

14/02/2008

## Press Release

### Financial Results for the Year ended 31 December 2007

- ▶ Group Net Profit after tax rises by 130% to €563.4m
- Net Profit after tax (before minorities) reached €593.2m exceeding an upward revised guidance of €580m.
- Revenues increased by 54% to €1,242.4m
- ▶ Exceptionally strong loans increased by 47% to €17.6bn
- ▶ Robust Deposit Growth of 28% to €20.7bn
- ▶ Returns on Tangible Equity of 35.5% and Return on Average Assets of 2.25%
- ▶ Efficiency Ratio (cost/income) down to 44.4% from 53.3% in 2006
- ▶ Net interest margin expansion to 2.85% vs. 2.67% in 2006
- ▶ Proposed distribution of €0.35 dividend per share

2007 has been a year of great success and robust expansion for Marfin Popular Bank. At the end of the year, the Group had established a presence in 13 countries and has reached total assets of €30.3bn, a branch network of 415 branches in Cyprus, Greece and international locations, and a labour force of more than 8,000 employees.

Group net profit after tax and minorities reached a record of €563.4m recording an increase of 130% compared with the proforma results of 2006. The net profit figure was higher by €13.2m or 2.3% than the upward revised target of €580m (on an after tax pre-minorities basis). Similarly, all geographic areas of operation (Cyprus, Greece, and international) have registered an impressive growth in both volumes and revenues.

The positive results of 2007 allow the Board of Directions of the Bank to propose to the Annual General Meeting of the shareholders the distribution of €0.35 dividend per share which corresponds to a total dividend of €279m versus €245m last year, an increase of 14%. Dividend payout is 50% of the profit attributable to the shareholders of the Bank.

Total assets for the Group amounted to €30.3bn an increase of 34% compared to the proforma figures at the end of 2006. Group total loans recorded a robust increase of 47% y-o-y to €17.6bn driven by solid demand in all geographic areas. International loans reached €2.34bn or 12.8% of total. In a similar fashion, Group deposits registered growth of 28% and reached €20.7bn driven by an increase in the size of our branch network, the gradual maturing of new branches, and expansion of the client base.

Total Group revenues increased by 54% reaching a record for the Group of €1,242.4m. Revenues from international operations stood at €86m representing 7% of total revenues. Net interest income (NII) was supported by the robust increase in loans and deposits and reached €669.4m growing at 37% on an annual basis compared to the proforma results of 2006. Net interest margin (NIM) has expanded by 18 basis points to 2.85%.

Fees and commissions income posted a remarkable increase of 54% to €310m boosted by commercial banking, client brokerage, asset management and investment banking fees.

The disposal of stakes held in Bank of Cyprus, Hellenic Bank and Universal Life produced trading income of €118.5m.

Total operating expenses stood at €551.6m rising by 28%. Cost growth was affected by the opening of 16 new branches, relocation of 10 branches, and opening of 10 new business centers in Greece, one new branch in Cyprus, 14 new branches in international locations, the consolidation of the Ukrainian MTB Bank in 4Q07, and various one-off items including a small VRS (Voluntary Retirement Scheme) and a donation to the fire victims in Greece.

Taking into account the one-off items and the amortization of intangible assets relating to acquisitions, the underlying expense growth has been contained to 20% at Group level. The Group's Cost-to-income ratio improved remarkably to 44.4% compared to 53.3% at the end of last year.

The increase in the Group's profitability resulted in a significant strengthening of both Return on Average Assets (RoA) to 2.25% (compared to 1.31% at 31.12.06), as well as Return on Tangible Equity (RoTE), which reached 35.5%.

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

- ▶ Successful completion of the operational and legal merger of the three banks in Greece: Egnatia Bank, Marfin Bank and Laiki Bank (Hellas). The new bank is a 95.6% subsidiary of Marfin Popular Bank and operates in Greece under the name of MARFIN EGNATIA BANK.
- ▶ Branch network expansion: during 2007, 16 new branches and 10 new Business Centres opened in Greece, one new branch in Cyprus and 14 new branches in the other countries where the Group operates.
- ▶ The Cyprus based International Business Banking division (IBB) has been upgraded in order to provide a full range of Banking Services to its customers.
- ▶ Completion of the acquisition of Marine Transport Bank (MTB) in Ukraine for a consideration of US\$141m.
- ▶ Announcement of the agreement to purchase 43% of Lombard Bank Malta plc (LBM) for a consideration of €48.3m, subject to regulatory approvals in Cyprus and Malta.
- ▶ Announcement of the agreement to purchase 50.04% of OAO Rossisysky Promyishlenny Bank, the parent company of Rosprombank (100% owned) for a consideration of €83m, subject to regulatory approvals in Cyprus and Russia.

