

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

31 MARCH 2001

BANK OF CYPRUS GROUP
CONDENSED INTERIM FINANCIAL STATEMENTS
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BANK OF CYPRUS GROUP**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the three months ended 31 March 2001**

		<i>Three months ended 31 March</i>		<i>Year ended 31 December</i>
	Notes	2001	2000	2000
		C£000	C£000	C£000
Turnover	3	146 386	138 492	582 479
Net interest income		41 446	33 501	147 024
Fees, commissions and other income		20 027	19 201	91 391
Foreign exchange income		2 874	2 872	14 389
Losses on sale and revaluation of securities	4	(1 937)	(4 805)	(22 292)
Total income		62 410	50 769	230 512
Staff costs and other administrative expenses		(37 496)	(31 347)	(139 076)
Provisions for bad and doubtful debts		(4 735)	(4 150)	(21 580)
Total operating expenses		(42 231)	(35 497)	(160 656)
Profit before tax		20 179	15 272	69 856
Tax		(7 044)	(5 913)	(27 083)
Profit after tax		13 135	9 359	42 773
Earnings per share (cents)	5	3,0	2,4	10,9
Fully diluted earnings per share (cents)	5	2,9	2,3	10,1

BANK OF CYPRUS GROUP**CONDENSED CONSOLIDATED BALANCE SHEET
as at 31 March 2001**

	Notes	<i>31 March 2001 C£000</i>	<i>31 December 2000 C£000</i>
Assets			
Cash, treasury bills and placements with banks		1 659 876	1 414 168
Advances and other accounts		4 071 801	3 923 784
Debt and equity investments		637 616	614 120
Tangible and intangible fixed assets		138 798	135 895
		6 508 091	6 087 967
Life assurance business net assets attributable to policyholders		185 208	202 641
Total assets		6 693 299	6 290 608
Liabilities			
Deposits and other accounts		5 903 910	5 487 086
Life assurance business liabilities to policyholders		185 208	202 641
Subordinated loan stock	6	29 443	29 501
Shareholders' funds			
Share capital	7	216 152	216 129
Reserves		358 586	355 251
		574 738	571 380
Total liabilities and shareholders' funds		6 693 299	6 290 608

S. A. Triantafyllides, *Chairman*

Chr. S. Pantzaris, *Vice Chairman and Chief Executive of Bank of Cyprus*

E. Xenophontos, *Director and Group Chief General Manager*

Y. Kypri, *Group General Manager Finance*

Chr. Hadjimitsis, *Group Financial Controller*

BANK OF CYPRUS GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2001

	Share capital	Share premium	Revaluation reserves	Exchange adjustments	Retained earnings	Total shareholders' funds
	C£000	C£000	C£000	C£000	C£000	C£000
1 January 2001	216 129	213 349	43 529	(2 013)	100 386	571 380
Effect of adopting IAS 39, on the valuation of debt securities as at 1 January 2001	-	-	1 508	-	-	1 508
As restated	216 129	213 349	45 037	(2 013)	100 386	572 888
Profit after tax	-	-	-	-	13 135	13 135
Revaluation of available for sale investments	-	-	(10 807)	-	-	(10 807)
Exchange adjustments	-	-	-	(528)	-	(528)
Conversion of loan stock	23	35	-	-	-	58
Increase in value of life assurance policies in force	-	-	90	-	(90)	-
Transfer to the Profit and Loss account for the sale of available for sale investments	-	-	(8)	-	-	(8)
31 March 2001	216 152	213 384	34 312	(2 541)	113 431	574 738
1 January 2000	159 578	70 988	62 014	(1 743)	75 323	366 160
Prior year adjustment for proposed dividend	-	-	-	-	25 532	25 532
As restated	159 578	70 988	62 014	(1 743)	100 855	391 692
Profit after tax	-	-	-	-	9 359	9 359
Revaluation of equity shares held for investment purposes	-	-	(10 173)	-	-	(10 173)
Exchange adjustments	-	-	-	(189)	-	(189)
Conversion of loan stock	907	1 904	-	-	-	2 811
Increase in value of life assurance policies in force	-	-	267	-	267	-
Reclassification of associated company reserve	-	-	(894)	-	894	-
Transfer to the Profit and Loss account for the sale of equity shares held for investment purposes	-	-	(199)	-	-	(199)
31 March 2000	160 485	72 892	51 015	(1 932)	110 841	393 301

