



Marfin Popular Bank

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED**  
**31 MARCH 2007**

**MARFIN POPULAR BANK GROUP**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
for the three months ended 31 March 2007

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**MARFIN POPULAR BANK GROUP**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
for the three months ended 31 March 2007

	Note	3 months ended 31.03.2007 C£ '000	3 months ended 31.03.2006 C£ '000	3 months ended 31.03.2007 Euro '000 *	3 months ended 31.03.2006 Euro '000 *
Net interest income		94.842	47.775	163.320	82.270
Net fee and commission income		35.784	14.853	61.621	25.577
Profit on disposal and revaluation of securities	7	41.154	2.152	70.868	3.706
Foreign exchange income		4.689	2.957	8.074	5.092
Other income		13.369	4.807	23.022	8.277
<b>Operating income</b>		<b>189.838</b>	<b>72.544</b>	<b>326.905</b>	<b>124.922</b>
Staff costs		(43.051)	(25.082)	(74.135)	(43.192)
Depreciation, amortisation and impairment		(6.616)	(2.397)	(11.392)	(4.128)
Administrative expenses		(17.526)	(11.251)	(30.180)	(19.374)
Profit before provision for impairment of advances		122.645	33.814	211.198	58.228
Provision for impairment of advances	9	(11.005)	(9.831)	(18.951)	(16.928)
Profit before share of profit from associates		111.640	23.983	192.247	41.300
Share of profit from associates		189	157	326	270
<b>Profit before tax</b>		<b>111.829</b>	<b>24.140</b>	<b>192.573</b>	<b>41.570</b>
Tax		(9.534)	(3.260)	(16.418)	(5.614)
<b>Profit for the period</b>		<b>102.295</b>	<b>20.880</b>	<b>176.155</b>	<b>35.956</b>
<b>Attributable to:</b>					
Minority interest		3.404	618	5.863	1.064
Equity holders of the Bank		98.891	20.262	170.292	34.892
		102.295	20.880	176.155	35.956
<b>Earnings per share - for profit attributable to the equity holders of the Bank</b>					
Earnings per share - cent	5	13,4	6,6	23,1	11,4

\*Supplementary information – Note 21

**MARFIN POPULAR BANK GROUP**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**31 March 2007**

	Note	31.03.2007 C£ '000	31.12.2006 C£ '000	31.03.2007 Euro '000 *	31.12.2006 Euro '000 *
<b>Assets</b>					
Cash and balances with Central Banks		<b>484.848</b>	611.916	834.918	1.053.732
Due from other banks		<b>2.187.574</b>	2.403.761	3.767.046	4.139.325
Financial assets at fair value					
through profit or loss	15	<b>508.827</b>	479.684	876.210	826.025
Advances to customers	8	<b>8.028.163</b>	6.948.350	13.824.657	11.965.198
Government bonds and treasury bills		<b>542.528</b>	471.608	934.244	812.118
Available-for-sale financial assets		<b>1.336.311</b>	944.718	2.301.154	1.626.823
Held-to-maturity financial assets		<b>23.895</b>	27.499	41.148	47.354
Other assets		<b>324.509</b>	247.320	558.811	425.890
Investments in associates		<b>12.068</b>	12.366	20.781	21.295
Intangible assets		<b>788.749</b>	779.262	1.358.242	1.341.905
Property and equipment	10	<b>136.069</b>	136.496	234.314	235.048
<b>Total assets</b>		<b>14.373.541</b>	13.062.980	24.751.525	22.494.713
<b>Liabilities</b>					
Due to other banks		<b>884.748</b>	440.095	1.523.554	757.852
Customer deposits		<b>9.935.072</b>	9.373.738	17.108.393	16.141.764
Senior debt		<b>305.424</b>	304.018	525.946	523.526
Loan capital	11	<b>367.139</b>	365.224	632.221	628.923
Other liabilities	15	<b>871.482</b>	815.370	1.500.709	1.404.084
<b>Total liabilities</b>		<b>12.363.865</b>	11.298.445	21.290.823	19.456.149
<b>Share capital and reserves attributable to the Bank's equity holders</b>					
Share capital	12	<b>398.341</b>	395.159	685.951	680.472
Share premium	12	<b>1.182.936</b>	1.113.055	2.037.039	1.916.703
Treasury shares	12	-	(105.957)	-	(182.460)
Reserves	14	<b>362.304</b>	280.716	623.895	483.398
		<b>1.943.581</b>	1.682.973	3.346.885	2.898.113
<b>Minority interest</b>		<b>66.095</b>	81.562	113.817	140.451
<b>Total equity</b>		<b>2.009.676</b>	1.764.535	3.460.702	3.038.564
<b>Total equity and liabilities</b>		<b>14.373.541</b>	13.062.980	24.751.525	22.494.713

