



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 Kuwait on 6 March 2013 to approve the Consolidated Audited Financial Statements for the financial year ended 31 December 2012. A Preliminary Statement of Results for the financial year ended 31 December 2012 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 2 May 2013. At that Meeting, the Board of Directors will be recommending the payment of a cash dividend of US\$5,279,120, i.e. US cents 3.693149 per ordinary share.

Shareholders on the Register at the Central Securities Depository of the Malta Stock Exchange on 2 April 2013 (the 'Record Date', i.e. last trading date being 26 March 2013) will be entitled to receive notice of the Annual General Meeting and to the dividend.

Unquote

Andrea Batelli
f/Company Secretary

6 March 2013

FIMBank p.l.c.

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Preliminary statement of annual results

For the year ended 31 December 2012

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 2012, as approved by the Board of Directors on 6 March 2013 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

2012 unfolded as a year which saw further normality returning to financial markets as political, monetary and fiscal measures across a number of European economies started to show results. In most of the North African and Middle East segments where the FIMBank Group is active, political stability continued to make a gradual return. These conditions helped present increasingly encouraging opportunities in international trade finance and for the Group. FIMBank maintained its selective approach to business and continued to explore openings in commodity finance, particularly softs, metals and energy, as the Bank made further inroads into trade-related transactional banking business with new clients and markets. London Forfaiting Company again posted a strong performance buoyed by strong trading results and consistent growth in its book. Menafactors also returned a positive 2012 as the outlook for business in the MENA region continued to strengthen, helping also the recovery of previously problematic, albeit fully reserved, accounts. On the other hand, the results from the main associated companies in Egypt, Russia and India were disappointing. Egypt Factors and FactorRus faced challenging market conditions which in turn returned a negative performance while India Factoring, after an impressive entry into the market and a strong 2011, posted high provisions as it settled to levels more consistent with the cautious economic outlook and lower growth forecasts for the sub-continent. Brasilfactors completed its start-up year of operations with a break-even operating performance and a good platform to build on for 2013.

The year under review was also marked by the announcement in the first quarter of the proposed transfer by Massaleh Investments K.S.C.C. of its shareholding interest in FIMBank to Burgan Bank S.A.K. ("Burgan"), and the latter's intention to inject new equity which would see it increase its prospective holding to above 50% of FIMBank's issued share capital. After the successful completion of a due diligence exercise and protracted negotiations which took up most of the year, in November it was announced that Burgan and its related, Bahrain-based United Gulf Bank B.S.C. ("UGB"), both forming part of the KIPCO Group, had submitted a joint offer providing for a comprehensive approach comprising not only the share transfer but also for a convertible loan and culminating in a rights issue to increase FIMBank's capital base and in Burgan and UGB potentially acquiring a controlling interest in the Bank. So a certain degree of anticipation which these developments inevitably caused to prevail over most of 2012 now promises to shape the future of the FIMBank Group for 2013 and beyond, once the due regulatory approvals allowing the process to proceed are in place.

For the year ended 31 December 2012, FIMBank Group delivered an after tax profit of USD8.80 million, compared with USD9.13 million in 2011, with Group Basic Earnings per Share of US cents 6.17 (2011 – US cents 6.45). Profit before tax increased by 7% to USD8.84 million, up from USD8.28 million registered in 2011.

The Group's Operating Income increased by 4% over the same period in 2011, from USD37.4 million to USD38.7 million. Net Interest Income decreased by 4% with net interest margin of 43% of Gross Interest Income (2011: 46%). This is a result of increased costs of funding reflecting the Group's continued efforts to grow its deposit base from banks and corporates. To the contrary, Net Fees and Commission increased by 11% as a result of improved documentary credit volumes across all Group entities. The Group also reported an increase in net trading income and net gains from other financial instruments, which when taken together yielded an improved result of USD1 million, from USD5.4 million to USD6.4 million. This is a reflection of improved trading results from forfeiting deals and marked-to-market recoveries on financial instruments compensated by a deterioration in foreign exchange results. Net impairment losses amounted to USD1.3 million, an increase of USD1.2 million from 2011, mainly due to a charge in General Provisions resulting from a growing business portfolio.

Group Operating Expenses remained fairly in line with 2011, with a decrease of 2% to USD28.5 million, driven by lower administrative costs (including staff costs) and compensated by an increase in depreciation as a result of new depreciation charges on own property. The Group's Associated Entities returned a net loss of USD1.4 million, comparing negatively with 2011 net losses of USD0.2 million, as a result of negative returns from all main associated entities.

