

Notes to the accounts (continued)

21. Shares in subsidiary undertakings

	%	Country of incorporation	Line of business
EFG Private Bank (Luxembourg) SA	75	Luxembourg	financial institution
EFG Eurobank Leasing SA	100	Greece	leasing
EFG Eurobank Securities SA	100	Greece	capital markets and investment services
Eurobank Cards SA	100	Greece	credit card management
EFG Mutual Funds Management Co. SA	88	Greece	mutual fund management
Investment Development Fund SA	35	Greece	investment services
EFG Hellas PLC	100	United Kingdom	special purpose financing vehicle

(a) EFG Private Bank (Luxembourg) SA

EFG Private Bank (Luxembourg) SA's accounting reference date is 31 December, and it carries out its business of banking from its registered office in Luxembourg. In the company's balance sheet the subsidiary undertaking is carried at cost at Grd. 11,738 million (1998: Grd. 5,635 million).

On 10 February 1999, a capital increase was approved by the shareholders in order to finance future expansion plans. The capital increase was effected in the following way:

- Capitalization of reserves of Euro 210,648.
- Capital increase of Euro 10,000,000 in cash.

On 11 November 1999, an additional capital increase in cash of Euro 15,000,000 was approved by the shareholders.

As a result the share capital of the subsidiary undertaking increased in the year from Euro 24,789,352 to Euro 50,000,000.

On 26 November 1999 and 9 December 1999, the company issued subordinated debt of Euro 25,000,000 and Euro 25,000,000, to EFG Private Bank (Luxembourg) SA in order to finance its activities.

Post Balance Sheet Event

The subsidiary undertaking's Board of Directors proposes a capital increase of Euro 25 million in order to finance future expansion plans. The capital increase is expected to be completed within March 2000.

(b) EFG Eurobank Leasing SA

EFG Eurobank Leasing SA's accounting reference date is 31 December and it carries out its business of leasing activities from its registered office in Greece. In the company's balance sheet the subsidiary undertaking is carried at a cost at Grd. 2,000 million. In 1998, EFG Eurobank Leasing SA was included in the consolidated accounts as an associate undertaking at Grd. 2,000 million representing the group's share of its net assets.

(c) EFG Eurobank Securities SA

On 17 February 1999, the company established and holds 100% of the equity share capital of EFG Eurobank Securities SA, whose accounting reference date is 31 December. This subsidiary undertaking carries out its business of stock exchange brokering, capital markets and investment services from its registered office in Greece. In the company's balance sheet the subsidiary undertaking is carried at cost at Grd. 2,000 million.

(d) Eurobank Cards SA

Eurobank Cards SA's accounting reference date is 31 December and it carries out its business of credit card management from its registered office in Greece. In the company's balance sheet the subsidiary undertaking is carried at cost at Grd. 200 million. In 1998, Eurobank Cards SA was included in the consolidated accounts as an associate undertaking at Grd. 176 million representing the group's share of its net assets.

Notes to the accounts (continued)

21. Shares in subsidiary undertakings (continued)

(e) EFG Mutual Funds Management Company SA

The group holds 87.5% of the equity share capital of EFG Mutual Funds Management Company SA (previously named HANWHA HELLAS Mutual Funds Management Company SA), whose accounting reference date is 31 December. This subsidiary undertaking carries out its business of mutual fund management from its registered office in Greece. In the company's balance sheet the subsidiary undertaking is carried at cost at Grd. 50 million. As at 31.12.98 the group held 50% of its capital. It acquired the remaining 50% of its capital in January 1999. In 1998, HANWHA HELLAS Mutual Funds Management Company SA was included in the consolidated accounts as an associate undertaking at Grd. 66 million representing the group's 50% share of its net assets.

(f) Investment Development Fund SA

Investment Development Fund SA carries out its business of investment services from its registered office in Greece and its accounting reference date is 31 December. During the acquisition of Cretabank, the company acquired control over 78.16% of the subsidiary undertaking. During 1999 the group disposed of 43.14% of the subsidiary undertaking at a total profit of Grd. 16,811 million, of which Grd. 14,960 million was recognised by the company and Grd. 1,851 million by its associates. In the company's balance sheet the subsidiary undertaking is carried at fair value of Grd. 19,803 million. This subsidiary is fully consolidated as the group exercises control over its activities.

On 13 October 1999 a capital increase in cash of Grd. 53,2 billion was approved by the shareholders. As a result the share capital and share premium of the subsidiary undertaking increased in the year from Grd. 2,046 million to Grd. 55,268 million.

(g) EFG Hellas PLC

EFG Hellas PLC is a wholly owned subsidiary established by the company on 29 June 1999. EFG Hellas PLC has a GBP 50,000 authorised share capital and operates as a financing vehicle for EFG Eurobank SA and its subsidiaries. In the company's balance sheet the subsidiary undertaking is carried at cost of Grd. 6 million.

EFG Hellas PLC, the "Issuer", has established a "Euro Medium-Term Note" (EMTN) programme for the issuance of debt instruments, the "Instruments", with an initial programme amount of € 500,000,000, guaranteed by EFG Eurobank SA, "the Guarantor". The granting of the guarantee was authorized by resolutions of the Board of Directors of the Guarantor on 12 March 1999 and 10 June 1999. The Issuer and the Guarantor have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Instruments.

