

S U P P L E M E N T A R Y P R O S P E C T U S

CYPRUS POPULAR BANK PUBLIC CO LTD

This Supplementary Prospectus is related 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 and concerns (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



LEAD MANAGER RESPONSIBLE FOR DRAWING UP THE SUPPLEMENTARY PROSPECTUS



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.

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)

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, Marfin CLR (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 will be converted into sixty seven (67) new fully paid shares (that is €0.10 per share). The Rights can be acquired during their trading on the Cyprus Stock Exchange and the Athens Stock Exchange. For the unexercised rights a Subscription Right will be given to the beneficiary shareholders and to persons who will acquire Rights during their trading on the Cyprus Stock Exchange and the Athens Stock Exchange. Additionally, Subscription Right will be given to interested investors that will not be holders of any Rights. The New Shares (Rights) will be listed and traded on the CSE and the ASE subject to the prior approvals of the relevant competent authorities. The issue of Rights is 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 resulting from the voluntary exchange on the Cyprus Stock Exchange (ii) of the new shares resulting from the voluntary exchange on the Cyprus Stock Exchange and the Athens Stock Exchange. Eligible Capital Securities holders can exchange, 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 may arise from the process of voluntary exchange is 3,688,765,000 (€368,876,500) and 737,753 (€737,753,000) respectively. In case that, through the applications of Eligible Capital Securities holders to exchange into shares, the amount of €368,876,500 is oversubscribed, then there will be a pro-rata allocation. Voluntary exchange applications for ECS can be accepted only in case that, at the completion of both Rights issue and the voluntary exchange of Eligible Capital Securities with New Shares (Exchange), the Bank's Core Tier 1 Ratio, as defined by the Central Bank of Cyprus, will be at least equal to 7%. 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 will not be exchanged with ECS and/or New Shares (Exchange) will continue to possess their existing rights under their relevant terms of issue.

Authorised Share Capital

€2,465,000,000.00 divided into 24,650,000,000 shares of nominal value €0.10 each.

Issued and fully paid up

€161,111,055.80 divided into 1,611,110,558 shares of nominal value €0.10 each.

The date of this Supplementary Prospectus is 19 June 2012

The approval of this Supplementary Prospectus should not be construed as a recommendation and/or investment advice to the public to invest in the Rights, the Enhanced Capital Securities, the Share Warrants or/and the shares of Cyprus Popular Bank Public Co Ltd ("Bank", "Group", "Issuer", "Company", "CPB"). Before making any investment decision, the investors are encouraged to consult their investment advisors or/and seek legal or/and financial advice.

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 signatory Directors of Cyprus Popular Bank Public Co Ltd, Mr Michalis Sarris, Mr Christos Stylianides, Mr Panayiotis Kounnis, Mr Chris Pavlou, Mr Stelios Stylianou, Mr Spyros Episcopou, Mr Andreas Philippou and Mr Marios Hadjiyiannakis 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 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 acts 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.

This offer is exclusively available in Cyprus, Greece and the United Kingdom and is solely addressed to persons who can legally accept it. In particular, and in compliance with relevant securities law in the following countries, this offer is 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 the Supplementary Prospectus is illegal or constitutes 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. Moreover, participation in the present rights issue by residents of the Exempt Countries is also prohibited.

Any person who receives a copy of this Supplementary Prospectus and/or application forms for participation in the issues in any country except Cyprus, Greece and the United Kingdom can not consider that a proposal, an invitation or an offer is addressed to him/her, and in no case he/she can use the application forms if, in accordance with the laws of that country, it is forbidden to be addressed with such a proposal, an invitation or an offer or use of the application forms. In such cases,

this Supplementary Prospectus and/or any application forms may be sent and/or taken for information purposes only.

It is the sole responsibility of each investor who wishes to participate in this public offer, to be informed and to ensure full compliance with the laws of his/her country in relation to this public offer. If an investor doubts about his/her position, should consult his/her professional adviser in the relevant foreign jurisdiction.

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.

The decision to potentially make an investment in the Rights and/or Enhanced Capital Securities issued with the Prospectus and, by extension, in shares of the Bank that will be issued upon the exercise of the Rights and upon the exchange of the Eligible Capital Securities for Shares and/or Enhanced Capital Securities should take into account all the information contained in this Supplementary Prospectus and in the Prospectus dated 22 May 2012 (together referred to as “Prospectus”). Such a potential decision is subject to risks, which are described in Section 2 of the Prospectus dated 22 May 2012. Additionally, risks and uncertainties described in Section 2 of the Prospectus dated 22 May 2012 may not be the only ones which might be faced by the Group. Additional risks and uncertainties not currently known, or being considered insignificant, can negatively affect the business activities of the Group.

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:**

Marfin CLR (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.

** Marfin CLR (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:

Messrs Constantinos Mylonas, Neoclis Lysandrou and Platon Lanitis resigned from their positions as members of the Board of Directors on 22 May 2012.

On 28 May 2012, the Bank announced that the Minister of Finance has informed it that, in accordance with the paragraph 11(1) of the Underwriting of the Rights Issue of the Cyprus Popular Bank Public Co Ltd Decree of 2012 (R.A.A. 182/2012), has appointed, with the consent of the Central Bank and the Finance Committee of the House of Representatives, Messrs Andreas Trokkos, Spyros Episcopou, Andreas Philippou, Andreas Zachariades and Marios Hadjiyiannakis as members of the Board of Directors of the Bank. On the date of this Supplementary Prospectus, the composition of the Board of Directors is as follows:

- | | |
|--------------------------|---|
| ▪ Michalis Sarris | Chairman, Independent Non-Executive Member
(appointed as a member on 12.12.2011 and as a Chairman on 01.01.2012) |
| ▪ 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 |
| ▪ Andreas Zachariades | Independent, Non-Executive Member |
| ▪ Vassilios Theocharakis | Non-Independent, Non-Executive Member |
| ▪ Chris Pavlou | Independent, Non-Executive Member (appointed on 12.12.2011) |
| ▪ Stelios Stylianou | Non-Independent, Non-Executive Member |
| ▪ Andreas Trokkos | Independent, Non-Executive Member |
| ▪ Andreas Philippou | Independent, Non-Executive Member |
| ▪ Markos Foros | 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 (appointed on 4.11.2011) |

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.