\*Supplementary information – Note 21

**MARFIN POPULAR BANK GROUP**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the three months ended 31 March 2007

	Note	Attributable to equity holders of the Bank				Revenue reserves	Minority interest	Total
		Share capital	Share premium	Treasury shares	Fair value and currency translation reserves			
		€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	
<b>Three months ended 31 March 2007</b>								
<b>Balance 1 January 2007</b>		<b>395.159</b>	<b>1.113.055</b>	<b>(105.957)</b>	<b>45.919</b>	<b>234.797</b>	<b>81.562</b>	<b>1.764.535</b>
Revaluation of available-for-sale financial assets	14	-	-	-	2.223	-	(105)	2.118
Transfer to results on disposal of available-for-sale financial assets	14	-	-	-	(24.620)	-	-	(24.620)
Deferred tax	14	-	-	-	21	-	1	22
Exchange differences arising in the period	14	-	-	-	5.085	-	305	5.390
Other movements		-	-	-	-	(12)	(1)	(13)
Profit recognised directly in equity		-	-	-	(17.291)	(12)	200	(17.103)
Profit for the period		-	-	-	-	98.891	3.404	102.295
Total recognised profit for the period		-	-	-	(17.291)	98.879	3.604	85.192
Change in minority interest from changes in shareholdings in subsidiaries		-	-	-	-	-	(14.880)	(14.880)
Shares in the process of being issued	12	3.182	15.911	-	-	-	-	19.093
Disposal of treasury shares	12	-	53.970	105.957	-	-	-	159.927
Dividend paid by subsidiaries		-	-	-	-	-	(4.191)	(4.191)
		<b>3.182</b>	<b>69.881</b>	<b>105.957</b>	<b>-</b>	<b>-</b>	<b>(19.071)</b>	<b>159.949</b>
<b>Balance 31 March 2007</b>		<b>398.341</b>	<b>1.182.936</b>	<b>-</b>	<b>28.628</b>	<b>333.676</b>	<b>66.095</b>	<b>2.009.676</b>
<b>Three months ended 31 March 2006</b>								
Balance 1 January 2006		153.648	4.843	-	18.306	170.042	35.735	382.574
Revaluation of available-for-sale financial assets		-	-	-	7.112	-	(6)	7.106
Deferred tax		-	-	-	(160)	-	-	(160)
Exchange differences arising in the period		-	-	-	100	-	104	204
Profit recognised directly in equity		-	-	-	7.052	-	98	7.150
Profit for the period		-	-	-	-	20.262	618	20.880
Total recognised profit for the period		-	-	-	7.052	20.262	716	28.030
Acquisition of subsidiary		-	-	-	-	-	891	891
Change in minority interest from changes in shareholdings in subsidiaries		-	-	-	-	-	(238)	(238)
		-	-	-	-	-	653	653
Balance 31 March 2006		153.648	4.843	-	25.358	190.304	37.104	411.257

**MARFIN POPULAR BANK GROUP**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
for the three months ended 31 March 2007

	Note	31.03.2007	31.03.2006	31.03.2007	31.03.2006
		C£ '000	C£ '000	Euro '000 *	Euro '000 *
<b>Cash generated from operations</b>		<b>(100.967)</b>	46.268	(173.867)	79.674
Tax paid		<b>(2.196)</b>	(1.161)	(3.782)	(1.999)
<b>Net cash (used in)/from operating activities</b>		<b>(103.163)</b>	45.107	(177.649)	77.675
<b>Cash flows from investing activities</b>					
Purchase less proceeds from disposal of property and equipment		<b>(1.947)</b>	(813)	(3.353)	(1.399)
Purchase less proceeds from disposal of computer software		<b>(682)</b>	(490)	(1.174)	(844)
Purchase less proceeds from disposal of investment property		<b>280</b>	-	482	-
Additions less proceeds from disposal/redemption of available-for-sale financial assets		<b>(385.354)</b>	(36.449)	(663.587)	(62.766)
Income from available-for-sale financial assets		<b>11.522</b>	5.509	19.841	9.486
Acquisition of subsidiary net of cash acquired		-	(5.022)	-	(8.647)
Increase in shareholding in subsidiaries		<b>(5.894)</b>	-	(10.150)	-
Decrease in shareholding in subsidiaries		<b>277</b>	-	477	-
Dividend received from investments in associates		<b>497</b>	-	856	-
<b>Net cash used in investing activities</b>		<b>(381.301)</b>	(37.265)	(656.608)	(64.170)
<b>Cash flows from financing activities</b>					
Interest paid on loan capital		<b>(3.002)</b>	(2.384)	(5.170)	(4.106)
Proceeds from the sale of treasury shares	12	<b>159.927</b>	-	275.398	-
<b>Net cash from/(used in) financing activities</b>		<b>156.925</b>	(2.384)	270.228	(4.106)
Effects of exchange rate changes on cash and cash equivalents		<b>4.592</b>	(1.400)	7.908	(2.411)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(322.947)</b>	4.058	(556.121)	6.988
<b>Cash and cash equivalents at beginning of period</b>		<b>2.897.985</b>	1.770.138	4.990.388	3.048.214
<b>Cash and cash equivalents at end of period</b>		<b>2.575.038</b>	1.774.196	4.434.267	3.055.202

\*Supplementary information – Note 21

# **MARFIN POPULAR BANK GROUP**

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **1. INFORMATION FOR THE GROUP**

The condensed interim consolidated financial statements consolidate the financial statements of Marfin Popular Bank Public Co Ltd (the Bank) and its subsidiaries, referred to as the Group, as at 31 March 2007.

