



## **PIRAEUS BANK GROUP**

### **Consolidated Interim Condensed Financial Information**

30 June 2007

According to the International Financial  
Reporting Standards

The attached consolidated interim condensed financial information has been approved by the Piraeus Bank S.A. Board of Directors on July 30th, 2007 and it is available on the web site of Piraeus Bank at [www.piraeusbank.gr](http://www.piraeusbank.gr)



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**CONSOLIDATED INTERIM INCOME STATEMENT**

	Note	Period from 1 January to		Period from 1 April to	
		30 June 2007	30 June 2006	30 June 2007	30 June 2006
Interest and similar income		1,188,295	713,940	634,397	378,567
Interest expense and similar charges		(776,804)	(392,847)	(415,930)	(208,475)
<b>NET INTEREST INCOME</b>		<b>411,491</b>	<b>321,093</b>	<b>218,467</b>	<b>170,092</b>
Fee and commission income		123,008	105,192	62,570	52,624
Fee and commission expense		(15,647)	(15,347)	(7,314)	(7,457)
<b>NET FEE AND COMMISSION INCOME</b>		<b>107,361</b>	<b>89,845</b>	<b>55,256</b>	<b>45,167</b>
Dividend income		7,914	10,467	7,556	8,652
Net trading income		5,442	26,546	4,002	11,323
Net income from financial instruments designated at fair value through profit or loss		11,051	(6,342)	(4,215)	(3,194)
Gains/ (Losses) from investment securities	6	167,472	139,479	9,779	4,510
Other operating income		98,393	50,986	59,789	28,813
<b>TOTAL NET INCOME</b>		<b>809,124</b>	<b>632,074</b>	<b>350,634</b>	<b>265,363</b>
Staff costs		(171,673)	(143,257)	(89,738)	(73,515)
Administrative expenses		(132,327)	(110,430)	(74,218)	(61,545)
Depreciation and amortisation		(29,533)	(27,476)	(14,177)	(13,658)
Gains/ (Losses) from sale of assets		2,165	7,929	1,944	(1,580)
Impairment losses on loans and receivables	9	(52,023)	(38,904)	(26,530)	(13,920)
Other provisions		(472)	-	(331)	-
<b>TOTAL OPERATING EXPENSES</b>		<b>(383,863)</b>	<b>(312,138)</b>	<b>(203,050)</b>	<b>(164,218)</b>
Share of profit of associates		2,646	753	2,706	865
<b>PROFIT BEFORE INCOME TAX</b>		<b>427,907</b>	<b>320,689</b>	<b>150,290</b>	<b>102,010</b>
Income tax expense	7	(44,690)	(50,177)	(19,391)	(23,098)
<b>PROFIT FOR THE PERIOD</b>		<b>383,217</b>	<b>270,512</b>	<b>130,899</b>	<b>78,912</b>
Profit for the year attributable to the equity holders of Piraeus Bank		372,263	260,646	124,092	74,639
Minority Interest		10,954	9,866	6,807	4,273
<b>Earnings per share (in euro):</b>					
-basic	8	1.42	0.98	0.47	0.28
-diluted	8	1.40	0.98	0.47	0.28

**CONSOLIDATED INTERIM BALANCE SHEET**

	Note	30 June 2007	31 December 2006
<b>ASSETS</b>			
Cash and balances with central banks		2,274,478	1,885,146
Treasury bills and other eligible bills		195,660	165,226
Loans and advances to credit institutions		2,545,184	2,626,853
Derivative financial instruments - assets		92,162	56,435
Trading securities		3,244,200	1,964,899
Financial instruments at fair value through Profit or Loss		351,337	56,449
Loans and advances to customers (net of provisions)	9	25,183,579	20,426,615
Investment securities			
-Available for sale securities	10	585,386	1,300,126
-Held to maturity	10	104,335	99,880
Investments in associated undertakings		51,418	29,737
Intangible assets		212,333	192,291
Property, plant and equipment		557,813	524,087
Investment property		606,699	619,748
Held for sale		12,132	12,844
Deferred tax assets		122,665	100,253
Inventories - property		186,388	181,357
Other assets		950,452	689,270
<b>TOTAL ASSETS</b>		<b>37,276,221</b>	<b>30,931,216</b>
<b>LIABILITIES</b>			
Due to Banks		6,394,723	4,882,851
Derivative financial instruments - liabilities		96,095	59,704
Due to customers	11	19,724,052	16,734,589
Debt securities in issue	12	6,686,961	5,261,513
Other borrowed funds	13	803,803	803,864
Hybrid capital	13	201,106	201,206
Retirement benefit obligations		164,189	153,232
Other provisions		12,906	11,744
Current income tax liabilities		52,923	47,017
Deferred tax liabilities		74,719	72,059
Other liabilities		1,180,949	871,017
<b>TOTAL LIABILITIES</b>		<b>35,392,426</b>	<b>29,098,796</b>
<b>EQUITY</b>			
Ordinary shares	15	1,288,830	1,288,830
Share premium	15	88,146	88,146
Less: Treasury shares	15	(237,194)	(97,302)
Other reserves	16	78,883	163,650
Retained earnings	16	453,091	172,877
<b>Capital and reserves attributable to Piraeus Bank equity holders</b>		<b>1,671,756</b>	<b>1,616,201</b>
Minority Interest		212,039	216,219
<b>TOTAL EQUITY</b>		<b>1,883,795</b>	<b>1,832,420</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>37,276,221</b>	<b>30,931,216</b>

