



LAIKI BANK GROUP

First-quarter 2012 Financial Results

29 May 2012

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Results Highlights

Key Highlights

Net profit in 1Q12 adding to capital generation needed for the Group

- ▶ CPB recorded a €55m net profit in 1Q12, assisted by a positive tax credit, due to the PSI on GGBs

Successful cost containment in progress

- ▶ Cost restructuring initiatives led to a reduction in Group cost by 6% on an annual basis and 16% on a sequential basis

Challenges with asset quality addressed

- ▶ Increased emphasis on debt collection across the Group
- ▶ Elevated provisioning, where needed

Stabilization of deposits and reduction of reliance on the Eurosystem

- ▶ Gradual normalization of funding conditions albeit at elevated costs

Positive outlook for the Group following full recapitalization

- ▶ The Group will be fully capitalized to European Banking Authority (EBA) requirements at 30 June 2012
- ▶ Rights issue fully underwritten by the Republic of Cyprus

First Quarter 2012 Financial Highlights

Group

Comments

- ▶ Net interest income 2% lower y/y and 14% lower q/q, due to the effect of deleveraging, PSI and elevated funding costs across all regions
- ▶ Net fee and commission income 13% down on an annual basis and 9% down on a quarterly basis, due to subdued activity from banking operations and capital markets
- ▶ Total operating income fell 7% y/y to €244m before the disposals of subsidiaries; it was 24% higher q/q, driven by stronger financial and other income
- ▶ Renewed focus on cost control has driven operating expenses 6% lower y/y and 16% lower on a sequential basis
- ▶ Loan loss provisions are 51% higher on an annual basis, mainly due to continued deteriorating economic conditions in the two key markets
- ▶ The Group registered a net profit of €55m for the first quarter on the back of a tax credit resulting from the PSI loss on GGBs

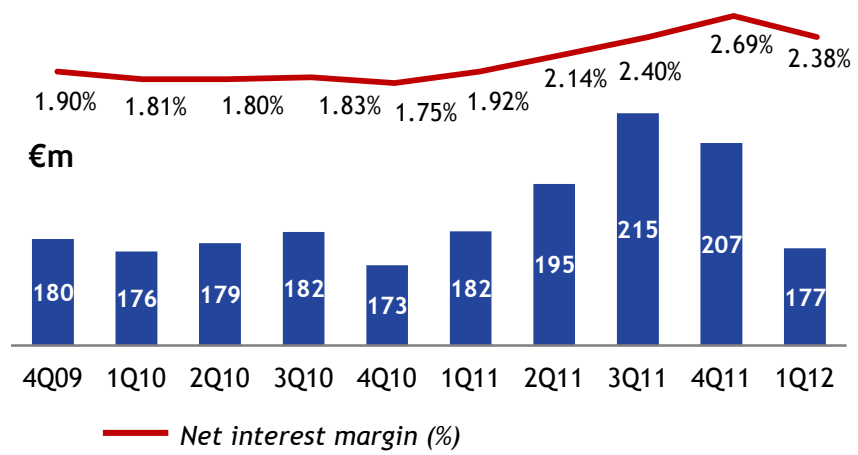
Key Results Highlights

€m	1Q12	1Q11	yoy %	1Q12	4Q11	qoq %
Net interest income	177	182	(2.3)%	177	207	(14.3)%
Net fee and commission income	40	46	(13.2)%	40	44	(8.6)%
Core banking revenues	217	228	(4.5)%	217	251	(13.3)%
Financial and other income	27	36	(26.1)%	27	(53)	nm.
Total operating income before disposals of subsidiaries	244	264	(7.5)%	244	198	23.5%
Income from the disposal of subsidiaries	3	53	nm.	3	-	nm.
Total operating income	247	317	(22.1)%	247	198	24.9%
Operating expenses	(148)	(157)	(5.7)%	(148)	(177)	(16.2)%
Profit before provisions	99	160	(38.3)%	99	21	371.6%
Loan loss provisions	(119)	(78)	51.4%	(119)	(868)	nm.
Impairment of debt & equity	(7)	(3)	nm.	(7)	(2,100)	nm.
Tax	79	(8)	nm.	79	403	nm.
Net profit	55	71	(22.8)%	55	(2,539)*	nm.
Net loans	24,254	25,618	(5.3)%	24,254	24,779	(2.1)%
Deposits	20,032	23,978	(16.5)%	20,032	20,161	(0.6)%
Total assets	31,870	40,471	(21.2)%	31,870	33,762	(5.6)%

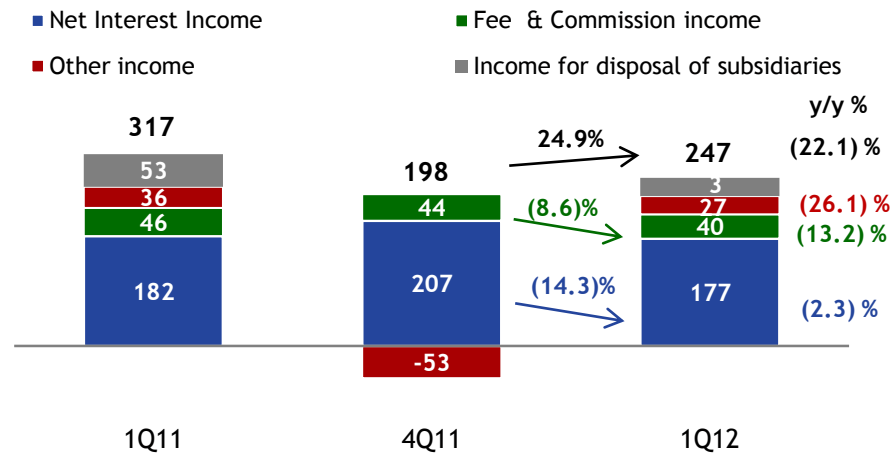
* Excluding goodwill impairment of €820m

Improving Net Interest Margin Over the Last Two Years & Tighter Cost Control

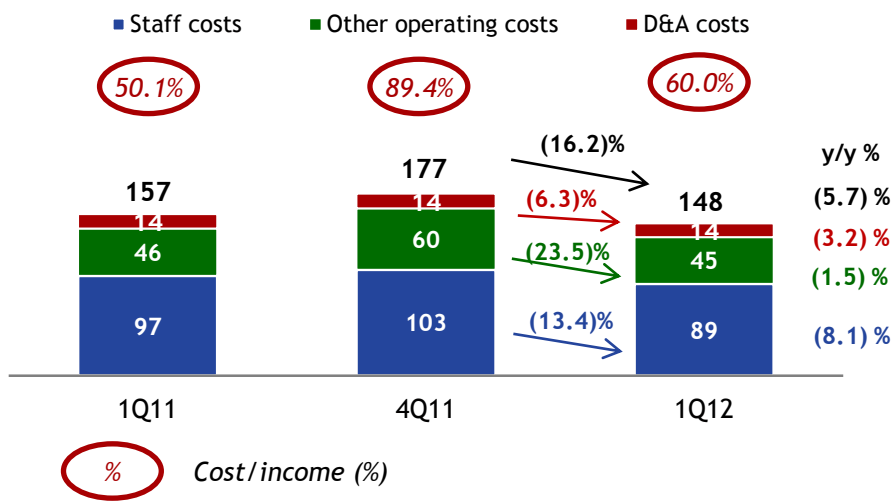
Net interest income (€m) & NIM - Group



Total operating income (€m)



Operating costs (€m) and Cost/Income



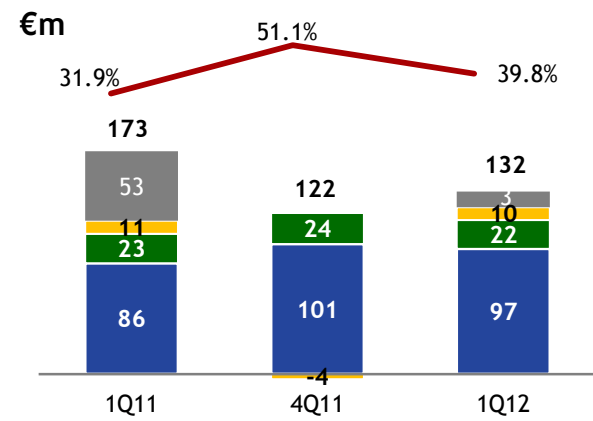
Comments

- ▶ 1Q12 net interest margin improved by 46bps on an annual basis; on a sequential basis net interest margin dropped to 2.38% in 1Q12 versus 2.69% in 4Q11, due to elevated funding costs, the PSI and the impact of deleveraging across all geographical regions
- ▶ Renewed cost containment efforts brought total operating expenses 6% down on an annual basis and 16% on a sequential basis

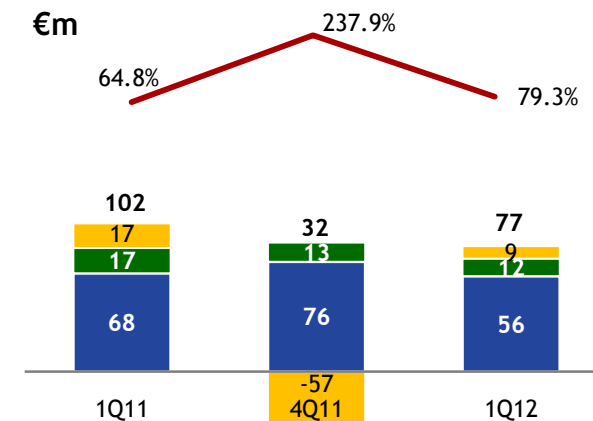
Cyprus Performed Better versus Greece, Which is Still Affected by a Deteriorating Macroeconomic Environment

