

24 July 2015

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Izola Bank p.l.c. pursuant to Chapter 5 of the Listing Rules of the Malta Financial Services Authority.

Quote

In a meeting of the Board of Directors of Izola Bank p.l.c. held on 24th July 2015, the attached unaudited Condensed Interim Financial Statements for the six-month period ended 30th June 2015 were approved.

The Condensed Interim Financial Statements for the period ended 30th June 2015 are available for viewing and download on the Bank's website at www.izolabank.com.

Unquote



Calvin Bartolo
Company Secretary



Izola Bank p.l.c.
First Half 2015 Results - Highlights

Review of Performance

- Profit before tax of €2,080,305 for the six months ended 30 June 2015 – up €135,865 or 7 per cent, compared with €1,944,440 for the same period in 2014.
- Operating income of €3,110,223 for the six months ended 30 June 2015, up €444,688 or 17 per cent, compared with €2,665,535 for the same period in 2014.
- The Bank's cost-to-income ratio increased to 33 per cent for the six months ended 30 June 2015, compared to 27 per cent for the same period in 2014.
- Loans and advances to customers of €45.8 million at 30 June 2015, up €12.8 million or 39 per cent, compared with 31 December 2014.
- Customer deposits of €92.9 million at 30 June 2015, up €2 million, or 2.2 per cent, compared with 31 December 2014.
- Total assets of €154 million at 30 June 2015, up €5.9 million, or 4 per cent, compared with 31 December 2014.
- Earnings per share of €3.38 for the six months ended 30 June 2015 were 5.6% higher than the earnings per share for the same period in 2014 (€3.20).

Commentary

Izola Bank delivered a profit before tax for the six months ended 30 June 2014 of €2,080,305. This figure was higher than the same period last year, mainly driven by an increase in net interest income and higher capital gains derived from the Bank's treasury operations.

Despite the prevailing low interest rates and record low yields, the Bank still managed to increase its net interest income by 29 per cent compared to the same period last year. For the six months ended 30 June 2015, net interest income was €1,178,143 compared with €910,540 at 30 June 2014.

Net fee and commission income of €1,375,980 for the six months ended 30 June 2015 increased marginally by €16,817, or 1.2 per cent, compared with 30 June 2014.

Administrative expenses increased by 21% compared to the same period last year and this resulted in an increase in the Bank's cost-to-income ratio of 6 percentage points from 27 per cent for the period ended 30 June 2014 to 33 per cent for the period ended 30 June 2015.

During the first six months of 2015 the bank grew its loans and advances to customers by €12.8 million, or 39 per cent and its investments were reduced by €11.8 million, or 16.7 per cent, compared with 31 December 2014. The quality of the lending portfolio showed no sign of deterioration whilst liquidity and capital ratios remained substantially above regulatory requirements.



Income Statements

For the period 1 January to 30 June 2015

	01.01.2015 to 30.06.2015	01.01.2014 to 30.06.2014
	EUR	EUR
Interest receivable and similar income		
- on loans and advances	812,443	708,051
- on debt securities	1,500,023	1,240,968
Interest expense	(1,134,323)	(1,038,479)
Net interest income	1,178,143	910,540
Fees and commission receivable	1,403,893	1,382,402
Fees and commission payable	(27,913)	(23,239)
Net fees and commission income	1,375,980	1,359,163
Net trading gains	23,158	8,894
Other operating income	532,942	386,938
Operating income	3,110,223	2,665,535
Administrative expenses	(656,066)	(555,639)
Depreciation and amortisation	(226,523)	(173,502)
Impairment allowances	(147,329)	8,046
Profit before income tax	2,080,305	1,944,440
Income tax expense	(729,951)	(663,488)
Profit for the period	1,350,354	1,280,952
Earnings per share	3.38	3,20



Statement of financial position At 30 June 2015

	30.06.2015	30.12.2014
ASSETS		
Cash and uncleared effects	210,064	29,825
Balances with Central Bank of Malta	989,065	976,517
Investments	59,196,274	71,079,589
Loans and advances to banks	18,860,510	16,976,777
Factored receivables	23,945,158	21,292,678
Other loans and advances to customers	45,830,855	33,016,654
Property and equipment	2,966,475	2,495,321
Intangible Assets	969,555	864,951
Other assets	1,286,653	1,638,357
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Total assets	154,254,609	148,370,669
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LIABILITIES		
Balance with Central Bank of Malta	18,700,000	20,000,000
Amounts owed to customers	92,896,463	90,853,295
Secured notes	11,996,244	8,969,458
Deferred tax liabilities	2,243,328	1,321,717
Current tax payable	453,150	766,297
Accruals and deferred income	1,389,022	1,519,459
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Total liabilities	127,678,207	123,430,226
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EQUITY		
Called up share capital	10,000,000	10,000,000
Property revaluation reserve	955,479	955,479
Fair value reserve	2,436,408	2,150,803
Depositor compensation scheme reserve	160,508	160,508
Reserve for general banking risk	8,544	8,544
Capital contribution	8,853,898	8,853,898
Retained earnings	4,161,565	2,811,211
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Total equity attributable to equity holders of the bank	26,576,402	24,940,443
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Total liabilities and equity	154,254,609	148,370,669
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Statement of Changes in Equity
For the period 1 January to 30 June 2015

