2005 RESULTS
NET PROFIT MORE THAN DOUBLES (+107%)
40% INCREASE OF ASSETS,
45% BRANCH NETWORK EXPANSION AND
INCREASE OF MAN POWER BY 2,217 EMPLOYEES

'2005 was an excellent year for Piraeus Group, combining high performance in profitability with 40% assets growth, branch network expansion of 45% and increase of head-count by 37%. In the majority of the segments we are active, we enhanced our market shares, and we kept on providing high quality services to our clients, while further improving the quality characteristics of our loan portfolio. These achievements set a new starting point for further growth and strengthening of the Group both in Greece and abroad. The prospects for 2006 appear positive; the first indications lead to the conclusion that the current year will be one of increased business volumes, will result into an estimated boost of after tax profit by at least 25%, while foreign operations will have an even greater contribution'.

Michalis Sallas, Chairman & Managing Director

KEY POINTS OF 2005 PERFORMANCE

- Increase of the Group's net profit after tax and minority interests by 107%to €263.8 mn against €127.3 mn last year;
- Rise of basic earnings per share by 104% to €1.33 versus €0.65 last year;
- Rise of net interest income by 27% and net commission income by 36%;
- Retaining of net interest margin (NIM) on average interest earning assets to 3.33%;
- Improvement of "cost to income" ratio to 54.9% (excluding new acquisitions, new branches' costs and non recurring expenses) down from 59.6% for 2004;
- Improvement of after-tax ROE to 21.0% up from 14.9% last year, while shareholders' funds rose significantly by 53%;
- Expansion of the loan portfolio by 31% and deposits by 20%;
- Strengthening of market shares in Greece in terms of mortgage loans from 7.6% in 2004 to 8.5%, consumer loans from 9.3% to 9.7% and corporate loans from 13.2% to 14.0%, as well as in customer deposits from 9.3% to 9.7%.

STRATEGIC FINANCIAL TARGETS FOR THE 3-YEAR PERIOD 2006 - 2008

- After tax profit CAGR by at least 25% for the period 2006-'08;
- Enhancement of after tax ROE by at least 1% each year by 2008;
- Decrease of 'cost to income' ratio below 50% in 2008;
- Improvement of NPLs ratio below 2.5% as of 2007.

PROPOSED DIVIDEND AND DISTRIBUTION OF BONUS SHARES

The Bank's Board of Directors decided to propose to the Annual General Meeting of shareholders the distribution of a dividend of €0.50 per share, i.e. increased by 25% compared to the year before (€0.40). This amount is equal to a 3.2% dividend yield based on the average share price in 2005 and 2.8% based on the closing price on December 30, 2005. In addition, the BoD decided to propose to the same General Meeting of shareholders the distribution of 1bonus share for each 4 existing ones.

PIRAEUS GROUP BALANCE SHEET

Balance sheet items *(€ mn)*	**Dec.'05**	**Dec.'04**	**Δ %**
Assets	23,545	16,846	39.8%
Gross loans	15,884	12,168	30.5%
Deposits and Debt Securities	17,546	13,104	33.9%
Total Equity	1,608	1,269	26.7%

At year-end 2005 the Groups' assets amounted to €23,545 mn against €16,846 mn in 2004, i.e. increased by 40%. The loan portfolio posted a significant rise climbing at the end of December '05 to €15,884 mn, higher than 2004 by 31% or 27% on a comparable basis[1]. This growth rate is higher than the market, (19% estimate), leading to the strengthening of market share. At the same time, liquid asset items (bonds, interbank claims, and deposits with central banks) rose to €5,765 mn versus €3,345 mn at the end of the previous year, boosting their contribution in total assets to 25% from 20% and enhancing the relevant liquidity ratios.

Mortgage loans portfolio reported the greatest increase among the banks of the Greek market, i.e. 52% (market at 35%), with balances up to €3,386 mn against €2,220 mn in December '04. Market share in this segment rose by almost 100 basis points reaching 8.5% in December '05. Consumer loans (excluding consumer factoring) increased by 41%, reaching at year-end 2005 €2,231 mn versus €1,581 mn a year ago. This growth was also higher than the market's (27%), having as a result the improvement of market share to 9.7% from 9.3% in December '04. Overall, loans to households constituted 36% of the total loan portfolio at the end of December '05.

