FIMBANK

condensed interim financial statements 2016

Contents | Page

directors' report pursuant to listing rule 5.75.2

For the six months ended 30 June 2016

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 2016, 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"), FactorRus LLP ("FactorRus") and FIMFactors B.V. ("FIMFactors"). LFC, FIMFactors and FHC are themselves parents of a number of subsidiaries as set out below. The Group is supervised on a consolidated basis by the Malta Financial Services Authority, whilst some of its subsidiaries and branches are subject to authorisation and regulation according to the respective jurisdictions in which they operate.

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.

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 Latam Factors S.A. (previously 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. FactorRus (100%), registered in Russia, ceased operations following a decision taken in 2014 to wind down its business.

g. The Egyptian Company for Factoring S.A.E. ("Egypt Factors" - 50%), a company incorporated in Egypt, where the other shareholder is Commercial International Bank (Egypt) holding 50%. Egypt Factors is active in providing factoring and forfaiting services to Egyptian companies. At financial reporting date, negotiations are at an advanced stage to acquire the remaining 50% shareholding of the company which would result in Egypt Factors becoming a fully owned subsidiary of the Group.

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

    i. Menafactors Limited (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.

ii. India Factoring and Finance Solutions (Private) Limited (86%), incorporated in Mumbai, India, to carry out the business of factoring, forfaiting and trade finance activities in India, the other shareholders being Banca IFIS (5%), India Factoring Employee Welfare Trust (8%) and Blend Financial Services Limited (1%). India Factoring is regulated by the Reserve Bank of India.

iii. Brasilfactors S.A. (50%), a company incorporated in São Paulo, Brasil, with its core business focused on factoring services and forfaiting targeting small and medium-sized companies. The other shareholder is China Construction Bank (Brasil) Banco Múltiplo S.A. (previously Banco Industrial e Comercial S.A.) with 50%.

salient developments

Buoyed by the encouraging performance registered during the second half of last year the FIMBank Group has now returned to profitability for the first time since June 2014. During the last six months, the Group has continued implementing the turn-around strategy focusing on improving its origination strategy, harmonising its product offering whilst looking at new product opportunities, a market-appropriate risk appetite, and cost efficiencies across the whole Group. The success of each of these principles was varied but has provided a launch platform on which FIMBank was able to stabilise its performance, grow its loan book and reverse the negative performance trend by returning a half-yearly profit.

Despite difficult market conditions, the Group grew its assets across its different product portfolios, although at reduced margins reflecting the changing economic landscape in the different geographical presences. An effective restructuring of a number of business units across the factoring network will provide the basis for a steady operating performance in the months to come. During the same period, the Group had a successful approach to the retail depositor market, diversifying its funding base and reducing its overall cost of funding. This whilst looking to launch new product offerings aimed to maximize on its expertise and diversify its revenue streams in different geographies and industries. This growth was supported by rigorous management of its different portfolios through an enhanced governance structure and risk frameworks with a continuous endeavour to recover on its past non-performing loans. Legacy issues from prior years have negatively impacted the Dubai operation which required a level of loan impairments dampening the recovery efforts across other business units.

In parallel, the Group has also embarked on a number of cost management initiatives aimed at leaning a number of activities, streamlining operations and reorganising business and support functions. Financial discipline has resulted in a significant decrease in operating costs and the attainment of key performance results.

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 2016 as approved by the Board of Directors on 9 August 2016.

For the six months ended 30 June 2016, the FIMBank Group posted an after-tax profit of USD1.21 million compared to an after-tax loss of USD8.64 million registered for the same period in 2015. 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		
	2016	2015	Movement
	USD	USD	USD
Net interest income	9,793,544	16,213,617	(6,420,073)
Net fee and commission income	7,146,482	7,109,340	37,142
Net results from foreign currency operations	258,685	2,058,109	(1,799,424)
Other operating income	3,513,784	686,404	2,827,380
Net operating results	20,712,495	26,067,470	(5,354,975)
Net impairment losses	(188,564)	(8,556,891)	8,368,327
Net profits/(losses) from trading assets and other financial instruments	720,528	(130,525)	851,053
Net fair value loss on other derivative instruments	-	(1,500,000)	1,500,000
Share of loss of equity accounted investees	(234,612)	(247,962)	13,350
Net income	21,009,847	15,632,092	5,377,755
Operating expenses	(18,860,620)	(23,359,674)	4,499,054
Taxation	(892,531)	1,431,183	(2,323,714)
	1,256,696	(6,296,399)	7,553,095
Loss on discontinued operations	(46,802)	(2,342,112)	2,295,310
Profit/(loss) for the period	1,209,894	(8,638,511)	9,848,405

Prior to impairment losses, marked-to-market adjustments and share of equity results, the Group's operating results were lower compared to 2015, down to USD20.71 million from USD26.1 million in the comparative period. This was largely due to lower interest margins (down USD6.4 million to USD9.8 million) as a result of a number of factors, namely: the holding of temporary idle liquidity and a higher stock of regulatory liquidity assets; the tightening of margins in the Group's markets and products; and reduced income on forborne or delinquent assets. Net Fee and Commission Income remained consistent with 2015 whilst FX Income decreased on the back of lower volumes and the cost of foreign currency swaps used for risk management. Other Operating income improved when compared to the comparative period as a result of dividend income received from available-for-sale investments.

