Safeguarding Piraeus Bank Group and Strengthening its Balance Sheet

"2008 turned out to be a difficult year for the economy and the banking industry internationally. The unprecedented conditions of the recent months called for the adjustment of our policies based on the new facts and aimed at protecting the Group and strengthening its balance sheet. For this reason we decided, in addition to the total provisions of €173 mn that we had estimated, to take further collective provisions of proactive nature of €215 mn in the last quarter. Implementing a conservative and prudent lending policy we have succeeded in maintaining a low NPL's ratio with high collaterals.

In this new environment, we have been following a balanced policy of risks both in Greece and abroad, in order to ensure our long term strategy in South Eastern Europe and Eastern Mediterranean, regions that will again reflect their dynamism once their economies gradually stabilize.

At the same time, consistent with our corporate responsibility principles and aiming to reduce the implications of the crisis, we support our clients and have undertaken timely measures to facilitate both particular segments of individuals and of SME's in collaboration with professional institutions and organizations.

Without any doubt, the period 2009-2010 won't be easy. Despite this, we are prepared, and are taking advantage of every opportunity in order to meet the challenge. Greek operations continue to contribute more than 80% of our activities, while our international presence is diversified in 9 countries, out of which 4 are members of the European Union.

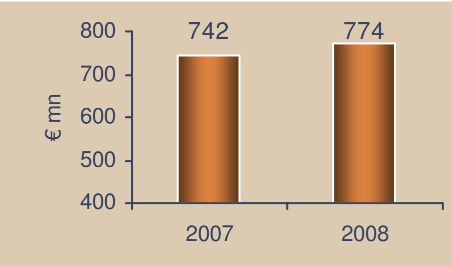
Asset quality, high liquidity, drastic cost containment and capital adequacy are the main constituents of our strategy for the next two years."

Michalis Sallas, Chairman of the Board of Directors

FULL YEAR 2008 PERFORMANCE HIGHLIGHTS

RESULTS

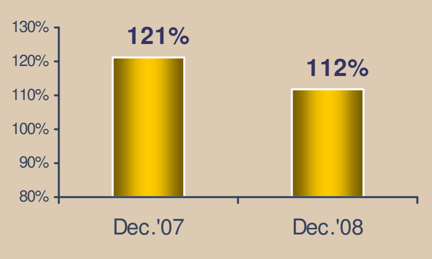
Pre-Tax & Provisions Profit



- Pre-tax and provisions profit amounted to €774 mn against €742 mn in 2007
- Net Profit attributable to Shareholders for 2008, excluding €215 mn additional provisions, reached €530 mn compared to €503 mn in 2007. When the additional provisions are deducted, net profit attributable to shareholders amounted to €315 mn
- Cumulative provisions for 2008 were €388 mn from €116 in 2007
- Net interest income increased by 26% y-o-y and net commercial banking commissions up by 30%; the two components comprise 82% of total net revenues
- Net Interest Margin (NIM) remained at 3%
- Operating cost increased by 15% y-o-y on a comparable basis (Greece, 8%)
- Staff expenses increased by 9% on a comparable basis (Greece, 3%)
- Provision charges on average loans stood at 111 bps vs 45 bps in 2007
- Earnings per share at €0.97 in 2008, when excluding the additional provisions, EPS stood at €1.64.

Note: One-off trading gains are excluded where 2007 results are mentioned

Loans / Deposits
(Adjusted for securitizations)



(*): International standard definition of past due and impaired loans

Volumes

- Total Group assets amounted to €55 bn, increased by €8.5 bn
- Deposits increased by 31% (+€7.4 bn) and loans 27% (+€8.0 bn)
- The Group's liquidity was further enhanced through two new loan securitizations of €2.5 bn and our participation in the government measures for supporting liquidity (€750mn)
- Adjusted for securitizations, "loans to deposits" ratio at 112% improved from 121% in 2007
- Non Performing Loans (>180 days) at 1.89% with provisions coverage ratio at 96%, while including tangible collaterals the ratio sets at 155%
- Loans in arrears above>90 days (IFRS-7*) at 3.56% with provisions coverage ratio at 51%, while adding tangible collaterals the coverage reaches 110%
- Tangible Equity / Assets ratio at 5.0%, amongst the highest in Europe
- Capital Adequacy ratio stood at 9.9% with Tier I at 8.0%. These ratios will increase to 10.9% and 8.9% respectively, after the completion of the planned share capital increase of €370 mn within the framework of government support programme for providing enhanced liquidity to the Greek economy.

