

FULL YEAR 2007 FINANCIAL RESULTS

From January 1st 2007 until December 31st 2007

- Increasing trend in revenues from operating activities (interest income) in the order of 16.09%
- Expansion of retail loan portfolio by 25.65%, percentage higher than the market rate of increase (14.70%)
- 6.70% market share in mortgage loans
- 9% market share in consumer loans
- 10% market share in savings accounts
- 4.15% market share in time deposits
- 54.77% loans to deposit ratio

“2007 was a difficult year for the Greek Postal Savings Bank, a fact which was depicted in the financial results. The main reason for this was the impact of valuations of the alternative investments portfolio, which has a significant effect on results from financial activities.

The growth trend in activities in the area of loans, which constitutes the core activity, continued at a smaller pace. The PSB's market share as of December 31st, 2007 reached 6.70% in the area of mortgage loans and 9% of the market of consumer loans. In parallel, it maintained its market share in respect to savings accounts, controlling approximately 10% of the market, while simultaneously it increased its market share in time deposits to 4.15% in the end of the financial year. Finally, the loans to deposits ratio in the end of December 2007 reached 54.77%.

*In the financial statements of the twelve months presented herein, the **after-tax profits** present a decrease of 68.33% as compared to the respective twelve month 2006 results, primarily due to losses caused by valuations.*

Furthermore, the development of PSB's earnings from recurring sources demonstrated an increase. Net interest income for the period January 1st 2007 until December 31st, 2007 presented an increase of 16.09% in relation to the relevant period of 2006, while the loans increase reached a percentage of 25.65% from the beginning of the year, a percentage ranging considerably higher than the market rate increase in the Retail Banking sector (14.70%).

The new Management of the Greek Postal Savings Bank has initiated a great attempt of strategic restructuring and development of activities in new areas in order to respond to the daily challenges of continuously transforming financial environment. The rapid restructuring of the Bank's Assets is first priority, which has as its goal on the one hand to enhance the recurring earnings (operating) sources, on the other hand to achieve a decrease of assumed risk and in particular risk associated to the investments portfolio, by decreasing the alternative investments portfolio, which is a strategy that has been accelerated. In parallel, the maintenance of high liquidity of the Bank has been deemed purposeful, particularly following the conditions created after the second half 2007 crisis.

Since the end of 2007, there was the conclusion of the restructuring and adaptation of internal processes and systems on the one hand in respect to the daily requirements of a modern Bank,

which operates under private sector criteria, on the other hand in terms of the existing regulatory framework.

A fundamental point of the structural changes was the re-engineering of the Bank's Organizational Chart, so as to adapt it to the modern operations system of Banks. The Organizational Chart was concluded in February 2008, and subsequently there was the commencement of the filling of the new positions created with executives from the Banking Market. There was also the creation of new committees supporting the Management project and assisting in the daily operations of the Bank, the most important one being the Executive Committee.

We proceeded with the announcement of a procurement for the hiring of 400 people with banking experience, in order to contribute to the further development of the Bank, a procedure which is expected to be concluded before the summer of the current year.

On March 12th, 2008, the new logo and new corporate identity of the PSB were presented, which communicate the dynamic growth in which the Bank is entering, with the vision to **“render it as the large bank that cares, protects and supports citizens”**. In this context, the Bank acquires a new face, powerful and modern and will operate henceforth based on private sector criteria, via the development of healthy and stable growth. Our goal is the increase in profitability from recurring income sources, in the area of retail banking, by offering a variety of competitive financial products and services that will correspond to the needs of most Greek consumers. These products and services will be **simple and sincere**, characterized by attractive pricing and will be available through the extensive distribution network of the Bank as well as through the alternative Hellenic Post network, with the target being the benefit of all involved parties, of shareholders, of the employees and the total of the Greek citizens.

