Dear Shareholders,

In 2007 global economy maintained its growth momentum, moving at a rate exceeding 4.5%, supported mainly by the potential of the emerging economies of Asia and Eastern Europe. Nevertheless, the second half of the year experienced turmoil in the international banking system, initiated by the American sub-prime mortgage market. As a consequence, liquidity of the banking market tightened, resulting to significant fluctuations in capital markets. Despite this climate of uncertainty, the Greek banking system maintained its strong position during the past year, exploiting the high real GDP growth rate in Greece, not having any exposure to products linked to the US sub-prime market.

Thus, 2007 represented another rewarding year for the Greek banks and especially for Piraeus Bank, since it continued its significant performance. Given the intense competition brought by market conditions, both volumes and profit surpassed the goals set by the Bank in the beginning of the year, whilst there were no liquidity problems in spite of the adverse international conditions. The prompt reactions of the Group's Management that strengthened capital adequacy and enhanced liquidity delivered to that end: the second €1.25 billion residential mortgage backed securitization last July, in a period when the international financial market turmoil had just started, as well as the Bank's €1.35 billion share capital increase in September 2007. At the same time, great emphasis was laid by all Group units on raising new customer deposits, leading to exceptional results, particularly during the last quarter of the year.

Within this framework, not only were the business targets set by the Group uninterruptedly accomplished, but also in 2007 the Business Plan for the period up to 2010 was revised upwards, setting new dynamic goals for both growth and profitability.

Throughout 2007, the Group's operations increased significantly and by the end of the year its assets exceeded €46 billion opposed to €31 billion at the end of 2006. The growth rate of last years was furthermore accelerated, resulting to boosting market shares and intensifying the presence of the Group in all fields of its activity.

In addition, in 2007, Piraeus Group expanded its international presence in Ukraine by acquiring the International Commerce Bank and in Cyprus by getting the approval to operate a banking institution and by the acquisition of the Arab Bank Cypriot network. At the same time, the presence of the Group was further strengthened by the establishment of 103 new branches in the Balkans and in Egypt, where it operates the past few years. It should be highlighted that the entrance in the Ukrainian and in the Cypriot market fully serves the long term business goals set by the Group and is consistent with its strategy to establish itself as a prominent banking institution in the region of South Eastern Europe and Eastern Mediterranean.

In alignment with the strategy of Piraeus Bank to be the main servicing Bank of small-medium enterprises (SMEs) and individuals, banking services for SMEs in 2007 continued to be the Bank's flagship, along with the advanced solutions adapted to households' needs, both in Greece and abroad. The volumes of these two customer segments were remarkable, as they demonstrated an increase of their lending balances by 55% and 37% respectively.

Moreover, in 2007 growth rates increased even in activities where Piraeus Group has already been established as a traditional player in the Greek market, such as corporate banking and project finance, financial and operating leasing (also by the acquisition of the operating leasing company AVIS SA in Greece), shipping, stock brokerage activities, as well as electronic banking.

It should be highlighted that, inspite the intense growth, the Group did not relax its lending criteria, neither in Greece nor in its international activities. Thus, the Group's non-performing loan (NPL) ratio has further decreased to 2.1% in December 2007 from 2.4% in December 2006. It is also noted that as of December 2007, in application of the stricter framework set by the International Financial Reporting Standard 7 (IFRS 7) for loans in arrears above 90 days, the Group published this ratio, which stood at 3.4% at the end of 2007 opposed to 4.1% in December 2006 on a comparable basis, presenting, even by adopting the new methodology, a significant improvement trend. It is worth noting that the Group aims at further improving the ratio, so as to be at a level lower than 2.5%, by 2010. This is to the end of the special emphasis laid by Piraeus Bank Management on adhering to risk management principles and to continuously investing to specialized executive potential and advanced risk undertaking control systems.

2007 was yet another year of significant growth and profitability for Piraeus Bank, thanks to the dedication to the business goals set, the capitalization of the experience of constant growth over the past few years and the commitment of the Group's personnel. Net profit attributable to shareholders increased by 43% in 2007, reaching €622 million from €435 million in 2006. An additional tax charge has been imposed on those profits, following the new tax law introduced in January 2008 for the banking capital gains as of 2007, whereas the latter not included, net profit rises up to €653 million, increased by 50%.

