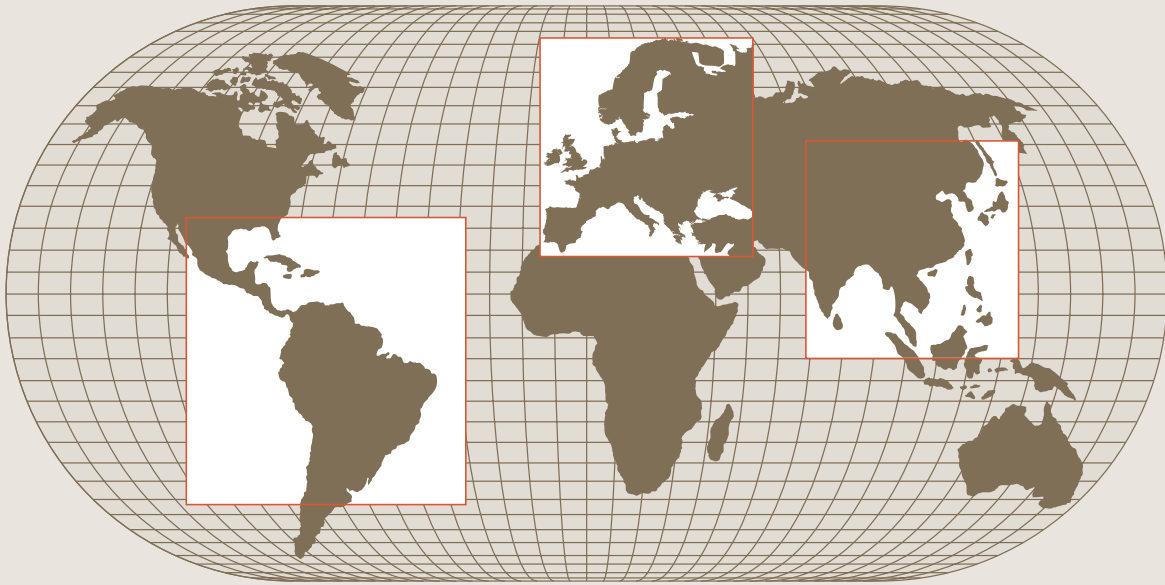


EFG BANK GROUP
AND
EFG EUROBANK ERGASIAS

EFG Bank Group



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EFG EUROBANK ERGASIAS S.A.

REPORT AND ACCOUNTS
31 DECEMBER 2001

Incorporated in Greece

Company registration No: 6068/06/B/607

8 Othonos Street, Athens 105 57, Tel.: (+30) 10 333 7000, Fax: (+30) 10 323 3866, www.eurobank.gr

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2001.

Acquisition of Telesis Investment Bank SA

During the year EFG Eurobank Ergasias S.A. (the “company” or the “Bank”) and Telesis Investment Bank S.A. (“Telesis”) agreed to merge. The company acquired 100% of the outstanding ordinary voting share capital of Telesis in a share for share exchange of 1 EFG Eurobank Ergasias share for 2.2 Telesis shares. Telesis is recognised as a strong player in investment banking and associated services based on its modern know-how and high calibre personnel and its subsidiaries include mutual fund, brokerage and asset management companies.

Following approval of the merger terms by the Extraordinary General Meetings of the two companies held on 14 September 2001, the merger was concluded on 11 March 2002 with a local accounting and tax reference date of 1 January 2001.

The company accounted for this transaction by the purchase method of accounting, the effective merger date being 30 September 2001. The resulting goodwill of Grd. 6,105 million will be amortised using the straight line method over its estimated useful life of 15 years.

Merger of EFG Eurobank SA with Ergobank SA

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

Review of financial statements of year 2001

a. Balance sheet

Total assets at the end of 2001 amounted to Grd. 6,685 billion, vs. Grd. 5,736 billion at the end of 2000, recording an increase of 16.5% driven by the increase in loans and deposits.

Balance sheet growth is mainly attributable to the significant 31% increase in loans and advances to customers, which reached Grd. 3,732 billion, from Grd. 2,845 billion at the end of 2000, reflecting the Group’s organic growth and steady market share gains in key segments and particularly in retail banking. Retail loans increased more than 43% and represented 41% of the total loan portfolio, compared to 38% at the end of 2000. Wholesale loans increased approximately 23% and represented 59% of the total loan book. Total loans accounted for 86% of deposits excluding repos, the same as at the end of 2000, and for 56% of total assets, from 50% at the end of 2000. Total deposits amounted to Grd. 5,209 billion at the end of 2001 vs Grd. 4,486 billion at the end of 2000 recording an increase of 16%. Savings deposits increased 15% from Grd. 1,317 billion to Grd. 1,514 billion and other deposits increased 43% from Grd. 2,042 billion to Grd. 2,913 billion, while repos decreased 31% from Grd. 1,152 million to Grd. 790 million. The progress in the optimisation of balance sheet structure is reflected in the satisfactory return on assets.

Group shareholders’ equity amounted to Grd. 685 billion, while including minority interests they stood at Grd. 761 billion, which remains one of the strongest capital positions in the Greek market. Shareholders’ equity has been enhanced by the acquisition of Telesis Investment Bank which was partly offset by the share buy back programme. EFG Eurobank Ergasias’ strong capitalisation allows the Group to maintain its high rates of growth in the foreseeable future.

b. Income statement

The Bank’s consolidated net profits after taxation for year 2001 amounted to Grd. 70 billion, compared to Grd. 68 billion in 2000. After tax Return on average Assets (ROA) for the year was at 1.2%.

Net interest income for the Group reached Grd. 209 billion rising 21.7%, as loan growth remained robust at 31% and the net interest margin was sustained at above 3%, reflecting the Group’s leading position in retail banking activities and services provided to small and medium enterprises. Net fee and commission income stood at Grd. 84.3 billion, sliding 12.6%. Net fee and commission income recovered in the third and fourth quarters of 2001, as market share gains in investment banking, treasury services, retail banking and fund management offset adverse market conditions affecting income related to the Athens Stock Exchange and reduced fee income on foreign exchange transactions in Eurozone currencies, which have been replaced by the common currency. Nevertheless, commission income contributed 26% of total operating income, which increased 5.5% from Grd. 304.8 billion to Grd. 321.5 billion.

REPORT OF THE DIRECTORS (CONTINUED)

Review of financial statements of year 2001 (continued)

b. Income statement (continued)

The deceleration in the rate of growth of Operating Costs continued. Costs increased by 9.4% to Grd. 186.7 billion in 2001, from Grd. 170.8 billion 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. The cost to income ratio stood at 58%, an efficient level in the context of the Greek market, especially taking into account the quality and sustainability of income. The increase in operating expenses reflects, among other things, the Group's investments in infrastructure and new distribution channels.

Group profit before tax attributable to shareholders increased marginally from Grd. 109.2 billion to Grd. 109.9 billion.

c. Proposed dividend and other distributions

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

- The payment of a dividend of € 0.53 or Grd. 180.60 per share to shareholders, including former Telesis shareholders. The proposed dividend for 2001 totals Grd. 55.0 billion and is 4.3% higher than the dividend of Grd. 52.7 billion distributed in 2000.
- The distribution of Grd. 2.8 billion to directors, executive management and employees in the form of bonuses. This amount is included in operating expenses in financial year 2001.
- The issue of 750,000 new ordinary shares and 860,000 options on ordinary shares to be distributed to directors, executive management and employees.

Increases in share capital

The Group offers shares to directors, executive management and employees. On 15 May 2001, 567,200 ordinary shares were distributed.

The Group also offers share options to directors, executive management and employees. On 15 May 2001, 355,200 options were granted at a price of € 8 per share, which may be exercised wholly or partly, at their owners' option, in December 2002, December 2003 or December 2004.

Options exercised in December 2001 will result in 21,922 shares being issued in April 2002 at Grd. 4,608 per share, with proceeds totalling Grd. 101 million.

BIS capital ratio

Risk weighted assets at the end of 2001 amounted to Grd. 4,339 billion compared to Grd. 3,813 billion at the end of 2000. Regulatory capital stood at Grd. 659 billion, from Grd. 621 billion at the end of 2000. As a result, on 31 December 2001 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 15.2% compared to 16.3% on 31 December 2000.

Treasury shares special scheme

On 14 September 2001, the Extraordinary General Meeting of EFG Eurobank Ergasias SA approved the acquisition of up to a total of 20,712,479 shares at a maximum price of Grd. 9,231 or € 27.09 per share in the following 12-month period. This was in addition to the 8,645,000 shares approved on 24 May 2000. The total number of shares is 29,357,479 and represents 9.39% of the Bank's equity.

As at 31 December 2001, the company held 7,559,323 of its own shares representing 2.42% of the share capital. The shares were acquired at a total cost of Grd. 44,307 million and an average cost of Grd. 5,861 or € 17.2 per share. Their market value was Grd. 40,235 million.

Major new subsidiaries

• EFG Business Exchanges SA

On 26 June 2001, the company established a 60% owned subsidiary, Business Exchanges SA, with a Grd. 2,000 million share capital which operates a market place for business-to-business electronic commerce. 30% of its capital is held by the mobile telecommunications company Vodafone SA and 10% by ComQuest SA.

• 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 operates a market place for business-to-consumer electronic commerce, under the commercial name of EFG E-solutions.

REPORT OF THE DIRECTORS (CONTINUED)

Major new subsidiaries (continued)

• EFG Euroinvestment Development SA

On 23 April 2001, the company established a 50% owned closed end mutual fund subsidiary, EFG Euroinvestment Development SA, with a Grd. 10,000 million share capital. EFG Euroinvestment Development SA invests in Eurozone securities.

Participation in Banc Post SA

EFG Eurobank Ergasias currently holds 19.25% of the share capital of the Romanian bank Banc Post S.A. In addition, EFG Eurobank Ergasias holds the option to purchase a further 17% from the Romanian Authority for Privatization and Management of the State Ownership (APAPS).

On 26 February 2002, EFG Eurobank Ergasias notified the Romanian State of its intention to exercise the aforementioned option. This is in line with EFG Eurobank Ergasias' strategic planning for further development in South Eastern Europe. When complete, this transaction will raise EFG Eurobank Ergasias' stake in Banc Post to 36.25% with the potential of being raised to 45% since EFG Eurobank Ergasias also holds an option for the purchase of the percentage (8.75%) of Banc Post shares currently owned by General Electric Capital Corp. Consequently, EFG Eurobank Ergasias together with Banco Portugues de Investimento (BPI) with which it has been cooperating since July 2000, will hold a combined stake of 53.25% of Banc Post, with a future potential of raising the combined participation to 62%.

The approvals of the relevant authorities are expected shortly, including that of the Bank of Greece, which will now be supervising Banc Post's activities since its financial statements will be consolidated into EFG Eurobank Ergasias' accounts. In cooperation with BPI, EFG Eurobank Ergasias is planning for the growth of Banc Post's business, the array of products and services offered to its customers and the improvement of its technical infrastructure, in order to render Banc Post a provider of high standard services in the Romanian banking sector.

Co-operation with Deutsche Bank AG

Through a 10% shareholding and several product-specific co-operation agreements, Deutsche Bank AG is EFG Eurobank Ergasias strategic ally. The alliance provides EFG Eurobank Ergasias with access to Deutsche Bank's product know-how and international expertise and Deutsche Bank with a strong partner commanding knowledge of the Greek market.

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

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

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 2001. 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.

REPORT OF THE DIRECTORS (CONTINUED)

Business Outlook

In 2001, EFG Eurobank Ergasias achieved strong business volume growth in retail banking, including consumer lending, mortgage lending, small business lending and mutual funds management. At the same time the Group maintained its leading position in investment banking, including debt capital markets, advisory, institutional asset management, IPO underwriting and secondary equity trading. Against a backdrop of intense competition, EFG Eurobank Ergasias sustained a high net interest margin and maintained the high quality of its assets, improving profitability.

In order to enhance organic revenue growth and shareholder returns, EFG Eurobank Ergasias expands the range of services offered to clients, exploits its cross-selling potential, contains cost expansion and improves service quality. High quality of earnings and assets, combined with leading market shares in the faster developing and most profitable segments of the Greek market form a solid basis for further improvement in Group profitability. Furthermore, EFG Eurobank Ergasias plans for further strategic development in South Eastern Europe.

By order of the Board.

Athens, 15 March 2002



XENOPHON C. NICKITAS

Chairman

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 2001 and the related consolidated income and cash flow statements for the year then ended which are expressed in Greek drachmae. These financial statements, which are set out on pages 92 to 131, 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, expressed in Greek drachmae, present fairly in all material respects the financial position of the Group as of 31 December 2001, and of the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.



