

SECOND SUPPLEMENTARY PROSPECTUS

CYPRUS POPULAR BANK PUBLIC CO LTD

This Second Supplementary Prospectus is issued in relation to the Prospectus of Cyprus Popular Bank Public Co Ltd dated 22 May 2012 that has been approved by the Cyprus Securities and Exchange Commission, as supplemented and / or amended by the first Supplementary Prospectus dated 19 June 2012 (together the Prospectus) in relation to (a) the public offer of Rights and the listing of the Rights and/or the new Shares arising from exercise of Rights on the CSE and the ATHEX and (b) the offer for the voluntary exchange of existing capital securities for ordinary Shares and/or ECS, listing of the ECS arising from the exchange on the CSE as well as the listing of the new ordinary Shares arising from the exchange on the CSE and the ATHEX.



LEAD MANAGERS



LAIKI FINANCIAL SERVICES



INVESTMENT BANK OF GREECE

LEAD MANAGER RESPONSIBLE FOR DRAWING UP THE SUPPLEMENTARY PROSPECTUS



LAIKI FINANCIAL SERVICES

UNDERWRITER OF THE RIGHTS ISSUE **THE REPUBLIC OF CYPRUS**

THIS IS AN ENGLISH TRANSLATION OF THE SUPPLEMENTARY PROSPECTUS ISSUED IN GREEK IN THE FORMAT THAT HAS BEEN APPROVED BY THE CYPRUS SECURITIES AND EXCHANGE COMMISSION (CYSEC) AS THE COMPETENT AUTHORITY. THE GREEK TEXT OF THE PROSPECTUS AS IT HAS BEEN APPROVED BY CYSEC IS BINDING. THE ENGLISH TRANSLATION IS FOR INFORMATION PURPOSES ONLY.

SECOND SUPPLEMENTARY PROSPECTUS

(This Supplementary Prospectus has been prepared in compliance with the provisions of the Public Offer and Prospectus Law of 2005, pursuant to Commission Regulation (EC) No 809/2004 of the European Union and is issued in relation to the Prospectus of Cyprus Popular Bank Public Co Ltd dated 22 May 2012 that has been approved by the Cyprus Securities and Exchange Commission, as supplemented and / or amended by the first Supplementary Prospectus dated 19 June 2012)

This document is important and requires your immediate attention. If you have any questions and/or need any clarifications on the Supplementary Prospectus you can consult the Lead Manager responsible for drawing up the Supplementary Prospectus, Laiki Financial Services Ltd, other professional stockbrokers, bankers, accountants, lawyers or investment advisors.

CYPRUS POPULAR BANK PUBLIC CO LTD

(Company incorporated in the Republic of Cyprus under the Cyprus Companies Law, Chap. 113)

Public Offer for the share capital increase of up to €1.8 billion, in the form of Rights issue and listing of (i) the Rights and (ii) the shares resulting from the exercise of the Rights on the Cyprus Stock Exchange and on the Athens Stock Exchange. The Rights were issued to all ordinary shareholders as at the Record Date at the ratio of one (1) Right for every one (1) share held. Every six (6) Rights exercised at a total price of €6.70 were converted into sixty seven (67) new fully paid shares (that is €0.10 per share). The Rights could be acquired during their trading on the Cyprus Stock Exchange and the Athens Stock Exchange. For the unexercised rights a Subscription Right was given to the beneficiary shareholders and to persons who acquired Rights during their trading on the Cyprus Stock Exchange and the Athens Stock Exchange. Additionally, Subscription Right was given to interested investors that were not holders of any Rights. The New Shares (Rights) will be listed and traded on the CSE and the ASE. The issue of Rights was fully underwritten by the Republic of Cyprus.

Tender Offer for voluntary exchange of capital securities issued in 2008 (CPBCS), 2009 (CPBCB) and 2010 (CPBCC) ("Eligible Capital Securities") of total value of €737,753,000 with new ordinary shares and/or new enhanced capital securities ("ECS") at the option of the holder, and listing (i) of the ECS resulted from the voluntary exchange on the Cyprus Stock Exchange (ii) of the new shares resulted from the voluntary exchange on the Cyprus Stock Exchange and the Athens Stock Exchange. Eligible Capital Securities holders exchanged, at their option, part or all their capital securities at the nominal value (€1,000 each) (i) with ECS of equal nominal value (€1,000) and/or (ii) with new ordinary shares of nominal value of €0.10 with an issue price of €0.10 each. The maximum number of new ordinary shares and new ECS that could arise from the process of voluntary exchange was 3,688,765,000 (€368,876,500) and 737,753 (€737,753,000) respectively. Applications for the voluntary exchange with ECS could not be satisfied as the prerequisites and conditions for their issue, as set out in the Prospectus dated 22 May 2012 and the Supplementary Prospectus dated 19 June 2012, were not fulfilled. Acceptance forms for the offer of voluntary exchange were sent to the Bank's Eligible Capital Securities holders who were registered in the Central Depository/Registry of the Cyprus Stock exchange and the Dematerialised Securities System of the Hellenic Exchanges on 30 May 2012 ("Record Date ECS"). Those Eligible Capital Securities that were not exchanged continue to possess their existing rights under their relevant terms of issue.

Trading of the New Shares (Rights) and the New Shares (Exchange) on the CSE and the ATHEX is expected to begin on 24 August 2012. It is noted that in relation to the listing of the New Shares (Rights) granted to the Republic of Cyprus under the Decree, all provisions specified in the Underwriting of Rights Issue of Cyprus Popular Bank Public Co Ltd (Amending) (No 3) Decree of 2012, apply (Section 5.3).

Authorised Share Capital

€2,800,000,000.00 divided into 28,000,000,000 shares of nominal value €0.10 each.

Issued and fully paid up

€2,137,168,512.20 divided into 21,371,685,122 shares of nominal value €0.10 each.

The date of this Supplementary Prospectus is 17 August 2012

The Bank assumes full responsibility for the information contained in this Supplementary Prospectus and declares that the information contained in the Supplementary Prospectus is in accordance with the facts and contains no omission likely to affect its content as at the date of its issue.

The Bank and the signatory Directors of Cyprus Popular Bank Public Co Ltd, Mr Andreas Philippou, Mr Christos Stylianides, Mr Panayiotis Kounnis, Mr Chris Pavlou, Mr Andreas Zachariades, Mr Spyros Episcopou, Mr Marios Hadjiyiannakis and Mr Andreas Trokkos are responsible for the preparation and accuracy of the information provided in this Supplementary Prospectus, and they declare that, having taken all reasonable care to that end, the information contained in this Supplementary Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its content.

The Lead Manager Responsible for Drawing Up the Supplementary Prospectus is Laiki Financial Services Ltd (former Marfin CLR (Financial Services) Ltd). Cyprus Popular Bank Public Co Ltd is acting in the capacity of the Sponsor responsible for the collection of the subscription monies.

The Republic of Cyprus acted as the Underwriter of the Rights Issue pursuant to the Decree.

The Bank has submitted the requisite applications, so that (a) a certificate of approval under Article 18 of Directive 2003/71/EC of the European Parliament and of the Council is sent by the Cyprus Securities and Exchange Commission, as the competent supervisory authority, to the competent authorities in Greece and the United Kingdom, attesting that this Supplementary Prospectus has been prepared in compliance with Directive 2003/71/EC of the European Parliament and of the Council and (b) the Rights and the New Shares (Rights) arising from the exercise of the Rights are admitted for listing and trading on the Cyprus Stock Exchange and the Athens Stock Exchange, (c) the Enhanced Capital Securities are admitted for listing and trading on the Cyprus Stock Exchange and the New Shares (Exchange) are admitted for listing and trading on the Cyprus Stock Exchange and on the Athens Stock Exchange.

