

Press release**31 August 2010****Marfin Popular Bank: First-half 2010 financial results****Core pre-provision profit up 44% y/y in 1H 2010****Total revenues up 2% y/y in 1H 2010****Deposits increased by €1.4 billion and loans by €1.6 billion in 1H 2010**

- Group net profit attributable to shareholders amounted to €60.8¹ million in 1H 2010.
- Core banking pre-provision profit² rose 44% y/y to €143.8 million in 1H 2010, demonstrating robust organic growth, as well as the Group's capacity to successfully overcome adverse economic conditions.
- Net interest income rose 24% y/y to €355.1 million in 1H 2010, reflecting the successful implementation of the Group's net interest margin (NIM) expansion policy, which led net interest margin 26 basis points higher to 1.80% in 1H 2010. The stabilization of NIM in the first two quarters of 2010 was achieved in a highly competitive environment, mainly due to significant deposit outflows from the Greek banking system. In this especially adverse environment, the Group succeeded in raising net interest income to €178.7 million in 2Q 2010, 1.2% higher q/q.
- Fee & commission income remained stable on an annual basis to €102.4 million.
- Total revenues amounted to €519.3 million in 1H 2010, 2% higher y/y, despite a 49% y/y drop in financial & other income in 1H 2010, reflecting the ongoing improvement in the quality of Group's revenues.
- Deposits reached €25.3 billion as of 30 June 2010, increasing by €1.4 billion since 31 December 2009. International Business Banking (IBB) deposits also posted a significant increase of 30% y/y and reached €5.7 billion. The fact that the aforementioned improvement was achieved in an environment characterized by significant outflows from the entire Greek banking system demonstrates the Group's robust positioning at both geographical and product level.
- The Bank's loan book growth rate was 8% y/y in Greece, considerably higher compared with the Greek system lending growth in 1H 2010. In Cyprus, loan book growth was 16% y/y, twice as high as the system growth rate.
- NPL formation dropped significantly to €247 million in 1H 2010 from €421 million in 1H 2009. As of 30 June 2010, NPL ratio stood at 6.6% from 5.9% at 30 June 2009, while provision coverage improved by 50 basis points to 51% during the same period. The reduction in the NPL formation

¹ Net profit before €8.2 million one-off tax charge for the fiscal year 2009

² Core banking profit is core banking income (net interest income plus fees & commission income) minus operating expenses

flow, as well as the improvement of provision coverage ratio have both been achieved in an especially adverse economic environment, indicating the success of the Group's risk management strategy.

- Tier I ratio and capital adequacy ratio stood at 9.8% and 11.5% respectively as of 30 June 2010, 70 basis points and 30 basis points respectively higher on a quarterly basis. The safeguarding of the Group's strong capital base, especially in the current economic conditions, continues to constitute one of the most important competitive advantages of the Group.

Profitability

Group net profit amounted to €60.8 million in 1H 2010, excluding the €8.2 million one-off tax charge. Core pre-provision profit rose 44% to €143.8 million, reflecting the Group's significant organic growth together with successful improvement of net interest margin and cost containment.

Net profit attributable to shareholders after the €8.2 million one-off tax charge amounted to €52.6 million in 1H 2010 versus €90.3 million in 1H 2009.

Revenues & operating expenses

Net interest income (NII) 24% higher y/y showed a significant improvement and reached €355.1 million in 1H 2010. NII demonstrated further improvement on a quarterly basis also, as it delivered a rise of 1.2% and reached €178.7 million in 2Q 2010, 7% higher versus the average NII of the last five quarters.

The improvement of the NII mainly reflects the success of the Group's asset repricing policy. Net interest margin showed a significant advance to 1.80% in 1H 2010 from 1.54% in 1H 2009. Net interest margin remained stable at the level of 1.80% in the first two quarters of the year.

In 1H 2010, fee & commission income stood at €102.4 million, almost unchanged versus the same period last year, due to subdued activity in the areas of banking and capital markets.

Core banking income rose 17% y/y to €457.5 million.

Financial and other income amounted to €61.8 million in 1H 2010 versus €121.3 million in 1H 2009, as a result of the adverse market conditions prevailing in fixed income markets in 2Q 2010.

Total revenues were 2% higher y/y in 1H 2010 to €519.3 million.

In 1H 2010, operating expenses rose 8% to €313.7 million. The decelerating growth rate of operating expenses from 12% y/y in June 2009 to 9% y/y in March 2010 and 8% y/y in June 2010, reflects the major impact of the cost restructuring programme aiming to realise cost efficiencies.

Loans & Deposits

Despite the considerable decrease of lending expansion in the countries in which the Group operates, in 1H 2010, total loan book (before provisions) registered 11% annual increase, while loans in the two key markets, Greece and Cyprus, showed 8% and 16% rise respectively. The geographical distribution of the loan book, as of 30 June 2010, was: 46% Greece, 37% Cyprus, 7% developed markets, 4% southeast Europe and 6% shipping loans to companies operating internationally.

At a Group level, mortgages showed a significant increase of 15% y/y in June 2010, and 3% increase on a sequential basis. In the same period, corporate loans rose 13%, while consumer loans decreased by 1%. The distribution of the loan book by product was 69% corporate loans and 31% loans to households (17% mortgages, 14% consumers).

The liquidity of the Group is amongst the healthiest in the broader Hellenic banking sector. Deposits registered a 2% increase on both an annual and quarterly basis reaching €25.3 billion. Deposits form 66% of the Group's funding.

On an annual basis, deposits in Cyprus increased by 11%, as a result of the improved performance of International Business Banking (IBB), where deposits delivered considerable increase of 30% y/y and 19% q/q, reflecting the increased activity of IBB clients combined with the opening of new accounts.

