



First-quarter 2008 results

29 May 2008

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**Highlights of 1Q08 results**

# 1Q08 Group results highlights

- ▶ Total revenues 9%<sup>(1)</sup> higher y/y to €281.6m; NII up 17%<sup>(2)</sup> y/y to €172.3m; fee & commission income up 18% to €74.1m
- ▶ Net Interest Income (NII) rose 17%<sup>(2)</sup> y/y, although negatively affected by the depreciation of the US\$, the decline of US interest rates, the adjustment of the base rate in Cyprus and ongoing deposit competition from players with constrained liquidity position in Greece and Cyprus; the above cyclical and technical factors have masked an underlying improvement in operating performance
- ▶ NIM down from 2.82%<sup>2</sup> in 1Q07 to 2.49% in 1Q08; the aforementioned cyclical and technical factors had a 33 bps negative effect to 1Q08 NIM; however, asset re-pricing is already under way in both Greece and Cyprus; the reversal of the above cyclical factors should have a materially positive impact on MPB's operating performance
- ▶ Operating expenses up 11% y/y to €128.9m and 5% ex-acquisitions, reflecting well contained expenses and the positive impact of the Group's wide cost re-engineering program
- ▶ Cost of credit down from 56bps to 52bps; NPL ratio down from 5.7% in 1Q07 to 4.9% in 1Q08
- ▶ Net profit attributable to shareholders reached €104.4m in 1Q08, 30% higher q/q and 13%<sup>(1)</sup> lower y/y
- ▶ Cost-to-income ratio at 45.8%, while RoTE at 20.4% in 1Q08
- ▶ Liquidity: Loan/deposit up to 90% in 1Q08 from 80% in 1Q07, but still one of the lowest among the Hellenic Banks peer group and well below the European average
- ▶ Capital: Tier I capital reached €1,870m in 1Q08, adding €90m on a sequential basis, corresponding to a Tier I ratio of 8.4% and a capital adequacy ratio of 10.1%

<sup>(1)</sup> Adjusted for exceptional items

<sup>(2)</sup> Adjusted for write-backs

# Key milestones 1Q08

## // Strategic level

- ▶ On 14 February 2008, Mr. Andreas Vgenopoulos was appointed executive Vice-Chairman and Chairman of the Executive Committee; Mr. Thimios Bouloutas took over as the new Group CEO
- ▶ The acquisition of a 43% stake of Malta Lombard Bank, the third largest bank in Malta, was completed; the new subsidiary is consolidated for one month into 1Q08 Group accounts for the first time
- ▶ Established an international business banking (IBB) lending unit catering for the Group's 28,000 IBB clients
- ▶ In March 2008, MPB disposed its legacy 6.44% stake in MIG at €7.0 per share to Dubai Financial Group

## // Operating level

- ▶ 24 new branches added to MPB's network
  - ⊕ 3 new branches in Greece and 4 business centers
  - ⊕ 11 new branches internationally
    - ⊕ 8 in Ukraine
    - ⊕ 1 in Romania
    - ⊕ 2 in Serbia
  - ⊕ 6 branches of recent acquisition in Malta added to international network

# Significant market share gains in Greece

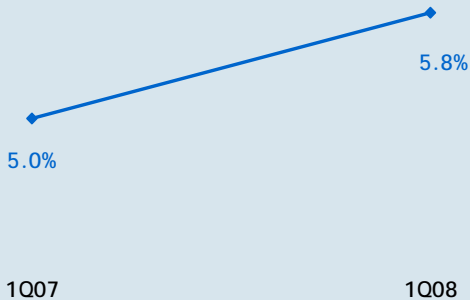
// Total Loans - market share (%)



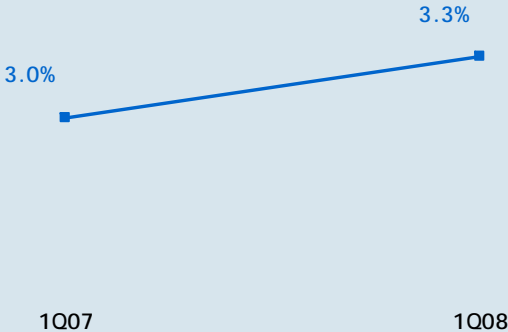
// Total Deposits - market share (%)



// Corporate Loans - market share (%)



// Household Loans - market share (%)

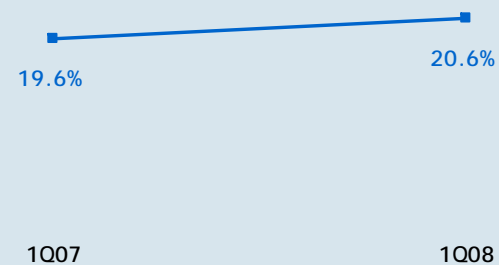


# Significant market share gains in Cyprus

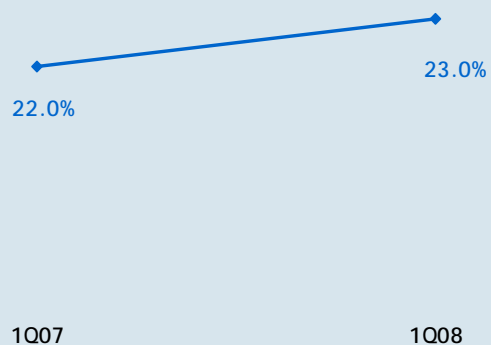
// Total Loans - market share (%)



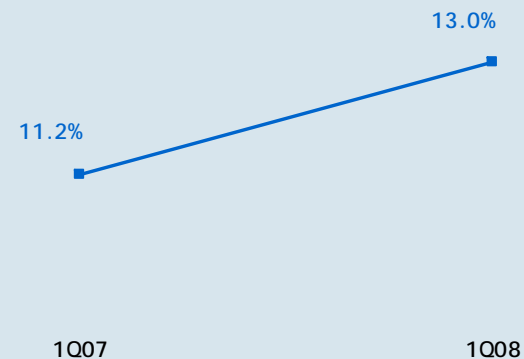
// Total Deposits - market share (%)



// Corporate Loans - market share (%)

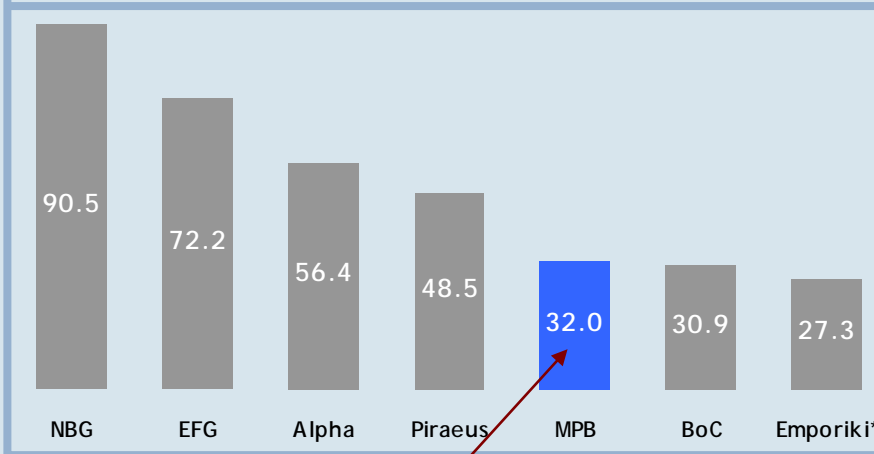


// Household Loans - market share (%)



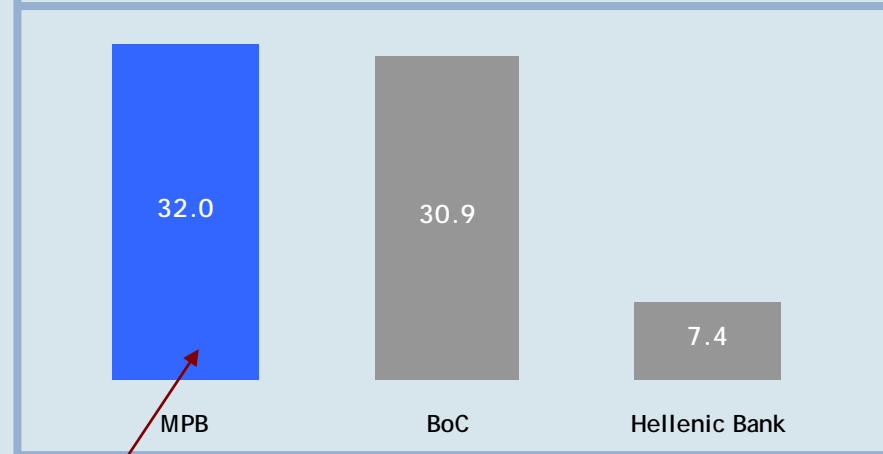
# Improved positioning among peers

// Hellenic Banks - Total Assets (€bn) 1Q08



5<sup>th</sup> largest bank in Greece

// Cypriot Banks - Total Assets (€bn) 1Q08



Leading bank in our home market

\* For Emporiki the figure refers to FY 2007 results, as 1Q08 results have not yet been published



**First-quarter 2008 financial statements**

# Group income statement

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(€m)	1Q07 <sup>(1)</sup>	4Q07	1Q08	Ch (%) y/y	Ch (%) q/q
Net interest income (NII)	159.9	174.0	172.3	7.7%	-1.0%
Net fee & commission income	62.6	79.1	74.1	18.4%	-6.3%
Financial & other income	85.0	68.5	35.2	-58.6%	-48.6%
Income from exceptional items	50.0 <sup>(2)</sup>	-	-	-	-
<b>Total income</b>	<b>307.5</b>	<b>321.6</b>	<b>281.6</b>	<b>-8.4%</b>	<b>-12.4%</b>
<b>Total income adjusted for exceptionals</b>	<b>257.5</b>	<b>321.6</b>	<b>281.6</b>	<b>9.3%</b>	<b>-12.4%</b>
Staff costs	(74.1)	(113.4)	(81.0)	9.3%	-28.6%
Other operating expenses	(30.2)	(67.1)	(36.6)	21.3%	-45.5%
Depreciation & amortization	(11.4)	(11.1)	(11.3)	-0.8%	1.8%
<b>Operating expenses</b>	<b>(115.7)</b>	<b>(191.6)</b>	<b>(128.9)</b>	<b>11.4%</b>	<b>-32.7%</b>
Provision for loan impairment	(19.0)	(29.5)	(24.9)	31.1%	-15.7%
Profit/loss from associates	0.1	1.2	0.2	-	-
<b>Profit before tax</b>	<b>172.8</b>	<b>101.7</b>	<b>128.0</b>	<b>-25.9%</b>	<b>25.8%</b>
Tax	(16.4)	(20.0)	(21.0)	28.0%	5.0%
Minority interest	(5.9)	(1.3)	(2.5)	-	-
MIG contribution	19.6	-	-	-	-
<b>Net profit attributable to shareholders</b>	<b>170.2</b>	<b>80.4</b>	<b>104.4</b>	<b>-38.6%</b>	<b>30.0%</b>
<b>Net profit adjusted for exceptionals</b>	<b>120.2</b>	<b>80.4</b>	<b>104.4</b>	<b>-13.1%</b>	<b>30.0%</b>

<sup>1</sup> 1Q07 results shown in the above table might slightly defer from published data due to currency translation and MIG's consolidation

<sup>2</sup> Income from exceptional items: gains from the sale of the stakes in Hellenic Bank and Universal life

# Key Group balance sheet items & ratios

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// Key balance sheet items (€m)	1Q07	FY07	1Q08	Ch (%) y/y	Ch (%) q/q
Loans to customers (net)	13,724	17,614	19,688	43.5%	11.8%
Total assets	24,751	30,254	31,970	29.2%	5.7%
Customer deposits	17,108	20,697	21,853	27.7%	5.6%
Total equity	3,347	3,390	3,486	4.2%	3.0%
// Key ratios	1Q07	FY07	1Q08	Ch y/y	Ch q/q
Tier I	12.4%	9.1%	8.4%	-400 bps	-70 bps
Capital adequacy ratio	13.4%	11.2%	10.1%	-330 bps	-110 bps
Cost/income <sup>(1)</sup>	44.9%	44.4%	45.8%	+90 bps	+140 bps
NIM	2.82% <sup>(3)</sup>	2.85%	2.49%	-33 bps	-36 bps
NPLs	5.7%	4.8%	4.7% <sup>(2)</sup>	-100 bps	-10 bps
Provisioning	56 bps	63 bps	52 bps	-4 bps	-11 bps
RoTangible Equity	21.3% <sup>(1)</sup>	23.6% <sup>(1)</sup>	20.4%	-90 bps	-320 bps
RoA	2.03% <sup>(1)</sup>	2.25%	1.34%	-69 bps	-91 bps

<sup>(1)</sup> Adjusted for exceptional income

<sup>(2)</sup> Excluding Malta (consolidated in 1Q08 for the first time)

