



**MARFIN LAIKI BANK**

**International Business Banking**



*Cyprus* as a  
Financial Services  
Centre- what it means  
for *International*  
Business.

**Miltos Michaelas, Director**

**International Business Banking**

# Agenda

- ❑ Cyprus: Some benefits are priceless
- ❑ The Cyprus Banking System
- ❑ Capital Markets in Cyprus
- ❑ Insurance Services
- ❑ Supporting the Financial Services Industry
- ❑ Conclusion



# Cyprus: Priceless

# Cyprus ...is there more to this?



# Cyprus

- ❑ EU member since May 2004
- ❑ Euro zone member since 1/2008
- ❑ Proven versatility in crisis
- ❑ Milder effects from the economic crisis
- ❑ Inflation within control
- ❑ Stable, conservative Central Banking System and effective regulatory framework
- ❑ The financial sector withstood the global crisis and no public recapitalization or government support was necessary
- ❑ Cyprus is in the OECD white list
- ❑ Extensive DDT network



# Cyprus ratings



## MOODY'S

1) Outlook	STABLE
2) CC LT Foreign Bank Depst	Aaa
3) CC LT Foreign Curr Debt	Aaa
4) CC ST Foreign Bank Depst	P-1
5) CC ST Foreign Curr Debt	P-1
6) LC Curr Issuer Rating	Aa3
7) FC Curr Issuer Rating	Aa3
8) Foreign Currency LT Debt	Aa3
9) Local Currency LT Debt	Aa3
10) Short Term	P-1

## STANDARD & POOR'S

11) Outlook	STABLE
12) Foreign Currency LT Debt	A+
13) Local Currency LT Debt	A+
14) Foreign Currency ST Debt	A-1
15) Local Currency ST Debt	A-1

## FITCH

16) Outlook	STABLE
17) LT FC Issuer Default	AA-
18) LT LC Issuer Default	AA-
19) Foreign Currency LT Debt	AA-
20) Local Currency LT Debt	AA-
21) Short Term	F1+

## THOMSON BANKWATCH

22) FC Sovereign Risk	WR
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*The most recent 10-year CY bond which was Issued in February 2010 is now trading at 103 bps spread.*

**On 24 June 2010 Fitch affirmed Cyprus ratings**

# CBC Governor comments

*"That said, I should point out that the budget deficit estimate for 2009 puts Cyprus in the middle of the range for the euro area as a whole. **The situation is clearly not as dire as in some other euro area countries.** To some degree this is because the recession we experienced in 2009 was not as deep as in other regions of the euro area.*

***A comparison with the Greek economy is not warranted.** Our budget finances are in better shape and our debt to GDP ratio is considerably smaller."*

Athanasios Orphanides,  
Governor of the Central Bank of Cyprus,  
Interview with Bloomberg, 11 February 2010

# Cyprus going strong in 2010

Total deposits in Cyprus increased by €8,8 billion during the first 6 months of 2010 (15% increase to €66,9 billion)

*“” Our decision to proceed with such a large investment in Cyprus is due to the fact that the Cypriot economy has not been affected to a great extent by the (world) financial crisis. The Cypriot economy has opportunities for growth. ”*

**Qatar's Emir, Sheikh Hamad bin Khalifa al-Thani**  
Nicosia 21.4.2010

*“Russian tycoon, Dmitry Rybolovlev continues with his placements in Bank of Cyprus. According to an announcement released today, the Russian acquired yesterday €3.1 million of BOCY against €1.5 million. Also, 1,170,000 rights were acquired (€0.49) via the CSE and 1,925,000 (€0.49) via the ASE. Mr. Rybolovlev holds almost 9.9% of BOCY's capital.”*

*“ This terminal will turn Cyprus into a regional oil product hub allowing us to export products from this terminal into other parts of the east Med” VTTI CEO Rob Nijst told a news conference in the Cypriot capital Nicosia. Vitol the world's largest energy trader, plans to build an oil import and distribution terminal in Cyprus.*



