

EXPLANATORY REPORT

Article 11a, par. 2, law 3371/2005

OF THE BOARD OF DIRECTORS OF THE BANK UNDER THE NAME

“GREEK POSTAL SAVINGS BANK S.A.”

TO THE

**GENERAL MEETING OF SHAREHOLDERS ON THE MINUTES OF THE
FINANCIAL YEAR 01.01.2006 until 31.12.2006**

in respect to the “detailed information” incorporated in the Management Report of the Board of Directors of Greek Postal Savings Bank S.A. for the financial year 2006, according to article 11a, par. 1, law 3371/2005, entitled “Reporting Obligations” as added by article 30 of law 3461/2006. The information in question, concerning the Bank until the date of drafting of the current report, is cited for the purpose of the most thorough briefing of the investor public and the shareholders of the Bank.

Dear Shareholders,

in the framework of article 11a of L. 3371/2005, on the "Obligation to information", following relevant addition after article 30 of L.3461/2006 and according to article 10 of the Community Directive 2004/25/EC, “detailed information” regarding the Bank up until the date of preparation of the present report are provided for your information.

In particular

a. Structure of the Bank’s share capital.

The current share capital of the Bank amounts to five hundred and twenty-one million, two hundred and seven thousand, forty-nine euro only (€21,207,049.00), divided in one hundred and forty million, eight hundred and sixty-six thousand, seven hundred and seventy (140.866.770) shares, which are common, nominal with voting right. The nominal value of each share amounts to three euro and seventy cents (€3.70). All shares of the Bank have been listed in the Athens Stock Exchange. They have not been listed for negotiations in any organised market of any member - state.

Each share of the Bank provides all rights stipulated in the legislation in force and the Bank's Articles of Association, particularly the rights of management, the assets, the right to the product of liquidation. The responsibility of the Bank's shareholder's, also according to the Bank's Articles of Association, is restricted to the nominal value of the stocks that they hold.

b. Restrictions in the transfer of the Bank’s stocks.

The transfer of the Bank's stocks may be carried out according to the applicable provisions of the legislation in force, and is not in any way

regulated through the Bank's Articles of Association, nor is there any restriction provided as to the transfer. It is noted that the stocks are as total listed in the Athens Stock Exchange and are free for negotiation.

c. Substantial direct or indirect holdings according to the presidential decree 51/92.

The substantial direct or indirect holdings according to the provisions of the presidential decree 51/1992, on "information that must be published upon acquisition and assignment of a substantial holding to a company of which the shares are listed to the Athens Stock Exchange in compliance with the directive 88/627/EEC" refer to the following:

aa) Substantial holdings in the existing share capital of the Bank:

- The Greek State holds a percentage of 54.425% on the total share capital of the Bank that corresponds to seventy-six million, six hundred sixty-seven thousand, one hundred and six (76.667.106) common, nominal shares with voting rights.
- The societe anonyme with the name "HELLENIC POST S.A." holds a percentage of 10.00% of the total share capital of the Bank that amounts to fourteen million, eighty-six thousand, six hundred and seventy (14.086.670) common, nominal shares with voting right.

There are no other shareholders holding any percentage equal or larger than 5% on the total number of the Bank's stocks according to the Bank's books of stocks.

bb) Substantial holdings of the Bank in the current share capital of other listed societies anonymes:

- The Greek Postal Savings Bank S.A. holds a percentage of 19.10% of the share capital of the Banking Institution with the name "Bank of Attika S.A.", that corresponds to fifteen million, seven hundred and seventy-one thousand, one hundred and fifteen (15.771.115) common, nominal shares with voting right.

cc) Substantial holdings of the Bank in the current share capital of other non-listed societies anonymes:

- The Greek Postal Savings Bank S.A. holds a percentage of 10.00% of the share capital of the Societe Anonyme with the name "HELLENIC POST S.A." that corresponds to eleven million, eight hundred and sixty-eight thousand, nine hundred (11.868.900) common, nominal shares with voting right.
- The Greek Postal Savings Bank S.A. holds a percentage of 51.00% of the share capital of the Societe Anonyme with the name "Greek Postal Savings Bank & Hellenic Post Mutual Fund Management Company S.A.", that corresponds to one hundred and twelve thousand, seven hundred and ten (112.710) common, nominal shares with voting right.

d. Shares providing special control rights to their holders

There are no shares of the Bank that are providing any special control rights to their holders.

e. Restrictions in the voting right - Deadlines for the exercise of the voting right

The Bank's Articles of Association does not provide for any restrictions as to the voting right, and it is not imposing the restrictive exercise of such right to shareholders who are holding a specific number of shares or voting rights. According to those stipulated both in the codified law 2190/20 "on societies anonymes" and the Bank's Articles of Association, each share is providing one voting right.