BANK OF CYPRUS GROUP**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the three months ended 31 March 2001**

	<i>Three months ended 31 March</i>	
	<i>2001</i>	<i>2000</i>
	<i>C£000</i>	<i>C£000</i>
Cash inflow from operating activities		
Profit before tax	20 179	15 272
Provisions for bad and doubtful debts and interest suspended	8 128	7 621
Depreciation and amortisation	3 367	3 297
Income from investments less interest on subordinated loan stock	(8 239)	(8 045)
	<u>23 435</u>	<u>18 145</u>
<i>Increase in</i>		
Advances and other accounts	(147 917)	(262 220)
Deposits and other accounts	393 129	286 211
	<u>268 647</u>	<u>42 136</u>
Tax paid	(675)	(1 389)
Net cash inflow from operating activities	<u>267 972</u>	<u>40 747</u>
Cash outflow in investing activities	(9 738)	(72 671)
Cash outflow in financing activities	(551)	(572)
Net increase/(decrease) in cash and cash equivalents for the three month period	<u>257 683</u>	<u>(32 496)</u>
Cash and cash equivalents		
At 1 January	1 388 784	1 276 697
Exchange adjustments	(528)	(189)
Net cash inflow/(outflow) for the three month period	257 683	(32 496)
At 31 March	<u>1 645 939</u>	<u>1 244 012</u>

BANK OF CYPRUS LTD**CONDENSED PROFIT AND LOSS ACCOUNT
for the three months ended 31 March 2001**

	<i>Three months ended 31 March</i>		<i>Year ended 31 December</i>
	<i>2001</i>	<i>2000</i>	<i>2000</i>
	<i>C£000</i>	<i>C£000</i>	<i>C£000</i>
Turnover	<u>119 510</u>	<u>96 615</u>	<u>445 618</u>
Net interest income	33 315	26 109	115 589
Fees, commissions and other income	14 602	11 910	57 346
Foreign exchange income	2 663	2 757	13 536
(Losses)/gains on sale and revaluation of securities	<u>(56)</u>	<u>95</u>	<u>(7 921)</u>
Total income	<u>50 524</u>	<u>40 871</u>	<u>178 550</u>
Staff costs and other administrative expenses	(28 798)	(24 841)	(109 169)
Provisions for bad and doubtful debts	<u>(3 174)</u>	<u>(2 757)</u>	<u>(15 114)</u>
Total operating expenses	<u>(31 972)</u>	<u>(27 598)</u>	<u>(124 283)</u>
Profit before tax	18 552	13 273	54 267
Tax	<u>(5 678)</u>	<u>(3 747)</u>	<u>(19 008)</u>
Profit after tax	<u>12 874</u>	<u>9 526</u>	<u>35 259</u>

BANK OF CYPRUS LTD**CONDENSED BALANCE SHEET
as at 31 March 2001**

	<i>31 March 2001 C£000</i>	<i>31 December 2000 C£000</i>
Assets		
Cash, treasury bills and placements with banks	1 557 022	1 361 190
Advances and other accounts	3 239 351	3 118 654
Debit balances of Group companies	503 635	461 342
Debt and equity investments	487 460	470 565
Investments in Group companies	204 793	194 319
Tangible and intangible fixed assets	<u>102 415</u>	<u>100 164</u>
Total assets	<u>6 094 676</u>	<u>5 706 234</u>
Liabilities		
Deposits and other accounts	5 376 152	5 003 631
Credit balances of Group companies	<u>114 343</u>	<u>101 722</u>
	<u>5 490 495</u>	<u>5 105 353</u>
Subordinated loan stock	<u>29 443</u>	<u>29 501</u>
Shareholders' funds		
Share capital	216 152	216 129
Reserves	<u>358 586</u>	<u>355 251</u>
	<u>574 738</u>	<u>571 380</u>
Total liabilities and shareholders' funds	<u>6 094 676</u>	<u>5 706 234</u>

