



Business Plan 2008-2010

28 November 2007

London

Key strategic objectives: Group & Greece

- ▶ MPB's strategic objective over the next three years is to pursue an aggressive primarily organic led expansion plan that will enable it to attain its stated aim of becoming a leading financial services firm in SEE Europe; over the course of the next three years MPB's management envisages the bank to deliver RoTE in excess of 20%, and by 2010 the group's capital to be broadly evenly allocated among the three key geographic areas of Greece, Cyprus and international

Greece

- ▶ The Group's key focus in Greece will be to materially expand its customer base and deepen its customer relationships both in retail and business space, with a view to significantly enhance profitability; overall market share in loans and deposits is expected to expand from 5% currently to above 7% by 2010

Key action plan

- Significant expansion of distribution infrastructure, reflected in an expansion of the number of branches from 160 in 2007 to 295 in 2010
- Material improvement of utilisation of physical infrastructure combined with additional enhancement of human capital resources as well as aggressive product launching and marketing
- Moving up the targeted size of corporate clients to take advantage of the group's bigger balance sheet, regional footprint and core competencies in key product areas of corporate and investment banking and wealth management; over time that process is expected to yield significant cross selling opportunities in the retail space

Key strategic objectives: Cyprus & International operations

Cyprus

- ▶ In Cyprus, the group is aiming for a material uplift of its positioning in domestic onshore banking; that is being achieved through streamlining the organisational and business structure, enhancing performance based compensation culture and adopting a far more active client management approach based on profitability
- ▶ Aiming to become the leading Cyprus Bank in the lucrative and highly promising International Business Banking space; that should be achieved through a) strong management focus and resources commitment, both in terms of human capital and infrastructure, and b) drawing from the Group's strengths in particular product and geographic areas; an important project under way is to leverage upon the group's extensive and fast growing IBB customer base with a view to offer a comprehensive banking product, including lending, investment banking and wealth management on a regional basis

International

- ▶ Launching an accelerated plan of deployment of physical infrastructure with a view of attaining the desired positioning in targeted markets; based on the revised business plan the number of branches internationally is projected to expand from 160 in 2007 to 314 by 2010; currently MPB has physical infrastructure in Romania, Serbia, Ukraine, Estonia, UK, Australia, and Malta (pending regulatory approval), with the two targeted markets being Russia and Bulgaria
- ▶ Pursuing an aggressive plan of capital deployment in the region, focusing primarily in the corporate space and aiming to draw from the Group's strengths in key product areas, as well as its relationship with Dubai Investment Group (DIG) and MIG

Key Business Plan Drivers

They main assumptions and key operating performance trends underlying the new business plan are set below:

Group level

- ▶ Loan book is set to expand by a CAGR of 40%, primarily driven by business lending, resulting to a change of loan composition from 36%/64% retail/business in 2007 to 28%/72% in 2010
- ▶ Deposits are forecast to experience a CAGR of 23%
- ▶ Net Interest Income is projected to expand at a CAGR of 34% with NIM expected to experience a marginal decline from 2.8% in 2007 to 2.6% in 2010
- ▶ CAGR of revenues is forecast at 26%; that combined with an estimated cost CAGR of 16%, and stable credit cost trends (cost of credit as % of loans is expected to average 60bps) should lead to a net profit (after tax and before minorities) CAGR of 22%
- ▶ Return on Tangible Equity (RoTE) and Return on Assets (RoA) are forecast to average above 20% and 1.5% respectively

The key assumptions on a regional basis are:

- ▶ Loans are projected at a CAGR of 31% in Greece, 27% in Cyprus and 94% internationally, with deposit growth rates projected at 18%, 22%, and 56% respectively
- ▶ NIM is set to decline from 2.6% to 2.3% in Greece, from 2.9% to 2.8% in Cyprus and expand from 2.0% to 2.5% internationally
- ▶ Net Interest Income growth is set at a CAGR of 28%, 24%, and 93% in Greece, Cyprus and international respectively
- ▶ Revenue CAGR is forecast at 23%, 13% and 81% for Greece, Cyprus and international respectively
- ▶ Operating Cost is forecast to grow at a three-year CAGR of 10% in Greece, 7% in Cyprus and 56% internationally

Key balance sheet and income statement highlights

(€ m)	2006A proforma	2007F	2008F	2009F	2010F	3YR CAGR
Total assets	22,553	30,378	45,013	57,318	72,703	33.8%
Loans-gross	12,524	18,397	27,408	37,578	50,196	39.7%
Deposits	16,078	20,790	25,974	31,603	38,949	23.3%
Net Interest income	478	661	912	1,230	1,590	34.0%
Fees & commission income	202	309	401	509	620	26.1%
Financial and other	114	237	207	155	178	-9.1%
Total revenues	794	1,206	1,519	1,893	2,388	25.6%
Staff costs	(272)	(331)	(386)	(441)	(512)	15.7%
Other operating expenses	(122)	(156)	(189)	(216)	(251)	17.1%
Depreciation	(29)	(45)	(48)	(54)	(62)	11.3%
Operating expenses	(423)	(532)	(623)	(712)	(824)	16.0%
Provisions	(110)	(100)	(157)	(230)	(303)	44.7%
MIG net profit	52	86	--	--	--	--
Net Profit after tax (before minorities)	268	580	617	788	1,040	21.5%

+40%
4YR CAGR

Note

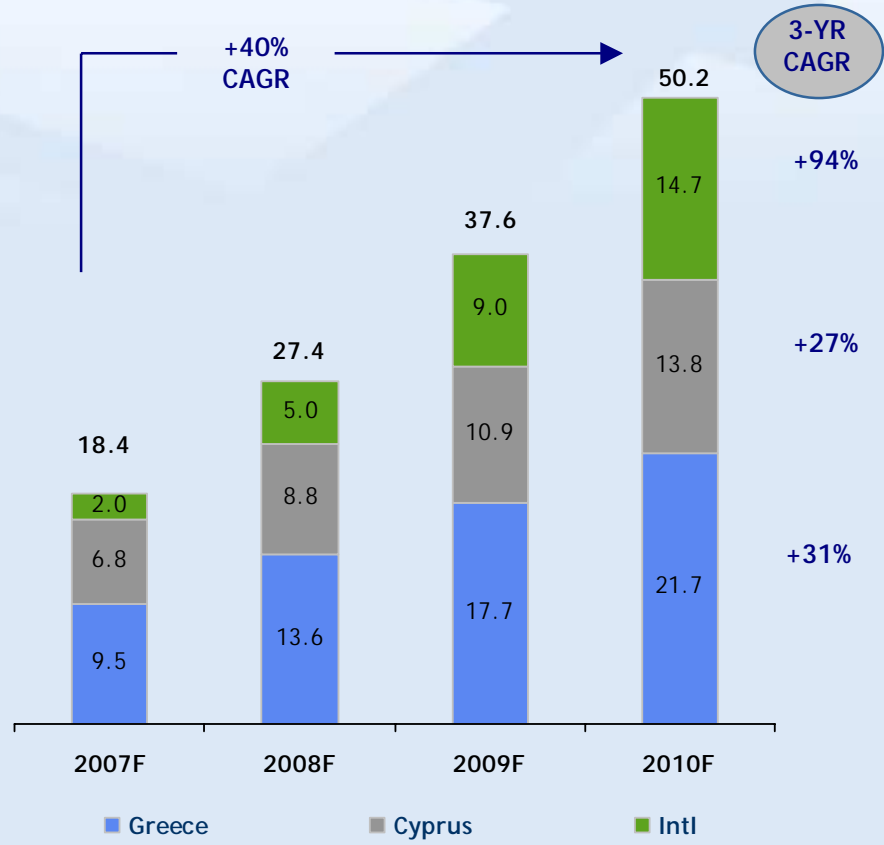
► Any differences in aggregate figures or calculated growth rates are due to rounding

Key Ratios

	2006A proforma	2007F	2008F	2009F	2010F
NII/Assets	2.1%	2.5%	2.4%	2.4%	2.4%
Non-interest/Assets	1.4%	2.1%	1.6%	1.3%	1.2%
Cost/Assets	1.8%	2.0%	1.7%	1.4%	1.3%
Tier I	11.5%	10.1%	9.6%	8.9%	8.5%
CAR	14.4%	11.6%	11.0%	11.1%	11.0%
RoA	1.3%	2.2%	1.6%	1.5%	1.6%
RoTE	19.6%	32.3%	23.5%	22.1%	23.1%
Cost/Income Ratio	53.2%	44.1%	41.0%	37.6%	34.5%
NIM	2.65%	2.80%	2.66%	2.59%	2.60%
Provisioning	0.91%	0.57%	0.59%	0.63%	0.62%

