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Chairman's Statement

It is now 25 years since Ergobank was founded in November 1975. Our Annual General Meeting is held at a time of decisive changes in the domestic, European and international economic environment. These are changes that will inevitably affect Ergobank, as they have already affected, or will affect, most financial institutions in Greece and abroad. Soon, an Extraordinary General Meeting (EGM) of shareholders will be called upon to decide the future form and course of our Banking Group in the new millennium.

The years 1999-2000 have been marked by rapid and profound changes arising from the globalization of markets. Economic doctrines and principles that have been adhered to for decades are giving way to new concepts. The deregulation of markets requires adaptation to this new state of affairs. The areas most affected globally are the finance, telecommunications, energy and transport industries. The impact can be seen from the on-going restructuring and concentration of capital resources in the banking sectors of Europe, America and Japan.

The new demands of the market, the accelerated use of advanced technology and the penetration of banks into specialized markets for new financial instruments and derivatives, call for consolidation of capital and human resources. This is all the more necessary in Greece, where, as of next January, business will be conducted within the framework of the Economic and Monetary Union (EMU), where competition, as a result of complete freedom of capital movements will be intensified by the existence of a single currency, the Euro.

The process of convergence to secure entry into the EMU was neither easy nor without cost. Efforts to dampen demand in order to keep inflation low, led the Bank of Greece to apply restrictions on lending. These have had a significant effect on the credit system and, by extension, on the financial results of our company. As in past times of economic difficulty, Ergobank respected national priorities and the country's economic interest and adhered to the monetary policy framework laid down by the Central Bank. We have practised restraint as regards the extension of credit, while reshaping our policy to meet in full the needs of our customers.

Without the support of our customers we would never have succeeded; they are the bedrock of our business and we would like to thank them.

We would also like to acknowledge the vital contribution of our staff — more than 3,000 of them at present — whose conscientious contribution and painstaking efforts have made possible the internationally recognized achievements of Ergobank. We also thank them.

Last but not least in our considerations is the relationship with our shareholders; their best interests are at the forefront of all our activities. Many are founder shareholders who have benefited greatly from their trust in the Bank. By investing in Ergobank, they enabled us to contribute to the country's economic development, from the time of the restoration of democracy until today. We warmly thank them.

Our strong performance allows us to continue the established policy of passing on to shareholders a significant part of our profits in dividends. For the financial year 1999, the total dividend amounts to Grd. 31.9 billion, an increase of approximately 40 % over 1998. The 1999 dividend for each new share is Grd. 260. As you are aware, the EGM of 27 January 2000 resolved to split each old share into three new ones.

To form a comprehensive picture of our Banking Group one also has to take into account our subsidiaries. The Bank has a stake of more than 50 % in seven companies and below 50 % in five others. Each has distinguished itself in its own field, particularly the stock brokerage, leasing and the mutual funds management companies. The basic indicators of the Ergobank Group for 1999 were:

- shareholders' equity reached Grd. 255.8 billion, an increase of 93.4 % from 1998;
 - gross profits amounted to Grd. 183 billion, an increase of 43 %;
 - pre-tax profits were Grd. 123 billion, an increase of 51 %;
- and,
- net profits after tax and minority interest totaled Grd. 60.7 billion, an increase of 40.8 %.

The results of the successful collaboration of customers, shareholders and staff are reflected in our Consolidated Balance Sheet of 31 December 1999. It showed:

- deposits, including repos, of Grd. 1.7 trillion, an increase of 22 %,
- net loans and advances of Grd. 1.01 trillion, an increase of 32.9 %, and,
- total assets of Grd. 2.2 trillion, a 27 % increase from 1998;

Particular attention should be paid to the high quality of our loan portfolio which has one of the lowest percentages of bad debts in the market, however by applying prudence and taking account of wider economic conditions, we have made additional provisions for bad debts in 1999.

Revenues, mainly from the retail banking business, for the 1999 financial year, showed an increase of 43%, while operating costs increased by only 31 %. Total expenses rose by 54 % as a result of the large increase in general provisions. The improved profitability of the last financial year is also evidenced by the increased return on assets in 1999 which, at 5.5%, was the highest in the last seven years, compared to 4.6 % in 1998, and 4.3 % in 1997.

During 1998 and 1999, there was a significant change in the structure of our shareholding. In 1998, the EFG Bank Group became the largest shareholder in Ergobank (11.63 % of shares were acquired

by EFG Consolidated Holdings SA - previously known under the name Consolidated Eurofinance Holdings SA - and 6.86 % by EFG Eurobank SA). Following a public bid in June 1999, the EFG Bank Group, together with Deutsche Bank increased their shareholding to 50.1 % in Ergobank. Today, the EFG Bank Group controls approximately 40 % of Ergobank, while Deutsche Bank controls approximately 10 %. Both hold roughly the same percentages in EFG Eurobank.

We are proceeding gradually but steadily towards the merger of Ergobank with EFG Eurobank, the legal merger will be completed in the summer 2000. We are looking to optimize joint planning opportunities, to maximize synergies and achieve significant economies of scale without the loss

of jobs. Each of the banks brings different strengths to the new structure: EFG Eurobank has its specialization in the fields of consumer credit and investment banking; Ergobank, offers its expertise in corporate lending, particularly to small and medium-sized enterprises. According to our current operational business plan, the benefits from synergies and economies of scale following the merger (i.e. from 2002 onwards) are estimated on an annual basis to be in excess of Grd. 45 billion.

The Ergobank Group, strengthened with new capital and structures, and working with strong partners, is embarking upon a new course with the aim of further distinguishing itself for the benefit of all its shareholders, staff and customers.

Athens, May 2000



Xenophon Nickitas

Chairman of the Board of Directors
Ergobank S.A.

ERGOBANK S.A.

REPORT AND ACCOUNTS
31 DECEMBER 1999

Incorporated in Greece

Company registration No: 6077/06/B/86/16

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Report of the Directors

The directors present their report together with the audited financial statements for the year ended 31 December 1999.

Acquisition by EFG Consolidated Holdings SA

On 8 June 1999 EFG Consolidated Holdings SA (the "Parent" company) bid for a controlling stake in Ergobank SA (the "company"). The Parent, as a result of its tender offer, acquired on 4 August 1999 an additional 29.53% of the company's share capital through the exchange of one share for 2.4 shares in EFG Eurobank SA and Grd. 17,000 in cash.

Prior to the offer, the Parent held an interest of 15.57% in the company and through its strategic alliance with Deutsche Bank AG had influence over a further 5% of the company's shares. After the conclusion of the tender offer, the Parent held a controlling interest of 45.10% and Deutsche Bank held a 5% interest in the company.

On 24 January 2000, the Parent sold 4.99% of Ergobank S.A. share capital to Deutsche Bank AG.

Merger with EFG Eurobank SA

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

Business activity

The company is engaged in the business of providing retail, investment and commercial banking, and advisory and custodian services for corporate and private clients. The company is active in the money markets in both deposit taking and lending and engages in spot and forward foreign exchange business as well as undertaking transactions in securities and off-balance sheet instruments both for its own account and on behalf of customers. Similar services are provided by the company's subsidiary in Guernsey, Channel Islands. Other subsidiaries are engaged in leasing and hire, securities trading and broking, funds management, corporate finance and insurance brokerage.

The company is regulated by the Bank of Greece and the Federal Banking Commission of Switzerland. It is also regulated by the Athens Stock Exchange and Capital Markets Committee.

Results and future developments

The consolidated profit for the year, after taxation, amounted to Grd. 75,395 million (1998: Grd. 54,973 million). The directors propose the payment of a dividend of Grd. 260 per share totaling Grd. 31,911 million (1998: Grd. 22,824 million). Both the level of business and the year-end financial position were satisfactory and the directors consider that the present level of activity will be sustained for the foreseeable future.

Changes in issued share capital

An Extraordinary General Meeting of the shareholders approved an increase in the nominal value of shares to Grd. 2,000 per share from Grd. 877 per share, or a total of Grd. 28,479 million, by utilizing the share premium account and reserves. The same meeting approved a 3 for 10 bonus issue of 7,608,000 shares with a nominal value of Grd. 15,216 million, utilizing reserves, a 3 for 10 rights issue of 7,608,000 shares for Grd. 91,296 million with a nominal value of Grd. 15,216 million and a private placement to executive directors and employees of 154,000 shares for Grd. 1,848 million with a nominal value of Grd. 308 million.

An Extraordinary General Meeting of the shareholders approved an increase in the nominal value of shares to Grd. 3,000 from Grd. 2,000, a total of Grd. 39,641 million, by utilizing the share premium account. The same meeting approved a 3:1 share split, decreasing the nominal value of shares to Grd. 1,000 from Grd. 3,000 and a private placement of 544,500 shares to executive directors and employees for Grd. 1,633 million with a nominal value of Grd. 544 million.

BIS capital ratio

On 31 December 1999 the ratio of the group's regulatory capital and reserves to risk - weighted assets including off - balance sheet transactions and market risks resulting from the trading operations was 16.7% (1998: 10.7%).

New subsidiary

On 9 June 1999, the company established a 75% owned subsidiary, Autorental SA, with Grd. 200 million share capital. Autorental SA provides vehicle leasing and hire services to corporates and individuals in Greece.