It is noted that in relation to the listing of the New Shares (Rights) granted to the Republic of Cyprus under the Decree, all provisions specified in the Underwriting of Rights Issue of Cyprus Popular Bank Public Co Ltd (Amending) (No 3) Decree of 2012, apply (Section 5.3). Specifically, in accordance with subparagraph (3) of paragraph 9 of the Decree, the Republic of Cyprus shares shall not be listed on the CSE and the ATHEX, unless the Minister demands it.

This offer was exclusively available in Cyprus, Greece and the United Kingdom and was solely addressed to persons who could legally accept it. In particular, and in compliance with relevant securities law in the following countries, this offer was not addressed in any way or form (in writing or otherwise), directly or indirectly, within or to the United States, Canada, Australia, South Africa, Japan or to any other exempt country ("Exempt Countries") in which, according to the laws of such a country, this offer or the postage/distribution of this Supplementary Prospectus was illegal or constituted a breach of any applicable law, rule or regulation. For this reason, it is prohibited to address, distribute, send or in any other way promote copies of this Supplementary Prospectus and any other relevant promotional documents or other material relating to this offer from any person or to any person in the Exempt Countries.

This Prospectus includes forward looking statements. These statements are identified by the use of terms such as "believe", "anticipate", "could", "might", "should", "may", "likely", "intend", "plan" and comparable terms, including their negative forms. These forward looking statements involve inherent risks and uncertainties, while the factors described in the context of the forecasts contained in this Supplementary Prospectus could lead to actual future results and events

materially different from those explicitly described or implied by these forward looking statements. These statements are subject to risks, uncertainties and assumptions. In view of these risks, uncertainties and assumptions, any projections mentioned in this Supplementary Prospectus may not be realised. Any reference to past trends or activities should not be considered a guarantee for similar trends or activities in the future. Readers are warned not to place undue reliance on these forecasts, which exclusively refer to present projections.

Investors requiring any supplementary information and/or clarifications on the Supplementary Prospectus can address their queries, during Business Days and hours:

▪ **To the registered office of Cyprus Popular Bank Public Co Ltd:**

Tel: (+357) 22 552000

154, Limassol Avenue, 2025 Nicosia.

▪ **To the Lead Managers:**

Laiki Financial Services Ltd* (Cyprus)

Tel: (+357) 22 367367

26, Vironos Avenue, 1096 Nicosia.

Investment Bank of Greece S.A.

Tel: (+30) 2108173000

24B, Kifisias Avenue, Marousi 15125, Athens.

** Laiki Financial Services Ltd is also the Lead Manager responsible for Drawing up this Supplementary Prospectus.*

It is noted that the definitions given in the Prospectus dated 22 May 2012 ("Glossary of Terms") also apply to this Supplementary Prospectus, unless other definitions are given in this Supplementary Prospectus.

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1 SUMMARY NOTE

1.1. Board of Directors

Section 1.3 of the Summary Note of the Prospectus dated 22 May 2012, is formed as follows:

During the Bank's Annual General Meeting held on 21 June 2012, an approval was granted for the re-election of Directors Messrs Michalis Sarris, Chris Pavlou and Peter Baltussen, who have been appointed by the Board of Directors. The Directors retiring by rotation, Vasilis Theocharakis and Markos Foros, did not offer themselves for re-election.

On 12 July 2012 the Bank announced the appointment of two new members to the Board of Directors, Messrs Nicos Hadjinicolaou and Panicos Poutziouris, by the Minister of Finance with the consent of the Central Bank and the Finance Committee of the House of Representatives, in accordance with paragraph 11(1) of the Underwriting of the Rights Issue of the Cyprus Popular Bank Public Co Ltd Decree of 2012.

During the Board of Directors meeting held on 9 August 2012, Mr Michalis Sarris resigned as Non Executive Chairman and member of the Board of Directors. The Board of Directors unanimously elected as its Non Executive Chairman Mr Andreas Philippou.

On the date of this Supplementary Prospectus, the composition of the Board of Directors is as follows:

▪ Andreas Philippou	Chairman, Independent Non-Executive Member (appointed as a member on 24.5.2012 and as a Chairman on 9.8.2012)
▪ Christos Stylianides	Chief Executive Officer, Executive Member (appointed as a Chief Executive Officer on 05.12.2011)
▪ Panayiotis Kounnis	Deputy Chief Executive Officer, Executive Member
▪ Spyros Episcopou	Independent, Non-Executive Member (appointed on 24.5.2012)
▪ Andreas Zachariades	Non-Independent, Non-Executive Member (appointed on 24.5.2012)
▪ Chris Pavlou	Independent, Non-Executive Member (appointed on 12.12.2011)
▪ Stelios Stylianou	Non-Independent, Non-Executive Member
▪ Andreas Trokkos	Non-Independent, Non-Executive Member (appointed on 24.5.2012)
▪ Marios Hadjiyiannakis	Independent, Non-Executive Member (appointed on 24.5.2012)
▪ Fadel Al Ali	Non-Independent, Non-Executive Member
▪ Hesham Al Qassim	Independent, Non-Executive Member
▪ Peter Baltussen	Non-Independent, Non-Executive Member (appointed on 4.11.2011)
▪ Nicos Hadjinicolaou	Independent, Non-Executive Member (appointed on 1.7.2012)
▪ Panicos Poutziouris	Non-Independent, Non-Executive Member (appointed on 1.7.2012)

The Bank has adopted a Code of Corporate Governance and Internal Regulations in compliance with the provisions of the Code of Corporate Governance issued by CSE.

It is noted that, following the recent changes in the composition of the Board of Directors, the Bank will proceed to restructure the composition of the Committees of the Board in due time.

1.2. State Aid

In Section 1.11 of the Prospectus dated 22 May 2012 there is a reference to the Decree. The Minister of Finance in the

exercise of the powers vested on him by articles 6, 7 and 14 of the Management of Financial Crises Laws of 2011 and 2012, subsequent to the recommendation of the Central Bank of Cyprus and with its concurring opinion, issued the Underwriting of Rights Issue of Cyprus Popular Bank Public Co Ltd (Amending) Decree of 2012 (R.A.A. 213/2012) which brought modifications relating to the granting of Share Warrants by the Republic of Cyprus and which are explained in the first Supplementary Prospectus dated 19 June 2012, (2) on 23 July 2012, the Underwriting of Rights Issue of Cyprus Popular Bank Public Co Ltd (Amending) (No 2) Decree of 2012 (R.A.A. 274/2012) and (3) on 14 August 2012, the Underwriting of Rights Issue of Cyprus Popular Bank Public Co Ltd (Amending) (No 3) Decree of 2012 (R.A.A. 305/2012) (together referred to as 'Decree').