The Guarantor unconditionally and irrevocably guarantees both, the due and punctual payment of all sums payable by the Issuer to holders in respect of the Instruments and to each account holder in respect of the Deed of Covenant and, any sums which the Issuer is at any time liable to pay but has failed to proceed. In addition, the Guarantor irrevocably undertakes to each beneficiary that, if any sums which the Issuer is at any time liable to pay but has failed to pay are not recoverable from the Guarantor, the Guarantor will, forthwith upon demand by such beneficiary, pay such sums by way of a full indemnity.

Post Balance Sheet Event

On 7 February 2000 EFG Hellas PLC issued €150 million bonds under the EMTN programme.

(h) EFG Factors SA

On 18 November 1999, the company established a wholly owned subsidiary, EFG Factors SA, with a Grd. 2,000 million share capital. EFG Factors SA takes over the administration of or funds the debts for clients of EFG Eurobank SA by completely taking over their debts and giving a direct one-off payment with or without recourse.

Post Balance Sheet Event

On 10 January 2000, the company subscribed the whole of the subsidiary undertaking's capital of Grd. 2,000 million.

Notes to the accounts (continued)

22. Investments in associated undertakings

	Share of net assets			
		1999	1998	
	Group Grd. m.	Company Grd. m.	Group Grd. m.	Company Grd. m.
At 1 January	3,871	3,100	1,557	1,100
Arising from acquisition of Cretabank	3,226	3,226	0	0
Establishment of new associate	34	0	2,000	2,000
Entities fully consolidated (see below)	(2,242)	(2,250)	0	0
Entities previously reported in "Other Participating Interests"	20	20	0	0
Dividends collected	(430)	0	(270)	0
Exchange adjustment	0	0	1	0
Share of current year's profit after tax (see also note 9)	2,858	0	583	0
At 31 December	<u>7,337</u>	<u>4,096</u>	<u>3,871</u>	<u>3,100</u>

On the historical cost basis, the group's interest in associated undertakings would have been Grd. 4,147 million (1998: Grd. 3,117 million).

Entities fully consolidated are EFG Leasing SA, Eurobank Cards SA, EFG Mutual Fund Management Co. SA, which were accounted for by the equity method in previous years, as they were immaterial.

EFG Insurance Services SA, previously reported under Other Participating Interests, as it was immaterial, is now accounted for under the equity method.

The principal undertakings of the group, for which equity accounting is adopted, are:

- ALICO - EUROBANK Mutual Fund Management Company SA, a company incorporated in Greece where it carries out its business of mutual fund management from its registered office. It is included in the consolidated accounts at Grd. 781 million (1998: Grd. 479 million) representing the group's 50% share of its net assets.
- TEFIN SA, a company incorporated in Greece, where it carries out its business of motor vehicle sales financing from its registered office. It is included in the consolidated accounts at Grd. 1,370 million (1998: Grd. 1,133 million) representing the group's 50% share of its net assets.
- EFG Insurance Services SA, incorporated in Greece where it carries out its business of insurance brokerage from its registered office. It is included in the consolidated accounts at Grd. 152 million representing the group's 65% share of its net assets. This subsidiary is not fully consolidated, as it is immaterial. In 1998, it was included in other participating interests at Grd. 20 million.
- ACME Life Insurance SA and ACME Property and Casualty Insurance SA, companies incorporated in Greece where they carry out their business of insurance from their registered offices. They are included in the consolidated accounts at Grd. 1,513 million and Grd. 2,239 million, representing the group's 99.67 % and 99.58% share of their net assets respectively. These subsidiaries were acquired during the acquisition of Cretabank and are not fully consolidated as they are immaterial.
- Trade, Industry, Buildings (EBO) SA, a company incorporated in Greece where it carries out its business of real estate services from its registered office. It is included in the consolidated accounts at Grd. 972 million representing the group's 99.90% share of its net assets. This subsidiary was acquired during the acquisition of Cretabank and is not fully consolidated as it is immaterial.

Notes to the accounts (continued)

23. Other participating interests

	1999		1998	
	Group Grd. m	Company Grd. m	Group Grd. m.	Company Grd. m.
Unlisted	<u>1,145</u>	<u>918</u>	<u>943</u>	<u>941</u>

The principal participating interest of the group is HANWHA BANK HUNGARY LTD, a commercial bank incorporated in Hungary where it carries out its business of banking. It is included in the consolidated accounts, at Grd. 908 million (1998 : Grd. 908 million) representing the group's 19.64% share of its fair value. The company has entered into an agreement to sell its shares in Hanwha Bank Hungary Ltd. to Hanwha First Investment Co. BV. The transaction originally expected to be completed during 1999, will be completed in 2000 at a profit.

Notes to the accounts (continued)