**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

Note	Attributable to equity holders						TOTAL
	Share Capital	Share Premium	Treasury shares	Other reserves	Retained earnings	Minority interests	
<b>Opening balance as at 1 January 2006</b>	<b>1,024,932</b>	<b>330,643</b>	<b>(17,594)</b>	<b>96,202</b>	<b>(55,758)</b>	<b>229,234</b>	<b>1,607,659</b>
Capitalization of share premium reserve	15	256,233	(259,200)				(2,967)
Purchases of treasury shares	15		(103,961)				(103,961)
Sales of treasury shares	15		70				70
Available for sale reserve	16			(45,148)			(45,148)
Profit after tax 1/1/2006 - 30/6/2006	16				260,646	9,866	270,512
Dividend relating to the previous year					(107,435)	(8,428)	(115,863)
Transfer between other reserves and retained earnings				7,390	(7,390)		0
Reserve for stock option plan				2,640			2,640
Acquisitions, absorptions and movement in subsidiaries holding				(1,104)	(15,506)	(1,706)	(18,316)
Currency translation differences and other adjustments				3,035	(4,404)	(4,233)	(5,602)
<b>Balance as at 30 June 2006</b>	<b>1,281,165</b>	<b>71,443</b>	<b>(121,485)</b>	<b>63,015</b>	<b>70,153</b>	<b>224,733</b>	<b>1,589,024</b>
Note	Attributable to equity holders						TOTAL
	Share Capital	Share Premium	Treasury shares	Other reserves	Retained earnings	Minority interests	
<b>Opening balance as at 1 July 2006</b>	<b>1,281,165</b>	<b>71,443</b>	<b>(121,485)</b>	<b>63,015</b>	<b>70,153</b>	<b>224,733</b>	<b>1,589,024</b>
Issue of share capital due to the exercise of share options	15	7,665	16,703	(4,981)			19,387
Purchases of treasury shares	15		(252,191)				(252,191)
Sales of treasury shares	15		276,374		29,119		305,493
Available for sale reserve	16			92,281			92,281
Profit after tax 1/7/2006 - 31/12/2006	16				174,003	11,934	185,937
Interim dividend for year 2006					(85,948)		(85,948)
Transfer between other reserves and retained earnings				15,240	(15,240)		0
Reserve for stock option plan				5,720			5,720
Acquisitions, absorptions and movement in subsidiaries holding				(1,787)	(2,474)	(20,584)	(24,845)
Currency translation differences and other adjustments				(5,838)	3,264	136	(2,438)
<b>Balance as at 31 December 2006</b>	<b>1,288,830</b>	<b>88,146</b>	<b>(97,302)</b>	<b>163,650</b>	<b>172,877</b>	<b>216,219</b>	<b>1,832,420</b>
<b>Opening balance as at 1 January 2007</b>	<b>1,288,830</b>	<b>88,146</b>	<b>(97,302)</b>	<b>163,650</b>	<b>172,877</b>	<b>216,219</b>	<b>1,832,420</b>
Purchases of treasury shares	15		(164,309)				(164,309)
Sales of treasury shares	15		24,417		2,973		27,390
Available for sale reserve	16			(98,943)			(98,943)
Profit after tax 1/1/2007 - 30/6/2007	16				372,263	10,954	383,217
Dividend relating to the previous year					(86,462)	(2,316)	(88,778)
Transfer between other reserves and retained earnings	16			2,099	(2,099)		0
Reserve for stock option plan				3,396			3,396
Acquisitions and movement in subsidiaries holding				(180)	(2,815)	(10,984)	(13,979)
Currency translation differences and other adjustments				8,861	(3,646)	(1,834)	3,381
<b>Balance as at 30 June 2007</b>	<b>1,288,830</b>	<b>88,146</b>	<b>(237,194)</b>	<b>78,883</b>	<b>453,091</b>	<b>212,039</b>	<b>1,883,795</b>

**CONSOLIDATED INTERIM CASH FLOW STATEMENT**

	<b>Note</b>	<b>From January 1st to 30 June 2007</b>	<b>30 June 2006</b>
<i>Cash flows from operating activities</i>			
Profit before tax		427,907	320,689
Adjustments to profit before tax			
Add: impairment for loans and advances and other provisions		52,495	38,904
Add: depreciation and amortisation		29,533	27,476
Add: retirement benefits		16,677	11,915
(Gains)/ losses from valuation of trading securities and financial instruments at fair value through profit or loss		(3,043)	(8,434)
(Gains)/ losses from investing activities		(242,333)	(171,874)
Interest on debt securities and other borrowed funds		-	80,303
		<b>281,236</b>	<b>298,979</b>
<i>Cash flows from operating profits 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		(90,278)	(41,980)
Net (increase)/ decrease in treasury bills and other eligible bills		(119,539)	39,624
Net (increase)/ decrease in trading securities and financial instruments at fair value through profit or loss		(1,543,883)	(757,876)
Net (increase)/ decrease in loans and advances to credit institutions		(524,254)	222,034
Net (increase)/ decrease in loans and advances to customers		(4,778,484)	(2,790,105)
Net (increase)/ decrease in other assets		(296,133)	60,933
Net increase/ (decrease) in due to Banks		1,511,872	254,437
Net increase/ (decrease) in amounts due to customers		2,989,463	1,778,166
Net increase/ (decrease) in other liabilities		351,540	186,613
		<b>(2,218,460)</b>	<b>(749,175)</b>
<i>Net cash flow from operating activities before income tax payment</i>			
Income tax paid		(12,201)	(5,085)
<b>Net cash inflow/ (outflow) from operating activities</b>		<b>(2,230,661)</b>	<b>(754,260)</b>
<i>Cash flows from investing activities</i>			
Net proceeds from purchases of property, plant and equipment		(68,580)	(139,682)
Net proceeds from sale of property, plant and equipment		64,112	27,607
Net proceeds from purchases of intangible assets		(7,133)	(7,057)
Purchases of available for sale securities	10	(105,243)	(484,184)
Net proceeds from sale of available for sale securities	10	815,797	302,754
Purchase of held to maturity securities	10	(27,822)	(8,064)
Net proceeds from maturity of held to maturity securities	10	23,637	8,779
Acquisition of subsidiaries (net of cash acquired)	18	(13,741)	(44,162)
Disposals of subsidiaries, net of cash disposed	18	1,939	4,447
Acquisition of associates		(18,844)	(2,404)
Disposal of associates		4,855	9,881
Dividends receipts		6,894	21,601
<b>Net cash inflow/ (outflow) from investing activities</b>		<b>675,871</b>	<b>(310,484)</b>
<i>Cash flows from financing activities</i>			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		1,425,287	775,875
Prior year dividends		(90,258)	-
Purchases of treasury shares	15	(164,309)	(103,961)
Sales of treasury shares	15	27,390	70
Other cashflows from financing activities		(19,218)	(58,746)
<b>Net cash inflow/ (outflow) from financing activities</b>		<b>1,178,892</b>	<b>613,238</b>
Effect of exchange rate differences on cash and cash equivalents		3,562	(1,502)
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>(372,336)</b>	<b>(453,008)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>4,381,289</b>	<b>3,515,064</b>
<b>Cash and cash equivalents at end of period</b>		<b>4,008,953</b>	<b>3,062,056</b>

## 1 General Information about the Group

Piraeus Bank S.A. is a banking institution operating in accordance with the provisions of Law 2190/1920 on sociétés anonymes, Law 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 (parent company) is incorporated and domiciled in Greece. The address of its registered office is 4 Amerikis st., Athens. Piraeus Bank and its subsidiaries (together "the Group") provide services in the Southeast Europe, Egypt, the U.S., as well as Western Europe. The Group employs 10,227 people.

Apart from the ATHEX Composite Index, the Piraeus Bank share is included in a series of other indices, such as FTSE/ATHEX- 20, MSCI Greece (9.9% weight), MSCI EAFE, MSCI Pan-Euro, MSCI Euro, DJ Euro Stoxx, DJ Euro Stoxx Banks, FTSE4Good Index and Kempen SNS Smaller Europe SRI Index.

## 2 General accounting policies of the Group

The same accounting policies and methods of computation as those in the annual consolidated financial statements for the year ended 31 December 2006 have been followed. Piraeus Bank Group applies IFRS 7 from 1/1/2007 in the consolidated interim condensed financial information as well, where this is required by IAS 34. The full disclosures required by IFRS 7 will be reported in the annual financial statements of the year 2007.

