Eurobank

Annual Report 2002

EFG Eurobank Ergasias S.A.

Eurobank

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Financial Highlights

Key Consolidated Figures (in accordance with International Accounting Standards)

(Amounts in million Euro)	**2002**	**2001**	***Change***
Balance Sheet			
Loans and Advances to Customers [1]	**13,341**	10,953	*21.8%*
Deposits [1]	**16,948**	15,287	*10.9%*
Total Shareholders' Equity	**1,899**	2,010	*(5.5%)*
Total Assets [1]	**24,723**	19,199	*28.8%*
Profit and Loans			
Net Interest Income	**721**	614	*17.4%*
Net Fee and Commission Income	**250**	247	*1.2%*
Core Operating Income [2]	**972**	862	*12.8%*
Total Operating Income	**1,005**	944	*6.5%*
Operating Expenses	**611**	548	*11.5%*
Provision on Loans & Advances	**98**	68	*44.1%*
Core Operating Profit [3]	**263**	246	*6.9%*
Profit before Tax Attributable to Shareholders	**276**	322	*(14.3%)*
Net Profit after Tax & Minorities	**184**	206	*(10.7%)*

1. Excluding settlement balances.
2. Net Interest Income + Net Fee and Commission Income.
3. Core Operating Income - Operating Expenses - Provisions.

	2002	**2001**
Key Financial Ratios		
Return on Assets (pre tax)	1.2%	1.8%
Return on Assets (after tax)	0.8%	1.2%
Return on Equity (pre tax)	14.1%	16.6%
Return on Equity (after tax & minorities)	9.4%	10.6%
Net Interest Margin	3.2%	3.3%
Core Operating Income to Total Income	96.7%	91.3%
Cost to Income Ratio	60.8%	58.1%
Cost to Average Assets Ratio	2.7%	3.0%
Risk Asset Ratio	11.7%	15.2%
Non Performing Loans to Total Loans	3.6%	3.8%
Data Per Share		
Earnings per Share	0.61	0.71
Dividend per Share	0.47	0.53
Dividend Yield (price as of year end)	4.2%	3.4%

Ratings

	Long-Term	Financial Strength	Short-Term
Moody's	A3	C	P-1
Standard & Poors'	BBB+	-	A-2
FITCH IBCA	A-	B/C-2	F2

Letter to Shareholders

Dear Shareholders,

The year 2002 was characterized by a slowdown in global economic growth, increased uncertainty and particularly adverse stock market conditions. These conditions had a decisive effect on the profitability of financial organizations globally. In Greece, banking sector profits decreased substantially, mainly because of reduced or negative financial results.

However, this was a productive and successful year for EFG Eurobank Ergasias, as the Bank continued to grow dynamically, increasing its overall market shares in loans and deposits by approximately 1%. Particularly important in 2002 was the expansion of the market shares of the Group in crucial sectors, such as in consumer credit, credit cards, mutual funds, investment banking and the brokerage business. In 2002 therefore, EFG Eurobank Ergasias further enhanced its position in the Greek market.

The adverse economic environment acted as a catalyst for the emergence of the true capabilities of each banking group. EFG Eurobank Ergasias stood out, managing to increase its organic profits by 7% to € 263 million. This success was based on the growth rates we achieve, which are steadily among the highest in our banking system as well as on an international basis. It is indicative that customer loans of EFG Eurobank Ergasias exceeded € 13 billion, growing 22% compared to an increase of 17% for the Greek market as a whole. Retail and small business lending expanded 34% and wholesale lending 15%. At the same time, the quality of the loan portfolio was safeguarded, with organic non-performing loans (NPLs) remaining below 3% of the total loan book. Furthermore, these are by 84% covered by provisions. The Group, taking into account international developments, increased provision charges in 2002 by € 30 million, a fact that combined with the high asset quality of the loan portfolio, further safeguards the Bank.

Customer Deposits, contrary to market trends, increased 11% y.o.y and amounted to € 16.9 billion, whereas deposits excluding repos increased 16.6%, reaching € 14.9 billion. Total Customer Funds, including customer deposits, repos, mutual funds and other investment products, rose by 8% to € 23 billion at current prices, despite a drop in equity portfolios due to negative valuation effects.

Core Income, comprising net interest and net fee income, achieved a rise of 13% in 2002, reaching € 972 million. At the same time, the growth of operating expenses decelerated to 5% on a comparable basis against 2001. Nevertheless, the substantial fall of equities affected our total income and did not allow net income after tax to increase, thus receding 10% to € 184 million.

Shareholders' Equity at the end of 2002 stood at €1.9 billion and remains among the strongest in the sector. The Capital Adequacy Ratio stands at 11.7%, comprising almost solely Tier 1 capital and confirming EFG Eurobank Ergasias' ability to maintain its dynamic growth without having to raise additional capital from its shareholders in the foreseeable future. The strong capital base of EFG Eurobank Ergasias combined with the high quality of its profitability allow for the distribution of a dividend of € 0.47 per share, which corresponds to a dividend yield of around 5% (on the average share price of March 2003).

The steady organic growth together with our strong capital base constitute the best prerequisites for a sustainable and healthy profitability in the future. The reliability of this picture is also enhanced by the fact that the results of the Group are published according to International Accounting Standards. This ensures that our shareholders are protected from any negative surprises that could arise from the obligatory implementation of these standards.

The recognition by the market of our Group's strong advantages contributed to a higher resilience of the EFG Eurobank Ergasias share compared to other Greek banking stocks. Again the share was less affected by the adverse stock market conditions. In 2002 the Athens Composite Index dropped for a third successive year, falling by 33%, while the Banking Sector Index receded by 44% and the blue chip representative FTSE/ASE-20 Index lost 40%. In this extremely adverse environment, the EFG Eurobank Ergasias share retreated 28%, almost in line with the DJ Euro Stoxx Banks Index. It is worth noting that this fall in the share price was disproportionate to the drop in our profitability, which was 10%, and as a consequence it should be attributed to the very negative climate existing in the market. The result of maintaining our profitability at satisfactory levels and the higher resilience of our share was the rise of EFG Eurobank Ergasias into the first position among all banking stocks in the Athens Stock Exchange in terms of market capitalization, a fact that increases our responsibility not only to our shareholders but also to the wider Greek investment community.

The success of EFG Eurobank Ergasias in the year 2002 is also confirmed by the important distinctions that it received from prominent international institutions such as Moody's Investors Service. The international ratings agency upgraded the outlook for the Bank to "Positive" from "Stable". It is worth noting that EFG Eurobank Ergasias is the only Greek bank that receives this positive rating. According to Moody's, this action reflects the dominant position of EFG Eurobank Ergasias in the high margin sectors, its positive franchise dynamics in the domestic market and the good financial fundamentals.

Furthermore, EFG Eurobank Ergasias was chosen for a second consecutive year as "Bank of the Year" for Greece by the respected international magazine 'The Banker', in terms of the annual contest for the selection of the most successful and efficient banking group in every country. In addition, the Bank was ranked No 1 custodian in Greece in settlement, reporting, corporate actions and technology in 2002, as well as among the top ten best performing agent banks in all markets by the Global Custodian magazine. Last but not least, for a second year the web site www.eurobank.gr received an award by the RAM and PC magazines. These distinctions constitute a reward for our efforts and serve as an additional motive for harder and more qualitative work.

In 2002, the Bank took a series of important actions aiming at improving its efficiency, increasing its profitability and its long-term prospects. An achievement of high importance and significance was the finalization of the installation and operation of the new client-oriented Altamira system, which took place in September 2002. Through the full operational merger of all branches a new era begins for EFG Eurobank Ergasias. The project, a particularly ambitious computer application, offers the Bank a strong competitive advantage in the Greek banking sector, which will become more obvious from 2003 onwards.

In the context of increasing efficiency and improving the quality of the services offered, the Bank introduced a series of changes in its organisational structure. The new organisational structure was designed on the basis of modern and efficient banking operational standards and aims at exploiting the vast potential, which resulted from the successful implementation of the unified Altamira technology platform across the Bank. The new organisational structure consists of the full separation of retail banking from wholesale banking and their service through differentiated-dedicated networks. This way the needs of retail and corporate clients are fully and efficiently covered, flexibility is enhanced and cross-selling potential is intensified.

In the same direction, an important project, which started in 2002 and is continued in 2003, is the establishment of a Value Based Management System. The system will assist in quantifying profitability and value both at the level of the Bank as a whole, and at the level of specific departments and units. It will also allocate resources and capital according to a unified and transparent system of evaluation, so as to guarantee growth and value creation on a continuous basis.

Also, at the end of the previous year, the Board of Directors approved the absorption of Ergoinvest S.A. and Investment Development Fund S.A. by EFG Eurobank Ergasias. Through this absorption the Bank's position in capital markets is enhanced, and substantial economies of scale are achieved, with increased flexibility in managing portfolios and reduced costs. Furthermore, this initiative leads to tax benefits, positive goodwill and a strengthening of the Bank's capital adequacy.

In addition, in the past year, EFG Eurobank Ergasias undertook strategic initiatives in the context of the strategic goal to expand its activities to the wider region of SE Europe. In Romania the Bank acquired a further 17% of the share capital of Banc Post S.A., one of the largest banks in the country. Our total participation in Banc Post has now risen to 36.25%, with the potential to reach 45%, according to a further option for the acquisition of shares currently held by General Electric Capital Corp. EFG Eurobank Ergasias, together with Banco BPI, which holds 17%, consequently control a majority stake in Banc Post. EFG Eurobank Ergasias also enters the Serbian market, through the acquisition of 68% of the total share capital of the Serbian bank Postbanka AD. Postbanka has a license to conduct all banking activities and following the signing of the final contract EFG Eurobank Ergasias will undertake an action plan for the growth and development of the bank's activities, in line with similar plans already underway in Post Bank Bulgaria and Banc Post Romania.

At the beginning of 2003, despite the fact that the international environment is characterised by a substantial degree of uncertainty, the growth prospects of the Greek economy remain satisfactory, with the forecast growth rate exceeding the European Union average by a wide margin. At the same time however, the control of inflation remains the main challenge of economic policy, as it erodes the international competitiveness of Greek companies and the Greek economy in the long term. In this environment, lending, especially in retail credit, is expected to continue growing dynamically, albeit at somewhat lower paces. As far as corporate lending is concerned, the growth of the economy facilitates restructuring efforts in specific sectors of the market, especially in those where difficulties have been identified.

The year 2003 finds EFG Eurobank Ergasias in a stronger competitive position and ready to face future challenges. Therefore, in 2003, we are focusing on the exploitation of the new capabilities that we have acquired and will put further emphasis on organic growth, the strengthening of quality at all levels of our operations, the containment of costs, the optimization of risk management systems and the strengthening of the Group's role in the Balkans. We face the future with optimism and we believe that we will respond successfully to the challenges that lie ahead.

With consistency and a high sense of duty towards the tradition of successes and accomplishments that we have created, we will continue working hard to fulfill your trust.

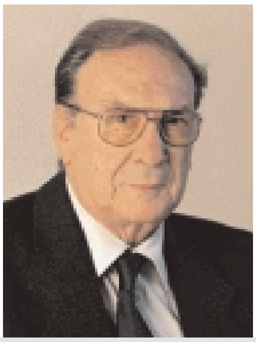
Athens, April 11th, 2003

Xenophon C. Nickitas
Chairman of the Board of Directors

Nicholas C. Nanopoulos
Chief Executive Officer

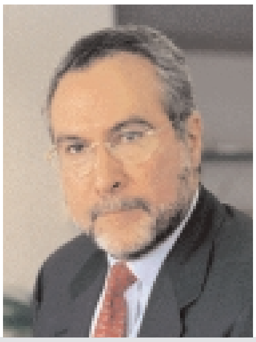
Members of the Executive Committee

George C. Gondicas
Honorary Chairman
Born in Patras in 1920. He has served as Managing Director (Euromerchant Bank), Management Consultant (Banco Portugues de Investimento), Managing Director (National Investment Bank for Industrial Development) and has held managerial positions in the IBRD and the IFC. Mr Gondicas holds a Master's Degree in Government and Economics from Harvard University.



Xenophon C. Nickitas
Chairman
Born in Alexandria, Egypt, in 1930. He has served as Chairman (Ergobank), Vice President (American Express Bank) and has held various positions at Barclays Bank.

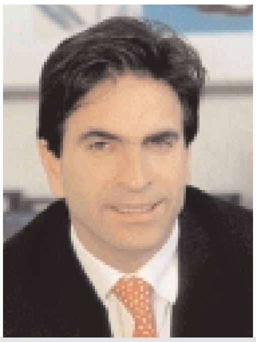
Nicholas C. Nanopoulos
Chief Executive Officer
Born in Alexandria, Egypt, in 1952. He has served as General Manager (Euromerchant Bank), Managing Director (Carroll McEntee & McGinley, member of the HSBC Group) and Senior Manager of the Investment Department (The World Bank). Mr Nanopoulos holds Degrees in Engineering, Economics and Business Administration from the Massachusetts Institute of Technology, the London School of Economics and INSEAD. He also holds a Ph.D in Economics from the University of Reading.



Byron N. Ballis
Deputy Chief Executive Officer
Head of Retail Banking, Mutual Funds and Insurance Activities. Born in Constantinople in 1951. He has served as Managing Director (Interbank of Greece), General Manager (Interamerican Group), Managing Director (National Investment Bank for Industrial Development) and Senior Economist (OECD). Mr Ballis holds a Master's Degree in International Banking and Finance and was awarded the title of Docteur d' Etat in Economic Sciences from Université de Bordeaux.

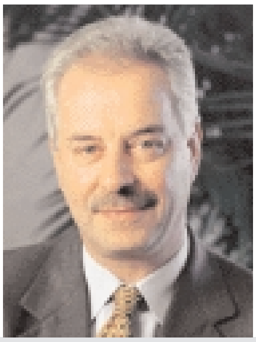
Nikolaos B. Karamouzis
Deputy Chief Executive Officer
Head of Corporate Banking, Investment Banking, Capital Markets, Private Banking and Institutional Asset Management. Born in Athens in 1952. Associate Professor at the University of Piraeus, Department of Banking and Financial Administration. He has served as Deputy Governor (National Bank of Greece), Chairman (National Investment Bank for Industrial Development), Deputy Governor (ETVA Bank), Director, Foreign Exchange Division (Bank of Greece). Mr Karamouzis holds a Ph.D in Economics from Pennsylvania State University (USA), a Master's Degree in Economics from the American University (USA) and Bachelor Degree from the University of Piraeus, Department of Economics.

Members of the Executive Committee



George N. Alvertis
General Manager
Managing Director, Eurobank Cards S.A., Chairman of VISA Hellas, Member of the Board of Europay MasterCard Europe. Born in Athens in 1965. He has served as Deputy Credit Cycle Manager (Citibank Cards), Managing Director - Consumer Lending Division (Interbank), General Manager - Bancassurance products (Interamerican) and Managing Director (Interamerican Cards). He holds a Degree from the University of Athens Law School and his area of specialization is Consumer Lending Business and Payment Systems.

Paula N. Hadjisotiriou
General Manager
Chief Financial Officer. Born in Famagusta, Cyprus in 1957. Mrs Hadjisotiriou is a Chartered Accountant and a member of the Institute of Chartered Accountants of England and Wales (ICAEW). She has served as Assistant General Manager and Chief Financial Officer (EFG Eurobank Ergasias), Head of Finance and Control and Head of Internal Audit (Euromerchant Bank), Deputy General Manager of Internal Audit (John S. Latsis Group of Companies), Senior Auditor (Price Waterhouse & Co., Pannel Fitzpatrick & Co.)



Christos P. Komiopoulos
General Manager
Head of Corporate Banking, Shipping, Leasing, Factoring. Born in Athens in 1949. He has served as Assistant General Manager (Eurobank), Corporate Lending Manager (Euromerchant Bank), Marketing Director (Barclays Bank PLC). He is Chairman of the Board of EFG Eurobank Ergasias Leasing S.A. and Vice Chairman of EFG Factors S.A. Mr Komiopoulos holds a Master's Degree in Economics from the University of Surrey.

Harry M. Kyrkos
General Manager
Head of Risk Management. Born in Serres in 1953. He has served as General Manager (EFG Private Bank Luxembourg), Managing Director (Egnatia Bank), Managing Director (Banque Nationale de Grece-France), General Manager (National Investment Bank for Industrial Development), Treasurer (ACE Group International), Chairman (Diethniki Mutual Fund Management Company), Credit and Marketing Officer (Bank of America). He holds an Engineering Degree from the National Technical University of Athens and an M.Sc. in Management from the Massachusetts Institute of Technology.

Nikos Pavlides
General Manager
Head of Operations, Technology & Organisation
Born in Athens in 1946. He has served as General Manager (Ergobank), Manager (Ministry of Social Security, EDP Centre). He holds a Master's Degree and a PhD in Operational Research and Computer Science from the University of Leeds. Mr. Pavlidis has held the position of President, and remains a member, of the Greek Computer Society.
He is also a member of the British Computer Society and the British Chartered Engineering Council.

Victor A. Pizante
General Manager
Managing Director, EFG Telesis Finance. Born in Athens in 1965. Co-founder and Managing Director of Telesis Capital since 1993, he has served as Managing Director of Telesis Securities and Vice Chairman of the Board of Telesis Investment Bank until its acquisition by EFG Eurobank Ergasias in 2001. He holds a Degree in Economics & International Relations from Brown University and an MBA from New York University.

Yasmine D. Ralli
General Manager
Group Treasurer. Born in Alexandria, Egypt, 1949. She has served as Treasurer, Assistant General Manager, Group Treasurer (EFG Eurobank Ergasias), and Treasurer (Bank of America). She is a Member of the Boards of various Group subsidiaries, as well as a member of the EFG Group Risk Committee. Mrs Ralli holds Degrees in Economics and Business Administration from the University of Maryland.

George M. Georgiou †
(1961 - 2003)
General Manager
The late George Georgiou was head of the Retail Network and was directly responsible for the recent merger of the Ergasias and Eurobank branch networks. He had been a management member of the Bank since 1996.

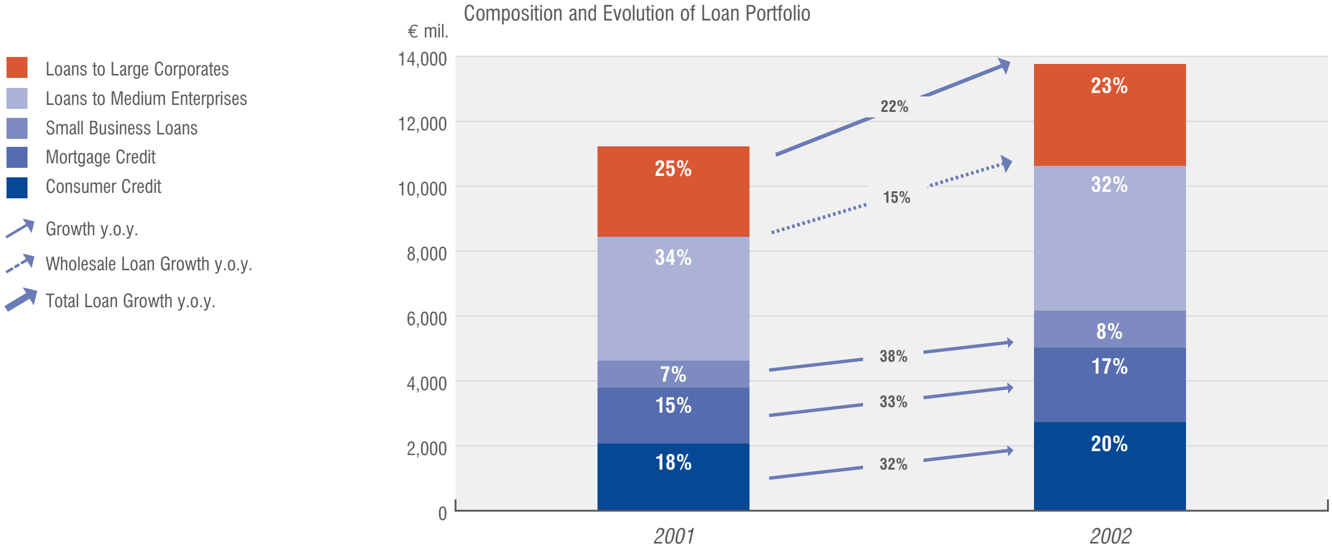
Financial Review

Balance Sheet Review 2002 (International Accounting Standards)

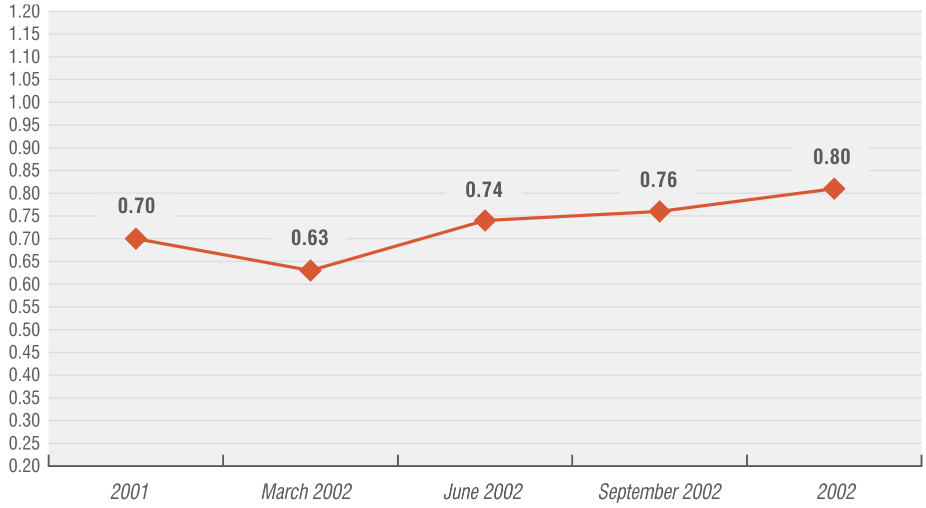
In 2002, Total Assets of Group EFG Eurobank Ergasias increased 29%, reaching € 25 billion compared to € 19 billion at the end of 2001. This reflects robust growth in business volumes and the Group's enhanced position in the Greek market.

Specifically, Customer Loans, excluding settlement balances, grew 22% y.o.y. in 2002, exceeding € 13 billion. Retail and small business lending increased 34% and wholesale lending 15%. In particular, Consumer Credit grew by 32% to € 2.7 billion and Mortgage Credit by 33% reaching € 2.3 billion. These growth rates were either on a par with or above the relevant growth rates of the market.

Taking into account international developments, the Group increased provisioning in 2002 by € 30 million to € 98 million, a fact that combined with the high asset quality of the loan portfolio, safeguards the Bank further. Bad debt provision charges represented 0.80% of the average loan portfolio. At the same time, the quality of the loan portfolio was maintained, as organic non-performing loans (NPLs) remained below 3% of the total loan book. Including NPLs dating from the acquisition of Bank of Athens and Bank of Crete, which are fully covered by provisions, total NPLs stood at 3.6% of the total loan portfolio, compared to 3.8% in 2001. Total provisions covered 84% of total NPLs at the end of 2002, a ratio which is one of the highest in the Greek banking sector.

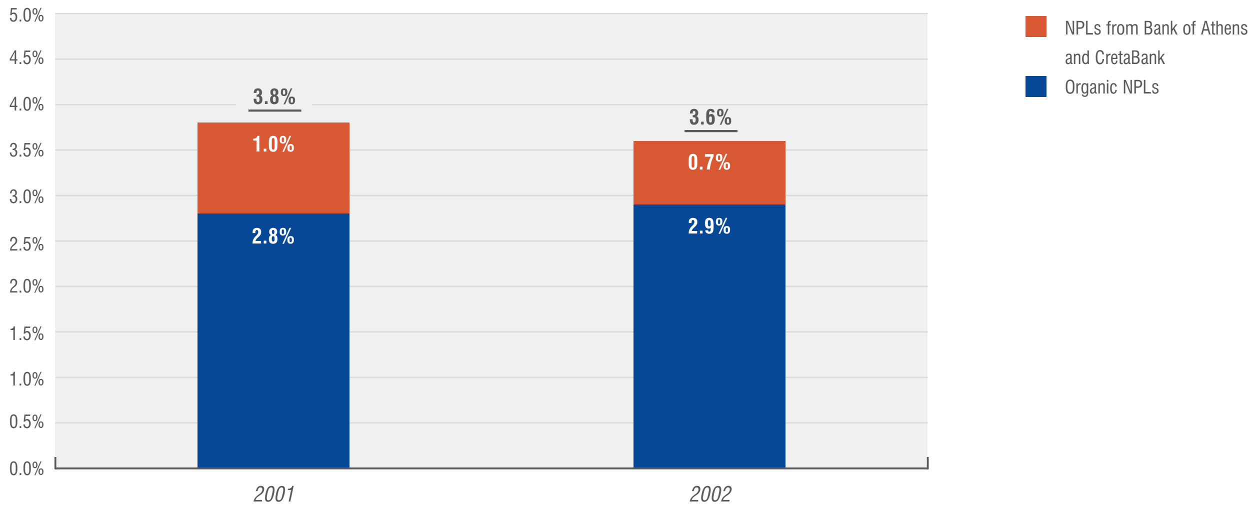


Bad Debt Provisions (% of avg. loans)

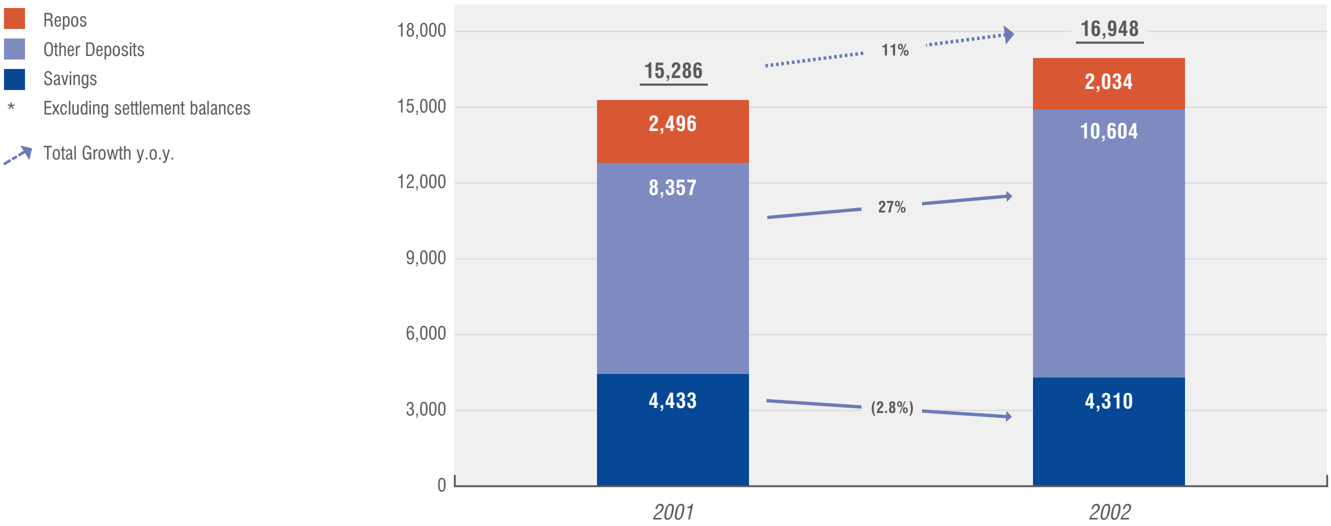


Contrary to market trends, Customer Deposits, excluding settlement balances, amounted to € 16.9 billion, an increase of 11% y.o.y. Deposits excluding repos increased 16.6%, reaching € 14.9 billion. Total Customer Funds, including customer deposits, repos, mutual funds and other investment products, rose by 8% to € 23 billion at current prices, in spite of the drop in equity portfolios.

Total NPL Ratio (%)

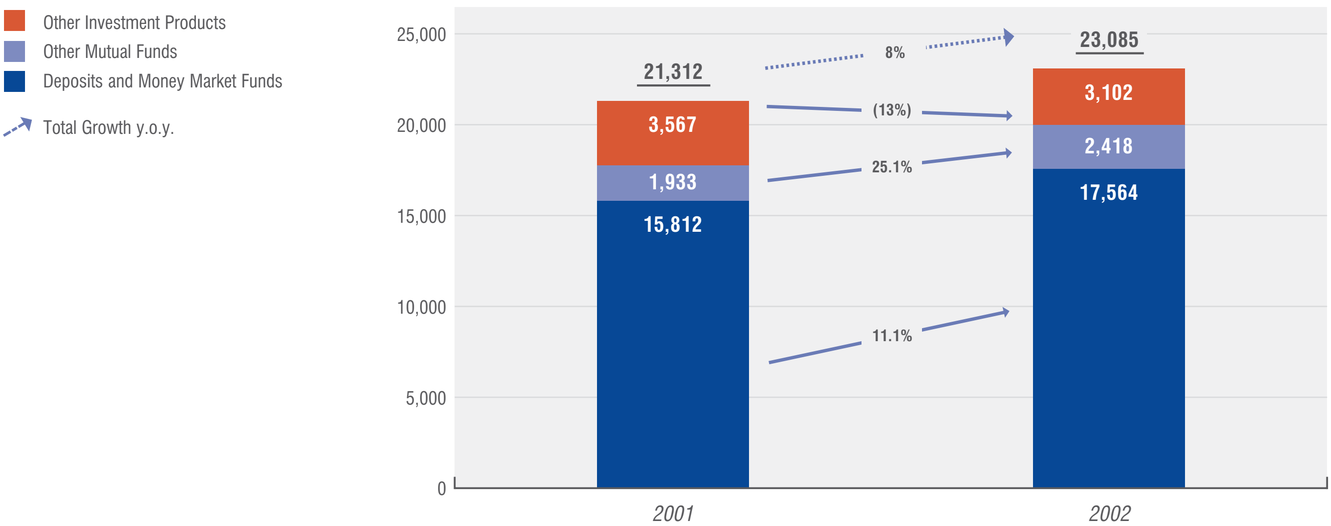


Deposits Breakdown* (in € million)



Shareholders' Equity at the end of 2002 stood at € 1.9 billion. This includes all the necessary adjustments on valuations of the various portfolios as per IAS 39. EFG Eurobank Ergasias remains among the best-capitalized financial institutions, a fact which

Customer Funds (in € million)



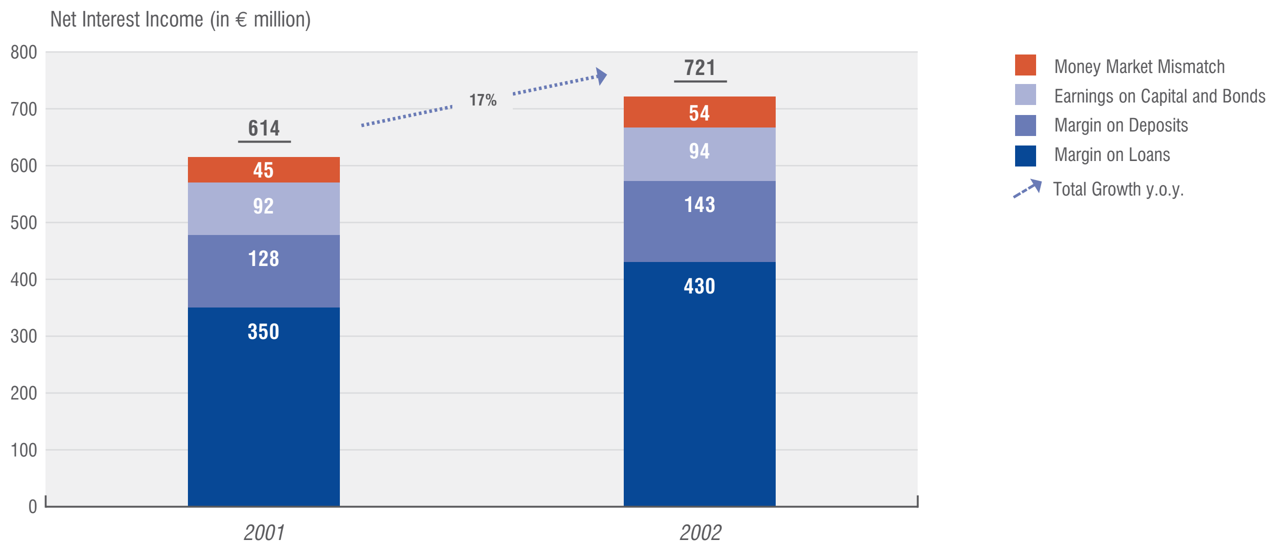
allows the Group to maintain dynamic growth in the foreseeable future. The Capital Adequacy Ratio stands at 11.7%, comprising almost solely of Tier 1 capital.

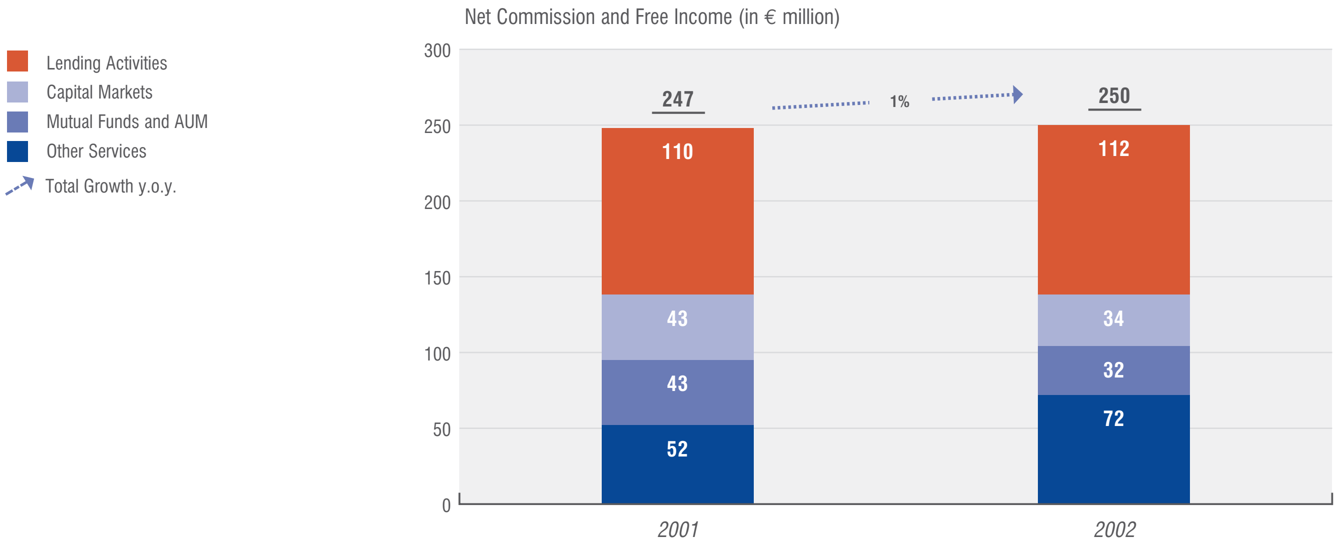
Review of FY 2002 Financial Results (International Accounting Standards)

Net Interest Income recorded a significant increase of 17% reaching €721 million on the back of strong lending growth and a net interest margin of above 3%, and contributing 72% of total operating income. Specifically, net interest income resulting from the margin on loans rose by 23% to € 430 million, while that from the margin on deposits increased 12% to € 143 million. Net interest income from earnings on capital and bonds stood at € 94 million, from € 92 million in 2001.

Net Fee and Commission Income remained stable at € 250 million in an adverse environment, mainly due to the distribution of new products and services through the Group's branch and alternative networks, and market share gains in capital markets and asset management. Consequently, 45% of net fee and commission income stemmed from lending activities, 13% from mutual funds and assets under management, 14% from capital markets and 29% from network activities (relations with vendors, insurance premiums) and other services (property, Internet etc).