24. Fixed assets

	Goodwill	Other intangible fixed assets	Land, buildings, leasehold improvements	Furniture, equipment, motor vehicles	Computer hardware, software	Total tangible fixed assets	Total fixed assets
	Grd. m.	Grd. m.	Grd. m.	Grd. m.	Grd. m.	Grd. m.	Grd. m.
Group:							
Cost:							
At 1 January 1999	610	1,939	12,708	5,883	14,500	33,091	35,640
Exchange adjustment	0	0	0	0	1	1	1
Arising from acquisition of Cretabank	0	0	10,888	1,656	1,561	14,105	14,105
Goodwill	32,154	0	0	0	0	0	32,154
Additions	0	0	8,540	5,270	18,095	31,905	31,905
Disposals and write-offs	0	(10)	(128)	(126)	0	(254)	(264)
At 31 December 1999	<u>32,764</u>	<u>1,929</u>	<u>32,008</u>	<u>12,683</u>	<u>34,157</u>	<u>78,848</u>	<u>113,541</u>
Accumulated depreciation:							
At 1 January 1999	244	755	4,532	2,836	5,479	12,847	13,846
Exchange adjustment	0	0	0	0	1	1	1
Arising from acquisition of Cretabank	0	0	2,510	585	1,014	4,109	4,109
Impairment loss (see note 3)	32,154	0	0	0	0	0	32,154
Disposals	0	0	(21)	(76)	(23)	(120)	(120)
Charge for year	366	1,174	4,167	1,179	3,556	8,902	10,442
At 31 December 1999	<u>32,764</u>	<u>1,929</u>	<u>11,188</u>	<u>4,524</u>	<u>10,027</u>	<u>25,739</u>	<u>60,432</u>
Net book value at 31 December 1999	<u>0</u>	<u>0</u>	<u>20,820</u>	<u>8,159</u>	<u>24,130</u>	<u>53,109</u>	<u>53,109</u>
Net book value at 31 December 1998	<u>366</u>	<u>1,184</u>	<u>8,176</u>	<u>3,047</u>	<u>9,021</u>	<u>20,244</u>	<u>21,794</u>
Company:							
Cost:							
At 1 January 1999	610	1,897	12,606	5,776	13,828	32,210	34,717
Arising from acquisition of Cretabank	0	0	10,888	1,656	1,561	14,105	14,105
Goodwill	32,154	0	0	0	0	0	32,154
Additions	0	0	8,244	4,839	17,058	30,141	30,141
Disposals and write-offs	0	0	(36)	(86)	0	(122)	(122)
At 31 December 1999	<u>32,764</u>	<u>1,897</u>	<u>31,702</u>	<u>12,185</u>	<u>32,447</u>	<u>76,334</u>	<u>110,995</u>
Accumulated depreciation:							
At 1 January 1999	244	724	4,473	2,757	5,140	12,370	13,338
Arising from acquisition of Cretabank	0	0	2,510	585	1,014	4,109	4,109
Impairment loss (see note 3)	32,154	0	0	0	0	0	32,154
Disposals	0	0	(21)	(63)	(23)	(107)	(107)
Charge for year	366	1,173	4,149	1,131	3,227	8,507	10,046
At 31 December 1999	<u>32,764</u>	<u>1,897</u>	<u>11,111</u>	<u>4,410</u>	<u>9,358</u>	<u>24,879</u>	<u>59,540</u>
Net book value at 31 December 1999	<u>0</u>	<u>0</u>	<u>20,591</u>	<u>7,775</u>	<u>23,089</u>	<u>51,455</u>	<u>51,455</u>
Net book value at 31 December 1998	<u>366</u>	<u>1,173</u>	<u>8,131</u>	<u>3,020</u>	<u>8,688</u>	<u>19,839</u>	<u>21,378</u>

Notes to the accounts (continued)

24. Fixed assets (continued)

Leasehold improvements are in respect of premises occupied by the company for its own activities.

Included in the above is Grd. 14,933 million (1998: Grd. 7,418 million) relating to assets under construction.

Included in the above is Grd. 1,055 million (1998: Grd. 1,055 million) resulting from revaluations of freehold property and buildings (note 1(h)).

The company has implemented IAS 38 - Intangible Assets and has written off to the Profit and Loss account in 1999 certain branch set up costs which were previously capitalised and amortised over a period of 5 years. The amount written off in 1999 was Grd. 1,136 million and is included in operating expenses.

25. Other assets

	1999		1998	
	Group Grd. m.	Company Grd. m.	Group Grd. m.	Company Grd. m.
Foreign exchange and interest rate contracts	5,076	5,061	26,427	26,508
Accrued income	101,193	97,105	33,349	29,499
Deferred tax asset (note 10)	15,619	15,564	3,637	3,637
Other	56,052	42,414	17,747	14,991
	<u>177,940</u>	<u>160,144</u>	<u>81,160</u>	<u>74,635</u>

In 1998 included in "Other" is Grd. 12,425 million relating to the company's investment in Bank of Athens SA, stated at cost, representing 58% of the ordinary share capital and 75% of the preference share capital. The company's investment in Bank of Athens SA was transferred, at market price, to the Parent on 25 January 1999 to facilitate the legal completion of the merger. The transfer resulted in a net gain for the company of Grd. 14,794 million which has been accounted for as a movement in reserves in 1999.

26. Due to other banks

	1999		1998	
	Group Grd. m.	Company Grd. m.	Group Grd. m.	Company Grd. m.
With agreed maturity dates or period of notice, by remaining maturity:				
- 1 year or less, but over 3 months	17,252	13,913	8,029	8,029
- 3 months or less but not repayable on demand	176,865	163,745	43,991	44,355
	<u>194,117</u>	<u>177,658</u>	<u>52,020</u>	<u>52,384</u>
Repayable on demand	1,313	1,090	8,208	8,276
	<u>195,430</u>	<u>178,748</u>	<u>60,228</u>	<u>60,660</u>
Including amounts due to:				
- parent undertakings	660	660	0	0
- subsidiary undertakings	0	42,442	394	2,228
- fellow subsidiary and associate undertakings	55,297	55,297	4,817	4,817
- settlement balances with banks	29,429	29,429	3,343	3,343

Notes to the accounts (continued)

