

**FIMBANK**

**FIMBANK PLC**

COMPANY SECRETARIAT

7<sup>TH</sup> FLOOR, THE PLAZA COMMERCIAL CENTRE

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**COMPANY ANNOUNCEMENT**

The following is a Company Announcement issued by FIMBank p.l.c. (the “Company”) pursuant to Malta Financial Services Authority Listing Rules 8.5, 8.11 and 9.39.

***Quote***

The Board of Directors of FIMBank p.l.c. met in Kuwait yesterday, 21<sup>st</sup> February 2007, to approve the Audited Financial Statements for the financial year ended 31<sup>st</sup> December 2006. A Preliminary Statement of Results for the financial year ended 31<sup>st</sup> December 2006 is attached to this Company Announcement pursuant to Listing Rule 9.39.

The Board of Directors resolved that the Audited Financial Statements be submitted for approval of the shareholders at the forthcoming Annual General Meeting to be held in Malta on 12<sup>th</sup> April 2007.

At that Meeting, the Board of Directors will be recommending the payment of a scrip dividend of US\$ 3,036,929 (*i.e.* US cents 3.5244 per ordinary share). The Board of Directors resolved that the attribution price for calculating the scrip dividend will be communicated at a date after the 28<sup>th</sup> February 2007. Also, changes to the Memorandum and Articles of Association of the Company will be proposed for the shareholders’ approval.

Shareholders on the Register at the Central Securities Depository of the Malta Stock Exchange as at the close of trading on 28<sup>th</sup> February 2007 will be entitled:

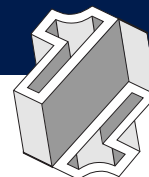
- a) To receive notice of the Annual General Meeting; and
- b) To the scrip dividend, to be paid either in cash or by the issue of new shares at a date after the Annual General Meeting.

***Unquote***

Raffaella Bonadies  
Company Secretary  
22<sup>nd</sup> February 2007

# Preliminary Statement of Annual Results

For the Year Ended 31 December 2006



## FIMBank p.l.c.

**FIMBANK**

### General

The Preliminary Statement of Annual Results is published in terms of Malta Financial Services Authority Listing Rule 9.39. Figures have been extracted from FIMBank p.l.c.'s Audited Financial Statements for the financial year ended 31 December 2006, as approved by the Board of Directors on 21 February 2007 and audited by KPMG. The Financial Statements refer to the consolidated accounts of the FIMBank Group (or the "Group"), comprising FIMBank p.l.c. (or the "Bank"), London Forfaiting Company Limited ("LFC"), together with its subsidiary companies, FIMFactors B.V., FIM Business Solutions Limited, and the associated undertakings Global Trade Finance Limited and Egypt Factors.

### Review of Performance

The FIMBank Group posted an after-tax profit of US\$7.59 million in 2006 (2005: US\$2.70 million). As explained in the following additional information extracted from a review of the full Audited Financial Statements of the Group, the results for 2006 reflect the Group's continuous efforts to develop further the strategic mix of trade-finance related products and services through geographic and product diversification.

The Bank increased its Net Interest Income by 21%, from US\$4.18 million to US\$5.07 million. Interest Income grew particularly due to the increased funding support to LFC, increased money market and bank exposures, and a growth in the trading bond book. During the year, FIMBank registered a further growth of 32% in net fee and commission income, from US\$7.04 million in 2005 to US\$9.31 million - which compares favourably with the growth of 21% achieved during 2005. Net trading income, particularly foreign exchange earnings, increased significantly during 2006 due to better foreign exchange business opportunities. FIMBank also recorded dividends of US\$1.17 million from its available-for-sale investments and associated undertakings. Impairment losses increased from US\$0.37 million to US\$0.88 million, mainly due an increase in collective impairment charges compensated by a drop in the specific impairment losses. Net operating income for the Bank grew by 38% from US\$11.59 million to US\$16.03 million. Operating expenses largely made up of staff and administrative overheads also grew by 46%. This expenditure includes an absorption of the support which the Bank provides to subsidiary and associated companies. Pre-tax profit for FIMBank increased from US\$3.25 million in 2005 to US\$3.81 million, a growth of 17%.

