

APS BANK LIMITED

annual report & accounts

2001

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DIRECTORS

DIRECTORS

Emmanuel P. Delia M.A., M. Litt. (Oxon.), Chairman
Lawrence Zammit M.A. (Econ.), Deputy Chairman
Carmel Curmi
Arthur Galea Salomone LL.M. (Toronto) LL.D.
Victor Grech Dimech S.Th.D.
Joseph M. Kenely M.Sc., A.C.M.A., F.I.A., C.P.A.A.
Joseph Pace Ross A.C.I.B.
Francis H. Stivala M.Sc., B.A. (Hons.) Econ.

COMPANY SECRETARY

Mario Felice LL.D.

CHIEF EXECUTIVE OFFICER

Edward Cachia A.C.I.B.

AUDIT COMMITTEE

Joseph M. Kenely M.Sc., A.C.M.A., F.I.A., C.P.A.A.
Carmel Curmi
Francis H. Stivala M.Sc., B.A. (Hons.) Econ.

REGISTERED OFFICE

APS House,
24, St. Anne Square
Floriana VLT 16
MALTA

CHAIRMAN'S STATEMENT

I am pleased to announce that the year 2001 has proved to be another good one for the Bank.

In a period of keen competition and limited opportunities APS Bank has registered a pre-tax profit of Lm1,152,515, compared to Lm1,307,216 in 2000. It is worth noting however that while both years have been marked by certain exceptional gains, profits from ordinary activities are increasing. The Board of Directors has therefore retained the 12% dividend which amounts to Lm180,000 gross.

Customers' deposits have continued to grow steadily, from approximately Lm109 million in 2000 to over Lm124 million, while loans and advances to customers almost reached Lm38 million, 16% higher than last year. It is evident that the various measures we have taken in the lending area are bearing fruit. This outcome encourages us to develop further our initiatives.

I consider 2001 as a year of transition that has taken us from our past policies, structures, systems and procedures into the current year, the year in which we are introducing a new bank information system. This new system has given us occasion to review and revise the way we operate. A number of changes have been made and more are in the pipeline, in the interests of all stakeholders.

The Bank is looking at technology as a means for the development of value-added products and services, using a range of distribution channels. In this context we are considering allying with specialised organisations to meet the demands of this new dimension in the Bank's activity.

Since physical presence retains its importance, the Bank intends expanding its market reach by opening new branches and making suitable arrangements with

interested parties. By 2003 the Bank will have its own offices in the northern part of Malta and we are currently in the process of identifying appropriate premises in the south.

On the human resources front, activity was focused on training and the recruitment of staff with the technical expertise that is essential for the Bank's future growth and development. The greater part of the training was related to the new bank information system and was successfully conducted by members of our own staff.

The action that has been taken over the last few years to upgrade the Bank's resources and infrastructure has ensured that we are today much better equipped to face the challenges posed by the market we operate in. We therefore feel sufficiently confident that we can achieve the objectives we have set ourselves in the business plan, starting with the targets for 2002.

As in the past, during 2001 the Bank has organised various activities and taken initiatives of a social, cultural and educational nature. The main ones were undoubtedly the concert of Baroque Sacred Music, the annual conference related to the agricultural sector and the setting up of the *Fond Għall-Kittieba tal-Malti*. These events reflect the Bank's commitment to promote and support Maltese culture

and the development of indigenous talent and we hope to be in a position to do still more.

To conclude, I wish to express my appreciation to all staff members, my fellow directors, our shareholders and last but not least our customers who have shown trust in APS Bank. Special thanks also go to Rev. Victor Grech Dimech who has decided not to stand for re-election to the Board of Directors. Rev. Grech Dimech has been a director since 1961 and deserves our heartfelt gratitude for his invaluable contribution throughout the various phases of the Bank's development over these years.

A handwritten signature in black ink, appearing to read "E. P. Delia".

E. P. Delia
Chairman

DIRECTORS' REPORT

for the year ended 31 December 2001

The Directors present their report and the Bank's audited financial statements for the year ended 31 December 2001. This report is prepared in terms of Section 177 of the Companies Act, 1995 and complies with the disclosure requirements of the Sixth Schedule of the same Act.

RESULTS FOR THE YEAR

Profit before tax in 2001 reached Lm1,152,515, a drop of almost 12% over the previous year. Once again, the results have been positively affected by the realisation of gains on investment securities, although to a lesser degree than in 2000. The profit before tax after deducting the income from the sale of investment securities amounted to Lm336,053, 9.60 % higher than the figure of 2000.

PRINCIPAL ACTIVITIES

The Bank provides an extensive range of banking and financial services. In terms of a licence granted under the Banking Act, 1994, it is empowered to carry on business as a credit institution. The Bank also holds an Investment Services Licence issued by the Malta Financial Services Centre in terms of the Investment Services Act, 1994 and is authorised to act as an Insurance Sub-Agent under the Insurance Brokers and Other Intermediaries Act, 1998.

The Bank's main activities are the acceptance of deposits and the granting of loans and overdrafts denominated both in Maltese Liri and in other major foreign currencies. It extends its services to both domestic and international customers and currently operates a network of four branches and a number of Automated Teller Machines throughout Malta and Gozo.

BUSINESS REVIEW

Review of Financial Performance

Interest Income

Net interest income amounted to Lm2,895,290, an increase of over 23% when compared to that of the previous year. The improvement in net interest income is attributable to the growth in the Bank's interest bearing portfolio. Despite the continuous trend towards a squeeze in interest margins, the Bank managed to increase this slightly, to over 36%.

Non Interest Income

Non-interest income reached Lm1,439,700, that is 8.77% lower than the figure for 2000. It is however pertinent to explain that the decrease is mainly attributable to the gains realised on the disposal of investment securities, which in 2001 amounted to Lm816,462, as opposed to Lm1,000,596 a year earlier. Strong growth was registered in dealing profits, which rose by some 25% to reach Lm338,665, while fees and commissions receivable fell to Lm222,056, a drop of 3.54% over the previous year.

Administration Expenses and Depreciation

Administration expenses rose by almost 17% from Lm1,849,924 to Lm2,159,010. The increase is chiefly due to staff costs and expenses related to the development of the new core banking system and an enhanced marketing activity. The virtual doubling of the depreciation charge to Lm447,089 is also mainly connected to the imminent implementation of the said system which required infrastructural upgrading. The heavy investment in staff and information technology is in line with the Bank's strategy to improve the reach and range of its services.

