



Press Release

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25 May 2012

**Cyprus Popular Bank Public Co Ltd exchange and tender offers for existing
€450,000,000 Callable Step-up Floating Rate Subordinated Notes due 2016
Extension of Offer Period**

On 14 May 2012 Cyprus Popular Bank Public Co Ltd (previously known as Marfin Popular Bank Public Co Ltd) (the **Issuer**) announced its invitations to holders (subject to the offer restrictions referred to below) of its outstanding €450,000,000 Callable Step-up Floating Rate Subordinated Notes due 2016 (ISIN: XS0255675794) (the **Existing Notes**) to:

- (i) offer to exchange their Existing Notes for Euro-denominated Fixed Rate Senior Notes due 2016 (the **New Notes**) to be issued by the Issuer (the **Exchange Offer**); or
- (ii) tender their Existing Notes for purchase by the Issuer for cash (the **Tender Offer** and, together with the Exchange Offer, the **Offers**).

The Issuer wishes to make the following disclosure in connection with the Offers:

The supplement to the Programme Prospectus dated 3 May 2012 prepared by the Issuer refers to (i) the capital raising plan of the Issuer, which includes, among other things, a plan to raise up to EUR 1.8 billion via new ordinary equity from shareholders through a rights issue and/or private placement and (ii) a letter from the Ministry of Finance received on 27 April 2012 (the **Letter**) in which the Republic of Cyprus affirmed its commitment to provide the necessary support to the Issuer to address any liquidity, solvency and capital adequacy issues to enable the Issuer to continue in business.

Following the receipt of the Letter, the Cypriot government passed a new Decree on 18 May 2012 referred to as "Underwriting of Rights Issue of Cyprus Popular Bank Public Co Ltd Decree of 2012" (the **Decree**). The purpose of the Decree, among other things, is to outline the terms and conditions of the participation of the Cypriot state in the rights issue of the Issuer. The prospectus for the rights issue was published on 22 May 2012. In accordance with the Decree, the Cypriot state can participate in the rights issue for an amount of up to EUR 1.8 billion with a rights subscription price of EUR 0.10 per share. The Issuer will subsequently have a right to buy back shares issued to the Republic of Cyprus within a 5-year period at a price of EUR 0.10 per share plus a 5 per cent. return per annum. Additionally, and at any point in time, the Cypriot state has the right to sell all or part of its stake in the Issuer acquired under the provisions of the Decree to a strategic investor.

Under the provisions of the Decree, and within 15 days of its publication, the Issuer must appoint an independent advisor who, within 2 months from appointment, must submit to the Central Bank of Cyprus, among other things, a detailed restructuring plan for the Issuer to safeguard and strengthen its solvency. Following the required consultations with the Ministry of Finance and the Issuer, a final restructuring plan must be submitted for approval to the European Commission within 6 months from the publication of the Decree.

In accordance with the Decree, the terms and conditions for participation of the Cypriot state in the rights issue include, among other things, the following:

- (i) up to five members of the Board of Directors (**BoD**) shall be appointed by the Ministry of Finance following the publication of the Decree, two or more of whom may veto decisions of the BoD;
- (ii) upon the acquisition of the new shares by the Republic, the Minister of Finance, with the concurring opinion of the Central Bank of Cyprus and the Finances and Budget Parliamentary Committee of the House of Representatives, may appoint the majority of the BoD, irrespective of the amount of participation of the Republic in the ownership structure of the Issuer;
- (iii) the members of the BoD thus appointed have the following rights: (a) to convene a General Meeting of the shareholders of the Issuer, (b) to postpone for three business days the meetings of the BoD, in order to receive instructions from the



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Minister of Finance, who consults for this purpose with the Central Bank of Cyprus, (c) to adjourn the meetings of the BoD and to postpone them in accordance with point (b), (d) to have free access to the books and records of the Issuer, and (e) to veto any decision taken by the BoD on the basis of the provisions of paragraph (i) above;