Group loans *(€ mn)*	**Dec.'05**	**Dec.'04**	**Δ %**
Loans to corporates	10,181	8,244	23.5%
Loans to households	5,703	3,924	45.3%
Total loan portfolio	**15,884**	**12,168**	**30.5%**

Loan disbursements had a remarkable growth. In specific, new mortgage loans granted by Piraeus Bank were €1,453 mn in 2005 versus €791 mn in 2004, up by 84%. At the same time, the Bank's consumer loans disbursements (without consumer factoring) reached €1,016 mn in 2005 against €507 last year also increased significantly by 100%.

[1] *i.e. without the 2005 acquisitions of Piraeus Eurobank AD in Bulgaria, Piraeus Atlas Bank AD in Serbia and Piraeus Bank Egypt (€782 mn deposits and €482 mn loans in December '05)*

Loans to small and medium-sized enterprises both in Greece and abroad, a segment in which the Group maintains a strong position in the market and places particular emphasis, rose by 40% or 34% on a comparable basis, amounting to €6,487 mn at the end of 2005, versus €4,644 mn a year ago. This segment represents 41% of the Group's total loan portfolio.

Loans to medium-large corporates, including shipping, hold 23% of the total loan portfolio and amounted to €3,694 mn at the end of 2005 versus €3,600 mn a year ago, up by 3%, in accordance with the Group's strategy for this business segment.

Non-performing loans (NPLs) on a comparable basis were 3.08% of gross loans against 4.08% in 2004. The improvement recorded was the outcome of the effective management, the write-offs of a major part of the loan portfolio of ex-ETBAbank, and the stabilization of the business conditions of the Greek economy. By consolidating two new companies, which are restructuring their loan portfolios (Piraeus Bank Egypt and Euroinvestment & Finance Cyprus), the NPLs ratio stands at 3.41%. The coverage ratio of NPLs (by cumulative provisions) is one of the highest in the Greek banking system reaching 80.1%, significantly higher than the respective EMU average ratio (64.7% Dec.'04).

Group deposits and retail bonds *(€ mn)*	**Dec.'05**	**Dec.'04**	**Δ %**
Savings and Sight	6,922	5,393	28.3%
Term, repos and retail bonds issued	6,713	5,955	12.7%
Total deposits	**13,635**	**11,348**	**20.2%**
Debt securities	3,911	1,756	122.8%
Total deposits & debt securities	**17,546**	**13,104**	**33.9%**

Customer deposits reached €13,635 mn, risen by 20% (18% on a comparable basis), accelerated more than the market (15% estimate), gaining market share in this segment, as well. The high growth rates of sight and savings deposits improved the structure of the deposit base held by the Group, with low cost funds exceeding for the first time 50% threshold of total deposits (51% versus 48% last year and 42% two years ago). These high growth rates for savings and sight deposits were the outcome of the gradual "maturing" of the young branch network.

Senior debt bonds issued by the Bank (through ECP and EMTN programmes), as well as mortgage backed securities, aimed at broadening the funding sources and lengthening their average duration, reached €3,308 mn at the end of '05 from €1,169 mn at the end of the previous year, up by 183%. It is worth stressing that in the last quarter of 2005, two issues of a senior debt bond, with a five-year duration for the first time, and a loan agreement of the same duration, were successfully carried out, amounting to a total of €750 mn, thus improving liquidity and average duration of the liabilities side. Subordinated debt and hybrid bonds outstanding remained at the level of December '04 (€600 mn).

Group total equity *(€ mn)*	**Dec.'05**	**Dec.'04**	**Δ %**
Shareholders' funds	1,378	902	52.8%
Minority interests	229	367	-37.6%
Total equity	**1,608**	**1,269**	**26.6%**

Total equity of the Group at year-end 2005 amounted to €1,608 mn versus €1,269 mn a year ago, raised by 27%. Shareholders' funds at the end of 2005 were €1,378 mn against €902 mn at the end of '04, increased by 53%, mainly due to the significantly increased profitability and the absorption of Hellenic Investment Company.