Provision for bad and doubtful debts

Provisions for bad and doubtful debts totalled Lm576,376, an increase of Lm46,652, practically 9%, over 2000. The greater part of these provisions - Lm468,280- are of a specific nature and reflect the Bank's immediate adoption of the new Banking Directive BD/09.

Credit institutions have to comply with the provisions of the said Directive by not later than 31 December 2003, but the Bank decided to fully comply during the year under review and revised its credit policy and procedures accordingly.

Balance sheet

The Bank's balance sheet grew significantly during 2001. As at the end of the financial year total assets

stood at over Lm139 million, about 15% higher than the previous year. Debt securities increased by 34%, or Lm21,370,913, while loans and advances to customers almost reached Lm38 million - an additional 16% over end 2000. The increase in net assets was mainly financed by customer deposits which rose by some Lm15 million to reach Lm124 million.

During the year under review the Bank took the opportunity of redeeming Lm500,000 out of the Subordinated Unsecured Loan Stock, reducing it to Lm1,400,000. Since the disposal of part of the Bank's investments during 2001 did not render the market value they had at the end of 2000, the drop in the revaluation reserve was not compensated by the realised gains, resulting in a fall in the level of Shareholders' Funds of Lm478,118.

Operations Overview

During the year 2001 the Bank has consolidated its position and re-focused its systems and procedures. The introduction of the three-year business plan, which is being regularly updated with changes in market conditions and requirements, has contributed in no small way to further the Bank's mission and strategic goals.

In line with its policy to expand its distribution network, the Bank has concluded agreements with third party organisations to increase its presence in the market. Moreover, the process to establish a new branch in the north of Malta has started, by the acquisition of suitably sited premises.

The new core banking system is now well on its way to implementation, following intense testing which started in the latter part of last year. The Bank's infrastructure has been appropriately strengthened and the required additional ancillary systems identified. All should be in place by end this year or early 2003.

In 2001, the human resources activity was concentrated on training and recruitment of technical staff that are essential for future growth.

Outlook

This year will be marked by the introduction of the new core I.T. system that will provide the Bank with a tool for further development. It is the intention to continue investing in information systems to increase efficiency, effectiveness and generate business expansion.

The Bank plans to develop further new synergies and examine new alliances and opportunities with a view to expanding its operations and launching new financial products.

DIRECTORS

The directors of the Bank are listed on page 1. In accordance with the Memorandum and Articles of Association of the Bank, all Directors retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election, with the exception of Rev. Victor Grech Dimech S.Th.D..

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 1995 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Bank at the end of each financial year and of its profit or loss for the financial year.

The Directors are responsible for ensuring that:

- appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgments and estimates;
- financial statements have been drawn up in accordance with International Accounting Standards;
- the financial statements are prepared on the basis that the Bank must be presumed to be carrying on its business as a going concern; and
- account has been taken of income and charges

relating to the accounting period, irrespective of the date of receipt or payment.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements comply with the Companies Act, 1995 and the Banking Act, 1994. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE IN TERMS OF THE SIXTH SCHEDULE TO THE COMPANIES ACT, 1995

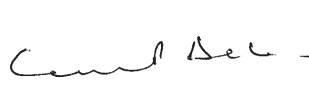
During the year ended 31 December 2001, no shares in the Bank:

- were purchased by it or acquired by it by forfeiture or surrender or otherwise;
- were acquired by another person in circumstances where the acquisition was by the Bank's nominee, or by another with the Bank's financial assistance, the Bank itself having a beneficial interest;
- were made subject to pledge or other privileges, to a hypothec or to any other charge in favour of the Bank.

AUDITORS

Messrs. Ernst & Young have signified their willingness to continue in office as auditors of the Bank and a resolution proposing their reappointment will be put to the Annual General Meeting.

The Directors' report was authorised for issue by the board of directors and was signed on its behalf by:



E.P. Delia
Chairman



L. Zammit
Deputy Chairman

2 April 2002

REPORT OF THE AUDITORS

to the members of APS BANK LIMITED

We have audited the financial statements of APS Bank Limited for the financial year ended 31 December 2001 which are set out on pages 11 to 32.

As described on page 8 the Bank's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you. We are also required to report whether we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit, whether in our opinion proper books of account have been kept by the Bank so far as appears from our examination thereof and whether the financial statements are in agreement with the books.

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 an examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes assessment of the accounting principles used and significant estimates and judgements made by the Directors in the preparation of the financial statements, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion, proper books of account have been kept by the Bank so far as appears from our examination thereof. The financial statements are in agreement with the books.

In our opinion, the financial statements give a true and fair view of the state of affairs of the Bank as at 31 December 2001 and of its profit, its changes in equity and its cash flows for the year then ended in accordance with International Accounting Standards and have been properly prepared in accordance with the Companies Act, 1995 and the Banking Act, 1994.

This copy of the audit report has been signed by
Mario P. Galea (Partner) for and on behalf of

ERNST & YOUNG
Certified Public Accountants and Auditors
Malta

2 April 2002

financial results
for the year ended 31 December 2001

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	Notes	2001 Lm	2000 Lm
Interest receivable and similar income:			
On loans, advances and balances with Central Bank of Malta		2,748,161	2,771,940
On debt securities		5,218,106	3,912,368
	(2)	7,966,267	6,684,308
Interest payable	(3)	(5,070,977)	(4,346,070)
Net interest income		2,895,290	2,338,238
Dividend income	(4)	27,481	22,976
Fees and commissions receivable		222,056	230,214
Dealing profits	(5)	338,665	269,627
Other operating income	(6)	851,498	1,055,353
Operating income		4,334,990	3,916,408
Administration expenses	(7)	(2,159,010)	(1,849,924)
Depreciation	(21)	(447,089)	(229,544)
Provisions for bad and doubtful debts	(8)	(576,376)	(529,724)
		(3,182,475)	(2,609,192)
Profit on ordinary activities before tax	(9)	1,152,515	1,307,216
Tax on profit on ordinary activities	(10)	(121,081)	(375,004)
Profit for the financial year after tax		1,031,434	932,212
Earnings per share	(12)	17c2	15c5

The accounting policies and explanatory notes on pages 15 to 32 form an integral part of the financial statements.