Report of the Directors (continued)

Year 2000 and Impact of the introduction of the Euro

The group completed its program to address the Year 2000 issue. Since the year-end there has been no impact on the operations of the group from Year 2000 date changes. The group has established a plan to address the system changes required so that its operations will be prepared for Greece becoming a member of the European Monetary Union and adopting the Euro as of 1.1.2001. A committee has been established to supervise the progress of this project.

Fixed assets

The changes in fixed assets during the year are set out in note 19 to the financial statements.

Directors

The directors of the company during the year were:

X. Nickitas	Chairman	
S. P. Fafalios	Vice Chairman	Non-Executive
P. Lambropoulos	Vice Chairman	Non-Executive
A. Bibas	Managing Director	
M. Damanakis	Executive	
K. Vassilakopoulos	Executive	(resigned 21 January 2000)
E. L. Bussetil	Non-executive	(appointed 21 January 2000)
M. Papastamou	Non-executive	(resigned 21 January 2000)
D.G. Pateras	Non-executive	
P. P. Petalas	Non-executive	(appointed 21 January 2000)
G. Vassilopoulos	Non-executive	

At 31 December 1999 the executive directors held 93,858 shares in the company (1998:112,992) and the non-executive directors held 89,212 shares in the company (1998: 82,176).

Ultimate parent company

The ultimate parent company is EFG Bank European Financial Group, a bank incorporated in Switzerland.

Directors' responsibility

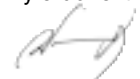
The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31 December 1999. The directors also confirm that applicable International 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 Deloitte and Touche as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By order of the Board



X. NICKITAS
Chairman

Athens, 18 February 2000

Auditors' Report

To the Shareholders of Ergobank SA

We have audited the accompanying balance sheet of Ergobank SA (the "company") and its subsidiaries (the "group") as of 31 December, 1999 and 1998 and the related consolidated profit and loss accounts, changes in equity and cash flow statements for the years then ended. These financial statements, which are set out on pages 12 to 44, are the responsibility of the company's management. Our responsibility is to express an opinion on these 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 consolidated financial statements present fairly, in all material aspects, the financial position of the company and of the group at 31 December 1999 and 1998 and of the results of their operations and cash flows for the years then ended in accordance with International Accounting Standards.

We draw attention to note 27 (d) to the consolidated financial statements where, as it is more fully explained, the group and Board of Directors is the subject of current or pending legal actions. The Directors, after consultation with legal counsel, believe that none of these actions, either individually or in aggregate, could have a materially adverse effect on the Group's financial position.

Athens, 29 February 2000

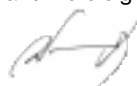


Deloitte & Touche, Hadjipavlou Sofianos & Cambanis SA

Consolidated Profit & Loss Account Year ended 31 December 1999

	Note	1999 Grd. m.	1998 Grd. m.
Interest and discount income	3	218,297	172,582
Interest expense	3	(121,927)	(92,718)
Net interest income		<u>96,370</u>	<u>79,864</u>
Fee and commission income		64,353	32,118
Fee and commission expense		(4,774)	(2,078)
Net fee and commission income		<u>59,579</u>	<u>30,040</u>
Dividend income	4	1,050	991
Gains less losses from dealing securities	5	7,335	6,362
Gains less losses from dealing in foreign currencies		1,342	(3,021)
Gains less losses from other securities	6	17,217	13,695
Other operating income		102	0
		<u>27,046</u>	<u>18,027</u>
Operating income		182,995	127,931
Operating expenses	7	(53,595)	(40,991)
Bad and doubtful debts expense	15	(22,698)	(8,630)
Profit from operations		<u>106,702</u>	<u>78,310</u>
Income from associates	18	16,532	3,283
Profit before tax		<u>123,234</u>	<u>81,593</u>
Income tax expense	9	(47,839)	(26,620)
Profit after tax		<u>75,395</u>	<u>54,973</u>
Minority interest	25	(14,721)	(11,882)
Net profit for the period attributable to shareholders		<u>60,674</u>	<u>43,091</u>
		<u>Grd.</u>	<u>Grd.</u>
Earnings per share			
Basic and diluted	10	<u>497</u>	<u>479</u>

The financial statements and notes thereto on pages 12 to 44 were approved by the board of directors on 18 February 2000 and were signed on its behalf by:



X. NICKITAS
Chairman



A. BIBAS
Managing Director

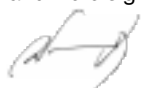
The notes on pages 17 to 44 form an integral part of these financial statements

Grd.m.= Greek drachma millions.

Consolidated Balance Sheet at 31 December 1999

	Note	1999 Grd. m.	1998 Grd. m.
ASSETS			
Cash and balances with central banks	11	455,541	568,089
Treasury bills and other eligible bills	12	4,211	327
Due from other banks	13	278,933	125,108
Dealing securities	14	126,183	90,899
Loans and advances to customers	15	1,013,086	761,798
Medium term investment securities	16	37,584	28,937
Investment securities	17	196,492	104,904
Investment in associates	18	30,895	15,469
Fixed assets	19	23,182	20,077
Other assets	20	69,225	45,089
Total assets		<u>2,235,332</u>	<u>1,760,697</u>
LIABILITIES			
Due to other banks	21	130,927	124,976
Due to customers	22	1,686,380	1,387,808
Other liabilities	23	125,153	87,887
Total liabilities		<u>1,942,460</u>	<u>1,600,671</u>
SHAREHOLDERS' EQUITY			
Called up share capital	26	81,460	22,241
Share premium account	26	78,872	21,540
Reserves		95,418	88,429
Total shareholders' equity		<u>255,750</u>	<u>132,210</u>
Minority interest	25	37,122	27,816
Total shareholders' equity and minority interest		<u>292,872</u>	<u>160,026</u>
Total equity and liabilities		<u>2,235,332</u>	<u>1,760,697</u>

The financial statements and notes thereto on pages 12 to 44 were approved by the board of directors on 18 February 2000 and were signed on its behalf by:



X. NICKITAS
Chairman



A. BIBAS
Managing Director

The notes on pages 17 to 44 form an integral part of these financial statements

Grd.m. = Greek drachma millions.

Company Balance Sheet at 31 December 1999

	Note	1999 Grd. m.	1998 Grd. m.
ASSETS			
Cash and balances with central banks	11	455,365	568,069
Treasury bills and other eligible bills	12	4,211	327
Due from other banks	13	375,328	122,337
Dealing securities	14	125,862	90,767
Loans and advances to customers	15	903,956	764,302
Investment securities	17	194,853	104,224
Investment in subsidiary undertakings	33	20,858	9,226
Investment in associated undertakings	18	11,744	11,214
Fixed assets	19	22,842	19,911
Other assets	20	47,211	30,917
Total assets		2,162,230	1,721,294
LIABILITIES			
Due to other banks	21	130,927	124,976
Due to customers	22	1,709,265	1,399,224
Other liabilities	23	104,586	78,356
Total liabilities		1,944,778	1,602,556
SHAREHOLDERS' EQUITY			
Called up share capital	26	81,460	22,241
Share premium account	26	78,872	21,540
Reserves		57,120	74,957
Total shareholders' equity		217,452	118,738
Total equity and liabilities		2,162,230	1,721,294

The financial statements and notes thereto on pages 12 to 44 were approved by the board of directors on 18 February 2000 and were signed on its behalf by:



X. NICKITAS
Chairman



A. BIBAS
Managing Director

The notes on pages 17 to 44 form an integral part of these financial statements

Grd.m.= Greek drachma millions.

Consolidated Statement of Changes in Equity Year ended 31 December 1999

	Share Capital Grd.m.	Share Premium Grd.m.	Reserves			Total Equity Grd.m.
			Other Grd.m.	Retained Profits Grd.m.	Total Reserves Grd.m.	
Group:						
At 1 January 1998	21,556	21,540	62,786	6,061	68,847	111,943
Capitalisation of fixed asset revaluation reserve	685	0	(685)	0	(685)	0
Net profit	0	0	0	43,091	43,091	43,091
Proposed dividend	0	0	0	(22,824)	(22,824)	(22,824)
Transfer to reserves	0	0	13,838	(13,838)	0	0
At 31 December 1998	22,241	21,540	75,939	12,490	88,429	132,210
At 1 January 1999	22,241	21,540	75,939	12,490	88,429	132,210
Capitalisation of share premium and reserves	43,695	(20,288)	(23,407)	0	(23,407)	0
Issue of share capital	15,524	77,620	0	0	0	93,144
Amounts to be capitalized	0	0	1,633	0	1,633	1,633
Net profit	0	0	0	60,674	60,674	60,674
Proposed dividend	0	0	0	(31,911)	(31,911)	(31,911)
Transfer to reserves	0	0	26,959	(26,959)	0	0
At 31 December 1999	81,460	78,872	81,124	14,294	95,418	255,750
Company:						
At 1 January 1998	21,556	21,540	61,386	1,429	62,815	105,911
Capitalisation of fixed asset revaluation reserve	685	0	(685)	0	(685)	0
Net profit	0	0	0	35,651	35,651	35,651
Proposed dividend	0	0	0	(22,824)	(22,824)	(22,824)
Transfer to reserves	0	0	12,569	(12,569)	0	0
At 31 December 1998	22,241	21,540	73,270	1,687	74,957	118,738
At 1 January 1999	22,241	21,540	73,270	1,687	74,957	118,738
Capitalisation of share premium and reserves	43,695	(20,288)	(23,407)	0	(23,407)	0
Issue of share capital	15,524	77,620	0	0	0	93,144
Amounts to be capitalized	0	0	1,633	0	1,633	1,633
Net profit	0	0	0	35,848	35,848	35,848
Proposed dividend	0	0	0	(31,911)	(31,911)	(31,911)
Transfer to reserves	0	0	23,703	(23,703)	0	0
At 31 December 1999	81,460	78,872	75,199	(18,079)	57,120	217,452

Other reserves comprise a legal reserve (1999: Grd. 15,220 m, 1998: Grd. 12,685 m), a fixed asset revaluation reserve (1999: Grd. 15 m, 1998: Grd. 15 m), and other reserves (1999: Grd. 65,889 m, 1998: Grd. 63,239 m).

