

FIMBANK

Company Announcement

The following is a Company Announcement by FIMBank p.l.c. (“**FIMBank**” or the “**Bank**”) pursuant to the Malta Financial Services Authority Listing Rule 5.86 *et seq.* covering the period between 1 July 2014 and the date of this Announcement:

Quote

Interim Directors’ Statement

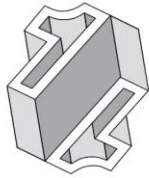
2014 is coming to a close against a background of toned down global growth projections, in the large part caused by prolonged geo-political tensions. The Russia/Ukraine crisis and instability in the Middle East, extending also to parts of North Africa, continue to increase economic uncertainty and heighten downside risk to global trade. Falling commodity prices, particularly in food, metals and oil, have been negatively impacting the exports and revenues of commodity exporters and ultimately worsening the terms of trade. Against this background, market conditions for trade finance remain difficult and with this comes the realization that the fragile optimism in evidence earlier in the year is now framed within a weaker international trade scenario.

In this environment FIMBank’s group of companies (the “Group”) maintained a selective and cautious approach to business, with moderate expansion while strengthening risk and governance structures, particularly in the factoring subsidiaries and joint ventures. At the same time, the increased demand for supply chain financing provides a good base for FIMBank to grow and drive on its network and expertise. During the period under review, the Group acquired a controlling interest in First Factors S.A., Chile and opened a FIMBank branch in Athens, Greece, both promising markets with upside potential. The period also saw the further consolidation of the Indian and Russian joint ventures, control over which was acquired during the first half of the year. The Group’s spectrum of international business and ventures continues to pose a formidable challenge, not least vis-à-vis compliance with new and increasing regulation.

Although operating results in the main component entities and some of the associated factoring entities have been healthy, with interest spread and fee income improving over the

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FIMBank p.l.c. is regulated by the Malta Financial Services Authority and listed on the Malta Stock Exchange.



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same period in 2013, new impairments continue to impact the performance of several entities across the Group. Besides, recovery efforts with regard to existing problem cases have so far not yielded positive results making the aggregate impairment situation materially challenging. Consequently, the outlook for the performance for the rest of the year is difficult and negative. In this environment, the Group is encouraged by the continued trust of its shareholders, in particular its reference institutional shareholders Burgan Bank S.A.K. and United Gulf Bank B.S.C., as demonstrated in last summer's Rights Issue which raised \$48 million of new equity. This support will allow the Group to weather these setbacks and absorb some of the shocks in the process.

Except for such downside effect which is yet to be fully quantified, no other material events or transactions have taken place that would have an impact on the financial position of the Group or require specific disclosure in terms of the Listing Rules.

Unquote

Andrea Batelli
Company Secretary

17 November 2014