

OFFERING CIRCULAR DATED 16th March, 2005



**EFG Hellas Funding Limited**

*(incorporated with limited liability in Jersey)*

**€200,000,000 Series A CMS-Linked Non-cumulative Guaranteed  
Non-voting Preferred Securities**

having the benefit of a subordinated guarantee of

**EFG Eurobank Ergasias S.A.**

*(incorporated with limited liability in the Hellenic Republic)*

**Issue price: €1,000 per Preferred Security**

Unless expressly indicated otherwise, capitalised terms and expressions used herein have the same meaning as given to them in "Description of the Preferred Securities".

The €200,000,000 Series A CMS-Linked Non-cumulative Guaranteed Non-voting Preferred Securities (the "Preferred Securities") each with a par value and a liquidation preference of €1,000 (the "Liquidation Preference") are proposed to be issued by EFG Hellas Funding Limited (the "Issuer") on 18th March, 2005 (the "Closing Date"). All obligations of the Issuer to make payments in respect of the Preferred Securities will be guaranteed on a subordinated basis by EFG Eurobank Ergasias S.A. (the "Bank") pursuant to a subordinated guarantee to be dated the Closing Date (the "Guarantee"), all as more fully described herein under "Subordinated Guarantee".

The Preferred Securities will entitle Holders to receive (subject as described herein under "Description of the Preferred Securities") non-cumulative preferential cash dividends, payable annually in arrear on 18th March in each year, (each a "Preferred Dividend Payment Date"). In respect of each Preferred Dividend Period during the period from and including the Closing Date to but excluding 18th March, 2007, the Preferred Securities will accrue Preferred Dividends at a rate of 6.75 per cent. per annum. The rate of Preferred Dividends in respect of subsequent Preferred Dividend Periods shall be the sum of the prevailing Reference Rate and 0.125 per cent. per annum, subject to a maximum rate of 8.00 per cent. per annum.

The Preferred Securities are perpetual securities and have no fixed redemption date. However, the Preferred Securities may be redeemed, at the option of the Issuer, in whole, but not in part, (1) on the Preferred Dividend Payment Date falling on 18th March, 2010 (the "First Call Date") or on any Preferred Dividend Payment Date falling thereafter or (2) on any Preferred Dividend Payment Date falling prior to the First Call Date (a) in the event of certain changes in tax law resulting in the Issuer or the Bank being required to pay Additional Amounts or (b) in the event of certain changes in tax laws, if the Issuer or the Bank, in relation to the Preferred Securities, the Guarantee and/or any associated transactions is or would be required to pay Jersey Tax (other than in respect of Jersey source income) or Greek Tax or (c) in the event of a Capital Disqualification Event, in any such case upon not less than 30 nor more than 60 days' notice, each Preferred Security to be redeemed at the Redemption Price. Any such redemption is subject to the consent of the Bank and the Bank of Greece.

In the event of a liquidation, dissolution or winding-up of the Issuer, Holders will be entitled to receive, for each Preferred Security, the Liquidation Preference plus accrued and unpaid Preferred Dividends for the then current applicable Preferred Dividend Period to the date of payment, as more fully described in "Description of the Preferred Securities".

Application has been or will be made to list the Preferred Securities on the Luxembourg Stock Exchange and the Official Market of the Frankfurt Stock Exchange (the "Frankfurt Stock Exchange").

**In making an investment decision, potential investors should have particular regard to the "Investment Considerations" on pages 14 to 16 of this Offering Circular.**

The Preferred Securities are expected to be rated Baa1 by Moody's Investors Service, BBB- by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc. and BBB+ by Fitch Ratings Limited. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Preferred Securities will be represented on issue by a single global certificate in registered form (the "Global Certificate"). On the Closing Date, the Global Certificate will be registered in the name of, and deposited with, Clearstream Banking Aktiengesellschaft, Frankfurt am Main ("Clearstream Banking Frankfurt"). The Preferred Securities are also eligible for clearing and settlement through Euroclear Bank S.A./N.V. as operator of the Euroclear system ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") on or around the Closing Date.

*Joint Lead Managers*

**Deutsche Bank**  
*(Structuring Adviser)*

**UBS Investment Bank**

**EFG Eurobank Ergasias S.A.**

*Manager*

**Emporiki Bank**

Each of the Issuer and the Bank, having made all reasonable enquiries, confirms that this Offering Circular, including any document deemed to be incorporated herein by reference as provided under “Documents Incorporated by Reference” below, contains all information with regard to the Issuer, the Bank and the Preferred Securities which is material in the context of the issuance and offering of the Preferred Securities, that such information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held, that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading in any material respect and that each of the Issuer and the Bank accepts responsibility accordingly.

No person has been authorised to give any information or to make any representation other than those contained or incorporated by reference in this Offering Circular in connection with the offering of the Preferred Securities and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Bank or the Managers (as defined under “Subscription and Sale” below). Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer, the Bank or the Bank and its Subsidiaries (as defined herein) as a whole (the “Group”) since the date hereof. This Offering Circular does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Bank or the Managers to subscribe for, or purchase, any of the Preferred Securities. This Offering Circular does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful. This Offering Circular may only be used for the purposes for which it has been published.

The Managers have not separately verified the information contained or incorporated by reference herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers or any of them as to the accuracy or completeness of the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer or the Bank in connection with the Preferred Securities.

This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Bank or the Managers that any recipient of this Offering Circular should purchase any of the Preferred Securities. Each investor contemplating purchasing Preferred Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Bank. No person is authorised to give information other than contained herein and in the documents referred to herein and which are made available for inspection by the public at the specified office of each Paying and Transfer Agent.

The Preferred Securities and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “Securities Act”) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Preferred Securities may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Preferred Securities and on distribution of this Offering Circular, see “Subscription and Sale” below.

A copy of this Offering Circular has been delivered to the Registrar of Companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002 as amended and he has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under

**Article 4 of the Control of Borrowing (Jersey) Order 1958, as amended to the issue of the Preferred Securities by the Issuer. It must be distinctly understood that, in giving these consents, neither the Registrar of Companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions, expressed with regard to it.**

**An investment in the Preferred Securities is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result from such investment.**

**Prospective purchasers who are in any doubt about the contents of this Offering Circular should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser.**

**It should be remembered that the price of securities and the income from them can go down as well as up.**

**Nothing in this Offering Circular or anything communicated to Holders of, or investors in, the Preferred Securities (or any such potential Holders or investors) by the Issuer is intended to constitute or should be construed as advice on the merits of the purchase of or subscription for the Preferred Securities or the exercise of any rights attached thereto for the purposes of the Financial Services (Jersey) Law 1998, as amended.**

**Certain figures in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals, in certain tables may not be an arithmetic aggregation of the figures which precede them.**

**IN CONNECTION WITH THE ISSUE OF THE PREFERRED SECURITIES, DEUTSCHE BANK AG LONDON OR ANY PERSON ACTING FOR IT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE PREFERRED SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD. HOWEVER THERE IS NO OBLIGATION ON DEUTSCHE BANK AG LONDON OR ANY PERSON ACTING FOR IT TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH STABILISING SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.**

**All references in this Offering Circular to “Euro”, “EUR” “euro” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25th March, 1957), as amended, and all references to “£” refer to the currency of the United Kingdom.**

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## **DOCUMENTS INCORPORATED BY REFERENCE**

The audited consolidated financial statements of the Bank for the years ended 31st December, 2003 and 31st December, 2004 prepared in accordance with generally accepted accounting principles in Greece are incorporated by reference in this Offering Circular. Copies of these documents are available free of charge from the specified office of the Paying and Transfer Agent for the time being in Luxembourg as described in “General Information” below.

## SUMMARY OF THE OFFERING

*The following summary is qualified in its entirety by the more detailed information included elsewhere in this Offering Circular. Capitalised terms used but not defined in this summary shall bear the respective meanings ascribed to them under “Description of the Preferred Securities” and references herein to a “paragraph” shall be to the corresponding paragraph in “Description of the Preferred Securities”. Prospective investors should also consider carefully, amongst other things, the factors set out under “Investment Considerations” below.*

**Issuer:** EFG Hellas Funding Limited, a wholly-owned subsidiary of the Bank, incorporated in Jersey.

**Guarantor:** EFG Eurobank Ergasias S.A..

**Issue Size:** €200,000,000.

**Issue Details:** €200,000,000 Series A CMS-Linked Non-cumulative Guaranteed Non-voting Preferred Securities each with a par value and a liquidation preference of €1,000.

**Preferred Dividends:** For each Preferred Dividend Period, Preferred Dividends on the Preferred Securities will be declared by the Directors and paid by the Issuer subject to certain limitations (see “Limitations on Payments” below).

In respect of each Preferred Dividend Period during the period from and including the Closing Date to but excluding 18th March, 2007 the Preferred Securities will accrue Preferred Dividends at a rate of 6.75 per cent. per annum which Preferred Dividends will be payable annually in arrear, subject as provided below, on 18th March in each year.

For each subsequent Preferred Dividend Period, the Preferred Securities will accrue Preferred Dividends at a rate calculated by the Principal Paying and Transfer Agent equal to the prevailing Reference Rate plus 0.125 per cent. per annum, provided that if such rate for any such subsequent Preferred Dividend Period would otherwise be greater than 8.00 per cent. per annum it will be deemed to be 8.00 per cent. per annum for such subsequent Preferred Dividend Period, which Preferred Dividends will be payable annually in arrear, subject as provided below, on 18th March in each year.

The “Reference Rate” means in respect of a relevant Preferred Dividend Period, the 10-year CMS mid-swap rate in EUR (annual, 30/360) versus 6-month EURIBOR (semi-annual, ACT/360) which appears on Reuters Page “ISDAFIX2” or a successor page under the heading “EURIBOR BASIS” and above the caption “11:00 AM CET” (as such headings and captions may appear from time to time) as of 11:00 a.m. (Central European time), on the second TARGET Settlement Day prior to the first day of such Preferred Dividend Period.

**Guarantee:** The Bank will guarantee payments on the Preferred Securities in respect of (a) any declared but unpaid Preferred Dividends for the most recent Preferred Dividend Period, (b)

any compulsory Preferred Dividends described in “Compulsory Payments” below, (c) the Redemption Price payable with respect to any Preferred Securities to be redeemed, (d) payments on liquidation of the Issuer and (e) any Additional Amounts (as defined below).

The Bank’s obligations under the Guarantee will be subordinated so that they rank junior to the claims of Senior Creditors (as defined in the Guarantee), *pari passu* with the Parity Obligations, if any, of the Bank, and senior to all Junior Obligations of the Bank.

**Limitations on Payments:**

Subject to the Law and to the provisions relating to compulsory payments below (see “Compulsory Payments”), Preferred Dividends may be declared by the Directors of the Issuer, in their sole discretion, and paid by the Issuer out of funds legally available therefor.

However, subject to the provisions relating to compulsory payments below (see “Compulsory Payments”), the Directors of the Issuer will not declare, and the Issuer will not be permitted to pay, any Preferred Dividend on the Preferred Securities if:

- (a) such Preferred Dividend, together with the amount of:
  - (i) any Preferred Dividends previously paid in respect of the Preferred Securities and distributions previously paid in respect of Preferred Dividend Parity Obligations in the then current financial year; and
  - (ii) any Preferred Dividends proposed or scheduled to be paid in respect of the Preferred Securities and distributions proposed or scheduled to be paid in respect of any Preferred Dividend Parity Obligations in the then current financial year,

would exceed Distributable Funds; or

- (b) sufficient Distributable Funds are available, but the Issuer has been notified that a resolution of the directors of the Bank has been passed that states that in the opinion of the directors of the Bank payment of such Preferred Dividends would cause the Bank to breach Greek banking regulations affecting banks which fail to meet their capital adequacy ratios on a consolidated basis, as applicable and in force at the relevant time.

For the avoidance of doubt, the Directors of the Issuer will only be required to declare, and the Issuer will only be required to pay, a Preferred Dividend in the circumstances set out in “Compulsory Payments” below.

If the Issuer does not pay Preferred Dividends in respect of any Preferred Dividend Period, the Issuer shall notify the Luxembourg Stock Exchange and the Frankfurt Stock



Exchange, so long as the Preferred Securities are listed thereon, and the Holders.

References to Preferred Dividends include Additional Amounts.

**Preferred Dividends non-cumulative:**

If the Directors of the Issuer do not declare a Preferred Dividend payable on a Preferred Dividend Payment Date either by virtue of the limitations set out above (see “Limitations on Payments”) or otherwise, then subject to the provisions relating to compulsory payments and redemption below (see “Compulsory Payments”, “Optional Redemption”, “Capital Disqualification Redemption” and “Redemption for Tax Reasons” below) and without affecting the rights of the Holders under the Guarantee, the entitlement of the Holders to such Preferred Dividend will be lost. Accordingly no payment will need to be made at any time by the Issuer or the Bank in respect of any such missed payment.

**Compulsory Payments:**

*Payment on Junior Obligations*

If the Bank, the Issuer or any other Subsidiary pays any distribution(s) on or in respect of any class of Junior Obligations (other than in the form of Junior Obligations), then, subject to the Law, the Issuer will be required to declare and pay Preferred Dividends on the Preferred Securities on the next Preferred Dividend Payment Date contemporaneous with, or following, such distribution(s), as follows:

- (a) payment of the amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution(s) on the Junior Obligations is made in respect of an annual period (or two semi-annual periods or four quarterly periods);
- (b) payment of three quarters of the amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution(s) on the Junior Obligations is made in respect of three quarterly periods;
- (c) payment of half of the amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution(s) on the Junior Obligations is made in respect of a semi-annual period (or two quarterly periods); and
- (d) payment of a quarter of the amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution on the Junior Obligations is made in respect of a quarterly period.

*Redemption of Junior Obligations*

Subject to the Law, the Issuer will be required to declare and make payment of the full amount of Preferred Dividends



payable on the next Preferred Dividend Payment Date contemporaneous with, or following, any date on which the Bank or any Subsidiary has redeemed, repurchased or otherwise acquired any Junior Obligations for any consideration (or any moneys are paid to or made available for a sinking fund for, or for redemption of, any such securities), except by conversion into or in exchange for other Junior Obligations unless (a) such acquisition is effected in accordance with the provisions of Article 16 paragraphs 2(b) to (f) or paragraph 5 et seq. of Greek Codified Law 2190/1920 and (b) following such acquisition and any other measure taken by the Bank:

- (i) the solvency ratio of the Bank, on an unconsolidated and consolidated basis, remains above 8 per cent.; and
- (ii) the ratio of “upper tier 1 capital” items of own funds (namely tier 1 capital excluding the Preferred Securities and similar instruments) to risk weighted assets of the Bank remains above 5 per cent. as required by Circular 21/2004 of the Bank of Greece, as in force and amended or supplemented from time to time.

#### *Payment on Preferred Dividend Parity Obligations*

If the Bank, the Issuer or any other Subsidiary pays any distribution(s) on or in respect of any class of Preferred Dividend Parity Obligations (other than in the form of Junior Obligations), then, subject to the Law, the Issuer will be required to declare and make *pro rata* payments of Preferred Dividends on the Preferred Securities the next Preferred Dividend Payment Date contemporaneous with, or following, such distribution(s), as follows:

- (a) *pro rata* payment of the amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution(s) on the Preferred Dividend Parity Obligations is made in respect of an annual period (or two semi-annual periods or four quarterly periods);
- (b) *pro rata* payment of three quarters of the amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution(s) on the Preferred Dividend Parity Obligations is made in respect of three quarterly periods;
- (c) *pro rata* payment of half of the amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution(s) on the Preferred Dividend Parity Obligations is made in respect of a semi-annual period (or two quarterly periods); and
- (d) *pro rata* payment of a quarter of the amount of the Preferred Dividend payable on the Preferred Securities

on the next Preferred Dividend Payment Date if the distribution on the Preferred Dividend Parity Obligations is made in respect of a quarterly period.

When a distribution on Preferred Dividend Parity Obligations requires *pro rata* payment of Preferred Dividends as described above, the amount of the required payment will be in the same proportion to the aggregate specified amount of Preferred Dividends payable on the Preferred Securities as the aggregate payment that was made on such Preferred Dividend Parity Obligations bears to the amount that was payable on such Preferred Dividend Parity Obligations at the time of such payment.

*Aggregation of Preferred Dividends in Preferred Dividend Period*

Subject to the Law, compulsory payments of Preferred Dividends to be made by virtue of paragraph 4(a), 4(b) or 4(c) shall be aggregated on any Preferred Dividend Payment Date with any discretionary payments made or to be made following a declaration as described in paragraph 3 in respect of any relevant Preferred Dividend Period, provided that in any relevant Preferred Dividend Period the aggregate amount paid in respect of Preferred Dividends on the Preferred Securities shall not exceed the scheduled amount of the Preferred Dividends.

**Withholding Tax and Additional Amounts:**

The Preferred Securities will contain a gross up provision in respect of any imposition of Jersey or Greek withholding taxes. The Guarantee will contain a gross up provision in respect of any imposition of Greek withholding taxes. Each gross up provision will be subject to customary exceptions.

Under the gross up provisions, subject to customary exceptions, the Issuer, or the Bank pursuant to the Guarantee, will pay to each holder of the Preferred Securities such additional amounts (“Additional Amounts”) as may be necessary in order that every net payment in respect of the Preferred Securities, after withholding for any taxes imposed by Jersey or Greece, as the case may be, upon or as a result of such payment, will not be less than the amount otherwise required to be paid.

The obligations of the Issuer and the Bank to pay any such Additional Amounts will be subject to limitations described in “Limitation on Payments” above.

**Optional Redemption:**

Subject to the Law, the Preferred Securities are redeemable, at the option of the Issuer, in whole but not in part, on the First Call Date and on any Preferred Dividend Payment Date falling thereafter upon not less than 30 or more than 60 days’ notice to the Holders, at €1,000 per Preferred Security plus accrued and unpaid Preferred Dividends in respect of the most recent Preferred Dividend Period, whether or not declared, up to the Redemption Date, and any Additional Amounts remaining unpaid (the “Redemption Price”).

Such optional redemption will be subject to the prior consent of the Bank and the Bank of Greece.

**Capital Disqualification Redemption:**

Subject to the Law, if, at any time falling prior to but excluding the First Call Date, a Capital Disqualification Event has occurred and is continuing, the Preferred Securities will be redeemable, at the option of the Issuer, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders at the Redemption Price.

Any such redemption will be subject to the prior consent of the Bank and the Bank of Greece.

**Redemption for Tax Reasons:**

Subject to the Law, if, at any time falling prior to but excluding the First Call Date, as a result of a change in the laws or regulations of Jersey or Greece, the Issuer or the Bank is or would be required to pay Additional Amounts in respect of payments due on the Preferred Securities or under the Guarantee, the Preferred Securities will be redeemable, at the option of the Issuer, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders at the Redemption Price.

Subject to the Law, if, at any time falling prior to but excluding the First Call Date, as a result of a change in the laws or regulations of Jersey or Greece, the Issuer or the Bank, in relation to the Preferred Securities, the Guarantee and/or any associated transactions (including, but not limited to, any loan or deposit from the Issuer to the Bank, any loan or deposit from a Subsidiary to the Bank or any loan or deposit from the Issuer to any other Subsidiary), is or would be required to pay (a) Jersey Tax (other than in respect of Jersey source income) or (b) Greek Tax, then the Preferred Securities will be redeemable, at the option of the Issuer, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders at the Redemption Price.

Any redemption for tax reasons will be subject to the prior consent of the Bank and the Bank of Greece.

**Rights upon Liquidation:**

In the event of any bankruptcy, winding-up, liquidation or dissolution of the Issuer, Holders will be entitled to receive the Liquidation Distribution per Preferred Security held out of assets of the Issuer available for distribution to shareholders.

Notwithstanding the availability of sufficient assets of the Issuer to pay any Liquidation Distribution, if at the time such Liquidation Distribution is to be paid, proceedings are pending or have been commenced for the liquidation, dissolution or winding-up of the Bank, the Liquidation Distribution per Preferred Security paid to Holders and the liquidation distribution paid to the holders of Liquidation Parity Obligations shall not exceed the amount that would have been paid as the liquidation distribution from the assets of the

Bank had the Preferred Securities and Liquidation Parity Obligations been issued by the Bank and ranked (i) junior to all Senior Creditors (as defined in the Guarantee), (ii) *pari passu* with the Parity Obligations, if any, of the Bank, and (iii) senior to all Junior Obligations of the Bank.

In the event of liquidation, dissolution or winding-up of the Bank, the Directors of the Issuer shall convene an extraordinary general meeting of the Issuer for the purpose of proposing a Special Resolution to put the Issuer in winding-up and the amount to which Holders shall be entitled as a Liquidation Distribution will be as described above.

The Bank will undertake in the Guarantee that, so long as any of the Preferred Securities is outstanding, it will not permit, or take any action to cause, the liquidation, dissolution or winding-up of the Issuer unless the Bank of Greece has given its prior approval, or the Bank itself is in liquidation.

**Voting Rights:**

Generally, Holders will not be entitled to receive notice of or attend or vote at any general meeting of shareholders of the Issuer.

Holders (together with the holders of any other preferred securities or preference shares of the Issuer having the right to vote for the election of Directors in such event) are entitled to elect two additional Directors to the Issuer's Board of Directors if, in respect of one Preferred Dividend Period, Preferred Dividends (whether or not declared) on the Preferred Securities or any Additional Amounts in respect thereof have not been paid in full, or if the Bank breaches its payment obligations under the Guarantee in respect of such Preferred Dividends or Additional Amounts.

Subject to the terms of such other preferred securities or preference shares, if, in respect of one Preferred Dividend Period, Preferred Dividends on the Preferred Securities and any Additional Amounts in respect of such Preferred Dividends have been paid in full on the Preferred Securities by the Issuer or the Bank has made payment of all amounts guaranteed in respect of such Preferred Dividends (whether or not declared) and any Additional Amounts, any Director(s) so appointed shall vacate the office.

**Form of the Preferred Securities:** The Preferred Securities will be represented on issue by a single global certificate in registered form, which will be registered in the name of, and will be deposited with, Clearstream Banking Frankfurt. The Preferred Securities will also be eligible for clearing and settlement through Euroclear and Clearstream, Luxembourg.

**Governing Law:**

The Preferred Securities will be governed by, and construed in accordance with, Jersey law.

The Guarantee will be governed by, and construed in accordance with, English law, save that the provisions concerning the ranking of the Guarantee and the rights upon

liquidation, each as described above, will be governed by, and construed in accordance with, Greek law.

**Use of proceeds:**

The net proceeds from the issue of the Preferred Securities will be used by the Issuer to meet the general financing requirements of the Bank and its Subsidiaries.

