FIBI Bank (UK) Plc is a wholly owned subsidiary of The First International Bank of Israel Limited, one of the five largest banks in Israel and ultimately controlled jointly by Binohon Ltd and the Liberman family as set out in note 27 to the financial statements. The Bank started its operations in London in 1981 and became a public limited company in 1993. FIBI Bank (UK) Plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Board of Directors:
I.Batzri (Israel)
M.Berwald
L.Gergel
M.M.Bregman
R.Hizkiaho (Israel - appointed 06 August 2013)

Secretary:
S.Clowes

Management:
M.M.Bregman (Managing Director)
S.Clowes (Chief Financial Officer)
S.Taylor (Head of Credit)

Auditors:
KPMG Audit Plc

Main Clearing Bankers:
HSBC Bank
RBS Natwest

Registered Office:
24 Creechurch Lane, London EC3A 5JX
Telephone: 020 7280 9500
Facsimile: 020 7280 9515
Internet: www.fibi.co.uk
Swift Address: FIRBGB 2L

Company Registration Number:
1536428

Chairman's statement

Following the 2011 decision to exit the UK market, Fibi Bank (UK) Plc ("the Bank" or "the Company") has made further progress on reducing its legacy assets.

At 31 December 2013, customer loans had been reduced to £10.3 million and customer deposits to £1.6 million. Investments in UK Gilts have been increased to £11.0 million.

During 2013, the Bank paid a dividend of £6 million from its £15 million of retained earnings, following which shareholders funds amounted to £29.5 million.

The reduction in assets has resulted in a 26% fall in operating income to £2.1 million. Commensurate with the income reduction, expenses have been reduced by 30% to £2.0 million, and this has delivered a profit before tax of £165,000.

During 2013, the Bank's parent company, First International Bank of Israel Limited, agreed a Share Purchase Agreement with Tungsten Corporation Plc for the sale of the Bank. The sale is conditional on the prior consent of the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA") to a Change in Control. The process to apply for a change in control is underway but not yet complete.

As always I extend my thanks to my fellow Directors, managers, and staff of the Bank, for the contributions each has made during 2013.

Ilan Batzri

Chairman 2014

Strategic Report

Review of the business

During 2011, the directors of the Bank agreed to support the parent bank's decision to exit the UK market. Since then, the UK business has been scaled down with a view to winding up the bank once the process was complete.

During 2013, the parent bank reached an agreement with Tungsten Corporation Plc for the sale of the Bank. As part of the sale agreement the Bank continues to dispose of its legacy assets and businesses whilst retaining its operational capabilities and regulatory permissions. The sale agreement is conditional on the prior approval of the PRA and FCA, whose consent is obtained via a "Change in Control" process. This process is underway although formal consent to the Change in Control has yet to be received.

Risks and uncertainties

The Bank's high level control environment is effected through sub-committees of the Bank's Board of Directors:

- Board Audit Committee (BAC)
- Board Credit Committee (BCC)

These Board sub-committees have delegated certain responsibilities to a number of management committees which operate within their respective terms of reference:

- Management Credit Committee (MCC)
- Management Asset and Liability Committee (ALCO)

The various limits to control risk within which the Bank operates are set by the Board, the BCC and the MCC. The BAC and the ALCO are responsible for monitoring the Bank's adherence to these limits.

Whilst the Bank is no longer accepting new business it continues to manage down its legacy activities, and in this respect it continues to incur and manage interest rate, credit, liquidity, foreign currency exposure, derivatives and operational risks.

Interest Rate Risk

Interest rate risk arises naturally in the course of the Bank's business. The risk is defined as the risk to earnings that arises from mismatches in the characteristics of products offered and used by the Bank, including cash flows and re-pricing dates. A key objective of the ALCO is to reduce the volatility of net interest income caused by fluctuations in interest rates.

Credit Risk

Credit risk arises from the risk that borrowers will not meet their obligations in relation to interest payments and principal repayments and through transactions in off balance sheet instruments on behalf of customers.
In managing its loan portfolio, the Bank's policy is to evaluate in every case the credit quality of the borrower and separately to evaluate the quality of the collateral. The responsibility for the day to day management of the credit risk policies lies with the Account Officers within the Credit Department, the Credit Manager and the Chief Lending Officer. The Bank minimised the above risks by setting limits and, where relevant, requiring security to be in place before transactions are undertaken. A significant proportion of the credit portfolio is secured on property. The Bank has used a maximum LTV of 65% of valuation, although exceptions have been made based upon economic conditions and/or the particular circumstances of the transaction. Additional requirements have been applied to loans in respect of interest cover, capital reductions and frequency of collateral valuations. Other security taken may include cash collateral, or bank guarantees. The bank has not made new loans during 2012 and 2013 but continues to manage down its legacy portfolio.

