



PIRAEUS BANK S.A.

**Interim Condensed Financial
Statements**

30 June 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 July 26th, 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 (including trading securities)	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	Post retirement benefit obligations	14
21	Other liabilities	15
22	Contingent liabilities and commitments	16
23	Share capital	16
24	Other reserves and retained earnings	17
25	Related parties transactions	18
26	Post Balance Sheet events	19
	Report of the auditors	20

INTERIM INCOME STATEMENT

	Note	Period from 1 January to		Period from 1 April to	
		30 June 2006	30 June 2005	30 June 2006	30 June 2005
Interest and similar income		636,936	426,098	337,969	232,079
Other interest expense and similar charges		(358,793)	(206,930)	(191,625)	(118,110)
NET INTEREST INCOME		278,143	219,168	146,344	113,969
Fee and commission income		63,524	52,706	32,629	27,978
Fee and commission expense		(13,753)	(11,614)	(7,238)	(6,286)
NET FEE AND COMMISSION INCOME		49,771	41,092	25,391	21,692
Dividend income		24,589	49,628	22,780	37,921
Net trading income		10,398	2,619	4,931	(4,243)
Gains/ (Losses) from investment securities	6	132,731	8,504	2,251	8,502
Other operating income		11,661	9,781	8,025	5,688
TOTAL NET INCOME		507,293	330,792	209,722	183,529
Staff costs		(104,521)	(100,085)	(53,527)	(52,871)
Administrative expenses		(85,677)	(73,841)	(48,571)	(42,449)
Depreciation and amortisation		(14,752)	(13,690)	(7,289)	(6,884)
Gains/ (Losses) from sale of property, plant and equipment		(2,113)	(398)	(2,067)	(430)
Impairment losses on loans and advances	12	(32,377)	(37,717)	(10,764)	(18,503)
TOTAL OPERATING EXPENSES		(239,440)	(225,731)	(122,218)	(121,137)
PROFIT BEFORE INCOME TAX		267,853	105,061	87,504	62,392
Current tax	7	(16,272)	(6,277)	(7,637)	(691)
Deferred tax	7	(18,775)	(8,743)	(8,558)	(5,006)
PROFIT FOR THE YEAR		232,806	90,041	71,309	56,695
Earnings per share (in euro):					
- Basic	8	0.88	0.36	0.27	0.23
- Diluted	8	0.87	0.36	0.27	0.23

INTERIM BALANCE SHEET

	Note	30 June 2006	31 December 2005
ASSETS			
Cash and balances with central banks		1,307,966	1,218,081
Loans and advances to Credit Institutions	9	1,386,232	2,138,356
Derivative financial instruments - assets	10	39,552	18,979
Financial instruments at fair value through Profit and Loss	11	2,014,890	1,132,300
Loans and advances to customers (net of provisions)	12	16,905,200	14,587,170
Investment securities			
-Available for sale securities	13	528,856	415,790
Investments in subsidiaries		994,112	959,450
Investments in associated undertakings		39,038	46,426
Intangible assets		10,403	10,174
Property, plant and equipment		193,644	163,553
Investment property		30,030	29,362
Deferred tax assets	19	112,174	115,871
Inventory-property		26,402	28,403
Other assets		272,058	290,186
TOTAL ASSETS		23,860,557	21,154,101
LIABILITIES			
Due to Banks	15	3,590,137	3,422,407
Derivative financial instruments - liabilities	10	37,728	35,515
Due to customers	16	13,011,403	11,451,453
Debt securities in issue	17	4,564,354	3,725,139
Other borrowed funds	18	596,766	599,857
Retirement benefit obligations	20	155,753	151,446
Other provisions for risks		23,669	24,087
Current income tax liabilities		17,068	20,168
Deferred tax liabilities	19	30,278	33,280
Other liabilities	21	404,083	231,751
TOTAL LIABILITIES		22,431,239	19,695,103
EQUITY			
Ordinary shares	23	1,281,165	1,024,932
Share premium	23	71,443	330,643
Less: Treasury shares	23	(121,037)	(17,590)
Other reserves	24	27,248	75,885
Retained earnings	24	170,499	45,128
TOTAL EQUITY		1,429,318	1,458,998
TOTAL EQUITY AND LIABILITIES		23,860,557	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			(40,224)				(40,224)
Sales of treasury shares	23			14,640			3,485	18,125
Available for sale reserve	24				16,716			16,716
Prior year dividends							(80,103)	(80,103)
Profit after tax 1/1/2005-30/6/2005	24						90,041	90,041
Mergers and other movements					279		(684)	(405)
Balance as at 30 June 2005		831,067	365,733	(41,634)	71,795	(230,148)	(19,784)	977,029

