



**LAIKI BANK GROUP**

**Third Quarter 2012 Financial Results**

**28 November 2012**

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## Results Highlights

# Nine monthly 2012 Financial Highlights

Group

## Comments

- ▶ Net interest income (NII) 21% lower y/y due to the effect of deleveraging, elevated funding costs across all regions and increased NPLs. NII was 5% higher q/q mainly due to reduced interest expense on capital securities
- ▶ Net fee and commission income 12% down on an annual basis due to subdued economic activity during the period
- ▶ Total operating income before profit from disposal of subsidiaries fell 19% y/y to €635m and 8% on a quarterly basis and core banking revenues were 19% down y/y and 3% higher on a quarterly basis
- ▶ Continued tight cost control policy, has driven operating expenses including non-recurring and restructuring cost 5% lower y/y and recurring operating expenses down by 9% y/y
- ▶ Loan loss provisions significantly increased to €1,285m for 9M12, mainly due to continued deteriorating economic conditions in Greece and Cyprus, the two key markets of the Group

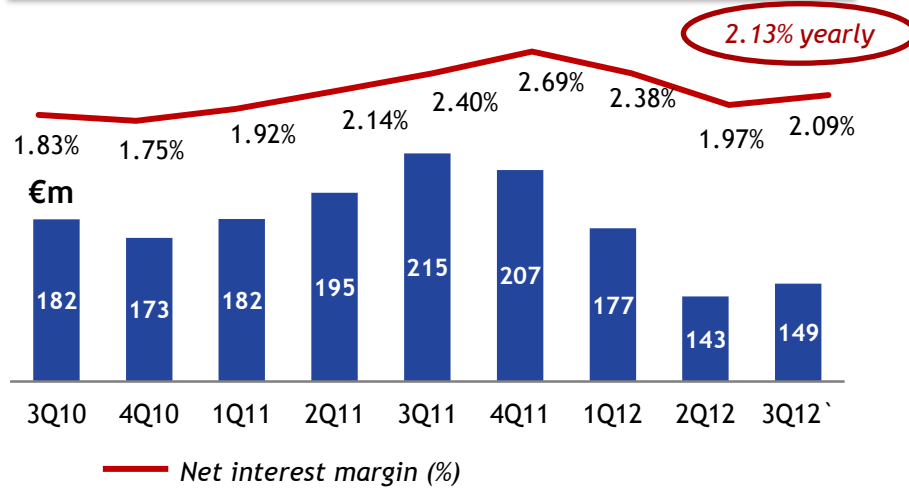
## Key Results Highlights

€m	9M12	9M11	yoy %	3Q12	2Q12	qoq %
Net interest income	469	592	(20.7)%	149	143	4.9%
Net fee and commission income	119	136	(12.0)%	39	40	(3.6)%
<b>Core banking revenues</b>	<b>588</b>	<b>728</b>	<b>(19.2)%</b>	<b>188</b>	<b>183</b>	<b>3.1%</b>
Financial and other income	47	58	(20.0)%	(1)	21	nm.
Total operating income before profit from disposal of subsidiaries	635	786	(19.2)%	187	204	(8.2)%
Profit from the disposal of subsidiaries	3	53	nm.	-	-	nm.
<b>Total operating income</b>	<b>638</b>	<b>839</b>	<b>(24.0)%</b>	<b>187</b>	<b>204</b>	<b>(8.2)%</b>
<b>Recurring operating expenses</b>	<b>(428)</b>	<b>(472)</b>	<b>(9.4)%</b>	<b>(135)</b>	<b>(145)</b>	<b>(7.0)%</b>
Non-recurring operating expenses	(21)	-	nm.	(10)	(11)	(0.1)%
<b>Profit before impairments</b>	<b>189</b>	<b>367</b>	<b>(48.5)%</b>	<b>42</b>	<b>48</b>	<b>(13.4)%</b>
Loan loss provisions	(1,285)	(283)	354.3%	(400)	(766)	(47.8)%
Impairment of debt & equity	(166)	(427)	(61.1)%	(6)	(153)	nm.
Tax	160	51	212.0%	(1)	81	nm.
<b>Loss</b>	<b>(1,091)*</b>	<b>(292)</b>	<b>nm.</b>	<b>(362)</b>	<b>(784)</b>	<b>nm.</b>
Net loans	22,418	25,719	(12.8)%	22,418	23,100	(2.9)%
Deposits	17,865	21,631	(17.4)%	17,865	17,918	(0.3)%
Total assets	30,376	39,176	(22.5)%	30,376	31,365	(3.1)%

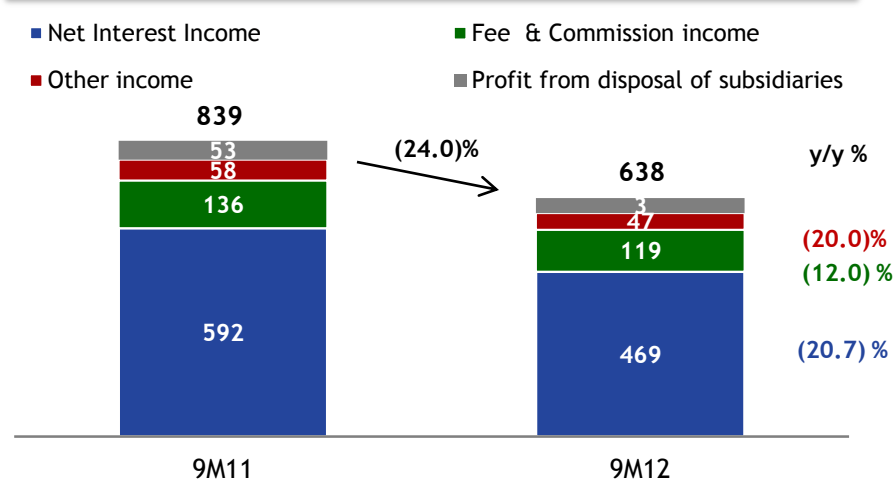
\*Excludes impairment of goodwill & other intangible assets of €580m but includes share of profit from associates. Taking into account the impairment of goodwill and other intangibles the loss attributable to the owners of the Bank reached €1,671 m.

# Quarterly Increase in Net Interest Margin & Continued Tight Cost Control Policy

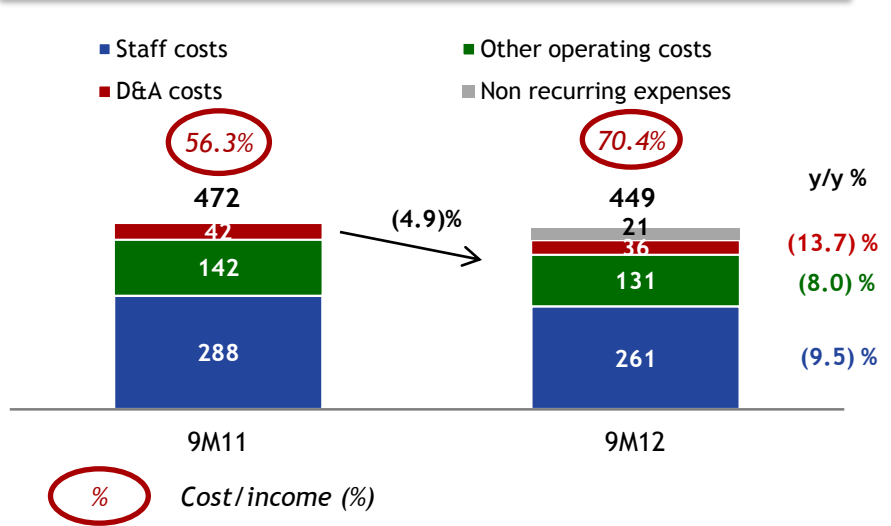
Net interest income (€m) & NIM - Group



Total operating income (€m)



Operating costs (€m) and Cost/Income (%)



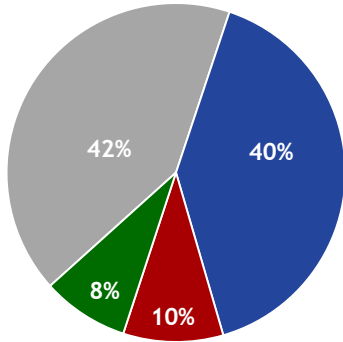
Comments

- ▶ 3Q12 net interest margin declined by 31bps on an annual basis; on a sequential basis net interest margin increased to 2.09% in 3Q12 versus 1.97% in 2Q12, on yearly basis net interest margin stood at 2.13%
- ▶ Continued cost containment efforts brought total operating expenses 5% down on an annual basis and down 9% y/y excluding non-recurring items and restructuring costs of €21m (Greece: €14.8m and Cyprus: €6.5m).