The estimated capital adequacy ratio stands at 11.6% with Tier I standing at 9.3%. This is due to the improved profitability, the securitization of a part of the mortgages portfolio, the increase of housing lending which have a lower risk weighted factor, as well as the decline of the equities' portfolio. For the retaining of the capital adequacy ratio at a satisfactory level, the Group plans to issue subordinated debt in the near future.

INCOME STATEMENT ANALYSIS OF PIRAEUS GROUP

	2005	**2004**	**Δ %**
Net profit* *(€ mn)*	263.8	127.3	107%
Basic and diluted EPS* *(€)*	1.33	0.65	104%
EPS (year-end number of shares)* *(€)*	1.23	0.64	93%
ROE	21.0%	14.9%	610bps
ROA	1.40%	1.11%	29bps
Cost to income **	57.9%	59.6%	-170bps

(*) attributable to shareholders

(**) 54.9% excluding new acquisitions, new branches and non recurring expenses

The Group's net profit after tax and minorities jumped to €263.8 mn in 2005 against €127.3mn last year, i.e. boosted by 107%. Basic and diluted earnings per share were up to €1.33 versus €0.65 of the previous year, increased by 104%. Based on the year-end number of shares, EPS were €1.23 from €0.64 last year, raised by 93%.

Piraeus Group's pre-tax profit in 2005 amounted to €304.6 mn compared to €206.1 mn for 2004, advanced by 48%.

Group's net revenues *(€ mn)*	**2005**	**2004**	**Δ %**
Net interest income	558.7	441.5	26.6%
Net commission income	143.6	105.4	36.3%
Other income	198.5	193.9	2.4%
Total net revenues	**900.8**	**740.7**	**21.6%**
> Operations in Greece	783.0	671.5	16.6%
> Operations abroad	117.8	69.2	70.2%

Total net revenues in 2005 amounted to €900.8 mn compared to €740.7 mn last year, up 22% or 18% on a comparable basis. 77% of net revenues (against 74% last year) stems from net interest and net commission income, reaching €702.3 mn against €546.8 mn last year (+28%), while all other income lines amounted to €198.5 mn compared to €193.9 mn last year, up only by 2.4%.

Net interest income rose by 26.6%, amounting to €558.7 mn compared to €441.5 mn in ‘04. Net interest margin (net interest income on average interest earning assets) stood at 3.33% on a comparable basis, slightly improved versus 2004 (3.26%).

Group’s net commission *(€ mn)*	**2005**	**2004**	**Δ %**
Commercial banking	105.2	77.6	35.6%
Investment banking	22.9	17.7	29.1%
Asset management	15.6	10.1	53.6%
Total net commissions	**143.6**	**105.4**	**36.3%**

Net commission income totalled €143.6 mn compared to €105.4 mn in 2004, an increase of 36%. 73% of net commission income is generated from commercial banking activities, standing at €105.2 mn in 2005 against €77.6 mn last year, grown by 36%. Net commissions related to investment banking activities, including stock brokerage activities, came out at €22.9 mn versus €17.7 mn in 2004, an increase of 29%. Net revenues from asset management activities amounted to €15.6 mn versus €10.1 mn a year earlier, raised by 54%.

Net trading income, including gains from investment securities, reached €101.9 mn in 2005 versus €70.3 in 2004. The major part of it was generated by the equity portfolio, also related with the very positive course of the stock market in 2005.

Other operating income, which includes revenues from other banking activities, as well as real estate activities, amounted to €77.2 mn against €106.2 mn for 2004, decreased by €29 mn.