Group

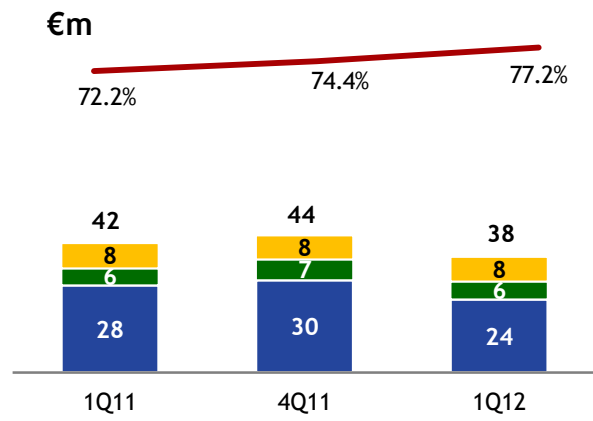
Cyprus



Greece

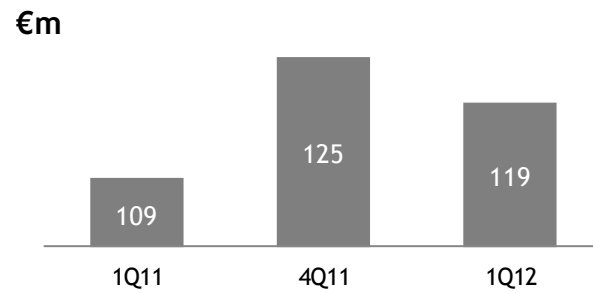


International

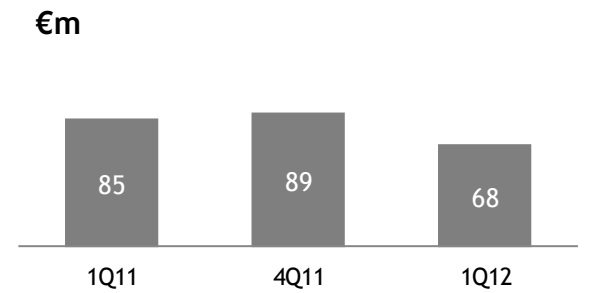


■ Net Interest Income
 ■ Fee & commission Income
 ■ Other income
 ■ Income from the disposal of subsidiaries
— Cost/Income ratio

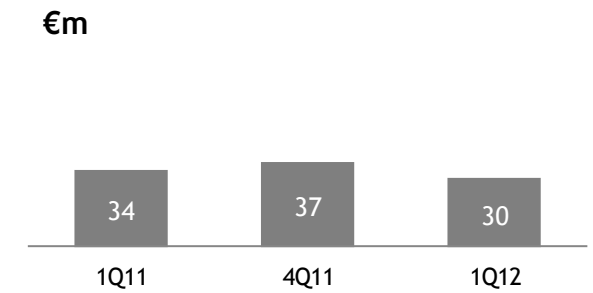
Cyprus



Greece



International



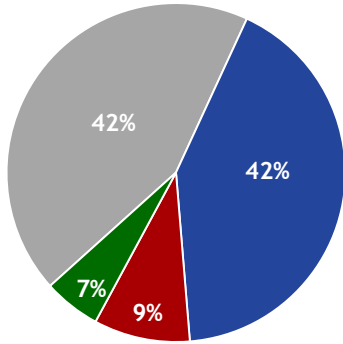
■ Core Banking Income*

* Core Banking Income = Net Interest income + Fee & Commission Income

Home Market, Cyprus, Contributed 55% of Core Banking Income & 76% of Pre-Provision Profit in 1Q12

Net loans by geography (%)

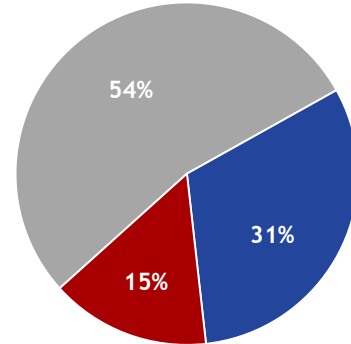
■ Cyprus ■ Greece ■ International ■ Shipping



1Q12 Total net loans = €24,254m

Operating income by geography (%)

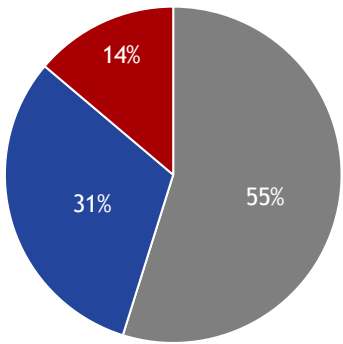
■ Cyprus ■ Greece ■ International



1Q12 Total operating income = €247m

Core banking income by geography (%)

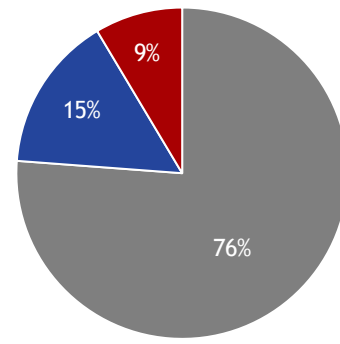
■ Cyprus ■ Greece ■ International



1Q12 Total core banking income = €217m

Pre-provision profit by geography (%)

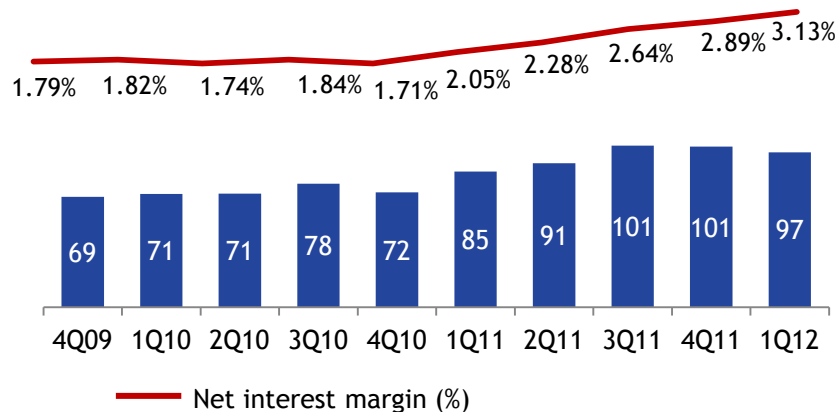
■ Cyprus ■ Greece ■ International



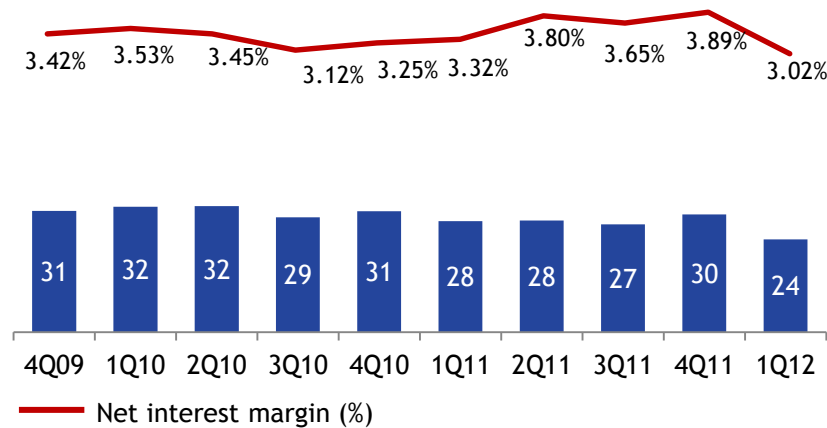
1Q12 Total pre-provision profit = €99m

Improving NIM in Cyprus, while Pressure Continues in Greece & International Operations

