



FINANCIAL REPORT FOR THE SIX MONTHS ENDED

30 JUNE 2010

**MARFIN POPULAR BANK PUBLIC CO LTD GROUP
FINANCIAL REPORT
for the six months ended 30 June 2010**

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Group Chief Financial Officer

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for the six months ended 30 June 2010

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**MARFIN POPULAR BANK PUBLIC CO LTD GROUP
STATEMENT BY THE MEMBERS OF THE BOARD OF DIRECTORS
AND BY THE GROUP CHIEF FINANCIAL OFFICER**

In accordance with Article 10, sections (3)(c) and (7) of Transparency Requirements (Securities for Trading on Regulated Market) of the Cyprus Law 190(I)/2007, we the Members of the Board of Directors and the Group Chief Financial Officer of Marfin Popular Bank Public Co Ltd (the “Bank”) confirm that, to the best of our knowledge:

- (a) the condensed interim consolidated financial statements:
 - (i) were prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union, and in accordance with the provisions of Article 10, section (4) of the Cyprus Law 190(I)/2007, and
 - (ii) give a true and fair overview of the assets and liabilities, the financial position and the profit or loss of the Bank and the businesses that are included in the consolidated accounts as a total, and
- (b) the interim management report of the Board of Directors gives a true and fair overview of information required by Article 10 section (6) of the Cyprus Law 190(I)/2007.

Andreas Vgenopoulos	-	Non Executive Chairman	.....
Neoclis Lysandrou	-	Non Executive Vice Chairman	.....
Vassilis Theocharakis	-	Non Executive Vice Chairman	.....
Efthimios Bouloutas	-	Group Chief Executive Officer	.....
Christos Stylianides	-	Deputy Chief Executive Officer	.....
Panayiotis Kounnis	-	Deputy Chief Executive Officer	.....
Eleftherios Hiliadakis	-	Executive Director	.....
Platon E. Lanitis	-	Non Executive Director	.....
Constantinos Mylonas	-	Non Executive Director	.....
Stelios Stylianou	-	Non Executive Director	.....
Markos Foros	-	Non Executive Director	.....
Hesham Al Qassim	-	Non Executive Director	.....
Fadel Al Ali	-	Non Executive Director	.....
Abdulrazaq Al Jassim	-	Non Executive Director	.....
Annita Philippidou	-	Group Chief Financial Officer	.....

31 August, 2010

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
INTERIM MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

FINANCIAL RESULTS

Summary of key points

Marfin Popular Bank Public Co Ltd Group (the "Group") has achieved positive financial results despite the difficult economic conditions prevailing during the period, which were the most adverse of recent years. The total assets of the Group have reached € 43,3 bln at 30 June, 2010 recording an annual increase of 3% compared to 30 June, 2009. The total loans and deposits of the Group recorded annual increases of 11% and 2% respectively, mainly reflecting the economic environment.

The key financial data and ratios of the Group for the first half of 2010 are presented below:

Consolidated Income Statement (€m)	30.06.10	30.06.09	Change%
Net interest income	355,1	286,0	24,2%
Net fee and commission income	102,4	103,9	(1,4)%
Financial & other income	61,8	121,3	(49,1)%
Total operating income	519,3	511,2	1,6%
Administrative expenses	(313,7)	(290,2)	8,0%
<i>Core pre-provision banking profit¹</i>	143,8	99,7	44,0%
Provision for impairment of advances	(140,5)	(123,6)	13,7%
Profit from associates	6,7	6,9	(3,0)%
Profit before tax	71,8	104,3	(31,1)%
Tax	(19,2)	(14,2)	35,2%
Non-controlling interests	0,0	0,2	-
Net profit attributable to the owners of the Bank	52,6	90,3	(41,8)%
Net profit attributable to the owners of the Bank (adjusted for one-off tax charge in Greece)	60,8	90,3	(32,7)%

Key Balance Sheet Items (€m)	30.06.10	30.06.09	Change%
Advances (gross)	27.513	24.793	11,0%
Total assets	43.287	41.989	3,0%
Deposits	25.344	24.919	1,7%

Key Ratios	30.06.10	30.06.09
Tier I	9,8%	9,3%
Capital Adequacy Ratio	11,5%	11,6%
Cost/Income	60,4%	56,8%
Net Interest Margin (NIM)	1,80%	1,54%
Loans/Deposits	104,9%	96,5%
Non-Performing Loans Ratio (NPLs)	6,6%	5,9%
Cost of credit (Provisioning)	105 bps	101 bps
Return on Tangible Equity (RoTE)	5,3%	8,3%
Return on Assets (RoA)	0,29%	0,45%

¹ Core banking profit is core banking income (net interest income and net fee and commission income) minus administrative expenses.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
INTERIM MANAGEMENT REPORT OF THE BOARD OF DIRECTORS (continued)

FINANCIAL RESULTS (continued)

Summary of key points (continued)

- Group net profit attributable to the owners of the Bank amounted to € 60,8 m in first half 2010, excluding the € 8,2 m one-off tax charge for 2009 in Greece. Net profit attributable to the owners of the Bank after the one-off tax charge amounted to € 52,6 m.
- Core banking pre-provision profit rose 44% year-on-year to € 143,8 m in first half 2010, demonstrating robust organic growth, as well as the Group's capacity to successfully overcome adverse economic conditions.
- Net interest income increased by 24% year-on-year reaching € 355,1 m in first half 2010, reflecting the successful implementation of the Group's net interest margin expansion policy.
- Fee & commission income remained stable on an annual basis to € 102,4 m.
- Total revenues amounted to € 519,3 m in first half 2010, 2% higher year-on-year, despite a 49% year-on-year drop in financial & other income in first half 2010.
- Tier I ratio and capital adequacy ratio stood at 9,8% and 11,5% respectively as of 30 June, 2010, 70 basis points and 30 basis points respectively higher on a quarterly basis.

Net interest income and net interest margin

Net interest income (NII) 24% higher year-on-year showed a significant improvement and reached € 355,1 m in first half 2010. The improvement of the NII mainly reflects the success of the Group's asset repricing policy. Net interest margin showed a significant advance to 1,80% in first half 2010 from 1,54% in first half 2009. Net interest margin remained stable at the level of 1,80% in the first two quarters of the year.

Net fee and commission income

In first half 2010, fee & commission income stood at € 102,4 m, almost unchanged versus the same period last year, due to subdued activity in the areas of banking and capital markets.

Financial and other income

Financial and other income amounted to € 61,8 m in first half 2010 versus € 121,3 m in first half 2009, as a result of the adverse market conditions prevailing in fixed income markets in the second quarter of 2010.

Administrative expenses

Operating expenses rose 8% to € 313,7 m. The decelerating growth rate of operating expenses from 12% year-on-year in June 2009 to 9% year-on-year in March 2010 and 8% year-on-year in June 2010, reflects the major impact of the cost restructuring programme aiming to realise cost efficiencies.

Loans and deposits

Despite the considerable decrease of lending expansion in the countries in which the Group operates, in first half 2010, total loan book (before provisions) registered 11% annual increase, while loans in the two key markets, Greece and Cyprus, showed 8% and 16% rise respectively. The geographical distribution of the loan book, as of 30 June 2010, was: 46% Greece, 37% Cyprus, 7% developed markets, 4% southeast Europe and 6% shipping loans of companies operating internationally.

