EFG Eurobank Ergasias

Annual Report 2000

EFG Eurobank Ergasias S.A.

EFG Eurobank Ergasias

CONTENTS

LETTER TO SHAREHOLDERS

Dear Shareholders,

The year 2000 was significant for both the Bank and our home market. During the year, Greece successfully met European Monetary Union (EMU) accession criteria and joined the Eurozone as its 12th member at the beginning of 2001. The past year was also particularly important for EFG Eurobank Ergasias. The legal merger of former EFG Eurobank and Ergobank was concluded on September 7, creating Greece's third largest banking institution and one of the leading blue chips traded on the Athens Stock Exchange. We are now working on the full operational merger that will be concluded in the second half of this year. The full operational merger aims to deliver significant revenue and cost synergies that will become more evident by 2002.

For Greek commercial banks, the transition to the Euro environment in January 2001 was as smooth and efficient as the year 2000 transition had been the previous year. We believe the introduction of Euro coins and notes in January 2002 will be equally successful.

From a business point of view, the single currency environment is more challenging. The Greek financial sector is faced with a series of changes associated with the adoption of the common currency. On the other hand, the growth potential of our home market could attract the interest of foreign banks. Still, we see the new environment as creating more opportunities than threats.

The most significant implication of adopting the Euro is clearly the lower level of nominal interest rates which is expected to trigger further strong volume growth, particularly in retail banking products.

EFG Eurobank Ergasias has a leading presence and is well placed to benefit from the anticipated growth in this market. Our brand name, knowledge of the local market and extensive multi-channel presence are not easy to match for either foreign or local competitors. Furthermore, in small and medium-sized enterprises lending, EFG Eurobank Ergasias has inherited the competitive advantages, relationships and experience of former Ergobank. In wholesale banking and asset management, however, we do expect increased foreign competition. Even in these highly internationalised segments, our Bank will maintain a leading position, capitalising on the high quality of its people and services and on its strategic co-operation with Deutsche Bank.

EFG Eurobank Ergasias has undertaken significant investments in IT systems, products and delivery channels and is well placed in its home market to successfully compete with domestic and foreign banks in this challenging new environment.

Regarding the operational merger of former EFG Eurobank and Ergasias, it should be noted that it is a complex task, even for firms with a proven successful track record of mergers. It is worth noting that only a year ago former EFG Eurobank completed the mergers of Bank of Crete and Bank of Athens. Former EFG Eurobank and Ergobank were both highly successful banks, each with its own strong identity and culture, but with a common focus on quality of customer service. Furthermore, the two banks were complementary in their business orientation and for this reason the merger creates a larger, more diversified and more competitive bank.

The integration process is progressing on schedule. Following the approval of the legal merger by the supervisory authorities in September 2000, the integration of head office divisions has been substantially completed. Risk management and credit processes have been unified, with the most appropriate procedures selected from each of the two banks. The harmonisation of products and operations is in progress. Information technology systems harmonisation is also well underway. Full integration of platforms will be completed within 2001. Economies of scale and cost reductions will be achieved through the optimisation of the branch network, the consolidation of back office operations, the streamlining of processing and administrative systems and the utilisation of alternative delivery channels. During the merger process the occurrence of certain temporary inefficiencies is to be expected, however these are expediently resolved.

Under IAS, EFG Eurobank Ergasias' consolidated net profit attributable to shareholders reached € 200 million, compared to € 191 million in 1999. This represents a Return On Assets (ROA) of 1.3%. The Group's organic growth in core operating profitability continued in 2000, with core operating profit excluding trading gains rising 10%, to € 222 million from € 201 million, in 1999.

Net interest income increased 10% to € 505 million in 2000. This represented a net interest margin of 3.2%, which is one of the highest in the industry, confirming the success of our strategy of focusing on high margin business. Net fee and commission income declined 4% to € 283 million in 2000, due to the adverse market conditions, which affected commission income related to trading on the Athens Stock Exchange. The increase in staff levels to support expansion in key business areas and the continuous investment for the upgrading of our infrastructure has led to higher operating expenses, which offset growth in operating income. Nevertheless, EFG Eurobank Ergasias' Return on Assets before Tax was the highest in the market.

The Group's high core profitability prompted the Board of Directors to propose to the General Assembly of shareholders the distribution of a dividend of Grd. 180 per share. This is 17% higher than the aggregate pro forma adjusted dividend of Grd. 154 per share distributed by former Ergobank and Eurobank in 1999.

At the end of 2000, EFG Eurobank Ergasias had:

- Total Assets of € 16,833 million
- Deposits of € 13,239 million
- Loans of € 8,422 million
- A network of 330 branches and staff of 8,293 at Group level.

The Bank's capitalisation remains strong with shareholders' equity at € 1,880 million at the end of 2000 and a risk-asset ratio of 16.3%.
The 39% correction of prices on the Athens Stock Exchange in 2000 caused significant losses to Greek equity portfolios and negatively affected bank results. The reduction of revenues related to the local equity market mitigated the effect from the healthy growth in net interest and other sources of operating income.

Although the situation in the market has not materially improved in the first few months of 2001, the economy's prospects are encouraging and the country is set to enjoy growth rates above the European average, aided by the inflow of funds from the Community Support Framework. Therefore, we are optimistic that these prospects will at some point be reflected on both listed company profitability and investor sentiment. At the same time, an acceleration of structural reforms could prove a key factor supporting the market's fundamentals, as well as enhancing the competitiveness of the Greek economy overall.

The strategic positioning of the Group in the internationalised and competitive environment under development is distinct. We are expanding into market segments with the strongest growth and the highest profitability prospects. This is the reason for our efficient penetration of the banking segments of strategic interest. These include, among others, consumer and mortgage lending, investment products and mutual funds, underwritings of IPOs, services to large corporates, stock trading and services to small and medium-sized enterprises.

We believe the market share gains reflect our commitment to offer high quality service to our clients. Our enhanced market presence is hard evidence of the success of our segmented, multi-channel approach to our clientele.

At EFG Eurobank Ergasias we follow a client-segmented, multi-channel approach. We closely monitor the evolving preferences of our customers to offer those products and services that best meet their needs, through the channels that they prefer. Our Group is quick to use alternative delivery channels in order to develop a more direct relationship with the client and to improve quality of service. Of course, the development of such alternative networks does not eliminate the need to maintain an extensive, cost efficient branch network, especially for the more complex products.

In this area, it is worth noting that our Phone Banking unit achieved very strong growth again last year. Moreover, given its broad range of services, our Electronic Banking division is ready to benefit from a pick up in Internet penetration, which remains very low compared to other European countries. We also offer mobile banking services through SMS and WAP technology. Our co-operation agreement with Nova TV, Greece’s only digital TV platform, will allow us to offer interactive TV services to our customers.

Although we expect strong organic growth in the Greek market to continue in the coming years, we also aim at gradually enhancing our presence in the region, capitalising on the experience gained in our home market. We are well aware of the risks involved in expanding to surrounding emerging markets and we are only moving with small cautious steps, together with well-established and experienced western partners. Despite the risks, the course of some of the neighbouring economies to EU membership may trigger significant convergence momentum, with a significant positive impact on the value of local assets.

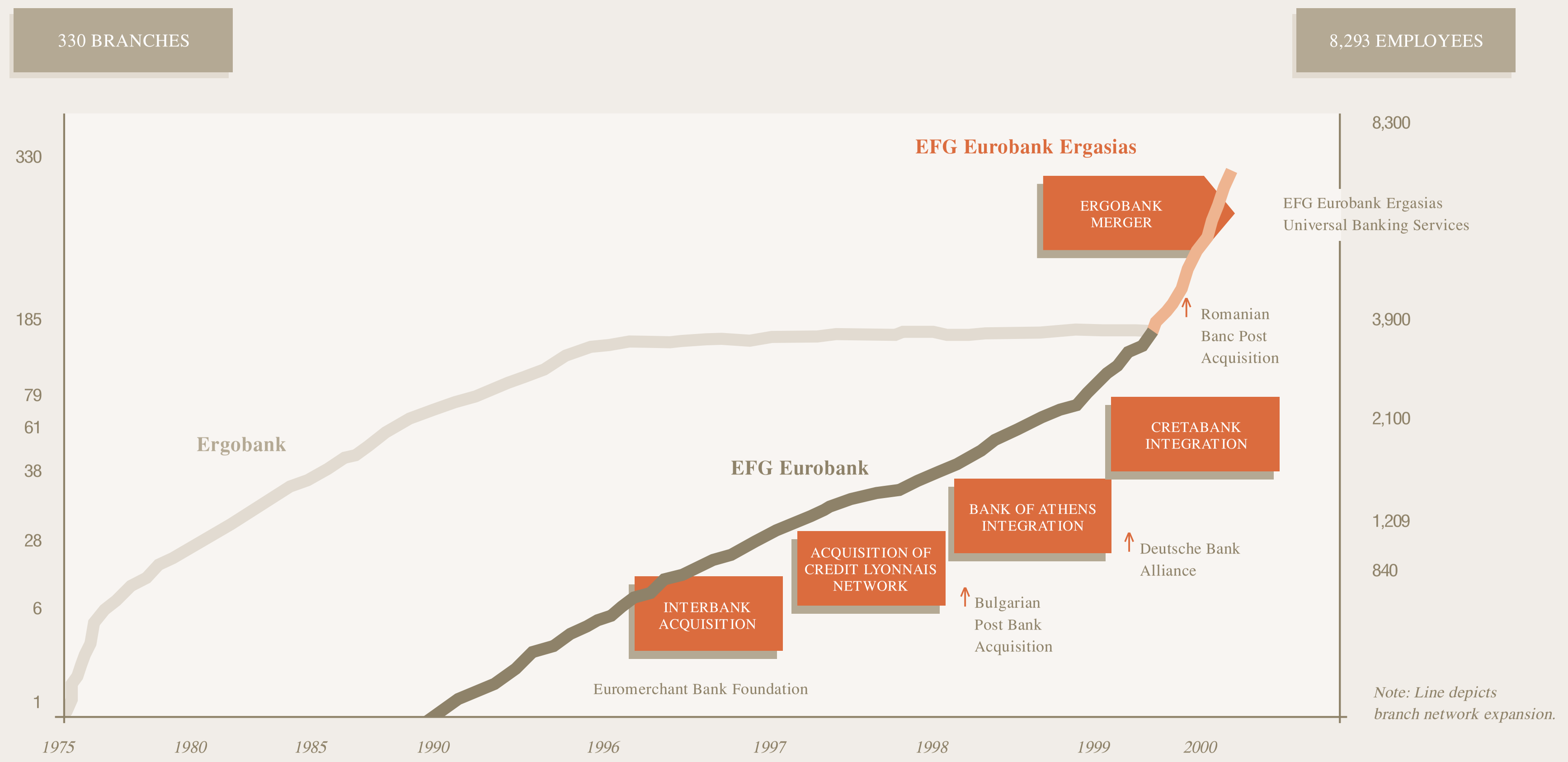
We are confident that, despite the intensified competition in the Greek financial market, EFG Eurobank Ergasias is well positioned to withstand margin pressure and benefit from the anticipated further growth in its core business areas. The conclusion of the operational merger later on this year will allow our Group to realise significant cost and revenue synergies, which will be more evident in 2002. The high quality of our people, our competitive products and services, as well as prudent and efficient risk management will help us further enhance our market position to the benefit of our shareholders, our personnel and our clients.

Athens, February 22nd, 2001

Xenophon C. Nickitas
Chairman of the Board of Directors

Nicholas C. Nanopoulos
Chief Executive Officer

EFG Eurobank Ergasias - Growth Path



Consolidated Financial Highlights

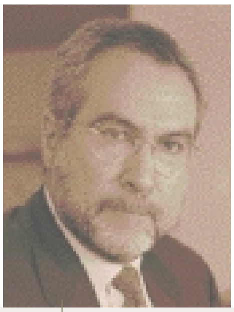
FIGURES IN ACCORDANCE WITH IAS	(Amounts in million Euro)		
	2000	**1999**	*% Change*
BALANCE SHEET			
Loans and advances to customers	**8,422**	6,325	*33%*
Deposits	**13,239**	11,349	*17%*
Total shareholders' equity and minority interest	**2,142**	2,171	*-1%*
Total Assets	**16,833**	14,951	*13%*
PROFIT AND LOSS			
Net interest income	**505**	458	*10%*
Net fee and commission income	**283**	296	*-4%*
Core Operating Income (excl.equity trading & divestments)	**918**	838	*10%*
Net Trading Income	**2**	50	*-96%*
Total Operating Income	**894**	925	*-3%*
Profit before tax	**349**	378	*-8%*
Net Profit after tax & minorities	**200**	191	*5%*
EPS			
basic and diluted	**0.69**	0.67	
Dividend per share	**0.53**	0.45	
Dividend Yield	**2.54%**	2.17%	
(share price on 29.12.2000)			
Personnel	**8,293**	7,313	

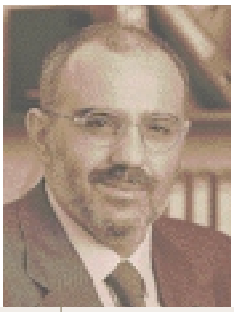
KEY FINANCIAL RATIOS	
	2000
Return on Assets (pre tax)	**2.2%**
Return on Equity (pre tax)	**16.8%**
Net Interest Margin	**3.2%**
Cost to Income Ratio	**56.2%**
Risk Asset Ratio	**16.3%**

RATINGS	Long-Term	Financial Strength	Short-Term
FITCH IBCA	A-	B/C	F2
MOODY'S	A-3	C	P-2
STANDARD & POORS'	BBB+	-	A-2

Corporate Governance

Members of the Executive Committee





George C. Gondicas
Honorary Chairman
Born in Patras in 1920.

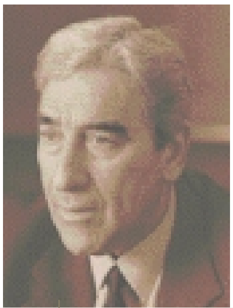
Xenophon C. Nickitas
Chairman of the Board of Directors
Born in Alexandria, Egypt, in 1930.

Byron N. Ballis
Deputy Chief Executive Officer
Born in Constantinople in 1951.

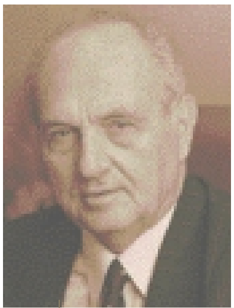
Nicholas C. Nanopoulos
Chief Executive Officer
Born in Alexandria, Egypt, in 1952.

Nikolaos B. Karamouzis
Deputy Chief Executive Officer
Born in Athens in 1952.

Harry M. Kyrkos
General Manager
Born in Serres in 1953.



Kyriakos I. Nasikas
General Manager
Born in Thessaloniki in 1937.



Stylianos G. Papaderos
General Manager
Born in Sougia, Chania, in 1936.

Nicholas K. Pavlides
General Manager
Born in Athens in 1946.

Christos P. Komiopoulos
General Manager
Born in Athens in 1949.

Paula N. Hadjisotiriou
Secretary of the Board of Directors
Born in Famagusta, Cyprus, in 1957.

Executive Committee

Nicholas C. Nanopoulos (chairman)
Xenophon C. Nickitas
Byron N. Ballis
Nikolaos B. Karamouzis
Harry M. Kyrkos
Kyriakos I. Nasikas
Stylianos G. Papaderos
Nicholas K. Pavlides
Christos P. Komiopoulos
Paula N. Hadjisotiriou (secretary)

Strategic Planning Committee

Nicholas C. Nanopoulos (chairman)
Xenophon C. Nickitas
George C. Gondicas
Byron N. Ballis
Nikolaos B. Karamouzis
Paula N. Hadjisotiriou (secretary)

Board of Directors

CHAIRMAN
Xenophon C. Nickitas

HONORARY CHAIRMAN
George C. Gondicas

1st VICE PRESIDENT
Anna Maria Louisa J. Latsis

2nd VICE PRESIDENT
Lazaros D. Efraimoglou

CHIEF EXECUTIVE OFFICER
Nicholas C. Nanopoulos

DEPUTY CHIEF EXECUTIVE OFFICER
Byron N. Ballis

DEPUTY CHIEF EXECUTIVE OFFICER
Nikolaos B. Karamouzis

EXECUTIVE DIRECTORS
Harry M. Kyrkos
Kyriakos I. Nasikas
Stylianos G. Papaderos
Nicholas K. Pavlides

DIRECTORS
Fotis S. Antonatos
Antonios K. Bibas
Emmanuel L. Bussetil
Stamos P. Fafalios
Dr. Tessen von Heydebreck
Panayiotis K. Lambropoulos
Dr. Spiro J. Latsis
Dr. Bernd Albrecht von Maltzan
Dr. Pericles P. Petalas

SECRETARY
Paula N. Hadjisotiriou

Share and Shareholding Structure

Sharp ASE correction in 2000

The sharp correction of the Athens Stock Exchange (ASE) in 2000 left very few ASE-listed companies unscathed. The ASE Composite Index lost 39% during the year, while the blue chip index FTASE-20 shed 33% and the mid cap FTASE-40 index 61%. The median stock price performance in the market was down 65%. Under these circumstances, the banking sector index gave up 28% and the Bank's share 32%. EFG Eurobank Ergasias and other blue chips outperformed the ASE Composite, as the fall of small and medium capitalisation stocks was relatively more pronounced. Average daily turnover at the Athens Stock Exchange slid from a record € 670 million in 2000 to € 400 million in 2000.

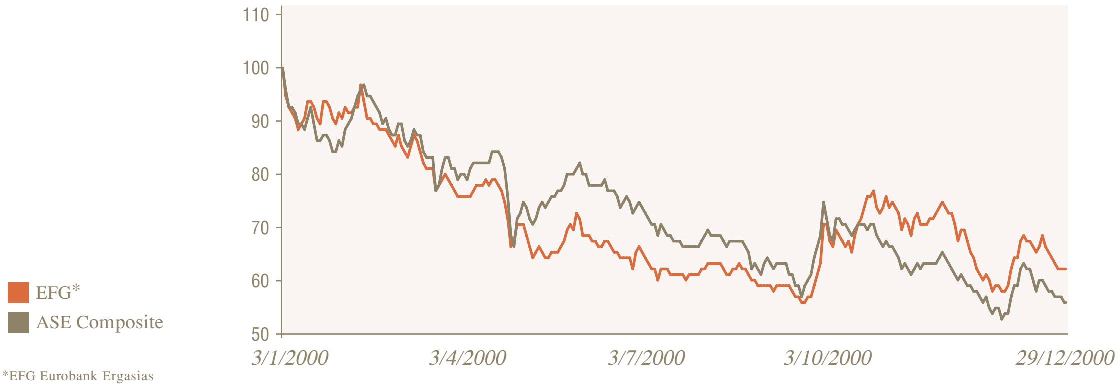
ASE reclassified as a developed market in 2001

Following Greece's accession into the European Monetary Union, on January 1st 2001, ASE stock prices are quoted in Euros, in line with other Eurozone bourses. Furthermore, the ASE is being reclassified in May 2001 from an emerging market to a developed market and Greek blue chips will fully join developed market indices. This reclassification has already had significant implications for the Greek market, as it has signalled some withdrawal of emerging markets funds, which had traditionally been investing in Greek equities. However, following the market's upgrade, a gradual arrival of developed market investors is anticipated.

Merger of EFG Eurobank and Ergobank

Year 2000 was significant for the Group's presence in the Athens market. On the 7th of September the legal merger between former EFG Eurobank and Ergobank was concluded. EFG Eurobank absorbed Ergobank and was subsequently renamed EFG Eurobank Ergasias. EFG Eurobank shareholders received 1 share in EFG Eurobank Ergasias, the merged entity, for every share they owned and Ergobank shareholders received 0.75 shares for every share they owned. Trading in the

EFG Eurobank Ergasias Share vs. ASE Composite



*EFG Eurobank Ergasias

shares of the former Ergobank ceased on the 8th of September, when the share of EFG Eurobank Ergasias initiated trading at an adjusted price of Grd. 9,295 (€ 27.3). Taking into account the 3-for-10 bonus issue of December, the adjusted opening price for the new entity was Grd. 7,150 (€ 21).

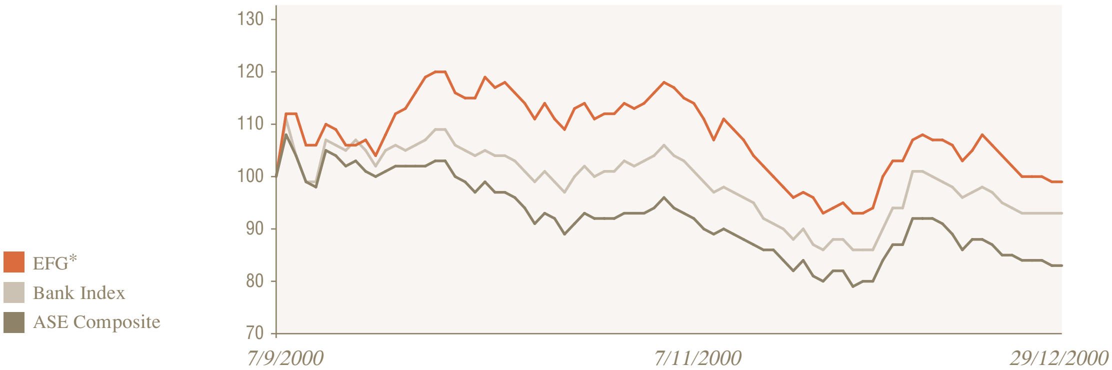
EFG Eurobank Ergasias' share: Increased Weight and Liquidity

The legal merger of former EFG Eurobank and Ergobank has created a larger entity with a single share, which has increased liquidity and importance in Greek and International Indices. At the end of 2000, EFG Eurobank Ergasias was the second largest component of the Athens General Index with a weight of 9% and the third largest constituent of the MSCI Greece Index with a weight of over 10%. In the FTSE Eurotop 300 Index EFG Eurobank Ergasias had a weight of approximately 0.09%. The merged entity's initial market capitalisation was € 6 billion. The Bank has since remained among ASE's top five stocks by market capitalisation, while it has become the Greek market's second largest listed bank by the same criterion. Since September 8, 2000 when trading on the new entity commenced, the share of the new EFG Eurobank Ergasias has outperformed both the Greek banking sector Index and the ASE Composite Index.

The 3 for 10 bonus Issue

At the EGM of November 10, 2000, a 3-for-10 bonus share issue was approved and an amount of Grd. 57.4 billion (€ 168.5 million) was reclassified from the "share premium account" to the called up share capital account. The capitalisation was effected through the issuance of 67,491,136 new shares of nominal value of Grd. 850 (€ 2.5) each. Shareholders received 3 bonus shares for every 10 old. The issue brought the Bank's share capital to Grd. 248,592,351,500 (€ 730 million), divided into a new total of 292,461,590 shares of nominal value of Grd. 850 (€ 2.5) each. The stock has traded ex-rights since the 2nd of December 2000.

EFG Eurobank Ergasias Share after the merger vs. ASE Composite and Bank Index Sept. 7 - Dec. 29, 2000



*EFG Eurobank Ergasias

Exercise of Employee Stock Options

In December 2000, 546,000 new shares were issued to Bank employees, who had exercised their stock options. This lifted the Bank's total number of shares to 293,007,590. These new shares are expected to be listed on ASE in April 2001.

Ergobank

As the legal merger of Ergobank and Eurobank was concluded on September 7, 2000, trading on Ergobank' s share then ceased. Ergobank shareholders received 0.75 EFG Eurobank Ergasias shares for 1 old Ergobank share. Ergobank' s share had been one of the most successful stocks ever to be listed on the ASE. The Bank had a track record of 25 years of consistent value creation for its shareholders and long-term outperformance of its stock. Matching this success is a challenge for the new EFG Eurobank Ergasias.

EFG Eurobank

In March 1999, Eurobank had one of the most successful IPOs ever to be held in the Greek market. This followed the merger with the Bank of Athens and the acquisition of Cretabank. The great success of the IPO demonstrated the market's confidence in the Group's ability to play a leading role in Greek banking. This confidence is still reflected on the Bank's broad shareholder base of over 377 thousand shareholders, the most extensive in the Greek market.

Special Treasury Share Scheme

In implementation of the decision of the Eurobank AGM of May 24, 2000, the Bank had bought 2,274,253 shares at the end of 2000 and has Shareholder and Board approval to buy up to a total of 8,645,000 shares (or 3% of the total) by November 24, 2001, at an adjusted maximum price of Grd. 9,231 per share (€ 27). The scheme is in accordance to article 16 par. 5 of Law 2190/1920, with the aim of supporting the share price during periods of strong fluctuation in the local market.

ERGOBANK SHARE

	Historic Close (Grd.)	Adjusted* Close (Grd.)	Adjusted* Close (€)	Monthly Value Of Transactions (Grd.)
January	29,750	9,887	29.02	89,638,477,090
February	9,245	9,245	27.13	21,817,603,150
March	8,145	8,145	23.90	16,052,060,720
April	7,170	7,170	21.04	19,249,087,655
May	7,410	7,410	21.75	19,315,276,355
June	6,725	6,725	19.74	11,946,676,865
July	6,880	6,880	20.19	6,005,711,440
August	6,190	6,190	18.17	6,794,129,660
September 1-7	6,765	6,765	19.85	2,400,363,530
Total Value of Transactions (Grd.)				**193,219,386,465**

** Historic close adjusted for the merger with EFG Eurobank and the 3-for-10 bonus issue.*

EFG EUROBANK SHARE

	Historic Close (Grd.)	Adjusted* Close (Grd.)	Adjusted* Close (€)	Monthly Value Of Transactions (Grd.)
January	13,440	10,132	29.73	26,525,843,605
February	12,330	9,295	27.28	30,894,130,090
March	11,545	8,703	25.54	25,208,096,770
April	9,840	7,418	21.77	25,362,358,460
May	10,115	7,625	22.38	106,111,019,195
June	9,330	7,033	20.64	14,110,976,805
July	9,460	7,131	20.93	11,193,339,965
August	8,585	6,472	18.99	12,796,430,915
September 1-7	9,485	7,150	20.98	5,270,757,050
Total Value of Transactions (Grd.)				**257,472,952,855**

** Historic close adjusted for the merger with Ergobank and the 3-for-10 bonus issue.*

EFG EUROBANK ERGASIAS SHARE

	Historic Close (Grd.)	Adjusted * Close (Grd.)	Adjusted * Close (€)	Monthly Value of Transactions (Grd.)
September 8-29	11,135	8,565	25.14	48,323,118,155
October	10,820	8,323	24.43	33,261,159,320
November	8,750	6,731	19.75	25,605,175,865
December	7,100	7,100	20.84	20,273,694,430
Total Value of Transactions (Grd.)				**127,463,147,770**

** Historic close adjusted for the merger with Ergobank and the 3-for-10 bonus issue.*

377,000 shareholders

The Group has had the broadest shareholder base in Greece, ever since the IPO of former EFG Eurobank of March 1999. At the end of 2000 EFG Eurobank Ergasias had 377,024 shareholders.

	Shareholders	Number of shares	% of total
0 < shares ≤ 10	65,364	184,626	0.06
10 < shares ≤ 100	247,451	5,752,217	1.97
100 < shares ≤ 500	43,504	9,917,988	3.39
500 < shares ≤ 1,000	10,087	6,961,629	2.38
1,000 < shares ≤ 10,000	9,627	24,485,959	8.37
10,000 < shares	991	245,159,171	83.83
Totals	**377,024**	**292,461,590**	**100**

OBJECTIVES AND STRATEGY

The primary goal of EFG Eurobank Ergasias is to become the leading financial services group in the Greek banking sector. Within the scope of this goal, the Bank places emphasis on high-growth, high-margin market segments, provides value-added products and services to its clients, offers increased value to its shareholders and creates an environment with opportunities for personal and professional growth for its employees.

In order to achieve its goal, the Bank follows a client-focused approach, which leads to the provision of modern, flexible products and services that meet the constantly evolving needs of the clients. Thus, the Bank develops multiple and alternative distribution channels and invests in modern technological infrastructure. The core philosophy underlying this strategy is quality excellence in the products and services of the Group.

In order to offer increasing value to its shareholders, EFG Eurobank Ergasias follows a specific strategy that can be summarised as follows:

- Emphasis on high-growth, high-margin sectors, such as Retail Banking, SME Lending, Asset Management and Investment Banking.
- Wider regional presence (currently present in Bulgaria and Romania).
- Access to European markets - directly or indirectly - through strategic alliances with Deutsche Bank and the EFG Bank Group.
- Organic growth and operational cost reduction through investments in new, improved infrastructure and innovative products.
- Development of business activities and alternative distribution channels in the New Economy (P/C, digital TV, mobile phone via SMS and WAP, B2B platform).

Human resources are the key factor of the growth process within any organisation. EFG Eurobank Ergasias recognises this and invests in its people through educational and professional training programmes. Moreover, it offers the proper motivation and opportunities for personal and professional advancement.