1.2. State Aid

In Section 1.11 of the Prospectus dated 22 May 2012 there is a reference to the Decree dated 18 May 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) Decree of 2012 (R.A.A. 213/2012) which brought modifications to the Decree dated 18 May 2012.

The Amending Decree (R.A.A. 213/2012) enters into force from the date of its publication in the Official Gazette of the

Republic, ie, as of 14 June 2012. The modifications primarily relate to the offer of Share Warrants by the Republic of Cyprus. Below the amendment to paragraph 6 of the Decree date 18 May 2012 is listed, which referred to the Share Warrants.

Modification of paragraph 6

"(a) Subparagraph (1) of paragraph 6 is replaced with the following new subparagraph:

"The Republic grants share warrants on the bank's shares acquired by the Republic. The share warrants are offered free of charge to any person, other than the Republic, exercising the rights, at a ratio of ten (10) share warrants for every one (1) new share resulting from the exercise of rights, subject to the second reservation of subparagraph (2) of paragraph 6."

(b) Subparagraph (2) of paragraph 6 is replaced with the following new subparagraph:

"(2) With the exercise of each (1) share warrant one (1) new share of the bank, owned by the Republic, is acquired. The ten (10) share warrants are equally issued for an exercise in five (5) different time periods, as follows:

Time period	Issue ratio	Duration	Exercise period
Share Warrant for the 1 st year	2 share warrants	One year	June 2013
Share Warrant for the 2 nd year	2 share warrants	Two years	June 2014
Share Warrant for the 3 rd year	2 share warrants	Three years	June 2015
Share Warrant for the 4 th year	2 share warrants	Four years	June 2016
Share Warrant for the 5 th year	2 share warrants	Five years	June 2017

It is provided that each share warrant not exercised during its predetermined exercise period, ceases to be in force and the respective shares remain to the Republic.

It is provided further that if the private sector participation in the exercise of rights, exceeds 1/11 of the rights issue, then the above mentioned ratio of ten (10) share warrants per one (1) new share, will be adjusted so that the total number of share warrants issued equals to the total number of the bank shares acquired by the Republic.

It is provided further that the holder of share warrants of the second to fifth year may exercise share warrants at an earlier exercise period, at the exercise price of that earlier exercise period."

Extensive reference to the the Decree dated 18 May 2012 modifications is set out in Section 5.4 of this document.

1.3. Credit Rating

This paragraph refers to the contents of Section 1.17 of the Prospectus dated 22 May 2012.

On 12 June 2012, Moody's credit ratings agency has placed the Bank's deposit and unsecured loans ratings on review for a possible downgrade owing to the increased risk of possible exit of Greece from the eurozone. Additionally, the Bank's creditworthiness which is now at Caa1 will also be reassessed.

The table of Section 1.17 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	Rating Watch Negative
Long-term issuer default rating	BB+
Short-term issuer default rating	B
Individual rating	f
Support rating	3

2 RISK FACTORS

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

3 ADVISORS, SECRETARY, REGISTERED OFFICE & TRUSTEE

Secretary:	Stelios Hadjiosif								
Lead Managers:	<p>Marfin CLR (Financial Services) Ltd Marfin CLR House, 26 Vironos Avenue, 1096 Nicosia</p> <p>Investment Bank of Greece S.A. 24B, Kifisias Avenue, Marousi 15125, Athens</p>								
Prospectus drawing up Lead Manager:	Marfin CLR (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:	<table> <tr> <td>PricewaterhouseCoopers Limited</td><td>Grant Thornton (Cyprus) Limited</td></tr> <tr> <td>Julia House</td><td>Nimeli Court, Block C</td></tr> <tr> <td>3, Themistokli Dervi Street</td><td>41-49, Agiou Nikolaou Street,</td></tr> <tr> <td>1066 Nicosia</td><td>2408 Nicosia</td></tr> </table>	PricewaterhouseCoopers Limited	Grant Thornton (Cyprus) Limited	Julia House	Nimeli Court, Block C	3, Themistokli Dervi Street	41-49, Agiou Nikolaou Street,	1066 Nicosia	2408 Nicosia
PricewaterhouseCoopers Limited	Grant Thornton (Cyprus) Limited								
Julia House	Nimeli Court, Block C								
3, Themistokli Dervi Street	41-49, Agiou Nikolaou Street,								
1066 Nicosia	2408 Nicosia								
Trustee:	<p>Themis Nominees Limited 16, Kyriakos Matsis Avenue, Eagle House, 10th floor Ag. Omologites, 1082 Nicosia</p>								
Registered Office and Management Office:	154, Limassol Avenue, 2025 Nicosia, PO Box 22032, 1598 Nicosia								

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 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.

The 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 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 Prospectus of the Bank dated 22 May 2012, in compliance with the provisions 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, 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, the Prospectus is signed by the following individuals:

Michalis Sarris – 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
Stelios Stylianou – Non-Independent, Non-Executive Member
Spyros Episkopou – Independent, Non-Executive Member
Andreas Philippou – Independent, Non-Executive Member
Marios Hadjiyiannakis – Independent, Non-Executive Member

Lead manager responsible for drawing up the Supplementary Prospectus is Marfin CLR (Financial Services) Ltd, which signs this Supplementary Prospectus. Marfin CLR (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 is the Republic of Cyprus while Cyprus Popular Bank Public Co Ltd is the Sponsor Responsible for the Collection of the subscription monies.

5 PROSPECTUS DATED 22 MAY 2012

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

This paragraph refers to Sections 4.14 and 4.15 of the Prospectus dated 22 May 2012 and these are revised accordingly.

On 28 May 2012, the Bank announced that the Minister of Finance has informed it that, in accordance with the paragraph 11(1) of the Underwriting of the Rights Issue of the Cyprus Popular Bank Public Co Ltd Decree of 2012 (R.A.A. 182/2012), has appointed, with the consent of the Central Bank and the Finance Committee of the House of Representatives, Messrs Andreas Trokkos, Spyros Episcopou, Andreas Philippou, Andreas Zachariades and Marios Hadjiyiannakis as members of the Board of Directors of the Bank.

