

PIRAEUS BANK S.A.
SHARE CAPITAL INCREASE IN CASH

BOARD OF DIRECTORS' REPORT in accordance with article 9 of L.3016/2002 & article 289 of the ATHEX Regulation.

Pursuant to the authorisation provided by the 2nd repeated General Shareholders' Meeting dated 3.5.2007, the Board of Directors of Piraeus Bank S.A. during its meeting of 6 July 2007, resolved, in accordance with article 13 par.1 of C.L.2190/20, upon the increase of the Bank's share capital by an amount of 322.207.575,66 euros through payment in cash, via the issuance of 67.548.758 new ordinary registered shares having a nominal value of 4,77 euros each, an issue price of 20 Euro each, and carrying a pre-emption right in favour of the existing shareholders. The present report is drawn-up for the purposes of the aforementioned increase, in accordance with art. 9 of L. 3016/2002 and article 289 of the ASE Regulation, and will be sent to the Athens Stock Exchange in order to be published on its website and will also be published on the Bank's website. In particular, the Board of Directors informs the shareholders of the Bank on the following:

I. Report on the use of proceeds from the previous share capital increase of the Bank

With the exception of the increases to the share capital resolved upon by the Board of Directors of the Bank due to the exercise of stock options by the Bank's employees, the Bank's previous share capital increase with payment in cash, was effected following the resolution of the General Meeting of Shareholders dated 10.6.2002. The proceeds realised by this share capital increase amounted to 69.871.835 Euro and were used for the minority participation of Piraeus Bank, amounting to almost 20%, in the share capital of each of the companies Nationale Nederlanden Greek Life Insurance S.A. and Nationale Nederlanden Greek General Insurances S.A.

In particular, the participation was completed during the end of the year 2002 through the acquisition of 33.438 shares of Nationale Nederlanden Greek Life Insurance S.A. and of 30.550 shares of Nationale Nederlanden Greek General Insurances S.A., which were owned by their holding company, ING Continental Europe Holdings B.V. The Bank paid for its shareholding participations in Nationale Nederlanden Greek Life Insurance S.A. and Nationale Nederlanden Greek General Insurances S.A., the amounts of 62.901.852,20 Euro and 6.969.982,80 Euro respectively, representing a total of 69.871.835 Euro.

II. Investment plan

The proceeds raised through Bank's share capital increase will be used for the improvement of its capital adequacy, within the framework of its activity development, both operationally and through the acquisition of selected targets which fulfil the strict assessment criteria of the Bank.

III. Commitments of major shareholders

There exists no shareholder holding more than 5% of the Bank's share capital.

IV. Issue price

The issue price of the newly issued shares, which has been set at 20 Euro per each new share, cannot be higher than the Bank share spot market price as at the ex-rights date.