Based on the Amending (No 2) Decree of 2012 (R.A.A. 274/2012), subparagraph (3) of paragraph 9 of the Decree is replaced with the following new subparagraph:

"The new shares acquired by the Republic constitute a special class of shares, which possess all rights as that of the ordinary shares of the Bank and, in addition, with no influence to the rights which paragraph 11(1)-(4) grants to the Republic as the holder of these shares. The new shares of the Republic constitute such a special class that:

- (a) are listed to the Cyprus Stock Exchange, where the bank's shares were initially listed, and are not listed into another stock exchange or another regulated market, except if this is required by the Minister, and
- (b) by transferring them to third parties they cease to constitute a special class of shares and are considered as ordinary shares.

It is noted that the Minister, by a decision published in the Official Gazette of the Republic, may convert this special class of shares into ordinary shares of the bank."

Based on the Amending (No 3) Decree of 2012 (R.A.A. 305/2012), the following modifications were made on the Decree:

"2.Subparagraph (3) of paragraph 9 is replaced with the following new subparagraph:

«The new shares acquired by the Republic constitute a special class of shares, as specified in paragraph 11, which possess all rights as that of the ordinary shares of the Bank and, in addition, with no influence on the rights and obligations of the Republic as the holder of these shares, as provided by subparagraphs (2) up to (5) of paragraph 11:

It is provided that the new shares of the Republic which constitute such a special class:

- (a) are not listed on a stock exchange or any other regulated market, unless demanded by the Minister, and in case of their listing on a stock exchange or any other regulated market, this shall be based on the prevailing legislation in respect to the ordinary shares of the bank,
- (b) following their transfer to third parties they cease to constitute a special class of shares and are automatically converted into ordinary shares of the bank and shall be listed on a stock exchange or regulated market based on the prevailing legislation in respect to the ordinary shares of the bank, and
- (c) the Minister, by a decision published in the Official Gazette of the Republic, may convert this special class of shares into ordinary shares of the bank.»

3. Subparagraphs (2) up to (6) of paragraph 11 are replaced with the following new subparagraphs:

«(2) The new shares acquired by the Republic constitute a special class as specified in subparagraph (3) of paragraph 9, other than the class of ordinary shares of the bank, in view of the special rights and obligations attached to them, as they constitute a property of the Republic.

(3) Independently and without affecting the provisions of the Law and of the other provisions of this Decree, this special class of shares possess the special rights and obligations stated in the next subparagraph (4), provided that they remain property of the Republic, regardless of the percentage of the Republic's shares to the total issued shares of the Bank or the amount of participation of the Republic in the ownership structure of the Bank.

(4) The special rights and obligations borne by the Republic's shares are the following:

- (a) The appointment of the majority of the Board of Directors members, made by the Minister with the consent of the Central Bank and the Finance Committee of the House of Representatives.
- (b) The right to veto all of the Board of Directors decisions, exercised with the consent of at least two Board members appointed by the Minister,
- (c) Approval by the Minister of any decision of the Shareholders General Meeting before it enters into force.
- (d) Powers that are exercised by the majority, at least, of the Board members appointed by the Minister, provided that the power under point (iv) below, may be exercised by any member appointed by the Minister, such as:
 - (i) convening the Bank's General Meeting,
 - (ii) postponement for at least three (3) days of the bank's Board of Directors meetings, in order to receive instructions by the Minister, who shall consult for this purpose with the Central Bank of Cyprus,
 - (iii) interruption of the bank's Board of Directors meetings and their postponement in accordance with point (ii), and
 - (iv) free access to books and records of the bank,
- (e) Right of the Minister to demand from the Bank any data or information.
- (f) An obligation to grant share warrants as defined in paragraph 6:

It is provided that (i) the share warrants are not listed in any stock exchange or regulated market,

(ii) the shares of the Republic acquired by beneficiaries through the exercise of share warrants will automatically be converted into ordinary shares of the Bank.

(5) The special rights borne by the shares of the Republic, in accordance with subparagraph (4) are additional to and without influence to any other right borne by these shares based on the provisions of the memorandum and articles of association of the bank and of the present Decree and of any other power or right of the republic or the Minister provided by any other provision of this Decree.»

4. Subparagraphs (7) up to (13) of paragraph 11 shall be renumbered to subparagraphs (6) up to (12) respectively.

5. Subparagraph 12 is replaced by the following paragraph:

«12. The provisions of the Companies Law and any law which governs the capital market, including the Regulated Markets Law and the Securities and Cyprus Stock Exchange Laws and Regulations and Compliance Provisions issued pursuant thereto, as amended or replaced, do not apply to the hereby Decree of the Republic's participation in the ownership structure of the bank»."

1.3. Credit Rating

This paragraph refers to the contents of Section 1.17 of the Prospectus dated 22 May 2012 as well as to the contents of Section 1.3 of the Supplementary Prospectus dated 19 June 2012.

On 27 June 2012, Fitch Ratings, following the downgrade of the Republic of Cyprus, downgraded the Bank's Long-term Issuer Default Ratings (IDR) and Support Rating Floors (SRF) to 'BB' from 'BB+'. Additionally, the Bank's Short-term IDRs and Support Rating have been affirmed at 'B', while its outlook was placed to 'Negative' from 'Rating Watch Negative'.

Additionally, on 18 July 2012, Fitch Ratings, following the completion of the Bank's recapitalisation by the government, has upgraded the Bank's Viability Rating (VR) to 'cc' from 'f'. The rest of the Bank's ratings remained unaffected.

The table of Section 1.17 of the Prospectus dated 22 May 2012, as well as of Section 1.3 of the Supplementary Prospectus dated 19 June 2012, is amended as follows.

CREDIT RATING AGENCIES AND CREDIT RATING GRADES		RATING GRADE
Moody's		
Outlook		Rating Watch Negative
Global local currency deposit ratings		B3/Not Prime
Foreign currency deposit ratings		B3/Not Prime
Bank financial strength		E
Fitch		
Outlook		Negative
Long-term issuer default rating		BB
Short-term issuer default rating		B
Individual rating		cc
Support rating		3

It is noted that on 2 August 2012, the credit rating agency Standard & Poor's lowered the long-term sovereign credit rating on the Republic to "BB" from "BB +", placing it on credit watch negative with negative implications.

2 RISK FACTORS

This Second Supplementary Prospectus includes recent information and developments that affect the content of Section 2, "Risk Factors", of the Prospectus dated 22 May 2012, as supplemented by the Supplementary Prospectus dated 19 June 2012. Therefore, investors are encouraged to read Section 2 of the Prospectus dated 22 May 2012 in conjunction with all the information contained in the Supplementary Prospectuses.

Additionally, in relation to the special class shares held by the Republic of Cyprus the following are noted:

- In case of their transfer to third parties and their automatic conversion into ordinary shares and their admission to trading, then (a) the supply of listed ordinary shares of the Bank may significantly increase with a possible negative impact on the market value of the ordinary shares of the Bank and (b) significant changes on the share control status of the Bank may arise, whose impact will be determined by the actions of the new main shareholder/s.
- If any number of special class shares is held by the Republic of Cyprus (or ordinary shares in case of conversion), then special rights and obligations will apply for the Republic of Cyprus provided by the Decree and any of its modifications.
- Until the conversion of all special class shares into ordinary shares, the market value of the Bank's ordinary shares, as will be presented in various stock exchange documents and statements will differ from the market value of the total shares of the Bank which will be determined by the total ordinary shares and the special class shares.
- The transfer of special class shares to third parties and their automatic conversion into ordinary shares and their admission to trading requires the prior relevant approvals from the competent authorities.

