



GREEK POSTAL SAVINGS BANK SA

**Condensed Interim Financial Statements
on Consolidated and Stand Alone basis**

30 June 2006

**In accordance with the
International Financial Reporting Standards**

August 2006

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Review Report

To the Shareholders of the GREEK POSTAL SAVINGS BANK S.A.

We have reviewed the accompanying condensed interim balance sheet of "Greek Postal Savings Bank S.A. (the "Bank") as of 30 June 2006 and the related condensed interim income statement, cash flows and changes in shareholders equity for the six months 30 June 2006. Our review was performed for the six month period as a whole, and did not include the review of the financial information for the three month period from 1 April to 30 June 2006 separately, which are presented in the income statement of the accompanying condensed interim financial statements. The condensed interim financial statements are the responsibility of the Bank's management. Our responsibility is to issue a report on these condensed interim financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400, as required by the Greek Standards on Auditing, except for the matter described in the following paragraph. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the condensed interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

The Bank has not disclosed in the notes accompanying the condensed interim financial statements, the segment revenue and segment result for business segments, required by the provisions of the International Accounting Standard 34 – Interim Financial Reporting.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements for the six months ended 30 June 2006 for the Bank are not presented fairly, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting, except for the matter described in the preceding paragraph.

Athens, August 30, 2006

The Certified Public Accountants – Auditors

Michael Hadjipavlou
RN SOEL 12511

Epaminondas Giouroukos
RN SOEL 10351

Deloitte.

Hadjipavlou, Sofianos & Cambanis SA
Assurance & Advisory Services
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CONSOLIDATED INCOME STATEMENT

<i>Amounts in €</i>	Note	Consolidated			
		From the 1 January to 30.06.2006	30.06.2005	From the 1 April to 30.06.2006	30.06.2005
Interest and similar income		222.856.251,95	201.709.911,92	114.557.501,65	102.533.283,57
Interest expense and similar charges		(102.373.029,59)	(87.033.868,02)	(56.172.643,68)	(46.045.298,09)
Net Interest Income	3	120.483.222,36	114.676.043,90	58.384.857,97	56.487.985,48
Fee and commission income		10.807.021,22	2.456.268,69	9.785.957,94	1.795.488,81
Fee and commission expense		(380.835,94)	(220.367,71)	(185.361,44)	(124.735,66)
Net fee and commission income	4	10.426.185,28	2.235.900,98	9.600.596,50	1.670.753,15
Dividend income	5	3.516.866,30	3.391.411,60	3.034.327,28	3.061.680,89
Net trading income/(loss)	5	81.528.663,18	(14.155.551,26)	(1.399.479,77)	(21.461.101,84)
Other operating income	6	7.194.261,50	4.867.894,18	4.226.947,04	2.398.872,25
Total Operating Income		223.149.198,62	111.015.699,40	73.847.249,02	42.158.189,93
Personnel expenses	7	(34.559.642,76)	(26.079.153,54)	(18.120.527,03)	(12.857.975,13)
General and administrative expenses	8	(38.110.747,38)	(21.057.670,69)	(22.267.740,75)	(10.160.425,84)
Depreciation and amortization charges		(4.423.802,27)	(2.364.344,98)	(2.272.955,21)	(1.212.977,16)
Other operating expenses	9	(23.105.544,70)	(6.083.508,30)	(12.429.838,49)	(3.034.717,15)
Total operating expenses		(100.199.737,11)	(55.584.677,51)	(55.091.061,48)	(27.266.095,28)
Impairment losses on loans and advances	10	(19.941.594,60)	(6.948.715,58)	(11.518.521,29)	(4.234.141,70)
Share in losses from associates		(25.094,23)	(39.758,94)	(22.004,60)	(20.940,70)
Profit before tax		102.982.772,68	48.442.547,37	7.215.661,65	10.637.012,25
Tax expense	11	(22.990.090,84)	(9.136.492,76)	(1.315.180,78)	(1.841.421,51)
Net Profit		79.992.681,84	39.306.054,61	5.900.480,87	8.795.590,74
Earnings per share	12				
- Basic		0,57	0,24	0,04	0,05

Athens, 28 August 2006

BoD
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CHAIRMANBoD SECOND
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DIRECTORDIRECTOR OF
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TSOUPIDISANTONIS
KAMINARISCHRISTOS
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XIFARAS

STAND ALONE INCOME STATEMENT

<i>Amounts in €</i>	Note	Stand alone			
		From the 1 January to		From the 1 April to	
		30.06.2006	30.06.2005	30.06.2006	30.06.2005
Interest and similar income		222.856.251,95	201.709.911,92	114.557.501,65	102.533.283,57
Interest expense and similar charges		(102.373.029,59)	(87.033.868,02)	(56.172.643,68)	(46.045.298,09)
Net Interest Income	3	120.483.222,36	114.676.043,90	58.384.857,97	56.487.985,48
Fee and commission income		10.807.021,22	2.456.268,69	9.785.957,94	1.795.488,81
Fee and commission expense		(380.835,94)	(220.367,71)	(185.361,44)	(124.735,66)
Net fee and commission income	4	10.426.185,28	2.235.900,98	9.600.596,50	1.670.753,15
Dividend income	5	3.516.866,30	3.391.411,60	3.034.327,28	3.061.680,89
Net trading income/(loss)	5	81.528.663,18	(14.155.551,26)	(1.399.479,77)	(21.461.101,84)
Other operating income	6	7.194.261,50	4.867.894,18	4.226.947,04	2.398.872,25
Total Operating Income		223.149.198,62	111.015.699,40	73.847.249,02	42.158.189,93
Personnel expenses	7	(34.559.642,76)	(26.079.153,54)	(18.120.527,03)	(12.857.975,13)
General and administrative expenses	8	(38.110.747,38)	(21.057.670,69)	(22.267.740,75)	(10.160.425,84)
Depreciation and amortization charges		(4.423.802,27)	(2.364.344,98)	(2.272.955,21)	(1.212.977,16)
Other operating expenses	9	(23.105.544,70)	(6.083.508,30)	(12.429.838,49)	(3.034.717,15)
Total operating expenses		(100.199.737,11)	(55.584.677,51)	(55.091.061,48)	(27.266.095,28)
Impairment losses on loans and advances	10	(19.941.594,60)	(6.948.715,58)	(11.518.521,29)	(4.234.141,70)
Profit before tax		103.007.866,91	48.482.306,31	7.237.666,25	10.657.952,95
Tax expense	11	(22.990.090,84)	(9.136.492,76)	(1.315.180,78)	(1.841.421,51)
Net Profit		80.017.776,07	39.345.813,55	5.922.485,47	8.816.531,44
Earnings per share	12				
- Basic		0,57	0,24	0,04	0,05

