



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2006

LAIKI GROUP
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
for the nine months ended 30 September 2006

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LAIKI GROUP
CONDENSED CONSOLIDATED INCOME STATEMENT
for the nine months ended 30 September 2006

	Note	9 months ended 30.09.2006 C£ '000	9 months ended 30.09.2005 C£ '000	9 months ended 30.09.2006 Euro '000 *	9 months ended 30.09.2005 Euro '000 *
Net interest income		150.271	124.249	260.569	215.448
Net fee and commission income		45.693	39.529	79.232	68.543
Profit on disposal and revaluation of securities		5.702	1.365	9.888	2.368
Foreign exchange income		10.037	8.725	17.404	15.129
Other income		15.368	10.518	26.648	18.237
Operating income		227.071	184.386	393.741	319.725
Staff costs		(78.101)	(69.571)	(135.427)	(120.636)
Depreciation, amortisation and impairment		(8.786)	(12.086)	(15.236)	(20.957)
Administrative expenses		(31.718)	(29.115)	(54.998)	(50.485)
Profit before provision for impairment of advances		108.466	73.614	188.080	127.647
Provision for impairment of advances	7	(32.530)	(34.124)	(56.407)	(59.172)
Profit before share of profit from associates		75.936	39.490	131.673	68.475
Share of profit from associates		1.085	1.123	1.882	1.948
Profit before tax		77.021	40.613	133.555	70.423
Tax		(12.020)	(9.241)	(20.844)	(16.025)
Profit for the period		65.001	31.372	112.711	54.398
Attributable to:					
Minority interest		2.388	889	4.141	1.541
Equity holders of the Bank		62.613	30.483	108.570	52.857
		65.001	31.372	112.711	54.398
Earnings per share - for profit attributable to the equity holders of the Bank					
Earnings per share - cent	4	19,6	10,0	34,0	17,3

*Supplementary information – Note 18

LAIKI GROUP
CONDENSED CONSOLIDATED INCOME STATEMENT
for the three months ended 30 September 2006

	3 months ended 30.09.2006 C£ '000	3 months ended 30.09.2005 C£ '000	<i>3 months ended 30.09.2006 Euro '000 *</i>	<i>3 months ended 30.09.2005 Euro '000 *</i>
Net interest income	54.537	44.358	<i>94.567</i>	<i>76.917</i>
Net fee and commission income	15.115	13.459	<i>26.209</i>	<i>23.338</i>
Profit on disposal and revaluation of securities	2.712	638	<i>4.703</i>	<i>1.107</i>
Foreign exchange income	3.385	3.021	<i>5.870</i>	<i>5.237</i>
Other income	4.877	3.009	<i>8.456</i>	<i>5.218</i>
Operating income	80.626	64.485	<i>139.805</i>	<i>111.817</i>
Staff costs	(26.621)	(23.226)	<i>(46.161)</i>	<i>(40.274)</i>
Depreciation, amortisation and impairment	(2.954)	(2.638)	<i>(5.122)</i>	<i>(4.574)</i>
Administrative expenses	(10.873)	(10.064)	<i>(18.854)</i>	<i>(17.452)</i>
Profit before provision for impairment of advances	40.178	28.557	<i>69.668</i>	<i>49.517</i>
Provision for impairment of advances	(9.619)	(11.472)	<i>(16.678)</i>	<i>(19.892)</i>
Profit before share of profit from associates	30.559	17.085	<i>52.990</i>	<i>29.625</i>
Share of profit from associates	687	626	<i>1.190</i>	<i>1.085</i>
Profit before tax	31.246	17.711	<i>54.180</i>	<i>30.710</i>
Tax	(5.464)	(4.853)	<i>(9.475)</i>	<i>(8.416)</i>
Profit for the period	25.782	12.858	<i>44.705</i>	<i>22.294</i>
Attributable to:				
Minority interest	1.365	498	<i>2.366</i>	<i>863</i>
Equity holders of the Bank	24.417	12.360	<i>42.339</i>	<i>21.431</i>
	25.782	12.858	<i>44.705</i>	<i>22.294</i>

