FIMBANK

condensed interim financial statements 2015

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directors' report pursuant to listing rule 5.75.2

For the six months ended 30 June 2015

The Directors ("Board" or "Directors") are pleased to issue their Report pursuant to the Malta Financial Services Authority Listing Rules and the Prevention of Financial Markets Abuse Act, 2005. This Report, which shall be read in conjunction with the condensed interim financial statements of the Group and the Bank for the six months ended 30 June 2015, including the Notes thereto, forms part of the Half-Yearly Report of FIMBank p.l.c., drawn up in accordance with the requirements of Listing Rule 5.75.2.

principal activities and developments

The FIMBank Group of Companies (the "Group") includes FIMBank p.l.c. (the "Bank"), and its wholly owned subsidiaries London Forfaiting Company Limited ("LFC"), FIM Business Solutions Limited ("FBS"), FIM Property Investment Limited ("FPI"), FIM Holdings (Chile) S.p.A. ("FHC") and FIMFactors B.V. ("FIMFactors"). LFC is itself the parent of a number of subsidiaries, incorporated in various jurisdictions but acting mainly as marketing offices, FIMFactors is the parent of a wholly owned subsidiary, Menafactors Limited ("Menafactors"), and of other majority-owned subsidiaries whilst FHC is the parent of a majority-owned subsidiary.

A brief description of the activities in the Group follows (% shareholding follows after the name):

a. The Bank is a public limited company registered under the laws of Malta, and listed on the Malta Stock Exchange. It is licensed as a credit institution under the Banking Act, 1994. The Bank is principally active in providing international trade finance and to act as an intermediary to other financial institutions for international settlements, forfaiting, factoring and loan syndications.

b. LFC (100%) is registered in the United Kingdom as a private limited liability company. It was founded in 1984 and provides international trade finance services (with particular focus on forfaiting business) through an international network of offices. Some of these offices have distinct corporate status in the various jurisdictions where they are providing the service. LFC's activities include the trading of bills of exchange, promissory notes, loans, deferred payment letters of credit and the provision of other financial facilities to companies and banks.

c. FBS (100%), registered in Malta, has as its primary purpose the provision of information technology and support services to the Group and its associated companies, to correspondent banks as well as to third party factoring services providers.

d. FPI (100%), registered in Malta, owns and manages FIMBank's head office in Malta. FPI is responsible for the day-to-day management of the building and leasing of space for commercial purposes.

e. FHC (100%), registered in Chile, serves as the corporate vehicle for First Factors S.A. (51%), also registered under the laws of Chile, to provide all types of factoring, financial leasing and other management services. The other shareholders are Inversiones El Mayorazgo Limitada, Marín y Compañía S.A., Asesoría e Inversiones CABS S.A., Compañía de Rentas Epulafquén Ltd., Compañía de Rentas Trigal Ltd. and Compañía General de Rentas Ltd.

f. The Egyptian Company for Factoring S.A.E. ("Egypt Factors" - 40%), a company incorporated in Egypt, where the other shareholders are Commercial International Bank (Egypt) holding 40% and International Finance Corporation ("IFC") holding 20% of the shares. Egypt Factors is active in providing factoring and forfaiting services to Egyptian companies.

g. FIMFactors (100%), registered in the Netherlands, is the corporate vehicle for FIMBank's holdings in factoring subsidiaries and associated companies. These are:

    i. Menafactors (100%), incorporated in the United Arab Emirates and licensed and regulated by the Dubai Financial Services Authority to provide international factoring and forfaiting services in the Gulf and MENA region. Menafactors, in turn, holds 50% in Levant Factors S.A.L., a company registered in Lebanon and currently in the final stages of scaling down its business operations, limiting its activities to act as a marketing office for Menafactors Limited.

    ii. CIS Factors (80%), incorporated in the Netherlands and which serves as the holding vehicle for a factoring company, FactorRus, incorporated under the laws of the Russian Federation and which provides factoring services in Russia, the other shareholder being International Finance Corporation ("IFC") holding 20% of the shares . As disclosed in Note 14 the company is currently being wound down with a view to be sold or liquidated in the second half of 2015.

iii. India Factoring and Finance Solutions (Private) Limited (84.8%), incorporated in Mumbai, India, to carry out the business of factoring, forfaiting and trade finance activities in India, the other shareholders being India Factoring Employee Welfare Trust (9.1%), Banca IFIS (5.6%) and Blend Financial Services Limited (0.5%). India Factoring is regulated by the Reserve Bank of India.

iv. Brasilfactors (50%), a company incorporated in São Paulo, Brazil, with its core business focused on factoring services and forfaiting targeting small and medium-sized companies. The other shareholder is Banco Industrial e Comercial S.A. ("Bicbanco") with 50%.

salient developments

Coming on the back of the most difficult year in the Group's history, the period under review marked the start of a consolidation phase focused primarily on all-round strengthening of governance and risk structures and streamlining of the international factoring strategy. This has been taking place in FIMBank but also in the subsidiaries and joint-ventures, particularly in India as well as in Russia, where the process to wind down the company is now in its concluding stage. The return to core business fundamentals also saw a retrenching from factoring projects which were being considered in 2014, like Slovenia and Kenya, and a closer look at the business plans of the existing factoring investments. The general approach to business continued to be cautious and selective as new funding structures involving the main shareholders, Burgan Bank and United Gulf Bank, are also being explored. The process of consolidation also created the opportunity for various actions to be taken in terms of cost rationalisation, including a review of certain staff positions, consultancies and better utilisation of office space. While these measures had an effect on expenses for the period under review, they are expected to lead to cost savings and income streams in future financial periods.

As parts of the Middle East, Eastern Europe and Africa, all traditional markets for FIMBank, continued to be marked by geopolitical tensions, conflicts and unstable security, disrupting trade flows and economic calm, oversight on Group activities in the main markets and countries of operation was also scaled up. Close attention was particularly given to Greece where FIMBank has an Athens branch since 2013. It is noted with satisfaction that the exposures originated in Greece are well managed and controlled and, in their vast majority, are either insured or otherwise secured or represent an acceptable payment risk outside Greece, usually OECD. Elsewhere in the Group, impairments in India were close to expectations and mainly represented legacy cases and run-offs from the events of 2014. On the other hand, new impairments were reported close to the period-end in Menafactors, Dubai, denting an otherwise good performance, with restructuring discussions just starting. Recovery actions across the Group are now co-ordinated by a dedicated team based at the parent in Malta – in fact, efforts in FIMBank have started to yield results and the period under review includes some of those recoveries. Actions in India and Russia are also in progress but will take longer to materialise, not least because of the complex legal systems and nature of underlying delinquency. The operations in Brazil and Chile continue to be important business gateways for the Group and at the same time attracting close management oversight, monitoring and strategic discussion. The future of the Group's factoring business in Egypt is the subject of ongoing Board and Management evaluation and strategic decisions in this regard are due to be taken during the second half of 2015. London Forfaiting Company remained a stable component of the Group and reported a profit according to expectations while experiencing only small market value adjustments on its portfolio.

In summary, the period under review is marked by a positive operating performance across the main component entities contrasted by some legacy, residual impairments, mainly in FIMBank, India and Russia, and extraordinary costs in FIMBank arising primarily from restructuring and consolidation activities.

review of performance

The condensed interim financial statements have been prepared in accordance with EU adopted IAS 34 Interim Financial Reporting. These published figures have been extracted from the FIMBank p.l.c. Group's unaudited accounts for the six months ended 30 June 2015 as approved by the Board of Directors on 4 August 2015.

