

FIMBANK PLC
COMPANY SECRETARIAT
7TH FLOOR, THE PLAZA COMMERCIAL CENTRE
BISAZZA STREET
SLIEMA SLM 1640, MALTA
TEL: +356 23280171
FACSIMILE: +356 23280107
www.fimbank.com
company.secretary@fimbank.com
Company Registration Number : C 17003



COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by FIMBank p.l.c. (the “Company”) pursuant to Malta Financial Services Authority Listing Rules 8.7 and 9.35.

Quote

The Board of Directors of FIMBank p.l.c. met in Kuwait City, Kuwait on 16 March 2010 to approve the Consolidated Audited Financial Statements for the financial year ended 31st December 2009. A Preliminary Statement of Results for the financial year ended 31st December 2009 is attached to this Company Announcement pursuant to Listing Rule 9.35 and has been made available for public view on the Company’s website at www.fimbank.com.

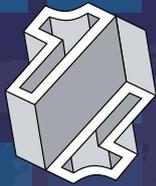
The Board of Directors resolved that the Consolidated Audited Financial Statements be submitted for approval of the shareholders at the forthcoming Annual General Meeting to be held in Malta on 6 May 2010.

At that Meeting, and subject to prior approval from the International Finance Corporation (in terms of the “IFC Subordinated Loan Agreement” covenants), the Board of Directors will be recommending the payment of a scrip dividend of US\$1,565,048 (*i.e.* US cents 1.155640 per ordinary share). Shareholders on the Register at the Central Securities Depository of the Malta Stock Exchange on 30 March 2010 (the ‘Record Date’) will be entitled to:

- a) receive notice of the Annual General Meeting;
- b) receive the scrip dividend, to be paid either in cash or by the issue of new shares at each shareholder’s option by the 15th May 2010.

Unquote

Marcel Cassar
Company Secretary
16 March 2010



FIMBANK
GROUP

FIMBank p.l.c.

preliminary statement of annual results

For the year ended 31 December 2009

general

The Preliminary Statement of Annual Results is published in terms of Malta Financial Services Authority Listing Rules 8.7 and 9.35. Figures have been extracted from FIMBank p.l.c.'s Audited Financial Statements for the financial year ended 31 December 2009, as approved by the Board of Directors on 16 March 2010 and audited by 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 Ltd ("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 Egypt Factors and LCI Factors and the start-ups in Russia and India.

review of performance

For the year ended 31 December 2009, the FIMBank Group delivered an after-tax profit of USD1.6 million. While this represents a decline when compared to the USD24.8 million after-tax profit booked for the same period in 2008, it must be highlighted that in 2008 the Group booked an outlier-after-tax profit of USD 23.8 million on disposal of its shareholding in Global Trade Finance Limited ("GTF").

During the year under review, the Group booked a total operating income after impairments of USD23.9 million, a drop of 7% when compared to 2008, after allowing for the one-time gain generated from the disposal of GTF. Interest and fee-based operating sources of income have not shown the same levels of improvement as for the same period of last year. Group Net Interest Income dropped by 38%, from USD14.2 million in 2008 to USD8.8 million, albeit the Net Interest Margin improved to 50% (2008: 43%). Net Fee and Commission income increased by 7% when compared to 2008, demonstrating that the Group managed to maintain a consistent flow of fee-driven transactions, and optimising on the profitability of new business.

The continued pressure on global risk perception had a negative impact on the fair value adjustments of the Group's Trading Assets, which resulted in an aggregate downward mark-to-market adjustment of USD6.9 million (2008: USD2.8 million), all unrealised as at Balance Sheet date. This was partly offset by realised gains on trading assets of USD1.0 million (2008: USD1.5 million) and foreign exchange profits of USD1.6 million (2008: USD3.3 million). The Group also reported realised and unrealised gains on other Financial Assets carried at Fair Value of USD3.8 million, which compare positively with the USD8.6 million unrealised markdowns that marked the Group's performance in 2008. These write-backs were the result of improved trends in the bond markets and restructurings which started in 2009 and are still under way. Included in Specific Impairments is a realised loss on the disposal of financial assets of USD2.6 million, which financial assets were already marked down by USD2.5 million in 2008 - hence the new impairment in 2009 was only of USD100,000. As part of their disposal, these financial assets were exchanged with instruments of longer maturity but enhanced credit quality. Other impairment losses reflect movements in Collective and Specific Impairment charges, amounting to USD2.0 million, increasing net impairment losses to USD4.7 million.

