

annual report **2003**

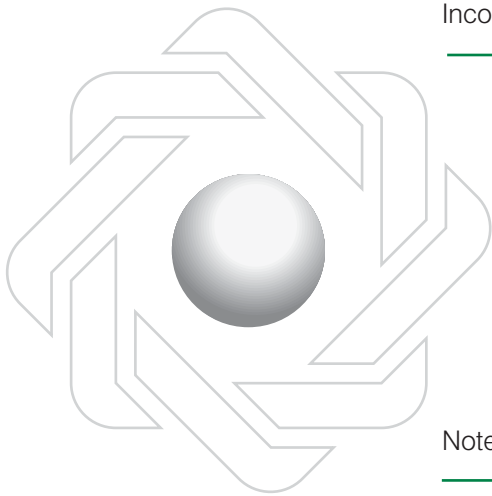


UNIVERSAL BANK



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# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Universal Bank Ltd will be held at the Universal Group of Companies headquarters in Nicosia, on 16 June 2004 at 5:30 p.m., to transact the following business:

## Agenda

1. Submission of the financial statements of the Bank for the year ended 31 December 2003 and the Directors' and Auditors' Reports.
2. Election of the members of the Board of Directors.
3. Fixing the remuneration of the Directors.
4. Re-appointment of the Auditors and authorisation of the Board of Directors to fix their remuneration.
5. Transaction of any other business, which can be carried out at an Annual General Meeting.

By order of the Board.

M.P. Kleopas  
Secretary

Nicosia, 31 March 2004.

## Notes:

A member entitled to attend and vote at the above meeting, is entitled to appoint a proxy to attend and vote on his behalf. The instrument appointing the proxy must either be received at P.O.Box 28510, 2080 Nicosia, or deposited at the registered office of the Bank, 85 Digeni Akrita Avenue, Universal Tower, 6th floor, 1070 Nicosia, at least 48 hours before the time of the meeting.

# Chairman's Statement

I present to you the Annual Report for the year 2003, putting forward a few comments about the results, developments and prospects of the Bank.

The Bank's results for the year 2003 are deemed satisfactory considering the prevailing stagnation in the growth rate of the Cyprus economy and the depression in the Stock Exchange.

The Bank's turnover demonstrated an increase of 12% in comparison to 2002, thus increasing to a total of C£12,6 million. Losses for the year decreased from C£7,5 million for the year 2002 to C£3,5 million for the year 2003 marking an improvement of 54%.

As at the start of 2003, the Central Bank of Cyprus has set into effect stricter regulations, as compared to previous years, regarding interest suspension and other related income. More specifically, all interest and other income from loans and advances showing delays in payments of over 9 months must be suspended and not recognised as interest income in the Income Statement. Compliance with the above regulations resulted in increasing the amount of interest suspension. However, net interest income demonstrated a substantial increase of 29%, thus increasing from C£3,3 million for the year 2002 to C£4,2 million for the year 2003. This increase is due to the application of a more appropriate appraisal of credit risk, leading to a correct pricing policy and an increase in the net interest margin.

Other income increased from C£1,3 million in 2002 to C£1,7 million in 2003, showing an increase of 28% due to the development of trade services, the successful operation of credit cards, and the treasury department. As a result, net income rose from C£4,6 million in 2002 to C£5,9 million in 2003, showing an increase of 29%.

Operating expenses decreased from C£6,6 million in 2002 to C£6,2 million in 2003, showing an improvement of 6%. Losses on revaluation of investments for the year 2003 were limited to C£4 thousands.

All the above factors resulted in restricting the operating loss before provisions to C£233 thousand in 2003 as compared to C£1,9 million in 2002.

The adaptation by our Bank of a timely and strict procedure of providing for bad and doubtful debts was reflected in the downward trend in provisions for bad and doubtful debts, leading to a decrease from C£5,5 million in 2002 to C£3,3 million for the year 2003. We expect further improvements in the quality of our lending portfolio, as well as in recovering non-performing loans and advances, following the recent strengthening of our credit risk department.

Total assets increased to C£201,5 million marking a 12% increase in comparison to 2002.

In 2003, all the banks improved their capital bases by issuing Tier 1 and Tier 2 capital. There was also a substantial movement of liquid funds from existing deposits to company bonds and government development bonds. Despite of the above, as well as intense competition from other banks, customer deposits increased to C£176 million marking an increase of 11%. This is favorably compared with the total increase of deposits in the banking system, which amounts to 2%.

Loans and advances increased to C£126,3 million marking an increase of 6%. Our credit expansion is considered satisfactory taking into account the decreased rate of growth in the economy and our continuing effort for quality improvement of our loans and advances portfolio.

With the successful issue of Tier 2 capital for a period of 5 years amounting to C£8 million, the Bank's capital base and the capital adequacy ratio have shown a significant improvement.

In 2003 the Bank's framework was seriously restructured emphasizing credit risk management, internal audit and operations and methods intending the improvement of our lending portfolio and a more effective customer service.

Our Banking Centre network consists of 18 Banking Centres throughout Cyprus offering our customers the whole spectre of banking services.

The Bank's VISA credit card business is expanding at an encouraging rate, increasing both the number of credit cards as well as the Bank's revenues. In the year 2004 the Bank will proceed with the issue of 'Platinum' credit cards as well as further improving our points collection scheme Fun Points.

It is our policy to design new products with the objective to differentiate profitably from the other banks and to provide products and solutions to our customers that would help in the expansion of their operations. In the year 2004 we will announce new deposit and lending products. The realization of Internet Banking which begun towards the end of 2002, has been completed and it is expected to be made available to our customers before the end of June 2004.

Cyprus' expected accession into the European Union and the prospect of a solution to the Cyprus problem make the year 2004 one of the most important in the recent history of Cyprus. The arising influences on the banking system are under review.

The world economy has started to show signs of recovery, and provided that this continues, the world economic results and indexes are expected to improve, with positive effects on the Cyprus economy.

In harmonizing the financial facts of Cyprus to those of Europe, the Central Bank of Cyprus has, as at the beginning of 2004, imposed even stricter regulations regarding the suspension of interest and other related income, by decreasing the delay period from 9 months to 6 months. This is definitely going to apply more pressure on the banks' financial results. The application of more effective procedures in credit risk management is expected to both improve the quality of the lending portfolio and decrease the amount of interest suspension and other related income.

The flexibility of our technological infrastructure helps us contain operating expenses to the lowest possible level and enables investment in the development of more profitable sectors.

Based on the above and the continuous expansion of our operations, we expect the results of the year 2004 to be improved in comparison with the results for the year 2003.

Finally, I would like to thank our customers and our shareholders for their support and for believing in our vision. In addition I wish to thank the members of the Board of Directors, our Auditors and Legal Advisers, as well as all other associates for their valuable services. Lastly, special thanks to the Executive and General Management and our personnel for the dedication and zeal with which they work for the speedy achievement of our targets and our vision.

George Syrimis  
Chairman

Nicosia, 31 March 2004.

# Board of Directors and Executives

## **Board of Directors**

George Syrimis, Chairman  
Andreas Georghiou, Executive Vice Chairman  
Elias Pantelides  
Michalis Michaelides  
Iosif Vavlitis  
Michalis P. Kleopas  
Pavlos Photiades  
Socrates Solomides

## **General Manager**

Dr Spyros Episkopou

## **Manager, Financial Services**

Demetris Shacallis

## **Secretary**

Michalis P. Kleopas

## **Registered Office**

85 Digenis Akritas Avenue  
Universal Tower, 6th Floor  
1070 Nicosia

## **Legal Advisor**

Dr Kypros Chrysostomides & Co.

## **Auditors**

Ernst & Young  
Chartered Accountants

# Report of the Directors

The Board of Directors of Universal Bank Limited ("Bank") submit to the shareholders their report for the year ended 31 December 2003.

## Activities

The Bank is a subsidiary company of the Universal Group of Companies. The Bank's activities during the year were the provision of banking and financial services in Cyprus.

## Results

The loss before provision for doubtful debts for the year amounts to C£232.658 compared to a loss of C£1.975.106 for the year 2002. After the provision for doubtful debts and taxation, the loss amounts to C£3.464.963, compared to C£7.475.752 for the previous year.

## Board of Directors

The Board of Directors of the Bank consists of the members listed on page 5. All were members of the board throughout the year 2003, except Mr Socrates Solomides, who was appointed to the Board of Directors on 1 February 2004. Mr Socrates Solomides being appointed by the Board of Directors resigns but offers himself for re-election.

According to the Company's Articles of Association Messrs Iosif Vavlitis, Michalis Michaelides and Michalis P. Kleopas retire by rotation, and being eligible, offer themselves for re-election.

## Corporate Governance

The Board of Directors of the Bank did not implement the Code of Corporate Governance during 2003. The Code is under consideration.

## Auditors

The auditors of the Bank, Messrs Ernst & Young have signified their willingness to continue in office. A resolution fixing their remuneration will be proposed at the Annual General Meeting.