At the Group level, Net Interest Income increased by 33% from US\$6.12 million to US\$9.18 million. This reflects the increase in LFC's forfaiting portfolio which grew by 14% over 2005, and which eventually resulted in higher holding profits earned by LFC on its assets. Net fee income increased by 36%, largely driven by the improved performance of the Bank. Net trading income increased by 80%, mainly contributed by LFC's increase of 36% in net trading results on forfaiting assets. During 2006, impairment losses for the Group stood at US\$1.94 million, a significant increase of US\$1.6 million over 2005 and US\$1.06 million over the amount recognised by the Bank. This reflects largely an increase in the specific impairment charge on an impaired forfaiting asset within the subsidiary's portfolio. Group net operating income grew by 40% from US\$15.63 million to US\$21.94 million, compared to a 24% growth achieved during 2005. Group Operating Expenses before the adjustment to Goodwill increased by 27%.

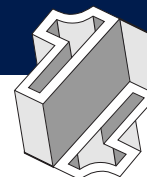
During the year LFC recognised a further deferred tax asset of US\$3.42 million. This amount adjusted the gross carrying amount of goodwill to the amounts that would have been recorded if the deferred tax asset had been recognized as an identifiable asset at LFC's acquisition date, and such reduction in the carrying amount is recognized in the Income Statement at Balance Sheet date. Moreover, GTF contributed positively to the Group results, as reflected by the US\$2.55 million share of profits, almost three times the contribution of 2005. Pre-tax Profit increased to US\$4.68 million, with post-tax Profit for the year increasing from US\$2.70 million to US\$7.59 million.

Total Equity increased to US\$59.7 million (Bank) and US\$62.7 million (Group), in part reflecting improved profitability and dividend retention in the form of scrip issue. Total Bank assets increased by 61%, from US\$272 million to US\$438 million while total assets for the Group increased from US\$295 million to US\$463 million, a growth of 57%. Commitments outstanding for the Group at Balance Sheet date, mainly under documentary credits and confirmed letters of credit, were of US\$244 million (2005 - US\$125 million), a growth of 95%. All the main earnings ratios, such as Return on Average Equity (ROAE), Return on Average Assets (ROAA) and Earnings per Share show strong improvement on 2005, both for the Bank and the Group. The Bank's solvency ratio stood at 20.5%, which exceeds the minimum regulatory ratio of 8% prescribed by the banking directives.

The Directors will be recommending to the Annual General Meeting of shareholders the payment of a scrip dividend amounting to US\$3,036,929 (2005 - US\$811,726), representing a net dividend per ordinary share of US cents 3.5244 (2005 - US cents 1.1377). All shareholders on the register as at close of trading on 28 February 2007 shall be entitled to receive the dividend.

# Preliminary Statement of Annual Results

For the Year Ended 31 December 2006



## FIMBank p.l.c.

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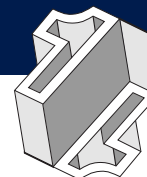
### Income Statement

