

Sustainable financing solutions at times of crisis

How to finance your business through Factoring?



JW Marriott Bucharest Grand Hotel
Tuesday, 6th October 2009

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President
FIMBANK PLC MALTA

Agenda

- **FIMBank – History, Strategy and Vision**
- **FIMBank - Developments**
- **Virtues of Allianz**
- **Way forward TOGETHER**

FIMBANK – HISTORY, STRATEGY AND VISION

The Group...



Established in 1994 by a group of private Kuwaiti investors

FIMBANK



2003 Acquired LFC, a British financial institution, regarded as leaders within the forfaiting market



2004 FIMBank acquires shareholding in GTF, a major factoring house in India.

SOE BY MARCH 2008



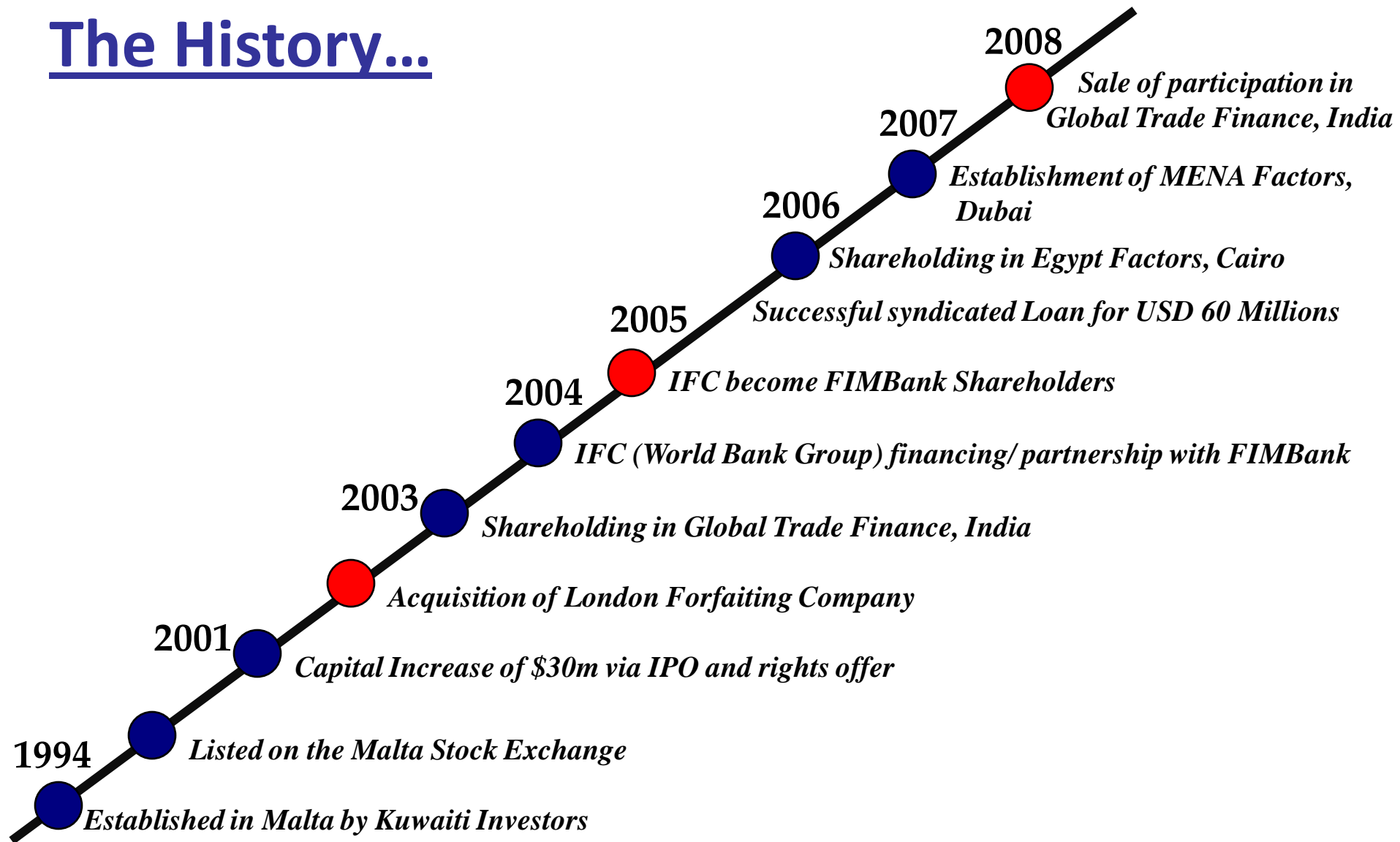
An independent but fully owned IT subsidiary established in 2005 to service the FIMBank Group as well as to target FIMBank joint venture companies, downstream correspondent banks and other organisations known to the Group. In 2008 the range of services has increased to include the provision of Factoring Operations Outsourcing



FIMFactors B.V.