The liquidity of the Group is amongst the healthiest in the broader Hellenic banking sector. Deposits registered a 2% increase on both an annual and quarterly basis reaching € 25,3 bln. Deposits form 66% of the Group's funding.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
INTERIM MANAGEMENT REPORT OF THE BOARD OF DIRECTORS (continued)

FINANCIAL RESULTS (continued)

Loans and deposits (continued)

On an annual basis, deposits in Cyprus increased by 11%, as a result of the improved performance of International Business Banking (IBB), where deposits delivered considerable increase of 30% year-on-year and 19% quarter-on-quarter, reflecting the increased activity of IBB clients combined with the opening of new accounts.

In Greece, deposits declined by 11% year-on-year and 5% quarter-on-quarter reaching € 10,0 bln as of 30 June, 2010. It is of particular importance the fact that in the critical period of the first quarter of 2010, during which the Hellenic banking system lost € 22 bln deposits, the outflows of the Bank in Greece reached only € 700 m or 3,1% of the total system outflows, a percentage much lower than the Bank's market share.

At Group level, loans-to-deposits stood at 104,9% at 30 June, 2010 compared with 96,5% a year earlier. The Group enjoys one of the most satisfactory loan-to-deposit ratios among its Hellenic and European competitors.

Asset quality

The NPL ratio increased by 30 bps to 6,6% in June 2010 from 6,3% in March 2010 as a result of the severe economic conditions prevailing in the period.

Provisions for loan impairment reached € 140,5 m in first half 2010, 14% higher compared to first half 2009 aiming to pre-emptively strengthen the balance sheet. Provisions for loan impairment in second quarter 2010 stood at € 69,4 m.

The cost of credit rose to 105 bps in first half 2010 from 101 bps in first half 2009. The provision coverage has been stabilised at the level of 51%.

Capital base

The Group's capital adequacy remained especially strong in first half 2010, as a result of the organic profitability of the Group, combined with the successful issuance of approximately € 300 m hybrid capital in the second quarter of 2010. As a result, Tier I ratio stood at 9,8% and capital adequacy ratio at 11,5% as of 30 June, 2010.

International operations

The countries the Group has presence, outside the two main markets where it operates, are split in two categories: developed (United Kingdom & Guernsey, Australia, Malta) and emerging (Romania, Ukraine, Serbia, Russia and Estonia). 64% of the lending portfolio of international operations is allocated to the developed countries.

In first half 2010, NII from international operations rose 14% year-on-year to € 63,9 m, reflecting the considerable improvement the Group's international operations mainly in Romania, Ukraine, Serbia, Russia, United Kingdom and Malta. The net interest margin showed a steady improvement during the year and rose from 3,22% in the second quarter of 2009 to 3,45% in the second quarter of 2010. The structure of the balance sheet of the Group's international operations improved further, as it is was reflected on the improved loan-to-deposit ratio, which declined from 135% in June 2009 to 117% in June 2010, as a result of the significant increase of the deposits by 22% year-on-year.

Prospects for the future

The difficult economic environment in which the Group operated during the first half of 2010 affected negatively the results for the period under review. It is anticipated that the gradual improvement in the economic conditions will bring positive effect in the Group's profitability in the future.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
INTERIM MANAGEMENT REPORT OF THE BOARD OF DIRECTORS (continued)

DIVIDEND

The Annual General Meeting of the shareholders of the Bank, held on 25 May, 2010, approved the payment of a dividend of € 67.390.000 (€ 0,08 per share of nominal value of € 0,85), as recommended by the Board of Directors.

The Board of Directors also approved a plan for the re-investment of the dividend by the shareholders (Dividend Re-investment Scheme).

RELATED PARTY TRANSACTIONS

Information regarding related party transactions for the six months ended 30 June, 2010 according to IFRSs are included in Note 18 of the Condensed Interim Consolidated Financial Statements.

RISK MANAGEMENT

Similar to all financial institutions, the Group is exposed to risks, the most important being credit risk, liquidity risk, interest rate risk and currency risk. These risks are being continuously managed using common international methodologies covering all stages of risk evolution, so as to minimise the levels of risk. The analysis of risks is included in the consolidated financial statements for the year ended 31 December, 2009 in Note 46. The risks to which the Group is exposed are not expected to change significantly during the second half of 2010.

SHARE CAPITAL

At the Extraordinary General Meeting of the shareholders of the Bank which was held on 25 May, 2010 approval was granted for the increase of the authorised nominal share capital of the Bank from € 935.000.000 to € 1.062.500.000 by the creation of 150.000.000 additional shares of € 0,85 nominal value each.

In June 2010, the Bank issued 10.133.067 new ordinary shares, of nominal value € 0,85, which resulted from the re-investment of the dividend for the year 2009 in accordance with the Dividend Re-investment Scheme.

CAPITAL SECURITIES

On 30 March, 2010 the Board of Directors of the Bank approved the issue of capital securities, in one or more series, up to the amount of € 300 m which would be included in the Hybrid Tier I Capital of the Bank. The first tranche, which was addressed to a limited group of individuals, professional investors and individuals who invested at least € 50.000 each, was completed on 19 May, 2010 and amounted to € 250,5 m. The second tranche, which was addressed to the public, was completed on 25 June, 2010 and amounted to € 45,1 m. The capital securities bear a fixed interest rate of 7% and the interest is payable every three months. The capital securities were listed on the Cyprus Stock Exchange on 18 June, 2010 and 3 August, 2010 respectively.

The capital securities do not have a maturity date but may, at the Bank's discretion, after approval by the Central Bank of Cyprus, be acquired in their entirety at their nominal value, together with any accrued interest, five years after the date of issue or on any interest payment date after that. The capital securities constitute direct, unsecured, subordinated obligations of the Bank and rank for payment after the claims of the depositors and other creditors.

REPLACEMENT OF DIRECTOR

Joseph Kamal Eskander resigned from the Board of Directors of the Bank on 27 July, 2010 and Hesham Al Qassim was appointed as new Member.

31 August, 2010



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2010

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2010

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Report by the Independent Auditors on Review of Condensed Interim Consolidated Financial Statements to the Board of Directors of Marfin Popular Bank Public Co Ltd

Introduction

We have reviewed the condensed interim consolidated financial statements of Marfin Popular Bank Public Co Ltd (the "Bank") and its subsidiaries (the "Group") on pages 9 to 31 which comprise the condensed interim consolidated balance sheet as at 30 June, 2010, and the related condensed interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. Our review was restricted to financial information for the six-month period as a whole and did not include a review of financial information in relation to the Group's financial performance for the three-month period from 1 April, 2010 to 30 June, 2010 as a separate quarter, as presented on pages 10 and 12 in the accompanying condensed interim consolidated financial statements. Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board and adopted by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

PricewaterhouseCoopers Limited
Chartered Accountants

Grant Thornton
Chartered Accountants

Nicosia, 31 August, 2010

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2010

	6 months ended 30.06.2010 €'000	6 months ended 30.06.2009 €'000
Net interest income	355.102	285.957
Net fee and commission income	102.358	103.876
Profit on disposal and revaluation of securities	26.470	78.779
Foreign exchange and other income	35.324	42.608
Operating income	519.254	511.220
Staff costs	(191.535)	(179.468)
Depreciation and amortisation	(28.532)	(25.616)
Administrative expenses	(93.613)	(85.171)
Profit before provision for impairment of advances	205.574	220.965
Provision for impairment of advances	8 (140.461)	(123.591)
Profit before share of profit from associates	65.113	97.374
Share of profit from associates	6.690	6.897
Profit before tax	71.803	104.271
Tax	(19.169)	(14.177)
Profit for the period	52.634	90.094
Attributable to:		
Owners of the Bank	52.611	90.331
Non-controlling interests	23	(237)
	52.634	90.094
Earnings per share – for profit attributable to the owners of the Bank		
Earnings per share - cent	4 6,2	10,9

