



FIMBANK

COMPANY ANNOUNCEMENT

The following is a Company Announcement by FIMBank p.l.c. pursuant to Malta Financial Services Authority Listing Rules 5.16 and 5.54:

Quote

The Board of Directors of FIMBank p.l.c. met in Malta on 11 March 2014 to approve the Consolidated Audited Financial Statements for the financial year ended 31 December 2013. A Preliminary Statement of Results for the financial year ended 31 December 2013 is attached to this Company Announcement and has been made available for public viewing on the Company's website at www.fimbank.com.

The Board of Directors resolved that the Consolidated Audited Financial Statements be submitted for approval by the shareholders at the forthcoming Annual General Meeting to be held in Malta on 8 May 2014. At that Meeting, the Board of Directors will not be recommending a dividend but will instead be recommending a 1 for 10 Bonus Issue of Ordinary Shares by way of capitalisation of the Share Premium Account.

Shareholders on the Register at the Central Securities Depository of the Malta Stock Exchange on 8 April 2014 (the 'Record Date', i.e. last trading date being 3 April 2014) will be entitled to receive notice of the Annual General Meeting and the Bonus Issue.

Unquote

Andrea Batelli
Company Secretary

11 March 2014

FIMBank p.l.c.
Mercury Tower
The Exchange Financial & Business Centre
Elia Zammit Street
St.Julian's STJ 3155, Malta

Tel:(+356) 2132 2100
Fax:(+356) 2328 0107
Company Registration Number: C17003
www.fimbank.com
csec@fimbank.com

Preliminary statement of annual results

For the year ended 31 December 2013

general

The Preliminary Statement of Annual Results is published in terms of Malta Financial Services Authority Listing Rules 5.16 and 5.54. Figures have been extracted from FIMBank p.l.c.'s Audited Financial Statements for the financial year ended 31 December 2013, as approved by the Board of Directors on 11 March 2014 and as agreed to, with the auditors KPMG. The Financial Statements refer to the consolidated accounts of the FIMBank Group (the "Group"), comprising FIMBank p.l.c. (the "Bank") and its wholly-owned subsidiaries, London Forfaiting Company Limited ("LFC") together with its subsidiary companies, FIMFactors B.V. ("FIMFactors") and its wholly-owned subsidiary Menafactors Limited ("Menafactors"), FIM Business Solutions Limited ("FBS"), and FIM Property Investment Limited ("FPI"). Coverage is also given to the associated undertakings BRASILFACTORS S.A. ("Brasilfactors"), CIS Factors Holding B.V. ("CIS Factors"), India Factoring and Finance Solutions Private Limited ("India Factoring"), Levant Factors S.A.L., and The Egyptian Company for Factoring S.A.E. ("Egypt Factors").

review of performance

Although the markets where the Group is active remained affected by generally challenging conditions for business, the year under review continued to present encouraging opportunities in international trade finance both with existing clients as well as with new products and markets, 2013 also started with considerable anticipation following from the announcement, late in 2012, of the proposed joint offer by Burgan Bank and United Gulf Bank to acquire and increase a controlling interest in the Group. However this project only started to gather serious traction in the second half of the year with the injection of new capital and extension of funding support later in the year. In these circumstances, both FIMBank and LFC registered improved and commendable operating performances which were marked by a few but fairly significant impairment events. Menafactors also returned a positive year as the outlook for business in the MENA region continued to strengthen. Results from the main associated companies in Egypt, Russia and India were mixed while Brasilfactors continued to face start-up challenges in line with the build-up of its portfolio. Impairments also impacted the performance of Levant Factors in Lebanon.

For the year ended 31 December 2013, the Group registered a loss of USD4.22 million compared to a profit of USD8.80 million in 2012. Group losses per share stood at US cents 2.66 (2012: earnings per share of US cents 6.17).

