

FULL YEAR 2006 RESULTS**65% INCREASE IN NET PROFIT TO €435 MILLION**

'Consistency with our strategic choices and the momentum we have developed over the last years have led to exceptional results. Net profit for 2006 increased by 65%, climbing to €435 mn. This performance has surpassed our initial guidance for net profit in excess of €380 mn. The high growth rates of size and profitability have once again confirmed our customers' trust, our personnel's determination, as well as the Group's management efficiency. At the same time, these facts set a solid base for the implementation of our new 4-year Business Plan. At the end of the period 2007-2010 Piraeus Group aims at assets of €65 billion (more than double compared to the current figure), loans of €52 billion, net profit of €1 billion and more than 900 branches, both in Greece and abroad. Our strategic objective remains intact, to become the main bank of service for SMEs, while also being strong in providing solutions to individuals' banking needs and to be distinguished as a significant regional 'player' in the banking sector of South Eastern Europe & Eastern Mediterranean'.

Michalis Sallas, Chairman of BoD

KEY POINTS OF FY 2006 PERFORMANCE

- Increase of Group's net profit after tax and minority interests in 2006 to €434.7 mn against €263.8 mn in 2005, i.e. increased by 65%. Profit before tax totalled €556.6 mn against €304.6 mn last year, i.e. increased by 83%
- Rise of after tax earnings per share by 56% to €1.66 versus €1.06 last year
- Rise of net interest income by 28% and net commission income by 26% versus last year
- Retaining of NIM (net interest income on average interest earning assets) above 3.25%
- Improvement of "cost to income" ratio to 48.4% down from 57.9% last year, achieving the goal of "cost to income" ratio below 50% two years earlier
- Enhancement of RoE to 29.0% up from 21.0% in 2005 and RoA to 1.68% up from 1.40%
- Improvement of asset quality by 104bps, with NPLs ratio to 2.37% from 3.41% last year. This target was also accomplished one year earlier
- Branch expansion to 536 branches in 2006 (from 449 branches in 2005). Out of the total of 536 branches, 28% have been established in the last two years, while all of them grow at a rapid pace
- Creation of 1,102 new jobs: 271 in Greece and 831 abroad.

STRATEGIC FINANCIAL TARGETS FOR THE 4-YEAR PERIOD 2007-2010

- After tax profit CAGR by 24% for the 4-year period 2007-2010 (from €435 mn in '06)
- Before tax profit excluding trading gains CAGR by 30% for the 4-year period 2007-2010 (from €389 mn in '06)
- Sustainability of after tax ROE at 30% for the period 2007-2010
- Reduction of Cost to Income ratio below 44% by 2010

- Improvement of NPLs ratio below 2.0% by 2010

PROPOSED DIVIDEND

Following the distribution of an interim dividend for financial year 2006 of €0.32 per share, the Bank's Board of Directors has decided to propose to the Annual General Meeting of shareholders the distribution of a €0.64 total dividend per share for financial year 2006, compared to €0.40 dividend per share in 2005 (after the adjustment of the distribution of 1 bonus share for each 4 existing ones in 2006), increased by 60%. Hence, the balance to be distributed to shareholders as dividend amounts to €0.32. The total dividend amount is equal to a 3.2% dividend yield based on the average share price in 2006.

PIRAEUS GROUP BALANCE SHEET

Balance sheet items (€ mn)	Dec.'06	Dec.'05	Δ %
Assets	30,931	23,545	31%
Gross loans	20,804	15,884	31%
Deposits and Debt Securities	23,002	17,546	31%
Total Equity	1,832	1,608	14%

At the end of December 2006, the Group's **total assets** amounted to €30,931 mn against €23,545 mn in December 2005, i.e. increased by 31%. Loan portfolio posted the same high growth rate of 31%, climbing at

the end of December '06 to €20,804 mn, much higher than the Greek banking market (19% estimate). It is noted that the loans from international operations represented an impressive growth of 57%, reaching €2,920 mn.

Mortgage lending reported higher increase than the growth rate of the Greek market (28% estimate) on an annual basis, i.e. 31%, with balances up to €4,442 mn in December '06 against €3,386 mn a year ago.

Consumer loan portfolio grew by 25% y-o-y, reaching €2,904 mn at the end of December '06 versus €2,318 mn a year ago. Total loans to individuals constituted 36% of the loan portfolio at the end of December '06, remaining at the same level of 2005.