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

## 3 Basis of presentation of the consolidated interim condensed financial information

The consolidated interim condensed financial information has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and it should be read along with the Group's annual consolidated financial statements for the year ended 31 December 2006.

## 4 Critical accounting estimates and judgements

The Group 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 Group examines, at every reporting period, whether trigger for impairment exists for its loans or loans portfolios. If such triggers exist, the recoverable amount of the loan or loan portfolio is calculated and the relevant provision for this impairment is raised. The provision is recorded in the profit or loss statement. The estimates, methodology and assumptions used are reviewed regularly in order to reduce any differences between loss estimates and actual loss experience.

### 2. Fair value of financial instruments

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 available for sale investments

The available for sale investments are recorded at fair value and any changes in fair value are recorded in the available for sale reserve. Available for sale investments are impaired when there is significant or prolonged decline (judgement is required) in the fair value below cost. When this occurs, the relevant portion of the available for sale reserve is recycled to the income statement of the period. Judgement is also required for the estimation of the fair value of investments that are not traded in a market. For these investments, the fair value computation through financial models takes also into account evidence of deterioration in the financial health of the investee, industry and sector performance and changes in technology.

### 4. Securitisations and special purpose entities

The Group sponsors the formation of special purpose financing entities (SPEs) for various purposes including asset securitisation. The Group does not consolidate SPEs that it does not control. As it can sometimes be difficult to determine whether the Group does control an SPE, it makes judgements about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE in question. In many instances, elements are present that, considered in isolation, indicate control or lack of control over an SPE, but when considered together make it difficult to reach a clear conclusion. In such cases, the SPE is consolidated.

### 5. Held to maturity investments

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available for sale. The investments would therefore be remeasured at fair value.

### 6. Income taxes

The Group 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 ordinary course of business. 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 Group has defined the following business segments:

**Retail Banking** - This segment includes the retail banking facilities of the Bank and its subsidiaries, 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, provided by the Bank and its subsidiaries, 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 and its subsidiaries (investment advisory and stock exchange services, underwriting services and public listings, etc.).

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

**Other** – Includes other facilities of the Bank and its subsidiaries that are not included in the above segments (Bank's administration, real estate activities, IT activities etc.).

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

<b>At 30 June 2007</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Asset Management &amp; Treasury</b>	<b>Other business segments</b>	<b>Eliminations</b>	<b>Group</b>
Revenues	619,070	204,960	46,995	466,160	264,390	-	1,601,575
Revenues from other business segments	94,304	10,386	711	62	164,393	(269,856)	0
<b>Total revenues</b>	<b>713,374</b>	<b>215,346</b>	<b>47,706</b>	<b>466,222</b>	<b>428,783</b>	<b>(269,856)</b>	<b>1,601,575</b>
Net revenues	531,390	93,462	38,452	46,408	99,412	-	809,124
Net revenues from other business segments	(81,744)	(17,772)	(5,957)	(7,359)	139,130	(26,298)	0
<b>Total net revenues</b>	<b>449,646</b>	<b>75,690</b>	<b>32,495</b>	<b>39,049</b>	<b>238,542</b>	<b>(26,298)</b>	<b>809,124</b>
<b>Segment results</b>	<b>163,883</b>	<b>24,982</b>	<b>31,014</b>	<b>28,742</b>	<b>176,640</b>	<b>-</b>	<b>425,261</b>
Share of profit of associates							2,646
<b>Profit before tax</b>							<b>427,907</b>
Income tax expense							(44,690)
<b>Profit after tax</b>							<b>383,217</b>
<b>Other segment items</b>							
Capital expenditure	29,742	14,769	171	372	30,659	-	75,713
Depreciation and amortisation	15,434	2,961	588	357	10,193	-	29,533
Impairment charge - loans	36,068	11,863	-	-	4,092	-	52,023
<b>At 30 June 2006</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Asset Management &amp; Treasury</b>	<b>Other business segments</b>	<b>Eliminations</b>	<b>Group</b>
Revenues	469,367	144,409	32,977	200,348	193,168	-	1,040,269
Revenues from other business segments	70,600	7,407	127	-	90,677	(168,811)	0
<b>Total revenues</b>	<b>539,967</b>	<b>151,816</b>	<b>33,104</b>	<b>200,348</b>	<b>283,845</b>	<b>(168,811)</b>	<b>1,040,269</b>
Net revenues	408,384	72,611	25,666	25,960	99,453	-	632,074
Net revenues from other business segments	(27,796)	(7,521)	(7,107)	-	70,625	(28,201)	0
<b>Total net revenues</b>	<b>380,588</b>	<b>65,090</b>	<b>18,559</b>	<b>25,960</b>	<b>170,078</b>	<b>(28,201)</b>	<b>632,074</b>
<b>Segment Results</b>	<b>141,860</b>	<b>15,494</b>	<b>17,633</b>	<b>15,112</b>	<b>131,343</b>	<b>-</b>	<b>321,442</b>
Share of profit of associates							(753)
<b>Profit before tax</b>							<b>320,689</b>
Income tax expense							(50,177)
<b>Profit after tax</b>							<b>270,512</b>
<b>Other segment items</b>							
Capital expenditure	51,832	12,516	216	337	81,838	-	146,739
Depreciation and amortisation	12,631	2,490	489	355	11,511	-	27,476
Impairment charge - loans	29,126	8,693	22	(1)	1,064	-	38,904

Other business segments results for the first semester of 2007 include amount of € 159.3 million which relates to the sale of the Bank's participation in Bank of Cyprus. Other business segments results for the first semester of 2006 include amount of € 129.8 million which relates to the sale of ING GROEP N.V. Relevant note to the sale of the participation in Bank of Cyprus and of ING GROEP N.V. is note 6.

**Piraeus Bank Group - 30 June 2007**  
Amounts in thousand euros (Unless otherwise stated)

At 30 June 2007	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group
Segment assets	18,405,144	7,783,540	443,791	8,030,693	2,613,053	-	37,276,221
Segment liabilities	11,722,980	868,733	437,202	14,842,172	7,521,339	-	35,392,426
<b>At 31 December 2006</b>							
Segment assets	14,675,733	6,284,682	164,053	6,212,550	3,594,198	-	30,931,216
Segment liabilities	11,040,754	647,745	125,737	10,985,252	6,299,308	-	29,098,796

Capital expenditure includes additions of intangible and tangible assets that took place in the period by each business segment.

Revenues and net revenues from other business segments include revenues and net revenues derived from transactions between business segments.

## 6 Gains less losses from investment securities

	1st Semester 2007	1st Semester 2006
Gains less losses on AFS - shares and mutual funds	170,133	138,091
Gains less losses on AFS - bonds	(544)	252
Gains less losses on sale of subsidiaries and associates	(1,263)	1,136
Impairment of shares and mutual funds (available for sale portfolio)	(854)	-
	<b>167,472</b>	<b>139,479</b>

During the first semester of 2007, Piraeus Bank sold its participation in Bank of Cyprus (8.08%). The profit before tax from the above transaction was € 159.3 million. In addition, an once off deferred tax expense of € 6 million was recognised on this sale and therefore the profit after tax was € 153.3 million.