BALANCE SHEET

as at 31 December 2001

	Notes	2001 Lm	2000 Lm
Assets			
Cash and balances with Central Bank of Malta	(13)	3,497,008	1,527,336
Reserve deposit with Central Bank of Malta	(14)	4,897,220	5,259,100
Cheques in course of collection		548,787	952,333
Treasury Bills	(15)	963,686	3,427,830
Loans and advances to banks	(16)	2,910,146	6,286,155
Loans and advances to customers	(17)	35,992,505	31,151,327
Debt securities	(19)	84,201,963	62,831,050
Equity shares	(20)	1,233,925	5,786,851
Tangible fixed assets	(21)	2,697,161	2,375,219
Other assets	(22)	701,746	480,395
Prepayments and accrued income	(23)	1,811,624	1,350,078
TOTAL ASSETS		139,455,771	121,427,674
Liabilities			
Amounts owed to banks	(24)	4,336,805	-
Amounts owed to customers	(25)	124,218,489	109,485,553
Other liabilities	(26)	1,175,553	1,315,831
Accruals and deferred income	(27)	1,623,925	1,547,173
Subordinated liabilities	(28)	1,400,000	1,900,000
		132,754,772	114,248,557
Shareholders' Funds			
Called up share capital	(29)	1,500,000	1,500,000
Share premium account	(30)	759,850	759,850
Other reserves	(31)	674,926	674,926
Revaluation reserve	(32)	287,346	1,679,898
Dividend reserve		117,000	-
Profit and loss account		3,361,877	2,564,443
		6,700,999	7,179,117
TOTAL LIABILITIES		139,455,771	121,427,674
MEMORANDUM ITEMS			
Contingent liabilities	(33)	839,626	727,830
Commitments	(34)	18,584,036	8,775,000

The accounting policies and explanatory notes on pages 15 to 32 form an integral part of the financial statements.

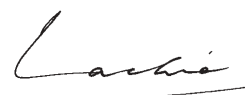
The financial statements on pages 11 to 32 were authorised for issue by the Board of Directors on 2 April 2002 and were signed by:



E. P. Delia
Chairman



L. Zammit
Deputy Chairman



E. Cachia
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2001

	Note	Called-up Share Capital Lm	Share Premium Account Lm	Revaluation Reserve Lm	Other Reserves Lm	Dividend Reserve Lm	Profit and Loss Account Lm	Total Lm
FINANCIAL YEAR ENDED 31 DECEMBER 2000								
At 1 January 2000		1,500,000	759,850	1,774,489	674,926	-	1,632,231	6,341,496
Increase in unrealised revaluation gains on equities		-	-	83,223	-	-	-	83,223
Released on disposal		-	-	(177,814)	-	-	-	(177,814)
Profit for the year after taxation		-	-	-	-	-	932,212	932,212
At 31 December 2000		1,500,000	759,850	1,679,898	674,926	-	2,564,443	7,179,117
FINANCIAL YEAR ENDED 31 DECEMBER 2001								
At 1 January 2001		1,500,000	759,850	1,679,898	674,926	-	2,564,443	7,179,117
Decrease in unrealised revaluation gains on equities		-	-	(641,525)	-	-	-	(641,525)
Released on disposal		-	-	(751,027)	-	-	-	(751,027)
Profit for the year after taxation		-	-	-	-	-	1,031,434	1,031,434
Dividends paid	(11)	-	-	-	-	-	(117,000)	(117,000)
Dividends, net of tax		-	-	-	-	117,000	(117,000)	-
At 31 December 2001		1,500,000	759,850	287,346	674,926	117,000	3,361,877	6,700,999

The accounting policies and explanatory notes on pages 15 to 32 form an integral part of the financial statements.

CASH FLOW STATEMENT

for the year ended 31 December 2001

	Note	2001 Lm	2000 Lm
Cash flows from operating activities			
Interest and commission receipts		4,087,915	3,773,464
Interest and commission payments		(5,262,593)	(4,192,427)
Payments to employees and suppliers		(2,285,040)	(1,829,405)
<hr/>			
Operating loss before changes in operating assets and liabilities		(3,459,718)	(2,248,368)
(Increase)/decrease in operating assets:			
- loans and advances		(5,417,554)	(1,271,003)
- reserved deposit with Central Bank of Malta		361,880	(554,300)
- non-investment securities		3,911,402	804,464
- cheques in course of collection		403,546	(223,191)
- other assets		1,488	(1,571)
(Increase)/decrease in operating liabilities:			
- amounts owed to customers		14,732,936	15,395,595
- other liabilities		(132,265)	67,136
<hr/>			
Net cash from operating activities before income tax		10,401,715	11,968,762
Income tax paid		(351,931)	(194,754)
<hr/>			
Net cash from operating activities		10,049,784	11,774,008
<hr/>			
Cash flows from investing activities			
- dividends received from equity shares		27,481	22,976
- interest income from investment securities		4,155,002	3,198,932
- purchase of investment securities		(26,187,296)	(15,395,928)
- sales and redemption of investment securities		4,749,333	3,437,591
- purchase of tangible fixed assets		(374,590)	(446,933)
<hr/>			
Net cash used in investing activities		(17,630,070)	(9,183,362)
<hr/>			
Cash flows from financing activities			
- ordinary dividends paid		(117,000)	(117,000)
- repayment of subordinated liabilities		(510,000)	-
<hr/>			
Net cash used in financing activities		(627,000)	(117,000)
<hr/>			
(Decrease)/increase in cash and cash equivalents		(8,207,286)	2,473,646
<hr/>			
Cash and cash equivalents at beginning of year		11,241,321	8,767,675
<hr/>			
Cash and cash equivalents at end of year	(35)	3,034,035	11,241,321

The accounting policies and explanatory notes on pages 15 to 32 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

1. PRINCIPAL ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are summarised below:

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets, and are in accordance with the requirements of International Accounting Standards issued by the International Accounting Standards Committee and comply with the Companies Act, 1995.

The format of the financial statements conforms with the Banking Directive on the publication of audited financial statements of credit institutions authorised under the Banking Act, 1994 issued by the Central Bank of Malta.

(b) Revenue recognition

Interest income is recognised in the profit and loss account as it accrues, except in the case of doubtful debts (see note 1 (c)). Fee income is accounted for in the period when receivable, except where the fee is charged to cover the cost of a continuing service to, or risk borne for, the customer, or is interest in nature. In these cases, the fee is recognised on an appropriate basis over the relevant period.