As a result, Core Income, comprising of net interest and net fee income, achieved a healthy rise of 13% in 2002, reaching € 972 million. The contribution of core income to

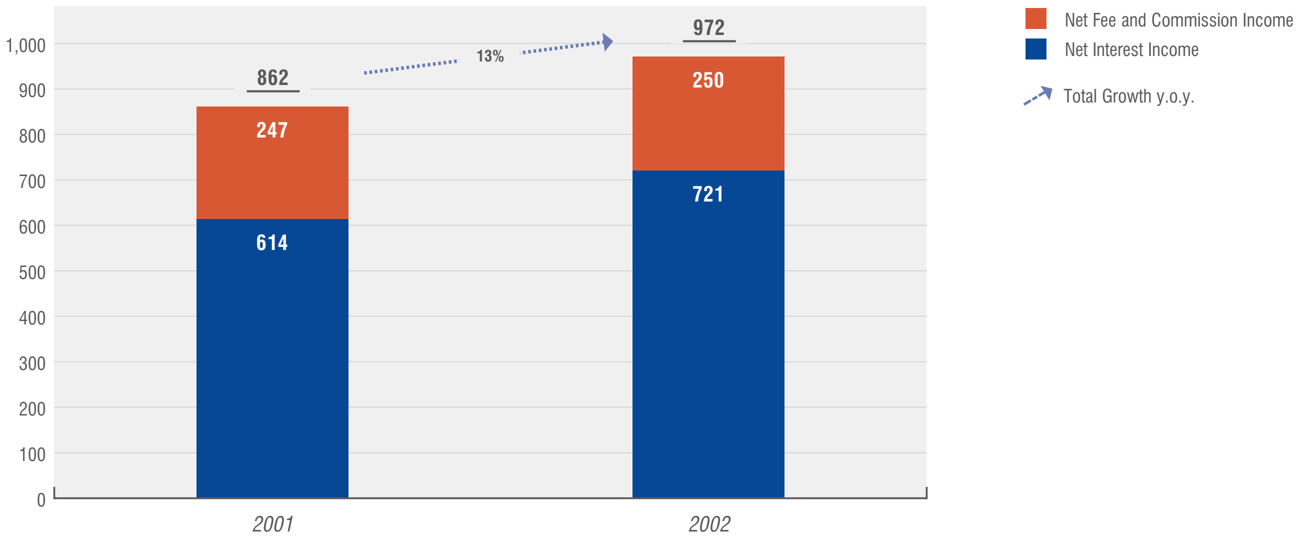




total operating income also rose to 97% in 2002, from 91% in 2001, as Other Income (Dividend Income, Net trading income, Gains less Losses from other Securities and Other Operating Income) retreated from € 82 million to € 34 million. This was the combined result of lower dividends and bond gains, as well as losses and adjustments in equity positions due to the prolonged fall in equity markets. More specifically, gains on bonds and bond derivatives fell to € 29 million, from € 50 million in 2001, while equity positions were negative at € 40 million in 2002. These results were only partly offset by gains from the revaluation of the real estate investment portfolio. Despite the decline in non-core income, Total Operating Income increased by 7% to €1,005 million, driven by the growth in net interest income.

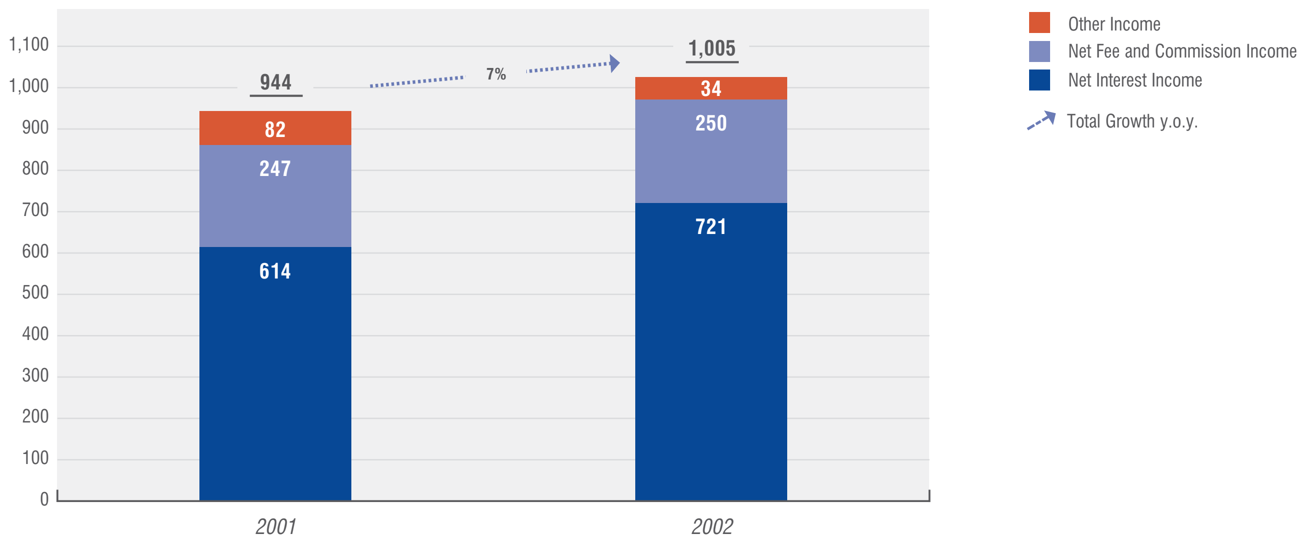
The effort to further enhance the Group's competitiveness is also reflected in the decelerating expansion of operating costs. Total Operating Expenses, which include Banc Post since November 2002, and only the fourth quarter of Telesis in 2001, recorded an increase of 11%. However, on a comparable basis (including Telesis for the whole of 2001 and excluding Banc Post in 2002) the growth rate of Total Operating Expenses decelerated to 5%. Specifically, staff expenses reached € 328 million, from € 299 million in 2001, while general and administrative expenses amounted to € 198 million, from € 205 million in 2001, down by 3%. Depreciation grew to € 74 million, from € 68 million in 2001, due to significant investments in information systems and infrastructure in recent years. In total, Cost to average Assets Ratio improved from 3% to 2.7%, while the Cost to Income Ratio (efficiency ratio) stood at 60.8% and remains one of the lowest in the Greek market.

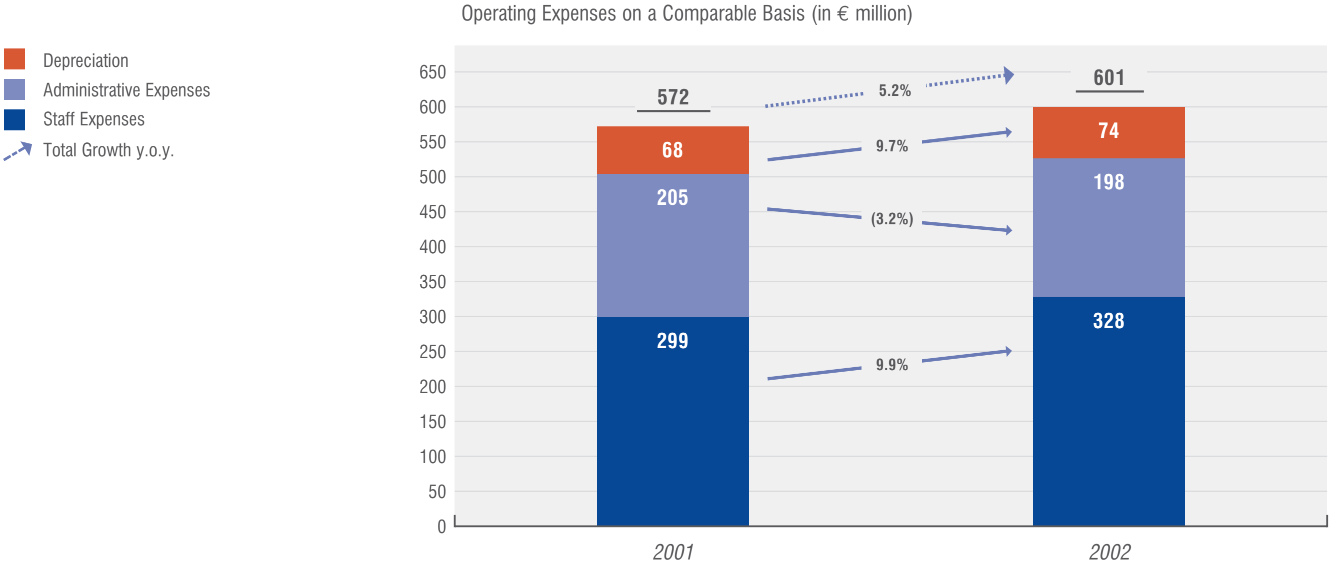
Core Operating Income (in € million)



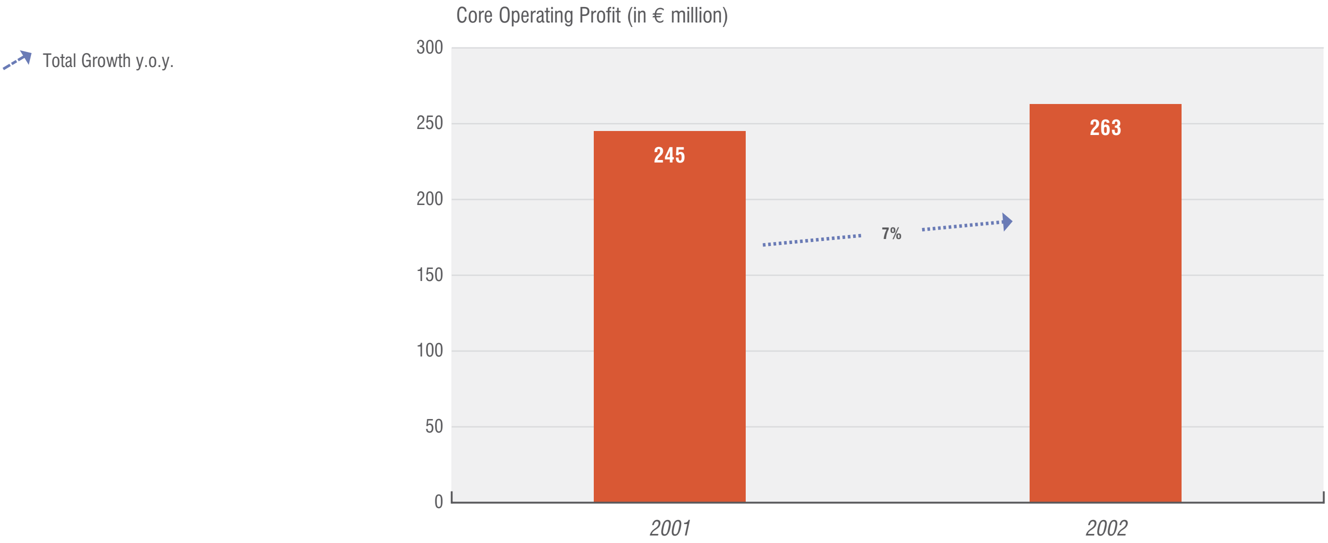
As a result of the healthy increase in core income and the control of operating expenses, core profits (core income less operating expenses and provisions) increased by 7% to

Total Operating Income (in € million)





€ 263 million in 2002, from € 246 million in 2001. This development confirms the dynamism of the EFG Eurobank Ergasias Group and its ability to rely on organic sources to enhance its profitability.



Consolidated net profit after tax attributable to the shareholders of EFG Eurobank Ergasias amounted to € 184 million, compared to € 206 million in 2001, down by 10%. The decline is exclusively attributable to trading losses and to the recording of realised losses and losses from the revaluation of the equity portfolios, due to the drop of the Greek equities market by 33% in 2002. Consolidated net profit before tax and after minorities amounted to € 276 million, from € 322 million in 2001. Return on average Equity (ROE) and Return on average Assets (ROA) after tax in 2002 amounted to 9.4% and 0.8% respectively.

Dividend Policy

The Group's strong financial position and the high quality of income allow the distribution of a satisfactory dividend to shareholders, as was the case in the previous year. The dividend proposed to the Annual General Meeting of Shareholders amounts to € 0.47 per share. Total dividends account for 78% of net income after tax.

The EFG Eurobank Ergasias Share

2002 was another particularly difficult year for capital markets internationally, after the falls in 2000 and 2001. Most stock exchanges around the world suffered significant losses, which in some cases exceeded 40%. Indicative of the situation among European markets, the DAX Index in Frankfurt shed 44%, while the CAC-40 in Paris declined by 34%. Unavoidably, the picture was similar for the Athens Stock Exchange. At the end of 2002, the Athens Composite Index closed at the lowest level in the last four years, at the 1,748 mark, having fallen by 33% from the end-2001 levels. Furthermore, the blue chip representative FTSE/ASE-20 Index lost 40% and the Banking Sector Index declined by 44%, reaching the 2,688 point. Since September 1999, when the historically high level of 6,484 was recorded, the ASE Composite Index has fallen by 73%.

Price Changes in 2002	
EFG Eurobank Ergasias	-28%
DJ Euro Stoxx Banks Index	-27%
Athens Stock Exchange Composite Index	-33%
Banking Sector Index of ASE	-44%
FTSE/ASE-20 Index	-40%

Despite the fact that the profitability of the Bank has remained relatively stable, the performance of the EFG Eurobank Ergasias share could not escape the negative course of the market. Nevertheless, the EFG Eurobank Ergasias share showed higher resistance and, yet again was less affected by the adverse stock market conditions, outperforming the ASE General Index, the Banking Sector Index and its major banking peers in relative terms. In 2002 the EFG Eurobank Ergasias share receded by 28%, less than the shares of other major Greek banks. Since September 2000 the unified share of EFG Eurobank Ergasias has steadily out-performed the domestic banking sector.

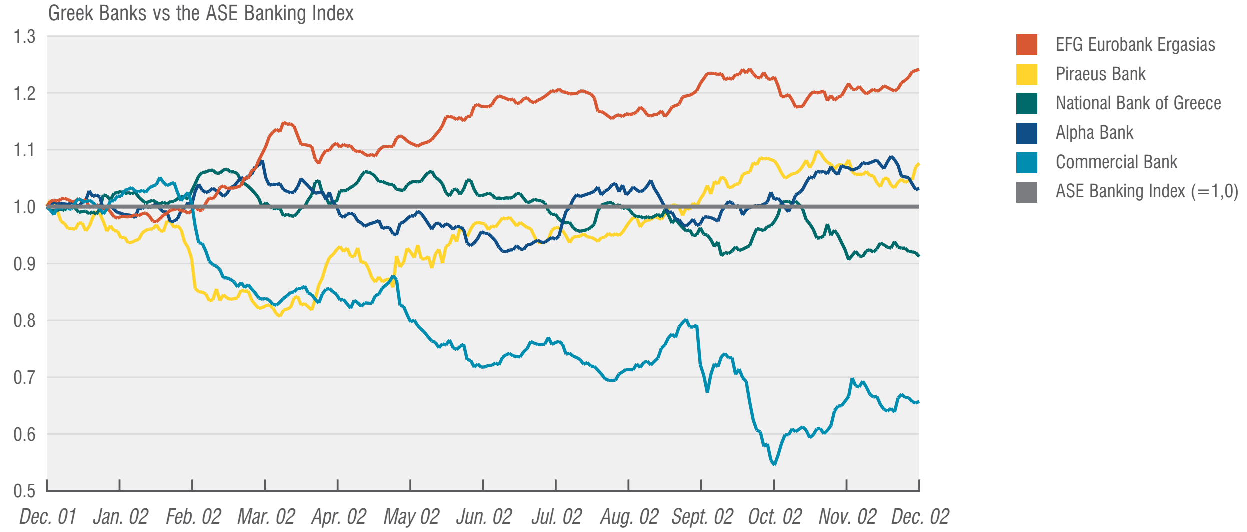
In 2002, the performance of EFG Eurobank Ergasias was similar to that of the DJ Euro Stoxx Banks Index, which also declined by 27%.

These developments are illustrated in the following graphs.

EFG Eurobank Ergasias vs ASE General Index and FTSE/ASE-20

A development of particular importance in 2002 was the rise of EFG Eurobank Ergasias to the leading position among all banks listed on the Athens Stock Exchange in terms of market capitalization. The market value of the Bank at the end of the year exceeded € 3.5 billion, placing it as the third-largest listed company on the Athens Stock Exchange, with substantial weight in domestic and foreign indices. In the Athens Composite Index EFG Eurobank Ergasias' weighting was 7.4%; and in the FTSE ASE 20 it was 11.6%.

Greek Banks vs the ASE Banking Index



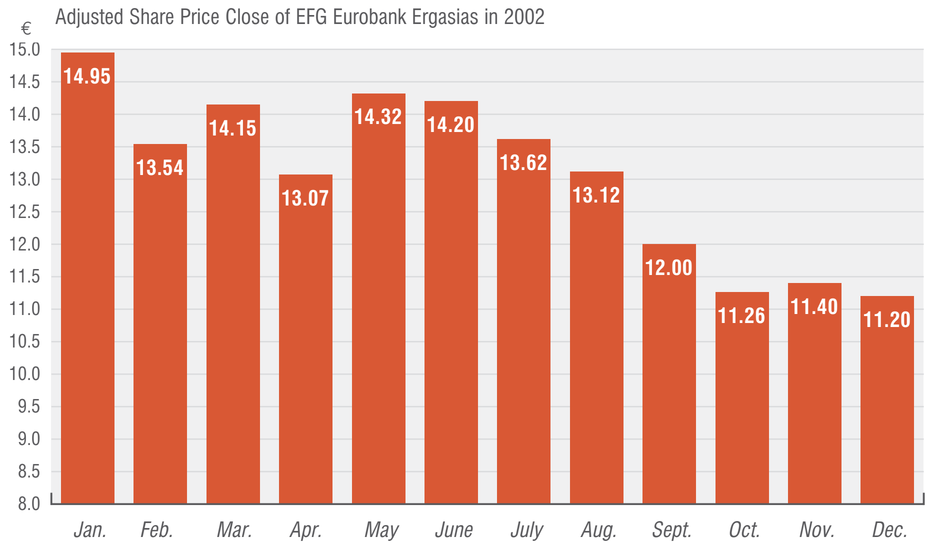
THE EFG EUROBANK ERGASIAS SHARE

The maintenance of EFG Eurobank Ergasias Group profitability in a particularly difficult year allowed the Bank's Board of Directors to propose to the Annual General Meeting of Shareholders the distribution of a dividend of € 0.47 per share, which corresponds to a dividend yield of 4.2 % at 2002 year-end prices. Total dividends account for 78% of 2002 net profit. Furthermore, the Bank continued its buy-back program, which started on 24 May 2000, following the approval of shareholders at the Extraordinary General Meeting of former EFG Eurobank S.A. The purpose of this special scheme was to mitigate off high price fluctuations in EFG Eurobank Ergasias share in a period of high volatility for the Athens Stock Exchange. As at 31 December 2002, the Bank held 12,824,104 of its own shares, representing 4.09% of its share capital.

Index	**Weight of EFG Eurobank Ergasias end-2002**
Athens General Index	7.4%
Blue Chip FTSE/ASE 20 Index	11.6%
Banking Sector Index of ASE	31.6%
MSCI Greece Index	8.5%
Dow Jones EURO STOXX MI	0.8%
Dow Jones EURO STOXX Bank Index	0.6%
Dow Jones STOXX Mid 200	0.4%
FTSE Eurotop 300	0.07%
FTSE E300 Banks	0.3%

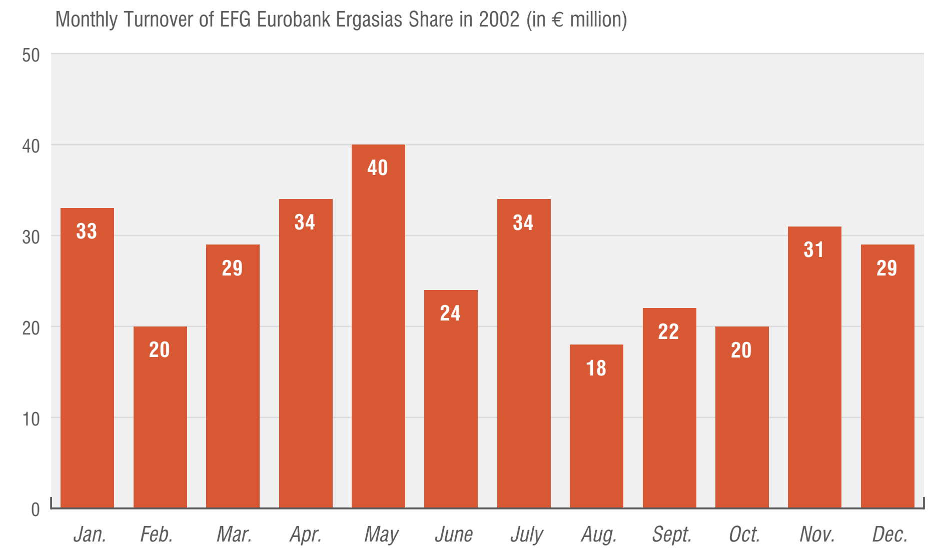
The following charts show the adjusted closing share price for each month of 2002, as well as the monthly trading volume. The average daily turnover of transactions of the

Share Data	**2002**
Closing price (year-end)	€ 11.20
Highest price	€ 15.54
Lowest price	€ 10.66
Market cap (year-end)	€ 3.5 bn
Total number of shares	**313,310,348**



share of EFG Eurobank Ergasias was € 1.4 million in 2002, while the average daily volume was 104,000 shares, compared to 181,000 in 2001.

It is worth noting that the average daily turnover in the Athens Stock Exchange in 2002 shed 40% to € 100 million, from € 167 million in 2001.




Eurobank
Eurobank

Business Review

Retail Banking

EFG Eurobank Ergasias reinforced its dominant presence in the retail-banking segment in 2002, in an intensely competitive environment. The Bank extensively promoted its innovative products, deployed enhanced technology in its branch and alternative networks, and invested in more comprehensive employee training in the provision of quality service. Building on these competitive advantages, the Bank was able to strengthen relations with existing clients, through the efficient use of cross - selling, while at the same time it attracted a significant number of new clients.

As a result, total retail loans climbed to € 6.2 billion at the end of 2002, marking a significant increase of 33.5% over 2001 and strengthening the Bank's market share in individual segments. Specifically, at the end of 2002, EFG Eurobank Ergasias accounted for 26% of the Greek consumer lending market and 11% of local mortgage lending, while the Group was once again recognized as Asset Manager of First Choice, capturing 31% of the Greek mutual funds market. Moreover, in 2002 the Group developed numerous investment products, responding to the need of retail clients for reliable, high-yield, low-risk investment solutions.

The Bank ranked first in retail demand for equity offerings, as its network had a considerable participation in all of the large public offerings which took place in 2002. The equity offerings of large Public Sector Companies (O.P.A.P., P.P.C.) were successfully promoted to retail investors, who were able to add securities with promising growth prospects to their portfolios.

On the administration front, September 2002 was marked by the successful completion of the transition of IT systems of the entire branch network onto the new, unified Altamira platform. This development paves the way to full exploitation of the branch network's cross-selling potential, as Altamira offers access to unified client data files to all branches. Moreover, the new IT platform contributes significantly to the targeted promotion of products, and has an important role in improving the Bank's service quality.

In 2003 the Group aims to consolidate its leading position in Retail Banking by developing new, versatile products, in conjunction with the full utilization of the potential of the Altamira platform through the new organizational structure of the Bank's Retail Banking network. The new structure was planned in response to the evolving client needs and is designed to shield the Bank against the ever-increasing challenges of the market. The Group's plans include a more intense distribution of its retail products and services beyond Greece, in markets of Balkan countries, where the Group has a presence.

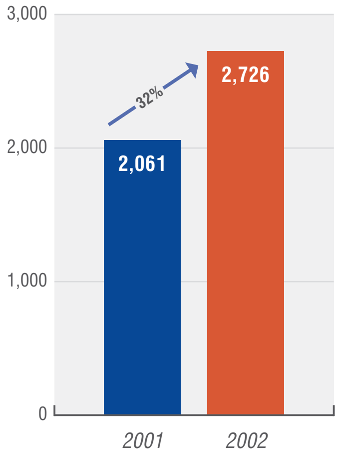
Retail Banking Networks

The client-centred approach adopted by EFG Eurobank Ergasias in organizing and developing its traditional and alternative branch networks has contributed to a great extent, both in establishing and in enhancing the Bank's position in Retail Banking. In November 2002, the Group announced a wide organizational restructuring, with the aim of efficiently meeting competition and market challenges, as well as optimising the utilization of human resources. With the new structure, the entire branch network, comprising of 300 branches, offers comprehensive and efficient services to individuals, as well as small businesses with a turnover of up to € 2.5 million.

The new organizational structure is supported by and draws upon the significant capabilities resulting from the implementation of the unified technology platform of the Altamira system throughout the Bank. The structure is a result of cooperation with the Boston Consulting Group, and is expected to contribute significantly to cost controls, and the growth of total revenues and profitability of the branch network of EFG Eurobank Ergasias.

The Bank's branch network is complemented by various alternative networks, including ATMs, the Open 24 point-of-sales network, phone banking service (EuroPhone Banking), e-banking and m-banking. At the end of 2002 the Bank had a network of 619 ATMs, of which 277 were off-site, presenting an increase in transactions by 45% compared to 2001. The Bank operates the largest off-site ATM network in Greece. The Open 24 network grew further, comprising 45 points-of-sale, and servicing 60% more clients compared to 2001. Finally, the contribution of the EuroPhone Banking service in the growth of the retail business was significant, as during 2002 the number of transactions increased by 12% over the previous year. As a result of its excellence, EuroPhone Banking was awarded second place at the annual competition "CRM Grand Prix 2002'' by Teleperformance in the category "Large Call Centres''.

Consumer Lending
Outstanding Balances 2001 - 2002
(in € million)



Consumer Credit and Credit Cards

EFG Eurobank Ergasias captured the first place in the Greek credit card and consumer loan market for yet another year. Aside from its growing leading position in terms of market share and sales, other achievements of the Bank included the development of new products, the incorporation of new technologies, the expansion of vendor alliances, and the extension of its products and services beyond Greece.

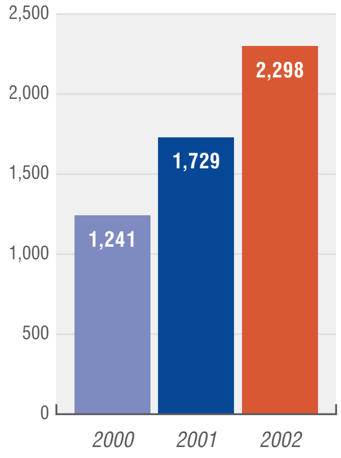
The Bank's market share in consumer lending increased during the year from 24.3% to 26.1%, with balances rising to € 2,726 million, up from € 2,061 at the end of 2001. The introduction of customised new products in the Greek market continued strongly in 2002, focusing on client segments previously not targeted by the Bank. New products included the Platinum Eurobank MasterCard, the first platinum credit card ever launched in the Greek market, as well as the Student Package (Credit Card & Loan). Moreover, the new Fast Phone loan enabled consumers to receive personal loan approvals over the phone within 20 minutes.

Given the continuous maturing of the market, particular emphasis was placed on loyalty- and value-adding programmes. Noted examples of such programmes are the introduction of a loyalty scheme involving cashing-in points on the Euroline credit card and the creation of the health programme Health Plus. Finally, the existing Kids Club and Eurobank Travel services continued their successful course, receiving excellent response from the Bank's clientele.

The number of retailers using the new electronic commerce service of Eurobank Cards also increased. According to VISA POS Service Quality Review, Eurobank Cards is ranked first in Europe and Greece in the time required for transaction approval through POS.

An important organizational development was the establishment of a subsidiary, Bulgarian Retail Services, in July 2002, with the objective of promoting consumer-lending services in Bulgaria in 2003 and launching Euroline as the first credit card in the Bulgarian market. The company also aims to install POSs at retailers in Bulgaria, in order to facilitate credit card transactions.

Mortgage Lending
Outstanding Balances 2000 - 2002
(in € million)



Mortgage Lending

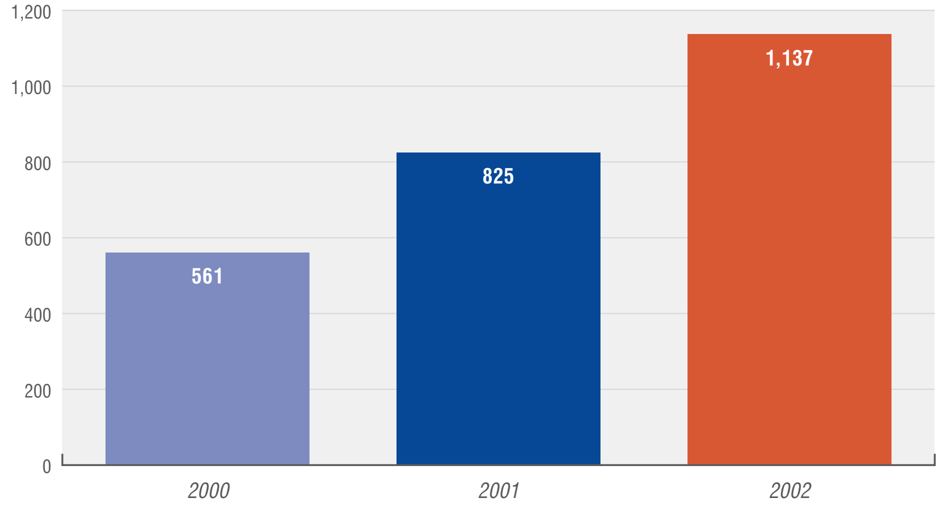
EFG Eurobank Ergasias continued its steady growth course in 2002, in a market segment characterized by intense competition over interest rates and approval rates. The Bank evolved further its mortgage lending products and services. Thus, mortgage lending balances increased by 33% over 2001, reaching € 2,298 million and accounting for 17% of the total loan book.

In response to the sharply competitive climate of the Greek mortgage lending market, the Bank focused on upgrading the quality of its relevant products and services. To this end, it implemented a new IT programme for the processing of requests, which resulted in an improvement in production and disbursement times. In addition, during the year the Bank intensified the distribution of mortgage lending products through its alternative networks, while the main volume was distributed by the unified Eurobank branch network. In September 2002 the Bank adopted the European Agreement on the Voluntary Code of Conduct regarding information provided to clients on the terms of mortgage loans, prior to entering into a loan agreement. EFG Eurobank Ergasias places particular importance on the comprehensive and transparent provision of information to its clients at the time of important decision-making regarding their personal financial planning, such as taking out a mortgage loan. To this end, the Bank has long established the concept of specialised Housing Advisors in its branches.

Small Business Lending

The success of lending products addressing self-employed professionals and small businesses continued in 2002, with outstanding balances increasing by 38%. The

Small Business Loans: Outstanding Balances 2000 - 2002 (in € million)



increase in new production is attributable not only to the unique range of products offered by the Bank, but also to their distribution through its alternative channels.

In view of the ever-increasing transaction volume, the Bank reorganised its internal structure, in order to service incoming requests faster and more effectively. The reorganisation entails improvements in the processing and credit rating of Small Business Loans (SBLs), through the implementation of an upgraded system for loan monitoring and administration.

The recent organizational restructuring of the Bank has led to the extension of the SBL client segment serviced by the retail branch network to include businesses and self-employed professionals with an annual turnover of up to € 2.5 million. This development, along with the introduction of the new software for loan watch and administration, has led to a more flexible client service at lower operational cost and has enhanced the potential for new production in this particular market segment. Moreover, it safeguards the quality of the SBL loan portfolio.

Investment Products

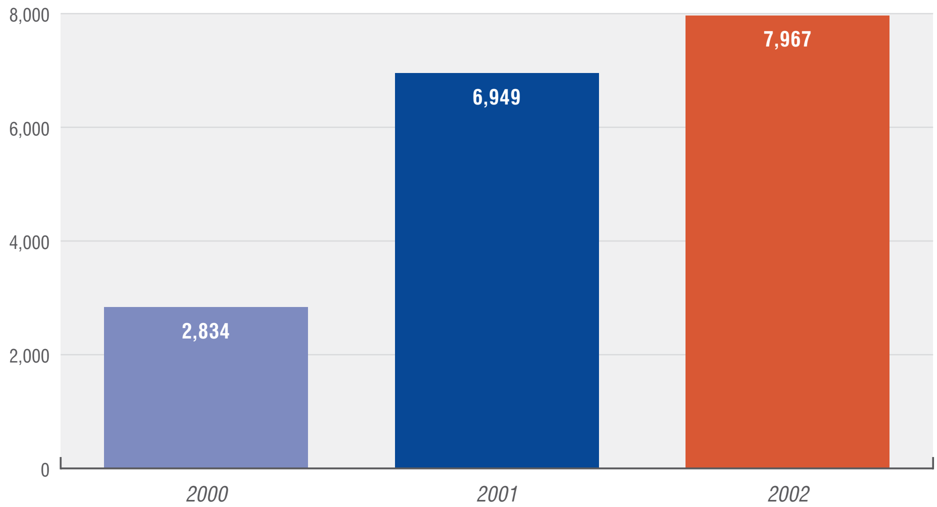
The adverse capital market conditions, which again prevailed in 2002, had a negative effect on the already cautious attitude of investors. In line with local investment sentiment, EFG Eurobank Ergasias developed and distributed products entailing minimal to zero risk, which enabled investors to receive competitive returns on their investment, while meeting, as much as possible, the desire for risk aversion. A breakthrough in this product category was the creation of Capital Guaranteed Mutual Funds, in cooperation with EFG Mutual Fund Management S.A., in the last quarter of 2002. The Capital Guaranteed Mutual Funds aim to familiarize retail investors with mutual funds, offering satisfactory returns while protecting investors from market fluctuations. The distribution of the existing programmes, PRIME and EUROSMART, was successfully continued. Another solution for satisfactory returns, offered to retail investors, consisted of the Capital Guaranteed Capital Protect products. Moreover, new innovative products were developed in cooperation with the Treasury, such as the Apollo account, offering investors stable and growing returns for the life of their investment.

The retail clients of EFG Eurobank Ergasias have access to investment solutions and advice through the network of Investment Advisors, who are available at all branches. The Investment Advisors are professionally qualified to provide guidance on financial issues. Furthermore, they receive continuous updates on financial information, in order to provide reliable advice, assessing properly the investment needs of each individual client.

Mutual Funds

During 2002, EFG Mutual Fund Management Company S.A. established its leading position as Asset Manager of First Choice in the Greek market, with total assets under

Mutual Funds under Management 2000 - 2002 (in € million)

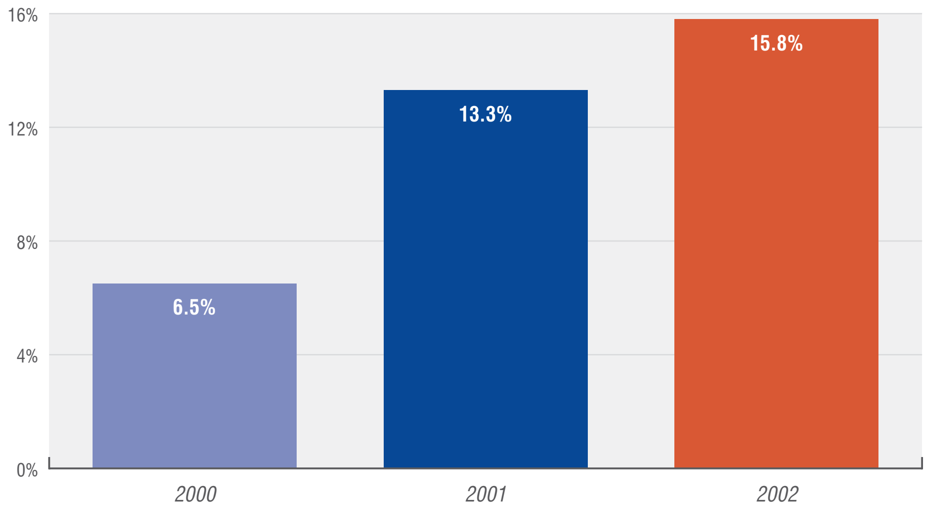


management of € 8 billion (an increase of 12.8% over 2001), 102,000 clients and a market share of 31% (compared to 26.4% in 2001).

