

Annual Report & Financial Statements
2 0 0 1



FIMBANK

FIRST INTERNATIONAL MERCHANT BANK P.L.C.

“Bound for the Black Sea”

Their names bring back old mornings when the docks shone with their house-flags and their painted blocks, their raking masts below the Customs House and all the marvellous beauty of their bows.

John Masefield.



Maltese Shipping up to the 19th Century

Geographically, the Maltese Islands are enviably located in the middle of the Mediterranean Sea. Malta's fine sheltered harbours are located along the trade routes between Gibraltar and Egypt as well as on the routes between French, Mediterranean and Italian ports and ports in the Adriatic and North Africa. No wonder that the port of Valletta has always been considered as one of the most important harbours of the Central Mediterranean.

The Phoenicians

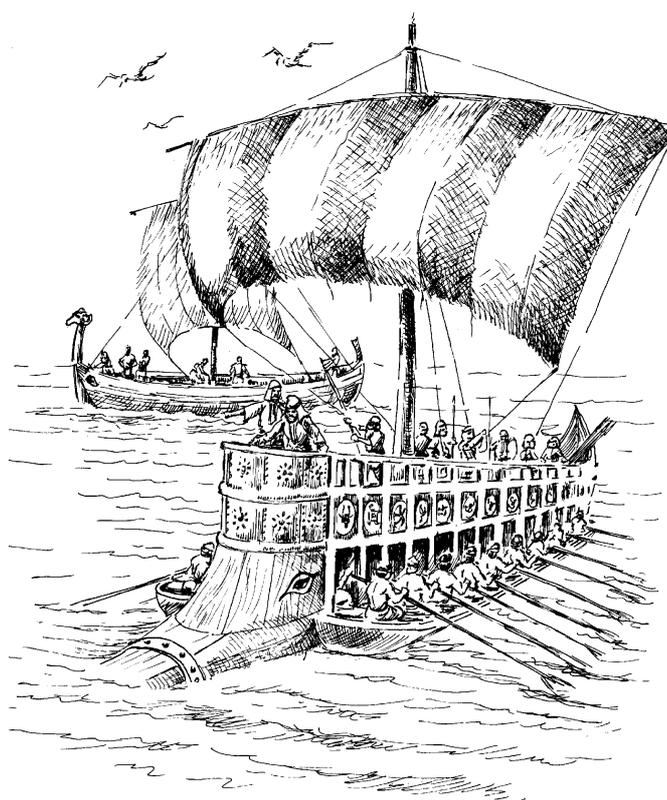
Malta, through her long and colourful history, has witnessed changes primarily through her strong connections with the leading maritime nations. The earliest were indeed the Phoenicians.

The Phoenicians were pioneers in the expansion of trade in the ancient world. Archaeologists believe that the Phoenician colonisation in the Central Mediterranean commenced after the 8th century B.C. The Greek historian *Diodorus Siculus* writing during the first century B.C. records that the Phoenicians used the harbours of Malta as bases during their commercial ventures in the Western Mediterranean. The Phoenicians had a great knowledge of the sea, winds and currents which, coupled with their knowledge in the building of large vessels, helped them to extend their trading empire in the then known world. From their native homeports they voyaged to Greece, Italy, North Africa, Spain and even to other countries well out of the Mediterranean Sea.

It is to the Phoenicians that we probably owe the '*Lex Rhodia*' - the basic principles of modern international law which governs the carriage of goods by sea.

The Romans

During the Roman occupation of the Maltese Islands which commenced around 218 B.C., Malta became an important port of call for Roman ships sailing from Rome to Alexandria and vice-versa. For the Romans the Mediterranean was '*Mare Nostrum*' - our sea. The Maltese ports were also used for the transshipment of cargo and on some occasions, ships were laid-up in Maltese harbours during the winter months. Through the summer months



the Mediterranean was full of Roman sails navigating between Rome and Egypt carrying a variety of cargo and passengers on their way to '*Leptis Magna*' or '*Sabratha*'. The discovery of Roman anchors of various sizes and amphoras of different shapes and sizes confirm that Roman ships, including some of the largest merchant ships afloat at that time, navigated the Maltese waters.

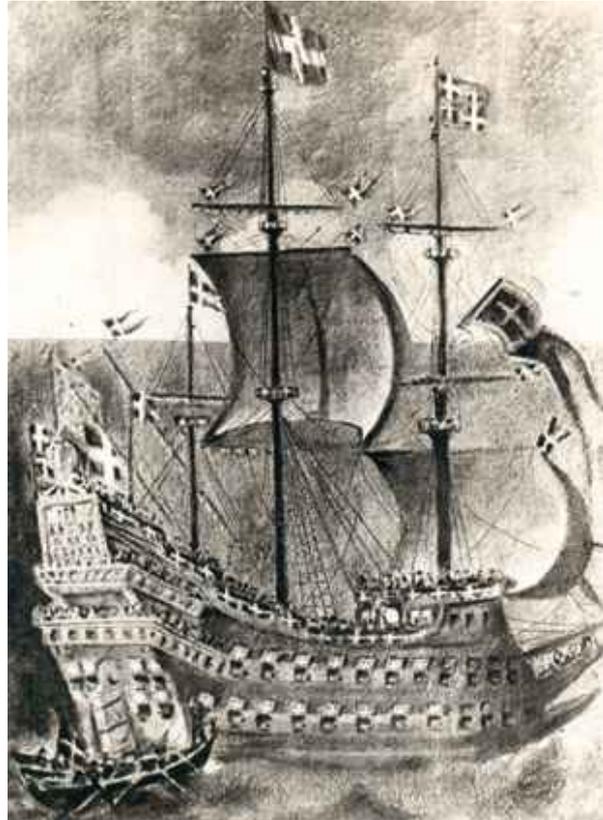
The fifth century saw the end of the Roman occupation of the Maltese Islands and for the next one thousand years or so, the islands passed from one master to another, from the Byzantines to the Castilians, until in 1530 the Islands came under the rule of the Knights of the Order of St. John of Jerusalem.

The Knights of the Order of St. John of Jerusalem

The Knights operated their fleet from the Maltese ports and they became an important naval power in the Mediterranean. For two and a half centuries their fleet was constantly at sea, maintaining a balance of power in the central Mediterranean.

During the Knights rule, the Maltese mariner improved his navigation and ship-handling skills which strengthened Malta's maritime know-how and traditions. The master builders or '*capi costruttori*' employed in the arsenal of the Knights built a steady stream of ships for the Order's fleet. This they continued to do up to the second half of the 18th century. The Scolaro dynasty and Giuseppe Maurin were responsible for the construction of some of the finest ships. Maurin had studied naval architecture in France and built some of the Order's last ships in Malta, including the '*San Giovanni*' and the '*Santa Maria della Vittoria*' which was designed as a fleet flagship.

The '*portolani*' - books containing sailing directions, charts and other information on bays and harbours which were compiled by Maltese pilots were known for their accuracy. Indeed the '*portolani*' compiled by Maltese pilots illustrated the deep knowledge they possessed on the waters of the Mediterranean. The '*portolani*' compiled by Lorenzo Mifsud (Mefsud) and Antonio Borg contained comprehensive information on various reefs and shoals in many parts of the Mediterranean including a shoal off Al Bekur in Egyptian waters. In 1766, Lorenzo Mifsud compiled a chart of the Bay of Algiers. Mifsud held a high rank in the galleys of the Order, that of a chief pilot or as his '*portolano*' records - "*. . . primo pilota sulla capitana galera della Sacra Religione Gerosolomitana di Malta . . .*"





**The full-rigged ship “Strangier”, one of the earliest known vessels
commanded by Biagio Tagliaferro, 1816**

The Wickman Maritime Collection

Malta’s golden age of maritime trade

By the dawn of the 19th century, the Maltese Islands witnessed the beginning of a new era in their history - the British rule. During the first turbulent years of the 19th century, Malta’s merchant fleet was in a neglected state but in a short time the master builders of the Island, who were already well seasoned in naval architecture, refitted, rerigged and commissioned vessels for a new lease of life under Maltese ownership. Enterprising shipowners, backed by shrewd merchant bankers, pooled their resources and financed the construction of new ships. With the best imported Mediterranean timber, tar and paints from Northern Europe, cordage prepared in a local ropery and canvas made in the sail-lofts of the Island, the local shipbuilder commenced building new tonnage for a new Mediterranean merchant fleet which was destined to reach its climax by the 1840s.

It is rather difficult to trace all the vessels owned locally but records show that in the first decade of the 19th century, from December 1811 to July 1820, ninety-three vessels were owned by Maltese shipowners. The owners

came mainly from Valletta and the three maritime cities - Senglea, Cospicua and Vittoriosa. These vessels were of various shapes and sizes - from deep sea merchant ships to the short sea traders. The largest of them all were the full-rigged ships, mainly three masted, followed by the sturdy brigs and brig-schooners. The short sea traders ranged from schooners of various rigs to *xebecs* and *speronari*. Although small, these short sea traders carried packet services to Sicily and North African ports. They offered passenger accommodation and provided an important link with the Maltese communities in North Africa.

The larger vessels sailed on all the trade routes of the Mediterranean, the Black Sea and to the United Kingdom. Many of these ships were grain carriers and specialised in the Black Sea grain trade. By the middle of the 19th century, services were extended to the Americas. Pioneers in transatlantic passages were the ‘*Urano*’ owned by A&S Galea of Valletta and the ‘*Diligent*’ owned by the Felice Brothers also of Valletta who both undertook successful voyages to the Americas in the middle of the 19th century. The masters of both vessels were presented with silver medals for their achievements by the Chamber of Commerce.

Although many ship-masters and shipowners came from the three cities, the commercial life of the Island was centred around Valletta. Up to the beginning of the second half of the 19th century, French Creek in the Grand Harbour was still used for merchant shipping. Furthermore the leading shipbuilders were also located there. The day-to-day business was carried out in the city but the ship-masters and merchant shipowners still kept their residences in the best parts of Senglea.

The wharves of the port of Valletta were a hub of activity. As ships navigated the entrance to the harbour, further up in the city streets the profits from a successfully concluded voyage would be calculated as bales and barrels were unloaded to be weighed and tallied.

In the grain trade two important organisations in the port of Valletta were the *'Compagnia dei Misuratori Pubblici'* (Public Weighers) and the *'Compagni dei Crivellatori Pubblici'* (Public Sifters). They were kept very busy during the grain season and also in the transhipments of grains.

All this activity was centred around the Valletta marina as well as around St. Paul Street and Merchants Street further up in Valletta. Traders, cotton brokers, ship chandlers and suppliers of navigational instruments had their businesses in these two streets. The old establishment *'Peninsular and Oriental Steam Navigation Company'* has strong ties with Malta going back to the early days of the company. This company provided mail and passenger services from London to the Mediterranean and then to the famous 'overland route' to China, India and Australia. Kipling had termed this company as a 'national institution'. The company had an office at 226, St. Paul's Street, Valletta. They later moved to Merchants Street. In those days the company used to send a representative from London, normally a retired master mariner, to run the Malta agency.

The *'Borsa'* or Chamber of Commerce throughout its long and glorious history played an important role in the development of Maltese maritime trade and since 1848, this building has been the centre where merchants and shipowners and brokers met and discussed their business. Although the coffee houses of Merchants Street or the Valletta marina were a natural meeting place, the courtyard of the *'Borsa'* provided a more professional meeting place for them. Two noticeboards contained the latest information on the movements of Maltese-owned ships



The "Lloyd Maltese", a daily publication listing movements of ships and important news on commercial matters.

The Wickman Maritime Collection

Some insurance companies operating in Malta 1853-1866. These companies insured ships' hulls, their fittings and the cargoes they carried.

The Wickman Maritime Collection





The bark “Wignacourt” of 1844. This 436 ton vessel was owned by Giuseppe Garcin, Antonio Borg and Salvatore Isouard. The “Wignacourt” was credited with many fast passages.

The Wickman Maritime Collection

in far-away ports. Information was also provided on vessels expected back. This information was mainly supplied through Lloyd’s intelligence system, but very often this was also provided by masters of ships arriving here. It was normal practice for masters to report on ships they had encountered during their voyages. Gleaning through these reports, the term ‘Bound for the Black Sea for Orders’ features after many a ship’s name. This clearly illustrates the amount of trade carried out by Maltese ships and trading houses with the ports of Odessa, Berdiansk and Taganrog.

In the courtyard of the ‘Borsa’ one still finds a silent relic of the past. In one of the corners rests a bell which used to be rung before important announcements - one stroke if bad news, two if good.

To cater for all this maritime trade, there were a number of insurance companies operating in Malta during the 1850 to 1866 period. Their names distinguished them from one another. For prestige there was ‘Lloyd di Malta’, for trust there were ‘La Buona Via’, ‘Providenza’ and ‘Amicizia’. A venture between two brothers was named ‘I Due Fratelli’ while the Russia trade was lured by ‘Compagnia d’Assicurazioni Marittima Alma’. Other companies were the ‘Alleanza d’Assicuratori’, ‘San Paolo’, ‘San Giorgio’, ‘Europa’, ‘Africa’ and ‘Asia’.

In the shipbuilding boom that commenced around the 1820s, a number of masters owned the ships they commanded while brokers ashore secured cargoes for them. Sometimes the master was a shareholder with a group of merchants. From 1848 to 1850, eight vessels were owned by Cospicua masters while Senglea masters owned five and four were owned by Valletta masters. These figures exclude short sea traders or vessels employed in trades between the Islands.

Other vessels were owned by the ship-owning families, the merchant bankers as well as by shipping companies. In 1857 the most famous ship-owning families were the Tagliaferro, Scicluna, Mirabita, Azzopardi and Cassar families while the most important shipping company was the ‘Societa’ di Navigazione Maltese’ managed by Antonio Dimech. This company owned a fine fleet of barks employed in general trading. The vessels of this company were distinguishable from other Maltese ships due to the fact that they all carried roman numerical names - ‘Primus’, ‘Secundus’, ‘Tertius’, etc. Eventually this company ran into difficulties and its ships were sold. From around 1846 the Gollcher family started operations. This family eventually played an important role in the history of Maltese maritime trade.

