EFG Eurobank Ergasias

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PRESS RELEASE

FY 2001 RESULTS

(According to International Accounting Standards)

Significant growth in loans (27%) and deposits (14%)

Rise in operating income (5%) and net profit (3%)

Dividend of € 0.53 per share

- ***EFG Eurobank Ergasias*** *announces consolidated financial results for the fiscal year 2001 under International Accounting Standards (IAS) and Greek Accounting Standards (GAS). Reported figures do not include TELESIS INVESTMENT BANK, the merger with which will be completed in the immediate future. Completion of the merger will allow reporting of consolidated results of the* ***merged entity*** *for fiscal year 2001.*
- *There are marginal differences in year 2001 figures under IAS and GAS. In year 2000 such differences were more material and were, among others, due to differences in the consolidation of the former Bank of Crete and in the valuation of the trading portfolio, including derivatives.*
- *All figures and growth rates mentioned below are under* ***IAS****, which better reflect the Group's financial condition.*

In the financial year 2001, **consolidated net profit after tax and minorities** increased by 3% and reached € 206 million, compared to € 200 million in 2000. **Profit before tax attributable to the shareholders** of **EFG Eurobank Ergasias** increased marginally to € 322 million, from € 320 million in 2000.

EFG Eurobank Ergasias' focus on organic growth is reflected in strong business volume growth rates and sustained high net interest margin, against a backdrop of intense competition. Moreover, commission and fee income recovered significantly in the second half of 2001, in spite of the adverse market conditions. EFG Eurobank Ergasias has already undertaken substantial initiatives to enhance organic revenues and profitability through:

- continuous increase in sales and expansion of services offered
- exploitation of the group's cross-selling potential
- cost containment
- improvement in service quality
- regional expansion

EFG Eurobank Ergasias consistently strives to offer value-added services to retail and corporate clients.

EVOLUTION OF KEY FIGURES IN 2001

Total Assets increased by 13% to € 19.0 billion, from € 16.8 billion, reflecting continuous robust growth in business volumes. The increase is mainly attributable to the **significant growth of 27% in Loans**, which reached € 10.6 billion, from € 8.3 billion in 2000, and to **the 14% increase in Customer Deposits (including repos)**, which reached € 15.0 billion, from € 13.2 billion at the end of 2000.

Loans: increased by 27%

The y-o-y loan growth rate of EFG Eurobank Ergasias remains one of the fastest in the market, reflecting market share gains, **while in absolute terms the Group's loan increase (€ 2.3 billion) is the highest in the Greek banking system**. Retail lending in particular increased 43%, reaching € 4.6 billion from € 3.2 billion in 2000. The continuous rapid growth of the retail loan portfolio has resulted in the further shift of the total loan mix towards retail, which accounted for **42%** of the total loan portfolio at the end of 2001, as opposed to **38%** at the end of 2000. Total loans and advances to clients represented 56% of total assets and 71% of customer deposits (84% excluding repos).

Amounts in € billion	**2000**	**2001**	**% change**
Retail Lending	3.2	4.6	43%
Business Lending	5.4	6.3	17%
TOTAL LENDING	8.6	10.9	27%

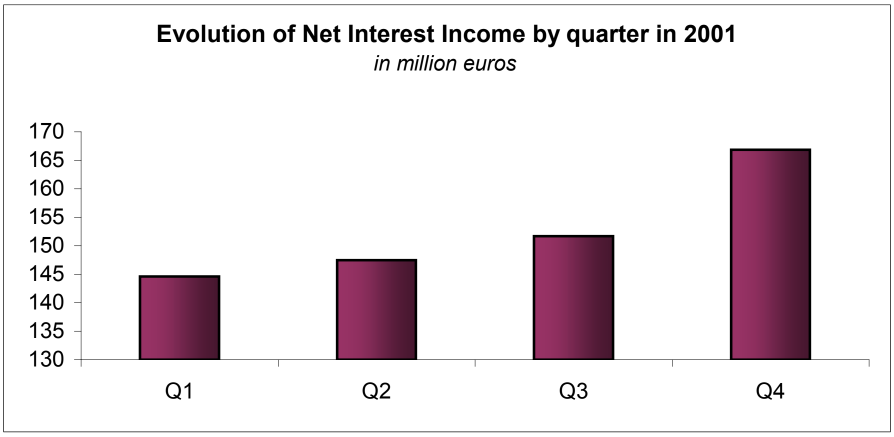
Customer Deposits: increased by 29%

Customer Deposits (excluding Repos) exhibited the highest growth in the Greek market, rising by 29% reaching a total of € 12.7 billion, from € 9.9 billion in 2000. In December, a substantial amount of customer funds was transferred from Repos to Money Market Mutual Funds, in view of the imminent taxation on interest from Repos. This development temporarily contained total balance sheet figures. This trend is being partially reversed at the beginning of 2002. At the end of December 2001, **total deposits (including Repos)**, increased by **14%** compared to the previous fiscal year, reaching € 15.0 billion, of which € 2.3 billion represents Repos. Total Assets Under Management, at current prices, rose by 7% and amounted to € 21 billion. This increase was achieved despite the further significant drop in the value of clients' domestic equity portfolios in 2001.