During the first semester of 2006, Piraeus Bank's participation in ING Groep N.V. was liquidated through a series of moderated sales. The profit before tax from the above transaction was € 129.8 million.

## 7 Income tax expense

	1st Semester 2007	1st Semester 2006
Current Tax	(29,957)	(32,280)
Deferred tax	(14,733)	(17,842)
Share of tax of associates	-	(55)
	<b>(44,690)</b>	<b>(50,177)</b>

The tax rate for Greek legal entities, in accordance with the provisions in force of article 109, par. 1 of Law 2238/94, amounts to 29% for the year 2006 and 25% for the year 2007. However, upon completion of the merger with the Hellenic Investment Company within 2005, in accordance with the provisions of article 9, par. 2 and 3 of Law 2992/2002, for the year 2006, income tax was defined according to a tax rate, on the Bank's taxable profits, reduced by five (5) percentage points, namely 24% (29% minus 5%).

For the subsidiaries operating abroad, the tax has been calculated according to the respective nominal tax rates (Albania: 20%, Bulgaria: 10%, Romania: 16%, U.S.A.: 35%, Serbia: 10% and Egypt: 20%).

## 8 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of shares in issue during the period, excluding the average number of ordinary shares purchased by the Group and held as treasury shares. For the calculation of the diluted earnings per share, all the dilutive potential ordinary shares are taken into consideration. The two share option schemes (note 15) is the only case of dilutive potential ordinary shares for the Group. Specifically, the difference in the number of shares that arises from the comparison of a) the number of shares that would have been issued at fair value based on the consideration received from the exercise of the share options and b) the number of shares issued due to the exercise of the share options is added on the weighted average number of ordinary shares used for the calculation of the basic earnings per share.

Basic earnings per share	1/1 - 30/6/2007	1/1 - 30/6/2006	1/4 - 30/6/2007	1/4 - 30/6/2006
Net profit attributable to shareholders	372,263	260,646	124,092	74,639
Weighted average number of shares in issue	262,860,502	265,574,263	261,350,577	264,222,538
Basic earnings per share (in euros)	1.42	0.98	0.47	0.28
<b>Diluted earnings per share</b>				
Net profit attributable to shareholders	372,263	260,646	124,092	74,639
Weighted average number of shares in issue	262,860,502	265,574,263	261,350,577	264,222,538
Adjustment for share options	2,145,143	1,168,849	2,205,153	1,227,178
Weighted average number of shares in issue for the diluted earnings per share calculation	265,005,645	266,743,112	263,555,730	265,449,716
Diluted earnings per share (in euros)	1.40	0.98	0.47	0.28

The weighted average number of shares for the calculation of the basic and diluted EPS, for the 1st semester of 2006 and for the the 2nd quarter of 2006, has been adjusted in accordance with the requirements of IAS 33 proportionally from 1/1/2006, 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 customers

	30 June 2007	31 December 2006
<b>Loans to individuals</b>		
Mortgages	5,035,971	4,442,182
Consumer/ personal and other loans	3,075,651	2,472,498
Credit cards	522,318	431,806
	<b>8,633,940</b>	<b>7,346,486</b>
<b>Loans to corporate entities</b>	<b>16,913,284</b>	<b>13,457,961</b>
<b>Total loans and advances to customers</b>	<b>25,547,224</b>	<b>20,804,447</b>
Less: Allowance for losses (impairment) on loans and advances to customers	(363,645)	(377,832)
<b>Total loans and advances to customers (less allowances for losses)</b>	<b>25,183,579</b>	<b>20,426,615</b>

### Movement in allowance (impairment) for losses on loans and advances:

#### a) Loans to individuals

	Mortgages	Consumer/ personal and other loans	Credit cards	Total
<b>Balance at 1 January 2006</b>	<b>16,710</b>	<b>108,383</b>	<b>36,050</b>	<b>161,143</b>
Charge for the period	486	880	662	2,028
Loans written-off	(96)	(10,957)	(872)	(11,925)
Foreign exchange differences	(16)	(154)	(9)	(179)
<b>Balance at end of period 30/6/2006</b>	<b>17,084</b>	<b>98,152</b>	<b>35,831</b>	<b>151,067</b>
<b>Balance at 1 July 2006</b>	<b>17,084</b>	<b>98,152</b>	<b>35,831</b>	<b>151,067</b>
Charge for the period	1,728	14,884	5,469	22,081
Loans written-off	(8,925)	(10,834)	(24,768)	(44,527)
Foreign exchange differences	(7)	461	(237)	217
<b>Balance at end of year 31/12/2006</b>	<b>9,880</b>	<b>102,663</b>	<b>16,295</b>	<b>128,838</b>
<b>Balance at 1 January 2007</b>	<b>9,880</b>	<b>102,663</b>	<b>16,295</b>	<b>128,838</b>
Charge for the period	1,907	22,398	7,044	31,349
Loans written-off	-	(24,310)	(407)	(24,717)
Foreign exchange differences	-	(59)	9	(50)
<b>Balance at end of period 30/6/2007</b>	<b>11,787</b>	<b>100,692</b>	<b>22,941</b>	<b>135,420</b>

#### b) Loans to corporate entities

<b>Balance at 1 January 2006</b>	<b>271,886</b>
Charge for the period	35,339
Loans written-off	(18,980)
Foreign exchange differences	(2,097)
<b>Balance at end of period 30/6/2006</b>	<b>286,148</b>
<b>Balance at 1 July 2006</b>	<b>286,148</b>
Charge for the period	14,687
Loans written-off	(51,972)
Foreign exchange differences	178
Balances of subsidiaries sold	(47)
<b>Balance at end of year 31/12/2006</b>	<b>248,994</b>
<b>Balance at 1 January 2007</b>	<b>248,994</b>
Charge for the period	15,200
Loans written-off	(35,492)
Transfer to other provisions	(2,250)
Foreign exchange differences	1,773
<b>Balance at end of period 30/6/2007</b>	<b>228,225</b>

The charge for the first semester of 2007 (€ 52,023 thousand) in the income statement includes amount of € 3,093 thousand which relates to the charge for the period for impairment on other assets, loans written off directly to profit or loss (€ 2,461 thousand) and amount of € 80 thousand which relates to reversal of provisions of other assets. Also, the charge for the period for the first semester of 2006 in the profit or loss account includes amount of € 1,537 thousand which relates to the charge for the period for impairment on other assets.