27. Due to customers

	1999		1998	
	Group Grd. m.	Company Grd. m.	Group Grd. m.	Company Grd. m.
With agreed maturity dates or period of notice, by remaining maturity:				
- 5 years or less but over 1 year	4	4	209	209
- 1 year or less but over 3 months	34,015	33,475	26,728	14,339
- 3 months or less but not repayable on demand	1,246,620	1,077,411	735,916	580,124
	<u>1,280,639</u>	<u>1,110,890</u>	<u>762,853</u>	<u>594,672</u>
Repayable on demand	900,251	883,696	428,375	386,089
	<u>2,180,890</u>	<u>1,994,586</u>	<u>1,191,228</u>	<u>980,761</u>
Including amounts due to:				
- parent undertakings	74,720	54	3	0
- subsidiary undertakings	3,182	3,182	157	157
- fellow subsidiary and associate undertakings	6	6	294	294
- settlement balances with banks	83,719	83,719	0	0

28. Other borrowed funds

On 18 January 1996, the Chung Chong Bank Ltd. of Korea, granted a subordinated loan of Usd. 6 million <Grd. 1,971 million> to Bank of Athens SA (1998: Usd. 6 million <Grd. 1,696 million>). The loan has been scheduled for repayment in 2000.

On 25 February 1999, the Parent granted a subordinated loan of Grd. 68 million to the company, to fund the acquisition of Cretabank. The loan was fully repaid in June 1999.

29. Other liabilities

	1999		1998	
	Group Grd. m.	Company Grd. m.	Group Grd. m.	Company Grd. m.
Foreign exchange and interest rate contracts	18,107	18,021	22,200	22,200
Taxation	4,227	1,890	510	267
Due to associated undertakings	513	513	87	87
Accruals	51,253	45,158	31,386	28,229
Retirement obligations (note 30)	2,088	1,930	480	393
Other liabilities	74,643	60,144	1,651	1,543
	<u>150,831</u>	<u>127,656</u>	<u>56,314</u>	<u>52,719</u>

Notes to the accounts (continued)

30. Retirement obligations

	1999		1998	
	Group Grd. m.	Company Grd. m.	Group Grd. m.	Company Grd. m.
Amounts recognised in the balance sheet consist of:				
Statutory severance indemnities	<u>2,088</u>	<u>1,930</u>	<u>480</u>	<u>393</u>
	<u>2,088</u>	<u>1,930</u>	<u>480</u>	<u>393</u>
The movement in the liability recognised in the balance sheet is as follows:				
- Balance as at 1.1.99	480	393	373	302
- Exchange adjustment	1	0	0	0
- Arising from acquisition of Cretabank	1,216	1,211	0	0
- Additions	436	371	107	91
- Idemnities paid	(45)	(45)	0	0
- Balance as at 31.12.99	<u>2,088</u>	<u>1,930</u>	<u>480</u>	<u>393</u>
The principal actuarial assumptions used were:				
- Discount rate		7%		8%
- Future salary increases		5%		6%

31. Minority Interest

	1999 Grd. m.	1998 Grd. m.
1 January 1999	2,253	2,058
Arising from acquisition of Cretabank	896	0
Dividends for 1998	(145)	0
Reduction of group's holding in subsidiary (note 21(f))	2,930	0
Share of capital increase of subsidiary	36,624	0
Share of net profit of subsidiaries	2,188	56
Currency translation differences	35	139
At 31 December 1999	<u>44,781</u>	<u>2,253</u>

Notes to the accounts (continued)

32. Called up share capital and share premium

The legal merger with Bank of Athens SA was completed on 12 March 1999, with retroactive effect in accordance with the Greek accounting principles from 31 July 1998. A share for share exchange, determined as at 31 July 1998, took place whereby:

- one ordinary voting share of Bank of Athens SA of nominal value Grd.1,022 was exchanged for 1.61141 ordinary voting shares of the merged bank of nominal value Grd.500 each.
- one non-voting preference share of Bank of Athens SA of nominal value Grd.1,022 was exchanged for 1.61141 preference shares of the merged bank of nominal value Grd.500 each.
- one ordinary voting share of Grd.5,000 of (prior to the merger) EFG Eurobank SA was exchanged for 10.08736 ordinary voting shares of the merged bank of nominal value Grd.500 each.

After the merger, the share capital consisted of 110,463,624 shares of nominal value Grd. 500 each.

EFG Eurobank SA contributed Grd. 945 billion of assets and Grd. 781 billion of liabilities. Bank of Athens SA contributed Grd. 117 billion of assets and Grd. 113 billion of liabilities.

	Share capital			Share premium Grd. m.
	Preference Grd. m.	Ordinary Grd. m.	Total Grd. m.	
Authorised, issued and fully paid.				
The movements in share capital in 1998 were as follows:				
1 January 1998				
4,660,000 ordinary EFG Eurobank shares of Grd. 5,000 each		23,300	23,300	
1,866,316 ordinary Bank of Athens shares of Grd. 900 each		1,680	1,680	
275,907 preference Bank of Athens shares of Grd. 900 each	248		248	
	<u>248</u>	<u>24,980</u>	<u>25,228</u>	7,804
24 March 1998				
Issue of 1,000,000 ordinary EFG Eurobank shares of Grd. 5,000 each for Grd. 15,000 million		5,000	5,000	10,000
28 May 1998				
Issue of 1,500 ordinary EFG Eurobank shares of Grd. 5,000 each by capitalising fixed assets revaluation reserve		8	8	
4 June 1998				
Issue of 4,000,000 ordinary EFG Eurobank shares of Grd. 5,000 each for Grd. 60,000 million		20,000	20,000	40,000
14 July 1998				
Issue of 946,992 ordinary EFG Eurobank shares of Grd. 5,000 each for Grd. 60,900 million.		4,735	4,735	56,165
27 November 1998				
Increase in the nominal value of Bank of Athens shares from Grd. 900 to Grd. 1,022 each by capitalising fixed assets revaluation reserve Grd. 260 million and special reserves Grd. 1 million		261	261	
31 December 1998	<u>248</u>	<u>54,984</u>	<u>55,232</u>	<u>113,969</u>
12 March 1999, effective 31 July 1998				
- merger and reallocation of preference and ordinary shares	(26)	26	0	
- nominal value of shares defined at Grd. 500 each	<u>222</u>	<u>55,010</u>	<u>55,232</u>	<u>113,969</u>
- Number of shares in issue	<u>444,600</u>	<u>110,019,024</u>	<u>110,463,624</u>	