Group’s costs analysis *(€ mn)*	**2005**	**2004**	**Δ %**
Operating cost in Greece	444.6	409.7	8.5%
Operating cost abroad	48.6	32.1	51.4%
Organic operating cost	**493.2**	**441.8**	**11.6%**
New acquisitions cost	19.1	-	-
Voluntary retirement scheme cost*	9.2	-	-
Total operating cost	**521.5**	**441.8**	**18.0%**

(*) non recurring expense

The organic operating cost both in Greece and abroad amounted to €493.2 mn versus €441.8 mn in 2004, raised by 11.6%. Including the expense related to the voluntary retirement scheme, as well as the costs of the new acquisitions, total cost was up to €521.5 mn against €441.8 mn last year, i.e. up by 18.0%.

Group’s staff costs analysis *(€ mn)*	**2005**	**2004**	**Δ %**
Staff costs in Greece	225.8	224.7	0.5%
Staff costs abroad	20.9	13.8	51.0%
Organic staff costs	**246.7**	**238.6**	**3.4%**
New acquisitions staff costs	9.0	-	-
Voluntary retirement scheme cost*	9.2	-	-
Total staff costs	**264.9**	**238.6**	**11.0%**

(*) non recurring expense

Organic staff expenses both in Greece and abroad amounted to €246.7 mn compared to €238.6mn in 2004, raised by 3.4%. Including the staff costs of the voluntary retirement scheme, as well as the cost of the newly acquired banks in mid 2005, staff expenses amounted to €264.9 mn versus €238.6 mn last year, i.e. raised by 11.0%.

Group's G&A expenses *(€ mn)*	**2005**	**2004**	**Δ %**
Advertisement	28.3	15.8	79.1%
Taxes (other than income)	29.1	23.1	26.0%
Support & promotion of products	22.7	22.3	1.8%
Third party expenses	29.2	24.7	18.2%
Rents	32.5	28.3	14.8%
Other	72.2	62.5	15.5%
Total G&A expenses	**214.1**	**176.7**	**21.2%**
> G&A expenses in Greece	183.4	161.5	13.6%
> G&A expenses abroad	22.5	15.2	48.0%
Organic G&A expenses	**205.9**	**176.7**	**16.5%**
> New acquisitions cost	8.3	-	-
Total G&A expenses	**214.1**	**176.7**	**21.2%**

General administrative expenses in Greece in 2005 equalled to €183.4 mn versus €161.5 mn last year, showing a rise of 13.6%, a growth mainly burdened by the expense of advertisement. The significantly enhanced promotion and advertisement campaign, combined with the enlarged branch network and supported by the high level of service offered by the Bank, have led to an important enhancement of the clientele base, as well as of business volumes. The promotion and advertisement programme in Greece has reached the point of fully covering the Group's relevant needs and, as a result, the concerning domestic cost for 2006 is estimated to remain at a similar level of 2005.

(Profit)/loss from property and equipment disposal, which according to IFRS is included in operating expenses, equalled to profit of €4.6 mn against profit of €12.5 mn last year.

The depreciation expense was €47.0 mn versus €39.0 mn in 2004, increased by 20.5%, mainly related to the new acquisitions (excluding those, the increase would be 10.5%).

The efficiency ratio ("cost to income"), excluding the new acquisitions, the expenses related to branch expansion and other non-recurring costs, improved to 54.9% (on a comparable basis) from 59.6%. If the above mentioned expenses are added, the ratio stands at 57.9%.

The provision expense was €76.4 mn in 2005 against €91.9 mn a year ago, decreased by 16.8%. The lower provision expenses as compared to 2004 derive from the stabilization of the business environment, particularly in the second half of 2005, as well as from the increased provision charges of 2004 by approximately €39.5 mn due to the implementation of the loan surcharges ('panotokia') law. It is noted that Piraeus Bank monitors each loan exceeding €20,000 (until recently it was above €100,000) and forms special provisions where necessary, resulting in a very good loan portfolio quality.

Income tax *(€ mn)*	**2005**	**2004**	**Δ %**
Current tax	42.3	42.6	-0.7%
Deferred tax	-21.0	-13.2	59.1%
Associates' tax	0.6	0.7	-14.3%
Total income tax	**21.9**	**30.1**	-27.2%

The current tax of the period stood at €42.3 mn versus €42.6 mn, positively affected by the lower tax rate due to the Hellenic Investment Company absorption. The revenues structure, as well as the reassessment of the deferred taxation, combined with the existence of capital gains, led to a credit deferred tax of €21.0 mn compared to €13.2 mn last year.