The success of EFG Mutual Fund Management Company in maintaining and strengthening its leading position in the Greek mutual funds market stems from the prudent management of its mutual funds and its excellent cooperation with the alternative channels of the retail and private banking divisions. Moreover, the company's success is also attributable to the continuous upgrading of its technological infrastructure, which ensures transaction safety and service quality, and in the composition of its products, which closely follow market developments, satisfying the demand of Greek investors for new investment options.

Specifically, three new mutual funds were developed in the past year: Eurobank European Conversion, Eurobank Institutional Portfolios and Eurobank Short-term Placement. In addition, the company completed new transaction platforms in cooperation with other divisions of the Bank, which served as the base for developing three new structured products: Euromaxx, Eurosmart and Eurocash+. With regard to the support of distribution networks, the company carried out training and information programmes throughout the Bank's branch network and Private Banking Centres. Furthermore, the company successfully completed the merger of former mutual funds Telesis and Alico-Eurobank within the year, achieving cost savings and improved management results, to the benefit of investors.

EFG Mutual Fund Management Co: Market Shares excluding Money Market Funds (2000 - 2002)



An important achievement for EFG Mutual Fund Management Company in 2002 was the rating assignment by the international house Standard & Poors (S&P) for Eurobank Mutual Funds. This achievement comes in recognition of the company's commitment to efficient management and infrastructure. It is the first time that a Greek Mutual Fund Management Company received a fund rating from an international house. The fund rating consists of the Credit Quality and Volatility Rating for Eurobank Bond Fund, Eurobank International Corporate Bond Fund and Eurobank Plus Money Market Fund. In particular, Eurobank Bond Fund and Eurobank Plus MM, received Credit Rating "Af", which signifies the strong protection they provide against losses from credit defaults. Eurobank International Corporate Bond Fund received Credit Rating "-BBBf", signifying adequate protection against losses from credit defaults.

It is worth mentioning that among the funds registered for credit rating only 20% managed to receive an above "A" Credit Rating Score. In addition, among the 7,500 Bond Funds and Money Market Funds in the European market, only 153 are rated by S&P.

Insurance Services

EFG Eurobank Ergasias Group enhanced its presence in insurance services in 2002. The Group's total production increased by 50%, based on insurance premia. The intensification of production at distribution networks and the development of new products contributed significantly to this increase. More specifically, there was greater cooperation between the Group's insurance companies, the Bank's branches and the alternative networks in the distribution of life and general insurance products.

The insurance contracts of EFG Life Insurance S.A. increased by 60%, as the company introduced new products. Notably, the company launched a Special Personal Life Insurance for borrowers of mortgage loans, as well as the complementary provision of Accident Coverage (Loss of Life and Disability) to individual Life contracts. Sales of existing, well-established products in the Greek market, such as Europlan pension and Europlan Medicash, were also considerable. It should be noted that the return on the company's investments was the highest in the market for a second year. Also of importance was the 48% increase in the contracts of EFG Insurance S.A., which is attributable to enhanced cross-selling to the Mortgage Lending and SBL clients, and to the client base of EFG Eurobank Ergasias Leasing in the area of insurance against fire and additional dangers.

The clients of EFG Insurance Services S.A., a subsidiary specialising in servicing mainly corporate insurance accounts in Greece and abroad, increased by 26% over 2001, while income from insuring corporate risk increased by 25%.

Corporate Banking

In November 2002, Group EFG Eurobank Ergasias announced a new organizational structure, aiming to improve client service. Within the framework of this new structure, the Corporate Banking Division was incorporated under a wider area of Wholesale Banking, resulting in reorganization, mainly of the segment of medium-sized enterprises (MEs). In the new organizational structure, 32 Corporate Centres and 12 peripheral units, encompassing the former Peripheral Divisions of Business Credit (PYEPs) and new units to be created during 2003, will operate under the Corporate Banking Division.

The Corporate Centres will service mainly medium- and large-sized corporate clients, with an annual turnover of over € 2.5 million. The development of Corporate Centres will improve the service quality to corporate clients, while at the same time facilitating cross-selling, thus meeting the needs of corporate clients more effectively. The design of Corporate Centres involves the implementation of modern techniques aimed at improving operational growth, risk management and monitoring of client relations. Apart from the Corporate Centres, the Corporate Banking Division comprises the units of Large Corporate Banking, Shipping, Leasing and Factoring.

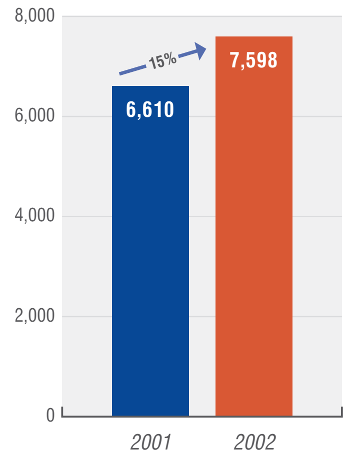
Large Corporates

The main goal of the Large Corporate Unit of EFG Eurobank Ergasias is the provision of comprehensive products and services to large enterprises, covering specialized financing, risk coverage and the investment needs of the particular client segment. The steady rise in the position of EFG Eurobank Ergasias in the market for large enterprises is rooted in the client-centred philosophy of the Group, which focuses on developing a relationship of close cooperation with each client.

The Unit assesses the individual needs of each client and co-operates with the Group's subsidiaries for the provision of services such as leasing (through EFG Eurobank Ergasias Leasing), factoring (through EFG Factors), IPOs for Athens Stock Exchange listings, debt financing, including corporate bonds and syndicated loans, merger and acquisitions advisory services and private placements (through EFG Telesis Finance), as well as treasury and hedging products (through the Bank's Treasury). Moreover, the Unit offers trade finance services, payroll and human resources advisory services, co-branded credit cards and credit card financing, corporate credit cards, insurance products, identification, commercial exploitation and sales of corporate real estate (through EFG Properties), and brokerage services (through EFG Eurobank Securities).

In 2002, EFG Eurobank Ergasias further enhanced its presence in the large corporates' segment, while safeguarding the quality of the loan portfolio. In order to continue its vigorous growth in 2003, the Large Corporate Unit will draw on its main competitive advantages, namely its people, its client-centric philosophy, and the continuous endeavour to create specialized products, catering to the particular demands and needs of its large corporate clients.

Wholesale Lending:
Outstanding Balances
2001 - 2002 (in € million)



Medium - sized Enterprises

Financing of Medium-sized Enterprises (MEs) is an area undergoing rapid evolution, supported by the creation of Corporate Centres within the Group's new organizational structure. At the end of 2002 the loan book portfolio was reallocated according to the new criteria regarding MEs. Moreover, the Bank has identified 32 locations for Corporate Centres and 12 locations for peripheral service units across Greece. During 2002, the Corporate Centre of the industrial area in Sindos, Thessaloniki, commenced its operations. The restructuring of the entire MEs network is underway, in line with the new organizational structure. Expanding on the former PYEPs network, 15 new Corporate Centres are planned for the first four months of 2003. These developments are expected to further boost the already significant growth achieved in the MEs lending segment in the previous year. Specifically, loans to MEs amounted to € 4,385 million in 2002, marking an increase of 15% over 2001. In addition to the provision of the usual financing products and services, particular emphasis was given to the development of synergies with other units and subsidiaries of the Group, offering comprehensive solutions both to companies and their management.

In 2003, the Bank will concentrate on the implementation of the new organisational model, aiming to achieve economies of scale. Other areas of focus include the expansion of the client base, new methods of cost control, cross-selling development, perfecting processes and software, and the continuous training of employees. The new organizational structure and the expanded network of Corporate Centres are expected to improve service to MEs and to enhance the Bank's position in this important market segment.

Shipping

EFG Eurobank Ergasias maintained its strong position in its eighth year of presence in the Greek shipping market. In a cyclical period for the particular market, the Shipping Unit increased significantly loans to shipping companies. An increase in investment opportunities is expected in 2003 due to the low vessel values presented by shipping companies and encouraging signs of recovery in the dry, container and wet sectors. Based on these developments, the Bank is expected to broaden its activity with the Greek shipping sector, mainly through transactions concerning used vessels and to a lesser degree, the construction of new vessels.

Leasing

The merger of the two leasing subsidiaries of EFG Eurobank Ergasias Group, Ergoleasing S.A. and EFG Eurobank Leasing S.A., was completed in February 2002. The unified entity EFG Eurobank Ergasias Leasing maintained its leading position in the leasing sector for the second year, based on new leased assets. Specifically, the value of leased assets in 2002 amounted to €272 million, while the value of the total leased assets climbed to €533 million. At the same time, the company expanded its client base significantly and entered into a series of important agreements with suppliers of technology equipment, vehicles of all type, office automation products, etc.

EFG Eurobank Ergasias Leasing recorded significant activity in the area of real estate leasing, with the value of signed contracts in this segment amounting to € 112 million, representing 40% of total leased assets.

Clients showed increased interest in the real estate leasing for investment purposes, a product developed for the maturing local real estate market. Within this framework, EFG Eurobank Ergasias Leasing financed the acquisition of 16 shops of Carrefour-Marinopoulos S.A. through a company controlled by Deutsche Bank and EFG Eurobank Ergasias. The acquisition entailed a sale and leaseback transaction, the first of its kind in the local real estate market. In addition, there was significant interest in “construction leasing” for real estate, a product first developed and launched by EFG Eurobank Ergasias Leasing.

Another sector marked by intense growth in 2002 was vendor leasing. The most characteristic market where vendor leasing has been applied is the professional vehicle market and the car market in particular. The EFG Eurobank Ergasias Group is active in this market, specifically in operating car leasing to enterprises and individuals, through its subsidiary of EFG Autorental S.A.

The Greek corporate community has shown a growing interest in leasing, suggesting a particularly favorable outlook for the sector. EFG Eurobank Ergasias Leasing draws on these prospects with its efforts to satisfy the intensifying demands of its clients by offering flexible leasing programmes, tailored to the current corporate environment. For 2003, it is estimated that the expected abolition of the tax for the transfer of property in sale and lease-back cases will give new impetus to the leasing sector and will become a driving force for obtaining long-term capital for new investment financing.

Factoring

During its third year of operation in factoring, Group EFG Eurobank Ergasias enhanced its market share to 18%, from 11.5% in 2001, through its subsidiary, EFG Factors. The overall factoring turnover increased by 119% over the year, based on a dynamic growth in products and services. In addition to the classic range of factoring products, in 2002 EFG Factors designed and launched forfeiting, reverse factoring and back-to-back factoring products for the first time in the Greek market. As part of its new product development process, EFG Factors was the first Greek delegate to participate in the proceedings of the International Forfaiting Association. Moreover, the company established relations with the United Nations Commission on International Trade Law. In 2002 the company also created a new unit to analyse new products and measure the efficiency of its various activities. EFG Factors aims to rapidly grow its operations in 2003.

Investment Banking

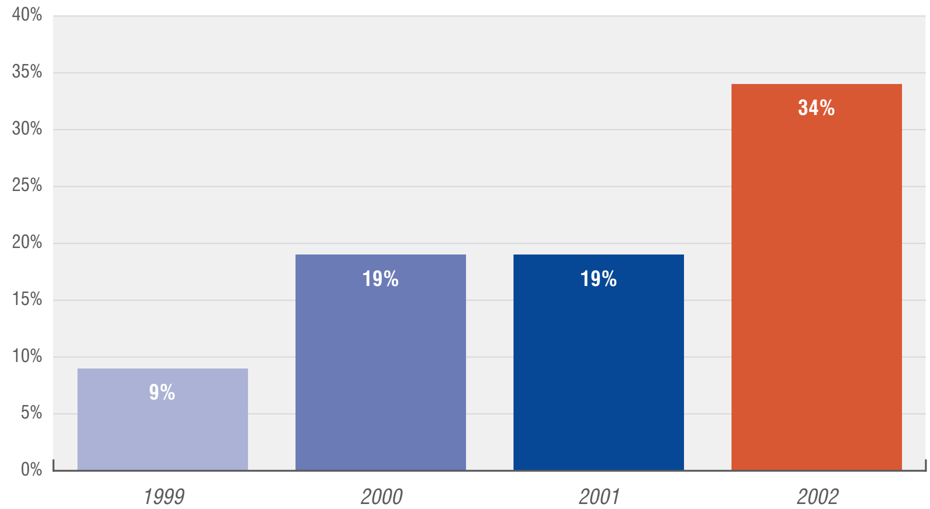
In spite of the adverse climate that prevailed in the local capital markets during 2002, EFG Eurobank Ergasias Group enhanced its presence in investment banking, through its subsidiary EFG Telesis Finance. The Group further strengthened its leading position in initial public offerings (IPOs) and private placements with a market share of approximately 34% in 2002, compared to approximately 19% in 2001. Specifically, the Group participated in 15 out of a total of 22 issues, generating the highest demand and capturing the highest allocation in the most significant public offerings of the year (e.g. Greek state gaming company - O.P.A.P. - Public Power Corporation - P.P.C. - etc.)

In addition, EFG Telesis Finance acted as Joint Lead Manager in the offering of 8% of the National Telecommunication Organisation's (O.T.E.) shares by the Greek government to institutional investors, in the form of "accelerated book building", amounting to € 665 million. It had the same role in the offering of approximately 1.6% of the share capital of Coca-Cola HBC to Greek and international institutional investors, worth € 56 million.

Furthermore, EFG Telesis Finance maintained its protagonist role in the area of advisory services, where it undertook and executed a series of important mandates for companies of the private and public sector.

In 2002, EFG Telesis Finance also sustained its strong presence in debt issuance, offering comprehensive financing solutions to companies in the form of syndicated loans and

EFG Eurobank Ergasias: Market Share in IPOs - Public Equity Placements (1999 - 2002)



bonds, as well as other debt instruments suitable for public sector entities, such as the 10-year syndicated loan for the Hellenic Republic. In the private sector, the company organized 14 syndicated loan issues and two bond issues, thus capturing the first market position based on the number of transactions and on transaction volume, with a market share of 21%. The total volume of syndicated loan and bond issues organized by EFG Telesis Finance amounted to approximately € 330 million. In addition, EFG Telesis Finance was the Lead Manager of the first issue ever of an exchangeable bond in the Greek market, for Attica Enterprises S.A.

The foundations of the future business growth of EFG Telesis Finance are the provision of quality, value-adding services and the development of customized solutions catering to client needs. The number of signed mandates, along with the company's extensive experience in the sector and its ability to successfully promote public offerings to the market, should ensure that EFG Telesis Finance maintains its leading position in capital markets in 2003. Based on signed contracts, EFG Telesis Finance is also expected to execute important mandates during 2003 concerning advisory services and debt issues.

Capital Markets

2002 can be characterized as one of the most difficult years in the history of international capital markets and a particularly difficult year for the Athens Stock Exchange (A.S.E.), as the Greek stock exchange closed with losses for a third consecutive year. The A.S.E. General Index retreated by 33% from 2,591 points on 31.12.2001 to 1,748 points on 31.12.2002. Meanwhile, the average daily market turnover subsided by 40%, from € 167 million in 2001 to € 101 million in 2002.

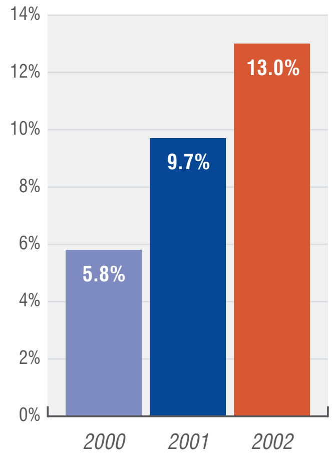
In this environment, EFG Eurobank Ergasias Group maintained its leading position, through its subsidiary firm EFG Eurobank Securities, which continued its impressive course of growth, obtaining a market share of 13%, based on stock brokerage transaction value.

EFG Eurobank Securities also maintained its leading position in the Derivatives market, with a market share of 17% in A.S.E.-listed derivatives. The company was also active in over-the-counter derivatives, acting either as a broker in intermediary transactions or as a dealer, offering exotic options to FTSE / ASE 20. EFG Eurobank Securities was also actively involved in large public offerings. Specifically, the company was the exclusive broker in the Greek market in the offering of O.T.E. and Coca-Cola HBC shares, in cooperation with large foreign investment houses, while it had significant involvement in the public offerings of P.P.C. and O.P.A.P.

During 2002, EFG Eurobank Securities created an International Capital Markets Desk. The Desk was staffed with experts with extensive experience in international investment banking. The objective of the company is to expand the horizon of investment choices offered to the Greek investor. Clients have the opportunity to invest directly in all of the large stock exchanges around the globe, as well as selected emerging markets, securely, quickly, and at low cost. In addition, investors have access to the entire range of the company's advisory services and innovative investment products.

Also during 2002, EFG Eurobank Securities received a license from A.S.E. as a Market Maker. Market-making will commence in 2003 and is expected, among other things, to improve the liquidity of the market. The constant availability of both buyers and sellers of the stock, through the orders of market makers on the transactions' system will contribute to increasing the trust that investors of all types place in the shares.

EFG Eurobank Ergasias
Market Share in
Stock Exchange Transactions
2000 - 2002



Finally, as of November 2002, the Telesis Direct application, and the entire range of its services on the website www.telesis-direct.gr, have been made available through the website www.eurobanktrader.gr, with the direct support of EFG Eurobank Securities. The new service is a comprehensive tool for Financial Information and Transactions and addresses clients who wish to perform their stock market transactions via the Internet, without transferring orders through other sales channels (telephone, fax, broker).

TREASURY

The dynamic operation of the Treasury Division continued during 2002. Particular emphasis was placed on serving large and medium-sized corporate clients of the Bank. Modern risk management financial products, such as forward agreements, currency options and interest rate swaps were successfully promoted to this client segment. Meanwhile, a new series of structured products for private clients was designed, aiming to offer competitive returns in the current environment of low interest rates.

EFG Eurobank Ergasias ranks second based on transaction volume in the primary, as well as in the secondary bond market and is included in the list of Primary Dealers of Greek Government Securities. Moreover, it has an active presence in the futures market for German Government Bonds (bund futures) in the EUREXX Derivatives Market, as well as in Euro-MTS, the electronic dealing platform for bonds of Eurozone member countries.

Sales to institutional investors marked a significant increase, with new bond inflows of € 2.6 billion, while sales from initial offerings of Greek Government Bonds reached € 360 million. The main goal of Treasury activities aimed at local institutional investors for the year 2002 was to develop intense activity in bond trading. Total volume of transactions reached € 3 billion, with primary issues, including corporate bonds, structured notes, primary issues and corporate and government bonds of emerging markets amounting to € 270 million, and transaction volume of futures reached € 4.2 billion.

The trading desk, which expanded its activities further, had an active and successful year. The desk is active in the trading of Greek government bonds, where the Bank is a Primary Dealer in bonds of Eurozone member countries, corporate bonds and Balkan Markets bonds. In addition, the trading desk has a special unit responsible for new product design for the management of assets / liabilities of private or corporate clients, and for the management of currency risk and commodity risk.

Finally, 2002 was the first year of operations of the new dealing room of EFG Eurobank Ergasias in London. The new dealing room is active in money market and interest rates in the U.S. Dollar and the British Pound and deals in listed and non-listed bond and interest rate derivatives. The presence of the Bank in London is expected to further enhance its position in international capital markets.

PRIVATE BANKING

2002 was an exceptionally demanding year for the Private Banking sector. The key challenges were the selection of optimum portfolios per category of client-investor, as well as the successful business development in a strongly volatile international environment. The financial scandals, the fall in international equity markets, the geopolitical developments and the consequential risk aversion directed affluent clients towards conservative choices. These choices were met successfully by the large selection of investment options offered by EFG Eurobank Ergasias.

The selection of investment products further expanded with 53 new products in 2003, including capital-guarantee and structured products, aiming to offer a personalised client service. The coverage of international markets was broadened, with clients offered the option to invest in leading international capital markets.

Aside from offering individualised solutions, the dominant position of EFG Eurobank Ergasias in Private Banking is attributable to the provision of a personalised service, an area that was particularly emphasized in the past year.

The Private Banking Division consists of capable and experienced persons, based on the principle that the human factor is paramount to building long-term successful client relations. The members of the Private Banking Division are fully trained and qualified according to international standards, thus offering clients additional benefits and reliability.

Aiming to facilitate transactions and to provide specialised investment information, EFG Eurobank Ergasias draws on its alternative networks (phone banking, e-banking) for the provision of private banking services. Private Banking clients have the option to perform transactions and receive crucial information, which assists them in their investment decisions, through the exclusive EuroPhone Private Banking number 1141, as well as through a dedicated website.

Another competitive advantage of EFG Eurobank Ergasias in the Private Banking sector is its cooperation with the banks and financial institutions of EFG Bank European Financial Group. The EFG Bank Group, which is the parent group of EFG Eurobank Ergasias, is based in Geneva and has a presence in 18 international financial centers. Its business activities focus on Private Banking. Through this cooperation, high-net-worth clients have safe and reliable access to the largest capital and financial markets.

PRIVATE BANKING

The top priority of the Private Banking Division in 2003 remains client satisfaction, both in terms of pursuing their investment targets, as well as in terms of providing quality service. To achieve this goal, the Division is planning a series of actions, focusing on the systematic and objective analysis of client needs, and on expanding the range of products and services offered, within the framework of the philosophy of Total Wealth Management.

Asset Management

In a move to improve asset management services, EFG Eurobank Ergasias Group proceeded with the consolidation into a single company of its investment advisory services and the asset management services offered to private and institutional clients . The company, currently in the process of being formed, will encompass the Institutional Asset Management Division, formerly part of EFG Telesis Finance, as well as the Bank's Investment Strategy Division and Discretionary Asset Management Unit.

A team of experienced and specialised asset managers is entrusted with the management of the portfolios of institutional and private clients. Investments are made based on the each client's investment orientation, appetite for risk, the time horizon and the expected return on investment of each client.

The Discretionary Asset Management Unit specialises in the active management of discretionary portfolios of affluent individuals investing in Greece and abroad. The managers of the Unit, qualified with an excellent background and a long-term experience in investment management, undertake the design, management and modification of individually tailored portfolios, always according to the needs and investment profile of each client.

2002 was another successful year, as the number of clients entrusting the management of their portfolios to this Unit increased, despite the especially difficult conditions that prevailed in the international capital markets, and the deterioration of the already negative investment sentiment. In order to satisfy the growing client needs and to enrich the range of services offered, the Unit designed new, structured portfolio types, to be made available in 2003.

The analyst team of the Investment Strategy Division provides analysis of international and local capital markets, as well as recommendations on strategic asset allocation, or restructuring of client portfolios. These play an important role in the formation of investment choices, both for Private Banking and for institutional clients. In 2002, the Investment Strategy Division continued its successful cooperation with the Structured Products Unit in the creation of new investment products, offering a guarantee on capital return upon expiration. Overall, 53 new capital-guaranteed products were offered to private banking clients within the year.

Institutional Asset Management

In 2002, the Institutional Asset Management Division of EFG Telesis Finance continued its successful course in the provision of asset management and financial advisory services to institutional clients. The client base of the Division includes insurance funds, foundations, endowments, closed-end funds, asset management institutions of municipalities and of the Church, mutual funds, financial institutions and securities firms, as well as large companies in the public and private sector.

In addition to proprietary asset management, the Division provides management advisory services to the Group's affiliated closed-end funds. The Division has obtained a leading role and significant expertise in the provision of comprehensive advisory services for the management of equity portfolios of insurance funds. Specifically, it is the advisor to seven of the largest local insurance funds, with total assets of € 4 billion. Among the insurance funds serviced are OGA (Pension Fund for Greek Farmers), TSAY (Pension Fund for Employees in Health Services), TEAYFE (Provident Fund for Pharmaceutical Services Employees) and TSEAPGSO (Pension Fund for Agricultural Co-operatives Employees).

The Group is also active in the management of insurance funds' reserves as one of the four external Greek advisors of the Special Capital of TAP - OTE, the Pension Fund for OTE Employees, which is represented by EDEKT - OTE. Moreover, it participated in the tender process for the position of external portfolio manager for the first Mixed Mutual Fund, which was recently created by the Mutual Fund Management Company of Insurance Organisations.

Closed-End Funds

The extensive presence of EFG Eurobank Ergasias Group in Asset Management is complemented by its participation in recognized Closed-End Funds, with a total net asset value of € 269 million at the end of 2002. The Group is proceeding in 2003 with the mergers by absorption of the closed-end funds "Ergoinvest S.A." and "Investment Development Fund S.A.". Prior to the mergers, EFG Eurobank Ergasias controlled 32% of the share capital of "Ergoinvest S.A." and 43% of the share capital of "Investment Development Fund S.A.". The share exchange ratio proposed to shareholders is 9 shares of "Ergoinvest S.A" for 1 share of EFG Eurobank Ergasias and 6.7 shares of "Investment Development Fund S.A." for 1 share of EFG Eurobank Ergasias amended to 6.4 shares at 21.04.03.

Both closed-end funds were listed on the Main Market of the Athens Stock Exchange (A.S.E.). Their portfolios mostly comprised of shares of A.S.E. listed companies and, to a lesser extent, shares of companies listed on foreign capital markets, Greek government bonds and a limited number of shares of non-listed companies. Upon the absorption of the two closed-end funds, these titles will be incorporated in the investment portfolio and the risk management system of the Bank. This increases the asset management flexibility and achieves significant economies of scale, while further strengthening the leading position of EFG Eurobank Ergasias in the capital markets.

The Group also controls 50% of the closed-end fund management company “EFG Euroinvestment Development S.A”. In 2002, a particularly difficult period, “EFG Euroinvestment Development S.A.” maintained its intrinsic value above its nominal value. In the financial year ended 31 December 2002, the company’s net asset value increased by 2.47% compared to last year. Based on the 2002 data published by the Association of Greek Institutional Investors, EFG Euroivestment Development S.A. was among the three leading non-listed closed-end funds in terms of return on net asset value. On March 31, 2003, at the Extraordinary General Meeting of the shareholders of EFG Euroinvestment Development S.A. a decision was made to dissolve the company. Shareholders reached this decision taking into consideration that, following the listing of EFG Euroinvestment Development S.A. in the Athens Stock Exchange, the negative conditions prevailing both in international and domestic capital markets, would probably have led to a decrease in the closed-end fund’s market value compared to its net asset value. This development would not be attributable to the management of the company’s assets, but to the general performance of Greek-listed closed-end funds, which are trading at a discount of 30% compared to their net asset values.

Other Activities of the Group

Real Estate

Despite the fact that 2002 was a difficult year for the real estate market, reflected in the fall in rent prices, which in many traditionally commercial areas reached 20-30%, the performance of EFG Eurobank Properties S.A. was particularly successful thanks to its cautious investments of the previous years.

Realised investments in 2002 exceeded € 78 million and were related not only to the direct acquisition of high-yield real estate but also to participations in real estate companies in cooperation with the Deutsche Bank Group (Zenon Real Estate S.A.). Thus, the value of the real estate portfolio owned by EFG Eurobank Properties is close to € 220 million, whereas participations amount to € 5.4 million. Total revenues in 2002 climbed by 189% against 2001, while profits before tax almost doubled reaching € 4 million.

The effort to establish the corporate identity of EFG Eurobank Properties in the field of real estate services continued and its client base was further enriched by affluent companies, organisations and individuals. A continuous aim of the company is to offer a complete range of real estate services that vertically covers the needs of its clients. It is worth noting that EFG Eurobank Properties received an ISO 9001 qualification for its services by the British Standards Institute, a leading organisation, making it the first company in its field in Greece to receive international recognition for the quality of the whole spectrum of the services offered.

An additional recognition of the company's qualitative services is the fact that EFG Eurobank Properties (with its partners in the joint-venture) was elected as one of the two official underwriters of the project of hosting visitors in private residences during the 2004 Olympic Games.

In the area of indirect investments in real estate property, through Real Estate Investment Companies, EFG Eurobank Properties contributed actively towards the creation of an adequate tax and legal framework that will allow the successful creation of investment tools of this kind in Greece, which are expected to start operating in 2003.

In 2003, the company aims to realise an investment plan of €45-60 million, to establish a Real Estate Investment Company and continue offering high quality services.

Custodian and Payment Services

In 2002 the Custody Division maintained its first position in the market for Custodian Services for Mutual Funds by significantly increasing its client base. Additionally, EFG

Eurobank Ergasias was the only Greek Bank featured in the Global Custodian Magazine's annual "Review of Agent Banks in Major Markets", achieving the 10th best score among all Custodian Banks.

At the same time, the Division successfully continued the provision of IPO services (i.e. dividend payments and share capital increases) to Greek-listed companies, whereas the new Euromargin product (Margin Account to the Bank's retail clients) faced great demand from brokerage companies.

The Custody Division has full SWIFT capabilities and straight-through processing systems. In addition, foreign institutional clients will soon be offered a web-based online real-time system providing a detailed view of their holdings, instructions and corporate actions information.

In 2002, the Global Financial Institutions and Payment Services Division, along with the products provided for servicing the Bank's customers, proceeded with the successful release of ISO 9001 certified products including Commercial Payments, Low Value Payments, Cash Management and Cash Letters to banks and companies in the Eurozone.

EFG Eurobank Ergasias was the first Greek Bank ever to participate as an exhibitor at SIBOS, the annual exhibition of bank products in Geneva, promoting its products and establishing close relationships with leading international financial institutions.

Payroll Management

During 2002, EFG Business Services continued its expansion, taking the first position among companies that offer payroll and human resource services. The number of its clients rose by 57% and its profits increased by 32.5% compared to the 12-month period ending June 2001.

Among the very important projects carried out in 2002 was the completion and installation of an information system for emergency situations (Disaster recovery site) to cover payroll and human resources services even in the event of physical damages; the completion of an application for estimating HR costs; the development of an application for the management of working hours (measuring extra employment etc) and the enrichment of the application for calculating payroll with human resource management data. At the same time, the benefits that the Bank offered to all its clients who are paid through its network were homogenised, and the execution of orders for wage payments automated.

International Expansion

Three significant events marked the international developments for EFG Eurobank Ergasias during 2002: the upgrade of infrastructure in Bulgaria, destination of the Group's the first international expansion; the consolidation of control over Banc Post Romania, as the participation in its share capital increased to 36.25%; and the penetration of the Serbian market, as the Group signed a pre-contract for the acquisition of a majority stake in the share capital of local bank Postbanka. The latter acquisition was completed in March 2003, leading to a control stake of 68%. These developments represent significant steps towards the realisation of the strategic goal of EFG Eurobank Ergasias to expand its activities in countries of the Balkan and the wider South Eastern European region, by exporting its successful business model.

Bulgaria

Bulgarian Post Bank's (BPB) 2002 strategy focused on internally reorganising its central units and the nationwide branch network, and increasing the bank's market share in the Bulgarian market. The overall objective is to establish BPB among the four largest banks in the country.

On the organisational front, the bank achieved the consolidation of all existing IT systems into a single central system, with upgraded functions and a unified central databank, in just nine months. This upgraded, client-oriented system gives BPB the flexibility to better control all its functions and design new products. Moreover, the bank launched a new branch model, which emphasizes product promotion and client service by gradually centralising back office activities and freeing up human resources. In 2002, a study on the branch network throughout the country was also completed, in order to optimise branch allocation, based on each area's local economic conditions and production unit concentration.

Another area of important developments was the area of human resources. The bank implemented a unified system, which specifies specific job "families" for all personnel, as well as a unified reimbursement scale. In addition, BPB enriched its human resources with new managerial staff, building the foundations for the achievement of better results in the future.

In 2002, the bank recorded strong efficiency gains compared to the year before. Specifically, the loan portfolio increased by 33%, while the deposits in foreign and local currency increased by 13%. Net interest income rose by 12%, while net profits climbed by 130% over 2001.

In recognition of the Group's growth in Bulgaria, BPB received for the first time the award of the fastest growing Bank for 2002 from the respected International publication "The Banker". Moreover, BPB received the highest marks, along with another local bank, in the audit carried out among 35 banks by the Bulgarian National Bank.

The main target for 2003 is to increase market share in the SME- and retail lending segments. The increase will be supported by the creation of central units responsible for guiding and supervising the various points of sale of the bank, aiming at faster service. This target is quite ambitious in an ever more competitive banking environment with an increasing client demand for better service and more attractive product offerings.

Romania

In 2002, EFG Eurobank Ergasias completed the acquisition of the shares of Romanian bank Banc Post, previously held by the Romanian state. This new share package represents 17% of the bank's total share capital, and raises the Group's total stake in Banc Post to 36.25%. The Group has the possibility to further raise its participation to 45%, based on the additional option it holds to acquire the shares currently possessed by General Electric Capital Corp.

It is noted that EFG Eurobank Ergasias, along with Banco Portuguese de Investimento (BPI) currently control the majority of Banc Post. The remaining shareholders are various Romanian investment organisations with 30% and the bank's employees with 8%.

Banc Post ranks third in terms of assets in the Romanian Banking Sector, with a network of 126 branches and additional indirect presence through 2,400 outlets of the Romanian Postal Services. The bank made considerable progress during 2002, with its loan portfolio increasing by 22% and its deposits by 18%. Banc Post is strongly positioned in the consumer lending business, controlling 6.5% of the market and is the largest distributor of credit cards in Romania with almost 1,000,000 cards issued.

In 2003, EFG Eurobank Ergasias, in cooperation with Banco BPI, will focus on supporting the financial and business growth of Banc Post, on expanding the range of its products and services and on gradually upgrading its technical infrastructure. The main aim is to develop Banc Post into a bank that operates according to international banking standards, providing services of the highest quality in the Romanian banking sector, where we believe there is room for considerable growth potential.

Serbia

In a strategic move, within the framework of the Group's policy to expand its activities in the Balkans, EFG Eurobank Ergasias made the decision to acquire a Serbian bank, following a thorough analysis of the Serbian market.

During 2002, following the necessary financial and legal audits, the Group negotiated an agreement for the acquisition of a majority stake in Postabanka. The acquisition of 68.06% of Postbanka's share capital was completed in March 2003, after permission from the relevant regulatory authorities was granted. The share purchase agreement was signed between EFG Eurobank Ergasias and 12 shareholders of Postbanka AD, including the two largest shareholders, Poshtanska Stedionica and the Serbian Telecommunications Organisation - PTT.

Postbanka is a small, but healthy bank, with a license to perform all banking activities. Furthermore, it has well-trained human resources and excellent growth potential in the local market. The immediate plans of EFG Eurobank Ergasias in Serbia include the creation of a representative network in Belgrade, the recruitment of employees and the launch of representative corporate and retail banking products.

Financial Highlights of the International Participations of EFG Eurobank Ergasias

(Amounts in € '000)

Post Bank Bulgaria *	**2001**	**2002**	**Change**
Loans	151.876	201.954	33%
Deposits	263.567	298.573	13%
Shareholders' Equity	37.066	38.668	4%
Total Assets	**326.975**	**371.079**	**13%**
Net Interest Income	15.174	16.971	12%
Total Operating Income	23.104	27.290	18%
Net Profit	1.560	3.589	130%
Banc Post Romania*	**2001**	**2002**	**Change**
Loans	143.472	174.591	22%
Deposits	378.783	448.312	18%
Shareholders' Equity	98.970	105.688	7%
Total Assets	**545.970**	**632.961**	**16%**
Net Interest Income	32.471	36.835	13%
Total Operating Income	61.035	68.166	12%
Net Profit	5.701	6.287	10%
Postbanka Serbia**		**2002**	
Loan		8.801	
Deposits		10.622	
Shareholders' Equity		5.981	
Total Assets		**17.043**	
Net Interest Income		1.202	
Total Operating Income		1.636	
Net Profit		99	

**According to IAS, **According to local accounting standards*


Eurobank

Technology & Services

Infrastructure

During 2002, the Bank completed the analysis and planning of its new Centralised Corporate Data Warehouse. The gradual implementation of its sub-systems, which is already in progress, will enable the corporate units of the Bank to increase the volume and improve the quality of the Managerial Information provided. In addition, the homogeneous information of the Corporate Data Warehouse will form a strong basis for a more effective management of existing client relations and the development of new ones, on the basis of the Bank's evolving Client Relationship Management system.