PRICEWATERHOUSECOOPERS 

Athens, 29 March 2002

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2001

		2001	2000	2001	2000
	Note	Grd. m	Grd. m	Euro m	Euro m
Interest and discount income	5	480,458	519,135	1,410	1,524
Interest expense	5	(271,125)	(347,123)	(796)	(1,019)
Net interest income		<u>209,333</u>	<u>172,012</u>	<u>614</u>	<u>505</u>
Fee and commission income		101,297	107,559	297	316
Fee and commission expense		(17,047)	(11,147)	(50)	(33)
Net fee and commission income		<u>84,250</u>	<u>96,412</u>	<u>247</u>	<u>283</u>
Dividend income	6	4,423	5,106	13	15
Net trading income	7	5,498	773	16	2
Gains less losses from other securities	8	12,034	25,329	35	74
Other operating income		5,981	5,160	18	15
		<u>27,936</u>	<u>36,368</u>	<u>82</u>	<u>106</u>
Operating income		321,519	304,792	943	894
Operating expenses	9	(186,747)	(170,769)	(547)	(501)
Impairment losses on loans and advances	21	(23,063)	(25,231)	(68)	(74)
Profit from operations		111,709	108,792	328	319
Income from associates		2,484	10,138	7	30
Profit before tax		114,193	118,930	335	349
- of which attributable to shareholders		<u>109,857</u>	<u>109,164</u>	<u>322</u>	<u>320</u>
Income tax expense	11	(40,763)	(41,943)	(119)	(123)
Profit after tax		73,430	76,987	216	226
Minority interest	34	(3,393)	(8,931)	(10)	(26)
Net profit for the period attributable to shareholders		<u>70,037</u>	<u>68,056</u>	<u>206</u>	<u>200</u>

	Note	Grd.	Grd.	Euro	Euro
Earnings per share					
- basic	13	<u>241.1</u>	<u>233.7</u>	<u>0.71</u>	<u>0.69</u>
- diluted	13	<u>241.0</u>	<u>233.5</u>	<u>0.71</u>	<u>0.69</u>

The notes on pages 97 to 131 form an integral part of these financial statements

Grd. million = Greek drachma millions, 1 Euro = 340.75 Grd., note 1(d)

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2001

		2001	2000	2001	2000
	Note	Grd. m	Grd. m	Euro m	Euro m
ASSETS					
Cash and balances with central banks	14	432,319	497,967	1,269	1,461
Treasury bills and other eligible bills	16	0	18,129	0	53
Due from other banks	17	438,319	490,235	1,286	1,439
Trading securities	18	378,510	632,738	1,111	1,857
Derivative financial instruments	19	45,912	77,113	135	226
Loans and advances to customers	20	3,739,257	2,869,807	10,973	8,422
Available-for-sale investment securities	22	1,107,754	442,257	3,251	1,298
Other investment securities	23	84,063	298,775	247	877
Investments in associated undertakings	25	36,823	57,091	108	168
Property, plant and equipment	27	159,076	119,683	467	351
Intangible assets	26	9,580	0	28	0
Other assets	28	253,226	232,017	743	681
Total assets		6,684,839	5,735,812	19,618	16,833
LIABILITIES					
Due to other banks	29	273,342	159,978	802	469
Derivative financial instruments	19	83,912	112,785	246	331
Due to customers	30	5,217,005	4,511,250	15,311	13,239
Liabilities evidenced by paper	31	149,689	51,105	439	150
Other liabilities	32	199,719	170,854	586	502
Total liabilities		5,923,667	5,005,972	17,384	14,691
Minority interest	34	76,102	89,285	223	262
SHAREHOLDERS' EQUITY					
Share capital	35	283,661	246,308	833	723
Share premium account	35	134,691	114,158	395	335
Other reserves		266,718	280,089	783	822
Total shareholders' equity		685,070	640,555	2,011	1,880
Total shareholders' equity and minority interest		761,172	729,840	2,234	2,142
Total equity and liabilities		6,684,839	5,735,812	19,618	16,833

The financial statements on pages 92 to 131 were approved by the Board of Directors on 15 March 2002 and were signed on its behalf by:



XENOPHON C. NICKITAS
Chairman



NICHOLAS C. NANOPOULOS
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2001

Note	Share capital Grd. m	Share premium Grd. m	Statutory reserve Grd. m	Special reserves Grd. m	Retained profits Grd. m	Total Grd. m
Balance at 1 January 2000						
- as previously reported	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 restated, 31 December 1999	147,877	292,691	18,784	145,412	53,102	657,866
- effect of adopting IAS 39, net of tax:						
- derivative financial instruments	0	0	0	0	(10,731)	(10,731)
- available-for-sale securities	22	0	0	50,961	0	50,961
- associated undertakings'						
available-for-sale securities	25	0	0	27,335	0	27,335
- held-to-maturity securities	23	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	22	0	0	(18,140)	0	(18,140)
- net fair value results - associated undertakings	25	0	0	(49,519)	0	(49,519)
- transfer to net profit, net of tax	22	0	0	(23,211)	0	(23,211)
Revaluation of Land and Buildings	11	0	0	2,675	0	2,675
Issue of share capital	35	101,136	(99,039)	0	(1,633)	464
Transfer of retained losses	35	0	(60,560)	0	60,560	0
Reduction in Group's holding in subsidiary	24	0	0	0	(263)	(263)
Dividend for 1999		0	0	0	(45,203)	(45,203)
Profit for the year		0	0	0	68,056	68,056
Reserve transfers		0	0	3,126	45,875	(49,001)
Currency translation differences		0	0	0	685	685
Purchases / sales of treasury shares	35	(2,705)	(18,934)	0	0	(21,639)
At 31 December 2000	246,308	114,158	21,910	179,755	78,424	640,555
Balance at 1 January 2001						
	246,308	114,158	21,910	179,755	78,424	640,555
Arising in the period:						
Available-for-sale securities						
- net fair value results, net of tax	22	0	0	12,272	0	12,272
- net fair value results - associated undertakings	25	0	0	(15,436)	0	(15,436)
- transfer to net profit, net of tax	22	0	0	(16,405)	0	(16,405)
Tax on revaluation of Land and Buildings		0	0	(6)	0	(6)
Capitalisation of share premium	35	27	(27)	0	0	0
Capitalisation of share premium	35	517	(517)	0	0	0
Issue of share capital	35	482	0	0	(482)	0
Acquisition of Telesis Group fair value of assets	3, 35	41,720	29,847	0	0	71,567
Additional share premium arising						
on acquisition of Telesis Group	3, 35	0	6,105	0	0	6,105
Reduction in Group's holding in subsidiary	24	0	0	0	(268)	(268)
Dividend for 2000		0	0	0	(52,741)	(52,741)
Profit for the year		0	0	0	70,037	70,037
Reserve transfers		0	7,911	4,469	12,128	(24,508)
Currency translation differences		0	0	0	165	165
Profit / (loss) from sale of treasury shares	35	0	0	0	(2,596)	(2,596)
Purchases / sales of treasury shares	35	(5,393)	(22,786)	0	0	(28,179)
At 31 December 2001	283,661	134,691	26,379	169,712	70,627	685,070

The notes on pages 97 to 131 form an integral part of these financial statements

Grd. million = Greek drachma millions

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2001

The directors propose the payment of a dividend of € 0.53 or Grd. 180.60 per share (2000: Grd. 180 per share), totalling Grd. 54,963 million (2000: Grd. 52,741 million).

The directors also propose the issue of 750,000 shares (2000: 567,200 shares) and 860,000 options (2000: Grd. 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.

See note 36 for an analysis of details of the movement of special reserves.

On 15 May 2001, the Annual General Meeting approved the issue and distribution of shares of nominal value of Grd. 482 million to the executive directors, management and staff, by capitalising retained earnings.

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2001

	2001	2000
	Grd. m	Grd. m
Cash flows from operating activities		
Interest and net trading receipts	497,923	538,833
Interest payments	(288,531)	(383,359)
Dividend receipts	4,423	5,106
Fee and commission receipts	101,297	107,671
Fee and commission payments	(17,047)	(11,721)
Other income received	6,206	11,328
Cash payments to employees and suppliers	(159,148)	(129,944)
Income taxes paid	(40,405)	(53,512)
Cash flows from operating profits before changes in operating assets and liabilities	<u>104,718</u>	<u>84,402</u>
Changes in operating assets and liabilities		
Net (increase)/decrease in treasury bills	55	2,604
Net (increase)/decrease in loans to central banks	157,068	(19,984)
Net (increase)/decrease in trading securities	351,103	(294,100)
Net (increase)/decrease in loans and advances to banks	92,815	(11,026)
Net (increase)/decrease in loans and advances to customers	(759,316)	(741,669)
Net (increase)/decrease in other assets	(27,470)	(74,365)
Net increase/(decrease) in deposits from other banks	69,083	(112,281)
Net increase/(decrease) in amounts due to customers	540,369	643,981
Net increase/(decrease) in other liabilities	20,126	74,987
Net cash from operating activities	<u>548,551</u>	<u>(447,451)</u>
Cash flows from investing activities		
Purchases of property and equipment	(48,477)	(60,106)
Proceeds from sale of property and equipment	1,391	2,935
Purchases of held-to-maturity investment securities	(16,573)	(21,567)
Proceeds from sales / redemptions of other investment securities	97,048	3,612
Purchases of available-for-sale investment securities	(741,705)	(294,072)
Proceeds from sales of available-for-sale investment securities	219,375	543,341
Acquisition of subsidiaries undertakings net of cash acquired	7,016	0
Acquisition of associated undertakings net of cash acquired	0	(7,340)
Participation in capital increase of associates	(205)	(36,878)
Dividends from associated undertakings	4,675	7,426
Proceeds from sale of shares in subsidiary	161	0
Net contributions by minority interest	(4,741)	15,566
Net cash from investing activities	<u>(482,035)</u>	<u>152,917</u>
Cash flows from financing activities		
Proceeds from liabilities evidenced by paper	268,250	51,105
Repayments of liabilities evidenced by paper	(169,796)	(2,114)
Issue of ordinary shares	0	464
Dividends paid	(52,741)	(45,203)
Purchases of treasury shares	(47,563)	(21,639)
Proceeds from sale of treasury shares	16,790	0
Net cash from financing activities	<u>14,940</u>	<u>(17,387)</u>
Effect of exchange rate changes on cash and cash equivalents	(9)	(2,303)
Net increase/(decrease) in cash and cash equivalents	<u>81,447</u>	<u>(314,224)</u>
Cash and cash equivalents at beginning of year (note 15)	617,600	931,824
Cash and cash equivalents at end of year (note 15)	<u>699,047</u>	<u>617,600</u>
	<u>81,447</u>	<u>(314,224)</u>

The notes on pages 97 to 131 form an integral part of these financial statements

Grd. million = Greek drachma millions

NOTES TO THE ACCOUNTS

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 were 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 the related Notes.

(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"). Subsidiary undertakings are those companies which the Group, directly or indirectly, has power to exercise control over the financial and operating policies. 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 24.

(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. Where necessary the accounting policies used by the associate have been changed to ensure consistency with the policies of the Group.

A listing of the Group's undertakings which are equity accounted for is shown in note 25.

(d) Foreign currencies

The Group's measurement currency until 31 December 2001 was the Greek Drachma. Purely for the convenience of the reader, the balance sheets and consolidated income statements have also been presented in Euro using the central parity of Grd. 340.75 per Euro, as fixed by the European Union Summit on 19.6.2000. As from 1 January 2002 the Group's measurement currency is the Euro.

The financial statements of foreign subsidiaries are translated using the closing exchange rate. Exchange differences arising from the retranslation of the net investment in foreign subsidiaries are taken to equity until disposal of net investments and then released to the income statement.

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 income statement.

All translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses, whereas translation differences on non-monetary items such as equities held for trading are reported as part of the fair value gain or loss. Thus, underlying translation differences on available-for-sale equities are included in the revaluation reserve in equity.

(e) Derivative financial instruments and hedging

Derivative financial instruments including foreign exchange contracts, forward currency and interest rate options (both written and purchased) 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 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 qualified for hedge accounting under the specific rules in IAS 39 and they were therefore treated as derivatives held for trading with fair value gains and losses reported in income. During 2001, the Group has started to apply hedge accounting rules under IAS 39 with respect to certain fair value hedges, which are used by the Group to hedge a portion of its existing interest rate risk, resulting from any potential decreases in the fair value of fixed rate available-for-sale bonds, denominated both in local and foreign currencies.

NOTES TO THE ACCOUNTS (CONTINUED)

1. Principal accounting policies (continued)

(e) Derivative financial instruments and hedging (continued)

As a result, changes in the fair value of derivatives that are designated and qualify as fair value hedges and that prove highly effective in relation to hedged risk are recorded in the income statement, along with the corresponding change in fair value of the hedged asset or liability that is attributable to that specific hedged risk. If the hedge no longer meets the criteria for hedge accounting, an adjustment to the carrying amount of a hedged interest-bearing financial instrument is amortised to net profit or loss over the period to maturity.

The Group's criteria for a derivative instrument to be accounted for as a fair value hedge include:

- a) formal documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship is prepared before hedge accounting is applied;
- b) the hedge is documented at inception showing that is expected to be highly effective in offsetting the risk in the hedged item throughout the reporting period; and
- c) the hedge is effective on an ongoing basis;

The fair values of derivative instruments held for trading and hedging purposes are disclosed in Note 19. The effect of adoption of IAS 39 on 1 January 2000 is shown in the Statement of Changes in Equity. The movements on the special reserve in shareholders' equity are shown in note 22.

(f) 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.

(g) Income statement

(i) Interest income and expense are recognised in the income statement for all interest bearing instruments on an accruals basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other discounted instruments.

(ii) Fees and commissions are generally recognised on an accruals basis. Commission and fees relating to foreign exchange transactions imports/exports, platform fees and stock broking activities are recognised on the completion of the underlying transaction.

(h) Investment property

At 1 January 2001, the Group adopted IAS 40 and classified its land and buildings held to earn rentals and/or for capital appreciation as Investment property. Investment properties, principally comprising office buildings and commercial property held mainly by the Group's subsidiary EFG Eurobank Properties SA, are measured at cost less accumulated depreciation and impairment losses, if any.

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

(j) Depreciation

Depreciation is calculated on the straight line method to write down the cost of property, plant and equipment to their residual values over their estimated useful life as follows:

Land	No depreciation
Freehold buildings	40-50 years
Leasehold improvements	5-12.5 years
Computer hardware and software	3.3 years
Other furniture and equipment	5-12 years
Motor vehicles	6.6 years

In 2001, the Group reviewed the estimated useful economic life of its buildings and leasehold improvements and has revised the depreciation rates to reflect the economic lives (see note 27).

(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 from corporate acquisitions is reported in the balance sheet and is amortised by using a straight-line method over its estimated useful life not exceeding 15 years. The carrying amount of goodwill is reviewed annually. Where indications of impairment exist, the carrying amount of goodwill is re-assessed and written down to recoverable amount.

NOTES TO THE ACCOUNTS (CONTINUED)

1. Principal accounting policies (continued)

(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 securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised as settlement balances 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 company and available-for-sale assets. Investment securities with fixed maturity where management has both the positive intent and the ability to hold to maturity were 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 amortised 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.

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.

The Held-to-maturity portfolio was established on 1 January 2000 when the Group adopted IAS 39 with the intention to hold this specific investment class of Greek Government Bonds to maturity. However, as a result of unanticipated changes in market conditions, in September 2001 the specific portfolio was transferred to the available-for-sale portfolio and the trading portfolio.