George Syrimis  
Chairman

*Nicosia, 31 March 2004.*

# Income Statement

## for the year ended 31 December 2003

	Note	2003 C£	2002 C£
Turnover		<b>12.550.087</b>	11.205.478
Interest income	2	<b>10.772.255</b>	9.802.033
Interest expense	3	<b>(6.531.227)</b>	(6.525.436)
<b>Net interest income</b>		<b>4.241.028</b>	3.276.597
Fee and commission income		<b>1.193.065</b>	917.556
Fee and commission expense		<b>(81.969)</b>	(79.140)
Foreign exchange income		<b>237.890</b>	181.130
Income from equity investments	4	<b>1.566</b>	1.560
Other income		<b>345.311</b>	303.199
<b>Total operating income</b>		<b>5.936.891</b>	4.600.902
Staff costs	5	<b>(3.434.633)</b>	(3.227.668)
Depreciation of property, plant and equipment		<b>(1.108.862)</b>	(1.178.633)
Loss on revaluation and sale of equity	4	<b>(3.650)</b>	(44.672)
Other operating expenses		<b>(1.622.404)</b>	(2.125.035)
<b>Total operating expenses</b>		<b>(6.169.549)</b>	(6.576.008)
<b>Loss before provisions</b>		<b>(232.658)</b>	(1.975.106)
Provisions for bad and doubtful debts	12	<b>(3.281.817)</b>	(5.520.744)
<b>Loss before tax</b>	6	<b>(3.514.475)</b>	(7.495.850)
Tax	7	<b>49.512</b>	20.098
<b>Loss for the year</b>		<b>(3.464.963)</b>	(7.475.752)
Loss per share (cent)	8	<b>(22,9)</b>	(49,4)



# Balance Sheet

## as at 31 December 2003

	Note	2003 C£	2002 C£
<b>ASSETS</b>			
Cash and balances with the Central Bank	9	<b>29.048.560</b>	26.062.917
Government and other debt securities	10	<b>22.899.008</b>	17.253.545
Placements with banks	11	<b>15.567.423</b>	8.817.019
Loans and advances to customers	12	<b>126.326.115</b>	118.654.217
Equity shares	13	<b>132.449</b>	125.495
Investments in subsidiary companies	14	<b>1.156</b>	1.156
Property, plant and equipment	15	<b>3.729.365</b>	3.557.565
Intangible assets	16	<b>656.626</b>	866.977
Other assets	17	<b>1.428.696</b>	2.198.968
Prepayments and accrued income	18	<b>1.745.040</b>	1.752.855
<b>Total assets</b>		<b>201.534.438</b>	179.290.714
<b>LIABILITIES</b>			
Amounts due to banks		-	1.007.700
Customer deposits	19	<b>176.014.507</b>	158.062.323
Other liabilities	20	<b>246.778</b>	510.062
Accruals	21	<b>3.938.761</b>	3.468.041
<b>Total liabilities</b>		<b>180.200.046</b>	163.048.126
<b>Subordinated loan stock</b>	22	<b>8.000.000</b>	-
<b>EQUITY</b>			
Share capital	23	<b>15.128.151</b>	15.128.151
Share premium		<b>12.399.495</b>	12.399.495
Revaluation reserve		<b>518.364</b>	(38.403)
General reserve		<b>26.867</b>	26.867
Accumulated losses		<b>(14.738.485)</b>	(11.273.522)
		<b>13.334.392</b>	16.242.588
<b>Total liabilities and equity</b>		<b>201.534.438</b>	179.290.714
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>			
Contingent liabilities	24	<b>9.745.430</b>	9.726.701
Commitments	24	<b>7.181.411</b>	9.199.223

George Syrimis - *Chairman*

Andreas Georghiou - *Executive Vice Chairman*

Dr Spyros Episkopou - *General Manager*

Demetris Shacallis - *Manager, Financial Services*

# Statement of changes in equity

## for the year ended 31 December 2003

	Share capital	Share premium	Investments Revaluation reserve	Property Revaluation reserve	General reserve	Accumulated losses	Total equity
	C£	C£	C£	C£	C£	C£	C£
<b>YEAR 2002</b>							
1 January 2002	15,109,520	12,399,495	(12,333)	-	26,867	(3,797,770)	<b>23,725,779</b>
Loss after tax	-	-	-	-	-	(7,475,752)	<b>(7,475,752)</b>
Issue of shares	18,631	-	-	-	-	-	<b>18,631</b>
Revaluation of investments available-for-sale	-	-	(70,742)	-	-	-	<b>(70,742)</b>
Transfer to the Income Statement for the provision of impairment of available-for-sale investments	-	-	44,672	-	-	-	<b>44,672</b>
<b>31 December 2002</b>	<b>15,128,151</b>	<b>12,399,495</b>	<b>(38,403)</b>	<b>-</b>	<b>26,867</b>	<b>(11,273,522)</b>	<b>16,242,588</b>
<b>YEAR 2003</b>							
1 January 2003	15,128,151	12,399,495	(38,403)	-	26,867	(11,273,522)	<b>16,242,588</b>
Loss after tax	-	-	-	-	-	(3,464,963)	<b>(3,464,963)</b>
Property revaluation	-	-	-	669,879	-	-	<b>669,879</b>
Deferred taxation	-	-	-	(73,546)	-	-	<b>(73,546)</b>
Revaluation of investments available-for-sale	-	-	(43,216)	-	-	-	<b>(43,216)</b>
Transfer to the Income Statement for the provision of impairment of available-for-sale investment	-	-	3,650	-	-	-	<b>3,650</b>
<b>31 December 2003</b>	<b>15,128,151</b>	<b>12,399,495</b>	<b>(77,969)</b>	<b>596,333</b>	<b>26,867</b>	<b>(14,738,485)</b>	<b>13,334,392</b>

# Cash Flow Statement

## for the year ended 31 December 2003

	Note	2003 C£	2002 C£
<b>Net cash flows from operating activities</b>	27	<b>4.729.204</b>	5.222.421
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(458.084)	(1.072.723)
Proceeds from the disposal of property, plant and equipment		80	950
Purchase of equity shares		(49.864)	-
Formation of subsidiary company		-	(661)
Interest received on Government and other debt securities		1.137.833	1.005.504
Dividend income from equity shares		1.566	1.560
<b>Net cash flows from/(used in) investing activities</b>		<b>631.531</b>	(65.370)
<b>Cash flows from financing activities</b>			
Issue of share capital		-	18.631
Issue of subordinated loan stock		8.000.000	-
Interest paid on subordinated loan stock		(220.433)	-
Proceeds from borrowed funds		(1.007.700)	953.977
<b>Net cash flows from financing activities</b>		<b>6.771.867</b>	972.608
<b>Net increase in cash and cash equivalents for the year</b>	28	<b>12.132.602</b>	6.129.659

# Summary of Significant Accounting Policies

## as at 31 December 2003

The accounting policies followed in respect of items that are considered material or important for the results and the financial position of the Bank are stated below:

### Basis of preparation

The Financial Statements are drawn up in accordance with the provisions of the Cyprus Companies Law, the Cyprus Stock Exchange Law and Regulations and International Financial Reporting Standards, which comprise standards and interpretations approved by International Accounting Standards Board, and International Accounting Standards (IAS) and Standing Interpretations Committee interpretations, approved by the International Accounting Standards Committee that remain in effect.

The Financial Statements are expressed in Cyprus pounds (C£) and are prepared under the historical cost convention, modified to include the revaluation of property and investments available-for-sale.

Where necessary, comparative amounts were reclassified to conform to the presentation adopted in the current year.

### Change of accounting policy

In 2003, the Bank changed its accounting policy with regards to property valuation from cost price accumulated depreciation to estimated fair value, adopting the allowed alternative treatment of valuation according to IAS 16. The initial application of the above accounting policy is considered as an adjustment to the value of property according to IAS 16, and the relevant provisions of IAS 8 on changes of accounting policies do not apply.

### Turnover

Turnover represents interest income, fee and commission income, investment income, foreign exchange income, and other income. The Bank does not provide leasing or hire purchase services.

### Interest income and interest expense

Interest income and interest expense are recognized in the Income Statement on an accrual basis other than what is stated in the following paragraph.

According to the new regulations of the Central Bank of Cyprus effected as at 1 January 2003, interest and other income from the following sources is not recognised in the income statement but is credited to a suspense account: (a) loans that are more than nine months in arrears and are not fully secured, (b) overdraft accounts which are not fully secured and are in excess of their credit limit at the date of calculation of the accrued interest, to the extent that accrued interest or other income is not covered by the total amount credited in the account during the previous nine months, and (c) advances for which a provision for impairment loss has been made. In 2002 interest and other income was suspended only for advances which were considered doubtful and for which a provision for impairment loss was made.

Interest income and interest expense on balances before 15 August 1974, was calculated up to 15 August 1974, the day on which the Bank suspended its operations due to the Turkish invasion. All interest with regard to these balances is accounted for when paid or received.

### Fee and commission income

Fee and commission income is recognized on the basis of work done to match the cost of providing the service.

Fee income in respect of the undertaking of credit risk is recognized on the date of undertaking the credit risk.

### Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are retranslated in Cyprus Pounds at the rate of exchange ruling at the Balance Sheet date. All exchange differences are taken to the Income Statement.

# Summary of Significant Accounting Policies

## as at 31 December 2003

### Operating lease expenses

Operating lease expenses represent accrued lease rentals for the year and are included in other operating expenses.

### Equity shares and debt securities

All investments are initially recorded at cost on a transaction date basis, being the fair value of the consideration given and including acquisition charges associated with the investment.

Investments in Government and other debt securities, and equity shares have been classified into investments held-to-maturity and into available-for-sale investments respectively. Management determines the appropriate classification of investments at the time of the purchase.

Available-for-sale investments are measured at fair value, based on quoted bid prices for listed securities. The fair values of unquoted securities are estimated using valuation models and ratios, refined to reflect the particular circumstances of the issuer. Fluctuations in the values of investments available-for-sale are recognised in the revaluation reserve. In case of sale or impairment, the profit or loss recognised in the revaluation reserve is transferred to the Income Statement.

Investments held-to-maturity are carried at amortised cost using the effective yield method, less any provisions for impairment.

An investment is considered impaired if its carrying amount exceeds the recoverable amount. Available-for-sale investments are considered as impaired if the decline in the fair value below cost is of such a magnitude that recovery of the cost value cannot be reasonably expected within the foreseeable future. The amount of impairment loss for available-for-sale investments listed at the Cyprus Stock Exchange is the difference between the acquisition cost and the current market value.

