MARFIN POPULAR BANK

MARFIN POPULAR BANK GROUP
SUMMARY EXPLANATORY NOTE
FOR FINANCIAL RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

During the first nine months of 2008 Marfin Popular Bank Public Co Ltd group (the«Group») has achieved robust volume growth rates in all geographic regions of operation (Cyprus, Greece, international) and positive financial results, despite the difficult international economic environment. Total assets of the Group at 30 September 2008 have exceeded € 37 billion, recording an annual increase of 29% compared to 30 September 2007. Both total loans and deposits of the Group recorded remarkable annual increases of 41% and 17% respectively, driven by the enlargement of the branch network, the expansion of the customer base and the gradual maturing of new branches. Loan to deposit ratio stands at 94%, a considerably low ratio compared with both Greek and European banking standards, demonstrating the high liquidity of the Group.

Net interest income (NII) amounted to € 560,7 million for the first nine months of 2008, achieving a 13% year-on-year increase. Adjusting for the exceptional write-backs of interest in the first nine months of 2007, the increase in net interest income reached 19% year-on-year and demonstrated the robust growth of loans and deposits, despite the negative factors prevailing in the period under consideration. The negative factors affecting net interest income mainly include: the downward adjustment of the base rate in Cyprus by 0,5% (the difference between the Cyprus Pound and the Euro base rate), which was set as the interest rate for the loans that were converted from Cyprus Pound into Euro on 1st January 2008 (as required by a circular of the Central Bank of Cyprus), the decrease of the interest rates in the USA that reduced the income from the US dollar denominated deposits mainly of the international business banking operations in Cyprus, and finally the intense competition on deposits from competitors facing constrained liquidity in Greece and Cyprus.

Net fees and commissions are reduced compared to the corresponding nine months of 2007, due to the fees received on the Marfin Investment Group public offering in the third quarter of 2007. Excluding that, fee and commission income recorded a 20% annual increase, resulting from the leading position of the Group in investment banking and brokerage, and the dynamic growth of the banking operations of the Group.

The negative conditions prevailing in international markets resulted in losses of € 23,5 m on disposal and revaluation of securities. The profit on disposal and revaluation of securities for the first nine months of 2007 included exceptional income amounting to € 71,6 m from the sale of the Group's stakes in Hellenic Bank, Universal Life and Bank of Cyprus.

It is noted that the Group adopted the amendments to IAS 39 and IFRS 7 "Reclassification of Financial Assets" and proceeded to reclassify held-for-trading and available-for-sale bonds to debt securities lending. Additionally, it reclassified available-for-sale to held-to-maturity bonds and held-for-trading to available-for-sale bonds. Under IAS 39, as amended, the reclassifications were made with effect from 1 July, 2008 at the fair value at that date. Had the Group not reclassified the bonds on 1 July, 2008 the consolidated income statement for the third quarter of 2008 would have included additional unrealised fair value losses for the three months July to September 2008 on the reclassified held-for-trading financial assets of € 6,6 m. Additionally, if the reclassification had not been made the fair value reserve would have included € 84 m of additional unrealised fair value losses for the three months July to September 2008 as a result of the change in the fair value of the bonds reclassified in and out of the available-for-sale financial assets. Details on the reclassification of financial assets are presented in note 7 of the condensed interim consolidated financial statements.

Total operating expenses reached € 421,7 million, 17% higher compared to the first nine months of 2007. Excluding the expenses of the new subsidiaries consolidated, the increase in the operating expenses is contained to 8%. It is noted that the nine-month 2008 expenses included operating expenses from the consolidation of the Ukrainian bank, Marine Transport Bank (consolidated since the fourth quarter of 2007), Lombard Bank Malta Plc (consolidated since 1 March, 2008) and the Russian Rosprombank (consolidated from 1 September, 2008).

The quality of the Group's advances portfolio presents gradual improvement as a result of the investments towards the upgrading of credit risk management and the continuous efforts to recover amounts in arrear. The percentage of advances with arrears of more than three months (non-performing loans) as a percentage of the Group's total advances decreased to 4,2% on 30 September, 2008 compared to 5,1% the same period last year. Also the coverage ratio of the non performing loans reached 62% on 30 September, 2008.

Finally in September, 2008 the Bank finalised the acquisition of the Russian Commercial Bank Rossiysky Promyishlenny Bank (Rosprombank), after securing all necessary approvals by the supervisory authorities of Russia and Cyprus. The acquisition was finalised with the transfer of 50,04% of the share capital of the Russian Closed Joint-Stock Company RPB Holding, parent company of Rosprombank against the sum of € 83,6 m. Rosprombank has a dynamic presence in Russia via a network of 32 branches and selling points covering the big cities of the Russian Federation. As mentioned above Rosprombank is consolidated from 1 September, 2008.

PROSPECTS FOR THE FUTURE

The adverse economic environment in which the Group operated during 2008, as well as certain factors, such as the adjustment of the base rate in Cyprus, the depreciation of the US dollar and the intense deposit competition from peers with constrained liquidity position in Greece and Cyprus, have negatively affected the Group's results during the period under review. It is noted, that internationally there exists a lack of visibility and uncertainty regarding the depth and duration of the recession in which international economies have entered. The Group is in a robust capital position and liquidity to face the challenges of the future.