



PIRAEUS BANK S.A.

**Interim Condensed Financial
Statements**

30 September 2006

**According to the International
Financial Reporting Standards**

The attached interim condensed financial statements have been approved by the Piraeus Bank S.A. Board of Directors on November 8th, 2006 and they are available in the web site of Piraeus Bank at www.piraeusbank.gr

These financial statements have been translated from the original statutory financial statements that have been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language financial statements, the Greek language financial statements will prevail over this document.

Index to the Interim Condensed Financial Statements

Note		Page
	Interim Income Statement	2
	Interim Balance Sheet	3
	Interim Statement of Changes in equity	4
	Interim Cash Flow Statement	5
 Notes to the Interim Condensed Financial Statements 		
1	General information about the Bank	6
2	General accounting policies of the Bank	6
3	Basis of presentation of the Bank's Interim Condensed Financial Statements	6
4	Critical accounting estimates and judgements	6
5	Business Segments	7
6	Gains less losses from investment securities	8
7	Income tax expense	8
8	Earnings per share	8
9	Loans and advances to Credit Institutions	9
10	Derivative Financial Instruments	9
11	Financial assets at Fair Value through Profit and Loss	9
12	Loans and advances to customers	10
13	Investment securities	10
14	Investment in Subsidiaries and Associates	11
15	Due to Banks	12
16	Due to customers	12
17	Debt securities in issue	12
18	Other borrowed funds	12
19	Deferred income tax	13
20	Retirement benefit obligations	14
21	Other liabilities	15
22	Contingent liabilities and commitments	16
23	Share capital	16
24	Other reserves and retained earnings	18
25	Related parties transactions	18
26	Post balance sheet events	19

INTERIM INCOME STATEMENT

	Note	Period from 1 January to		Period from 1 July to	
		30 September 2006	30 September 2005	30 September 2006	30 September 2005
Interest and similar income		1,009,332	674,988	372,396	248,890
Other interest expense and similar charges		(585,562)	(341,411)	(226,769)	(134,481)
NET INTEREST INCOME		423,770	333,577	145,627	114,409
Fee and commission income		94,349	80,367	30,825	27,661
Fee and commission expense		(22,521)	(18,401)	(8,768)	(6,787)
NET FEE AND COMMISSION INCOME		71,828	61,966	22,057	20,874
Dividend income		27,894	50,471	3,305	843
Net trading income		10,904	6,067	506	3,448
Gains/ (Losses) from investment securities	6	132,402	8,679	(329)	175
Other operating income		13,127	12,200	1,466	2,419
TOTAL NET INCOME		679,925	472,960	172,632	142,168
Staff costs		(159,205)	(149,277)	(54,684)	(49,192)
Administrative expenses		(125,830)	(117,093)	(40,153)	(43,252)
Depreciation and amortisation		(22,108)	(20,686)	(7,356)	(6,996)
Gains/ (Losses) from sale of property, plant and equipment		(2,054)	187	59	585
Impairment losses on loans and advances	12	(43,022)	(57,500)	(10,645)	(19,783)
TOTAL OPERATING EXPENSES		(352,219)	(344,369)	(112,779)	(118,638)
PROFIT BEFORE INCOME TAX		327,706	128,591	59,853	23,530
Current tax	7	(19,928)	(7,732)	(3,656)	(1,455)
Deferred tax	7	(27,191)	(10,182)	(8,416)	(1,439)
PROFIT FOR THE YEAR		280,587	110,677	47,781	20,636
Earnings per share (in euro):					
- Basic	8	1.07	0.45	0.18	0.08
- Diluted	8	1.06	0.45	0.18	0.08

INTERIM BALANCE SHEET

	Note	30 September 2006	31 December 2005
ASSETS			
Cash and balances with central banks		1,029,140	1,218,081
Loans and advances to Credit Institutions	9	4,092,654	2,138,356
Derivative financial instruments - assets	10	41,301	18,979
Financial assets at fair value through Profit and Loss	11	362,275	1,132,300
Loans and advances to customers (net of provisions)	12	17,750,778	14,587,170
Investment securities			
-Available for sale securities	13	856,942	415,790
Investments in subsidiaries		1,018,192	959,450
Investments in associated undertakings		39,765	46,426
Intangible assets		11,455	10,174
Property, plant and equipment		191,368	163,553
Investment property		19,141	29,362
Deferred tax assets	19	102,045	115,871
Inventory-property		40,142	28,403
Other assets		398,374	290,186
TOTAL ASSETS		25,953,572	21,154,101
LIABILITIES			
Due to Banks	15	4,639,009	3,422,407
Derivative financial instruments - liabilities	10	42,094	35,515
Due to customers	16	13,039,553	11,451,453
Debt securities in issue	17	5,212,417	3,725,139
Other borrowed funds	18	1,000,171	599,857
Retirement benefit obligations	20	145,968	151,446
Other provisions for risks		23,612	24,087
Current income tax liabilities		19,399	20,168
Deferred tax liabilities	19	31,504	33,280
Other liabilities	21	333,915	231,751
TOTAL LIABILITIES		24,487,642	19,695,103
EQUITY			
Ordinary shares	23	1,281,165	1,024,932
Share premium	23	71,443	330,643
Less: Treasury shares	23	(148,372)	(17,590)
Other reserves	24	36,005	75,885
Retained earnings	24	225,689	45,128
TOTAL EQUITY		1,465,930	1,458,998
TOTAL EQUITY AND LIABILITIES		25,953,572	21,154,101

INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital	Share Premium	Treasury shares	Other reserves	Valuation of securities at 1st time adoption of IFRS (art. 38, Law 2238/ 1994)	Other retained earnings	TOTAL
Opening balance as at 1 January 2005		831,067	365,733	(16,050)	54,800	(230,148)	(32,523)	972,879
Purchases of treasury shares	23			(57,001)				(57,001)
Sales of treasury shares	23			42,389			7,670	50,059
Available for sale reserve	24				20,473			20,473
Prior year dividends							(80,103)	(80,103)
Profit after tax 1/1/2005-30/9/2005	24						110,677	110,677
Mergers and other movements					279		(685)	(406)
Balance as at 30 September 2005		831,067	365,733	(30,662)	75,552	(230,148)	5,036	1,016,578

	Note	Share Capital	Share Premium	Treasury shares	Other reserves	Valuation of securities at 1st time adoption of IFRS (art. 38, Law 2238/ 1994)	Other retained earnings	TOTAL
Opening balance as at 1 October 2005		831,067	365,733	(30,662)	75,552	(230,148)	5,036	1,016,578
Absorption of companies - cancellation of treasury shares	23	193,865	(35,090)		1		76,964	235,740
Purchases of treasury shares	23			(40,161)				(40,161)
Sales of treasury shares	23			53,233			3,769	57,002
Available for sale reserve	24				38,720			38,720
Reserve for stock option plan					200			200
Utilization of the reserve formed according to article 38, Law 2238/ 1994						118,933	(118,933)	0
Utilization of legal reserve against the 1st time adoption adjustments					(51,667)		51,667	0
Profit after tax 1/10/2005 - 31/12/2005	24				13,080		137,840	150,920
Balance as at 31 December 2005		1,024,932	330,643	(17,590)	75,886	(111,215)	156,343	1,458,999