The directors propose the distribution of a dividend of Grd. 260 per share amounting to a total of Grd. 31,911 million (1998: Grd. 300 per share, after giving effect to the 3:1 stock split on 27 January 2000 amounting to a total of Grd. 22,824 million).

The notes on pages 17 to 44 form an integral part of these financial statements

Grd.m. = Greek drachma millions.

Consolidated Cash Flow Statement

Year ended 31 December 1999

	Note	1999 Grd. m.	1998 Grd. m.
Cash flows from operating activities			
Net Income		60,674	43,091
Adjustments to reconcile net income to net cash provided by operating activities			
Gains from medium term investments	6	(17,388)	(13,681)
(Gains)/Losses from long term investments	6	171	(14)
Amortization of long term investments		1,387	0
Depreciation	19	4,264	3,905
Bad and doubtful debts expense	15	22,698	8,630
Profit on sale of fixed assets		(264)	(28)
Profit on sale of investment in associate		0	(593)
Share of results of associate	18	(16,532)	(3,283)
Cash flows from operating profits before changes in operating assets and liabilities		55,010	38,027
Changes in operating assets and liabilities			
Net decrease/(increase) in treasury and other eligible bills		(1,701)	226
Net decrease/(increase) in amounts due from other banks		(19,567)	3,961
Net decrease/(increase) in dealing securities		(34,721)	11,667
Loan originations and principal collections		(273,986)	(232,888)
Net (increase) in other assets		(25,042)	(14,553)
Net (decrease)/increase in amounts due to other banks		5,951	(10,915)
Net increase in amounts due to customers		298,572	308,972
Net increase in other liabilities		37,266	17,663
Changes in operating assets and liabilities		(13,228)	84,133
Net cash from operating activities		41,782	122,160
Cash flows from investing activities			
Purchase of property and equipment		(10,195)	(8,332)
Proceeds from sale of property and equipment		3,090	1,006
Purchases of investment securities	17	(150,977)	(116,533)
Proceeds from sales of investment securities	6,17	58,986	237,398
Net purchases of medium term investment securities		8,741	8,484
Proceeds from sale of investment in associate	18	0	1,494
Increase of share in associate	18	(779)	(4,294)
Dividends from associated undertakings	18	1,636	613
Net cash used in investing activities		(89,498)	119,836
Cash flows from financing activities			
Issue of shares		93,144	0
Dividends paid		(31,911)	(22,824)
Movement in minority interests		9,306	9,125
Amounts to be capitalised		1,633	0
Net cash from financing activities		72,172	(13,699)
Net increase in cash and cash equivalents		24,456	228,297
Cash and cash equivalents at beginning of year		689,853	461,556
Cash and cash equivalents at end of year	29	714,309	689,853

The notes on pages 17 to 44 form an integral part of these financial statements

Grd.m.= Greek drachma millions.

1. Organisation

Ergobank S.A. is a banking company incorporated in Greece on November 13, 1975 under Law 2190/1920 as amended and its operations are governed by Law 2076/92.

The company is engaged in the business of providing retail, investment and commercial banking, and advisory and custodian services for corporate and private clients. The company is active in the money markets in both deposit taking and lending and engages in spot and forward foreign exchange business as well as undertaking transactions in securities and off-balance sheet instruments both for its own account and on behalf of customers. Similar services are provided by the company's subsidiary in Guernsey, Channel Islands. Other subsidiaries are engaged in leasing and hire, securities trading and broking, funds management, corporate finance and insurance brokerage.

The company is regulated by the Bank of Greece and the Federal Banking Commission of Switzerland. It is also regulated by the Athens Stock Exchange and Capital Markets Committee.

2. 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 certain trading assets and liabilities to fair value and the statutory revaluation of land and buildings.

(b) Consolidation

The consolidated financial statements include the company, its subsidiary undertakings and principal associated undertakings. Subsidiary undertakings have been fully consolidated. 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 33.

(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.

A listing of the group's undertakings, which are equity accounted, is shown in note 18.

(d) Foreign currencies

The financial statements of foreign subsidiaries are translated using the closing exchange rate. Exchange differences arising from the re-translation of the net investment in foreign subsidiaries are taken to equity.

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 profit and loss account, except for the profit or loss resulting from hedged forward foreign currency transactions, which is apportioned over the period of the contract.

(e) Derivative financial instruments

Derivative financial instruments including foreign exchange contracts, forward rate agreements, currency and interest rate swaps and other derivative financial instruments held for dealing purposes are marked to market. The resultant profits and losses are included in income.

Transactions designated as hedges are treated in accordance with the accounting treatment of the items being hedged.

(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.

Notes to the accounts (continued)

2. Principal accounting policies (continued)

(g) Interest and discount income and expense

Interest income and expense are recognised in the income statement on an accruals basis. Interest income is suspended when loans are overdue by a maximum of more than 12 months for wholesale loans, 90 days for retail loans and 180 days for mortgage loans, and is excluded from interest income until received. Interest on loans and deposits, and profits and losses arising from contracts used in interest rate risk management are apportioned over the period of the underlying contract. Interest income includes coupons earned on fixed income investment securities and accrued discount on treasury bills.

(h) Valuation of fixed assets

Fixed assets are stated at cost less accumulated depreciation, as adjusted for the statutory re-valuation of land and freehold buildings every four years. The resulting gain, net of depreciation, is transferred to a fixed assets revaluation reserve. The last revaluation took place in December 1996.

(i) Depreciation

Depreciation has been provided on the basis of equal monthly installments to write off fixed assets over their estimated useful lives based on original cost less any residual value as follows:

Land	No depreciation
Freehold buildings	12.5 years to 20 years
Leasehold improvements	5 years
Computer hardware and software	3.3 years
Other furniture and equipment	8 years
Motor vehicles	6.6 years

(j) Securities

Investment securities include equity securities and debt securities which management intends to hold until maturity and are stated at cost as adjusted for the amortisation of premiums or discounts on purchase over the period to maturity. Interest earned on investment securities is reported as interest income. Dividends received are included separately in dividend income. A reduction in market value is not taken into account unless it is considered to be other than temporary. Gains and losses on the sale of investment securities are reported separately and included in the profit and loss account.

Securities intended to be held for a significant period of time but not necessarily until maturity are considered as medium term investments and are classified as medium term investment securities. Medium term investments are carried at the lower of cost or market value while gains and losses on sale are included in gains less losses from other securities.

Dealing securities are stated at fair value based on quoted market prices or discounted cash flow models. All gains and losses realised and unrealised from trading in dealing securities are reported in gains less losses from dealing securities.

Interest earned whilst holding dealing securities is reported as interest income. Dividends received are included separately in dividend income.

(k) Loans and advances

Loans and advances are stated after deduction of amounts, which, in the opinion of the directors, are appropriate as provisions.

Provisions for bad and doubtful debts are based on periodic appraisals of loans and advances, performed at least bi-monthly, taking into account the fair value of any related collateral. Specific provisions have been made in respect of all identified impaired advances. General provision has been made in respect of losses which, although not yet specifically identified, are believed to be present in the portfolio.

Loans and advances are written down to estimated realisable value when there is no reasonable prospect of recovery.

(l) 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 on acquisitions is reported in the balance sheet and is amortised by using a straight-line method over its estimated useful life. Goodwill is generally amortised over a period not exceeding 5 years.

The carrying amount of goodwill is reviewed annually and written down for permanent impairment where it is considered necessary.

Notes to the accounts (continued)

2. Principal accounting policies (continued)

(m) 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 and accrued evenly over the life of the repo / reverse repo.

(n) 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 associated with modifications for the Year 2000 are expensed as incurred.

(o) Accounting for leases - where a group company is the lessee

Payments made under operating leases are charged to the income statement as incurred. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Assets purchased under finance leases are capitalised in the balance sheet and are depreciated over the estimated useful lives of assets or the term of the lease if shorter.

(o) Accounting for leases - where a group company is the lessor

Assets sold under finance leases are accounted for in accordance with the financing method. The minimum lease payments to be received over the term of the lease together with the estimated residual value of the leased assets are capitalised as finance leases and included in loans and advances to customers.