The Curricula Vitae of the said new members of the Bank's Board of Directors are given below:

Andreas Trokkos	He is a graduate of the English School of Nicosia (1978) and studied Economics and Business Administration at University of Goettingen of the Federal Republic of Germany from which he also received a doctorate degree in Economics. He attended various training programmes, as well as seminars on economic policy, management and public administration. From June 1986 to April 1990 he worked as research associate at the Department of Economics at the University of Goettingen of the Federal Republic of Germany. From March 1991 to August 1992 he was employed by The Philips College, Nicosia as Senior Lecturer and Head of Department of Business Administration. In 1992 he was recruited by the Planning Bureau, where he served, firstly from the position of Planning Officer and then Senior Planning Officer, at the Directorate of Macroeconomic Policy and Research and the Directorate of Economic Relations with the European Union. In 2005 he was appointed Director of Finance at the Ministry of Finance. He is a member of various technical committees and was a member of the Board of Directors of Cyprus Airways (2005 – 2007).
Spyros Episkopou	He is a graduate of the English School of Nicosia. He studied Economics [First class BA (Hons) and PhD] at the University of East Anglia, Norwich, UK. He also attended various seminars and training programmes. He was recruited by the Laiki Bank Group in 1988. During his career at the Bank, he served as Head of European Union Department, Credit Officer, Assistant Branch Manager, Branch Manager and Sector Manager. In July 1995 he was appointed as UK General Manager of the UK operations of the Bank, position which he served until February 2001. In March 2001 he was recruited by Universal Bank Public Ltd as General Manager, a position held until September 2008. Afterwards he worked for IKOS, one of the largest European Hedge Funds, as Chief Operating Officer (October 2008 – October 2010). In 2010 he started his own consulting company, Epicentral Consultancy Ltd, which specialises in offering services in business strategy, banking, financing, and project management.
Andreas Philippou	He studied economics (B.Sc Econ) at the London School of Economics. He is Fellow of the Institute of Chartered Accountants in England and Wales. He firstly worked in the Treasury, Ministry of Finance (1964 – 1966) and then at the Central Bank of Cyprus, until his retirement in 2003 from the position of First Senior Manager, responsible for the supervision of the Banking Sector. He is a member of the Board of Directors of Cyprus Airways (1981 – 1993), and was re-appointed in 2003. He also served in the past as member of the Board of the Laiki Bank (2003 – 2006), as well as Swissport Cyprus Ltd and CP Reinsurance Ltd. He was

a member of the Tax Amnesty Committee (2004 – 2005).

Andreas Zachariades	<p>He is a graduate of the English School Nicosia (1986) and studied Economics and Accounting B.Sc. (Hons) Business Economics and Accounting] at University of Southampton U.K. (1991). He worked with an accounting firm in the U.K. and became a member of the Institute of Chartered Accountants in England and Wales (ACA). Upon his return to Cyprus in 1994, he worked with an accounting firm until 1997, when he was appointed Accountant in the Treasury of the Republic of Cyprus. Firstly he was in charge of the financial management of the Ministry of Labour and Social Insurance. In 2000 he was transferred to the Internal Audit Directorate of the Treasury, being responsible for the harmonisation of the Treasury with the European Directives. In 2002 he was promoted to the post of Senior Accountant and in 2003 he was transferred to the Public Procurement Directorate of the Treasury, being responsible for the transposition of the Public Procurement European Directives into law and their implementation in the Public Sector. In 2006 he was appointed as Chief Internal Audit Officer at the newly formed Internal Audit Service of the Republic where he was responsible for carrying out the internal audit function to the various Ministries / Departments / Services as well as dealing with the auditing of programmes co-financed by the European Union. In 2010 he was appointed Deputy Accountant General of the Republic of Cyprus by the President of the Republic of Cyprus.</p>
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Marios Hadjiyiannakis	<p>He is graduate of English School, Nicosia (1987). He studied Industrial Economics (BA Hons) at the University of Nottingham, UK. He is Fellow of the Institute of Chartered Accountants in England and Wales and came first in the examinations for members of the Cyprus Stock Exchange in 1999. He worked with Coopers & Lybrand (Nottingham) as Manager, with Aeolos Group of Companies as Executive Assistant to the Managing Director and as Director of Travel and Sales, at Amathus Beach Hotel as General Manager and with A.L. ProChoice Financial Services Ltd as Head of Corporate Finance. In 2001 he was a founding shareholder and Managing Director of Egnatia Financial Services (Cyprus) Ltd. In April 2007 he was recruited by Renaissance Securities (Cyprus) Ltd as General Manager and is also a member of the board of directors.</p>
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Messrs Constantinos Mylonas, Neoclis Lysandrou and Platon Lanitis resigned from their positions as member of the Board of Directors on 22 May 2012.

Following the above appointments, the Bank announced on 29 May 2012 that the Board of directors was constituted as follows:

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|--------------------------|--|
| ▪ Michalis Sarris | 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 | Independent, Non-Executive Member |
| ▪ Vassilios Theocharakis | Non-Independent, Non-Executive Member |
| ▪ Chris Pavlou | Independent, Non-Executive Member |
| ▪ Stelios Stylianou | Non Independent, Non-Executive Member |
| ▪ Andreas Trokkos | Independent, Non-Executive Member |
| ▪ Andreas Philippou | Independent, Non-Executive Member |
| ▪ Markos Foros | 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 |

The Board of Directors after its constitution elected Mr Spyros Episcopou as Senior Independent Non-Executive Member.

Then the Board of Directors appointed the members of the following Committees as follows:

- Audit Committee: Chris Pavlou (Chairman), Spyros Episcopou, Marios Hadjiyiannakis, Andreas Philippou, Andreas Zachariades (Members)
- Compensation Committee: Spyros Episcopou (Chairman), Hesham Al Qassim, Chris Pavlou, Andreas Philippou, Andreas Trokkos (Members)
- Nominations Committee: Michalis Sarris (Chairman), Fadel Al Ali, Markos Foros, Andreas Zachariades (Members)
- Risk Management Committee: Andreas Philippou (Chairman), Markos Foros, Chris Pavlou, Christos Stylianides, Andreas Trokkos (Members).

5.2 Rights and exchange of Eligible Capital Securities indicative 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 with Enhanced Capital Securities and/or New Shares (Exchange) of the Bank was set 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 or / and New Shares (Exchange) of the Bank. It should be noted that participation right will also be granted to persons who will acquire 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 trading of Rights in the CSE and the ATHEX began on 15 June 2012 and will last 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), will commence on 15 June 2012 and will last until 29 June 2012.

