



LAIKI BANK GROUP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

31 MARCH 2012

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
for the three months ended 31 March 2012

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CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT
for the three months ended 31 March 2012

	Note	3 months ended 31.03.2012 € '000	3 months ended 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	6	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	11	(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	8	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	4	3,4	5,2

The notes on pages 6 to 27 are an integral part of these condensed interim consolidated financial statements.

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2012

	3 months ended 31.03.2012 € '000	3 months ended 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

The notes on pages 6 to 27 are an integral part of these condensed interim consolidated financial statements.

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
31 March 2012

	Note	31.03.2012 € '000	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	9	183.948	234.505
Advances to customers	10	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	9	1.462.301	1.370.597
Investments in associates		121.051	115.741
Intangible assets		792.218	797.780
Property and equipment	12	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	13	379.053	376.107
Loan capital	14	1.330.327	1.333.727
Other liabilities	9,15	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	16	1.369.444	1.369.444
Share premium	16	2.334.583	2.334.583
Reserves	17	(3.095.120)	(3.209.867)
Non-controlling interests		608.907	494.160
		107.736	106.398
Total equity		716.643	600.558
Total equity and liabilities		31.869.746	33.761.978

The notes on pages 6 to 27 are an integral part of these condensed interim consolidated financial statements.

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2012

	Note	Attributable to the owners of the Bank				Non- controlling interests € '000	Total € '000
		Share capital € '000	Share premium € '000	Fair value, currency translation and other reserves € '000	Revenue reserves € '000		
Three months ended 31 March 2012							
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	17	-	-	-	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
Three months ended 31 March 2011							
Balance 1 January 2011		834.799	2.252.897	(340.786)	788.601	105.863	3.641.374
Shares issued through exercise of rights	16	414.942	73.226	-	-	-	488.168
Share issue costs	16	-	(9.871)	-	-	-	(9.871)
Cost of share-based payments to employees	17	-	-	-	342	2	344
Dividend paid by subsidiary companies		-	-	-	-	(403)	(403)
Effect of change in non-controlling interests from changes in shareholdings in subsidiary companies	17	-	-	-	9	198	207
Other movements	17	-	-	-	(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

The notes on pages 6 to 27 are an integral part of these condensed interim consolidated financial statements.

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2012

	3 months ended 31.03.2012	3 months ended 31.03.2011
Note	€ '000	€ '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	16	488.168
Share issue costs	16	(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

The notes on pages 6 to 27 are an integral part of these condensed interim consolidated financial statements.

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The condensed interim consolidated financial statements consolidate the financial statements of Cyprus Popular Bank Public Co Ltd (the “Bank”) and its subsidiaries (the “Group”), for the three months ended 31 March, 2012.

The principal activities of the Group, which were unchanged from last year, are the provision of banking and financial services. The Group also offers insurance services through its associate CNP Marfin Insurance Holdings Ltd.

The Bank was established in Cyprus in 1901 under the name “Popular Savings Bank of Limassol”. In 1924 it was registered as the first public company in Cyprus under the name “The Popular Bank of Limassol Ltd”. In 1967 the Bank changed its name to “Cyprus Popular Bank Ltd” and on 26 May, 2004 it was renamed to “Cyprus Popular Bank Public Company Ltd”. An Extraordinary General Meeting held on 31 October, 2006 unanimously approved the change of its name to “Marfin Popular Bank Public Co Ltd”. An Extraordinary General meeting held on 2 April, 2012 approved the change of its name to “Cyprus Popular Bank Public Co Ltd”. The Bank’s shares are listed on the Cyprus Stock Exchange and the Athens Exchange. The Bank’s registered office is at 154, Limassol Avenue, 2025 Nicosia, Cyprus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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 are presented in Euro, which is the functional and presentation currency of the Bank. All amounts are rounded to the nearest thousand, unless where reported otherwise.

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.

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

Going concern considerations

The condensed interim consolidated financial statements have been prepared on a going concern basis. In making its assessment of the Group's ability to continue as a going concern, the Board of Directors has taken into consideration the impact of the following factors.

The continued deterioration of the Greek and Cypriot economies, to which the Group is significantly exposed, has adversely affected the Group's operations and presents significant risks and challenges. Currently, there are a number of material economic, political and market risks and uncertainties that impact the Greek banking system. The main risks stem from the adverse macroeconomic environment, the developments on the eurozone sovereign debt crisis and the success, or otherwise, of the significant fiscal adjustment efforts and their impact on the Greek and Cypriot economies. The progress made to date could be compromised by external shocks from the global economy as well as implementation risks, reform fatigue and political instability in Greece. The restoration of confidence after the successful implementation of the PSI+ agreement, the attraction of new investments and the revival of economic growth remain the key challenges of the Greek economy.

In 2011 the Group incurred substantial impairment losses as a result of the Hellenic Republic's debt restructuring (PSI+), as well as increased impairment losses on its loans and advances portfolio. Such losses had a respective impact on the accounting and regulatory capital of the Group as of 31 March, 2012 and 31 December, 2011, which has fallen below the minimum capital requirements (Note 45 of the consolidated financial statements for the year ended 31 December, 2011). With regards to liquidity the Group had increased reliance on Eurosystem financing facilities as at 31 December, 2011.