3 ADVISORS, SECRETARY, REGISTERED OFFICE & TRUSTEE

Secretary:	Zacqueline Lambert-Loizides	
Lead Managers:	Laiki Financial Services Ltd* Laiki Capital House, 26 Vironos Avenue, 1096 Nicosia Investment Bank of Greece S.A. 24B, Kifisias Avenue, Marousi 15125, Athens	
Prospectus drawing up Lead Manager:	Laiki Financial Services Ltd	
Sponsor responsible for the collection of the subscription monies:	Cyprus Popular Bank Public Co Ltd	
Underwriter of the Rights Issue:	The Republic of Cyprus	
Auditors:	PricewaterhouseCoopers Limited Julia House 3, Themistokli Dervi Street 1066 Nicosia	Grant Thornton (Cyprus) Limited Nimeli Court, Block C 41-49, Agiou Nikolaou Street, 2408 Nicosia
Registered Office and Management Office:	154, Limassol Avenue, 2025 Nicosia, PO Box 22032, 1598 Nicosia	

* New name of Marfin CLR (Financial Services) Ltd as of 4 July 2012.

4 PREPARATION OF THE SUPPLEMENTARY PROSPECTUS / PERSONS RESPONSIBLE

This Supplementary Prospectus was prepared and distributed in accordance with the Public Offer and Prospectus Law of 2005 (L.114(I)/2005) of the Republic of Cyprus and Commission Regulation (EC) No 809/2004.

The Bank assumes full responsibility for the information contained in this Supplementary Prospectus and declares that said information is in accordance with the facts and contains no omission likely to affect its content.

The undersigned members of the Board of Directors are also collectively and solely responsible for the information contained in this Supplementary Prospectus and they certify that, having taken all reasonable care to that end, the information contained herein is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its content.

This Supplementary Prospectus contains all information the publication of which is provided for in the Commission Regulation (EC) No 809/2004 and which concerns the Bank, the Group and the public offer. The Bank and the members of the Board of Directors responsible for preparing the Supplementary Prospectus, certify that it has been prepared in accordance with the provisions of the Prospectus Law of 2005 (L.114(I)/2005) of the Republic of Cyprus and in accordance with the provisions of the Commission Regulation (EC) No 809/2004.

This Supplementary Prospectus contains the recent information about Cyprus Popular Bank Public Co Ltd that has arisen or has been noted after the date of the approval by the Cyprus Securities and Exchange Commission of the Supplementary Prospectus of the Bank dated 19 June 2012, in compliance with article 14(1) of the Public Offer and Prospectus Law of 2005 (L.114(I)/2005) of the Republic of Cyprus.

If there is a discrepancy between (a) the statements of this Supplementary Prospectus and (b) the respective statements of the approved Prospectus dated 22 May 2012 and the approved first Supplementary Prospectus dated 19 June 2012, the statements in document (a) will prevail. It is noted that the definitions given in the Prospectus dated 22 May 2012 also apply to this Supplementary Prospectus.

Pursuant to the provisions of the Public Offer and Prospectus Law of 2005 (L.114(I)/2005), the Prospectus is signed by the following individuals:

Andreas Philippou - Chairman, Independent Non-Executive Member
Christos Stylianides - Chief Executive Officer, Executive Member
Panayiotis Kounnis - Deputy Chief Executive Officer, Executive Member
Chris Pavlou - Independent, Non-Executive Member
Andreas Zachariades – Non-Independent, Non-Executive Member
Spyros Episkopou - Independent, Non-Executive Member
Marios Hadjiyiannakis - Independent, Non-Executive Member
Andreas Trokkos - Non-Independent, Non-Executive Member

Lead manager responsible for drawing up the Supplementary Prospectus is Laiki Financial Services Ltd, which signs this Supplementary Prospectus. Laiki Financial Services Ltd declares that, having taken all reasonable care to that end, the information contained in the Supplementary Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect its content.

Underwriter of the Rights Issue was the Republic of Cyprus while Cyprus Popular Bank Public Co Ltd was the Sponsor Responsible for the Collection of the subscription monies.

5.1 Appointment of new members to the Board of Directors of the Bank

During the Bank's Annual General Meeting held on 21 June 2012, an approval was granted for the re-election of Directors Messrs Michalis Sarris, Chris Pavlou and Peter Baltussen, who have been appointed by the Board of Directors. The Directors retiring by rotation, Vasilis Theocharakis and Markos Foros, did not offer themselves for re-election.

During the Board of Directors meeting held on 9 August 2012, Mr Michalis Sarris resigned as Non Executive Chairman and member of the Board of Directors. The Board of Directors unanimously elected as its Non Executive Chairman Mr Andreas Philippou.

Nicos Hadjinicolaou	He is Fellow of the Institute of Chartered Certified Public Accountants. He started his career at Russell&Co. (Ernst&Young) in 1958 and then worked for the Central Bank of Cyprus. In 1970 he was employed by the Laiki Bank in managerial positions, including Chief Accountant and General Manager Administration. In 1996 he was appointed Member of the Board of Directors of Laiki Bank and became Executive Director Domestic Banking and later Executive Director Strategy. During his time in Laiki Bank he also served as a Member of the Boards of Directors of subsidiary companies and in major Bank Committees. Following his retirement in 2002 he worked as Business Consultant on matters of Banking and Financial Services. He has also served as a Member of the Board of Directors of Cyprus Development Bank.
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Panicos Poutziouris	<p>He studied Economics at the University of Nottingham in the United Kingdom from which subsequently obtained a Master Degree in Business Administration (MBA) and a doctorate degree (PhD) on Growth Model for Smaller Firms in Cyprus. He worked as Senior Lecturer in Entrepreneurship at Manchester Business School and then as Associate Professor in Entrepreneurship at Cyprus Institute of Management (CIIM) in Cyprus. He is currently a Professor and Head of International Business and Management School of the University of Central Lancashire (UCLAN) in Cyprus. He has served as Chairman of the International Family Enterprise Research Academy (IFERA) and member of the Board of Directors of the Institute for Small Business Entrepreneurship (ISBE). In 2011 he was awarded by the Family Firm Institute (FFI) the FFI International Award.</p>
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- Andreas Philippou Chairman, Independent Non-Executive Member

▪ Christos Stylianides	Chief Executive Officer, Executive Member
▪ Panayiotis Kounnis	Deputy Chief Executive Officer, Executive Member
▪ Spyros Episcopou	Independent, Non-Executive Member
▪ Andreas Zachariades	Non-Independent, Non-Executive Member
▪ Chris Pavlou	Independent, Non-Executive Member
▪ Stelios Stylianou	Non-Independent, Non-Executive Member
▪ Andreas Trokkos	Non-Independent, Non-Executive Member
▪ Marios Hadjiyiannakis	Independent, Non-Executive Member
▪ Fadel Al Ali	Non-Independent, Non-Executive Member
▪ Hesham Al Qassim	Independent, Non-Executive Member
▪ Peter Baltussen	Non-Independent, Non-Executive Member
▪ Nicos Hadjinicolaou	Independent, Non-Executive Member
▪ Panicos Poutziouris	Non-Independent, Non-Executive Member

It is noted that, following the recent changes in the composition of the Board of Directors, the Bank will proceed to restructure the composition of the Committees of the Board in due time.

5.2 Rights and exchange of Eligible Capital Securities timetables

This paragraph refers to the content of Sections 5.1 and 6.3 of the Prospectus dated 22 May 2012.

