

**REPORT OF THE BOARD OF DIRECTORS
OF EFG EUROBANK ERGASIAS A.E.
TO THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS
ON THE STAND ALONE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

Dear Shareholders,

The Board of Directors presents the annual report on the stand-alone and consolidated financial statements of EFG Eurobank Ergasias SA, for the year ended 31.12.03.

Merger with Unitbank SA

In view of a new co-operation scheme initiated between EFG Eurobank Ergasias and Inchcape Group operating in Greece, which includes Toyota Hellas SA, the Bank acquired from the Inchcape Group the remaining 50% share capital of Unitbank SA on 27 August 2003. As a result, the Bank owned 100% of Unitbank and proceeded with its absorption. The new scheme responds more effectively to customer needs, who continue to use the financial services of EFG Eurobank Ergasias through Unitfinance, the new company established by the two parties, which promotes banking products.

Merger with associated and subsidiary closed-end funds

On 6 November 2002, the directors of the Bank, Ergoinvest SA and Investment Development Fund SA announced their intentions to merge the companies. The share exchange ratio was set at 9 shares of Ergoinvest and 6.4 shares of Investment Development Fund SA for 1 share of EFG Eurobank Ergasias.

Ergoinvest SA

Ergoinvest SA was a closed-end mutual fund company, investing mainly in listed Greek securities as well as in listed foreign securities. Prior to the merger, the Bank held 30.74% of Ergoinvest. Following the approval of the merger terms by the Extraordinary General Meeting of the shareholders of EFG Eurobank Ergasias, held on 3 March 2003 and of Investment Development Fund, held on 15 March 2003, the merger via absorption of Ergoinvest by the Bank was completed on 10 April 2003 with a tax and accounting reference date of 7.11.02. The merger resulted in simultaneous changes to the share capital of the Bank, as well as, to the nominal value of its shares from € 2.76 (prior to the merger) to € 2.89 each. The exchange ratio was 9 shares of Ergoinvest SA for 1 share of the Bank with a nominal value of € 2.89 each. The Bank's shareholders retained their number of shares with an adjusted nominal value of € 2.89 per share. Trading of Ergoinvest shares at the Athens Stock Exchange ceased as of 11 April 2003.

Investment Development Fund SA

Investment Development Fund was a closed-end mutual fund company, investing mainly in listed Greek securities as well as in listed foreign securities. Prior to the merger, the Bank held 35.01% of Investment Development Fund and exercised control over its operating and financial activities. In their sessions on 21 April 2003, the Boards of Directors of EFG Eurobank Ergasias and Investment Development Fund, decided to commence the process of the merger via absorption of Investment Development by the Bank with a tax and accounting reference date of 30 April 2003 as well as to adjust the initially announced share exchange ratio (of 6,7 share of Investment Development Fund SA for 1 EFG Eurobank Ergasias share) to 6.4 shares of Investment Development Fund SA for 1 EFG Eurobank Ergasias share. This adjustment was made due to the fact that the merger of the two companies would not have been completed before the Annual General Meeting of the shareholders of the Bank and, therefore the shareholders of Investment Development Fund would not be entitled to receive dividends from the 2002 profits of the Bank, a factor which had been taken into consideration in the calculation of the initially announced shares exchange ratio. Following the approval of the merger terms by the Extraordinary General Meeting of the Shareholders of EFG Eurobank Ergasias, held on 11 September 2003, and of Investment Development Fund, held on 1 October 2003, the merger via absorption of Investment Development Fund by the Bank was completed on 11 November 2003. The merger resulted in simultaneous changes to the share capital of the Bank, as well as, to the nominal value of its shares from € 2.89 (prior to the merger) to € 2.95 each. Trading of Investment Development Fund shares at the Athens Stock Exchange ceased as of 12 November 2003.

Hence, the absorption of the two companies by the Bank announced on 6 November 2002 was completed.

EFG Eurodevelopment Investment SA

The Extraordinary General Meeting of the shareholders of EFG Euroinvestment Development SA, summoned by the Board of Directors and held on 31 March 2003, decided to dissolve the company. The decision was taken although the company, despite the overall negative international environment during 2002, had achieved a 3% return outperforming the relevant market index which had declined by 24.5%. This was attributable to prudent management of the fund's assets. As a result of its performance, the company was ranked at the top of the Greek Investment Companies list in 2002. The Board of Directors had already informed the shareholders from January 2003 as to their intention to summon a General Meeting to decide on the appropriate way to overcome the then prolonged market crisis. The decision regarding the company's future should be reached before its listing on the Athens Stock Exchange. EFG Eurobank Ergasias who

owned less than 50% of the company's shares assumed a neutral position and agreed with the decision taken by the majority of the other shareholders.