The presence of the Group both in Greece and international markets has been strengthened significantly: 208 new branches have started operating in 2007, 19 in Greece and 189 abroad and 3,104 new job positions have been created, 826 in Greece and 2,278 abroad. Thus, on 31.12.2007 the human force of the Group included 12,357 employees, 6,600 in Greece and 5,757 abroad and the Group's branches came in at 744, 320 in Greece and 424 abroad.

The networks' expansion improved the services provided to the Group's continuously increasing customer base, both in Greece and abroad. The increase of the number of customers in Greece is indicative; customers exceeded 1.9 million from 1.6 million at the end of 2006, while the subscribers of electronic banking in Greece exceeded 220,000 from 180,000 a year earlier. The total customer base of Piraeus Bank Group exceeds 2.7 million, if we include the customers of Piraeus Group in South Eastern Europe countries & Egypt.

By the end of December 2007, the Group's loans before provisions rose to €31 billion, whereas deposits together with retail bonds to €24 billion significantly increased by 48% and 33% respectively. The total funding raised (deposits, retail customer bonds, wealth management, mutual funds and interbank) configured to €37 billion.

Financing loan growth during 2007 was one of the toughest banking challenges at an international level, due to the liquidity problems aforementioned, but also due to the consecutive increase of funding cost. To this end, Piraeus Bank, besides the share capital increase and the 2nd mortgage backed securitization, also issued a 3-year senior debt in the amount of €750 million, under its Euro Medium Term Note (EMTN) programme and has put special emphasis on attracting new deposits from all selling networks and units of the Group, an effort which resulted to the 'loans to deposits' ratio reaching 127% at the end of 2007 opposed to 130% in September 2007 and despite intense loan growth.

It should also be underlined that in 2007, regardless of the significantly unfavourable conditions in the international banking sector, Piraeus Bank's share continued its good performance, presenting an increase in its price by 16%, aligned with the positive course of the Athens Stock Exchange and despite the negative course of European banking indices.

The Bank's Board of Directors, following the interim dividend distribution of €0.36 per share, decided to propose to the Ordinary General Meeting of Shareholders the distribution of a total dividend of €0.72 per share for the year 2007. The dividend proposed is increased by 41% in relation to the dividend of 2006 (€0.51 per share, adjusted following the share capital share increase in 2007), whereas it corresponds to a dividend yield of 2.8%, on the basis of the average share price in 2007. It should be reminded that Piraeus Bank dividend policy aims at constantly improving the dividend per share, taking into consideration the Bank's net profit attributable to shareholders, as well as the overall market conditions.

Completing the overall picture of Piraeus Bank Group for 2007, the following ought to be mentioned as well:

- market share in Greece increased to 14% in loans and 12% in deposits from 12% and 10% respectively at the end of 2006
- the Bank established its leading part in loans to enterprises, with market share of 19% in Greece at the end of 2007 from 17% a year earlier, at the same time with the significant boost of loans to individuals
- market share increased in all countries in the region where the Group is active
- loans and deposits from international operations were significantly boosted and raised by 112% and 45% respectively, whereas international profitability doubled compared to 2006, raising to €80 million
- 'cost to income' ratio improved to 45% compared to 48% in 2006
- after tax Return on Equity (ROE) reached the satisfactory level of 29.5%, while after tax Return on Assets (ROA) stood at 1.7%,
- retaining of the capital adequacy ratio in high levels following the share capital increase (12.3% with Tier I at 9.8%), while total equity amounted to €3.3 billion. It is underlined that the value of treasury shares is deducted from equity capital of the Bank; these treasury shares rose to 11,081,930 with nominal value of €52,860,806.10 at the end of the year, corresponding to 3.27% of the share capital. During 2007, the Bank acquired 7,323,853 treasury shares of €34,934,778.81 nominal value (a percentage of 2.16% of capital), whereas it sold 1,000,000 treasury shares of €4.770.000,00 nominal value, implementing the resolution of the Regular General Meeting of Shareholders of 03.04.2007. The purchase value of the treasury shares was €188,639,518.67 in 2007, whereas the sale value of treasury shares and the pre-emptive rights on the shares was €39,270,599.31.

Dear shareholders,

Year 2007 was the 1st year of the 2007-2010 Business Plan period, in which all targets set by the Group were accomplished.