**Supplementary information – Note 18*

LAIKI GROUP
CONDENSED CONSOLIDATED BALANCE SHEET
30 September 2006

	Note	30.09.2006	31.12.2005	30.09.2006	31.12.2005
		€ '000	€ '000	Euro '000 *	Euro '000 *
Assets					
Cash and balances with Central Banks		565.071	432.091	979.834	749.246
Due from other banks		1.900.702	1.365.173	3.295.817	2.367.210
Financial assets at fair value					
through profit or loss		211.626	172.890	366.959	299.792
Advances to customers	6	4.540.732	3.995.698	7.873.629	6.928.540
Government bonds and treasury bills		244.503	339.005	423.969	587.835
Available-for-sale financial assets		690.686	544.546	1.197.649	944.242
Other assets		143.365	127.370	248.595	220.861
Investments in associates		6.965	5.880	12.078	10.196
Intangible assets		57.010	46.246	98.855	80.190
Property and equipment	8	91.874	89.832	159.309	155.768
Total assets		8.452.534	7.118.731	14.656.694	12.343.880
Liabilities					
Due to other banks		226.272	122.538	392.357	212.481
Customer deposits		6.527.434	5.726.421	11.318.570	9.929.614
Senior debt		173.141	171.833	300.227	297.959
Other liabilities		584.408	502.211	1.013.363	870.833
		7.511.255	6.523.003	13.024.517	11.310.887
Loan capital	9	437.230	213.154	758.156	369.609
Share capital and reserves attributable to the Bank's equity holders					
Share capital	10	178.732	153.648	309.922	266.426
Share premium	10	39.530	4.843	68.545	8.398
Reserves	12	246.967	188.348	428.240	326.596
		465.229	346.839	806.707	601.420
Minority interest		38.820	35.735	67.314	61.964
Total equity		504.049	382.574	874.021	663.384
Total equity and liabilities		8.452.534	7.118.731	14.656.694	12.343.880

*Supplementary information – Note 18

LAIKI GROUP
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2006

	Attributable to equity holders of the Bank				Minority interest	Total
	Share capital	Share premium	Fair value and currency translation reserves	Revenue reserves		
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Nine months ended 30 September 2006						
Balance 1 January 2006	153.648	4.843	18.306	170.042	35.735	382.574
Revaluation of available-for-sale financial assets	-	-	16.640	-	(53)	16.587
Transfer of fair value reserves to income statement	-	-	(143)	-	-	(143)
Transfer of fair value reserves to revenue reserves	-	-	(85)	85	-	-
Deferred tax	-	-	(175)	-	-	(175)
Exchange differences arising in the period	-	-	1.132	-	171	1.303
Acquisition of subsidiary	-	-	-	-	977	977
Change in minority interest from changes in shareholdings in Greek subsidiaries	-	-	-	-	(398)	(398)
Profit recognised directly in equity	-	-	17.369	85	697	18.151
Profit for the period	-	-	-	62.613	2.388	65.001
Total recognised profit for the period	-	-	17.369	62.698	3.085	83.152
Exercise of rights	25.528	35.740	-	-	-	61.268
Expenses on the issue of rights	-	(1.053)	-	-	-	(1.053)
Dividend	-	-	-	(21.448)	-	(21.448)
Equity element of convertible debentures	(444)	-	-	-	-	(444)
	25.084	34.687	-	(21.448)	-	38.323
Balance 30 September 2006	178.732	39.530	35.675	211.292	38.820	504.049
Nine months ended 30 September 2005						
Balance 1 January 2005	152.450	2.949	13.507	136.275	34.904	340.085
Revaluation of available-for-sale financial assets	-	-	3.630	-	(31)	3.599
Adjustment on revaluation of property	-	-	(197)	-	-	(197)
Exchange differences arising in the period	-	-	30	-	(305)	(275)
Profit recognised directly in equity	-	-	3.463	-	(336)	3.127
Profit for the period	-	-	-	30.483	889	31.372
Total recognised profit for the period	-	-	3.463	30.483	553	34.499
Dividend	-	-	-	(9.120)	-	(9.120)
Reinvestment of dividend	1.198	1.894	-	-	-	3.092
	1.198	1.894	-	(9.120)	-	(6.028)
Balance 30 September 2005	153.648	4.843	16.970	157.638	35.457	368.556

LAIKI GROUP
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the nine months ended 30 September 2006