Dividend income on equity shares is accounted for when the right to receive dividend income is established.

(c) Loans and advances and doubtful debts

Loans and advances are stated after deduction of amounts which, in the opinion of the directors, are required as specific and general provisions. Specific provisions have been made in respect of all identified impaired advances. The general provision is maintained in respect of losses which, although not yet specifically identified, are known from experience to be present and are inherent in any portfolio of bank loans and advances.

The aggregate provisions which are made during the year are charged against profit before income tax, while amounts realised and recoveries of debts previously written off are added to profit. Interest on doubtful loans and advances is not credited to profit but carried forward as interest in suspense.

Bad debts are written off in whole or in part when the extent of the loss incurred has been confirmed and where appropriate, are then removed from the amount included in the specific provision.

(d) Foreign currency translation

Transactions denominated in foreign currencies are translated into Maltese Liri at the rates of exchange ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Maltese Liri at the rates of exchange ruling at the balance sheet date. Gains and losses arising from such translation are dealt with in the profit and loss account.

(e) Investment securities

Originated loans and receivables are loans and receivables created by the bank providing money to a debtor other than those created with the intention of short-term profit taking.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the bank has the intent and ability to hold to maturity. These include certain debt investments.

Available-for-sale assets are financial assets that are not held for trading purposes, originated by the bank, or held-to-maturity. Available-for-sale instruments include equity investments.

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments which are classified as "held for trading" and "available for sale" are measured at fair value, with unrealised gains or losses on trading securities recognised in income and unrealised gains and losses on available-for-sale securities reported as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

Other long-term investments, which are intended to be "held to maturity", such as bonds, are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, any gain or loss is recognised in income when the investment is derecognised or impaired, as well as through the amortisation process.

For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Unlisted investments are carried at cost net of provision for diminution in value where fair value cannot be reliably measured.

(f) Trade and settlement date accounting

All "regular way" purchases of financial assets are recognised on the "trade date", i.e. the date that the entity commits to purchase the asset. All regular way sales of the financial assets are recognised on the "settlement date", i.e. the date the asset is delivered to the counter party. Regular way purchases or sales are purchases or sales of financial assets that require delivery assets within the time frame generally established by regulation or convention in the market place.

(g) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on the straight line basis so as to write off the cost of each asset over its estimated useful economic life. The annual rates used for this purpose are:

	%
Computer equipment	25
Other	5 - 20

Leasehold properties are being amortised over the period of the leases.

No depreciation is provided on freehold property. In the case of freehold premises, it is the Bank's policy to maintain properties in such condition, that their value taken as a whole, is not impaired by the passage of time. Such expenditure is charged to the profit and loss account in the year in which it is committed. As a consequence, any element of depreciation would, in the opinion of the directors, be immaterial and no provision for depreciation has been made.

(h) Dividends payable

Dividends payable on ordinary shares are recognised in the period in which they are declared.

(i) Deferred taxation

In accordance with IAS 12 Income Taxes, deferred taxation is determined under the liability method in respect of all material temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax assets are recognised only to the extent that future taxable profits will be available such that realisation of the related tax benefit is probable.

(j) Retirement benefit costs

The Bank contributes towards the government pension in accordance with local legislation. The costs of these retirement benefits are charged to the profit and loss account as they accrue. The Bank does not provide for either defined contribution or retirement benefit plans.

(k) Cash and cash equivalents

Cash and cash equivalents comprise:

- (i) cash in hand and deposits repayable on call or short notice or with a contractual period to maturity of less than three months, with any bank or financial institution;
- (ii) short term highly liquid investments which are readily convertible into known amounts of cash without notice, subject to an insignificant risk of changes in value and with a contractual period of maturity of less than three months; and
- (iii) advances from banks repayable within three months from the date of the advance.

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2001 Lm	2000 Lm
On loans and advances to banks	169,837	179,925
On loans and advances to customers	2,418,602	2,434,771
On balances with Central Bank of Malta	159,722	157,244
	2,748,161	2,771,940
On debt securities	5,414,306	3,989,143
Amortisation of premium	(196,200)	(76,775)
	5,218,106	3,912,368
	7,966,267	6,684,308

3. INTEREST PAYABLE

	2001 Lm	2000 Lm
On deposits by banks	180,001	13,573
On customer accounts	4,754,127	4,189,997
On subordinated liabilities	136,849	142,500
	5,070,977	4,346,070

4. DIVIDEND INCOME

	2001 Lm	2000 Lm
From equity shares	27,481	22,976

5. DEALING PROFITS

	2001 Lm	2000 Lm
Profit on foreign exchange activities	338,665	269,627

6. OTHER OPERATING INCOME

	2001 Lm	2000 Lm
Realised gains on disposal of investment securities	816,462	1,000,596
Release in provision for diminution in value of investments	-	55,140
Unrealised gain/(loss) on foreign investments	6,649	(18,615)
Other income	28,387	18,232
	851,498	1,055,353

7. ADMINISTRATION EXPENSES

	2001 Lm	2000 Lm
Staff costs		
Wages and salaries	1,017,171	803,345
Social security costs	75,708	58,283
Other administration expenses	1,066,131	988,296
	2,159,010	1,849,924

8. PROVISIONS FOR BAD AND DOUBTFUL DEBTS

	2001 Lm	2000 Lm
Increase in general provision	35,000	92,000
Increase in specific provision	541,376	437,724
	576,376	529,724

9. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

	2001 Lm	2000 Lm
Profit before income tax is stated after charging:		
Auditors' remuneration	6,500	6,500
Directors' emoluments		
Fees	18,900	17,250
Other emoluments	15,187	19,986

10. TAXATION

The taxation charge for the year is composed of the following:

	2001 Lm	2000 Lm
Current taxation: Malta income taxation on taxable profit at 35%	343,912	587,635
Net deferred tax movement relating to the origination and reversal of temporary differences	(222,831)	(212,631)
	121,081	375,004

10. TAXATION (continued)

The taxation on profit on ordinary activities differs from the theoretical taxation expense that would apply on the company's profit on ordinary activities before taxation using the applicable tax rate in Malta of 35% as follows:

	2001 Lm	2000 Lm
Profit on ordinary activities before taxation	1,152,515	1,307,216
Theoretical taxation expenses at 35%	403,380	457,526
Differences:		
Taxation saving on profit on sale of investments quoted on the Malta Stock Exchange	(287,950)	(73,526)
Taxation saving on tax-exempt local dividend income	(1,709)	-
Effect of expenses not allowed for tax purposes	11,428	10,346
Effect of income not subject to tax	-	(19,751)
Other differences	(4,068)	409
Taxation on profit on ordinary activities	121,081	375,004

11. DIVIDENDS

	2001 Lm	2000 Lm	2001 %	2000 %
Paid gross of income tax	180,000	-	12	-

	2001 Lm	2000 Lm	2001 Cents per Share	2000 Cents per Share
Paid net of income tax	117,000	-	1.9	-

12. EARNINGS PER SHARE

The earnings per share of 17c2 (2000 - 15c5) have been calculated on the profits for the year attributable to shareholders of Lm1,031,434 (2000 - Lm932,212) divided by 6,000,000 (2000 - 6,000,000), being the weighted average number of shares in issue during the year.

13. CASH AND BALANCES WITH CENTRAL BANK OF MALTA

	2001 Lm	2000 Lm
Cash in hand	828,959	832,003
Balances with Central Bank of Malta	2,668,049	695,333
	3,497,008	1,527,336

14. RESERVE DEPOSIT WITH CENTRAL BANK OF MALTA

This consists of a reserve deposit held with the Central Bank of Malta in terms of Section 37 of the Central Bank of Malta Act, Cap. 204.

15. TREASURY BILLS

	2001 Lm	2000 Lm
Treasury bills of the Government of Malta	963,686	3,427,830

Treasury bills are carried at cost, which is not significantly different from market value.

16. LOANS AND ADVANCES TO BANKS

	2001 Lm	2000 Lm
Repayable on call and at short notice	2,910,146	6,286,155
By currency		
- Maltese liri	1,515,222	2,668,282
- Foreign	1,394,924	3,617,873
	2,910,146	6,286,155

17. LOANS AND ADVANCES TO CUSTOMERS

	2001 Lm	2000 Lm
Repayable on call and at short notice	10,858,804	9,923,394
Term loans and advances	26,858,260	22,374,439
	37,717,064	32,297,833
Less provision for bad and doubtful debts	(1,552,625)	(1,049,345)
Less interest in suspense	(171,934)	(97,161)
	35,992,505	31,151,327
Remaining maturity of term loans and advances:		
- Over 5 years	5,330,633	3,611,744
- 5 years or less but over 1 year	10,325,198	8,954,720
- 1 year or less but over 3 months	7,823,634	5,310,703
- 3 months or less	3,378,795	4,497,272
	26,858,260	22,374,439
	2001 Lm	2000 Lm
Provision for bad and doubtful debts		
Specific	1,117,625	649,345
General	435,000	400,000
	1,552,625	1,049,345

17. LOANS AND ADVANCES TO CUSTOMERS (continued)

	2001 Lm	2000 Lm
By currency		
- Maltese liri	36,738,778	32,240,033
- Foreign	978,286	57,800
	37,717,064	32,297,833

The aggregate amount of advances on which interest is reserved is Lm 1,989,387 (2000 - Lm1,531,134) gross of provisions against which Lm910,863 (2000 - Lm843,667) is being provided for as provisions and suspended interest after taking into account the extendible value of security backing such loans and advances.

18. CONCENTRATION OF LOANS AND ADVANCES

	2001 Lm	2000 Lm
The following industry concentrations, gross of provisions, are considered significant:		
Energy and water	1,679,000	454,000
Transport, storage and communications	3,176,000	2,703,000
Bank and other financial institutions	117,000	-
Agriculture and fisheries	594,000	286,000
Manufacturing	1,134,000	2,397,000
Building and construction	1,046,000	1,242,000
Hotel, restaurant and tourist trade	2,710,000	3,018,000
Wholesale and retail trade	6,396,000	6,963,000
Personal	14,289,000	9,467,000
Other services	2,288,000	2,245,000
All other	4,288,064	3,522,833
	37,717,064	32,297,833

19. DEBT SECURITIES

	2001 Lm	2000 Lm
Loans and Receivables		
Issued by public bodies:		
Investment securities		
- Local government securities	44,102,929	35,925,280
Issued by other issuers:		
Investment securities		
- Other securities	2,121,900	2,095,100
- Foreign - other securities	610,059	602,280
	2,731,959	2,697,380
Total	46,834,888	38,622,660

19. DEBT SECURITIES (continued)

	2001 Lm	2000 Lm
Held to maturity		
Issued by public bodies:		
Investment securities		
- Local government securities	29,212,716	19,722,103
- Foreign government securities	115,020	131,467
	29,327,736	19,853,570
	2001 Lm	2000 Lm
Issued by other issuers:		
Investment securities		
- Other securities	1,001,208	-
- Foreign - other securities	7,038,131	4,354,820
	8,039,339	4,354,820
Total	37,367,075	24,208,390
	2001 Lm	2000 Lm
By remaining period to maturity		
- Over 5 years	67,774,984	48,972,563
- 5 years or less but over 1 year	12,542,468	11,384,601
- 1 year or less but over 3 months	2,760,298	2,242,763
- 3 months or less	1,124,213	231,123
	84,201,963	62,831,050
By currency		
- Maltese Liri	76,438,753	57,742,483
- Foreign	7,763,210	5,088,567
	84,201,963	62,831,050
Unamortised premiums on investment securities	1,891,130	1,050,480
Listing on recognised stock exchanges		
	2001 Lm	2000 Lm
Investment securities		
- Listed on Malta Stock Exchange	76,438,753	57,742,483
- Listed elsewhere	7,763,210	5,088,567
	84,201,963	62,831,050

19. DEBT SECURITIES (continued)

Movement in investment debt securities

	Cost and carrying value Lm
At 1 January 2001	62,831,050
Exchange adjustments	53,766
Acquisitions	26,187,245
Redemption and disposals	(4,673,898)
Amortisation	(196,200)
At 31 December 2001	84,201,963

The Bank has pledged Lm 3,000,000 (2000 - Lm nil) worth of Malta Government Stocks to the Central Bank of Malta as security for a facility, of the same amount.