2004/05 FIMBank establishes factoring entities in EGYPT, DUBAI and Malta.

The History...





Why Malta?



FIMBANK

Excellent geographic location

Direct links to our target markets

Qualified pool of professional staff

Reliable, but comparatively expensive communications systems

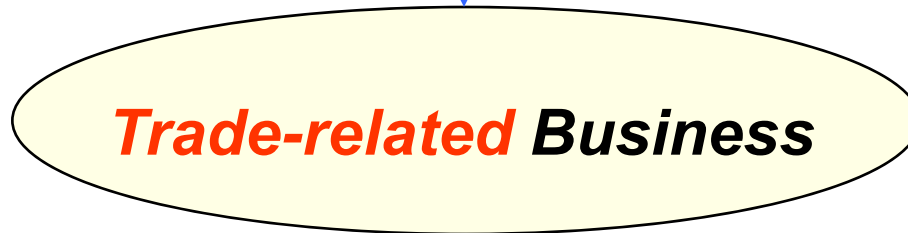
Well regulated Banking environment

Perceived lower operating expenses

Language factor

FIMBANK'S GROUP CORE MISSION

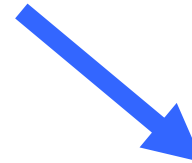
FIMBank Focus



Trade-related Business



Trade will never stop



Trade drives economies

FIMBANK'S CORE PRODUCTS

We provide TRADE FINANCE, i.e. the following products:

Core Competencies

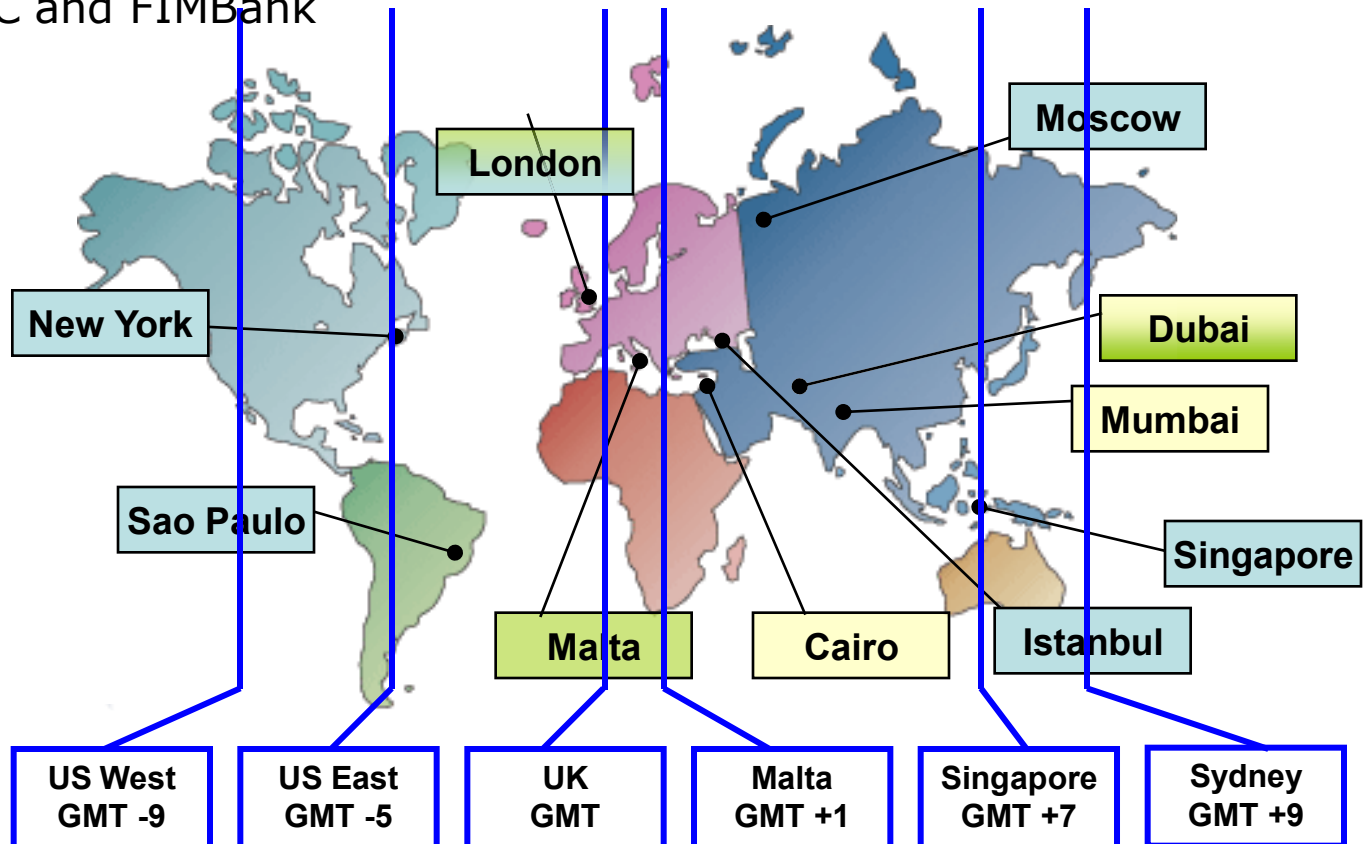
- Trade Finance
- Pre-demolition Ship Finance
- Syndications / Risk Participations
- Forfaiting
- Factoring

