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Company Registration Number : C 17003



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 City, Kuwait on 3 March, 2011 to approve the Consolidated Audited Financial Statements for the financial year ended 31 December 2010. A Preliminary Statement of Results for the financial year ended 31 December 2010 is attached to this Company Announcement 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 5 May 2011. At that Meeting, the Board of Directors will be recommending the payment of a scrip dividend of US\$3,371,955 (i.e. US cents 2.480242 per ordinary share). Shareholders on the Register at the Central Securities Depository of the Malta Stock Exchange on 30 March 2011 (the 'Record Date') will be entitled to:

- a) receive notice of the Annual General Meeting; and
- b) receive the scrip dividend, to be paid either in cash or by the issue of new shares at each shareholder's option by 15 May 2011.

Further details in relation to the scrip dividend, such as the attribution price and any terms or conditions for the issue of the scrip shares, will be communicated in a future announcement.

The Board also resolved to start the process of setting up a new Maltese group holding public company ("FIM Holdings p.l.c.", or such other name as may be decided for this purpose) as the new parent of the FIMBank Group, through a share for share exchange of FIMBank p.l.c. shares for shares in FIM Holdings p.l.c.. It is proposed that the share for share exchange be made through an offer by FIM Holdings p.l.c. to all the shareholders of FIMBank p.l.c. which will be subject to a number of conditions, upon satisfaction of which it is being proposed that FIM Holdings p.l.c. will apply for its shares to be admitted to the Official List of the Malta Stock Exchange ("MSE") with effect from a date which is currently scheduled for 30 June 2011, effectively replacing the FIMBank p.l.c. shares on the Official List of the MSE.

Holders of bonds issued by FIMBank p.l.c. will be unaffected by the proposed exercise and these bonds will remain listed on the Official List of the MSE where they will also continue to trade.

It is also intended that the shareholders of FIMBank p.l.c. as shown in the Register of Members of FIMBank p.l.c. on 30 March, 2011 will receive a prospectus issued by FIM Holdings p.l.c., an acceptance form and other appropriate documentation, and they will have a defined period of time within which to accept or decline the share for share exchange offer. In accordance with Listing Rule 1.26.1, the Board of Directors meeting at which FIMBank p.l.c.'s intention to make



FIMBANK

an application for Discontinuation of Listing is expected to be considered shall be held on 6 April, 2011. The considerations relating to the adoption of this holding company structure are primarily aimed at optimising the tax burden of the FIMBank Group. This would be beneficial to all shareholders and the business as it would provide opportunities for further equity retention to support the growth of the FIMBank Group.

Finally, the proposed incorporation of the group holding company and all the related steps required to implement it will only be carried out if and once the appropriate regulatory and all necessary corporate approvals, such as those of the Annual General Meeting, are obtained by FIMBank p.l.c. and, where required, by FIM Holdings p.l.c.

Further announcements will be made in due course.

Unquote

Marcel Cassar
Company Secretary

4 March 2011

Preliminary statement of annual results

for the year ended 31 December 2010

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 2010, as approved by the Board of Directors on 3 March 2011 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 The Egyptian Company for Factoring S.A.E. ("Egypt Factors"), India Factoring and Finance Solutions Private Limited ("India Factoring"), CIS Factors Holding B.V. ("CIS Factors") and Levant Factors S.A.L. (formerly LCI Factors S.A.L.).

review of performance

Following a challenging and difficult 2009, when the impact of the global "credit crunch" was still affecting the credit profile of banks and corporates in both emerging and developed markets, besides a return of confidence in world trading flows remaining sluggish until late in the year, 2010 was a year of consolidation for the Group. As the global banking crisis started to stabilise during the year under review and liquidity became slowly more reliable, the Group cautiously renewed its appetite for business, helped by continuous improvement in emerging market conditions and steady pick-up in trade flows. This became clearly visible in an increase in the general pipeline of business at both the Bank and LFC.

For the year ended 31 December 2010, FIMBank Group delivered an after tax-profit of USD6.74 million, compared with USD1.57 million in 2009, with Group basic Earnings per Share of US cents 4.97 (2009 – US cents 1.16).