(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.

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. The amount of impairment loss is calculated as the difference between the loan's carrying amount and the present value of expected future cash flows. In addition, the provision for impairment losses for loans and advances 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 which are reviewed at least annually.

All impaired loan portfolios are periodically reviewed and the allowance for credit losses is re-assessed at least annually.

(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 are 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 Euro compliance issues have been expensed as incurred.

NOTES TO THE ACCOUNTS (CONTINUED)

1. Principal accounting policies (continued)

(q) Leases

Accounting for leases as lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Accounting for leases as lessor

i) Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

ii) Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(r) Deferred income taxes

Deferred income tax is provided, using the liability method, on 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 that they will crystallise in the future.

Deferred tax related to changes in fair values of available for sale investments which are taken directly to equity is also charged or credited directly to equity, and is subsequently recognised in the income statement together with the deferred gain or loss.

(s) 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.

(t) Pension obligations

The company participates in certain defined contribution and defined benefit pension plans. For defined benefit plans, the pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries, who value the plans at each balance sheet date. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses are recognised over the average remaining service lives of employees.

The Group's contributions to defined contribution pension plans are charged to the income statement in the year to which they relate.

(u) Repossessed properties

Land and buildings repossessed through the auction process to recover impaired loans 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 and net realisable value. Any gains or losses on liquidation are included in "Other operating income".

NOTES TO THE ACCOUNTS (CONTINUED)

1. Principal accounting policies (continued)

(v) Related party transactions

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. All banking transactions entered into with related parties are in the normal course of business and on an arm's length basis.

(w) Accounting treatment of mergers and acquisitions

EFG Eurobank Ergasias SA and Telesis Investment Bank SA:

As explained in Note 3, the merger between EFG Eurobank Ergasias SA and Telesis Investment Bank SA which took place in 2001 has been accounted for using the purchase method.

EFG Eurobank SA and Ergobank SA:

As explained in Note 4, the merger between EFG Eurobank SA and Ergobank SA which took place in 2000 has been accounted for using the uniting of interests method.

(x) Impact of new accounting standards

As previously described, the Group adopted IAS 40 with effect from 1 January 2001 and classified certain of its office buildings and commercial property to Investment property.

The following revised or new International Accounting Standards were implemented in 2000:

IAS 39 - Financial instruments: Recognition and Measurement

IAS 10 - Events after the Balance Sheet date

(y) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment. The Group is organised into four main business segments. Segment revenue, segment expenses and segment performance include transfers between business segments. Such transfers are accounted for at competitive prices in line with charges to unaffiliated customers for similar services.

(z) Treasury shares

Where the company or its subsidiaries purchase the company's share capital or obtains rights to purchase its share capital, the consideration paid including any attributable transaction costs net of income taxes is shown as a deduction from total shareholders' equity using the par value method. Gains and losses on sales of own shares are charged or credited to the special reserves account.

2. 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.

Fair value hedges

The Group hedges a proportion of its existing interest rate risk resulting from any potential decrease in the fair value of fixed rate available-for-sale bonds denominated both in local and foreign currencies using interest rate and cross currency interest rate swaps. The net fair value of these swaps at 31 December 2001 was Grd. 19,469 million.

NOTES TO THE ACCOUNTS (CONTINUED)

2. Use of financial instruments (continued)

Derivatives

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 19.

Master netting arrangements

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.

Market risk

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. Since October 2000, the company has been applying a 'value at risk' methodology to estimate 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 will not be exceeded if the current positions were to be held unchanged for a 10-day horizon (holding period). The measurement is structured so that within a 10-day horizon losses exceeding the VaR figure should occur, on average, not more than once a year. Actual outcomes are monitored regularly to test the validity of the assumptions and the parameters 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 2001 was Grd. 4.8 billion (fourth quarter 2000: 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 20, 41, 42, and 43.

3. Acquisition of Telesis Investment Bank SA

During the year EFG Eurobank Ergasias S.A. and Telesis Investment Bank S.A. agreed to merge. Telesis offers traditional and private banking services and is recognised as a strong player in investment banking and associated services based on its modern know-how and high calibre personnel. Its subsidiaries include mutual fund, brokerage and asset management companies. The company acquired 100% of the outstanding ordinary voting share capital of Telesis in a share for share exchange of 1 EFG Eurobank Ergasias share for 2.2 Telesis shares.

The merger was approved by the Extraordinary Shareholders Meetings of the two companies held in September 2001 and the company has accounted for this transaction by the purchase method of accounting, with an effective date 30 of September 2001. The results of Telesis and of its subsidiaries have been included in the financial statements from October 1st 2001. The legal formalities of the merger and the actual exchange of shares concluded on 11 March 2002 with a local accounting and tax reference date of 1 January 2001.

The value of the shares as at 30 September 2001 amounted to Grd. 77,672 million (€ 227.9 million). Goodwill has been calculated as follows:

	Grd. m
Value of Shares (18,963,636 shares valued at Grd. 4,096 or € 12.02 per share)	77,672
Fair Value of net assets acquired	<u>(71,567)</u>
Goodwill arising from acquisition 30 September 2001	<u>6,105</u>

(see also note 35 - share capital, share premium and treasury shares and the Consolidated Statement of changes in equity)

The resulting goodwill of Grd. 6,105 million will be amortised using the straight line method over its useful life, estimated by the Directors at 15 years.

As at 30 September 2001, Telesis Investment Bank's assets totalled Grd. 286,787 million and liabilities totalled Grd. 215,220 million. Net income contributed from the date of acquisition to 31 December 2001 amounted to Grd. 171 million.

NOTES TO THE ACCOUNTS (CONTINUED)

4. 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. The controlling shareholder of both banks, EFG Bank Group, held post - merger 44% of EFG Eurobank Ergasias SA.

Since the transaction represented a business combination between entities under common control, it fell outside the scope of International Accounting Standards (IAS 22) dealing with business combinations. In the absence of specific guidance under IAS, the directors decided to adopt the uniting of interests method, which was the appropriate method under Greek GAAP, as they believed this method most accurately reflected 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 income statement account for 2000 reflects the results of both banks from 1 January 2000, 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 premium of a corresponding amount of Grd. 302 billion.

The impact after the merger between the two banks on the 2000 financial statements is shown below:

		Assets Grd. m.	Liabilities Grd. m.	Equity Grd. m.
Changes in assets, liabilities and equity:				
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	<u>5,094,502</u>	<u>4,481,839</u>	<u>612,663</u>

Deferred tax harmonisation

In accordance with the company’s accounting policy, deferred tax previously provided 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 35 - share capital, share premium and treasury shares.

5. Net interest income

	2001 Grd. m	2000 Grd. m
Net interest income comprises:		
Interest and discount income		
Cash and short term funds	386,705	447,190
Trading securities	45,189	44,019
Other securities	48,564	27,926
Total interest and discount income	<u>480,458</u>	<u>519,135</u>
Interest expense		
Banks and customers	(264,724)	(344,950)
Liabilities evidenced by paper	(6,401)	(2,173)
Total interest expense	<u>(271,125)</u>	<u>(347,123)</u>
Net interest income	<u>209,333</u>	<u>172,012</u>

6. Dividend income

	2001 Grd. m	2000 Grd. m
Available-for-sale investment securities	4,093	4,476
Trading securities	330	630
	<u>4,423</u>	<u>5,106</u>

NOTES TO THE ACCOUNTS (CONTINUED)

7. Net trading income	2001	2000
	Grd. m	Grd. m
Interest rate instruments	6,089	2,497
Equities	(5,258)	(7,942)
Foreign exchange	4,667	6,218
Total	5,498	773

8. Gains less losses from other securities	2001	2000
	Grd. m	Grd. m
Available-for-sale investment securities	7,060	25,329
Other investment securities	4,974	0
Total	12,034	25,329

9. Operating expenses	2001	2000
	Grd. m	Grd. m
Staff costs (note 10)	98,439	89,326
Professional services	7,453	8,308
Advertising and marketing	8,980	7,657
Administrative expenses	35,596	37,783
Depreciation	21,963	19,209
(Profit)/loss on sale of property and equipment	(143)	526
Amortisation of goodwill (note 26)	695	0
Goodwill adjustment	0	(518)
Operating lease rentals	10,082	6,588
Other	3,682	1,890
Total	186,747	170,769

10. Staff costs	2001	2000
	Grd. m	Grd. m
Wages, salaries and staff bonuses	71,472	67,208
Social security costs	14,725	13,229
Pension costs defined contribution scheme	2,475	1,381
Pension costs defined benefit scheme (note 33)	1,824	2,039
Other	7,943	5,469
Total	98,439	89,326

The average number of employees of the Group during the year was 8,466 (2000: 7,964).

The company operates defined benefit and defined contribution schemes. The assets of the schemes are held separately by an independent insurance company or an independent pension fund.

11. Tax on profit on ordinary activities	2001	2000
	Grd. m	Grd. m
Corporation tax at 37.5% (2000: 40%)	35,743	35,457
Deferred tax charge (credit) (note 12)	3,462	2,871
Tax discount	(648)	(847)
Tax on revaluation Lands / Buildings (see below)	0	155
Additional tax agreed with the tax authorities (see below)	684	2,955
Overseas taxes	731	391
Share of associated undertakings' taxation	791	961
Total tax charge	40,763	41,943

In 2001, the Greek tax authorities audited former Ergobank SA for the periods 1998 and 1999. The audit resulted in an additional tax charge of Grd. 684 million.

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.

In 2000 land and buildings were revalued according to Greek Law 2065/92 resulting in a revaluation gain of Grd. 2,675 million. The revaluation gain was credited directly to special reserves and was subject to a tax charge of Grd. 155 million.

NOTES TO THE ACCOUNTS (CONTINUED)

11. Tax on profit on ordinary activities (continued)

The rate of tax was 37.5% in 2001 and 40% in 2000. The reconciliation between income tax expense (effective tax rate) and the tax expense at the current tax rate is summarised as follows:

	2001	2000
	Grd. m	Grd. m
Accounting Profit	114,193	118,930
Tax at the applicable tax rate of 37.5%	42,822	47,572
- tax effect of valuation temporary differences (IAS 39)	706	(2,501)
- tax effect of non-taxable (gains)/losses on listed shares and derivatives by parent company	2,097	(298)
- tax effect of directors' and employees' bonus treated as distribution of profits and proposed dividends	1,451	2,898
- tax effect of income from dividends not subject to tax	(1,020)	(948)
- tax effect of income by subsidiaries and associates not subject to tax	(1,380)	(6,949)
- tax effect of non tax-deductible expenses and other non taxable income	(3,351)	(3,676)
- tax effect of revaluation of Lands / Buildings (see above)	0	155
- additional tax (see above)	684	2,955
- tax effect of other differences	(1,246)	2,735
	<u>40,763</u>	<u>41,943</u>

12. 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% (2000: 34.6%).

The movement on the deferred income tax account is as follows:

	2001	2000
	Grd. m	Grd. m
At 1 January	14,612	21,152
Arising from acquisition of Telesis	415	0
Effect of adopting IAS 39 at 1 January	0	(3,901)
Fair Value Hedges	6,132	0
Income statement (charge) / credit	(3,462)	(2,871)
Equity reserve charge / (credit)	(6,663)	232
At 31 December	<u>11,034</u>	<u>14,612</u>

Deferred income tax assets and liabilities are attributable to the following items:

Valuation temporary differences accounted direct to special reserves	(4,023)	(3,669)
Valuation temporary differences	(927)	0
Depreciation temporary differences	797	462
Pensions and other post retirement benefits	2,319	2,228
Loan provisions	12,367	14,109
Interest temporary differences	408	1,482
Other temporary differences	93	0
Deferred income tax assets	<u>11,034</u>	<u>14,612</u>

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

	2001	2000
	Grd. m	Grd. m
Valuation temporary differences	632	0
Depreciation temporary differences	177	263
Pensions and other post retirement benefits	(70)	24
Loan provisions	1,742	(579)
Interest temporary differences	1,074	2,937
Other temporary differences	(93)	226
Deferred income tax assets	<u>3,462</u>	<u>2,871</u>

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. 146,446 million at 31 December 2001 (see note 36).

NOTES TO THE ACCOUNTS (CONTINUED)

13. 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.

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.

		2001	2000
		Grd. m	Grd. m
Net profit attributable to shareholders	<i>Grd. million</i>	70,037	68,056
Weighted average number of ordinary shares in issue	<i>Shares</i>	290,462,127	291,196,658
Weighted average number of ordinary shares for diluted earnings	<i>Shares</i>	290,606,587	291,492,212
Basic earnings per share	<i>Grd.</i>	<u>241.1</u>	<u>233.7</u>
Diluted earnings per share	<i>Grd.</i>	<u>241.0</u>	<u>233.5</u>

14. Cash and balances with central banks

		2001	2000
		Grd. m	Grd. m
Cash in hand		53,478	53,565
Balances with central banks		<u>378,841</u>	<u>444,402</u>
		<u>432,319</u>	<u>497,967</u>
of which:			
Mandatory deposits with the Bank of Greece		<u>187,571</u>	<u>344,639</u>

15. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprises the following balances with less than 90 days maturity:

		2001	2000
		Grd. m	Grd. m
Cash and balances with central banks		244,747	153,328
Treasury bills and other eligible bills		0	18,129
Due from other banks		432,871	442,311
Trading securities		<u>21,429</u>	<u>3,832</u>
		<u>699,047</u>	<u>617,600</u>

16. Treasury bills & other eligible bills

		2001	2000
		Grd. m	Grd. m
Treasury bills		<u>0</u>	<u>18,129</u>

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.