Opening balance as at 1 January 2006		1,024,932	330,643	(17,590)	75,886	(111,215)	156,343	1,458,999
Capitalization of share premium reserve	23	256,233	(259,200)					(2,967)
Purchases of treasury shares	23			(205,574)				(205,574)
Sales of treasury shares	23			74,792			7,199	81,991
Available for sale reserve	24				(43,269)			(43,269)
Dividend for prior year	24						(107,435)	(107,435)
Reserve for stock option plan					3,960			3,960
Profit after tax 1/1/2006-30/9/2006	24						280,587	280,587
Absorption of companies					(572)		210	(362)
Balance as at 30 September 2006		1,281,165	71,443	(148,372)	36,005	(111,215)	336,904	1,465,930

INTERIM CASH FLOW STATEMENT

	Note	From January 1st to	
		30 September 2006	30 September 2005
Cash flows from operating activities			
Profit before Tax		327,706	128,591
Adjustments to profit before tax:			
Add: impairment losses on loans and advances	12	43,022	57,500
Add: depreciation and amortisation		22,108	20,687
Add: retirement benefit/charge	20	17,239	19,516
Gains (deduct)/ Losses (add) from valuation of trading securities		(11,766)	1,970
Gains (deduct)/ Losses (add) from investing activities		(158,242)	(59,407)
Interest on debt securities in issue and other borrowed funds		129,284	-
		369,351	168,857
<i>Cash flows from operating activities before changes in operating assets and liabilities</i>			
<i>Changes in operating assets and liabilities:</i>			
Net (increase)/ decrease in cash and balances with Central Bank		(1,295)	(10,186)
Net (increase)/ decrease in trading securities		772,097	625,017
Net (increase)/ decrease in loans and advances to credit institutions		57,479	(17,027)
Net (increase)/ decrease in loans and advances to customers		(3,531,788)	(2,245,686)
Net (increase)/ decrease in other assets		(132,359)	42,271
Net increase/ (decrease) in due to Banks		1,293,108	1,259,178
Net increase/ (decrease) in amounts due to customers		1,706,808	1,363,983
Net increase/ (decrease) in other liabilities		100,915	(160,738)
		634,316	1,025,669
<i>Net cash flow from operating activities before income tax payment</i>			
Income tax paid		0	(12,338)
Net cash flow from operating activities		634,316	1,013,331
Cash flows from investing activities			
Purchases of property, plant and equipment		(63,521)	(26,566)
Sales of property, plant and equipment		10,961	17,129
Purchases of intangible assets		(6,589)	(3,305)
Purchase of available-for-sale securities	13	(682,496)	(96,795)
Sale of available-for-sale securities	13	316,282	102,932
Acquisition of subsidiaries		(63,089)	(227,506)
Acquisition of associates		(500)	(5,939)
Disposal of associates		8,529	-
Dividends from subsidiaries		17,725	42,955
Dividends from associates		1,093	-
Dividends from available for sale securities		6,369	7,338
Dividends from trading securities		589	-
Net cash flow from investing activities		(454,647)	(189,757)
Cash flows from financing activities			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		1,758,308	1,577,086
Dividends paid	24	(107,435)	(80,103)
Purchases of treasury shares	23	(205,574)	(57,001)
Sales of treasury shares	23	74,792	42,389
Other cash flows from financing activities		4,231	7,669
Net cash flow from financing activities		1,524,322	1,490,040
Effect of exchange rate differences on cash and cash equivalents		(202)	(1,401)
Net increase/ (decrease) in cash and cash equivalents		1,703,789	2,312,213
Cash and cash equivalents at beginning of period		3,189,817	1,267,065
Adjustment of opening balances of branch network in Bulgaria		166,156	0
Cash and cash equivalents at beginning of period after adjustments		3,355,972	1,267,065
Cash and cash equivalents at end of period		5,059,761	3,579,278

1 General Information about the Bank

Piraeus Bank S.A. is a banking institution operating in accordance with the provisions of Laws 2190/1920 on sociétés anonymes, 2076/1992 on credit institutions, and other relevant laws. According to article 2 of its Statute, the object of the company is to execute, on its behalf or on behalf of third parties, any and every operation acknowledged or delegated by law to banks.

Piraeus Bank is incorporated and domiciled in Greece and operates also in London (U.K.) employing in total 4.557 people. On 24/3/2006, Piraeus Bank Bulgaria A.D. absorbed Piraeus Bank branch network in Bulgaria.

Apart from the A.S.E. General Index, the Piraeus Bank share is included in a series of other indices, such as FTSE/ATHEX-20, Standard MSCI Greece, MSCI Europe, MSCI EAFE, DJ Euro Stoxx, DJ Euro Stoxx Banks, DJ Euro Stoxx Economic Sector Financial, FTSE4 Good Europe, FTSE4 Good Global and FTSE/ Med - 100.

It is noted that Standard & Poor's on 10/10/2006 has upgraded the long-term credit rating of Piraeus Bank S.A. to BBB+ from BBB, while short-term rating was sustained at A-2, and Fitch Ratings upgraded on 9/8/2006 Piraeus Bank's individual rating to B/C from C, as well as the credit rating outlook to positive from stable.

2 General accounting policies of the Bank

The same accounting policies and methods of computation as those in the annual financial statements for the year ended 31 December 2005 have been followed.

The amounts of the interim condensed financial statements attached are expressed in thousand euros.

3 Basis of presentation of the Bank's interim condensed financial statements

The interim condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and they should be read along with the Bank's annual financial statements for the year ended 31 December 2005, which are the first annual financial statements that have been prepared in accordance with International Financial Reporting Standards (IFRS).

Piraeus Bank prepares, except for the attached interim condensed stand alone financial statements, consolidated interim financial statements which include the financial statements of the Bank and its subsidiaries.

4 Critical accounting estimates and judgements

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1. Impairment losses on loans and advances

The bank reviews its loan portfolios to assess impairment in every reporting period. In determining whether an impairment loss should be recorded in the income statement, the bank has set a methodology and uses various assumptions as to whether there is any indication of impairment of the loan portfolio. The methodology and assumptions used are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

2. Fair value of derivatives

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. All models use observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Assumptions that affect the reported fair values of financial instruments are examined regularly.

3. Impairment of the available for-sale investments

The available for sale investments are carried out at fair value; any fluctuations in the fair value are recorded in the available for sale reserve. The bank determines that the available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. When this occurs the AFS reserve is transferred to the income statement of the period. This determination of what is significant or prolonged decline in fair value requires judgement. Also, judgement is required for the estimation of the fair value of investments that are not listed in a market. The fair value of the non listed available for sale investments is determined through various financial models taking also into account other factors such as evidence of deterioration in the financial health of the investee and industry and sector performance.