The Merger Process of EFG Eurobank and Ergobank

The process of operational merger of former EFG Eurobank and former Ergobank began in spring 2000. There were two phases to the process:

- During the first phase, which preceded the legal merger, emphasis was given to the settlement of all issues related to the creation of a new legal entity, such as accounting issues, legal matters, check clearance, international and local payments etc.

- The second and more substantial phase, in terms of operations, began in summer 2000. During that phase, 21 working teams were created and assigned specific responsibilities and targets relating to various operational aspects.

The teams comprised experienced professionals from both legacy Banks and were co-ordinated by a special committee, in which the international consulting firm Andersen Consulting (today Accenture), played a leading role. Each team followed a specific programme and timeframe and worked together with the divisions of both legacy Banks in order to create common new procedures for the new banking entity and to properly organise the merger procedure for each division separately. As a result of this process:

- A new organisation chart was created to ensure better functionality for the new Bank and full optimisation of the personnel of both legacy Banks.
- New, modern operational procedures were developed.
- The central services of both legacy Banks were merged. These include Financial Services, Human Resources, and Treasury. Risk management and credit procedures have also been merged by selection of the most conservative procedures from each legacy Bank. The newly created merged units have been reorganised in order to support the increased needs of the new banking entity.
- The network of the Bank was further relieved from back office and managerial activities, in order to focus on client service.
- Operational control of the new Bank was enhanced.

At the end of the year 2000, most of the teams had completed their assignment and the new operations system of EFG Eurobank Ergasias was put into effect.

The harmonisation of products and services is ongoing. This is also the case with technology and systems. Full integration on a common platform will be completed within 2001. The improvement of the geographical network coverage, the integration of back office divisions, the simplification of management procedures and the optimisation of alternative distribution channels under development will lead to improved economies of scale and reduction of operational cost for EFG Eurobank Ergasias.

Maximising the competitive advantages of each Bank

EFG EUROBANK + ERGOBANK

RETAIL AND CORPORATE BANKING

SMEs

The new merged Group has:

- Wide variety of products, cross selling.
- Strong capital base.
- Strategic alliance with Deutsche Bank.
- Unified marketing strategy, distribution channels, product and IT expertise.
- High quality management.


SEPT

WHOLESALE BANKING

Corporate Banking

Wider co-operation with corporate clients

By enhancing the portfolio of its large clients, as well as the product and service mix that it offers, EFG Eurobank Ergasias has established its position as one of the leading players in Corporate Banking. The Bank aims to continuously widen its co-operation with large corporate clients and to fully exploit the synergies created within the Group, in order to offer Relationship Banking on a daily and strategic basis, acting both as financial advisor and as partner.

In implementation of this philosophy, the Corporate Banking division offers products such as working capital loans in Grd. and in foreign currency, of open or closed duration, bonded loans, syndicated loans, letters of guarantee, trade credit, cheque discounting, and invoice discounting and forfeiting. Close co-operation with the companies of EFG Eurobank Ergasias and EFG Bank Group ensures that all possible needs of corporate clients are met, including leasing and factoring services, IPOs, merger and acquisition advisory services and private placements.

All af the above specialised finance services are also offered to a large number of small and medium-sized enterprises at local level, through a dedicated network of 24 Peripheral Divisions of Company Credit (PYEP) throughout Greece, and a network of 100 Universal branches. The experienced, specialised personnel of these networks has an in-depth knowledge of the local market and can meet all the needs of small and medium-sized enterprises.

Shipping

Co-operations lead to enhanced service offering

EFG Eurobank Ergasias has established its position among the top four Greek banking institutions involved in ship lending. The recent co-operation with Deutsche Bank/SHL allows the Bank to offer well-structured financial products, quality services on a competitive basis and a long term banking alternative to shipping clients.

Loan portfolio, after distributions through club deals and small syndicates, reached € 160 million in 2000, a net increase of 44.3%.

Business opportunities this year are expected to be quite strong in light of the expectations of an up-trend in the container and tanker markets, as most of the Bank's prospect names are interested to expand further in these markets through second hand or new building acquisitions.

Leasing

Capturing a leading position

The Group's two subsidiaries active in leasing, EFG Eurobank Leasing SA and Ergoleasing SA captured a leading position in the Greek immobile and mobile equipment leasing market, with a combined market share of 22%. New leasing assets amounted to a total of Grd. 77 billion (€ 226 million) in the year 2000. This impressive increase is attributable to the selected client base of the company, as well as to its co-operation and alliance agreements with vendors of durable goods, information technology and office automation products, cars, etc. The Group's presence is also strong in real estate leasing, where it controls a combined 23% of the market, with contracts of Grd. 35 billion (€ 103 million). Real estate leasing activities are supported by subsidiary EFG Eurobank Properties SA, which offers advisory services in the selection of real estate for clients. Moreover, in the area of private passenger cars, the leasing subsidiaries co-operate closely with Autorental SA, a long-term auto lease company.

Factoring

Comprehensive service offering

In its first year of operations, EFG Factors SA covered the entire spectrum of factoring services and developed specialised product versions to cater for the needs of larger businesses. The company had share of 5.71% in the year 2000, in a growing market.

INVESTMENT BANKING AND CAPITAL MARKETS

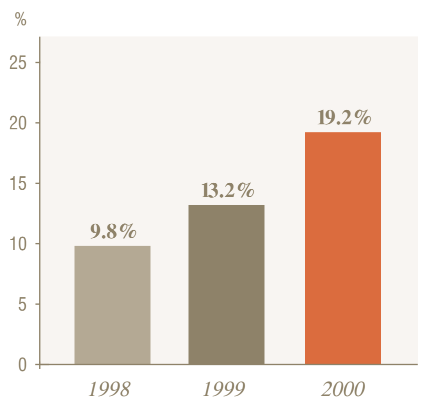
With the foundation of EFG Finance S.A. in year 2000, the Group substantially enhanced its presence in Investment Banking and Capital Markets and consequently achieved notable market share gains in various business segments. EFG Finance has been successful in winning clients both from the private and the public sectors. Moreover, it has developed a close co-operation with Deutsche Bank across a number of products and services.

EFG Finance offers corporate finance (Initial Public Offerings for Athens Stock Exchange listings, private placements and capital raising), debt capital markets (syndicated loans, bond issues and securitisation) and advisory services (mergers and acquisitions, valuations, project finance, private equity), as well as proprietary share trading and Institutional Asset Management.

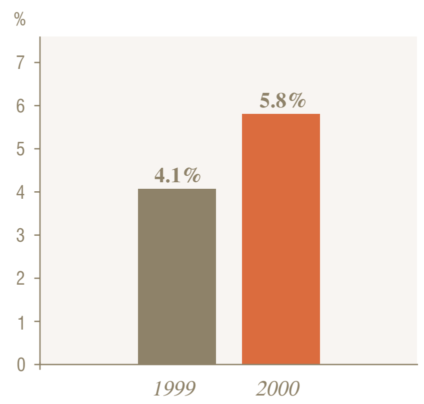
In 2000 the Group captured the leading market position in underwriting of Initial Public Offerings (IPOs) for ASE listings, capturing a 19.2% market share. The Group participated in 46 IPOs, which raised a total of Grd. 652 billion (€ 1.9 billion). Amongst the most successful IPOs underwritten where those of Cosmote SA, the leading Greek mobile operator, Germanos SA, the leading mobile retailer, and Forthnet SA, the leading internet service provider in Greece. EFG Finance was also active in the public sector, notably advising the DEKA Exchangeable bond and the Hellenic Securitisation bond issues.

In stockmarket transactions, the Group with its two brokerage subsidiaries, EFG Eurobank Securities and Ergobank Securities, ranked third among Greek brokers, with a combined market share of 5.8% for the year 2000, compared to 4.1% in 1999. The two companies are working on complete operational integration. In 2000, a special unit was set up to cater specifically to the needs of Greek and foreign institutional investors and a branch was opened in London.

EFG Eurobank Ergasias IPOs Market Share



EFG Eurobank Ergasias Market Shares in Stock Exchange Transactions



Private Banking and Asset Management

Private Banking

Diverse product range offers Total Wealth Management

EFG Private Banking offers Total Wealth Management Services to clients of high net worth (over Grd. 100 million, € 300 thousand) that enable them to materialise their financial goals by both achieving and preserving substantial returns for their portfolios within their specified investment risk and time horizon. Private Banking operates via 13 domestic units and one international private banking unit, with a workforce of 89 specialists. On the international front, Private Banking operates closely with the subsidiaries of the EFG Bank Group.

Private Banking has developed a diverse product mix, including mutual funds, funds of funds, closed-end funds and structured (capital guarantee) products to cater to specific investment needs. It provides advisory services for real estate transactions, in co-operation with EFG Eurobank Properties and will soon offer tax advisory services and insurance programmes. Private Banking clients enjoy an exclusive Phone Banking service and are granted access to international capital markets via the Internet.

Institutional Asset Management

Tailored products for specific needs

EFG Eurobank Ergasias offers asset management products and services, catering to the specific needs of financial institutions. The activities of Institutional Asset Management during the year 2000 consist of Proprietary Trading, which encompasses the management of own equity portfolios, and Institutional Portfolio Management. The latter entails the provision of advisory and management services to insurance funds, bequest funds, closed-end funds, non-profit organisations and other fund management institutions. Both activities are overseen by EFG Finance.

Discretionary Asset Management

Catering to the increasing sophistication of Greek investors

The year 2000 was the second year of operations of the Discretionary Asset Management function. The goal of Discretionary Asset Management is to manage portfolios of clients investing in Greece and abroad, within the context set by the management contracts.

The investment strategy is devised according to the needs and goals of each individual customer, taking into account their desired degree of risk exposure, their investment horizon, as well as their return expectations. The chosen investments and their possible alternatives are examined on a daily basis, in order to ensure the best possible fund placement with the aim of maximising returns at minimum risk exposure. The well-informed investment decisions of Discretionary Asset Management are supported by the technical knowledge of other units within the Bank and subsidiaries within the Group, both in Greece and abroad.

Unlike most of the European Union countries, Discretionary Management is a novelty for Greece and was developed as a result of the increasing sophistication of investors, as well as their familiarity with various investment options.

Despite the difficult local and international market conditions, the year 2000 was a successful one in this area. The client base doubled, as did assets under management. The returns of the managed portfolios were quite satisfactory when compared to the relevant benchmarks.

For the coming years, private individuals are expected to increasingly turn to professionals for portfolio management due to the complexity of the new investment tools available and the variety of investment choices in the international markets. Thus, there is significant room for growth in Asset Management.

TREASURY

Positioned to respond to Eurozone needs

The year 2000 saw the completion of the merger of the Dealing Rooms of former EFG Eurobank and former Ergobank. The merger process was smooth and successful. Moreover, the installation of the Kondor plus system for the registration and process of Dealing Room transactions was completed, aiming at the improvement of effective risk management.

Overall, the Bank's Treasury was re-organised according to a plan aiming at the fine tuning of its activities, in view of the new needs created by the country's entry to the Eurozone. The re-organisation placed special emphasis in the sales of the products. The newly created sales division offers a wide range of products and services that encompass everything from specialised advisory services and the sale of 'plain' interest rate or currency products to the implementation of specific investment strategies and the risk coverage for all types of clients. The sales division is organised into units that address the needs of Private Banking, Retail, Corporate and Shipping clients of the integrated Bank, as well as the needs of institutional investors.

In addition, new Trading Desks for corporate bonds were created to meet the ever-increasing customer demand for better investment and asset management options, which are further enhanced by the Eurozone entry.

Treasury activities are effectively supported by a strong and acknowledged Economic Research division, whose staff informs the customers and analyses market developments in real time, either directly or through the sales division.

During the past year, EFG Eurobank Ergasias was once again included in the list of Primary Traders of the Greek Government Bonds, capturing a greater market share than last year. The Bank ranked first in the secondary ASE market and third in the ASE primary market. The Bank also holds one of the top positions in the list of Market Makers of futures on the 10-year Greek Goverment Bonds in the Athens Derivatives Exchange.

Following the Bank's plans for an enhanced role in international money markets, Treasury maintains a close co-operation with other banking members of the EFG Bank Group based in Europe, with particular emphasis in the Balkans region (Bulgaria, Romania). Great emphasis is also placed in the development of relationships with foreign institutional investors.

In February 2000, the Treasury division issued a short-term bond under the EMTN programme that the Bank has initiated in order to differentiate the quality of its financing.

Finally, it should be noted that EFG Eurobank Ergasias has been selected by the European Central Bank as an eligible counterparty for interventions in the closed pan-european interbank market. The selection was based on the Bank's creditworthiness and active interbank presence in the local and European markets.

Retail Banking

Retail Banking

A leading force in Greece

The merger of former EFG Eurobank and former Ergobank resulted in the creation of a new force in the Greek Retail Banking sector. At the end of the year 2000, EFG Eurobank Ergasias numbered over 1,500,000 customers in deposit and investment products, over 1,000,000 customers in consumer and mortgage lending, and had issued loans to 20,000 small enterprises.

Total retail lending in 2000 exceeded Grd. 1.1 trillion (€ 3.2 billion), posting a sharp increase of 58% over 1999. These results translate into high market shares, rendering the Bank a dominating force in the area of Retail Banking in Greece. Thus, at the end of 2000 the Bank controlled 25.7% in the consumer credit market and 16.7% in mortgage lending, while mutual funds under management accounted for about 18% of the Greek market.

EFG Eurobank Ergasias offers retail products and services through both traditional and alternative networks. The traditional branch network comprises 330 branches. Of these, 188 carry the Eurobank brand, and 142 the Ergasias brand. The Bank has a strong geographical presence in major cities throughout Greece, with the number of branches per city proportional to its population. The implementation of a plan for the optimisation of the branch networks began in the past year and will continue in 2001. The aim is to eliminate existing overlaps in the network, which have resulted from the merger of various former banks into the new entity. EFG Eurobank Ergasias has also developed a strong ATM network, which at the end of 2000 consisted of 431 ATMs, out of which 102 off site.

Regarding alternative networks, it should be noted that EFG Eurobank Ergasias is the only Greek bank that currently offers the entire spectrum of alternative banking channels, including Electronic Banking, Mobile Banking, Phone Banking and TV-Banking.

The Bank's success in Retail Banking comes as a result of its strategy and of the quality of human resources employed. The underlying philosophy of the retail product design and service delivery is client-oriented. The goal is to meet client needs through innovative products, offered by highly skilled staff, exploiting all of the facilities allowed for by modern technology.

Consumer Credit

A successful year in spite of increased competition

During the past year, EFG Eurobank Ergasias reaffirmed its leading position in the Greek Consumer Credit market, with a market share of 25.7%, compared to 22.2% in 1999, and 850,000 credit cards in circulation. Total consumer lending amounted to Grd. 459 billion (€ 1.4 billion), while consumer-lending clients increased by 50% over the previous year.

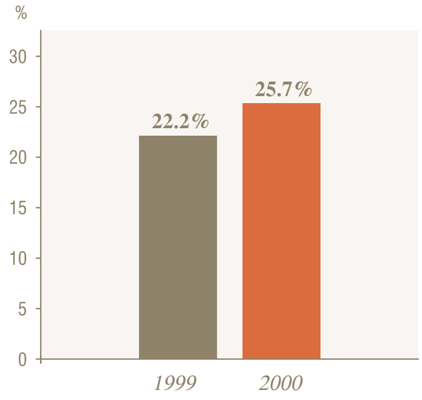
Competition during 2000 was harsh, with new banks entering the scene and penetration of credit cards rising to new heights (3 million). Interest rates were characterised by sharp drops attributable to general market conditions but also to the aggressive policies of the Greek banks.

In spite of these unfavourable conditions, the client base of Consumer Credit for the year 2000 consisted of 850,000 credit card holders, raising the Bank's market share to 28%. This impressive increase from 20% at the end of 1999, renders the Bank as the leading issuer of credit cards in Greece. At the same time, consumer-lending clientele increased by 50% over the previous year. Auto credit accounts increased by 200%, bringing EFG Eurobank Ergasias in control of 17% of the auto credit market, compared to just 10% in 1999. These activities are undertaken by the Bank's associates Tefin and Unit Bank SA, both of which are joint ventures with the Inchcape Group.

Eight new co-branded cards were launched during the year 2000 (Smart MasterCard, IPCA Visa, Expert Visa, Kosta Boda Visa, and others), as well as EuroLine card, a truly innovative product launched with great success in November 2000. The new products are designed in order to meet clients' needs and maintain their loyalty. Reflecting this philosophy are the cards Eurobank Travel, offering travelling services, Kids Club, offering educational and recreational programmes for children, and the mobile retail services offered in co-operation with Cosmote, the leading Greek mobile network operator.

The merged Consumer Credit unit begins 2001 aiming to maintain the Bank's leadership in the Greek Consumer Credit market by enlarging its alliances, products and services in continuation of its high achievement record. One of the Bank's strong assets in the area of consumer credit is its high calibre personnel.

EFG Eurobank Ergasias
Consumer Lending Market Shares



Mortgage Lending

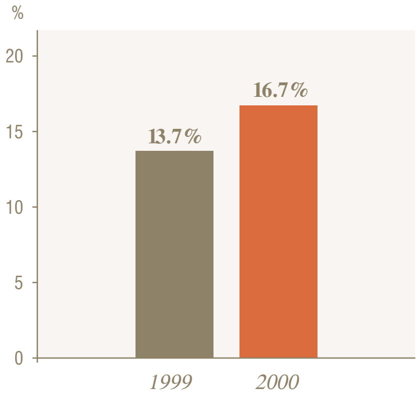
Improving service through technology and training

Total Net Outstandings in Mortgage Lending for the year 2000 amounted to Grd. 439 billion (€ 1.3 billion), giving the Bank a stake of 16.7% of the Greek mortgage lending market, with a market share of over 25% in new closings.

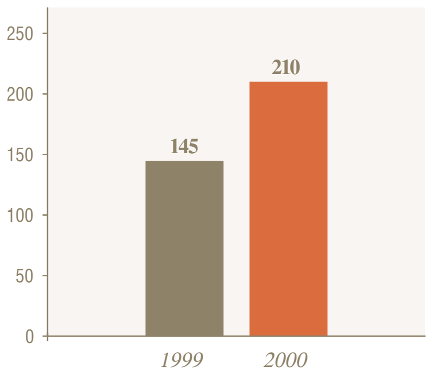
Significant technical support projects were carried out in the past year, in order to improve customer service (ALTAMIRA, Dip/Filenet), facilitating the approval of mortgage loans within 48 hours and the availability of capital within 30 days from application submission. Great emphasis was placed on personnel training at branch level.

The merger of the mortgage-lending network is proceeding at a rapid pace. Already both networks (Eurobank and Ergasias) offer common products and the approval process is centrally controlled. The full

EFG Eurobank Ergasias
Mortgage Lending Market Shares



EFG Eurobank Ergasias
Small Business Lending
(in Grd. billion)



operational merger was completed within the first quarter of 2001, with the merger of portfolios.

Small Business Lending

Legacy strengths lead to impressive results

EFG Eurobank Ergasias posted impressive results in the area of Small Business Lending (SBL), with total outstandings of Grd. 210 billion (€ 616 million). This achievement is highly attributable to the long and successful track record of former Ergobank in the area of lending to small and medium-sized enterprises.

Investment Products - Mutual Funds

Strong presence confirmed by increase in market share

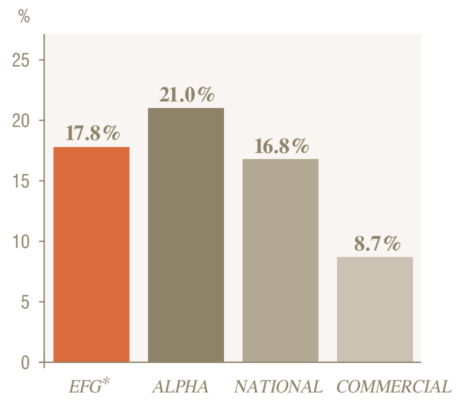
The Bank has a leading presence in the mutual fund market, where it obtained second position in the year 2000, with a market share of 17.8%, compared to 14% in 1999, with total funds under management of Grd. 1,872 billion (€ 5.5 billion). The Bank's mutual funds arm consists of subsidiaries EFG Mutual Fund Management Company SA, Ergo Mutual Fund Management Company SA, and of ALICO Eurobank Mutual Fund Management Company SA, a joint venture with the ALICO insurance group in Greece.

EFG Mutual Fund Management Company SA began operations in 2000 and by the end of the year managed funds of Grd. 966 billion (€ 2.84 billion), obtaining a market share of 9.17% through a portfolio of 17 mutual funds. The company has successfully completed the merger of former Eurobank Mutual

Funds and Ergo Mutual Funds, and is proceeding towards full operational merger with Ergo Mutual Fund Management Company SA. At the same time it has developed a strategic alliance with DWS/ Deutsche Bank in the foreign mutual funds segment. The company is expected to continue its successful course, as indicated by its performance in January 2001, when its market share exceeded the 10% mark.

ALICO Eurobank Mutual Fund Management Company SA had Grd. 905.8 billion (€ 2.7 billion) in funds under management on 31.12.2000, with a market share of 8.6%. The company offers eight Mutual Funds.

Mutual Funds Market Shares by Banking Group (31.12.2000)



*EFG Eurobank Ergasias

Alternative Networks

Leading the field in distribution channels

The optimisation of alternative networks is a key competitive advantage of the Bank. EFG Eurobank Ergasias is the first and only bank in Greece to offer services through all forms of traditional and alternative networks (ATM, Electronic Banking, Mobile Banking, TV Banking and Phone Banking).

Europhone Banking

In the year 2000 the Phone Banking service of the Bank came first in its sector with 166,000 clients-users, an increase of 155% over 1999. Total incoming calls increased by 37% from 2,335,000 in 1999 to 3,200,000 in 2000, while the number of Phone Banking transactions increased by 47%, reaching 2,600,000 at the end of the year.

Europhone Banking operates through a single call centre and offers individuals the possibility of 65 banking transactions over the phone, except for account opening. The service operates on a 24 hour, year-round basis. Services offered include the renewal of card-based mobile time for Cosmote, intraday market trading transactions, insurance-related services, as well as transactions pertaining to EFG Eurobank Mutual Funds. An Interactive Voice Response Systems for quoting information became implemented in 2000.

Electronic Banking

The year 2000 was marked by significant achievements in the area of e-Banking. Electronic Banking at EFG Eurobank Ergasias aims at developing operational, user-friendly and, first and foremost, safe applications that enable customers to communicate with the Bank and to carry out transactions through the whole spectrum of alternative networks.

The website www.eurobank.gr was launched in February 2000 and was the first to offer banking and market trading transactions in real time. Today it counts more than 16,000 active users. E-trading of EFG Eurobank Ergasias has the largest market share, with transactions accounting for 7% of the total transactions performed by individual clients of EFG Eurobank Securities SA. The number of banking transactions is constantly increasing.

Mobile Banking services became a reality in September 2000. The Bank was the first to offer banking and market trading transactions through WAP and SMS technologies. Over 3,000 customers currently use Mobile Banking.

The client base of www.eurobank.gr and of Mobile Banking increases by about 1,000 users per month, most of which request access to both channels.

Since October 2000, customers have had the option to receive information on the Bank's products, to calculate their monthly loan installments, or to evaluate their portfolio through digital television. This was made possible by the co-operation of the Bank with digital television provider NOVA. The application was upgraded in December 2000 to feature the daily closing prices of the Athens Stock Exchange.

Finally, the first edition of www.open24.gr begins its pilot phase in March 2001. The site will be the first to combine banking and trading services with retail services offered by selected retail partners of EFG Eurobank Ergasias. The site will also feature news and entertainment.

EFG Eurobank Ergasias offers maximum safety to e-Banking customers. Electronic transactions are protected at three security levels: secure server, SSL 128bit protocol, and digital certificates. In addition, the Bank offers 24-hour e-Banking support over the phone, from specialists that can answer customers' questions. The Bank also offers delivery of code-related material and hard copy information, as well as access activation within 24 hours.

Other Financial Activities of the Group

Insurance Products and Services

Specialised subsidiaries begin operations

EFG Eurobank Ergasias is gradually developing its presence in the Greek insurance market through specialised subsidiaries. The year 2000 marked the beginning of operations of companies EFG Insurance SA and EFG Life SA, both of which aim to develop bancassurance products. Both companies operate exclusively through the Bank's retail network. In their first year of operations, the companies produced insurance premiums of Grd. 1.1 billion (€ 3.2 million) and Grd. 1.6 billion (€ 4.7 million) respectively, with profits before tax of Grd. 250 million (€ 735 thousand) and Grd. 650 million (€ 2 million). The Group offers insurance brokerage and risk management services through the subsidiary EFG Insurance Services SA. This ranks amongst the leaders in the Greek insurance brokerage market, with premiums under management of Grd. 5.3 billion (€ 15.5 million).

Real Estate

Increased demand leads to increase in values

The real estate sector has entered a rejuvenation period in Greece during the past year, marked by increased demand, and, subsequently, by an increase in real estate values. The macroeconomic developments in Greece (Eurozone entry, declining interest rates), the large infrastructure projects in view of the Athens 2004 Olympic Games (Metro, Attica Road, new Spata Airport etc.) and the rekindled interest in the management and development of large existing institutional real estate portfolios, have encouraged many companies to real estate activities.

The aim of EFG Eurobank Properties SA is to capture a leading position in the local real estate sector, with an emphasis on property investment and the provision of full real estate services.

The company began operations under its new form in April 2000. Within the year it completed two capital increases. The second capital increase marked the participation of two important companies: listed company Lamda Development, a member of the Latsis Group with extensive experience in infrastructure projects, and Deutsche Bank R.E.I.B. Europe Investments Ltd., a leader in the global real estate market. The share capital of EFG Eurobank Properties now exceeds Grd. 12 billion (€ 35 million).

In its first year of operations, EFG Eurobank Properties realised two important investments of total value in excess of Grd. 17 billion (€ 50 million), while its investment plan for the next two years will exceed Grd. 100 billion (€ 300 million). As a result of the investments realised in 2000, the company holds a real estate portfolio valued at Grd. 25 billion (€ 75 million). In the services sector, the company offers total solutions, filling a void in the Greek market. It is worth noticing that in the real estate appraisal domain alone more than 20,000 appraisals were performed since April 2000.

Another interesting issue is that of the first property price index to be launched in Greece. Propindex is published every month as a result of the collaboration of EFG Eurobank Properties, the Greek Appraisal Institute and Property Ltd and is hoped to become an essential benchmarking tool, necessary for the development of the real estate market.

Internet and Information Technology

Expanded presence through strategic alliances

The Bank is expanding its presence in the Internet and information technology through the formation of strategic alliances. It already has a 40% stake in the capital of ISP Hellas On Line (part of the InfoQuest Group).

The Bank is also proceeding in its co-operation with mobile network operators Panafon/Vodafone and Hellas on Line for the realisation of a new vehicle for business to business (B2B) services. The new vehicle, by the name of "be-Business Exchanges", aims at the creation of horizontal and vertical electronic marketplaces. Technological supporters of this venture are information technology groups IBM, InfoQuest and LogicDIS. Business Exchanges has been active in the Greek market since the end of 2000 and has been progressing at a rapid pace, with the aim to perform live transactions within 2001. Business Exchanges is the first company to present a value proposition for developing horizontal and vertical marketplaces in Greece. To achieve this goal, Business Exchanges enjoys the full support of a number of business and technological partners.