Finally, the 30th June 2012 is expected to be the date on which the New Shares (Rights) and the Enhanced Capital Securities will be issued, while the trading of the New Shares (Rights) and the New Shares (Exchange) is expected to commence on the CSE and on the ATHEX on 25 July 2012.

5.3 Clarifications to the content of the approved Prospectus dated 22 May 2012

This paragraph provides clarifications to specific parts of the Prospectus dated 22 May 2012:

- In Section 5.3.5 (page 243), the total exercise price for every six (6) Rights is six euros and seventy cents (€6.70) and not sixty-seven euros (€67). In the same Section and on page 244, the table with the examples on the exercise of Rights is replaced with the following table:

NUMBER OF EXISTING SHARES	NUMBER OF CORRESPONDING RIGHTS TO THE SHAREHOLDER	NEW RESULTING SHARES ⁽¹⁾		COST OF EXERCISE PER NEW SHARE	TOTAL AMOUNT PAYABLE ⁽²⁾
		before rounding	after rounding		
3	3	33,50	33	€0.10	€3.30
6	6	67,00	67	€0.10	€6.70
100	100	1,116.67	1,116	€0.10	€111.60
2,876	2,876	32,115.33	32,115	€0.10	€3,211.50

⁽¹⁾ Number of existing shares multiplied by 67/6. All fractional shares shall be ignored.

⁽²⁾ [Number of shares after rounding] X [Exercise Price per share €0.10].

- In relation to the exercise procedure of the Subscription Rights (as described in the first paragraph of Section 5.7 of the Prospectus dated 22 May 2012) it is clarified that applications may be submitted only at the authorized branches as mentioned in Section 6.6.2.1 of the Prospectus dated 22 May 2012.
- In Section 6.1 (page 253), participation right in the voluntary exchange will be granted to those who acquire Eligible Capital Securities until 22 June 2012 (inclusive) and "not to those holding Eligible Capital Securities up to the last date of acceptance of the exchange offer."
- In Section 1.18.3 (page 30) of the English translation of the approved Prospectus, the sentence in Greek, which accidentally remained in the text is replaced with the following: "(b) the Share Warrants exercised will be deducted from the share warrants of the shortest duration". Additionally, the correct date of publication of the approved Prospectus is the 22nd May 2012 and not the 11th May 2012 as stated on page 287 of the English translation. The same applies to page 288 of the English translation.

5.4 Changes to the Decree dated 18 May 2012

On 14 June 2012, the Minister of Finance 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 to the Decree dated 18 May 2012 that affect the content of Sections 7 and 9.11 of the Prospectus dated 22 May 2012. The modifications primarily relate to the offer of Share Warrants by the Republic of Cyprus.

Modification of paragraph 4

"Subparagraph (2) of paragraph 4 is replaced with the following subparagraph:

"(2) The Republic grants share warrants on bank's shares acquired by the Republic, in accordance with paragraph 6."

Modification of paragraph 6

"(a) Subparagraph (1) of paragraph 6 is replaced with the following new subparagraph:

"The Republic grants share warrants on the bank's shares acquired by the Republic. The share warrants are offered free of charge to any person, other than the Republic, exercising the rights, at a ratio of ten (10) share warrants for every one (1) new share resulting from the exercise of rights, subject to the second reservation of subparagraph (2) of paragraph 6."

(b) Subparagraph (2) of paragraph 6 is replaced by the following new subparagraph:

"(2) With the exercise of each (1) share warrant one (1) new share of the bank, owned by the Republic, is acquired. The ten (10) share warrants are equally issued for an exercise in five (5) different time periods, as follows:

Time period	Issue ratio	Duration	Exercise period
Share Warrant for the 1 st year	2 share warrants	One year	June 2013
Share Warrant for the 2 nd year	2 share warrants	Two years	June 2014
Share Warrant for the 3 rd year	2 share warrants	Three years	June 2015
Share Warrant for the 4 th year	2 share warrants	Four years	June 2016
Share Warrant for the 5 th year	2 share warrants	Five years	June 2017

It is provided that each share warrant not exercised during its predetermined exercise period, ceases to be in force and the respective shares remain to the Republic.

It is provided further that if the private sector participation in the exercise of rights, exceeds 1/11 of the rights issue, then the above mentioned ratio of ten (10) share warrants per one (1) new share, will be adjusted so that the total number of share warrants issued equals to the total number of the bank shares acquired by the Republic.

It is provided further that the holder of share warrants of the second to fifth year may exercise share warrants at an earlier exercise period, at the exercise price of that earlier exercise period."

Modification of paragraph 9

"Subparagraph (4) of paragraph 9 is modified with the replacement, after the sentence "increased by", of the number "5%" (second line) with number "9%".

Modification of paragraph 10

"(a) Subparagraph (1) of paragraph 10 is modified with the replacement, of the words "submits to the Central Bank" (4th line) with the word "prepares".

(b) Subparagraph (2) of paragraph 10 is modified with the addition of the following sentence at the beginning of the subparagraph:

"The bank submits to the Central Bank, the Restructuring Plan and the timetable, mentioned in parts (a) and (b)".

Modification of paragraph 12

"Paragraph 12 is modified with the deletion of the word "incompatible" (second line)."

Example on the Share Warrants (SW) which replaces the example of page 304, Section 9.11 of the Prospectus dated 22 May 2012

The following example is purely hypothetical and does not constitute indication/estimation of the actual result.

- The total private sector participation remains below the ratio 1/11 of the Rights issue.
- Person "A" acquired, through the exercising of Rights, 49,982 New Share (Rights), paying the amount of €4,998.20 (€0.10 per share).
- In the example, person "A" will receive, free of charge, from the Republic of Cyprus 499,820 SW (49,982 New Shares (Rights) acquired X 10). With the exercise of each (1) SW, one (1) new share of the Bank, held by the Republic of Cyprus, will be acquired. Therefore person "A" will have the right to acquire from the Republic of Cyprus a total of 499,820 shares of the Bank through the exercise of SW, in five (5) different time periods. Therefore, in the example of person "A" the following will apply:

Number of SW	Shares of the Bank from the exercise of SW	Exercise price	Exercise period
99,964	99,964	€0.109	June 2013
99,964	99,964	€0.119	June 2014
99,964	99,964	€0.130	June 2015
99,964	99,964	€0.141	June 2016
99,964	99,964	€0.154	June 2017
499,820	499,820		

- When person "A" exercises the SW allotted by the Republic of Cyprus, a transfer of shares will be made by the Republic of Cyprus to him/her.
- Any of the SW holders of the second to fifth year may exercise SW at an earlier exercise period, at the exercise price of that earlier exercise period.
- Each Share Warrant not exercised during its predetermined exercise period, ceases to be in force and the respective Shares remain to the Republic of Cyprus.
- It is provided that if the private sector participation in the exercise of Rights is greater than 9.09% of the issue (i.e. 1/11 or €163,552,132), the ratio of ten (10) SW per one (1) New Share (Rights) should be adjusted. Otherwise, it would be probable for the Republic of Cyprus to transfer to the holders of SW that have exercised, a greater number of shares of the Bank from the one acquired through the underwriting of the Rights.