Liquidity Risk

Liquidity risk arises from the mismatch of the timing of cash flows relating to assets, liabilities and off balance sheet instruments. The Bank's liquidity is managed by the ALCO within guidelines laid down by the Board of Directors and within the framework set by the regulatory authorities.

The guidelines ensure that the Bank's funding requirements can be met at all times and that a stock of high quality liquid assets is maintained in a form and at a level which reflects prudent banking practice and meets supervisory requirements. Liquid bonds are comprised entirely of UK Government instruments.

Foreign Currency Risk
The Bank undertakes spot and forward foreign exchange contracts in accordance with its policy in order to manage its foreign currency assets. All individual currency exposures are monitored and managed to ensure the banks open positions are maintained within de minimis limits.

Market risk and use of derivatives
Market risk leads to potential changes in the Bank's financial condition as a result of movements in interest rates and foreign exchange rates. The Bank's ALCO and BCC have overall responsibility for the high level management of the Bank's risk within the guidelines set by the Board of Directors.

The Bank will also occasionally deal in derivatives for the purpose of matching or eliminating risk from potential movements in foreign exchange rates and interest rates inherent in the Bank's assets, liabilities and positions.

The Bank makes use of interest rate swaps, currency swaps, options and financial futures in its operations. In particular, swap transactions are used to hedge underlying positions by reducing and/or removing currency and basis rate risk. All derivatives are reviewed regularly for their effectiveness as hedges.

Operational risk
The Bank maintains a framework of internal controls to manage and report on operational risk. In addition it undertakes compliance monitoring to manage its regulatory risks. The Group internal audit function conducts an assessment of the business risks at the beginning of the year and tailors its activities for the subsequent year in order to regularly cover all of the Bank's activities with more frequent examinations of areas considered to present higher risks.

Uncertainties
The Share Purchase Agreement FIBI Limited and Tungsten Corporation Plc is conditional on the buyer (Tungsten Corporation plc) obtaining the consent of the PRA and FCA to a Change in Control. The PRA and FCA have not yet approved the change in control and thus there is uncertainty over when the transaction may complete.

Development and performance
During 2013, the Bank has not accepted any new business and has continued to wind down its activities. The Bank has reduced its cost base in line with the decline in assets and revenues and had an income to expense ratio of 99% for 2013 (2012: 102%).

During 2013, total assets were reduced by 38% to £31,787,000 and the after tax return on equity was 0.5% (2012: 0.7%). £20,467,000 (64%) of assets are comprised of short term interbank placements and UK Government bonds and £10,277,000 (32%) are comprised of commercial loans.

M M Bregman (Managing Director)

On behalf of the board

2014

Report of the Directors
The Directors submit their report and the financial statements of the Bank for the year ended 31 December 2013.

Board of Directors
I. Batzri (Israel)
M. Berwald
L.Gergel
M.M.Bregman
R.Hizkiaho (Israel)

Secretary
S. Clowes

Principal Activities
The Bank provides a range of international and domestic banking services and is not seeking new business.

Results and Dividends
The profit on ordinary activities before tax for the year was £165,000 (2012: £328,000). During 2013 a dividend of £6million was paid (2012: £17million). No dividends are currently proposed for 2014 although it is expected that a further dividend of the remaining retained earnings will be made at completion of the proposed sale of the Bank to Tungsten Corporation Plc.

Business Review
Operating income for the year was £2,093,000 (2012: £2,844,000). Administrative expenses for the year were £2,070,000 (2012: £2,902,000) largely comprising payroll, premises costs and professional fees.

The profit for the year after taxation amounted to £165,000 (2012: £256,000).

Average full time equivalent staff numbers have decreased to 16 (2012: 20). During 2013 the Board has continued with its endeavours to wind down the activities of the bank pursuant to a decision taken in 2011 to exit the UK market as well as preparing for the proposed sale of the Bank.

