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**Big provisions at Greek bank**

*Jonathan Annells, Tokyo*

National Bank of Greece, the country's largest banking group, has announced that all its 1996 profits, amounting to Dr61.4bn (\$233m) before tax, would be used as provisions against non-performing loans. Mr Theodoros Karatzas, chairman, said shareholders would be compensated for missing the dividend by a one-for-10 issue of free shares, to be covered by a revaluation of fixed assets. He said passing the dividend "is a radical decision indicating our determination to carry out a full cleansing of the loan portfolio".

National Bank, one of three state banks which together control some 70 per cent of the Greek market, was burdened with large amounts of bad debt resulting from lending on political grounds. Successive governments forced the state banks to continue lending to collapsing Greek industrial companies for the sake of preserving jobs. The bank's share price jumped 3 per cent on Friday to Dr26,600, reflecting higher than expected profits, analysts said.

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