<sup>(3)</sup> Adjusted for write-backs

# 1Q08 vs. 1Q07: balance sheet dynamics

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<p>// Net loans: €19.7bn, up 44% y/y and 12% q/q</p>	<p>Greece: net loan book 42% higher y/y to €10.5bn, driven by strong delivery on business lending; household lending growth remained strong but below last year's levels</p> <p>Cyprus: 36% y/y book expansion to €6.8bn is driven by both strong business and household lending</p>
<p>// Deposits: €21.9bn, up 28% y/y and 6% q/q</p>	<p>Greece: robust 28% y/y growth, despite increasing competition; due to a) expanding customer base, b) deepening of client relationships, c) improving brand awareness</p> <p>Cyprus: IBB deposits growth of 23% y/y and 2% q/q; adjusting for the depreciation of US\$, IBB* deposits were up 35% y/y and 6% q/q; Other deposits rose 22% y/y and 3% q/q;</p>
<p>// Margins: NIM at 2.49%, -33<sup>(1)</sup> bps y/y</p>	<p>NIM decline is attributed to a) technical factors i.e. the change of base rate in Cyprus, b) cyclical factors i.e. US\$ and US rates and c) structural factors i.e. ongoing competition of which a large part is induced by the ongoing credit crunch</p>
<p>// Asset quality: NPLs at 4.9%, -82 bps</p>	<p>Strong NPL reduction reflects improved asset quality trends across all key geographic areas and improved collection procedures</p>
<p>// Capital</p>	<p>Robust capital position with core tier I ratio standing at 8.4% and capital adequacy ratio at 10.1%</p>
<p>// International</p>	<p>Net loans up 54% to €2.4bn accounting for 12.2% of total loans; deposits up 67% to €1.8bn; NII 69% higher to €18.6m; net profit rose 23% representing 6.1% of total Group's net profit</p>

\* IBB: International Business Banking

<sup>(1)</sup> Adjusted for write-backs

# 1Q08 vs. 1Q07: income statement overview

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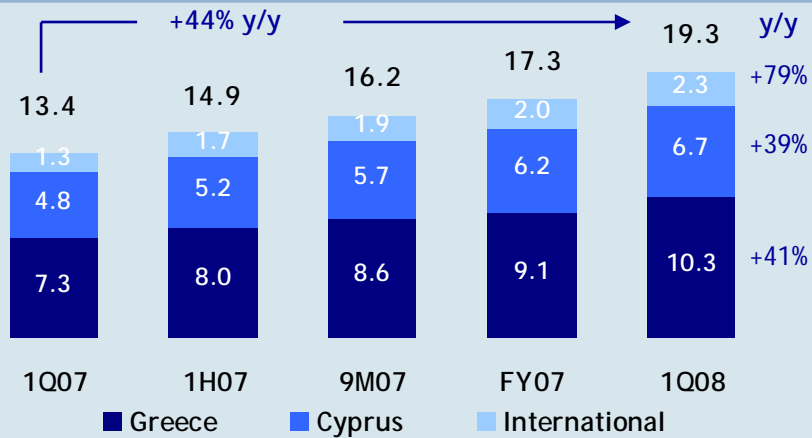
<p>// Revenues: €281.6m, -8% y/y</p>	<p>Adjusting for exceptional items revenues grew 9% y/y and 2% q/q; On a reported basis revenues declined 8% y/y and 12% q/q</p>
<p>// NII: €172.3m, +8% y/y</p>	<p>Group NII was up 8% y/y on a reported basis; adjusted for write-backs NII surged by 17% y/y; the expansion has been driven by strong growth of loans (+44%) and deposits (+28%)</p>
<p>// Fees &amp; commissions: €74.1m, +18%</p>	<p>Greece: F&amp;C rose 18% y/y in 1Q08, due to higher investment banking and brokerage fees; Cyprus: F&amp;C was 23% higher on strong business volumes</p>
<p>// Financial &amp; other: €35.2m</p>	<p>Financial &amp; other income for the group stood at €35.2m in line with MPB's normalized quarterly figure delivered in 2007</p>
<p>// OPEX: €128.9m, +11%</p>	<p>Despite strong business expansion cost growth was well contained at 11% reflecting the positive impact from the Group's cost re-engineering program</p>
<p>// Provisions: €24.9m, +31%</p>	<p>The increase in provisions is attributed to the expansion of the loan book; the cost of credit stood at 0.52% versus 0.56% a year earlier</p>
<p>// Net earnings: €104.4m, -13%</p>	<p>Net earnings for 1Q08 stood at €104.4m, 13% lower versus the €120.2m (adjusted for the exceptional items) in 1Q07; net earnings were 30% higher on a quarterly basis</p>



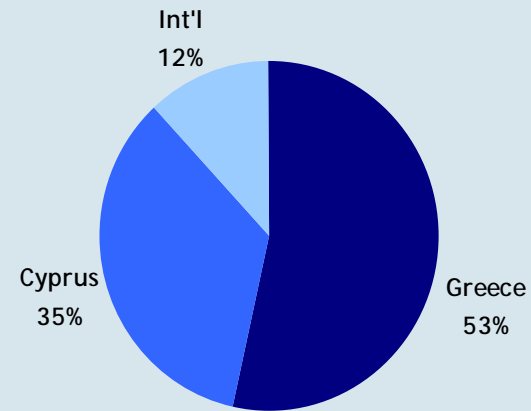
Group level analysis

# Strong loan volume growth across all regions & products

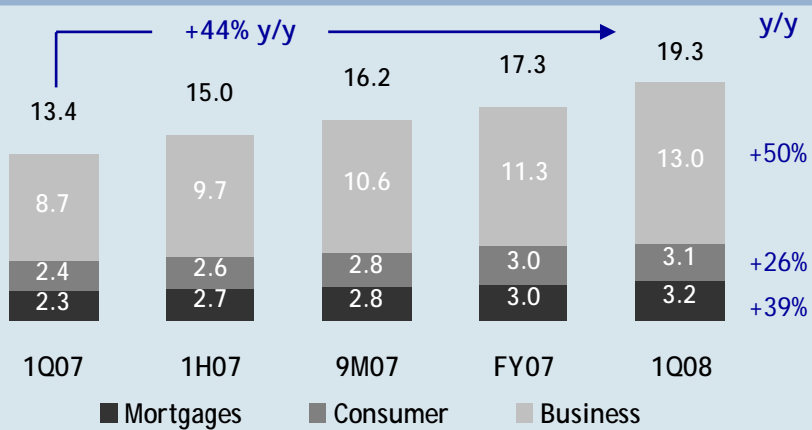
// Loan book by region (€bn)



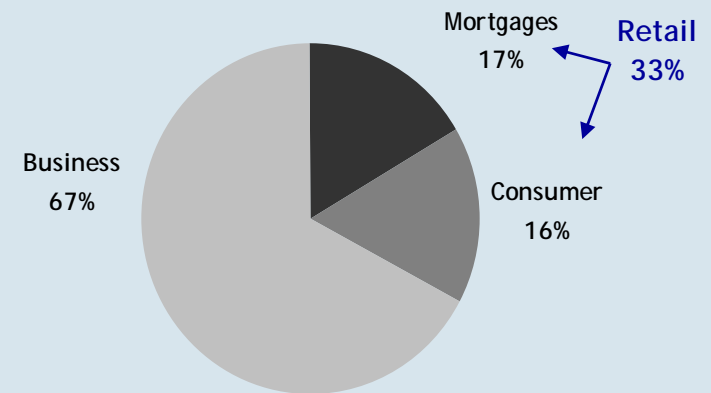
// Loan book by region



// Loan book by category (€bn)

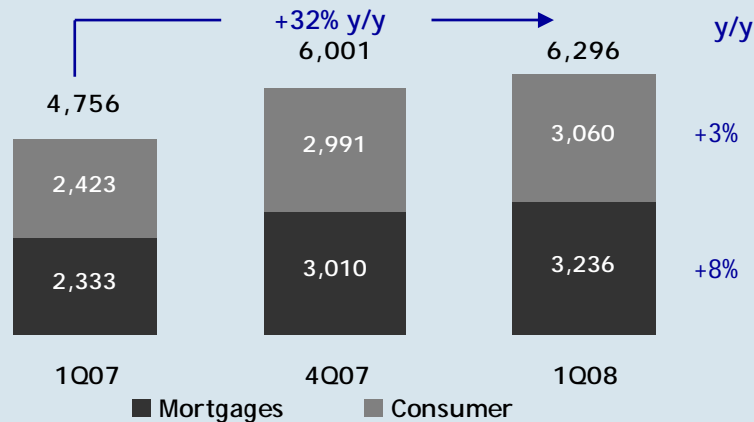


// Loan book by category

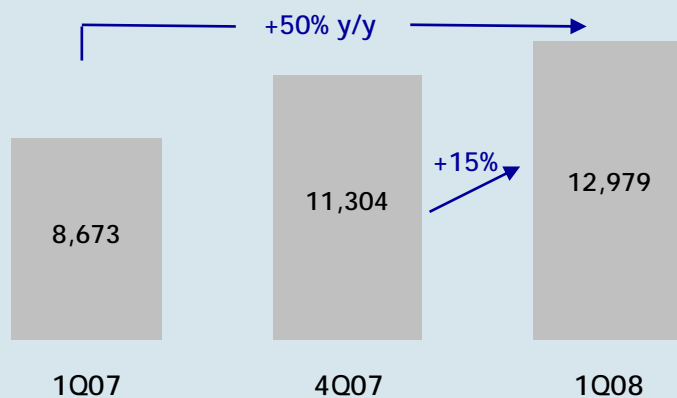


# Group - loan volumes

## // Retail loans (€m)



## // Business loans (€m)



### Retail loans

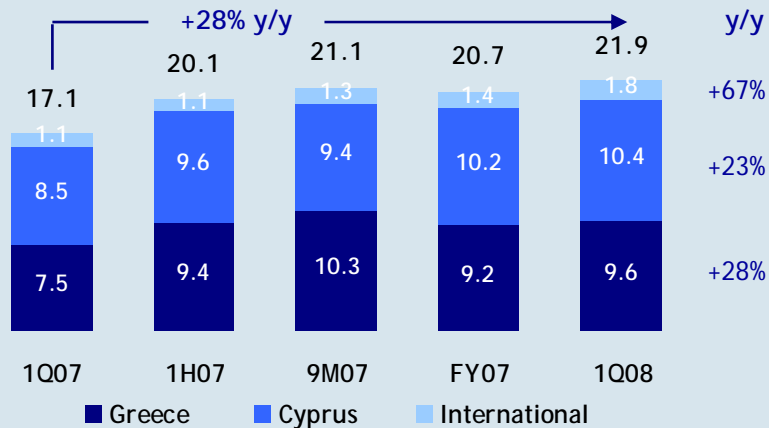
- ▶ The 32% y/y expansion of the Group's retail book reflects primarily robust household lending growth in its two home markets, Greece and Cyprus, combined with market share gains
- ▶ In Greece, the mortgage and consumer books were up 30% and 34% respectively y/y in 1Q08, corresponding to a 32% expansion of the overall retail book; the Group has maintained an aggressive marketing and product launching approach, but emphasis has been gradually shifted towards enhanced segmentation and micro marketing
- ▶ In Cyprus, the Group's household book expanded by 29% y/y, with the key driver being residential mortgage lending, which expanded by 54% y/y reflecting buoyant market and market share gains

### Business lending

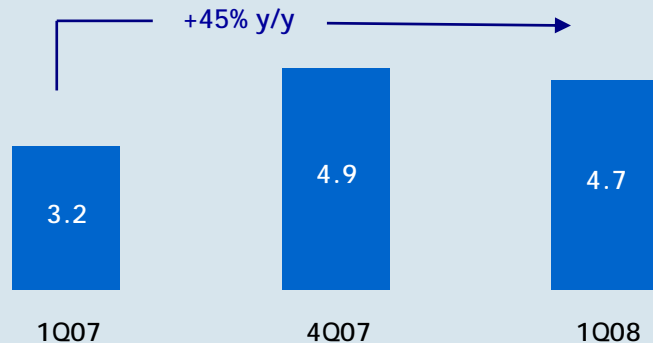
- ▶ The Group's business book expanded by 50% y/y and 15% q/q with the Greek and Cyprus books posting growth rates of 46% and 45% y/y and 18% and 9% q/q respectively
- ▶ Improving balance sheet size combined with enhanced group coordination has enabled MPB to improve the delivery of its product offering which is focused on a superior value proposition; The above dynamics have been reflected in terms of a) strong client growth acquisition b) improving client quality and c) enhanced client penetration

# Group - assets under management

## // Total Group deposits (€bn)



## // Assets under management \* - AUM (€bn)



Deposit growth has been maintained strong throughout, both on an annual and sequential basis, despite increasing competition and in absence of any aggressive price driven asset gathering strategy

### Greece

- ▶ In Greece deposit grew 28% y/y and 5% q/q, as part of a strategy with emphasis on continuous marketing and product launching initiatives combined with an improved segmentation and micro marketing approach
- ▶ Management’s strong emphasis on a two pillar strategy to expand, but also improve the quality and profitability of the Group’s customer base
- ▶ Materially improved brand awareness reflecting a) Group’s enlargement and scale, b) improved products offering, and c) integrated business approach
- ▶ Capitalizing on MPB’s relationship with MIG to benefit from synergies both in terms of new customer acquisition, but also in terms of improved product offering