# Home Market, Cyprus, Contributed 72% of Total Operating Income & 61% Core Banking Income

Net loans by geography (%)

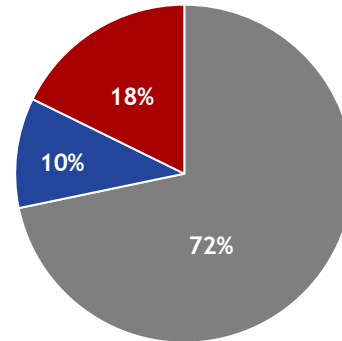
■ Cyprus ■ Greece ■ International ■ Shipping



9M12 Total net loans = €22,418m

Total operating income by geography

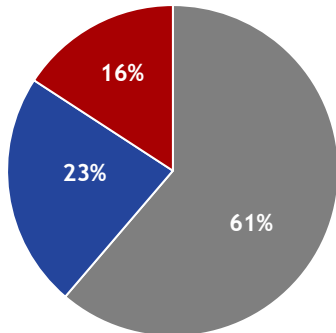
■ Cyprus ■ Greece ■ International



9M12 Total operating income = €638m

Core banking income by geography (%)

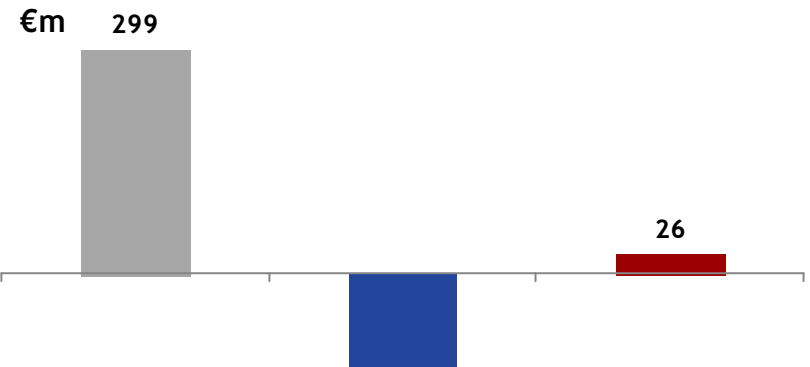
■ Cyprus ■ Greece ■ International



9M12 Total core banking income = €588m

Pre-provision profit by geography

■ Cyprus ■ Greece ■ International

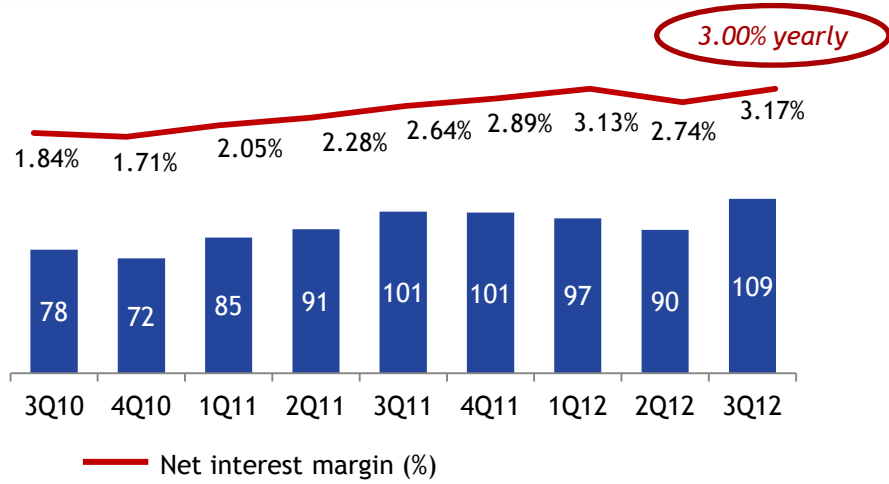


9M12 Total pre-provision profit = €189m\*

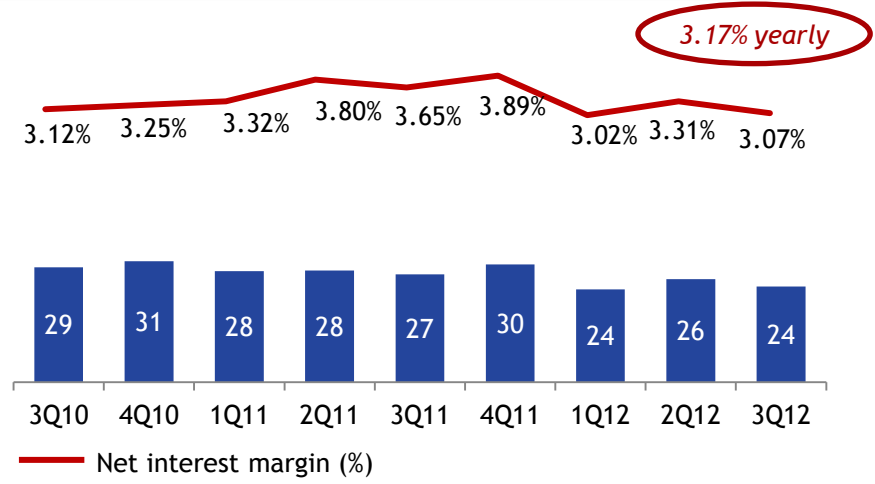
\*Amortization of intangible assets is added at Group level only