5.5 Clarifications on the Decree dated 18 May 2012

In relation to article 11(11) of the Decree dated 18 May 2012, the Bank has requested from the competent authorities to clarify the issues arising on interest payments with respect to the Eligible Capital Securities and the ECS under issue. The final position of the involved authorities, including the European Commission, is expected to be announced through an announcement to the CSE and the ATHEX and/or through the press and/or through the issue of a supplemental prospectus if deemed necessary.

5.6 Procedure for the submission of applications for subscription in Cyprus

In addition to the branches/offices referred to in Section 6.6.2.1 of the Prospectus dated 22 May 2012, investors can submit application to participate in the voluntary exchange of Eligible Capital Securities with ECS and/or New Shares (Exchange) as well as applications for the exercise of Subscription Rights in the following additional branches/offices of the Bank.

Nicosia

- Aglantzias branch (016), 85A Larnacos Avenue, Aglantzia, 2103 Nicosia, Tel. 22 718770
- Tseriou Avenue branch (019), 45 Tseriou Avenue, Strovolos, 2040 Nicosia, Tel. 22 718750
- Ayiou Eleftheriou, Latsia branch (103), III Arch. Makarios & Iroon Corner, Latsia, 2223 Nicosia, Tel. 22 718898
- Strovolos Industrial Area (101), 96I Stavrou Avenue, Strovolos, 2034 Nicosia, Tel. 22 718973

Limassol

- Zakaki branch (126), Fraglinou Rousvelt & Renouar corner, Zakaki, Limassol, Tel. 25 815875

Larnaca

- Kiti branch (099), 11 Kitiou Avenue, Kiti, 7550 Larnaca, Tel. 24 814665
- Strat. Timagia branch (048), 37-39 Stratigou Timagia, 6051 Larnaca, Tel. 24 814325

6 FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2012

6.1 Condensed Financial Data

The condensed interim consolidated financial statements for the three months ended 31 March, 2012 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board and adopted by the European Union (EU).

The condensed interim consolidated financial statements do not include all the information and disclosures required for the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December, 2011.

The condensed interim consolidated financial statements for the three months ended 31 March, 2012 have not been audited or reviewed by the Group’s external independent auditors.

6.1.1 Adoption of new and revised IFRS

The same accounting policies as for the annual consolidated financial statements for the year 2011 have been adopted in the preparation of the condensed interim consolidated financial statements, except for the adoption by the Group of all applicable new and revised International Financial Reporting Standards (IFRSs), all revised International Accounting Standards (IASs) and all revised and new interpretations, which are relevant to its operations and are applicable for accounting periods beginning on 1 January, 2012 as stated below:

- Amendment to IFRS 7, Financial Instruments: Disclosures – Transfers of financial assets: The amendment aims to enhance the disclosure requirements relating to transfers of financial assets.
- Amendments to IAS 12, Deferred Tax: Recovery of Underlying Assets: The amendments are subject to endorsement by the EU and address the determination of deferred tax on investment property measured at fair value.

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

for the three months ended 31 March 2012

	UNAUDITED 31.03.2012 € '000	UNAUDITED 31.03.2011 € '000
Net interest income	177,287	181,466
Net fee and commission income	40,277	46,374
Profit on disposal and revaluation of securities	12,181	73,643
Foreign exchange and other income	17,299	15,787
Operating income	247,044	317,270
Staff costs	(89,052)	(96,937)
Depreciation and amortisation	(13,537)	(13,972)
Administrative expenses	(45,551)	(46,348)
Profit before impairments	98,904	160,013
Provision for impairment of advances	(118,670)	(78,361)
Impairment of debt and equity holdings	(7,459)	(3,207)
(Loss)/profit before share of profit from associates	(27,225)	78,445
Share of profit from associates	3,232	3,287
(Loss)/profit before tax	(23,993)	81,732
Tax	79,374	(8,267)
Profit for the period	55,381	73,465
Attributable to:		
Owners of the Bank	54,819	71,017
Non-controlling interests	562	2,448
	55,381	73,465
Earnings per share – for profit attributable to the owners of the Bank		
Earnings per share - cent	3.4	5.2

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three months ended 31 March 2012

	UNAUDITED 31.03.2012 €'000	UNAUDITED 31.03.2011 €'000
Profit for the period	55,381	73,465
Other comprehensive income		
Revaluation and transfer to results on disposal and impairment of available-for-sale financial assets	71,409	15,178
Deferred tax on revaluation of available-for-sale financial assets	(12,780)	(1,926)
	58,629	13,252
Amortisation of loss on available-for-sale financial assets reclassified	2,774	2,445
Cash flow hedges, net of tax	-	135
Share of other comprehensive income of associates	1,965	(521)
Exchange differences arising in the period	(1,875)	(10,391)
Other comprehensive income for the period, net of tax	61,493	4,920
Total comprehensive income for the period	116,874	78,385
Attributable to:		
Owners of the Bank	114,263	75,341
Non-controlling interests	2,611	3,044
	116,874	78,385