The amount of impairment loss for investments held-to-maturity is calculated as the difference between the carrying amount of the investment and the present value of its expected future cash flows, discounted at the investment's original effective interest rate.

Dividends receivable from equity shares are recorded in dividend income when received.

All regular way purchases and sales of investment securities are recognised at trade date, which is the date the Bank commits to purchase or sell the asset. All other purchases and sales are recognised as derivative forward contracts until settlement.

### Loans and advances

Loans and advances to customers originate when money is provided directly to the borrowers and are valued initially at cost, being the fair value of the consideration given for the creation of the loan including transaction costs. Loans and advances are subsequently valued at the amortised cost using the effective yield method.

Loans and advances are stated net of specific and general provisions for doubtful debts, which may arise during the ordinary course of business.

The collectability of loans and advances to customers is evaluated based on the individual customer's overall financial position, resources, and payment record, the prospect of support from creditworthy guarantors and the realisable value of any collateral.

A loan is considered doubtful when it is probable that the Bank will not be able to collect all amounts due according to the original contractual terms of the loan, unless such loans are secured, or other factors exist where the Bank expects that all amounts due will be received.

When a loan has been classified as doubtful, its carrying amount is reduced to its estimated recoverable amount, being the present value of its expected future cash flows, including recoverable amounts from guarantees and collateral, discounted at original effective interest rate.

The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the interest rate at inception.

Provision has been made for the total advances and loan accounts granted before 15 August 1974.

# Summary of Significant Accounting Policies

as at 31 December 2003

For certain homogeneous loan portfolios, such as consumer credit and the credit card portfolio, the amount of provision is calculated after a collective assessment of the whole portfolio, having regard to a number of factors such as the level of watchlist or potential problem debts, the time period for which amounts are overdue, the prevailing economic climate that prevails at the time and prior period loss rates.

Loans and advances are written off to the extent that there is no realistic prospect of recovery.

## Property, plant and equipment and computer software

Property is initially measured at cost and subsequently re-measured at its estimated fair value less accumulated depreciation. The valuations are carried out periodically by independent qualified valuers. The amount of depreciation is calculated on the basis of estimated value less estimated residual value on a straight-line basis over the expected useful economic lives of the assets. Gains or losses arising from changes in the estimated fair value of the assets are recognised in the revaluation reserve. Upon disposal the relevant amount in the revaluation reserve is transferred to retained earnings. Until the end of 2002, property was measured at cost less accumulated depreciation based on the benchmark treatment of valuation under IAS16.

Plant and equipment and computer software are stated at historic cost less accumulated depreciation.

Leasehold property is stated at cost less accumulated depreciation.

Any profits or losses arising from the disposal of property, plant and equipment and computer software are transferred to the Income Statement in the year of disposal.

All property, plant and equipment and computer software, with the exception of immovable property, which remained in the Turkish occupied area, were written off in 1974. In addition, provision has been made for the total value of immovable property situated in the Turkish occupied area.

Depreciation on furniture and fittings, equipment and motor vehicles is calculated on the basis of cost less estimated residual value on a straight-line basis over the expected useful economic lives of the assets, commencing from the month of acquisition.

The annual depreciation rates for the year were as follows:

	%
Buildings	4
Furniture and Fittings	10
Office and Information Technology equipment	20-25
Motor Vehicles	15-20

Leasehold improvements and goodwill on leasehold property are amortised over a period of 10 years or over the lease period if this period is less than 10 years.

## Investments in subsidiary companies

The investments in subsidiary companies are shown at cost.

## Cash and cash equivalents

Cash and cash equivalents in the Cash Flow Statement represent cash in hand, short term deposits with local banks repayable within three months as well as deposits with the Central Bank of Cyprus, and Government debt securities repayable within three months.

## Retirement benefits

The Bank operates a defined benefits scheme, which is fully funded. All contributions to the scheme are made on an annual basis with the purpose of creating enough reserves during the working lives of the employees to provide for the payment of a lump sum either upon retirement or on death before retirement. The annual cost of providing benefits under this scheme is taken to the Income Statement.

The cost of providing benefits is part of staff costs and is estimated annually using the projected unit credit actuarial valuation method. According to this method, the cost of providing benefits is debited to the Income Statement over the working lives of the employees participating in the scheme according to the guidance and provisions of independent professional actuaries that carry out actuarial reports at least every three years. The calculation of the cost of providing benefits for this scheme is based on the present value of the expected future outflow using as discount rate the average interest rate of the Government debt securities with similar duration as the duration of the liability.

# Summary of Significant Accounting Policies

## as at 31 December 2003

Actuarial gains or losses exceeding the 10% of the present value of the defined benefit obligation or the fair value of the plan assets of the scheme, whichever is greater, are recognised over the average remaining working lives of the employees participating in the scheme.

### Derivatives

Derivative financial instruments are initially recognised in the Balance Sheet at cost (including transaction costs) and are subsequently measured at their fair value. Fair values are estimated using quoted market prices, discounted cash flow models and options pricing models as appropriate.

Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

All derivatives are treated as derivatives held-for-trading with changes in fair value reported in the Income Statement.

### Taxation

Taxation on income is provided in accordance with the provisions of the Income Tax Law and is recognised as an expense in the period in which the income arises. Deferred tax is calculated using the liability method.

Deferred income tax liabilities are recognised for all taxable temporary differences between the tax bases of assets and liabilities and their carrying amounts at the balance sheet date for financial reporting purposes, which will result in taxable amounts in future periods.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the Balance Sheet date.

Current and deferred tax assets and liabilities are offset when they arise from the same tax reporting entity and relate to the same tax authority and when the legal right to offset exists.

# Notes to the financial statements

## for the year ended 31 December 2003

### 1. Corporate information

The Financial Statements of Universal Bank Limited (the 'Bank') for the year ended 31 December 2003 were authorised for issue in accordance with a resolution of the Board of Directors on 31 March 2004.

The Bank was incorporated in Cyprus, and is a public company in accordance with the provisions of the Companies Law and the Cyprus Stock Exchange Law and Regulations.

The Bank's main activities during the year were the provision of banking and financial services.

### 2. Interest income

	2003	2002
	C£	C£
Loans and advances to customers	8.756.943	7.724.491
Placements with other banks	877.479	1.072.038
Government and other debt securities	1.137.833	1.005.504
	<b>10.772.255</b>	<b>9.802.033</b>

### 3. Interest expense

	2003	2002
	C£	C£
Customer deposit accounts	6.240.677	6.510.417
Deposits by banks	70.117	15.019
Subordinated loan stock	220.433	-
	<b>6.531.227</b>	<b>6.525.436</b>

### 4. Income from equity investments

	2003	2002
	C£	C£
Dividends from equity investments	1.566	1.560

	2003	2002
	C£	C£
Impairment provision - Transfer from Revaluation Reserve	3.650	44.672

### 5. Staff costs

	2003	2002
	C£	C£
Personnel salaries and wages	2.465.882	2.051.802
Social insurance and other costs	271.256	237.382
Retirement benefit costs	697.495	938.484
	<b>3.434.633</b>	<b>3.227.668</b>

The average number of persons employed by the Bank during the year 2003 was 184 (2002: 177).



# Notes to the financial statements

## for the year ended 31 December 2003

### Retirement benefits - Defined Benefits Scheme

The Bank operates a defined benefits scheme, which is fully funded. All contributions to the scheme are made on an annual basis with the purpose of creating enough reserves during the working lives of the employees to provide for the payment of a lump sum either upon retirement or earlier death. The annual cost of providing benefits under this scheme is taken to the Income Statement.

The cost of providing benefits is part of staff costs and is estimated annually using the projected unit credit actuarial valuation method. According to this method, the cost of providing benefits is debited to the Income Statement over the working lives of the employees participating in the scheme according to the guidance and provisions of independent professional actuaries that carry out actuarial reports at least every three years. The calculation of the cost of providing benefits for this scheme is based on the present value of the expected future outflow using as discount rate the average interest rate of the Government debt securities with similar duration as the duration of the liability.

According to the actuarial valuation conducted for the year ended 31 December 2003, the amounts appearing in the Balance Sheet of the Bank are as follows:

	2003 C£	2002 C£
Present value of the obligation	<b>(2.051.145)</b>	(1.664.222)
Fair value of plan assets	<b>467.953</b>	514.260
Deficit	<b>(1.583.192)</b>	(1.149.962)
Unrecognised actuarial loss	<b>2.568.778</b>	2.825.363
Unrecognised transition obligation	<b>1.043</b>	2.086
Net prepayment recognised in the Balance Sheet ( <i>note.17</i> )	<b>986.629</b>	1.677.487

The amounts recognised in the Income Statement in respect of the Defined Benefits Scheme are as follows:

	2003 C£	2002 C£
Current service cost	<b>492.707</b>	395.580
Interest cost	<b>92.861</b>	40.856
Expected return on plan assets	<b>(35.579)</b>	(45.830)
Actuarial loss recognised in the year	<b>146.463</b>	144.867
Amortisation of transition obligation	<b>1.043</b>	13.493
Prior years' recognised retirement benefits	-	389.518
Expense recognised in the Income Statement	<b>697.495</b>	938.484

# Notes to the financial statements

## for the year ended 31 December 2003

Movement in the net prepayment as shown in the Balance Sheet (*note.17*):

	<b>2003</b>	2002
	<b>C£</b>	C£
Balance of prepayment at 1 January	<b>1.677.487</b>	2.620.866
Expense recognised in the Income Statement	<b>(697.495)</b>	(938.484)
Employer funding of the retirement fund	<b>6.637</b>	10.976
Prior years' adjustments	-	(15.871)
Net prepayment at 31 December	<b>986.629</b>	1.677.487

The principal actuarial assumptions used for the actuarial valuation were:

	<b>2003</b>	2002
	<b>%</b>	%
Discount rate	<b>6,0</b>	5,6
Expected return of plan assets	<b>7,0</b>	7,0
Future salary increase	<b>8,5</b>	9,0
Future price inflation	<b>3,0</b>	3,0

### 6. Loss before tax

Loss before tax is stated after charging:

	<b>2003</b>	2002
	<b>C£</b>	C£
Directors' emoluments	<b>24.870</b>	25.839
Auditors' remuneration	<b>18.000</b>	15.000
Depreciation of property, plant and equipment	<b>1.108.862</b>	1.178.633
Loss from the sale and write-offs of property, plant and equipment	<b>57.572</b>	42.664
Operating lease rentals for immovable property	<b>318.425</b>	303.803

### 7. Tax

	<b>2003</b>	2002
	<b>C£</b>	C£
Corporation tax	-	-
Previous year's special contribution to the defence fund	<b>2.292</b>	-
Deferred tax	<b>(51.804)</b>	(20.815)
Tax and interest for previous years	-	717
	<b>(49.512)</b>	(20.098)

# Notes to the financial statements

## for the year ended 31 December 2003

As from 1 January 2003, corporation tax is calculated at a rate of 10% on taxable income. For the years 2003 and 2004, profits over C£1 million are subject to an additional tax of 5%. For the year 2002, corporation tax was calculated at a rate of 20% on taxable income up to C£40.000 and 25% on taxable income over C£40.000.