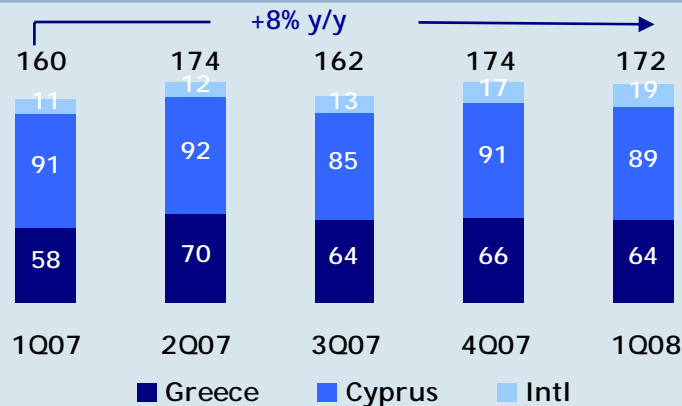
### Cyprus

- ▶ Cyprus deposit were up 23% y/y and 3% q/q with domestic and IBB growing by 22% and 23% y/y respectively; on a sequential basis domestic and IBB deposits were up 3% and 2% respectively; adjusting for the US\$ depreciation IBB deposits were up 6% q/q
- ▶ The domestic deposit growth reflects market share gains mainly from cooperatives based on a more aggressive marketing and asset gathering strategy
- ▶ Exceptionally strong IBB based deposit growth has been driven by a buoyant IBB market and MPB’s successfully improved positioning following a series of important management initiatives commencing in November 2006 and having been executed with great success

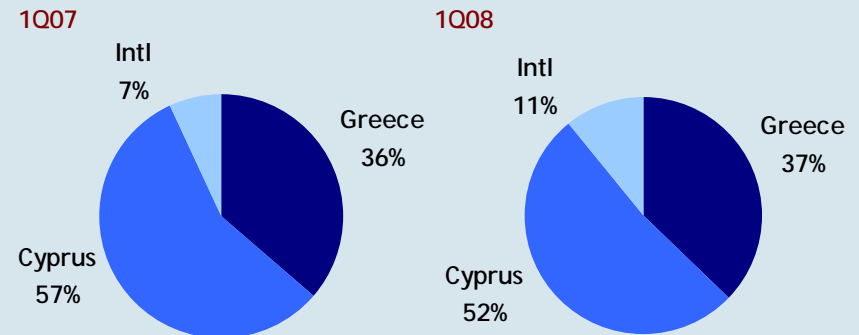
\* It includes mutual funds, client directly held bonds, equities, and financial products

# Group NII quarterly evolution by region

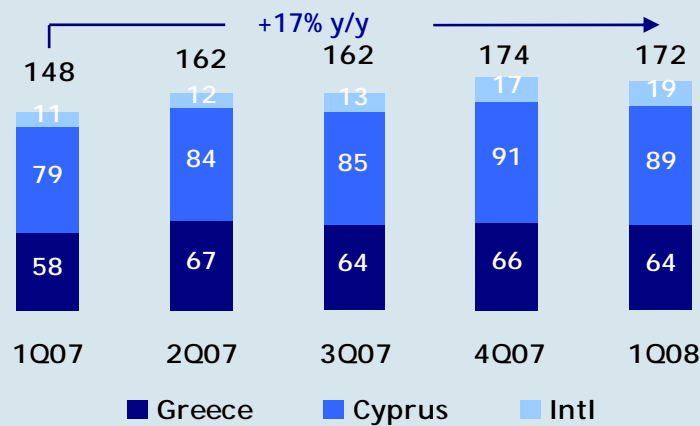
## // NII quarterly evolution (€m)



## // NII composition by region



## // NII adjusted for write backs (€m)



### In 1Q08, NII up 8% y/y and 1% down sequentially

- ▶ Adjusting for write-backs 1Q08, NII up 17% y/y and 1% down sequentially
- ▶ Cyprus reported 1Q08 NII down 1% y/y and 2% q/q; adjusting for write-backs NII was 14% higher y/y
- ▶ In Greece, 1Q08 NII was 10% higher y/y and 3% lower q/q
- ▶ NII from int'l operations up 69% y/y and 12% q/q, also helped by the consolidation of Ukraine (since 01.10.07) and Malta for the first time (since 01.03.08)

# Impact of cyclical, technical & structural factors

## // Impact on Group NII growth

1Q08 NII growth	y/y	q/q
- US\$ depreciation	-3%	-1%
- US interest rates	-4%	-1%
- CY base rate	-2%	-2%
<b>Total impact</b>	<b>-9%</b>	<b>-4%</b>

## // Impact on Group NIM

1Q08 NIM	y/y
- US\$ depreciation	-6 bps
- US interest rates	-10 bps
- CY base rate	-6 bps
- Credit crunch	-8 bps
<b>Total impact</b>	<b>- 30 bps</b>

## // Cyclical, technical & structural factors

### Greece

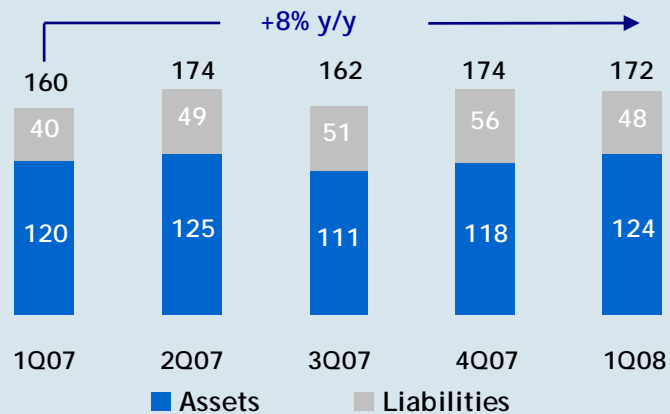
- ▶ Loan disbursements back loaded, thus impact from higher spreads of new production and NII generation not fully captured on reported NII and spread for the quarter
- ▶ Blended spread on new production 10 bps higher in 1Q08 vs. 4Q07
- ▶ Negative impact on NII from the US dollar denominated shipping portfolio linked to the US dollar depreciation
- ▶ Heightened competition from players facing liquidity constraints has resulted to some migration of sight deposits into term deposits combined with some compression of term deposit spreads

### Cyprus

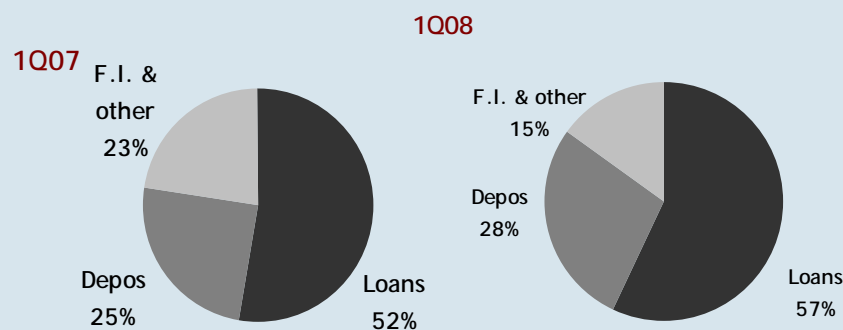
- ▶ Seasonally weak IBB deposit growth reflecting pattern of transactional flows
- ▶ Credit crunch induced pricing competition on deposits
- ▶ Pricing competition from new entrants
- ▶ Absence of write-backs

# Group NII quarterly evolution by product

## // NII\* quarterly evolution by product (€m)



## // NII\* composition by product



### Assets based NII

- ▶ The 3% y/y increase in assets derived NII has been positively driven by 44% loan volume growth and negatively affected by declining asset spreads throughout the last twelve months in Greece
- ▶ Although asset spreads showed improvement in 1Q08 in Greece that was offset by the negative impact from the change of the base rate from 4.5% to 4%, after the introduction of the €, on Cyprus spreads
- ▶ On top of that, back loaded volume growth has not allowed for the impact of interest income generation to be fully captured into 1Q08 NII

### Liabilities based NII

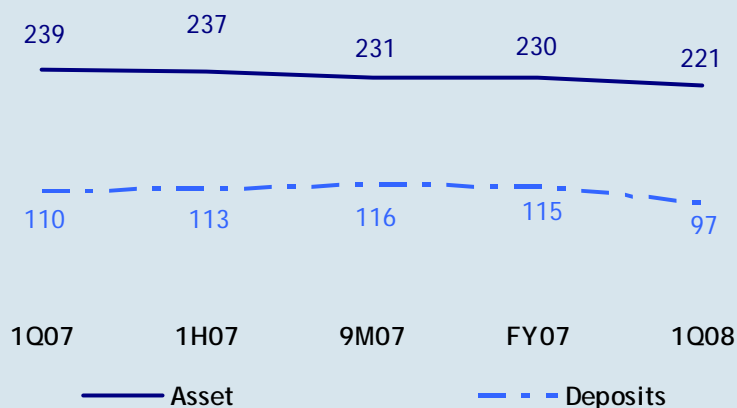
- ▶ The 20% y/y NII expansion has been generated by strong volume growth (28%) having been offset by declining spreads (structural, i.e. competition in Greece & Cyprus); the 14% decline q/q reflects the impact of heightened competition in Greece & Cyprus and more pronounced cyclical factors in Cyprus (US dollar depreciation and US interest rates)

\* Greece & Cyprus only

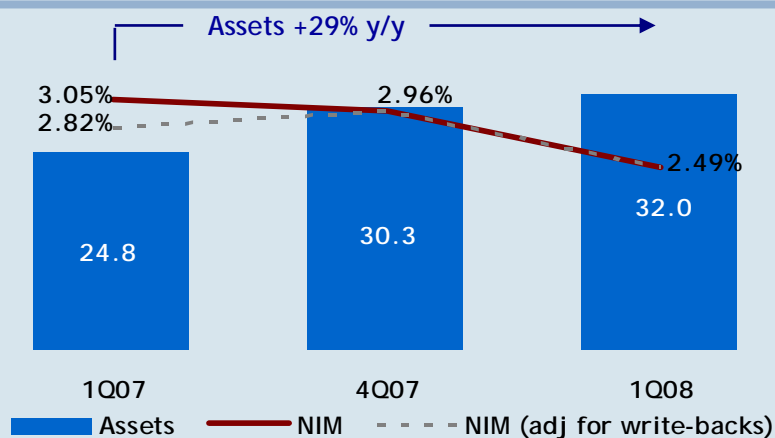
# Group net interest margin & spreads

20

## // Group spreads (excluding Int'l) (bps)



## // NIM (%) & total asset (€bn)



## Group asset spread

### ► Negatives

- ✦ Sustained competition in Greece and emergence of pricing competition from new entrants in Cyprus
- ✦ Impact of base rate adjustment i.e. from 4.5% in Cyprus pound to 4% based on Euro
- ✦ Back loading of new loans production in 1Q08
- ✦ Negative cost of carry related to some ECB based priced mortgage loans in an environment of elevated Euribor levels

### ► Positives

- ✦ Pricing on new business loan production 10 bps higher in 1Q08 vs. 4Q07; pricing on new mortgages and consumer personal loans 20 bps and 25 bps higher respectively than back book
- ✦ Positive impact from Malta and Ukraine acquisitions

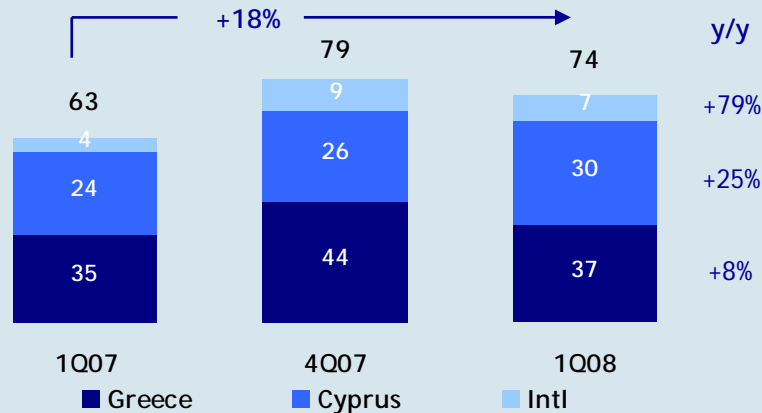
## Deposits spread

### ► Negatives

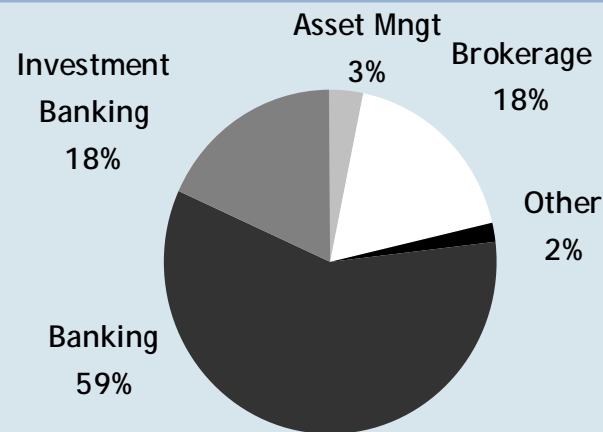
- ✦ Intensifying competition across all product and geographic areas
- ✦ Migration from savings in to time deposits
- ✦ Impact on IBB deposits from declining US\$ and declining US interest rates