Notes to the accounts (continued)

32. Called up share capital and share premium (continued)

	Share capital			Share premium Grd. m.
	Preference Grd. m.	Ordinary Grd. m.	Total Grd. m.	
Authorised, issued and fully paid.				
The movements in share capital in 1999 were as follows:				
1 January 1999	222	55,010	55,232	113,969
17 March 1999				
Conversion of preference shares to ordinary shares	(222)	222	0	
25 June 1999				
Issue of 22,092,725 ordinary EFG Eurobank shares of Grd. 500 each at Grd. 5,000 each		11,046	11,046	99,417
Additional share premium on disposal of rights not exercised				1,498
29 June 1999				
Issue of 363,230 ordinary EFG Eurobank shares of Grd. 500 each at par by capitalisation of retained earnings		182	182	
31 December 1999				
- Nominal value of shares defined at Grd. 500 each	<u>0</u>	<u>66,460</u>	<u>66,460</u>	<u>214,884</u>
- Number of shares in issue	<u>0</u>	<u>132,919,579</u>	<u>132,919,579</u>	
31 December 1999				
Treasury shares (see below)				
- Cost		(43)	(43)	(1,065)
- Numbers of shares		(86,000)	(86,000)	
31 December 1999				
- Net balances		<u>66,417</u>	<u>66,417</u>	<u>213,819</u>
- Net number of shares		<u>132,833,579</u>	<u>132,833,579</u>	

Investment Development Fund SA acquired in the ordinary course of business 86,000 of the company's shares which were included in its accounts at a cost of Grd. 1,108 million (1998:nil)

These shares had a market value of Grd. 1,221 million at the year end.

Notes to the accounts (continued)

33. Geographical concentration

	Total assets Grd. m.	Total liabilities Grd. m.	Credit commitments Grd. m.	Capital Expenditure Grd. m.
At 31 December 1999				
Geographical concentrations of assets, liabilities and off balance sheet items				
- Greece	2,585,992	2,184,585	77,039	305
- Other Western European countries	242,518	280,182	1,472	0
- Canada and USA	57,399	11,750	0	0
- Australasia	10,514	1,756	0	0
- South East Asia	4,087	5,098	0	0
- Other Countries	7,225	45,750	3	0
	<u>2,907,735</u>	<u>2,529,121</u>	<u>78,514</u>	<u>305</u>

	Total assets Grd. m.	Total liabilities Grd. m.	Credit commitments Grd. m.	Capital Expenditure Grd. m.
At 31 December 1998				
Geographical concentrations of assets, liabilities and off balance sheet items				
- Greece	1,147,757	1,008,846	45,743	13,378
- Other Western European countries	321,528	261,296	1,858	95
- Canada and USA	22,442	589	0	0
- Australasia	268	0	0	0
- South East Asia	408	1,697	304	0
- Other Countries	1,971	37,038	462	0
	<u>1,494,374</u>	<u>1,309,466</u>	<u>48,367</u>	<u>13,473</u>

34. Contingent Liabilities

The company is undergoing a tax audit by the Greek tax authorities of the entities absorbed by the company covering the years 1993 until 1998 of the entities. Until such time as this audit has been completed the exact tax position of the company cannot be determined. Management do not anticipate significant additional liabilities to arise.

Notes to the accounts (continued)