Athens, 28 August 2006

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BALANCE SHEET

<i>Amounts in €</i>	Note	Consolidated		Stand alone	
		30.06.2006	31.12.2005	30.06.2006	31.12.2005
ASSETS					
Cash and balances with central bank	14	306.277.056,87	191.266.079,14	306.277.056,87	191.266.079,14
Due from banks	15	597.247.030,68	1.249.262.724,33	597.247.030,68	1.249.262.724,33
Financial assets at fair value through profit and loss	16	1.415.408.347,70	1.593.121.669,08	1.415.408.347,70	1.593.121.669,08
Derivative financial instruments	17	12.506.646,73	810.147,80	12.506.646,73	810.147,80
Loans and advances to customers	18	4.041.786.889,94	3.044.667.020,61	4.041.786.889,94	3.044.667.020,61
Less: Allowance for impairment on loans & advances to customers		(50.694.994,19)	(31.365.743,79)	(50.694.994,19)	(31.365.743,79)
Investment securities available for sale	19	4.263.606.550,56	4.618.912.350,52	4.263.606.550,56	4.618.912.350,52
Investment securities held to maturity	19	491.034.131,40	491.871.117,75	491.034.131,40	491.871.117,75
Investment in associate	20	512.466,82	537.561,05	1.050.000,00	1.050.000,00
Property and equipment	21	111.218.113,20	110.750.791,08	111.218.113,20	110.750.791,08
Intangible assets	22	11.810.452,06	10.970.975,17	11.810.452,06	10.970.975,17
Deferred tax assets	23	24.609.911,38	36.224.148,01	24.609.911,38	36.224.148,01
Other assets	24	200.616.105,71	247.566.024,39	200.616.105,71	247.566.024,39
Total Assets		<u>11.425.938.708,86</u>	<u>11.564.594.865,14</u>	<u>11.426.476.242,04</u>	<u>11.565.107.304,09</u>
LIABILITIES					
Due to banks	25	99.948.320,00	0,00	99.948.320,00	0,00
Due to customers	26	10.230.311.341,40	9.953.838.765,20	10.230.311.341,40	9.953.838.765,20
Derivative financial instruments	17	9.984.907,43	66.626.004,60	9.984.907,43	66.626.004,60
Deferred tax liabilities	23	35.658.057,29	67.737.773,28	35.658.057,29	67.737.773,28
Retirement benefit obligations	27	18.758.844,79	17.952.698,00	18.758.844,79	17.952.698,00
Other liabilities	28	204.792.187,98	593.512.570,15	204.792.187,98	593.512.570,15
Total Liabilities		<u>10.599.453.658,89</u>	<u>10.699.667.811,23</u>	<u>10.599.453.658,89</u>	<u>10.699.667.811,23</u>
SHAREHOLDERS' EQUITY					
Share Capital	29	521.207.049,00	521.207.049,00	521.207.049,00	521.207.049,00
Revaluation Reserves	30	123.034.524,14	230.199.868,32	123.034.524,14	230.199.868,32
Other Reserves		76.481.983,16	76.481.983,16	76.481.983,16	76.481.983,16
Retained Earnings	30	105.761.493,67	37.038.153,43	106.299.026,85	37.550.592,38
Total Equity		<u>826.485.049,97</u>	<u>864.927.053,91</u>	<u>827.022.583,15</u>	<u>865.439.492,86</u>
Total Equity and Liabilities		<u>11.425.938.708,86</u>	<u>11.564.594.865,14</u>	<u>11.426.476.242,04</u>	<u>11.565.107.304,09</u>

Athens, 28 August 2006

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The notes in pages 10 to 35 are an integral part of these financial statements

Consolidated Statement of Changes in Equity as of 30 June 2005 and 31 December 2005

<i>Amounts in €</i>	Payable to the shareholders of the parent company					Total
	Share Capital	Statutory Reserve	Revaluation Reserves	Other reserves	Retained earnings	
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	276.095.171,87	1.167.457.280,07
Movement in Equity 1/1-30/06/2005						
Movement in the AFS reserve	-	-	(7.043.337,95)	-	-	(7.043.337,95)
Profit after tax for the period	-	-	-	-	39.306.054,61	39.306.054,61
Total realized profit (loss) for the period	0,00	0,00	(7.043.337,95)	0,00	39.306.054,61	32.262.716,66
Dividend distribution	-	-	-	-	(90.000.000,00)	(90.000.000,00)
Balance at 30 June 2005	555.000.000,00	53.350.196,75	258.968.573,50	17.000.000,00	225.401.226,48	1.109.719.996,73
Movement in Equity 1/7- 31/12/2005	(33.792.951,00)	6.131.786,41	(28.768.705,18)	-	(188.363.073,05)	(244.792.942,82)
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

Consolidated Statement of Changes in Equity as of 30 June 2006

<i>Amounts in €</i>	Payable to the shareholders of the parent company					Total
	Share Capital	Statutory Reserve	Revaluation Reserves	Other reserves	Retained earnings	
Balance at 1 January 2006 in accordance with IFRS	521.207.049,00	59.481.983,16	230.199.868,32	17.000.000,00	37.038.153,43	864.927.053,91
Movement in Equity 1/1-30/06/2006						
Movement in the AFS reserve	-	-	(107.165.344,18)	-	-	(107.165.344,18)
Profit after tax for the period	-	-	-	-	79.992.681,84	79.992.681,84
Total realized profit (loss) for the period	0,00	0,00	(107.165.344,18)	0,00	79.992.681,84	(27.172.662,34)
Dividend distribution	-	-	-	-	(11.269.341,60)	(11.269.341,60)
Balance at 30 June 2006	521.207.049,00	59.481.983,16	123.034.524,14	17.000.000,00	105.761.493,67	826.485.049,97

The notes in pages 10 to 35 are an integral part of these financial statements

Statement of changes in Equity on stand alone basis 30 June 2005 and 31 December 2005

