



# FIMBANK

First International  
Merchant Bank p.l.c.

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Company Registration No : C 17003

## COMPANY ANNOUNCEMENT

Announcement by First International Merchant Bank p.l.c. pursuant to Malta Stock Exchange Bye-laws 6.05.04 (iii) and 6.05.06 (i).

At the meeting held in London on the 19<sup>th</sup> August 2001, the Board of Directors of First International Merchant Bank p.l.c. approved the Interim Accounts for the six month period 1<sup>st</sup> January 2001 to 30<sup>th</sup> June 2001. The Board decided not to pay an interim dividend.

Mr. Francesco Apap Bologna  
Company Secretary

20.08.2001

## INTERIM FINANCIAL STATEMENTS

The published figures, which are in compliance with IAS34, 'Interim Financial Reporting', have been extracted from FIMBank p.l.c. unaudited management accounts for the six months ended 30 June 2001, and have been drawn up according to the accounting policies used in the preparation of the 2000 audited financial statements. These figures are being published in terms of the Bye-Laws of the Malta Stock Exchange, section 6.05.06 (i). The format used conforms with that specified in the Banking Directive BD/07/1994.01 issued by the Central Bank of Malta.

### **Report on the financial results for the six month period – 1<sup>st</sup> January to 30<sup>th</sup> June 2001.**

The initial six month period of the current financial year was characterised by the formulation and board approval of the Bank's five year business plan and the combined equity offering to the general public, followed by the successful listing of the entire issued share capital of the Bank on the Malta Stock Exchange.

During this period the Bank generated a profit on ordinary activities before tax of USD1,392,144. This figure is higher than that generated for the same period last year. For comparative analysis, the interim results of 31 June 2000 have been adjusted to include an increase in provision for doubtful debts from 2.5% to 3%. The increase in capital had a negligible effect on income for these interim results because the proceeds of the combined offering were received on the 26<sup>th</sup> June 2001, just four days prior to the reporting date.

Net interest income was practically at the same level. Although the gross figure was 7% higher, interest paid increased by a similar amount. It is estimated that the deteriorating return on USDollar funds has reduced the interest return on shareholders funds by approximately USD225,000 over the same period last year.

On the other hand, net fee income from ordinary activities increased by 19.5%. The ratio of net fee income to net interest return is 58.5 to 41.5 of operating income.

Administrative and other overheads of the Bank rose by 18%, attributable mainly to increases in staff remuneration, and to a lesser extent, professional consultancy fees. The Bank made nine new appointments during the twelve months ending on the reporting date.

The main changes to the Bank's balance sheet are those related to the increase in capital. Following the combined equity offering, shareholders' funds increased to USD36,782,611. These additional funds are primarily reflected in the higher level of Bank placements (short term money market deposits with banks) and an increase of USD4.6 million in loans and advances to customers.

Off-balance sheet commitments however, show a marked increase in the letter of credit related business. The end-of-June balances, recorded at USD84.6 million are substantially higher than the USD60.4 million reported in December 31<sup>st</sup>, 2000. The USD24.2 million increase is attributable mainly to confirmations and contingent liabilities on issued letters of credit.

No interim dividend is being proposed.

# Profit & Loss Account

*for the period 01 January to 30 June 2001*

	6 months to 30-Jun-01 USD	6 months to 30-Jun-00 USD
Interest income on loans and advances and balances held with Central Bank of Malta	2,408,455	2,248,341
Interest expense	(1,090,915)	(937,242)
<b>Net interest income</b>	1,317,540	1,311,099
Fees and commissions receivable	1,929,690	1,561,628
Fees and commissions payable	(202,715)	(109,162)
Foreign exchange gains	137,139	107,734
<b>Operating income</b>	3,181,654	2,871,299
Administrative expenses	(1,643,112)	(1,398,181)
Depreciation	(98,468)	(77,448)
Provisions for doubtful debts	(47,930)	(336,690)
<b>Profit on ordinary activities before tax</b>	1,392,144	1,058,980
Provision for tax	(202,701)	(87,791)
<b>Profit for the period</b>	1,189,443	971,189
<b>Earnings per share</b>	2.59c	2.4c