**Listing:**

Application has been or will be made to list the Preferred Securities on the Luxembourg Stock Exchange and the Frankfurt Stock Exchange.

**Rating:**

The Preferred Securities are expected to be rated Baa1 by Moody's Investors Service, BBB- by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. and BBB+ by Fitch Ratings Limited. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

## INVESTMENT CONSIDERATIONS

*Prospective investors should consider carefully the following information in conjunction with the other information contained in this Offering Circular before investing in the Preferred Securities.*

**The purchase of Preferred Securities involves substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Preferred Securities. Before making an investment decision, prospective purchasers of Preferred Securities should ensure that they understand the nature of the Preferred Securities and the extent of their exposure to risks and that they consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth herein.**

**Investment in the Preferred Securities is only suitable for investors who:**

- (1) have the requisite knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained herein and the merits and risks of an investment in the Preferred Securities in the context of such investors' financial position and circumstances;**
- (2) are capable of bearing the economic risk of an investment in the Preferred Securities for an indefinite period of time; and**
- (3) recognise that it may not be possible to make any transfer of the Preferred Securities for a substantial period of time, if at all.**

**Further, each prospective purchaser of the Preferred Securities must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Preferred Securities (i) is fully consistent with its (or if it is acquiring the Preferred Securities in a fiduciary capacity, the beneficiary's/beneficiaries') financial needs, objectives and condition; (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Preferred Securities as principal or in a fiduciary capacity); and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Preferred Securities in a fiduciary capacity, for the beneficiary/beneficiaries), notwithstanding the clear and substantial risks inherent in investing in or holding the Preferred Securities.**

### **Risks Associated with the Bank's Financial Condition**

An investment in the Preferred Securities will have substantially the same economic risks as an investment in non-cumulative perpetual preference shares issued directly by the Bank having the same liquidation preference and rate of distribution as the Preferred Securities. The Preferred Securities are guaranteed on a limited and subordinated basis by the Bank pursuant to the terms of the Guarantee. Accordingly, if the Bank's financial condition were to deteriorate, the Issuer and the Holders may suffer direct and materially adverse consequences, including non-payment of Preferred Dividends on the Preferred Securities or of payments under the Guarantee.

### **Preferred Dividends not cumulative**

Preferred Dividends on the Preferred Securities are not cumulative. Subject to the provisions relating to compulsory payments as set out in "Description of the Preferred Securities", Preferred Dividends on the Preferred Securities will not be paid on each Preferred Dividend Payment Date unless the Directors of the Issuer declare, in their sole discretion, that they are payable. If the Bank has insufficient Distributable Funds the Issuer will not make such a declaration and no Preferred Dividends will be payable or paid. Subject as provided above, if Preferred Dividends on the

Preferred Securities for any Preferred Dividend Period are not declared or paid, Holders will not be entitled to receive any such Preferred Dividends (or any payment under the Guarantee in respect of any Preferred Dividends) whether or not sufficient funds are, or subsequently become, available.

### **Perpetual Nature of the Preferred Securities**

The Preferred Securities have no fixed final redemption date and Holders have no rights to require the redemption of the Preferred Securities. Although the Issuer may elect to redeem the Preferred Securities in whole, but not in part, at the Redemption Price in certain circumstances (including at its option on the First Call Date or any Preferred Dividend Payment Date thereafter or following the occurrence of certain tax events or a Capital Disqualification Event (as set out in "Description of the Preferred Securities")), such election is discretionary and subject to certain limitations.

Any early redemption by the Issuer is subject to the prior consent of the Bank and the Bank of Greece. It is currently expected that such consent of the Bank of Greece will be given only in cases where, after such redemption of the Preferred Securities by the Issuer, (i) the solvency ratio of the Bank, on an unconsolidated and consolidated basis, remains after such redemption above 8 per cent. and (ii) the ratio of "upper tier 1 capital" items of own funds (namely tier 1 capital excluding the Preferred Securities and similar instruments) to risk weighted assets of the Bank, remains above 5 per cent. as required by Circular 21/2004 of the Bank of Greece.

### **The rate at which Preferred Dividends will accrue for any Preferred Dividend Period after the second anniversary of the Closing Date is limited to a maximum rate of 8.00 per cent. per annum.**

Preferred Dividends for each Preferred Dividend Period during the period from and including the Closing Date and ending on but excluding 18th March, 2007 will accrue at 6.75 per cent. per annum and will be payable annually in arrear, subject as provided below, on 18th March in each year. For Preferred Dividend Periods commencing on or after 18th March, 2007, Preferred Dividends will accrue at a rate calculated for each Preferred Dividend Period equal to the prevailing Reference Rate plus 0.125 per cent. per annum or, if lower, 8.00 per cent. per annum which Preferred Dividends will be payable annually in arrear, subject as provided below, on 18th March in each year. Therefore, investors will be exposed to the risk that the rate at which Preferred Dividends will accrue will be subject to the aforementioned maximum rate. As the Preferred Securities will not be redeemable at any time at the option of the Holders, investors may therefore continue to be exposed to such risk in the long term.

### **No Limitation on Future Debt**

The Bank is not prohibited from issuing, guaranteeing or otherwise incurring further debt ranking *pari passu* with, or senior to, its obligations under the Guarantee.

### **Absence of Prior Public Markets**

The Preferred Securities constitute a new issue of securities by the Issuer. Prior to this issue, there will have been no public market for the Preferred Securities. Although application has been or will be made for the Preferred Securities to be listed on the Luxembourg Stock Exchange and the Frankfurt Stock Exchange, there can be no assurance that an active public market for the Preferred Securities will develop and, if such a market were to develop, the Managers are under no obligation to maintain such a market. The liquidity and the market prices for the Preferred Securities can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Bank and other factors that generally influence the market prices of securities.



**THE CONSIDERATIONS SET OUT ABOVE ARE NOT INTENDED TO BE A COMPREHENSIVE LIST OF ALL CONSIDERATIONS RELEVANT TO A DECISION TO PURCHASE OR HOLD ANY PREFERRED SECURITIES.**

## DESCRIPTION OF THE PREFERRED SECURITIES

*The following summary sets forth the material terms and provisions of the Preferred Securities. It is qualified in its entirety by reference to the terms and conditions of the Issuer's Articles of Association. Copies of the Issuer's Articles of Association and other documents relating to the Preferred Securities are available as described under "General Information – Documents"*

### 1. Definitions and Interpretation

In this description of the Preferred Securities, except to the extent that the context requires otherwise:

"Additional Amounts" means the additional amounts which may be payable in respect of the Preferred Securities as described in paragraph 11;

"Agency Agreement" means the agency agreement dated 18th March, 2005 relating to the Preferred Securities between the Bank, the Issuer, the Principal Paying and Transfer Agent, the Registrar and the other agent named therein;

"Bank" means EFG Eurobank Ergasias S.A. and its successors and assigns;

"Business Day" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, Athens and Jersey and which is a TARGET Settlement Day;

"Capital Disqualification Event" means a change in any applicable law or regulation (including the provisions of Circular 21/2004 of the Bank of Greece on lower tier 1 instruments), or in the official interpretation or application thereof, as a result of which for the purposes of capital adequacy requirements applicable to banks in Greece, at that time an amount equal to, and in respect of, the aggregate liquidation preference of the Preferred Securities outstanding (being €1,000 per Preferred Security) will not be included in the tier 1 capital of the Bank on a consolidated basis;

"Clearstream Banking Frankfurt" means Clearstream Banking Aktiengesellschaft, Frankfurt am Main;

"Clearstream, Luxembourg" means Clearstream Banking, société anonyme or its successor;

"Closing Date" means 18th March, 2005;

"Directors" means some or all of the directors of the Issuer acting as a board and includes a duly appointed committee of the directors of the Issuer;

"Distributable Funds" means, in respect of a particular financial year, the aggregate amount, as calculated as of the end of the immediately preceding financial year of the Bank, of the profit and any accumulated retained earnings and any other reserves and surpluses of each member of the Group available for distribution in such particular financial year as cash dividends to ordinary shareholders of the Bank under the companies laws of, and generally accepted accounting principles in, Greece; but before deduction of the amount of any dividend or other distribution declared on the Bank's ordinary share capital in respect of such particular financial year;

"Dividend Determination Date" means with respect to any Preferred Dividend Period, other than the first and second Preferred Dividend Periods, the second TARGET Settlement Day prior to the first day of such Preferred Dividend Period;

"Dividend Rate" means in respect of a relevant Preferred Dividend Period, the percentage rate determined pursuant to paragraph 2(b);

"Euroclear" means Euroclear Bank S.A./N.V. as operator of the Euroclear System;

"First Call Date" means the Preferred Dividend Payment Date falling on 18th March, 2010;

“Frankfurt Stock Exchange” means the Official Market of the Frankfurt Stock Exchange;

“Global Certificate” has the meaning set out in paragraph 13;

“Greek Tax” means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Greece or any political sub-division thereof or by any authority therein or thereof having power to tax;

“Group” means the Bank together with its Subsidiaries;

“Guarantee” means the subordinated guarantee in favour of the Holders (as defined in the Guarantee) to be executed by the Bank on 18th March, 2005 as a deed poll;

“Holder” means, in relation to any Preferred Security, the member of the Issuer whose name is entered in the Register as the holder of such Preferred Security;

“Jersey Tax” means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Jersey or any political sub-division thereof or by any authority therein or thereof having power to tax;

“Junior Obligations” means (a) ordinary shares of the Bank; (b) any preferred or preference shares or securities or other obligations of the Bank that rank junior to the Guarantee; and (c) any preferred or preference shares or securities or other obligations of a Subsidiary including the Issuer entitled to the benefit of a guarantee, support agreement or other similar undertaking of the Bank that ranks junior to the Guarantee and any such guarantees, support agreements or similar undertakings of the Bank;

“Law” means the Companies (Jersey) Law, 1991 as the same may be amended from time to time;

“Liquidation Distribution” means the Liquidation Preference plus (a) any accrued and unpaid Preferred Dividends (whether or not declared) calculated from and including the immediately preceding Preferred Dividend Payment Date (or, if none, the Closing Date) to but excluding the date of payment, and (b) any Additional Amounts, in each case payable in cash only;

“Liquidation Parity Obligations” means the most senior preferred or preference shares or securities or other obligations of the Bank and any guarantee, support agreement or other similar undertaking of the Bank, in each case ranking *pari passu* with the Guarantee as regards entitlement to distributions on liquidation thereunder and any preferred or preference shares or securities or other obligations of a Subsidiary including the Issuer entitled to the benefit of a guarantee, support agreement or other similar undertaking of the Bank which guarantee, support agreement or other similar undertaking ranks *pari passu* with the Guarantee as regards entitlement to distributions on liquidation thereunder;

“Liquidation Preference” means the liquidation preference of €1,000 per Preferred Security;

“Margin” means 0.125 per cent. per annum;

“Parity Obligations” means Liquidation Parity Obligations and Preferred Dividend Parity Obligations;

“Paying and Transfer Agent” means each of the Principal Paying and Transfer Agent and Deutsche Bank Luxembourg S.A and/or any other entity appointed as paying and transfer agent by the Issuer and notified to the Holders;

“Preferred Dividends” means the non-cumulative dividends in respect of the Preferred Securities as described under paragraph 2;

“Preferred Dividend Parity Obligations” means (a) the most senior preferred or preference shares or securities or other obligations qualifying as tier 1 capital of the Bank on a consolidated basis and ranking *pari passu* as regards entitlement to distributions thereunder with the Bank’s obligations

under the Guarantee and (b) all preferred or preference shares or securities or other obligations of Subsidiaries, including of the Issuer, qualifying as tier 1 capital of the Bank on a consolidated basis and entitled to the benefit of any guarantee, support agreement or similar undertaking of the Bank in each case ranking *pari passu* with the Bank's obligations under the Guarantee as regards entitlement to distributions thereunder, and any such guarantee, support agreement or other similar undertaking of the Bank;

"Preferred Dividend Payment Date" means each date on which a Preferred Dividend is payable in accordance with the provisions of paragraph 2(a);

"Preferred Dividend Period" means the period from and including the Closing Date to but excluding the first Preferred Dividend Payment Date and each successive period from and including a Preferred Dividend Payment Date to but excluding the next succeeding Preferred Dividend Payment Date;

"Preferred Securities" means the €200,000,000 Series A CMS-Linked Non-cumulative Guaranteed Non-voting Preferred Securities of the Issuer outstanding, each with a "par value" Liquidation Preference, and including any further Preferred Securities of the Issuer of the same series issued pursuant to paragraph 10;

"Principal Paying and Transfer Agent" means Deutsche Bank Aktiengesellschaft or such other entity appointed by the Issuer and notified to the Holders;

"Redemption Date" means the Preferred Dividend Payment Date on which the Preferred Securities are redeemed by the Issuer;

"Redemption Price" means €1,000 per Preferred Security plus (i) accrued and unpaid Preferred Dividends in respect of the most recent Preferred Dividend Period, whether or not declared, up to the Redemption Date and (ii) any Additional Amounts remaining unpaid;

"Reference Rate" means in respect of a relevant Preferred Dividend Period, the 10-year CMS mid swap rate in EUR (annual, 30/360) versus 6 month EURIBOR (semi-annual, ACT/360) which appears on Reuters Page "ISDAFIX2" or a successor page under the heading "EURIBOR BASIS" and above the caption "11:00 AM CET" (as such headings and captions may appear from time to time) as of 11:00 a.m. (Central European time) (the "Relevant Screen Page"), on the Dividend Determination Date for such Preferred Dividend Period;

"Register" means the register of Holders maintained by the Registrar outside the United Kingdom on behalf of the Issuer;

"Registrar" means Deutsche Bank Aktiengesellschaft or such other entity appointed by the Issuer and notified to the Holders;

"Special Resolution" means a resolution of the Issuer passed as a special resolution in accordance with the Law;

"Subsidiary" means any corporation or other person or entity more than 50 per cent. of whose equity share capital is owned by the Bank, or 20 per cent., at least, of whose equity share capital is directly or indirectly controlled by the Bank and whose board of directors is controlled by the Bank or which is consolidated in the most recent annual audited consolidated financial statements of the Bank or which will be so consolidated in the next annual audited consolidated financial statements of the Bank;

"TARGET Settlement Day" means any day on which the TARGET System is operating; and

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor thereto.

## **2. Preferred Dividends on Preferred Securities**

### *(a) Preferred Dividend Payment Dates*

Preferred Dividends on the Preferred Securities are non-cumulative and will be deemed to accrue on a day by day basis whether or not declared. Subject to the Law, the Preferred Dividends will be payable annually in arrear on 18th March in each year.

### *(b) Dividend Rate*

In respect of each Preferred Dividend Period during the period, from and including the Closing Date to but excluding 18th March, 2007 the Dividend Rate shall be 6.75 per cent. per annum. The Preferred Dividend amounts payable on 18th March, 2006 and on 18th March, 2007 in respect of such Preferred Dividend Periods shall be EUR 67.50 per Preferred Security. Thereafter, the Dividend Rate will be determined by the Principal Paying and Transfer Agent for each subsequent Preferred Dividend Period on the basis of the following provisions.

On each Dividend Determination Date, the Principal Paying and Transfer Agent will determine the Reference Rate as at 11.00 a.m. (Central European time). The Dividend Rate for the relevant Preferred Dividend Period shall be the aggregate of the relevant Reference Rate plus the Margin provided that if the Dividend Rate for any Preferred Dividend Period would otherwise be greater than 8.00 per cent. per annum it will be deemed to be 8.00 per cent. per annum for such Preferred Dividend Period.

If the Reference Rate does not appear on the Relevant Screen Page on the relevant Dividend Determination Date, the rate for that date will be determined as if “EUR — Annual Swap Rate — Reference Banks” had been specified as the applicable Reference Rate. “EUR — Annual Swap Rate — Reference Banks” means that the rate will be a percentage determined on the basis of the mid-market annual swap rate quotations provided by five leading swap dealers selected by the Principal Paying and Transfer Agent in consultation with the Bank in the eurozone interbank market (the “Reference Banks”) at approximately 11.00 a.m. (Central European Time), on the Dividend Determination Date. For this purpose, the mid-market annual swap rate means the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a 10 year maturity commencing on the first day of that Preferred Dividend Period and in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to in the case of “EUR-ISDA-EURIBOR Swap Rate—11.00”, “EUREURIBOR-Telerate”, with a maturity of six months. The Principal Paying and Transfer Agent will request the principal office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the rate for the first day of that Preferred Dividend Period will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

The Principal Paying and Transfer Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each Dividend Determination Date, determine the Dividend Rate in respect of the relevant Preferred Dividend Period and calculate the amount of the Preferred Dividend payable per Preferred Security on the Preferred Dividend Payment Date for the relevant Preferred Dividend Period (the “Dividend Amount”) by applying the Dividend Rate for such Preferred Dividend Period to the Liquidation Preference, multiplying such sum by the number of days elapsed in the period using a calendar year of 360 days consisting of 12 months of 30 days each (unless (i) the last day of the Preferred Dividend Period is the 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Preferred Dividend

Period is the last day of February, in which case, February shall not be considered to be lengthened to a 30-day month) divided by 360 and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

The Principal Paying and Transfer Agent shall cause the relevant Dividend Rate, the relevant Preferred Dividend Payment Date and each Preferred Dividend payable in respect of the relevant Preferred Dividend Period to be notified to the Issuer, the Bank, the Luxembourg Stock Exchange and the Frankfurt Stock Exchange (for so long as the Preferred Securities are listed thereon) and be available to the Holders at the specified office of each Paying and Transfer Agent as soon as possible after their determination but in any event not later than the fourth Business Day thereafter. The Dividend Amounts and the Preferred Dividend Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of proven or manifest error.

### **3. Limitations on Payments of Preferred Dividends on Preferred Securities**

#### *(a) Limitations*

Subject to the Law and to the provisions of paragraph 4 below, Preferred Dividends on the Preferred Securities may be declared by the Directors, in their sole discretion, and paid by the Issuer out of funds legally available therefor.

However, subject to the provisions of paragraph 4 below, the Directors will not declare, and the Issuer will not be permitted to pay, any Preferred Dividend on the Preferred Securities if:

- (a) such Preferred Dividend, together with the amount of:
  - (i) any Preferred Dividends previously paid in respect of the Preferred Securities and distributions previously paid in respect of Preferred Dividend Parity Obligations in the then current financial year; and
  - (ii) any Preferred Dividends proposed or scheduled to be paid in respect of the Preferred Securities and distributions proposed or scheduled to be paid in respect of Preferred Dividend Parity Obligations in the then current financial year,

would exceed Distributable Funds; or

- (b) sufficient Distributable Funds are available, but the Issuer has been notified that a resolution of the directors of the Bank has been passed that states that in the opinion of the directors of the Bank payment of such Preferred Dividends would cause the Bank to breach Greek banking regulations affecting banks which fail to meet their capital adequacy ratios on a consolidated basis, as applicable and in force at the relevant time.

For the avoidance of doubt, the Directors will only be required to declare, and the Issuer will only be required to pay, a Preferred Dividend in the circumstances set out in paragraph 4.

References to Preferred Dividends in this paragraph include Additional Amounts.

If the Issuer does not pay Preferred Dividends in respect of any Preferred Dividend Period, the Issuer shall notify the Luxembourg Stock Exchange and the Frankfurt Stock Exchange, so long as the Preferred Securities are listed thereon, and the Holders.

#### *(b) Preferred Dividends non-cumulative*

If the Directors do not declare a Preferred Dividend payable on a Preferred Dividend Payment Date in respect of the Preferred Securities then, subject to paragraphs 4 and 5 and



without affecting the rights of the Holders under the Guarantee, the entitlement of the Holders to receive such Preferred Dividend will be lost. The Issuer will have no obligation to pay the Preferred Dividend accrued for such Preferred Dividend Period or to pay any interest thereon, whether or not Preferred Dividends on the Preferred Securities are declared in respect of any future Preferred Dividend Period.

#### **4. Compulsory payment of Preferred Dividends on Preferred Securities**

##### *(a) Compulsory payment as a result of payment on Junior Obligations*

If the Bank, the Issuer or any other Subsidiary pays any distribution(s) on or in respect of any class of Junior Obligations (other than in the form of Junior Obligations), then, subject to the Law, the Issuer will be required to declare and pay Preferred Dividends on the Preferred Securities on the next Preferred Dividend Payment Date contemporaneous with, or following, such distribution, as follows:

- (i) payment of the amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution(s) on the Junior Obligations is made in respect of an annual period (or two semi-annual periods or four quarterly periods);
- (ii) payment of three quarters of the amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution(s) on the Junior Obligations is made in respect of three quarterly periods;
- (iii) payment of half of the amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution(s) on the Junior Obligations is made in respect of a semi-annual period (or two quarterly periods); and
- (iv) payment of a quarter of the amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution on the Junior Obligations is made in respect of a quarterly period.

##### *(b) Compulsory payment as a result of redemption of Junior Obligations*

Subject to the Law, the Issuer will be required to declare and make payment of the full amount of the Preferred Dividends payable on the Preferred Securities on the next Preferred Dividend Payment Date contemporaneous with, or following, any date on which the Bank or any Subsidiary has redeemed, repurchased or otherwise acquired any Junior Obligations for any consideration (or any moneys are paid to or made available for a sinking fund for, or for redemption of, any such securities) except by conversion into or in exchange for other Junior Obligations unless (a) such acquisition is effected in accordance with the provisions of Article 16 paragraphs 2(b) to (f) or paragraph 5 *et seq.* of Greek Codified Law 2190/1920 and (b) following such acquisition and any other measure taken by the Bank:

- (i) the solvency ratio of the Bank, on an unconsolidated and consolidated basis, remains above 8 per cent.; and
- (ii) the ratio of “upper tier 1 capital” items of own funds (namely tier 1 capital excluding the Preferred Securities and similar instruments) to risk weighted assets of the Bank remains above 5 per cent. as required by Circular 21/2004 of the Bank of Greece as in force and amended or supplemented from time to time.

##### *(c) Compulsory payment as a result of payment on Preferred Dividend Parity Obligations*

If the Bank, the Issuer or any other Subsidiary pays any distribution(s) on or in respect of any class of Preferred Dividend Parity Obligations (other than in the form of Junior Obligations),



then, subject to the Law, the Issuer will be required to declare and make *pro rata* payments of Preferred Dividends on the Preferred Securities on the next Preferred Dividend Payment Date contemporaneous with, or following, such distribution(s), as follows:

- (i) *pro rata* payment of the amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution(s) on the Preferred Dividend Parity Obligations is made in respect of an annual period (or two semi-annual periods or four quarterly periods);
- (ii) *pro rata* payment of three quarters of the amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution(s) on the Preferred Dividend Parity Obligations is made in respect of three quarterly periods;
- (iii) *pro rata* payment of half of the amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution(s) on the Preferred Dividend Parity Obligations is made in respect of a semi-annual period (or two quarterly periods); and
- (iv) *pro rata* payment of a quarter of the amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution on the Preferred Dividend Parity Obligations is made in respect of a quarterly period.