Going concern
The Directors agreed to support the parent banks decision to exit the UK Market in 2011. As a consequence of this decision the business of the Bank was significantly reduced with a view to winding up the Bank once the legacy assets had been dealt with. In view of this, the financial statements for the years ended 31 December 2011 and 31 December 2012 were prepared on a 'break up basis' rather than on a 'going concern basis'.

In 2013 the parent reached an agreement with Tungsten Corporation Plc for the sale of the Bank. The sale is conditional upon the prior consent of the PRA and FCA to a change in control. As this consent has not yet been obtained, there is material uncertainty over the Bank's intention to (a) continue as a going concern leading to a successful completion of the sale, or (b) in the event that consent is not obtained, initiating the process of a solvent winding up of the Bank.

Although the Bank has a strong capital position which is sufficient to fund operations for the foreseeable future, the Directors have concluded that the combination of the circumstances described above represents a material uncertainty that casts significant doubt upon the Bank continuing as a going concern and that, therefore the Bank may not continue realising its assets and discharging its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual financial statements.

Directors' Interests
The Directors did not hold any beneficial interest in the ordinary shares of the Bank at any time during the year.

Disclosure of information to auditors
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Bank's auditors are unaware; and each director has taken all the steps he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Bank's auditors are aware of that information.

Auditors
A resolution to re-appoint KPMG Audit Plc as auditors to the Bank will be proposed at the annual general meeting.

Directors' Indemnity
The Company provides that in certain circumstances the Directors are entitled to be indemnified out of assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 2006. Indemnity provisions of this nature have been in place during the year but have not been utilised by the directors.

Charitable and Political Donations
Charitable donations during the year amounted to £150 (2012: £100). No political donation was made during the year 2013 (2012: nil).

Creditors Policy
The Bank has no formal policy for the payment of creditors but settles them within 30 days.

Statements of Directors' responsibilities in respect of the Strategic Report and the Directors' Report and the financial statements
The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

S. Clowes (Company Secretary)

On behalf of the board

2014

Independent Auditors' report to the members of FIBI Bank (UK) Plc

We have audited the financial statements of FIBI Bank (UK) Plc ("the Bank" or "the company") for the year ended 31 December 2013 as set out on pages 9 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Bank's ability to continue as a going concern; in particular, the need for regulatory approval for the proposed sale of the Bank to Tungsten Corporation PLC which has not yet been received. Should this sale not be completed the Directors intention is to initiate a solvent winding up of the Bank. This condition, along with the other matters explained in note 1 to the financial statements indicates the existence of a material uncertainty which may cast significant doubt on the Bank continuing as a going concern. The financial statements do not include the adjustments that would result if the Bank did not continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Nicholas Edmonds (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom
2014

Profit and Loss Account for the Year Ended 31 December 2013

	Notes	2013 £000's	2012 £000's
Interest Receivable		1,004	3,834
Less: Interest Payable		(55)	(1,382)
NET INTEREST INCOME		949	2,452
Fees and Commissions Receivable		130	356
Other Operating Income	**2**	1,014	36
OPERATING INCOME		2,093	2,844
Administrative Expenses	**3**	(2,070)	(2,902)
Provisions for Bad and Doubtful Debts	**12**	142	386
Other Provisions	**17**	0	0
TOTAL EXPENDITURE		(1,928)	(2,516)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		165	328
Tax on Profit on Ordinary Activities	**7**	0	(72)
RETAINED PROFIT FOR THE YEAR	**19**	165	256

The notes on pages 12 to 27 form part of these financial statements.

There are no other gains or losses in the current or prior year.

Balance Sheet as at 31 December 2013	Notes	2013 £000's	2012 £000's
ASSETS			
Cash		981	4,143
Loans and Advances to Banks	**10**	8,491	3,104
Loans and Advances to Customers	**11**	10,277	33,300
Investments	**13**	10,995	9,527
Taxation		0	136
Other Assets	**14**	0	0
Prepayments and Accrued Income		1,018	763
TOTAL ASSETS		31,762	50,973
LIABILITIES			
Deposits by Banks	**15**	259	10,107
Customer Accounts	**16**	1,606	4,768
Other Provisions	**17**	0	22
Accruals and Deferred Income		365	709
		2,230	15,606
Called up Share Capital	**18**	20,000	20,000
Profit and Loss Account		9,532	15,367
Equity Shareholders' Funds	**19**	29,532	35,367
TOTAL LIABILITIES		31,762	50,973
MEMORANDUM ITEMS			
Contingent Liabilities			
- Guarantees	**20**	0	0
		0	0