4. Income taxes

The bank is subject to income taxes in the countries in which it operates. This requires estimates in determining the provision for income taxes and therefore the final income tax determination is uncertain during the fiscal year. Where the final income tax expense is different from the amounts that were initially recorded, differences impact the income tax and deferred tax provisions in the period in which the tax computation is finalised.

5 Business segments

Piraeus Bank has defined the following business segments:

Retail Banking - This segment includes the retail banking facilities of the Bank, which are addressed to retail customers, as well as to small-medium companies (deposits, loans, working capital, imports – exports, letters of guarantees, etc.)

Corporate Banking - This segment includes facilities related to retail banking addressed to large and maritime companies, which due to their specific needs are serviced centrally (deposits, loans, syndicated loans, project financing, working capital, letters of guarantees, etc.).

Investment Banking - This segment includes activities related to investment banking facilities of the Bank (investment and advisory services, underwriting services and public listings, stock exchange services, etc.).

Asset Management and Treasury – This segment includes asset management facilities for clients and for the Bank (wealth management facilities, mutual funds management, treasury).

Other – Includes other facilities of the bank that are not included in the above segments (Bank's administration etc.).

An analysis of income and other financial figures per business segment is presented below:

1/1-30/9/2006	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other	Total
Revenues	641,532	179,160	10,552	283,009	173,755	1,288,008
Net Revenues	435,094	69,999	9,959	28,810	136,063	679,925
Segment Results	157,461	19,983	9,550	11,412	129,300	327,706
Profit before tax						327,706
Income tax expense						(47,119)
Profit after tax						280,587
Other segment items						
Depreciation	9,236	207	2	532	12,131	22,108
Impairment losses on loans and advances	31,600	11,169	-	-	253	43,022
1/1-30/9/2005	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other	Total
Revenues	538,500	169,089	59,770	25,740	39,673	832,772
Net Revenues	358,874	45,894	28,530	19,444	20,218	472,960
Segment Results	84,753	21,587	17,724	4,527	-	128,591
Profit before tax						128,591
Income tax expense						(17,914)
Profit after tax						110,677
Other segment items						
Depreciation	7,368	402	5	427	12,484	20,686
Impairment losses on loans and advances	42,354	15,144	-	2	-	57,500
At 30 September 2006						
Segment assets	12,380,198	5,070,371	-	5,388,610	3,114,393	25,953,572
Segment liabilities	13,433,296	482,169	-	9,885,669	686,508	24,487,642
At 31 December 2005						
Segment assets	10,211,962	4,625,644	-	3,847,168	2,469,327	21,154,101
Segment liabilities	11,287,737	640,951	-	6,497,173	1,269,242	19,695,103

6 Gains less losses from investment securities

	1/1-30/9/2006	1/1-30/9/2005
Gains less losses on AFS - shares and mutual funds	132,410	8,248
Gains less losses on AFS - bonds	(8)	431
	132,402	8,679

In compliance with the Strategic Alliance Agreement dated 18/1/2002 of Piraeus Bank and the companies "ING Greek Life Insurance Company S.A." and "ING Greek General Insurance Company S.A" on the liquidation of their respective cross-shareholdings, the following events took place during the first quarter of 2006:

α) the sale to institutional investors via an accelerated bookbuilding process of the entire number of Piraeus Bank's shares which were held by the companies "ING Greek Life Insurance Company S.A." and "ING Greek General Insurance Company S.A" and

β) the sale of Piraeus Bank's entire holding of certificates of ING Groep N.V. shares through a series of moderated sales on Euronext Amsterdam.

The gain before tax from the above transactions was € 129.8 million and it was recorded in Piraeus Bank's books.

7 Income tax expense

	1/1-30/9/2006	1/1-30/9/2005
Current Tax	(19,928)	(7,732)
Deferred Tax (Note 19)	(27,191)	(10,182)
	(47,119)	(17,914)

Tax authorities have audited Piraeus Bank's tax position for the years up to and including 2003. For the unaudited tax years a provision has been raised according to International Financial Reporting Standards (IFRS).

The tax ratio for legal entities, in accordance with the provisions in force of article 109, par. 1 of Law 2238/94, amounts to 32% for the year 2005 and 29% for the year 2006.

However, upon completion of the merger with the Hellenic Investment Company during 2005, in accordance with the provisions of article 9, par. 2 and 3 of Law 2992/2002, the Bank defined the amount of the income tax for the year 2005 according to a tax ratio, on its taxable profits, reduced by five (5) percentage points, namely 27% (32% minus 5%). For the year 2006, income tax will be defined according to a tax ratio, on the Bank's taxable profits, similarly reduced by five (5) percentage points, namely 24% (29% minus 5%). Furthermore, it should be noted that the article 7 of Law 3470/2006 (Government Gazette Issue 132A/28.6.2006) "National Board of Imports, tax arrangements and other provisions" specifies that the tax benefit of companies which are entitled to a reduced tax ratio, based on the provisions of Law 2992/2002 (article 9, par. 1, 2 and 3), is allocated in equal sums in three consecutive accounting periods, starting with the accounting period within which the change was completed, and it concerns only the cash management of the specific tax amount.

8 Earnings per share

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of shares in issue during the period, excluding the average number of ordinary shares purchased by Piraeus Bank and held as treasury shares. Also, the diluted earnings per share have been calculated taking into account the 2nd and 3rd program of share option plan (note 23).

	1/1-30/9/2006	1/1-30/9/2005	1/7 - 30/9/2006	1/7 - 30/9/2005
Basic earnings per share				
Profit after tax	280,587	110,677	47,781	20,636
Weighted average number of shares in issue	263,266,777	247,941,718	258,852,996	247,914,495
Basic earnings per share (in euros)	1.07	0.45	0.18	0.08
 Diluted earnings per share				
Profit after tax	280,587	110,677	47,781	20,636
Weighted average number of shares in issue	263,266,777	247,941,718	258,852,996	247,914,495
Adjustment for share options	1,385,748	64,611	1,796,101	236,014
Weighted average number of shares in issue for the diluted earnings per share calculation	264,652,525	248,006,329	260,649,097	248,150,509
Diluted earnings per share (in euros)	1.06	0.45	0.18	0.08

The weighted average number of shares for the calculation of the basic and diluted EPS has been adjusted in accordance with the requirements of IAS 33 proportionally from 1/1/2005, in order to take into account the bonus issue (1 free new share for every 4 old shares) which was decided by the 2nd Iterative General Meeting on 15/5/2006.