# Improving NIM in Cyprus, while Pressure Continues in Greece & International Operations

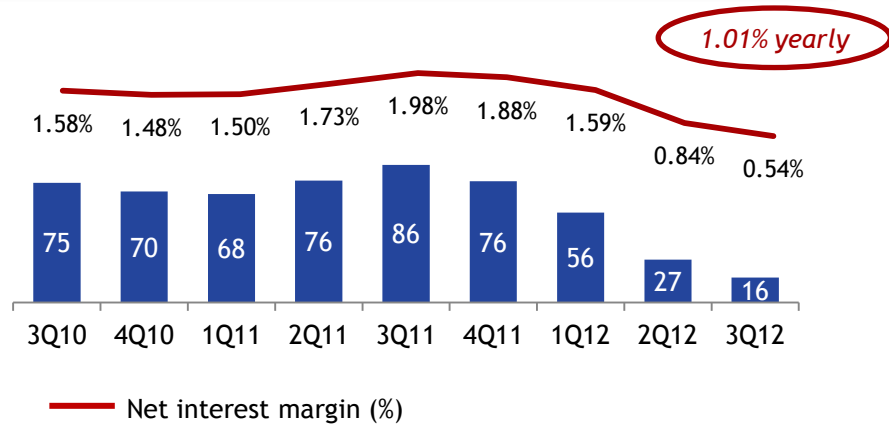
Net interest income (€m) & NIM-Cyprus



Net interest income (€m) & NIM-International



Net interest income (€m) & NIM-Greece



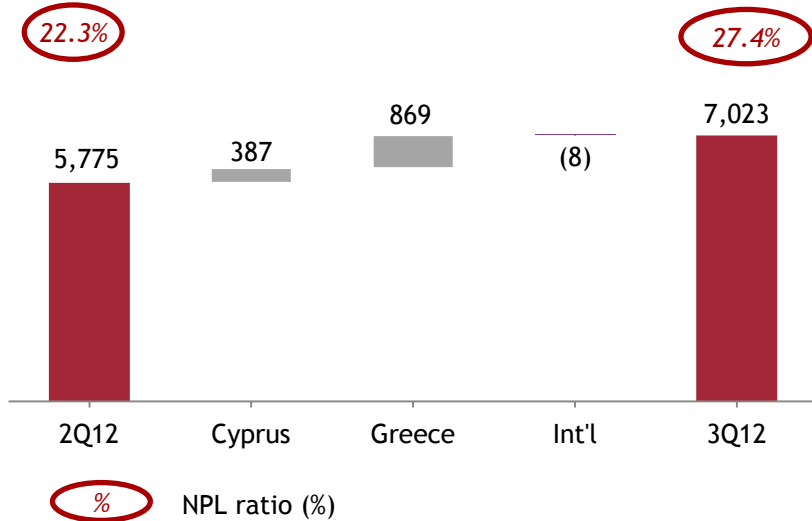
Comments

- ▶ NIM in Cyprus increased by 53bps on y/y basis and stood at 3.17% in 3Q12; on quarterly basis net interest margin increased by 43bps. This improvement is mainly due to reduced interest expense on capital securities
- ▶ NIM in Greece declined on an annual basis by 144bps; on a sequential basis net interest margin dropped to 0.54% in 3Q12, 30bps lower on a sequential basis, due to deteriorating funding costs and increased NPLs
- ▶ NIM of international operations decreased on an annual basis by 58bps and dropped to 3.07% in 3Q12 compared to 3.65% in 3Q11; on a sequential basis net interest margin decreased by 24bps. This effect is mainly due to deleveraging and increased funding costs

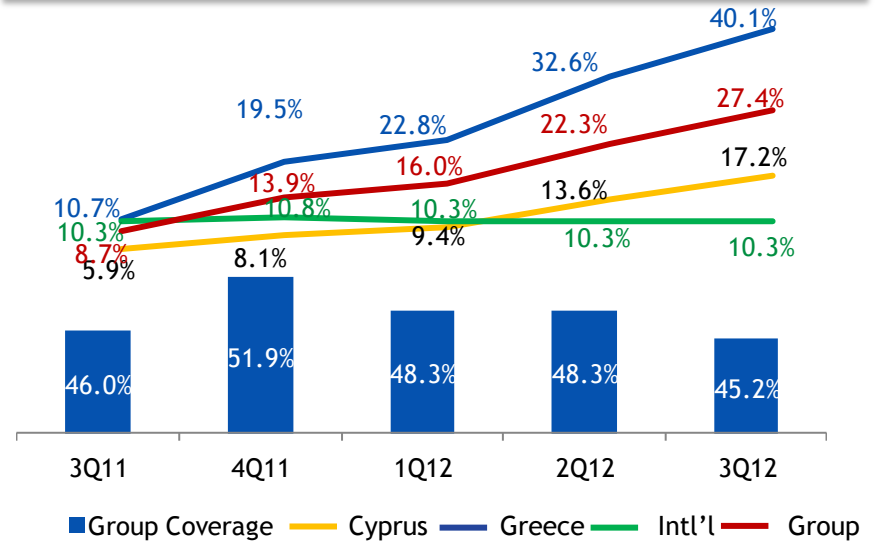
# NPLs Affected by an Ongoing Deteriorating Macro Environment Both in Greece & Cyprus

Group

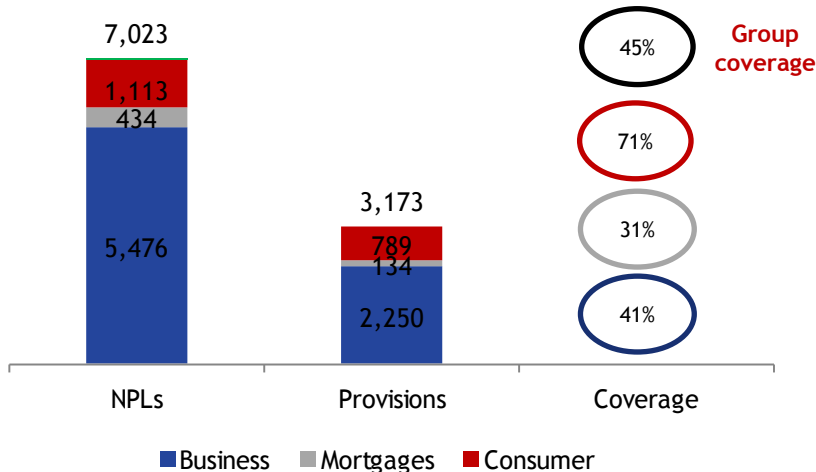
Group NPLs development (€m)



NPL by region (%)



NPL by type (%)



Comments

- ▶ Group NPL ratio at 27.4% in 3Q12 510bps higher on a sequential basis
  - ▶ Cyprus NPL ratio at 17.2%
  - ▶ Greek NPL ratio at 40.1%
  - ▶ International operations NPL ratio at 10.3%, remains stable on a quarterly and yearly basis
- ▶ Group maintained a provision coverage of 45.2% across the Group's portfolio (a satisfactory coverage among its peers)

## Performance By Geography

# Key Financials by Geography

	€m	9M12				9M11				yoy%			
		Group	Cyprus	Greece	Int'l	Group	Cyprus	Greece	Int'l	Group	Cyprus	Greece	Int'l
<b>Balance sheet</b>	Net Loans	22,418	10,400	9,878	2,140	25,719	10,603	12,817	2,299	(12.8)%	(1.9)%	(22.9)%	(6.9)%
	Total Assets	30,376	14,989	12,101	3,286	39,176	17,823	18,185	3,168	(22.5)%	(15.9)%	(33.5)%	3.7%
	Deposits	17,865	10,251	6,032	1,582	21,631	12,374	7,476	1,781	(17.4)%	(17.2)%	(19.3)%	(11.8)%
<b>Profit &amp; loss</b>	Net Interest Income	469	296	99	74	592	277	231	84	(20.7)%	6.9%	(57.2)%	(11.8)%
	Total Operating Income	638	458	67	113	839	423	285	131	(24.0)%	8.3%	(76.4)%	(14.1)%
	Operating expenses <sup>(1)</sup>	(449)	(159)	(191)	(87)	(472)	(169)	(199)	(87)	(4.9)%	(5.9)%	(3.6)%	(1.0)%
	Pre-provision profit <sup>(1)</sup>	189	299	(124)	26	367	254	86	44	(48.5)%	17.7%	nm.	(40.9)%
	Loan loss provisions	(1,285)	(306)	(967)	(12)	(283)	(51)	(222)	(10)	354.3%	503.4%	335.1%	24.6%
	Profit/(loss) before tax <sup>(1)(2)(3)</sup>	(1,087)	(7)	(1,091)	14	92	203	(136)	34	nm.	nm.	nm.	(59.3)%
<b>Key ratios</b>	Net Interest Margin	2.13%	3.00%	1.01%	3.17%	2.10%	2.29%	1.71%	3.28%				
	Cost/Income ratio	70.4%	34.8% <sup>(4)</sup>	285.1%	76.9%	56.3%	40.0%	69.8%	66.7%				
	Cost of risk	6.55%	3.66%	15.90%	0.72%	1.39%	0.62%	2.21%	0.54%				
	Loan/Deposit	125.5%	101.4%	163.8%	135.3%	118.9%	85.7%	171.5%	129.1%				