According to article 28 of the codified law 2190/20 on "societes anonymes", as applicable and article 20 of the Bank's Articles of Association, the attendance and voting right at the General Meeting is only provided to shareholders who have submitted their stock certificates at least five (5) clear days prior to the day set for the meeting, to the Company's Treasury or the Loans and Deposits Fund or any Bank duly operating in Greece. Receipts for the submission of stocks must be submitted to the Company's Treasury at least five (5) clear days before the General Meeting. The shareholders who are entitled to participate to the General Meeting may be represented during the meeting by a person duly authorised by proxy. Minors, outlaws and legal entities are represented by their legal representatives. The representation documents must be submitted to the Company's Treasury at least five (5) clear days before the General Meeting. The Greek State is represented in the General Meeting by the Minister of Finance and Economy or an authorised official of the Minister. Shareholders who fail to comply with the provisions of the above article of codified law 2190/20 on "societes anonymes" may participate to the General Meeting only upon relevant agreement by the GM.

Moreover, according to articles 27 par. 2 and 28 par.5 of the codified law 2190/20 on "societes anonymes", as applicable and article 21 of the Bank's Articles of Association, a list of persons with voting right in the General Meeting of shareholders must be posted at a visible location at the Company's branch with relevant indication representatives, if this is the case, the number of shares and votes for each shareholder, as well as the addresses of the shareholders and their representatives. The list must be posted forty eight (48) hours before every General Meeting. The said list must obligatory include all shareholders who have adhered to the provisions of article 28 of the codified law 2190/20, as this information is provided by the Board of Directors. If a shareholder or representative objects to the list he may submit his objection, upon penalty of inadmissibility, only during the opening of the meeting and prior to the discussion on the items of the agenda. Thereafter, the General Meeting shall decide on the participation or not of the shareholder, to whom the objections refer, as well as on any relevant matter.

f. Existence of agreements between shareholders of the Bank on restrictions as to the transfer of shares or the exercise of the rights deriving from its shares.

There are no agreement to the Bank's knowledge entered into between its shareholders and resulting to restrictions as to the transfer of shares or the exercise of voting rights that result from such shares, apart from the rights of first preference of the Greek State as to the Bank's shares, held by the societe anonyme with the name "HELLENIC POST S.A..», as this is explicitly stipulated in the Bank's Informative Bulletin of 12 May 2006, on the listing of its stocks in the Athens Stock Exchange, (section 3.18).

g. Regulations as to the appointment / replacement of Members of the Board of Directors and amendment of the Articles of Association that are different from those stipulated in the codified law 2190/20.

The regulations provided by the Bank's Articles of Association as to the appointment and replacement of members of the Board of Directors, as well as to the provisions therein, are not different nor do they vary from those stipulated in the codified law 2190/1920 "on societies anonymes", as applicable.