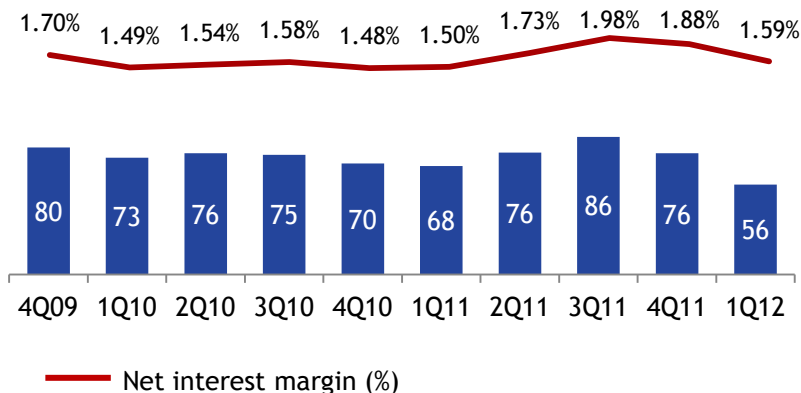
Net interest income (€m) & NIM-Cyprus



Net interest income (€m) & NIM-International



Net interest income (€m) & NIM-Greece



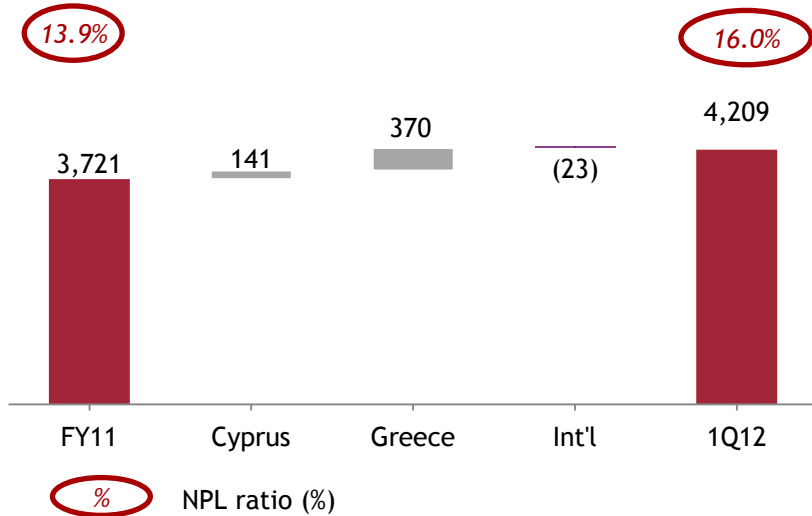
Comments

- ▶ NIM in Cyprus continued its upward trend; despite deteriorating deposit spreads, asset repricing continued successfully leading NIM to 3.13% in 1Q12 versus 2.89% in 4Q11 and 2.05% in 1Q11
- ▶ NIM in Greece was 9bps higher versus 1Q11, but it registered a 29bps drop on a sequential basis, due to deteriorating funding costs and the impact of PSI
- ▶ NIM of international operations declined both on an annual and sequential basis, due to emphasis placed on deposits

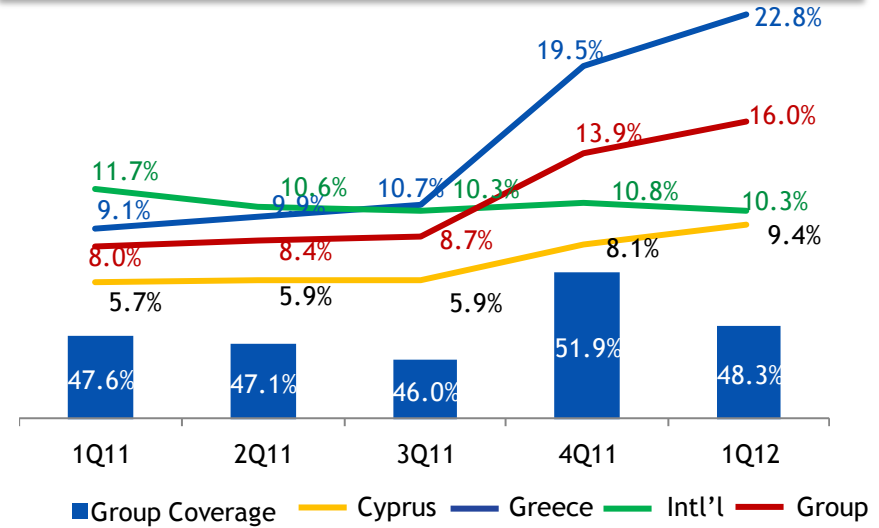
NPLs Affected by an Ongoing Deteriorating Macro Environment Both in Greece & Cyprus

Group

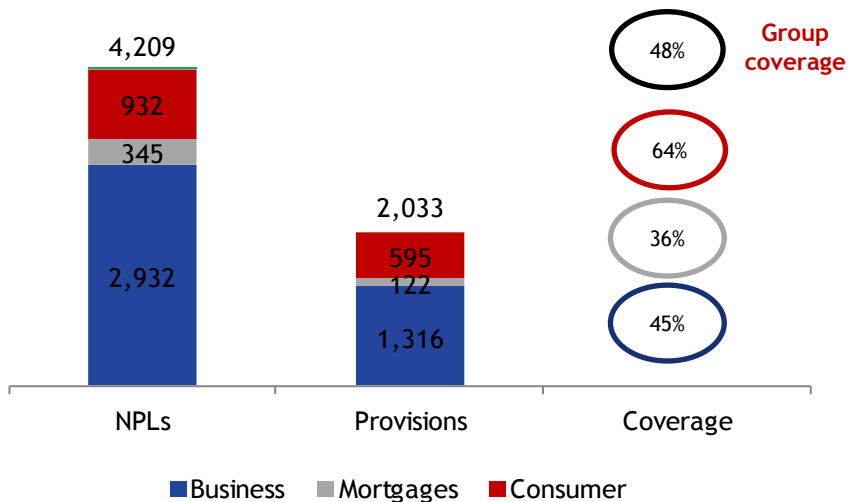
Group NPLs development (€m)



NPL by region (%)



NPL by type (%)

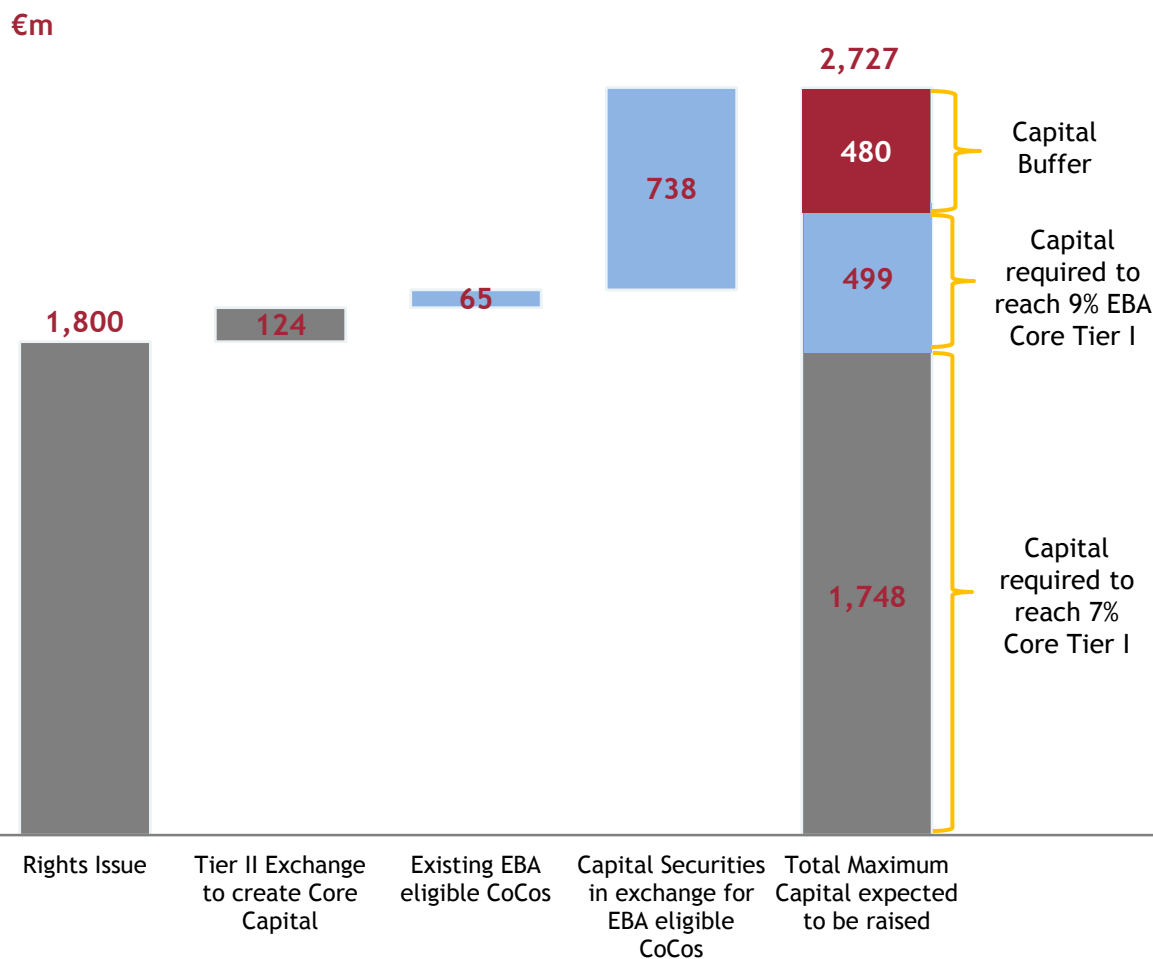


Comments

- ▶ Group NPL ratio at 16.0% in 1Q12
 - ▶ Cyprus NPL ratio at 9.4%
 - ▶ Greek NPL ratio at 22.8%
 - ▶ Improving performance in international operations, with NPL ratio declining to 10.3%
- ▶ Group maintained a provision coverage of 48% across the Group's portfolio, one of the highest among peers

A Comprehensive Capital Plan Meeting EBA Requirements and Allowing a Buffer for the Bank

High level capital plan overview



Capital increase actions

- ▶ Fresh rights issue of €1.8bn fully underwritten by the Republic of Cyprus
- ▶ Lower Tier II liability management exercise currently underway
- ▶ Exchange of Tier I to EBA eligible Core Tier I CoCos currently in progress
- ▶ Capital buffer allowing for a shortfall in the capital plan actions, which are still underway