# Balance Sheet

as at 30 June 2001

	30-Jun-01 USD	31-Dec-00 USD
<b>ASSETS</b>		
Cash	18,095	1,821
Reserve deposit with Central Bank of Malta	2,383,515	2,316,485
Loans and advances to banks	61,831,215	55,757,761
Loans and advances to customers	26,384,854	21,819,292
Equity shares	75,038	52,843
Tangible fixed assets	901,552	901,747
Other assets	107,630	151,766
Prepayments and accrued interest	506,567	466,619
<b>Total assets</b>	92,208,466	81,468,334
<b>LIABILITIES</b>		
Amounts owed to banks	27,487,167	29,421,152
Amounts owed to customers	26,843,116	25,671,473
Other liabilities	610,919	28,266
Accruals and deferred income	112,831	644,572
Provision for tax	371,822	147,478
	55,425,855	55,912,941
<b>SHAREHOLDERS' FUNDS</b>		
Called up issued share capital	23,000,000	20,000,000
Share Premium Account	4,222,665	-
Other Reserve	2,815,110	-
Profit and loss account	6,744,836	5,555,393
	36,782,611	25,555,393
<b>Total Liabilities</b>	92,208,466	81,468,334
<b>MEMORANDUM ITEMS</b>		
<b>Contingent Liabilities</b>	6,046,267	5,378,911
<b>Commitments</b>	84,606,292	60,431,799

The financial Statements were approved by the Board of Directors on 19 August 2001 and signed on its behalf by:

Najeeb H.M. Al-Saleh, *Chairman*

Mehdi Ouazzani, *Vice Chairman*

# Cash Flow Statement

for the period 01 January to 30 June 2001

	6 months to 30-Jun-01 USD	6 months to 30-Jun-00 USD
<b>Cash flows from operating activities</b>		
Interest and commission receipts	4,328,853	3,315,418
Interest and commission payments	(1,282,464)	(992,427)
Payments to employees and suppliers	(2,079,538)	(1,175,083)
Operating profit before changes in operating assets/liabilities:	966,851	1,147,908
Increase in operating assets:		
- Reserve deposit with Central Bank of Malta	(67,030)	(236,613)
- Loans and advances to customers and banks	(2,262,491)	(12,504,583)
- Other receivables	65,781	(60,683)
Increase/(decrease) in operating liabilities:		
- Amounts owed to customers and banks	1,171,643	5,946,498
- Other payables	554,320	(3,645)
Cash generated from / (used in) operations	429,074	(5,711,118)
Income Tax Paid	(28,333)	-
<b>Net cash from / (used in) operating activities</b>	400,741	(5,711,118)
<b>Cash flow from investing activities</b>		
- Payments to acquire fixed assets	(98,272)	(544,995)
- Purchase of equity shares	(22,195)	-
<b>Net cash used in operating activities</b>	(120,467)	(544,995)
<b>Cash flows from financing activities</b>		
- Proceeds from issue of ordinary shares	7,500,000	-
- Issue costs	(462,225)	-
- Purchase of own shares	(2,000,000)	-
- Sale of own shares	5,000,000	-
<b>Net cash from financing activities</b>	10,037,775	-
<b>Increase/decrease in cash and cash equivalents</b>	10,558,983	(5,166,123)
- Effect of exchange rate changes on cash and cash equivalents	(566,885)	217,581
- Net increase / decrease in cash and cash equivalents	11,125,868	(5,383,704)
	10,558,983	(5,166,123)
Cash and cash equivalents at beginning of period	21,399,137	18,205,705
<b>Cash and cash equivalents at the end of period</b>	31,958,120	13,039,582



## Statement of Changes in Equity

*for the period 01 January to 30 June 2000 and for the period 01 January to 30 June 2001*

	<b>TOTAL</b>	<b>Issued Share Capital USD</b>	<b>Share Premium Account USD</b>	<b>Other Reserve USD</b>	<b>Profit &amp; Loss Account USD</b>
At 1 January 2000	<b>23,387,038</b>	20,000,000	0	0	3,387,038
Profit for the year	<b>1,084,178</b>				1,084,178
At 30 June 2000	<b>24,471,216</b>	20,000,000	0	0	4,471,216
Profit for the six months	<b>1,189,443</b>				1,189,443
As at 30 June 2001	<b>36,782,611</b>	23,000,000	4,222,665	2,815,110	6,744,836

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