The notes on pages 16 to 31 are an integral part of these condensed interim consolidated financial statements.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT
for the three months ended 30 June 2010

	3 months ended 30.06.2010	3 months ended 30.06.2009
Note	€'000	€'000
Net interest income	178.673	163.383
Net fee and commission income	49.135	52.383
Profit on disposal and revaluation of securities	361	44.058
Foreign exchange and other income	18.724	19.491
Operating income	246.893	279.315
Staff costs	(96.007)	(90.360)
Depreciation and amortisation	(14.134)	(13.212)
Administrative expenses	(48.813)	(44.731)
Profit before provision for impairment of advances	87.939	131.012
Provision for impairment of advances	(69.321)	(74.951)
Profit before share of profit from associates	18.618	56.061
Share of profit from associates	3.071	4.115
Profit before tax	21.689	60.176
Tax	(11.482)	(10.513)
Profit for the period	10.207	49.663
Attributable to:		
Owners of the Bank	10.889	50.290
Non-controlling interests	(682)	(627)
	10.207	49.663
Earnings per share – for profit attributable to the owners of the Bank		
Earnings per share - cent	4	6,0

The notes on pages 16 to 31 are an integral part of these condensed interim consolidated financial statements.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2010

	6 months ended 30.06.2010 €'000	6 months ended 30.06.2009 €'000
Profit for the period	52.634	90.094
Other comprehensive income		
Revaluation and transfer to results on disposal and impairment of available-for-sale financial assets	(118.033)	70.908
Deferred tax on revaluation of available-for-sale financial assets	16.813	(13.048)
	(101.220)	57.860
Amortisation of loss on available-for-sale financial assets reclassified	3.736	1.453
Cash flow hedges, net of tax	(296)	-
Share of fair value reserves of associates	(381)	(287)
Exchange differences arising in the period	26.271	(7.627)
Other comprehensive (loss)/income for the period, net of tax	(71.890)	51.399
Total comprehensive (loss)/income for the period	(19.256)	141.493
Total comprehensive (loss)/income attributable to:		
Owners of the Bank	(20.926)	140.372
Non-controlling interests	1.670	1.121
	(19.256)	141.493

The notes on pages 16 to 31 are an integral part of these condensed interim consolidated financial statements.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 30 June 2010

	3 months ended 30.06.2010 €'000	3 months ended 30.06.2009 €'000
Profit for the period	10.207	49.663
Other comprehensive income		
Revaluation and transfer to results on disposal and impairment of available-for-sale financial assets	(92.934)	151.149
Deferred tax on revaluation of available-for-sale financial assets	14.713	(18.330)
	(78.221)	132.819
Amortisation of loss on available-for-sale financial assets reclassified	1.679	680
Cash flow hedges, net of tax	(519)	-
Deferred tax on revaluation of property	64	-
Share of fair value reserves of associates	(424)	(93)
Exchange differences arising in the period	9.457	2.791
Other comprehensive (loss)/income for the period, net of tax	(67.964)	136.197
Total comprehensive (loss)/income for the period	(57.757)	185.860
Total comprehensive (loss)/income attributable to:		
Owners of the Bank	(57.200)	182.959
Non-controlling interests	(557)	2.901
	(57.757)	185.860

The notes on pages 16 to 31 are an integral part of these condensed interim consolidated financial statements.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
30 June 2010

	Note	30.06.2010 €'000	31.12.2009 €'000
Assets			
Cash and balances with Central Banks		1.205.305	1.964.834
Due from other banks		4.269.630	3.447.128
Financial assets at fair value through profit or loss	6	307.004	238.435
Advances to customers	7	26.581.472	25.082.163
Debt securities lending	9	3.917.875	3.395.068
Available-for-sale financial assets		2.542.307	3.564.893
Held-to-maturity financial assets		1.611.686	1.381.330
Other assets	6	786.059	700.144
Investments in associates		119.619	113.071
Intangible assets		1.650.639	1.646.842
Property and equipment	10	295.862	294.455
Total assets		43.287.458	41.828.363
Liabilities			
Due to other banks		10.764.398	10.470.876
Customer deposits		25.343.862	23.885.776
Senior debt	11	778.104	1.398.502
Loan capital	12	1.269.346	1.050.501
Other liabilities	6	1.456.904	1.263.465
Total liabilities		39.612.614	38.069.120
Share capital and reserves attributable to the owners of the Bank			
Share capital	13	729.543	720.930
Share premium	13	2.184.111	2.179.146
Reserves	14	649.346	735.846
Non-controlling interests		3.563.000	3.635.922
		111.844	123.321
Total equity		3.674.844	3.759.243
Total equity and liabilities		43.287.458	41.828.363

The notes on pages 16 to 31 are an integral part of these condensed interim consolidated financial statements.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2010

	Note	Attributable to the owners of the Bank				Non- controlling interests	Total
		Share capital €'000	Share premium €'000	Other reserves €'000	Revenue reserves €'000	€'000	€'000
Six months ended 30 June 2010							
Balance 1 January 2010		720.930	2.179.146	(212.160)	948.006	123.321	3.759.243
Dividend payment	14, 15	-	-	-	(67.390)	-	(67.390)
Dividend re-investment	13	8.613	4.965	-	-	-	13.578
Defence tax on deemed distribution	14	-	-	-	85	71	156
Cost of share-based payments to employees	14	-	-	-	1.238	11	1.249
Dividend paid by subsidiaries		-	-	-	-	(1.735)	(1.735)
Increase in shareholdings in existing subsidiary companies		-	-	-	563	(11.494)	(10.931)
Other movements	14	-	-	-	(70)	-	(70)
		729.543	2.184.111	(212.160)	882.432	110.174	3.694.100
Profit for the period		-	-	-	52.611	23	52.634
Other comprehensive (loss)/income for the period, net of tax		-	-	(73.537)	-	1.647	(71.890)
Total comprehensive (loss)/income for the period		-	-	(73.537)	52.611	1.670	(19.256)
Balance 30 June 2010		729.543	2.184.111	(285.697)	935.043	111.844	3.674.844
Six months ended 30 June 2009							
Balance 1 January 2009		705.607	2.144.141	(278.653)	858.726	139.755	3.569.576
Dividend payment	14, 15	-	-	-	(124.519)	-	(124.519)
Dividend re-investment	13	10.409	17.144	-	-	-	27.553
Share issue costs	13	-	(68)	-	-	-	(68)
Cost of share-based payments to employees	14	-	-	-	1.455	37	1.492
Dividend paid by subsidiaries		-	-	-	-	(1.702)	(1.702)
Effect of change in non-controlling interests from changes in shareholdings in subsidiaries and other movements	14	-	-	-	3.332	20.203	23.535
		716.016	2.161.217	(278.653)	738.994	158.293	3.495.867
Profit for the period		-	-	-	90.331	(237)	90.094
Other comprehensive income for the period, net of tax		-	-	50.041	-	1.358	51.399
Total comprehensive income for the period		-	-	50.041	90.331	1.121	141.493
Balance 30 June 2009		716.016	2.161.217	(228.612)	829.325	159.414	3.637.360

