



# izola Bank

4 April 2017

## 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 2016 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 2016. 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 2016, the Bank generated a profit before tax of €3,715,138 up 4% on 2015. Profit after tax was €2,266,387, a decrease of 5% over the previous year.

Net interest income decreased by 17.3% whilst net fee and commission income registered a 12.2% decrease compared to the previous year. These were offset by a 100% improvement in other operating income which is mainly comprised of gains on investment. As a result, total operating income improved by 1.4% over 2015.

Personnel expenses and other administrative expenses increased by 28.7% in the year under review. This increase was mainly due to increases in the staff complement of the Bank and additional insurance expenses incurred to cover a substantial portion of the credit risk arising



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from the Bank's factoring portfolio. As a result of these increases, the Bank's Cost-to-Income ratio rose to close the year at 40.9% (2015: 32.8%).

Total assets increased by 15.2% to €197,419,951 whereas total liabilities rose from €143,719,747 to €168,951,393 – an increase of 17.56%. Shareholders' equity amounted to €28,468,558 compared with €27,679,964 of a year earlier.

As at 31 December 2016, the Capital Adequacy Ratio of 33% and Liquidity Ratio of 117% were both well above the European and US banking sector norms.

Additions and reversals of impairment allowances in 2016 resulted in a write-back of €76,946 when compared to a charge of €481,736 taken a year ago. The current credit approval and monitoring structures have helped to ensure very good credit quality of factoring debtors and minimised losses. In fact, out of a total amount of €130,345,778 of net invoices factored in 2016, the Bank has only incurred bad debts of €105,377 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 €2,250,000 in respect of 2016, representing a dividend per share of €5.63. This was approved by the shareholders during the subsequent Annual General Meeting.

## ***Unquote***

Calvin Bartolo  
*Company Secretary*