electra S.A." and he has been working with the Bank since 1980. From 1998 - 2001 he participated as a member of the board of directors of the National Company for Investments Portfolio as a representative of the Bank. From 1988 he has held various positions of responsibility in the Bank and he has been the Director of the Department for Organization and Production since the summer of 2005.

Mr *Georgios Markakos*, age 54, is a graduate of the Athens University of Economics and Business and has followed various seminars in business administration, in banking marketing, in credit risk analysis, in financial markets, in human resources management, in methodology of valuation of new banking products, in money market transactions, in customer's credit ability analysis, in valuation of credit ability of a business and the valuation of credit risks. From 1976 to 2004 he worked with Alpha Bank. He has been working with the Bank since 2004 and has been a director of Consumer Credit since August 2005.

The ALCO convenes regularly once each month, or extraordinarily, if the chairman deems it advisable. The agenda for the meetings is set by the chairman. Quorum requires the presence of the chairman and at least three-fourths of the ALCO's members. Decisions are approved by a supermajority of four-fifths of ALCO members present.

ALCO members (except for Messrs. Tsoupides, Kaminaris and Mintretses, who are not entitled to any remuneration in their capacity as ALCO members) receive remuneration equal to €500 per meeting. No remuneration was paid to ALCO members for the year ended December 31, 2005.

Investment Committee

The Investment Committee is responsible for the Bank's general investment decisions, within the guidelines set by our board of directors and the ALCO. The main responsibilities of the Investment Committee are the following:

- implementing the decisions of our board of directors as regards investments and new investment products for our clients;
- implementing decisions of the ALCO in the areas of structuring our investments; performing risk and return analyses of our investment portfolio; and monitoring the observance of the approved limits of transactions;
- analysis and approval of actions regarding our equity investments;
- analysis of new share and bond issues;
- classifying our investments as held to maturity, available for sale and trading;
- granting approval for transfers of investment among our portfolios; and
- managing our relations with brokers, financial intermediaries and investment firms.

The current members of the Investment Committee are Panayiotis Tsoupides (Chairman), Athanasios Tsadaris, Aristidis Tsalkamas, Konstantinos Kotsiris (whose curricula are set forth above), and the following additional members:

Mr *Lymberis Katsoulieris*, age 55, from 1977 to 1984 has held positions as head officer of the accounting department, chief financial officer and tax advisor in various private companies. Since 1984 he has worked with the Bank. He has participated in the management and the operation of the interbank market service and the development of our Mutual Fund Company. Mr Katsoulieris was also a founding member of our ALCO. He is a graduate of the Athens University of Economics and Business and studied at the Law School of the University of Athens. Since March 1, 2006, he has been an Assistant Director of the Treasury.

Mr *Dionisios Golfinopoulos*, age 43, is a graduate of the Economic University of Piraeus and has a Master's degree from the Financial and Banking Management of that University. He has been working with the Bank since 1987, and since 1998 he has worked in the Treasury Department. Since March 2006, he has been the Assistant Director in the Division of Fixed Income Securities and he has been a member of the Investment Committee since 2002.

Mr *Athanasios Vlahonis*, age 33, is a graduate of economics from Middlesex University and has a Master's degree in Business Administration from Westminster University. He was previously an executive at Proton Trading and Investment Company and an analyst at Arrow Asset Management Investment Company. He was also a member of the Board of Directors of the Investment Committee of Eurodynamic Investment Company. He has been working with the Bank since September 2005 in the Treasury Department.

The duration of the term of appointment for the members of the Investment Committee is three years. The renewal of their appointment or the amendment of the composition of the Investment Committee is subject to a decision of our board of directors.

The Investment Committee is convened by its chairman meets regularly twice each month. Extraordinary meetings may be convened by the chairman or upon request of a member of the Investment Committee or of the Director of the Treasury Department.

Quorum requires five members to be present, and decisions are taken by a majority vote of the members present.

Total remuneration for Investment Committee members amounted to €27.6 thousand for the year ended December 31, 2005. The Chairman of the Investment Committee and Mr. A. Tsadaris did not receive any remuneration for their participation in the Committee up until that date. Going forward, only the chairman of the Investment Committee will not receive any remuneration for his participation in the Investment Committee.

Risk Management Committee

Our Risk Management Committee is appointed by our board of directors and consists of three members of the Board, one of which is executive and the other two are non-executive. The current Risk Management Committee was established by our board of directors in March 2006 and its members are Mr Antonios Kaminaris (executive member), Mr Dimitrios Chatzimichalis (non-executive member) and Mr Konstantinos Kotsiris (non-executive member).

To date, our Risk Management Committee has not convened.

The main duties of our Risk Management Committee are the recognition and analysis of, and development of effective systems for managing, all types of risks to which we are exposed. Specifically, our Risk Management Committee's principal functions are monitoring and managing market, credit, interest rate, liquidity, and operational risk; and setting acceptable maximum limits of risk exposures and allocation of such limits, such as on a per customer, market sector or currency basis.

In carrying out these functions, our Risk Management Committee's principal responsibilities include:

- strategic planning based on the type and magnitude of risk corresponding to the business objectives of the Bank;
- implementing procedures for the development of an internal system for the management of risks and its incorporation in the process of business decision-making in all activities of the Bank;
- annually evaluating the effectiveness of our risk management policies, and the suitability of the limits, the sufficiency of the provisions and the general sufficiency of our net assets in relation to the magnitude and type of our risk exposure;
- conducting stress tests for market, credit and liquidity risk and corresponding techniques for operational risk; and
- making recommendations to our board of directors in the event that our committee recognizes any weakness for the implementation of a strategy that has been developed for the management of the risks.

Our Risk Management Committee is to be convened regularly at least every quarter of each year and extraordinarily by the chairman if he deems it necessary.

Members of our Risk Management Committee are appointed for a term of three years. The renewal of their term or the amendment of the composition of our Risk Management Committee is decided by our board of directors.

The remuneration for each member of the Risk Management Committee is €800 per meeting. No remuneration was paid to the Risk Management Committee members paid for the year ended December 31, 2005.

Large Financings Committee

Our Large Financings Committee comprises five members: Panayiotis Tsoupides (chairman of our Large Financings Committee), Christos Mitrentses and Georgios Markakos (whose curricula are set forth in this section), together with the following members:

Mr *Konstantinos Chryssaites*, is a graduate of the Department of Political and Economic Sciences of the Law School of the University of Athens and has a master's degree in Goettingen University in Germany with a specialization on the Economics of Banking Institutions. From 1977 to 1990 he was a Director of large branches of the National Bank of Greece, while from 1990 to 2002 he was the

Management Director of National Bank, working mainly in the Financing Department. He has been working with the Bank since October 2002 as a financing advisor.

Mr *Georgios Markakos*, Director of the Consumer Credit Department, holds a degree in economics from the University of Athens, a master's degree in finance, trade and shipping from the London City University Business School, has pursued additional studies in business administration and strategic planning at Harvard University and he is a candidate for a PhD Degree from the National and Kapodistrean University of Athens. Mr Markakos has 15 years' experience in the banking sector in Greece and abroad and he has held the position of Chief financial officer and member of the Board of Directors of the Mixaniki Group, and a subsidiary manager for the Bioxalko Group. He has been a member of the Board of Directors of many companies, and he has been a member of the Board of Directors of the Bank since May 2004.

Mrs *Argyro Zervoudaki*, is a graduate of the Law School of Athens and has been working with the Bank since 1987. Since March 1, 2006 she has been an assistant director of the Consumer Credit Department.

Our Large Financings Committee's principal function is granting approval for large loans exceeding €500,000, as well as loans in amounts of €250,000 and up to €500,000, provided that such approval is deemed necessary by the Committee.

Our Large Financings Committee is convened at least once a month by the Chairman of the committee. Members of this committee do not receive any remuneration.

Audit Committee

The Audit Committee was formed in March 2006 and to date, has not convened. Members of the Audit Committee are appointed by the Board of Directors and comprise three members of the Board of Directors, two of which are independent non-executive and one of which is non-executive.

The current Audit Committee members are Gerasimos Drakatos (independent non-executive), Vasilios Spiliopoulos (independent non-executive) and Konstantinos Lambropoulos (non-executive).

The objective of the Audit Committee is to assist our board of directors in the exercise of its duties in the areas of development and operation of an effective internal audit system. Specifically, our Audit Committee's principal functions include the following:

- evaluating the sufficiency and effectiveness of our internal audit system;
- advising on the choice of our external auditors;
- confirming to the Board that the Bank is in compliance with the applicable regulatory framework; and
- facilitating communication among our Board of Directors, our management, the Department of Internal Control and our external auditors.

Members of our Audit Committee are appointed for a term of three years. The renewal of the term or the amendment of the composition of our Audit Committee is decided by the Board of Directors. Our Audit Committee convenes regularly every quarter of each year, and extraordinarily, when the Chairman of our board of directors or the Chairman of our Audit Committee deems it necessary. Quorum requires two members of our Audit Committee to be present, and decisions are taken by a majority vote.

The remuneration for each member of our Audit Committee is €800 for each per meeting.

Internal Audit Department

Our internal audit is undertaken by our Internal Audit Department and the Director of Internal Audit, who is appointed by our board of directors. The Internal Audit Department includes the Division of General Audit and the Division of Administrative Units Audit. The Internal Audit Department employs fifteen employees. Our internal auditors operate independently from all units of the Bank.

Mr *Christos Tsamis*, age 56, is the Director of the Department of Internal Audit. Mr Tsamis is a graduate of the Pantio University. He has been working with the Bank since 1976 and until 1987 he worked in various branches of the Bank. From 1988 to 1990 he worked in the departments of cash and securities transfers and human resources management. From 1991 to 2004, he held the position of director of various departments and he has been the Director of the Internal Audit of the Bank since 2005.

The responsibilities of our Internal Audit Department include the monitoring of the compliance with our corporate governance provisions and our articles of association; compliance with applicable regulations (including the legislation regulating the capital markets and corporate governance); reporting any conflicts of interest between the members of our board or our management with the interests of the Bank; and submitting quarterly reports to our board of directors. The competencies of the Internal Audit Department also include the following:

- exercising control over the management of systems, procedures and operations of the departments of the Bank through general, special, ordinary and extraordinary audits effected by specialized inspectors and internal auditors in order to check for the proper application of rules, procedures and circulars of the Bank and provisions of the Bank of Greece and other regulators, identifying problems and weaknesses, as well as proposing corrective actions and monitoring their implementation;
- exercising control over all branches, departments and administrative units of the Bank, the branches of ELTA that provide services on behalf of the Bank and the affiliated companies of the Bank, in order to verify compliance of their operations, as well as the accounting and IT systems that are used;
- preparing a long-term (three years) and a short-term (annual) plan for audits; and
- preparing the audit procedures to be followed.

Corporate Announcements Department

The Corporate Announcements Department, in collaboration with our legal department, is responsible for disclosing information regarding the Bank as required by applicable regulations. This department is also responsible for disclosures of information made to the competent authorities and supervisory bodies.

Investor Relations Department

The Investor Relations Department is responsible for providing information regarding the Bank to our shareholders in accordance with applicable regulations, as well as providing assistance in connection with the exercise by our shareholders of their rights arise under applicable law and our articles of association.

Information Technology Steering Committee

This committee was established in May 2006 and to date, has not yet convened.

Money Laundering

Greek credit institutions are required to appoint a managerial executive, to which other managerial executives and employees may report each transaction they consider as potentially involving money laundering, as well as any circumstances of which they become aware that may constitute criminal activity. Since 2005, Mrs Elpiniki Papakosta, our Compliance Officer, has been responsible for exercising these duties. Mrs Papakosta is a graduate of the Law School of the University of Athens. She has been working with the Bank since 1975 in various positions.

We have adopted a procedure for the prevention of transactions that are connected with money laundering, which was brought into force by virtue of the decision number 2438/22.11.2001 of our Board of Directors. In addition, we have adopted our Internal Operational Regulation pursuant to the requirements of Law 3424/2005 with regard to money laundering.

Remuneration and Benefits

According to our articles of association, the members of our board of directors receive compensation for their services, which is determined by a decision of the Annual General Assembly of our shareholders. Additional remuneration for our directors which is not provided by our articles of association is enforceable only if it is approved by the Annual General Assembly of our shareholders. Such remuneration can be decreased by a court of competent jurisdiction if deemed excessive, and shareholders representing at least 10% of our share capital opposed such decision of the general assembly of our shareholders.

Finally, loans and guarantees by the Bank to members of our board of directors, our managers and their relatives or spouses, are prohibited. This prohibition does not apply with regard to agreements within the scope of the day-to-day transactions of the Bank with its customers. All other transactions between the Bank and these individuals require a prior approval by the general assembly of our shareholders.

The total gross remuneration for each member of our administrative, management and supervisory bodies during 2005 is as follows:

Name	Capacity	Gross Remuneration	Other Benefits
		(in €)	(in €)
Mr Panayiotis Tsoupides	Chairman	213,013.9	19,120.2
Mr Antonios Kaminares	Vice Chairman A	155,507.5	12,489.5
Mr Christos Mitrentses	Vice Chairman B	141,952.4	18,580.2
Mr Gerasimos Drakatos	Member of the Board	9,600.0	2,034.0
Mr Dimitrios Kapranos(1)	Member of the Board	9,600.0	2,034.0
Mr Konstantinos Lambropoulos	Member of the Board	9,600.0	2,034.0
Mr Vassilios Spiliopoulos	Member of the Board	9,600.0	2,034.0
Mr Dimitrios Chatzimichalis	Member of the Board	9,600.0	2,034.0
Mr Christos Komninos	Member of the Board	9,600.0	2,034.0
Ms Adamantia Michalopoulou(1)	Member of the Board	—	—
Mr Konstantinos Kotsiris(2)	Member of the Board—Director of Human Resources	74,494.7	2,034.0
Mr Georgios Sideris(2)	Member of the Board—Employee representative	43,970.5	0.0
Mr Ioannis Tsagdis(2)	Member of the Board—Employee representative	11,814.8	2,034.0
Mr Athanasios Tsadaris(3)	Treasury Director—Member of the ALCO and the Investment Committee	189,152.21	—
Mr Georgios Xyfaras(3)	Chief Financial Officer—Member of the ALCO	180,277.21	—
Mr Aristidis Tsalkamas	Director of the Banking Transactions Department—Member of the Investment Committee	67,954.7	—
Mr Ioannis Fragioudakis	Department for Organization and Production Director—Member of the ALCO	55,022.0	—
Mr Georgios Markakos(3)	Director of the Consumer Credit Department—Member of the ALCO	120,093.06	—
Mr Limperis Katsoulieris	Treasury Assistant Director	66,856.8	—
Mr Dionysios Golfinopoulos	Assistant Director in the Division of Fixed Income Securities—Member of the Investment Committee	60,885.3	—
Mr Athanasios Vlahonis	Treasury Department Executive—Member of the Investment Committee	13,120.9	—
Mrs Elpiniki Papakosta	Head of Money Laundering	49,399.7	—
Mr Christos Tsamis	Internal Audit Director	58,278.8	—
Mr Konstantinos Chrysaitis	Financing Advisor—Member of the Large Financings Committee	72,650.0	—

Name	Capacity	Gross Remuneration	Other Benefits
		(in €)	(in €)
Mrs Argyro Zervoudaki	Assistant director of the Consumer Credit Department—Member of the Large Financings Committee	56,827.5	—

(1) Mrs Michalopoulou replaced Mr Dimitrios Kapranos as of April 2006.

(2) Mr Sideris, as employees' representative was replaced by Mr Tsagdis in November 2005. Mr Kotsiris was reelected in November 2005.

(3) Includes remuneration of €46,052, €37,177 and €24,693 for Mr Tsadaris, Mr Xyfaras and Mr Markakos, respectively, which was paid with respect to services rendered in 2004.

For the year ended December 31, 2005, no remuneration was paid to the members of our Audit Committee, our Risk Management Committee and our Large Financings Committee.

The persons named above are also granted mobile phones for the Bank's needs free of charge, and our Chairman as well as the two Vice Chairmen have use of a corporate car. These persons will not receive any lump sum benefits upon their retirement from our pension scheme.

During 2005, Mr. Kaminaris and Mr. Tsadaris also received remuneration from our Mutual Fund Management Company in the amount of €7.2 thousand each, in connection with their attendance at board meetings of that company.

The members of our administrative, management and supervisory bodies, apart from the members of our board of directors (with the exception of the representatives of our employees) as well as the Head of Internal Audit and the person in charge for money laundering, are subject to our general remuneration policy.

Employment agreements with directors and senior management

Chairman of our Board of Directors

On October 4, 2004 and following the prior approval of the Annual General Assembly of our shareholders dated June 30, 2004, we signed a five year employment agreement with Mr. Tsoupides (expiring June 30, 2009) with respect to his duties as Chairman of our board of directors. Pursuant to this agreement, the gross monthly remuneration of the Chairman is €13,200, and his total annual remuneration is equal to 14 monthly salaries. If this agreement is terminated without cause, the Chairman is entitled to compensation equal to 12 monthly salaries.

Vice Chairmen of our Board of Directors

On October 4, 2004 and following the prior approval of the Annual General Assembly of our shareholders on June 30, 2004, we signed five-year employment agreements with Messrs. Kaminaris and Mitrentses (both expiring on June 30, 2009) with respect to their duties as Vice Chairman A and Vice Chairman B, respectively. Pursuant to such agreement, the gross monthly remuneration of each Vice Chairman is €9,300, and their total annual remuneration is equal to 14 monthly salaries. If these agreements are terminated without cause, the Vice Chairmen are each entitled to compensation equal to 12 monthly salaries.

Non-executive directors

The non-executive members of our board of directors are each entitled to a gross monthly remuneration of €800.

Senior Management and Organizational Structure

Our senior management consists of three executive officers, all of whom are also members of our board of directors. Specifically, our principal executive officers are Mr Panayiotis Tsoupides, who serves as our Managing Director, Mr Antonios Kaminares and Mr Christos Mitrentses.

Our Chairman directs, coordinates, supervises and exercises control over the Department of Human Resources, the Treasury Department, the Department of Banking Transactions, the Department of General Projects, the Legal Department, the Risk Management Department, the Department of Financial Services, the Department of Compliance, the Division of Security, the Division of Strategic Planning, the Press Department, the Public Relations and Advertising Department, and the Medical Division. The Chairman may also delegate a portion of his authority to other parties.

Our Chairman has authority to bind the Bank solely through his signature, while the two Vice Chairmen may bind the Bank by signing jointly in all cases except those for which a resolution of the Board of Directors is required.

The Vice Chairman A of the Board of Directors directs, coordinates, supervises and exercises control over the following departments of the Bank: the Department of Organization and Production, the IT Department, the Department for the Co-operation with ELTA, the Marketing Department and the Division of Credit Cards and Loans. In addition, the Vice Chairman A of the Board of Directors is responsible for adoption of our new products and our policies relating to the products we provide, such as credit cards, consuming and business loans and pledging services.

The Vice Chairman B of the Board of Directors directs, coordinates, supervises and exercises control over the following Departments: the Department of Credit Policy (not currently active), the Department of the Network Operations, the Department of the Network Sales, the Department of Technical Services, the Department of Consumer Loans, the Training Department and the Department of Bad Debts.

Pursuant to resolutions of our Board of Directors, the Chairman of the Board and the Vice Chairmen can also decide on matters relating to expenditures for, among others, studies, provision of services, supplies of materials, and other administrative matters relating to our operations.

Interests of Management and Certain Transactions

According to our articles of association, members of our board of directors may not, without the consent of the General Assembly of our shareholders, be party to transactions that fall within their professional duties at the Bank nor may they participate as partners in entities with the same objects as the Bank. Members of our board and our executive officers are, however, allowed to hold directorships and management positions in other companies (in which the Bank participates, directly or indirectly) which pursue the same or similar goals and do not compete with the Bank.

Interest in Share Capital

None of our directors, including any person affiliated with a director, has an interest in our share capital or in any options in respect of such capital, the existence of which is known to, or could with reasonable diligence be ascertained by, any director. Our directors and executive officers may purchase shares in the combined offering. We do not have a share option scheme for our directors or other employees.

Related Party Transactions

Interest in Transactions

No director has any interest in a transaction entered into by us which is or was unusual in its nature or conditions as it relates to us as a whole and which was effected during the current or immediately preceding financial year or was effected during an earlier financial year and remains in any respect outstanding or unperformed.

Loans

We have granted loans to several of our directors and executive officers. The total amount outstanding of all such loans as at December 31, 2005 was €3.9 million. The largest individual amount outstanding in respect of a loan to our management as at that date was €1.4 million. All such loans to member of our management are made on commercial terms, including preferential rates available to all employees.

Conflicts of Interest

There are no conflicts of interests between the Bank, on the one hand, and the members of its managerial, administrative and supervisory bodies, as well as its executive officers, on the other. Certain members of our board of directors as well as certain members of our administrative and supervisory bodies, hold professional positions outside of the Bank (as described in their curricula vitae above) in addition to the positions they hold in the Bank.

There are no family relationships among members of administrative, management or supervisory bodies of the Bank or executives of Bank.

The members of our managerial, administrative and supervisory bodies, as well as our executive officers are not subject to any bankruptcy, receivership or liquidation proceedings during the five last years. They are not recipients of any public official criticism and/or sanctions by regulatory authorities or professional organizations in which they participate, and they have not been prohibited by any court to act as a member of any of our administrative, management or supervisory bodies or to participate in our administration or in the conduct of our operations within the last five years.

The appointment to their position is not the result of any agreement among shareholders of the Bank or any agreement between the Bank and its customers, suppliers or other persons, with the exception of Messrs. Kotsiris and Tsagdis (both members of our board of directors), who by virtue of article 12 of our articles of association participate in our board of directors as representatives of our employees.

OUR RELATIONSHIP WITH THE SELLING SHAREHOLDER

Shareholding

The Hellenic Republic currently owns 100% of all of our outstanding ordinary shares, 90% directly and 10% indirectly through ELTA. Following the combined offering and prior to the transfer to the Hellenic Republic of any shares purchased through stabilization, the Hellenic Republic will own, directly or indirectly, approximately 65.2% of our share capital.

The following table sets forth further information regarding ownership of our ordinary shares:

Name of principal shareholder	Shares owned prior to the combined offering		Shares to be sold in the combined offering	Shares owned after the combined offering (non exercise of over-allotment option)		Shares owned after the combined offering (exercise of over-allotment option)	
	Number	%		Number	%	Number	%
Hellenic Republic (directly)	126,780,100	90.0	44,010,000	82,770,100	58.8	77,700,100	55.2
ELTA	14,086,670	10.0	—	14,086,670	10.0	14,086,670	10.0
Hellenic Republic (directly or indirectly)	140,866,770	100.0	44,010,000	96,856,770	68.8	91,786,770	65.2

The Hellenic Republic's Voting and Appointment Rights

In accordance with our articles of association, the Hellenic Republic can only exercise its decision making power as a shareholder at our general assembly of shareholders. According to Greek legislation, the Minister of Economy and Finance attends the general assembly of shareholders as the representative of the Hellenic Republic. Our board of directors (who in turn designates our Chairman) was appointed by our general assembly of shareholders.

Our articles of association require, at the first session of a general assembly of shareholders, a simple quorum of one-fifth of our ordinary shares and provide that most decisions submitted for a vote of the shareholders are to be determined by a simple majority of votes cast at such general assembly of shareholders, with the exception of certain extraordinary resolutions requiring a quorum of two-thirds and two-thirds of the votes cast. As long as the Hellenic Republic holds a majority of our shares, it will have significant influence over decisions submitted to a vote of our shareholders, enabling it, among others, to approve capital increases and other amendments to our articles of association, as well as elect the members of our board of directors. See "Risk Factors—Risks Relating to our Business—The Hellenic Republic has had, and may continue to have, a significant influence on our operations and will continue to be a significant shareholder after the combined offering."

The Hellenic Republic as a Customer

As at December 31, 2005, loans to certain public sector entities totalled €253.2 million, or 8.3% of the Bank's total loan portfolio. All such lending is on wholly commercial, arm's length terms. The Bank's income from interest on such loans amounted to €8.4 million as at December 31, 2005.

The Hellenic Republic as Sovereign

We are subject to the supervisory authority of the Bank of Greece. Furthermore, the Hellenic Republic may amend the legislative and institutional framework under which we operate. It is difficult to predict how the Hellenic Republic will direct social policy, which may be counter to the Hellenic Republic's interest as a shareholder.

As long as the Hellenic Republic continues to hold the majority of our share capital, we will also be subject to European Union regulations concerning public procurement of goods and services unless such regulations are amended.

Status of our Employees

Pursuant to the recently enacted Law 3429/2005 regulating public sector companies, following the Interministerial Privatization Committee Decision 55/8.6.2005 we will not be classified as a public sector company in Greece, although the Hellenic Republic will retain its absolute majority shareholding. However, as long as the Hellenic Republic continues to retain the majority of our share capital, we will be subject to specific provisions applicable to the public sector companies' including the hiring of new employees and the dismissal of our existing employees who enjoy public sector status. All of our employees hired prior to December, 2002 (representing 97% of total employees as at December 31, 2005) have the legal status of private employees enjoying certain benefits of public sector employees, and may therefore be dismissed only for cause and cannot otherwise be made redundant. All new employees will be hired through a process administered by an independent public authority. With regard to the new hires, as long as the Hellenic Republic continues to hold more than 50% of our shares, all prospective new employees must be hired through a process administered by an independent public authority. Hiring through this process, reduces our flexibility for hiring personnel in relation to current business needs. See "Our Business—Employees". Such employees may be dismissed in accordance with labor laws applicable to private sector employees.

Mutual Participation in ELTA and the Bank

In the context of strengthening the historic bond between our Bank and ELTA, we entered into an agreement in May 2006, with the Hellenic Republic for the purchase for cash of 10% of ELTA's ordinary shares (i.e. 11,868,900 ordinary shares) for €21.4 million. ELTA is purchasing under a separate agreement with the Hellenic Republic, 10% of our shares (i.e. 14,086,670 shares) at a 10% discount to the offer price of our shares. As at December 31, 2005, ELTA had a book value of €182.2 million and net income of €13.4 million. The Hellenic Republic has a right of first refusal to acquire the ordinary shares purchased pursuant to the agreements referred to above.

DESCRIPTION OF OUR SHARE CAPITAL

We were incorporated as a *société anonyme* on December 16, 2002 under the Law 3082/2002 "Incorporation of a banking company limited by shares under the trade name Greek Postal Savings Bank and other provisions" (**Law 3082/2002**) for a term of 100 years, which may be extended by a resolution of the shareholders' general assembly. Our corporate seat is located in the Municipality of Athens, Greece. We are registered under number 54777/06/B/03/7 in the Register of Companies and our executive offices are at 2-6 Pesmatzoglou Street, Athens, Greece. The following discussion of our articles of association is qualified in its entirety by reference to the full text of our articles of association.

General

Our share capital as at December 31, 2005 was €521,207,049 comprised of 140,866,770 registered shares with a nominal value of €3.70 each. Our share capital was created by Law 3082/2002 and amended by the extraordinary general assemblies of our shareholders held on December 10, 2003 and December 23, 2005. Our total paid-up share capital is €521,207,049 comprised of 140,866,770 registered shares with nominal value of €3.70 each. The Hellenic Republic owns, directly or indirectly, 100% of our ordinary shares.

Our initial share capital was set at €900,000,000, comprised of 150,000,000 registered shares with a nominal value of €6.00 each. According to para.8 of Law 3082/2002, our initial share capital was the result of a partial capitalization of the equity of the public sector service "Postal Bank", as were reflected in the balance sheet as at December 31, 2001.

Through a decision adopted by the extraordinary general assembly of the shareholders held on December 10, 2003, our share capital was decreased by €345,000,000, through the decrease of the nominal value of our shares from €6.00 to €3.70 each and distribution of €345,000,000 to the shareholders. Our share capital was decreased as it exceeded our capital needs. Following this decrease, our share capital amounted to €555,000,000, comprised of 150,000,000 registered shares with a nominal value of €3.70 each.

Through a decision adopted by the extraordinary general assembly of the shareholders held on December 23, 2005, our share capital was decreased by €90,495,199.40 through the cancellation of 24,458,162 common registered shares with a nominal value of €3.70 each and the return of the corresponding amount to the shareholders. This decrease was deemed necessary as our share capital significantly exceeded our capital needs, according to our business plan. Subsequently, by further shareholder resolutions, our share capital was increased by €56,702,248.40 through the issuance of 15,324,932 new common registered shares with a nominal value of €3.70 each through: (a) the capitalization of €52,145,652.67 from retained earnings as at December 31, 2003, (b) the capitalization of €4,556,593.91 securities revaluation reserve and (c) the capitalization of €1.82 from the reserves from profits carried forward. Accordingly, our current share capital totals €521,207,049 comprised of 140,866,770 common registered shares with a nominal value of €3.70 each.

Form and Transfer of Shares

Our ordinary shares are in registered form and are fully dematerialized. Transfers of ownership of dematerialized shares are effected through the Athens Exchange and the Central Securities Depositary by registration of the transaction in the Central Securities Depositary's records. The securities accounts of the investors are credited and debited by the account operators after each transaction. Transfers may also be effected, subject to certain requirements pursuant to Law 3632/1928, through an off-exchange transaction under a written agreement. A copy of this agreement, together with a form indicating, among others, the securities accounts of the parties, must be delivered to the Central Securities Depositary, which subsequently registers the transfer in its records.

The Central Securities Depositary issues certificates to shareholders containing provisions regarding the capacity of the shareholders, the share identification data, the number of ordinary shares owned, the reason for the certificate's issuance as well as any possible encumbrances over the ordinary shares. These certificates are issued by the Central Securities Depositary following a shareholder's request addressed to the Central Securities Depositary, either directly or through an account operator. Certificates may also be issued directly by an account operator through the Dematerialized Securities System (**DSS**), following a shareholder's request to the account operator, provided that the ordinary shares for which the certificates are requested are held through an account managed by the account operator. The person whose name appears in the Central Securities Depositary's records will be considered to be the shareholder of a dematerialized share.