The decision was reached taking into consideration that, following the listing of EFG Euroinvestment Development SA, in the Athens Stock Exchange, the conditions prevailing in both international and domestic capital markets, could lead to a decrease of the closed-end fund's market value below its net asset value. This would not be attributable to the management of the fund's assets, but to the general performance of listed closed-end funds which traded at steep discounts to their net asset values for a long period of time.

Principal international participations

a. Participation in Banc Post Romania

On 1 July 2003 the Bank agreed with the Portuguese bank BPI to acquire its 17% holding in the Romanian bank Banc Post SA. The transaction was completed on 14 November 2003. As a result of this transaction, EFG Eurobank Ergasias owns 53.25% of Banc Post, since it already owned 36.25%. The Bank holds an option to acquire an additional 8.75% holding in of Banc Post from General Electric Capital Corp and increase its participation to 62%.

The aforementioned transaction was part of the Bank's strategy to further penetrate in the Romanian market and promote the fastest growth of Banc Post, while allowing EFG Eurobank Ergasias to accelerate the re-organization already initiated in order to render Banc Post one of the principal providers of quality products and services. The Bank has taken a number of actions in this respect, including the selection and application of a new information system, the creation and promotion of new products, which respond to the new and increased needs of the Romanian market, and the enhancement of the bank's management.

The Bank aims to render Banc Post a bank of international standards which will provide high level of services in the Romanian banking sector.

b. Participation in Bulgarian Post Bank AD

EFG Eurobank Ergasias owned 50% of ALICO/ CEH Balkan Holdings Ltd since 2002. On 19 December 2003, the Bank agreed with "American Life Insurance Company" to acquire the remaining 50% of the Cypriot company ALICO/CEH Balkan Holdings LTD, which holds 91.71% of Bulgarian Post Bank AD. Consequently, Bulgarian Post Bank AD, previously accounted for using the equity method of accounting, was fully consolidated in 2003.

c. Participation in the Serbian EFG Eurobank Beograd AD (former Postbanka AD)

During 2003 EFG Eurobank Ergasias acquired the majority of the shares of the Serbian bank “Postbanka AD”, concluding the acquisition process, which had commenced on 11 November 2002. The Bank immediately proceeded with a capital increase raising Postbanka’s share capital to a total of € 10 million. Consequently, the Bank holds 90.87% of the Serbian bank. Specifically, the Bank holds 91.62% of common shares and 10.42% of preference shares. Postbanka AD was subsequently renamed to EFG Eurobank Beograd AD. With the acquisition of the majority of the share capital of the Serbian bank, EFG Eurobank Ergasias is present in another, third country of South Eastern Europe.

EFG Eurobank Beograd AD is a fast growing financial institution and has licence to perform all banking operations in Serbia and abroad. EFG Eurobank Ergasias has commenced the re-organization of the Serbian bank, improving its information systems infrastructure and expanding its activities in the wholesale and retail banking sectors.

Review of the stand-alone financial statements of the Bank for the year ended 31.12.03- in accordance with Greek GAAP

Balance Sheet

Total assets of the Bank reached € 26,214 million at the end of 2003 versus € 23,366 million at the end of 2002 recording an increase of 12%. Specifically, loans and advances to customers increased by 19% reaching € 14,951 million, while customer deposits increased by 10% and reached € 18,346 million. Shareholders’ equity reached € 1,767 million and remains among the highest in the Greek market.

Profit and Loss account

Net Interest Income in 2003 increased by 13% reaching € 771 million from € 680 million, as a result of the loan growth and sustaining of net interest margin. Net commission income remained stable at € 132 million, while income from securities improved significantly from € 20 million to € 44 million. Finally, trading results were positive reaching € 25 million compared to losses of € 8 million in 2002. As a result, total operating income increased by 18% reaching € 983 million compared to € 837 million in 2002.

The effort to contain operating costs in 2003 resulted in the limited increase of general administrative expenses by 1.9% to € 410 million.

Consequently, net profit before tax amounted to € 330 million, recording a 33% increase, while net profit after tax increased reached € 256 million increased by 35% compared to 2002.

Review of the consolidated financial statements for the year ended 31.12.2003- in accordance with Greek GAAP

The financial statements of EFG Eurobank Ergasias SA for the year ended 31 December 2003, were prepared in accordance with the Greek GAAP. From the first quarter of 2005, the Bank will be publishing financial statements prepared in accordance with IFRS (International Financial Reporting Standards) simultaneously with the other Greek and European banks, which should allow the full comparability of financials. It is expected that the significant matters outstanding in relation to the content and application of IFRS both in Greece and in the European Union will have been resolved by then. Such matters include, among others, valuation of securities and derivatives, tax issues etc.