(p) Deferred income taxes

Deferred income tax is provided, using the liability method, for 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 and general risk provisions and tax free attributable reserves appropriated from annual profits and taxable only in the event of distribution.

(q) 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 amounts payable at retirement age based on current salary levels using the annuity method.

In addition, the company pays, annually, an amount into an insurance fund for the payment of an additional lump sum. Payments from the fund are based on the number of year's service and the level of remuneration at the date of retirement.

The premium payable to the insurance company is charged to the income statement and is based upon actuarial valuations of the fund carried out by the insurance company.

(r) Repossessed properties

Land and buildings repossessed from the auction process to recover bad and doubtful debts 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)

2. Principal accounting policies (continued)

(s) Comparatives

Where necessary, comparative figures have been adjusted to conform to the changes in presentation in the current year. In particular, earnings per share for 1998 has been recast to account for the stock-split approved by the shareholders at the extraordinary shareholders' meeting on 27 January 2000. In the company balance sheet, the Investment in subsidiary undertakings and the Investment in associated undertakings, previously accounted for under the equity method of accounting, have been stated at cost.

(t) Impact of new accounting standards

The following revised or new International Accounting Standards were implemented in 1999:

IAS 17 - Leases
IAS 19 - Employee Benefits
IAS 22 - Business Combinations
IAS 36 - Impairment of Assets
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets
IAS 38 - Intangible Assets

There are no changes in accounting policy that affect operating profit resulting from the adoption of the above standards in these financial statements, as the company was already following the recognition and measurement principles in these standards.

In 1998 the company implemented revised IAS 1 - Presentation of financial statements.

Notes to the accounts (continued)

3. Net interest income

Net interest income comprises:

	1999 Grd. m.	1998 Grd. m.
Interest and discount income		
Banks and customers	194,152	144,554
Dealing securities	9,423	26,786
Other securities	14,722	1,242
	<u>218,297</u>	<u>172,582</u>
Interest expense		
Banks and customers	<u>121,927</u>	<u>92,718</u>

4. Dividend income

	1999 Grd. m.	1998 Grd. m.
Dealing securities	161	123
Investment securities	889	868
	<u>1,050</u>	<u>991</u>

5. Gains less losses from dealing securities

	1999 Grd. m.	1998 Grd. m.
Interest rate instruments	3	5,602
Equities	7,332	760
	<u>7,335</u>	<u>6,362</u>

6. Gains less losses from other securities

	1999 Grd. m.	1998 Grd. m.
Medium term investments	17,388	13,681
Other securities	(171)	14
	<u>17,217</u>	<u>13,695</u>

Notes to the accounts (continued)

7. Operating expenses

	1999 Grd. m.	1998 Grd. m.
Staff costs (note 8)	29,500	24,783
Professional services	3,838	2,687
Advertising and marketing	1,377	686
Administrative expenses	13,207	7,534
Depreciation	4,264	3,905
(Profit)/loss on sale of property and equipment	(264)	(28)
Operating lease rentals	1,673	1,424
	<u>53,595</u>	<u>40,991</u>

8. Staff costs

	1999 Grd. m.	1998 Grd. m.
Wages, salaries and staff bonuses	22,914	18,504
Social security costs	5,098	4,341
Other	1,488	1,938
	<u>29,500</u>	<u>24,783</u>

The average number of employees of the group during the year was 2,990 (1998: 2,680).

The company pays, annually, an amount into an insurance fund for the payment of an additional lump sum, above that required by Greek labour legislation, to employees on retirement. The premium payable to the insurance company is charged to other staff costs and is based upon actuarial valuations of the fund carried out by the insurance company. An independent insurance company holds the assets of the insurance fund separately.

9. Income tax expense

	1999 Grd. m.	1998 Grd. m.
Corporation tax at 40%	36,233	24,005
Corporation tax discount	(814)	(451)
Deferred tax charge (note 24)	7,165	3,066
Additional tax assessments for prior years	5,255	0
	<u>47,839</u>	<u>26,620</u>

During 1999, the bank and two of its subsidiaries finalized their tax returns with the Greek Tax Authority through 1998. During this process the Tax Authority claimed, and the group paid, an additional Grd. 5,255 million of tax in respect of disallowed expenditure.

Notes to the accounts (continued)

10. Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares issued during the year, after giving effect to the 3:1 stock split approved by the shareholders at the extraordinary shareholders meeting on 27 January 2000.

		1999	1998
Net profit attributable to shareholders	<i>Grd. Million</i>	60,674	43,091
Weighted average number of shares in issue (restated for 1998)	<i>Million shares</i>	122	90
Weighted average number of shares in issue as previously stated	<i>Million shares</i>		25
Basic and diluted earnings per share (restated for 1998)	<i>Grd.</i>	497	479
Basic and diluted earnings per share as previously stated	<i>Grd.</i>		1,724

11. Cash and balances with central banks

	1999		1998	
	Group Grd.m.	Company Grd.m.	Group Grd.m.	Company Grd.m.
Cash in hand	27,677	27,501	19,512	19,493
Balances with central banks	427,864	427,864	548,577	548,576
	455,541	455,365	568,089	568,069
Of which:				
Mandatory deposits with the Bank of Greece	113,849	113,849	89,199	89,199

12. Treasury bills & other eligible bills

	1999		1998	
	Group Grd.m.	Company Grd.m.	Group Grd.m.	Company Grd.m.
Greek Government Treasury bills	4,211	4,211	327	327

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.

13. Due from other banks

	1999		1998	
	Group Grd.m.	Company Grd.m.	Group Grd.m.	Company Grd.m.
Repayable on demand	36,618	36,618	15,603	15,603
Remaining maturity:				
- over 1 year	2,223	2,223	1,243	1,243
- 1 year or less but over 3 months	21,087	21,087	2,500	2,500
- 3 months or less	219,005	315,400	105,762	102,991
	278,933	375,328	125,108	122,337
Including unsubordinated amounts due from				
- fellow subsidiary undertakings	46,055	46,055	8,000	8,000
- subsidiary undertakings	0	103,770	0	0

Notes to the accounts (continued)

14. Dealing securities

	1999 Market Value Grd.m.	1998 Market Value Grd.m.
Group:		
Issued by public bodies:		
- government securities	<u>110,798</u>	<u>83,424</u>
Issued by other issuers:		
- banks	8,591	6,552
- other dealing securities	<u>6,794</u>	<u>923</u>
	<u>15,385</u>	<u>7,475</u>
	<u>126,183</u>	<u>90,899</u>
Due within one year	21,590	9,703
Due after one year	<u>104,593</u>	<u>81,196</u>
	<u>126,183</u>	<u>90,899</u>
Dealing Securities		
- listed on European exchanges	126,183	90,899
- unlisted	0	0
	<u>126,183</u>	<u>90,899</u>
Dealing Securities		
- Equity	8,295	1,253
- Debt	<u>117,888</u>	<u>89,646</u>
	<u>126,183</u>	<u>90,899</u>
All securities are listed on European exchanges and are carried at market values		
At 31 December 1999 the cost of acquisition of dealing securities was Grd. 120,586 million (1998 Grd. 89,993 million)		
Company:		
Issued by public bodies:		
- government securities	<u>110,798</u>	<u>83,424</u>
Issued by other issuers:		
- banks	8,474	6,552
- other dealing securities	<u>6,590</u>	<u>791</u>
	<u>15,064</u>	<u>7,343</u>
	<u>125,862</u>	<u>90,767</u>
Due within one year	21,269	9,571
Due after one year	<u>104,593</u>	<u>81,196</u>
	<u>125,862</u>	<u>90,767</u>
Dealing Securities		
- listed on European exchanges	125,862	90,767
- unlisted	0	0
	<u>125,862</u>	<u>90,767</u>
Dealing Securities		
- Equity	7,974	1,121
- Debt	<u>117,888</u>	<u>89,646</u>
	<u>125,862</u>	<u>90,767</u>
All securities are listed on European exchanges and are carried at market values		

Notes to the accounts (continued)

15. Loans and advances to customers

	1999		1998	
	Group Grd.m.	Company Grd.m.	Group Grd.m.	Company Grd.m.
Remaining maturity:				
- over 5 years	70,147	70,147	40,684	40,684
- 5 years or less but over 1 year	160,620	183,840	101,276	133,880
- 1 year or less but over 3 months	11,911	11,911	9,753	9,753
- 3 months or less	808,426	674,913	630,651	599,388
- Provision for impairment (below)	(38,018)	(36,855)	(20,566)	(19,403)
	<u>1,013,086</u>	<u>903,956</u>	<u>761,798</u>	<u>764,302</u>
of which:				
- repayable on demand or at short notice	576,823	522,733	382,278	382,278
- due from associate undertakings and unsubordinated	6,326	30,547	2,989	28,958
- settlement balances with customers	7,649	7,649	0	0

The company manages its exposure to credit risk by application of a range of control measures: regular assessment using agreed credit criteria; economic sector diversification to avoid business concentration; where necessary, the company obtains acceptable collateral to reduce the level of credit risk.