On 26 October, 2011, a capital exercise proposed by the European Banking Authority (EBA) and approved by the European Council required banks to strengthen their capital positions by building up a temporary capital buffer against sovereign debt exposures to reflect current market prices. Additionally, it required them to establish a buffer such that Core Tier I Capital ratio reaches 9% by the end of June 2012.

The Group has participated in the capital exercise of the EBA. The amount of the capital shortfall identified was based on 30 September, 2011 figures, with the estimated capital shortfall for the Group calculated at € 1,97 bn. The Group aims that by the end of June 2012 it will adhere to the 9% Core Tier I ratio. On 20 January, 2012, the Group, within the framework of the capital exercise, has submitted a comprehensive capital plan to the Central Bank of Cyprus with which the Group aims to comply with a Core Tier I ratio of 9%, after including the Greek Government Bond impairments and loan impairments. The capital plan submitted to the Central Bank of Cyprus has been agreed with the appropriate regulatory authorities, which will monitor its implementation.

The capital plan includes a diverse set of targeted initiatives, including exchanging of existing capital securities, asset optimisation and active management of portfolio exposures and raising of new equity. By accomplishing these initiatives the Group will restore its capital base to continue to support the development of its business. The Board of Directors has received authorisation from the Extraordinary General meeting that was held on 2 April, 2012, to proceed with the implementation of the capital plan (Note 52 of the consolidated financial statements for the year ended 31 December, 2011).

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

Going concern considerations (continued)

In assessing the Group's ability to continue as a going concern and in view of the uncertainties that exist until the completion of the Group's recapitalisation process, the Board of Directors has in addition taken into consideration, the written commitment of the Republic of Cyprus to provide the necessary support to the Bank to address any liquidity, solvency and capital adequacy issues to enable the Bank to continue in business. Following this and on the basis of the provision of the legislation for the support of the financial system, the House of Representatives approved the proposal of the Ministry of Finance, based on which the Republic of Cyprus will act as an underwriter of the € 1,8 bn share capital increase through rights issue (Note 22).

The Directors, having considered the factors set out above, have a reasonable expectation that the recapitalisation of the Group will be successfully completed and hence are satisfied that the condensed interim consolidated financial statements can be prepared on a going concern basis.

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:

(a) 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.

(b) 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.

3. COMPARATIVES

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. EARNINGS PER SHARE

	3 months ended 31.03.2012 € '000	3 months ended 31.03.2011 € '000
Profit attributable to the owners of the Bank	54.819	71.017
	'000	'000
Weighted average number of ordinary shares in issue during the period	1.611.111	1.378.754
Earnings per share (basic and diluted) – cent	3,4	5,2

The Share Options Scheme did not have an impact on the diluted earnings per share, as the exercise price of the Share Options was higher than the average market share price of the Bank at the Cyprus Stock Exchange and the Athens Exchange during the period ended 31 March, 2011.

5. SEGMENTAL ANALYSIS

Under IFRS 8, reported segment results are based on internal management reporting information that is regularly reviewed by management, and is reconciled to the Group's results. The Group has six main business segments on a worldwide basis:

- (a) Corporate and investment banking, which includes all commercial and investment banking business derived from corporate clients.
- (b) Retail banking, which includes all commercial banking business from retail clients.
- (c) Wealth management, which includes all business from high net worth individuals (banking and asset management business).
- (d) International business banking, which includes all business from services offered to international business banking customers.
- (e) Treasury and capital markets, which includes all treasury and capital market activity.
- (f) Participations, investments and other segments which includes the various participations and investments of the Group and all other business not falling into any of the other segments, none of which constitutes a separately reportable segment.

The Group's management reporting is based on a measure of profit before tax and before share of profit from associates comprising of net interest income, net fee and commission income, financial and other income, less operating expenses, impairment of debt and equity holdings and provision for impairment of advances. This measurement basis excludes the effects of non-recurring expenditure of the operating segments, such as goodwill impairments when the impairment is the result of an isolated, non-recurring event, as well as amortisation of intangible assets.

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENTAL ANALYSIS (continued)

	Corporate and investment banking € '000	Retail banking € '000	Wealth management € '000	International business banking € '000	Treasury and capital markets € '000	Participations, investments and other € '000	Total € '000
Three months ended 31 March 2012							
Operating income from external customers	95.418	87.580	3.468	32.583	25.509	4.152	248.710
Segment result	1.573	(41.009)	(2.884)	23.038	19.325	(21.885)	(21.842)
As at 31 March 2012							
Advances to customers	13.261.749	7.543.769	1.146.711	753.248	-	1.548.823	24.254.300
Customer deposits	3.157.605	10.786.803	1.150.224	4.659.909	-	277.196	20.031.737
Three months ended 31 March 2011							
Operating income from external customers	75.253	101.544	7.756	27.243	41.348	65.546	318.690
Segment result	44.510	(52.457)	(6.817)	11.211	33.729	53.904	84.080
As at 31 March 2011							
Advances to customers	13.261.847	9.039.624	1.407.187	1.909.778	-	-	25.618.436
Customer deposits	5.362.329	11.691.373	1.335.211	5.588.994	-	-	23.977.907

Operating income from external customers is reconciled to the Group's operating income for the period as follows:

	3 months ended 31.03.2012 € '000	3 months ended 31.03.2011 € '000
Operating income from external customers	248.710	318.690
Consolidation and adjustments	(1.666)	(1.420)
Group operating income for the period	247.044	317.270