The level of net impairment losses decreased significantly from USD8.56 million to USD0.19 million - as a result of the continuous recovery efforts across the Bank and its subsidiaries, largely compensated by run-off provisions on already impaired exposures at the Dubai subsidiary. Results from trading assets and other financial instruments improved by USD0.85 million – from a loss of USD0.13 million to a profit of USD0.72 million. This was a result of profits on the disposal of investment securities compensating for unrealised losses on the forfaiting portfolio.

The Group's factoring entities accounted through the equity method contributed a net share of loss of USD0.23 million (compared to a net loss of USD0.25 million in 2015), largely attributable to the Brazil factoring joint venture. In the comparative period, the Group also recognised a loss of USD1.50 million on the IFC Put Option on the investment in Egypt Factors.

Operating expenses for the six months under review decreased by 19% from USD23.36 million in 2015 to USD18.86 million, reflecting an improved cost management discipline across the Group as well as a result of non-recurring legal, professional fees and staff related costs incurred in the comparative period.

The Group's factoring entity in Russia, FactorRus, remains disclosed as Discontinued Operations and reported losses of USD0.05 million, down from USD2.34 million reported in the comparative period. The Group is in the final stages of concluding the sale of the company.

financial position

At 30 June 2016, total Consolidated Assets stood at USD1.6 billion, an increase of 11% over the position at end-2015 of USD1.44 billion. Increases in Trading Assets and liquidity deposits were slightly off-set by decreases in exposures to Malta Government Treasury Bills. Total Consolidated Liabilities as at 30 June 2016 stood at USD1.43 billion, 13% above the USD1.27 billion in December 2015. This is mainly attributable to an increase in corporate and retail deposits, partly off-set by a decrease in bank/wholesale funding and promissory notes.

Group Equity as at Financial Reporting date stood at USD175 million, same level as that of 31 December 2015, with CET1 ratio standing at 10.5% and Total CAR at 14.2%

annual general meeting 2016

The Bank convened its Annual General Meeting on 10 May 2016. Along with the statutory Ordinary Resolutions, the Meeting approved a resolution presented as special business in respect of a 1:25 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 2015 Annual Report and Audited Financial Statements, the Bank maintained a related party relationship with its significant shareholders, subsidiaries, equity accounted investees, 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 2016, net of impairments, amounted to USD 340 million (31 December 2015: USD 303 million). Accrued Interest at 30 June 2016 stood at USD 3.06 million (31 December 2015: USD 0.07 million). Interest earned from subsidiaries for the six months ended 30 June 2016 amounted to USD 3.07 million (six months ended 30 June 2015: USD 2.71 million).

2. "Loans and Advances to Associated Companies" at 30 June 2016, net of impairments, amounted to USD 24.9 million (31 December 2015: USD 25.5 million). Interest earned from Associated Companies for the six months ended 30 June 2016 amounted to USD 0.35 million (six months ended 30 June 2015: USD 0.51 million).

3. "Amounts owed to Banks" at 30 June 2016 include loan funding from Burgan Bank S.A.K. of USD 50 million (31 December 2015: USD 210 million). At 31 December 2015 "Amounts Owed to Banks" also included loan funding from United Gulf Bank of USD30 million and Tunis International Bank S.A. of USD10 million. Accrued Interest at 30 June 2016 stood at USD 0.66 million (31 December 2015: USD 1.35 million). Interest paid on this funding for the six months ended 30 June 2016 amounted to USD3.40 million (30 June 2015: USD1.92 million).

4. No dividend was received by the Bank from any of its subsidiary undertakings or equity accounted investees (six months ended 30 June 2015: 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 2016

The overall result of the first six months is the outcome of a strategy execution process initiated in 2015 – the return to profitability is a tangible result which can be sustained with a sound business strategy and its adequate execution. The core business pillars of FIMBank's business – Trade Commodity Finance, Forfaiting, Factoring and Treasury – have the ability to grow within the Group's established frameworks, supported by a strong principal shareholder and a performance-driven management team. The achievements reported during this period will not minimise the efforts put in the business over the past months. To the contrary it will revitalise the energies with the ultimate aim to improve across the different facets of the business - be it asset origination, funding and capital management, risk and compliance and ultimately superior profitability and value added to all stakeholders.

Approved by the Board on 9 August 2016 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 2016