<sup>(1)</sup> Amortization of intangibles is added at Group level only; non-recurring expenses are included

<sup>(2)</sup> Before impairment of debt & equity and goodwill

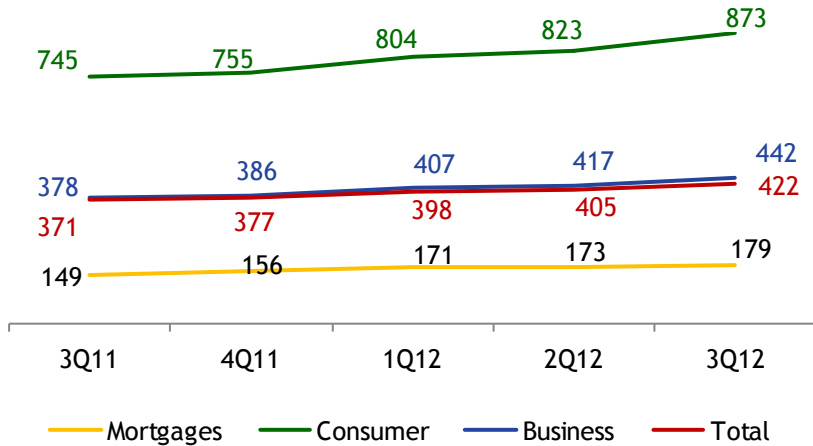
<sup>(3)</sup> Share of profit from associates is added at Group level only

<sup>(4)</sup> Includes the profit from Liability Management exercise on Tier II of €116 m. Excluding this profit the cost/income ratio was 46.5%

# Spread Evolution by Product & Geography

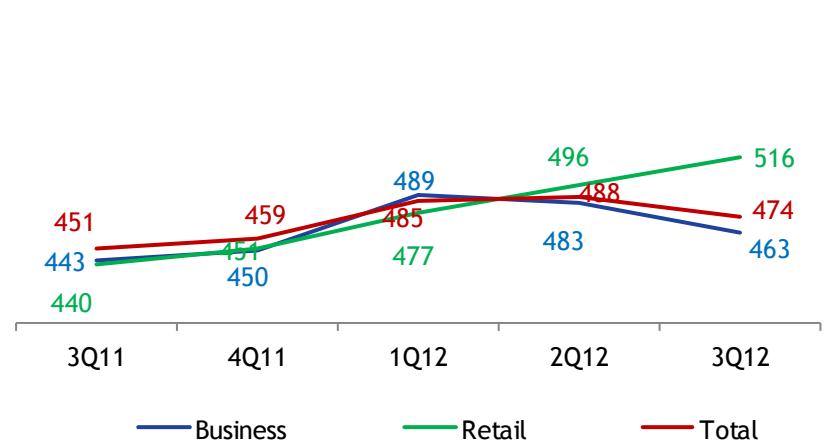
## Loan spreads - Greece (bps)

Improving asset spreads in Greece both y/y and q/q



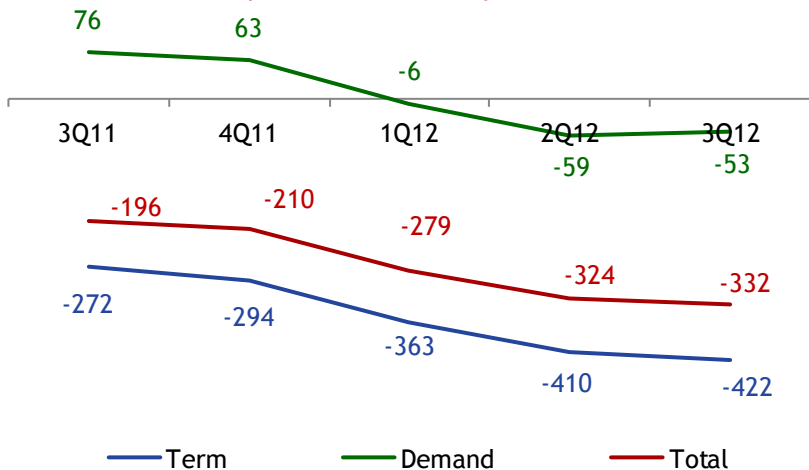
## Loan spreads - Cyprus (bps)

Improving asset spreads in Cyprus across retail & business segments



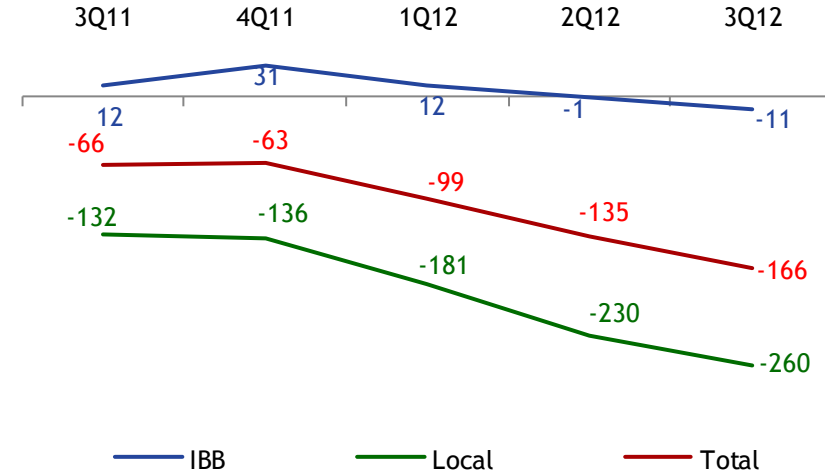
## Deposit spreads - Greece (bps)

Deteriorating deposit spreads in Greece, due to the ongoing economic crisis and political uncertainty



## Deposit spreads - Cyprus (bps)

Declining deposit spreads in Cyprus, due to the deteriorating macro outlook



# Operating Performance in Cyprus

Cyprus

(in €m)	9M12	9M11	yoy (%)	3Q12	2Q12	qoq (%)
NII	296	277	6.9%	109	90	22.4%
Net fee & commission income	65	69	(6.3)%	20	22	(9.6)%
Core banking revenues	361	346	4.3%	129	112	16.1%
Financial & other income	94	24	301.5%	(4)	89	nm.
Income from disposal of subsidiaries	3	53	(94.6)%	-	-	nm.
<b>Total operating income</b>	<b>458</b>	<b>423</b>	<b>8.3%</b>	<b>125</b>	<b>201</b>	<b>(37.8)%</b>
Operating expenses	(159)	(169)	(5.9)%	(55)	(51)	7.8%
<b>Pre-provision profit</b>	<b>299</b>	<b>254</b>	<b>17.7%</b>	<b>70</b>	<b>150</b>	<b>(53.4)%</b>
Loan loss provisions	(306)	(51)	503.4%	(130)	(124)	5.2%
<b>Profit/(loss) before tax*</b>	<b>(7)</b>	<b>203</b>	<b>nm.</b>	<b>(60)</b>	<b>26</b>	<b>nm.</b>

\*Excluding impairment of debt & equity

## Comments

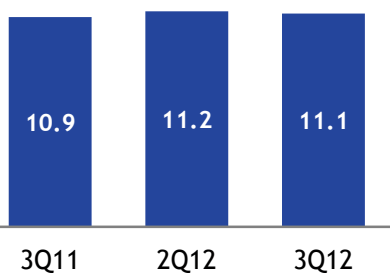
- ▶ Net interest income of Cyprus operations remained strong in 9M12, and reached €296m showing an increase by 7% on an annual basis and by 22% q/q. The main reasons include the reduced interest expense on capital securities
- ▶ Core banking revenues were higher by 16% on a sequential basis and 4% on an annual basis amounting to €361m in 9M12
- ▶ Operating expenses were well contained, declining by 6% on an annual basis to €159m. Excluding non-recurring expenses of €6,5m, the drop in expenses is 10% y/y
- ▶ Pre-provision profit rose to €299m in 9M12 vs. €254m in 9M11, 18% higher on an annual basis mainly driven by the financial and other income line which included various non-recurring profits (9M11:Profit from disposal of the Australian subsidiary of €53m / 9M12:Profit from Liability Management exercise on Tier II €116m and profit from disposal of Estonian subsidiary of €3m)
- ▶ Provisions were 503% higher on an annual basis, reflecting a deteriorating macro environment in Cyprus

