

€284 mn Net Profit in First Half 2008

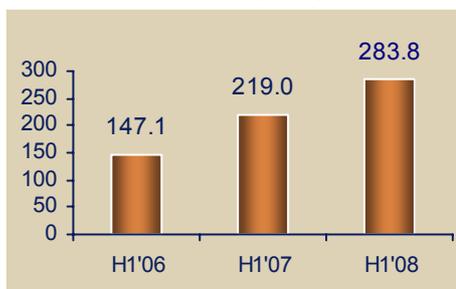
€51.5 bn Group Assets

“Piraeus Group’s net profit recorded an increase of 30% during the first half of 2008. Deposits rose by €5.6 bn from the beginning of the year, by the same amount as loans. The Group’s total assets exceeded €51 bn at the end of June 2008, its liquidity reached historical high levels and its capital base remained strong.

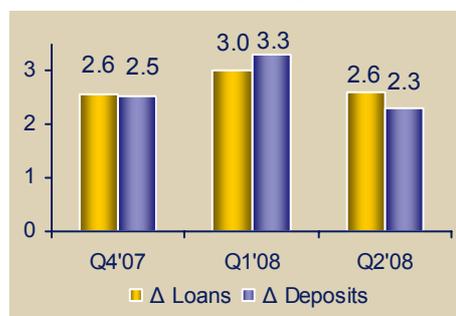
Despite adverse conditions in the international markets, Piraeus Group operates with commitment to its business objectives, with emphasis on high liquidity, capital adequacy, asset quality and of course profitability .”

Michalis Sallas, Chairman of the Board of Directors

Net Profit (€ mn) *



‘Delta’ of loans and deposits (€ bn)



Loans / Deposits



H1 2008 PIRAEUS GROUP PERFORMANCE HIGHLIGHTS

RESULTS

- Increase of net profit attributable to shareholders by 30% up to €284 mn versus €219 mn in H1 2007*
- Increase of net interest income by 35% and net commission income by 19%, hence consisting 81% of total revenues
- Retention of Net Interest Margin on average interest earning assets at 3%
- Improvement of ‘cost to income’ ratio to 48.8% compared to 51.0%* in H1 '07
- Return on equity at 18.3%, return on assets at 1.2%

VOLUMES - NETWORK

- Deposits increased by 43% on an annual basis reaching €30 bn and loans by 42% at €36 bn. In absolute volumes, loans and deposits grew equivalently by €5.6 bn y-t-d
- Further improvement of “loans to deposits” ratio to 121% at the end of June 2008, compared to 127% at the end of 2007. Excluding securitizations, the ratio sets to 115%
- International volumes: deposits increased by 86% (at €4.9bn), loans increased by 88% (at €8.0 bn), contributing to the Group’s figures by 17% and 22% respectively
- Loans in arrears > 90 days at 3.3% against 3.4% in Dec.'07
- Capital adequacy ratio (estimate) 10.5% with Core Tier I 8.5%
- Expansion of branch network reaching 832 units, out of which 343 in Greece and 489 abroad. 50 new branches in Q2 2008 (21 in Greece and 29 abroad)

(*) excluding one-off trading gain in 2007 (and 2006, where mentioned)

VOLUMES EVOLUTION

Deposits and retail bonds issued reached €29,552 mn at the end of June 2008, posting an increase of 43% y-o-y, further accelerating and improving the “loans to deposits” ratio to 121%. Excluding securitized loans which are funded by respective bonds issues, the ratio was set to 115% (121% at the end of 2007). Piraeus Bank Group possesses ample liquidity which exceeds €3 bn.

- in Greece, deposits grew by 36% y-o-y, which is more than double the respective rate of the Greek market (14%, estimate), as a result of the Group’s policies (targeted new branch openings, promoting new products, marketing initiatives). Specifically, savings and sight deposits had an annual increase of 6%, when the market recorded a decrease of 7% (estimate)
- internationally, the results arising from the network expansion and the Group’s operations in Cyprus are evident from the increase in deposits by 86%
- from the beginning of 2008, the increase in savings and sight deposits reached 9%, while time deposits, repos and retail bonds grew by 32% respectively

The annual growth rate of **loans** recorded an increase by 42% in June '08 versus 48% in March '08, with their outstanding balance at €36,287 mn at the end of June 2008.