# Group fees & commissions

## // F&C breakdown by region (€m)



## // F&C composition 1Q08, Greece & Cyprus

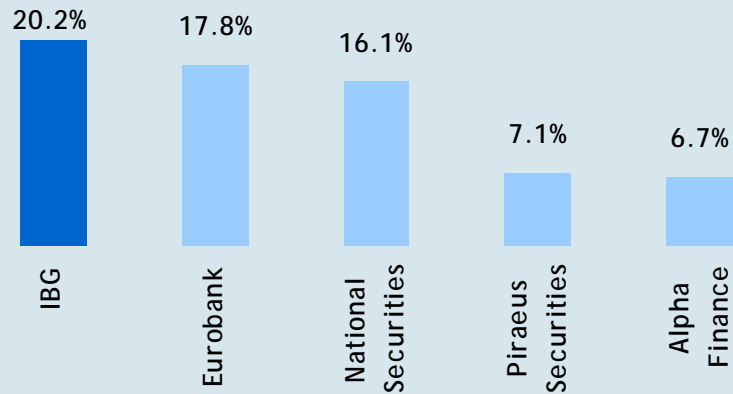


### Strongest F&C income generator among Hellenic peer group

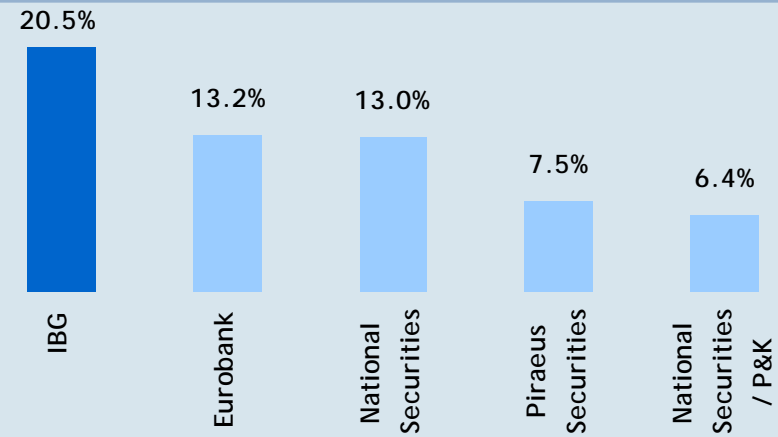
- ▶ MPB not only maintains a well diversified base of F&C income both in terms of geography and product, but it keeps on improving its ranking among its Hellenic peers, as the best F&C income generator, as indicated by its 43% ratio of F&C over NII, the highest in the sector
- ▶ The above dynamics reflect a) its leading investment and brokerage franchise b) strong insurance business in Cyprus c) MIG advisory fees, and d) strong structured finance expertise within the group's corporate lending business
- ▶ The sequential 15% decline of F&C in Greece, reflects lower brokerage and investment banking business, due to weak capital markets; market share in brokerage which accounts for 18% of Greek based F&C went up from 13.3% in 1Q07 to 20.2% in 1Q08; Greek based banking fee income was 3% up sequentially underpinned by strong business expansion
- ▶ The 15% q/q growth in Cyprus is predominantly driven by banking based commissions, which posted a healthy 13% q/q growth

# Equity business

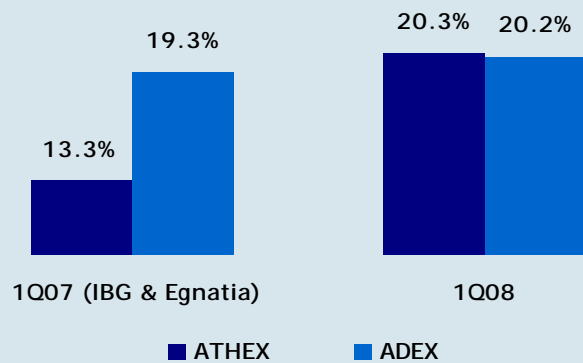
// Market share in ATHEX (cash equities) -Jan-Apr 2008



// Market share in ADEX (FTSE/Athex-20) -Jan-Apr 2008



// Market shares in ATHEX & ADEX - Jan-Mar 2007

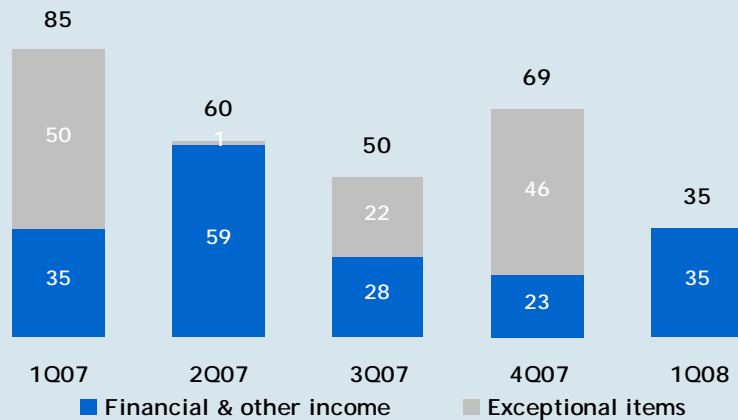


MPB's market share of 20.2% in cash equities and 20.5% in derivatives is well above MPB's 5% fair market share in the Greek banking market

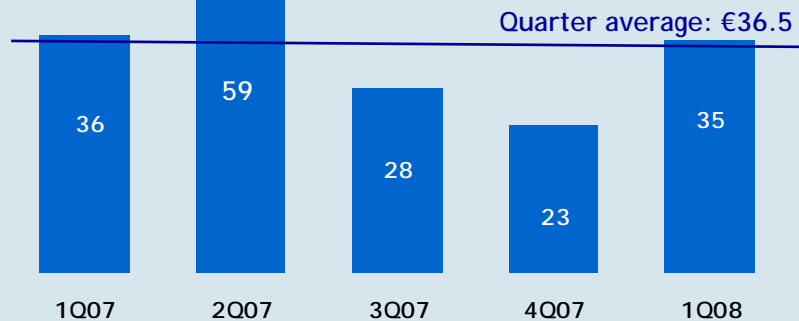
- ▶ MPB's leading equity franchise, as it is reflected by its ranking among its peers and the evolution of its market share over the last two years is the outcome of a focused strategy on delivering the best product offering supported by extensive investment on trading, research and distribution infrastructure
- ▶ A series of initiatives are under way to transform the existing franchise into a business with regional scope and scale aligned with the Group's regional aspirations

# Group financial & other income

## // Financial & other income (€m)



## // Adjusted for exceptional items (€m)

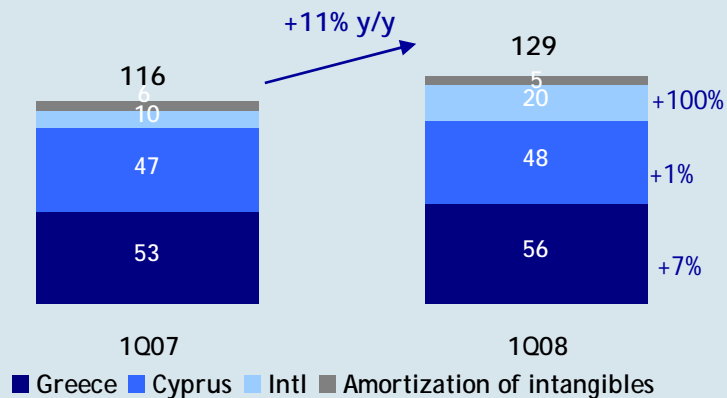


## Key trends

- ▶ Reported financial & other income was 59% lower y/y in 1Q08 and 49% lower q/q; adjusting for exceptional items i.e. €50m in 1Q07 and €46m in 4Q08, financial & other income was 2% down on an annual basis and 57% up on a sequential basis
- ▶ 1Q08 financial and other income of €35.2m is in line with the average quarterly trading income of €36.5m delivered in 2007 if we adjust for the exceptional items, despite poor capital markets conditions

# Cost dynamics: improving efficiency

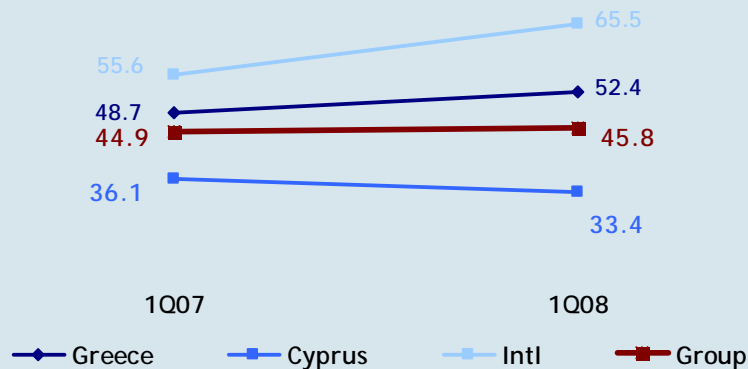
## // Cost development by region (€m)



Cost growth has been well contained despite strong business expansion, both organic and non-organic

- ▶ Evidenced improved cost efficiency from enhanced operational integration, centralization and enlarged scalability
- ▶ A Group-wide cost reengineering program, combined with continuous human resources reallocation towards more sales oriented functions should continue underpin revenue enhancement and cost efficiencies
- ▶ The above initiatives are being accompanied by Group-wide performance based compensation scheme, introduced in 2007, aiming to instigate a more performance oriented culture and improve delivery on targets

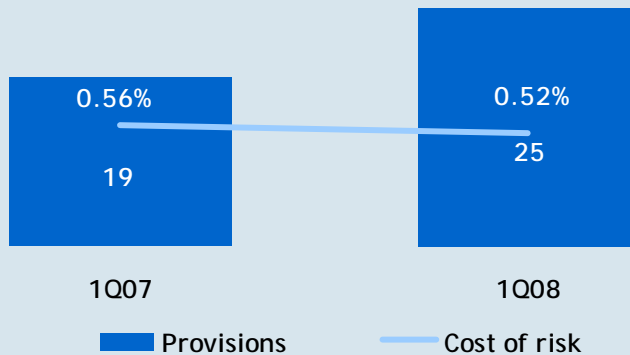
## // Cost-to-income ratio\* (%) by region



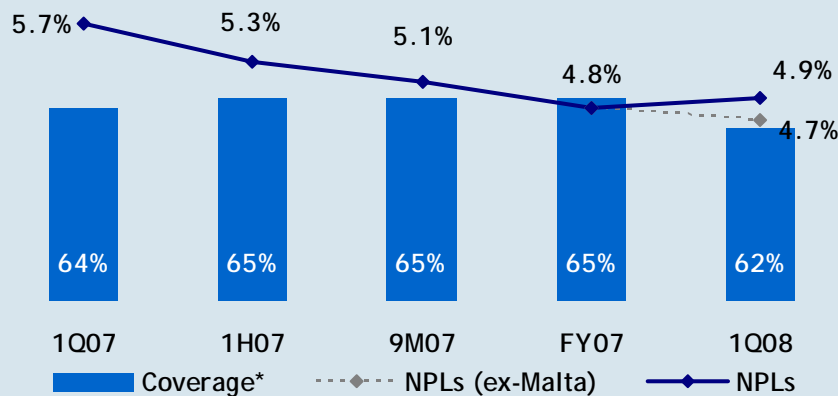
\* 1Q07 Cost to Income Ratio for the Group and Cyprus has been adjusted for exceptional income

# Group asset quality dynamics

## // Provision charges (€m) & cost of credit risk



## // NPLs\*\* & coverage ratio



### Market specific factors

- ▶ strong GDP growth outlook in Greece & Cyprus
- ▶ sustained increase of asset values
- ▶ sustainable disposable income growth
- ▶ positive demographics
- ▶ low corporate and household debt/GDP in Greece
- ▶ understated income levels reflecting the large size of the unofficial economy

### Company specific factors

- ▶ improving systems for collections, increased focus on risk-based pricing and enhanced segmentation
- ▶ continuous effort to clean up the Cypriot portfolio and eliminate new NPL generation

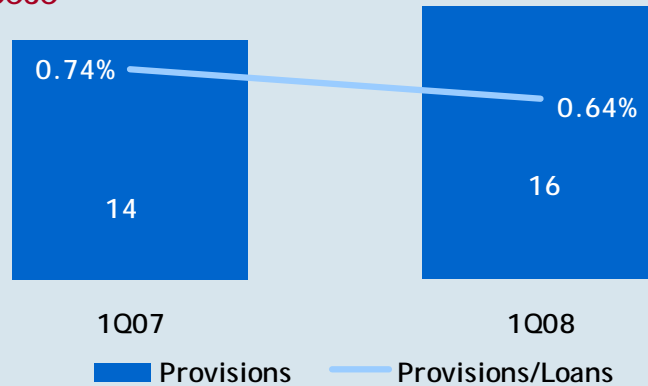
\*Coverage has been calculated excluding the consolidation of Malta

\*\* NPLs are net of interest suspension and in accordance with the Central Bank of Cyprus criteria (three-month)

# Asset quality dynamics in Greece & Cyprus

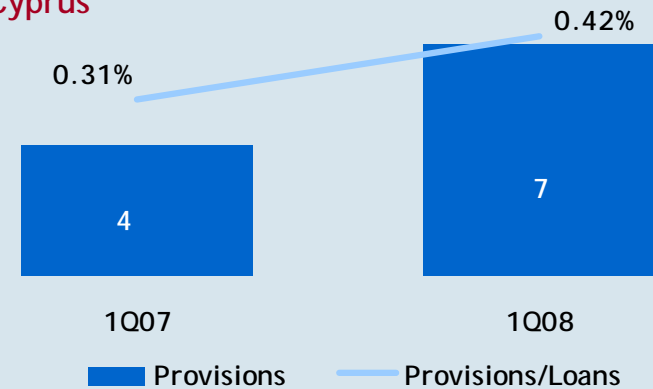
## // Provision charges (€m) & cost of credit risk