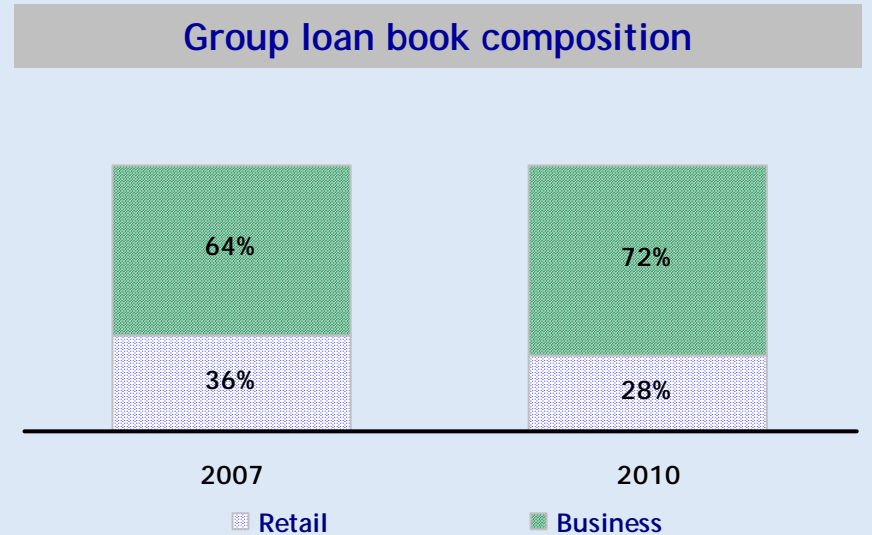
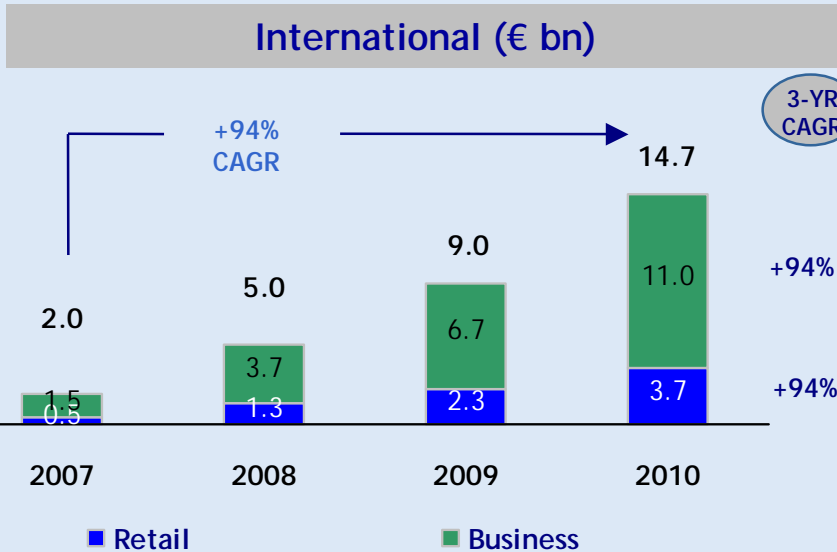
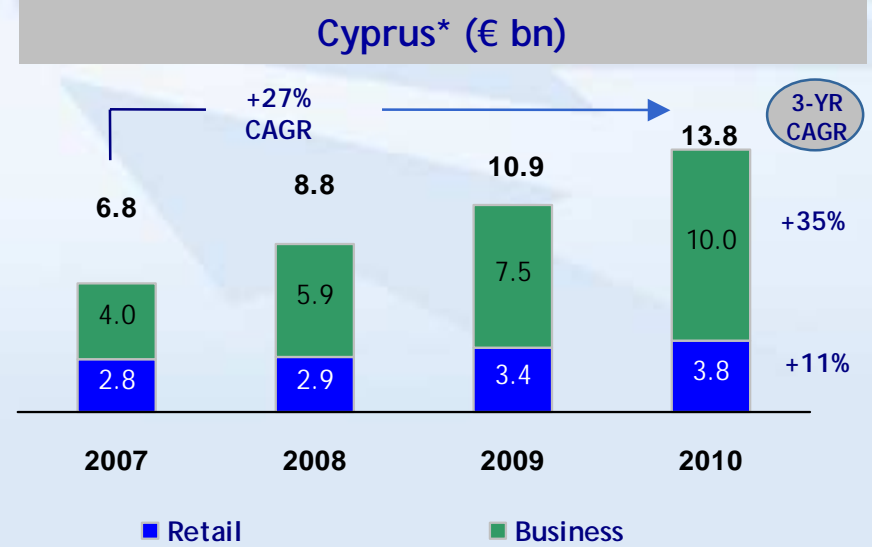
Strong loan growth across all regions

Loan book development (€ bn)



- ▶ All three key geographic regions i.e. Cyprus and Emerging Europe are expected to deliver strong loan growth
- ▶ Key focus countries in Emerging Europe are Romania, Serbia, Ukraine, Russia and Bulgaria
- ▶ Loan book expansion relies predominantly on corporate and SMEs lending, and to a lesser extent on retail lending
- ▶ Nevertheless, an accelerated branch expansion plan well under way aims to position MPB as a key retail player in the region

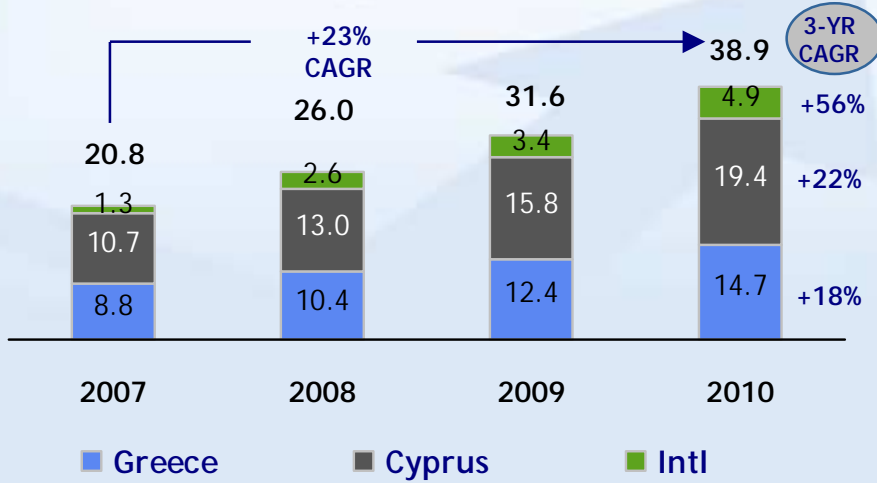
Loan growth by product



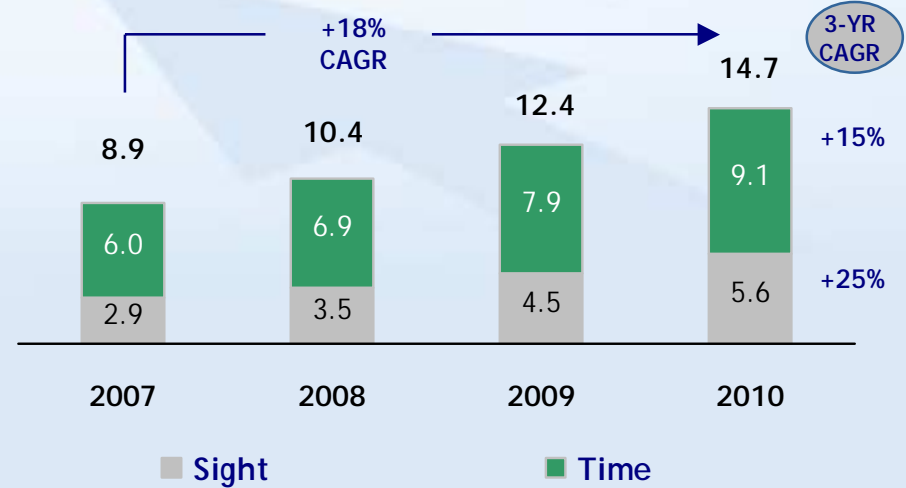
7 • A key driver behind strong lending growth in Cyprus is IBB related lending, i.e. lending to international companies booked in Cyprus