As at 31 December 2012, Consolidated Assets stood at USD1.13 billion, an increase of 11% over end-2011 figures whilst Consolidated Liabilities stood at USD1 billion, up by 12% from USD893 million on 2011. Group Equity as at same financial reporting date stood at USD131 million, up by 5% when compared to the equity levels reported at 31 December 2011, reflecting the profit performance for the year as well as the equity retention resulting from the scrip dividend approved in May. Consolidated Basle II Capital Adequacy ratio of 16.4% (2011 – 19.3%), remained very strong and well above the regulatory minimum of 8%. Liquidity, with daily ratios averaging 50% during 2012, was prudently and consistently maintained above the 30% minimum regulatory requirement.

outlook for 2013

2013 promises to be the year when FIMBank's new institutional shareholding profile comes on board, with that also the anticipation of significantly increased prospects to take on new and bigger business, to benefit from better funding opportunities and to overall improve the Group's operating performance, while remaining faithful to the core business model built around a track record in trade finance. These developments will be timely not only for the openings which they will give the Group to grow but also for the support that they can provide in a year which will see the arrival of heavy waves of new regulation, not least the first implementations of Basle 3/CRD IV. Critical to the development of the FIMBank Group will be its ability to maintain strong capital ratios, enhance its credit rating, secure better access to funding and improve its operational and financial efficiency. These are key targets which the Board is confident will be met and achieved in the year ahead, creating opportunities for the Bank, its subsidiaries as well as for the growth of its joint-venture undertakings.

dividends and reserves

The Directors will be recommending to the Annual General Meeting of shareholders the payment of a cash dividend amounting to USD5,279,120 (2011: USD2,738,034), representing a net dividend per ordinary share of US cents 3.693149 (2011: US cents 2.003884, diluted to 1.926812 due to 1:25 Bonus Issue in May 2012). This dividend, which requires the approval of the Annual General Meeting to be held on 2 May 2013, will be paid by 16 May 2013. All shareholders on the register as at close of trading on 2 April 2013 (the "Record Date") shall be entitled to receive the dividend.

statements of financial position

As at 31 December 2012

	Group		Bank	
	2012 USD	2011 USD	2012 USD	2011 USD
ASSETS				
Balances with the Central Bank of Malta, Treasury Bills and cash	20,831,547	11,220,465	20,818,657	11,202,132
Trading assets	245,061,077	230,286,337	-	-
Derivative assets held for risk management	893,552	1,844,035	939,512	1,852,222
Financial assets designated at fair value through profit or loss	55,589,393	41,320,260	55,589,393	41,320,260
Loans and advances to banks	396,320,420	417,884,197	392,215,931	410,335,778
Loans and advances to customers	329,330,290	245,186,411	476,424,777	417,827,014
Investments available-for-sale	92,742	92,742	92,040	92,040
Investments in equity accounted investees	27,810,254	22,501,596	6,013,425	3,213,425
Investments in subsidiaries	-	-	78,234,301	73,481,359
Property and equipment	34,790,467	26,033,673	2,180,245	1,882,113
Intangible assets	1,335,559	1,573,025	622,001	653,646
Current tax assets	1,416,225	448,583	1,416,225	448,583
Deferred taxation	11,196,161	11,205,891	4,456,996	4,466,875
Other assets	3,925,264	3,507,147	2,581,299	2,773,613
Prepayments and accrued income	1,815,224	4,668,122	1,405,124	4,412,473
Total assets	1,130,408,175	1,017,772,484	1,042,989,926	973,961,533
LIABILITIES AND EQUITY				
Liabilities				
Derivative liabilities held for risk management	791,622	4,722,154	791,622	4,722,154
Amounts owed to banks	431,841,922	365,202,188	412,808,494	358,274,318
Amounts owed to customers	454,857,480	411,565,369	427,387,411	408,123,600
Debt securities in issue	51,956,119	50,554,467	43,141,189	42,346,073
Subordinated debt	40,122,813	41,162,938	40,122,813	41,162,938
Provisions	3,034,789	3,010,366	1,733,104	1,733,104
Other liabilities	409,346	94,392	409,346	94,392
Accruals and deferred income	16,753,818	16,731,411	5,858,275	6,265,596
Total liabilities	999,767,909	893,043,285	932,252,254	862,722,175
Equity				
Share capital	71,471,801	68,318,160	71,471,801	68,318,160
Share premium	8,028,945	10,474,390	8,028,945	10,474,390
Currency translation reserve	(3,832,561)	(2,974,934)	-	-
Fair value reserve	(97,470)	(97,470)	(97,470)	(97,470)
Other reserve	10,463,255	12,442,022	2,681,041	2,681,041
Retained earnings	44,606,296	36,567,031	28,653,355	29,863,237
Total equity	130,640,266	124,729,199	110,737,672	111,239,358
Total liabilities and equity	1,130,408,175	1,017,772,484	1,042,989,926	973,961,533
MEMORANDUM ITEMS				
Contingent liabilities	73,271,995	66,848,581	82,152,480	72,685,336
Commitments	205,344,075	163,711,561	173,120,939	116,747,046