During 2009, the Group disposed the minority interest held by the Bank in LB Factors Limited, a local unlisted company, realising a small gain on the disposal. The Group also reaped from improvements in cost efficiencies and cost management, with operating expenses (excluding provisions for liabilities and charges) decreasing by 12% - which costs continue to include expenditure related to start-ups and acquisitions of new ventures. Staff costs declined by 17% when compared to 2008, whereas general and administrative expenses dropped by 7%.

In 2009, the Egyptian-based factoring associated undertaking (40% held) contributed a loss of USD0.4 million to the Group's performance. This compares negatively with the share of profits of USD1.74 million booked in 2008, which included the contribution from the investment in GTF before its disposal in the second quarter. The Group continued to measure the shareholding in Menafactors in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". This investment contributed a negative result of USD0.07 million.

preliminary statement of annual results

The Group posted an after-tax profit for the period ended 31 December 2009 of USD1.6 million, with Group Basic Earnings per Share amounting to US cents 1.16 (2008: US cents 18.60).

The Group's performance is largely mirrored in that of the Bank, which, as the parent, continued to support the operations and start-up activities of its subsidiaries and associates. As in the case of the Group, the Bank's main sources of income have not shown the same levels of improvement as for the same period last year with important write-backs in financial assets being recognised as a result of the improved trends in the Bond market and restructurings which started in 2009. Improved cost management and efficiencies resulted in drop in the Bank's operating costs of 12% when compared to same period in 2009. As a result, the Bank posted an after-tax profit of USD1.1 million (2008: USD30.5 million) for the period under review.

Group Equity as at 31 December 2009 stood at USD116 million (2008: USD117 million), reflecting the Group's performance in 2009 and the dividend paid out in April 2009. The Group's Basle II Capital Adequacy Ratio remained very robust at 29.3% (2008: 21.9%) and well above the regulatory minimum of 8%. Group commitments, consisting mainly of confirmed letters of credit, documentary credits and commitments to purchase forfeiting assets, stood at USD192 million at 2009 year-end, a drop of 5% compared to the levels recorded at the end of 2008, reflecting drops in confirmed letters of credits and factoring commitments. Contingent Liabilities have decreased to USD26 million from USD50 million at 2008 year-end.

outlook for 2010

2009 proved to be quite a difficult and challenging year which can by no measure be compared to the exceptional one-time gain arising from the disposal in Global Trade Finance Ltd ("GTF") that characterised the 2008 results. Although efforts at resolving certain credit issues related to some of the financial assets, for which unrealised mark-to-market write-downs have been in the books since end-2008 were strenuous in 2009, the anticipated positive results had not been obtained by year-end. The outlook is more positive for 2010 and write-backs may be expected; additionally, efforts to recover past losses which have been fully impaired continue to be stepped up through legal proceedings and other recovery actions. With liquidity and capital adequacy ratios at healthy levels, continued improvements in efficiencies, more available and diversified access to funding and a more optimistic economic outlook for 2010, there is room for some optimism that the business will gradually return to its normal levels. The Board notes with satisfaction that the breakthroughs made in the formation of factoring joint-ventures in the important markets of Russia and India, during times when investment sentiment remained largely subdued, are significant in their own way and demonstrate confidence in the Group's business strategy. The outlook is therefore one of improved business sentiment and strengthened profitability and the Board is also optimistic that as the Group entities mature and acquire further scale and scope, plus the timely pick-up in activity for the new and existing joint-ventures, will further provide opportunities for growth and long-term profit.

dividends

The Directors will be recommending to the Annual General Meeting of shareholders the payment of a scrip dividend amounting to USD1,565,048 (2008: USD3,035,907), representing a net dividend per ordinary share of US cents 1.155640 (2008: US cents 2.251215). This dividend, which requires the approval of both the International Finance Corporation (in terms of the "IFC Subordinated Loan Agreement" covenants) and the Annual General Meeting, will be paid after 6 May 2010. All shareholders on the register as at close of trading on 25 March 2010 (the "Record Date", for which settlement will be 30 March 2010) shall be entitled to receive the dividend.

