

**Statement of Opinion from the Board of Directors of FIMBANK plc with regard to the
Joint Voluntary Public Takeover Bid by**

United Gulf Bank B.S.C. - Burgan Bank S.A.K.

In terms of the Offer Document dated 9 December 2013

This Statement of Opinion (or “Statement”) is being made by the Board of Directors (the “Board” and each a “Director”) of FIMBANK p.l.c. ((hereinafter “FIMBANK” or the “Bank”) pursuant to the listing rules issued by the Malta Financial Services Authority (the “Listing Rules”) 11.28 to 11.31. This Statement is made with reference to the offer document dated 9 December 2013 (the “Offer Document”) published by United Gulf Bank B.S.C. (“UGB”) and Burgan Bank S.A.K. (“Burgan” and together with UGB, the “Offerors”). Both of the Offerors form part of the group of companies headed by Kuwaiti Investments Company (“KIPCO” and the group shall hereinafter be referred to as the “KIPCO Group”). All undefined terms used in this Statement shall have the definitions and interpretation given to them in the Offer Document.

1. INTRODUCTION

By means of a Company Announcement dated 22 November 2012, FIMBANK informed the public that it had received a joint offer from the Offerors detailing a comprehensive approach that would culminate in a rights issue to increase FIMBANK’s capital and in the Offerors potentially acquiring over fifty percent of the voting rights of the Bank (a “Controlling Interest”). As part of that multi-step approach it was announced that a bid to all the shareholders of the Bank for all of their shares was also expected to be launched (*Company Announcement FIM168*). This was approved by the Extraordinary Resolution passed at the Extraordinary General Meeting of FIMBANK convened on 31 January 2013 when the shareholders approved, *inter alia*, the proposal that ‘UGB will also seek to increase its combined shareholding with Burgan in the Company through a bid to all the shareholders of the Company for all of their shares, in conformity with applicable Maltese laws’ (*Notice of Extraordinary General Meeting dated 4 January 2013*). Subsequently, by means of a Company Announcement dated 6 June 2013 (*Company Announcement FIM182*), FIMBANK informed the public that it had received from the Malta Financial Services Authority its ‘no objection to the remaining steps of the proposed multi-step transaction between Burgan, UGB and FIMBANK as announced in Company Announcement FIM168 and as approved by the shareholders of FIMBANK at the Extraordinary General Meeting held on the 31 January 2013.’ As a result of this communication from the Malta Financial Services Authority, Burgan and UGB respectively acquired 35,000,000 and 17,948,867 shares in the Bank on the 20 June 2013. On the 29 July 2013 UGB increased its shareholding in the Bank to 54,203,434 shares by converting into FIMBANK shares USD 30,000,000 (plus interest accrued) which UGB had originally lent to FIMBANK in terms of a USD 60,000,000 loan facility agreement contemplated in the multi-step approach referred to above.

Against this background, the Offer Document published by the Offerors specifies (*section 4.3*) that ‘the Offer is being made jointly by Burgan and UGB acting in concert. Provided that all acceptances are honoured in terms of this Offer Document by Burgan and/or UGB, Burgan and UGB shall jointly determine at their discretion how many shares as a result of such acceptances shall be acquired by each of them so that either one of them may acquire all of the shares as

a result of such acceptances subject to the necessary regulatory approvals from their respective regulators in Kuwait and Bahrain’.

In terms of Chapter 11 of the Listing Rules, the Offerors, jointly and acting in concert, are now submitting their voluntary public takeover bid (the “**Bid**”) in respect of all the issued shares in FIMBANK not already held by UGB or Burgan. Details of the Bid including the terms and the price offered per share are contained in the Offer Document. A copy of the Offer Document has been circulated to each shareholder registered at the Record Date and is also available on FIMBANK’s website at www.fimbank.com.

The Offer Document has been communicated to the Malta Financial Services Authority in terms of the Listing Rules. A Report by Ernst & Young Malta Limited having company registration number C-30252 (“**Ernst & Young Malta Limited**”), being the expert appointed by the Offerors and who is independent of the Offerors and FIMBANK, as required by Listing Rules 11.23 and 11.24, has been appended to the Offer Document as Schedule 2.