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

31 March 2012

	UNAUDITED 31.03.2012 €'000	AUDITED 31.12.2011 €'000
Assets		
Cash and balances with Central Banks	648,772	1,034,086
Due from other banks	900,587	689,569
Financial assets at fair value through profit or loss	183,948	234,505
Advances to customers	24,254,300	24,778,623
Debt securities lending	1,229,237	1,769,185
Available-for-sale financial assets	1,205,255	1,791,205
Held-to-maturity financial assets	783,573	889,455
Other assets	1,462,301	1,370,597
Investments in associates	121,051	115,741
Intangible assets	792,218	797,780
Property and equipment	288,504	291,232
Total Assets	31,869,746	33,761,978
Liabilities		
Due to other banks	8,480,652	10,301,370
Customer deposits	20,031,737	20,160,804
Senior debt	379,053	376,107
Loan capital	1,330,327	1,333,727
Other liabilities	931,334	989,412
Total liabilities	31,153,103	33,161,420
Share capital and reserves attributable to the owners of the Bank		
Share capital	1,369,444	1,369,444
Share premium	2,334,583	2,334,583
Reserves	(3,095,120)	(3,209,867)
	608,907	494,160
Non-controlling interests	107,736	106,398
Total equity	716,643	600,558
Total equity and liabilities	31,869,746	33,761,978

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2012

	ATTRIBUTABLE TO THE OWNERS OF THE BANK					
	SHARE CAPITAL €'000	SHARE PREMIUM €'000	FAIR VALUE, CURRENCY TRANSLATION AND OTHER RESERVES €'000	REVENUE RESERVES €'000	NON- CONTROLLING INTERESTS €'000	TOTAL €'000
Balance 1 January 2012	1,369,444	2,334,583	(202,033)	(3,007,834)	106,398	600,558
Effect of change in non-controlling interests from changes in shareholdings in subsidiary companies	-	-	-	484	(1,273)	(789)
	1,369,444	2,334,583	(202,033)	(3,007,350)	105,125	599,769
Profit for the period	-	-	-	54,819	562	55,381
Other comprehensive income for the period, net of tax	-	-	59,444	-	2,049	61,493
Total comprehensive income for the period	-	-	59,444	54,819	2,611	116,874
Balance 31 March 2012	1,369,444	2,334,583	(142,589)	(2,952,531)	107,736	716,643
Balance 1 January 2011	834,799	2,252,897	(340,786)	788,601	105,863	3,641,374
Shares issued through exercise of rights	414,942	73,226	-	-	-	488,168
Share issue costs	-	(9,871)	-	-	-	(9,871)
Cost of share-based payments to employees	-	-	-	342	2	344
Dividend paid by subsidiary companies	-	-	-	-	(403)	(403)
Effect of change in non-controlling interests from changes in shareholdings in subsidiary companies	-	-	-	9	198	207
Other movements	-	-	-	(70)	-	(70)
	1,249,741	2,316,252	(340,786)	788,882	105,660	4,119,749
Profit for the period	-	-	-	71,017	2,448	73,465
Other comprehensive income for the period, net of tax	-	-	4,324	-	596	4,920
Total comprehensive income for the period	-	-	4,324	71,017	3,044	78,385
Balance 31 March 2011	1,249,741	2,316,252	(336,462)	859,899	108,704	4,198,134

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2012

	UNAUDITED 31.03.2012 €'000	UNAUDITED 31.03.2011 €'000
Cash used in operations	(146,742)	(1,737,404)
Tax paid	(5,941)	(15,292)
Net cash used in operating activities	(152,683)	(1,752,696)
Cash flows from investing activities		
Purchases less proceeds from disposal of property and equipment	(3,825)	(4,737)
Purchases less proceeds from disposal of computer software	(654)	(2,586)
Purchases less proceeds from disposal of investment property	(15)	(3,751)
Proceeds from disposals and redemptions of available-for-sale financial assets less additions	201,893	(7,494)
Proceeds from redemptions of held-to-maturity financial assets less additions	105,829	173,926
Interest received from financial assets	71,669	58,111
Dividend received from financial assets	96	136
Business disposal net of cash and cash equivalents	(6,004)	36,772
Net cash from investing activities	368,989	250,377
Cash flows from financing activities		
Proceeds from exercise of rights	-	488,168
Share issue costs	-	(9,871)
Proceeds from the issue of senior debt and loan capital	-	2,486
Repayment of senior debt and loan capital	(436)	(55,662)
Interest paid on senior debt and loan capital	(17,491)	(14,844)
Dividend paid by subsidiary companies to holders of non-controlling interests	-	(403)
Net cash (used in)/from financing activities	(17,927)	409,874
Effects of exchange rate changes on cash and cash equivalents	1,094	(2,925)
Net increase/(decrease) in cash and cash equivalents	199,473	(1,095,370)
Cash and cash equivalents at beginning of period	783,567	4,127,458
Cash and cash equivalents at end of period	983,040	3,032,088

6.1.2 Analysis of results for the three months ended 31 March 2012

In an especially adverse economic and business environment, Laiki Bank Group for the quarter ended 31 March 2012 announced:

- Operating profit before provisions of €96⁽¹⁾ million in first quarter 2012 versus €21 million in fourth quarter 2011 and €107⁽²⁾ million in first quarter 2011, adjusted for the profit on disposal of subsidiary companies.
- Total revenues of €247 million, increased by 25% compared to the last quarter of 2011.
- Total operating expenses of €148 million, down by 16% compared to the last quarter of 2011 and 6% on a yearly basis.
- Total Group provisions of €119 million compared with €78 million in the respective period of 2011.
- Total net loans of €24 billion, 2% lower compared with 31 December 2011.
- Total deposits of €20 billion, at the same level as 31 December 2011.
- Total net profit of €54.8 million, which includes a €84.7 million, deferred tax benefit.

Revenues & expenses

First quarter 2012 total operating revenues stood at €247 million versus €198 million in the fourth quarter 2011, 25% higher on a quarterly basis. On a yearly basis total operating revenues adjusted for the profit from the disposal of subsidiary companies were 7.5% lower.

Net interest income (NII) decreased by 2% on a yearly basis and by 14% on a quarterly basis to €177 million in first quarter 2012, reflecting the deleveraging of the loan portfolio in all geographic areas where the Group has a presence, and also the deterioration of the deposit spread in Greece and Cyprus. Net interest margin (NIM) rose to 2,38%, up 46 basis points on a yearly basis, mainly due to the successful asset repricing efforts across all geographic areas in which the Group has a presence.

Fee and commission income amounted to €40 million for the first quarter of 2012, 13% lower on a yearly basis and 9% lower on a quarterly basis compared with fourth quarter 2011. Subdued activity in the capital markets and banking arena are the main reasons for the decline in income from fees and commissions.