The consolidated financial statements for the year ended 31 December 2003 include the Romanian bank Banc Post, which was fully consolidated for the first time in November 2002. EFG Eurobank Beograd AD (former Postbanka AD) is fully consolidated since April 2003. Post Bank Bulgaria, which was previously accounted for using the equity method, was fully consolidated at the end of 2003.

Balance Sheet

Total Assets of the Group increased by 13.8% reaching € 28 billion at the end of 2003 from € 24.6 billion at the end of 2002. This reflects a robust growth in business volumes resulting from the operations of the Bank in Greece and the wider region.

Specifically, loans and advances to customers at Group level increased by 22.2% reaching € 16.3 billion at the end of 2003. Loans to households increased by 34.2% from € 5.1 billion in 2002 to € 6.9 billion, while wholesale lending increased by 14.7% from € 8.6 billion to € 9.9 billion. Consumer lending in Greece and abroad was reinforced by 33.1% reaching € 3.8 billion, while mortgage lending increased by 35.6% and reached € 3.2 billion.

The customer deposits of the Group increased by 1.6% on an annual basis rising to € 17.3 billion. Total funds under management, including customer deposits, repos, mutual funds and other investment products, recorded an increase of 10.3% reaching € 25.5 billion at market prices.

At the end of 2003, shareholders equity amounted to € 1.8 billion being one of the highest in the Banking sector. The bank did not make use of the provisions of Law 3229/2004 to revalue its properties.

Profit and Loss account

Consolidated net interest income increased by 17.3% reaching € 849 million from € 724 million, contributing 70% of total operating income. The increase of net interest income is mainly attributed to the dynamic growth of loan margins by 33% to € 577 million. Net interest margin (net interest income on average total assets) was sustained above 3%.

Net commission income increased by 24% from € 250 million to € 310 million, contributing 25.5% of total operating income. Commission income from capital markets activities increased considerably by 61% and reached € 55 million, as a result of the significant increase in the market share in brokerage transactions, as well as, of the recovery of capital markets from the second quarter of 2003. Commission income from asset management was reinforced by 32% and rose to € 42 million, reflecting the significant increase in the Bank's market share in mutual funds management, excluding money market mutual funds.

As a result, core operating income, which comprises net interest income and net commission income, recorded a remarkable increase of 19% and reached € 1,159 million, contributing 95% of total operating income.

Other operating income, comprising trading results, dividends and other income reached € 56 million from € 18 million in 2002. As a result, total operating income increased by 22.5% from € 992 million to € 1,215 million, mainly due to the robust increase of net interest and commission income.

Furthermore, the growth rate of the Group's operating costs relating to operations in Greece, decelerated significantly to 3.9%. Therefore, the cost to income ratio in Greece improved significantly from 59% in 2002 to 52.9% in 2003. At group level, operating expenses, including the Romanian Banc Post for the entire year in 2003 compared to 2 months in the last quarter of 2002, increased by 12.6% from € 590 million to € 664 million. Overall, the cost to average assets ratio improved from 2.7% to 2.5%. Cost to income ratio improved significantly from 59.4% in 2002 to 54.6% in 2003 and is one of the lowest in the Greek market.

The quality of the loan portfolio improved, since organic non-performing loans represent 2.8% of total loans at the end of 2003 compared to 2.9% at the end of 2002. Nevertheless, the group retained its conservative and strictly defined provisioning policy, increasing the provision charge for doubtful debts by 35.9% from € 104.9 million in 2002 to € 143 million in 2003. This provision charge corresponds to 96 basis points on the average loan

portfolio. Total provisions in accordance with Greek GAAP, including general risks provisions, reached € 157 million compared to € 111 million in 2002. The provision covers 85% of total non-performing loans compared to 80% in 2002, a percentage which is one of the highest in the Greek Banking sector. This combined with the high quality of the loan portfolio, insures the Bank against future risks.

As a result, operating profits of the EFG Eurobank Ergasias group (being operating income net of operating expenses and provisions) showed a dynamic increase of 24% and reached € 338 million in 2003 compared to € 273 million in 2002. In the fourth quarter of 2003 operating profits reached the remarkable level of € 95 million.

Net profit before tax attributable to the shareholders increased by 37% and amounted to € 373 million. Net profit after tax and minority increased by 39% reaching € 273 million.

