



# izola Bank

22 March 2018

## 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 2017 and its publication, which has been made available for viewing on the Company's website [www.izolabank.com](http://www.izolabank.com) (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 2017. 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 2017, the Bank generated a profit before tax of €3,556,931 down 4.3% on 2016. Profit after tax was €2,261,404, a decrease of 0.2% over the previous year.

Net interest income decreased by 10% whilst net fee and commission income registered a 30% increase compared to the previous year. Other operating income increased by 26% and mainly comprised of gains on investment. As a result, total operating income improved by 15.8% over 2016.



# izola Bank

Personnel expenses and other administrative expenses increased by 34.6% in the year under review. This increase was mainly due to increases in the staff complement of the Bank and additional marketing and IT related costs. As a result of these increases, the Bank's Cost-to-Income ratio rose to close the year at 46.2% (2016: 40.9%).

Total assets increased by 4.7% to €206,629,804 whereas total liabilities rose from €168,951,393 to €177,157,964 – an increase of 4.9%. Shareholders' equity amounted to €29,471,840 compared with €28,468,558 of a year earlier.

As at 31 December 2017, the Capital Adequacy Ratio of 26% and Liquidity Ratio of 70% were both well above the European banking sector norms.

Net impairment allowances amounting to €349,741 were taken in 2017 compared to €28,431 in 2016. These allowances are mostly collective allowance due to the growth in the Bank's factoring and lending portfolio and are not related to any deterioration in credit quality of the Bank's assets. The current credit approval and monitoring structures have helped to ensure very good credit quality of factoring debtors with minimal losses. In fact, out of a total amount of €152,179,351 of net factoring turnover in 2017, the Bank has only incurred bad debts of €89,020 during the year.

The Bank is committed to seek further growth in its factoring operations in Belgium, mainly through its online factoring services named Izola Factor launched in mid-2016, together with growth in foreign and domestic loans and advances to customers through niche lending.

The Directors have proposed a final dividend of €2,150,000 in respect of 2017, representing a dividend per share of €5.375. This was approved by the shareholders during the subsequent Annual General Meeting.

## **Unquote**

Calvin Bartolo  
*Company Secretary*