The notes on pages 12 to 27 form part of these financial statements.
Approved by the Board on 2014 and signed on its behalf by:

M.M.Bregman

Director

Company Registration Number: 1536428

Notes to the Accounts for the Year Ended 31 December 2013

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Bank's statutory financial statements.

a) *Basis of Accounts*
The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards, Statements of Recommended Accounting Practice issued by the British Bankers Association and the special provisions of the Companies Act 2006 relating to banking companies. In 2011 and 2012, these financial statements were prepared on a break up basis following the decision of the Board in conjunction with the parent to discontinue the business and close the bank. In 2013 the parent reached an agreement with Tungsten Corporation Plc for the sale of the Bank. The sale is conditional upon the prior consent of the PRA and FCA to a change in control. As this consent has not yet been obtained, there is material uncertainty over the Bank's intention to (a) continue as a going concern leading to a successful completion of the sale, or (b) in the event that consent is not obtained, initiating the process of a solvent winding up of the Bank.

Although the Bank has a strong capital position which is sufficient to fund operations for the foreseeable future, the Directors have concluded that the combination of the circumstances described above represents a material uncertainty that casts significant doubt upon the Bank continuing as a going concern and that, therefore the Bank may not continue realising its assets and discharging its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual financial statements.

b) *Accounting Estimates*
Certain accounting policies underlying the preparation of these financial statements require management to make estimates and judgements. These estimates and judgements may affect reported amounts of assets and liabilities, revenues and expenses, and disclosures of contingent assets and liabilities. The most significant of these involve the General and Specific Provision for Bad and Doubtful Debts as discussed under note 12, the valuation of investments under note 13 and Other Provisions under note 17.

c) *Provision for Bad and Doubtful Debts*
A provision is raised against an exposure when, in the opinion of the Directors, after taking into account all of the circumstances of the exposure, a loss is likely to arise. The amount of the provision is calculated by reference to the realisable amount of the exposure after taking into account a valuation of the security held. In addition, a general provision is maintained to cover losses which are inherent in the portfolio of advances, although not specifically identified. It includes both 'On' and 'Off' Balance Sheet credit exposures related to the loan book.

d) *Investments*
Securities held by the bank are treated as long term investments, as it is the bank's intention to hold them to maturity. They are classified as investments and are stated at cost less provision for any permanent impairment.

e) *Lease Payments*
A lease is classified as an operating lease where the risks and rewards of ownership have not substantially been transferred to the lessee. Rental obligations under operating leases are charged to the profit and loss account as incurred.

f) *Taxation*

Income tax on profit and loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in 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 adjustments payable in respect of previous years.

Deferred taxation is recognised in accordance with FRS 19 "Deferred Tax" and in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

g) *Pensions*

The cost of providing pension and related benefits under the Bank's defined contribution scheme is charged to the profit and loss account in the period in which the liability is incurred.

h) *Foreign Currencies*

Assets and liabilities denominated in foreign currencies have been translated into sterling at the rates ruling at the balance sheet date. The resultant exchange gains and losses are dealt with in the profit and loss account.

i) *Forward foreign exchange and options*

Forward foreign exchange and options are valued at market prices and the resultant profits and losses are included in the profit and loss account, except for transactions designated as hedges which are treated in accordance with the accounting treatment of the items being hedged.

j) *Derivatives*

Non-trading derivatives are accounted for on an accruals basis, consistent with the assets, liabilities, or positions being hedged. Income and expense on non-trading derivatives are recognised as they accrue over the life of the instruments as an adjustment to 'Interest receivable' or 'Interest payable'. Where a non-trading derivative no longer represents a hedge because the underlying non-trading asset, liability or position has been derecognised, or the effectiveness of the hedge has been undermined, the derivative is remeasured at fair value. Any change in value is taken directly to the profit and loss account to match the treatment of the derecognised item.

k) *Income Recognition*

Interest income on loans is credited to the profit and loss account on an accruals basis unless collection of principal or interest is uncertain. When collectability is uncertain the interest accrual is suspended; such interest when received is either taken against principal or credited to the profit and loss account, according to management's judgement. All commissions and fees are recognised in the profit and loss account on an accruals basis.

l) *Cashflow*

Under FRS1 the Bank is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the Bank in its own published consolidated financial statements.