9 Loans and advances to Credit Institutions

	30 September 2006	31 December 2005
Placements with Banks	4,092,654	1,994,612
Reverse repurchase agreements (reverse repos)	-	143,744
Total loans and advances to credit institutions	4,092,654	2,138,356

10 Derivative Financial Instruments

At 30 September 2006

	Contract/Notional Amount	Fair values	
		Assets	Liabilities
Derivatives held for trading			
Futures	28,600	-	-
Asset swaps	100,915	1,040	10,659
Interest rate swaps	5,495,899	31,628	33,637
FX forwards	114,941	466	-
Currency swaps	2,377,903	(1,453)	-
Options	800,000	318	162
Other derivative instruments	446,747	1,350	(1,162)
		33,350	43,295
Embedded equity derivatives			
Customer deposits/ loans linked to options	274,223	7,729	(2,773)
Derivatives held for fair value hedging			
Interest rate swaps	114,024	223	1,572
Total derivative assets / liabilities		41,301	42,094

At 31 December 2005

	Contract/Notional Amount	Fair values	
		Assets	Liabilities
Derivatives held for trading			
Futures	7,600	-	-
Asset swaps	104,701	-	15,274
Interest rate swaps	4,579,519	12,136	15,562
FX forwards	68,589	-	23
Currency swaps	2,683,996	(640)	-
Other derivative instruments	154,175	1,352	(1,229)
		12,848	29,630
Embedded equity derivatives			
Customer deposits/ loans linked to options	286,356	5,640	3,883
Derivatives held for fair value hedging			
Interest rate swaps	69,246	491	2,002
Total derivative assets / liabilities		18,979	35,515

11 Financial Assets at Fair Value through Profit and Loss

	30 September 2006	31 December 2005
Trading Securities		
Greek Government Bonds	214,126	941,824
Greek Government Treasury Bills	45,227	40,103
Foreign Government Bonds	819	1,097
Corporate Entities Bonds	24,773	35,555
	284,945	1,018,579
Athens stock exchange listed shares	17,890	20,742
Total trading securities	302,835	1,039,321
Other financial assets at fair value through profit and loss	59,440	92,979
Total	362,275	1,132,300

12 Loans and advances to customers

	30 September 2006	31 December 2005
Loans to individuals		
Mortgages	3,970,161	3,304,962
Consumer/ Personal Loans	1,735,826	1,403,349
Credit Cards	371,167	336,430
Other	83,279	124,995
	6,160,433	5,169,736
Loans to corporate entities	11,886,787	9,778,902
Total loans and advances to customers	18,047,220	14,948,638
Less: Impairment on loans and advances	(296,442)	(361,468)
Total loans and advances to customers (after allowance for losses)	17,750,778	14,587,170

Movement in impairment for losses on loans and advances to customers:

Balance at 1 January (1/1/2006 and 1/1/2005 respectively)	361,468	442,938
Less: opening balance of branch network in Bulgaria	(996)	-
Charge for the period	43,022	56,169
Loans written-off	(106,523)	(53,362)
Foreign exchange differences	(529)	3,360
Balance at end of period (30/9/2006 and 30/9/2005 respectively)	296,442	449,105

Balance at 1/10/2005	449,105
Charge for the period	(5,738)
Loans written-off	(80,763)
Foreign exchange differences	(1,136)
Balance at 31/12/2005	361,468

The charge for period 1/1 - 30/9/2005 includes amount of € 1,331 th. which relates to the write -offs of loans to the Profit and Loss account for the period.

13 Investment securities

Available for sale securities

	30 September 2006	31 December 2005
Bonds and other fixed income securities		
Foreign Government Bonds	271	540
Greek Government Bonds	385,778	-
Corporate Entities Bonds	101,162	80,235
Bank Bonds	35,997	36,346
	523,208	117,121
Shares and other variable income securities		
Listed shares	209,637	172,763
Unlisted shares	124,097	125,906
	333,734	298,669
Total available for sale securities	856,942	415,790

During the period 1/1-30/9/2006, Piraeus Bank acquired 24,764,101 shares which equal to 4.51% of the share capital of "Bank of Cyprus Public Company Ltd". The shares of Bank of Cyprus, of total value € 198,359,981.66, are included in Athens Stock exchange listed shares of the available for sale portfolio.

The movement for the available for sale portfolio is summarised as follows:

Balance at 1 January (1/1/2006 and 1/1/2005 respectively)	415,790	317,165
Additions	682,496	100,578
Disposals	(316,282)	(106,328)
Transfers from subsidiaries	4,915	-
Transfers from associates	-	19,152
Changes in fair value (note 24)	74,009	84,180
Exchange differences	(3,986)	1,043
Balance at end of period (30/9/2006 and 31/12/2005 respectively)	856,942	415,790

Note 6 is related to the sale of ING GROEP N.V.'s shares.