35. Memorandum items, foreign exchange and interest rate contracts

	Contract amount Grd. m.	1999 Credit equivalent amount Grd. m.	Risk weighted amount Grd. m.	Contract amount Grd. m.	1998 Credit equivalent amount Grd. m.	Risk weighted amount Grd. m.
Group:						
Contingent liabilities:						
Guarantees etc.						
- guarantees and irrevocable L/c's	61,384	61,384	61,384	37,499	37,499	37,499
- other guarantees	54,108	15,495	15,495	12,762	6,381	6,381
	<u>115,492</u>	<u>76,879</u>	<u>76,879</u>	<u>50,261</u>	<u>43,880</u>	<u>43,880</u>
Commitments:						
Documentary credits	10,906	1,635	1,635	19,184	3,837	3,837
Underwriting facilities	0	0	0	1,300	650	650
Capital expenditure	305	305	305	1,458	1,458	1,458
	<u>11,211</u>	<u>1,940</u>	<u>1,940</u>	<u>21,942</u>	<u>5,945</u>	<u>5,945</u>
	<u>126,703</u>	<u>78,819</u>	<u>78,819</u>	<u>72,203</u>	<u>49,825</u>	<u>49,825</u>
Exchange rate contracts	<u>1,431,084</u>		<u>30,473</u>	<u>991,120</u>		<u>20,437</u>
Interest rate contracts	<u>737,747</u>		<u>2,351</u>	<u>389,216</u>		<u>1,956</u>
Replacement cost						
- exchange rate contracts	44,062			31,758		
- interest rate contracts	10,181			4,318		
	<u>54,243</u>			<u>36,076</u>		
Company:						
Contingent liabilities:						
Guarantees etc.						
- guarantees and irrevocable L/c's	128,750	128,750	128,750	93,862	93,862	93,862
- other guarantees	54,108	15,495	15,495	12,762	6,381	6,381
	<u>182,858</u>	<u>144,245</u>	<u>144,245</u>	<u>106,624</u>	<u>100,243</u>	<u>100,243</u>
Commitments:						
Documentary credits	10,906	1,635	1,635	19,184	3,837	3,837
Underwriting facilities	0	0	0	1,300	650	650
Capital expenditure	305	305	305	1,458	1,458	1,458
	<u>11,211</u>	<u>1,940</u>	<u>1,940</u>	<u>21,942</u>	<u>5,945</u>	<u>5,945</u>
	<u>194,069</u>	<u>146,185</u>	<u>146,185</u>	<u>128,566</u>	<u>106,188</u>	<u>106,188</u>
Exchange rate contracts	<u>1,352,362</u>		<u>30,009</u>	<u>882,730</u>		<u>19,333</u>
Interest rate contracts	<u>569,332</u>		<u>2,270</u>	<u>356,592</u>		<u>1,908</u>
Replacement cost						
- exchange rate contracts	44,503			31,670		
- interest rate contracts	5,680			4,247		
	<u>50,183</u>			<u>35,917</u>		

Notes to the accounts (continued)

35. Memorandum items, foreign exchange and interest rate contracts (continued)

Notes:

- (i) Under the E.C.Solvency Ratio Directive, credit equivalent amounts, obtained by applying credit conversion factors, are risk weighted according to counterparty.
- (ii) For interest rate and exchange rate contracts, the credit equivalent amount is the total replacement cost, obtained by marking to market all contracts with a positive value, plus an additional amount which relates to potential future credit exposure.
- (iii) Exchange rate and interest rate contracts are entered into for hedging and dealing purposes.
- (iv) Exchange rate contracts with associated undertakings total Grd. 1,203 million (1998: Grd. 336 million).
- (v) Letters of Guarantee granted to fellow subsidiaries total Grd. 3,633 million (1998: Grd. 3,199 million).
- (vi) Exchange and interest rate contracts with related parties total Grd. 601,669 million.

The previous table provides a detailed breakdown of the contractual or notional amounts and the replacement cost of the group's derivative financial instruments outstanding at the year-end.

These instruments, comprising foreign exchange and interest rate derivatives allow the group and its customers to transfer, modify or reduce their foreign exchange and interest rate risks.

With the exception of hedging instruments, foreign exchange and interest rate exposures associated with these derivatives are normally offset by entering into counterbalancing positions, thereby minimising the foreign exchange and interest rate risk and cash amounts required to liquidate the contracts. The group maintains strict control limits on net open positions (i.e. the difference between purchase and sale contracts, by both currency and term). Unless otherwise indicated below, the amount subject to credit risk is limited to the replacement cost of instruments that are favourable to the group (i.e. assets), which 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 borrowing limits granted to counterparties.

Foreign exchange derivatives represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. Foreign currency and interest rate futures are contractual obligations to buy or sell foreign currency or a financial instrument on a future date at a specified price established in an organized financial market. Since futures 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. Forward rate agreements are effectively tailor-made interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies, interest rates (for example, fixed rate for floating rate) basis rates or a combination of all these. Except for certain interest rate 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 replacement cost, 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 lending decisions.

The group undertakes approximately 64% (1998: 65%) of its transactions in foreign exchange and interest rate contracts with other financial institutions.

Notes to the accounts (continued)

36. Operating lease commitments

At 31 December, annual commitments under non-cancellable operating leases were:	Land and buildings Grd. m.	1999 Furniture, equipment, vehicles Grd. m.	Computer and other equipment Grd. m.	Land and buildings Grd. m.	1998 Furniture, equipment, vehicles Grd. m.	Computer and other equipment Grd. m.
Group:						
Expiring: - within one year	573	11	0	593	11	0
- between one and five years	2,741	346	0	1,688	226	17
- in five years or more	2,988	0	0	1,273	0	0
	<u>6,302</u>	<u>357</u>	<u>0</u>	<u>3,554</u>	<u>237</u>	<u>17</u>
Company:						
Expiring: - within one year	485	5	0	573	11	0
- between one and five years	2,441	333	0	1,511	226	0
- in five years or more	2,888	0	0	1,273	0	0
	<u>5,814</u>	<u>338</u>	<u>0</u>	<u>3,357</u>	<u>237</u>	<u>0</u>

Notes to the accounts (continued)

37. Business segments

The company is organised as follows:

- Banking in Greece, incorporating retail, private, wholesale, capital and money markets in Greece.
- Banking in Luxembourg, incorporating private and corporate banking and investment products in Luxembourg.
- Non-Banking operations of the company, which comprise stock exchange brokerage, insurance and institutional fund asset management, none of which constitutes a separately reportable segment.