During the first decade of the 19th century, a good number of foreign merchants, shipowners and seamen settled in Malta. They were all seasoned in many disciplines, ranging from ship-husbandry and ship-owning to merchant banking. Others were seamen, sailmakers, riggers and workers for the shipbuilding industry. They inspired both the local ship builder and the shipowner. One of them, an Englishman, Joseph Slyth, was instrumental in running Malta's first commercial rooms situated in St. Paul Street in Valletta. More than a century and a half ago the duties of the commercial rooms were taken over by the Chamber of Commerce.

The Tagliaferro Dynasty

A founder member of the Chamber of Commerce was Biagio Tagliaferro, a Genoese by birth but he settled in Malta very early during the British presence. Biagio Tagliaferro was born in Genoa in 1777 into a seafaring family. The Tagliaferros of Genoa were shipowners and through the years the family provided many master mariners. It is not known when Biagio came to Malta but in 1816 he was in command of the locally owned full-rigged ship 'Strangier' (262 tons). This vessel was later acquired by the Tagliaferro family.

By 1822, five vessels were sailing under Tagliaferro's orders. He also financed other vessels for various local owners. It is important to point out that all the vessels ordered through the Tagliaferro family were of Maltese construction. And while all these vessels transported seasonal cargoes of grain from the Black Sea for Malta 'for orders' or sailed direct to other Mediterranean ports or the British Isles, other voyages were also undertaken according to the need.

Biagio Tagliaferro became a very important person in the local maritime scene and so rightly has been termed as the father of Maltese maritime trade. He was a seasoned master mariner, a shipowner and later going into merchant banking. Although the ships he owned through the years were general cargo carriers suitable for any trades, he specialised in the Russian Black Sea grain trade.

It had never been Tagliaferro's intention to build up a large fleet of ships and some of the vessels he built were later sold or chartered to other owners, at times while still under construction. Some of these ships were financed for local merchants and others for master mariners.



**Biagio Tagliaferro, master mariner,
shipowner and merchant banker**
The Wickman Maritime Collection



The bark “Due Cugini”, 1844, measured 285 tons and carried a crew of 14.

The Wickman Maritime Collection

Tagliaferro’s early pioneer ships were quickly followed by a long list of vessels owned or managed by the family. The fleet list included the brig ‘*Giovanna*’ which joined the fleet in 1828. This vessel was named after Biagio’s wife who herself was the daughter of another local shipowner. Shortly afterwards the barks ‘*Orient*’ and ‘*Cercere*’ were put into service. The full rigged ship ‘*Urania*’, a large vessel as far as local ship-construction goes for the 1840s measured 487 tons. Tagliaferro also owned the brigs ‘*Due Cugini*’, ‘*Oreste*’, ‘*Speranza*’, ‘*Urano*’ and the fine ‘*Febo*’ which was perhaps the largest brig rigged vessel of Maltese mercantile marine. The family also operated the brig ‘*Genio*’. This 194 ton vessel however for some years sailed under the Russian flag but was commanded by members of the family and manned by a Maltese crew.

The Crimean War brought wealth and prosperity to the ports of Valletta. Many troop transports called on their way to the Black Sea while the dockyard was kept busy on repairs and conversions of merchant ships to war transports. But during this period, from 1854 to 1858, the normal peacetime trading relations of the Tagliaferro family with the Black sea came to an end, but thanks to many commercial contacts, the ships were gainfully occupied on other routes. Some ships were also chartered

by the Government for the transport of troops, stores and horses from North African ports to the Black Sea. At the time the Crimean War broke out, the family owned the bark ‘*Helen*’ and the brigs ‘*Orion*’, ‘*President*’ and ‘*Reggente*’.

With this vast fleet of ships Tagliaferro also suffered losses at sea in spite that his ships were well maintained and manned. In 1850, the family suffered the loss of the bark ‘*Tagliaferro*’ in the Atlantic while on passage from New York to Cadiz. Another casualty was the ‘*Due Cugini*’ and in 1860 the bark ‘*Emmanuele Tagliaferro*’ was lost. This vessel had been built during the boom years in local shipbuilding and served the Maltese merchant fleet for some 18 years. The ‘*Emmanuele Tagliaferro*’ carried an A1 classification at Lloyd’s.

The empire that Biagio built was a family affair. Trading under the name of ‘*Biagio Tagliaferro & Figli*’, Biagio was at the helm and helping him were his sons Giacomo, Girolamo and Simeone, all having equal shares in the enterprise. In 1856, however, the name of Giacomo did not appear on the list of ‘*soci*’ but later on the name of a business associate, Andrea G. Calvocoressi was included and the shares were distributed as follows:

Biagio Tagliaferro	28%
Girolamo Tagliaferro	28%
Simeone Tagliaferro	28%
Andrea G. Calvocoressi	16%

The main administration of the business was located in Malta, while Simeone was in charge of the offices in the Russian Black Sea ports of Odessa and Berdiansk. Calvocoressi who was also a founder member of the Chamber of Commerce occasionally visited the Russian ports.

Late in June 1859, Biagio Tagliaferro suffered the loss of one of his most trusted sons - Simeone, who was only in his thirties. Simeone was apprenticed in the business when he was a boy and had left Malta to run the family's office in the important grain port of Berdiansk when he was barely seventeen years old. At Berdiansk the family owned an important business complex situated near the Custom House Square. This large property included a residence for the firm's representative, quarters for any cargo waiting a ship as well as stables and other storage facilities and covered yards. In 1850 the facility was valued at 25,740 silver roubles.

The Valletta office of B. Tagliaferro & Figli was situated in St. John Square, corner with Merchants Street. It is said that the unicorn adorning the fountain near the entrance of the office lured Biagio's sons to adopt it as the logo of '*B. Tagliaferro & Figli Bank*'.

A great asset for B. Tagliaferro & Figli was the trade connections they had with many banking institutions in the Black Sea, the Mediterranean and in London - the centre of maritime trade. In this city Tagliaferro's connections were with Baring Brothers, Cox and Rothschilds.

B. Tagliaferro & Figli also provided funds to masters calling at Malta to enable them cover expenses while in Maltese harbours as well as for the duration of their voyages. They were normally bound to pay back to Tagliaferro's agents within three days of their arrival at their destinations. This business, although risky, proved very profitable and included ships sailing under the flags of America, Austria, Denmark, England, Greece, Italy, Russia, Turkey and Sweden.

Late in November 1862, Biagio Tagliaferro died in his Valletta home and his son Girolamo assumed command of the family business. This was an important period in the story of the port of Valletta. It was the sail-to-steam transition period and steamships started using the harbours of Malta. At this time Tagliaferro increased their coal

Messrs B. Tagliaferro & Fils. Malta		
31.12.1864	3790	
16.04.1864	55	
31.12.1864	27	
	1750	
	1500	

Biagio Tagliaferro & Fils, current account, Baring Brothers of London, 1864

The Wickman Maritime Collection

The bankers Tagliaferro often provided funds to masters of ships to help them cover expenses during their voyages. This receipt covers £202 given to Captain Lisano of the Maltese bark "Independent", to be paid within eight days on arrival in London to the bankers Rodocanachi & Sons. September 1860.

The Wickman Maritime Collection

Ricevuto da Sig. B. Tagliaferro & Figli Lire Antiche Duecento due, la quale somma mi venne pagata e restituita, dopo otto giorni dall'arrivo in Inghilterra al largo del disancro del mio Bark "Independent" nel presente mio viaggio per conto, nei Sig. Rodocanachi Figli & Co di Londra.
Data in dupplicato di cui un esemplare.
Malta 10. Settembre 1860.
L. Lisano



The Valletta waterfront during the sail-to-steam transition period. Circa 1900

The Wickman Maritime Collection

business and bunkering services were reorganised. The coal depot was established in the inner waters of the harbour. Along the Valletta waterfront some warehouses were rented from the Government - the '*Ufficio della Rendita Territoriale*'.

Early in the 1880s, the Tagliaferro family ventured into steam and two fine steamers were ordered from British shipyards, the '*Tagliaferro*' and the '*Emmanuele Tagliaferro*'. Later they also acquired the steamer '*Granville*' from English owners. All were large cargo carriers for their days and were employed on worldwide tramping - carrying different cargoes to different ports.

Those were the days when many shipowners were shifting their business to London, it was the beginning of the now famous London-Greek shipping community. Tagliaferro did likewise and opened an office in London which was in the hands of Alfredo G. Tagliaferro.

But as the 19th century came to a close, so did Tagliaferro's interest in ship-owning. They concentrated more in the banking and real estate ventures but they still maintained the bunkering trade and ship agency business on a limited scale. In their own way however, they continued helping local businessmen by financing new projects. Thanks to Tagliaferro, some of them are still flourishing today.

Victor Wickman

Victor Wickman writes on maritime matters and owns the Wickman Maritime Collection at Xghajra (Zabbar), Malta

Annual Report



First International Merchant Bank p.l.c.

Company Registration Number : C 17003

Registered Address

7th Floor, The Plaza Commercial Centre,

Bisazza Street, Sliema SLM 15 - Malta

Tel : (356) 21 322100

Fax : (356) 21 322122

Telex : 1775 FIMBNK MW

S.W.I.F.T. : FIMB MT M3

Website : www.fimbank.com

E-mail : info@fimbank.com

Contents

Maltese Shipping up to the 19th Century	ii
Chairman's Report	4
A Financial Intermediary's Role in International Trade	10
First International Merchant Bank p.l.c.	
Board of Directors	16
Executive Committee	16
International Advisory Board	16
Senior Management	17
International Division	17
Directors' Interests	18
Our Consultants	19
Financial Highlights	20
An eventful year for FIMBank	22
Report of the Directors	
Report of the Directors	26
Statement of Directors' Responsibilities	29
Report of the Auditors	30
Financial Statements	
Profit and Loss Account	32
Balance Sheet	33
Statement of Changes in Equities	34
Cash Flow Statement	35
Notes to the Financial Statements	36
Schedule to the Financial Statements	52
Our Offices	53



Chairman's Report

I am pleased to present you the annual report and financial statements for the year ending 31 December 2001. In my introductory comments last year, I mentioned that during the initial years of a new banking institution, sustained growth depended very much upon the establishment of sound relationships. The measure of this success is reflected in the comparative figures and other information that the Bank has presented to its shareholders every year.

Since inception, our Bank has achieved an average annual growth rate of approximately 25 per cent. We now have a team of over 50 people who think and breathe trade finance. This team is being supported by state of the art information technology systems and other facilities essential to help service and monitor our increasing work volume and client base. Our specialist country consultants now cover more than 30 countries.

During 2001 we financed 75 ships for scrap, becoming the number one bank world wide in this specialised industry. Furthermore due to new maritime safety rules being applied in the oil tanker industry, in 2002 we expect to have another record year in this sector.

We could not predict the dramatic events of last year and the deteriorating interest rates, which over the period reduced from 6.5 per cent to 1.75 per cent. This has negatively effected our income. However, this should not be of concern in the future because lower interest rates create a better environment for international trade and in general, it is a positive step towards the recovery of the world economy. The focus of FIMBank is to generate revenues from fees and commissions rather than interest income. In fact in 2001 FIMBank achieved a 22.4 per cent increase, in fees and commissions over the previous year.

Looking back, FIMBank has done well during its initial years and has managed to grow its core business significantly. 2001, the first year of the millennium was



indeed a milestone year for FIMBank. In spite of major world events and economic uncertainty world wide, FIMBank was able to grow its market share, increasing both volume and value of transactions and consolidate further its core business.

Also, in 2001, a five-year plan was approved by the Board of Directors. It is based on a vision of where we want the Bank to be in five years time. The plan presents our specially selected and highly qualified team and the directors with the challenge to deliver, but also with the incentive to perform.

FIMBank was the first banking institution in Malta to introduce an Executive Share Option Scheme, which was specially designed as an incentive scheme based on the performance of the individual team member. It allows executives and other personnel to become shareholders, but at the same time, it also accrues benefits to the institution as well.

The grounds are now set, for our next phase of development. As we grow we need to be able to attract more trade finance specialists, develop further our IT systems, as well as access the capital markets.

On June 28, 2001 FIMBank shares became the first publicly listed stock on the Malta Stock Exchange in US Dollars, through a successful Initial Public Offering of ten million shares placed at USD1.25 per share.

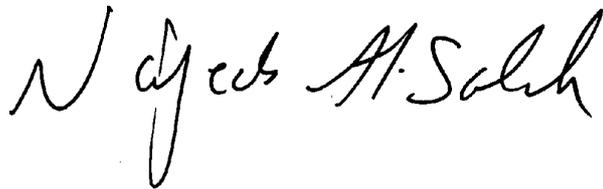
Due to the recently introduced change of the Authority regulating credit institutions in Malta, as from 1 January 2002, FIMBank will be regulated by the Malta Financial Services Centre (the MFSC). On behalf of FIMBank's shareholders, directors and staff members, I would like to extend a warm welcome to the team at the MFSC, looking forward to a lasting and co-operative relationship. At the same time, I wish to take this opportunity to thank the Governor and the banking supervision team at the Central Bank of Malta for their support and guidance during the years since the Bank was founded.

During last year we witnessed a perfect example of the level of professional co-ordination among Maltese institutions. I would like to extend our appreciation to KPMG; Bank of Valletta p.l.c.; Prof. J.M. Ganado & Associates; Rizzo, Farrugia & Co. (Stockbrokers) Ltd.; the Central Bank of Malta and the Malta Stock Exchange for their support and guidance.

On behalf of FIMBank, its directors and staff I would like to extend our deepest sympathy and condolences to the family of Mr. Abdel-Latif Benani, member of the Advisory Board who has passed away late last year. His contributions to the Advisory Board will always be remembered.

I would also like to take this opportunity to thank the Board of Directors, members of the Executive Committee, the Chairman and members of the Advisory Board and all the staff of FIMBank, for their most valuable contribution towards the success of our institution.

Finally, a special thanks from all of us at FIMBank to the Honourable Mr. John Dalli, Minister of Finance, for his continued confidence and support.



Najeeb H.M. Al-Saleh
Chairman



2002، سيتم تنظيم فيم بانك من طرف مركز مالطا للخدمات المالية (MFSC). وإنني باسم مساهمي فيم بانك، وأعضاء مجلس الإدارة وأعضاء طاقم العمل، أتوجه بالترحيب الحار إلى الفريق في MFSC أملاً في علاقة تعاون دائمة.