# Cyprus Banking

# Cyprus Banking

- ❑ A market driven system based on English law, a legacy of the British colonial rule
- ❑ Marfin Laiki Bank, BOC – more than 100 years old
- ❑ Legal and Banking structures (still) reflect British equivalents
- ❑ Corporations Act 1925 - Marfin Laiki is number 1 on Register of Companies
- ❑ Open, competitive, multivariate, multidimensional, even multicultural Banking Industry
- ❑ Well capitalised and profitable banks
- ❑ [www.acb.com.cy](http://www.acb.com.cy)

# A Multitude of Banks of past and present

## LISTED BANKS

1. [Marfin Popular Bank Public Co Ltd](#)
2. [Bank of Cyprus Public Company Ltd](#)
3. [Hellenic Bank Public Company Ltd](#)
4. [USB Bank Plc](#)

## SUBSIDIARIES OF FOREIGN BANKS

- ✂ [Alpha Bank Cyprus Ltd](#)
- ✂ [BNP Paribas Cyprus Ltd](#)
- ✂ [Emporiki Bank – Cyprus Limited](#)
- ✂ [Kommunalkredit International Bank Ltd](#)
- ✂ [National Bank of Greece \(Cyprus\) Ltd](#)
- ✂ [Russian Commercial Bank \(Cyprus\) Ltd](#)
- ✂ [Societe Generale Cyprus Ltd](#)
- ✂ [Piraeus Bank \(Cyprus\) Ltd](#)
- ✂ [Eurobank EFG Cyprus Ltd](#)

## OTHER BANKS

1. [Co-operative Central Bank Ltd](#)
2. [The Cyprus Development Bank Public Company Ltd](#)
3. [Housing Finance Corporation](#)
4. [Mortgage Bank of Cyprus Ltd](#)

## BRANCHES OF BANKS OF EU COUNTRIES

1. [Barclays Bank PLC](#)
2. [Banque SBA SA](#)
3. [First Investment Bank Ltd](#)
4. [Joint Stock Company "Trasta Komerbanka"](#)
5. [National Bank of Greece S.A.](#)
6. [Central Cooperative Bank PLC](#)
7. [Banca Transilvania S.A.](#)
8. [Joint Stock Company Akciju Komerbanka "Baltikums"](#)

## REPRESENTATIVE OFFICES

1. [UBS AG](#)
2. [Atlasmont Banka A.D.](#)

## BRANCHES OF BANKS OF COUNTRIES OTHER THAN EU

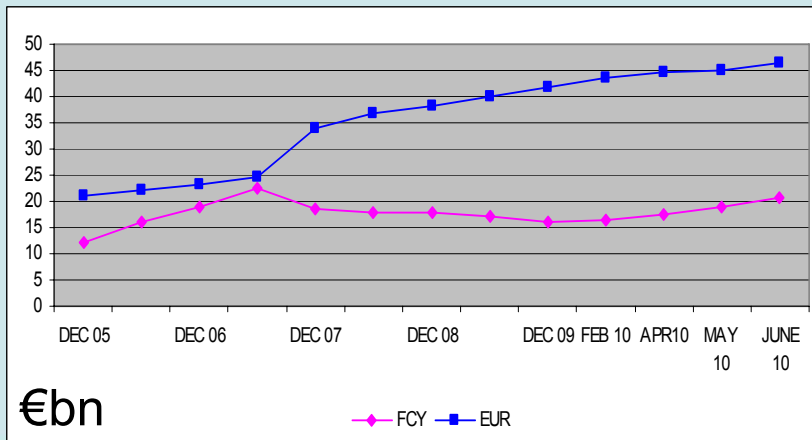
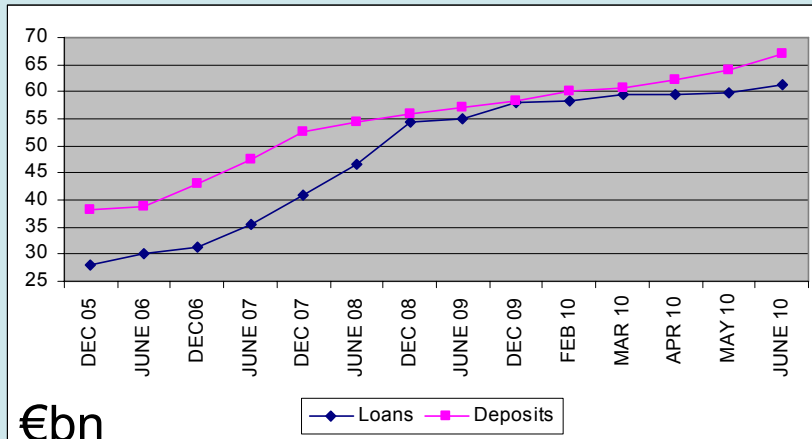
1. [BankMed s.a.l.](#)
2. [Arab Jordan Investment Bank SA](#)
3. [BANQUE BEMO SAL](#)
4. [Bank of Beirut SAL](#)
5. [BBAC SAL](#)
6. [BLOM Bank SAL](#)
7. [Byblos Bank SAL](#)
8. [Credit Libanais SAL](#)
9. [FBME Bank Ltd](#)
10. [Open joint-stock company AvtoVAZbank](#)
11. [OJSC Promsvyazbank](#)
12. [Jordan Kuwait Bank PLC](#)
13. [Jordan Ahli Bank plc](#)
14. [Lebanon and Gulf Bank SAL](#)
15. [Lloyds TSB Offshore Limited](#)
16. [Privatbank Commercial Bank](#)
17. [IBL Bank sal](#)