In 2002 the Bank, with the assistance of all business units, extended the range of its Business Continuity Plan and its Disaster Recovery Plan. The infrastructure of vital importance alternative information systems has already moved from the stage of implementation to that of scheduled periodic control.

Furthermore, the new telecommunication network of the Bank was completed. Its installation, which took place in August, has enabled all branches, units and bank subsidiaries to enjoy the same advantages and flexibility in voice and image transmission. At the same time, the successful operation of the new network resulted in a substantial reduction in telecom costs. Last but not least, the incorporation of the Bank's major subsidiaries in the increased safety system during data transmission was completed.

Altamira: In 2002, the Altamira platform for banking operations was installed and put into operation with complete success. The operational merger of the two networks and the unification of their databases, marks the start of a new era for EFG Eurobank Ergasias. The Bank now commands a modern, technologically advanced and innovative software system, which allows for its rapid future expansion. The core of this system's philosophy lies in client focus. Altamira, among other things, has a centralized datafile for each customer and contains information on all retail lending products. These include credit cards, mortgage and consumer loans or small business loans. It services the full range of products and services linked to personal deposit accounts, monitors the transactions taking place through debit cards and ATMs and manages all branch network operations. Through this application the customer is provided with a fully comprehensive service. Each customer can ask for complex banking operations, while the Bank has the ability to effectively sell and cross-sell its products, benefiting from a thorough knowledge of the overall position of its customers. The new system is also beneficial in reducing the costs associated with certain processing procedures and the safety of transactions.

Development of investment products: In 2002 the Bank realised its plans to be in a position to develop multiple and complex investment products for its clients. Margin accounts were extended to customers of other brokerage companies, while the new system of direct communication for stock brokerage transactions was put into operation.

Organosis: In 2002, the Corporate Banking Network Unit proceeded with the development of a Management Information System, which automates internal procedures and increases speed and efficiency. This new system, called Organosis, displays all business loan applications, from the moment they are submitted to their final approval and disbursement. Organosis provides a wide range of customer and product MIS data of the Business Lending Division, as well as the time needed to service requests. This way, the branch knows to what extent a client application has been processed, at which stage it is at, and has therefore the ability to inform the customer in a timely manner of the terms and the date of the approval of the claim. As a result, a better coordination between the branch and the Corporate Banking Network Unit is achieved allowing the Bank to service customers more effectively. At the same time, customer data are recorded on line and credit-scoring techniques are applied at branch level. The use of Organosis is expected to give the Bank a competitive advantage in servicing business loans and to contribute substantially to a more efficient and higher quality service for its corporate clients.

EFG e-Solutions-open 24.gr

In 2002, EFG e-Solutions placed particular emphasis on the design and development of new electronic banking services and on its internal organization. The company developed the e-banking application for businesses, while it enriched e-banking with a plethora of transactions, such as standing orders, cheques, outgoing international payments etc.

Along with new product development, the company was also active in the provision of consulting services and the development of software. This way, the Bank took full advantage of the use of new technologies, while a profitable source of income for EFG e-Solutions was developed.

The Bank has received international recognition for its e-banking services for retailers and corporates, as well as for Open24.gr. In 2002, the EFG Eurobank Ergasias site was elected the best e-banking website in Greece by the two leading Greek technology magazines, "RAM" and "PC Magazine". Furthermore, Open 24.gr, which combines banking and stockbrokerage services with on-line purchase offers from selected commercial partners of the Bank, received a Gold and a Silver Hermes, which are the leading awards in this area.

Business Exchanges-be24.gr

Business Exchanges is among the leading companies in b2b electronic commerce. Up until the end of 2002, through the creation of the electronic platform www.be24.gr, 4,000 users from approximately 180 companies had made more than 11,000 transactions in 25,000 products and services. By using the electronic marketplace of Business Exchanges, companies can take advantage of the opportunities arising from electronic commerce and benefit from reduced transaction costs, automation, better cost control, transparency of transactions etc.

In 2002, Business Exchanges developed and now offers, through its portal www.be24.gr, a series of value-added services. The most important of these are the Clearing and Settlement Services of Banking Transactions (in cooperation with EFG Eurobank Ergasias) and ERP services. Business Exchanges also plays a leading role in the effort to adopt electronic methods of transactions by the State, having undertaken, with a number of other partners, the planning and execution of a system for conducting Public Sector Procurements electronically on behalf of the General Secretariat of Commerce of the Ministry of Development.

The corporate advertisement of B.E. "Ants" under the message "Give your company unlimited capabilities" which was created by Spot Thompson, stood out as a finalist in the New York Festival of 2002.

Sustainable Development & Corporate Social Responsibility

Introduction

Corporate Social Responsibility is the voluntary commitment of companies to incorporate social and environmental criteria in their business practices, above and beyond those required by law. These practices affect all stakeholders, ie. employees, shareholders, suppliers, investors, consumers, local communities etc. As part of its commitment to sustainable development, EFG Eurobank Ergasias develops and implements specific action plans, with focus on people and the environment.

EFG Eurobank Ergasias bases its financial growth on the implementation of a successful strategy, which capitalises on the opportunities and responds to the challenges presented by the local and international markets. At the same time, the Group ensures that it operates in a responsible way, so as to protect the rights of its shareholders, its clients and its people, to produce value for society at large, and to safeguard the environment.

EFG Eurobank Ergasias is a founding member of the Greek Chapter of the European Network for Corporate Social Responsibility (CSR). Moreover, the Group's share is a constituent of the FTSE 4 Good Index, an index that encompasses companies that meet strict social responsibility criteria. A further distinction of the Group in this area was the fact it received the 'Social Contribution Award' in Greece.

Corporate Social Responsibility

The EFG Eurobank Ergasias Group recognizes its responsibility primarily towards its shareholders, clients and employees, as well as towards society at large.

EFG Eurobank Ergasias strives to safeguard the interests of its shareholders, as it works incessantly toward the achievement of better financial results. At the same time, the Group heeds the right of its shareholders to equality of information, offering transparency through established procedures and services within the framework of sound corporate governance. Moreover, the Group safeguards asset quality through an efficient system for managing the risks entailed in its various activities.

The Group offers value to its clients by creating innovative products and offering high quality service that meets the standards of international best practice, as well as maintaining the quality of the Bank's operations. In parallel, it respects and makes use of feedback on client opinions, which it receives through a dedicated Client Relationship Office, as well as through research conducted within the framework of quality audits.

It respects the right to work and to an improved quality of life, giving equal opportunities to all, and offering social benefits to the employee and their families. It supports the opportunities for personal development through one of the best training programmes in Greece, having developed reputable policies and processes in the area of human resources, which have repeatedly received awards.

Moreover, EFG Eurobank Ergasias Group contributes to society at large by creating new employement positions, and by its active involvement in culture, athletics and education, through an extensive sponsorship programme.

EFG Eurobank Ergasias Group is active in the wider financial services sector, where operations are based on the use of human resources and technology and not the use of materials. As such, the environmental impact of the Group's operations is limited compared to other sectors of the economy. Nevertheless, EFG Eurobank Ergasias recognizes the need to respect and protect the environment. To this end, it adopted an official environmental policy, which was announced in February 2003.

Corporate Governance

At EFG Eurobank Ergasias proper and responsible corporate governance is a key prerequisite to the creation of value for its shareholders and for society at large. EFG Eurobank Ergasias draws from the relevant local legal framework, rules and regulations, from international developments, as well as from its internal corporate values, in developing the principles of corporate governance that it implements. The corporate governance principles of EFG Eurobank Ergasias concern the composition and competencies of its Board of Directors and of its various committees, as well as the conduct of all Group activities, with particular emphasis on the conduct of banking business. EFG Eurobank Ergasias aims to embed corporate governance principles in its wider corporate culture, making the first an inextricable part of the latter. This reflects the company's strong belief that sound corporate governance is not limited to the typical observance of the law, but demands personal integrity and responsibility.

Board of Directors

Chairman: Xenophon C. Nickitas
Honorary Chairman: George C. Gondicas
Vice Chairman A': Anna Maria Louisa J. Latsis
Vice Chairman B': Lazaros D. Efraimoglou
Chief Executive Officer: Nicholas C. Nanopoulos
Deputy Chief Executive Officer: Byron N. Ballis
Deputy Chief Executive Officer: Nikolaos B. Karamouzis
Executive Directors: Harry M. Kyrkos, Nicholas K. Pavlides
Non - Executive Directors: Fotis S. Antonatos, Antonios G. Bibas, Emmanuel L. Bussetil, Dr. Tessen von Heydebreck, Dr. Spiro J. Latsis, Dr. Bernd Albrecht von Maltzan, Kyriakos I. Nasikas, Stylianos G. Papaderos, Dr. Pericles P. Petalas
Non - Executive Independent Directors*: Stamos P. Fafalios, Panayiotis K. Lambropoulos
Secretary: Paula N. Hadjisotiriou
** Proposal of the Board of Directors (25.02.03) to the Annual General Meeting of 2003*

Committees

The committees operating within the Bank and their members are detailed below:

A. Committees appointed by the Board of Directors

Audit Committee

This consists of the following non-executive directors:
E. Bussetil (chairman), P. Petalas, F. Antonatos.

Risk Committee
This consists of the following directors:
H. Kyrkos (chairman), X. Nickitas, N. Karamouzis, N. Nanopoulos, E. Bussetil, P. Petalas.

Remuneration Committee:
This consists of the following directors:
E. Bussetil (chairman), P. Petalas, N. Nanopoulos.

Each of the above committees compiles its code of operations (a summary of which is included in the Bank's code of operations) and appoints its secretary.

B. Committees appointed by the Chief Executive Officer

The Chief Executive Officer, to whom the management of the Bank has been delegated, is responsible for the establishment, composition, duties and for the general operation of committees which assist his work. The most important of these committees are the following:

Executive Committee: N. Nanopoulos (chairman), X. Nickitas, B. Ballis, N. Karamouzis, H. Kyrkos, N. Pavlides, G. Alverits, G. Georgiou †, Ch. Komiopoulos, V. Pizante, I. Ralli, P. Hadjisotiriou.

Strategic Planning Committee: N. Nanopoulos (chairman), X. Nickitas, G. Gondicas, B. Ballis, N. Karamouzis, P. Hadjisotiriou.

Credit Committee: G. Gondicas (chairman), A. Bibas (vice - chairman), G. Katsaros, Ch. Anastasiades, I. Viga, A. Giannopoulos, Ch. Komiopoulos, H. Kyrkos (as of June 2003 Mr G. Katsaros will act as chairman)

Ethics Committee: X. Nickitas, G. Gondicas, Th. Zambella.

Financial Reporting and Investor Relations

EFG Eurobank Ergasias aims to provide current, accurate and non-selective information to the investment public and meets its obligations towards the authorities, as a listed company, through transparent processes in compiling and reporting its financial statements. It should be noted that the Group has been publishing its annual financial statements both according to the Greek and the International Accounting Standards since 1991. Moreover, since 2000, the Group has been publishing its quarterly financial results according to both standards, simultaneously.

Aside from announcements to the Greek daily press, the investment public receives information on the Group through the constantly updated website www.eurobank.gr. Any interested parties can search the website for information on the financial standing, the strategy and the activities of the Group, the performance of the share price, as well as all press releases and corporate announcements. Information is provided in Greek and in English. In terms of organisation, a specialised Investor Relations Unit bears the responsibility of informing and communicating with institutional investors, while the Shareholders' Registry Unit caters for the needs of all shareholders. As part of its efforts for more direct communication, EFG Eurobank Ergasias organizes regular roadshow meetings with domestic and international investors. Moreover, the management regularly communicates with shareholders, informing them about the Group's developments.

Corporate Governance Unit

In order to improve the implementation of corporate governance principles, the Bank has delegated the responsibility of setting the relevant frameworks regarding its management, operations and audit, to a specific unit. The unit also monitors the implementation of these frameworks.

Moreover, the Corporate Governance Unit bears the responsibility of informing the relevant regulatory bodies, in accordance with legal requirements.

Internal Controls and Audit

The Bank operates a robust system of internal controls, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Achievement of strategic goals through effective and efficient operations
- Safeguarding of the Bank's assets
- Reliability of financial reporting
- Compliance with applicable laws and regulations

The key principles underlying the Bank's system of internal controls are:

Control Environment. This is the foundation for all other components of internal control, providing discipline and structure and influencing the control consciousness of employees. Integrity and high ethical values stem from management's philosophy and operating style and appropriate recruitment and training policies ensure the competence of the Bank's employees.

Risk Assessment. The Bank acknowledges that taking risks is an integral part of its business and has set mechanisms to identify those risks and to assess their potential impact on the achievement of the Bank's objectives, as well as to manage them effectively.

Control Activities. Control activities are the policies and procedures that help ensure that management directives are carried out. They occur throughout the organisation, at all levels and in all functions. One of the prime control means of the Bank is segregation of duties.

Information and Communication. The Bank has set effective communication channels to ensure that information is communicated down, across and up within the organisation. Mechanisms are also in place to communicate effectively with outside parties including regulators, shareholders and customers.

Monitoring. The Bank has established mechanisms for the ongoing monitoring of activities as part of the normal course of operations as well as setting up separate control functions whose role is to carry out independent evaluations.

The Bank's Management is responsible for establishing and maintaining an appropriate system of internal controls. The Board of Directors has overall responsibility for ensuring that the system of internal controls is effective and adequate for the size and complexity of the Bank's operations. Management and the Board are assisted in carrying out their responsibilities by the Audit Committee and the Internal Audit function.

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its overseeing responsibilities by:

- Reviewing the financial information, which will be provided to the shareholders.
- Assuring the efficiency and effectiveness of the Internal Control Framework, which Management and the Board of Directors have established.
- Monitoring the audit process.

The primary role of the Internal Audit function is to assist the Board and the Audit Committee by providing independent and systematic appraisals of the adequacy, efficiency and effectiveness of all internal controls that are embedded in the Bank's operations and its subsidiaries. Internal Audit makes recommendations to facilitate the continuous improvement of the control systems so that they operate with optimum effectiveness and cost efficiency, reflecting leading control practices. A direct reporting line to the Audit Committee empowers the function and safeguards its independence. The Bank's Internal Audit function features the highest percentage of internationally qualified auditors among audit divisions in Greek banks.

Compliance

In order to ensure that the legal and regulatory requirements and the Group's internal regulations are met, EFG Eurobank Ergasias has established a special Compliance Unit. The Unit is responsible, among other things, for the distribution of Guidance Circulars to all the Units of the Bank. The circulars concern issues such as the prevention and the suppression of legalizing income from illegal activities, the conditions for suspension of Banking / Professional Confidentiality, the protection of personal data, the prohibition of the conduct of transactions in the form of embargos, based on EU Rulings, the observance of the Code of Conduct by personnel and other issues. The Compliance Unit supervises the true implementation of the relevant legislation, rules and deontological values, makes the relevant communications with the authorities involved, and specifies the relevant policies for individual Units and subsidiary companies of EFG Eurobank Ergasias.

Supervision

The Bank of Greece regulates EFG Eurobank Ergasias S.A. (the Bank) as a credit institution. Moreover, the Bank, being a member of the EFG Bank Group, is indirectly regulated by the Swiss Federal Banking Commission, which regulates the EFG Bank Group at all levels. EFG Eurobank Ergasias, as a listed entity, is also under the supervision of the Capital Markets Commission and the Athens Stock Exchange. The Bank is audited by external auditors, in accordance to Greek Company Law 2190/1920. The financial statements of the fiscal year 2002 of EFG Eurobank Ergasias S.A. were audited by PricewaterhouseCoopers (auditors: Mr C. Cotsilinis, Mrs L. Scaramanga). According to Greek Company Law 2076/1992, internal supervisory bodies are the Internal Audit Division, the Audit Committee and the Compliance Officer of the Bank.

Transparency of Transactions

EFG Eurobank Ergasias, considering current conditions governing financial transactions and aiming for transaction transparency, has adopted a specific Code of Conduct, which covers the conduct of management and personnel of the Group and of the Bank in relation to their engagement in transactions. The Code of Conduct also covers issues regarding client relations and has been compiled in accordance with Greek law and with the directives of the Swiss Federal Banking Commission. Adherence to the code of conduct is mandatory for all personnel. Aside from the General Code of Conduct, recently the Group developed a second, specialized code on performing transactions, trading equity shares, derivatives and other financial instruments, the handling of confidential information, and conflicts of interest. The specialized Code of Conduct applies to the Members of the Board, the General Managers and managers of the Bank and of subsidiaries of the Group, and all personnel who handle confidential information, and all personnel of special units with relevant authority.

Moreover, the management of EFG Eurobank Ergasias issues Management Acts, which are used for the implementation process of policies, for providing general information, for announcing new policies and directives, and for control. Management Acts are communicated to all personnel and compliance is mandatory. Through these Acts, the management communicates its decisions, or the decisions of the Board, on strategic and on political issues, on organizational and administrative changes, as well as for the recruitment and placement of personnel to higher and top management positions. The Acts are issued by the Chief Executive Officer, and also by the Deputy Chief Executive Officers.

Risk Management

EFG Eurobank Ergasias employs modern techniques, in line with international best practice, for the monitoring and efficient management of risks arising from its various operations. Risk management policy is formulated by the Risk Committee of the Board of Directors and the General Manager-Risk Executive, both at local and international level (EFG Eurobank Ergasias Group and EFG Bank Group respectively). Processes and controls are supervised by the Internal Audit Division, both at Group and Bank level, while risk functions are managed by the Bank's Risk Management Division. Independence and compliance is ensured through audits at various levels conducted by the Internal Audit Functions of EFG Eurobank Ergasias, the EFG Bank Group's Internal Audit, the Group's and Bank's External Auditors and by regulatory authorities both in Greece and Switzerland (Bank of Greece, Swiss Federal Bank).

Credit Risk

The Bank's loan portfolio is carefully monitored by a dedicated credit review unit, which performs continuous field reviews in the various business units. The main attributes of efficient credit risk function are the segregation of duties relating to the origination, approval, administration and control of loans, as well as the specific evaluation approaches per loan category. The Bank employs a differentiated credit scoring system for consumer credit and small business loans, independent valuation of collateral for mortgage loans, and full financial analyses for MEs and corporate lending.

During 2002, the Bank proceeded with the selection and set-up of a modern credit rating system in all units of wholesale banking, the Moody's Risk Advisor application. This application evaluates wholesale borrowers based on financial data, qualitative characteristics and analysis of the sector in which they operate, allowing the Bank to classify them in specific and separate risk categories based on their financial condition.

Furthermore, the development of a CRA application for recording useful information relating to wholesale banking clients and the establishment of an application that measures global customer exposure were completed. As a result of these two applications an appropriate MIS for monitoring customer loan portfolios will be created.

The quanitfication of credit risk of derivatives is based on the quantification of market risk. EFG Eurobank Ergasias uses the measure of potential future exposure to quantify and control the credit risk arising from derivative transactions on a daily basis. Thus, total credit risk of EFG Eurobank Ergasias relating to any counter party does not exceed the sum of approved loans, contingent liabilities and potential future exposure of derivative transactions.

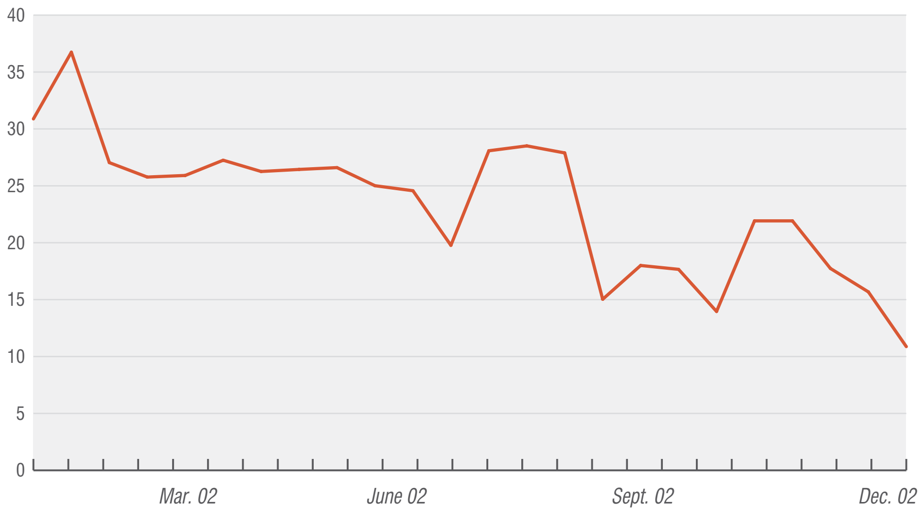
In 2003, efforts to achieve efficient monitoring of all portfolios will continue through the full exploitation of the capabilities that the new Moody's credit rating system offers, and through statistical analysis (mainly for retail banking) and field reviews (for wholesale banking). Furthermore, substantial emphasis will be placed on monitoring loan portfolios of subsidiary companies (leasing, factoring), those for the shipping business and for permanent delays, through the development of appropriate applications and exploitation of the capabilities offered by the Credit Control MIS.

Market Risk

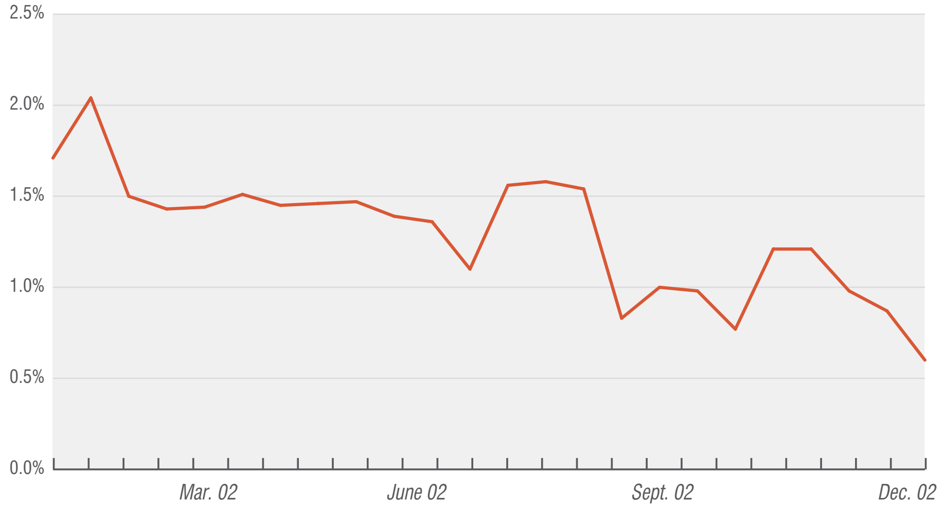
All market risks (interest rate, foreign exchange, equity, commodity) are monitored and quantified on a daily basis. For the quantification of market risk, EFG Eurobank Ergasias used the parametric methodology until October 2002, and the Monte Carlo Simulation methodology since then. The Bank uses a 95% confidence interval and a 10-day holding period. VaR figures include all of the exposures the Bank faces (trading and banking book). For the calculation of the variance covariance matrix 130 days of historical data have been used. The following diagrams depict absolute and relative VaR figures for EFG Eurobank Ergasias over the past year.

High: € 36.7 million
Average: € 22.3 million
Low: € 10.9 million

Total VaR - Trading and Banking Book (in € million)



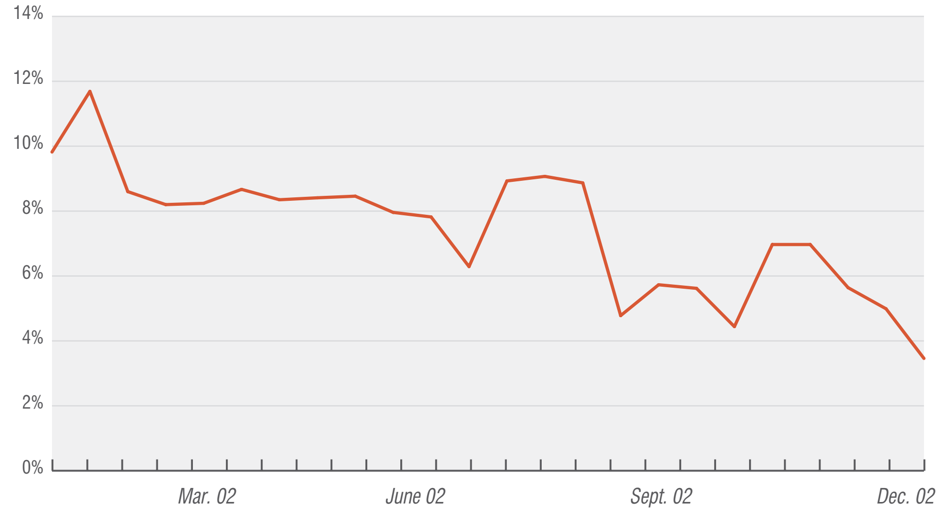
Total VaR / Shareholders Equity



High: 2.0%
Average: 1.3%
Low: 0.6%

As the VaR approach is not appropriate for exceptional market conditions, the Bank is currently implementing a variety of stress testing to simulate the effect of many standard deviation moves of the risk factors and the breakdown of historical correlations.

Total VaR / Profit Before Tax



High: 11.7%
Average: 3.4%
Low: 3.5%

€ million	High	Average	Low
IR	28.1	16.1	10.9
FX	7.9	2.3	0.4
Equity	19.7	10.5	6.6
Subsidiaries	14.0	5.8	2.9

In addition to the recent implementation of value-at-risk models, the Bank adheres to strict trading limits that are set by the respective Risk Committees of the Bank and of EFG Bank Group. Moreover, the Bank MRU monitors capital-related risk regarding interest rate risk and equity exposures.

Liquidity Risk

The liquidity policy satisfies both Bank of Greece and Swiss Federal Banking Commission rules. On top of this, the Board of Directors has imposed more strict requirements. The role of the EFG Bank Group is also very important, as it acts as advisor on liquidity issues.

Operational Risk

A dedicated Operational Risk Unit manages both quality and operational risk issues at Bank level. In terms of quantifying Operational Risk the Bank is ready to implement the first two methodologies (Basic Indicator Approach and Standardized Approach) of the draft Basle Accord II. The Bank has piloted the Advanced Measurement approaches in its Payment Services Department. Their results will have applications not only in the field of risk management, but also in the field of cost administration.

EFG Eurobank Ergasias is currently setting up its Operational Loss Database and is taking steps towards measuring the Operational VaR of the whole Bank. In the meantime, procedures have been streamlined to minimize the probability of operational losses by obtaining ISO 9001 certification for seven key departments of the Bank.

Provisioning Policy

EFG Eurobank Ergasias follows a strict provisioning policy in all of its portfolios based on credit control and review reports. Provisioning policy differs by loan category, based on the categorisation of credit risk. With regard to wholesale loans in particular, the Bank makes provisions based on corporations' individual ratings. Provisions for retail loans are based on annual exposure and repayment history per product category. Provisions are charged to the accounts each year, with the aim of covering delinquencies that are statistically estimated to potentially become apparent in the following year.

Retail provisions are based on the statistical analysis of each loan category. Specific provisions are calculated for all loans that are even one day overdue.

Provisions for credit to bank counterparties and countries are reviewed annually by the Risk Committee of the EFG Bank Group, and by the Board of Directors of EFG Eurobank Ergasias, taking into account Swiss Federal Bank guidelines.

STAKEHOLDERS

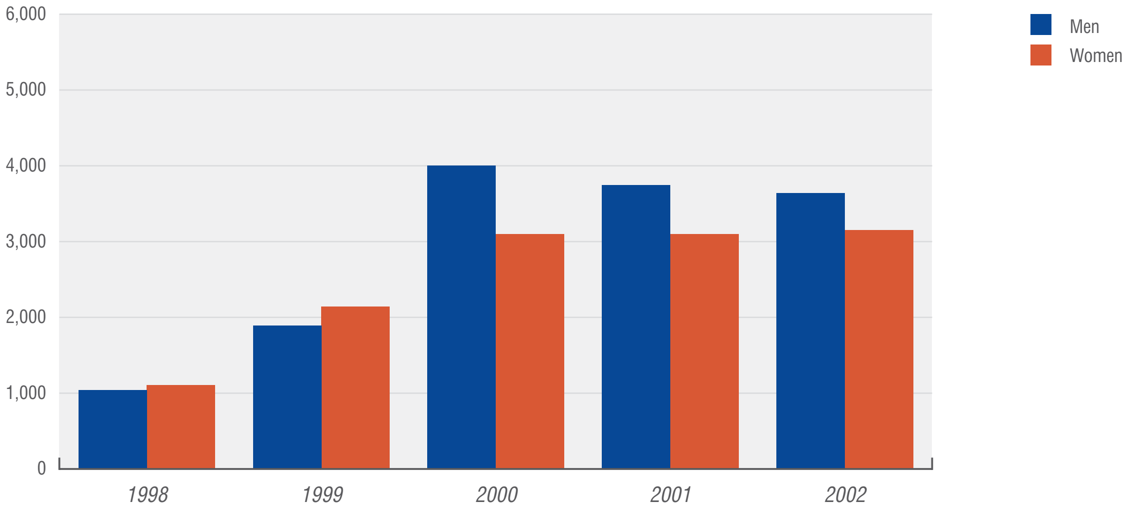
Human Resources

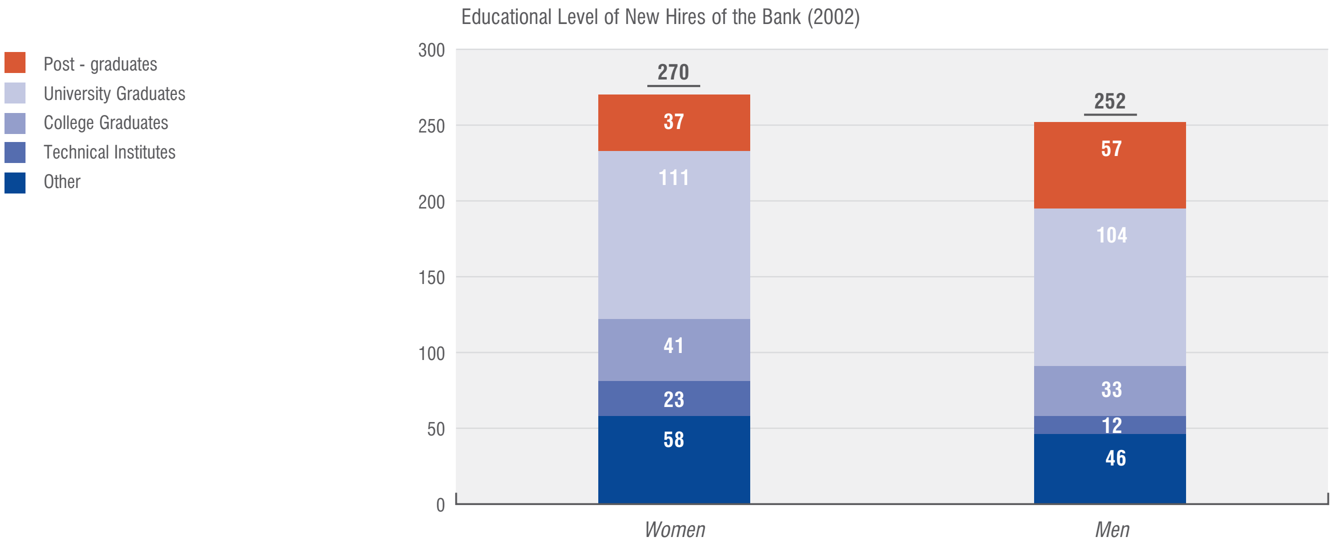
The aim of EFG Eurobank Ergasias is to be recognised as the "Employer of First Choice" in Greece. In 2002, EFG Eurobank Ergasias, apart from the important position it holds in the Greek banking sector and the two ISO 9001 certifications obtained from British Standards Institute in the areas of Training & Development and Recruitment & Selection, has also received numerous distinctions both in Greece and abroad. In a distinction relating exclusively to the area of human resources, the Group was selected as the best Greek enterprise among 31, for its human resources management practices by KPMG, the international consulting firm.

The EFG Eurobank Ergasias Group employed 12,188 people at the end of 2002. This number includes, for the first time, 3,451 employees of Banc Post Romania, and 8,721 employees of the Group in Greece. The number of employees at Bank level amounted to 6,835 people, with an average age of 35 years. In 2002, 54% of employees were male and 46% female. These percentages reflect the equal opportunity and equal treatment principles, which are implemented in practice by EFG Eurobank Ergasias.

In 2002, as a result of its good corporate reputation in human resources management, the Group received 8,400 Curriculum Vitae in total, from candidates with higher education (approximately 67% University graduates). This fact is indicative of the Bank's popularity among young prospective employees.

Number of Bank Employees 1998 - 2002





The Group places particular emphasis on the quality of its human resources, focusing mainly on the selection and recruitment process. This process begins with specialised written assessments and continues with personal interviews based on predetermined criteria and skills required to fill vacancies. In 2002, 17 written assessments took place in total, attended by 1,272 candidates. The total of new hires in 2002 amounted to 522 at the Bank's network and Central Services. Among the new hires, 60% hold graduate or post-graduate degrees, demonstrating the exceptionally high educational level of the employees of EFG Eurobank Ergasias. Apart from new hires, within the framework of the Group's ongoing cooperation with Greek universities, 73 students were employed during the summer season.

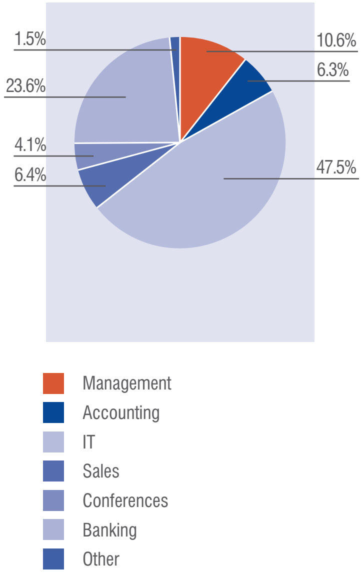
To ensure an efficient start, all new hires receive a special information pack, the Welcome Kit, which includes selected information on the entire Group, as well as the Bank's operations and procedures. In addition, special induction programmes have been designed exclusively for new staff employed by the Bank's network. These programmes last two to three months and cover general banking knowledge, products, sales, client service techniques, and IT systems. The aim is to prepare each new employee in the best possible way, so that they can immediately meet the demands of a competitive environment.

Training: With the aim of developing the knowledge and skills of its people, EFG Eurobank Ergasias organises a considerable number of training programmes each year.

Specifically, during 2002 a total of 825 programmes took place, with a total duration of 209,990 hours and the attendance of 13,630 participants. These programmes were organised either by internal trainers or in cooperation with external partners, covering a wide range of subjects, such as Loans, Sales, IT, Risk Management, Leadership Skills, Investments, and others, tailored to the specific needs of the various divisions. Also of importance was the investment in international seminars and conferences, which enabled participants to keep the Bank informed of new industry trends and developments. Overall training expenditure in 2002 amounted to € 2.9 million.

A frontrunner in the area of professional training, in 2002 the Group offered its employees an ambitious educational programme by Greek standards. Specifically, EFG Eurobank Ergasias in collaboration with ALBA (Athens Laboratory of Business Administration) launched the first internal MBA, aiming to provide specialised and up to date knowledge of developing and promoting financial sector products, services and technologies. The "EFG Eurobank Ergasias ALBA MBA Program in Financial Services" is a two-year programme taught by distinguished ALBA professors, as well as by academics from professional educational institutions of international acclaim, such as INSEAD and New York University.

Seminars of Bank Employees
in 2002
by Subject Category (%)



Policy for Allowances and Incentives: Responding to the ever-growing needs of the market, the EFG Eurobank Ergasias Group implements modern systems linking remuneration with performance, as well as methods securing its competitiveness as an employer. To this end, the Group investigates the local remuneration and allowances market on a yearly basis and formulates practices in the interest of the organisation and its shareholders, which also ensure its competitivenes in the job market, thus optimising employee motivation.

As part of the implementation of these systems, in 2002 the Bank placed an emphasis on the cost-benefit ratio between total employee remuneration and the creation of added value for the organisation, while at the same time achieving an internal balance. The link between remuneration and value created, either at individual or divisional level, is part of a project undertaken by the Boston Consulting Group, an international consultancy. It is based on the model of Value Based Management, which is being applied across the Group's business activities. This new management model enables the cost assessment of remuneration at an individual, as well as at divisional and Group level.