17. Due from other banks

		2001	2000
		Grd. m	Grd. m
Repayable on demand		44,771	74,937
Remaining maturity:			
- over 1 year		0	3,357
- 1 year or less but over 3 months		5,448	44,567
- 3 months or less		<u>388,100</u>	<u>367,374</u>
		<u>438,319</u>	<u>490,235</u>
Including unsubordinated amounts due from:			
- fellow subsidiary and associate undertakings		<u>18,695</u>	<u>61,827</u>
- settlement balances with banks		<u>113,219</u>	<u>32,166</u>
- parent undertakings		<u>1</u>	<u>50</u>
Including pledged deposits with:			
- banks		<u>34,740</u>	<u>37,412</u>

NOTES TO THE ACCOUNTS (CONTINUED)

18. Trading securities

	2001	2000
	Grd. m	Grd. m
Issued by public bodies:		
- government	318,405	603,713
- other public sector securities	<u>29,293</u>	<u>5,271</u>
	<u>347,698</u>	<u>608,984</u>
Issued by other issuers:		
- banks	7,996	15,723
- other	<u>22,816</u>	<u>8,031</u>
	<u>30,812</u>	<u>23,754</u>
Total	<u>378,510</u>	<u>632,738</u>
Equity Securities	7,844	13,147
Debt Securities	<u>370,666</u>	<u>619,591</u>
	<u>378,510</u>	<u>632,738</u>
Credit facility with central banks secured by the above	<u>94,248</u>	<u>41,440</u>

19. Derivative financial instruments

The Group utilises the following derivative instruments for both hedging and non-hedging purposes:

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 collateralisation 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 liabilities can fluctuate significantly from time to time. The fair values of derivative instruments held are set out in the following table:

NOTES TO THE ACCOUNTS (CONTINUED)

19. Derivative financial instruments (continued)	2001			2000		
	Contract/ notional amount Grd. m.	Fair values Assets Grd. m.	Liabilities Grd. m.	Contract/ notional amount Grd. m.	Fair values Assets Grd. m.	Liabilities Grd. m.
Derivatives held for trading						
OTC currency derivatives						
- Currency forwards	56,153	444	(815)	652,835	1,279	(22,645)
- Currency swaps	728,444	15,441	(2,028)	1,430,712	35,103	(30,199)
- OTC currency options bought and sold	157,204	2,516	(2,105)	61,226	2,080	(1,643)
Total		18,401	(4,948)		38,462	(54,487)
OTC interest rate derivatives						
- Interest rate swaps	813,608	3,585	(7,003)	390,575	7,573	(17,695)
- Cross-currency interest rate swaps	244,791	18,693	(17,945)	352,400	30,136	(37,795)
- OTC interest rate options	34,075	510	(205)	37,483	395	0
Sub Total		22,788	(25,153)		38,104	(55,490)
Exchange traded interest rate futures	121,875	886	(1,134)	376,737	53	(1,877)
Total		23,674	(26,287)		38,157	(57,367)
OTC Index Options bought and sold	20,763	2,410	(1,136)	6,758	482	0
Exchange traded Index futures	7,390	86	(86)	291	12	(11)
Exchange traded Index options bought and sold	10,889	545	(619)			
Forward Security contracts	300,470	462	(410)	0	0	0
Embedded derivatives						
- Clients' deposits connected to index options	20,763	0	(261)	6,758	0	(482)
- Clients' deposits connected to currency options	42,004	0	(342)	9,279	0	(438)
Total		3,503	(2,854)		494	(931)
Other trading liabilities						
- Securities sold not yet repurchased		0	(161)		0	0
Total derivative assets/(liabilities) held for trading		45,578	(34,250)		77,113	(112,785)
Derivatives designated as fair value hedges						
Interest rate swaps	457,895	334	(41,585)	0	0	0
Cross-currency interest rate swaps	31,004	0	(8,077)	0	0	0
Total derivatives assets/(liabilities) used for hedging purposes		334	(49,662)		0	0
TOTAL DERIVATIVE ASSETS/(LIABILITIES)		45,912	(83,912)		77,113	(112,785)

20. Loans and advances to customers

	2001	2000
	Grd. m	Grd. m
Remaining maturity:		
- over 5 years	522,243	436,588
- 5 years or less but over 1 year	491,245	462,134
- 1 year or less but over 3 months	619,966	527,730
- 3 months or less	2,234,318	1,552,576
- provision for impairment losses (note 21)	(128,515)	(109,221)
	3,739,257	2,869,807
of which:		
- repayable on demand or at short notice	951,924	869,767
- due from associated undertakings, unsubordinated	31,614	28,976
- settlement balances with customers	6,531	24,614

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.

NOTES TO THE ACCOUNTS (CONTINUED)

20. Loans and advances to customers (continued)

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:

	2001	2000
	%	%
Government bodies	1%	2%
Shipping	3%	3%
Construction	7%	3%
Manufacturing	14%	16%
Commerce & Services	34%	38%
Private individuals	35%	33%
Other	6%	5%
	<u>100%</u>	<u>100%</u>

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

	2001		2000	
	Grd. m.	%	Grd. m.	%
Greece	3,716,205	99%	2,843,641	99%
Other Western European countries	22,187	1%	25,486	1%
Other countries	865	0%	680	0%
	<u>3,739,257</u>	<u>100%</u>	<u>2,869,807</u>	<u>100%</u>

The Group reduces its credit risk associated with loans and advances to customers by entering into collateralised arrangements. The type of collateral that the Group obtains are cash deposits, real estate, securities, vessels and bank guarantees. The value of the collaterals that the Group, as of 31 December 2001 has obtained, amounts to 37% of the total aggregate amount of the gross loans and advances to customers.

21. Provisions for impairment losses on loans and advances

	2001	2000
	Grd. m.	Grd. m.
At 1 January	109,221	117,978
Arising from acquisition of Telesis	4,971	0
Impairment losses on loans and advances charged in the year	23,063	25,231
Transfers from other provisions	0	2,000
Loans written off during the year as uncollectible	(8,740)	(35,988)
At 31 December	<u>128,515</u>	<u>109,221</u>

Impaired loans and advances acquired through Cretabank, which was acquired in 1999, 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.

NOTES TO THE ACCOUNTS (CONTINUED)

22. Available-for-sale investment securities

	2001	2000
	Grd. m	Grd. m
Issued by public bodies:		
- government	792,321	239,664
- other public sector	77,236	7,030
	<u>869,557</u>	<u>246,694</u>
Issued by other issuers:		
- banks	48,775	49,741
- other	189,422	145,822
	<u>238,197</u>	<u>195,563</u>
Total	<u>1,107,754</u>	<u>442,257</u>
Listed	1,070,926	376,809
Unlisted	36,828	65,448
	<u>1,107,754</u>	<u>442,257</u>
Equity	113,183	97,892
Debt	994,571	344,365
	<u>1,107,754</u>	<u>442,257</u>
Unamortised discounts and premiums included above	10,837	1,924
Pledged securities with capital market companies, included in government securities	437	0

The movement in the account in 2001, is as follows:

Net book value at 1 January	442,257	329,973
Arising from acquisition of Telesis	12,114	0
Reclassification from investment securities on adoption of IAS-39 (see below)	0	330,210
Fair value adjustment on adoption of IAS 39	0	79,600
Exchange adjustments	(1,330)	5,074
Acquisitions	741,705	294,072
Disposals and redemptions	(218,949)	(553,387)
Transfers	122,414	1,483
Amortisation of discounts and premiums	227	(371)
Net gains / (losses) from changes in fair value	9,316	(44,397)
Net book value at 31 December	<u>1,107,754</u>	<u>442,257</u>

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 also recognised in special reserves directly in equity. The movement of the reserve in 2001 was as follows:

	2001	2000
	Grd. m	Grd. m
As at 1 January	9,610	0
On adoption of IAS 39 at 1 January 2000:		
- available for sale investment securities remeasured at fair value	0	79,600
- deferred income taxes	0	(9,095)
- minority share of fair value adjustment	0	(19,544)
As at 1 January as restated:	<u>9,610</u>	<u>50,961</u>
Net gains / (losses) from changes in fair value	9,316	(44,397)
Deferred income taxes	(7,836)	(4,080)
Minority share of changes in fair value	10,792	30,337
	<u>12,272</u>	<u>(18,140)</u>
Net (gains) / losses transferred to net profit on disposal	(6,334)	(35,373)
Deferred income taxes	1,173	4,312
Minority share of net gains / (losses) transferred to net profit on disposal	2,093	7,850
	<u>(3,068)</u>	<u>(23,211)</u>
Net (gains) / losses transferred to net profit from fair value hedges	(19,469)	0
Deferred income taxes	6,132	0
	<u>(13,337)</u>	<u>0</u>
As at 31 December	<u>5,477</u>	<u>9,610</u>

NOTES TO THE ACCOUNTS (CONTINUED)

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

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 25 the cumulative net effect of which amounted to Grd. 37,620 million reduction (2000: Grd. 22,184 million reduction).

The decline in fair values is considered by the directors to be temporary and no provision for impairment has been made.

23. Other investment securities

	2001		2000	
	Balance Sheet Grd. m.	Market Value Grd. m.	Balance Sheet Grd. m.	Market Value Grd. m.
Held-to-maturity investment securities	0	0	228,813	241,902
Receivables originated by the enterprise	<u>84,063</u>	<u>88,662</u>	<u>69,962</u>	<u>73,969</u>
	<u>84,063</u>	<u>88,662</u>	<u>298,775</u>	<u>315,871</u>
Issued by public bodies:				
- government	<u>72,896</u>	<u>77,361</u>	<u>293,397</u>	<u>310,427</u>
	<u>72,896</u>	<u>77,361</u>	<u>293,397</u>	<u>310,427</u>
Issued by other issuers:				
- banks	0	0	5,378	5,444
- other	<u>11,167</u>	<u>11,301</u>	<u>0</u>	<u>0</u>
	<u>11,167</u>	<u>11,301</u>	<u>5,378</u>	<u>5,444</u>
Total	<u>84,063</u>	<u>88,662</u>	<u>298,775</u>	<u>315,871</u>
Listed	84,063	88,662	298,775	315,871
Unlisted	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>84,063</u>	<u>88,662</u>	<u>298,775</u>	<u>315,871</u>
Unamortised discounts and premiums included above	<u>697</u>		<u>6,771</u>	
Credit facility with central banks secured by the above	<u>8,456</u>		<u>8,524</u>	
Pledged securities with capital market companies	<u>0</u>		<u>412</u>	

The movement on held-to-maturity investment securities, excluding receivables originated by the enterprise, is as follows:

	2001	2000
	Grd. m	Grd. m
Net book value at 1 January	228,813	604,701
Reclassification on adoption of IAS 39 to		
- available-for-sale investment securities (see note 22)	0	(330,210)
- receivables originated by the enterprise	0	(69,826)
Change to effective yield method on adoption of IAS 39	0	1,219
Exchange adjustments	0	544
Acquisitions	185	21,567
Disposals and redemptions (see below)	(81,779)	(3,612)
Transfers (see below)	(146,067)	5,101
Amortisation of discounts and premiums	(1,152)	(671)
Net book value at 31 December	<u>0</u>	<u>228,813</u>

Unanticipated changes in market conditions necessitated the Bank to reassess existing market positions and as a result to dispose of investment securities of Grd. 81,779 million and transfer the balance of Grd. 146,067 million to the available-for-sale portfolio (see note 1 (m), Grd. 122,414 million) and to the trading portfolio.

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

NOTES TO THE ACCOUNTS (CONTINUED)

24. Shares in subsidiary undertakings

	<u>%</u>	<u>Country of incorporation</u>	<u>Line of business</u>
EFG Private Bank (Luxembourg) SA	75	Luxembourg	Financial Institution
EFG Eurobank Leasing SA	100	Greece	Leasing
EFG Eurobank Ergasias Securities SA	100	Greece	Capital markets and investment services
Eurobank Cards SA	100	Greece	Credit card management
EFG Mutual Fund Mngt. 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	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	98	Greece	Leasing
Ergo Mutual Fund Mngt Co. SA	100	Greece	Mutual fund management
Ergofinance SA	100	Greece	Investment banking
Ergoinsurance Brokerage SA	65	Greece	Insurance brokerage
EFG Eurobank Ergasias International (C.I.) 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
OPEN 24 SA	100	Greece	Sundry services
EFG Business Exchanges SA	60	Greece	Business-to-business electronic commerce
EFG Euroinvest Development SA	50	Greece	Closed end mutual fund
EFG Internet Services SA	100	Greece	Internet and electronic banking
ELDEPA	50	Greece	Property rental
EFG Quality Management Services SA	51	Greece	Quality monitoring and improvement Services
Telesis Mutual Funds Mngt. SA	50	Greece	Mutual fund management
Telesis Direct SA	78	Greece	Electronic Brokerage
Telesis Asset Management Company SA	77	Greece	Asset Management

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

(a) EFG Hellas PLC

On June 2001 EFG Hellas PLC issued € 250 million under the Euro Medium Term Note (EMTN) programme, guaranteed by the company.

On 27 July 2001 EFG Hellas PLC issued € 500 million bonds under the € 500 million European Commercial Paper (ECP) Programme, guaranteed by the company. On 21 December 2001 the board of the directors of EFG Hellas PLC and of the company authorized the increase of the aggregate principal amount of the European Commercial Paper (ECP) programme to € 1,500 million.

(b) Business Exchanges SA

On 26 June 2001, the company established Business Exchanges SA, with a Grd. 2,000 million share capital which operates a market place for business-to-business electronic commerce. The company holds 60% of its capital, mobile telephone operator Vodafone SA holds 30% and ComQuest SA holds 10%.

(c) EFG Euroinvest Development SA

On 23 April 2001, the company established a new closed end mutual fund company with a Grd. 10,000 million share capital, EFG Euroinvest Development SA in which it holds 50%. EFG Euroinvest Development SA carries out its business of investing securities in countries whose currency is the Euro from its registered office in Athens.

(d) 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 operates a market place for business-to-consumer electronic commerce from its registered office in Greece, under the commercial name of EFG E-solutions.

NOTES TO THE ACCOUNTS (CONTINUED)

24. Shares in subsidiary undertakings (continued)

(e) EFG Quality Management Services SA

On 7 May 2001, the company established EFG Quality Management Services SA in which it holds 51%, with a Grd. 100 million share capital. EFG Quality Management Services SA carries out its business offering quality management services from its registered office in Greece.

(f) Ergoleasing SA

On 7 August 2001, the company acquired a further 28.01% of the share capital of Ergoleasing in Greece. The company as of 31 December 2001 holds 98.25% of Ergoleasing SA.