Deposits

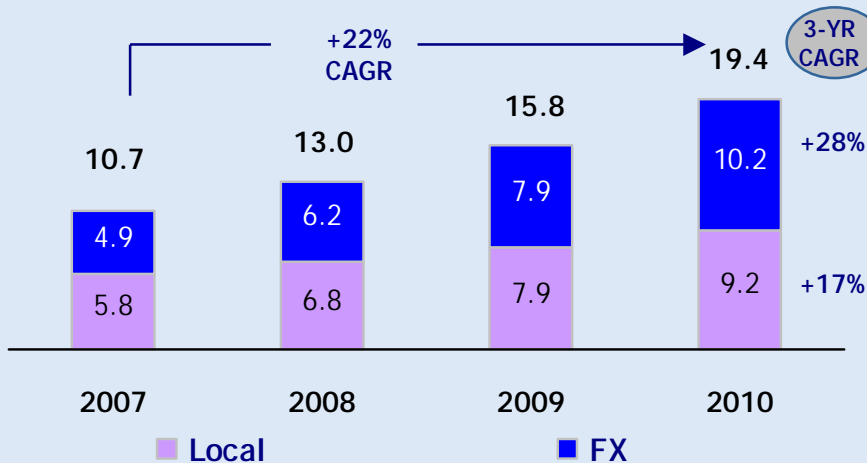
Deposit evolution by region (€ bn)



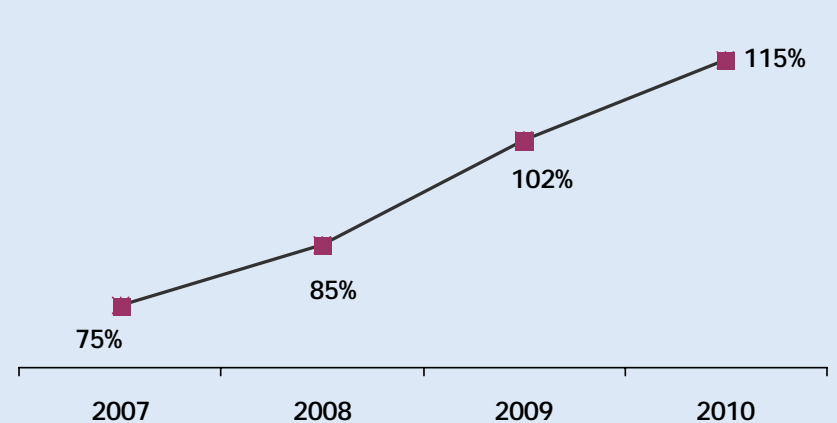
Greece deposit evolution (€ bn)



Cyprus deposit evolution (€ bn)

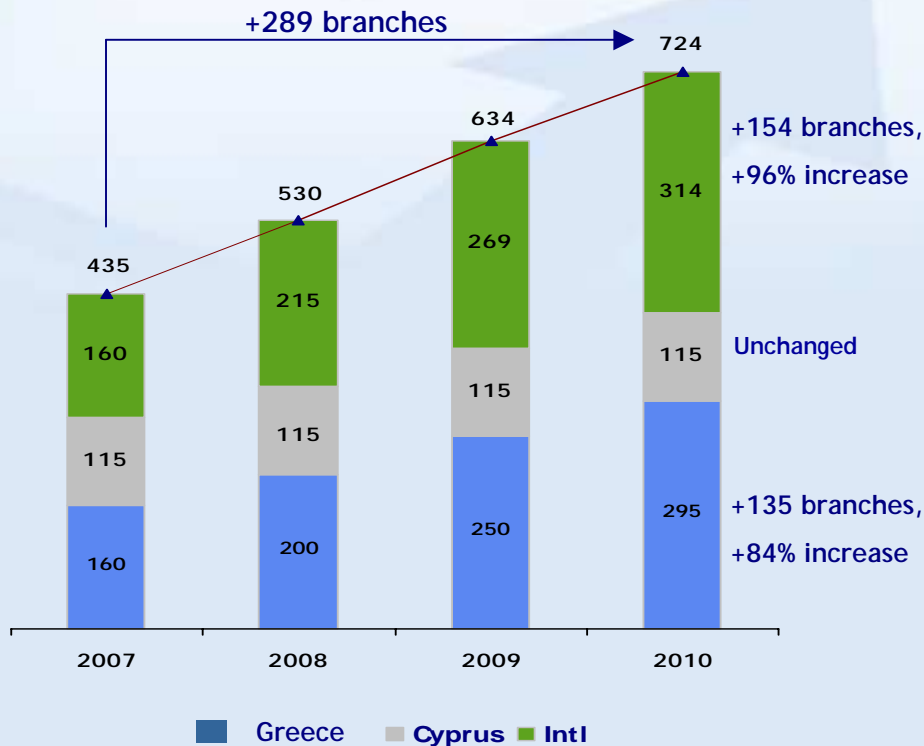


Group loan to deposit ratio

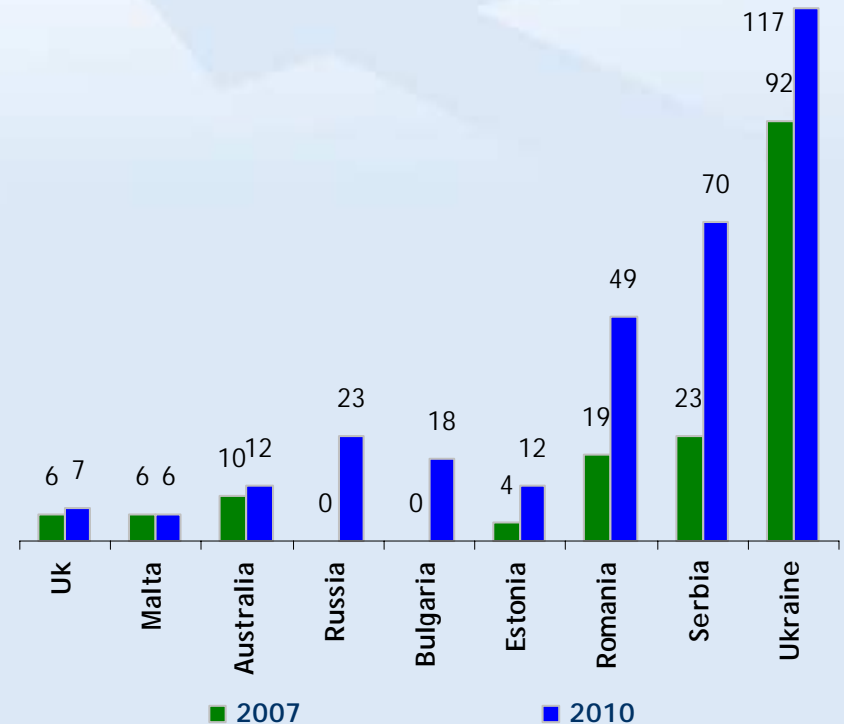


Aggressive branch network expansion

Group branch network



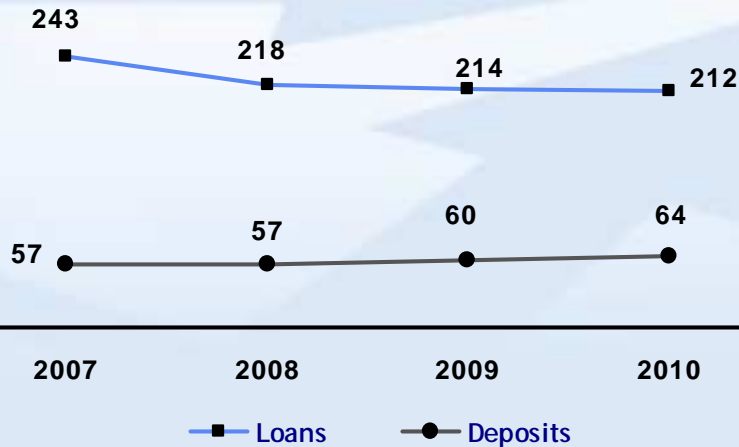
International network expansion



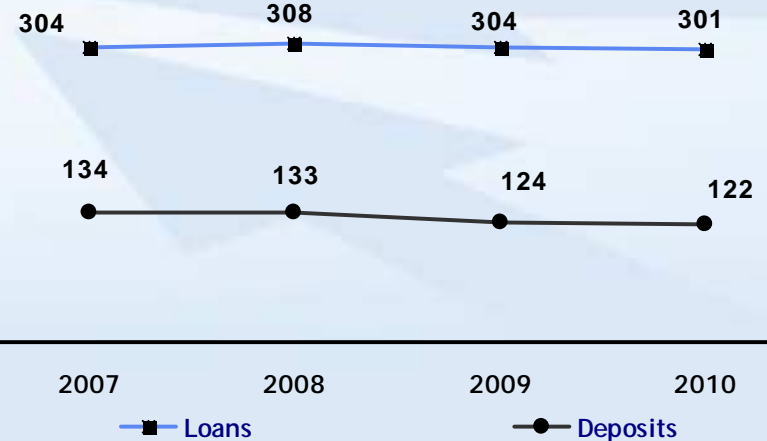
- ▶ MPB's network is expected to reach 295 branches in Greece by the end of 2010; the fastest expansion compared to its domestic peers, both in absolute and relative terms
- ▶ MPB's international branch network is expected to add 154 branches in the next three years
- ▶ With Cyprus branch network remaining stable, the group is expected to reach 724 branches by 2010