	Banking in Greece Grd. m.	Banking in Luxembourg Grd. m.	1999 Non-Banking Operations Grd. m.	Eliminations Grd. m.	Total Grd. m.
OPERATING INCOME					
Operating income	368,472	21,277	11,604	0	401,353
Inter-segment operating income	4,730	1,591	0	(6,321)	0
Total operating income	373,202	22,868	11,604	(6,321)	401,353
RESULT					
Segment result	67,816	2,980	9,686		80,482
Income from associates	695		2,932		3,627
Profit before tax and goodwill write-off					84,109
Goodwill write-off					(32,154)
Profit after goodwill write-off					51,955
Income tax expense					(9,604)
Profit after tax					42,351
Minority interest		(175)	(2,013)		(2,188)
Net profit for the year					40,163
BALANCE SHEET					
ASSETS					
Segment Assets	2,335,129	538,309	26,960		2,900,398
Investments in associate undertakings	1,370	51	5,916		7,337
					2,907,735
LIABILITIES					
Segment Liabilities	2,208,827	303,324	16,970		2,529,121
					2,529,121
OTHER INFORMATION					
Capital expenditure	31,544	147	214		31,905
Depreciation and amortisation	10,187	179	76		10,442

Notes to the accounts (continued)

37. Business segments (continued)

Net operating income and income from associates include the following amounts in respect of the group's banking operations in Greece:

	1999 Grd. m.
Retail banking	49,133
Wholesale banking	25,998
Capital and money markets	15,263
Private banking	5,319
Investing activities including gains and losses on securities	69,543
	<u>165,256</u>

Beyond the revenue margin, the various activities of the bank are managed as one segment and any further segmentation would result in the arbitrary allocation of expenses, assets and liabilities and would not give rise to meaningful information.

Notes to the accounts (continued)

38. Currency Risk

	GRD	1999 Grd.m		Total
		Eurozone	Other	
As at 31 December 1999				
Assets				
Cash and balances with central banks	284,731	11,960	46,053	342,744
Treasury bills and other eligible bills	1,737	0	0	1,737
Due from other banks	96,379	43,383	115,784	255,546
Dealing securities	130,805	81,752	13,884	226,441
Loans and advances to customers	579,347	170,119	392,817	1,142,283
Medium term investment securities	213,201	23,540	54,503	291,244
Investment securities	308,932	40,288	58,989	408,209
Investment in associated undertakings	7,286	51	0	7,337
Other participating interests	237	0	908	1,145
Fixed assets	52,642	467	0	53,109
Other assets	161,417	5,137	11,386	177,940
Total assets	1,836,714	376,697	694,324	2,907,735
Liabilities				
Due to other banks	64,081	32,906	98,443	195,430
Due to customers	1,570,394	86,344	524,151	2,180,889
Other borrowed funds	0	0	1,971	1,971
Other liabilities	142,881	3,465	4,485	150,831
Total liabilities	1,777,356	122,715	629,050	2,529,121
Net balance sheet position	59,358	253,982	65,274	378,614
Memorandum items				
Contingent liabilities	87,726	14,843	12,923	115,492
Commitments	379	2,156	8,676	11,211
Foreign exchange and Interest rate contracts, net notional position	862,554	342,869	963,408	2,168,831

Notes to the accounts (continued)

38. Currency Risk (continued)

	GRD	1998 Grd.m		Total
		Eurozone	Other	
As at 31 December 1998				
Assets				
Cash and balances with central banks	160,670	1,412	24,961	187,043
Treasury bills and other eligible bills	700	0	0	700
Due from other banks	92,390	13,213	79,624	185,227
Dealing securities	74,313	7,024	8,848	90,185
Loans and advances to customers	335,248	34,297	162,819	532,364
Medium term investment securities	93,868	23,439	67,938	185,245
Investment securities	174,709	15,505	15,628	205,842
Investment in associated undertakings	3,100	771	0	3,871
Other participating interests	33	2	908	943
Fixed assets	21,378	416	0	21,794
Other assets	40,654	1,878	38,628	81,160
Total assets	<u>997,063</u>	<u>97,957</u>	<u>399,354</u>	<u>1,494,374</u>
Liabilities				
Due to other banks	39,831	1,651	18,746	60,228
Due to customers	442,579	67,389	681,260	1,191,228
Other borrowed funds	0	0	1,696	1,696
Other liabilities	52,719	1,931	1,664	56,314
Total liabilities	<u>535,129</u>	<u>70,971</u>	<u>703,366</u>	<u>1,309,466</u>
Net balance sheet position	<u>461,934</u>	<u>26,986</u>	<u>(304,012)</u>	<u>184,908</u>
Memorandum items				
Contingent liabilities	<u>33,933</u>	<u>9,046</u>	<u>7,282</u>	<u>50,261</u>
Commitments	<u>2,486</u>	<u>14,023</u>	<u>5,433</u>	<u>21,942</u>
Foreign exchange and interest rate contracts, net notional position	<u>478,398</u>	<u>92,730</u>	<u>809,208</u>	<u>1,380,336</u>

Notes to the accounts (continued)