The results for the period under review are summarised in the table below which should be read in conjunction with the explanatory commentary that follows:

	2013 USD	Group 2012 USD	Movement USD
Net interest income	15,941,655	12,975,759	2,965,896
Net fee and commission income	22,893,042	20,698,212	2,194,830
Net results from foreign currency operations	2,750,739	2,993,905	(243,166)
Other operating income	19,273	16,494	2,779
Net operating results	41,604,709	36,684,370	4,920,339
Net impairment losses	(6,546,151)	(1,323,275)	(5,222,876)
Net losses from trading assets and other financial instruments	(8,133,627)	3,356,462	(11,490,089)
Share of loss of equity accounted investees	(2,977,398)	(1,390,319)	(1,587,079)
Net income	23,947,533	37,327,238	(13,379,705)
Operating expenses	(30,347,929)	(28,485,074)	(1,862,855)
(Loss)/profit before income tax	(6,400,396)	8,842,164	(15,242,560)
Taxation	2,184,987	(43,631)	2,228,618
(Loss)/profit for the year	(4,215,409)	8,798,533	(13,013,942)

Prior to impairment losses, marked-to-market adjustments and share of equity results, the Group improved its operating performance by 13%, from USD36.68 million to USD41.60 million. Net Interest Income increased by 23% to USD15.94 million mainly as a result of higher volumes and improved margins, leading Net Interest Margin to strengthen from 43% to 45%. In a similar trend, Net Fee and Commission Income increased by 11% to USD22.89 million, aided by improved business volumes across all Group companies.

Net impairment losses increased from USD1.32 million to USD6.55 million. This result is attributed to: a) an increase in specific impairment charges taken on Bank Solo assets which either show traits of possible non-recoverability or keep non performing in 2013; and b) an increase in collective impairment charges as a result of a growth in the banking book coupled with longer tenors. Net losses from trading assets and other financial instruments resulted in a loss of USD8.13 million, compared to a profit of USD3.36 million in 2012. This negative performance is attributed to two factors namely a) a net loss of USD7.52 million on the Group's forfeiting book, which loss mainly represents unrealised marked-to-market adjustments on specific distressed assets of USD8.03 million compensated by realised trading profits of USD0.50 million; and b) a net loss of USD0.61 million on the Group's credit linked notes, which loss is fully attributable to marked-to-market adjustments on the remaining notes held in the book.

The Group's factoring entities accounted through the equity method yielded a net share of loss of USD2.98 million compared to a net loss of USD1.40 million in 2012. This worsening performance is attributed to specific impairment losses taken in the Russia and Lebanon entities which reflect particular recoverability difficulties in both markets. In contrast the India and Egypt entities returned a positive result to the Group which were compensated by operational losses of the yet starting up Brazil entity.

Operating expenses for the six months under review increased by 7% from USD28.49 million in 2012 to USD30.35 million, largely reflecting the depreciation on the Group's Head Office building which became operational as from 1 July 2012.

As at 31 December 2013, Consolidated Assets stood at USD1.24 billion, an increase of 9% over end-2012 figures whilst Consolidated Liabilities stood at USD1.09 billion, up by 9% from end-2012. Group Equity as at same financial reporting date stood at USD149 million, up by USD18 million when compared to the equity levels reported at 31 December 2012, reflecting in large the USD30 million new equity invested by United Gulf Bank B.S.C. during the second half of 2013 compensated by the negative performance for the year as well as the cash dividend paid in May 2013 and currency translation losses on equity accounted entities.

outlook for 2014

2014 has started with the joint offer by Burgan Bank and UGB resulting in these two institutional shareholders increasing their stake in FIMBank to 80%. With this comes the anticipation of significantly improved prospects to take on new and bigger business, to benefit from better funding opportunities and to overall strengthen the Group's operating performance even further. Critical to the development of the FIMBank Group will be its ability to maintain strong capital ratios and enhance its credit rating. FIMBank should continue to focus on its core expertise and track record in trade finance, taking on business selectively and addressing the ever-increasing demands of regulation, including the first implementations of Basle 3/CRD IV. LFC should also continue to further improve its operating performance through a larger portfolio and diversification of funding lines which should also lead to improved margins. Menafactors is expected to maintain its strong operating fundamentals and benefit from the overall improvement in the region. The Group will step up recovery actions on all impairments while monitoring of joint venture activities is being strengthened by enhancing oversight structures at Bank level as well as through obtaining shareholder control in key ventures.