Pursuant to Greek law and under limited circumstances, companies may purchase their own shares. Companies whose shares are listed on the Athens Exchange may acquire shares representing up to 10% of their own share capital. This process allows stabilization of a company's share price in circumstances where it is believed that the share price is substantially lower than that which would correspond to the state of the market, given the financial condition and prospects of the company. Under Greek company law, the decision to stabilize is taken by the company's general assembly of shareholders where at least a 20% quorum of the entire paid-up share capital and an absolute voting majority of at least 50% of the paid-up share capital plus one share are present. The decision of a company's board of directors to convene a general assembly and the decision of the general assembly of the shareholders must be promptly communicated to the Athens Exchange. Moreover, the decision of the general assembly of the shareholders approving the purchase of the company's shares must be published in at least two daily newspapers, one political and one financial, as well as in the Athens Exchange Daily Official List, at least 10 days in advance of the relevant purchases. The purchased shares must be fully paid-up and acquired from the general public or from UCITs (which are collective funds that can be sold across national borders within the European Union in accordance with the Undertakings for Collective Investment in Tradable Securities Directive); otherwise, the Hellenic Capital Markets Commission may ask the court to declare the purchase invalid. The purchased shares must be sold or distributed to the company's employees within three years of their purchase or otherwise must be cancelled. A two-year extension may be given by the Hellenic Capital Markets Commission in certain circumstances. The board of directors must promptly communicate either the decision to sell or the decision to cancel to the ATHEX. In addition, the decision to sell must be published in at least two daily newspapers with circulation throughout Greece and any decision to cancel the shares must be communicated to the Ministry of Economy and Finance. All ordinary shares acquired by us cannot be voted but may be taken into account for the purpose of assessing a quorum.

Voting Rights and Restrictions

Each ordinary share gives the holder the right to cast one vote at a general assembly of shareholders. If there are multiple owners of a share, their rights are exercised by a common representative and in his absence the exercise of such rights is postponed.

Dividends

We may only pay dividends out of profits for the preceding financial year and any distributable reserves after the annual financial statements are approved by the general assembly of shareholders. Under our articles of association, until such time as ordinary reserves were equal to or exceed one-third of our share capital, the first 5.0% of our annual profit was required to be set aside as ordinary reserves before any dividends are paid.

According to our articles of association and Greek law, we are required to pay a minimum dividend equal to the greater of 6.0% of our paid-up share capital or 35.0% of our net profits. According to Law 148/1967, as amended, however, a company's general assembly of shareholders, acting with the majority of at least 65.0% of the paid-up share capital, may decide to pay the minimum dividend of 6.0% of its paid-up share capital. In this case, the undistributed dividends of up to at least 35.0% of the net profits for that year are transferred to a special reserve account. This reserve account must be capitalized within four years from its formation by the issuance of new ordinary shares, which are distributed to the shareholders as a share dividend. By a resolution of the general assembly of shareholders, passed by a majority representing at least 70.0% of the paid-up share capital, the undistributed dividends can be transferred into reserves or otherwise applied. Under our articles of association and Greek law, the general assembly of shareholders can decide to distribute in any manner any net profits remaining after allocation to the ordinary reserve and distribution of the minimum dividend. *Inter alia*, the general assembly of shareholders can decide to distribute any net profits remaining after allocation to the ordinary reserve and distribution of the minimum dividend through the issuance of new ordinary shares, which are distributed to the shareholders as share dividends. This decision requires an increased quorum and increased majority, each as described below. However, the decision not to distribute a dividend of net profits equal to 6.0% of the share capital would require a unanimous decision of all shareholders present at a general assembly of our shareholders, provided such decision is adopted in order to form a special tax-free reserve or the distribution of bonus shares to the shareholders through an increase of the share capital.

Within six months following the end of our financial year, an annual general assembly of our shareholders is convened to approve our financial statements and the distribution of a dividend to shareholders with respect to the previous financial year. The annual general assembly is duly convened when a quorum representing at least 20% of our paid-up share capital is present. Decisions of the annual general assembly are taken by an absolute majority of voting shareholders in attendance.

The amount approved for distribution as a dividend is required to be paid to shareholders within two months from the resolution of the general assembly of shareholders approving our annual financial statements. The place and time of payment of dividends are announced through the press. Shareholders who do not receive their dividends in time are not entitled to interest thereto. Dividends not claimed by shareholders within five years of their distribution are forfeited in favor of the Hellenic Republic.

Under Greek law, we may also distribute an interim dividend with the approval of the board of directors if, at least 20 days before such distribution, our interim financial statements are submitted to the Greek Ministry of Development and published in the Hellenic Republic's Gazette and in a Greek financial newspaper. Such dividends cannot exceed one-half of the net profits set forth in the interim financial statements. The board of directors has the authority to declare and pay such dividends without obtaining the approval of shareholders in general assembly of shareholders.

Finally, according to our articles of association and Greek law, no distribution may be made if at the end of the last financial year our own funds that are shown in the balance sheet are lower, or will be lower after the distribution, than the aggregate of the share capital and the reserves that may not be distributed.

General Assembly of Shareholders

Pursuant to our articles of association and Greek law, the general assembly of shareholders (which is the supreme corporate body of a Greek *société anonyme*) is entitled to decide on any and all company affairs. Its resolutions are binding on our board of directors and executive officers as well as all shareholders, including those absent from the general assembly and those dissenting.

The general assembly is the only body with the authority to decide, among other matters: (a) the extension of the duration of our company, our merger, revival, de-merger or dissolution, (b) amendments to our articles of association, (c) increases or reductions of our share capital (except for increases authorized by the board of directors, as described below), (d) the issuance of bonds or convertible bonds (except for the issuance of convertible bonds authorized by the board of directors, as described below), (e) election of nine members of our board of directors, (f) the appointment of auditors and liquidators, (g) the distribution of annual profits, (h) the approval of the annual financial statements, (i) the transformation of our company into a different corporate form and (j) the release of the board of directors and auditors from liability upon acceptance of the financial statements.

The ordinary general assembly is convened by the board of directors and is held regularly within six months of the end of each financial year. The board of directors also may convene an extraordinary general assembly when and as it deems necessary. According to our articles of association and Greek company law, chartered auditors are also entitled to request the chairman to convene an extraordinary general assembly within 10 days of the notification of such request.

A simple quorum for our general assembly is met whenever shareholders holding at least 20% of the paid-up share capital are present or represented at the assembly. If a simple quorum is not achieved, the general assembly convenes again within 20 days from the date of the previous assembly. At such adjourned assembly, the general assembly is in quorum and decides lawfully on all items of the initial agenda irrespective of the number of shareholders present.

Certain resolutions by the general assembly require an increased quorum of two-thirds of the paid-up share capital to be present either in person or by proxy. These resolutions include: (a) a change in our objects, (b) an increase in the obligations of shareholders, (c) an increase in our share capital if such increase is not made pursuant to a decision of our board of directors in accordance with our articles of association, or imposed by law, or made after a capitalization of reserves, (d) a reduction of our share capital, (e) an increase of the obligations of the shareholders, (f) the merger, de-merger, conversion, extension of duration or dissolution of our company, (g) the issuance of a loan by bonds convertible into shares if this issuance is not made pursuant to a decision of our board of directors in accordance with our articles of association, (h) the granting or renewal of the power of the board of directors to increase our share capital, (i) the alteration of our way of disposing of profits and (j) change of our nationality.

In the event that an increased quorum is not achieved, the general assembly is adjourned and the required quorum at the adjourned general assembly is met when shareholders representing at least 50% of the paid-up share capital are present. Furthermore, where this 50% threshold is not met, the adjourned general assembly will be quorate when shareholders representing at least one-third of the paid-up share capital are present or represented by proxy.

In general, resolutions at general assembly are passed by a simple majority of the votes present or represented by proxy. However, when an increased quorum is required, resolutions at a general assembly are passed by a majority of two-thirds of the paid-up share capital present or represented by proxy. The same rule applies in case of any adjourned general assembly requiring an increased quorum.

Issue of Ordinary Shares and Pre-emptive Rights

Our share capital may be increased pursuant to a decision adopted by a general assembly of shareholders. This decision of a general assembly requires a quorum of two-thirds of the paid-up share capital. If such quorum is not achieved, a second general assembly will be held that will require a quorum of 50% of the paid-up share capital and if such quorum is not achieved again, the quorum requirement for the third general assembly decreases to one-third of the paid-up share capital. This decision of a general assembly must be adopted by a majority of two-thirds of the votes present or represented.

The general assembly of shareholders may increase our share capital by the issue of new ordinary shares up to an amount no greater than five times the initial paid-up shares capital for the first period of five years after incorporation pursuant to a decision taken by a simple majority at a general assembly at which the simple quorum requirement has been met. Under our articles of association and Greek company law, the board of directors may increase our share capital by issuing new ordinary shares or by taking out a loan through the issuance of bonds convertible into ordinary shares for the first period of five years after incorporation provided, in the first case, that such increase may not exceed the amount of our initial share capital while, in the second case, the amount of the bonds may not exceed one-half of the amount of the paid-up share capital. Pursuant to a grant of authority under a decision of a general assembly, which requires a quorum of two-thirds of the paid-up share capital and a majority of two-thirds of the votes present or represented at the general assembly, the board of directors may increase our share capital, either by issuing new ordinary shares or bonds convertible into ordinary shares, provided, in the first case, that such increase may not exceed the amount of our paid-up share capital while, in the second case, the amount of the bonds may not exceed one-half of the amount of the paid-up share capital, in each case at the date when this authority was granted to the board of directors. The decision of the board of directors must be approved by a two-thirds majority of the board of directors. The board of directors' authority is granted for a five-year period and may be renewed by a general assembly for a further five-year period. If our reserves exceed one quarter of the paid-up share capital, a decision by our general assembly of shareholders taken by an increased quorum and increased majority is always required for an increase of our share capital.

An increase of our share capital approved under the preceding paragraph will not require an amendment of our articles of association. Any other increase of our share capital must be effected by amending our articles of association. All share capital increases which are not effected through contributions in kind and issues of bonds convertible into ordinary shares shall be offered on a pre-emptive basis to the existing shareholders according to their shareholding participation in our company, unless the pre-emptive rights of the shareholders have been limited or repealed by a decision of a general assembly taken by an increased quorum and increased majority. The invitation for the exercise of the pre-emptive rights of the shareholders, in which the exercise period must also be stated, is published in the Hellenic Republic's Gazette. If and to the extent the existing shareholders do not exercise their pre-emptive rights within the prescribed period (which must be at least 15 days following the date fixed by our board of directors as the launching date for the exercise of the pre-emptive rights), the board of directors can freely dispose of the unsubscribed shares.

Pre-emptive rights may be restricted or abolished following a decision of the general assembly of shareholders. Such decision requires a quorum of two-thirds of the paid-up share capital. If such quorum is not achieved, a second general assembly will be held that will require a quorum of 50% of the paid-up share capital and if such quorum is not achieved again, the quorum requirement for the third general assembly decreases to one-third of the paid-up share capital. This decision of a general assembly must be adopted by a majority of two-thirds of the votes present or represented. In order to adopt such a decision, the board of directors is obliged to submit to the general assembly of the shareholders a written report on the reasons justifying such restriction or abolition of the pre-emptive rights.

Rights of Minority Shareholders

Our articles of association and Greek law provide that upon request by shareholders representing 5% of our paid-up share capital: (a) the board of directors is obliged to convene an extraordinary general assembly of shareholders within 30 days of service of the request, (b) the chairman of the general assembly is obliged to allow one postponement of the adoption of resolutions by general assembly provided an adjourned meeting is convened within 30 days to reconsider the resolutions, (c) the resolution of any matter included on the agenda for the general assembly must be adopted by a roll call, (d) the board of directors must disclose to the general assembly any amounts or any other benefits granted that were distributed to the directors, our senior management or to our employees during the course of the last two years and any agreements concluded between our company and such persons and (e) the board of directors must provide information concerning the affairs of our company useful for the evaluation of the items on the agenda, although the board of directors can refuse such a request based on reasonable grounds, which must be recorded in the minutes in accordance with our articles of association and Greek law.

Shareholders representing 5% of our paid-up share capital have the right to request a court to order an investigation of our company if it is believed that actions taken by the board of directors violated applicable law, our articles of association or resolutions of the general assembly of our shareholders.

Shareholders representing one-third of our paid-up share capital have the right to request a court to review our operations, when it is believed that we are not properly managed, and have the right to request that our board of directors, if such shareholders are not represented on the board of directors, provide them with information on the conduct of our business. The board of directors is obliged to provide such information, although it can refuse such a request on reasonable grounds, which must be recorded in the minutes in accordance with the law and our articles of association.

Rights on Liquidation

A liquidation procedure involves the dissolution of our company either (a) after expiration of the duration period of our company or (b) following a relevant decision of the general assembly taken by a quorum of shareholders representing two-thirds of our paid-up share capital being present or represented at the general assembly and two-thirds voting majority of the shareholders present or represented in such general assembly. During liquidation, a general assembly has the authority to designate at least two or a maximum of four liquidators who each have the rights ordinarily held by the board of directors. The board of directors ceases to exist upon the appointment of the liquidators.

Upon the passing of the resolution on liquidation, the liquidator(s) shall draw up an inventory of all our assets, complete pending transactions and sell our assets to the extent necessary to discharge our liabilities (excluding all amounts owed to the shareholders). Following the discharge of all our liabilities, the liquidator(s) shall reimburse the shareholders in full satisfaction of all amounts due to each of them in respect of their initial or further capital contributions and shall distribute to the shareholders *pro rata* the remaining corporate assets.

During the liquidation procedure, the general assembly is entitled to all rights under our articles of association and Greek law.

INFORMATION ABOUT THE COMPANY

Our Corporate Purposes

Pursuant to article 4 of our articles of association, our corporate purposes are the following:

(i) The carrying out, either on its behalf or on behalf of third parties, in Greece and abroad, either alone, or in co-operation or through a joint venture, of the totality of the activities and transactions that, pursuant to the relevant legislation, are allowed to be carried out each time by Greek banking institutions.

(ii) The promotion, *inter alia*, of saving especially among young ages, the support of the financial weaker groups for housing needs, the promotion, through its credit policy, of the financial development of the country and the local societies where the PSB is active and the contribution to the realization of general purposes of social character.

(iii) The acceptance of deposits of any kind in Euro or other currencies (either bearing interest or not).

(iv) The granting of loans, credit of any kind and guarantees in favor of third parties, the acquisition or assignment of claims, as well as the intermediation in the financing of businesses and their co-operation.

(v) The receiving of loans, credits and guarantees and the issuing of securities for the raising of capital.

(vi) The carrying out of transactions of payment, transfer of capital, as well as financing of international trade.

(vii) The maintaining, organization and management of securities of any kind, of debt notes, of financial products and financial assets in general, including portfolios, the carrying out of relevant transactions on its behalf and on behalf of third parties, as well as the provision or related services and advice.

(viii) The establishment or participation in Greek or foreign companies of any kind that are active in money markets, capital markets and financial and investment sector in general.

(ix) The issuing and management of means of payment (credit and debit cards, travel and bank checks, etc.).

(x) The provision of underwriting services, participation to the issuing and placement of securities, subscription of securities and provision of related services.

(xi) The provision of advice to companies in relation to their capital structure and business strategy, as well as services in the areas of mergers, divisions and acquisitions of companies and related issues.

(xii) The provision of services of financial rationalization and financial restructuring of a company.

(xiii) The provision of factoring services.

(xiv) The provision of trade information, including services for the evaluation of the credit worthiness of third parties.

(xv) The lease of safe deposits.

(xvi) The carrying out of pawning services

(xvii) The representation of third parties having objects similar with the above and in general the carrying out of any other activity, transaction, or duty, which is similar with the above or promotes the objects of the PSB, pursuant to its articles of association.

(xviii) The provision of all investment services that are provided by Law 2396/1996, as this is currently in force, and the operation of the PSB as an investment company, pursuant to the said law.

(xix) The ability to be registered as a member of the organized stock markets, following the granting of a relevant licence by the Bank of Greece.

(xx) The co-operation in Greece and abroad with persons or legal entities of any kind, companies or institutions and the establishment or participation in any way in the above.

Changes in our Shareholders' Rights

Any change in the rights of our shareholders requires an amendment of our articles of association, which may only be done at a general assembly of our shareholders. Quorum for the general assembly requires shareholders holding at least two-thirds of our paid-up share capital to be either present in person or through a duly appointed representative at the assembly. In case such quorum does not exist, the general assembly may convene again within 20 days from the date of the first meeting, provided that the invitations for such the adjourned assembly (at which there was no quorum) were issued ten days prior to the date of the subsequent assembly. Following such invitation, the general assembly is deemed to have a quorum and may validly vote on all items contained in the original agenda. If 50% of the paid-up share capital is either present in person or through a duly appointed representative of the assembly and if such quorum is not achieved again, the quorum for the third general assembly decreases to one-third of the paid up share capital.

Amendments to our articles of association are validly adopted by a majority of two-thirds of the votes present or represented at the assembly.

Convening the General Assembly of Shareholders

The general assembly is convened by our board of directors, which also determines the items on the assembly's agenda. The annual meeting of our general assembly is held at our registered office once a year, and must meet within the first six months following the end of our financial year. Extraordinary meetings may be held whenever our board of directors deems it necessary.

The general assembly may also be convened at the request of shareholders representing one-twentieth of our paid-in share capital, or at the request of the auditors. In these cases, our board of directors is obliged to call an extraordinary meeting of the general assembly, the date of which must be within thirty days (if following a request of one-twentieth of the shareholders) or ten days (if following a request of the auditors) from the date of the relevant notice to the Chairman of our board and determine the items of the agenda as are set forth in the notice.

The invitations for the general assembly are published (a) at least ten days prior to the date thereof in the *Bulletin of Sociétés Anonymes and Companies of Limited Liability* of the Hellenic Republic's Gazette, and (b) at least 20 days prior to the date thereof in a daily Athens newspaper of large circulation; in one daily financial paper; and in one daily or at least weekly newspaper among those published at the registered seat of PSB. The invitations must also be posted in a conspicuous place in our offices at least 20 days prior to the date of the meeting.

The general assembly, whether annual or extraordinary, cannot discuss or decide on matters which are not included in the agenda unless those shareholders holding all of our share capital are either present or represented and agree to discuss and resolve on items which are not included in the agenda.

Each shareholder may participate in the general assembly either in person or through a representative (who does not have to be a shareholder) provided he is the owner of at least one share. Minors or persons under judicial interdiction or supervision and legal entities are represented by their legal representatives.

Shareholders who wish to participate at the general assembly are required to deposit their shares with our Treasury Department, the Greek Deposits and Loans Fund, or with any banking institution in Greece, and to submit to us a certificate certifying the deposit at least five days prior to the date of the meeting.

SECURITIES TRADING IN GREECE

General

The Athens Exchange, or the ATHEX, (formerly known as the Athens Stock Exchange) commenced operations in 1876. The first securities that were traded on the ATHEX were Hellenic Republic bonds and shares of the National Bank of Greece. Four years later, the ATHEX officially opened as an exchange following the election of its first board of directors. The ATHEX has operated continuously since 1880. The ATHEX created a new market known as the parallel market in 1988 to help smaller and newly established companies issue shares to the public. Historically, these companies were unable to meet the stricter listing criteria of the main market. In 1999, a new market, the New Stock Market (the **NEHA**) was created for the listing of the shares of small and medium capitalization innovative companies with potential for rapid growth. Finally in 2000, the fourth market of the ATHEX, the Greek Market of Emerging Capital Markets (the **EAGAK**) was created. Following authorization by Law 3152/2003, the ATHEX issued on June 8, 2004 the Athens Exchange Regulation (the **ATHEX Regulation**) which came into effect on June 16, 2004. The ATHEX Regulation contains in a consolidated form provisions which were previously included in a large number of decisions that were issued by the ATHEX itself and certain other competent bodies (such as, but not limited to, the former Derivatives Exchange) either in their original form or amended. Finally, following authorization by Law 3177/2005, the ATHEX Regulation was substantially amended and all the existing markets of the Athens Exchange were abolished. Today, the ATHEX consists of two markets: the **Securities Market** and the **Derivatives Market**. The securities of companies listed on the Securities Market are classified into one of five main categories, namely: (a) the Big Cap Category, (b) the Small and Medium Cap Category, (c) the Fixed Income Securities Category, (d) the Under Surveillance Category and (e) the Special Stock Exchange characteristics. When securities are listed for the first time on the Securities Market of the ATHEX they will fall within one of the first three categories.

The Athens Exchange established a number of subsidiaries, including the Thessaloniki Stock Exchange Center, whose purposes are the facilitation of the listing on the main, parallel and new stock market of companies operating in northern Greece, the trading through the ATHEX trading system by investors residing in northern Greece. Additionally, the ATHEX has established Systems Development and Capital Market Support S.A. (**ASYK**) and the Capital Market Training Center, the purposes of which include the proposal of measures for modernizing and enhancing capital markets in Greece and the provision of educational support to persons involved in capital market activities, respectively. In 1995, the ATHEX's corporate status was transformed into a *société anonyme*. Today, all the shares in the ATHEX and most shares of the aforementioned companies are held by a holding company under the trade name "Hellenic Exchanges Holdings *Société Anonyme*" (**HELEX**), which was formed on March 29, 2000. HELEX has a share capital of €358.9 million, comprised of 71,088,173 ordinary registered shares which are listed and traded on the main market of the ATHEX and held by institutional investors, listed companies and retail and other investors.

The Greek capital markets, and the ATHEX in particular, are regulated under a series of laws enacted by the Greek Parliament, decisions and regulations issued by the Ministry of Economy and Finance, the board of directors of the Hellenic Capital Markets Commission, and the board of directors of the ATHEX. On May 31, 2001, the ATHEX was upgraded by the Morgan Stanley Composite Index from an emerging to a developed market status. Finally, the creation of stock and derivatives exchanges in addition to the stock and derivatives markets of the ATHEX and the Athens Derivatives Exchange has been permitted in the Hellenic Republic pursuant to Law 3152/2003. The operating license of these exchanges is granted by the Hellenic Capital Markets Commission, provided these exchanges fulfill certain capital and other requirements set forth in Law 3152/2003 and in a ministerial decision of the Minister of Economy and Finance yet to be issued.

Membership of the ATHEX

Membership is required for brokerage firms in order to effect transactions on the ATHEX and is subject to approval by the board of directors of the ATHEX and licensing by the Hellenic Capital Markets Commission. In addition, brokerage firms must appoint at least one official representative who is authorized to conduct transactions on the ATHEX, who must fulfill certain qualifications required by law and pass an examination given by the Hellenic Capital Markets Commission. For companies established in Greece, the minimum capital requirement in order to obtain a license to operate a brokerage firm or an Investment Services Firm and qualify as an ATHEX member is €0.6 million.

Members of the Athens Exchange may engage in transactions through the Automated Exchange Trading System (**OASIS**), an electronic trading system, on behalf of their customers or on their own behalf. Brokerage firms and Investment Services Firms (as defined in the EU ISD defined below) with a share capital of at least €3 million are also permitted to provide underwriting and market making services. Pursuant to the EU Investment Services Directive 93/22/EC (**EU ISD**), implemented in Greece in April 1996 pursuant to Law 2396/1996, investment services may be provided in Greece by Investment Services Firms established in Greece with a minimum share capital of €0.6 million, or €3 million if engaging in underwriting, that have received an appropriate operating license from the Hellenic Capital Markets Commission, as well as by European Union Investment Services Firms benefiting from a European passport in accordance with the EU ISD and Law 2396/1996. Investment services within the scope of the EU ISD include the receipt and transfer of orders from investors to effect stock exchange transactions, the execution of such orders (or engagement in stock exchange transactions on behalf of customer investors) and the underwriting, in total or in part, of an issue of securities. In addition, the Hellenic Capital Markets Commission has also introduced rules relating to the performance of portfolio management by Investment Services Firms. Orders Companies are companies that are only allowed to receive and transfer their customers' orders to Investment Services Firms, and are prohibited from dealing in Athens Exchange transactions on behalf of their customers or from acting as a custodian for their customers' shares or cash. The receipt and transfer of shares by Orders Companies is governed by Law 2396/1996 and the Hellenic Capital Markets Commission's decisions. Pursuant to the ATHEX Regulation, Investment Services Firms established in the EU or the EEA may become remote members of the Athens Exchange without being required to have a permanent establishment in Greece. Nevertheless, they would need to appoint (a) a local custodian to clear and settle stock exchange transactions and any other actions in relation to which they would be otherwise required to perform by being physically present in Greece, and (b) a local person to act as their representative and as agent for service of process.

Stock Market Indices

The most widely followed index in Greece is the ATHEX Composite Index, a market capitalization index which tracks the price movement in the shares of 58 leading Greek companies, listed today under the Big Cap Category.

The following table sets out the movement of the ATHEX Composite Index. The highs and lows are for the periods indicated and the close is on the last trading day of the period:

Year	High	Low	Close
2000	5,795	3,217	3,389
2001	3,389	2,106	2,592
2002	2,646	1,727	1,748
2003	2,311	1,467	2,264
2004	2,789	2,227	2,786
2005	3,664	2,786	3,664
2006 (until May 11)	4,317	2,855	4,244

Trading on the ATHEX

Trading on the ATHEX takes place every week from Monday to Friday, except for public holidays. The daily trading session for the big cap category starts at 11.30 a.m. and ends at 4.30 p.m., Athens time, while the daily trading session for the Small and Medium Cap Category starts at 2.00 p.m. and ends at 4.30 p.m., Athens time. From 4.30 p.m. to 4.55 p.m. the trading "at the close" session takes place.

The Regulation contains provisions regarding the trading of shares and other securities listed on the Securities Market and classified under one of the five main categories, the Big Cap Category, the Small and Medium Cap Category, the Fixed Income Securities Category, the Under Surveillance Category and the special stock exchange characteristics. As of November 28, 2005, the shares of 88 companies were classified under the Big Cap Category, the shares of 217 were classified under the Small and Medium Cap Category, the shares of five companies were classified under the Special Stock Exchange Characteristics Category, the shares of 17 companies were classified under the Under Surveillance Category while 34 companies' shares were under suspension of trading. In general under these rules, the trading of shares on the ATHEX is conducted through the remote placing of orders into OASIS from the ATHEX member offices on the basis of the trading methods and trading models set out in the ATHEX Regulation. Depending on the trading method and model, the period of time during which buy and sell orders can be placed into OASIS and subsequently executed varies between 11:15 a.m. and 4:30 p.m. (Athens time), depending on the category in which the securities of a company are classified.

In principle, all share prices of shares classified under the Big Cap and Small and Medium Cap Categories are eligible for +/-10% fluctuations from the closing price of the preceding trading session, while shares classified under the Under surveillance and Special Stock Exchange Characteristics Categories are eligible for +/-20% fluctuations and securities classified under the Fixed Income Securities Category are allowed to fluctuate freely. However, as concerns shares classified under the Big Cap and Small and Medium Cap categories, if the price of a share remains at the best bid offer (i.e., all incoming purchase orders at limit up or sale orders at limit down) for 15 minutes then the +/-10% limit is extended by a further 10%. Thus, in aggregate, the price of a share listed on the ATHEX on a certain day is not permitted to fluctuate more than 20% from its closing price on the previous day. An exception to this rule are shares classified under the Big Cap Category and included in the FTSE-ATHEX 20 Index, which may be allowed to fluctuate freely. Newly listed securities are allowed to fluctuate freely during the first three sessions of their listing.

Block trades of shares with a value exceeding €0.6 million, or representing at least 5.0% of a listed company's share capital, may be conducted through the ATHEX by following a special procedure under which the parties involved, the number of shares to be sold and the price range are pre-agreed. There is a limit to the number of parties involved in a block trade; in particular, up to three persons may participate as either buyers or sellers, with only one person on the other side of the trade. This limitation in the number of parties involved does not apply to block trades made in the context of new listings or offerings of existing shares. Block trades may take place at prices that follow certain rules based on the price deviation percentage from the latest traded price and if no such price exists, the closing price for the shares on the previous session:

- at the current price of the share, when the value of the block trade ranges from €0.6 million to approximately €1.2 million;
- at 5.0% from the current price of the share, when the value of the block trade ranges from approximately €1.2 million to approximately €2.4 million; and
- at 10.0% from the current price of the share, when the value of the block trade exceeds €2.4 million.

Price limitations do not apply in the following circumstances:

- when the shares transferred equal or exceed 5.0% of the total number of shares of the company (independent of the percentages of shares in particular categories i.e., preferred or common);
- for block trades exceeding €30 million of (a) the majority of the Hellenic Republic owned listed companies' shares or (b) shares of listed companies with total assets exceeding €1.5 billion;
- for transfers of share blocks in the context of an initial public offering or in the context of an initial public offering and a private placement, as further described in the ATHEX Regulation; and
- for transfer of share blocks by underwriters who acquired shares for stabilization purposes to shareholders that previously sold the shares for the same purposes in the context of an initial public offering or in the context of an initial public offering and a private placement.

For purposes of calculating the allowed price deviation for a block trade, all block trades effected simultaneously are aggregated in order to determine the block trade size, provided that the selling parties do not appear as buying parties in other block trades aggregated under this rule.

All prices of completed block trades are communicated to the ATHEX through OASIS and published in a separate section of the Official List of the ATHEX, although such prices are not shown as the last traded price. Trades are noted in the official register of the ATHEX, and all information on bids and offers is made available to Telerate and Reuters on a continuous basis.

Under Greek law, a person is prohibited from entering into sales of shares on the ATHEX if such person does not have full and unencumbered title to, and possession of, the shares being sold at the time the order is matched, except in the context of short sale transactions conducted strictly in accordance with the rules issued by the Hellenic Capital Markets Commission.

Shares may be traded in lots of one, five, ten and twenty-five shares according to the trading lot size of each security. Prices of all securities listed on the ATHEX are published in the Official List of the ATHEX.

Over the counter transactions involving listed securities are limited. The most notable exception is that shares representing up to 0.5% of the total number of shares of the same class of a listed company may be traded outside the scope and the procedures of the ATHEX, provided that none of the sellers or purchasers are professionally engaged in securities trading and provided this trade is settled in cash.

Disclosure Requirements

When, as a result of a transfer of shares listed on the ATHEX, a person owns or indirectly controls a percentage equal to or in excess of 5.0%, 10.0%, 20.0%, 1/3, 50.0% or 2/3 of the voting rights of the relevant company, or such ownership or control falls below these levels, the holder is required to notify the company and the ATHEX of his holdings and percentage of voting rights in writing within one calendar day. When a person holds an interest of more than 10% of the voting rights of a company whose securities are listed on the ATHEX or is a member of the board of directors and that person's interest increases or decreases by more than 3% (or 1.5% when the shares of the company have been listed on the ATHEX for less than 12 months) of the total voting rights in the company, then that person is similarly required to notify the company and the ATHEX the next calendar day. Furthermore, any person exercising managerial duties i.e. members of the board of directors, or other managerial or supervisory bodies of the company, the general manager, the Internal Auditor, the managers of the Corporate Announcements and Shareholder Relations Departments, the Chief Financial Officer, the Treasurer, the auditors, the Head of the Legal Department as well as any other executive officer of the company which is not a member of the above bodies but has regular access to privileged information and the authority to adopt managerial decisions which may affect the future development of the company as well as persons closely connected to the above persons (relatives, spouses etc.) are similarly required to notify the company within 2 calendar days, which in turn has to notify until the next calendar day the Athens Exchange all their transactions in shares of the company, unless their total transactions in one calendar year do not exceed €5,000.