	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 July 2005		831,067	365,733	(41,634)	71,795	(230,148)	(19,784)	977,029
Mergers - cancellation of treasury shares	23	193,865	(35,090)		1		76,963	235,739
Purchases of treasury shares	23			(56,938)				(56,938)
Sales of treasury shares	24			80,981			7,954	88,935
Available for sale reserve	24				42,477			42,477
Prior year dividends								0
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 1/7/2005 - 31/12/2005	24				13,080		158,476	171,556
Balance as at 31 December 2005		1,024,932	330,643	(17,591)	75,886	(111,215)	156,343	1,458,998

Opening balance as at 1 January 2006		1,024,932	330,643	(17,591)	75,886	(111,215)	156,343	1,458,998
Capitalization of share premium reserve	23	256,233	(259,200)					(2,967)
Purchases of treasury shares	23			(103,447)				(103,447)
Available for sale reserve	24				(51,211)			(51,211)
Dividend for prior year	24						(107,435)	(107,435)
Reserve for stock option plan					2,640			2,640
Profit after tax 1/1/2006-30/6/2006	24						232,806	232,806
Other movements					(66)			(66)
Balance as at 30 June 2006		1,281,165	71,443	(121,038)	27,249	(111,215)	281,714	1,429,318

INTERIM CASH FLOW STATEMENT

	Note	<u>From January 1st to</u> <u>30 June 2006</u>	<u>30 June 2005</u>
Cash flows from operating activities			
Profit before Tax		267,853	105,061
Adjustments to profit before tax:			
Add: impairment losses on loans and advances	12	32,377	37,717
Add: depreciation and amortisation		14,752	13,690
Add: retirement benefit/ charge	20	11,602	14,957
Gains (deduct)/ Losses (add) from valuation of trading securities		(4,462)	360
Gains (deduct)/ Losses (add) from investing activities		(155,207)	(57,769)
Interest on debt securities in issue and other borrowed funds		78,445	-
		<hr/>	<hr/>
<i>Cash flows from operating activities before changes in operating assets and liabilities</i>		245,360	114,016
<i>Changes in operating assets and liabilities:</i>			
Net (increase)/ decrease in cash and balances with Central Bank		1,635	(5,559)
Net (increase)/ decrease in treasury bills and other eligible bills		4,593	(34,663)
Net (increase)/ decrease in trading securities		(799,201)	640,545
Net (increase)/ decrease in loans and advances to Credit Institutions		(104,932)	(13,282)
Net (increase)/ decrease in loans and advances to customers		(2,675,048)	(1,648,615)
Net (increase)/ decrease in other assets		11,656	5,355
Net increase/ (decrease) in due to Banks		244,236	144,939
Net increase/ (decrease) in amounts due to customers		1,678,657	318,416
Net increase/ (decrease) in other liabilities		177,269	(118,579)
		<hr/>	<hr/>
<i>Net cash flow from operating activities before income tax payment</i>		(1,215,774)	(597,427)
Income tax paid		0	(12,337)
		<hr/>	<hr/>
Net cash flow from operating activities		(1,215,774)	(609,764)
Cash flows from investing activities			
Purchases of property, plant and equipment		(63,361)	(15,928)
Sales of property, plant and equipment		9,862	14,658
Purchases of intangible assets		(4,067)	(2,623)
Purchases of available-for-sale securities	13	(279,085)	(61,473)
Sale of available-for-sale securities	13	230,983	50,438
Acquisition of subsidiaries		(40,330)	(173,761)
Acquisition of associates		(500)	(14,809)
Disposal of associates		8,529	-
Dividends from subsidiaries		13,664	30,112
Dividends from associates		1,093	-
Dividends from available for sale securities		5,919	2,165
Dividends from trading securities		587	-
		<hr/>	<hr/>
Net cash flow from investing activities		(116,706)	(171,221)
Cash flows from financing activities			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		757,679	1,142,368
Dividends paid	24	(107,435)	(80,103)
Purchases of treasury shares	23	(103,447)	(40,225)
Sales of treasury shares	23	-	14,641
Other cash flows from financing activities		(2,967)	(2,185)
		<hr/>	<hr/>
Net cash flow from financing activities		543,830	1,034,496
Effect of exchange rate differences on cash and cash equivalents		(428)	3,127
		<hr/>	<hr/>
Net increase/ (decrease) in cash and cash equivalents		(789,078)	256,638
Cash and cash equivalents at beginning of period		3,189,817	1,267,064
Adjustment of opening balances of branch network in Bulgaria		166,156	0
		<hr/>	<hr/>
Cash and cash equivalents at beginning of period after adjustments		3,355,972	1,267,064
		<hr/>	<hr/>
Cash and cash equivalents at end of period		2,566,894	1,523,702

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.) and employs 4.502 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 και FTSE/ Med - 100.