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENTAL ANALYSIS (continued)

Reconciliation of segment results to profit for the period

	3 months ended 31.03.2012 € '000	3 months ended 31.03.2011 € '000
Segment result	(21.842)	84.080
Amortisation of intangible assets	(5.383)	(5.635)
Share of profit from associates	3.232	3.287
Tax	79.374	(8.267)
Profit for the period	55.381	73.465

6. PROFIT ON DISPOSAL AND REVALUATION OF SECURITIES

	3 months ended 31.03.2012 € '000	3 months ended 31.03.2011 € '000
(Loss)/profit on disposal of financial assets at fair value through profit or loss – held-for-trading	(7.136)	1.537
(Loss)/profit on disposal of available-for-sale financial assets	(4.133)	7.158
Profit on disposal of debt securities lending	2.832	2.154
Profit on disposal of subsidiary company	2.862	53.412
Profit on redemption of held-to-maturity financial assets	2.557	18
Profit/(loss) on revaluation of financial assets at fair value through profit or loss:		
Held-for-trading	14.111	(1.045)
Designated at fair value through profit or loss at inception	1.509	402
(Loss)/profit on disposal and revaluation of derivative financial instruments	(421)	10.007
	12.181	73.643

Profit on disposal of subsidiary company for the three months ended 31 March, 2012 represents the profit from the disposal of the Bank's holding in Marfin Pank Eesti AS (31 March, 2011: profit from the disposal of Laiki Bank (Australia) Ltd).

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

7. IMPAIRMENT OF GREEK GOVERNMENT BONDS

On 24 February, 2012 the Hellenic Republic announced the final terms and conditions of the Private Sector Involvement (PSI+) offer for the exchange of Greek Government Bonds (GGBs) which included the following instruments: (a) 31,5% of new GGBs split into 20 new bonds carrying a step-up coupon rate and maturing between 2023 and 2042, (b) Gross Domestic Product (GDP) linked securities paying up to 1% interest per annum contingent on GDP growth of Greece reaching pre-specified levels, (c) 15% European Financial Stability Fund (EFSF) notes equally split in 1 year and 2 year bonds, carrying a fixed coupon rate and (d) accrued interest notes in the form of 6-monthly EFSF zero coupon bonds to cover accrued interest due on bonds up to 24 February, 2012.

The implementation of PSI+ programme took effect in March 2012. The nominal value and the carrying amount of the GGBs as at 31 March, 2012 were as follows:

	Nominal value € '000	Carrying amount € '000
New GGBs (after the exchange)	881.245	318.424
GGBs that were not exchanged until 31 March, 2012 (exchange completed by April 2012)	265.833	81.652
Total	1.147.078	400.076⁽¹⁾

⁽¹⁾ Although GGBs of nominal value € 266 m were participating in the PSI+ offer, the actual exchange did not take place in March 2012, but was effectively completed in April 2012. Included within the carrying amount of € 400 m, is an amount of € 40 m which relates to EFSF notes received in April 2012.

Following the 2011 impairment loss of GGBs as a result of the PSI+ programme, the GGBs carrying value has been impaired. The aggregate write-off on GGBs reached € 2.331 m, representing 76,4% of their nominal value, whereby part of this relates to the hedging cost of the GGBs up to their impairment date, as well as changes in the fair value of derivatives used to hedge their interest rate risk.

The main information regarding the GGBs as at 31 December, 2011 is presented in the following table:

	Nominal value € '000	Carrying amount as at 31 December 2011 before impairment € '000	Impairment loss € '000	Carrying amount as at 31 December 2011 after impairments € '000
Debt securities lending	2.579.972	2.656.009	1.985.233	670.776
Held-to-maturity financial assets	48.590	49.178	36.544	12.634
Available-for-sale financial assets	422.954	424.778	290.778	134.000
	3.051.516	3.129.965	2.312.555	817.410

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

7. IMPAIRMENT OF GREEK GOVERNMENT BONDS (continued)

All the unamortised revaluation loss remaining in the available-for-sale fair value reserve as at 31 December, 2011, amounting to € 18 m for the Group, on GGBs that were originally included in the balance sheet as available-for-sale financial assets and were subsequently reclassified to debt securities lending has been transferred out of the available-for-sale fair value reserve and recognised in the consolidated income statement for the year ended 31 December, 2011.

8. TAXATION

During the three months ended 31 March, 2012 the Group has recognised an additional deferred tax asset of € 84,7 m relating to the tax benefit to arise from the tax deductibility of impairment of Greek Government Bonds in the future.

9. DERIVATIVE FINANCIAL INSTRUMENTS

Included within financial assets at fair value through profit or loss is an amount of € 91,5 m (31 December, 2011: € 129,2 m) which relates to trading derivatives with positive fair value and within other assets an amount of € 12,3 m (31 December, 2011: € 7,1 m), which relates to the positive fair value of derivative financial instruments, for which hedge accounting is applied. Included within other liabilities is an amount of € 82,3 m (31 December, 2011: € 133,2 m), which relates to trading derivatives with negative fair value and an amount of € 210,1 m (31 December, 2011: € 179,5 m) which relates to the negative fair value of derivative financial instruments, for which hedge accounting is applied.