## 10 Investment securities

	30 June 2007	31 December 2006
<b>Available for sale securities - fair values</b>		
<b>Bonds and other fixed income securities</b>		
Foreign government bonds	163,823	166,830
Greek government bonds	101,997	355,826
Corporate entities bonds	151,949	132,626
Bank bonds	55,003	37,442
	<b>472,772</b>	<b>692,724</b>
<b>Shares &amp; other variable income securities</b>		
Athens stock exchange listed shares	4,072	471,109
Foreign stock exchanges listed shares	2,163	3,393
Unlisted shares	106,379	132,900
	<b>112,614</b>	<b>607,402</b>
<b>Total available for sale securities - fair values</b>	<b>585,386</b>	<b>1,300,126</b>
<b>Held to maturity</b>		
Foreign government bonds	104,335	99,880
<b>Total held to maturity</b>	<b>104,335</b>	<b>99,880</b>
<b>Total Investment securities</b>	<b>689,721</b>	<b>1,400,006</b>

	30 June 2007	31 December 2006
<b>Movement of the available for sale securities</b>		
<b>Opening balance</b>	<b>1,300,126</b>	<b>685,584</b>
Additions	105,243	927,956
Disposals	(815,797)	(488,192)
Transfer from subsidiaries	-	4,915
Transfer from associates	7,255	-
Transfer to associates	(14,358)	(1,879)
Recognition of loans according to IAS 39	(25,000)	-
Changes in fair value	34,646	198,274
Impairment charge	(854)	-
Foreign exchange differences	(5,875)	(26,532)
<b>Balance at the end of the period</b>	<b>585,386</b>	<b>1,300,126</b>

Note 6 is related to the sale of Bank of Cyprus and ING GROEP N.V. shares.

	30 June 2007	31 December 2006
<b>Movement of the held to maturity securities</b>		
<b>Opening balance</b>	<b>99,880</b>	<b>95,555</b>
Additions	27,822	31,340
Maturity of securities	(23,637)	(22,496)
Foreign exchange differences	270	(4,519)
<b>Balance at the end of the period</b>	<b>104,335</b>	<b>99,880</b>

## 11 Due to customers

	30 June 2007	31 December 2006
Current and sight deposits	4,429,611	4,034,418
Savings accounts	3,694,074	3,626,365
Term deposits	11,205,320	8,773,949
Other accounts	245,409	241,704
Repurchase agreements	149,638	58,153
	<b>19,724,052</b>	<b>16,734,589</b>

**12 Debt securities in issue**

	Currency	Average interest rate (%)		30 June 2007	31 December 2006
		1st Semester 2007	2006		
<b>ETBA bonds</b>	EUR	3.48%	2.87%	<b>766,495</b>	<b>791,606</b>
<b>Euro Commercial Paper (Short term securities)</b>	EUR	3.90%	3.00%	2,275,525	1,558,903
	USD	5.41%	5.13%	153,829	227,783
	GBP	5.46%	4.75%	80,978	89,061
	CHF	2.30%	-	12,080	-
	JPY	0.54%	0.39%	20,966	10,193
				<b>2,543,378</b>	<b>1,885,940</b>
<b>Other debt securities</b>	BGN	5.81%	6.67%	<b>19,002</b>	<b>3,648</b>
<b>Euro Medium Term Note (Medium/ long term securities)</b>			<b>Interest rate (%)</b>		
€ 18 m. floating rate notes due 2007			Euribor + 0.10	-	17,977
€ 350 m. floating rate notes due 2007			Euribor + 0.30	265,516	271,467
€ 32.5 m. floating rate notes due 2010			Variable	705	705
€ 21.65 m. floating rate notes due 2010			Variable	1,350	1,350
€ 18 m. floating rate notes due 2007			Euribor + 0.10	17,392	17,992
€ 2.45 m. floating rate notes due 2007			Variable	2,450	2,450
€ 500 m. floating rate notes due 2010			Euribor + 0.30	493,641	498,137
€ 2.15 m. floating rate notes due 2008			Variable	2,150	2,150
€ 3.43 m. floating rate notes due 2009			Variable	3,425	3,425
USD 15 m. floating rate notes due 2009			Libor + 0.10	8,387	8,811
USD 20 m. floating rate notes due 2009			Libor + 0.20	8,872	8,165
USD 15 m. floating rate notes due 2008			Libor + 0.05	10,092	9,968
€ 500 m. floating rate notes due 2009			Euribor + 0.20	498,610	491,831
€ 25 m. floating rate notes due 2008			Euribor + 0.15	24,998	24,997
€ 60 m. floating rate notes due 2014			Variable	60,000	60,000
€ 20 m. floating rate notes due 2008			Euribor + 0.10	15,151	19,073
€ 10 m. floating rate notes due 2013			Euribor + 0.30	9,989	9,987
€ 500 m. floating rate notes due 2011			Euribor + 0.25	472,930	484,607
€ 10 m. floating rate notes due 2013			Euribor + 0.15	10,000	10,000
€ 20 m. floating rate notes due 2008			Euribor + 0.05	11,598	13,116
€ 5.05 m. floating rate notes due 2011			Variable	5,050	5,050
€ 50 m. floating rate notes due 2010			Euribor + 0.225	50,000	-
€ 750 m. floating rate notes due 2010			Euribor + 0.20	733,192	-
€ 53 m. floating rate notes due 2008			Euribor + 0.08	53,000	-
€ 60 m. floating rate notes due 2008			Euribor + 0.05	59,965	-
Accrued interest and other expenses				10,602	7,695
				<b>2,829,065</b>	<b>1,968,953</b>
<b>Securitisation of mortgage loans</b>					
€ 750 m. floating rate notes due 2040			Euribor + 0.18	<b>529,021</b>	<b>611,366</b>
<b>Total debt securities in issue</b>				<b>6,686,961</b>	<b>5,261,513</b>

Issues under Euro Commercial Paper and Euro Medium Term Note programs are undertaken through the subsidiary Piraeus Group Finance PLC.

The Euro Commercial Paper (ECP) short term securities in issue amounted to € 2,1 billion, without significant change in the level of average maturity or the interest spread.

Securities issuance activity through the Euro Medium Term Note Program (EMTN), from the beginning of 2007, included investors through private placements.

The issue of the new 3 year senior bond of € 750 million was concluded in March 2007. The bond was issued under Piraeus Bank's Euro Medium Term Note (EMTN) programme. The new 3 year bond is a floating rate note (FRN) with a coupon of Euribor plus 20 basis points.

In 2005, 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 plus 18 basis points.

Other debt securities have been issued by Piraeus Bank Bulgaria on 19/7/2004 (€ 3.6 million, non callable, with a fixed rate 6.67% and 5 years duration) and on 7/3/2007 (€ 15.3 million, non callable, with nominal coupon 3 month Sofibor plus 0.7%, with 3 years duration).

### 13 Hybrid capital and other borrowed funds

	Interest rate (%)	30 June 2007	31 December 2006	
<b>Hybrid capital (Tier I)</b>				
€ 200 m. floating rate notes	Euribor + 1.25	199,670	199,958	
Accrued interest and other expenses		1,436	1,248	
		<b>201,106</b>	<b>201,206</b>	
<b>Subordinated loans (Tier II)</b>				
€ 400 m. floating rate notes due 2014	Euribor + 0.60	398,753	398,489	
€ 400 m. floating rate notes due 2016	Euribor + 0.55	398,960	399,121	
Accrued interest and other expenses		2,273	2,457	
		<b>799,986</b>	<b>800,067</b>	
<b>Other borrowed funds</b>				
	Currency	Interest rate (%)	30 June 2007	31 December 2006
	USD	Libor + 3.60	3,817	3,797
			<b>1,004,909</b>	<b>1,005,070</b>

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.