		Group		Bank	
		30 Jun 16	31 Dec 15	30 Jun 16	31 Dec 15
	Note	USD	USD	USD	USD
ASSETS					
Balances with the Central Bank of Malta, Treasury Bills and cash		55,376,970	77,432,606	55,358,268	77,413,470
Trading assets		418,828,431	355,063,998	-	-
Derivative assets	11	847,510	1,139,090	928,188	1,142,952
Financial assets designated at fair value through profit or loss		17,612,500	17,741,000	17,612,500	17,741,000
Loans and advances to banks		341,596,722	223,189,558	326,694,277	212,123,584
Loans and advances to customers		383,423,330	388,951,224	631,733,857	567,176,993
Investments available-for-sale		275,934,428	274,049,316	275,933,727	274,048,615
Investments held-to-maturity		7,668,579	7,476,940	7,668,579	7,476,940
Investments in equity accounted investees		1,352,077	1,317,118	305,641	305,641
Investments in subsidiaries	12	-	-	84,640,611	84,678,486
Non-current assets held for sale	10	382,500	1,027,794	-	-
Property and equipment		30,161,465	33,134,984	1,522,459	1,749,101
Investment Property		5,770,751	3,804,004	-	-
Intangible assets and goodwill		9,208,017	8,564,596	1,965,422	1,078,027
Current tax assets		2,570,740	2,554,970	-	-
Deferred taxation		40,637,964	40,568,247	22,670,976	22,535,293
Other assets		6,556,816	3,250,235	1,985,510	1,852,600
Prepayments and accrued income		5,255,665	4,639,766	7,230,173	3,993,887
Total assets		**1,603,184,465**	**1,443,905,446**	**1,436,250,188**	**1,273,316,589**
LIABILITIES AND EQUITY					
Liabilities					
Derivative liabilities	11	5,575,930	917,114	5,575,930	921,237
Amounts owed to banks		492,338,083	729,941,157	416,652,154	665,277,976
Amounts owed to customers		845,875,313	422,077,303	832,045,129	405,611,504
Debt securities in issue	13	13,215,385	45,646,755	-	20,000,000
Subordinated liabilities	14	50,000,000	50,000,000	50,000,000	50,000,000
Liabilities associated with non-current assets held for sale	10	218,641	165,762	-	-
Current tax liabilities		455,799	-	729,454	-
Other liabilities		1,099,499	135,830	1,099,499	135,830
Accruals and deferred income		19,106,668	20,101,911	6,107,147	7,373,994
Total liabilities		**1,427,885,318**	**1,268,985,832**	**1,312,209,313**	**1,149,320,541**
Equity					
Called up share capital	15	155,239,263	149,268,322	155,239,263	149,268,322
Share premium	15	2,101,335	8,072,276	2,101,335	8,072,276
Reserve for general banking risks		1,000,027	1,000,027	1,000,027	1,000,027
Currency translation reserve		(5,764,507)	(5,690,377)	-	-
Fair value reserve		(661,497)	(409,528)	(661,497)	(409,528)
Other reserves		2,481,705	2,486,644	2,681,041	2,681,041
Accumulated losses		(4,539,873)	(5,644,809)	(36,319,294)	(36,616,090)
Total equity attributable to equity holders of the Bank		149,856,453	149,082,555	124,040,875	123,996,048
Non-controlling interests		25,442,694	25,837,059	-	-
Total equity		**175,299,147**	**174,919,614**	**124,040,875**	**123,996,048**
Total liabilities and equity		**1,603,184,465**	**1,443,905,446**	**1,436,250,188**	**1,273,316,589**
MEMORANDUM ITEMS					
Contingent liabilities		**17,624,286**	10,422,946	**28,208,450**	37,002,036
Commitments		**150,101,817**	149,958,903	**79,050,936**	117,122,920

condensed interim income statements

For the six months ended 30 June 2016

		Group		Bank	
		2016	2015 Restated*	2016	2015 Restated*
	Note	USD	USD	USD	USD
Interest income		21,669,613	27,970,516	11,404,270	13,539,257
Interest expense		(11,876,069)	(11,756,899)	(8,794,433)	(6,338,917)
Net interest income		**9,793,544**	**16,213,617**	**2,609,837**	**7,200,340**
Fee and commission income		10,269,339	9,988,205	4,685,164	6,355,602
Fee and commission expense		(3,122,857)	(2,878,865)	(1,225,355)	(1,662,542)
Net fee and commission income		**7,146,482**	**7,109,340**	**3,459,809**	**4,693,060**
Net trading results		1,188,234	2,528,682	2,518,476	2,382,071
Net loss from other financial instruments carried at fair value	7	(209,020)	(2,101,098)	(128,081)	(2,056,547)
Dividend income	8	2,872,721	545,280	2,872,721	545,280
Other operating income/(expense)		641,062	141,124	386,539	(11,119)
Operating income before net impairment losses		**21,433,023**	**24,436,945**	**11,719,301**	**12,753,085**
Net impairment (loss)/gain on financial assets	12	(188,564)	(8,556,891)	245,943	(9,888,113)
Operating income		**21,244,459**	**15,880,054**	**11,965,244**	**2,864,972**
Administrative expenses		(17,322,621)	(21,892,313)	(9,991,641)	(13,257,964)
Depreciation and amortisation		(1,537,998)	(1,467,361)	(466,699)	(446,584)
Total operating expenses		**(18,860,619)**	**(23,359,674)**	**(10,458,340)**	**(13,704,548)**
Operating profit/(loss)		**2,383,840**	**(7,479,620)**	**1,506,904**	**(10,839,576)**
Share of loss of equity accounted investees (net of tax)		(234,612)	(247,962)	-	-
Profit/(loss) before income tax		**2,149,228**	**(7,727,582)**	**1,506,904**	**(10,839,576)**
Taxation	9	(892,532)	1,431,183	(1,210,108)	1,441,813
Profit/(loss) from continuing operations		**1,256,696**	**(6,296,399)**	**296,796**	**(9,397,763)**
Loss on discontinued operations	10	(46,802)	(2,342,112)	-	-
Profit/(loss) for the period		**1,209,894**	**(8,638,511)**	**296,796**	**(9,397,763)**
Attributable to:					
Equity holders of the bank		1,104,936	(8,014,389)	296,796	(9,397,763)
Non-controlling interests		104,958	(624,122)	-	-
Profit/(loss) for the period		**1,209,894**	**(8,638,511)**	**296,796**	**(9,397,763)**
Earnings per share					
Basic earnings per share (US cents)		0.37	(2.75)	0.10	(3.23)
Diluted earnings per share (US cents)		0.37	(2.75)	0.10	(3.23)
Earnings per share – continuing operations					
Basic earnings per share (US cents)		0.38	(2.05)	0.10	(3.23)
Diluted earnings per share (US cents)		0.38	(2.05)	0.10	(3.23)

