

FIRST HALF 2006 FINANCIAL RESULTS

“Greek Postal Savings Bank continues at a fast pace its transformation into a Bank focusing in Retail Banking.

More Specifically: During the first half of 2006 were about 1 billion new loans granted from which 58% concerned new mortgage loans and 42% concerned consuming loans and credit cards. This represents about a 33% increase of outstanding loans from 31st December 2005.

Profits before taxes during the first half of 2006 reached approximately 103 mil Euro and after tax profits came in at approximately 80 mil Euro, which represent 0,57 Euro earnings per share versus 0,24 Euro for the First Half of 2005

There were very concrete steps taken in critical sectors, such as Information Technology. The Integrated IT System will be concluded by the beginning of October and will be instrumental in improving the efficiency of the Greek Postal Savings Bank

Despite that market conditions remain extremely competitive, the Greek Postal Savings Bank, aided by the efforts of its people, will achieve its goal, as it has been set by the Management during the bank’s IPO to the Athens Exchange, in a shorter time frame than anticipated, especially by increasing its market share as well as Loans to Deposits to 80%”

Mr. Panayiotis Tsoupidis, Chairman of the Board of Directors

FIRST HALF 2006 FINANCIAL SUMMARY

- **Net profits increased by 103.5% to 80.0 mil Euro**
- **Total revenues increased by 101.0% to 223.1 mil Euro**
- **Net Interest Income rose 5% to 120.5 mil Euro**
- **Expansion of net loan portfolio by 32.5% to 3,991.1 mil Euro since the beginning of the year**
- **Loans to deposit came in 39.5% from 30.6% on 31.12.2005**
- **Loan interest increased 74.9% to 82.4 mil Euro**
- **Retaining of the very low NPL levels with NPL ratio to 0.35% from 0.22% on 12.31.2005**
- **ROE improving further to 19.4% from 14.2% on 31.12.2005**

KEY DEVELOPMENTS

- **Robust growth in banking operations**

The Postal Savings Bank continues to successfully expand its banking operations. At the end of June 2006, net loans outstanding grew to 3,991.1 mil Euro, up 32.5% since the beginning of the year. Loan interest income rose 74.9% to 82.4 mil Euro for the first half of 2006 compared to 47.1 mil Euro the corresponding period of 2005. The proportion of net interest income derived from loan portfolio rose to 68% for the first six months of 2006 from 41% the same period a year ago. Loans to deposits came in at 39.5% from 30.6% on the beginning of the year.

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

The loan portfolio of PSB increased 32.5% reaching 3,991.1 mil Euro on June 30, 2006, compared to 3,013.3 mil Euro on December 31, 2005. During the first six months of 2006, consumer loans increased 73.0% to 982.2 mil Euro from 567.9 mil Euro at the beginning of the year, mortgage loans increased 27.0% to 2,733.1 mil Euro from 2,152.8 mil Euro, and credit cards came in 43% to 101.3 mil Euro from 70.8 mil Euro, respectively. At the same time, deposits increased 2.78% from 9,959.9 mil Euro to 10,230.3 mil Euro on June 30, 2006.

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

The Greek Postal Savings Bank continued its marketing effort on enhancing the bank's corporate profile. Marketing expenses came in at 2.6 mil Euro year-to-date, up 56.8% from the first six months of 2005, a trend expected to continue for the rest of the year. The marketing effort under way is evaluated favourably given the PSB's continued growth of banking operations. As far as new hires concern, a first group of 150 new employees is expected to join the bank during October 2006, and the second group of approximately 400 to 500 new employees is expected in 2007.

- **Successful IPO**

The company concluded its Initial Public Offering in May 2006, and was listed in the Athens Exchange. A total of 49,080,000 were offered, out of which 60% to foreign investors and 40% to domestic investors. Currently, 55.16% of PSB belongs to the Greek State, 10% to the Greek Post Office and 34.84% is free float.