The notes on pages 16 to 31 are an integral part of these condensed interim consolidated financial statements.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2010

	6 months ended 30.06.2010 € '000	6 months ended 30.06.2009 € '000
Cash generated from operations	168.574	2.686.325
Tax paid	(32.448)	(40.950)
Net cash from operating activities	136.126	2.645.375
Cash flows from investing activities		
Purchase less proceeds from disposal of property and equipment	(12.939)	(20.181)
Purchase less proceeds from disposal of computer software	(3.472)	(2.636)
Purchase less proceeds from disposal of investment property	(2.540)	(2.588)
Additions less proceeds from redemption and sale of available-for-sale financial assets and redemption of held-to-maturity financial assets	599.635	(2.839.649)
Income received from financial assets	100.028	93.180
Acquisition of subsidiary net of cash and cash equivalents acquired	-	5.147
Changes in shareholding in subsidiaries	(11.287)	(3.005)
Dividend received from investments in associates	-	936
Net cash from/(used in) investing activities	669.425	(2.768.796)
Cash flows from financing activities		
Dividend paid	(53.812)	(96.966)
Share issue costs	-	(68)
Proceeds from the issue of senior debt and loan capital	301.088	376.331
Repayment of senior debt and loan capital	(705.381)	(111.534)
Interest paid on senior debt and loan capital	(35.672)	(32.902)
Dividend and return of share capital by subsidiaries to non-controlling interests	(1.264)	(1.270)
Net cash (used in)/from financing activities	(495.041)	133.591
Effects of exchange rate changes	24.105	1.169
Net increase in cash and cash equivalents	334.615	11.339
Cash and cash equivalents at beginning of period	4.270.313	5.283.772
Cash and cash equivalents at end of period	4.604.928	5.295.111

The notes on pages 16 to 31 are an integral part of these condensed interim consolidated financial statements.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The condensed interim consolidated financial statements consolidate the financial statements of Marfin Popular Bank Public Co Ltd (the “Bank”) and its subsidiaries (the “Group”), for the six months ended 30 June, 2010.

The principal activities of the Group are the provision of banking and financial services. The Group also offers insurance services through its associate Marfin Insurance Holdings Ltd.

The Bank was established in Cyprus in 1901 under the name “Popular Savings Bank of Limassol”. In 1924 it was registered as the first public company in Cyprus under the name “The Popular Bank of Limassol Ltd”. In 1967 the Bank changed its name to “Cyprus Popular Bank Ltd” and on 26 May, 2004 it was renamed to “Cyprus Popular Bank Public Company Ltd”. An Extraordinary General Meeting held on 31 October, 2006 unanimously approved the change of its name to “Marfin Popular Bank Public Co Ltd”. The Bank’s shares are listed on the Cyprus Stock Exchange and Athens Exchange. The Bank’s registered office is at 154, Limassol Avenue, 2025 Nicosia, Cyprus.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim consolidated financial statements for the six months ended 30 June, 2010 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board and adopted by the European Union.

The condensed interim consolidated financial statements are presented in Euro, which is the functional and presentation currency of the Bank. All amounts are rounded to the nearest thousand, unless where reported otherwise.

The condensed interim consolidated financial statements do not include all the information and disclosures required for the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December, 2009.

The condensed interim consolidated financial statements for the six months ended 30 June, 2010 have not been audited by the Group’s external independent auditors. The Group’s external independent auditors have conducted a review in accordance with the International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

The same accounting policies as for the annual consolidated financial statements for the year 2009 have been adopted in the preparation of the condensed interim consolidated financial statements except for the adoption by the Group of all applicable new and revised International Financial Reporting Standards (IFRSs) and all revised International Accounting Standards (IASs), which are relevant to its operations and are applicable for accounting periods beginning on 1 January, 2010 as stated below:

(a) IFRS 3 (Revised 2008), Business Combinations

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs should be expensed. There were no new business acquisitions during the period.

(b) IFRS 5 (Amendment), Non-Current Assets Held for Sale and Discontinued Operations

The amendment clarifies that all of a subsidiary’s assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. These amendments did not have any impact in the condensed interim consolidated financial statements.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) IFRIC 17, Distribution of Non-Cash Assets to Owners

IFRIC 17 clarifies the accounting treatment and disclosures in the case of distributions (dividends) of non-cash assets to owners. A dividend obligation is recognised when the dividend was authorised by the appropriate entity and is no longer at the discretion of the entity. This dividend obligation should be recognised at the fair value of the net assets to be distributed. The difference between the dividend paid and the carrying amount of the net assets distributed should be recognised in profit or loss. Additional disclosures are to be made if the net assets being held for distribution to owners meet the definition of a discontinued operation. These amendments did not have any impact in the condensed interim consolidated financial statements.

(d) Amendment to IFRIC 9, Reassessment of Embedded Derivatives and IAS 39, Financial Instruments: Recognition and Measurement

The amendment to IFRIC 9 specifies that an entity can reassess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when there is a reclassification of a financial asset out of the fair value through profit or loss category, in which case an assessment is required. The amendment to IAS 39 specifies that if an entity is unable to measure separately the embedded derivative that would have to be separated on reclassification of a hybrid contract out of the fair value through profit or loss category, that reclassification is prohibited. In such circumstances the hybrid contract remains classified as at fair value through profit or loss in its entirety. These amendments did not have any impact in the condensed interim consolidated financial statements.

(e) IFRIC 16, Hedges of a Net Investment in a Foreign Operation

IFRIC 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency and not presentation currency, and hedging instruments may be held anywhere in the Group. These amendments did not have any impact in the condensed interim consolidated financial statements.

(f) IAS 27 (Revised 2008), Consolidated and Separate Financial Statements

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting treatment when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The amendments to IAS 27 were applied by the Group in relation to transactions with non-controlling interests in respect of increase in shareholdings in existing subsidiaries. The effect of transactions with non-controlling interests during the period was the recording of € 563.000 credit in equity, instead of recording in the condensed interim consolidated income statement.

3. COMPARATIVES

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

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. EARNINGS PER SHARE

	6 months ended 30.06.2010 € '000	6 months ended 30.06.2009 € '000	3 months ended 30.06.2010 € '000	3 months ended 30.06.2009 € '000
Profit attributable to the owners of the Bank	52.611	90.331	10.889	50.290
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue during the period (a)	842.878	831.350	843.385	832.575
Earnings per share – cent	6,2	10,9	1,3	6,0

- (a) The weighted average number of ordinary shares for the six months ended 30 June, 2010 does not include the 5.781.000 shares that are in the process of being issued in the context of the completion of the Cross-Border Merger through the absorption of Marfin Egnatia Bank S.A. by the Bank.

Diluted earnings per share in relation to the Share Options is not presented, as the exercise price of the Share Options was higher than the average market price of Marfin Popular Bank Public Co Ltd shares at the Cyprus Stock Exchange and Athens Exchange during the period ended 30 June, 2010 and 30 June, 2009.

