



Bank of Valletta

Bank of Valletta p.l.c.

Office of the Company Secretary

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BOV/89

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Bank of Valletta p.l.c. pursuant to Bye-Law 6.05.06(iii):

Quote

Attached please find the Company Announcement containing the Bank of Valletta p.l.c.'s Preliminary Profit Statement for the year ended 30th September 2002.

Unquote

Victor J. Cardona
Company Secretary

1st November 2002

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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 Centre.

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 Cent



**Bank of Valletta p.l.c. Preliminary Income Statement
for the year ended 30 September 2002**

INCOME STATEMENTS

	The Group		The Bank	
	2002	2001	2002	2001
	Lm'000	Lm'000	Lm'000	Lm'000
Gross interest income	92,437	98,637	92,565	96,919
Interest expense	(61,873)	(67,212)	(61,931)	(69,217)
Net interest income	30,564	31,425	30,634	27,702
Non-interest income	16,209	15,139	15,409	17,926
Non-interest expense	(27,316)	(26,217)	(26,771)	(24,651)
Net impairment losses	(5,655)	(6,390)	(5,655)	(6,398)
Profit from associated companies	731	466	-	-
Profit before tax	14,533	14,423	13,617	14,579
Tax on profit	(5,143)	(2,929)	(5,197)	(2,935)
Profit after tax	9,390	11,494	8,420	11,644
Profit attributable to minority interests	(204)	(592)	-	-
Profit attributable to the shareholders	9,186	10,902	8,420	11,644
Earnings per share	19c9	23c6	18c2	25c2

NOTE TO THE INCOME STATEMENTS

The comparative results for the Bank, for the year to 30 September 2001, do not include the contribution of Bank of Valletta International Ltd. The latter Bank was merged into Bank of Valletta p.l.c. with effect from 23 September 2001. The profit after tax recorded by Bank of Valletta International Ltd for the period from 1 October 2000 to 22 September 2001 amounted to Lm3.45 million. However, the comparative results of the Bank also include dividend income of Lm4.6 million received in that year from Bank of Valletta International Ltd.

BALANCE SHEET EXTRACTS

	The Group		The Bank	
	2002	2001	2002	2001
Shareholders' funds	113,771	103,523	106,912	96,777
Total assets	1,889,371	1,743,816	1,883,035	1,737,145
Net loans and advances to customers	763,333	722,701	766,333	725,701
Amounts owed to customers	1,383,259	1,245,472	1,384,988	1,246,886

The above figures have been extracted from the Bank of Valletta Group's audited financial statements for the year ended 30 September 2002. These figures are being published in terms of bye-law 6.05.06 (iii) of the Malta Stock Exchange.

The Bank of Valletta Group has registered a profit of Lm 14.5 million before tax for the year under review (2001: Lm 14.4 million) after making provision for impairment losses of Lm 5.7 million (2001: Lm 6.4 million).

Earnings per share decreased from 23c6 in 2001 to 19c9. This decrease is entirely due to the fact that the favourable income tax rate formerly enjoyed by Bank of Valletta International Limited ceased to have effect upon the expiry of the latter subsidiary bank's offshore banking licence, and its subsequent merger with Bank of Valletta p.l.c. in September 2001.

The Group has adopted International Accounting Standard 39 - Financial Instruments: Recognition and Measurement (IAS 39) with effect from 1 October 2001. Subsequent refinements to the methodology of its implementation were made during the year. The adoption of IAS 39 has resulted in the Group recognising all available-for-sale assets at fair value and recognising derivative financial instruments as assets or liabilities at fair value. The net effect of the implementation of IAS 39 was an increase in reserves, as at 30 September 2002, of Lm2.0 million.

Group total assets at 30 September 2002 amount to Lm 1.89 billion, an increase of 8.3% over 2001. Customer deposits rose by 11.1% to reach Lm 1.38 billion. Advances to customers, net of impairment allowances, stand at Lm 763.3 million, up by 5.6 % over the balance as at 30 September 2001. Shareholders' funds amount to Lm 113.8 million, an increase of 9.9% when compared to the previous year.

The Group solvency ratio, which is computed in accordance with the Banking Directive on the Solvency Ratio of Credit Institutions, issued by the Central Bank of Malta in terms of the Banking Act 1994, is 15.75% (2001: 15.54%).

It is proposed that the Bank declares a gross dividend as follows:

- a) a dividend of 11c per share, and
- b) a special dividend of 5c per share,

the total gross dividend for the year being 16c per share.

The Board of Directors has also resolved to make a bonus share issue to shareholders on the register of members as at the close of trading on the 3 January 2003. The Bank will issue 1 ordinary share for every 5 ordinary shares (subject to rounding) held by members, with a view to rewarding shareholders for their loyalty and continued support, hence increasing future potential dividend flows to shareholders. The bonus shares will be issued out of the Bank's share premium account.

Notice is hereby given that 7 November 2002 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 7 November 2002 will:

- i) receive notice of and be entitled to attend and vote at the Annual General Meeting of the Company scheduled for December 2002, and**
- ii) be paid the dividend as approved by the Annual General Meeting.**