When a distribution on Preferred Dividend Parity Obligations requires *pro rata* payment of Preferred Dividends as described above, the amount of the required payment will be in the same proportion to the aggregate specified amount of Preferred Dividends payable on the Preferred Securities as the aggregate payment that was made on such Preferred Dividend Parity Obligations bears to the amount that was payable on such Preferred Dividend Parity Obligations at the time of such payment.

(d) *Aggregation of Preferred Dividends in Preferred Dividend Period*

Subject to the Law, compulsory payments of Preferred Dividends to be made by virtue of paragraph 4(a), 4(b) or 4(c) shall be aggregated on any Preferred Dividend Payment Date with any discretionary payments made or to be made following a declaration as described in paragraph 3 in respect of any relevant Preferred Dividend Period, provided that in any relevant Preferred Dividend Period the aggregate amount paid in respect of Preferred Dividends on the Preferred Securities shall not exceed the scheduled amount of the Preferred Dividends.

Save as described in paragraph 5, after payment of any compulsory Preferred Dividend payable by virtue of this paragraph, the Holders will have no right to participate in the profits of the Issuer.

## **5. Redemption of Preferred Securities**

(a) *Optional redemption*

Subject to the Law and paragraph (d) below, the Preferred Securities are redeemable, at the option of the Issuer, in whole but not in part, on the First Call Date and on any Preferred Dividend Payment Date falling thereafter, upon not less than 30 or more than 60 days' notice to the Holders (which notice shall be irrevocable). Upon the expiry of such notice, the Issuer shall be bound to redeem each Preferred Security accordingly at the Redemption Price.

(b) *Redemption for tax reasons*

Subject to the Law and paragraph (d) below, if, at any time falling prior to but excluding the First Call Date, as a result of any amendment to or change in the laws or regulations of Jersey or Greece or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any change in the application of or official interpretation or administration of any such laws or regulations, which amendment or change becomes effective on or after 16th March, 2005, the Issuer is or would be required to pay Additional Amounts, or the Bank would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay Additional Amounts under the Guarantee, then, the Preferred Securities will be redeemable, at the option of the Issuer, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders (which notice shall be irrevocable). Upon the expiry of such notice, the Issuer shall be bound to redeem each Preferred Security at the Redemption Price.

Subject to the Law and paragraph (d) below, if, at any time falling prior to but excluding the First Call Date, as a result of any amendment to or change in the laws or regulations of Jersey or Greece or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any change in the application of or official interpretation or administration of any such laws or regulations, which amendment or change becomes effective on or after 16th March, 2005 the Issuer or the Bank, in relation to the Preferred Securities, the Guarantee and/or any associated transactions (including, but not limited to, any loan or deposit from the Issuer to the Bank, any loan or deposit from a Subsidiary to the Bank or any loan or deposit from the Issuer to any other Subsidiary), is or would be required to pay (i) Jersey Tax, other than in respect of Jersey source income, or (ii) Greek Tax, then the Preferred Securities will be redeemable, at the option of the Issuer, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders (which notice shall be irrevocable). Upon the expiry of such notice, the Issuer shall be bound to redeem each Preferred Security at the Redemption Price.

(c) *Redemption for Capital Disqualification Event*

Subject to the Law and paragraph (d) below, if, at any time falling prior to but excluding the First Call Date, a Capital Disqualification Event has occurred and is continuing, the Preferred Securities will be redeemable, at the option of the Issuer, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the Holders (which notice shall be irrevocable). Upon the expiry of such notice, the Issuer shall be bound to redeem each Preferred Security at the Redemption Price.

(d) *Precondition to redemption*

Any redemption under paragraph 5 (a), (b) or (c) will be subject to the prior consent of the Bank and the Bank of Greece.

The notice to the Holders under paragraph 5 (a), (b) or (c) will specify the Redemption Date and the Redemption Price. For so long as the Preferred Securities are listed on the Luxembourg Stock Exchange and/or the Frankfurt Stock Exchange, the Issuer will notify the Luxembourg Stock Exchange and/or the Frankfurt Stock Exchange of any redemption under paragraph 5(a), (b), or (c).

## **6. Payments**

Preferred Dividends declared on the Preferred Securities will be payable on the relevant Preferred Dividend Payment Date (or where the relevant Preferred Dividend Payment Date is not a Business

Day, on the next Business Day (without adjustment for interest in respect of such delay)) and any Redemption Price will be payable on the relevant Redemption Date (or where the relevant Redemption Date is not a Business Day, on the next Business Day (without adjustment for interest in respect of such delay)) by the Issuer to the Holders of record as they appear on the Register on the relevant record date, which will be 15 days prior to the relevant Preferred Dividend Payment Date or Redemption Date, as the case may be.

Whilst the Preferred Securities are represented by the Global Certificate, payments in respect of the Preferred Securities will be made to or as directed by Clearstream Banking Frankfurt. Payments so made shall be made by wire transfer, and Clearstream Banking Frankfurt, Euroclear or Clearstream, Luxembourg, as applicable, will credit the relevant accounts of their participants on the applicable Preferred Dividend Payment Dates or Redemption Date. Each holder of a beneficial interest in the Global Certificate must look solely to Clearstream Banking, Frankfurt, Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made by the Issuer to the Holder or as directed by Clearstream Banking Frankfurt as aforesaid and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Clearstream Banking Frankfurt, Euroclear or Clearstream, Luxembourg, as the case may be. Such persons shall have no claim directly against the Issuer in respect of payments due on the Preferred Securities for so long as the Preferred Securities are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to the Holder or as directed by Clearstream Banking Frankfurt, as aforesaid in respect of each amount so paid.

If definitive Preferred Securities are issued, payments of the Redemption Price in respect thereof will be made at the office of any Paying and Transfer Agent, in each case against presentation and surrender of the relevant definitive Preferred Security. Subject to any applicable fiscal or other laws and regulations, each payment in respect of Preferred Dividends on definitive Preferred Securities may, at the Issuer's option, be made by euro cheque drawn on a bank in a principal financial centre in the euro-zone and mailed to the Holder at such Holder's address as it appears on the Register on the relevant record date or by wire transfer if the Issuer (or its agent) so agrees with such Holder and if appropriate wire transfer instructions have been received by the Principal Paying and Transfer Agent not less than 30 days prior to the date of any such payments.

If the Issuer does not pay a Preferred Dividend which has been declared and is payable, a Holder's right to receive payment of such Preferred Dividend will be satisfied if and to the extent that the Bank pays such Preferred Dividend pursuant to the Guarantee.

If the Issuer gives a notice of redemption in respect of the Preferred Securities, then, by 10.00 a.m., Brussels time, on the Redemption Date, the Issuer will irrevocably deposit with the Principal Paying and Transfer Agent funds sufficient to pay the aggregate Redemption Prices and will give the Principal Paying and Transfer Agent irrevocable instructions and authority to pay the Redemption Price in respect of each Preferred Security to each Holder. If notice of redemption shall have been given and funds deposited as required, then upon the date of such deposit, all rights of the Holders will be extinguished, except the right of the Holder to receive the Redemption Price in respect of each Preferred Security and the Preferred Securities will cease to be outstanding.

In the event that deposit is not made as aforesaid or payment of the Redemption Price in respect of any Preferred Security is improperly withheld or refused and not paid either by the Issuer or by the Bank pursuant to the Guarantee, Preferred Dividends on such Preferred Security, subject as described above, will continue to accrue, at the then applicable rate, from the Redemption Date to the date of actual payment of such Redemption Price.

## **7. Purchase of Preferred Securities**

Subject to the foregoing and to applicable law, (including, without limitation, Greek and Jersey securities and banking laws and regulations) and to the requirements of the rules of the

Luxembourg Stock Exchange and the Frankfurt Stock Exchange (for so long as the Preferred Securities are listed thereon), the Issuer or the Bank or any Subsidiary may at any time and from time to time purchase outstanding Preferred Securities by tender, in the open market or by private agreement.

Any such purchase to be made by the Issuer or by the Bank or by any Subsidiary shall be subject to the prior consent of the Bank of Greece. Any purchase to be made by the Issuer shall be made in such manner and in such terms as the Issuer shall approve in a general meeting.

The restrictions contained in this paragraph 7 shall not apply to any purchase of Preferred Securities where such purchase is made (i) in the ordinary course of a business of dealing in securities and (ii) for the account of a person other than the Issuer, the Bank or any Subsidiary.

## **8. Liquidation Distributions**

In the event of any bankruptcy, winding-up, liquidation or dissolution of the Issuer, the Holders will be entitled to receive the Liquidation Distribution in respect of each Preferred Security held out of the assets of the Issuer available for distribution to shareholders.

Such entitlement will arise before any distribution of assets is made to holders of ordinary shares or any other class of shares of the Issuer ranking junior as regards participation in assets to the Preferred Securities, but such entitlement will rank equally with the entitlement of the holders of any other preferred or preference shares or securities or other obligations, if any, of the Issuer and which, in any such case, rank *pari passu* with the Preferred Securities as regards participation in the assets of the Issuer.

Notwithstanding the availability of sufficient assets of the Issuer to pay any Liquidation Distribution to the Holders, if, at the time such Liquidation Distribution is to be paid, proceedings are pending or have been commenced for the liquidation, dissolution or winding-up of the Bank, the Liquidation Distribution in respect of each Preferred Security paid to Holders and the liquidation distribution paid to the holders of Liquidation Parity Obligations shall not exceed the amount that would have been paid as the liquidation distribution from the assets of the Bank (after payment in full in accordance with Greek law of all creditors of the Bank, including holders of its subordinated debt but excluding holders of any liability ranking *pari passu* with or junior to the Bank's obligations under the Guarantee) had the Preferred Securities and all such Liquidation Parity Obligations been issued by the Bank and ranked (i) junior to Senior Creditors (as defined in the Guarantee), (ii) *pari passu* with the Parity Obligations, if any, of the Bank and (iii) senior to all Junior Obligations of the Bank.

If the Liquidation Distributions and any other such liquidation distributions cannot be made in full by reason of the limitation described above, such amounts will be payable *pro rata* in the proportion that the amount available for payment bears to the full amount that would have been payable but for such limitation. After payment of the Liquidation Distribution, as adjusted if applicable, the Holders will have no right or claim to any of the remaining assets of the Issuer or the Bank.

In the event of the liquidation, dissolution or winding-up of the Bank, the Directors of the Issuer shall convene an extraordinary general meeting of the Issuer for the purpose of proposing a Special Resolution to put the Issuer into winding-up and the amount to which each Holder shall be entitled as a Liquidation Distribution will be as set out above.

## **9. Voting Rights**

Except as provided in this paragraph, Holders will not be entitled to receive notice of or attend or vote at any general meeting of shareholders of the Issuer.

If in respect of one Preferred Dividend Period:

- (a) Preferred Dividends (whether or not declared) or any Additional Amounts in respect of such Preferred Dividends on the Preferred Securities have not been paid in full by the Issuer in accordance with the terms and provisions of the Preferred Securities; or
- (b) the Bank breaches any of its payment obligations under the Guarantee in respect of such Preferred Dividends or Additional Amounts,

then the Holders of the outstanding Preferred Securities, together with the holders of any other preferred securities or preference shares of the Issuer having the right to vote for the election of Directors in such event, acting as a single class without regard to series, will be entitled, by written notice to the Issuer given by the holders of a majority in liquidation preference of such securities and shares or by ordinary resolution passed by the holders of a majority in liquidation preference of such securities and shares present in person or by proxy at a separate general meeting of such holders convened for the purpose, to appoint two additional persons to act as Directors of the Issuer, and to remove any such Director from office and to appoint another person in place of such Director.

Not later than 30 days after such entitlement arises, if the written notice of the Holders and the holders of any other preferred securities or preference shares of the Issuer having the right to vote for the election of Directors in the circumstances described in the preceding sentence has not been given as provided for in the preceding sentence, the Directors will convene a separate general meeting for the above purpose. If the Directors fail to convene such meeting within such 30 day period, the holders of not less than 10 per cent. by liquidation preference of the outstanding Preferred Securities and such other preferred securities or preference shares will be entitled to convene such meeting. The provisions of the Articles concerning the convening and conduct of general meetings of shareholders shall apply with respect to such meeting. Subject to the terms of such other preferred securities or preference shares, if, in respect of one Preferred Dividend Period, Preferred Dividends and any Additional Amounts in respect of such Preferred Dividends have been paid in full on the Preferred Securities by the Issuer or the Bank has made payment of all amounts guaranteed in respect of such Preferred Dividends (whether or not declared) and any Additional Amounts, any Directors so appointed shall vacate the office.

Any variation or abrogation of the rights, preferences and privileges of the Preferred Securities by way of amendment of the Issuer's Articles or otherwise (including, without limitation, the authorisation or issuance of any shares of the Issuer ranking, as to participation in the profits or assets of the Issuer, senior to the Preferred Securities) shall not be effective (unless otherwise required by applicable law) except with the consent in writing of the Holders of not less than two-thirds in liquidation preference of the outstanding Preferred Securities or with the sanction of a resolution, passed by a majority of not less than two-thirds in liquidation preference of the Holders of the outstanding Preferred Securities, present or represented at a separate meeting at which the quorum shall be Holders present or represented holding at least one-third in liquidation preference of the outstanding Preferred Securities.

No such sanction shall be required if, as determined by the Directors of the Issuer, the change is solely of a formal, minor or technical nature or is to correct an error or cure an ambiguity, provided that any such change does not reduce the amounts payable to or impose any obligation on the Holders or adversely affect their voting rights or cause any modification of the terms of the Preferred Securities pursuant to paragraph 10.

Notwithstanding the foregoing, no vote of the Holders will be required for the Issuer to redeem the Preferred Securities in accordance with the Issuer's Articles.

In addition to the voting rights referred to above, no resolution may be proposed for adoption by the holders of the Issuer's ordinary shares providing for the winding-up, liquidation or dissolution of the Issuer, unless the Holders of a simple majority by liquidation preference of the outstanding Preferred Securities and holders of any other preferred or preference shares or securities or other obligations ranking *pari passu* as regards participation in profits or assets with the Preferred



Securities have approved such resolution. Such approval may only be given by the consent in writing of the holders of at least a simple majority in liquidation preference of the outstanding Preferred Securities and such other preferred or preference shares or securities or other obligations or with the sanction of a resolution passed by not less than a simple majority in liquidation preference at a meeting of the holders of the Preferred Securities and such other preferred or preference shares or securities or other obligations present and voting at such meeting. Such approval shall not be required if the winding-up, liquidation or dissolution of the Issuer is proposed or initiated because of the winding-up, liquidation or dissolution of the Bank.

Notwithstanding that Holders are entitled to vote under any of the limited circumstances described above, any Preferred Security outstanding at such time that is owned by the Bank, or any Subsidiary of the Bank, shall not carry a right to vote and shall, for voting purposes, be treated as if it were not outstanding.

The Issuer will cause a notice of any meeting at which Holders are entitled to vote to be mailed to each Holder. Each such notice will include a statement setting forth (a) the date, time and place of such meeting, (b) a description of any resolution to be proposed for adoption at such meeting on which the Holders are entitled to vote and (c) instructions for the delivery of proxies.

## **10. Further Issues**

Notwithstanding paragraph 9, provided that the most recent Preferred Dividend payable on the Preferred Securities has been paid in full by the Issuer (or the Bank pursuant to the Guarantee), the holders of the Issuer's ordinary shares or the Directors of the Issuer may, without the consent or sanction of the Holders, take such action as is required in order to amend the Issuer's Articles:

- (a) to increase the authorised amount of Preferred Securities or to create and issue one or more other series of preferred securities or preference shares of the Issuer ranking *pari passu* with the Preferred Securities as regards participation in the profits and assets of the Issuer; or
- (b) to authorise, create and issue one or more other classes of shares or securities of the Issuer ranking junior, as regards participation in the profits and assets of the Issuer, to the Preferred Securities.

Thereafter, the Issuer may, provided that, in the case of (a) above the Issuer has declared and paid in full the Preferred Dividend on the Preferred Securities in respect of the immediately preceding Preferred Dividend Payment Date and, in the case of (b) above, without any pre-condition, without the consent of the Holders issue any such further securities either having the same terms and conditions as the Preferred Securities in all respects (or in all respects except for the first payment of Preferred Dividends on them) and so that such further issue shall be consolidated and form a single series with the Preferred Securities then in issue or upon such other terms as aforesaid.

Notwithstanding the foregoing, the Issuer may only issue further Preferred Securities if, at the same time, the Bank issues in respect of the further Preferred Securities a guarantee having terms and conditions that are substantially identical to the Guarantee (or extends the Guarantee to cover the further Preferred Securities).

## **11. Additional Amounts**

All payments in respect of the Preferred Securities by the Issuer will be made without withholding or deduction for, or on account of, any Jersey Tax or Greek Tax, unless the withholding or deduction of such Jersey Tax or Greek Tax is required by law. In that event, the Issuer will pay as further dividends such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Preferred Securities in the absence of such withholding or deduction; except that no such Additional Amounts will be payable to a

Holder (or to a third party on his behalf) with respect to any Preferred Security (i) to the extent that such Jersey Tax or Greek Tax is imposed or levied by virtue of the Holder (or the beneficial owner of such Preferred Security) having some connection with Jersey or Greece, other than being a Holder (or beneficial owner) of such Preferred Security or (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to Council Directive 2003/48/EC of 3rd June, 2003 on the taxation of savings income in the form of interest payments or any other Directive of the European Community on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th–27th November, 2000, (iii) where such withholding or deduction would not have been imposed if the Holder (or beneficial owner) of such Preferred Security had complied with a statutory requirement or made a declaration of non-residence or other similar claim for exemption but failed to do so, or (iv) who would, where presentation of the Preferred Security is required, have been able to avoid such withholding or deduction by presenting the Preferred Securities to another Paying and Transfer Agent in a Member State of the European Union, and except that the Issuer's obligations to make any such payments are subject to the limitations on payments provisions under paragraph 3.

## **12. Prescription**

Any moneys paid by the Issuer to the Principal Paying and Transfer Agent for the payment of Preferred Dividends or on a redemption of the Preferred Securities and remaining unclaimed at the end of two years following the date on which such Preferred Dividends or redemption proceeds become payable shall be returned to the Issuer at the Issuer's request, and the Holders shall thereafter look only to the Issuer for the payment thereof.

## **13. Form, Registration and Transfer of Preferred Securities**

The Preferred Securities will be in registered form and evidenced by a single global certificate (the "Global Certificate") deposited with, and registered in the name of, Clearstream Banking Frankfurt on the Closing Date. The Preferred Securities will also be eligible for clearing and settlement through Euroclear and Clearstream, Luxembourg. Clearstream Banking Frankfurt, Euroclear and Clearstream, Luxembourg will make payment of any amounts received by them to their accountholders in accordance with their published rules and regulations. Except as set forth below, no definitive Preferred Securities will be issued.

Beneficial interests in the Preferred Securities will be shown only on, and transfers thereof will be effected only through, book-entry records maintained by Clearstream Banking Frankfurt, Euroclear and Clearstream, Luxembourg and their respective participants and, except in the limited circumstances described below, Preferred Securities in definitive registered form will not be issued. Holders of beneficial interests in the Global Certificate must rely on the procedures of Clearstream Banking Frankfurt, Euroclear and Clearstream, Luxembourg and (if applicable) their respective participants to exercise any rights of a Holder under the Global Certificate. None of the Bank, the Issuer, any Paying and Transfer Agent and the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

The Global Certificate will cease to represent the Preferred Securities, and Preferred Securities in definitive registered form in aggregate Liquidation Preference equal to the Liquidation Preference of the Global Certificate will be exchangeable therefor, only if:

- (i) any or all of Clearstream Banking Frankfurt, Euroclear and Clearstream, Luxembourg is or are closed for business for a continuous period of 14 days or more (other than for the purposes of a public holiday) or announces an intention permanently to cease business or does in fact so cease business other than in connection with a merger of Clearstream Banking Frankfurt, Euroclear and Clearstream, Luxembourg; or



- (ii) as a result of a change in law, transfer duties or similar taxes become payable on transfers of the Preferred Securities in Clearstream Banking Frankfurt, Euroclear and/or Clearstream, Luxembourg.

Such definitive Preferred Securities will be in denominations of €1,000 (and integral multiples thereof) and will be registered in such names as Clearstream Banking Frankfurt, Euroclear and Clearstream, Luxembourg shall direct (such instructions being expected to be based upon directions received by Clearstream Banking Frankfurt, Euroclear and Clearstream, Luxembourg from their participants with respect to ownership of beneficial interests in the Preferred Securities).

If definitive Preferred Securities are issued, they may be exchanged or transferred in whole or in part by surrendering such definitive Preferred Securities at the office of the Registrar or any Paying and Transfer Agent with a written instrument of transfer (which may be obtained at any such office) duly executed by the Holder thereof or its attorney duly authorised in writing. In exchange for any definitive Preferred Security properly presented for transfer, the Registrar or such Paying and Transfer Agent will promptly authenticate and deliver or cause to be authenticated or delivered at the office of the Registrar or such Paying and Transfer Agent, to the Holder entitled to such Preferred Security, or send by mail (at the risk of such Holder) to such address as such Holder may request, a definitive Preferred Security or Preferred Securities.

Registration of transfers of Preferred Securities will be effected without charge by or on behalf of the Issuer, but only upon payment by the transferor of any tax or other governmental charges that may be imposed in connection with any transfer or exchange. The Issuer will not be required to register or cause to be registered the transfer of Preferred Securities after such Preferred Securities have been called for redemption.