- (iv) no decision of the general meeting of the shareholders of the Issuer can enter into force prior to the approval of the Minister of Finance;
- (v) the introduction of a cap on annual remuneration of the Issuer's employees;
- (vi) the abolishment of all types of variable remuneration of the Issuer's employees;
- (vii) the payment of any interest on, or the recall of, Tier 1 and Tier 2 capital instruments shall be prohibited unless the Issuer obtains the prior approval of the Central Bank of Cyprus and has consulted with the European Commission. Capital instruments which comply with the requirements of the Central Bank of Cyprus are exempted from this provision; and
- (viii) the Issuer's balance sheet growth shall be capped at 12.4 per cent per annum to discourage aggressive risk taking.

It should be noted that, the Issuer continues to consult with the relevant authorities to understand fully the impact of the Decree on the Issuer. Particularly, the Issuer continues to discuss the exemption of the Existing Notes from the requirements of paragraph (vii) above. Notwithstanding these discussions, the Issuer has made an application to the Central Bank of Cyprus requesting their consent in order to pay the coupon on the Existing Notes due to be paid on 28 May 2012.

The Central Bank of Cyprus is expected to provide its approval following consultation with the European Commission on or about 28 May 2012.

In light of the ongoing discussions with the authorities, the current position is that the payment of all future coupons on, and the principal of the Existing Notes may be subject to the same consent procedure described in paragraph (vii) above. In relation to a future coupon payment (other than the coupon payment due on 28 May 2012), there is therefore a risk that such consent is required and is not received prior to the relevant coupon payment date.

Furthermore, the above paragraph (vii) may affect the regulatory approval of the Offers originally received on 16 February 2012. The Central Bank of Cyprus is expected to re-affirm its original approval of the Offers on or about 28 May 2012.

On 23 May 2012, two members of the BoD, Constantinos Mylonas and Neoclis Lysandrou, announced their resignation from their positions as non-Executive Vice Chairmen of the BoD. On 24 May 2012, a third member of the BoD, Platon Lanitis, resigned from his position as non-Executive Director. All three have resigned voluntarily in order to create vacancies for the five members of the BoD to be appointed in accordance with the provisions of the Decree. Before these resignations there were thirteen members of the BoD. The Articles of Association of the Issuer provide that the Issuer should have no more than fifteen members of the BoD.

A supplement to the Programme Prospectus is being prepared in connection with the above and will be published as soon as possible.

The Issuer today announces:

1. that the Offer Memorandum dated 14 May 2012 published in connection with the Offers (the **Offer Memorandum**) be amended so that the first paragraph appearing under the heading "Cyprus" in the "*Offer and Distribution Restrictions*" section on page 7 of the Offer Memorandum be deleted and replaced with the following:

"This Offer Memorandum is being distributed only to existing holders of the Existing Notes, and in relation to the Exchange Offer is only addressed to such existing holders in Cyprus where they would (if they were clients of the Issuer) be professional clients or eligible counterparties of the Issuer within the meaning of the Markets in Financial Instruments and Activities and Regulated Markets Law, Law 144(I) of 2007 as amended and any Directives issued pursuant thereto (**IS Law**) transposing the Markets in Financial Instruments Directive 2004/39/EC.

In relation to retail clients, within the meaning of the IS Law, only the Tender Offer of this Offer Memorandum is addressed to or directed to any such persons who may not otherwise act or rely on it. For the avoidance of doubt the



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Tender Offer is also addressed to professional clients or eligible counterparties of the Issuer within the meaning of the IS Law. Recipients of this Offer Memorandum should note that the Issuer is acting on its own account in relation to the Offers and will not be responsible to any other person for providing the protections which would be afforded to clients of the Issuer or for providing advice in relation to the Offers.";

2. amendments to the Offers to extend:
 - (a) the Expiration Deadline to 5:00 p.m. (CET) on 6 June 2012; and
 - (b) the Settlement Date to 12 June 2012;
3. Noteholders that submitted Exchange Instructions or Tender Instructions prior to the time at which this announcement is published may revoke such Exchange Instructions or Tender Instructions at any time from the time at which this announcement is published until the Expiration Deadline (subject to the earlier deadlines required by the Clearing Systems and any intermediary through which Noteholders hold their Existing Notes). Exchange Instructions and Tender Instructions may not be revoked after the Expiration Deadline.