(g) Ergoinsurance Brokerage SA

On 3 December 2001, the company disposed of 35% of the share capital of Ergoinsurance Brokerage SA. The company as of 31 December 2001 holds 65%.

(h) ELDEPA SA

On 29 June 2001, the company acquired indirect ownership of 50.1% of the share capital of ELDEPA SA through its subsidiary EFG Eurobank Properties SA that acquired 100% of the ordinary share capital of ELDEPA SA. The relevant share of goodwill that arose on acquisition was written off in the year 2001 (see note 48). ELDEPA SA offers property rental services from its registered office in Greece.

(i) Merger between former EFG Eurobank Securities SA, Ergo Securities SA and Telesis Securities SA

On 30 November 2001, the company merged the activities of its wholly owned subsidiaries EFG Eurobank Securities SA, Ergosecurities SA and Telesis Securities SA and formed EFG Eurobank Securities SA. The company owns 100% of the ordinary share capital of the newly formed entity.

(j) Telesis Mutual Funds Management Company SA

On 30 September 2001, the company through the acquisition of Telesis Investment Bank, acquired 50% of the ordinary share capital of Telesis Mutual Funds Management Company SA, which carries out its business of mutual funds management from its registered office in Greece.

Post balance sheet event

In March 2002, the company acquired the remaining 50% of its capital.

(k) Telesis Direct SA

On 30 September 2001, the company through the acquisition of Telesis Investment Bank acquired 78% of the ordinary share capital of Telesis Direct SA, which offers brokerage services for equities and mutual funds from its registered office in Greece.

(l) Telesis Asset Management Company SA

On 30 September 2001, the company through the acquisition of Telesis acquired 76.5% of the ordinary share capital of Telesis Asset Management Company SA, which offers management services in the domestic and international capital markets from its registered office in Greece.

Post balance sheet event

The company is in the process of acquiring the remaining 23.5%.

(m) Merger between former EFG Eurobank Leasing SA and Ergoleasing SA

Post balance sheet event

On 11 February 2002, EFG Eurobank Leasing and Ergoleasing merged to form EFG Eurobank Ergasias Leasing SA. The company owns 99.37% of the ordinary share capital of the newly formed entity.

(n) Greek Progress Fund SA

Post balance sheet event

The company owns 15% of the fund and manages its assets. Due to changes in the other shareholders, as of 1 January 2002 the company no longer exercises significant control over the Greek Progress Fund SA. As a result from 2002, Greek Progress Fund SA will no longer be consolidated.

NOTES TO THE ACCOUNTS (CONTINUED)

24. Shares in subsidiary undertakings (continued)

(o) Banc Post Romania

Post balance sheet event

EFG Eurobank Ergasias currently holds 19.25% of the share capital of the Romanian bank Banc Post S.A. In addition, EFG Eurobank Ergasias has an option to purchase a further 17% from the Romanian Authority for Privatisation and Management of the State Ownership (APAPS).

On 26 February 2002, EFG Eurobank Ergasias notified the Romanian State of its intention to exercise the aforementioned option. This is in line with EFG Eurobank Ergasias' strategic planning for further development in South Eastern Europe. When complete, this transaction will raise EFG Eurobank Ergasias' stake in Banc Post to 36.25% with the potential of being raised to 45% since EFG Eurobank Ergasias also holds an option for the purchase of the percentage (8.75%) of Banc Post shares currently owned by General Electric Capital Corp. Consequently, EFG Eurobank Ergasias, together with Banco Portugues de Investimento (BPI) with which it has been cooperating since July 2000, will hold a combined stake of 53.25% of Banc Post, with a future potential of raising the combined participation to 62%.

The approvals of the relevant authorities are expected shortly, including that of the Bank of Greece, which will now be supervising Banc Post's activities since its financial statements will be consolidated into EFG Eurobank Ergasias' accounts. In cooperation with BPI, EFG Eurobank Ergasias is planning for the growth of Banc Post's business, the array of products and services offered to its customers and the improvement of its technical infrastructure, in order to render Banc Post a provider of high standard services in the Romanian banking sector.

25. Investments in associated undertakings

	2001	2000
	Grd. m	Grd. m
At 1 January	57,091	38,232
Fair value adjustment on adoption of IAS 39	0	27,335
Goodwill arising on acquisition (see note 48)	(2,055)	0
New associates	0	7,340
Entities fully consolidated	0	(4,927)
Dividends collected	(4,675)	(7,426)
Participation in capital increase of associates	205	36,878
Share of available-for-sale investment securities revaluation losses (IAS 39 net fair value results)	(15,436)	(49,519)
Share of current year's profit after tax (see also note 11)	1,693	9,178
At 31 December	<u>36,823</u>	<u>57,091</u>

In 2000, the following entities were transferred from associated undertakings to fully consolidated subsidiaries following increases in their assets and business activities:

- a) EFG Insurance Services SA
- b) EFG Life Insurance SA
- c) EFG Property and Casualty Insurance SA
- d) EFG Eurobank Properties SA

<u>Principal Associates</u>	<u>%</u>	<u>Country of incorporation</u>	<u>Line of business</u>	<u>Balance Sheet Value Grd. m.</u>
ALICO-EUROBANK Mutual Fund Mngt Co. SA	50	Greece	Mutual fund management	932
TEFIN SA	50	Greece	Motor vehicle sales financing	2,409
UNITBANK SA	50	Greece	Financial institution	1,755
ERGOINVEST SA	30.74	Greece	Closed end mutual fund	27,278
ERGOINVEST ADVISORS SA	64.67	Greece	Investment advisors	1,094
COMQUEST SA	40	Greece	Internet & Telecom services	1,138
KANTOR MANAGEMENT CONSULTANTS SA	20	Greece	Consultancy services	958

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

NOTES TO THE ACCOUNTS (CONTINUED)

25. Investments in associated undertakings (continued)

Current year events and other significant notes:

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. ComQuest SA was fully consolidated under the equity method of accounting in the current year giving rise to a goodwill of Grd. 2,055 billion amortised over 5 years.

Post balance sheet event

On 12 March 2002, the company signed a preliminary contract to acquire a further 60% of ComQuest's ordinary share capital increasing the Group's share of assets to 100%. The transaction is subject to approval of the relevant regulatory authorities. Upon completion of the transaction ComQuest will be consolidated as a wholly owned subsidiary.

26. Intangible assets

	2001	2000
	Grd. m	Grd. m
Intangible assets consist solely of Goodwill:		
At 1 January 2001	0	0
Goodwill arising on acquisitions (note 48)	4,170	0
Goodwill arising on acquisition of Telesis (note 3)	6,105	0
Amortisation charge	<u>(695)</u>	<u>0</u>
At 31 December 2001	<u>9,580</u>	<u>0</u>
Cost	10,275	0
Accumulated Amortisation	<u>(695)</u>	<u>0</u>
Net book value at 31 December 2001	<u>9,580</u>	<u>0</u>

27. Property, plant and equipment

	Land, buildings, leasehold improvements Grd. m.	Furniture, equipment motor vehicles Grd. m.	Computer hardware, software Grd. m.	Investment Property Grd. m.	Total fixed assets Grd. m.
Cost:					
At 1 January 2001	94,122	23,368	68,382	0	185,872
Arising from acquisition of Telesis	10,285	602	1,581	0	12,468
Reclassification on adoption of IAS 40	(15,149)	0	0	15,149	0
Transfers	803	0	0	3,581	4,384
Additions	11,201	5,419	20,279	15,174	52,073
Disposals and write - offs	<u>(1,079)</u>	<u>(343)</u>	<u>(4,611)</u>	<u>(56)</u>	<u>(6,089)</u>
At 31 December 2001	<u>100,183</u>	<u>29,046</u>	<u>85,631</u>	<u>33,848</u>	<u>248,708</u>
Accumulated depreciation:					
At 1 January 2001	29,891	10,267	26,031	0	66,189
Arising from acquisition of Telesis	4,436	399	1,051	0	5,886
Reclassification on adoption of IAS 40	(268)	0	0	268	0
Transfers	53	0	0	240	293
Disposals	(720)	(273)	(3,706)	0	(4,699)
Charge for the year	<u>4,081</u>	<u>3,828</u>	<u>13,706</u>	<u>348</u>	<u>21,963</u>
At 31 December 2001	<u>37,473</u>	<u>14,221</u>	<u>37,082</u>	<u>856</u>	<u>89,632</u>
Net book value at 31 December 2001	<u>62,710</u>	<u>14,825</u>	<u>48,549</u>	<u>32,992</u>	<u>159,076</u>
Net book value at 31 December 2000	<u>64,231</u>	<u>13,101</u>	<u>42,351</u>	<u>0</u>	<u>119,683</u>

Leasehold improvements relate to premises occupied by the company for its own activities.

Included in the above is Grd. 26,914 million (2000: Grd. 24,641 million) relating to assets under construction.

On 1 January 2001, the company revised the estimated useful economic life of freehold buildings to 40-50 years. The resultant adjustment is treated as change in accounting estimate (IAS 8) and therefore the depreciation charge for the current and future periods is adjusted. The before tax effect on net profit was Grd. 2,074 million reduction in the depreciation charge for the year ended 31 December 2001.

NOTES TO THE ACCOUNTS (CONTINUED)

27. Property, plant and equipment (continued)

Properties previously classified as land and buildings of Grd. 15,149 million have been reclassified to Investment Properties as a result of adopting IAS 40, as at 1 January 2001.

In 2001, the Group decided that certain assets acquired through auctions to cover impaired loans amounting to a Net Book Value of Grd. 4,091 million will not be held for liquidation but for own use or as investment property. As a result, an amount of Grd. 750 million was transferred from other assets to land and buildings and an amount of Grd. 3,341 million was transferred to Investment property.

At 31 December 2001, had the Investment properties of the Group been carried at fair value, their carrying amount would have been approximately Grd. 45,000 million.

28. Other assets

	2001	2000
	Grd. m	Grd. m
Accrued income	86,079	111,062
Deferred tax asset (note 12)	11,034	14,612
Repossessed properties	27,376	33,130
Other	128,737	73,213
	<u>253,226</u>	<u>232,017</u>

29. Due to other banks

	2001	2000
	Grd. m	Grd. m
With agreed maturity dates of period of notice, by remaining maturity:		
- 5 years or less but over 1 year	1,000	2,194
- 1 year or less but over 3 months	16,541	18,258
- 3 months or less but not repayable on demand	232,934	128,621
	<u>250,475</u>	<u>149,073</u>
Repayable on demand	22,867	10,905
	<u>273,342</u>	<u>159,978</u>
Including amounts due to:		
- parent undertakings	16	9
- fellow subsidiary and associate undertakings	32,921	90,452
- settlement balances with banks	134,682	32,482
	<u>167,619</u>	<u>122,943</u>

30. Due to customers

	2001	2000
	Grd. m	Grd. m
With agreed maturity dates of period of notice, by remaining maturity:		
- 5 years or less but over 1 year	28,038	13,403
- 1 year or less but over 3 months	214,049	91,771
- 3 months or less but not repayable on demand	2,683,051	2,454,078
	<u>2,925,138</u>	<u>2,559,252</u>
Repayable on demand	2,291,867	1,951,998
	<u>5,217,005</u>	<u>4,511,250</u>
Including amounts due to:		
- parent undertakings	10,425	11,515
- fellow subsidiary and associate undertakings	3,703	6,031
- settlement balances with customers	8,443	25,273
	<u>22,571</u>	<u>42,819</u>

31. Liabilities evidenced by paper

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 Euro Medium Term Note (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 June 2001, EFG Hellas PLC issued € 250 million <Grd. 85,188 million> bonds at a rate of Euribor plus 37.5 bps under the Euro Medium Term Note (EMTN) programme. The bonds which are due in June 2004 have been guaranteed by the company and the net proceeds were applied as above.

NOTES TO THE ACCOUNTS (CONTINUED)

31. Liabilities evidenced by paper (continued)

On 27 July 2001, EFG Hellas PLC issued € 500 million <Grd. 170,375 million> European Commercial Paper (ECP) Programme, guaranteed by the company of which € 498.3 million <Grd. 169,796 million> was repaid in December 2001 and € 38.9 million <Grd. 13,255 million> were re-issued bringing the outstanding amount as of 31 December 2001 to € 40.6 million <Grd. 13,834 million>.

On 21 December 2001, the Board of the Directors of EFG Hellas PLC and the company authorized the increase of the aggregate principal amount of the European Commercial Paper (ECP) programme to € 1,500 million.

32. Other liabilities

	2001	2000
	Grd. m	Grd. m
Taxation	12,325	15,341
Due to associated undertakings	489	2,904
Accruals	27,320	55,760
Pension and other post-retirement obligations (Note 33)	7,189	6,125
Other liabilities	152,396	90,724
	<u>199,719</u>	<u>170,854</u>

33. Retirement obligations

The Group's employees participate in a number of pension schemes covering substantially all employees. These schemes are valued by independent actuaries. The amounts recognised in the balance sheet are determined as follows:

	2001	2000
	Grd. m	Grd. m
Statutory severance indemnities	<u>7,189</u>	<u>6,125</u>

The movement in the liability recognised in the balance sheet is as follows:

- Balance as at 1 January 2001	6,125	4,432
- Arising from acquisition of Telesis	148	0
- Exchange adjustment	0	4
- New subsidiaries	2	34
- Additions	2,265	1,881
- Indemnities paid	(1,351)	(226)
- Balance as at 31 December 2001	<u>7,189</u>	<u>6,125</u>

The principal actuarial assumptions used were:

- Discount rate	6%	6%
- Future salary increases	4%	4%

	2001	2000
	Grd. m	Grd. m

Defined Benefit Pension Schemes

The amounts recognised in the balance sheet are determined as follows:

Present Value of funded obligations	45,790	42,980
Fair Value of plan assets	(34,775)	(31,644)
Unrecognised actuarial gains (losses)	(9,171)	(9,193)
Unrecognised prior service cost	(1,561)	(1,860)
Liability in the balance sheet	<u>283</u>	<u>283</u>

Movement in the liability recognised in the balance sheet:

At beginning of year	283	0
Total expense	1,824	2,039
Contributions paid	(1,824)	(1,756)
At end of year	<u>283</u>	<u>283</u>

The principal actuarial assumptions used were as follows:

Discount rate	6-6.5%	6-6.5%
Expected return on plan assets	8%	8%
Future salary increases	4-4.5%	4-4.5%
Future pension increases	2%	2%

NOTES TO THE ACCOUNTS (CONTINUED)

34. Minority interest

	2001	2000
	Grd. m	Grd. m
1 January 2001	89,285	81,903
Share of available-for-sale investment securities revaluation losses under IAS 39	(12,886)	(17,742)
Arising from acquisition of Telesis	393	0
New acquisitions	5,775	0
Dividends for 2000	(4,776)	(9,909)
Reduction of Group's holding in subsidiary (note 24(g))	106	403
Increase of Group's holding in subsidiary (note 24(f))	(5,231)	0
Share of Retained Earnings of subsidiaries previously reported under equity method	0	46
Share of capital increase of subsidiary	35	25,475
Share of net profit of subsidiaries	3,393	8,931
Currency translation differences	8	178
At 31 December 2001	<u>76,102</u>	<u>89,285</u>

35. Share capital, share premium and treasury shares

The merger of EFG Eurobank SA with Ergobank SA, and the name change to EFG Eurobank Ergasias SA, was completed on 7 September 2000, with a local accounting and tax reference date of 1 January 2000. The share exchange, the basis of which was 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 share 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.