<i>Amounts in €</i>	Share Capital	Statutory Reserve	Revaluation Reserves	Other reserves	Retained earnings	Total
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 1/1-30/06/2005						
Movement in the AFS reserve		-	(7.043.337,95)	-	-	(7.043.337,95)
Profit after tax for the period	-	-	-	-	39.345.813,55	39.345.813,55
Total realized profit (loss) for the period	0,00	0,00	(7.043.337,95)	0,00	39.345.813,55	32.302.475,60
Dividend distribution	-	-	-	-	(90.000.000,00)	(90.000.000,00)
Balance at 30 June 2005	555.000.000,00	53.350.196,75	258.968.573,50	17.000.000,00	225.867.328,01	1.110.186.098,26
Movement in Equity 1/7- 31/12/2005	(33.792.951,00)	6.131.786,41	(28.768.705,18)	-	(188.316.735,63)	(244.746.605,40)
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

Statement of changes in Equity on stand alone basis 30 June 2006

<i>Amounts in €</i>	Share Capital	Statutory Reserve	Revaluation Reserves	Other reserves	Retained earnings	Total
Balance at 1 January 2006 in accordance with IFRS	521.207.049,00	59.481.983,16	230.199.868,32	17.000.000,00	37.550.592,38	865.439.492,86
Movement in Equity 1/1-30/06/2006						
Movement in the AFS reserve		-	(107.165.344,18)	-	-	(107.165.344,18)
Profit after tax for the period	-	-	-	-	80.017.776,07	80.017.776,07
Total realized profit (loss) for the period	0,00	-	(107.165.344,18)	0,00	80.017.776,07	(27.147.568,11)
Dividend distribution	-	-	-	-	(11.269.341,60)	(11.269.341,60)
Balance at 30 June 2006	521.207.049,00	59.481.983,16	123.034.524,14	17.000.000,00	106.299.026,85	827.022.583,15

Cash Flow Statements

<i>Amounts in €</i>	Consolidated		Standalone	
	From 1 January to 30.06.2006	30.06.2005	From 1 January to 30.06.2006	30.06.2005
Operating activities				
Profit before tax	102.982.772,68	48.442.547,37	103.007.866,91	48.482.306,31
<i>Adjustments to profits for:</i>				
Depreciation of fixed assets	3.437.491,10	1.935.033,97	3.437.491,10	1.935.033,97
Amortisation of intangible assets	986.311,17	429.311,01	986.311,17	429.311,01
Share in losses of associates	25.094,23	39.758,94	0,00	0,00
Allowance for the impairment of loans and other receivables	15.240.480,38	6.948.715,58	15.240.480,38	6.948.715,58
Depreciation premium/ discount of investment securities	2.475.792,65	5.574.865,42	2.475.792,65	5.574.865,42
Allowance for termination benefits	806.146,79	673.654,00	806.146,79	673.654,00
(Profit) / loss from the measurement of derivatives	(68.337.596,10)	49.232.193,64	(68.337.596,10)	49.232.193,64
Income tax paid	(117.371.523,68)	(29.631.992,19)	(117.371.523,68)	(29.631.992,19)
	(59.755.030,78)	83.644.087,74	(59.755.030,78)	83.644.087,74
Net change (increase) decrease of operations related assets				
Financial instruments held for trading purposes	177.713.321,38	(29.127.521,87)	177.713.321,38	(29.127.521,87)
Loans and receivables from customers	(997.732.213,53)	(254.124.468,57)	(997.732.213,53)	(254.124.468,57)
Other assets	51.651.032,90	38.419.440,73	51.651.032,90	38.419.440,73
Net change increase (decrease) of operations related liabilities				
Liabilities to banks	99.948.320,00	0,00	99.948.320,00	0,00
Liabilities to customers	276.472.576,20	144.127.853,58	276.472.576,20	144.127.853,58
Other liabilities	4.172.958,11	8.994.863,50	4.172.958,11	8.994.863,50
	(387.774.004,94)	(91.709.832,63)	(387.774.004,94)	(91.709.832,63)
Cash flow from operating activities	(447.529.035,72)	(8.065.744,89)	(447.529.035,72)	(8.065.744,89)
Investing activities				
Asset acquisition	(5.730.601,28)	(3.905.523,79)	(5.730.601,28)	(3.905.523,79)
Investments in subsidiaries and associated companies	0,00	(250.000,00)	0,00	(250.000,00)
Net (increase) decrease of investment portfolio and of investments available for sale	215.522.736,01	(155.811.656,39)	215.522.736,01	(155.811.656,39)
Net cash flow from investing activities	209.792.134,73	(159.967.180,18)	209.792.134,73	(159.967.180,18)
Financing Activities				
Dividends payable to shareholders of the parent company	0,00	0,00	0,00	0,00
Share capital redemption	(90.495.199,40)	0,00	(90.495.199,40)	0,00
Distribution of reserves and available profits to the shareholders of the parent company	(208.772.615,53)	0,00	(208.772.615,53)	0,00
Net cash flow from financing activities	(299.267.814,93)	0,00	(299.267.814,93)	0,00
Net increase of cash and cash equivalents	(537.004.715,92)	(168.032.925,07)	(537.004.715,92)	(168.032.925,07)
Cash on hand and cash equivalents at the beginning of the period	1.440.528.803,47	2.439.907.021,35	1.440.528.803,47	2.439.907.021,35
Cash on hand and cash equivalents at the end of the period	903.524.087,55	2.271.874.096,28	903.524.087,55	2.271.874.096,28

1. Information for the Bank

General Information

- Greek Postal Savings Bank is a societe 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.
- On 19.4.2006 the act of the Bank of Greece No 2579/19.4.2006 was issued, as provided for in article 9 paragraph 3 of law 3082/2002, which serves as a banking license. The bank therefore comes under the total of the supervisory nature provisions of Bank of Greece according to Law 2076/1992, as amended.
- The bank's headquarters are located in the Municipality of Athens (2-6 Pasmazoglou Street, Postal code 101 75). By resolution of the BoD, the Bank can establish and close down branches, correspondence offices, safe deposit boxes or/and agencies anywhere in Greece and abroad. As of 30/06/2006, it is noted that «GREEK POSTAL SAVINGS BANK's» branch network comprises 136 branches throughout Greece.
- The term of the bank is set to 100 years from its establishment and may be extended by resolution of the General Meeting of the shareholders.
- From the 5th of June 2006, the Bank has introduced the sum of its shares for negotiation in the Athens Stock Exchange Market, after receiving the relevant approvals decisions 1/381/12.5.2006 and 18/31.5.2006 of the Hellenic Capital Market Commission and the Athens Stock Exchange respectively. Through this induction, the relevant decision of the Interministerial Privatization Committee, for the disposition of 49.080.000 ordinary nominal shares of the bank (34,84%), Greek Government ownership, was implemented.
- These financial statements for the fiscal year that ended on the 30 June 2006, were approved from the BoG in 28/08/2006