# Central Bank of Cyprus (CBC)



- ❑ Cyprus joined euro area on 1/2008
- ❑ Interest rate management is now the responsibility of the European Central Bank (ECB)
- ❑ Governor is a member of the Board of ECB
- ❑ The primary objective of the ECB is to ensure price stability, which means keeping inflation rates below, but close to, 2%.
- ❑ The CBC has supervision over the commercial banks
- ❑ <http://www.centralbank.gov.cy>

# More deposits than loans

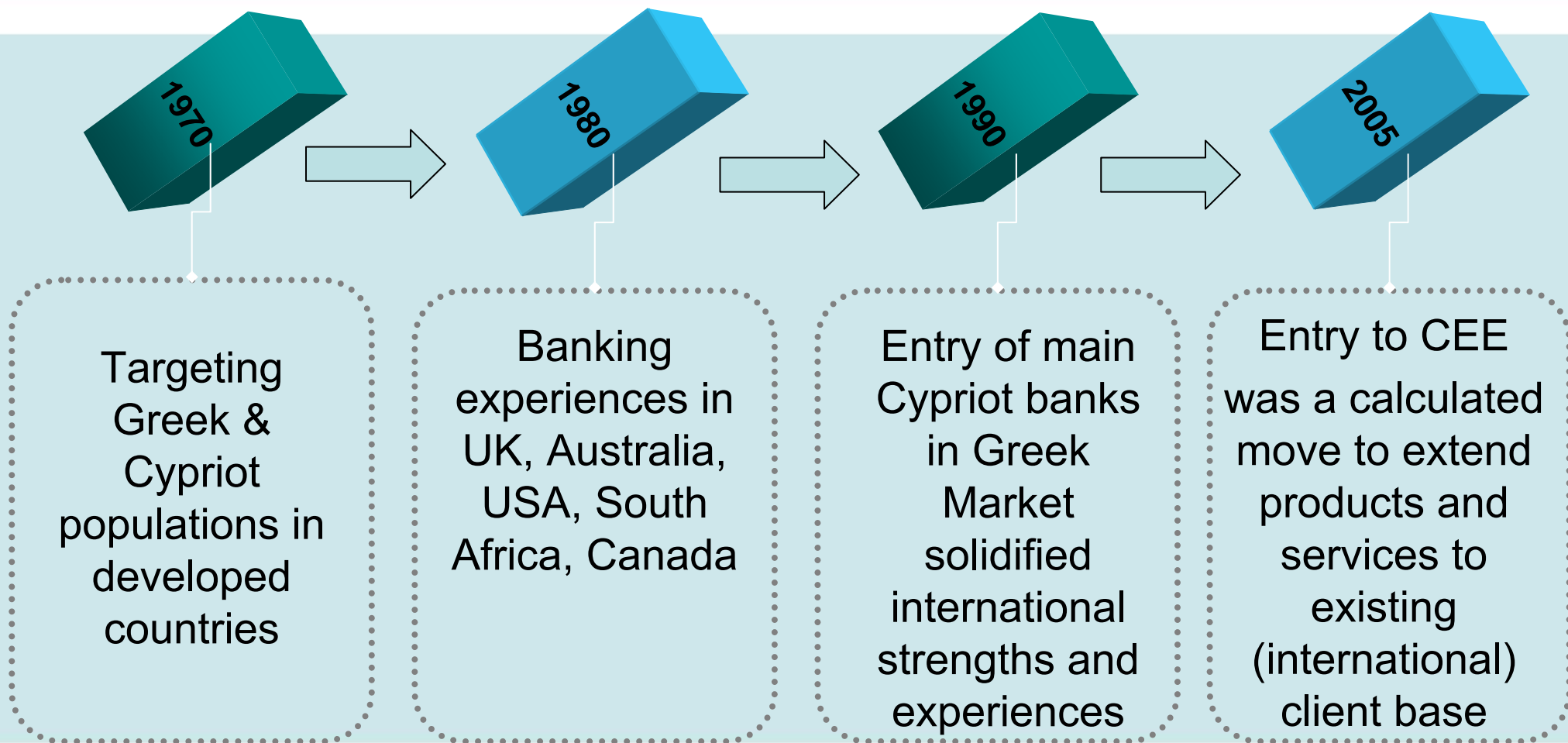


- ❑ Cyprus is self sufficient in liquidity, post (liquidity) crisis
- ❑ No deposit withdrawals by international customers
- ❑ Loan growth under control
- ❑ June 2010 Loans/deposits 91.7%
- ❑ €8,8bn increase in deposits in first 6 months of 2010 (15% increase)
  
- ❑ Euro deposits growing faster than FX since mid 2006
- ❑ Time deposits grew faster than demand after Sep 2008

# A Competitive Banking Market

- ❑ **Commercial Banking**
  - ❑ 8 local Banks and other credit Institutions
  - ❑ 9 subsidiaries of Foreign Banks
  - ❑ 27 International Banks operate branches
  - ❑ Very open & automatic for EU Banks
  - ❑ 462 branches plus 33 IBUs
  - ❑ Supervised by the Central Bank of Cyprus
- ❑ **Large Cooperative sector**
  - ❑ 111 co-ops
  - ❑ Supervised by the Cooperative Central Bank

# Experiences from Abroad



# Update on Cyprus Banking System

*“Despite negative developments in the real economy, our banking system remains in very good condition. **Our banks are healthy, robust and have a strong capital base** with a capital adequacy ratio of 11.9% at December 21, 2009, well above the minimum requirement of 8%.*

*The ratio of non-performing loans, which was declining steadily over time, may have increased in 2009 but is still within acceptable levels. Please note that satisfactory provision for bad debts has been set aside for these loans. Regarding the profitability of banks, this has been satisfactory in 2009. During the year under review, which was a difficult year, banks have remained profitable, but with a smaller profit than that of 2008”*

Athanasios Orphanides,  
Governor of Central Bank of Cyprus,  
Press Conference, Nicosia 3 May 2010