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.

Other borrowed funds have been issued by Marathon Bank on 18/12/2001 and have a duration of 30 years, a nominal coupon 3 month Libor increased by 360 basis points, and a call option that can be exercised on 18/12/2006. The call option was exercised on 18/12/2006. Marathon Bank issued new borrowed funds on 15/12/2006, non callable for 5 years, with a fixed coupon of 6.6%.

Accrued interest of hybrid capital and other borrowed funds is included in the respective amounts of other borrowed funds. The Group has not any defaults of principal, interest or redemption amounts of hybrid capital and other borrowed funds during the period.

### 14 Contingent liabilities and commitments

#### A) Legal procedures

For the legal proceedings outstanding against the Group as at 30/06/2007, no provision has been made, as according to the opinion of the Bank's and its subsidiaries legal affairs division no significant loss will arise.

#### B) Credit commitments

As at 30/06/2007 the Group had the following capital commitments:

	30 June 2007	31 December 2006
Letters of guarantee	2,276,417	1,974,449
Letters of credit	213,373	197,744
Commitments to extend credit	8,894,796	7,189,612
	<b>11,384,586</b>	<b>9,361,805</b>

#### C) Assets pledged

	30 June 2007	31 December 2006
Trading securities	218,945	195,865
Investment securities	89,531	55,751
	<b>308,476</b>	<b>251,616</b>

#### D) Operating lease commitments and receivables

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

	30 June 2007	31 December 2006
Up to 1 year	32,309	27,056
From 1 to 5 years	136,751	114,565
More than 5 years	283,353	236,344
	<b>452,413</b>	<b>377,965</b>

## 15 Share capital

	Share Capital	Share Premium	Treasury Shares	Total
<b>At 1 January 2006</b>	<b>1,024,932</b>	<b>330,643</b>	<b>(17,594)</b>	<b>1,337,981</b>
Capitalization of share premium	256,233	(259,200)	-	(2,967)
Issue of share capital from the exercise of share options under the 2nd & 3rd share option plans	7,665	16,703	-	24,368
Purchases of treasury shares	-	-	(356,152)	(356,152)
Sales of treasury shares	-	-	276,444	276,444
<b>At 31 December 2006</b>	<b>1,288,830</b>	<b>88,146</b>	<b>(97,302)</b>	<b>1,279,674</b>
	Share Capital	Share Premium	Treasury Shares	Total
<b>At 1 January 2007</b>	<b>1,288,830</b>	<b>88,146</b>	<b>(97,302)</b>	<b>1,279,674</b>
Purchases of treasury shares	-	-	(164,309)	(164,309)
Sales of treasury shares	-	-	24,417	24,417
<b>At 30 June 2007</b>	<b>1,288,830</b>	<b>88,146</b>	<b>(237,194)</b>	<b>1,139,782</b>

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

	Number of shares		
	Issued shares	Treasury shares	Net number of shares
<b>Opening balance at 1st January 2006</b>	<b>214,870,434</b>	<b>(1,026,741)</b>	<b>213,843,693</b>
Issue of shares due to distribution of free shares	53,717,609	(1,162,578)	52,555,031
Issue of shares due to the exercise of share options	1,606,988	-	1,606,988
Purchases of treasury shares	-	(16,692,705)	(16,692,705)
Sales of treasury shares	-	14,123,777	14,123,777
<b>Balance at 31st December 2006</b>	<b>270,195,031</b>	<b>(4,758,247)</b>	<b>265,436,784</b>
	Number of shares		
	Issued shares	Treasury shares	Net number of shares
<b>Opening balance at 1st January 2007</b>	<b>270,195,031</b>	<b>(4,758,247)</b>	<b>265,436,784</b>
Purchases of treasury shares	-	(6,366,091)	(6,366,091)
Sales of treasury shares	-	1,000,000	1,000,000
<b>Balance at 30 June 2007</b>	<b>270,195,031</b>	<b>(10,124,338)</b>	<b>260,070,693</b>

The share capital is fully paid-in. During the Annual General Meeting of shareholders of the Bank at 3/4/2007 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 27,019,503 shares, which is 10% of the total number of the Bank's issued shares. The minimum and maximum purchase price for the shares is between € 5 and € 40, while the purchase must take place the latest by 3/4/2008. 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.

The above mentioned share capital amount was a result of: a) the decision taken by the 2nd Iterative General Meeting of Piraeus Bank shareholders, held on 15/05/2006, 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 and b) the decision of the Board of Directors' meeting on 27/12/2006 to proceed to an increase of the Bank's share capital by € 7,665,332.76 paid in cash, issuing 1,606,988 new registered voting shares at a par value of € 4.77 each, due to the exercise of the stock options.

In addition, amount € 4.980.856 that relates to the cost of the exercised share options was transferred to the share premium from the reserve for share option plans, according to the IFRS regulations. Following the above increase, the Bank's total share capital rises to € 1,288,830,297.87 divided into 270,195,031 registered voting shares, each at a par value of € 4.77.

### Share option plans

#### 2nd share option plan

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 already implemented since 2005 and expires in December of the year 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 at the time the decision was taken, 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 a) 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 and b) 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
			<u>2,500,000</u>

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 price at the grant date (€ 15.98), exercise price (€ 9.76), dividend yield, discount interest rate and volatility of the share price (17.5%).

In December 2006, 1,066,588 share options of the 2nd share option scheme were exercised. The total amount paid by the holders of the share options for the purchase of the shares was € 10,409,898.88.

### 3rd share option plan

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 resulted 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 is already being implemented since 2006 and expires in December of the year 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	3.33	805,764
30/11/2007	17.25	3.33	805,764
30/11/2008	17.25	3.33	805,764
30/11/2009	17.25	3.32	805,764
30/11/2010	17.25	3.24	805,764
			<u>4,028,820</u>

The fair value of options granted has been determined using the Black-Scholes valuation model. The significant inputs into the model are: share price at the grant date (€ 17.26), exercise price (€ 17.25), dividend yield (annual increase 20%), discount interest rate (3.63%) and volatility of the share price (25%).

In December 2006, 540,400 share options of the 3rd share option scheme were exercised. The total amount paid by the holders of the share options for the purchase of the shares was € 9,321,900.00.