Decision 2/258/5.12.2002 of the Hellenic Capital Markets Commission regulates the public takeover bids for securities that are listed on the ATHEX. Pursuant to this decision, anyone who proceeds with a voluntary takeover bid for a public company must address to the shareholders a bid for the acquisition of at least 50.0% of the total number of shares of that company, specifying the minimum number of shares which must be tendered for the bid to remain in force, which nonetheless may not be less than 40.0% (including shares held by the bidder). In addition, any person who acquires shares and due to such acquisition holds more than 50.0% of the total voting rights of any listed company is obliged within 30 days to make a public takeover bid for the remaining shares of that company (subject to certain exceptions and qualifications).

Any public takeover bid must be communicated in writing, prior to its announcement to the public, to the Hellenic Capital Markets Commission and the board of directors of the target company and within the next day in the ATHEX Daily Official List, one major daily newspaper, one major financial newspaper, and if the company is listed on a foreign stock exchange, in a financial newspaper at the registered seat of that foreign stock exchange. The bidder must also issue and make public (following the approval of the Hellenic Capital Markets Commission) an information memorandum containing certain data required by the Hellenic Capital Markets Commission. The results of the bid are to be published within two business days from the end of the acceptance period.

Settlement, Clearance and the Central Securities Depositary

Settlement of both registered and bearer shares listed on the ATHEX is effected through the Central Securities Depositary S.A. The Central Securities Depositary S.A. is responsible for settling and clearing ATHEX transactions, and holding the shares deposited with it in book entry form. The Central Securities Depositary S.A. is administered by an 11-member board of directors. Its shareholder is the Hellenic Exchanges Holdings S.A.

Book entry of listed shares was introduced by virtue of Law 2396/1996, as amended. The dematerialization of Greek shares commenced in March 1999, with the market becoming fully dematerialized in December 1999.

To participate in the dematerialized system of securities (**SAT**) each investor is required to open a dematerialization account, which is identified by a dematerialized account number (**SAT account**). Shareholders who wish to open a SAT account can appoint one or more Athens Exchange members or custodian banks as authorized operators (**Operators**) of their SAT accounts. Only Operators have access to balances and other information concerning a SAT account.

The clearance procedure through the Central Securities Depositary S.A. consists of three principal stages:

- first, the notification by the ATHEX to the Central Securities Depositary S.A. of the transactions concluded within each trading day;
- second, the notification by the Operators of the SAT account of the seller and the buyer of the number of shares to be debited and credited to their respective SAT accounts. Following the notification of the SAT account of the seller the shares sold are blocked for transfer purposes. Furthermore, the system ensures that the shares sold are debited from the SAT account of the seller and credited to the SAT account of the buyer; and
- third, settlement of the transaction is effected by delivery versus payment on a multilateral basis. Bilateral settlement is also possible in exceptional circumstances, in particular in block trades. The transfer of shares is effected by debiting the SAT account of the seller and crediting the SAT account of the buyer on the settlement date. The settlement and clearing of shares in book entry form is carried out by the Central Securities Depositary S.A. on the third day after the trade day (T+3). In the case of block trades, the settlement may take place from T+0 to T+3.

The Athens Exchange may invalidate a transaction if it considers it necessary for the protection of the investors, in particular in cases of fraud.

Liabilities of investment services firms resulting from their trading activities on the Athens Exchange are guaranteed by the ATHEX Member Guarantee Fund, to which each Athens Exchange member contributes, and which is operated as a separate legal entity. In addition, another fund, the Supplementary Clearing Fund, provides—if the ATHEX so deems—immediate coverage against liabilities of Athens Exchange members that have forwarded trading orders which result from delayed clearing due to the fact that shares or cash have not been delivered. The manager and custodian of the Supplementary Clearing Fund is the ATHEX.

Pursuant to article 10 of Law 3340/2005 (which implemented EC Directive 2003/6), all companies whose shares are listed on the Athens Exchange should announce to the ATHEX for publication in any privileged information which directly concerns them. Events, which could be deemed to form privileged information include (i) a material change in its business or in the business of a company included in its consolidated financial statements, (ii) the conclusion or discontinuation of material cooperations or business alliances and any material agreement that has been entered into in connection therewith, (iii) any material international initiative, (iv) the initiation of a tender offer, (v) the participation in any process involving a merger, de-merger, buy-out, purchase or sale of shares representing at least 5% of a company's capital in which the company or members of its board of directors or shareholders holding at least 10% of the company's share capital participate by at least 10%, (vi) any change in the composition of the company's board of directors and its top management, (vii) the distribution and payment of dividends, the issuance, distribution or conversion of shares, the exercise or disapplication of pre-emption rights, (viii) any change in any material information set forth in the company's most recent information memorandum or annual report; (ix) any material change in the company's assets and capital structure, (x) any change which may have a material impact on the structure and financials of the company's group, (xi) share buy-back programmes, (xii) restructuring of operations which may have a significant impact on the financial status and results, (xiii) bankruptcy petitions or similar court decisions, (xiv) revocation of a decision for the granting of credit by creditors or refusal of such granting; and (xv) material changes in the estimated or forecasted results announced. Moreover, pursuant to Decision No. 5/204/14.11.2000 of the Hellenic Capital Markets Commission a listed company should announce to the ATHEX for publication in the Daily Official List thereof whether certain information or rumors relating to its business activities and operations are accurate, inaccurate, true or false and provide all relevant details available to it. Alternatively, the company may announce that it reserves the right not to comment upon such information or rumors and proceed with an official announcement at a later stage. The same announcement obligations apply in circumstances where confidential information has leaked.

Any exemption from the aforementioned disclosure obligations is subject to the approval of the board of directors of the Athens Exchange.

Settlement and Clearance through Euroclear and Clearstream Banking

If any investor elects to hold its ordinary shares through Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream Banking**), its ordinary shares will be held in accordance with the applicable terms and conditions and operating procedures governing use of Euroclear or Clearstream Banking, as amended from time to time. Any investor who so holds ordinary shares shall have the right to receive the number of ordinary shares so held, upon compliance with the foregoing terms, conditions and operating procedures of Euroclear or Clearstream Banking, subject to the applicable provisions of Greek law.

With respect to ordinary shares that are held through Euroclear or Clearstream Banking, such ordinary shares will be initially registered in the name of a nominee of Euroclear or Clearstream Banking, or in the name of its respective custodian located in the Hellenic Republic, as the case may be. Thereafter, investors may have direct access to ordinary shares so held, upon payment of the applicable fees and taxes described below, if any, compliance with the applicable provisions of Greek law regarding transfer of ownership of such ordinary shares (which may restrict the transfer of the ordinary shares to the investor at the price it paid for such ordinary shares) from Euroclear or Clearstream Banking or their nominee or respective custodian located in the Hellenic Republic, as the case may be, and obtaining the relevant recording in the book-entry registry kept by the Central Securities Depositary S.A.

Under Greek law, only the record holder of the ordinary shares (according to the registry kept by the Central Securities Depositary S.A.) is considered to be the owner of the ordinary shares and as a result entitled to sell, create a security interest over or otherwise deal with the ordinary shares, or receive dividends and other distributions and to exercise voting, pre-emptive and other rights in respect of such ordinary shares. Euroclear or Clearstream Banking or its respective nominee or custodian located in the Hellenic Republic will be sole record holders of the ordinary shares held through Euroclear or Clearstream Banking until such time as investors exercise their rights to cause them to transfer ownership of the ordinary shares in accordance with the applicable provisions of Greek law and obtain the recording of the investor's ownership of the shares in the book-entry registry kept by the Central Securities Depositary S.A.

Proceeds from the sale of ordinary shares, cash dividends or cash distributions, as well as stock dividends or other distributions of securities, received in respect of the ordinary shares that are registered with the Central Securities Depositary S.A. in the name of Euroclear or Clearstream Banking or its respective nominee or custodian located in the Hellenic Republic will be credited by Euroclear or Clearstream Banking to the cash accounts maintained on behalf of the investors or their custodians at Euroclear or Clearstream Banking, as the case may be, after deduction for applicable withholding taxes, in accordance with the applicable terms, conditions and procedures of Euroclear or Clearstream Banking and the laws of the Hellenic Republic.

Euroclear and Clearstream Banking will endeavor to inform investors of any significant events of which they have notice affecting the ordinary shares recorded in their name or their respective nominee or custodian located in the Hellenic Republic and requiring action to be taken by investors. Each of Euroclear and Clearstream Banking may, at its discretion, take such action as it deems appropriate in order to assist investors to direct the exercise of voting rights in respect of the ordinary shares. Such actions may include: (a) acceptance of instructions from investors to execute or to arrange for the execution of proxies, powers of attorney or other similar certificates for delivery to us or our agent or (b) voting of such shares by Euroclear or Clearstream Banking or their respective nominee or custodian located in the Hellenic Republic in accordance with the instructions of investors, subject to compliance with the applicable provisions of Greek law.

If we offer or cause to be offered to Euroclear or Clearstream Banking or its respective nominee or custodian located in the Hellenic Republic, as the record holders of the ordinary shares, any rights to subscribe for new ordinary shares or rights of any other nature with respect to the ordinary shares, each of Euroclear and Clearstream Banking will endeavor to inform investors of the terms of any such rights issue of which it has notice in accordance with the provisions of the regulations and procedures referred to above. Such rights will be exercised, insofar as practicable and permitted by applicable law, according to written instructions received from investors, such rights may be sold and, in such event the net proceeds will be credited to the cash account maintained on behalf of the investor or its custodian with Euroclear or Clearstream Banking, as the case may be.

Beneficial holders of ordinary shares held through either Euroclear or Clearstream Banking will be subject to the settlement procedures of that clearing system and may experience delays in the trading and settlement as compared with holders of ordinary shares through an Athens Exchange member or authorized operator.

Pursuant to currently applicable Greek regulations, Euroclear will be required to notify the ATHEX if the percentage of our ordinary shares held by its nominee is more than 5.0% of the outstanding share capital. Any trade that may result in Euroclear or its nominee holding in excess of this threshold may in certain cases be rejected. In such event, the acquiror would be required to hold the shares in question either through a SAT account with the Central Securities Depositary S.A. or through Clearstream Banking or its custodian located in the Hellenic Republic.

EXCHANGE CONTROL POLICY

There are currently no exchange controls in Greece that would restrict the payment of dividends or other capital distributions to a holder of ordinary shares outside Greece or that would affect the right of a non-Greek holder of ordinary shares to dispose of his ordinary shares and receive the proceeds of such disposal outside Greece.

All forms of capital movement in and out of Greece have been liberalized pursuant to Presidential Decrees 96/1993 and 104/1994 (implementing EU Council Directives 88/361/EEC and 92/122/EEC) and corresponding acts of the Governor of the Bank of Greece. Foreign investors may purchase securities listed on the ATHEX, as well as Hellenic Republic bonds and treasury bills. Repatriation of capital and dividends and any other income on securities is fully liberalized subject to compliance with certain reporting procedures and requirements. Potential purchasers of our ordinary shares should consult their professional advisers in connection with the procedures and requirements applicable to such repatriation.

TAXATION OF OUR ORDINARY SHARES

The following summary describes certain tax consequences of the purchase, ownership and disposition of our ordinary shares. It is not a complete description of all the possible tax consequences of such purchase, ownership or disposition. This summary is based on the laws as in force and as applied in practice on the date of this Offering Memorandum and is subject to changes to those laws and practices subsequent to the date of this Offering Memorandum. You should consult your own advisers as to the tax consequences of the acquisition, ownership and disposition of our ordinary shares in light of your particular circumstances, including, in particular, the effect of any state, regional or local tax laws.

Greek Taxation

Introduction

The following is a summary of certain Greek tax considerations that may be relevant to the acquisition, ownership and disposition of our ordinary shares. The summary does not purport to be nor should it be relied upon as a comprehensive description or analysis of all the tax considerations which may be relevant to a decision to acquire our ordinary shares.

The summary is based on the tax laws and regulations in effect in Greece on the date hereof, which are subject to change without notice. Prospective purchasers or holders of our ordinary shares should consult their own tax advisers as to the Greek or other tax consequences arising from the acquisition, ownership and disposition of our ordinary shares, having regard to their particular circumstances.

Taxation of our Company and of Dividends

The Company's net income for fiscal year 2005 is taxed at a flat rate of 32%, while the Company's net income for the fiscal years 2006 and 2007 will be taxed at a flat rate of 29% and 25% respectively.

No Greek withholding taxes are imposed on the payment of dividends on our ordinary shares.

Taxation of Capital Gains

Under Article 38 of Law 2238/1994, as now in force, capital gains resulting from the sale of shares listed on the Athens Exchange by certain Greek enterprises and joint ventures maintaining double-entry accounting records will not be subject to income tax, provided that such gains are maintained in a special reserve account in the accounting records to offset losses deriving from sales of listed or unlisted shares. In the case of distribution or dissolution of such an enterprise, these gains will be added to income and will be taxed accordingly.

Capital gains from the sale of shares listed on the Athens Exchange earned by natural persons (whether Greek or foreign residents), and enterprises domiciled in Greece but not required to maintain double-entry accounting records, are also exempt from taxation.

Capital gains deriving from the sale of our ordinary shares and earned by our non-Greek shareholders that are not Greek residents will not be subject to income taxation in Greece.

Transfer Tax

The sale of our ordinary shares on the Athens Exchange is subject to transfer tax currently at the rate of 0.15% which is payable by the seller and is charged by the Central Securities Depositary S.A. to brokerage firms, which then in turn charge their clients. In addition, a levy of 0.06% is charged to the buyer and the seller by the Central Securities Depositary S.A. to cover settlement costs.

Stamp Duty

The issuance and transfer of our ordinary shares as well as the payment of dividends therefrom is exempt from stamp duty.

Inheritance or Succession Taxes

Inheritance or succession taxes are payable in Greece on our ordinary shares, based on a progressive system which depends on the degree of relationship between the deceased and the beneficiary. The taxable basis for our ordinary shares is prescribed in Law 2961/2001, as currently in force.

Gift Tax (Donation Taxes)

A similar system of progressive taxation applies to the donation of our ordinary shares.

Prospective purchasers should consult with their own tax advisers concerning the overall Greek tax (including capital gains, inheritance or succession, and gift tax) consequences of the acquisition, ownership and disposition of our ordinary shares.

United States Federal Income Taxation

Introduction

The following is a general discussion of certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of our ordinary shares by U.S. Holders (as defined below) that purchase our ordinary shares in the international offering and hold our ordinary shares as capital assets. This discussion is based on the Internal Revenue Code of 1986, as amended (the **Code**), final, temporary and proposed U.S. Treasury regulations promulgated thereunder, and administrative and judicial interpretations thereof, all as of the date hereof and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This discussion is for general information only and does not address all of the tax considerations that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as insurance companies, financial institutions, tax-exempt entities, retirement plans, regulated investment companies, partnerships, S corporations, real estate investment trusts, dealers in securities, brokers, U.S. expatriates, persons subject to the alternative minimum tax, persons who have acquired our ordinary shares as part of a straddle, hedge, synthetic security, conversion transaction or other integrated investment, persons that have a functional currency other than the U.S. dollar or persons that own (or are deemed to own) 10.0% or more (by voting power) of our stock). Further, this discussion does not address any tax consequences applicable to holders of equity interests in a holder of the ordinary shares. This discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift or alternative minimum tax considerations.

As used in this discussion, the term **U.S. Holder** means a beneficial owner of our ordinary shares that is, for U.S. federal income tax purposes, (a) an individual who is a citizen or resident of the United States, (b) a corporation created or organized in or under the laws of the United States or of any state or political subdivision thereof or therein, including the District of Columbia, (c) an estate the income of which is subject to U.S. federal income tax regardless of the source thereof or (d) a trust with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions, or certain electing trusts that were in existence on August 19, 1996 and were treated as domestic trusts on that date. If a partnership, or any other entity treated as a partnership for U.S. federal income tax purposes, holds our ordinary shares, the tax treatment of such partnership and its partners will generally depend upon the status and activities of the partnership and the partner.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSIDERATIONS APPLICABLE TO THEM RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR ORDINARY SHARES, INCLUDING THE APPLICABILITY OF U.S. FEDERAL, STATE AND LOCAL TAX LAWS OR NON-U.S. TAX LAWS, ANY CHANGES IN APPLICABLE TAX LAWS AND ANY PENDING OR PROPOSED LEGISLATION OR REGULATIONS.

EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE CODE; (B) ANY SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

Passive Foreign Investment Company Considerations

We expect to be a passive foreign investment company (**PFIC**) for U.S. federal income tax purposes for the current taxable year and there is a significant likelihood that we will be a passive foreign investment company in one or more future taxable years. This determination is made annually at the end of the taxable year and is dependent upon a number of factors, some of which are beyond our control, including the value of our assets and the amount and type of our income, and is therefore subject to uncertainty. If we are a PFIC in any taxable year that a U.S. Holder holds our ordinary shares, we will generally continue to be treated as a PFIC with respect to such U.S. Holder in all succeeding taxable years, regardless of whether we continue to meet the income or asset test described below, unless the U.S. Holder makes an election to recognize any gain as if such U.S. Holder sold our ordinary shares as of the last day of the last taxable year for which we are a PFIC (with the PFIC consequences described below). If we are a PFIC in any year, U.S. Holders could suffer adverse tax consequences as discussed below.

In general, a corporation organized outside the United States will be treated as a PFIC for U.S. federal income tax purposes in any taxable year in which either (a) at least 75.0% of its gross income is passive income or (b) at least 50.0% of the quarterly average value of its assets is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities and securities transactions. In determining whether a foreign corporation is a PFIC, a *pro rata* portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25.0% interest (by value) is taken into account.

Assuming that we are a PFIC for a taxable year during which a U.S. Holder owns our ordinary shares, such U.S. Holder will be subject to special rules that could result in adverse U.S. federal income tax consequences. In such a case, gain recognized upon a disposition (including, under certain circumstances, a constructive disposition) of our ordinary shares by such U.S. Holder would be allocated ratably over the U.S. Holder's holding period for such ordinary shares. The amounts allocated to the taxable year of disposition and to years before we became a PFIC, if any, would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for such taxable year for individuals or corporations, as appropriate, and an interest charge would be imposed on the tax attributable to such allocated amounts. Further, any distribution received by such U.S. Holder on our ordinary shares in excess of 125% of the average of the annual distributions on such ordinary shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, would be subject to taxation as described above.

The above adverse tax consequences may be mitigated if a "mark-to-market" election is available and a U.S. Holder validly makes such an election. If such election is made, such U.S. Holder generally will be required to take into account the difference, if any, between the fair market value of and its adjusted tax basis in our ordinary shares at the end of each taxable year as ordinary income or ordinary loss (to the extent of any net mark-to-market gains previously included in income). In addition, any gain from a sale or other disposition of our ordinary shares will be treated as ordinary income, and any loss will be treated as ordinary loss (to the extent of any net mark-to-market gains previously included in income). A mark-to-market election is available to a U.S. Holder only if our ordinary shares are considered "marketable stock" for these purposes. Generally, stock will be considered marketable stock if it is "regularly traded" on a "qualified exchange" within the meaning of applicable U.S. Treasury regulations. A class of stock is regularly traded during any calendar year during which such class of stock is traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter (or prescribed shorter period during the quarter that includes the offering). A non-U.S. securities exchange will constitute a qualified exchange if it is regulated or supervised by a governmental authority of the country in which it is located and meets certain trading, listing, financial disclosure and other requirements set forth in the applicable U.S. Treasury regulations. Prospective investors are urged to consult their own tax advisers regarding whether our ordinary shares will be treated as marketable stock for these purposes.

The adverse tax consequences may also be mitigated if a U.S. Holder is eligible for and timely makes a valid qualified electing fund election (**QEF election**) and we distribute yearly substantially all of our income. If a QEF election is made, such U.S. Holder generally will be required to include in income on a current basis its *pro rata* share of our ordinary income and net capital gains. In order for a U.S. Holder to be able to make a QEF election, we would be required to provide such U.S. Holder with certain information. We currently do not intend to provide U.S. Holders with the required information, in which case a QEF election would be unavailable.

If a U.S. Holder owns our ordinary shares during any year in which we are a PFIC, such U.S. Holder must file an IRS Form 8621. In addition, if we were a PFIC for a taxable year in which we pay a dividend or the prior taxable year, the preferential dividend rates discussed below with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

Prospective investors should consult their own tax advisers regarding the U.S. federal income tax consequences of an investment in a PFIC, the likelihood that an investment in our ordinary shares may represent an investment in a PFIC and the availability of the elections described above.

Dividends

Subject to the discussion above under "—Passive Foreign Investment Company Considerations," any distribution made by us on our ordinary shares will be treated as a dividend includible in the gross income of a U.S. Holder as ordinary income to the extent of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent the amount of such distribution exceeds our current and accumulated earnings and profits as so computed, it will be treated first as a non-taxable return of capital to the extent of such U.S. Holder's adjusted tax basis in such shares and, to the extent the amount of such distribution exceeds such adjusted tax basis, will be treated as gain from the sale of such shares. We do not expect to maintain calculations of earnings and profits for U.S. federal income tax purposes. Therefore, a U.S. Holder should expect that a distribution will generally be reported as a dividend. Dividends paid on our ordinary shares generally will constitute income from sources outside the United States for foreign tax credit limitation purposes and will not be eligible for the "dividends received" deduction. The amount of any distribution of property other than cash will be the fair market value of the property on the date of the distribution.

The amount of the dividend a U.S. Holder will be required to include in income will equal the U.S. dollar value of such dividend. The U.S. dollar value of any distribution made by us in euros must be calculated by reference to the exchange rate in effect on the date of receipt of such distribution by the U.S. Holder, regardless of whether the euros are in fact converted into U.S. dollars. If the euros so received are converted into U.S. dollars on the date of receipt, such U.S. Holder generally will not recognize foreign currency gain or loss on such conversion. If the euros so received are not converted into U.S. dollars on the date of receipt, such U.S. Holder will have a basis in the euros equal to their U.S. dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the euros generally will be treated as ordinary income or loss to such U.S. Holder and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Legislation enacted in 2003 (the **2003 Legislation**) reduces to 15% the maximum tax rate for qualified dividends received by certain non-corporate taxpayers through taxable years beginning on or before December 31, 2008, so long as certain holding period and other requirements are met. Dividends received from "qualified foreign corporations" generally qualify for the reduced rate. Although we would otherwise expect to be treated as a qualified foreign corporation for these purposes, if we are a PFIC (as discussed above under "—Passive Foreign Investment Company Considerations"), we will not be considered a qualified foreign corporation under the 2003 Legislation and dividends paid by us on our ordinary shares will not be eligible for a reduced income tax rate. Each non-corporate U.S. Holder is urged to consult its own tax adviser regarding the application of the reduced rate under the 2003 Legislation and the related restrictions and special rules.

Sale or Other Disposition of Ordinary Shares

Subject to the discussion above under "—Passive Foreign Investment Company Considerations," a U.S. Holder generally will recognize gain or loss for U.S. federal income tax purposes upon a sale or other disposition of our ordinary shares in an amount equal to the difference between the amount realized from such sale or disposition and the U.S. Holder's adjusted tax basis in such shares, as determined in U.S. dollars. Such gain or loss generally will be capital gain or loss and will be long-term capital gain (taxable at a reduced rate for non-corporate U.S. Holders, such as individuals) or loss if, on the date of sale or disposition, such shares were held by such U.S. Holder for more than one year. The 2003 Legislation generally reduces to 15% the maximum tax rate for long-term capital gains of non-corporate U.S. Holders in taxable years beginning on or before December 31, 2008. The deductibility of capital loss is subject to significant limitations.

A U.S. Holder that receives euros from such sale or disposition generally will realize an amount equal to the U.S. dollar value of the euros on the date of sale or disposition or, if such U.S. Holder is a cash basis or electing accrual basis taxpayer and our ordinary shares are treated as being "traded on an established securities market" for this purpose, the settlement date. If our ordinary shares are so treated and the euros so received are converted into U.S. dollars on the settlement date, a cash basis or electing accrual basis U.S. Holder will not not recognize foreign currency gain or loss on such conversion. If the euros so received are not converted into U.S. dollars on the settlement date, such U.S. Holder will have a basis in the euros equal to their U.S. dollar value on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the euros generally will be treated as ordinary income or loss to such U.S. Holder and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. A U.S. Holder should consult its own tax adviser regarding the U.S. federal income tax consequences of receiving euros from a sale or disposition of our ordinary shares, particularly in cases not described in this paragraph.

Backup Withholding Tax and Information Reporting Requirements

Under certain circumstances, United States backup withholding tax and/or information reporting may apply to U.S. Holders with respect to payments made on or proceeds from the sale or other disposition of our ordinary shares, unless an applicable exemption is satisfied. We, our agent, a broker or any paying agent, as the case may be, may be required to withhold tax from any payment that is subject to backup withholding at a rate of 28% (which rate may be subject to change in the future) of such payment if the U.S. Holder fails (a) to furnish the U.S. Holder's taxpayer identification number, (b) to certify that such U.S. Holder is not subject to backup withholding or (c) to otherwise comply with the applicable requirements of the backup withholding rules. Certain U.S. Holders (including, among others, corporations) are not subject to the backup withholding and information reporting requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder generally may be claimed as a credit against such U.S. Holder's U.S. federal income tax liability provided that the required information is furnished to the U.S. Internal Revenue Service.

Prospective investors should consult their own tax advisers as to their qualification for an exemption from backup withholding and the procedure for obtaining this exemption.

United Kingdom Taxation

The comments below are of a general nature and are based on current United Kingdom law and H.M. Revenue and Customs published practice as at the date of this Offering Memorandum, which may be subject to change. The summary only covers the principal U.K. tax consequences for the absolute beneficial owners of our ordinary shares (a) who are resident or ordinarily resident in the U.K. for tax purposes or who are carrying on a trade or business in the U.K. through a permanent establishment, or a branch or agency, to which the holding of the ordinary shares is attributable, (b) who are not resident in Greece and (c) who do not have a permanent establishment or fixed base in Greece with which the holding of the ordinary shares is connected (**U.K. Holders**). In addition, this summary (i) only addresses the U.K. tax consequences for U.K. Holders who hold the ordinary shares as capital assets, and does not address the tax consequences which may be relevant to certain other categories of U.K. Holders, for example, dealers in securities, (ii) assumes that the U.K. Holder is not a company which either directly or indirectly controls 10.0% or more of our voting power and (iii) assumes that there will be no register in the U.K. in respect of the ordinary shares.

The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular U.K. Holder. The summary does not purport to be comprehensive or to describe all of the potentially relevant tax consequences. Potential investors who are in any doubt of their position in the U.K. or elsewhere should satisfy themselves as to the overall tax consequences, including, specifically, the consequences under U.K. law and H.M. Revenue and Customs practice of acquisition, ownership and disposition of our ordinary shares in their own particular circumstances, by consulting their own tax advisers.

Taxation of Dividends

A U.K. Holder who is an individual will generally be subject to U.K. income tax on the dividends paid by us. A U.K. Holder who is an individual who is not domiciled in the U.K. and who is not ordinarily resident in the U.K. will only be subject to income tax in respect of such dividends to the extent that they are remitted, or treated as remitted, to the U.K. To the extent that a dividend paid by us represents income of a U.K. Holder who is an individual who is subject to U.K. income tax at the higher rate, it will be subject to income tax at the dividend upper rate (currently 32.5%). To the extent that a dividend paid by us represents income of a U.K. Holder who is an individual who is subject to U.K. income tax at a rate other than the higher rate, it will be subject to income tax at the dividend ordinary rate (currently 10.0%). U.K. Holders who are individuals should note that, as a matter of current law, there will be no tax credit on dividends paid by us (save in respect of any withholding taxes in Greece, which are not anticipated). You should also read the paragraph above entitled "—Greek Taxation—Taxation of our Company and of Dividends".

A U.K. Holder that is a U.K. resident company will generally be subject to U.K. corporation tax (currently 30.0%) on the gross amount of any dividends paid by us. A U.K. Holder that is a U.K. resident company may be entitled to a foreign tax credit in respect of Greek corporation tax paid by the company, which may be set against its U.K. corporation tax liability in respect of any dividend, either pursuant to any applicable double tax treaty, or due to domestic U.K. legislation allowing for such relief. You should also read the paragraph above entitled "—Greek Taxation—Taxation of our Company and of Dividends".

Taxation of Chargeable Gains

The disposal or deemed disposal of the ordinary shares by a U.K. Holder may give rise to a chargeable gain or an allowable loss for the purposes of U.K. taxation of chargeable gains (**CGT**). A U.K. Holder who is an individual who is not domiciled in the U.K. will only be subject to CGT to the extent that the proceeds of the gain are remitted, or treated as remitted, to the U.K.

For individuals, taper relief may reduce the proportion of any gain realized on the disposal of the ordinary shares that is brought into the charge to CGT if (in the case of non-business assets) the ordinary shares are held by the U.K. Holders for at least three whole years. A reduction of 5.0% of the gain is made for each whole year for which the ordinary shares have been held in excess of three whole years. In the case of non-business assets, the maximum reduction available is 40.0% after 10 complete whole years of holding.

The annual exemption for individuals is £8,500 of chargeable gains for the 2005/2006 tax year and, under current legislation, this exemption is increased annually in line with the rate of increase in the retail price index. U.K. Holders should be aware that the U.K. Parliament is entitled to withdraw this link between the level of the annual exemption and the retail prices index or even to reduce the level of the annual exemption for future tax years below its current level.

A U.K. Holder that is a company is entitled to an indexation allowance which applies effectively to increase the tax basis of assets in line with the rate of increase in the retail price index. Indexation allowance may reduce a chargeable gain but not create any allowable loss.

Stamp Duty and Stamp Duty Reserve Tax

No U.K. stamp duty will be payable on the issue or a transfer of our ordinary shares provided that, in the case of a transfer, any instrument of transfer is not executed in the U.K.

No U.K. stamp duty reserve tax will be payable on an agreement to issue or transfer our ordinary shares.