As a result of the significant improvement in the profitability of the Group, after tax return on average assets increased from 0.9% in 2002 to 1.0% in 2003. In addition, after tax return on average equity, with a risk asset ratio of 10.4%, was 15.1%, compared to 10.3% in 2002, whereas return on regulatory capital (which corresponds to a risk asset ratio of 8%) reached 20%.

Proposed dividend and distribution of profits

The significant increase in profitability during 2003 and the Bank's strong financial position allow the directors to propose to the Annual General Meeting of the Shareholders the following:

- The payment of dividend of € 0.60 per share to all shareholders. The proposed dividend for 2003 amounts to € 185 million.
- The distribution of € 8.6 million to employees and members of the Board of Directors of the Bank and its subsidiaries.
- The issue of 900,000 bonus shares to employees and members of the Board of Directors of the Bank and its subsidiaries via capitalization of retained earnings.

Share Capital Increases/ Share Options scheme

- a. The Bank offers shares to employees and members of the Board of Directors of the Bank and its subsidiaries. For 2002, the directors proposed the distribution of 1,050,000 bonus shares to employees and members of the Board of Directors of the Bank and its subsidiaries. The proposal was approved by the Annual General Meeting of the shareholders on 19 May 2003.
- b. In addition, the Bank offers share options to employees and members of the Board of Directors of the Bank and its subsidiaries. As at 31 December 2003, there were

1,480,564 unexercised options. These correspond to 17,649 options of the 2002-2004 programme, 107,915 options of the 2003-2005 programme and 1,355,000 options of the 2004-2006 programme.

- c. Trading of 190,537 new shares with a nominal value of € 2.76 per share, due to options exercised by employees, commenced on 30 January 2003. As a result, the number of the Bank's ordinary shares reached 313,500,885 with a nominal value of € 2.76 each.
- d. The merger via absorption of Ergoinvest SA by EFG Eurobank Ergasias was completed on 10 April 2003 and resulted in changes to the share capital of the Bank. The total number of ordinary shares of the Bank post merger was 313,500,885 with a nominal value of € 2.89 each. Out of the total number of shares, 303,392,359 shares correspond to the EFG Eurobank Ergasias shareholders and 10,108,526 shares to the shareholders of former Ergoinvest SA. Trading of these shares at the Athens Stock Exchange commenced as of 17 April 2003.
- e. Trading of 1,050,000 new ordinary shares, resulting from the share capital increase approved by the Annual General Meeting of the shareholders on 19 May 2003, commenced on 1 July 2003. These new shares were distributed to employees of the Bank and its subsidiaries, including members of the Board of Directors. As a result, the number of ordinary shares of the Bank increased to 314,550,885.
- f. The merger via absorption of Investment Development Fund SA by the Bank was completed on 11 November 2003. The total number of ordinary shares of the Bank post merger was 314,550,885 with a nominal value of € 2.95 each. Out of the total number of shares, 312,013,636 shares correspond to the shareholders of EFG Eurobank Ergasias and 2,537,249 shares correspond to the shareholders of former Investment Development Fund SA. Trading of these shares at the Athens Stock Exchange commenced as of 18 November 2003.
- g. Trading of 993,952 new ordinary shares at the Athens Stock Exchange commenced on 20 January 2004. The new shares were issued, in accordance with the decision of the Board of Directors on 17 December 2003, due to the exercise of share options by employees and members of the Board of directors, based on the resolutions of the Annual General Meetings of the shareholders on 24 May 2000, 15 May 2001 and 22 April 2002. The total number of ordinary shares of the Bank reached 315,484,837 with a nominal value of € 2.95 each.

Risk asset ratio

The risk weighted assets of the Group at the end of 2003, calculated in accordance with Greek GAAP, reached € 17,797 million compared to € 15,508 million at end of 2002. Regulatory capital reached € 1,858 million from € 1,855 million at the end of 2002. As a result, the risk asset ratio of the Group, including off- balance sheet transactions and market risks arising from trading activities, was 10.4% compared to 11.9% as at 31 December 2002.

Treasury Shares special scheme

On 11 September 2003, the Extraordinary General Meeting of the shareholders of EFG Eurobank Ergasias, approved the continuance of the treasury shares special scheme, thus approving the acquisition of treasury shares, up to 11 September 2004, provided that these do not exceed 10% of the total number of shares of the Bank, including treasury shares already held.

As at 31 December 2003, the Bank held 9,320,959 treasury shares which represented 2.95% of its share capital. The total cost of acquisition of these shares was € 128 million with an average acquisition price of € 13.74 per share.