The 25th May 2015 was the last cum date of the Bank's share, that is, the date by which the persons who acquired shares of the Bank were entitled to participate in the allotment of Rights. As from 28 May 2012, the Bank's share was traded ex-rights. Registration/Record Date Rights, at the end of which the shareholders entitled to take part in the allotment of Rights were registered in the records of the CSE and the ASE was set on 30 May 2012.

The Record Date ECS for the dispatchment of documents relating to the voluntary exchange of Eligible Capital Securities for Enhanced Capital Securities and/or New Shares (Exchange) of the Bank was on 30 May 2012, that is the investors who acquired Eligible Capital Securities up to the end of the CSE session on 25 May 2012 were granted a participation right in the issue of Enhanced Capital Securities / New Shares (Exchange) of the Bank. It should be noted that participation right was also granted to persons who acquired Eligible Capital Securities until 22 June 2012.

The Informative Letters (Rights) and the Informative Letters (ECS) were dispatched to beneficiaries on 7 June 2012.

It is reminded that the of Rights were traded in the CSE and the ATHEX as of 15 June 2012 and until 22 June 2012, while the applications submission period for the (a) exercise of Rights, (b) exercise of Subscription Right and (c) exchange of Eligible Capital Securities for Enhanced Capital Securities and/or New Shares (Exchange), commenced on 15 June 2012 and ended on 29 June 2012.

Finally, the 30th June 2012 was the date on which the New Shares (Rights) and the New Shares (Exchange) were issued.

On 2 July 2012, the Bank announced that the total funds subscribed for the share capital increase in the form of nil paid Rights amounted to €3,013,561.20, of which €2,843,525.80 resulted from the exercise of the nil paid Rights and €170,035.40 from the applications for subscription for unsubscribed Rights. Therefore, 30,135,612 new ordinary shares of nominal value of €0.10 each were issued and allotted to the beneficiaries. The new Shares have the same rights (rank pari passu) as the existing shares.

As a result of the above and due to the fact that the Republic of Cyprus acted, in accordance with the terms of the Decree, as underwriter in the issue of capital of the Bank of €1.8 billion, the shares resulted from the unsubscribed nil-paid Rights that were allotted to the Republic of Cyprus at an issue price of €0.10 amounted to 17,960,598,952.

Additionally, the offer for voluntary exchange of Eligible Capital Securities for ordinary Shares has resulted in 1,769,840,000 new ordinary Shares of nominal value €0.10 each.

Finally, the Bank announced that with respect to the offer for the exchange of Eligible Capital Securities with ECS, applications had been received for the conversion to 147,892 ECS of nominal value €1,000 each. The applications for voluntary exchange for ECS could not be satisfied due to the fact that the provisions and terms of issue, as stipulated in the Prospectus dated 22 May 2012 and its Supplementary dated 19 June 2012, were not fulfilled.

On 4 July 2012, the Bank issued a statement which, inter alia, stated that:

"Given the outcome of the proposed voluntary exchange of existing capital securities with ordinary shares and / or new Enhanced Capital Securities and finalized after the financial results of the first half of 2012, the Bank will proceed in consultation with the Central Bank of Cyprus for a redefinition of its capital needs and review the capital plan on the basis of Community rules on state aid."

On 25 July 2012, the Bank announced that "the trading of the shares that emerged from the exercise of Rights and the exchange of Eligible Capital Securities with shares, pursuant to the Prospectus, will not commence on 25 July 2012, as already announced, but as soon as the Supplementary Prospectus is approved by the Cyprus Securities and Exchange Commission over the next few days."

Trading of the New Shares (Rights) and the New Shares (Exchange) on the CSE and the ATHEX is expected to begin on 24 August 2012. It is noted that in relation to the listing of the New Shares (Rights) granted to the Republic of Cyprus under the Decree, all provisions specified in the Underwriting of Rights Issue of Cyprus Popular Bank Public Co Ltd (Amending) (No 3) Decree of 2012, apply (Section 5.3). Specifically, in accordance with subparagraph (3) of paragraph 9 of the Decree, the Republic of Cyprus shares shall not be listed on the CSE and the ATHEX, unless the Minister demands it.

It is noted that persons who have submitted applications for the exchange of securities and to whom Shares have been issued, they have submitted complaints to the Bank, the Cyprus Securities and Exchange Commission and the Central Bank. A number of persons have also filed lawsuits against the Bank. Relevant information is provided in Section 5.6.

In relation to the above matter, on 7 August 2012 the Cyprus Securities and Exchange Commission has sent a letter to the Bank that included a recommendation for the delay of the listing of the New Shares (Exchange) of persons who filed a complaint through a procedure that shall be determined by the Bank. On the same day, the Cyprus Securities and Exchange Commission has issued a notice, the full text of which is available on the official website of the Cyprus Securities and Exchange Commission.

In relation to this matter the Bank, on 13 August 2012, issued the following announcement:

"Further to the announcement of Cyprus Securities and Exchange Commission regarding the possible delay of the listing on

the Cyprus Stock Exchange and the Athens Exchange of the shares that resulted from the tender offer for voluntary exchange of capital securities issued in 2008, 2009 and 2010, for persons who filed a complaint in relation to the exchange process, the Bank announces the following:

The Bank has fully adhered to the required procedures with respect to the tender offer for voluntary exchange of capital securities with Exchange Shares, which were issued on 30 June 2012 in accordance with the provisions of the approved Prospectus dated 22 May 2012 (and supplements) and relevant provisions of the legislation.

The Bank has decided to proceed with the listing of all New Shares (Exchange) issued as part of the offer for the voluntary exchange of capital securities. The listing for trading of the New Shares (Exchange) does not affect any rights of the persons who, for whatever reason, will choose to proceed with legal action in relation to this matter. Moreover, the Bank's decision ensures amongst others, that there will be no delay in the listing of the New Shares (Exchange) for the benefit of holders who are satisfied with the exchange and who are the vast majority of the holders of such shares.

It is noted that, in line with applicable regulatory requirements of the Central Bank, the Bank follows standard, effective and transparent procedures for the review of complaints received from persons who have acquired New Shares (Exchange) through the offer for the voluntary exchange of capital securities with shares."

5.3 Changes to the Decree

On 23 July 2012, the Minister of Finance in the exercise of the powers vested on him by articles 6, 7 and 14 of the Management of Financial Crises Laws of 2011 and 2012, subsequent to the recommendation of the Central Bank of Cyprus and with its concurring opinion, issued the Underwriting of Rights Issue of Cyprus Popular Bank Public Co Ltd (Amending) (No 2) Decree of 2012 (R.A.A. 274/2012) through which subparagraph (3) of paragraph 9 of the Decree was replaced by the following new subparagraph:

"The new shares acquired by the Republic constitute a special class of shares, which possess all rights as that of the ordinary shares of the Bank and, in addition, with no influence to the rights which paragraph 11(1)-(4) grants to the Republic as the holder of these shares. The new shares of the Republic constitute such a special class that:

- (a) are listed to the Cyprus Stock Exchange, where the bank's shares were initially listed, and are not listed into another stock exchange or another regulated market, except if this is required by the Minister, and
- (b) by transferring them to third parties they cease to constitute a special class of shares and are considered as ordinary shares.

It is noted that the Minister, by a decision published in the Official Gazette of the Republic, may convert this special class of shares into ordinary shares of the bank."

