FIMBANK

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by FIMBank p.l.c. (**"FIMBank"** or the **"Bank"**) pursuant to the Malta Financial Services Authority Listing Rules.

Quote

The Board of Directors of FIMBank met on 12 August 2021, to approve the Consolidated and the Bank's Interim Financial Statements for the six months ended 30 June 2021.

The Half-Yearly Report, drawn up in terms of the Listing Rules, is attached to this Company Announcement. The Interim Financial Statements are unaudited but independently reviewed by KPMG, the Registered Auditors.

In accordance with the requirements of the Listing Rules the Half-Yearly Report is being made publicly available for viewing on the Bank's website at www.fimbank.com.

Unquote

Andrea Batelli
Company Secretary

13 August 2021

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FIMBANK
GROUP

Condensed Interim Financial Statements 2021

Condensed Interim Financial Statements 2021

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Directors' report pursuant to listing rule 5.75.2

For the six months ended 30 June 2021

The Directors ("Board" or "Directors") present their report together with the Condensed Interim Financial Statements of FIMBank p.l.c. ("the Bank"), and FIMBank Group of Companies ("the Group") for the six months ended 30 June 2021. The report is prepared in accordance with Article 177 of the Companies Act, 1995 (Chapter 386, Laws of Malta, ("The Companies Act") including further provisions as set out in the Sixth Schedule of the Companies Act and in accordance with the requirements of Listing Rule 5.75.2.

Results for the year

For the six months ended 30 June 2021, the FIMBank Group reported an after-tax profit of USD1.0 million, compared to USD19.4 million after-tax loss registered for the six months ended 30 June 2020. No reserves are presently available for distribution.

These published figures have been extracted from the FIMBank Group's unaudited accounts for the six months ended 30 June 2021 as approved by the Board of Directors on 12 August 2021.

Further information about the results are provided in the Statements of Profit or Loss and the Statements of Other Comprehensive Income on pages 8 and 9 and in the Review of Performance section within this report.

Group structure and principal activities

The Group comprises the Bank and its wholly owned subsidiaries, London Forfaiting Company Limited ("LFC"), FIM Business Solutions Limited ("FBS"), FIM Property Investment Limited ("FPI"), The Egyptian Company for Factoring S.A.E. ("Egypt Factors"), FIM Holdings (Chile) S.p.A. ("FHC") and FIMFactors B.V. ("FIMFactors"). LFC and FIMFactors 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 ("MFSA"), 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):

- 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, real estate financing, factoring and loan syndications.

- The Bank has two branches registered in Dubai International Finance Centre, United Arab Emirates and Athens, Greece. Both branches are regulated by their respective Regulators;

- 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;

- FBS (100%), registered in Malta, has as its primary purpose the provision of information technology and support services to the Group. The current structure of this operation is presently being reconsidered and may result in the merger or liquidation of FBS;

- 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;

- Egypt Factors (100%), registered in Egypt, is active in providing factoring services to Egyptian companies;

- FHC (100%), registered in Chile, previously served as a corporate vehicle and is currently in the process of being liquidated; and

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

  a. India Factoring and Finance Solutions (Private) Limited (88.16%), incorporated in Mumbai, India, to carry out the business of factoring in India. India Factoring is regulated by the Reserve Bank of India; and

  b. BrasilFactors S.A. (50%), an equity-accounted investee incorporated in São Paulo, Brazil, with its core business focused on factoring services, targeting small and medium-sized companies. The other shareholder in this company is China Construction Bank (50%).

Annual general meeting

The Bank convened its Annual General Meeting remotely as per Legal Notice 288 of 2020 on 15 July 2021. The Board composition following the Annual General Meeting is as follows:

John C. Grech (Chairman)
Masaud M. J. Hayat (Vice Chairman)
Abdel Karim A.S. Kabariti
Claire Imam Thompson
Edmond Brincat
Hussain Abdul Aziz Lalani
Majed Essa Ahmed Al-Ajeel
Mohamed Fekih Ahmed
Osama Talat Al-Ghoussein
Rabih Soukarieh
Rogers David LeBaron

Review of performance

The financial and operating performance of the FIMBank Group for the first six months of 2021 was, as anticipated, marked by the impact of the disruption brought about by the COVID-19 pandemic. Although economic recovery has been gaining momentum this process continues to be hindered by the ripple effects of the past events.

The Group's strategy has been aligned to the new economic reality and financial projections have been carefully updated to reflect our progress towards recovery. We are pleased to note, that during the first half of the year, the key components of this revitalised strategy have translated into a positive outcome in the Group's performance.

The Group was successful in resolving a few recoveries of non-performing legacy cases, which were delayed by a slowdown in the various legal jurisdictions during the course of the pandemic. The Group is reaping the benefits of the de-risking process which was implemented throughout the last two years, as no other material assets were classified as non-performing during this period. This has allowed the Group to progress on a key strategic objective, that of decreasing the size of its non-preforming portfolio and improving the asset quality ratios.

The interest revenue generation potential remains impacted by the current low interest rate environment. This creates an opportunity for the future once central banks determine that the recovery is safe and conditions are ripe to start considering tightening monetary policies. The pick-up in overall business volumes and improving valuations are the main drivers for the increase in non-interest income.

