



Bank of Valletta

Bank of Valletta p.l.c.

Office of the Company Secretary

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BOV/106

COMPANY ANNOUNCEMENT

The following is a company announcement issued by Bank of Valletta p.l.c. pursuant to Malta Financial Services Authority Listing Rule 8.6.2.

The Board of Directors of Bank of Valletta p.l.c. has today, the 29th October 2004, approved the financial statements for the financial year ended 30th September 2004 and resolved that these are submitted for the approval of the shareholders at the forthcoming Annual General Meeting scheduled for Friday 17th December 2004. A preliminary statement of annual results is being attached herewith in terms of Listing Rules 8.6.19 and 9.53.

The Board of Directors further resolved to recommend that the Annual General Meeting approves the payment of a final Gross Dividend per share of Lm0.10 making for a final Net Dividend per share of Lm0.065 which if approved by the Annual General Meeting would make for a total gross dividend of Lm0.16 (total net dividend per share Lm0.104).

Shareholders on the Company's Register, at the Central Securities Depository of the Malta Stock Exchange, as at close of business on Friday 5th November 2004 will receive notice of the Annual General Meeting together with the Financial Statements for the financial year ended 30th September 2004. On the 18th December 2004, the dividend approved at the Annual General Meeting will be paid.

Victor J. Cardona ACIB, BA (Hons) Econ. CSA
Company Secretary

29th October 2004

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Registered Office: BOV Centre, High Street, Sliema SLM 16 - Malta Registration Number C 2833

Bank of Valletta p.l.c. is a public limited company licensed to conduct Investment Services business by the Malta Financial Services Authority.

Bank of Valletta p.l.c. is an insurance sub-agent of Middlesea Valletta Life Assurance Company Limited and regulated by the Malta Financial Services Authority.



**Bank of Valletta p.l.c. Preliminary Statement of Annual Results
for the year ended 30 September 2004**

ABRIDGED INCOME STATEMENTS

	The Group		The Bank	
	2004 Lm'000	2003 Lm'000	2004 Lm'000	2003 Lm'000
Gross interest income	85,421	90,758	85,443	90,886
Interest expense	(44,523)	(56,132)	(44,534)	(56,168)
Net interest income	40,898	34,626	40,909	34,718
Non-interest income	18,961	18,344	18,309	18,082
Non-interest expense	(29,413)	(27,111)	(28,659)	(26,510)
Net impairment losses	(13,447)	(12,173)	(13,372)	(12,173)
Share of profit from associated companies	1,406	1,091	-	-
Profit before tax	18,405	14,777	17,187	14,117
Taxation	(6,462)	(4,132)	(6,160)	(4,198)
Profit after tax	11,943	10,645	11,027	9,919
Profit attributable to minority interests	(232)	(259)	-	-
Profit attributable to the shareholders	11,711	10,386	11,027	9,919
Earnings per share	21c1	18c7	19c9	17c9

BALANCE SHEETS

	The Group		The Bank	
	2004 Lm'000	2003 Lm'000	2004 Lm'000	2003 Lm'000
ASSETS				
Balances with Central Bank of Malta, treasury bills and cash	193,752	211,306	193,752	211,306
Financial assets held for trading	41,126	46,320	39,899	42,630
Investments	817,823	779,213	817,686	779,001
Loans and advances to banks	79,750	102,095	79,750	102,095
Loans and advances to customers	826,070	781,082	826,070	784,082
Investments in associated companies	12,614	11,533	5,687	5,180
Investments in subsidiary companies	-	-	567	567
Tangible fixed assets	32,038	31,351	31,788	30,982
Current tax	4,729	5,480	4,762	5,504
Deferred tax	11,003	6,570	10,698	6,093
Other assets	2,204	2,422	1,984	2,094
Prepayments and accrued income	13,857	14,365	13,795	14,748
TOTAL ASSETS	2,034,966	1,991,737	2,026,438	1,984,282
LIABILITIES				
Financial liabilities held for trading	1,103	786	1,103	786
Amounts owed to banks	345,921	336,805	345,921	336,805
Amounts owed to customers	1,458,508	1,428,254	1,459,165	1,428,943
Debt securities in issue	12,624	13,391	12,624	13,391
Other liabilities	27,300	20,792	26,707	20,563
Accruals and deferred income	15,677	18,618	15,566	18,618
Financial liabilities held for hedging	8,651	9,760	8,651	9,760
Subordinated liabilities	34,845	35,748	34,845	35,748
Minority interest	581	589	-	-
	1,905,210	1,864,743	1,904,582	1,864,614
SHAREHOLDERS' FUNDS	129,756	126,994	121,856	119,668
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	2,034,966	1,991,737	2,026,438	1,984,282
MEMORANDUM ITEMS				
Contingent liabilities	68,835	61,368	68,835	61,368
Commitments	339,572	304,210	339,572	304,210