As one of the largest private banking groups in Greece, the group is active in the corporate and retail lending market. However, 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:

	1999 %	1998 %
Government bodies	4	5
Shipping	1	1
Manufacturing	9	12
Commerce and services	47	46
Private individuals	14	10
Small - scale industry	18	10
Other	7	16
	<u>100</u>	<u>100</u>

The Group's entire loan portfolio is concentrated in Greece.

Movement in provisions for impairment is as follows:

	1999			1998		
	Specific Grd.m.	General Grd.m.	Total Grd.m.	Specific Grd.m.	General Grd.m.	Total Grd.m.
Group:						
At 1 January	19,389	1,177	20,566	14,332	1,177	15,509
Charge against profits	15,198	7,500	22,698	8,630	0	8,630
Amounts written off	(5,246)	0	(5,246)	(3,573)	0	(3,573)
At 31 December	<u>29,341</u>	<u>8,677</u>	<u>38,018</u>	<u>19,389</u>	<u>1,177</u>	<u>20,566</u>
Company:						
At 1 January	19,403	0	19,403	14,332	0	14,332
Charge against profits	15,198	7,500	22,698	8,630	0	8,630
Amounts written off	(5,246)	0	(5,246)	(3,559)	0	(3,559)
At 31 December	<u>29,355</u>	<u>7,500</u>	<u>36,855</u>	<u>19,403</u>	<u>0</u>	<u>19,403</u>

In the year ended 31 December 1999, the Group established a general provision for bad and doubtful loans which may represent losses estimated to be present in the loan portfolio, using historical statistical information.

Notes to the accounts (continued)

16. Medium term investment securities

	1999		1998	
	Balance Sheet Grd.m.	Market Value Grd.m.	Balance Sheet Grd.m.	Market Value Grd.m.
Group:				
Issued by public bodies:				
- government securities	1,352	1,371	1,702	1,756
Issued by other issuers:				
- banks	7,561	12,548	4,724	7,364
- other debt securities	28,671	47,206	22,511	22,228
	<u>36,232</u>	<u>59,754</u>	<u>27,235</u>	<u>29,592</u>
	<u>37,584</u>	<u>61,125</u>	<u>28,937</u>	<u>31,348</u>
Medium term investment securities				
- listed on European exchanges	35,600	59,141	27,998	30,324
- unlisted	1,984	1,984	939	1,024
	<u>37,584</u>	<u>61,125</u>	<u>28,937</u>	<u>31,348</u>
Due within one year	36,306	59,755	27,235	29,592
Due after one year	1,278	1,370	1,702	1,756
	<u>37,584</u>	<u>61,125</u>	<u>28,937</u>	<u>31,348</u>
Medium term investment securities				
- Equity	36,232	59,754	27,235	29,592
- Debt	1,352	1,371	1,702	1,756
	<u>37,584</u>	<u>61,125</u>	<u>28,937</u>	<u>31,348</u>

Company:

The company has not held any medium term investment securities this year or in the previous year.

Notes to the accounts (continued)

17. Investment securities

	1999		1998	
	Balance Sheet Grd.m.	Market Value Grd.m.	Balance Sheet Grd.m.	Market Value Grd.m.
Group:				
Issued by public bodies:				
- government securities	181,795	179,571	101,270	101,925
Issued by other issuers:				
- banks	1,525	3,403	725	1,375
- other debt securities	13,172	28,974	2,909	2,909
	14,697	32,377	3,634	4,284
	196,492	211,948	104,904	106,209
Investment securities:				
- listed on European exchanges	195,260	210,706	103,770	105,075
- unlisted	1,232	1,242	1,134	1,134
	196,492	211,948	104,904	106,209
Due within one year	16,955	17,185	2,511	2,511
Due after one year	179,537	194,763	102,393	103,698
	196,492	211,948	104,904	106,209
Investment securities				
- Equity	8,791	9,274	1,328	1,191
- Debt	187,701	202,674	103,576	105,018
	196,492	211,948	104,904	106,209
Unamortised discounts and premiums on investment securities	2,907		2,337	
Credit facility with central banks secured by the above	8,332		0	
Company:				
Issued by public bodies:				
- government securities	181,795	179,571	101,270	101,925
Issued by other issuers:				
- banks	1,525	3,403	725	1,375
- other debt securities	11,533	27,333	2,229	2,160
	13,058	30,736	2,954	3,535
	194,853	210,307	104,224	105,460
Investment securities:				
- listed on European exchanges	193,621	209,065	103,090	104,326
- unlisted	1,232	1,242	1,134	1,134
	194,853	210,307	104,224	105,460
Due within one year	16,955	17,185	2,511	2,511
Due after one year	177,898	193,122	101,713	102,949
	194,853	210,307	104,224	105,460
Investment securities				
- Equity	8,762	9,241	1,109	1,049
- Debt	186,091	201,066	103,115	104,411
	194,853	210,307	104,224	105,460
Unamortised discounts and premiums on investment securities	2,907		2,337	

Notes to the accounts (continued)

17. Investment securities (continued)

	1999		1998	
	Group Grd.m.	Company Grd.m.	Group Grd.m.	Company Grd.m.
Investment securities				
Net book value at 1 January	104,904	104,224	322,009	321,933
Transfers to trading securities	0	0	(95,348)	(95,348)
Transfer from investment in associates	249	249	0	0
Acquisitions (see below)	150,977	149,972	116,533	115,929
Disposals and redemptions, net	(59,157)	(59,111)	(237,384)	(237,384)
Amortisation of discounts and premiums	(481)	(481)	(906)	(906)
Net book value at 31 December	<u>196,492</u>	<u>194,853</u>	<u>104,904</u>	<u>104,224</u>
Credit facility with central banks secured by the above	<u>8,332</u>	<u>8,332</u>	<u>0</u>	<u>0</u>

18. Investment in associates

	1999		1998	
	Group Grd.m.	Company Grd.m.	Group Grd.m.	Company Grd.m.
At 1 January	15,469	11,214	9,406	7,821
Transfer to investment securities	(249)	(249)	0	0
Disposals, net	0	0	(901)	(901)
Acquisitions	779	779	4,294	4,294
Share of results before tax	16,532	0	3,283	0
Dividends paid	(1,636)	0	(613)	0
At 31 December	<u>30,895</u>	<u>11,744</u>	<u>15,469</u>	<u>11,214</u>

The principal associates are:

	Country of incorporation	% interest held	Line of business	Value (in Grd. m)
Ergoinvest S.A.	Greece	30.86%	Closed end investment fund	26,179
Ergoinvest Advisers S.A.	Greece	49.0%	Investment advisor	4,716
				<u>30,895</u>

The most significant investment is Ergoinvest S.A. which is listed on the Athens Stock Exchange and its quoted market value on 31 December 1998 and 1999 was Grd. 14,773 million and Grd. 58,683 million respectively.

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

During 1999 the company's interest in Ergodata S.A., at a book value of Grd. 249 million, was transferred from investment in associates to investment securities as the company no longer exercises significant influence over its activities.

During the 6 months to June 1998, the company sold 4.57% of Ergoinvest S.A. for Grd. 1,495 million realising a profit of Grd. 594 million (Book value of Grd. 901 million). In June 1998 the company participated in a rights issue (on a 6 for 10 basis) on a pro-rata basis at a cost of Grd. 4,294 million.

Notes to the accounts (continued)

18. Investment in associates (continued)

There were no other changes in the percentage ownership interests in the associates for the three years ended 31 December 1999.

Ergoinvest S.A.

On 27 October 1999, an extraordinary meeting of the shareholders of Ergoinvest approved a Grd. 120 billion share capital increase through an issue of new shares to existing shareholders. Ergobank S.A. exercised its rights fully and purchased 24,539,703 shares for Grd. 37 billion. Payment was made on 17 February 2000 when the share capital increase was completed.

19. Fixed assets

	Intangible Fixed Assets Grd.m.	Land Buildings Leasehold Improvements Grd.m.	Furniture Equipment Motor Vehicles Grd.m.	Computer Hardware Software Grd.m.	Total Tangible Fixed Assets Grd.m.	Total Fixed Assets Grd.m.
Group:						
Cost:						
At 1 January 1999	166	26,551	4,092	9,092	39,735	39,901
Additions	1,532	5,781	780	2,102	8,663	10,195
Disposals and write-offs	(1,165)	(4,168)	(59)	(261)	(4,488)	(5,653)
At 31 December 1999	533	28,164	4,813	10,933	43,910	44,443
Accumulated depreciation:						
At 1 January 1999	17	11,486	2,541	5,780	19,807	19,824
Disposals	(185)	(1,902)	(54)	(686)	(2,642)	(2,827)
Charge for year	208	1,654	578	1,824	4,056	4,264
At 31 December 1999	40	11,238	3,065	6,918	21,221	21,261
Net book value at 31 December 1999	493	16,926	1,748	4,015	22,689	23,182
Net book value at 31 December 1998	149	15,065	1,551	3,312	19,928	20,077
Company:						
Cost:						
At 1 January 1999	149	26,472	3,888	9,087	39,447	39,596
Additions	1,121	5,737	709	2,102	8,548	9,669
Disposals and write-offs	(1,165)	(4,168)	(59)	(1)	(4,228)	(5,393)
At 31 December 1999	105	28,041	4,538	11,188	43,767	43,872
Accumulated depreciation:						
At 1 January 1999	0	11,465	2,442	5,778	19,685	19,685
Disposals	(185)	(1,902)	(54)	(686)	(2,642)	(2,827)
Charge for year	185	1,626	538	1,823	3,987	4,172
At 31 December 1999	0	11,189	2,926	6,915	21,030	21,030
Net book value at 31 December 1999	105	16,852	1,612	4,273	22,737	22,842
Net book value at 31 December 1998	149	15,007	1,446	3,309	19,762	19,911

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

Included in land and buildings are Grd. 374 million (1998: Grd. 645 million) relating to assets under construction.