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 and small to 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 by the in headquarters (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 advisory and stock exchange services, underwriting services and public listings, 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:

1st Semester 2006	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
Revenues	401,938	110,814	2,602	200,251	164,234	879,839
Net Revenues	291,606	42,927	2,615	25,934	144,211	507,293
Segment Results	106,615	10,918	2,159	15,095	133,066	267,853
Profit before tax						267,853
Income tax expense						(35,047)
Profit after tax						232,806
Other segment items						
Depreciation	5,841	182	1	355	8,373	14,752
Impairment losses on loans and advances	24,758	8,248	-	(1)	(628)	32,377
1st Semester 2005	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
Revenues	309,288	103,983	64,129	65,346	6,590	549,336
Net Revenues	231,289	41,202	36,101	17,429	4,771	330,792
Segment Results	58,034	17,623	29,611	8,866	(3,901)	110,232
Unallocated costs						(5,172)
Profit before tax						105,061
Income tax expense						(15,020)
Profit after tax						90,041
Other segment items						
Depreciation	4,596	50	3	176	8,865	13,690
Impairment losses on loans and advances	28,164	8,962	-	2	589	37,717
At 30 June 2006						
Segment assets	11,941,996	5,239,294	-	3,887,928	2,791,339	23,860,557
Segment liabilities	13,401,833	498,695	-	7,756,883	773,828	22,431,239
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

	1st Semester 2006	1st Semester 2005
Gains less losses on AFS - shares and mutual funds	132,731	8,203
Gains less losses on AFS - bonds	-	301
	132,731	8,504

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

	1st Semester 2006	1st Semester 2005
Current Tax	(16,272)	(6,277)
Deferred Tax (Note 19)	(18,775)	(8,743)
	(35,047)	(15,020)

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 on 31/12/2005, 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 provision of the Draft Law "National Board of Imports, tax arrangements and other provisions", which has been submitted to Parliament for voting, 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 share option plan, which was decided by the 2nd Iterative General Meeting on 16/05/2005. The total share options were granted on 29/8/2005 and can be exercised by the share option holders beginning December 2006 (note 23).

	1/1 - 30/6/2006	1/1 - 30/6/2005	1/4 - 30/6/2006	1/4 - 30/6/2005
Basic earnings per share				
Profit after tax	232,806	90,041	71,309	56,695
Weighted average number of shares in issue	265,582,162	247,956,326	264,235,802	247,328,953
Basic earnings per share (in euros)	0.88	0.36	0.27	0.23
Diluted earnings per share				
Profit after tax	232,806	90,041	71,309	56,695
Weighted average number of shares in issue	265,582,162	247,956,326	264,235,802	247,328,953
Adjustment for share options	1,168,849	-	1,227,178	-
Weighted average number of shares in issue for the diluted earnings per share calculation	266,751,011	247,956,326	265,462,980	247,328,953
Diluted earnings per share (in euros)	0.87	0.36	0.27	0.23

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 June	2006	31 December 2005
Placements with Banks		1,386,232	1,994,612
Reverse repurchase agreements (reverse repos)		-	143,744
Total loans and advances to credit institutions		1,386,232	2,138,356

10 Derivative Financial Instruments

At 30 June 2006

	Contract/Notional Amount	Fair values	
		Assets	Liabilities
Derivatives held for trading			
Futures	44,000	-	-
Asset swaps	255,515	2,507	9,642
Interest rate swaps	5,507,222	29,808	31,953
FX forwards	114,473	-	(633)
Currency swaps	2,755,855	(1,950)	-
Options	300,000	168	86
Other derivative instruments	348,053	1,332	(1,190)
		31,865	39,858
Embedded equity derivatives			
Customer deposits linked to options	278,206	6,498	(2,657)
Derivatives held for fair value hedging			
Interest rate swaps	106,875	1,189	527
Total derivative assets / liabilities		39,552	37,728

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 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 (including trading securities)

	30 June	2006	31 December 2005
Trading Securities			
Greek Government Bonds		1,699,149	941,824
Greek Government Treasury Bills		35,510	40,103
Foreign Government Bonds		283	1,097
Corporate Entities Bonds		31,348	35,555
		1,766,290	1,018,579
Athens stock exchange listed shares		30,967	20,742
Total trading securities		1,797,257	1,039,321
Other financial assets at fair value through profit and loss		217,633	92,979
Total		2,014,890	1,132,300