Support Services

- International Fund Transfers
- FX, Forward Contracts, Currency Options and Swaps
- Issuance of Guarantees

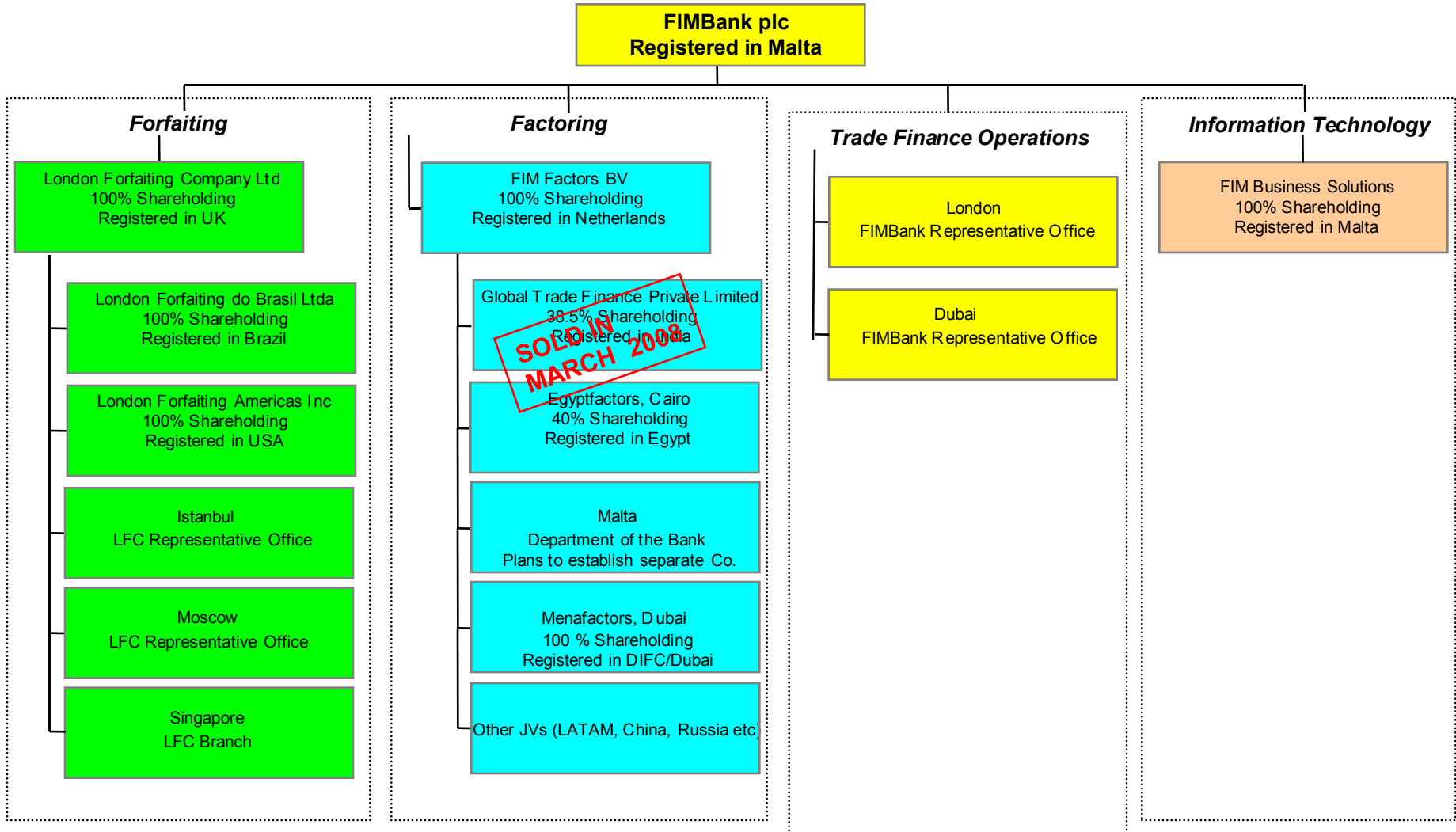
FIMBANK GROUP NETWORK

- LFC
- FIMBank
- Joint Ventures
- Joint Venture and FIMBank
- LFC and FIMBank



FIMBANK'S GROUP ORGANIZATION

FIMBANK GROUP



FIMBANK WINNING STRATEGY

Offering diversified trade finance solutions to customers for which traditional banking finance is currently unavailable

Forfaiting

- Mainly investment goods
- Trade flows from developed countries (performance risk) to emerging markets (payment risk)
- Mostly top bank risk
- Tradeable instruments
- Medium-term
- Through LFC

Factoring

- Mainly consumer goods
- Low value repeat business
- Opposite trade flows than forfaiting
- Parcelised corporate risk
- Open account terms
- Accepted invoices
- Short-term
- Through JVs

Structured TF

- Mainly primary commodities
- Title over goods
- Control over structure of transactions /arranging role
- Some performance risk crop/man. etc.)
- Off-take contracts
- Fixed price
- Through FIMBank

FACTORING JOINT VENTURES

Factoring Joint ventures remain a key pillar of FIMBank's strategy

Factoring is the fastest growing product in trade finance.
All FIMBank JVs show good growth rates, even in the current market conditions
Provide diversification of income streams and risks undertaken

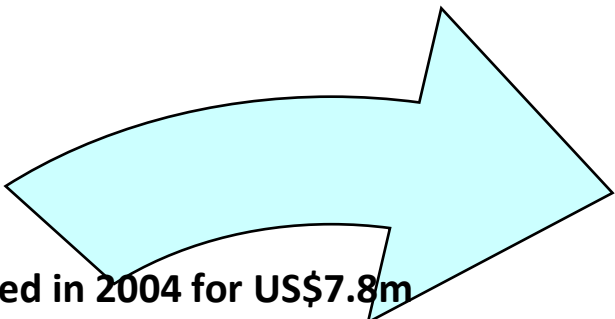


New markets targeted with top local partner and the IFC.
The former provides customers, while