#### **14. Paying and Transfer Agents and Registrar**

Each of the Principal Paying and Transfer Agent and the Registrar shall be permitted to resign as Principal Paying and Transfer Agent or Registrar, as the case may be, upon 30 days' written notice to the Issuer. In the event that Deutsche Bank Aktiengesellschaft shall no longer be the Principal Paying and Transfer Agent, the Issuer shall appoint a successor (which shall be a financial institution or trust company acceptable to the Issuer) to act as Principal Paying and Transfer Agent. For so long as the Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will maintain a Paying Agent and a Transfer Agent in Luxembourg, and for so long as the Preferred Securities are listed on the Frankfurt Stock Exchange and the rules of the Frankfurt Stock Exchange so require, the Issuer will maintain a Paying Agent and a Transfer Agent in Frankfurt. The Issuer will give notice in the manner described under paragraph 15 when any new paying and transfer agent in Luxembourg and/or Frankfurt is appointed. For so long as any Preferred Securities are outstanding, the Issuer will maintain (i) a Registrar having its office outside the United Kingdom and (ii) a Paying and Transfer Agent having a specified office in a European Union Member State (if available) that will not be obliged to withhold or deduct tax pursuant to any law implementing or complying with, or introduced in order to conform to Council Directive 2003/48/EC of 3rd June, 2003 on the taxation of savings income in the form of interest payments or any other Directive of the European Community on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained whether by the Reference Banks (or any of them), the Principal Paying and Transfer Agent or the Registrar will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Principal Paying and Transfer Agent, the Registrar and all Holders and (in the absence of any such wilful default, bad faith or manifest error) no liability to the Issuer, the Registrar or the Holders shall attach to the Reference Banks, the Principal Paying and Transfer Agent or the Registrar in connection with the exercise or non-exercise by them of their powers, duties and discretions.

## 15. Notices

Any notice to Holders will be deemed validly given if sent to them at their respective addresses in the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing or, if posted from another country, on the fifth such day. In addition, notices to Holders will be given by the Issuer (a) for so long as the Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, by publication in a daily leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such publication is not practicable, in a leading English language newspaper having general circulation in Europe and (b) for so long as the Preferred Securities are listed on the Frankfurt Stock Exchange and the rules of the Frankfurt Stock Exchange so require, by publication in a daily leading newspaper designated by the Frankfurt Stock Exchange (*Börsenpflichtblatt*) having general circulation in Germany (which is expected to be the *Börsen-Zeitung*). All such notices shall be deemed to have been given on the date of publication as aforesaid or, if published on different dates, on the date of the first such publication.

In addition to such publications (if so required) notices to the Holders may also be given by the Issuer by mail to Clearstream Banking Frankfurt, Euroclear and Clearstream, Luxembourg. Such notices to Clearstream Banking Frankfurt, Euroclear and Clearstream, Luxembourg shall be deemed to have been given on the fourth day after the date of mailing.

In accordance with their respective published rules and regulations, each of Clearstream Banking Frankfurt, Euroclear and Clearstream, Luxembourg will notify holders of securities accounts with it to which any Preferred Securities are credited of any such notices received by it.

## 16. Governing Law

Being shares in a Jersey company, the Preferred Securities shall be governed by, and construed in accordance with, Jersey law.

In addition, the Articles of Association of the Issuer contain, inter alia, provisions (with the exception of sections in italics) to the following effect:

*All the Issuer's ordinary shares are owned by the Bank.* In any year, subject to Jersey law and the provisions of paragraph 4, the Issuer may, without the consent of the Holders, declare and pay dividends on the ordinary shares to the Bank as the holder of the ordinary shares. Such dividends will be paid out of the Issuer's funds, if any, available after payment of the Preferred Dividends on the Preferred Securities if and as due in accordance with the terms and conditions of the Preferred Securities. *No dividend has been paid on the ordinary shares of the Issuer since its incorporation.*

## SUBORDINATED GUARANTEE

*Set forth below is the text of the Guarantee in or substantially in the form to be executed by the Bank:*

“THIS DEED OF GUARANTEE (the “Guarantee”), dated 18th March, 2005, is executed and delivered by EFG Eurobank Ergasias S.A. a company incorporated under the laws of Greece (the “Bank”) for the benefit of the Holders (as defined below).

WHEREAS the Bank desires to cause the Issuer to issue the Preferred Securities and the Bank desires to issue this Guarantee for the benefit of the Holders, as provided herein.

NOW THEREFORE the Bank executes and delivers this Guarantee for the benefit of the Holders.

### **1. Definitions and Interpretation**

As used in this Guarantee, capitalised terms not defined herein shall have the meanings ascribed to them in the Issuer’s Articles of Association and otherwise the following terms shall, unless the context otherwise requires, have the following meanings:

“Additional Amounts” means, except where otherwise defined in relation to the Issuer, the additional amounts which may be payable in respect of the Preferred Securities as described in paragraph 4;

“Distributable Funds” means, in respect of a particular financial year, the aggregate amount, as calculated as of the end of the immediately preceding financial year of the Bank, of the profit and any accumulated retained earnings and any other reserves and surpluses of each member of the Group available for distribution in such particular financial year as cash dividends to ordinary shareholders of the Bank under the companies laws of, and generally accepted accounting principles in, Greece; but before deduction of the amount of any dividend or other distribution declared on the Bank’s ordinary share capital in respect of such particular financial year;

“Group” means the Bank together with its Subsidiaries;

“Guarantee Payments” means (without duplication) payments under this Guarantee in respect of (a) any declared but unpaid Preferred Dividends on the Preferred Securities for the most recent Preferred Dividend Period; (b) any compulsory Preferred Dividends pursuant to, and in accordance with, Article 12 of the Issuer’s Articles of Association (whether or not declared); (c) the Redemption Price payable with respect to any Preferred Security due to be redeemed by the Issuer; (d) the Liquidation Distributions due on the Liquidation Date; and (e) any Additional Amounts (as defined in the Issuer’s Articles of Association) payable by the Issuer;

“Holder” means, in relation to any Preferred Security, the member of the Issuer whose name is entered in the Register as holder of such Preferred Security, or for as long as the Preferred Securities are represented by the Global Certificate which is deposited with Clearstream Banking Frankfurt, each person (other than Clearstream Banking Frankfurt, Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Clearstream Banking Frankfurt, Euroclear or Clearstream, Luxembourg as the holder of any Preferred Securities in which regard any certificate or other document issued by Clearstream Banking Frankfurt, Euroclear or Clearstream, Luxembourg, as the case may be, as to the number of the Preferred Securities standing to the account of any person shall be conclusive and binding for all purposes;

“Issuer” means EFG Hellas Funding Limited, a wholly-owned Subsidiary of the Bank incorporated in Jersey;

“Junior Obligations” means (a) ordinary shares of the Bank; (b) any preferred or preference shares or securities or other obligations of the Bank that rank junior to this Guarantee; and (c) any preferred or preference shares or securities or other obligations of a Subsidiary including the

Issuer entitled to the benefit of a guarantee, support agreement or other similar undertaking of the Bank that ranks junior to this Guarantee and any such guarantees, support agreements or similar undertakings of the Bank;

“Liquidation Date” means the date of final distribution of the assets of the Issuer in the case of a bankruptcy, liquidation, dissolution or winding-up of the Issuer;

“Liquidation Distribution” means the Liquidation Preference plus (a) any accrued and unpaid Preferred Dividends (whether or not declared) calculated from and including the immediately preceding Preferred Dividend Payment Date (or, if none, the Closing Date) to but excluding the date of payment, and (b) any Additional Amounts, in each case payable in cash only;

“Liquidation Parity Obligations” means the most senior preferred or preference shares or securities or other obligations of the Bank and any guarantee, support agreement or other similar undertaking of the Bank, in each case ranking *pari passu* with this Guarantee as regards entitlement to distributions on liquidation thereunder and any preferred or preference shares or securities or other obligations of a Subsidiary including the Issuer entitled to the benefit of a guarantee, support agreement or other similar undertaking of the Bank which guarantee, support agreement or other similar undertaking ranks *pari passu* with this Guarantee as regards entitlement to distributions on liquidation thereunder;

“Liquidation Preference” means the liquidation preference of €1,000 per Preferred Security;

“Preferred Dividends” means the non-cumulative dividends in respect of the Preferred Securities as described in the Articles of Association of the Issuer;

“Preferred Securities” means the €200,000,000 Series A CMS-Linked Non-cumulative Guaranteed Non-voting Preferred Securities of the Issuer outstanding, each with a “par value” Liquidation Preference, and including any further Preferred Securities of the Issuer of the same series issued pursuant to Article 54 of the Issuer’s Articles of Association;

“Redemption Date” means the Preferred Dividend Payment Date on which the Preferred Securities are redeemed by the Issuer;

“Redemption Price” means, €1,000 per Preferred Security plus (i) accrued and unpaid Preferred Dividends in respect of the most recent Preferred Dividend Period, whether or not declared, up to the Redemption Date and (ii) any Additional Amounts remaining unpaid;

“Register” means the register of Holders maintained by the Registrar outside the United Kingdom on behalf of the Issuer; and

“Subsidiary” means any corporation or other person or entity more than 50 per cent. of whose equity share capital is owned by the Bank or 20 per cent., at least, of whose equity share capital is directly or indirectly controlled by the Bank and whose board of directors is controlled by the Bank or which is consolidated in the most recent annual audited consolidated financial statements of the Bank or which will be so consolidated in the next annual audited consolidated financial statements of the Bank.

## **2. Guarantee**

Subject to the limitations contained in the following paragraphs, the Bank irrevocably and unconditionally agrees to pay in full to the Holders the Guarantee Payments (except to the extent paid by the Issuer), as and when due, regardless of any defence, right of set-off or counterclaim which the Issuer may have or assert. This Guarantee is continuing, irrevocable and absolute.

## **3. Liquidation Distributions**

Notwithstanding paragraph 2 above, if, at the time that any Liquidation Distribution is to be paid in respect of the Preferred Securities, proceedings are pending or have been commenced for the

liquidation, dissolution or winding-up of the Bank, payment under this Guarantee of such Liquidation Distributions and payment by the Bank in respect of any liquidation distributions payable with respect to Liquidation Parity Obligations, shall not exceed the amount that would have been paid as the liquidation distribution from the assets of the Bank (after payment in full in accordance with the Greek law of all creditors of the Bank, including holders of its subordinated debt but excluding holders of any liability ranking *pari passu* with or junior to the Bank's obligations under this Guarantee) had the Preferred Securities and all such Liquidation Parity Obligations been issued by the Bank and ranked (a) junior to all liabilities of the Bank (other than any liability ranking *pari passu* with or junior to the Bank's obligators under this Guarantee) ("Senior Creditors"), (b) *pari passu* with the Parity Obligations, if any, of the Bank and (c) senior to all Junior Obligations of the Bank.

#### **4. Additional Amounts**

All Guarantee Payments made hereunder in respect of the Preferred Securities by the Bank will be made without withholding or deduction for, or on account of, any Greek Tax, unless the withholding or deduction of such Greek Tax is required by law. In that event, the Bank will pay such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Preferred Securities in the absence of such withholding or deduction; except that no such Additional Amounts will be payable to a Holder (or to a third party on his behalf) with respect to any Preferred Security (i) to the extent that such Greek Tax is imposed or levied by virtue of the Holder (or the beneficial owner of such Preferred Security) having some connection with Greece, other than being a Holder (or beneficial owner) of such Preferred Security, or (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to Council Directive 2003/48/EC of 3rd June, 2003 on the taxation of savings income in the form of interest payments or any other Directive of the European Community on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000; (iii) where such withholding or deduction would not have been imposed if the Holder or (beneficial owner) of such Preferred Security had complied with a statutory requirement or made a declaration of non-residence or other similar claim for exemption but failed to do so, or (iv) who would, where presentation of the Preferred Security is required, have been able to avoid such withholding or deduction by presenting the Preferred Securities to another Paying and Transfer Agent in a Member State of the European Union.

#### **5. Continuing Guarantee**

The obligations, undertakings, agreements and duties of the Bank under this Guarantee shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

- (a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement, covenant, term or condition relating to the Preferred Securities to be performed or observed by the Issuer; or
- (b) the extension of time for the payment by the Issuer of all or any portion of the Preferred Dividends, Redemption Price, Liquidation Distributions or any other sums payable under the terms of the Preferred Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Preferred Securities; or
- (c) any failure, omission, delay or lack of diligence on the part of Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Preferred Securities, or any action on the part of the Issuer granting indulgence or extension of any kind; or



- (d) the liquidation, dissolution, amalgamation, reconstruction, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganisation, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer; or
- (e) any invalidity of, or defect or deficiency in, the Preferred Securities; or
- (f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred.

There shall be no obligation on the Holders to give notice to, or obtain consent of, the Bank with respect to the happening of any of the foregoing.

## **6. Deposit of Guarantee**

This Guarantee shall be deposited with and held by Deutsche Bank Aktiengesellschaft as Principal Paying and Transfer Agent until all the obligations of the Bank have been discharged in full. The Bank hereby acknowledges the right of every Holder to the production of, and the right of every Holder to obtain a copy of, this Guarantee.

It is specifically agreed that the place of performance of any and all obligations of the Bank under this Guarantee shall be London, England and consequently any and all payments of the Bank under this Guarantee shall be made out of bank accounts maintained with banks legally operating and situated in London, England.

## **7. Enforcement; rights of remedy**

- (a) A Holder may enforce this Guarantee directly against the Bank, and the Bank waives any right or remedy to require that any action be brought against the Issuer or any other person or entity before proceeding against the Bank. Subject to paragraph 8, all waivers contained in this Guarantee shall be without prejudice to the right to proceed against the Issuer. The Bank agrees that this Guarantee shall not be discharged except by payment of the Guarantee Payments in full and by complete performance of all obligations of the Bank under this Guarantee.
- (b) Following a breach by the Bank of its payment obligations under this Guarantee, a Holder may petition for the winding-up of the Bank and claim in the liquidation of the Bank but no other remedy shall be available to the Holder.
- (c) No Holder shall, following any breach by the Bank of any of its obligations under this Guarantee, be entitled to exercise any right of set-off or counterclaim which may be available to it against amounts owing by the Bank to such Holder. Notwithstanding the provisions of the foregoing sentence, if any of the said rights and claims of any Holder against the Bank is discharged by set-off, such Holder will immediately pay an amount equal to the amount of such discharge to the Bank or, in the event of its winding-up, the liquidator of the Bank and until such time as payment is made, will hold a sum equal to such amount in trust for the Bank or the liquidator of the Bank, as the case may be, and accordingly such discharge will be deemed not to have taken place.
- (d) In the event of a winding-up of the Bank, if any payment or distribution of assets of the Bank of any kind or character, whether in cash, property or securities, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Bank being subordinated to the payment of amounts owing under this Guarantee, shall be received by any Holders before the claims of Senior Creditors have been paid in full, such payment or distribution shall be held in trust by the Holder, as applicable, and shall be immediately returned by it to the liquidator of the Bank and in that event, the receipt by the liquidator shall be a good discharge to the relevant Holder. Thereupon, such payment or distribution will be deemed not to have been made or received.

## 8. Subrogation

The Bank shall be subrogated to any and all rights of the Holders against the Issuer in respect of any amounts paid to the Holders by the Bank under this Guarantee. The Bank shall not (except to the extent required by mandatory provisions of law) exercise any rights which it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of a payment under this Guarantee, if, at the time of any such payment, any amounts are due and unpaid under this Guarantee. If any amount with respect to the Preferred Securities shall be paid to the Bank in violation of the preceding sentence, the Bank agrees to pay over such amount to the Holders.

## 9. Status

- (a) The Bank acknowledges that its obligations hereunder are several and independent of the obligations of the Issuer with respect to the Preferred Securities and that the Bank shall be liable as principal and sole debtor hereunder to make Guarantee Payments pursuant to the terms of this Guarantee, notwithstanding the occurrence of any event referred to in paragraph 5.
- (b) Subject to applicable law, the Bank agrees that the Bank's obligations hereunder constitute unsecured obligations of the Bank and rank and will at all times rank (i) junior to Senior Creditors, (ii) *pari passu* with the Parity Obligations, if any, of the Bank and (iii) senior to all Junior Obligations of the Bank.

## 10. Undertakings of the Bank

- (a) The Bank undertakes that it will not issue any preferred securities or preference shares or enter into any contractual obligation in respect of securities or any other instrument or obligation which would qualify or be capable of qualifying as tier 1 capital of the Bank (a "Tier 1 Qualifying Obligation") which in any case would rank senior to its obligations under this Guarantee or give any guarantee or other support agreement or similar undertaking in respect of any Tier 1 Qualifying Obligation if such guarantee or other support agreement or similar undertaking would rank senior to its obligations under this Guarantee (including, without limitation, any guarantee or other support agreement or similar undertaking that would provide a priority of payment with respect to Distributable Funds) unless, in each case, (i) this Guarantee is changed to give the Holders such rights and entitlements as are contained in or attached to such Tier 1 Qualifying Obligation or such guarantee or other support agreement or similar undertaking with respect to a Tier 1 Qualifying Obligation so that this Guarantee ranks *pari passu* with, and contains substantially equivalent rights of priority as any such Tier 1 Qualifying Obligation or guarantee or other support agreement or similar undertaking with respect to a Tier 1 Qualifying Obligation and (ii) the most recent Preferred Dividend payment on the Preferred Securities has been paid in full either by the Issuer or by the Bank pursuant to this Guarantee.
- (b) The Bank undertakes that any amount required to be paid pursuant to this Guarantee in respect of any Preferred Dividend payable in respect of the most recent Preferred Dividend Period will be paid before any payment or other distribution in respect of any dividends (except distributions in the form of Junior Obligations) upon Junior Obligations.
- (c) The Bank undertakes that, if any Junior Obligations are redeemed, repurchased or otherwise acquired for any consideration (or any moneys are paid to or made available for a sinking fund for the redemption of any such Junior Obligations) by the Bank or any Subsidiary (except by conversion into or in exchange for other Junior Obligations), the Bank will procure that the Issuer will pay, or set aside payment with respect to, full Preferred Dividends on all outstanding Preferred Securities for two Preferred Dividend Periods contemporaneous with or following the date of such redemption, repurchase or other acquisition, unless: (1) such redemption, repurchase or other acquisition is effected in



accordance with the provisions of Article 16 paragraphs 2(b) to (f) or paragraph 5 *et seq.* of Greek Codified Law 2190/1920; and (2) following such redemption, repurchase or other acquisition and any other measure taken by the Bank: (i) the solvency ratio of the Bank, on an unconsolidated and consolidated basis, remains above 8 per cent; and (ii) the ratio of “upper tier 1 capital” items of own funds (namely tier 1 capital excluding the Preferred Securities and similar instruments) to risk weighted assets of the Bank remains above 5 per cent. as required by Circular 21/2004 of the Bank of Greece.

- (d) The Bank undertakes to maintain the Issuer as a wholly-owned Subsidiary for so long as any Preferred Security remains outstanding. The Bank undertakes that, so long as any of the Preferred Securities is outstanding, unless the Bank of Greece has given its prior approval or unless the Bank is itself in liquidation, the Bank will not permit, or take any action to cause, the liquidation, dissolution or winding-up of the Issuer.
- (e) The Bank undertakes to procure that the Issuer will maintain at all times whilst any of the Preferred Securities is outstanding, (i) for so long as the Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, a Paying and Transfer Agent in Luxembourg, (ii) for so long as the Preferred Securities are listed on the Frankfurt Stock Exchange and the rules of the Frankfurt Stock Exchange so require, a Paying and Transfer Agent in Frankfurt, (iii) a Registrar having its office outside the United Kingdom and (iv) a Paying and Transfer Agent having a specified office in a European Union Member State (if available) that will not be obliged to withhold or deduct tax pursuant to any law implementing or complying with, or introduced in order to conform to Council Directive 2003/48/EC of 3rd June, 2003 on the taxation of savings income in the form of interest payments, or any other Directive of the European Community on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November 2000.

## **11. Termination**

With respect to the Preferred Securities, this Guarantee shall terminate and be of no further force and effect upon payment of the Redemption Price in respect of each Preferred Security in cash or purchase and cancellation of all Preferred Securities then outstanding or full payment of the Liquidation Distributions and liquidation of the Issuer, provided however that this Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time payment of any sums paid under the Preferred Securities or this Guarantee must be restored by a Holder for any reason whatsoever.

## **12. Transfer**

Subject to operation of law, all guarantees and agreements contained in this Guarantee shall bind the successors, assigns, receivers, trustees and representatives of the Bank and shall inure to the benefit of the Holders. The Bank shall not transfer its obligations hereunder without the prior written approval of the Holders of not less than two-thirds in liquidation preference of the outstanding Preferred Securities (excluding any Preferred Securities held by the Bank or any Subsidiary), or with the sanction of a resolution, passed in accordance with the provisions of the Issuer’s Articles of Association for meetings of Holders by a majority of not less than two-thirds in liquidation preference of the Holders of the outstanding Preferred Securities, present or represented at a separate meeting at which the quorum shall be Holders present or represented holding at least one-third in liquidation preference of the outstanding Preferred Securities; provided, however, that the foregoing shall not preclude the Bank from merging or consolidating with, or transferring all or substantially all of its assets and liabilities to, a banking organisation organised under the laws of Greece or another European Union Member State, without obtaining any approval of such Holders.

### **13. Amendments**

Except for those changes (a) required by paragraph 10(a) above, (b) which do not adversely affect the rights of Holders, or (c) necessary or desirable to give effect to any one or more transactions referred to in the proviso to paragraph 12 above (in any of which cases no agreement will be required), this Guarantee shall be changed only by agreement in writing signed by the Bank with the prior approval of the Holders of not less than two-thirds in liquidation preference of the outstanding Preferred Securities (excluding any Preferred Securities held by the Bank or any Subsidiary), or with the sanction of a resolution, passed in accordance with the provisions of the Issuer's Articles of Association for meetings of Holders by a majority of not less than two-thirds in liquidation preference of the Holders of the outstanding Preferred Securities, present or represented at a separate meeting at which the quorum shall be Holders present or represented holding at least one-third in liquidation preference of the outstanding Preferred Securities.

### **14. Notices**

Any notice, request or other communication required or permitted to be given hereunder to the Bank shall be given in writing by delivering the same against receipt therefor or by facsimile transmission (confirmed by mail) addressed to the Bank, as follows (and if so given, shall be deemed given against receipt in the case of delivery or upon mailing of confirmation, if given by facsimile transmission), to:

EFG Eurobank Ergasias S.A.  
8, Othonos Street  
Athens 10557  
Greece

Facsimile: + 30 210 3337 230  
Attention: Head of Treasury Operations

The address of the Bank may be changed at any time and from time to time and shall be the most recent such address furnished in writing by the Bank to Deutsche Bank Aktiengesellschaft as Principal Paying and Transfer Agent.

Any notice, request or other communication required or permitted to be given hereunder to the Holders shall be given by the Bank in the same manner as notices sent by the Issuer to Holders.

### **15. Miscellaneous**

- (a) This Guarantee is solely for the benefit of the Holders and is not separately transferable from the Preferred Securities.
- (b) The Bank will furnish any Holder, upon request of such Holder, with a copy of its annual report, and any interim reports made generally available by the Bank to holders of the ordinary shares of the Bank.
- (c) The Bank hereby waives notice of acceptance of this Guarantee and of any liability to which it applies or may apply, presentment, demand for payment, protest, notice of non-payment, notice of dishonour, notice of redemption and all other notices and demands.