10. ADVANCES TO CUSTOMERS

	31.03.2012	31.12.2011
	€ '000	€ '000
Advances to customers	25.465.953	25.806.742
Instalment finance and leasing	821.008	901.727
	26.286.961	26.708.469
Provision for impairment of advances (Note 11)	(2.032.661)	(1.929.846)
	24.254.300	24.778.623

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

11. PROVISION FOR IMPAIRMENT OF ADVANCES

Movement in the three months ended 31 March, 2012 and 31 March, 2011:

	Individual impairment € '000	Collective impairment € '000	Total € '000
2012			
Balance 1 January	1.312.430	617.416	1.929.846
Provision for impairment of advances for the period	120.681	62.984	183.665
Release of provision and recoveries	(60.572)	(4.423)	(64.995)
Advances written-off	(5.115)	(332)	(5.447)
Provision for impairment of advances from business disposal	(7.713)	(103)	(7.816)
Exchange differences	(2.630)	38	(2.592)
Balance 31 March	1.357.081	675.580	2.032.661
2011			
Balance 1 January	673.937	340.540	1.014.477
Provision for impairment of advances for the period	47.090	100.361	147.451
Release of provision and recoveries	(67.578)	(1.512)	(69.090)
Advances written-off	(65.839)	(13.955)	(79.794)
Provision for impairment of advances from business disposal	(34)	(114)	(148)
Exchange differences	(693)	(236)	(929)
Balance 31 March	586.883	425.084	1.011.967

12. PROPERTY AND EQUIPMENT

Movement in the three months ended 31 March, 2012 and 31 March, 2011:

	2012 € '000	2011 € '000
Net book value at 1 January	291.232	291.202
Property and equipment from business disposal	(168)	(2.264)
Transfer to the category "Intangible assets"	-	(1.749)
Additions less disposals of property and equipment	3.793	4.685
Depreciation	(5.937)	(6.206)
Exchange differences	(416)	(654)
Net book value at 31 March	288.504	285.014

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. SENIOR DEBT

	31.03.2012	31.12.2011
	€ '000	€ '000
Debentures 2009/2012	335.968	332.194
Debentures 2009/2014	23.287	22.988
Debentures 2009/2013	19.762	20.481
Promissory Notes due 2012	36	444
	379.053	376.107

Debentures 2009/2012

In February 2012, the Bank repurchased and cancelled bonds of nominal value of € 116,4 m. All of these bonds were held by Group companies.

14. LOAN CAPITAL

	31.03.2012	31.12.2011
	€ '000	€ '000
Debentures 2009/2019	106.311	107.790
Eurobonds due 2016	411.967	413.598
Capital securities	737.868	737.872
Convertible enhanced capital securities	65.210	65.195
Subordinated debt 2004/2014	8.971	9.272
	1.330.327	1.333.727

Eurobonds due 2016

In January 2012, the Bank repurchased and cancelled bonds of nominal value € 13,7 m. All of these bonds were held by Group companies.

15. OTHER LIABILITIES

Following the signing of the collective agreement between the Cyprus Union of Bank Employees and the Cyprus Bankers Employer's Association for the years 2011 – 2013, the existing defined benefit plan was converted into a defined contribution plan as from 1 January, 2012. The Bank has transferred the retirement benefit liability into a bank account of the Provident Fund on 4 May, 2012. The transfer of the liability does not affect in any way the condensed interim consolidated financial statements for the three months ended 31 March, 2012.

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

16. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares '000	Share capital € '000	Share premium € '000	Total € '000
Three months ended 31 March 2012				
Balance 1 January / 31 March	1.611.111	1.369.444	2.334.583	3.704.027
Three months ended 31 March 2011				
Balance 1 January	982.116	834.799	2.252.897	3.087.696
Shares issued through exercise of rights	488.168	414.942	73.226	488.168
Share issue costs	-	-	(9.871)	(9.871)
Balance 31 March	1.470.284	1.249.741	2.316.252	3.565.993

At the Extraordinary General Meeting of the shareholders of the Bank which was held on 31 May, 2011 approval was granted for the increase of the authorised nominal share capital of the Bank from € 1.776.500.000 to € 1.870.000.000 by the creation of 110.000.000 additional ordinary shares of € 0,85 nominal value each. At the Extraordinary General Meeting of the shareholders of the Bank which was held on 28 September, 2011 approval was granted for the increase of the authorised nominal share capital of the Bank from € 1.870.000.000 to € 2.465.000.000 by the creation of 700.000.000 additional ordinary shares of € 0,85 nominal value each.

As at 31 March, 2012 the Bank's authorised nominal share capital was € 2.465.000.000 (31 December, 2011: € 2.465.000.000) divided into 2.900.000.000 (31 December, 2011: 2.900.000.000) ordinary shares of nominal value € 0,85 each (31 December, 2011: € 0,85).

All issued ordinary shares are fully paid and carry the same rights.

The share premium is not available for distribution to equity holders. The Nicosia District Court confirmed on 12 April, 2012, the utilisation of the share premium of up to € 1,9 bn for writing off losses.