Group loans (€ mn)	Dec. '06	Dec. '05	Δ %
Loans to corporates	13,458	10,181	32%
Loans to individuals	7,347	5,703	29%
Total loan portfolio	20,804	15,884	31%

Loans to small and medium-sized enterprises both in Greece and abroad, a segment in which the Group holds strong position and expertise, advanced by 36%,

amounting to €8,803 mn at the end of December 2006, compared to €6,487 mn a year ago. This segment accounts for 42% of the Group's total loan portfolio.

Loans to medium-large corporates, including shipping, constitute 22% of the total loan portfolio and amounted to €4,655 mn at the end of December '06 versus €3,694 mn a year ago, up by 26%.

The **loan portfolio quality** recorded significant improvement, as non-performing loans (NPLs) were 2.37% of gross loans against 3.41% a year ago, hence accomplishing the target for NPLs ratio below 2.5% a year

earlier. This is an outcome of the implementation of a prudent credit policy, the effective management of the problematic loan portfolio and the write-offs of claims against existing provisions¹ (€121 mn write-offs in the full year '06, in addition to €138 mn in the full year '05). These write-offs resulted in the substantial improvement of the loan portfolio quality, as non-performing loans are also covered from significant collaterals. The coverage ratio of NPLs is one of the highest in the Greek banking system, standing at 77%.

Group deposits and debt securities (€ mn)	Dec. '06	Dec. '05	Δ %
Savings and sight	7,661	6,922	11%
Term, repos and retail bonds issued	10,303	7,108	45%
Total deposits	17,964	14,030	28%
Debt securities (to institutional investors)	5,037	3,516	43%
Total deposits & debt securities	23,002	17,546	31%

Deposits, including retail bonds issued that are being sold to customers through the branch network, reached €17,964 mn, raised by 28% on a yearly basis, again significantly higher than the Greek market (10% estimate). Savings deposits posted an annual increase of 7%, sight deposits 15% and time deposits, repos and retail bonds issued 45%.

Senior bonds issued by the Bank (through ECP and EMTN programmes), as well as mortgage backed securities reached €5,262 mn at the end 2006 from €3,746 mn a year ago, i.e. up by 40%. **Subordinated debt** and **hybrid bonds** amounted to €1,005 mn at the end of December '06 compared to €604 mn a year ago.

The high growth rate of new customer funds led to a ratio of **"loans to customer deposits"** equal to 113.7% in Dec. '06, while including the debt securities held by institutional investors, mainly abroad, the ratio stands at 88.8%, remaining at the last year's level.

Group total equity (€ mn)	Dec. '06	Dec. '05	Δ %
Shareholders' funds	1,616	1,378	17%(*)
Minority interests	216	229	-6%
Total equity	1,832	1,608	14%
(*) 24% like-for-like, including the interim dividend's impact			

Total equity of the Group amounted to €1,832 mn as opposed to €1,608 mn last year (+14%). Shareholders' funds at the end 2006 were enhanced by €238 mn (+17%), rising to €1,616 mn against €1,378

mn at the end 2005, due to the significantly increased profitability. Taking into account the distribution of the interim dividend in December 2006, the comparable increase of shareholders' funds is 24%. **Total regulatory capital** of the Group amounted to €2,450 mn (estimate) at the end of December '06, while the **capital adequacy ratio** is estimated at 11.3% with Tier I at 7.5%.

¹ Piraeus Bank, according to Bank of Greece guidance, proceeded to write-offs of consumer loans past-due over 1 year, a part of which, statistically, is expected to be recovered gradually

INCOME STATEMENT ANALYSIS OF PIRAEUS GROUP²

Group's net profit after tax and minority interests amounted to €434.7 mn against €263.8 mn for 2005, increased by 65%. After tax earnings per share, based on the average number of shares of 2006, rose to €1.66 versus €1.06 last year, i.e. increased by 56%.

	12m '06	12m '05	Δ %
Net profit (€ mn)	434.7	263.8	65%
Profit before tax (€ mn)	556.6	304.6	83%
RoE	29.0%	21.0%	800 bps
RoA	1.68%	1.40%	28bps
Cost to income	48.4%	57.9%	-950 bps

The Group's **pre-tax profit** recorded an increase of 83% amounting to €556.6 mn against €304.6 mn last year. This substantial improvement in profitability is mainly attributed to the Group's organic growth arising from recurring operations, with **profit**

before tax, excluding net trading gains and gains from investment securities amounting to €388.2 mn versus €202.7 mn in 2005, increased by 91%.