- in Greece, the annual growth rate was 33%, compared to 19% of the market (estimate), while abroad the relevant rate was set at 88%
- for yet another period, levers of growth were the loans to medium and small enterprises, while loans to individuals ran at especially satisfactory rates (51% and 32% y-o-y respectively)
- loans to medium and small enterprises comprised 47% of the total loan portfolio, loans to individuals represented 31% and loans to large enterprises were 22%

KEY FIGURES (mn €) & RATIOS	30.06.08	31.12.07	30.06.07	Δ vs. 31.12.07	Δ y-o-y
Assets	51,530	46,427	37,276	11%	38%
Loans	36,287	30,705	25,547	18%	42%
> medium-small enterprises	16,987	13,665	11,233	24%	51%
> large enterprises	7,925	6,961	5,681	14%	40%
> mortgages	6,359	5,743	5,036	11%	26%
> consumer	5,015	4,336	3,598	16%	39%
Greece	28,241	24,503	21,263	15%	33%
International Operations	8,046	6,201	4,284	30%	88%
Deposits & Retail Bonds	29,552	23,914	20,735	24%	43%
> savings-sight	9,366	8,580	8,124	9%	15%
> time-repos-retail bonds	20,187	15,334	12,611	32%	60%
Greece	24,662	20,585	18,108	20%	36%
International Operations	4,890	3,329	2,626	47%	86%
Debt securities to institutional investors	7,260	6,931	6,681	5%	9%
Total Equity	3,331	3,310	1,884	1%	77%
• Loans/ deposits	121%	127%	121%		
• Loans in arrears > 90 days	3.3%	3.4%	n/a		
• Capital adequacy ratio Basel II	10.5%(e)	n/a	n/a		

(*) excluding one-off trading gain in 2007 (and 2006, where mentioned)

The ratio **loans in arrears more than 90 days** over total loans stood at 3.3% in Jun.'08 against 3.4% in Dec.'07. The non-performing loans (NPLs) ratio was at 2.0% at the end of Jun.'08 versus 2.1% in Dec.'07. The coverage ratio of NPLs by cumulative provisions stood at 69%, while the ratio exceeds significantly 100%, with collaterals taken into account.

The **Group's total equity** amounted to €3,331 mn, setting slightly up vs. March 2008, inspite of the distribution of the remaining dividend amount of €118 mn during the 2nd quarter 2008. The **capital adequacy ratio** was 10.5% (estimate) with Core Tier I at 8.5% (estimate), according to the regulatory framework of Basel II. The Group's total regulatory capital on 30.06.08 was €3.8 bn.

P&L EVOLUTION

Profit after tax and minority interests increased by 30% in H1 2008, amounting to €284 mn against €219 mn in H1 2007*. **Profit before tax** rose to €353 mn versus €269 mn in H1 2007*, increased by 31%. After tax basic earnings per share, after the recent rights issue and based on the adjusted average number of shares in issue, rose to €0.87 versus €0.79* last year.

CONSOLIDATED INCOME STATEMENT (mn €)	H1 '08	H1 '07	Δ y-o-y
Net Interest Income	556.0	411.5	35%
Net fee and commission income	127.3	107.4	19%
Net trading income & Gains less losses from invest. securities*	40.0	24.7	62%
Dividend income	16.3	7.9	105%
Other operating income	104.6	98.4	6%
Total Net Revenues *	844.0	649.8	30%
Greek Operations*	612.2	527.8	16%
International Operations	231.9	122.1	90%
Staff costs	208.7	171.7	22%
Administrative expenses	163.3	132.3	23%
Depreciation & Amortization	42.8	29.5	45%
(Profit) / loss on sale of property and equipment	(2.8)	(2.2)	30%
Operating Cost	412.0	331.4	24%
Greek Operations*	295.1	257.3	15%
International Operations	117.0	74.0	58%
Impairment losses on loans and advances	82.7	52.5	58%
Greek Operations*	51.1	37.6	36%
International Operations	31.7	14.9	113%
Share of profit of associates	3.8	2.6	42%
Profit before tax *	353.0	268.6	31%
Greek Operations*	269.5	235.4	15%
International Operations	83.5	33.3	151%
Income tax expense	60.0	44.7	34%
Minority interests	9.2	11.0	-16%
Net Profit attributable to Shareholders *	283.8	219.0	30%
Greek Operations*	213.0	194.4	10%
International Operations	70.9	24.6	188%

