



## NINE MONTH 2007 FINANCIAL RESULTS

“Greek Postal Savings Bank continued with a successful growth trend during the Third Quarter of 2007 in regards to the basic balance sheet figures. At the same time, it further increased its market share in the area of loans, while it maintained its market share in respect to deposits.

In the financial statements of the Nine Months 2007, the after-tax profits present a decrease of 19.66% as compared to the Nine Month 2006 results, which is primarily due to the decrease of trading income.

Despite the decrease of results, the development of PSB’s earnings from recurring businesses operations is particularly encouraging. Net interest income for the period January 1<sup>st</sup> 2007 until September 30<sup>th</sup>, 2007 presented an increase of 16.74% in relation to the relevant period of 2006, while the loans increase reached a percentage of 20.98% from the beginning of the year, a percentage ranging higher than the market rate increase in the Retail Banking sector.

In addition, it should be noted that the loans to deposits ratio is continuously improving. From 42.98% in September 2006, it reached 45.34% at the end of the previous year and 52.77% in September 2007.

The new Management of the Greek Postal Savings Bank is proceeding with speedier steps in the realization of its strategy, which has as its main goal the rapid restructuring of the Bank’s Assets, in a manner so as to both enhance the recurring earnings sources, as well as achieve a decrease of assumed risk and in particular risk associated to the investments portfolio. In parallel, the restructuring and adaptation of internal procedures and systems in the daily requirements of a modern Bank, as well the full adoption of the existing regulatory framework, represent the means for the materialization of strategy and constitutes the duty for the new Management.

Following 105 years of continuous presence in the socio-economic state of affairs, the Postal Savings Bank is re-positioning itself in the country’s social and financial life so as to reinforce its traditional relationship with the Greek people, by expanding the selection of products which it is able to offer, both via its own extensive branch network, as well as via its cooperation with the branches of Hellenic Post, a relationship which is as traditional as the PSB’s historical presence.

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

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### **NINE MONTH 2007 FINANCIAL SUMMARY**

- **Income (after tax) decreased by 19.66%.**
- **Recurring results increase of 14.89% (profit before tax minus trading income, provisions and depreciation).**
- **Net Interest Income rose by 16.74%.**
- **Expansion of net loan portfolio (pre provisions) by 20.98% to 5,882.84 mil Euro since the beginning of the year.**
- **Loans to Deposits ratio increased by 52.77% from 45.34% on 31.12.2006 and 42.98% in respect to the corresponding nine month period of 2006.**
- **Retaining of the very low NPL levels with NPL/Gross Loans ratio to 0.46% compared to 0.46% on 31.12.2006 and 0.40% in the corresponding nine month of 2006.**
- **Decrease in ROE to 12.76% on an annual basis from 17.62% for 2006.**

### **KEY DEVELOPMENTS**

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

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

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

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

- **Continued restructuring of Total Assets**

The PSB continues the up to date successful 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 net loan portfolio reached at the end of the nine months of 2007 5,882.84 mil Euro, posting an increase of 20.98% since the beginning of the year. Net Interest Income rose by 16.74% in the nine months of 2007 versus the nine month period of 2006. The loans to



deposit ratio stood at 52.77% from 45.34% at the end of 2006 and 42.98% at the end of the nine month period of 2006.

Respectively, the investments portfolio decreased at 4,633.16 mil Euro, on September 30<sup>th</sup>, 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 the nine month period of 2007 11,148.78 mil Euro against 10,725.96 mil Euro at the end of the previous fiscal year and 10,419.74 mil Euro in the respective period of 2006.

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

PSB's loan portfolio, **after provisions**, increased by 20.89% reaching 5,806.27 mil Euro at the end of the nine month period, compared to 4,802.78 mil Euro on December 31, 2006 and compared to 4,422.16 mil Euro in the corresponding nine months of 2006, demonstrating an increase of 31.30%.

Consumer loans increased by 36.18% since the end of 2006, reaching 1,675.74 mil Euro from 1,230.57 mil Euro, while compared to the nine months of 2006 they increased by 50.30%.

Mortgage loans increased by 17.46% since the end of 2006 reaching 3,871.99 mil Euro from 3,296.54 mil Euro, while compared to the nine months of 2006 they increased by 27.69%.

Finally, credit card loans increased by 25.30% since the end of 2006, to 160.73 mil Euro from 128.27 mil Euro, while compared to the nine months of 2006 they increased by 40.99%.

In addition, deposits increased by 3.94%, reaching 11,148.78 mil Euro from 10,725.96 mil Euro on 31<sup>st</sup> December 2006 and 10,419.74 mil Euro for the corresponding nine months of 2006, representing an increase of 7.00%.

- **Upgrade of corporate profile**

The Greek Postal Savings Bank continues its efforts on enhancing the bank's corporate profile and brand awareness through advertising as well as through financial support programs in the framework of implementing its "social responsibility" strategy. In total, the related expenses reached 4.59 mil Euro since the beginning of the year and this trend is expected to continue and intensify throughout the financial year, particularly after the decrease in the participation of the major shareholder – the Hellenic Republic below 50%. The advertising campaign is viewed as being successful, since the banking activities of the PSB continue to expand.

- **Human Resources**

In reference to employee hiring, 134 new employees were added to the Bank's workforce 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 liberated, so as to achieve both a qualitative upgrade and the rationalization of cost management within the shortest time possible.