	Note	30.09.2006	30.09.2005	30.09.2006	30.09.2005
		€ '000	€ '000	Euro '000 *	Euro '000 *
Cash generated from operations		523.749	405.466	908.181	703.078
Tax paid		(8.531)	(9.164)	(14.793)	(15.891)
Net cash from operating activities		515.218	396.302	893.388	687.187
Cash flows from investing activities					
Purchase less proceeds from disposal of property and equipment		(3.501)	(9.736)	(6.071)	(16.883)
Purchase less proceeds from disposal of computer software		(1.821)	(1.130)	(3.157)	(1.959)
Additions less proceeds from disposal/redemption of available-for-sale financial assets		(136.502)	(136.941)	(236.696)	(237.457)
Income from available-for-sale financial assets		20.611	10.986	35.740	19.051
Acquisition of subsidiary net of cash acquired	15	(5.757)	-	(9.982)	-
Net cash used in investing activities		(126.970)	(136.821)	(220.166)	(237.248)
Cash flows from financing activities					
Dividend paid		(21.448)	(6.029)	(37.191)	(10.453)
Interest paid on loan capital		(7.268)	(7.738)	(12.603)	(13.418)
Net proceeds from rights issue		60.215	-	104.413	-
Proceeds from the issue of loan capital		259.712	-	450.341	-
Repayment of loan capital		(36.806)	-	(63.822)	-
Net cash from/(used in) financing activities		254.405	(13.767)	441.138	(23.871)
Effects of exchange rate changes on cash and cash equivalents		1.715	3.239	2.973	5.618
Net increase in cash and cash equivalents		644.368	248.953	1.117.333	431.686
Cash and cash equivalents at beginning of period		1.770.138	1.378.059	3.069.421	2.389.554
Cash and cash equivalents at end of period		2.414.506	1.627.012	4.186.754	2.821.240

*Supplementary information – Note 18

LAIKI GROUP

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. UNAUDITED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements for the nine months ended 30 September, 2006 have not been audited by the external auditors of the Group.

2. 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, 2005.

The condensed interim consolidated financial statements are presented in Cyprus Pounds, which is the functional and presentation currency of the Cyprus Popular Bank Public Company Ltd (the Bank) (parent) and consolidate the financial statements of the Bank and its subsidiary companies as at 30 September, 2006.

The same accounting policies as for the annual financial statements for the year 2005 have been followed in the preparation of the condensed interim consolidated financial statements.

As from 1 January, 2006, 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.

3. COMPARATIVES

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

4. EARNINGS PER SHARE

	30.09.2006	30.09.2005
	C£ '000	C£ '000
Profit attributable to the equity holders of the Bank	<u>62.613</u>	<u>30.483</u>
	30.09.2006	30.09.2005
	'000	'000
Weighted average number of shares in issue during the period	<u>320.256</u>	<u>304.563</u>
Earnings per share – cent	<u>19,6</u>	<u>10,0</u>

Fully diluted earnings per share is not disclosed, as the price for the conversion of debentures is higher than the market price of the Cyprus Popular Bank Public Company Ltd share at the Cyprus Stock Exchange as at 30 September, 2006.

LAIKI GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENTAL ANALYSIS

By business class

	Banking services C£ '000	Insurance services C£ '000	Financial and other services C£ '000	Eliminations C£ '000	Total C£ '000
Nine months ended 30 September 2006					
Total revenues	387.390	15.869	40.139	(36.021)	407.377
Profit before tax and impairment of goodwill	<u>53.826</u>	<u>7.301</u>	<u>15.894</u>		<u>77.021</u>
Profit before tax	<u>53.826</u>	<u>7.301</u>	<u>15.894</u>		<u>77.021</u>
Tax					<u>(12.020)</u>
Profit for the period					<u>65.001</u>

Nine months ended 30 September 2005

Total revenues	<u>294.801</u>	<u>11.265</u>	<u>38.147</u>	<u>(18.904)</u>	<u>325.309</u>
Profit before tax and impairment of goodwill	<u>27.065</u>	<u>3.625</u>	<u>14.123</u>		<u>44.813</u>
Profit before tax	<u>27.065</u>	<u>2.725</u>	<u>10.823</u>		<u>40.613</u>
Tax					<u>(9.241)</u>
Profit for the period					<u>31.372</u>

LAIKI GROUP**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****6. ADVANCES TO CUSTOMERS**

	30.09.2006
	C£ '000
Advances to customers	4.510.052
Instalment finance and leasing	377.845
	<hr/>
	4.887.897
Provision for impairment of advances (Note 7)	(347.165)
	<hr/>
	4.540.732