# Loan Book and Deposits Evolution in Cyprus

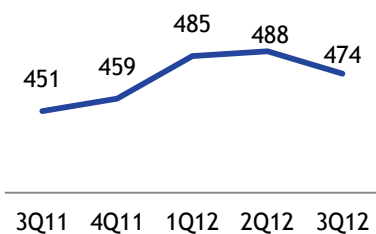
Cyprus

## Total loan book

Gross loans, €bn



Average performing loans spread, bps

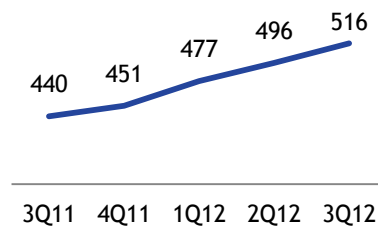


## Retail lending

Gross loans, €bn

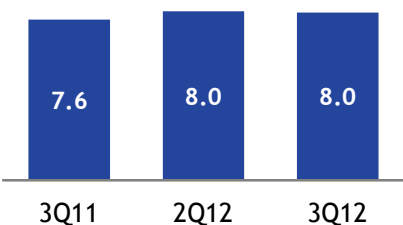


Average performing loans spread, bps

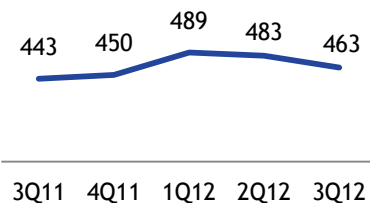


## Business lending

Gross loans, €bn

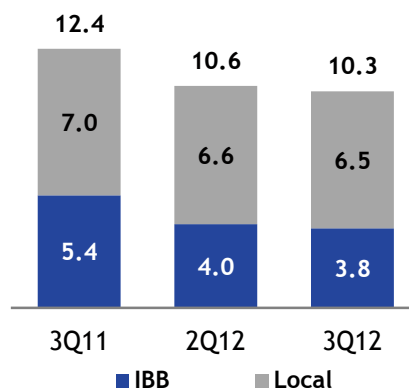


Average performing loans spread, bps

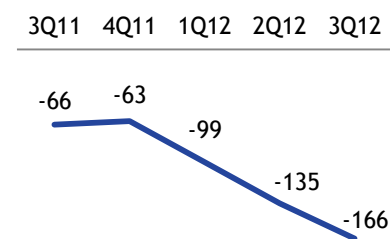


## Deposits

€bn



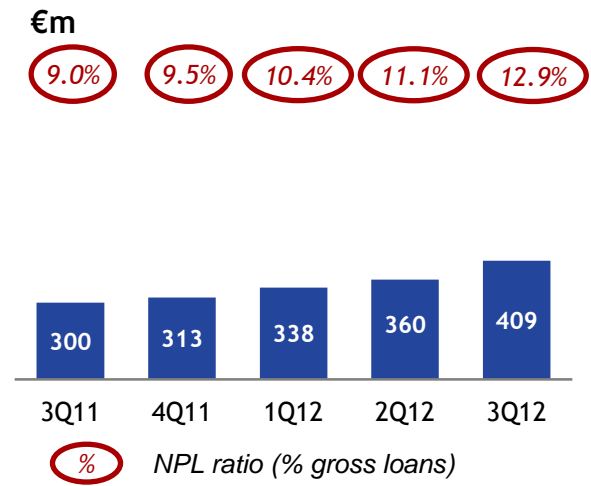
Average deposits spread, bps



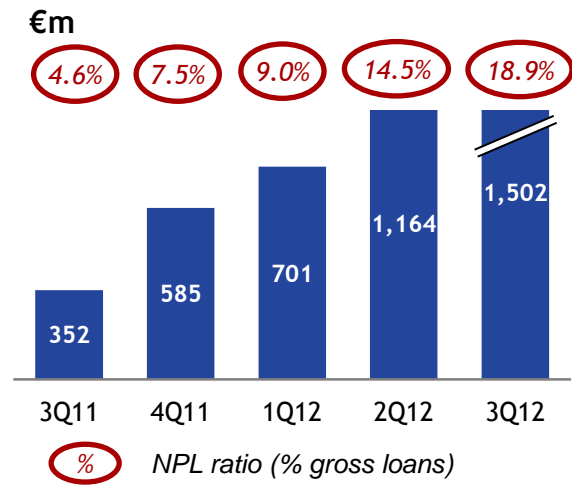
# Asset Quality in Cyprus

Cyprus

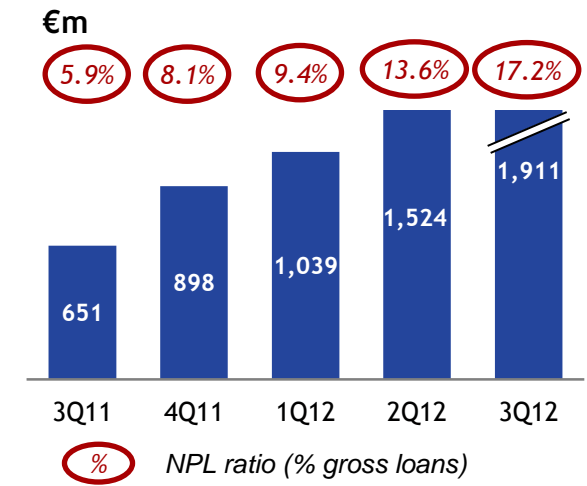
## Retail NPLs



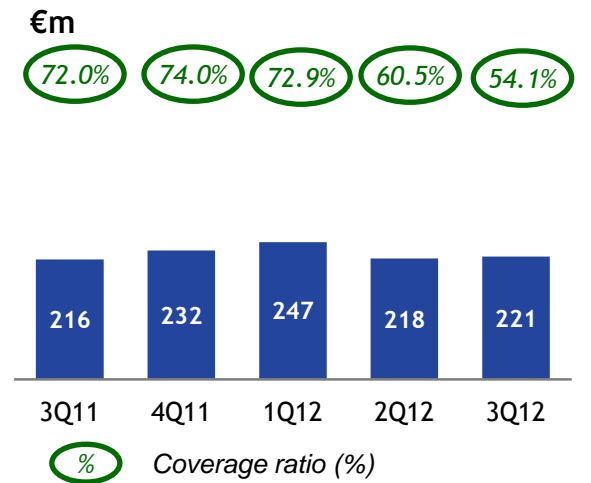
## Business NPLs



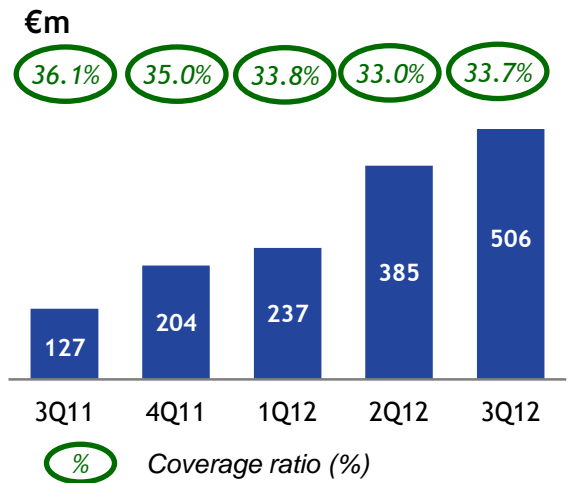
## Total NPLs



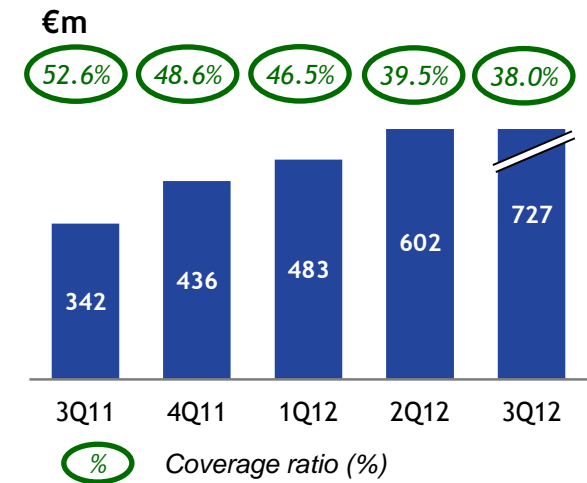
## Retail provisions



## Business provisions



## Total provisions



# Operating Performance in Greece

Greece

(in €m)	9M12	9M11	yoy (%)	3Q12	2Q12	qoq (%)
<b>NII</b>	<b>99</b>	<b>231</b>	<b>(57.2)%</b>	<b>16</b>	<b>27</b>	<b>(40.7)%</b>
Net fee & commission income	36	49	(26.9)%	12	12	4.8%
Core Banking revenues	135	280	(51.8)%	28	39	(27.3)%
Financial & other income	(68)	5	nm.	(2)	(74)	nm.
<b>Total operating income</b>	<b>67</b>	<b>285</b>	<b>(76.4)%</b>	<b>26</b>	<b>(35)</b>	<b>nm.</b>
Operating expenses	(191)	(199)	(3.6)%	(61)	(70)	(12.6)%
<b>Pre-provision profit/(loss)</b>	<b>(124)</b>	<b>86</b>	<b>nm.</b>	<b>(35)</b>	<b>(105)</b>	<b>(66.8)%</b>
Loan loss provisions	(967)	(222)	335.1%	(261)	(640)	(59.2)%
<b>Loss before tax*</b>	<b>(1,091)</b>	<b>(136)</b>	<b>nm.</b>	<b>(296)</b>	<b>(745)</b>	<b>(60.3)%</b>

\*Excluding impairment of debt & equity

## Comments

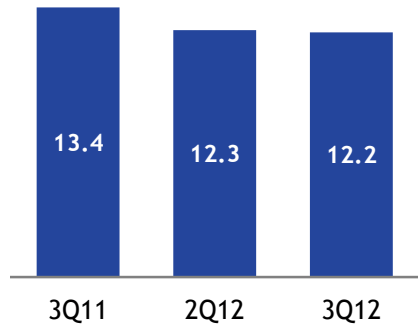
- ▶ Net interest income in Greece stood at €99m in 9M12, 57% lower y/y, impacted by loan and bond book deleveraging, escalating funding costs and increased NPLs
- ▶ The ongoing deleverage process has resulted in trading losses which are included in the financial and other income
- ▶ Operating expenses also included non-recurring items of €14.8m in 9M12. Excluding those the drop in recurring operating expenses in Greece is increased to 11% on an annual basis
- ▶ Provisions were 335% higher on an annual basis to €967m, reflecting the ongoing negative economic environment in the country