Inheritance Tax

Where an individual U.K. Holder of the ordinary shares is either domiciled, for inheritance tax purposes, or deemed to be domiciled in the U.K., inheritance tax may be chargeable on the death of such a U.K. Holder or on a gift or transfer at undervalue of the ordinary shares by the U.K. Holder. The ordinary shares are not assets situated in the U.K. for the purposes of inheritance tax. Accordingly, if the U.K. Holder is neither domiciled nor deemed to be domiciled in the U.K., neither the death of the U.K. Holder nor a gift or transfer at undervalue of the ordinary shares by the U.K. Holder will give rise to a liability to inheritance tax. Special rules apply to close companies and to trustees of settlements who hold the ordinary shares, which may bring them within the charge to U.K. inheritance tax.

UNDERWRITING

Goldman Sachs International and J.P. Morgan Securities Ltd. are acting as joint bookrunners and as representatives of the international managers named in the table below. National Bank of Greek S.A. and Piraeus Bank S.A. are acting as joint domestic bookrunners and as joint lead managers in the public offering in Greece. Goldman Sachs International, J.P. Morgan Securities Ltd., National Bank of Greece S.A. and Piraeus Bank S.A. are acting as joint global coordinators of the combined offering and Goldman Sachs International, J.P. Morgan Securities Ltd., NBG International and Piraeus Bank S.A. are acting as joint lead managers of the international offering.

Subject to certain conditions, each international manager has severally agreed to procure purchasers for or purchase the number of shares set forth opposite its name below:

International managers	Number of shares
Goldman Sachs International	●
J.P. Morgan Securities Ltd.	●
NBG International	●
Piraeus Bank S.A.	●
Total	●

We and the selling shareholder have entered into an underwriting agreement dated ● , 2006 with the international managers under which each international manager has severally agreed, subject to the fulfillment of certain conditions, including among other things, the delivery of legal opinions by our legal counsel and by legal counsel to the selling shareholder, either to procure purchasers for or purchase the respective number of shares set forth opposite its name in the table above, at an initial offering price of € ● per share. The Hellenic Republic has agreed to pay to the managers a combined management, underwriting and selling commission of € ● per share, multiplied by the number of shares set forth in the table above, less the number of any shares transferred to the Hellenic Republic pursuant to the provisions described in the following paragraph. The international managers are obligated to procure purchasers for or purchase all of the shares set forth in the table above (other than those described in the following paragraph) if they purchase any of them. The purchase agreement entitles the international managers to terminate the agreement in certain circumstances prior to full payment to the selling shareholder.

The joint bookrunners have elected to have the Hellenic Republic sell up to 5,070,000 additional ordinary shares, included in the total shown above, in order to meet excess demand. The joint domestic bookrunners may, in agreement with the joint bookrunners, effect transactions that stabilize or maintain the market price of the ordinary shares, in accordance with Greek law and EU Commission Regulation 2273/2003, during the 30-day period beginning on the date trading of our ordinary shares commences. No more than 5,070,000 ordinary shares may be purchased through stabilization and, at the end of the period, all ordinary shares so purchased must be transferred to the Hellenic Republic at the offer price.

The Hellenic Republic has agreed to reimburse the international managers for certain of their expenses in connection with the sale of our ordinary shares. We estimate that the total expenses of this offering (excluding underwriting discounts and commissions) will be approximately ● .

We and the selling shareholder have agreed to indemnify the international managers against certain liabilities, including liabilities under the Securities Act and other applicable securities laws, or to contribute to payments the international managers may be required to make in respect thereof.

The combined offering consists of an international offering, a Greek public offering and an employee offering. The international offering consists of an offering by the international managers to qualified investors outside the United States and Greece in compliance with Regulation S under the Securities Act, and in the United States to qualified institutional buyers, as defined in and in reliance on Rule 144A under the Securities Act, through their respective selling agents. The Greek public offering consists of a public offering by the Greek managers to retail and institutional investors in Greece. The Employee Offering consists of a private placement to our employees, certain independent contractors who colloborate with us (who, in any event, cannot number more than 50) and members of our board. The closing of the international and the Greek public offering are conditioned upon each other.

Offers and sales in the United States can be made only by the joint bookrunners through their broker-dealer affiliates.

We and the selling shareholder have entered into an underwriting agreement dated ● with the Greek managers in connection with the Greek public offering under which the Greek managers will purchase or procure purchasers within Greece for an aggregate of ● ordinary shares, including ● ordinary shares to meet excess demand in the combined offering.

Purchasers of shares may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offer price.

The international managers and the Greek managers have entered into an intersyndicate agreement that provides for the coordination of their activities. The intersyndicate agreement provides, among other things, that the joint bookrunners and joint lead managers shall have the authority to manage the orderly distribution of our ordinary shares in the international offering. The intersyndicate agreement also provides that assignments may be made between the international managers and the Greek managers, at a price equal to the offer price less the selling commission, of their respective agreements to purchase or procure purchasers for the ordinary shares in the combined offering.

We and the selling shareholder have agreed that during the period of six months from the date on which our ordinary shares are delivered to investors in the combined offering we and the selling shareholder will not offer, sell or contract to sell, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by us or the selling shareholder or any person in privity with either of them), directly or indirectly, or announce the offering of, any other ordinary shares or any securities convertible into, or exchangeable for, ordinary shares. In addition, we will comply with any further restrictions imposed by the Hellenic Capital Markets Commission.

In general, purchases of a security for the purpose of stabilization could cause the price of the security to be higher than it might be in the absence of such purchases.

Neither we nor the selling shareholder nor any of the managers makes any representation or prediction as to the direction or magnitude of any effect that stabilization transactions may have on the price of our ordinary shares. In addition, neither we nor the selling shareholder nor any of the managers makes any representation that any manager will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

The offering price of our ordinary shares in the combined offering has been determined by the joint global coordinators following negotiations with the selling shareholder and other relevant factors, and may bear no relationship to the market price of our ordinary shares subsequent to the combined offering.

In connection with the combined offering, each of the managers and any affiliate acting as an investor for its own account may take up the ordinary shares and in that capacity, may retain, purchase or sell the ordinary shares for its own account and may offer or sell such securities (or other investments) otherwise than in connection with the combined offering. The managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

We have applied to have our ordinary shares approved for listing and trading on the ATHEX under the symbol ● . This Offering Memorandum has not been submitted to the clearance procedure of the Capital Markets Commission and, accordingly, may not be used in connection with any offer to purchase or sell any shares in the Greek offering. For purposes of the Greek offering, a prospectus in definitive form in the Greek language has been prepared and will be approved by the Capital Markets Commission.

Certain of the international managers from time to time have performed banking and advisory services for us and the selling shareholder for which they have received customary fees and expenses. The international managers may from time to time engage in transactions with and perform services for us in the ordinary course of their business.

We expect that the ordinary shares will be ready for delivery through the book-entry facilities of the Central Depositary S.A. on or about June 5, 2006 and trading will commence two days later.

Selling Restrictions

General

No action has been or will be taken in any jurisdiction (except Greece, subject to the restrictions described below) that would permit a public offering of our ordinary shares, or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or our ordinary shares in any jurisdiction where action for that purpose is required. Each international manager has agreed that it will not, directly or indirectly, offer or sell any of our ordinary shares or distribute or publish any offering material or advertisements in connection with our ordinary shares in or from any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations.

United States

Our ordinary shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except to "qualified institutional buyers" in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, each international manager has represented and agreed that it will not offer or sell our ordinary shares as part of its allotment at any time other than outside the United States in accordance with Rule 903 of Regulation S or to qualified institutional buyers in the United States through their U.S. broker-dealer affiliates in accordance with Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of the combined offering, any offer or sale of shares within the United States by a dealer, whether or not participating in the combined offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

United Kingdom

Each international manager has represented and agreed in relation to the United Kingdom that (a)(i) it is a person who is a qualified investor within the meaning of section 86(7) of the Financial Services and Markets Act 2000 (the **FSMA**) and (ii) it has offered or sold and will offer or sell any shares only to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Order**); to high net worth entities and other persons to whom offers may lawfully be communicated falling within Article 49(2) of the Order; to persons falling within Article 43(2)(a) to (d) of the Order, such persons together being referred to as "relevant persons," or in other circumstances permitted in section 21 of the FSMA and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any shares in, from or otherwise involving the United Kingdom.

This Offering Memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any shares which are the subject of the offering contemplated by this Offering Memorandum may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any such shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) by the international managers to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of joint lead managers for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall result in a requirement for the publication by the Bank or any international manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase any shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Greece

This Offering Memorandum has not been submitted to the approval procedure of the Hellenic Capital Markets Commission or the ATHEX, pursuant to Law 876/79 and Law 3401/2005, or Regulation (EC) 809/204 of the European Union, and accordingly may not be used in connection with any offer to purchase or sell any shares or as part of any form of general solicitation or advertising in circumstances that would constitute an offer to the public in Greece.

Japan

The ordinary shares have not been and will not be registered under the Securities and Exchange Law of Japan. As a result, the ordinary shares may not be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to, or for the account or benefit of, any persons for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Securities and Exchange Law and other relevant laws and regulations of Japan.

Italy

The offering of our ordinary shares has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, our ordinary shares may not be offered, sold or delivered in the Republic of Italy except: (i) to professional investors (operatori qualificati), as defined in Article 31, second paragraph of CONSOB Regulation No. 11522 of July 1, 1998, as amended; and (ii) in circumstances which are exempt from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree no. 58 of February 24, 1998, as amended (the "Financial Services Act") and Article 33, first paragraph, of CONSOB Regulation No. 11971 of May 14, 1999, as amended. Any offer, sale or delivery of our ordinary shares in the Republic of Italy under (i) or (ii) above must be: (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of September 1, 1993, as amended; and (b) in compliance with any other applicable laws and regulations.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the ordinary shares.

Each purchaser of the ordinary shares offered in reliance on Rule 144A under the Securities Act will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(a) The purchaser (i) is a qualified institutional buyer (**QIB**) as defined in Rule 144A or a broker-dealer acting for the account of a QIB, (ii) is aware, and each beneficial owner of such ordinary shares has been advised, that the sale to it is being made in reliance on Rule 144A, (iii) is acquiring such ordinary shares for its own account or for the account of a QIB and (iv) is aware that the ordinary shares are "restricted securities" within the meaning of the Securities Act and may not be deposited into any unrestricted depositary facility, unless at the time of such deposit such ordinary shares are no longer restricted securities under the Securities Act.

(b) The purchaser is aware that the ordinary shares have not been and will not be registered under the Securities Act and are being offered in the United States in reliance on Rule 144A only in a transaction not involving any public offering in the United States within the meaning of the Securities Act.

(c) The purchaser understands and agrees that such ordinary shares may not be offered, sold, pledged or otherwise transferred except (i) to a person whom the seller and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in accordance with Rule 903 or 904 of Regulation S, (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the Securities Act, subject to the receipt by us of an opinion of counsel or such other evidence that we may reasonably require that such sale or transfer is in compliance with the Securities Act or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.

(d) Any offer, sale, pledge or other transfer made other than in compliance with the above stated restrictions shall not be recognized by us in respect of the ordinary shares.

(e) It represents that if, in the future, it offers, resells, pledges or otherwise transfers the shares, it shall notify such subsequent transferee of the transfer restrictions set out above.

(f) It is not an affiliate (as defined in Rule 501(b) under the Securities Act) of the Bank, and is not acting on behalf of an affiliate of the Bank.

(g) If it is acquiring the ordinary shares for the account of one or more other investors, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

(h) It acknowledges that we, the managers, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.

LEGAL MATTERS

The validity of our ordinary shares and certain other legal matters will be passed upon by Kyriakides Georgopoulos law firm, our Greek counsel, and Allen & Overy LLP, our U.S. counsel. The validity of our ordinary shares and certain other legal matters will be passed upon for the selling shareholder by Kyriakides Georgopoulos Daniolos Issaias law firm, Greek counsel to the selling shareholder, and Allen & Overy LLP, U.S. counsel to the selling shareholder. The validity of our ordinary shares and certain other legal matters will be passed upon for the managers by Karatzas & Partners, Greek counsel to the managers. Certain other legal matters will be passed upon by Davis Polk & Wardwell, U.S. counsel to the managers.

INDEPENDENT ACCOUNTANTS

Our financial statements included in this Offering Memorandum have been audited by Deloitte Hadjipavlou Sofianos & Cambanis S.A., 250–254 Kifissias Avenue, 15231 Halandri, Athens, Greece for the years ended December 31, 2004, and 2005, as covered in their audit report, also included in this Offering Memorandum.

INDEX TO FINANCIAL STATEMENTS

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GREEK POSTAL SAVINGS BANK SA

Financial Statements

on consolidated and stand alone basis

31 December 2005

in accordance with the

International Financial Reporting Standards

April 2006

TABLE OF CONTENTS

Auditors' Report

To the Shareholders of the GREEK POSTAL SAVINGS BANK S.A.

We have audited the accompanying balance sheet of "Greek Postal Savings Bank S.A." (the "Bank") as of 31 December 2005 and the related statements of income, changes in shareholders equity and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Director's report with the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Bank as of 31 December 2005, and of the results of its operations, its changes in shareholders equity and the cash flows for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Director's Report is consistent with the aforementioned financial statements.

Without qualifying our opinion, we bring your attention to Note 38 of the Financial Statements, where it is mentioned that as of 16 June 2004, the Bank submitted a request to the Bank of Greece for the issue of an operating license in accordance with the provisions of Law 3082/2002. The issue of the operating license is in process.

Athens, 17 April 2006

The Certified Public Accountants—Auditors

Michael Hadjipavlou
Certified Public Accountant—Auditor
RN SOEL 12511

Deloitte.

Epaminondas Giouroukos
Certified Public Accountant—Auditor
RN SOEL 10351

Hadjipavlou Sofianos & Cambanis S.A.
Assurance & Advisory Services
RN SOEL E.120
250-254, Kifissias Ave., 152 31 Halandri

INCOME STATEMENT

	Note	CONSOLIDATED From 1 January to 31.12.2005	CONSOLIDATED From 1 January to 31.12.2004	STAND ALONE From 1 January to 31.12.2005	STAND ALONE From 1 January to 31.12.2004
		Amounts in €			
Interest and similar income		419,097,208.76	407,801,984.35	419,097,208.76	407,801,984.35
Interest expense and similar charges		(176,815,430.66)	(166,137,861.59)	(176,815,430.66)	(166,137,861.59)
Net interest income	5	**242,281,778.10**	**241,664,122.76**	**242,281,778.10**	**241,664,122.76**
Fee and commission income		4,052,566.04	2,097,546.05	4,052,566.04	2,097,546.05
Fee and commission expense		(524,933.53)	(260,699.53)	(524,933.53)	(260,699.53)
Net fee and commission income	6	**3,527,632.51**	**1,836,846.52**	**3,527,632.51**	**1,836,846.52**
Dividend income	7	5,105,207.01	7,882,670.88	5,105,207.01	7,882,670.88
Net trading income/(loss)	7	30,316,917.43	(7,808,176.59)	30,316,917.43	(7,808,176.59)
Other operating income	8	15,149,817.75	13,246,715.95	15,149,817.75	13,246,715.95
Total operating income		**296,381,352.80**	**256,822,179.52**	**296,381,352.80**	**256,822,179.52**
Personnel expenses	9	(56,271,155.02)	(47,507,147.47)	(56,271,155.02)	(47,507,147.47)
General & administrative expenses	10	(52,895,920.15)	(26,815,893.28)	(52,895,920.15)	(26,815,893.28)
Depreciation and amortization charges	23, 24	(6,183,003.98)	(4,791,507.20)	(6,183,003.98)	(4,791,507.20)
Other operating expenses	11	(12,146,584.69)	(2,183,353.15)	(12,146,584.69)	(2,183,353.15)
Total operating expenses		**(127,496,663.84)**	**(81,297,901.10)**	**(127,496,663.84)**	**(81,297,901.10)**
Impairment losses on loans and advances	12	(18,910,538.20)	(3,987,458.05)	(18,910,538.20)	(3,987,458.05)
Share of profit of associates	21	(86,096.36)	(124,975.65)	—	—
Profit before tax		**149,888,054.40**	**171,411,844.72**	**149,974,150.76**	**171,536,820.37**
Tax expense	13	(27,338,422.50)	(39,537,253.32)	(27,338,422.50)	(39,537,253.32)
Net profit		**122,549,631.90**	**131,874,591.40**	**122,635,728.26**	**131,999,567.05**
Earnings per share					
—Basic	14	0.74	0.80	0.74	0.80
		0.74	0.80	0.74	0.80

Athens, 10 April 2006

BoD CHAIRMAN	BoD FIRST DEPUTY CHAIRMAN	BoD SECOND DEPUTY CHAIRMAN	FINANCIAL DIRECTOR	ASSISTANT FINANCIAL DIRECTOR
PANAGIOTIS TSOUPIDIS	ANTONIS KAMINARIS	CHRISTOS MITRENTSES	GEORGIOS XIFARAS	STAVROS XIFARAS

The notes in pages F-10 to F-61 are an integral part of these financial statements

BALANCE SHEET

	Note	CONSOLIDATED 31.12.2005	CONSOLIDATED 31.12.2004	STAND ALONE 31.12.2005	STAND ALONE 31.12.2004
		Amounts in €			
ASSETS					
Cash and balances with Central Bank	16	191,266,079.14	121,309,395.23	191,266,079.14	121,309,395.23
Due from banks	17	1,249,262,724.33	2,318,597,626.12	1,249,262,724.33	2,318,597,626.12
Financial assets at fair value through P&L	18	1,593,121,669.08	1,280,287,915.40	1,593,121,669.08	1,280,287,915.40
Derivative financial instruments	19	810,147.80	—	810,147.80	—
Loans and advances to customers	20	3,044,667,020.61	2,060,115,383.30	3,044,667,020.61	2,060,115,383.30
Less: Allowance for impairment on loans & advances to customers	20	(31,365,743.79)	(16,570,237.54)	(31,365,743.79)	(16,570,237.54)
Investment securities—available for sale	21	4,618,912,350.52	4,282,230,691.27	4,618,912,350.52	4,282,230,691.27
Investment securities—held to maturity	21	491,871,117.75	493,558,961.72	491,871,117.75	493,558,961.72
Investment in associate	22	537,561.05	173,657.41	1,050,000.00	600,000.00
Property & equipment	23	110,750,791.08	102,473,820.94	110,750,791.08	102,473,820.94
Intangible assets	24	10,970,975.17	4,821,624.47	10,970,975.17	4,821,624.47
Deferred tax assets	25	36,224,148.01	33,637,712.58	36,224,148.01	33,637,712.58
Other assets	26	247,566,024.39	232,030,700.97	247,566,024.39	232,030,700.97
Total assets		**11,564,594,865.14**	**10,912,667,251.87**	**11,565,107,304.09**	**10,913,093,594.46**
LIABILITIES					
Due to customers	27	9,953,838,765.20	9,275,032,457.74	9,953,838,765.20	9,275,032,457.74
Derivative financial instruments	19	66,626,004.60	72,522,427.28	66,626,004.60	72,522,427.28
Deferred tax liabilities	25	67,737,773.28	188,248,862.74	67,737,773.28	188,248,862.74
Retirement benefit obligations	28	17,952,698.00	16,605,390.00	17,952,698.00	16,605,390.00
Other liabilities	29	593,512,570.15	192,800,834.04	593,512,570.15	192,800,834.04
Total liabilities		**10,699,667,811.23**	**9,745,209,971.80**	**10,699,667,811.23**	**9,745,209,971.80**
Shareholder's Equity					
Share capital	30	521,207,049.00	555,000,000.00	521,207,049.00	555,000,000.00
Revaluation reserves	31	230,199,868.32	266,011,911.45	230,199,868.32	266,011,911.45
Other reserves	31	76,481,983.16	70,350,196.75	76,481,983.16	70,350,196.75
Retained earnings	31	37,038,153.43	276,095,171.87	37,550,592.38	276,521,514.46
Total Equity		**864,927,053.91**	**1,167,457,280.07**	**865,439,492.86**	**1,167,883,622.66**
Total liabilities and Equity		**11,564,594,865.14**	**10,912,667,251.87**	**11,565,107,304.09**	**10,913,093,594.46**

Athens, 10 April 2006

BoD CHAIRMAN	BoD FIRST DEPUTY CHAIRMAN	BoD SECOND DEPUTY CHAIRMAN	FINANCIAL DIRECTOR	ASSISTANT FINANCIAL DIRECTOR
PANAGIOTIS TSOUPIDIS	ANTONIS KAMINARIS	CHRISTOS MITRENTSES	GEORGIOS XIFARAS	STAVROS XIFARAS

The notes in pages F-10 to F-61 are an integral part of these financial statements

Consolidated Statement of Changes in Equity as of 31 December 2004

	Payable to the shareholders of the parent company					
	Share Capital	Statutory Reserve	Revaluation Reserves	Other Reserves	Retained Earnings	Total
	Amounts in €					
Balance at 1 January 2004, in accordance with IFRS	**555,000,000.00**	**47,483,494.92**	**229,692,565.08**	**17,000,000.00**	**210,993,564.30**	**1,060,169,624.30**
Movement in Equity from 1 January to 31 December 2004						
Change to the reserve for the fair value of available for sale financial assets .	—	—	36,319,346.37	—	—	**36,319,346.37**
Earnings for the period after taxes	—	—	—	—	131,874,591.40	**131,874,591.40**
Statutory reserve formation for the period	—	5,866,701.83	—	—	(5,866,701.83)	**—**
Total earnings/(losses) for the period	**0.00**	**5,866,701.83**	**36,319,346.37**	**0.00**	**126,007,889.57**	**168,193,937.77**
Dividend distribution					(60,906,282.00)	**(60,906,282.00)**
Equity balance at 31 December 2004	**555,000,000.00**	**53,350,196.75**	**266,011,911.45**	**17,000,000.00**	**276,095,171.87**	**1,167,457,280.07**

Consolidated Statement of Changes in Equity as of 31 December 2005

	Payable to the shareholders of the parent company					
	Share Capital	Statutory Reserve	Revaluation Reserves	Other Reserves	Retained Earnings	Total
	Amounts in €					
Balances at 1 January 2005, in accordance with IFRS	**555,000,000.00**	**53,350,196.75**	**266,011,911.45**	**17,000,000.00**	**276,095,171.87**	**1,167,457,280.07**
Movement in Equity from 1 January to 31 December 2005						
Change to the reserve for the fair value of available for sale financial assets	—	—	(35,812,043.13)	—	—	**(35,812,043.13)**
Earnings for the period after taxes	—	—	—	—	122,549,631.90	**122,549,631.90**
Statutory reserve formation for the period	—	6,131,786.41	—	—	(6,131,786.41)	—
Total earnings / (losses) for the period	**0.00**	**6,131,786.41**	**(35,812,043.13)**	**0.00**	**116,417,845.49**	**86,737,588.77**
Share Capital Increase . . .	56,702,248.40	—	—	—	(56,702,248.40)	**—**
Share Capital Decrease . .	(90,495,199.40)	—	—	—	—	**(90,495,199.40)**
Reserve Distribution	—	—	—	—	(208,772,615.53)	**(208,772,615.53)**
Dividend distribution	—	—	—	—	(90,000,000.00)	**(90,000,000.00)**
Equity balance at 31 December 2005	**521,207,049.00**	**59,481,983.16**	**230,199,868.32**	**17,000,000.00**	**37,038,153.43**	**864,927,053.91**

The notes in pages F-10 to F-61 are an integral part of these financial statements

Statement of Changes in Equity on stand alone basis 31 December 2004

	Share Capital	Statutory Reserve	Revaluation Reserves	Other Reserves	Retained Earnings	Total
			Amounts in €			
Balance at January 2004, in accordance with IFRS	**555,000,000.00**	**47,483,494.92**	**229,692,565.08**	**17,000,000.00**	**211,294,931.24**	**1,060,470,991.24**
Movement in Equity from 1 January to 31 December 2004						
Change to the reserve for the fair value of available for sale financial assets	—	—	36,319,346.37	—	—	**36,319,346.37**
Earnings for the period after taxes	—	—	—	—	131,999,567.05	**131,999,567.05**
Statutory reserve formation for the period	—	5,866,701.83	—	—	(5,866,701.83)	**—**
Total earnings / losses for the period	**0.00**	**5,866,701.83**	**36,319,346.37**	**0.00**	**126,132,865.22**	**168,318,913.42**
Dividend distribution					(60,906,282.00)	**(60,906,282.00)**
Equity balance at 31 December 2004	**555,000,000.00**	**53,350,196.75**	**266,011,911.45**	**17,000,000.00**	**276,521,514.46**	**1,167,883,622.66**

Statement of Changes in Equity on stand alone basis as of 31 December 2005

	Share Capital	Statutory Reserve	Revaluation Reserves	Other Reserves	Retained Earnings	Total
			Amounts in €			
Balance at 1 January 2005, in accordance with IFRS	**555,000,000.00**	**53,350,196.75**	**266,011,911.45**	**17,000,000.00**	**276,521,514.46**	**1,167,883,622.66**
Movement in Equity from 1 January to 31 December 2005						
Change to the reserve for the fair value of available for sale financial assets	—	—	(35,812,043.13)	—	—	**(35,812,043.13)**
Earnings for the period after taxes	—	—	—	—	122,635,728.26	**122,635,728.26**
Statutory reserve formation for the period	—	6,131,786.41	—	—	(6,131,786.41)	**—**
Total earnings / losses for the period	**0.00**	**6,131,786.41**	**(35,812,043.13)**	**0.00**	**116,503,941.85**	**86,823,685.13**
Share Capital Increase	56,702,248.40	—	—	—	(56,702,248.40)	**—**
Share Capital Decrease	(90,495,199.40)	—	—	—		**(90,495,199.40)**
Reserve Distribution	—	—	—	—	(208,772,615.53)	**(208,772,615.53)**
Dividend distribution	—	—	—	—	(90,000,000.00)	**(90,000,000.00)**
Equity balance at 31 December 2005	**521,207,049.00**	**59,481,983.16**	**230,199,868.32**	**17,000,000.00**	**37,550,592.38**	**865,439,492.86**

The notes in pages F-10 to F-61 are an integral part of these financial statements

Cash Flow Statements

	CONSOLIDATED		STAND ALONE	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	Amounts in €			
Operations				
Profit for the period before taxes	149,888,054.40	171,411,844.72	149,974,150.76	171,536,820.37
Adjustment for:				
Depreciation	4,954,670.04	4,167,659.54	4,954,670.04	4,167,659.54
Amortization	1,228,333.94	623,847.66	1,228,333.94	623,847.66
Equity income of associates	86,096.36	124,975.65	—	—
Allowance for the impairment of loans and other receivables	18,910,538.20	3,987,458.05	18,910,538.20	3,987,458.05
Allowance for termination benefits	1,347,308.00	1,317,953.00	1,347,308.00	1,317,953.00
(Earnings) / losses from the valuation of financial instruments at their fair value	28,842,470.55	(47,030,801.11)	28,842,470.55	(47,030,801.11)
(Earnings) / losses from the measurement of derivatives	(6,706,570.48)	62,204,787.65	(6,706,570.48)	62,204,787.65
Income taxes paid	(29,631,992.19)	—	(29,631,992.19)	—
	168,918,908.82	196,807,725.16	168,918,908.82	196,807,725.16
Net change (increase) decrease of operations related assets				
Financial instruments held for trading purposes	(341,676,224.23)	(646,104,474.92)	(341,676,224.23)	(646,104,474.92)
Loans and receivables from customers	(984,551,637.31)	(91,392,963.98)	(984,551,637.31)	(91,392,963.98)
Other assets	(19,650,355.37)	60,680,626.43	(19,650,355.37)	60,680,626.43
Net change increase (decrease) of operations related liabilities				
Liabilities to customers	678,806,307.46	379,949,168.21	678,806,307.46	379,949,168.21
Other liabilities	(3,258,545.28)	18,695,264.25	(3,258,545.28)	18,695,264.25
	(670,330,454.73)	(278,172,380.01)	(670,330,454.73)	(278,172,380.01)
Cash flows from operations	(501,411,545.91)	(81,364,654.85)	(501,411,545.91)	(81,364,654.85)
Investments				
Asset acquisition	(20,609,324.82)	(5,307,566.20)	(20,609,324.82)	(5,307,566.20)
Investments in subsidiaries and associated companies	(450,000.00)	—	(450,000.00)	—
Net (increase) decrease of investment portfolio and of investments available for sale	(386,907,347.15)	1,353,526,618.83	(386,907,347.15)	1,353,526,618.83
Net cash flow for investments	(407,966,671.97)	1,348,219,052.63	(407,966,671.97)	1,348,219,052.63
Financing				
Dividends payable to shareholders of the parent company	(90,000,000.00)	(60,906,282.00)	(90,000,000.00)	(60,906,282.00)
Net cash flow from financing	(90,000,000.00)	(60,906,282.00)	(90,000,000.00)	(60,906,282.00)
Net increase of cash and equivalents	(999,378,217.88)	1,205,948,115.78	(999,378,217.88)	1,205,948,115.78
Cash on hand and cash equivalents at the beginning of the period	2,439,907,021.35	1,233,958,905.57	2,439,907,021.35	1,233,958,905.57
Cash on hand and cash equivalents at the end of the period	1,440,528,803.47	2,439,907,021.35	1,440,528,803.47	2,439,907,021.35

The notes in pages F-10 to F-61 are an integral part of these financial statements

1. Information on the Company

1.1 General Information

- Greek Postal Savings Bank is a société anonyme bearing the title "GREEK POSTAL SAVINGS BANK" for all its international transactions, and has substituted in all its rights and obligations the decentralized public entity Postal Savings Bank which was established by virtue of Law GYMST/1909, as subsequently supplemented and amended by Compulsory Law 391/1936, Law 1118/1938 and other provisions.
- The Company's headquarters are located in the Municipality of Athens (at 2-6, Pesmazoglou street, Postal Code 101 75). By resolution of the Board of Directors, the Company can establish and close down branches, correspondence offices, and agencies in Greece and abroad. As of 31 December 2005 the branches network of the Greek Postal Savings Bank comprised 136 branches throughout Greece.
- The term of the company is set to 100 years from its establishment and may be extended by resolution of the General Meeting of the Shareholders.
- These financial statements for the year ended 31 December 2005 have been approved for issue by the Company's Board of Directors on 10th April 2006, and are subject to the approval of the Annual General Meeting of the Shareholders.

Collaboration Agreement with Hellenic Post S.A.

On 19 November 2001, the Company entered into a 10-year exclusive collaboration agreement with the Hellenic Post (hereinafter "EL.TA").

- Major terms and conditions of the agreement

—The agreement is be automatically extended provided that at least six (6) months prior to its expiry none of the counter parties involved has notified in writing its will to refrain from its extension.