(*) The Group and Bank Earnings per Share for the period ended 30 June 2015 have been restated for the Bonus Issue of shares in May 2016.

condensed interim statements of comprehensive income

For the six months ended 30 June 2016

	Group		Bank	
	2016 USD	2015 USD	2016 USD	2015 USD
Profit/(loss) for the period	**1,209,894**	**(8,638,511)**	**296,796**	**(9,397,763)**
Other comprehensive income:				
Items that are, or may be, reclassified subsequently to profit or loss				
Foreign operations - foreign currency translation differences	(74,130)	(1,661,603)	-	-
Fair value reserve (available-for-sale financial assets), net of deferred tax	(251,969)	(181,713)	(251,969)	(181,713)
Total comprehensive income for the period	**883,795**	**(10,481,827)**	**44,827**	**(9,579,476)**

condensed interim statements of changes in equity

For the six months ended 30 June 2016

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	Accumulated losses USD	Total USD	Non-controlling interests USD	Total equity USD
At 1 January 2016	**149,268,322**	**8,072,276**	**1,000,027**	**(5,690,377)**	**(409,528)**	**2,486,644**	**(5,644,809)**	**149,082,555**	**25,837,059**	**174,919,614**
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	1,104,936	1,104,936	104,958	1,209,894
Other comprehensive income										
Change in fair value of available-for-sale assets	-	-	-	-	(251,969)	-	-	(251,969)	-	(251,969)
Currency translation reserve	-	-	-	(74,130)	-	-	-	(74,130)	383,632	309,502
Total comprehensive income for the period	**-**	**-**	**-**	**(74,130)**	**(251,969)**	**-**	**1,104,936**	**778,837**	**488,590**	**1,267,427**
Transactions with owners, recorded directly in equity										
Bonus issue of shares	5,970,941	(5,970,941)	-	-	-	-	-	-	-	-
Share issue transaction costs by subsidiaries	-	-	-	-	-	(4,939)	-	(4,939)	-	(4,939)
Total contributions by and distributions	5,970,941	(5,970,941)	-	-	-	(4,939)	-	(4,939)	-	(4,939)
Changes in ownership interests										
Change in non-controlling interests at subsidiaries	-	-	-	-	-	-	-	-	(882,955)	(882,955)
Total changes in ownership interests	-	-	-	-	-	-	-	-	(882,955)	(882,955)
Total transactions with owners	**5,970,941**	**(5,970,941)**	**-**	**-**	**-**	**(4,939)**	**-**	**(4,939)**	**(882,955)**	**(887,894)**
At 30 June 2016	**155,239,263**	**2,101,335**	**1,000,027**	**(5,764,507)**	**(661,497)**	**2,481,705**	**(4,539,873)**	**149,856,453**	**25,442,694**	**175,299,147**

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 2016

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 2016	**149,268,322**	**8,072,276**	**1,000,027**	**(409,528)**	**2,681,041**	**(36,616,090)**	**123,996,048**
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	296,796	296,796
Other comprehensive income							
Change in fair value of available-for-sale assets	-	-	-	(251,969)	-	-	(251,969)
Total comprehensive income for the period	**-**	**-**	**-**	**(251,969)**	**-**	**296,796**	**44,827**
Transactions with owners, recorded directly in equity							
Bonus issue of shares	5,970,941	(5,970,941)	-	-	-	-	-
Total contributions and distributions	**5,970,941**	**(5,970,941)**	**-**	**-**	**-**	**-**	**-**
At 30 June 2016	**155,239,263**	**2,101,335**	**1,000,027**	**(661,497)**	**2,681,041**	**(36,319,294)**	**124,040,875**

