

29/8/2007

Press Release

Financial Results for the First Half 2007

- ▶ **Net Profit after tax reached €343.1m up 164%**
- ▶ **Exceptionally strong volume growth rates of 37% in loans and 40% in deposits**
- ▶ **Return on Tangible Equity 41% and Return on Average Assets 2.82%**
- ▶ **Efficiency Ratio (cost/income) down to 39.9%**
- ▶ **Successful completion of the three-way merger of the banks in Greece**
- ▶ **Total Assets at €29.1bn (annual increase 51%)**
- ▶ **New upgrade of earnings guidance expected**

The expansion of the Marfin Popular Bank Group operations has continued with impressive pace during the first half of 2007 in all its geographical areas of presence (Greece, Cyprus and International). Net profit after tax and minority interest reached €343.1m recording a significant increase of 164% compared to the same period last year on a proforma basis. The organic profitability of the group reached €264.1m.

The Group's total assets grew by 51% compared to the end of June '06 on a proforma basis and reached €29.1bn at the end of June '07. Total Group loans increased by 37% annually to €15.2bn, while the Group's deposits grew annually by an impressive 40% and reached €20.1bn.

Total operating income of the Group increased by 52% during the first half of 2007 and reached €590m. The strong growth of both loans and deposits of the Group resulted to a significant increase in interest income by 47% compared to the same period last year on a proforma basis and reached €333.6m. At the same time the net interest margin has increased by 32 basis points to 2.94%.

Total operating expenses were €235.7m rising by 14% (compared to first half of 2006 proforma) despite the rapid growth of the Group that necessitated significant investments in fixed assets. Excluding the amortisation of intangible assets relating to acquisitions, expense growth was contained to 9%.

The Group's Efficiency Ratio (cost/income) improved significantly to 39.9% compared to 52.9% during the same period last year on a proforma basis.

The increase in the Group's profitability resulted in a significant strengthening of both Return on Average Assets to 2.82%, compared to 1.39% at 30.06.06, and Return on Tangible Equity, which reached 41%.

In the financial statements of the Group the contribution from equity investment activities is shown as "*profit from discontinued operations due to reduction in participation*". However, Marfin Popular Bank maintains its investment in Marfin Investment Group (MIG), which has now significantly widened its scope of operations. Therefore, Management takes the view that the continuous cooperation of the two groups should have a significant positive contribution on MPB's operating performance in the future.

During the first half of 2007 a series of important strategic initiatives have been undertaken with the view to improve the Group's positioning and further enhance its growth prospects in Cyprus, Greece and internationally. The most important initiatives were:

- Successful completion of the operational and legal merger of the three banks, Egnatia Bank, Marfin Bank and Laiki Bank (Hellas). The new bank is a 95% subsidiary of Marfin Popular Bank and operates in Greece under the name of MARFIN EGNATIA BANK.
- Branch network expansion: during the first half of 2007, six new branches were opened in Greece, four in Romania and two in Estonia.
- Management restructuring: The Group proceeded with a management restructuring to enable accelerated growth in its main markets and improve efficiencies. In that context, the Cyprus based International Business Banking division (IBB) has been upgraded, while the establishment of an Investment Banking unit based in London is in the pipeline.
- Expansion in Ukraine: Agreement for the purchase of Marine Transport Bank (MTB) for a consideration of US\$137m.
- MIG: The restructuring of the Group was completed with the sale of the banking participations of MIG to MPB and the increase in its share capital by €5.19bn. Following completion of the share capital increase, MPB has a participation of 6.45% in MIG. This participation is expected to yield both significant increases in volumes and income from the provision of a wide range of financial and banking services to the MIG group of companies.

Revision of earnings guidance

Commenting on the results of the first half of the year the CEO of Marfin Popular Bank, Mr. Andreas Vgenopoulos, made the following statement:

"The fantastic achievements of the Group during the first half of the year reflect the successful outcome of the hard and systematic efforts of our staff and Management towards the goal of creating the most dynamic banking Group in

South East Europe. The significant increase in profitability during the first half of the year, coupled with the accelerated growth rates of all the balance sheet sizes, is expected to result in an upgrade of the earnings guidance for the Group for 2007 and an upward revision of the three-year Business Plan 2008-2010. This upgrade, which will be the second one this year, will take place after a re-assessment of the medium term growth prospects of the Group as they would have developed following the announcement of the third quarter results".

P.S.: The Board of Directors of Marfin Popular Bank will meet on the 12 September 2007 in order to decide the level and the method with which the company will contribute towards offering relief for the recent national disaster in Greece.

FINANCIAL RESULTS

<i>(€ m)</i>	30.06.06 <i>(proforma)*</i>	30.06.07	Δ %
Net interest income	227.1	333.6	46.9%
Net fees and commission income	114.0	111.5	-2.2%
Financial & other income	48.4	94.8	96.1%
Recurring operating income	389.5	539.9	38.6%
Income from sale of Hellenic bank & Universal life	0.0	50.0	-
Total operating income	389.5	590.0	51.5%
Operating expenses	-206.0	-235.7	14.4%
Provision for loan impairment	-52.8	-44.3	-16.1%
Profit from associates	0.7	0.9	-
Profit before tax	131.4	310.9	136.6%
Tax	-25.3	-33.2	31.0%
Minority interest	-1.8	-3.5	
MIG contribution (after minority)	25.7	68.9	168.0%
Net profit after tax and minority interest	130.0	343.1	164.0%

Key Balance Sheet items

<i>(€ m)</i>	30.06.06	30.06.07	Δ%
Loans	11,112	15,227	37.0%
Total Assets	19,199	29,065	51.4%
Deposits	14,342	20,108	40.2%

Key Ratios	30.06.06	30.06.07	
Tier 1**	11.5%	11.2%	-
Capital Adequacy Ratio**	14.4%	11.8%	-
Cost/Income	52.9%	39.9%	1300bps
NIM	2.62%	2.94%	+32 bps
NPLs	9.2%	5.8%	-340bps
Provisioning	90bps	56bps	-34bps
RoTE**	17.6%	41%	-
RoA	1.39%	2.82%	+143bps

* Proforma information was constructed in order to bring the comparatives of 30.06.06 on a comparable basis with the reporting period of 30.06.07.

** No proforma information available. These ratios are shown as reported on 30.06.06 by Laiki Group.