The cost containment programme that the Group is currently implementing has started to deliver significant results. Total operating expenses for the first quarter 2012 stood at €148 million, 6% lower on a yearly basis and 16% lower on a quarterly basis. Staff costs at Group level amounted to €89 million in first quarter 2012, compared to €97 million in first quarter 2011 and €103 million in fourth quarter 2011. The effective containment of staff costs translates into an 8% decrease on an annual basis and 13% on a quarterly basis.

The aforementioned actions resulted in a decrease of cost-to-income ratio on a quarterly basis from 89,4% in fourth quarter 2011 to 60% in first quarter 2012. Attempts to reduce costs and extensive cost control is a priority of Group Management and is expected to bring improved results in the coming quarters.

Operating profit

At the end of first quarter 2012 profit before provisions stood at €96⁽¹⁾ million versus €21 million in fourth quarter 2011 and €107⁽²⁾ million in first quarter 2011 adjusted for the profit on disposal of subsidiary companies. Net profit of the Group, including an additional deferred tax asset €84.7 million relating to the tax benefit to arise from the tax deductibility of

⁽¹⁾ Adjusted for the profit on the sale of subsidiary Marfin Pank Eesti AS amounting to €2.9 million.

⁽²⁾ Adjusted for the profit on the sale of subsidiary Laiki Bank (Australia) Ltd amounting to €53.4 million.

impairment of Greek Government Bonds in the future, amounted to €55 million in first quarter 2012, 23% lower compared with €71 million in first quarter 2011.

Loans and Deposits

The Group's net loan portfolio decreased by 5% on an annual basis and by 2% on a quarterly basis and amounted to €24.3 billion on 31 March, 2012.

The Cypriot net loan book stood at €10.6 billion in first quarter 2012, 3% higher on a yearly basis mainly driven by a 5% rise in business loans. On a quarterly basis the loan book remained unchanged.

The Greek net loan book decreased by 13% on a yearly basis and 3% on a quarterly basis and stood at €11.5 billion in first quarter 2012.

On 31 March, 2012, the Group net loan portfolio consisted of 70% business loans and 30% loans to households. Mortgages accounted for 18% of total loan book and consumer loans for 12% in the first quarter 2012.

Deposits remained unchanged on a quarterly basis and amounted to €20 billion in first quarter 2012, despite the adverse macroeconomic environment that prevailed in general and especially in Greece. On a yearly basis deposits decreased by 16%, mainly due to the reduction in deposits in the Greek market.

Asset Quality

First quarter 2012, the NPL ratio increased to 16% compared with 13.9% on 31 December 2011.

Cypriot non-performing loans increased by €141 million in first quarter 2012, driving the NPL ratio to 9.4%, 130 basis points higher compared to fourth quarter 2011.

In Greece due to the ongoing worsening crisis, the NPL ratio rose to 22.8% in first quarter 2012, 330 basis points higher versus fourth quarter 2011.

With regards to Group international operations, non-performing loans fell by €23 million in first quarter 2012, resulting in a decrease of the NPL ratio by 50 basis points on a quarterly basis and by 140 basis points on a yearly basis to 10.3%.

In light of the ongoing adverse financial environment, which has a direct impact on the quality of our portfolio, Group's provisions increased by 51% compared to first quarter 2011. The coverage ratio of the Group stood at 48.3% in 31 March, 2012, one of the highest among Greek and Cypriot peers.

7 CAPITAL STRUCTURE OF THE BANK

The following table lists data for the Bank's net financial debt.

	31.3.2012 €000	31.12.2011 €'000
Cash	194,685	221,123
Cash equivalent	454,087	812,963
Investments for trading	104,950	154,593
Liquidity	753,722	1,188,678
Current account receivable	2,200,999	2,685,078
Current bank loan	8,305,380	10,048,099
Current financial loan	8,305,380	10,048,099
Net current financial debt	5,350,658	6,174,343
Long-term loans	508,839	586,034
Issued debt securities	1,375,813	1,377,071
Long-term financial debt	1,884,652	1,963,105
Net financial debt	7,235,311	8,137,448

As of 31 December 2011 until 31 March 2012, the following changes occurred:

- Reduction in the current account receivable from €2,201 million as at 31 March 2012 to €1,808 million as at 31 May 2012
- Increase of the net current financial debt from €5,351 million as at 31 March 2012 to €5,991 million as at 31 May 2012

As at 31 May 2012, net financial debt of the Bank amounted to €7,891 million.

8 OTHER DEVELOPMENTS

This section discusses other matters that occurred after the approval of the Prospectus dated 22 May 2012.

- On 23 May 2012, the Athens Exchange announced that as from 23 May 2012, the Bank's shares are traded in Athens Exchange with a new ticker «ΛAIKH» (previously «ΜΑΡΦΒ») while the Convertible Enhanced Capital Securities 2011 of the Bank are traded in Athens Exchange with a new ticker «ΛAIKHO1» (previously «ΜΑΡΦΒΟ1»).
- On 29 May 2012, the Bank announced that an Extraordinary General Meeting of the Bank's Shareholders would be held on 21 June 2012, to consider and, if thought fit, pass the following Ordinary Resolution as it was proposed or with such amendments as the Extraordinary General Meeting would approve, as well as to consider and if thought fit, pass the following Special Resolution as it was proposed:

Ordinary Resolution

«That the authorised share capital of the Company 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 Company.»

Special Resolution

«That Special Resolution 7, as approved by the Extraordinary General Meeting of 2 April 2012, be cancelled and is hereby cancelled.»

- On 29 May 2012, the Bank announced that the Board of Directors had been constituted. For more information, please see Section 5.1.
- On 31 May 2012, the Bank announced the modification of the terms of the Convertible Enhanced Capital Securities, issued in 2011 (CECS), so that the CECS will be eligible capital instruments for meeting the buffers for the capital exercise that was carried out in December 2011 by the European Banking Authority (EBA).
- On 11 June 2012, the Bank announced the completion of the exchange and tender offer for existing €450,000,000 Callable Step-up Floating Rate Subordinated Notes (Lower Tier 2) due 2016. The successful offers concerned 76% of the Callable Notes. Upon the successful completion of the offers, the Bank will increase its Core Tier 1 Capital by approximately €115 million, with a corresponding positive effect on the financial results for the first six months of 2012.