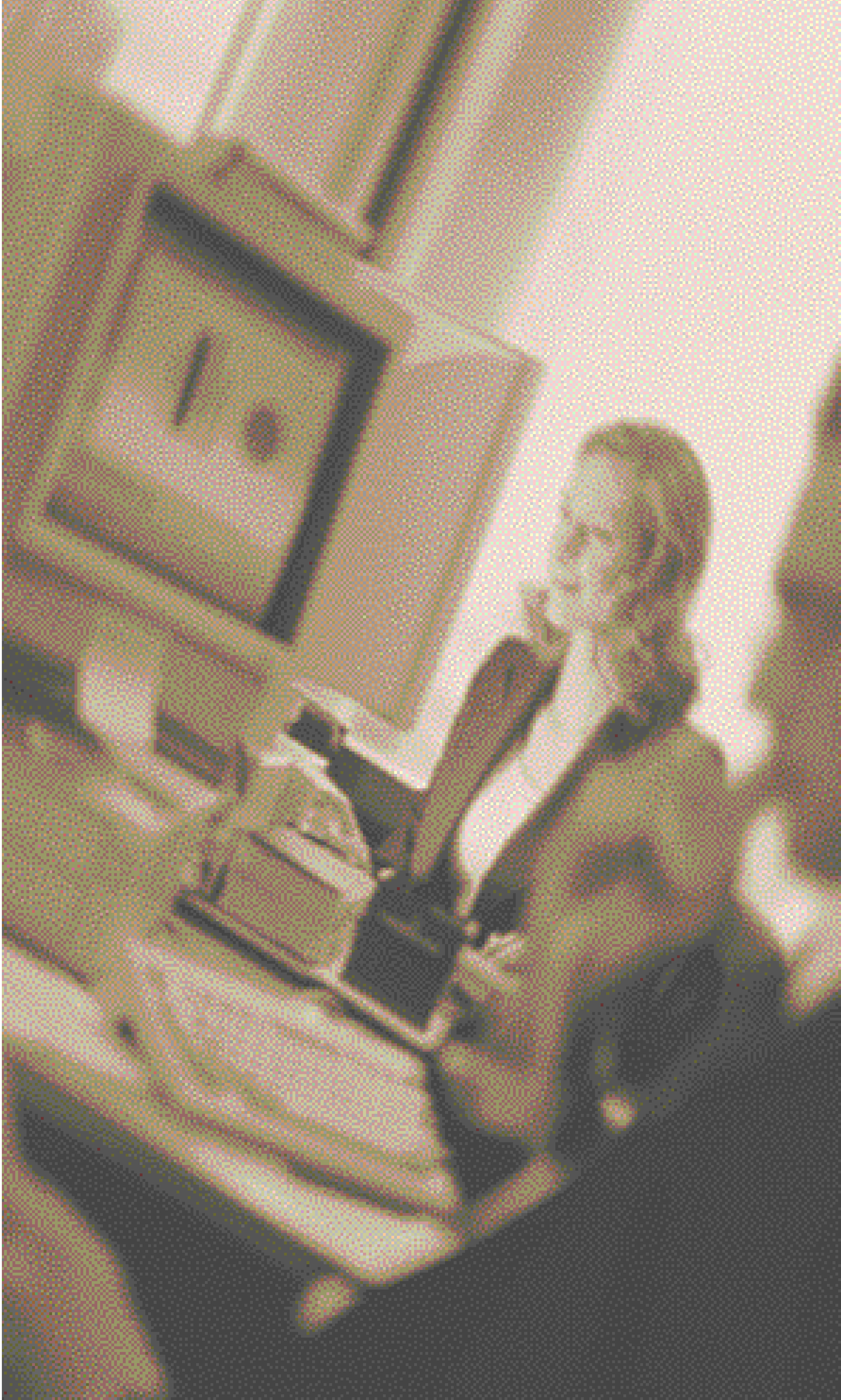
Regional Presence

Establishing a foothold in the Balkans

In realisation of their strategic mission for the pursuit and exploitation of opportunities in the international banking scene, both EFG Eurobank Ergasias and EFG Bank Group have been developing activities in the Balkans region, gradually establishing their presence in the banking markets of Bulgaria and Romania. The ventures in these markets are marked by the co-operation of strategic allies such as the International Finance Corporation and the European Bank for Reconstruction and Development.

Specifically, since July 2000, EFG Eurobank Ergasias controls 19.25% of commercial bank Banc Post Romania. Other shareholders include General Electric Capital Corporation and Banco Portugues de Investimento. Banc Post is one of the largest commercial banks in Romania with a retail network of 130 branches and personnel of over 3,400 people. The network is strengthened by some additional 2,651 service points through the co-operation of Banc Post with local postal operator Romania Post. The bank has the largest ATM network in the country, while it is also the leader in the credit card market with 275,999 credit/debit cards in circulation at the end of the year 2000.

EFG Bank Group has a 43% stake in Post Bank Bulgaria through subsidiary Alico/CEH Balkan Holdings, a joint venture with AIG Group. Bulgarian Post Bank ranks fourth in the local banking market, based on total assets, and first in the Bulgarian Government Notes (BGN) money market. The bank's network consists of 112 branches and 2,801 service points through the country's postal network. The bank's human resources exceed 1,200 people.



Information Technology

Information Technology and Systems

Integration on track

The year 2000 marked important steps towards the technological integration of former EFG Eurobank and former Ergobank. Integration has been completed in all of the central administrative and support departments of EFG Eurobank Ergasias.

The ALTAMIRA platform for banking services was implemented in consumer lending in March 2000 and is being gradually rolled out to both retail networks of the Bank. The implementation of ALTAMIRA has already facilitated cross selling and has improved operational efficiencies. Within 2001 ALTAMIRA will substitute the systems of former Eurobank in the areas of General Ledger, Deposits and Loans. Following this, the systems of former Ergasias will be gradually removed.

A new integrated network for Data, Voice and Video was designed, piloted and tested in the year 2000, to enable smooth telecommunication throughout the Bank. The new integrated telecom network is expected to be operational by the beginning of third quarter 2001.

Risk Management

Risk Management

Effective Management through Best Practice

To ensure an overall effective risk management function, the Bank follows international best practices with well-defined processes and independent review. This function is managed by the Bank's Risk Management Division, which reports to the Risk Committee of the Board of Directors and the Risk Executive, both at local and at international level (EFG Eurobank Ergasias and EFG Bank Group respectively). Independence and compliance is ensured, as EFG Eurobank Ergasias is audited at different levels by its Internal Audit Functions, the Group's Internal Audit, the Group's and Bank's External Auditors and by regulatory authorities in Greece and Switzerland (Bank of Greece, Swiss Federal Bank).

EFG Eurobank Ergasias practices risk management in four areas: credit risk, market risk, liquidity risk and operational risk.

Credit Risk

Despite the growth in loans and advances to customers in recent year, the Bank has not witnessed a significant increase in its bad loans on a proportional basis. This is attributable to a large extent to the Bank's central approval process and the careful monitoring of the loan portfolio by a dedicated credit review unit, which performs continuous field reviews in the various business units.

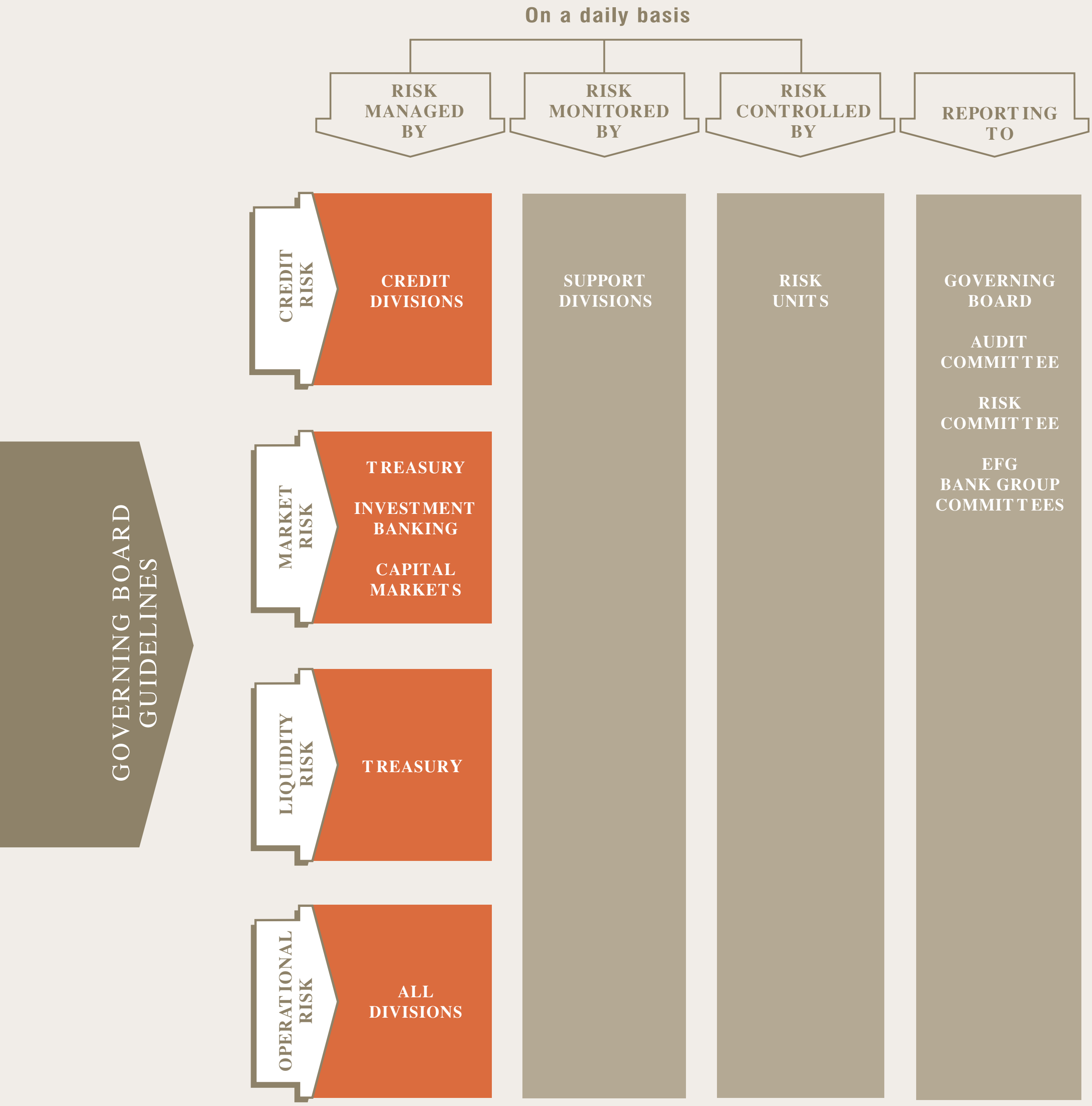
In the retail business, the Bank uses a system of credit scoring. There are separate databases for consumer loans and credit cards, purchased from external providers and adapted to reflect the Bank's own experience since 1997.

In mortgage lending, the Bank employs strict lending criteria, including centralised approval, independent appraisals and reasonable repayment schedules based upon the borrower's annual income. All valuations are performed by independent engineers and checked against values assessed by tax authorities. These tax valuations are about 20% below market value. Mortgage loan amounts are up to 75% of the market valuations, depending upon the independent appraisal and the borrower's financial standing. Most properties are located in Athens or the surrounding region.

With respect to small business loans, credit approval is based on the following framework: centralised approval, clear guidelines on collateral, working capital financing through assignment of credit card receivables and foreign currency lending on a fully collateralised basis. All credit proposals are signed by both the small business lending managing officer and the branch manager, who cannot approve loans but can reject applications.

In wholesale lending, greater use is made of financial analysis. As regards large corporations, liquidity and financial strength are evaluated and unanimous committee approval is required. Most credit facilities are short-term. Collateral in respect of such loans consists mainly of post-dated cheques. For customers of regional business credit centres, approval authority at branch level is up to Grd. 100 million (€ 300 thousand), depending upon the quality of the collateral; for larger facilities, central approval is required. Collateral in respect of these loans consists of mortgages, post-dated cheques and bills of exchange. The maximum approval limit of the Central Credit Committee for Corporate and Shipping clients is Grd. 15 billion (€ 45 million) on an unsecured basis plus Grd. 5 billion (€ 15 million)

Overview of the Risk Management Framework



against cash collateral. Larger facilities must be approved by the Risk Committee of the Board of Directors. All ship credit facilities are secured by mortgage of a vessel, assignment of revenues and insurance proceeds, corporate guarantees and, in most cases, the personal guarantee of the principal.

The Credit Rating System is used also for the calculation of provisions (general and specific) on a quarterly basis for the wholesale portfolio. Retail lending provisions are assessed on a delinquencies bucket (monthly) analysis. The Bank's borrowing policy is renewed semi-annually, in line with business changes and the evolution in portfolio quality, while the calculations of provisions is done on a monthly basis.

All credit limits automatically expire after a maximum of 18 months after approval.

Within the investment banking and treasury divisions, the Bank adopts prudent underwriting criteria for public and private equity and debt issuance. Preliminary clearance for any proposal has to be given by the Investment Banking Committee. Underwriting approval is also required from the Investment Banking Committee before proceeding with any proposed transaction. The Bank's direct participation in any syndicated loan or bond is outlined above under corporate lending.

Credit Review

The credit review process for the Bank is managed by the Credit Control Unit of the Bank, which is responsible for post-approval control and inspection of the business credit portfolio. These procedures are conducted in co-operation with the corporate division and the regional credit centres (PYEPs). The Credit Control Unit operates independently from any unit that originates loans or markets financial products, and reports to the Risk Executive.

Under the Bank's risk rating system, wholesale borrowers are assigned one out of nine risk categories. The top four categories indicate satisfactory credit risks, the fifth category indicates that the borrower enters the watchlist (for potential creditworthiness problems), categories 6 to 8 indicate significant financial troubles or non-performing loans, while the ninth category relates to total loss loans.

Risk categories are assigned to borrowers based primarily upon criteria such as: viability of the business; financial results and structure of the borrower based on indicators such as equity/debt ratio, liquidity and profitability ratios; quality of management; and industry sector prospects. Credit exposure to each borrower is subject to detailed reviews.

Provisioning policy

The Bank's policy is to record specific provisions for all non-performing loans and general provisions for all performing loans. The provisioning policy differs between wholesale and retail loans. With respect to wholesale loans, provisioning decisions are based on the categorisation of a loan into one of nine categories, which relates to the type of borrower, type of loan and repayment history. The Bank makes a general provision based on corporations' individual ratings and in addition specific provisions for watchlisted companies and companies with worse ratings.

Retail loans are provided for on the basis of annual exposure as well as repayment history. A general provision is charged to the accounts each year, which is intended to cover adequately delinquencies estimated to become apparent in the following year. The percentage is based on the six-monthly statistical analysis of each category of loan. Specific provisions are calculated for all loans more than 90 days overdue.

Provisions for credit to Bank counterparties are reviewed by the EFG Bank Group Risk Committee and by the Board of Directors of the Bank on an annual basis, as are provisions for credit issued to countries, taking into account the guidelines set by the Swiss Federal Bank.

Market Risk

The management of Market Risk follows separate guidelines pertaining specifically to capital issues, as defined by the Banks' Board of Directors. Proprietary Trading is monitored daily by the Group Market Risk Unit (MRU), according to the strict trading limits set both by the EFG Bank Group and the EFG Eurobank Ergasias Risk Committees. Trading limits include counterparty exposure (according to credit risk assessment of each counterparty), as well as foreign country exposure limits and limits of concentrations of various maturities. Exposure concentration is controlled through exposure limits and the grading system for country exposures, established by the Group Risk Unit.

Market risk management guidelines include the close management and control of foreign exchange exposures, and interest rate gaps and exposures in equity positions in relation to the Bank's capital. In addition, there are market risk limits for specific types of products, like bonds and derivatives. The Bank has upgraded its risk management system to permit the use of value-at-risk (VaR) models to monitor risk in addition to the existing limits. In terms of technological support, the new models mainly operate under programme KVaR application, which is based on the Kondor+ platform. Furthermore, a fully automated, Group-wide Market Risk Management Project is currently in progress.

Liquidity Risk

Liquidity policy is reviewed at least once a year and involves supervision of liabilities, as these fund the rapid expansion of the Group, in order to ensure that credit expansion does not exceed the capabilities of the Bank's liabilities. Three different liquidity scenarios are applied, according to liquidity rules of the Bank of Greece, and the EFG Eurobank Ergasias Board of Directors' rules. Liquidity limits are placed based on the latter scenario. EFG Bank Group plays an overall advisory role over liquidity matters.

Operational Risk

The objective of operational risk management is to protect the Bank from direct or indirect losses, which result from either internal processes, people and systems that are inadequate or failed, or from external events. The Operational Risk Unit, set up within the year 2000, is responsible for both quality and operational risk management. In terms of quality, the ISO9001 Certification was awarded to the units of Custody and Payment Services, while the Bank aims for the certification of more units. In terms of operations, the ORU is in the process of developing an independent, objective and structured Operational Risk Awareness system. The system will be used to identify, measure and analyse the frequency, severity and drivers of operational risk over time. It will also facilitate the monitoring, mitigation, and transfer of risks, as well as the reduction of risk exposure.

Social Report

Apart from its entrepreneurial activity, every lively and healthy business organisation contributes in a number of ways and at various levels to the social fabric and the society within which it operates.

In this context, the social contribution of EFG Eurobank Ergasias during 2000 was especially important, not only in terms of numbers, but also in relation to its multi-dimensional character.

The first dimension of the social function of EFG Eurobank Ergasias has to do with its employees and touches on all of its people and their families. The equal opportunity policy adopted by the Bank, its employee training programmes, the benefits provided to staff and their families, as well as the wide-ranging programme of the Bank's cultural and recreational activities, are examples of the Organisation's social intervention in its immediate environment.

Another aspect of the social contribution of the Bank is related to the "Social Product" it generates. The contribution of EFG Eurobank Ergasias to the social product is significant, amounting Grd. 187 billion (€ 549 million) during 2000. It is also worth noting that, owing to its dynamic operational expansion, the Bank shows remarkable rates of new job creation. Specifically, during the year 2000 it created 922 new work places, which were engaged mainly by young age employees.

Finally, an important social task is realised through the Bank's sponsorships, its donations and philanthropic contributions. EFG Eurobank Ergasias has a longstanding presence in the support of Culture and the Arts. Indicative of this is the Bank's long-term collaboration with important cultural organisations such as the Athens Music Hall (Megaron Moussikis), the National Theatre and the Foundation of the Hellenic World (IME). During 2000, the Bank spent a total of Grd. 1billion (€ 2.9 million) in sponsorships, donations and philanthropic contributions.

The social contribution of the EFG Eurobank Ergasias as a whole, offers added value onto its business activities and to a great degree, reflects the anthropocentric nature and values of the Organisation, which promote and reward innovation and creativity, both at individual and at group level.

Human Resources

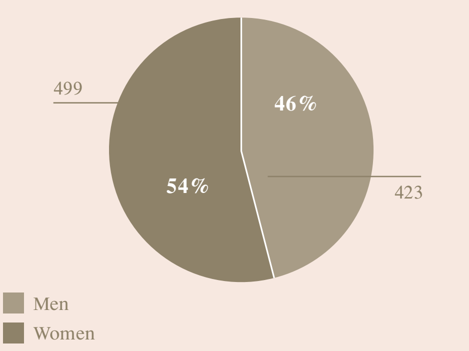
The year 2000 was marked by the legal and partial operational merger of two large and successful banking organisations, which led to the creation of the third largest banking group in Greece, that of EFG Eurobank Ergasias.

In 1998 Eurobank had a staff of 2,145 employees. In 1999, following the merger of the Bank of Athens and the Bank of Crete, as well as the new hires carried out in response to its development, the Group's staff rose to 4,290 employees, while Ergobank had a total of 3,023 employees.

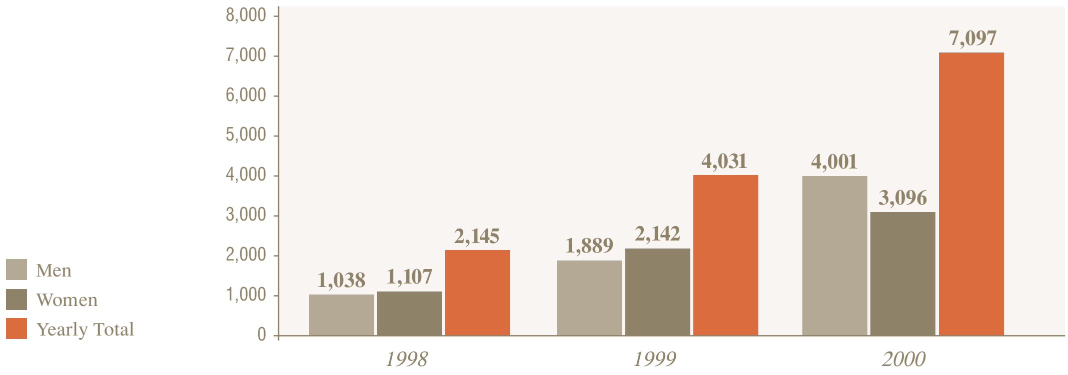
In December 2000, following the successful merger of the two Banks, and the new hires, the new banking organisation encompassed 7,097 persons. On a consolidated basis the Group has 8,293 employees.

During 2000, new staff hired by the two Banks amounted to a total of 922 persons, 499 of whom were men and 423 women. From a total of 15 examinations conducted in various parts of Greece, capable young persons were selected, who were quickly adjusted to the Bank's philosophy and method of operation, through the assistance of three-month training programmes.

The Bank:
New Hires in 2000



The Bank:
Number of Employees

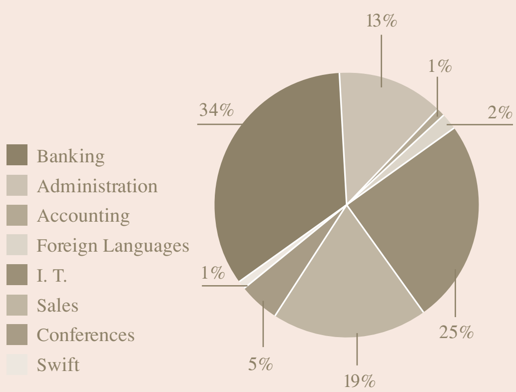


Training

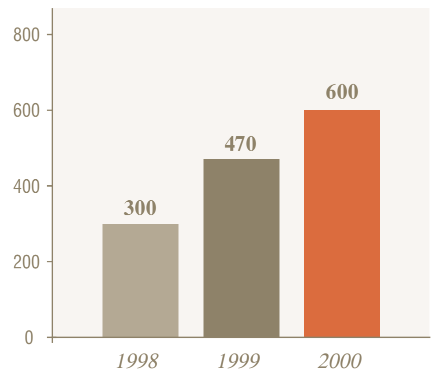
Apart from the training programmes for new recruits, a series of other programmes was conducted in 2000, whose aim was the accommodation of personnel to the new requirements, as well as their professional development.

Keeping up to speed with the technological developments that dictate rapid changes in the area of human resources, EFG Eurobank Ergasias invested significant amounts in personnel training during 2000. More specifically, a total of Grd. 600 million (€ 1.8 million) was spent for the training of personnel in 2000. This amount covered 126,000 man-hours of training.

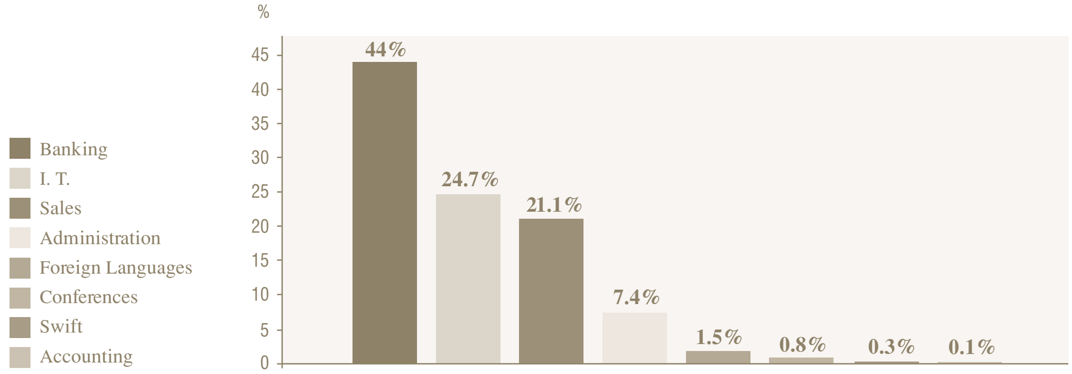
The Bank:
Seminars in 2000 by Category of Subjects (%)



The Bank:
Training Expenditure per year
(in Grd. million)



The Bank:
Trainees by Category of Seminar, Year 2000



Social Benefits Policy

Over and beyond the ongoing training and tutoring of its human resources in work-related and other matters, the Bank promotes a benefits policy and adopts a reward policy of its employees and their children for performance excellence. Specifically, every year it awards monetary prizes to employees and the children of staff who excel in their studies, thus, rewarding them for their exceptional academic performance. Also, within the framework of the Bank's social benefits policy, it provides a pension programme, loans to staff on preferential terms, allowances for pre-school care, a blood donor centre, etc. Finally, the Bank provides its employees with Group Insurance Programmes that include improved programmes for Life, Accident, Medical and Hospital insurance and medical transportation programmes.

The continuous efforts to upgrade medical services are supported by three doctors from different specialisations, who provide medical advice and monitor the health and safety issues of the staff and dependent members of the Banking Organisation.

Merger - Common Policy for Benefits and Evaluation

A meritocratic evaluation system is applied to the personnel of the new banking organisation. All personnel are incorporated in a homogeneous hierarchy and remuneration system, that has been developed with the assistance of Hay Consulting. The system ensures a fair and objective treatment in terms of compensation and professional advancement for all. Evaluation is based on individual abilities and contribution to the progress of the organisation, and serves as a criterion for compensation and advancement.

The development of policies and procedures and continuing effort towards a more efficient management of the human resources of the new organisation was awarded with an ISO certification for two key sectors of our management, the Training and Development Sector and that of Attracting and Selecting Personnel.

EFG Eurobank Ergasias recognises the importance of personnel contribution to the accomplishment of business objectives. Its corporate culture ensures effective management of personnel, which has a direct impact on the optimisation of returns from investing in human resources and attracting high-level executive staff.

Social Product

The contribution of the Bank to the “Social Product” in 2000	In Grd. million	In € million
Turnover of the Bank	515,216	1,512
Various Income and Income from Participations	118,228	347
VAT on Company Added Value	427	1.3
Operational and Other Expenses (before Salaries and Tax) including Depreciation	446,720	1,311
Social Product	**187,151**	**549**

Distribution of “Social Product”	In Grd. million	In € million
I. To the State		
Corporation’s Income Tax and Other Taxes	37,125	109
Employees’ Income Tax	8,251	24
Corporation’s and Employees’ Social Security Contributions	21,450	63
VAT	427	1.3
	67,253	**197**
II. Balance kept by the Bank		
Non-distributed Profits to Reserves	**18,401**	**54**
III. Personnel		
Total Gross Income	55,571	163
Other Benefits	5,204	15
Employees’ Income Tax	(8,251)	(24)
Employees’ Social Security Contributions	(7,619)	(22)
Net Income	44,905	132
Profit Distribution to Personnel	3,500	10
	48,405	**142**
IV. To Shareholders		
Net Dividend	**52,741**	**155**
V. Donations	**351**	**1**
Social Product	**187,151**	**549**

Sponsorship Activities

During 2000, EFG Eurobank Ergasias proceeded in a significant number of sponsorships in the areas of Culture and the Arts and in the education of Greek citizens about the EMU and the Euro.

Culture and the Arts

With the firm conviction that culture and the arts can be the best ambassadors of our country in Europe and the rest of the world, EFG Eurobank Ergasias has –for many years– systematically supported, significant cultural initiatives, through its sponsorship policy.

The Bank has been the exclusive sponsor of "KAMERATA – Orchestra of the Friends of Music" of the Athens Music Hall (Megaron Moussikis) since 1993. KAMERATA constitutes the only orchestra of the Megaron and, having the Megaron Moussikis as its base, it is strongly active throughout the country and beyond the Greek borders.

Over the last two years, EFG Eurobank Ergasias has also been the exclusive sponsor of the Children's Stage of the National Theatre. The "Children's Hang-out - Katina Paxinou Theatre" of the National Theatre has now completed a course of seven successful years, staging performances that have delighted and became loved by Greek children of school-going age.

The Bank is also the exclusive sponsor of the electronic portal "Greek History on the Web", an initiative falling under the broader programme and work of the Foundation of the Hellenic World (IME). The portal presents the entire spectrum of Greek history in the most integrated form, from the Stone Age to the present and it exists in two languages, Greek and English. It constitutes an international source of information regarding Greek Culture and History, provided for interested parties in the most modern and technologically advanced manner.

The sponsorship policy of the Bank is not exclusive to the permanent collaborations referred to above. It goes further, with the support of publications of third parties, such as the books "Kifisia", "The Treasure of Orthodoxy", and others, as well as its own publications, as for example the Album "100 Years of National Theatre" published this year, in collaboration with the Latsis Group.

Under the umbrella of "Eurobank Forum", the Bank plays a leading role in the organisation and sponsorship of major events such as the Conference "New Technologies in Education & Culture", held this year, and the Concert of Placido Domingo held at the Herodeion Theatre, in celebration of the merger of EFG Eurobank with Ergobank. Finally, the Bank makes donations to philanthropic and public benefit institutions such as "PNOI", "Love the Children" and others.

Educating the Public on EMU and the Euro

EFG Eurobank Ergasias resumed its information campaign addressed at the business community and the public at large, on issues surrounding Greece's membership of the Eurozone, as of January 1st, 2001.

Bank executives continued to lecture at conferences on the Euro organised by Chambers of Commerce, European Information Centres and local organisations around the country.

In support of this campaign, in February 2000 the Bank reproduced an updated version of “Euro Preparation Guide for Companies”, a joint effort of EFG Eurobank Ergasias, the Association for the Monetary Union of Europe (AMUE) and the Federation of Greek Industries. In Greece, this guide was originally published in December 1997.