# Loan Book and Deposits Evolution in Greece

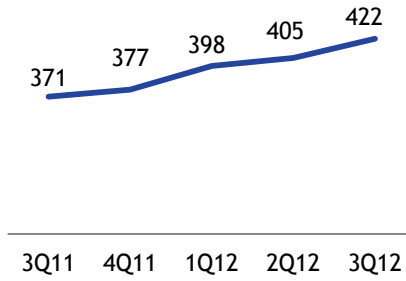
Greece

## Total loan book

Gross loans, €bn



Average loans spread, bps

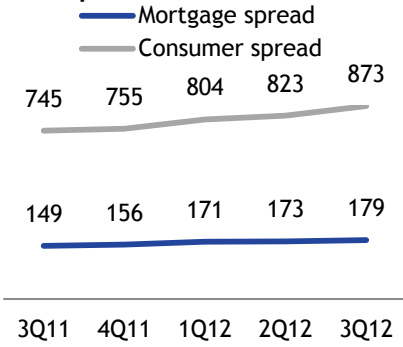


## Retail lending

Gross loans, €bn

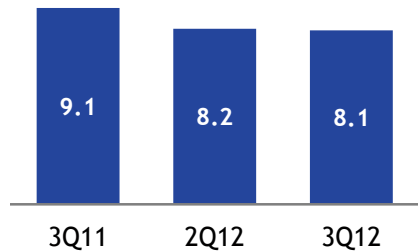


Average loans spread, bps

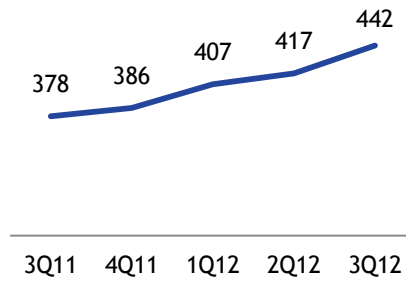


## Business lending

Gross loans, €bn

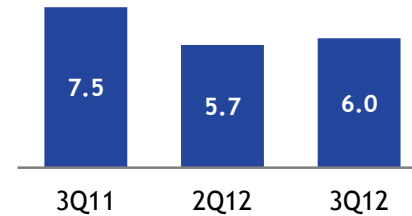


Average loans spread, bps

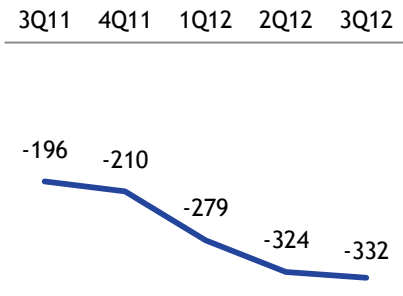


## Deposits

€bn



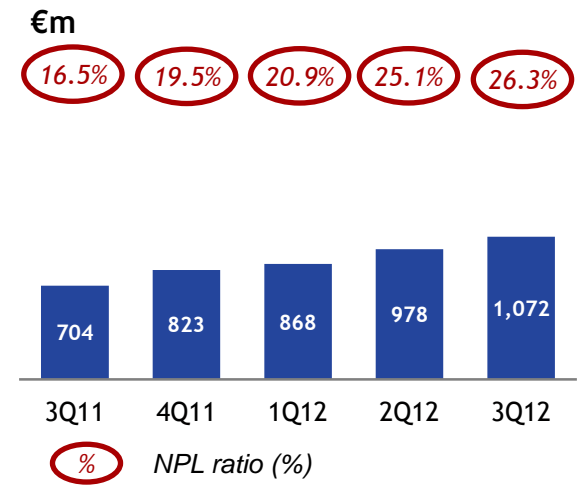
Average deposits spread, bps



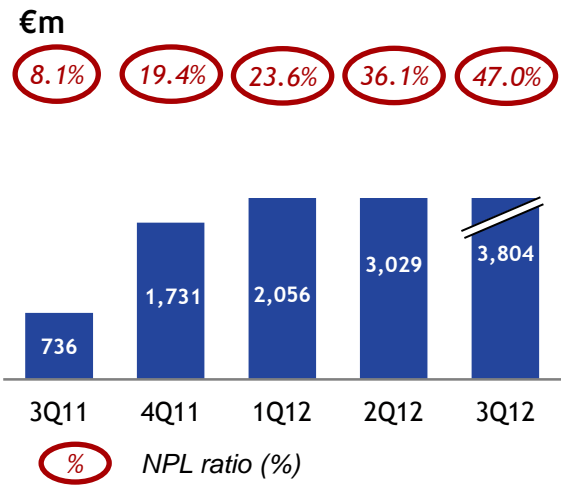
# Asset Quality in Greece

Greece

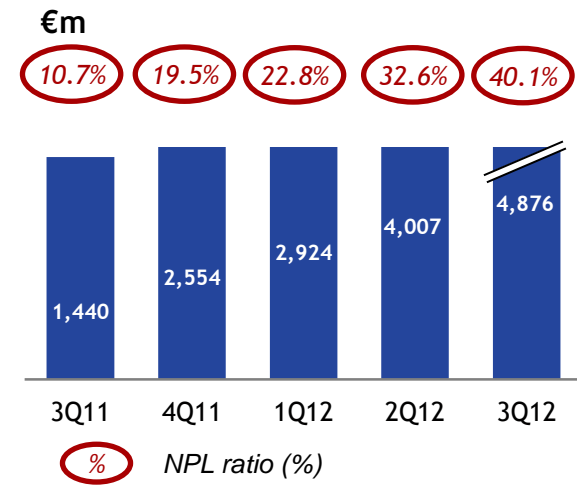
## Retail NPLs



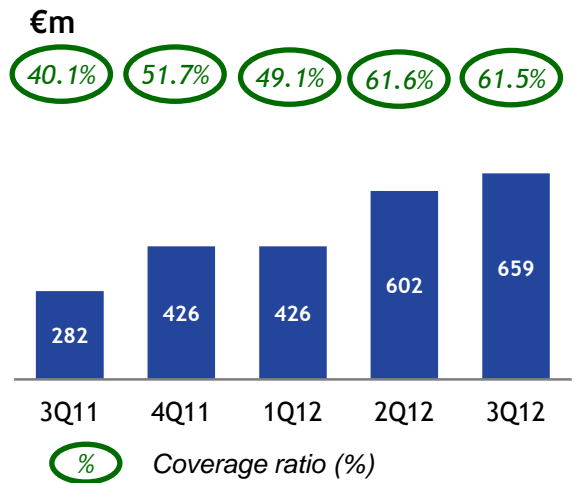
## Business NPLs



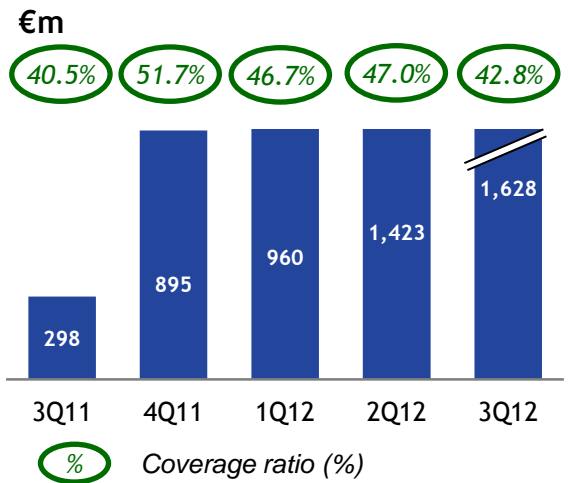
## Total NPLs



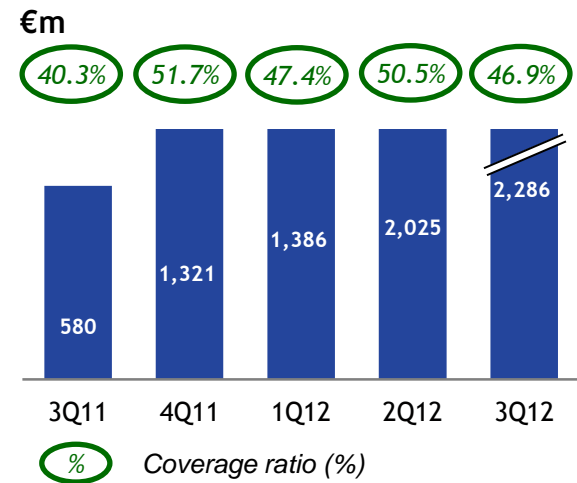
## Retail provisions



## Business provisions



## Total provisions



# Operating Performance in International Operations

International

(in €m)	9M12	9M11	yoy (%)	3Q12	2Q12	qoq (%)
NII	74	84	(11.8)%	24	26	(7.4)%
Net fee & commission income	19	18	7.8%	7	7	2.1%
Core banking income	93	102	(8.4)%	31	33	(5.5)%