Spreads

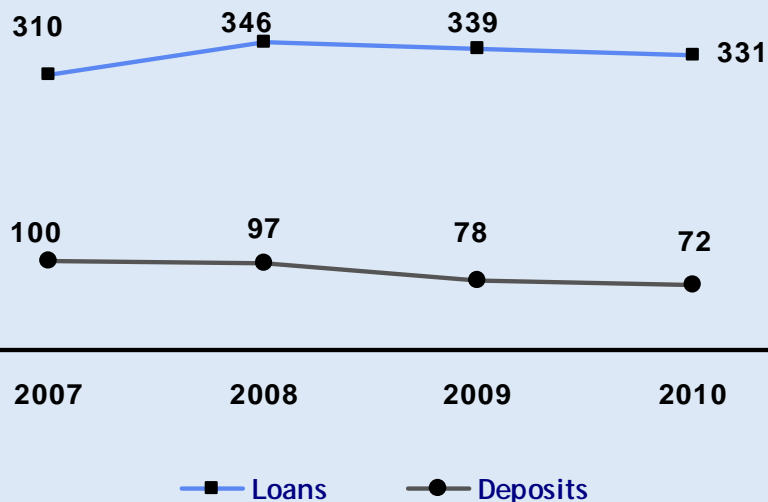
Greece (bps)



Cyprus (bps)



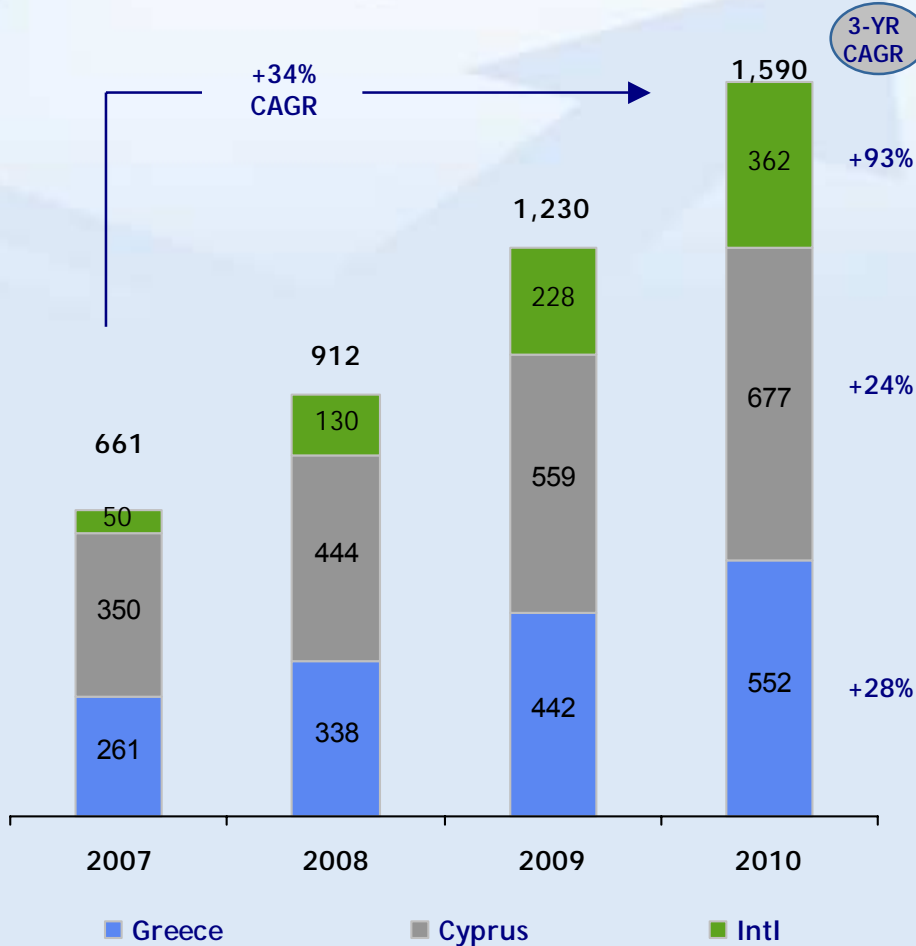
International (bps)



- ▶ Potential upside to our spread projections, compared to our base case scenario, could come from a more prolonged tightening of credit conditions or a sustained upward reprising of credit risk
- ▶ Greek and Cyprus asset spreads to continue declining reflecting ongoing competition
- ▶ Deposit spreads in Greece to expand on the back of improving branch network maturity and deepening of customer franchise
- ▶ Blended spread in Cyprus deposits to remain broadly stable reflecting positive mix dynamics albeit with declining FX deposit spreads
- ▶ Emerging Europe spreads to decline marginally as pressure from competition should be offset by (a) positive impact of normalization of reserve requirements and (b) upward reprising of credit risk

Net Interest Income development

NII development by region (€ m)

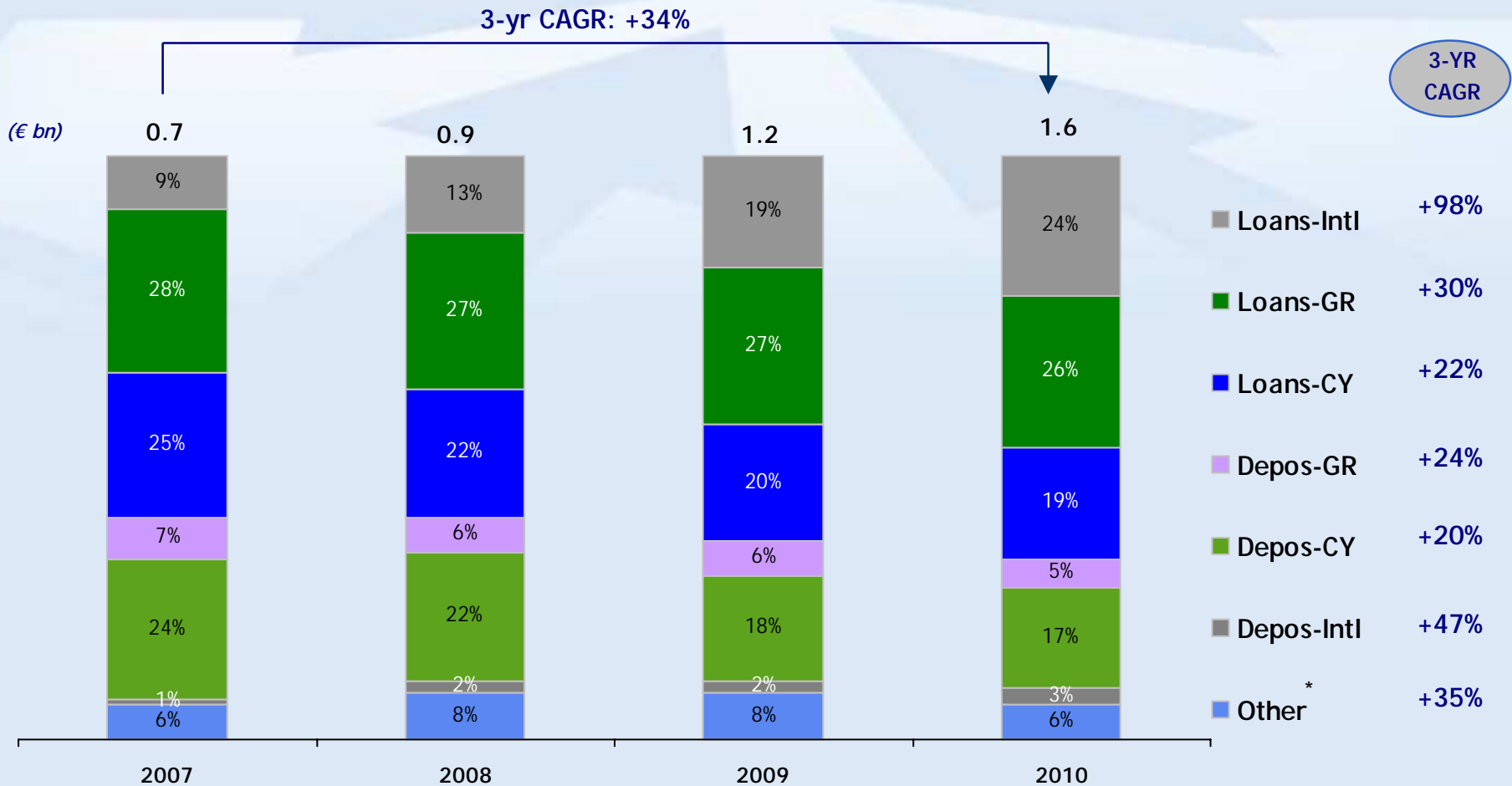


NII development by category (€ m)