Within this policy framework, within 2008, the refurbishment of branches will take place, and in parallel 200 to 300 new shop-in-shops within the Hellenic Post branches. Our goal is the re-positioning in the social and economic life of the country, in order to strengthen the Bank's traditional relation with the Greek public, expanding its product range which it can offer, both through the extensive branch network which it possesses as well as via its cooperation with the Hellenic Post branches, a relationship so traditional as is the Bank's historical presence.

To conclude, the new Management is examining new areas of activity so as to strengthen its organic profitability and efficiency of the Postal Savings Bank. We expect that the important endeavor taking place will begin to produce results in the end of 2008, when the first tangible results of our strategy are expected, i.e., the increase of recurring income, the containment of extra-ordinary (and non-recurring) profits and the decrease of the expenses to income ratio.

Mr. Angelos J. Philippides, President of the Board of Directors

TWELVE MONTH 2007 FINANCIAL SUMMARY **(consolidated basis)**

- **Results (after tax) decreased by 68.33%.**
- **Recurring results increase of 15.46% (profit before tax minus trading income, provisions and depreciation).**
- **Net Interest Income rose by 16.09%.**
- **Expansion of net loan portfolio (pre provisions) by 25.65% to 6,110.36 mil Euro since the beginning of the year.**
- **Loans to Deposits ratio increased by 54.77% from 45.34% on 31.12.2006.**
- **Retaining of the very low NPL levels with NPL/Gross Loans ratio to 0.65% compared to 0.46% on 31.12.2006.**

KEY DEVELOPMENTS

- **Decrease of the Hellenic Republic participation below 50%**

On July 11th, 2007, the sale of 20% of the PSB's share capital and voting rights, translating to 28,173,354 common shares, was successfully completed through a private placement to qualified investors in Greece and internationally, via an accelerated book building process.

The offering took place as part of the State's privatization program, at the price of 18.10 euros per share, selling at a small premium relative to the closing price of July 09, 2007. The offering was oversubscribed three times.

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

The total of shares offered were listed on the Athens Exchange and were owned by the Hellenic Republic.

The Bank Board of Directors proceeded to accreditation of the share capital increase, which took place through a rights issue in cash, according to Article 10 of Law 3340/2005 and in the framework of implementation of the stock options plan in accordance with article 13 of Law 2190/20, enacted by the Extraordinary General Meeting of April 18th 2007.

The Board of Directors, in its session on December 20th 2007, in force of paragraph 13 of Article 13 of Law 2190/20 regarding Societes Anonymes, decided the increase of the Bank's share capital, due to the exercise of stock options rights by the Beneficiaries (for the period from December 10 to December 15, 2007) by the amount of euro 5,054,984.40 in cash and the issue of 1,366,212 new common, nominal, voting shares of nominal value euro 3.70 each and issue price euro 3.70 per share.

The above decisions were submitted to the Ministry of Development, Credit and Societes Anonymes Department, Banking Institutions Division (protocol number documents K2-

18440 & K2-18441/21.12.2007) so as to be recorded to the Societes Anonymes Registry kept at the Ministry of Development.

Following the abovementioned increase, the share capital of the Bank reached euro 526,262,033.40 and is divided into 142,232,982 common, nominal, voting shares of nominal value euro 3.70 each.

Thereafter, the Bank proceed to all legal actions, according to the underlying legislation and relative process, so that the new shares are introduced for trading on the Athens Exchange, ultimately introduced on January 17, 2008.

Following the above increase, the stake of the main shareholder, Hellenic Republic, decreased to 34.043%, while that of the second largest shareholder "Hellenic Post S.A." decreased to 9.904% from 10%.

- **Continued restructuring of Total Assets**

The PSB continues the restructuring of its Assets, further developing its retail loan portfolio and respectively containing its investments portfolio that has traditionally been high. This will gradually and steadily transform its composition and increase the contribution of income from recurring activities.

