

Stock Market Review

FIMBank aiming for further growth

Bank plans to offer factoring services in Brazil and Mexico

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FIMBank plc recently hosted a meeting for stockbrokers and financial journalists at Palazzo Parisio to provide an insight into the group's strategy.

FIMBank's president Margrith Lutschg-Emmenegger gave a detailed presentation on the group's strategy and future objectives. She explained that following the initial expansion into factoring and forfaiting in a few selected markets, the bank's immediate focus is now to improve its overall profitability by offering factoring in Latin America and China; introducing new products and services including private banking and vendor leasing; and Growing London Forfaiting Company and reducing its shareholding in the company.

Expansion of factoring strategy

In 2004 FIMBank entered the market of international factoring services through the acquisition of a 38.5 per cent shareholding in Global Trade Finance in India. The bank's factoring strategy remains to expand into selected countries which are seen to offer potential as a result of them becoming more politically and economically stable and which are consolidating their position as providers of commodities to developed markets. FIMBank's aim has always been to enter these markets through joint ventures with supranational investors such as the International Finance Corporation and strong local partners providing knowhow of the market and access to clients. FIMBank intends to repeat its Indian success story by being the first movers in untapped markets. Following the 2004 entry into India, in 2007 FIMBank set up Menafactors in Dubai and Egypt-factors in Cairo. Meanwhile, last March, FIMBank sold its 38.5 per cent shareholding in GTF for about \$54 million resulting in a net capital gain of approximately \$28 million. The proceeds from this sale

are expected to be used to establish a factoring presence in Brazil, Mexico and eventually also China. During the presentation Ms Lutschg-Emmenegger stated that in Brazil, FIMBank aims to acquire a profitable company together with Banco Latinoamericano de Exportaciones SA (Bladex). Bladex is a supranational bank originally established by the central banks of Latin American and Caribbean countries to promote trade finance in the region. Based in Panama, its shareholders include central banks and state-owned entities in 23 countries in the region, as well as Latin American and international commercial banks and institutional and retail investors. In August 2007 FIMBank signed a memorandum of understanding with Bladex to establish a joint-venture company which would offer full factoring services to companies, banks and other financial institutions in Latin America. FIMBank and Bladex are expected to each own a 50 per cent shareholding in the company in Brazil. Meanwhile, FIMBank also identified a suitable company in Mexico and is shortly expected to commence negotiating an acquisition price. FIMBank's president also explained that by 2010 FIMBank aims to complete its initial factoring strategy by expanding into China. Ms Lutschg-Emmenegger revealed that Chinese banks do not yet offer factoring and forfaiting on a professional basis and therefore this sizable market offers very strong potential for FIMBank.

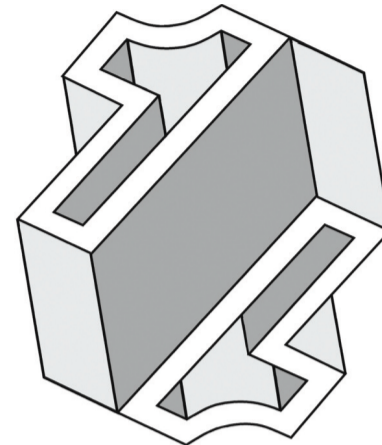
FIMBank's strategy also involves the introduction of new products in areas where it seems to have a competitive advantage through its unique expertise and relationships. The president revealed that FIMBank aims to offer vendor leasing as well as private banking. While vendor leasing already forms part of the services offered by the targeted company in Mexico, Ms Lutschg-Emmenegger announced at the meeting that FIMBank will also be looking for opportunities to buy into private banking to add this product to

FIMBank's product range for diversification of income streams and optimising synergies.

Further growth for London Forfaiting Company

FIMBank expanded into forfaiting when it acquired London Forfaiting Company (LFC) in 2003. LFC was recording sizable losses in 2003 but following an intensive restructuring exercise by FIMBank's management, LFC registered a net profit of \$4.4 million in 2007. LFC is considered to be a leading global forfaiting company. It operates from its headquarters in London and has offices in New York, Sao Paolo, Istanbul, Moscow and Singapore. FIMBank's president explained that the plan is to reduce FIMBank's shareholding from the current 100 per cent to a level below 50 per cent since she believes that the company has better growth prospects by being part of a larger organisation following the adoption of the more stringent Basel II capital requirements. In this respect, FIMBank intends to offer to a strategic partner up to 50 per cent shareholding with the additional strategy to take the company public together. Such strategy will provide LFC with additional funding capabilities. This should enable the company to accelerate its growth prospects which will also benefit FIMBank as it will retain a considerable shareholding in the company. A significant attraction in LFC is the substantial deferred tax asset, which the president stated amounts to circa \$22 million, and which will lead to tax credits for a number of years.

The strategic initiatives mentioned above should help to accelerate FIMBank's profitability in the years ahead. FIMBank is targeting to achieve a post-tax return on equity of 22 per cent in 2010 (2007: 15.4 per cent) and an improvement in the cost to income ratio to 55 per cent from 64.7 per cent in 2007.



FIMBANK

In order to fund the continuing growth of the FIMBank Group, the aim is to make an international public offering of shares concurrently with a secondary listing in Dubai.

Over the years FIMBank's growth was funded by the founding shareholders and other public shareholders following its IPO and listing of the shares on the Malta Stock Exchange in 2001.

FIMBank also conducted two successful rights issues but the president explained that FIMBank is now seeking strategic institutional investors to acquire minority participations which will provide additional expertise and funding requirements through the issue of new shares to sustain growth in the years ahead.

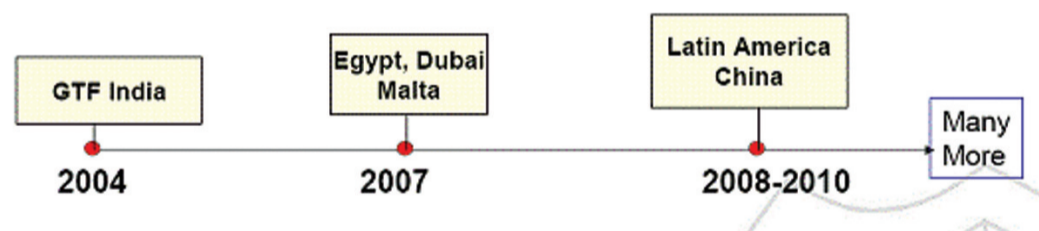
Trading activity has been particularly robust following the stockbrokers' meeting with over one million shares changing hands.

FIMBank's equity has been one of the few positive performers in 2008 as its share price reacted strongly during the first quarter of the year to the sale of the GTF shareholding and the 38 per cent increase in profits during 2007.

Rizzo, Farrugia & Co are Corporate Stockbrokers to FIMBank plc.

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