As from 1 January 2003, the defence contribution on profits has been abolished. For the year ended 31 December 2002, the contribution to the defence fund was levied at a rate of 3% on the taxable income of each six-month period.

The reconciliation of corporation tax on losses before tax based on the effective rates and the tax credit is as follows:

	<b>2003</b>	2002
	<b>C£</b>	C£
Loss before tax	<b>(3.514.475)</b>	(7.495.850)
Corporation tax based on the effective rates	<b>(351.448)</b>	(749.585)
Tax effect of:		
- Decrease in taxation rates	-	(83.024)
- Disallowable expenses	<b>157.843</b>	103.714
- Non-taxable income	<b>(112.406)</b>	(101.603)
- Unused tax losses	<b>254.207</b>	809.683
Defence contribution on debenture interest	<b>2.292</b>	-
Prior years' taxation	-	717
	<b>(49.512)</b>	(20.098)

At 31 December 2003 the Bank had tax losses carried forward amounting to C£14,8 million (2002: C£11,8 million) on which no deferred tax asset was recognised.

### 8. Loss per share

	<b>2003</b>	2002
	<b>C£</b>	C£
Loss attributable to shareholders	<b>(3.514.475)</b>	(7.475.752)
Weighted average number of shares in issue during the year	<b>15.128.151</b>	15.123.608
Loss per share (cent)	<b>(22,9)</b>	(49,4)

At 31 December 2003, there were no potentially dilutive ordinary shares. The weighted average number of shares for the year 2002 has been adjusted to reflect the new issue of shares to the staff of the Universal Group of Companies.

# Notes to the financial statements

## for the year ended 31 December 2003

### 9. Cash and balances with the Central Bank

Deposits with the Central Bank of Cyprus include the obligatory deposits for liquidity purposes which amount to C€10.498.637 (2002: C€11.383.013).

### 10. Government and other debt securities

	2003 C€	2002 C€
<b>Government and other debt securities held-to-maturity</b>		
Cyprus Government	<b>21.396.008</b>	16.453.545
Cyprus listed companies	<b>1.503.000</b>	800.000
	<b>22.899.008</b>	17.253.545
Repayable:		
- within one and three months	<b>5.396.555</b>	3.000.000
- between three months and one year	-	146.803
- between two and five years	<b>15.999.453</b>	13.306.742
- over five years	<b>1.503.000</b>	800.000
	<b>22.899.008</b>	17.253.545
Listed on the Cyprus Stock Exchange	<b>22.899.008</b>	17.253.545
Movement for the year		
1 January	<b>17.253.545</b>	14.263.707
Acquisitions	<b>8.685.255</b>	3.032.089
Redemptions	<b>(3.050.248)</b>	(50.248)
Amortisation of premium	<b>10.456</b>	7.997
31 December	<b>22.899.008</b>	17.253.545

# Notes to the financial statements for the year ended 31 December 2003

## 11. Placements with banks

	2003 C£	2002 C£
Repayable:		
- on demand	<b>4.210.988</b>	4.639.937
- within three months	<b>11.356.435</b>	4.177.082
	<b>15.567.423</b>	8.817.019

## 12. Loans and advances to customers

	2003 C£	2002 C£
Loans and other advances	<b>146.973.553</b>	132.728.807
Provision for bad and doubtful debts	<b>(20.647.438)</b>	(14.074.590)
	<b>126.326.115</b>	118.654.217

Loans and advances are repayable:

	2003 C£	2002 C£
- on demand	<b>64.450.649</b>	62.628.919
- within three months	<b>4.402.396</b>	2.360.410
- between three months and one year	<b>5.580.571</b>	7.524.733
- between one and five years	<b>27.325.835</b>	27.151.124
- over five years	<b>45.214.102</b>	33.063.621
	<b>146.973.553</b>	132.728.807

The spread of loans and advances to the various industry sectors are:

	2003 C£	2002 C£
Trade and industry	<b>14.188.392</b>	13.275.080
Tourism	<b>20.561.357</b>	14.003.545
Property and construction	<b>34.618.755</b>	33.033.267
Personal and professional	<b>72.975.639</b>	68.210.718
Other sectors	<b>4.629.410</b>	4.206.197
	<b>146.973.553</b>	132.728.807

Loans and credit facilities granted to Directors are stated in note 32.

# Notes to the financial statements

## for the year ended 31 December 2003

Credit facilities granted to the parent and fellow subsidiary company are as follows:

	Universal Life Insurance Co. Ltd C£	Universal Investments Ltd C£
<b>Credit limits</b>	-	-
Lending interest rates as at 31.12.2003	-	Base plus 1%

### Transactions:

Interest receivable and other commissions	358	10.419
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### Bank balances as at 31.12.2003:

Debit bank balances	-	-
Credit bank balances ( <i>note. 19</i> )	8.300.957	1.108

### Provision for bad and doubtful debts:

#### Year 2003

	Provision C£	Suspension of income C£	Total C£
1 January	10.635.584	3.439.006	<b>14.074.590</b>
Debts recovered	(381.762)	(203.536)	<b>(585.298)</b>
Charge for the year	3.663.579	-	<b>3.663.579</b>
Net charge for the year	3.281.817	(203.536)	<b>3.078.281</b>
Write-offs	(31.000)	-	<b>(31.000)</b>
Suspended interest for the year	-	3.525.567	<b>3.525.567</b>
Total	3.250.817	3.322.031	<b>6.572.848</b>
<b>31 December</b>	<b>13.886.401</b>	<b>6.761.037</b>	<b>20.647.438</b>

#### Year 2002

	Provision C£	Suspension of income C£	Total C£
1 January	5.114.840	870.778	<b>5.985.618</b>
Debts recovered	(74.684)	-	<b>(74.684)</b>
Charge for the year	5.595.428	-	<b>5.595.428</b>
Net charge for the year	5.520.744	-	<b>5.520.744</b>
Suspended interest for the year	-	2.568.228	<b>2.568.228</b>
Total	5.520.744	2.568.228	<b>8.088.972</b>
<b>31 December</b>	<b>10.635.584</b>	<b>3.439.006</b>	<b>14.074.590</b>

The loans and advances for which specific provision is made and interest is suspended amounted to C£46.797.153 (2002: C£34.454.490).

# Notes to the financial statements

## for the year ended 31 December 2003

Total credit facilities granted to related companies as at 31 December 2003 amounted to C£3,813,076 (2002: C£3,795,675). The total amount of provisions for bad and doubtful debts and interest suspension for credit facilities to related companies as at 31 December 2003 amounted to C£2,861,863 (2002: C£2,661,251).

### Advances and other accounts before 15 August 1974

These consist of	<b>2003</b>	2002
	<b>C£</b>	C£
Loans to third parties	<b>578.028</b>	610.806
Provisions for advances and other loan accounts before 15 August 1974	<b>(578.028)</b>	(610.806)
	<b>-</b>	-

### 13. Equity shares

<b>Available-for-sale</b>	<b>2003</b>	2002
	<b>C£</b>	C£
Listed on the Cyprus Stock Exchange	<b>132.449</b>	125.495

### 14. Investments in subsidiary companies

	<b>2003</b>	2002
	<b>C£</b>	C£
Universal Leasing and Factoring Ltd	<b>495</b>	495
Imagetech Ltd	<b>661</b>	661
	<b>1.156</b>	1.156

The above companies, which were dormant to date, are wholly owned subsidiaries of Universal Bank Ltd and are shown at cost.

# Notes to the financial statements

## for the year ended 31 December 2003

### 15. Property, plant and equipment

	Immovable property 2003 C£	Equipment 2003 C£	<b>Total 2003 C£</b>	Total 2002 C£
<b>Cost or Estimated fair value</b>				
1 January	2,540,871	2,824,098	<b>5,364,969</b>	4,736,567
Additions	62,184	187,466	<b>249,650</b>	777,887
Disposals/write-offs	(92,055)	(1,010)	<b>(93,065)</b>	(149,485)
Revaluation	669,879	-	<b>669,879</b>	-
Reversal of depreciation due to revaluation	(214,603)	-	<b>(214,603)</b>	-
31 December	<u>2,966,276</u>	<u>3,010,554</u>	<b><u>5,976,830</u></b>	<u>5,364,969</u>
<b>Depreciation</b>				
1 January	470,187	1,337,217	<b>1,807,404</b>	1,280,369
Charge for the year	189,939	500,138	<b>690,077</b>	640,893
Disposals/write-offs	(34,454)	(959)	<b>(35,413)</b>	(113,858)
Reversal of depreciation due to revaluation	(214,603)	-	<b>(214,603)</b>	-
31 December	<u>411,069</u>	<u>1,836,396</u>	<b><u>2,247,465</u></b>	<u>1,807,404</u>
<b>Net book value</b>	<u>2,555,207</u>	<u>1,174,158</u>	<b><u>3,729,365</u></b>	<u>3,557,565</u>

Provision has been made for the total net book value of the immovable property situated in the areas controlled by the Turkish occupation forces amounting to C£25,092.