STATEMENT OF CHANGES IN EQUITY

	Share Capital Lm'000	Share Premium Account Lm'000	Revaluation Reserve Lm'000	Other Reserve Lm'000	Retained Earnings Lm'000	Dividend Reserve Lm'000	Total Lm'000
The Group							
At 30th September 2002	11,545	2,733	4,849	3,694	86,147	4,803	113,771
Change in accounting policy with respect to retirement benefits	-	-	-	-	(2,185)	-	(2,185)
At 1st October 2002 as restated	11,545	2,733	4,849	3,694	83,962	4,803	111,586
Net fair value adjustments on financial instruments	-	-	4,886	-	-	-	4,886
Net losses released on disposal of available-for-sale assets	-	-	(46)	-	-	-	(46)
Net surplus on revaluation of property	-	-	4,985	-	-	-	4,985
Net gains not recognised in the income statement	-	-	9,825	-	-	-	9,825
Bonus Issue	2,309	(2,309)	-	-	-	-	-
Profit attributable to the shareholders	-	-	-	-	10,386	-	10,386
Dividends paid - final 2002	-	-	-	-	-	(4,803)	(4,803)
Dividends proposed	-	-	-	-	(3,962)	3,962	-
	2,309	(2,309)	-	-	6,424	(841)	5,583
At 30th September 2003	13,854	424	14,674	3,694	90,386	3,962	126,994
Retirement benefit liability in respect of prior years up to 30th September 2002	-	-	-	-	(1,617)	-	(1,617)
Share of taxation of associate in respect of prior years	-	-	-	-	(147)	-	(147)
Net fair value adjustments on financial instruments	-	-	(890)	-	-	-	(890)
Net gains released on disposal of available-for-sale assets	-	-	1,972	-	(2,060)	-	(88)
Deferred tax on revaluation surplus	-	-	(84)	-	-	-	(84)
Net gains/(losses) not recognised in the income statement	-	-	998	-	(3,824)	-	(2,826)
Profit attributable to the shareholders	-	-	-	-	11,711	-	11,711
Dividends paid - final 2003	-	-	-	-	-	(3,962)	(3,962)
- interim 2004	-	-	-	-	(2,161)	-	(2,161)
Dividends proposed	-	-	-	-	(3,602)	3,602	-
	-	-	-	-	5,948	(360)	5,588
At 30th September 2004	13,854	424	15,672	3,694	92,510	3,602	129,756

The Share Premium Account, the Revaluation Reserve and the Other Reserve are non-distributable. The Other Reserve represents the gain on the translation of the Bank's net foreign currency holding following the devaluation of the Maltese Lira in 1992.