**16 Other reserves and retained earnings**

	<b>30 June 2007</b>	<b>31 December 2006</b>
Legal reserve	42,478	41,512
Extraordinary reserve	1,204	(457)
Available for sale reserve	10,694	109,637
Currency translation reserve	8,856	(1,566)
Other reserves	15,651	14,524
<b>Total other reserves</b>	<b>78,883</b>	<b>163,650</b>
Retained earnings	453,091	172,877
<b>Total other reserves and retained earnings</b>	<b>531,974</b>	<b>336,527</b>
<b>Other reserves movement</b>	<b>30 June 2007</b>	<b>31 December 2006</b>
Opening balance	163,650	96,203
Available for sale reserve	(98,943)	47,133
Transfer from retained earnings	1,133	4,034
Formation of legal reserve	966	18,596
Reserve for stock option plan	3,396	8,360
Transfer to share premium due to exercise of share options	-	(4,981)
Foreign exchange differences and other adjustments	8,681	(5,695)
<b>Closing balance</b>	<b>78,883</b>	<b>163,650</b>
<b>Available for sale reserve movement</b>	<b>30 June 2007</b>	<b>31 December 2006</b>
Opening Balance	109,637	62,504
Gains/ (losses) from the valuation of AFS bonds	826	(1,082)
Gains/ (losses) from the valuation of AFS shares	33,807	198,079
Deferred income tax	33,330	(12,104)
Recycling of the accumulated fair value adjustment of disposed AFS securities	(169,478)	(137,501)
Foreign exchange differences and other adjustments	2,572	(259)
<b>Closing balance</b>	<b>10,694</b>	<b>109,637</b>
<b>Retained earnings movement</b>	<b>30 June 2007</b>	<b>31 December 2006</b>
Opening balance	172,877	(55,758)
Profit after tax for the period/ year	372,263	434,649
Prior year dividends	(86,462)	(107,435)
Interim dividend for 2006	-	(85,948)
Gains/ (losses) from sales of treasury shares	2,973	29,119
Transfer to other reserves	(2,099)	(22,630)
Acquisitions, absorptions and movement in subsidiaries holding	(2,815)	(17,980)
Differences from currency translations and other adjustments	(3,646)	(1,140)
<b>Closing balance</b>	<b>453,091</b>	<b>172,877</b>

During the Annual General Meeting of shareholders of Piraeus Bank which was held on April 3, 2007, it was decided among other € 0.64 dividend per share for the year 2006 (the interim dividend mentioned below included). Out of the total amount of dividend per share (€ 0.64), an interim dividend of € 0.32 per share was paid in December 2006 in accordance with the decision of the Board of Directors of 8/11/2006. The interim dividend (€ 0.32 per share) was recognised as a deduction in the Bank's equity during 2006. The remaining dividend for distribution (€ 0.32 per share) was paid in April 2007.

## 17 Related party transactions

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

	<b>Board of Directors members and key management personnel</b>	
	<b>30 June 2007</b>	<b>31 December 2006</b>
Loans	76,213	103,646
Deposits	45,062	56,048

Letters of guarantees and letters of credits to the members of the board of directors and to the key management personnel as at 30/6/2007 are € 5.3 million (2006: € 9.5 million). The total income and expense on loans and deposits to/ from members of the board of directors and to key management personnel for the first semester of 2007 is € 2 million (2006: € 4.9 million) and € 0.5 million (2006: € 0.4 million) respectively.

Loans and letters of guarantees issued to related parties represent an insignificant part of total loans and letters of guarantees issued by the Group, respectively. Loans and letters of guarantees have been issued to related parties in the normal course of business, within the approved credit policies and Group procedures, adequately collateralised. Loans to related parties are performing and no provision has been raised for their balances.

	<b>30 June 2007</b>	<b>31 December 2006</b>
<b>Director's remuneration</b>		
Salaries and other remuneration	4,991	11,561
Post employment benefits	1,804	-
	<b>6,795</b>	<b>11,561</b>

The total cost for the share options granted to Board of Directors members and key management personnel is € 1.6 million (2006: € 3.3 million). The total amount of provisions for Board of Directors members and key management personnel is € 35.5 million as at 30/6/2007 (2006: € 31.5 million). This amount has been included in retirement benefit obligation.

	<b>Associates</b>	
	<b>30 June 2007</b>	<b>31 December 2006</b>
Deposits	27,404	21,624
Loans	151	4,252
	<b>1st Semester 2007</b>	<b>1st Semester 2006</b>
Interest expense	(295)	(28)
Interest income	8	527

## 18 Acquisitions and disposals of subsidiaries and associates

During the period from 01/01/2007 to 30/06/2007, the following changes took place in the Group's portfolio of subsidiaries and associates:

On 19/01/2007 and 28/06/2007 Piraeus Bank participated in the share capital increases of Tirana Bank I.B.C., with the amount of € 6.8 million and € 13.6 million respectively, without altering its shareholding percentage.

On 30/03/2007 and 28/06/2007 Piraeus Bank covered the total amount of share capital increase of Piraeus Bank Bulgaria A.D., that is € 10 million and € 116 million respectively, increasing slightly its direct shareholding percentage from 99.92% to 99.98 %.

On 24/04/2007 and 28/06/2007 Piraeus Bank covered the total amount of share capital increases of Piraeus Bank Beograd A.D., with the amount of € 39.1 million and € 25.0 million respectively.

On 07/05/2007, Piraeus Bank increased its shareholding percentage in Marathon Banking Corporation by € 0.88 million, increasing in this way its shareholding percentage by 1.3%, from 82.5% to 83.8%.

On 10/05/2007 and 28/06/2007 Piraeus Bank participated in the share capital increases of Piraeus Bank Romania S.A., with the amount of € 50 million and € 172 million respectively, without altering its shareholding percentage.

On 07/06/2007 Piraeus Bank participated in the share capital increase of Piraeus Bank Egypt S.A.E., with the amount of € 37.3 million, without altering its shareholding percentage.

During the period from 01/01/2007 to 30/06/2007, Piraeus Bank increased its shareholding percentage in Piraeus Leasing S.A. by 0.43%, against an amount of consideration paid of € 0.67 million, increasing in this way its shareholding percentage from 86.76% to 87.19%.

On 29/01/2007 Piraeus Bank covered the total amount of share capital increase of Piraeus Leasing Bulgaria S.A., that is € 5 million, without altering its shareholding percentage (100%).

Piraeus Bank increased its shareholding percentage in Piraeus Securities S.A. by € 11.41 million, increasing in this way its shareholding percentage by 20%, from 80% to 100%.

On 18/05/2007 and 25/05/2007 Piraeus Bank participated in the share capital increases of SSIE Piraeus Securities Romania S.A., with the amount of € 0.6 million, increasing its shareholding percentage from 78.25% to 79.46%.

Piraeus Bank increased its shareholding percentage in Euroinvestment & Finance LTD by 4.53%, against an amount of consideration paid of € 0.38 million, increasing in this way its final shareholding percentage from 85.10% to 89.63%.

On 13/03/2007, Piraeus Bank Egypt S.A.E., subsidiary of Piraeus Bank, covered the total amount of share capital increase of Piraeus Egypt Leasing Co. by the amount of € 3.3 million, increasing its direct shareholding percentage from 99.6% to 99.9 %.