The merger of EFG Eurobank Ergasias SA ("EFG") and Telesis Investment Bank SA ("Telesis") was completed on 11 March 2002, with a local and tax reference date of 1 January 2001. The share exchange took place whereby:

- a) One EFG ordinary voting share of nominal value Grd. 850 was exchanged for one ordinary voting share of the merged bank of nominal value Grd. 933.655 each.
- b) 2.2 Telesis ordinary voting shares of Grd. 1,000 were exchanged for one ordinary voting share of the merged bank of nominal value Grd. 933.655 each.

As a result, the company issued 18,963,636 shares to the Telesis shareholders as purchase consideration, the market value of which, as at 30 September 2001 was Grd. 77,672 million.

After the merger, the share capital consisted of 312,538,426 shares of nominal value Grd. 933.655 (€ 2.74) each.

NOTES TO THE ACCOUNTS (CONTINUED)

35. Share capital, share premium and treasury shares (continued)

	Ordinary Share Capital Grd. m.	Share premium Grd. m.
Authorised, issued and fully paid.		
The movements in share capital in 2000 were as follows:		
1 January 2000:		
Ergobank SA		
- 40,730,000 ordinary shares of Grd. 2,000 each	81,460	78,872
EFG Eurobank SA		
- 132,919,579 ordinary shares of Grd. 500 each	<u>66,460</u>	<u>214,884</u>
	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 write off of retained losses	60,560	(60,560)
	(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	0
31 December 2000		
- Nominal value of shares of Grd. 850 each	<u>249,056</u>	<u>134,157</u>
- <i>Number of shares in issue</i>	<u>293,007,590</u>	
31 December 2000		
Treasury shares (see below)		
- Cost	(815)	(5,847)
- <i>Number of shares</i>	(959,919)	
Treasury shares under special scheme		
- Cost	(1,933)	(14,152)
- <i>Number of shares</i>	(2,274,253)	
31 December 2000		
- net balances	<u>246,308</u>	<u>114,158</u>
- <i>net number of shares</i>	<u>289,773,418</u>	

NOTES TO THE ACCOUNTS (CONTINUED)

35. Share capital, share premium and treasury shares (continued)

	Ordinary Share Capital Grd. m.	Share premium Grd. m.
Authorised, issued and fully paid.		
The movements in share capital in 2001 were as follows:		
1 January 2001	249,056	134,157
15 May 2001:		
- Issue to executive directors, management and staff of 567,200 ordinary shares of Grd. 850 each at par by capitalisation of retained earnings, as approved by the Annual General Meeting	482	0
30 September 2001: effective date of acquisition of Telesis Investment Bank		
- Capitalisation of share premium for rounding purposes related to the merger	27	(27)
- Capitalisation of share premium to increase the nominal value of each share to Grd. 933.655 or € 2.74	517	(517)
- Share capital issued to Telesis shareholders (exchanged for 18,963,636 company shares) for fair value of assets acquired (note 3)	41,720	29,847
- Additional share premium arising on acquisition equal to goodwill (note 3)	0	6,105
- Transfer from retained profits	0	7,911
31 December 2001		
- Nominal value of shares of Grd. 933.655 each or € 2.74 each	<u>291,802</u>	<u>177,476</u>
- <i>Number of shares in issue</i>	<u>312,538,426</u>	
31 December 2001		
Treasury shares (see below)		
- Cost	(1,084)	(5,534)
- <i>Number of shares</i>	(1,161,174)	
Treasury shares under special scheme		
- Cost	(7,057)	(37,251)
- <i>Number of shares</i>	(7,559,323)	
31 December 2001		
- net balances	<u>283,661</u>	<u>134,691</u>
- <i>net number of shares</i>	<u>303,817,929</u>	

In the ordinary course of business, the Group has acquired 1,161,174 (2000: 959,919) of the company's shares which are included in its accounts at a cost of Grd. 6,618 million (2000: Grd. 6,662 million). These shares had a market value of Grd. 6,180 million at the year end (2000: Grd. 6,815 million).

Treasury shares special scheme

On 24 May 2000 the Extraordinary General Meeting of former EFG Eurobank SA approved the acquisition (adjusted for the 3 for 10 bonus issue approved on 10 November 2000) of up to a total of 8,645,000 shares at a maximum price of Grd. 9,231 per share in the following 18-month period. On 14 September the Extraordinary General Meeting of EFG Eurobank Ergasias SA approved the acquisition of a further 20,712,479 shares (adjusted as referred to above) at a maximum price of Grd. 9,231 or € 27.09 in the following 12 months.

In accordance with Greek Company Law, the purpose of this special scheme programme was to support the share price of the company, as the directors of the company felt that the share price in May 2000 of Grd. 7,740 (adjusted as referred to above), 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 approved maximum price per share is fair and reasonable 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.

During 2001, the company acquired 8,585,070 of its shares. The shares were acquired at a total cost of Grd. 47,607 million.

On 21 December 2001, the company sold 3,300,000 of its shares with proceeds totalling Grd. 16,790 million resulting in a loss of Grd. 2,596 million which was recorded in Special reserves (see note 36).

NOTES TO THE ACCOUNTS (CONTINUED)

35. Share capital, share premium and treasury shares (continued)

Treasury shares special scheme (continued)

As at 31 December 2001, the company held 7,559,323 (2000: 2,274,253 shares) of its own shares representing 2.42% (2000: 0.78%) of the company's share capital. The shares were acquired at a total cost of Grd. 44,307 million (2000: Grd. 16,085 million) and an average cost of Grd. 5,861 or € 17.2 (2000: Grd. 7,073) per share, and the market value stood at Grd. 40,235 million (2000: Grd. 16,148 million).

Shares to directors, executive management and staff

The directors propose the issue of 750,000 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.

Share options

The Group offers share options to directors, executive management and employees. All options may be exercised wholly or partly, at their owners' option. Movements in the number of share options outstanding are as follows:

	2001	2000
	Grd. m	Grd. m
At beginning of year	182,000	0
Granted on 15 May 2001/ 24 May 2000	355,200	560,000
Adjustment on 11 November 2000	0	168,000
Adjustment on 9 November 2001	287	0
Exercised on December 2001 / December 2000	(21,922)	(546,000)
At 31 December 2001	<u>515,565</u>	<u>182,000</u>

As at 31 December 2000, there were 182,000 options, which could be exercised in December 2001, December 2002 or December 2003, at a price of Grd. 4,615 per share. Following the distribution of shares on 15 May 2001, the number of the 182,000 stock options was increased to 182,287 and the exercise price amended to Grd. 4,608 per share.

A further 355,200 options were granted on 15 May 2001 which may be exercised in December 2002, December 2003 or December 2004 at a price of Grd. 2,726 (€ 8.00) per share.

Options exercised on December 2001 will result in 21,922 shares being issued in April 2002 at Grd. 4,608 in 2002, with proceeds totalling Grd. 101 million.

As of 31 December 2001 there are 160,365 options outstanding that may be exercised in December 2002 or December 2003 at a price of Grd. 4,608 per share, and 355,200 options which may be exercised at a price of € 8.00 or Grd. 2,726 per share, in December 2002, December 2003 and December 2004.

The directors propose to the forthcoming Annual General Meeting the issue of a further 860,000 options on the company's shares.

36. Special Reserves

	Non-Taxed Reserves Grd. m.	IAS 39 equity Grd. m.	Treasury Shares Grd. m.	Other reserves Grd. m.	Total Grd. m.
Balance at 1 January 2001	140,391	(12,574)	16,085	35,853	179,755
Arising in the period:					
Transfers between reserves	(5,764)		28,222	(10,330)	12,128
Available-for-sale securities					
- net fair value results, net of tax (note 22)		(4,133)			(4,133)
- net fair value results- associated undertakings		(15,436)			(15,436)
Tax on revaluation of Land and Buildings				(6)	(6)
Profit / (Loss) from sale of treasury shares	(2,596)				(2,596)
At 31 December 2001	<u>132,031</u>	<u>(32,143)</u>	<u>44,307</u>	<u>25,517</u>	<u>169,712</u>

The treasury shares reserve of Grd. 44,307 million is formed in accordance with the requirements of Greek Tax Law whereby a special reserve must be created which is equivalent to the amount of shares held in treasury. This reserve is available for distribution only to the extent that it exceeds the cost of any treasury shares held and Grd. 14,415 million of this reserve has not been taxed and is only taxable in the event of its distribution. Losses from the sale of treasury shares have been deducted from non-taxed reserves.

Non-taxed reserves are only taxable in the event of their distribution (see note 12).

NOTES TO THE ACCOUNTS (CONTINUED)

37. Geographical concentration

	Total assets Grd. m.	Total liabilities Grd. m.	Credit commit- ments Grd. m.	Capital expen- diture Grd. m.
At 31 December 2001				
Geographical concentrations of assets, liabilities and off balance sheet items				
- Greece	5,994,597	4,888,067	326,018	5,799
- Other Western European countries	566,323	977,142	117	0
- Canada and USA	100,345	27,911	0	0
- Australasia	12,765	846	0	0
- South East Asia	0	0	0	0
- Other countries	10,809	29,701	0	0
	<u>6,684,839</u>	<u>5,923,667</u>	<u>326,135</u>	<u>5,799</u>

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
	<u>5,735,812</u>	<u>5,005,972</u>	<u>151,401</u>	<u>9,075</u>

38. Operating lease commitments

	2001		2000	
	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:

Expiring:

- within one year	18,842	643	9,549	516
- between one and five years	41,189	1,245	28,204	1,231
- in five years or more	25,285	0	15,750	8
	<u>85,316</u>	<u>1,888</u>	<u>53,503</u>	<u>1,755</u>

39. Contingent liabilities and commitments

	2001			2000		
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.	
Contingent liabilities:						
Guarantees etc.						
- guarantees and irrevocable L/Cs	229,447	229,447	121,477	121,477	121,477	
- other guarantees	329,584	96,688	374,822	29,924	29,924	
	<u>559,031</u>	<u>326,135</u>	<u>496,299</u>	<u>151,401</u>	<u>151,401</u>	
Commitments:						
Documentary credits	12,283	0	5,092	0	0	
Capital expenditure	5,799	5,799	9,075	9,075	9,075	
	<u>18,082</u>	<u>5,799</u>	<u>14,167</u>	<u>9,075</u>	<u>9,075</u>	
	<u>577,113</u>	<u>331,934</u>	<u>510,466</u>	<u>160,476</u>	<u>160,476</u>	

NOTES TO THE ACCOUNTS (CONTINUED)

39. Contingent liabilities and commitments (continued)

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.U. Solvency Ratio Directive, credit equivalent amounts, obtained by applying credit conversion factors, are risk weighted according to counterparty.
- b. 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.
- c. 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. The years 2000 and 2001 have not yet been audited by the tax authorities. 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.
- d. 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.

40. 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, as well as, as of 2001 specialised financial advice and intermediation to private and large retail individuals as well as small and large corporate 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.

With the exception of Greece no other individual country contributed more than 10% of consolidated income or assets.

Information on geographical concentration of assets and liabilities is presented in note 37.

NOTES TO THE ACCOUNTS (CONTINUED)

40. Business segments (continued)

2001

	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	154,030	93,751	51,515	7,712	14,511	0	321,519
Operating expenses and provisions	(107,892)	(55,406)	(11,093)	(5,406)	(16,003)	(14,010)	(209,810)
Profit from operations	46,138	38,345	40,422	2,306	(1,492)	(14,010)	111,709
Income from associates	933	0	710	28	813	0	2,484
Profit before tax	<u>47,071</u>	<u>38,345</u>	<u>41,132</u>	<u>2,334</u>	<u>(679)</u>	<u>(14,010)</u>	<u>114,193</u>
Income tax expense							(40,763)
Group profit after tax							73,430
Minority interest	(50)	(455)	(2,652)	(3)	(233)	0	(3,393)
Net profit for the year							<u>70,037</u>
Segment assets	1,634,358	2,446,546	2,121,476	8,451	437,185	0	6,648,016
Associates	4,965	0	28,372	131	3,355	0	36,823
	<u>1,639,323</u>	<u>2,446,546</u>	<u>2,149,848</u>	<u>8,582</u>	<u>440,540</u>	<u>0</u>	<u>6,684,839</u>
Segment liabilities	3,733,709	588,949	942,148	639,536	19,325	0	5,923,667

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	<u>41,188</u>	<u>44,489</u>	<u>26,860</u>	<u>2,053</u>	<u>17,638</u>	<u>(13,298)</u>	<u>118,930</u>
Income tax expense							(41,943)
Group profit after tax							76,987
Minority interest							(8,931)
Net profit for the year							<u>68,056</u>
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
	<u>1,020,879</u>	<u>1,902,475</u>	<u>1,970,064</u>	<u>22</u>	<u>842,372</u>	<u>0</u>	<u>5,735,812</u>
Segment liabilities	2,194,773	520,396	1,495,268	624,682	170,853	0	5,005,972

NOTES TO THE ACCOUNTS (CONTINUED)

41. 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.