The breakdown of the Board of Directors of the «GREEK POSTAL SAVINGS BANK», at 30 June 2006, is as follows:

- Tsoupidis Panagiotis, **Chairman, Executive Member**
- Kaminaris Antonios, **First Deputy Chairman, Executive Member**
- Mitrentses Christos, **Second Deputy Chairman, Executive Member**
- Komninos Christos, **Member**
- Drakatos Gerasimos, **Member**
- Lambropoulos Konstantinos, **Member**
- Chatzimichalis Dimitrios, **Member**
- Mihalopoulou Adamantia, **Member**
- Spiliopoulos Vasilios, **Member**
- Kotsiris Konstantinos, **Member**
- Tsagdis Ioannis, **Member**

The term of the Board of Directors commenced on the 30th of June 2004, and will last until the 30th of June 2009.

Collaboration Agreement with the Hellenic Post S.A.

On 19 November 2001, the Bank 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 to 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 Bank 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 to become the network providing the Bank's products, as well as other common products that the parties may develop in the future.

—Based on the terms of the agreement the Bank'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 Bank's network comprising 136 branches.

—Based on the terms of the agreement, the Bank has committed not to open branches in any area where an EL.TA branch already exists. Specifically, the Bank 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 counter parties that EL.TA shall undertake to sell, exclusively, only the banking products of the Bank, provided that the Bank 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 Bank 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 Bank'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 Bank'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.

Bank's participation in EL.TA'S capital, and ELTA'S participation in Bank's capital.

In the frame of the strengthening of the historical bonds between the Postal Savings bank and the ELTA, as well as the strengthening of the existing collaboration between them, it was decided by the Interministerial Privatization Committee through the decision dated 05.04.2006 and the General Assembly of the shareholders and the management decision of both companies, the sale of 10% of the Bank's shares (i.e. 14.086.670 shares held by the Greek State) to the EL.TA, and the sale of 10% of the EL.TA shares (i.e. 11.868.900 shares held by the Greek State) to the Bank. The purchase of the 10% of the shares of the EL.TA held by the Greek State, by the bank and the purchase of the 10% of shares of the Bank held by the Greek State, by the EL.TA was realised simultaneously.

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 Bank'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 Bank'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 instalments 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 instalments 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 18 to the financial statements "Loans and advances to customers" and specifically under item "Mortgage Loans". The respective result of the study amounted to € 94,5 million as at 30 June 2006, to € 95 million as at 31 December 2005 and to € 83 million as at 31 December 2004. In order to calculate the present value of the scheme, the discount rates used were 5%, 4.5%, 4% and 4% for the years 2003, 2004, 2005 and 2006 respectively.

2. Summary of Significant Accounting Policies

2.1 Basis of Presentation

The condensed interim financial statements of the bank, have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS). In addition the International Accounting Standard (IAS) 34 "Interim Financial Reporting" is used for the interim financial statements of the period which ended 30 June 2006. The interim financial statements include some selected explanation notes and not the whole notes which are demanded for the annual financial statements. Consequently, the interim financial statements would have to be examined in conjunction with the published annual financial statements for the year ended 31st December 2005.

The Bank's condensed interim 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.

During the preparation of the condensed interim financial statements, the significant estimations of the management were the same with those implemented during the preparation of the financial statement for the year ended 31 December 2005.

2.2 Interpretations of and amendments to published standards (from 1st January 2006)

The Bank followed the same accounting standards with those implemented for the preparation of financial statements for the year ended 31 December 2005.

The new standards which are published as well as the amendments and interpretations of the standards which already stand and will be implemented by the Bank for the periods which begin on or after 1st of January 2006 are the following:

—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. The Bank 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.

—IAS 39 (amendment), Cash Flow Hedge Accounting of Forecast Intragroup 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 Bank's operations, as the Bank 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 Bank 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 Bank'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 Bank 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).

Interpretation 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 Bank's operations.

2.3 Segment reporting

A segment is defined as a group of assets and operations that provide 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 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 Bank has not organized different reporting segments.

The Bank mainly invests in bonds, financial derivatives, shares traded on the Athens and foreign exchanges and foreign exchange activities.

The Bank has not divided its activities in different business segments as its activities are entirely related to the banking sector.

3. Net interest income

Net interest income is analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	30.06.2006	30.06.2005
Interest earned from:		
Fixed Income Securities	129.585.137,61	129.827.085,12
Loans and advances to customers	82.364.721,07	47.092.753,02
Amounts due from banks	8.599.978,23	23.146.229,69
Other interest earning assets	2.306.415,04	1.643.844,09
Interest and similar Income	222.856.251,95	201.709.911,92
Interest payable on:		
Amounts due to customers	93.868.429,42	85.655.281,50
Contribution to Hellenic Deposit Guarantee Fund	4.091.000,00	0,00
Other	4.413.600,17	1.378.586,52
Interest and similar Expenses	102.373.029,59	87.033.868,02
Net Interest Income	120.483.222,36	114.676.043,90

The contribution of "Hellenic Deposit Guarantee Fund" concerns the 50% of the total annually regular contribution to the "Hellenic Deposit Guarantee Fund".

4. Net fee and commission income

Net Fee and commission income is analyzed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	30.06.2006	30.06.2005
Commissions from securities	8.737,07	123.000,00
Fund Management Fees	146.807,26	130.127,16
Commissions from foreign exchange operations	7.134,06	7.851,00
Commissions from credit card and consumer loans	1.993.615,03	975.389,95
Other Commission Income	8.650.727,80	1.219.900,58
Total Commission Income	10.807.021,22	2.456.268,69
Credit cards commission expenses	(34.731,89)	(10.330,10)
Other commission expenses	(346.104,05)	(210.037,61)
Total commission expenses	(380.835,94)	(220.367,71)
Net Commissions Income	10.426.185,28	2.235.900,98

5. Dividend income and net trading income

Dividend income is analyzed as follows :

	ON CONSOLIDATED & STAND ALONE	
	30.06.2006	30.06.2005
Income from dividends on shares of companies listed on the ASE	2.907.214,00	3.330.529,62
Income from dividends on shares of unlisted companies	609.652,30	60.881,98
Total	3.516.866,30	3.391.411,60