5. SEGMENTAL ANALYSIS

Under IFRS 8, reported segment profits are based on internal management reporting information that is regularly reviewed by management, and is reconciled to the Group's profit. The Group has six main business segments on a worldwide basis:

- (a) Corporate and investment banking, which includes all commercial and investment banking business derived from corporate clients.
- (b) Retail banking, which includes all commercial banking business from retail clients.
- (c) Wealth management, which includes all business from high net worth individuals (banking and asset management business).
- (d) International business banking, which includes all business from services offered to international business banking customers.
- (e) Treasury and capital markets, which includes all treasury and capital market activity.
- (f) Participations, investments and other segments which includes the various participations and investments of the Group and all other business not falling into any of the other segments, none of which constitutes a separately reportable segment.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENTAL ANALYSIS (continued)

	Corporate and investment banking €'000	Retail banking €'000	Wealth management €'000	International business banking €'000	Treasury and capital markets €'000	Participations, investments and other segments €'000	Total €'000
Six months ended 30 June 2010							
Operating income from external customers	185.105	188.603	19.146	44.979	69.867	15.896	523.596
Segment result	126.993	(106.621)	(2.561)	18.750	57.563	(17.722)	76.402
As at 30 June 2010							
Advances to customers	11.169.848	12.307.885	1.488.944	1.614.795	-	-	26.581.472
Customer deposits	4.443.572	12.959.534	1.531.347	5.698.080	711.329	-	25.343.862
Six months ended 30 June 2009							
Operating income from external customers	194.130	138.125	25.319	65.716	96.691	(5.520)	514.461
Segment result	103.750	(118.243)	3.809	51.214	87.472	(20.108)	107.894
As at 30 June 2009							
Advances to customers	10.425.949	10.965.124	1.378.432	1.281.426	-	-	24.050.931
Customer deposits	4.444.999	13.780.495	1.583.528	4.380.537	729.862	-	24.919.421

The Group's management reporting is based on a measure of profit before tax and before share of profit from associates comprising net interest income, net fee and commission income, financial and other income, less operating expenses and provision for impairment of advances. This measurement basis excludes the effects of non-recurring expenditure of the operating segments such as goodwill impairments when the impairment is the result of an isolated, non-recurring event as well as amortisation of intangible assets.

Operating income from external customers is reconciled to the Group's operating income for the period as follows:

	6 months ended 30.06.2010 €'000	6 months ended 30.06.2009 €'000
Operating income from external customers	523.596	514.461
Consolidation and adjustments	(4.342)	(3.241)
Group operating income for the period	519.254	511.220

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENTAL ANALYSIS (continued)

Segment result is reconciled to the Group's profit for the period as follows:

	6 months ended 30.06.2010 €'000	6 months ended 30.06.2009 €'000
Segment result	76.402	107.894
Amortisation of intangible assets	(11.289)	(10.520)
Share of profit from associates	6.690	6.897
Tax	(19.169)	(14.177)
Group profit for the period	52.634	90.094

6. DERIVATIVE FINANCIAL INSTRUMENTS

Included within financial assets at fair value through profit or loss is an amount of € 162,3 m (31 December, 2009: € 74,5 m) which relates to the positive fair value of derivative financial instruments and within other assets an amount of € 1,6 m (31 December, 2009: € 7,9 m), which relates to the positive fair value of derivative financial instruments, for which hedge accounting is applied. Included within other liabilities is an amount of € 429,3 m (31 December, 2009: € 249,9 m), which relates to the negative fair value of derivative financial instruments.

7. ADVANCES TO CUSTOMERS

	30.06.2010 €'000	31.12.2009 €'000
Advances to customers	26.435.440	24.782.469
Instalment finance and leasing	1.077.122	1.111.323
Provision for impairment of advances (Note 8)	27.512.562 (931.090)	25.893.792 (811.629)
	26.581.472	25.082.163

8. PROVISION FOR IMPAIRMENT OF ADVANCES

	Individual impairment €'000	Collective impairment €'000	Total €'000
2010			
Balance 1 January	561.984	249.645	811.629
Provision for impairment of advances for the period	139.050	61.011	200.061
Release of provision and recoveries	(54.841)	(4.759)	(59.600)
Advances written-off	(28.543)	(390)	(28.933)
Exchange differences	5.787	2.146	7.933
Balance 30 June	623.437	307.653	931.090
2009			
Balance 1 January	486.153	144.183	630.336
Provision for impairment of advances for the period	87.167	70.743	157.910
Release of provision and recoveries	(34.101)	(218)	(34.319)
Advances written-off	(11.473)	-	(11.473)
Exchange differences	(508)	13	(495)
Balance 30 June	527.238	214.721	741.959

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9. RECLASSIFICATION OF FINANCIAL ASSETS

During 2010, the Group proceeded with additional reclassifications of financial assets. Following the provisions of the amended IAS 39 and IFRS 7 "Reclassification of Financial Assets", the Group has reclassified certain available-for-sale financial assets to debt securities lending with effect from 1 April, 2010. The Group identified the debt securities for which, on the date of reclassification, there was no intention of trading or sale in the foreseeable future and which met the criteria for reclassification.

The book and fair value of the reclassified debt securities at 1 April, 2010 was € 228,5 m and their book and fair values at 30 June, 2010 were € 230,8 m and € 180,9 m respectively. Out of the reclassified available-for-sale financial assets € 70,4 m have been hedged for changes in their fair value which arise because of the risk of change in interest rates. The Group will continue to use hedge accounting for these financial assets.

Had the Group not reclassified the debt securities on 1 April, 2010, the Group's fair value reserves would have included € 49,9 m of additional unrealised revaluation losses as a result of the change in the fair value of these reclassified debt securities.

10. PROPERTY AND EQUIPMENT

Movement in the six months ended 30 June, 2010 and 30 June, 2009:

	2010	2009
	€ '000	€ '000
Net book value at 1 January	294.455	274.858
Property and equipment from acquisition of subsidiaries	-	13.672
Transfer to the category "Investment property"	-	(2.764)
Additions less disposals of property and equipment	12.694	20.168
Depreciation	(12.487)	(11.481)
Exchange differences	1.200	301
	<hr/>	<hr/>
Net book value at 30 June	295.862	294.754

11. SENIOR DEBT

	30.06.2010	31.12.2009
	€ '000	€ '000
Debentures Marfin Popular Bank Public Co Ltd (2007/2010)	-	612.711
Debentures Marfin Popular Bank Public Co Ltd (2009/2012)	375.446	377.280
Debentures Marfin Popular Bank Public Co Ltd (2009/2014)	22.666	23.185
Debentures Egnatia Finance Plc (2009/2010)	-	7.552
Debentures Egnatia Finance Plc (2009/2013)	19.101	15.390
Bond loan (Schuldschein) Marfin Egnatia Bank S.A. (2007/2010)	50.000	50.000
Bond loan (Schuldschein) Marfin Egnatia Bank S.A. (2008/2011)	50.000	50.000
Syndicated loan Marfin Egnatia Bank S.A. (2008/2010)	250.000	250.000
Promissory Notes Rossiysky Promyishlenny Bank Company Ltd	10.891	12.384
	<hr/>	<hr/>
	778.104	1.398.502

Debentures Marfin Popular Bank Public Co Ltd (2007/2010)

In May 2010, the loan capital matured and the Bank repaid the remaining debentures of € 650 m in accordance with their terms of issue and an amount equal to the nominal value of the debentures plus accrued interest was paid to the holders. Part of the debentures were held by Group companies.