12 Loans and advances to customers

	30 June	2006	31 December 2005
Loans to individuals			
Mortgages		3,748,469	3,304,962
Consumer/ Personal Loans		1,666,055	1,403,349
Credit Cards		375,902	336,430
Other		95,118	124,995
		5,885,544	5,169,736
Loans to corporate entities		11,390,891	9,778,902
Total loans and advances to customers		17,276,435	14,948,638
Less: Impairment on loans and advances		(371,235)	(361,468)
Total loans and advances to customers (after allowance for losses)		16,905,200	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 year	31,853	36,385
Loans written-off	(21,037)	(53,362)
Foreign exchange differences	(53)	3,475
Balance at end of period (30/6/2006 and 30/6/2005 respectively)	371,235	429,436

Balance at 1/7/2005	429,436
Charge for the year	14,046
Loans written-off	(80,763)
Foreign exchange differences	(1,251)
Balance at 31/12/2005	361,468

The charge for the first semester of 2006 (€ 32,377 th.) includes amount of € 524 th. which relates to the impairment on loans of the Piraeus Bank branch network in Bulgaria for the period from 1/1/2006 until its acquisition (24/3/2006) by Piraeus Bank's subsidiary, Piraeus Bank Bulgaria A.D. The charge for the first semester of 2005 (€ 37,717 th.) includes amount of € 1,331 th. which relates to write-offs of loans with relevant charge of the Income Statement for the period ended 30/6/2005.

13 Investment securities

	30 June	2006	31 December 2005
Available for sale securities			
Bonds and other fixed income securities			
Foreign Government Bonds		295	540
Greek Government Bonds		57,180	-
Corporate Entities Bonds		94,140	80,235
Bank Bonds		41,928	36,346
		193,543	117,121
Shares and other variable income securities			
Listed shares		201,015	172,763
Unlisted shares		134,298	125,906
		335,313	298,669
Total available for sale securities		528,856	415,790

During the 1st semester of 2006, Piraeus Bank acquired 24,764,101 shares which equal to 4.54% of the share capital of "Bank of Cyprus Public Company Ltd". The shares of Bank of Cyprus, of total value € 188,551,009.08, are included in Athens Stock exchange listed shares in 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	279,084	100,578
Disposals	(230,983)	(106,328)
Transfers from subsidiaries	4,915	-
Transfers from associates	-	19,152
Changes in fair value (note 24)	64,195	84,180
Exchange differences	(4,145)	1,043
Balance at end of period (30/6/2006 and 31/12/2005 respectively)	528,856	415,790

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

14 Investments in Subsidiaries and Associates

The investments of Piraeus Bank in Subsidiaries and Associates are:

A. Subsidiaries	Activity	% holding	Country
1 MARATHON BANKING CORPORATION	Banking Activities	82.52%	USA
2 TIRANA BANK I.B.C.	Banking Activities	88.72%	Albania
3 PIRAEUS BANK ROMANIA S.A.	Banking Activities	99.99%	Romania
4 PIRAEUS BANK BEOGRAD A.D.	Banking Activities	88.23%	Serbia & Montenegro
5 PIRAEUS BANK BULGARIA A.D.	Banking Activities	99.85%	Bulgaria
6 PIRAEUS BANK EGYPT S.A.E.	Banking Activities	87.97%	Egypt
7 PIRAEUS ASSET MANAGEMENT EUROPE S.A.	Mutual Funds Management	99.94%	Luxemburg
8 PIRAEUS LEASING S.A.	Finance Leasing	85.77%	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. (former ABC PROFESSIONAL SYSTEMS S.A.)	Financial services and consultancy	1.07%	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.	Factoring	100.00%	Greece
20 PIRAEUS MULTIFIN S.A.	Automotive financing	87.50%	Greece
21 ETBA FINANCE S.A.	Special liquidations	100.00%	Greece
22 E-VISION S.A.	Holding company	100.00%	Greece
23 PIRAEUS BOTIFIN S.A.	Kosmopolis Areas Management	100.00%	Greece
24 PICAR S.A.	City Link Areas Management	100.00%	Greece
25 PIRAEUS REAL ESTATE INVESTMENT PROPERTY S.A.	Real estate investment property	37.80%	Greece
26 BULFINA S.A.	Property Management	100.00%	Bulgaria
27 ATFS S.A. (former PIRAEUS NNT S.A.)	Accounting and tax consulting	100.00%	Greece
28 GENERAL CONSTRUCTION AND DEVELOPMENT CO.SA	Property development / holding company	66.70%	Greece
29 PIRAEUS DIRECT SERVICES S.A.	Call center services	1.00%	Greece
30 KOMOTINI REAL ESTATE DEVELOPMENT S.A.	Property Management	100.00%	Greece
31 PIRAEUS REAL ESTATE (former DIAGONIOS S.A.)	Construction company	100.00%	Greece
32 ND DEVELOPMENT S.A.	Property Management	100.00%	Greece
33 PROPERTY HORIZON S.A.	Holding company	100.00%	Greece
34 ETBA INDUSTRIAL ESTATES S.A.	Development / Management of Industrial Areas	65.00%	Greece
35 PIRAEUS PROPERTY S.A.	Property Management	100.00%	Greece
36 PIRAEUS DEVELOPMENT S.A.	Real estate, development/ tourist services	100.00%	Greece
37 PIRAEUS MUTUAL FUNDS S.A. (former PIRAEUS CONSTRUCTIONS S.A.)	Mutual Funds Management	100.00%	Greece
38 PIRAEUS DEVELOPER S.A.	Property Management	100.00%	Greece
39 EUROINVESTMENT & FINANCE LTD	Banking, Asset Management, real estate operations	85.00%	Cyprus
40 LAKKOS MIKELLI REAL ESTATE LTD	Property Management	40.00%	Cyprus
41 PHILOKTIMATI KI LTD	Land and property development	6.07%	Cyprus
42 ESTIA MORTGAGE FINANCE P.L.C.	Special purpose entity for securitisation of mortgage loans	-	United Kingdom
43 CAPITAL INVESTMENTS & FINANCE S.A.	Investment company	100.00%	Liberia
44 MAPLES INVEST & HOLDING S.A.	Investment company	100.00%	British Virgin Islands
45 MARGETSON INVEST & FINANCE S.A.	Investment company	100.00%	British Virgin Islands
46 VITRIA INVESTMENTS S.A.	Investment company	100.00%	Panama
B. Associates	Activity	% holding	Country
1 ING - PIRAEUS LIFE INSURANCE COMPANY	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 STALCO 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	10.00%	Greece
10 SOLVENCY INTERNATIONAL S.A. OF INVESTMENTS AND PARTIC. INTERESTS	Holding company	36.75%	Greece
11 APE COMMERCIAL PROPERTY S.A.	Real estate, development/ tourist services	27.80%	Greece
12 APE FIXED ASSETS S.A.	Real estate, development/ tourist services	27.80%	Greece