S. A. Triantafyllides, *Chairman*

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BANK OF CYPRUS LTD
STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2001

	Share capital	Share premium	Revaluation reserves	Revaluation of investments in Group companies	Exchange adjustments	Retained earnings	Total shareholders' funds
	C£000	C£000	C£000	C£000	C£000	C£000	C£000
1 January 2001	216 129	213 349	22 215	75 174	(964)	45 477	571 380
Effect of adopting IAS 39, on the valuation of debt securities as at 1 January 2001	-	-	395	1 113	-	-	1 508
As restated	216 129	213 349	22 610	76 287	(964)	45 477	572 888
Profit after tax	-	-	-	-	-	12 874	12 874
Revaluation of available for sale investments	-	-	(6 039)	-	-	-	(6 039)
Exchange adjustments	-	-	-	-	37	-	37
Conversion of loan stock	23	35	-	-	-	-	58
Revaluation for the period	-	-	-	(5 080)	-	-	(5 080)
31 March 2001	216 152	213 384	16 571	71 207	(927)	58 351	574 738
1 January 2000	159 578	70 988	30 453	79 454	(732)	26 419	366 160
Prior year adjustment for proposed dividend	-	-	-	-	-	25 532	25 532
As restated	159 578	70 988	30 453	79 454	(732)	51 951	391 692
Profit after tax	-	-	-	-	-	9 526	9 526
Revaluation of equity shares held for investment purposes	-	-	(7 965)	-	-	-	(7 965)
Exchange adjustments	-	-	-	-	(130)	-	(130)
Conversion of loan stock	907	1 904	-	-	-	-	2 811
Revaluation for the period	-	-	-	(2 504)	-	-	(2 504)
Reclassification of associated company reserve	-	-	6 165	(6 165)	-	-	-
Transfer to the Profit and Loss account for the sale of equity shares held for investment purposes	-	-	(129)	-	-	-	(129)
31 March 2000	160 485	72 892	28 524	70 785	(862)	61 477	393 301

BANK OF CYPRUS GROUP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim consolidated financial statements include the accounts of Bank of Cyprus Ltd (the “Company”) and all its subsidiaries and jointly controlled companies, which together are referred to as the “Group”.

1. Unaudited accounts

The interim financial statements for the first three months of years 2001 and 2000 have not been audited by the Group’s external auditors.

2. Accounting policies

The financial statements of the Group are drawn up in accordance with the International Accounting Standards (IAS) including IAS 34 “Interim Financial Reporting”. The accounting policies followed in the condensed interim financial statements are the same with those followed in the annual financial statements of year 2000 except for IAS 39 “Financial Instruments: Recognition and Measurement” which has been adopted as of 1 January 2001.

In accordance with IAS 39, debt securities and equity shares have been classified as either held for trading or available for sale.

Debt securities and equity shares are shown at fair value. Changes in the fair value of securities held for trading are recognised in the Profit and Loss account whereas changes in the fair value of available for sale securities are recognised in the revaluation reserve. In case of sale of available for sale securities, the relevant gain or loss recognised in the revaluation reserve is transferred to the Profit and Loss account.

In accordance with IAS 39, the comparative amounts are not restated.

The financial statements are expressed in Cyprus Pounds (C£).

3. Segmental analysis

The Group has three principal areas of activity: banking and financial services, life and general insurance business and property and hotel business. The Group’s banking and financial services are provided in three geographical markets, Cyprus, Greece and the United Kingdom and other countries. The other activities of the Group are carried on only in Cyprus. The primary reporting format is for the areas of activity.