### **16. Governing Law and Jurisdiction**

- (a) This Guarantee shall be governed by, and construed in accordance with, English law save that paragraphs 3 and 9(b) shall be governed by, and construed in accordance with, Greek law.
- (b) The Bank hereby irrevocably agrees for the benefit of the Holders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with

this Guarantee and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "Proceedings") may be brought in such courts.

- (c) The Bank irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably and unconditionally agrees that a final judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Bank and may be enforced in the courts of any other jurisdiction. Nothing contained in this paragraph shall limit any right to take Proceedings against the Bank in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other competent jurisdictions, whether concurrently or not.
- (d) The Bank will receive service of process in respect of this Guarantee at EFG Eurobank Ergasias London Branch, 24 Grafton Street, London W1S 4EZ in respect of any Proceedings.

IN WITNESS WHEREOF this Guarantee has been manually executed as a deed poll on behalf of the Bank

Executed as a deed by  
acting by

in the presence of:

Witness's signature

Name:

Address:

Dated 18th March, 2005"

## **USE OF PROCEEDS**

The net proceeds of the issue of the Preferred Securities, amounting to approximately €197,017,155, will be used by the Issuer to meet the general financing requirements of the Bank and its Subsidiaries.

## **EFG HELLAS FUNDING LIMITED**

### **History**

EFG Hellas Funding Limited (the “Issuer”) was incorporated in Jersey on 4th March, 2005 for an unlimited duration and with limited liability under the laws of Jersey with registered number 89637.

The registered office of the Issuer is Whiteley Chambers, Don Street, St. Helier, Jersey JE4 9WG. The Issuer has no place of business in Greece.

### **Business**

The Issuer is a wholly-owned subsidiary of EFG Eurobank Ergasias S.A.. The Issuer has no subsidiaries. It was formed to act as a general finance vehicle for the Group.

### **Capitalisation**

- (a) The existing issued ordinary shares of the Issuer are not listed on the Luxembourg Stock Exchange, the Frankfurt Stock Exchange or on any other stock exchange and are not dealt in on any other recognised market.
- (b) The Issuer has an authorised share capital of up to €401,000,000 divided into 1,000,000 ordinary shares of €1 each and 400,000 Series A Non-cumulative Guaranteed Non-voting Preferred Securities of €1,000 each.

At the date hereof 10,000 ordinary shares have been issued and are fully paid. There has been no subsequent change in the share capital of the Issuer.

- (c) The holders of the ordinary shares of the Issuer have no rights of pre-emption or preferential subscription rights in respect of the Preferred Securities.
- (d) No capital of the Issuer is under option or is agreed conditionally or unconditionally to be put under option.

### **Indebtedness**

Since the date of its incorporation, the Issuer has not had outstanding any loan capital and has not incurred any other borrowings or indebtedness and has had no contingent liabilities or granted any guarantees.

## Directors

The Directors of the Issuer and their principal activities outside the Issuer are as follows:

<i>Name</i>	<i>Function in the Issuer</i>	<i>Principal Activity Outside the Issuer</i>
Michael Lombardi	Director	Partner of Ogier & Le Masurier
Peter Gatehouse	Director	Director of Ogier SPV Services Limited
Nicholaos Karamouzis	Director	Deputy Chief Executive Officer, EFG Eurobank Ergasias S.A.
Yasmine Ralli	Director	Consultant to EFG Eurobank Ergasias S.A.
Fokion Karavias	Director	General Manager and Group Treasurer, EFG Eurobank Ergasias S.A.
Simon Jaquiss	Director	Treasurer, EFG Eurobank Ergasias London Branch
Julia Zavakos	Director	Treasury Special Projects Manager, EFG Eurobank Ergasias S.A.

For the purpose of this Offering Circular, the business address of each of the Directors is that of the Issuer's registered office.

The Directors do not, and it is not proposed that they will, have service contracts with the Issuer. No Director has entered into any transaction on behalf of the Issuer which is or was unusual in its nature of conditions or is or was significant to the business of the Issuer since its incorporation.

At the date of this Offering Circular there were no loans granted or guarantees provided by the Issuer to any Director.

As at the date of this Offering Circular, the Directors have not received, nor is it expected that they will receive, any remuneration for the provision of their services as directors of the Issuer. Michael Lombardi is a partner of Ogier & Le Masurier and Peter Gatehouse is a director of Ogier SPV Services Limited, both of which derive fees from the provision of legal and administrative services to the Issuer. Ogier & Le Masurier is associated with the Ogier Group Partnership, the owner of Ogier SPV Services Limited.

The Articles of Association of the Issuer provide that:

Subject to the provisions of the Law, any Director may vote on any proposal, arrangement or contract in which he is materially interested provided he has disclosed the nature of his interest in it prior to its consideration and any vote thereon.

The remuneration of the Directors shall from time to time be determined by ordinary resolution of the Issuer in general meeting.

Subject to the provisions of the Articles of Association, a Director shall hold office until such time as he is removed from office by ordinary resolution of the Issuer in general meeting.

For purposes of the Issuer's Articles of Association, "Law" means the Companies (Jersey) Law, 1991, as the same may be amended from time to time.

## Secretary

The Secretary of the Issuer is Ogier SPV Services Limited of Whiteley Chambers, Don Street, St. Helier, Jersey JE4 9WG.



**General**

Since 4th March, 2005, the date upon which the Issuer was incorporated, there has been no significant change in the trading or financial position of the Issuer.

PricewaterhouseCoopers CI LLP, of Twenty Two Colomberie, St. Helier, Jersey JE1 4XA have been appointed as auditors to the Issuer. It is intended that the Issuer will prepare financial statements on an annual basis.

No accounts have been prepared for the Issuer nor have any dividends been declared or paid since the Issuer was incorporated.

No transactions have occurred since incorporation of the Issuer other than (i) the allotment of the shares described under "Capitalisation" above and (ii) the execution of the Subscription Agreement dated 16th March, 2005 and the Agency Agreement to be dated 18th March, 2005, each as described in this Offering Circular and of a Corporate Administration Agreement to be dated on or about 18th March, 2005 and made between the Issuer and Ogier SPV Services Limited.

## EFG EUROBANK ERGASIAS S.A.

### Overview

EFG Eurobank Ergasias S.A. ("**EFG Eurobank**") is the third largest bank in Greece in terms of assets, loans and deposits. EFG Eurobank's registered office is at 8 Othonos Street, Athens 10557, Greece.

EFG Eurobank provides a wide range of banking and financial services, capital markets and advisory services, treasury activities and other financial services to retail customers, private banking clients and business customers. EFG Eurobank is one of the largest retail banking service providers in Greece in terms of deposits, loans and branches. EFG Eurobank's operations also include the largest domestic private banking service in Greece. EFG Eurobank offers additional financial services, including brokerage and insurance, through several of its subsidiaries.

EFG Eurobank operates a distribution network that includes approximately 304 branches, 60 mini-branches, 704 ATMs and telephone and electronic banking distribution channels. These provide EFG Eurobank with a nation-wide distribution capability through which it offers an increasing array of products and services. EFG Eurobank continually strives to be at the forefront of global technological advances in Greece and holds a leading domestic market share in important market segments, including private banking, mortgage lending, lending to small and medium-sized enterprises ("**SMEs**"), credit card services and investment banking services.

EFG Eurobank is part of the EFG Bank Group, which consists of banks and financial services companies. The ultimate parent company is EFG Bank European Financial Group, a bank incorporated in Switzerland. All the voting power at general meetings of EFG Bank European Financial Group is held by Latsis family interests.

EFG Eurobank is a public company under Greek law, listed on ATHEX since April 1999. It is subject to regulation and supervision by the Bank of Greece and, indirectly on a consolidated basis via the EFG Bank Group, by the Federal Banking Commission of Switzerland. EFG Eurobank is also regulated by the Hellenic Capital Markets Commission ("**HCMC**").

### History of EFG Eurobank

EFG Eurobank was established on 11th December, 1990 under the name of Euromerchant Bank S.A. and it changed its name to EFG Eurobank S.A. in 1997 when all the banks of the EFG Bank Group were unified for marketing purposes under the "EFG" brand-name. With the 7th September, 2000 merger with Ergobank, EFG Eurobank changed its name to EFG Eurobank Ergasias S.A.

The financial services sector in Greece has undergone a period of significant deregulation, which commenced in the mid-1980s. In the context of the liberalisation of the Greek banking industry that had taken place by the end of 1990, EFG Eurobank was launched as a niche bank specialising in the merchant banking and private banking sectors in Greece. In this regard, EFG Eurobank concentrated on medium and large-sized enterprises, providing working capital facilities and trade finance services, and later, arranging syndicated loans and private placements of equity and debt, and advising upon and underwriting public offerings on ATHEX. EFG Eurobank's private banking and asset management activities also evolved, primarily supported by the expertise in these areas within the wider EFG Bank Group.

With deregulation specifically targeted at retail lending in the mid-1990s, EFG Eurobank developed into a full-service bank with a focus on retail banking. In this context, EFG Eurobank commenced its expansion programme through its first two strategic acquisitions which resulted in expansion of its then 7-branch network. In the summer of 1996, EFG Eurobank's immediate parent company, Consolidated Eurofinance Holdings S.A. ("**CEH**"), (which was renamed EFG Consolidated Holdings S.A. in 1999), acquired Interbank of Greece S.A. ("**Interbank**"), which had a network of 23 branches. Subsequently, in October 1997, EFG Eurobank merged with Interbank. With this

merger, EFG Eurobank not only expanded its retail branch network but also acquired the technology and human resources to strengthen the foundations for its retail business. In 1997, EFG Eurobank acquired directly the 5 branch retail operations of Credit Lyonnais Grèce S.A. With its expanded retail branch network, EFG Eurobank selectively introduced new businesses and products, including factoring, mortgage lending and consumer lending in 1996; small business lending, credit cards and telephone banking in 1997; leasing in 1998; stock brokerage services in 1999; internet, interactive television and WAP mobile telephone banking services in 2000; and e-commerce in 2001.

In 1998, amid a gradual consolidation process in the domestic banking sector resulting from deregulation and anticipation of Greece's participation in the third stage of EMU, the EFG Bank Group, via EFG Eurobank, acquired a controlling interest in the Bank of Athens. The Bank of Athens was a commercial bank operating throughout Greece with a retail network of 24 branches, whose shares were listed on ATHEX. In March 1999, EFG Eurobank merged its activities with those of the Bank of Athens in a pooling-of-interests transaction.

Also in 1998, CEH acquired a 99.8 per cent. stake in Cretabank, which comprised an 87 branch network and a diversified portfolio of subsidiaries, including a closed-end investment fund and two insurance companies. In February 1999, EFG Eurobank acquired its stake in Cretabank from CEH. Eurobank subsequently merged with Cretabank in October 1999.

In addition, in 1998, EFG Eurobank and CEH acquired a combined 18.4 per cent. interest in Ergobank, becoming the single largest shareholder group in that bank. In June 1999, CEH tendered for a controlling stake in Ergobank, which was successfully concluded in August 1999. The Boards of Directors of EFG Eurobank and Ergobank announced their intention to merge the two banks in January 2000. On 7th September, 2000, the legal merger of EFG Eurobank and Ergobank by absorption of the latter by the former took place, bringing together the complementary strengths of the two banks: EFG Eurobank with its retail, wholesale and private banking business in Greece, and Ergobank with its considerable experience and success in providing banking services to SMEs. At that date, EFG Bank Group indirectly held a 41 per cent. interest and Deutsche Bank Aktiengesellschaft ("**Deutsche Bank**") a 9.3 per cent. interest in the merged entity, EFG Eurobank. Deutsche Bank acquired an approximate 10 per cent. holding in EFG Eurobank in December 1998 as part of a strategic alliance. The alliance involved co-operation in sectors such as mutual funds, insurance, equity and debt capital markets and investment banking. Deutsche Bank disposed of its shareholding in EFG Eurobank in November 2003. This was in line with Deutsche Bank's strategy to divest from non-core markets and did not affect the overall good relationship between the two banks. The transaction had no impact on EFG Eurobank's operations or share price.

On 4th May, 2000, EFG Ora Funding Limited (an orphan special purpose vehicle incorporated in the Cayman Islands) and EFG Exchange Holdings Limited (a fully owned subsidiary of Private Financial Investments Holding Ltd, incorporated in the Cayman Islands) issued exchangeable instruments for a total amount of €360 million, exchangeable for EFG Eurobank's shares. EFG Eurobank provides a guarantee to the holders of these exchangeable instruments. These exchangeable instruments are due to be redeemed on 4th May, 2005.

On 29th November, 2004, EFG Ora Funding Limited II (an orphan special purpose vehicle incorporated in the Cayman Islands) and EFG Bank European Financial Group together issued exchangeable instruments for a total amount of €350 million, exchangeable for EFG Eurobank's shares. EFG Eurobank provides a guarantee to the holders of these exchangeable instruments. The net proceeds from the issue of these exchangeable instruments were used for the business and banking activities of EFG Bank Group exclusively outside of Switzerland.

During 2001, EFG Eurobank and Telesis Investment Bank S.A. ("**Telesis**") agreed to merge. Telesis, an investment bank listed on ATHEX, had a strong presence in investment banking, equity brokerage and asset management services. The legal merger was concluded on 11th March, 2002.

Aiming to consolidate its position in asset management, in November 2002, EFG Eurobank announced its intention to merge with Ergoinvest S.A. and Investment Development Fund S.A., two closed-end funds in which EFG Eurobank participated with 32 per cent. and 43 per cent. shareholding interests, respectively. The two funds were listed on ATHEX and their portfolios consisted mainly of shares of ATHEX-listed companies. The legal merger of EFG Eurobank and Ergoinvest S.A. was completed in April 2003 and the legal merger of EFG Eurobank and Investment Development Fund S.A. was completed in November 2003.

On 14th June, 2004, EFG Eurobank completed its first securitisation transaction collateralised by €750 million of residential mortgage loans to Themeleion Mortgage Finance PLC.

On 15th June, 2004 EFG Eurobank issued, for the first time, €400 million unsecured subordinated floating rate notes (the “Notes”) through its subsidiary EFG Hellas PLC. This was the debut issuance of unsecured subordinated notes under the Programme. The Notes are guaranteed by EFG Eurobank and qualify as lower tier II capital for EFG Eurobank.

On 26th October, 2004, and following an agreement signed on 6th June, 2004, EFG Eurobank acquired 100 per cent. of the share capital of Intertrust Management of Mutual Funds S.A. from Novabank S.A. and Eureka B.V, following receipt of all regulatory approvals.

## Management

The Board of Directors of EFG Eurobank determines EFG Eurobank’s guiding philosophy and strategy and sets its operational goals. At the Ordinary General Meeting on 5th April, 2004, shareholders elected a new Board of Directors of EFG Eurobank for a term of three years, which term is renewable.

At the above Ordinary General Meeting two independent non-executive directors of the Board of Directors were also appointed in accordance with the provisions concerning corporate governance (L.3016/ 2002). On 5th April, 2004, the Board of Directors approved the constitution of the Board of Directors into a body and the appointment of executive and non-executive members of the Board of Directors, in accordance with the above provisions concerning corporate governance. The above resolutions by the Ordinary General Meeting and the Board of Directors are ratified by the Ministry of Development.

Following the above, the composition of the Board of Directors of EFG Eurobank is as follows:

## Board of Directors

Xenofon K. Nikitas	Chairman (Executive Director)
George C. Gondicas	Honorary Chairman (Non-Executive Director)
Anna Maria Louisa J. Latsis	First Vice Chairman (Non-Executive Director)
Lazaros D. Efraimoglou	Second Vice Chairman (Non-Executive Director)
Nicholas C. Nanopoulos	Chief Executive Officer (Executive Director)
Byron N. Ballis	Deputy Chief Executive Officer (Executive Director)
Nicholaos V. Karamouzis	Deputy Chief Executive Officer (Executive Director)
Stamos P. Fafalios	Independent Non-Executive Director
Panagiotis K. Lambropoulos	Independent Non-Executive Director
Fotis S. Antonatos	Non-Executive Director
Emmanuel L. Bussetil	Non-Executive Director
Antonios G. Bibas	Non-Executive Director
Dr. Spiros J. Latsis	Non-Executive Director
Pericles Petalas	Non-Executive Director
Haralambos M. Kyrkos	Executive Director
Nicholas K. Pavlides	Executive Director

The Board of Directors of EFG Eurobank has delegated management powers to an Executive Committee. The current members of the Executive Committee are:

**Executive Committee Members**

Nicholas C. Nanopoulos	Chairman
Byron N. Ballis	Member
Nicholaos V. Karamouzis	Member
George N. Alvertis	Member
Thimios Bouloutas	Member
Christos P. Comiopoulos	Member
Paula N. Hadjisotiriou	Member
Fokion Karavias	Member
Evangelos Kavvalos	Member
Haralambos M. Kyrkos	Member
George Marinos	Member
Nicholas K. Pavlides	Member
Michalis Vlastorakis	Member

The management team has experience of successfully managing mergers and turning the merging banks into integrated banking units. EFG Eurobank’s management team is successful in implementing cost control initiatives and in managing credit portfolios through business cycles while simultaneously focusing in customer service excellence.

## Consolidated Income Statement for EFG Eurobank

The financial information for the years ended 31st December, 2004 and 31st December, 2003 was extracted without material adjustment from the audited consolidated financial statements of EFG Eurobank, which were prepared in accordance with Greek Law 2190/1920 and generally accepted accounting principles in Greece.

	<b>31 December 2004 € millions</b>	<b>31 December 2003 € millions</b>
Interest receivable and similar income		
– Interest income from fixed- income securities .....	282	340
– Other interest and similar income.....	1,721	1,181
.....	2,003	1,520
Interest payable and similar charges.....	(965)	(671)
	<u>1,038</u>	<u>849</u>
Income from securities		
– Income from shares and other variable-yield securities .....	8	8
– Income from shares in affiliated undertakings .....	6	5
Income from securities.....	14	13
Commissions net income.....	362	310
Net profit from financial operations .....	53	34
Other operating income .....	17	9
<b>Total Operating Income</b> .....	<u>1,484</u>	<u>1,215</u>
General administrative expenses.....	(628)	(551)
Fixed assets depreciation and valuation .....	(98)	(104)
Other operating expenses .....	(3)	(9)
Provisions for loans and advances and contingent liabilities and commitments .....	(213)	(157)
<b>Profit on Ordinary Activities</b> .....	<u>542</u>	<u>395</u>
Extraordinary income, expenses and profit .....	(15)	(12)
<b>Profit Before Tax</b> .....	<u>527</u>	<u>383</u>
Analysed as follows: .....		
Minority interests .....	(14)	(10)
<b>Group Profit on Ordinary Activities Before Taxes</b> .....	<u>513</u>	<u>373</u>
Less: income tax .....	(164)	(107)
Add: deferred income tax.....	15	11
Less: differences resulting from tax audit .....	0	(7)
Net profit after tax .....	378	279
Minority interest .....	(10)	(7)
<b>Group Net Profit After Tax</b> .....	<u>368</u>	<u>273</u>

The independent auditor's reports on the 31st December, 2004 and the 31st December, 2003 year end financial statements for EFG Eurobank were qualified in certain cases.



## CONSOLIDATED BALANCE SHEET OF EFG EUROBANK

The financial information as at 31st December, 2004 and 31st December, 2003 was extracted without material adjustment from the audited consolidated financial statements of EFG Eurobank, which were prepared in accordance with Greek Law 2190/1920 and generally accepted accounting principles in Greece.

	31 December 2004 € millions	31 December 2003 € millions
<b>Assets</b>		
Cash and balances with central banks .....	1,552	1,199
Treasury bills and similar securities eligible for refinancing with central banks .....	480	61
Loans and advances to credit institutions .....	614	886
Loans and advances to customers .....	20,498	16,333
Debt securities including fixed-income securities .....	6,548	7,479
Shares and other variable-yield securities.....	393	422
Participations in non-affiliated undertakings .....	23	46
Investments in associated undertakings .....	58	19
Intangible assets .....	115	101
Tangible assets .....	557	554
Other assets.....	394	319
Prepayment and accrued income .....	707	611
<b>Total assets</b> .....	<b>31,939</b>	<b>28,030</b>
<b>Liabilities</b>		
Due to credit institutions .....	5,265	5,224
Due to customers.....	18,209	17,308
Liabilities evidenced by paper .....	4,667	2,515
Other liabilities .....	730	691
Accruals and deferred income .....	393	254
Provisions for liabilities and charges .....	215	97
Provisions for general banking risks .....	35	25
<b>Subordinated Notes</b> .....	400	0
<b>Equity</b>		
Share capital .....	926	931
Share premium account.....	505	562
Reserves		
Profit after tax		
Statutory reserve .....	112	97
Extraordinary reserves.....	267	250
Special reserves .....	97	52
Fixed asset revaluation reserve.....	22	4
Retained earnings .....	172	123
Treasury shares .....	(3)	(130)
Consolidation differences.....	(158)	(96)
	1,940	1,793
Minority interests .....	85	123
<b>Total Liabilities</b> .....	<b>31,939</b>	<b>28,030</b>

	<b>31 December 2004</b>	<b>31 December 2003</b>
	<b>€ millions</b>	<b>€ millions</b>
<b>Off Balance Sheet Items</b>		
Contingent liabilities from guarantees to third parties .....	37,847	24,588
Items in custody and safekeeping .....	57,234	49,870
Commitments from bilateral contracts .....	23,647	13,347
Credit memo accounts .....	13,906	13,947
<b>Total Off Balance Sheet Items</b> .....	<b>132,634</b>	<b>101,752</b>

### Consolidated Capitalisation and Indebtedness of EFG Eurobank

The following table shows the audited consolidated capitalisation and indebtedness of EFG Eurobank as at 31st December, 2004, which has been extracted without material adjustment from the audited consolidated financial statements of EFG Eurobank, which were prepared in accordance with Greek law 2190/1920 and generally accepted accounting principles in Greece.