20. EQUITY SHARES

Available-for-sale securities

	2001 Lm	2000 Lm
Investment securities		
- Listed on Malta Stock Exchange	1,233,925	5,786,851

Movement in equity investments

	Carrying value Lm
At 1 January 2001	5,786,851
Disposals	(3,911,401)
Profits less losses on disposal of investments	751,027
Release from revaluation	(751,027)
Decrease in revaluation for the year	(641,525)
At 31 December 2001	1,233,925

21. TANGIBLE FIXED ASSETS

	Land and Buildings Lm	Computer Equipment Lm	Other Lm	Total Lm
Year ended 31 December 2001				
Opening net book amount	1,136,137	718,727	520,355	2,375,219
Additions	178,642	512,419	78,555	769,616
Disposals	-	(12,940)	(7,169)	(20,109)
Depreciation charge	(27,880)	(284,596)	(134,613)	(447,089)
Depreciation released on disposal	-	12,940	6,584	19,524
Closing net book amount	1,286,899	946,550	463,712	2,697,161
As at 31 December 2001				
Cost/valuation	1,418,388	1,523,403	1,302,973	4,244,764
Provision for depreciation	(131,489)	(576,853)	(839,261)	(1,547,603)
Closing net book amount	1,286,899	946,550	463,712	2,697,161
As at 31 December 2000				
Cost/valuation	1,239,746	1,023,924	1,231,587	3,495,257
Provision for depreciation	(103,609)	(305,197)	(711,232)	(1,120,038)
Net book amount	1,136,137	718,727	520,355	2,375,219
			2001 Lm	2000 Lm
Future capital expenditure:				
- contracted but not provided for in the financial statements			-	171,817
- authorised by the directors but not contracted			1,603,100	848,238
			1,603,100	1,020,055

22. OTHER ASSETS

	2001 Lm	2000 Lm
Deferred taxation	701,052	478,221
Other	694	2,174
	701,746	480,395

23. PREPAYMENTS AND ACCRUED INCOME

	2001 Lm	2000 Lm
Accrued income	1,770,322	1,314,696
Other	41,302	35,382
	1,811,624	1,350,078

24. AMOUNTS OWED TO BANKS

	2001 Lm	2000 Lm
With agreed maturity dates or periods of notice, by remaining maturity:		
- 3 months or less but not repayable on demand	4,336,805	-
Analysed by currency		
- Maltese liri	3,000,000	-
- Foreign	1,336,805	-
	4,336,805	-

25. AMOUNTS OWED TO CUSTOMERS

	2001 Lm	2000 Lm
With agreed maturity dates or periods of notice, by remaining maturity:		
- 5 years or less but over 1 year	7,051,134	5,600,808
- 1 year or less but over 3 months	47,904,235	36,084,615
- 3 months or less but not repayable on demand	18,784,346	20,149,750
Repayable on demand	73,739,715 50,478,774	61,835,173 47,650,380
	124,218,489	109,485,553
Analysed by currency		
- Maltese Liri	115,671,932	101,215,310
- Foreign	8,546,557	8,270,243
	124,218,489	109,485,553

26. OTHER LIABILITIES

	2001 Lm	2000 Lm
Bills payable	766,120	841,440
Taxation	286,383	293,952
Others	123,050	180,439
	1,175,553	1,315,831

27. ACCRUALS AND DEFERRED INCOME

	2001 Lm	2000 Lm
Accrued interest	976,043	1,167,660
Other accruals	647,882	379,513
	1,623,925	1,547,173

28. SUBORDINATED LIABILITIES

	2001 Lm	2000 Lm
7.5% Subordinated Unsecured Loan Stock	1,400,000	1,900,000

This loan stock is redeemable at par on 30 January 2008.

29. SHARE CAPITAL

	2001 & 2000 Lm
Authorised 8,000,000 ordinary shares of Lm0.25 each	2,000,000
Issued, called up and fully paid up 6,000,000 ordinary shares of Lm0.25 each	1,500,000

30. SHARE PREMIUM ACCOUNT

	2001 & 2000 Lm
Balance at beginning and end of year	759,850

31. OTHER RESERVES

	2001 & 2000 Lm
Non-distributable reserve	
Balance at beginning and end of year	174,926
<p>In accordance with a Central Bank of Malta directive, gains on devaluation of the Maltese lira on 25 November 1992 have been set aside as a non-distributable reserve.</p>	
Asset Funding Reserve	
Balance at beginning and end of year	500,000
<p>The Asset Funding Reserve had been created to provide for the purchase of tangible fixed assets.</p>	
	674,926

32. REVALUATION RESERVE

The revaluation reserve arises as a consequence of the valuation of equity shares at market values at the balance sheet date, as explained in note 1(e). The revaluation reserve is not available for distribution.

33. CONTINGENT LIABILITIES

	2001 Lm	2000 Lm
Guarantees	679,076	653,280
Other contingent liabilities	160,550	74,550
	839,626	727,830

34. COMMITMENTS

	2001 Lm	2000 Lm
Undrawn formal standby facilities, credit facilities and other commitments to lend	18,584,036	8,775,000

35. CASH FLOW STATEMENT

	2001 Lm	2000 Lm
Analysis of balances of cash and cash equivalents as shown in the cash flow statement		
Cash in hand	828,959	832,003
Balances with Central Bank of Malta (excluding reserve deposits)	2,668,049	695,333
Treasury bills	963,686	3,427,830
Loans and Advances to Banks	2,910,146	6,286,155
Amounts owed to Banks	(4,336,805)	-
	3,034,035	11,241,321

36. THE AGGREGATE AMOUNT OF ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES TRANSLATED INTO MALTESE LIRI

	2001 Lm	2000 Lm
Assets	10,627,387	8,894,318
Liabilities	9,883,362	8,270,243

37. SEGMENTAL INFORMATION

The Bank is a retail bank providing normal commercial banking services in the local market and therefore business and geographical segmentation information is not appropriate.

38. RELATED PARTY TRANSACTIONS

During the course of its normal banking business, the Bank conducts business on commercial terms with the Archdiocese of Malta, the ultimate major shareholder of the Bank.