The Group's Operating Income after Net Impairment losses increased by 23% over the same period in 2009, from USD26.11 million to USD32.24 million. Net Interest Income increased by 15% with the net-interest margin improving to 58% of Gross Interest Income (55% - 2009). Net Fee and Commission income declined by 7% on 2009. Improved global credit risk sentiment, the gradual return of confidence and normalisation of trade flows had a positive impact on the fair value adjustments of the Group's Trading Assets, mainly the forfaiting book, resulting in marked-to-market gains of USD0.44 million. This represents a substantial reversal of the USD6.95 million markdowns that marked the Group's performance in 2009. The Group also reported net realised and unrealised foreign exchange losses of USD2.29 million (2009 – USD1.66 million). However, realised gains on derivative instruments, mainly currency forward and swap contracts, used in hedging the Group's currency exposures, amounted to USD5.09 million, with fair value movements on outstanding derivative contracts as at Financial Reporting date increasing by USD0.18 million (2009 – USD0.18 million). Net Impairment losses amounted to USD3.78 million, well below the levels reported for 2009. Collective Impairment charges increased by 50%, from USD0.99 million in 2009 to USD1.50 million, reflecting the Group's increased funded and unfunded lending portfolio. During 2010, Specific Impairment allowances and write-offs amounted to USD2.28 million, well below the USD5.15 million reported in 2009 and reflects the specific impairment charges booked on Menafactors' factoring book in 2010 as a result of credit issues which persisted in the MENA region, especially Dubai.

Group Operating Costs amounted to USD25.02 million, marginally above the levels for the same period in 2009. Administrative costs, including staff costs, increased by 2% to USD23.30 million. 2010 marks the first financial year for the Bank since its 15-year tax Exemption Order expired on 31 December 2009, booking a tax credit of USD0.47 million for 2010 as a result of previously unrecognized deductible temporary differences. The remaining tax credits reported by the Group during 2010, were recognized by the Group's IT subsidiary.

The Group's factoring investments contributed overall losses amounting to USD1.0 million (2009 – USD0.41 million), with Egypt Factors' negative results remaining in line with 2009 and with the remainder being the share of expenditure incurred in new ventures in India (49% holding), Russia (40% holding) and Lebanon (25% holding) – entities which are still in their infancy stages.

At the Bank level, Operating Income after Impairment Allowances increased by 7% over the same period in 2009, to USD19.8 million. Net Interest Income increased by 20%, while Net Fee and Commission income, unlike in the case of the Group, increased marginally from USD13.37 million to USD13.85 million. Realised and unrealised foreign exchange losses were reported at USD3.03 million (2009 – gain of USD1.76 million) while realised gains on derivative instruments held for risk management purposes, mainly currency forwards and swaps, amounted to USD5.17 million, with the fair values movements of outstanding derivative contracts at financial reporting date increasing to USD0.18 million. Net Impairment Allowances dropped from USD4.71 million to USD1.49 million, with the increase in Collective Impairment charges of USD0.50 million, offset by a drop in the Specific Impairment Charges and Write-offs on the Bank's exposures of USD3.72 million. Total Operating costs for the Bank amounted to USD17.63 million, remaining at same levels of 2009. As a result, the Bank posted an after-tax profit for the period ended 31 December 2010 of USD2.63 million (2009 – USD1.07 million).

Total Consolidated Assets as at 31 December 2010 stood at USD861 million, an increase of 24% over end-2009 figures with Total Consolidated Liabilities at USD740 million, up by 28% on 2009. Group Equity as at 31 December 2010 stood at USD121 million, up by 5% when compared to the equity levels reported at 31 December 2009, 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 20.6% (2009 – 29.3%), remained very strong and well above the regulatory minimum of 8%. Liquidity, with ratios averaging 55% during 2010, was prudently and consistently maintained above the 30% minimum regulatory requirement.

outlook for 2011

For 2011 the Group will continue to eye inroads into new geographic and product markets and to strengthen its presence in important trading centres. At the same time the Group will also be prudently watching how important markets in the MENA region and African continent will emerge from the political unrest that has been marking the start of 2011 and to what extent this may affect trade with these markets. Diversification and strengthening of funding will remain a priority area for the Group, especially for the Bank, and will continue to be an important driver of business and of revenue and profit growth.

dividends

The Directors will be recommending to the Annual General Meeting of shareholders the payment of a scrip dividend amounting to USD3,371,955 (2009: USD1,565,048), representing a net dividend per ordinary share of US cents 2.480242 (2009: US cents 1.155640). This dividend, which requires the approval of the Annual General Meeting, will be paid after 5 May 2011. All shareholders on the register as at close of trading on 30 March 2011 (the "Record Date") shall be entitled to receive the dividend.