**Marfin Laiki Bank**

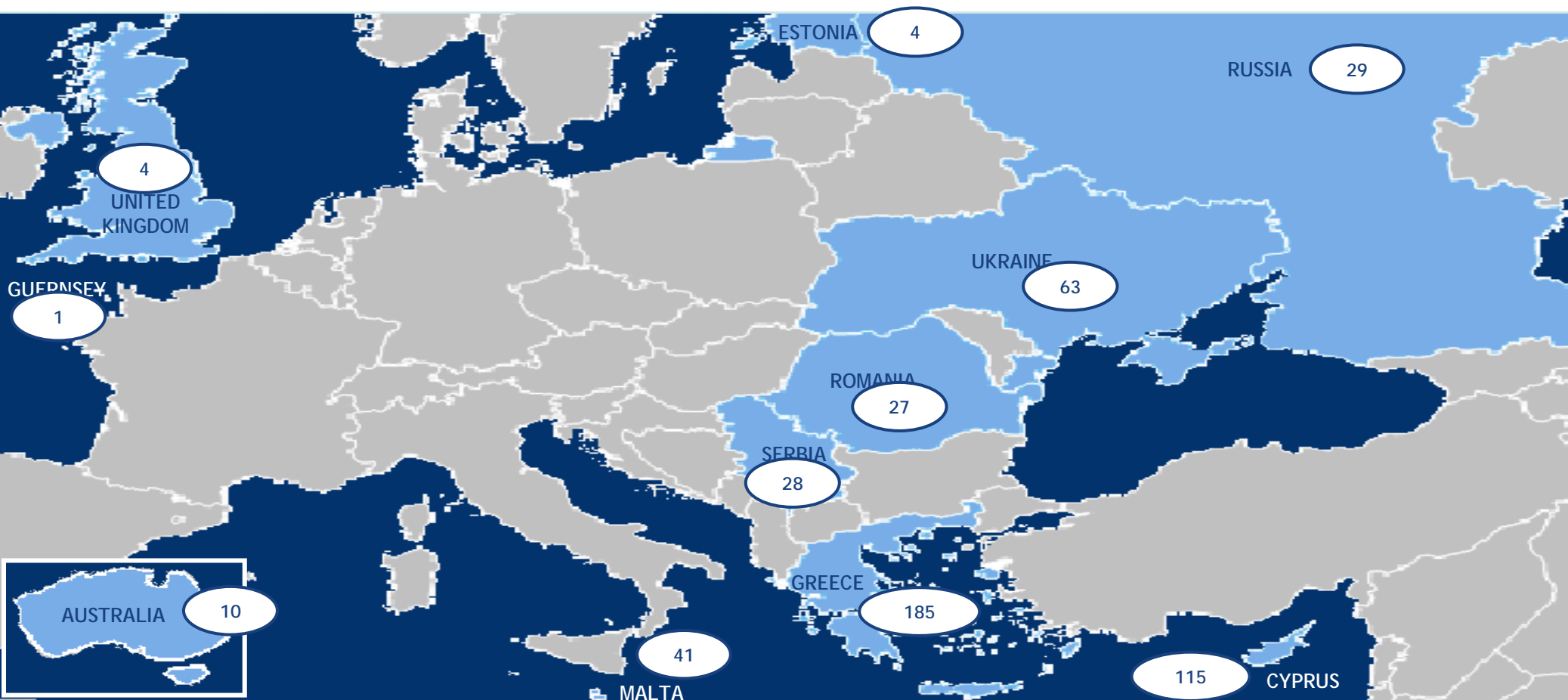


# Group Profile – 109 Years Old

- ❑ Marfin Laiki Bank (MLB) is strategically positioned as an emerging regional player with two home markets, Greece & Cyprus, and operations spanning in 11 countries in Emerging Europe, UK, Australia, Malta, Russia & Ukraine
- ❑ Regional bank with focus on corporate banking, wealth management and international business banking
- ❑ Ten years of robust growth both organically and through a series of mergers & acquisitions and strategic alliances
- ❑ Successful management track record and entrepreneurial culture
- ❑ Head-Office in Cyprus
- ❑ 507 branches, over 9.500 staff
- ❑ <http://www.marfinlaiki.com.cy/>



# 507 branches Internationally



# Credit Ratings

## Credit Ratings



**Baa2**

FitchRatings

**BBB+**

## Capital Raising 7.7.2010

“...Marfin Popular Bank Public Co Ltd (“Bank”) announces that it has successfully completed on June 25, 2010, the issue of the second Tranche of Capital Securities 2010 through a public offer, ...

Overall, through the two Tranches the amount of €295.524.000 was raised by the issue of 295.524 Capital Securities of nominal value €1.000 each. The Capital Securities will be included to the Hybrid Tier I Capital of the Bank, following the already obtained relevant approval by the Central Bank of Cyprus, further enhancing the strong capital base of the Marfin Popular Bank Group.”



# Cyprus Capital Markets

# Cyprus Stock Exchange



ΧΡΗΜΑΤΙΣΤΗΡΙΟ ΑΕΙΩΝ ΚΥΠΡΟΥ  
CYPRUS STOCK EXCHANGE

- ❑ Emerging market
- ❑ Started its operations on the 29th of March of 1996
- ❑ 127 listed companies
- ❑ About €6,3 billion market cap
- ❑ About 10% is foreign owners
- ❑ About €14 billion market cap including all instruments
- ❑ 3 main banks accounting for about 72%
- ❑ 80%+ trading on banks
- ❑ Aspiring to become regional player / agreements signed
- ❑ [www.cse.com.cy](http://www.cse.com.cy)

# Worldwide listing for Cyprus entities

## Urals Energy PLC

Listed in AIM LSE

An independent oil company with its operating assets located in Russia.