—The agreement may be immediately terminated by either of the counter parties by written notice, where such other party has failed to perform any of its contractual obligations and has not remedied such failure within three (3) months from written notification. Upon expiry of the agreement, in accordance with its terms and conditions, all pending issues shall be settled within three (3) years.

—Each counter party may develop autonomously its main activities in terms of the financial products and services it provides.

—The branches of the respective network of each counter party shall retain all their corporate identity marks so that the products of each counter party are promoted and sold from the network of the other party in a distinct manner.

—In case where the agreement expires or is terminated, all pending issues between the counter parties related to the period up to the expiry or termination shall be settled and such settlement must be completed within three (3) years. During the settlement period the counter parties shall be bound by the exclusivity, secrecy and confidentiality obligations that were in force during the term of the agreement.

- Financial Cost

—With regard to the provision of services and the concession of space and equipment within the EL.TA network, the Company pays: a) fees per transaction, the calculation of which is based on the number of transactions; b) management fees, calculated as a percentage on the average amount of deposit account balances serviced by the EL.TA network; and c) additional fees calculated as a productivity percentage on the net increase of the amount of the deposit account balances serviced by the EL.TA network.

- Network used

—The network of EL.TA branches, agencies, and postmen delivering in rural areas is become the network providing the Company's products, as well as other common products that the parties may develop in the future.

—Based on the terms of the agreement the Company's products/ services are sold at 820 EL.TA branches, 1,148 agencies and 950 postmen delivering in rural areas, who act as EL.TA subcontractors in remote areas where there are no branches or agencies, while the EL.TA products/ services are sold through the Company's network comprising 136 branches.

—Based on the terms of the agreement, the Company has committed not to open branches in any area where an EL.TA branch already exists. Specifically, the Company may not open a branch in such distance from an EL.TA branch that would affect the overall turnover of EL.TA. The responsibility for the operation of each branch lies with its owner and each counter party shall compensate the other for any damage incurred intentionally or due to negligence of its employees.

—As contractual base of the exclusive collaboration agreement is expressly acknowledged by the conter parties that EL.TA shall undertake to sell, exclusively, only the banking products of the Company, provided that the Company will neither use nor develop its branches network competitively to the EL.TA network.

• Products/ Services

—Each counter party shall develop in an autonomous way its main activities in terms of the financial products and services it provides, and more specifically (a) the Company in terms of its banking operations, and in particular its deposits and loans products; and b) EL.TA in terms of the financial products and the operations related to the GIRO current accounts, such as national and international money transfer transactions (Western Union, Eurogiro, foreign checks), transactions related to quick payments (collections, payments), transactions on GIRO accounts and Social Security pension payments.

—Based on the agreement between the counter parties, the Company's branches shall sell EL.TA products of increased added value. Increased added value products are considered to be the following: Eurogiro, Western Union, Social Security pension payments, transactions on Giro accounts, cash on delivery checks, quick payments, courier services, as well as prepaid and philatelic products.

—The Company's products/ services shall be available in the EL.TA branches.

—With regard to any new products to be developed by either one of the counter parties, the agreement provides "the right of first refusal" to the other party. New products shall not mean variations or changes introduced to existing products, but rather distinct, new wide product categories aimed to cover customers' needs not covered by existing products.

Mortgage Savings

Article 10, paragraph 12, of the law establishing the Bank, Law 3082/2002 (Government Gazette Issue No. 316/16.12.2002), provides that by decision of the Company's Board of Directors an amount of € 17,000,000 will be made available from the Greek Postal Savings Bank reserves existing at the time of publication of such law in an account existing or to be created by virtue of a similar decision and the return proceeds of such account will be made available to cover mortgage benefits to the Company's employees. The Board of Directors will deal with issues relating to this account.

The 17th meeting of the Board of Directors of the Greek Postal Savings Bank held on 23 September 2003, unanimously decided that the account provided for in Law 3082/2002 must be created effective 1 January 2003. Pursuant to Law 3082/2002, such account will be credited with the amount of € 17,000,000, as well as with the amounts corresponding to the installments of the mortgage loans paid each month by the employees which will be reimbursed as a new loan to the beneficiaries bearing a special interest rate. The Greek Postal Savings Bank will reinvest the amount related to the collected installments together with the amount of € 17,000,000, guaranteeing a minimum return. The investment policy for the product must cover a minimum annual net return of 5.25% aiming to reduce the total duration of the loans.

All persons employed as of 16 December 2002 under a salaried employment agreement, as well as retired employees of the Greek Postal Savings Bank are the beneficiaries of this account.

The 29th meeting of the Board of Directors of the Greek Postal Savings Bank, held on 4 March 2004, approved the "General Management and Operations Regulation for the Mortgage Allowance Investment Account".

It should be clarified that the Greek Postal Savings Bank has not established the foregoing account, but records in its own books the transactions of the account.

As the Greek Postal Savings Bank has implemented IFRS, it has assigned to a specialized actuarial firm to prepare a valuation study in order to calculate the cost of implementing the specific scheme.

The result of such study has been recorded in the financial statements bearing a negative sign under Note 20 to the financial statements "Loans and advances to customers" and specifically under item "Mortgage Loans". The respective result of the study amounted to € 95 million as of 31 December 2005 and to € 83 million as of 31 December 2004. In order to calculate the present value of the scheme, the discount rates used were 5%, 4.5% and 4% for the years 2003, 2004 and 2005 respectively.

1.2 Company Structure and Activities

The objective of the Greek Postal Savings Bank is to perform, without limitation, all the activities permitted by the applicable legislation to domestic credit institutions on its behalf or on behalf of third parties, autonomously or through collaborations or joint ventures both in Greece and abroad. The Company's objectives include but are not limited to the following activities:

—accept of any kind of deposits, interest or non-interest bearing, or any other kind of repayable capital denominated either in euros or foreign currencies;

—grant any kind of loans and credits, give guarantees in favor of third parties, acquire or dispose receivables, act as intermediary in corporate funding or in enhancing the co-operation among enterprises, as well as issue/ manage payment means;

—accept loans, credits, or guarantees and issue securities for funding purposes;

—perform payments and capital transfers, as well as funding foreign trade;

—offer custody services, organization and management services for any kind of securities, financial products, and other financial assets; perform transactions thereon on its behalf or on behalf of third parties, as well as provide related services and consultancy;

—establish or participate in domestic or foreign companies of any kind that operate in the money and capital markets and in general in the wide financial and investments sector;

—provide underwriting services, participate in the issue and promotion of securities, provide consulting services related to financial restructurings, offer factoring services, provide safe deposit boxes leasing and commercial services, and offer the investment services provided for by Law 2396/1996.

Through its operations, the Company enhances at large, using its credit policy, the financial development of the country and the local communities where it operates, and contributes to the achievement of general public interest objectives.

1.3 Composition of the Company's Board of Directors

The Board of Directors of the Greek Postal Savings Bank as of 31 December 2005 consisted of the following members:

• Panagiotis Tsoupidis,	**Chairman, Executive Member**
• Antonios Kaminaris,	**First Deputy Chairman, Executive Member**
• Christos Mitrentses,	**Second Deputy Chairman, Executive Member**
• Christos Komninos,	**Member**
• Gerasimos Drakatos,	**Member**
• Konstantinos Lambropoulos,	**Member**
• Dimitrios Chatzimichalis,	**Member**
• Dimitrios Kapranos,	**Member**
• Vassilios Spiliopoulos,	**Member**
• Konstantinos Kotsiris,	**Member**
• Ioannis Tsagdis,	**Member**

The term of the Board of Directors is from 30 June 2004 until 30 June 2009.

2. Summary of Significant Accounting Policies

2.1 Basis of Presentation

The consolidated and stand alone financial statements of the Company as of 31 December 2005 are prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), issued by the International Accounting Standards Board (IASB), as well as their interpretations, which have been issued by the International Financial Reporting Interpretations Committee (IFRIC), as these have been endorsed by the European Union.

The Company's consolidated and stand alone financial statements have been prepared under the historic cost convention, as adjusted by the fair valuation of certain assets and liabilities, the going concern principle, and comply with the financial statements preparation framework of IASB.

2.1.1 Adoption of IFRS

The Company's latest published annual financial statements had been prepared in accordance with the provisions of the Greek Banking Chart of Account, which in certain cases is different to IFRS.

The preparation of financial statements in conformity with IFRS requires management uses estimates.

These financial statements have been prepared after taking into consideration the provisions of IFRS 1 "First-time Adoption of International Financial Reporting Standards". The transition date for the purposes of IFRS 1, has been considered to be 1 January 2004. The Company adopts the requirements of IFRS 1 for the purpose of preparing these financial statements.

Interpretations of and amendments to published standards effective in 2005

The following amendments and interpretations of standards are mandatory for the Company's accounting periods beginning after 1 January 2005:

—Interpretation 2 (IFRIC 2), Members' Shares in Co-operative Entities and Similar Instruments (effective from 1 January 2005). This interpretation is not applicable for the Company.

—Interpretation 12 (SIC 12), (amendment), Consolidation—Special Purpose Entities (effective from 1 January 2005),

—IAS 39 (amendment), Transition and Initial Recognition of Financial Assets and Liabilities (effective from 1 January 2005).

Standards, interpretations, and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2006 as follows:

—IAS 19 (amendment), Employee Benefits (effective from 1 January 2006).

This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. The Company does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans. The Company will apply this amendment from annual periods beginning 1 January 2006.

—IAS 39 (amendment), Cash Flow Hedge Accounting of Forecast lntragroup Transactions (effective from 1 January 2006).

The amendment allows the foreign currency risk of a highly probable forecast intragroup transaction to qualify as a hedged item in the financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect the consolidated results. This amendment is not significant to the Company's operations, as the Company does not have any intragroup transactions that would qualify as a hedged item in the financial statements as of 31 December 2005 and 2004.

—IAS 39 (amendment), Fair Value Option (effective from 1 January 2006).

This amendment changes the definition of financial instruments classified at fair value through profit and loss and restricts the ability to designate financial instruments as part of this category. The Company has decided to apply this amendment for the annual period beginning 1 January 2005 (early adoption).

—IAS 39 and IFRS 4 (amendment), Financial Guarantee Contracts (effective from 1 January 2006).

This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value and subsequently measured at the higher of: (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. Management considered this amendment to IAS 39 and concluded that it will not have a significant impact on the Company's financial position.

—IFRS 7, Financial Instruments: Disclosures and a complementary amendment to IAS 1, Presentation of Financial Statements—Capital Disclosures (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Company will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

—Interpretation 4, Determining Whether an Arrangement contains a Lease (effective from 1 January 2006).

IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management assessed the impact of IFRIC 4 and concluded that this amendment will have a limited impact to the format and extent of disclosures presented in the accounts on the Company's operations.

2.2 Consolidation

The consolidated financial statements include the investment in the associated company "Greek Postal Savings Bank—EL.TA Mutual Fund Management Company". The Company does not control directly or indirectly over 50% of the voting rights does not exercise significant influence and does not control any other company.

2.2.1 Basis of Consolidation

Associated undertakings: Associated undertakings are accounted for applying the equity method of accounting. These are undertakings over which the Company has between 20% and 50% of the voting rights, and over which the Company exercises significant influence, but which it does not control.

Under the equity method of accounting, the investment is recorded at cost and is increased or decreased by the proportionate share of the affiliate's profits and losses after the date of acquisition. Dividends received from the associate during the year reduce the carrying value of the investments. The Company's share in the profits or losses of the associate after the date of acquisition is accounted for through the profits and loss, while the changes in the reserves after the date of acquisition is proportionately recorded in the reserves accounts. When the Company's participation in the losses of an associate equals or exceeds the cost of the participation in the associate, including any other doubtful receivables, the Company does not recognise any further losses, unless it has legal and presumed commitments to make payments on behalf of the associate.

The Company only consolidates the associated company "Greek Postal Savings Bank—EL.TA Mutual Fund Management Company", hence there are no differences between the consolidated and stand alone financial statements, with the exception of items concerning the associated company.

2.3 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company recognises a financial asset or a financial liability on its balance sheet when, and only when, it becomes a party to the contractual provision of the instrument.

2.3.1 Initial Recognition

The Company recognizes in the balance sheet all financial assets and liabilities, including derivatives. Financial instruments are recognised on settlement date. Financial assets and liabilities are initially recognised at fair value, including direct expenses attributed to the transaction.

2.3.2 Financial Asset Classification and Valuation

The Group's financial instruments are classified in the following categories based on the the substance of the contract and the purpose for which they have been acquired.

i) Financial assets at fair value through profit or loss

These are financial assets that meet any one of the following conditions:

—Financial assets held for trading. These are securities acquired for the purpose of generating a profit from short-term fluctuations in prices, and they include derivatives, with the exception of those that constitute and are designated as efficient hedges.

Derivative financial instruments fall under the assets at fair value through profit or loss category. However in the Balance Sheet they appear separately under "Derivative financial instruments".

ii) Loans and Receivables from Customers

Loans and receivables from Customers include loans granted directly to the borrower, carried at their amortised cost and assessed at each balance sheet date as to whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If any such evidence exists, the present value of the recoverable amount of the loan or group of loans is measured and where this is less than the carrying amount, an impairment charge is recognised measured as the difference between the asset's carrying amount and the present value of the recoverable amount.

A financial asset is impaired when its carrying amount is greater than the present value of estimated future cash flows. An allowance for the impairment of financial assets on loans shall be recognized if there is evidence that the Company shall be unable to collect all amounts owed that are established in the contractual terms of the loans. Objective evidence that a financial asset or group of financial assets is impaired or uncollectible comprise the following:

i. significant financial difficulty of the borrower;

ii. a breach of contract, such as default or delinquency in interest or principal payments;

iii. the Company, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower a concession that the Company would not otherwise consider;

iv. it becomes probable that the borrower shall enter bankruptcy or other financial restructuring;

v. observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of loans, although the decrease cannot yet be identified with the individual loans in the group, including:—adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments due to problems in the industry), or— national or local economic conditions that correlate with defaults on the loans in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, or adverse changes in the conditions of an industry that affect the borrowers in the group).

The Company assesses the probability for impairment at borrower level for those loans that the Company considers significant and at borrower group level for those loans that it does not consider significant. Loans that have been assessed at borrower level and for which there has been no evidence of impairment, significant or not, are included in groups of receivables with similar credit risk characteristics and are assessed collectively.

Should at a later period the allowance decrease, and such decrease is related to events that occurred after the setting up of the allowance, such as for instance an improvement in the borrower's creditworthiness, then difference is recognised in the income statement.

Loans are classified as non performing after six months, during which no interest payments have been made. When loans are classified as non performing interest ceases to accrue and is monitored in memo accounts.

Loans to companies for which there is guarantee from the Greek Government are considered fully recoverable, hence they are not assessed for impairment.

iii) Held to maturity investments

Held to maturity investments consists of fixed and variable rate securities which Management intends and is able to hold them until their maturity.

Securities held to maturity are accounted for at amortised using the effective interest rate method, less any impairment charges. An impairment loss is recognized in the income statement if the carrying amount of the asset is greater than its recoverable value. The impairment loss is measured as the difference between the carrying amount of an investment and the present value of estimated future cash flows, discounted at the its original effective interest rate (i.e. the effective interest rate computed at initial recognition). Impairment losses are reversed in future periods when an increase in the recoverable amount of the investment can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the unamortized cost would have been had the impairment not been recognized.

Should the Company sell or transfer part of the held to maturity investments prior to their maturity (unless the conditions under IAS 39 are met), then it shall not be possible to classify an asset as held to maturity for the following two years.

iv) Available for sale investments

Available for sale financial assets include securities for which no particular holding period has been established and which can be sold in order to meet liquidity needs or face changes in their respective rates or prices. Available for sale financial assets are valued initially at their acquisition cost (including transaction costs). In future periods, they are valued at fair value. Unrealised gains or losses from changes in the fair value are recognized directly in Equity until the assets are sold, collected or otherwise disposed of or until an impairment is recognised, at which time the cumulative profits or losses that had been recognized directly in Equity shall be recognized in profit or loss.

When sold or classified as impaired, the profits or losses are recognized in profit or loss. Impairment losses recognized in profit or loss shall not be reversed through profit or loss.

In the Group's Balance Sheet the financial instruments under this category are included in item *"Investment securities—available for sale"*.

2.3.3 Financial Liabilities

The Company's financial liabilities include mainly customer deposits.

Financial liabilities are measured initially at their acquisition cost, which is the fair value of the cash or other financial assets contributed. After initial recognition, they are measured at their amortized cost using the effective interest rate method. Interest expenses are recognized in profit or loss.

2.3.4 Derivatives and Hedging

The Company uses derivatives both on its account, aiming at profitmaking and for addressing the needs of its customers.

The derivatives traded by the Company mainly include interest rate swap contracts.

All derivatives are initially measured at their fair value upon inception of the contract and subsequently measured quoted at fair value. The fair values of derivatives are obtained on a case to case basis from quoted stock exchange prices, derivative traders and pricing models. Unrealized profits and losses of derivatives are recognized in "net trading income".

Derivatives are presented as assets when their estimated fair value is positive and as liabilities when their estimated fair value is negative.

Derivatives fall under two categories:

i) Embedded Derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some cash flows of the combined instrument vary in a way similar to a stand-alone derivative. The Company's embedded derivatives include mainly corporate bonds with embedded right to conversion in shares and preferential shares whose yield is related to an interest rate ratio.

An embedded derivative shall be separated from the host contract if and only if:

(a) hybrid (combined) instrument is not measured at fair value with changes in fair value recognized in profit or loss;.

(b) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;

(c) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

If a derivative is separated it shall be measured at fair value the unrealized gain or loss being recognized in profit or loss, while the host contract is accounted for based on the category under which it falls (e.g. available for sale financial assets).

Where the Company intends to hold an embedded derivative for trading, then it does not separate the value of the derivative from the host contract, but it classifies the combined instrument in the trading portfolio and measures it at fair value, the total change in the value being recognized in the income statement. The same accounting treatment is followed where the Company is unable to distinctly measure the embedded derivative either at its acquisition or at a later date.

ii) Hedging Derivatives

The Company also uses derivatives to hedge risks that arise as a result of fluctuations in interest rates and foreign exchange rates. The Company hedges the fair value or cash flows for derivatives which meet applicable criteria. For those derivatives that do not meet the hedging criteria, profits or losses that result from changes to their fair value are recognized in the income statement.

A hedging relationship qualifies for hedge accounting when:

(a) at the inception of the hedge there is formal documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge;

(b) the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship;

(c) for cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to risk from variations in cash flows that could ultimately affect profit or loss;

(d) The effectiveness of the hedge can be reliably measured;

(e) the hedge is determined to have been highly effective throughout the financial reporting periods for which the hedged item was documented.

If a fair value hedge meets the conditions above, the change in the fair value of the hedged item is recognized in profit or loss. The gain or loss from the respective change in the fair value of the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in profit or loss, regardless of the classification of the financial instrument (e.g. available for sale financial assets).

The gain or loss from changes in the fair value of a derivative and which concern the effective portion of a cash flow hedge, are recognized in equity. The gain or loss resulting from the collection or payment of cash flows, which are hedged by the derivative (also including cash flows from transactions that had not been realized at the time of creation of the hedging relationship) is recognized in profit or loss together with the respective gain or loss of the hedging instrument, which had been accumulated in equity up until the time of the collection (or payment).

When the hedging relationship of the cash flows of a transaction to be performed in the future is not considered effective any more or is interrupted, then the accumulated gain or loss that relates to the hedging instrument remains in equity until the foregoing transaction is completed, at which time it is transferred from equity to the account.

2.3.5 Fair value determination methods

The fair value of financial assets traded on organized markets is determined on a case by case basis using prices provided by the specific markets, securities traders or future cash flow discounting models. For non traded assets, the fair value is determined by applying acceptable measurement techniques such as recent transactions comparison, comparable traded assets, derivative valuation models and future cash flow discounting models.

Where valuation models are used, the data used is based on relevant market measurements (rates of interest, share prices, etc.) at the date of the balance sheet. Where cash flow discounting techniques are used, the estimated future cash flows are based on Management's best estimates and the discount rate used is the market rate for a instrument with the same characteristics and risks.

Non traded equity instruments, the fair value of which may not be reliably determined, as well as derivatives that are correlated to such equity instruments are measured at acquisition cost.

2.3.6 Derecognition

A financial instrument is derecognized control over its contractual rights is lost. This is the case when such rights expire or are transferred and the Company has substantially transferred all risks and rewards associated with ownership.

Financial liabilities shall be derecognized when the Company's liability to pay cash or other financial instruments ceases to exist.

2.3.7 Offsetting

Financial assets and liabilities may be offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to realize the asset and settle the liability simultaneously or on a net basis.

2.3.8 Sale and Repurchase Agreements

The Company shall sell securities on the basis of repurchase agreements of treasury shares at a specific price in the future at a fixed price.

Securities sold subject to a linked repurchase agreement ("Repos") are retained in the financial statements and valued based on their classification (as trading or available for sale securities). The amounts received are recorded in the balance sheet as liabilities and accrued over the life of the Repos agreement using the effective interest rate method.

2.4 Foreign currency translation

Items included in the consolidated and stand alone financial statements are presented in euros, which is the functional and operational currency of the Company and its associate. When preparing the financial statements, assets and liabilities are translated into euros at the exchange rates prevailing at the balance sheet date.

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recognised in the income statement.

2.5 Tangible Assets

Tangible assets held for use in the supply of services or for administrative purposes are recorded at cost less accumulated depreciation and accumulated impairment losses. The acquisition cost includes all costs that are required to bring an asset into working condition. The Company's land and have been fair valued, in accordance with Chapter H, Article 3, Paragraph 3 of Law 3082/2002, by the certified appraisers of Article 9 of Codified Law 2190/1920, at 31 December 2003, and the value was considered to be the deemed cost under IFRS 1.

Costs incurred subsequent to the acquisition of an asset increasing the carrying amount of the assets or are being recorded as a separate asset, only when it is probable that they will result in future economic benefits beyond originally anticipated for the asset. The maintenance cost is expenses as incurred.

Tangible assets (with the exception of land which is not subject to depreciation) are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	50-60	Years
Mechanical equipment	7	Years
Electrical equipment	3-4	Years
Motor vehicles	8	Years
Furniture & other equipment	5	Years

The residual value and useful life of a tangible asset is reviewed at each balance sheet date. When the carrying amount of a tangible asset is greater than its estimated recoverable amount, the difference (impairment) is recognized in the income statement.

On disposal of a tangible asset, the difference between the sale price and the net book value is accounted for through the income statement.

2.6 Intangible Assets

Intangible Assets include computer software.

Intangible assets are stated at acquisition cost less accumulated amortization. Intangible assets are amortized using the straight-line method over their useful lives, not exceeding a period of 7 years.

Software maintenance costs are expensed as incurred. Expenditure which enhance or extend the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software, provided that it can be reliably measured.

2.7 Foreclosed Assets

Foreclosed assets, which consist of properties acquired through foreclosure in full or partial satisfaction of a related loan, are initially measured at cost, which includes transaction costs, and reported under other assets. After initial recognition foreclosed assets are re-measured at the lower of their carrying amount and fair value less estimated costs to sell. Any gains or losses on liquidation of foreclosed assets are included in other operating income

2.8 Tangible and Intangible Asset Impairment

At each balance sheet date, management reviews both tangible and intangible assets in order to estimate the recoverable amount and assesses whether there is any identification of impairment. When it is not possible to estimate the recoverable amount of a single asset, the Company assesses the recoverable amount of the cash generating unit where such asset belongs. The recoverable amount is the higher amount between the net selling price and the value in use. In order to calculate the value in use of an asset, the Company needs to estimate the net present value of the estimated future cash flows.

If the recoverable amount of an asset (or a cash flow generating unit) is estimated to be lower than its carrying amount, the carrying amount of the asset (or the cash flow generating unit) is written down to its recoverable amount. Impairment losses are recognized through the income statement.

Should the impairment loss is subsequently reversed, the carrying amount of the asset (or the cash flow generating unit) is increased up to the lower between revised estimated recoverable amount and the carrying amount, that would have been recognized had no impairment loss been recognized for the asset (or the cash flow generating unit) in previous years. The reversal of the impairment loss is accounted for through the income statement.

2.9 Leases

Leases where the lessor transfers the right of use of an asset for an agreed period of time, without transferring the risks and rewards of ownership of the asset, are classified as operating leases. Operating lease payments (net of any incentives offered by the lessor) are accounted for through the income statement over the term of the lease. All operating lease agreements signed by the Company relate to cases where the Company is the lessee.

2.10 Cash and Cash equivalent

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition and consist of "Cash and balances with Central Bank" and "Due from banks".

2.11 Income and Deferred Taxes

The taxes charged for the period include current and deferred income taxes, namely tax charges or tax relief resulted during the period but which have already been attributed or will be attributed by the tax authorities in different periods. Income tax is recognised in the income statement. Where deferred tax relates to transactions recognised directly in Equity, such tax is recognized in Equity.

Taxable profit usually differs from the accounting profit as it does not include taxable or tax deductible temporary differences, as well as items that are considered to be permanent differences or are tax exempted.

Current income taxes are measured at the tax rates that are applicable during periods to which they relate, based on the taxable profit for the period

Deferred tax assets and liabilities are measured using the balance sheet method on all temporary differences arising between the carrying amounts of assets or liabilities in the balance sheet and their amounts as measured for tax purposes.

Deferred tax liabilities are recognised on all temporary tax differences. Deferred tax assets are recognised to the extent that there will be taxable profit in the future in order to use the temporary difference that generated the deferred tax asset. No deferred income tax is recognized if it results from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss. The carrying amount of the deferred tax asset is assessed on each balance sheet date and reduced to the extent that it is not probable that sufficient taxable profits will be available to allow recovery of the asset (in total or partly). Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted at the balance sheet date.

The Company offsets current tax assets and current tax liabilities if it has a legally enforceable right to set off the recognised amounts, these amounts relate to income taxes imposed by the same tax authority and the Company intends to settle on a net basis.

Deferred taxes are accounted for through the income statement with the exception of the deferred taxes that are directly recognized in Equity, if such taxes relate to assets that have been directly recognized in Equity in the same or different period.

2.12 Employee Benefits

Short-term Employee Benefits: Short-term employee benefits (other than termination benefits) monetary and non-monetary are recognized on an accrual basis.

Any unpaid amounts are accounted for as liabilities, whereas in case the amount paid exceeds the benefit amount, the Company recognises the excess amount as an asset (prepaid expense) to the extent that such prepayment will lead to the decrease or refund of future payments.

Staff termination indemnities:

Contributions to defined contribution plans are recognized once they are realized. Contributions to state plans or pension organizations are treated as contributions to defined contribution plans, where the Company's obligations to such organizations are equivalent to those resulting from defined contribution plans.

For defined benefits plans the defined benefit obligation is calculated by independent actuaries on an annual basis using the Projected Unit Credit Method. The Company uses the "corridor" approach of IAS 19 "Employee benefits", according to which the amount of actuarial gains and losses that exceed by 10% the present value of the defined benefit obligations or the fair value of the plan assets (whichever is higher) is unrecognized and is amortised over the average remaining service lives of the employees participating to the plan. Past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested the Company recognises past service cost immediately

Defined benefit obligations recognised in the balance sheet represent the present value of the defined benefit obligation including the unrecognised actuarial gains and losses and past service cost and the fair value of the plan assets. Any asset resulting from this calculation is limited to the unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that it will be required to settle the obligation. The Provisions are based on the Board of Directors' best estimates, are being reviewed at the balance sheet date and adjusted in order to reflect the present value of expected settlement amount.

Contingent liabilities are not accounted for in the financial statements but are disclosed, unless the possible outflow of resources embodying economic benefits is not material. Assets are not recognised in a contingent basis. They are disclosed provided that the inflow of economic benefits is probable.

2.14 Revenue Recognition

The Company's revenues mainly comprise of interest income from loans and interest bearing securities, commission income from portfolio management, letters of guarantee, foreign currency transactions and other banking activities, dividends and other income. Any intragroup revenue is eliminated.

Revenue is recognized as follows:

i) Interest Income:

Interest income relates to all interest bearing assets and is recognized on an accrual basis, using the effective interest rate method based on the actual purchase price. Interest income includes coupons earned on fixed income and trading securities, accrued premium / discount on government and similar securities, as well as interest from loan / investments.

ii) Fee and Commission income

Fees and commissions are recognized on an accrual basis over the period the service is provided, in order to be linked to the cost of the service. Fees and commissions related to credit risk are accounted fro through the income statement on straight-line basis during the term of the risk.

iii) Dividends and income from securities

Dividend income is recognized upon substantiation of the right to be collected. Income from securities is recognized upon the sale of such securities.

2.15 Dividends Distribution

Dividends distributed to the Company's shareholders are recognized as a liability in the financial statements upon approval for distribution by the Annual General Meeting of the Shareholders.

2.16 Segment reporting

A segment is defined as a group of assets and operations that provides products and services that are subject to risks and rewards different from those of other segments.

A geographical segment is a geographical area where products and services provided are subject to risks and rewards different from those of other areas.

The banking activities include management all customer (individual customers and companies) products relating to but not limited to savings accounts, sight and time deposits, loans (mortgage - consumer loans), credit and debit cards services and foreign exchange transactions.

Currently, management monitors the risks and rewards from banking activities and financial products on an aggregated basis. As such, the Company has not organized different reporting segments.

The Company mainly invests in bonds, financial derivatives, shares traded on the Athens and foreign exchanges and foreign exchange activities.

The Company has not divided its activities in different business segments as its activities are entirely related to the banking sector.

3. Critical accounting policies, estimates and judgments

3.1 Critical accounting policies and estimates

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) requires management to make a number of judgments, estimates and assumptions that affect the reported amount of assets, liabilities, income and expense in the Financial Statements and accompanying notes. The Company's management believes that the judgments, estimates and assumptions used in the preparation of the Financial Statements are appropriate given the factual circumstances as of 31 December 2005.

Various elements of the Company's accounting policies, by their nature, are inherently subject to estimations, valuation assumptions and other subjective assessments. In particular, the Company has identified five accounting policies which, due to the judgments, estimates and assumptions inherent in those policies, and the sensitivity of the financial statements to those judgments, estimates and assumptions, are critical to understanding the financial statements.

3.1.2 Recognition and measurement of financial instruments at fair value

Assets and liabilities that are trading instruments are recorded at fair value on the balance sheet date, with changes in fair value reflected in net trading income. For exchange traded financial instruments, fair value is based on quoted market prices for the specific instrument. Where no active market exists, or where quoted prices are not otherwise available, we determine fair value using a variety of valuation techniques. These include present value methods, models based on observable input parameters, and models where some of the input parameters are unobservable. Valuation models are used primarily to value derivatives transacted in the over-the-counter market and periodically reviewed thereafter. All valuation models are validated before they are used as a basis for financial reporting. Although a significant degree of judgment is, in some cases, required in establishing fair values, management believes the fair values recorded in the balance sheet and the changes in fair values recorded in the income statement are prudent and reflective of the underlying economics, based on the controls and procedural safeguards we employ.