2. Other operating income

During 2013 the Bank received fee income of £1million from its parent in recognition of tasks performed on behalf of the parent in relation to the sale of the Bank over the preceding 2 years. The tasks included participating in and undertaking due diligence, legal reviews, establishing a virtual data room, and providing various analyses for prospective purchasers.

3. Administrative Expenses

	2013 £000's	2012 £000's
Administrative expenses include the following:		
Staff costs		
- Wages and salaries	903	1,188
- Social security costs	123	230
- Pension costs	64	92
	1,090	1,510
Property rentals	56	56
Fees payable to the Bank's auditors for the audit of the Bank's annual financial statements	48	57
Fees payable to the Bank's auditors for other services pursuant to regulatory legislation	-	9
Fees payable to the Bank's auditors for services relating to taxation	14	17
Other administrative expenses	862	1,253
	2,070	2,902

4. Directors Emoluments

	2013 £	2012 £
Aggregate emoluments	345,805	348,524
	345,805	348,524
The highest paid Director received:		
Total emoluments	303,365	288,681
	303,365	288,681

The highest paid director received £303,365. Of this 50%, a total of £152,000, was reimbursed by the parent company in Israel for work performed on their behalf. The Bank does not contribute to a pension scheme in respect of its directors.

5. Directors' and Officers' Loans

The aggregate amounts outstanding from those who were Directors or Officers of the Bank, within the meaning of the Financial Services and Markets Act 2000 during the year, relating to loans, quasi-loans and credit transactions, and which were undertaken in the normal course of business together with the number of persons concerned, were as follows:

	Aggregate amounts outstanding	
	2013	**2012**
	£	**£**
Loans to 0 (2012: 0) Officers	0	0

6. Employees

The average number of persons employed by the Bank during the year was made up as follows:	2013	2012
Managers	4	6
Clerical Staff	12	14
	16	20

7. Taxation

	2013 £000's	2012 £000's
a) Analysis of Taxation charge on profit on ordinary activities for the year:		
Current Tax:		
UK Corporation Tax charge at 23.25% (2012: 24.5%)	0	0
adjustments in respect of previous periods	0	72
Total current tax	0	72
Total Deferred tax: Origination and reversal of timing difference	0	0
Tax on profits on ordinary activities	0	72

Current Tax

b) Factors affecting taxation charge for the year:	2013 £000's	2012 £000's
Profit/(Loss) on ordinary activities before tax	165	328
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	38	80
Effects of:		
Expenses not deductible for tax purposes	0	0
Capital allowances in the period in excess of depreciation	(14)	(18)
Adjustments to tax charge in respect of previous periods	0	72
Other adjustments to tax charge in respect of short term timing differences	(22)	(85)
Current year loss not utilised	0	23
Utilisation of losses brought forward	(2)	0
Current tax charge for the year	0	72

The UK corporation tax rate was reduced from 24% to 23% with effect from 1 April 2013.

8. Pensions

The Bank operates a group administered defined contribution pension scheme on behalf of its employees. The assets of each individual fund are in the name of the Bank's employees and are separated legally from those of the Bank.

9. Currency Analysis of Assets and Liabilities

	2013 £000's	2012 £000's
a) Assets		
Denominated in sterling	27,973	42,864
Denominated in currencies other than sterling	3,789	8,109
Total Assets	31,762	50,973
Denominated in sterling	30,804	48,187
Denominated in currencies other than sterling	958	2,786
Total Liabilities	31,762	50,973

10. Loans and Advances to Banks

	2013 £000's	2012 £000's
Repayable on demand	391	104
Remaining maturity of other loans and advances		
- 3 months or less but not repayable on demand	8,100	3,000
	8,491	3,104
Amounts include:		
Due from		
- The First International Bank of Israel Limited	391	104

11. Loan and Advances to Customers

	2013 £000's	2012 £000's
Repayable on demand or at short notice	4,645	7,647
Remaining maturity:		
- 5 years or less but over 1 year	0	2,500
- 1 year or less but over 3 months	0	15,376
- 3 months or less but not repayable on demand	5,805	8,563
	10,450	34,086
General and specific bad and doubtful debt principal provisions (Note 11)	(173)	(786)
	10,277	33,300
Advances with interest accruals placed in suspense	254	905
Provisions for principal and interest	(254)	(846)
	(0)	59

Loan and Advances to Customers - Continued

Exposure by credit quality	2013 £000's	2012 £000's
Healthy	3,486	25,188
Watch list	6,791	1,232
Problematic	0	6,821
Bad Debts	173	709
	10,450	33,950

The Bank has collateral of £10.1 million (2012: £31.8 million) in respect of above credit exposures.