Group's net revenues (€ mn)	12m '06	12m '05	Δ %
Net interest income	715.1	558.7	28%
Net commission income	180.7	143.6	26%
Other income	159.8	96.6	65%
Net revenues excl. net trading gain & gains from inv. securities	1,055.6	798.9	32%
Net trading gains & gains from investment securities	168.4	101.9	65%
Total net revenues	1,224.0	900.8	36%

Total net revenues excluding net trading gains and gains from investment securities amounted to €1,055.6 mn in 12m '06 compared to €798.9 mn of last year, up by 32%. Including the respective amount, total net revenues reached €1,224.0 mn, boosted by 36%.

Net interest income rose by 28%, amounting to €715.1 mn compared to €558.7 mn in 12m '05. Net interest margin (net interest income on average interest earning assets) stood at 3.30% in 2006 against 3.33% in 2005.

Group's net commission (€ mn)	12m '06	12m '05	Δ %
Commercial banking	119.3	105.2	13%
Investment banking	43.7	22.9	91%
Asset management	17.7	15.6	14%
Total net commissions	180.7	143.6	26%

Net commission income totalled €180.7 mn compared to €143.6 mn in 12m '05, an increase of 26%. Net fee and commission income from investment banking jumped (91%), due to the increased income from brokerage and advisory services.

Dividend income reached €18.5 mn versus €19.5 mn last year, as a consequence of the reduction of the trading equity portfolio of the Group.

² Piraeus Bank Beograd (former Atlas Bank) and Piraeus Bank Bulgaria (former Eurobank in Bulgaria) have been acquired and recorded in the Group's 2005 consolidated financial statements since the beginning of June 2005 and so has Piraeus Bank Egypt (former Egyptian Commercial Bank) since the end of June 2005

Net trading income and gains from investment securities reached €168.4 mn in 2006 versus €101.9 mn a year ago and €70.3 mn in 2004. The after-tax profit due to the unwinding of the cross-shareholding with ING amounted to €97.4 mn.

Other operating income, which includes revenues both from other banking and real estate activities, amounted to €141.3 mn against €77.2 mn for 2005, increased by 83%. The Group's investments in real estate sector have already begun to bear fruits, while its income accounts for 69% of other operating income in 2006 and it is expected to continue to generate steady and enhanced revenues in the following years. The remainder 27% of other operating income stems from financial companies and 4% from other subsidiaries.

Group's operating costs analysis (€ mn)	12m '06	12m '05	Δ %
Greek activities	491.3	453.3	8%
International activities	101.3	68.2	48%
Total operating cost	592.6	521.5	14%

Group network	Dec. '06	Dec. '05	Δ %
Number of branches	536	449	19%
> Greece	301	273	10%
> Abroad	235	176	34%
Head count	9,253	8,151	14%
> Greece	5,774	5,503	5%
> Abroad	3,479	2,648	31%

Group.

Group's staff costs analysis (€ mn)	12m '06	12m '05	Δ %
Greek activities	255.0	235.0	9%
International activities	46.8	29.9	57%
Total staff costs	301.8	264.9	14%

Group's G&A expenses (€ mn)	12m '06	12m '05	Δ %
Rents	36.3	32.5	12%
Third party expenses	37.8	29.2	29%
Advertisement	36.8	28.3	30%
Taxes (other than income)	34.9	29.1	20%
Support & promotion of products	25.5	22.7	12%
Other	76.0	72.2	5%
Total G&A expenses	247.4	214.1	16%
Greek activities	197.0	183.5	7%
International activities	50.4	30.6	65%
Total G&A expenses	247.4	214.1	16%

Operating cost in Greece amounted to €491.3 mn versus €453.3 mn in 2005, increased by 8%. Including the respective cost of international activities, total operating cost reached €592.6 mn versus €521.5 mn a year ago (+14%). The rise of cost is mainly due to the extended plan of expansion that is being implemented in Piraeus Bank Group, both domestically and abroad. In 12-month period, 87 new branches (28 in Greece and 59 abroad) and 1,102 employees (271 in Greece and 831 abroad) have been added to the

Staff expenses in Greece amounted to €255.0 mn compared to €235.0 mn in the previous year, raised by 9%, while the respective expenses from international activities advanced by 57%, due to the organic branch network expansion by 34% y-o-y. Total Group's staff costs amounted to €301.8 mn versus €264.9 mn in 2005, increased by 14%.