Financial & other income	20	29	(33.3)%	6	6	(13.3)%
<b>Total operating income</b>	<b>113</b>	<b>131</b>	<b>(14.1)%</b>	<b>37</b>	<b>39</b>	<b>(6.8)%</b>
Operating expenses	(87)	(87)	(1.0)%	(29)	(30)	(3.1)%
<b>Pre-provision profit</b>	<b>26</b>	<b>44</b>	<b>(40.9)%</b>	<b>8</b>	<b>9</b>	<b>(18.0)%</b>
Loan loss provisions	(12)	(10)	24.6%	(8)	(2)	267.9%
<b>Profit before tax</b>	<b>14</b>	<b>34</b>	<b>(59.3)%</b>	<b>0</b>	<b>7</b>	<b>(107.9)%</b>

## Comments

- ▶ NII in international operations stood at €74m in 9M12, 12% lower y/y and 7% lower on a sequential basis, due to deleveraging and increased funding costs
- ▶ Core banking revenues were 8% lower on an annual basis and 5% lower q/q
- ▶ Loan loss provisions were 25% higher on an annual basis and 268% higher q/q
- ▶ International operations reported a €14m profit before tax in 9M12

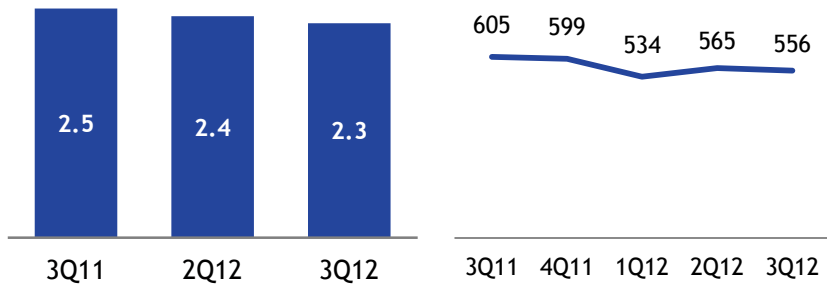
# Loan Book and Deposits Evolution in International Operations

International

## Total loan book

Gross loans, €bn

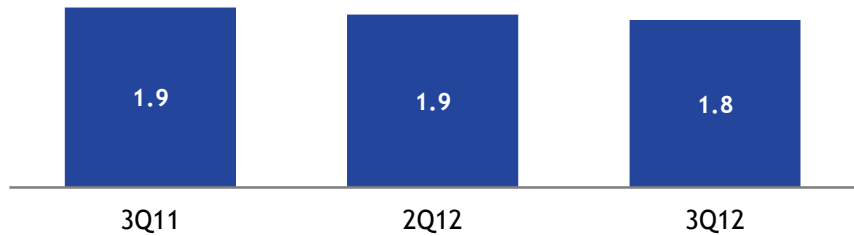
Average performing loans spread, bps



## Retail lending gross loans (€bn)



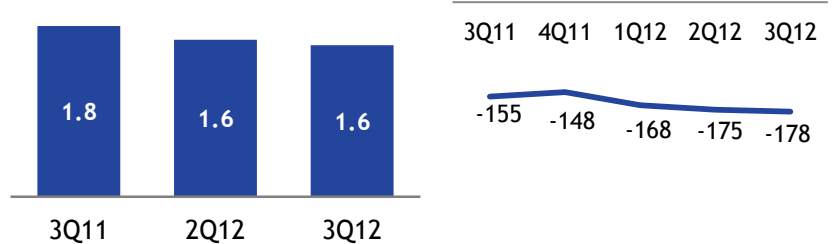
## Business lending gross loans (€bn)