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 cash flows

For the six months ended 30 June 2016

	Group		Bank	
	2016	2015	2016	2015
	USD	USD	USD	USD
Cash flows from operating activities				
Interest and commission receipts	30,682,617	37,833,447	12,697,568	17,685,003
Exchange received	5,211,310	1,474,365	5,827,755	917,090
Interest and commission payments	(15,736,283)	(14,302,700)	(13,499,999)	(9,583,239)
Payments to employees and suppliers	(18,011,466)	(20,002,731)	(7,941,890)	(10,540,191)
Operating profit/(loss) before changes in operating assets / liabilities	2,146,178	5,002,381	(2,916,566)	(1,521,337)
(Increase)/decrease in operating assets:				
- Trading assets	(64,128,638)	6,344,200	-	-
- Loans and advances to customers and banks	7,954,386	29,359,737	(20,408,721)	15,258,934
- Other assets	(3,322,351)	154,560	(132,910)	(119,032)
Increase/(decrease) in operating liabilities:				
- Amounts owed to customers and banks	234,608,950	(241,316,317)	228,274,561	(143,406,765)
- Other liabilities	80,714	(2,052,109)	963,669	(2,052,109)
- Net advances to subsidiary companies	-	-	(37,800,588)	20,392,523
Net cash flows (used in)/from operating activities before income tax	177,339,239	(202,507,548)	167,979,445	(111,447,786)
Income tax refund/(paid)	(483,232)	234,582	(480,654)	627,930
Net cash flows from/(used in) operating activities	**176,856,007**	**(202,272,966)**	**167,498,791**	**(110,819,856)**
Cash flows from investing activities				
- Payments to acquire property and equipment	(428,329)	(417,678)	(267,482)	(210,700)
- Payments to acquire intangible assets	(1,064,468)	(290,380)	(1,024,793)	(85,480)
- Payments to acquire shares in subsidiary companies	-	-	(5,000,000)	(23,400,105)
- Proceeds from disposal of available-for-sale investments	699,802	-	699,802	-
- Proceeds from sale of property and equipment	558,596	22,741	550,090	22,741
- Net investment in discontinued operations	651,370	3,794,923	-	-
- Dividend received	2,872,721	545,280	2,872,721	545,280
Net cash flows from/(used in) investing activities	**3,289,692**	**3,654,886**	**(2,169,662)**	**(23,128,264)**
Cash flows from financing activities				
- Net (repayment)/ issue of debt securities	(32,431,370)	16,789,767	(20,000,000)	-
- Share issue transaction costs by subsidiaries	(4,939)	(188,279)	-	-
Net cash flows (used in)/from financing activities	**(32,436,309)**	**16,601,488**	**(20,000,000)**	**-**
Increase/(decrease) in cash and cash equivalents	**147,709,390**	**(182,016,592)**	**145,329,129**	**(133,948,120)**
Analysed as follows:				
- Effect of exchange rate changes on cash and cash equivalents	1,072,125	(14,559,826)	1,114,301	(14,559,826)
- Net (decrease)/increase in cash and cash equivalents	146,637,265	(167,456,766)	144,214,828	(119,388,294)
(Decrease)/increase in cash and cash equivalents	**147,709,390**	**(182,016,592)**	**145,329,129**	**(133,948,120)**
Cash and cash equivalents at beginning of period	(130,391,611)*	121,831,180	(145,334,098)*	111,330,430
Cash and cash equivalents at end of period	**17,317,779**	**(60,185,412)**	**(4,969)**	**(22,617,690)**

(*) Cash and cash equivalents at beginning of period have been restated for a change in classification of certain operating assets and liabilities.

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 2016 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 2015 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 2015.

The condensed interim financial statements were approved by the Board of Directors on 9 August 2016.

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 2015.

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 expenses. 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 2015.

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 having 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 2016
USD

	Trade Finance	Factoring	Forfaiting	IT Solutions	Other	**Total**
External revenue:						
Interest income	7,144,056	7,213,054	7,312,503	-	-	**21,669,613**
Fee and commission income	3,786,552	1,877,643	4,336,876	154,281	113,987	**10,269,339**
Trading income	2,504,426	58,801	(1,380,396)	(157)	5,560	**1,188,234**
	13,435,034	9,149,498	10,268,983	154,124	119,547	**33,127,186**
Intersegment revenue:						
Interest income	3,071,714	-	-	-	-	**3,071,714**
Fee and commission income	-	-	26,412	134,876	-	**161,288**
	3,071,714	-	26,412	134,876	-	**3,233,002**
Reportable segment profit/(loss) before income tax	3,512,245	(2,782,400)	3,096,240	5,014	(368,270)	**3,462,829**

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 2016
USD

	Trade Finance	Factoring	Forfaiting	IT Solutions	Other	**Total**
Reportable segment assets	1,373,103,432	190,246,477	430,441,977	787,630	98,261,236	**2,092,840,752**
Reportable segment liabilities	1,298,148,055	66,873,551	359,875,065	15,938	34,652,335	**1,759,564,944**

Group - December 2015
USD

	Trade Finance	Factoring	Forfaiting	IT Solutions	Other	**Total**
Reportable segment assets	1,203,141,610	363,054,561	223,705,263	794,932	99,085,196	**1,889,781,562**
Reportable segment liabilities	1,136,819,186	295,274,268	95,109,238	28,253	33,726,594	**1,560,957,539**

reconciliation of reportable segment profit or loss

Group

	2016 USD	2015 USD
Total profit or loss for reportable segments	3,831,099	(13,367,366)
Other profit or loss	(368,270)	(511,006)
	3,462,829	(14,148,372)
Share of loss of equity accounted investees	(234,612)	(247,962)
Effect of other consolidation adjustments on segment results	(1,078,989)	6,668,752
Consolidated profit/(loss) before income tax	**2,149,228**	**(7,727,582)**