Marfin Popular Bank Public Co Ltd is the parent company of Marfin Popular Bank Group. The principal activities of the Group, which are unchanged from last year, are the provision of banking, financial and insurance services.

The Bank was established in Cyprus in 1901. In 1924 it was registered as the first public company in Cyprus in accordance with the requirements of the Cyprus Stock Exchange Laws and Regulations and the Income Tax Law of Cyprus.

### **2. UNAUDITED FINANCIAL STATEMENTS**

The condensed interim consolidated financial statements for the three months ended 31 March, 2007 have not been audited by the external auditors of the Group.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' and should be read in conjunction with the audited financial statements for the year ended 31 December, 2006.

The condensed interim consolidated financial statements are presented in Cyprus Pounds, which is the functional and presentation currency of Marfin Popular Bank Public Co Ltd.

The same accounting policies as for the annual financial statements for the year 2006 have been followed in the preparation of the condensed interim consolidated financial statements.

As from 1 January, 2007, the Group has adopted all applicable new and revised International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) which are relevant to its operations.

### **4. COMPARATIVES**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

**MARFIN POPULAR BANK GROUP**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**5. EARNINGS PER SHARE**

	<b>31.03.2007</b>	31.03.2006
	<b>C£ '000</b>	C£ '000
Profit attributable to the equity holders of the Bank	<u><b>98.891</b></u>	<u>20.262</u>
	<b>31.03.2007</b>	31.03.2006
	<b>'000</b>	'000
Weighted average number of shares in issue during the period	<u><b>737.345</b></u>	<u>306.408</u>
Earnings per share – cent	<u><b>13,4</b></u>	<u>6,6</u>

**6. SEGMENTAL ANALYSIS**

**By business class**

	<b>Banking services</b>	<b>Insurance services</b>	<b>Financial and other services</b>	<b>Eliminations</b>	<b>Total</b>
	<b>C£ '000</b>	<b>C£ '000</b>	<b>C£ '000</b>	<b>C£ '000</b>	<b>C£ '000</b>
<b>Three months ended 31 March 2007</b>					
<b>Total revenues</b>	<u><b>257.842</b></u>	<u><b>32.438</b></u>	<u><b>48.975</b></u>	<u><b>(17.484)</b></u>	<u><b>321.771</b></u>
Profit before tax	<u><b>66.692</b></u>	<u><b>13.025</b></u>	<u><b>32.112</b></u>		<u><b>111.829</b></u>
Tax					<u><b>(9.534)</b></u>
<b>Profit for the period</b>					<u><b>102.295</b></u>
<b>Three months ended 31 March 2006</b>					
<b>Total revenues</b>	<u>117.601</u>	<u>5.511</u>	<u>13.507</u>	<u>(12.115)</u>	<u>124.504</u>
Profit before tax	<u>16.970</u>	<u>2.784</u>	<u>4.386</u>		<u>24.140</u>
Tax					<u>(3.260)</u>
<b>Profit for the period</b>					<u><b>20.880</b></u>

## MARFIN POPULAR BANK GROUP

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 7. PROFIT ON DISPOSAL AND REVALUATION OF SECURITIES

Included within the profit on disposal and revaluation of securities is an amount of C£ 28,8 m which relates to the profit from the sale of shares of Universal Life Insurance Public Co Ltd and shares and warrants of Hellenic Bank Public Company Ltd held by the Group.

#### 8. ADVANCES TO CUSTOMERS

	<b>31.03.2007</b> <b>C£ '000</b>
Advances to customers	<b>7.902.781</b>
Instalment finance and leasing	<b>490.889</b>
	<hr/>
	<b>8.393.670</b>
Provision for impairment of advances (Note 9)	<b>(365.507)</b>
	<hr/>
	<b>8.028.163</b>

The amount of income suspended is included in provision for impairment of advances.

#### 9. PROVISION FOR IMPAIRMENT OF ADVANCES

Movement in the three months to 31 March 2007:

	<b>Provisions</b>	<b>Suspension</b>	<b>Total</b>
	<b>C£ '000</b>	<b>of income</b>	<b>C£ '000</b>
		<b>C£ '000</b>	
Balance 1 January 2007	<b>298.383</b>	<b>69.812</b>	<b>368.195</b>
Provision for impairment of advances for the period	<b>27.867</b>	<b>-</b>	<b>27.867</b>
Release of provision and recoveries	<b>(16.862)</b>	<b>(15.161)</b>	<b>(32.023)</b>
Loans written-off	<b>(2.267)</b>	<b>(3.110)</b>	<b>(5.377)</b>
Exchange differences	<b>314</b>	<b>-</b>	<b>314</b>
Suspension of income for the period	<b>-</b>	<b>6.531</b>	<b>6.531</b>
		<hr/>	
Balance 31 March 2007	<b>307.435</b>	<b>58.072</b>	<b>365.507</b>

#### 10. PROPERTY AND EQUIPMENT

Movement in the three months to 31 March 2007:

	<b>C£ '000</b>
Net book value at 1 January 2007	<b>136.496</b>
Additions less disposals of property and equipment	<b>1.914</b>
Depreciation	<b>(2.437)</b>
Exchange differences	<b>96</b>
	<hr/>
Net book value at 31 March 2007	<b>136.069</b>

**MARFIN POPULAR BANK GROUP**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**11. LOAN CAPITAL**

	<b>31.03.2007</b>
	<b>C£ '000</b>
Convertible debentures 2003/2013 Egnatia Bank S.A.	<b>204</b>
Non-convertible debentures 2003/2007	<b>8.968</b>
Non-convertible debentures 2005/2015 Egnatia Bank S.A.	<b>46.457</b>
Eurobonds due 2016	<b>258.940</b>
Capital securities	<b>50.000</b>
Preference shares Egnatia Bank S.A.	<b>2.570</b>
	<hr/>
<b>Total loan capital</b>	<b>367.139</b>
	<hr/>

The repayment date of the non-convertible debentures 2003/2007 falls in the period of “over three months but less than one year” from the balance sheet date. The repayment date of the convertible debentures 2003/2013, the non-convertible debentures 2005/2015 and the eurobonds due 2016, falls in the period of “over five years” from the balance sheet date. The capital securities and the preference shares are perpetual.

**Convertible debentures 2003/2013 Egnatia Bank S.A.**

In January 2003 Egnatia Bank S.A. issued euro 30 m convertible debentures due 2013. The debentures pay interest every three months on 31 March, 30 June, 30 September and 31 December of each year. Interest is equal to the three-monthly rate of euro (Euribor) plus 1,75% until repurchase date and thereafter 3,25% to maturity.

The debenture holders have the right to convert one debenture into one share. The Bank has the right to repurchase the debentures after the end of the fifth year. The debentures are not secured and they rank for payment after the claims of depositors and other creditors.

**Non-convertible debentures 2003/2007**

In April 2003 the Bank issued C£ 15 m non-convertible debentures due 2007. The debentures pay interest every six months on 30 June and 31 December of each year. Interest was fixed at 6,50% on nominal value until 31 December, 2004. Thereafter, the debentures pay floating interest equal to the weighted average base rate for the relevant six-monthly period plus 1%.

The Bank has the right to repurchase the debentures in the market, by special agreement or by offer to all debenture holders at any price. In July 2006, the Bank made an offer to repurchase the debentures according to their terms of issue at the price of C£1.012 for each debenture of nominal value of C£1.000 plus accrued interest. In October 2006, the purchase of 6.016 debentures was completed with the payment of the relevant amounts to the beneficiaries. The debentures are not secured and they rank for payment after the claims of depositors and other creditors.

## **MARFIN POPULAR BANK GROUP**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

#### **11. LOAN CAPITAL** (continued)

##### **Non-convertible debentures 2005/2015 Egnatia Bank S.A.**

In May 2005, Egnatia Bank S.A. issued euro 80 m non-convertible debentures due on 4 May, 2015. The debentures pay interest every three months on 4 February, 4 May, 4 August and 4 November of each year. Interest is set at 1,1% above the three-month rate of euro (Euribor) until its redemption date and after this day interest will be set at 2,4% above Euribor.

Egnatia Bank S.A. has the right to redeem the bond in whole on or after 4 May, 2010. The debentures which are not secured and which rank for payment after the claims of depositors and other creditors, are listed on the Luxembourg Stock Exchange and their market value at 31 March, 2007 was euro 81,2 m, C£ 47,2 m.

##### **Eurobonds due 2016**

During 2004 the Bank set up a Euro Medium Term Note Programme for a total amount of euro 750 m, pursuant to which the Bank would have the ability to issue senior and / or subordinated debt in accordance to its needs. In July 2004 the Bank issued euro 300 m of senior debt from this Programme.

In May 2006, after approval of the increase of the size of the Euro Medium Term Note Programme from euro 750 m to euro 1 bln, the Bank successfully completed a subordinated debt issue (Tier 2 capital) totaling euro 450 m. The Issue was in the form of subordinated bond, maturing in 10 years. The Bank has the right to redeem the bonds after 5 years from the issue date. The interest rate is set at the three-monthly rate of euro (Euribor) plus 0,75%, increased by 1% if the bond is not redeemed within the first five years of issue.

The bond which constitutes unsecured, subordinated obligations of the Bank and which ranks for payment after the claims of the depositors and other creditors, is listed on the Luxembourg Stock Exchange and its market value at 31 March, 2007 was euro 448,9 m, C£ 260,7 m.

##### **Capital securities**

In June 2003 the Bank issued C£ 25 m capital securities, which were offered to a limited number of investors. In September 2003 the Bank issued an additional C£ 25 m capital securities, which were offered to the Bank's shareholders and to the public. The securities pay floating interest, which is revised at the beginning of each interest period. The floating interest rate is equal to the base rate at the beginning of the interest period plus 1,2%. The capital securities pay interest quarterly at 31 March, 30 June, 30 September and 31 December of each year.