The last fixed asset revaluation occurred in 1996. The net revaluation surplus was Grd. 700 million, of which Grd. 685 million was capitalized in 1998.

Notes to the accounts (continued)

20. Other assets

	1999		1998	
	Group Grd.m.	Company Grd.m.	Group Grd.m.	Company Grd.m.
Accrued income	58,471	36,455	36,180	22,008
Other	10,754	10,756	8,909	8,909
	<u>69,225</u>	<u>47,211</u>	<u>45,089</u>	<u>30,917</u>

21. 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:				
- over 1 year	1,806	1,806	3,956	3,956
- 1 year or less but over 3 months	18,947	18,947	30,918	30,918
- 3 months or less but not repayable on demand	64,163	64,163	57,760	57,760
	<u>84,916</u>	<u>84,916</u>	<u>92,634</u>	<u>92,634</u>
Repayable on demand	46,011	46,011	32,342	32,342
	<u>130,927</u>	<u>130,927</u>	<u>124,976</u>	<u>124,976</u>
Including amounts due to:				
- fellow subsidiary undertakings	7,034	7,034	1,000	1,000

22. 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	1,556	1,556	1,148	1,148
- 1 year or less but over 3 months	16,302	16,302	17,299	17,299
- 3 months or less but not repayable on demand	414,329	414,329	299,076	299,076
	<u>432,187</u>	<u>432,187</u>	<u>317,523</u>	<u>317,523</u>
Repayable on demand	1,254,193	1,277,078	1,070,285	1,081,701
	<u>1,686,380</u>	<u>1,709,265</u>	<u>1,387,808</u>	<u>1,399,224</u>
Including amounts due to:				
- associates	0	35,081	0	11,416

Notes to the accounts (continued)

23. Other liabilities

	1999		1998	
	Group Grd.m.	Company Grd.m.	Group Grd.m.	Company Grd.m.
Retirement obligations	2,344	2,326	3,141	3,141
Taxation	26,515	14,900	13,455	10,957
Dividends payable	33,807	33,807	23,602	23,602
Accruals	37,300	28,898	32,224	25,481
Deferred tax liability (note 24)	17,548	16,777	10,383	9,910
Other liabilities	7,639	7,878	5,082	5,265
	<u>125,153</u>	<u>104,586</u>	<u>87,887</u>	<u>78,356</u>

24. Deferred income taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an expected effective tax rate of 40% (1998: 40%).

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

	1999		1998	
	Group Grd.m.	Company Grd.m.	Group Grd.m.	Company Grd.m.
At 1 January	10,383	9,910	7,317	7,661
Income statement charge (note 9)	7,165	6,867	3,066	2,249
	<u>17,548</u>	<u>16,777</u>	<u>10,383</u>	<u>9,910</u>

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

	1999		1998	
	Group Grd.m.	Company Grd.m.	Group Grd.m.	Company Grd.m.
Deferred income tax assets				
Staff retirement indemnities	(1,530)	(1,530)	(1,256)	(1,256)
Amortisation of debt securities premia	(932)	(932)	(740)	(740)
Provision for general banking risks	(800)	(800)	0	0
Provision for loan losses	(3,000)	(3,000)	0	0
Difference in income from leases activities	0	(99)	0	0
Loss on derivatives trading	(42)	(42)	0	0
Deferred income tax liabilities				
Unrealised gains less losses on dealing securities	2,610	2,595	740	740
Income adjustment for lease accounting under IAS	756	0	572	99
Tax exempt reserves (until distributed)	17,782	17,781	10,780	10,780
Distributable income in associates	1,450	1,450	0	0
Tax exempt reserves of subsidiaries (until distributed)	1,254	1,254	287	287
	<u>17,548</u>	<u>16,677</u>	<u>10,383</u>	<u>9,910</u>

Notes to the accounts (continued)

24. Deferred income taxes (continued)

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

	1999		1998	
	Group Grd.m.	Company Grd.m.	Group Grd.m.	Company Grd.m.
Deferred income tax assets				
Staff retirement indemnities	(274)	(274)	(188)	(188)
Amortisation of debt securities premia	(192)	(192)	(740)	(740)
Provision for general banking risks	(800)	(800)	0	0
Provision for loan losses	(3,000)	(3,000)	0	0
Loss on derivatives trading	(42)	(42)	0	0
Deferred income tax liabilities				
Unrealised gains less losses on dealing securities	1,870	1,855	740	740
Income adjustment for lease accounting under IAS	184	(99)	873	56
Tax exempt reserves (until distributed)	7,002	7,002	2,235	2,235
Distributable income in associates	1,163	1,163	0	0
Tax exempt reserves of subsidiaries (until distributed)	1,254	1,254	146	146
	<u>7,165</u>	<u>6,867</u>	<u>3,066</u>	<u>2,249</u>

The differences between the statutory income tax rates and the effective tax rates are summarized as follows:

	1999 Grd. m.	1998 Grd. m.
Average statutory income tax rates	34,63%	36,00%
Effect of temporary differences	(4,80)%	(3,76)%
Non-deductible expenses	2,97%	0,39%
Additional tax assessments	4,26%	0%
Tax effect of equity accounting	1,76%	0%
Average effective rates	<u>38,82%</u>	<u>32,63%</u>

The average statutory income tax rates are used in view of the fact that the consolidated subsidiaries are taxed under different tax rates depending on the nature of their entrepreneurial activity, the jurisdiction in which taxes are levied, and whether they are listed on the Athens Stock Exchange.

25. Minority Interest

	1999 Grd. m.	1998 Grd. m.
At 1 January	27,816	18,691
Increase in share capital	6,830	0
Share of net profit of subsidiaries	14,721	11,882
Restatement of investment portfolio in subsidiaries at cost	(5,252)	0
Dividends	(6,993)	(2,757)
At 31 December	<u>37,122</u>	<u>27,816</u>

Notes to the accounts (continued)

26. Called up share capital and share premium account

On 25 January 1999, the company increased the nominal value of share capital to Grd. 2,000 per share from Grd. 877 per share through the capitalisation of the share premium account and special reserves. On the same date the company issued 3 for 10 bonus shares to existing shareholders and simultaneously undertook a fully subscribed rights issue of 3 shares for every 10 held at an issue price of Grd. 12,000. On the same day the company issued 154,000 shares to employees at an issue price of Grd. 12,000.

The movements in share capital and share premium are as follows:

Authorised, issued and fully paid.	Share Capital Grd.m.	Share Premium Grd.m.
At 1 January 1998 - 25,360,000 shares at Grd. 850 per share	21,556	21,540
Capitalisation of fixed assets revaluation reserve	685	0
At 31 December 1998 - 25,360,000 shares at Grd. 877 per share	<u>22,241</u>	<u>21,540</u>
At 1 January 1999 - 25,360,000 shares at Grd. 877 per share	22,241	21,540
On 25 January 1999:		
- Increase in nominal value to Grd. 2,000 per share from Grd. 877 per share	28,479	(20,288)
- Bonus issue - 7,608,000 shares	15,216	0
- Rights Issue - 7,608,000 shares	15,216	76,080
- Private placement - 154,000 shares	308	1,540
At 31 December 1999 - 40,730,000 shares at Grd. 2,000 per share	<u>81,460</u>	<u>78,872</u>

Post Balance Sheet Event

On 27 January 2000, the Extraordinary General Meeting of the shareholders approved an increase in the nominal value of shares to Grd. 3,000 from Grd. 2,000 or a total of Grd. 39,641 million, by utilizing the share premium account. The same meeting approved a three for one share split, decreasing the nominal value of shares to Grd. 1,000 from Grd. 3,000 and a private placement of 544,500 shares to executive directors and employees for Grd. 1,633 million with a nominal value of Grd. 544 million. Following this restructuring, the share capital of the Bank will amount to Grd. 122,735 million consisting of 122,734,500 shares of Grd. 1,000 each.