Amounts in € billion	**2000**	**2001**	**% change**
Savings	3.9	4.4	15%
Other	6.0	8.2	38%
Repos	3.4	2.3	(31%)
TOTAL DEPOSITS	13.2	15.0	14%

Net Interest Income: increased by 21%

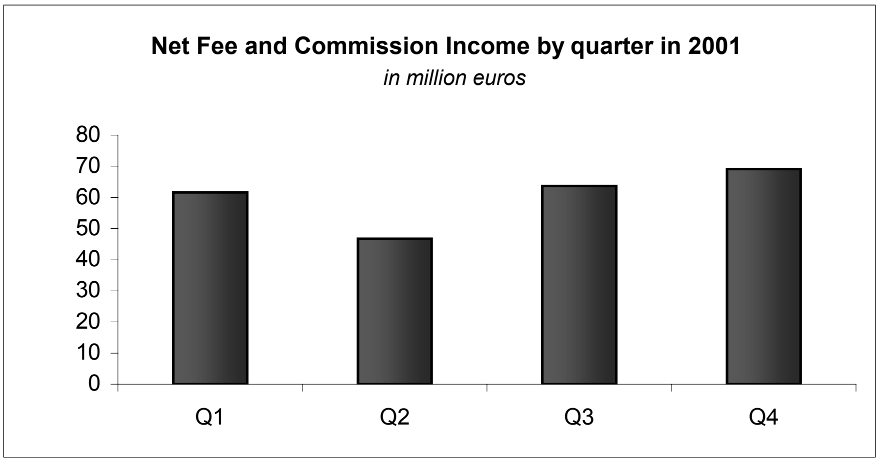
Net Interest Income amounted to € 611 million, from € 505 million in 2000. This rise of net interest income by 21% is mainly attributable to the 27% increase of the lending portfolio and has followed a consistent pattern of growth **in all quarters of 2001**. In addition, the **net interest margin** (net interest income over avg. total assets) has remained **above 3%**, signifying the strong position of the Group in the market's most profitable segments.



Net Fee and Commission Income: recovery in the second half of 2001

Net Fee and Commission Income **accounted for 26% of the Group's Total Operating Income,** which remains **the highest percentage in the sector**. The recovery of this income source in the second half of 2001 (third and fourth quarter) mitigated their overall fall during the year. Thus, **Net Fee and Commission Income** retreated by 14.0% y-o-y and stood at € 243 million compared to € 283 million in 2000, putting pressure on FY 01 results. This is mainly due to the substantial decrease of ASE-related operations, since the average turnover of the market fell by **58%** (from € 402 million in 2000 to € 169 million in 2001), while only a small number of IPOs took place within the year. Consequently, stock market-related commissions as a percentage of total commissions were restricted to less than 15%, from about 25% last year. At the same time, the introduction of the Euro led to dwindling foreign exchange income from transactions in Eurozone currencies.

In spite of these developments, the Group succeeded in strengthening net fee and commission income from other sectors and thus achieved further recovery of 12% in total net fee income in Q4 2001. This followed the 36% rise that had taken place in Q3 vis-à-vis Q2 2001, which marked a historic low for the Group of EFG Eurobank Ergasias.



Core Income: growth of 8.4%

The rise in net interest income more than offset the contraction of net fee and commission income. As a result, Core Income (net interest income and net fee and commission income), **increased by 8.4%** relative to 2000, and reached € 854 million, from € 788 million. Core income **contributed more than 90% to Total Operating Income, compared to 88% in 2000**, a fact that ascertains their quality and sustainability.

Income from the trading portfolio, which is marked to market, was also adversely affected by the conditions prevailing in the Athens Stock Exchange, since the ASE Composite Index closed at 2,592 at the end of 2001, sliding by 24% y-o-y. This fact led to realised and unrealised equity trading losses, which were however offset by gains on bonds, derivatives and foreign exchange, and resulted in total trading gains of € 16 million, against € 2 million in 2000. For the same reasons **Gains less losses from other securities** which relate to realised **gains and losses from the available-for-sale portfolio** decreased by 53% to € 35 million, from € 74 million in 2000.

Despite the decrease of non-interest income, **Total Operating Income increased by 4.5%** to € 935 million, from € 894 million in 2000.