With regard to longer-term incentive programmes for management, in the last three years the Group has offered Stock Option programmes. The second exercise period of the first and second stock options programme has already been completed in accordance with the relevant decisions taken at the Annual General Meetings of the Shareholders. The particular importance given to the implementation of remuneration and allowance systems puts the Bank and the Group at an advantageous leading position in recruiting and maintaining competent managers, who successfully meet the challenges of the times.

The year 2002 can be characterised as a year of social rewards for EFG Eurobank Ergasias, as the Group established a series of additional allowances by signing a new Collective Social Contract on January 3, 2002. The new allowances granted include an allowance for childbirth, a marriage allowance, and a group savings programme for employees' children. In parallel, the Group maintained other social allowances, such as covering the expenses of day-care centres, as well as the schooling expenses of children with 'special needs'. Moreover, the Bank rewards employees' children who excel in their academic performance in school each year, as well as employees, or children of employees, with an outstanding academic record at University level.

Regarding health care, the Bank provides its employees and their dependants with medical, pharmaceutical and hospital care, through the Collective Insurance Programme, as well as additional coverage for dental and opthalmological expenses, and coverage of immediate transportation expenses for ailing or injured employees, through the Group Programme Interamerican Assistance. Moreover, the Bank employs three doctors specialized in Industrial Medicine, who offer their services on matters of hygiene and follow the progress of serious patient cases. Finally, EFG Eurobank Ergasias maintains a blood bank at the Amalia Fleming Hospital, organising approximately four voluntary blood donations yearly to cover the needs of employees and their dependents.

Shareholders

EFG Eurobank Ergasias is one of the companies with the largest shareholder base in Greece. At the end of 2002, the Bank had more than 350,000 shareholders. The ongoing, long-term trust the shareholders place in the Group increases its responsibility for the creation of added value, as well as for the provision of concise, thorough and equal access to information, to all existing and potential shareholders.

Composition of the Shareholder Base of EFG Eurobank Ergasias (31.12.2002)

	Shareholders	Number of Shares	% of total
shares<=10	60,004	179,565	0.06%
10<shares<=100	230,592	5,600,183	1.79%
100<shares<=500	41,457	9,593,646	3.06%
500<shares<=1,000	9,460	6,641,212	2.12%
1,000<shares<=10,000	8,801	22,493,565	7.18%
10,000<shares	1,007	268,802,177	85.79%
Total	**351,321**	**313,310,348**	**100%**

	Shareholders	Number of Shares	% of total
Private Individuals	349,942	68,729,776	21.94%
Legal Entities	1,269	244,480,574	78.03%
Joint Inheritance Partitions	110	99,998	0.03%
Total	**351,321**	**313,310,348**	**100%**

The objective of the Group is for each shareholder to have access to objective, accurate and timely information. To this end, aside from the Investor Relations Unit, which services mainly the needs of local and foreign institutional investors, private individual shareholders receive information on a regular basis from the Shareholder Registry. Moreover, the management of the Bank communicates with private individual shareholders through special events and letters throughout the year. A valuable tool for providing equal information to shareholders is the Investor Relations website, available in Greek and English, as part of the Bank's corporate website (www.eurobank.gr), which is updated on a daily basis. Aside from following international best practice, the website also adheres to the regulatory guidelines for information dissemination set by the Athens Stock Exchange. Further information can also be obtained by e-mailing the Investor Relations Unit at investor_relations@eurobank.gr.

Clients

One of the main competitive advantages that has established EFG Eurobank Ergasias in a leading position in most of its business areas is the quality standard the Group applies to the development of products and services, as well as the development of client relations.

EFG Eurobank Ergasias is a member of the British Standards Institute, and numerous activities of the Bank have received ISO qualification. Among the certified activities are Centralised Payments, Custodianship, Derivatives Market Margin Bank, Employment & Placement, IT & Systems, Payments (Swift / Telex), Procurement, Shareholder Registry and Design and Delivery of Training Programmes. In addition, the Group's subsidiary EFG Eurobank Properties was also certified with ISO 9001 in 2002, thus obtaining yet another advantage over its competitors.

In order to ensure and constantly improve the quality of the products and services provided, EFG Eurobank Ergasias utilizes a specialist subsidiary, Quality Management Systems (QMS), which was established in cooperation with the distinguished consultancy, Grass Roots plc. QMS provides specialized services in connection with managing and designing motives for human resources, and also implements special methods for measuring the quality of products and services.

At EFG Eurobank Ergasias, quality improvement is based on human resources training, on research into client service (Mystery Shopping, Customer Surveys), as well as on conducting internal appraisals. "Eurobank Academy" successfully continued its operation in 2002, allowing employees to acquire knowledge on specific banking products and client service issues. In 2002, "Eurobank Academy" provided e-learning for the training of employees on the Open 24 points of sale.

The method of Mystery Shopping is of critical importance to quality assessments. In 2002 it was carried out in branches of EFG Eurobank Ergasias and of the competition. In addition, various operational parameters of the branch network of EFG Eurobank Ergasias were assessed with the method of internal evaluation. Apart from research conducted at branch level, QMS also conducted four customer surveys on significant samples of the Bank's clientele.

In order to enhance the quality improvement process, and to be even closer to its clients, EFG Eurobank Ergasias established the Client Relations Office in 2002.

The main responsibility of the Client Relations Office is to establish a common policy for servicing and processing client complaints across the Bank, so that EFG Eurobank Ergasias offers consistent, high quality services to its clients.

The Client Relations Office consists of managers with long-term experience in the banking sector and acts as an intermediary, co-ordinating and auditing system for client complaint management so that these may be handled in a timely manner with understanding, impartiality, and consistency across the organization.

To improve efficiency in managing client complaints, the Bank has developed an in-house automated application, which provides all the necessary statistical data to prevent complaints of a similar nature from recurring.

Of crucial importance to the success of the Client Relations Office is the communication of this policy during 2003 to all managers in client-facing roles. Of equal importance is informing all clients of this service through a special brochure, across all branches, as well as through the Bank's website.

EFG Eurobank Ergasias enables clients to communicate their comments through numerous channels, including their local branches, in writing, and over the telephone on a 24-hour basis through EuroPhone Banking (1144), as well as by e-mail through the Bank's website.

The suggestions, but also the complaints of the clients are the most valuable sources of information on assessing the Bank's products and services, as their compilation and analysis helps to locate areas of improvement. A team of managers is actively engaged in collecting, processing and analysing this information, and proceeds with corrective actions in cooperation with the relevant Divisions. At the same time, the team takes all necessary measures to avoid problems from recurring in the future.

The primary goal of EFG Eurobank Ergasias is to become the first choice among customers in the Greek banking market. To achieve this goal the Group does not only rely on offering the most innovative products and services, but fosters a spirit of mutual trust between the Bank and its clients, shows respect for their suggestions, and engages in creative communication with them.

Suppliers

The policy and procedures followed by EFG Eurobank Ergasias regarding procurement have obtained an ISO 9001 certification from BSI. The criteria for selecting suppliers are the same across the Group, while the Group's Intranet is used to provide employees with the relevant information. Among the criteria applied are: the financial size and status of the candidate supplier in the market, their knowledge on the subject procured, recommendations from other clients, competitive pricing and payment terms, as well as any ISO certification the candidate supplier may possess. In cases where the Group has co-operated with a candidate supplier in the past, the relevant recorded evaluation of the past cooperation is also taken into consideration. All suppliers with which the Group co-operates are evaluated on a yearly basis, in order to ensure maximum efficiency of the cooperation. It should be noted that the suppliers of technological and other equipment to the Bank are companies bound by EU and U.S. legislation on production methods, environmental protection and working rights. Finally, EFG Eurobank Ergasias, being active in the financial services sector, does not have any suppliers active in the production of hazardous and contaminating materials.

THE SOCIAL CONTRIBUTION OF EFG EUROBANK ERGASIAS

Like any dynamic and healthy organization, the EFG Eurobank Ergasias Group is actively engaged in and contributes to many aspects both of life in society as a whole and to the local communities in which it develops its operations.

The Group's social activities in 2002 were important both in terms of their multi-dimensional character, as well as in terms of their financial scope.

The Bank's expenditure on sponsorship and social projects are particularly important and correspond roughy to 2% of net profits annually. This amount mainly represents the Bank's sponsorship programmes in the areas of Education, Art & Culture and Sports, ie. those areas that continued to be the focus of its social contribution in 2002. The total social product of the Bank amounted to € 498 million.

Education

As part of EFG Eurobank Ergasias' support to Education, the Group has been the exclusive sponsor of the electronic portal "The Greek History on the Internet" for the last four years. The site is an initiative under the Bank's wider sponsorship programme to the Foundation of the Hellenic World (www.ime.gr). The portal is an international source of information on Greek civilisation and history and provides this information utilizing the most advanced technology.

GREAT MOMENT
Education

Since the beginning of 2001, the Bank has also developed a programme of scholarships to educational institutions. The programme consists of the following:

1. Scholarships to students attending the School of Economics of the University of Piraeus
2. Supporting the "Constantinos Kapsaskis Endowed Professorship in Banking and Finance" and its students at the Athens Laboratory of Business Administration (ALBA).
3. Scholarship for one student from the Balkans, to attend the Graduate Programme in Decision Sciences at the Athens University of Economics and Business.
4. Donation to the Scholarship Fund of the Greek – American Educational Foundation (Athens College).
5. Support of the student Competition of business magazine "Oikonomiki Viomihaniki Epitheorisi".


Eurobank


GREAT MOMENT
Athletics
Exclusive Sponsor
of Greek Athletes
in Athletics, Sailing and of all
National Basketball Teams
2001 - 2004
Eurobank
Eurobank

Culture

As part of its contribution to Culture, the Bank has developed long-term cooperation agreements with important cultural organizations. Some of the more characteristic and successful examples of such cooperation are the Bank's sponsorship programmes in support of the Athens Music Hall and the National Theatre.

The Bank's sponsorship to the Association of the Friends of Music, which is the founding institution of "Kamerata – Orchestra of the Friends of Music" of the Athens Music Hall, is a long-term commitment that began in 1993 and continues to this day. The Kamerata is the Athens Music Hall's in-house orchestra. It represents a core of live music, which makes regular contributions to the promotion of musical education and of new composers in Greece. Its activities are based in the Athens Music Hall, but they often extend throughout the country, as well as abroad.

Furthermore, 2002 was the fourth year of the Bank's sponsorship of the "Children's Stage – Katina Paxinou Theatre", at the National Theatre. The "Children's Stage" has completed nine successful years of theatrical performances that have been loved by schoolchildren.

Athletics

For a young, dynamic and ambitious financial organization such as EFG Eurobank Ergasias, the continuous striving to attain ever-higher goals and the constant focus on the pursuit of success have been natural components of its identity since its inception.

It is for these reasons that, in 2001, the Group decided to support the efforts of Greek athletes who dedicate a large part of their life to their physical and psychological training, setting ever higher goals, irrespective of whether they compete in an individual or team sport.

Thus, the EFG Eurobank Ergasias Group made a commitment to actively and consistently support for the whole of the period 2001-2004 the preparation of many young Greek Athletes for their "Great Moment".

Specifically, the Bank has undertaken the exclusive sponsorship of nine Greek National Basketball Teams members of the Hellenic Basketball Association.

Moreover, it supports the following young Greek athletes competing in Classical Athletics:

- K. Zalagitis, men's triple jump.
- Th. Iakovidou, women's pole vault.
- G. Kompogiannis, men's 3,000m
- S. Nousios, men's long jump.
- P. Economou, men's 1,500m.
- A. Papantonis, men's 5,000m.
- A. Papachristou, women's 800m-1,500m.
- D. Pietris, men's 110m hurdles
- M. Protopappa, women's 5,000m
- P. Stroumpakos, men's 800m
- V. Tigas, men's shot put
- V. Tsiamita, women's triple jump.

Lastly, the Group is the exclusive sponsor of Sofia Bekatorou and Emilia Tsoulfa who participate in women's double-handed 470-class sailing and are World Championship holders for the last three consecutive years.

Charities

As part of its charitable activities, the Bank has developed considerable social activities in the Greek periphery, through programmes in support of local communities where it is active and operates branches. Through the programme for the provision of technical equipment in public schools in this area, the Bank has responded to numerous requests from remote areas of Greece for PCs for school children. Specifically, in 2002 more than 400 PCs were delivered to schools throughout Greece.

Another important initiative is the systematic response of the Bank to donation or sponsorship requests from cultural and social societies, professional organizations, charities and public welfare institutions such as "Pnoe – Friends for Children in Intensive Care", "Hellenic Society for Disabled Children (ELEPAP)", "Pro Europa", "Cerebral Palsy Greece", "Together for the Children", the "Theotokos Foundation" and others.

Environmental policy

Recognising the need to safeguard the environment from potential effects stemming from its operations, EFG Eurobank Ergasias publicly announced its official environmental policy in February 2003. The policy, which is applicable across the Group, has been approved by

The Contribution of the Bank to the "Social Product" in 2002	In '000 Euro
The Bank's Turnover	1,394,279
Various Incomes and Income from Participations	291,021
VAT on Added Value of the Company	928
Operational and Other Expenses	
(before Staff Remuneration and Taxes) and Depreciation	(1,188,417)
Social Product	**497,811**

Distribution of "Social Product"	In '000 Euro
I. State	
Income Tax and Various Taxes	58,791
Contribution to Social Security Institutions	65,809
Added Value Tax	928
Employees Tax	26,876
	152,404
II. Company	
Retained Earnings / Reserves	**32,090**
III. Staff	
Total Gross Pay	176,205
Othes Allowances to the employees	26,576
Employees Tax	(26,876)
Staff's Contribution to Social Security Institutions	(24,321)
Profit Distribution to the employees	13,338
	164,922
IV. Shareholders	
Net Dividend	**144,492**
V. Donations / Sponsorships	**3,903**
Social Product	**497,811**

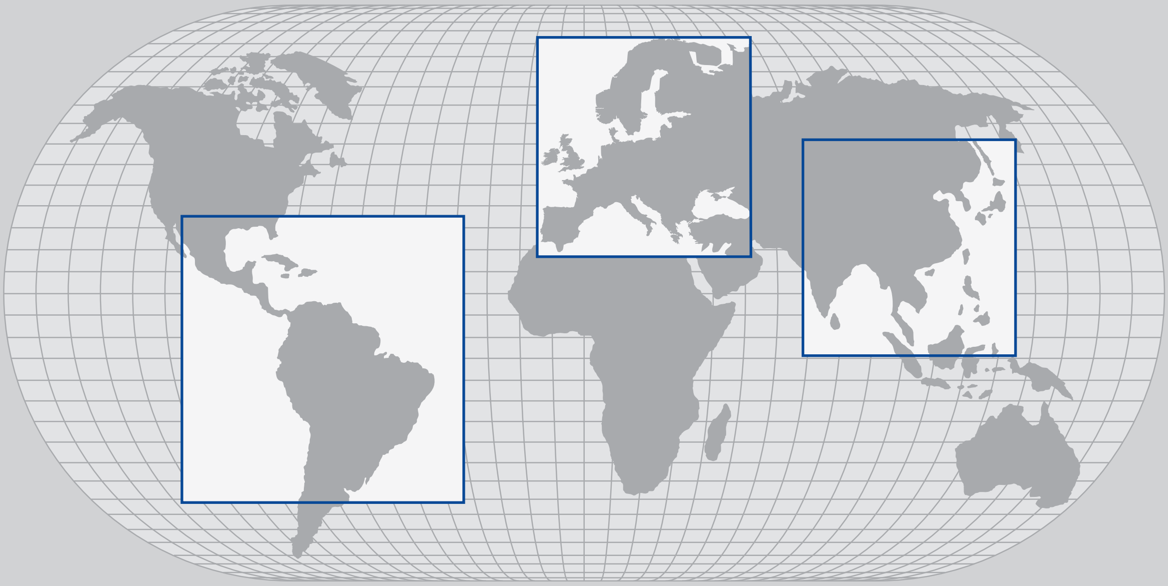
the Board of Directors, thus placing environmental responsibility at the highest levels of the organization. The environmental policy of EFG Eurobank Ergasias reads as follows:

'At EFG Eurobank Ergasias, environmental responsibility is a fundamental aspect of sustainable business development. As a financial services group, we acknowledge the impact on the environment from our operations and seek efficiency in the use of natural resources, as well as minimisation of waste. We also recognise indirect impacts stemming from lending and investment activities and from relationships with our stakeholders and society at large.

We are committed to assess the environmental impact of our activities, set appropriate objectives and targets, monitor and continuously improve our environmental performance.

We believe that environmental management is an inextricable part of good corporate citizenship. To this end we pursue responsible environmental behaviour towards our shareholders, employees, clients, suppliers and society at large, by implementing sound environmental practices, whilst promoting economic growth.'

EFG Bank Group
and
EFG Eurobank Ergasias Group



U.S.A
1 Miami

BRITISH VIRGIN ISLANDS
2 Tortola

ARGENTINA
3 Buenos Aires

SWITZERLAND
1 Geneva
2 Zurich

GREECE
3 Athens

MONACO
4 Monaco

UNITED KINGDOM
5 London

LUXEMBOURG
6 Luxembourg

CHANNEL ISLANDS
7 Guernsey, Jersey

SCANDINAVIA
8 Stockholm
9 Gothenburg
10 Malmo
11 Helsinki

CHINA
1 Beijing
2 Hong Kong
3 Taiwan

SINGAPORE
4 Singapore

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Steve Hewlett: Managing Director

EFG Eurobank Ergasias S.A.

Report and Accounts
31 DECEMBER 2002

Incorporated in Greece

Company registration No: 6068/06/B/86/07
8 Othonos Street, Athens 105 57, Tel.: (+30) 210 333 7000, Fax: (+30) 210 323 3866, www.eurobank.gr

The directors present their report together with the audited financial statements of EFG Eurobank Ergasias SA and its subsidiaries (the "group") for the year ended 31 December 2002.

Acquisition of Telesis Investment Bank SA

In 2001 EFG Eurobank Ergasias S.A. (the "company" or the "bank") and Telesis Investment Bank S.A. ("Telesis") agreed to merge. The company acquired 100% of the outstanding ordinary voting share capital of Telesis in a share for share exchange of 1 EFG Eurobank Ergasias share for 2.2 Telesis shares. Telesis was recognised as a strong player in investment banking and associated services based on its modern know-how and high calibre personnel and its subsidiaries included mutual fund, brokerage and asset management companies.

Following approval of the merger terms by the Extraordinary General Meetings of the two companies held on 14 September 2001, the merger was concluded on 11 March 2002 with a local accounting and tax reference date of 1 January 2001.
The company accounted for this transaction by the purchase method of accounting, the effective merger date being 30 September 2001. The resulting goodwill of € 17.9 million is amortised using the straight line method over its estimated useful life of 15 years.

Acquisition of related closed-end mutual funds

Ergoinvest SA is a closed-end mutual fund company, which carries out its business of investing mainly in listed Greek securities as well as in listed foreign securities. The Bank holds 30.74% of Ergoinvest and accounts for it as an associated undertaking (note 25).

Investment Development Fund SA is a closed-end mutual fund company, which carries out its business of investing mainly in listed Greek securities as well as in listed foreign securities. The Bank holds 35.01% of Investment Development Fund and accounts for it as a subsidiary undertaking (note 24).

On 7 November 2002, the directors of the bank, the directors of Investment Development Fund and the directors of Ergoinvest announced their intention to merge the companies. The bank agreed to acquire the remaining share capital of the funds in a share for share exchange of 1 EFG Eurobank Ergasias share for 6.7 Investment Development Fund shares and 1 EFG Eurobank Ergasias share for 9 Ergoinvest shares. The transactions will be accounted for using the purchase method of accounting and are expected to give rise to negative goodwill.

Ergoinvest SA

The legal formalities of the merger and the actual exchange of shares are expected to be concluded in April 2003. The merger will result in 10,108,526 EFG Eurobank Ergasias shares being issued as consideration and the simultaneous cancellation of 10,108,526 treasury shares (note 35).

Investment Development Fund SA

The legal formalities of the proposed merger and the actual exchange of shares are expected to be concluded in September 2003. The proposed merger will result in approximately 2,500,000 EFG Eurobank Ergasias shares being issued as consideration and the simultaneous cancellation of an equal number of treasury shares (note 35).

Review of financial statements of year 2002

a. Balance sheet
Total assets at the end of 2002 reached € 25,298 million, vs. € 19,618 million at the end of 2001, recording a significant increase of 29%. Continued business development has allowed the group to enhance its position in the Greek financial services market.

Loans and advances to customers increased 21.8% reaching € 13,341 million, from € 10,953 million at the end of 2001, leading to an overall market share gain of about 1%. Retail and small business lending expanded 33.5% and wholesale lending 14.9%. More specifically, consumer credit expanded by 32.2% to € 2,726 million and mortgage credit by 32.9% reaching € 2,298 million. As a result, at the end of 2002, retail loans represented 45% of the total loan portfolio, compared to 41% at the end of the previous year. Total loans accounted for 89.5% of deposits excluding repos, from 86% at the end of 2001, and for 54% of total assets, from 56% at the end of 2001. Contrary to persisting market trends, total customer deposits, increased 10.9% and amounted to € 16,948 million. This led to an overall market share gain in deposits of approximately 1%. Deposits excluding repos increased 16.6%, reaching € 14,914 million.

Group shareholders' equity amounted to € 1,899 million. Total shareholders' equity including minority interests stood at € 2,074 million, which remains one of the strongest capital positions in the Greek market and allows the group to maintain its high rates of growth in the foreseeable future.

b. Income statement
Group net interest income increased 17.4% reaching € 721 million, as a result of the robust loan growth and the strong net interest margin, which was sustained at above 3%. Net fee and commission income increased slightly, rising 1.3% to € 250 million and contributing 24.9% of total operating income. Pressure on fee income related to equity trading, equity asset management and IPOs was mitigated by market share gains in capital market operations and asset management. The reduction in fees generated by such activities was offset by an increase in fees and commissions related to credit cards, insurance, property, internet banking and other network services. Financial income was reduced due to the prolonged fall in equity markets, which had a negative effect on equity portfolios, and was only partly offset by gains on bond and real estate investments. This led to a reduction in non-core income, from € 82 million to € 33 million, which restricted total operating income growth to 6.6%. As a result total operating income reached € 1,005 million in 2002, compared to € 944 million in 2001.

Review of financial statements of year 2002 (continued)

b. Income statement (continued)

Total operating expenses, including Banc Post in 4th quarter 2002 and only 4th quarter for Telesis in 2001, recorded an increase of 11.5%, while on a comparable basis they recorded a noteworthy slowdown, expanding 5.2%, from € 572 million to € 601 million. The cost to average assets ratio improved from 3.01% in 2001 to 2.72% in 2002. The cost to income ratio stood at 60.8% and remains one of the most efficient in the Greek market.

The bank's consolidated net profits after taxation for year 2002 amounted to € 184 million, compared to € 206 million in 2001, reduced by 10.4%. After tax return on average assets (ROA) for the year was at 0.82%. After tax return on average shareholders' equity (ROE) was 9.43%.

c. Proposed dividend and other distributions

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

- The payment of a dividend of € 0.47 per share to shareholders, including former Ergoinvest shareholders. The proposed dividend for 2002 totals € 145 million.
- The distribution of € 7.3 million to directors, executive management and employees in the form of bonuses. This amount is included in operating expenses in financial year 2002.
- The issue of 1,050,000 new ordinary shares and 1,355,000 options on ordinary shares to be distributed to directors, executive management and employees.

Increases in share capital

The group offers shares to directors, executive management and employees. On 22 April 2002, 750,000 ordinary shares were distributed.

The group also offers share options to directors, executive management and employees. On 22 April 2002 860,000 options, were granted at a price of € 6 per share, which may be exercised wholly or partly, at their owners' option, in December 2003, December 2004 or December 2005.

Options exercised in December 2001 resulted in 21,922 shares being issued in 15 March 2002 at € 13.52 per share, with proceeds totalling € 0.3 million.

Options exercised in December 2002 resulted in 190,537 shares being issued on 2 December 2002 at € 7.98 per share, with proceeds totalling € 1.5 million.

BIS capital ratio

Risk weighted assets at the end of 2002 amounted to € 15,153 million compared to € 12,734 million at the end of 2001. Regulatory capital stood at € 1,779 million, from € 1,934 million at the end of 2001. As a result, on 31 December 2002 the ratio of the group's regulatory capital to risk weighted assets, including off-balance sheet transactions and market risks resulting from trading operations, was 11.7% compared to 15.2% on 31 December 2001.

Treasury shares special scheme

On 4 September 2002 the Extraordinary General Meeting of the bank approved the acquisition of up to a total of 31,331,034 shares (10% of the bank's equity) at a maximum price of € 27.09 per share in the following 12-month period. The previous resolution by the Extraordinary General Meeting of the bank, on 14 September 2001, had approved the acquisition of up to 20,712,479 shares.

As at 31 December 2002, the company held 12,824,104 of its own shares representing 4.09% of the share capital. The shares were acquired at a total cost of € 198 million and an average cost of € 15.44 per share. Their market value was € 143.6 million.

With the acquisition of Ergoinvest SA and Investment Development Fund SA in 2003 approximately 10,000,000 of the above treasury shares will be cancelled (note 35).

Major new subsidiaries

Participation in Banc Post SA, Romania

On 8 November 2002, EFG Eurobank Ergasias acquired, in addition to the 19.25% already held in Banc Post, a further 17% from the Romanian Authority for Privatization and Management of the State Ownership (APAPS) increasing its stake in Banc Post to 36.25% and achieving control over its strategic and operating activities. This was in line with the bank's strategic planning for further development in South Eastern Europe. EFG Eurobank Ergasias' stake in Banc Post has the potential of being raised to 45% since the bank also holds an option for the purchase in 2004 of the percentage (8.75%) of Banc Post shares currently owned by General Electric Capital Corp. Consequently, the bank together with Banco Portugues de Investimento (BPI), with which it has been cooperating since July 2000, holds a combined stake of 53.25% of Banc Post, with a future potential of raising the combined participation to 62%.

The financial statements are being consolidated into EFG Eurobank Ergasias' accounts using the method of purchase accounting as of November 2002. In cooperation with BPI, EFG Eurobank Ergasias is planning for the growth of Banc Post's business, the array of products and services offered to its customers and the improvement of its technical infrastructure, in order to render Banc Post a provider of high standard services in the Romanian banking sector.

Co-operation with Deutsche Bank AG

Through a 9% shareholding and several product-specific co-operation agreements, Deutsche Bank AG is EFG Eurobank Ergasias strategic ally. The alliance provides EFG Eurobank Ergasias with access to Deutsche Bank's product know-how and international expertise and Deutsche Bank with a strong partner commanding knowledge of the Greek market.

Co-operation has been established in all areas where the bank is active:
- Wholesale banking: shipping finance, large corporates
- Capital markets: debt and equity capital markets, investment banking, brokerage, institutional asset management
- Retail banking: mutual funds, internet banking
- Other areas: real estate (EFG Eurobank Properties), payment services

Directors' responsibility

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31 December 2002. The directors also confirm that applicable International Financial Reporting Standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Appointment of auditors

In accordance with Law 2190/1920, a resolution for the reappointment of PricewaterhouseCoopers SA as auditors of the company will be proposed at the forthcoming Annual General Meeting.

Business Outlook

In 2002, EFG Eurobank Ergasias enhanced its position in the Greek market, demonstrating resilient performance in a challenging environment and increasing its overall market shares in lending and deposits by about 1%. The group significantly expanded its market shares in consumer lending (26%), in the management of mutual funds (31%) and in equity trading (13%). This performance together with a deceleration of cost expansion to 5% on a comparable basis led to an increase in core operating profitability of 7%, from € 246 million to € 263 million. However, equity market weakness, burdened non core income, and prevented the increase in core profit from translating into higher net profit.

At the beginning of 2003 the outlook for the macroeconomic environment in Greece remains positive, with real GDP growth forecast to exceed 3.5%. At the same time, inflation remains a key challenge, eroding the competitiveness of the business sector, where some weak areas have been identified. Under the circumstances, the lending market continues to offer potential for further growth, albeit at somewhat slower rates. This is especially true in the household segment, while in the business segment the growing economy facilitates corporate debt restructuring efforts. On the other hand, in the face of increased geopolitical uncertainty, business and consumer confidence remain under pressure and equity markets have been particularly weak.

EFG Eurobank Ergasias remains focused on growth and has launched initiatives, which will contribute to further sharpening its efficiency. The new, unified IT platform, implemented across the Bank, offers augmented capabilities to service clients, utilising the cross selling potential of traditional and alternative networks. Moreover, the group's recently announced new organisational structure should further improve operational efficiency through customised client service. Within the framework of the new organisational structure, all branches are part of Retail Banking, adopting the single *Eurobank* brand.

EFG Eurobank Ergasias has also undertaken strategic initiatives to expand in selected markets in SE Europe and the Mediterranean region, enhancing its long term growth prospects.

By order of the Board. Athens, 25 February 2002

XENOPHON C. NICKITAS
Chairman

Auditors' Report

To the Shareholders of EFG Eurobank Ergasias SA

We have audited the accompanying balance sheet of EFG Eurobank Ergasias SA (the "Company") and its subsidiaries (the "Group") as of 31 December 2002 and the related consolidated income and cash flow statements for the year then ended. These financial statements, which are set out on pages 100 to 130, are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. This report, including the opinion, has been prepared for and only for the company's shareholders as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly in all material respects the financial position of the Group as of 31 December 2002 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS

Athens, 21 March 2003

Consolidated Income Statement for the Year Ended 31 December 2002

	Note	2002 € '000	2001 € '000
Interest and discount income	5	**1,488,980**	1,410,001
Interest expense	5	**(767,547)**	(795,671)
Net interest income		**721,433**	614,330
Fee and commission income		**360,402**	297,277
Fee and commission expense		**(110,015)**	(50,028)
Net fee and commission income		**250,387**	247,249
Dividend income	6	**5,913**	12,980
Net trading income/(loss)	7	**(29,904)**	16,135
Gains less losses from other securities	8	**17,525**	35,316
Other operating income	27	**40,019**	17,552
		33,553	81,983
Operating income		**1,005,373**	943,562
Operating expenses	9	**(611,139)**	(548,047)
Impairment losses on loans and advances	21	**(97,961)**	(67,683)
Profit from operations		**296,273**	327,832
Share of results of associates before tax	25	**(18,139)**	7,290
Profit before tax		**278,134**	335,122
- of which attributable to shareholders		***276,264***	*322,398*
Income tax expense	11	**(94,909)**	(119,627)
Profit after tax		**183,225**	215,495
Minority interest	34	**1,018**	(9,957)
Net profit for the period attributable to shareholders		**184,243**	205,538

	Note	€	€
Earnings per share			
- basic	13	**0.61**	0.71
- diluted	13	**0.61**	0.71

*The notes on pages **104** to **130** form an integral part of these financial statements*

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2002

	Note	2002 € '000	2001 € '000
ASSETS			
Cash and balances with central banks	14	**1,039,123**	1,268,728
Treasury bills and other eligible bills	16	**456,425**	0
Due from other banks	17	**1,566,387**	1,286,336
Trading securities	18	**3,263,019**	1,110,814
Derivative financial instruments	19	**163,693**	134,738
Loans and advances to customers	20	**13,425,738**	10,973,608
Available-for-sale investment securities	22	**3,443,575**	3,250,929
Other investment securities	23	**123,581**	246,700
Investments in associated undertakings	25	**105,604**	108,065
Property, plant and equipment	27	**764,818**	466,841
Intangible assets	26	**34,251**	28,114
Other assets	28	**911,729**	743,143
Total assets		**25,297,943**	19,618,016
LIABILITIES			
Due to other banks	29	**4,383,870**	802,178
Derivative financial instruments	19	**543,156**	246,257
Due to customers	30	**16,970,801**	15,310,360
Liabilities evidenced by paper	31	**719,942**	439,293
Other liabilities	32	**605,820**	586,115
Total liabilities		**23,223,589**	17,384,203
Minority interest	34	**175,235**	223,336
SHAREHOLDERS' EQUITY			
Share capital	35	**827,292**	832,461
Share premium	35	**343,044**	395,278
Other reserves		**728,783**	782,738
Total shareholders' equity		**1,899,119**	2,010,477
Total shareholders' equity and minority interest		**2,074,354**	2,233,813
Total equity and liabilities		**25,297,943**	19,618,016

The financial statements on pages **100** to **130** were approved by the Board of Directors on 25 February 2003 and were signed on its behalf by:

XENOPHON C. NICKITAS
Chairman

NICHOLAS C. NANOPOULOS
Chief Executive Officer

*The notes on pages **104** to **130** form an integral part of these financial statements*

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2002

	Note	Share capital € '000	Share premium € '000	Statutory reserve € '000	Special reserves € '000	Retained profits € '000	Total € '000
Balance at 1 January 2001		722,841	335,020	64,299	527,528	230,151	1,879,839
Arising in the period :							
Available-for-sale securities							
- net fair value results, net of tax	22	0	0	0	36,015	0	36,015
- transfer to net profit, net of tax	22	0	0	0	(48,144)	0	(48,144)
- net fair value results - associated undertakings	25	0	0	0	(45,300)	0	(45,300)
Tax on revaluation of land and buildings		0	0	0	(18)	0	(18)
Capitalisation of share premium	35	79	(79)	0	0	0	0
Capitalisation of share premium	35	1,517	(1,517)	0	0	0	0
Issue of share capital	35	1,415	0	0	0	(1,415)	0
Acquisition of Telesis Group fair value of assets	3, 35	122,436	87,592	0	0	0	210,028
Additional share premium arising on acquisition of Telesis Group	3, 35	0	17,916	0	0	0	17,916
Reduction in Group's holding in subsidiary	24	0	0	0	0	(787)	(787)
Dividend for 2000		0	0	0	0	(154,779)	(154,779)
Profit for the year		0	0	0	0	205,538	205,538
Reserve transfers		0	23,216	13,115	35,591	(71,922)	0
Currency translation differences		0	0	0	0	484	484
Profit / (loss) from sale of treasury shares	35	0	0	0	(7,618)	0	(7,618)
Purchases / sales of treasury shares	35	(15,827)	(66,870)	0	0	0	(82,697)
At 31 December 2001		**832,461**	**395,278**	**77,414**	**498,054**	**207,270**	**2,010,477**
Balance at 1 January 2002		832,461	395,278	77,414	498,054	207,270	2,010,477
Change in accounting policy							
- Fair valuation of Investment Properties, net of tax	27	0	0	0	0	22,480	22,480
Restated balance at 1 January 2002		832,461	395,278	77,414	498,054	229,750	2,032,957
Arising in the period :							
Cash flow hedges							
- net fair value results, net of tax	36	0	0	0	(8,986)	0	(8,986)
- transfer to net profit, net of tax	36	0	0	0	1,628	0	1,628
Available-for-sale securities							
- net fair value results, net of tax	22	0	0	0	95,944	0	95,944
- transfer to net profit, net of tax	22	0	0	0	(170,564)	0	(170,564)
- net fair value results - associated undertakings	25	0	0	0	(27,862)	0	(27,862)
- transfer to net profit, net of tax	25	0	0	0	23,800	0	23,800
Capitalisation of special reserves	35, 36	6,266	0	0	(6,266)	0	0
Capitalisation of retained earnings	35	2,055	0	0	0	(2,055)	0
Issue of share capital - share options	35	586	1,230	0	0	0	1,816
Share of retained earnings of subsidiaries transferred from available-for-sale		0	0	0	0	(2,822)	(2,822)
Increase in Group's holding in subsidiary	24	0	0	0	0	(1,168)	(1,168)
Dividend for 2001		0	0	0	0	(161,299)	(161,299)
Profit for the year		0	0	0	0	184,243	184,243
Reserve transfers		0	0	8,054	1,675	(9,729)	0
Currency translation differences		0	0	0	0	(1,717)	(1,717)
Purchases / sales of treasury shares	35	(14,076)	(53,464)	0	0	0	(67,540)
Dividend on Treasury shares special scheme		0	0	0	0	689	689
At 31 December 2002		**827,292**	**343,044**	**85,468**	**407,423**	**235,892**	**1,899,119**

The directors propose the payment of a dividend of € 0.47 per share (2001: € 0.53 per share), totalling € 145 million (2001: € 161 million).