The capital securities are perpetual, but can be repurchased in full at the option of the Bank at nominal value plus accrued interest on 30 June, 2008 or at any interest payment date thereafter, after approval from the Central Bank of Cyprus. In case the capital securities are not repurchased by the Bank 10 years after their issue, then the holder has the right to exchange the securities with ordinary shares of the Bank at any interest payment date thereafter, at a discount of 10% on the average price of the ordinary share as this will be traded on the Cyprus Stock Exchange for a period of one month before the respective exchange date.

The capital securities constitute direct non-secured and subordinated obligations of the Bank. They rank for payment after the claims of depositors and other creditors.

## MARFIN POPULAR BANK GROUP

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 11. LOAN CAPITAL (continued)

##### Preference shares Egnatia Bank S.A.

The preference shares of Egnatia Bank S.A. are non-convertible and have the right to:

- (a) receive the minimum dividend as stated in article 28, paragraph 2, of the articles of association in priority to ordinary shareholders and the right to receive any additional benefit that the ordinary shareholders will be entitled to receive,
- (b) receive a cumulative amount in the future if in any period a dividend is not distributed or if the Bank pays an amount that is less than 6% of the paid up share capital in one or more financial periods,
- (c) first sight to the net asset amount in priority to ordinary shareholders in case of liquidation and in any excess of any amount over the share capital.

#### 12. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of shares '000	Share capital C£'000	Share premium C£'000	Treasury shares C£'000	Total C£'000
Balance 1 January 2007	790.319	395.159	1.113.055	(105.957)	1.402.257
Shares in the process of being issued (a)	6.364	3.182	15.911	-	19.093
Treasury shares sold (b)	-	-	53.970	105.957	159.927
Balance 31 March 2007	796.683	398.341	1.182.936	-	1.581.277

The total authorised share capital of the Bank at 31 March, 2007 was 950 m shares of a nominal value of C£ 0,50 each (C£ 475 m).

(a) The shares in the process of being issued relate to shares, which were allocated to the minority shareholders of Marfin Investment Group S.A. Holdings (formerly Marfin Financial Group S.A. Holdings), who exercised their right to exit. These shares and 18.138.000 shares which were in the process of being issued as at 31 December, 2006 were issued on 17 April, 2007 and were listed on the Athens and Cyprus Stock Exchanges on 23 April, 2007.

(b) The treasury shares, which were held as at 31 December, 2006 by Marfin Investment Group S.A. Holdings in Marfin Popular Bank Public Co Ltd were sold and the gain from the disposal was taken to the share premium account.

#### 13. DIVIDEND

The Annual General Meeting of the Bank, held on 17 April, 2007, approved the payment of a dividend of 36% (18 cent per share of nominal value 50 cent). The dividend, which amounts to C£ 143,4 m, was paid on 3 May, 2007. This dividend will be recognised in equity during the three month period ending 30 June, 2007.

**MARFIN POPULAR BANK GROUP**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**14. RESERVES**

Movement in the three months to 31 March 2007:

	C£ '000
<b>Revenue reserves</b>	
Balance 1 January 2007	234.797
Profit for the period attributable to equity holders of the Bank	98.891
Other movements	(12)
	<hr/>
Balance 31 March 2007	333.676
	<hr/>
<b>Property fair value reserves</b>	
Balance 1 January 2007	15.545
	<hr/>
Balance 31 March 2007	15.545
	<hr/>
<b>Available-for-sale financial assets fair value reserves</b>	
Balance 1 January 2007	30.770
Revaluation for the period	2.223
Transfer to results on disposal of available-for-sale financial assets	(24.620)
Deferred tax	21
	<hr/>
Balance 31 March 2007	8.394
	<hr/>
<b>Currency translation reserves</b>	
Balance 1 January 2007	(396)
Exchange differences arising in the period	5.085
	<hr/>
Balance 31 March 2007	4.689
	<hr/>
<b>Total reserves 31 March 2007</b>	<b>362.304</b>
	<hr/>

**15. DERIVATIVE FINANCIAL INSTRUMENTS**

Included within financial assets at fair value through profit or loss is an amount of C£ 12 m which relates to the positive fair value of derivative financial instruments. Included within other liabilities is an amount of C£ 8 m which relates to the negative fair value of derivative financial instruments .

**16. CONTINGENCIES AND COMMITMENTS**

Capital expenditure contracted but not provided for at 31 March, 2007 amounted to C£ 6,3 m.

As at 31 March, 2007 there were pending litigations against the Group in connection with its activities. Based on legal advice the Board of Directors believes that there is adequate defence against all claims and it is not probable that the Group will suffer any significant loss. Therefore, no provision has been recognised in the financial statements regarding these cases.

## MARFIN POPULAR BANK GROUP

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 17. NET ASSETS ATTRIBUTABLE TO LIFE POLICYHOLDERS

The net assets attributable to life policyholders, which are included in the consolidated balance sheet are presented below:

	<b>31.03.2007</b>
	<b>€ '000</b>
Deposits with banks	<b>93.036</b>
Financial assets at fair value through profit or loss	<b>139.630</b>
Advances to policyholders	<b>18.008</b>
Balances recoverable from reinsurers and other assets	<b>6.383</b>
Investment property	<b>15.065</b>
Liabilities	<b><u>(4.309)</u></b>
Net assets attributable to life policyholders	<b><u>267.813</u></b>

The aforementioned assets and liabilities attributable to life policyholders of the insurance subsidiaries of the Group are included in the respective assets and liabilities of the consolidated balance sheet.