Debentures Egnatia Finance Plc (2009/2010)

In March 2010, the loan capital matured and Egnatia Finance Plc repaid the full amount of € 10 m debentures, in accordance with their terms of issue and an amount equal to the nominal value of the debentures plus accrued interest was paid to the holders. Part of the debentures were held by Group companies.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

12. LOAN CAPITAL

	30.06.2010	31.12.2009
	€'000	€'000
Debentures Egnatia Finance Plc (2005/2015)	-	80.000
Eurobonds Marfin Popular Bank Public Co Ltd due 2016	413.025	424.724
Debentures Egnatia Finance Plc (2009/2019)	108.790	95.138
Capital securities Marfin Popular Bank Public Co Ltd	737.753	442.229
Subordinated debt Rossiysky Promyishlenny Bank Company Ltd (2004/2014)	9.778	8.410
	1.269.346	1.050.501

Debentures Egnatia Finance Plc (2005/2015)

In May 2010, following the approval of the Bank of Greece, Egnatia Finance Plc proceeded to early repay of the full amount of € 80 m debentures, in accordance with their terms of issue and an amount equal to the nominal value of the debentures plus accrued interest was paid to the holders.

Eurobonds Marfin Popular Bank Public Co Ltd due 2016

In June 2010, the Bank repurchased and cancelled bonds of € 23 m. The bonds were held by Group companies.

Capital securities Marfin Popular Bank Public Co Ltd

On 30 March, 2010 the Board of Directors of the Bank approved the issue of capital securities, in one or more series, up to the amount of € 300 m which would be included in the Hybrid Tier I Capital of the Bank. The first tranche, which was addressed to a limited group of individuals, professional investors and individuals who invested at least € 50.000 each, was completed on 19 May, 2010 and amounted to € 250,5 m. The second tranche, which was addressed to the public, was completed on 25 June, 2010 and amounted to € 45,1 m. The capital securities bear a fixed interest rate of 7% and the interest is payable every three months. The capital securities were listed on the Cyprus Stock Exchange on 18 June, 2010 and 3 August, 2010 respectively.

The capital securities do not have a maturity date but may, at the Bank's discretion, after approval by the Central Bank of Cyprus, be acquired in their entirety at their nominal value, together with any accrued interest, five years after the date of issue or on any interest payment date after that. The capital securities constitute direct, unsecured, subordinated obligations of the Bank and rank for payment after the claims of the depositors and other creditors.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares '000	Share capital €'000	Share premium €'000	Total €'000
Six months ended 30 June 2010				
Balance 1 January (a)	848.153	720.930	2.179.146	2.900.076
Dividend re-investment	10.133	8.613	4.965	13.578
	858.286	729.543	2.184.111	2.913.654
Six months ended 30 June 2009				
Balance 1 January	830.126	705.607	2.144.141	2.849.748
Dividend re-investment	12.246	10.409	17.144	27.553
Share issue costs	-	-	(68)	(68)
	842.372	716.016	2.161.217	2.877.233

- (a) Includes 5.781.000 shares in the process of being issued in the context of the completion of the Cross-Border Merger through the absorption of Marfin Egnatia Bank S.A. by the Bank.

At the Extraordinary General Meeting of the shareholders of the Bank which was held on 25 May, 2010 approval was granted for the increase of the authorised nominal share capital of the Bank from € 935.000.000 to € 1.062.500.000 by the creation of 150.000.000 additional shares of € 0,85 nominal value each.

As at 30 June, 2010 the Bank's authorised share capital comprises 1.250.000.000 shares (31 December, 2009: 1.100.000.000 shares) of € 0,85 each (31 December, 2009: € 0,85).

In June 2010, the Bank issued 10.133.067 new ordinary shares, of nominal value € 0,85, which resulted from the re-investment of the dividend for the year 2009 in accordance with the Dividend Re-investment Scheme. Based on the Scheme the Bank's shareholders had the option of part or full re-investment of the 2009 dividend, into additional shares of the Bank. The exercise price of the re-investment right of the 2009 dividend was set at € 1,34 per share, that was 10% lower than the average closing price of the Bank's share on the Cyprus Stock Exchange and the Athens Exchange for the period from 1 June to 7 June, 2010. The trading of the new ordinary shares commenced on 15 July, 2010.

All issued ordinary shares are fully paid and carry the same rights.

The share premium is not available for distribution to equity holders.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. SHARE CAPITAL AND SHARE PREMIUM (continued)

Share Options

In April 2007, the Extraordinary General Meeting of the shareholders of the Bank approved the introduction of a Share Options Scheme (the "Scheme") for the members of the Board of Directors of the Bank and the Group's employees. The shares to be issued with the application of this Scheme will have the same nominal value as the existing issued shares, that is, € 0,85 each. The exercise price of each share option (the "Option") was set at € 10.

Following the aforementioned approval and the ensuing decision of the Bank's Board of Directors on 9 May, 2007, 70.305.000 Options were granted with a maturity date 15 December, 2011. The Options could be exercised by the holders during the years 2007 to 2011, according to the allocation determined by the Board of Directors, following a recommendation by the Remuneration Committee, based on the holders' performance being up to the Bank's expectations.

The fair value of the Options granted was measured initially during the year 2007 using the Black and Scholes model. The model's pricing inputs were: share price of € 8,48 at the grant date, risk-free Euro swap interest rate curve for the duration of the Scheme 4,15% (average), implied share price volatility determined on the basis of historic volatility 12% and dividend yield 3,82%.

On 23 December, 2009 the Extraordinary General Meeting of the shareholders of the Bank approved the amendment of the terms of the Scheme originally approved by the Extraordinary General Meeting in April 2007. In particular, it approved the amendment of the exercise price from € 10 to € 4,50 and the extension of the Scheme by two years with 2013 as the last exercise period instead of 2011. The incremental fair value arising from the modification of the terms of the Scheme was calculated based on the following: share price as at 23 December, 2009 of € 2,32, risk-free Euro swap rate curve for the duration of the Scheme 1,88%, share price volatility of 27,3% and dividend yield 3,45%. This incremental fair value is recognised over the period from the modification date until the date when the modified options vest.

The total expense recognised in the condensed interim consolidated income statement for the six months ended 30 June, 2010 for Options granted amounts to € 1.249.000 (30 June, 2009: € 1.492.000). During the years 2007, 2008, 2009 and the first six months of 2010 no Options were exercised and as at 30 June, 2010 the number of Options outstanding was 70.305.000.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

14. RESERVES

Movement in the six months ended 30 June, 2010 and 30 June, 2009:

	2010 €'000	2009 €'000
Revenue reserves		
Balance 1 January	948.006	858.726
Profit for the period attributable to the owners of the Bank	52.611	90.331
Dividend (Note 15)	(67.390)	(124.519)
Cost of share-based payments to employees	1.238	1.455
Defence tax on deemed distribution	85	-
Increase in shareholdings in existing subsidiary companies	563	-
Effect of change in non-controlling interests from changes in shareholdings in subsidiaries and other movements	(70)	3.332
Balance 30 June	<u>935.043</u>	<u>829.325</u>
Property fair value reserves		
Balance 1 January	49.759	50.219
Share of fair value reserves of associates	-	(3)
Balance 30 June	<u>49.759</u>	<u>50.216</u>
Available-for-sale financial assets fair value reserves		
Balance 1 January	(189.460)	(285.338)
Revaluation for the period and transfer to results on disposal of available-for-sale financial assets	(118.727)	65.633
Deferred tax on revaluation	16.798	(12.683)
Transfer to results due to impairment	1.384	2.038
Amortisation of loss on available-for-sale financial assets reclassified	3.736	1.436
Share of fair value reserves of associates	(381)	(284)
Balance 30 June	<u>(286.650)</u>	<u>(229.198)</u>
Currency translation reserves		
Balance 1 January	(76.130)	(46.960)
Exchange differences arising in the period	23.949	(6.096)
Balance 30 June	<u>(52.181)</u>	<u>(53.056)</u>
Cash flow hedges reserve		
Balance 1 January	245	-
Losses from changes in fair value recognised directly in equity	(423)	-
Deferred tax	127	-
Balance 30 June	<u>(51)</u>	<u>-</u>
Difference from conversion of share capital into Euro reserve		
Balance 1 January and 30 June	<u>3.426</u>	<u>3.426</u>
Total reserves 30 June	<u>649.346</u>	<u>600.713</u>