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 2016

	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	418,828,431	-	-	-	-	418,828,431	418,828,431
Derivative assets	-	847,510	-	-	-	847,510	847,510
Financial assets designated at fair value through profit or loss	-	17,612,500	-	-	-	17,612,500	17,612,500
Investments available-for-sale	-	-	-	275,934,428	-	275,934,428	275,934,428
Financial assets not measured at fair value							
Balances with the Central Bank of Malta, Treasury Bills and cash	-	-	55,376,970	-	-	55,376,970	
Loans and advances to banks	-	-	341,596,722	-	-	341,596,722	
Loans and advances to customers	-	-	383,423,330	-	-	383,423,330	
Investments held-to-maturity	-	-	7,668,579	-	-	7,668,579	
Financial liabilities measured at fair value							
Derivative liabilities	-	5,575,930	-	-	-	5,575,930	5,575,930
Financial liabilities not measured at fair value							
Amounts owed to banks	-	-	-	-	492,338,083	492,338,083	
Amounts owed to customers	-	-	-	-	845,875,313	845,875,313	
Debt securities in issue	-	-	-	-	13,215,385	13,215,385	
Subordinated liabilities	-	-	-	-	50,000,000	50,000,000	

Group - 31 December 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	355,063,998	-	-	-	-	355,063,998	355,063,998
Derivative assets	-	1,139,090	-	-	-	1,139,090	1,139,090
Financial assets designated at fair value through profit or loss	-	17,741,000	-	-	-	17,741,000	17,741,000
Investments available-for-sale	-	-	-	274,049,316	-	274,049,316	274,049,316
Financial assets not measured at fair value							
Balances with the Central Bank of Malta, Treasury Bills and cash	-	-	77,432,606			77,432,606	
Loans and advances to banks	-	-	223,189,558			223,189,558	
Loans and advances to customers	-	-	388,951,224			388,951,224	
Investments held-to-maturity	-	-	7,476,940			7,476,940	
Financial liabilities measured at fair value							
Derivative liabilities	-	917,114	-	-	-	917,114	917,114
Financial liabilities not measured at fair value							
Amounts owed to banks	-	-	-	-	729,941,157	729,941,157	
Amounts owed to customers	-	-	-	-	422,077,303	422,077,303	
Debt securities in issue	-	-	-	-	45,646,755	45,646,755	
Subordinated liabilities	-	-	-	-	50,000,000	50,000,000	

Bank - 30 June 2016

	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	928,188	-	-	-	928,188	928,188
Financial assets designated at fair value through profit or loss	17,612,500	-	-	-	17,612,500	17,612,500
Investments available-for-sale	-	-	275,933,727	-	275,933,727	275,933,727
Financial assets not measured at fair value						
Balances with the Central Bank of Malta, Treasury Bills and cash	-	55,358,268	-	-	55,358,268	
Loans and advances to banks	-	326,694,277	-	-	326,694,277	
Loans and advances to customers	-	631,733,857	-	-	631,733,857	
Investments held-to-maturity	-	7,668,579	-	-	7,668,579	
Financial liabilities measured at fair value						
Derivative liabilities	5,575,930	-	-	-	5,575,930	5,575,930
Financial liabilities not measured at fair value						
Amounts owed to banks	-	-	-	416,652,154	416,652,154	
Amounts owed to customers	-	-	-	832,045,129	832,045,129	
Debt securities in issue	-	-	-	-	-	
Subordinated liabilities	-	-	-	50,000,000	50,000,000	

Bank - 31 December 2015

	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	1,142,952	-	-	-	1,142,952	1,142,952
Financial assets designated at fair value through profit or loss	17,741,000	-	-	-	17,741,000	17,741,000
Investments available-for-sale	-	-	274,048,615	-	274,048,615	274,048,615
Financial assets not measured at fair value						
Balances with the Central Bank of Malta, Treasury Bills and cash	-	77,413,470	-	-	77,413,470	
Loans and advances to banks	-	212,123,584	-	-	212,123,584	
Loans and advances to customers	-	567,176,993	-	-	567,176,993	
Investments held-to-maturity	-	7,476,940	-	-	7,476,940	
Financial liabilities measured at fair value						
Derivative liabilities	921,237	-	-	-	921,237	921,237
Financial liabilities not measured at fair value						
Amounts owed to banks				665,277,976	665,277,976	
Amounts owed to customers	-	-	-	405,611,504	405,611,504	
Debt securities in issue	-	-	-	20,000,000	20,000,000	
Subordinated liabilities	-	-	-	50,000,000	50,000,000	

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 2016

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
Trading assets	-	-	418,828,431	418,828,431
Derivative assets	-	847,510	-	847,510
Financial assets designated at fair value through profit or loss	-	-	17,612,500	17,612,500
Investments available-for-sale	111,506,417	158,402,603	6,025,408	275,934,428
	111,506,417	**159,250,113**	**442,466,339**	**713,222,869**
Derivative liabilities	-	5,575,930	-	5,575,930
	-	**5,575,930**	**-**	**5,575,930**

