MARFIN POPULAR BANK

29/05/2008

# Press Release

## Financial Results for the quarter ended 31 March 2008

- **Net interest income increased by 8% y/y on a reported basis, and 17% adjusted for write-backs, to € 172.3 m**
- **Total Revenues[1] increased by 9% year-on-year to € 281.6 m**
- **Fee and Commission income up 18% year-on-year to € 74.1 m**
- **Strong loan growth of 44% to € 19.7 bn**
- **Robust deposit growth of 28% to € 21.9 bn**
- **Efficiency ratio (cost/income) reached 45.8%**
- **Group net profit after tax and minorities(1) reached € 104.4 m, up 30% quarter-on-quarter and 13% lower on a year-on-year basis.**
- **Return of tangible equity (RoTE) stood at 20.4%**

During the first quarter of 2008, all geographic regions of operation (Cyprus, Greece and International) have achieved exceptionally strong volume growth rates. Total assets of the Group reached € 32 bn recording an increase of 29% year-on-year. Group total loans recorded a robust increase of 44% year-on-year to € 19.7 bn, driven by solid demand across all geographic areas. International loans reached € 2.4 bn or 12% of the Group. Similarly, Group deposits registered a growth of 28% and reached € 21.9 bn driven by an expanding branch network, the gradual maturing of new branches, and expansion of the customer base.

Total Group Revenues(1) increased by 9% year-on-year reaching € 281.6 m. Revenues from international operations stood at € 30 m representing 11% of total Group revenues. Net interest income (adjusted for write-backs) was supported by the robust increase in loans and deposits and reached € 172.3 m growing by 17% on an annual basis, although negatively affected by the depreciation of the US dollar, the decline of US interest rates, the adjustment of the base rate in Cyprus and ongoing deposit competition from peers with constrained liquidity position in Greece and Cyprus. These cyclical factors mask stronger underlying improvement in operating performance.

Net Interest Margin (NIM) is down from 2.82% (adjusted for write-backs) in 1Q07 to 2.49% in 1Q08. The impact of the aforementioned cyclical and technical factors was 33 bps negative on 1Q08 NII margin. The reversal of the above cyclical factors trend should have a materially positive impact on MPB´s operating performance in the future.

[1] Adjusted for exceptional items from the disposal of equity participations in 1Q07

Fee and commission income posted a remarkable annual increase of 18% to € 74.1m boosted by the leading investment and brokerage franchise, commercial banking and strong insurance business.

Total operating expenses stood at € 129 m rising by 11% year-on-year. Cost growth was affected by the opening of 3 new branches and 4 business centres in Greece, 11 new branches in international locations, and the consolidation of the Ukrainian Marine Transport Bank (MTB) Bank in 4Q07 and Lombard Bank Malta from 01.03.2008.

The Group's cost-to-income ratio remained fairly stable at 45.8% compared to 44.9% (adjusted for exceptional income) at the end of the first quarter 2007.

During the first quarter of 2008, a series of important strategic events took place. The most important were:

- On 14 February 2008, Mr. Andreas Vgenopoulos was appointed executive Vice-Chairman and Chairman of the Executive Committee. Mr. Thimios Bouloutas took over as the new Group CEO.
- The acquisition of a 43% stake of Lombard Bank Malta, the third largest bank in Malta, was completed; the new subsidiary is consolidated for one month into 1Q08 Group accounts for the first time.
- Established an International Business Banking (IBB) lending unit catering for the Group's 28,000 IBB clients.
- Branch network expansion: during the first quarter of 2008, 3 new branches and 4 new Business Centres opened in Greece and 11 new branches in the other countries where the Group operates (8 in Ukraine, 1 in Romania and 2 in Serbia).
- MPB disposed its legacy 6.44% stake in MIG at €7.0 per share to Dubai Financial Group in March 2008.

Commenting on the results of the first quarter 2008, Mr. Thimios Bouloutas, Chief Executive Officer of Marfin Popular Bank Group, made the following statement:

*"Marfin Popular Bank Group has continued its dynamic expansion in the first-quarter of 2008 by delivering on the stated strategy of robust volume growth, increasing geographical diversification, commercial and SME customer focus, and developing the delivery infrastructure. All these have resulted in robust market share gains in our two core markets, Cyprus and Greece, and positive financial results despite the adverse global market environment."*

## FINANCIAL RESULTS

| Income Statement (€ m) | 31.03.07 | 31.03.08 | Δ % |
|---|---|---|---|
| Net interest income | 159.9 | 172.3 | 7.7% |
| Net fees and commission income | 62.6 | 74.1 | 18.4% |
| Financial & other income | 85.0 | 35.2 | -58.6% |
| **Total operating income** | **307.5** | **281.6** | **-8.4%** |
| Income from sale of Hellenic bank & Universal life | 50.0 | - | - |
| **Total operating income adjusted for exceptional items** | **257.5** | **281.6** | **9.3%** |
| Operating expenses | -115.7 | -128.9 | 11.4% |
| Provision for loan impairment | -19.0 | -24.9 | 31.1% |
| Profit from associates | 0.1 | 0.2 | - |
| **Profit before tax** | **172.8** | **128.0** | **-25.9%** |
| Tax | -16.4 | -21.0 | 28.0% |
| Minority interest | -5.9 | -2.5 | - |
| MIG contribution (after minority) | 19.6 | 0.0 | - |
| **Net profit after tax and minority interest** | **120.2**[1] | **104.4** | **-13.1%** |

| Key Balance Sheet Items (€ m) | 31.03.07 | 31.03.08 | Δ% |
|---|---|---|---|
| Loans | 13,724 | 19,688 | 43.5% |
| Total Assets | 24,751 | 31,970 | 29.2% |
| Deposits | 17,108 | 21,853 | 27.7% |

| Key Ratios | 31.12.07 | 31.03.08 | Δ bps |
|---|---|---|---|
| Tier 1 | 9.1% | 8.4% | -70bps |
| Capital Adequacy Ratio | 11.2% | 10.1% | -110bps |
| Cost/Income | 44.4% | 45.8% | +140bps |
| NIM | 2.85% | 2.49% | -36bps |
| NPLs | 4.8% | 4.7% | -10bps |
| Provisioning | 63bps | 52bps | -11bps |
| RoTE | 23.6%[1] | 20.4% | -320bps |
| RoA | 2.25% | 1.34% | -91bps |

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[1] Adjusted for exceptional items delivered in 1Q07 from the disposal of equity participations