### Greece



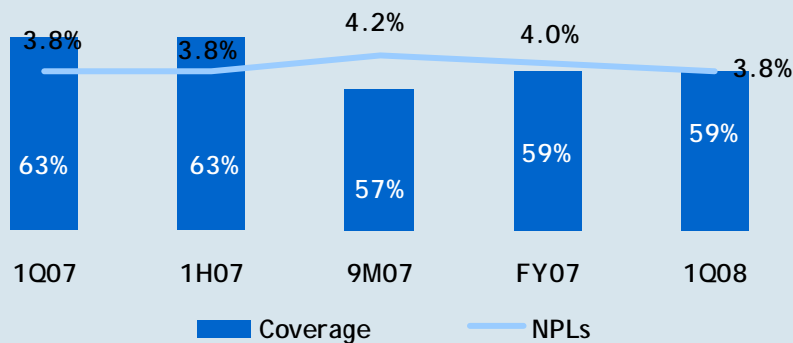
## // Provision charges (€m) & cost of credit risk

### Cyprus



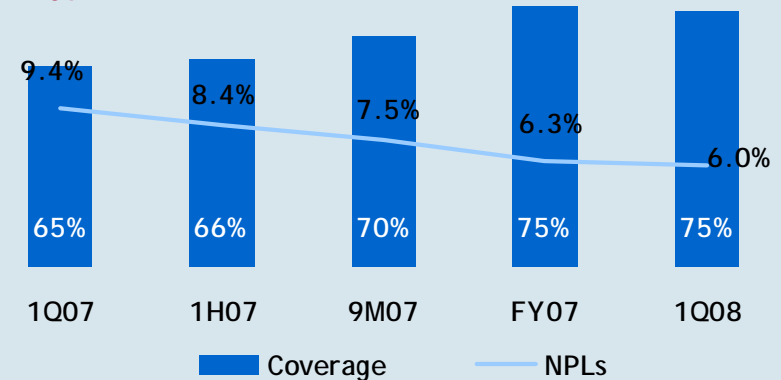
## // NPLs & coverage ratio

### Greece



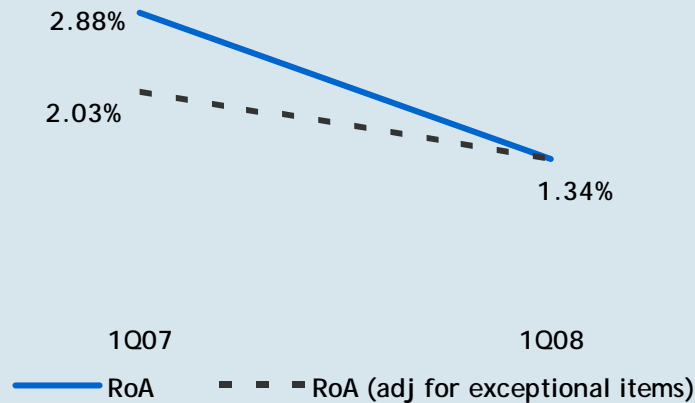
## // NPLs & coverage ratio

### Cyprus



# Capital & RoA

## // RoA (%)



## // Group capital dynamics

(€m)	4Q07	1Q08	1Q08 <sup>(1)</sup>
Tier I capital	1,780	1,870	1,986
Regulatory funds	2,173	2,235	2,351
RWAs	19,462	22,212	22,212
Tier I ratio	9.1%	8.4%	8.9%
Capital Ratio	11.2%	10.1%	10.6%

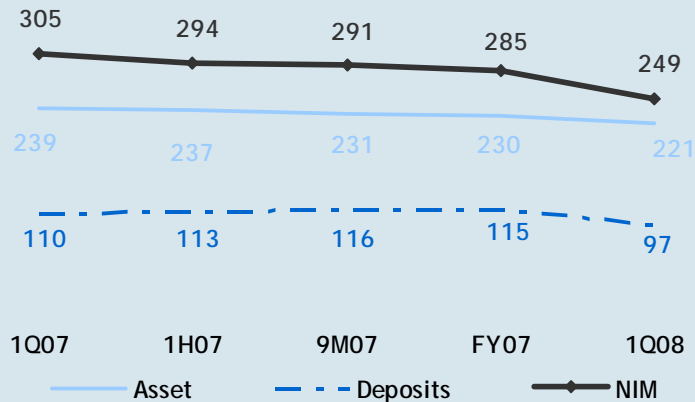
<sup>(1)</sup> Figures include €116m capital securities (hybrid) issue completed in April 2008

## Key dynamics

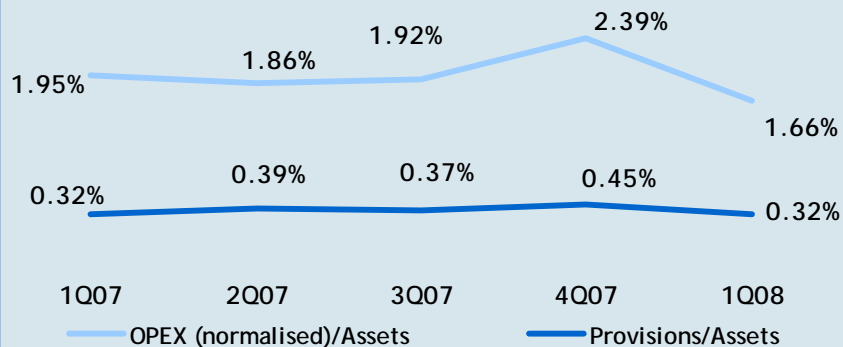
- ▶ Despite strong balance sheet growth, the Group has maintained a strong capital position and a highly liquid balance sheet; these two dynamics should enable the Group to sustain its strategy of rapid asset deployment in its key geographical areas
- ▶ The declining RoA primarily reflects an erosion of NIM which in turn is being driven by a combination of (a) cyclical (US\$, US interest rates), (b) structural (competition), and (c) technical (Cyprus base rate adjustment) factors
- ▶ The more pronounced impact of declining margins masks an improvement of two other very important drivers, those of operating cost and cost of credit, both experiencing a sustained improvement, thus ameliorating the impact of pressure on revenues

# Key earnings drivers

## // NIM & spreads evolution (bps)



## // Costs over assets evolution (%)



NIM declined, mainly due to technical and cyclical factors and to a lesser extend structural ones

### ► Assets spreads

- ✦ The declining asset spread during 2007 reflects increasing competition in both Greece and Cyprus
- ✦ In 1Q08, Greek asset spreads expanded thus contributing positively to the Group's blended asset spread, but that positive impact has been masked by the impact of the adjustment of the Cyprus base rate from 4.5% to 4%, resulting to an effective downward reprising of a large part of the Cypriot loan book
- ✦ International had a positive impact, but its contribution was still small in 1Q08

### ► Deposits spreads

- ✦ The decline in Group's deposit spread in 4Q07 is due to a combination of structural i.e. increased pricing competition for deposits and some cyclical factors i.e. US\$ and US interest rates; the latter has impacted only the Cypriot IBB deposit business
- ✦ The normalization of credit markets and an eventual reversal of cyclical trends are the key factors behind a potential improvement of Group deposit spread



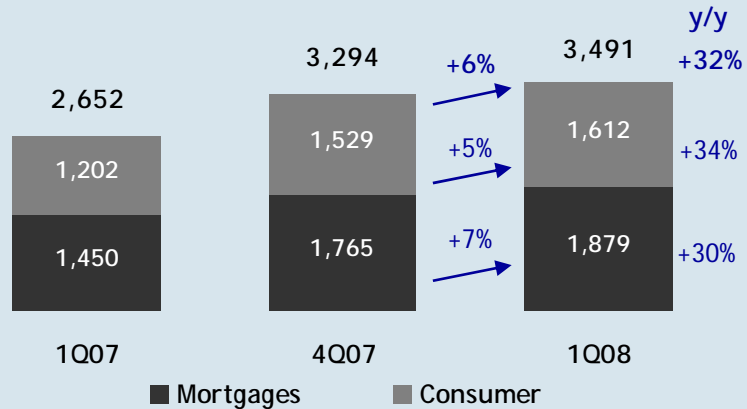
Regional analysis



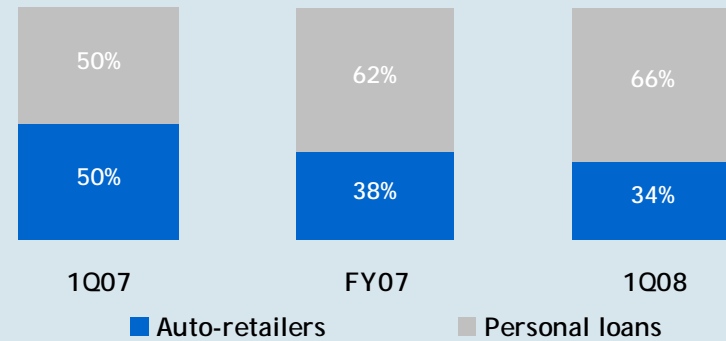
Greece

# Greece - retail loans

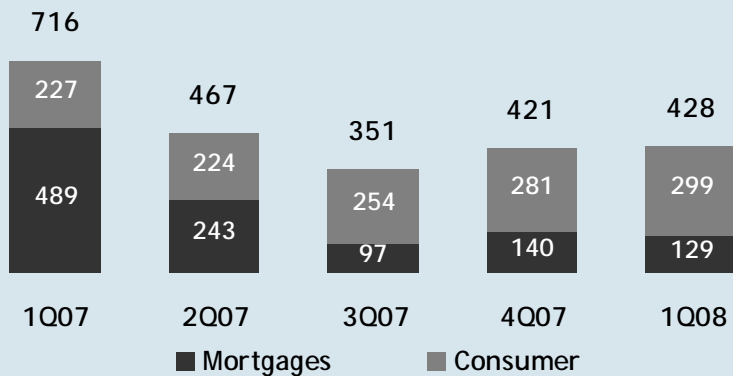
## // Outstanding balances, retail Greece (€m)



## // Consumer loans composition - Greece



## // Disbursements, retail Greece (€m)

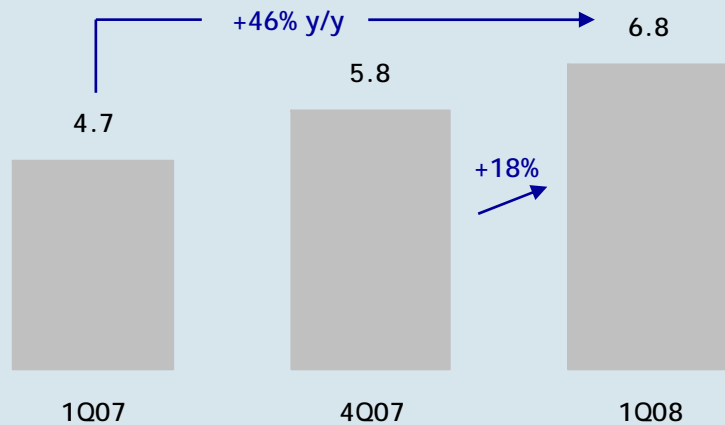


## Key aspects of MPB's retail strategy

- ▶ A continuous shift into a micro-marketing and increasingly segmented approach, as well as, emphasis on client and product profitability and enhanced cross-selling generation
- ▶ Maintenance of an aggressive product campaigning and product launching
- ▶ Disbursements have declined in 1Q08 from an all time high level in 1Q07, but their trend remains clearly upward, with growth rates well above system growth
- ▶ Within the consumer finance expansion is towards the most profitable segment of personal loans and away from the less profitable autofinancing business
- ▶ All above initiatives are combined with improved pricing dynamics

# Greece - business lending

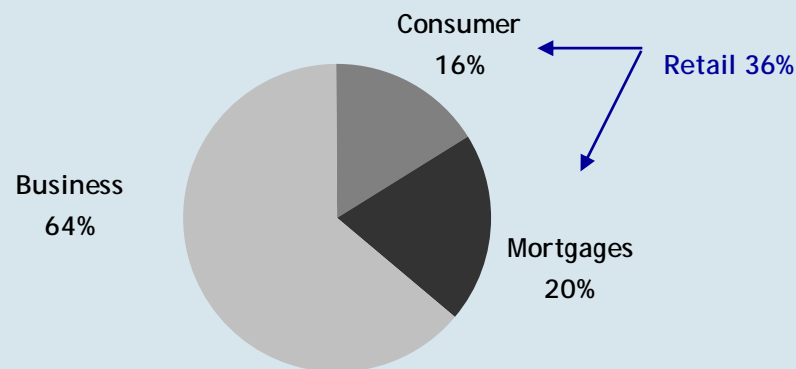
## // Total business loans - Greece (€bn)



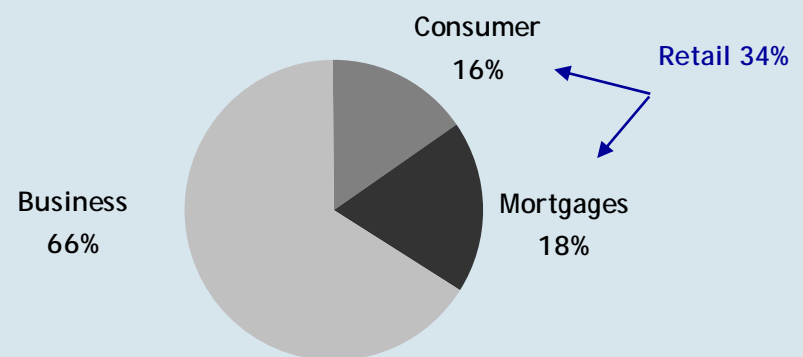
## Business loans increased by 46% y/y in 1Q08

- ▶ MPB's 18% sequential expansion in 1Q08 is well above the market's estimated growth of 4%, resulting to an estimated material market share expansion from 5.2% in December 2007 to 5.9% by end 1Q08
- ▶ Strong expansion reflects a superior product offering based on a highly attractive value proposition, combined with an integrated approach to customer i.e. strong investment banking and advisory element
- ▶ Spreads on new production show ability to reprise thus offset elevated funding cost and sustain high levels of return on equity (RoE)

