

PRESS RELEASE

IAS FINANCIAL RESULTS FOR THE FIRST 9 MONTHS OF 2000

EFG Eurobank Ergasias announced consolidated financial results under International Accounting Standards (IAS) for the first nine months of 2000. Net profit for the period attributable to shareholders reached GRD 55 billion, while total assets were GRD 5,498 billion.

The merged accounts have been prepared under the “uniting of interests” method.

Total assets of EFG Eurobank Ergasias reached GRD 5,498 billion on 30/9/2000 vs. GRD 4,674 billion on 30/9/1999, recording an increase of 18%. More importantly, loans and advances to customers increased 39% and reached GRD 2,717 billion on 30/9/2000 vs. GRD 1,950 billion on 30/9/1999. This rise reflects the significant increase in retail loans, which represent over a third of the total loan portfolio. Deposits increased 24% and reached GRD 4,150 billion from GRD 3,351 billion on 30/9/1999.

Operating income reached GRD 226 billion during the first nine months of year 2000 compared to GRD 229 billion for the same period in 1999, recording a slight decrease of around 1%, despite increasing competition and the adverse conditions prevailing at the Athens Stock Exchange. Excluding the gains on divestment of subsidiaries from 1999 results, operating income increased by 7% from GRD 213 billion in the nine-month period of 1999.

EFG Eurobank Ergasias net interest income increased 10% to GRD 121 billion from GRD 110 billion in the same period of 1999 which represents a net interest margin of 3.0% (calculated over average total assets). 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 remained unchanged at GRD 72 billion in the first nine months of 2000. Market share gains in mutual fund management, retail banking and investment banking services

have offset adverse market conditions affecting commission income on transactions and mutual funds related to the Athens Stock Exchange.

The increase in staff levels to support expansion in key business areas and the continuous investment in infrastructure have led to higher operating expenses. Since operating income in total remained unchanged, profit before tax and goodwill impairment decreased by 17% to GRD 96 billion. This represents a pre-tax return on average assets above 2.4% and a return on average equity of 19%.

Excluding goodwill impairment and the gains on divestment of subsidiaries from 1999 results, net profits have increased by 26%, from GRD 44 billion to GRD 55 billion. This represents a net return on average assets of 1.4% and a net return on average equity of 12.1%.

The legal merger between EFG Eurobank and Ergobank to form EFG Eurobank Ergasias was completed and approved by the Greek authorities on September 7th, 2000. Risk management and credit processes have been unified. The operational merger is proceeding on schedule. The integration of head office divisions has been completed. The harmonisation of products and operations is in progress. Finally, IT system conversion has commenced and is expected to be completed in 2001.

EFG Eurobank Ergasias' capitalisation remains strong with shareholders' equity at GRD 629 billion on 30/9/2000, resulting in a risk-asset ratio of 18%. EFG Eurobank Ergasias is therefore well positioned to benefit from the anticipated growth of its key business areas, capitalising on its high quality personnel, efficient risk management and competitive products and services.

NOTE 1: MERGER DATES

The completion of the merger in Greece, whereupon EFG Eurobank S.A. absorbed Ergobank SA and was subsequently renamed EFG Eurobank Ergasias S.A., was completed on 7.9.2000 with a local accounting and tax reference date of 1 January 2000. The controlling shareholder of both banks, the EFG Bank Group, currently (post-merger) holds 44% of EFG Eurobank Ergasias S.A.

NOTE 2: ACCOUNTING TREATMENT OF THE MERGER OF EFG EUROBANK SA AND ERGOBANK SA

Since this 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, EFG Eurobank would have been treated as the acquirer of the 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 have been consolidated as from 7 September 2000 (the impact of the results – profit after tax attributable to shareholders - from January to 6 September 2000 was Grd. 27 billion) and the assets acquired from the minority shareholders of Ergobank SA would have been restated to fair values, resulting in goodwill estimated at Drs. 302 bn which would have been capitalised as an intangible fixed asset and amortised over its estimated useful life. This accounting treatment would also result in additional share capital of a corresponding amount i.e. Drs 302 bn.