For the six months ended 30 June 2015, the FIMBank Group posted an after-tax loss of USD8.64 million compared to a profit of USD1.45 million registered for the same period in 2014. The Directors do not recommend the payment of an interim dividend for the period under review.

income statement

The results for the period under review are summarised in the table below which should be read in conjunction with the explanatory commentary that follows:

	Group		
	2015	2014 Restated*	Movement
	USD	USD	USD
Net interest income	16,213,617	13,890,897	2,322,720
Net fee and commission income	7,109,340	11,594,400	(4,485,060)
Net results from foreign currency operations	2,058,109	1,224,900	833,209
Other operating income	686,404	63,761	622,643
Net operating results	26,067,470	26,773,958	(706,488)
Net impairment losses	(8,556,891)	(5,970,840)	(2,586,051)
Net losses from trading assets and other financial instruments	(130,525)	(2,106,518)	1,975,993
Net fair value loss on other derivative instruments	(1,500,000)	-	(1,500,000)
Share of loss of equity accounted investees	(247,962)	(2,699,532)	2,451,570
Net income	15,632,092	15,997,068	(364,976)
Operating expenses	(23,359,674)	(18,709,498)	(4,650,176)
Taxation	1,431,183	863,571	567,612
	(6,296,399)	(1,848,859)	(4,447,540)
Net fair value gains on previously-held investments in associates	-	7,831,610	(7,831,610)
Loss on discontinued operations	(2,342,112)	(4,527,834)	2,185,722
Loss/profit for the period	(8,638,511)	1,454,917	(10,093,428)

(*) For the period ended 30 June 2014 FactorRus was not classified as discontinued operation. The comparative Group results have been restated to show the discontinued operation separately from continuing operations (see Note 14).

Prior to impairment losses, marked-to-market adjustments and share of equity results, the Group maintained a stable operating performance, reporting a minimal drop in net operating results of 2.6%, from USD26.77 million to USD26.07 million. Net Interest Income increased by 16.7%, to USD16.2 million as a result of lower cost of funding and higher volumes for funded business. Net Fee and Commission Income contracted by 39% to USD7.11 million, mainly a result of a more rigorous transaction selection policy and a strategic shift away from traditional fee-based trade finance products towards interest-based financial products. Both FX Income and Other Operating income improved when compared to the comparative period – FX on the back of improved margins and other income as a result of dividend income received from available-for-sale investments.

The level of impairment losses increased by USD2.59 million compared to the corresponding period - a result of new impairments at the Dubai subsidiary and some run-off provisions taken on already impaired exposures. Net losses from trading assets and other financial instruments were negligible when compared to a loss of USD2.11 million in 2014. The Group's forfaiting book in 2015 maintained a stable valuation across its portfolio.

During the period under review the Group is recognising a loss of USD1.5 million, representing the fair value of a Put Option, written in favour of the IFC, giving the right to the IFC to sell to FIMBank its proportionate share (50%), of IFC's 20% shareholding in Egypt Factors.

The Group's factoring entities accounted through the equity method contributed a net share of loss of USD0.2 million (compared to a net loss of USD2.70 million in 2014). This is represented by a marginal profit in Brazil which was set-off by the negative results in Egypt. The comparative period was largely impacted by the share of losses in India (now line-by-line consolidated) and Russia (now disclosed as Discontinued Operations – see Note 14).

Operating expenses for the six months under review increased by 25% from USD18.71 million in 2014 to USD23.36 million, in part reflecting the consolidation effect of India and Chile, increases in legal and professional fees as well as increases in staff related costs (see Note 9).

In the comparative period, the Group also recognised a one-off net fair value gain of USD7.83 million on the re-measurement to fair value of the 49% and 40% interest previously held in India Factoring and FactorRus respectively. This fair value gain was based on provisional accounting, and eventually adjusted to USD3.20 million at 31 December 2014.

The Group's factoring entity in Russia, FactorRus – which remains disclosed as Discontinued Operations - reported losses of USD2.34 million, down from USD4.53 million reported in the comparative period. The current period's result broadly reflects the winding-down costs of this operation including staff terminations and the one-time reversal of USD1.6 million of deferred tax asset.

financial position

At 30 June 2015, total Consolidated Assets stood at USD1.34 billion, broadly mirroring the position at end-2014 of USD1.41 billion. Decreases in Loans and Advances to Banks were largely off-set by exposures to Malta Government Treasury Bills, reflecting the Group's ongoing strategy to optimise its liquidity management and short-term yields. Less significant decreases in Loans and Advances to Customers reflected the re-alignment of the various Group's portfolios to the business consolidation strategy.

Total Consolidated Liabilities as at 30 June 2015 stood at USD1.16 billion, 6% below the USD1.23 billion in December 2014. This is mainly attributable to a decrease in corporate and retail deposits, partly off-set by an increase in bank/wholesale funding.

Group Equity as at Financial Reporting date stood at USD178 million, down from the USD184 million at 31 December 2014. This decrease is broadly reflecting the loss for the period and negative movements in the translation of consolidated entities not denominated in US Dollar, which were partly offset by positive changes in non-controlling (minority) interests at subsidiary level.

annual general meeting 2015

The Bank convened its Annual General Meeting on 7 May 2015. Along with the statutory Ordinary Resolutions, the Meeting approved a resolution presented as special business in respect of a Bonus Issue of Shares. The Board composition following the Annual General Meeting is as follows:

John C. Grech *(Chairman)*
Masaud M. J. Hayat *(Vice Chairman)*
Majed Essa Al-Ajeel
Mohamed Fekih Ahmed
Eduardo Eguren Linsen
Osama Talat Al-Ghoussein
Adrian Alejandro Gostuski
Rogers David LeBaron
Rabih Soukarieh

related party transactions

Consistent with the 2014 Annual Report and Audited Financial Statements, the Bank maintained a related party relationship with its significant shareholders, subsidiaries, associates and jointly-controlled entities, directors and executive officers. In particular, the following related party balances and/or transactions were undertaken during the period under review:

1. "Loans and Advances to Subsidiaries" at 30 June 2015, net of impairments, amounted to USD241 million (31 December 2014: USD257 million). Interest earned from subsidiaries for the six months ended 30 June 2015 amounted to USD2.71 million (six months ended 30 June 2014: USD2.79 million).

2. "Amounts owed to Banks" at 30 June 2015 include loan funding of USD165 million (31 December 2014: USD155 million) from Burgan Bank S.A.K. and USD30 million (31 December 2014: Nil) from United Gulf Bank. Interest paid on this funding for the six months ended 30 June 2015 amounted to USD1.92 million (30 June 2014: USD1.85 million).

3. No dividend was received by the Bank from any of its subsidiary undertakings or equity accounted investees (six months ended 30 June 2014: NIL).

Related party transactions with shareholders and directors were undertaken in the ordinary course of business.

Related party transactions carried out by the Bank and its subsidiaries are reported to the Audit Committee which reviews them and assesses their nature and arm's-length consideration. This responsibility arises from the Committee's Charter, which is drafted in accordance with the listing rules as well as current best recommendations and practices of good corporate governance.

the second half of 2015

The seeds of consolidation have been sown and the objectives can be summarised in a more focused business model, streamlining of operations and optimising Group resources. This should lead to greater control over credit costs and an increased capability to direct capital and funding to those business segments which offer the best potential for profit and exiting those which don't. Assisted by greater access to funding resources, stronger management information tools and faster reaction times, we anticipate that the various measures of the first half will start to reap tangible, bottom line results in the second half. This will be manifest in a growing asset base once again always centred around the FIMBank Group's core business segments: Transactional Trade Finance, Factoring, Treasury and Forfaiting/lending. FIMBank Group continues to be encouraged in this process by the support of its principal shareholders, which support serves as a platform for the Group to do more business and create future opportunities for profit.