وفي نفس الوقت، أود أن أنتهز هذه الفرصة لأشكر المحافظ وفريق الاشراف المصرفي في مصرف مالطا المركزي على دعمهم وإرشادهم خلال السنوات منذ تأسيس المصرف.

خلال السنة الماضية شهدنا نموذجاً مثالياً لمستوى التنسيق المهني بين المؤسسات المالطية. وأود أن أعبر عن امتناننا لكل من KPMG، ومصرف فاليتا plc، والأستاذ ج. م. جانادو وشركاه، وريتزو فروجا وشركاه، (سماسرة البورصة) المحدودة، ومصرف مالطا المركزي، والبورصة المالطية، على دعمهم وإرشادهم.

وباسم فيم بانك وأعضاء مجلس إدارته، وطاقم عمله، أود أن أبعث بمواساتنا الحارة وتعازينا العميقة إلى أسرة السيد عبد اللطيف اللبناني، عضو المجلس الاستشاري، الذي توفي في نهاية السنة الماضية. فمساهماته في المجلس الاستشاري سنذكرها دائماً.

كما أود أن إنتهز هذه الفرصة لأشكر مجلس الإدارة، وأعضاء اللجنة التنفيذية ورئيس وأعضاء المجلس الاستشاري وجميع العاملين في فيم بانك، على مساهماتهم القيمة نحو نجاح مؤسستنا.

وأخيراً أوجه الشكر الخاص من طرفنا جميعاً في فيم بانك إلى صاحب السعادة السيد جون داللي، وزير المالية على ثقته المستمرة فينا ودعمه لنا.

Najeeb Al-Salch

نجيب الصالح
رئيس مجلس الإدارة

تقرير

حققت زيادة 22.4 بالمائة في دخل الرسوم والعمولات مقارنة مع السنة السابقة.

عندما ننظر إلى الوراء نجد أن فيم بانك قد أدى أداء جيداً خلال سنواته الأولى واستطاع أن ينمي أعماله الأساسية بشكل كبير، وكانت 2001، أولى سنوات الألفية، بحق معلماً من معالم فيم بانك، فبالرغم من الأحداث العالمية الكبيرة وعدم اليقين الاقتصادي في جميع أنحاء العالم، استطاع فيم بانك تنمية حصته من السوق، وزيادة حجم وقيمة صفقاته، والمزيد من التعزيز لأعماله الأساسية.

كذلك في سنة 2001 صادق مجلس الإدارة على خطة خمسية. وكانت هذه الخطة مبنية على رؤيتنا لما نريد أن يكون عليه المصرف خلال خمس سنوات. والخطة تقدم لفريقنا المختار والعالي التأهيل ولأعضاء مجلس الإدارة تحدي تحقيق الإنجازات ولكنها تقدم أيضاً الحافز على الأداء.

كان فيم بانك أول مؤسسة مصرفية في مالطا تدخل خطة الأسهم الاختيارية التنفيذية التي صممت خصيصاً كخطة حافزة بناء على أداء كل عضو منفرد في الفريق، فهي تتيح للمسؤولين التنفيذيين وغيرهم من الموظفين أن يصبحوا مساهمين، ولكنها في نفس الوقت تؤول بالفوائد على المؤسسة.

والآن أصبحت الأرضية جاهزة لمرحلتنا التالية من التنمية، ومع نمونا نحتاج إلى أن نكون قادرين على جذب المزيد من المتخصصين في التمويل التجاري، والمزيد من التطوير لتكنولوجيا المعلومات، وكذلك الوصول إلى أسواق رأس المال.

في 28 يونيو 2001، أصبحت أسهم فيم بانك أول الحصص التي أدرجت علناً في البورصة المالطية بالدولار الأمريكي من خلال عرض أولي للجمهور لعشرة ملايين سهم بسعر 1.25 دولار أمريكي للسهم الواحد.

ونظراً للتغيير الذي حصل حديثاً في السلطات المنظمة لمؤسسات الائتمان في مالطا، فإنه ابتداء من 1 يناير

رئيس مجلس الإدارة

يسرني أن أقدم اليكم التقرير السنوي والبيانات المالية عن السنة المالية المنتهية في 31 ديسمبر 2001. في التعليقات الواردة في مقدمة تقريرتي عن السنة الماضية أشيرت إلى أنه خلال السنوات الأولى لأي مؤسسة مصرفية جديدة، فإن النمو المستمر يعتمد كثيراً على إنشاء علاقات وثيقة. ومدى هذا النجاح منعكس في الأرقام المقارنة والمعلومات الأخرى التي يقدمها المصرف لمساهمي كل سنة.

ومنذ إنشائه، حقق مصرفنا معدل نمو يقترب في المتوسط من 25 بالمائة. ولدينا الآن فريق من أكثر من 50 شخصاً من الذين يفكرون ويتنفسون بالتمويل التجاري. هذا الفريق يجري دعمه بأحدث نظم تكنولوجيا المعلومات والمرافق الأخرى الضرورية للمساعدة في خدمة ورصيد حجم عملنا المتزايد وقاعدة زبائننا. ومستشارونا المتخصصون في مختلف البلدان يغطون الآن أكثر من 30 بلداً.

خلال سنة 2001 قمنا بتمويل 75 سفينة للتخريد، متحولين بذلك إلى المصرف الأول من نوعه في العالم أجمع بهذه الصناعة المتخصصة. ونظراً لصدور قواعد جديدة للسلامة البحرية تطبق على صناعة ناقلات النفط الصهرجية، فإننا نتوقع في سنة 2002 أن تكون لنا سنة قياسية في هذا القطاع.

لم يكن بوسعنا أن نتوقع الأحداث الدرامية للسنة الماضية وأسعار الفائدة المتدهورة، التي تضاءلت خلال هذه الفترة من 6.5 بالمائة إلى 1.75 بالمائة. وقد أثر هذا سلبياً على دخلنا. ولكن هذا ينبغي ألا يكون مصدر قلق في المستقبل لأن أسعار الفائدة الأقل تخلق بيئة أفضل للتجارة الدولية وبشكل عام، وهي خطوة إيجابية تجاه انتعاش الاقتصاد العالمي. وتركيز فيم بانك ينصرف إلى توليد المداخيل من الرسوم والعمولات بدلاً من الدخل من الفوائد. والواقع هو أن فيم بانك في 2001

Rapport du Président Directeur-Général

J'ai le plaisir de vous présenter le rapport annuel et financier pour l'exercice clos au 31 Décembre 2001. Dans mon introduction de l'année dernière, j'ai mentionné que durant les premières années d'une nouvelle institution bancaire, la continuité de l'expansion dépendait beaucoup de l'établissement de relations solides. Ce succès se mesure par les chiffres comparés et les informations que la Banque présente à ses actionnaires tous les ans.

Dès le départ, notre Banque a atteint un taux de croissance annuel moyen d'environ 25 pour cent. Nous avons maintenant une équipe de plus de 50 personnes qui 'pensent et respirent' financement des opérations commerciales. Cette équipe a le support d'un système informatique le plus récent et d'équipements indispensables à la qualité de service, au suivi de la clientèle et l'augmentation du volume d'affaires. Nos consultants spécialisés pays couvrent maintenant plus de 30 pays.

En 2001, nous avons financé la mise en ferraille de 75 navires et nous sommes devenus la première banque mondiale dans cette industrie spécialisée. De plus, dû à la nouvelle réglementation sur la sécurité maritime applicable à l'industrie des pétroliers, nous prévoyons d'atteindre un nouveau record dans ce secteur en 2002.

Nous ne pouvions prévoir les événements dramatiques de l'an passé et la détérioration des taux d'intérêts, qui pendant cette période ont baissé de 6,5 pour cent à 1,75 pour cent. Cela a affecté notre revenu. Cependant, cela ne devrait pas avoir un effet sur l'avenir car des taux d'intérêts plus bas créent un meilleur environnement pour le commerce international et, en général, est plus propice à la reprise de l'économie mondiale. Le point focal de FIMBank est de générer des revenus sur les frais et les commissions plutôt que sur les intérêts. En fait, en 2001, FIMBank a réalisé une augmentation de 22,4 pour cent sur les frais et commissions par rapport à l'année antérieure.

En regardant le passé, FIMBank a réussi ses premières années et est parvenue à développer ses opérations focales de façon déterminante. 2001, l'année du millénaire a été, en effet, une année significative pour FIMBank. Malgré les événements majeurs internationaux et l'incertitude économique dans le monde, FIMBank a réussi à accroître ses parts de marché, en augmentant le volume ainsi que la valeur des transactions et à consolider encore ses opérations focales.

En 2001 également, un plan sur 5 ans a été approuvé par le Conseil d'Administration. Il est basé sur une vision où nous voulons que la Banque soit dans 5 ans. Le plan présente non seulement le défi d'accomplir, à notre équipe spécialement sélectionnée et hautement qualifiée et aux directeurs, mais aussi la récompense de la performance.

FIMBank fut la première institution bancaire de Malte à introduire un 'Système Option d'Actions Executives', conçu spécialement et basé sur un système de primes à la performance individuelle. Il permet aux cadres et aux autres membres du personnel de devenir actionnaires de la Banque ce qui en même temps rend des bénéfices à l'institution.

Le terrain est maintenant prêt pour notre prochaine phase de développement. En grandissant, nous avons besoin de plus de spécialistes dans le financement des opérations commerciales, de développer davantage notre système informatique ainsi que l'accès aux marchés de capitaux.

Le 28 Juin 2001, les actions FIMBank devenaient les premières actions publiquement cotées en Dollars Américains à la Bourse de Malte à travers une Offre Publique Initiale réussie de dix millions d'actions placées à USD1,25 l'action.

A partir du 1^{er} Janvier 2002, dû au changement récent de l'Autorité régulant les institutions de crédit à Malte, FIMBank sera reprise sous la réglementation du Malta Financial Services Centre (MFSC). Au nom des actionnaires, des directeurs et des membres du personnel de FIMBank, je souhaite la bienvenue à l'équipe du MFSC dans l'attente d'une relation durable et coopérative. Je profite de l'occasion pour remercier le Gouverneur et l'équipe de surveillance bancaire de la Banque Centrale de Malte pour leur soutien et leurs conseils depuis l'établissement de la Banque.

L'année dernière, nous avons assisté à un exemple parfait de coordination professionnelle entre les institutions Maltaises. Je voudrais exprimer ma reconnaissance à KPMG; Bank of Valletta p.l.c.; Prof J.M. Ganado & Associates; Rizzo, Farrugia & Co (Agents de Change) Ltd; la Banque Centrale de Malte et la Bourse de Malte pour leur soutien et leurs conseils.

Au nom de FIMBank, ses directeurs et son personnel j'aimerais présenter mes condoléances à la famille de M. Abdel-Latif Benani, membre du Conseil Consultatif, décédé à la fin de l'année dernière. Nous nous souviendrons toujours de ses contributions au sein du Conseil Consultatif.

Je souhaite profiter de cette occasion pour remercier le Conseil d'Administration, les membres du Comité Exécutif, le Président-Directeur Général et les membres du Conseil Consultatif ainsi que tout le personnel de FIMBank pour leur contribution inestimable au succès de notre Institution.

Finalement, un remerciement particulier de la part de FIMBank à l'Honorable M. John Dalli, Ministre des Finances, pour sa confiance et de son soutien continu.



Najeeb H.M. Al-Saleh
Président-directeur-général



A Financial Intermediary's Role in International Trade

FIMBank's Mission Statement

“FIMBank will strive to be recognised as a dynamic boutique specialty trade finance bank which remains receptive to customer needs by serving their requirements efficiently, adopting creative solutions for total quality service, adding value and in so doing achieve a superior return to its shareholders.”

The necessity for countries to trade and the role of banks

International trade is the cross border market in which, entrepreneurs located in different countries, trade with one another.

Since the beginning of time the marketplace was the focal point of any organised community, a place where people met to trade off their excess goods and acquire what was essential to them.

With the evolution of the means of transport, the community merchants started travelling further away from their base and eventually away from their shores.

A fine example is Malta. It is a known fact that around 800 B.C. the Pheonicians built a trading empire around the Mediterranean and colonised Malta as one of their trading outposts. They were not seeking the luxuries that tourists seek today, but they came because they recognised the advantages of trading internationally.

These advantages multiplied through the ages accelerated by the evolution of transport and communication links. During the past hundred years, we have evolved the market from surface transport and telegraph to cyberspace.

The essence of the evolution of banks and banking systems is founded in international trade.

We have seen the role of banks developing rapidly and concurrently with the evolution of communications and transport. Indeed banking and insurance was the backbone in the flourishing of colonisation through trade by the British, Dutch, French, Portuguese and Spanish empires.

The effect of advancement in the sectors of technology and communications has created a paradox in the latter half of the last century. Businesses realised the advantages of having a global presence. Enterprises, which had originally been confined to the boundaries of a single nation, breached this restraint and went global or multinational. Whereas, in years gone by, a bank had an essential role in every single transaction, in facilitating, financing or settlement; globalisation led to disintermediation. The bank as a financial intermediary is no longer crucial in the successful fulfilment of trade transactions.



I dare to say that in a perfect world, a perfect marketplace, where trade is concerned, banks are relegated to a minor role, perhaps that of book balance settlements. However, I am pleased to state that our existence is still required. This is not a perfect world and banks are necessary facilitators in international trade because they play an important role in bridging the barriers of trust, sophistication, political, cultural, language, associated risks and financial requirements that buyers and sellers located in different countries encounter.

Barriers in international trade and the role of the financial intermediary

TRUST

The following are very common questions raised by international traders:

Buyer

- Am I dealing with the right person/s or am I wasting my time?
- Once we agree on terms of trade, will the supplier perform?
- Will the right product (quantity and quality) be supplied?
- Will delivery be done in time for my current market needs?
- Should payment be requested up-front, can I trust the supplier?



Seller

- I am not going to send any goods before I get paid. How can I get the buyer to do so?
- Can some form of financial commitment or guarantee be received?
- Is it possible to get financial assistance from my bank to source the product?
- If I allow the buyer credit, what assurance do I have in receiving payment later?