39. GENERAL

(a) Loans to and commitments on behalf of directors and officers

	2001 Loans and advances Lm	2001 Commitments Lm	2000 Loans and advances Lm	2000 Commitments Lm
Directors				
1st January	32,108	8,384	34,869	-
Additions	10,220	4,642	959	8,384
	42,328	13,026	35,828	8,384
Less repayments/ cancellations	(4,834)	-	(3,720)	-
31st December	37,494	13,026	32,108	8,384
Officers				
1st January	195,159	23,510	112,934	13,667
Additions	123,257	16,778	104,055	12,863
	318,416	40,288	216,989	26,530
Less repayments/cancellations	(33,363)	(7,314)	(21,830)	(3,020)
31st December	285,053	32,974	195,159	23,510

39. GENERAL (continued)

(b) The average number of employees

	2001 Number of employees	2000 Number of employees
Managerial	23	20
Supervisory and clerical	100	87
Others	12	12
	135	119

40. FINANCIAL INSTRUMENTS

Financial risk management

APS Bank Limited is subject to a combination of financial risks which are inherent in the business of banking. Financial risks are managed by the Bank within statutory limits and within internal parameters established by the Board of Directors.

Fair values

The reporting of fair values is intended to guide users as to the amount, timing and certainty of cash flows.

The amounts stated for cash balances, balances with the Central Bank of Malta and loans and advances to banks are highly liquid assets. The directors regard the amount shown in the balance sheet for these items as reflecting their fair value in that these assets will be realised for cash in the immediate future.

All the Bank's listed equities are carried in the balance sheet at market value. Debt securities are carried in the balance sheet at amortised cost. Both debt securities and investment equity shares are traded in a liquid market and the directors regard their market valuation as best evidence of fair value.

Loans and advances to customers are stated at the amounts contractually due less provisions to reflect the expected recoverable amounts.

Amounts owed to customers are mainly deposit liabilities. Amounts due on demand at the balance sheet date are shown at fair value. Similarly, the directors consider that other amounts due to customers subject to a specified maturity, which are shown at amounts contracted, reflect the fair value of the cash amounts that are due to customers.

The amounts for contingent liabilities and commitments fairly reflect the cash outflows that are expected to arise upon their occurrence.

The disclosures made in the Bank's financial statements showing maturities are intended to show the timing of cash flows arising from assets and liabilities.

Currency risk

Currency risk is the risk of the exposure of the bank's financial position and cashflow to adverse movements in foreign exchange rates.

The Bank's financial assets and liabilities are substantially held in Maltese Lira.

Financial assets denominated in foreign currencies are invested in such manner as to reflect the foreign currency composition of the basket of the Maltese Lira, thereby hedging against exchange losses. Any deviations are subject to monitoring by the Bank's management. Local banks are exposed to currency risk in the event that the Central Bank of Malta changes the value of the Maltese Lira.

Interest rate risk

Interest risk is the risk of the exposure of the bank's financial condition to adverse movements in interest rates.

Compared to the international scene, the local interest rates are relatively stable. Changes in local interest rates are monitored constantly by management and corrective action taken by realigning the maturities of and re-pricing the assets and liabilities. The Bank does not have significant exposure to foreign interest rate movements.

Credit risk

Credit risk is the risk that a counterparty will be unable to fulfil the terms of his obligations when due.

In view of the nature of its business, the Bank's financial assets are inherently and predominately subject to credit risk. Thus, management has put in place internal control systems to evaluate, approve and monitor credit risks relating to both investments and loan portfolios.

The Bank has established a policy whereby only investments of high quality are held. Limits have also been established on the level and type of investment held.

Decisions on loans and advances to customers are subject to approval limits involving various levels of management of the Bank. Loans and advances to customers are generally backed by security usually in the form of property, personal or bank guarantees. The security held is subject to periodic review to ensure that it remains adequate and valid.

Management's assessments of potential default on loans and advances to customers and interest related thereto is reflected in provisions which are netted off against the amounts of loans and advances to customers, as explained in note 1(c).

Liquidity risk

Liquidity risk is the risk of the exposure of the bank's mismatches in its portfolio of assets, liabilities and commitments.

The Bank manages this risk by matching the maturities of assets and liabilities. Investments are mostly quoted on local or foreign stock exchanges and therefore enjoy a high degree of marketability and liquidity.

SOLVENCY RATIO

as at 31 December 2001

	Book Value Lm	Weighted Amount Lm
On-Balance Sheet Assets		
Cash and balances with Central Bank of Malta	3,497,008	-
Reserve deposit with Central Bank of Malta	4,897,220	-
Cheques in course of collection	548,787	109,757
Treasury bills	963,686	-
Loans and advances to banks	2,910,146	582,029
Loans and advances to customers*	36,427,505	24,902,200
Debt securities	84,201,963	2,931,932
Equity shares	1,233,925	1,233,925
Tangible fixed assets	2,697,161	2,697,161
Prepayments and accrued income	1,811,624	905,812
Other assets	701,746	701,746
Total Assets	139,890,771	34,064,562
*Loans and advances to customers are shown gross of general provisions which are included with own funds below.		
Off-Balance Sheet Items		
Contingent liabilities		
- guarantees	679,076	679,076
- other contingent liabilities	160,550	160,550
Commitments	18,584,036	-
	19,423,662	839,626
Own Funds		
Original own funds		6,296,653
Additional own funds		435,000
Subordinated liabilities		1,400,000
Total own funds		8,131,653
Solvency Ratio		23.30%

The solvency ratio is a measure of the Bank's capital adequacy and is the ratio of own funds to total risk-weighted assets and off-balance sheet items in terms of the Solvency Ratio Directive BD/04 issued in accordance with Section 17(1) of the Banking Act, 1994.

The Bank's Five Year Summary

Profit and Loss Accounts

	2001	2000	1999	1998	1997
	Lm	Lm	Lm	Lm (restated)	Lm (restated)
Interest Receivable and Similar Income	7,966,267	6,684,308	5,138,698	4,521,313	3,868,590
Interest Payable	(5,070,977)	(4,346,070)	(3,940,756)	(3,363,690)	(2,617,618)
Net Interest Income	2,895,290	2,338,238	1,197,942	1,157,623	1,250,972
Other Operating Income	1,439,700	1,578,170	1,245,819	980,386	360,598
Other Operating Charges	(2,606,099)	(2,079,468)	(1,507,770)	(1,301,444)	(1,044,294)
Net Charge for Bad and Doubtful Debts	(576,376)	(529,724)	(163,375)	(94,391)	(100,130)
Profit on Ordinary Activities Before Tax	1,152,515	1,307,216	772,616	742,174	467,146
Taxation	(121,081)	(375,004)	7,421	(71,990)	(166,509)
Profit on Ordinary Activities After Tax	1,031,434	932,212	780,037	670,184	300,637
Provision for Extraordinary Tax	-	-	-	-	(93,909)
Profit for the Year After Tax	1,031,434	932,212	780,037	670,184	206,728
Earnings per Share	17c2	15c5	13c0	11c2	5c0

1998 and 1997 figures have been restated as a result of the change in accounting policy concerning deferred taxation.