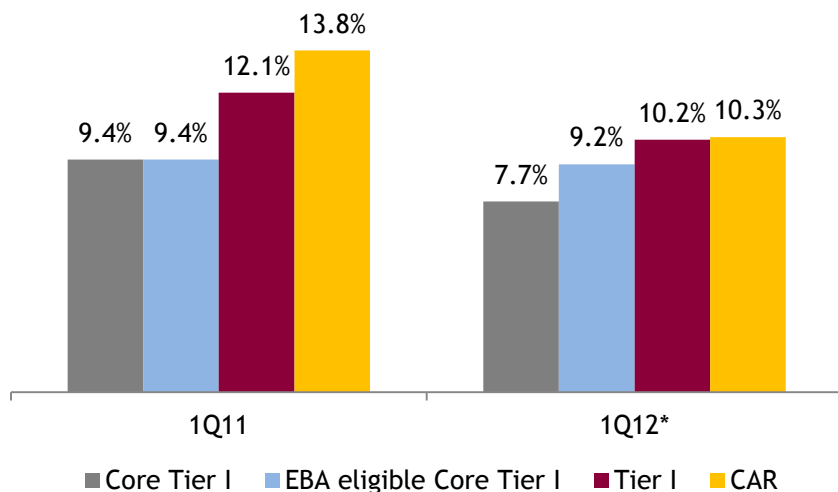
Portfolio management other actions

- ▶ Disposals and deleveraging of:
 - ▶ Other securities portfolio
 - ▶ Equity portfolio
 - ▶ Loan portfolio
 - ▶ Non core international activities

EBA Compliant Capital Base Following the Upcoming Rights Issue

Group

Capital ratios



Group capital

€m	1Q11	1Q12*	yoy % Ch
Total Core Tier I	2,568	1,935	(25%)
Tier I capital	3,305	2,538	(23%)
Total Regulatory Capital	3,756	2,562	(32%)
RWAs	27,296	24,972	(9%)
Core Tier I ratio	9.4%	7.7%	(170) bps
EBA eligible Core Tier I	9.4%	9.2%	(20) bps
Tier I ratio	12.1%	10.2%	(190) bps
Total Capital Adequacy Ratio	13.8%	10.3%	(350) bps

Comments

- ▶ Following the expected completion of the Group's upcoming capital plan, comprising of a fresh €1.8bn rights issue fully underwritten by the Republic of Cyprus, a lower tier II bond exchange and a hybrid tier I capital securities exchange, total pro-forma regulatory capital is expected to reach €2.6bn
- ▶ Successful efforts on loan book deleveraging over the last twelve months has driven risk weighted assets 9% lower on an annual basis to less than €25.0bn
- ▶ On a pro-forma basis for the completion of the upcoming capital plan steps, the Group will have an EBA eligible Core Tier I ratio of 9.2%

*Pro-forma figures following the completion of the capital actions expected as of 30 June 2012

Management's Restructuring Efforts Well Underway

Group

Restructuring efforts	Status
New Management	Completed
Assets due diligence	Completed
Establishment of deleveraging team	Completed
Group rebranding as Cyprus Popular Bank	Completed
Deleveraging and asset optimization plan	In progress
Cost optimization plan	In progress
Greek operations restructuring	In progress
Liability management exercise	In progress
Rights offering	In progress

Equity Rights Issue

Shares outstanding 1,611,110,558

Rights offering ratio 67 for 6

Subscription price €0.10

Rights issue size €1.8 billion

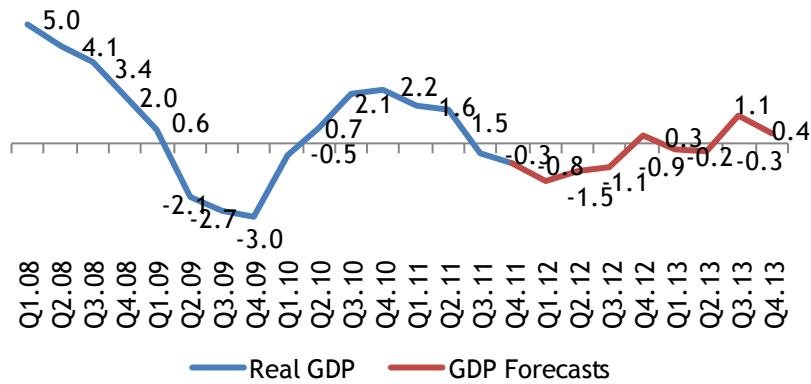
New shares to be issued 18 billion

Timetable

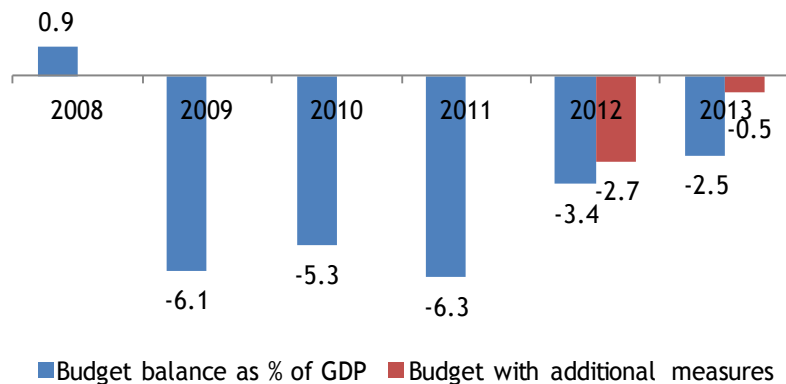
Approval of the prospectus by the Cyprus Securities & Exchange Commission	22 May 2012
Ex-rights date	28 May 2012
Record date for the rights offering	30 May 2012
Commencement of the rights trading period, rights exercise period and subscription period	15 June 2012
Trading of the rights on the ATHEX and CSE	15 - 22 June 2012
End of period regarding the exercise of rights and the subscription of rights	29 June 2012
Decision of the Board of Directors for the allotment of any non-exercised rights	30 June 2012
Commencement of trading of new shares	During 5 business days from the date the listing is approved by both Exchanges

Macro Background in Cyprus

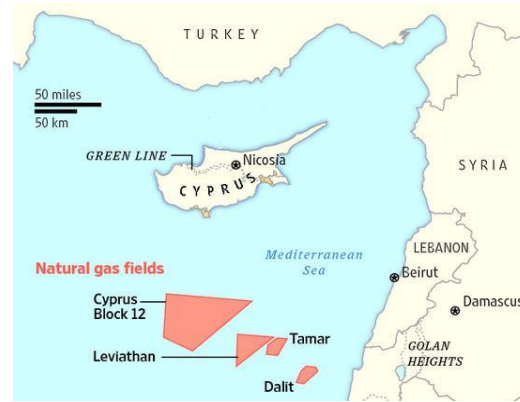
Real GDP growth (y/y, % change)



General government budget balance as % of GDP



Gas discoveries



Dec 2011: the Cyprus government announces the **discovery of 5 to 8 trillion cubic feet (tcf) of natural gas** inside its exclusive economic zone (EEZ)

- ▶ New growth engine
- ▶ Gas worth estimated at c.\$150bn
- ▶ Puts Cyprus on the map of transit countries
- ▶ Tender procedures for Cyprus expected to be completed by year end

Cyprus economy

- ▶ The Cypriot economy grew modestly by 0.5% in 2011, but started to contract mildly in the third quarter driven mainly by falling domestic demand
- ▶ Real GDP contracted in 1Q12 by 1.5%, but the economy is expected to rebound in the second half of the year
- ▶ The export sector continued its positive contribution to growth in 1Q12
- ▶ Offshore discoveries of significant deposits of natural gas create new prospects for the economy

Performance By Geography

Key Financials by Geography

		1Q12				1Q11				yoy%			
€m		Group	Cyprus	Greece	Int'l ⁽⁴⁾	Group	Cyprus	Greece	Int'l	Group	Cyprus	Greece	Int'l
Balance sheet	Net Loans	24,254	10,561	11,465	2,228	25,618	10,270	13,133	2,215	(5.3)%	2.8%	(12.7)%	0.6%
	Total Assets	31,870	13,993	14,599	3,278	40,471	18,573	18,770	3,128	(21.2)%	(24.7)%	(22.2)%	4.8%
	Deposits	20,032	11,332	7,040	1,660	23,978	12,823	9,286	1,869	(16.5)%	(11.6)%	(24.2)%	(11.2)%
Profit & loss	Net Interest Income	177	97	56	24	182	86	68	28	(2.3)%	14.3%	(17.1)%	(16.5)%
	Total Operating Income	247	132	77	38	317	173	102	42	(22.1)%	(23.5)%	(24.6)%	(11.0)%
	Operating Costs ⁽¹⁾	(148)	(53)	(61)	(29)	(157)	(55)	(66)	(30)	(5.7)%	(4.5)%	(7.7)%	(4.8)%
	Pre-provision income ⁽¹⁾	99	80	16	9	160	118	36	12	(38.3)%	(32.4)%	(55.7)%	(27.4)%
	Loan loss provisions	(119)	(52)	(66)	(1)	(78)	(18)	(56)	(4)	51.4%	182.9%	16.2%	(60.3)%
	Profit before tax ⁽¹⁾⁽²⁾⁽³⁾	(17)	28	(51)	7	85	99	(20)	8	nm.	(72.1)%	nm.	(11.2)%
Key ratios	Net Interest Margin	2.38%	3.13%	1.59%	3.02%	1.92%	2.05%	1.50%	3.32%				
	Cost/Income ratio	60.0%	39.8%	79.3%	77.2%	50.1%	31.9%	64.8%	72.2%				
	Cost of risk	1.79%	1.87%	2.04%	0.25%	1.16%	0.69%	1.65%	0.16%				
	Loan/Deposit	121.1%	93.2%	162.9%	134.3%	106.8%	80.1%	141.4%	118.5%				