14 Investments in Subsidiaries and Associates

A. Subsidiaries	Activity	% holding	Country
1 MARATHON BANKING CORPORATION	Banking Activities	82.52%	USA
2 TIRANA BANK I.B.C.	Banking Activities	90.72%	Albania
3 PIRAEUS BANK ROMANIA S.A.	Banking Activities	100.00%	Romania
4 PIRAEUS BANK BEOGRAD A.D.	Banking Activities	100.00%	Serbia & Montenegro
5 PIRAEUS BANK BULGARIA A.D.	Banking Activities	99.85%	Bulgaria
6 PIRAEUS BANK EGYPT S.A.E.	Banking Activities	93.47%	Egypt
7 PIRAEUS ASSET MANAGEMENT EUROPE S.A.	Mutual Funds Management	99.94%	Luxemburg
8 PIRAEUS LEASING S.A.	Finance Leasing	85.78%	Greece
9 PIRAEUS LEASING ROMANIA SRL	Finance Leasing	99.39%	Romania
10 PIRAEUS INSURANCE AND REINSURANCE BROKERAGE S.A.	Insurance and Reinsurance Brokerage	100.00%	Greece
11 TIRANA LEASING S.A.	Finance Leasing	100.00%	Albania
12 PIRAEUS SECURITIES S.A.	Stock Exchange Operations	80.00%	Greece
13 PIRAEUS CARDS S.A.	Financial services and consultancy	59.16%	Greece
14 PIRAEUS GROUP CAPITAL LTD	Debt Securities Issue	100.00%	United Kingdom
15 PIRAEUS LEASING BULGARIA	Finance Leasing	100.00%	Bulgaria
16 PIRAEUS ENTERPRISERS 4 LTD	Holding company	100.00%	Cyprus
17 PIRAEUS GROUP FINANCE P.L.C.	Debt Securities Issue	100.00%	United Kingdom
18 MULTI COLLECTION S.A.	Assessment and collection of commercial debts	51.00%	Greece
19 PIRAEUS FACTORING S.A.	Corporate factoring	100.00%	Greece
20 PIRAEUS MULTIFIN S.A.	Financing for motor vehicles	87.50%	Greece
21 ETBA FINANCE S.A.	Special liquidations	100.00%	Greece
22 PIRAEUS BOTIFIN S.A.	Kosmopolis Areas Management	100.00%	Greece
23 PICAR S.A.	City Link Areas Management	100.00%	Greece
24 PIRAEUS REAL ESTATE INVESTMENT PROPERTY S.A.	Real estate investment company	37.80%	Greece
25 BULFINA S.A.	Property Management	100.00%	Bulgaria
26 PIRAEUS ATFS S.A.	Accounting and tax consulting	100.00%	Greece
27 GENERAL CONSTRUCTION AND DEVELOPMENT CO.SA	Property management / holding company	66.70%	Greece
28 PIRAEUS DIRECT SERVICES S.A.	Call center services	100.00%	Greece
29 KOMOTINI REAL ESTATE DEVELOPMENT S.A.	Property Management	100.00%	Greece
30 PIRAEUS REAL ESTATE S.A.	Construction company	100.00%	Greece
31 ND DEVELOPMENT S.A.	Property Management	100.00%	Greece
32 PROPERTY HORIZON S.A.	Property Management	100.00%	Greece
33 ETBA INDUSTRIAL ESTATES S.A.	Development / Management of Industrial Areas	65.00%	Greece
34 PIRAEUS PROPERTY S.A.	Property Management	100.00%	Greece
35 PIRAEUS DEVELOPMENT S.A.	Property Management	100.00%	Greece
36 PIRAEUS MUTUAL FUNDS S.A.	Mutual Funds Management	100.00%	Greece
37 PIRAEUS DEVELOPER S.A.	Property Management	100.00%	Greece
38 EUROINVESTMENT & FINANCE PUBLIC LTD	Banking, Asset Management, real estate operations	85.01%	Cyprus
39 LAKKOS MIKELLI REAL ESTATE LTD	Property Management	40.00%	Cyprus
40 PHILOKTIMATIKI PUBLIC LTD	Land and property development	6.07%	Cyprus
41 ESTIA MORTGAGE FINANCE P.L.C.	Special purpose entity for securitisation of mortgage loans	-	United Kingdom
42 CAPITAL INVESTMENTS & FINANCE S.A.	Investment company	100.00%	Liberia
43 MAPLES INVEST & HOLDING S.A.	Investment company	100.00%	British Virgin Islands
44 MARGETSON INVEST & FINANCE S.A.	Investment company	100.00%	British Virgin Islands
45 VITRIA INVESTMENTS S.A.	Investment company	100.00%	Panama
46 EUROPEAN SECURITIES S.A.	Stock Exchange Operations	78.25%	Romania
47 EXODUS S.A.	Information technology & software	50.10%	Greece
B. Associates	Activity	% holding	Country
1 ING - PIRAEUS LIFE INSURANCE	Life and health insurance	49.90%	Greece
2 "VIOTIKI" REGIONAL DEVELOPMENT & INVESTMENT COMPANY S.A.	European Union programmes management	37.00%	Greece
3 CRETE SCIENTIFIC AND TECHNOLOGICAL PARK MANAGEMENT & DEVELOPMENT COMPANY S.A.	Scientific and technology park management	30.45%	Greece
4 ETANAL S.A.	Management of Fish Trading Center	25.00%	Greece
5 STALKO S.A.	Electrical equipment production	25.00%	Greece
6 "EVROS" DEVELOPMENT COMPANY S.A.	European Union programmes management	30.00%	Greece
7 REBICAT	Property Management	10.00%	Greece
8 ABIES	Property Management	10.00%	Greece
9 EUROTERRA	Property Management	9.22%	Greece
10 SCIENS INTERNATIONAL INVESTMENTS AND HOLDINGS S.A.(former SOLVENCY INTERNATIONAL S.A. OF INVESTMENTS AND PARTICIPATING INTERESTS)	Investment & participation company	36.75%	Greece
11 PROJECT ON LINE S.A.	Information technology & software	40.00%	Greece
12 APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELOPMENT S.A	Real estate, development/ tourist services	27.80%	Greece
13 APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Real estate, development/ tourist services	27.80%	Greece

15 Due to Banks

	30 September 2006	31 December 2005
Amounts due to Central Banks	50,000	-
Deposits from other Banks	3,859,267	2,810,964
Other Obligations to Banks	729,742	467,699
Repurchase agreement - banks	-	143,744
	4,639,009	3,422,407

Other obligations to Banks include the balance of the Schuldschein loan. Piraeus Bank has concluded (September 2006) a Schuldschein loan of € 200 million with a maturity of 5 years and a coupon of 3 month Euribor increased by 20 basis points, therefore increasing the outstanding balance of the Schuldschein to € 650 million as at 30/9/2006 against € 450 million as at 31/12/2005.

16 Due to customers

	30 September 2006	31 December 2005
Deposits - Corporate Customers		
Sight deposits	1,831,473	1,884,638
Term deposits	2,928,084	1,877,054
Other deposits	32,446	45,175
Retail Customers		
Savings accounts	3,343,932	3,236,218
Sight deposits	1,118,713	1,068,116
Term deposits	3,535,052	3,014,798
Other deposits	14,102	15,141
Repurchase agreements		
Corporate	130,260	188,098
Retail	9,253	13,245
Cheques payable and remittances		
	96,238	108,970
	13,039,553	11,451,453

17 Debt securities in issue

	Currency	Average interest rate (%)		30 September 2006	31 December 2005
		1/1-30/9/2006	2005		
ETBA bonds	EUR	2.75%	2.26%	703,648	438,139
Euro Commercial Paper	EUR	2.80%	2.22%	2,112,832	1,528,820
	USD	5.02%	3.62%	183,645	80,939
	GBP	4.64%	4.72%	88,308	31,955
	JPY	0.33%	-	10,037	-
				2,394,822	1,641,714
Euro Medium Term Note	EUR	3.10%	2.53%	1,478,830	932,285
	USD	5.03%	3.73%	25,180	16,784
				1,504,010	949,069
Securitisation of mortgage loans	EUR	2.83%	2.32%	609,937	696,217
				5,212,417	3,725,139

The Euro Commercial Paper (ECP) short term securities in issue amounted to € 2 billion without any change in the level of average maturity or the interest spread. The issue of securities concerning the Euro Medium Term Note Program (EMTN) was addressed to local investors through private placement from the beginning of 2006. Euro Commercial Paper and Euro Medium Term Note programs are raised through the subsidiary Piraeus Group Finance PLC and they are included in Debt securities in issue instead of Due to customers for presentation purposes.

In January 2006, the reissue of € 50 million of the 5 year benchmark bond was completed. Also, the Bank issued (March 2006) a new 3 year benchmark senior debt of € 500 million. The nominal coupon is 3 month Euribor increased by 20 basis points.

The issue of bonds for the Residential Mortgage Backed Securitisation (RMBS) of € 750 million was undertaken through UK based Estia Mortgage Finance PLC. The bonds are callable by the issuer after 9 years and have an average cost of 3 month Euribor increased by 18 basis points.

