



Q1 2008 RESULTS
NET PROFIT €138.5 MILLION

"Piraeus Group continued its dynamic course in Q1 2008 as well, despite the volatile international environment. The growth rate of deposits accelerated to 39%, of loans remained 48% and of profitability reached 46%. At the end of March 2008, the Group's total assets reached €48.5 bn, the branch network exceeded 780 units, while net profit amounted to €138.5 mn. Interest income and commissions, comprising 80% of total net revenues and constituting dynamic source of recurring profitability, were enhanced significantly. These developments are aligned with the Group's Business Plan targets through to 2010, which remain intact."*

Michalis Sallas, Chairman of the Board of Directors

KEY PERFORMANCE HIGHLIGHTS OF 1st QUARTER 2008

- Increase of Group's net profit after tax and minorities by 46% up to €138.5 mn versus €94.9 mn(*) in Q1 2007 (€248.2 mn, including the one-off trading gain)
- Profit before tax excluding trading gains reached €153.0 mn compared to €103.2 mn, increased by 48%
- Significant enhancement of profitability, +24% from Greece and +217% from international operations
- Retention of net interest margin (NIM) on average interest earning assets at 3%
- Increase of net interest income by 38% and net commission income by 18% y-o-y
- Improvement of "cost to income" ratio to 47% compared to 52%(*) in Q1 2007
- Acceleration of deposits' growth rate to 39% y-o-y, while loan growth remained at 48%. The quarterly incremental change of deposits in absolute figures exceeded the respective loan increase (+€3.3 bn deposits, +€3.0 bn loans)
- Further improvement of "loans to deposits" ratio to 122% at the end of March 2008 compared to 127% in December and 130% in September 2007. Excluding securitized loans which are funded by respective bonds issues, the ratio evolved to 117% compared to 121% at the end of 2007
- Improvement of loan portfolio quality, with the relative ratio of loans in arrears more than 90 days over total loans at 3.3% in March 2008 against 3.4% in December 2007
- Retention of high capital adequacy ratio at 10.8% (e) with Core Tier I at 8.8% (e), according to the new supervisory framework of Basel II
- Significant expansion of international activities' volumes: loan portfolio up by 106% and deposits accelerated as well, up by 71% y-o-y
- Expansion of the branch network from 545 units in March 2007 to 782 at end-March '08 (+43%), out of which 322 units in Greece and 460 abroad. In Q1 2008 alone, 38 new branches were established

- Group's human resources reached 13,115 (+34%), growing by 3,312 new employees from March 2007, 834 in Greece and 2,478 abroad

() net profit in Q1 2007 excluding the one-off trading gain from the disposal of the Bank of Cyprus stake*

PIRAEUS GROUP BALANCE SHEET

At the end of March 2008, the Group's **total assets** reached €48,547 mn against €34,486 mn in March 2007, increased by 41%. **Deposits & retail bonds** issued disposed to customers through the branch network reached €27,231 mn, posting rise of 39% y-o-y, with further acceleration compared to the annual growth rate recorded in December 2007 (33%).

Savings and sight deposits had an annual increase of 13%, while time deposits, repos and retail bonds issued grew by 56%. On a quarterly basis, incremental deposits in Q1 2008 exceeded the incremental loans for the first time: +€3.3 bn deposits against +€3.0 bn loans respectively.

It is worth noting that the Group's deposits in Greece posted an increase of 34% on an annual basis (*), compared to 31% in December 2007. Piraeus Group has emphasized on acquiring customer deposits in Greece during the recent years by targeted new branch openings (+20 in the last year, over 110 in the last 5 years), launching of new products, as well as marketing activities, which all resulted in significantly accelerating deposits' growth rate. At the same time, the Group's effort for acquiring deposits intensifies also in its international operations by new products' promotion, expansion of the branch network and vitalization of Group's operations in Cyprus that commenced in 2008, already contributing by €361 mn to Group's deposits.

Securities issued by the Bank (through ECP, EMTN, residential mortgage backed securities and hybrid bonds) to institutional investors reached €7,578 mn at the end of March 2008 from €6,487 mn a year ago, up by 17%. It is worth mentioning that at the end of March 2008 the amount raised through ECP programme increased to €3.3 bn from €2.9 bn in December 2007, reflecting the Bank's seamless access and the acceptance of its brand name to this specific market, in spite of the international market turmoil.

Loan portfolio kept the same annual growth (+48% y-o-y) for second consecutive quarter, reaching a balance of €33,736 mn at the end of March 2008. It is noted that the Group's loans in Greece in March 2008 advanced by 37% y-o-y, just like December 2007 (*).