Social Responsibility Initiatives to Address the Crisis

In these challenging times, Piraeus Bank supports the market and its clients with a series of additional initiatives such as:

- offers the possibility of a 50% reduction in instalment payments for the full year of 2009, to first home lenders
- «freezes» mortgages and consumer loans instalments until the end of 2009, for the unemployed registered at the Greek Manpower Employment Organisation
- Participation in the Government Liquidity Support Plan. Piraeus Bank has already drawn €750 mn from the third Pillar (special bonds against adequate guarantees). Respectively, mortgages and SME's business loan disbursements have already reached €1.3 bn since the beginning of the programme
- has taken part in the Ministry's of Development programme for providing liquidity to Small and Very Small Enterprises (TEMPME)
- has co-operated with the European Investment Bank and Regional Chambers of Commerce and Industry (Athens, Thessalonica, Patras, Halkida and Agrinio) for financing small and medium-sized enterprises, for a total amount in excess of €1.7 bn. Discussions are in progress for further enhancement of the programme with other Chambers of Commerce.

Note: One-off trading gains are excluded where 2007 results are mentioned

VOLUMES EVOLUTION

Deposits and retail bonds reached €31.3 bn at the end of December 2008, posted an increase of 31% y-o-y, improving, the "loans / deposits" ratio adjusted for securitizations to 112% compared to 121% a year ago.

- in Greece, deposits amounted to €26.7 bn strengthened by 30% y-o-y (+ €6.1 bn), which is double the respective rate of the Greek market (+15%), as a result of the enhancement of the Bank's domestic footprint with new units (+38 branches in the last 12 months). It is underlined that the deposits' growth rate in Greece was recorded at the level of 30% for the third consecutive year
- Deposits from international operations recorded an increase of 38% and reached €4.6 bn (+ €1.3 bn).

KEY FIGURES (mn €) & RATIOS	31.12.08	31.12.07	Δ% y-o-y
Assets	**54,890**	**46,427**	**18%**
Loans	**39,016**	**30,705**	**27%**
> medium-small enterprises	18,601	13,665	36%
> large enterprises	8,459	6,961	22%
> mortgages	6,693	5,743	17%
> consumer	5,264	4,336	21%
Deposits & Retail Bonds	**31,294**	**23,914**	**31%**
> savings-sight	8,121	8,844	-8%
> term	23,173	15,070	54%
Total Equity	**3,025**	**3,310**	**-9%**
Loans/ deposits (*)	112%	121%	
Non Performing Loans (>180 days)	1.89%	1.78%	
Loans in arrears > 90 days (IFRS 7)	3.56%	3.39%	
Capital adequacy ratio Basel II	9.9%	n/a due to Basel I	

(*) adjusted for securitizations

The annual growth rate of loans was 27%, with outstanding balance at €39.0 bn at the end of December 2008. The loan growth rate has been managed with a focus on both raising deposits as well as continuing to serve the Group's customers.

- Piraeus Bank and Greek subsidiaries' loans grew by 23% y-o-y, compared to the market's 16%, with the loans reaching €30.1 bn. Piraeus Bank's loans to foreign companies, mainly to firms of Greek and EU interests, amounted to €2.7bn
- loans from international subsidiaries increased by 42% reaching €6.2 bn
- Per customer segment, at the end of 2008 :
  - ✓ loans to SME's increased by 36% y-o-y, while loans to large enterprises by 22%,
  - ✓ loans to individuals recorded an increase of 19% y-o-y (mortgages: 17%, consumers: 21%)
  - ✓ loans to medium and small businesses comprised 47% of total loans, to individuals 31% and to large enterprises 22%.