18 Other borrowed funds

	Currency	Average interest rate (%)		30 September 2006	31 December 2005
		1/1-30/9/2006	2005		
Hybrid Capital (TIER I)	EUR	3.97%	3.39%	200,738	201,260
Subordinated debt (TIER II)	EUR	3.36%	2.74%	799,433	398,597
				1,000,171	599,857

Hybrid capital (TIER I) has been issued by Piraeus Group Capital PLC on 27/10/2004. Tier I has a call option within 10 years. The nominal coupon is 3 month Euribor increased by 125 basis points. Hybrid capital is a long term debenture and as such it is treated for tax purposes according to the combined regulations of Law 2238/1994 (article 12, para. 9c), Law 2879/2000 (article 26), Law 3091/2002 (article 25, para. 4), and Law 3049/2002 (article 24, para. 1).

Subordinated debt (TIER II) has been issued by Piraeus Group Finance PLC. Initially, on 29/9/2004, an amount of € 400 million was issued, with a 10 year maturity, which is callable by the issuer after 5 years and bears a 3 month Euribor nominal coupon increased by 60 basis points. Subsequently, on 20/7/2006, an amount of € 400 million was issued, with a 10 year maturity, which is callable after 5 years and bears a 3 month Euribor nominal coupon increased by 55 basis points.

The accrued interest of other borrowed funds is included in the related borrowed funds. The Bank has not any defaults of principal, interest or redemption amounts of other borrowed funds during the period.

19 Deferred income tax

Deferred income tax assets and liabilities are attributable to the following items:

	30 September 2006	31 December 2005
Deferred tax liabilities		
Adjustment for depreciation of property, plant and equipment	1,605	1,313
Derivative financial instruments valuation	1,728	7,486
Impairment of loans	-	1,936
Securities valuation	27,246	17,380
Recognition of commission according to effective interest rate calculation	719	581
Valuation of investment property	206	227
Other deferred tax liabilities	-	4,357
	31,504	33,280
Less: Deferred tax liability of branch network in Bulgaria		(770)
		32,510
Deferred tax assets		
Pensions and other post retirement benefits	36,490	40,846
Intangible assets derecognition	1,817	3,518
Derivative financial instruments valuation	3,404	9,470
Securities valuation	9,431	7,226
Impairment of securities portfolio	40,883	44,171
Recognition of commission according to effective interest rate calculation	9,160	9,698
Other deferred tax assets	860	942
	102,045	115,871
Less: Deferred tax asset of branch network in Bulgaria		(12)
		115,859
Net deferred tax asset/ (liability)	70,541	83,349

The deferred tax in profit and loss for the period (note 7) is analysed as follows:

	1/1-30/9/2006	1/1-30/9/2005
Deferred tax (Income Statement)		
Pensions and other post retirement benefits	(4,356)	1,073
Loan impairment	1,936	(6,764)
Recognition of commission according to effective interest rate calculation	(676)	1,030
Derivative financial instruments valuation	(308)	(5,097)
Adjustment for depreciation of property, plant and equipment	(292)	(525)
Valuation of investment property	21	-
Intangible assets derecognition	(1,701)	(1,295)
Impairment of securities portfolio	(3,288)	-
Deferred tax on the profit realized from the sale of ING GROEP N.V.	(24,339)	-
Securities valuation	1,593	-
Adjustment of tax rates	-	(3,603)
Other deferred tax charges	4,220	4,999
	(27,190)	(10,182)

During the period 1/1-30/9/2006, deferred tax of amount € 15,085 th relating to sales or valuation of the available for sale securities did not affect the profit and loss for the period but instead increased the available for sale reserve (note 24) according to the relevant IFRS regulations.

20 Retirement benefit obligations

The defined benefit obligation is calculated based on legal advisors opinions and independent actuaries using the 'projected unit credit method', according to which, the charge for pension plans to the Income Statement is allocated over the service lives of the related employees. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

No actuarial study has been carried out as at 30/09/2006. The liability and the relevant expense at this date was based on the results of the actuarial study at 31/12/2005.

Amounts recognised in the balance sheet	30 September 2006	31 December 2005
Pension schemes - funded	66,806	83,080
Other retirement benefits - not funded	77,149	61,758
	143,955	144,838
Provision for outstanding annual leaves	2,013	6,445
Provision for voluntary leave plan 12/2003	-	163
Total liability	145,968	151,446
Amounts recognised in the Income statement	1/1-30/9/2006	1/1-30/9/2005
Pension schemes - funded	(546)	7,707
Other retirement benefits - not funded	17,785	11,809
	17,239	19,516

A) Pension schemes - funded

The liability recognised in the balance sheet is determined as follows:

	30 September 2006	31 December 2005
Present value of funded obligations	86,940	161,644
Fair value of plan assets	(11,845)	(34,382)
	75,095	127,262
Unrecognised actuarial losses	(8,289)	(44,182)
Liability in the balance sheet	66,806	83,080

Although TEAPETE is no longer among funded benefits, for the period ended 30/9/2006 and for comparison purposes, it is featured as part of the funded benefits as a liability to the Pension Fund for Bank Employees (ETAT) and the Special Auxiliary Pension Fund for the Salaried (ETEAM). During the 3rd quarter of 2006, Piraeus Bank paid 2 of the 10 instalments to the Pension Fund for Bank Employees (ETAT) and the Special Auxiliary Pension Fund for the Salaried (ETEAM) which relate to the liability for the years 2005 - 2006 following the use of the provisions of Law 3371/2005.

The amounts recognised in the Income Statement are as follows:

Pension schemes - Income statement	1/1-30/9/2006	1/1-30/9/2005
Current service cost	3,217	3,155
Interest cost	3,581	4,773
Expected return on plan assets	(459)	(839)
Net actuarial (gains)/ losses recognised for the period	35,892	455
Losses/ (gains) on curtailment	(42,745)	-
Additional cost	(32)	163
Total, included in staff costs	(546)	7,707

The movement in the liability is as follows:

Opening balance as at 1/1/2005	75,743
Movement for the period	7,707
Contributions paid by the Bank	(2,078)
Closing balance as at 30/9/2005	81,372
Opening balance as at 1/10/2005	81,372
Movement for the period	2,515
Contributions paid by the Bank	(807)
Closing balance for the year 2005	83,080

Opening balance as at 1/1/2006	83,080
Movement for the period	(546)
Contributions paid by the Bank	<u>(15,729)</u>
Closing balance as at 30/9/2006	<u>66,805</u>

B) Other retirement benefits - not funded

The amounts recognised in the Balance Sheet are determined as follows:

	30 September 2006	31 December 2005
Present value of unfunded obligations	94,682	79,152
Unrecognised actuarial losses	(13,688)	(17,394)
Unrecognised past service cost	<u>(3,845)</u>	<u>-</u>
Liability in the balance sheet	<u>77,149</u>	<u>61,758</u>

In accordance with the resolution dated 12/4/2006 of the Annual General Meeting, the Bank decided that the amount of compensations to senior executives shall be determined on the basis of their vested pension rights.