Approved by the Board on 4 August 2015 and signed on its behalf by:

John C. Grech
Chairman

Masaud M. J. Hayat
Vice Chairman

condensed interim statements of financial position

At 30 June 2015

		Group		Bank	
		30 Jun 15	31 Dec 14	30 Jun 15	31 Dec 14
	Note	USD	USD	USD	USD
ASSETS					
Balances with the Central Bank of Malta, Treasury Bills and cash		68,181,361	7,824,096	68,161,581	7,804,628
Trading assets		256,885,623	262,856,375	-	-
Derivative assets	11	1,733,247	2,549,893	1,797,940	2,570,036
Financial assets designated at fair value through profit or loss		17,877,500	18,000,000	17,877,500	18,000,000
Loans and advances to banks		341,637,713	430,655,699	306,417,719	423,146,523
Loans and advances to customers		516,825,030	549,441,138	598,144,935	635,248,176
Investments available-for-sale		29,824,835	30,104,393	29,824,133	30,103,691
Investments held-to-maturity		7,293,730	7,116,353	7,293,730	7,116,353
Investments in equity accounted investees	12	2,251,316	2,821,670	305,641	6,013,425
Investments in subsidiaries	13	-	-	84,678,486	61,278,380
Non-current assets held for resale	14	1,748,284	7,838,274	-	-
Property and equipment		37,770,079	38,399,474	1,919,610	2,065,906
Intangible assets and goodwill		8,924,746	9,164,624	1,032,691	1,070,658
Current tax assets		2,277,315	428,220	-	-
Deferred taxation		33,860,027	33,912,048	15,692,642	15,594,796
Other assets		4,325,740	4,480,300	2,416,289	2,297,271
Prepayments and accrued income		4,475,551	4,382,860	5,979,421	3,752,521
Total assets		**1,335,892,097**	**1,409,975,417**	**1,141,542,318**	**1,216,062,364**
LIABILITIES AND EQUITY					
Liabilities					
Derivative liabilities	11	4,829,377	3,606,718	2,840,986	1,606,718
Amounts owed to banks		676,766,610	670,768,692	603,959,117	580,466,522
Amounts owed to customers		430,845,823	523,848,225	407,564,057	496,006,520
Debt securities in issue	15	27,388,963	10,599,196	-	-
Liabilities associated with non-current assets held for sale	14	296,546	249,502	-	-
Current tax liabilities		642,640	-	642,640	1,456,521
Other liabilities		346,585	2,398,694	346,576	2,398,694
Accruals and deferred income		16,990,284	14,106,978	6,230,788	4,589,759
Total liabilities		**1,158,106,828**	**1,225,578,005**	**1,021,584,164**	**1,086,524,734**
Equity					
Called up share capital	16	149,268,322	135,698,296	149,268,322	135,698,296
Share premium	16	8,072,276	21,642,302	8,072,276	21,642,302
Reserve for general banking risks		415,293	415,293	415,293	415,293
Currency translation reserve		(2,975,972)	(1,016,084)	-	-
Fair value reserve		(971,055)	(789,342)	(971,055)	(789,342)
Other reserves		492,763	681,041	2,681,041	2,681,041
(Accumulated losses)/retained earnings		(4,094,773)	3,919,616	(39,507,723)	(30,109,960)
Total equity attributable to equity holders of the Bank		150,206,854	160,551,122	119,958,154	129,537,630
Non-controlling interests		27,578,415	23,846,290	-	-
Total equity		**177,785,269**	**184,397,412**	**119,958,154**	**129,537,630**
Total liabilities and equity		**1,335,892,097**	**1,409,975,417**	**1,141,542,318**	**1,216,062,364**

condensed interim statements of financial position (continued)

At 30 June 2015

	Group		Bank	
	30 Jun 15	31 Dec 14	30 Jun 15	31 Dec 14
	USD	USD	USD	USD
MEMORANDUM ITEMS				
Contingent liabilities	**2,997,456**	21,472,543	**40,050,187**	31,805,224
Commitments	**113,326,365**	171,073,506	**68,605,425**	157,125,360

The condensed interim financial statements set out on pages 7 to 31 were approved by the Board of Directors on 4 August 2015 and were signed on its behalf by:

John C. Grech
Chairman

Masaud M. J. Hayat
Vice Chairman

condensed interim income statements

For the six months ended 30 June 2015

	Note	Group 2015 USD	Group 2014 Restated* USD	Bank 2015 USD	Bank 2014 USD
Interest income		27,970,516	23,843,165	13,539,257	14,133,043
Interest expense		(11,756,899)	(9,952,268)	(6,338,917)	(7,049,254)
Net interest income		**16,213,617**	**13,890,897**	**7,200,340**	**7,083,789**
Fee and commission income		9,988,205	13,527,509	6,355,602	8,266,120
Fee and commission expense		(2,878,865)	(1,933,109)	(1,662,542)	(1,107,626)
Net fee and commission income		**7,109,340**	**11,594,400**	**4,693,060**	**7,158,494**
Net trading results		2,528,682	(975,944)	2,382,071	1,179,755
Net (loss)/income from other financial instruments carried at fair value		(2,101,098)	94,326	(2,056,547)	150,907
Net fair value gain on previously-held investments in associates	7	-	7,831,610	-	-
Dividend income	8	545,280	-	545,280	-
Other operating income/(expense)		141,124	63,761	(11,119)	8,214
Operating income before net impairment losses		**24,436,945**	**32,499,050**	**12,753,085**	**15,581,159**
Net impairment loss on financial assets		(8,556,891)	(5,970,840)	(9,888,113)	(718,717)
Operating income		**15,880,054**	**26,528,210**	**2,864,972**	**14,862,442**
Administrative expenses	9	(21,892,313)	(17,385,529)	(13,257,964)	(12,831,881)
Depreciation and amortisation		(1,467,361)	(1,323,969)	(446,584)	(425,364)
Total operating expenses		**(23,359,674)**	**(18,709,498)**	**(13,704,548)**	**(13,257,245)**
Operating (loss)/profit		**(7,479,620)**	**7,818,712**	**(10,839,576)**	**1,605,197**
Share of loss of equity accounted investees (net of tax)		(247,962)	(2,699,532)	-	-
(Loss)/profit before income tax		**(7,727,582)**	**5,119,180**	**(10,839,576)**	**1,605,197**
Taxation	10	1,431,183	863,571	1,441,813	(592,499)
(Loss)/profit from continuing operations		**(6,296,399)**	**5,982,751**	**(9,397,763)**	**1,012,698**
Loss on discontinued operations	13	(2,342,112)	(4,527,834)	-	-
(Loss)/profit for the period		**(8,638,511)**	**1,454,917**	**(9,397,763)**	**1,012,698**
Attributable to:					
Equity holders of the bank		(8,014,389)	2,921,844	(9,397,763)	1,012,698
Non- controlling interests		(624,122)	(1,466,927)	-	-
(Loss)/profit for the period		**(8,638,511)**	**1,454,917**	**(9,397,763)**	**1,012,698**
Earnings per share					
Basic earnings per share (US cents)		(2.87)	1.38	(3.36)	0.48
Diluted earnings per share (US cents)		(2.87)	1.38	(3.36)	0.48
Earnings per share – continuing operations					
Basic earnings per share (US cents)		(2.14)	3.12	(3.36)	0.48
Diluted earnings per share (US cents)		(2.14)	3.11	(3.36)	0.48

(*) The Group results for the period ended 30 June 2014 have been restated for Discontinued Operations (see Note 14) and to take into effect the impact of the Bonus Issue of shares in May 2015 on Earnings per Share.

