REPORT

of the Board of Directors to the General Meeting of the Shareholders on 21.01.2013,
according to par. 10 in article 13 of c.l. 2190/1920

Dear shareholders,

As you know, following the implementation of the private sector bond exchange programme (Private Sector Involvement, PSI), the Greek banks suffered severe capital losses during 2011. Piraeus Group participated in the PSI programme with all eligible GGB and loans owned, with a nominal value of €7.7 bn. In this context, the total impairment which was recognized during 2011 for Piraeus Group due to PSI was €5.9 bn pre tax; as a result the total equity of Piraeus Group stood at negative level. It is noted that, according to the report of the Bank of Greece (BoG) regarding the Recapitalisation and Restructuring of the Greek Banking Sector, which was published at the end of December 2012, the core tier I capital of Piraeus Group, excluding the impact of PSI, was at a positive level and specifically at €2.6 bn.

As a result of the above mentioned, as well as due to the extremely unfavorable macroeconomic environment in Greece, which is under a prolonged period of economic recession, the BoG launched a recapitalisation process for the Greek banks. The BoG requested and received from Greek banks detailed Business Plans for the period 2012-2015 and the corresponding Recapitalisation Plans in the first quarter of 2012. According to these business plans, which included both the effects of PSI, as well as the results of the diagnostic exercise of BlackRock Solutions for domestic loan portfolios, the four largest banks, including Piraeus Bank, were considered as viable by the BoG and their capital needs were determined.

The recapitalisation of Piraeus Bank and the other three viable “systemic” Greek Banks, as determined by the BoG, is expected to be implemented in three phases and based on the provisions of the law 3864/2010, as mended and the Ministers’ Council no Act 38/9.11.12 (Government Gazette 223/2012): the 1st phase refers to the provision of an additional capital advance by the Hellenic Financial Stability Fund (HFSF) which was given to the Banks in December 2012, allowing the Core Tier I ratio to reach a minimum of 9%. The 2nd phase relates to the issuance of contingent convertible securities in early 2013, which will be entirely covered by the HFSF. Finally, the 3rd phase refers to the completion of the share capital increase with common shares, by the end of April 2013, in which any unsubscribed shares by private investors will be undertaken by the HFSF.

The Board of Directors recommends the issue of contingent convertible securities up to a total amount of €2 bn through the waiver of the pre-emption rights of the existing shareholders, according to the provisions of the law 3864/2010 and the Ministers’ Council Act 38/9.11.2012. The above contingent convertible securities will be covered by the HFSF under the above mentioned provisions and conditions of article 2 of Ministers’ Council Act 38/2012. Specifically, the contingent convertible securities will be issued at their nominal value and they will be of indefinite duration, unless they are redeemed or converted under the provisions of article 2 of Ministers’ Council Act 38/2012.

Despite the fact that according to the above mentioned provisions the contingent convertible securities can be covered only by the HFSF, for implementing also the provision of par.10 in article 13 of law 2190/1920, we invite you to approve the waiver of the pre-emption rights of the existing shareholders for the purpose of issuing the contingent convertible securities as it was mentioned above.

Athens, 10 January 2013

The Board of Directors