The Amending Decree (R.A.A. 274/2012) enters into force from the date of its publication in the Official Gazette of the Republic, ie, as of 23 July 2012.

Based on the Amending (No 3) Decree of 2012 (R.A.A. 305/2012), the following modifications were made on the Decree:

"2.Subparagraph (3) of paragraph 9 is replaced with the following new subparagraph:

«The new shares acquired by the Republic constitute a special class of shares, as specified in paragraph 11, which possess all rights as that of the ordinary shares of the Bank and, in addition, with no influence on the rights and obligations of the Republic as the holder of these shares, as provided by subparagraphs (2) up to (5) of paragraph 11:

It is provided that the new shares of the Republic which constitute such a special class:

- (a) are not listed on a stock exchange or any other regulated market, unless demanded by the Minister, and in case of their listing on a stock exchange or any other regulated market, this shall be based on the prevailing legislation in respect to the ordinary shares of the bank,
- (b) following their transfer to third parties they cease to constitute a special class of shares and are automatically converted into ordinary shares of the bank and shall be listed on a stock exchange or regulated market based on the prevailing legislation in respect to the ordinary shares of the bank, and
- (c) the Minister, by a decision published in the Official Gazette of the Republic, may convert this special class of shares into ordinary shares of the bank.»

3. Subparagraphs (2) up to (6) of paragraph 11 are replaced with the following new subparagraphs:

«(2) The new shares acquired by the Republic constitute a special class as specified in subparagraph (3) of paragraph 9, other than the class of ordinary shares of the bank, in view of the special rights and obligations attached to them, as they constitute a property of the Republic.

(3) Independently and without affecting the provisions of the Law and of the other provisions of this Decree, this special class of shares possess the special rights and obligations stated in the next subparagraph (4), provided that they remain property of the Republic, regardless of the percentage of the Republic's shares to the total issued shares of the Bank or the amount of participation of the Republic in the ownership structure of the Bank.

(4) The special rights and obligations borne by the Republic's shares are the following:

- (a) The appointment of the majority of the Board of Directors members, made by the Minister with the consent of the Central Bank and the Finance Committee of the House of Representatives.
- (b) The right to veto all of the Board of Directors decisions, exercised with the consent of at least two Board members appointed by the Minister,
- (c) Approval by the Minister of any decision of the Shareholders General Meeting before it enters into force.
- (d) Powers that are exercised by the majority, at least, of the Board members appointed by the Minister, provided that the power under point (iv) below, may be exercised by any member appointed by the Minister, such as:
 - (i) convening the Bank's General Meeting,
 - (ii) postponement for at least three (3) days of the bank's Board of Directors meetings, in order to receive instructions by the Minister, who shall consult for this purpose with the Central Bank of Cyprus,

(iii) interruption of the bank's Board of Directors meetings and their postponement in accordance with point (ii), and

(iv) free access to books and records of the bank,

(e) Right of the Minister to demand from the Bank any data or information.

(f) An obligation to grant share warrants as defined in paragraph 6:

It is provided that (i) the share warrants are not listed in any stock exchange or regulated market,

(ii) the shares of the Republic acquired by beneficiaries through the exercise of share warrants will automatically be converted into ordinary shares of the Bank.

(5) The special rights borne by the shares of the Republic, in accordance with subparagraph (4) are additional to and without influence to any other right borne by these shares based on the provisions of the memorandum and articles of association of the bank and of the present Decree and of any other power or right of the republic or the Minister provided by any other provision of this Decree.»

4. Subparagraphs (7) up to (13) of paragraph 11 shall be renumbered to subparagraphs (6) up to (12) respectively.

5. Subparagraph 12 is replaced by the following paragraph:

«12. The provisions of the Companies Law and any law which governs the capital market, including the Regulated Markets Law and the Securities and Cyprus Stock Exchange Laws and Regulations and Compliance Provisions issued pursuant thereto, as amended or replaced, do not apply to the hereby Decree of the Republic's participation in the ownership structure of the bank»."

The Amending (No 3) Decree (R.A.A. 305/2012) enters into force from the date of its publication in the Official Gazette of the Republic, ie, as of 14 August 2012.

It is noted that, based on paragraph (3) of the modified paragraph 9 of the Decree, the special class shares held by the Republic of Cyprus, following their transfer to third parties, they cease to constitute such a special class of shares and are automatically converted into ordinary shares of the bank and shall be listed on a stock exchange or regulated market based on the prevailing legislation in respect to the ordinary shares of the bank. It is provided that such a listing is subject to the approval of the competent authorities.

5.4 Listing of the Special Class Shares held by the Republic of Cyprus on a regulated market following their conversion to ordinary shares

In case where the special class shares acquired by the Republic of Cyprus are transferred to third parties, subject to the provisions of the Decree (as amended or may be amended), the Bank will carry out the actions required for the listing of shares transferred (the "transferred shares ") on the regulated market where the Bank's ordinary shares are traded (the "regulated market "), which at the date of this Supplementary Prospectus is the CSE and the ATHEX.

The procedure that shall be followed is the following:

The Bank will inform investors about the number of the transferred shares and will file an application for their admission to a regulated market, by submitting the appropriate documents based on Regulations and by paying the applicable amount. It will also deliver to competent authorities an electronic registry in order to credit the beneficiaries' accounts.

Upon the listing authorization of the transferred shares on the regulated market, the Bank will make an announcement in relation to the date of commencement of trading with the existing ISIN Code of the ordinary shares.

5.5 Payment of interest of Eligible Capital Securities and Convertible Enhanced Capital Securities 2011

On 21 June 2012, the Bank announced the interest payment of the capital securities issued in 2008 (ΛΑΙΚΑ / CPBCS), 2009 (ΛΑΙΚΘ / CPBCB) and 2010 (ΛΑΙΚΛ / CPBCC) for the three months ending 29 June 2012, following deliberations with the Central Bank of Cyprus and the European Commission via the Ministry of Finance. Additionally, the Bank clarified that for the following quarters, the payment of interests to the above capital securities issues is governed by the terms of the Decree which prohibits the payment of any interest in securities not compatible with the requirements of the Central Bank of Cyprus.

In the aforementioned announcement, the Bank informed investors that in relation to the Convertible Enhanced Capital Securities 2011 (ΛΑΙΚΜ / CPBCD) and pursuant to the provisions of term 5.3.5 of the prospectus dated 19 May 2011, it proceeded with the Compulsory Cancellation of Interest Payment for the period from 31 March to 29 June 2012. Pursuant to their issue terms, the cancelled interest payment is final and will no longer be payable by the Bank.

5.6 Judicial and Arbitration Procedures

This paragraph refers to the content of paragraphs 4.21.2 and 4.24.2 of the Prospectus dated 22 May 2012 and is updated accordingly.

Specifically, the content of paragraph 4.21.2 of the Prospectus dated 22 May 2012 modified as follows:

"During the last twelve months and as at the date of this Prospectus there are pending suits against the Group in relation to its activities. Based on legal advice the Board of Directors believes that a sufficient defense against all claims exists and it is impossible for the Group to suffer any significant damage. Therefore, no provision was made in the audited consolidated financial statements for these cases.