3.1.3 Allowance for loan losses

The amount of the allowance set aside for loan losses is based upon management's ongoing assessments of the probable estimated losses in the loan portfolio. The accuracy of the allowances and provisions made depends on how well management estimates future cash flows for specific counterparty allowances and provisions and the model assumptions and parameters used in determining collective allowances. While this necessarily involves judgment, the Company's management believes that the allowances and provisions are reasonable and supportable.

3.1.4 Retirement benefit obligations

The retirement benefit obligation is actuarially determined using assumed discount rates and assumed rates of compensation increase. These assumptions are ultimately determined by reviewing the Company's salary increases each year.

3.1.5 Useful lives of depreciable assets

The management of the Company determines the estimated useful lives and related depreciation charges for its property and other equipment. The Company's estimate is based on the projected operating life cycle of its buildings and the other depreciable assets such as furniture and other equipment, motor vehicles, hardware and other equipment and it could not change significantly. However, management will change the depreciation charge where useful lives are turned to be different than previously estimated lives or it will write down or write off technically obsolete assets.

3.2 Critical judgments

3.2.1. Held to maturity investments

The Company follows the IAS 39 guidance of on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification is based on the Company's evaluation of its intention and ability to hold such investment to maturity.

3.2.2 Impairment of available-for-sale financial assets

The Company follows the guidance of IAS 39 on determining when an investment is other than temporarily impaired. This determination requires judgment and the Company evaluates the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

3.2.3 Income Taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact, through the profit and loss account, the income tax and deferred tax provisions in the period in which such determination is made.

4. Financial Risk Management

4.1 Credit Risk

Credit Risk is the risk that a debtor will cause a financial loss to the Company by failing to discharge an obligation in total or partly.

Mortgages represent 84% of total loans. Loans granted to the Greek Government represent 13.5% of total loans and commercial loans represent 2.5%. The remaining amount of loans concerns other categories of loans, such as credit cards, advances to employees, personal loans, etc.

The Company's management pays specific attention to credit risk management in order to assess the credit exposure of each borrower.

To achieve the above objective, the Company's management has established the appropriate infrastructure and procedures in order to assess the credit exposure of each borrower.

4.2 Market Risk

Market Risk is the risk of loss attributed to adverse changes in the liquidity and market value of the Company's portfolio due to changes in the market prices of the financial instruments included in the portfolio.

Market risk is primarily incurred through the equity portfolio and stock indexes, interest rates, commodities, foreign exchange rates, etc.

4.3 Foreign Exchange Risk

Foreign Currency Risk is the risk that is attributable to the changes in foreign exchange rates, when there is an open foreign exchange position. The Management has set limits for the Company's intraday and end-of-day open position. The limits related to the foreign exchange risk exposure are monitored on a daily basis.

The Company's exposure to foreign exchange risk as of 31 December 2004 and 2005 on stand alone and consolidated basis is as follows:

Foreign Exchange Risk as of 31 December 2004 on stand alone basis

	USD	CAD	GBP	CHF	SEK	OTHER CURRENCIES	EURO	Total
Assets								
Cash and balances with Central Bank	9,731.37	—	4,366.65	1,360.10	—	—	121,293,937.11	121,309,395.23
Due from banks	5,822,700.61	281,633.47	529,848.03	123,243.89	150,717.28	158,968.79	2,311,530,514.05	2,318,597,626.12
Financial assets at fair value through P&L	—	—	—	—	—	—	1,280,287,915.40	1,280,287,915.40
Loans and advances to customers	—	—	—	—	—	—	2,060,115,383.30	2,060,115,383.30
Less: Allowance for impairment on loans & advances to customers	—	—	—	—	—	—	(16,570,237.54)	(16,570,237.54)
Investment securities—available for sale	2,516,365.77	—	—	—	—	—	4,279,714,325.50	4,282,230,691.27
Investment securities—held to maturity	—	—	—	—	—	—	493,558,961.72	493,558,961.72
Investment in associate	—	—	—	—	—	—	600,000.00	600,000.00
Property & equipment	—	—	—	—	—	—	102,473,820.94	102,473,820.94
Intangible assets	—	—	—	—	—	—	4,821,624.47	4,821,624.47
Deferred tax assets	—	—	—	—	—	—	33,637,712.58	33,637,712.58
Other assets	—	—	—	—	—	—	232,030,700.97	232,030,700.97
Total assets	**8,348,797.75**	**281,633.47**	**534,214.68**	**124,603.99**	**150,717.28**	**158,968.79**	**10,903,494,658.50**	**10,913,093,594.46**
Liabilities								
Due to customers	4,555,923.65	169,164.17	350,227.62	102,402.07	102,076.80	22,588.22	9,269,730,075.21	9,275,032,457.74
Derivative financial instruments	—	—	—	—	—	—	72,522,427.28	72,522,427.28
Deferred tax liabilities	—	—	—	—	—	—	188,248,862.74	188,248,862.74
Retirement benefit obligations	—	—	—	—	—	—	16,605,390.00	16,605,390.00
Other liabilities	—	—	—	—	—	—	192,800,834.04	192,800,834.04
Total liabilities	**4,555,923.65**	**169,164.17**	**350,227.62**	**102,402.07**	**102,076.80**	**22,588.22**	**9,739,907,589.27**	**9,745,209,971.80**
Total Equity							**1,167,883,622.66**	**1,167,883,622.66**
Total liabilities and Equity	**4,555,923.65**	**169,164.17**	**350,227.62**	**102,402.07**	**102,076.80**	**22,588.22**	**10,907,791,211.93**	**10,913,093,594.46**
Net on balance sheet position	**3,792,874.10**	**112,469.30**	**183,987.06**	**22,201.92**	**48,640.48**	**136,380.57**	**(4,296,553.43)**	**0.00**

Foreign Exchange Risk as of 31 December 2004 on consolidated basis

	USD	CAD	GBP	CHF	SEK	OTHER CURRENCIES	EURO	Total
Assets								
Cash and balances with Central Bank	9,731.37	—	4,366.65	1,360.10	—	—	121,293,937.11	**121,309,395.23**
Due from banks	5,822,700.61	281,633.47	529,848.03	123,243.89	150,717.28	158,968.79	2,311,530,514.05	**2,318,597,626.12**
Financial assets at fair value through P&L	—	—	—	—	—	—	1,280,287,915.40	**1,280,287,915.40**
Loans and advances to customers	—	—	—	—	—	—	2,060,115,383.30	**2,060,115,383.30**
Less: Allowance for impairment on loans & advances to customers	—	—	—	—	—	—	(16,570,237.54)	**(16,570,237.54)**
Investment securities—available for sale	2,516,365.77	—	—	—	—	—	4,279,714,325.50	**4,282,230,691.27**
Investment securities—held to maturity	—	—	—	—	—	—	493,558,961.72	**493,558,961.72**
Investment in associate	—	—	—	—	—	—	173,657.41	**173,657.41**
Property & equipment	—	—	—	—	—	—	102,473,820.94	**102,473,820.94**
Intangible assets	—	—	—	—	—	—	4,821,624.47	**4,821,624.47**
Deferred tax assets	—	—	—	—	—	—	33,637,712.58	**33,637,712.58**
Other assets	—	—	—	—	—	—	232,030,700.97	**232,030,700.97**
Total assets	**8,348,797.75**	**281,633.47**	**534,214.68**	**124,603.99**	**150,717.28**	**158,968.79**	**10,903,068,315.91**	**10,912,667,251.87**
Liabilities								
Due to customers	4,555,923.65	169,164.17	350,227.62	102,402.07	102,076.80	22,588.22	9,269,730,075.21	**9,275,032,457.74**
Derivative financial instruments	—	—	—	—	—	—	72,522,427.28	**72,522,427.28**
Deferred tax liabilities	—	—	—	—	—	—	188,248,862.74	**188,248,862.74**
Retirement benefit obligations	—	—	—	—	—	—	16,605,390.00	**16,605,390.00**
Other liabilities	—	—	—	—	—	—	192,800,834.04	**192,800,834.04**
Total liabilities	**4,555,923.65**	**169,164.17**	**350,227.62**	**102,402.07**	**102,076.80**	**22,588.22**	**9,739,907,589.27**	**9,745,209,971.80**
Total Equity							**1,167,457,280.07**	**1,167,457,280.07**
Total liabilities and Equity	**4,555,923.65**	**169,164.17**	**350,227.62**	**102,402.07**	**102,076.80**	**22,588.22**	**10,907,364,869.34**	**10,912,667,251.87**
Net on balance sheet position	**3,792,874.10**	**112,469.30**	**183,987.06**	**22,201.92**	**48,640.48**	**136,380.57**	**(4,296,553.43)**	**0.00**

Foreign Exchange Risk as of 31 December 2005 on stand alone basis

	USD	CAD	GBP	CHF	SEK	OTHER CURRENCIES	EURO	Total
Assets								
Cash and balances with Central Bank	17,358.65	14.57	1,408.14	1,363.26	—	6,250.38	191,239,684.14	**191,266,079.14**
Due from banks	12,288,743.35	453,411.28	643,681.04	124,068.50	226,126.75	471,040.91	1,235,055,652.50	**1,249,262,724.33**
Derivative financial instruments	—	—	—	—	—	—	810,147.80	**810,147.80**
Financial assets at fair value through P&L	—	—	—	—	—	—	1,593,121,669.08	**1,593,121,669.08**
Loans and advances to customers	—	—	—	—	—	—	3,044,667,020.61	**3,044,667,020.61**
Less: Allowance for impairment on loans & advances to customers	—	—	—	—	—	—	(31,365,743.79)	**(31,365,743.79)**
Investment securities—available for sale	1,800,045.56	—	—	—	—	—	4,617,112,304.96	**4,618,912,350.52**
Investment securities—held to maturity	—	—	—	—	—	—	491,871,117.75	**491,871,117.75**
Investment in associate	—	—	—	—	—	—	1,050,000.00	**1,050,000.00**
Property & equipment	—	—	—	—	—	—	110,750,791.08	**110,750,791.08**
Intangible assets	—	—	—	—	—	—	10,970,975.17	**10,970,975.17**
Deferred tax assets	—	—	—	—	—	—	36,224,148.01	**36,224,148.01**
Other assets	56,908.81	852.08	1,599.34	308.53	675.66	2,561.86	247,503,118.11	**247,566,024.39**
Total assets	**14,163,056.37**	**454,277.93**	**646,688.52**	**125,740.29**	**226,802.41**	**479,853.15**	**11,549,010,885.42**	**11,565,107,304.09**
Liabilities								
Due to customers	6,475,526.73	258,441.87	366,263.32	99,518.66	178,884.38	156,369.94	9,946,303,760.30	**9,953,838,765.20**
Derivative financial instruments	—	—	—	—	—	—	66,626,004.60	**66,626,004.60**
Deferred tax liabilities	—	—	—	—	—	—	67,737,773.28	**67,737,773.28**
Retirement benefit obligations	—	—	—	—	—	—	17,952,698.00	**17,952,698.00**
Other liabilities	34,569.52	750.81	1,094.15	249.80	603.45	2,012.85	593,473,289.57	**593,512,570.15**
Total liabilities	**6,510,096.25**	**259,192.68**	**367,357.47**	**99,768.46**	**179,487.83**	**158,382.79**	**10,692,093,525.75**	**10,699,667,811.23**
Total Equity							**865,439,492.86**	**865,439,492.86**
Total liabilities and Equity	**6,510,096.25**	**259,192.68**	**367,357.47**	**99,768.46**	**179,487.83**	**158,382.79**	**11,557,533,018.61**	**11,565,107,304.09**
Net on Balance Sheet Position	**7,652,960.12**	**195,085.25**	**279,331.05**	**25,971.83**	**47,314.58**	**321,470.36**	**(8,522,133.19)**	**0.00**

Foreign Exchange Risk as of 31 December 2005 on consolidated basis

	USD	CAD	GBP	CHF	SEK	OTHER CURRENCIES	EURO	Total
Assets								
Cash and balances with Central Bank	17,358.65	14.57	1,408.14	1,363.26	—	6,250.38	191,239,684.14	**191,266,079.14**
Due from banks	12,288,743.35	453,411.28	643,681.04	124,068.50	226,126.75	471,040.91	1,235,055,652.50	**1,249,262,724.33**
Derivative financial instruments	—	—	—	—	—	—	810,147.80	**810,147.80**
Financial assets at fair value through P&L	—	—	—	—	—	—	1,593,121,669.08	**1,593,121,669.08**
Loans and advances to customers	—	—	—	—	—	—	3,044,667,020.61	**3,044,667,020.61**
Less: Allowance for impairment on loans & advances to customers	—	—	—	—	—	—	(31,365,743.79)	**(31,365,743.79)**
Investment securities—available for sale	1,800,045.56	—	—	—	—	—	4,617,112,304.96	**4,618,912,350.52**
Investment securities—held to maturity	—	—	—	—	—	—	491,871,117.75	**491,871,117.75**
Investment in associate	—	—	—	—	—	—	537,561.05	**537,561.05**
Property & equipment	—	—	—	—	—	—	110,750,791.08	**110,750,791.08**
Intangible assets	—	—	—	—	—	—	10,970,975.17	**10,970,975.17**
Deferred tax assets	—	—	—	—	—	—	36,224,148.01	**36,224,148.01**
Other assets	56,908.81	852.08	1,599.34	308.53	675.66	2,561.86	247,503,118.11	**247,566,024.39**
Total assets	**14,163,056.37**	**454,277.93**	**646,688.52**	**125,740.29**	**226,802.41**	**479,853.15**	**11,548,498,446.47**	**11,564,594,865.14**
Liabilities								
Due to customers	6,475,526.73	258,441.87	366,263.32	99,518.66	178,884.38	156,369.94	9,946,303,760.30	**9,953,838,765.20**
Derivative financial instruments	—	—	—	—	—	—	66,626,004.60	**66,626,004.60**
Deferred tax liabilities	—	—	—	—	—	—	67,737,773.28	**67,737,773.28**
Retirement benefit obligations	—	—	—	—	—	—	17,952,698.00	**17,952,698.00**
Other liabilities	34,569.52	750.81	1,094.15	249.80	603.45	2,012.85	593,473,289.57	**593,512,570.15**
Total liabilities	**6,510,096.25**	**259,192.68**	**367,357.47**	**99,768.46**	**179,487.83**	**158,382.79**	**10,692,093,525.75**	**10,699,667,811.23**
Total Equity							**864,927,053.91**	**864,927,053.91**
Total liabilities and Equity	**6,510,096.25**	**259,192.68**	**367,357.47**	**99,768.46**	**179,487.83**	**158,382.79**	**11,557,020,579.66**	**11,564,594,865.14**
Net on Balance Sheet position	**7,652,960.12**	**195,085.25**	**279,331.05**	**25,971.83**	**47,314.58**	**321,470.36**	**(8,522,133.19)**	**0.00**

4.4 Interest Rate Risk

Interest Rate Risk is the risk attributable to fluctuations because of changes in market interest rates.

Interest Rate Risk as of 31 December 2004 on stand alone basis

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Items not affected	Total
				Amounts in €			
Assets							
Cash and balances with Central Bank	121,309,395.23	—	—	—	—	—	**121,309,395.23**
Due from banks	1,731,148,512.94	434,951,592.74	151,480,889.46	—	—	1,016,630.98	**2,318,597,626.12**
Financial assets at fair value through P&L	132,010,500.87	191,913,100.13	177,919,499.47	543,747,329.80	32,329,227.72	202,368,257.41	**1,280,287,915.40**
Loans and advances to customers	—	—	—	54,398,452.32	2,002,761,233.65	2,955,697.33	**2,060,115,383.30**
Less: Allowance for impairment on loans & advances to customers	—	—	—	—	—	(16,570,237.54)	**(16,570,237.54)**
Investment securities—available for sale	283,901,716.65	422,728,488.84	302,097,944.00	2,664,698,250.28	486,431,745.11	122,372,546.39	**4,282,230,691.27**
Investment securities—held to maturity	—	—	—	493,558,961.72	—	—	**493,558,961.72**
Investment in associate	—	—	—	—	—	600,000.00	**600,000.00**
Property & equipment	—	—	—	—	—	102,473,820.94	**102,473,820.94**
Intangible assets	—	—	—	—	—	4,821,624.47	**4,821,624.47**
Deferred tax assets	—	—	—	—	—	33,637,712.58	**33,637,712.58**
Other assets	—	—	—	—	—	232,030,700.97	**232,030,700.97**
Total assets	**2,268,370,125.69**	**1,049,593,181.71**	**631,498,332.93**	**3,756,402,994.12**	**2,521,522,206.48**	**685,706,753.53**	**10,913,093,594.46**
Liabilities							
Due to customers	2,772,715,209.77	1,146,916,501.85	5,352,277,008.64	—	—	3,123,737.48	**9,275,032,457.74**
Derivative financial instruments	—	—	—	25,033,820.97	47,488,606.31	—	**72,522,427.28**
Deferred tax liabilities	—	—	—	—	—	188,248,862.74	**188,248,862.74**
Retirement benefit obligations	—	—	—	—	—	16,605,390.00	**16,605,390.00**
Other liabilities	—	—	—	—	—	192,800,834.04	**192,800,834.04**
Total liabilities	**2,772,715,209.77**	**1,146,916,501.85**	**5,352,277,008.64**	**25,033,820.97**	**47,488,606.31**	**400,778,824.26**	**9,745,209,971.80**
Total Equity						**1,167,883,622.66**	**1,167,883,622.66**
Total liabilities and Equity	**2,772,715,209.77**	**1,146,916,501.85**	**5,352,277,008.64**	**25,033,820.97**	**47,488,606.31**	**1,568,662,446.92**	**10,913,093,594.46**
Total interest sensitivity gap	**(504,345,084.08)**	**(97,323,320.14)**	**(4,720,778,675.71)**	**3,731,369,173.15**	**2,474,033,600.17**	**(882,955,693.39)**	**0.00**

Interest Rate Risk as of 31 December 2004 on consolidated basis

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Items not affected	Total
				Amounts in €			
Assets							
Cash and balances with Central Bank	121,309,395.23	—	—	—	—	—	**121,309,395.23**
Due from banks	1,731,148,512.94	434,951,592.74	151,480,889.46	—	—	1,016,630.98	**2,318,597,626.12**
Financial assets at fair value through P&L	132,010,500.87	191,913,100.13	177,919,499.47	543,747,329.80	32,329,227.72	202,368,257.41	**1,280,287,915.40**
Loans and advances to customers	—	—	—	54,398,452.32	2,002,761,233.65	2,955,697.33	**2,060,115,383.30**
Less: Allowance for impairment on loans & advances to customers	—	—	—	—	—	(16,570,237.54)	**(16,570,237.54)**
Investment securities—available for sale	283,901,716.65	422,728,488.84	302,097,944.00	2,664,698,250.28	486,431,745.11	122,372,546.39	**4,282,230,691.27**
Investment securities—held to maturity	—	—	—	493,558,961.72	—	—	**493,558,961.72**
Investment in associate	—	—	—	—	—	173,657.41	**173,657.41**
Property & equipment	—	—	—	—	—	102,473,820.94	**102,473,820.94**
Intangible assets	—	—	—	—	—	4,821,624.47	**4,821,624.47**
Deferred tax assets	—	—	—	—	—	33,637,712.58	**33,637,712.58**
Other assets	—	—	—	—	—	232,030,700.97	**232,030,700.97**
Total assets	**2,268,370,125.69**	**1,049,593,181.71**	**631,498,332.93**	**3,756,402,994.12**	**2,521,522,206.48**	**685,280,410.94**	**10,912,667,251.87**
Liabilities							
Due to customers	2,772,715,209.77	1,146,916,501.85	5,352,277,008.64	—	—	3,123,737.48	**9,275,032,457.74**
Derivative financial instruments	—	—	—	25,033,820.97	47,488,606.31		**72,522,427.28**
Deferred tax liabilities	—	—	—	—	—	188,248,862.74	**188,248,862.74**
Retirement benefit obligations	—	—	—	—	—	16,605,390.00	**16,605,390.00**
Other liabilities	—	—	—	—	—	192,800,834.04	**192,800,834.04**
Total liabilities	**2,772,715,209.77**	**1,146,916,501.85**	**5,352,277,008.64**	**25,033,820.97**	**47,488,606.31**	**400,778,824.26**	**9,745,209,971.80**
Total Equity						**1,167,457,280.07**	**1,167,457,280.07**
Total liabilities and Equity	**2,772,715,209.77**	**1,146,916,501.85**	**5,352,277,008.64**	**25,033,820.97**	**47,488,606.31**	**1,568,236,104.33**	**10,912,667,251.87**
Total interest sensitivity gap	**(504,345,084.08)**	**(97,323,320.14)**	**(4,720,778,675.71)**	**3,731,369,173.15**	**2,474,033,600.17**	**(882,955,693.39)**	**0.00**

Interest Rate Risk as of 31 December 2005 on stand alone basis

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Items not affected	Total
				Amounts in €			
Assets							
Cash and balances with Central Bank	191,266,079.14	—	—	—	—	—	**191,266,079.14**
Due from banks	902,837,802.74	234,655,108.54	111,769,813.05			—	**1,249,262,724.33**
Financial assets at fair value through P&L	15,000,000.00	139,753,853.00	535,788,145.80	499,551,979.22	251,429,268.72	151,598,422.34	**1,593,121,669.08**
Derivative financial instruments	—	—	—	454,534.89	355,612.91	—	**810,147.80**
Loans and advances to customers	—	58,184,905.89	167,895,490.53	619,444,103.58	2,199,142,520.61	—	**3,044,667,020.61**
Less: Allowance for impairment on loans & advances to customers	—	—	—	—	—	(31,365,743.79)	**(31,365,743.79)**
Investment securities—available for sale	19,990.01	1,239,746,728.79	100,285,105.37	2,813,111,422.47	341,395,044.06	124,354,059.82	**4,618,912,350.52**
Investment securities—held to maturity	—	—	491,871,117.75	—	—	—	**491,871,117.75**
Investment in associate	—	—	—	—	—	1,050,000.00	**1,050,000.00**
Property & equipment	—	—	—	—	—	110,750,791.08	**110,750,791.08**
Intangible assets	—	—	—	—	—	10,970,975.17	**10,970,975.17**
Deferred tax assets	—	—	—	—	—	36,224,148.01	**36,224,148.01**
Other assets	—	—	—	—	—	247,566,024.39	**247,566,024.39**
Total assets	**1,109,123,871.89**	**1,672,340,596.22**	**1,407,609,672.50**	**3,932,562,040.16**	**2,792,322,466.30**	**651,148,677.02**	**11,565,107,304.09**
Liabilities							
Due to customers	2,291,546,886.78	1,349,444,556.90	6,297,407,932.20	—	—	15,439,389.32	**9,953,838,765.20**
Derivative financial instruments	—	—	295,115.15	37,469,017.65	28,861,871.80	—	**66,626,004.60**
Deferred tax liabilities	—	—	—	—	—	67,737,773.28	**67,737,773.28**
Retirement benefit obligations	—	—	—	—	—	17,952,698.00	**17,952,698.00**
Other liabilities	—	—	—	—	—	593,512,570.15	**593,512,570.15**
Total liabilities	**2,291,546,886.78**	**1,349,444,556.90**	**6,297,703,047.35**	**37,469,017.65**	**28,861,871.80**	**694,642,430.75**	**10,699,667,811.23**
Total Equity						**865,439,492.86**	**865,439,492.86**
Total liabilities and Equity	**2,291,546,886.78**	**1,349,444,556.90**	**6,297,703,047.35**	**37,469,017.65**	**28,861,871.80**	**1,560,081,923.61**	**11,565,107,304.09**
Total interest sensitivity gap	**(1,182,423,014.89)**	**322,896,039.32**	**(4,890,093,374.85)**	**3,895,093,022.51**	**2,763,460,574.50**	**(908,933,246.59)**	**0.00**

Interest Rate Risk as of 31 December 2005 on consolidated basis

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Items not affected	Total
				Amounts in €			
Assets							
Cash and balances with Central Bank	191,266,079.14	—	—	—	—	—	**191,266,079.14**
Due from banks	902,837,802.74	234,655,108.54	111,769,813.05			—	**1,249,262,724.33**
Financial assets at fair value through P&L	15,000,000.00	139,753,853.00	535,788,145.80	499,551,979.22	251,429,268.72	151,598,422.34	**1,593,121,669.08**
Derivative financial instruments	—	—	—	454,534.89	355,612.91	—	**810,147.80**
Loans and advances to customers	—	58,184,905.89	167,895,490.53	619,444,103.58	2,199,142,520.61	—	**3,044,667,020.61**
Less: Allowance for impairment on loans & advances to customers	—	—	—	—	—	(31,365,743.79)	**(31,365,743.79)**
Investment securities—available for sale	19,990.01	1,239,746,728.79	100,285,105.37	2,813,111,422.47	341,395,044.06	124,354,059.82	**4,618,912,350.52**
Investment securities—held to maturity	—	—	491,871,117.75	—	—	—	**491,871,117.75**
Investment in associate	—	—	—	—	—	537,561.05	**537,561.05**
Property & equipment	—	—	—	—	—	110,750,791.08	**110,750,791.08**
Intangible assets	—	—	—	—	—	10,970,975.17	**10,970,975.17**
Deferred tax assets	—	—	—	—	—	36,224,148.01	**36,224,148.01**
Other assets	—	—	—	—	—	247,566,024.39	**247,566,024.39**
Total assets	**1,109,123,871.89**	**1,672,340,596.22**	**1,407,609,672.50**	**3,932,562,040.16**	**2,792,322,446.30**	**650,636,238.07**	**11,564,594,865.14**
Liabilities							
Due to customers	2,,291,546,886.78	1,349,444,556.90	6,297,407,932.20	—	—	15,439,389.32	**9,953,838,765.20**
Derivative financial instruments	—	—	295,115.15	37,469,017.65	28,861,871.80	—	**66,626,004.60**
Deferred tax liabilities	—	—	—	—	—	67,737,773.28	**67,737,773.28**
Retirement benefit obligations	—	—	—	—	—	17,952,698.00	**17,952,698.00**
Other liabilities	—	—	—	—	—	593,512,570.15	**593,512,570.15**
Total liabilities	**2,291,546,886.78**	**1,349,444,556.90**	**6,297,703,047.35**	**37,469,017.65**	**28,861,871.80**	**694,642,430.75**	**10,699,667,811.23**
Total Equity						**864,927,053.91**	**864,927,053.91**
Total liabilities and Equity	**2,291,546,886.78**	**1,349,444,556.90**	**6,297,703,047.35**	**37,469,017.65**	**28,861,871.80**	**1,559,569,484.66**	**11,564,594,865.14**
Total interest sensitivity gap	**(1,182,423,014.89)**	**322,896,039.32**	**(4,890,093,374.85)**	**3,895,093,022.51**	**2,763,460,574.50**	**(908,933,246.59)**	**0.00**

4.5 Liquidity Risk

Liquidity Risk is the risk that the Company could encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by classifying the assets and liabilities based on their remaining contractual maturities and the expected future cash flows. The tables below analyses the Company's assets and liabilities into relevant maturity groupings according to the remaining period to the contractual maturity as of 31 December 2005 on consolidated and stand alone basis.

Shares, intangible assets and other assets and liabilities have been classified as maturing "Over 5 years".