Banks play a very effective role in mitigating these uncertainties. Instruments commonly used include :

- Bank references either from other banks, chambers of commerce, other government bodies or international reference agencies (Dunn & Bradstreet);
- Bid bonds and performance bonds, advance payment guarantees;
- Documentary letters of credit and advise on appropriate documentation;
- Collections, deferred payment guarantees;
- Transferable letters of credit, back-to-back letters of credit, aval and discounting.

In future, as more and more companies and government bodies link their web-sites, more and more information will become accessible on the internet. The need for bank references will diminish.

The so called information age will gradually penetrate and generate a revolution in the less developed countries and as they also become part of the information network, the relationship between buyer and seller improves, there will be less requirement for banks to support this trust factor.

Better information is also expected to accelerate growth and development of these lesser economies and therefore create an increase in world trade as resources are mobilised more efficiently across the globe.

SOPHISTICATION

It is recognised that medium to large organisations, especially those originating from the more developed countries have in-house skills which at times even exceeds those found in certain banks which lend them assistance.

Not the same can be said about small organisations or medium to large-sized corporations, which due to political restraints or slow economic growth in their country, have not ventured significantly on the international scene. This lack of sophistication sometimes hinders their progress because they approach the international market with distrust, without essential skill and poor marketing.

In this scenario banks play an important role to lend their abilities and add value to their less equipped customers. Here the relationship between the bank and the customer consolidates into a long lasting experience.

In recent years, through mergers and acquisitions big banks have become bigger and as a result have tended to impose their corporate philosophy down to their every operational centre around the globe. Bankers have become impersonal and this has created a gap. The less sophisticated client has a need for personal attention from his banker. Niche opportunities have resulted in smaller banks, who can give such attention, to enter the market with success. This is the FIMBank strategy.

While the drive towards domination of the market by the Big Banks continues, niche opportunities will materialise for smaller institutions.

POLITICAL BARRIERS

Political isolation, sanctions imposed by a dominant economy or by a group of nations, free trade organisations which promote trade among the members but at the same time create imperfections in the market with non-members can cause hurdles; sometimes effective barriers for free trade.

In these situations banks cannot be as effective, because banks operate within the law of their respective host countries. However, banks do play a role in clarifying misconceptions and misinterpretations of rules of law that traders might have. Providing proper information is crucial if banks wish to cultivate their image and value sound relationships with their clients. Without such information, opportunities of good business might be lost for both the customer and the bank.

International pressure mounts for the abolition of trade barriers and political sanctions, especially on humanitarian grounds. Therefore, while every cause is expected to take its course, barriers will continue to fall. Aided by the developments in high-tech communication channels and information, we should see more of real free market trade in the future.



CULTURE AND LANGUAGE

Humans are complex beings by nature and mistrust anyone or anything different. This is true also in cross border trade. This is exacerbated when there is also a language factor leading to improper communication and misunderstanding. As a result traders might resist changing source of supply or finding new markets for their products just because they fear the move from the traditional route, even when advantages can be clearly identified.

Banks servicing an international customer base must therefore be committed to act as an intermediary taking into account language and cultural barriers. A multilingual, multicultural workforce is a must and a very important resource in our service orientation. One must understand the background of business as it is applied by different cultures and attempt to mediate at the start of new relationships.

As for language problems, until recently, for example, Francophone countries resisted the use of English in commercial contracts. Others, on mainland Europe, also expressed reluctance towards the use of English in commerce, however this problem has lessened dramatically and English has become more widely accepted. There is also a major push towards standardisation in forms and systems using English as the prime language. The Eastern countries, with

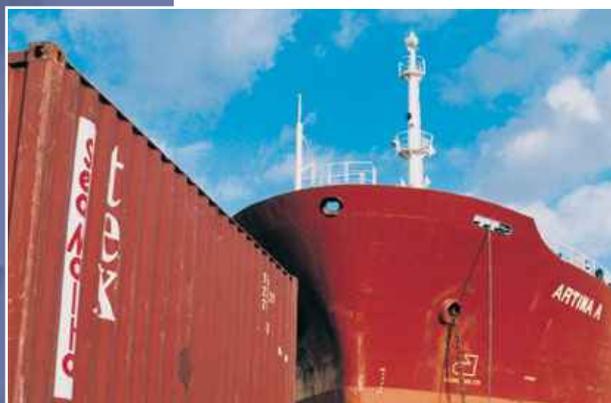
populations who outnumber by far the Western cultures conduct international trade in English. Therefore one can anticipate that English will be the universal commercial language of the future and this will also aid to bridge cultural mistrust.

ASSOCIATED RISKS

Risk inherent in international trade ranges from product deterioration, loss during transportation, injunctions and expropriation, price fluctuation and financial risks.

Of these, a bank is particularly involved in resolving the financial aspect. The primary financial risks for the seller are those of non-payment and exchange exposure. Traditionally only banks could lend assurance to the seller against the risk of non-payment (letter of credit) or due collection of goods against payment (sight documentary collection). In time however, central governments wanted to play a role to encourage exports and introduced Credit Insurance. While there is a variety of schemes available covering general merchandise and services, in principle the exporter subscribes for cover of exports and would be able to claim under the policy up to a percentage (say 85%) provided he has operated within the terms of the policy.

Export credit insurance has been instrumental in opening opportunities and access to new markets, or otherwise difficult areas, to trade. On the other hand, banks remain the primary source of service provider for the trader when it comes to hedging of exchange risk in transaction exposures.



For the trader, even a relatively small currency movement can have disproportionate impact on profits. There are four identified stages when transaction exposure can be said to exist:

- During budgeting, when forecasts of future sales and profit rely on current rates;
- In the commitment stage when goods have already been ordered;
- Upon receipt of invoice in a currency other than the base currency of the buyer;
- Upon payment when matters are crystallised and the exposure is determined.

There are internal and external hedging techniques. The techniques commonly used within the organisation are:

- Accounting for all incoming and outgoing payments in the same currency;
- Matching, leading and lagging requires a sophisticated treasury and a lot of manoeuvring;
- Holding of various currency accounts but a closed net position;
- Multilateral netting in group companies.

External hedging is however the most common. The main services available are:

- Forward exchange which present an obligation of take-up;
- Currency borrowings/deposits;
- Currency options which are more of an insurance because they convey a right but not the obligation to enter the agreement;
- Currency baskets - spread of risk rather than full cover;
- Currency futures - exchange traded standard size agreements.

FINANCING TRADE

Here is where banks play a fundamental role in support of trade. This requirement is more acute when middlemen traders are involved, because these rarely have the resources to finance the purchase of goods without the support of either the ultimate buyer directly or through the services of a bank or directly by the bank.

Support can be given through the transfer of a letter of credit or a back-to-back facility but it can also be extended to receivable financing or factoring, advances against warehouse receipts and discounting.

In the future as systems and countries develop their infrastructure, banks will be able to acquire more comfort on the control exercised in other countries by third parties in safeguarding the interests of the financing institution over pledged goods. Trade will attract more finance, which will eventually filter down to the producers. As a result more is produced and wealth is multiplied.



CONCLUSION

FIMBank has established itself as a specialist trade finance bank and therefore its core activity is focused on servicing the requirements of traders. These range from international fund transfers, collections, letters of credit, guarantees and trade related bonds (tender, performance, advance payment guarantees, shipping and customs release guarantees, aval, etc.). In support the Bank also offers interest bearing multi-currency accounts (call and time deposits) and short term exchange hedging facilities such as tailored forward contracts.

Besides the basic services, the Bank also extends its expertise in structuring deals for middlemen traders utilising incoming letters of credit, insured receivables and other forms of trade flows to assist the clients to secure and source merchandise to fulfill the trade obligation. This takes form in transferring letters of credit, issuing of back-to-back letters of credit, discounting, assignment of proceeds and secured short term bridging finance.

The Bank operates mainly with corporate traders, both residents and non-residents, but also extends its services to banks maintaining accounts in the major traded currencies for their international settlements, allowing confirmation lines and assisting in letter of credit structuring.

Raymond Busuttil

General Manager - Head Office



Board of Directors

Mr. Najeeb H.M. Al-Saleh (*Chairman*),
Mr. Mehdi Ouazzani (*Vice Chairman*),
Mr. Fouad M.T. Alghanim,
Mr. Fawzi Al-Jouder,
Mr. Sayer B. Al-Sayer,
Mr. Mohammed I.H. Marafie,
Mr. Saad A.A. Al-Mutawa,
Mr. Duco Reinout Hooft Graafland,
Mr. Marwan Ahmad Salamah,
Dr. John C. Grech (appointed 04.04.01),
Mr. Emanuel Ellul (appointed 04.04.01).

Executive Committee

Mr. Najeeb H.M. Al-Saleh
(*Chairman of the Executive Committee*),
Mr. Mohammed I.H. Marafie,
Mr. Robert L. Speelman,
Mr. Francis J. Vassallo.

International Advisory Board



Dr. John C. Grech
(*Chairman of the
Advisory Board*)



Mr. Najeeb H.M. Al-Saleh



Mr. Abdulaziz Al-Saleh



Mr. Jacques Leblanc

Senior Management



Mr. Raymond Busuttill
General Manager Head Office

Mr. Claude L. Roy
President



Mr. Renald Theuma
Head of Operations



Mr. Silvio Mifsud
Head of I.T. & Administration



Mag. Nassif Chehab
Head of International Division

International Division



Directors' Interests

DIRECTORS' INTERESTS INCLUDE :

Najeeb H.M. Al-Saleh (Chairman)

- Chairman and Managing Director of Kuwaiti Interests for Financial Investments K.S.C., Kuwait;
- Chairman of Global Financial Holdings N.V., Netherlands;
- Vice Chairman of Al Massaleh Real Estate Company K.S.C., Kuwait.

Mehdi Ouazzani (Vice Chairman)

- Member of the Lawyer Council of Casablanca and Certified to the Supreme Court;
- Chairman and Chief Executive Officer of Es Saada Insurance and Reinsurance Company;
- Chairman of Essadotel Limited (Crowne Plaza), Casablanca;
- First Vice President of Grand Casablanca Regional Council;
- Member of the Casablanca Chamber of Commerce;
- Member of Ethical Team of the Morocco's Leadership Union (C.G.E.M.).

Fouad M.T. Alghanim

- Vice Chairman of Mobile Telephone Company K.S.C., Kuwait;
- President of Fouad Alghanim & Sons Group of Companies;
- Member of the Board of Medis Technologies, U.S.A.;
- Member of the Board of the Council on Foreign Relations, U.S.A.;
- Member of the Board of International Conference, U.S.A.;
- Member of the Board of United Bank of Kuwait, London;
- Member of the Board of Intercontinental Hotels Company, Cairo;
- Member of the Society for the Care of Arab Children, Kuwait.

Fawzi Al-Jouder

- General Manager of Kuwaiti Consulting and Investment Company.

Sayer B. Al-Sayer

- Executive Director of Al-Sayer Group of Companies, Kuwait;
- Chairman of Computers and Communications Concepts Company, Kuwait;
- Member of the Supervisory Committee of Europhenix Management Company S.A., Luxembourg;
- Member of the Board of Lebanon Invest, Beirut;
- Member of the Board of The International Investor K.S.C., Kuwait;
- Member of the Board of Bank of Kuwait and Middle East (K.S.C.), Kuwait.

Mohammed I.H. Marafie

- Director of W.H. Ireland p.l.c., U.K.;
- Deputy Chairman of Gulf Cement Company, UAE.

Saad A.A. Al-Mutawa

- Chairman and Delegate Member of the Board entrusted for a number of touristic projects;
- Partner and Member of the Board of Abdel Aziz Al-Mutawa Group;
- Regional Manager for Al-Mutawa Group in North Africa;
- Vice President and Delegate Member of the various Boards of North African and Kuwaiti companies.

Duco Reinout Hooft Graafland

- President Dexteritas B.V.;
- Chairman of the Non-Executive Board of Beheer Maatschappij Catharijne;
- Member of the Supervisory Board of Carbo Holding;
- Chairman of the Board of a Dutch museum;
- Former Member of the Managing Board of Bank Mees & Hope N.V.;
- Former Member of the Executive Council of MeesPierson N.V.;
- Former Chairman of Theodoor Gilissen Bank;
- Former Member of the Supervisory Board of Friesland Bank Securities.

Marwan Ahmad Salamah

- Chairman of Kuwait Computer Services Company K.S.C., Kuwait;
- Vice Chairman of KCPC K.S.C., Kuwait;
- Member of the Board of Kuwaiti Interests for Financial Investments Company K.S.C., Kuwait;
- Member of the Board of Kuwait Union for Asphalt Producers, Kuwait;
- General Manager of Orient Consulting Center, Kuwait.

Dr. John C. Grech

- Chairman and Managing Director of EMCS Limited;
- Chairman of Unipol Insurance Agency Limited;
- Chairman of the Malta Tourism Authority;
- Member of the Board of Middle Sea Insurance p.l.c.;
- Visiting Professor at the University of Malta;
- Former Chairman of the Bank of Valletta Group;
- Former Chairman of Middle Sea Valletta Life Assurance Company Limited;
- Former President of the Mediterranean Bank Network

Emanuel Ellul

- Former Deputy Governor and Governor of the Central Bank of Malta;
- Advisor to the Government in charge of the Privatisation Unit within the Ministry of Finance;
- Director of Malta Government Privatisation p.l.c.;
- Director of Middle Sea Valletta Life Assurance Company Limited.