The offers were part of the capital enhancement plan of the Bank, which was submitted to the Central Bank of Cyprus on January 20, 2012 and was agreed with the competent supervisory authorities.

- After the publication of the Prospectus dated 22 May 2012 and up to the date of the present document, the Bank's share was mostly traded at a price lower than €0.10 per share.

Those investors who intend to acquire new Shares through the exercise of Rights, or through the exercise of the Subscription Right or through the exercise of unsubscribed Rights, or through the exchange of Eligible Securities for new

Enhanced Capital Securities (ECS) and / or new Shares, are reminded that the price of €0.10 is (a) the nominal value of the Bank's share (b) the issue price of the New Shares (Rights) (c) the issue price of the New Shares (Exchange) and (d) the minimum issue price of new Shares in case the mandatory conversion mechanism of the ECS under issue is activated, as €0.10 is the current nominal value.

The latest available closing price of the Bank's share on the CSE as at 18 June 2012 was €0.095.

- On 12 June 2012, Moody's credit ratings agency has placed the Bank's deposit and unsecured loans ratings on review for a possible downgrade owing to the increased risk of possible exit of Greece from the eurozone. Additionally, the Bank's creditworthiness which is now at Caa1 will also be reassessed. 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	Rating Watch Negative
Long-term issuer default rating	BB+
Short-term issuer default rating	B
Individual rating	f
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.
- f: f rating refers to the individual rating of banks, which either have defaulted or would have been defaulted had they not received extraordinary support or benefited from other extraordinary measures.
- 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 October, 31, 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 13 June 2012, Moody's Investors Service downgraded Cyprus's sovereign-debt rating from Ba1 to Ba3, while it has placed the country's rating on review for further potential downgrade. Moody's concerns focus on the material increase in the likelihood of a Greek exit from the euro area and as a result the government's support to Cypriot banks. According to Moody's the two notches downgrade, reflects the country's negative financial position while its access to international markets has been lost.
- On 14 June 2012, the Underwriting of Rights Issue of Cyprus Popular Bank Public Co Ltd (Amending) Decree of 2012 (R.A.A. 213/2012) was issued. Relevant information is provided in Section 5.4.

9 INDICATIVE (PRO-FORMA) CAPITAL ADEQUACY RATIOS AS AT 31 MARCH 2012

Taking into account the current issue of Rights of €1,799 million, the proposals for voluntary exchange of up to 737,753 Eligible Capital Securities for ECS of €737,753,000 and/or up to 3,688,765,000 New Shares Exchange of €368,876,500, and the successful completion of the voluntary exchange of Tier II, which yielded a profit of €115 million, the indicative (pro-forma) capital adequacy ratios as at 31 March 2012 would have been:

• Core Tier 1 ratio based on Central Bank's requirements:	7.7%
• Core Tier 1 ratio based on EBA's requirements:	9.2%
• Total Tier 1 ratio based on Central Bank's requirements:	10.1%
• Tot. Cap. Adequacy ratio based on Central Bank's requirements:	10.3%

The above calculations are based on the following parameters and assumptions:

- Net proceeds from the issue of Rights €1,761 million net of issue expenses. The issue of Rights is fully underwritten by the Republic of Cyprus,
- Operating profit €115 million from the successful completion of the voluntary exchange of Tier II,
- Assumption for the exchange of Eligible Capital Securities with New Shares (Exchange) of €200 million and
- Assumption for the exchange of Eligible Capital Securities with Enhanced Capital Securities of €300 million.

Assumption (a) is based on the fact that the Republic of Cyprus is the underwriter of the issue. Assumptions (c) and (d) are indicative. If the rate of exchange with New Shares (Exchange) or new Enhanced Capital Securities is lower than the above assumptions, the above indicative (pro-forma) capital adequacy ratios as at 31 March 2012 will be lower.

10 INCORPORATIONS BY REFERENCE

The condensed interim Consolidated Financial Statements, the explanatory note and the presentation of the financial results for the three months ended 31 March 2012 are incorporated in this Supplementary Prospectus by reference, pursuant to article 28 of the Commission Regulation (EC) No 809/2004.

Incorporations by Reference	Document	Pages
Condensed Interim Consolidated Financial Statements for the three months ended 31/3/2012	Condensed Interim Consolidated Financial Statements for the three months ended 31/3/2012	1-29
Explanatory Note for Financial Results for the three months ended 31/3/2012	Summary Explanatory Note for Financial Results for the three months ended 31/3/2012	1-4
Presentation of Financial Results	Presentation of Financial Results for the three months ended 31/3/2012	1-31

Investors may obtain free copies of the above documents, during normal Business Days and hours, between 8:30 and 13:30, at the Bank's registered office, throughout the whole period that the Prospectus shall be valid as well as on the Group's website (www.laiki.com).

11 WITHDRAWAL RIGHT

According to the provisions of article 14(1)(6) and 14(1)(7) of the Public Offer and Prospectus Law of 2005 (L.114(I)/2005), every significant new factor or material mistake or inaccuracy relating to the information included in the Prospectus, which could possibly affect the assessment of the securities offered and which arises or is noted between the time when the Prospectus is approved and the final closing of the offer to the public or the time when trading of the securities on a regulated market commences, must be stated in a supplement to the Prospectus. Investors who have agreed or have been bound in any manner prior to the publication of this Supplementary Prospectus to acquire by registration securities, in respect of which the Prospectus refers to, based on the information contained in the Prospectus, may withdraw their application. The withdrawal right must be exercised within three working days from the publication of this Supplementary Prospectus.

12 AVAILABILITY OF THE SUPPLEMENTARY PROSPECTUS

This Supplementary Prospectus dated 19 June 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 June 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 Marfin CLR (Financial Services) Ltd website (www.marfinclr.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 19 June 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.

Michalis Sarris, 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

Stelios Stylianou, Non-Independent, Non-Executive Member

Spyros Episcopou, Independent, Non-Executive Member

Andreas Philippou, Independent, Non-Executive Member

Marios Hadjiyiannakis, Independent, Non-Executive Member

This Supplementary Prospectus of Cyprus Popular Bank Public Co Ltd, dated 19 June 2012, was signed by the Lead Manager Responsible for Drawing Up the Supplementary Prospectus, Marfin CLR (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.

Marfin CLR (Financial Services) Ltd