

# The Conversion of a State Company



# May 2004

- The immediate goals facing the new Management of the Greek Postal Savings Bank
- **Reboot a century-old historic Institution and bring it to the 21<sup>st</sup> century**
  - Modernize
  - Transform technological infrastructure
  - Sharpen competitive edge
  - Maximize market value in anticipation of share flotation



# A Brief History of the GPSB

- Established in 1902 as part of the Greek Post Office
- Mission was to serve the needs of the lower income strata in Greece and to underwrite Public Works
- In 1965, GPSB commenced independent operations but retains a synergistic role in key product categories with the Greek Post Office, to this day

## Fast Forward→

- **December 2002:** Turn to a Société Anonyme
- **May 2004:** New Management appointed
- **April 2006:** Full Banking license secured
- **June 2006:** Successful IPO in the Athens Stock Exchange



# GPSB Profile

- **Network:** Spans 65 cities in Greece with **136 branches** and **820 offices within the Hellenic Post network**
- **Community Presence:** Strong tight knit integration within Greek localities
- **Personnel:** 1950 staffers combining permanent and outsourced employees
- **Strategy:** Single-minded focus on retail banking and on the deposit account , house and consumer loan, debit and credit card customers



# Greek Retail Banking Market

- **Explosive Retail Banking Growth during the last 3 years (over 30% per annum)**
- **Plenty of room for continued growth.**
  - Penetration of housing and consumer loan products still only 2/3 of EU average
  - Influx of sizable immigration, now representing 12% of total Greek population points to further upward momentum
  - High GDP rates, up to 4% per annum since 2004
  - Booming black economy, estimated at 20-25% of total economy, points to further reserves for growth



# The Booming Retail banking sector in Greece

- 2006: **Housing loans** are up **14.5%**
- 2006: **Consumer loans** are up **12.5%**
- Average market spreads: housing loans currently at 180 bps. Newly issued loans declining to 100bps



# Our participation in the Booming Retail banking market

- Positioned GPSB as the “people’s bank” targeted to lower and middle segment customers who form the backbone of the Greek economy
- Targeted the “**unsung heroes of the country**” with relevant, straightforward “plain vanilla” products across all retail categories
- **Holistic marketing and communication vehicles & intensive media support**
- **Massive upgrade of operational capacity** through retraining upgrading and outsourcing talent
- **Infrastructure upgrade** through implementation of new integrated IT system in 2006



# Our Marketplace Results 2006

- Our current share of **housing loans**: 5.5%. Our **growth rate: 65%** vs a 15% rate of growth in total housing loans
- Our current share of **consumer loans**: 4.5%. Our growth rate is **5 times** the total consumer loan growth rate
- Our first consumer loan was issued in late 2004!
- New products addressed to different profiles





# PROBLEMS OF CONVERSION

## It wasn't easy

- Our mission: to grow a new culture at GPSB
- From a defensive, low growth, uncompetitive Organization to a streamlined meritocracy that still fosters a fair labor environment with full Union consensus
- Evolving speedily within the confines of a century-old Institution was a difficult mission.
- The full backing of the Minister of Economy and Finance, George Alogoskoufis, was key



# Our Financials

- **Pre 2004:** 85% of deposits invested in TB's, bonds and interbank. Only 15% of deposits were invested in loans
- **Today:** 47% of deposits invested in loans
- **2008 Target:** 80% of deposits invested in loans



# Our Financials

- We target **€12 billion** on deposits for **2007** vs **€10.7 billion** –September 006
- The switch from treasuries to loans has resulted in:
  - an overall margin increase from 100 bps to 250 bps
  - Growth in recurring income over along period as housing loan duration averages 30 years and consumer loan duration averages 5 years



# Our Financials

- **Provisions and Capital**
- Total Provisions of 50 million Euro against 14.5 million Euro in overdue debts
- GPSB overprovision to continue until mid 2007 when Computer and Risk management systems are fully in place
- Capital: Current overcapitalization due to the fact that new systems are not fully in place
- Capital situation to be reevaluated in 2007



# Our Share Performance

- Share Price has **jumped 40%** to 17.5 Euro since IPO
- Planned **secondary offering** by **2<sup>nd</sup> quarter 2007**, will result in increased liquidity and even stronger share attractiveness



# Going Forward

- **2007 Targets**
- Implementation of new integrated IT and Risk Management systems
- Further cost containment : Medium term goals of ROE over 22% and Cost/Income of 35%
- Increased Productivity and Cost Efficiency via replacement of outsourced staff with in-house staff
- Anticipated reduction of State ownership below 50% will give us more room to maneuver and grow



# We are ready to meet the coming opportunities and challenges



We are dynamically shaping the future!

Over **2.8 million** active deposit accounts exceeding **€ 10.2 billion** and pre-tax profits of **€103 million**.

2013. Financial accounts as of June 30, 2013. All amounts in million euros.

136 branches and 820 allied post offices

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 **GREEK POSTAL SAVINGS BANK**  
you are worth more to us

**Thank you**

**Panos Tsoupides**

**Chairman of the B.o.D.**

**Greek Postal Savings Bank**