	<b>Capitalisation 31 December 2004</b>
	<b>€ millions</b>
Short-term debt.....	1,992
Long-term debt .....	2,675
Subordinated debt .....	400
<b>Total Debt</b> .....	<b>5,067</b>
Minority Interest .....	85
<b>Shareholders' Equity</b>	
Called up share capital.....	926
(authorised, issued and fully paid ordinary shares of 314,009,537)	
Share premium account .....	505
Reserves .....	509
<b>Total Shareholders' Equity</b> .....	<b>1,940</b>
<b>Total Capitalisation</b> .....	<b>7,092</b>

#### Notes:

- (1) On 22nd October, 2004, the Board of Directors of EFG Eurobank announced the distribution of an interim dividend of €0.30 per share, based on EFG Eurobank's net profits for the 9 months ended 30th September, 2004. The ex-interim dividend date was 29th November, 2004.
- (2) From time to time EFG Eurobank buys back its own shares under its treasury share repurchase programme.
- (3) Except as disclosed above there has been no material change to the consolidated capitalisation and indebtedness of EFG Eurobank since 31st December, 2004.

### Strategy

The primary goal of EFG Eurobank is to be the bank of first choice in Greece and a strong regional player in order to create long-term value for its shareholders. To achieve this goal, EFG Eurobank maintains its customer focus, providing modern, flexible products and services that meet the constantly evolving needs of customers. The strategy of EFG Eurobank may be summarised as follows:

- emphasis on high-growth, high-margin market segments, such as retail banking, lending to small- and medium-sized enterprises, asset management and investment banking;
- continuation of organic growth and reduction of operational costs through investments in new, improved infrastructure and innovative products; and
- expansion of business model in selective countries of South-eastern Europe.

## **Banking Activities**

### ***Introduction***

EFG Eurobank provides a wide range of banking and related services, including:

- retail banking;
- private banking;
- business banking, including services specifically targeted to small- and medium-sized enterprises;
- insurance;
- shipping finance;
- international banking;
- investment banking;
- asset management; and
- brokerage.

EFG Eurobank's management believes that EFG Eurobank has, and will increasingly have, a strong competitive advantage in attracting domestic customers due to its:

- extensive network of branches, mini-branches and alternative networks (ATMs, phone banking, e-banking) for the bank's products, with a consistent and recognisable image;
- ability to cross-sell products and services, to its Greek clientele through sophisticated customer relationship management systems and dedicated service channels per client segment;
- expertise and position as Greek industry leader in providing banking services to individuals and small and medium-sized businesses;
- investments in technology, which sharpen efficiency and enable a faster service, as well as a deeper penetration of the existing client base;
- sophisticated risk controls which have been put in place in order to monitor and maintain satisfactory asset quality.

EFG Eurobank also intends to continue to expand its international banking activities, especially in areas neighbouring its domestic market, such as South-eastern Europe. EFG Eurobank currently has a presence in Bulgaria by virtue of its 96.7 per cent. stake in Bulgarian Post Bank S.A. ("**Post Bank**"), a domestic Bulgarian bank which operates through Bulgaria's post offices as its distribution network. Also EFG Eurobank, along with Banco Portugues d'Investimento ("**BPI**"), acquired in 2000 an interest in Banc Post S.A. ("**Banc Post**") in Romania. EFG Eurobank's shareholding in Banc Post is presently 55.3 per cent. In addition, EFG Eurobank is entering the Serbian market through its acquisition of a 91 per cent. stake in EFG Eurobank Beograd AD, formerly Post Banka S.A. The stake has since been raised to 93.5 per cent.

## **Distribution Channels**

### ***Branch Network***

EFG Eurobank currently operates through approximately 304 branches. EFG Eurobank's branches are located throughout Greece, in all major cities and in many towns, covering the major population centres in Greece. In addition, there is an active branch in London, operating in the local market.

EFG Eurobank has adopted a multi-channel approach to branch banking whereby certain branches are developed to cater specifically for special market sectors, such as retail banking, private banking and business lending to SMEs. This "modular growth platform" approach permits the fast roll-out of new branches, whereby each branch may be designed as a combination of different market-focused units.

EFG Eurobank views branch specialisation as a competitive advantage, allowing EFG Eurobank's clients to have access to customised services and assistance from bank employees who are trained to meet their particular requirements.

EFG Eurobank's retail credit procedures are centralised so that all of its branches are primarily responsible for managing client relationships and selling products. For example, loan approval, loan collections and other important discretionary decision-making processes are segregated and centrally controlled. A standardised operating manual and modular training programmes are used to train employees at all branches with respect to the operations and technology systems in use by EFG Eurobank. EFG Eurobank's technological investments help provide the infrastructure to promote strategic and organic growth and functional convergence. Such investments support EFG Eurobank's policy of centralisation, which has permitted routine back-office operations to be largely removed from the branches to central units and managed cost-effectively through the use of computers and less highly-skilled personnel. This centralisation model has not only produced economies of scale for EFG Eurobank, but also helps ensure the consistent implementation of credit control policies throughout its branch network.

### ***Open 24***

EFG Eurobank also has a distribution network in Greece under the brand name "Open 24". Small window-service outlets, numbering 60, are located in supermarkets, shopping centres and other public areas throughout Greece, offering cash deposit/withdrawal transactions, promotional information regarding EFG Eurobank's consumer lending, mortgage lending, savings and mutual fund products, introductory guidance on internet banking, as well as the capability to service quickly certain types of credit card and loan applications. All approval processes for applications are centralised.

### ***Telephone Banking***

EFG Eurobank offers its customers certain banking services that can be conducted by telephone, serving as a complement to the services available through physical outlets. EFG Eurobank offers 24-hour telephone banking. This service is geared toward individual retail customers. In addition to direct telephone services, EFG Eurobank has implemented an automated telephone response system to handle services that do not require human resources, such as checking account balances or up-to-date information on stock prices. The system has been operating since March 2000.

### ***Internet Banking***

In February 2000, EFG Eurobank launched its internet banking service, the pilot programme for which began in November 1999. The relative low cost and speed with which customers can be served through the internet make internet banking services a cost-effective investment for EFG

Eurobank. At present, EFG Eurobank's internet services are aimed principally at existing customers, in both the business and retail segments. Currently, EFG Eurobank's internet services allow customers to access their account balance information, pay credit card bills, transfer funds between their bank accounts, transfer funds to third-party accounts in Greece and abroad, obtain stock market information, trade in securities (subject to three-day clearing on ATHEX) and manage their investment portfolios on-line. EFG Eurobank has also created an internet "shopping mall" website, participation in which is offered as a service to Greek retailers with whom EFG Eurobank has an affiliation.

In December 1999, EFG Eurobank agreed to acquire a stake in Comquest S.A. In 2000, Comquest S.A. merged with its subsidiary Hellas On-Line S.A. one of the largest internet service providers in Greece. EFG Eurobank had held a 40 per cent. stake in Comquest S.A. and acquired the remaining 60 per cent. stake in 2002. Comquest S.A. was subsequently renamed Hellas On-Line S.A.

### ***Telemarketing***

EFG Eurobank is actively cross-selling its products through telemarketing. The telemarketers proactively approach retail banking customers, offering them services that complement their existing relationships with EFG Eurobank. For example, savings deposit account holders may be offered credit card, mortgage and consumer loan information. Cross-selling of products offers the opportunity for EFG Eurobank to increase its overall margin with respect to each customer by introducing existing clients to higher margin products. EFG Eurobank's investments in technology have recently enabled it to calculate accurate cross-sale statistics (identifying those products which are under-represented in secondary relationships with certain customer markets) so as to set goals and target particular market segments through telemarketing.

### **Retail Banking**

Retail banking is one of EFG Eurobank's strongest market sectors. The asset side of retail banking in Greece is significantly underdeveloped compared to other major European countries.

EFG Eurobank's retail banking operations offer a wide range of products to meet the savings, investment and financing needs of individuals, small enterprises and professionals, including:

- mortgage lending;
- consumer lending, including credit card services;
- lending to small businesses and professionals (i.e. small business and professionals with annual revenues of up to €2.5 million); and
- savings and investment products.

Retail banking currently contributes a significant portion of EFG Eurobank's total revenues. In Greece, liberalisation of the banking system and the recent rapid reduction of interest rates have stimulated the development of consumer credit, housing loans and small business start-ups.

EFG Eurobank's strength in retail banking is attributable in large part to its diverse channels of distribution. EFG Eurobank's extensive branch network is integral to its retail banking business, particularly for consumer loans, mortgages and savings and investment products. EFG Eurobank is one of the leading Greek banks in domestic advertising and marketing, including print, television and radio advertising, telemarketing, and direct mail initiatives. In addition, EFG Eurobank has established co-branded personal financing programmes with many of Greece's leading retailers that enable customers to obtain on-the-spot credit at retailers' premises in order to purchase goods.

The retail banking arm of EFG Eurobank is divided into the following product areas:

### ***Mortgage Lending***

EFG Eurobank is very active in mortgage lending, predominantly for residential real estate and, to a lesser extent, for commercial real estate of its corporate banking clients. EFG Eurobank began its mortgage lending activities in 1996. Since its inception, the mortgage lending business has been growing quickly. EFG Eurobank's branch network is its principal distribution channel for its mortgage products, accounting for approximately 80 per cent. of its total volume of mortgages.

EFG Eurobank's mortgage lending growth thus far is attributable in part to improvements in the Greek economy due to privatisation and deregulation, permitting more people to move to larger and better quality housing in Greece, lower interest rates and to the flexibility of the programmes EFG Eurobank offers to meet customers' diverse mortgage loan needs. EFG Eurobank's range of mortgages spans a variety of fixed, variable and variable-fixed rate mortgages for maturities up to 30 years for residential mortgages and 10 years for commercial real estate. Mortgages may be prepaid subject to nominal penalties or refinanced.

EFG Eurobank has its own team of specialist valuation experts under the supervision of EFG Eurobank Properties S.A., EFG Eurobank's real estate management subsidiary, who provide surveying services to prospective mortgage loan customers. The standard loan-to-value ratio with respect to EFG Eurobank's mortgage loans is up to 75 per cent. for residential properties and up to 65 per cent. for commercial properties. In some cases, the loan-to-value ratio is up to 100 per cent. The vast majority of mortgages give EFG Eurobank first lien over the relevant underlying property. Mortgage loans are not granted for development properties, which are generally dependent for a significant portion of their value on future payment streams and, therefore, represent a significantly higher credit risk than EFG Eurobank's residential and other commercial mortgage lending. As with its other lending processes, EFG Eurobank's mortgage loan approval and collection process is centralised and based on uniform criteria which take into account, among other factors, the source and size of repayment income, the employment, tax and credit history of the proposed borrower and the size of the loan relative to the commercial value of the property.

EFG Eurobank's mortgage lending sector has had a strong record of non-default and timely payments. The centralised collections department initiates contact and discussions with mortgage loan customers within the first month in which any repayment problem arises.

In those instances in which a mortgage loan in difficulty cannot be refinanced or rescheduled and the loan is considered to be in default, EFG Eurobank undertakes legal proceedings in the Greek courts to cause a mandatory auction, based on the recorded charge over the property. The proceeds of the auction can be used to pay off the loan in default or, if EFG Eurobank outbids the other bidders, it may acquire ownership of the property. If the latter should occur, EFG Eurobank will take ownership of the property subject to any existing tenancy agreement with a definitive date of execution certified by the relevant public authority or competent tax authority. Any tenancies without a definitive date of execution certified by the relevant public authority or competent tax authority may be terminated by EFG Eurobank provided it gives the relevant notice to the tenant. EFG Eurobank's intention is that its real estate management subsidiary, EFG Eurobank Properties S.A., will facilitate EFG Eurobank's disposition of such properties.

### ***Consumer Lending – Loans and Credit Cards***

While consumer credit has existed in Greece since 1972, this sector has grown significantly in recent years due to the market deregulation in the mid-1980s, as well as the continuing decline in interest rates. EFG Eurobank is the leading consumer lending provider in the Greek market, according to aggregate statistics furnished by the Bank of Greece.

Consumer finance services are offered through EFG Eurobank's wholly owned subsidiary, Eurobank Cards S.A. ("**Eurobank Cards**"), which was established in 1997 for the market development and servicing of loans and credit cards. EFG Eurobank offers a variety of consumer finance solutions: revolving loans; amortised personal loans; consumer loans (vehicle and durable goods financing); and a wide range of credit card products (Visa, MasterCard, proprietary brand Euroline, co-branded, affinity, private label). EFG Eurobank's lending products rely on flexibility,



service, speed and multiple channels of distribution. EFG Eurobank has developed affiliations with major retailers for the provision of “fast credit” to consumers who seek to purchase goods by opening credit on the spot at a given retailer’s establishment. The retailers participating in EFG Eurobank’s fast credit programme are able to fax or transfer, via internet consumer loan application, information to EFG Eurobank’s central credit centre and may receive approval in 10-15 minutes for extending lines of credit, on behalf of EFG Eurobank. Loans and card applications are processed centrally, according to EFG Eurobank’s approval procedure and credit policy. All lending products are classified in accordance with credit risk standards recommended by the Bank of Greece.

EFG Eurobank’s management anticipates growth to continue substantially in its consumer lending activities. The Greek market is reaching maturity but is far from saturated. Consumer lending in Greece, as at end-June 2004, represented 9.7 per cent. of Gross Domestic Product (“GDP”), whilst the European average stood at 15.9 per cent. Moreover, the recent liberalisation of consumer lending has revealed a growth acceleration trend both in disbursements and outstanding balances.

Facing consumer credit liberalisation, EFG Eurobank has in place advanced risk management tools, in order to sustain and further enhance consumer portfolio quality. New rational relationship-based credit approval criteria incorporating total bank exposure, redefined risk thresholds, aggressive collections and legal/remedial management, as well as adequate provisioning, ensure predictable and sustainable earnings.

In line with EFG Eurobank’s strategic international expansion, Eurobank Cards’ successful business model is being replicated in South Eastern Europe. With fast growing, closely monitored consumer lending subsidiaries in Bulgaria, Cyprus, Romania and Serbia, EFG Eurobank is setting the foundation for profitable international expansion, establishing its position as a key market player in the region.

### ***Small Business and Professional Lending***

EFG Eurobank established the Small Business Lending (“SBL”) unit in 1997 with a target customer base comprising small commercial and service enterprises and self-employed professionals with annual revenues of up to €2.5 million. Products and services include revolving credit lines, amortising term loans, working capital facilities, financing of professional equipment and vehicles and mortgages for professional real estate. EFG Eurobank cross-markets and cross-sells other products and services, such as insurance, trade finance, letters of guarantee and point-of-sale (“POS”) services to its existing SBL clients.

SBL’s historic profitability is attributable in part to the low operating costs resulting from the centralisation of SBL’s management and monitoring and in part from EFG Eurobank’s investments in technology. Many SBL services are automated, and SBL borrowers can be linked to electronic payment systems, paying directly into EFG Eurobank’s central headquarters. Automation and centralisation reduce the relationship maintenance costs associated with larger clients so that only one SBL officer is required at each branch.

### ***Savings and Investment Products***

In addition to traditional savings products, EFG Eurobank offers a series of investment products addressing the needs of retail and private banking customers seeking either low risk or variable combinations of return, risk and liquidity. These include the “EURO 1” account, part conventional deposit account and part investments in Greek government securities; a series of “Prime” accounts that combine deposits with investments in mutual funds; and “Europrofiles” accounts that combine several types of mutual funds according to the customer’s investment profile and preference and are actively managed by EFG Eurobank through limited discretionary customer mandates. EFG Eurobank also offers structured investment products, “Eurostructures”, including capital guaranteed products.

## **Private Banking**

EFG Eurobank has offered private banking services since its inception in 1990 and currently has one of the largest domestic private banking operations in the Hellenic Republic. EFG Eurobank's private banking operations cater for the savings, investment and credit needs of high net worth individuals, with a minimum investment of €300,000 in assets placed with EFG Eurobank.

Domestically, 10 of EFG Eurobank's branches cater specifically for the needs of private banking clients. EFG Eurobank intends to increase its private banking "branch within a branch" facilities in its retail branches. Each retail branch that does not contain its own private banking "branch" on-premises is assigned to one of the private banking branches. Internationally, EFG Eurobank's private banking customers are served through the seven private banks throughout Europe that are operated by the EFG Bank Group.

EFG Eurobank's private banking clients are predominantly professionals. EFG Eurobank views the professional/high net worth individual market sector as a potential area for continued growth, especially in light of the current lack of competition in the Greek market. Accounts belonging to retail customers with €300,000 or more in funds under management with EFG Eurobank are automatically transferred to the Private Banking division, where they are offered a more personalised range of services. EFG Eurobank's strategy is to ensure that it offers a comprehensive product portfolio, ranging from money market funds to more sophisticated products.

EFG Eurobank's principal private banking services are international private banking, discretionary management and Europrofiles. Additionally, private banking offers "customised" banking services, based on five basic models of product combinations. Because of its organisational structure and co-operation with the other banks of the EFG Bank Group, EFG Eurobank can offer its clients comprehensive "Total Wealth Management" facilities across European borders and in a range of widely-held currencies. EFG Eurobank is able to seize the opportunity to cross-sell the private banking services of the EFG Bank Group to capitalise on both the domestic and international markets.

## **Wholesale Banking**

### ***General***

EFG Eurobank's activities for its business customers include arranging syndicated loans and private placements of equity and debt, advising upon and underwriting public offerings on ATHEX, providing advisory services for mergers and acquisitions as well as offering traditional corporate banking products. EFG Eurobank provides corporate banking services primarily to Greek companies, but also to Greek subsidiaries of foreign companies and to public sector companies and entities. EFG Eurobank's corporate lending extends to all sectors of the economy.

### ***Lending to Medium-sized Enterprises (ME Lending)***

The ME Lending division focuses on corporates with revenues between €2.5 million and €25 million. The division's target sectors are industrial, commercial, services and handicrafts companies; key products are trade finance, overdrafts, hedging and letters of credit. Credit evaluations are based on a review of a ME's cashflow, which EFG Eurobank believes more accurately reflects credit risk than a point-based scoring system.

EFG Eurobank has a network of dedicated, self-contained marketing and credit units ("**Business Centres**"), which support the ME Lending division and are located within selected branches. At present, there are 32 dedicated and 11 satellite Business Centres.

### ***Corporate Lending***

This division addresses the needs of customers with revenues greater than €25 million. EFG Eurobank's key products consist of short-term financing, factoring and forfeiting and offshore revolving credit facilities and term loans. The headquarters of this division are in Athens, with a support office in Thessaloniki. EFG Eurobank has a separate group responsible for corporate business development, including the proposal of new clients.

### ***Shipping Finance***

EFG Eurobank has a relatively small exposure to the Greek shipping market. This is attributable to the constraints of international competition and to the very large average size of shipping loans, which carry more risk exposure than most corporate loans. EFG Eurobank's loans and advances to shipping companies are comprised predominantly of secured shipping financings. EFG Eurobank expects to continue to target shipping clients primarily operating in Greece.

### ***Leasing Services***

Lease financing was introduced in Greece in 1987. Ergobank established ErgoLeasing S.A. in 1991 for the provision of all types of leasing services. In December 1998, EFG Eurobank expanded its lease financing activities to serve the corporate banking sector by establishing EFG Eurobank Leasing S.A. The merger of Ergo Leasing S.A and EFG Eurobank Leasing S.A. was completed in February 2002. EFG Eurobank has a leading position in this segment following the recent enactment of legislation providing for the leasing of real estate. The leasing company provides a broad range of business leasing services, including leases for new and second-hand moveable capital equipment and the leasing of real estate property for business use (with a minimum duration of 10 years) and of commercial vehicles (such as buses, trucks and small aircraft). Leasing activities are also targeted towards vendor leasing, such as providing lease-financing for vehicles and office equipment. EFG Eurobank has expanded its leasing activities in South-eastern Europe and, in 2004, established EFG Leasing E.A.D. in Bulgaria.

### ***Factoring Services***

EFG Eurobank offers factoring services through its subsidiary EFG Factors S.A., established in 2000. Products offered include innovative products for the Greek market such as forfeiting, reverse factoring and back-to-back factoring.

### ***Insurance***

EFG Eurobank has been providing insurance services through EFG Insurance Services S.A., a brokerage subsidiary established in July 1992 and through ErgoInsurance Brokerage S.A. Through these companies, which merged in April 2003, EFG Eurobank meets the insurance needs both of business and individual customers, offering home, car, credit card, life and general casualty insurance products. In 1998, EFG Eurobank initiated its bancassurance business by offering insurance products "packaged" with other products offered through its branches and telephone banking networks. For example, life insurance coverage was offered with consumer loans and home mortgages and fire insurance coverage was offered with mortgages.

In 1999, EFG Eurobank introduced financial planning specialists located in EFG Eurobank's retail branches, who advise customers on their insurance needs. Motor insurance and fire insurance are also marketed through direct banking channels. EFG Eurobank's management believes that there is significant potential for growth in the Greek market for insurance and intends to continue to expand EFG Eurobank's insurance sales force. In this regard, EFG Eurobank is currently training front-office bank employees in branches to promote and sell its insurance products.

Initially EFG Eurobank's insurance activities had been the brokerage of insurance products underwritten by third parties. Since 2000, EFG Eurobank, through its subsidiaries EFG Life

Insurance S.A. and EFG General Insurance S.A., has been underwriting and selling its own life insurance and home insurance products and has been growing its position dynamically. This growth is attributed to the development of innovative products, the successful distribution of these products through the utilisation of EFG Eurobank's various networks and to a cross-selling strategy which has resulted in increased penetration of insurance products in its wider client base.

### **International Banking**

In the second half of 1998, the EFG Bank Group acquired, through a 50 per cent. holding in ALICO/CEH Balkan Holdings Ltd ("**ACBH**"), in conjunction with AIG who held the other 50 per cent., a significant stake (91.7 per cent.) in Post Bank. EFG Eurobank acquired the interest of EFG Bank Group in ACBH in 2002. In 2003, EFG Eurobank agreed to acquire the 50 per cent. stake of AIG in ACBH. Through this acquisition, EFG Eurobank has obtained full control of ACBH, through which it holds 96.7 per cent. of Post Bank.

In September 2000, EFG Eurobank acquired 19.25 per cent. of Banc Post. This bank operates a large distribution network in Romania, both directly owned and through co-operation agreements with the Romania Post Office. In 2002, EFG Eurobank exercised its option to purchase a further 17 per cent. in Banc Post from the Romanian Authority for Privatisation and Management of the State Ownership and raised EFG Eurobank's stake in Banc Post to 36.25 per cent. In 2003, EFG Eurobank acquired the majority control of Banc Post through the acquisition of BPI's stake of 17 per cent. In July 2004, and December 2004, EFG Eurobank raised its participation in Banc Post to 55.26 per cent. by acquiring minority stakes. EFG Eurobank can raise its participation further through the options it has obtained for acquiring the stakes of GE Capital (7.48 per cent., such option expiring one year from the date of the approval in general meeting of the accounts of Banc Post for the financial period ending on 31st December, 2004), EBRD (7.28 per cent., such option expiring on 31st December, 2008) and IFC (7.28 per cent., such option expiring on 31st December, 2008).