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

17. RESERVES

Movement in the three months ended 31 March, 2012 and 31 March, 2011:

	2012	2011
	€ '000	€ '000
Revenue reserves		
Balance 1 January	(3.007.834)	788.601
Profit for the period attributable to the owners of the Bank	54.819	71.017
Cost of share-based payments to employees	-	342
Effect of change in non-controlling interests from changes in shareholdings in subsidiary companies	484	9
Share of revenue reserves of associates	-	(19)
Other movements	-	(51)
Balance 31 March	(2.952.531)	859.899
Property fair value reserves		
Balance 1 January / 31 March	48.610	47.681
Available-for-sale financial assets fair value reserves		
Balance 1 January	(188.137)	(326.187)
Revaluation for the period and transfer to results on disposal of available-for-sale financial assets	64.283	13.796
Deferred tax	(12.595)	(1.903)
Transfer to results due to impairment	6.296	1.050
Amortisation of loss on available-for-sale financial assets reclassified	2.774	2.445
Share of fair value reserves of associates	1.965	(521)
Transfer to results due to business disposal	(43)	(13)
Balance 31 March	(125.457)	(311.333)
Currency translation reserves		
Balance 1 January	(65.932)	(65.571)
Exchange differences arising in the period	(3.236)	(5.039)
Transfer to results due to business disposal	-	(5.626)
Balance 31 March	(69.168)	(76.236)
Cash flow hedges reserve		
Balance 1 January	-	(135)
Losses from changes in fair value recognised directly in equity	-	(148)
Deferred tax	-	44
Transfer to results due to business disposal	-	239
Balance 31 March	-	-
Difference from conversion of share capital into Euro reserve		
Balance 1 January / 31 March	3.426	3.426
	(3.095.120)	523.437

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

18. DIVIDEND

The Annual General Meeting of the shareholders of the Bank, held on 18 May, 2011, approved the payment of a dividend for the financial year 2010 of € 0,10 per share, in the form of shares to be issued by the Bank at an issue price of € 1 per share, in accordance with the decision of the Board of Directors held on 29 March, 2011. The dividend amounting to € 147.028.000 was paid on 17 June, 2011 and the trading of the new shares began on 27 June, 2011.

No dividend was declared for the financial year 2011.

19. CONTINGENCIES AND COMMITMENTS

Commitments for capital expenditure of the Group at 31 March, 2012 amounted to € 4,9 m (31 December, 2011: € 5,2 m).

As at 31 March, 2012 there were pending litigations against the Group in connection with its activities. Based on legal advice the Board of Directors believes that there is adequate defence against all claims and it is not probable that the Group will suffer any significant damage. Therefore, no provision has been recognised in the condensed interim consolidated financial statements regarding these cases.

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

20. INVESTMENTS IN SUBSIDIARY COMPANIES

The main subsidiary companies of the Group, as at 31 March, 2012 were as follows:

Company name	Effective shareholding⁽¹⁾	Country of incorporation	Activity sector
Investment Bank of Greece S.A.	96%	Greece	Investment banking
Marfin Global Asset Management Mutual Funds Management S.A.	99%	Greece	Portfolio management, investment and brokerage services
Marfin CLR Public Co Ltd	63%	Cyprus	Portfolio management, investment and brokerage services
Marfin Bank JSC Belgrade	99%	Serbia	Banking
Marfin Bank (Romania) S.A.	99%	Romania	Banking
Public Joint-Stock Company Marfin Bank	100%	Ukraine	Banking
Rossiysky Promyishlenny Bank Company Ltd	50%	Russia	Banking
Lombard Bank Malta Plc	48,9% ⁽²⁾	Malta	Banking
Laiki Bank (Guernsey) Ltd	100%	Guernsey	Banking
Marfin Leasing S.A.	100%	Greece	Leasing
Marfin Factors & Forfaiters S.A.	100%	Greece	Factoring, invoice discounting
Laiki Factors Ltd	100%	Cyprus	Factoring, invoice discounting
Closed Joint-Stock Company RPB Holding	50%	Russia	Investment company
PanEuropean Ltd	100%	Cyprus	Investment company
Philiki Ltd	100%	Cyprus	Investment company
Cyprialife Ltd	100%	Cyprus	Investment company
IBG Investments S.A. (a)	96%	British Virgin Islands	Investment services
Marfin Capital Partners Ltd	70%	United Kingdom	Investment management
Synergatis Plc	-	United Kingdom	Special purpose entity

⁽¹⁾ The effective shareholding includes the direct holding of the Bank and the indirect holding through its subsidiary companies.

⁽²⁾ The Bank exercises control over Lombard Bank Malta Plc because its significant shareholding allows the control of the decisions taken at the Annual General Meeting, including the decisions for the appointment of Directors, and therefore Lombard Bank Malta Plc is accounted for as a subsidiary company of the Group.

The Bank is registered in Cyprus and operates in Cyprus and through branches in the United Kingdom and Greece (Marfin Egnatia Bank). Following the decision of the Nicosia District Court in accordance to articles 201(xvii) and 201(xix) of the Cyprus Companies Law, 31 March, 2011 time 12:00 p.m. (i.e. 1 April, 2011) had been set as the date of conclusion of the cross-border merger. As of 1 April, 2011 Marfin Egnatia Bank S.A. ceased to exist and was deleted from the Registry of Societes Anonymes of the Ministry of Economy, Competitiveness and Mercantile Marine of Greece.

The full consolidation method is applied to all subsidiary companies of the Group.

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

20. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

(a) Increase of share capital of IBG Investments S.A.