By all the aforementioned it is verified that for yet another year Piraeus Bank Group has confirmed its shareholders, customers' and personnel trust. It is stressed that in April 2007 Moody's credit agency upgraded the long-term credit rating for Piraeus Bank by 3 notches to A1 from Baa1, a fact confirming the progress marked, as well as the consistent implementation of its strategy. Moody's rating upgrade was significant, since the international credit agency took into consideration the Bank's improved financial performance and position in the Greek banking sector. In addition, in

February 2008 Standard & Poor's upgraded the credit rating outlook of Piraeus Bank to 'positive' from 'stable', affirming the Bank's BBB+ rating.

The continuous growth of Piraeus Group is aligned with the priorities set regarding corporate social responsibility issues. Active evidence for the importance senior management places on the Bank's social "agenda" is provided by voluntary 'commitments' to integrate social, cultural and environmental actions within the Bank's practices, beyond compliance with legal and regulatory framework. To this end, in 2007 Piraeus Bank signed the Announcement for its accession to the United Nations Environment Programme Finance Initiative (UNEP FI), whereas it continued its voluntary activity throughout the year in conformity with the principles of the UN Global Compact, by taking the initiative to support and promote its principles within the framework of its activities.

Following continuous growth from 1991 until today, Piraeus Group has developed into today's Group with 750 branches in Greece and abroad, 12,400 employees, €46 billion in assets and €3.3 billion of equity capital. Piraeus Bank ranks 4th in Greece with a market share that equals to 14% and has established its presence in 9 countries.

The course of Piraeus Bank during the last 16 years represents an added value track record for its shareholders. Operating in entrepreneurial spirit, satisfying markets' needs and aiming high, we will fulfil the new business goals set to enhance the Group's position as a significant regional player in the banking sector of South Eastern Europe and Eastern Mediterranean, remaining consistent with our strategy of providing banking services to the market's 'medium' segment, with committed and skilled personnel, while offering high returns to its shareholders.

Michalis G. Sallas
Chairman of the Board of Directors

EXPLANATORY REPORT
TO THE SHAREHOLDERS ORDINARY GENERAL MEETING OF PIRAEUS BANK S.A.
UNDER ARTICLE 11^A LAW 3371/2005

This explanatory report of the Board of Directors of Piraeus Bank to the Ordinary General Meeting of Shareholders contains detailed information regarding the matters arising under article 11a of Law 3371/2005.

I. Piraeus Bank share capital structure

The share capital of Piraeus Bank amounts to euro one billion, six hundred and seventeen million, nine hundred and seventy seven thousand, two hundred and fifty nine and ninety nine cents (1,617,977,259.99), divided into three hundred and thirty nine million, one hundred and ninety eight thousand, five hundred and eighty seven (339,198,587) ordinary registered voting shares having a nominal value of four euro and seventy seven cents (4.77) each. Piraeus Bank shares are traded on the Athens Exchange.

The rights of the shareholders of Piraeus Bank, arising from each share, are proportional to the percentage of the share capital to which the paid-in share value corresponds. Each share carries the rights stipulated by law and the Articles of Associations, and in particular:

- The right to dividends from the annual profits or liquidation profits of the Bank. A percentage of 35% of the net profits following deduction only of the regular reserve or 6% of the paid in capital (and in particular the largest of the two amounts) is distributed from the profits of each fiscal year to the shareholders as an initial dividend while the distribution of an additional dividend is resolved upon by the General Meeting. Every shareholder registered on the register of shareholders kept by the Bank on the date of identification of those eligible, is entitled to dividends. The dividend of every share is paid to the shareholder within two (2) months from the date of the Ordinary General Meeting which approved the annual financial statements. The manner and place of payment of the dividend is announced through the press. The right to receive payment of the dividend is subject to a time limitation and the respective unclaimed amount goes to the State upon the lapse of 5 years from the end of the year during which the General Meeting approved the distribution of the said dividend,
- The right to reclaim one's share capital contribution during the liqudation or, similarly, upon the writing off of the capital corresponding to the share, provided that this is resolved upon by the General Meeting,
- The right of pre-emption at every share capital increase of the Bank via cash payment and the acquisition of new shares,
- The right to receive a copy of the financial statements and reports of the auditors and of the Board of Directors of the Bank,
- The right to participate in the General Meeting which is consituted of the following particular rights: legitimacy, presence, participation in discussions, submission of proposals on the items of the agenda, entry of one's opinions on the minutes of the Meeting and finally the right to vote.