Notes to the accounts (continued)

27. Memorandum items

(a) Contingent liabilities and commitments

	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	308,184	243,086	243,086	184,313	92,157	92,157
Irrevocable letters of credit	109,838	54,920	54,920	37,418	7,483	7,483
	418,022	298,006	298,006	221,731	99,640	99,640
Commitments:						
Forward placements	3,189	638	638	41,126	8,243	8,243
	421,211	298,644	298,644	262,857	107,883	107,883
Exchange rate contracts	639,381	20,291	4,276	718,488	16,458	3,401
Interest rate contracts	57,742	1,513	303	27,002	761	152
Equity index futures contracts	3,074			0		
	1999 Grd.m.			1998 Grd.m.		
Replacement cost						
- exchange rate contracts	13,624			9,511		
- interest rate contracts	1,484			757		
- equity index futures contracts	76			0		
	15,184			10,268		

Notes to the accounts (continued)

27. Memorandum items (continued)

(a) Contingent liabilities and commitments (continued)

	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.
Company:						
Contingent liabilities:						
Guarantees	353,361	288,264	288,264	218,604	109,302	109,302
Irrevocable letters of credit	109,838	54,920	54,920	37,418	7,483	7,483
	<u>463,199</u>	<u>343,184</u>	<u>343,184</u>	<u>256,022</u>	<u>116,785</u>	<u>116,785</u>
Commitments:						
Forward placements	3,189	638	638	41,126	8,243	8,243
	<u>466,388</u>	<u>343,822</u>	<u>343,822</u>	<u>297,148</u>	<u>125,028</u>	<u>125,028</u>
Exchange rate contracts	639,381	20,291	4,276	718,488	16,458	3,401
Interest rate contracts	57,742	1,513	303	27,002	761	152
Equity index futures contracts	221			0		
	<u>1999 Grd.m.</u>			<u>1998 Grd.m.</u>		
Replacement cost						
- exchange rate contracts	13,624			9,511		
- interest rate contracts	1,484			757		
- equity index futures contracts	4			0		
	<u>15,112</u>			<u>10,268</u>		

Notes to the accounts (continued)

27. Memorandum items (continued)

(a) Contingent liabilities and commitments (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 estimating the cost of replacement as if a default had occurred plus an additional amount that 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 fellow subsidiary undertakings total Grd. 6,760 million (1998 Grd. nil).
- (v) Letters of Guarantee granted to subsidiaries total Grd. 45,178 million (1998 Grd. 34,124 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. 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 97% (1998: 95%) of its transactions in foreign exchange and interest rate contracts with other financial institutions.

(b) Future capital expenditure

There are no significant future capital expenditure commitments.

(c) Custody

The company holds assets in safekeeping and as collateral against facilities of Grd. 2,962 million (1998: Grd. 940 million).

(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 condition of the Bank. In particular, on 15 September 1999, the Bank of Piraeus filed a lawsuit against 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 and the decision is currently pending. The management of the Bank and its legal advisors believe that the outcome of this case will be in favour of the Bank or amounts that may ultimately be awarded, if any, will not be significant.

Notes to the accounts (continued)

28. Geographical concentration

	Total Assets Grd.m.	Total Liabilities Grd.m.	Risk Weighted Credit Commitments Grd.m.
At 31 December 1999			
Geographical concentrations of assets, liabilities and risk weighted credit commitments:			
- Greece	2,037,301	1,838,855	254,292
- Other Western European countries	183,775	87,070	44,352
- Canada and USA	4,849	1,966	0
- Australia	141	0	0
- South East Asia	9,266	5,878	0
- Other countries	0	8,691	0
	<u>2,235,332</u>	<u>1,942,460</u>	<u>298,644</u>

At 31 December 1998

Geographical concentrations of assets, liabilities and risk weighted credit commitments:

- Greece	1,699,285	1,494,512	95,897
- Other Western European countries	56,887	106,159	11,986
- Canada and USA	3,189	0	0
- Australia	0	0	0
- South East Asia	93	0	0
- Other countries	1,243	0	0
	<u>1,760,697</u>	<u>1,600,671</u>	<u>107,883</u>

There were no capital expenditure commitment at 31 December 1999.

29. Cash and Cash equivalents

	1999 Group Grd.m.	1998 Group Grd.m.
For the purpose of the cash flow statement, cash and cash equivalents comprises the following balances with less than 90 days maturity:		
Cash and balances with central banks (note 11)	455,541	568,089
Treasury bills and other eligible bills (note 12)	2,265	82
Due from other banks (note 13)	255,623	121,365
Dealing securities (note 14)	880	317
	<u>714,309</u>	<u>689,853</u>

Notes to the accounts (continued)

30. Currency Risk

	Grd.	Usd.	1999 Grd.m. Jpy.	EuroZone	Other	Total
As at 31 December 1999						
ASSETS						
Cash and balances with central banks	388,338	43,246	11	18,575	5,371	455,541
Treasury bills and other eligible bills	4,211	0	0	0	0	4,211
Due from other banks	165,455	79,983	9,266	5,500	18,729	278,933
Dealing securities	113,769	1,640	0	1,603	9,171	126,183
Loans and advances to customers	630,434	24,847	210,347	68,524	78,934	1,013,086
Medium term investment securities	37,584	0	0	0	0	37,584
Investment securities	186,733	1,314	0	8,445	0	196,492
Investment in associates	30,895	0	0	0	0	30,895
Fixed assets	22,225	0	0	0	957	23,182
Other assets	66,799	405	0	83	1,938	69,225
Total assets	<u>1,646,443</u>	<u>151,435</u>	<u>219,624</u>	<u>102,730</u>	<u>115,100</u>	<u>2,235,332</u>
LIABILITIES						
Due to other banks	35,884	17,327	104	11,547	66,065	130,927
Due to customers	1,351,815	167,801	5,463	82,369	78,932	1,686,380
Other liabilities	122,047	1,632	103	321	1,050	125,153
Total liabilities	<u>1,509,746</u>	<u>186,760</u>	<u>5,670</u>	<u>94,237</u>	<u>146,047</u>	<u>1,942,460</u>
Net balance sheet position	<u>136,697</u>	<u>(35,325)</u>	<u>213,954</u>	<u>8,493</u>	<u>(30,947)</u>	<u>292,872</u>
Memorandum items						
Contingent liabilities	<u>271,371</u>	<u>26,368</u>	<u>1,015</u>	<u>29,150</u>	<u>90,118</u>	<u>418,022</u>
Commitments	<u>2,092</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,097</u>	<u>3,189</u>
Foreign exchange, interest rate and index contracts	<u>238,758</u>	<u>303,327</u>	<u>17,491</u>	<u>43,985</u>	<u>96,636</u>	<u>700,197</u>

Notes to the accounts (continued)

30. Currency Risk (continued)

	Grd.	Usd.	1998 Grd.m. Jpy.	EuroZone	Other	Total
As at 31 December 1998						
ASSETS						
Cash and balances with central banks	242,705	310,115	7	10,164	5,098	568,089
Treasury bills and other eligible bills	327	0	0	0	0	327
Due from other banks	57,506	29,289	32	11,041	27,240	125,108
Dealing securities	84,152	0	0	1,601	5,146	90,899
Loans and advances to customers	460,811	17,302	138,236	58,982	86,467	761,798
Medium term investment securities	28,937	0	0	0	0	28,937
Investment securities	103,759	1,130	0	15	0	104,904
Investment in associates	15,469	0	0	0	0	15,469
Fixed assets	19,189	0	0	0	888	20,077
Other assets	43,131	405	0	83	1,470	45,089
Total assets	<u>1,055,986</u>	<u>358,241</u>	<u>138,275</u>	<u>81,886</u>	<u>126,309</u>	<u>1,760,697</u>
LIABILITIES						
Due to other banks	45,954	5,109	285	16,674	56,954	124,976
Due to customers	1,040,449	171,231	30,452	84,869	60,807	1,387,808
Other liabilities	86,224	424	6	277	956	87,887
Total liabilities	<u>1,172,627</u>	<u>176,764</u>	<u>30,743</u>	<u>101,820</u>	<u>118,717</u>	<u>1,600,671</u>
Net balance sheet position	<u>(116,641)</u>	<u>181,477</u>	<u>107,532</u>	<u>(19,934)</u>	<u>7,592</u>	<u>160,026</u>
Memorandum items						
Contingent liabilities	<u>160,249</u>	<u>16,127</u>	<u>1,126</u>	<u>19,129</u>	<u>25,100</u>	<u>221,731</u>
Commitments	<u>5,000</u>	<u>15,541</u>	<u>1,487</u>	<u>4,731</u>	<u>14,367</u>	<u>41,126</u>
Foreign exchange and interest rate contracts	<u>378,197</u>	<u>219,343</u>	<u>53,248</u>	<u>67,477</u>	<u>27,225</u>	<u>745,490</u>

Notes to the accounts (continued)