## // Greek loan book composition 1Q07

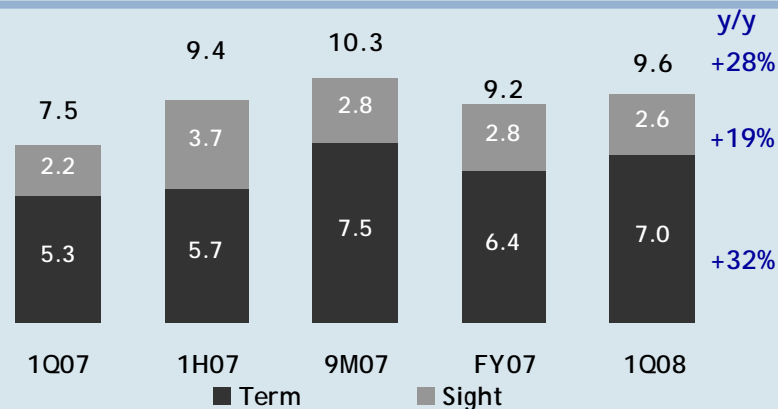


## // Greek loan book composition 1Q08

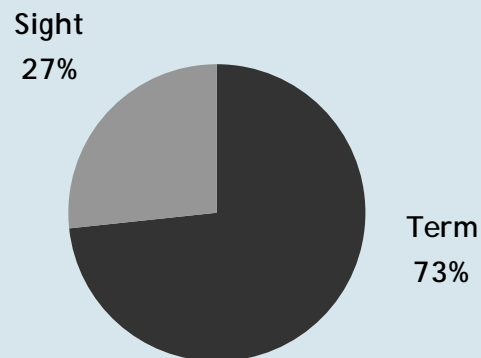


# Greece - deposits

## // Total deposits - Greece (€bn)



## // Greek deposits composition 1Q08



## Key deposit dynamics

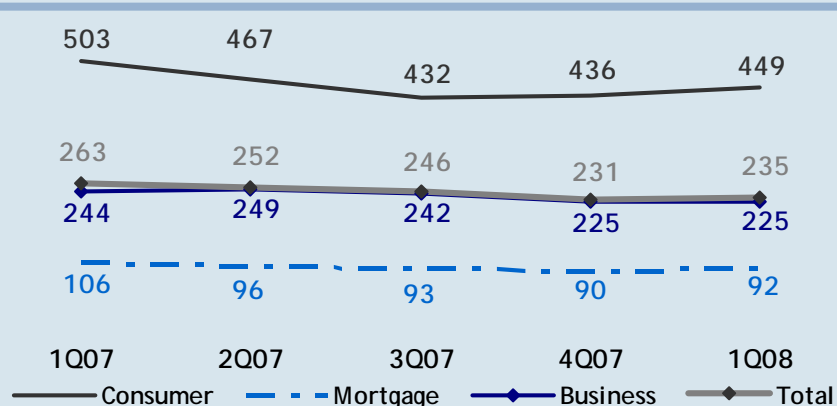
- ▶ 1Q08 deposits grew by 28% y/y and 5% q/q
- ▶ Maintenance of a defensive deposit gathering strategy in 1Q08 despite increased competition from banks with elevated loan/deposit ratios
- ▶ MPB's strategy primarily reflects its strong liquidity position with end 1Q08 loans/deposits ratio of 90%, enabling the Group to maintain a far greater degree of flexibility in optimizing its funding structure and minimize its funding cost
- ▶ Despite its defensive strategy, MPB's outgrew most of its peer group reflecting a) expanding and deepening of customer base both private individuals and business customers b) enhanced cross selling effectiveness c) improving brand recognition d) effective micro marketing and segmentation, and e) successful strategy of capturing flow on both sides of the balance sheet

## Ongoing strategic initiatives

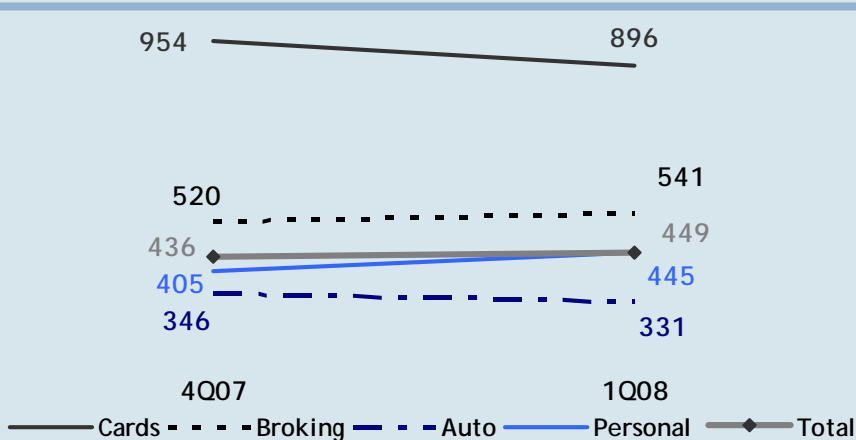
- ▶ Improved coordination within the asset gathering operations of the Group (wealth management and deposit gathering)
- ▶ Introduction of a far more comprehensive and aggressive performance based and targeted oriented compensation scheme

# Greece - asset spreads

## // Loan spreads - Greece (bps)



## // Retail loan spreads - Greece (bps)



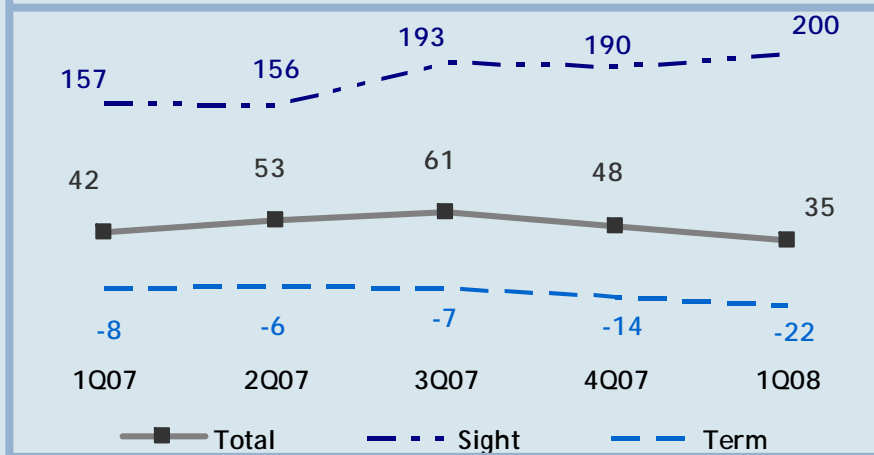
## Asset spreads

- ▶ **Assets spreads:** up from 231 in 4Q07 to 235 in 1Q08; that trend is being underpinned by a) re-pricing and b) positive mix effect
- ▶ **Consumer:** improving consumer spreads, reflect a) improving asset mix, i.e. increasing contribution of consumer finance and credit cards, and relative declining exposure in car financing b) credit crunch induced re-pricing being shown in higher spreads on new production versus existing book
- ▶ **Business lending:** Back-loading of new disbursements within the quarter masks spread improvement reflected on new production spreads being 10bps in 1Q08 vs. 4Q07
- ▶ **Mortgage spreads:** Key drivers behind improvement are a) re-pricing with new production commanding spreads of 110bps versus 90 bps of the back book and b) the declining contribution of ECB base rate pricing with all new production being based on Euribor, thus enabling for more effective repricing

# Greece - deposit spreads

35

## // Deposit spreads - Greece (bps)



## Deposit spreads

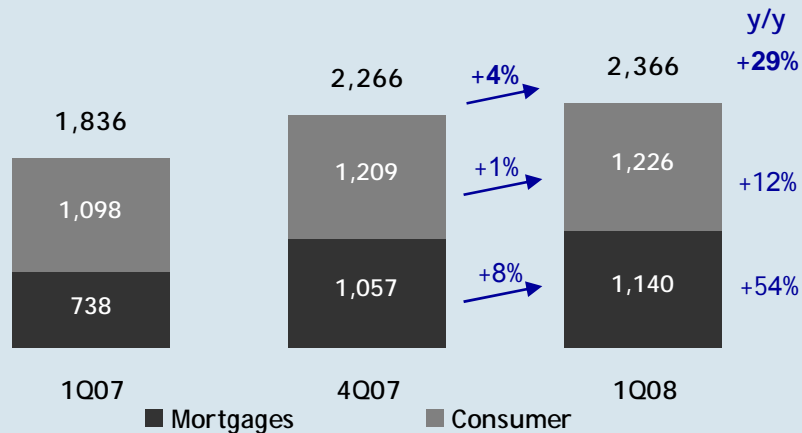
- ▶ The 10 bps widening of sight deposit spread is mainly attributable to movements in Euribor within 1Q08 (euribor remained elevated for most of the period); the underlying sight deposit spread was resilient despite heightened competition
- ▶ The resilience of sight deposit spreads reflect the deepening of the Group's customer franchise, enhanced customer segmentation, launching of initiatives, and material improvement of brand awareness
- ▶ The evidenced spread compression on time deposits is market led and reflects the impact from aggressive asset gathering strategies on pricing upon us from players experiencing liquidity constrains
- ▶ During 1Q08 our defensive deposit gathering strategy has been highly effective resulting to a moderate migration of sight deposits in to term deposits and to a contained spread compression on term deposits, thus enabling the group to optimize its funding strategy



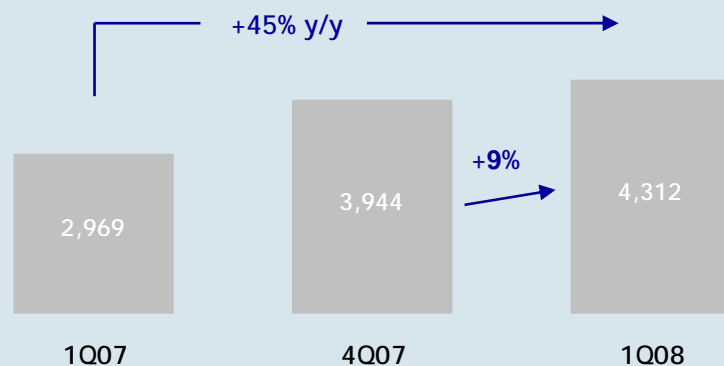
Cyprus

# Cyprus - loan volumes

## // Retail loans - Cyprus (€m)



## // Business loans - Cyprus (€m)

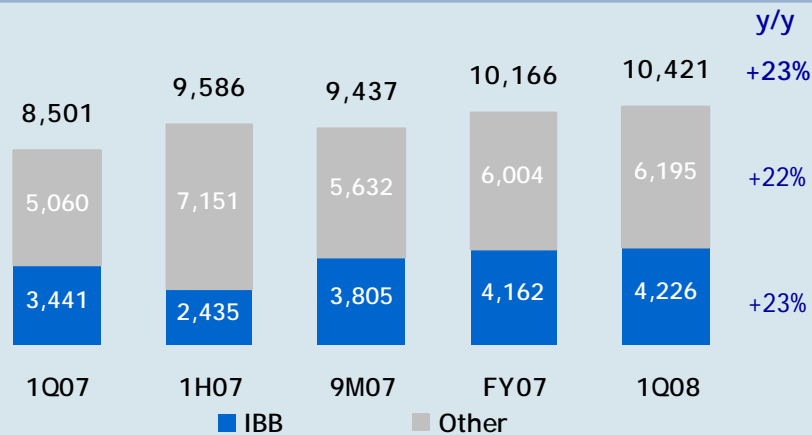


## Key loan volume drivers

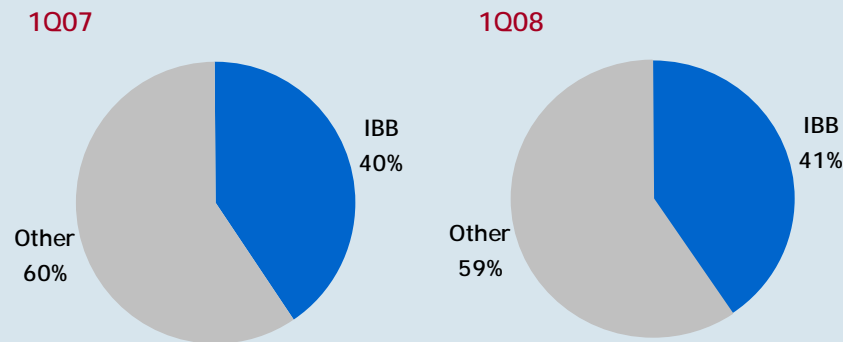
- ▶ Current conditions for household lending remain strong and outlook positive; spill-over effect from IBB driven business is the most important factor underpinning domestic demand
- ▶ International demand for housing stock and household borrowing remains buoyant with Cypriots living abroad, with residents from ex-Soviet union and Middle East countries accounting for the bulk of the demand
- ▶ MPB's market share in household lending expanded to 13.0% in March 2008 from 11.2% in March 2007
- ▶ Emphasis on micro-marketing and comprehensive product offering
- ▶ Newly launched "Home Pack Plus" offering mortgage loan, credit card and furniture financing combined in one single product
- ▶ Superior product offering enabled us to improve pricing and sustain market share gains