	2001			Total
	Grd.	Grd. m.		
	Grd.	Eurozone	Other	Total
Assets				
Cash and balances with central banks	41,258	369,686	21,375	432,319
Due from other banks	35,432	307,622	95,265	438,319
Trading securities	13,856	347,761	16,893	378,510
Derivative financial instruments	41,892	630	3,390	45,912
Loans and advances to customers	1,700,533	1,409,754	628,970	3,739,257
Available-for-sale investment securities	192,440	739,686	175,628	1,107,754
Other investment securities	0	80,201	3,862	84,063
Investments in associated undertakings	36,823	0	0	36,823
Property, plant and equipment	157,709	533	834	159,076
Intangible assets	9,580	0	0	9,580
Other assets	160,364	72,965	19,897	253,226
Total Assets	2,389,887	3,328,838	966,114	6,684,839
Liabilities				
Due to other banks	6,005	207,945	59,392	273,342
Derivative financial instruments	81,576	359	1,977	83,912
Due to customers	2,392,862	757,808	2,066,335	5,217,005
Liabilities evidenced by paper	0	149,689	0	149,689
Other liabilities	184,989	14,684	46	199,719
Total liabilities	2,665,432	1,130,485	2,127,750	5,923,667
Net balance sheet position	(275,545)	2,198,353	(1,161,636)	761,172
Off balance sheet net notional position	6,256	(26,386)	1,171,110	1,150,980
Contingent liabilities and commitments	292,382	227,379	34,990	554,751
2000				
	2000			Total
	Grd.	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
Property, plant and equipment	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
Liabilities evidenced by paper	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
Off balance sheet net notional position	49,245	(366,007)	301,768	(14,994)
Contingent liabilities and commitments	276,925	189,348	44,193	510,466

NOTES TO THE ACCOUNTS (CONTINUED)

42. 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.

	2001					
	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	430,364	1,153	0	0	802	432,319
Treasury bills and other eligible bills	0	0	0	0	0	0
Due from other banks	424,873	13,446	0	0	0	438,319
Trading securities	57,833	125,876	110,069	76,888	7,844	378,510
Derivative financial instruments	0	0	0	0	45,912	45,912
Loans and advances to customers	3,025,661	349,632	300,560	63,404	0	3,739,257
Available-for-sale investment securities	39,770	130,376	385,378	439,046	113,184	1,107,754
Other investment securities	0	2,865	75,744	5,454	0	84,063
Investments in associated undertakings	0	0	0	0	36,823	36,823
Property, plant and equipment	0	0	0	0	159,076	159,076
Intangible assets	0	0	0	0	9,580	9,580
Other assets	0	0	0	0	253,226	253,226
Total Assets	3,978,501	623,348	871,751	584,792	626,447	6,684,839
Liabilities						
Due to other banks	255,856	16,356	1,130	0	0	273,342
Derivative financial instruments	0	0	0	0	83,912	83,912
Due to customers	5,066,185	136,704	14,116	0	0	5,217,005
Liabilities evidenced by paper	149,689	0	0	0	0	149,689
Other liabilities	0	0	0	0	199,719	199,719
Total liabilities	5,471,730	153,060	15,246	0	283,631	5,923,667
On balance sheet interest sensitivity gap	(1,493,229)	470,288	856,505	584,792	342,816	761,172
Off balance sheet interest sensitivity gap	773,488	26,044	(418,167)	(372,834)		
	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 bills 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
Derivative financial instruments	0	0	0	0	77,113	77,113
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
Investments in associated undertakings	0	0	0	0	57,091	57,091
Property, plant and equipment	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
Liabilities evidenced by paper	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)		

NOTES TO THE ACCOUNTS (CONTINUED)

42. Interest Rate Risk (continued)

The table below summarises the effective average interest rate for monetary financial instruments:

	2001
	%
Assets	
Due from other banks	4.35
Trading Securities	4.78
Loans and advances to customers	7.90
Available-for-sale investment securities	4.82
Other investment securities	6.54
Liabilities	
Due to other banks	4.18
Due to customers	3.01
Liabilities evidenced by paper	4.42

43. 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.

	2001					
	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	349,445	0	82,874	0	0	432,319
Due from other banks	417,913	14,958	5,448	0	0	438,319
Trading securities	9,891	11,538	24,346	138,910	193,825	378,510
Derivative financial instruments	12,926	1,809	9,367	19,156	2,654	45,912
Loans and advances to customers	1,773,395	460,923	619,966	489,332	395,641	3,739,257
Available-for-sale investment securities	8,496	25,847	80,611	451,255	541,545	1,107,754
Other investment securities	0	0	1,706	76,903	5,454	84,063
Investments in associated undertakings	0	0	0	0	36,823	36,823
Property, plant and equipment	0	0	0	554	158,522	159,076
Intangible assets	0	0	0	3,577	6,003	9,580
Other assets	112,238	9,394	35,812	38,872	56,910	253,226
Total Assets	<u>2,684,304</u>	<u>524,469</u>	<u>860,130</u>	<u>1,218,559</u>	<u>1,397,377</u>	<u>6,684,839</u>
Liabilities						
Due to other banks	238,402	17,400	16,540	1,000	0	273,342
Derivative financial instruments	3,772	2,647	6,459	35,223	35,811	83,912
Due to customers	4,637,265	337,652	214,049	28,039	0	5,217,005
Liabilities evidenced by paper	13,611	0	0	136,078	0	149,689
Other liabilities	85,610	24,580	70,206	5,604	13,719	199,719
Total liabilities	<u>4,978,660</u>	<u>382,279</u>	<u>307,254</u>	<u>205,944</u>	<u>49,530</u>	<u>5,923,667</u>
Net liquidity gap	<u>(2,294,356)</u>	<u>142,190</u>	<u>552,876</u>	<u>1,012,615</u>	<u>1,347,847</u>	<u>761,172</u>

NOTES TO THE ACCOUNTS (CONTINUED)

43. Maturity of assets and liabilities (continued)

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
Derivative financial instruments	30,137	7,108	1,173	31,762	6,933	77,113
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
Investments in associated undertakings	0	0	0	0	57,091	57,091
Property, plant and equipment	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
Liabilities evidenced by paper	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.

44. Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values of the Group are estimated using present value or other estimation and valuation techniques based on current prevailing market conditions.

The values derived using these techniques are significantly affected by underlying assumptions concerning both the amounts and timing of future cash flows and the discount rates used. The following methods and assumptions indicate that the fair values of financial assets and liabilities approximate their carrying amounts:

- Trading assets, derivatives and other transactions undertaken for trading purposes as well as available-for-sale securities are measured at fair value (see notes 18, 19 and 22) by reference to quoted market prices when available. If quoted market prices are not available, then the fair values are estimated on the basis of discounted cash flows;
- Substantially all of the Bank's other financial assets and liabilities are at floating rates of interest, which re-price at frequent intervals. Therefore, the Group has no significant exposure to fair value fluctuations and the carrying value of the financial assets and liabilities is substantially equivalent to their fair values, unless otherwise stated.

NOTES TO THE ACCOUNTS (CONTINUED)

45. Post Balance Sheet events

For details of significant post balance sheet events refer to the following notes:

Note 24 - Shares in subsidiary undertakings

Note 25 - Investment in associated undertakings

46. 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 41% (at 31.12.2000: 44%) 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.

47. 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 9.3% (2000: 10%).

48. Acquisitions and disposals

As detailed in note 3, effective 30 September 2001, the Group acquired 100% of Telesis Investment Bank SA. Details of other acquisition and disposals in the year were as follows:

	2001
	Grd. m.
In January 2001 the Group acquired 40% of the share capital of ComQuest in Greece	
The details of net assets acquired and goodwill arising are as follows:	
Fair value of net assets acquired	1,569
Goodwill	2,055
Total purchase consideration paid in cash	<u>3,624</u>
In August 2001, the Group acquired 28.01% of the share capital of Ergoleasing in Greece	
The details of net assets acquired and goodwill arising are as follows:	
Fair value of net assets acquired	5,297
Goodwill	1,997
Total purchase consideration paid in cash	<u>7,294</u>
In June 2001, the Group acquired 50.1% of the share capital of ELDEPA in Greece	
The details of net assets acquired and goodwill arising are as follows:	
Fair value of net assets acquired	584
Goodwill	118
Total purchase consideration paid in cash	<u>702</u>
In December 2001, the Group disposed 35% of the share capital of Ergoinsurance Brokerage SA in Greece	
The details of the disposal and the consideration are as follows:	
Proceeds from sale	161
Cost	<u>(11)</u>
Net cash inflow on sale	<u>150</u>

NOTES TO THE ACCOUNTS (CONTINUED)

49. Related Party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Bank is controlled by EFG Bank European Financial Group incorporated in Switzerland which owns 41% of the ordinary shares.

A number of banking transactions are entered into with related parties in the normal course of business and on an arm's length basis. These include loans, deposits, letters of guarantee and derivatives. The volumes of related party transactions and outstanding balances at the year end are as follows:

	2001		2000	
	EFG Bank Group Grd. m.	Other Grd. m.	EFG Bank Group Grd. m.	Other Grd. m.
Type of related party				
Loans to customers and Interbank transactions	18,696	36,392	61,877	21,244
Letters of guarantee issued	2,998	932	3,577	61
Letters of guarantee received	159,366	0	161,972	0
Deposits from banks and customers	46,699	60,921	101,211	33,239
Derivatives assets	321	988	240	0
Derivatives liabilities	2	17,429	0	0
Other assets	13,648	0	16,062	0
Other liabilities	1,031	0	2,180	0

For significant related party transactions refer to the following notes:

Note 17 - Due from other banks

Note 19 - Derivative Financial Instruments

Note 20 - Loans and advances to customers

Note 24 - Shares in subsidiary undertakings

Note 25 - Investments in associated undertakings

Note 29 - Due to other banks

Note 30 - Due to customers

Note 35 - Called up share capital, share premium and treasury shares

Note 39 - Contingent liabilities and commitments

Directors' related transactions

In 2001, the total remuneration of the directors was Grd. 1,580 million (2000: Grd. 1,926 million). In addition, following the Annual General Meeting's approval on 15 May 2001, 185,632 share options were issued and distributed to the directors. On 24 May 2000, following the Annual General Meeting's approval 305,591 share options were issued and distributed to the directors, of which 187,782 were exercised at par, in December 2000. Options exercised in December 2001 will result in 7,626 shares being issued in April 2002 at Grd. 4,608.

As at 31.12.2001, the executive directors held 484,093 shares, being 0.15% of the company's share capital (2000: 332,924 shares), 295,630 share options (2000: 117,624 shares), and Grd. 7,626 options which will be issued in April 2002 in the company. Respectively, non-executive directors held 487,276 shares being 0.16% of the company's share capital (2000: 564,590 shares).

At 31 December 2001, the total balance outstanding for loans granted to the company's directors amounted to Grd. 312 million (2000: 523 million).

NOTES TO THE ACCOUNTS (CONTINUED)

50. Board of Directors

The directors of the Bank are:

X. C. Nickitas	Chairman
G. C. Gondicas	Honorary Chairman
Miss A.M.L. J. Latsis	Vice Chairman
L. D. Efraimoglou	2nd Vice Chairman
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
F. S. Antonatos	Non Executive
A. G. Bibas	Non Executive
E. L. Bussetil	Non Executive
S. P. Fafalios	Non Executive
T. von Heydebreck	Non Executive
P. Lambropoulos	Non Executive
S. J. Latsis	Non Executive
B. A. von Maltzan	Non Executive
P. P. Petalas	Non Executive

All the directors served throughout the year.

EFG EUROBANK ERGASIAS S.A.

CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT UNDER GREEK GAAP
31 DECEMBER 2001

Incorporated in Greece

Company registration No: 6068/06/B/607

8 Othonos Street, Athens 105 57, Tel.: (+30) 10 333 7000, Fax: (+30) 10 323 3866, www.eurobank.gr

EFG Eurobank Ergasias S.A.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2001 REG. No. 6068/06/B/607

	2001	2000	2001	2000
ASSETS	Amounts in Grd. m.		Amounts in Euro m.	
1. Cash in hand, balances with central banks	421,322	539,557	1,236	1,583
3. Loans and advances to credit institutions				
a. Repayable on demand	51,442	38,479		
b. Other loans and advances	338,982	537,338		
	<u>390,424</u>	<u>575,817</u>	<u>1,146</u>	<u>1,690</u>
4. Loans and advances to customers	3,885,388	3,088,443		
Less: Provisions for doubtful debts	(118,132)	(100,148)		
	<u>3,767,256</u>	<u>2,988,295</u>	<u>11,056</u>	<u>8,770</u>
5. Debt securities including fixed-income securities				
a. Issued by government	1,233,025	1,217,868		
b. Issued by other borrowers	146,388	111,083		
	<u>1,379,413</u>	<u>1,328,951</u>	<u>4,048</u>	<u>3,900</u>
6. Shares and other variable-yield securities	107,367	124,995	315	367
7. Participations in non-affiliated undertakings	24,398	23,212	72	68
8. Participations in affiliated undertakings	220	654	1	2
8a. Investment in associated undertakings	40,131	53,243	118	156
9. Intangible assets				
c. Other intangible assets	42,276	31,929		
Less: Amortisation of intangible assets	(23,892)	(17,609)		
	<u>18,384</u>	<u>14,320</u>	<u>54</u>	<u>42</u>
10. Tangible assets				
a. Land	19,286	11,943		
b. Buildings	96,364	77,684		
Less: Depreciation	(32,759)	(27,871)		
c. Furniture, electronic and other equipment	58,108	47,152		
Less: Depreciation	(33,435)	(25,676)		
d. Other tangible assets	2,296	293		
Less: Depreciation	(1,012)	(195)		
e. Fixed assets under construction	30,966	26,119		
	<u>139,814</u>	<u>109,449</u>	<u>410</u>	<u>321</u>
13. Other assets	151,363	126,702	444	372
15. Prepayments and accrued income	111,820	134,041	328	394
TOTAL ASSETS	<u>6,551,912</u>	<u>6,019,236</u>	<u>19,228</u>	<u>17,665</u>

Notes: 1. The merger of EFG Eurobank Ergasias SA and Telesis Investment Bank SA via absorption of the latter by the former was completed on 11.3.2002 with a balance sheet date of 31 December 2000. 2. The Balance Sheet, Income Statement and Appropriation Account figures of 2001 were derived from the aggregation of the respective figures of the two merged Banks. 3. For comparability purposes the 2000 figures also include Telesis Investment Bank SA and certain of these have been restated. 4. The consolidated Financial Statements include EFG Eurobank Ergasias SA and the following subsidiary undertakings, which are fully consolidated: EFG Private Bank Luxembourg SA, EFG Finance SA, Eurobank Cards SA, Ergoleasing SA, EFG Eurobank Leasing SA, EFG Eurobank Properties SA, EFG Mutual Funds Management Co SA, Ergo Mutual Funds Management Co SA, EFG Insurance Services SA, EFG Hellas plc, EFG Eurobank Securities SA which merged with and absorbed Ergosecurities SA and Telesis Securities SA on 30.11.2001, EFG Factors SA, EFG Property and Casualty Insurance SA, EFG Euroinvest Development SA, Business Exchanges SA, EFG Internet Services SA, ELDEPA, EFG Life Insurance SA, Investment Development Fund SA, EFG Business Services SA, EFG Quality Management Services SA, Open 24 SA, The Greek Progress Fund SA, Ergofinance SA, Autorental SA, Ergoinsurance Brokerage SA, EFG Eurobank Ergasias International (C.I.) Ltd, Telesis Direct SA, Telesis Mutual Funds Management Co SA and Telesis Asset Management Company SA. The consolidated Financial Statements also include the following associated undertakings which are accounted for using the equity method: Alico Eurobank Mutual Funds Management Co SA, Tefin SA, Unitbank SA, Ergoinvest SA, Ergoinvest Advisors SA, ComQuest SA and Kantor Management Consultants SA. 5. On 10.4.2001 Telesis Investment Bank SA absorbed its wholly-owned subsidiary "Telesis Capital SA", which impacted on Shareholders' equity and Consolidation differences. 6. On 15.5.2001 the Annual General Meeting of EFG Eurobank Ergasias SA approved an increase of the share capital by Grd. 482 million with the issuance of 567.200 shares for distribution to staff via the capitalisation of retained earnings. On 14.9.2001 the Extraordinary General Meeting approved the increase of the share capital by: a) Grd. 27 million for rounding purposes and b) Grd. 517 million due to the increase of the nominal value of shares and their conversion to Euros (Euro 2,74) via reduction of the Share Premium account. 7. In previous accounting periods the Bank calculated, in accordance with International Accounting Standards, a deferred tax asset of Grd. 15.564 million which is included in "Prepaid expenses and accrued income". More specifically, a special reserve of a corresponding amount has been created which will be offset against income tax of future periods when temporary differences are settled. In the current period the deferred tax asset was reduced by Grd. 2.939 million with an equivalent decrease of the respective special reserve. 8. Treasury shares amounting to Grd. 44.307 million have been deducted from Shareholders' equity in accordance with International Accounting Standards whereas in accordance with Company Law 2190/1920 these should be shown as a separate category of Assets. In addition, in accordance with International Accounting Standards, losses arising on disposal of Treasury Shares amounting to Grd. 3.286 million were charged directly to the special reserves account without being charged to the current period's results. 9. Pursuant to the provisions of article 37 para 3 of Law 2874/2000, "Intangible assets" include unamortised capitalised valuation losses on the securities portfolio of Grd. 862 million. In accordance with Company Law 2190/1920 these should have been charged against prior year's results. 10. The valuation of the subsidiaries securities portfolios as at 31.12.2001 gave rise to valuation differences of Grd. 17.2 billion of which Grd. 3.9 billion are attributable to the Group. The Group's share of the valuation differences arising from the valuation of the associated undertakings' securities portfolios amounts to Grd. 15.5 billion. The total Group share of these valuation differences of Grd. 19.4 billion reduced the Group's net assets position without being charged to the current period's results. 11. Certain figures of the Balance Sheet and the Income Statement of 2001 relating to EFG Eurobank Leasing SA, Ergoleasing SA and Autorental SA have been restated to comply with International Accounting Standards. Had this restatement not taken place, current period's profit would be higher by Grd. 1.146 million. The respective figures of 2000 have also been restated for comparability purposes. 12. On 15.9.1999 Piraeus Bank filed a lawsuit against former Ergobank SA and certain members of its Board of Directors claiming damages amounting to Grd. 200 billion plus interest accruing from the date of the filing, for alleged breach of contract. The case was discussed before the Athens multimerber Court of First Instance on 21.10.99, which requested the examination of witnesses. This is currently taking place. The Bank's management and its legal advisors believe that the outcome of this case will be favourable to the Bank and therefore, no provision for losses has been made. 13. During the first quarter of 2001 the use of the proceeds from the Share Capital increase of Grd. 464 million was completed. This was certified on 20.12.2000 and the relevant report was published on 15.11.2001 in the press [Nafterponiki, Eleftherolipia etc.]. 14. In accordance with the 4-digit classification of business segments STAKOD 91, the Bank's total income is classified under code 651.9 "Activities of other intermediate monetary organisations". 15. The fixed assets of the Bank are free of charges or encumbrances. 16. The total number of employees as at 31.12.2001 was 8,546.

	2001	2000	2001	2000
LIABILITIES	Amounts in Grd. m.		Amounts in Euro m.	
1. Due to credit institutions				
a. Repayable on demand	22,875	12,600		
b. Time and at notice	<u>120,979</u>	<u>150,293</u>		
	<u>143,854</u>	<u>162,893</u>	<u>422</u>	<u>478</u>
2. Due to customers				
a. Deposits	4,331,518	3,516,571		
b. Other liabilities				
ba. Repayable on demand	109,191	89,393		
bb. Time and at notice	-	19,870		
bc. Repurchase agreements (repos)	<u>789,615</u>	<u>1,151,720</u>		
	<u>5,230,324</u>	<u>4,777,554</u>	<u>15,349</u>	<u>14,020</u>
3. Liabilities evidenced by paper	149,911	51,105	440	150
4. Other liabilities	275,469	173,369	808	509
5. Accruals and deferred income	37,453	89,863	110	264
a. Provisions for staff pensions and similar obligations	6,345	6,104		
c. Other provisions	<u>4,731</u>	<u>2,055</u>		
	<u>11,076</u>	<u>8,159</u>	<u>33</u>	<u>24</u>
6a. Provisions for general banking risks	6,003	2,899	18	9
EQUITY				
9. Paid-up capital	291,803	290,776		
(312,538,426 shares at Grd. 933.655 or € 2.74 each)				
10. Share premium account	171,830	172,374		
11. Reserves				
a. Statutory reserve	26,379	23,066		
b. Extraordinary reserves	61,032	70,723		
c. Special reserves	137,446	118,417		
12. Fixed asset revaluation reserve	3,343	3,256		
13. Retained Earnings	(3,764)	26,039		
Treasury shares	(50,925)	(22,075)		
Consolidation differences	<u>(15,149)</u>	<u>(16,637)</u>		
	<u>621,995</u>	<u>665,939</u>	<u>1,825</u>	<u>1,954</u>
Minority interests	<u>75,827</u>	<u>87,455</u>	<u>223</u>	<u>257</u>
TOTAL LIABILITIES	<u>6,551,912</u>	<u>6,019,236</u>	<u>19,228</u>	<u>17,665</u>
	2001	2000	2001	2000
	Amounts in Grd. m.		Amounts in Euro m.	

OFF BALANCE SHEET ITEMS

1. Contingent liabilities from guarantees to third parties	705,943	635,559	2,072	1,865
3. Other off balance sheet items				
a. Items in custody and safekeeping	15,821,937	11,120,336	46,433	32,635
b. Commitments from bilateral contracts	3,973,840	3,718,609	11,662	10,913
c. Credit memo accounts	<u>4,953,606</u>	<u>3,350,301</u>	<u>14,537</u>	<u>9,832</u>
TOTAL OFF BALANCE SHEET ITEMS	<u>25,455,326</u>	<u>18,824,805</u>	<u>74,704</u>	<u>55,245</u>

INCOME STATEMENT AT DECEMBER 31, 2001

	2001	2000	2001	2000
	Amounts in Grd. m.		Amounts in Euro m.	
1. Interest receivable and similar income:				
- Interest income from fixed-income securities	118,530	84,899		
- Other interest and similar income	<u>380,159</u>	<u>455,134</u>		
	498,689	540,033	1,463	1,585
2. Interest payable and similar charges	<u>(278,852)</u>	<u>(361,450)</u>	<u>(818)</u>	<u>(1,061)</u>
	219,837	178,583	645	524
3. Income from Securities				
a. Income from shares and other variable-yield securities	5,373	8,020		
b. Income from participating interests	-	334		
c. Income from shares in affiliated undertakings	<u>2,507</u>	<u>10,046</u>		
	7,880	18,400	23	54
4. Commissions receivable	105,480	121,668		
5. Commissions payable	<u>(17,112)</u>	<u>(15,735)</u>		
	88,368	105,933	259	311
6. Net profit from financial operations	12,251	32,926	36	97
7. Other operating income	<u>3,554</u>	<u>3,215</u>	<u>10</u>	<u>9</u>
TOTAL OPERATING INCOME	331,890	339,057	974	995
8. General administrative expenses:				
a. Staff costs				
- Wages and salaries	(70,886)	(64,990)		
- Staff pension costs	(16,581)	(15,213)		
- Other charges	(7,833)	(5,498)		
b. Other administrative expenses	<u>(71,536)</u>	<u>(61,292)</u>		
	(166,836)	(146,993)	(490)	(431)
9. Fixed assets depreciation and valuation	(23,555)	(20,622)	(69)	(61)
10. Other operating expenses	(2,597)	(4,751)	(8)	(14)
11,12. Provisions for loans and advances and contingent liabilities and commitments	<u>(29,469)</u>	<u>(27,271)</u>	<u>(86)</u>	<u>(80)</u>
PROFIT ON ORDINARY ACTIVITIES	109,433	139,420	321	409
15,16,17. Extraordinary income, expenses and profit	<u>4,508</u>	<u>3,588</u>	<u>13</u>	<u>11</u>
18. PROFIT BEFORE TAX	113,941	143,008	334	420
Minority interests	<u>(4,092)</u>	<u>(11,628)</u>	<u>(12)</u>	<u>(34)</u>
GROUP PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	<u>109,849</u>	<u>131,380</u>	<u>322</u>	<u>386</u>

APPROPRIATION ACCOUNT

	2001	2000	2001	2000
	Amounts in Grd. m.		Amounts in Euro m.	
NET PROFIT	113,941	143,008	334	419
Income Tax	(41,457)	(40,662)	(121)	(119)
Differences resulting from Tax Audit	(684)	(3,178)	(2)	(9)
PROFIT AFTER TAX	71,800	99,168	211	291
Minority interests	(3,271)	(10,792)	(10)	(32)
GROUP NET PROFIT AFTER TAX	68,529	88,376	201	259
Prior years' retained earnings brought forward	21,175	42,936	62	126
Losses resulting from the valuation of securities	(19,400)	(28,652)	(57)	(84)
Distributable Reserves	17,641	19,045	52	56
Reserve L.148/67 to cover losses from securities	6,147	-	18	-
"Deferred" Income Tax	2,939	-	9	-
NET ATTRIBUTABLE PROFIT	97,031	121,705	285	357
Appropriation of profits:				
Statutory Reserve	3,313	3,230	10	9
Dividend	54,963	54,410	161	160
Extraordinary Reserves	10,222	11,259	30	33
Special Law Reserves	684	6,989	2	21
Own Equity Reserves	28,113	16,194	83	48
Distribution of profit to staff	2,800	3,102	8	9
Distribution of free shares to staff	700	482	2	1
Earnings carried forward	(3,764)	26,039	(11)	76
	97,031	121,705	285	357

Athens, 15 March, 2002

THE CHAIRMAN
OF THE BOARD OF DIRECTORS
Xenophon C. Nickitas

THE CHIEF
EXECUTIVE OFFICER
Nicholas C. Nanopoulos

THE ASSISTANT
GENERAL MANAGER
Paula N. Hadjisotiriou

THE CHIEF
ACCOUNTANT
Dimitrios K. Mitrotolis

AUDITORS' REPORT

To the Shareholders of EFG Eurobank Ergasias S.A.

We have audited the above Consolidated Financial Statements and the relevant Consolidated Attachment of EFG Eurobank Ergasias SA for the year ended 31 December 2001. Our audit was conducted in accordance with the provisions of article 108 of Company Law 2190/1920 and the auditing procedures, which we considered appropriate based on the auditing standards and principles applied by the Greek Institute of Certified Auditors Accountants. The records of the companies which are included in the consolidation were made available to us and we obtained the information and explanations considered necessary for the purpose of our audit. The valuation methods have been applied consistently. We have confirmed that the Directors' Report is consistent with the Consolidated Financial Statements. The Consolidated Attachment discloses the information required by article 130 and the relevant provisions of Company Law 2190/1920. In our opinion the above Consolidated Financial Statements, which have been prepared in accordance with the relevant provisions of Company Law 2190/1920, after taking account of the matters referred to in notes 3, 7, 8, 9 10 and 11, present together with the consolidated Attachment the financial position of the Group as at 31 December 2001, as well as the results of its operations for the year then ended, in accordance with the relevant regulations and the generally accepted accounting principles which have been applied consistently.

Athens, 19 March 2002

The Certified Auditors Accountants

C. Cotsilinis
SOEL Reg. No 12711

PRICEWATERHOUSECOOPERS 

L. Scaramanga
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