dividends and reserves

The Directors will not be recommending the payment of a dividend to the Annual General Meeting of shareholders (2012: USD5,279,120, representing a net dividend per ordinary share of US cents 3.693149). A resolution proposing a 1 for 10 Bonus Issue of Ordinary Shares by way of capitalisation of the Share Premium Account will be presented to the Annual General Meeting of shareholders. All shareholders on the register as at close of trading on 8 April 2014 (the "Record Date") shall be entitled to receive the bonus shares.

statements of financial position

As at 31 December 2013

	Group		Bank	
	2013 USD	2012 USD	2013 USD	2012 USD
ASSETS				
Balances with the Central Bank of Malta, Treasury Bills and cash	69,707,225	20,831,547	69,680,966	20,818,657
Trading assets	272,831,977	245,061,077	-	-
Derivative assets held for risk management	828,234	893,552	883,480	939,512
Financial assets designated at fair value through profit or loss	17,700,000	55,589,393	17,700,000	55,589,393
Loans and advances to banks	337,975,471	396,320,420	328,578,318	392,215,931
Loans and advances to customers	417,469,537	329,330,290	593,801,221	476,424,777
Investments available-for-sale	26,476,204	92,742	26,475,502	92,040
Investments held-to-maturity	6,783,621	-	6,783,621	-
Investments in equity accounted investees	22,276,790	27,810,254	6,013,425	6,013,425
Investments in subsidiaries	-	-	79,234,301	78,234,301
Property and equipment	39,006,893	34,790,467	2,070,762	2,180,245
Intangible assets	1,342,722	1,335,559	715,513	622,001
Current tax assets	2,064,313	1,416,225	2,064,316	1,416,225
Deferred taxation	13,243,752	11,196,161	6,494,506	4,456,996
Other assets	4,992,409	3,925,264	3,984,761	2,581,299
Prepayments and accrued income	3,067,655	1,815,224	2,635,135	1,405,124
Total assets	1,235,766,803	1,130,408,175	1,147,115,827	1,042,989,926
LIABILITIES AND EQUITY				
Liabilities				
Derivative liabilities held for risk management	506,477	791,622	506,477	791,622
Amounts owed to banks	603,452,860	431,841,922	593,551,588	412,808,494
Amounts owed to customers	431,686,766	454,857,480	414,846,277	427,387,411
Debt securities in issue	35,498,006	51,956,119	-	43,141,189
Subordinated debt	-	40,122,813	-	40,122,813
Provisions	1,360,910	3,034,789	-	1,733,104
Other liabilities	368,017	409,346	368,015	409,346
Accruals and deferred income	14,137,625	16,753,818	5,039,952	5,858,275
Total liabilities	1,087,010,661	999,767,909	1,014,312,309	932,252,254
Equity				
Share capital	89,599,085	71,471,801	89,599,085	71,471,801
Share premium	19,820,564	8,028,945	19,820,564	8,028,945
Reserve for general banking risks	80,893	-	80,893	-
Currency translation reserve	(6,397,892)	(3,832,562)	-	-
Fair value reserve	159,362	(97,470)	159,362	(97,470)
Other reserve	2,681,041	10,463,255	2,681,041	2,681,041
Retained earnings	42,813,089	44,606,297	20,462,573	28,653,355
Total equity	148,756,142	130,640,266	132,803,518	110,737,672
Total liabilities and equity	1,235,766,803	1,130,408,175	1,147,115,827	1,042,989,926
MEMORANDUM ITEMS				
Contingent liabilities	25,658,655	73,271,995	61,549,236	82,152,480
Commitments	269,423,193	205,344,075	237,393,657	173,120,939