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

7. PROVISION FOR IMPAIRMENT OF ADVANCES

Movement in the nine months to 30 September 2006:

	Provisions	Suspension	Total
	C£ '000	of income	C£ '000
		C£ '000	
Balance 1 January 2006	248.866	70.749	319.615
Provision for impairment of advances from the acquisition of subsidiary	1.550	-	1.550
Provision for impairment of advances for the period	55.788	-	55.788
Release of provision and recoveries	(23.258)	(8.039)	(31.297)
Loans written-off	(17.490)	(3.979)	(21.469)
Exchange differences	471	-	471
Suspension of income for the period	-	22.507	22.507
	<hr/>		
Balance 30 September 2006	265.927	81.238	347.165

8. PROPERTY AND EQUIPMENT

Movement in the nine months to 30 September 2006:

	C£ '000
Net book value at 1 January 2006	89.832
Property and equipment from the acquisition of subsidiary (Note 15)	2.786
Additions less disposals of property and equipment	3.666
Depreciation	(4.739)
Exchange differences	329
	<hr/>
Net book value at 30 September 2006	91.874

LAIKI GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9. LOAN CAPITAL

	30.09.2006
	C£ '000
Convertible debentures 2001/2006	8.754
Non-convertible debentures 2003/2007	14.990
Eurobonds due 2011	103.773
Eurobonds due 2016	259.713
Capital securities	50.000
	<hr/>
Total loan capital	437.230
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The repayment date of the convertible debentures 2001/2006 falls in the period of «three months or less» from the balance sheet date and the repayment date of the non-convertible debentures 2003/2007 falls in the period of «over one but less than five years» from the balance sheet date. The repayment date of Eurobonds due 2011 and Eurobonds due 2016 falls in the period of «over five years» from the balance sheet date. The capital securities are perpetual.

Convertible debentures 2001/2006

In March 1997 the Bank issued C£ 15 m convertible debentures due 2006. The debentures pay interest every six months on 30 June and 31 December of each year. Interest was fixed at 7% on nominal value for the first two years. Thereafter, interest is reset every six months based on the average interest rate of government bonds in the preceding six-monthly period.

The debentures were convertible into Cyprus Popular Bank Public Company Ltd shares in June of each year until 2003. The conversion price was set at C£ 1,20 (adjustment due to bonus issue) per share in the years 2000 to 2003. The conversion price was adjusted every time there was a new issue of shares, according to the terms of the debenture issue.

In the period from 30 June, 2001 to 30 June, 2006, the Bank had the right to repurchase all or part of the debentures at par and to pay the holder an amount equal to the nominal value of debentures plus any accrued interest. In such a case, the holder of the debentures reserved the right to convert the debentures into shares, according to the terms of the debenture issue.

The debentures are not secured and they rank for payment after the claims of depositors and other creditors.

LAIKI GROUP

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9. LOAN CAPITAL (continued)

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. The floating interest rate is 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.

During the period 4 until 25 September, 2006 the Bank offered to purchase the above debentures. One hundred twenty six debenture holders accepted its offer and sold to the Bank 6.016 debentures. The purchase was completed on 6 October, 2006.

The debentures are not secured and they rank for payment after the claims of depositors and other creditors.

Eurobonds due 2011

In November 2001 the Bank issued step-up floating rate subordinated bonds redeemable in whole on 28 November, 2011. The bonds pay interest every three months on 28 February, 28 May, 28 August and 28 November in each year. Interest is set at 1,40% above the three-month rate of euro (Euribor). After 28 November, 2006 its interest will be set at 2,8% above Euribor.

The Bank has the option to redeem the bonds in whole on or after 28 November, 2006.

The bonds constitute unsecured, subordinated obligations of the Bank and they rank for payment after the claims of the depositors and other creditors.

The bonds are listed on the Luxembourg Stock Exchange and their market value at 30 September, 2006 was euro 180,3 m, C£ 104,0 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 Tern 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 option to call it in after 5 years. The interest rate has been set at three month Euribor plus 0,75%, increased by 1% if the bond is not called in after five years.

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 30 September, 2006 was euro 448,6 m, C£ 258,7 m.

LAIKI GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9. LOAN CAPITAL (continued)

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 period plus 1,2%. The capital securities pay interest quarterly at 31 March, 30 June, 30 September and 31 December in 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.