The directors also propose the issue of 1,050,000 shares (2001: 750,000 shares) and 1,355,000 options (2001: 860,000 options) on the company's shares to the executive directors, management and staff. If this is approved by the forthcoming Annual General Meeting, shares issued will be recorded and included in next year's Statement of Changes in Equity as a capitalisation of retained earnings, whereas shares issued as a result of options being exercised will be recorded and included in the Statement of Changes in Equity of the year in which the shares will be issued

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

On 22 April 2002, the Annual General Meeting approved the issue and distribution of shares of nominal value of € 2.1 million to the executive directors, management and staff, by capitalising retained earnings.

*The notes on pages **104** to **130** form an integral part of these financial statements*

Consolidated Cash Flow Statement
Year Ended 31 December 2002

	2002 € '000	2001 € '000
Cash flows from operating activities		
Interest and net trading receipts	**1,311,965**	1,461,256
Interest payments	**(689,577)**	(846,752)
Dividend receipts	**5,913**	12,980
Fee and commission receipts	**357,509**	297,277
Fee and commission payments	**(79,749)**	(50,029)
Other income received	**11,030**	18,213
Cash payments to employees and suppliers	**(558,997)**	(467,053)
Income taxes paid	**(99,974)**	(118,577)
Cash flows from operating profits before changes in operating assets and liabilities	**258,120**	307,315
Changes in operating assets and liabilities		
Net (increase)/decrease in treasury bills	**(325,839)**	161
Net (increase)/decrease in loans to central banks	**550,468**	460,948
Net (increase)/decrease in trading securities	**(1,995,559)**	1,030,383
Net (increase)/decrease in loans and advances to banks	**15,989**	272,384
Net (increase)/decrease in loans and advances to customers	**(2,372,165)**	(2,228,367)
Net (increase)/decrease in other assets	**(28,921)**	(80,616)
Net increase/(decrease) in deposits from other banks	**3,520,701**	202,738
Net increase/(decrease) in amounts due to customers	**1,245,119**	1,585,822
Net increase/(decrease) in other liabilities	**(86,140)**	59,064
Net cash from operating activities	**781,773**	1,609,832
Cash flows from investing activities		
Purchases of property and equipment	**(149,177)**	(142,265)
Proceeds from sale of property and equipment	**6,725**	4,082
Purchases of held-to-maturity investment securities	**0**	(48,637)
Proceeds from sales / redemptions of other investment securities	**104,279**	284,807
Purchases of available-for-sale investment securities	**(2,932,309)**	(2,176,684)
Proceeds from sales of available-for-sale investment securities	**2,816,065**	643,800
Acquisition of subsidiaries undertakings net of cash acquired	**215,974**	20,590
Acquisition of associated undertakings	**(30,516)**	0
Participation in capital increase of associates	**(3,057)**	(602)
Dividends from associated undertakings	**4,839**	13,720
Proceeds from sale of shares in subsidiary	**0**	472
Proceeds from sale of associated undertakings	**3,556**	0
Net contributions by minority interest	**223**	(13,913)
Net cash from investing activities	**36,602**	(1,414,630)
Cash flows from financing activities		
Proceeds from liabilities evidenced by paper	**321,153**	787,234
Repayments of liabilities evidenced by paper	**(40,502)**	(498,301)
Proceeds from exercise of options	**1,816**	0
Dividends paid	**(160,610)**	(154,779)
Purchases of treasury shares	**(67,960)**	(139,583)
Proceeds from sale of treasury shares	**209**	49,274
Net cash from financing activities	**54,106**	43,845
Effect of exchange rate changes on cash and cash equivalents	**(442)**	(26)
Net increase/(decrease) in cash and cash equivalents	**872,039**	239,021
Cash and cash equivalents at beginning of year (note 15)	**2,051,493**	1,812,472
Cash and cash equivalents at end of year (note 15)	**2,923,532**	2,051,493
	872,039	239,021

*The notes on pages **104** to **130** form an integral part of these financial statements*

1. Principal accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below :

(a) Basis of presentation
The consolidated financial statements are prepared in accordance with International Financial Reporting Standards. The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, financial assets and financial liabilities held for trading and all derivative contracts. In addition, effective 1 January 2002 the group's investment properties are carried at fair value. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

(b) Consolidation
The consolidated financial statements include EFG Eurobank Ergasias SA (the "company" or the "bank"), its subsidiary undertakings and principal associated undertakings (together referred to as the "group"). Subsidiary undertakings are those companies which the group, directly or indirectly, has power to exercise control over the financial and operating policies. Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. See note (k) for the accounting policy on goodwill. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated, unrealised losses are also eliminated unless cost cannot be recovered.

Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

A listing of the company's principal subsidiaries is set out in note 24.

(c) Associated undertakings
Investments in associated undertakings are accounted for by the equity method of accounting in the consolidated financial statements. These are undertakings over which the group exercises significant influence but which it does not control.

Equity accounting involves recognising in the income statement the group's share of the associate's profit or loss for the year. The group's interest in the associate is carried in the balance sheet at an amount that reflects its share of the net assets of the associate and any unamortised goodwill on acquisition. Where necessary the accounting policies used by the associate have been changed to ensure consistency with the policies of the group.

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

(d) Foreign currencies
The consolidated financial statements are presented in Euro which is the measurement currency of the parent. The financial statements of foreign subsidiaries are translated using the closing exchange rate. Exchange differences arising from the retranslation of the net investment in foreign subsidiaries are taken to equity until disposal of net investments and then released to the income statement.

Assets and liabilities denominated in foreign currencies have been translated into Euro at the market rates of exchange ruling at the balance sheet date and exchange differences are accounted for in the income statement.

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

(e) Derivative financial instruments and hedging
Derivative financial instruments including foreign exchange contracts, forward currency and interest rate options (both written and purchased) agreements, currency and interest rate swaps, and other derivative financial instruments are initially recognised in the balance sheet at cost (including transaction costs) and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models and options pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives embedded in other financial instruments, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains and losses reported in income.

Changes in the fair value of derivatives held for trading are included in net trading income. In 2001, the group introduced hedge accounting rules under IAS 39 with respect to certain fair value hedges which are used by the group to hedge a portion of its existing interest rate risk resulting from any potential decreases in the fair value of fixed rate available-for-sale bonds denominated both in local and foreign currencies. During 2002, the group has started to apply cash flow hedge accounting rules under IAS 39 with respect to certain cash flow hedges which are used by the group to hedge a portion of its existing interest rate risk resulting from changes in bench-mark interest rates and eliminate cash flow variability associated with future interest rate changes.

The group's criteria for a derivative instrument to be accounted for as a hedge include:
a) formal documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship is prepared before hedge accounting is applied;
b) the hedge is documented at inception showing that is expected to be highly effective in offsetting the risk in the hedged item throughout the reporting period; and
c) the hedge is effective on an ongoing basis;

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

1. Principal accounting policies (continued)

(e) Derivative financial instruments and hedging (continued)
Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that prove to be highly effective in relation to hedged risk are recognised in a special IAS 39 reserve in equity. This gain or loss recognised in equity is subsequently released to the income statement when the asset or liability affects the income statement.

The fair values of derivative instruments held for trading and hedging purposes are disclosed in Note 19.

(f) Offsetting
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(g) Income statement
(i) Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other discounted instruments.
(ii) Fees and commissions are generally recognised on an accrual basis. Commission and fees relating to foreign exchange transactions imports/exports, platform fees and stock broking activities are recognised on the completion of the underlying transaction.

(h) Investment property
At 1 January 2001 the group adopted IAS 40 "Investment Properties" and classified its land and buildings held to earn rentals and/or for capital appreciation as Investment property under the cost model. During 2001 Investment properties, principally comprising office buildings and commercial property held mainly by the bank and its subsidiary EFG Eurobank Properties SA, were measured at cost less accumulated depreciation and impairment losses, if any.

With effect from 1 January 2002 the group changed its accounting policy and has adopted the fair value model of IAS 40. Investment properties were thus re-measured to fair value and changes in the fair value are now included in the income statement of the period in which they arise. The financial effects of adopting the fair value model of IAS 40 were reported by adjusting the opening balance of retained earnings at 1 January 2002 (see note 27).

(i) Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment is periodically reviewed for impairment.

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

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

(k) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired undertaking at the date of acquisition. Goodwill from corporate acquisitions is reported in the balance sheet and is amortised using the straight-line method over its estimated useful life not exceeding 15 years. The carrying amount of goodwill is reviewed annually. Where indications of impairment exist, the carrying amount of goodwill is re-assessed and written down to recoverable amount. The gain or loss on disposal of an entity includes the related unamortised balance of goodwill relating to the entity disposed of.

(l) Trading securities
Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists. Trading securities are initially recognised at cost (which includes transaction costs) and subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in net trading income. All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convension ("regular way" purchases and sales) are recognised as settlement balances at trade date, which is the date that the group commits to purchase or sell the asset. Otherwise such transactions are treated as derivatives until settlement occurs. Interest earned whilst holding trading securities is reported as interest income. Dividends received are included in dividend income.

(m) Investment securities
At 1 January 2000 the group adopted IAS 39 and classified its investment securities into the following three categories: held-to-maturity assets, receivables originated by the company and available-for-sale assets. 'The Held-to-maturity portfolio which was established on 1 January 2000 when the group adopted IAS 39 comprised a specific investment class of Greek government bonds which the group intended to hold to maturity. However, as a result of unanticipated changes in market conditions, in September 2001 the specific portfolio was transfered to the available-for-sale portfolio and the trading portfolio. Accordingly the group has no securities classified as held to maturity. Investment securities with fixed maturity that were purchased by providing money directly to the issuer are classified as receivables originated by the enterprise. Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

1. Principal accounting policies (continued)

(m) Investment securities (continued)
Investment securities are initially recognised at cost (which includes transaction costs). Receivables originated by the enterprise are measured at amortized cost using the effective yield method. Available-for-sale financial assets are subsequently re-measured at fair value based on quoted bid prices or amounts derived from cash flow models. Fair values for unquoted equity instruments are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in a special IAS 39 reserve in equity. When the securities are disposed of or impaired, the related accumulated fair value adjustments are included in the income statement as gains and losses from other securities.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate. By comparison, the recoverable amount of an instrument measured at fair value is the present value of expected future cash flows discounted at the current market rate of interest for a similar financial asset.

Quoted financial Investments are considered impaired to the extent that recovery of the cost value in subsequent periods cannot be reasonably expected. For non-quoted investments, the recoverable amount is determined by applying recognised valuation techniques.

Interest earned whilst holding investment securities is reported as interest income using the effective yield method. Dividends receivable are included separately in dividend income when a dividend is declared.

All regular way purchases and sales of investment securities are recognised at trade date, which is the date that the group commits to purchase or sell the asset. All other purchases and sales are recognised as derivative forward transactions until settlement.

(n) Loans and advances
Loans originated by the group are carried at amortised cost. Third party expenses, such as legal fees incurred in securing a loan, are treated as part of the cost of the transaction. All loans and advances are recognised when cash is advanced to borrowers.

A credit risk provision for loan impairment is established if there is objective evidence that the group will not be able to collect all amounts due. The amount of impairment loss is calculated as the difference between the loan's carrying amount and the present value of expected future cash flows. In addition, the provision for impairment losses for loans and advances covers losses where there is evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These are estimated based on historical loss patterns in each component and the credit ratings allocated to the borrowers which are reviewed at least annually.

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

(o) Sale and repurchase agreements
Securities sold under sale and repurchase agreements ("repos") are retained in the financial statements and the counterparty liability is included in deposits from banks or customers as appropriate. Securities purchased under agreements to resell ("reverse repos") are recorded as loans and advances to other banks or customers as appropriate. The difference between the sale and repurchase price is treated as interest and accrued over the period of the repo agreements using the effective yield method.

(p) Computer software development costs
Costs associated with the in-house development and maintenance of existing computer software programmes are expensed as incurred. Third Party costs associated with the development and implementation of new computer software programmes are recognised as a capital improvement and added to, and treated the same way as, the cost of the new software. Costs relating to modifications for Euro compliance issues have been expensed as incurred.

(q) Leases

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

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

Accounting for leases as lessor

i) Finance leases

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

ii) Operating leases

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

1. Principal accounting policies (continued)

(r) Deferred income taxes
Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The expected effective tax rates are used to determine deferred income tax.

The principal temporary differences arise from loan provisions, depreciation of fixed assets and revaluation of certain financial assets. Deferred tax assets are only recognised to the extent that it is probable that they will crystallise in the future.

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

Income tax payable on profits, based on the applicable tax law in each jurisdiction is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

(s) Staff retirement indemnities
In accordance with Greek labour legislation, if employees remain in the employment of the company until normal retirement age, they are entitled to a lump sum payment which is based on the number of years of service and the level of remuneration at the date of retirement. Provision has been made for the actuarial value of the lump sum payable on retirement using the projected unit credit method. Under this method the cost of providing retirement indemnities is charged to the income statement so as to spread the cost over the period of service of the employees, in accordance with actuarial valuations which are performed every year. The pension obligation is measured at the present value of the estimated future cash flows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

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

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

(u) Repossessed properties
Land and buildings repossessed through the auction process to recover impaired loans are, except where otherwise stated, included in "Other Assets". Assets acquired from the auction process are held temporarily for liquidation and are valued at the lower of cost and net realisable value. Any gains or losses on liquidation are included in "Other operating income".

(v) Related party transactions
Related parties include directors, their close families, companies owned or controlled by them and companies over which they can influence the financial and operating policies. Transactions of similar nature are disclosed on an aggregate basis. All banking transactions entered into with related parties are in the normal course of business and on an arm's length basis.

(w) Change in accounting policies
As explained in note 1 (h), with effect from 1 January 2002 the group has changed its accounting policy with respect to Investment Properties. This change in policy was accounted for by adjusting the group's opening retained earnings as at 1 January 2002. Comparative information has not been restated. The impact of this change in policy is set out in note 27.

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

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

(z) Comparatives
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2. Use of financial instruments

By its nature the group's activities are principally related to the use of financial instruments including derivatives. The group accepts deposits from customers for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet claims that might fall due.

The group also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standing. Such exposures involve not just on-balance sheet loans and advances but the group also enters into guarantees and other commitments such as letters of credit.

The group also trades in financial instruments where it takes positions in traded and over the counter instruments including derivatives to take advantage of short-term market movements in the equity and bond markets and in currency and interest rate prices. The Board places trading limits on the level of exposure that can be taken in relation to overnight and intra-day market positions as well as limits in longer durations. With the exception of specific hedging arrangements, foreign exchange and interest rate exposures associated with these derivatives are normally concluded to hedge outstanding positions, thereby controlling the variability in the net cash amounts required to offset market positions.

Fair value hedges
The group hedges a proportion of its existing interest rate risk resulting from any potential decrease in the fair value of fixed rate available-for-sale bonds denominated both in local and foreign currencies using interest rate and cross currency interest rate swaps. The net fair value of these swaps at 31 December 2002 was € 307 million (2001: € 145 million) (note 19).

Cash flow hedges
As of 2002, the group hedges a proportion of its existing interest rate risk resulting from any cash flow variability associated with future interest rate changes on variable rate assets or liabilities or unrecognised highly probable forecast transactions using interest rate swaps. The net fair value of these swaps at 31 December 2002 was € 16 million (note 19).

Derivatives
The group maintains control limits on net open derivative positions, i.e. the difference between purchase and sale contracts, by both amount and term. At any one time the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the group (i.e. assets), which in relation to derivatives is only a small fraction of the contract or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposure from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the group requires margin deposits from counterparties. Further details of the group's derivative instruments are provided in note 19.

Master netting arrangements
The group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period since it is affected by each transaction subject to the arrangement.

Market risk
The company takes on exposure to market risks. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The company applies a 'value at risk' methodology to estimate the market risk of positions held and the potential economic loss based upon a number of assumptions for various changes in market conditions.

The Value at Risk that the bank measures (VaR) is an estimate, with confidence level set at 95%, of the potential loss which will not be exceeded if the current positions were to be held unchanged for a 10-day horizon (holding period). The measurement is structured so that within a 10-day horizon losses exceeding the VaR figure should occur, on average, not more than once a year. Actual outcomes are monitored regularly to test the validity of the assumptions and the parameters used in the VaR calculation.

Since VaR constitutes an integral part of the company market risk control regime, VaR limits have been established for all (trading and banking book) operations and actual exposure is reviewed daily by management. Average daily VaR for the bank in 2002 for a one day holding period was € 9.4 million (2001: € 14 million). However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

The group's credit risk, currency risk, interest rate risk and liquidity risk are discussed further in notes 20, 41, 42, and 43.

3. Acquisition of Telesis Investment Bank SA

In 2001 the group acquired Telesis Investment Bank SA and accounted for this transaction by the purchase method of accounting, with an effective date 30 September 2001. The results of Telesis and of its subsidiaries have been included in the financial statements from 1 October 2001.

The value of the shares as at 30 September 2001 amounted to € 227.9 million. Goodwill has been calculated as follows:

	€ '000
Value of Shares (18,963,636 shares valued @ € 12.02 per share)	**227,944**
Fair Value of net assets acquired	**(210,028)**
Goodwill arising from acquisition 30 September 2001	**17,916**

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

The resulting goodwill of € 17.9 million is being amortised using the straight line method over its useful life, estimated by the directors at 15 years.

As at 30 September 2001, Telesis Investment Bank's assets totalled € 842 million and liabilities totalled € 632 million. Net income contributed from the date of acquisition to 31 December 2001 amounted to € 0.5 million.

4. Acquisition of related closed-end mutual funds

Ergoinvest SA is a closed-end mutual fund company, which carries out its business of investing mainly in listed Greek securities as well as in listed foreign securities. The Bank holds 30.74% of Ergoinvest and accounts for it as an associated undertaking (note 25).

Investment Development Fund SA is a closed-end mutual fund company, which carries out its business of investing mainly in listed Greek securities as well as in listed foreign securities. The Bank holds 35.01% of Investment Development Fund and accounts for it as a subsidiary undertaking (note 24).

On 7 November 2002, the directors of the bank, the directors of Investment Development Fund and the directors of Ergoinvest announced their intention to merge the companies. The bank agreed to acquire the remaining share capital of the funds in a share for share exchange of 1 EFG Eurobank Ergasias share for 6.7 Investment Development Fund shares and 1 EFG Eurobank Ergasias share for 9 Ergoinvest shares. The mergers are expected to give rise to negative goodwill which will be recognised as income in the year ending 31 December 2003. The transactions will be accounted for using the purchase method of accounting.

Ergoinvest SA

The legal formalities of the merger and the actual exchange of shares are expected to be concluded in April 2003. The merger will result in 10,108,526 EFG Eurobank Ergasias shares being issued as consideration and the simultaneous cancellation of 10,108,526 treasury shares, of which 2,027,000 are shares in the bank currently held by Ergoinvest SA and the balance are shares held under the treasury shares special scheme (note 35).

Investment Development Fund SA

The legal formalities of the proposed merger and the actual exchange of shares are expected to be concluded in September 2003. The proposed merger will result in approximately 2,500,000 EFG Eurobank Ergasias shares being issued as consideration and the simultaneous cancellation of an equal number of treasury shares, of which 448,500 are shares in the bank currently held by Investment Development Fund SA and the balance are shares held under the treasury shares special scheme (note 35).

5. Net interest income	2002 € '000	2001 € '000
Interest and discount income		
Banks and customers	**1,188,911**	1,134,864
Trading securities	**127,575**	132,616
Other securities	**172,494**	142,521
Total interest and discount income	**1,488,980**	1,410,001
Interest expense		
Banks and customers	**(742,122)**	(776,886)
Liabilities evidenced by paper	**(25,425)**	(18,785)
Total interest expense	**(767,547)**	(795,671)
Net interest income	**721,433**	614,330

6. Dividend income	2002 € '000	2001 € '000
Available-for-sale investment securities	**4,329**	12,012
Trading securities	**1,584**	968
	5,913	12,980

7. Net trading income / (loss)	2002 € '000	2001 € '000
Interest rate instruments	**(9,751)**	17,869
Equities	**(23,908)**	(15,430)
Foreign exchange	**3,755**	13,696
Total	**(29,904)**	16,135

Foreign exchange net trading income includes gains and losses from spot and forward contracts, options, futures and translated foreign currency assets and liabilities. Interest rate instruments includes the results of making markets in instruments in government securities, corporate debt securities, money market instruments, interest rate and currency swaps, options and other derivatives. Equities trading income includes the results of making markets in equity securities and equity derivatives such as swaps, options, futures and forward contracts.

8. Gains less losses from other securities	2002 € '000	2001 € '000
Available-for-sale investment securities	**12,636**	20,719
Other investment securities	**4,889**	14,597
Total	**17,525**	35,316

9. Operating expenses	2002 € '000	2001 € '000
Staff costs (note 10)	**325,542**	288,889
Professional services	**24,122**	21,872
Advertising and marketing	**25,653**	26,354
Administrative expenses	**120,995**	104,464
Depreciation	**73,967**	64,454
(Profit)/loss on sale of property and equipment	**116**	(419)
Amortisation of goodwill (notes 25 and 26)	**3,955**	2,040
Operating lease rentals	**34,640**	29,588
Other	**2,149**	10,805
	611,139	548,047

10. Staff costs	2002 € '000	2001 € '000
Wages, salaries and staff bonuses	**236,441**	209,750
Social security costs	**47,936**	43,214
Pension costs defined contribution scheme	**10,242**	7,262
Pension costs defined benefit scheme	**5,043**	5,352
Other	**25,880**	23,311
	325,542	288,889

The average number of employees of the group during the year was 9,319 (2001: 8,466). As at year end, the number of employees of the group including 3,451 employees of Banc Post Roumania was 12,172 (2001: 8,546).

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

11. Income tax expense	2002 € '000	2001 € '000
Corporation tax at 35% (2001: 37.5%) (see below)	**65,595**	104,895
Deferred tax charge (credit) (note 12)	**24,340**	10,160
Tax discount	**(1,744)**	(1,902)
Additional tax agreed with the tax authorities (see below)	**1,255**	2,007
Overseas taxes	**3,554**	2,146
Share of associated undertakings' taxation	**1,909**	2,321
Total tax charge	**94,909**	119,627

In 2002, the Greek tax authorities audited former Cretabank SA for the period 1997 until 30 June 1999. The audit resulted in an additional tax charge of € 1.2 million. In 2001, the Greek tax authorities audited former Ergobank SA for the periods 1998 and 1999. The audit resulted in an additional tax charge of € 2.0 million.

The rate of tax was 35% in 2002 (2001: 37.5%). In accordance with special incentives for mergers, the parent company tax rate for 2002 is 25%, 10 percentage points lower than the corporate tax rate. The reconciliation between income tax expense (effective tax rate) and the tax expense at the current tax rate is summarised as follows:

	2002 € '000	2001 € '000
Accounting Profit	**278,134**	335,122
Tax at the applicable tax rate of 35% (2001: 37.5%)	**97,347**	125,670
- parent company benefit from reduced tax rate (25%)	**(28,022)**	0
- tax effect of valuation temporary differences	**1,072**	2,072
- tax effect of non-taxable (gains)/losses on listed shares and derivatives by parent company	**636**	6,154
- tax effect of directors and employee's bonus treated as distribution of profits, and of proposed dividends	**6,253**	4,258
- tax effect of income from dividends not subject to tax	**(974)**	(2,993)
- tax effect of (income)/losses by subsidiaries and associates not subject to tax/not tax deductible	**18,885**	(4,050)
- tax effect of non tax-deductible expenses and other non taxable income	**(4,248)**	(9,834)
- additional tax (see above)	**1,255**	2,007
- tax effect of other differences	**2,705**	(3,657)
	94,909	119,627

12. Deferred income taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an expected effective tax rate of 32.5% (2001: 34.6%).

The movement on the deferred income tax account is as follows :	2002 € '000	2001 € '000
At 1 January	**32,382**	42,882
Arising from acquisition of Telesis	**0**	1,218
Impact of adoption of IAS 40 fair value model	**(9,932)**	0
Fair Value Hedges - Equity Reserves	**59,538**	17,996
Income statement (charge) / credit	**(24,340)**	(10,160)
Cash flow hedges	**3,790**	0
Equity reserve charge / (credit)	**(44,563)**	(19,554)
At 31 December	**16,875**	32,382

Deferred income tax assets and (liabilities) are attributable to the following items :	2002 € '000	2001 € '000
Valuation temporary differences accounted direct to special reserves	**(93,916)**	(11,806)
Valuation temporary differences	**88,328**	(2,720)
Valuation temporary differences - IAS 40	**(20,226)**	0
Cash flow hedges	**3,790**	0
Depreciation temporary differences	**2,822**	2,339
Pensions and other post retirement benefits	**6,748**	6,806
Loan provisions	**27,032**	36,294
Interest temporary differences	**206**	1,197
Other temporary differences	**2,091**	272
Deferred income tax assets	**16,875**	32,382

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

	2002 € '000	2001 € '000
Valuation temporary differences	**5,881**	1,855
Depreciation temporary differences	**(241)**	519
Valuation temporary differences - IAS 40	**10,295**	0
Pensions and other post retirement benefits	**(25)**	(205)
Loan provisions	**9,262**	5,112
Interest temporary differences	**991**	3,152
Other temporary differences	**(1,823)**	(273)
Deferred income tax assets	**24,340**	10,160

Deferred tax liabilities have not been established in respect of certain reserves of the group which are only taxable in the event of their distribution as there is no intention to distribute such reserves. These reserves amounted to € 413 million at 31 December 2002 (2001: € 430 million) (see note 36).

13. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the company and held as treasury shares.

For the diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of share options granted to employees. For the share options the number of shares that could have been acquired at market price (determined as the average annual share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options is determined; the residual bonus shares are added to the ordinary shares outstanding, but no adjustment is made to net profit.

		2002	2001
Net profit attributable to shareholders	*€ '000*	**184,243**	205,538
Weighted average number of ordinary shares in issue	*Shares*	*302,566,928*	*291,212,127*
Weighted average number of ordinary shares for diluted earnings	*Shares*	*303,021,344*	*291,356,587*
Basic earnings per share	*€*	0.61	0.71
Diluted earnings per share	*€*	0.61	0.71

14. Cash and balances with central banks	2002 € '000	2001 € '000
Cash in hand	**264,117**	156,942
Balances with central banks	**775,006**	1,111,786
	1,039,123	1,268,728
of which :		
Mandatory deposits with the Bank of Greece	**235,288**	550,466

Mandatory deposits with the Bank of Greece represent the minimum level of average monthly deposit which the bank is required to maintain. These funds can be withdrawn at any time provided the average monthly minimum is maintained. In 2001, such deposits with the Bank of Greece were not withdrawable. Accordingly, these deposits are included in cash and cash equivalents in the 2002 Cash Flow Statements whereas in 2001 they were excluded.

15. Cash and cash equivalents	2002 € '000	2001 € '000
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	**1,039,123**	718,260
Treasury bills and other eligible bills	**130,185**	0
Due from other banks	**1,566,387**	1,270,347
Trading securities	**187,837**	62,887
	2,923,532	2,051,494

16. Treasury bills & other eligible bills	2002 € '000	2001 € '000
Treasury bills	**456,425**	nil
Credit facility with central banks secured by the above	**122,780**	nil

Treasury bills and other eligible bills are debt securities issued by the Greek Government for a term of three months, six months, or a year. Bills are carried at their fair value.

17. Due from other banks	2002 € '000	2001 € '000
Items in course of collection from other banks	**179,534**	125,296
Placements with other banks	**1,386,853**	1,161,040
	1,566,387	1,286,336
Including unsubordinated amounts due from :		
- fellow subsidiary and associate undertakings	**282,823**	54,864
- settlement balances with banks	**328,245**	332,264
- parent undertakings	**0**	3
Including pledged deposits with :		
- banks	**172,875**	101,952

18. Trading securities	2002 € '000	2001 € '000
Issued by public bodies :		
- government	**2,730,495**	934,424
- other public sector securities	**371,747**	85,966
	3,102,242	1,020,390
Issued by other issuers :		
- banks	**15,163**	23,466
- other	**145,614**	66,958
	160,777	90,424
Total	**3,263,019**	1,110,814
Equity Securities	**15,686**	23,020
Debt Securities	**3,247,333**	1,087,794
	3,263,019	1,110,814
Credit facility with central banks secured by the above	**394,576**	276,590

19. Derivative financial instruments

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

Currency forwards represent commitments to purchase or sell foreign and domestic currency. Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates or buy or sell foreign currency or a financial instrument on a future date at a specified price established in an organized financial market. Since future contracts are collateralised by cash or marketable securities and changes in the futures contract value are settled daily with the exchange, the credit risk is negligible.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e. cross-currency interest rate swaps). Except for certain currency swaps, no exchange of principal takes place. The group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the group assesses counterparties using the same techniques as for its lending activities - and/or marks to market with bilateral collateralization agreements over and above an agreed threshold.

Foreign currency and interest rate options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a foreign currency or a financial instrument at a predetermined price. In consideration for the assumption of foreign exchange or interest rate risk, the seller receives a premium from the purchaser. Options may be either exchange-traded or negotiated between the group and a customer (OTC). The group is exposed to credit risk on purchased options only, and only to the extent of their carrying amount, which is their fair value.

19. Derivative financial instruments (continued)

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The fair values of derivative instruments held are set out in the following table:

	2002			2001		
	Contract/ notional amount € '000	Fair values Assets € '000	Fair values Liabilities € '000	Contract/ notional amount € '000	Fair values Assets € '000	Fair values Liabilities € '000
Derivatives held for trading						
OTC currency derivatives						
Currency forwards	296,473	7,209	(6,083)	164,792	1,302	(2,392)
- Currency swaps	1,857,194	15,198	(50,602)	2,137,767	45,315	(5,952)
- OTC currency options bought and sold	453,474	11,565	(11,566)	461,347	7,384	(6,178)
Total		33,972	(68,251)		54,001	(14,522)
OTC interest rate derivatives						
- Interest rate swaps	3,155,218	22,202	(47,657)	2,387,698	10,521	(20,552)
- Cross-currency interest rate swaps	559,375	43,831	(27,981)	718,389	54,858	(52,663)
- Forward Rate Agreements	200,000	39	(129)	0	0	0
- OTC interest rate options	570,359	32	(724)	100,000	1,497	(602)
Sub Total		66,104	(76,491)		66,876	(73,817)
Exchange traded interest rate futures	773,889	586	(8,153)	357,667	2,600	(3,328)
Exchange traded interest rate options	250,000	0	(1,531)	0	0	0
Total		66,690	(86,175)		69,476	(77,145)
OTC Index Options bought and sold	635,030	42,247	(23,309)	60,933	7,073	(3,334)
Exchange traded Index futures	24,668	0	(80)	21,687	253	(252)
Exchange traded Index options bought and sold	57,766	5,791	(4,855)	31,956	1,599	(1,817)
Forward Security contracts	4,743,580	14,829	(23,603)	881,790	1,356	(1,203)
Commodity swaps	32,529	139	(139)	0	0	0
Embedded derivatives						
- Clients' deposits connected to index options	165,580	0	(6,847)	60,933	0	(766)
- Clients' deposits connected to currency options	0	0	0	123,269	0	(1,004)
Total		63,006	(58,833)		10,281	(8,376)
Other trading liabilities						
- Securities sold not yet repurchased		0	(6,603)		0	(472)
Total derivative assets/(liabilities) held for trading		163,668	(219,862)		133,758	(100,515)
Derivatives designated as fair value hedges						
Interest rate swaps	2,444,782	25	(273,817)	1,343,786	980	(122,040)
Cross-currency interest rate swaps	109,681	0	(33,005)	90,988	0	(23,702)
		25	(306,822)		980	(145,742)
Derivatives designated as cash flow hedges						
Interest rate swaps	295,000	0	(16,472)	0	0	0
Total derivatives assets/(liabilities) used for hedging purposes		25	(323,294)		980	(145,742)
Total Derivatives Assets / (Liabilities)		163,693	(543,156)	-	134,738	(246,257)

20. Loans and advances to customers

	2002 € '000	2001 € '000
Lending to medium size and large corporate entities	7,597,994	6,610,510
Consumer lending	2,725,483	2,061,359
Mortgage lending	2,297,899	1,728,873
Small business lending	1,136,690	824,923
Other	87,813	125,096
Provision for impairment losses (note 21)	(420,141)	(377,153)
	13,425,738	10,973,608
of which :		
- due from associated undertakings, unsubordinated	73,836	92,778
- settlement balances with customers	84,998	19,167

Credit Risk

The group takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and are subject to an annual or more frequent review.

As one of the largest private banking groups in Greece, the group is active in the corporate and retail lending market. Credit risk is well spread over a diversity of personal and commercial customers.

20. Loans and advances to customers (continued)

Economic sector risk concentrations within the group's customer loan portfolio were as follows :

	2002 %	2001 %
Commerce and services	**39%**	36%
Private individuals	**39%**	35%
Manufacturing	**16%**	14%
Shipping	**2%**	3%
Construction	**2%**	2%
Government bodies	**1%**	1%
Other	**1%**	9%
	100%	100%

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

	2002		2001	
	€ '000	%	€ '000	%
Greece	**13,053,216**	**98%**	10,905,957	99%
Other Western European countries	**185,435**	**1%**	65,112	1%
Other countries	**187,087**	**1%**	2,539	0%
	13,425,738	**100%**	10,973,608	100%

The group reduces its credit risk associated with loans and advances to customers by entering into collaterised arrangements. The type of collateral that the group obtains are cash deposits, real estate, securities, vessels and bank guarantees. The value of the collaterals that the group as of 31 December 2002 has obtained amount to 33% (2001: 37%) of the total aggregate amount of the gross loans and advances to customers.

21. Provisions for impairment losses on loans and advances

	2002 € '000	2001 € '000
At 1 January	**377,153**	320,531
Arising from acquisition of Telesis	**0**	14,588
Arising from acquisition of Bank Post Romania	**9,470**	0
Impairment losses on loans and advances charged in the year	**97,961**	67,683
Transfers (to)/from other provisions	**598**	0
Recoveries	**2,090**	0
Loans written off during the year as uncollectible	**(67,131)**	(25,649)
At 31 December	**420,141**	377,153

22. Available-for-sale investment securities

	2002 € '000	2001 € '000
Issued by public bodies :		
- government	**2,773,540**	2,325,227
- other public sector	**27,925**	226,665
	2,801,465	2,551,892
Issued by other issuers :		
- banks	**179,083**	143,140
- other	**463,027**	555,897
	642,110	699,037
Total	**3,443,575**	3,250,929
Listed	**3,379,241**	3,142,850
Unlisted	**64,334**	108,079
	3,443,575	3,250,929
Equity	**166,961**	332,159
Debt	**3,276,614**	2,918,770
	3,443,575	3,250,929
Unamortised discounts and premiums included above	**18,492**	31,803
Pledged securities with capital market companies	**944**	1,282
Credit facility with central banks secured by the above	**570,671**	nil

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

	2002 € '000	2001 € '000
The movement in the account is as follows:		
Net book value at 1 January	**3,250,929**	1,297,893
Arising from acquisition of Telesis	**0**	35,551
Arising from acquisition of Bank Post of Romania	**43,361**	0
Exchange adjustments	**(31,062)**	(3,903)
Acquisitions	**2,932,309**	2,176,684
Disposals and redemptions	**(2,819,156)**	(642,550)
Reclassification to / from subsidiaries	**(126,138)**	0
Transfers (see below)	**0**	359,249
Amortisation of discounts and premiums	**(3,236)**	665
Net gains / (losses) from changes in fair value	**196,568**	27,340
Net book value at 31 December	**3,443,575**	3,250,929

In 2001 unanticipated changes in market conditions necessitated the bank to reassess existing market positions and as a result to dispose of investment securities (originally classified as held to maturity) of € 240 million and transfer € 359 million to the available-for-sale portfolio and € 70 million to the trading portfolio.