- **Continuous Improvement of the New IT System:**

Subsequent to the completion of one of the greater targets of the PSB's Management, namely the installation and operation of the new integrated Information System, "PROFITS", within a production environment, the effort of continuous improvement and expansion continues. The integrated clientele database will enable the development of cross-selling and will allow for the more effective utilization of the Hellenic Post branch network. In general, full implementation and utilization of the system, together with user adoption of it, as is common under such circumstances, is expected to be fulfilled by the end of the current year, beginning of 2008 the latest.

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

The IT center in Piraeus is currently at full operational mode and all necessary personnel are on location. Additionally, the project of the foreseen procedures "IT Controls" is in full development, based on the decisions and respective directives of the Bank of Greece, expected to be finalized by the end of the current year.

Finally, regional systems related to cost control, budgeting, and management information reports, are in the process of their planning stage, so as to commence their materialization by the beginning of the next year.

**PERFORMANCE OVERVIEW OF 9M 2007**  
**(on a consolidated basis)**

- **Interests and similar income** reached the level Euro 454.78 ml., compared to Euro 334.84 ml. as of the corresponding last year 2006 period, marking an increase of 35.82%.
- **Interests and similar expenses** reached the level of Euro 239.35 ml., compared to Euro 150.31 ml. as of the corresponding last year 2006 period, showing an increase of 59.24%. 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 215.42 ml. as opposed to Euro 184.53 ml. as of the corresponding last year 2006 period, marking a rise of 16.74%.
- **Net commissions' income** amounted to Euro 8.11 ml. versus Euro 18.91 ml. during the corresponding period in 2006.
- **Dividend income** has amounted to Euro 3.92 ml. versus Euro 4.11 ml. during the corresponding period in 2006, showing an increase of 4.68%.



GREEK POSTAL SAVINGS BANK – NINE MONTH 2007  
RESULTS

- **Income of Financial Operations Results** displayed profit of Euro 26.00 ml. compared to Euro 74.82 ml. of the previous year.
- **Other operating income** reached Euro 0.63 ml. compared to Euro 2.55 ml. in 2006.
- **Personnel expenses** amounted to Euro 68.36 ml. versus Euro 55.80 ml. in 2006, showing an increase of 22.53%.
- **General administrative expenses** reached Euro 75.86 ml., compared to Euro 81.32 ml. the corresponding period of 2006, a decrease of 6.71%.
- **Depreciation and Amortization charges** reached the level of Euro 7.46 ml. versus 6.74 ml Euro a year ago, posting an increasing change of 10.73%.
- **Possible loan losses** shaped to Euro 18.45 ml. as opposed to Euro 20.27 ml. in 1Q 2006, showing a decrease of 8.99%.
- **Pre tax Earnings** decreased by 30.51% during the nine-month period 2007 reaching Euro 83.95 ml. versus Euro 120.81 ml. during the nine-month period 2006.
- **After tax Earnings** decreased by 19.66%, reaching Euro 73.75 ml., versus Euro 91.80 ml in 2006.
- **Total Equity** following the respective income tax imposed on Bank's reserves, amounted to Euro 770.69 ml., from Euro 868.88 ml. at the end of the December 2006.
- **Total Assets** increased by 5.85% and reached Euro13,053.04 ml. during the nine-month period 2007 compared to Euro 12.332,20 million at the end of the previous financial year.
- **Gross Loans** recorded a significant increase of 20.98% within the nine months and amounted to Euro 5.882.84 ml., versus 4.862.81 mil Euro at the end of the previous financial year.
- **Deposits** posted an increase of 3.94% and reached Euro11.148,78 ml. Euro on September 30<sup>th</sup>, 2007 compared to Euro 10.725,96 ml. at the end of 2006.

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

	09/30/2006	12/31/2006	09/30/2007	12.06-09.07 Change	09.06-09.07 Change
Total assets	13,273.13	12,332.20	13,053.04	5.85%	(1.66%)
Total Loans	4,478.47	4,862.81	5,882.84	20.98%	31.36%
Total Deposits	10,419.74	10,725.96	11,148.78	3.94%	7.00%
Shareholders' equity	856.73	868.88	770.69	(11.30%)	(10.04%)
Total operating income	284.93		254.09		(10.82%)
Total operating expenses	164.12		170.13		3.67%
Net Income (before tax)	120.81		83.95		(30.51%)
Net Income (after tax)	91.80		73.75		(19.66%)
EBITDA	72.99		83.86		14.86%
ROA	0.92%		0.75%		(0.17%)
ROE	14.29%	17.62%	12.76%		(1.53%)
Cost to Income	50.49%	48.54%	59.70%		9.21%
Loans to Deposits	42.98%	45.34%	52.77%	7.43%	9.79%
NII to Assets	1.39%		1.65%		0.26%
NPL to Total Loans	0.40%	0.46%	0.46%	0.00%	0.06%
EPS	0.65 Euros		0.52 Euros		(19.66%)
# of branches	136	137	138	1	2
# of personnel	1,219	1,281	1,310	2.26%	7.47%

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

	09/30/2006	09/30/2007	Change
Net Interest Income	184.53	215.42	16.74%
Net fee and commission income	18.91	8.11	(57.09%)
Income from financial transactions	74.82	26.00	(65.24%)
Dividend Income	4.11	3.92	(4.81%)
Other Income	2.55	0.63	(74.95%)
Personnel Expenses	55.80	68.36	22.55%
Administrative Expenses	57.78	74.28	28.56%
Depreciation	6.74	7.46	10.64%
Provision for loan losses	20.27	18.45	(9.00%)
Other Expenses	23.54	1.58	(93.29%)
Net Income (before tax)	120.81	83.95	(30.52%)
Income Tax	29.01	10.20	(64.84%)
Net Income (after tax)	91.80	73.75	(19.66%)