Note: One-off trading gains are excluded where 2007 results are mentioned

VOLUMES PER GEOGRAPHY	31.12.08	31.12.07	Δ% y-o-y
LOANS	**39,016**	**30,705**	**27%**
> Greece	30,095	24,503	23%
> from Piraeus Bank to firms abroad (mainly to firms of Greek & EU interests)	2,692	1,804	49%
Piraeus Bank & Subsidiaries in Greece	**32,787**	**26,307**	**25%**
International subsidiaries	**6,229**	**4,397**	**42%**
DEPOSITS	**31,294**	**23,914**	**31%**
Greece	**26,702**	**20,585**	**30%**
International subsidiaries	**4,591**	**3,329**	**38%**

Qualitative Characteristics of Loan Portfolio

Despite the deceleration of loan growth (+27% in 2008 from +48% in 2007), the Group's asset quality ratios were maintained at a satisfactory level. However, the Bank, adjusting to the current economic environment, made **additional provisions** of €215 mn in order to safeguard itself from potential future risks. **Non Performing Loans (>180 days) ratio** was set at 1.89% vs 1.78% at the end of last year. These loans are covered by provisions at 96%, while including the tangible collaterals the ratio sets at 155%. **Loans in arrears more than 90 days** (IFRS-7) over total loans stood at 3.56% in Dec.'08, slightly increased compared to Dec.'07 (3.39%). Per geography, the ratio was set at 3.58% for the Greek portfolio versus the respective ratio of the Greek market 4.8%, (Sept. 2008- source BoG) and 3.49% for the international portfolio.

The coverage ratio of loans in arrears above > 90 days over cumulative provisions stood at 51% vs 40% a year ago, compared to the respective ratio of the greek market 47%, (Sept 2008 – BoG). When tangible collaterals are taken into consideration the coverage ratio sets to 110%.

Equity – Capital Adequacy

The **Group's total equity** amounted to €3.0 bn, compared to €3.3 bn at the end of 2007. The main factors that negatively influenced the Group's equity were the additional provisions in Q4 2008, the share buy-back, and the mark-to-market valuation of the "available for sale" portfolio.

The **capital adequacy ratio** stands at 9.9% with Tier I at 8.0%. After the completion of the planned share capital increase of €370 mn of preferred shares in favor of the Greek State, following the resolution of the General Shareholders' Meeting on 23.01.09 and in accordance with the provisions of law re "Providing enhanced liquidity to the economy", the ratio will stand at 10.9% and Tier I at 8.9%. The Group's total regulatory capital was €3.7 bn at 31.12.2008.

PROFIT & LOSS EVOLUTION

Pre tax & provisions profit amounted to €774 mn vs €742 mn in 2007, increased by 4%. The profits of 2008 were burdened by the additional provisions of €215 mn, which were taken by the Bank in Q4 2008, adopting its policy to the anticipated deterioration of the economic environment. Hence, net profit attributable to shareholders amounted to €315 mn vs. €503 mn in 2007. Including the one–off trading gains in 2007, arising from sale of Bank of Cyprus stake, net profit in 2007 was €622 mn. Excluding the additional provisions of €215 mn, net profit for 2008 amounted to €530 mn compared to €503 mn in 2007, an

Note: One-off trading gains are excluded where 2007 results are mentioned

KEY RATIOS	2008	2007
• **RoE***	**18%**	24%
• **RoE**	**11%**	24%
• **RoA***	**1.1%**	1.4%
• **RoA**	**0.7%**	1.4%
• **Cost to income**	**54%**	50%
• **Net Interest Margin (NIM)**	**3.0%**	3.1%

(*) before additional provisions in Q4 2008

increase of 5%. After tax earnings per share reached €1.64 without taking into consideration additional provisions, which when included the EPS amounted at €0.97.

Net profit in Greece, excluding the additional provisions, was decreased by 9%, mainly due to reduction of trading gains. Pre-tax profit in Greece, excluding trading gains and additional provisions, reported an increase by 4%.