## Emed Mining PLC

Listed in AIM LSE

Explores for and develops natural resources, with a focus on copper and gold, mainly in Spain and Slovakia.



## Agroton Ltd

IPO in Warsaw

CYSEC Approved

Agroton is a diversified vertically integrated agricultural producer in Eastern Ukraine.



- ❑ Marfin CLR (Financial Services) Ltd, a subsidiary of Marfin Popular Bank, is the leading investment services provider in Cyprus. It offers a full range of financial services such as:
  - ❑ Securities brokerage services
    - ❑ A member of both the CSE and the Athens Stock Exchange ('ASE').  
Leading Cypriot broker on Common Trading Platform (CSE and ASE).
    - ❑ International trading in securities, in all major stock exchanges is facilitated through an award-winning electronic trading platform.
    - ❑ Asset management
  - ❑ Corporate financial advisory
    - ❑ Advising on mergers and acquisitions, delistings, capital restructurings, equity and debt issuance, placement of securities with strategic investors, equity valuations, project financial advisory, financial modelling and raising of finance.



# Insurance Services

# Non-Life

- ❑ Total non-life premiums in 2009 (excluding Accident & Health business) was €361m up by 3.65%.
- ❑ Extremely competitive market.
- ❑ Motor premium is 50.43% of total market, followed by Property Business 30% and Liability business with 10.62% of total market.
- ❑ Deep understanding of insurance business, with solutions for all classes of risks

# Laiki Insurance

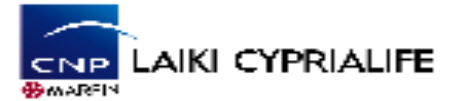


- ❑ Industry Leader with 15% of the market
- ❑ As from January 2009, Marfin Laiki Bank and the French CNP Assurances have entered into a strategic partnership
- ❑ Comprehensive insurance products such as:
  - ❑ Property and Home Insurance
  - ❑ Fire and Theft Policy
  - ❑ Personal Insurances
  - ❑ Motor and Yacht Insurance
- ❑ Very strong relationships with re-insurers
- ❑ Tailor-made products if needed to cover any type of risk.

# Life

- ❑ 2009 was a good year despite the crisis
- ❑ Life premium to nominal GDP expanded to 2,08% (€353m).
- ❑ Sector size is relatively small vs. EU-25, where life premiums, were equivalent to 5% of GDP
- ❑ Great potential of the pensions market - moderate in Cyprus but very developed in Europe
- ❑ Market is very well developed and can cater for any need using its large re-insurer network

# Laiki Cyprialife



- ❑ Industry leader with a share of around 25%
- ❑ As from January 2009, Marfin Laiki Bank and the French CNP Assurances have entered into a strategic partnership
- ❑ Opportunity to further improve its products and services and maintain its leading position in the Cyprus Life Insurance Market
- ❑ Laiki Cyprialife provides a range of products to groups/individuals:
  - ❑ Life Plans for Individuals, Key Man Insurance
  - ❑ Single Premium Investment Plans, Retirement Plans
  - ❑ Health & Accident Plans
  - ❑ Tailor made Plans for Businesses/Organisations like key persons' insurance and group plans that cover life, health and disability



 MARFIN LAIKI BANK

**Supporting the Financial Services Industry**

# Legal Services

- ❑ Cyprus legal system is based on English Common Law
- ❑ The legal profession is long established, very experienced
- ❑ Over 1500 independent law practices
- ❑ Highly trained professionals can provide expert and reliable advice
- ❑ Fiduciary services provided
- ❑ [www.cyprusbarassociation.org](http://www.cyprusbarassociation.org)