condensed interim statements of comprehensive income

For the six months ended 30 June 2015

	Group		Bank	
	2015	2014	2015	2014
	USD	USD	USD	USD
(Loss)/profit for the period	**(8,638,511)**	**1,454,917**	**(9,397,763)**	**1,012,698**
Other comprehensive income:				
Items that are, or may be, reclassified subsequently to profit or loss				
Foreign operations - foreign currency translation differences				
- reclassified to profit or loss	-	5,066,657	-	-
- other	(1,661,603)	611,083	-	-
Fair value reserve (available-for-sale financial assets), net of deferred tax	(181,713)	512,399	(181,713)	512,399
Total comprehensive income for the period	**(10,481,827)**	**7,645,056**	**(9,579,476)**	**1,525,097**

condensed interim statements of changes in equity

For the six months ended 30 June 2015

Group

	Attributable to equity shareholders of the Bank									
	Share capital USD	Share premium USD	Reserve for general banking risks USD	Currency translation reserve USD	Fair value reserve USD	Other reserve USD	Retained earnings/ (accumulated losses) USD	Total USD	Non-controlling interests USD	Total equity USD
At 1 January 2015	**135,698,296**	**21,642,302**	**415,293**	**(1,016,084)**	**(789,342)**	**681,041**	**3,919,616**	**160,551,122**	**23,846,290**	**184,397,412**
Total comprehensive income for the period										
Loss for the period	-	-	-	-	-	-	(8,014,389)	(8,014,389)	(624,122)	(8,638,511)
Other comprehensive income										
Change in fair value of available-for-sale assets	-	-	-	-	(181,713)	-	-	(181,713)	-	(181,713)
Currency translation reserve	-	-	-	(1,959,888)	-	-	-	(1,959,888)	298,285	(1,661,603)
Total comprehensive income for the period	**-**	**-**	**-**	**(1,959,888)**	**(181,713)**	**-**	**(8,014,389)**	**(10,155,990)**	**(325,837)**	**(10,481,827)**
Transactions with owners, recorded directly in equity										
Bonus issue of shares	13,570,026	(13,570,026)	-	-	-	-	-	-	-	-
Share issue transaction costs by subsidiaries	-	-	-	-	-	(188,278)	-	(188,278)	-	(188,278)
Total contributions by and distributions	13,570,026	(13,570,026)	-	-	-	(188,278)	-	(188,278)	-	(188,278)
Changes in ownership interests										
Change in non-controlling interests at subsidiaries	-	-	-	-	-	-	-	-	4,057,962	4,057,962
Total changes in ownership interests	-	-	-	-	-	-	-	-	4,057,962	4,057,962
Total transactions with owners	**13,570,026**	**(13,570,026)**	**-**	**-**	**-**	**(188,278)**	**-**	**(188,278)**	**4,057,962**	**3,869,684**
At 30 June 2015	**149,268,322**	**8,072,276**	**415,293**	**(2,975,972)**	**(971,055)**	**492,763**	**(4,094,773)**	**150,206,854**	**27,578,415**	**177,785,269**

condensed interim statements of changes in equity

For the six months ended 30 June 2015

Group

	Share capital	Share premium	Reserve for general banking risks	Currency translation reserve	Fair value reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to equity shareholders of the Bank									
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
At 1 January 2014	**89,599,085**	**19,820,564**	**80,893**	**(6,397,892)**	**159,362**	**2,681,041**	**42,813,089**	**148,756,142**	**-**	**148,756,142**
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	2,921,842	2,921,842	(1,466,925)	1,454,917
Other comprehensive income										
Change in fair value of available-for-sale assets	-	-	-	-	512,399	-	-	512,399	-	512,399
Currency translation reserve	-	-	-	5,677,740	-	-	-	5,677,740	(9,741)	5,667,999
Total comprehensive income for the period	**-**	**-**	**-**	**5,677,740**	**512,399**	**-**	**2,921,842**	**9,111,981**	**(1,476,666)**	**7,635,315**
Transactions with owners, recorded directly in equity										
Bonus issue of shares	8,969,968	(8,969,968)	-	-	-	-	-	-	-	-
Exercise of share options	98,800	55,091	-	-	-	-	-	153,891	-	153,891
Shareholders' contribution, pending allotment of Rights Issue shares	-	-	-	-	-	42,972,087	-	42,972,087	-	42,972,087
Total contributions and distributions	9,068,768	(8,914,877)	-	-	-	42,972,087	-	43,125,978	-	43,125,978
Changes in ownership interests										
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	3,623,538	3,623,538
Total changes in ownership interests	-	-	-	-	-	-	-	-	3,623,538	3,623,538
Total transactions with owners	**9,068,768**	**(8,914,877)**	**-**	**-**	**-**	**42,972,087**	**-**	**43,125,978**	**3,623,538**	**46,749,516**
Transfer to reserve for general banking risks	-	-	28,181	-	-	-	(28,181)	-	-	-
At 30 June 2014	**98,667,853**	**10,905,687**	**109,074**	**(720,152)**	**671,761**	**45,653,128**	**45,706,750**	**200,994,101**	**2,146,872**	**203,140,973**

condensed interim statements of changes in equity

For the six months ended 30 June 2015

Bank

	Share capital USD	Share premium USD	Reserve for general banking risks USD	Fair value reserve USD	Other reserve USD	Accumulated losses USD	Total USD
At 1 January 2015	**135,698,296**	**21,642,302**	**415,293**	**(789,342)**	**2,681,041**	**(30,109,960)**	**129,537,630**
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(9,397,763)	(9,397,763)
Other comprehensive income							
Change in fair value of available-for-sale assets	-	-	-	(181,713)	-	-	(181,713)
Total comprehensive income for the period	**-**	**-**	**-**	**(181,713)**	**-**	**(9,397,763)**	**(9,579,476)**
Transactions with owners, recorded directly in equity							
Bonus issue of shares	13,570,026	(13,570,026)	-	-	-	-	-
Total contributions and distributions	**13,570,026**	**(13,570,026)**	**-**	**-**	**-**	**-**	**-**
At 30 June 2015	**149,268,322**	**8,072,276**	**415,293**	**(971,055)**	**2,681,041**	**(39,507,723)**	**119,958,154**

condensed interim statements of changes in equity

For the six months ended 30 June 2015

Bank

	Share capital USD	Share premium USD	Reserve for general banking risks USD	Fair value reserve USD	Other reserve USD	Retained earnings USD	Total USD
At 1 January 2014	**89,599,085**	**19,820,564**	**80,893**	**159,362**	**2,681,041**	**20,462,573**	**132,803,518**
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,012,698	1,012,698
Other comprehensive income							
Change in fair value of available-for-sale assets	-	-	-	512,399	-	-	512,399
Total comprehensive income for the period	**-**	**-**	**-**	**512,399**	**-**	**1,012,698**	**1,525,097**
Transactions with owners, recorded directly in equity							
Bonus issue of shares	8,969,968	(8,969,968)	-	-	-	-	-
Exercise of share options	98,800	55,091	-	-	-	-	153,891
Shareholders' contribution, pending allotment of Rights Issue shares	-	-	-	-	42,972,087	-	42,972,087
Total contributions and distributions	**9,068,768**	**(8,914,877)**	**-**	**-**	**42,972,087**	**-**	**43,125,978**
Transfer to reserve for general banking risks	-	-	28,181	-	-	(28,181)	-
At 30 June 2014	**98,667,853**	**10,905,687**	**109,074**	**671,761**	**45,653,128**	**21,447,090**	**177,454,593**