statements of changes in equity

For the year ended 31 December 2012

Group	Share capital USD	Share premium USD	Currency translation reserve USD	Fair value reserve USD	Other reserve USD	Retained earnings USD	Total USD
At 1 January 2011	67,976,317	10,235,339	(507,632)	(51,665)	8,098,579	35,155,650	120,906,588
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	9,126,779	9,126,779
	-	-	-	-	-	9,126,779	9,126,779
Other comprehensive income							
Change in fair value of available-for-sale financial assets	-	-	-	(45,805)	-	-	(45,805)
Currency translation reserve	-	-	(2,467,302)	-	-	-	(2,467,302)
Total other comprehensive income	-	-	(2,467,302)	(45,805)	-	-	(2,513,107)
Total comprehensive income for the year	-	-	(2,467,302)	(45,805)	-	9,126,779	6,613,672
Transactions with owners, recorded directly in equity							
Dividends to equity holders	-	-	-	-	-	(3,371,955)	(3,371,955)
Scrip issue of ordinary shares	341,843	239,051	-	-	-	-	580,894
Total contributions by and distributions to owners	341,843	239,051	-	-	-	(3,371,955)	(2,791,061)
Transfer from retained earnings	-	-	-	-	4,343,443	(4,343,443)	-
As at 31 December 2011	68,318,160	10,474,390	(2,974,934)	(97,470)	12,442,022	36,567,031	124,729,199
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
	-	-	-	-	-	8,798,533	8,798,533
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

statements of changes in equity

For the year ended 31 December 2012

Bank	Share capital USD	Share premium USD	Fair value reserve USD	Other reserve USD	Retained earnings USD	Total USD
At 1 January 2011	67,976,317	10,235,339	(51,665)	2,681,041	31,395,958	112,236,990
Total comprehensive income for the year						
Profit for the year	-	-	-	-	1,839,234	1,839,234
	-	-	-	-	1,839,234	1,839,234
Other comprehensive income						
Change in fair value of available-for-sale financial assets	-	-	(45,805)	-	-	(45,805)
Total other comprehensive income for the year	-	-	(45,805)	-	-	(45,805)
Total comprehensive income for the year	-	-	(45,805)	-	1,839,234	1,793,429
Transactions with owners, recorded directly in equity						
Dividends to equity holders	-	-	-	-	(3,371,955)	(3,371,955)
Scrip issue of ordinary shares	341,843	239,051	-	-	-	580,894
Total contributions by and distributions to owners	341,843	239,051	-	-	(3,371,955)	(2,791,061)
As at 31 December 2011	68,318,160	10,474,390	(97,470)	2,681,041	29,863,237	111,239,358
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

income statements

For the year ended 31 December 2012

	Group		Bank	
	2012 USD	2011 USD	2012 USD	2011 USD
Interest income	30,177,040	29,178,828	21,815,348	20,990,805
Interest expense	(17,201,281)	(15,667,074)	(16,288,411)	(15,080,538)
Net interest income	12,975,759	13,511,754	5,526,937	5,910,267
Fee and commission income	23,169,507	20,750,013	15,543,409	14,629,402
Fee and commission expense	(2,471,295)	(2,151,053)	(1,304,577)	(1,429,800)
Net fee and commission income	20,698,212	18,598,960	14,238,832	13,199,602
Net trading (expense)/income	(4,875,179)	2,716,444	(7,377,031)	316,461
Net gain from other financial instruments carried at fair value	11,225,546	2,644,387	11,262,875	2,584,985
Dividend income	699	-	699	-
Other operating income	15,795	57,809	5,290	32,322
Operating income before net impairment	40,040,832	37,529,354	23,657,602	22,043,637
Net impairment (loss)/reversal on financial assets	(1,323,275)	(132,026)	(1,690,609)	328,517
Operating income	38,717,557	37,397,328	21,966,993	22,372,154
Administrative expenses	(27,003,171)	(27,765,367)	(19,730,475)	(20,681,648)
Depreciation and amortisation	(1,481,903)	(1,158,502)	(666,464)	(671,744)
Total operating expenses	(28,485,074)	(28,923,869)	(20,396,939)	(21,353,392)
Operating profit	10,232,483	8,473,459	1,570,054	1,018,762
Share of loss of equity accounted investees (net of tax)	(1,390,319)	(191,956)	-	-
Profit before tax	8,842,164	8,281,503	1,570,054	1,018,762
Taxation	(43,631)	845,276	(41,902)	820,472
Profit for the year	8,798,533	9,126,779	1,528,152	1,839,234
Basic earnings per share	6.17c	6.45c	1.07c	1.30c
Diluted earnings per share	6.17c	6.45c	1.07c	1.30c