statements of financial position

As at 31 December 2009

	Group		Bank	
	2009 USD	2008 USD	2009 USD	2008 USD
ASSETS				
Balances with the Central Bank of Malta and cash	8,844,589	8,820,337	8,833,204	8,811,029
Trading assets	126,931,253	177,329,308	-	-
Derivative assets held for risk management	721,728	726,199	721,728	726,199
Financial assets designated at fair value through profit or loss	23,558,628	25,623,116	23,558,628	25,623,116
Loans and advances to banks	312,665,003	268,569,116	315,235,568	264,614,667
Loans and advances to customers	133,136,026	98,499,302	255,714,115	229,640,248
Investments available-for-sale	39,595	61,789	39,595	61,789
Investments in equity accounted investees	4,554,353	1,073,715	2,013,425	2,013,425
Non-current assets classified as held for sale	52,120,843	27,397,646	-	-
Investments in subsidiaries	-	-	53,412,291	49,394,666
Property and equipment	10,400,335	3,531,500	2,241,239	1,631,299
Intangible assets	1,319,006	1,193,393	549,270	589,825
Current tax recoverable	508,275	210,811	508,275	210,811
Deferred tax asset	8,341,764	8,007,358	1,683,183	1,285,255
Other assets	9,779,650	1,498,224	1,870,871	2,359,199
Prepayments and accrued income	2,312,378	1,872,718	2,110,959	2,044,418
Total assets	695,233,426	624,414,532	668,492,351	589,005,946
LIABILITIES AND EQUITY				
Liabilities				
Derivative liabilities held for risk management	1,026,810	1,058,376	1,152,782	1,159,079
Amounts owed to banks	222,813,489	210,169,468	227,151,376	211,163,939
Amounts owed to customers	270,270,939	251,494,010	271,532,067	252,147,811
Liabilities directly associated with non-current assets classified as held for sale	11,775,785	294,528	-	-
Debt securities in issue	7,745,568	24,754,490	4,931,904	-
Subordinated debt	47,062,828	6,000,000	47,062,828	6,000,000
Provisions	2,618,708	2,600,320	1,733,104	1,733,104
Other liabilities	113,806	2,280	113,806	2,280
Accruals and deferred income	16,176,912	11,404,750	4,101,948	4,737,313
Total liabilities	579,604,845	507,778,222	557,779,815	476,943,526
Equity				
Share capital	67,713,477	67,428,196	67,713,477	67,428,196
Share premium	9,986,355	9,658,098	9,986,355	9,658,098
Currency translation reserve	(146,618)	3,790	-	-
Other reserve	6,495,973	9,311,248	2,681,041	2,681,041
Retained earnings	31,579,394	30,234,978	30,331,663	32,295,085
Total equity	115,628,581	116,636,310	110,712,536	112,062,420
Total liabilities and equity	695,233,426	624,414,532	668,492,351	589,005,946

FIMBank p.l.c.

preliminary statement of annual results

statements of financial position

As at 31 December 2009

	Group		Bank	
	2009 USD	2008 USD	2009 USD	2008 USD

MEMORANDUM ITEMS

Contingent liabilities	25,565,381	49,548,490	27,021,667	74,548,490
Commitments	191,902,440	201,721,052	167,848,294	197,444,877

income statements

For the year ended 31 December 2009

	Group		Bank	
	2009 USD	2008 USD	2009 USD	2008 USD
Continuing Operations				
Interest income	17,580,193	32,815,017	13,321,974	26,111,791
Interest expense	(8,790,564)	(18,620,789)	(9,047,203)	(17,606,671)
Net interest income	8,789,629	14,194,228	4,274,771	8,505,120
Fee and commission income	21,510,520	20,557,357	14,925,150	16,128,175
Fee and commission expense	(1,283,088)	(1,625,947)	(1,556,711)	(1,288,088)
Net fee and commission income	20,227,432	18,931,410	13,368,439	14,840,087
Net trading (expense)/income	(4,252,249)	2,077,831	1,756,838	3,610,220
Net profit/(loss) from other financial instruments carried at fair value	3,781,559	(8,578,025)	3,756,788	(8,469,022)
Dividend income	604	564	604	1,530,101
Profit on disposal of available-for-sale investment	46,956	-	46,956	-
Profit on disposal of associated undertaking	-	33,626,234	-	43,085,785
Other operating income	18,013	77,405	18,013	69,788
Operating income before net impairment losses	28,611,944	60,329,647	23,222,409	63,172,079
Net impairment loss on financial assets	(4,712,221)	(1,079,697)	(4,712,221)	(1,079,697)
Operating income	23,899,723	59,249,950	18,510,188	62,092,382
Administrative expenses	(20,813,179)	(24,080,233)	(16,761,113)	(19,324,672)
Depreciation and amortisation	(1,025,401)	(810,713)	(707,771)	(534,636)
Provision for liabilities and charges	-	(1,733,104)	-	(1,733,104)
Total operating expenses	(21,838,580)	(26,624,050)	(17,468,884)	(21,592,412)
Operating profit	2,061,143	32,625,900	1,041,304	40,499,970
Share of (loss)/profit of equity accounted investees (net of tax)	(388,193)	1,743,495	-	-
Profit before income tax	1,672,950	34,369,395	1,041,304	40,499,970
Taxation	(33,620)	(9,598,495)	31,181	(9,963,462)
Profit from continuing operations	1,639,330	24,770,900	1,072,485	30,536,508
Discontinued operations	(74,282)	7,740	-	-
Profit for the year	1,565,048	24,778,640	1,072,485	30,536,508
Basic earnings per share	1.16c	18.60c	0.79c	22.92c
Diluted earnings per share	1.25c	17.85c	0.90c	21.94c