Immovable property was revalued in November 2003 based on valuations carried out by an independent qualified surveyor. The net book value of immovable property as at 31 December 2003 based on historic cost less accumulated depreciation would be C£1,920,277.



# Notes to the financial statements

## for the year ended 31 December 2003

### 16. Intangible assets

	Goodwill on leasehold property 2003 C£	Computer Software 2003 C£	<b>Total</b> <b>2003</b> <b>C£</b>	Total 2002 C£
<b>Cost</b>				
1 January	50.000	2.317.216	<b>2.367.216</b>	2.181.967
Additions	-	208.434	<b>208.434</b>	294.836
Disposals	-	-	-	(109.587)
31 December	50.000	2.525.650	<b>2.575.650</b>	2.367.216
<b>Depreciation</b>				
1 January	8.330	1.491.909	<b>1.500.239</b>	1.064.101
Charge for the year	7.140	411.645	<b>418.785</b>	537.740
Disposals	-	-	-	(101.602)
31 December	15.470	1.903.554	<b>1.919.024</b>	1.500.239
<b>Net book value</b>	34.530	622.096	<b>656.626</b>	866.977

### 17. Other assets

	<b>2003</b> <b>C£</b>	2002 C£
Other debtors	<b>265.652</b>	345.066
Corporation tax receivable	<b>176.415</b>	176.415
Net prepayment to retirement fund ( <i>note. 5</i> )	<b>986.629</b>	1.677.487
	<b>1.428.696</b>	2.198.968

Other debtors include an amount of C£70.000 (2002: C£100.000), which is receivable from a related company of the Universal Group of Companies, and represents a receivable for the transfer of the Bank's investment in Spidetrade Limited to that company in 2001.

### 18. Prepayments and accrued income

	<b>2003</b> <b>C£</b>	2002 C£
Accrued interest receivable	<b>1.724.131</b>	1.556.219
Prepaid fees	<b>20.909</b>	196.636
	<b>1.745.040</b>	1.752.855

# Notes to the financial statements

## for the year ended 31 December 2003

### 19. Customer deposits

	2003	2002
	C£	C£
Deposits of parent company	<b>8.300.957</b>	10.702.272
Deposits of fellow subsidiary companies	<b>356.917</b>	679.705
Deposits of related companies	<b>188.206</b>	360.449
Other customer deposits	<b>167.168.427</b>	146.319.897
	<b>176.014.507</b>	158.062.323

	2003	2002
	C£	C£
Repayable:		
- on demand	<b>52.161.747</b>	46.130.227
- within three months	<b>41.209.812</b>	26.845.576
- between three months and one year	<b>80.596.948</b>	85.086.520
- between one and five years	<b>2.046.000</b>	-
	<b>176.014.507</b>	158.062.323

Except for the deposits of the parent and subsidiary companies shown above, there were no other material transactions between the Bank and the above-mentioned companies.

The following amounts represent interest paid on the balances of the parent, fellow subsidiary and related companies. Interest is calculated daily at 4,0% (2002: 4,5%) on credit balances.

	2003	2002
	C£	C£
Parent company - Universal Life Insurance Company Ltd	<b>199.697</b>	352.708
Fellow subsidiary - Universal Life (ΕΛΛΑΣ) A.A.E.Z.	<b>7.914</b>	9.732
Fellow subsidiary - Universal Financial Services Ltd	<b>14.495</b>	25.512
Fellow subsidiary - Universal Investments Ltd ( <i>note. 12</i> )	<b>97</b>	-
Fellow subsidiary - Universal Investments Ltd	<b>69</b>	8
Fellow subsidiary - Universal Nominees Ltd	<b>143</b>	1.581
Fellow subsidiary - Universal Securities Ltd	<b>14.395</b>	20.065
Related Company - Spidertrade Ltd		

The Bank is entitled to legal protection according to the Debtors Relief (Temporary provisions) Laws of 1979 to 1995, as a displaced and affected legal entity. However, on 15 December 1998 the Bank released all pre-15 August frozen 1974 deposits amounting to C£420.846 in favour of the Bank's depositors. The equivalent amount as at 31 December 2003 amounted to C£105.232 (2002: C£106.800). Due to the fact that the above amount consists of a large number of small deposit accounts and the likelihood of demand is minimal, on 24 December 2000 the Board of Directors decided to transfer the amount of C£137.130 to the Income Statement and in case of demand of these deposits to debit the Income Statement accordingly. During the year 2003 the Bank repaid pre-1974 frozen deposits amounting to C£1.568 by debiting the Income Statement.

# Notes to the financial statements

## for the year ended 31 December 2003

### 20. Other liabilities

	2003	2002
	C£	C£
Sundry creditors	195.163	490.925
Deferred tax	21.742	-
Other liabilities	29.873	19.137
	<b>246.778</b>	<b>510.062</b>

The deferred tax balance is represented by:

	2003	2002
	C£	C£
Temporary differences between wear and tear allowances and depreciation	66.471	81.123
Property revaluation	73.546	-
Provision for bad and doubtful debts	(44.500)	(32.500)
Tax losses carried forward	(73.775)	(48.623)
	<b>21.742</b>	<b>-</b>

### 21. Accruals

	2003	2002
	C£	C£
Bills payable	1.287.796	675.634
Accrued interest	2.200.177	2.362.825
Other accruals	450.788	429.582
	<b>3.938.761</b>	<b>3.468.041</b>

### 22. Subordinated Loan Stock

	2003	2002
	C£	C£
Debentures 2003/2008	<b>8.000.000</b>	-

On 25 July 2003 the Bank issued debentures amounting to C£8.000.000 with duration of five (5) years maturing on 25 July 2008. These are non-secured and are included in the direct, non-secure subordinated liabilities of the Bank. Interest is paid twice per year, on 30 June and 31 December. The debentures carry a variable interest rate equal to the weighted average of the basic interest rate of the Central Bank of Cyprus (Lombard rate) for Cyprus pounds that was in effect during the previous interest rate period (i.e. the previous six month period), plus 1,50%. The Bank can, if it chooses to do so, buy the total amount of debentures back, or it can partially buy them back at their nominal value plus any interest accrued with six months of notice, subject to approval by the Central Bank of Cyprus.

# Notes to the financial statements

## for the year ended 31 December 2003

### 23. Share Capital

	2003 No. of Shares	2003 C£	2002 No. of Shares	2002 C£
<b>AUTHORISED</b>				
Fully paid shares	50.000.000	50.000.000	50.000.000	50.000.000
<b>ISSUED</b>				
<b>Fully paid shares</b>				
Balance at 1 January	15.128.151	15.128.151	15.109.520	15.109.520
Issued during the year	-	-	18.631	18.631
<b>Balance at 31 December</b>	<b>15.128.151</b>	<b>15.128.151</b>	15.128.151	15.128.151
<b>Total issued share capital</b>	<b>15.128.151</b>	<b>15.128.151</b>	15.128.151	15.128.151

Following an Extraordinary General Meeting decision dated 21 June 2000, the Board of Directors was authorised to issue and allot new shares of nominal value C£1 each to the members of staff of the Universal Group of Companies on such terms and conditions that the issue would constitute a motivational tool for their productivity and loyalty to the Group. No rights were exercised for the third issue, which took place in 2003 until the predetermined date.

### 24. Contingent liabilities and commitments

	2003 C£	2002 C£
<i>Contingent liabilities</i>		
Acceptances and endorsements	191.188	124.376
Guarantees	9.554.242	9.602.325
	<b>9.745.430</b>	9.726.701
<i>Commitments</i>		
Documentary credits	506.885	1.117.236
Undrawn formal standby facilities, credit lines and other commitments to lend	6.674.526	8.081.987
	<b>7.181.411</b>	9.199.223

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer in the event that the customer does not honour payment. Most acceptances are expected to be presented for payment, but reimbursement by the customer is normally immediate.

Endorsements are residual liabilities in respect of bills of exchange, which have been discounted by a bank and subsequently rediscounted.

Guarantees are generally written by a bank to support the performance of a customer to third parties. As the bank will only be required to meet obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

# Notes to the financial statements

## for the year ended 31 December 2003

Prior to 15 August 1974, the Bank provided guarantees to third parties on behalf of customers including previous members of the Board of Directors, which amounted to C£72.125. In the event of this liability being crystallised, the Bank will be entitled to protection under the provisions of the Debtors Relief (Temporary Provisions) Laws of 1979.

Documentary credits commit the bank to make payments to third parties on production of documents and provided that the terms of the documentary credits are satisfied. The repayment by the customer is usually immediate.

Commitments to lend are agreements to lend to a customer in the future subject to certain conditions. Such commitments are made for fixed period and are cancellable by the bank subject to notice requirements.

### Capital Commitments

Commitments for contracted capital expenditure for the Bank amount to C£86.100 (2002: C£518.984).

### Pre-15 August 1974 frozen deposits

The Bank has the obligation to repay the pre-15 August 1974 frozen deposits whose balance as at 31 December 2003 amounted to C£105.232 (2002: C£106.800).

### Litigation

There are no claims or assessments against the Bank the outcome of which would have a material effect on the Bank's financial position and operations.