statements of financial position

As at 31 December 2010

	Group		Bank	
	2010 USD	2009 USD	2010 USD	2009 USD
ASSETS				
Balances with the Central Bank of Malta and cash	9,827,969	8,844,589	9,813,667	8,833,204
Trading assets	203,566,233	126,931,253	-	-
Derivative assets held for risk management	2,317,571	721,728	2,317,571	721,728
Financial assets designated at fair value through profit or loss	45,579,280	23,558,628	42,410,000	23,558,628
Loans and advances to banks	326,474,603	312,665,003	322,642,839	315,235,568
Loans and advances to customers	223,166,336	133,136,026	367,218,263	255,714,115
Investments available-for-sale	162,493	39,595	161,791	39,595
Investments in equity accounted investees	15,292,913	4,554,353	3,213,425	2,013,425
Non-current assets classified as held for sale	-	52,120,843	-	-
Investments in subsidiaries	-	-	64,234,312	53,412,291
Property and equipment	15,896,306	10,400,335	1,814,489	2,241,239
Intangible assets	1,522,687	1,319,006	740,651	549,270
Current tax recoverable	1,558,921	508,275	1,558,921	508,275
Deferred taxation	9,039,765	8,341,764	2,325,553	1,683,183
Other assets	3,227,678	9,779,650	2,411,528	1,870,871
Prepayments and accrued income	3,012,824	2,312,378	2,540,034	2,110,959
Total assets	860,645,579	695,233,426	823,403,044	668,492,351
LIABILITIES AND EQUITY				
Liabilities				
Derivative liabilities held for risk management	2,377,124	1,026,810	2,425,331	1,152,782
Amounts owed to banks	331,214,605	222,813,489	329,976,491	227,151,376
Amounts owed to customers	291,452,181	270,270,939	285,048,980	271,532,067
Liabilities directly associated with non-current assets classified as held for sale	-	11,775,785	-	-
Debt securities in issue	55,522,895	7,745,568	42,853,818	4,931,904
Subordinated debt	43,789,227	47,062,828	43,789,227	47,062,828
Provisions	3,052,184	2,618,708	1,733,104	1,733,104
Other liabilities	182,135	113,806	182,135	113,806
Accruals and deferred income	12,148,640	16,176,912	5,156,968	4,101,948
Total liabilities	739,738,991	579,604,845	711,166,054	557,779,815
Equity				
Share capital	67,976,317	67,713,477	67,976,317	67,713,477
Share premium	10,235,339	9,986,355	10,235,339	9,986,355
Currency translation reserve	(507,632)	(146,618)	-	-
Fair value reserve	(51,665)	-	(51,665)	-
Other reserve	8,098,579	6,495,973	2,681,041	2,681,041
Retained earnings	35,155,650	31,579,394	31,395,958	30,331,663
Total equity	120,906,588	115,628,581	112,236,990	110,712,536
Total liabilities and equity	860,645,579	695,233,426	823,403,044	668,492,351
MEMORANDUM ITEMS				
Contingent liabilities	38,150,984	25,565,381	43,362,797	27,021,667
Commitments	197,427,079	191,902,440	170,860,031	167,848,294

statements of changes in equity

For the year ended 31 December 2010

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 2009	67,428,196	9,658,098	3,790	-	9,311,248	30,234,978	116,636,310
Total comprehensive income for the year							
Transfer to retained earnings	-	-	-	-	(2,815,275)	2,815,275	-
Profit for the year	-	-	-	-	-	1,565,048	1,565,048
	-	-	-	-	(2,815,275)	4,380,323	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
At 1 January 2010	67,713,477	9,986,355	(146,618)	-	6,495,973	31,579,394	115,628,581
Total comprehensive income for the year							
Transfer to retained earnings	-	-	-	-	1,602,606	(1,602,606)	-
Profit for the year	-	-	-	-	-	6,743,910	6,743,910
	-	-	-	-	1,602,606	5,141,304	6,743,910
Other comprehensive income							
Change in fair value of available-for- sale financial assets	-	-	-	(51,665)	-	-	(51,665)
Currency translation reserve	-	-	(361,014)	-	-	-	(361,014)
Total other comprehensive Income	-	-	(361,014)	(51,665)	-	-	(412,679)
Total comprehensive income for the year	-	-	(361,014)	(51,665)	1,602,606	5,141,304	6,331,231
Transactions with owners, recorded directly in equity							
Shares issued on exercise of options	18,720	5,133	-	-	-	-	23,853
Dividends to equity holders	-	-	-	-	-	(1,565,048)	(1,565,048)
Scrip issue of ordinary shares	244,120	243,851	-	-	-	-	487,971
Total contributions by and distributions to owners	262,840	248,984	-	-	-	(1,565,048)	(1,053,224)
As at 31 December 2010	67,976,317	10,235,339	(507,632)	(51,665)	8,098,579	35,155,650	120,906,588