PROFIT & LOSS ANALYSIS

Total **net revenues** for 2008 were €1,652 mn, increased by 12%

- **net interest income** rose by 26% to €1,160 mn, with net interest margin at 3%. Both Greek and international operations recorded notably satisfactory growth rates (12% and 73% respectively)
- **net commercial banking fees** amounted to €200 mn, increased by a strong 30% y-o-y. International units contributed to this result, enhancing their total net fees by 30%. Net fee income from investment banking and asset management business decreased, as it was affected by the adverse conditions in capital markets (ATHEX Index down by 66% in 2008 vs. 2007 and total assets of mutual funds in Greek market down by 58% for the same period). Total net fees of the Group stood at €242 mn, up by 7%
- **net interest and net commercial banking fee income** comprised 82% of net revenues versus 73% in last year
- **other operating income** was €217 mn, of which 46% was derived from financial sector subsidiaries (including operating leasing business), 49% was from real estate subsidiaries, while 5% was from other Group's business operations
- **cost to income** was set at 54% versus 50% in 2007.

ANALYSIS OF SELECTIVE REVENUES DATA (€ mn)	2008	2007	Δ y-o-y
Net fee & commission income	**241.6**	**226.5**	**7%**
> commercial banking	200.1	153.6	30%
> investment banking	29.8	53.7	-45%
> asset management	11.7	19.1	-39%
Other operating income	**216.7**	**245.7**	**-12%**
> financial sector subsidiaries	99.4	77.9	28%
> real estate subsidiaries	106.6	159.1	-33%
> other subsidiaries	10.7	8.6	25%

Note: One-off trading gains are excluded where 2007 results are mentioned

CONSOLIDATED INCOME STATEMENT (mn €)	2008	2007	Δ y-o-y
Net Interest Income	1,159.8	917.0	26%
Net fee and commission income	241.6	226.5	7%
Dividend income	25.9	10.3	>100%
Net trading income & Gains less losses from invest. securities	7.7	74.4	-90%
Other operating income	216.7	245.7	-12%
Total Net Revenues	**1,651.7**	**1,473.8**	**12%**
Greek Operations	1,167.3	1,165.2	0%
International Operations	484.4	308.6	57%
Staff costs	442.1	379.0	17%
Administrative expenses	382.5	303.9	26%
Depreciation	77.0	66.1	17%
(Profit) / loss on sale of property and equipment	-5.0	-12.2	-59%
Operating Cost	**896.6**	**736.8**	**22%**
Greek Operations	645.2	580.2	11%
International Operations	251.4	156.6	61%
Impairment losses on loans and receivables	**173.2**	**115.9**	**49%**
Greek Operations	101.2	76.3	33%
International Operations	72.0	39.6	82%
Share of profit of associates	18.9	4.9	>100%
Profit before tax	**600.8**	**626.0**	**-4%**
Greek Operations	439,2	513.3	-14%
International Operations	161.6	112.8	43%
Income tax expense	54.4	94.0	-42%
Minority interests	16.2	29.3	-45%
Net Profit attributable to Shareholders excluding additional provisions	**530.1**	**502.7**	**5%**
Greek Operations	386.7	423.0	-9%
International Operations	143.4	79.7	80%

In line with the Group's decision to adjust its tactics to the current economic conditions, the Group has suspended its branch network expansion both in Greece and abroad, for as long as the crisis lasts. At the same time the deceleration of growth requires the containment of the Group's operating cost. It is reminded, that more than 70% of the Group's **branches** (41% in Greece and 93% abroad) have less than 5 years of operation, indicating the significant potential for strengthening volumes and revenues in the following periods, as branches will gradually "mature".

Branch network	Operating up to 1 year	Operating for 2-3 years	Operating for 4-5 years	Operating > 5 years	Total 31.12.08
Greece	38	47	62	211	**358**
Abroad	113	248	140	36	**537**
Total	**151**	**295**	**202**	**247**	**895**

Note: One-off trading gains are excluded where 2007 results are mentioned

GROUP COST ANALYSIS ON A COMPARABLE BASIS

Operating cost in Greece increased by 8% on a like-for-like basis, while the cost of its international operations increased 39% respectively. It is noted that during the last year 151 new branch units were opened, 38 in Greece and 113 abroad. Employees increased by 1,898 or 15% since December 2007 (Greece: +4% and abroad: +28%) and reached 14,255 people (Greece: 6,889 and abroad: 7,366).