For the Year Ended 31 December 2006

	GROUP		BANK	
	2006 USD	2005 USD	2006 USD	2005 USD
Interest income	22,339,437	10,452,944	17,800,866	8,511,348
Interest expense	(13,156,003)	(4,328,442)	(12,728,467)	(4,328,442)
<b>Net interest income</b>	<b>9,183,434</b>	<b>6,124,502</b>	<b>5,072,399</b>	<b>4,182,906</b>
Fee and commission income	12,055,540	8,673,371	10,326,421	7,682,567
Fee and commission expense	(1,202,509)	(697,407)	(1,011,842)	(644,204)
<b>Net fee and commission income</b>	<b>10,853,031</b>	<b>7,975,964</b>	<b>9,314,579</b>	<b>7,038,363</b>
Net trading income	3,156,572	1,757,072	1,336,923	360,885
Dividend income	581,956	76,426	1,167,161	327,476
Other operating income	103,431	60,798	22,122	50,000
<b>Net operating income before net impairment losses</b>	<b>23,878,424</b>	<b>15,994,762</b>	<b>16,913,184</b>	<b>11,959,630</b>
Net impairment losses	(1,939,894)	(365,677)	(884,565)	(365,677)
<b>Net operating income</b>	<b>21,938,530</b>	<b>15,629,085</b>	<b>16,028,619</b>	<b>11,593,953</b>
Administrative expenses	(15,611,680)	(12,464,122)	(11,826,533)	(7,919,185)
Depreciation and amortisation	(636,113)	(563,835)	(388,855)	(421,395)
Impairment loss on property, plant and equipment	(142,000)	(165,858)	-	-
Net reversal of provisions	-	297,089	-	-
Adjustment to goodwill	(3,423,789)	(682,372)	-	-
<b>Total operating expenses</b>	<b>(19,813,582)</b>	<b>(13,579,098)</b>	<b>(12,215,388)</b>	<b>(8,340,580)</b>
<b>Operating profit</b>	<b>2,124,948</b>	<b>2,049,987</b>	<b>3,813,231</b>	<b>3,253,373</b>
Share of profit of associate	2,550,770	892,616	-	-
<b>Profit before taxation</b>	<b>4,675,718</b>	<b>2,942,603</b>	<b>3,813,231</b>	<b>3,253,373</b>
Taxation	2,916,623	(243,520)	(335,671)	(243,520)
<b>Profit for the year</b>	<b>7,592,341</b>	<b>2,699,083</b>	<b>3,477,560</b>	<b>3,009,853</b>
<b>Basic earnings per share</b>	<b>8.83c</b>	<b>3.34c</b>	<b>4.04c</b>	<b>3.73c</b>
<b>Diluted earnings per share</b>	<b>8.60c</b>	<b>3.20c</b>	<b>4.19c</b>	<b>3.55c</b>

# Preliminary Statement of Annual Results

For the Year Ended 31 December 2006



## FIMBank p.l.c.

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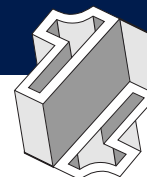
### Balance Sheet

As at 31 December 2006

	GROUP		BANK	
	2006 USD	2005 USD	2006 USD	2005 USD
<b>ASSETS</b>				
Balances with the Central Bank of Malta and cash	112,626	358,219	93,322	215,071
Loans and advances to banks	211,660,418	113,652,477	200,848,606	111,419,004
Financial assets at fair value through profit or loss	145,784,755	119,759,555	20,739,111	10,239,158
Loans and advances to customers	81,708,042	41,564,011	166,021,629	101,622,616
Investments available-for-sale	149,029	133,600	149,029	133,600
Investments in subsidiaries	-	-	37,392,666	37,392,666
Investments in associate	11,115,152	6,762,457	8,553,934	6,259,188
Intangible assets	2,212,879	5,183,515	397,782	-
Property, plant and equipment	2,483,517	2,850,537	1,261,650	1,351,629
Deferred tax asset	5,890,139	2,522,740	734,945	619,840
Current tax recoverable	159,324	366,637	159,324	366,637
Other assets	1,020,420	1,156,558	806,120	694,116
Prepayments and accrued income	1,200,308	904,957	1,203,991	1,406,345
<b>Total assets</b>	<b>463,496,609</b>	<b>295,215,263</b>	<b>438,362,109</b>	<b>271,719,870</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Amounts owed to banks	243,124,011	116,336,809	246,296,826	116,336,809
Financial liabilities at fair value through profit or loss	-	202,727	263,248	370,294
Amounts owed to customers	122,683,664	111,868,342	121,995,315	89,726,091
Debt securities in issue	19,514,000	944,102	-	944,102
Subordinated convertible loan	6,000,000	6,000,000	6,000,000	6,000,000
Other liabilities	44,727	386,003	44,727	7,293
Accruals and deferred income	8,669,275	3,961,607	4,072,521	2,232,008
Provisions	809,371	729,637	-	-
<b>Total liabilities</b>	<b>400,845,048</b>	<b>240,429,227</b>	<b>378,672,637</b>	<b>215,616,597</b>
<b>Equity</b>				
Called up share capital	43,084,340	35,586,870	43,084,340	35,586,870
Share premium	3,654,479	10,231,432	3,654,479	10,231,432
Currency translation reserve	(12,229)	(176,774)	-	-
Other reserve	2,681,041	2,681,041	2,681,041	2,681,041
Retained earnings	13,243,930	6,463,467	10,269,612	7,603,930
<b>Total equity</b>	<b>62,651,561</b>	<b>54,786,036</b>	<b>59,689,472</b>	<b>56,103,273</b>
<b>Total liabilities and equity</b>	<b>463,496,609</b>	<b>295,215,263</b>	<b>438,362,109</b>	<b>271,719,870</b>
<b>MEMORANDUM ITEMS</b>				
Contingent liabilities	6,825,473	1,720,516	26,339,473	1,720,516
Commitments	244,471,166	125,609,890	214,271,759	150,826,326