statements of changes in equity

For the year ended 31 December 2010

Bank	Share capital USD	Share premium USD	Fair value Reserve USD	Other reserve USD	Retained earnings USD	Total USD
At 1 January 2009	67,428,196	9,658,098	-	2,681,041	32,295,085	112,062,420
Total comprehensive income for the year						
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
At 1 January 2010	67,713,477	9,986,355	-	2,681,041	30,331,663	110,712,536
Total comprehensive income for the year						
Profit for the year	-	-	-	-	2,629,343	2,629,343
	-	-	-	-	2,629,343	2,629,343
Other comprehensive income						
Change in fair value of available-for-sale financial assets	-	-	(51,665)	-	-	(51,665)
Total other comprehensive income for the year	-	-	(51,665)	-	-	(51,665)
Total comprehensive income for the year	-	-	(51,665)	-	2,629,343	2,577,678
Transactions with owners, recorded directly in equity						
Shares issued on exercise of options	18,720	5,133	-	-	-	23,853
Dividends to equity holders	-	-	-	-	(1,565,048)	(1,565,048)
Scrip issue of ordinary shares	244,120	243,851	-	-	-	487,971
Total contributions by and distributions to owners	262,840	248,984	-	-	(1,565,048)	(1,053,224)
As at 31 December 2010	67,976,317	10,235,339	(51,665)	2,681,041	31,395,958	112,236,990

income statements

For the year ended 31 December 2010

	Group		Bank	
	2010 USD	2009 USD	2010 USD	2009 USD
Interest income	22,410,004	20,652,622	14,300,606	13,321,974
Interest expense	(9,429,484)	(9,355,998)	(9,183,774)	(9,047,203)
Net interest income	12,980,520	11,296,624	5,116,832	4,274,771
Fee and commission income	21,386,459	22,130,246	15,237,631	14,925,150
Fee and commission expense	(1,983,914)	(1,288,088)	(1,387,338)	(1,556,711)
Net fee and commission income	19,402,545	20,842,158	13,850,293	13,368,439
Net trading (expense)/income	(1,743,819)	(4,207,188)	(3,028,565)	1,756,838
Net gain from other financial instruments carried at fair value	5,330,330	4,138,209	5,319,358	3,756,788
Dividend income	320	604	320	604
Profit on disposal of available-for-sale investment	-	46,956	-	46,956
Other operating income	44,162	141,355	31,572	18,013
Operating income before net impairment loss	36,014,058	32,258,718	21,289,810	23,222,409
Net impairment loss on financial assets	(3,777,541)	(6,148,372)	(1,493,233)	(4,712,221)
Operating income	32,236,517	26,110,346	19,796,577	18,510,188
Administrative expenses	(23,301,533)	(22,946,650)	(16,900,731)	(16,761,113)
Depreciation and amortisation	(1,208,687)	(1,158,129)	(731,585)	(707,771)
Provision for liabilities and charges	(506,281)	-	-	-
Total operating expenses	(25,016,501)	(24,104,779)	(17,632,316)	(17,468,884)
Operating profit	7,220,016	2,005,567	2,164,261	1,041,304
Share of loss of equity accounted investees (net of tax)	(996,549)	(406,899)	-	-
Profit before income tax	6,223,467	1,598,668	2,164,261	1,041,304
Taxation	520,443	(33,620)	465,082	31,181
Profit for the year	6,743,910	1,565,048	2,629,343	1,072,485
Basic earnings per share	4.97c	1.16c	1.94c	0.79c
Diluted earnings per share	4.97c	1.25c	1.94c	0.90c

statements of comprehensive income

For the year ended 31 December 2010

	Group		Bank	
	2010 USD	2009 USD	2010 USD	2009 USD
Profit for the year	6,743,910	1,565,048	2,629,343	1,072,485
Other comprehensive income:				
Exchange differences on translation of foreign operations	(361,014)	(150,408)	-	-
Fair value reserve (available for sale financial assets):				
- Net change in fair value	(51,665)	-	(51,665)	-
Total comprehensive income for the year	6,331,231	1,414,640	2,577,678	1,072,485