Another joint effort - this time between the Bank, the AMUE, and the Athens and Thessaloniki Chambers of Commerce - was the guide “The Euro in Your Shop”, published in June 2000. Copies were quickly exhausted, and in January 2001 the Bank reprinted another 60,000 copies. The second edition is fully updated to reflect the provisions of current Greek legislation. This booklet is the last of a series distributed in the 15 Member States of the EU on the initiative of the AMUE. The complete series, comprising four guides (“Euro Preparation Guide for Companies”, “The Euro and Retail Trade”, “The Euro and Tourist Enterprises” and “The Euro in Your Shop”), has been made available to the Greek public thanks to the sponsorship and editorial supervision of the Bank.

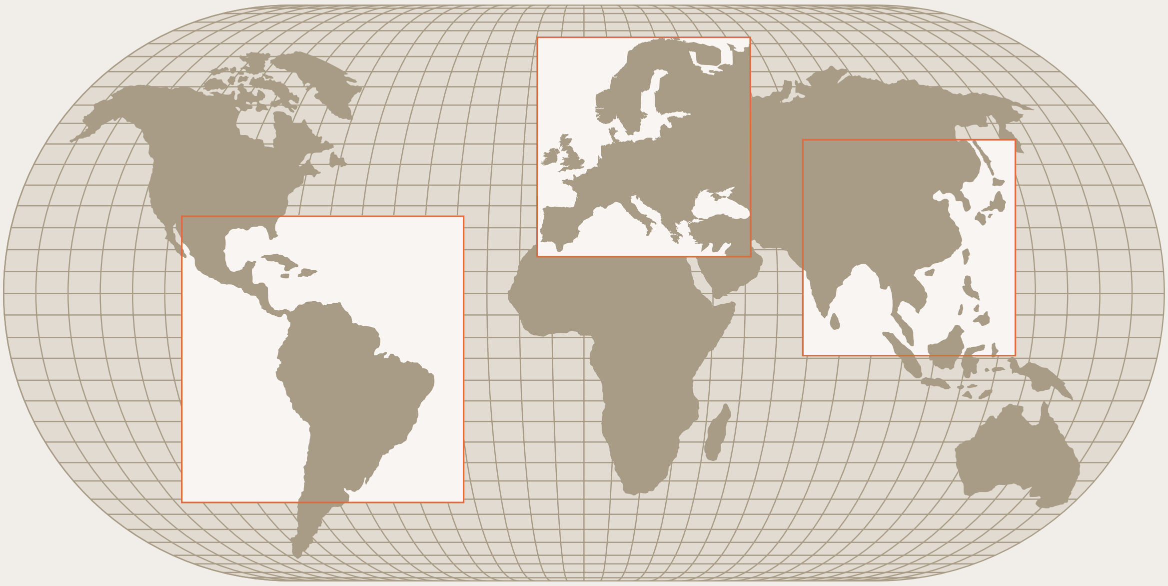
On July 3rd and 4th 2000, a major international conference, entitled “From the Drachma to the Euro”, was held in Athens. The conference met with great success. The ceremonial opening took place at the “Pallas Athena” building, with 600 guests in attendance. Speakers included the Minister of the Economy and Finance Mr. Yannos Papantoniou, the Governor of the Bank of Greece Mr. Loukas Papademos, the Governor of the National Bank of Greece, Mr. Theodoros Karatzas and the Chairman of the EFG Bank Group, Dr. Spiro Latsis. Guest of honour and keynote speaker was former President of the French Republic Mr. Valéry Giscard d’ Estaing. The Chairman of the AMUE Mr. Etienne Davignon was also a guest speaker. On the second day, the Conference’s proceedings continued at the “Athens Hilton” Hotel.

EFG Bank Group

and

EFG Eurobank Ergasias

EFG Bank Group



USA
1 Miami

ARGENTINA
2 Buenos Aires

SWITZERLAND
1 Geneva
2 Zurich

GREECE
3 Athens

LUXEMBOURG
4 Luxembourg

UNITED KINGDOM
5 London

CHANNEL ISLANDS
6 Guernsey, Jersey

MONACO
7 Monaco

CHINA
1 Beijing
2 Hong Kong

SINGAPORE
3 Singapore

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EFG Eurobank Ergasias S.A.

Report and Accounts
31 DECEMBER 2000

Incorporated in Greece
Company registration No: 6068/06/B/607

8, Othonos Street, Athens 105 57, Tel.: (+30) 1 33 37 000, Fax: (+30) 1 32 33 866, www.eurobank.gr

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2000.

Merger of EFG Eurobank SA with Ergobank SA

During the year EFG Eurobank SA and Ergobank SA were merged under the name EFG Eurobank Ergasias SA. Following approval of the merger terms by the Extraordinary Shareholders Meetings of EFG Eurobank and Ergobank on July 14th and July 28th 2000 respectively, the merger was concluded on September 7, 2000 with a local accounting and tax reference date of January 1st 2000.

Each former Ergobank share was exchanged with 0.75 EFG Eurobank Ergasias shares and each former Eurobank share was exchanged with 1.0 EFG Eurobank Ergasias share. PricewaterhouseCoopers SA and Deloitte & Touche SA audited the fairness of the merger share exchange. The shares of EFG Eurobank Ergasias, the merged entity, are traded on the Athens Stock Exchange since 8 September 2000.

Since the transaction represented a business combination between similar size entities under common control, the directors adopted the uniting of interests method, which most accurately reflects the substance of the transaction.

The operational merger is proceeding on schedule. The integration of head office divisions has been completed. Risk management and credit processes have been unified. The harmonisation of products and operations is in progress. Finally, IT system conversion has commenced and is expected to be complete in 2001.

Review of financial statements of year 2000

a. Balance Sheet

Total assets at the end of 2000 amounted to Grd. 5.7 trillion, vs. Grd. 5.1 trillion at the end of 1999, recording an increase of 13%. Total deposits amounted to Grd. 4.5 trillion at the end of 2000, vs. Grd. 3.8 trillion at the end of 1999, recording an increase of 17%, mainly driven by repos.

Balance sheet growth is mainly attributable to the significant 33% increase in loans and advances to customers, which reached Grd. 2.9 trillion, from Grd. 2.1 trillion at the end of 1999, reflecting the Group's organic growth and steady market share gains in key segments and particularly in retail banking. Retail loans increased more than 50% and represented 38% of the total loan portfolio, compared to 33% at the end of 1999. Wholesale loans increased approximately 22% and represented 62% of the total loan book. Total loans accounted for 85% of deposits excluding repos, compared to 69% at the end of 1999, and for 50% of total assets, from 42% at the end of 1999. The progress in the optimisation of balance sheet structure is reflected in the satisfactory return on assets.

Group shareholders' equity amounted to Grd. 641 billion, while including minority interests they stood at Grd. 730 billion, which remains one of the strongest capital positions in the Greek market.

b. Profit and Loss

The bank's consolidated net profits after taxation for year 2000 amounted to Grd. 68 billion, compared to Grd. 65.6 billion in 1999. After tax Return On average Assets (ROA) for the year was at 1.3%.

Year 2000 results show improved quality in income and earnings. Excluding the gains from divestment of subsidiaries from 1999 income, operating revenues increased 2% reaching Grd. 305 billion. This rise mainly reflects volume growth and market share gains achieved in strategic market segments. Excluding results from equity trading, which were depressed by the sharp fall of the Greek equity market, core operating income continued to grow in 2000, rising 10% to Grd. 313 billion from Grd. 285 billion in 1999.

Review of financial statements of year 2000 (continued)

b. Profit and Loss (Continued)

Net interest income for the Group reached Grd. 172 billion, reflecting loan growth of 33% as above and a net interest margin of over 3%. This validates the successful implementation of the Group's strategy to focus on retail banking activities and services provided to small and medium enterprises. Net fee and commission income stood at Grd. 96 billion, sliding 4.4%. Market share gains in mutual fund management, retail banking and investment banking services partly offset adverse market conditions affecting commission income on transactions and mutual funds related to the Athens Stock Exchange. Nevertheless, commission income contributed 32% of total operating income.

The cost to income ratio stood at 56%, a satisfactory level taking into account the quality and sustainability of income. Furthermore, the increase in operating expenses in 2000 reflects the Group's expansion into new key business activities and the continuous investments in infrastructure and new distribution channels. From 2001 onwards the conclusion of the merger of the former Eurobank and Ergobank should lead to cost containment and an improvement in cost efficiency ratios.

Excluding gains from divestment of securities, goodwill impairment and equity trading gains, core net profit after taxation increased 10% to Grd. 76 billion, compared to an increase of 4% in stated net profit to Grd. 68 billion.

c. Proposed dividend and other distributions

Based on the Group's satisfactory core profitability, directors propose to the Annual General Meeting the following:

- The payment of a dividend of Grd. 180 per share. The proposed dividend for 2000 totals Grd. 52.7 billion and is 17% higher than the aggregate dividend of Grd. 45 billion distributed by former Eurobank and Ergobank in 1999.
- The distribution of Grd. 3.0 billion to directors, executive management and employees in the form of bonuses. This amount is included in operating expenses in financial year 2000.
- The issue of 567,000 new ordinary shares and 355,200 options on ordinary shares to be distributed to directors, executive management and employees.

Increases in share capital

On 10 November 2000, the Extraordinary General Meeting of the shareholders approved a bonus issue of 3 new shares for every 10 held. In total 67,491,136 shares with a total nominal value of Grd. 57,367 million were issued and listed on the Athens Stock Exchange.

The Group offers share options to directors, executive management and employees. On 24 May 2000 420,000 options, at par, expiring on 31 December 2000 were granted. A further 140,000 options were granted at a price of Grd. 6,000 per share, which may be exercised wholly or partly, at their owners' option, in December 2001, December 2002 or December 2003. Following the 3 for 10 bonus share issue approved on 10 November 2000, the number of the above stock options increased to 546,000 and 182,000, respectively and, for the latter, the exercise price was amended to Grd. 4,615 per share.

Options exercised on 19 December 2000 resulted in 546,000 shares being issued at par, with proceeds totalling Grd. 464 million.

BIS capital ratio

Risk weighted assets at the end of 2000 amounted to Grd. 3,813 billion compared to Grd. 3,200 billion at the end of 1999. Regulatory capital stood at Grd. 621 billion, from Grd. 660 billion at the end of 1999. As a result, on 31 December 2000 the ratio of the Group's regulatory capital to risk weighted assets, including off-balance sheet transactions and market risks resulting from trading operations, was 16.3% compared to 20.6% on 31 December 1999.

Treasury shares special scheme

On May 24th, 2000 the Annual General Meeting of former EFG Eurobank SA approved the acquisition of up to a total of 6,500,000 shares at a maximum price of Grd. 12,000 per share in the following 18-month period. This represented 4.9% of the former bank's equity. After the merger on 7 September 2000, this number of shares represented 2.9% of the merged bank's equity. Following the 3-for-10 bonus share issue approved by shareholders on November 10, 2000, the total number of shares under this scheme has increased from 6,500,000 to 8,450,000, while the maximum price was adjusted from Grd. 12,000 to Grd. 9,230 per share.

As at 31 December 2000, the company held 2,274,253 of its own shares representing 0.78% of the share capital. The shares were acquired at a total cost of Grd. 16,085 million and an average cost of Grd. 7,073 per share. Their market value was Grd. 16,148 million.

Major new subsidiaries

- **EFG Eurobank Properties S.A.**

  In 2000 EVO SA was renamed EFG Eurobank Properties SA.

  On 20 January 2000, a capital increase in cash of Grd. 1,250 million was approved by the shareholders in order to finance future expansion plans. On 16 June 2000, an additional capital increase in cash of Grd. 2,396 million was approved by the shareholders, which the company did not subscribe to, and as a result the Group's holding reduced from 99.90% to 50.1% of its capital. 20% of the capital is held by REIB Europe Investments Ltd., which belongs to the Deutsche Bank group, and 29.9% by Lamda Development SA, which is controlled by Latsis family interests.

- **EFG Finance SA**

  On 15 June 2000, the company established a wholly owned subsidiary, EFG Finance SA, with a Grd. 5,000 million share capital. EFG Finance offers corporate finance (Initial Public Offerings for Athens Stock Exchange (ASE) listings, private placements and capital raising), debt capital markets (syndicated loans, bond issues and securitization) as well as advisory services (mergers and acquisitions, valuations, project finance, private equity).

- **Business Exchanges SA**

  The company awaits the approval of all relevant authorities for the establishment of a new subsidiary, under the name of Business Exchanges SA, with a Grd. 2,000 million share capital which will operate a market place for business-to-business electronic commerce. The company will hold 60% of its capital, mobile operator Panafon Vodafone SA will hold 30% and ComQuest SA will hold 10%.

- **EFG Internet Services SA**

  On 4 February 2001, the company established EFG Internet Services a wholly owned subsidiary with a Grd. 1,500 million share capital. EFG Internet Services SA offers Internet and electronic banking services and will operate a market place for business-to-consumer electronic commerce, under the commercial name of EFG e-Solutions.

- **EFG Euroinvestment Development SA**

  The company will establish in March 2001 a new closed end mutual fund company, EFG Euroinvestment Development SA in which it will hold 50.1%, with a Grd. 10,000 million share capital. EFG Euroinvestment Development SA will be investing in Eurozone securities.

Co-operation with Deutsche Bank AG

As of December 1998, Deutsche Bank AG is the bank's strategic ally, through a 10% shareholding and several product-specific co-operation agreements. The alliance provides EFG Eurobank Ergasias with access to new products and expertise and Deutsche Bank with a strong partner commanding knowledge of the local market.

Co-operation has been established in all areas where the bank is active in:

- Wholesale banking: shipping finance, large corporates
- Retail banking: mutual funds
- Capital markets: debt and capital markets, investment banking, brokerage
- Other areas: real estate (EFG Eurobank Properties)

Directors' responsibility

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31 December 2000. The directors also confirm that applicable International Accounting Standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Appointment of auditors

In accordance with Law 2190/1920, a resolution for the reappointment of PricewaterhouseCoopers SA as auditors of the company will be proposed at the forthcoming Annual General Meeting.

Business Outlook

In 2000, EFG Eurobank Ergasias achieved satisfactory rates of activity growth and significant market share gains in segments of strategic importance and especially in consumer lending, mortgage lending, mutual funds management, IPO underwriting for ASE listings and stock exchange transactions. It is important to note that the growth of the loan portfolio has been achieved without impairing either profitability or asset quality.

The cost and revenue synergies from the merger are expected to become visible upon conclusion of full operational integration in the second half of 2001. The improvement in the quality of earnings in the year 2000 and the increase in market shares in the faster developing and most profitable market segments forms a basis for further improvement in the Group's Return On Assets and Return On Equity.

By order of the Board. Athens, 22 February 2001

Xenophon C. Nickitas
Chairman
of the Board of Directors

Acquisition of Telesis Investment Bank SA

On 16 March 2001, the management of EFG Eurobank Ergasias SA and the management of Telesis Investment Bank SA, announced that they will propose to their respective Boards of Directors the merger of the two Banks. The proposal will be for EFG Eurobank Ergasias to absorb Telesis in a share for share exchange of 1 EFG Eurobank Ergasias share for 2.2 Telesis shares which, at current share prices, values Telesis at Grd. 127 billion. PricewaterhouseCoopers SA and Deloitte & Touche SA will be appointed as merger auditors to issue their opinion on the fairness of the proposed share exchange ratio. Completion of the merger is subject to the approval of the shareholders and the supervisory authorities.

Telesis is recognised as a strong player in investment banking services based on its modern know-how and high calibre personnel. The merger of the two banks and of their subsidiaries further strengthens EFG Eurobank Ergasias' leading position in investment banking, equities and derivatives brokerage, and in asset management.

By order of the Board. Athens, 16 March 2001

Xenophon C. Nickitas
Chairman
of the Board of Directors

AUDITORS' REPORT

To the Shareholders of EFG Eurobank Ergasias SA

We have audited the accompanying balance sheet of EFG Eurobank Ergasias SA (the "company") and its subsidiaries (the "Group") as of 31 December 2000 and the related consolidated profit and loss account and cash flow statement for the year then ended. These financial statements, which are set out on pages 68 to 112, are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly in all material respects the financial position of the company and of the Group at 31 December 2000 and the results of the Group's operations and cash flows for the year then ended in accordance with International Accounting Standards.

Without qualifying our opinion we draw attention to Note 2 of the financial statements which sets out the basis on which the legal merger, which was completed on 7 September 2000 between EFG Eurobank SA and Ergobank SA, has been accounted for.

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS

Athens, 12 March 2001

Consolidated Profit and Loss Account for the Year Ended 31 December 2000

	Note	2000 Grd. m.	1999 Grd. m.	2000 Euro m.	1999 Euro m.
Interest and discount income	4	**519,135**	489,821	*1,524*	*1,437*
Interest expense	4	**(347,123)**	(333,578)	*(1,019)*	*(979)*
Net interest income		**172,012**	156,243	*505*	*458*
Fee and commission income		**107,559**	114,568	*316*	*336*
Fee and commission expense		**(11,147)**	(13,721)	*(33)*	*(40)*
Net fee and commission income		**96,412**	100,847	*283*	*296*
Dividend income	5	**5,106**	1,474	*15*	*4*
Net trading income	6	**773**	17,133	*2*	*50*
Gains less losses from other securities	7	**25,329**	23,510	*74*	*69*
Other operating income		**5,160**	16,494	*15*	*48*
		36,368	58,611	*106*	*171*
Operating income		**304,792**	315,701	*894*	*925*
Operating expenses	8, 9	**(171,287)**	(141,511)	*(503)*	*(415)*
Bad and doubtful debt expense	20	**(25,231)**	(32,977)	*(74)*	*(97)*
Profit from operations		**108,274**	141,213	*317*	*413*
Income from associates		**10,138**	20,159	*30*	*59*
Profit before tax and goodwill impairment		**118,412**	161,372	*347*	*472*
Goodwill impairment	3	**518**	(32,154)	*2*	*(94)*
Profit after goodwill impairment		**118,930**	129,218	*349*	*378*
Income tax expense	10	**(41,943)**	(46,742)	*(123)*	*(137)*
Profit after tax		**76,987**	82,476	*226*	*241*
Minority interest	32	**(8,931)**	(16,909)	*(26)*	*(50)*
Net profit for the period attributable to shareholders		**68,056**	65,567	*200*	*191*
Earnings per share					
- basic	12	**234.2**	229.5	*0.69*	*0.67*
- diluted	12	**233.9**	229.5	*0.69*	*0.67*

The notes on pages 75 to 112 form an integral part of these financial statements

Grd. m. = Greek drachma millions

Consolidated Balance Sheet at 31 December 2000

	Note	2000 Grd. m.	1999 Grd. m.	2000 Euro m.	1999 Euro m.
ASSETS					
Cash and balances with central banks	13	**497,967**	798,285	*1,461*	*2,343*
Treasury bills and other eligible bills	15	**18,129**	5,948	*53*	*17*
Due from other banks	16	**490,235**	480,381	*1,439*	*1,410*
Trading securities	17	**632,738**	352,624	*1,857*	*1,035*
Derivative financial instruments	18	**77,113**	0	*226*	*0*
Loans and advances to customers	19	**2,869,807**	2,155,369	*8,422*	*6,325*
Available-for-sale investment securities	21	**442,257**	329,973	*1,298*	*968*
Other investment securities	22	**298,775**	604,701	*877*	*1,775*
Investments in associated undertakings	24	**57,091**	38,232	*168*	*112*
Fixed assets	25	**119,683**	76,291	*351*	*224*
Other assets	26	**232,017**	252,698	*681*	*742*
Total assets		**5,735,812**	5,094,502	*16,833*	*14,951*
LIABILITIES					
Due to other banks	27	**159,978**	272,259	*469*	*799*
Derivative financial instruments	18	**112,785**	0	*331*	*0*
Due to customers	28	**4,511,250**	3,867,269	*13,239*	*11,349*
Other borrowed funds	29	**51,105**	1,971	*150*	*6*
Other liabilities	30	**170,854**	213,234	*502*	*626*
Total liabilities		**5,005,972**	4,354,733	*14,691*	*12,780*
Minority interest	32	**89,285**	81,903	*262*	*240*
SHAREHOLDERS' EQUITY					
Called up share capital	33	**246,308**	147,877	*723*	*434*
Share premium account	33	**114,158**	292,691	*335*	*859*
Other reserves		**280,089**	217,298	*822*	*638*
Total shareholders' equity		**640,555**	657,866	*1,880*	*1,931*
Total shareholders' equity and minority interest		**729,840**	739,769	*2,142*	*2,171*
Total equity and liabilities		**5,735,812**	5,094,502	*16,833*	*14,951*

The financial statements on pages 68 to 112 were approved by the Board of Directors on 22 February 2001 and were signed on its behalf by:

Xenophon C. Nickitas
Chairman of the Board of Directors

Nicholas C. Nanopoulos
Chief Executive Officer

The notes on pages 75 to 112 form an integral part of these financial statements

Grd. m. = Greek drachma millions

COMPANY BALANCE SHEET AT 31 DECEMBER 2000

	Note	2000 Grd. m.	1999 Grd. m.	2000 Euro m.	1999 Euro m.
ASSETS					
Cash and balances with central banks	13	**486,181**	789,461	*1,427*	*2,317*
Treasury bills and other eligible bills	15	**18,129**	5,948	*53*	*17*
Due from other banks	16	**501,820**	786,780	*1,473*	*2,309*
Trading securities	17	**632,678**	352,303	*1,857*	*1,034*
Derivative financial instruments	18	**74,186**	0	*218*	*0*
Loans and advances to customers	19	**2,672,309**	1,715,886	*7,842*	*5,036*
Available-for-sale investment securities	21	**183,675**	237,642	*539*	*697*
Other investment securities	22	**293,834**	500,604	*862*	*1,469*
Shares in subsidiary undertakings	23	**80,517**	56,656	*236*	*166*
Investments in associated undertakings	24	**57,066**	15,840	*167*	*46*
Fixed assets	25	**97,655**	74,296	*287*	*218*
Other assets	26	**196,584**	213,038	*576*	*626*
Total assets		**5,294,634**	4,748,454	*15,537*	*13,935*
LIABILITIES					
Due to other banks	27	**211,614**	255,577	*621*	*750*
Derivative financial instruments	18	**110,038**	0	*323*	*0*
Due to customers	28	**4,207,653**	3,703,851	*12,348*	*10,870*
Other borrowed funds	29	**0**	1,971	*0*	*6*
Other liabilities	30	**134,653**	170,263	*395*	*499*
Total liabilities		**4,663,958**	4,131,662	*13,687*	*12,125*
SHAREHOLDERS' EQUITY					
Called up share capital	33	**247,123**	147,920	*725*	*434*
Share premium account	33	**120,005**	293,756	*352*	*862*
Other reserves		**263,548**	175,116	*773*	*514*
Total shareholders' equity		**630,676**	616,792	*1,850*	*1,810*
Total equity and liabilities		**5,294,634**	4,748,454	*15,537*	*13,935*

The financial statements on pages 68 to 112 were approved by the Board of Directors on 22 February 2001 and were signed on its behalf by:

Xenophon C. Nickitas
Chairman of the Board of Directors

Nicholas C. Nanopoulos
Chief Executive Officer

The notes on pages 75 to 112 form an integral part of these financial statements

Grd. m. = Greek drachma millions

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2000

	Note	Share capital Grd. m.	Share premium Grd. m.	Statutory reserve Grd. m.	Special reserves Grd. m.	Retained profits Grd. m.	Total Grd. m.
Group:							
Balance at 1 January 1999							
- as previously reported	2	75,947	76,019	15,275	65,358	33,629	266,228
- effect of adopting IAS 10:							
reversal of proposed dividend		0	0	0	0	27,795	27,795
- as restated		75,947	76,019	15,275	65,358	61,424	294,023
Amounts to be capitalised	33	0	0	0	1,633	0	1,633
Issue of share capital	33	70,447	158,247	0	(23,407)	(182)	205,105
Net gain on Bank of Athens shares transfer		0	0	0	14,794	0	14,794
Net effect from disposal of Ergobank shares	2	1,526	59,490	0	45,971	0	106,987
Reduction in Group's holding in subsidiary		0	0	0	0	(1,446)	(1,446)
Dividend for 1998		0	0	0	0	(27,795)	(27,795)
Profit for the year		0	0	0	0	65,567	65,567
Transfers		0	0	3,509	41,063	(44,572)	0
Currency translation differences		0	0	0	0	106	106
Treasury shares	33	(43)	(1,065)	0	0	0	(1,108)
At 31 December 1999		**147,877**	**292,691**	**18,784**	**145,412**	**53,102**	**657,866**
Balance at 1 January 2000							
- as previously reported	2	147,877	292,691	18,784	145,412	7,899	612,663
- effect of adopting IAS 10:							
reversal of proposed dividend		0	0	0	0	45,203	45,203
- as above, 31 December 1999		147,877	292,691	18,784	145,412	53,102	657,866
- effect of adopting IAS 39, net of tax:							
- derivative instruments		0	0	0	0	(10,731)	(10,731)
- available-for-sale securities	21	0	0	0	50,961	0	50,961
- associated undertakings' available-for-sale securities	24	0	0	0	27,335	0	27,335
- held-to-maturity securities	22	0	0	0	0	1,219	1,219
- as restated		147,877	292,691	18,784	223,708	43,590	726,650
Arising in the period:							
Available-for-sale securities							
- net fair value results, net of tax	21	0	0	0	(18,140)	0	(18,140)
- net fair value results - associated undertakings	24	0	0	0	(49,519)	0	(49,519)
- transfer to net profit, net of tax	21	0	0	0	(23,211)	0	(23,211)
Revaluation of Land and Buildings	10	0	0	0	2,675	0	2,675
Issue of share capital	33	101,136	(99,039)	0	(1,633)	0	464
Transfer of retained losses	33	0	(60,560)	0	0	60,560	0
Reduction in Group's holding in subsidiary	23	0	0	0	0	(263)	(263)
Dividend for 1999		0	0	0	0	(45,203)	(45,203)
Profit for the year		0	0	0	0	68,056	68,056
Transfers		0	0	3,126	45,875	(49,001)	0
Currency translation differences		0	0	0	0	685	685
Purchases / sales in treasury shares	33	(2,705)	(18,934)	0	0	0	(21,639)
At 31 December 2000		**246,308**	**114,158**	**21,910**	**179,755**	**78,424**	**640,555**

The notes on pages 75 to 112 form an integral part of these financial statements

Grd. m. = Greek drachma millions

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2000 (Continued)

	Note	Share capital Grd. m.	Share premium Grd. m.	Statutory reserve Grd. m.	Special reserves Grd. m.	Retained profits Grd. m.	Total Grd. m.
Company:							
Balance at 1 January 1999							
- as previously reported	2	75,947	76,019	15,275	62,655	20,822	250,718
- effect of adopting IAS 10:							
reversal of proposed dividend		0	0	0	0	27,795	27,795
- as restated		75,947	76,019	15,275	62,655	48,617	278,513
Amounts to be capitalised	33	0	0	0	1,633	0	1,633
Issue of share capital	33	70,447	158,247	0	(23,407)	(182)	205,105
Net gain on Bank of Athens shares transfer		0	0	0	14,794	0	14,794
Net effect from disposal of Ergobank shares	2	1,526	59,490	0	45,971	0	106,987
Dividend for 1998		0	0	0	0	(27,795)	(27,795)
Profit for the year		0	0	0	0	37,555	37,555
Transfers		0	0	3,509	37,807	(41,316)	0
At 31 December 1999		**147,920**	**293,756**	**18,784**	**139,453**	**16,879**	**616,792**
Balance at 1 January 2000							
- as previously reported	2	147,920	293,756	18,784	139,453	(28,324)	571,589
- effect of adopting IAS 10:							
reversal of proposed dividend		0	0	0	0	45,203	45,203
- as above, 31 December 1999		147,920	293,756	18,784	139,453	16,879	616,792
- effect of adopting IAS 39, net of tax:							
- derivative instruments		0	0	0	0	(13,429)	(13,429)
- available-for-sale securities	21	0	0	0	43,206	0	43,206
- held-to-maturity securities	22	0	0	0	0	1,219	1,219
- as restated		147,920	293,756	18,784	182,659	4,669	647,788
Arising in the period:							
Available-for-sale securities							
- net fair value results, net of tax	21	0	0	0	(5,580)	0	(5,580)
- transfer to net profit, net of tax	21	0	0	0	(19,937)	0	(19,937)
Revaluation of Land and Buildings	10	0	0	0	2,627	0	2,627
Issue of share capital	33	101,136	(99,039)	0	(1,633)	0	464
Bonus shares issued by subsidiary		0	0	0	275	0	275
Transfer of retained losses	33	0	(60,560)	0	0	60,560	0
Dividend for 2000		0	0	0	0	(45,203)	(45,203)
Profit for the year		0	0	0	0	66,327	66,327
Transfers		0	0	3,126	45,875	(49,001)	0
Purchases / sales in treasury shares	33	(1,933)	(14,152)	0	0	0	(16,085)
At 31 December 2000		**247,123**	**120,005**	**21,910**	**204,286**	**37,352**	**630,676**

The notes on pages 75 to 112 form an integral part of these financial statements *Grd. m. = Greek drachma millions*

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2000 (Continued)

The directors propose the payment of a dividend of Grd. 180 per share (1999: Grd. 154 per share), totalling Grd. 52,741 million (1999: Grd. 45,203 million).