condensed interim statements of cash flows

For the six months ended 30 June 2015

	Group		Bank	
	2015 USD	2014 USD	2015 USD	2014 USD
Cash flows from operating activities				
Interest and commission receipts	37,833,447	34,953,031	17,685,003	16,166,036
Exchange received	1,474,365	1,615,568	917,090	1,419,797
Interest and commission payments	(14,302,700)	(12,508,296)	(9,583,239)	(8,510,576)
Payments to employees and suppliers	(20,002,731)	(20,434,975)	(10,540,191)	(12,715,275)
Operating profit/(loss) before changes in operating assets / liabilities	5,002,381	3,625,328	(1,521,337)	(3,640,018)
(Increase)/decrease in operating assets:				
- Trading assets	6,344,200	(14,047,044)	-	-
- Loans and advances to customers and banks	29,359,737	28,566,506	15,258,934	20,858,793
- Other assets	154,560	5,772,501	(119,032)	1,373,981
Increase/(decrease) in operating liabilities:				
- Amounts owed to customers and banks	(241,316,317)	15,583,817	(143,406,765)	38,714,306
- Other liabilities	(2,052,109)	9,956,949	(2,052,109)	9,956,949
- Net advances to subsidiary companies	-	-	20,392,523	(36,201,284)
Net cash flows (used in)/from operating activities before income tax	(202,507,548)	49,458,057	(111,447,786)	31,062,727
Income tax refund/(paid)	234,582	(337,585)	627,930	1,416,224
Net cash flows (used in)/from operating activities	**(202,272,966)**	**49,120,472**	**(110,819,856)**	**32,478,951**
Cash flows from investing activities				
- Acquisition of property and equipment	(417,678)	(652,683)	(210,700)	(546,070)
- Acquisition of intangible assets	(290,380)	(629,291)	(85,480)	(425,752)
- Acquisition of subsidiaries	-	(18,606,301)	(23,400,105)	(18,610,047)
- Acquisition of available-for-sale investments	-	(4,709,569)	-	(4,708,987)
- Proceeds from sale of property and equipment	22,741	19,404	22,741	19,404
- Net investment in discontinued operations	3,794,923	-	-	-
- Dividend received	545,280	-	545,280	-
Net cash flows from/(used in) investing activities	**3,654,886**	**(24,578,440)**	**(23,128,264)**	**(24,271,452)**
Cash flows from financing activities				
- Net issue/(repayment) of debt securities	16,789,767	(9,440,276)	-	-
- Proceeds from shareholders in lieu of new ordinary shares in process of allotment	-	42,972,087	-	42,972,087
- Proceeds from exercise of share options	-	153,891	-	153,891
- Share issue transaction costs by subsidiaries	(188,279)	-	-	-
Net cash flows from financing activities	**16,601,488**	**33,685,702**	**-**	**43,125,978**
(Decrease)/increase in cash and cash equivalents	**(182,016,592)**	**58,227,734**	**(133,948,120)**	**51,333,477**
Analysed as follows:				
- Effect of exchange rate changes on cash and cash equivalents	(14,559,826)	77,763	(14,559,826)	77,763
- Net (decrease)/increase in cash and cash equivalents	(167,456,766)	58,149,971	(119,388,294)	51,255,714
(Decrease)/increase in cash and cash equivalents	**(182,016,592)**	**58,227,734**	**(133,948,120)**	**51,333,477**
Cash and cash equivalents at beginning of period	121,831,180	(6,249,977)	111,330,430	(16,238,598)
Cash and cash equivalents at end of period	**(60,185,412)**	**51,977,757**	**(22,617,690)**	**35,094,879**

notes to the condensed interim financial statements

For the six months ended 30 June 2015

1 reporting entity

FIMBank p.l.c. ("the Bank") is a credit institution domiciled in Malta with its registered address at Mercury Tower, The Exchange Financial and Business Centre, Elia Zammit Street, St. Julian's, STJ3155, Malta. The condensed interim financial statements of the Bank as at and for the six months ended 30 June 2015 include the Bank and its subsidiaries (together referred to as the "Group") and individually as "Group Entities".

The consolidated financial statements of the Group as at and for the year ended 31 December 2014 are available upon request from the Bank's registered office and are available for viewing on its website at www.fimbank.com.

2 basis of accounting

The condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, adopted by the EU. The interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of FIMBank p.l.c. as at and for the year ended 31 December 2014.

The condensed interim financial statements were approved by the Board of Directors on 4 August 2015.

3 significant accounting policies

The accounting policies applied by the Group in these condensed interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014.

4 use of judgements and estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2014.

measurements of fair value

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt securities and exchange traded derivatives and simple over the counter derivatives like currency rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include certain over-the-counter structured derivatives and certain loans and securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate.

The Group has an established control framework with respect to the measurement of fair values. This framework includes reports to the Group's Executive Management who has overall responsibility for verifying the results of trading in financial instruments and all significant fair value measurements. Market risk and related exposure to fair value movement is also a key function of the Group's Asset-Liability Committee and all valuations of financial instruments are reported to the Committee for review and approval.

Further information about the assumptions made in measuring fair values is included in Note 6 - Financial Instruments.

5 operating segments

The Group identified four significant reportable segments: Trade Finance, Factoring, Forfaiting and IT Solutions, which are represented by different Group entities. For each of the entities, Executive Management reviews internal management reports on a monthly basis.

information about operating segments

Group - June 2015
USD

	Trade Finance	Factoring	Forfaiting	IT Solutions	Other	Total
External revenue:						
Interest income	9,514,038	12,507,126	5,949,352	-	-	27,970,516
Fee and commission income	5,440,236	3,043,638	1,210,196	236,408	57,727	9,988,205
Trading income	2,356,154	385,314	(172,058)	(136)	(40,592)	2,528,682
	17,310,428	15,936,078	6,987,490	236,272	17,135	40,487,403
Intersegment revenue:						
Interest income	2,708,067	-	-	-	-	2,708,067
Fee and commission income	-	-	41,938	134,545	-	176,483
	2,708,067	-	41,938	134,545	-	2,884,550
Reportable segment profit/(loss) before income tax	(12,331,512)	(2,804,647)	1,515,017	(16,224)	(511,006)	(14,148,372)

Group – June 2014
USD

	Trade Finance	Factoring	Forfaiting	IT Solutions	Other	Total
External revenue:						
Interest income	10,519,375	6,947,022	6,376,768	-	-	23,843,165
Fee and commission income	7,508,342	1,988,516	3,763,739	239,618	27,294	13,527,509
Trading income	1,150,506	145,034	(2,268,216)	(939)	(2,329)	(975,944)
	19,178,223	9,080,572	7,872,291	238,679	24,965	36,394,730
Intersegment revenue:						
Interest income	2,679,682	-	-	-	-	2,679,682
Fee and commission income	-	-	44,156	141,170	-	185,326
	2,679,682	-	44,156	141,170	-	2,865,008
Reportable segment profit/(loss) before income tax	657,813	(3,153,889)	2,366,224	34,440	(658,844)	(754,256)

The Group operating segment information for the period ended 30 June 2014 has been restated for Discontinued Operations (see Note 14).

Group - June 2015
USD

	Trade Finance	Factoring	Forfaiting	IT Solutions	Other	Total
Reportable segment assets	1,057,045,785	298,386,930	265,302,911	917,690	98,965,259	1,720,618,575
Reportable segment liabilities	1,005,095,694	153,540,249	196,813,265	87,590	35,786,476	1,391,323,274

Group - December 2014
USD

	Trade Finance	Factoring	Forfaiting	IT Solutions	Other	Total
Reportable segment assets	1,129,959,719	291,216,006	270,773,330	868,812	77,074,409	1,769,892,276
Reportable segment liabilities	1,066,997,552	171,732,888	203,798,701	22,487	35,759,462	1,478,311,090

reconciliation of reportable segment profit or loss

Group

	2015 USD	2014 USD
Total profit or loss for reportable segments	(13,367,366)	(95,412)
Other profit or loss	(511,006)	(658,844)
	(14,148,372)	(754,256)
Share of loss of equity accounted investees	(247,962)	(2,699,532)
Net fair value gains on previously-held investments in associates	-	7,831,610
Effect of other consolidation adjustments on segment results	6,668,752	741,358
Consolidated (loss)/profit before income tax	**(7,727,582)**	**5,119,180**

6 financial instruments

accounting classifications and fair values

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group - 30 June 2015

	Trading USD	Designated at fair value USD	Loans and receivables USD	Available-for-sale USD	Liabilities at amortised cost USD	Total carrying amount USD	Fair value USD
Financial assets measured at fair value							
Trading assets	256,885,623	-	-	-	-	256,885,623	256,885,623
Derivative assets	-	1,733,247	-	-	-	1,733,247	1,733,247
Financial assets designated at fair value through profit or loss	-	17,877,500	-	-	-	17,877,500	17,877,500
Investments available-for-sale	-	-	-	29,824,835	-	29,824,835	29,824,835
Financial assets not measured at fair value							
Balances with the Central Bank of Malta, Treasury Bills and cash	-	-	68,181,361	-	-	68,181,361	
Loans and advances to banks	-	-	341,637,713	-	-	341,637,713	
Loans and advances to customers	-	-	516,825,030	-	-	516,825,030	
Investments held-to-maturity	-	-	7,293,730	-	-	7,293,730	
Financial liabilities measured at fair value							
Derivative liabilities	-	4,829,377	-	-	-	4,829,377	4,829,377
Financial liabilities not measured at fair value							
Amounts owed to banks	-	-	-	-	676,766,610	676,766,610	
Amounts owed to customers	-	-	-	-	430,845,823	430,845,823	
Debt securities in issue	-	-	-	-	27,388,963	27,388,963	