Group - 31 December 2015

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
Trading assets	-	-	355,063,998	355,063,998
Derivative assets	-	1,139,090	-	1,139,090
Financial assets designated at fair value through profit or loss	-	-	17,741,000	17,741,000
Investments available-for-sale	134,720,315	133,622,632	5,706,369	274,049,316
	134,720,315	**134,761,722**	**378,511,367**	**647,993,404**
Derivative liabilities	-	917,114	-	917,114
	-	**917,114**	**-**	**917,114**

Bank - 30 June 2016

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
Derivative assets	-	928,188	-	928,188
Financial assets designated at fair value through profit or loss	-	-	17,612,500	17,612,500
Investments available-for-sale	111,506,417	158,402,603	6,024,707	275,933,727
	111,506,417	**159,330,791**	**23,637,207**	**294,474,415**
Derivative liabilities	-	5,575,930	-	5,575,930
	-	**5,575,930**	**-**	**5,575,930**

Bank - 31 December 2015

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
Derivative assets	-	1,142,952	-	1,142,952
Financial assets designated at fair value through profit or loss	-	-	17,741,000	17,741,000
Investments available-for-sale	134,720,315	133,622,632	5,705,668	274,048,615
	134,720,315	**134,765,584**	**23,446,668**	**292,932,567**
Derivative liabilities	-	921,237	-	921,237
	-	**921,237**	**-**	**921,237**

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 2016 and 31 December 2015 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 2016, the interest rates used range between 0.45% and 11.13% (31 December 2015: 0.42% and 9.00%).

  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 USD353,917 (31 December 2015: USD432,410).

- **Derivative assets and liabilities**

  Derivative assets and liabilities comprise 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.

  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.

  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 2016 would reduce the Group's result before tax by USD 1,761,250 (31 December 2015: USD 1,774,100).

- **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 2016 would decrease the Bank and Group equity by approximately USD 15,840,260 (31 December 2015: USD 13,362,263).

  For Level 3 assets, the effect of a ten percentage point decrease in the net asset value of the sub-fund at 30 June 2016 would decrease the Bank and Group equity by approximately USD598,439 (31 December 2015: USD566,535).

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 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**
Balance at 1 January 2016	355,063,998	17,741,000	5,706,369	378,511,367
Total losses in trading income	(1,374,359)	(128,500)	-	(1,502,859)
Total gains and losses in other comprehensive income		-	319,039	319,039
Purchases	322,278,414	-	-	322,278,414
Settlements	(257,139,622)	-	-	(257,139,622)
Balance at 30 June 2016	**418,828,431**	**17,612,500**	**6,025,408**	**442,466,339**

Bank	Financial assets designated at fair value through profit or loss	Investments available-for-sale	Total
	USD	USD	USD
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**
Balance at 1 January 2016	17,741,000	5,705,668	23,446,668
Total gains and losses in trading income	(128,500)	-	(128,500)
Total gains and losses in other comprehensive income	-	519,039	519,039
Balance at 30 June 2016	**17,612,500**	**6,024,707**	**23,637,207**

sensitivity analysis of Level 3 fair values

For the fair values of Level 3 financial instruments, reasonably possible changes at 30 June 2016 and 31 December 2015 to one of the significant unobservable inputs, holding other inputs constant, has been disclosed in “Valuation techniques and significant unobservable inputs” above.

7 net loss from other financial instruments carried at fair value

	Group		Bank	
	2016	2015	2016	2015
	USD	USD	USD	USD
Net income on derivatives held for risk management purposes	(2,277,353)	(1,978,598)	(2,196,414)	(1,934,047)
Investment securities designated at fair value through profit or loss	2,068,333	(122,500)	2,068,333	(122,500)
	(209,020)	**(2,101,098)**	**(128,081)**	**(2,056,547)**

8 dividend income

	Group		Bank	
	2016	2015	2016	2015
	USD	USD	USD	USD
Dividend from an available-for-sale investment	2,872,721	545,280	2,872,721	545,280
	2,872,721	**545,280**	**2,872,721**	**545,280**

9 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 2016, the Group is estimating a net taxation charge of USD 892,532 (30 June 2015: credit of USD 1,431,183). 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).

10 discontinued operations

During the six months under review the Group continued in its process to wind down its activities related to FactorRus and 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".

results of discontinued operations

The following information summarises the results of FactorRus:

	2016	2015
	USD	USD
Net interest income	314,675	1,271,044
Net fee expense	(429)	(2,463)
Net trading loss	(71)	(225,229)
Operating income before net impairment	314,175	1,043,352
Net impairment loss on financial assets	(258,892)	(819,112)
Operating income	55,283	224,240
Operating expenses	(102,085)	(535,446)
Operating loss	(46,802)	(311,206)
Taxation	-	(2,030,906)
Loss for the year	**(46,802)**	**(2,342,112)**

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

non-current assets held for sale

	Group 30 Jun 2016 USD	Group 31 Dec 2015 USD
Loans and advances to banks	363,854	1,009,896
Loans and advances to customers	4,326	-
Other assets	14,320	17,898
At reporting date	**382,500**	**1,027,794**

liabilities associated with non-current assets held for sale

	Group 30 Jun 2016 USD	Group 31 Dec 2015 USD
Other liabilities	218,641	165,762
At reporting date	**218,641**	**165,762**