Our Consultants



North Africa
Bashir Omar Hagul



West Africa (*French Speaking*)
Mostafa Chenbout



West Africa (*English Speaking*)
Judson Welsh



Eastern Europe
Wilhelm Reichmann



Egypt / Sudan
Adel Mehanna

Dubai
Musaed Al-Saleh



London
Arun Chauhan



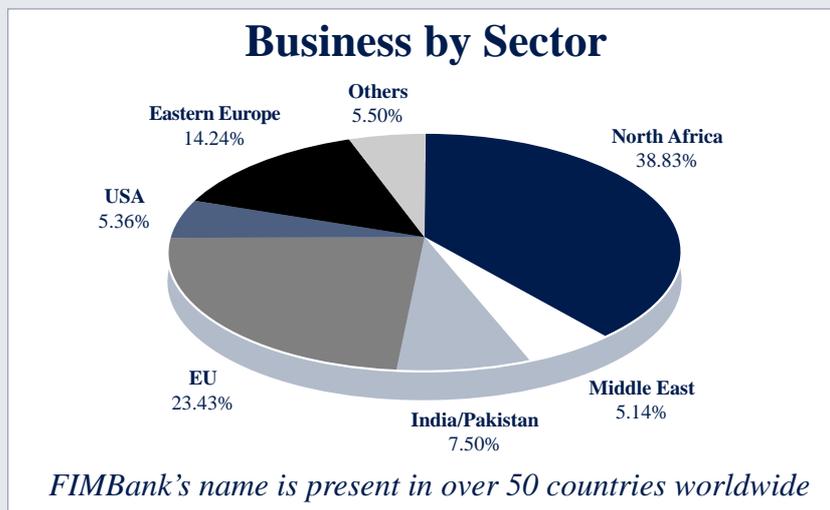
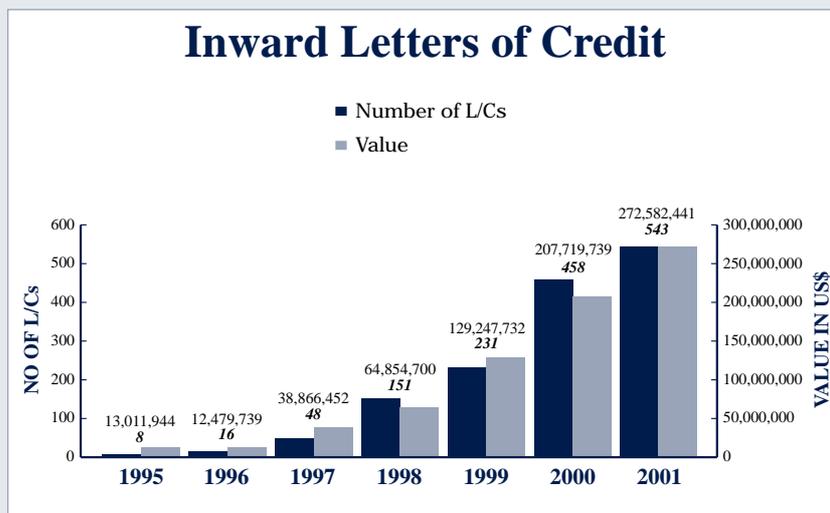
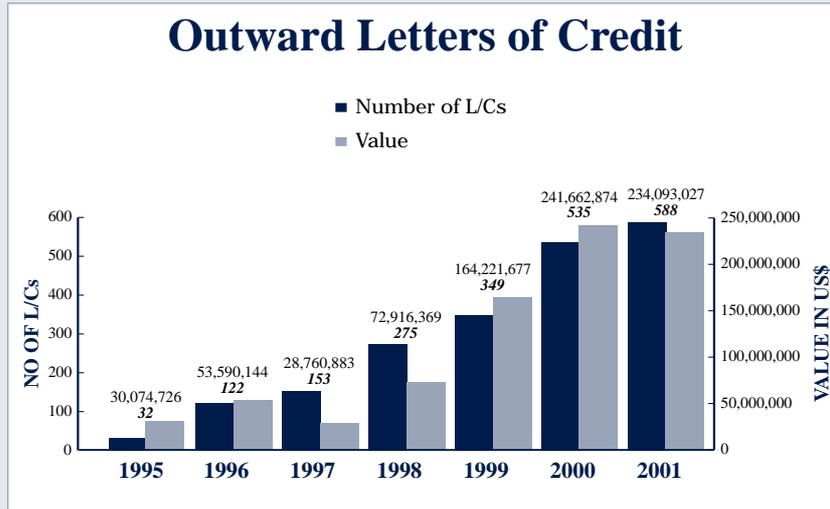
U.K. & Corporate
George E. Curmi



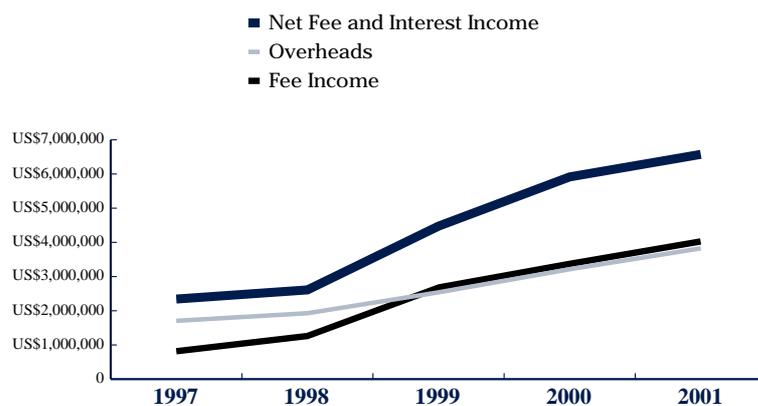
Ukraine
Igor A. Babych



Financial Highlights

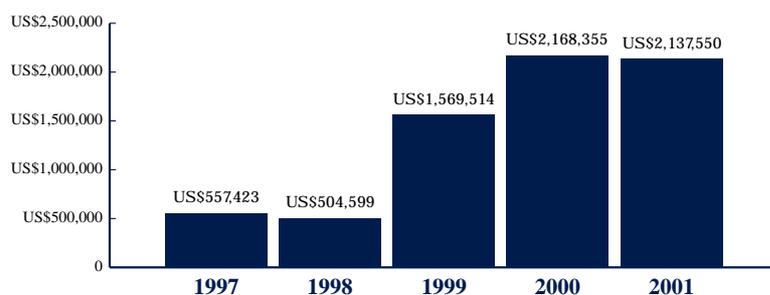


Comparative Income / Overheads

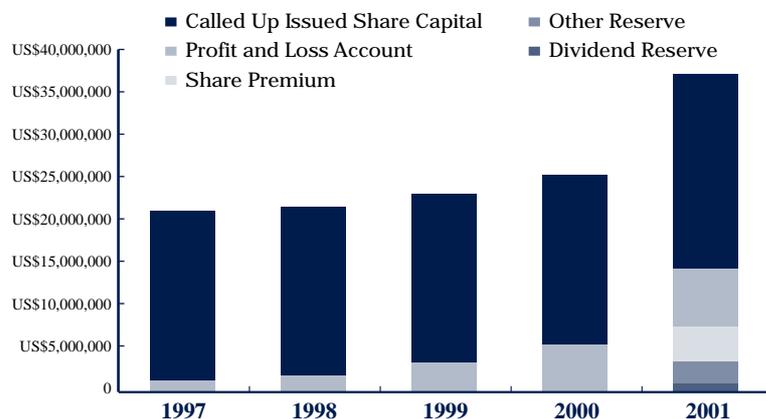


Profitability Analysis

... a five year history



Shareholders' Funds



An eventful year for FIMBank

Share Issue

First International Merchant Bank p.l.c. had a combined offering of 10 million ordinary shares of a nominal value of 50 US cents at a price of US\$1.25. The offering was made up of 6 million new ordinary shares issued by the company and an offer for sale of another 4 million ordinary shares. The shares are listed on the Malta Stock Exchange.



Mr. Najeeb Al-Saleh, Chairman of FIMBank, makes his address during the official launch of the Share Offer. The Board of Directors were also present.

International Trade Services Seminar

FIMBank organised an International Trade Services seminar at the Malta Chamber of Commerce for the local business community. Speakers from FIMBank outlined the bank's services vis-à-vis the finance of international trade.

Mr. Renald Theuma (Head of Operations) delivering his speech.



(from left)
Dr. John C. Grech (Board Director),
Mr. Raymond Busuttill
(General Manager - Head Office)
and Mr. Claude L. Roy (President)
during the International Trade Services Seminar.

Ship Scrapping Finance

The ship scrapping business throughout the year 2001 improved in a multitude of manners. As a portion of income from different business sectors, ship scrapping has improved remarkably from 7% in 2000 to 15% of total income in 2001. In absolute terms FIMBank has financed the scrapping of 75 ships in 2001 for a total value of USD73 million against the 47 ships financed in 2000 for a total value of USD41 million. According to E.A. Gibson, the leading shipbroker, a total of 608 ships were scrapped worldwide in 2001, meaning that FIMBank has handled 12% of the total ship scrapping market worldwide.



Launch of FIMBank Visa Cards

During 2001 FIMBank launched its own Visa Gold Card and Visa Classic Cards. The US Dollar based FIMBank Visa Cards can be used wherever the Visa logo is displayed - at over 13 million establishments worldwide.



Banking Operations and Training Conference

Thirteen delegates from Algeria, Eritrea, Libya, Tunisia, Ghana and Liberia were in Malta for a two week training programme in banking operations and international trade finance. This training programme was organised and financed by FIMBank. The Bank plans to undertake similar training programmes, which are aimed at promoting Malta as a financial services centre.



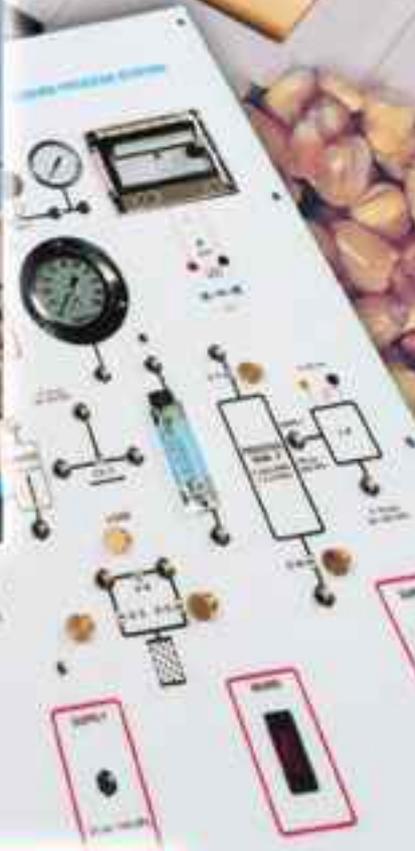
Delegates attending the Banking Operations and Training Conference were also taken to visit places of interest in Malta and Gozo as well as the Malta Freeport.

Local Paintings Exhibition

FIMBank sponsored an exhibition of watercolour paintings by local Maltese artist Charles Palmier. Forty percent of the proceeds from the sale of the paintings went to the Deaf People Association - Ghaqda Persuni Neqsin mis-Smigh (Malta). The collection included over 25 watercolour paintings, mainly typical Maltese scenes such as the medieval city of Mdina, prehistoric temples and Maltese fishermen. It also included several other fantasy paintings of a more modern nature. The exhibition was held within the Bank's premises on the 7th Floor of the Plaza Centre in Sliema and ran for two weeks.



*(from left)
Mr. Raymond Busuttill (General Manager - Head Office),
Mr. Claude L. Roy (President), Mr. Charles Palmier (artist)
and Dr. Sergey S. Zotov (Ambassador of the Embassy of the
Russian Federation) who was the winner of an original painting
by Charles Palmier which was raffled in aid of the Deaf People
Association - Ghaqda Persuni Neqsin mis-Smigh (Malta).*



Report of the Directors



Report of the Directors

for the year ended 31 December 2001

The directors submit their annual report together with the audited financial statements of the Bank for the year ended 31 December 2001.

Principal Activities

The Bank is registered under the laws of the Republic of Malta and has been granted a licence to carry on the business of banking as a credit institution in terms of Section 5 (1) of the Banking Act, 1994. The Bank's principal activity is that of providing short-term international trade finance and the structuring of trade transactions for corporate traders. The Bank also maintains accounts in currencies other than the Maltese Lira for residents and non-residents and provides credit card facilities to its customers.

Review of Business Development and State of Affairs

Driven by the Bank's business growth and sustainability of its earnings evident over the past two years, the Board decided to recommend to the company's shareholders to initiate a public offering of 6 million new shares and the sale of 4 million existing shares. These shares were issued at a premium of USD0.75 per share. The premium net of transaction costs, amounting to USD4,034,140 was transferred to share premium in equity. The Bank became a public limited liability company and after the successful allocation of the combined offering, the Council of the Malta Stock Exchange allowed all the company shares to be listed and trading commenced as from the 28 June 2001.

Although the combined share offering was a major event for our young institution, senior management intervened to ensure that there was no distraction from the core operational activity of the Bank. Therefore during that particular period the Bank's business was not disrupted and last year's operational activity spread further into new areas with satisfactory results. The Bank continued to assert its presence and standing as a provider of specialist trade support services in its niche markets. FIMBank today is recognised as a leader in trade related services and has earned the respect of major financial institutions, its corporate clients and downstream correspondents to which the Bank extends facilities and specialist services.

The Bank's progress during 2001 has to be weighted against heavy odds on the international scene. The negative sentiment felt in the world markets during the year 2000 continued to deteriorate into deep economic crises during 2001. First the United States, and then closely following, all the developed countries of the world took drastic corrective measures using monetary tools to bring about some balance into an otherwise worsening situation while trying to head off deep recession. But who could have predicted the events of September 11? Last year, the world experienced the most aggressive services of interest rate reductions in Alan Greenspan's fourteen year term as Federal Reserve Chairman. Since the emergency interest rate cut of 3 January 2001, central bankers have lowered the target rate for overnight funds 11 times by a total of 4.75 percentage points to combat economic weakness. While the Bank's business is solidly based on the financial servicing of international trade and therefore fee income driven, deteriorating interest returns has had an impact on interest income due to the relatively high portion of shareholders funds on the balance sheet.

In 2001, the operating income of the Bank grew by USD658,867 or 11% over the figure generated during the previous year. However, fee income, which is a better indicator of business volume, increased by 22%. This positive growth is also reflected in the higher value and larger number of transactions handled in the core activity - letters of credit. In the 12 months to 31 December 2001, the Bank issued 588 outward letters of credit for a total value of USD234 million and received 543 inward letters of credit for an amount of USD273 million, an increase of USD58 million in aggregate value and 138 more in absolute numbers. Net interest income however was USD140,815 lower than the figure earned in 2000. An internal exercise undertaken to evaluate the effect of the declining coupon rate against the return on the shareholders' portion of the Bank's funding, shows that had the rate remained at year 2000 levels, the Bank would have generated USD940,000 more income from this source.