Noteholders wishing to exercise any right of revocation as set out above should do so in accordance with the procedures set out in "Procedures for Participating in the Offers – Exchange Instructions and Tender Instructions" in the Offer Memorandum. Beneficial owners of Existing Notes that are held through an intermediary are advised to check with such entity when it would need to receive instructions to revoke an Exchange Instruction or Tender Instruction in order to meet the above deadline. For the avoidance of doubt, any Noteholder who does not exercise any such right of revocation in the circumstances and in the manner specified above, shall be deemed to have waived such right of revocation and its original Exchange Instruction or Tender Instruction will remain effective.

Defined terms used and not otherwise defined in this announcement have the meanings given to them in the Offer Memorandum. This notice should be read in conjunction with the Offer Memorandum.



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Questions and requests for assistance in connection with the Offers may be directed to any of the Joint Dealer Managers.

Joint Dealer Managers

Citigroup Global Markets Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Telephone: +44 20 7986 8969
Attention: Liability Management Group
Email:
liabilitymanagement.europe@citi.com

HSBC Bank plc

8 Canada Square
London E14 5HQ
United Kingdom

Telephone: +44 20 7992 6237
Attention: Liability Management Group
Email:
liability.management@hsbcib.com

J.P. Morgan Securities Ltd.

125 London Wall
London EC2Y 5AJ
United Kingdom

Telephone +44 207 777 3548
Attention: Liability Management
Email: emea_lm@jpmorgan.com

Questions and requests for assistance in connection with the delivery of Exchange Instructions and Tender Instructions may be directed to the Exchange and Tender Agent.

Exchange and Tender Agent

Citibank, N.A., London Branch

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Telephone: +44 20 7508 3867
Attention: Exchange Team
Email: exchange.gats@citi.com

DISCLAIMER This announcement must be read in conjunction with the Offer Memorandum. This announcement and the Offer Memorandum contain important information which should be read carefully before any decision is made with respect to the Offers. If you are in any doubt as to the contents of this announcement or the Offer Memorandum or the action you should take, you are recommended to seek your own financial and legal advice, including as to any tax consequences, immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser. Any individual or company whose Existing Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to participate in the Offers. None of the Joint Dealer Managers, the Exchange and Tender Agent and the Issuer makes any recommendation as to whether Noteholders should offer Existing Notes for exchange or tender Existing Notes for purchase pursuant to the Offers.

OFFER AND DISTRIBUTION RESTRICTIONS

Neither this announcement nor the Offer Memorandum constitutes an offer to sell or buy or the solicitation of an offer to sell or buy the Existing Notes and/or New Notes, as applicable, (and offers of Existing Notes for exchange and tenders of Existing Notes for purchase pursuant to the Offers will not be accepted) from Noteholders in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require an Offer to be made by a licensed broker or dealer and any of the Joint Dealer Managers or any of their respective affiliates is such a licensed broker or dealer in any such jurisdiction, that Offer shall be deemed to be made by such Joint Dealer Manager or affiliate, as the case may be, on behalf of the Issuer in such jurisdiction.

The distribution of this announcement and the Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement or the Offer Memorandum comes are required by the Issuer, the Joint Dealer Managers and the Exchange and Tender Agent to inform themselves about, and to observe, any such restrictions.