- **New IT System**

The implementation of the new IT system is at its final stage, and is expected to be operational in October 2006.

OVERVIEW OF H1 2006 PERFORMANCE

| <i>In mil Euro</i> | H1 05 | H1 06 | %Δ | 2Q 05 | 2Q 06 | %Δ |
|-------------------------------|--------|-------|--------|--------|-------|--------|
| Net Interest Income | 114.7 | 120.5 | 5.1% | 56.5 | 58.4 | 3.4% |
| Net fee and commission income | 2.2 | 10.4 | 366,3% | 1.7 | 9.6 | 474,6% |
| Dividend Income | 3.4 | 3.5 | 3.7% | 3.6 | 3.6 | -0.9% |
| Other operating income | 4.9 | 7.2 | 47.8% | 2.4 | 4.2 | 76,2% |
| Trading income | (14.2) | 81.5 | N/A | (21.5) | (1.4) | 93,5% |
| Net Revenues | 111.0 | 223.1 | 101,0% | 42.2 | 73.8 | 75,2% |

- **Net Interest Income** came in at 120.5 ml Euros (compared to 114.7 ml Euros at June 2005), posting an increase of 5.1%. For the 2Q06 Net Interest Income rose 3.4% to 58.4 ml Euro from 56.5 ml Euro.
- **Net fee and commission income** reached 10.4 ml Euros, versus 2.2 ml Euros at the corresponding period of 2005, posting a remarkable increase of 366.31%., as the bank commenced operations generating commissions from the second quarter of 2006.
- **Dividend income** amounted to 3.5 ml Euros versus 3.4 ml Euros a year ago
- **Trading income** for the first half of 2006 came in at 81.5 ml Euros from a loss of 14.2 ml Euros the first half of the past year.
- **Net revenues** for the first six months of 2006 increased 101.0% to 223.1 ml Euros compared to 111.0 ml Euro the corresponding period of 2005. Net Revenues for the 2Q06 reached 73.8 ml Euro, 75.2% higher compared to 42.2 ml Euro the 2Q05.

| <i>In mil Euro</i> | H1 05 | H1 06 | %Δ | 2Q 05 | 2Q 06 | %Δ |
|-------------------------------------|-------|-------|-------|-------|-------|-------|
| Personnel expenses | 26.1 | 34.6 | 32.6 | 12.9 | 18.1 | 40.3 |
| General & administrative | 21.1 | 38.1 | 80.6 | 10.1 | 22.3 | 120.8 |
| Provisions for possible loan losses | 6.9 | 19.9 | 187.0 | 4.2 | 11.5 | 172.0 |
| Other expenses | 6.1 | 23.1 | 279.8 | 3.0 | 12.43 | 309.6 |
| Total expenses | 55.6 | 100.2 | 79.4 | 27.3 | 55.1 | 102.0 |

- **Operating expenses** posted a 79.4% increase for the first half of 2006 to 100.2 ml Euro from 55.6 ml Euro the corresponding period of 2005. For the second quarter of 2006 operating expenses increased 102.0% to 55.1 ml Euro from 27.3 ml Euro in 2Q05. The increase in expenses is primarily due to the company's effort to expand its banking activities, as well the recent IPO and the upgrade of its IT systems. Notably, a significant portion of these expenses will not be recurring.

