Report of the Board of Directors to the General Meeting of the Shareholders of 23/12/2011, according to article 13 paragraph 10 of C.L. 2190/1920

Dear Shareholders,

As you know, during particular burdensome economic conditions, Piraeus Bank completed a rights issue of €807 mn in February 2011, which was the second one in the midst of the crisis, as a respective capital increase of €1,351 mn had been conducted in September 2007. Thereby, Tier I and Core Tier I (EBA definition) ratios of Piraeus Group were 10.8% and 10.3% respectively at the end of March 2011.

Nonetheless, the resolutions of the EU Summit of the 21st of July 2011 concerning the voluntary participation of the private sector in the Greek public debt reduction plan (PSI) led Piraeus Bank to imprint an impairment charge of € 1,080 mn on its Greek Government Bonds (GGBs) in the interim condensed financial statements of September 30, 2011. This fact, along with the increased loan provisions that Piraeus Group took in the nine month 2011 period (€909 mn) due to the significant deterioration of the economic environment, have negatively affected the Groups' capital adequacy ratios (Tier I+II 8.5%, Core Tier I – EBA 7.1%).

Additionally, the EU resolutions of the 26th October 2011 concerning the PSI+ and the relevant need for an additional impairment charge on the Bank's GGBs portfolio, and also the results of the diagnostic exercise conducted by BlackRock Solutions, could potentially further affect the Group's regulatory capital.

In May 2009, Piraeus Bank made use of Pillar I of Law 3723/2008 issuing preference shares of €370 mn in favour of the Greek State. This amount constituted 1.2% of Risk Weighted Assets of the Bank's stand alone balance sheet and 1.0% of the Group's balance sheet and was significantly lower compared to the relevant amounts that other major Greek banks received.

Following the above, the BoD proposes to the General Meeting the share capital increase by an amount up to €400 million, with the issuance of 1,333,333,333 non-voting preference shares and nominal value of €0.30 each, equal to the nominal value of the most recently issued shares conducted through a rights issue in February 2011. The raised funds of the latter were allocated in full for the strengthening of the capital adequacy of the Bank. Following the completion of the proposed share capital increase, the Group's Core Tier I ratio will be strengthened by approximately one (1) percentage point, based on the published financial information as of September 30, 2011.

All the new shares will be subscribed by the Greek State at their nominal value (€0.30 per share). These preference shares that will not be permitted to be transferred to third parties and to be traded in organized markets will provide the privileges stipulated by the law to the Greek State. More specifically:

(a) right to collect interest calculated by ten percent (10%) on such preferred shares' subscription price:

(i) prior to common shares,

(ii) prior to the dividend amounts distributed according to paragraph 3 of article 1 of Law 3723/2008 and

(iii) irrespectively of any dividend amounts distribution to the remaining shareholders of the Bank, provided that upon payment of the interest in question, the ratios of the Bank's capital adequacy on solo and consolidated basis comply with the minimum ratios each time specified by the Bank of Greece.

Said interest is calculated on an accrued annual basis, proportionally to the period the Greek State is a preferred shareholder and is payable within one month following approval of the annual financial statements of the respective fiscal year by the Ordinary Shareholders' Meeting. Payment of such interest is subject to the existence of distributable funds as defined in article 44a of Codified Law 2190/1920 and more specifically of profits of the last or previous fiscal years and/or reserves, provided that the Ordinary Shareholders' Meeting resolved upon distribution of such funds and no regulatory measures of article 62 Law 3601/2007 are in force. In the event of inadequacy of such distributable funds, the aforesaid interest is payable preferentially (prior to common shares) up to exhaustion of the aforesaid funds.

(b) voting right to the General Meeting of the preferred shareholders as provided by Codified Law 2190/20, (i.e. paragraph 5 of article 3, paragraph 5 of article 4, paragraph 12 of article 13, paragraph 5 of article 15a and paragraph 2 of article 72 of Codified Law 2190/1920).

(c) right to attend the Bank's Board of Directors meetings through one representative who may be appointed as an additional member of the Board of Directors and will have rights that are outlined in paragraph 3 of article 1 of Law 3723/2008 as it is currently in force

(d) preferential reimbursement, prior to all other shareholders, out of the proceeds of the liquidation of the Bank's assets, in the event the Bank's assets are liquidated.

The aforementioned privileges do not affect the rights of neither the bearers of Tier I hybrids, nor any other titles that are calculated to the Bank's regulatory funds, with the exception of common shares.

The redemption or the conversion of these preferred shares to be issued, will be done according to the provisions of Law 3723/2008 and by virtue of regulatory resolutions that are in force.

For these reasons, we request your approval for the waiver of the pre-emption rights of the existing shareholders and the aforementioned capital increase with the terms described above.

Athens December 14, 2011

The Board of Directors