Net trading income/(loss) is analyzed as follows :

	ON CONSOLIDATED & STAND ALONE	
	BASIS	
	30.06.2006	30.06.2005
Profits from available for sale securities	21.938.057,92	33.202.605,43
Profits /(Losses) from financial assets at fair value through p&L		
- Shares	8.960.498,30	14.807.226,81
- Securities and hedging transactions	50.203.432,73	(64.373.913,36)
- Mutual Funds	1.013.654,54	1.662.105,53
	60.177.585,57	(47.904.581,02)
Foreign exchange profits/(losses)	(586.980,31)	546.424,33
Total	81.528.663,18	(14.155.551,26)

6. Other operating income

The other operating income is analyzed as follows:

	ON CONSOLIDATED & STAND ALONE	
	30.06.2006	30.06.2005
Income from the write off of deposit balances in favor of the Bank in accordance with Article 6 of the relevant regulation	2.321.414,35	4.457.203,03
Reversal of provision for other receivables	4.701.114,22	0,00
Real estate rental income	23.719,45	26.607,00
Other income	148.013,48	384.084,15
Total	7.194.261,50	4.867.894,18

7. Personnel expenses

The number of employees as of 30 June 2006 and 2005 was 1220 and 1211 persons respectively

Personnel expenses are analyzed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	30.06.2006	30.06.2005
Wages and salaries	32.208.329,60	24.608.949,33
Social security contributions	632.611,66	526.423,95
Provision for staff termination indemnity	806.146,79	673.654,00
Other personnel expenses	912.554,71	270.126,26
Total	34.559.642,76	26.079.153,54

8. General and administrative expenses:

General and administrative expenses are analyzed as follow:

	ON CONSOLIDATED & STAND ALONE BASIS	
	30.06.2006	30.06.2005
Associated lawyers & engineers fees	4.109.907,35	1.350.425,35
Electronic Data Support fees	2.575.219,78	704.390,34
Other third party fees and expenses	8.654.085,15	4.570.041,11
Commissions to EL.TA.	3.431.637,72	3.951.908,10
Rental expense of buildings	1.587.404,13	763.216,25
Insurance Premium	421.036,97	13.982,85
Telephone-Postal expenses	814.073,56	1.276.962,91
Repairs & maintenance	534.607,24	783.606,44
Office supplies	926.288,27	544.997,93
Promotion and Advertising Expenses	2.601.571,73	1.659.282,28
Electricity Expenses	514.129,26	497.655,21
Cleaning expenses	328.577,02	300.045,30
Tax & Duties	3.594.898,54	1.834.953,39
Subscription-Contributions	2.589.698,25	564.836,64
Miscellaneous Expenses	5.427.612,41	2.241.366,59
Total	38.110.747,38	21.057.670,69

9. Other operating expenses

	ON CONSOLIDATED & STAND ALONE BASIS	
	30.06.2006	30.06.2005
Cost of applying Article 10 (12) of Law 3082/2002	0,00	5.834.428,50
Cost of consumer loans to employees	2.199.390,49	169.081,54
Initial lump sum contribution to Hellenic Deposit Guarantee Fund	20.322.905,00	0,00
Other expenses	583.249,21	79.998,26
Total	23.105.544,70	6.083.508,30

The lump sum cost of applying Article 10(12) of Law 3082/2002 at 30/06/2006 is concerning the cost of the period 1/1-30/06/2005 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 Bank's employees.

Following act of the Governor of the Bank of Greece number 2579/19.4.2006, the Bank participates in the deposits guarantee system of the Hellenic Deposit Guarantee Fund. The initial lump sum contribution was determined at € 20.322.905,00

10. Impairment Losses on loans and advances

	ON CONSOLIDATED & STAND ALONE	
	30.06.2006	30.06.2005
Loans and advances to customers	19.941.594,60	5.102.816,23
Other receivables	-	1.845.899,35
Total	19.941.594,60	6.948.715,58

11. Tax Expense

Tax expense is analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	30.06.2006	30.06.2005
Income Tax	12.476.656,73	22.413.423,61
Deferred Tax	10.513.434,11	(13.276.930,85)
Total	22.990.090,84	9.136.492,76

Current income tax for the Bank has been calculated using a tax rate of 32% for the year 2005 and a tax rate of 29% for the year 2006. Current income tax is recognized as expense for the period and calculated based on the current tax rate. The calculation of the income tax for the period 1/1/2006-30/6/2006 has not taken in consideration the year end dividend contribution, which will differentiate the effective tax rate.

12. Earnings per share

The basic earnings per share are calculated as follows :

	ON CONSOLIDATED BASIS		STAND ALONE BASIS	
	30.06.2006	30.06.2005	30.06.2006	30.06.2005
Net profit for the period after taxes	79.992.681,84	39.306.054,61	80.017.776,07	39.345.813,55
Weighted average number of shares outstanding(no. of shares)	140.866.770	165.324.932	140.866.770	165.324.932
Basic earnings per share	0,57	0,24	0,57	0,24

	ON CONSOLIDATED BASIS		STAND ALONE BASIS	
	1/4-30.06.06	1/4-30.06.05	1/4-30.06.06	1/4-30.06.05
Net profit for the period after taxes	5.900.480,87	8.795.590,74	5.922.485,47	8.816.531,44
Weighted average number of shares outstanding(no. of shares)	140.866.770	165.324.932	140.866.770	165.324.932
Basic earnings per share	0,04	0,05	0,04	0,05

13. Dividends

The Annual General Meeting of the Shareholders held on 10 of May 2006 approved the distribution of dividends equal to 0.08 €/ share for 2005, against 0.60 € / share in 2004.

14. Cash and Balance with Central Bank

Cash and Balances with Central Bank are analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	30.06.2006	31.12.2005
Cash in Hand	25.987.837,33	31.474.306,67
Balances with Central Bank	280.289.219,54	159.791.772,47
Total	306.277.056,87	191.266.079,14

The amount of €159.791.772,47 on 31.12.2005 and €280.289.219,54 30.06.2006 concerns mandatory deposits with the Central Bank.