In March 2012, an increase of the share capital of IBG Investments S.A. was made for the amount of € 0,3 m, which was fully covered by Investment Bank of Greece S.A. (90%) and IBG Capital S.A. (10%) pro rata based on the respective shareholdings.

(b) Disposal of shareholding in Marfin Pank Eesti AS

On 29 March, 2012 the Bank completed its agreement with the Ukrainian company Ukrselhosprom PCF LLC for the sale of its total participation (70,54%) in its subsidiary Marfin Pank Eesti AS for the total amount of € 6,4 m. The profit from the sale reached € 2,9 m (Note 6).

21. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

	31.03.2012	31.12.2011
	€ '000	€ '000
Advances to Directors and their connected persons	404.321	400.370
Advances to other key management personnel and their connected persons	1.321	18.238
Total advances	405.642	418.608
Commitments for guarantees and letters of credit:		
Guarantees to Directors and their connected persons	37.961	32.171
Letters of credit to Directors and their connected persons	-	678
	37.961	32.849
Total advances and commitments	443.603	451.457
Tangible securities	461.718	466.610
Deposits	17.746	22.382

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

21. RELATED PARTY TRANSACTIONS (continued)

Transactions with key management personnel (continued)

	3 months ended 31.03.2012 € '000	3 months ended 31.03.2011 € '000
Interest income	4.635	4.063
Interest expense	97	183

There were no commitments relating to other key management personnel of the Group.

The amount of tangible securities is presented aggregately in the preceding table. Therefore, it is possible that some individual facilities are not fully covered with tangible securities. The total amount of facilities that are unsecured at 31 March, 2012 amounts to € 84.657.000 (31 December, 2011: € 95.401.000).

Connected persons include the spouse, minor children and companies in which key management personnel hold, directly or indirectly, at least 20% of the voting rights in a general meeting or act as directors or exercise control of the entities in any way.

Other transactions with key management personnel

During the three months ended 31 March, 2012 the Group received commissions on stock exchange transactions from key management personnel and their connected persons amounting to € 1.000 (31 March, 2011: € 5.000), purchased goods and received services amounting to € 256.000 (31 March, 2011: € 49.000) and provided services amounting to € 30.000 (31 March, 2011: nil) to companies connected to Lanitis group, purchased goods and received services amounting to € 29.000 and provided services amounting to € 2.000 to companies connected to Mr. Vassilis Theocharakis. In addition, during the three months ended 31 March, 2011 the Group received services amounting to € 104.000 from a law firm connected to Mr. Andreas Vgenopoulos.

The above transactions are carried out as part of the normal activities of the Group, on commercial terms.

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

21. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

	3 months ended 31.03.2012 € '000	3 months ended 31.03.2011 € '000
Fees paid to Directors as members of the Board	65	73
Remuneration of Directors under executive role		
Salaries and other short-term benefits	134	354
Employer's social insurance contributions	30	31
Provident fund	20	-
Retirement benefits scheme expense	-	29
	184	414
Remuneration of Directors under non executive role		
Salaries and other short-term benefits	18	17
Employer's social insurance contributions	5	5
Provident fund	2	-
Retirement benefits scheme expense	-	4
	25	26
Consultancy services fees of Directors under non executive role	51	50
Compensation of other key management personnel		
Salaries and other short-term benefits	193	443
Employer's social insurance contributions	22	20
Provident fund	13	-
Retirement benefits scheme expense	-	9
	228	472
Share options scheme expense	-	127
	553	1.162

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

21. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel (continued)

In addition to the above, the members of the Board of Directors and other key management personnel who retired received:

	3 months ended 31.03.2012 € '000
Fees paid to Directors as members of the Board	23
Consultancy services fees of Directors under non executive role	44
	67

The share option scheme expense is the amount charged to the condensed interim consolidated income statement per IFRS requirements, however, the expense does not represent value received since the Share Option Scheme has never been “in-the-money” since its inception in 2007 and therefore no share options have been exercised.

Key management personnel for the three months ended 31 March, 2012 include the 13 members (31 March, 2011: 14 members) of the Board of Directors, 2 (31 March, 2011: 4) of which had executive duties, and the members of the Group Executive Committee.

Transactions with other related parties

At 31 March, 2012 the balances with other related parties were as follows:

	<u>31.03.2012</u>		<u>31.12.2011</u>	
	Receivables € '000	Payables € '000	Receivables € '000	Payables € '000
Consolidated balance sheet				
CNP Marfin Insurance Holdings Ltd group (associate)	5.926	236.067	6.925	236.420
JCC Payment Systems Ltd (associate)	304	11.713	13.215	9.908
Provident Funds of the employees of the Group in Cyprus	2	20.952	5	21.353
	6.232	268.732	20.145	267.681

Additionally, CNP Marfin Insurance Holdings Ltd group held at 31 March, 2012 senior debt and loan capital of the Group of nominal value of € 45,1 m (31 December, 2011: € 44,9 m).