15. DIVIDEND

The Annual General Meeting of the shareholders of the Bank, held on 25 May, 2010, approved the payment of a dividend of € 0,08 per share of nominal value € 0,85, amounting to € 67.390.000 (30 June, 2009: € 0,15 per share of nominal value € 0,85, € 124.519.000). The dividend was paid to the shareholders on 21 June, 2010.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

16. CONTINGENCIES AND COMMITMENTS

Commitments for capital expenditure of the Group at 30 June, 2010 amounted to € 9,3 m (31 December, 2009: € 7,2 m).

As at 30 June, 2010 there were pending litigations against the Group in connection with its activities. Based on legal advice the Board of Directors believes that there is adequate defence against all claims and it is not probable that the Group will suffer any significant damage. Therefore, no provision has been recognised in the condensed interim consolidated financial statements regarding these cases.

17. INVESTMENTS IN SUBSIDIARY COMPANIES

The main subsidiary companies of the Group, as at 30 June, 2010 were as follows:

(1)			
Company name	Effective shareholding	Country of incorporation	Activity sector
Investment Bank of Greece S.A. (a)	96%	Greece	Investment banking
Marfin CLR Public Co Ltd	54%	Cyprus	Portfolio management, investment and brokerage services
Marfin Leasing S.A.	100%	Greece	Leasing
Laiki Bank (Australia) Ltd	100%	Australia	Banking
Marfin Bank JSC Belgrade (b)	99%	Serbia	Banking
Marfin Bank (Romania) S.A. (c)	99%	Romania	Banking
Open Joint-Stock Company Marine Transport Bank	100%	Ukraine	Banking
Rossiysky Promyishlenny Bank Company Ltd	50%	Russia	Banking
Closed Joint-Stock Company RPB Holding	50%	Russia	Investment company
Pan-European Insurance Co Ltd	100%	Cyprus	Investment company
Marfin Pank Eesti AS (d)	63%	Estonia	Banking
Marfin Factors & Forfaiters S.A.	100%	Greece	Factoring, invoice discounting
Philiki Insurance Co Ltd	100%	Cyprus	Investment company
Lombard Bank Malta Plc (e)	48,8%	Malta	Banking
Cyprialife Ltd	100%	Cyprus	Investment company
Marfin Global Asset Management Mutual Funds Management S.A.	99%	Greece	Mutual funds and private portfolio management
Laiki Bank (Guernsey) Ltd	100%	Guernsey	Banking
Laiki Factors Ltd	100%	Cyprus	Factoring, invoice discounting
IBG Investments S.A.	96%	British Virgin Islands	Investment services
Marfin Capital Partners Ltd	70%	United Kingdom	Investment management
Synergatis Plc	-	United Kingdom	Special purpose entity

(1) The effective shareholding includes the direct holding of Marfin Popular Bank Public Co Ltd and the indirect holding through its subsidiary companies.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

17. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

Marfin Popular Bank Public Co Ltd is registered in Cyprus and operates in Cyprus and through branches in the United Kingdom. On 23 December, 2009 an Extraordinary General Meeting of the shareholders of the Bank approved the Cross-Border Merger through the absorption of Marfin Egnatia Bank S.A. by the Bank, in accordance with the provisions of Directive 2005/56/EC of the European Parliament and the Council of 26 October, 2005, as well as in accordance with Cypriot and Greek laws as defined by the Common Terms of the Cross-Border Merger dated 13 November, 2009.

In accordance with the terms of the Cross-Border Merger Plan as of 1 July, 2009 and until the date of effect of the merging companies' merger, the deeds of Marfin Egnatia Bank S.A. will be considered from an accounting point of view to be effected on behalf of the Bank, and the financial results of Marfin Egnatia Bank S.A. from that date and until the entering of the merger into effect will be considered as results of the Bank, and the relevant amounts will be transferred to its books in one or more consolidating entries.

In accordance with the announcement dated 30 March, 2010 the Bank and Marfin Egnatia Bank S.A. submitted to the District Court of Nicosia the petition for the approval of the Cross-Border Merger and the setting of the starting date of its results. The Cross-Border Merger is expected to be completed by the end of 2010.

The full consolidation method is applied to all subsidiary companies of the Group.

(a) Increase in shareholding in Investment Bank of Greece S.A.

In February 2010, Marfin Egnatia Bank S.A. acquired 59.897 shares in its subsidiary Investment Bank of Greece S.A. for € 3,9 m. This acquisition increased the holding of Marfin Egnatia Bank S.A. from 92,8% to 94,4%. In June 2010, 52.737 additional shares were acquired for € 3,6 m, increasing the Bank's holding to 95,8%.

(b) Increase of share capital of Marfin Bank JSC Belgrade

In March 2010, an increase of the share capital of Marfin Bank JSC Belgrade was made for the amount of € 15 m, which was fully covered by the Bank. As a result the Bank's holding increased from 98,7% to 99%.

(c) Increase of share capital of Marfin Bank (Romania) S.A.

In April 2010, an increase of the share capital of Marfin Bank (Romania) S.A. was made for the amount of € 5 m, which was fully covered by Marfin Egnatia Bank S.A. As a result, the Bank's holding increased from 99,2% to 99,3%.

(d) Increase of share capital of Marfin Pank Eesti AS

In March 2010, an increase of the share capital of Marfin Pank Eesti AS was made for the amount of € 2,8 m, which was fully covered by the Bank. As a result the Bank's holding increased from 52,8% to 63%.

(e) Increase in shareholding in Lombard Bank Malta Plc

In April 2010, Lombard Bank Malta Plc paid a dividend of € 2,3 m. The amount attributable to the Bank, which was re-invested into company's shares, was € 1 m. Additionally, during the second quarter of 2010, the Bank acquired 1.267.643 shares of Lombard Bank Malta Plc for € 3,8 m. Following the above, the Bank's holding increased from 44,9% to 48,8%.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

18. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

	30.06.2010	31.12.2009
	€'000	€ '000
Advances to Directors and their connected persons	316.328	316.805
Advances to other key management personnel and their connected persons	13.432	12.926
Total advances	329.760	329.731
Commitments for guarantees and letters of credit:		
Guarantees to Directors and their connected persons	46.577	38.418
Letters of credit to Directors and their connected persons	2.125	9
	48.702	38.427
Total advances and commitments	378.462	368.158
Tangible securities	394.248	406.041
Deposits	28.795	119.118
	6 months ended	6 months ended
	30.06.2010	30.06.2009
	€'000	€ '000
Interest income	6.826	6.416
Interest expense	731	1.645

There were no commitments relating to other key management personnel of the Group.