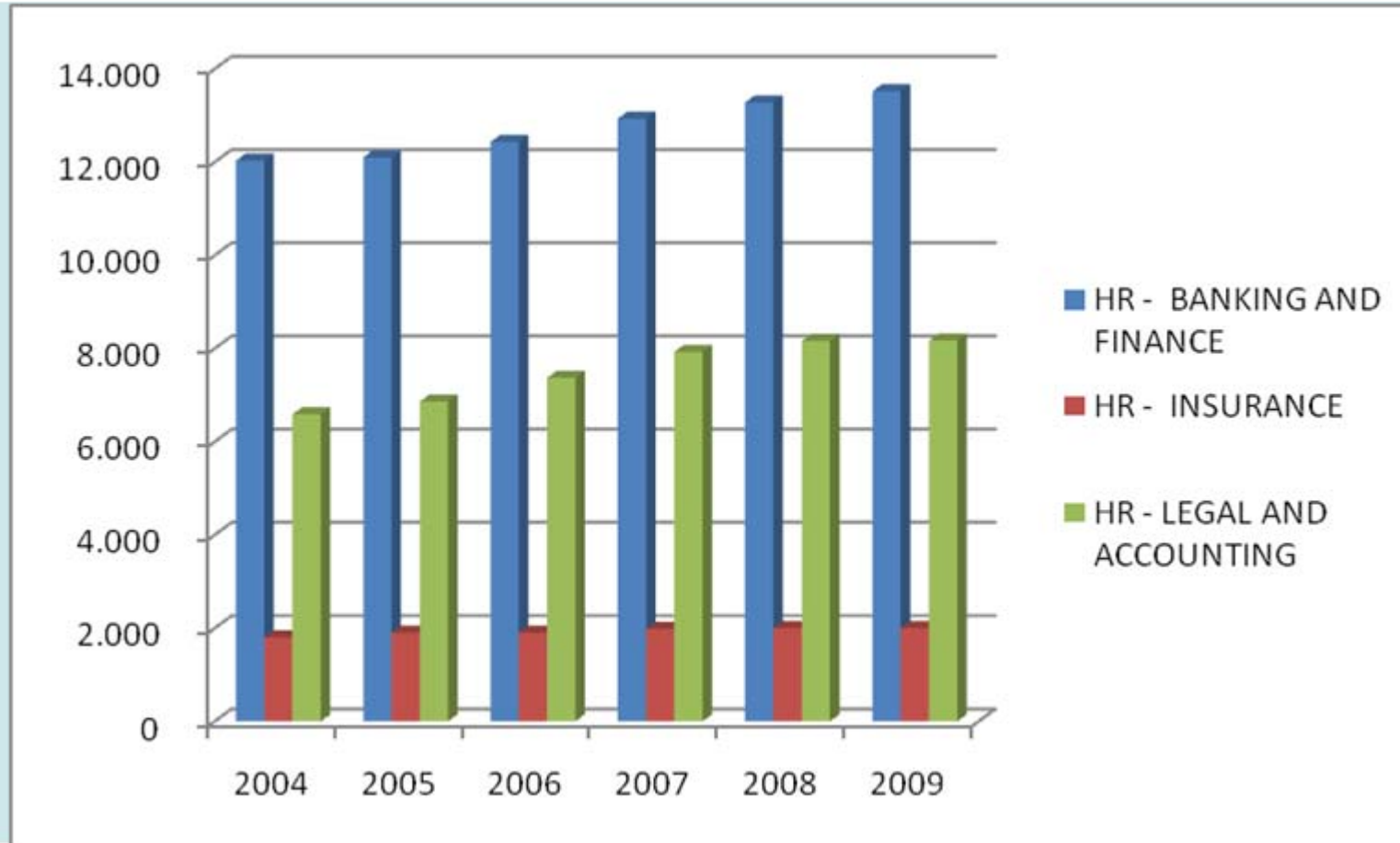


# Accounting Services

- ❑ Most accountants are members of the ICA or CACA
- ❑ Many International firms are represented in the island
- ❑ Provision of comprehensive service – accounting, auditing, consulting, fiduciary services
- ❑ Cyprus: first offshore centre for Chartered trainees
- ❑ over 2100 members
- ❑ [www.icpac.org.cy](http://www.icpac.org.cy)

