

25 March 2012

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 2012 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 2012. 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 2012, the Bank generated a profit before tax of €2,408,367, up 4.8% on 2011. Profit after tax was €1,569,061, an increase of 2.1% over the previous year.

Net interest income increased by 6% whilst net fee and commission income decreased by 9% over the previous year.

Administrative expenses decreased by 16% in the year under review. At year end the Bank's Cost-to-Income ratio stood at a healthy 35.4% (2011: 37.7%).

Review of performance

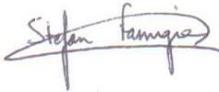
Total assets increased by 6.4% to €95,414,072 whereas total liabilities rose from €72,516,902 to €75,411,354 – an increase of 4%. Shareholders' equity amounted to €20,002,718 compared with €17,174,037 of a year earlier.

As at 31 December 2012 the Capital Adequacy Ratio of 60% and Liquidity Ratio of 170% were both well above the European and US banking sector norms.

There was no sign of deterioration in asset quality in 2012. 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 €1,500,000 in respect of 2012, representing a dividend per share of €3.75. The shareholders have signified their intention to re-invest the major part of the proceeds of the dividend issue in the Bank through a capital contribution.

Unquote

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

Stefan Farrugia
Company Secretary