Operating Expenses: containment continued (+7.9%)

The effort to further enhance the Group's competitiveness is also reflected in the decelerating expansion of **Operating Costs**, which increased by 7.9% to € 541 million in 2001, from € 501 million in 2000, (compared to an increase of 21% in 2000). This containment enabled the improvement of the **cost-to-average assets ratio** to 3.0% from 3.2% in 2000. At the same time, the cost-to-income ratio stood at 57.9%, which is one of the most efficient ratios in the market, especially when taking into account the quality and sustainability of income. It should be noted that operating cost was significantly burdened by the 17% increase in depreciation of IT and infrastructure investments, which however ensure long term efficiency gains. **Excluding depreciation, operating expenses increased 6.4% to € 476 million in 2001, from € 447 million in 2000.**

High Quality of the Loan Book

The quality of the loan portfolio has been maintained at high levels, despite the strong growth in loans. **NPLs** from Group activities remain **below 3% of the total loan book** and including NPLs from the acquisitions of the Bank of Athens and the Bank of Crete, which are fully covered by provisions, allow total NPLs to stay at 3.9% of the total loan portfolio. Total provisions cover more than 80% of total NPLs, which is one of the highest NPL coverage ratios in the Greek banking sector.

Strong Capital Adequacy

EFG Eurobank Ergasias Shareholder Funds stood at **€ 1.8 billion** at the end of 2001, one of the strongest capitalisations in the sector. Group Net Asset Value does not include goodwill from mergers and has been burdened by unrealised losses of the "available for sale" portfolio. Furthermore NAV has been burdened by the share buy back programme, which however does enhance shareholder value.

Return on average Equity (ROE) pre tax, after minorities, increased from 16.8% to 17.6%, while Return on average Assets (ROA) before tax remained among the highest in the sector (1.9%). Return on average Equity (ROE) after tax and minorities rose from 10.5% to 11.2%, while Return on average Assets (ROA) after tax was 1.2%.

The Capital Adequacy Ratio remains strong at 14% confirming the ability of the Group to maintain high growth rates, without having to resort to shareholders in order to raise new capital in the foreseeable future.

Dividend of € 0.53 per share

Strong capitalisation and high quality of income allow the distribution of a particularly **satisfactory dividend** to shareholders, as was the case in the previous year. A dividend of € 0.53 per share will be proposed to the General Assembly of the shareholders for approval. Total dividends account for 79% of net income after tax, whereas the dividend yield at current price levels reaches **3.8%.**

MERGER WITH TELESIS INVESTMENT BANK

The merger **of EFG Eurobank Securities** with **Ergasias Securities** and **Telesis Securities** has already been completed successfully, and the unified company has begun operations since December 2001. The group 's market share in stock brokerage transactions reached 9.7% in 2001, placing EFG Eurobank Ergasias at the top position in the market.

The legal and operational merger of **EFG Eurobank Ergasias** and **Telesis Investment Bank** will be completed in the immediate future, through the absorption of the latter by the former. The share exchange ratio, which has been approved by the shareholders of EFG Eurobank Ergasias and Telesis Investment Bank, is **1 EFG Eurobank Ergasias share for every 2.2 Telesis shares.**

The completion of the legal merger will allow for the publication of accounts for the merged entity for FY 2001. According to Greek Accounting Standards, the merger will be accounted for under the "pooling of interest" method and the figures that will be published will be the aggregate of EFG Eurobank Ergasias 12 month 2001 figures and Telesis Investment Bank 12 month 2001 figures. Under IAS the merger is treated as an acquisition of Telesis by EFG Eurobank Ergasias effective September 2001, and the accounts that will be published will be the aggregate of EFG Eurobank Ergasias 12 month 2001 results and the results of Telesis for the last quarter of 2001 (acquisition accounting). Therefore the acquisition of Telesis will result in goodwill of approximately € 16 million, which will be amortised over a period of 15 years. In addition the recent approval by the Greek Parliament of a Bill offering significant incentives to Greek companies to merge, will grant EFG Eurobank Ergasias a notable tax benefit in the form of a 10 percentage point reduction in the tax rate for year 2002 and a 5 percentage point reduction in the tax rate for year 2003, more than offsetting the aforementioned goodwill.

EFG EUROBANK ERGASIAS GROUP MARKET POSITION

EFG Eurobank Ergasias group maintains its top position in retail banking and asset management, and its leading role in SME lending and Investment Banking. In 2001 EFG Eurobank Ergasias was chosen as "***Bank of the Year***" by "The Banker" magazine.