statements of comprehensive income

For the year ended 31 December 2009

	Group		Bank	
	2009 USD	2008 USD	2009 USD	2008 USD
Profit for the year	1,565,048	24,778,640	1,072,485	30,536,508
Other comprehensive income:				
Exchange differences on translating foreign operations	(150,408)	(1,497,349)	-	-
Total comprehensive income for the year	1,414,640	23,281,291	1,072,485	30,536,508

statements of changes in equity

For the year ended 31 December 2009

Group

	Share capital USD	Share premium USD	Currency translation reserve USD	Other reserve USD	Retained earnings USD	Total USD
At 1 January 2008	54,946,953	18,136,923	1,501,139	8,988,067	14,362,025	97,935,107
Transfer to other reserves	-	-	-	323,181	(323,181)	-
Profit for the year	-	-	-	-	24,778,640	24,778,640
Other comprehensive income						
Currency translation reserve	-	-	(1,497,349)	-	-	(1,497,349)
Total other comprehensive income	-	-	(1,497,349)	-	-	(1,497,349)
Total comprehensive income for the year	-	-	(1,497,349)	323,181	24,455,459	23,281,291
Transactions with owners, recorded directly in equity						
Issue of share capital	11,006,084	(11,006,084)	-	-	-	-
Shares issued on exercise of options	404,043	147,069	-	-	-	551,112
Dividends to equity holders	-	-	-	-	(8,582,506)	(8,582,506)
Scrip issue of ordinary shares	1,071,116	2,380,190	-	-	-	3,451,306
Total contributions by and distributions to owners	12,481,243	(8,478,825)	-	-	(8,582,506)	(4,580,088)
As at 31 December 2008	67,428,196	9,658,098	3,790	9,311,248	30,234,978	116,636,310
At 1 January 2009	67,428,196	9,658,098	3,790	9,311,248	30,234,978	116,636,310
Transfer to retained earnings	-	-	-	(2,815,275)	2,815,275	-
Profit for the year	-	-	-	-	1,565,048	1,565,048
Other comprehensive income						
Currency translation reserve	-	-	(150,408)	-	-	(150,408)
Total other comprehensive income	-	-	(150,408)	-	-	(150,408)
Total comprehensive income for the year	-	-	(150,408)	(2,815,275)	4,380,323	1,414,640
Transactions with owners, recorded directly in equity						
Shares issued on exercise of options	15,120	4,342	-	-	-	19,462
Dividends to equity holders	-	-	-	-	(3,035,907)	(3,035,907)
Scrip issue of ordinary shares	270,161	323,915	-	-	-	594,076
Total contributions by and distributions to owners	285,281	328,257	-	-	(3,035,907)	(2,422,369)
As at 31 December 2009	67,713,477	9,986,355	(146,618)	6,495,973	31,579,394	115,628,581

statements of changes in equity

For the year ended 31 December 2009

Bank

	Share capital USD	Share premium USD	Other reserve USD	Retained earnings USD	Total USD
At 1 January 2008	54,946,953	18,136,923	2,681,041	10,341,083	86,106,000
Profit for the year	-	-	-	30,536,508	30,536,508
Total comprehensive income for the year	-	-	-	30,536,508	30,536,508
Transactions with owners, recorded directly in equity					
Issue of share capital	11,006,084	(11,006,084)	-	-	-
Shares issued on exercise of options	404,043	147,069	-	-	551,112
Dividends to equity holders	-	-	-	(8,582,506)	(8,582,506)
Scrip issue of ordinary shares	1,071,116	2,380,190	-	-	3,451,306
Total contributions by and distributions to owners	12,481,243	(8,478,825)	-	(8,582,506)	(4,580,088)
As at 31 December 2008	67,428,196	9,658,098	2,681,041	32,295,085	112,062,420
At 1 January 2009	67,428,196	9,658,098	2,681,041	32,295,085	112,062,420
Profit for the year	-	-	-	1,072,485	1,072,485
Total comprehensive income for the year	-	-	-	1,072,485	1,072,485
Transactions with owners, recorded directly in equity					
Shares issued on exercise of options	15,120	4,342	-	-	19,462
Dividends to equity holders	-	-	-	(3,035,907)	(3,035,907)
Scrip issue of ordinary shares	270,161	323,915	-	-	594,076
Total contributions by and distributions to owners	285,281	328,257	-	(3,035,907)	(2,422,369)
As at 31 December 2009	67,713,477	9,986,355	2,681,041	30,331,663	110,712,536