The loan portfolio reached at the end of 2007 6,110.36 mil Euro, posting an increase of 25.65% since the beginning of the year. Net Interest Income rose by 16.09% compared to 2006. The loans to deposit ratio stood at 54.77% from 45.34% at the end of 2006.

Respectively, the investments portfolio decreased to 4,025.93 mil Euro, on December 31st, 2007 in relation to the previous fiscal year 2006 at 6,203.58 mil Euro and this trend is expected to continue.

Lastly, deposits, the main funding source, exhibited an increasing trend and reached at the end of 2007 11,159.69 mil Euro against 10,725.96 mil Euro at the end of the previous fiscal year.

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

PSB's loan portfolio, **after provisions**, increased by 25.42% reaching 6,023.51 mil Euro at the end of the year, compared to 4,802.78 mil Euro on December 31, 2006.

Consumer loans increased by 37.32% since the end of 2006, reaching 1,689.86 mil Euro from 1,230.57 mil Euro.

Mortgage loans increased by 23.94% since the end of 2006 reaching 4,085.83 mil Euro from 3,296.54 mil Euro.

Finally, deposits increased by 4.01%, reaching 11,155.69 mil Euro from 10,725.96 mil Euro on 31st December 2006.

- **Upgrade of corporate profile**

On March 12th, 2008, the new logo and new corporate identity of the PSB were presented, which communicate the dynamic growth in which the Bank is entering, with the vision to **"render it as the large bank that cares, protects and supports citizens"**. In this context, the Bank acquires a new face, powerful and modern and will operate henceforth based on private sector criteria, via the development of healthy and stable growth. Our goal is the increase in profitability from recurring income sources, in the area of retail banking, by offering a variety of competitive financial products and services

that will correspond to the needs of most Greek consumers. These products and services will be **simple and sincere**, characterized by attractive pricing and will be available through the extensive distribution network of the Bank as well as through the alternative Hellenic Post network, with the target being the benefit of all involved parties, of shareholders, of the employees and the total of the Greek citizens.

- **Human Resources**

In reference to employee hiring, 134 new employees were added to the Bank's work-force between December 2006 and January 2007, via hires which followed the ASEP (Supreme Commission for Employee Selection) procedure. Following the decrease in the percentage participation by the main shareholder, the Hellenic Republic below 50%, the area of hiring and management of human resources is liberalized, so as to achieve both a qualitative upgrade and the rationalization of cost management within the shortest time possible.

In the mean time, a new competition for the employment of 400 persons with banking experience has been announced. It is estimated that the procedure of the employee hiring will have been completed by the end of summer 2008.

PERFORMANCE OVERVIEW OF YEAR 2007
(on a consolidated basis)

- **Interests and assimilated income** reached the level Euro 614.22 ml., compared to Euro 475.22 ml. as of the corresponded last year 2006 period, marking an increase of 29.25%. This increase reflects the continuously increasing trend of the loans portfolio as well as the improvement of interest rates.
- **Interests and assimilated expenses** reached the level of Euro 319.85 ml., compared to Euro 221.64 ml. as of the corresponded last year 2006 period, showing an increase of 44.31%. Notably, a significant portion of the increase in interests can be attributed to a considerable rise in time deposits.
- **Net Interest Income**, due to the above, was shaped to Euro 294.37 ml. as opposed to Euro 253.58 ml. as of the corresponding last year 2006 period, marking a rise of 16.09%, demonstrating the important improvement of interest margin of the Bank.
- **Dividend income** has amounted to Euro 4.14 ml. versus Euro 4.66 ml. during the previous year, showing a decrease of 11.04%.
- **Income of Financial Transactions** displayed loss of Euro 17.36 ml. compared to Euro 126.40 ml. of the previous year, demonstrating the negative impact of valuations of the investment portfolio.
- **Other operating income** reached Euro 1.04 ml. compared to Euro 2.68 ml. in 2006, marking a loss of 60.97%.
- **Personnel expenses** amounted to Euro 101.08 ml. versus Euro 84.72 ml. in 2006, showing an increase of 19.32%.
- **General administrative expenses** reached Euro 99.31 ml., compared to Euro 85.19 ml. in 2006, marking a rise of 16.59%. This increase reflects mainly the increase of activities, as well as of personnel outsourcing activities.