The directors also propose the issue of 567,200 shares and 355,200 options on the company's shares to the executive directors, management and staff. If this is approved by the forthcoming Annual General Meeting, shares issued will be recorded and included in next year's Statement of Changes in Equity as a capitalisation of retained earnings, whereas shares issued as a result of options being exercised will be recorded and included in the Statement of Changes in Equity of the year in which the shares will be issued.

Special reserves of the Group comprise foreign currency Grd. 1,878 million (1999: Grd. 1,656 million), gains on disposal of securities Grd. 97,566 million (1999: Grd. 91,552 million), and other non-taxed reserves Grd. 40,947 million (1999: Grd. 37,553 million) which are only taxable in the event of their distribution. They also comprise Grd. 34 million (1999: Grd. 34 million) of capital reserves, revaluation of land and buildings reserve Grd. 2,690 million (1999: Grd. 15 million), IAS 39 equity reserve Grd. (12,574) million (1999: nil), (see Note 21 and Note 24), treasury shares special scheme reserve Grd. 16,085 million (1999: nil) and Grd. 33,129 million (1999: 14,602 million) other reserves.

Of the total changes in Group equity in the year, Grd. 87,773 million (reduction) represents losses not recognised in the profit and loss account and Grd. 66,378 million (reduction) represents transactions with shareholders.

The company's investment in Bank of Athens SA , with which the company merged on 12 March 1999, representing 58% of the ordinary share capital and 75% of the preference share capital, was transferred, at market price, to EFG Consolidated Holdings SA (the Parent) on 25 January 1999 to facilitate the legal completion of the merger. The transfer, which was effected as part of a "parent group" restructuring, resulted in a net gain for the company of Grd. 14,794 million which has been accounted for as a movement in reserves in 1999 and included in special reserves.

On 29 June 1999, the Annual General Meeting approved the issue and distribution of shares of total nominal value of Grd. 182 million to the executive directors, management and staff, by capitalising retained earnings.

The notes on pages 75 to 112 form an integral part of these financial statements *Grd. m. = Greek drachma millions*

Consolidated Cash Flow Statement
Year Ended 31 December 2000

	2000	1999
	Grd. m.	Grd. m.
Cash flows from operating activities		
Interest and net trading receipts	**538,833**	475,681
Interest payments	**(383,359)**	(315,090)
Dividend receipts	**5,106**	3,040
Fee and commission receipts	**107,671**	115,172
Fee and commission payments	**(11,721)**	(12,898)
Other income received	**11,328**	29,115
Cash payments to employees and suppliers	**(129,944)**	(116,106)
Income taxes paid	**(53,512)**	(35,575)
Cash flows from operating profits before changes in operating assets and liabilities	**84,402**	**143,339**
Changes in operating assets and liabilities		
Net (increase)/decrease in treasury bills	**2,604**	(1,701)
Net (increase)/decrease in loans to central banks	**(19,984)**	(76,560)
Net (increase)/decrease in trading securities	**(294,100)**	(187,883)
Net (increase)/decrease in loans and advances to banks	**(11,026)**	(52,640)
Net (increase)/decrease in loans and advances to customers	**(741,669)**	(731,725)
Net (increase)/decrease in other assets	**(74,365)**	(58,301)
Net (increase)/decrease in deposits from other banks	**(112,281)**	86,616
Net (increase)/decrease in amounts due to customers	**643,981**	992,557
Net (increase)/decrease in other liabilities	**74,987**	23,186
Net cash from operating activities	**(447,451)**	**136,888**
Cash flows from investing activities		
Proceeds from sale of shares in merged entity	**0**	27,219
Purchases of property and equipment	**(60,106)**	(37,000)
Proceeds from sale of property and equipment	**2,935**	3,234
Purchases of held-to-maturity investment securities	**(21,567)**	(394,687)
Proceeds from sales / redemptions of other investment securities	**3,612**	118,074
Purchases of available-for-sale investment securities	**(294,072)**	(142,606)
Proceeds from sales of available-for-sale investment securities	**543,341**	73,132
Acquisition of Cretabank net of cash acquired	**0**	(32,928)
Acquisition of associated undertakings	**(7,340)**	(813)
Participation in capital increase of associates	**(36,878)**	0
Dividends from associated undertakings	**7,426**	2,066
Proceeds from sale of shares in subsidiary	**0**	16,391
Net contributions by minority interest	**15,566**	36,461
Purchase of shares in participating interest	**0**	(202)
Net cash from investing activities	**152,917**	**(331,659)**
Cash flows from financing activities		
Proceeds from borrowed funds	**51,105**	68,000
Repayments of borrowed funds	**(2,114)**	(68,000)
Issue of ordinary shares	**464**	205,105
Dividends paid	**(45,203)**	(27,970)
Purchases of treasury shares	**(21,639)**	(1,108)
Sale of treasury shares	**0**	106,987
Amounts to be capitalised	**0**	1,633
Net cash from financing activities	**(17,387)**	**284,647**
Effect of exchange rate changes on cash and cash equivalents	**(2,303)**	(154)
Net increase/(decrease) in cash and cash equivalents	**(314,224)**	89,722
Cash and cash equivalents at beginning of year (note 14)	**931,824**	842,102
Cash and cash equivalents at end of year (note 14)	**617,600**	931,824
	(314,224)	89,722

The notes on pages 75 to 112 form an integral part of these financial statements *Grd. m. = Greek drachma millions*

1. Principal accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Accounting basis

The financial statements are prepared in accordance with and comply with International Accounting Standards. The financial statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, financial assets and financial liabilities held for trading and all derivative contracts.

Effective 1 January 2000 the Group adopted IAS 39 Financial Instruments: Recognition and Measurement. The financial effects of adopting IAS 39 are reported by adjusting the opening balance of reserves at 1 January 2000. Further information is disclosed in the accounting policies for Derivative financial instruments, Trading securities, Investment securities, Loans and advances and in related Notes.

Prior to adoption of IAS 39, debt and equity securities, designated as medium term investment securities were carried at the lower of cost or market value whereas other debt and equity investment securities were carried at amortised cost or cost respectively, providing only for permanent value impairments. IAS 39 has been applied prospectively in accordance with the requirements of this standard and therefore comparative financial information has not been restated except to achieve consistent presentation.

(b) Consolidation

The consolidated financial statements include EFG Eurobank Ergasias SA (“the company”), its subsidiary undertakings and principal associated undertakings (together referred to as the “Group”). Material subsidiary undertakings have been fully consolidated. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between Group companies have been eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the company.

A listing of the company’s principal subsidiaries is set out in note 23.

(c) Associated undertakings

Investments in associated undertakings are accounted for by the equity method of accounting in the consolidated financial statements. These are undertakings over which the Group exercises significant influence but which it does not control.

Equity accounting involves recognising in the income statement the Group’s share of the associate’s profit or loss for the year. The Group’s interest in the associate is carried in the balance sheet at an amount that reflects its share of the net assets of the associate and any unamortised goodwill on acquisition.

A listing of the Group’s undertakings which are equity accounted for is shown in note 24.

(d) Comparative figures

Comparative figures have been adjusted to reflect the impact of the merger between EFG Eurobank SA and with the Ergobank SA (Note 2).

(e) Foreign currencies

The Group’s reporting currency is the Greek Drachma. Purely for the convenience of the reader, the balance sheets and consolidated profit and loss accounts have also been presented in Euro using a fixed rate of exchange of Grd. 340.75.

The financial statements of foreign subsidiaries are translated using the closing exchange rate and income statement at the average rate. Exchange differences arising from the retranslation of the net investment in foreign subsidiaries are taken to retained profits.

Assets and liabilities denominated in foreign currencies have been translated into drachma at the market rates of exchange ruling at the balance sheet date and exchange differences are accounted for in the profit and loss account.

1.Principal accounting policies (continued)

(f) Derivative financial instruments

Derivative financial instruments including foreign exchange contracts, forward rate agreements, currency and interest rate swaps, and other derivative financial instruments are initially recognised in the balance sheet at cost (including transaction costs) and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models and options pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives embedded in other financial instruments, such as the conversion option in a convertible bond, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains and losses reported in income.

Changes in the fair value of derivatives held for trading are included in net trading income.

In 2000, although certain of the Group's derivative transactions provided effective economic hedges under the Group's risk management positions, no derivatives qualify for hedge accounting under the specific rules in IAS 39 and are therefore treated as derivatives held for trading with fair value gains and losses reported in income.

Prior to adoption of IAS 39, derivative instruments were not reflected on the Group's balance sheet but were included in the memorandum accounts. Derivative instruments were marked to market with any resulting profit or loss being taken to income except for items designated as hedges which were accounted for in accordance with the accounting treatment of the items being hedged.

The fair values of derivative instruments are disclosed in Note 18. The effect of adoption of IAS 39 on 1 January 2000 is shown in the Statement of Changes in Equity.

(g) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(h) Profit and Loss account

(i) Interest income and expense are recognised in the income statement on an accruals basis using the effective yield method. Interest income is suspended when loans are overdue by a maximum of more than 12 months for wholesale loans, 90 days for retail loans and 180 days for mortgage loans and is excluded from interest income until received. Interest income includes coupons earned on fixed income investment securities and accrued discount on treasury bills.

(ii) Fees and commissions are taken to income when received or are apportioned over the life of the related transactions as they are deemed to have been earned.

(i) Valuation of fixed assets

Fixed assets are stated at cost less accumulated depreciation, as adjusted for the revaluation of freehold property and buildings every four years, as required by Greek law, the impact of which has not been significant. The resulting gain, net of depreciation, is transferred to a special fixed asset revaluation reserve. The last revaluation took place on 1 January 2000.

(j) Depreciation

Depreciation has been provided on the basis of equal monthly installments to write off fixed assets over their estimated useful lives based on original cost less any residual value as follows:

Land	No depreciation
Freehold buildings	12.5 years
Leasehold improvements	5 years
Intangible assets	5 years
Computer hardware and software	3.3 years
Other furniture and equipment	5 - 12.5 years
Motor vehicles	6.6 years

1. Principal accounting policies (continued)

(k) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired undertaking at the date of acquisition. Goodwill on acquisitions is reported in the balance sheet and is amortised by using a straight-line method over its estimated useful life. The carrying amount of goodwill is reviewed annually and written down for permanent impairment where it is considered necessary.

(l) Trading Securities

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists. Trading securities are initially recognised at cost (which includes transactions costs) and subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in income. All purchases and sales of trading secutiries that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date, which is the date that the Group commits to purchase or sell the asset. Otherwise such transactions are treated as derivatives until settlement occurs. Interest earned whilst holding trading securities is reported as interest income. Dividends received are included in dividend income.

(m) Investment Securities

At 1 January 2000 the Group adopted IAS 39 and classified its investment securities into the following three categories: held-to-maturity assets, receivables originated by the enterprise and available-for-sale assets. Investment securities with fixed maturity where management has both the positive intent and the ability to hold to maturity are classified as held-to-maturity. Investment securities with fixed maturity that were purchased by providing money directly to the issuer are classified as receivables originated by the enterprise. Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

Investment securities are initially recognised at cost (which includes transaction costs). Held to maturity financial assets and receivables originated by the enterprise are measured at amortized cost using the effective yield method. Available-for-sale financial assets are subsequently re-measured at fair value based on quoted bid prices or amounts derived from cash flow models. Fair values for unquoted equity instruments are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. When the securities are disposed of or impaired, the related accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

In 1999, prior to adoption of IAS 39, all investment securities which were designated "medium term" were carried at the lower of cost or market value whereas investment securities were carried at cost or amortised cost, less any provision for impairment.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate. By comparison, the recoverable amount of an instrument measured at fair value is the present value of expected future cash flows discounted at the current market rate of interest for a similar financial asset.

Interest earned whilst holding investment securities is reported as interest income using the effective yield method. Dividends receivable are included separately in dividend income when a dividend is declared.

All regular way purchases and sales of investment securities are recognised at trade date, which is the date that the Group commits to purchase or sell the asset. All other purchases and sales are recognised as derivative forward transactions until settlement.

1. Principal accounting policies (continued)

(n) Loans and advances

Loans originated by the Group are carried at amortised cost. Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction.

All loans and advances are recognised when cash is advanced to borrowers.

A credit risk provision for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due.

Credit risk provisions are based on the year-end appraisal of loans and advances and, where relevant, any related collateral. Specific provisions have been made in respect of all identified impaired advances. In addition, the loan loss provision also covers losses where there is evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These are estimated based on historical loss patterns in each component and the credit ratings allocated to the borrowers. When a loan is uncollectable it is written off against the related provision for impairment.

(o) Sale and repurchase agreements

Securities sold under sale and repurchase agreements ("repos") are retained in the financial statements and the counterparty liability is included in deposits from banks or customers as appropriate. Securities purchased under agreements to resell ("reverse repos") are recorded as loans and advances to other banks or customers as appropriate. The difference between the sale and repurchase price is treated as interest using the effective yield method.

(p) Computer software development costs

Costs associated with the in-house development and maintenance of existing computer software programmes are expensed as incurred. Third Party costs associated with the development and implementation of new computer software programmes is recognised as a capital improvement and added to, and treated the same way as, the cost of the new software. Costs relating to modifications for Year 2000 issues have been expensed as incurred.

(q) Accounting for leases as lessee

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(r) Accounting for leases as lessor

Amounts receivable in respect of fixed assets sold under finance leases are included in loans and advances to customers. Lease income is recognised over the term of the lease to reflect a constant periodic rate of return and is included in interest income.

(s) Deferred income taxes

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The expected effective tax rates are used to determine deferred income tax.

The principal temporary differences arise from loan provisions. Deferred tax assets are only recognised to the extent that it is probable to expect that they will crystallise in the future.

(t) Staff retirement indemnities

In accordance with Greek labour legislation, if employees remain in the employment of the company until normal retirement age, they are entitled to a lump sum payment which is based on the number of years of service and the level of remuneration at the date of retirement. Provision has been made for the actuarial value of the lump sum payable on retirement using the projected unit credit method. Under this method the cost of providing retirement indemnities is charged to the income statement so as to spread the cost over the period of service of the employees, in accordance with actuarial valuations which are performed every year. The pension obligation is measured at the present value of the estimated future cash flows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

1. Principal accounting policies (continued)

(u) Pension obligations

The company operates a defined contribution pension scheme. Pension costs are charged to the profit and loss account in the year to which they relate.

(v) Repossessed properties

Land and buildings repossessed through the auction process to recover bad and doubtful debts are, except where otherwise stated, included in "Other Assets". Assets acquired from the auction process are held temporarily for liquidation and are valued at the lower of cost, as amended in accordance with note 1(i) above, and net realisable value. Any gains or losses on liquidation are included in "Other operating income".

(w) Related party transactions

IAS 24 requires that the effect of transactions with related parties is disclosed in the financial statements. Related parties include directors, their close families, companies owned or controlled by them and companies over which they can influence the financial and operating policies. Transactions of similar nature are disclosed on an aggregate basis.

(x) Accounting treatment of the merger of EFG Eurobank SA and Ergobank SA

As explained in Note 2, the merger between EFG Eurobank SA and Ergobank SA which took place in 2000 has been accounted for using the uniting of interests method.

(y) Impact of new accounting standards

As previously described the Group adopted IAS 39 with effect from 1 January 2000. In addition, the provisions of IAS 10 (revised), "Events after the balance sheet date" are applicable to the group from 1 January 2000. Under the revised standard a liability can no longer be raised for dividends which are proposed or declared after the balance sheet date. As a result, the company has adjusted opening retained earnings to reverse dividends proposed which were previously reflected in the financial statements of the period to which they related.

The following revised or new International Accounting Standards were implemented in 1999:

IAS 17 - Leases
IAS 19 - Employee Benefits
IAS 22 - Business Combinations
IAS 36 - Impairment of Assets
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets
IAS 38 - Intangible Assets

2. Merger between EFG Eurobank SA and Ergobank SA

The merger between EFG Eurobank SA ("Eurobank") and Ergobank SA ("Ergobank") whereby Eurobank technically absorbed Ergobank and was subsequently renamed EFG Eurobank Ergasias SA, was completed on 7 September 2000 with a local accounting and tax reference date of 1 January 2000 (see also note 33 - called up share capital, share premium and treasury shares). The controlling shareholder of both banks, EFG Bank Group, currently (post - merger) holds 44% of EFG Eurobank Ergasias SA.

Since the transaction represents a business combination between entities under common control, it falls outside the scope of International Accounting Standards (IAS 22) dealing with business combinations. In the absence of specific guidance under IAS, the directors have decided to adopt the uniting of interests method, which is the appropriate method under Greek GAAP, as they believe this method most accurately reflects the substance of the transaction between the two banks.

Under the uniting of interests method, the assets, liabilities and income statements of the two merging entities are presented as if they had been combined from the beginning of the earliest accounting period presented. Accordingly, the profit and loss account for 2000 reflects the results of both banks from 1 January 2000 and the comparative numbers represent the aggregation of the prior year results and balances of the combining banks, after adjusting for the impact of transactions between the two entities and the harmonisation of accounting policies. No new goodwill arises at the combining entity level.

Had this business combination been accounted for using the purchase method of accounting, Eurobank would have been treated as the acquiror of that part of Ergobank previously held by minority shareholders (i.e. the shares not held by the controlling shareholders). As a consequence the results of Ergobank would only have been consolidated as from 7 September 2000. Profit after tax attributable to Ergobank from 1 January to 6 September 2000 was Grd. 27 billion. In addition, the proportion of assets and liabilities acquired from the minority shareholders of Ergobank would have been restated to fair values, resulting in goodwill estimated at Grd. 302 billion, which would have been capitalised as an intangible fixed asset and amortised over its estimated useful life, whereas the remaining assets and liabilities would have remained at their book values. This accounting treatment would have also resulted in additional share capital of a corresponding amount of Grd. 302 billion.

The impact after the merger between the two banks on the 1999 financial statements is shown below:

Changes in assets, liabilities and equity:		Assets Grd. m.	Liabilities Grd. m.	Equity Grd. m.
Group:				
As at 1 January 2000	- EFG Eurobank SA	2,907,735	2,573,902	333,833
	- Ergobank SA	2,235,332	1,979,582	255,750
	- Eliminating entries	(54,098)	(54,098)	0
	- Deferred tax harmonisation	5,533	(17,547)	23,080
	- Merged	5,094,502	4,481,839	612,663
Company:				
As at 1 January 2000	- EFG Eurobank SA	2,634,639	2,302,961	331,678
	- Ergobank SA	2,162,230	1,944,778	217,452
	- Eliminating entries	(54,098)	(54,098)	0
	- Deferred tax harmonisation	5,683	(16,776)	22,459
	- Merged	4,748,454	4,176,865	571,589

2. Merger between EFG Eurobank SA and Ergobank SA (continued)

Changes in Equity:	Share capital Grd. m.	Share premium Grd. m.	Statutory reserve Grd. m.	Special reserves Grd. m.	Retained profits Grd. m.	Total Grd. m.
Group:						
As at 1 January 1999						
- EFG Eurobank SA	55,232	113,969	2,590	2,104	8,760	182,655
- Ergobank SA	22,241	21,540	12,685	63,254	12,490	132,210
- Treasury shares	(1,526)	(59,490)	0	0	0	(61,016)
- Deferred tax harmonisation	0	0	0	0	12,379	12,379
- Merged	75,947	76,019	15,275	65,358	33,629	266,228
Company:						
As at 1 January 1999						
- EFG Eurobank SA	55,232	113,969	2,590	2,070	7,377	181,238
- Ergobank SA	22,241	21,540	12,685	60,585	1,687	118,738
- Treasury shares	(1,526)	(59,490)	0	0	0	(61,016)
- Deferred tax harmonisation	0	0	0	0	11,758	11,758
- Merged	75,947	76,019	15,275	62,655	20,822	250,718
Group:						
As at 1 January 2000						
- EFG Eurobank SA	66,417	213,819	3,564	79,508	(29,475)	333,833
- Ergobank SA	81,460	78,872	15,220	65,904	14,294	255,750
- Deferred tax harmonisation	0	0	0	0	23,080	23,080
- Merged	147,877	292,691	18,784	145,412	7,899	612,663
Company:						
As at 1 January 2000						
- EFG Eurobank SA	66,460	214,884	3,564	79,474	(32,704)	331,678
- Ergobank SA	81,460	78,872	15,220	59,979	(18,079)	217,452
- Deferred tax harmonisation	0	0	0	0	22,459	22,459
- Merged	147,920	293,756	18,784	139,453	(28,324)	571,589

Treasury shares

On 9 July 1998, Eurobank acquired 1,740,000 shares representing 6.86% of Ergobank at a cost of Grd. 61,016 million. Following the merger, these are restated as treasury shares. Following a rights issue, and acquisition of additional rights from its Parent at market price, Eurobank's shareholding increased to 9.01% on 23 March 1999 at an additional cost of Grd. 27,945 million. On 8 June 1999, the Parent bid for a controlling stake in Ergobank. On the same day, in order to avoid cross-shareholdings between Eurobank and Ergobank, Eurobank disposed of its entire 9.01% interest in Ergobank by selling 4.01% to the Parent and 5.00% to Deutsche Bank AG at the price offered by the Parent in its bid. The resulting profit of Grd. 42,832 million and dividends received on these shares in 1999 (total Grd. 45,971 million) have been eliminated from the profit and loss account, and have been accounted for as a movement in reserves in 1999 and included in special reserves.

Deferred tax harmonisation

In accordance with the company's accounting policy, deferred tax previously provided for by Ergobank against certain profits which had been transferred to special reserves and are taxable only in the event of their distribution, has been restated.

See also note 33 - Called up share capital, share premium and treasury shares.

3. Acquisition of Bank of Crete SA (Cretabank)

On 25 February 1999, the company acquired 97% of the ordinary voting share capital and 100% of the preference non-voting share capital of Cretabank from its parent company ("the Parent") for Grd. 68,000 million funded through a subordinated loan granted by the Parent, which was fully repaid in June 1999. The remaining 3% of the ordinary voting for share capital was subsequently acquired in June 1999. Cretabank was a commercial bank operating throughout Greece with an 87-branch network and a portfolio of subsidiaries, including a closed-end investment fund and two insurance companies. Cretabank had initially been acquired by the Parent on 25 September 1998 through a competitive bid privatization process. On 4 October 1999 the company completed the legal merger with Cretabank, with a local accounting reference date of 30 June 1999. Cretabank's branch network has been re-branded and its operations fully integrated into the company's operations.

The company accounted for the combination by the "purchase" method. Although Cretabank was acquired on 25 February 1999, its results and the results of its subsidiaries have been included in the financial statements from 1 January 1999 onwards, as the impact of the results from 1 January to 25 February were insignificant to the Group. The impact of the contribution of the former Cretabank activities for the year ended 31 December 1999 was Grd. 15,572 million of which Grd. 14,960 million arose from the partial disposal of shares in subsidiaries.

The fair value of net assets and liabilities acquired was Grd. 36,155 million and the resultant goodwill was Grd. 32,154 million. As a result of the rebranding of the former Cretabank branch network and the integration of all activities within the company, as well as the inability in the future to separately identify goodwill attributable to the Cretabank acquisition, the Directors considered that the goodwill resulting from the acquisition had been impaired and it was fully written off in the profit and loss account in 1999.

In 1999, the calculation of goodwill was provisional pending the outcome of claims against the sellers as stipulated in the privatisation agreements of Cretabank. The company had included in the goodwill calculation conservative estimates of the amounts to be received from these claims. During 2000, an adjustment to goodwill of Grd. 518 million has been credited to the income statement following the finalisation of certain of these claims. A number of other claims have still to be finalised.

4.Net interest income

	2000	**1999**
	Grd. m.	Grd. m.
Net interest income comprises:		
Interest and discount income		
Cash and short term funds	**447,190**	400,592
Trading securities	**44,019**	34,948
Other securities	**27,926**	54,281
Total interest and discount income	**519,135**	489,821
Interest expense		
Banks and customers	**(344,950)**	(332,218)
Other borrowed funds	**(2,173)**	(1,360)
Total interest expense	**(347,123)**	(333,578)
Net interest income	**172,012**	156,243

5. Dividend income

	2000	1999
	Grd. m.	Grd. m.
Available-for-sale investment securities	**4,476**	1,313
Trading securities	**630**	161
	5,106	1,474

6. Net trading income

	2000	1999
	Grd. m.	Grd. m.
Interest rate instruments	**2,497**	664
Equities	**(7,942)**	13,453
Foreign exchange	**6,218**	3,016
Total	**773**	17,133

7. Gains less losses from other securities

	2000	1999
	Grd. m.	Grd. m.
Available-for-sale investment securities	**25,329**	22,323
Other investment securities	**0**	1,187
Total	**25,329**	23,510

8.Operating expenses

	2000	1999
	Grd. m.	Grd. m.
Staff costs (note 9)	**89,326**	76,176
Professional services	**8,308**	8,897
Advertising and marketing	**7,657**	5,783
Administrative expenses	**37,783**	29,945
Depreciation	**19,209**	14,340
(Profit)/loss on sale of property and equipment	**526**	(278)
Amortisation of goodwill	**0**	366
Operating lease rentals	**6,588**	6,282
Other	**1,890**	0
	171,287	141,511

9. Staff costs

	2000	1999
	Grd. m.	Grd. m.
Wages, salaries and staff bonuses	**67,208**	56,298
Social security costs	**14,897**	12,252
Pension costs	**1,752**	613
Other	**5,469**	7,013
	89,326	76,176

The average number of employees of the Group during the year was 7,964 (1999: 6,815).

The company operates a defined contribution scheme. The assets of the scheme are held separately by an independent insurance company.

10.Tax on profit on ordinary activities

	2000	1999
	Grd. m.	Grd. m.
Corporation tax at 40%	35,457	43,681
Deferred tax charge (credit) (note 11)	2,871	(3,632)
Tax discount	(847)	(814)
Tax on revaluation Lands / Buildings (see below)	155	0
Additional tax agreed with the tax authorities (see below)	2,955	6,264
Overseas taxes	391	474
Share of associated undertakings' taxation	961	769
Total tax charge	41,943	46,742

In 2000, the Greek tax authorities audited former Interbank of Greece SA for the period 1992 until 1997 and former EFG Eurobank SA for the period from July 1998 to 31 December 1999. The audit resulted in an additional tax charge of Grd. 2,955 million. During 1999, the Greek tax authorities audited former EFG Eurobank SA, excluding former Interbank of Greece SA, for the period 1991 until July 1998, and former Ergobank SA and two of its subsidiaries through 1998. The audit resulted in an additional tax charge of Grd. 6,264 million.

Land and buildings were revalued according to Greek Law 2065/92 and resulted in a revaluation gain of Grd 2,675 million of which Grd. 2,627 million related to the company (note 1(i)). The revaluation gain was credited directly to special reserves and was subject to a tax charge of Grd. 155 million.

The current rate of tax in 2000 and 1999 was 40%. The reconciliation between income tax expense (effective tax rate) and the tax expense at the current tax rate is summarised as follows:

	2000
	Grd. m.
Accounting Profit	118,930
Tax at the applicable tax rate of 40%	47,572
- tax effect of valuation timing differences (IAS 39)	(2,501)
- tax effect of non-taxable gains on sale of listed shares	(298)
- tax effect of directors and employee's bonus treated as distribution of profits and proposed dividends	2,898
- tax effect of income from dividends not subject to tax	(948)
- tax effect of income from subsidiaries and associates not subject to tax	(6,949)
- tax effect of non tax-deductible expenses	(3,676)
- tax effect of revaluation Lands / Buildings (see above)	155
- additional tax (see above)	2,955
- tax effect of other timing differences	2,735
	41,943

11. Deferred income taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an expected effective tax rate of 34.6% (1999: 34.6%). The movement on the deferred income tax account is as follows:

	2000	1999
	Grd. m.	Grd. m.
At 1 January	**21,152**	5,634
Effect of adopting IAS 39 at 1 January	**(3,901)**	0
Arising on acquisition of Cretabank	**0**	11,886
Income statement (charge) / credit	**(2,871)**	3,632
Equity reserve charge / (credit)	**232**	0
At 31 December	**14,612**	21,152
Deferred income tax assets and liabilities are attributable to the following items:		
Valuation timing differences	**(3,669)**	0
Depreciation timing differences	**462**	725
Pensions and other post retirement benefits	**2,228**	2,252
Loan provisions	**14,109**	13,530
Interest timing differences	**1,482**	4,419
Other temporary differences	**0**	226
Deferred income tax assets	**14,612**	21,152

The deferred income tax charge/(credit) in the income statement comprises the following temporary differences:

	2000	1999
Depreciation timing differences	**263**	(525)
Pensions and other post retirement benefits	**24**	(546)
Loan provisions	**(579)**	1,243
Interest timing differences	**2,937**	(3,679)
Other temporary differences	**226**	(125)
Deferred income tax assets	**2,871**	(3,632)

Deferred tax liabilities have not been established in respect of certain reserves of the Group which are only taxable in the event of their distribution as there is no intention to distribute such reserves. These reserves amounted to Grd. 140,391 million at 31 December 2000.

12. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the company and held as treasury shares. The earnings per share calculations for 1999 have been adjusted after giving effect to the 3 to 1 stock split which took place on 27 January 2000 by former Ergobank SA, the merger share exchange on 7 September 2000 and the bonus issue of 10 November 2000 (note 33).

For the diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of share options granted to employees. For the share options the number of shares that could have been acquired at market price (determined as the average annual share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options is determined; the residual bonus shares are added to the ordinary shares outstanding, but no adjustment is made to net profit.

		2000	1999
Net profit attributable to shareholders	*Grd. million*	**68,056**	65,567
Weighted average number of ordinary shares in issue	*Shares*	*290,629,458*	*285,713,504*
Weighted average number of ordinary shares for diluted earnings	*Shares*	*290,925,012*	*285,713,504*
Basic earnings per share	*Grd.*	**234.2**	229.5
Diluted earnings per share	*Grd.*	**233.9**	229.5

13. Cash and balances with central banks

	2000		1999	
	Group Grd. m.	**Company Grd. m.**	Group Grd. m.	Company Grd. m.
Cash in hand	**53,565**	**53,527**	55,124	54,828
Balances with central banks	**444,402**	**432,654**	743,161	734,633
	497,967	**486,181**	798,285	789,461
of which:				
Mandatory deposits with the Bank of Greece	**344,639**	**344,639**	324,655	324,655

14. Cash and cash equivalents

	2000	1999
	Group Grd. m.	Group Grd. m.
For the purpose of the cash flow statement, cash and cash equivalents comprises the following balances with less than 90 days maturity:		
Cash and balances with central banks (note 13)	**153,328**	473,630
Treasury bills and other eligible bills (note 15)	**18,129**	3,344
Due from other banks (note 16)	**442,311**	443,483
Trading securities (note 17)	**3,832**	11,367
	617,600	931,824

15. Treasury bills & other eligible bills

	2000		1999	
	Group Grd. m.	**Company Grd. m.**	Group Grd. m.	Company Grd. m.
Treasury bills	**18,129**	**18,129**	5,948	5,948

Treasury bills and other eligible bills are debt securities issued by the Greek Government for a term of three months, six months, or a year. Bills are carried at their fair value.

16. Due from other banks

	2000		1999	
	Group Grd. m.	**Company Grd. m.**	Group Grd. m.	Company Grd. m.
Repayable on demand	**74,937**	**64,576**	102,066	104,364
Remaining maturity:				
- over 1 year	**3,357**	**3,357**	2,223	18,741
- 1 year or less but over 3 months	**44,567**	**38,144**	34,675	55,027
- 3 months or less	**367,374**	**395,743**	341,417	608,648
	490,235	**501,820**	480,381	786,780
Including unsubordinated amounts due from:				
- fellow subsidiary and associate undertakings	**61,827**	**5,487**	21,959	7,861
- subsidiary undertakings	**0**	**72,930**	0	352,657
- settlement balances with banks	**32,166**	**32,166**	36,186	36,186
- parent undertakings	**50**	**50**	50	50
Including subordinated amounts due from:				
- subsidiary undertakings	**0**	**23,853**	0	16,518
Including pledged deposits with:				
- banks	**37,412**	**37,412**	24,094	24,094
- subsidiary undertakings	**0**	**0**	0	3,748

17. Trading securities

	2000	1999
	Grd. m.	Grd. m.
Group:		
Issued by public bodies:		
- government	**603,713**	312,993
- other public sector securities	**5,271**	0
	608,984	312,993
Issued by other issuers:		
- banks	**15,723**	28,939
- other	**8,031**	10,692
	23,754	39,631
Total	**632,738**	352,624
Due within one year	**33,623**	50,209
Due one year and over	**599,115**	302,415
	632,738	352,624
Equity Securities	**13,147**	16,137
Debt Securities	**619,591**	336,487
	632,738	352,624
Credit facility with central banks secured by the above	**41,440**	

All trading securities are listed on European exchanges

	2000	1999
Company:		
Issued by public bodies:		
- government	**603,713**	312,993
- other public sector securities	**5,271**	0
	608,984	312,993
Issued by other issuers:		
- banks	**15,679**	28,822
- other	**8,015**	10,488
	23,694	39,310
Total	**632,678**	352,303
Due within one year	**33,564**	49,888
Due one year and over	**599,114**	302,415
	632,678	352,303
Equity Securities	**13,087**	15,816
Debt Securities	**619,591**	336,487
	632,678	352,303
Credit facility with central banks secured by the above	**41,440**	

All trading securities are listed on European exchanges

18. Derivative financial instruments

The Group utilises the following derivative instruments all of which are treated as trading.

Currency forwards represent commitments to purchase or sell foreign and domestic currency. Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates or buy or sell foreign currency or a financial instrument on a future date at a specified price established in an organized financial market. Since future contracts are collateralised by cash or marketable securities and changes in the futures contract value are settled daily with the exchange, the credit risk is negligible.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e. cross-currency interest rate swaps). Except for certain currency swaps, no exchange of principal takes place. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities - and/or marks to market with bilateral collateralization agreements over and above an agreed threshold.

Foreign currency and interest rate options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a foreign currency or a financial instrument at a predetermined price. In consideration for the assumption of foreign exchange or interest rate risk, the seller receives a premium from the purchaser. Options may be either exchange-traded or negotiated between the Group and a customer (OTC). The Group is exposed to credit risk on purchased options only, and only to the extent of their carrying amount, which is their fair value.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabiblities can fluctuate significantly from time to time. The fair values of derivative instruments held are set out in the following table:

	Contract/ notional amount	Fair values	
		Assets	Liabilities
	Grd. m.	Grd. m.	Grd. m.
Group:			
OTC currency derivatives			
- Currency forwards	652,835	1,279	(22,645)
- Currency swaps	1,430,712	35,103	(30,199)
- OTC currency options bought and sold	61,226	2,080	(1,643)
- Total	**2,144,773**	**38,462**	**(54,487)**
OTC interest rate derivatives			
- Interest rate swaps	390,575	7,573	(17,695)
- Cross-currency interest rate swaps	352,400	30,136	(37,795)
- OTC interest rate options	37,483	395	0
- Total	**780,458**	**38,104**	**(55,490)**
Exchange traded interest rate futures	376,737	53	(1,877)
	1,157,195	**38,157**	**(57,367)**
OTC Index Options	6,758	482	0
Exchange traded Index futures	291	12	(11)
Embedded derivatives			
- Clients' deposits connected to Index Options	6,758	0	(482)
- Clients' deposits connected to currency options	9,279	0	(438)
Total derivative assets/(liabilities) held for trading	**3,325,054**	**77,113**	**(112,785)**

19. Loans and advances to customers

	2000		1999	
	Group Grd. m.	**Company Grd. m.**	Group Grd. m.	Company Grd. m.
Remaining maturity:				
- over 5 years	**436,588**	**415,702**	288,412	254,099
- 5 years or less but over 1 year	**462,134**	**405,176**	341,342	315,214
- 1 year or less but over 3 months	**527,730**	**404,651**	121,728	80,777
- 3 months or less	**1,552,576**	**1,552,462**	1,521,865	1,182,300
- provision for bad and doubtful debts (note 20)	**(109,221)**	**(105,682)**	(117,978)	(116,504)
	2,869,807	**2,672,309**	2,155,369	1,715,886
of which:				
- repayable on demand or at short notice	**869,767**	**859,698**	773,171	718,132
- due from subsidiary undertakings, unsubordinated	**0**	**72,192**	0	25,117
- due from associated undertakings, unsubordinated	**28,976**	**6,009**	26,358	9,001
- settlement balances with customers	**24,614**	**24,614**	37,357	37,357

Credit Risk

The Group takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review.

As one of the largest private banking groups in Greece, the Group is active in the corporate and retail lending market. Credit risk is well spread over a diversity of personal and commercial customers. Economic sector risk concentrations within the Group's customer loan portfolio were as follows:

	2000	1999
	%	%
Government bodies	**2%**	4%
Shipping	**3%**	2%
Construction	**3%**	2%
Manufacturing	**16%**	19%
Commerce & Services	**38%**	38%
Private individuals	**33%**	27%
Other	**5%**	8%
	100%	100%

Geographic sector risk concentrations within the Group's customer loan portfolio were as follows:

	2000		1999	
	Grd. m.	**%**	Grd. m.	%
Greece	**2,843,641**	**99%**	2,123,249	99%
Other Western European countries	**25,486**	**1%**	31,996	1%
Other countries	**680**	**0%**	124	0%
	2,869,807	**100%**	2,155,369	100%

20. Provisions for bad and doubtful debts

	2000			1999		
	Specific Grd. m.	General Grd. m.	Total Grd. m.	Specific Grd. m.	General Grd. m.	Total Grd. m.
Group:						
At 1 January	**95,888**	**22,090**	**117,978**	37,671	6,916	44,587
Acquisition of Cretabank	**0**	**0**	**0**	49,548	1,808	51,356
Charge against profits	**16,251**	**8,980**	**25,231**	18,743	14,234	32,977
Transfers (to)/from other provisions	**(57)**	**2,057**	**2,000**	543	(685)	(142)
Amounts written off	**(35,973)**	**(15)**	**(35,988)**	(10,617)	(183)	(10,800)
At 31 December	**76,109**	**33,112**	**109,221**	95,888	22,090	117,978
Company:						
At 1 January	**95,771**	**20,733**	**116,504**	37,626	5,739	43,365
Acquisition of Cretabank	**0**	**0**	**0**	49,548	1,808	51,356
Charge against profits	**16,187**	**6,979**	**23,166**	18,671	14,054	32,725
Transfers (to)/from other provisions	**0**	**2,000**	**2,000**	543	(685)	(142)
Amounts written off	**(35,973)**	**(15)**	**(35,988)**	(10,617)	(183)	(10,800)
At 31 December	**75,985**	**29,697**	**105,682**	95,771	20,733	116,504

Impaired loans and advances acquired through Cretabank, and the corresponding provisions, are being written down to estimated realisable value in 2000 and in future years in line with restrictions imposed by the privatisation agreements of Cretabank and fiscal restrictions.

21. Available-for-sale investment securities

	2000		1999	
	Balance Sheet Grd. m.	**Market Value Grd. m.**	Balance Sheet Grd. m.	Market Value Grd. m.
Group:				
Issued by public bodies:				
- government	**239,664**	**239,664**	254,637	259,867
- other public sector	**7,030**	**7,030**	2,875	2,877
	246,694	**246,694**	257,512	262,744
Issued by other issuers:				
- banks	**49,741**	**49,741**	15,557	29,994
- other	**145,822**	**145,822**	56,904	73,085
	195,563	**195,563**	72,461	103,079
Total	**442,257**	**442,257**	329,973	365,823
Listed on European exchanges	**376,809**	**376,809**	312,746	345,231
Unlisted	**65,448**	**65,448**	17,227	20,592
	442,257	**442,257**	329,973	365,823
Due within one year	**87,325**		55,715	
Due one year and over	**354,932**		274,258	
	442,257		329,973	
Equity	**97,892**		56,845	
Debt	**344,365**		273,128	
	442,257		329,973	
Unamortised discounts and premiums included above	**1,924**		1,006	
Credit facility with central banks secured by the above	**0**		2,080	
Company:				
Issued by public bodies:				
- government	**143,037**	**143,037**	232,014	237,167
- other public sector	**7,030**	**7,030**	0	0
	150,067	**150,067**	232,014	237,167
Issued by other issuers:				
- banks	**9,427**	**9,427**	0	0
- other	**24,181**	**24,181**	5,628	8,818
	33,608	**33,608**	5,628	8,818
Total	**183,675**	**183,675**	237,642	245,985
Listed on European exchanges	**166,688**	**166,688**	230,365	236,259
Unlisted	**16,987**	**16,987**	7,277	9,726
	183,675	**183,675**	237,642	245,985
Due within one year	**18,851**		4,630	
Due one year and over	**164,824**		233,012	
	183,675		237,642	
Equity	**24,181**		5,629	
Debt	**159,494**		232,013	
	183,675		237,642	
Unamortised discounts and premiums included above	**302**		1,150	
Credit facility with central banks secured by the above	**0**		2,080	

21. Available-for-sale investment securities (continued)

	2000	
	Group Grd. m.	Company Grd. m.
Net book value at 1 January	329,973	237,642
Reclassification from investment securities on adoption of IAS 39 (see below)	330,210	227,752
Fair value adjustment on adoption of IAS 39	79,600	52,301
Exchange adjustments	5,074	653
Acquisitions	294,072	57,297
Disposals and redemptions	(553,387)	(391,582)
Transfers	1,483	1,483
Amortisation of discounts and premiums	(371)	(371)
Gains / (losses) from changes in fair value	(44,397)	(1,500)
Net book value at 31 December	442,257	183,675

Reclassification

Certain securities reported in 1999 as "Investment Securities" have been reclassified on 1 January 2000 because they do not comply with IAS 39's definition of "held-to-maturity investment securities" (see note 22).

The 1999 comparatives have been restated to include other participating interests under IAS 39, previously reported on a separate line (Grd. 1,145 million at Group level and Grd. 918 million at company level). The principal participating interest of the Group included in the 1999 comparatives was HANWHA BANK HUNGARY LTD, a commercial bank incorporated in Hungary where it carries out its business of banking. In 2000 the company completed, at a profit, the agreement to sell its shares to Hanwha First Investment Co.

Equity reserve: revaluation of the available-for-sale investments in compliance with IAS 39

On the adoption of IAS 39 at 1 January 2000, all investment securities classified as available-for-sale were remeasured at fair value. The difference between their original carrying amount and their fair value at 1 January 2000 was credited to special reserves (see Statement of changes in equity). Gains and losses arising from the changes in the fair value of available-for-sale investments since that date are recognised as special reserves directly in equity. The movement of the reserve in 2000 was as follows:

	2000	
	Group Grd. m.	Company Grd. m.
On adoption of IAS 39 at 1 January 2000:		
- available for sale investment securities remeasured at fair value	79,600	52,301
- deferred income taxes	(9,095)	(9,095)
- minority share of fair value adjustment	(19,544)	0
As restated	50,961	43,206
Net gains / (losses) from changes in fair value	(44,397)	(1,500)
Deferred income taxes	(4,080)	(4,080)
Minority share of changes in fair value	30,337	0
	(18,140)	(5,580)
Net (gains) / losses transferred to net profit on disposal	(35,373)	(24,249)
Deferred income taxes	4,312	4,312
Minority share of net gains / losses transferred to net profit on disposal	7,850	0
	(23,211)	(19,937)
As at 31 December 2000	9,610	17,689

The above table excludes the impact of the adjustments to the available-for-sale investment portfolios of the associated undertakings which are shown separately in Note 24, the net effect of which amounted to Grd. 22,184 million (reduction).
The directors are of the opinion that reductions in fair values included above do not represent permanent diminution in value.

22. Other investment securities

	2000		1999	
	Balance Sheet Grd. m.	**Market Value Grd. m.**	Balance Sheet Grd. m.	Market Value Grd. m.
Group:				
Held-to-maturity investment securities	**228,813**	**241,902**	604,701	633,592
Receivables originated by the enterprise	**69,962**	**73,969**	0	0
	298,775	**315,871**	604,701	633,592
Issued by public bodies:				
- government	**293,397**	**310,427**	538,379	543,509
- other public sector	**0**	**0**	4,312	4,190
	293,397	**310,427**	542,691	547,699
Issued by other issuers:				
- banks	**5,378**	**5,444**	13,369	15,334
- other	**0**	**0**	48,641	70,559
	5,378	**5,444**	62,010	85,893
Total	**298,775**	**315,871**	604,701	633,592
Listed on European exchanges	**298,775**	**315,871**	564,155	595,296
Unlisted	**0**	**0**	40,546	38,296
	298,775	**315,871**	604,701	633,592
Due within one year	**0**		48,219	
Due one year and over	**298,775**		556,482	
	298,775		604,701	
Unamortised discounts and premiums included above	**6,771**		7,234	
Company:				
Held-to-maturity investment securities	**223,872**	**237,006**	500,604	528,420
Receivables originated by the enterprise	**69,962**	**73,969**	0	0
	293,834	**310,975**	500,604	528,420
Issued by public bodies:				
- government	**288,456**	**305,531**	476,159	481,873
- other public sector	**0**	**0**	0	0
	288,456	**305,531**	476,159	481,873
Issued by other issuers:				
- banks	**5,378**	**5,444**	10,037	12,021
- other	**0**	**0**	14,408	34,526
	5,378	**5,444**	24,445	46,547
Total	**293,834**	**310,975**	500,604	528,420
Listed on European exchanges	**293,834**	**310,975**	497,723	525,529
Unlisted	**0**	**0**	2,881	2,891
	293,834	**310,975**	500,604	528,420
Due within one year	**0**		21,447	
Due one year and over	**293,834**		479,157	
	293,834		500,604	
Unamortised discounts and premiums included above	**6,771**		8,641	

In the above are included Grd. 69,962 million of listed debt securities issued by government bodies which were acquired on issue and are classified as receivables originated by the enterprise.

22. Other investment securities (continued)

	2000		1999	
	Group Grd. m.	Company Grd. m.	Group Grd. m.	Company Grd. m.
The movement on held-to-maturity investment securities is as follows:				
Net book value at 1 January	**604,701**	**500,604**	249,730	240,812
Reclassification on adoption of IAS 39 to				
- available-for-sale investment securities (see note 21)	**(330,210)**	**(227,752)**	0	0
- receivables originated by the enterprise	**(69,826)**	**(69,826)**	0	0
Change to effective yield method on adoption of IAS 39	**1,219**	**1,219**	0	0
Exchange adjustments	**544**	**544**	830	813
Acquisitions	**21,567**	**16,626**	366,742	313,866
Disposals and redemptions (see below)	**(3,612)**	**(3,612)**	(85,573)	(81,860)
Transfers	**5,101**	**6,740**	74,499	28,500
Amortisation of discounts and premiums	**(671)**	**(671)**	(1,527)	(1,527)
Net book value at 31 December	**228,813**	**223,872**	604,701	500,604
Credit facility with central banks secured by the above	**8,524**	**8,524**	16,832	16,832
Pledged securities with capital market companies	**412**	**412**	0	0

In 2000 the amount shown in disposals and redemptions refers to redemptions only.

The 1999 figures have been adjusted to exclude shares in former Ergobank SA, held by former EFG Eurobank SA which were disposed of during 1999. Since the merger between the two banks is accounted for under the uniting of interests method, this investment has been reclassified as treasury shares (see also note 2).

23. Shares in subsidiary undertakings

	%	Country of incorporation	Line of business
EFG Private Bank (Luxembourg) SA	75	Luxembourg	Financial Institution
EFG Eurobank Leasing SA	100	Greece	Leasing
EFG Eurobank Securities SA	100	Greece	Capital markets and investment services
Eurobank Cards SA	100	Greece	Credit card management
EFG Mutual Fund Mangt. Co. SA	88	Greece	Mutual fund management
Investment Development Fund SA	35	Greece	Closed end mutual fund
EFG Hellas Plc.	100	United Kingdom	Special purpose financing vehicle
EFG Factors SA	100	Greece	Factoring
EFG Finance SA	100	Greece	Investment banking
EFG Business Services SA	100	Greece	Payroll and advisory services
EFG Eurobank Properties SA	50.1	Greece	Real estate services
EFG Insurance Services SA	65	Greece	Insurance brokerage
EFG Life Insurance SA	100	Greece	Insurance services
EFG Property and Casualty Insur. SA	100	Greece	Insurance services
Ergoleasing SA	70	Greece	Leasing
Ergo Securities SA	99	Greece	Capital markets and investment services
Ergo Mutual Fund Mngt Co. SA	100	Greece	Mutual fund management
Ergofinance SA	99	Greece	Investment banking
Ergoinsurance Brokerage SA	100	Greece	Insurance brokerage
Ergobank International Ltd.	100	Channel Islands	Off shore banking
The Greek Progress Fund SA	15	Greece	Closed end mutual fund
Autorental SA	75	Greece	Vehicle leasing and hire
First Direct SA	100	Greece	Sundry services

Current year events and other significant notes relating to investments in subsidiary undertakings are:

(a) EFG Private Bank (Luxembourg) SA
On 8 March 2000, a capital increase in cash of € 20 million was approved by the shareholders in order to finance future expansion plans. As a result the share capital of the subsidiary undertaking increased in the year from € 50 million to € 70 million.

(b) Investment Development Fund SA
This subsidiary is fully consolidated as the Group exercises control over its activities.

(c) EFG Hellas PLC
On 7 February 2000 EFG Hellas PLC issued € 150 million bonds under the € 500 million Euro Medium Term Note (EMTN) programme, guaranteed by the company.

On 10 October 2000 the board of the directors of EFG Hellas PLC and of the company authorized the increase of the aggregate principal amount of the programme to € 1,500 million.

(d) EFG Insurance Services SA
In 1999, EFG Insurance Services SA was included in the consolidated accounts as an associate undertaking at Grd. 152 million.

(e) EFG Life Insurance SA
In 1999 EFG Life Insurance SA (previously named ACME Life Insurance SA) was included in the consolidated accounts as an associate undertaking at Grd. 1,513 million.

On 4 May 2000 a capital increase was approved by the shareholders in order to finance future expansion plans of which Grd. 155 million in cash, and Grd. 195 million through capitalisation of reserves.

23. Shares in subsidiary undertakings (continued)

(f) EFG Property and Casualty Insurance SA
In 1999 EFG Property and Casualty Insurance SA (previously named ACME Property and Casualty Insurance Services SA) was included in the consolidated accounts as an associate undertaking at Grd. 2,239 million.

(g) EFG Eurobank Properties SA
In 1999 EFG Eurobank Properties SA (previously named EVO SA) was included in the consolidated accounts as an associate undertaking at Grd. 972 million.

On 20 January 2000, a capital increase in cash of Grd. 1,250 million was approved by the shareholders in order to finance future expansion plans. On 16 June 2000, an additional capital increase in cash of Grd. 2,396 million was approved by the shareholders, which the company did not subscribe to, and as a result the Group's holding reduced from 99.90% to 50.1% of its capital. 20% of the capital is held by REIB Europe Investments Ltd., which belongs to the Deutsche Bank group, and 29.9% by Lamda Development SA, which is controlled by Latsis family interests.

(h) EFG Finance SA
On 15 June 2000, the company established a wholly owned subsidiary EFG Finance SA, with a Grd. 5,000 million share capital. EFG Finance SA carries out its business of investment banking and institutional asset management from its registered office in Greece.

(i) EFG Business Services SA
On 8 June 2000, the company established a wholly owned subsidiary, EFG Business Services SA, with a Grd. 300 million share capital. EFG Business Services SA carries out its business of payroll and advisory services from its registered office in Greece.

(j) The Greek Progress Fund SA
This subsidiary is fully consolidated as the Group exercises control over its activities.

The share capital increase of Grd. 20,150 million approved by the shareholders on 20 December 1999, was completed on 20 May 2000.

(k) Business Exchanges SA
The company awaits the approval of all relevant authorities for the establishment of a new subsidiary, under the name of Business Exchanges SA, with a Grd. 2,000 million share capital which will operate a market place for business-to-business electronic commerce. The company will hold 60% of its capital, Panafon/Vodafone SA will hold 30% and ComQuest SA will hold 10%.

Post Balance Sheet Events

(l) EFG Euroinvestment Development SA
The company will establish in March 2001 a new closed end mutual fund company with a Grd. 10,000 million share capital, EFG Euroinvestment Development SA in which it will hold 50.1%. EFG Euroinvestment Development SA will carry out its business of investing securities in countries whose currency is the Euro from its registered office in Athens.

(m) EFG Internet Services SA
On 4 February 2001, the company established a wholly owned subsidiary EFG Internet Services SA, with a Grd. 1,500 million share capital. EFG Internet Services SA offers Internet and electronic banking services and will operate a market place for business-to-consumer electronic commerce from its registered office in Greece, under the commercial name of EFG E-solutions.

24. Investments in associated undertakings

	2000		1999	
	Group Grd. m.	**Company Grd. m.**	Group Grd. m.	Company Grd. m.
At 1 January	**38,232**	**15,840**	19,340	14,314
Fair value adjustment on adoption of IAS 39	**27,335**	**0**	0	0
Arising from acquisition of Cretabank	**0**	**0**	3,226	3,226
New associates	**7,340**	**7,340**	813	779
Entities fully consolidated (see note 23)	**(4,927)**	**(2,992)**	(2,242)	(2,250)
Entities previously reported in “Other Participating Interests”	**0**	**0**	20	20
Dividends collected	**(7,426)**	**0**	(2,066)	0
Transfers to investment securities	**0**	**0**	(249)	(249)
Participation in capital increase of associates	**36,878**	**36,878**	0	0
Share of available-for-sale investment securities revaluation losses (IAS 39 net fair value results)	**(49,519)**	**0**	0	0
Share of current year’s profit after tax (see also note 10)	**9,178**	**0**	19,390	0
At 31 December	**57,091**	**57,066**	38,232	15,840

Principal Associates	%	Country of incorporation	Line of business	Balance Sheet Value Grd. m.
ALICO-EUROBANK Mutual Fund Mangt Co. SA	50	Greece	Mutual fund management	903
TEFIN SA	50	Greece	Motor vehicle sales financing	1,782
UNITBANK SA	50	Greece	Financial institution	1,915
ERGOINVEST SA	30.74	Greece	Closed end mutual fund	44,221
ERGOINVEST ADVISORS SA	64.67	Greece	Investment advisors	2,671
COMQUEST SA	40	Greece	Internet & Telecom services	3,616
KANTOR MANAGEMENT CONSULTANTS SA	20	Greece	Consultancy services	924

Associates are accounted for in the consolidated financial statements using the equity method of accounting.

Current year events and other significant notes:

(a) Ergoinvest SA
The share capital increase of Grd. 120 billion approved on 27 October 1999 by the shareholders was completed on 17 February 2000.

(b) Kantor Management Consultants SA
The company acquired a 20% holding on 29 March 2000 in Kantor Management Consultants SA, a company incorporated in Greece where it carries out its business of providing consultancy services.

(c) ComQuest SA
The company acquired a 15% holding on 3 August 2000 in ComQuest SA, a company incorporated in Greece where it carries out its business of providing Internet and telecommunications services.

On 22 December 2000, the shareholders of ComQuest SA approved a share capital increase of Grd. 588 million which the company fully subscribed to, increasing the Group’s share of assets to 40% at 31 December 2000.

25. Fixed Assets

	Intangible fixed assets Grd. m.	Land, buildings, leasehold improvements Grd. m.	Furniture, equipment motor vehicles Grd. m.	Computer hardware, software Grd. m.	Total tangible fixed assets Grd. m.	Total fixed assets Grd. m.
Group:						
Cost:						
At 1 January 2000	**2,463**	60,174	17,496	45,091	**122,761**	**125,224**
Subsidiaries previously recorded as associates	**0**	4,479	77	191	**4,747**	**4,747**
Exchange adjustment	**0**	8	3	24	**35**	**35**
Land and buildings revaluation	**0**	1,051	0	0	**1,051**	**1,051**
Additions	**0**	30,638	6,494	24,121	**61,253**	**61,253**
Disposals and write - offs	**(534)**	(2,228)	(702)	(1,045)	**(3,975)**	**(4,509)**
At 31 December 2000	**1,929**	94,122	23,368	68,382	**185,872**	**187,801**
Accumulated depreciation:						
At 1 January 2000	**1,969**	22,430	7,589	16,945	**46,964**	**48,933**
Subsidiaries previously recorded as associates	**0**	836	48	83	**967**	**967**
Exchange adjustment	**0**	1	4	14	**19**	**19**
Land and buildings revaluation	**0**	564	0	0	**564**	**564**
Disposals	**(40)**	(478)	(589)	(467)	**(1,534)**	**(1,574)**
Charge for the year	**0**	6,538	3,215	9,456	**19,209**	**19,209**
At 31 December 2000	**1,929**	29,891	10,267	26,031	**66,189**	**68,118**
Net book value at 31 December 2000	**0**	64,231	13,101	42,351	**119,683**	**119,683**
Net book value at 31 December 1999	494	37,744	9,907	28,146	75,797	76,291
Company:						
Cost:						
At 1 January 2000	**2,002**	59,742	16,724	43,636	**120,102**	**122,104**
Land and buildings revaluation	**0**	860	0	0	**860**	**860**
Additions	**0**	15,166	5,803	21,778	**42,747**	**42,747**
Disposals and write - offs	**(105)**	(1,974)	(260)	(1,128)	**(3,362)**	**(3,467)**
At 31 December 2000	**1,897**	73,794	22,267	64,286	**160,347**	**162,244**
Accumulated depreciation:						
At 1 January 2000	**1,897**	22,302	7,336	16,273	**45,911**	**47,808**
Land and buildings revaluation	**0**	467	0	0	**467**	**467**
Disposals	**0**	(360)	(211)	(600)	**(1,171)**	**(1,171)**
Charge for the year	**0**	6,152	2,699	8,634	**17,485**	**17,485**
At 31 December 2000	**1,897**	28,561	9,824	24,307	**62,692**	**64,589**
Net book value at 31 December 2000	**0**	45,233	12,443	39,979	**97,655**	**97,655**
Net book value at 31 December 1999	105	37,440	9,388	27,363	74,191	74,296

Leasehold improvements are in respect of premises occupied by the company for its own activities.
Included in the above is Grd. 24,641 million (1999: Grd. 15,307 million) relating to assets under construction.
In 1999 the company implemented IAS 38 - Intangible Assets and wrote off to the Profit and Loss account certain branch set up costs which were previously capitalised and amortised over a period of 5 years. The amount written off in 1999 was Grd. 1,136 million and was included in operating expenses.