⁽¹⁾ Amortization of intangibles is added at Group level only

⁽²⁾ Before impairment of debt & equity

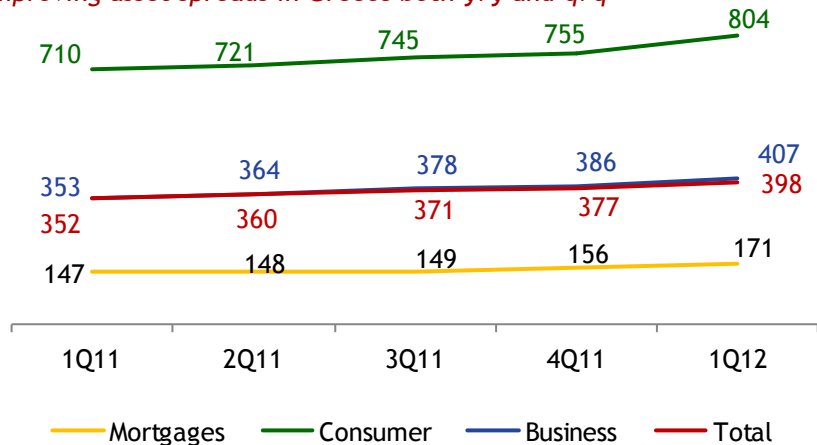
⁽³⁾ Share of profit from associates is added at Group level only

⁽⁴⁾ International does not include the balances or any profit from the Australian subsidiary disposed in February 2011 & from the Estonia subsidiary disposed in March 2012

Spread Evolution by Product & Geography

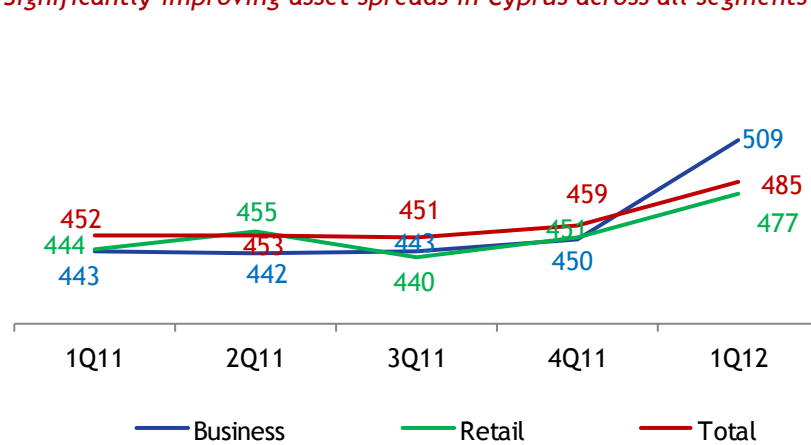
Loan spreads - Greece (bps)

Improving asset spreads in Greece both y/y and q/q



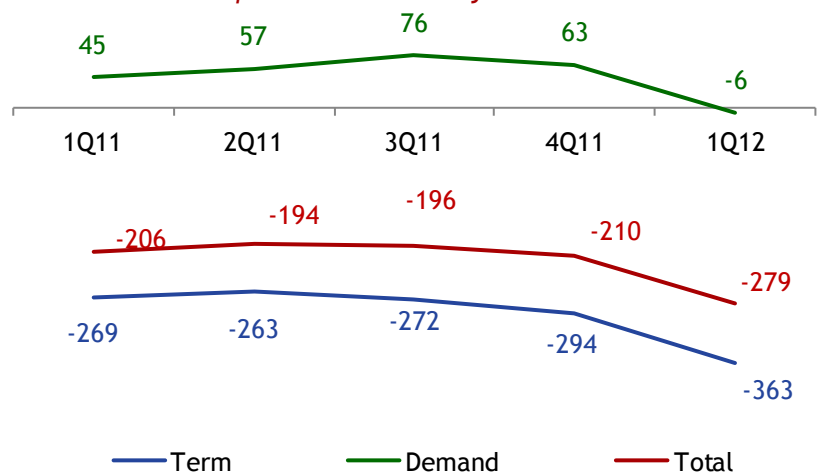
Loan spreads - Cyprus (bps)

Significantly improving asset spreads in Cyprus across all segments



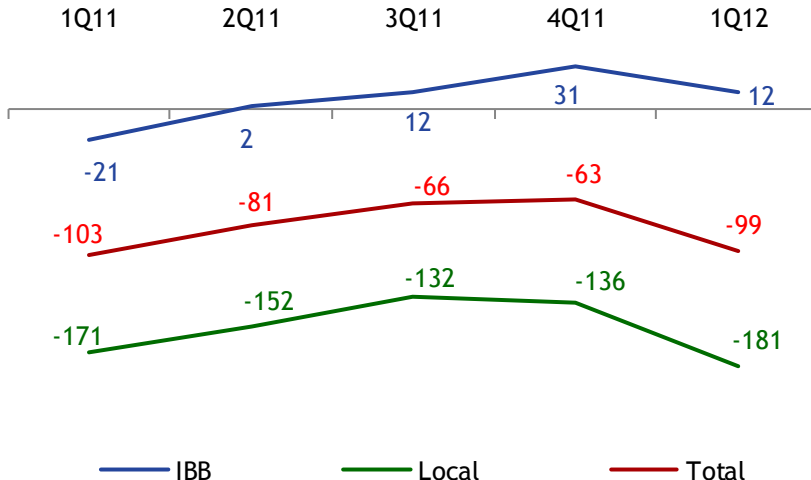
Deposit spreads - Greece (bps)

Deteriorating deposit spreads in Greece, due to the ongoing economic crisis and political uncertainty



Deposit spreads - Cyprus (bps)

Declining deposit spreads in Cyprus, due to the deteriorating macro outlook



Operating Performance in Cyprus

Cyprus

(in €m)	1Q12	1Q11	yoy (%)	1Q12	4Q11	qoq (%)
NII	97	86	14.3%	97	101	(3.6)%
Net fee & commission income	22	23	(5.0)%	22	24	(7.7)%
Core banking revenues	119	109	9.2%	119	125	(4.4)%
Financial & other income	10	11	(9.0)%	10	(4)	nm.
Income from disposal of subsidiaries	3	53	nm.	3	-	nm.
Total operating income	132	173	(23.5)%	132	122	8.8%
Operating expenses	(53)	(55)	(4.5)%	(53)	(62)	(15.3)%
Pre-provision profit	80	118	(32.4)%	80	59	34.0%
Loan loss provisions	(52)	(18)	182.9%	(52)	(100)	(48.0)%
Profit before tax	28	99	(72.1)	28	(41)	nm.

Comments

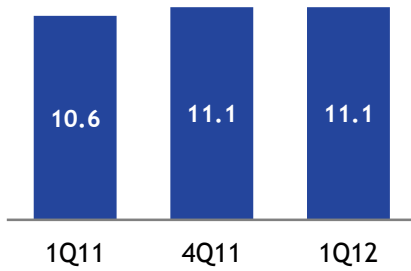
- ▶ Cyprus operations generated strong net interest income in 1Q12, which reached €97m showing a 14% increase on an annual basis
- ▶ Core banking revenues also grew on an annual basis, posting a 9% increase to €119m in 1Q12
- ▶ Operating expenses were well contained, declining by 5% on an annual basis to €53m
- ▶ Pre-provision profit adjusted from the income of disposals of subsidiaries stood at €77m in 1Q12 vs. €65m in 1Q11, 19% higher on an annual basis
- ▶ Provisions almost tripled on an annual basis, reflecting a deteriorating macro environment in Cyprus

