

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

Friday, 23 December 2011 10:00 am

Hotel Grande Bretagne at Golden Room (Vas. Georgiou A' 1, Athens)

### EXPLANATORY NOTE TO THE AGENDA

Piraeus Bank Shareholders are hereby invited by the Board of Directors (BoD) to discuss and resolve upon the following unique item of the agenda:

#### **Item of the Agenda**

**Increase of the share capital by an amount up to €400,000,000 with the issuance of preferred non – voting shares and waiver of pre-emption rights of existing shareholders in favour of the Greek State, by way of in-kind contribution 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”; grant of relevant authorisations to the Board of Directors. Amendment of articles 5 and 27 of the Bank’s Articles of Association (about share capital and its historical evolution) relevant to the share capital increase.**

Required quorum: 1/5 of the share capital	Required majority: 50%+1 of votes represented
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The BoD proposes to the General Meeting the increase of the share capital by an amount up to €400,000,000 with the issuance of preferred non – voting shares and waiver of pre-emption rights of existing shareholders in favour of the Greek State, by way of in-kind contribution 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 the grant of relevant authorisations to the Board of Directors. Moreover, the BoD requests the respective amendments of articles 5 and 27 of the Bank’s Articles of Association. The reasoning for which the BoD proposes such a resolution is the following:

The severe economic recession and debt crisis experienced by Greece in the recent years have negatively affected the Greek banking system and have burdened, among others, the capital adequacy ratios.

In May 2009, Piraeus Bank pursuant to the Law 3723/2008 re “providing enhanced liquidity to the economy to address the consequences of the international financial crisis” proceeded with a share capital increase of €370 mn with the issuance of 77,568,134 preference shares in favour of the Greek State. The aforementioned amount represented 1.0% of the Group’s total risk weighted assets compared to approximately 2% of other major Greek banks.

On September 30, 2011, Piraeus Bank’s total capital adequacy ratio at group level was 8.5% and Core Tier I 7.1% (according to EBA definition), including an impairment charge of €1,080 mn on its Greek Government Bonds, due to PSI. With the completion of the proposed share capital increase, the Group’s Core Tier I will be strengthened by one (1) percentage point, based on the published financial information as of September 30, 2011.

This share capital increase by issuing preference shares in favour of the Greek State is considered imperative in view of the anticipated additional negative impact on capital from the PSI+ and any additional requirements which will arise from the diagnostic exercise in the Bank’s loan portfolio carried out by BlackRock Solutions on behalf of the Bank of Greece.

The Bank’s Management believes that the proposed capital increase enables Piraeus Bank to meet the increased regulatory capital requirements.

It is also proposed the amendment of the relevant Articles of Association as follows:

ARTICLE 5  
SHARE CAPITAL

3. Today, following successive increases which are set out in detail in article 27, titled "Share capital historical evolution", of the present Articles of Association, the Bank's total share capital amounts to seven hundred twelve million nine hundred ninety seven thousand nine hundred sixty eight euros and thirty eight cents (€712,997,968.38 ) divided into two hundred eighty five million eight hundred thirty one thousand six hundred forty one (285,831,641) common registered voting shares and (a) seventy seven million five hundred sixty eight thousand one hundred thirty four (77,568,134) preferred non-voting shares, having nominal value of four euros and seventy seven cents (€4.77) each, and (b) one billion three hundred thirty three million three hundred thirty three thousand three hundred thirty three (1,333,333,333) preferred non-voting shares, having nominal value of thirty cents (€0.30) each.

ARTICLE 27  
SHARE CAPITAL HISTORICAL EVOLUTION

32. Pursuant to the resolution of the Extraordinary Shareholders' Meeting dated 23.12.2011 the Bank's share capital increased by the amount of €400,000,000 by issuing 1,333,333,333 preferred shares of nominal value €0.30 euro each. The whole amount of the share capital increase is covered by the Greek State by contribution of bonds of equal value and the new preferred shares to be issued shall have the privileges provided by Law 3723/2008. More specifically:

(a) right to collect interest calculated by ten percent (10%) on such Greek State 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 accrued on an 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.