15 Due to Banks

	30 June	2006	31 December 2005
Deposits from other Banks		3,060,843	2,810,964
Other Obligations to Banks		529,294	467,699
Repurchase agreement - banks		-	143,744
		3,590,137	3,422,407

16 Due to customers

	30 June	2006	31 December 2005
Deposits - Corporate Customers			
Sight deposits		2,085,294	1,884,638
Term deposits		2,836,711	1,877,054
Other deposits		45,908	45,175
Retail Customers			
Savings accounts		3,334,735	3,236,218
Sight deposits		1,158,667	1,068,116
Term deposits		3,190,170	3,014,798
Other deposits		15,533	15,141
Repurchase agreements			
Corporate		188,665	188,098
Retail		9,145	13,245
Cheques payable and remittances			
		146,575	108,970
		13,011,403	11,451,453

17 Debt securities in issue

	Currency	Average interest rate (%)		30 June	2006	31 December 2005
		1st Semester 2006	2005			
ETBA bonds	EUR	2.63%	2.26%		656,750	438,139
Euro Commercial Paper	EUR	2.64%	2.22%		1,619,318	1,528,820
	USD	4.77%	3.62%		89,127	80,939
	GBP	4.60%	4.72%		60,489	31,955
	JPY	0.33%	-		6,856	-
					1,775,790	1,641,714
Euro Medium Term Note	EUR	2.96%	2.53%		1,471,925	932,285
	USD	4.87%	3.73%		22,127	16,784
					1,494,052	949,069
Securitisation of mortgage loans	EUR	2.68%	2.32%		637,762	696,217
					4,564,354	3,725,139

The Euro Commercial Paper (ECP) short term securities in issue retained a balance of over € 1.5 billion with a parallel increase of the level of average maturity and a decrease of 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.

During the first quarter of 2006, the reissue of € 50 million of the 5 year benchmark bond (December 2005) was completed, increasing the total amount of the issue to € 500 million. Also, the Bank issued 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 June	2006	31 December 2005
		1st Semester 2006	2005			
Hybrid Capital (TIER I)	EUR	3.82%	3.39%		200,471	201,260
Subordinated debt (TIER II)	EUR	3.22%	2.74%		396,295	398,597
					596,766	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 on 29/9/2004. Subordinated debt has 10 years duration and is callable by the issuer after 5 years. The nominal coupon is 3 month Euribor increased by 60 basis points.