The amounts recognised in the income statement are as follows:

	1/1-30/9/2006	1/1-30/9/2005
Income statement		
Current service cost	3,386	3,382
Interest cost	2,147	2,502
Net actuarial (gains)/ losses recognised for the period	3,748	60
Past service cost	8,302	-
Additional cost	<u>202</u>	<u>5,865</u>
Total included in staff costs	<u>17,785</u>	<u>11,809</u>

The movement in the liability is reconciled as follows:

Opening balance as at 1/1/2005	62,324
Movement for the period	11,809
Contributions paid by the Bank	<u>(13,465)</u>
Closing balance as at 30/9/2005	<u>60,668</u>

Opening balance as at 1/10/2005	60,668
Movement for the period	2,082
Contributions paid by the Bank	<u>(992)</u>
Closing balance for the year 2005	<u>61,758</u>

Opening balance as at 1/1/2006	61,758
Movement for the period	17,785
Contributions paid by the Bank	<u>(2,394)</u>
Closing balance as at 30/9/2006	<u>77,149</u>

The main actuarial assumptions used are as follows:

	30 September 2006	31 December 2005
Discount rate	4.25%	4.25%
Expected return on plan assets	4.25%	4.25%
Future increase of salaries	4.00%	4.00%
Future increase of pensions	2.50%	2.50%

21 Other liabilities

	30 September 2006	31 December 2005
Deferred income and accrued expenses	92,078	89,675
Withholding taxes and contributions	15,205	16,659
Other liabilities	<u>226,632</u>	<u>125,417</u>
	<u>333,915</u>	<u>231,751</u>

Other liabilities (€ 226.6 million) include € 153 million (2005: € 58 million) that relates to transactions with interbank systems (DIAS) and other accounts with credit balances that result from the daily transactions of the Bank.

22 Contingent liabilities and commitments

A) Legal procedures

There are no pending legal actions against the Bank as at 30/9/2006 which would affect its financial position significantly.

B) Capital commitments

As at 30/9/2006 the Bank had the following capital commitments:

	30 September 2006	31 December 2005
Letters of guarantee	1,830,716	1,680,419
Letters of credit	109,821	96,529
Commitments to extent credit	7,571,181	5,982,576
	9,511,718	7,759,524

C) Assets pledged

	30 September 2006	31 December 2005
Trading securities	188,016	84,016

D) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases in the aggregate are analysed as follows:

	30 September 2006	31 December 2005
Up to 1 year	38,336	37,375
From 1 to 5 years	165,199	162,352
More than 5 years	342,183	335,490
	545,718	535,217

23 Share capital

	Ordinary shares	Share premium	Treasury shares	Total
At 1 January 2005	831,067	365,733	(16,050)	1,180,750
Absorptions of companies - cancellation of treasury shares	193,865	(35,090)	-	158,775
Purchases of treasury shares	-	-	(97,162)	(97,162)
Sales of treasury shares	-	-	95,622	95,622
At 31st December 2005	1,024,932	330,643	(17,590)	1,337,985

	Ordinary shares	Share premium	Treasury shares	Total
At 1 January 2006	1,024,932	330,643	(17,590)	1,337,985
Capitalization of share premium	256,233	(259,200)	-	(2,967)
Purchases of treasury shares	-	-	(205,574)	(205,574)
Sales of treasury shares	-	-	74,792	74,792
At 30th September 2006	1,281,165	71,443	(148,372)	1,204,236

Changes to the number of Bank's shares are analysed to the table below:

	Number of shares		
	Issued shares	Treasury shares	Net number of shares
Opening balance at 1st January 2005	200,257,006	(1,384,425)	198,872,581
Issue of share capital	16,653,425	-	16,653,425
Cancellation of treasury shares	(2,039,997)	-	(2,039,997)
Purchases of treasury shares	-	(6,197,161)	(6,197,161)
Sales of treasury shares	-	6,560,125	6,560,125
Balance at 31st December 2005	214,870,434	(1,021,461)	213,848,973

	Number of shares		
	Issued shares	Treasury shares	Net number of shares
Opening balance at 1st January 2006	214,870,434	(1,021,461)	213,848,973
Purchases of treasury shares	-	(9,880,643)	(9,880,643)
Issue of new shares	53,717,609	(1,158,257)	52,559,352
Sales of treasury shares	-	4,000,000	4,000,000
Balance at 30th September 2006	268,588,043	(8,060,361)	260,527,682

All issued shares are fully paid. The 2nd Iterative General Meeting of Piraeus Bank shareholders, held on 15/5/2006, decided to increase the share capital by € 256,232,994.93 by capitalization of part of the share premium reserve account, and issue 53,717,609 new common registered shares to be distributed to shareholders - one (1) free new share for every four (4) old shares.

Further to the above increase, the Bank's share capital now amounts to € 1,281,164,965.11 divided in 268,588,043 common registered shares of a nominal value € 4.77 each.

During the Annual General Meeting of shareholders of the Bank at 12/4/2006 it was decided, according to the article 16 par. 5 -14 of codified Law 2190/1920, the purchase of treasury shares in order to support the Bank's share price at the stock exchange, up to a total number of 26,858,804 shares (under the condition of the share capital increase of the Bank by € 256,232,994.93 by the Iterative General Meeting), which is 10% of the total number of the Bank's issued shares, as this has finally resulted from the share capital increase decided by the 2nd Iterative General Meeting of Piraeus Bank shareholders held on 15/5/2006. The minimum and maximum purchase price for the shares is between € 5 and € 50, while the purchase must take place the latest by 12/4/2007. If these shares are not sold within the period of three years or not distributed to staff, they must be cancelled according to the special procedure provided by Law 2190 and the decisions made by the Athens Stock Exchange.

Share option plans

a) The 2nd Iterative General Meeting of Piraeus Bank shareholders that took place on 16/5/2005 decided upon the initiation of a 4 year share option plan for the Board members and the executives and senior management of the Bank and its related (according to the article 42e of Law 2190/1920) companies. The above plan is in force and being implemented during the years 2005, 2006, 2007 and 2008. According to the above plan no more than 2,000,000 new ordinary shares of the Bank can be issued, which corresponds to less than 1% of the total number of Piraeus Bank shares, according to the article 13 par. 9 of Law 2190/1920.

On the 30th of November of each year, 1/4 of the total number of granted share options vests, and each holder is able to exercise in total or in part the vested share options, beginning from December 2006, provided that the percentage increase of the share price of the Bank for the period January 1st - November 30th for each of the years of the stock option plan is not lower than the percentage increase of the Athens Stock Exchange Bank Index for the equivalent period. The exercise price is €12.20 per share.

Share options obtained but not exercised in a previous year will be exercisable in a following year along with the share options vested at that time, until the expiry date of the plan in December 2008.

The 2nd Iterative General Meeting of the Bank's Shareholders, which was held on 15/5/2006, resolved the related adjustment of the above mentioned share option plan. Specifically, it was decided that the total number of shares, issued according to the above mentioned share option plan, increased from 2,000,000 to 2,500,000 so that their percentage over the Bank's total shares remains stable following the adjustment of the percentage due to the resolved share capital increase by the same General Meeting as well as the corresponding adjustment of the exercise price for each share from € 12.20 to € 9.76.

