

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF PIRAEUS BANK S.A.

Friday, 23 January 2009, 10:00 am

“Pacific” Room, “Athens Plaza” Hotel (2, Vas. Georgiou A’ Str., Athens)

EXPLANATORY NOTE ON THE ITEM OF THE EXTRAORDINARY GENERAL MEETING

The Board of Directors (BoD) invites Piraeus Bank S.A. shareholders for discussion and decision of the below mentioned only item of the Agenda:

Item

Share capital increase by the amount of €370 million, with the issuance of 77,568,134 preferred shares of a nominal value of €4.77 each and cancellation of the pre-emptive right of existing shareholders in favour of the Greek State in accordance with the provisions of law 3723/2008 re “providing enhanced liquidity to the economy to address the consequences of the international financial crisis” and relevant authorisations to the Board of Directors. Modifications of articles 5 and 27 of the Bank’s Articles of Association.

Required Quorum: 1/5 of share capital	Required Majority: 50%+1 of votes represented
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The BoD proposes to the General Meeting the share capital increase by the amount of €370 million, with the issuance of 77,568,134 preferred shares of a nominal value of €4.77 each and cancellation of the pre-emptive right of existing shareholders in favour of the Greek State in accordance with the provisions of law 3723/2008 re “providing enhanced liquidity to the economy to address the consequences of the international financial crisis” and relevant authorisations to the Board of Directors. Moreover, it requests the respective modification of articles 5 and 27 of the Bank’s Articles of Association. The reasoning for which the BoD proposes such a decision making is as follows:

Beyond the general adverse economic situation, the particular difficulty for the Greek banking system, which –must be stressed- is in a healthy position, lies in the liquidity shortage due to the fact that the interbank market operation has not yet fully stabilized.

Within this framework, Bank of Greece has worked on a number of stress tests scenarios for the evolution of the Greek economy in the forthcoming period, as well as for the economies of countries in the Central and South-eastern Europe, aiming at the evaluation of the potential outcome of these extreme scenarios on the Capital Adequacy Ratios of banking institutions licensed to operate by Bank of Greece.

It is noted that the coverage of the minimum Capital Adequacy Ratio required by the Bank of Greece consists a necessary prerequisite for any bank to participate to the other two pillars of the liquidity enhancement program (loans granting with or without bond issuance with the guarantee of the Greek State and receipt of special bonds issued by the Greek State) of articles 2 and 3 of Law 3723/2008.

In this sense, the omission of issuance of the aforementioned preferred shares would eliminate Piraeus Bank from an option, which all large Greek banks will have at their disposal. As it known, such programs have been announced and implemented by the majority of European governments, while large banks have already used them.