The growth rate of **mortgage lending** was set at 28% y-o-y, with balances up to €6,076 mn in March 2008 against €4,742 mn a year ago. **Consumer loan portfolio** rose by 50% y-o-y, reaching €4,659 mn at the end of March 2008 versus €3,116 mn a year ago. Loans to individuals' contribution represented a 32% of the total loan portfolio at the end of March 2008.

** estimate for growth rate of the Greek banking market in March 2008 +21% for loans, +11% for deposits*

Loans to small and medium-sized enterprises in Greece and abroad grew by 55%, amounting to €15,566 mn at the end of March 2008, compared to €10,056 mn a year ago. Hence, as a result of the special importance given in this market, this particular segment represents the main loan category accounting for 46% of the Group's total loan portfolio. **Loans to large corporates, including shipping and project finance**, represented 22% of the total loan portfolio and amounted to €7,436 mn at the end of March 2008 versus €4,910 mn a year ago, up by 51%, reinforcing the Group's presence in these business segments as well.

With regards to **loan portfolio quality**, the Group's non-performing loans (NPLs) ratio was recorded at 2.0% at the end of March 2008 compared to 2.1% in December 2007. The coverage ratio of non-performing loans by cumulative provisions stood at 69%, while the ratio exceeds significantly 100%, when collaterals are taken into account. The ratio of loans in arrears more than 90 days over total loans stood at 3.3% in March 2008 against 3.4% in December 2007, also revealing trend of improvement. The Group's target is to further improve this ratio below 2.5% by 2010.

The "**loans to customer deposits ratio**" at the end of March 2008 improved substantially by 5 percentage points setting at 122% from 127% at the end of 2007, due to the significant increase of deposits also during the 1st quarter of 2008. Excluding securitized loans, which are funded by respective bonds issues, the ratio evolves to 117% (121% in December 2007). It is also pointed out that Piraeus Group continues to possess **high liquidity level of the level of €2 bn**.

Total equity of the Group at the end of March 2008 amounted to €3,314 mn versus €3,310 at the end of December 2007. Shareholders' funds rose respectively to €3,084 mn, up by 82% against March 2007, due to the share capital increase in September 2007. **Capital adequacy ratio** was 10.8% (e) with Core Tier I at 8.8% (e), according to the new supervisory framework of Basel II.

INCOME STATEMENT ANALYSIS OF PIRAEUS GROUP

Group's profit after tax and minority interests increased by 46% in Q1 2008, amounting to €138.5 mn against €94.9 mn in Q1 2007, excluding the one-off trading gain of last year. **After tax basic earnings per share**, based on the adjusted average number of shares in issue, rose to €0.42 from €0.89 in Q1 2007 or €0.34, when excluding last year's one-off trading gain.

Respectively, **pre tax profit** rose to €177.5 mn versus €118.3 in Q1 2007, increased by 50%. The Group's profit before tax excluding trading gains and gains less losses from investment securities reached €153.0 mn against €103.2 mn in Q1 2007, reflecting an increase of 48%.

Total net revenues reached €410.7 mn in Q1 2008, up by 37% (excluding the gain of €159.3 mn in Q1 2007). **Net interest income** rose by 38%, amounting to €266.4 mn compared to €193.0 mn in Q1 2007. Net interest margin (net interest income on average interest earning assets) stood at the level of Q1 2007, i.e. 3.0%.

Net commission income totaled €61.5 mn compared to €52.1 mn in Q1 2007, an increase of 18%. The pressure on investment banking and asset management fees, due to the unfavorable market conditions (trading volume of Athens Stock Exchange down by 11% in Q1 2008 compared to Q1 2007 and by 25% compared to Q4 2007, reduction of mutual funds' Greek market by 15% y-o-y in March 2008) was more than offset by the strong upward course of commercial banking fees, which increased significantly by 48% compared to the respective quarter in 2007.

Net trading income and gains less losses from investment securities reached €24.5 mn in Q1 2008 versus €15.1 mn in Q1 2007, up by 62% (excluding the €159.3 mn one-off trading gain in Q1 2007).

Other operating income, which includes revenues from other banking and real estate activities, amounted to €56.8 mn versus €38.6 mn in Q1 2007. 53% originates from financial services companies (including operating leasing activities), while real estate income accounted for 43% and other operations for 4%.

Operating expenses in Greece grew by 11%, while on a comparable basis the cost advanced by 7% (i.e. excluding AVIS SA and the new personnel loyalty scheme). Including the above, as well as the cost of international activities, total operating cost reached €192.4 mn versus €155.2 mn a year ago, up by 24%.