Equity reserve : revaluation of the available-for-sale investments

Gains and losses arising from the changes in the fair value of available-for-sale investments are also recognised directly in special IAS 39 reserves in equity. The movement of the reserve in 2002 was as follows:

	2002 € '000	2001 € '000
As at 1 January	**16,073**	28,202
Net gains / (losses) from changes in fair value	**196,568**	27,340
Deferred income taxes	**(77,205)**	(22,996)
Minority share of changes in fair value	**(23,419)**	31,671
	95,944	36,015
Net (gains) / losses transferred to net profit on disposal	**(95,572)**	(18,588)
Deferred income taxes	**32,642**	3,442
Provision for valuation losses transferred to net profit	**14,282**	0
Minority share of net gains / losses transferred to net profit on disposal	**(12,443)**	6,142
	(61,091)	(9,004)
Net (gains) / losses transferred to net profit from fair value hedges	**(171,955)**	(57,136)
Deferred income taxes	**59,538**	17,996
Minority share of net gains / losses transferred to net profit on fair value hedges	**2,944**	0
	(109,473)	(39,140)
As at 31 December	**(58,547)**	16,073

The above table excludes the impact of the adjustments to the available-for-sale investment portfolios of the associated undertakings which are shown separately in Note 25 the cumulative net effect of which amounted to € 114 million reduction (2001: € 110 million reduction).

Further decline in fair values other than provisions for valuation losses transferred to net profit as above, is considered by the directors as temporary.

23. Other investment securities

	2002		2001	
	Balance Sheet € '000	Market Value € '000	Balance Sheet € '000	Market Value € '000
Receivables originated by the enterprise	**123,581**	**128,095**	246,700	260,197
Issued by public bodies :				
- government	**120,598**	**124,979**	213,928	227,032
Issued by other issuers	**2,983**	**3,116**	32,772	33,165
Total, all listed	**123,581**	**128,095**	246,700	260,197
Unamortised discounts and premiums included above	**688**		2,045	
Credit facility with central banks secured by the above	**nil**		24,816	

24. Shares in subsidiary undertakings

	%	Country of incorporation	Line of business
EFG Private Bank (Luxembourg) SA	75	Luxembourg	Financial Institution
EFG Eurobank Ergasias Leasing SA	99	Greece	Leasing
EFG Eurobank Ergasias Securities SA	100	Greece	Capital markets and investment services
Eurobank Cards SA	100	Greece	Credit card management
EFG Telesis Finance SA	100	Greece	Investment banking
EFG Life Insurance SA	100	Greece	Insurance services
EFG Property and Casualty Insur. SA	100	Greece	Insurance services
EFG Mutual Fund Mangt. Co. SA	88	Greece	Mutual fund management
Telesis Asset Management Company SA	100	Greece	Asset Management
EFG Factors SA	100	Greece	Factoring
Banc Post SA	36	Romania	Financial Institution
EFG Business Services SA	100	Greece	Payroll and advisory services
EFG Eurobank Properties SA	50	Greece	Real estate services and investment
ELDEPA SA	50	Greece	Property rental
EFG Eurobank Ergasias International (C.I.) Ltd.	100	Channel Islands	Off shore banking
OPEN 24 SA	100	Greece	Sundry services
EFG Insurance Services SA	65	Greece	Insurance brokerage
Ergoinsurance Brokerage SA	65	Greece	Insurance brokerage
Autorental SA	100	Greece	Vehicle leasing and rental
EFG Business Exchanges SA	60	Greece	Business-to business electronic commerce
Investment Development Fund SA	35	Greece	Closed-end mutual fund
EFG Euroinvestment Development SA	50	Greece	Closed-end mutual fund
EFG Internet Services SA	100	Greece	Internet and electronic banking
Quality Management Services SA	51	Greece	Quality monitoring and improvement Services
Bulgarian Retail Services JSC	100	Bulgaria	Credit Card Management
EFG Hellas Plc.	100	United Kingdom	Special purpose financing vehicle
EFG Hellas Cayman Islands Plc	100	Cayman Islands	Special purpose financing vehicle
Telesis Direct SA	100	Greece	Electronic Brokerage
Hellas on Line SA	100	Greece	Internet and Telecom Services

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

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

(b) EFG Telesis Finance SA (formerly EFG Finance SA)
On 31 May 2002, EFG Finance SA absorbed the following 100% subsidiaries of the Bank: Ergofinance SA, Ergo Mutual Funds Management Company SA and Telesis Mutual Funds Management Company SA, to form EFG Finance SA. The company owns 100% of the share capital of the newly formed entity.

EFG Finance SA was renamed EFG Telesis Finance SA.

On 4 March 2002, the company acquired the remaining 50% of the share capital of Telesis Mutual Funds Management Company SA and held 100% of the entity's share capital until it was absorbed by EFG Telesis Finance SA.

(c)Telesis Asset Management Company SA
On 27 March 2002, the company acquired the remaining 23.5% of the share capital of Telesis Asset Management Company SA and now owns 100% of the entity's share capital.

(d) EFG Factors SA
On 19 December 2002, a capital increase in cash of € 3 million was approved by the shareholders in order to finance future expansion plans. As a result, the share capital of the subsidiary undertaking increased in the year from € 6 million to € 9 million.

(e) Banc Post SA (Romania)
On 8 November 2002, the company acquired, in addition to the 19.25% already held in Banc Post, a further 17% from the Romanian Authority for Privatization and Management of the State Ownership (APAPS) increasing its stake in Banc Post to 36.25% and achieving control over its strategic and operating activities. This was in line with the bank's strategic planning for further development in South Eastern Europe. EFG Eurobank Ergasias' stake in Banc Post has the potential of being raised to 45% since the bank also holds an option for the purchase in 2004 of the percentage (8.75%) of Banc Post shares currently owned by General Electric Capital Corp. Consequently, the bank together with Banco Portugues de Investimento (BPI) with which it has been cooperating since July 2000, holds a combined stake of 53.25% of Banc Post, with a future potential of raising the combined participation to 62%.

Following this increase in the bank's holding, this investment now falls under the regulatory supervision of the Bank of Greece. The financial statements are being consolidated into EFG Eurobank Ergasias' accounts using the method of purchase accounting as of November 2002. In cooperation with BPI, EFG Eurobank Ergasias is planning for the appointment of new management, the growth of Banc Post's business, the array of products and services offered to its customers and the improvement of its technical infrastructure, in order to render Banc Post a provider of high standard services in the Romanian banking sector.

24. Shares in subsidiary undertakings (continued)

(f) Merger between former EFG Insurance Services SA and Ergoinsurance Brokerage SA

Post balance sheet event
EFG Insurance Services SA and Ergoinsurance Brokerage SA are in the process of merging. The company currently owns 65% of the share capital of each entity.

(g) EFG Eurobank Properties SA
On 22 April 2002, a capital increase in cash of € 0.6 million was approved by the shareholders. As a result, the share capital of the subsidiary undertaking increased in the year from € 14.1 million to € 14.7 million.

(h) Autorental SA
On 8 May 2002, the company acquired the remaining 25% of the share capital of Autorental SA and increased its holding to 100% of the entity's share capital.

(i) Investment Development Fund SA
On 7 November 2002 the directors of EFG Eurobank Ergasias SA and the directors of Investment Development Fund SA announced their intention to merge (see note 4). The merge is expected to be completed in September 2003.

(j) Quality Management Services SA (formerly EFG Quality Management Services SA)
On 5 April 2002, EFG Quality Management Services SA was renamed Quality Management Services SA.

(k) Bulgarian Retail Services JSC
On 8 July 2002, the company through its shareholding in EFG Eurobank Cards SA, incorporated a 100% subsidiary of Bulgarian Retail Services JSC, which carries out its business of credit card management from its registered office in Bulgaria.

(l) EFG Hellas Cayman Islands PLC
On 26 April 2002, the company established EFG Hellas (Cayman Islands) PLC a special purpose financing vehicle incorporated in the Cayman Islands and holds 100% of its share capital. The issuance of all debt instruments by the entity are guaranteed by the company.

(m) Telesis Direct SA
On 27 June 2002, the company acquired the remaining 22% of the share capital of Telesis Direct SA and now owns 100% of the entity's share capital.

(n) Hellas on Line SA (formerly Comquest SA)
In May 2002, the company acquired the remaining 60% of Comquest SA's share capital, increasing its stake to 100% and thus achieving control over its strategic and operating activities. On 28 June 2002, Comquest SA was renamed Hellas on Line SA. The subsidiary has been accounted for in the consolidated financial statements using the acquisition method of accounting from 1 June 2002 to 31 December 2002. For the period 1 January 2002 to 31 May 2002 and in 2001, the investment has been accounted for using the equity method of accounting.

(o) Greek Progress Fund SA
The company owns 15% of the Greek Progress Fund SA, a closed-end mutual fund. As of 1 January 2002, since the bank has no longer the power to control the company nor exercise significant influence over it, the entity is no longer consolidated but is classified as an available for sale investment.

(p) Postbanka AD (Serbia)

Post balance sheet event
On 11 November 2002 EFG Eurobank Ergasias SA signed pre-agreements for the acquisition of 67% of the shares of Postbanka AD, a bank operating in Serbia. The acquisition is expected to be completed in the first half of 2003, subject to due diligence and approvals by the authorities.

25. Investments in associated undertakings

	2002 € '000	2001 € '000
At 1 January	**108,065**	167,545
Goodwill arising on acquisition net of amortization (€ 0.5 million)	**17,864**	(6,031)
Establishment of new associates	**12,198**	0
Disposal of associates (see (c) below)	**(2,735)**	0
Transfer to available-for-sale investment (see (a) below)	**(2,811)**	0
Transfer to subsidiaries fully consolidated (see note 24)	**(1,085)**	0
Dividends collected	**(4,839)**	(13,720)
Participation in capital increase of associates (see below)	**3,057**	602
Share of associates available-for-sale investment securities revaluation losses (IAS 39 net fair value results)	**(27,862)**	(45,300)
Net gains / losses transferred to net profit on disposal	**14,800**	0
Provision for valuation losses transferred to net profit	**9,000**	0
Share of current year's profit / (loss) before tax	**(18,139)**	7,290
Share of current year's tax (see also note 11)	**(1,909)**	(2,321)
At 31 December	**105,604**	108,065

25. Investments in associated undertakings (continued)

Principal Associates	%	Country of incorporation	Line of business	Balance Sheet Value € '000
ALICO CEH BALKAN HOLDINGS LTD	50.00	Cyprus	Holding company	4,745
BULGARIAN POST BANK AD	43.12	Bulgaria	Financial institution	28,722
TEFIN SA	50.00	Greece	Motor vehicle sales financing	6,567
UNITBANK SA	50.00	Greece	Financial institution	5,552
ERGOINVEST SA	30.74	Greece	Closed end mutual fund	55,248
ERGOINVEST ADVISORS SA	64.67	Greece	Investment advisors	(539)
ZINON AKINHTA SA	25.05	Greece	Investment property	1,800
KYDON SA	100.00	Greece	Investment property	760
SOFITEL SA	20.20	Greece	Hotelier	2,749
				105,604

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

Current year events and other significant notes:

(a) Kantor Management Consultants SA
In August 2002, Kantor Management Consultants SA increased its share capital. The company did not participate in the increase and its shareholding decreased from 20% to 18.97%. Since it does not exercise significant influence on Kantor Management Consultants SA the investment has been reclassified as an available-for-sale investment.

(b) Alico CEH Balkan Holdings LTD / Bulgarian Post Bank AD
On 5 August 2002, the company acquired 50% of the share capital of Alico CEH Balkan Holdings, incorporated in Cyprus, from Private Financial Investment Holding Ltd, a member of the EFG Bank Group. The remaining 50% is held by AIG. On 6 August 2002, a capital increase of USD 5.4 million was approved by shareholders in order to repay the convertible bond issued by the entity. As a result, the share capital increased from USD 47.5 million to USD 52.9 million.

Alico CEH Balkan Holdings' sole asset and activity is the holding of 86.25% of Post Bank AD's share capital, a financial institution incorporated in Bulgaria. As a result the company gained significant influence over 43.12% of the share capital of Bulgarian Post Bank AD.

(c) Alico - Eurobank Mutual Fund Management Company SA
On 30 August 2002, the company sold its 50% of the share capital of Alico-Eurobank Mutual Fund Management Company SA to AIG, the owner of the other 50% of the entity share capital. This transaction resulted in a profit on disposal of € 0.8 million.

(d) UnitBank SA

Post balance sheet event
On 22 January 2003 the bank announced its agreement with Inchcape Holdings BV to acquire the latter's 50% participation in UnitBank SA. With the effect of the acquisition, UnitBank will become a 100% subsidiary of the company. The two partners also agreed to continue their cooperation in the field of automobile financing through the creation of a new joint venture company.

(e) Ergoinvest SA

Post balance sheet event
On 7 November 2002 the directors of EFG Eurobank Ergasias SA and the directors of Ergoinvest SA announced their intention to merge the companies (see note 4). The merger is expected to be completed in April 2003.

(f) Ergoinvest Advisors SA

Post balance sheet event
With the effect of the merger of the company and Ergoinvest SA (see note 4), Ergoinvest Advisors SA, now held 49% by the bank and 51% by Ergoinvest, will become a 100% subsidiary of the bank and will then be accounted for in the consolidated financial statements of the bank as a subsidiary.

(g) Sofitel SA
In August 2002, Sofitel SA increased its share capital by € 1.4 million. As a result, the share capital increased from € 14.7 million to € 16.1 million. The company participated in the increase and its shareholding increased from 20% to 20.20%.

26. Intangible assets	**2002 € '000**	2001 € '000
Intangible assets consist solely of Goodwill:		
At 1 January 2002	**28,114**	0
Goodwill arising on acquisitions (note 48)	**9,582**	12,238
Goodwill arising on acquisition of Telesis (note 3)	**0**	17,916
Amortisation charge	**(3,445)**	(2,040)
At 31 December 2002	**34,251**	28,114
Cost	**39,736**	30,154
Accumulated Amortisation	**(5,485)**	(2,040)
Net book value at 31 December 2002	**34,251**	28,114

27. Property, plant and equipment

Cost :	Land, buildings, leasehold improvements € '000	Furniture, equipment motor vehicles € '000	Computer hardware, software € '000	Investment Property € '000	Total fixed assets € '000
At 1 January 2002	294,007	85,241	251,302	99,334	**729,884**
Change in accounting policy for investment properties:	0	0	0	27,234	**27,234**
Arising from acquisition of subsidiary	131,181	47,943	31,278	0	**210,402**
Transfers	(293)	(1,648)	(296)	8,541	**6,304**
Additions	28,148	20,332	52,578	56,795	**157,853**
Disposals and write - offs	(9,278)	(2,469)	(29,704)	(1,037)	**(42,488)**
Net gains from fair value adjustments	0	0	0	30,076	**30,076**
At 31 December 2002	443,765	149,399	305,158	220,943	**1,119,265**
Accumulated depreciation :					
At 1 January 2002	109,972	41,734	108,825	2,512	**263,043**
Change in accounting policy for investment properties:	0	0	0	(3,328)	**(3,328)**
Arising from acquisition of subsidiary	13,093	22,216	21,637	0	**56,946**
Transfers	523	(197)	(108)	1,296	**1,514**
Disposals and write-offs	(6,627)	(1,495)	(29,093)	(480)	**(37,695)**
Charge for the year	12,565	14,623	46,779	0	**73,967**
At 31 December 2002	129,526	76,881	148,040	0	**354,447**
Net book value at 31 December 2002	314,239	72,518	157,118	220,943	**764,818**
Net book value at 31 December 2001	184,035	43,507	142,477	96,822	466,841

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

Included in the above is € 33 million (2001: € 79 million) relating to assets under construction.

On 1 January 2001, the company revised the estimated useful economic life of freehold buildings to 40-50 years. The resultant adjustment was treated as change in accounting estimate (IAS 8) and therefore the depreciation charge for 2001 and future periods is adjusted. The before tax effect on net profit was € 6,1 million reduction in the depreciation charge for the year ended 31 December 2001.

Investment property

With effect from 1 January 2002, due to the substantial increase in the size of the bank's investment property portfolio, the directors elected to introduce the fair value model for a more appropriate presentation of the portfolio. The determination of fair value was based on market prices. The majority of the valuations were performed by professionally qualified recognised valuers who perform valuations for the group on a freelance basis.

This change in accounting policy has been applied with effect from 2002. During 2002 a before tax and minority interest gain from fair valuation of investment properties of € 30.1 million (2001: nil) was recognised in other operating income (after tax and minority interest gain € 15.9 million). Opening retained earnings were adjusted to reflect the cumulative fair valuation of prior years representing a before tax and minority interest gain of € 30.5 million (after tax and minority interest gain of € 22.5 million). Comparative information has not been restated as property valuations had not been prepared as at 31 December 2000 and, in the opinion of the directors, the impact on the income statement would not be significant. The directors estimate that the effect of applying the revised accounting policy in 2001 would have been to increase the reported profit before tax and minority interest by approximately € 3 million (after tax and minority interest gain approximately € 4 million).

Properties previously classified as land and buildings of € 11.5 million (2001: € 44.5 million) and fixtures of € 1.3 million thereof (2001: nil) were reclassified to investment properties as a result of being leased out under an operating lease to third parties.

In 2002, the group decided that certain property held as investment property will be held as property for own use. As a result, an amount of € 10.1 million (2001: nil) was transferred from investment properties to land and buildings.

In 2002 the group decided that certain assets acquired through auctions to cover impaired loans will not be held for liquidation but as investment property. As a result, an amount of € 5.8 million (2001: € 9.8 million) was transferred from other assets to investment property, resulting in the recognition of a fair value gain of € 6 million in 2002.

During 2002 amounts of € 3.1 million (2001: € 0.4 million) were recognised as rental income from investment property in other operating income. Capital commitments in relation to investment property as at 31 December 2002 totalled € 3.5 million.

28. Other assets	**2002 € '000**	2001 € '000
Accrued income	**388,723**	252,616
Deferred tax asset (note 12)	**16,875**	32,382
Repossessed properties	**70,832**	80,340
Other	**435,299**	377,805
	911,729	743,143

In 2002 the group decided that certain assets acquired through auctions to cover impaired loans will not be held for liquidation but as investment property. As a result, an amount of € 5.8 million (2001: € 9.8 million) was transferred from other assets to Investment property.

29. Due to other banks

	2002 € '000	2001 € '000
Items in course of collection	**55,656**	67,108
Deposits from other banks	**4,328,214**	735,070
	4,383,870	802,178
Including amounts due to :		
- parent undertakings	**74,403**	47
- fellow subsidiary and associate undertakings	**nil**	96,613
- settlement balances with banks	**552,061**	395,252

30. Due to customers

	2002 € '000	2001 € '000
Savings and current accounts	**6,257,049**	5,956,642
Term deposits	**8,656,857**	6,832,336
Repos	**2,034,154**	2,496,604
Settlement balances	**22,741**	24,778
	16,970,801	15,310,360
Including amounts due to :		
- parent undertakings	**43,307**	30,594
- fellow subsidiary and associate undertakings	**6,920**	10,867

31. Liabilities evidenced by paper

EFG Hellas Plc and EFG Hellas Cayman Islands Plc are special purpose financing vehicles incorporated in the Channel Islands and Cayman Islands respectively. The debt instruments issued by the entities are guaranteed by the bank. The net proceeds are applied by the issuers to meet part of the general financing requirements of the group.

Issuer	Programme	Date of Issue	Date of Maturity	Amount issued (€ million)	Coupon Type	Coupon Rate
EFG Hellas Plc	**EMTN**	**February 2000**	**February 2003**	150	**Floating**	Euribor plus 30 bps
		June 2001	**June 2004**	250	**Floating**	Euribor plus 37.5 bps
		April 2002	**April 2005**	20	**Structured**	Euribor Linked
		June 2002	**June 2003**	15	**Structured**	Index Linked
		June 2002	**June 2005**	250	**Floating**	Euribor plus 30 bps
	ECP	**December 2002**	**January 2003**	110	**Zero Coupon**	Zero Coupon
EFG Hellas Cayman Islands Plc	**EMTN**	**August 2002**	**August 2022 ***	5	**Structured**	Euribor Linked
		October 2002	**August 2022 ***	6	**Structured**	Euribor Linked

* Callable 1 August 2007 or annually thereafter

32. Other liabilities

	2002 € '000	2001 € '000
Taxation	**4,856**	36,170
Due to associated undertakings	**41**	1,435
Accruals	**159,738**	80,176
Pension and other post-retirement obligations (Note 33)	**19,483**	21,098
Other liabilities	**421,702**	447,236
	605,820	586,115

33. Retirement obligations

The group's employees participate in a number of pension schemes covering substantially all employees. These schemes are valued by independent actuaries.

	2002 € '000	2001 € '000
Statutory severence indemnities	**19,483**	21,098
The movement in the liability recognised in the balance sheet is as follows :		
- Balance as at 1 January 2002	**21,098**	17,975
- Arising from acquisition of Telesis	**0**	434
- New subsidiaries	**36**	6
- Additions	**3,941**	6,648
- Indemnities paid	**(5,592)**	(3,965)
- Balance as at 31 December 2002	**19,483**	21,098
The principal actuarial assumptions used were :		
- Discount rate	**5.6%**	6.0%
- Future salary increases	**4%**	4%

Certain of the bank's employees also participate in a multiemployer defined benefit scheme for which the Bank has no constructive liability. Based on an independent actuarial study conducted in 2002 the scheme's obligations towards the Bank's employees are fully funded.

34. Minority interest	**2002** **€ '000**	2001 € '000
1 January 2002	**223,336**	262,025
Share of available-for-sale investment securities revaluation losses under IAS 39	**(17,958)**	(37,817)
Share of net profit on fair value hedges	**2,944**	0
Arising from acquisition of Telesis	**0**	1,153
Net gains (losses) transferred to net profit on disposal	**3,161**	0
Provision for valuation losses transferred to net profit	**9,282**	0
New acquisitions (note 24 (e))	**66,639**	16,948
Dividends for 2000	**(123)**	(14,016)
Reduction of group's holding in subsidiary	**0**	311
Increase of group's holding in subsidiary (note 24 (c), (h), (m))	**(1,905)**	(15,351)
Reclassification of subsidiary to available for sale investment (note 24 (o))	**(105,958)**	0
Share of capital increase of subsidiary (note 24 (d), (g))	**346**	103
Share of net profit (losses) of subsidiaries	**(1,018)**	9,957
Share of subsidiaries revaluation of investment properties	**(3,026)**	0
Currency translation differences	**(485)**	23
At 31 December 2002	**175,235**	223,336

35. Share capital, share premium and treasury shares

The merger of EFG Eurobank Ergasias SA ("EFG") and Telesis Investment Bank SA ("Telesis") was completed on 11 March 2002, with a local and tax reference date of 1 January 2001. The share exchange took place whereby :
a) One EFG ordinary voting share of nominal value € 2.49 was exchanged for one ordinary voting share of the merged bank of nominal value € 2.74 each.
b) 2.2 Telesis ordinary voting shares of € 2.93 were exchanged for one ordinary voting share of the merged bank of nominal value € 2.74 each.
As a result, the company issued 18,963,636 shares to the Telesis shareholders as purchase consideration, the market value of which, as at 30 September 2001 was € 227.9 million.

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

Authorised, issued and fully paid.	**Ordinary Share Capital € '000**	**Share premium € '000**
The movements in share capital in 2001 were as follows :		
1 January 2001	730,905	393,711
15 May 2001		
- Issue to executive directors, management and staff of 567,200 ordinary shares of € 2.49 each at par by capitalisation of retained earnings, as approved by the Annual General Meeting	1,417	0
30 September 2001- effective date of acquisition of Telesis Investment Bank		
- Capitalisation of share premium for rounding purposes related to the merger	79	(79)
- Capitalisation of share premium to increase the nominal value of each share to € 2.74	1,517	(1,517)
- Share capital issued to Telesis shareholders (exchanged for 18,963,636 company shares) for fair value of assets acquired (note 3)	122,436	87,592
- Additional share premium arising on acquisition equal to goodwill (note 3)	0	17,916
- Transfer from retained profits	0	23,216
31 December 2001		
- Nominal value of shares of € 2.74 each	856,354	520,839
- Number of shares in issue	*312,538,426*	
31 December 2001		
Treasury shares (see below)		
- Cost	(3,181)	(16,241)
- Number of shares	*(1,161,174)*	
Treasury shares under special scheme		
- Cost	(20,712)	(109,320)
- Number of shares	*(7,559,323)*	
31 December 2001		
- net balances	832,461	395,278
- net number of shares	*303,817,929*	
1 January 2002	**856,354**	**520,839**
15 March 2002		
- Issue of 21,922 ordinary shares of € 2.74 each at € 13.52 following the exercise of existing share options which were issued to directors,executives and staff	**60**	**236**

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

	Ordinary Share Capital € '000	Share premium € '000
22 April 2002		
- Issue to executive directors, management and staff of 750,000 ordinary shares of € 2.74 each at par by capitalisation of retained earnings, as approved by the Annual General Meeting	**2,055**	**0**
- Increase of the nominal value of each ordinary share to € 2.76 by capitalisation of special reserve relating to revaluation of fixed assets	**6,266**	**0**
2 December 2002		
- Issue of 190,537 ordinary shares of € 2.76 each at € 7.98 following the exercise of existing share options which were issued to directors,executives and staff	**526**	**994**
31 December 2002		
- Nominal value of shares of € 2.76 each	**865,261**	**522,069**
- Number of shares in issue	***313,500,885***	
31 December 2002		
Treasury shares (see below)		
- Cost	**(2,575)**	**(16,429)**
- Number of shares	***(933,154)***	
Treasury shares under special scheme		
- Cost	**(35,394)**	**(162,596)**
- Number of shares	***(12,824,104)***	
31 December 2002		
- net balances	**827,292**	**343,044**
- net number of shares	***299,743,627***	

In the ordinary course of business the group has acquired 933,154 (2001: 1,161,174) of the company's shares which are included in its accounts at a cost of € 19.1 million (2001: € 19.4 million). These shares had a market value of € 10.5 million at the year end (2001: € 18.1 million).

Treasury shares special scheme

In accordance with Greek Company Law, a company may acquire its own shares in order to support the share price of the company. As expressly stated under this specific section of Greek law, this type of action is only allowed when the trading price of the stock, given the prevailing market conditions, the financial standing and the future prospects of the company, is substantially below management's share valuation. This specific section of Greek Company Law is not intended to deal with the reduction of shareholders' equity. Shares acquired should be sold back to investors through the stock market, or may be distributed to employees as part of a bonus programme within three years from the time of their acquisition. Only shares still held by the company after the three-year period expires must be cancelled, subject to a General Meeting approval.

In 2000 the Extraordinary General Meeting of former EFG Eurobank SA approved the acquisition of up to a total of 8,645,000 shares at a maximum price of € 27.09 per share in the following 18-month period. On 14 September 2001 the Extraordinary General Meeting of the bank approved the acquisition of a further 20,712,479 shares at a maximum price of € 27.09 in the following 12 months. On 4 September 2002, the Extraordinary General Meeting of the bank approved the acquisition in total of up to 31,331,034 shares (10% of the bank's equity) at a maximum price of € 27.09 in the following 12 months.

During 2001, the bank acquired 8,585,070 of its shares. The shares were acquired at a total cost of € 139.7 million. On 21 December 2001, the company sold 3,300,000 of its shares with proceeds totalling € 49.3 million resulting in a loss of € 7.6 million which was recorded in Special reserves (see note 36).

During 2002 the bank acquired 5,264,781 of its shares at the total cost of € 68 million. As at 31 December 2002, the company held 12,824,104 (2001: 7,559,323 shares) of its own shares representing 4.09% (2001: 2.42%) of the company's share capital. The shares were acquired at a total cost of € 198 million (2001: € 130 million) and an average cost of € 15.4 (2001: € 17.2) per share, and the market value stood at € 143.6 million (2001: € 118 million). On the completion of the proposed mergers of Ergoinvest SA and Investment Development Fund SA in 2003 approximately 10,000,000 treasury shares will be cancelled (see note 4).

Shares to directors, executive management and staff

The directors propose the issue of 1,050,000 shares to the directors, executive management and staff. If this is approved by the forthcoming Annual General Meeting, the shares issued will be recorded in next year's share capital.

Share options

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

	2002	2001
At beginning of year	**515,565**	182,000
Granted on 22 April 2002	**860,000**	355,200
Adjustment on 7 November 2002	**890**	0
Adjustment on 9 November 2001	**0**	287
Exercised on December 2002 / December 2001	**(190,537)**	(21,922)
At 31 December 2001	**1,185,918**	515,565

As at 31 December 2000, there were 182,000 options, which could be exercised in December 2001, December 2002 or December 2003, at a price of € 13.54 per share. Due to corporate action, the number of the 182,000 stock options was increased to 182,287 and the exercise price amended to € 13.52 per share. Options exercised on December 2001 resulted in 21,922 shares being issued in March 2002 at € 13.52, with proceeds totalling € 0.3 million.

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

Share options (continued)

A further 355,200 options were granted on 15 May 2001 which could be exercised in December 2002, December 2003 or December 2004 at a price of € 8.00 per share. Due to corporate action, the number of the 355,200 stock options was increased to 356,090 and the exercise price amended to € 7.98 per share. Options exercised on December 2002 resulted in 190,537 shares being issued on 2 December 2002 at € 7.98, with proceeds totalling € 1.5 million.

A further 860,000 options were granted on 22 April 2002 at a price of € 6 per share, which may be exercised in December 2003, December 2004 or December 2005.

As of 31 December 2002 there are 160,365 options outstanding that may be exercised in December 2003 or December 2004 at a price of € 13.52 per share, 165,553 options which may be exercised at a price of € 7.98 per share in December 2003 or December 2004 and 860,000 options which may be exercised at a price of € 6 per share in December 2003, December 2004 or December 2005.

The directors propose to the forthcoming Annual General Meeting the issue of a further 1,355,000 options on the company's shares.

36. Special Reserves

	Non-Taxed Reserves € '000	IAS 39 Equity € '000	Treasury Shares € '000	Other Reserves € '000	Total € '000
Balance at 1 January 2001	412,006	(36,901)	47,205	105,218	527,528
Arising in the period :					
Transfers between reserves	(16,916)	0	82,822	(30,315)	35,591
Available-for-sale securities					
- net fair value results, net of tax (note 22)	0	(12,129)	0	0	(12,129)
- net fair value results - associated undertakings	0	(45,300)	0	0	(45,300)
Tax on revaluation of land and buildings	0	0	0	(18)	(18)
Profit / (Loss) from sale of treasury shares	(7,618)	0	0	0	(7,618)
At 31 December 2001	387,472	(94,330)	130,027	74,885	498,054
Balance at 1 January 2002	**387,472**	**(94,330)**	**130,027**	**74,885**	**498,054**
Arising in the period :					
Transfers between reserves	**(2,677)**	**0**	**(59,500)**	**63,852**	**1,675**
Available-for-sale securities					
- net fair value results, net of tax (note 22)	**0**	**(74,620)**	**0**	**0**	**(74,620)**
- net fair value results - associated undertakings	**0**	**(4,062)**	**0**	**0**	**(4,062)**
Cash flow hedges					
- net fair value gains, net of tax	**0**	**(7,358)**	**0**	**0**	**(7,358)**
Capitalisation of fixed assets revaluation reserve	**0**	**0**	**0**	**(6,266)**	**(6,266)**
At 31 December 2002	**384,795**	**(180,370)**	**70,527**	**132,471**	**407,423**

The treasury shares reserve is formed in accordance with the requirements of Greek Tax Law whereby a special reserve must be created which is equivalent to the amount of shares held in treasury. The reserve at 31 December 2002 has been computed after deducting the number of shares which will be cancelled on the completion of the acquisition of Ergoinvest (see note 4) which, fiscally, is deemed to take place on 7 November 2002. This reserve is available for distribution only to the extent that it exceeds the cost of any treasury shares held. € 28.5 million (2001: € 42.3 million) of this reserve has not been taxed and is only taxable in the event of its distribution.

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

37. Geographical concentration

	Total assets € '000	Total liabilities € '000	Credit commit-ments € '000	Capital expen-diture € '000
At 31 December 2002				
Geographical concentrations of assets, liabilities and off balance sheet items				
- Greece	**21,078,336**	**14,322,645**	**1,151,634**	**6,599**
- Other Western European countries	**3,001,951**	**8,245,323**	**461,293**	**0**
- Canada and USA	**329,808**	**107,903**	**0**	**0**
- Australasia	**31,854**	**627**	**48**	**0**
- South East Asia	**4,750**	**0**	**0**	**0**
- Eastern European and other countries	**851,244**	**547,091**	**38,860**	**0**
	25,297,943	**23,223,589**	**1,651,835**	**6,599**
At 31 December 2001				
Geographical concentrations of assets, liabilities and off balance sheet items				
- Greece	17,592,361	14,345,024	1,179,275	17,018
- Other Western European countries	1,661,990	2,867,621	461,315	0
- Canada and USA	294,483	81,911	0	0
- Australasia	37,461	2,483	0	0
- South East Asia	0	0	0	0
- Eastern European and other countries	31,721	87,164	0	0
	19,618,016	17,384,203	1,640,590	17,018

38. Operating lease commitments

	2002		2001	
	Land and buildings € '000	Furniture, equipment, vehicles € '000	Land and buildings € '000	Furniture, equipment, vehicles € '000
At 31 December commitments under non-cancellable operating leases were:				
Expiring :				
- within one year	**35,401**	**2,097**	55,296	1,887
- between one and five years	**107,599**	**3,540**	120,877	3,654
- in five years or more	**66,186**	**0**	74,204	0
	209,186	**5,637**	250,377	5,541

39. Contingent liabilities and commitments

	2002	2001
	Contract amount € '000	Contract amount € '000
Contingent liabilities :		
Guarantees etc.		
- guarantees and irrevocable L/Cs	**1,131,655**	673,359
- other guarantees	**520,180**	967,231
	1,651,835	1,640,590
Commitments :		
Documentary credits	**61,227**	36,047
Capital expenditure	**6,599**	17,018
	67,826	53,065
	1,719,661	1,693,655

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Notes :

a. Letters of Guarantee totalling € 461 million, issued in favour of EFG Ora Funding Ltd., are unconditionally and irrevocably guaranteed by the ultimate parent company.

b.Tax audits : The company is undergoing a tax audit by the Greek tax authorities of the years 2000 and 2001. The years 1999 and 2000 of former Telesis Bank and the current year have not yet been audited by the tax authorities. Until such time as these audits have been completed the exact tax position of the company cannot be determined. Management do not anticipate significant additional liabilities to arise.

c. Litigation : The group is a defendant in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the consolidated financial position of the company. In particular, on 15 September 1999, the Bank of Piraeus SA filed a lawsuit against former Ergobank S.A. and certain members of the Board of Directors claiming damages amounting to € 587 million plus interest accruing from the date of filing, for alleged breach of contract. The case was discussed before the Athens multimember Court of First Instance on 21 October 1999 which requested the examination of witnesses which is currently taking place. The management and its legal advisors believe that the outcome of this case will be in favour of the company or amounts that may ultimately be awarded, if any, will not be significant.

40. Business segments

The group is organised into four main business segments :

- Retail banking - incorporating private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages, insurance and mutual fund products.
- Corporate banking - incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products to corporate entities.
- Treasury and capital markets - incorporating investment banking services including corporate finance, merger and acquisitions advice, institutional asset management, equity brokerage, financial instruments trading and institutional finance to corporate and institutional entities, as well as, specialised financial advice and intermediation to private and large retail individuals as well as small and large corporate entities.
- Private banking - incorporating private banking services, including total wealth management, to medium and high net worth individuals.

Other operations of the group comprise mainly investing activities, including property management and investment, the management of unallocated capital and, in 2002, operations in the Balkans and the closed-end funds currently in the process of being merged into the bank (note 4). In 2001 these closed-end funds were included in Treasury and capital markets.

Transactions between the business segments are on normal commercial terms and conditions.