10. SHARE CAPITAL AND SHARE PREMIUM

	Share capital C£ '000	Share premium C£ '000
Issued and paid-up		
Balance 1 January 2006	153.204	4.843
Exercise of rights	25.528	35.740
Expenses on the issue of rights	-	(1.053)
	<hr/>	<hr/>
Balance 30 September 2006	178.732	39.530
	<hr/>	<hr/>

Following the approval of the Extraordinary General Meeting on 15 June, 2006 the authorised share capital of the Bank was increased from C£ 200 m. to C£ 250 m. and with the approval of the Extraordinary General Meeting on 31 October, 2006 the authorised share capital was further increased to C£ 475 m.

In June 2006 the Bank increased its share capital with the issue of 51.057.000 shares from rights for the benefit of existing shareholders at the price of C£ 1,20 per share. From this issue a total of C£ 61.268.000 was raised.

LAIKI GROUP**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****11. DIVIDEND**

The Annual General Meeting of the Bank, held on 15 June, 2006, approved the payment of a dividend of 12% (6 cent per share of nominal value 50 cent). The dividend, which amounted to C£ 21.448.000, was paid on 10 July, 2006.

12. RESERVES

Movement in the nine months to 30 September 2006:

	C£ '000
Revenue reserves	
Balance 1 January 2006	170.042
Profit for the period attributable to equity holders of the Bank	62.613
Transfer from property fair value reserves	85
Dividend paid	<u>(21.448)</u>
Balance 30 September 2006	<u>211.292</u>
Property fair value reserves	
Balance 1 January 2006	14.733
Transfer to revenue reserves	(85)
Deferred tax	<u>(175)</u>
Balance 30 September 2006	<u>14.473</u>
Available-for-sale financial asset fair value reserves	
Balance 1 January 2006	6.578
Revaluation for the period	16.640
Transfer to income statement due to sale of available-for-sale financial assets	<u>(143)</u>
Balance 30 September 2006	<u>23.075</u>
Currency translation reserves	
Balance 1 January 2006	(3.005)
Exchange differences arising in the period	<u>1.132</u>
Balance 30 September 2006	<u>(1.873)</u>
Total reserves 30 September 2006	<u><u>246.967</u></u>

LAIKI GROUP

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. CAPITAL COMMITMENTS

Capital expenditure contracted but not provided for at 30 September, 2006 amounted to C£ 7,1 m.

14. NET ASSETS ATTRIBUTABLE TO LIFE POLICYHOLDERS

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

	30.09.2006
	C£ '000
Deposits with banks (including deposits with the Cyprus Popular Bank Public Company Ltd)	77.335
Financial assets at fair value through profit or loss	127.793
Advances to policyholders	18.328
Balances recoverable from reinsurers and other assets	5.168
Investment property (including investment property used by Group companies)	14.480
Property and equipment	1.264
Liabilities	(1.857)
	<hr/>
Net assets attributable to life policyholders	242.511

15. INVESTMENTS IN SUBSIDIARY COMPANIES

(a) Restructuring of the shareholdings in the subsidiaries in Greece

By order of the Board of Directors of the Bank and after approval from the Extraordinary General Meeting of Laiki Bank (Hellas) S.A. (Laiki Hellas), the Bank disposed of its shareholdings in the companies Laiki Leasing S.A. (shareholding 50%), Laiki Factoring S.A. (shareholding 50%), Laiki A.E.D.A.K. (shareholding 50%), Laiki Attalos Securities S.A. (shareholding 46%), Laiki Life S.A. (shareholding 50%), Laiki Insurance Agency E.P.E. (shareholding 50%), to Laiki Hellas in exchange for the issue of 719.232 shares in Laiki Hellas at the price of euro 31,40 per share.

As a result of the above action the changes in the shareholdings in the subsidiaries of the Group in Greece are presented below:

	Shareholding 30.09.2006	Shareholding 31.12.2005
Laiki Bank (Hellas) S.A.	80%	78%
Laiki Leasing S.A.	80%	89%
Laiki Factoring S.A.	80%	89%
Laiki A.E.D.A.K.	78%	87%
Laiki Attalos Securities S.A.	75%	82%
Laiki Life S.A.	80%	89%
Laiki Insurance Agencies E.P.E.	80%	89%

LAIKI GROUP**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****15. INVESTMENTS IN SUBSIDIARY COMPANIES** (continued)**(b) Acquisition of subsidiary company**

On 20 January, 2006 the Bank acquired 90,43% of the ordinary share capital of the Serbian bank Centrobanka a.d. (later renamed to Laiki Bank a.d.) for a total amount of C£ 19,3m. (euro 33,6 m.).