IFC provides international clout and recognition.
FIMBank provides technical expertise.
IPO strategy in the medium term.

Centralisation of back-office operations.
Sharing of factoring software and systems
Sharing of knowledge between JVs.
Cross selling of products of FIMBank.

Both Menafactors and Egypt Factors are rapidly leaving their start-up phase and becoming profitable (already interest in Menafactors)

GTF SALE: A SUCCESS STORY (BUT NO KEY STRATEGY)

- 
- 38.5% stake acquired in 2004 for US\$7.8m
 - Business developed over the years
 - Second largest factoring company in India after HSBC
 - JV with IFC, Exim India, Bank of Maharashtra

- Sold in March 2008 to State Bank of India
- Sale proceeds: US\$54.1m
- Net profit from investment: US\$33.6m



Global Trade Finance Limited

- 
- 
- FIM wanted to list GTF and retain stake
 - **This would be preferred exit in other markets**
 - Not possible in India due to “political” reasons
 - Plans to re-enter the market with new partners
 - No-compete clause expired

FIMBANK – DEVELOPMENTS

Factoring JV in Lebanon

Partners

- 75% Lebanese Credit Insurance
- 25% FIMBank (through Menafactors)

Process

- Stake acquired in March 2009
- Business started on July 1st

Rationale

- Partnership with Atradius (world leader)
- Back office and IT synergies
- LCI provides credit insurance to group



Factoring JV in Russia

Partners

- 40% Transcapitalbank (EBRD and DEG own stakes in TCB) – Assets: US\$1.9bn, Equity: US\$299m, Rating: B1 (Moody's)
- 40% FIMBank
- 20% IFC