Holders of Capital Securities issued in 2008, 2009, 2010 and 2011 have recently put forward claims, grievances or complaints alleging that they acquired Eligible Capital Securities and/or New Shares (Exchange) of the Bank because of false representations or fraud or other illegalities by the Bank. Some holders of Capital Securities issued in 2008, 2009 and 2010 have filed suits to the Nicosia District Court, while others have sent letters to the Bank. The aforementioned holders are requesting cancellation of Capital Securities, and/or cancellation of their exchange with new shares of the Bank and/or return of their capital plus interest and compensations. Until 14 August 2012, 11 suits from 16 plaintiffs have been granted to the Bank. Additionally, the Bank estimates that by 14 August 2012 it had received about 223 written complaints from holders or on behalf of holders of capital securities.

Because of the generality of the suits, as mentioned above, and by having in mind the available information, the Bank is

unable to confirm the number of Capital Securities held by the 16 plaintiffs. On a preliminary basis it is estimated that they hold or held a total of approximately 7,746 Capital Securities issued in 2008, 2009 and 2010 (nominal value of €1,000 each), from which approximately 2,210 have been exchanged with new shares.

While the Bank accepts no liability, it will examine any alleged claims, grievances or complaints in accordance with the established procedures. The aforementioned claims, grievances or complaints (including the suits already filed) are by nature general and not specific, and, by having in mind the available information and legal advice given to the Bank, it is premature at this stage to assess whether any such claims, grievances or complaints will have any significant impact on the financial position or profitability of the Issuer and/or the Group.

Based on the above and the provisions of paragraph 20.8 of Annex I of Regulation 809/2004, a negative statement is attached to this Prospectus (see Section 4.24.2)."

Moreover, the statement in paragraph 4.24.2 of the Prospectus dated 22 May 2012 is amended as follows:

Except of those specified in paragraph 4.21.2 (as amended by Section 5.6. of the Second Supplementary Prospectus) relating to claims, complaints or grievances of capital securities holders, for which is not yet possible to assess whether it can have any significant impact on the financial position or profitability of the Issuer and/or the Group, the Board of Directors of Cyprus Popular Bank Public Co Ltd declares that, during the period of the last twelve months minimum, there were nor are any administrative, judicial or arbitration procedures which could have or have had, recently, any material impact on the Issuer's and/or the Group's financial situation or the profitability, beyond its participation in the voluntary exchange of the Greek Government Bonds, in accordance with the terms of the Private Sector Involvement (PSI) offer of the Hellenic Republic."

5.7 Profit Warning Announcement

On 14 August 2012, the Bank issued the following announcement:

"In accordance with the relevant regulations of the Cyprus Stock Exchange and the Cyprus Securities and Exchange Commission, Cyprus Popular Bank Public Co Ltd Group wishes to inform investors that the level of total provisions for doubtful debts and other possible impairments for the six months ended 30/06/2012, is expected to be increased as compared to the provisions of the corresponding period of the previous year. Therefore, the financial results for the six months ended 30/06/2012 will show a negative deviation compared to the corresponding results of 2011.

Additionally, and following a relevant request by the Cyprus Securities and Exchange Commission, it is clarified that the reference by the Chairman of the Board of Directors in his recent statements regarding the operations of the Group in Greece, related to the possible cumulative non-performing loans and not to provisions as was implied by some of the Media."

5.8 Group Restructuring Plan

Within the policy framework for reducing costs, streamlining of the branch network and adjustment of costs to the current levels of activity, the Group implements a reorganization plan of its branch network, with the merger of stores, both in Cyprus and in Greece.

Based on the above program, whose implementation has already begun, in Cyprus the branch network has reduced from

116 branches at the end of 2011 to 106 branches today while the branches are expected to be reduced to 93 by the end of 2012. In Greece, the branch network has been reduced from 171 at the end of 2011 to 149 today while is expected to fall to 130 by the end of 2012.

Additionally, in view of the revised strategic direction of the Group with the Group's headquarters in Cyprus constituting its development platform, the Group focuses its efforts on its core business sectors and geographical areas of activity, to improve and enhance its prospects.

In this context, the possibility of abroad subsidiaries divestment is under examination

The above may be altered within the basis of the Group's Restructuring Plan which is expected to be completed and submitted to the Central Bank in late August 2012.

6 OTHER DEVELOPMENTS

This section cites other matters that occurred after the approval of the Supplementary Prospectus dated 19 June 2012.

- On 21 June 2012, the Cyprus Stock Exchange, following a request by the Bank, announced the suspension of trading of Capital Securities 2008, 2009 and 2010 (ΛΑΙΚΑ/ CPBCS), (ΛΑΙΚΘ/ CPBCB) and (ΛΑΙΚΛ/ CPBCC) respectively from Monday 25 June 2012 to Wednesday 4 July 2012 (included) so as to safeguard the proper operation of the market and to conclude the procedure of voluntary exchange of Eligible Capital Securities held by the shareholders with ordinary shares of the Bank and/or new Enhanced Capital Securities. The securities commenced trading again on 5 July 2012.
- On the same date, the Bank announced the payment of interest on capital securities issued in 2008 (ΛΑΙΚΑ / CPBCS), 2009 (ΛΑΙΚΘ / CPBCB) και 2010 (ΛΑΙΚΛ / CPBCC) for the quarter ended 29 June 2012 and clarified that the quarter following the payment of interest on the above capital securities issues is governed by the terms of the Decree, which prohibits the payment of any interest on capital securities that are not compatible with the requirements of the Central Bank of Cyprus.
- During the Annual General Meeting held on 21 June 2012, the following resolutions were approved.

Ordinary Resolution

Approval was granted that the authorized share capital of the Bank is increased from €2,465,000,000 divided into 24,650,000,000 ordinary shares of nominal value €0.10 each, to €2,800,000,000 divided into 28,000,000,000 ordinary shares of nominal value €0.10 each, by the creation of 3,350,000,000 new ordinary shares of nominal value €0.10 each, which will have the same rights as the existing ordinary shares of the Bank.

Special Resolution

Approval was granted that Special Resolution 7, as approved by the Extraordinary General Meeting of 2 April 2012, be cancelled.

- On 25 June 2012, Fitch Ratings has downgraded the Republic of Cyprus's Long-term foreign and local currency Issuer Default Rating (IDRs) to 'BB+' from 'BBB-'. Additionally, the Short-term IDR has also been downgraded to 'B' from 'F3'. The Outlook on the Long-term IDRs is Negative.
- On 27 June 2012, Fitch Ratings, following the downgrade of the Republic of Cyprus, downgraded the Bank's Long-term Issuer Default Ratings (IDR) and Support Rating Floors (SRF) to 'BB' from 'BB+'. Additionally, the Bank's Short-term IDRs and Support Rating have been affirmed at 'B', while its outlook was placed to 'Negative' from 'Rating Watch Negative'.
- On 18 July 2012, Fitch Ratings, following the completion of the Bank's recapitalisation by the government, has upgraded the Bank's Viability Rating (VR) to 'cc' from 'f'. The rest of the Bank's ratings remained unaffected. Therefore, Section 9.8 of the Prospectus dated 22 May 2012 is amended as follows:

The credit rating of the Bank is assessed by international credit rating agencies and is classified into ratings, on the basis of the specific indicators adopted by each agency. The most recent credit rating assessments of the Bank by the international rating agencies Moody's and Fitch, are presented in the table below:

CREDIT RATING AGENCIES AND CREDIT RATING GRADES	RATING GRADE
Moody's	
Outlook	Rating Watch Negative
Global local currency deposit ratings	B3/Not Prime
Foreign currency deposit ratings	B3/Not Prime
Bank financial strength	E
Fitch	
Outlook	Negative
Long-term issuer default rating	BB
Short-term issuer default rating	B
Individual rating	cc
Support rating	3

The significance of the credit rating grades adopted by each credit rating agency is set forth below:

Moody's

- B3: B3 rating refers to the long-term credit ratings of banks, whose obligations are considered speculative and are subject to high credit risk.
- Not Prime: Not Prime rating refers to the short-term credit ratings of banks, which have a low ability to timely repay their short-term obligations
- E: E rating refers to the financial strength of banks, which display a very modest intrinsic financial strength.