	Share capital	Property revaluation reserve	Fair value reserve	Depositor compensation scheme reserve	Capital contribution	Reserve for General Banking Risk	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance at 1 January 2015	10,000,000	955,479	2,150,803	160,508	8,853,898	8,544	2,811,211	24,940,443
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	1,350,354	1,350,354
Other comprehensive income								
Change in fair value of available-for-sale financial assets	-	-	285,605	-	-	-	-	285,605
Total other comprehensive income	-	-	285,605	-	-	-	-	285,605
Total comprehensive income for the period	-	-	285,605	-	-	-	1,350,354	1,635,959
Transactions with owners, recorded directly in equity								
Dividends paid to equity holders	-	-	-	-	-	-	-	-
Capitalisation of capital contribution	-	-	-	-	-	-	-	-
Contributions paid by equity owners	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-
Balance at 30 June 2015	10,000,000	955,479	2,436,408	160,508	8,853,898	8,544	4,161,565	26,576,402



Statement of Changes in Equity (continued)
For the period 1 January to 30 June 2014

	Share capital	Property revaluation reserve	Fair value reserve	Depositor compensation scheme reserve	Capital contribution	Reserve for General Banking Risk	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance at 1 January 2014	10,000,000	975,684	433,099	148,109	7,409,946	-	2,515,419	21,479,257
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	1,280,952	1,280,952
Other comprehensive income								
Change in fair value of available-for-sale financial assets	-	-	1,041,810	-	-	-	-	1,041,810
Total other comprehensive income	-	-	1,041,810	-	-	-	-	1,041,810
Total comprehensive income for the period	-	-	1,041,810	-	-	-	1,280,952	2,322,762
Transactions with owners, recorded directly in equity								
Dividends paid to equity holders	-	-	-	-	-	-	(2,000,000)	(2,000,000)
Capitalisation of capital contribution	-	-	-	-	-	-	-	-
Contributions paid by equity owners	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	(2,000,000)	(2,000,000)
Balance at 30 June 2015	10,000,000	975,684	1,474,909	148,109	7,409,946	-	1,796,371	21,802,019



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Statement of cash flows

For the period 1 January 2015 to 30 June 2015

	01.01.2015 to 30.06.2015	01.01.2014 to 30.06.2014
	EUR	EUR
Cash flows from operating activities		
Interest and commission receipts	3,929,948	693,471
Interest and commission payments	(1,746,060)	(358,229)
Payments to employees and suppliers	(828,441)	(310,620)
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Operating profit before changes in operating assets/liabilities	1,355,447	24,622
Changes in operating assets:		
- loans and advances to customers	(12,814,201)	(21,961,928)
- factored receivables	(2,652,480)	(3,141,509)
Changes in operating liabilities:		
- amounts owed to customers	2,043,168	21,895,141
- amounts owed to banks	(1,300,000)	3,000,000
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Net cash from / (used in) operating activities	(13,368,066)	(183,674)
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Cash flows from investing activities		
Payments to acquire property and equipment	(802,281)	(60,719)
Receipts from / (payments for) investments	12,351,517	(5,965,074)
Interest received from investments	895,350	259,412
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Net cash from / (used in) investing activities	12,444,586	(5,766,381)
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Cash flows from financing activities		
Net proceeds from bond issue	3,000,000	-
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Net cash from / (used in) investing activities	3,000,000	-
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Net increase/(decrease) in cash and cash equivalents	2,076,520	(5,950,055)
Cash and cash equivalents at beginning of period	17,983,119	20,933,588
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Cash and cash equivalents at end of period	20,059,639	14,983,533
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Basis of preparation

The condensed interim financial statements have been extracted from Izola Bank p.l.c.'s (the 'bank') unaudited management accounts for the six months period ended 30 June 2015. These condensed interim financial statements are being published in terms of Chapter 5 of the Listing Rules issued by the Listing Authority and in terms of the Prevention of Financial Markets Abuse Act, 2005.

The condensed interim financial statements have been prepared in accordance with accounting standards adopted for use in the EU for interim financial statements (adopted IAS 34, Interim Financial Reporting). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements for the year ended 31 December 2014.

The accounting policies applied in these condensed interim financial statements are the same as those applied by the bank in its financial statements as at, and for the year ended, 31 December 2014.

As required by the adopted IAS 34, Interim Financial Reporting, these interim financial statements include comparative statements of financial position information at the previous financial year end and comparative income statements information for the comparable interim periods of the immediately preceding financial year.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

I confirm that to the best of my knowledge:

- The condensed interim financial statements give a true and fair view of the financial position as at 30 June 2015, financial performance and cash flows for the period then ended, in accordance with International Financial Reporting Standards as adopted by the EU and applicable to interim financial reporting (IAS 34).
- The commentary includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Andrew Mifsud
Chief Executive Officer