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

19 Deferred income tax

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

	30 June	2006	31 December	2005
Deferred tax liabilities				
Adjustment for depreciation of property, plant and equipment		1,462		1,313
Derivative financial instruments valuation		4,852		7,486
Impairment of loans		-		1,936
Securities valuation		19,805		17,380
Recognition of commission according to effective interest rate calculation		628		581
Valuation of investment property		210		227
Other deferred tax liabilities		3,321		4,357
		30,278		33,280
Less: Deferred tax liability of branch network in Bulgaria				(770)
				32,510
Deferred tax assets				
Pensions and other post retirement benefits		38,938		40,846
Intangible assets derecognition		2,207		3,518
Derivative financial instruments valuation		6,729		9,470
Securities valuation		14,172		7,226
Impairment of securities portfolio		40,181		44,171
Recognition of commission according to effective interest rate calculation		9,086		9,698
Other deferred tax assets		861		942
		112,174		115,871
Less: Deferred tax asset of branch network in Bulgaria				(12)
				115,859
Net deferred tax asset/ (liability)		81,896		83,349

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

	1st Semester	1st Semester
	2006	2005
Deferred tax (Income Statement)		
Pensions and other post retirement benefits	(1,908)	321
Loan impairment	1,936	(4,728)
Recognition of commission according to effective interest rate calculation	(659)	737
Derivative financial instruments valuation	(107)	(1,594)
Adjustment for depreciation of property, plant and equipment	(149)	(400)
Valuation of investment property	17	-
Intangible assets derecognition	(1,311)	(756)
Impairment of securities portfolio	(3,990)	-
Deferred tax on the profit realized from the sale of ING GROEP N.V.	(16,227)	-
Securities valuation	2,725	-
Other deferred tax charges	899	(2,323)
	(18,774)	(8,743)

During the 1st semester 2006, amount € 17,321 th was transferred from the available for sale reserve (note 24) to the Profit and Loss for the period, of which amount € 16,227 th relates to the gain from the sale of ING GROEP N.V. shares so that the respective gains can be free for future distribution, capitalisation or offset of securities valuation losses.

20 Post 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 30/06/2006. 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 June	2006	31 December 2005
Pension schemes - funded		79,615	83,080
Other post retirement benefits - not funded		73,850	61,758
		153,465	144,838
Provision for outstanding annual leaves		2,288	6,445
Provision for voluntary leave plan 12/2003		-	163
Total liability		155,753	151,446

Amounts recognised in the Income statement	1st Semester 2006	1st Semester 2005
Pension schemes - funded	(2,377)	5,192
Other post retirement benefits - not funded	13,979	9,765
	11,602	14,957

A) Pension schemes - funded

The amounts recognised in the balance sheet are determined as follows:

	30 June	2006	31 December 2005
Present value of funded obligations		99,114	161,644
Fair value of plan assets		(11,102)	(34,382)
		88,012	127,262
Unrecognised actuarial losses		(8,397)	(44,182)
Liability in the balance sheet		79,615	83,080

Funded benefits comprise the Auxiliary Pension Fund of Emporiki Bank (TEAPETE). The Bank made use of the provisions of Law 3371/05 in order to transfer the insured and the retired of TEAPETE into the Special Auxiliary Pension Fund for the Salaried (ETEAM) and the Pension Fund for Bank Employees (ETAT). The total cost amounts to € 59.6 million (€ 9.7 million shall be paid to ETEAM and € 49.9 million shall be paid to ETAT). Such cost was specified on the basis of a special financial study stipulated by law, was ratified by the Parliament with Law 3455/2006, article 6, and was published in the Official Gazette 84, bulletin A (18/4/2006). This amount shall be paid in 10 equal instalments of € 7.1 million each. On April 1, 2006 the current value of these instalments amounted to € 58.6 million. On April 1, 2006, the accumulated provision of the Bank for TEAPETE benefits amounted to € 66.2 million. Due to the above estimation of the liability, the difference on the provision amount was recorded in the Profit and Loss for the period. Although TEAPETE is no longer among funded benefits, it is featured as part of funded benefits on 30/6/2006 for comparison purpose.

The amounts recognised in the Income Statement are as follows:

Pension schemes - Income statement	1st Semester 2006	1st Semester 2005
Current service cost	2,343	2,103
Interest cost	2,630	3,182
Expected return on plan assets	(358)	(559)
Net actuarial (gains)/ losses recognised for the period	35,784	303
Losses/ (gains) on curtailment	(42,745)	-
Additional cost	(31)	163
Total, included in staff costs	(2,377)	5,192

The movement in the liability as recognised in the Balance Sheet is as follows:

Opening balance for the semester 1/1/2005	75,743
Movement for the period	5,192
Contributions paid by the Bank	(1,372)
Closing balance for the semester 30/6/2005	79,563
Opening balance for the period 1/7/2005	79,563
Movement for the period	5,029
Contributions paid by the Bank	(1,512)
Closing balance for the year 2005	83,080