EMTN and ECP programmes

The Bank operates a programme for the issue of Euro Commercial Paper (ECP) and a programme for the issue of European Medium Term Notes (EMTN), which serve as a long-term source of financing. These programmes offer a wide range of options as to the sources of funds available to finance the Bank's operations. Issuers of these programmes are two subsidiaries of the Bank: "EFG Hellas PLC" which is located in London and "EFG Hellas (Cayman Islands Ltd)".

As at 31.12.2003, EFG Hellas PLC had issued Euro Medium Term Notes (EMTN) with nominal value of € 250 million due in 2004, € 270 million due in 2005, € 545 million due in 2006, € 50 million due in 2007, € 500 million due in 2008, and European Commercial Paper (ECP) with nominal value of € 915 million due in 2004.

As at 31.12.2003, EFG HELLAS (Cayman Islands) Ltd. had issued Euro Medium Term Notes (EMTN) with nominal value of € 11million due in 2022 (callable in August 2007 or annually thereafter), € 7 million, € 4 million (5 million in USD) due in 2005, € 3mil due in 2006 (unless redeemed in September 2004 or September 2005 if the Eurostoxx index is equal to or greater than the index start level) and € 20million due in 2023 (callable in October 2013 or annually thereafter).

Private Placement of Deutsche Bank's 9.3% stake in the Bank

Deutsche Bank had been a shareholder in EFG Eurobank Ergasias since December 1998. On 13 November 2003, in line with its strategy of divesting holdings in other listed companies, Deutsche Bank sold its entire 9.3% stake in EFG Eurobank Ergasias to institutional investors. The successful completion of this transaction significantly expanded the bank's international and local institutional shareholder base, increasing the marketability of its share as well as its weighting in stock market indices.

POS Cooperation with Alpha Bank SA

In September 2003, Alpha Bank and EFG Eurobank Ergasias, two of the largest card issuers in the Greek market, which facilitate thousands of businesses in the execution of credit cards transactions, announced the signing of a co-operation pre-agreement for the creation of a large modern integrated network of POS terminals. The new integrated network will support transactions with Visa, Mastercard, American Express and Euroline cards, it will have country-wide coverage and respond to technological changes. The new network aims to eliminate operational duplications, allowing the expansion of services to a larger number of merchants using an electronic platform of high speed and security. Moreover, it is aimed to improve the quality of services offered to both merchants and cardholders, to achieve economies of scale, to support and ensure the proper functioning of the integrated network of terminals as well as the consolidation of transaction processing costs.

Directors' responsibility

The Board of Directors confirms that appropriate accounting policies have been consistently applied and that reasonable and prudent estimates have been made in the preparation of the financial statements for the year ended 31 December 2003. The Board of Directors is responsible for keeping proper accounting records and for safeguarding the assets of the Bank and of the Group.

Appointment of Auditors

The reappointment of PricewaterhouseCoopers SA as auditors of the company will be proposed at the forthcoming Annual General Meeting of the shareholders in accordance with Companies Act 2190/1920.

Business Outlook

In 2003, EFG Eurobank Ergasias achieved a dynamic growth in business volumes, income and overall profitability. In Greece, the Group reinforced and improved its position in the fast growing sectors of consumer, mortgage and wholesale lending. The Group also achieved a substantial increase of its market share in mutual funds' management (excluding money market mutual funds), capital markets and insurance services. In the wider region, the Group increased its participation and gained control of the Romanian Banc Post, the Bulgarian Post Bank and the Serbian EFG Eurobank Beograd.

The outlook for the Greek economy at the beginning of 2004, an important year for the country which hosts the Olympic Games again after 108 years, is positive. Real GDP growth is expected to exceed 4% for yet another year compared to 1.8% for the Euro-zone. However, inflation remains a key challenge eroding the international competitiveness of Greek businesses. Prospects for the Greek Banking sector are also positive given the low level of indebtedness of the private sector in Greece. Total loans are expected to continue to grow at healthy rates with retail lending remaining the main driving force.

EFG Eurobank Ergasias' dynamic performance in 2003 reflects the expansion of its operations in the fastest growing and most profitable market segments. This performance is driven by the upgrade and integration of the technological infrastructure of all distribution networks of the Group and the organisational redesign, which have contributed to improving efficiency at all levels.

The strategy of the Group remains focused on maintaining high growth rates and on further enhancing its presence in the Greek as well as in the South European market.

Attachments¹

The following tables, which include financial information of the Bank as at 31.12.2003, are attached:

1. Open foreign currency position
2. Treasury Bills and other securities eligible for refinancing with Central Banks
3. Debt securities including fixed income securities
4. Shares and other variable yield securities
5. Participations in non-affiliated undertakings
6. Participations in affiliated undertakings
7. Properties owned by the Bank

¹ Available in the Greek version