Areas of activity for the Group

	Banking and financial services		Insurance business		Property and hotel business		Total	
	<i>Three months ended 31 March</i>		<i>Three months ended 31 March</i>		<i>Three months ended 31 March</i>		<i>Three months ended 31 March</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>C£000</i>	<i>C£000</i>	<i>C£000</i>	<i>C£000</i>	<i>C£000</i>	<i>C£000</i>	<i>C£000</i>	<i>C£000</i>
Turnover	134 105	113 761	12 060	23 437	221	1 294	146 386	138 492
Profit/(loss) before tax	18 613	13 624	1 564	1 843	2	(195)	20 179	15 272

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4. Losses on sale and revaluation of securities

	<i>Three months ended 31 March</i>	
	<i>2001</i>	<i>2000</i>
	<i>C£000</i>	<i>C£000</i>
Realised (losses)/gains on sale of securities	(99)	432
Unrealised losses on revaluation of securities	<u>(1 838)</u>	<u>(5 237)</u>
	<u>(1 937)</u>	<u>(4 805)</u>

5. Earnings per share

	<i>Three months ended 31 March</i>	
	<i>2001</i>	<i>2000</i>
<i>Earnings per share</i>		
Profit after tax (C£ thousand)	13 135	9 359
Weighted average number of shares in issue during the period (thousand)	432 266	383 993
Earnings per share (cents)	<u>3,0</u>	<u>2,4</u>
<i>Fully diluted earnings per share</i>		
Fully diluted earnings adjusted for the conversion of convertible loan stock (C£ thousand)	13 188	9 417
Weighted average number of shares adjusted for the conversion of convertible loan stock and the exercise of centenary warrants (thousand)	454 889	415 496
Fully diluted earnings per share (cents)	<u>2,9</u>	<u>2,3</u>

The weighted average number of shares for the three months ended 31 March 2000 shown above, has been adjusted for the bonus issue of shares made in December 2000 in the proportion of 1 to 5.

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6. Subordinated loan stock

<i>The Group and the Company</i>	<i>31 March 2001 C£000</i>	<i>31 December 2000 C£000</i>
6,75% Convertible Loan Stock, 2003	4 443	4 501
Floating rate Loan Stock, 2003/2008	25 000	25 000
	<u>29 443</u>	<u>29 501</u>

These liabilities rank behind the claims of depositors and other creditors of the Bank of Cyprus Ltd.

The 6,75% Convertible Loan Stock, 2003 may be converted into shares at the option of its holder. The conversion price as at 31 March 2001 was C£1,29 per share of nominal value of 50 cents. During the three months ended 31 March 2001, loan stock of nominal value C£58 thousand was converted into 45 thousand shares of nominal value 50 cents each.

7. Share capital

<i>The Group and the Company</i>	<i>31 March 2001 C£000</i>	<i>31 December 2000 C£000</i>
<i>Authorised</i>		
Shares of 50 cents each	<u>300 000</u>	<u>300 000</u>
<i>Issued and fully paid</i>		
1 January	216 129	159 578
Conversion of convertible loan stock	23	1 029
Issue of shares in Greece	-	19 500
Bonus issue of shares	-	36 022
	<u>216 152</u>	<u>216 129</u>

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8. Other information

α) Events after the balance sheet date

(i) Share Options

A number of 3 216 thousand Share Options 2001 – 2007, were granted to Group personnel who were in service as at 31 December 2000, on the basis of the personnel scale/rank on that date.

The Share Option gives its holder the option to buy one share of the Bank at the predetermined price of £3,50 per share during the period 31 January 2003 – 31 December 2007.

(ii) Acquisition of brokerage company

Bank of Cyprus Ltd acquired on 9 May 2001 VICTORY AXEPEY, a brokerage company, which will be renamed “KYPROU BROKERAGE”. The consideration paid amounts to about GRD 1,5 billion.

b) Comparative amounts

The comparative amounts for the three months ended 31 March 2000 have been restated to conform with the presentation adopted and the accounting policies followed in the Annual Financial Report for the year 2000.

c) Number of personnel

The number of Group personnel as at 31 March 2001 was 4 924 (31 December 2000: 4 771).

d) Approval of accounts

These accounts were authorised for issue by the Board of Directors on 17 May 2001.