(*) excluding one-off trading gain in 2007 (and 2006, where mentioned)

Net profit attributable to shareholders **from international operations** rose to €70.9 mn, increased by 188% y-o-y. Total net revenues abroad increased by 90%, while operating cost by 58%, due to the branch network expansion, the increase of operations and the new activities in Ukraine and Cyprus.

Efficiency ratio '**cost to income**' improved to 48.8% from 51.0%* last year.

KEY RATIOS	H1 '08	H1 '07
• RoE *	18.3%	26.6%
• RoA *	1.2%	1.3%
• Cost to income *	48.8%	51.0%
• Net interest margin	3.0%	3.0%

- *RoE ratio has been affected by the share capital increase in September 2007*

Impairment losses on loans and advances were €83 mn in H1 2008, increased by 58% versus H1 2007, resulting in the 'provision charges on average loans' at 47 basis points from 45 basis points in 2007. The quality of loan portfolio remains at very satisfactory levels.

P&L ANALYSIS

Total **net revenues** of the 1st half 2008 were €844 mn, increased by 30%*

- **net interest income** rose by 35% to €556 mn, with net interest margin (i.e. net interest income on average interest earning assets) remained at 3.0%
- **net commission income** amounted to €127 mn, increased by 19%, based on the strong expansion of commercial banking revenues (+48% y-o-y). On the contrary, net fee income from investment banking and asset management business decreased, as it was affected by the adverse conditions in capital markets (turnover in ATHEX down by 10% in H1 2008 vs. H1 2007 and total assets of mutual funds Greek market down by 26% for the same period)
- **net interest and net fee income** comprised 81% of net revenues versus 64% in last year's H1 and 65% in H1 2006, although the Group's net operating revenues were up by 30%* y-o-y and 29%* in H1 2007 vs. H1 2006
- **other operating income** was €105 mn, out of which 44% was derived from financial sector subsidiaries (including operating leasing business), 51% was from real estate subsidiaries, while 5% was from other Group's business operations

ANALYSIS OF SELECTIVE REVENUES DATA (€ mn)	H1 '08	H1 '07	Δ
Net fee & commission income	127.3	107.4	19%
> commercial banking	101.5	68.4	48%
> investment banking	19.1	27.4	-31%
> asset management	6.8	11.6	-42%
Other operating income	104.6	98.4	6%
> financial sector subsidiaries	46.4	26.9	73%
> real estate subsidiaries	53.2	68.4	-22%
> other subsidiaries	4.9	3.1	60%

(*) excluding one-off trading gain in 2007 (and 2006, where mentioned)

Operating cost in Greece was up by 10% on a comparable basis, while foreign operations' cost increased by 25% respectively. It is highlighted that within the last year 258 new branches were added to the Group, 39 in Greece and 219 abroad, out of which 84 from the acquisition in Ukraine and 12 from the new subsidiary Piraeus Bank Cyprus. During the 2nd quarter of 2008 in particular, the branch network expanded by 50 units, 21 in Greece and 29 abroad. At the same time, employees were increased by 3,525 or 34% compared to June 2007 (+15% in Greece and +63% abroad), reaching 13,752 people.

ANALYSIS OF GROUP OPERATING COST (€ mn)	H1 '08	H1 '07	Δ
Greece on a comparable basis	282.7	257.3	10%
AVIS Hellas	7.0	-	
New branches of the last 12 months in Greece	5.3	-	
International operations on a comparable basis	92.4	74.0	25%
Ukraine and Cyprus	14.4	-	
New branches of the last 12 months abroad	10.2	-	
Total Group operating cost on a comparable basis	375.1	331.4	13%
<u>Total Group operating cost</u>	<u>412.0</u>	<u>331.4</u>	<u>24%</u>

More than 70% of the Group's **branches** (40% in Greece and 93% abroad) have less than 5 years of operation, indicating the significant potential for strengthening volumes and profitability in the following periods, as branches will get more 'mature'.