* Other component mainly comprises of NII from treasury, w/s funding, asset & liability management

NII composition

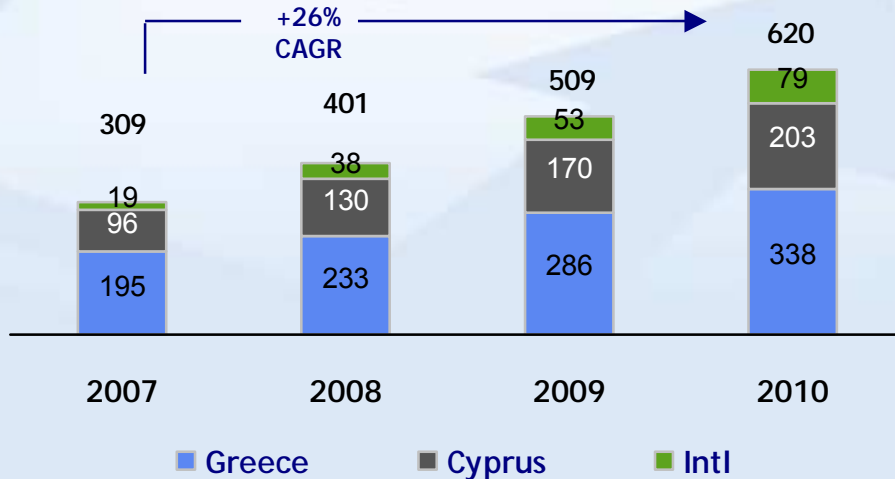


- ▶ The three key drivers of NII growth are: a) Greek loan growth, b) Emerging Europe (international) lending and c) Cyprus based FX deposits

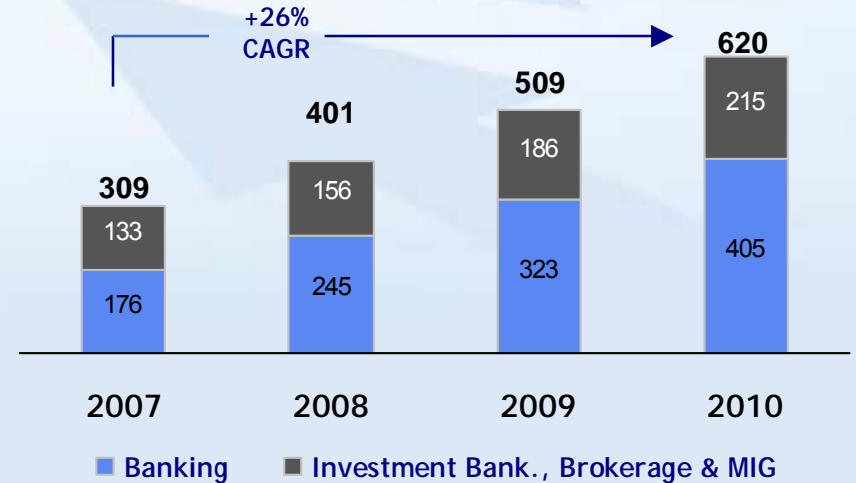
* Other component mainly comprises of NII from treasury, w/s funding, asset & liability management

Non-interest income

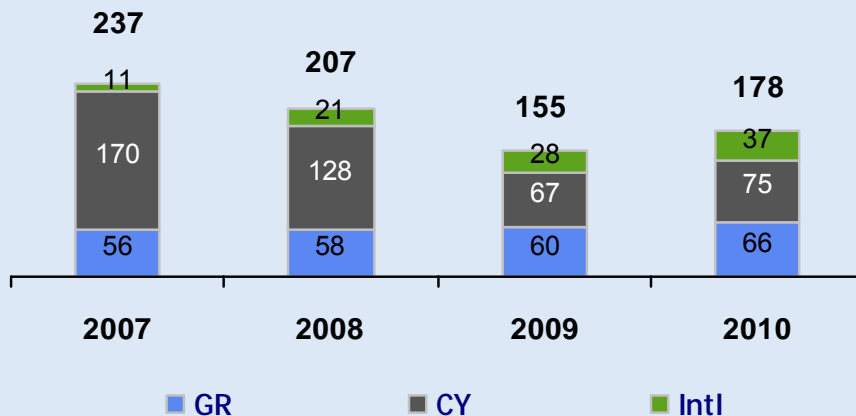
Fees & commissions by region (€ m)



Fees & commissions by category (€ m)



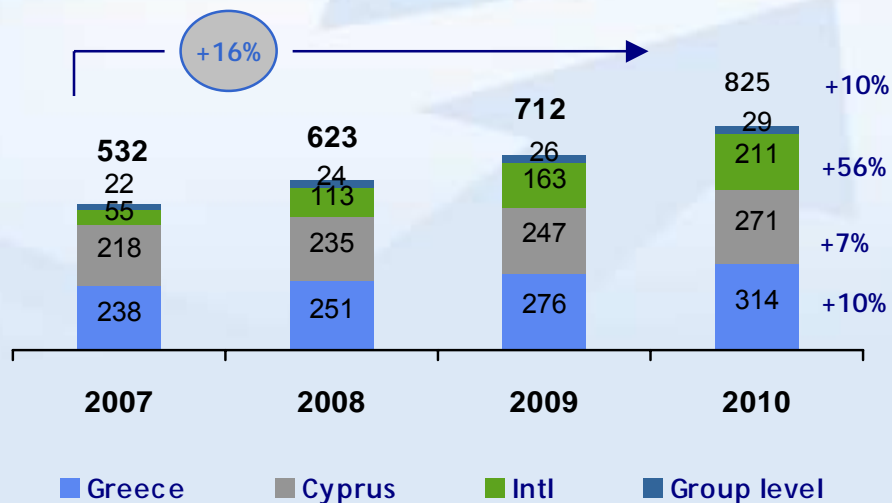
Financial & other income (€ m)



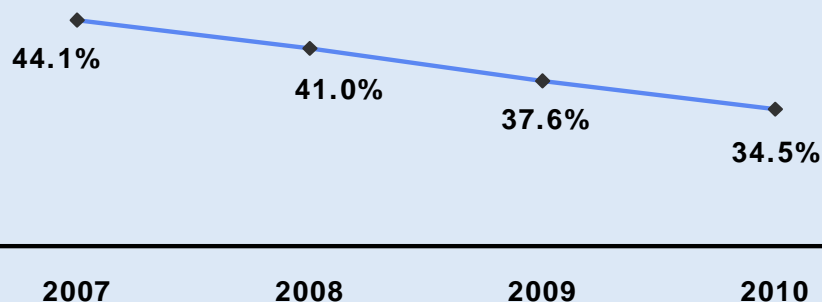
- ▶ Greece, international and International Business Banking are the three key drivers of fee and commission income; rapidly expanding customer base allows for cross selling opportunities in both retail and investment banking space
- ▶ Potentially material benefits from relationship with MIG should come on top of the above numbers

Operating costs

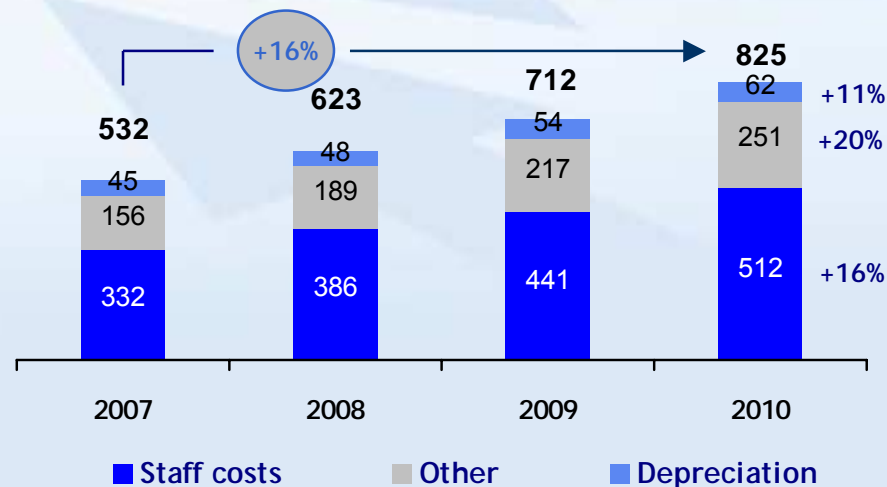
Cost development by region (€m)