STATEMENT OF CHANGES IN EQUITY

	Share Capital Lm'000	Share Premium Account Lm'000	Revaluation Reserve Lm'000	Other Reserve Lm'000	Retained Earnings Lm'000	Dividend Reserve Lm'000	Total Lm'000
The Bank							
At 1st October 2002	11,545	2,733	4,836	2,728	80,267	4,803	106,912
Change in accounting policy with respect to retirement benefits	-	-	-	-	(2,185)	-	(2,185)
At 1st October 2002 as restated	11,545	2,733	4,836	2,728	78,082	4,803	104,727
Net fair value adjustments on financial instruments	-	-	4,886	-	-	-	4,886
Net losses released on disposal of available-for-sale assets	-	-	(46)	-	-	-	(46)
Net surplus on revaluation of property	-	-	4,985	-	-	-	4,985
Net gains not recognised in the income statement	-	-	9,825	-	-	-	9,825
Bonus Issue	2,309	(2,309)	-	-	-	-	-
Profit attributable to the shareholders	-	-	-	-	9,919	-	9,919
Dividends paid - final 2002	-	-	-	-	-	(4,803)	(4,803)
Dividends proposed	-	-	-	-	(3,962)	3,962	-
	2,309	(2,309)	-	-	5,957	(841)	5,116
At 30th September 2003	13,854	424	14,661	2,728	84,039	3,962	119,668
Retirement benefit liability in respect of prior years up to 30th September 2002	-	-	-	-	(1,617)	-	(1,617)
Net fair value adjustments on financial instruments	-	-	(927)	-	-	-	(927)
Net gains released on disposal of available-for sale assets	-	-	1,972	-	(2,060)	-	(88)
Deferred tax on revaluation surplus	-	-	(84)	-	-	-	(84)
Net gains/(losses) not recognised in the income statement	-	-	961	-	(3,677)	-	(2,716)
Profit attributable to the shareholders	-	-	-	-	11,027	-	11,027
Dividends paid - final 2003	-	-	-	-	-	(3,962)	(3,962)
- interim 2004	-	-	-	-	(2,161)	-	(2,161)
Dividends proposed	-	-	-	-	(3,602)	3,602	-
	-	-	-	-	5,264	(360)	4,904
At 30th September 2004	13,854	424	15,622	2,728	85,626	3,602	121,856

The Share Premium Account, the Revaluation Reserve and the Other Reserve are non-distributable. The Other Reserve represents the gain on the translation of the Bank's net foreign currency holding following the devaluation of the Maltese Lira in 1992.

CASH FLOW STATEMENTS

	The Group		The Bank	
	2004 Lm'000	2003 Lm'000	2004 Lm'000	2003 Lm'000
Cash flows from operating activities				
Interest and commission receipts	75,108	73,572	73,499	71,976
Interest and commission payments	(49,066)	(59,425)	(49,207)	(59,396)
Payments to employees and suppliers	(26,431)	(24,588)	(25,359)	(24,066)
Operating loss before changes in operating assets and liabilities	(389)	(10,441)	(1,067)	(11,486)
(Increase)/decrease in operating assets:				
Loans and advances	(55,605)	(23,478)	(52,530)	(23,478)
Reserve deposit with Central Bank of Malta	(1,895)	(3,244)	(1,895)	(3,244)
Trading securities	2,507	(1,982)	2,507	(1,982)
Trading equity instruments	2,687	(573)	224	(286)
Treasury bills with original maturity more than 3 months	(21,361)	(56,436)	(21,361)	(56,436)
Other assets	218	142	110	179
Increase/(decrease) in operating liabilities:				
Customer accounts and deposits by banks	82,067	51,760	82,035	50,720
Other liabilities	2,022	(691)	1,751	111
Net cash inflows/(outflows) from operating activities before tax	10,251	(44,943)	9,774	(45,902)
Tax paid	(8,813)	(6,597)	(8,691)	(6,766)
Net cash inflows/(outflows) from operating activities	1,438	(51,540)	1,083	(52,668)
Cash flows from investing activities				
Dividends received from equity shares	257	66	252	66
Dividends received from associated companies	642	185	642	185
Dividends received from subsidiary companies	-	-	360	1,081
Interest received from held-to-maturity debt and other fixed income instruments	33,273	34,085	33,273	34,085
Investment in associated companies	(507)	-	(507)	-
Purchase of equity investments	(854)	(505)	(854)	(505)
Proceeds on sale of equity investments	204	-	204	-
Purchase of investment securities	(249,207)	(181,106)	(249,207)	(181,106)
Proceeds on sale of investment securities	206,349	175,437	206,349	175,437
Purchase of tangible fixed assets	(3,131)	(2,763)	(3,131)	(2,712)
Proceeds on disposal of tangible fixed assets	33	26	33	21
Net cash (outflows)/inflows from investing activities	(12,941)	25,425	(12,586)	26,552
Cash flows from financing activities				
Dividends paid	(6,123)	(4,803)	(6,123)	(4,803)
Decrease in cash and cash equivalents	(17,626)	(30,918)	(17,626)	(30,918)
Effect of exchange rate changes on cash and cash equivalents	(165)	1,342	(165)	1,342
Net decrease in cash and cash equivalents	(17,461)	(32,260)	(17,461)	(32,260)
Decrease in cash and cash equivalents	(17,626)	(30,918)	(17,626)	(30,918)
Cash and cash equivalents at 1st October	108,214	139,132	108,214	139,132
Cash and cash equivalents at 30th September	90,588	108,214	90,588	108,214