11 derivative assets and liabilities

	Group		Bank	
	30 Jun 2016 USD	31 Dec 2015 USD	30 Jun 2016 USD	31 Dec 2015 USD
Derivative assets				
Held for risk management				
– interest rate	-	-	80,678	3,862
– foreign exchange	847,510	1,139,090	847,510	1,139,090
	847,510	**1,139,090**	**928,188**	**1,142,952**
Derivative liabilities				
Held for risk management				
– interest rate	-	-	-	4,123
– foreign exchange	5,575,930	917,114	5,575,930	917,114
	5,575,930	**917,114**	**5,575,930**	**921,237**

12 investments in subsidiaries

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) in its separate financial statements and the related goodwill arising on the acquisition of India Factoring and Finance Solutions Private Limited reported in the consolidated financial statements, to determine the possibility of an impairment loss. The recoverable amounts 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. In the separate financial statements, an impairment loss of USD5,037,875 related to the Bank's investment in Menafactors (see below) was recognised during the period ended 30 June 2016 (2015: Nil) as the recoverable amounts of this investment was determined to be higher than the carrying amount. This impairment is included in the Income Statement under the Bank's "Net impairment loss on financial assets". No further impairments were recognised during the period ended 30 June 2016.

Menafactors

The operations and future strategic direction of the Group's factoring business in the United Arab Emirates is the subject of ongoing Board and Management evaluation. During the period ending 30 June 2016, Menafactors sustained losses which brought the company into a negative equity position. Following an assessment of the current shortfall in net book value and based on the internal evaluation currently underway, the recoverable amount of the investment was determined to be lower than the carrying amount of USD12,000,000 and an impairment loss of USD5,037,875 has been recognised in "Net impairment loss on financial assets" in the Bank's Income Statement.

India Factoring

As disclosed in the Financial Statements for the year ended 31 December 2015, Management has approved a set of budgets based on a strategy to grow the business in a changing market landscape, whilst ensuring an effective operational and control environment. These budgets formed the basis on which the recoverable amount is arrived at. In this respect, the recoverable amount exceeds the carrying amount of the investment and the goodwill recognised on its initial accounting as a business combination. Whilst it is inherent that actual results may differ from those budgeted, and such variations may be significant, the Directors believe that the business plan can be supported, such that it will enable the Bank to recover the investment at least at the amount stated.

The key assumptions described above may change as economic, political and market conditions change. Whilst the recoverable amount is higher than the carrying amount, any significant adverse movement in a key assumption would lead to an impairment of the carrying amount of the investment and the related goodwill.

13 debt securities in issue

	Group		Bank	
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
	USD	USD	USD	USD
Unsecured promissory notes	13,215,385	45,646,755	-	20,000,000
	13,215,385	**45,646,755**	**-**	**20,000,000**

At 30 June 2016, promissory notes in issue have a tenor of up to one year. The Group's effective interest rate is 2.06% (31 December 2015: 1.74%), and the Bank's effective interest rate is Nil (31 December 2015: 1.20%).

14 subordinated liabilities

	Group		Bank	
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
	USD	USD	USD	USD
Subordinated loan	50,000,000	50,000,000	50,000,000	50,000,000
	50,000,000	**50,000,000**	**50,000,000**	**50,000,000**

The subordinated loan was granted by a Bank holding a significant shareholding in the Group. The loan has a floating rate of interest priced on an arm's length basis and has a contractual maturity of five years. In the event of the Bank's liquidation, dissolution or winding up this loan will rank after the Bank's unsubordinated, secured and unsecured creditors. This loan qualifies as Tier 2 capital under the provisions of the Capital Requirements Regulation.

15 capital and reserves

As disclosed in the Directors' Report under "Annual General Meeting 2016", during the Annual General Meeting held on 10 May 2016 the Shareholders approved a 1:25 Bonus Issue of Shares through the capitalisation of Share Premium account. This resulted in the allotment of 11,941,882 ordinary shares of USD0.50 each with the corresponding increase in Share Capital and decrease in Share Premium.

16 contingent liabilities

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

India Factoring

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 11,060,267 (USD 163,583 at reporting date). The Company has appealed against the said assessment order with Commissioner of Income Tax (Appeals) and is confident to get the revised assessment in its favour. Hence no additional provision is considered necessary at this stage.

statement pursuant to listing rule 5.75.3

We hereby confirm that to the best of our 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 2016, 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.

Murali Subramanian
Chief Executive Officer

Ronald Mizzi
Chief Financial 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 30 which comprise the condensed statements of financial position as at 30 June 2016, 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 2016 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, we draw attention to Note 12 to the financial statements (the 'Notes'). At 31 December 2015, the Bank carried out an impairment assessment to calculate the recoverable amount of its investments in its 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 recoverable amount relating to the equity held in India Factoring and Finance Solutions Private Limited is the attainment of the approved set of budgets 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 Notes explain how actual results may differ from those budgeted.

Noel Mizzi (Partner) for and on behalf of

9 August 2016

KPMG
Registered Auditors
Portico Building
Marina Street
Pieta' PTA 9044
Malta