12. Provisions for Bad and Doubtful Debts

		2013			2012	
	Specific £000's	General £000's	Total £000's	Specific £000's	General £000's	Total £000's
At 1 January	650	136	786	4008	558	4,566
Increase	-	-	-	89	-	89
Recoveries	(48)	-	(48)	(53)	-	(53)
Reversal	-	(94)	(94)	-	(422)	(422)
Amounts written off	(466)	-	(466)	(3,363)	-	(3,363)
Exchange adjustment	25	-	25	(31)	-	(31)
At 31 December	161	42	203	650	136	786

13. Investments (2013)

	Government Bonds £000's	Fixed Income Bonds £000's	Total £000's
Balance at 1 January 2013	8,296	1,231	9,527
Additions	34,578	-	34,578
Maturities	(25,983)	-	(25,983)
Disposals	(5,896)	(1,264)	(7,160)
Exchange rate adjustment	-	33	33
Balance at 31 December 2013	10,995	-	10,995

The market value of all investments held is £8,000 below their carrying amount as per note 22 (2012: £212,000 above).

Investments (2012)

	Government Bonds £000's	Fixed Income Bonds £000's	Total £000's
Balance at 1 January 2012	37,602	1,295	38,897
Additions	85,714	-	85,714
Maturities	(113,565)	-	(113,565)
Exchange rate adjustment	(1,455)	(64)	(1,519)
Balance at 31 December 2012	8,296	1,231	9,527

Schedule of investments by maturity:	**2013 £000's**	**2012 £000's**
Repayable on demand or at short notice	-	-
Remaining maturity:		
- Over 5 years	-	1,231
- 5 years or less but over 1 year	-	-
- 1 year or less but over 3 months	-	-
- 3 months or less but not repayable on demand	10,995	8,296
	10,995	9,527

14. Other Assets

	2013 £000's	**2012 £000's**
Other Assets	-	-
Deferred Tax Asset (see note below)	-	-
	-	-

Deferred Tax Asset	**£000's**	**£000's**
Timing differences provided at 20% (2012: 23%)	-	-

The Bank has an unrecognised deferred tax asset of £63,000 (2012: £109,000). The asset is not recognised as there is insufficient evidence that it will be recovered.

15. Deposits by Banks

	2013 £000's	**2012 £000's**
Repayable on demand or at short notice	259	107
With agreed maturity dates or periods of notice, by remaining maturity:		
- 1 year or less but over 3 months	-	10,000
- 3 months or less but not repayable on demand	-	-
	259	10,107
Amounts include:		
Due to		
- The First International Bank of Israel Limited	259	10,076
- FIBI Bank (Switzerland) Limited, a fellow subsidiary	-	31

16. Customer Accounts

	2013 £000's	**2012 £000's**
Repayable on demand or at short notice	1,606	4,541
With agreed maturity dates or periods of notice, by remaining maturity:		
- 5 years or less but over 1 year	-	-
- 1 year or less but over 3 months	-	162
- 3 months or less but not repayable on demand	-	65
	1,606	4,768

17. Other Provisions

	2013 £000's	2012 £000's
Provision for other costs	-	22
	0	22

Other Provisions - Continued

Schedule of movement in other provisions:

	2013 £000's	2012 £000's
At 1 January	22	240
Increase	-	22
Release	(22)	-
Utilisation	-	(240)
At 31 December	0	22

The release of the 2013 provision of £22,000 represents utilisation of provision for legal costs.