General administrative expenses in Greece equalled €197.0 mn versus €183.5 mn last year, showing a rise of 7%. The respective cost of the international subsidiaries amounted to €50.4 mn versus €30.6 mn last year, increased by 65%. The latter increase is mainly due to the enlargement of the Group's

branch network, in addition to the significant enhancement of activities.

Profit/loss from property and equipment disposal, which according to IFRS is included in operating expenses, equalled to €12.0 mn of profit against €4.6 mn of profit last year.

Depreciation expense was €55.4 mn versus €47.0 mn last year, increased by 18%, mainly related to the amortization of the intangible assets realized by the acquisition of the new banks, reducing respectively the goodwill of the new acquisitions.

The **efficiency ratio** "cost to income" stood at 48.4% versus 57.9% last year, as a result of the significantly higher revenue growth rate as compared to expenses. Hence, the target for "cost to income" ratio below 50% is being accomplished 2 years earlier.

Impairment losses on loans and advances were €74.3 mn in 2006 against €69.0 mn a year ago, increased by 8%. The Group's prudent credit expansion, the effective loan portfolio management coupled with a stabilized business environment, resulted in the improvement of its portfolio quality.

After-tax and minorities RoE presented a significant improvement and reached the satisfactory level of 29.0% versus 21.0% last year, while **after-tax RoA** amounted to 1.68% versus 1.40% a year ago.

LATEST DEVELOPMENTS

The Group Executive Board of Piraeus Bank on its meeting held on January 6th, 2007 resolved to introduce to the Board of Directors the implementation of the guidance that it had obtained by the BoD on July 12th, 2006, regarding the submission of a public offer to the shareholders of Marfin Financial Group (currently Marfin Popular Bank), as soon as the transformation of the Group was completed (considering the low possibility of acceptance of its proposal for a strategic co-operation to the Bank of Cyprus).

The Piraeus Bank's BoD approved unanimously the Group's Executive Board proposal on its extraordinary meeting held on January 11th, 2007, i.e. to proceed with the submission of a voluntary public offer to the shareholders of Marfin Popular Bank Public Co Ltd. The aforementioned voluntary public offer will aim at the acquisition of at least 40% and up to 100% of the share capital of Marfin Popular Bank Public Co Ltd and the consideration will consist of one (1) share of Piraeus Bank S.A. for every five and seven tenths (5.70) shares of Marfin Popular Bank Public Co Ltd, as determined by the fair and reasonable value of the two companies. This consideration is based on technical valuations relied on the fundamentals of each company (e.g. net loans, profit from recurring operations, presence in SE Europe etc), as well as qualitative issues of each Group, regarding the harmonization of personnel, the management's specialization and expertise, the integration of systems and infrastructures and their growth prospects in the neighbouring region. The Piraeus Bank shares offered on consideration will derive from a share capital increase of Piraeus Bank S.A. in favor of the shareholders of Marfin Popular Bank Public Co Ltd. The aforementioned voluntary public offer will be subject to the approval of the share capital increase by the Piraeus Bank S.A. Shareholders' Extraordinary General Assembly, which will be convened for this purpose on February 12th, 2007, as well as to obtaining all necessary approvals by the competent regulatory authorities, both in Cyprus and Greece. The investor community will be able to be more accurately informed via the relevant prospectus, after its approval by the supervisory authorities.

PIRAEUS BANK'S SHARE DATA

In the last twelve months, the closing price of Piraeus Bank's share fluctuated between €27.50³ (maximum, on Tuesday 30th January, 2007) and €15.62³ (minimum, on 1st February, 2006). The Bank's market capitalisation on 30.1.07 was €7.4 bn, ranked 7th in ATHEX. The number of outstanding shares of Piraeus Bank at the end of December '06 was 268,588,043 (on January 10th '07, the total number of shares increased to 270,195,031, following the exercise of matured options granted to employees), while the weighted average number of the shares traded during 2006 (excluding treasury stock) was 262,253,739. The liquidity of Piraeus Bank stock in ATHEX remains particularly high, with a percentage of 84.6% (Jan. '06 - Dec. '06) compared to 64.8% of the banking index respectively.

Athens, January 31st 2007

Note: FY 2006 Financial Statements have been approved on January 30th, 2007 by the BoD of Piraeus Bank and will be released on February 14th, 2007.