Group - 31 December 2014

	Trading USD	Designated at fair value USD	Loans and receivables USD	Available-for-sale USD	Liabilities at amortised cost USD	Total carrying amount USD	Fair value USD
Financial assets measured at fair value							
Trading assets	262,856,375	-	-	-	-	262,856,375	262,856,375
Derivative assets	-	2,549,893	-	-	-	2,549,893	2,549,893
Financial assets designated at fair value through profit or loss	-	18,000,000	-	-	-	18,000,000	18,000,000
Investments available-for-sale	-	-	-	30,104,393	-	30,104,393	30,104,393
Financial assets not measured at fair value							
Balances with the Central Bank of Malta, Treasury Bills and cash	-	-	7,824,096	-	-	7,824,096	
Loans and advances to banks	-	-	430,655,699	-	-	430,655,699	
Loans and advances to customers	-	-	549,441,138	-	-	549,441,138	
Investments held-to-maturity	-	-	7,116,353	-	-	7,116,353	
Financial liabilities measured at fair value							
Derivative liabilities	-	3,606,718	-	-	-	3,606,718	3,606,718
Financial liabilities not measured at fair value							
Amounts owed to banks	-	-	-	-	670,768,692	670,768,692	
Amounts owed to customers	-	-	-	-	523,848,225	523,848,225	
Debt securities in issue	-	-	-	-	10,599,196	10,599,196	

	Designated at fair value USD	Loans and receivables USD	Available-for-sale USD	Liabilities at amortised cost USD	Total carrying amount USD	Fair value USD
Financial assets measured at fair value						
Derivative assets	1,797,940	-	-	-	1,797,940	1,797,940
Financial assets designated at fair value through profit or loss	17,877,500	-	-	-	17,877,500	17,877,500
Investments available-for-sale	-	-	29,824,133	-	29,824,133	29,824,133
Financial assets not measured at fair value						
Balances with the Central Bank of Malta, Treasury Bills and cash	-	68,161,581	-	-	68,161,581	
Loans and advances to banks	-	306,417,719	-	-	306,417,719	
Loans and advances to customers	-	598,144,935	-	-	598,144,935	
Investments held-to-maturity	-	7,293,730	-	-	7,293,730	
Financial liabilities measured at fair value						
Derivative liabilities	2,840,986	-	-	-	2,840,986	2,840,986
Financial liabilities not measured at fair value						
Amounts owed to banks	-	-	-	603,959,117	603,959,117	
Amounts owed to customers	-	-	-	407,564,057	407,564,057	

Bank - 31 December 2014

	Designated at fair value USD	Loans and receivables USD	Available-for-sale USD	Liabilities at amortised cost USD	Total carrying amount USD	Fair value USD
Financial assets measured at fair value						
Derivative assets	2,570,036	-	-	-	2,570,036	2,570,036
Financial assets designated at fair value through profit or loss	18,000,000	-	-	-	18,000,000	18,000,000
Investments available-for-sale	-	-	30,103,691	-	30,103,691	30,103,691
Financial assets not measured at fair value						
Balances with the Central Bank of Malta, Treasury Bills and cash	-	7,804,628	-	-	7,804,628	
Loans and advances to banks	-	423,146,523	-	-	423,146,523	
Loans and advances to customers	-	635,248,176	-	-	635,248,176	
Investments held-to-maturity	-	7,116,353	-	-	7,116,353	
Financial liabilities measured at fair value						
Derivative liabilities	1,606,718	-	-	-	1,606,718	1,606,718
Financial liabilities not measured at fair value						
Amounts owed to banks	-	-	-	580,466,522	580,466,522	
Amounts owed to customers	-	-	-	496,006,520	496,006,520	

financial instruments measured at fair value – fair value hierarchy

The table below analyses financial instruments measured at fair value, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Group - 30 June 2015

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Trading assets	-	-	256,885,623	256,885,623
Derivative assets	-	1,733,247	-	1,733,247
Financial assets designated at fair value through profit or loss	-	-	17,877,500	17,877,500
Investments available-for-sale	-	24,177,123	5,647,712	29,824,835
	-	**25,910,370**	**280,410,835**	**306,321,205**
Derivative liabilities	-	4,829,377	-	4,829,377
	-	**4,829,377**	**-**	**4,829,377**

Group - 31 December 2014

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Trading assets	-	-	262,856,375	262,856,375
Derivative assets	-	2,549,893	-	2,549,893
Financial assets designated at fair value through profit or loss	-	-	18,000,000	18,000,000
Investments available-for-sale	-	24,072,000	6,032,393	30,104,393
	-	**26,621,893**	**286,888,768**	**313,510,661**
Derivative liabilities	-	3,606,718	-	3,606,718
	-	**3,606,718**	**-**	**3,606,718**

Bank - 30 June 2015

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Derivative assets	-	1,797,940	-	1,797,940
Financial assets designated at fair value through profit or loss	-	-	17,877,500	17,877,500
Investments available-for-sale	-	24,177,123	5,647,010	29,824,133
	-	**25,975,063**	**23,524,510**	**49,499,573**
Derivative liabilities	-	2,840,986	-	2,840,986
	-	**2,840,986**	**-**	**2,840,986**

Bank - 31 December 2014

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Derivative assets	-	2,570,036	-	2,570,036
Financial assets designated at fair value through profit or loss	-	-	18,000,000	18,000,000
Investments available-for-sale	-	24,072,000	6,031,691	30,103,691
	-	**26,642,036**	**24,031,691**	**50,673,727**
Derivative liabilities	-	1,606,718	-	1,606,718
	-	**1,606,718**	**-**	**1,606,718**

measurement of fair values

valuation techniques and significant unobservable inputs

The below sets out information about valuation techniques used in measuring Level 2 and Level 3 fair values at 30 June 2015 and 31 December 2014 as well as the significant unobservable inputs used.

- **Trading assets**

  The trading assets portfolio represent Forfaiting Assets, that is the discounting of receivables generated from an export contract on a without recourse basis. The assets would be evidenced by a number of different debt instruments including Bills of Exchange, Promissory Notes, Letters of Credit and trade or project related Syndicated and Bi-lateral Loan (Financing) Agreements.

  The Group establishes fair value of its trading assets using a valuation technique based on the discounted expected future principal and interest cash flows. The discount rate is an estimate based on current expected credit margin spreads and interest rates at the reporting date. Inputs to valuation technique reasonably represent market expectation and measures of risk-return factors inherent in the financial instrument.

  The Group uses the LIBOR yield curve as of each reporting date plus an adequate credit margin spread to discount the trading assets held. At 30 June 2015, the interest rates used range between 0.19% and 8.34% (31 December 2014: 0.17% and 8.40%).

  The effect of an estimated general increase of one percentage point in interest rate on trading assets at 30 June 2015 would reduce the Group's result before tax by approximately USD263,648 (31 December 2014: USD858,055).

- **Derivative assets and liabilities**

  Derivative assets and liabilities comprise:

  a) Foreign-exchange forward contracts and interest-rate future contracts, classified as held for risk management. The forward contracts are over-the-counter derivatives whilst the interest-rate futures are traded on appropriate exchanges.
  b) Equity put options, classified as held for trading. These represent two separate put options, written by the Bank and the Group in favour of the IFC, giving the right to the IFC to sell to FIMBank its proportionate shareholding in FactorRus and Egypt Factors.

  The Group establishes the fair value of: i) forward foreign-exchange contracts by reference to forward exchange rates published by financial information agencies on each valuation date; ii) interest rate futures by reference to independent valuations provided by portfolio custodians; iii) put options by reference to the financial position of the underlying entities at reporting date.