statements of changes in equity

For the year ended 31 December 2013

Group	Share capital USD	Share premium USD	Reserve for general banking risks USD	Currency translation reserve USD	Fair value reserve USD	Other reserve USD	Retained earnings USD	Total USD
At 1 January 2012	68,318,160	10,474,390	-	(2,974,934)	(97,470)	12,442,022	36,567,031	124,729,199
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	8,798,533	8,798,533
Total other comprehensive income								
Currency translation reserve	-	-	-	(857,628)	-	-	-	(857,628)
Total other comprehensive income								
	-	-	-	(857,628)	-	-	-	(857,628)
Total comprehensive income for the year								
	-	-	-	(857,628)	-	-	8,798,533	7,940,905
Transactions with owners, recorded directly in equity								
Bonus issue of shares	2,732,948	(2,732,948)	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	(2,738,034)	(2,738,034)
Scrip issue of ordinary shares	420,693	287,503	-	-	-	-	-	708,196
Total contributions by and distributions to owners								
	3,153,641	(2,445,445)	-	-	-	-	(2,738,034)	(2,029,838)
Transfer to retained earnings	-	-	-	-	-	(1,978,767)	1,978,767	-
As at 31 December 2012	71,471,801	8,028,945	-	(3,832,562)	(97,470)	10,463,255	44,606,297	130,640,266
At 1 January 2013	71,471,801	8,028,945	-	(3,832,562)	(97,470)	10,463,255	44,606,297	130,640,266
Total comprehensive income for the year								
Loss for the year	-	-	-	-	-	-	(4,215,409)	(4,215,409)
Total other comprehensive income								
Change in fair value of available-for-sale assets	-	-	-	-	256,832	-	-	256,832
Currency translation reserve	-	-	-	(2,565,330)	-	-	-	(2,565,330)
Total other comprehensive income								
	-	-	-	(2,565,330)	256,832	-	-	(2,308,498)
Total comprehensive income for the year								
	-	-	-	(2,565,330)	256,832	-	(4,215,409)	(6,523,907)
Transactions with owners, recorded directly in equity								
Issue of new shares, net of transaction costs	18,127,284	11,791,619	-	-	-	-	-	29,918,903
Dividends to equity holders	-	-	-	-	-	-	(5,279,120)	(5,279,120)
Total contributions by and distributions to owners								
	18,127,284	11,791,619	-	-	-	-	(5,279,120)	24,639,783
Transfer to reserve for general banking risks	-	-	80,893	-	-	-	(80,893)	-
Transfer to retained earnings	-	-	-	-	-	(7,782,214)	7,782,214	-
As at 31 December 2013	89,599,085	19,820,564	80,893	(6,397,892)	159,362	2,681,041	42,813,089	148,756,142

statements of changes in equity

For the year ended 31 December 2013

Bank	Share capital USD	Share premium USD	Reserve for general banking risks USD	Fair value reserve USD	Other reserve USD	Retained earnings USD	Total USD
At 1 January 2012	68,318,160	10,474,390	-	(97,470)	2,681,041	29,863,237	111,239,358
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	1,528,152	1,528,152
	-	-	-	-	-	1,528,152	1,528,152
Transactions with owners, recorded directly in equity							
Bonus issue of shares	2,732,948	(2,732,948)	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	(2,738,034)	(2,738,034)
Scrip issue of ordinary shares	420,693	287,503	-	-	-	-	708,196
Total contributions by and distributions to owners	3,153,641	(2,445,445)	-	-	-	(2,738,034)	(2,029,838)
As at 31 December 2012	71,471,801	8,028,945	-	(97,470)	2,681,041	28,653,355	110,737,672
At 1 January 2013	71,471,801	8,028,945	-	(97,470)	2,681,041	28,653,355	110,737,672
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(2,830,769)	(2,830,769)
	-	-	-	-	-	(2,830,769)	(2,830,769)
Other comprehensive income							
Change in fair value of available-for-sale assets	-	-	-	256,832	-	-	256,832
Total other comprehensive income	-	-	-	256,832	-	-	256,832
Total comprehensive income for the year	-	-	-	256,832	-	(2,830,769)	(2,573,937)
Transactions with owners, recorded directly in equity							
Issue of new shares, net of transaction costs	18,127,284	11,791,619	-	-	-	-	29,918,903
Dividends to equity holders	-	-	-	-	-	(5,279,120)	(5,279,120)
Total contributions by and distributions to owners	18,127,284	11,791,619	-	-	-	(5,279,120)	24,639,783
Transfer to reserve for general banking risks	-	-	80,893	-	-	(80,893)	-
As at 31 December 2013	89,599,085	19,820,564	80,893	159,362	2,681,041	20,462,573	132,803,518

