IRF EUROPEAN FINANCE INVESTMENTS LTD.
('IRF' or the 'Company')

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CHAIRMAN'S STATEMENT

I am pleased to report that 2007 was a profitable year for IRF.

We faced some challenges in 2007. Consolidation within the financial services industry, particularly in South Eastern Europe, occurred quickly and competitively. As a result, pricing was unappealing. Although we considered numerous opportunities during 2007, we found most of them unattractive and we remained very liquid. Moreover, significant dislocation affected the financial industry in the second half of 2007. Despite these challenges, we made a number of profitable investments in regional financial institutions.

The problems relating to securitization caused the financial industry to face a revaluation globally commencing in the third quarter of 2007. This change in pricing has been quite dramatic and is in stark contrast to the optimistic pricing of financial institutions only 6 months ago. Caution is necessary when considering investment opportunities; yet, we believe that the current environment is considerably more favorable than the investment environment we witnessed in the recent past.

Proton Bank

IRF closed on the acquisition of Proton Bank in June of 2006. IRF's current investment in Proton Bank amounts to a 20.56% interest. Since we made our initial investment, other institutions have recognized Proton Bank's inherent value and have taken positions in Proton. Today, other 5% plus owners of Proton Bank include a fund managed by Fortress Investment Group, LLC, and Morgan Stanley & Co. International Ltd. Unfortunately, Proton Bank has not escaped the revaluation of financial institutions and our current investment in Proton Bank is underwater. We continue to monitor closely the business and prospects of Proton Bank.

Warrant Programs

In the first half of 2007, we were determined to take advantage of an investment opportunity in Marfin Popular Bank ("MPB" or "Marfin") while simplifying our capital structure through two warrant programs. Prior to these programs, IRF had approximately 91.7 million warrants and 57.3 million shares outstanding. Currently, there are approximately 13.6 million warrants and 124.8 million shares outstanding. As a result of these programs, we reduced the number of warrants outstanding to approximately 10.8% of the shares outstanding. We were able to use the proceeds to generate a significant capital gain from our investment in MPB, as discussed below, strengthening our capital base of the company to take advantage of the developing investment opportunities.

Investors participating in these programs have an average cost per share of $4.70, assuming the cash option, or $4.88, assuming the cashless option. I participated in this program by exercising all of my warrants for a total cash exercise price of $84.4 million.

MPB Investment

In July 2007, IRF sold a 5.36% interest in MPB. We initially became interested in MPB because we knew, and had confidence in, management. We believed Marfin had delivered operational results that the broader market had not recognized. Moreover, we viewed the series of banking acquisitions by Marfin as transforming events that would deliver significant value over time.

We were correct in our assessment. IRF's actual gain from the MPB investment, including dividends received from MPB, was approximately €80.0 million and represented a return of 24%. The results are even more impressive when one takes into account the timing of the investment and the disposition, both of which occurred over a period of time (months for the investment/weeks for the disposition). I note that although we sold our position in MPB, we continue to believe in its excellent management team and long-term prospects. We sold the position because we though it was prudent to take a profit given the significant appreciation of the shares in a short period of time.

Liquidity

Liquidity in IRF shares has proven to be a challenge, and we have taken steps to improve this situation. In April, we introduced electronic trading and settlement. For more information about this, please call Ms. Stephanie Keen, of the Lovells law firm, at +44.207.296.5240. In addition, we repurchased approximately 4.5 million of our shares in 2007, of which approximately 1.0 million shares were repurchased in December.

Some of the illiquidity should be resolved over time. The AiM market had suffered illiquidity because of the limited number of participants. Since selecting the AiM market as our host market, AiM has become a more vibrant global market. We are hopeful that as more participants join the AiM market, liquidity will improve further. In the meantime, we continue to study how to improve liquidity for our stakeholders.

Conclusion

We seek to continue to provide value to shareholders from investment opportunities where we can create current income as well as capital gain. Our interests are aligned in pursuing shareholder return.

Cordially,

Angeliki Frangou
Chairman

Forward-looking statements
All statements, other than statements of historical fact, included in this release are forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon current expectations and are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those described in the forward-looking statements. IRF assumes no obligation and expressly disclaims any duty to update the information contained herein except as required by law.