# Preliminary Statement of Annual Results

For the Year Ended 31 December 2006



## FIMBank p.l.c.

## FIMBANK

### Statement of Changes in Equity

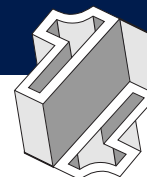
For the Year Ended 31 December 2006

GROUP	Called up Issued Share Capital USD	Share Premium USD	Currency Translation Reserve USD	Other Reserve USD	Retained Earnings USD	Total USD
At 1 January 2005	33,005,316	8,862,371	-	2,681,041	3,764,384	48,313,112
Profit for the year	-	-	-	-	2,699,083	2,699,083
Currency translation difference	-	-	(176,774)	-	-	(176,774)
Exercised share options	27,589	17,385	-	-	-	44,974
Conversion of subordinated convertible loan	2,553,965	1,351,676	-	-	-	3,905,641
At 31 December 2005	35,586,870	10,231,432	(176,774)	2,681,041	6,463,467	54,786,036
At 1 January 2006	35,586,870	10,231,432	(176,774)	2,681,041	6,463,467	54,786,036
Profit for the year	-	-	-	-	7,592,341	7,592,341
Currency translation difference	-	-	164,545	-	-	164,545
Dividend	-	-	-	-	(811,878)	(811,878)
Scrip issue of ordinary shares	226,368	452,519	-	-	-	678,887
Exercised share options	134,804	106,826	-	-	-	241,630
Bonus issue	7,136,298	(7,136,298)	-	-	-	-
At 31 December 2006	43,084,340	3,654,479	(12,229)	2,681,041	13,243,930	62,651,561

BANK	Called up Issued Share Capital USD	Share Premium USD	Other Reserve USD	Retained Earnings USD	Total USD
At 1 January 2005	33,005,316	8,862,371	2,681,041	4,594,077	49,142,805
Exercised share options	27,589	17,385	-	-	44,974
Conversion of subordinated convertible loan	2,553,965	1,351,676	-	-	3,905,641
Profit for the year	-	-	-	3,009,853	3,009,853
At 31 December 2005	35,586,870	10,231,432	2,681,041	7,603,930	56,103,273
At 1 January 2006	35,586,870	10,231,432	2,681,041	7,603,930	56,103,273
Exercised share options	134,804	106,826	-	-	241,630
Bonus issue	7,136,298	(7,136,298)	-	-	-
Profit for the year	-	-	-	3,477,560	3,477,560
Dividends payable	-	-	-	(811,878)	(811,878)
Scrip issue of ordinary shares	226,368	452,519	-	-	678,887
At 31 December 2006	43,084,340	3,654,479	2,681,041	10,269,612	59,689,472