In March 2003, EFG Eurobank agreed to acquire 68.06 per cent. of Post Banka S.A. in Serbia/Montenegro. Post Banka S.A. is a small, solvent, full-service bank with trained personnel and good growth prospects. Later in 2003, EFG Eurobank increased its stake to 91 per cent. and renamed the bank EFG Eurobank AD Beograd. In 2004, EFG Eurobank raised its participation in EFG Eurobank AD Beograd to 93.53 per cent. EFG Eurobank intends to reorganise the operations of this Serbian bank by improving its systems and extending its activities in the areas of retail banking, corporate banking and ME lending.

EFG Eurobank intends to continue to expand its banking activities outside of Greece in selective neighbouring areas in which it may find operating efficiencies, such as South-eastern Europe, when favourable market conditions arise.

### **Investment Banking and Capital Markets**

EFG Eurobank provides directly and or indirectly through its subsidiaries and affiliates, EFG Eurobank Securities S.A., EFG Telesis Finance S.A. (Telesis) and Global Finance S.A., a wide range of investment banking and capital markets services, including underwriting, private placements, corporate finance, brokerage, asset management, treasury, venture capital and research coverage in Greece. It also provides project financing services for large infrastructure works. In these areas, EFG Eurobank seeks to build upon its primary relationship areas, while benefiting from the expertise for packaging and distribution of tailor-made, synthetic products, built through its partnership with Deutsche Bank.

*Underwriting.* EFG Eurobank has a leading position in underwriting services on ATHEX, which has been enhanced by the merger with Telesis. EFG Eurobank is active in advisory and lead manager capacities, in arranging syndicated loans for Greek corporate clients and in managing structured bond issues of state entities, including asset securitisations and exchangeable notes.

*Venture Capital.* Global Finance S.A., in which EFG Eurobank has a 49 per cent. total interest, is the largest manager of venture capital funds in Greece. Global Finance S.A. manages five venture capital funds that have a nominal capital base of approximately U.S.\$350 million. Three of the funds, Baring Hellenic Ventures, Global Capital Investors and Global Capital Investors II, operate in Greece, while the other two, Euromerchant Balkan Fund and Black Sea Fund, are active in South-eastern and Eastern Europe. Global Finance S.A. presently manages the Euromerchant Balkan Fund, in which founding participants include the EBRD and IFC, and the Black Sea Fund, supporting companies in the region's countries that are undergoing development and growth.

*Brokerage.* EFG Eurobank's brokerage activities are conducted through EFG Eurobank Securities S.A., a company that is the result of the recent tri-partite merger between two subsidiaries of EFG Eurobank, EFG Eurobank Securities S.A. and ErgoSecurities S.A., and the brokerage subsidiary of Telesis Investment Bank S.A., Telesis Securities S.A. EFG Eurobank Securities S.A. serves both domestic and international institutional investors and EFG Eurobank's private and retail banking customers. EFG Eurobank Securities S.A. also provides research coverage of companies listed on ATHEX. An automated order forwarding system enables the near real time execution of orders from EFG Eurobank's branch network.

*Mutual Funds.* EFG Eurobank started its mutual funds business in November 1991 with a 50 per cent. interest in ALICO-Eurobank Mutual Fund Management Company S.A. ("**ALICO-Eurobank**").

In February 2000, EFG Eurobank established a new fund management subsidiary, EFG Mutual Fund Management Company S.A. ("**EFG AEDAK**"), to develop new mutual funds and other similar products to be distributed through the branch network. EFG AEDAK specialises in debt and equity based products, both in Greece and internationally and currently manages 35 mutual funds.

Ergobank had established Ergo Mutual Funds Management Company S.A. in 1993 in order to provide its branch network with mutual fund products. In October 2000, management of all Ergo Mutual Funds Management Company S.A. was transferred to EFG AEDAK. In 2002, EFG Eurobank sold its participation in ALICO-Eurobank and concentrated its mutual fund business in its fully owned fast growing subsidiary, EFG AEDAK. On 26th October, 2004, EFG Eurobank acquired the 100 per cent. stake in Intertrust Management of Mutual Funds S.A. from Novabank S.A. and Eureko B.V., following completion of financial and legal due diligence as well as receipt of all regulatory approvals from relevant authorities. With the share transfer, EFG Eurobank holds more than €10 billion in assets under management in 35 different mutual funds, thus strengthening its number one position in the mutual funds market.

Like other savings and investment products, mutual funds are sold to retail and private banking customers. EFG Eurobank has specialist investment consultants in its branches to promote sales of investment and insurance products.

## **Global Markets and Treasury Activities**

EFG Eurobank's treasury activities include foreign exchange, interest rate derivatives and bonds as well as liquidity management through its dealing rooms in Athens and London and the treasury division of its subsidiary banks in South-eastern Europe. The sales group is structured according to international standards and has desks covering a wide range of customers and products. Customers include institutional customers, both in Greece and in Europe, large and medium-sized corporates and shipping clients, as well as individual clients of the private banking and retail divisions of EFG Eurobank. EFG Eurobank's global markets division (formerly "Treasury") (the "**Global Markets Division**") has developed capital markets and investment products geared to specific customer needs. An important contribution of the sales group was the development of "Mellon", a group of hedging products directed to the specific needs of medium to large corporate customers. Structured notes and deposits, foreign exchange, interest rate and commodity derivatives are among the products offered to customers.



EFG Eurobank has a leading position among Hellenic Republic primary dealers in the primary and secondary Greek sovereign bond market. EFG Eurobank is also active in exchange-traded interest rate and bond derivatives on EUREX, as well as in bond trading through EuroMTS. The Global Markets Division maintains an active participation in trading Western European corporate bonds and South-eastern European sovereign bonds. At the same time through the dealing rooms of its subsidiary banks in Bulgaria, Romania and Serbia, EFG Eurobank is developing similar strengths in the primary and secondary trading of sovereign bonds.

Although much of the treasury activity undertaken by EFG Eurobank is to hedge its asset and liability exposures, to ensure adequate liquidity and to respond to customer demand, it also maintains limited unhedged proprietary positions.

EFG Eurobank offers to institutional investors and private banking clients investment opportunities including Greek, Eurozone and South-eastern European bonds of sovereign, financial institution and corporate issuers.

In general, EFG Eurobank and its subsidiaries enter into derivative transactions for hedging purposes only or in response to customer requirements. EFG Eurobank has mutual mark-to-market agreements with most of its derivatives counterparties, which are mainly European and United States financial institutions. A front office IT system, Kondor Plus, installed in 2000, assists the Global Markets Division to monitor and manage EFG Eurobank's positions and exposures accurately and efficiently. In 2004, EFG Eurobank developed and installed a new treasury back-office IT platform.

In 2003, the infrastructure of treasury operations of EFG Eurobank's subsidiaries in Bulgaria and Romania were significantly upgraded. These treasury operations are active in the trading of interest rate and foreign exchange as well as local currency sovereign debt. Their main objectives are asset- liability management and servicing customers, including Greek corporations active in South Eastern Europe.

The EFG Bank Group has set strict trading limits on proprietary trading, which are monitored daily by the risk management division. Trading limits include counterparty exposure (according to credit risk assessment of each counterparty) as well as foreign country exposure limits and limits of concentrations of various maturities. Exposure concentration is controlled through exposure limits and a grading system for country exposures established by the Group Risk Unit. Market risk management guidelines include the close management of foreign exchange exposures and interest rate gaps in relation to EFG Eurobank's capital. EFG Eurobank has in place a risk management system to permit the use of value-at-risk ("VAR") models to monitor risk in addition to the existing limits.

## **Credit Quality**

### ***Risk Management – Loan Approval Process***

EFG Eurobank follows international best practices with a well-defined credit approval process, independent credit reviews and an overall effective risk management function. Segregation of duties dictates independence among staff responsible for the relationship, credit approval, disbursement and credit monitoring over the life of the loan or advance to customers. Executives of the EFG Bank Group review EFG Eurobank's policies formally on an annual basis.

Despite the growth in loans and advances to customers in recent years, EFG Eurobank has not witnessed a significant increase in its bad loans on a proportional basis. This is attributable to a great extent to EFG Eurobank's central approval process and the careful monitoring of the loan portfolio by EFG Eurobank's Credit Control Sector (the "**Credit Control Sector**"), which performs continuous field reviews in the business units.

In the retail business, EFG Eurobank uses a credit scoring system. There are separate databases for consumer loans and credit cards, purchased from external providers and adapted to reflect



EFG Eurobank's own experience. In the case of consumer credit, a credit scoring system has been in operation since 1997.

In mortgage lending, EFG Eurobank employs strict lending criteria, including centralised approval, independent appraisals and reasonable repayment schedules based upon the borrower's annual income. All valuations are performed by independent engineers and checked against values assessed by tax authorities. These tax valuations range from 20 per cent. to 50 per cent. below market value. Mortgage loan amounts are, on average, 75 per cent. of the market valuations, depending upon the independent appraisal and the borrower's wherewithal. Most properties are located in Athens or the surrounding region.

With respect to small business loans, credit approval is based on centralised approval guidelines, clear guidelines on collateral, working capital financing through assignment of credit card receivables and foreign currency lending on a fully collateralised basis. All credit proposals are signed by both the small business lending managing officer and the branch manager. Approval at the branch level is from €75,000 to €350,000 depending on the branch. For larger facilities, central approval is required.

In wholesale lending, greater use is made of financial analysis. As regards large corporations, liquidity and financial strength are evaluated and unanimous committee approval is required. Most credit facilities are short-term. Collateral in respect of such credit facilities consists mainly of post-dated cheques. For Business Centre customers (medium-sized enterprises) the approval authority at the Business Centre level is up to €400,000 depending upon the quality of the collateral and for larger facilities, central approval is required. Collateral in respect of loans to medium-sized enterprises consists of mortgages, post-dated cheques and bills of exchange. The maximum approval limit of the Central Credit Committee for Corporate and Shipping clients is €85 million on an unsecured basis plus €30 million on a fully secured basis, for a total of €115 million. Larger facilities must be approved by three Executive Risk Committee members. All ship finance facilities are secured by mortgage of a vessel, assignment of revenues and insurance proceeds, corporate guarantees and, in most cases, the personal guarantee of the principal.

The evaluation of the wholesale lending portfolio is based on a credit rating system.

The credit rating system is used also for the calculation of provisions on a quarterly basis for the wholesale lending portfolio. Retail lending provisions are based on a delinquencies bucket (monthly) analysis. EFG Eurobank's provisioning policy is reviewed semi-annually in line with business changes and the evolution in portfolio quality while the calculations of provisions are done on a monthly basis.

Unless formally reviewed and renewed, all credit limits automatically expire after 12 months, but in some cases may be extended to 18 months.

Within the investment banking and treasury divisions, EFG Eurobank adopts prudent underwriting criteria for public and private equity and debt issuance. Preliminary clearance for any proposal has to be given by the Investment Banking Committee. Underwriting approval is also required from the Investment Banking Committee before proceeding with any proposed transaction. EFG Eurobank's direct participation in any syndicated loan or bond is outlined above. For corporate credits, the approval threshold is €1.5 million and for sovereigns, €14.5 million. Participation or underwriting in any public and private equity and debt issuance for more than €14.5 million must be approved by one or two non-executive members of the Board, depending upon the amount.

### ***Risk Management – Credit Review Policies***

The credit review process for EFG Eurobank is managed by the Credit Control Sector, which is responsible for post-approval control and inspection of the business credit portfolio. These procedures are conducted in co-operation with the Large Corporates Division and the regional business centres though the Credit Control Sector operates independently from any unit that

originates loans and markets financial products and reports to the General Manager-Risk Executive.

Under EFG Eurobank's risk rating system, wholesale borrowers are assigned designations of one out of nine risk categories, with the top four indicating satisfactory credit risks, the fifth category indicating that the borrower enters the watchlist (for potential creditworthiness problems), the categories from sixth to eighth indicating significant financial troubles or non-performing loans and the ninth relating to total loss loans.

Risk categories are assigned to borrowers based primarily upon the following criteria:

- viability of the business;
- financial results and structure of the borrower, based on indicators such as equity/debt ratio, liquidity and profitability ratios;
- quality of management; and
- industry sector prospects.

In anticipation of the Basel 2 guidelines, for wholesale credits, EFG Eurobank is adopting the credit rating methodology of Moody's Rating Advisor ("MRA"). The roll-out of MRA commenced in 2004 and the MRA scoring of all wholesale credits will be completed by mid-2005.

EFG Eurobank's credit exposure to each borrower is subject to detailed reviews. In particular, the Credit Control Sector performs aggregate field reviews. Each individual case is reviewed at least once a year and if it enters the watchlist, it is reviewed once at least every six months. Credit reviews include consideration of the customer's historical and forecast financial performance, balance sheet strength and cash flow, together with relevant local or industry trends and other external influences. These matters are considered in relation to the size, structure and maturity of the entire lending process.

A potential downgrade of the borrower is likely to trigger a series of actions by EFG Eurobank, including additional collateral or other guarantees and closer monitoring of such customers. When the review process places a customer in category five or lower, future lending and renewals of existing loans will be rejected. EFG Eurobank also complies with EU legislation concerning loan and equity exposures to single clients.

### ***Non-Performing Loans***

Under existing Greek law, a non-performing loan is one where interest or capital has not been paid for six months (regardless of the existence or value of collateral). However, EFG Eurobank has stricter policies defining non-performing loans for the various business segments it operates. These are as follows:

- for consumer and credit card loans, all loans with payments overdue for more than 90 days;
- for mortgage loans and small business loans, this time period is extended to 180 days; small business loans are usually collateralised loans;
- wholesale loans are categorised as non-performing as soon as there are serious doubts on their collectability (based on the quarterly watchlisted reports) and in any case if they are more than six months overdue.

EFG Eurobank's total non-performing loans amounted to €571 million as at 30th September, 2004 representing 2.9 per cent. of the EFG Eurobank loan portfolio (2.4 per cent. if the non-performing loans from the mergers with Bank of Athens and Cretabank are excluded) of the EFG Eurobank loan portfolio.

Monitoring of non-performing loans focuses mainly on ensuring that proper provisions are made in line with accounts progress (compliance with payment terms, progress of legal action, etc.). The task is executed by EFG Eurobank's Non-Performing Loans Division with the co-operation of the Credit Control Sector.

### **Provisions for Possible Loan Losses**

A credit risk provision for loan impairment is established if there is objective evidence that EFG Eurobank 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.

Banks are allowed for tax purposes to take general provisions for loan losses up to 1 per cent. of the average annual balance of their loan portfolio except for loans guaranteed by the Greek government. Specific provisions are also permitted under relevant Greek tax law and are implemented through the Bank of Greece's regulatory framework. EFG Eurobank follows a strict provisioning system that relates provisions either to credit risk ratings of wholesale borrowers or the number of days a retail borrower is in arrears.

## Subsidiaries and Affiliates

In its effort to provide its clients with an active and competitive presence in all categories of financial products and services, EFG Eurobank has established specialised subsidiaries and forged alliances with other organisations for the joint development and distribution of products.

The shares in subsidiary undertakings of EFG Eurobank as at 31st December, 2004 are shown below:

<u>Subsidiary Undertakings</u>	<u>%</u>	<u>Country of Incorporation</u>	<u>Line of Business</u>
EFG Private Bank (Luxembourg) S.A	75.0	Luxembourg	Financial institution
EFG Eurobank Leasing S.A	100.0	Greece	Leasing
EFG Eurobank Securities S.A	100.0	Greece	Capital markets and investment services
Eurobank Cards SA	100	Greece	Credit card management
EFG Mutual Funds Mgt. Co. S.A	87.5	Greece	Mutual fund management
Intertrust Mutual Funds Mgt. Co. S.A.	100.0	Greece	Mutual fund management
EFG Hellas PLC	100.0	United Kingdom	Special purpose financing vehicle
EFG Hellas (Cayman Islands) Limited	100.0	Cayman Islands	Special purpose financing vehicle
EFG Factors S.A	100.0	Greece	Factoring
EFG Telesis Finance S.A	100.0	Greece	Investment banking
EFG Business Services S.A	100.0	Greece	Payroll and advisory services
EFG Eurobank Properties S.A	50.1	Greece	Real estate services
EFG Insurance Services S.A of Insurance Brokerage	100.0	Greece	Insurance brokerage
EFG Life S.A	100.0	Greece	Insurance services
EFG Insurance S.A	100.0	Greece	Insurance services
EFG Eurobank Ergasias International (C.I.) Ltd	100.0	Channel Islands	Off shore banking
EFG Autorental SA	100.0	Greece	Vehicle leasing and hire
OPEN 24 SA	100.0	Greece	Sundry services
Be-Business Exchanges SA	68.7	Greece	Business to business electronic commerce
EFG Internet Services SA	100.0	Greece	Internet and electronic banking
ELDEPA	50.1	Greece	Property rental
Telesis Direct SA	100.0	Greece	Electronic brokerage
EFG Eurobank Asset Management Company S.A	100.0	Greece	Asset management
Banc Post S.A	55.3	Romania	Financial institution
Bulgarian Retail Services A.D	100.0	Bulgaria	Credit card management
Hellas-on-Line S.A	100.0	Greece	Internet and telecom services
EFG Eurobank AD BEOGRAD	93.5	Yugoslavia	Financial institution
Alico CEH/Balkan Holdings Limited	100.0	Cyprus	Holding company
Bulgarian Post Bank AD	96.7	Bulgaria	Financial institution
Berberis Investments Ltd	100.0	Channel Islands	Holding company
Eurocredit Retail Services Ltd	100.0	Cyprus	Credit card management
Euroline Retail Services A.D.	100.0	Serbia	Credit card management
Euroline Retail Service S.A.	91.0	Romania	Credit card management
EFG Leasing E.A.D	100.0	Bulgaria	Leasing
Eurobank Property Services S.A.	100.0	Greece	Commercial property business

Associates are accounted for in the consolidated financial statements using the equity method of accounting. Shown below are the principal associates of EFG Eurobank as at 31st December, 2004.

Subsidiary Undertakings	%	Country of Incorporation	Line of Business
TEFIN S.A.	50.0	Greece	Motor vehicle sales financing
ZENON REAL ESTATE S.A.	25.0	Greece	Property rental business
Sofitel S.A.	20.2	Greece	Hotelier
Unitfinance S.A.	40.0	Greece	Financing company
Global Finance S.A.	49.9	Greece	Financing company
Global Fund Management S.A.	44.4	Greece	Investment advisors
Greek Progress Fund	22.7	Greece	Closed – End Fund
DIAS	29.8	Greece	Closed – End Fund
Cardlink S.A.	50.0	Greece	Management of automated transaction processes

### Information Technology

A central feature of EFG Eurobank's strategy is to invest resources each year into the development of a modern IT infrastructure.

In 2001, EFG Eurobank completed its transition to a modern software system, ALTAMIRA, which constitutes the core of its computer applications. The ALTAMIRA system is used to support the operation of the volume of retail banking products, such as mortgages, consumer loans and credit cards. The system is client-focused, which corresponds to EFG Eurobank's operational outlook. ALTAMIRA allows EFG Eurobank to manage client information, enabling it to calculate accurate statistics identifying those products which are under-represented in secondary relationships with certain customer markets in order to facilitate targeted cross-selling. Additionally, the system monitors the performance of tellers and other staff on an individual basis, which will assist EFG Eurobank in monitoring its profitability on the retail level.

### Employees and Labour Relations

EFG Eurobank currently employs 6,722 staff members on a consolidated basis excluding the employees of the South-eastern European subsidiaries. When including Post Bank, Banc Post and EFG Eurobank Beograd, EFG Eurobank employed 13,720 staff members as at 31st December, 2004. At 31st December, 2003 EFG Eurobank employed 13,393 (8,699 excluding employees of South-eastern European subsidiaries) staff members. The integration and the reorganisation of EFG Eurobank's branch network has resulted in economies of scale. In view of the latest developments in the banking industry, EFG Eurobank recruits and retains high calibre executive staff in positions of responsibility in EFG Eurobank.

EFG Eurobank offers relevant training for the career and personal development of its employees and has in place specialised programmes aimed at effectively integrating employees into the newly created banking organisation. The training and development department organises programmes on topics such as management, leadership, quality service skills and investment products. In 2002, EFG Eurobank introduced the first in-house MBA programme in financial services in Greece. EFG Eurobank has also established a 16-week induction programme for newly-hired employees.

In recognition of their high quality standards, EFG Eurobank's recruiting department and training and development department have each been awarded with ISO 9001 certification.

Three employee unions are presently operating within EFG Eurobank, originating from the mergers with former Bank of Athens, Cretabank and Ergobank. The harmonisation of the conditions of employment ensures a fair and objective treatment on compensation issues and equal opportunities to all employees in the banking organisation.

EFG Eurobank operates group life insurance, medical insurance (including dental and eye care coverage) and pension plans on a non-contributory basis covering all staff. The assets of all these plans are held separately by independent insurance companies or independent pension funds.

In 2000, EFG Eurobank launched a long-term incentive plan in the form of a stock options plan for top and middle management employees. As at 31st December 2004, there were 89,522 stock options outstanding.

### **Legal Matters**

In the ordinary course of business, EFG Eurobank usually has, at any particular time, a number of legal and other proceedings in which EFG Eurobank or its subsidiaries are involved. Certain of these actions allege damages in large amounts. It is not possible for EFG Eurobank to know or predict with certainty the ultimate outcomes of the actions pending. However, EFG Eurobank believes that none of these actions, if adversely determined, would, individually or in the aggregate, have a material adverse effect on its financial position.



## REGULATION AND SUPERVISION OF BANKING IN THE HELLENIC REPUBLIC

The Bank of Greece, a member of the European Central Bank and of the European System of Central Banks, is the central bank in the Hellenic Republic. It is responsible for the licensing and supervision of credit institutions in the Hellenic Republic, in accordance with Law 2076/1992 and Mandatory Law 1665/1951 (*Licensing, operations and supervision of credit institutions*), Law 2832/2000 (*Deposit Guarantee Fund*), Law 2331/1995 (*Anti-money laundering*) and other relevant laws of the Hellenic Republic, each as amended. It also has regulatory power in connection with the operations and supervision of credit institutions in the Hellenic Republic, by virtue of Law 1266/1982 (as amended and supplemented).