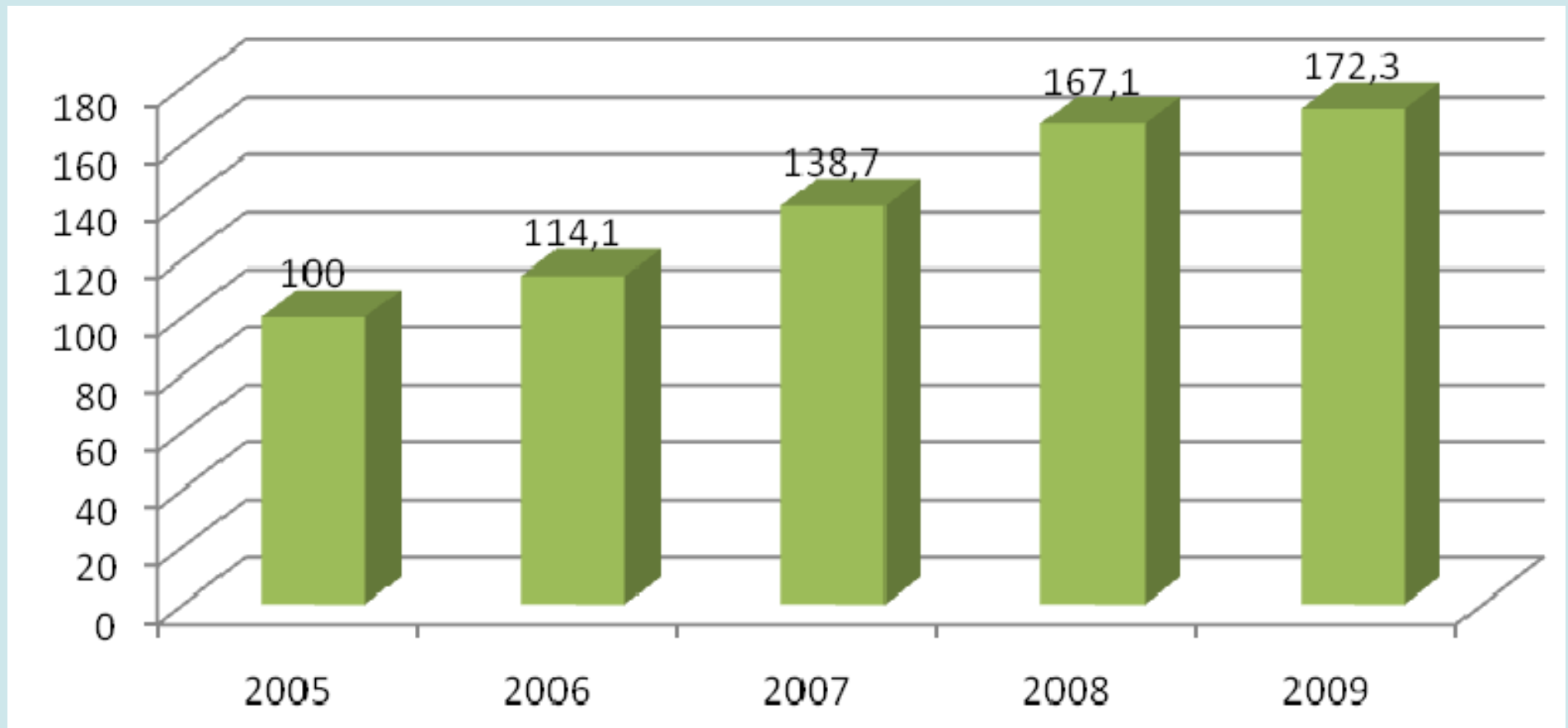


# Employment in Financial Services



Source: <http://www.mof.gov.cy/>

# Legal and Accounting Services Turnover Index



Source: <http://www.mof.gov.cy/>



# Conclusion

Best Countries for Business

# #22 Cyprus

◀ France

Chile ▶



	Rank	vs. 2009
Trade Freedom	56	
Monetary Freedom	4	
Property Rights	30	
Innovation	31	
Technology	36	
Red Tape	20	
Investor Protection	74	
Corruption	25	
Personal Freedom	1	
Tax Burden	28	
Market Performance	NA	

Rank-Previous Year	new
GDP Growth	-1.5%
GDP/Capita	\$21,000
Trade Balance	-8.6%
Population	1.1 mil
Public Debt As % of GDP	56.2%

**Forbes**  
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 U.S. EUROPE ASIA

**Best Countries  
 for Business**

**Cyprus # 22**

**Thanks!**