In particular, as far as the appointment and replacement of the members of the Bank's Board of Directors is concerned, according to article 12 of the Articles of Association, "The Board of Directors is constituted by eleven (11) members and its service term is five years. The members of the Board of Directors may or may not be shareholders of the company. Two of the members of BoD are representatives of the employees and are elected amongst them, together with their deputies, by direct unanimous vote, within a two month notification period by the Board of Directors of the primary representative trade union of company employees. In case the deadline expires inactively, the Board of Directors is incorporated and legally operates without those members. The remaining nine (9) members of the BoD are elected by the General Assembly by secret voting. The Members can always be re-elected and those elected by the General Assembly are subject to discretionary revocation by the General Assembly. The Board of Directors, immediately after its election by the General Assembly, is convened and constituted into body, electing by secret voting amongst its members the Chairman and two executive Deputy Chairmen. In case of absence or disability or impediment of duty for any reason, the Chairman is replaced by one of the Deputy Chairmen, based on the order of their election, and in case of their absence or impediment, an Advisor is appointed by the Board of Directors. If for any reason the Chairman or one of the Deputy-Chairmen ceases to perform his duty beyond a three month period, the Board of Directors is extraordinarily convoked, in particular by the Deputy-Chairman with respect to the order of election, or any other Advisor with regard to the election of Chairman or Deputy-Chairman. If the position of a Advisor remains vacant, due to death or resignation or any other reason before the term expiration, the Board of Directors is obliged, provided the remaining Members are at least three (3), to elect a temporary substitute or substitutes up until the forthcoming General Assembly, that will take the final decision. A possible negative resolution of the General Assembly does not insult the validity of the temporary Members actions during the respective period. In any event, the number of Members elected under the application of the present paragraph, is obligatorily equal to the number of the retired Members, so that the total number of Members remains unchanged. With respect to the aforementioned, in case the position of the employees' representative remains vacant or he retires, he is replaced by the elected substitute. If his substitute is also retired or for any other reason the position is left vacant, the Board of Directors legally convenes in his absence, until the election of his substitute by the employees under the procedure of paragraph 1. The Election Committee for the purpose of the election of employees' representatives and their substitutes, in the case of death, retirement, resignation or permanent disability of the elected representatives is appointed by the primary

representatives' trade union. The election procedure based on the system of proportional representation, the determination of the local election committees, the time and the details of the election procedure as well as the outcome and announcement of the final results constitute the task of the Committee in question, which is chaired by a Legal Representative, in accordance with the regulation of Article 1 of Law 1264/1982.

h. Competencies of the Board of Directors on the possibility of issue of new shares and purchase of treasury stocks according to article 16 of the codified law 2190/20 on “societes anonymes”.

aa) As to the competence of the Board of Directors of the Bank regarding the possibility of issuing new shares those provided in article 13 of the codified law 2190/20 on “societes anonymes” shall apply. In particular, according to paragraphs 1 to 4 of the same article during the first five years as of the company's composition, the Board of Directors has the right following own decision to increase the share capital in part or in full with the issue of new shares, for an amount that cannot exceed the initial share capital. The above authority may also be granted by the Board of Directors following relevant decision of the General Meeting, which is subject to the publication formalities of article 7(b) of Codified Law 2190/20. In this case the share capital may increase up to the amount of the capital that was paid on the date when the particular authority was granted to the Board of Directors. This power of the Board of Directors may be renewed by the General Meeting for a period which shall not exceed five years for each renewal.

Moreover, in the framework of paragraph 9 of the same article, that refers to the introduction of a share allocation scheme for members of the Board of Directors and the company's personnel as well as those companies connected with the company in question according to article 42e par. 5, in the form of a pre-emptive right for the purchase of shares upon decision of the General Meeting of shareholders, the law is explicitly providing among other a special competence for the Board of Directors according to which, every year on December shares will be issued to the beneficiaries who have exercised their right, increasing at the same time the share capital and verifying such increase of capital.

bb) As to the competence of the Board of Directors of the Bank regarding the purchase of treasury stock, those provided in article 16 of the codified law 2190/20 on “societes anonymes” shall apply. In particular, according to paragraphs 1 and 2 of the same article, companies may acquire treasury stocks aiming most of all to the decrease of their share capital as decided by the General Meeting and according to the relevant provisions of the Articles of Association, the distribution of shares to the company's personnel or to the personnel of a connected company. Moreover, according to paragraph 5 of the same article, companies of which the shares are listed to the Athens Stock Exchange may, upon decision of the General Meeting of shareholders, acquire treasury stocks through the Athens Stock Exchange up to a 10% of their total shares, aiming at supporting the exchange value only in particular cases that are restrictively provided by law. Up to this day, the date of preparation of the present report, the Bank's Board of Directors has not exercised the authorities mentioned above.

i. Agreements signed by the Bank, which apply, are modified or are terminated in case of any alteration as to the control of the Bank's following public motion.

No agreement has been signed by the Bank which shall apply, be modified or terminated in case of change of the control of the Bank following public motion.

j. Agreements signed by the Bank with members of the Board of Directors regarding compensation in case of resignation or dismissal without grounds or expiration of term or employment following public motion.

No agreement has been signed between the Bank and the members of the Board of Directors or the personnel regarding compensation in case of resignation or dismissal without grounds or expiration of term or employment following public motion.