Cost-to-income ratio (%)



Cost development by category (€m)

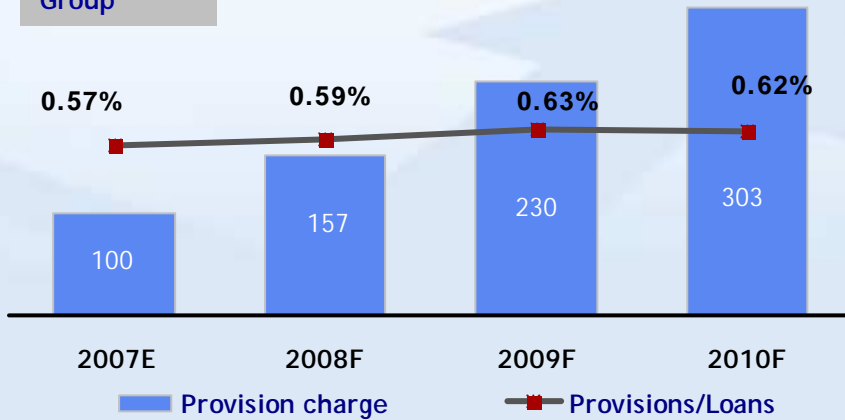


- ▶ **Greece:** Operating costs to grow by 10% over the three year period, reflecting the rapid branch network expansion being offset by the realisation of economies of scale achieved over time from the three-way merger
- ▶ **Cyprus:** Modest operating cost growth of 7% over the three year period, mainly reflecting inflation related staff cost adjustments
- ▶ **International:** Expansion remains the key driver behind strong cost growth, reflecting the aggressive hiring of experienced credit professionals and opening of new branches
- ▶ **Group:** Mainly reflects amortisation of intangible assets from acquisitions