The increase of operating cost is the result of the rapid expansion of the Group's business, both domestically and internationally. In the last 12 months **237 new branches** were added to the Group, 20 in Greece and 217 abroad, out of which 86 branches belong to International Commerce Bank in Ukraine (renamed to Piraeus Bank ICB), which was acquired in 2007, and 10 more branches to the newly established subsidiary, Piraeus Bank Cyprus. The number of employees increased by 3,312 versus March 2007 (834 in Greece and 2,478 abroad), reaching 13,115.

Due to this significant organic growth, the Group's **staff expenses** amounted to €102.9 mn in Q1 2008 compared to €81.9 mn in Q1 2007, higher by 26%. The comparable staff expenses in Greece (excluding the new personnel loyalty scheme and AVIS SA) amounted to €71.6 mn in Q1 2008 against €66.9 mn last year, up by 7% versus the 9% enhancement of personnel on a like-for-like basis, in order to support the Group's increasing activities. The respective international operations staff cost amount increased significantly, due to the large increase in personnel and branch network expansion abroad.

The comparable **general and administrative expenses** in Greece (excluding AVIS) equalled to €46.7 mn in Q1 2008 versus €42.9 mn in Q1 2007, recording a rise of 9%. Including AVIS and the cost of the Group's international operations, the respective amount reached €71.6 mn versus €58.1 mn in Q1 2007, up by 23%. The latter increase is mainly related to the significant expansion of the Group's branch network and the enhancement of business volumes both in Greece and abroad.

Profit/loss from property and equipment disposal, which according to IFRS is included in operating expenses, equalled to €2.6 mn of profit against €0.2 mn of profit in Q1 2007.

Depreciation expense was set at €20.5 mn versus €15.4 mn in Q1 2007, increased by 34%, due to the expansion of the Group's subsidiaries mainly abroad, as well as in Greece.

Efficiency ratio “cost to income” improved by 510 basis points and stood at the level of 46.8% versus 51.9% (excluding the one-off trading gain in Q1 2007).

Impairment losses on loans and advances were €41.6 mn in Q1 2008, increased by 62% versus Q1 2007 (€25.6 mn), due to the significant enhancement of the Group's loan portfolio mainly from its international subsidiaries.

After-tax and minorities RoE was 18.0%, while **after-tax RoA** stood at the level of 1.2%.

INTERNATIONAL ACTIVITIES OF PIRAEUS GROUP

Piraeus Bank Group is present in 9 countries. **Loans** generated by its international subsidiaries presented a growth rate of 106% y-o-y, reaching €7,117 mn at the end of March 2008 and accounted for 21% of the Group's loans. **International deposits** increased by 71%, reaching €3,956 mn, contributing by 15% to Group's deposits. It is noted that recently new Group's activity in Cyprus (10 branches) contributed in March 2008 €171 mn loans and €361 mn deposits.

Group **international presence** consists of 460 branches compared to 243 in March 2007, a rise mainly attributed to the new acquisition in Ukraine, as well as the significant expansion of the branch network in Romania. The international branch network accounts for 59% of total Group branches. The respective number of employees increased by 48% and reached 6,343 at the end of March 2008. The Group's market share in all countries of presence increased.

Group's profit attributable to shareholders from international operations amounted to €34.0 mn, increased by 217% y-o-y. **Net revenues** increased by 122%, while total operating cost by 70%, due to the expansion of the network, the growth of the Group's activities and the new operations in Ukraine and Cyprus.

RECENT DEVELOPMENTS

On 24.04.2008 the third securitization of the Bank's mortgage portfolio of €800,000,000 was concluded, aiming at enhancing the Bank's funding sources.

By resolution of the 2nd Iterative Annual General Meeting of Shareholders on May 7th 2008, 10,407,537 own shares from the Bank's treasury stock are being cancelled. The relevant process is expected to be completed

in the following three weeks, thus these shares are going to be delisted from ATHEX. The Bank's new number of shares will be 328,791,050.

Piraeus Bank was awarded, by Microsoft the prominent global distinction in the field of electronic banking: "Windows in Financial Services Developer Award 2008", for its project "winbank international", among worldwide financial organizations, while it is noted that Piraeus Bank represents the single European company to be awarded.

PIRAEUS BANK'S SHARE DATA

In the last twelve months, the closing price of Piraeus Bank's share fluctuated between €28.50 (maximum, on 07.11.2007) and €16.50 (minimum, on 20.03.2008). The Bank's market capitalisation was €7.6 bn on 13.05.08, ranked 7th in ATHEX. The number of outstanding shares of Piraeus Bank at the end of March 2008 was 339,198,587, while the weighted average during Q1 2008 period was 326,805,958(excluding treasury stock). The liquidity of Piraeus Bank stock in ATHEX remains particularly high, with a percentage of 85% (April '08-March '08), compared to 60% of the banking index respectively.

Athens, 14.05.2008