EFG EUROBANK ERGASIAS SA
Consolidated Balance Sheet
at 30 September 2000

	30/9/2000 Grd. m.	30/9/1999 Grd. m.	31/12/1999 Grd. m.
ASSETS			
Cash and balances with central banks	569,756	751,487	798,285
Treasury bills and other eligible bills	0	7,311	5,948
Due from other banks	484,636	471,078	480,381
Dealing securities	474,829	374,865	352,624
Loans and advances to customers	2,716,891	1,950,271	2,155,369
Medium term investment securities	421,748	295,898	328,828
Investment securities	428,893	516,724	604,701
Investments in associated undertakings	73,244	27,794	38,232
Other participating interests	7,377	3,901	1,145
Fixed assets	91,707	62,562	76,291
Other assets	229,029	212,468	247,165
Total assets	<u>5,498,110</u>	<u>4,674,359</u>	<u>5,088,969</u>
LIABILITIES			
Due to other banks	377,644	484,184	272,259
Due to customers	4,149,731	3,351,226	3,867,269
Other borrowed funds	50,591	1,850	1,971
Other liabilities	183,170	187,231	275,984
Total liabilities	<u>4,761,136</u>	<u>4,024,491</u>	<u>4,417,483</u>
SHAREHOLDERS' EQUITY			
Called up share capital	189,535	147,920	147,877
Share premium account	235,536	293,756	292,691
Other reserves	203,508	166,587	149,015
Total shareholders' equity	<u>628,579</u>	<u>608,263</u>	<u>589,583</u>
Minority interest	108,395	41,605	81,903
Total shareholders' equity and minority interest	<u>736,974</u>	<u>649,868</u>	<u>671,486</u>
Total equity and liabilities	<u>5,498,110</u>	<u>4,674,359</u>	<u>5,088,969</u>

Important points :

- a. EFG Eurobank S.A and Ergobank S.A merged under the new name EFG Eurobank Ergasias SA (see attached note 1)
- b. The merged balance sheets and income statements for the year 2000 and the 1999 comparatives have been prepared under the "uniting of interests method" (see attached note 2)

Consolidated Income Statement
for the period 1/1-30/9/2000

	30/9/2000 Grd. m.	30/9/1999 Grd. m.	31/12/1999 Grd. m.
Interest and discount income	402,041	347,616	489,821
Interest expense	<u>(281,148)</u>	<u>(237,617)</u>	<u>(333,578)</u>
Net interest income	120,893	109,999	156,243
Fee and commission income	80,819	76,862	114,568
Fee and commission expense	<u>(8,451)</u>	<u>(4,323)</u>	<u>(13,721)</u>
Net fee and commission income	72,368	72,539	100,847
Dividend income	5,111	1,463	1,474
Gains less losses from dealing securities	2,002	10,727	14,117
Gains less losses from dealing in foreign currencies	402	2,518	3,016
Gains less losses from other securities	21,219	15,182	23,510
Other operating income	<u>4,474</u>	<u>16,933</u>	<u>16,494</u>
	33,208	46,823	58,611
Operating income	226,469	229,361	315,701
Operating expenses	<u>(119,508)</u>	<u>(100,526)</u>	<u>(141,511)</u>
Bad and doubtful debts expense	<u>(18,650)</u>	<u>(27,003)</u>	<u>(32,977)</u>
Profit from operations	88,311	101,832	141,213
Income from associates	<u>8,043</u>	<u>14,705</u>	<u>20,159</u>
Profit before tax and goodwill impairment	96,354	116,537	161,372
Goodwill impairment	<u>0</u>	<u>(32,154)</u>	<u>(32,154)</u>
Profit after goodwill impairment	96,354	84,383	129,218
Income tax expense	<u>(31,032)</u>	<u>(39,498)</u>	<u>(57,443)</u>
Profit after tax	65,322	44,885	71,775
Minority interest	<u>(9,869)</u>	<u>(16,401)</u>	<u>(16,909)</u>
Net profit for the period attributable to shareholders	55,453	28,484	54,866

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