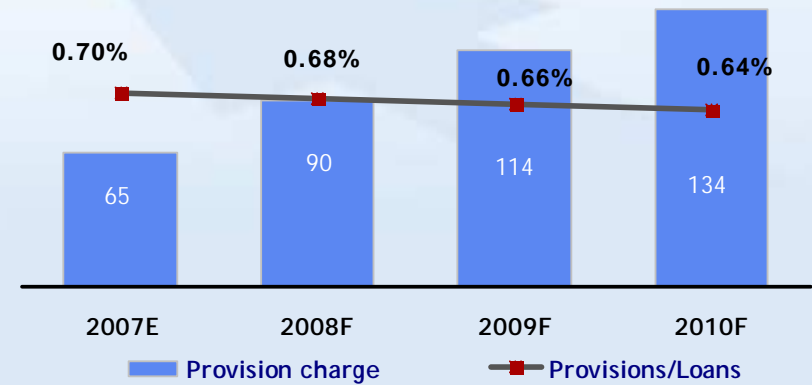
Group provisioning

Provision charges (€m) & cost of credit risk

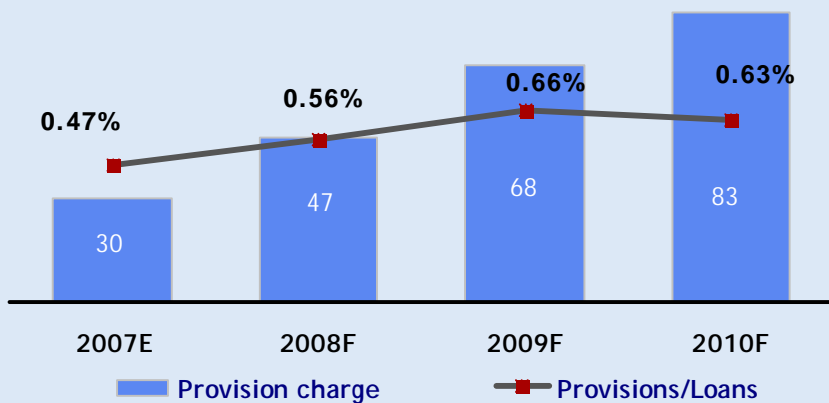
Group



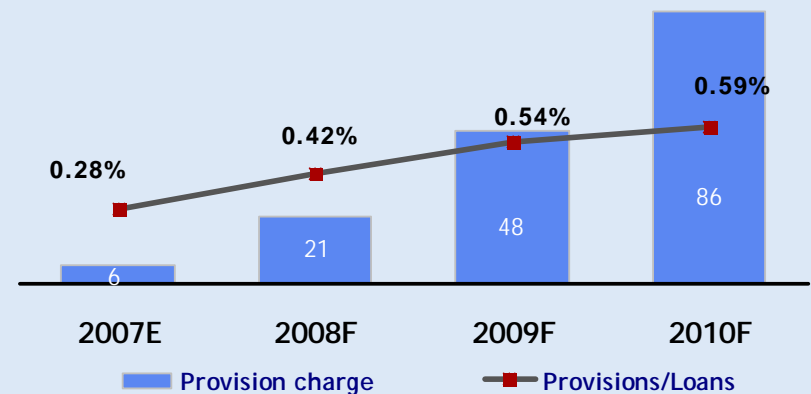
Greece



Cyprus

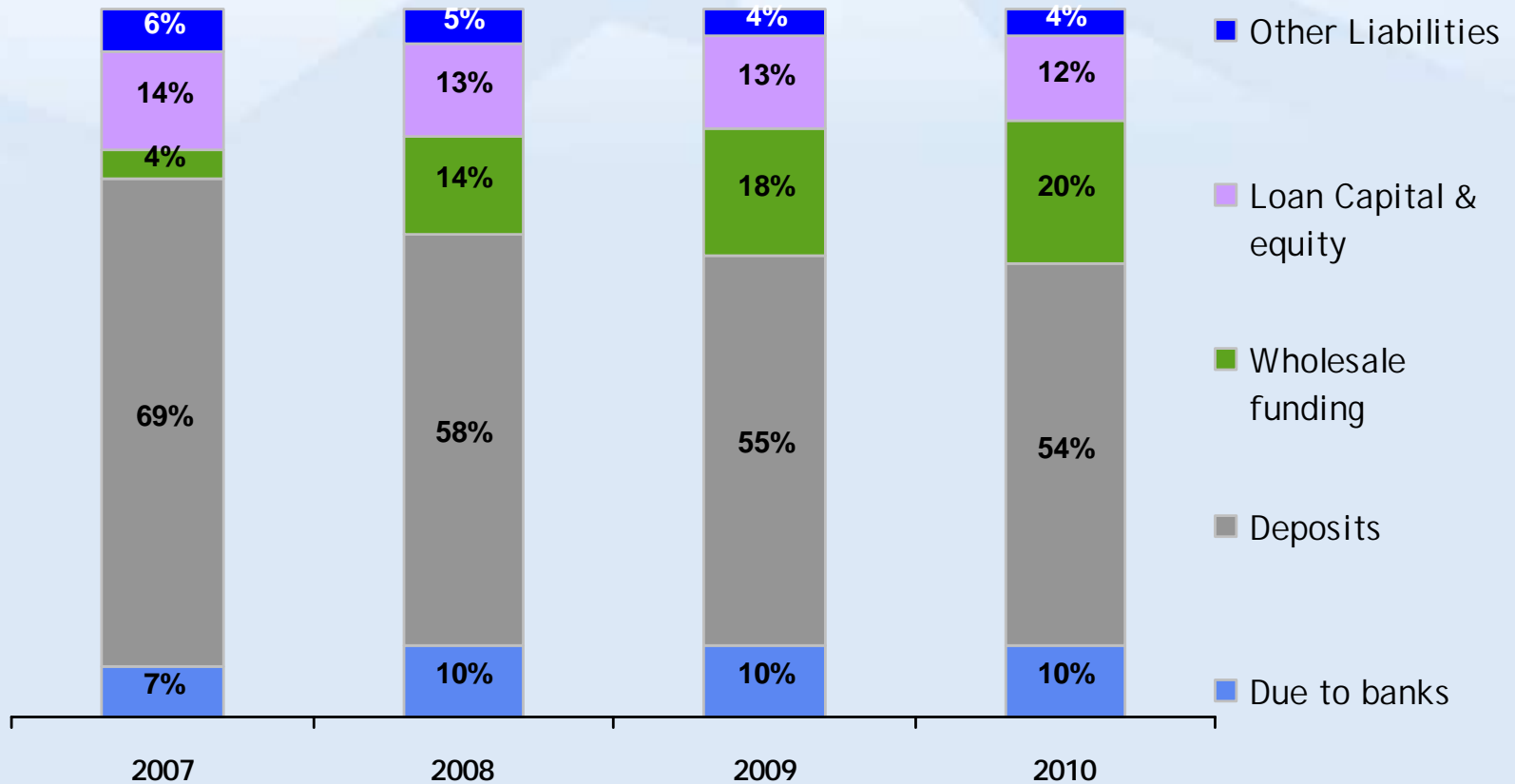


International

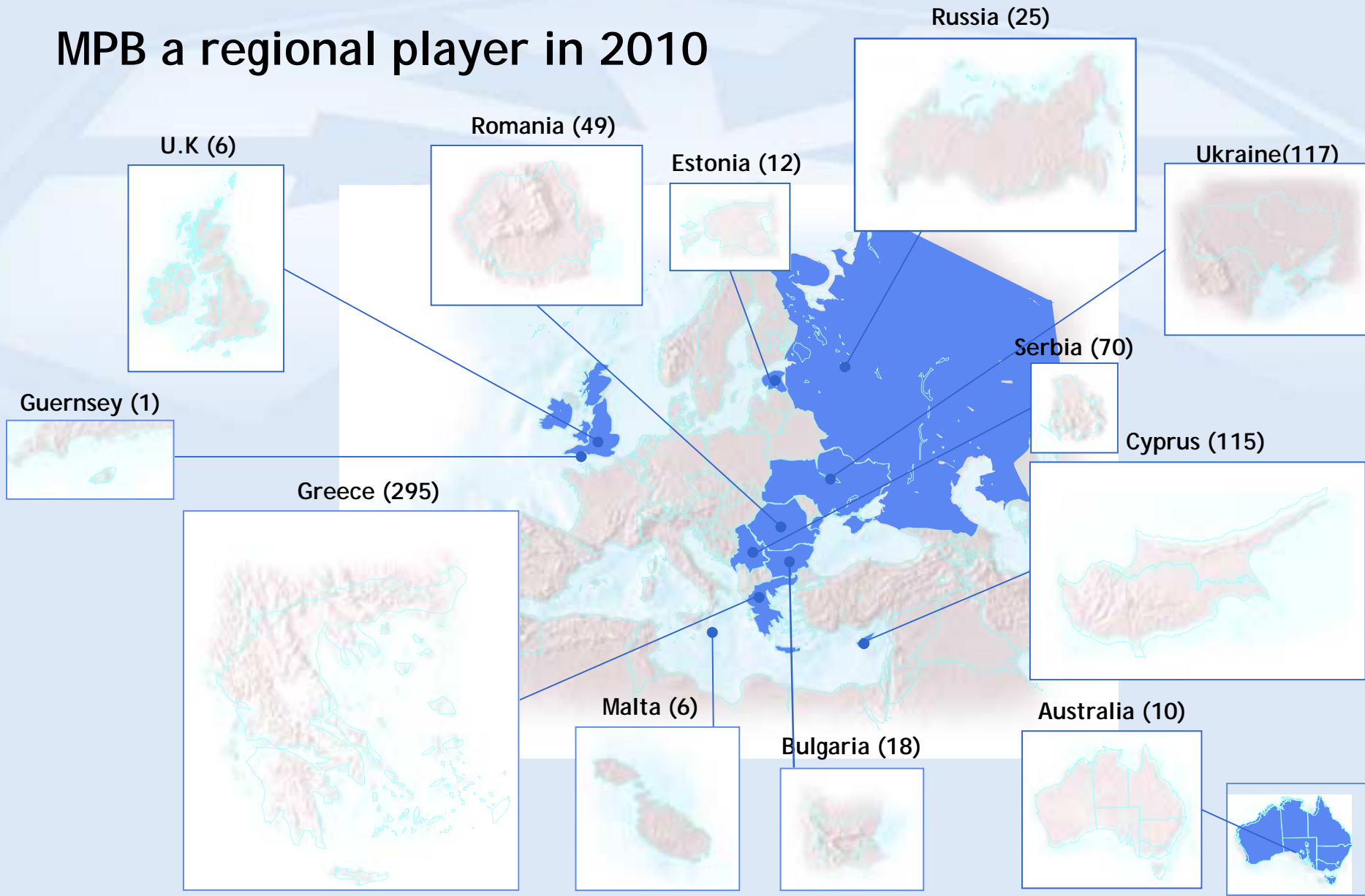


Liabilities structure

Liabilities structure



MPB a regional player in 2010



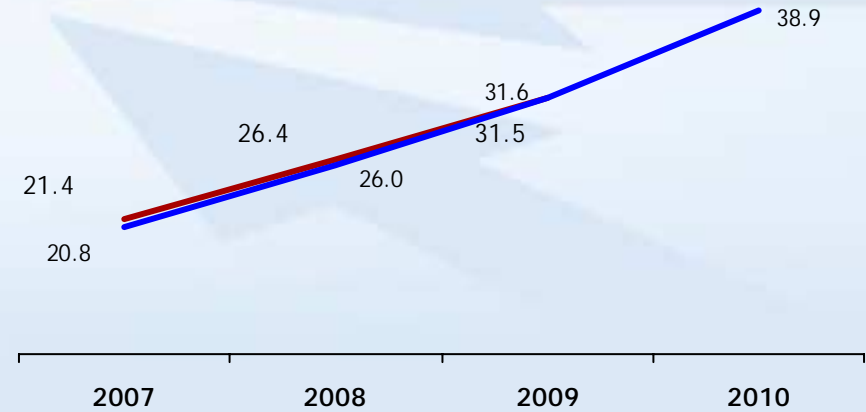
International presence expected to reach 724 branches by 2010, with 314 branches outside Greece & Cyprus

New versus old Business Plan

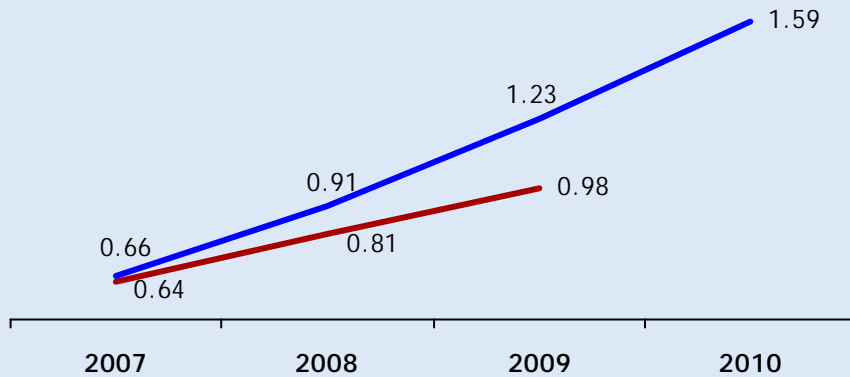
Group Loans (€ bn)



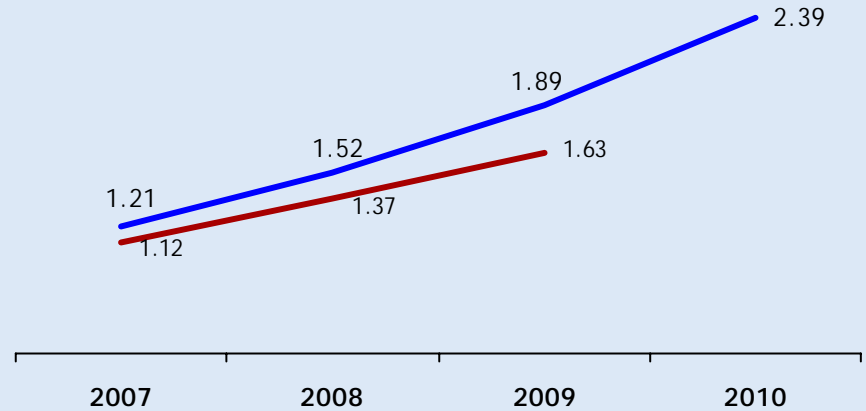
Group Deposits (€ bn)



Net Interest Income (€ bn)