#### 18. INVESTMENTS IN SUBSIDIARY COMPANIES

The main subsidiary companies of the Group, as at 31 March, 2007 were as follows:

Company name	(1) Effective shareholding	Country of incorporation	Activity sector
Marfin Investment Group S.A. Holdings	97%	Greece	Investment company
Marfin Bank S.A.	97%	Greece	Banking
Egnatia Bank S.A.	86%	Greece	Banking
Laiki Bank (Hellas) S.A.	100%	Greece	Banking
Investment Bank of Greece S.A.	89%	Greece	Investment banking
Laiki Investments E.P.E.Y. Public Company Ltd	57%	Cyprus	Investment banking
Laiki Bank (Australia) Ltd	100%	Australia	Banking
Euroline S.A. (1)	45%	Greece	Brokerage
Marfin Capital S.A.	97%	British Virgin Islands	Investment company
Laiki Leasing S.A.	100%	Greece	Leasing
Egnatia Finance S.A.	86%	Greece	Brokerage
Laiki Bank a.d.	95%	Serbia	Banking
Egnatia Bank (Romania) S.A.	86%	Romania	Banking
Paneuropean Insurance Co Ltd	100%	Cyprus	Investment company
Laiki Insurance Ltd	100%	Cyprus	General insurance
AS SBM Pank (1)	49%	Estonia	Banking
Laiki Cyprialife Ltd	100%	Cyprus	Life insurance
Philiki Insurance Co Ltd	100%	Cyprus	Investment company
Egnatia Leasing S.A.	86%	Greece	Leasing
Laiki Bank (Guernsey) Ltd	100%	Guernsey	Banking
Cyprialife Ltd	100%	Cyprus	Investment company
Laiki Factoring S.A.	100%	Greece	Factoring, invoice discounting
The Cyprus Popular Bank (Finance) Ltd	100%	Cyprus	Instalment finance, leasing
Laiki Factors Ltd	100%	Cyprus	Factoring, invoice discounting
MFG Capital Partners Ltd	97%	United Kingdom	Investment company

(1) The effective shareholding includes the direct holding of Marfin Popular Bank Public Co Ltd and the indirect holding through its subsidiaries. Regarding AS SBM Pank, Marfin Investment Group S.A. Holdings owns 50,12% of its share capital and therefore it is consolidated as a subsidiary. Regarding Euroline S.A., due to the changes made to the structure of its Board of Directors, Marfin Investment Group S.A. Holdings also consolidates it as a subsidiary.

## MARFIN POPULAR BANK GROUP

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 18. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

Marfin Popular Bank Public Co Ltd operates in Cyprus and the United Kingdom.

The Group performs full consolidation for all of its subsidiaries. The consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow consolidate, for the first time, the results, the changes in equity and the cash flows of Marfin Investment Group and Egnatia Bank S.A. Group, which were acquired on 22 December, 2006.

##### **(a) Increase in shareholding in Marfin Investment Group S.A. Holdings**

The shareholders of Marfin Investment Group S.A. Holdings who had shares that were not exchanged within the framework of the Public Offer in 2006, had the right to exit either in cash or payment in kind in the first quarter of 2007. The alternatives were (a) sale of their shares at the price of euro 37,24 per share or (b) exchange of each share with 5,7570 new shares of Marfin Popular Bank Public Co Ltd. The result of the offer, which expired on 27 March, 2007, was the acquisition of a 2% extra share in Marfin Investment Group S.A. Holdings.

##### **(b) Preliminary results of Purchase Price Allocation for the acquisition of Marfin Investment Group S.A. Holdings and Egnatia Bank S.A.**

The Bank is in the process of completing the fair valuation and purchase price allocation of the acquisition of Marfin Investment Group S.A. Holdings and Egnatia Bank S.A. as at the date of acquisition. Consequently the Group has applied initial accounting determined provisionally according to IFRS 3 'Business Combinations'. Based on this preliminary accounting the Group recognised C£ 210 m intangible assets which relate to an estimated value for trade names, customers' relationships, core deposits, software and asset management. The results were charged with amortisation of the intangible assets recognised amounting to C£ 3 m.

The Group will recognise any adjustment to the preliminary values with the completion of the fair valuation and the purchase price allocation, within a period of 12 months from the acquisition date, as permitted by IFRS 3.

##### **(c) Increase in shareholding in Egnatia Finance S.A., Egnatia Mutual Fund Management Company S.A. and Egnatia Insurance Services S.A.**

On 19 January, 2007 Egnatia Bank S.A. acquired 1.824.150 shares in its subsidiary company Egnatia Finance S.A. which correspond to 30% of its share capital. These were acquired for euro 9,5 m. and brings Egnatia Bank's holding in the company from 70% to 100%. Goodwill on acquisition was euro 3,2 m.