Six members of the Board of FIMBANK, namely Masaud M. J. Hayat (Vice Chairman), Majed Essa Al-Ajeel, Eduardo Eguren Linsen, Adrian Alejandro Gostuski, Fakh Ahmed Mohamed and Rabih Soukarieh, being officers of the Offerors, have declared a conflict of interest and have abstained from participating in the deliberations and considerations leading to the release of this Statement by the Board of FIMBANK. Accordingly, unless the context otherwise requires, references to ‘Board of Directors’ or ‘Board’ of FIMBANK in this Statement shall be construed to include the members of the Board who are not named above.

The Board has engaged GANADO Advocates, to assist during the offer process and provide consultation whenever such consultation is required. The Board is consequently issuing this Statement after having reviewed the Offer Document, the expert opinion of Ernst & Young Malta Limited and received the advice of its consultants as detailed above.

2. CONSIDERATIONS

a. Strategic Outlook

In terms of the Offer Document, the Offerors’ vision for FIMBANK, should they acquire a Controlling Interest, is that FIMBANK’s current ambitions and aspirations will remain those of being a leading trade finance bank, but with the increased resources to make the vision a reality. The focus would be on developing and strengthening existing opportunities further. The Offer Document provides that in the future, as retained earnings accumulate and a track record is established, FIMBANK should broaden the scope of its activities. While remaining an independent institution, with its own decision-making ability including day-to-day credit decisions and good corporate

governance structures, FIMBANK would, in terms of the Offer Document, become the trade finance centre of excellence within the KIPCO Group, a strong complement to the Offerors' focus on the balance-sheet-based commercial lending and the trading activities of KIPCO.

The Board expects that, although there will be no fundamental change to FIMBANK's objectives and strategy, with the Offerors having control of FIMBANK and combined with the increased equity and the possibility of an eventual improvement in FIMBANK's credit rating, it will be easier and less expensive to access funding. Facilitated access to funding and availability of a 'lender of last resort' will allow FIMBANK to make better use of its resources (capital and liquidity ratios) and improved planning for business development. FIMBANK will also pursue its efforts to raise funding from 'new' sources, such as internet deposit offerings and vehicles such as a trade finance fund. FIMBANK's market reach to new business and more geographic diversification will be broadened. Greater allocation of financial resources to commodity trade finance and structured commodity trade finance will allow FIMBANK to attract more established, stronger trading companies with larger credit lines, leading to a greater diversification by clients, commodities and countries of exposure than is currently possible. Additionally the larger-sized transactions will improve efficiency and help achieve economies of scale, thus helping profitability.

In Section 8.5 of the Offer Document, the Offerors declare their intention to retain London Forfaiting Company ("**LFC**") as the centre of the forfaiting business. The Offerors declare that LFC will remain the only entity within the group of companies (the "**FIMBANK Group**" or the "**Group**") to be investing and trading in assets not related to trade finance in order to optimize volumes and market intelligence as well as profitability. The Offerors also declare that the portfolio size of LFC will be increased substantially to maximise economies of scale and increase profitability of this activity even further.

Insofar as the factoring business is concerned, the Offer Document provides that factoring will continue being developed through joint ventures in selected emerging markets thereby benefiting initially from the presence of FIMBANK and if possible involving a supranational entity to reduce risks and increase image development for the product in these "first mover" markets. The Offer Document also envisages the creation of a dedicated function to support and manage the investments and strategy, to better monitor the operations and to facilitate the sharing of good practices between joint ventures.

It is the view of the Directors that the acquisition by the Offerors of a Controlling Interest in the Bank should also result in greater harmonization and more efficiency such as in the management of country limits, bank relations, financial management and IT, while a greater volume of business and a higher appetite for risk should be complemented by further strengthening in operations and risk management controls. As much as possible, these processes can be managed in coordination with developments at the level of the KIPCO Group.