In Greece, deposits declined by 11% y/y and 5% q/q reaching €10.0 billion as of 30 June 2010. It is of particular importance the fact that in the critical period of 1Q 2010, during which the Hellenic banking system lost €22 billion deposits, the outflows of the Bank in Greece reached only €700 million or 3.1% of the total system outflows, a percentage much lower than the Bank's market share.

At Group level, loans-to-deposits stood at 104.9% at 30 June 2010 compared with 96.5% a year earlier. The Group enjoys one of the most satisfactory loan-to-deposit ratios among its Hellenic and European competitors.

Asset Quality

Group NPL formation declined from €421 million in 1H 2009 to only €247 million in 1H 2010. The NPL ratio increased by 30 bps to 6.6% in June 2010 from 6.3% in March 2010.

Provisions for loan impairment reached €140.5 million in 1H 2010, 14% higher compared to 1H 2009 aiming to pre-emptively strengthen the balance sheet. Provisions for loan impairment in 2Q 2010 stood at €69.4 million.

The cost of credit rose to 105 bps in 1H 2010 from 101 bps in 1H 2009. The cost of credit was 102 bps in 2Q 2010 versus 108 bps in 1Q 2010.

The combined impact of decelerating NPL formation at Group level and sufficient provisioning has resulted in the stabilisation of the provision coverage at the level of 51%.

Capital Base

The Group's capital adequacy remained especially strong in 1H 2010, as a result of the organic profitability of the Group, combined with the successful issuance of approximately €300 million hybrid capital in 2Q 2010. The Group's total Tier I capital increased by 14% to €2.8 billion offsetting the 6% increase of risk weighted assets. As a result, Tier I ratio stood at 9.8% and capital adequacy ratio at 11.5%, as of 30 June 2010. Core Tier I ratio stood at 9.8% after the deduction of all intangibles assets from hybrid capital.

International Operations

The countries the Group has presence, outside the two main markets where it operates, are split in two categories: developed (United Kingdom & Guernsey, Australia, Malta) and emerging (Romania, Ukraine, Serbia, Russia, and Estonia). Sixty-four per cent of the lending portfolio of international operations is allocated to the developed countries.

In 1H 2010, NII from international operations rose 14% y/y to €63.9 million, reflecting the considerable improvement the Group's international operations mainly in Romania, Ukraine, Serbia, Russia, United Kingdom, and Malta. The net interest margin showed a steady improvement during the year and rose from 3.22% in 2Q 2009 to 3.45% in 2Q 2010. The structure of the balance sheet of the Group's international operations improved further, as it is was reflected on the improved loan-

to-deposit ratio, which declined from 135% in June 2009 to 117% in June 2010, as a result of the significant increase of the deposits by 22% y/y.

Commenting on the financial results for the first half 2010, Mr. Efthimios Bouloutas, Chief Executive Officer of Marfin Popular Bank Group, made the following statement:

“The Group’s strong operating performance during 1H 2010 reflects the success of our strategy established on both prudent balance sheet management and rigorous risk management culture, in conjunction with strong focus on client service. In this exceptionally challenging business environment, the Group succeeded to further increase its operating profitability, while maintaining its solid capital and comfortable liquidity position. The quality of the Group’s revenues combined with pre-provision organic profitability demonstrated significant improvement compared with 1H 2009, while NPL formation marked a meaningful decline. The combination of the above together with additional provisions led to the further improvement of the provision coverage ratio and the strengthening of the Group’s balance sheet against future developments.

Our Group, appreciating the social role it has to play in these adverse conditions globally, and especially in Greece, has continued the uninterrupted supply of credit to its clients. In 1H 2010, the Group’s market shares in new loan disbursements exceeded 25% in Cyprus (highest rank) and 21% in Greece (second highest rank).

With these actions we consider that we contribute practically and materially to the efforts of our clients and the communities we operate as they undergoing the adjustment process and reposition for growth.”

// Consolidated Income Statement (€m)	1H09	1H10	(%)
Net Interest income (NII)	286.0	355.1	24.2%
Net fee & commission income	103.9	102.4	(1.4)%
Financial & other income	121.3	61.8	(49.1)%
Total revenues	511.2	519.3	1.6%
Staff costs	(179.4)	(191.6)	6.7%
Other operating expenses	(85.2)	(93.6)	9.9%
Depreciation & amortization	(25.6)	(28.5)	11.4%
Total Operating expenses	(290.2)	(313.7)	8.0%
Core pre provision profit ³	99.7	143.8	44.0%
Provision for loan impairment	(123.6)	(140.5)	13.7%
Profit from associates	6.9	6.7	(3.0)%
Profit before tax	104.3	71.8	(31.1)%
Tax	(14.2)	(19.2)	35.2%
Minority interest	0.2	0.0	-
Net profit attributable to shareholders	90.3	52.6	(41.8)%
Net profit attributable to shareholders (adjusted for one off tax charge)	90.3	60.8	(32.7)%
// Key balance sheet items (€m)	1H09	1H10	(%)
Loans to customers (gross)	24,793	27,513	11.0%
Total assets	41,989	43,287	3.0%
Customer deposits	24,919	25,344	1.7%
Total equity	3,478	3,563	2.4%
Tangible Equity	2,184	2,270	3.9%
// Key ratios	1H09	1H10	
Tier I	9.3%	9.8%	
Capital adequacy ratio	11.6%	11.5%	
Cost/income	56.8%	60.4%	
NIM	1.54%	1.80%	
Loans/Deposits	96.5%	104.9%	
NPLs	5.9%	6.6%	
Cost of credit (Provisioning)	101 bps	105 bps	
RoTE (return on tangible equity)	8.3%	5.3%	
RoA (return on assets)	0.45%	0.29%	

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