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

21. RELATED PARTY TRANSACTIONS (continued)

Transactions with other related parties (continued)

During the period ended 31 March, 2012 and 31 March, 2011 the following transactions were realised with other related parties:

	2012		2011	
	Income € '000	Expense € '000	Income € '000	Expense € '000
Consolidated income statement				
CNP Marfin Insurance Holdings Ltd group (associate)	716	3.324	759	2.810
JCC Payment Systems Ltd (associate)	1	106	2	72
Provident Funds of the employees of the Group in Cyprus	-	237	1	168
	717	3.667	762	3.050

22. POST BALANCE SHEET EVENTS

On 2 April, 2012 the Extraordinary General Meeting approved the following resolutions mainly relating to the capital enhancement plan:

- Reduction of the nominal value of the Bank's share from € 0,85 to € 0,10 for writing off losses resulting from the exposure of the Bank in the Greek market and mainly because of the impairment of the Greek Government Bonds. Decrease of the authorised share capital to € 290.000.000 divided into 2.900.000.000 ordinary shares of nominal value € 0,10 each and the issued share capital to € 161.111.000 divided into 1.611.111.000 fully paid ordinary shares of nominal value € 0,10 each. Immediately after the above decrease, re-increase of the authorised share capital to € 2.465.000.000 divided into 24.650.000.000 ordinary shares of nominal value € 0,10 each.
- Utilisation of the share premium up to € 1,9 bn for writing off losses of the Bank. The Nicosia District Court confirmed on 12 April, 2012 the utilisation of the amount, for writing off losses.
- Approval for authorisation of the Board of Directors for the issue of share capital up to € 1,8 bn as follows: (a) to investors of its choice as follows: (i) up to 50% of the amount of € 1,8 bn with an issue price not less than € 0,30 per share, without the shares being firstly offered to the shareholders of the Bank, or (ii) up to 50% of the amount of € 1,8 bn with the issue at par of Mandatory Convertible Bonds ("MCB") into shares, at a conversion price not less than € 0,30 and will be issued and converted into shares at their nominal value before 31 December, 2012, without the MCB and the shares that will result from the mandatory conversion to be offered to the existing shareholders of the Bank, or/and (b) through a rights issue up to € 1,8 bn to be offered pro-rata to existing shareholders with an exercise price less than € 0,30 per share.

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

22. POST BALANCE SHEET EVENTS (continued)

- Issue of Enhanced Capital Securities (“ECS”) of a total nominal value up to € 737.753.000 to the holders of capital securities issued in 2008 of nominal value € 200.000.000, 2009 of nominal value € 242.229.000 and 2010 of nominal value € 295.524.000 for voluntary exchange of their capital securities with ECS at their nominal value.
- Issue of new ordinary shares of total nominal value that will not exceed 50% of the total nominal value of € 737.753.000 to the holders of capital securities issued in 2008, 2009 and 2010 for the voluntary exchange of their capital securities at their nominal value with ordinary shares of the Bank at a conversion price to be determined during the rights issue, without being firstly offered to the shareholders of the Bank.
- Cancellation of the approval granted by the Extraordinary General Meeting dated 28 September, 2011, for the issue and allotment of new capital securities up to the amount of € 738 m, in replacement of the existing capital securities of the Bank issued in 2008, 2009 and 2010.
- Issue of share warrants to the acquirers of new shares to be issued by the Bank through the capital enhancement plan in the ratio of one share warrant for every five new shares to be acquired and with the exercise of one share warrant one new share will be allotted.
- Change of the registered name of the Bank to “Cyprus Popular Bank Public Co Ltd”. The Ministry of Commerce, Industry and Tourism, Department of Registrar of Companies in Cyprus approved the change of name of the Bank on 5 April, 2012.

On 30 April, 2012 the Bank announced that the decision for the reduction of its share capital by € 1.208.332.918,50 for the purpose of writing off losses was confirmed by the Nicosia District Court Order dated 12 April, 2012. Following the above, it is stated that as from 3 May, 2012, the shares of the Bank are traded on the Cyprus Stock Exchange and the Athens Exchange with the new nominal value, € 0,10 per share.

On 30 April, 2012 the Bank proceeded with the purchase of 9,6 m shares of its subsidiary company Marfin CLR Public Co Ltd of total value € 1,3 m from the company CLR Investment Fund Public Ltd. For this purchase, which was part of the settlement of outstanding transactional matters between the two parties, the approval of the Cyprus Securities and Exchange Commission has been obtained for an exemption in accordance with the provisions of article 15(1)(m) of the Public Takeover Bids Law of 2007, for the obligation of a Public Offer by the Bank to the shareholders of the Bank.

On 15 May, 2012 the Bank announced exchange and tender offers for existing € 450.000.000 Callable Step-up Floating Rate Subordinated Notes due 2016 (Lower Tier 2). These tender offers are part of the announced capital enhancement plan of the Bank.

On 17 May, 2012 the Bank announced that during the Period of Conversion of Convertible Enhanced Capital Securities (CECS) into shares issued by the Bank (1 – 15 May, 2012), no conversion rights were exercised.

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

22. POST BALANCE SHEET EVENTS (continued)

On 17 May, 2012 the Bank announced that the consultations with the Ministry of Finance and the Central Bank of Cyprus in relation to the capital enhancement plan of the Bank, on the basis of the provisions of the legislation for the support of the financial system, were completed and the proposal of the Ministry of Finance was approved by the Council of Ministers. On the basis of this approval, the Republic of Cyprus will act as an underwriter of the share capital increase of € 1,8 bn through a Rights Issue.

On 18 May, 2012 the Bank announced that the proposal of the Ministry of Finance and the Decree for the Underwriting was also approved by the House of Representatives.