## 25. Operating Leases

Commitments under operating leases are as follows:

	2003	2002
	C£	C£
Operating leases which expire:		
- within one year	<b>318.340</b>	303.803
- between one and five years	<b>328.761</b>	327.829
- after five years	-	-
	<b>647.101</b>	631.632

The Bank's commitments under operating leases depend on the provisions of the relevant operating lease agreements. These agreements contain provisions for future adjustments on the lease amounts. In addition to the above, on the expiration of the lease period the Bank has the right for renewal.

## 26. Risk Management

### Credit risk

Credit risk is the risk of a person or an organisation defaulting in the repayment of their obligations to the Bank in respect of the credit facilities granted to them by the Bank. The Bank minimises this risk by spreading its loan portfolio over all economic sectors and by adopting appropriate procedures and controls to evaluate the quality of the credit facilities granted. The credit risk of connected accounts is monitored on a unified basis. In addition, the effective credit appraisal procedure for examining applications for credit facilities followed by the Bank adopts as the main criteria the repayment capability and obtaining sufficient collateral and the continuous monitoring of credit accounts and the timely preventive action further minimise to a large extent, the exposure to credit risk. In addition, the Bank maintains sufficient provisions for potential losses from doubtful debts, the level of which is evaluated by the Central Bank of Cyprus in its annual inspection.

# Notes to the financial statements

## for the year ended 31 December 2003

### Risk Management (continued)

#### Interest rate risk - 2002

Analysis of assets and liabilities as at 31 December 2003, according to their repricing or maturity date:

	On demand and up to one month	Between one and three months	Between three months and one year	Between one and five years	Over five years	Non-interest bearing	Total
	C£	C£	C£	C£	C£	C£	C£
<b>Assets</b>							
Cash and balances with the Central Bank	24.450.326	-	2.400.332	-	-	2.197.902	<b>29.048.560</b>
Government and other debt securities	5.396.555	-	-	15.999.453	1.503.000	-	<b>22.899.008</b>
Placements with banks	15.567.423	-	-	-	-	-	<b>15.567.423</b>
Loans and advances to customers	125.792.275	-	-	533.840	-	-	<b>126.326.115</b>
Equity shares	-	-	-	-	-	132.449	<b>132.449</b>
Investments in subsidiary companies	-	-	-	-	-	1.156	<b>1.156</b>
Property, plant and equipment and intangible assets	-	-	-	-	-	4.385.991	<b>4.385.991</b>
Other assets	-	-	-	-	-	1.428.696	<b>1.428.696</b>
Prepayments and accrued income	-	-	-	-	-	1.745.040	<b>1.745.040</b>
<b>Total Assets</b>	<b>171.206.579</b>	<b>-</b>	<b>2.400.332</b>	<b>16.533.293</b>	<b>1.503.000</b>	<b>9.891.234</b>	<b>201.534.438</b>
<b>Liabilities</b>							
Amounts due to banks	-	-	-	-	-	-	-
Customer deposits	96.159.099	23.345.439	54.463.969	2.046.000	-	-	<b>176.014.507</b>
Other liabilities	-	-	-	-	-	246.778	<b>246.778</b>
Accruals	1.287.796	-	-	-	-	2.650.965	<b>3.938.761</b>
<b>Total liabilities</b>	<b>97.446.895</b>	<b>23.345.439</b>	<b>54.463.969</b>	<b>2.046.000</b>	<b>-</b>	<b>2.897.743</b>	<b>180.200.046</b>
<b>Loan Capital</b>	<b>-</b>	<b>-</b>	<b>8.000.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.000.000</b>
<b>Net position</b>	<b>73.759.684</b>	<b>(23.345.439)</b>	<b>(60.063.637)</b>	<b>14.487.293</b>	<b>1.503.000</b>	<b>6.993.491</b>	<b>13.334.392</b>

Interest rate risk is the Bank's exposure to adverse movements in the interest rates. It arises as a result of timing differences on the repricing of assets and liabilities. The Bank's management closely monitors interest rate movements.

# Notes to the financial statements

## for the year ended 31 December 2002

### Risk Management (continued)

#### Interest rate risk - 2002

Analysis of assets and liabilities as at 31 December 2002, according to their repricing or maturity date:

	On demand and up to one month	Between one and three months	Between three months and one year	Between one and five years	Over five years	Non-interest bearing	Total
	C£	C£	C£	C£	C£	C£	C£
<b>Assets</b>							
Cash and balances with the Central Bank	21.651.542	546.836	2.666.914	-	-	1.197.625	<b>26.062.917</b>
Government and other debt securities	3.146.803	-	-	13.306.742	800.000	-	<b>17.253.545</b>
Placements with banks	8.817.019	-	-	-	-	-	<b>8.817.019</b>
Loans and advances to customers	118.426.973	-	-	227.244	-	-	<b>118.654.217</b>
Equity shares	-	-	-	-	-	125.495	<b>125.495</b>
Investments in subsidiary companies	-	-	-	-	-	1.156	<b>1.156</b>
Property, plant and equipment and intangible assets	-	-	-	-	-	4.424.542	<b>4.424.542</b>
Other assets	-	-	-	-	-	2.198.968	<b>2.198.968</b>
Prepayments and accrued income	-	-	-	-	-	1.752.855	<b>1.752.855</b>
<b>Total Assets</b>	<b>152.042.337</b>	<b>546.836</b>	<b>2.666.914</b>	<b>13.533.986</b>	<b>800.000</b>	<b>9.700.641</b>	<b>179.290.714</b>
<b>Liabilities</b>							
Amounts due to banks	1.007.700	-	-	-	-	-	<b>1.007.700</b>
Customer deposits	43.539.166	26.828.813	78.458.326	-	-	9.236.018	<b>158.062.323</b>
Other liabilities	-	-	-	-	-	510.062	<b>510.062</b>
Accruals	675.634	-	-	-	-	2.792.407	<b>3.468.041</b>
<b>Total liabilities</b>	<b>45.222.500</b>	<b>26.828.813</b>	<b>78.458.326</b>	<b>-</b>	<b>-</b>	<b>12.538.487</b>	<b>163.048.126</b>
<b>Net position</b>	<b>106.819.837</b>	<b>(26.281.977)</b>	<b>(75.791.412)</b>	<b>13.533.986</b>	<b>800.000</b>	<b>(2.837.846)</b>	<b>16.242.588</b>

# Notes to the financial statements

## for the year ended 31 December 2003

### Risk Management (continued)

#### Currency risk - 2003

Analysis of assets and liabilities as at 31 December 2003 by currency:

	CYP C£	EURO C£	USD C£	GBP C£	OTHER C£	Total C£
<b>Assets</b>						
Cash and balances						
with the Central Bank	13.562.252	2.779.831	6.713.665	5.974.584	18.228	<b>29.048.560</b>
Government and						
other debt securities	22.899.008	-	-	-	-	<b>22.899.008</b>
Placements with banks	12.455.835	974.872	1.277.910	731.047	127.759	<b>15.567.423</b>
Loans and advances						
to customers	126.211.158	-	-	114.957	-	<b>126.326.115</b>
Equity shares	132.449	-	-	-	-	<b>132.449</b>
Investments in						
subsidiary companies	1.156	-	-	-	-	<b>1.156</b>
Property, plant and						
equipment and intangible						
assets	4.385.991	-	-	-	-	<b>4.385.991</b>
Other assets	1.428.696	-	-	-	-	<b>1.428.696</b>
Prepayments and						
accrued						
income	1.724.131	-	20.909	-	-	<b>1.745.040</b>
<b>Total Assets</b>	<b>182.800.676</b>	<b>3.754.703</b>	<b>8.012.484</b>	<b>6.820.588</b>	<b>145.987</b>	<b>201.534.438</b>
<b>Liabilities</b>						
Amounts due to banks	-	-	-	-	-	-
Customer deposits	157.628.822	3.570.650	7.889.911	6.844.476	80.648	<b>176.014.507</b>
Other liabilities	246.778	-	-	-	-	<b>246.778</b>
Accruals	3.902.983	325	416	35.037	-	<b>3.938.761</b>
<b>Total liabilities</b>	<b>161.778.583</b>	<b>3.570.975</b>	<b>7.890.327</b>	<b>6.879.513</b>	<b>80.648</b>	<b>180.200.046</b>
<b>Off-balance sheet items</b>	<b>8.000.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.000.000</b>
<b>Net position</b>	<b>13.022.093</b>	<b>183.728</b>	<b>122.157</b>	<b>(58.925)</b>	<b>65.339</b>	<b>13.334.392</b>

This risk is derived from adverse movements in the level of interest rates, in the rates of exchange between currencies and the current prices of securities and other financial contracts. Accordingly, these movements may affect the Bank's profitability.

Currency risk results from the fact that the Bank maintains deposits in foreign currencies. In order to hedge against this risk the Bank maintains the equivalent foreign currency position, as deposits, with other banks. The net 'open' position in any currency is monitored on a continuous basis by the management of the Bank.