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

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

40. Business segments (continued)

	2002					
	Retail Banking € '000	**Corporate Banking € '000**	**Treasury & Capital Markets € '000**	**Private Banking € '000**	**Other € '000**	**Total € '000**
Net interest income	409,159	201,430	96,817	7,316	6,711	721,433
Net fee and commission income	108,834	65,667	43,133	14,063	18,690	250,387
Other income	232	5,020	11,146	74	17,081	33,553
Operating Income	518,225	272,117	151,096	21,453	42,482	1,005,373
Operating expenses	(329,902)	(148,003)	(50,166)	(18,412)	(64,656)	(611,139)
Impairment losses on loans and advances	(66,505)	(32,626)	0	0	1,170	(97,961)
Profit from operations	121,818	91,488	100,930	3,041	(21,004)	296,273
Share of results of associates before tax	4,030	0	0	0	(22,169)	(18,139)
Profit before tax	125,848	91,488	100,930	3,041	(43,173)	278,134
Minority Interest before tax	*(375)*	*(1,864)*	*(517)*	*0*	*886*	*(1,870)*
Profit before tax attributable to shareholders	***125,473***	***89,624***	***100,413***	***3,041***	***(42,287)***	***276,264***
Income tax expense						(94,909)
Group profit after tax						183,225
Minority interest						1,018
Net Profit attributable to shareholders						184,243
Segment assets	6,553,631	7,613,264	8,879,819	38,106	2,107,519	25,192,339
Associates	12,096	0	0	0	93,508	105,604
	6,565,727	7,613,264	8,879,819	38,106	2,201,027	25,297,943
Segment liabilities	11,404,338	1,864,998	6,093,091	2,105,880	1,755,282	23,223,589

	2001					
	Retail Banking € '000	Corporate Banking € '000	Treasury & Capital Markets € '000	Private Banking € '000	Other € '000	Total € '000
Operating Income	452,033	275,131	151,181	22,632	42,585	943,562
Operating expenses	(289,012)	(153,347)	(40,039)	(16,906)	(48,743)	(548,047)
Impairment losses on loans and advances	(46,427)	(21,256)	0	0	0	(67,683)
Profit from operations	116,594	100,528	111,142	5,726	(6,158)	327,832
Share of results of associates before tax	2,738	0	2,084	82	2,386	7,290
Profit before tax	119,332	100,528	113,226	5,808	(3,772)	335,122
Minority interest before tax	*(352)*	*(1,870)*	*(8,308)*	*(17)*	*(2,177)*	*(12,724)*
Profit before tax attributable to shareholders	*118,980*	*98,658*	*104,918*	*5,791*	*(5,949)*	*322,398*
Income tax expense						(119,627)
Group profit after tax						215,495
Minority interest						(9,957)
Net Profit attributable to shareholders						205,538
Segment assets	4,796,355	7,179,886	6,225,902	24,801	1,283,007	19,509,951
Associates	14,571	0	83,263	384	9,847	108,065
	4,810,926	7,179,886	6,309,165	25,185	1,292,854	19,618,016
Segment liabilities	10,957,326	1,728,391	2,764,924	1,876,848	56,714	17,384,203

41. Currency Risk

The group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure, which are monitored daily. The table below summarises the group's exposure to foreign currency exchange rate risk at 31 December. Included in the table are the group's assets and liabilities at carrying amounts, categorised between Euro and other currencies.

	31 December 2002			
	€ '000			
	Euro	**USD**	**Other**	**Total**
Assets				
Cash and balances with central banks	856,101	47,034	135,988	**1,039,123**
Treasury bills and other eligible bills	456,425	0	0	**456,425**
Due from other banks	874,819	394,647	296,921	**1,566,387**
Trading securities	3,150,481	38,641	73,897	**3,263,019**
Derivative financial instruments	143,668	14,213	5,812	**163,693**
Loans and advances to customers	11,533,242	417,949	1,474,547	**13,425,738**
Available-for-sale investment securities	2,857,103	369,252	217,220	**3,443,575**
Other investment securities	123,581	0	0	**123,581**
Investments in associated undertakings	72,346	33,258	0	**105,604**
Property, plant and equipment	612,097	0	152,721	**764,818**
Intangible assets	34,251	0	0	**34,251**
Other assets	840,634	22,125	48,970	**911,729**
Total Assets	**21,554,748**	**1,337,119**	**2,406,076**	**25,297,943**

41. Currency Risk (continued)

	31 December 2002			
	€ '000			
	Euro	USD	Other	Total
Liabilities				
Due to other banks	3,630,445	161,888	591,537	**4,383,870**
Derivative financial instruments	503,076	23,846	16,234	**543,156**
Due to customers	13,699,145	2,073,930	1,197,726	**16,970,801**
Liabilities evidenced by paper	719,942	0	0	**719,942**
Other liabilities	549,289	10,877	45,654	**605,820**
Total liabilities	**19,101,897**	**2,270,541**	**1,851,151**	**23,223,589**
Net balance sheet position	**2,452,851**	**(933,422)**	**554,925**	**2,074,354**
Off balance sheet net notional position	**(154,784)**	**941,611**	**(449,230)**	**337,597**
Contingent liabilities and commitments	**1,608,708**	**88,129**	**22,824**	**1,719,661**

	31 December 2001			
	€ '000			
	GRD	Euro	Other	Total
Assets				
Cash and balances with central banks	121,080	1,084,919	62,729	1,268,728
Due from other banks	103,982	902,779	279,574	1,286,335
Trading securities	40,663	1,020,575	49,576	1,110,814
Derivative financial instruments	122,941	1,849	9,949	134,739
Loans and advances to customers	4,990,559	4,137,209	1,845,840	10,973,608
Available-for-sale investment securities	564,754	2,170,759	515,416	3,250,929
Other investment securities	0	235,366	11,334	246,700
Investments in associated undertakings	108,065	0	0	108,065
Property, plant and equipment	462,829	1,564	2,448	466,841
Intangible assets	28,114	0	0	28,114
Other assets	470,621	214,131	58,391	743,143
Total Assets	7,013,608	9,769,151	2,835,257	19,618,016
Liabilities				
Due to other banks	17,623	610,257	174,298	802,178
Derivative financial instruments	239,401	1,054	5,802	246,257
Due to customers	7,022,339	2,223,941	6,064,080	15,310,360
Liabilities evidenced by paper	0	439,293	0	439,293
Other liabilities	542,887	43,093	135	586,115
Total liabilities	7,822,250	3,317,638	6,244,315	17,384,203
Net balance sheet position	(808,642)	6,451,513	(3,409,058)	2,233,813
Off balance sheet net notional position	18,360	(77,435)	3,436,860	3,377,785
Contingent liabilities and commitments	858,054	667,290	102,685	1,628,029

42. Interest Rate Risk

The group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored on a daily basis.

The table below summarises the group's exposure to interest rate risks. Included in the table are the group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	31 December 2002					
	Up to 3 months € '000	3 - 12 months € '000	1 - 5 years € '000	Over 5 years € '000	Non-interest bearing € '000	Total € '000
Assets						
Cash and balances with central banks	1,038,804				319	**1,039,123**
Treasury billis and other eligible bills	130,185	326,240				**456,425**
Due from other banks	1,558,111		2		8,274	**1,566,387**
Trading securities	895,481	519,005	1,093,030	739,817	15,686	**3,263,019**
Derivative financial instruments					163,693	**163,693**
Loans and advances to customers	10,419,952	1,328,978	1,446,316	230,492		**13,425,738**
Available-for-sale investment securities	453,494	783,376	449,565	1,579,210	177,930	**3,443,575**
Other investment securities			123,581			**123,581**
Investments in associated undertakings					105,604	**105,604**
Property, plant and equipment					764,818	**764,818**
Intangible assets					34,251	**34,251**
Other assets					911,729	**911,729**
Total Assets	**14,496,027**	**2,957,599**	**3,112,494**	**2,549,519**	**2,182,304**	**25,297,943**
Liabilities						
Due to other banks	4,158,663	192,103	14,093	18,806	205	**4,383,870**
Derivative financial instruments					543,156	**543,156**
Due to customers	16,383,811	364,599	184,629		37,761	**16,970,800**
Liabilities evidenced by paper	650,066		69,876			**719,942**
Other liabilities					605,820	**605,820**
Total liabilities	**21,192,540**	**556,702**	**268,598**	**18,806**	**1,186,942**	**23,223,588**
On balance sheet interest sensitivity gap	**(6,696,513)**	**2,400,897**	**2,843,896**	**2,530,713**	**995,362**	**2,074,355**
Off balance sheet interest sensitivity gap	**250,364**	**423,477**	**(835,926)**	**(2,008,399)**		

42. Interest Rate Risk (continued)

	31 December 2001					
	Up to 3 months € '000	3 - 12 months € '000	1 - 5 years € '000	Over 5 years € '000	Non-interest bearing € '000	Total € '000
Assets						
Cash and balances with central banks	1,262,990	3,384	0	0	2,354	1,268,728
Treasury billis and other eligible bills	0	0	0	0	0	-
Due from other banks	1,246,876	39,460	0	0	0	1,286,336
Trading securities	169,723	369,409	323,020	225,643	23,019	1,110,814
Derivative financial instruments	0	0	0	0	134,738	134,738
Loans and advances to customers	8,879,415	1,026,066	882,055	186,072	0	10,973,608
Available-for-sale investment securities	116,713	382,615	1,130,970	1,288,470	332,161	3,250,929
Other investment securities	0	8,408	222,286	16,006	0	246,700
Investments in associated undertakings	0	0	0	0	108,065	108,065
Property, plant and equipment	0	0	0	0	466,841	466,841
Intangible assets	0	0	0	0	28,114	28,114
Other assets	0	0	0	0	743,143	743,143
Total Assets	11,675,717	1,829,342	2,558,331	1,716,191	1,838,435	19,618,016
Liabilities						
Due to other banks	750,861	48,000	3,317	0	0	802,178
Derivative financial instruments	0	0	0	0	246,257	246,257
Due to customers	14,867,748	401,186	41,426	0	0	15,310,360
Liabilities evidenced by paper	439,293	0	0	0	0	439,293
Other liabilities	0	0	0	0	586,115	586,115
Total liabilities	16,057,902	449,186	44,743	0	832,372	17,384,203
On balance sheet interest sensitivity gap	(4,382,185)	1,380,156	2,513,588	1,716,191	1,006,063	2,233,813
Off balance sheet interest sensitivity gap	2,269,957	76,431	(1,227,196)	(1,094,157)		

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

	2002 %	2001 %
Assets		
Due from other banks	**3.27**	4.35
Trading Securities	**4.13**	4.78
Loans and advances to customers	**6.91**	7.90
Available-for-sale investment securities	**4.46**	4.82
Other investment securities	**6.85**	6.54
Liabilities		
Due to other banks	**3.32**	4.18
Due to customers	**2.15**	3.01
Liabilities evidenced by paper	**3.79**	4.42

43. Maturity of assets and liabilities

The group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivatives. The group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum proportion of maturing funds available to meet such calls.

The table below analyses assets and liabilities of the group into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

	31 December 2002					
	Up to 1 month € '000	**1-3 months € '000**	**3 - 12 months € '000**	**1 - 5 years € '000**	**Over 5 years € '000**	**Total € '000**
Assets						
Cash and balances with central banks	1,039,123	0	0	0	0	**1,039,123**
Treasury bills and other eligible bills	0	130,185	326,240	0	0	**456,425**
Due from other banks	1,490,324	76,063	0	0	0	**1,566,387**
Trading securities	42,696	145,141	154,037	1,840,818	1,080,327	**3,263,019**
Derivative financial instruments	22,173	24,811	26,646	73,182	16,881	**163,693**
Loans and advances to customers	647,367	1,821,493	5,129,545	2,960,137	2,867,196	**13,425,738**
Available-for-sale investment securities	103,560	108,213	172,478	569,441	2,489,883	**3,443,575**
Other investment securities	0	0	0	123,581	0	**123,581**
Investments in associated undertakings	0	0	0	0	105,604	**105,604**
Property, plant and equipment	0	0	0	0	764,818	**764,818**
Intangible assets	0	0	0	7,188	27,063	**34,251**
Other assets	224,408	81,713	300,450	95,194	209,964	**911,729**
Total Assets	**3,569,651**	**2,387,619**	**6,109,396**	**5,669,541**	**7,561,736**	**25,297,943**
Liabilities						
Due to other banks	2,957,972	1,201,561	192,070	13,121	19,146	**4,383,870**
Derivative financial instruments	70,329	45,797	30,314	100,363	296,353	**543,156**
Due to customers	12,149,786	3,208,775	806,556	805,684	0	**16,970,801**
Liabilities evidenced by paper	0	226,967	9,947	483,028	0	**719,942**
Other liabilities	240,080	83,115	216,913	26,715	38,997	**605,820**
Total liabilities	**15,418,167**	**4,766,215**	**1,255,800**	**1,428,911**	**354,496**	**23,223,589**
Net liquidity gap	**(11,848,516)**	**(2,378,596)**	**4,853,596**	**4,240,630**	**7,207,240**	**2,074,354**

43. Maturity of assets and liabilities (continued)

	31 December 2001					
	Up to 1 month € '000	1-3 months € '000	3 - 12 months € '000	1 - 5 years € '000	Over 5 years € '000	Total € '000
Assets						
Cash and balances with central banks	1,025,517	0	243,211	0	0	1,268,728
Due from other banks	1,226,449	43,898	15,989	0	0	1,286,336
Trading securities	29,027	33,861	71,448	407,660	568,818	1,110,814
Derivative financial instruments	37,934	5,309	27,489	56,217	7,789	134,738
Loans and advances to customers	5,204,387	1,352,672	1,819,416	1,436,044	1,161,089	10,973,608
Available-for-sale investment securities	24,933	75,853	236,569	1,324,299	1,589,274	3,250,928
Other investment securities	0	0	5,007	225,687	16,006	246,700
Investments in associated undertakings	0	0	0	0	108,065	108,065
Property, plant and equipment	0	0	0	1,626	465,215	466,841
Intangible assets	0	0	0	10,497	17,617	28,114
Other assets	329,385	27,569	105,098	114,078	167,014	743,144
Total Assets	7,877,632	1,539,162	2,524,227	3,576,108	4,100,887	19,618,016
Liabilities						
Due to other banks	699,638	51,064	48,540	2,936	0	802,178
Derivative financial instruments	11,070	7,768	18,955	103,369	105,095	246,257
Due to customers	13,608,995	990,908	628,170	82,287	0	15,310,360
Liabilities evidenced by paper	39,944	0	0	399,349	0	439,293
Other liabilities	251,240	72,135	206,033	16,446	40,261	586,115
Total liabilities	14,610,887	1,121,875	901,698	604,387	145,356	17,384,203
Net liquidity gap	(6,733,255)	417,287	1,622,529	2,971,721	3,955,531	2,233,813

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the group. It is unusual for banks ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the group and its exposure to changes in interest rates and exchange rates.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the group does not generally expect the third party to draw funds under the agreement.

44. Fair values of financial assets and liabilities

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

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

a) trading assets, derivatives and other transactions undertaken for trading purposes as well as treasury bills and available for sale securities are measured at fair value (see notes 16, 18, 19 and 22) by reference to quoted market prices when available. If quoted market prices are not available, then the fair values are estimated on the basis of discounted cash flows. Furthermore Investment Property which comprises freehold land and buildings is carried at fair value. Fair value is based on active market prices.

b) Substantially all of the bank's other financial assets and liabilites are at floating rates of interest, which re-price at frequent intervals. Therefore the group has no significant exposure to fair value fluctuations and the carrying value of the financial assets and liabilities is substantially equivalent to their fair values, unless otherwise stated.

45. Post balance sheet event

For details of significant post balance sheet events refer to the directors' report and the following notes:

Note 24 - Share in subsidiary undertakings
Note 25 - Investment in associated undertakings

46. Ultimate parent company and controlling party

The bank is a member fo the EFG Bank Group, the ultimate parent company of which is EFG Bank European Financial Group, a bank incorporated in Switzerland. The EFG Bank Group holds 41% (at 31.12.2001: 41%) of the company's share capital. All the voting rights in EFG Bank European Financial Group are held by Latsis family interests.

47. Other significant shareholders

Other than the EFG Bank Group, the only shareholder holding more than 5% of the company's share capital is Deutsche Bank AG, which holds 9.3% (2001 : 9.3%).

48. Acquisition of subsidiaries

Details of acquisitions in the year were as follows:

	Fair Value € '000	Consideration € '000	Goodwill € '000
Acquisitions:			
Subsidiaries			
Telesis Mutual Funds Management Company SA			
In March 2002 the group acquired 50% of the share capital of the company	731	3,522	2,791
Telesis Asset Management Company SA			
In April 2002 the group acquired 23.5% of the share capital of the company	376	572	196
Telesis Direct SA			
On June 2002 the group acquired 22% of the share capital of the company	44	193	149
Autorental SA			
On 31 July 2002, the group acquired 25% of the share capital of the company	194	293	99
Banc Post Romania SA			
On 8 November 2002, the group acquired 17% of the share capital of the company	17,770	20,074	2,304
Hellas-on-Line SA			
On May 2002 the group acquired 60% of the share capital of the company	1,623	5,664	4,041
Total	20,738	30,318	9,580

Fair value indicates fair value of our share of assets acquired. Consideration indicates total consideration paid in cash

49. Related Party transactions

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

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

A number of banking transactions are entered into with related parties in the normal course of business and on an arms length basis. These include loans, deposits, letters of guarantee and derivatives. The impact on the income statement of transactions with related parties is not significant. The volumes of related party transactions and outstanding balances at the year end are as follows:

Type of related party	EFG Bank Group 2002 € '000	Other 2002 € '000	EFG Bank Group 2001 € '000	Other 2001 € '000
Loans to customers and Interbank transactions	184,223	75,663	54,867	106,800
Trading securities	0	831	0	3,267
Available-for-sale investment securities	0	18,243	0	13,380
Letters of guarantee issued	464,919	16,089	8,798	2,735
Letters of guarantee received	469,923	0	467,692	0
Deposits from banks and customers	118,026	292,463	137,048	178,785
Derivatives assets	0	9,439	942	2,899
Derivatives liabilities	0	79,265	6	51,149
Other assets	42,438	0	40,053	0
Other liabilities	1,571	0	3,026	0

In addition investments in associates acquired from related parties resulted in a goodwill on acquisition of € 18,369 million.

49. Related Party transactions (continued)

For significant related party transactions refer to the following notes :

Note 17	- Due from other banks
Note 19	- Derivative Financial Instruments
Note 20	- Loans and advances to customers
Note 24	- Shares in subsidiary undertakings
Note 25	- Investments in associated undertakings
Note 29	- Due to other banks
Note 30	- Due to customers
Note 35	- Called up share capital, share premium and treasury shares
Note 39	- Contingent liabilities and commitments

Director's related transactions

In 2002 the total remuneration of the directors was € 4.7 million (2001: € 4.6 million). In addition, following the Annual General Meeting's approval on 22 April 2002, 164,908 shares and 315,690 share options were issued and distributed to the directors. On 15 May 2001, following the Annual General Meeting's approval 147,707 shares and 185,632 share options were issued and distributed to the directors. Options exercised in December 2001 resulted in 7,626 shares being issued in April 2002 at € 13.52. Options exercised in December 2002 resulted is 72,805 shares being issued in December 2002 at € 7.98.

As at 31.12.2002, the executive directors held 458,953 shares, being 0.15% of the company's share capital (2001: 484,093 shares) and 554,527 share options (2001: 295,630 shares options and 7,626 options exercised in December 2001 issued in April 2002) in the company. Respectively, non-executive directors held 551,320 shares being 0.18% of the company's share capital (2001 : 487,276 shares).

At 31 December 2002, the total balance outstanding for loans granted to the company's directors amounted to € 0.9 million (2001: € 1.5 million).

50. Merger between EFG Eurobank SA and Ergobank SA

The merger between EFG Eurobank SA ("Eurobank") and Ergobank SA ("Ergobank") whereby Eurobank technically absorbed Ergobank and was subsequently renamed EFG Eurobank Ergasias SA, was completed on 7 September 2000 with a local accounting and tax reference date of 1 January 2000. The controlling shareholder of both banks, EFG Bank Group, held post - merger 44% of EFG Eurobank Ergasias SA.

Since the transaction represented a business combination between entities under common control, it fell outside the scope of International Accounting Standards (IAS 22) dealing with business combinations. In the absence of specific guidance under IAS, the directors decided to adopt the uniting of interests method, which was the appropriate method under Greek GAAP, as they believed this method most accurately reflected the substance of the transaction between the two banks.

Under the uniting of interests method, the assets, liabilities and income statements of the two merging entities are presented as if they had been combined from the beginning of the earliest accounting period presented. No new goodwill arises at the combining entity level.

Had this business combination been accounted for using the purchase method of accounting, Eurobank would have been treated as the acquiror of the part of Ergobank previously held by minority shareholders (I.e. the shares not held by the controlling shareholders). As a consequence the results of Ergobank would only have been consolidated as from 7 September 2000. The proportion of assets and liabilities acquired from the minority shareholders of Ergobank would have been restated to fair values, resulting in goodwill estimated at € 886 million, which would have been capitalised as an intangible fixed asset and amortised over its estimated usefule life, whereas the remaining assets and liabilities would have remained at their book values. This accounting treatment would have also resulted in additional share premium of a corresponding amount of € 886 million.

51. Board of Directors

The directors of the bank are :

X. C. Nickitas	Chairman
G. C. Gondicas	Honorary Chairman (non executive)
Miss A.M.L. J. Latsis	Vice Chairman (non executive)
L. D. Efraimoglou	2nd Vice Chairman (non executive)
N. C. Nanopoulos	Chief Executive Officer
B. N. Ballis	Deputy Chief Executive Officer
N. B. Karamouzis	Deputy Chief Executive Officer
H. M. Kyrkos	Executive
N. C. Pavlidis	Executive
F. S. Antonatos	Non Executive
A. G. Bibas	Non Executive
E. L. Bussetil	Non Executive
S. P. Fafalios	Non Executive
T. von Heydebreck	Non Executive
P. Lambropoulos	Non Executive
S. J. Latsis	Non Executive
B. A. von Maltzan	Non Executive
S. G. Papaderos	Non Executive
P. P. Petalas	Non Executive
K. J. Nasikas	Non Executive

All the directors served throughout the year.

S.P. Fafalios and P. Lambropoulos will be proposed to the Annual General Meeting for appointment as independent non executive directors in accordance with law 3016/2002.

S.G. Papaderos and K.J. Nasikas became non-executive directors in 2003.

EFG Eurobank Ergasias S.A.

Consolidated Balance Sheet and Income Statement under Greek GAAP
31 December 2002

Incorporated in Greece

Company registration No: 6068/06/B/86/07

8 Othonos Street, Athens 105 57, Tel.: (+30) 210 333 7000, Fax: (+30) 210 323 3866, www.eurobank.gr

EFG EUROBANK ERGASIAS S.A.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2002 - Reg. No 6068/06/B/86/07

		2002	2001
	ASSETS	Amounts in Euro thousand	
1.	**Cash and balances with central banks**	**1,089,014**	1,236,455
2.	**Treasury bills and other bills eligible for refinancing with central banks**		
	a. Treasury bills and similar securities	**456,426**	-
3.	**Loans and advances to credit institutions**		
	a. Repayable on demand	**260,330**	150,967
	b. Other loans and advances	**1,022,157**	994,811
		1,282,487	1,145,778
4.	**Loans and advances to customers**	**13,758,613**	11,402,459
	Less: Provisions for doubtful debts	**(397,833)**	(346,682)
		13,360,780	11,055,777
5.	**Debt securities including fixed - income securities**		
	a. Issued by government	**5,594,420**	3,618,562
	b. Issued by other borrowers	**685,519**	429,605
		6,279,939	4,048,167
6.	**Shares and other variable-yield securities**	**332,045**	315,090
7.	**Participations in non-affiliated undertakings**	**77,712**	71,601
7.	**a. Investment in associated undertakings**	**32,594**	117,773
8.	**Participations in affiliated undertakings**	**262**	646
9.	**Intangible assets**		
	c. Other intangible assets	**223,318**	124,067
	Less: Amortisation of intangible assets	**(114,130)**	(70,116)
		109,188	53,951
10.	**Tangible assets**		
	a. Land	**65,710**	56,599
	b. Buildings	**506,034**	282,800
	Less: Depreciation	**(162,816)**	(96,138)
	c. Furniture, electronic and other equipment	**212,514**	170,530
	Less: Depreciation	**(136,807)**	(98,122)
	d. Other tangible assets	**9,680**	6,738
	Less: Depreciation	**(1,567)**	(2,970)
	e. Fixed assets under construction	**123,903**	90,876
		616,651	410,313
13.	**Other assets**	**472,019**	444,205
14.	**Prepayments and accrued income**	**513,121**	328,158
	TOTAL ASSETS	**24,622,238**	19,227,914

Notes: 1. The merger of EFG Eurobank Ergasias and Ergoinvest SA via absorption of the latter by the former was completed on 10.4.2003 with local accounting and tax reference date of 7 November 2002. **2.** The 2002 Balance Sheet figures were derived from the aggregation of the respective figures of EFG Eurobank Ergasias and Ergoinvest SA as at 31.12.02, whereas the Income Statement figures were derived from the aggregation of the respective figures of EFG Eurobank Ergasias for the period ended on 31.12.02 and of Ergoinvest SA for the period from 8.11.02 to 31.12.02. The impact of the merger on Shareholders Equity was as follows: Share Capital and Share Premium increased by € 40.8 million and € 93.1 million respectively and Treasury Shares decreased by €127.5 million. In addition, Special Reserves decreased by € 265.6 million due to the offsetting of unrealised valuation losses of Ergoinvest's securities portfolios which related to the period up to the merger date. **3.** The merger gave rise to a merger difference of € 26.5 million which was offset against the Share Premium. **4.** Certain 2001 figures have been restated for comparability purposes. **5.** The consolidated Financial Statements include EFG Eurobank Ergasias SA and the following subsidiary undertakings, which are fully consolidated: EFG Private Bank Luxembourg S.A., EFG Telesis Finance SA., Eurobank Cards SA., EFG Eurobank Leasing SA., EFG Eurobank Properties SA., EFG Mutual Funds Co SA., EFG Insurance Services SA, EFG Hellas P.L.C., EFG Eurobank Securities SA., EFG Factors S.A., EFG Property and Casualty Insurance SA., EFG Eurodevelopment Investments SA., Be-Business Exchanges SA., EFG Internet Services SA., ELDEPA SA, EFG Life Insurance SA., Investment Development Fund SA, EFG Business Services S.A., EFG Quality Management Services SA., OPEN 24 SA., Aurorental SA., Ergoinsurance Brokerage SA., EFG Eurobank Ergasias International (C.I.) LTD, Telesis Direct SA., Telesis Asset Management Company S.A., EFG Hellas (Cayman Islands) Limited, Bank Post SA (Romania), Bulgarian Retail Services SA, Hellas on Line SA, Ergoinvest Advisors SA. The consolidated Financial Statements also include the following associated undertakings which are accounted for using the equity method: Tefin SA, Unitbank SA, Alico / CEH Balkan Holdings Limited, Kydon SA., Post Bank A.D. (Bulgaria), Hotel Company of Athens Airport SA. 6. The Bank applied the International Accounting Standards and has, therefore, not complied with the requirements of Company Law 2190/1920, in the following cases: a) the Bank consistently calculates deferred tax, which as at 31.12.02 amounted to € 31.4 million (deferred tax asset) and is included in "Prepaid expenses and accrued income". A special reserve of a corresponding amount has been created which will be offset against income tax of future periods when temporary differences are settled; b) Treasury Shares of € 89.5 million are deducted from Shareholders Equity whereas according to Company Law 2190/1920 these should be disclosed as a separate category of "Assets"; c) the bank's trading securities portfolio is marked to market. The valuation gave rise to a mark-up of € 18.9 million which has been recognized in the Profit and Loss of 2002, whereas in 2001 it gave rise to a mark down of € 6.8 million; d) certain figures of the 2002 Balance Sheet and the Income Statement relating to EFG Eurobank Ergasias Leasing, and Autorental have been restated to comply with International Accounting Standards. Had this restatement not taken place, current period's profit would be lower by € 9.8 million. 7. The valuation of the subsidiaries securities portfolios as at 31.12.2002 gave rise to valuation differences (losses) of € 30 million, of which 14.2 million are attributable to the Group. The aforementioned losses were set-off against valuation gains. The aggregate net balance of valuation differences attributed to the Group amounts to € 0.1 million and reduced the Group's net assets position without being charged to the current period's results. The valuation differences (losses) of Ergoinvest SA securities portfolio attributable to the Group, prior to the merger, amount to € 20.3 million. 8. On 15.9.1999 Piraeus Bank filed a lawsuit against former Ergobank S.A and certain members of its Board of Directors claiming damages amounting to € 586.9 million plus interest accruing from the date of the filing, for alleged breach of contract. The case was discussed before the Athens multimember Court of First Instance on 21.10.99, which requested the examination of witnesses. This is currently taking place. The Bank's management and its legal advisors believe that the outcome of this case will be favourable to the Bank and therefore, no provision for losses has been made. 9. The fixed assets of the Bank are free of charges or encumbrances. **10.** The total number of employees as at 31.12.2002 was 12.188.

		2002	2001
	LIABILITIES	Amounts in Euro thousand	
1.	**Due to credit institutions**		
	a. Repayable on demand	**67,713**	67,131
	b. Time and notice	**3,774,470**	355,037
		3,842,183	422,168
2.	**Due to customers**		
	a. Deposits	**14,529,363**	12,711,718
	b. Other liablilities		
	ba. Repayable on demand	**384,799**	320,443
	bc. Repurchase agreements (repos)	**2,118,808**	2,317,285
		17,032,970	15,349,446
3.	**Liabilities evidenced by paper**	**719,943**	439,944
4.	**Other liabilities**	**663,494**	808,423
5.	**Accruals and deferred income**	**297,426**	109,913
6.	**Provisions for liabilities and charges**		
	a. Provisions for staff pensions and similar obligations	**19,442**	18,621
	c. Other provisions	**24,394**	13,884
		43,836	32,505
6.	**a. Provisions for general banking risks**	**16,427**	17,617
	EQUITY		
8.	**Paid-up capital**	**906,017**	856,355
9.	**Share premium account**	**598,553**	504,269
10.	**Reserves**		
	a. Statutory reserve	**85,458**	77,414
	b. Extraordinary reserves	**269,300**	179,113
	c. Special reserves	**75,630**	403,360
11.	**Fixed asset revaluation reserve**	**3,528**	9,811
12.	**Retained Earnings**	**43,708**	(11,046)
13.	**Treasury shares**	**(89,532)**	(149,450)
14.	**Consolidation differences**	**(70,968)**	(44,458)
		1,821,694	1,825,368
15.	**Minority interests**	**184,265**	222,530
	TOTAL LIABILITIES	**24,622,238**	19,227,914

		2002	2001
		Amounts in Euro thousand	
	OFF BALANCE SHEET ITEMS		
1.	**Contingent liabilities from guarantees to third parties**	**25,472,467**	2,071,733
3.	**Other off balance sheet items**		
	a. Items in custody and safekeeping	**47,973,811**	46,432,684
	b. Commitments from bilateral contracts	**9,914,396**	11,662,040
	c. Credit memo accounts	**11,118,168**	14,537,362
	TOTAL OFF BALANCE SHEET ITEMS	**94,478,842**	74,703,819

INCOME STATEMENT AT DECEMBER 31, 2002

		2002	2001
		Amounts in Euro thousand	
1.	**Interest receivable and similar income**		
	- Interest income from fixed-income securities	**269,305**	347,850
	- Other interest and similar income	**1,221,179**	1,115,654
		1,490,484	1,463,504
2.	**Interest payable and similar charges**	**(766,930)**	(818,348)
		723,554	645,156
3.	**Income from Securities**		
	a. Income from shares and other variable-yield securities	**6,918**	15,768
	b. Income from shares in affiliated undertakings	**5,960**	7,357
		12,878	23,125
4.	**Commissions receivable**	**362,378**	309,552
5.	**Commissions payable**	**(112,437)**	(50,219)
		249,941	259,333
6.	**Net profit from financial operations**	**(5,468)**	35,953
7.	**Other operating income**	**10,881**	10,430
	TOTAL OPERATING INCOME	**991,786**	973,997
8.	**General administrative expenses**		
	a. Staff costs		
	- Wages and salaries	**(225,827)**	(208,029)
	- Staff pension costs	**(47,947)**	(48,660)
	- Other charges	**(27,620)**	(22,988)
	b. Other administrative expenses	**(189,790)**	(209,937)
		(491,184)	(489,614)
9.	**Fixed asstes depreciation and valuation**	**(87,801)**	(69,127)
10.	**Other operating expenses**	**(10,465)**	(7,621)
11,12.	**Provisions for loans and advances and contingent liabilities and commitments**	**(110,818)**	(86,483)
	PROFIT ON ORDINARY ACTIVITIES	**291,518**	321,152
15,16,17.	**Extraordinary income, expenses and profit**	**(14,497)**	13,231
18.	**PROFIT BEFORE TAX**	**277,021**	334,383
	Minority intersts	**(6,573)**	(12,009)
	GROUP PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	**270,448**	322,374

APPROPRIATION ACCOUNT

	2002	2001
	Amounts in Euro thousand	
PROFIT BEFORE TAX	**277,021**	334,383
Less: Income Tax	**(70,284)**	(113,039)
Less: Deferred Income Tax	**(5,648)**	(8,625)
Less: Differences resulting from Tax Audit	**(66)**	(2,007)
PROFIT AFTER TAX	**201,023**	210,712
Less: Minority interest	**(4,868)**	(9,599)
GROUP NET PROFIT AFTER TAX	**196,155**	201,113
Prior years' retained earnings brought forward	**41,349**	62,142
Differences resulting from the valuation of securities	**110**	(56,933)
Distributable reserves	**-**	51,770
Reserve L. 148/67 to cover losses from securities	**4,330**	18,040
'Deferred'' Income Tax	**5,648**	8,625
Treasury Shares Reserve	**59,500**	-
NET ATTRIBUTABLE PROFIT	**307,092**	284,757
Appropriation of profits:		
Statutory Reserve	**8,044**	9,723
Dividend	**144,492**	161,300
Extraordinary reserves	**95,835**	29,999
Special Statutory Reserves	**1,675**	2,007
Treasury Shares Reserves	-	82,503
Distribution of profits to staff	**7,300**	8,217
Distribution of shares to staff	**3,035**	2,054
Distribution of bonus to staff due to Euro conversion	**3,003**	-
Retained Earnings carried forward	**43,708**	(11,046)
	307,092	284,757

Athens, 11 April 2003

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE GENERAL MANAGER	THE CHIEF ACCOUNTANT
Xenophon C. Nickitas	**Nicholas C. Nanopoulos**	**Paula N. Hadjisotiriou**	**Dimitrios K. Mitrotolis**

AUDITORS' REPORT

To the Shareholders of EFG Eurobank Ergasias SA

We have audited the above Consolidated Financial Statements and the relevant Consolidated Attachment of EFG Eurobank Ergasias SA for the year ended 31 December 2002. Our audit was conducted in accordance with the provisions of article 108 of Company Law 2190/1920 and the auditing procedures, which we considered appropriate based on the auditing standards and principles applied by the Greek Institute of Certified Auditors Accountants. The records of the companies which are included in the consolidation were made available to us and we obtained the information and explanations considered necessary for the purposes of our audit. The valuation methods have been applied consistently. We have confirmed that the Directors' Report is consistent with the Consolidated Financial Statements. The Consolidated Attachment discloses the information required by article 130 and the relevant provisions of Company Law 2190/1920. In our opinion the above Consolidated Financial Statements, which have been prepared in accordance with the relevant provisions of Company Law 2190/1920, after taking account of the matters referred to in notes 6 and 7, present together with the consolidated Attachment the financial position of the Group as at 31 December 2002 as well as the results of its operations for the year then ended, in accordance with the relevant regulations and the generally accepted accounting principles which have been applied consistently.

Athens, 15 April 2003

The Certified Auditors Accountants
PricewaterhouseCoopers S.A.

C.Cotsilinis
SOEL Reg. No 12711

PRICEWATERHOUSECOOPERS

L.Scaramanga
SOEL Reg. No 12201

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