Loan Book and Deposits Evolution in Cyprus

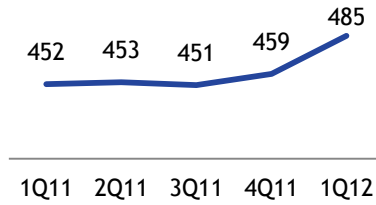
Cyprus

Total loan book

Gross loans, €bn

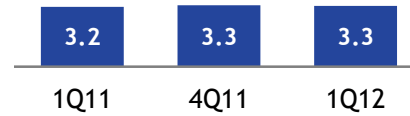


Average performing loans spread, bps

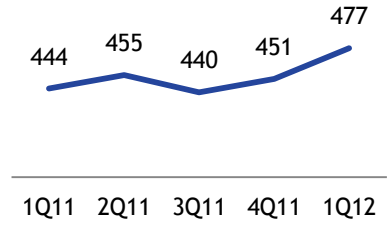


Retail lending

Gross loans, €bn

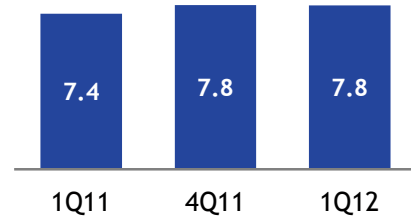


Average performing loans spread, bps

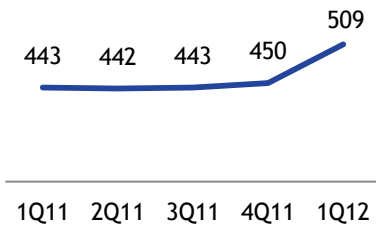


Business lending

Gross loans, €bn

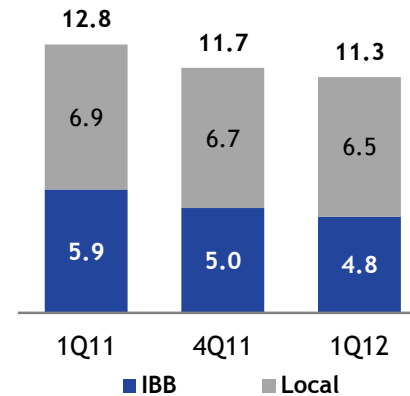


Average performing loans spread, bps

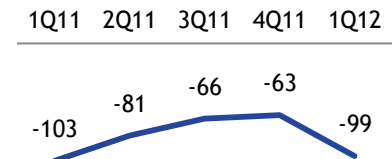


Deposits

€bn



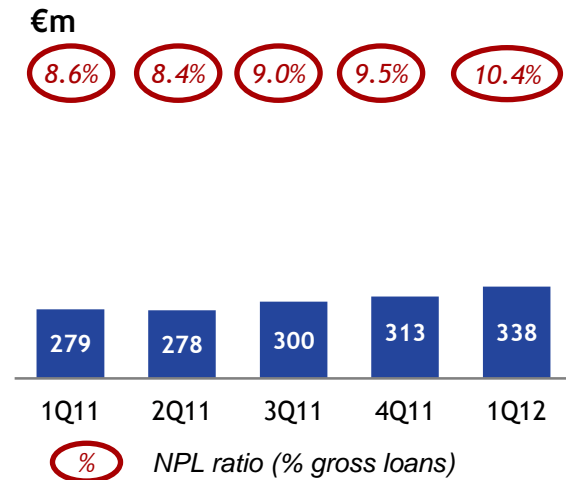
Average deposits spread, bps



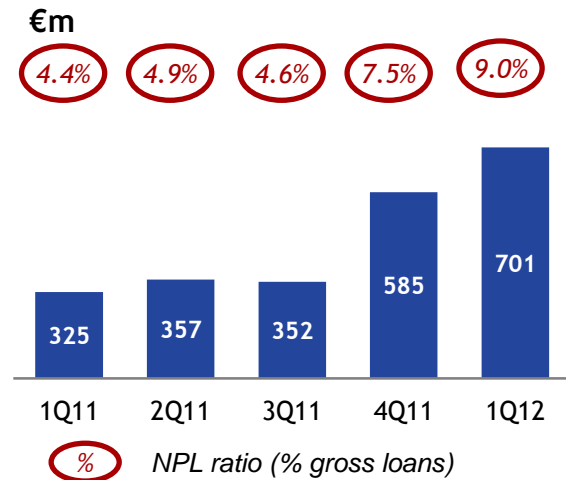
Asset Quality in Cyprus

Cyprus

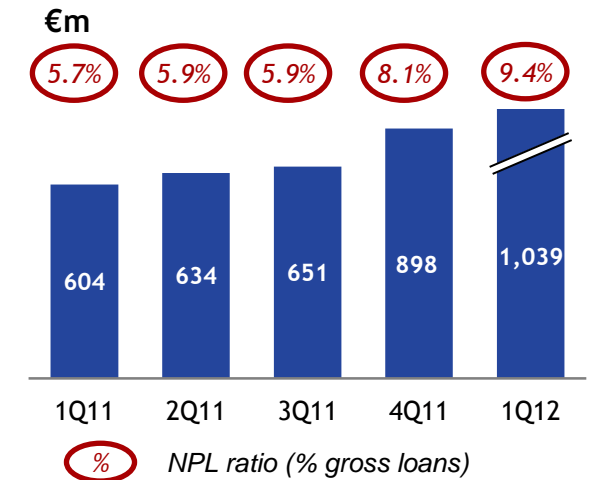
Retail NPLs



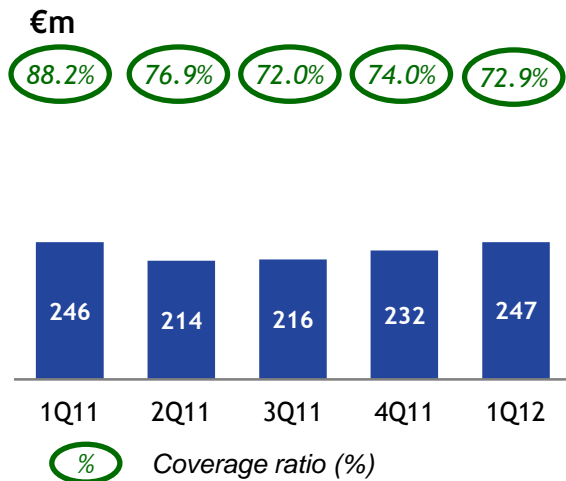
Business NPLs



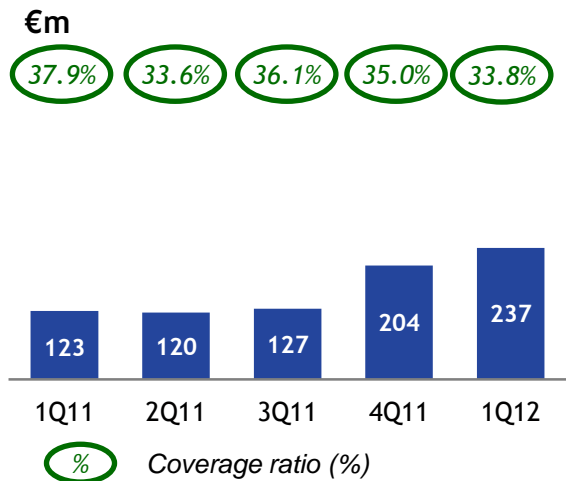
Total NPLs



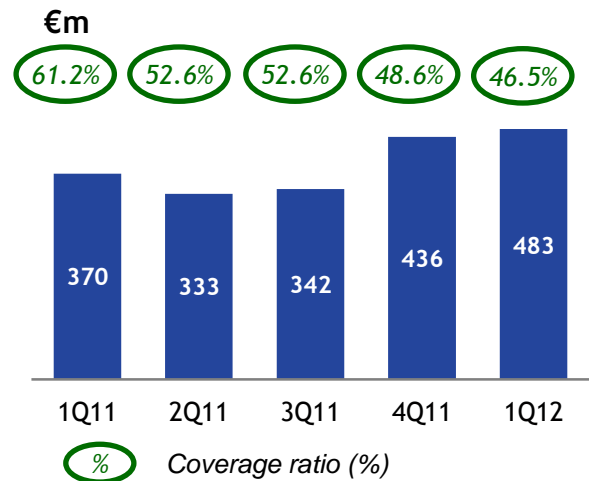
Retail provisions



Business provisions



Total provisions



Operating Performance in Greece

Greece

(in €m)	1Q12	1Q11	yoy (%)	1Q12	4Q11	qoq (%)
NII	56	68	(17.1)%	56	76	(25.8)%
Net fee & commission income	12	17	(29.9)%	12	13	(7.6)%
Core Banking revenues	68	85	(19.7)%	68	89	(23.1)%
Financial & other income	9	17	(37.2)%	9	(57)	nm.
Total operating income	77	102	(24.6)%	77	32	141.6%
Operating expenses	(61)	(66)	(7.7)%	(61)	(76)	(19.5)%
Pre-provision profit	16	36	(55.7)%	16	(44)	nm.
Loan loss provisions	(66)	(56)	16.2%	(66)	(750)	nm.
Profit before tax	(51)	(20)	nm.	(51)	(794)	nm.

Comments

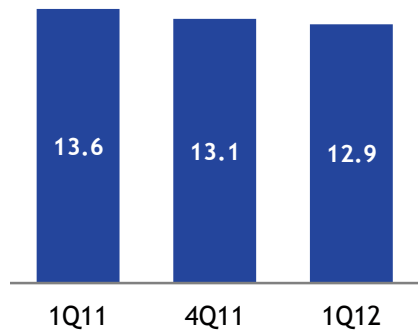
- ▶ Net interest income in Greece stood at €56m in 1Q12, 17% lower y/y, impacted by the effect of the PSI, loan book deleveraging and escalating funding costs
- ▶ Cost restructuring plan underway, led total operating expenses down 8% on an annual basis
- ▶ Provisions were 16% higher on an annual basis to €66m, reflecting the ongoing negative economic environment