26. Other assets

	2000		1999	
	Group Grd. m.	Company Grd. m.	Group Grd. m.	Company Grd. m.
Foreign exchange and interest rate contracts	0	0	5,076	5,061
Accrued income	111,062	98,533	159,664	133,560
Deferred tax asset (note 11)	14,612	16,992	21,152	21,247
Repossessed properties	33,130	33,130	29,970	29,970
Other	73,213	47,929	36,836	23,200
	232,017	196,584	252,698	213,038

27. Due to other banks

	2000		1999	
	Group Grd. m.	Company Grd. m.	Group Grd. m.	Company Grd. m.
With agreed maturity dates of period of notice, by remaining maturity:				
- 5 year or less but over 1 year	2,194	2,194	1,806	1,806
- 1 year or less but over 3 months	18,258	11,551	36,199	32,860
- 3 months or less but not repayable on demand	128,621	188,775	186,930	173,810
	149,073	202,520	224,935	208,476
Repayable on demand	10,905	9,094	47,324	47,101
	159,978	211,614	272,259	255,577
Including amounts due to:				
- parent undertakings	9	9	660	660
- subsidiary undertakings	0	35,568	0	42,442
- fellow subsidiary and associate undertakings	90,452	6,154	113,402	16,276
- settlement balances with banks	32,482	32,482	29,429	29,429

28. Due to customers

	2000		1999	
	Group Grd. m.	Company Grd. m.	Group Grd. m.	Company Grd. m.
With agreed maturity dates of period of notice, by remaining maturity:				
- 5 year or less but over 1 year	13,403	64,320	1,560	1,560
- 1 year or less but over 3 months	91,771	68,723	50,317	49,777
- 3 months or less but not repayable on demand	2,454,078	2,217,466	1,660,948	1,491,740
	2,559,252	2,350,509	1,712,825	1,543,077
Repayable on demand	1,951,998	1,857,144	2,154,444	2,160,774
	4,511,250	4,207,653	3,867,269	3,703,851
Including amounts due to:				
- parent undertakings	11,515	11,515	54	54
- subsidiary undertakings	0	85,629	0	38,263
- fellow subsidiary and associate undertakings	6,031	6,031	6	6
- settlement balances with customers	25,273	25,273	83,719	83,719

29. Other borrowed funds

On 7 February 2000 EFG Hellas PLC issued € 150 million (Grd. 51,105 million) bonds at a rate of Euribor plus 30 bps under the EMTN programme. The bonds are due in 2003 and have been guaranteed by the company. The net proceeds were applied by the issuer to meet part of the general financing requirements of the company.
On 18 January 1996, the Chung Chong Bank Ltd. of Korea granted a subordinated loan of Usd. 6 million to the former Bank of Athens SA which, at 31.12.1999, was equal to Grd. 1,971 million. The loan was fully repaid in 2000.

30. Other liabilities

	2000		1999	
	Group Grd. m.	**Company Grd. m.**	Group Grd. m.	Company Grd. m.
Foreign exchange and interest rate contracts	**0**	**0**	18,107	18,021
Taxation	**15,341**	**8,133**	30,742	16,790
Due to associated undertakings	**2,904**	**2,795**	513	513
Accruals	**55,760**	**51,589**	88,553	74,056
Retirement obligations (Note 31)	**6,125**	**5,927**	4,432	4,256
Other liabilities	**90,724**	**66,209**	70,887	56,627
	170,854	**134,653**	213,234	170,263

31. Retirement obligations

	2000		1999	
	Group Grd. m.	**Company Grd. m.**	Group Grd. m.	Company Grd. m.
Amounts recognised in the balance sheet consist of:				
Statutory severence indemnities	**6,125**	**5,927**	4,432	4,256
The movement in the liability recognised in the balance sheet is as follows:				
- Balance as at 1 January 2000	**4,432**	**4,256**	3,621	3,534
- Exchange adjustment	**4**	**0**	1	0
- New subsidiaries	**34**	**0**	0	0
- Arising from acquisition of Cretabank	**0**	**0**	1,216	1,211
- Additions	**1,881**	**1,885**	1,159	1,076
- Indemnities paid	**(226)**	**(214)**	(65)	(65)
- Transfer to General provision	**0**	**0**	(1,500)	(1,500)
- Balance as at 31 December 2000	**6,125**	**5,927**	4,432	4,256
The principal actuarial assumptions used were:				
- Discount rate		**6%**		7%
- Future salary increases		**4%**		5%

32. Minority interest

	2000	1999
	Grd. m.	Grd. m.
1 January 2000	**81,903**	30,069
Share of available-for-sale investment securities revaluation losses under IAS 39	**(17,742)**	0
Arising from acquisition of Cretabank	**0**	896
Dividends for 1999	**(9,909)**	(7,138)
Reduction for Group's holding in subsidiary (note 23(g))	**403**	2,930
Share on Retained Earnings of subsidiaries previously reported under equity method	**46**	0
Share of capital increase of subsidiaries	**25,475**	43,454
Share of net profit of subsidiaries	**8,931**	16,909
Restatement of investment portfolio in subsidiaries at cost	**0**	(5,252)
Currency translation differences	**178**	35
At 31 December 2000	**89,285**	81,903

33. Called up share capital, share premium and treasury shares

The merger of EFG Eurobank SA with Ergobank SA was completed on 7 September 2000, with a local accounting and tax reference date of 1 January 2000. The merger share exchange basis determined as at 1 January 2000, took place whereby:

a) One ordinary voting share of EFG Eurobank SA of nominal value Grd. 500 was exchanged for 1 ordinary voting share of the merged bank of nominal value Grd. 850 each.

b) One ordinary voting share of Ergobank SA of nominal value Grd. 1,000 was exchanged for 0.75 ordinary voting shares of the merged bank of nominal value Grd. 850 each.

After the merger, the share capital consisted of 224,970,454 shares of nominal value Grd. 850 each.

EFG Eurobank SA contributed Grd. 3,939 billion of assets, Grd. 3,599 billion of liabilities, Grd. 27,941 million of profit before tax and Grd. 17,253 million of profit after tax. Ergobank SA contributed Grd.2,163 billion of assets, Grd. 1,889 billion of liabilities, Grd. 41,222 million of profit before tax and Grd. 27,806 million of profit after tax.

Authorised, issued and fully paid.	Share Capital Preference Grd. m.	Ordinary Grd. m.	Total Grd. m.	Share premium Grd. m.
The movements in share capital in 1999 were as follows:				
1 January 1999				
- EFG Eurobank SA: 444,600 preference shares and 110,463,624 ordinary shares of Grd. 500 each	222	55,010	55,232	113,969
- Ergobank SA: 25,360,000 shares of Grd. 877 each	0	22,241	22,241	21,540
	222	77,251	77,473	135,509
25 January 1999 - Ergobank SA:				
- Increase of nominal value of each share to Grd. 2,000 by capitalisation of retained earnings and share premium		28,479	28,479	(20,288)
- Bonus issue of 7,608,000 ordinary shares of Grd. 2,000 each by capitalisation of retained earnings		15,216	15,216	
- Issue of 7,762,000 ordinary shares of Grd. 2,000 each at Grd 12,000 each		15,524	15,524	77,620
17 March 1999 - EFG Eurobank S.A.				
- Conversion of preference shares to ordinary shares	(222)	222	0	0
25 June 1999 - EFG Eurobank S.A.				
- Issue of 22,092,725 ordinary shares of Grd. 500 each at Grd. 5,000 each		11,046	11,046	99,417
- Additional share premium on disposal of rights not exercised				1,498
29 June 1999 - EFG Eurobank S.A.				
- Issue to executive directors, management and staff of 363,230 ordinary shares of Grd. 500 each at par, by capitalisation of retained earnings, as approved by the Annual General Meeting		182	182	0
31 December 1999	0	147,920	147,920	293,756
7 September 2000 merger, effective 31 December 1999				
- Total Nominal value of shares defined at Grd. 850 each	0	147,920	147,920	293,756
- *Equivalent number of shares in issue*		*224,562,379*	*224,562,379*	
31 December 1999				
Treasury shares (see below)				
- cost		(43)	(43)	(1,065)
- *number of shares*		*(86,000)*	*(86,000)*	
31 December 1999				
- net balances		147,877	147,877	292,691
- *net number of shares*		*224,476,379*	*224,476,379*	

33. Called up share capital, share premium and treasury shares (continued)

Authorised, issued and fully paid.	Ordinary Share Capital Grd. m.	Share premium Grd. m.
The movements in share capital in 2000 were as follows:		
1 January 2000	**147,920**	**293,756**
27 January 2000: Ergobank SA		
- Increase of the nominal value of each ordinary share to Grd. 3,000 by capitalisation of share premium	**40,730**	**(40,730)**
- Reduction of nominal value of each share to Grd. 1,000 and 3 for 1 split	**0**	**0**
- Issue of 544,500 ordinary shares of Grd. 1,000 each at Grd. 3,000 each using amounts in the retained earnings	**545**	**1,088**
7 September 2000:		
- Completion of merger and capitalisation of share premium for rounding purposes Issue of 224,970,454 ordinary shares of Grd. 850 each	**2,030**	**(2,030)**
10 November 2000:		
- Capitalisation of share premium, and	**60,560**	**(60,560)**
write off of retained losses	**(60,560)**	
- Bonus Issue of 67,491,136 ordinary shares of Grd. 850 each at par by capitalisation of share premium	**57,367**	**(57,367)**
20 December 2000:		
- Issue of 546,000 ordinary shares of Grd. 850 each at par following the exercise of existing share options which were issued to directors, executives and staff	**464**	
31 December 2000		
- Nominal value of shares of Grd. 850 each	**249,056**	**134,157**
- *Number of shares in issue*	*293,007,590*	
31 December 2000		
Treasury shares (see below)		
- Cost	**(815)**	**(5,847)**
- *Number of shares*	*(959,919)*	
Treasury shares under special scheme		
- Cost	**(1,933)**	**(14,152)**
- *Number of shares*	*(2,274,253)*	
31 December 2000		
- net balances	**246,308**	**114,158**
- *net number of shares*	*289,773,418*	

In the ordinary course of business the Group acquired 959,919 of the company's shares which are included in its accounts at a cost of Grd 6,662 million (1999: Grd. 1,108 million). These shares had a market value of Grd 6,815 million at the year end (1999: Grd. 1,221 million).

Shares to directors, executive management and staff

The directors propose the issue of 567,200 shares to the directors, executive management and staff. If this is approved by the forthcoming Annual General Meeting, the shares issued will be recorded in next year's share capital.

33. Called up share capital, share premium and treasury shares (continued)

Treasury shares special scheme

On May 24th, 2000 the Annual General Meeting of former EFG Eurobank SA approved the buy-back of up to a total of 6,500,000 shares at a maximum price of Grd. 12,000 per share in the following 18-month period. This represented 4.9% of the former bank's equity. Following the merger, on September 7th, 2000, this number of shares represented 2.9% of the merged bank's equity.

In accordance with Greek Company Law, the purpose of this special scheme programme was to support the share price of EFG Eurobank SA, as the directors of the company felt that the share price, then at Grd. 10,063, was substantially below the fair market value of the company. As expressly stated under the specific section of Greek law that permits these special schemes, this type of action is only allowed when the trading price of the stock, given the prevailing market conditions, the financial standing and the future prospects of the company, is substantially below management's share valuation. Deloitte & Touche SA, also opined that the Grd. 12,000 per share is a fair and reasonable price ceiling for this special programme.

This specific section of Greek Company Law is not intended to deal with the reduction of shareholders' equity. Shares acquired should be sold back to investors through the stock market, or may be distributed to employees as part of a bonus programme within three years from the time of their acquisition. Only shares still held by the company after the three-year period expires must be cancelled, subject to a General Meeting approval.

At 10 November 2000, the shareholders approved a 3-for-10 bonus share issue, thereby increasing the total number of shares under this scheme from 6,500,000 to 8,450,000, and reducing the maximum price from Grd. 12,000 to Grd. 9,230 per share.

As at 31 December 2000, the company held 2,274,253 of its own shares representing 0.78% of the company's share capital. The shares were acquired at a total cost of Grd. 16,085 million and an average cost of Grd. 7,073 per share, and the market value stood at Grd. 16,148 million.

Share options

The Group offers share options to directors, executive management and employees. Movements in the number of share options outstanding are as follows:

	2000
Granted on 24 May 2000	560,000
Adjustment on 11 November 2000	168,000
Exercised on 19 December 2000	(546,000)
At 31 December 2000	182,000

420,000 options, at par, expiring on 31 December 2000, were granted on 24 May 2000. A further 140,000 options were granted on 24 May 2000 at a price of Grd. 6,000 per share, which may be exercised wholly or partly, at their owners' option, in December 2001, December 2002 or December 2003.

Following the 3 for 10 bonus share issue approved on 10 November 2000, the number of the above stock options increased to 546,000 and 182,000, respectively and, for the latter, the exercise price was amended to Grd. 4,615 per share.

Options exercised on 19 December 2000 resulted in 546,000 shares being issued at par, with proceeds totalling Grd. 464 million.

Currently, there are 182,000 options which may be exercised wholly or partly, at their owners' option, in December 2001, December 2002 or December 2003 at a price of Grd. 4,615 per share.

The directors propose to the forthcoming Annual General Meeting the issue of a further 355,200 options on the company's shares.

34. Geographical concentration

	Total assets Grd. m.	Total liabilities Grd. m.	Credit commitments Grd. m.	Capital expenditure Grd. m.
At 31 December 2000				
Geographical concentrations of assets, liabilities and off balance sheet items				
- Greece	**5,165,469**	**4,385,048**	**151,275**	**9,075**
- Other Western European countries	**475,507**	**570,324**	**117**	**0**
- Canada and USA	**80,136**	**12,969**	**0**	**0**
- Australasia	**3,723**	**2,248**	**0**	**0**
- South East Asia	**1,585**	**25**	**0**	**0**
- Other countries	**9,392**	**35,358**	**9**	**0**
	5,735,812	**5,005,972**	**151,401**	**9,075**
At 31 December 1999				
Geographical concentrations of assets, liabilities and off balance sheet items				
- Greece	4,574,728	3,906,592	330,693	305
- Other Western European countries	426,293	367,252	45,824	0
- Canada and USA	62,248	13,716	0	0
- Australasia	10,655	1,756	0	0
- South East Asia	13,353	10,976	0	0
- Other countries	7,225	54,441	3	0
	5,094,502	4,354,733	376,520	305

35. Operating lease commitments

	2000		**1999**	
	Land and buildings Grd. m.	**Furniture, equipment, vehicles Grd. m.**	Land and buildings Grd. m.	Furniture, equipment, vehicles Grd. m.
At 31 December commitments under non - cancellable operating leases were:				
Group				
Expiring:				
- within one year	**9,549**	**516**	7,932	344
- between one and five years	**28,204**	**1,231**	24,119	824
- in five years or more	**15,750**	**8**	11,264	0
	53,503	**1,755**	43,315	1,168
Company				
Expiring:				
- within one year	**9,404**	**502**	7,843	338
- between one and five years	**27,848**	**1,228**	23,819	811
- in five years or more	**15,489**	**1**	11,164	0
	52,741	**1,731**	42,826	1,149

36. Contingent liabilities and commitments

	2000			1999		
	Contract amount Grd. m.	Credit equivalent amount Grd. m.	Risk weighted amount Grd. m.	Contract amount Grd. m.	Credit equivalent amount Grd. m.	Risk weighted amount Grd. m
Group:						
Contingent liabilities:						
Guarantees etc.						
- guarantees and irrevocable L/Cs	**121,477**	**121,477**	**121,477**	479,406	359,390	359,390
- other guarantees	**374,822**	**29,924**	**29,924**	62,282	17,130	17,130
	496,299	**151,401**	**151,401**	541,688	376,520	376,520
Commitments:						
Documentary credits	**5,092**	**0**	**0**	2,732	0	0
Capital expenditure	**9,075**	**9,075**	**9,075**	305	305	305
Forward placements	**0**	**0**	**0**	3,189	638	638
	14,167	**9,075**	**9,075**	6,226	943	943
	510,466	**160,476**	**160,476**	547,914	377,463	377,463
Company:						
Contingent liabilities:						
Guarantees etc.						
- guarantees and irrevocable L/Cs	**359,158**	**359,158**	**359,158**	591,949	471,934	471,934
- other guarantees	**425,934**	**81,037**	**81,037**	62,282	17,130	17,130
	785,092	**440,195**	**440,195**	654,231	489,064	489,064
Commitments:						
Documentary credits	**5,092**	**0**	**0**	2732	0	0
Capital expenditure	**2,775**	**2,775**	**2,775**	305	305	305
Forward placements	**0**	**0**	**0**	3,189	638	638
	7,867	**2,775**	**2,775**	6,226	943	943
	792,959	**442,970**	**442,970**	660,457	490,007	490,007

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Notes:

a. Under the E.C. Solvency Ratio Directive, credit equivalent amounts, obtained by applying credit conversion factors, are risk weighted according to counterparty.

b. Letters of Guarantee granted to fellow subsidiaries total Grd. 3,577 million (1999: Grd. 3,633 million).

c. Letters of Guarantee granted to subsidiaries total Grd. 298,376 million (1999: Grd. 14,011 million).

d. Letters of Guarantee totalling Grd. 157,076 million, issued in favour of EFG Ora Funding Ltd., are unconditionally and irrevocably guaranteed by the ultimate parent company.

e. Tax audits: The company is undergoing a tax audit by the Greek tax authorities of the years 1997 until 30.6.1999 of former Cretabank SA and of years 1998 and 1999 of former Ergobank SA. Until such time as this audits have been completed the exact tax position of the company cannot be determined. Management do not anticipate significant additional liabilities to arise.

f. Litigation: The Group is a defendant in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the consolidated financial position of the company. In particular, on 15 September 1999, the Bank of Piraeus SA filed a lawsuit against former Ergobank S.A. and certain members of the Board of Directors claiming damages amounting to Grd. 200 billion plus interest accruing from the date of filing, for alleged breach of contract. The case was discussed before the Athens multimember Court of First Instance on 21 October 1999 which requested the examination of witnesses which is currently taking place. The management and its legal advisors believe that the outcome of this case will be in favour of the company or amounts that may ultimately be awarded, if any, will not be significant.

37. Business segments

The Group is organised into four main business segments:

- Retail banking - incorporating private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages, insurance and mutual fund products.
- Wholesale banking - incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products to corporate entities.
- Capital and money markets - incorporating investment banking services including structured financing, corporate leasing and merger and acquisitions advice, institutional asset management, financial instruments trading and institutional finance to corporate and institutional entities.
- Private banking - incorporating private banking services, including total wealth management, to medium and high net worth individuals.

Other operations of the Group comprise mainly investing activities and the management of unallocated capital.

Transactions between the business segments are on normal commercial terms and conditions.

	2000						
	Retail Banking Grd. m.	Wholesale Banking Grd. m.	Capital & Money Markets Grd. m.	Private Banking Grd. m.	Other Grd. m.	Unallocated/ Eliminations Grd. m.	Total Grd. m.
Operating Income	135,838	103,156	28,090	6,215	31,493	0	**304,792**
Operating expenses and provisions	(94,924)	(59,273)	(9,639)	(4,296)	(15,088)	(13,298)	**(196,518)**
Profit from operations	40,914	43,883	18,451	1,919	16,405	(13,298)	**108,274**
Income from associates	274	606	8,409	134	715	0	**10,138**
Goodwill					518		**518**
Profit before tax	**41,188**	**44,489**	**26,860**	**2,053**	**17,638**	**(13,298)**	**118,930**
Income tax expense							**(41,943)**
Group profit after tax							**76,987**
Minority interest							**(8,931)**
Net profit for the year							**68,056**
Segment assets	1,020,835	1,902,099	1,921,442	0	834,345	0	**5,678,721**
Associates	44	376	48,622	22	8,027	0	**57,091**
	1,020,879	1,902,475	1,970,064	22	842,372	0	**5,735,812**
Segment liabilities	2,194,773	520,396	1,495,268	624,682	170,853		**5,005,972**

	1999						
Operating income	104,421	92,332	82,362	5,319	31,267	0	315,701
Income from associates	2,405	431	16,674	213	436	0	20,159
	106,826	92,763	99,036	5,532	31,703	0	335,860
Operating expenses and provisions							(174,488)
							161,372
Goodwill impairment							(32,154)
Profit before tax							129,218

For 1999, former Ergobank's SA previously reported information has been reclassified to represent the same type of segment information as presented by EFG Eurobank SA. In 1999, beyond the revenue margin, the various activities of the company were managed as one segment and any further segmentations would result in the arbitrary allocation of expenses, assets and liabilities and would not give rise to meaningful information.

38. Use of financial instruments

By its nature the Group's activities are principally related to the use of financial instruments including derivatives. The Group accepts deposits from customers for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet claims that might fall due.

The Group also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standing. Such exposures involve not just on-balance sheet loans and advances but the Group also enters into guarantees and other commitments such as letters of credit.

The Group also trades in financial instruments where it takes positions in traded and over the counter instruments including derivatives to take advantage of short-term market movements in the equity and bond markets and in currency and interest rate prices. The Board places trading limits on the level of exposure that can be taken in relation to overnight and intra-day market positions as well as limits in longer durations. With the exception of specific hedging arrangements, foreign exchange and interest rate exposures associated with these derivatives are normally concluded to hedge outstanding positions, thereby controlling the variability in the net cash amounts required to offset market positions.

<u>Derivatives</u>

The Group maintains control limits on net open derivative positions, i.e. the difference between purchase and sale contracts, by both amount and term. At any one time the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e. assets), which in relation to derivatives is only a small fraction of the contract or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposure from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties. Further details of the Group's derivative instruments are provided in note 18.

<u>Master netting arrangements</u>

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period since it is affected by each transaction subject to the arrangement.

<u>Market risk</u>

The company takes on exposure to market risks. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. As of October 2000, the company applies a "value at risk" methodology to estimate the market risk of positions held and the potential economic loss based upon a number of assumptions for various changes in market conditions.

The daily market Value at Risk measure (VaR) is an estimate, with confidence level set at 95%, of the potential loss which might arise if the current positions were to be held for a 10-day horizon (holding period). The measurement is structured so that daily losses exceeding the VaR figure should not occur on average more than once every month. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/factors used in the VaR calculation.

Since VaR constitutes an integral part of the company market risk control regime, VaR limits are being established for all trading and portfolio operations; actual exposure is reviewed daily by management. Average daily VaR for the company in the last quarter of 2000 was Grd. 4 billion. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

The Group's credit risk, currency risk, interest rate risk and liquidity risk are discussed further in notes 19, 39, 40 and 41.

39. Currency Risk

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December. Included in the table are the Group's assets and liabilities at carrying amounts, categorised between local currency, Eurozone and other currencies.

	31 December 2000			
	Grd. m.			
	Grd.	Eurozone	Other	Total
Assets				
Cash and balances with central banks	**416,346**	**16,361**	**65,260**	**497,967**
Treasury bills and other eligible bills	**18,129**	**0**	**0**	**18,129**
Due from other banks	**228,466**	**54,062**	**207,707**	**490,235**
Trading securities	**543,797**	**78,345**	**10,596**	**632,738**
Derivative financial instruments	**70,858**	**1,440**	**4,815**	**77,113**
Loans and advances to customers	**1,544,610**	**625,572**	**699,625**	**2,869,807**
Available-for-sale investment securities	**199,620**	**80,148**	**162,489**	**442,257**
Other investment securities	**293,401**	**5,374**	**0**	**298,775**
Investments in associated undertakings	**57,091**	**0**	**0**	**57,091**
Fixed assets	**118,190**	**593**	**900**	**119,683**
Other assets	**199,686**	**8,502**	**23,829**	**232,017**
Total Assets	**3,690,194**	**870,397**	**1,175,221**	**5,735,812**
Liabilities				
Due to other banks	**68,063**	**23,190**	**68,725**	**159,978**
Derivative financial instruments	**106,522**	**1,761**	**4,502**	**112,785**
Due to customers	**2,846,006**	**260,141**	**1,405,103**	**4,511,250**
Other borrowed funds	**0**	**51,105**	**0**	**51,105**
Other liabilities	**142,642**	**6,397**	**21,815**	**170,854**
Total liabilities	**3,163,233**	**342,594**	**1,500,145**	**5,005,972**
Net balance sheet position	**526,961**	**527,803**	**(324,924)**	**729,840**
Contingent liabilities and commitments	276,925	189,348	44,193	510,466
Off balance sheet net notional position	49,245	(366,007)	301,768	(14,994)

	31 December 1999			
Assets				
Cash and balances with central banks	673,069	30,535	94,681	798,285
Treasury bills and other eligible bills	5,948	0	0	5,948
Due from other banks	207,736	48,883	223,762	480,381
Trading securities	244,574	83,355	24,695	352,624
Loans and advances to customers	1,209,781	238,643	706,945	2,155,369
Available-for-sale investment securities	251,703	23,767	54,503	329,973
Other investment securities	495,665	48,733	60,303	604,701
Investments in associated undertakings	38,181	51	0	38,232
Fixed assets	74,867	467	957	76,291
Other assets	233,749	5,220	13,729	252,698
Total Assets	3,435,273	479,654	1,179,575	5,094,502
Liabilities				
Due to other banks	45,867	44,453	181,939	272,259
Due to customers	2,922,209	168,713	776,347	3,867,269
Other borrowed funds	0	0	1,971	1,971
Other liabilities	202,178	3,786	7,270	213,234
Total liabilities	3,170,254	216,952	967,527	4,354,733
Net balance sheet position	265,019	262,702	212,048	739,769
Contingent liabilities and commitments	361,568	46,149	140,197	547,914
Off balance sheet notional amounts	1,101,312	386,854	1,380,862	2,869,028

In 1999, the off balance sheet notional amounts were not netted off.