# Cyprus - deposits

## // Total deposits - Cyprus (€m)



## // Cyprus deposits composition



Cyprus based deposits were up 23% y/y and 3% q/q; adjusting for the US\$ depreciation they were up 27% y/y and 6% q/q

### Local deposits

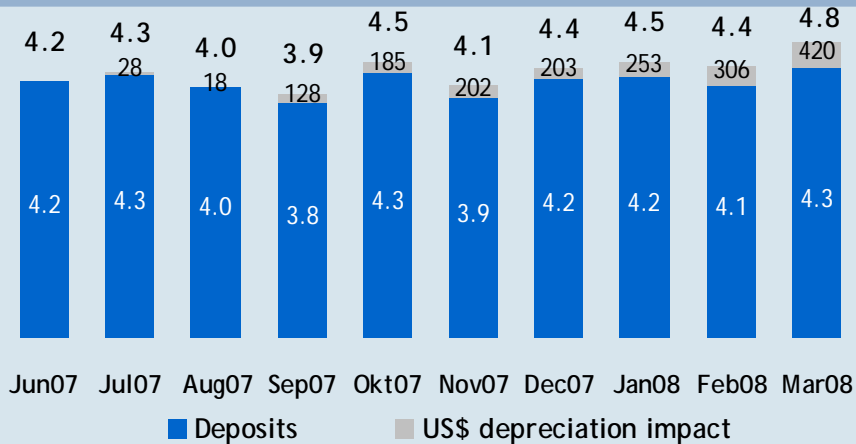
- ▶ System deposit kept on growing in Q1 08 on the back of a robust economy with MPB marginally expanding its market share amid increasing competition from existing and new players
- ▶ MPB's asset gathering on local deposits remains defensive with a view of protecting its local franchise and optimize its funding structure

### IBB deposits

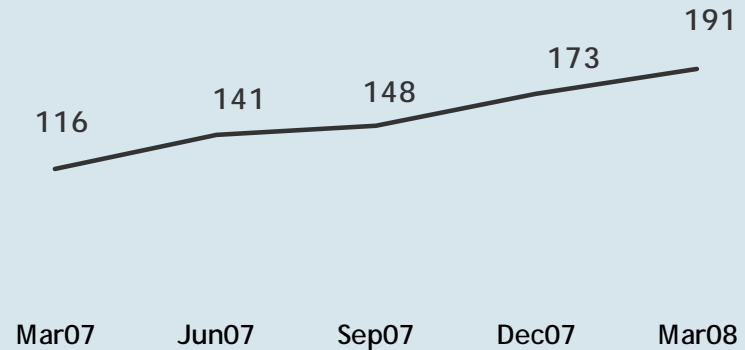
- ▶ The very strong growth of IBB based deposits reflects positive market dynamics and company specific factors
  - ✦ At market level, Cyprus is developing into an int'l business hub, due to its infrastructure, low tax regime and entry into the Eurozone
  - ✦ At company level, MPB is being benefited by its scale as a leading Cyprus based bank, strong links with introducers and the impact of some important initiatives undertaken over the last 18 months aiming to materially elevate the Group's positioning in the lucrative IBB space

# IBB - key drivers

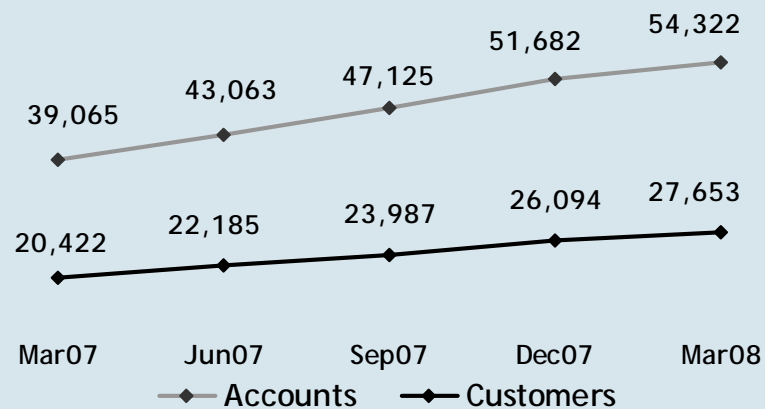
// IBB deposits: US\$/€ exchange effect (€m)



// IBB number of employees



// IBB number of accounts & customers



// IBB market share

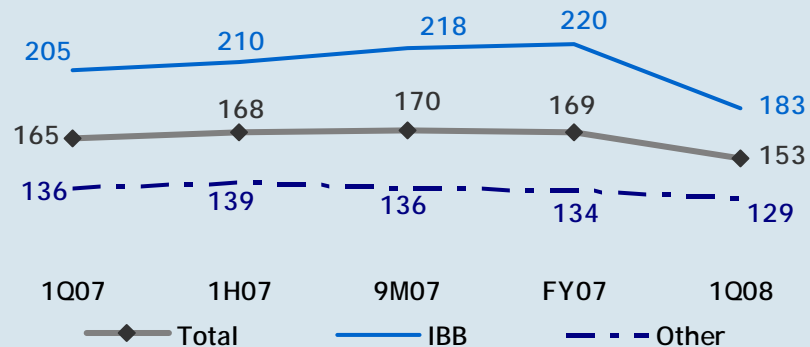


# Cyprus - spreads

## // Loans spreads - Cyprus Bank (bps)



## // Deposit spreads - Cyprus Bank (bps)



## Loan spreads

- ▶ The reduction of asset spread in 1Q08 across all key product areas is predominately attributable to the adjustment of the base rate from 4.5%, under the Cyprus Pound regime, to the 4% ECB base rate
- ▶ The above technical factor masks a re-pricing process started at the end of March, as part of which MPB launched its own base rate standing currently at 4.45% combined with a simultaneous shift of new loans to a Euribor based pricing

## Deposit spreads

- ▶ Local deposit spreads: Spread pressure driven by new entrants and the ongoing credit crunch is contained as the bulk of deposits are retail products with a high level of stickiness
- ▶ The decline in IBB deposits is wholly attributable to the reduction of the US\$ interest, which affects the transactional part of our IBB deposits, which is approximately 65% denominated in US dollar and command a superior spread



**International**

# International Operations - Main actions taken in 1Q08

42

## // Ukraine, Romania and Serbia

- ▶ Organisational restructuring has been completed, leading to a more streamlined and efficient structure

## // Ukraine & Romania

- ▶ Initiating the implementation of a common IT operational platform
- ▶ Introduction of IBB desks within our SE European operations to cater for the Group's more than 20,000 corporate clients

## // Ukraine

- ▶ Received approval from the Central Bank of Cyprus for an equity increase of US\$55m
- ▶ Strengthening of our corporate banking team through new additions of experienced account managers

## // Serbia

- ▶ New management team in place including new CEO, new retail banking director and retail product manager
- ▶ Introduction of a whole new range of new SME and retail product offering

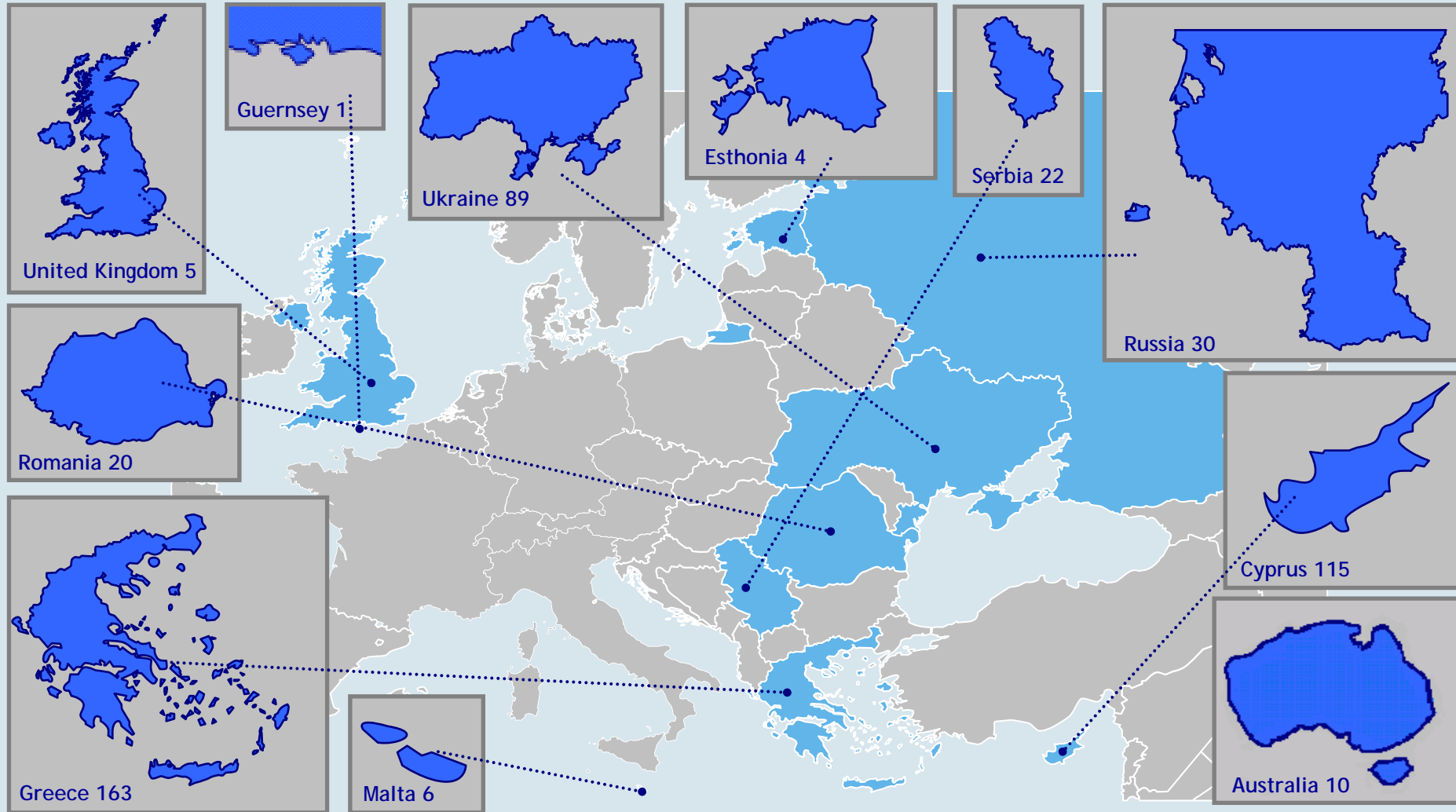
## // Malta

- ▶ Completion of the deal, following receipt of all approvals on 29 February 2008
- ▶ Consequently MPB appointed four (out of seven in total) members in the Board of Directors

## // International Business Banking (IBB)

- ▶ Establishment of the International Corporate Lending Unit to service the financing needs of international customers based in Cyprus as well as Cypriot companies investing abroad
- ▶ A significant pipeline of approved applications for financing projects is pending granting

# MPB's international presence

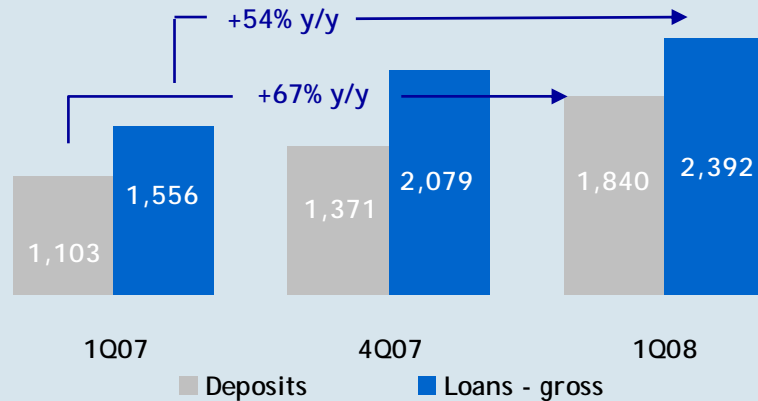


Total network counts 465 branches at the end of 1Q08

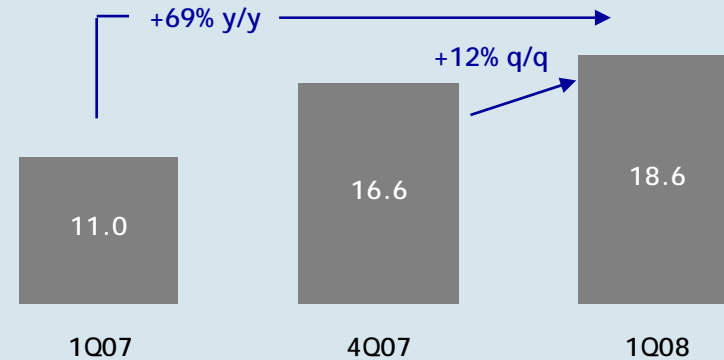
20 out of 30 branches in Russia are outlets, 49 out of 89 branches in Ukraine are cash offices  
5 out of 22 branches in Serbia are cash offices and business units

# International - total volumes, NII, margins

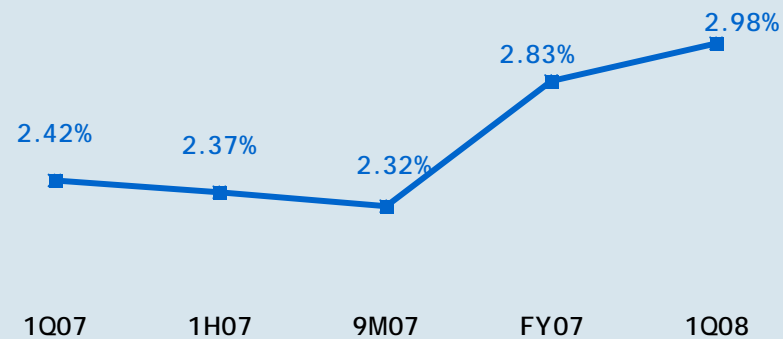
## // Total volumes - international (€m)