# Preliminary Statement of Annual Results

For the Year Ended 31 December 2006



## FIMBank p.l.c.

## FIMBANK

### Cash Flow Statement

For the Year Ended 31 December 2006

	GROUP		BANK	
	2006 USD	2005 USD	2006 USD	2005 USD
<b>Cash flows from operating activities</b>				
Interest and commission receipts	36,959,175	21,321,735	27,949,402	15,644,904
Exchange received	1,224,518	239,702	1,125,511	471,055
Interest and commission payments	(13,292,877)	(4,706,756)	(12,963,649)	(4,653,553)
Payments to employees and suppliers	(14,127,489)	(12,773,581)	(11,683,045)	(7,894,283)
Operating profit before changes in operating assets / liabilities	10,763,327	4,081,100	4,428,219	3,568,123
Decrease / (increase) in operating assets:				
- Financial assets at fair value through profit or loss	(25,824,478)	(55,096,991)	(10,255,362)	(10,000,000)
- Loans and advances to customers and banks	(63,904,516)	(15,043,949)	(63,466,471)	(15,043,949)
- Other assets	136,138	(114,731)	441,657	(161,449)
(Decrease) / increase in operating liabilities:				
- Amounts owed to customers and banks	63,460,289	67,966,909	84,465,775	56,577,097
- Other liabilities	36,991	(1,273,890)	42,276	(50,808)
Net cash (outflows)/inflows from operating activities before income tax	(15,332,249)	518,448	15,656,094	34,889,014
Income tax (paid)/refund	(243,463)	29,611	(243,466)	34,082
<b>Net cash (outflows)/inflows from operating activities</b>	<b>(15,575,712)</b>	<b>548,059</b>	<b>15,412,628</b>	<b>34,923,096</b>
<b>Cash flows from investing activities</b>				
- Payments to acquire property, plant and equipment	(696,768)	(550,977)	(253,983)	(251,700)
- Payments to acquire intangible asset	(565,862)	(315,000)	(442,674)	-
- Proceeds on disposal of property, plant and equipment	31,208	11,645	-	-
- Net advance to subsidiary companies	-	-	(23,173,879)	(24,508,773)
- Purchase of shares in associated company	(2,257,303)	(1,593,301)	(2,294,746)	(1,593,301)
- Purchase of other investment	(15,429)	-	(15,429)	-
- Payment to acquire subsidiary companies	-	-	-	(11,630,958)
- Receipt of dividend	1,036,375	302,029	1,167,161	302,029
<b>Net cash flows used in investing activities</b>	<b>(2,467,779)</b>	<b>(2,145,604)</b>	<b>(25,013,550)</b>	<b>(37,682,703)</b>
<b>Cash flows from financing activities</b>				
- Proceeds from issue of share capital	241,630	44,974	241,630	44,974
- Debt securities in issue	18,569,898	944,102	(944,102)	944,102
- Subordinated convertible loan	-	10,000,000	-	10,000,000
- Dividends paid	(132,991)	-	(132,991)	-
<b>Net cash flows from/(used in) financing activities</b>	<b>18,678,537</b>	<b>10,989,076</b>	<b>(835,463)</b>	<b>10,989,076</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>635,046</b>	<b>9,391,531</b>	<b>(10,436,385)</b>	<b>8,229,469</b>
- Effect of exchange rate changes on cash and cash equivalents	1,407,472	(1,277,745)	1,292,419	(1,232,320)
- Net (decrease)/increase in cash and cash equivalents	(772,426)	10,669,276	(11,728,804)	9,461,789
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>635,046</b>	<b>9,391,531</b>	<b>(10,436,385)</b>	<b>8,229,469</b>
Cash and cash equivalents at beginning of year	37,809,500	28,417,969	35,432,879	27,203,410
<b>Cash and cash equivalents at end of year</b>	<b>38,444,546</b>	<b>37,809,500</b>	<b>24,996,494</b>	<b>35,432,879</b>