

Bank of Cyprus Group



Announcement

THE BANK OF CYPRUS GROUP CATEGORICALLY REJECTS ON ITS SUBSTANCE THE PROPOSED COLLABORATION WITH MARFIN POPULAR BANK

Nicosia, 17 April 2007

Founded in 1899, the Bank of Cyprus Group is the leading Cypriot banking and financial services group. In 1991, the Group established its first branch in Greece where it has been expanding rapidly since 1999. It has an established banking presence in the United Kingdom and in 2001 it expanded to Australia through a wholly owned subsidiary bank. In addition to retail and commercial banking, the Group's activities include finance, factoring, investment banking, brokerage, fund management, life and general insurance. The Group currently operates through a total of 282 branches, of which 144 operate in Cyprus, 120 in Greece, 6 in the United Kingdom, 11 in Australia and 1 in the Channel Islands. Bank of Cyprus also has representation in the United States of America, Canada, South Africa, Russia and Romania. The Bank of Cyprus Group employs 6.192 staff worldwide.

At 31 December 2006, the Group's Total Assets reached C£14,56bn (€25,19bn) and the Group's Shareholders' Funds were C£905mn (€1,57bn). The Bank of Cyprus shares are listed on the Cyprus and Athens Stock Exchanges. Additional information can be found at the Group's website www.bankofcyprus.com

THE CONDITIONS FOR GENERATING ADDED VALUE FOR GROUP SHAREHOLDERS, CUSTOMERS AND EMPLOYEES ARE NOT ESTABLISHED

The Chairman of the Board of Directors of the Bank of Cyprus Group categorically rejected proposal from Marfin Popular Bank for a possible partnership with Bank of Cyprus. Today's proposals do not add anything new to Marfin Popular Bank's position on the matter.

The Chairman reiterated the Bank of Cyprus Group decision that any collaboration with Marfin Popular Bank is not in the interests of its shareholders, customers and employees. Consequently, the Bank of Cyprus Group does not intend to put at risk its three-year business plan, which aims to ensure a major increase in profits and which has been enthusiastically received by the international investment community and the Bank of Cyprus shareholders.

Marfin Popular Bank's levels of profitability and its constantly changing strategic direction differ radically from the Bank of Cyprus Group's consistent strategy and profit-generation profile, which is based on recurring, steadily-increasing profits primarily generated by banking operations. Thanks to its clear-cut strategy, tried-and-tested management team, robust capital base and high profitability, the Bank of Cyprus Group has been systematically generating value for its shareholders and substantively contributing to the growth and development of its customers and staff in the markets it operates in.

The Bank of Cyprus Group would also point out that, out of respect for the principles of fair competition, it follows a policy of not interfering with the corporate governance procedures of its competitors. This policy was applied in the past in the cases of Laiki Bank and Hellenic Bank. For precisely this reason, it has not exercised the voting rights of its subsidiaries' investment holdings at today's Extraordinary General Meeting of Marfin Popular Bank.