The principal objectives of the banking laws and regulations in the Hellenic Republic are the protection of depositors, the fulfilment of monetary policy objectives and the orderly distribution of credit. The EU Council's main directives on regulation of credit institutions have been adopted under Greek law, including:

- (i) The first (77/780/EEC) and second (89/646/EEC) Directives and their successive amendments (including Directive 2000/12/EEC of the EU Parliament and of the Council) on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions, which were implemented by Greek law 2076/01.08.1992;
- (ii) the Own Funds Directive (EU Council Directive 89/299), which defines a credit institution's regulatory capital and was adopted under Greek law pursuant to Act No. 2053/18.03.1992 of the Governor of the Bank of Greece;
- (iii) the Solvency Ratio Directive (EU Council Directive 89/647) and the amendments thereto which were adopted under Greek law pursuant to Act No. 2054/18.03.1992 amended by Acts No. 2479/27.08.2001 and No. 2512/30.12.2002 of the Governor of the Bank of Greece, as supplemented and codified by Act No. 2524/23.7.2003 of the Governor of the Bank of Greece;
- (iv) the Large Exposures Directive (EU Council Directive 92/121) on the supervision and monitoring of large exposures of credit institutions, which was adopted under Greek law pursuant to Act No. 2246/16.09.1993 of the Governor of the Bank of Greece;
- (v) the Second Consolidated Supervision Directive (EU Council Directive 92/30) on the supervision of credit institutions on a consolidated basis (amending the First Consolidated Supervision Directive) which was implemented by Presidential Decree 267/1995; and
- (vi) the Capital Adequacy Directive (EU Council Directive 93/6) and the amendments thereto (EU Council Directive 98/31), which were fully implemented by Greek Laws 2396/1996, 2937/2001 and Acts No. 2397/07.11.1996 and No. 2494/27.05.2002 of the Governor of the Bank of Greece.

In addition to the above, credit institutions are obliged to maintain efficient internal audit, compliance and risk management systems and procedures, submit to the Bank of Greece periodical reports and statements and provide it with such further information as it may require, and (in connection with certain operations or activities) make notifications to or request the prior approval (as the case may be) of the Bank of Greece, in each case in accordance with the applicable laws of the Hellenic Republic and the relevant Acts, Decisions and Circulars of the Bank of Greece (each as in force from time to time).

The Bank of Greece has the power to conduct audit and inspect the books and records of credit institutions. In case of breach, the Bank of Greece is empowered to require the relevant credit institution to take appropriate measures to remedy the breach, impose fines, appoint an administrator and finally (where the breach cannot be remedied or in case of insolvency) revoke the license of the credit institution and place it into special liquidation under its supervision. In case

of insufficient liquidity of a credit institution, the Bank of Greece may order a mandatory extension of its due and payable obligations for a period not exceeding two months (which can be extended for a further one-month period) and appoint an administrator under its supervision.

To prepare for the Hellenic Republic's participation in the European Monetary Union, significant changes were made to the regulatory framework of the Bank of Greece. In particular, its statutes were amended to reinforce the central bank's independence from the Hellenic Republic and to recognise the legal integration of the Bank of Greece into the European System of Central Banks.

## TAXATION

### General

The summaries below are of a general nature based on current law and practice in each jurisdiction referred to. They relate only to the position of persons who are the owners of their Preferred Securities and may not apply to certain classes of persons such as dealers. These summaries do not constitute legal or tax advice and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Any Holders who are in doubt as to their personal tax position should consult their professional advisers.

***Prospective purchasers of Preferred Securities are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Preferred Securities, including the effect of any state or local taxes, under the tax laws of Jersey, Greece, Germany and each country of which they are residents.***

### Greek Tax

Under Greek tax laws as of the date hereof, no Greek withholding tax shall be imposed on payments of the par value or Preferred Dividends from the Issuer in respect of the Preferred Securities, should the Holder of such Preferred Securities not be a resident of Greece for tax purposes.

Given that the Preferred Securities constitute hybrid securities, under Greek tax laws as of the date hereof and to the extent that the Preferred Securities should be considered to constitute equity, then, in relation to payments made by the Bank under the Guarantee, which payments represent Preferred Dividends deriving from the Preferred Securities, then: (i) a withholding tax of 20 per cent, which does not exhaust the tax liability of the Holder but can be set off, as the case may be, against any further income tax liability of the Holder, shall be imposed on Holders who are tax resident in Greece and on Holders who maintain, for tax purposes, a permanent establishment in Greece; (ii) a withholding tax of 35 per cent, which represents the entire tax liability of a Holder, shall be imposed on Holders who are enterprises i.e. companies or legal entities and who are not resident in Greece and do not maintain a permanent establishment in Greece; and (iii) a withholding tax of 20 per cent shall be imposed on Holders who are physical persons not Greek residents. Payments made by a Paying and Transfer Agent located in Greece to Holders non resident in Greece for tax purposes and not maintaining a permanent establishment in Greece are not taxable in Greece nor is any withholding tax applicable.

Should, however, the Preferred Securities be considered to constitute bonds or notes, no Greek withholding tax shall be imposed on payments representing Preferred Dividends.

Notwithstanding the above, payments of Preferred Dividends effected outside Greece shall not be subject to any Greek withholding tax. Payments of Preferred Dividends effected through clearing systems to non – Greek tax residents are not subject to any Greek withholding tax.

However, if a Holder is a resident of a country with which Greece has executed a bilateral treaty for the avoidance of double taxation, then the provisions of such bilateral treaty shall prevail over the provisions of internal Greek tax laws and shall apply, provided that such Holder presents a “tax residence certificate” issued at a date not later than one year before such certificate is presented.

### Jersey Tax

#### *General Issues*

The Issuer has obtained “exempt company” status within the meaning of Article 123A of the Income Tax (Jersey) Law, 1961, as amended, for the calendar year ending 31st December, 2005. The Issuer will be required to pay an annual exempt company charge which is currently £600 in

respect of each subsequent calendar year during which it wishes to continue to have “exempt company” status. The retention of “exempt company” status is conditional upon and subject to the Comptroller of Income Tax in Jersey being satisfied that no Jersey resident has a beneficial interest in the Issuer, except as permitted by the Comptroller of Income Tax.

As an “exempt company” the Issuer will not be liable to Jersey income tax other than on Jersey source income (except by concession bank deposit interest on Jersey bank accounts). For so long as the Issuer is an “exempt company”, payments in respect of the Preferred Securities will not be subject to taxation in Jersey (unless the Holder is resident in Jersey) and no withholding in respect of taxation will be required on any such payment made to a Holder.

Under current Jersey law there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue or transfer of Preferred Securities. In the event of the death of an individual sole Holder, duty at rates of up to 0.75 per cent. of the value of the Preferred Securities held may be payable on the registration of Jersey probate or letters of administration which may be required in order to transfer or otherwise deal with Preferred Securities held by the deceased individual Holder.

#### *European Union Directive on the Taxation of Savings Income (Directive 2003/48/EC) – Jersey*

On 3rd June, 2003, the European Council of Economic and Finance Ministers (the “Council”) adopted a Directive on the taxation of savings income (the “Directive”). Under the Directive, Member States will (if equivalent measures have been introduced by certain non-EU countries) be required, from 1st July, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

Jersey is not a member of the EU and therefore is not required to implement the Directive. However, the Policy and Resources Committee of the State of Jersey has announced that, in keeping with Jersey’s policy of constructive international engagement, Jersey in line with steps proposed by other relevant third countries proposes to introduce a withholding tax system in respect of payments of interest (or other similar income) made to an individual beneficial owner resident in a Member State by a paying agent situated in Jersey (the terms “beneficial owner” and “paying agent” for this purpose are as defined in the Directive). The withholding tax system would apply for a transitional period prior to the implementation of a system of automatic communication to Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in a Member State will be entitled to request a paying agent not to withhold tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the Member State in which the beneficial owner is resident.

Under the current proposals in respect of the implementation of such a withholding tax system the Issuer would not be obliged to levy withholding tax in respect of interest payments made by it to a paying agent.

The States of Jersey has not yet adopted measures to implement these proposals but is expected to adopt such measures on the same timetable as Member States and other relevant third countries.

#### *European Union Code of Conduct on Business Taxation – Jersey*

On 3rd June, 2003, the Council reached political agreement on certain issues relating to its Code of Conduct on Business Taxation. Jersey is not a member of the EU and is not subject to EU fiscal

legislation but is a dependent territory of the United Kingdom. The Policy and Resources Committee of the States of Jersey has announced that, in keeping with Jersey's policy of constructive international engagement, it intends to propose legislation to replace the Jersey exempt company regime by the end of 2008 with a general zero rate of corporate tax.

## **German Tax**

The exact treatment of the Preferred Securities by the German tax authorities and/or tax courts is uncertain as of the date hereof. The Preferred Securities may either be considered as debt or equity instruments which may lead to a significantly different treatment of the proceeds (Preferred Dividends, capital gains and others) received by the holders of the Preferred Securities.

*If the Preferred Securities qualify as debt instruments:*

### *Taxation of debt instruments*

Payments on the Preferred Securities, including (without limitation) amounts of unpaid Preferred Dividends accrued up to the disposition of Preferred Securities and credited separately, if any, to persons who are tax residents of Germany (i.e., persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany) are subject to German personal or corporate income tax (plus solidarity surcharge (*Solidarit tszuschlag*) at a rate of 5.5 per cent. thereon). Such payments may also be subject to trade tax if the Preferred Securities form part of the property of a German trade or business.

Upon the disposition, assignment or redemption of a Preferred Security a holder holding the Preferred Security as non-business assets will have to include in his taxable income further amounts if the Preferred Security can be classified as a financial innovation (*Finanzinnovation*) under German tax law. In this case, generally the difference between the proceeds from the disposition, assignment or redemption and the issue or purchase price is deemed to constitute interest income subject to income tax (plus the solidarity surcharge) in the year of the disposition, assignment or redemption of the Preferred Securities.

Capital gains from the disposition of debt instruments, other than income described in the second paragraph above, are only taxable to a German tax-resident individual if the instruments are disposed of within one year after their acquisition or form part of the property of a German trade or business, in which case the capital gains may also be subject to trade tax. Capital gains derived by German-resident corporate holders of such instruments will be subject to corporate income tax (plus solidarity surcharge at a rate of 5.5 per cent. thereon) and trade tax.

### *Withholding Tax on debt instruments*

If Preferred Securities are held in a custodial account that the holder maintains with a German branch of a German or non-German credit institution or financial services institution (the "**Disbursing Agent**") a 30 per cent. withholding tax on interest payments (*Zinsabschlag*), plus 5.5 per cent. solidarity surcharge on such tax, will be levied, resulting in a total tax charge of 31.65 per cent. of the gross interest payment.

In addition, if Preferred Securities qualify as financial innovations, as explained above, and are kept in a custodial account that the holder maintains with a Disbursing Agent such custodian will generally withhold tax at a rate of 30 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon) from the positive difference between the redemption amount or proceeds from the disposition or assignment and the issue or purchase price of the Preferred Securities if the Preferred Securities have been kept in a custodial account with such Disbursing Agent since the time of issuance or acquisition, respectively. If the Preferred Securities have not been kept in a custodial account with a Disbursing Agent since the time of issuance or acquisition, withholding tax

of 30 per cent. is applied to 30 per cent. of the amounts paid in partial or final redemption or the proceeds from the disposition or assignment of the Preferred Securities, respectively.

In general, no withholding tax will be levied if the holder of Preferred Securities is an individual (i) whose Preferred Securities neither forms part of the property of a German trade or business nor gives rise to income from the letting and leasing of property; and (ii) who filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Preferred Securities together with other investment income as defined under German tax law does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the holder of the Preferred Securities has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the relevant local tax office.

If Preferred Securities are not kept in a custodial account with a Disbursing Agent, withholding tax will apply at a rate of 35 per cent. of the gross amount paid by a Disbursing Agent to a holder of such Preferred Securities (other than a non-German credit institution or financial services institution) for the handing over of interest coupons (*Tafelgeschäft*).

Withholding tax and the solidarity surcharge thereon are credited as prepayments against the German personal or corporate income tax and the solidarity surcharge liability of the German resident. Amounts over withheld will entitle the German tax resident holder of Preferred Securities to a refund, based on an assessment to tax.

*If the Preferred Securities qualify as equity instruments:*

#### *Taxation of equity instruments*

In case the Preferred Securities do not qualify as debt instruments but would have to be classed as equity instruments German taxation would follow the rules described below.

#### *Taxation of individual investors in equity instruments*

##### *Profit distributions*

50 per cent. of the distributions of profits will be exempt from personal income tax (and solidarity surcharge thereon) at the level of a private individual holding the Preferred Securities irrespective of whether the Preferred Securities are held as private assets or business assets. Accordingly, only 50 per cent. of the expenses economically related to such income can be deducted from the taxable income.

A private individual holding the Preferred Securities in the context of a domestic trade or business will be subject to German trade tax as follows: The entire profit distribution will be subject to trade tax unless the German individual investor has continuously held a shareholding of at least 10 per cent. in the statutory capital of the Issuer since the beginning of the assessment period (i.e. the calendar year) and at least 90% of the gross income of the Issuer qualifies as income within the meaning of Section 8 para 1 no. 1 to 6 of the Foreign Tax Act.

##### *Capital gains*

If an individual realises a capital gain from the disposal or the redemption of a Preferred Security the gain will be exempt provided the Preferred Security is held by the private individual for more than 12 months as a private asset and provided further that the respective individual has not held more than 1 per cent. in the statutory capital of the Issuer within the five years preceding the sale. If a capital gain realised by an individual is not exempt (because the Preferred Security has not been held for more than 12 months, or the Preferred Securities held by the individual investor represent more than 1 per cent. of the liquidation proceeds, or the beneficial rights are held as business assets) 50 per cent. of such gain will be subject to personal income tax (and possibly trade tax if the Preferred Security belongs to a trade or business).



The aforementioned tax treatment is subject to the instruments not being business assets (i.e. not used in the context of a trade or business, “*Betriebsvermögen*”) of the investor. In that case the tax exemption described above does not apply, i.e. the private individual holding the Preferred Security as a business asset is always taxed on 50 per cent. of the capital gains irrespective of a holding period or holding percentage.

#### *Taxation of corporate investors in equity instruments*

Corporate investors will be taxed on 5 per cent. of capital gains and on 5 per cent. of profit distributions received. This results approximately in a 2 per cent. compound tax burden (corporate income tax and trade tax) for corporate investors. The entire amount of profit distributions will be subject to trade tax unless the German corporate investor has continuously held a shareholding of at least 10 per cent. in the statutory capital of the Issuer since the beginning of the assessment period (i.e. the calendar year) and at least 90 per cent. of gross income of the Issuer qualifies as income within the meaning of Section 8 para 1. no. 1 to 6 of the Foreign Tax Act.

Expenses related to the income derived from the Preferred Securities by corporate investors are deductible. Capital losses in principle will not reduce the taxable income of corporate investors.

Special rules apply for the taxation of financial services institutions, financial enterprises, certain insurance companies and pension funds holding Preferred Securities.

#### *Withholding Tax on foreign equity instruments*

No German withholding tax will be levied when the distribution or capital gains are credited to the accounts of the individual investors.

#### *Inheritance and Gift Tax*

No inheritance or gift taxes with respect to any Preferred Security will arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Preferred Security is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

#### *Other Taxes*

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Preferred Securities. Currently, net assets tax is not levied in Germany.

## SUBSCRIPTION AND SALE

Deutsche Bank AG London, UBS Limited, EFG Eurobank Ergasias S.A., and Emporiki Bank of Greece S.A. (the “Managers”) have, pursuant to a Subscription Agreement (the “Subscription Agreement”) dated 16th March, 2005, jointly and severally agreed to subscribe for the Preferred Securities at the issue price of 100 per cent. of the principal amount of the Preferred Securities. The Issuer will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Preferred Securities. The Subscription Agreement may be terminated in certain circumstances prior to payment of the proceeds of the issue to the Issuer.

### United States

The Preferred Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Preferred Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Preferred Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Preferred Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Preferred Securities within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### United Kingdom

Each Manager has represented and agreed that:

- (i) it has not offered or sold and, prior to the expiry of the period of six months from the Closing Date, will not offer or sell any Preferred Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Preferred Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or, in the case of the Bank, would not, if it was not an authorised person, apply to the Bank; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Preferred Securities in, from or otherwise involving the United Kingdom.

### Greece

Each Manager has represented and agreed that it has not publicly offered or sold and will not publicly offer or sell any Preferred Securities, in, or to persons in, Greece, or engage in

advertisements, notices, statements or other actions in Greece, with a view to attracting resident investors in Greece to acquire Preferred Securities. All applicable provisions article 10 of Law 876/1979 and of Presidential Decree 52/1992, as now in force, must be complied with in respect of anything done with regard to the public offering or sale of Preferred Securities in, from or otherwise involving Greece.

### **Jersey**

Each Manager has agreed that the Preferred Securities may not be offered to, sold to or held by, or for the account of persons (other than financial institutions) resident for income tax purposes in Jersey.

### **The Netherlands**

Each Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in the Netherlands any Preferred Securities other than to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises).

### **Federal Republic of Germany**

Each Manager has agreed that the Preferred Securities will not be offered or sold in the Federal Republic of Germany except as may be permitted in accordance with the Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*), or any other German laws governing the issue, offering and sale of securities.

### **General**

Other than with respect to the admission to listing of the Preferred Securities on the Luxembourg Stock Exchange and the Frankfurt Stock Exchange, no action has been or will be taken in any country or jurisdiction by the Issuer, the Bank or the Managers that would permit a public offering of Preferred Securities, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer, the Bank and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Preferred Securities or have in their possession or distribute such offering material, in all cases at their own expense.

## GENERAL INFORMATION

### Authorisation

1. The issue of the Preferred Securities was duly authorised by a resolution of the Board of Directors of the Issuer dated 11th March, 2005 and the giving of the Guarantee was duly authorised by a resolution of the Board of Directors of the Bank dated 19th January, 2005.

### Listing

2. Application has been or will be made to list the Preferred Securities on the Luxembourg Stock Exchange and the Frankfurt Stock Exchange. A legal notice relating to the issue of the Preferred Securities and the constitutional documents of the Issuer are being lodged with the Luxembourg trade and companies register (Registre de commerce et des sociétés Luxembourg) where such documents may be examined and copies obtained.

### Clearing Systems

3. The Preferred Securities have been accepted for clearance through Clearstream Banking Frankfurt, Euroclear and Clearstream, Luxembourg. The ISIN for this issue is DE000A0DZVJ6 and the Common Code is 012462900 and the German Security Code (WKN) is A0DZVJ.

### No adverse change

4. Since 31st December, 2004, the last day of the financial period in respect of which the most recent financial statements of the Bank have been prepared, there has been no material adverse change in the financial position of the Bank and its Subsidiaries taken as a whole, and since 4th March, 2005, the date of incorporation of the Issuer, there has been no material adverse change in the financial position of the Issuer.

### Litigation

5. There are no litigation or arbitration proceedings against or affecting the Issuer, the Bank or any of its Subsidiaries, or any of their assets which have or may have had, individually or in the aggregate, a significant effect on the financial position of either the Issuer or the Bank and its Subsidiaries taken as a whole.

### Accounts

6. The auditors of the Issuer are PricewaterhouseCoopers CI LLP, Chartered Accountants and Registered Auditors.

The Issuer was incorporated on 4th March, 2005 and has not yet published any accounts. It is currently intended that the Issuer will prepare audited non-consolidated accounts on an annual basis and will not prepare any interim accounts.

The auditors of the Bank are PricewaterhouseCoopers S.A., Chartered Accountants and Registered Auditors, who have audited the Bank's accounts, which have been prepared in accordance with generally accepted accounting standards in Greece for the financial years ended on 31st December, 2003 and 31st December, 2004. The independent auditor's reports on the 31st December, 2003 and the 31st December, 2004 year end financial statements for the Bank were qualified in certain cases as set out in the consolidated balance sheet in the financial statements for such years (which are incorporated by reference in this Offering Circular), copies of which may be obtained and will be available

free of charge during normal business hours at the specified offices of the Paying and Transfer Agents.

### **Documents**

7. For so long as any of the Preferred Securities remains outstanding, copies, and where appropriate, English translations of the following documents may be obtained and will be available free of charge during normal business hours at the specified offices of the Paying and Transfer Agents:
  - (a) the Articles of Association of the Issuer and the constitutional documents of the Bank;
  - (b) the audited annual consolidated and non-consolidated financial statements of the Bank in respect of each of the financial years ended 31st December, 2003 and 31st December, 2004 prepared in accordance with generally accepted accounting standards in Greece;
  - (c) the most recently published audited annual non-consolidated financial statements of the Issuer;
  - (d) the most recently published audited consolidated and non-consolidated annual financial statements of the Bank and the most recently published unaudited consolidated and non-consolidated quarterly interim balance sheets and quarterly interim income statements of the Bank; and
  - (e) the Subscription Agreement, the Agency Agreement and the Guarantee.

**THE ISSUER**

**EFG Hellas Funding Limited**  
Whiteley Chambers  
Don Street  
St. Helier  
Jersey JE4 9WG  
Channel Islands

**THE BANK**

**EFG Eurobank Ergasias S.A.**  
8 Othonos Street  
Athens 10557  
Greece

**PRINCIPAL PAYING AND TRANSFER AGENT AND REGISTRAR**

**Deutsche Bank Aktiengesellschaft**  
Große Gallusstraße 10-14  
60272 Frankfurt am Main  
Germany

**LEGAL ADVISERS**

*To the Issuer and the Bank as to Greek law*

**Theodora Zervou**  
EFG Eurobank Ergasias S.A.  
8 Othonos Street  
Athens 10557  
Greece

*To the Issuer and the Bank as to Jersey law*

**Ogier & Le Masurier**  
Whiteley Chambers  
Don Street  
St. Helier  
Jersey JE4 9WG  
Channel Islands

*To the Issuer and the Bank as to English Law*

**Clifford Chance**  
**Limited Liability Partnership**  
10 Upper Bank Street  
London E14 5JJ  
United Kingdom

*To the Managers as to English law*

**Allen & Overy LLP**  
One New Change  
London EC4M 9QQ  
United Kingdom

*To the Managers as to Greek Law*

**M. & P. Bernitsas Law Offices**  
5 Lykavittou Street  
Athens 106 72  
Greece

**AUDITORS**

*To the Issuer*

**PricewaterhouseCoopers CI LLP**  
Twenty Two Colomberie  
St. Helier  
Jersey JE1 4XA  
Channel Islands

*To the Bank*

**PricewaterhouseCoopers S.A.**  
268 Kifissias Avenue  
152 32 Halandri  
Greece



**LUXEMBOURG LISTING AGENT, PAYING AND TRANSFER AGENT**

**Deutsche Bank Luxembourg S.A.**

2 Boulevard Konrad Adenauer

L-1115 Luxembourg