  No significant unobservable inputs are used in valuing the derivative assets and liabilities.

- **Financial assets designated at fair value through profit or loss**

  The Financial assets designated at fair value through profit or loss ("FVTPL") consist of credit linked notes, whereby the Group is funding the risk of default with respect to specified borrowers.

  The FVTPL portfolio is fair valued using a model based on the current credit worthiness of the counter parties by reference to specialised dealer price quotations. Periodical changes in dealer quotations are compared to changes in quoted prices for instruments with similar characteristics issued by the borrowers.

  All credit linked notes have a floating-interest rate characteristic and the impact of interest rates on the value of the instrument is therefore limited to the interest repricing period which occurs on a monthly basis.

  The effect of a 10% decrease in the price of credit linked notes at 30 June 2015 would reduce the Group's result before tax by USD1,787,750 (31 December 2014: USD1,800,000).

- **Investments available-for-sale**

  Available-for-sale investments mainly represent holdings in two unlisted sub-funds of a collective investment scheme whose underlying investments would be classified as either Level 2 or Level 3 assets.

  The fair value is measured by the Group based on periodical net-asset-valuations prepared by the scheme's independent administrator. The sub-fund's assets are marked at fair market value. Assets are marked at observable traded prices where that is possible. Where there is no observable price, the assets are marked in accordance with best market practise. This may involve the use of models and forward projections. Inputs and assumptions used in these models may be subjective and could include a number of highly judgemental assertions.

  For Level 2 assets, the effect of a ten percentage point decrease in the net asset value of the sub-fund at 30 June 2015 would decrease the Bank and Group equity by approximately USD2,417,712 (31 December 2014: USD2,407,200).

  For Level 3 assets, the effect of a ten percentage point decrease in the net asset value of the sub-fund at 30 June 2015 would decrease the Bank and Group equity by approximately USD564,701 (31 December 2014: USD599,138).

reconciliation of Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

Group	Trading assets	Financial assets designated at fair value through profit or loss	Investments available-for-sale	Total
	USD	USD	USD	USD
Balance at 1 January 2014	272,831,977	17,700,000	2,098,557	292,630,534
Total gains and losses in trading income	(3,215,735)	300,000	-	(2,915,735)
Total gains and losses in other comprehensive income	-	-	262,513	262,513
Purchases	190,571,233	-	4,761,191	195,332,424
Settlements	(175,846,819)	-	-	(175,846,819)
Balance at 30 June 2014	**284,340,656**	**18,000,000**	**7,122,261**	**309,462,917**
Balance at 1 January 2015	262,856,375	18,000,000	6,032,393	286,888,768
Total gains and losses in trading income	(3,179,708)	(122,500)	-	(3,302,208)
Total gains and losses in other comprehensive income	-	-	(384,681)	(384,681)
Purchases	134,316,921	-	-	134,316,921
Settlements	(137,107,965)	-	-	(137,107,965)
Balance at 30 June 2015	**256,885,623**	**17,877,500**	**5,647,712**	**280,410,835**

Bank	Financial assets designated at fair value through profit or loss	Investments available-for-sale	Total
	USD	USD	USD
Balance at 1 January 2014	17,700,000	2,097,856	19,797,856
Total gains and losses in trading income	300,000	-	300,000
Total gains and losses in other comprehensive income	-	262,513	262,513
Purchases	-	4,760,608	4,760,608
Balance at 30 June 2014	**18,000,000**	**7,120,977**	**25,120,977**
Balance at 1 January 2015	18,000,000	6,031,691	24,031,691
Total gains and losses in trading income	(122,500)	-	(122,500)
Total gains and losses in other comprehensive income	-	(384,681)	(384,681)
Balance at 30 June 2015	**17,877,500**	**5,647,010**	**23,524,510**

sensitivity analysis of Level 3 fair values

For the fair values of Level 3 financial instruments, reasonably possible changes at 30 June 2015 and 31 December 2014 to one of the significant unobservable inputs, holding other inputs constant, has been disclosed in "Valuation techniques and significant unobservable inputs" above.

7 net fair value gain on previously-held investments in associates

	Group		Bank	
	2015	2014	2015	2014
	USD	USD	USD	USD
Fair value gain on previously held 49% investment in India Factoring	-	8,242,601	-	-
Fair value loss on previously held 40% investment in CIS Factors	-	(410,991)	-	-
	-	**7,831,610**	**-**	**-**

During the six months ended 30 June 2014, the Group acquired a controlling interest in India Factoring and CIS Factors which were previously classified as "Associates" and measured using the "Equity Method". Upon making the further investment in these two entities, the Group re-measured its previously held non-controlling interest to fair value. This fair value gain was based on provisional accounting subject to retrospective revision following finalisation of the Group's assessment in relation to the fair value of the acquisition accounting of the subsidiaries. The Group has subsequently finalised its assessment in relation to the fair value accounting and at 31 December 2014 adjusted the net gain to USD3,196,543.

8 dividend income

	Group		Bank	
	2015	2014	2015	2014
	USD	USD	USD	USD
Dividend from an available-for-sale investment	545,580	-	545,280	-
	545,280	**-**	**545,280**	**-**

9 administrative expenses

During the period under review the Bank is recognising expenses which are expected to be nonrecurring in future financial periods. These include:

a) USD1.45 million incurred in connection with employment and consultancy contract terminations and reorganisation of various roles and positions; and

b) USD1.59 million relating to advice being sought by the Bank in relation to legal matters. Based on that advice, an assessment as to the outcome of these matters cannot be made as of the date when these financial statements have been approved, however, in the opinion of the Bank, any financial effect is unlikely to be material.

10 taxation

Taxation is recognised based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

For the six months ended 30 June 2015, the Group is estimating a net taxation credit of USD1,431,183 (30 June 2014: credit of USD863,571). The change in effective tax rate when compared to the Malta corporate income tax rate of 35% was caused mainly by different rates of tax for non-Malta based entities (in the United Kingdom, United Arab Emirates, India, Russia, Chile and Brazil).

11 derivative assets and liabilities

	Group		Bank	
	2015	2014	2015	2014
	USD	USD	USD	USD
Derivative assets				
Held for risk management				
– interest rate	-	-	64,693	20,143
– foreign exchange	1,733,247	2,549,893	1,733,247	2,549,893
	1,733,247	**2,549,893**	**1,797,940**	**2,570,036**
Derivative liabilities				
Held for risk management				
– foreign exchange	1,329,377	1,606,718	1,340,986	1,606,718
Held for trading				
– equity	3,500,000	2,000,000	1,500,000	-
	4,829,377	**3,606,718**	**2,840,986**	**1,606,718**

12 investments in equity accounted investees

reconciliation of carrying amount

	Group	Bank
	2015	2015
	USD	USD
At 1 January	2,821,670	6,013,425
Impairment loss	-	(5,707,784)
Net share of losses	(247,962)	-
Currency translation differences	(322,392)	-
At 30 June	**2,251,316**	**305,641**

impairment assessment – Egypt Factors

At each reporting date the Bank carries out an impairment assessment to calculate the recoverable amount of its sole investment in equity accounted investee (at cost) and determine the possibility of an impairment loss. The future of the Group's factoring business in Egypt is the subject of ongoing Board and Management evaluation and strategic decisions in this regard are due to be taken during the second half of 2015. As a result of this, the recoverable amount of the investment is being deemed to equal the Group's share of the entity's book value at reporting date, and an impairment loss of USD5,707,784 is being recognised in "Net impairment loss on financial assets" in the Bank's Income Statement.

13 investments in subsidiaries

capital injections

During the period ended 30 June 2015 the Bank, through its fully owned subsidiary FIMFactors B.V., made a further investment of Indian Rupees 1,461,857,450 (USD23,400,105 at capital injection dates) in India Factoring, increasing its shareholding from 79.0% at 31 December 2014 to 84.8% at 30 June 2015.

impairment assessment

At each reporting date the Bank carries out an impairment assessment to calculate the recoverable amounts of its investment in subsidiaries (at cost) and determine the possibility of an impairment loss. The recoverable amounts of the investment in subsidiaries have been calculated based on their value in use, determined by discounting the future cash flows expected to be generated from the continuing use of each entity.. No impairment losses were recognised during the period ended 30 June 2015 (2014: Nil) as the recoverable amounts of these investments were determined to be higher that the carrying amount.