39. Interest Rate Risk

	Up to 3 months Grd. m.	3-12 months Grd. m.	1-5 months Grd. m.	Over 5 years Grd. m.	Non-interest bearing Grd. m.	Total Grd. m.
As at 31 December 1999						
Assets						
Cash and balances with central banks	342,744	0	0	0	0	342,744
Treasury bills and other eligible bills	266	1,471	0	0	0	1,737
Due from other banks	221,146	34,400	0	0	0	255,546
Dealing securities	81,869	69,320	46,597	20,813	7,842	226,441
Loans and advances to customers	930,827	87,171	119,310	4,975	0	1,142,283
Medium term investment securities	136,812	84,626	47,095	3,409	19,302	291,244
Investment securities	5,640	22,834	260,727	116,218	2,790	408,209
Investment in associated undertakings	0	0	0	0	7,337	7,337
Other participating interests	0	0	0	0	1,145	1,145
Fixed assets	0	0	0	0	53,109	53,109
Other assets	6,688	0	3,313	0	167,939	177,940
Total assets	1,725,992	299,822	477,042	145,415	259,464	2,907,735
Liabilities						
Due to other banks	157,187	38,243	0	0	0	195,430
Due to customers	2,141,421	39,468	0	0	0	2,180,889
Other borrowed funds	1,971	0	0	0	0	1,971
Other liabilities	0	0	0	0	150,831	150,831
Total liabilities	2,300,579	77,711	0	0	150,831	2,529,121
On balance sheet						
Interest sensitivity gap	(574,587)	222,111	477,042	145,415	108,633	378,614
Off balance sheet						
Interest sensitivity gap	314,699	(142,397)	(37,095)	(38,536)		
As at 31 December 1998						
Assets						
Cash and balances with central banks	187,043	0	0	0	0	187,043
Treasury bills and other eligible bills	74	626	0	0	0	700
Due from other banks	176,657	8,570	0	0	0	185,227
Dealing securities	21,673	40,894	3,848	22,772	998	90,185
Loans and advances to customers	390,060	70,953	65,824	5,527	0	532,364
Medium term investment securities	6,756	33,597	77,654	66,369	869	185,245
Investment securities	13,875	4,373	83,122	42,408	62,064	205,842
Investment in associated undertakings	0	0	0	0	3,871	3,871
Other participating interests	0	0	0	0	943	943
Fixed assets	0	0	0	0	21,794	21,794
Other assets	2,776	0	775	0	77,609	81,160
Total assets	798,914	159,013	231,223	137,076	168,148	1,494,374
Liabilities						
Due to other banks	52,199	8,029	0	0	0	60,228
Due to customers	1,164,632	26,387	209	0	0	1,191,228
Other borrowed funds	1,696	0	0	0	0	1,696
Other liabilities	0	0	0	0	56,314	56,314
Total liabilities	1,218,527	34,416	209	0	56,314	1,309,466
On balance sheet						
Interest sensitivity gap	(419,613)	124,597	231,014	137,076	111,834	184,908
Off balance sheet						
Interest sensitivity gap	131,586	(46,749)	(38,197)	(45,239)		

Notes to the accounts (continued)

39. Interest Rate Risk (continued)

The group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table on the preceding page summarises the group's exposure to interest rate risks.

40. Fair values of financial assets and liabilities

Except where otherwise stated, the fair values of financial assets and liabilities approximate their carrying amounts and no significant differences accrue.

41. Post Balance Sheet events

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

Note 21 - EFG Private Bank (Luxembourg SA)
Note 21 - EFG Hellas PLC
Note 21 - EFG Factors SA

In addition, in January 2000 the Boards of Directors of EFG Eurobank SA and Ergobank SA announced that they are commencing proceedings to merge the two banks. PricewaterhouseCoopers and Deloitte & Touche have been appointed as merger auditors and will issue their opinion on whether the merger share exchange basis, which will be proposed to the shareholders, is fair and reasonable. The legal merger is expected to have been completed by June 2000.

42. Ultimate parent company and controlling party

The ultimate parent company is EFG Bank European Financial Group, a bank incorporated in Switzerland. All the voting power at general meetings of EFG Bank European Financial Group is held by Latsis family interests.

43. Related Party transactions

For significant related party transactions refer to the following notes:

Note 3 - Acquisition of Bank of Crete SA (Cretabank)
Note 15 - Due from other banks
Note 17 - Loans and advances to customers
Note 20 - Investment Securities
Note 21 - Shares in subsidiary undertakings
Note 25 - Other assets
Note 26 - Due to other banks
Note 27 - Due to customers
Note 28 - Other borrowed funds
Note 35 - Memorandum items, foreign exchange and interest rate contracts

In 1999 the total remuneration of the directors was Grd. 806 million. In addition, on 29 June 1999, the Annual General Meeting approved the issue and distribution of shares of total nominal value of Grd. 36 million to the executive directors, by capitalising retained earnings.

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

Board of Directors and Management

BOARD OF DIRECTORS

CHAIRMAN

George C. Gondicas

DEPUTY CHAIRMAN

Anna Maria Louisa J. Latsis

MANAGING DIRECTOR

Nicholas C. Nanopoulos

MEMBERS OF THE BOARD

Fotis S. Antonatos
Emmanuel L. Bussetil
Constantine H. Georgakopoulos
Lazaros D. Efraimoglou
Dr. Tessen von Heydebreck
Nikolaos B. Karamouzis
Haralambos M. Kyrkos
Dr. Spiro J. Latsis
Dr. Bernd A. von Maltzan
Byron N. Ballis
Dr. Pericles P. Petalas
Christos G. Sorotos

GENERAL MANAGEMENT

TREASURY AND CAPITAL MARKETS

Nikolaos B. Karamouzis

OPERATIONS AND RISK MANAGEMENT

Haralambos M. Kyrkos

RETAIL BANKING

Byron N. Ballis

WHOLESALE BANKING

Christos G. Sorotos

EXECUTIVE COMMITTEE

George C. Gondicas
Nicholas C. Nanopoulos (Chairman)
Nikolaos B. Karamouzis
Haralambos M. Kyrkos
Byron N. Ballis
Christos G. Sorotos



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