

**MARFIN POPULAR BANK GROUP
EXPLANATORY NOTE FOR PRELIMINARY FINANCIAL RESULTS
FOR THE YEAR ENDED 31.12.2010**

- ▶ Successful completion of the €488.2 million rights issue and the disposal of the Group's Australian operations boosts Tier I capital ratio to 12.0% and total capital adequacy ratio to 13.7% and positions MPB among the best capitalized banks in the Eurozone
- ▶ Net interest income (NII) rose to €709.5 million in FY 2010, 12% higher y/y, due to the combined impact of expanding balance sheet and improving NIM (+10 bps y/y); the margin expansion has been primarily driven by further asset repricing in Greece
- ▶ Core banking revenues proved resilient, as they grew 5% to €910.0 million in FY 2010, reflecting a sustainable improvement on revenue quality; total revenues dropped by 6% y/y to €1,012.4 million in FY 2010, mainly due to a 52% drop in financial & other income
- ▶ The Group loan and deposit base grew by 6% and 7% respectively y/y, significantly outgrowing the respective Hellenic system growth rates
- ▶ Improving asset quality trends across Cyprus and international operations have resulted in a 21% reduction of NPL formation on an annual basis; Group NPL ratio stood at 7.3% in FY 2010, while coverage has been maintained stable at 51% over the last four quarters
- ▶ FY 2010 net profit attributable to shareholders, adjusted for the one-off tax charge, stood at €95.3 million, 45% lower y/y, being primarily impacted by lower financial income; FY 2010 net profit attributable to shareholders stood at €87.1 million, 50% lower y/y
- ▶ The Board of Directors will approve the final 2010 financial results and decide on the dividend policy at the next Board Meeting

Revenues & operating expenses

Net interest income (NII) rose 12% y/y to €709.5 million in FY 2010, due to the combined impact of expanding balance sheet and improving NIM.

Net interest margin rose by 10 basis points y/y from 1.72% in FY 2009 to 1.82% in FY 2010. The margin expansion has been primarily driven by further asset repricing in Greece.

FY 2010 fee & commission income was 12% lower y/y to €200.5 million, mainly driven by low activity in both equity capital markets and commercial banking.

Core banking revenues increased by 5% y/y to €910.0 million in FY 2010, reflecting a sustainable improvement of revenue quality.

Total revenues dropped by 6% y/y to €1,012.4 million in FY 2010, mainly due to a 52% drop in financial & other income. Financial & other income amounted to €102.4 million in FY 2010 from €211.2 million in FY 2009, as 2010 proved a very difficult year for fixed income markets.

Operating expenses grew by 3% y/y to €645.8 million. The decelerating growth rate of operating expenses from 8% y/y in June 2010, to 7% y/y in September 2010, and 3% y/y in December 2010, reflects the effectiveness of the adoption of a tight restructuring program aiming to realise further cost efficiencies. The upcoming completion of the Marfin Popular Bank merger with Marfin Egnatia Bank should lead to a materially improved level of Group integration and further cost reduction.

Profitability

FY 2010 Group net profit reached €95.3 million, excluding the €8.2 million one-off tax charge paid in 2Q 2010. FY 2010 Group net profit attributable to shareholders amounted to €87.1 million versus €173.9 million in FY 2009, impacted mainly by lower financial & other income, which registered a 52% drop.

Volumes

The Group gross loan portfolio grew by 6% in FY 2010, outpacing the respective Hellenic system growth rates, with the main drivers being: on product basis, corporate loans & mortgages, and on regional basis, Cyprus and international operations, especially Serbia, Russia and Ukraine.

The Greek loan book expanded marginally on an annual basis in line with the growth of the system. The Cypriot loan book grew by a solid 12%, significantly outpacing the 6% growth of the Cypriot market lending growth, and being primarily driven by a 16% rise in both business and mortgage loans.

Group loan book consists of 69% business loans and 31% loans to households. Mortgages accounted for 18% of the total loan book in FY 2010 versus 17% in 9M 2010, while the respective ratio for consumer loans was 13% in FY 2010 versus 14% in 9M 2010.

On an annual basis, deposits registered a 7% increase to €25.5 billion, mainly as a function of strong deposit gathering in international business banking (IBB) in Cyprus (IBB deposits 35% higher y/y) and an 18% increase in deposits at the Group's international operations.

Liquidity profile

The liquidity of the Group is amongst the healthiest within the broader Hellenic banking sector. Despite constrained liquidity conditions, loan-to-deposit ratio improved by 100 basis points y/y to 104%, as of 31 December 2010. The funding structure of Marfin Popular Bank is 67% deposit driven, while it is characterised by limited reliance on ECB funding and covered bonds. The new covered bond law in Cyprus, enacted in December 2010, provides an additional source of contingent liquidity for the Group, with incremental liquidity standing at €2bn in 2011 alone.

The Group has successfully redeemed over one billion euro in senior debt during the course of 2010, while wholesale redemptions for 2011 amount to only €500 million.

Asset quality

For the FY 2010, average quarterly NPL formation dropped by 21% y/y to €107 million, driven by improving asset quality trends across Cyprus and international operations, primarily in Ukraine and Romania. FY 2010 NPL ratio stood at 7.3%, showing an increase of 20 basis points versus 9M 2010 and 120 basis points versus FY 2009, but well below the 30 basis points average quarterly increase of NPL ratio over the last four quarters. The NPL ratio has also been affected by the deleveraging of the lending portfolio, particularly in consumer lending across all regions.