Administrative expenses increased by USD606,906 or 20% over the previous year's overheads. Out of this, USD395,616 relates to personnel costs. During the year, the Bank continued to employ more staff particularly to occupy essential positions in the organisation's structure. These included, a senior manager to head the international department, another line officer to complement the staff in the London Representative Office, an information technology officer and a trade

development officer. Three other appointments were made in the lower managerial grade and seven in junior roles. The increase in personnel resources is an essential element in the Bank's five year development plan approved last year by the Board. General overhead expenditure increased by USD211,290. The Bank continued to appoint consultants in strategic locations to promote its services. The increase in expenditure for this marketing initiative amounted to USD46,278. The general allowance for uncollectability was maintained at 3% of the loan portfolio, while special allowances for uncollectability increased by USD223,475.

An analysis of our balance sheet shows the injection of new capital from the shareholders and a substantial increase in deposits from other banks correlated with an increase of approximately USD21 million of loans and advances to Banks. During the latter part of the year, the Bank encouraged negotiating and discounting of bank acceptances, advancing the proceeds to trading customers, thereby improving the return on funds. By year end the value outstanding of these transactions rose to USD17,945,823. Other than the increase in shareholders' funds our net footings increased by approximately USD13 million or 16%. The Bank's outstanding contingent liabilities and commitments as at year-end stood at USD95.6 million, a solid increase of 45%, and a strong indicator of growth in the Bank's core business activity. In other areas, such as deposits and direct lending to customers, the amounts remained stable as compared to the previous years. This denotes that the Bank has continued to direct its marketing efforts very much towards its core activity, whereby any increase in lending would be incidental to short term bridging necessary in certain transactions, pending receipt of the settlement proceeds.

The Bank's main correspondents made favourable evaluations of the new capital injection and increased their confirmation and other lines which are regularly used to sustain the core activity of our institution. In other areas, the Bank continued to expand its bank correspondent network.

Overall, we are satisfied with the results because, other than the negative effect of the exceptionally low US Dollar interest rate, which currently stands at 1.75% for inter-bank overnight funds, our institution continued to register sustainable growth during 2001. As already mentioned, last year presented many negative external factors which undoubtedly had an impact on profitability. It is therefore in this context that we report profit on ordinary activities before tax of USD2,471,018, a return on equity of 5.7% and a return on assets of 2.3%. This represents earnings per share of 5.02 cents.

Future Business Development

In its five-year business plan approved by the Board last year, the Bank draws upon the experience of its human resources, its recognised strengths in the specialist field of trade finance and its solid relationships with other institutions and corporate traders. In doing so, the Bank rather than trying to compete with larger institutions offering a broad range of financial products, seeks to compliment the market with its boutique services. Recent experience has shown that alliances with other financial institutions strategically located in its target markets mitigates perceived regional sovereign risk, creates a spread of underlying transactional risk and generates an acceptable return. Going forward, the Bank will be focusing more on servicing downstream correspondents and participating together with other institutions in syndicated short-term trade related transactions.

The Bank is also focusing on expanding its medium to large corporate customer base. Banking for wealthy individuals is also being encouraged. The Bank will remain receptive to customer needs and will continue to develop services which compliment its mission. A good example is the introduction of US Dollar denominated credit card facilities, in demand by frequent travelling trading customers. However, trade finance and related services will remain our core activity.

On the international scene, we believe that the initiatives taken by Malta to develop its internal infrastructure and to align its professional standards with internationally recognised rules and regulations, benefits our institution. During Malta's progress to join the European Union, the Bank will continue to gain the respect of multinational operators and enhance its opportunities to develop business also within the Union.

Report of the Directors

for the year ended 31 December 2001

Dividends and Reserves

In Part IV of the Combined Offering Memorandum under the heading "Dividend Policy", there was mentioned that the Directors expected to recommend to its shareholders the payment of a dividend equivalent to one-third of the 2001 profits after tax. The Illustrative Prospective Financial Statements has estimated that the dividend paid would amount to USD852,000. Although the one-third equivalent of realised profit after tax would fall marginally short of the projected amount, the Directors have decided to recommend the distribution of dividend as originally projected. Therefore, for the first time in its corporate history the Directors are recommending to its shareholders the payment of USD852,000. After adding the balance on profit for the year of USD1,285,550 to the profit and loss account brought forward of USD5,555,393, USD6,840,943 was being carried forward to reserves.

Transactions in own shares

During the year the Bank acquired 2,000,000 ordinary shares of USD1 each at par. These shares were sold to the public for a total consideration of USD5,000,000. The gain, net of transaction costs, amounting to USD2,689,427 is included in Other Reserve in equity.

Directors

The directors who served during the financial period to the date of the report were:

Board of Directors

Mr. Najeeb H.M. Al-Saleh (*Chairman*),
 Mr. Mehdi Ouazzani (*Vice Chairman*),
 Mr. Fouad M.T. Alghanim,
 Mr. Fawzi Al-Jouder,
 Mr. Sayer B. Al-Sayer,
 Mr. Mohammed I.H. Marafie,
 Mr. Saad A.A. Al-Mutawa,
 Mr. Duco Reinout Hooft Graafland,
 Mr. Marwan Ahmad Salamah,
 Dr. John C. Grech (Appointed 04.04.01),
 Mr. Emanuel Ellul (Appointed 04.04.01).

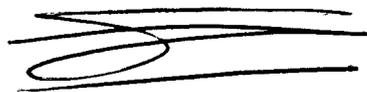
Auditors

The auditors Messrs. KPMG, Malta have signified their willingness to continue in office.

Approved by the Board of Directors on the 16 February 2002 and signed on its behalf:



Mr. Najeeb H.M. Al-Saleh
Chairman



Mr. Mehdi Ouazzani
Vice Chairman

Registered Office

7th Floor, Plaza Commercial Centre
 Bisazza Street, Sliema, SLM 15
 Malta

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Report of the Auditors on page 30, is made to enable shareholders to distinguish the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

The Companies Act, 1995 requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Bank as at the end of the financial period and of the profit or loss of the Bank for that period.

In preparing these financial statements, the Directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Bank will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies Act, 1995 and the Banking Act, 1994. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Auditors

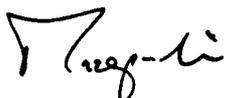
To the Members of First International Merchant Bank p.l.c.

We have audited the financial statements set out on pages 32 to 51. As described on page 29, the financial statements are the responsibility of the Bank's directors. Our responsibility is to express an opinion on the financial statements based on our audit. We are also required to report whether we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit, whether in our opinion proper books of account have been kept by the Bank so far as appears from our examination thereof and whether the financial statements are in agreement with the books.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion, proper books of account have been kept by the Bank so far as appears from our examination thereof. The financial statements are in agreement with the books.

In our opinion, the financial statements give a true and fair view of the state of affairs of the Bank as at 31 December 2001 and of its profit, changes in equity and cash flows for the year then ended in accordance with International Accounting Standards, and have been properly prepared in accordance with the Companies Act, 1995 and Banking Act, 1994.



Ray Azzopardi (Partner)

for and on behalf of

KPMG

Certified Public Accountants and Auditors

Portico Building
Marina Street, Pieta' MSD 08, Malta

16 February 2002

Financial Statements



Profit & Loss Account

for the year ended 31 December 2001

		2001	2000
	<i>Note</i>	<i>USD</i>	<i>USD</i>
Interest receivable on loans and advances and balances with Central Bank of Malta	3	4,538,929	4,900,972
Interest payable	4	(1,867,926)	(2,089,154)
Net interest income		2,671,003	2,811,818
Fees and commissions receivable		3,870,272	3,161,704
Fees and commissions payable		(424,406)	(295,165)
Trading profit from foreign exchange activities		257,001	236,646
Other operating income	26	200,000	-
Operating income		6,573,870	5,915,003
Administrative expenses	5	(3,601,169)	(2,994,263)
Depreciation		(224,486)	(219,686)
Impairment losses	6	(277,197)	(336,690)
Profit on ordinary activities before tax	7	2,471,018	2,364,364
Tax on profit on ordinary activities	8	(333,468)	(196,009)
Profit for the year		2,137,550	2,168,355
Earnings per share	9	5.02c	5.42c

The profit and loss account is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 36 to 51.

Balance Sheet

as at 31 December 2001

		2001	2000
	Note	USD	USD
ASSETS			
Balances with Central Bank of Malta and cash	10	2,477,758	2,361,271
Investments	11	85,538	52,843
Loans and advances to banks	12	76,857,419	55,757,761
Loans and advances to customers	13	25,368,400	21,819,292
Tangible fixed assets	14	895,004	901,747
Deferred tax asset	15	29,855	10,280
Other assets		225,249	98,521
Prepayments and accrued income	16	262,998	466,619
Total assets		106,202,221	81,468,334
LIABILITIES			
Amounts owed to banks	17	42,383,463	29,421,152
Amounts owed to customers	18	25,573,293	25,671,473
Other liabilities		183,687	175,744
Accruals and deferred income	19	645,268	644,572
		68,785,711	55,912,941
SHAREHOLDERS' FUNDS			
Called up issued share capital	20	23,000,000	20,000,000
Share premium	21	4,034,140	-
Other reserve	22	2,689,427	-
Dividend reserve		852,000	-
Profit and loss account		6,840,943	5,555,393
		37,416,510	25,555,393
Total liabilities		106,202,221	81,468,334
MEMORANDUM ITEMS			
Contingent liabilities	23	7,277,376	5,378,911
Commitments	24	88,337,309	60,431,799

The official middle rate of exchange between the US Dollar and the Maltese Lira issued by the Central Bank of Malta for 31 December 2001 stood at 2.2126. The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 36 to 51.

The financial statements on pages 32 to 51 were approved by the Board of Directors on 16 February 2002 and were signed on its behalf by:



Mr. Najeeb H.M. Al-Saleh
Chairman



Mr. Mehdi Ouazzani
Vice Chairman

Statement of Changes in Equity

for the year ended 31 December 2001

	Called up Issued Share Capital	Share Premium	Reserve for own Shares	Profit & Loss Account	Dividend Reserve	Other Reserve	Total
	USD	USD	USD	USD	USD	USD	USD
At 1 January 2000	20,000,000	-	-	3,387,038	-	-	23,387,038
Profit for the year	-	-	-	2,168,355	-	-	2,168,355
At 1 January 2001	20,000,000	-	-	5,555,393	-	-	25,555,393
Own shares acquired	-	-	(2,000,000)	-	-	-	(2,000,000)
Own shares sold	-	-	2,000,000	-	-	2,689,427	4,689,427
Issue of share capital	3,000,000	4,034,140	-	-	-	-	7,034,140
Profit for the year	-	-	-	2,137,550	-	-	2,137,550
Proposed dividends	-	-	-	(852,000)	852,000	-	-
At 31 December 2001	23,000,000	4,034,140	-	6,840,943	852,000	2,689,427	37,416,510

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 36 to 51.

Cash Flow Statement

for the year ended 31 December 2001

	2001	2000
<i>Note</i>	<i>USD</i>	<i>USD</i>
Cash flows from operating activities		
Interest and commission receipts	8,673,019	8,068,033
Interest and commission payments	(2,338,587)	(2,352,962)
Payments to employees and suppliers	(3,312,408)	(2,762,111)
	<hr/>	<hr/>
Operating profit before changes in operating assets/liabilities	3,022,025	2,952,960
Decrease/(increase) in operating assets:		
- Reserve deposit with Central Bank of Malta	226,435	(7,513)
- Loans and advances to customers and banks	(1,588,203)	(1,242,714)
- Other receivables	-	(134,717)
(Decrease)/increase in operating liabilities:		
- Amounts owed to customers and banks	(1,783,914)	2,803,702
- Other payables	-	16,666
	<hr/>	<hr/>
Cash (used in)/generated from operations	(123,657)	4,388,384
Income tax paid	(316,834)	(175,543)
	<hr/>	<hr/>
Net cash (used in)/from operating activities	(440,491)	4,212,841
Cash flows from investing activities		
- Payments to acquire tangible fixed assets	(217,744)	(823,509)
- Purchase of equity shares	(32,695)	(51,125)
	<hr/>	<hr/>
Cash outflows from investing activities	(250,439)	(874,634)
Cash flows from financing activities		
- Proceeds from issue of share capital	9,723,567	-
	<hr/>	<hr/>
Cash inflows from financing activities	9,723,567	-
Increase in cash and cash equivalents		
- Effect of exchange rate changes on cash and cash equivalents	9,032,637	3,338,207
	389,028	250,770
	<hr/>	<hr/>
Net increase in cash and cash equivalents	8,643,609	3,087,437
Cash and cash equivalents at beginning of year	21,543,912	18,205,705
	<hr/>	<hr/>
Cash and cash equivalents at end of year	25 30,576,549	21,543,912
	<hr/>	<hr/>

The cash flow statement is to be read in conjunction with the notes to and forming part of the financial statements set out in pages 36 to 51.

Notes to the Financial Statements

for the year ended 31 December 2001

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the Standing Interpretations Committee of the IASB, the Companies Act, 1995 and the Banking Act, 1994.

The financial statements are prepared on a fair value basis for financial assets and liabilities held for trading and available-for-sale assets, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost.

The accounting policies have been consistently applied by the Bank and except for the adoption of IAS 39 are consistent with those used in the previous year.

The Bank maintains its accounting records in US Dollars. These financial statements have been prepared in US Dollars in compliance with Section 187 (1) of the Companies Act, 1995.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

Interest income is recognised in the profit and loss account as it accrues.

Fee income is accounted for in the period when receivable, except where the fee is charged to cover the cost of a continuing service to, or risk borne for, the customer, or is interest in nature. In these cases, the fee is recognised on an appropriate basis over the relevant period.

b) Financial Instruments

i) Classification

Trading instruments are those that the Bank principally holds for the purpose of short-term profit taking. These include investments, derivative contracts, and liabilities from short sales of financial instruments. All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as trading assets. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported as trading liabilities.

Originated loans and receivables are loans and receivables created by the Bank providing money to a debtor other than those created with the intention of short-term profit taking. Originated loans and receivables comprise loans and advances to banks and customers.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Bank has the intent and ability to hold to maturity. These include loans and advances to banks and customers and certain debt investments.