40. Interest Rate Risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored on a daily basis.

The table below summarises the Group's exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	31 December 2000					
	Up to 3 months Grd. m.	3 - 12 months Grd. m.	1 - 5 years Grd. m.	Over 5 years Grd. m.	Non-interest bearing Grd. m.	Total Grd. m.
Assets						
Cash and balances with central banks	497,965	0	0	0	2	**497,967**
Treasury billis and other eligible bills	18,129	0	0	0	0	**18,129**
Due from other banks	460,396	29,830	9	0	0	**490,235**
Trading securities	85,607	106,068	151,032	276,884	13,147	**632,738**
Loans and advances to customers	2,453,651	192,527	196,880	26,749	0	**2,869,807**
Available-for-sale investment securities	143,722	58,347	108,610	40,558	91,020	**442,257**
Other investment securities	0	0	236,263	62,512	0	**298,775**
Derivative financial instruments	0	0	0	0	77,113	**77,113**
Investments in associated undertakings	0	0	0	0	57,091	**57,091**
Fixed assets	0	0	0	0	119,683	**119,683**
Other assets	0	0	0	0	232,017	**232,017**
Total Assets	**3,659,470**	**386,772**	**692,794**	**406,703**	**590,073**	**5,735,812**
Liabilities						
Due to other banks	142,981	11,361	5,636	0	0	**159,978**
Derivative financial instruments	0	0	0	0	112,785	**112,785**
Due to customers	4,356,759	91,962	62,529	0	0	**4,511,250**
Other borrowed funds	0	0	0	51,105	0	**51,105**
Other liabilities	0	222	0	0	170,632	**170,854**
Total liabilities	**4,499,740**	**103,545**	**68,165**	**51,105**	**283,417**	**5,005,972**
On balance sheet interest sensitivity gap	**(840,270)**	**283,227**	**624,629**	**355,598**	**306,656**	**729,840**
Off balance sheet interest sensitivity gap	**173,483**	**38,014**	**(158,246)**	**(42,844)**		

	31 December 1999					
Assets						
Cash and balances with central banks	793,672	4,613	0	0	0	798,285
Treasury billis and other eligible bills	2,531	3,417	0	0	0	5,948
Due from other banks	436,671	43,710	0	0	0	480,381
Trading securities	97,457	120,573	58,628	59,850	16,116	352,624
Loans and advances to customers	1,656,565	104,436	319,246	75,122	0	2,155,369
Available-for-sale investment securities	137,308	84,626	47,095	3,409	57,535	329,973
Other investment securities	14,940	87,073	260,727	226,114	15,847	604,701
Investments in associated undertakings	0	0	0	0	38,232	38,232
Fixed assets	0	0	0	0	76,291	76,291
Other assets	6,688	0	3,313	0	242,697	252,698
Total Assets	3,145,832	448,448	689,009	364,495	446,718	5,094,502
Liabilities						
Due to other banks	214,110	56,114	2,035	0	0	272,259
Due to customers	3,811,451	55,789	29	0	0	3,867,269
Other borrowed funds	1,971	0	0	0	0	1,971
Other liabilities	0	0	0	0	213,234	213,234
Total liabilities	4,027,532	111,903	2,064	0	213,234	4,354,733
On balance sheet interest sensitivity gap	(881,700)	(336,545)	686,945	364,495	233,484	739,769
Off balance sheet interest sensitivity gap	310,502	(142,397)	(39,295)	(40,188)		

41.Maturity of assets and liabilities

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivatives. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum proportion of maturing funds available to meet such calls.
The table below analyses assets and liabilities of the Group into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

	31 December 2000					
	Up to 1 month Grd. m.	1-3 months Grd. m.	3 - 12 months Grd. m.	1 - 5 years Grd. m.	Over 5 years Grd. m.	Total Grd. m.
Assets						
Cash and balances with central banks	252,237	0	82,289	163,441	0	**497,967**
Treasury billis and other eligible bills	0	18,129	0	0	0	**18,129**
Due from other banks	418,481	23,830	44,567	3,357	0	**490,235**
Trading securities	16,923	56	16,644	304,831	294,284	**632,738**
Loans and advances to customers	940,779	621,888	519,633	460,401	327,106	**2,869,807**
Available-for-sale investment securities	12,224	10,421	64,680	245,178	109,754	**442,257**
Other investment securities	0	0	0	249,958	48,817	**298,775**
Derivative financial instruments	30,137	7,108	1,173	31,762	6,933	**77,113**
Investments in associated undertakings	0	0	0	0	57,091	**57,091**
Fixed assets	0	0	0	0	119,683	**119,683**
Other assets	62,416	39,621	44,279	75,877	9,824	**232,017**
Total Assets	**1,733,197**	**721,053**	**773,265**	**1,534,805**	**973,492**	**5,735,812**
Liabilities						
Due to other banks	71,965	67,561	18,258	2,194	0	**159,978**
Derivative financial instruments	42,758	11,757	3,620	37,307	17,343	**112,785**
Due to customers	3,881,881	524,195	91,771	13,403	0	**4,511,250**
Other borrowed funds	0	0	0	51,105	0	**51,105**
Other liabilities	92,060	14,232	40,910	20,486	3,166	**170,854**
Total liabilities	**4,088,664**	**617,745**	**154,559**	**124,495**	**20,509**	**5,005,972**
Net liquidity gap	**(2,355,467)**	**103,308**	**618,706**	**1,410,310**	**952,983**	**729,840**

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.
The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.
Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement.

42. Fair values of financial assets and liabilities

Except for other investment securities (see Note 22), due to the fact that the majority of the bank's financial assets and liabilities are at floating rates of interest which reprice at frequent intervals, or are at fixed rates of interest but with short maturity dates, the fair values of financial assets and liabilities approximate their carrying amounts and no significant differences accrue.

43. Post Balance Sheet events

For significant post balance sheet events refer to the following notes:
Note 23: Shares in subsidiary undertakings

44. Ultimate parent company and controlling party

The ultimate parent company is EFG Bank European Financial Group, a bank incorporated in Switzerland, and a member of the EFG Bank Group. The EFG Bank Group holds 44% (at 31.12.1999: 45%) of the company's share capital. All the voting power at general meetings of EFG Bank European Financial Group is held by Latsis family interests.

45. Other significant shareholders

Other than the EFG Bank Group, the only shareholder holding more than 5% of the company's share capital is Deutsche Bank AG, which holds 10% (1999: 8%).

46. Related Party transactions

For significant related party transactions refer to the following notes:

Note 2 - Merger of EFG Eurobank SA and Ergobank SA
Note 3 - Acquisition of Bank of Crete SA (Cretabank)
Note 16 - Due from other banks
Note 18 - Derivative Financial Instruments
Note 19 - Loans and advances to customers
Note 23 - Shares in subsidiary undertakings
Note 27 - Due to other banks
Note 28 - Due to customers
Note 33 - Called up share capital, share premium and treasury shares
Note 36 - Contingent liabilities and commitments

In 2000 the total remuneration of the directors was Grd. 1,926 million. In addition, following the Annual General Meeting's approval on 24 May 2000, 305,406 share options were issued and distributed to the directors, of which 187,782 were exercised at par, in December 2000. In 1999 the total remuneration of the directors was Grd. 898 million. In addition, on 29 June 1999 the Annual General Meeting of former EFG Eurobank SA approved the issue and distribution of shares of total nominal value of Grd. 36 million to the executive directors, by capitalising retained earnings.

As at 31.12.2000, the executive directors held 332,924 shares, being 0.11% of the company's share capital (1999: 130,636 shares) and 117,624 share options (1999: nil) in the company. Respectively, non-executive directors held 564,590 shares being 0.19% of the company's share capital (1999: 66,921 shares).

At 31 December 2000, the total balance outstanding for loans granted to the company's directors amounts to Grd. 523 million (1999: 7 million).

47. Board of Directors

The Board of Directors of former Ergobank SA was, as at 31 December 1999, as follows:

X. C. Nickitas	Chairman
S. P. Fafalios	Vice Chairman
P. Lambropoulos	Vice Chairman
A. Bibas	Managing Director
M. Damanakis	Executive *(resigned 13 March 2000, N. Katsantonis appointed)*
K. Vassilakopoulos	Executive *(resigned 21 January 2000, E. L. Bussetil appointed)*
M. Papastamou	Non - Executive *(resigned 21 January 2000, Dr. P.P. Petalas appointed)*
D. G. Pateras	Non - Executive
G. Vassilopoulos	Non - Executive

The Board of Directors of former EFG Eurobank SA was, as at 31 December 1999, as follows:

G. C. Gondicas	Chairman
Miss A.M.L. J. Latsis	Deputy Chairman
N. C. Nanopoulos	Managing Director
B. N. Ballis	Executive
C. H. Georgakopoulos	Executive
N. B. Karamouzis	Executive
H. M. Kyrkos	Executive
C. G. Sorotos	Executive
F. S. Antonatos	Non-Executive
E. L. Bussetil	Non-Executive
L. D. Efraimoglou	Non-Executive
Dr. T. von Heydebreck	Non-Executive
Dr. S. J. Latsis	Non-Executive
Dr. B. A. von Maltzan	Non-Executive
Dr. P. P. Petalas	Non-Executive

Following the approval of the merger by the absorbing bank's Extraordinary General Meeting on 14 July 2000, the merged bank's Board of Directors was as follows:

X. C. Nickitas	Chairman
G. C. Gondicas	Honorary Chairman
Miss A.M.L. J. Latsis	Vice Chairman
L. D. Efraimoglou	*(appointed 2nd Vice Chairman on 7 September 2000)*
N. C. Nanopoulos	Chief Executive Officer
B. N. Ballis	Deputy Chief Executive Officer
N. B. Karamouzis	Deputy Chief Executive Officer
H. M. Kyrkos	Executive
K. J. Nasikas	Executive
S. G. Papaderos	Executive
N. C. Pavlidis	Executive
C. G. Sorotos	Executive *(resigned 12 October 2000)*
F. S. Antonatos	Non Executive
A. G. Bibas	Non Executive
E. L. Bussetil	Non Executive
S. P. Fafalios	Non Executive
Dr. T. von Heydebreck	Non Executive
Dr. S. J. Latsis	Non Executive
Dr. B. A. von Maltzan	Non Executive
Dr. P. P. Petalas	Non Executive

On 12 October 2000, Mr P. Lambropoulos was appointed to the Board.

EFG Eurobank Ergasias S.A.

Consolidated Balance Sheet and P&L under Greek GAAP

31 DECEMBER 2000

Incorporated in Greece
Company registration No: 6068/06/B/607

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EFG EUROBANK ERGASIAS S.A.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2000 - REG. No. 6068/06/B/607

ASSETS	Amounts in Grd. m.				Amounts in Euro m.	
	2000		1999		2000	1999
1. Cash in hand, balances with central banks		**532,083**		526,766	**1,562**	1,546
2. Treasury bills and other bills eligible for refinancing with central banks						
(a) Treasury bills and similar securities		**18,129**		261,873	**53**	769
3. Loans and advances to credit institutions:						
(a) Repayable on demand	**37,037**		52,147		**109**	153
(b) Other loans and advances	**432,980**		688,095		**1,271**	2,019
		470,017		740,242	**1,379**	2,172
4. Loans and advances to customers	**2,870,565**		2,182,029		**8,424**	6,404
Less: Provisions for doubtful debts	**(97,417)**		(108,345)		**(286)**	(318)
		2,773,148		2,073,684	**8,138**	6,086
5. Debt securities including fixed-income securities						
(a) Issued by Government	**1,134,043**		822,678		**3,328**	2,414
(b) Issued by other borrowers	**99,419**		99,968		**292**	293
		1,233,462		922,646	**3,620**	2,708
6. Shares and other variable-yield securities		**105,217**		111,992	**309**	329
7. Participations in non-affiliated undertakings		**12,992**		4,107	**38**	12
8. Participations in affiliated undertakings		**272**		2,499	**1**	7
8a. Investments in associated undertakings		**53,243**		33,052	**156**	97
9. Intangible assets						
(c) Other intangible assets	**33,933**		21,268		**100**	62
Less: Amortisation of intangible assets	**(17,595)**		(11,545)		**(52)**	(34)
		16,338		9,723	**48**	29
10. Tangible assets						
(a) Land	**22,978**		11,610		**67**	34
(b) Buildings	**95,881**		55,813		**281**	164
Less: Depreciation of Buildings	**(28,423)**		(20,817)		**(83)**	(61)
(c) Furniture, electronic & other equipment	**155,981**		50,699		**458**	149
Less: Depreciation of furniture, electronic & other equipment	**(67,144)**		(23,659)		**(197)**	(69)
(d) Other tangible assets	**833**		56,943		**2**	167
Less: Depreciation of other tangible assets	**(292)**		(22,001)		**(1)**	(65)
(e) Fixed assets under construction	**30,077**		18,636		**88**	55
		209,891		127,224	**616**	373
12. Own shares		**21,966**		3,168	**64**	9
13. Other assets		**110,356**		78,436	**324**	230
14. Prepayments and accrued income		**131,477**		150,990	**386**	443
TOTAL ASSETS		**5,688,591**		5,046,402	**16,694**	14,810

Notes to the Consolidated Accounts: 1. On September 7th 2000, the merger with Ergobank SA by absorption was concluded based on balance sheets as at 31.12.99 and on the same date the absorbing EFG Eurobank SA was renamed to EFG Eurobank Ergasias SA. The Balance Sheet, Income Statement and Appropriation Account figures referring to 1999, are derived from the pro forma consolidation of the 1999 figures of EFG Eurobank SA and Ergobank SA. For comparability purposes some of the 1999 Income Statement figures have been restated. In particular, a total amount of Grd. 86,531 mil., relating to income from participations in the merged banks and related enterprises, was transferred from the "Total Operating Income'' to "Extraordinary Revenue, Expenses and Results". **2.** On October 4th 1999, the merger with Cretabank by absorption was concluded based on balance sheets as at 30.6.99. As a consequence the 1999 pro forma figures do not include the results of Cretabank for the first semester 1999. **3.** The consolidated financial statements include apart from EFG Eurobank Ergasias the following companies: EFG Private Bank (Luxembourg) S.A., EFG Finance S.A., Eurobank Cards S.A., Ergoleasing S.A., EFG Eurobank Leasing S.A., EFG Eurobank Properties S.A., EFG Mutual Funds Management Company S.A., Ergo Mutual Funds Management Company S.A., EFG Insurance Services S.A., EFG Hellas PLC, EFG Eurobank Securities S.A., EFG Factors S.A., Ergosecurities S.A., EFG Insurance S.A., EFG Life Insurance S.A., Development Fund S.A., EFG Business Services S.A., First Direct S.A:, The Greek Progress Fund S.A., Ergofinance S.A., Autorental S.A., Ergoinsurance Agency S.A., Ergobank International (C.I) Ltd., with full consolidation of their figures. The consolidated financial statements also include: Alico Eurobank Mutual Funds Management Company S.A., Tefin S.A., Unit Bank S.A., Ergo Investment S.A., Ergo Business Consultants S.A., which have been accounted for on an equity basis. **4.** On 27.01.2000, the Extraordinary General Meeting of the former Ergobank, approved a share capital increase of Grd. 544.5 m., by issuing 544,500 new shares with a nominal value of Grd. 1,000 each, through capitalisation of retained earnings which had been approved at previous Ordinary General Meetings for distribution to staff. On 12.07.2000, the Extraordinary General Meeting approved a share capital increase of Grd. 2,031 m., for rounding purposes, which was covered by transfers from the Share Premium Reserve. On 10.11.2000, the Extraordinary General Meeting of EFG Eurobank Ergasias decided: (a) a share capital increase of Grd. 60,561 m., with the increase of the nominal share value from GRD 850 to Grd. 1,057, which was covered by transfer from the Share Premium Reserve (b) a share capital reduction of Grd. 60,561 m., by a decrease of the nominal share value from Grd. 1,057 to Grd. 850, which was used to cover the balance of losses carried forward, (c) a share capital increase of Grd. 57,367 and the bonus distribution to shareholders of three new shares for ten old shares. This increase was covered by a transfer form the Share Premium Reserve. On 20.12.2000, the Board of Directors of EFG Eurobank Ergasias approved a share capital increase of Grd. 464 m. by issuing 546,000 new shares allocated to staff entitled to stock options, as approved by the Annual General Meeting of 24.05.2000, which were exercised and fully paid in cash. **5.** On 15.09.2000 the Bank of Piraeus S.A. filed a lawsuit against former Ergobank S.A. and certain members of the Board of Directors claiming damages amounting to Grd. 200 billion plus interest accruing from the date of filing (15.9.2000), for alleged breach of contract. The case was discussed before the Athens multimember Court of First Instance on 21.10.1999 which requested the examination of witnesses which is currently taking place. The management and its legal advisors believe that the outcome of this case will be in favour of the company or amounts that may ultimately be awarded, if any, will not be significant. **6.** In the previous accounting period the Bank calculated in accordance with International Accounting Standards a deferred tax asset on certain accounting timing differences of Grd. 15,564 m., which is included in "Prepaid Expenses and Accrued Income", resulting in an equivalent increase in the net asset position of the Bank. More specifically, a reserve has been created, which will be offset against income tax of future accounting periods, when temporary differences are settled. The calculation of deferred tax in the current accounting period does not have a material effect. **7.** The valuation of the subsidiaries' securities portfolios at the end of the accounting period gave rise to a valuation difference of Grd. 25.8 billion, of which Grd. 8.5 billion are attributable to the Group. The Group's share of the valuation difference arising from the valuation of the associated companies' securities portfolios amounted to Grd. 28.6 billion, decreased the net asset position of the Group, without affecting the current period's results. **8.** The fixed assets of the Bank are free of charges or encumbrances. **9.** The total number of employees as at 31/12/2000 was 8,293. **10.** Pursuant to the provisions of Law 2065/92, property owned by the Bank and accumulated depreciation were revalued as at 31/12/2000. The revaluation resulted in an increase of the carrying value of land and buildings and of accumulated depreciation by Grd. 3,274 m. and Grd. 599 m. respectively. The resulting gain, net of depreciation, amounting to Grd. 2,675 m., was transferred to a special fixed asset revaluation reserve. The depreciation for the year 2000 was calculated on the revalued amount, in accordance to the above mentioned law, and gave rise to an additional depreciation charge of Grd. 67 m. **11.** Purely for the convenience of the reader the balance sheets and profit and loss accounts of 1999 and 2000 have also been presented in Euro, using a fixed rate of exchange of Grd. 340.75.

LIABILITIES

	Amounts in Grd. m. 2000		Amounts in Grd. m. 1999		Amounts in Euro m. 2000	Amounts in Euro m. 1999
1. Due to credit institutions						
(a) Repayable on demand	**63,705**		19,231		**187**	56
(b) Time and at notice	**384,875**		181,303		**1,129**	532
		448,580		200,534	**1,316**	589
2. Due to customers						
(a) Deposits	**3,043,214**		2,998,057		**8,931**	8,798
(b) Other liabilities						
ba. Repayable on demand	**85,133**		78,914		**250**	232
bc. Repurchase agreements (repos)	**1,151,720**		772,035		**3,380**	2,266
		4,280,067		3,849,006	**12,561**	11,296
4. Other liabilities		**166,709**		167,048	**489**	490
5. Accruals and deferred income		**88,548**		128,237	**260**	376
6. Provisions for liabilities and charges						
(a) Provisions for staff pensions and similar obligations	**6,037**		6,423		**18**	19
(c) Other provisions	**2,055**		2,656		**6**	8
		8,092		9,079	**24**	27
6a. Provisions for general banking risks		**2,899**		1,842	**9**	5
7. Subordinated debt		**-**		1,971	**-**	6
EQUITY						
8. Paid-up capital	**249,056**		147,920		**731**	434
(293,007,590 shares at Grd. 850 each)						
9. Share premium account	**134,156**		293,756		**394**	862
10. Reserves						
(a) Statutory reserve	**21,910**		18,784		**64**	55
(b) Extraordinary reserves	**69,710**		77,512		**205**	227
(c) Special reserves	**119,282**		96,220		**350**	282
11. Fixed asset revaluation reserve	**3,256**		341		**10**	1
12. Retained earnings	**9,365**		(28,910)		**27**	(85)
13. Profits of previous fiscal years for capitalisation	**-**		1,634		**-**	5
Consolidation differences	**(119)**		(722)		**0**	(2)
		606,616		606,535	**1,780**	1,780
Minority interests		**87,080**		82,150	**256**	241
TOTAL LIABILITIES		**5,688,591**		5,046,402	**16,694**	14,810

OFF BALANCE SHEET ITEMS

	Amounts in Grd. m. 2000		Amounts in Grd. m. 1999		Amounts in Euro m. 2000	Amounts in Euro m. 1999
1. Contingent liabilities from guarantees to third parties		**534,915**		555,354	**1,570**	1,630
3. Other off balance sheet items						
(a) Items in custody and safekeeping	**10,869,167**		9,084,840		**31,898**	26,661
(b) Commitments from bilateral contracts	**3,522,510**		3,050,138		**10,338**	8,951
(c) Credit memo accounts	**3,269,468**		2,778,406		**9,595**	8,154
		17,661,145		14,913,384	**51,830**	43,766
TOTAL OFF BALANCE SHEET ITEMS		**18,196,060**		15,468,738	**53,400**	45,396

PROFIT AND LOSS ACCOUNT AT DECEMBER 31, 2000

	Amounts in Grd. m.				Amounts in Euro m.	
	2000		1999		2000	1999
1. Interest receivable and similar income :						
- Interest income from fixed-income securities	**101,584**		72,393		**298**	212
- Other interest and similar income	**436,406**		353,153		**1,281**	1,036
		537,990		425,546	**1,579**	1,249
2. Interest payable and similar charges		**(350,240)**		(279,997)	**(1,028)**	(822)
		187,750		145,549	**551**	427
3. Income from securities:						
(a) Income from shares and other variable-yield securities	**6.948**		2,563		**20**	8
(b) Income from participating interests	**334**		90		**1**	0
(c) Income from shares in affiliated undertakings	**10,046**		8,259		**29**	24
		17,328		10,912	**51**	32
4. Commissions receivable	**107,670**		109,444		**316**	321
5. Commissions payable	**(13,453)**		(6,665)		**(39)**	(20)
		94,217		102,779	**276**	302
6. Net profit on financial operations		**13,283**		37,907	**39**	111
7. Other operating income		**32,809**		22,639	**96**	66
TOTAL OPERATING INCOME		**345,387**		319,786	**1,014**	938
8. General administrative expenses :						
(a) Staff costs						
- Wages and salaries	**(62,323)**		(46,484)		**(183)**	(136)
- Social security costs	**(14,739)**		(10,339)		**(43)**	(30)
- Other charges	**(5,403)**		(4,792)		**(16)**	(14)
(b) Other administrative expenses	**(60,801)**		(51,193)		**(178)**	(150)
		(143,266)		(112,808)	**(420)**	(331)
9. Fixed assets depreciation and valuation		**(43,406)**		(30,262)	**(127)**	(89)
10. Other operating expenses		**(4,736)**		(4,254)	**(14)**	(12)
11,12. Provisions for loans and advances and contingent liabilities and commitments		**(25,969)**		(27,002)	**(76)**	(79)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		**128,010**		145,460	**376**	427
15,16,17. Extraordinary income, expenses and profit		**3,140**		27,546	**9**	81
18. PROFIT BEFORE TAX		**131,150**		173,006	**385**	508
Minority Rights		**(11,619)**		(19,085)	**(34)**	(56)
GROUP PROFIT ON ORDINARY ACTIVITIES (BEFORE TAX)		**119,531**		153,921	**351**	452

APPROPRIATION ACCOUNT

	Amounts in Grd. m.		Amounts in Euro m.	
	2000	1999	2000	1999
NET PROFIT	**131,150**	173,006	**385**	508
Income Tax	**(36,264)**	**(44,216)**	**(106)**	(130)
Differences resulting from Tax Audit	**(3,096)**	(6,503)	**(9)**	(19)
PROFIT AFTER TAX	**91,790**	122,287	**269**	359
Minority interests	**(10,783)**	(18,422)	**(32)**	(54)
GROUP NET PROFIT AFTER TAX	**81,007**	103,865	**238**	305
Prior years' retained earnings brought forward	**31,652**	10,342	**93**	30
Losses resulting from the valuation of securities	**(28,652)**	-	**(84)**	-
Distributable Reserves	**19,045**	10,319	**56**	30
"Deferred„ income tax	**0**	15,564	**0**	46
Distributable Reserves	**103,052**	140,090	**302**	411
Appropriation of profits				
Statutory Reserve	**3,126**	3,449	**9**	10
"Deferred„ income tax Reserve	**0**	15,564	**0**	46
Dividend of Grd. 180 per share	**52,741**	45,203	**155**	133
Extraordinary reserves	**11,246**	7,792	**33**	23
Special Law reserves	**6,989**	92,320	**21**	271
Own equity reserve	**16,085**	-	**47**	0
Distribution of profit to staff	**3,018**	4,607	**9**	14
Distribution of free shares to staff	**482**	-	**1**	0
Board of Directors' fees	**-**	65	**0**	0
Earnings carried forward	**9,365**	(28,910)	**27**	(85)
	103,052	140,090	**302**	411

Athens, February 22, 2001

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE ASSISTANT GENERAL MANAGER	THE CHIEF ACCOUNTANT
Xenophon C. Nickitas	**Nicholas C. Nanopoulos**	**Paula N. Hadjisotiriou**	**Constantinos G. Attilacos**

AUDIT REPORT
To the Shareholders of EFG Eurobank Ergasias SA

We have audited the above consolidated Financial Statements and the related Consolidated Attachment of EFG Eurobank Ergasias SA for the year ended 31 December 2000. Our audit was conducted in accordance with the provisions of article 108 of the Companies Act 2190/1920 and the auditing procedures which we considered appropriate based on the auditing standards and principles adopted by the Institute of Certified Auditors/Accountants in Greece. The books and records of the companies included in the consolidation were made available to us and we obtained the relevant information and explanations which we required for the purposes of our audit. There were no changes in the valuation methods used compared to those used in the preceding year other than the matter referred to in Note 10 to the consolidated balance sheet. We have confirmed that the content of the Directors Report to the Annual General Meeting of the shareholders is in agreement with the related Financial Statements. The Consolidated Attachment discloses the information required by Article 130 and the relevant provisions of the Companies Act 2190/1920. In our opinion, except for the effect of the matters referred to in Notes 6 and 7 to the consolidated balance sheet, the above Consolidated Financial Statements, which have been prepared in accordance with the relevant provisions of Company Law 2190/1920, present together with the Attachment the assets, liabilities and financial position of the Company as at 31 December 2000, as well as the results of operations for the year then ended, in conformity with prevailing legislation and generally accepted accounting principles applied on a consistent basis with the preceding year.

Athens, 27 February 2001

The Certified Auditors / Accountants

PRICEWATERHOUSECOOPERS

C. Cotsilinis
SOEL Reg. No 12711

L. Scaramanga
SOEL Reg. No 12221

Note on principal differences between IAS and statutory financial statements

The bank prepares financial statements in accordance with Greek statutory requirements. In addition, financial statements are also prepared in accordance with International Accounting Standards (‘IAS’). The bank has endeavored to harmonize, wherever possible, its Greek accounting policies (GAS) with IAS and therefore to minimize differences between its net assets as reported under IAS with those reported for Greek statutory purposes. Inevitably, however, there are differences in the presentation of the financial information as well as in the required level of disclosure. In addition, certain differences remain in the accounting policies and valuation methods applied. The most significant differences are as follows:

1. Dividends

Under GAS, dividends are provided in the period out of which the dividend is proposed, whereas under IAS dividends are accounted for in the period they are paid or ratified by shareholders.

2. Treasury shares

Under IAS treasury shares are deducted from equity whereas under GAS, treasury shares are shown as a separate category of assets on the balance sheet.

3. Distribution of profit to staff and Directors

Under IAS, these are shown as an appropriation of profits whereas under IAS all such items are treated as expenses and deducted from the profit of the year.

4. Leasing

Under IAS, leasing loans are treated as financial leases, whereas under GAS, leasing loans are included in fixed assets, which are depreciated, and leasing income is classified under “other income”.

5. Gains from debt securities

Under IAS, gains are classified under trading gain (if they relate to the trading portfolio), or under gains from other investments, whereas under GAS they are included in interest income.

6. Fair values of listed securities

Under IAS, fair values for listed securities are based on closing year end prices whereas under GAS, prices are based on the average value for the month of December.

7. Forward purchases and sales of securities

Under IAS, these are accounted for on the trade date, and the resulting amount due to / from client or banks are shown, until they are settled, as “settlement balances with clients / banks”. Under GAS, these are accounted for on the settlement date and, until then, are included in the off balance sheet accounts.

8. IAS 39 - Financial instruments

With effect from 1 January 2000, the bank has adopted the provisions of IAS 39 in the preparation of its IAS financial statements which has impacted on the classification and valuation of derivative financial instruments, securities, loans and advances, and deferred tax.

8.1 Derivative financial instruments

Following the implementation of IAS 39, the bank as at 31 December 2000, has treated all derivative financial instruments, including instruments which are used for hedging purposes, as trading and these are reflected on the balance sheet at fair values. Under GAS derivative instruments are included in the off-balance sheet accounts, and those used for hedging purposes are accounted for using accruals accounting over the duration of the instrument.

8.2. Interest income from held to maturity and available for sale securities

Under IAS 39, nominal / interest and discount / premium are amortised using the effective yield method rather than the straight line basis used under GAS.

8.3 Available for sale debt securities

Under IAS 39 available for sale debt securities are carried at fair value and any fair value differences arising in the year are taken to a special reserve within equity, whereas under GAS, debt securities portfolio is carried at the lower of cost or market value.

AUDIT AND SUPERVISION

The Bank of Greece regulates EFG Eurobank Ergasias SA, (the Bank) as a credit institution. Moreover, the Bank, being a member of the EFG Bank Group, is indirectly regulated by the Swiss Federal Banking Commission (SFBC), that regulates EFG Bank Group at all levels. The Bank as a listed entity is also under the supervision of the Capital Markets Commission and the Athens Stock Exchange.

EXTERNAL AUDITORS

The Bank is audited by external auditors, in accordance to Greek Company Law. The financial statements of the fiscal year 2000 of EFG Eurobank Ergasias SA were audited by PricewaterhouseCoopers SA (auditors: Mr C. Cotsilinis, Mrs L. Scaramanga).

INTERNAL AUDITORS

According to Greek Company Law, internal supervisory bodies are the Internal Audit Division, the Audit Committee, and the Compliance Officer of the Bank.

EFG EUROBANK ERGASIAS

EFG Eurobank Ergasias

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Design and layout by TRADELINK. Separations and printing by EPIPHANIA.