Process

- Shareholder agreement by Sept. 2009
- FIMBank initial capital injection: US\$4 million
- Company operational in 4Q09

Rationale

- Early mover advantage
- Significant growth potential
- Strong Russian partner

TCB TRANSCAPITALBANK



FIMBANK



Re-entering India

Partners

- 49% FIMBank
- 30% Punjab National Bank (\$54bn assets – 58% state owned – listed on Indian Stock Exchange)
- 10% Banca IFIS (leading Italian factor) – 11% others

Process

- Foreign investment approval in place
- FIMBank initial capital injection: US\$5 million
- Company operational in 1Q10

Rationale

- Build on GTF experience and success
- Still significant growth potential
- PNB is third largest bank in India



Factoring JV in Brazil

Partners

- Local partner identified (a top private-owned middle-market Brazilian bank)
- IFC also on board

Process

- Developing “greenfield” project
- Expected to take off 2Q10

Rationale

- Relatively untapped market
- Wide manufacturing base
- High quality local partner

Brazilian bank



FIMBANK



VIRTUES OF TRADE FINANCE ALLIANCE FOR ALL PARTIES CONCERNED

VIRTUES OF A TRADE FINANCE ALLIANCE



FIMBank Group

ROMFACTORS

Core Competencies

- Focus on Trade Finance
- Access to International Players
- Value Added
- Factoring/Forfaiting

Core Competencies

- Access to customers in Romania/Region
- Language advantage
- Expertise dealing with SME's in the Region

NATURAL FIT – RECIPE FOR SUCCESS – ALL BENEFIT

BENEFITS FOR FIMBANK

- Access to SME's in Romania and the neighboring countries;
- Joint promotions/road shows;
- Additional business and increased visibility;
- Facilitating language issues
- Understanding local laws/regulations and business approach

BENEFITS FOR ROMFACTORS

- Access to research on clients and professional advice related to credit risk:
- Operational support:
- Access to international players and full trade finance product suite:
- Access to Swift communication;
- Access to funding:

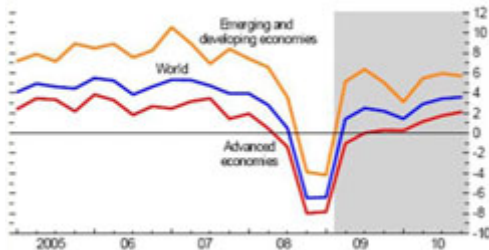
BENEFITS FOR CUSTOMERS

- Obtain access to state of the art trade finance products – with focus on SME's;
- Obtain access to liquidity;
- Mitigate risks when trading – international and domestic;
- Increase export volumes with no risk;

WAY FORWARD TOGETHER

THE ROAD TO GLOBAL RECOVERY

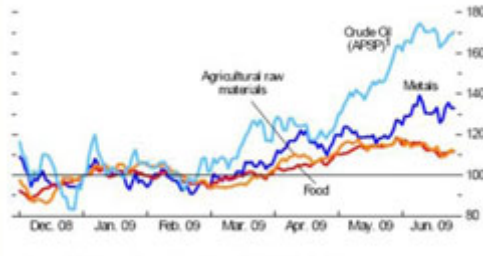
Figure 1. Global GDP Growth
(Percent; quarter-over-quarter, annualized)



Global economy
beginning to pull
out of recession

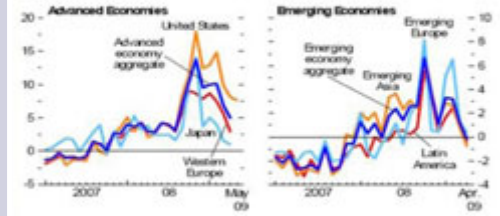
Emerging
economies leading
the recovery

Figure 4. Selected Commodity Price Indices
(December 31, 2008 = 100)



Oil and commodity
prices have
rebounded AHEAD
of recovery

Figure 3. Financial Stress in Advanced and Emerging
Economies¹
(Purchasing-power-parity-weighted average; stress index deviation from
average)



Financial market
dislocation is
reducing

Bank lending
conditions are
however expected
to remain tight, as
is external
financing

WAY FORWARD TOGETHER

- Take together advantage of the improving situation;
- Access to Factoring means:
 - Improvement of cash flow
 - Improvement of liquidity
 - Mitigation of risks
- More business for all
 - More exports – more jobs
 - More trade – better economy

THANK YOU !



**We cannot change
the direction of the wind,
however we can adjust
our sails!**