EFG Eurobank Ergasias

- consolidates its 1st position in **consumer credit** with a 24% market share
- gains market share in **credit cards** with a 30% share in number of credit cards in issue and 28% in outstanding balances. EFG Eurobank Ergasias was the first bank in the country to be awarded a prize from VISA International for exceeding 1 million cards
- holds a 15% market share in **mortgage lending** among commercial banks and a 12% share among all credit institutions, capturing the 2nd position
- takes the 1st position in **mutual funds** with a 28% market share in total assets (from 18%) and 17% excluding money market funds (from 12%)
- plays a major role in **e-banking** services to retail and corporate clients, while www.eurobank.gr was voted as **"*Best e-banking site*"** by "PC Magazine"
- expands its portfolio in **small business lending**
- captures a leading position in **private banking**
- becomes increasingly active in offering **insurance services** achieving a 56% rise in insurance premiums in 2001
- maintains its leading position in **IPOs**, capturing a market share of **19%** participating in 22 out of 24 IPOs and generating demand of € 676 million or 25% of market total
- enhances its strong position in **stock exchange transactions** through the successful absorption of **Telesis Securities** and **Ergasias Securities** by **EFG Eurobank Securities** and captures a market share of 9.7% and the top position in the market for 2001
- plays a leading role in the **debt market** through **EFG Telesis Finance**, offering a wide range of financing solutions to corporations, through syndicated loans and bond issues, and to public sector entities through specialised debt products
- maintains its leading presence in **advisory services** both in the private and the public sector
- is a leader in **Institutional Asset Management**, offering advisory and management services to institutional clients.

The recent "***Best Equity House***" award granted to the group by *Euromoney*, the leading European magazine, is evidence of the Group ´s dynamic presence in investment banking.

GREEK GAAP (GAS) AND INTERNATIONAL ACCOUNTING STANDARDS (IAS)

EFG Eurobank Ergasias has long opted for reporting its financial results according to IAS and GAS *in every quarter,* focusing however the analysis of these results in the statements prepared according to IAS. Financial statements and results based on IAS fully reflect the group's financial position, and allow for comparisons with other banks worldwide. On the other hand, GAS are restricted by Greek tax legislation. ASE listed companies will be obliged to publish their financial statements under IAS from 2003 onwards.

In summary, GAP and IAS differ in the accounting principles followed, for instance the valuation methods, the time of recognition of forward transactions on securities and dividends payable and in the way financial data are presented.

In the banking sector the main differences are found in the treatment of leasing, bond gains and in the presentation and evaluation of bond, equity and derivative portfolios.

In 2001 adjustments have been made in the accounting treatment of:

- **Bond gains which have been excluded from Net Interest Income and are now included in Trading Gains (since September 2001)**
- **Income from leasing, which is now included in Net Interest Income, while previously affected Other Operating Income and Depreciation.**

Therefore the differences in the reported figures for the EFG Eurobank Ergasias group in 2001 according to IAS compared to those in accordance with Greek GAAP have become marginal.

In 2000 such differences were more material and were, among others, due to differences in the consolidation of the former Bank of Crete and in the valuation of the trading portfolio, including derivatives. Differences in the figures of the previous accounting period lead to different growth rates in 2001.

According to Greek GAAP, the results for the EFG Eurobank Ergasias Group in 2001 are as follows:

Total Assets amounted to € 18.6 billion, from € 16.6 billion in 2000. Loans and advances to clients reached € 10.7 billion, from € 8.4 billion. Customer Deposits reached € 15.1 billion, from € 13.3 billion at the end of 2000. Net Interest Income (including net interest from leasing operations and excluding bond gains) amounted to € 629 million from € 512 million, while the net interest margin remains above 3%. Core Banking Revenue (net interest income and net fee and commission income) reached € 874 million from € 788 million. Total Operating income stood at € 941 million, from € 944 million. Consolidated net profit after tax and minorities reached € 204 million, from € 247 million in 2000.

EFG Eurobank Ergasias key figures according to IAS (€ mn)	2001	2000	y-o-y %
BALANCE SHEET			
Total Assets	19,005	16,833	12.9%
Net Loans & Advances to Customers*	10,638	8,349	27.4%
Due to Customers*	14,990	13,166	13.9%
Shareholders Equity	1,779	1,880	(5.4%)
**excluding settlement balances*			
PROFIT & LOSS			
Net Interest Income	611	505	21.0%
Net Commission Income	243	283	(14.0%)
Core Banking Revenue	854	788	8.4%
Total Operating Income	935	894	4.5%
Pretax profit after minorities	322	320	0.6%
Net profit after tax & minorities	206	200	2.8%

EFG Eurobank Ergasias key ratios according to IAS	2001	2000
Net Interest Margin	3.4%	3.2%
ROA before tax & minorities	1.9%	2.2%
ROA after tax before minorities	1.2%	1.4%
ROE before tax after minorities	17.6%	16.8%
ROE after tax and minorities	11.2%	10.5%
Core Banking Revenue to Total Operating Income	91.3%	88.1%
Cost to Assets ratio	3.0%	3.2%
NPLs to Total Loans	3.9%	4.3%
Loans to Deposits	70.9%	63.6%
Tier 1 ratio	14.0%	16.3%