The General Assembly of the shareholders of the Bank retains all its rights during the winding up.

The liability of the Bank's shareholders is limited to the par value of the shares they hold.

II. Restrictions on the transfer of shares of Piraeus Bank

Piraeus Bank shares, which are dematerialised and listed on the Athens Exchange, are transferred as stipulated by Law and the Articles of Association provide no restrictions in respect thereof.

III. Major direct and indirect shareholdings within the meaning of Law 3556/2007

No individual shareholder (natural or legal person) may directly or indirectly hold a stake higher than 5% of the total number of shares of the Bank.

IV. Shares with special control rights

There are no Piraeus Bank shares providing special rights of control to their holders.

V. Restrictions on voting rights

The Articles of Association of the Bank do not stipulate any restrictions on the right to vote which arises from its shares.

VI. Agreements among shareholders of the Bank

The Bank is not aware of any agreements among its shareholders, which would result in restrictions on the transfer of its shares or on the exercise of the voting rights arsing from such shares.

VII. Regulations on the appointment and replacement of Board members and amendments to the Articles of Association

The regulations provided for in the Articles of Association of the Bank regarding the appointment and replacement of members of its Board of Directors and the amendment of the respective provisions, are in conformity with the provisions of Cod. Law. 2190/1920.

VIII. Authority of the Board to issue new shares or acquire treasury shares

A) Pursuant to the provisions of article 13, para. 1, indent b) of Cod. Law 2190/1920, the Board of Directors of Piraeus Bank may, following a relevant decision of the General Meeting which is subject to the publication formalities of article 7b of Cod. Law 2190/1920, increase the Bank's share capital through the issuance of new shares, by its resolution reached by a majority of at least two-thirds (2/3) of its members. In such case, the share capital may be increased up to amount of the share capital that was paid-up on the date when the Board of Directors was granted such power by the General Meeting. The aforementioned power of the Board of Directors may be renewed by the General Meeting for a period of time not exceeding five years per each renewal.

B) Pursuant to the provisions of article 13, para. 13 of Cod. Law 2190/1920, upon a decision of the General Meeting, a stock option plan may be established for the distribution of shares to the members of the Board of Directors and the staff of the Bank in accordance with the specific terms of such decision. The decision of the General Meeting defines, in particular, the maximum number of shares which may be acquired or issued (the par value of which may not in total exceed 1/10 of the paid in share capital at the date of the decision of the General Meeting) if the optionees exercise their stock options, the share price and stock options terms, the optionees or categories thereof, the duration of the program, as well as the method of definition of share price. The Board Directors may, following a relevant decision of the General Assembly, define the optionees or categories thereof, the method of exercise of the options rights, as well as any other term of the program for the distribution of shares. The Board of Directors issues the stock option certificates and, at the most every three months, delivers the shares which have already been issued or issues and delivers such shares to the optionees who have exercised their option rights, respectively increasing the share capital and certifying the same.

Pursuant to the provisions of art. 13, para. 14 of Cod. Law 2190/1920, the Board of Directors of the Bank is entitled, following the respective decision of the General Meeting which is subject to the publication formalities of article 7b of Cod. Law 2190/1920, to establish a program for the distribution of shares in accordance with the aforementioned, by means of a resolution reached by a majority of at least two thirds (2/3) of its members. This authorisation remains valid for a period of five (5) years unless shortened by a respective decision of the General Meeting.

In the implementation of the aforementioned provisions and pursuant to the resolution of the 2nd Repeated General Meeting of Shareholders dated May 16, 2005, a 4-year stock option program for the distribution of shares to the members of Board of Directors, senior officers and executives of the Bank and its subsidiary and affiliated (according to article 42e of act 2190/20) companies, including also companies with registered offices abroad, was established on the basis of which, a maximum of 2,000,000 options may be granted for the acquisition of shares at the price of 12.20 euros per share (the "2nd Plan"). The 2nd Repeated General Meeting of the Bank's Shareholders held on 15.5.2006, resolved upon the increase of the share capital through the capitalization of reserve funds and the distribution of free shares to shareholders at a ratio of one free share per four existing shares. Moreover, by resolution of the same General Meeting, the maximum number of stock options was correspondingly adjusted to 2,500,000 options and the relevant acquisition price was adjusted to 9.76 euros per share, so that the total acquisition cost for the option holders would remain the same as before said capital increase.
During the second exercise period (i.e. 1 to 10 December 2007) 709.958 matured options were exercised, in respect of which the amount of euro 6,929,190.08 was paid in cash.