	C£ '000
Purchase consideration	19.209
Acquisition expenses	<u>59</u>
Total acquisition cost	19.268
Share of the fair value of the net assets acquired	<u>(11.835)</u>
Goodwill	<u>7.433</u>

Goodwill is attributable to securing a banking license in Serbia achieved through the acquisition, which will allow the Group to take advantage both of the significant growth margins of the Serbian banking sector as well as the prospects of the Serbian economy. At the present stage it was not feasible to accurately value the banking license and therefore it has not been accounted for as an intangible asset.

	Book value C£ '000	Preliminary fair value C£ '000
Cash and cash equivalents	14.246	14.246
Advances	31.708	32.196
Other assets	3.285	3.463
Intangible assets	32	3.800
Property and equipment	3.625	2.786
Due to other banks	(4.925)	(4.925)
Customer deposits	(33.819)	(33.819)
Other liabilities	<u>(3.831)</u>	<u>(4.659)</u>
Net assets	<u>10.321</u>	13.088
Less minority interest in net assets (9,57%)		<u>(1.253)</u>
Net assets acquired		<u>11.835</u>

LAIKI GROUP

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

15. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

(b) Acquisition of subsidiary company (continued)

The Bank is in the process of completing the fair valuation and purchase price allocation of the acquisition of Laiki Bank a.d. 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£ 3.768.000 intangible assets which relate to an estimated value for the existing branch network and an estimated value for the client base / relationship. For the period from 20 January, 2006 to 30 September, 2006 the acquired business suffered a loss of C£ 4.781.000. These results were charged with amortisation of the intangible assets recognised amounting to C£ 1.426.000.

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.

In September 2006, the Bank took up the new shares issued by Laiki Bank a.d. for C£ 5,8 m. (euro 10 m.) increasing its shareholding to 92,82% and proceeded with a bid to acquire any remaining shares in the company. This resulted in the Bank paying an additional amount of C£ 735.000 (euro 1,3 m.) for an extra shareholding of 2,41% bringing its total shareholding to 95,23%. Goodwill arising on the additional share acquired amounted to C£ 460.000.

Cash outflow as per cash flow statement

	C£ '000
Cash paid in January	19.268
Cash paid in September	735
Less: Cash and cash equivalents acquired	<u>(14.246)</u>
Acquisition of subsidiary net of cash acquired	<u>5.757</u>

LAIKI GROUP**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****16. RELATED PARTY TRANSACTIONS**

	30.09.2006
	C£ '000
Loans and other advances to members of the Board of Directors and connected persons	52.498
Loans and other advances to other key management personnel and connected persons	<u>702</u>
Total loans and other advances	<u>53.200</u>
Contingent liabilities and commitments regarding guarantees and documentary credits	<u>15.610</u>
Tangible securities	<u>97.412</u>
Interest income	<u>1.761</u>
Deposits	<u>3.164</u>
Interest expense	<u>42</u>

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

The deposits by associates of the Bank at 30 September, 2006 were C£ 16.612.000. The deposits of the provident funds of the employees of Laiki Group, which are also regarded as related parties, at 30 September, 2006 were C£ 11.883.000.

The above transactions are carried out as part of the banking activities of the Group, on normal business terms.

Other transactions with connected persons

During the first nine months of 2006, the Group purchased goods and received services amounting to C£ 92.000 from companies connected to Lanitis Group.

LAIKI GROUP**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****16. RELATED PARTY TRANSACTIONS (continued)****Group key management personnel compensation**

	30.09.2006
	C£ '000
Compensation of Directors of the Bank:	
Fees as members of the Board	<u>20</u>
Consultancy services fees	<u>9</u>
Remuneration under executive role:	
Salaries and other short-term benefits	250
Employer's social insurance contributions	37
Retirement benefits scheme expense	<u>49</u>
Total remuneration under executive role	<u>336</u>
Total compensation of Directors	<u>365</u>
Compensation of other key management personnel	
Salaries and other short-term benefits	111
Employer's social insurance contributions	26
Retirement benefits scheme expense	<u>34</u>
Total compensation of other key management personnel	<u>171</u>
Total compensation of key management personnel	<u>536</u>

Key management personnel for the first nine months of 2006 include all Directors and the General Managers of the Bank.