# Notes to the financial statements

## for the year ended 31 December 2003

### Risk Management (continued)

#### Currency risk - 2002

Analysis of assets and liabilities as at 31 December 2002 by currency:

	CYP C£	EURO C£	USD C£	GBP C£	OTHER C£	Total C£
<b>Assets</b>						
Cash and balances						
with the Central Bank	12.574.527	2.245.139	6.479.430	4.751.106	12.715	<b>26.062.917</b>
Government and						
other debt securities	17.253.545	-	-	-	-	<b>17.253.545</b>
Placements with banks	7.275.338	103.341	1.223.721	185.154	29.465	<b>8.817.019</b>
Loans and advances						
to customers	118.629.217	-	25.000	-	-	<b>118.654.217</b>
Equity shares	125.495	-	-	-	-	<b>125.495</b>
Investments in						
subsidiary companies	1.156	-	-	-	-	<b>1.156</b>
Property, plant and						
equipment and						
intangible assets	4.424.542	-	-	-	-	<b>4.424.542</b>
Other assets	2.198.968	-	-	-	-	<b>2.198.968</b>
Prepayments and						
accrued income	1.657.159	-	95.696	-	-	<b>1.752.855</b>
<b>Total Assets</b>	<b>164.139.947</b>	<b>2.348.480</b>	<b>7.823.847</b>	<b>4.936.260</b>	<b>42.180</b>	<b>179.290.714</b>
<b>Liabilities</b>						
Amounts due to banks	404.521	603.179	-	-	-	<b>1.007.700</b>
Customer deposits	143.026.595	2.323.392	7.804.251	4.907.975	110	<b>158.062.323</b>
Other liabilities	510.062	-	-	-	-	<b>510.062</b>
Accruals	3.468.041	-	-	-	-	<b>3.468.041</b>
<b>Total liabilities</b>	<b>147.409.219</b>	<b>2.926.571</b>	<b>7.804.251</b>	<b>4.907.975</b>	<b>110</b>	<b>163.048.126</b>
<b>Off-balance sheet items</b>						
<b>Net position</b>	<b>16.730.728</b>	<b>(578.091)</b>	<b>19.596</b>	<b>28.285</b>	<b>42.070</b>	<b>16.242.588</b>

# Notes to the financial statements

## for the year ended 31 December 2003

### Risk Management (continued)

#### Liquidity Risk - 2003

Analysis of assets and liabilities as at 31 December 2003 according to their maturity:

	On demand and up to one month	Between one and three months	Between three months and one year	Between one and five years	Over five years	Total
	€	€	€	€	€	€
<b>Assets</b>						
Cash and balances with the Central Bank	16.149.591	-	2.400.332	-	10.498.637	<b>29.048.560</b>
Government and other debt securities	5.396.555	-	-	15.999.453	1.503.000	<b>22.899.008</b>
Placements with banks	15.529.997	37.426	-	-	-	<b>15.567.423</b>
Loans and advances to customers	43.803.211	4.402.396	5.580.571	27.859.675	44.680.262	<b>126.326.115</b>
Equity shares	132.449	-	-	-	-	<b>132.449</b>
Investments in subsidiary companies	-	-	-	-	1.156	<b>1.156</b>
Property, plant and equipment and intangible assets	-	-	-	-	4.385.991	<b>4.385.991</b>
Other assets	195.652	-	70.000	1.163.044	-	<b>1.428.696</b>
Prepayments and accrued income	-	-	1.729.356	15.684	-	<b>1.745.040</b>
<b>Total Assets</b>	<b>81.207.455</b>	<b>4.439.822</b>	<b>9.780.259</b>	<b>45.037.856</b>	<b>61.069.046</b>	<b>201.534.438</b>
<b>Liabilities</b>						
Amounts due to banks	-	-	-	-	-	-
Customer deposits	52.161.747	41.209.812	80.596.948	2.046.000	-	<b>176.014.507</b>
Other liabilities	41.050	-	183.986	21.742	-	<b>246.778</b>
Accruals	1.459.951	1.084.340	1.394.470	-	-	<b>3.938.761</b>
<b>Total liabilities</b>	<b>53.662.748</b>	<b>42.294.152</b>	<b>82.175.404</b>	<b>2.067.742</b>	<b>-</b>	<b>180.200.046</b>
<b>Loan Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.000.000</b>	<b>-</b>	<b>8.000.000</b>
<b>Net position</b>	<b>27.544.707</b>	<b>(37.854.330)</b>	<b>(72.395.145)</b>	<b>34.970.114</b>	<b>61.069.046</b>	<b>13.334.392</b>

Liquidity risk is the risk that the required deposits may not cover current cash obligations of the Bank. In order to adequately cover these obligations as well as to be able to provide finance to its customers, continuous cash inflow is essential for the Bank. For the improvement of such inflows the Bank closely monitors its deposits as well as the approved credit facilities not drawn by its customers. The Bank's objective is to provide banking services to a wide range of customers in order to avoid its dependence on a small number of customers as well as the risk of mass withdrawals.

# Notes to the financial statements

## for the year ended 31 December 2003

The correlation of the maturities of the Bank's assets to its liabilities is very important to the Bank's management. Full correlation is very unlikely for banking organisations due to the variety of products offered and the terms of lending facilities granted and deposits.

The maturity dates of assets and liabilities and the ability to replace, at an acceptable cost, the interest-bearing liabilities upon their maturity are important factors for the Bank's liquidity risk management.

The Bank closely monitors the rate of repayment and replacement of its interest-bearing liabilities, as well as the approved credit facilities not drawn by its customers, so as to avoid the risk that arises from the simultaneous maturity of a high amount of deposits not replaced.

### Liquidity Risk - 2002

Analysis of assets and liabilities as at 31 December 2002 according to their maturity:

	On demand and up to one month	Between one and three months	Between three months and one year	Between one and five years	Over five years	Total
	€	€	€	€	€	€
<b>Assets</b>						
Cash and balances with the Central Bank	11.466.154	546.836	2.666.914	-	11.383.013	<b>26.062.917</b>
Government and other debt securities	3.146.803	-	-	13.306.742	800.000	<b>17.253.545</b>
Placements with banks	5.220.196	3.596.823	-	-	-	<b>8.817.019</b>
Loans and advances to customers	48.554.329	2.360.410	7.524.733	27.151.124	33.063.621	<b>118.654.217</b>
Equity shares	125.495	-	-	-	-	<b>125.495</b>
Investments in subsidiary companies	-	-	-	-	1.156	<b>1.156</b>
Property, plant and equipment and intangible assets	-	-	-	-	4.424.542	<b>4.424.542</b>
Other assets	245.727	-	100.000	1.853.241	-	<b>2.198.968</b>
Prepayments and accrued income	120.046	399.031	1.233.778	-	-	<b>1.752.855</b>
<b>Total Assets</b>	<b>68.878.750</b>	<b>6.903.100</b>	<b>11.525.425</b>	<b>42.311.107</b>	<b>49.672.332</b>	<b>179.290.714</b>
<b>Liabilities</b>						
Amounts due to banks	1.007.700	-	-	-	-	<b>1.007.700</b>
Customer deposits	46.130.227	26.845.576	85.086.520	-	-	<b>158.062.323</b>
Other liabilities	317.213	-	192.849	-	-	<b>510.062</b>
Accruals	1.290.228	866.897	1.310.916	-	-	<b>3.468.041</b>
<b>Total liabilities</b>	<b>48.745.368</b>	<b>27.712.473</b>	<b>86.590.285</b>	<b>-</b>	<b>-</b>	<b>163.048.126</b>
<b>Net position</b>	<b>20.133.382</b>	<b>(20.809.373)</b>	<b>(75.064.860)</b>	<b>42.311.107</b>	<b>49.672.332</b>	<b>16.242.588</b>

# Notes to the financial statements for the year ended 31 December 2003

## 27. Net cash flows from operating activities

	2003 C£	2002 C£
Loss before tax	<b>(3.514.475)</b>	(7.495.850)
Provision for bad and doubtful debts	<b>3.281.817</b>	5.520.744
Depreciation of property, plant and equipment	<b>1.108.862</b>	1.178.633
Amortisation of prepaid expenses	<b>165.267</b>	508.748
Loss on the sale and write off of property, plant and equipment	<b>57.572</b>	42.664
Dividend income	<b>(1.566)</b>	(1.560)
Interest on Government and other debt securities	<b>(1.137.833)</b>	(1.005.504)
Interest on loan capital	<b>220.433</b>	-
Impairment of investments available-for-sale	<b>3.650</b>	44.672
	<b>183.727</b>	(1.207.453)
Decrease in Government and other debt securities held-to-maturity	<b>(3.248.908)</b>	10.162
Increase in loans and advances to customers	<b>(10.953.714)</b>	(19.366.755)
Decrease in other assets, prepayments and accrued income	<b>612.819</b>	1.212.010
Increase in customer deposits	<b>17.952.184</b>	23.863.336
(Decrease)/Increase in other liabilities	<b>(287.624)</b>	148.634
Increase in accruals	<b>470.720</b>	583.317
	<b>4.729.204</b>	5.243.251
Taxes paid	-	(20.830)
	<b>4.729.204</b>	5.222.421

## 28. Cash and cash equivalents

	2003 C£	2002 C£
Deposits with the Central Bank of Cyprus	<b>29.048.560</b>	26.062.917
Government and other debt securities	<b>5.396.555</b>	3.000.000
Cash and deposits with other banks repayable within three months	<b>15.567.423</b>	8.817.019
	<b>50.012.538</b>	37.879.936
	<b>2003 C£</b>	<b>2002 C£</b>
Balance at 1 January	<b>37.879.936</b>	31.750.277
Net increase in cash and cash equivalents	<b>12.132.602</b>	6.129.659
	<b>50.012.538</b>	37.879.936

# Notes to the financial statements

## for the year ended 31 December 2003

### 29. Fair value of financial instruments

The Management of the Bank is of the opinion that the fair value of financial instruments is equal to their carrying value. Most of the assets and liabilities are short-term or are stated at current market values and therefore, their fair value is equal to their carrying value as shown in the Balance Sheet.

The fair value of loans and advances to customers is equal to the value shown in the Balance Sheet net of provisions for bad and doubtful debts.