Liquidity Risk as of 31 December 2004 on stand alone basis

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
			Amounts in €			
Assets						
Cash and balances with Central Bank	121,309,395.23	—	—	—	—	**121,309,395.23**
Due from banks	1,796,665,143.92	370,451,592.74	151,480,889.46	—	—	**2,318,597,626.12**
Financial assets at fair value through P&L	51,577,554.69	—	—	641,854,971.16	586,855,389.55	**1,280,287,915.40**
Investment securities—available for sale	49,985,000.02	296,820,550.98	191,210,959.25	2,294,049,200.59	1,450,164,980.43	**4,282,230,691.27**
Investment securities—held to maturity	—	—	—	493,558,961.72	—	**493,558,961.72**
Loans and advances to customers	15,296,187.44	28,721,980.55	123,844,217.38	527,093,539.70	1,365,159,458.23	**2,060,115,383.30**
Less: Allowance for impairment on loans & advances to customers	—	—	—	—	(16,570,237.54)	**(16,570,237.54)**
Investment in associate	—	—	—	—	600,000.00	**600,000.00**
Property & equipment	—	—	—	—	102,473,820.94	**102,473,820.94**
Intangible assets	—	—	—	—	4,821,624.47	**4,821,624.47**
Deferred tax assets	—	—	864,000.00	10,679,709.15	22,094,003.43	**33,637,712.58**
Other assets	3,918,728.82	2,192,538.22	234,971,218.54	—	(9,051,784.61)	**232,030,700.97**
Total assets	**2,038,752,010.12**	**698,186,662.49**	**702,371,284.63**	**3,967,236,382.32**	**3,506,547,254.90**	**10,913,093,594.46**
Liabilities						
Due to customers	7,266,517,397.98	457,134,162.88	1,551,380,896.88	—	—	**9,275,032,457.74**
Derivative financial instruments	—	—	—	25,033,820.97	47,488,606.31	**72,522,427.28**
Deferred tax liabilities	841,713.15	4,998,254.69	3,219,861.53	139,362,401.65	39,826,631.72	**188,248,862.74**
Retirement benefit obligations	—	—	—	332,107.80	16,273,282.20	**16,605,390.00**
Other liabilities	30,132,071.70	29,202,536.51	119,084,813.22	14,381,412.61	—	**192,800,834.04**
Total liabilities	**7,297,491,182.83**	**491,334,954.08**	**1,673,685,571.63**	**179,109,743.03**	**103,588,520.23**	**9,745,209,971.80**
Total Equity					**1,167,883,622.66**	**1,167,883,622.66**
Total liabilities and Equity	**7,297,491,182.93**	**491,334,954.08**	**1,673,685,571.63**	**179,109,743.03**	**1,271,472,142.89**	**10,913,093,594.46**
Net Liquidity Gap	**(5,258,739,172.71)**	**206,851,708.41**	**(971,314,287.00)**	**3,788,126,639.29**	**2,235,075,112.01**	**0.00**

Liquidity Risk as of 31 December 2004 on consolidated basis

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
			Amounts in €			
Assets						
Cash and balances with Central Bank	121,309,395.23	—	—	—	—	**121,309,395.23**
Due from banks	1,796,665,143.92	370,451,592.74	151,480,889.46	—	—	**2,318,597,626.12**
Financial assets at fair value through P&L	51,577,554.69	—	—	641,854,971.16	586,855,389.55	**1,280,287,915.40**
Investment securities—available for sale	49,985,000.02	296,820,550.98	191,210,959.25	2,294,049,200.59	1,450,164,980.43	**4,282,230,691.27**
Investment securities—held to maturity	—	—	—	493,558,961.72	—	**493,558,961.72**
Loans and advances to customers	15,296,187.44	28,721,980.55	123,844,217.38	527,093,539.70	1,365,159,458.23	**2,060,115,383.30**
Less: Allowance for impairment on loans & advances to customers	—	—	—	—	(16,570,237.54)	**(16,570,237.54)**
Investment in associate	—	—	—	—	173,657.41	**173,657.41**
Property & equipment	—	—	—	—	102,473,820.94	**102,473,820.94**
Intangible assets	—	—	—	—	4,821,624.47	**4,821,624.47**
Deferred tax assets	—	—	864,000.00	10,679,709.15	22,094,003.43	**33,637,712.58**
Other assets	3,918,728.82	2,192,538.22	234,971,218.54	—	(9,051,784.61)	**232,030,700.97**
Total assets	**2,038,752,010.12**	**698,186,662.49**	**702,371,284.63**	**3,967,236,382.32**	**3,506,120,912.31**	**10,912,667,251.87**
Liabilities						
Due to customers	7,266,517,397.98	457,134,162.88	1,551,380,896.88	—	—	**9,275,032,457.74**
Derivative financial instruments	—	—	—	25,033,820.97	47,488,606.31	**72,522,427.28**
Deferred tax liabilities	841,713.15	4,998,254.69	3,219,861.53	139,362,401.65	39,826,631.72	**188,248,862.74**
Retirement benefit obligations	—	—	—	332,107.80	16,273,282.20	**16,605,390.00**
Other liabilities	30,132,071.70	29,202,536.51	119,084,813.22	14,381,412.61	—	**192,800,834.04**
Total liabilities	**7,297,491,182.83**	**491,334,954.08**	**1,673,685,571.63**	**179,109,743.03**	**103,588,520.23**	**9,745,209,971.80**
Total Equity					**1,167,457,280.07**	**1,167,457,280.07**
Total liabilities and Equity	**7,297,491,182.83**	**491,334,954.08**	**1,673,685,571.63**	**179,109,743.03**	**1,271,045,800.03**	**10,912,667,251.87**
Net Liquidity Gap	**(5,258,739,172.71)**	**206,851,708.41**	**(971,314,287.00)**	**3,788,126,639.29**	**2,235,075,112.01**	**0.00**

Liquidity Risk as of 31 December 2005 on stand alone basis

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
			Amounts in €			
Assets						
Cash and balances with Central Bank	191,266,079.14	—	—	—	—	**191,266,079.14**
Due from banks	912,348,660.92	224,842,976.99	112,071,086.42	—	—	**1,249,262,724.33**
Financial assets at fair value through P&L	—	—	416,220,285.80	322,456,299.73	854,445,083.55	**1,593,121,669.08**
Derivative financial instruments	—	—	—	454,534.89	355,612.91	**810,147.80**
Investment securities—available for sale	—	298,697,118.79	67,003,935.50	2,528,351,994.37	1,724,859,301.86	**4,618,912,350.52**
Investment securities—held to maturity	—	—	—	491,871,117.75	—	**491,871,117.75**
Loans and advances to customers	36,649,987.59	52,723,128.05	226,169,512.32	920,623,583.46	1,808,500,809.19	**3,044,667,020.61**
Less: Allowance for impairment on loans & advances to customers	—	—	—	—	(31,365,743.79)	**(31,365,743.79)**
Investment in associate	—	—	—	—	1,050,000.00	**1,050,000.00**
Property & equipment	—	—	—	—	110,750,791.08	**110,750,791.08**
Intangible assets	—	—	—	—	10,970,975.17	**10,970,975.17**
Deferred tax assets	—	—	2,502,567.98	16,274,131.44	17,447,448.59	**36,224,148.01**
Other assets	251,278.28	806,330.75	258,879,278.79	—	(12,370,863.43)	**247,566,024.39**
Total assets	**1,140,516,005.93**	**577,069,554.58**	**1,082,846,666.81**	**4,280,031,661.64**	**4,484,643,415.13**	**11,565,107,304.09**
Liabilities						
Due to customers	7,985,985,496.88	300,367,221.63	1,667,486,046.69	—	—	**9,953,838,765.20**
Derivative financial instruments	—	—	295,115.15	37,469,017.65	28,861,871.80	**66,626,004.60**
Deferred tax liabilities	—	3,621,963.15	812,481.17	32,166,375.12	31,136,953.84	**67,737,773.28**
Retirement benefit obligations	—	—	—	359,053.96	17,593,644.04	**17,952,698.00**
Other liabilities	250,864,179.89	23,396,311.12	316,663,974.16	2,561,754.98	26,350.00	**593,512,570.15**
Total liabilities	**8,236,849,676.77**	**327,385,495.90**	**1,985,257,617.17**	**72,556,201.71**	**77,618,819.68**	**10,699,667,811.23**
Total Equity					**865,439,492.86**	**865,439,492.86**
Total liabilities and Equity	**8,236,849,676.77**	**327,385,495.90**	**1,985,275,617.17**	**72,556,201.71**	**943,058,312.54**	**11,565,107,304.09**
Net Liquidity Gap	**(7,096,333,670.84)**	**249,684,058.68**	**(902,410,950.36)**	**4,207,475,459.93**	**3,541,585,102.59**	**0.00**

Liquidity Risk as of 31 December 2005 on consolidated basis

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
			Amounts in €			
Assets						
Cash and balances with Central Bank	191,266,079.14	—	—	—	—	**191,266,079.14**
Due from banks	912,348,660.92	224,842,976.99	112,071,086.42	—	—	**1,249,262,724.33**
Financial assets at fair value through P&L	—	—	416,220,285.80	322,456,299.73	854,445,083.55	**1,593,121,669.08**
Derivative financial instruments	—	—	—	454,534.89	355,612.91	**810,147.80**
Investment securities—available for sale	—	298,697,118.79	67,003,935.50	2,528,351,994.37	1,724,859,301.86	**4,618,912,350.52**
Investment securities—held to maturity	—	—	—	491,871,117.75	—	**491,871,117.75**
Loans and advances to customers	36,649,987.59	52,723,128.05	226,169,512.32	920,623,583.46	1,808,500,809.19	**3,044,667,020.61**
Less: Allowance for impairment on loans & advances to customers	—	—	—	—	(31,365,743.79)	**(31,365,743.79)**
Investment in associate	—	—	—	—	537,561.05	**537,561.05**
Property & equipment	—	—	—	—	110,750,791.08	**110,750,791.08**
Intangible assets	—	—	—	—	10,970,975.17	**10,970,975.17**
Deferred tax assets	—	—	2,502,567.98	16,274,131.44	17,447,448.59	**36,224,148.01**
Other assets	251,278.28	806,330.75	258,879,278.79	—	(12,370,863.43)	**247,566,024.39**
Total assets	1,140,516,005.93	577,069,554.58	1,082,846,666.81	4,280,031,661.64	4,484,130,976.18	**11,564,594,865.14**
Liabilities						
Due to customers	7,985,985,496.88	300,367,221.63	1,667,486,046.69	—	—	**9,953,838,765.20**
Derivative financial instruments	—	—	295,115.15	37,469,017.65	28,861,871.80	**66,626,004.60**
Deferred tax liabilities	—	3,621,963.15	812,481.17	32,166,375.12	31,136,953.84	**67,737,773.28**
Retirement benefit obligations	—	—	—	359,053.96	17,593,644.04	**17,952,698.00**
Other liabilities	250,864,179.89	23,396,311.12	316,663,974.16	2,561,754.98	26,350.00	**593,512,570.15**
Total liabilities	**8,236,849,676.77**	**327,385,495.90**	**1,985,257,617.17**	**72,556,201.71**	**77,618,819.68**	**10,699,667,811.23**
Total Equity					**864,927,053.91**	**864,927,053.91**
Total liabilities and Equity	**8,236,849,676.77**	**327,385,495.90**	**1,985,257,617.17**	**72,556,201.71**	**942,545,875.59**	**11,564,594,865.14**
Net Liquidity Gap	**(7,096,333,670.84)**	**249,684,058.68**	**(902,410,950.36)**	**4,207,475,459.93**	**3,541,585,102.59**	**0.00**

4.6 Fair values of financial assets and liabilities

The fair values of the company's financial assets and liabilities on consolidated and stand alone basis are as follows:

	31.12.2005		31.12.2004	
Receivables	**Carrying amount**	**Fair Value**	**Carrying amount**	**Fair Value**
Cash and balances with Central Bank	191,266,079.14	191,266,079.14	121,309,395.23	121,309,395.23
Due from banks	1,249,262,724.33	1,249,262,724.33	2,318,597,626.12	2,318,597,626.12
Financial assets at fair value through P&L	1,593,121,669.08	1,593,121,669.08	1,280,287,915.40	1,280,287,915.40
Derivative financial instruments	810,147.80	810,147.80	—	—
Loans and advances to customers (net)	3,013,301,276.82	2,968,282,566.41	2,043,545,145.76	2,016,929,149.38
Investment securities—available for sale	4,618,912,350.52	4,618,912,350.52	4,282,230,691.27	4,282,230,691.27
Investment securities—held to maturity	491,871,117.75	507,998,895.02	493,558,961.72	521,214,492.55
Liabilities				
Due to customers	9,953,838,765.20	9,953,838,765.20	9,275,032,457.74	9,275,032,457.74
Derivative financial instruments	66,626,004.60	66,626,004.60	72,522,427.28	72,522,427.28

4.7 Capital Adequacy

In accordance with the framework applicable to Greek Banks, the Company is subject to various regulatory capital requirements administered by the Bank of Greece, which are based on the regulations of the Bank of International Settlements (BIS). Those regulations require that the banks maintain minimum amounts and ratios determined on risk-weighted basis, capital to assets and certain off-balance sheet items.

The capital adequacy ratio (solvency ratio) is calculated based on the provisions the Bank of Greece Governor Act No. 2524/23.07.2003 (as amended by Bank of Greece Governor Act 2564/2005) on the "Codification of the provisions of Bank of Greece Governor Act 2054/18.03.92", as is in force, for the solvency ratio of credit institutions established in Greece.

The total capital adequacy ratio (solvency ratio), on consolidated basis, for a credit institution is defined as the ratio of equity to the sum of risk weighted assets (in accordance with the BIS guidelines) and off-balance sheet items.

	31.12.2005	31.12.2004
	Amounts in thousand €	
Share capital	521,207.00	555,000.00
Other reserves	76,481.98	70,350.19
Retained earnings	37,038.15	276,095.17
Capital (TIER I)	623,756.13	896,623.75
Capital (TIER II)	27,915.47	22,357.09
Total Equity	**651,671.60**	**918,980.84**
Less: Reclassifications	92,562.18	221,121.94
Total Equity	**559,109.42**	**697,858.90**
Risk weighted assets (total market risk)	4,272,197.00	3,242,259.00
Capital adequacy ratio (TIER I)	14.60%	27.65%
Total capital adequacy ratio	13.09%	21.52%
Solvency Ratio	20.18%	35.21%

As of 31 December 2005, the total capital adequacy ratio for the Company was 13.09%. In accordance with the proposals of Basel II, which are expected to be effective from January 2007, the Company will adopt the Standardized Approach to measure credit risk, and the Basic Indicator Approach to measure the operational risk.

Based on the provisions of Basel II, the capital requirements for the credit risk attributable to mortgage loans are decreased as compared to other types of loans. The above favors the Greek Postal Savings Bank, as its loan portfolio mainly comprises mortgage loans. On the other hand, it is expected that there might be additional capital requirements for the Company as a result of the measuring operational risks.

5. Net interest income

Net interest income is analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Interest earned on:		
Fixed income securities	269,181,153.77	288,572,118.24
Loans and advances to customers	107,850,679.24	86,099,419.19
Amounts due from banks	38,178,695.63	30,164,682.46
Other interest earning assets	3,886,680.12	2,965,764.46
Interest and similar income	**419,097,208.76**	**407,801,984.35**
Interest payable on:		
Amounts due to customers	(171,592,694.23)	(164,313,036.91)
Other	(5,222,736.43)	(1,824,824.68)
Interest and similar expenses	**(176,815,430.66)**	**(166,137,861.59)**
Net interest income	**242,281,778.10**	**241,664,122.76**

6. Net fees and commission income

Net fees and commission income is analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Commission from securities	280,476.17	191,497.55
Fund Management Fees	149,991.29	202,947.75
Commission from foreign exchange operations	19,066.34	16,859.93
Commission from credit card and consumer loans	1,956,065.84	1,053,226.00
Other commission income	1,646,966.40	633,014.82
Total commission income	**4,052,566.04**	**2,097,546.05**
Credit card commission expenses	(42,993.34)	(30,677.32)
Other commission expenses	(481,940.19)	(230,022.21)
Total commission expenses	**(524,933.53)**	**(260,699.53)**
Net commission income	**3,527,632.51**	**1,836,846.52**

7. Dividend income and net trading income

Dividend income is analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Income from dividends on shares of companies listed on the ASE	5,008,059.09	7,845,433.44
Income from dividends on shares of unlisted companies	97,147.92	37,237.44
Total	**5,105,207.01**	**7,882,670.88**

Net trading income/(loss) is analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	**31.12.200404**
Profits from available for sale securities	**44,337,722.49**	**61,639,401.84**
Profits / (Losses) from financial assets at fair value through p&l		
—Shares	38,150,538.82	9,165,405.29
—Securities and hedging transactions	(56,591,192.23)	(80,756,716.86)
—Mutual Funds	3,725,834.76	3,097,258.64
	(14,714,818.65)	**(68,494,052.93)**
Foreign exchange profits/(losses)	**694,013.59**	**(953,525.50)**
Total	**30,316,917.43**	**(7,808,176.59)**

8. Other operating income

Other operating income is analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	**31.12.2004**
Income from the write off of, deposit balances in favor of the Company in accordance with Article 6 of the relevant regulation	10,959,891.66	9,773,672.36
Real estate rental income	54,197.45	68,989.85
Other income	4,135,728.64	3,404,053.74
Total	**15,149,817.75**	**13,246,715.95**

9. Personnel expenses

The number of employees as of 31 December 2005 and 2004 amounted to 1,220 and 1,229 respectively.

Personnel expenses are analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	**31.12.2004**
Wages and salaries	51,834,890.79	44,182,343.76
Social security contributions	1,139,410.69	1,011,930.47
Provision for staff termination indemnity	1,347,308.00	1,317,953.00
Other personnel expenses	1,949,545.54	994,920.24
Total	**56,271,155.02**	**47,507,147.47**

10. General & administrative expenses

General and administrative expenses are analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Third party fees and expenses	15,808,822.24	6,986,635.43
Commissions to EL.TA	7,773,114.89	7,132,058.15
Rental expense	1,605,711.52	1,376,109.29
Vehicles lease—expense	44,087.95	39,500.77
Safe boxes rent—expense	5,109.77	4,030.67
Insurance Premium	272,591.87	119,598.31
Telephone—Postal expenses	2,295,616.40	1,255,392.99
Repairs and maintenance	1,672,735.91	1,823,779.79
Office supplies	1,292,379.61	931,447.06
Promotion and advertising expenses	7,229,978.46	1,433,452.78
Electricity expenses	1,026,726.10	596,605.73
Central branch cleaning expenses	688,557.29	553,698.36
Taxes—Duties	5,094,243.90	2,133,640.39
Other administrative expenses	8,086,244.24	2,429,943.56
Total	**52,895,920.15**	**26,815,893.28**

11. Other Operating Expenses

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Cost of applying Article 10 (12) of Law 3082/2002	11,975,524.94	1,606,473.92
Other	171,059.75	576,879.23
Total	**12,146,584.69**	**2,183,353.15**

The cost of applying Article 10 (12) of Law 3082/2002 relates to the projected actuarial loss resulting from the application of the provisions of Article 10 (12) of Law 3082/2002 with regard to the allocation of a special reserve to cover mortgage benefits to the Company's employees.

12. Impairment Losses on loans and advances

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
From Loans and advances to customers	14,795,506.25	3,740,673.74
From other receivables	4,115,031.95	246,784.31
Total	**18,910,538.20**	**3,987,458.05**

13. Tax Expense

Tax expense is analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Income tax	(33,602,273.58)	(62,358,260.46)
Deferred Tax	6,263,851.08	22,821,007.14
Total	**(27,338,422.50)**	**(39,537,253.32)**

Current income tax for the Company has been calculated using a tax rate of 35% for the year 2004 and a tax rate of 32% for the year 2005. Current income tax is recognized as expense for the period and calculated based on of the current tax rate. The current income tax recognized in the income statement is analysed as follows:

	INDIVIDUAL	
	31.12.2005	31.12.2004
Profit before tax	**149,974,150.76**	**171,536,820.37**
Income tax based on the current tax rate of 32% (35% in 2004)	47,991,728.24	60,037,887.13
Income not subject to taxation	(31,288,630.11)	(22,790,584.55)
Expenses not deductible for tax purposes	5,139,116.24	7,958,295.08
Effect of tax rate change	2,949,112.19	(7,740,020.34)
Other effects	2,547,095.94	2,071,676.00
Income tax	**27,338,422.50**	**39,537,253.32**
Effective tax rate	**18.23%**	**23.05%**

14. Earnings per share

The basic earnings per share are calculated as follows:

	CONSOLIDATED		STAND ALONE	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Net profit for the period after taxes	122,549,631.90	131,874,591.40	122,635,728.26	131,999,567.05
Weighted average number of shares outstanding (no. of shares)	165,324,932	165,324,932	165,324,932	165,324,932
Earnings per share	**0.74**	**0.80**	**0.74**	**0.80**

15. Dividends

The management intends to propose to the Shareholders General Meeting of 2006 the distribution of dividends equal to 0.08 € / share for 2005, against 0.60 € / share in 2004.

The Annual General Meeting of the Shareholders held on 30.06.2004, approved the financial statements for the period 1.1-31.12.2003 and decided the distribution of dividend amounting in total to € 150,000,000 out of which an amount of € 89,093,718 was paid in 2003 and the remaining amount of € 60,906,282 in 2004. The Annual General Meeting of the Shareholders held on 30.06.2005 decided the distribution of a dividend amounting in total to € 90,000,000 which was paid in 2005. The proposed dividend of € 11,269,341.60 will be paid to the shareholders within two months from the date of the Annual General Meeting for the year 2006 as provided for by law.

16. Cash and Balances with Central Bank

Cash and balances with Central Bank are analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Cash in hand	31,474,306.67	23,918,970.28
Balances with the Central Bank	159,791,772.47	97,390,424.95
Total	**191,266,079.14**	**121,309,395.23**

The amount of € 97,390,424.95 on 31.12.2004 and the amount of € 159,791,772.47 on 31.12.2005 concern mandatory deposits with the Central Bank.

17. Due from banks

Amounts due from banks are analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Placements in the Interbank Market	1,227,000,000.00	2,305,784,780.00
Foreign correspondents	698,872.44	111,047.70
Sight deposits	12,651,041.39	4,618,055.38
Other	8,912,810.50	8,083,743.04
Total	**1,249,262,724.33**	**2,318,597,626.12**

18. Financial assets at fair value through P&L

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Fixed income securities		
Greek Government bonds	344,938,350.51	346,985,758.34
Foreign Government bonds	179,005,812.51	—
Bonds issued by financial institutions	160,918,065.00	151,930,100.50
Corporate bonds	9,950,000.00	—
	694,812,228.02	**498,915,858.84**
Shares and other variable income securities		
Shares listed on the ASE	146,457,956.35	149,307,165.72
Shares listed on foreign stock exchanges	5,140,466.00	1,483,537.00
Mutual Funds—Greece	56,302,668.71	51,577,554.69
	207,901,091.06	**202,368,257.41**
Other investments		
CDO'S—HEDGE FUNDS	**690,408,350.00**	**579,003,799.15**
	1,593,121,669.08	**1,280,287,915.40**

19. Derivative financial instruments

As at 31 December 2004 and 2005 the Company was trading the following derivatives:

	31 December 2005			31 December 2004		
	Face Value	Fair Value		Face Value	Fair Value	
		Receivable	Payable		Receivable	Payable
Interest rate swaps	**1,974,250,000.00**	**810,147.80**	**66,626,004.60**	**1,836,000,000.00**		**(72,522,427.28)**

20. Loans and advances to Customers

The loan portfolio is analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	**31.12.2004**
Public Sector	253,159,787.14	289,609,063.18
Consumer Loans	567,867,236.43	22,259,338.39
Mortgage Loans	2,152,819,868.60	1,713,267,362.54
Credit Cards	70,820,128.44	34,979,619.19
Total	**3,044,667,020.61**	**2,060,115,383.30**
Less: Allowance for impairment on loans and advances to customers	(31,365,743.79)	(16,570,237.54)
Total	**3,013,301,276.82**	**2,043,545,145.76**

Movement in allowance for impairment on loans and advances to customers:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	**31.12.2004**
Balance on January 1st	16,570,237.54	12,829,563.80
Provision for the period	14,795,506.25	3,740,673.74
Balance on December 31st	**31,365,743.79**	**16,570,237.54**

21. Available for sale and held to maturity investments

Available for sale and held to maturity investments are analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	**31.12.2004**
Available for sale fixed income securities (fair values)		
Greek Government bonds	3,518,797,967.53	3,300,115,756.99
Foreign Government Bonds	252,745,650.00	216,620,698.43
Corporate bonds	429,755,073.01	200,386,711.35
Bonds issued by financial institutions	291,409,747.50	387,835,477.90
Treasury bills	49,807.00	54,899,500.22
Total fixed income securities	**4,492,758,245.04**	**4,159,858,144.89**
Available for sale equity securities (fair values)		
Shares listed on the ASE	123,959,570.33	119,114,953.70
Unlisted Shares	394,489.49	741,226.91
Venture Capitals	1,800,045.66	2,516,365.77
Total variable income equity securities	**126,154,105.48**	**122,372,546.38**
Total available for sale securities	**4,618,912,350.52**	**4,282,230,691.27**
Held to maturity securities		
Greek Government bonds	491,871,117.75	493,558,961.72
Total held to maturity securities	**491,871,117.75**	**493,558,961.72**
Total available for sale securities and held to maturity securities	**5,110,783,468.27**	**4,775,789,652.99**

The movement of available for sale and held to maturity securities for the period 1 January to 31 December 2004 is analyzed as follows:

	Available for sale investments	Held to maturity investments	Total
Balance on 1 January 2004	5,639,392,149.64	495,251,432.81	6,134,643,582.45
Additions	489,448,490.17	—	489,448,490.17
Disposals & write offs	(1,881,893,041.42)	—	(1,881,893,041.42)
Foreign exchange differences	(832,143.84)	—	(832,143.84)
Premium / discount	(6,533,522.21)	(1,692,471.09)	(8,225,993.30)
Adjustment to fair value recognized directly in reserves	42,648,758.93	—	42,648,758.93
Balance on 31 December 2004	**4,282,230,691.27**	**493,558,961.72**	**4,775,789,652.99**

The movement of available for sale and held to maturity investments for the period 1 January to 31 December 2005 is analyzed as follows:

	Available for sale investments	Held to maturity investments	Total
Balance on 1 January 2005	4,282,230,691.27	493,558,961.72	4,775,789,652.99
Additions	4,019,141,712.82	—	4,019,141,712.82
Disposals & write offs	(3,647,679,532.35)	—	(3,647,679,532.35)
Foreign exchange differences	385,163.06	—	385,163.06
Premium / discount	(9,475,766.17)	(1,687,843.97)	(11,163,610.14)
Adjustment to fair value recognized directly in reserves	(25,689,918.11)	—	(25,689,918.11)
Balance on 31 December 2005	**4,618,912,350.52**	**491,871,117.75**	**5,110,783,468.27**

22. Investment in associate

Investment in associates include investments in companies in which the Company exercises significant influence and are consolidated using the equity method. The Company holds 50% in the share capital of the unlisted company "Greek Postal Savings Bank—EL.TA Mutual Fund Management SA".

The movement of the account is analyzed as follows:

	CONSOLIDATED		STAND ALONE	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Balance on January 1st	173,657.41	298,633.06	600,000.00	600,000.00
Additions for the period	450,000.00	—	450,000.00	—
Share in earnings/ (losses) after tax	(86,096.36)	(124,975.65)	—	—
Balance on December 31st	**537,561.05**	**173,657.41**	**1,050,000.00**	**600,000.00**

Summary financial information of the associated company:

31.12.2005

	Country of Establishment	Assets	Equity	Liabilities	Earnings/ (Losses)	Participation %	Proportion of losses
Greek Postal Savings Bank—EL.TA Mutual Fund Management SA	Greece	1,114,921.29	1,075,122.11	39,799.19	(172,192.71)	50%	(86,096.36)

31.12.2004

	Country of Establishment	Assets	Equity	Liabilities	Earnings/ (Losses)	Participation %	Proportion of losses
Greek Postal Savings Bank—EL.TA Mutual Fund Management SA .	Greece	409,039.59	347,314.82	61,724.77	(249,951.30)	50%	(124,975.65)

23. Property & equipment

The movement of property & equipment on a consolidated basis is analyzed as follows:

	Land	Buildings & building installations	Mechanical equipment & vehiclest	Furniture and other equipment	Assets under construction	Total
Cost						
Balance on 1 January 2004	65,615,461.77	30,330,600.54	3,066,826.83	17,520,266.83	883,722.57	117,416,878.54
Additions	—	838,267.32	129,693.80	2,663,571.43	154,518.16	3,786,050.71
Disposals & write offs	—	—	(53,691.85)	—	—	(53,691.85)
Balance on 31 December 2004 .	**65,615,461.77**	**31,168,867.86**	**3,142,828.78**	**20,183,838.26**	**1,038,240.73**	**121,149,237.40**
Accumulated depreciation						
Balance on 1 January 2004	—	(36,849.68)	(2,531,897.27)	(11,992,701.79)	—	(14,561,448.74)
Disposals & write offs	—	—	53,691.82	—	—	53,691.82
Charge for the period	—	(1,298,880.23)	(280,980.61)	(2,587,798.70)	—	(4,167,659.54)
Balance on 31 December 2004 .	**0.00**	**(1,335,729.91)**	**(2,759,186.06)**	**(14,580,500.49)**	**0.00**	**(18,675,416.46)**
Net book value as at 31 December 2004	**65,615,461.77**	**29,833,137.95**	**383,642.72**	**5,603,337.77**	**1,038,240.73**	**102,473,820.94**
Cost						
Balance on 1 January 2005	65,615,461.77	31,168,867.86	3,142,828.78	20,183,838.26	1,038,240.73	121,149,237.40
Transfers	—	1,038,240.73	—	—	(1,038,240.73)	—
Net additions	—	2,508,882.09	251,927.66	10,470,410.68	—	13,231,220.43
Balance on 31 December 2005 .	**65,615,461.77**	**34,715,990.68**	**3,394,756.44**	**30,654,248.94**	**0.00**	**134,380,457.83**
Accumulated depreciation						
Balance on 1 January 2005	—	(1,335,729.91)	(2,759,186.06)	(14,580,500.49)	—	(18,675,416.46)
Disposals & write offs	—	419.75	—	—	—	419.75
Charge for the period	—	(1,472,994.58)	(146,157.66)	(3,335,517.80)	—	(4,954,670.04)
Balance on 31 December 2005 .	**0.00**	**(2,808,304.74)**	**(2,905,343.72)**	**(17,916,018.29)**	**0.00**	**(23,629,666.75)**
Net book value as at 31 December 2005	**65,615,461.77**	**31,907,685.94**	**489,412.72**	**12,738,230.65**	**0.00**	**110,750,791.08**

24. Intangible assets

The movement in intangible assets on a consolidated and stand alone basis is analyzed as follows:

	Software
Cost	
Balance on 1 January 2004	**4,239,025.06**
Additions	1,558,365.20
Balance on 31 December 2004	**5,797,390.26**
Accumulated amortization	
Balance on 1 January 2004	**(351,918.13)**
Amortization charge for the period	(623,847.66)
Balance on 31 December 2004	**(975,765.79)**
Net book value as at 31 December 2004	**4,821,624.47**
Cost	
Balance on 1 January 2005	**5,797,390.26**
Net additions	7,377,579.28
Balance on 31 December 2005	**13,174,969.54**
Accumulated amortization	
Balance on 1 January 2005	**(975,765.79)**
Disposals & write offs	105.36
Amortization charge for the period	(1,228,333.94)
Balance on 31 December 2005	**(2,203,994.37)**
Net book value as at 31 December 2005	**10,970,975.17**

25. Deferred tax assets and liabilities

Deferred tax assets and liabilities have been calculated based on the nominal tax rate at which temporary taxable and deductible differences are expected to reverse.

Deferred tax assets and liabilities are not offset, as there is no legal right to offset current assets with current liabilities even when deferred income taxes relate to the same tax authority.

Deferred assets and liabilities are analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS			
	31.12.2005		31.12.2004	
	Assets	Liabilities	Assets	Liabilities
Property, plant & equipment	—	4,137,805.86	—	4,101,984.78
Intangible assets	822,824.67	—	1,960,105.11	—
Financial assets at fair value through P&L	6,254,227.25	2,644,148.86	—	5,864,561.02
Available for sale financial assets	—	56,008,341.78	—	72,109,830.52
Loans and advances to customers	1,933,245.56	—	786,196.80	—
Retirement benefits obligations	4,488,174.50	—	4,151,347.50	—
Derivative financial instruments	19,086,598.47	—	23,207,176.73	—
Provision for doubtful debts	—	4,947,476.78		5,440,301.35
Provision for other receivables	2,856,077.56	—	2,668,886.44	—
Other staff benefit provisions	783,000.00	—	864,000.00	—
Reserves	—	—	—	100,732,185.07
Total	**36,224,148.01**	**67,737,773.28**	**33,637,712.58**	**188,248,862.74**

Deferred assets are recognized only to the extent that they are reasonably expected to be offset against future taxable income.