The Board of Directors has also approved a reorganization of the management team as follows:

- ▶ Mr. Andreas Vgenopoulos takes on the position of Executive Vice Chairman of the Group
- ▶ Mr. Efthimios Bouloutas takes over the responsibilities of Chief Executive Officer (CEO) of the Group. Mr. Bouloutas has served as a Deputy Chief Executive Officer of the Group and he was responsible for the Greek Operations.
- ▶ Mr. Kostantinos Vassilakopoulos will be appointed as Chief Executive Officer of Marfin Egnatia Bank, the subsidiary for Greek Operations.
- ▶ Mr. Andrea Moneta joins the Executive Committee of the Bank as Chairman.

The New Executive Committee of the Bank Consists of:

1. Mr. Andreas Vgenopoulos
2. Mr. Andrea Moneta
3. Mr. Eleftherios Hiliadakis
4. Mr. Efthimios Bouloutas
5. Mr. Panagiotis Kounnis
6. Mr. Christos Stylianides

For strategic decisions the Executive Committee is completed with Mr. Dimitris Spanodimos, Group Head of Corporate Strategy, and Mr. Matteo Stefanel, Group Head of Investment Banking.

Commenting on the results of 2007 the *Mr. Andreas Vgenopoulos the Executive Vice Chairman* of Marfin Popular Bank, made the following statement:

*"2007 has been a year of remarkable achievements for Marfin Popular Bank. Our integration project in Greece has been completed with great success, while at the same time we have achieved a broad geographic coverage in the region adding acquisitions in Ukraine, Malta and Russia. In addition, we have streamlined the Group structure which will enable us to sustain future operational efficiencies and increased strategic flexibility. Our financial performance for 2007 has been outstanding, with net profits reaching a record of €563.4m, exceeding our upward revised guidance".*

*Mr. Efthimios Bouloutas, the new Chief Executive Officer of Marfin Popular Bank, made the following statement:*

*"I am delighted to assume the position of Group Chief Executive Officer. We feel confident that the Group's positioning and the initiatives undertaken over the last quarter will enable us to sustain our profitable growth, according to our announced plans. Our commitment for value creation for our shareholders while serving the interests of our demanding clients and our talented employees remains as ever, the core principle in managing Marfin Popular Bank in the years to come".*

## FINANCIAL RESULTS

Income statement (€ m)	31.12.06 (proforma)*	31.12.07	Δ %
Net interest income	487.5	669.4	37.3%
Net fees and commission income	201.4	310.0	53.9%
Financial & other income	118.4	144.5	22.0%
<b>Recurring operating income</b>	<b>807.3</b>	<b>1,123.9</b>	<b>39.2%</b>
Income from the sale of Hellenic bank, Universal Life & Bank of Cyprus	0.0	118.5	-
<b>Total operating income</b>	<b>807.3</b>	<b>1,242.4</b>	<b>53.9%</b>
Operating expenses	-430.2	-551.6	28.2%
Provision for loan impairment	-109.9	-97.9	-10.9%
Profit from associates	2.6	2.9	11.5%
<b>Profit before tax</b>	<b>269.8</b>	<b>595.8</b>	<b>120.8%</b>
Tax	-55.0	-88.8	61.4%
Minority interest	-23.1	-29.8	-
MIG contribution	53.7	86.2	60.5%
<b>Net profit after tax and minority interest</b>	<b>245.4</b>	<b>563.4</b>	<b>129.6%</b>

Key Balance Sheet items (€ m)	31.12.06	31.12.07	Δ%
Loans (net of provisions)	12,017	17,614	46.6%
Total Assets	22,592	30,254	33.9%
Deposits	16,223	20,697	27.6%

Key Ratios	31.12.06	31.12.07	
Tier 1**	11.5%	9.1%	-
Capital Adequacy Ratio**	14.4%	11.2%	-
Cost/Income	53.3%	44.4%	-
NIM	2.67%	2.85%	+18 bps
NPLs	6.3%	4.8%	-
Provisioning	95bps	63bps	-32bps
RoTE**	25.9%	35.5%	-
RoA	1.31%	2.25%	+94bps

\* Proforma information was constructed in order to bring the comparatives of 31.12.06 on a comparable basis with the reporting period of 31.12.07.

\*\* No proforma information available. These ratios are shown as reported on 31.12.06 by Laiki Group.