31. Interest Rate Risk

	Up to 1 year	1-5 years	Over 5 years	Non Interest bearing	Total
As at 31 December 1999					
ASSETS					
Cash and balances with central banks	455,541	0	0	0	455,541
Treasury bills and other eligible bills	4,211	0	0	0	4,211
Due from other banks	278,933	0	0	0	278,933
Dealing securities	66,841	12,031	39,037	8,274	126,183
Loans and advances to customers	743,003	199,936	70,147	0	1,013,086
Medium term investment securities	74	1,278	0	36,232	37,584
Investment securities	73,539	0	109,896	13,057	196,492
Investment in associates	0	0	0	30,895	30,895
Fixed assets	0	0	0	23,182	23,182
Other assets	0	0	0	69,225	69,225
Total assets	1,622,142	213,245	219,080	180,865	2,235,332
LIABILITIES					
Due to other banks	128,892	2,035	0	0	130,927
Due to customers	1,686,351	29	0	0	1,686,380
Other liabilities	0	0	0	125,153	125,153
Total liabilities	1,815,243	2,064	0	125,153	1,942,460
On balance sheet interest sensitivity gap	(193,101)	211,181	219,080	55,712	292,872
Off balance sheet interest sensitivity gap	(4,197)	(2,200)	(1,652)	(3,074)	
As at 31 December 1998					
ASSETS					
Cash and balances with central banks	568,089	0	0	0	568,089
Treasury bills and other eligible bills	327	0	0	0	327
Due from other banks	125,108	0	0	0	125,108
Dealing securities	63,776	10,054	15,929	1,140	90,899
Loans and advances to customers	595,323	125,791	40,684	0	761,798
Medium term investment securities	0	1,702	0	27,235	28,937
Investment securities	101,270	0	0	3,634	104,904
Investment in associates	0	0	0	15,469	15,469
Fixed assets	0	0	0	20,077	20,077
Other assets	0	0	0	45,089	45,089
Total assets	1,453,893	137,547	56,613	112,644	1,760,697
LIABILITIES					
Due to other banks	124,976	0	0	0	124,976
Due to customers	1,387,761	47	0	0	1,387,808
Other liabilities	0	0	0	87,887	87,887
Total liabilities	1,512,737	47	0	87,887	1,600,671
On balance sheet interest sensitivity gap	(58,844)	137,500	56,613	24,757	160,026
Off balance sheet interest sensitivity gap	13,088	(11,916)	(2,650)		

Notes to the accounts (continued)

32. 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.

33. Investment in subsidiaries

	%	Country of incorporation	Investment Amount in Company Balance Sheet Grd. m.	Line of business
Ergoleasing S.A.	70,24	Greece	11,489	Leasing and hire
Ergosecurities S.A.	99,40	Greece	994	Securities Brokerage and trading
Ergo Mutual Funds Management Company S.A.	100,00	Greece	25	Mutual Funds management and administration
Ergofinance S.A.	99,00	Greece	50	Investment banking
Ergoinsurance Agency S.A.	100,00	Greece	27	Insurance brokerage
Ergobank International Ltd.	100,00	Greece	5,221	Offshore banking
The Greek Progress Fund S.A.	15,20	Greece	3,052	Closed end investment fund
Autorental S.A.	75,00	Greece		Vehicle leasing and hire
			20,858	

All percentage holdings are in the share capital of the undertaking concerned and are unchanged since 1998, except for Autorental S.A. (see below).

Autorental S.A.

On 9 June 1999, Ergofinance S.A. established a 75% owned subsidiary, Autorental S.A., with Grd. 200 million share capital. Autorental S.A. provides vehicle leasing and hire services to companies and individuals in Greece.

Ergoleasing S.A.

Ergoleasing is engaged in the provision of all types of leasing services for machinery and equipment, as well as, specialised forms of leasing e.g. foreign currency leasing, sale and lease-back, floating rate leasing, depending on the needs of its customers.

The total value of leased equipment amounted to Grd. 69 billion.

On 26 November 1999, an extraordinary meeting of the shareholders of Ergoleasing S.A. approved a Grd. 12 billion share capital increase through the issue of 6 million new shares to existing shareholders. Ergobank S.A. exercised its full rights and purchased an additional 4,214,400 shares for Grd. 8,428 million on 29 December 1999.

Ergosecurities S.A.

Ergosecurities is a brokerage company engaged in the provision of services to Capital Markets with a particular specialisation in shares and bonds.

Ergo Mutual Funds Management Company S.A.

Funds under management amounted to Grd. 714 billion at 31 December 1999, compared to Grd. 728 billion at 31 December 1998.

Ergofinance S.A.

Ergofinance is engaged in financial and consulting services.

Ergoinsurance Agency S.A.

The company markets a large number of insurance products such as fire, transportation, motor vehicles and civil liabilities.

Ergobank International Limited

Ergobank International Ltd. provides off-shore banking services. At 31 December 1999, Ergobank International had extended loans to customers in excess of Grd. 100 billion.

Notes to the accounts (continued)

33. Investment in subsidiaries (continued)

The Greek Progress Fund S.A.

The Greek Progress Fund is a closed end fund listed on the Athens Stock Exchange.

On 23 June 1999, an extraordinary meeting of the shareholders of the Greek Progress Fund S.A. approved a Grd. 3,720 million share capital increase through a 3: 10 stock split. The stock split was effected on 16 August 1999.

On 20 December 1999, an extraordinary meeting of the shareholders of the Progress Fund S.A. approved a Grd. 20,150 million share capital increase through an issue of new shares to existing shareholders. The share capital increase has not been completed yet. Ergobank S.A. intends to exercise its rights fully.

34. Operating lease commitments

At 31 December annual commitments under non-cancelable operating leases were:

	1999 Land and Buildings Grd.m.	1998 Land and Buildings Grd.m.
Group:		
Expiring: - within one year	115	86
- between one and five years	1,319	1,134
- in five years or more	645	453
	<u>2,079</u>	<u>1,673</u>
Company:		
Expiring: - within one year	115	86
- between one and five years	1,319	1,134
- in five years or more	645	453
	<u>2,079</u>	<u>1,673</u>

Notes to the accounts (continued)

35. Segment Information

The group is organized as follows:

- Banking in Greece incorporating retail, private and corporate banking.
- Banking in the U.K. incorporating the London branch and the Guernsey subsidiary operations.
- Stock Brokerage which comprises primarily investment banking activities in Greece.
- Other Greek Non-Banking operations which comprise insurance, fund management and other none of which constitutes a separately reportable segment.

	Total Assets		Interest Income		Interest Expense	
	Grd. m.	%	Grd. m.	%	Grd. m.	%
December 31, 1999						
Banking - Greek	1,903,184	85%	209,871	96%	112,430	92%
Banking - Foreign	160,825	7%	6,492	3%	8,726	7%
Stock Brokerage	18,847	1%	123	0%	6	0%
Other - Greek	152,476	7%	1,811	1%	765	1%
Total:	2,235,332	100%	218,297	100%	121,927	100%

December 31, 1998						
Banking - Greek	1,612,172	92%	165,848	96%	85,732	92%
Banking - Foreign	109,510	6%	6,538	4%	6,979	8%
Stock Brokerage	8,031	0%	0	0%	0	0%
Other - Greek	30,984	2%	196	0%	7	0%
Total:	1,760,697	100%	172,582	100%	92,718	100%

	Non-Interest Income		Non-Interest Expense		Net Income before taxes	
	Grd. m.	%	Grd. m.	%	Grd. m.	%
December 31, 1999						
Banking - Greek	62,207	52%	85,534	91%	74,114	60%
Banking - Foreign	4,565	4%	1,073	1%	1,258	1%
Stock Brokerage	21,100	17%	4,352	5%	16,865	14%
Other - Greek	32,595	27%	2,644	3%	30,997	25%
Total:	120,467	100%	93,603	100%	123,234	100%

December 31, 1998						
Banking - Greek	32,845	55%	55,351	96%	57,610	71%
Banking - Foreign	1,505	3%	821	1%	243	0%
Stock Brokerage	4,842	8%	929	2%	3,913	5%
Other - Greek	20,221	34%	583	1%	19,827	24%
Total:	59,413	100%	57,684	100%	81,593	100%

Notes to the accounts (continued)

36. Post Balance Sheet events

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

Note 26: Called up share capital and share premium account

On 27 January 2000, the Extraordinary General Meeting of the shareholders approved an increase in the nominal value of shares to Grd. 3,000 from Grd. 2,000 or a total of Grd. 39,641 million, by utilizing the share premium account. The same meeting approved a three for one share split, decreasing the nominal value of shares to Grd. 1,000 from Grd. 3,000 and a private placement of 544,500 shares to executive directors and employees for Grd. 1,633 million with a nominal value of Grd. 544 million.

In January 2000, the Boards of Directors of the Company and EFG Eurobank S.A. announced that they were commencing proceedings to merge the two banks. The legal merger is expected to be completed by June 2000.

37. Ultimate parent company and controlling party

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

38. Related party transactions

For significant related party transactions refer to the following notes:

- Note 13 - Due from other banks
- Note 15 - Loans and advances to customers
- Note 17 - Investment securities
- Note 33 - Investment in subsidiaries
- Note 21 - Due to other banks
- Note 22 - Due to customers
- Note 27 - Memorandum items

In 1999 the total remuneration of the directors was Grd. 92 million.

Board of Directors and Management

BOARD OF DIRECTORS

CHAIRMAN

Xenophon Nickitas

DEPUTY CHAIRMEN

Stamos P. Fafalios
Panayiotis Lambropoulos

MANAGING DIRECTOR

Antonios Bibas

MEMBERS OF THE BOARD

Emmanuel L. Bussetil
Nikolaos Katsantonis
Dimitrios Pateras
Dr. Pericles P. Petalas
Gerasimos Vassilopoulos

GENERAL MANAGERS

Kyriakos Nasikas
Stylios Papaderos
Nikolaos Pavlidis



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