### 30. Directors' interest in the share capital of the Bank

The beneficial interest in the share capital of the Bank of each of the Directors, their spouses and minor children, and of companies in which they hold, directly or indirectly, at least 20% of the voting shares, at 31 December 2003 and 22 March 2004, is stated below:

	Percentage 31.12.2003	Percentage 22.3.2004
	%	%
G. Syrimis	0,15	0,15
A. Georghiou	0,84	0,84
E. Pantelides	2,49	2,49
M. Michaelides	0,03	0,03
I. Vavlitis	1,91	1,91
M. Cleopas	0,38	0,38
P. Photiades	0,30	0,30
S. Solomides	N/A	0

### 31. Shareholders who hold more than 5% of the share capital of the Bank

The shareholders who held more than 5% of the share capital of the Bank at 22 March 2004 were:

Universal Life Insurance Company Limited	61,06%
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# Notes to the financial statements

## for the year ended 31 December 2003

### 32. Transactions with Directors

The analysis of loans and other advances, unutilised limits, and guarantees to members of the Board of Directors and connected persons during the year 31 December 2003 was as follows:

	Number of Directors	Loans and other advances C£	Unutilised facility limits C£	Guarantees C£
More than 1% of the net assets of the Bank, per Director	3	6.009.309	169.634	163.889
Less than 1% of the net assets of the Bank, per Director	4	274.902	176.352	1.000
<b>Total</b>	<b>7</b>	<b>6.284.211</b>	<b>345.986</b>	<b>164.889</b>

Connected persons include spouses, minor children and companies in which a Director holds, directly or indirectly, at least 20% of the voting shares.

### 33. Agreements with major shareholder

Except for the disclosures in the notes 12 and 19 to the Financial Statements, at the date of the Annual Report there were no other agreements between the Bank and its major shareholder.

# Auditors' Report

## to the members of Universal Bank Limited

### Report on the Financial Statements

1. We have audited the financial statements of Universal Bank Limited on pages 7 to 37, which comprise the balance sheet as at 31 December 2003, the income statement, statement of changes in equity and cash flow statement for the year then ended, and the related notes. These financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to the Company's members, as a body, in accordance with Section 156 of the Cyprus Companies Law, Cap. 113. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

2. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. In our opinion, the financial statements give a true and fair view of the financial position of Universal Bank Limited as of 31 December 2003 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Law, Cap. 113.

### Report on other legal requirements

4. Pursuant to the requirements of Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we have considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given by the Board of Directors on page 6 is consistent with the financial statements.

Ernst & Young  
Chartered Accountants

Nicosia, 31 March 2004.

# Main offices, Addresses and Banking Centers

## **HEAD OFFICE**

85 Digeni Akrita Ave.  
Universal Tower, 6th floor,  
1070 Nicosia  
Telephone: 77777333  
Fax: 22-875899

## **POSTAL ADDRESS:**

P.O.Box 28510  
2080 Nicosia

## **GENERAL MANAGER'S OFFICE**

85 Digeni Akrita Ave.  
Universal Tower, 6th floor,  
1070 Nicosia  
Telephone: 22-883311  
Fax: 22-883355

## **GENERAL INSPECTION**

39 Corner Poulidou & Kapota Str. & Ay. Andrea Str.,  
Pallouriotissa  
1040 Nicosia  
Telephone: 22-877247  
Fax: 22-730410

## **CREDIT MANAGEMENT**

85 Dhigeni Akrita Ave.,  
Universal Tower, 6th floor,  
1070 Nicosia  
Telephone: 22-883393  
Fax: 22-458367

## **BANKING OPERATIONS & INFORMATION TECHNOLOGY**

6 Demetsanis Str.,  
1070 Nicosia  
Telephone: 22-883320  
Fax: 22-762942

## **FINANCIAL SERVICES**

6 Demetsanis Str.,  
1070 Nicosia  
Telephone: 22-883321  
Fax: 22-452056

## **LEGAL SERVICES**

12-14 Kennedy Ave.,  
1087 Nicosia  
Telephone: 22-883888  
Fax: 22-754388

## **CREDIT RISK ADMINISTRATION**

12-14 Kennedy Ave.,  
1087 Nicosia  
Telephone: 22-883651  
Fax: 22-754381



# Main offices, Addresses and Banking Centers

## **TREASURY DEPARTMENT**

6 Demetsanis Str.,  
1070 Nicosia  
Telephone: 22-883338  
Fax: 22-452056

## **SHARES AND BONDS DEPARTMENT**

12-14 Kennedy Ave.,  
1087 Nicosia  
Telephone: 22-883700  
Fax: 22-754388

## **CUSTODIAN SERVICES**

12-14 Kennedy Ave.,  
1087 Nicosia  
Telephone: 22-883637  
Fax: 22-754388

## **CORPORATE UNIT**

12-14 Kennedy Ave.,  
1087 Nicosia  
Telephone: 22-883652  
Fax: 22-754383

## **BANK CARD CENTRE**

39 Corner Poulidou & Kapota Str. & Ay. Andrea Str.,  
Pallouriotissa  
1040 Nicosia  
Telephone: 22-877246  
Fax: 22-73040

## **REGIONAL MANAGEMENT, NICOSIA**

85 Dhigeni Akrita Ave.,  
1070 Nicosia  
Telephone: 22-883395  
Fax: 22-763863

## **CENTRAL SERVICES:**

### **CORRESPONDENT BANKING UNIT**

### **SWIFT DEPARTMENT**

### **TRADE SERVICES**

### **INTERNATIONAL CUSTOMER SERVICES**

12-14 Kennedy Ave.,  
1087 Nicosia  
Telephone: 22-817130  
Fax: 22-767175

## **PROCESSING CENTRE**

6 Demetsanis Str.,  
1070 Nicosia  
Telephone: 22-819898  
Fax: 22-875899

## **CREDIT SERVICES, NICOSIA**

12-14 Kennedy Ave.,  
1087 Nicosia  
Telephone: 22-883602  
Fax: 22-754377  
Telephone: 22-883602

# Main offices, Addresses and Banking Centers

## **BANKING BRANCHES, NICOSIA REGION**

### **KENNEDY BRANCH**

12-14 Kennedy Ave.,  
1087 Nicosia  
Telephone: 22-883600  
Fax: 22-754387

### **STROVOLOS BRANCH**

364 Troodos Ave.,  
2052 Strovolos  
Telephone: 22-327222  
Fax: 22-321733

### **UNIVERSAL TOWER BRANCH**

85 Dhigeni Akrita Ave.,  
1070 Nicosia  
Telephone: 22-883341  
Fax: 22-458753

### **MAKEDONITISSA BRANCH**

25 Elia Papakyriacou Str.,  
2415 Makedonitissa, Engomi  
Telephone: 22-819870  
Fax: 22-356388

### **PALLOURIOTISSA BRANCH**

39 Corner Poulidou & Kapota Str. & Ay. Andrea Str.,  
Pallouriotissa  
1040 Nicosia  
Telephone: 22-877244  
Fax: 22-730410

### **METOCHIOU SUB-BRANCH**

57A Metochiou Str.,  
King Complex,  
Ay. Andreas  
1101 Nicosia  
Telephone: 22-459010  
Fax: 22-459032

### **MAKARIOU SUB-BRANCH**

101 Arch. Makarios III Ave.,  
1071 Nicosia  
Telephone: 22-875600  
Fax: 22-766105

## **REGIONAL MANAGEMENT LEMESOS/PAFOS**

Corner Ap. Pavlou & Nicodemou Mylona  
Paphos  
Telephone: 26-818550  
Fax: 26-818552

## **POSTAL ADDRESS**

P.O.Box 62185  
8061 Paphos

# Main offices, Addresses and Banking Centers

## **BANKING BRANCHES, LEMESOS**

### **MAKARIOU & LEONTIOU BRANCH**

Corner Makariou Str. and Leontiou Str.,  
3020 Lemesos  
Telephone: 25-822929  
Fax: 25-822882

### **KOLONAKI BRANCH**

20 Kolonakiou Str., Shop D  
Ay. Athanasios,  
4103 Lemesos  
Telephone: 25-430222  
Fax: 25-430305

### **OMONIAS BRANCH**

11 Omonias Ave.,  
3820 Lemesos  
Telephone: 25-819724  
Fax: 25-819730

## **BANKING BRANCHES, PAPHOS**

### **GR. DHIGENI BRANCH**

20 Griva Dhigeni Ave.,  
8061 Paphos  
Telephone: 26-941777  
Fax: 26-944120

### **EV. PALLIKARIDES BRANCH**

121 Evagora Pallikaride Ave.,  
8010 Paphos  
Telephone: 26-819111  
Fax: 26-911450

### **TOMBS OF THE KINGS BRANCH**

21 Tombs of the Kings Ave.,  
Diana Court 3, Shop 8  
8046 Kato Paphos  
Telephone: 26-811866  
Fax: 26-811871

# Main offices, Addresses and Banking Centers

## **REGIONAL MANAGEMENT AMMOCHOSTOS/LARNAKA**

129, 1st April Ave.,  
6030 Paralimni  
Telephone: 23-812266  
Fax: 23-812261

## **BANKING BRANCHES AMMOCHOSTOS**

### **PARALIMNI BRANCH**

129, 1st April Ave.,  
6030 Paralimni  
Telephone: 23-812255  
Fax: 23-812260

### **AYIA NAPA SUB-BRANCH**

21 Ayias Mavris Str.,  
5330 Ayia Napa  
Telephone: 23-819260  
Fax: 23-724055

### **PROTARAS SUB-BRANCH**

Akinita Machattou & Lianou Str., Shop No. 4  
5288 Protaras  
Telephone: 23-819442  
Fax: 23-833577

## **BANKING BRANCHES LARNACA**

### **GLADSTONOS BRANCH**

1 Gladstonos Ave., Panayiotio Megaron  
6023 Larnaca  
Telephone: 24-664255  
Fax: 24-664279

### **DROSIA SUB-BRANCH**

20 Griva Dhigeni Ave.,  
6045 Larnaca  
Telephone: 24-822530  
Fax: 24-822535