Available-for-sale assets are financial assets that are not held for trading purposes, originated by the Bank, or held-to-maturity.

ii) Recognition

The Bank recognises financial assets held for trading and available-for-sale assets on the date it commits to purchase the assets. From this date any gains or losses arising from changes in fair value of the assets are recognised.

Held-to-maturity loans and originated loans and receivables are recognised on the day these are transferred to the Bank.

iii) Measurement

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition all trading instruments and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

All non-trading financial liabilities, originated loans and receivables and held-to-maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transactions costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimate and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

v) Gains and losses on subsequent measurement

Gains or losses arising from a change in the fair value of available-for-sale assets are recognised directly in equity. When financial assets are sold, collected or otherwise disposed of, the cumulative gain or loss recognised in equity is transferred to the income statement.

Gains or losses arising from a change in the fair value of trading instruments are recognised in the income statement.

c) Derecognition

A financial asset is derecognised when the Bank loses control over the contractual rights that comprise the asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished.

Available-for-sale assets and assets held for trading that are sold are derecognised and corresponding receivables from the buyer for the payment are recognised as at the date the Bank commits to sell the assets. The Bank uses the specific identification method to determine the gain or loss on derecognition.

Held-to-maturity instruments and originated loans and receivables are recognised on the day these are transferred by the Bank.

d) Impairment

Financial assets are reviewed at each balance date to determine whether there is objective evidence of impairment. If any such indications exist, the asset's recoverable amount is estimated.

i) Originated loans and advances

The recoverable amount of originated loans and advances that are classified as held-to-maturity, represents the present value of the expected future cash flows, discounted at the instrument's original effective interest rate. Short-term balances are not discounted.

Notes to the Financial Statements

for the year ended 31 December 2001

Loans and advances are presented net of specific and general allowances for uncollectibility. Specific allowances are made against the carrying amount of loans and advances that are identified as being impaired based on regular reviews of outstanding balances to reduce these loans and advances to their recoverable amounts. General allowances are maintained to reduce the carrying amount of portfolios of similar loans and advances to their estimated recoverable amounts at the balance sheet date. The expected cash flows for portfolios of similar assets are estimated based on previous experience and considering the credit rating of the underlying customers and late payments of interest or penalties. Increases in the allowance account are recognised in the income statement. When a loan is known to be uncollectible, all the necessary legal procedures have been completed and the final loss has been determined, the loan is written off directly.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down or allowance is reversed through the income statement.

e) **Tangible Fixed Assets and Depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on a straight line basis so as to write off the cost of the assets over their estimated useful economic lives as follows:

	<i>Years</i>
Furniture, fixtures and fittings	14
Computer equipment	5
Computer system	7
Other	5-6

f) **Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

g) **Employee Benefits**

The Bank contributes towards the state pension in accordance with local legislation. Related costs are recognised as an expense during the year in which these are incurred.

h) Equity Related Compensation Benefits

The share option scheme allows Executives to acquire shares in the Bank. The option exercise price is fixed on the date of the grant and no compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received. Bonuses received by employees are based on target performance. The estimated amount of the bonus is recognised as an expense on the accruals basis.

i) Foreign Currency

Transactions in foreign currencies have been converted into US Dollars at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into US Dollars at the rates of exchange ruling at balance sheet date. Gains and losses arising from exchange differences are dealt with in the profit and loss account, except gains and losses resulting from available-for-sale non-monetary assets which are recognised in equity.

j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and balances with the Central Bank of Malta and short-term highly liquid investments with maturities of three months or less when purchased, including treasury bills and other bills eligible for rediscounting with the Central Bank.

k) Segment Reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographic segment), which is subject to risks and rewards that are different from those other segments.

	2001	2000
	<i>USD</i>	<i>USD</i>
3. INTEREST RECEIVABLE AND SIMILAR INCOME		
On loans and advances to banks	1,964,635	1,984,028
On loans and advances to customers	1,889,221	2,238,523
On balances with Central Bank of Malta	65,629	69,618
	<hr/>	<hr/>
	3,919,485	4,292,169
On other trade finance activities	619,444	608,803
	<hr/>	<hr/>
	4,538,929	4,900,972
	<hr/>	<hr/>
4. INTEREST PAYABLE		
On amounts owed to banks	869,371	837,990
On amounts owed to customers	998,555	1,251,164
	<hr/>	<hr/>
	1,867,926	2,089,154
	<hr/>	<hr/>

Notes to the Financial Statements

for the year ended 31 December 2001

	2001	2000
	<i>USD</i>	<i>USD</i>
5. ADMINISTRATIVE EXPENSES		
Staff costs		
- wages, salaries and allowances	1,497,498	1,095,808
- social security costs	53,578	59,652
Other administrative expenses	2,050,093	1,838,803
	<u>3,601,169</u>	<u>2,994,263</u>
Average number of Employees	<i>Number</i>	<i>Number</i>
Executive and senior managerial	7	9
Other managerial, supervisory and clerical	39	26
Others	3	2
	<u>49</u>	<u>37</u>
<p>The Bank has Executive Share Option Scheme Rules that were approved by the shareholders by an extraordinary resolution dated 28 April 2001. Under the Executive Share Option Scheme Rules, the Bank awarded options to executives for performance during the financial year. A total of 138,580 options were awarded for nil consideration. The exercise price of this award is USD0.5845 per ordinary 50 cents share and these options are exercisable between the second and fifth anniversary of the award.</p>		
6. IMPAIRMENT LOSSES		
Write-downs:		
Loans and advances to customers		
- specific allowances	223,475	214,402
- general allowances	53,722	122,288
	<u>277,197</u>	<u>336,690</u>
7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		
Profit before tax is stated after charging:		
Auditors' remuneration	34,326	32,746
Directors' remuneration:		
- Fees	26,250	41,800
- Other emoluments	43,451	60,000
	<u>69,701</u>	<u>101,800</u>

	2001	2000
	<i>USD</i>	<i>USD</i>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

Current tax expense - income tax at 35% on the taxable profit for the year comprises

- current	353,043	181,352
- deferred	(19,575)	26,383
	<u>333,468</u>	<u>207,735</u>
Adjustment for overprovision of tax in previous years	-	(11,726)
	<u>333,468</u>	<u>196,009</u>

The tax expense and the result of the accounting profit multiplied by the applicable tax rate are reconciled as follows:

Profit on ordinary activities before tax	2,471,018	2,364,364
Tax at the applicable rate of 35%	864,856	827,527
Tax effect of non deductible expenses	11,097	-
Tax effect of temporary differences previously not recognised	12,637	(11,317)
Tax effect of allowances received in terms of Income Tax Act exemption order	(555,122)	(619,601)
Tax on profit on ordinary activities	<u>333,468</u>	<u>196,009</u>

9. EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2001 was based on the profit attributable to ordinary shareholders of USD2,137,550 (2000 : USD2,168,355) and the weighted average number of ordinary shares outstanding during the year ended 31 December 2001 of 42,542,765 (2000 : USD40,000,000).

The weighted average number of ordinary shares, is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back and issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the specific shares are outstanding as a proportion of the total number of days in the year.

During the year the Bank's ordinary shares, with a nominal value of USD1 were each split into two USD0.50 shares. As a result, the number of ordinary shares outstanding increased without an increase in resources. The number of ordinary shares outstanding before the share split has been adjusted for the proportionate change in the number of ordinary shares outstanding, assuming the share split had occurred at the beginning of the year.

The weighted average number of ordinary shares outstanding for all years reported has been adjusted to reflect the increase in the number of shares in issue without a corresponding change in resources caused by the share split.

Notes to the Financial Statements

for the year ended 31 December 2001

	2001	2000
	USD	USD
10. BALANCES WITH CENTRAL BANK OF MALTA AND CASH		
Balances with the Central Bank of Malta	2,412,101	2,316,485
Cash	65,657	44,786
	<u>2,477,758</u>	<u>2,361,271</u>
<p>Balances with the Central Bank of Malta include a reserve deposit in terms of Section 37 of the Central Bank of Malta Act, Cap. 204 amounting to USD1,988,240 (2000 : USD2,214,675). These funds are not available for the Bank's daily business.</p>		
11. INVESTMENTS		
<p>Investments comprise available-for-sale equity in foreign unlisted entities. These unlisted equity instruments are stated at cost. There is no market for these investments and there have not been any recent transactions that provide evidence of the current fair value. Discounted cash flow techniques would not provide a reliable measure of fair value for these equity instruments.</p>		
12. LOANS AND ADVANCES TO BANKS		
Repayable on call and at short notice	5,680,858	7,763,694
Term loans and advances	71,176,561	47,994,067
	<u>76,857,419</u>	<u>55,757,761</u>
13. LOANS AND ADVANCES TO CUSTOMERS		
Repayable on call and at short notice	12,624,944	11,442,585
Term loans and advances	13,844,818	11,200,872
	<u>26,469,762</u>	<u>22,643,457</u>
Total loans and advances to customers	26,469,762	22,643,457
Allowances for uncollectibility	(1,101,362)	(824,165)
	<u>25,368,400</u>	<u>21,819,292</u>
Net loans and advances to customers	25,368,400	21,819,292
Allowances for uncollectibility		
- specific allowances	573,378	349,903
- general allowances	527,984	474,262
	<u>1,101,362</u>	<u>824,165</u>

	2001	2000
	USD	USD

The aggregate amount of impaired loans and advances to customers amounted to USD2,182,274 (2000 : USD349,903).

The aggregate amount of interest that was suspended in the previous financial year amounted to USD80,747.

The following industry concentrations, of loans and advances are considered significant:

Industrial raw materials	13,388,564	10,439,451
Ship scrapping/pre-demolition	4,751,973	2,981,466
Wholesale and retail trade	7,114,662	6,155,495
Other services	1,214,563	3,067,045
	<u>26,469,762</u>	<u>22,643,457</u>

14. TANGIBLE FIXED ASSETS

	Computer System	Furniture, Fixtures and Fittings	Computer Equipment	Others	Total
	USD	USD	USD	USD	USD
Cost					
At 1 January 2001	573,380	217,392	295,074	539,874	1,625,720
Additions during year	-	34,488	90,376	92,879	217,743
At 31 December 2001	<u>573,380</u>	<u>251,880</u>	<u>385,450</u>	<u>632,753</u>	<u>1,843,463</u>
Depreciation					
At 1 January 2001	81,909	51,972	168,229	421,863	723,973
Charge for year	81,912	17,983	55,795	68,796	224,486
At 31 December 2001	<u>163,821</u>	<u>69,955</u>	<u>224,024</u>	<u>490,659</u>	<u>948,459</u>
Net Book Amount					
At 31 December 2001	<u>409,559</u>	<u>181,925</u>	<u>161,426</u>	<u>142,094</u>	<u>895,004</u>
At 31 December 2000	<u>491,471</u>	<u>165,420</u>	<u>126,845</u>	<u>118,011</u>	<u>901,747</u>

Notes to the Financial Statements

for the year ended 31 December 2001

	2001	2000
	USD	USD
15. DEFERRED TAX ASSET		
The deferred tax asset is analysed as follows:		
Tax effect of temporary differences relating to:		
- excess of capital allowances over depreciation	(26,607)	(21,176)
- allowances for uncollectibility	56,462	31,456
	<u>29,855</u>	<u>10,280</u>
16. PREPAYMENTS AND ACCRUED INCOME		
Accrued income	100,884	164,702
Prepayments	162,114	301,917
	<u>262,998</u>	<u>466,619</u>
17. AMOUNTS OWED TO BANKS		
Term deposits	35,958,687	28,063,464
Repayable on demand	6,424,776	1,357,688
	<u>42,383,463</u>	<u>29,421,152</u>
18. AMOUNTS OWED TO CUSTOMERS		
Term deposits	9,469,661	9,587,110
Repayable on demand	16,103,632	16,084,363
	<u>25,573,293</u>	<u>25,671,473</u>
19. ACCRUALS AND DEFERRED INCOME		
Accrued interest	55,411	101,665
Other	589,857	542,907
	<u>645,268</u>	<u>644,572</u>

20. SHARE CAPITAL

	2001		2000	
	Shares of 50 cents		Shares of USD1	
	<i>Number</i>	<i>Value</i>	<i>Number</i>	<i>Value</i>
	<i>000's</i>	<i>USD000's</i>	<i>000's</i>	<i>USD000's</i>
Authorised Ordinary shares	100,000	50,000	20,000	20,000
Issued and fully paid up Ordinary shares	46,000	23,000	20,000	20,000

- a) By a shareholders' extraordinary resolution dated 17 March 2001, the Bank made the following modification to the capital structure:
- The authorised share capital was increased to USD50,000,000 following the conversion of the nominal value of each share from USD1 to USD0.50 and an increase in the number of shares; and
 - The issued share capital was converted from 20,000,000 ordinary shares of USD1 each to 40,000,000 ordinary shares of USD0.50 each.
- b) This issued share capital was increased by 6,000,000 ordinary shares of a nominal value of USD0.50 each by means of an issue to the public on 16 May 2001. On the same date 4,000,000 ordinary shares were also offered for sale to the public.

21. SHARE PREMIUM

The share premium represents the difference between the net proceeds on the issue of 6,000,000 ordinary shares and their nominal value. This reserve is non-distributable.

22. OTHER RESERVE

The reserve represents the difference between the net proceeds received on the sale and the cost of acquisition of own shares.

23. CONTINGENT LIABILITIES

Guarantee obligations incurred on behalf of third parties	7,277,376	5,378,911
---	-----------	-----------

24. COMMITMENTS

Undrawn credit facilities	9,302,490	19,720,049
Documentary credits	46,716,432	18,771,034
Risk participations	1,000,000	3,035,789
Confirmed letters of credit	31,318,387	18,904,927
	88,337,309	60,431,799

The Bank has total assigned credit limits to customers amounting to USD159 million of which USD64 million had been sanctioned as at balance sheet date.