18. Share Capital

	Authorised Issued and Fully Paid Up £000's
20,000,000 Ordinary shares of £1 each at 1 January 2013 and 31 December 2013	20,000

19. Reconciliation of Movements in Equity Shareholders' funds

	2013 £000's	2012 £000's
Equity shareholders' funds at 1 January	35,367	52,111
Retained profit / (loss) for the year	165	256
Dividend paid 30p per share on 20,000,000 (2012:85p)	(6,000)	(17,000)
Equity shareholders' funds at 31 December	29,532	35,367

20. Contingencies, Foreign Exchange and Interest Rate Contracts

The tables below give the nominal principal amounts and risk weightings of off-balance sheet transactions. The nominal principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The risk weighted amounts have been calculated in accordance with the guidelines of the Financial Conduct Authority.

		2013		2012
	Contract Amount	**Risk Weighted Amount**	**Contract Amount**	**Risk Weighted Amount**
	£000's	**£000's**	**£000's**	**£000's**
Contingent Liabilities				
Guarantees	-	-	-	-
Commitments				
Credit lines and other commitments to lend				
-1 year and over	-	-	-	-
-less than 1 year	-	-	-	-
Forward Foreign Exchange Contracts				
-Residual maturity of one year or less	2,942	-	30,724	164
Interest rate swaps	-	-	1,231	18

21. Segmental Analysis

In the opinion of the Directors there is only one class of business which is conducted from the United Kingdom.

22. Financial Assets and Liabilities

The Bank's objectives and policies in managing the risks that arise in connection with the use of financial instruments are set out on pages 4 to 6 of these accounts in the Directors' Report under the heading of Risk Management Policies and Objectives, and in the Strategic Review.

The currency and interest profile of the Bank's financial assets and liabilities at 31 December 2013 is set out in the tables below. Short term debtors and creditors have been included in all of the following disclosures where applicable.

Currency Risk

The Bank does not maintain structural currency positions or material non-trading open currency positions. The table below shows the Bank's transactional currency exposures in the non-trading book. Such exposures comprise the non-trading monetary assets and monetary liabilities of the Bank that are not denominated in sterling which is the functional currency of the Bank.

	US Dollars £000's	Euros £000's	Swiss Francs £000's	Others £000's	Total £000's
At 31 December 2013	-	1	(1)	(7)	(7)
At 31 December 2012	26	19	12	(3)	54

22. Financial Assets and Liabilities - Continued

Interest Rate sensitivity gap analysis
Part of the Bank's return on financial instruments is obtained from controlled mismatching of the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates, or, if earlier, the dates on which the instruments mature. The table below summarises these re-pricing mismatches in the Bank's non-trading book. Items are allocated to time bands by reference to the earlier of the next contractual interest rate re-pricing date and the maturity date.

31 December 2013

Assets	**Not more than three months £000's**	**More than three months but not more than six months £000's**	**More than six months but not more than 1 year £000's**	**More than one year but not more than five years £000's**	**Over five years £000's**	**Non Interest bearing £000's**	**Total £000's**
Loans and Advances to Banks	8,100	-	-	-	-	391	8,491
Cash and Cash Equivalents	-	-	-	-	-	981	981
Loans & Advances to Customers	5,632	-	-	-	-	4,645	10,277
Other Assets	-	-	-	-		1,018	1,018
Investments	10,995	-	-	-	-	-	10,995
Total Assets	24,727	-	-	-	-	7,035	31,762
Liabilities							
Deposits by Banks	-	-	-	-	-	259	259
Customer Accounts	-	-	-	-	-	1,606	1,606
Other Liabilities	-	-	-	-	-	365	365
Shareholder Funds	-	-	-	-	-	29,532	29,532
Total Liabilities	-	-	-	-	-	31,762	31,762
Interest Rate Sensitivity Gap	24,727	-	-	-	-	(24,727)	-
Cumulative Gap	24,727	24,727	24,727	24,727	24,727	-	-

22. Financial Assets and Liabilities – Continued

31 December 2012

Assets	**Not more than three months £000's**	**More than three months but not more than six months £000's**	**More than six months but not more than 1 year £000's**	**More than one year but not more than five years £000's**	**Over five years £000's**	**Non Interest bearing £000's**	**Total £000's**
Loans and Advances to Banks	3,000	-	-	-	-	104	3,104
Cash and Cash Equivalents	-	-	-	-	-	4,143	4,143
Loans & Advances to Customers	25,620	-	-	-	-	7,680	33,300
Other Assets	-	-	-	-	-	899	899
Investments	8,296	-	-	-	1,231	-	9,527
Total Assets	36,916	-	-	-	1,231	12,826	50,973
Liabilities							
Deposits by Banks	-	10,000	-	-	-	107	10,107
Customer Accounts	65	-	162	-	-	4,541	4,768
Other Liabilities	-	-	-	-	-	731	731
Shareholder's Funds	-	-	-	-	-	35,367	35,367
Total Liabilities	65	10,000	162	-	-	40,746	50,973
Interest Rate Sensitivity Gap	36,851	(10,000)	(162)	-	1,231	(27,920)	-
Cumulative Gap	36,851	26,851	26,689	26,689	27,920	-	-