On the same date Egnatia Bank S.A. acquired 28.700 shares in its subsidiary company Egnatia Mutual Fund Management Company S.A. which correspond to 18% of its share capital. These were acquired for euro 400.000 and brings Egnatia Bank's holding in the company from 51% to 69%. Negative goodwill on acquisition was euro 204.000.

## MARFIN POPULAR BANK GROUP

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 18. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

##### **(c) Increase in shareholding in Egnatia Finance S.A., Egnatia Mutual Fund Management Company S.A. and Egnatia Insurance Services S.A. (continued)**

On 12 March, 2007 Egnatia Bank S.A. acquired 4.000 shares in its subsidiary company Egnatia Insurance Services S.A. which correspond to 40% of its share capital. These were acquired for euro 250.000 and brings Egnatia Bank's holding in the company from 60% to 100%. Goodwill on acquisition was euro 114.000.

##### **(d) Decrease in shareholding in Euroline S.A.**

In March 2007, Marfin Global Asset Management S.A., a subsidiary of Marfin Investment Group S.A. Holdings, disposed of 2% of its shares in Euroline S.A. for euro 478.000. Loss on disposal was euro 134.000.

##### **(e) Purchase of Marine Transport Bank and three affiliated companies**

The Bank announced on 19 March, 2007 that it signed an agreement for the purchase of 99,2% of the share capital of Marine Transport Bank Ukraine (MTB) for US\$ 137,4 m. Simultaneously the Bank will acquire three affiliated companies of MTB operating in the area of leasing for US\$ 0,7 m. MTB is a bank organized as an open joint stock company under the laws of Ukraine. It is a universal bank having licenses for a full range of banking operations. It has its headquarters in the Odessa region and has a total of 86 branches. MTB has a share capital and reserves of US\$ 34,1 m as per the unaudited financial statements as at 30 September, 2006. Total deposits and total advances stood at US\$ 156,2 m and US\$ 148,3 m respectively.

The acquisition of MTB has not been included in the financial statements for the first quarter of 2007 as the transaction is subject to the necessary approvals being obtained from the regulatory authorities in Cyprus and Ukraine.

**MARFIN POPULAR BANK GROUP**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**19. RELATED PARTY TRANSACTIONS**

	<b>31.03.2007</b> <b>C£ '000</b>
Advances to Directors and their connected persons	<b>49.076</b>
Advances to other key management personnel and their connected persons	<b>3.388</b>
Total advances	<b>52.464</b>
Guarantees to Directors and their connected persons	<b>14.315</b>
Letters of credit to Directors and their connected persons	<b>7.232</b>
Guarantees to other key management personnel and their connected persons	<b>52</b>
Letters of credit to other key management personnel and their connected persons	<b>6</b>
Total contingencies and commitments for guarantees and letters of credit	<b>21.605</b>
Total advances and other liabilities	<b>74.069</b>
Tangible securities	<b>102.137</b>
Interest income	<b>615</b>
Deposits	<b>11.247</b>
Interest expense	<b>94</b>

The total amount of securities is presented in aggregate in the preceding table. Therefore, it is possible that some individual facilities are not fully covered with tangible securities. The total amount of facilities that are unsecured at 31 March, 2007 equals to C£ 4.174.000.

Connected persons include the spouse, minor children and companies in which key management personnel hold directly or indirectly at least 20% of the voting rights in a general meeting.

The deposits by associates of the Group at 31 March, 2007 were C£ 21.024.000, and the interest on these deposits was C£ 57.000. During the first three months of 2007 the Group received dividend of C£ 497.000 from associated companies. The deposits of the provident funds of the employees of the Group, which are also regarded as related parties, were C£ 12.752.000.

**Other transactions with connected persons**

The Group received commissions on stock exchange transactions from key management personnel amounting to C£ 26.000.

The above transactions are carried out as part of the banking and investment operations of the Group, on commercial terms.

## MARFIN POPULAR BANK GROUP

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 19. RELATED PARTY TRANSACTIONS (continued)

##### Group key management personnel compensation

	31.03.2007 C£ '000
<b>Fees paid to Directors as members of the Board</b>	<u>50</u>
<b>Remuneration of Directors under executive role:</b>	
Salaries and other short-term benefits	135
Employer's social insurance contributions	12
Retirement benefits scheme expense	<u>15</u>
<b>Total remuneration of Directors under executive role</b>	<u>162</u>
<b>Consultancy services fees of Directors under non-executive role</b>	<u>49</u>
<b>Compensation of other key management personnel</b>	
Salaries and other short-term benefits	209
Employer's social insurance contributions	25
Retirement benefits scheme expense	<u>28</u>
<b>Total compensation of other key management personnel</b>	<u>262</u>
<b>Total compensation of key management personnel</b>	<u>523</u>

Key management personnel for the first three months of 2007 include fifteen Directors, six of which had executive duties and the members of the executive management.