Opening balance for the semester 1/1/2006	83,080
Movement for the period	(2,377)
Contributions paid by the Bank	(1,088)
Closing balance for the semester 30/6/2006	79,615

B) Other post retirement benefits - not funded

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

	30 June	2006	31 December 2005
Present value of funded obligations		93,450	79,152
Unrecognised actuarial losses		(13,832)	(17,394)
Unrecognised past service cost		(5,768)	-
Liability in the balance sheet		73,850	61,758

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:

	1st Semester 2006	1st Semester 2005
Income statement		
Current service cost	2,358	2,255
Interest cost	1,479	1,668
Net actuarial (gains)/ losses recognised for the period	3,561	40
Past service cost	6,379	-
Additional cost	202	5,802
Total included in staff costs	13,979	9,765

The movement in the liability recognised in the balance sheet is reconciled as follows:

Opening balance for the semester 1/1/2005	62,324
Movement for the period	9,765
Contributions paid by the Bank	(12,396)
Closing balance for the semester 30/6/2005	59,693
Opening balance for the period 1/7/2005	59,693
Movement for the period	4,127
Contributions paid by the Bank	(2,062)
Closing balance for the year 2005	61,758
Opening balance for the semester 1/1/2006	61,758
Movement for the period	13,979
Contributions paid by the Bank	(1,887)
Closing balance for the semester 30/6/2006	73,850

The main actuarial assumptions used are as follows:

	30 June	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 June	2006	31 December 2005
Deferred income and accrued expenses		77,548	89,675
Withholding taxes and contributions		22,521	16,659
Other liabilities		304,014	125,417
		404,083	231,751

Other liabilities include € 163 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 30/6/2006 which would affect its financial position significantly.

B) Capital commitments

As at 30/6/2006 the Bank had the following capital commitments:

	30 June	2006	31 December 2005
Letters of guarantee		1,770,224	1,680,419
Letters of credit		125,785	96,529
Commitments to extent credit		6,590,804	5,982,576
		8,486,813	7,759,524

C) Assets pledged

	30 June	2006	31 December 2005
Trading securities		84,016	84,016

D) Operating lease commitments

Commitments from operating leasing contracts are analysed as follows:

	30 June	2006	31 December 2005
Up to 1 year		37,613	37,375
From 1 to 5 years		162,686	162,352
More than 5 years		337,070	335,490
		537,369	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
Mergers - canceling 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 31 December 2005	1,024,932	330,643	(17,590)	1,337,985
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	-	-	(103,447)	(103,447)
At 30 June 2006	1,281,165	71,443	(121,037)	1,231,571

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

	Number of shares		Net number of shares
	Issued shares	Treasury 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		Net number of shares
	Issued shares	Treasury shares	
Opening balance at 1st January 2006	214,870,434	(1,021,461)	213,848,973
Purchases of treasury shares	-	(4,685,131)	(4,685,131)
Issue of new shares	53,717,609	(1,158,257)	52,559,352
Balance at 30th June 2006	268,588,043	(6,864,849)	261,723,194

All issued shares are fully paid. The 2nd Iterative General Meeting of Piraeus Bank shareholders, held on 15/05/2006, 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 of € 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

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 total number of share options was granted on 29/8/2005 at a price of € 12.20 per share and they can be exercised beginning December 2006. The exercise dates of the total number of granted share options according to the share option scheme are as follows:

Exercise date	Exercise price	Fair value of options	Number of share options
30/11/2006	12.20	3.73	1,000,000
30/11/2007	12.20	3.59	500,000
30/11/2008	12.20	3.44	500,000
			2,000,000

The fair value of options granted, at each exercise date, has been determined using the Black-Scholes valuation model. The significant inputs into the model are share prices (€ 15.98 as at 29/8/2005), exercise price, dividend yield, discount interest rate (2.17%, 2.25% and 2.39% for the years 2006, 2007 and 2008 respectively) and volatility of share prices (17.50%).

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

Also, the same General Meeting 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 year 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.