The movement of deferred tax for the years 2005 and 2004 is:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Deferred tax assets		
Intangible assets	822,824.67	1,960,105.11
Derivative financial instruments	19,086,598.47	23,207,176.73
Loans and advances to customers	1,933,245.56	786,196.80
Retirement benefit obligations	4,488,174.50	4,151,347.50
Financial assets at fair value through P&L	6,254,227.25	—
Other temporary differences	3,639,077.56	3,532,886.44
Total	**36,224,148.01**	**33,637,712.58**
Deferred tax liabilities		
Non deductible fixed asset amortization	3,259,572.76	3,650,966.11
Fixed asset useful life differences	878,233.10	451,018.67
Financial assets at fair value through profit or loss	2,644,148.86	5,864,561.02
Loans and advances to customers	4,947,476.78	5,440,301.35
Special reserves	—	100,732,185.07
Available for sale securities	56,008,341.78	72,109,830.52
Total	**67,737,773.28**	**188,248,862.74**
Deferred tax charge	**31,12,2005**	**31,12,2004**
Intangible assets	1,137,280.44	1,353,680.01
Derivative financial instruments	4,120,578.26	(19,596,002.87)
Loans and advances to customers	(1,639,873.33)	(545,684.91)
Retirement benefit obligations	(336,827.00)	1,199,255.45
Provision for other receivables	(106,191.12)	1,027,180.06
Financial assets at fair value through P&L	(9,474,639.41)	4,433,303.67
Non deductible fixed asset depreciation	(391,393.35)	(1,700,114.87)
Fixed asset useful life differences	427,214.43	451,018.67
Special reserves	—	(9,443,642.35)
Deferred tax recognized in profit or loss	**(6,263,851.08)**	**(22,821,007.14)**
Deferred tax recognized directly in equity	(116,833,673.80)	(41,646,657.00)
Net deferred tax movement	**(123,097,524.88)**	**(64,467,664.14)**

26. Other assets

Other assets are analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Assets acquired through foreclosure proceedings	2,255,703.15	1,463,170.57
Other assets	18,218,173.54	18,624,253.16
Highlight payable	—	3,904,124.44
Commissions receivable	554,640.94	271,812.66
Amounts due from public sector collection agencies	12,390,428.39	15,999,264.25
Receivables from the Greek Government	64,688,153.42	34,479,228.60
Interest and other income receivable	2,915,196.62	2,585,761.60
Accrued interest	161,334,306.02	165,378,631.43
Provision for other asset impairment	(14,790,577.69)	(10,675,545.74)
Total	**247,566,024.39**	**232,030,700.97**

The provision for other asset impairment is analyzed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Balance at start of period	10,675,545.74	10,428,761.43
Expense for the period	4,115,031.95	246,784.31
Balance at period end	**14,790,577.69**	**10,675,545.74**

27. Liabilities to customers

Deposits and other customer accounts are broken down as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Sight deposits	9,169,942.15	11,013,587.84
Savings deposits	7,649,928,856.16	6,870,608,371.18
Time deposits	1,346,368,189.84	775,501,641.16
Securities sold under agreements to repurchase	932,932,387.74	1,614,785,120.08
Other liabilities	15,439,389.31	3,123,737.48
Total	**9,953,838,765.20**	**9,275,032,457.74**

28. Retirement benefit obligations

Retirement benefit obligations relate to indemnities payable to employees upon retirement and are analyzed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Lump sum retirement benefits		
Unfunded	**17,952,698.00**	**16,605,390.00**

The sums included in the balance sheet are:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Present value of unfunded benefits payable	20,897,956.00	17,825,417.00
Unrecognized actuarial (losses)	(2,945,258.00)	(1,220,027.00)
Liability in balance sheet	**17,952,698.00**	**16,605,390.00**

The sums recognized in profit or loss are:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Current service cost	634,269.00	594,240.00
Interest cost	736,735.00	731,340.00
Total included in personnel expenses	**1,371,004.00**	**1,325,580.00**

The movement in the Retirement benefit obligations is as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Balance at 1 January	16,605,390.00	15,287,437.00
Total expense recognized in income statement	1,371,005.00	1,325,581.00
Benefits paid by the employer	(23,697.00)	(7,628.00)
Balance at 31 December	**17,952,698.00**	**16,605,390.00**

The main actuarial assumptions used for accounting purposes are:

	31.12.2005	31.12.2004
Discount rate	4.00%	4.50%
Rate of compensation increase	4.00%	4.00%
Expected remaining service life	11.36	11.95
Inflation	2.50%	2.50%

29. Other liabilities

Other liabilities are analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	31.12.2005	31.12.2004
Capital/money transfer transactions account	4,700,949.69	5,409,588.60
Current income tax payable	134,334,458.65	43,910,781.38
Other taxes—payable	29,957,725.37	21,789,175.05
Interest and other expenses accrued for the period	89,592,370.10	86,679,989.55
Insurance premiums payable	1,989,429.91	1,066,645.71
Dividends payable	208,772,615.53	—
Suppliers	15,694,602.85	7,327,074.34
Amounts payable to shareholders following share capital decrease	90,495,199.40	—
Other liabilities	17,975,218.65	26,617,579.41
Total	**593,512,570.15**	**192,800,834.04**

30. Share Capital

The Company has not granted share purchase options to its personnel.

Share capital movements are analysed as follows:

	Number of Shares	Face Value	Share Capital
Balance on 1 January 2004	**150,000,000**	**3.7**	**555,000,000.00**
Balance on 31 December 2004	**150,000,000**	**3.7**	**555,000,000.00**
Share Capital Decrease	24,458,162		90,495,199.40
Issue of new shares	15,324,932		56,702,248.40
Balance on 31 December 2005	**140,866,770**	**3.7**	**521,207,049.00**

The Extraordinary General Meeting of the Shareholders held on December 23rd, 2005 decided to decrease the Company's Share Capital by € 90,495,199.40 by decreasing the number of shares through cancellation of 24,458,162 ordinary nominal shares, with a face value of € 3.70 each. The decrease was effected by returning to the Shareholders the face value of the shares cancelled in cash.

At the foregoing Extraordinary General Meeting of the Shareholders, it was decided to increase the Company's Share Capital by € 56,702,248.40 through the issuance of 15,324,932 new ordinary nominal shares with a face value of € 3.70 each. Such increase was effected through: a) capitalization of € 52,145,652.67 from retained earnings as at 31.12.03, in implementation of the relevant provisions of Law 3082/2002, which arose from the revaluation of the Company's real estate portfolio; b) capitalization of € 4,556,593.91 of securities revaluation reserve; and c) capitalization of € 1.82 of retained earnings as at 31.12.03.

After the foregoing increase, the Company's Share Capital stood at € 521,207,049.00 and is divided into 140,866,770 ordinary nominal shares with a face value of € 3.70 each. As at 31.12.05 the share capital was fully paid up.

31. Other reserves, retained earnings and revaluation reserves

At the Extraordinary General Meeting of the Shareholders held on December 23rd, 2005, it was decided to distribute a total sum of € 208,772,615.53, from available profits and reserves.

Profits carried forward as at 31 December 2005 include: a) tax free reserves from specially taxable income of € 85,676,467.43; b) reserves from non taxable income of € 3,784,094.18 established in accordance with the provisions of tax legislation; c) blocked reserves of € 25,110,387.92; d) proposed dividends of € 11,269,341.60; and e) losses carried forward as a result of the implementation of the IFRSs of € 88,289,698.75. No deferred taxes payable have been calculated on the above tax free reserves, as there is no Management intention to distribute them in the near future.

Revaluation reserves comprise reserves resulting from the measurement at fair value of available for sale financial assets.

The movement in the available for sale securities revaluation reserve for the period between 1 January to 31 December 2004 is analysed as follows:

	Available for sale securities revaluation reserve
Balance at start of period (1.1.2004)	343,449,052.60
Less: Deferred tax 1.1.2004	(113,756,487.52)
Net starting balance 1.1.2004	**229,692,565.08**
Net (gains)/losses transferred to income statement	(47,976,069.56)
Net gains/ (losses) from changes in fair value	42,648,758.93
Deferred tax movement	41,646,657.00
Balance at period end (31.12.2004)	**266,011,911.45**

The movement in the available for sale securities revaluation reserve for the period between 1 January and 31 December 2005 is analysed as follows:

	Available for sale securities revaluation reserve
Balance at start of period (1.1.2005)	338,121,741.97
Less: Deferred tax 1.1.2005	(72,109,830.52)
Net starting balance 1.1.2005	**266,011,911.45**
Net (gains)/losses transferred to income statement	(26,223,613.76)
Net gains/ (losses) from changes in fair value	(25,689,918.11)
Deferred tax movement	16,101,488.74
Balance at period end (31.12.2005)	**230,199,868.32**

32. Contingent liabilities and commitments

a) Contingent tax liabilities

The tax liabilities of the Bank and of its consolidated associated Company are not final, as there are periods that have not been subject to tax audits. Such periods are:

Company	Open tax years
GREEK POSTAL SAVINGS BANK SA	2005
Greek Postal Savings Bank— EL.TA Mutual Fund Management SA	From its foundation to date, i.e. from 2003 until 2005.

Given that the tax audit may not recognize certain expenses, it is possible that additional taxes be imposed for periods not audited by the tax authorities.

b) Operating Lease

The Bank's liabilities (as lessee) mainly arise from buildings which it uses as branches and vehicles used by Management. Its claims (as lessor) mainly relate to rentals from buildings leased to Group companies and other third parties.

The minimum future lease payments for the company are:

	31.12.2005	31.12.2004
—within one year	1,444,077.81	1,426,857.35
—over one year and up to 5 years	7,518,480.37	7,433,819.57
—over 5 years	4,324,462.52	5,853,201.12
Total	**13,287,020.70**	**14,713,878.04**

The minimum future lease collections for the company are:

	31.12.2005	31.12.2004
—within one year	62,358.55	60,081.46
—over one year and up to 5 years	62,689.97	124,825.64
—over 5 years	1,490.15	1,713.04
Total	**126,538.67**	**186,620.14**

c) Other contingent liabilities

Capital Commitments	31.12.2005	31.12.2004
Commitments to extend credit	**4,516,688.01**	**17,800,890.00**

d) Legal proceedings

There are certain liabilities and customer lawsuits against the Company in the ordinary course of business. The total amount claimed by third parties in lawsuits filed against the Company based on consultation with the Company's legal department stands at € 907,518.64. In addition the sum claimed by the Company stands at € 581,260.65. It is not possible to charge default interest on the above totals.

The possible average charge estimated is 14%. With regard to the amounts claimed by third parties, and those claimed by the Greek Postal Savings Bank it is not possible to foresee their payment. There are no pending legal claims or liabilities for the Company that could substantially affect the financial position of the Company as at 31 December 2005, hence no provision has been made for pending legal cases.

33. Transactions and Balances of Associated Parties

In accordance with the provisions of Article 16 (4) of Law 3082 no loans nor credit may be granted to members of the Board of Directors, Members of Management, and their relatives. This prohibition ceases to apply when contracts are entered into on an arms length basis, consistent with current transactions of the Company with its customers. Associated parties are considered to be the associated company, the members of the Board of Directors and the Company's managers that participate in Committees.

Loans granted to associated parties

	31.12.2005	31.12.2004
Loans to members of the BoD and Company managers	**3,875,996.96**	**1,041,826.69**

BoD member and member of management fees and other benefits

	31.12.2005	31.12.2004
BoD and other committees participation fees	125,500.00	114,400.00
Board of Directors and member of management fees	1,563,371.80	1,437,277.56
Other benefits to BoD members and members of management	66,461.94	39,500.78
Total	**1,755,333.74**	**1,591,178.34**

Benefits Management and managers of the associated company, Greek Postal Savings Bank—EL.TA Mutual Fund Management SA

	31.12.2005	31.12.2004
Fees paid to BoD members and managers of the Greek Postal Savings Bank—EL.TA Mutual Fund Management SA	**64,800.00**	**152,599.87**

Deposit balances

	31.12.2005	31.12.2004
Company BoD members and managers	**699,104.45**	**112,142.83**

Transactions with the associated company Greek Postal Savings Bank—EL.TA Mutual Fund Management SA

	31.12.2005	31.12.2004
Other Income	**56,796.75**	**68,351,55**

34. Stand Alone Balance Sheet based on Greek Accounting Principles and IFRSs as of 31.12.2003

		Greek Accounting Standards	Restatements	Reclassifications	IFRS adjustments	International Financial Reporting Standards
				Amounts in €		
ASSETS						
Cash and balances with Central Bank		131,756,829.67	—	—	—	131,756,829.67
Due from banks		1,102,202,075.90	—	—	—	1,102,202,075.90
Financial assets at fair value through P&L	**a**	—	—	596,027,482.74	(8,874,843.37)	587,152,639.37
Government bonds and similar securities		4,852,752.42	—	(4,852,752.42)	—	—
Bonds and other fixed yield securities		6,094,625,766.73	—	(6,094,625,766.73)	—	—
Shares and other variable yield securities		131,110,841.90	—	(131,110,841.90)	—	—
Loans and advances to customers	**b**	2,053,518,336.43	(1,635,463.22)	86,962.12	(83,247,416.01)	1,968,722,419.32
Less: Allowance for impairment on loans & advances to customers	**c**	(28,733,539.10)	—	—	15,903,975.30	(12,829,563.80)
Investment securities—available for sale	**d**	157,956,253.12	—	5,137,986,843.92	343,449,052.60	5,639,392,149.64
Investment securities—held to maturity		—	—	495,251,432.81	—	495,251,432.81
Investment in associate		600,000.00	—	—	—	600,000.00
Property and equipment		102,892,279.48	—	—	—	102,892,279.48
Intangible assets	**e**	13,355,064.41	—	—	(9,467,957.48)	3,887,106.93
Deferred tax assets	**f**	—	—	—	17,202,230.34	17,202,230.34
Other assets		298,664,175.18	—	(5,706,063.47)	—	292,958,111.71
Total Assets		**10,062,800,836.14**	**(1,635,463.22)**	**(6,942,702.93)**	**274,965,041.38**	**10,329,187,711.37**
LIABILITIES						
Due to customers	**g**	8,891,421,980.55	3,618,947.48	42,361.50	—	8,895,083,289.53
Derivative financial instruments	**h**	—	—	—	10,317,639.63	10,317,639.63
Deferred tax liabilities	**i**	—	—	—	236,281,044.63	236,281,044.63
Retirement benefit obligations	**j**	692,947.05	14,594,489.95	—	—	15,287,437.00
Other liabilities	**k**	158,216,385.20	7,003,123.35	9,452,477.98	(62,924,677.19)	111,747,309.34
Provisions	**l**	6,008,780.98	10,428,761.43	(16,437,542.41)	—	—
Total Liabilities		**9,056,340,093.78**	**35,645,322.21**	**(6,942,702.93)**	**183,674,007.07**	**9,268,716,720.13**
SHAREHOLDERS' EQUITY						
Share Capital		555,000,000.00	—	—	—	555,000,000.00
Revaluation reserves	**m**	—	—	—	229,692,565.08	229,692,565.08
Other reserves		404,598,364.51	—	(340,114,869.59)	—	64,483,494.92
Retained earnings	**n**	46,862,377.85	(37,280,785.43)	340,114,869.59	(138,401,530.77)	211,294,931.24
Total Equity		**1,006,460,742.36**	**(37,280,785.43)**	**0.00**	**91,291,034.31**	**1,060,470,991.24**
Total Liabilities & Equity		**10,062,800,836.14**	**(1,635,463.22)**	**(6,942,702.93)**	**274,965,041.38**	**10,329,187,711.37**

Adjustment of the Stand Alone Shareholders' Equity

		31.12.2003 Amounts in €
Total Shareholders' Equity as reported in the financial statements prepared in accordance with Greek Accounting Standards		**1,006,460,742.36**
Restatement		
Recognition of tax audit differences	**k, n**	(12,257,534.05)
Recognition of staff termination indemnity	**j, n**	(14,594,489.95)
Recognition of provision for impairment of other assets	**l, n**	(10,428,761.43)
Restated Shareholders' Equity based on the previous accounting principles		**969,179,956.93**
Adjustments due to the adoption of International Financial Reporting Standards		
Impact of the non-recognition of start up cost as intangible assets	**e**	(9,467,957.48)
Postponement of the recognition of dividends payable until approval thereof by the General Meeting	**k**	60,906,282.00
Impact from the revaluation of available for sale investment securities	**d**	343,449,052.60
Impact of the revaluation of financial assets at fair value through P&L	**a**	(8,874,843.37)
Recognition and valuation of derivatives	**h**	(10,317,639.63)
Reversal of general provisions	**k**	4,861,408.98
Impact of the recognition of mortgage benefits to personnel	**b**	(82,199,982.00)
Impact of application of effective interest rate to loans	**b**	(1,047,434.01)
Recognition of deferred tax (with the exception of tax-free reserves)	**f, i**	(108,902,986.87)
Recognition of deferred tax on tax-free reserves	**i**	(110,175,827.42)
Adjustment of allowance for impairment on loans & advances to customers	**c**	15,903,975.30
Other adjustments	**k**	(2,843,013.79)
Total adjustments		**91,291,034.31**
Total Shareholders' Equity in accordance with International Financial Reporting Standards		**1,060,470,991.24**

35. Stand Alone Income Statement based on Greek Accounting Principles and IFRS as of 31.12.2004

		Greek Accounting Standards	Restatements	Reclassifications	IFRS adjustments	International Financial Reporting Standards
				Amounts in €		
Interest and similar income	o	479,671,153.96	—	(72,143,885.34)	274,715.73	407,801,984.35
Interest expenses and similar charges		(271,735,106.16)	—	105,597,244.57	—	(166,137,861.59)
Net interest income		**207,936,047.80**				**241,664,122.76**
Fee and commission income	p	4,039,756.05	—	—	(1,942,210.00)	2,097,546.05
Fee and commission expense		(7,392,757.68)	7,132,058.15	—	—	(260,699.53)
Net fee and commission income		**(3,353,001.63)**				**1,836,846.52**
Dividend income		7,882,670.88	—	—	—	7,882,670.88
Net trading income/ (loss)	q	40,819,169.18	—	(33,453,359.23)	(15,173,986.54)	(7,808,176.59)
Other operating income		10,120,028.92	—	3,126,687.03	—	13,246,715.95
Total Net Income		**263,404,915.15**				**256,822,179.52**
Personnel expenses	r	(45,776,555.23)	—	(2,316,370.35)	585,778.11	(47,507,147.47)
General & administrative expenses	s	(18,654,676.49)	(7,132,058.15)	(608,692.21)	(420,466.43)	(26,815,893.28)
Depreciation and amortization charges	t	(9,804,575.26)	—	—	5,013,068.06	(4,791,507.20)
Other operating expenses	u	(476,774.37)	—	(100,104.86)	(1,606,473.92)	(2,183,353.15)
Total operating expenses		**(74,712,581.35)**				**(81,297,901.10)**
Extraordinary P&L		2,549,807.80	—	(2,549,807.80)	—	—
Impairment losses on loans and advances	v	(10,596,321.19)	(1,564,737.31)	2,316,370.35	5,857,230.10	(3,987,458.05)
Profit before tax		**180,645,820.41**				**171,536,820.37**
Tax expense	w	(60,333,403.89)	(2,024,856.56)	—	22,821,007.13	(39,537,253.32)
Other tax expense included in operating cost		(131,917.84)	—	131,917.84	—	—
Net Profit		**120,180,498.68**	**(3,589,593.87)**	**0.00**	**15,408,662.24**	**131,999,567.05**

Adjustments to the Stand Alone Income Statement

		31.12.2004
		Amounts in €
Total P&L as it appears in the financial statements in accordance with the Greek Accounting Standards		**180,645,820.41**
Less: Income tax		(60,333,403.89)
Other taxes not-included in operating cost		(131,917.84)
Restatement		
Recognition of tax audit differences	**w**	(2,024,856.56)
Recognition of personnel benefits due to retirement	**v**	(1,317,953.00)
Allowance for the impairment of other claims	**v**	(246,784.31)
Restated P&L in accordance with the Greek Accounting Standards		**116,590,904.81**
Adjustments due to the adoption of International Financial Reporting Standards		
Impact of the non-recognition of start up cost as intangible assets	**s, t**	2,788,526.96
Impact of change in the useful life of tangible assets	**s, t**	1,804,074.67
Impact of the revaluation of financial assets at fair value through P&L	**q**	47,030,801.11
Recognition and valuation of derivatives	**q**	(62,204,787.65)
Impact of the recognition of mortgage benefits to personnel	**u**	(1,606,473.92)
Impact of application of effective interest rate to loans	**o, p**	(1,667,494.27)
Adjustment of allowance for impairment on loans & advances to customers	**v**	5,857,230.10
Recognition of deferred tax (with the exception of tax-free reserves)	**w**	13,377,364.78
Recognition of deferred tax on tax-free reserves	**w**	9,443,642.35
Other adjustments	**r**	585,778.11
Total adjustments		**15,408,662.24**
Net profit, in accordance with International Financial Reporting Standards		**131,999,567.05**

36. Stand Alone Balance Sheet based on Greek Accounting Principles and IFRSs for the period between 1.1. and 31.12.2004

		Greek Accounting Standards	Restatements	Reclassifications	IFRS adjustments	International Financial Reporting Standards
				Amounts in €		
ASSETS						
Cash and balances with Central Bank		121,309,395.23	—	—	—	121,309,395.23
Due from banks		2,318,597,626.12	—	—	—	2,318,597,626.12
Financial assets at fair value through P&L	a	—	—	1,243,900,891.42	36,387,023.98	1,280,287,915.40
Government bonds and similar securities		54,890,519.78	—	(54,890,519.78)	—	—
Bonds and other fixed yield securities		5,377,644,668.71	—	(5,377,644,668.71)	—	—
Shares and other variable yield securities		180,888,124.80	—	(180,888,124.80)	—	—
Loans and advances to customers	b	2,146,636,767.50	—	—	(86,521,384.20)	2,060,115,383.30
Less: Allowance for impairment on loans & advances to customers	c	(38,331,442.94)	—	—	21,761,205.40	(16,570,237.54)
Investment securities—available for sale	d	68,139,688.85	—	3,875,969,260.45	338,121,741.97	4,282,230,691.27
Investment securities—held to maturity		—	—	493,558,961.72	—	493,558,961.72
Investment in associate		600,000.00	—	—	—	600,000.00
Property & equipment	e	100,669,746.27	—	—	1,804,074.67	102,473,820.94
Intangible assets	f	11,501,054.99	—	—	(6,679,430.52)	4,821,624.47
Deferred tax assets	g	—	—	—	33,637,712.58	33,637,712.58
Other assets		243,799,815.87	—	(11,769,114.90)	—	232,030,700.97
Total Assets		**10,586,345,965.18**	**0.00**	**(11,763,314.60)**	**338,510,943.88**	**10,913,093,594.46**
LIABILITIES						
Due to customers		9,275,032,457.74	—	—	—	9,275,032,457.74
Derivative financial instruments	h	—	—	—	72,522,427.28	72,522,427.28
Deferred tax liabilities	i	—	—	—	188,248,862.74	188,248,862.74
Retirement benefit obligations	j	692,947.05	15,912,442.95	—	—	16,605,390.00
Other liabilities	k	266,968,904.61	14,282,390.61	4,153,712.12	(92,604,173.30)	192,800,834.04
Provisions	l	5,241,480.98	10,675,545.74	(15,917,026.72)	—	—
Total Liabilities		**9,547,935,790.38**	**40,870,379.30**	**(11,763,314.60)**	**168,167,116.72**	**9,745,209,971.80**
SHAREHOLDERS' EQUITY						
Share Capital		555,000,000.00	—	—	—	555,000,000.00
Revaluation reserves	m	—	—	—	266,011,911.45	266,011,911.45
Other reserves		416,803,159.24	—	(346,452,962.49)	—	70,350,196.75
Retained earnings	n	66,607,015.56	(40,870,379.30)	346,452,962.49	(95,668,084.29)	276,521,514.46
Total Equity		**1,038,410,174.80**	**(40,870,379.30)**	**0.00**	**170,343,827.16**	**1,167,883,622.66**
Total Liabilities & Equity		**10,586,345,965.18**	**0.00**	**(11,763,314.60)**	**338,510,943.88**	**10,913,093,594.46**

Adjustment of Stand Alone Shareholders' Equity

		31.12.2004
Total Shareholders' Equity as reported in the financial statements prepared in accordance with Greek Accounting Standards		**1,038,410,174.80**
Restatement		
Recognition of tax audit differences	**k, n**	(14,282,390.61)
Recognition of staff termination indemnity	**j, n**	(15,912,442.95)
Recognition of provision for impairment of other assets	**l, n**	(10,675,545.74)
Restated Shareholders' Equity based on the previous accounting principles		**997,539,795.50**
Adjustments due to the adoption of International Financial Reporting Standards		
Impact of the non-recognition of start up cost as intangible assets	**f**	(6,679,430.52)
Impact of change in the useful life of tangible assets	**e**	1,804,074.67
Postponement of the recognition of dividends payable until approval thereof by the General Meeting	**k**	90,000,000.00
Impact from the revaluation of available for sale investment securities	**d**	338,121,741.97
Impact of the revaluation of financial assets at fair value through P&L	**a**	36,387,023.98
Recognition and valuation of derivatives	**h**	(72,522,427.28)
Reversal of general provisions	**k**	4,861,408.98
Impact of the recognition of mortgage benefits to personnel	**b**	(83,806,455.92)
Impact of application of effective interest rate to loans	**b**	(2,714,928.28)
Recognition of deferred tax (with the exception of tax-free reserves)	**f, i**	(53,878,965.09)
Recognition of deferred tax on tax-free reserves	**i**	(100,732,185.07)
Adjustment of allowance for impairment on loans & advances to customers	**c**	21,761,205.40
Other adjustments	**k**	(2,257,235.68)
Total adjustments		**170,343,827.16**
Total Shareholders' Equity in accordance with International Financial Reporting Standards		**1,167,883,622.66**

37. Quality Adjustment Analysis

Derecognition of establishment expenses

Under the previous accounting principles, various costs and expenses were capitalized and amortized over a period of five years. Under IAS 38 the relevant costs and expenses are not recognised for capitalization. The net book value as of 31 December 2003 has been deducted from "Retained earnings." Expense incurred in 2004 has been accounted for through the profit and loss.

Change in the estimated useful life of tangible assets

Under the previous accounting principles, tangible assets were depreciated following the tax rules in force each year. Under IAS 16, it is required to depreciate intangible assets based on their estimated useful lives. No adjustment was required on 31 December 2003, as fixed assets are stated at fair value.

Dividends declaration

Dividends are accounted for when declared (approved by the shareholders). Under the previous accounting principles dividends were accounted for when proposed by the Board of Directors.

Reclassification and valuation of securities

Under the previous accounting principles, the Company measured its investments at total acquisition cost or fair value at the date of the balance sheet, whichever was lower. Under IAS 39, the

Company must classify its investments under the categories established in that standard and measure them as follows using the relevant classification:

i) Financial assets at fair value through profit and loss

The measurement differences that resulted as at 31 December 2003, were recognised in their entirety in "Retained earnings". The revaluation differences that resulted in the period that ended on 31 December 2004 were charged to profit or loss.

ii) Investment securities—held to maturity

This category includes non-derivatives with fixed or determinable payments and a fixed repayment date, which the Company intends and is able to hold until their maturity. The securities in held to maturity investments are measured at amortised cost using the effective interest rate method.

iii) Investments securities—available for sale

This category includes non-derivatives for which there is no specific period during which they are held, and which may be sold to meet liquidity needs or changes in interest rates and prices. Securities included in this category are measured at fair value and revaluation gain or loss is recognised directly in Equity.

Recognition and valuation of derivatives

Under the previous accounting principles, derivatives were recognised in the profit and loss only on settlement or maturity. Under IAS 39, derivatives are carried at fair value. The adjustments made for the year ended 31 December 2003 were recorded under "Retained earnings". Any valuation differences as of 31 December 2004 were accounted for through the profit and loss.

Reversal of general provisions

Under IAS 37 a provision should be recognised when and only when (a) an entity has a present obligation (legal or constructive) as a result of a past event, (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Since all three criteria above were not met, general provisions recorded under the previous accounting principles are not recognised. This amount has been accounted through "Retained Earnings".

Recognition of retirement benefit obligations

Under the previous accounting principles, provisions related to retirement benefit obligations were recognised only for the employees that were not subject to the main auxiliary insurance scheme of the public sector and was not based on an actuarial valuation. The Company employed 78 persons bearing the above characteristics, while 1,142 persons were subject to the public sector insurance scheme. Under IAS 19 the Company accounts as liability the present value of the undertaken commitment to make a lump sum payment for all the retiring employees. The relevant liability on transition has been calculated based on an actuarial valuation.

Valuation of loans and advances using the effective interest rate method

Under the previous accounting principles, income and expenses were accounted for through profit and loss upon conclusion of the loan agreements. Under IAS 39, loans and amounts receivable are accounted for at amortized cost using the effective interest rate method. Income and expenses already recognised in profit and loss have been reversed through the reduction of "Retained Earnings" and are amortized over the life of the loan based on the effective interest rate calculated by discounting of future cash flows.

Recognition of deferred tax assets and liabilities

Under the previous accounting principles, only current tax was recognised. There was no requirement for the recognition of deferred income tax on temporary differences arising between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes. Under IAS 12 it is required to recognise deferred tax assets and liabilities on all taxable or deductible temporary differences. The deferred tax liability calculated on tax free reserves relates to the amount of tax already included in certain items recognised in equity for which, on transition, there was an intention for distribution.

Allowance for impairment on loans & advances to customers

Under the previous accounting principles, allowance for impairment was recognised based on tax rates. Under IAS 39, allowance for impairment is calculated only for the amounts receivable for which there is evidence of impairment.

Inclusion of associated companies using the equity method

The Company measured its investment in the associated company at acquisition cost. Under IAS 28, the investments on which the company has substantial influence are included in the consolidated financial statements using the equity method. The effect of the consolidation on 31 December 2003, shows the cumulative incorporation of the profit or loss of the associated company up to that date. The effect as at 31 December 2004 relates to the inclusion of the proportion of the profit or loss of such associated company.

38. Operating license

On 16 June 2004, the company submitted a request to the Bank of Greece for the issuance of the act as provided for in Article 9 of Chapter R of Law 3082/2002, regarding the establishment of a banking societe anonyme, which replaces in all its rights and obligations the decentralized public Greek Postal Savings Bank and which serves as a banking license. As at the date of preparation of the Financial Statements, the procedure for the issuance of the foregoing act, as provided for under Article 9 (4) and (5) of Law 3082/2002 has not yet been completed.

39. Post balance sheet events

The Company is in the process of listing its shares on the Athens Stock Exchange. Besides this event, there are no other events after the date of the financial statements which need to be disclosed under International Financial Reporting Standards.

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