The adjusted data of the above mentioned share option plan is presented below:

Exercise date	Exercise price	Fair value of options	Number of share options
30/11/2006	9.76	2.98	1,250,000
30/11/2007	9.76	2.88	625,000
30/11/2008	9.76	2.76	625,000
			2,500,000

The fair value of options granted has been determined using the Black-Scholes valuation model. The significant inputs into the model are share prices, exercise price, dividend yield, discount interest rate and volatility of share prices.

b) Also, the same General Meeting (15/5/2006) resolved, in accordance with article 13, par. 9, Law 2190/1920, to establish a five-year share option plan for the Directors and executives of the Bank and its affiliated companies for maximum 4,028,820 new shares, corresponding to 1.5% of the Bank's total shares, after the share capital increase resolved by the same General Meeting, namely 0.3% for every year of the Plan and at an issue price of € 17.25. The above price results from the average share market price of the six-month period prior to the General Meeting, i.e. € 21.56 adjusted to the resolution of the same General Meeting to distribute the free shares.

This share option plan will be implemented during the years 2006, 2007, 2008, 2009 and 2010, parallel and independently from the plan resolved by the General Meeting of Piraeus Bank's shareholders on 16/5/2005. On the 30th of November of each year that the plan will be in force, 1/5 of the total number of granted share options will vest and each holder will be able to exercise the vested options. Share options obtained but not exercised in a previous year will be exercisable in a following year along with the share options vested at that time, until the expiry date of the plan in December 2010.

The adjusted data of the 3rd plan of distribution of shares is presented below:

Exercise date	Exercise price	Fair value of options	Number of share options
30/11/2006	17.25	4.84	805,764
30/11/2007	17.25	4.84	805,764
30/11/2008	17.25	4.83	805,764
30/11/2009	17.25	4.81	805,764
30/11/2010	17.25	4.69	805,764
			4,028,820

The fair value of options granted has been determined using the Black-Scholes valuation model. The significant inputs into the model are share prices, exercise price, dividend yield, discount interest rate and volatility of share prices.

24 Other reserves and retained earnings

	30 September 2006	31 December 2005
Legal reserve	13,099	13,080
Available for sale reserve	19,004	62,273
Other reserves	3,902	532
Retained earnings	225,689	45,128
Total other reserves and retained earnings	261,694	121,013

Movements in reserves for the period were as follows:

	30 September 2006	31 December 2005
Legal reserve		
Opening balance	13,080	51,653
Transfer from retained earnings	-	13,080
Absorption of companies and other movements	19	14
Utilization of legal reserve to cover the IFRS 1st time adoption adjustments	-	(51,667)
Closing balance	13,099	13,080

	30 September 2006	31 December 2005
Available for sale reserve		
Opening Balance	62,273	3,080
Gains/ (losses) from the valuation of AFS bonds (note 13)	(1,832)	2,757
Gains/ (losses) from the valuation of AFS shares (note 13)	75,841	81,423
Deferred income taxes (note 19)	15,085	(20,538)
Recycling of the AFS reserve	(132,402)	(3,819)
Foreign exchange differences and other adjustments	39	(630)
Closing balance	19,004	62,273

	30 September 2006	31 December 2005
Retained earnings		
Opening Balance	45,128	(262,671)
Absorption of companies - cancellation of treasury shares	210	76,279
Profit after tax for the period/ year	280,587	261,597
Transfer to legal reserve	-	(13,080)
Dividend for prior year	(107,435)	(80,103)
Gains / (losses) from sales of treasury shares	7,199	11,438
Utilization of legal reserve to cover the 1st time adoption adjustments	-	51,667
Closing balance	225,689	45,128

At the Annual General Meeting of the Piraeus Bank Shareholders which was held at 12/4/2006, a dividend payment of € 0.50 per share (€ 0.40 adjusted for the new number of shares issued after the distribution to shareholders one new free share for every four old shares) for the fiscal year 2005 was approved. The total dividend amounted to € 107,435,217.

25 Related parties transactions

Related parties include a) Members of the Bank Board of Directors and key management personnel of the Bank b) close family and financially dependants (husbands, wives, children etc) of Board of Directors members and key management personnel c) companies having transactions with Piraeus Bank, when the total cumulative participating interest in them (of members of Board of Directors, key management personnel and their dependants/ close family) exceeds 20%.

	Board of Directors members and key management personnel	
	30 September 2006	31 December 2005
Loans	53,468	83,785
Deposits	46,034	34,326

The balance of letters of guarantees, letters of credits and derivatives to the members of the board of directors and to the key management personnel as at 30/9/2006 are € 10.1 million. Letters of guarantees to subsidiaries as at 30/9/2006 are € 120 million.

Loans and letters of guarantees issued to related parties represent an insignificant part of total loans and letters of guarantees issued by the Bank, respectively. Loans and letters of guarantees have been issued to related parties in the normal course of business, within the approved credit policies and Bank procedures, adequately collateralised.

Director's remuneration

	30 September 2006	31 December 2005
Salaries and other remuneration	9,480	8,140
Post employment benefits	-	1,596
	9,480	9,736

Piraeus Bank - 30 September 2006
Amounts in thousand euros (Unless otherwise stated)

Bank's balances from transactions to subsidiaries and associates and the relevant results are as follows:

I. Subsidiaries	30 September 2006	31 December 2005
Assets		
Cash and Balances with Central Bank	1,873	3,036
Loans and advances to Credit Institutions	529,419	96,230
Trading securities	-	13,396
Loans and advances to customers	1,779,980	1,540,604
Other assets	117,746	21,090
Total	2,429,018	1,674,356
Liabilities	30 September 2006	31 December 2005
Due to Banks	167,838	37,898
Due to customers	169,106	187,250
Debt securities in issue	4,511,099	3,287,064
Other borrowed funds	1,002,023	599,857
Other liabilities	19,844	28,830
Total	5,869,910	4,140,899
Revenues	1/1-30/9/2006	1/1-30/9/2005
Interest and similar income	65,884	43,486
Fee and commission income	14,277	4,404
Net trading income	-	(45)
Other operating income	1,907	3,653
Total	82,068	51,498
Expenses	1/1-30/9/2006	1/1-30/9/2005
Interest expense and similar charges	124,592	60,691
Fee and commission expense	12,385	9,447
General administrative expenses	30,939	24,573
Total	167,916	94,711
II. Associates	30 September 2006	31 December 2005
Deposits	16,461	10,964
Loans	54,078	22,214
	1/1-30/9/2006	1/1-30/9/2005
Interest on deposits	58	99
Interest on loans	1,036	539

26 Post Balance Sheet events

On 12/10/2006 the launch of a new 5-Year senior bond issue in the amount of € 500 million was concluded. The bond was issued under Piraeus Bank's Euro Medium Term Note programme and the issuer is Piraeus Bank's subsidiary Piraeus Group Finance PLC.

On 8/11/2006, the Board of Directors declared the distribution of an interim dividend of € 0.32 per share as part of the dividend for the fiscal year 2006.