24 Other reserves and retained earnings

	30 June	2006	31 December 2005
Legal reserve		13,080	13,080
Available for sale reserve		11,062	62,273
Other reserves		3,106	532
Retained earnings		170,499	45,128
Total other reserves and retained earnings		197,747	121,013

Movements in reserves for the period were as follows:

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

	30 June	2006	31 December 2005
Available for sale reserve			
Opening Balance		62,273	3,080
Gains/ losses from the valuation of AFS bonds (note 13)		(1,771)	2,757
Gains/ losses from the valuation of AFS shares (note 13)		65,966	81,423
Deferred income taxes (note 19)		17,321	(20,538)
Recycling of the AFS reserve		(132,731)	(3,819)
Foreign exchange differences and other adjustments		4	(630)
Closing balance		11,062	62,273

	30 June	2006	31 December 2005
Retained earnings			
Opening book amount		45,128	(262,671)
Mergers - canceling of treasury shares		-	76,279
Profit after tax for the period/ year		232,806	261,597
Transfer to legal reserve		-	(13,080)
Dividend for prior year		(107,435)	(80,103)
Gains / (losses) from sales of treasury shares		-	11,438
Utilization of legal reserve to cover the 1st time adoption adjustments		-	51,667
Closing balance		170,499	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 for the fiscal year 2005 was approved. The total dividend is € 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 June	2006	31 December 2005
Loans		54,731	83,785
Deposits		46,898	34,326

Letters of guarantees and letters of credits to the members of the board of directors and to the key management personnel as at 30/6/2006 are € 10.2 million. Letters of guarantees to subsidiaries as at 30/6/2006 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 June	2006	31 December 2005
Salaries and other remuneration		3,566	8,140
Post employment benefits		-	1,596
		3,566	9,736

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

	30 June	2006	31 December 2005
I. Subsidiaries			
Assets			
Cash and Balances with Central Bank		1,444	3,036
Loans and advances to Credit Institutions		370,666	96,230
Trading securities		156,884	13,396
Loans and advances to customers		1,682,464	1,540,604
Other assets		47,784	21,090
Total		2,259,242	1,674,356

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

	30 June	2006	31 December
Liabilities			2005
Due to Banks		49,504	37,898
Due to customers		195,664	187,250
Debt securities in issue		4,065,413	3,287,064
Other borrowed funds		600,033	599,857
Other liabilities		31,826	28,830
Total		4,942,440	4,140,899
		1st Semester	1st Semester
		2006	2005
Revenues			
Interest and similar income		43,299	25,348
Fee and commission income		9,345	2,796
Other operating income		1,245	1,835
Total		53,889	29,979
		1st Semester	1st Semester
		2006	2005
Expenses			
Interest expense and similar charges		(75,821)	(33,273)
Fee and commission expense		(7,926)	(5,874)
General administrative expenses		(20,420)	(14,896)
Total		(104,167)	(54,043)
 II. Associates			
	30 June	2006	31 December
			2005
Deposits		12,921	10,964
Loans		31,930	22,214
		1st Semester	1st Semester
		2006	2005
Interest on deposits		(28)	(67)
Interest on loans		527	332

26 Post Balance Sheet events

In mid July 2006, Piraeus Bank proceeded to the issue of a Lower Tier II subordinated bond in the amount of € 400 million, under its EMTN (Euro Medium Term Note) Programme. This bond issue further strengthens Piraeus Bank's capital base, while increasing the tenor of its outstanding debt.

Athens, July 26th 2006

CHAIRMAN OF THE BOARD OF DIRECTORS
and MANAGING DIRECTOR

VICE - CHAIRMAN OF THE BOARD OF DIRECTORS
and DEPUTY MANAGING DIRECTOR

FINANCE DIRECTOR

MICHALIS G. SALLAS

THEODORE N. PANTALAKIS

CONSTANTINOS I. LIAPIS

REVIEW REPORT OF THE CERTIFIED AUDITORS- ACCOUNTANTS

To the Shareholders of PIRAEUS BANK S.A.

We have reviewed the accompanying condensed interim balance sheet of Piraeus Bank S.A. (the "Bank") as of 30 June 2006 and the related condensed interim statements of income, cash flows and changes in shareholders' equity for the six months ended 30 June 2006. Our review covered the six month period as a whole, and therefore we have not reviewed the financial information relating to the three month period 1 April to 30 June 2006, which is presented in the income statement of the accompanying condensed interim financial statements. These condensed interim financial statements are the responsibility of the Bank's management. Our responsibility is to issue a report on these condensed interim financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400, as required by the Greek Standards on Auditing. This Standard requires that we plan and perform the review to obtain moderate assurance about whether the condensed company and consolidated interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements for the six monthly period ended 30 June 2006 have not been properly prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Without qualifying our review opinion, we draw attention to the fact that of the total Retirement Benefit Obligations amounting to Euro 155.8 million, which relate to the Bank's liability arising from its participation in defined benefit plans, the amount of Euro 59 million has been determined, as a result of the Bank being subject to the conditions of Law 3371/2005 regarding social security regulation of banking institutions, based on an economical study that was carried out by the relevant Ministry and was ratified by Law 3455/2006. The settlement of the above obligations is expected to be finalized by a Presidential Decree.

PRICEWATERHOUSECOOPERS 

July 26, 2006