According to the Decree for the Underwriting of Rights Issue of Cyprus Popular Bank Public Co Ltd (the "Decree"), the Republic of Cyprus underwrites the full amount of the Rights Issue. The rights are issued with the granting by the Republic of Cyprus of five share warrants in proportion with the exercise (pro rata). The rights are issued at the price of € 0,10 and the price of acquisition by the Republic of Cyprus of the unsubscribed new shares is set at € 0,10. The new shares that will be acquired by the Republic of Cyprus may be repurchased within five years from the entry into force of the Decree, by (a) shareholders of the Bank through the exercise of warrants, (b) the Bank, and (c) third parties.

According to the Decree, an Independent Advisor will be appointed, and within two months of his appointment, will submit to the Central Bank of Cyprus a Restructuring Plan, which will specify the measures which the Bank intends to take including (a) the reduction of staff costs of the Bank, reaching at least 10% in 2012 and by a further 8% in 2013. The reduction of remuneration and benefits of the staff in Cyprus will reach an average of at least 12,5% on an annual basis and will be applied commensurately with the relevant pay scale, following consultation with the trade unions, and (b) the reduction of the remaining operational expenses by at least 7% in 2012.

Additionally, the Decree provides that the Minister of Finance, with the concurring opinion of the Central Bank of Cyprus and the Committee on Financial and Budgetary Affairs of the House of Representatives appoints up to five members of the Board of Directors of the Bank. With the concurring opinion of at least two of the five members of the Board of Directors that are appointed by the Minister of Finance, the right of veto is exercised to all decisions of the Board of Directors.

Upon the acquisition of the new shares of the Bank by the Republic of Cyprus, the Minister of Finance with the concurring opinion of the Central Bank of Cyprus and the Committee on Financial and Budgetary Affairs of the House of Representatives, may appoint the majority on the Board of Directors, irrespective of the amount of participation of the Republic of Cyprus in the ownership structure of the Bank.

The Bank announced that on 22 May, 2012 the Cyprus Securities and Exchange Commission approved the Prospectus for the share capital increase in the form of nil paid rights issue, which concerns:

- Public Offer for the share capital increase of up to € 1,8 bn, in the form of Rights Issue and listing on the Cyprus Stock Exchange (CSE) and the Athens Exchange (AE) of (i) the Rights and (ii) the new ordinary shares resulting from their exercise. The Rights will be issued to all holders of ordinary shares as at the record date 30 May, 2012, at the ratio of 1:1. The ex-rights date is 28 May, 2012. Every six (6) Rights exercised at a total price of € 6,70 will be converted into sixty seven (67) new fully paid ordinary shares (that is € 0,10 per share). For the unexercised Rights, Subscription Rights will be given (i) to the beneficiary shareholders, (ii) to persons who will acquire Rights during their trading on the CSE and the AE and (iii) to interested investors who will not be holders of any number of Rights. The issue of Rights is fully underwritten by the Republic of Cyprus.

CYPRUS POPULAR BANK PUBLIC CO LTD GROUP
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

22. POST BALANCE SHEET EVENTS (continued)

- Tender Offer for the voluntary exchange of existing capital securities issued in 2008, 2009 and 2010, (“Eligible Capital Securities”), of total value € 737.753.000 with new ordinary shares and/or new Enhanced Capital Securities (“ECS”), and listing (i) on the CSE of the new ECS resulting from the voluntary exchange and (ii) on the CSE and the AE of the new ordinary shares resulting from the voluntary exchange. Eligible Capital Securities holders can exchange, at their option, part or all of their capital securities at their nominal value (€ 1.000 each) (i) with ECS of equal nominal value 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. Voluntary exchange applications for ECS can be accepted only in case that, at the completion of both the Rights Issue and the voluntary exchange of Eligible Capital Securities with New Exchange Shares, the Bank’s Core Tier 1 Ratio, as defined by the Central Bank of Cyprus, will be equal to at least 7%.

The Republic of Cyprus will proceed to the free allotment of share warrants to persons who shall acquire shares through the potential activation of the Rights underwriting agreement.

The application submission period for the exercise of Rights, Subscription Rights as well as the exchange of Eligible Securities starts on 15 June, 2012 and ends on 29 June, 2012.

On 22 May, 2012 the Bank announced the resignations of Messrs Constantinos Mylonas and Neoclis Lysandrou from the position of Member and Vice Chairman of the Board of Directors of the Bank. Messrs Mylonas and Lysandrou chose to leave voluntarily, in order to create available positions for the appointment of new Members, in accordance with the Articles of Association of the Bank but also the recent Decree of the Minister of Finance for the Underwriting of the Rights Issue of the Bank.

On 23 May, 2012 the Bank announced the resignation of Mr. Platon E. Lanitis from the position of Member of the Board of Directors, who was the first to offer it to the Chairman of the Board of Directors.

On 28 May, 2012 the Bank announced that the Minister of Finance appointed, in accordance with the paragraph 11(1) of the Decree and the consent of the Central Bank of Cyprus and the Committee on Financial and Budgetary Affairs 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 28 May, 2012 the Bank announced the extension of the exchange and tender offers period for existing € 450.000.000 Callable Step-up Floating Rate Subordinated Notes (Lower Tier 2) due 2016, until 6 June, 2012.

23. APPROVAL OF FINANCIAL STATEMENTS

The condensed interim consolidated financial statements were approved by the Board of Directors on 29 May, 2012.