#### 20. POST BALANCE SHEET EVENTS

On 3 April, 2007 the Board of Directors decided to acquire the total share capital of Marfin Bank S.A. from Marfin Investment Group S.A. Holdings against the sum of euro 616.533.000. The sale and the transfer from Marfin Investment Group S.A. Holdings to the Bank of its total shareholding, which represents 100% of the share capital of Marfin Bank S.A., was completed on 4 May, 2007.

On 12 April, 2007 Mr. Michalis Louis withdrew from the Group and resigned from the Board of Directors. On the same date, the Securities and Exchange Commission approved the Supplementary Prospectus on the Prospectus dated 12 December, 2006 which related to the listing in the Cyprus Stock Exchange and the Athens Stock Exchange of up to 24.502.416 new shares of nominal value C£ 0,50 each. These shares, which were exchanged for the acquisition of 1.105.408 new shares of Marfin Investment Group S.A. Holdings, pursuant the exercise of the right to exit in view of the Public Offers dated 19 September, 2006 and the remaining 1.209.504 shares of Laiki Bank (Hellas) S.A., started trading on 23 April, 2007.

## MARFIN POPULAR BANK GROUP

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 20. POST BALANCE SHEET EVENTS (continued)

On 17 April, 2007 the Annual General Meeting decided among other issues to elect a new Board of Directors, which was constituted on the same day as follows: Soud Ba'alawy-Chairman, Non Executive Member, Neoclis A. Lysandrou-Vice Chairman, Non Executive Member, Andreas Vgenopoulos-Chief Executive Officer, Christos Stylianides-Deputy Chief Executive Officer, Eleftherios Hiliadakis-Deputy Chief Executive Officer, Platon Lanitis-Non Executive Member, Kyriacos Magiras-Executive Member, Constantinos Mylonas-Independent Non Executive Member, Vasilis Theocharakis-Non Executive Member, Stelios Stylianou-Non Executive Member, Markos Foros-Independent Non Executive Member, Sayanta Basu-Executive Member, Vincent Pica-Independent Non Executive Member and Nicholas Wringley-Independent Non Executive Member. It also decided to appoint Grant Thornton and PricewaterhouseCoopers Limited as joint auditors.

On the same date, the Extraordinary General Meeting approved among other things:

- The introduction of a Share Options Scheme for the members of the Board of Directors and the Group's employees. The shares to be issued will amount to 80 m maximum and will have a nominal value of 50 cent each. The exercise price of each warrant will stand at euro 10. The Board of Directors will determine the terms of the Scheme and will issue up to 80 m shares without being offered to the existing shareholders first.
- The buyback of own shares. The minimum and maximum acquisition price of shares will not exceed 5% of the average market value of transactions carried out in the Cyprus Stock Exchange over the last five trading sessions prior to the acquisition of the shares. The maximum number of shares must not exceed 10% of the issued share capital of the Bank or 25% of the average market value of transactions carried out in the titles of the Bank in the Cyprus Stock Exchange over the last thirty trading sessions prior to the acquisition of the shares, whichever amount is the smallest. The shares, which can be acquired either by private agreement or by the market, can be held for a maximum of two years. The enforcement of the resolution is subject to the Central Bank of Cyprus approval.
- The authorization of the Board of Directors to discuss with Bank of Cyprus Public Company Ltd the terms and the sectors of strategic cooperation between the two Banks in order to generate synergies for the benefit of the shareholders of both banks.

On 20 April, 2007 the transfer from the Bank to the Holy Archbishopric of Cyprus of 17.375.330 shares that represent 7,17% of the share capital and 3.301.209 warrants of Hellenic Bank Public Company Ltd was completed.

On 26 April, 2007 the Bank announced the increase in the size of the existing EMTN Programme from euro 1 billion to euro 3 billion which has already been approved by the Central Bank. The Bank will proceed to all necessary actions for the issue – via the Program - of the Senior Debt, which will be determined after the completion of the relevant presentations to foreign institutional investors.

On 2 May the inclusion of the Bank's share in the index FTSE/ATHEX International was announced. This index includes the shares of the companies that trade in the Common Platform and meet the criteria of the Athens Stock Exchange High Capitalization Market and the criteria of FTSE indices. The new composition of the FTSE/ATHEX International will be effective after the meeting to take place on 1 June, 2007.

## **MARFIN POPULAR BANK GROUP**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

#### **21. SUPPLEMENTARY INFORMATION**

The condensed consolidated income statement for the three months ended 31 March, 2007, and 31 March, 2006, the condensed consolidated balance sheet as at 31 March, 2007, and 31 December, 2006, as well as, the condensed consolidated cash flow statement for the three months ended 31 March, 2007, and 31 March, 2006, in euro, constitute supplementary information. According to paragraph 57 of IAS 21 'The effects of changes in foreign exchange rates', the supplementary information is displayed in euro by applying an exchange rate to both current year and comparative amounts. The exchange rate used equals to the parity issued by the Central Bank of Cyprus as at the balance sheet date of the current period (that is CYP 1 = Euro 1,72202 on 31 March, 2007) according to Circular No. 25 of the Institute of Certified Public Accountants of Cyprus.

#### **22. APPROVAL OF FINANCIAL STATEMENTS**

The condensed interim consolidated financial statements were approved by the Board of Directors on 9 May, 2007.