United States

The Offers are not being made, and will not be made, directly or indirectly in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce or of any facilities of a national securities exchange of, the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the United States Securities Act of 1933, as amended.(the Securities Act)). This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. Accordingly, copies of this announcement, the Offer Memorandum and any other documents or materials relating to the Offers are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to U.S. persons and the Existing Notes cannot be offered for exchange or tendered for purchase in the Offers by any such use, means, instrumentality or facilities or from within the United States or by U.S. persons. Any purported offer of Existing Notes for exchange, or any purported tender of Existing Notes for purchase, resulting directly or indirectly from a violation of these restrictions will be invalid and any purported offer of Existing Notes for exchange, or any purported tender of Existing Notes for purchase, made by a U.S. person, a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States or for a U.S. person will be invalid and will not be accepted.



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Neither this announcement nor the Offer Memorandum is an offer of securities for sale in the United States or to U.S. persons. Securities may not be offered or sold in the United States absent registration under, or an exemption from the registration requirements of, the Securities Act. The New Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons. The purpose of this announcement and the Offer Memorandum is limited to the Offers and this announcement and the Offer Memorandum may not be sent or given to a person in the United States or otherwise to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act.

Each holder of Existing Notes participating in an Offer will represent that it is not located in the United States and is not participating in that Offer from the United States, that it is participating in the Offer in accordance with Regulation S under the Securities Act and that it is not a U.S. person, or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Offer from the United States and is not a U.S. person. For the purposes of this and the above two paragraphs, **United States** means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

Italy

None of the Offers, this announcement, the Offer Memorandum and any other documents or materials relating to the Offers has been or will be submitted to the clearance procedures of the *Commissione Nazionale per le Società e la Borsa (CONSOB)* pursuant to Italian laws and regulations. Each Offer is being carried out in the Republic of Italy (**Italy**) as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and article 35-bis, paragraph 4, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Accordingly, holders or beneficial owners of the Existing Notes located in Italy can participate in the Offers only if the Existing Notes tendered for purchase or offered for exchange have a nominal value or an aggregate nominal amount equal to or greater than €50,000 otherwise holders or beneficial owners of the Existing Notes located in Italy may not participate in the Offers and none of this announcement, the Offer Memorandum and any other documents or materials relating to the Offers may be distributed or otherwise made available to them as part of the Offers.

Holders or beneficial owners of the Existing Notes may offer to exchange their Existing Notes or may tender their Existing Notes for purchase, as applicable, pursuant to the Offers through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Notes or the Offers.

United Kingdom

This announcement and the Offer Memorandum have been issued by the Issuer, which is regulated by the Central Bank of Cyprus and is also subject to limited regulation by the United Kingdom Financial Services Authority (the **FSA**). This announcement and the Offer Memorandum are being distributed only to existing holders of the Existing Notes, and are only addressed to such existing holders in the United Kingdom where they would (if they were clients of the Issuer) be professional clients or eligible counterparties of the Issuer within the meaning of the FSA rules. This announcement and the Offer Memorandum are not addressed to or directed at any persons who would be retail clients within the meaning of the FSA rules and any such persons should not act or rely on it. Recipients of this announcement and/or the Offer Memorandum should note that the Issuer is acting on its own account in relation to the Offers and will not be responsible to any other person for providing the protections which would be afforded to clients of the Issuer or for providing advice in relation to the Offers.

In addition, the communication of this announcement, the Offer Memorandum and any other documents or materials relating to the Offers has not been approved by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom, and the communication of such documents and/or materials as a financial promotion is only being made to (i) persons who are outside the United Kingdom, (ii) investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **Financial Promotion Order**)), (iii) persons falling within Article 43(2) of the Financial Promotion Order, or (iv) any other persons to whom it may otherwise lawfully be communicated.

France

The Offers are not being made, directly or indirectly, to the public in the Republic of France (**France**). None of this announcement, the Offer Memorandum and any other document or material relating to the Offers has been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals, in each case acting on their own account and all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code Monétaire et Financier* are eligible to participate in the Offers. None of this announcement, the Offer Memorandum and any other such offering material has been and will be submitted for clearance to or approved by the *Autorité des marchés financiers*.

