

26 March 2014

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Izola Bank p.l.c. pursuant to the Malta Financial Services Authority Listing Rules:

Quote

The Board of Directors of Izola Bank p.l.c. has approved the Annual Report for the financial year ended 31 December 2013 and its publication, which has been made available for viewing on the Company's website www.izolabank.eu (refer to *Investor Information section*) or at the Company's registered address at 58, East Street, Valletta, VLT 1251, Malta.

The financial information provided below has been extracted from the Annual Report of Izola Bank p.l.c. for the financial year ended 31 December 2013. The Bank's Financial Statements were audited by KPMG and prepared in accordance with the International Financial Reporting Standards as adopted by the EU and with the requirements of the Companies Act, 1995 and the Banking Act, 1994.

Review of performance

During the year ended 31 December 2013, the Bank generated a profit before tax of €2,841,828, up 18% on 2012. Profit after tax was €1,853,950, an increase of 18% over the previous year.

Net interest income decreased by 7% whilst net fee and commission income increased by 30% over the previous year.

Administrative expenses increased by 14% in the year under review. At year end the Bank's Cost-to-Income ratio stood at a healthy 34.5% (2012: 35.4%).

Review of financial position

Total assets increased by 25% to €119,491,541 whereas total liabilities rose from €75,411,354 to €98,012,284 – an increase of 30%. Shareholders' equity amounted to €21,479,257 compared with €20,002,718 of a year earlier.

As at 31 December 2013 the Capital Adequacy Ratio of 50% and Liquidity Ratio of 130% were both well above the European and US banking sector norms.

There was no sign of deterioration in asset quality in 2013. The current credit approval and monitoring structures have helped to ensure very good credit quality of factoring debtors and minimised losses.

The Directors have proposed a final dividend of €2,000,000 in respect of 2013, representing a dividend per share of €5.00.

Unquote

A handwritten signature in black ink, appearing to read 'Stefan Farrugia', is written over a horizontal line.

Stefan Farrugia
Company Secretary