income statements

For the year ended 31 December 2013

	Group		Bank	
	2013 USD	2012 USD	2013 USD	2012 USD
Interest income	35,756,117	30,177,040	25,308,593	21,815,348
Interest expense	(19,814,462)	(17,201,281)	(18,318,032)	(16,288,411)
Net interest income	15,941,655	12,975,759	6,990,561	5,526,937
Fee and commission income	25,528,149	23,169,507	16,004,841	15,543,409
Fee and commission expense	(2,635,107)	(2,471,295)	(1,339,461)	(1,304,577)
Net fee and commission income	22,893,042	20,698,212	14,665,380	14,238,832
Net trading results	(8,132,249)	(4,875,179)	(765,622)	(7,377,031)
Net gain from other financial instruments carried at fair value	2,749,361	11,225,546	2,757,693	11,262,875
Dividend income	691	699	691	699
Other operating income	18,582	15,795	25,591	5,290
Operating income before net impairment	33,471,082	40,040,832	23,674,294	23,657,602
Net impairment loss on financial assets	(6,546,151)	(1,323,275)	(6,709,515)	(1,690,609)
Operating income	26,924,931	38,717,557	16,964,779	21,966,993
Administrative expenses	(27,462,659)	(27,003,171)	(20,552,916)	(19,730,475)
Depreciation and amortisation	(2,208,349)	(1,481,903)	(741,316)	(666,464)
Provisions	(676,921)	-	(676,921)	-
Total operating expenses	(30,347,929)	(28,485,074)	(21,971,153)	(20,396,939)
Operating (loss)/profit	(3,422,998)	10,232,483	(5,006,374)	1,570,054
Share of loss of equity accounted investees (net of tax)	(2,977,398)	(1,390,319)	-	-
(Loss)/profit before tax	(6,400,396)	8,842,164	(5,006,374)	1,570,054
Taxation	2,184,987	(43,631)	2,175,605	(41,902)
(Loss)/profit for the year	(4,215,409)	8,798,533	(2,830,769)	1,528,152
Basic earnings per share	(2.66c)	6.17c	(1.79c)	1.07c
Diluted earnings per share	(2.65c)	6.17c	(1.78c)	1.07c

statements of comprehensive income

For the year ended 31 December 2013

	Group		Bank	
	2013 USD	2012 USD	2013 USD	2012 USD
(Loss)/profit for the year	(4,215,409)	8,798,533	(2,830,769)	1,528,152
Other comprehensive income:				
<i>Items that are, or may be, reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations	(2,565,330)	(857,628)	-	-
Fair value reserve (available-for-sale financial assets):				
- Net change in fair value	395,126	-	395,126	-
- Related tax	(138,294)	-	(138,294)	-
Other comprehensive income, net of tax	(2,308,498)	(857,628)	256,832	-
Total comprehensive income for the year	(6,523,907)	7,940,905	(2,573,937)	1,528,152