LAIKI GROUP

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

16. RELATED PARTY TRANSACTIONS (continued)

The compensation of the members of the Board of Directors that retired during the first nine months of 2006 was:

	30.09.2006
	C€ '000
Fees as members of the Board	<u>32</u>
Consultancy services fees	<u>71</u>
Remuneration under executive role:	
Salaries and other short-term benefits	74
Employer's social insurance contributions	23
Retirement benefits scheme expense	<u>8</u>
Total remuneration under executive role	<u>105</u>
Pension (including employer's contributions)	<u>125</u>
Payments at the termination of service contract	<u>420</u>
Total compensation	<u>753</u>

17. POST BALANCE SHEET EVENTS

(a) Change in name

The Extraordinary General Meeting held on 31 October, 2006 approved the change of the Bank's name to Marfin Popular Bank Public Co Ltd.

(b) Merger between Cyprus Popular Bank Public Co Ltd, Marfin Financial Group Holdings S.A. and Egnatia Bank S.A.

The Extraordinary General Meeting held on 31 October, 2006 approved the following special resolution:

That for the purpose of acquiring (1) up to 100% of the ordinary shares of "Marfin Financial Group Holdings S.A." and the stock options of "Marfin Financial Group Holdings S.A.", and/or (2) up to 100% of the ordinary and preference shares and the convertible bonds of "Egnatia Bank S.A." and/or (3) up to 19,79% of the ordinary shares of the Bank's subsidiary "Laiki Bank (Hellas) S.A.", in exchange of shares of the Bank, the shares of the Bank that will be issued as a consideration for the said ordinary and/or preference shares and/or stock options and/or convertible bonds, shall not be offered at first to the existing shareholders of the Bank as provided by the Articles of Association of the Bank, but be offered (1) to the shareholders and the holders of the stock options of "Marfin Financial Group Holdings S.A." and/or (2) to the shareholders (holders of ordinary and preference shares) and to the bond holders of "Egnatia Bank S.A." and/or (3) to the shareholders of "Laiki Bank (Hellas) S.A.", who will validly accept the respective public or private offer of the Bank in each case, according to its provisions and the resolutions of the Board of Directors of the Bank. The new shares that will be issued as described above will have the same rights with the existing fully paid shares of the Bank.

LAIKI GROUP

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

17. POST BALANCE SHEET EVENTS (continued)

(b) Merger between Cyprus Popular Bank Public Co Ltd, Marfin Financial Group Holdings S.A. and Egnatia Bank S.A. (continued)

That the Board of Directors be authorised and is hereby authorised to proceed with the issue and allotment of the necessary number of shares as authorised by this resolution, provided that the respective public or private offer of the Bank is being successful according to its provisions.

This special resolution and this authorisation shall expire and become void and without any effect in case the above proposals of the Bank (1) to the shareholders and holders of stock options of "Marfin Financial Group Holdings S.A.", (2) to the shareholders and bond holders of "Egnatia Bank S.A." and (3) to the shareholders of "Laiki Bank (Hellas) S.A." will not be successful according to their provisions.

(c) Call of eurobonds due 2011

On 9 November, 2006 the Bank announced its decision to exercise the right to call the eurobonds due 2011 amounting to euro 180 m., in accordance with the terms issue, and pay them in full at par on 28 November, 2006. The Central Bank's approval for the repayment of the bonds has been obtained.

18. SUPPLEMENTARY INFORMATION

The condensed consolidated income statement for the nine months ended 30 September, 2006, the condensed consolidated income statements for the three months ended 30 September, 2006, the condensed consolidated balance sheet as at 30 September, 2006, as well as, the condensed consolidated cash flow statement for the nine months ended 30 September, 2006, in euro, constitute supplementary information. The translation from Cyprus pounds (the Group's functional currency) to euro for the purpose of this supplementary information was performed using the exchange rate as at 30 September, 2006, which was 0,5767.

19. APPROVAL OF FINANCIAL STATEMENTS

The condensed interim consolidated financial statements were approved by the Board of Directors on 21 November, 2006.