The Bank's Five Year Summary

Balance Sheets

	2001 Lm	2000 Lm	1999 Lm	1998 Lm (restated)	1997 Lm (restated)
ASSETS					
Cash and balances with Central Bank of Malta	3,497,008	1,527,336	1,268,671	849,049	1,033,013
Reserve deposit with Central Bank of Malta	4,897,220	5,259,100	4,704,800	3,567,250	3,288,650
Cheques in course of collection	548,787	952,333	729,142	313,853	337,141
Treasury bills	963,686	3,427,830	-	1,091,073	-
Loans and advances to banks	2,910,146	6,286,155	7,499,004	3,207,088	7,477,771
Loans and advances to customers	35,992,505	31,151,327	30,410,048	25,921,078	26,802,891
Debt securities	84,201,963	62,831,050	50,769,513	43,128,717	30,897,695
Equity shares	1,233,925	5,786,851	5,694,756	1,016,805	1,135,923
Tangible fixed assets	2,697,161	2,375,219	2,157,830	1,891,698	1,751,304
Other assets	701,746	480,395	266,192	200,683	142,919
Prepayments and accrued income	1,811,624	1,350,078	1,177,320	798,901	758,815
	139,455,771	121,427,674	104,677,276	81,986,195	73,626,122
LIABILITIES					
Amounts owed to banks	4,336,805	-	-	-	-
Amounts owed to customers	124,218,489	109,485,553	94,089,958	72,133,803	68,558,156
Other liabilities	1,175,553	1,315,831	972,811	521,773	1,008,052
Accruals and deferred income	1,623,925	1,547,173	1,373,011	931,610	593,270
Subordinated liabilities	1,400,000	1,900,000	1,900,000	1,900,000	-
	132,754,772	114,248,557	98,335,780	75,487,186	70,159,478

The Bank's Five Year Summary

Balance Sheets (continued)

	2001 Lm	2000 Lm	1999 Lm	1998 Lm (restated)	1997 Lm (restated)
SHAREHOLDERS' FUNDS					
Called up share capital	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Share premium account	759,850	759,850	759,850	759,850	759,850
Other reserves	674,926	674,926	674,926	674,926	674,926
Revaluation reserve	287,346	1,679,898	1,774,489	2,479,181	-
Dividend reserve	117,000	-	-	-	-
Profit and loss account	3,361,877	2,564,443	1,632,231	1,085,052	531,868
	6,700,999	7,179,117	6,341,496	6,499,009	3,466,644
TOTAL LIABILITIES	139,455,771	121,427,674	104,677,276	81,986,195	73,626,122
MEMORANDUM ITEMS					
Contingent liabilities	839,626	727,830	1,376,000	639,000	650,301
Commitments	18,584,036	8,775,000	15,775,000	9,457,000	7,350,084
	19,423,662	9,502,830	17,151,000	10,096,000	8,000,385

The Bank's Five Year Summary

Cash Flow Statements

	2001 Lm	2000 Lm	1999 Lm	1998 Lm	1997 Lm
Net cash flows from operating activities	10,049,784	11,774,008	13,786,990	3,451,997	6,169,484
Cash flows from investing activities					
Dividends received from equity shares	27,481	22,976	26,041	31,564	42,185
Interest income from investment securities	4,155,002	3,198,932	2,603,309	2,085,789	1,853,449
Purchase of investment securities	(26,187,296)	(15,395,928)	(23,996,653)	(17,904,118)	(9,000,697)
Sales and redemption of investment securities	4,749,333	3,437,591	11,745,816	14,088,577	1,136,850
Purchase of tangible fixed assets	(374,590)	(446,933)	(442,295)	(306,473)	(263,937)
Sale of tangible fixed assets	-	-	14,257	-	-
Net cash from used in investing activities	(17,630,070)	(9,183,332)	(10,049,525)	(2,004,661)	(6,232,150)
Cash flows from financing activities					
Ordinary dividends paid	(117,000)	(117,000)	(117,000)	(112,125)	(112,125)
Repayment of subordinated loan stock	(510,000)	-	-	-	-
Issue of subordinated loan stock	-	-	-	1,900,000	-
Net cash (used in)/generated from financing activities	(627,000)	(117,000)	(117,000)	1,787,875	(112,125)
(Decrease)/Increase in cash and cash equivalents	(8,207,286)	2,473,646	3,620,465	3,235,211	(174,791)
Cash and cash equivalents at 1 January	11,241,321	8,767,675	5,147,210	1,911,999	2,086,790
Cash and cash equivalents at 31 December	3,034,035	11,241,321	8,767,675	5,147,210	1,911,999

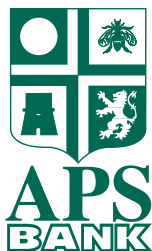
The Bank's Five Year Summary

Accounting ratios

	2001 %	2000 %	1999 %	1998 %	1997 %
Net interest income and other operating income to total assets	3.1	3.2	2.3	2.6	2.2
Operating expenses to total assets	2.3	2.1	1.6	1.7	1.6
Profit before tax to total assets	0.8	1.1	0.7	0.9	0.6
Return on capital employed before tax*	18.0	23.8	16.9	18.5	13.5
Profit after tax to equity*	16.1	16.9	17.1	16.7	8.7

	2001	2000	1999	1998	1997
Shares in issue of 25c each (thousands)	6,000	6,000	6,000	6,000	6,000
Net assets per share (cents)*	107	92	76	67	58
Earnings per share (cents)	17c2	15c5	13c0	11c2	5c0
Dividends per share (cents)					
Gross	3c	3c	3c	3c	2c9
Net	1c9	1c9	1c9	1c9	1c9
Dividend cover	8.8	8.0	6.7	6.0	2.7

*Return on capital employed, return on equity and net assets per share are calculated on shareholders' funds excluding the revaluation reserve.



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