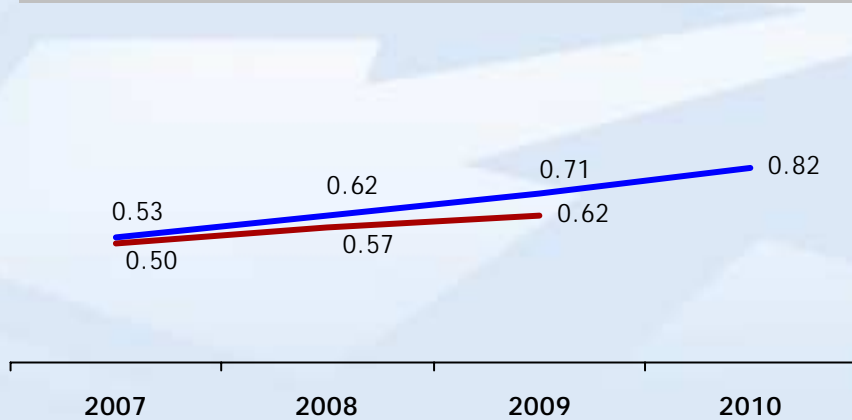
Group Total Revenues (€ bn)



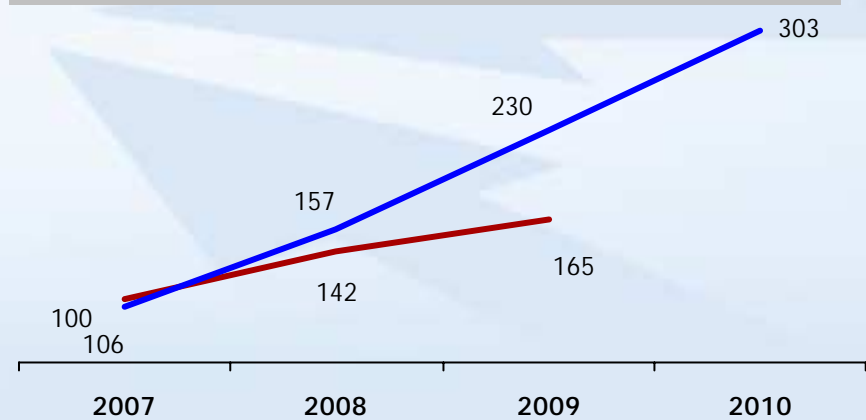
 New business plan

New versus old Business Plan

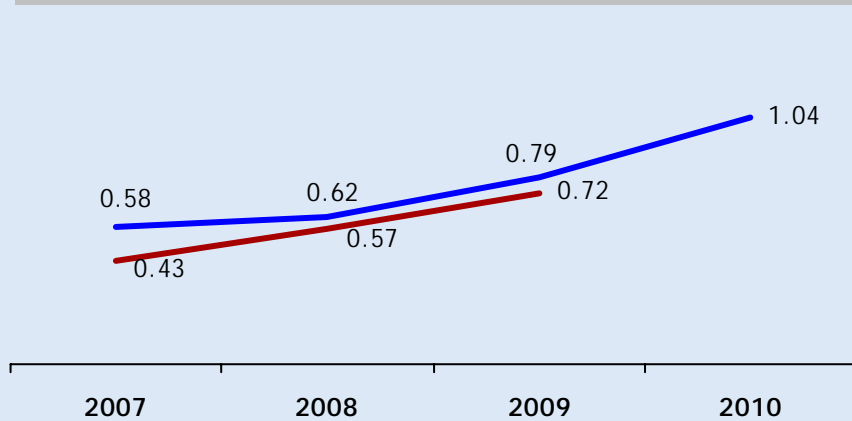
Group Total Cost (€ bn)



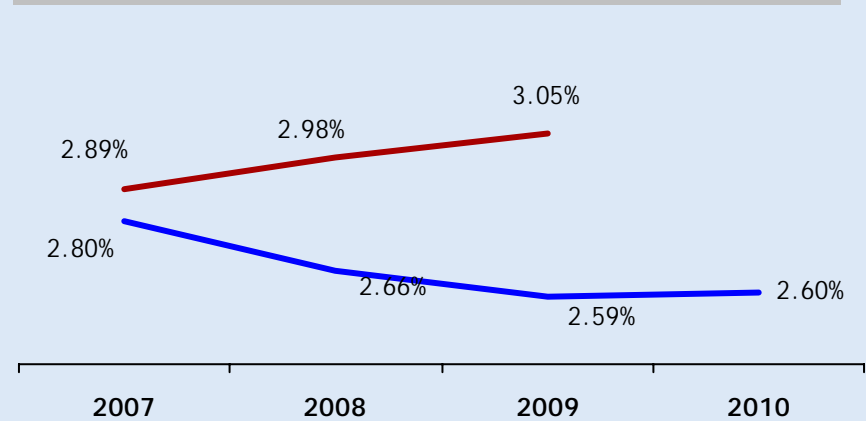
Provision charge (€ m)



Group Net Earnings (before minorities)



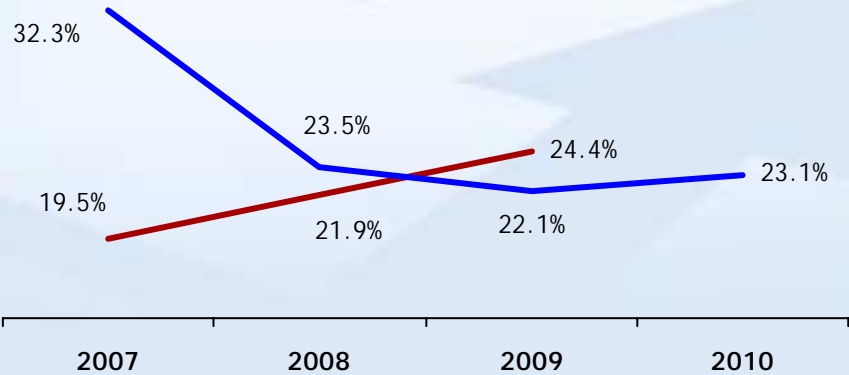
NIM (%)



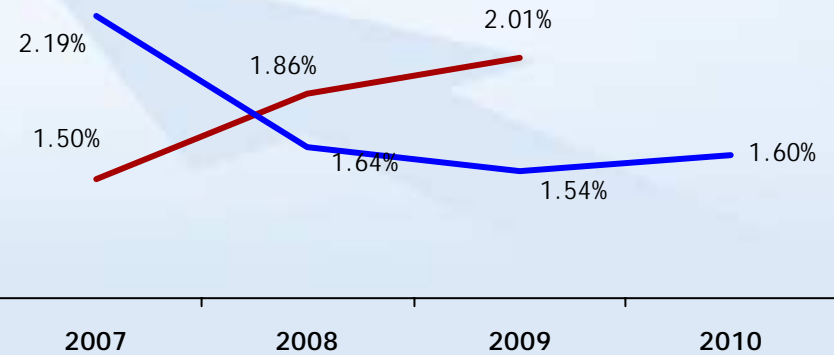

New business plan

New versus old Business Plan

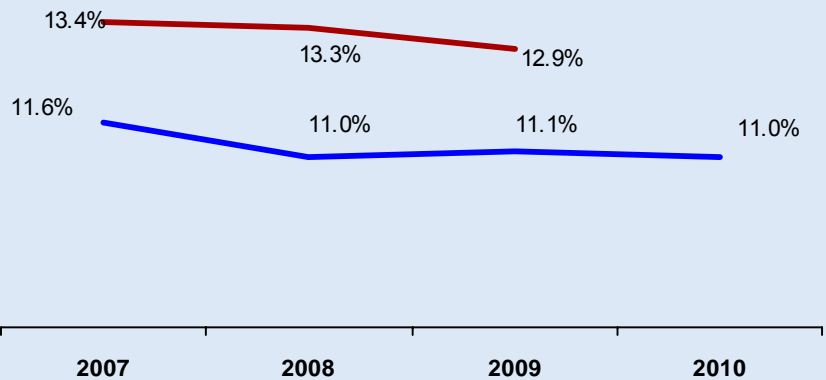
RoTE (%)



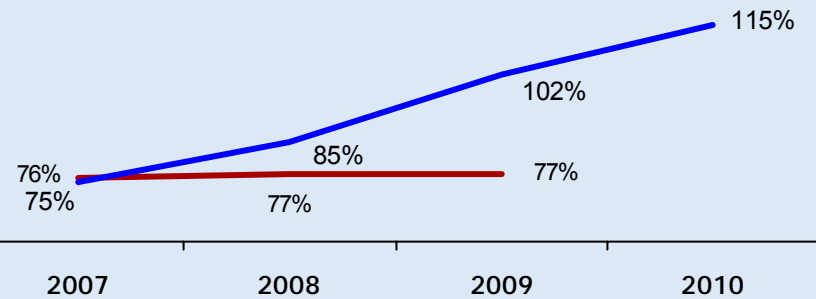
RoA (%)



Capital Adequacy Ratio (%)



Loans-to-deposits (%)



 New business plan

Disclaimer

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