Branch network	Operating up to 1 year	Operating for 2-3 years	Operating for 4-5 years	Operating > 5 years	Total 30.06.08
Greece	39	47	52	205	343
Abroad	219	124	114	32	489
Total	258	171	166	237	832

More specifically, the evolution of cost was as following:

- **staff expenses** in Greece on a like-for-like basis amounted to €148.2 mn in H1 2008, showing an increase of 6% on an annual basis, while for foreign operations were up by 19% respectively, due to the significant expansion

ANALYSIS OF SELECTIVE COST DATA (€ mn)	H1 '08	H1 '07	Δ
<u>Group staff costs</u>	208.7	171.7	22%
Greece on a comparable basis	148.2	139.4	6%
- AVIS Hellas	4.7	-	
- New branches of the last 12 months in Greece	2.9	-	
Abroad on a comparable basis	38.3	32.3	19%
- Ukraine and Cyprus	9.4	-	
- New branches of the last 12 months abroad	5.2	-	
Group staff costs on a comparable basis	186.5	171.7	9%

(*) excluding one-off trading gain in 2007 (and 2006, where mentioned)

- on a like-for-like basis, **general administrative expenses** in Greece reached €109.1 mn in H1 2008, recording an increase of 13%, while expenses abroad increased by 16% on a comparable basis. The upward trend in Greece is related to the new branches promotion, as well as the increase in advertisement costs for promoting new deposit products

ANALYSIS OF SELECTIVE COST DATA (€ mn)	H1 '08	H1 '07	Δ
<u>Group general administrative costs</u>	163.3	132.3	23%
Greece on a comparable basis	109.1	96.7	13%
- AVIS Hellas	2.5	-	
- New branches of the last 12 months in Greece	1.8	-	
Abroad on a comparable basis	41.2	35.6	16%
- Ukraine and Cyprus	4.0	-	
- New branches of the last 12 months abroad	4.7	-	
Group general administrative costs on a comparable basis	150.3	132.3	14%

The **branch network** expanded by 88 units in H1 2008, 23 in Greece and 65 abroad. The policy of expanding the domestic network was adjusted to the new market conditions, with new targeted areas which have good deposits base; new branches were created there with prime goal to acquire deposits.

Branches	Jun.'08	Mar.'08	Dec.'07	Jun.'07	Δ y-o-y
Greece	343	322	320	304	+39
Abroad	489	460	424	270	+219
Total	832	782	744	574	+258

Employees	Jun.'08	Mar.'08	Dec.'07	Jun.'07	Δ% y-o-y
Greece	7,002	6,772	6,600	6,084	15%
Abroad	6,750	6,343	5,757	4,143	63%
Total	13,752	13,115	12,357	10,227	34%

RECENT DEVELOPMENTS

On July 30, 2008 the international rating agency Fitch upgraded the credit rating of Piraeus Bank to 'A-' from 'BBB+'. The upgrade acknowledges the Bank's continued good performance, improving franchise in Greece and selected South-Eastern European (SEE) countries, increased capital base, good risk management framework and better asset quality indicators.

PIRAEUS BANK'S SHARE DATA

In the last twelve months, the closing price of Piraeus Bank's share fluctuated between €28.50 (maximum, on 07.11.07) and €15.68 (minimum, on 02.07.08). The Bank's market capitalisation was €6.3 bn on 30.07.08, ranked 6th in ATHEX. The number of outstanding shares of Piraeus Bank at the end of June 2008 was 329,543,528, while the weighted average during H1 2008 period was 325,793,627 (excluding treasury shares). The liquidity of Piraeus Bank stock in ATHEX remains high, with a percentage of 40% (Jul.'07-Jun.'08), compared to 30% of the banking sector respectively.

Athens, 31 July 2008

(*) excluding one-off trading gain in 2007 (and 2006, where mentioned)