- **Amortizations** reached the level of Euro 10.18 ml. versus 9.14 ml Euro a year ago, posting a marginal increase, especially due to the continuous investments of the new integrated Information System , “PROFITS”.
- **Other expenses** reached 3.91 ml Euro versus 23.55 ml Euros in 2006, showing a significant decrease of 83.38% because of the contribution according to IFRS of PSB to the National Deposits Guarantee Fund that is maintained from domestically operating banks, and in April of 2006, the PSB received from the Bank of Greece the foreseen, according to the law 3082/2002, permit from the Bank of Greece. The cost in question reached the amount of 22.32 ml Euro and was non recurring.
- **Possible loan losses** shaped to Euro 28.71 ml. as opposed to Euro 24.06 ml. in 2006, showing an increase of 19.32% due to the increase of loans. The calculation of provisions is in accordance to the minimum set requirements by the Bank of Greece.
- **Total Equity** following the respective income tax imposed on Bank’s reserves, amounted to Euro 747.02 ml., from Euro 869.42 ml. at the end of the December 2006.
- **Total Assets** increased by 7.09% and reached Euro13,182.36 ml. at the end of 2007 compared to Euro 12,309.13 million at the end of the previous financial year.
- **Gross Loans** recorded a significant increase of 25.65% within 2007 and amounted to Euro 6,110.36 ml., versus 4,862.81 ml Euro at the end of the previous financial year.
- **Deposits** posted an increase of 4.01% and reached Euro11,155.69 ml. Euro at the end of 2007 compared to Euro 10,725.96 ml. at the end of 2006.

FINANCIAL FIGURES & RATIO ANALYSIS (in mil Euro)
(on a consolidated basis)

	31/12/2006	31/12/2007	12/06-12/07 % Change
Total Assets	12.309,13	13.182,36	7,09%
Total Loans	4.862,81	6.110,36	25,65%
Total Deposits	10.725,96	11.155,69	4,01%
Shareholders' equity	868,88	746,44	(14,09%)
Total operating income	412,12	293,45	(28,79%)
Total operating expenses	226,68	243,20	7,29%
Net Income (before tax)	185,44	50,25	(72,90%)
Net Income (after tax)	137,17	43,45	(68,33%)
EBITDA	92,24	106,50	15,46%
ROA	1,11%	0,33%	(0,78%)
ROE	17,62%	5,82%	(11,80%)
Cost to Income	48,54%	73,09%	24,55%
Loans to Deposits	45,34%	54,77%	9,44%
NII to Assets	2,06%	2,23%	0,17%
NPL to Total Loans	0,46%	0,65%	0,19%
EPS	0,97	0,31	(68,33%)
# of branches	137	140	3
# of personnel	1.281	1.308	27

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

	31/12/2006	31/12/2007	12/06-12/07 % Change
Net Interest Income	253,57	294,37	16,09%
Net fee and commission income	24,81	11,26	(54,62%)
Income from financial transactions	126,40	(17,36)	(113,73%)
Dividend Income	4,66	4,14	(11,04%)
Other Income	2,68	1,04	(60,97%)
Personnel Expenses	84,72	101,08	19,32%
Administrative Expenses	85,19	99,31	16,59%
Depreciation	9,14	10,18	11,43%
Provision for loan losses	24,06	28,71	19,32%
Other Expenses	23,58	3,91	(83,40%)
Net Income (before tax)	185,44	50,25	(72,90%)
Income Tax	48,27	6,80	(85,91%)
Net Income (after tax)	137,17	43,45	(68,33%)