statements of cash flows

For the year ended 31 December 2013

	Group		Bank	
	2013 USD	2012 USD	2013 USD	2012 USD
Cash flows from operating activities				
Interest and commission receipts	58,475,080	59,369,117	41,508,724	40,237,707
Exchange received/(paid)	2,514,456	50,576	2,307,029	(213,719)
Interest and commission payments	(21,277,430)	(19,388,240)	(18,550,556)	(17,346,733)
Payments to employees and suppliers	(29,621,619)	(29,867,457)	(21,620,220)	(19,684,149)
Operating profit before changes in operating assets / liabilities	10,090,487	10,163,996	3,644,977	2,993,106
(Increase) / decrease in operating assets:				
- Financial assets at fair value through profit or loss	4,120,251	(25,842,927)	37,345,323	(13,187,393)
- Investments held-to-maturity	(6,783,621)	-	(6,783,621)	-
- Loans and advances to customers and banks	(102,387,661)	(102,125,296)	(94,462,015)	(94,621,058)
- Other assets	(1,067,141)	(418,117)	(1,403,462)	192,314
Increase / (decrease) in operating liabilities:				
- Amounts owed to customers and banks	32,704,845	204,880,800	52,602,374	169,106,891
- Other liabilities and provisions	(2,451,357)	314,954	(2,451,357)	314,954
- Net advances from/(to) subsidiary companies	-	-	(37,003,304)	15,569,506
Net cash (outflows)/inflows from operating activities before income tax	(65,774,197)	86,973,410	(48,511,085)	80,368,320
Income tax paid	(648,990)	(1,001,543)	(648,293)	(999,665)
Net cash flows (used in)/from operating activities	(66,423,187)	85,971,867	(49,159,378)	79,368,655
Cash flows from investing activities				
- Payments to acquire property and equipment	(5,980,646)	(9,833,839)	(434,749)	(776,240)
- Payments to acquire intangible assets	(460,022)	(249,818)	(292,256)	(176,799)
- Proceeds on disposal of property and equipment	7,313	79,654	7,243	6,812
- Investment in subsidiary companies	-	-	(1,000,000)	(4,752,942)
- Purchase of shares in equity accounted investees	-	(7,552,941)	-	(2,800,000)
- Additional investment in investments available-for-sale	(25,988,335)	-	(25,988,335)	-
- Receipt of dividend	691	699	691	699
Net cash flows used in investing activities	(32,420,999)	(17,556,245)	(27,707,406)	(8,498,470)
(Decrease) /increase in cash and cash equivalents c/f	(98,844,186)	68,415,622	(76,866,784)	70,870,185

statements of cash flows

For the year ended 31 December 2013

	Group		Bank	
	2013 USD	2012 USD	2013 USD	2012 USD
(Decrease) /increase in cash and cash equivalents b/f	(98,844,186)	68,415,622	(76,866,784)	70,870,185
Cash flows from financing activities				
- Proceeds from the issue of share capital	29,918,903	-	29,918,903	-
- Net (repayment)/issue of debt securities	(17,580,736)	606,536	(44,263,812)	-
- Repayment of subordinated debt	(42,224,862)	(1,714,286)	(42,224,862)	(1,714,286)
- Dividends paid	(5,279,120)	(2,029,838)	(5,279,120)	(2,029,838)
Net cash flows used in financing activities	(35,165,815)	(3,137,588)	(61,848,891)	(3,744,124)
(Decrease)/increase in cash and cash equivalents	(134,010,001)	65,278,034	(138,715,675)	67,126,061
Analysed as follows:				
- Effect of exchange rate changes on cash and cash equivalents	4,999,188	1,779,083	4,996,191	1,732,571
- Net increase in cash and cash equivalents	(139,009,189)	63,498,951	(143,711,866)	65,393,490
(Decrease)/increase in cash and cash equivalents	(134,010,001)	65,278,034	(138,715,675)	67,126,061
Cash and cash equivalents at beginning of year	127,760,024	62,481,990	122,477,077	55,351,016
Cash and cash equivalents at end of year	(6,249,977)	127,760,024	(16,238,598)	122,477,077