ANALYSIS OF GROUP OPERATING COST (€ mn)	2008	2007	Δ
Greece on a comparable basis	**613.2**	**568.1**	**8%**
Special Fire Department & fire victims Donation	8.7	5.0	
AVIS Hellas	14.7	7.2	>100%
New branches of the last 12 months in Greece	8.6		
International operations on a comparable basis	**216.9**	**156.6**	**38%**
Cyprus	20.2		
New branches of the last 12 months abroad	14.3		
Total Group operating cost on a comparable basis	**830.1**	**724.6**	**15%**
Total Group operating cost	**896.6**	736.8	22%

More specifically, the cost evolution was as follows:

- **staff expenses** in Greece on a like-for-like basis amounted to €311 mn in 2008, showing an increase of 3% on an annual basis, while regarding foreign operations were up by 33% respectively.

ANALYSIS OF GROUP STAFF COST (€ mn)	2008	2007	Δ
Group staff costs	442.1	379.0	17%
Greece on a comparable basis	**311.3**	**301.4**	**3%**
- AVIS Hellas	9.6	4.0	>100%
- New branches of the last 12 months in Greece	5.2		
International operations on a comparable basis	**97.9**	**73.6**	**33%**
- Cyprus	12.4	1.3	
- New branches of the last 12 months abroad	5.7		
Staff expenses on a comparable basis	**409.1**	**375.0**	**9%**

- on a like-for-like basis, **general administrative expenses** in Greece reached €260 mn in 2008, recording an increase of 15%, while expenses abroad increased by 31% on a comparable basis.

ANALYSIS OF GROUP ADMINISTRATIVE COSTS (€ mn)	2008	2007	Δ
Group administrative costs	382.5	303.9	26%
Greece on a comparable basis	**259.7**	**226.8**	**15%**
- Special Fire Department & fire victims donation	8.7	5.0	74%
- AVIS Hellas	5.3	1.7	>100%
- New branches of the last 12 months in Greece	2.7		
International operations on a comparable basis	**92.1**	**70.4**	**31%**
- Cyprus	6.6		
- New branches of the last 12 months abroad	7.4		
Group administrative costs on a comparable basis	**351.8**	**297.2**	**18%**

Impairment losses on loans and receivables were €388 mn in 2008, compared to €116mn in 2007, essentially increasing the buffer for absorbing potential losses.

Note: One-off trading gains are excluded where 2007 results are mentioned

GOALS FOR 2009

In line with current economic conditions and anticipated significant growth deceleration in the countries of Piraeus Bank Group's operations, the 2009 goals are summarized below:

- High Quality of credit portfolio: Piraeus Bank Group, despite the significant growth achieved in lending over the past years, has implemented a prudent and selective policy aiming to maintain the loans in arrears above >90 days ratio at a particularly satisfactory level (3.56%) and among the lowest in the market. The Group continues, on a daily basis, to monitor carefully its loan portfolio, taking timely whatever measures are required to safeguard quality.
- Ensure Liquidity: Balanced growth of deposits and loans, while a series of loan securitizations are planned in order to raise liquidity in excess of €3bn. In addition, Piraeus Bank will make use of the government's support plan, accessing €2.5 bn of liquidity that has been earmarked to the Group (apart from the €865 mn of special bonds that have already been received).
- Drastic Cost Containment: The deceleration of the Groups' growth rates requires cost containment. Our target for 2009 is to keep operating cost at 2008 levels.
- Capital Adequacy: Post completion of the preferred shares capital increase by €370 mn (resolved by the Shareholders' Extraordinary General Meeting in favour of the Greek State), our target for 2009 is to maintain the Tier I ratio at a high level.
- Credit Expansion: Within the context of the international and the Greek economy, the Group's lending growth is estimated to be limited between 5% and 10%.

RECENT DEVELOPMENTS

The Shareholder's Extraordinary General Meeting which was held on 23.1.2009, approved the share capital increase by €370mn, with the issue of 77,568,134 preferred shares of a nominal value of €4.77 each and cancellation of the pre-emptive right of existing shareholders in favour of the Greek State in accordance with the provisions of law 3723/2008 re "providing enhanced liquidity to the economy to address the consequences of the international financial crisis".

Athens, 27 February 2009

Note:

The Annual Consolidated and Parent Financial Statements of fiscal year 2008 will be published on Thursday March 12th 2009.

Note: One-off trading gains are excluded where 2007 results are mentioned