Loan Book and Deposits Evolution in Greece

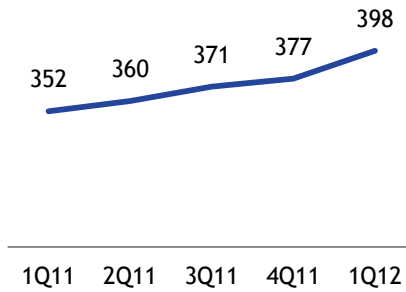
Greece

Total loan book

Gross loans, €bn



Average loans spread, bps

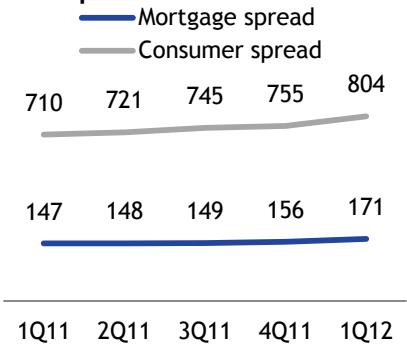


Retail lending

Gross loans, €bn

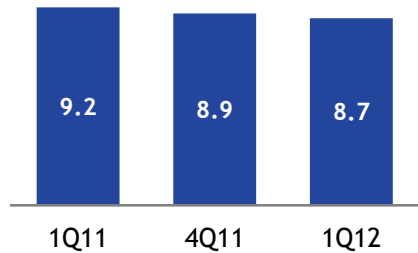


Average loans spread, bps

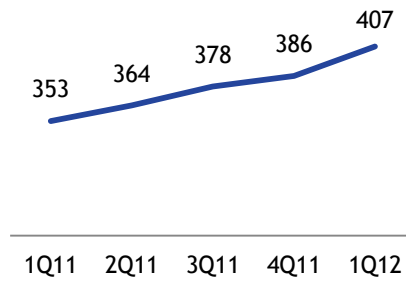


Business lending

Gross loans, €bn

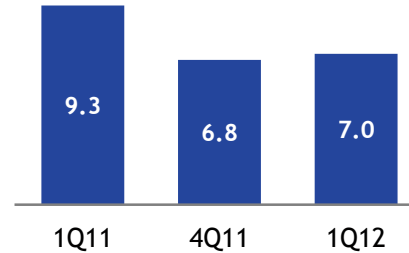


Average loans spread, bps

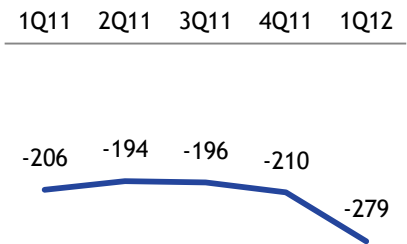


Deposits

€bn



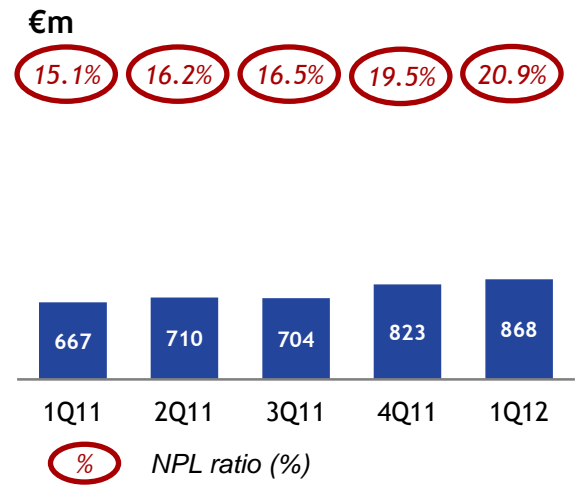
Average deposits spread, bps



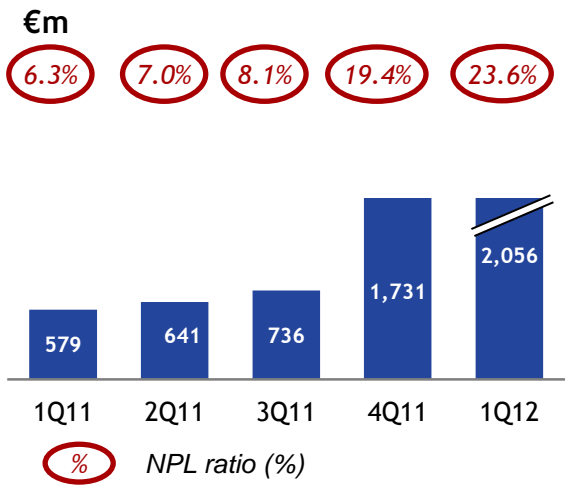
Asset Quality in Greece

Greece

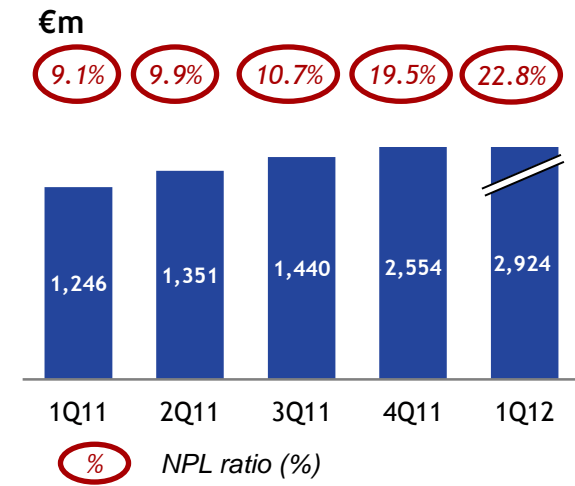
Retail NPLs



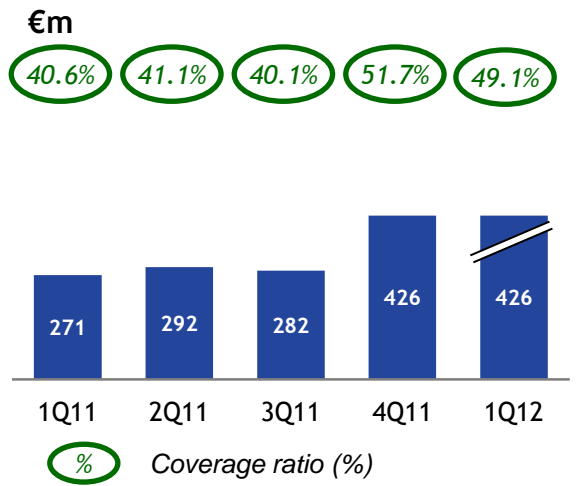
Business NPLs



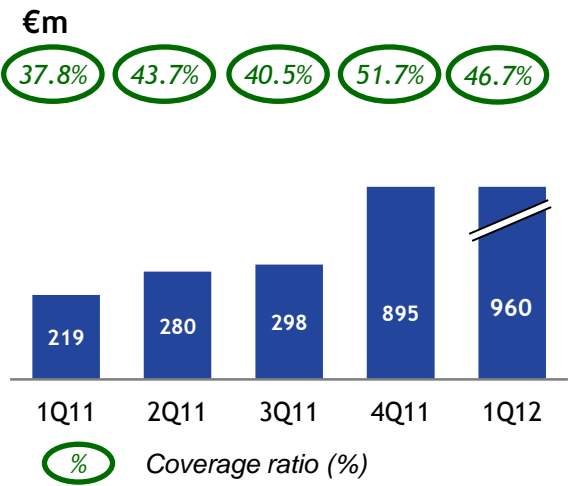
Total NPLs



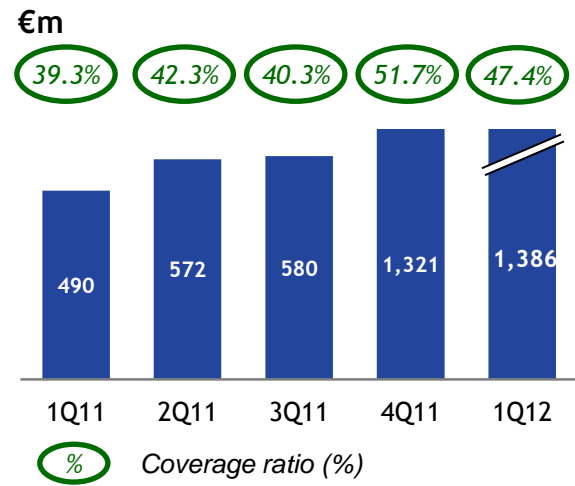
Retail provisions



Business provisions



Total provisions



Operating Performance in International Operations

International

(in €m)	1Q12	1Q11	yoy (%)	1Q12	4Q11	qoq (%)
NII	24	28	(16.5)%	24	30	(21.0)%
Net fee & commission income	6	6	5.2%	6	7	(13.5)%
Core banking income	30	34	(12.7)%	30	37	(19.5)%
Financial & other income	8	8	(2.9)%	8	8	2.1%
Total operating income	38	42	(11.0)%	38	44	(15.8)%
Operating expenses	(29)	(30)	(4.8)%	(29)	(33)	(12.7)%
Pre-provision profit	9	12	(27.4)%	9	11	(24.9)%
Loan loss provisions	(1)	(4)	(60.3)%	(1)	(18)	(91.7)%
Profit before tax	7	8	(11.2)%	7	(7)	nm

Comments

- ▶ NII dropped by 17% y/y, driven by declining net interest margins across key markets and the absence of the Australian subsidiary
- ▶ Adjusted for the Australian subsidiary core banking revenues were only 4.8% lower on an annual basis
- ▶ Improving cost efficiency was achieved during 1Q12, as operating expenses dropped by 5% y/y and 13% q/q
- ▶ International operations reported a €7m profit before tax in 1Q12

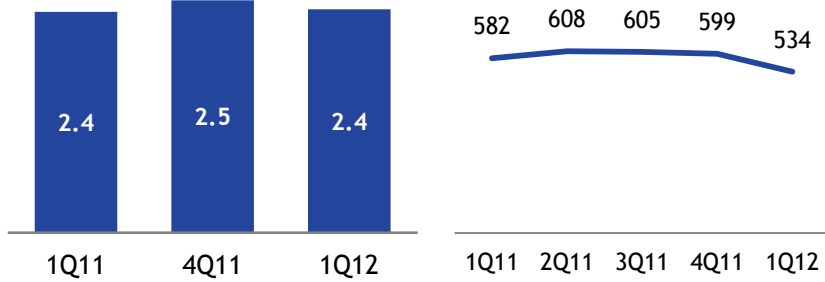
Loan Book and Deposits Evolution in International Operations