## Deposits

€bn

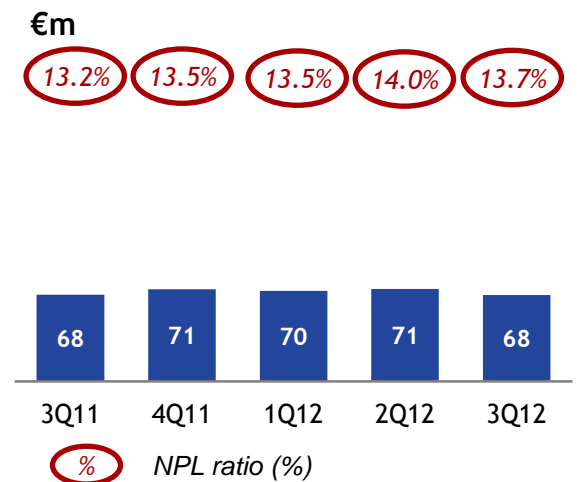
Average deposits spread, bps



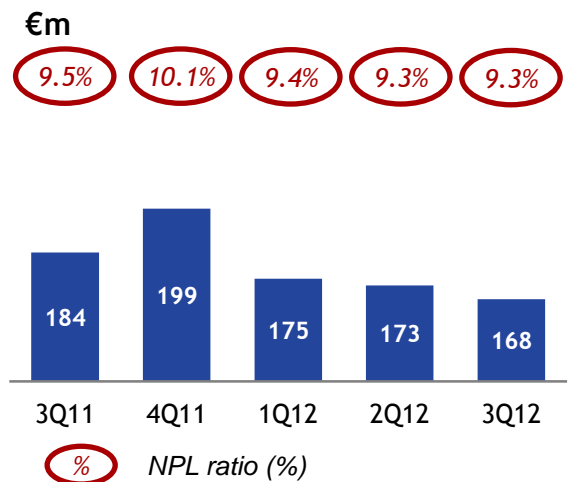
# Asset Quality in International Operations

International

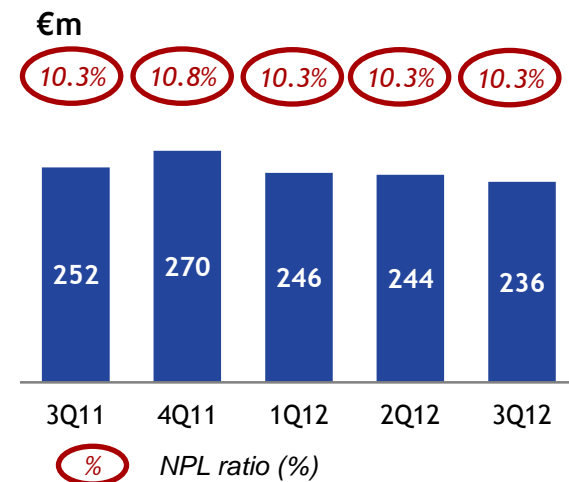
## Retail NPLs



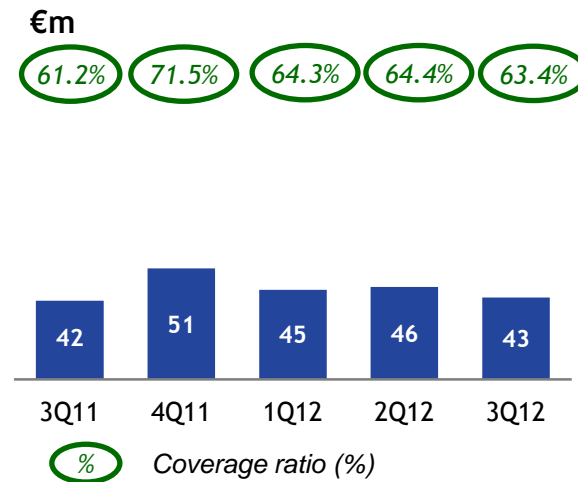
## Business NPLs



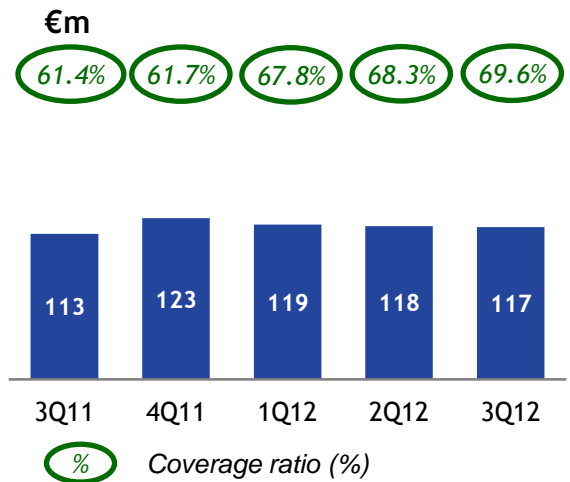
## Total NPLs



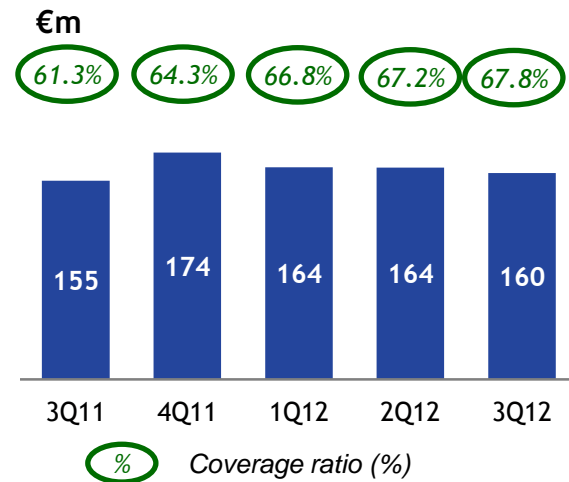
## Retail provisions



## Business provisions



## Total provisions



# Summary Regional Breakdown for 9M 2012

(in €m)	Cyprus	Greece	Developed markets	Russia	Romania	Serbia	Ukraine	SEE
Total assets	14,989	12,101	1,862	231	630	214	349	1,424
Total Net loans	10,400	9,878	1,265	111	378	171	215	875
Total deposits	10,251	6,032	943	168	178	69	224	639
Branch Network	95	141	46	25	31	25	59	140
Total operating income	458	67	48	13	16	12	24	65
Operating expenses <sup>(1)</sup>	(159)	(191)	(32)	(13)	(13)	(11)	(18)	(55)
Pre-provision profit <sup>(1)</sup>	299	(124)	16	0	3	1	6	10
Loan loss provisions	(306)	(967)	(3)	0	(7)	(1)	(1)	(9)
Profit/ (loss) before tax <sup>(1) (2) (3)</sup>	(7)	(1,091)	13	0	(4)	0	5	1

(1) Amortization of intangibles is added at Group level only; non-recurring expenses are included

(2) Before impairment of debt & equity and goodwill

(3) Share of profit from associates is added at Group level only

# Disclaimer

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This presentation contains forward-looking statements, which include comments, statements and opinions with respect to our objectives and strategies, considering environment and risk conditions, and the results of our operations and business.

However, by their nature, these forward-looking statements involve numerous assumptions, uncertainties and opportunities, both general and specific. We caution that these statements represent the Group's judgments and future expectations and that we have based these forward-looking statements on our current expectations and projections about future events. The risk exists that these statements may differ materially from actual future results or events and may not be fulfilled. We caution readers of this presentation not to place undue reliance on these forward-looking statements as a number of factors could cause future Group results to differ materially from these targets.

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