23. Fair Values

Set out below is a comparison by category of the Bank's book values and fair values of all of the Bank's non-trading financial assets and liabilities;

	2013 Fair Value £000's	2012 Fair Value £000's	2013 Book Value £000's	2012 Book Value £000's
Assets				
Cash	981	4,143	981	4,143
Loans and Advances to Banks	8,491	3,104	8,491	3,104
Loans and Advances to Customers	10,277	33,300	10,277	33,300
Investments	10,987	9,739	10,995	9,527
Other Assets	993	647	993	647
Foreign Exchange Derivatives:				
Forward Foreign Exchange	-	-	-	-
Currency Swaps	25	252	25	252
	31,754	51,185	31,762	50,973
Liabilities				
Deposits by Banks	259	10,107	259	10,107
Customer Accounts	1,606	4,768	1,606	4,768
Other Liabilities	365	731	365	731
Shareholders' Funds	29,524	35,579	29,532	35,367
Foreign Exchange Derivatives:				
Forward Foreign Exchange	-	-	-	-
Currency Swaps	-	-	-	-
	31,754	51,185	31,762	50,973

Prices which use inputs other than quoted prices in active markets that are observable for the asset or liability (Level 2) have been used to determine the fair value of all swaps, options and forward foreign exchange contracts. The book values of loans and advances to customers are considered to be a reasonable approximation of their fair values.

24. General

	2013 Property £000's	2012 Property £000's
a) Operating lease commitments At the year end annual commitments under non-cancellable operating leases were:		
Expiring:		
- under one year	Nil	Nil

b) Capital commitments
No capital expenditure was contracted at 31 December 2013 or 2012.

c) Contingent liabilities
There were no contingent liabilities at 31 December 2013 or 2012, other than those which have arisen in the normal course of business relating to foreign exchange contracts, interest rate swaps and trade finance activity.

25. Shares in Group Undertaking

The Bank owns 100 per cent of the issued ordinary share capital of FIBI Nominees Limited. This company is registered in England and undertakes nominee activity. In accordance with Section 405 of the Companies Act 2006, FIBI Nominees Limited is excluded from consolidation as its inclusion is not material for the purpose of giving a true and fair view of the affairs of the Bank. On 10 February 2014 the Bank applied to Companies House to have Fibi Nominees Limited dissolved.

26. Related Parties

There have been no transaction with related parties during the year. The guarantee and loan to Birkin C.S. Holdings Ltd, a company in which a former FIBI non-executive director (Paul Beer) is a shareholder were fully repaid in July 2012.

27. Ultimate Controlling Entity

The ultimate holding company which prepares consolidated accounts is FIBI Holding Company Limited, incorporated in Israel. Group accounts are prepared by FIBI Holding Company Limited and by FIBI Bank (UK) Plc's immediate parent company, The First International Bank of Israel Limited, incorporated in Israel. The ultimate control of FIBI Bank (UK) Plc is held by Binohon Ltd (incorporated in Israel) and members of the Australian Liberman family which jointly hold the majority of the beneficial ownership of the group.

As a wholly owned subsidiary, the Bank is included in the consolidated financial statements of The First International Bank of Israel Limited, which are publicly available at 42 Rothschild Blvd, Tel Aviv 66883, Israel. Consequently, the Bank has taken advantage of the exemption under the terms of Financial Reporting Standard 8 from disclosing related party transactions but not balances, with other entities which are 100% owned by The First International Bank of Israel Limited.

THE FIRST INTERNATIONAL BANK OF ISRAEL LTD.
INCORPORATED IN ISRAEL WITH LIMITED LIABILITY.

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COPIES OF THE GROUP ACCOUNTS CAN
BE OBTAINED FROM THE ABOVE ADDRESS

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