## // NII - international (€m)

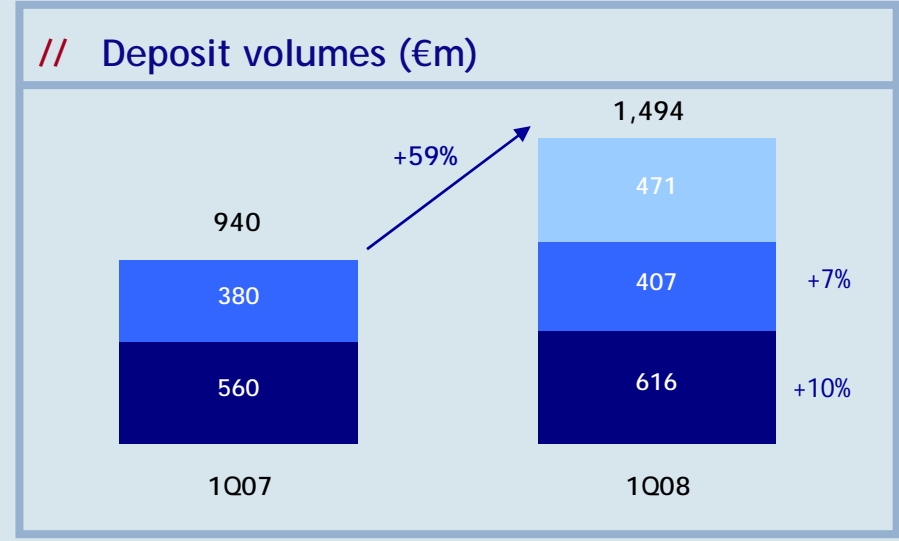
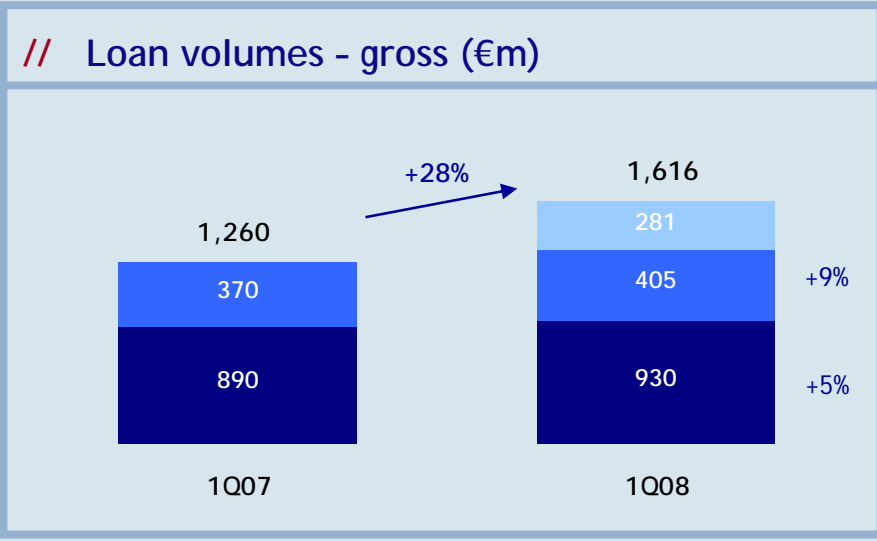
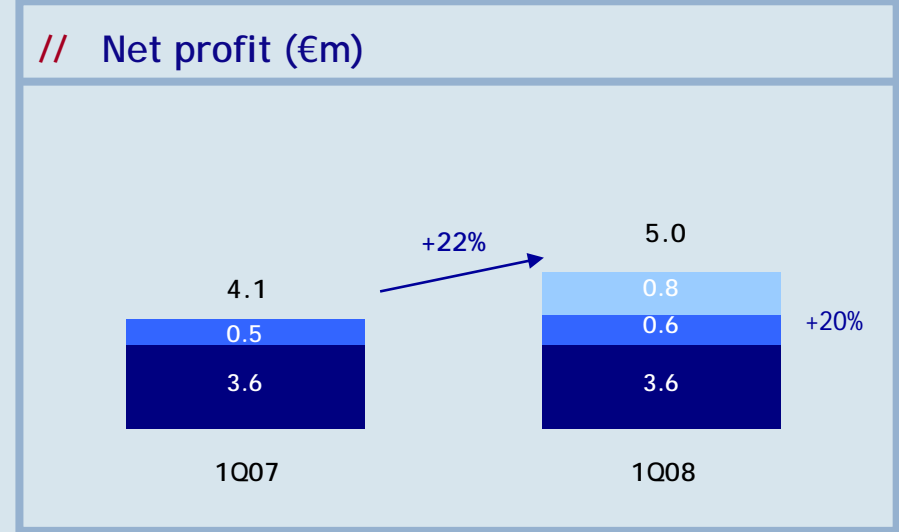
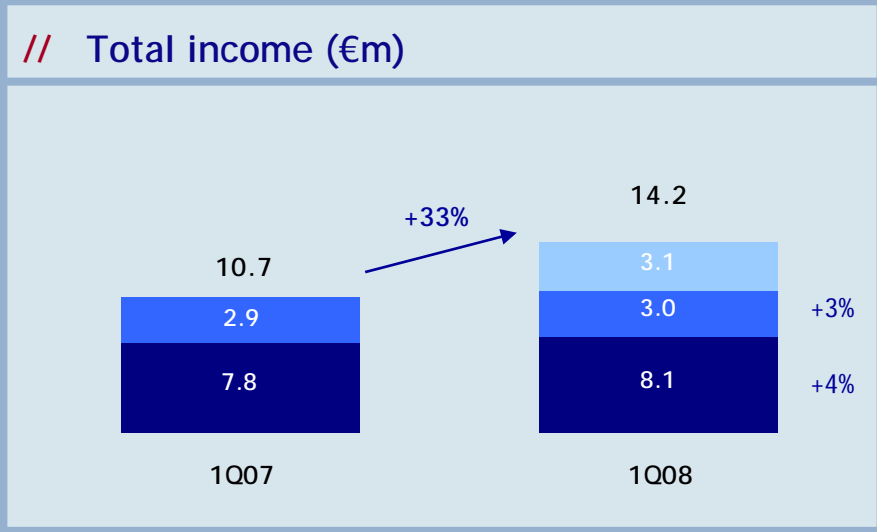


## // Net interest margin (NIM) - international



- ▶ The Group's international network showed a 54% increase in total gross loan volumes and 67% in deposits in 1Q08 vs. 1Q07 leading to a 69% rise in NII y/y and 12% q/q
- ▶ NIM showed a healthy increase from 2.42% in 1Q07 to 2.98% in 1Q08, partly attributed to the consolidation of Ukraine
- ▶ Asset mix effect towards increasing contribution from Emerging Europe should continue underpinning a favorable NIM trend

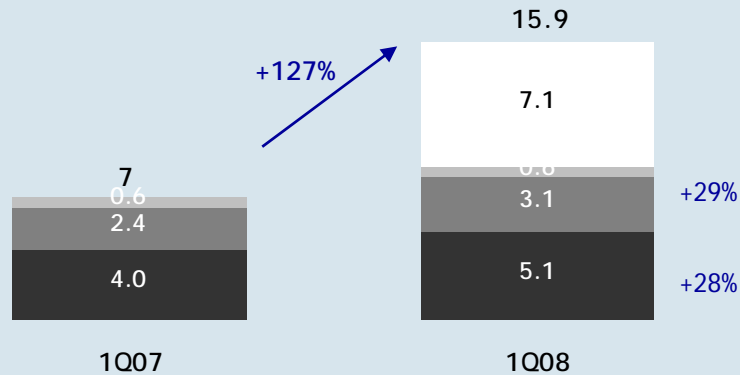
# International - developed countries (Malta, UK & Guernsey, Australia)



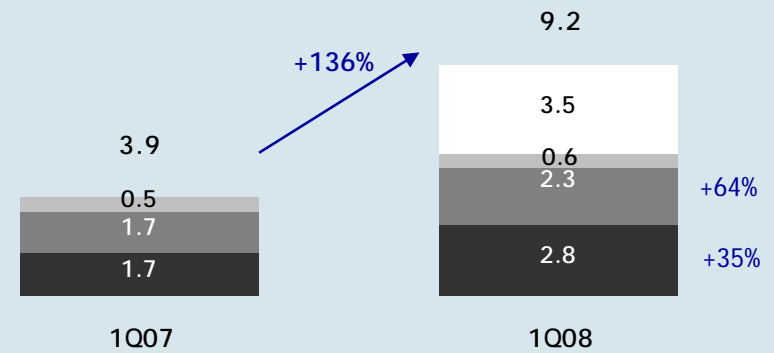
■ UK      ■ Australia      ■ Malta

# International - emerging markets (Romania, Serbia, Estonia, Ukraine)

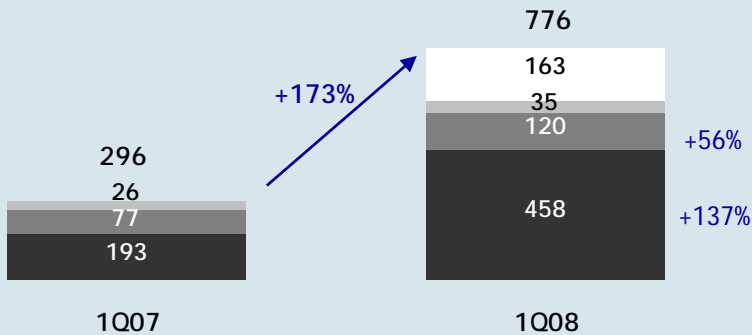
// Total income (€m)



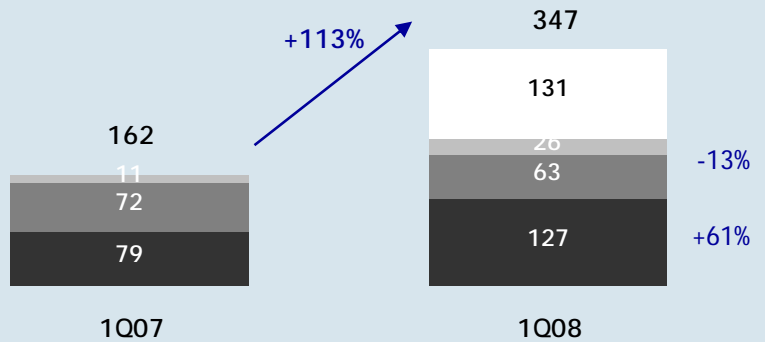
// Net interest income (€m)



// Loan volumes - gross (€m)



// Total deposits (€m)



■ Romania   ■ Serbia   ■ Estonia   ■ Ukraine

# 1Q08 results: international operations

47

<i>(in € m)</i>		Total international		
		1Q07	1Q08*	% change
Balance Sheet	Total Loans	1,556	2,392	54 %
	Total Deposits	1,103	1,840	67 %
P&L	NII	11.0	18.6	69 %
	Total Income	17.7	30.2	71 %
	PBT	7.0	8.9	27 %
Retail network		49	157	+ 108 branches

\* Malta is consolidated for the first time for one month in 1Q08

# Regional breakdown 1Q08

48

<i>(in € m)</i>		Greece	Cyprus	UK	Australia	Malta*	Estonia	Romania	Serbia	Ukraine	SEE	Total
Balance Sheet	Total Assets	14,099	14,120	1,631	513	554	51	609	181	212	1,053	31,970
	Total Loans	10,782	7,203	930	405	281	35	458	120	163	776	20,377
	Total Deposits	9,592	10,420	616	407	471	26	127	63	130	347	21,853
P&L	NII	64.3	89.3	5.6	2.8	1.1	0.6	2.8	2.3	3.5	9.2	172
	Total Income	107.3	144.2	8.1	3	3.1	0.6	5.1	3.1	7.1	15.9	281.6
	OPEX***	(56.1)	(48.1)	(3.0)	(2.0)	(1.7)	(0.5)	(3.4)	(2.9)	(5.6)	(12.4)	(123.3)
	Net Profit	30.1	89	5	0.8	1.2	0.1	1.3	(0.7)	1.2	1.9	128
Retail Network		163	115	6**	10	6	4	20	22	89	135	435

\* Malta is consolidated for the first time for one month in 1Q08

\*\* Including one branch in Guernsey

\*\*\* Excluding Provisions

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## MARFIN POPULAR BANK ( [www.laiki.com](http://www.laiki.com) )

- ▶ Dimitris Spanodimos  
Group Head of Corporate Strategy  
tel. +30 210 8170 127  
email: [dspanodimos@marfinbank.gr](mailto:dspanodimos@marfinbank.gr)
- ▶ Evelyn Vougessis  
Head of Investor Relations  
tel. +30 210 8170 291  
email: [evougessis@marfinbank.gr](mailto:evougessis@marfinbank.gr)
- ▶ Dimitris Anastassakos  
Investor Relations  
tel. +30 210 8170 243  
email: [danastassakos@marfinbank.gr](mailto:danastassakos@marfinbank.gr)



**First-quarter 2008 results**