On 29/03/2007, Piraeus Bank's subsidiary Piraeus Enterprisers 4 Ltd, incorporated in Cyprus, was resolved.

On 20/03/2007, Piraeus Real Estate S.A. and ETBA Finance S.A. sold 50.83% and 0.17% respectively of their participation in the subsidiary company Good Works Real Estate Tourist and Development S.A. to the Group subsidiary ETBA Industrial Estates S.A. Also, on the same date, Piraeus Real Estate S.A. sold 49% of Good Works Real Estate Tourist and Development S.A. to third parties for a consideration of € 29.4 thousand.

On 20/03/2007, Piraeus Green Investments S.A., 100% subsidiary of the companies Piraeus Real Estate S.A. and ETBA Finance S.A., was transferred in full to Piraeus Bank for a consideration of € 60 thousand.

The 4 new companies Phoebe Energy Photovoltaics S.A., Iapetos Energy S.A., Astraios Energy S.A. and Orion Energy S.A. were incorporated by the Group subsidiaries, ETBA Industrial Estates S.A. and Good Works Energy Photovoltaics S.A. ETBA Industrial Estates S.A. and Good Works Energy Photovoltaics S.A. participate in full in the share capital of each one of the above 4 new companies.

On 07/02/2007 GEKA S.A., 66.7% subsidiary of Piraeus Bank, sold to third parties 50% of its shareholding percentage in the associate company Monastiriou Technical Development Co. S.A., for a consideration of € 4.8 million.

On 10/04/2007, the company Multicollection Romania SRL was incorporated by the 51% subsidiary of Piraeus Bank, Multicollection S.A.

On 13/06/2007 the participation of Piraeus Bank in the share capital of the company European Reliance General Insurances S.A. was concluded. The Bank solely covered the share capital increase of the above company, by acquiring a 30% shareholding percentage, against an amount of consideration paid of 18.63 million.

On 29/06/2007 Piraeus Bank sold its shareholding percentage (37%) in the company "Viotiki" Regional Development & Investment Co. S.A, for a consideration of € 2.8 thousand.

Piraeus Mutual Funds S.A. has been renamed to Piraeus Asset Management S.A., New Flexible Tourist and Development S.A. has been renamed to Piraeus Green Investments S.A., Piraeus Coastal Transportation Services S.A. has been renamed to Piraeus Leases S.A. and Good Works S.A. has been renamed to Good Works Energy Photovoltaics S.A.

The Group's investments in subsidiaries for the period 1/1 - 30/6/2007 which are described above, are analysed in the table as follows:

	<b>1st Semester 2007</b>	<b>2006</b>
Participation in share capital increases	481,955	52,831
Increase of shareholding percentage in Group subsidiaries	13,501	24,045
Incorporation of companies	240	2,055
	<u>495,696</u>	<u>78,931</u>
Acquisition of subsidiaries	-	1,719
Less: Cash and cash equivalents of subsidiaries acquired	-	(419)
<b>Total</b>	<u><b>495,696</b></u>	<u><b>80,231</b></u>

Therefore, the net outflow from increase of shareholding percentage and incorporation of companies is € 13,741 thousand.

During the period 1/1 - 30/6/2007, the Group sold in full its shareholding in the subsidiary Piraeus Botifin S.A. (100%), which in turn had a participation of 100% in P - Parking S.A. based in Greece. The details of assets and liabilities disposed are as follows:

	<b>Piraeus Botifin S.A./ P - Parking S.A.</b>
Loans and advances to credit institutions	25
Investment securities	500
Other assets	37,815
Due to banks	(35,283)
Other liabilities	(383)
<b>Total equity</b>	<u><b>2,674</b></u>
Proceeds from sale	1,935
Less: Cash and cash equivalents disposed	(25)
<b>Net cash inflow/ (outflow) on sale</b>	<u><b>1,910</b></u>

Furthermore, taking into account the proceeds (€ 29 thousand) from the disposal of 49% of the Group's participation in the subsidiary company Good Works Energy Photovoltaics S.A. (100%), the total net cash inflow from the disposal of subsidiaries is € 1,939 thousand.

## 19 Post Balance Sheet events

Within July 2007 Piraeus Bank concluded the issuance of its second securitization equal to € 1.25 billion, by securitizing part of its residential mortgage portfolio. The issuer of the bonds is Estia Mortgage Finance II Plc, a special purpose entity established in the United Kingdom.

The Board of Directors of Piraeus Bank on 06/07/2007 has unanimously resolved to increase the share capital of the Bank via a rights issue, in accordance with the resolution of the Bank's general shareholders' meeting dated 3 May 2007. The transaction will raise approximately € 1.35 billion. Pursuant to the terms of the capital increase, a total of 67,548,758 new common registered shares will be issued at a par value of € 4.77 each and at a subscription price of € 20 each (the "Offer Price"). The newly issued shares will have the right to receive dividends and interim dividends, if any, for the year 2007 and following years. The capital increase will be effected via an offering of pre-emptive rights in favour of existing shareholders at a ratio of 1 new to 4 old shares. Subscribing shareholders will be entitled to subscribe at the Offer Price for the acquisition of unsubscribed shares for up to four times their exercised preemptive rights. Goldman Sachs International and Morgan Stanley will act as Global Coordinators and Bookrunners for the offering, and have agreed to underwrite the capital increase in full. The proceeds of the capital increase will be used to support the capital adequacy ratios of the Bank and will enhance its financial flexibility for future growth both organically and through selective acquisitions in line with its disciplined acquisition criteria. The Bank also plans to propose a motion to cancel its 10.4 million (3.8%) treasury shares currently held for a total value of approximately € 230 million at its next Annual General Meeting in 2008.

On July 25th 2007, Piraeus Bank, following the approval by the Hellenic Competition Committee dated 17/7/2007, concluded the acquisition of 100% of the share capital of «Olympic Emporikes kai Touristikos Epicheiriseis S.A.», from Avis Europe Group Holdings B.V., for an aggregate consideration of € 25.5 million.

Athens, July 30th 2007

CHAIRMAN  
OF THE BOARD OF DIRECTORS

MICHALIS G. SALLAS

VICE - CHAIRMAN  
OF THE BOARD OF DIRECTORS  
and MANAGING DIRECTOR

MICHALIS I. COLAKIDES

ASST. GENERAL MANAGER

CONSTANTINOS I. LIAPIS

FINANCE DIRECTOR

AGAMEMNON E. POLITIS

## Report on Review of Interim Financial Information

To the Shareholders of Piraeus Bank S.A.

### *Introduction*

We have reviewed the accompanying consolidated condensed balance sheet of Piraeus Bank S.A. as of 30 June 2007 and the related consolidated condensed statements of income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Financial Reporting Standards, as endorsed by the European Union, applying to Interim Financial Reporting ("International Accounting Standard 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as referred to by the Greek Standards on Auditing. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Greek Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PRICEWATERHOUSECOOPERS 

July 30, 2007