- **Personnel expenses** increased by 32.6% during the first half 2006 to 34.6 mil Euro from 26.1 mil Euro, mainly due to significant overtime associated with the implementation of new IT system and the recent IPO, as well as conforming to OTOE (Greek Federation of Bank Employee Unions), after PSB obtained its banking license in April 2006.
- **General and administrative** expenses increased 80.6% reaching 38.1 mil Euro the first half of 2006 from 21.1 the same period a year ago. This increase is attributed to related expenses associated with the loans growth, especially mortgages, as far as legal and engineering costs concerns, third party expenses due to increased consulting needs relating to IPO and new IT system, as well as higher rental needs for the as PSB's central operations. G&A has also been affected by increased advertisement for the IPO as well as products driven and to enhance PSB's corporate profile, and listing expenses relating to the IPO.
- **Provisions of possible loan losses** increased 187.0% from 6.9 mil Euro in 1H 2005 to 19.9 mil Euro in 1H 2006, and 172.0% from 4.23 mil Euro in 2Q2005 to 11.5 mil Euro in 2Q 2006. This increase relates to the regulations of the Bank of Greece as far as minimum reserves requirements concern.
- **Other expenses** posted a 279.8% reaching 23.1 mil Euro in the first six months of 2006 from 6.9 mil Euro the corresponding period of 2005, driven primarily by the one-off contribution to the Deposits Guarantee Fund of the banking system (TEK) as PSB obtained its banking liscence on April 2006. At a lesser extend the increase in other expenses is due to security services (new locations as well as existing), traveling expenses for training system and others.

| <i>In mil Euro</i> | H1 05 | H1 06 | %Δ | 2Q 05 | 2Q 06 | %Δ |
|--------------------|--------------|--------------|-----------|--------------|--------------|-----------|
| Pre-tax earnings | 48.4 | 103.0 | 112.6 | 10.6 | 7.2 | (32.2) |
| Taxes | 9.1 | 22.9 | 151.6 | 1.8 | 1.3 | (28.6) |
| Net income | 39.3 | 80.0 | 103.5 | 8.8 | 5.9 | (32.9) |
| EPS | 0.24 | 0.57 | 137.5 | 0.05 | 0.04 | (40.0) |

- **Pretax Earnings** increased 112.6% in the first half of 2006 to 103.0 mil Euro from 48.4 mil Euro in the first half of 2005. Second quarter 2006 pre-tax earnings came in at 7.2 mil Euro from 10.6 mil Euro the second quarter of 2005, reduced by 32.2%, due to increased expenses in the second quarter attributed to the IPO and the new IT system.
- **Net Income** grew by 103.5% and reached 80.0 mil Euro in the first half of 2006, compared to 39.3 mil Euro the same period in 2005. Earnings for 2Q06 came in at 5.9 mil, down 32.9% from 8.8 mil Euro in 2Q05, due to the same reasons as stated above.

| <i>In mil Euro</i> | 31/12/05 | 30/6/06 | % change |
|--------------------|-----------------|----------------|-----------------|
| Assets | 11,564.6 | 11,425.9 | (1.2) |
| Gross Loans | 3,044.7 | 4,041.8 | 32.7 |
| Deposits | 9,953.8 | 10,230.3 | 2.8 |
| Total Equity | 864.9 | 826.5 | (4.4) |

- **Total Assets** declined by 1.2% and reached 11,425.9 mil Euro at the end of June 2006, from 11,564.6 on December 31, 2005 due to the decrease of the revaluation reserves.
- **Gross Loans** posted a significant y-t-d rise (32.7%) climbing at the end of June 2006 to 4,041.8 mil Euro.
- **Deposits** in the first six months of 2006 climbed 2.8% and reached 10,230.3 mil Euro at June 30th, 2006.
- **Total Equity** at the end of June 2006 amounted to 826.5 mil Euro, down 4.4% from 864.9 mil Euro year end 2005.

RATIO ANALYSIS

| | 31/12/05 | 30/6/06 |
|-------------------------------|-----------------|----------------|
| NII to Assets | 2.09% | 2.11% |
| NII to Total Operating Income | 81.70% | 53.99% |
| Cost to Income | 43.01% | 44.90% |
| Loans to Deposits | 30.58% | 39.51% |
| NPL to Total Loans | 0.22% | 0.35% |
| ROA | 1.06% | 1.40% |
| ROE | 14.20% | 19.36% |
| Capital Adequacy | 13.10% | 13.32% |