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Athens, 3 January 2011

## ANNOUNCEMENT OF PIRAEUS BANK S.A.

### PIRAEUS BANK ANNOUNCEMENT OF RIGHTS ISSUE

Pursuant to a resolution of Piraeus Bank's (the "**Bank**") extraordinary general shareholders' meeting dated 20 December 2010, the Board of Directors of the Bank (the "**Board**") has today unanimously decided to proceed with a rights issue raising €807,054,045 in cash by way of pre-emption rights in favour of existing ordinary shareholders. Specifically, it decided that 807,054,045 new ordinary registered shares will be issued (the "**New Shares**") at a subscription price of €1.00 per share (the "**Subscription Price**") and a subscription ratio of 12 new ordinary registered shares for every 5 existing ordinary registered shares (the "**Rights Issue**"). Fractions of shares will not be issued. The subscription price represents a discount to the theoretical ex-rights price of 43% based on the closing price of the Bank's shares on the Athens Exchange on January 3<sup>rd</sup>, 2011.

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The subscription period is expected to be completed by the end of January 2011 and the trading for new shares is expected to commence by mid February 2011. Upon the completion of the Rights Issue, the total number of the Bank's ordinary registered shares will amount to 1,143,326,564.

The Rights Issue is fully underwritten by a syndicate of international banks, lead by Barclays Bank PLC, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, and Morgan Stanley & Co. International plc, who are acting as joint global coordinators and joint bookrunners for the international offering (the "**Joint Global Coordinators**"). The Rights Issue is further supported by a group of international co-lead managers: ING Bank N.V, Keefe, Bruyette & Woods Limited, Macquarie Capital (Europe) Limited, Mediobanca-Banca di Credito Finanziario S.p.A., and MPS Capital Services S.p.A. (jointly with the Joint Global Coordinators the "**Underwriters**").

### **Rationale for the Offering**

Piraeus Bank Group has successfully preserved the level of its capital ratios during the recent financial crisis through solid pre-provision profit generation. Nonetheless, in line with the Bank's prudent management approach, we are proceeding with this Rights Issue to:

- **Enhance** the Bank's capital adequacy ratios in light of the stricter supervisory framework and to respond to higher investor expectations;
- **Strengthen** the Bank's position within the framework of the macroeconomic conditions in Greece; and
- **Allow** the Bank to benefit from attractive organic growth opportunities in the countries in which it operates.

The successful completion of the Rights Issue is expected to enhance the Bank's capital adequacy ratios, resulting in 9.5% Equity Tier 1 Capital Ratio, 10.8% Tier 1 Capital Ratio and 11.7% Total Capital Adequacy Ratio (+200 bps pro forma as of 30th September 2010).

With regards to the resolution of the Board of Directors about the Rights Issue, Mr. Michalis Sallas, Chairman of the Board said:

*"The Bank is proceeding with a milestone Rights Issue, as unanimously approved by the Board of Directors, in order to reinforce its defences in light of the challenging economic environment, but also to ensure we are well positioned for the gradual recovery of the economies we operate in.*

*I would also like to highlight that we are particularly pleased with the strong support of our core shareholders for this transaction."*

### **Main Business Trends**

Based on internal management accounts, which are subject to confirmation after the completion of our year-end financial procedures, we estimate that for the full year 2010:

- recurring net operating revenue (net interest plus net commission income) is expected to be higher than for 2009;

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- operating costs are expected to be lower than those of 2009. The containment of the Group's operating cost was a key objective in 2010 and remains a priority for 2011; and
- loans and deposits at Group level are not expected to diverge significantly at the end of 2010 compared to the end of September 2010.

## **I. RIGHTS ISSUE PRE-EMPTION RIGHTS**

Regarding the offering of the New Shares, the Board has decided the following:

1. The following persons (hereafter collectively the “**Beneficiaries**”) shall have pre-emption rights in the Rights Issue:
  - All ordinary shareholders of the Bank, who are registered with the share registry of Hellenic Exchanges S.A. (hereafter “**HELEX**”) on the second business day that follows the ex-rights date (record date), as such date shall be determined and announced by the Board, and
  - Those who acquire pre-emption rights during the pre-emption rights trading period on the Athens Exchange (hereafter the “**ATHEX**”).
2. In accordance with article 13, paragraph 7 of c.l. 2190/1920 and article 6, paragraph 2 of the Bank's Articles of Association, following the exercise of the pre-emption rights by the ordinary shareholders, the Hellenic Republic, as a preference shareholder, is entitled to exercise pre-emption rights in the Rights Issue up to a percentage proportional to its preference participation in the total share capital of the Bank, provided that New Shares remain unsubscribed.
3. Rights are granted to the Beneficiaries, who have fully exercised their pre-emption rights, to unlimitedly subscribe for unsubscribed shares (hereafter the “**Unsubscribed Shares**”) at the Subscription Price (hereafter the “**Oversubscription Right**”).
4. If after the exercise of the pre-emption rights of the ordinary shareholders and the Hellenic Republic, there remain Unsubscribed Shares, such shares shall be offered by the Bank to the following investors in a priority order as follows:
  - To the persons having exercised the Oversubscription Right. If the number of Unsubscribed Shares is not sufficient to fully satisfy the demand expressed by such investors, then the above mentioned investors shall be satisfied pro rata on the basis of the number of the Unsubscribed Shares that such investors have requested.
  - in Greece through a private placement in accordance with article 3 para. 2 of Greek law 3401/2005 and internationally to eligible investors procured by the Underwriters at the Subscription Price, or, if higher, at the private placement price.
  - In case where, after the above, there are still Unsubscribed Shares remaining, such shares shall be offered to and subscribed for by the Underwriters at the Subscription Price in accordance with the subscription agreement which is subject to customary conditions, that the Bank has entered into with them.

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## **II. NEW SHARES FROM THE RIGHTS ISSUE**

The New Shares are expected to (i) be listed on the Big Cap category of the ATHEX Stock Market, (ii) be freely negotiable and (iii) incorporate the right to any future dividend on the profits.

The date of commencement of trading of the New Shares on the ATHEX, following completion of the Rights Issue, shall be decided by the Board of Directors and shall be announced accordingly on the Daily Official List and on the ATHEX website.

## **III. FURTHER INFORMATION**

The Prospectus with respect to the Rights Issue, is expected to be approved by the Hellenic Capital Market Commission on 4/01/2011 and to be available as of 7/01/2011 to investors in electronic form on the ATHEX website (<http://www.athex.gr>), on the Bank's website (<http://www.piraeusbank.gr/amk>) and on the Hellenic Capital Market Commission website (<http://www.hcmc.gr>), in accordance with article 14, para 2 (c) and (d) of Greek law 3401/2005, as in force. Furthermore, the Prospectus will be available to investors in printed form at the Bank's branches throughout the 15-day period for the exercise of the pre-emption rights.

The indicative timetable of the Rights Issues is as follows:

- 4 January 2011 - Expected approval of the Prospectus by the Hellenic Capital Market Commission and approval of the commencement of pre-emption rights exercise and trading by the BoD of the ATHEX
- 7 January 2011 - Cum-rights date
- 10 January 2011 - Ex-rights date
- 12 January 2011 - Record date for rights offering
- 17 January 2011 - Commencement of subscription period and rights trading
- 25 January 2011 - End of rights trading on the ATHEX
- 31 January 2011 - End of subscription period
- 10 February 2011 - Expected first trading day of new shares on the ATHEX

It is noted that the detailed timetable of the Rights Issue will be published once the Prospectus has been approved by the Hellenic Capital Market Commission.

For further information, shareholders should contact the Bank's Corporate Governance Division - Shares Register Section, Korai 3 (1st floor), 105 64, Athens, Greece (Tel: +30 210 3288011, +30 210 3288737, +30 210 3335039, +30 210 3335211, fax +30 210 333 5009 or email: [investor\\_relations@piraeusbank.gr](mailto:investor_relations@piraeusbank.gr))

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#### Forward-Looking Statements

This press release includes estimates of operating and financial performance that are forward looking in nature. These forward-looking statements are based on certain assumptions that may be wrong and/or influenced by events outside of our control. By their nature, forward looking statements involve risk and uncertainty, and a number of factors could cause actual results and developments to differ materially from those expressed in or implied by such forward looking statements. These forward looking statements are based on our current expectations and projections about future events. These forward looking statements are subject to risks, uncertainties and assumptions about the Bank or the Group, including, among others: (i) the economic and political environment in Greece and other countries in which we operate; (ii) liquidity conditions in the markets in which we operate; (iii) changes in regulation and (iv) competitive conditions.

Barclays Bank PLC, Credit Suisse Securities (Europe) Limited, Goldman Sachs International and Morgan Stanley & Co International plc, each of which is authorised and regulated in the UK by the Financial Services Authority, are acting exclusively for the Company and no one else in connection with the Offering and will not regard any other person (whether or not a recipient of this announcement) as their respective clients and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering, the contents of this announcement or any transaction or arrangement referred to herein.