Notes to the Financial Statements

for the year ended 31 December 2001

	2001	2000
	USD	USD
25. CASH AND CASH EQUIVALENTS		
Analysis of balances of cash and cash equivalents		
Cash	489,518	146,596
Loans and advances to banks	67,580,671	43,469,007
Amounts owed to banks	(36,493,640)	(22,071,691)
	30,576,549	21,543,912
Adjustment to reflect balances with contractual maturity of more than three months	6,375,165	7,153,968
At 31 December	36,951,714	28,697,880
Analysed in the balance sheet as follows:		
Balances with the Central Bank of Malta and cash	2,477,758	2,361,271
Loans and advances to banks	76,857,419	55,757,761
Amounts owed to banks	(42,383,463)	(29,421,152)
	36,951,714	28,697,880

26. CHANGE IN ACCOUNTING POLICY

The Bank adopted International Accounting Standard 39 Financial Instruments: Recognition and Measurement. The Bank's available-for-sale assets are equity instruments for which no reliable measure of fair value was available. Consequently, these were stated at cost and no adjustment to opening retained earnings was necessary.

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Bank's financial instruments consist of primary instruments and include cash balances with banks, loans and advances to customers and amounts due to banks and customers. The accounting policies for these assets and liabilities, which are set out in note 2 to these financial statements, are directed towards the establishment of fair values. The principal categories of risk are credit risk, liquidity risk and market risk (which includes interest rate risk and currency risk).

a) Credit Risk

The Bank provides trade finance and is most susceptible to credit risk. Strict credit assessment and control procedures are in place to monitor this exposure. Concentration of credit risk by industry sector is set out in note 13 to the financial statements. At balance sheet date, the most significant credit risk exposure to a single debtor amounted to USD4,862,532.

The risks associated with off balance sheet assets and liabilities disclosed in the memorandum items arise from the normal course of banking operations. In the case of risks associated with inter-bank participations under letters of credit the Bank exercises the same credit controls as those applied to on balance sheet risks.

b) Interest Rate and Liquidity Risk**i) Interest rate risk**

The Bank keeps close control over its interest rate exposures. The Bank does not have any significant funding or asset deployment at fixed rates of interest. The table below shows that the majority of the Bank's assets and liabilities have a term to maturity within three months or less, from the current financial period end. The effective interest rate or effective yield is not materially different from the contracted rate.

	Per Balance Sheet	3 Months or less	1 Year or less but over 3 months	5 Years or less but over 1 year	Other
	USD	USD	USD	USD	USD
Assets					
Balances with Central Bank of Malta and cash	2,477,758	489,518	-	-	1,988,240
Loans and advances to banks	76,857,419	69,097,373	7,760,046	-	-
Loans and advances to customers	25,368,400	15,148,959	9,992,146	227,295	-
Investments	85,538	-	-	-	85,538
Other assets	1,413,106	-	-	-	1,413,106
Total Assets	106,202,221	84,735,850	17,752,192	227,295	3,486,884
Liabilities					
Amounts owed to banks	42,383,463	37,730,087	4,653,376	-	-
Amounts owed to customers	25,573,293	23,283,286	2,260,056	29,951	-
Other liabilities	828,955	-	-	-	828,955
Shareholders' funds	37,416,510	-	-	-	37,416,510
Total Liabilities	106,202,221	61,013,373	6,913,432	29,951	38,245,465
Interest rate sensitivity gap	-	23,722,477	10,838,760	197,344	(34,758,581)
Cumulative gap	-	23,722,477	34,561,237	34,758,581	-

ii) Liquidity risk

Liquidity risk arises in the general funding of the Bank's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Bank raises funds from deposits, other financial institutions and share capital. Liquidity risk is managed by maintaining significant levels of liquid funds, and identifying and monitoring changes in funding required to meet business goals driven by management.

The following table provides an analysis of certain financial assets and liabilities of the Bank into relevant maturity groupings based on the remaining periods to repayment.

Notes to the Financial Statements

for the year ended 31 December 2001

	Total	3 Months or less	1 Year or less but over 3 months	5 Years or less but over 1 year
	USD	USD	USD	USD
At 31 December 2001				
Financial Assets				
Loans and advances to banks	76,857,419	69,097,373	7,760,046	-
Loans and advances to customers *	26,469,762	16,250,319	9,992,146	227,297
Financial Liabilities				
Amounts owed to banks	42,383,463	37,730,087	4,653,376	-
Amounts owed to customers	25,573,293	23,283,286	2,260,056	29,951
At 31 December 2000				
Financial Assets				
Loans and advances to banks	55,757,761	47,452,297	8,305,464	-
Loans and advances to customers *	22,643,457	15,360,402	5,286,208	1,996,847
Financial Liabilities				
Amounts owed to banks	29,421,152	28,553,169	867,983	-
Amounts owed to customers	25,671,473	22,261,096	3,410,377	-

* Loans and advances to customers are stated before allowances for uncollectibility (note 13).

d) Currency Risk

The Bank is exposed to currency risk through transactions in foreign currencies. Currency risk is managed through matching within the foreign currency portfolio. Mismatches, which are only allowed temporarily for small amounts, are continuously monitored and regularised immediately. The Bank's transactional exposures give rise to foreign currency gains and losses that are recognised in the profit and loss account. These exposures comprise the monetary assets and monetary liabilities of the Bank that are not denominated in the measurement currency of the Bank. The Bank ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate.

The following tables provide an analysis of the financial assets and liabilities of the Bank and into relevant currency groupings:

	2001			2000		
	US Dollar	Other Currencies	Total	US Dollar	Other Currencies	Total
	<i>USD</i>	<i>USD</i>	<i>USD</i>	<i>USD</i>	<i>USD</i>	<i>USD</i>
At 31 December						
Assets						
Balances with Central Bank of Malta and cash	2,476,548	1,210	2,477,758	2,361,271	-	2,361,271
Equity instruments available for sale	83,820	1,718	85,538	51,125	1,718	52,843
Loans and advances to banks	40,470,417	36,387,002	76,857,419	24,704,850	31,052,911	55,757,761
Loans and advances to customers	21,841,625	3,526,775	25,368,400	17,925,393	3,893,899	21,819,292
Other assets	51,994	1,361,112	1,413,106	82,780	1,394,387	1,477,167
Total Assets	64,924,404	41,277,817	106,202,221	45,125,419	36,342,915	81,468,334
Liabilities						
Amounts owed to banks	14,913,938	27,469,525	42,383,463	7,382,545	22,038,607	29,421,152
Amounts owed to customers	13,221,058	12,352,235	25,573,293	12,758,055	12,913,418	25,671,473
Other liabilities	14,087	814,868	828,955	30,913	789,403	820,316
Shareholders' funds	37,416,510	-	37,416,510	25,555,393	-	25,555,393
Total Liabilities	65,565,593	40,636,628	106,202,221	45,726,906	35,741,428	81,468,334

Notes to the Financial Statements

for the year ended 31 December 2001

e) Fair Values

Some of the Bank's financial assets and liabilities are carried at amortised cost and not at fair value.

The fair value of loans and advances to banks repayable on demand or at short notice approximate the carrying amount. Term loans and advances to banks are at market rates and have a contractual repricing of not more than one year. The carrying amount therefore approximates the fair value of these advances.

Term loans and advances to customers are subject to repricing conditions, priced above market rates and substantially repricable within one year. The Bank's loan portfolio is subject to continuous review. Therefore taking into consideration the impact of credit and interest rate risk, the carrying amount approximates fair value.

The carrying amount of amounts owed to banks and customers repayable on call and at short notice is taken to be the fair value. Bank term deposits are priced at market rates and customer deposits are priced at lower than market rates and are repricable within one year. Therefore fair value is expected to approximate the carrying amount.

28. RELATED PARTY TRANSACTIONS

During the year transactions were undertaken with shareholders for the provision of marketing and consultancy services amounting to USD185,000 (2000 : USD348,450).

Other operating income amounting to USD200,000 represents a one-off fee arising from a consultancy agreement with a related party in relation to the formation of the related entity.

29. COMPARATIVE AMOUNTS

Certain amounts have been reclassified to conform with the current year's presentation.

30. SEGMENTAL INFORMATION

a) International trade finance activities originating in:

Geographical segments	MALTA		OTHER COUNTRIES		TOTAL	
	2001	2000	2001	2000	2001	2000
	USD	USD	USD	USD	USD	USD
Interest receivable and similar income	1,073,682	668,948	3,465,247	4,232,024	4,538,929	4,900,972
Fees and commissions receivable	1,705,754	957,989	2,164,518	2,203,715	3,870,272	3,161,704
Gross Income	2,779,436	1,626,937	5,629,765	6,435,739	8,409,201	8,062,676
Segment profit	2,334,669	1,067,293	3,782,200	4,611,064	6,116,869	5,678,357
Other operating income					457,001	236,646
Common Costs					(4,102,852)	(3,550,639)
Profit on ordinary activities before tax					2,471,018	2,364,364
Segment assets	21,781,595	15,047,081	83,363,651	65,569,958	105,145,246	80,617,039
Unallocated assets					1,056,975	851,295
Total assets					106,202,221	81,468,334

b) The Bank's main activity is providing trade finance related services and there are no identifiable business segments.

Schedule to the Financial Statements

Schedule I ACCOUNTING RATIOS

FIVE YEAR SUMMARY

	2001	2000	1999	1998	1997
	%	%	%	%	%
Net interest income and other operating income to total assets	6.59	7.62	5.79	5.95	6.07
Operating expenses to total assets	4.26	4.72	3.64	4.73	4.54
Profit before tax to total assets	2.33	2.90	2.15	1.22	1.54
Pre-tax return on capital employed	6.60	9.25	7.21	2.58	2.79
Profit after tax to equity	5.71	8.48	6.71	2.31	2.62

	2001	2000	1999	1998	1997
Weighted average number of Shares in issue (000's) (note 9)	42,543	40,000	40,000	40,000	40,000
Net assets per share (cents)	87.95	63.89	58.47	54.54	53.28
Earnings per share (cents)	5.02	5.42	3.92	1.26	1.39

Our Offices

MALTA

First International Merchant Bank p.l.c.

7th Floor, The Plaza Commercial Centre, Bisazza Street, Sliema SLM 15, Malta

Tel : (356) 21 322100

S.W.I.F.T. : FIMB MT M3

Fax : (356) 21 322122

Website : www.fimbank.com

Telex : 1775 FIMBNK MW

E-mail : info@fimbank.com

President :

Mr Claude L. Roy

General Manager Head Office :

Mr Raymond Busuttil

Financial Controller

Mr Reuben Xuereb

Head of Operations

Mr Renald Theuma

(356) 21 322118

Customer Services / Marketing

Ms Josephine Grima

(356) 21 322115

Trade Services / Documentary Credits

Ms Lorraine Pace (*Head*)

(356) 21 322117

Mr Dennis Camilleri

(356) 21 322100

Ms Doreen Saliba

(356) 21 322100

Mr Joseph Rodgers

(356) 21 322100

Trade Services / Marketing

Mr Charles Wallbank

(356) 21 322100

Advances

Mr Vince Farrugia

(356) 21 322100

Head of I.T. and Administration

Mr Silvio Mifsud

(356) 21 322119

S.W.I.F.T.

Mr Jason Zammit

(356) 21 322100

Systems

Mr Gilbert Coleiro

(356) 21 322100

Finance

Mr Richard Scerri

(356) 21 322113

LONDON

First International Merchant Bank p.l.c. Representative Office

134, Wigmore Street, London W1U 3SE, England

Tel : (44) 207 935 6002

Fax : (44) 207 935 5601

E-mail : repoffice@fimbanklondon.demon.co.uk

Senior Representative

Mr Nigel Harris

Other contacts

Mr Steve Wilkinson / Mr Kenneth Blackgrove

Consultant

Mr Arun Chauhan

INTERNATIONAL DIVISION**Head of International Division**

Treasury
Correspondent Banking

Mag. Nassif A. Chehab	(356) 21 322116
Mr Martin Chetcuti	(356) 21 322124
Mr Rennie Azzopardi	(356) 21 322100
Mr Nourreddine Taoufikallah	(356) 21 322100

CONSULTANTS**NORTH AFRICA****Consultant : Mr Bashir Omar Hagul**

c/o First International Merchant Bank p.l.c.
7th Floor, The Plaza Commercial Centre, Bisazza Street,
Sliema SLM 15, Malta
Tel/Fax : (356) 21 322125
Mobile : (356) 9949 0247
E-mail : bashirhagul@global.net.mt

WEST AFRICA (French Speaking)**Consultant : Mr Mostafa Chenbout**

242B, Chemin de Palama, Chateau Gombert
13013 Marseille, France
Tel : (33) 491 078 468
Fax : (33) 491 078 469
Mobile : (33) 608 849 147
E-mail : mostafa.chenbout@wanadoo.fr

WEST AFRICA (English Speaking)**Consultant : Mr Judson Welsh**

AIMS Ltd, Riviera Beach Hotel - Mazzanine
Ministries
P.O. Box 4226, Osu, Accra, Ghana
Tel : (233) 21 701 1234
Fax : (233) 21 662 990
E-mail : aimsgh@africaonline.com

DUBAI**Consultant : Mr Musaed Al-Saleh**

Kuwaiti Interests for Financial Investments (KSC)
Office 502, Juma Al-Majid Building
P.O. Box 31622
Khaled Bin Waleed Road
Dubai, UAE
Tel : (971) 4 351 6141/2
Fax : (971) 4 351 9192
E-mail : kiffi@emirates.net.ae

EASTERN EUROPE**Consultant : Mr Wilhelm Reichmann**

Wintergasse 75-77/6, A-3002 Purkersdorf
Vienna, Austria
Tel/Fax : (43) 2231 648 38
Mobile : (43) 664 420 9787
E-mail : Willi.Reichmann@aon.at

EGYPT / SUDAN**Consultant : Mr Adel Mehanna**

International Integrated Financial Services
116, El-Horeya Avenue
Wataneya Tower Building
El-Shallalat
Alexandria, Egypt
Tel : (20) 3 4801830, (20) 3 4872168
Fax : (20) 3 4829979
Mobile : (20) 122 175 259
E-mail : amehanna@mgm.com.eg

UKRAINE**Consultant : Mr Igor A. Babych**

85/2 Academician Korolyov Street
Apt 25, Odessa
65122
Ukraine
Tel : (380) 48 2714 1167
Mobile : (380) 67 4849 368
E-mail : igor_babich@hotmail.com

U.K. and CORPORATE**Consultant : Mr George E. Curmi**

3, The Homestead, Waterfall Road,
London N11 1LH, England
Tel : (44) 20 8368 3884
Fax : (44) 20 8361 0312
E-mail : geconsult@talk21.com