The amount of tangible securities is presented aggregately in the preceding table. Therefore, it is possible that some individual facilities are not fully covered with tangible securities. The total amount of facilities that are unsecured at 30 June, 2010 amounts to € 60.779.000 (31 December, 2009: € 60.540.000).

Connected persons include the spouse, minor children and companies in which key management personnel hold directly or indirectly at least 20% of the voting rights in a general meeting or act as directors or exercise control of the entities in any way.

Other transactions with key management personnel

During the six months ended 30 June, 2010 the Group received commissions on stock exchange transactions from key management personnel amounting to € 128.000 (30 June, 2009: € 13.000) and purchased goods and received services amounting to € 122.000 (30 June, 2009: € 12.000) from companies connected to Lanitis group.

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

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

18. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

	6 months ended 30.06.2010 €'000	6 months ended 30.06.2009 €'000
Fees paid to Directors as members of the Board	89	78
Remuneration of Directors under executive role		
Salaries and other short-term benefits	697	731
Employer's social insurance contributions	61	63
Retirement benefits scheme expense	58	50
	816	844
Remuneration of Directors under non executive role		
Salaries and other short-term benefits	32	30
Employer's social insurance contributions	9	8
Retirement benefits scheme expense	8	7
	49	45
Consultancy services fees of Directors under non executive role	101	101
Compensation of other key management personnel		
Salaries and other short-term benefits	828	596
Employer's social insurance contributions	46	38
Retirement benefits scheme expense	16	14
	890	648
Share-based payment compensation	427	536
	2.372	2.252

Key management personnel for the six months ended 30 June, 2010 include the members of the Board of Directors, four of which had executive duties, and four members of the Group Executive Committee (30 June, 2009: two members) and the Group Chief Financial Officer.

Transactions with other related parties

	30.06.2010		31.12.2009	
	Receivables €'000	Payables €'000	Receivables €'000	Payables €'000
Consolidated balance sheet				
Marfin Insurance Holdings Ltd group (associate)	6.129	227.684	6.656	205.077
JCC Payment Systems Ltd (associate)	2	25.285	-	23.294
Provident Funds of the employees of the Group in Cyprus	4	14.531	-	17.429
	6.135	267.500	6.656	245.800

Additionally, the group of Marfin Insurance Holdings Ltd held at 30 June, 2010 senior debt and loan capital of the Group of nominal value of € 14,5 m (31 December, 2009: € 15,1 m).

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

18. RELATED PARTY TRANSACTIONS (continued)

During the period ended 30 June, 2010 the following transactions were realised with other related parties:

	2010		2009	
	Income € '000	Expense € '000	Income € '000	Expense € '000
Consolidated income statement				
Marfin Insurance Holdings Ltd group (associate)	1.118	5.916	1.901	7.300
JCC Payment Systems Ltd (associate)	1	469	1	712
Provident Funds of the employees of the Group in Cyprus	27	419	-	362
Dubai Financial Limited Liability Company (major shareholder)	-	-	560	-
	<u>1.146</u>	<u>6.804</u>	<u>2.462</u>	<u>8.374</u>

During the period ended 30 June, 2009 the Group received dividend of € 936.000 from JCC Payment Systems Ltd.

19. POST BALANCE SHEET EVENTS

The Bank was subject to the 2010 EU-wide stress testing exercise, the results of which were announced on 23 July, 2010, coordinated by the Committee of European Banking Supervisors (CEBS), in cooperation with the European Central Bank and the Central Bank of Cyprus.

The exercise was conducted using the scenarios, methodology and key assumptions provided by CEBS. As a result of the assumed shock under the adverse scenario, the estimated consolidated Tier I capital ratio would change to 8,5% in 2011 compared to 9,4% as of end of 2009. An additional sovereign risk scenario would have a further impact of 1,4 percentage point on the estimated Tier I capital ratio, bringing it to 7,1% at the end of 2011, compared with the CRD regulatory minimum of 4%.

The results of the stress suggest a buffer of € 302 m of the Tier I capital against the threshold of 6% of Tier I capital adequacy ratio for the Bank agreed exclusively for the purposes of this exercise. This threshold should by no means be interpreted as a regulatory minimum (the regulatory minimum for the Tier I capital ratio is set to 4%), nor as a capital target reflecting the risk profile of the institution determined as a result of the supervisory review process in Pillar II of the CRD.

On 27 July, 2010, Joseph Kamal Eskander resigned from the Board of Directors of the Bank and Hesham Al Qassim was appointed as new member. The Board of Directors was re-constituted as follows: Andreas Vgenopoulos – Chairman, Non Executive Member, Neoclis Lysandrou – Vice Chairman, Non Executive Member, Vasilios Theocharakis – Vice Chairman, Non Executive Member, Efthimios Bouloutas – Group Chief Executive Officer, Executive Member, Christos Stylianides – Deputy Chief Executive Officer, Executive Member, Panayiotis Kounnis – Deputy Chief Executive Officer, Executive Member, Eleftherios Hiliadakis – Executive Member, Platon E. Lanitis – Non Executive Member, Stylianos Stylianou – Non Executive Member, Fadel Al Ali – Non Executive Member, Abdulrazaq Al Jassim – Non Executive Member, Hesham Al Qassim – Independent Non Executive Member, Constantinos Mylonas – Independent Non Executive Member, Markos Foros – Independent Non Executive Member.

MARFIN POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

19. POST BALANCE SHEET EVENTS (continued)

On 4 August, 2010 Marfin Egnatia Bank S.A., following the approval of the Bank of Greece, issued the third series of (ordinary) covered bonds for the amount of € 1 bln, within the framework of the existing Programme for the issue of (ordinary) covered bonds of up to € 3 bln, as applied (Issue Programme), while it cancelled the second series of (ordinary) covered bonds amounting to € 500 m, the issue of which was decided on 12 March, 2010. The agreement of the Bank for granting credit facilities to Marfin Egnatia Bank S.A. to secure possible demands of the Covered Bondholders and of all the Secured Creditors, in line with the Issue Programme, continues to apply. As part of the Programme, on 17 November, 2008 Marfin Egnatia Bank S.A. issued the first series of (common) covered bonds amounting to € 1 bln. The bonds were retained by Marfin Egnatia Bank S.A. at the price of issuance, for the purpose of re-disposing them to institutional investors at any time until maturity. Until their disposal, the bonds are used as security for obtaining liquid funds from the European Central Bank through the Bank of Greece. These bonds are included under "Due to other Banks" in the condensed interim consolidated balance sheet. Following the issuance of the third series, the total amount of the (ordinary) covered bonds of Marfin Egnatia Bank S.A. is € 2 bln.

20. TRANSACTIONS WITH THE GROUP OF MARFIN INVESTMENT GROUP HOLDINGS S.A.

As at 30 June, 2010 the Group had receivables from Marfin Investment Group Holdings S.A. group of € 770 m (31 December, 2009: € 699 m) and payables of € 694 m (31 December, 2009: € 587 m). Additionally, the income and expenses recognised by the Group for the six months period to 30 June, 2010 amounted to € 15,9 m and € 9,5 m respectively (30 June, 2009: € 23 m and € 19 m respectively).

21. APPROVAL OF FINANCIAL STATEMENTS

The condensed interim consolidated financial statements were approved by the Board of Directors of the Bank on 31 August, 2010.