India Factoring

The recoverable amount of this investment was based on its value in use, determined by discounting the future cash flows based on free cash flows to equity. During the financial year ended 31 December 2014 the recoverable amount of the investment was determined to be lower than its carrying amount and an impairment loss of USD33,976,525 was recognised in the Bank's Income Statement. No additional impairments were recognised during the period under review (2014: Nil).

The key assumptions used in the calculation of value in use were as follows:

	30 Jun 15
Discount rate	16.16%
Terminal value exit multiple	1.75x
Budgeted portfolio growth rates (average during projection period)	34.0%

The discount rate used is based on the rate (7.9%) of 10-year government bonds issued by the government in India and in the same currency as the cash flows, adjusted for a risk premium (6.3%) to reflect both the increased risk of investing in equities generally and the systemic risk (2%) of the specific entity.

Cash flows of five years were included in the discounted cash flow model. An exit-multiple was determined by reference to price-to-book of comparable companies, further adjusted for size and margins, illiquidity and control premium.

Budgeted profits were based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past years and the estimated growth for over the projection period.

One of the principal assumptions underlying that model is the annual capital injections that are required for regulatory purposes in order to attain the projected levels of operation. In support of this assumption, the directors confirm that by virtue of resolutions approved at the Annual General Meeting of 8 May 2014, the Bank has the necessary authorities in place to raise further equity capital up to USD100 million, of which USD48 million were raised in a Rights Issue during 2014. Such authorities remain valid at least until 2016, unless renewed earlier.

The key assumptions described above may change as economic, political and market conditions change. Following the impairment loss recognised in the Bank's financial statements, the recoverable amount was equal to the carrying amount. Any adverse movement in a key assumption would lead to further impairment.

14 discontinued operations

During the second half of the 2014 the Group resolved to wind down its activities related to FactorRus. During the period under review the Group proceeded with the winding down of the entity by considering the sale or liquidation of the company, which process is expected to be concluded in the second half of the current financial year. At reporting date the assets, liabilities and results of the entity are being presented in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations".

The comparative consolidated income statement has been restated to show the discontinued operation separately from continuing operations.

results of discontinued operations

The following information summarises the results of FactorRus:

	2015 USD	2014 USD
Net interest income	1,271,044	656,013
Net fee expense	(2,463)	(23,814)
Net trading income	(225,229)	(109,055)
Operating income before net impairment	1,043,352	523,144
Net impairment loss on financial assets	(819,112)	(4,220,983)
Operating income	224,240	(3,697,839)
Operating expenses	(535,446)	(1,545,024)
Operating loss	(311,206)	(5,242,863)
Taxation	(2,030,906)	715,029
Loss for the year	**(2,342,112)**	**(4,527,834)**

Earnings per share on discontinued operations is being disclosed in the Condensed Interim Income Statements.

non-current assets held for sale

	Group 30 Jun 2015 USD	Group 31 Dec 2014 USD
Loans and advances to banks	1,392,241	5,073,667
Loans and advances to customers	247,742	803,546
Deferred tax asset	-	1,684,535
Other assets	108,301	276,526
At reporting date	**1,748,284**	**7,838,274**

liabilities associated with non-current assets held for sale

	Group 30 Jun 2015 USD	Group 31 Dec 2014 USD
Other liabilities	296,546	249,502
At reporting date	**296,546**	**249,502**

15 debt securities in issue

During the six months ended 30 June 2015 a subsidiary undertaking issued new promissory notes of USD36,904,956 and repaid notes amounting to USD20,115,188. Outstanding balance as at 30 June 2015 amounts to USD27,388,963 (31 December 2014: USD10,599,196).

16 capital and reserves

As disclosed in the Directors' Report under "Annual General Meeting 2015", during the Annual General Meeting held on 7 May 2015 the Shareholders approved a Bonus Issue of Shares through the capitalisation of Share Premium account. This resulted in the allotment of 27,140,052 ordinary shares of USD0.50 each with the corresponding increase in Share Capital and decrease in Share Premium.

17 contingent liabilities

In addition to other disclosures in these interim financial statements and the last published Annual Report, the following contingent liabilities existed at the reporting date:

India Factoring

a) On 7 May 2012 India Factoring had obtained Reserve Bank of India's ("RBI") approval under the Foreign Exchange Management Act ("FEMA") for overseas borrowing from the Bank. The approval was granted for one year but the company utilised overseas borrowing beyond the approval period. During the period ended 30 June 2015 India Factoring approached RBI for approval of the overseas borrowing facility for the period from 8 May 2013 and onwards, and has also sought condonation of delay. The financial effect, if any, of such event cannot be reliably estimated at financial reporting date.

b) The company received an assessment order from the Income Tax Department ("the Department") for the year of assessment April 2011-March 2012, where the Department has computed a higher tax liability based on certain disallowances and non credit of advance/self-assessment tax paid earlier. The disputed tax liability amounts to Indian Rupees 9,463,000 (USD148,486 at reporting date). The company has appealed against this assessment order and is confident of overturning the decision taken by the Department.

18 events after financial reporting date

There were no material events or transactions which took place after the financial reporting date and which would require disclosure in these condensed interim financial statements.

statement pursuant to listing rule 5.75.3

I hereby confirm that to the best of my knowledge:

- the condensed interim financial statements give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2015, as well as of the financial performance and cash flows for the period then ended, fully in compliance with IAS 34, Interim Financial Reporting, adopted by the EU; and

- the Interim Directors' Report includes a fair review of the information required in terms of Listing Rules 5.75.2 and 5.81 to 5.84.

Simon Lay
Acting Chief Executive Officer

independent auditors' report on review of condensed interim financial statements

To the Board of Directors of FIMBank p.l.c.

introduction

We have reviewed the accompanying condensed interim financial statements of FIMBank p.l.c. ("the Bank") and of the Group of which the Bank is the parent ("the Condensed Interim Financial Statements") set out on pages 7 to 31 which comprise the condensed statements of financial position as at 30 June 2015, and the related condensed statements of income, condensed statements of comprehensive income, condensed statements of changes in equity and condensed cash flow statements for the six-month period then ended. Management is responsible for the preparation and presentation of the condensed interim financial statements in accordance with IAS 34, Interim Financial Reporting, adopted by the EU. Our responsibility is to express a conclusion on these interim financial statements based on our review.

This report is made solely to the Board of Directors in accordance with the terms of our engagement and is released for publication in compliance with the requirements of Listing Rule 5.75.4 issued by the Listing Authority. Our review has been undertaken so that we might state to the Board of Directors those matters we are required to state to it in this 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 Board of Directors for our review work, for this report, or for the conclusions we have expressed.

scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements for the six month period ended 30 June 2015 are not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting, adopted by the EU.

emphasis of matter

Without qualifying our conclusion above, we draw attention to Note 13 to the condensed interim financial statements. At 31 December 2014, the Bank carried out an impairment assessment to calculate the recoverable amounts of its investments in subsidiary undertakings (and the related goodwill arising on the acquisition of India Factoring and Finance Solutions Private Limited reported in the Group's consolidated financial statements) to determine whether those amounts are at least equal to the carrying amounts at which such assets are stated. One of the principal assumptions underlying the model used to calculate the impairment loss relating to the equity held in India Factoring and Finance Solutions Private Limited is the annual capital injections required for regulatory purposes, necessary to attain the projected levels of operation used as a basis to arrive at the recoverable amount of the investment in this subsidiary and the goodwill recognised on its initial accounting as a business combination. The Note explains how the Bank will access such funding.

H Galea Lauri

Hilary Galea-Lauri (Partner) for and on behalf of

4 August 2015

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