The significantly enhanced profitability led to the improvement of the after-tax ROE, which increased to 21.0% up from 14.9% last year, despite the significant rise of shareholders' funds in 2005. As a result, the 2007 ROE of above 20% has been accomplished two years earlier. After-tax ROA was strengthened by 29 bps to 1.40%, up from 1.11% in 2004.

Branch network – Head count	**Dec.'05**	**Dec.'04**	**Δ%**
Branches	**449**	**309**	**45.3%**
> Greece	273	249	9.6%
> Abroad	176	60	193.3%
Head count	**8,151**	**5,934**	**37.4%**
> Greece	5,518	5,138	7.4%
> Abroad	2,633	796	230.8%

The Group's growth was marked by the branch network expansion by 24 units in Greece and 116 abroad, while the number of employees was also strengthened by 2,217 people or by 37%.

LATEST DEVELOPMENTS

In November 2005, Piraeus Bank announced the continuation of its strategic alliance with ING Group, emphasizing on bancassurance products. At the same time, it has been agreed to cease the cross shareholding between the two Groups, resulting in the release of funds and the anticipated recording of significant capital gains for Piraeus Bank in the first half of 2006. In the asset management field, the co-operation will be reshaped into a structure offering far more flexibility.

Piraeus Bank has submitted an application to the new auxiliary pension fund 'ETAT' for inclusion of its employees currently insured into "TEAPETE", which has recently been approved by 'ETAT' Board of Directors. According to the economic study undertaken by the responsible Ministry that was communicated to the Bank, the provisions already formed by the Bank surpass the relevant obligation. At the same time, the Bank has also applied for incorporation into 'ETAT' of its employees now insured in "TAPIL-TAT".

PIRAEUS BANK'S SHARE DATA

In the last twelve months, the closing price of Piraeus Bank's share fluctuated between €21.74 (maximum, on February 20th, 2006) and €12.79 (minimum, on May 4th, 2005). On Monday, February 20th, 2006, the price of the share was €21.74 and the Bank's market capitalisation was €4.7 bn, ranked 9th in ATHEX and 4th among companies of the private sector.

The number of outstanding shares of Piraeus Bank at the end of December '05 was 214,870,434 (increased in Q4 2005 due to the Hellenic Investment absorption), while the average number of the shares traded in 2005 (excluding treasury stock) was 198,424,411.

The liquidity of the Piraeus Bank stock in ATHEX has remained particularly high, with a percentage of 64.9% (Jan. '05 - Dec. '05), compared to 45.6% of the banking index respectively.

Athens, February 21st 2006

Consolidated Balance Sheet *(€ mn)*	**Dec. 31, '05**	**Dec. 31, '04**	**Δ %**
Cash and balances with Central Banks	1,570	1,159	*35.5%*
Treasury bills	222	151	*47.1%*
Loans and advances to banks	2,220	245	*804.7%*
Loans and advances to customers	*15,884*	*12,168*	*30.5%*
Minus provisions	*433*	*463*	*-6.5%*
Net loans and advances	15,451	11,705	*32.0%*
Financial assets at FV through P&L	1,180	1,433	*-17.6%*
- bonds	*1,102*	*1,063*	*3.7%*
- shares	*78*	*369*	*-78.9%*
Investment securities	781	490	*59.3%*
- bonds	*464*	*281*	*65.3%*
- shares	*317*	*210*	*51.1%*
Investments in associates	66	46	*44.0%*
Goodwill	141	97	*45.8%*
Other intagibles	61	23	*162.7%*
Property, plant and equipment	986	754	*30.6%*
Deferred tax assets	137	113	*22.0%*
Other assets / inventories-properties	730	630	*15.8%*
Total Assets	**23,546**	**16,846**	***39.8%***
Deposits from banks	3,536	1,688	*109.5%*
Due to customers	**13,489**	**10,698**	***26.1%***
Customers' repos	146	650	*-77.5%*
Debt securities in issue	3,308	1,169	*182.9%*
Subordinated Debt (Tier II)	402	393	*2.5%*
Hybrid Capital (Tier I)	201	194	*3.9%*
Deposits and debt issues	**17,546**	**13,104**	***33.9%***
Deferred tax liabilities	60	29	*104.2%*
Retirement benefit obligations	155	150	*3.0%*
Other liabilities	641	606	*5.9%*
Total Liabilities	**21,938**	**15,577**	***40.8%***
Shareholders' funds	*1,378*	*902*	*52.8%*
Minority interest	*229*	*367*	*-37.6%*
Total Equity	**1,608**	**1,269**	***26.6%***
Total Liabilities & Equity	**23,545**	**16,846**	***39.8%***