Moreover, in accordance with the resolution dated 15.5.2006 of the 2nd Repeated General Meeting of the Shareholders of the Bank, a 5-year stock option program was established (the "3rd Plan") for the distribution of shares to the members of Board of Directors, senior officers and executives of the Bank and its subsidiary and affiliated (according to article 42e of act 2190/20) companies, including companies having registered offices abroad, , to be implemented in the years 2006, 2007, 2008, 2009 and 2010, concurrently and independently with the aforementioned 2nd Plan previously established by the General Meeting of the Bank's Shareholders on 16.5.2005. Within the framework of the 3rd Plan, a maximum of 4.028.820 options may be granted for the acquisition of Bank shares, at the price of 17.25 euros per share.
During the second exercise period (i.e. 1 to 10 December 2007) 744,840 matured options were exercised, in respect of which the amount of euro 12,848,490 was paid up in cash.

The total amount of 19,777,680.08 euros has been paid in respect of both aforementioned Stock Option Plans.

Following the aforementioned, the Board of Directors convened on 10/12/2007 and resolved upon the increase of the share capital of the Bank by the amount of 6,939,386.46 euros with the issuance of 1,454,798 ordinary registered voting shares, each having a nominal value of 4.77 euros, whereas the amount of 12,838,293.62 euros has been credited to the par value account. Such increase, pursuant to the express provision of art. 13 para. 13 of Cod. Law. 2190/1920, does not entail an amendment of the Articles of the Bank. The payment of the aforementioned amount was certified by relevant resolution of the Board of Directors dated 14/12/2007.

C) Pursuant to the provisions of article 16 of the Cod. Law 2190/1920, companies limited by shares may either directly or through a representative acting in its own name but on their behalf, acquire treasury shares by a decision of the General Meeting of their shareholders setting out the terms and conditions of such acquisition, and in particular the maximum number of shares that may be acquired, the duration for which the authorisation is granted, which cannot exceed twenty four (24) months, and in the event of acquisition of shares for consideration (e.g. purchase) the minimum and maximum limits of the acquisition value. Such acquisitions will take place upon the following conditions:
- the par value of the all the treasury shares acquired, including those treasury shares previously acquired and held by the company as well as those shares acquired by any entity acting in its

own name but on behalf of the company, may not exceed one tenth (1/10) of the paid in share capital.
- the acquisition of treasury shares, including those shares previously acquired and held by the company, as well as those shares acquired by any entity acting in its own name but on behalf of the company, may not result in the reduction of the share capital below that stipulated in para. 1 of art. 44a of Cod. Law 2190/1920,
- the transaction may only be in respect of fully paid in shares.

The Ordinary General Meeting of the shareholders of the Bank resolved on 3.4.2007 upon the acquisition by the Bank of treasury shares through the Athens Exchange, of up to a maximum of 27,019,503 shares, representing 10% of the total shares on the date of the said decision, with an acquisition value ranging from euro 5 (minimum) and euro 40 (maximum) and for the duration of one year from the date of said decision, namely at the latest until the 3.4.2008. In the implementation of the aforementioned decision of the General Meeting, the Board of Directors of the Bank determines, through a respective resolution, the basic terms of each of the transactions for the acquisition of treasury shares.

IX. Major agreements put in force, amended or terminated in the event of change in the control following a public offer

There are no agreements which enter into force, are amended or terminated in the event of change in the control of the Bank following a public offer

X. Agreements with Board members or staff of the Bank

There are no agreements between the Bank and the members of its Board of Directors or staff which provide for the payment of compensation in the event of their departure as a result of the submission of a public offer. The provisions formed for compensations due to departure from service, as a result of the provisions of Law 3371/2005, amounted to € 32.679 thousand on 31.12.2007 and are in respect of members of Management, General Directors, Deputy General Directors and Assistant General Directors and heads of subsidiary companies.

For the Board of Directors of the Bank

Michalis G. Sallas
The Chairman