15. Due from Banks

Amounts due from banks are analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	30.06.2006	30.06.2005
Time Deposits with banks	577.363.946,52	1.227.000.000,00
Sight deposits with foreign banks	4.604.937,30	698.872,44
Sight deposits	5.059.505,10	12.651.041,39
Futures margin accounts	5.819.494,31	-
Other	4.399.147,45	8.912.810,50
Total	597.247.030,68	1.249.262.724,33

16. Financial assets at fair value through P&L.

	ON CONSOLIDATED & STAND ALONE	
	30.06.2006	31.12.2005
Fixed income securities		
Greek Government Bonds	157.195.090,11	344.938.350,51
Foreign Government Bonds	194.500.125,00	179.005.812,51
Bonds issued by financial institutions	155.977.323,72	160.918.065,00
Corporate Bonds	100.306.700,00	9.950.000,00
Treasury Bills	59.610,00	-
	608.038.848,83	694.812.228,02
Shares and other variable income securities		
Shares listed on the ASE	114.042.081,80	146.457.956,35
Shares listed on foreign stock exchanges	28.625.828,06	5.140.466,00
Mutual Fund Units – Greece	57.316.323,25	56.302.668,71
	199.984.233,11	207.901.091,06
Other investments		
CDO'S - HEDGE FUNDS	607.385.265,76	690.408.350,00
Total	1.415.408.347,70	1.593.121.669,08

17. Derivative financial instruments

As at 30th June 2006 and 31 December 2005 the bank was trading the following derivatives:

	30 June 2006			31 December 2005		
	Face Value	Fair Values		Face Value	Fair Values	
		Receivables	Payable		Receivables	Payable
Interest rate swaps	1.978.250.000,00	12.178.646,73	9.760.100,20	1.974.250.000,00	810.147,80	66.626.004,60
Currency Forwards	5.000.000,00	-	25.307,23	-	-	-
Futures	270.000.000,00	328.000,00	199.500,00	-	-	-
Total	2.253.250.000,00	12.506.646,73	9.984.907,43	1.974.250.000,00	810.147,80	66.626.004,60

18. Loans and advances to Customers

The loan portfolio is analysed as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	30.06.2006	31.12.2005
Public Sector	225.259.247,95	253.159.787,14
Consumer loans	982.185.626,20	567.867.236,43
Mortgage Loans	2.733.068.864,41	2.152.819.868,60
Credit Cards	101.273.151,38	70.820.128,44
Total	4.041.786.889,94	3.044.667.020,61
Less: Allowances for impairment on loans and advances to customers	(50.694.994,19)	(31.365.743,79)
Net Total	3.991.091.895,75	3.013.301.276,82

Movement in allowance for impairment on loans and advances to customers:

	ON CONSOLIDATED & STAND ALONE BASIS	
	30.06.2006	31.12.2005
Balance on January 1st	31.365.743,79	16.570.237,54
Provision for the period	19.941.594,60	14.795.506,25
Loans written off	(612.344,20)	-
Balance at period end	50.694.994,19	31.365.743,79

19. Available for sale and held to maturity securities

Available for sale and held to maturity securities are analysed as follows :

	ON CONSOLIDATED & STAND ALONE BASIS	
	30.06.2006	31.12.2005
Available for sale fixed income securities (fair values)		
Greek Government Bonds	3.179.184.131,65	3.518.797.967,53
Foreign Government Bonds	218.393.650,00	252.745.650,00
Corporate Bonds	537.040.359,79	429.755.073,01
Bonds issued by financial institutions	199.354.923,50	291.409.747,50
Treasury Bills	-	49.807,00
Total fixed income securities	4.133.973.064,94	4.492.758.245,04
Available for sale equity securities(fair values)		
Share listed on ASE	106.967.351,24	123.959.570,33
Unlisted shares	21.807.489,49	394.489,49
Venture Capitals	858.644,89	1.800.045,66
Total variable income equity securities	129.633.485,62	126.154.105,48
Total available for sale securities	4.263.606.550,56	4.618.912.350,52
Securities held to maturity		
Greek Government Bonds	491.034.131,40	491.871.117,75
Total held to maturity securities	491.034.131,40	491.871.117,75
Total available for sale securities and held to maturity securities	4.754.640.681,96	5.110.783.468,27

The movement of available for sale and held to maturity securities for the period 01.01-31.12.2005 is analysed:

	Investments available for sale	Investments held to maturity	Total
Opening balance as at 1.1.2005	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)
Closing balance as at 31.12.2005	4.618.912.350,52	491.871.117,75	5.110.783.468,27

The movement of available for sale and held to maturity securities for the period 01.01-30.06.2006 is analysed:

	Investments available for sale	Investments held to maturity	Total
Opening balance as at 1.1.2006	4.618.912.350,51	491.871.117,75	5.110.783.468,26
Additions	532.205.724,97	-	532.205.724,97
Disposals & write offs	(763.575.465,44)	-	(763.575.465,44)
Foreign exchange differences	(66.671,08)	-	(66.671,08)
Premium / discount	(1.638.806,30)	(836.986,35)	(2.475.792,65)
Adjustment to fair value recognized directly in reserves	(122.230.582,10)	-	(122.230.582,10)
Closing balance as at 30.06.2006	4.263.606.550,56	491.034.131,40	4.754.640.681,96

20. Investment in associate

Investment in associate includes investment in a company in which the Bank exercises significant influence and is consolidated using the equity method. The Bank holds 50% in the share capital of the company "Greek Postal Savings Bank—EL.TA Mutual Fund Management SA" which is not listed in the stock exchange.

The movement of the account is analyzed as follows:

	On consolidated basis		Stand alone basis	
	30.06.2006	31.12.2005	30.06.2006	31.12.2005
Balance on January 1st	537.561,05	173.657,41	1.050.000,00	600.000,00
Additions for the period	-	450.000,00	-	450.000,00
Share in earnings/(losses) after tax	(25.094,23)	(86.096,36)	-	-
Balance at period end	512.466,82	537.561,05	1.050.000,00	1.050.000,00

Summary financial information of the associated bank:

		30.06.2006					
	Country of Establishment	Assets	Equity	Liabilities	Earnings/(Losses)	Participation %	Proportion of losses
Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A.	Greece	1.072.470,09	1.024.933,65	47.536,44	(50.188,46)	50%	(25.094,23)
		31.12.2005					
	Country of Establishment	Assets	Equity	Liabilities	Earnings/(Losses)	Participation %	Proportion of losses
Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A.	Greece	1.114.921,29	1.075.122,11	39.799,19	(172.192,71)	50%	(86.096,36)

21. Property and equipment

The movement of property and equipment on a consolidated basis is analysed as follows:

	Land	Buildings & Building installations	Mechanical Equipment & vehicles	Furniture and other equipment	Assets under Construction	Total
Cost						
Balance at the 1st of 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)	-
Additions	-	2.508.882,09	251.927,66	10.470.410,68	-	13.231.220,43
Balance at 31st of December 2005	65.615.461,77	34.715.990,68	3.394.756,44	30.654.248,94	-	134.380.457,83
Accumulated depreciation						
Balance at the 1st of 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 at 31st of 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 at 31st December 2005	65.615.461,77	31.907.685,94	489.412,72	12.738.230,65	-	110.750.791,08
Cost						
Balance at the 1st of January 2006	65.615.461,77	34.715.990,68	3.394.756,44	30.654.248,94	-	134.380.457,83
Disposals /Transfers	-	-	-	(74.038,24)	-	(74.038,24)
Additions	-	1.101.427,52	201.596,81	2.675.827,13	-	3.978.851,46
Balance at 30st of June 2006	65.615.461,77	35.817.418,20	3.596.353,25	33.256.037,83	-	138.285.271,05
Accumulated depreciation						
Balance at the 1st of January 2006	-	(2.808.304,74)	(2.905.343,72)	(17.916.018,29)	-	(23.629.666,75)
Disposals & write offs	-	-	-	-	-	-
Charge for the period	-	(754.896,52)	(87.215,82)	(2.595.378,76)	-	(3.437.491,10)
Balance at 30st of June 2006	0,00	(3.563.201,26)	(2.992.559,54)	(20.511.397,05)	0,00	(27.067.157,85)
Net Book Value at 30st of June 2006	65.615.461,77	32.254.216,94	603.793,71	12.744.640,78	-	111.218.113,20

22. Intangible assets

The movement in intangible assets on a consolidated and stand alone basis is analysed as follows:

	<u>SOFTWARE</u>
Cost	
Balance at the 1st of January 2005	5.797.390,26
Additions	<u>7.377.579,28</u>
Balance at 31st of December 2005	<u>13.174.969,54</u>
Accumulated amortisation	
Balance at the 1st of January 2005	(975.765,79)
Disposals & write offs	105,36
Amortisation charge for the period	<u>(1.228.333,94)</u>
Balance at 31st of December 2005	<u>(2.203.994,37)</u>
Net Book Value at 31st December 2005	<u>10.970.975,17</u>
	<u>SOFTWARE</u>
Cost	
Balance at the 1st of January 2006	13.174.969,54
Additions	<u>1.825.653,73</u>
Balance at 30st of June 2006	<u>15.000.623,27</u>
Accumulated amortisation	
Balance at the 1st of January 2006	(2.203.994,37)
Disposals & write offs	134,33
Amortization charge for the period	<u>(986.311,17)</u>
Balance at 30st of June 2006	<u>(3.190.171,21)</u>
Net Book Value at 30st June 2006	<u>11.810.452,06</u>

23. 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			
	30.06.2006		31.12.2005	
	Assets	Liabilities	Assets	Liabilities
Property and equipment	-	4.178.083,70	-	4.137.805,86
Intangible Assets	245.387,66	-	822.824,67	-
Financial assets at fair value through profit and loss	13.455.041,16	2.938.108,68	6.254.227,25	2.644.148,86
Available for sale financial assets		25.029.428,31	-	56.008.341,78
Loans and advances to customers	3.015.066,39	-	1.933.245,56	-
Retirement benefits obligations	4.689.711,20	-	4.488.174,50	-
Derivative financial instruments	7.339,10	701.378,49	19.086.598,47	-
Provisions for doubtful debts	-	2.811.058,11	-	4.947.476,78
Provisions for other receivables	2.522.365,87	-	2.856.077,56	-
Other staff benefit provisions	675.000,00	-	783.000,00	-
Total	24.609.911,38	35.658.057,29	36.224.148,01	67.737.773,28

Deferred assets are recognized only to the extent that they are reasonably expected to be offset against future taxable income.

24. Other assets

Other assets are analysed as follows:

	ON CONSOLIDATED & STAND ALONE	
	30.06.2006	31.12.2005
Assets acquired through foreclosure proceedings	2.297.559,85	2.255.703,15
Commissions receivable	543.929,69	554.640,94
Amounts due from public sector collection agencies	3.966.548,86	12.390.428,39
Receivables from the Greek Government	55.698.372,00	64.688.153,42
Interest and other income receivable	2.970.613,23	2.915.196,62
Accrued interest	112.793.159,56	161.334.306,02
Other assets	32.435.385,99	18.218.173,54
Provision for impairment of other assets	(10.089.463,47)	(14.790.577,69)
Total	200.616.105,71	247.566.024,39

The movement in the provision for impairment of other assets is analyzed as follows:

	ON CONSOLIDATED & STAND ALONE	
	30.06.2006	31.12.2005
Balance at start of period	14.790.577,69	10.675.545,74
Expense for the period	-	4.115.031,95
Income for the period	(4.701.114,22)	-
Balance at period end	10.089.463,47	14.790.577,69

25. Due to banks

	ON CONSOLIDATED & STAND ALONE BASIS	
	30.06.2006	31.12.2005
Due to banks		
Securities sold under agreement to repurchase	99.948.320,00	0,00
Σύνολο	99.948.320,00	0,00

26. Due to customers

Deposits and other customer accounts are broken down as follows:

	ON CONSOLIDATED & STAND ALONE BASIS	
	30.06.2006	31.12.2005
Sight deposits	8.302.913,95	9.169.942,15
Savings deposits	7.621.590.109,67	7.649.928.856,16
Time Deposits	1.749.522.927,78	1.346.368.189,84
Securities sold under agreements to repurchase	837.537.748,37	932.932.387,74
Other Liabilities	13.357.641,63	15.439.389,31
Total	10.230.311.341,40	9.953.838.765,20

27. Retirement benefit obligations

Retirement benefit obligations relate to indemnities payable to employees upon retirement and are analysed as follows:

	ON CONSOLIDATED & STAND ALONE	
	30.06.2006	31.12.2005
Lump sum retirement benefits - Unfunded	18.758.844,79	17.952.698,00

The sums included in the balance sheet are:

	ON CONSOLIDATED & STAND ALONE	
	30.06.2006	31.12.2005
Present Value of unfunded benefits payable	21.642.394,55	20.897.956,00
Unrecognised actuarial (losses)	(2.883.549,76)	(2.945.258,00)
Liability in Balance Sheet	18.758.844,79	17.952.698,00

The sums recognised in profit or loss are:

	ON CONSOLIDATED & STAND ALONE	
	30.06.2006	31.12.2005
Current service cost	363.443,00	634.269,00
Interest cost	380.995,50	736.735,00
Recognition of actuarial loss	61.708,29	-
Total included in personnel expenses	806.146,79	1.371.004,00

The movement in the retirement benefit obligations is as follows:

	ON CONSOLIDATED & STAND ALONE	
	30.06.2006	31.12.2005
Opening balance	17.952.698,00	16.605.390,00
Total expense recognised in income statement	806.146,79	1.371.005,00
Benefits paid by the employer		(23.697,00)
Closing balance	18.758.844,79	17.952.698,00

The main actuarial assumptions used for accounting purposes are:

	30.06.2006	31.12.2005
Discount rate	4,00%	4,00%
Rate of compensation increase	4,00%	4,00%
Expected remaining service life	11,36	11,36
Inflation	2,50%	2,50%

28. Other liabilities

Other liabilities are analysed as follows:

	ON CONSOLIDATED & STAND ALONE	
	30.06.2006	31.12.2005
Capital/money transfer transactions account	4.713.284,24	4.700.949,69
Current income tax payable	12.622.463,94	134.334.458,65
Other taxes payable	3.561.592,84	29.957.725,37
Interest and other expenses accrued for the period	103.059.911,50	89.592.370,10
Insurance premiums payable	861.670,60	1.989.429,91
Dividends payable	11.269.341,60	208.772.615,53
Suppliers	13.038.810,85	15.694.602,85
Amounts payable to shareholders following share capital decrease	-	90.495.199,40
Other liabilities	55.665.112,41	17.975.218,65
Total	204.792.187,98	593.512.570,15

29. Share capital

The bank 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 2005	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
Balance on 30 June 2006	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 Bank'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 Bank'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 Bank'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 Bank'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 30.06.06 the share capital was fully paid up.

30. Retained earnings and revaluation reserves

Profits carried forward as at 30 June 2006 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 € and d) losses carried forward as a result of the implementation of the IFRS, of (8.271.922,68) € stand alone, and (8.809.455,86) € consolidated. 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.

**Available for sale securities
revaluation reserve**

Balance at start of period (1.1.2005)	338.121.741,97
Less: Deffered 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

**Available for sale securities
revaluation reserve**

Balance at start of period (1.1.2006)	286.208.210,10
Less: Deffered tax 1.1.2006	(56.008.341,78)
Net starting balance 1.1.2006	230.199.868,32
Net (gains)/losses transferred to income statement	(15.913.675,55)
Net (gains)/losses from changes in fair value	(122.230.582,10)
Deferred tax movement	30.978.913,47
Balance at period end (30.06.2006)	123.034.524,14

31. Contingent liabilities and commitments

a) Contingent tax liabilities

The tax liabilities of the Bank and of its consolidated associated Bank have been considered final until the accounting period 2005.

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.

From the lists of housing and real estate departments of Greek Postal Savings Bank and also from car rental contracts, the following can arise:

The minimum future lease payments for the company are:

	30.06.2006	31.12.2005
- within one year	2.922.531,90	1.444.077,81
- over one year and up to 5 years	10.208.817,58	7.518.480,37
- over 5 years	5.474.500,94	4.324.462,52
<i>Total</i>	<u>18.605.850,42</u>	<u>13.287.020,69</u>

The minimum future lease collections for the company are:

	30.06.2006	31.12.2005
- within one year	90.776,51	62.358,55
- over one year and up to 5 years	144.042,18	62.689,97
- over 5 years	0,00	1.490,15
<i>Total</i>	<u>234.818,69</u>	<u>126.538,67</u>

C) Other contingent liabilities

Capital Commitments

	30.06.2006	31.12.2005
Commitments to extend credit	<u>57.689.623,80</u>	<u>4.516.688,01</u>

d) Legal proceedings

There are certain liabilities and customer lawsuits against the Bank in the ordinary course of business. According the Bank Administration and the legal services pronouncement, the final arrangement of the above have not a significant effect on the financial position or in bank's operation.

32. 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 Bank with its customers. Associated parties are considered to be the associated bank, the members of the Board of Directors and the Bank's managers that participate in Committees.

Loans granted to associated parties

	30.06.2006	31.12.2005
Loans to Members of the Board of Directors and Company managers	3.704.343,94	3.875.996,96

Members of the Board of Directors and of management fees and other

	30.06.2006	31.12.2005
Board of Directors and other committee participation fees	106.600,00	125.500,00
Board of Directors and member of management fees	917.766,99	1.563.371,80
Other benefits to Board of Directors and members of management	24.198,26	66.461,94
Total	1.048.565,25	1.755.333,74

Benefits Management and managers of the associated company-Greek Postal Savings Bank-EL.TA. Mutual Fund Management SA

	30.06.2006	31.12.2005
Management SA	32.400,00	64.800,00

Deposit balances

	30.06.2006	31.12.2005
Bank Board of Directors members and managers	1.109.366,75	699.104,45

Transactions with the associated company Greek Postal Savings Bank-EL.TA. Mutual Fund Management S

	30.06.2006	31.12.2005
Other Income	28.072,70	56.796,75

33. Post balance sheet events

According to law |3283/2004| (article 5, paragr. 1), OFFICIAL JOURNAL OF THE HELLENIC REPUBLIC A' 210/2-11-2004 and in the frame of implementing the commitments/ declarations of the Bank's management, that had been included in the offering memorandum for the IPO on the Athens Exchange, on the 4th of August 2006 1% of the equity capital, amounting to 2,100 common shares, of the Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A. to the Bank, owned by "Greek Posts S.A." was transferred to the Bank.

As a result of this transfer, the total participation of the Postal Savings Bank Greece A.T.E. in the equity capital of Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A. rose to 51%, while the share of Greek Posts descended to 49%. In addition, in the imminent share capital increase of the mutual funds management company "Greek Postal Savings Bank-EL.TA. Mutual Fund Management S.A.", the Bank will participate with its new percentage ownership of 51%.

Following decision 75/18.7.2006 of the Bank's Board of Directors, the integration of employees in wage levels according to the wage level of Hellenic Federation of Bank Employee Union as well as the adjustment of the Postal Saving's wage scale in the wage scale of Hellenic Federation of Bank Employee Union was approved. The lump sum cost is not expected to exceed approximately 5 million Euros and it will impact the results of the second half of the year.

This decision is taken in the context of the act 2579/ 19.4.2006 of the Governor of the Bank of Greece.