Fitch

- BB: BB rating refers to the long-term credit ratings of banks, whose ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time. However, business or financial flexibility exists which supports the servicing of financial commitments.
- B: rating refers to the short-term credit rating of banks, whose ratings indicate a decreasing capacity for timely payment of financial commitments, plus heightened vulnerability to near term adverse changes in financial and economic conditions.
- cc: cc rating refers to the individual rating of banks for which failure appears probable.
- 3: 3 rating refers to the support of the bank, for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so.

It is noted that on 31 October 2011 Fitch Ratings and Moody's registered under the European Union Regulation on Credit Rating Agencies, as per the provisions of Regulation (EC) No 1060/2009 of the European Parliament."

- On 23 July 2012, the Underwriting of Rights Issue of Cyprus Popular Bank Public Co Ltd (Amending) (No 2) Decree of 2012 (R.A.A. 274/2012) was issued. Relevant information is cited in Section 5.3.

- On 25 July 2012, the Bank issued the following announcement:

“Cyprus Popular Bank Public Co Ltd, upon receiving notice by the Cyprus Securities and Exchange Commission and in order to fully inform the investing public in view of reports which refer to negotiations with Chinese investors, would like to announce that in the past ten days of June 2012 a meeting was held in China with potential investors, which discussed the possibility of investing in the share capital of the Bank.

The Bank has nothing else to announce so far.”

- During the period following the publication of the Prospectus the negative sentiment in the major economies where the Group operates continued.

The adverse economic conditions in connection with the ongoing uncertainty prevailing in the Greek economy, the growing concerns at a European level in respect to the economic condition of the member states such as Spain and Italy and the further credit rating downgrades, have led to a further pressure on the Group's asset quality and liquidity, which may continue for a longer period, with negative effects on non-performing loans ratios and on the provisions for bad debts.

On 26 June 2012, the Republic of Cyprus submitted an application for financial support to the European Financial Stability Fund (EFSF) and on 27 June 2012 appealed to the International Monetary Fund for participation to external financial support. The first week of July, the relevant meetings commenced in Cyprus with representatives of the Troika (i.e. the European Commission, the European Central Bank and the International Monetary Fund) with an initial aim to collect and process data and an ultimate goal the set-up, negotiation and implementation of a memorandum.

Troika's expected objective is to achieve sustainable economic growth and public finances and financial sector consolidation. In this context, a number of restrictive and structural measures is expected to be adopted, which in combination with other economic events, may lead to further pressures on economy growth and related economic ratios.

It is expected that following the request of Cyprus for financial support from the International Fund, the European Commission and the European Central Bank, the Bank will participate in diagnostic check, which will take place in the context of the country's banking system evaluation.

- After 30 June 2012, the Group's participation in refinancing operations of the European Central Bank has temporarily suspended, until the more extensive assessment of the Group's financial condition by the competent supervisory authorities and actions to be taken in relation to the Group's capital structure. The Bank has access to other forms of financing by the euro system.
- Because of the level of conversion of Eligible Capital Securities into New Shares (Exchange) and the fact that applications for the voluntary exchange with ECS could not be met (as mentioned above), the objective of the Bank to attain a capital adequacy ratio of 9.0% based on the requirements of the European Banking Authority (EBA) is not achieved. According to EBA's announcement on 11/07/2012 the following have been reported for the local banks, including the Bank:

"Cypriot banks participating in the capital exercise ... were not able to meet the required ratio of 9% Core Tier 1 using private sources. However, the EBA has received assurances that these banks will comply with the its recommendations, as a result of government's decision to apply for support to the European Financial Stability Fund (EFSF). These two banks, is probable to require additional capital, following the evaluation by the competent European authorities and the International Monetary Fund, in the context of the support program ".

- In the context of the Decree's requirements, the Group has initiated the formation of a Restructuring Plan through the assistance of an international financial consultancy firm which has contracted for this purpose. The Restructuring Plan is expected to be completed and submitted to the Central Bank in late August 2012. As provided in the Decree, the Restructuring Plan will then be submitted to the Ministry of Finance which in turn will submit it for approval to the European Commission within six months from the date of the Decree
- On 2 August 2012, the credit rating agency Standard & Poor's downgraded the Republic of Cyprus' long-term credit rating to "BB" from "BB +", placing it to credit watch negative.
- On 14 August 2012, the Underwriting of Rights Issue of Cyprus Popular Bank Public Co Ltd (Amending) (No 3) Decree of 2012 (R.A.A. 305/2012) was issued. Relevant information is set out in Section 5.3.
- On 16 August 2012, the Bank announced that its Board of Directors will convene on Tuesday 28 August 2012 to examine, among other subjects, the Financial Results for the period January - June 2012.

7 AVAILABILITY OF THE SUPPLEMENTARY PROSPECTUS

This Supplementary Prospectus dated 17 August 2012, as it has been approved by the Cyprus Securities and Exchange Commission, will be available without charge during its effective period in electronic form as from 20 August 2012, as follows:

- on the Bank's website (www.laiki.com – Select Investors Relations / Prospectuses)
- on the Lead Manager Responsible for Drawing up the Prospectus / Lead Manager's Laiki Financial Services Ltd website (www.laikifs.com)
- on the Lead Manager's Investment Bank of Greece S.A. website (www.ibg.gr)
- on the Cyprus Securities and Exchange Commission website (www.cysec.gov.cy)
- on the Cyprus Stock Exchange website (www.cse.com.cy)
- on the Athens Stock Exchange website (www.ase.gr)

This Supplementary Prospectus of Cyprus Popular Bank Public Co Ltd, dated 17 August 2012, was signed by the following Members of the Board of Directors of Cyprus Popular Bank Public Co Ltd. The Bank and its Directors state that, after having taken all reasonable care, the information contained in the Supplementary Prospectus is, to the best of their knowledge, true and accurate and does not contain any omissions likely to affect its content:

Andreas Philippou, Chairman, Independent Non-Executive Member

Christos Stylianides, Chief Executive Officer, Executive Member

Panayiotis Kounnis, Deputy Chief Executive Officer, Executive Member

Chris Pavlou, Independent, Non-Executive Member

Andreas Zachariades, Non-Independent, Non-Executive Member

Spyros Episcopou, Independent, Non-Executive Member

Marios Hadjiyiannakis, Independent, Non-Executive Member

Andreas Trokkos, Non-Independent, Non-Executive Member

This Supplementary Prospectus of Cyprus Popular Bank Public Co Ltd, dated 17 August 2012, was signed by the Lead Manager Responsible for Drawing Up the Supplementary Prospectus, Laiki Financial Services Ltd, which states that, after having taken all reasonable care to that end, the information contained in the Supplementary Prospectus is, to the best of its knowledge, true and accurate and does not contain any omissions likely to affect its content.

Laiki Financial Services Ltd