If the Bid is successful, KIPCO will indirectly control the majority of the shares and voting rights in FIMBANK. However, it is noted that the Offer Document states that FIMBANK's Board of Directors shall continue to define FIMBANK's own corporate strategy, one that will reflect its new environment and financial resources while FIMBANK's dividend policy will be aligned to its development objectives, with potentially more earnings retained for reinvestment in the business while keeping the aspirations of minority shareholders in mind. While business opportunities in trade finance should remain plentiful, for the longer term new ideas like leasing, private banking and Sharia-compliant financial services will be considered.

b. Employees and Location

Section 8.1 of the Offer Document states that the Offerors do not presently intend to carry out any material changes to the current conditions of employment of FIMBANK's employees or the current levels of employment of FIMBANK.

In line with the requirements set out in Listing Rule 11.20, FIMBANK's Board and management have informed the employees about the Bid and how it fits into the picture of the overall plan for the growth and development of the FIMBANK Group. The employees have expressed no concerns and objections in this regard following the communication of the Offer made to them by FIMBank in terms of Listing Rule 11.30.

As further noted in sections 8.1 of the Offer Document FIMBANK's trade finance business will continue to be conducted and coordinated from its Malta headquarters, now housed in a new, state-of-the-art office block in St. Julian's. This landmark, multi-million euro development marks FIMBANK's affirmation that, for the future, Malta will remain the nerve-centre of its operations. The Offerors also declare their intention to continue to strengthen FIMBANK's activities in the commodity trade finance and structured commodity trade finance sector by establishing a representative office in Switzerland, the latter being considered the world's commodity trade finance centre.

c. Listing Status

The Offerors declare their intention to retain FIMBANK's listed status on the Malta Stock Exchange in terms of the applicable Listing Rules. The Offer Document however provides that, unless the Listing Authority, exercising its discretion, grants a derogation under the Listing Rules, FIMBANK may have to be de-listed in the event that less than 25% of FIMBANK's shares are in the hands of the public.

3. CONCLUSIONS

The Board of Directors of FIMBANK has evaluated the Bid taking into consideration the best interests of the FIMBANK Group and taking into consideration the opportunities that the success of the Bid might bring to the Group.

Based on the representations made in the Offer Document and based on the content of the Experts' Report which forms part of the Offer Document, the Board of Directors of FIMBank is of the opinion that the acquisition of a Controlling Interest in FIMBANK by the Offerors will be beneficial to the Bank and will create a number of opportunities, which are favorable and conducive to the growth of the Bank and the Group as a whole.

It is the Board's understanding that the Bid should not presently generate any change in (a) the actual employment structure of the Bank, (b) the conditions of employment of the Bank's employees or (c) the listing status of FIMBANK (subject to the general rule under the Listing Rules requiring 25% public ownership). Moreover, the Board has evaluated in detail the representations made by the Offerors in the Offer Document with regard to their outlook on the business strategy of FIMBANK, which will remain that of a specialized trade finance institution, whilst concurrently developing more opportunities and providing additional resources. It is envisaged that FIMBANK will have increased access to funding and consequently have the opportunity to benefit from additional share capital which will therefore also allow the same Bank to attract cheaper funding. This will facilitate the growth of the FIMBANK Group and will improve the cost of relevant financing. The Board of Directors of FIMBANK also believes that being part of the KIPCO Group will result in a positive achievement for the FIMBANK Group which will form part of a greater network with higher targets and goals to be achieved.

While the Board expresses an overall positive opinion on the effect of the implementation of the Bid on FIMBANK, no opinion is given on the price offered in the Offer Document which, in the opinion of the Board of Directors, should be evaluated taking into consideration the numerous aspects detailed above as well as the current needs, aspirations and individual circumstances of each individual shareholder. Nothing in this document should be interpreted as purporting to provide advice to shareholders, whether to accept the Bid or not. The members on the Board of FIMBANK who directly or indirectly own shares in the Bank, namely Dr. John C. Grech, Mr. Mohammed I.H. Marafie, Mr. Fouad M.T. Alghanim and Mr. Hamad M.B. Al Sayer are separately considering the Bid in their personal capacity and in the light of their individual circumstances.

Similarly, the Board strongly recommends that each Shareholder seeks independent advice and guidance from their own stockbrokers and/or financial consultants in order to fully assess the terms of the Offer Document and to decide whether to accept the Bid or not in the light of each shareholder's individual position.

By order of the Board of Directors of FIMBANK p.l.c.

John C Grech

Chairman of the Board of Directors

Date: 18 December 2013