statements of cash flows

For the year ended 31 December 2009

	Group		Bank	
	2009 USD	2008 USD	2009 USD	2008 USD
Cash flows from operating activities				
Interest and commission receipts	48,441,112	53,624,287	28,306,014	41,735,510
Exchange received	1,816,914	6,119,977	1,924,884	2,737,417
Interest and commission payments	(11,193,357)	(19,096,580)	(11,338,504)	(17,935,654)
Payments to employees and suppliers	(21,449,538)	(23,809,394)	(17,053,368)	(18,898,306)
Operating profit before changes in operating assets / liabilities	17,615,131	16,838,290	1,839,026	7,638,967
(Increase) / decrease in operating assets:				
- Financial assets at fair value through profit or loss	46,970,548	(18,762,818)	5,657,701	3,390,681
- Loans and advances to customers and banks	(57,726,796)	1,330,946	(42,077,555)	(17,898,324)
- Other assets	(8,281,424)	(31,577)	488,328	(1,225,050)
Increase / (decrease) in operating liabilities:				
- Amounts owed to customers and banks	22,554,593	57,860,113	22,345,655	62,685,574
- Other liabilities	111,529	510	122,265	510
- Net advance to subsidiary companies	-	-	(5,953,346)	3,108,947
Net cash inflows / (outflows) from operating activities before income tax	21,243,581	57,235,464	(17,577,926)	57,701,305
Income tax paid	(665,494)	(1,084,448)	(664,203)	(1,082,901)
Net cash inflows / (outflows) from operating activities	20,578,087	56,151,016	(18,242,129)	56,618,404
Cash flows from investing activities				
- Payments to acquire property and equipment	(7,604,570)	(2,388,698)	(1,189,397)	(623,495)
- Payments to acquire intangible assets	(415,277)	(361,765)	(87,759)	(226,765)
- Proceeds on disposal of property and equipment	-	14,388	-	6,589
- Purchase of shares in subsidiary companies	(4,017,625)	-	(4,017,625)	(2,000)
- Purchase of shares in equity accounted investees	-	(1,300,000)	-	(8,300,000)
- Proceeds from disposal of shares in equity accounted investees	-	41,173,634	-	41,173,634
- Increase in net assets classified as held for sale	(13,316,221)	(22,291,491)	-	-
- Proceeds from disposal of other investment	69,151	87,239	69,151	87,239
- Receipt of dividend	604	564	604	1,530,101
Net cash flows (used in) / from investing activities	(25,283,938)	14,933,871	(5,225,026)	33,645,303
(Decrease) / increase in cash equivalents c/f	(4,705,851)	71,084,887	(23,467,155)	90,263,707

statements of cash flows

For the year ended 31 December 2009

	Group		Bank	
	2009 USD	2008 USD	2009 USD	2008 USD
(Decrease) / increase in cash equivalents b/f	(4,705,851)	71,084,887	(23,467,155)	90,263,707
Cash flows from financing activities				
- Proceeds from issue of shares on exercise of options	19,462	551,112	19,462	551,112
- Proceeds from issue of subordinated bonds	39,061,687	-	39,061,687	-
- Debt securities in issue	(17,008,922)	13,199,602	4,931,904	(1,000,000)
- Dividends paid	(2,441,831)	(5,131,200)	(2,441,831)	(5,131,200)
Net cash flows from/(used in) financing activities	19,630,396	8,619,514	41,571,222	5,580,088
Increase in cash and cash equivalents	14,924,545	79,704,401	18,104,067	84,683,619
Analysed as follows:				
- Effect of exchange rate changes on cash and cash equivalents	2,797,837	(799,676)	2,575,112	(634,111)
- Net increase in cash and cash equivalents	12,126,708	80,504,077	15,528,955	85,317,730
Increase in cash and cash equivalents	14,924,545	79,704,401	18,104,067	84,683,619
Cash and cash equivalents at beginning of year	90,549,528	10,845,127	85,591,300	907,681
Cash and cash equivalents at end of year	105,474,073	90,549,528	103,695,367	85,591,300