These figures have been extracted from the Bank of Valletta Group's audited financial statements for the year ended 30 September 2004, as approved by the Directors on 29 October 2004 and are being published in terms of MFSA Listing Rule 9.53.

The Bank of Valletta Group has registered a profit of Lm18.4 million before tax for the year under review (2003: Lm14.8 million) representing an increase of 24.5% over last year. Net interest income increased from Lm34.6 million in 2003 to Lm40.9 million, an increase of 18.1%. This improvement arose from a lower cost of funds as well as a shift from liquid assets into higher yielding advances. Non-interest income increased by 3.4% over last year to reach Lm19.0 million. Costs, at Lm29.4 million were Lm2.2 million or 8.5% higher than the previous year, mainly due to higher retirement benefits. Despite the increase in costs, the cost/income ratio improved from 50.1% in 2003 to 48.0% for the year under review. The charge for net impairment losses amounts to Lm13.4 million, or Lm1.2 million more than the Lm12.2 million charge for 2003.

Return on average assets is of 0.9% (2003: 0.8%) while return on average equity stands at 14.3% (2003: 12.3%). Earnings per share increased from 18c7 in 2003 to 21c1.

Group total assets increased by 2.2% to reach Lm2.03 billion. This growth was financed by both retail and wholesale deposits. Customer deposits increased by 2.1% and now amount to Lm1.46 billion, while bank borrowing increased by 3.3% to reach Lm348.0 million. Net advances to customers grew by 5.8% and stand at Lm826.1 million. Shareholders' funds rose by 2.2% and amount to Lm129.8 million. Equity multiplier, being the proportion of total assets to equity, remained at last year's level of 15.7 as at balance sheet date.

The Group solvency ratio, which is computed in accordance with the Banking Directive on the Solvency Ratio of Credit Institutions, issued in terms of the Banking Act, Cap 371, is 14.1% (2003: 16.5%).

A gross interim dividend of 6c per share, resulting in 3c9 net per share, was paid in May 2004 (2003: nil). The directors propose a gross final dividend of 10c per share, equivalent to 6c5 net per share. Total gross dividend for the year is 16c per share, equivalent to a total net dividend of 10c4 per share (2003: 11c gross per share; 7c2 net per share). Aggregate net dividend payout for the year is Lm5.8 million (2003: Lm4.0 million).

Notice is hereby given that 5 November 2004 is the "effective date" for the purposes of Article 2 (f) of the Articles of Association of the Company.

All shareholders on the Company's register at the Central Securities Depository of the Malta Stock Exchange following trading on 5 November 2004 will:

i) receive notice of and be entitled to attend and vote at the Annual General Meeting of the Company scheduled for 17 December 2004, and

ii) be paid the final dividend as approved by the Annual General Meeting.

By order of the Board
29 October 2004