Group Customer Loans *(€ mn)*	**Dec. 31, '05**	**Dec. 31, '04**	**Δ %**
Medium-large corporates	3,694	3,600	2.6%
Small and medium-sized enterprises	6,487	4,644	39.7%
Loans to corporates	**10,181**	**8,244**	**23.5%**
Mortgages	3,386	2,220	52.5%
Consumer loans & credit cards	2,231	1,581	41.1%
Consumer factoring	87	123	-29.5%
Loans to households	**5,703**	**3,924**	**45.3%**
Total gross loans to customers	**15,884**	**12,168**	**30.5%**

Piraeus Bank Corporate Social Responsibility

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Group Customer Deposits *(€ mn)*	**Dec. 31, '05**	**Dec. 31, '04**	**Δ %**
Savings	3,403	2,989	13.9%
Sight-current	3,519	2,404	46.4%
Term	5,915	4,661	26.9%
ETBA bonds issued	438	480	-8.8%
Other	213	164	29.9%
Total deposits	**13,489**	**10,698**	**26.1%**
Repos	146	650	-77.5%
Total deposits and repos	**13,635**	**11,348**	**20.2%**
Debt securities	**3,911**	**1,756**	**122.8%**
Deposits and debt issues	**17,546**	**13,104**	**33.9%**

Group Income Statement *(€ mn)*	**2005**	**2004**	**Δ %**
Net interest income	558.7	441.5	*26.6%*
Net commission income	143.6	105.4	*36.3%*
Total of net interest and net commission income	**702.3**	**546.8**	***28.4%***
Dividend income	19.5	17.4	*11.9%*
Net trading income	101.9	70.3	*44.9%*
Other operating income	77.2	106.2	*-27.3%*
Total of other income	**198.5**	**193.9**	***2.4%***
Net Revenues	**900.8**	**740.7**	***21.6%***
Staff expenses (organic)	246.7	238.6	*3.4%*
Staff expenses from new acquisitions and VRS	18.2	0.1	*>100%*
Administrative expenses	205.9	176.7	*16.5%*
Administrative expenses from new acquisitions	8.2	0.0	*>100%*
(Profit)/loss on sale of property and equipment	(4.6)	(12.5)	*-63.6%*
Depreciation	47.1	39.1	*20.5%*
Operating Cost	**521.5**	**441.9**	***18.0%***
Impairment losses on loans	76.5	54.9	*39.3%*
Extra-ordinary impairment losses on loans	-	37.0	
Share of profit of associates	1.7	-1.0	*>100%*
Profit Before Tax	**304.6**	**205.9**	***47.9%***
Current tax	42.3	42.7	*-0.9%*
Deferred tax	-21.0	-13.2	*58.9%*
Tax from associate companies	0.6	0.7	*-9.2%*
Profit After Tax	**282.7**	**175.8**	***60.8%***
Minority Interest	19.0	48.6	*-61.0%*
Profit after tax attributable to Shareholders	**263.8**	**127.2**	***107.3%***
EPS attributable to shareholders (€) :			
- Basic	**1.33**	**0.65**	***103.7%***
- Diluted	**1.33**	**0.65**	***103.6%***

Piraeus Bank Corporate Social Responsibility

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