International

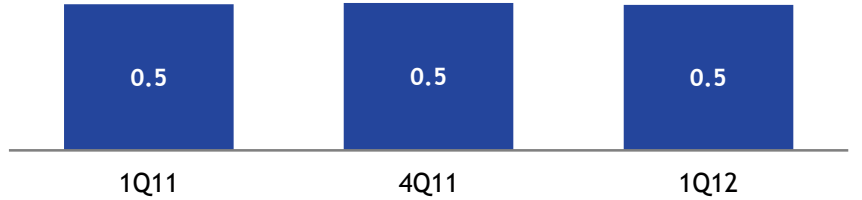
Total loan book

Gross loans, €bn

Average performing loans spread, bps



Retail lending gross loans (€bn)



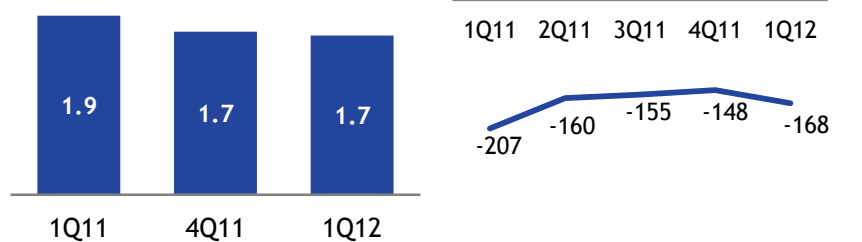
Business lending gross loans (€bn)



Deposits

€bn

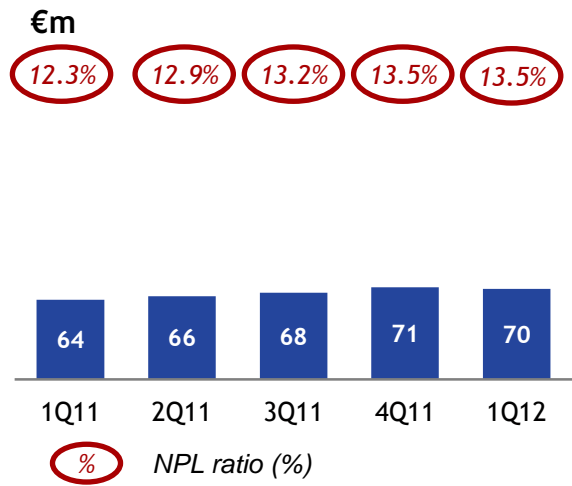
Average deposits spread, bps



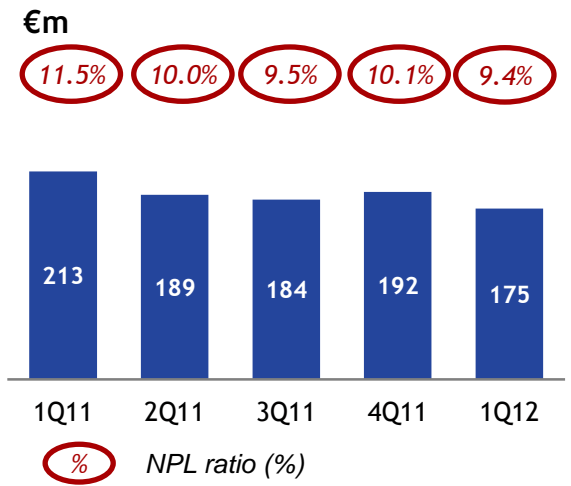
Asset Quality in International Operations

International

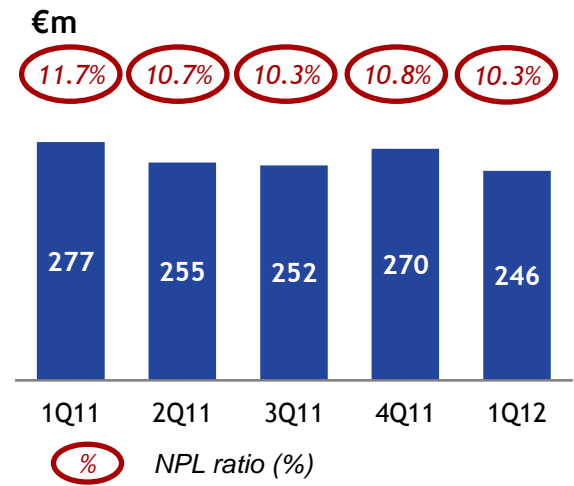
Retail NPLs



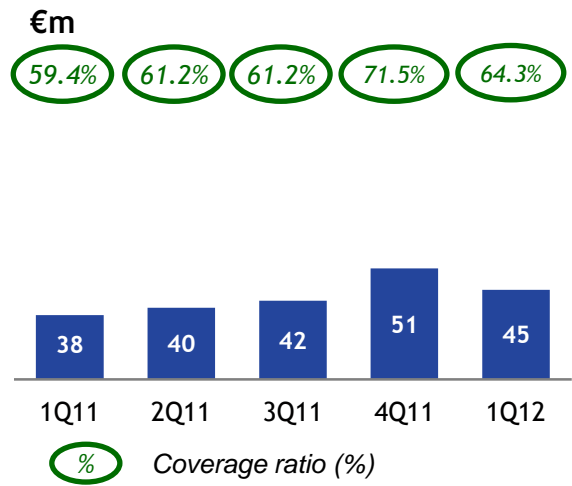
Business NPLs



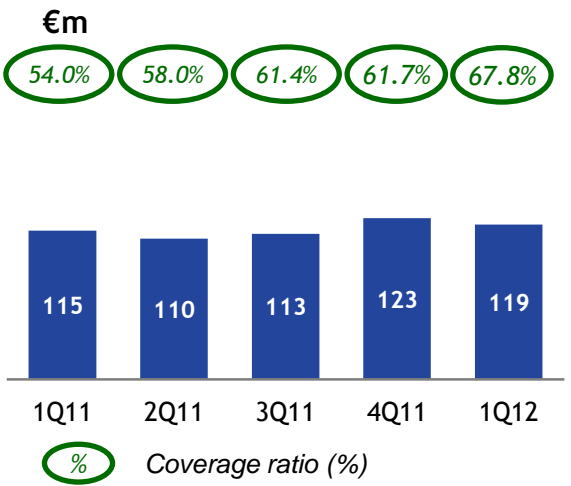
Total NPLs



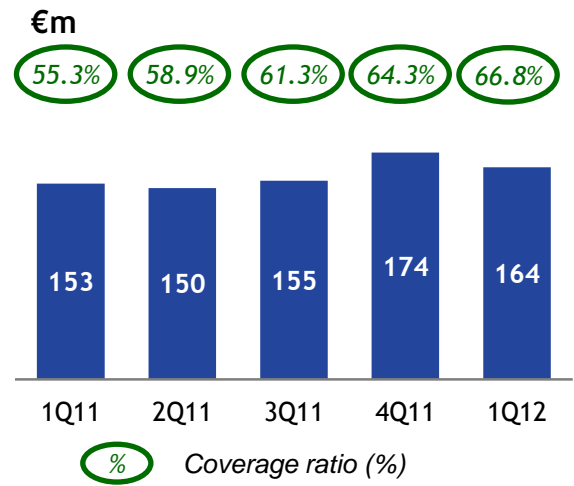
Retail provisions



Business provisions



Total provisions



Summary Regional Breakdown for 1Q 2012

(in €m)	Greece	Cyprus	Developed markets	Russia	Romania	Serbia	Ukraine	SEE
Total assets	14,599	13,993	1,784	226	679	238	351	1,494
Total Net loans	11,465	10,561	1,293	115	403	185	232	935
Total deposits	7,040	11,332	977	158	213	60	252	683
Branch Network	171	111	46	25	31	24	60	140
Total income	77	132	17	4	6	4	7	21
Operating expenses*	(61)	(53)	(12)	(4)	(4)	(3)	(6)	(17)
Pre-provision profit*	16	80	5	0	2	1	1	4
Loan loss provisions	(66)	(52)	(1)	0	(1)	0	0	(1)
Profit before tax**	(51)	28	5	0	1	0	1	2

*Amortization of intangibles is added at Group level only

** Before impairment of debt & equity

Key Messages

1

Enhancement of capital position through a comprehensive capital plan

- ▶ €1.8bn new equity capital raising fully underwritten by the Republic of Cyprus
- ▶ Total outstanding capital securities exchange of approximately €738m underway
- ▶ Exchange and tender offer of €450m Tier II underway

2

Improvement of underlying operating performance

- ▶ Improvement of cost efficiency; integrate Group-wide platforms to increase synergies
- ▶ Restructuring of the branch network especially in Greece

3

Refocused strategic direction to the Cyprus home market

- ▶ Committed management team and strengthened control functions
- ▶ Restructuring of underperforming Greek operations to position for upturn

4

Challenges with asset quality have been addressed

5

Improvement of liquidity and reduced reliance on the Eurosystem

Disclaimer

This presentation contains forward-looking statements, which include comments, statements and opinions with respect to our objectives and strategies, considering environment and risk conditions, and the results of our operations and business.

However, by their nature, these forward-looking statements involve numerous assumptions, uncertainties and opportunities, both general and specific. We caution that these statements represent the Group's judgments and future expectations and that we have based these forward-looking statements on our current expectations and projections about future events. The risk exists that these statements may differ materially from actual future results or events and may not be fulfilled. We caution readers of this presentation not to place undue reliance on these forward-looking statements as a number of factors could cause future Group results to differ materially from these targets.

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