Provisions for loan impairment amounted to €266.1 million in FY 2010, a 6% increase on an annual basis. Provision coverage stood at 51%, as of 31 December 2010, and has been maintained stable over the last four quarters. The coverage ratio increases to 150%, if we take into account tangible collaterals and personal & corporate guarantees, reflecting a very comfortable situation given the conservative structure of our loan portfolio.

Cost of credit rose by 6 basis points on a sequential basis to 95 basis points in 4Q 2010 from 89 basis points in 3Q 2010. However, it demonstrated a decreasing trend on an annual basis, which is reflected by a 10 basis points decline, supported by decelerating NPL formation on an annual basis.

Capital raising & Capital ratios

Marfin Popular Bank accomplished two strategic targets in the first-quarter of 2011, which have resulted in strengthening the Group capital base:

1. It successfully executed its €488.2 million rights issue in February 2011, issuing 488.2 million shares at €1.00 per share. The issue, which was the largest ever executed by a CSE listed bank, was 1.1x oversubscribed.
2. It announced the agreement to sell 85% of Laiki Bank Australia to Bank of Beirut for a total cash consideration of €104.3 million. The sale of the Australian subsidiary is in line with the Group's strategy to enhance its capital base and focus on its operations in south-eastern European countries, Malta and the UK. The transaction, which was executed at 1.7 times the net book value of Laiki Bank Australia at 30 September 2010, is expected to result in a one-off capital gain of approximately €52.7 million to be recognised in 2011.

Pro-forma for the rights issue and the disposal of the Australian subsidiary, total regulatory funds amounted to €3.7 billion at the end of December 2010, 27% higher versus December 2009, while Tier I capital amounted to €3.3 billion, 42% higher versus last year. This significant increase of capital enhances the risk absorption capacity of the Group, while it allows it to implement its strategic plan. It should be noted that Marfin Popular Bank has not participated in any state capital support program.

For the Group, pro-forma Tier I ratio rose to 12.0%, as of 31 December 2010 versus 9.1%, as of 31 December 2009, which is one of the highest among Eurozone banks. Total capital adequacy ratio also improved significantly to 13.7% in FY 2010 versus 11.5% in FY 2009.

International operations

Despite adverse market conditions, NII from international operations rose 6% y/y to €123.8 million in FY 2010, with key drivers being Romania (+27%), the UK (+8%) and Malta. Net results showed a remarkable improvement during 2010, as a €13.5 million net loss reported in FY 2009 improved to €18.5 million net profit in FY 2010.

Cost of credit fell from 218 basis points in FY 2009 to 92 basis points in FY 2010, underpinned by improvements in emerging European countries, especially Russia, Ukraine and Romania.

The structure of the balance sheet of the Group international operations has continued to improve, depicted by improving loan-to-deposit ratios across all international subsidiaries. In 2010, deposits rose by 18% to €2.7 billion, outpacing a 5% loan growth. The loan book of international operations reached €3.0 billion in FY 2010. Loan-to-deposit ratio fell from 144% in 2008 to 123% in 2009 and 108% in 2010. That has been driven by the ongoing deepening of the Bank's deposit gathering franchise in markets such as the UK, Romania and Ukraine.

// Consolidated Income Statement (€m)	FY10	FY09	FY10/ FY09 (%)
Net interest income (NII)	709.5	635.8	11.6%
Net fee & commission income	200.5	227.9	(12.0)%
Financial & other income	102.4	211.2	(51.5)%
Total operating revenues	1,012.4	1,074.9	(5.8)%
Staff costs	(386.2)	(368.8)	4.7%
Other operating expenses	(203.4)	(198.5)	2.5%
Depreciation & amortization	(56.2)	(57.2)	(1.7)%
Operating expenses	(645.8)	(624.5)	3.4%
Pre provision profit	366.6	450.4	(18.6)%
Provision for loan impairment	(266.1)	(250.6)	6.2%
Profit from associates	14.2	18.0	(21.3)%
Profit before tax	114.7	217.8	(47.3)%
Tax	(25.5)	(47.4)	(46.3)%
Minority interest	(2.1)	3.5	-
Net profit attributable to shareholders	87.1	173.9	(49.9)%
Net profit attributable to shareholders (adjusted for one-off tax)*	95.3	186.7	(45.2)%
// Key balance sheet items (€m)	FY10	FY09	FY10/ FY09 (%)
Total assets	42,580	41,828	1.8%
Loans to customers	27,431	25,894	5.9%
RWAs	27,259**	25,622	6.3%
Customer deposits	25,508	23,886	6.8%
Total equity	3,536	3,636	(2.8)%
Tangible Equity	2,792**	2,358	18%
// Key ratios	FY10	FY09	
Core Tier I	9.3%**	7.7%	
Tier I	12.0%**	9.1%	
Capital adequacy ratio	13.7%**	11.5%	
Cost/income	63.8%	58.1%	
NIM	1.82%	1.72%	
Loans/Deposits	104%	105%	
NPLs	7.3%	6.1%	
Cost of credit (Provisioning)	100 bps	100 bps	
RoTE (return on tangible equity)	3.8%	7.7%	
RoA (return on assets)	0.21%	0.42%	

* Excluding €8.2m one-off tax charge reported in 2Q10 and €12.8m in 3Q09

** Proforma for the completion of the €488.2m rights issue & the disposal of the Australian subsidiary