³ *Adjusted prices*

Group Income Statement (€ mn)	12m '06	12m '05	Δ %
Net interest income	715.1	558.7	28.0%
Net commission income	180.7	143.6	25.8%
Total of net interest income and net commissions	895.8	702.3	27.6%
Dividend income	18.5	19.5	-4.9%
Net trading income & gains less losses from inv. securities	168.4	101.9	65.3%
Other operating income	141.3	77.2	83.1%
Net Revenues	1,224.0	900.8	35.9%
Staff expenses	301.8	264.9	13.9%
Administrative expenses	247.4	214.1	15.5%
(Profit)/loss on sale of property and equipment	(12.0)	(4.6)	>100%
Depreciation	55.4	47.0	17.8%
Operating Expenses	592.6	521.5	13.6%
Impairment losses on loans	74.3	69.0	7.7%
Impairment of fixed assets	2.7	7.4	-63.6%
Share of profit of associates	2.2	1.7	24.0%
Profit Before Tax	556.6	304.6	82.7%
Income tax expense	100.1	21.9	>100%
Profit After Tax	456.5	282.7	61.5%
Minority Interest	21.8	19.0	15.0%
Profit after tax attributable to shareholders	434.7	263.8	64.8%
EPS attributable to shareholders (€) :			
- Basic	1.66	1.06	55.9%
- Diluted	1.65	1.06	55.0%

Consolidated Balance Sheet (€ mn)	31.12.2006	31.12.2005	Δ% 31.12.05
Cash and balances with Central Banks	1,885	1,570	20.1%
Treasury bills	165	222	-25.6%
Loans and advances to banks	2,627	2,220	18.3%
Loans and advances to customers	20,804	15,884	31.0%
Minus provisions	378	433	-12.7%
Net loans and advances	20,427	15,451	32.2%
Financial assets at FV through P&L	2,021	1,180	71.3%
- bonds	1,889	1,102	71.4%
- shares	132	78	69.7%
Investment securities	1,400	781	79.2%
- bonds	1,300	686	89.6%
- shares	100	96	4.5%
Investments in associates	30	66	-54.7%
Goodwill	139	141	-1.5%
Other intangibles	53	61	-12.8%
Property, plant and equipment	524	431	21.5%
Investment Property	620	542	14.3%
Held for sale	13	12	7.4%
Deferred tax assets	100	137	-26.9%
Other assets	926	730	26.9%
Total Assets	30,931	23,545	31.4%
Deposits from banks	4,883	3,536	38.1%
Due to customers (including retail bonds)	17,906	13,884	29.0%
Customers' repos	58	146	-60.2%
Debt securities to institutional investors (ECP, EMTN, RMBS, hybrid)	5,037	3,516	43.3%
Deposits and debt securities	23,002	17,546	31.1%
Deferred tax liabilities	72	60	19.7%
Retirement benefit obligations	153	155	-0.9%
Other liabilities	989	641	54.2%
Total Liabilities	29,098	21,938	32.6%
Shareholders' funds	1,616	1,378	17.3%
Minority interest	216	229	-5.7%
Total Equity	1,832	1,608	14.0%
Total Liabilities & Equity	30,931	23,545	31.4%

Group Customer Loans (€ mn)	31.12.06	31.12.05	Δ% 31.12.05
Medium-large corporates	4,655	3,694	26.0%
Small and medium-sized enterprises	8,803	6,487	35.7%
Loans to corporates	13,458	10,181	32.2%
Mortgages	4,442	3,386	31.2%
Consumer loans & credit cards	2,904	2,318	25.3%
Loans to households	7,347	5,703	28.8%
Total gross loans to customers	20,804	15,884	31.0%

Group Customer Deposits (€ mn)	31.12.06	31.12.05	Δ% 31.12.05
Savings	3,626	3,403	6.6%
Sight-current	4,034	3,519	14.6%
Term	8,774	5,916	48.3%
Retail bonds issued and other deposits	1,471	1,046	40.6%
Total deposits	17,906	13,884	29.0%
Repos	58	146	-60.2%
Total deposits and repos	17,964	14,030	28.0%
Debt securities (to institutional investors)	5,037	3,516	43.3%
Deposits and debt securities	23,002	17,546	31.1%

KEY RATIOS	2006	2005
RoE	29.0%	21.0%
RoA	1.68%	1.40%
Cost to income	48.4%	57.9%
Net interest margin	3.30%	3.33%