Switzerland

Noteholders may only be invited to offer to exchange their Existing Notes for New Notes pursuant to the Exchange Offer and the New Notes may only be offered for sale or otherwise in or into Switzerland pursuant to the Offers in compliance with all applicable laws and regulations in force in Switzerland. To ensure compliance with the Swiss Code of Obligations and all other applicable laws and regulations of Switzerland, only the Offer Memorandum (including all information incorporated by reference therein) may be used in the context of any invitation to Noteholders to offer to exchange their Existing Notes for New Notes pursuant to the Exchange Offer or any offer of the New Notes for sale or otherwise in or into Switzerland.

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Germany

Noteholders may only be invited to offer to exchange their Existing Notes for New Notes pursuant to the Exchange Offer and the New Notes may only be offered for sale or otherwise in or into the Federal Republic of Germany pursuant to the Offers in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and all other applicable laws and regulations in force in the Federal Republic of Germany.

Spain

None of the Offers, this announcement and the Offer Memorandum constitutes an offer of securities or the solicitation of an offer of securities to the public in the Kingdom of Spain under the Spanish Securities Market Law (*Ley 24/1988, de 28 de Julio, del Mercado de Valores*), Royal Decree 1310/2005, of 4 November 2005 and Royal Decree 1066/2007, of 27 July 2007. Neither this announcement nor the Offer Memorandum has been submitted for approval and has not been approved by the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (CNMV) and accordingly, the Offers are not being made in the Kingdom of Spain by way of a public offering or the solicitation of an offer of securities to the public.

Cyprus

This announcement and the Offer Memorandum are being distributed only to existing holders of the Existing Notes, and in relation to the Exchange Offer are only addressed to such existing holders in Cyprus where they would (if they were clients of the Issuer) be professional clients or eligible counterparties of the Issuer within the meaning of the Markets in Financial Instruments and Activities and Regulated Markets Law, Law 144(I) of 2007 as amended and any Directives issued pursuant thereto (**IS Law**) transposing the Markets in Financial Instruments Directive 2004/39/EC.

In relation to retail clients, within the meaning of the IS Law, only the Tender Offer of the Offer Memorandum is addressed to or directed to any such persons who may not otherwise act or rely on it. For the avoidance of doubt the Tender Offer is also addressed to professional clients or eligible counterparties of the Issuer within the meaning of the IS Law. Recipients of this announcement and/or the Offer Memorandum should note that the Issuer is acting on its own account in relation to the Offers and will not be responsible to any other person for providing the protections which would be afforded to clients of the Issuer or for providing advice in relation to the Offers.

No direct or indirect Offers or invitations to subscribe or purchase or otherwise procure subscribers or purchasers for the New Notes within or in Cyprus will be made except in compliance with the provisions of the Companies Law, Cap 113 of the Laws of Cyprus, as amended.

Without prejudice to the above, the New Notes shall not be advertised, offered, transferred or sold as part of their initial distribution or at any time thereafter to or for the benefit of any persons (including legal and non-legal entities) resident, incorporated, established domiciled or having their usual residence in Cyprus or to any such person located within the territory of Cyprus except to the extent permitted by and in accordance with Cyprus law and regulations.

Greece

No public offer within the meaning of Greek law 3401/2005, which implemented the Prospectus Directive in Greece, and article 10 of Greek law 876/1979 will take place with respect to anything done in relation to this announcement, the Offer Memorandum, the Offers or any advertisement, notice, statement or other action involving this announcement, the Offer Memorandum or the Offers in, from or otherwise involving the Hellenic Republic.

Singapore

Neither this announcement nor the Offering Memorandum has been registered as a prospectus with the Monetary Authority of Singapore, and the New Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the **Securities and Futures Act**). Accordingly, the New Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this announcement, the Offering Memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any New Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the New Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor;
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the New Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act; or
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the Securities and Futures Act.