statements of comprehensive income

For the year ended 31 December 2012

	Group		Bank	
	2012 USD	2011 USD	2012 USD	2011 USD
Profit for the year	8,798,533	9,126,779	1,528,152	1,839,234
Other comprehensive income:				
Exchange differences on translation of foreign operations	(857,628)	(2,467,302)	-	-
Fair value reserve (available for sale financial assets):				
- Net change in fair value	-	(70,470)	-	(70,470)
- Taxation	-	24,665	-	24,665
Total other comprehensive income	(857,628)	(2,513,107)	-	(45,805)
Total comprehensive income for the year	7,940,905	6,613,672	1,528,152	1,793,429

statements of cash flows

For the year ended 31 December 2012

	Group		Bank	
	2012 USD	2011 USD	2012 USD	2011 USD
Cash flows from operating activities				
Interest and commission receipts	59,369,117	49,150,459	40,237,707	34,249,514
Exchange received/(paid)	50,576	7,008,872	(213,719)	6,825,753
Interest and commission payments	(19,388,240)	(16,325,013)	(17,346,733)	(14,941,844)
Payments to employees and suppliers	(29,867,457)	(24,761,228)	(19,684,149)	(21,265,880)
Operating profit before changes in operating assets / liabilities	10,163,996	15,073,090	2,993,106	4,867,543
(Increase)/decrease in operating assets:				
- Financial assets at fair value through profit or loss	(25,842,927)	(21,702,168)	(13,187,393)	(24,188)
- Loans and advances to customers and banks	(102,125,296)	(33,413,242)	(94,621,058)	(44,424,996)
- Other assets	(418,117)	(820,554)	192,314	(903,174)
Increase/(decrease) in operating liabilities:				
- Amounts owed to customers and banks	204,880,800	107,097,265	169,106,891	102,416,777
- Other liabilities	314,954	(87,743)	314,954	(87,743)
- Net advances from/(to) subsidiary companies	-	-	15,569,506	(17,225,766)
Net cash inflows from operating activities before income tax	86,973,410	66,146,648	80,368,320	44,618,453
Income tax paid	(1,001,543)	(185,847)	(999,665)	(185,847)
Net cash flows from operating activities	85,971,867	65,960,801	79,368,655	44,432,606
Cash flows from investing activities				
- Payments to acquire property and equipment	(9,833,839)	(10,843,260)	(776,240)	(548,275)
- Payments to acquire intangible assets	(249,818)	(513,935)	(176,799)	(104,554)
- Proceeds on disposal of property and equipment	79,654	48,331	6,812	12,326
- Purchase of shares in subsidiary companies	-	-	(4,752,942)	(8,705,959)
- Purchase of shares in equity accounted investees	(7,552,941)	(9,332,627)	(2,800,000)	-
- Purchase of shares in available-for-sale financial assets	-	(719)	-	(719)
- Receipt of dividend	699	-	699	-
Net cash flows used in investing activities	(17,556,245)	(20,642,210)	(8,498,470)	(9,347,181)
Increase in cash and cash equivalents c/f	68,415,622	45,318,591	70,870,185	35,085,425

statements of cash flows

For the year ended 31 December 2012

	Group		Bank	
	2012 USD	2011 USD	2012 USD	2011 USD
Increase in cash and cash equivalents b/f	68,415,622	45,318,591	70,870,185	35,085,425
Cash flows from financing activities				
- Debt securities in issue	606,536	(4,460,683)	-	-
- Repayment of Subordinated Convertible Loan	(1,714,286)	(1,714,285)	(1,714,286)	(1,714,285)
- Dividends paid	(2,029,838)	(2,791,061)	(2,029,838)	(2,791,061)
Net cash flows used in financing activities	(3,137,588)	(8,966,029)	(3,744,124)	(4,505,346)
Increase in cash and cash equivalents	65,278,034	36,352,562	67,126,061	30,580,079
Analysed as follows:				
- Effect of exchange rate changes on cash and cash equivalents	1,779,083	(520,723)	1,732,571	(519,211)
- Net increase in cash and cash equivalents	63,498,951	36,873,285	65,393,490	31,099,290
Increase in cash and cash equivalents	65,278,034	36,352,562	67,126,061	30,580,079
Cash and cash equivalents at beginning of year	62,481,990	26,129,428	55,351,016	24,770,937
Cash and cash equivalents at end of year	127,760,024	62,481,990	122,477,077	55,351,016