statements of cash flows

For the year ended 31 December 2010

	Group		Bank	
	2010 USD	2009 USD	2010 USD	2009 USD
Cash flows from operating activities				
Interest and commission receipts	34,144,862	48,441,112	29,268,371	28,306,014
Exchange received	2,598,845	1,816,914	1,949,468	1,924,884
Interest and commission payments	(10,806,982)	(11,193,357)	(10,077,821)	(11,338,504)
Payments to employees and suppliers	(21,619,479)	(21,449,538)	(16,244,235)	(17,053,368)
Operating profit before changes in operating assets / liabilities	4,317,246	17,615,131	4,895,783	1,839,026
(Increase) / decrease in operating assets:				
- Financial assets at fair value through profit or loss	(81,665,692)	46,970,548	(19,240,703)	5,657,701
- Loans and advances to customers and banks	(99,394,020)	(57,726,796)	(78,556,378)	(42,077,555)
- Other assets	6,616,519	(8,281,424)	(540,657)	488,328
Increase / (decrease) in operating liabilities:				
- Amounts owed to customers and banks	63,151,841	22,554,593	61,184,839	22,345,655
- Other liabilities	68,331	111,529	156,732	122,265
- Net advances to subsidiary companies	-	-	(69,660,142)	(5,953,346)
Net cash (outflows) / inflows from operating activities before income tax	(106,905,777)	21,243,581	(101,760,526)	(17,577,926)
Income tax paid	(1,200,386)	(665,494)	(1,200,114)	(664,203)
Net cash (outflows) / inflows from operating activities	(108,106,163)	20,578,087	(102,960,640)	(18,242,129)
Cash flows from investing activities				
- Payments to acquire property and equipment	(6,076,446)	(7,604,570)	(153,597)	(1,189,397)
- Payments to acquire intangible assets	(695,848)	(415,277)	(342,619)	(87,759)
- Proceeds on disposal of property and equipment	14,016	-	-	-
- Purchase of shares in subsidiary companies	-	-	(10,822,021)	(4,017,625)
- Purchase of shares in equity accounted investees	(12,026,480)	(4,017,625)	(1,200,000)	-
- Purchase of shares in available-for-sale financial assets	(702)	-	-	-
- Increase in net assets classified as held for sale	-	(13,316,221)	-	-
- Proceeds from disposal of other investment	-	69,151	-	69,151
- Receipt of dividend	320	604	320	604
Net cash flows used in investing activities	(18,785,140)	(25,283,938)	(12,517,917)	(5,225,026)
Decrease in cash equivalents c/f	(126,891,303)	(4,705,851)	(115,478,557)	(23,467,155)

statements of cash flows

For the year ended 31 December 2010

	Group		Bank	
	2010 USD	2009 USD	2010 USD	2009 USD
Decrease in cash equivalents b/f	(126,891,303)	(4,705,851)	(115,478,557)	(23,467,155)
Cash flows from financing activities				
- Proceeds from issue of shares on exercise of options	23,853	19,462	23,853	19,462
- Proceeds from issue of 7% subordinated bonds	-	39,061,687	-	39,061,687
- Proceeds from issue of 4.25% bonds	43,396,399	-	43,396,399	-
- Debt securities in issue	4,923,510	(17,008,922)	(4,931,905)	4,931,904
- Repayment of Subordinated Convertible Loan	(857,143)	-	(857,143)	-
- Dividends paid	(1,077,077)	(2,441,831)	(1,077,077)	(2,441,831)
Net cash flows from financing activities	46,409,542	19,630,396	36,554,127	41,571,222
(Decrease) / increase in cash and cash Equivalents	(80,481,761)	14,924,545	(78,924,430)	18,104,067
Analysed as follows:				
- Effect of exchange rate changes on cash and cash equivalents	(7,942,433)	2,797,837	(7,895,910)	2,575,112
- Net (decrease) / increase in cash and cash equivalents	(72,539,328)	12,126,708	(71,028,520)	15,528,955
(Decrease) / increase in cash and cash equivalents	(80,481,761)	14,924,545	(78,924,430)	18,104,067
Cash and cash equivalents at beginning of year	105,474,073	90,549,528	103,695,367	85,591,300
Reclassification of cash and cash equivalents previously held as discontinued operation	1,137,116	-	-	-
	106,611,189	90,549,528	103,695,367	85,591,300
Cash and cash equivalents at end of year	26,129,428	105,474,073	24,770,937	103,695,367