Throughout the period in review, the Group's capital position remained strong with a total capital ratio of 18.4%. This allows the Bank to benefit from improving business conditions and capture incremental revenue streams of business opportunities with suitable risk-adjusted returns.

For the first half of the year, the Group reported USD1 million profit after tax, a result which reflects the Group's focus and its successful adaptation to the challenging conditions experienced over the past months.

Statements of profit or loss

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		
	2021 USD	2020 USD	Movement USD
Net interest income	12,724,828	16,563,542	(3,838,714)
Net fee and commission income	5,827,397	4,949,235	878,162
Net results from trading assets and other financial instruments	1,729,403	(3,447,324)	5,176,727
Net results from foreign currency operations	397,103	412,201	(15,098)
Dividend income	1,089,189	240,817	848,372
Other operating income	373,118	449,173	(76,055)
Net operating revenues	**22,141,038**	**19,167,644**	**2,973,394**
Operating expenses	(20,772,281)	(18,475,003)	(2,297,278)
Operating income before net impairment	**1,368,757**	**692,641**	**676,116**
Net impairment losses	911,274	(15,884,755)	16,796,029
Operating income/(loss) after net impairment	**2,280,031**	**(15,192,114)**	**17,472,145**
Taxation	(1,299,346)	(4,200,372)	2,901,026
Profit/(Loss) for the period	**980,685**	**(19,392,486)**	**20,373,171**

FIMBank Group reported a profit before tax of USD2.3 million for the six months ending 30 June 2021. These results show the Group on its way to recovery, following the impact of the COVID-19 pandemic on the Group's performance, which had caused the Group to withstand a loss before tax of USD15.2 million in the prior year period.

The Group's net operating revenues decreased by 16% from USD19.2 million to USD22.1 million. Net interest income dropped by 23% to USD12.7 million, as central banks continue to maintain low interest rate policies, designed to counter the COVID-19 pandemic impact, especially in the U.S. and the Eurozone, which impact the Group's principal currencies. In addition, interest rates for certain risk-free instruments, which are held by the Group to preserve adequate levels of liquidity, remain negative. Net fees and commission rose by 18% to USD5.8 million, as the Group recorded new transactions and business volumes picked-up. Results from trading assets and other financial instruments improved significantly to reach a net gain of USD1.7 million, compared to a net loss of USD3.4 million in H1 2020. Effects from foreign exchange rate movements and other operating income were essentially flat year on year. The Group received USD1.1 million of dividends from its investment in an unlisted sub-fund, compared to USD0.2 million in same period last year.

Operating expenses for the six months under review stood at USD20.8 million, up by 12% from same period last year.

Driven by an improving credit environment, the Group released USD0.9 million of net provision for credit losses in the first half of the year. Compared to net impairment losses of USD15.9 million in the prior year period, which was subjected to a number of COVID-19 related impairment events. On the performing Stage 1 and Stage 2 exposures, USD2.3 million of provisions were released, on the basis of lower expected credit losses and improving macro-economic indicators. In comparison to an impairment charge of USD 0.6 million as at June 2020. The low number of impairment events facilitated the Group to increase its Stage 3 provisions by only USD1.0 million for the period under review, a drop of USD13.5 million from prior year period. Write-offs at USD1.5 million were flat year on year and recoveries at USD1.0 million were USD0.6 million higher than same period last year.

Provisions for tax for all group entities, for the six months ending 30 June 2021 were USD1.3 million. During the same period last year, the Group provided for USD1.4 million of tax and wrote-off USD2.8 million of deferred taxes due to the impact of the pandemic on the recoverability of tax losses which had a finite expiry.

Financial position

At 30 June 2021, total consolidated assets at USD1.86 billion, marginally increased by USD21 million (1%) from end-2020. There has been a shift in the asset mix, in particular in treasury balances held for liquidity purposes, as balances with the Central Bank of Malta dropped by USD114 million whilst treasury bills and deposits with banks increased by USD68 million and USD40 million respectively. Financial assets at fair value through other comprehensive income rose by USD14 million. As the pandemic pushed through the first half of the year, the Group continued to maintain a level of liquidity significantly above the regulatory minima, as a safety measure against potential shocks which could have resulted from the global disruption caused by the pandemic. On the commercial side, trading assets increased by USD26 million, whereas loans to customers shrank by USD9 million.

Total consolidated liabilities as at 30 June 2021 stood at USD1.62 billion, a marginal increase of 1% over the USD1.60 billion reported at end-2020. Amount due to customers and debt securities in issue dropped by USD95 million and USD12 million respectively. Whereas amount due to banks rose by USD130 million.

As at financial reporting date the Group had USD231 million of total equity (31 December 2020: USD233 million). The USD2 million drop related mainly to a downward valuation of financial assets held at fair value through OCI recorded in the fair value reserve.

At the end of the June 2021, the Group's CET1 and CAR ratios were both at 18.4% (31 December 2020: 18.5%), 87 basis points above the regulatory requirement which includes the impact of an additional capital charge under the SREP Pillar II requirement set by MFSA.

Second half of 2021

Meanwhile, the world continues to cope with the pandemic and its economic impact. With improving vaccination rates, countries appear to be on their way towards finding a new norm in a post-pandemic world, still marked by the discovery of variants of the COVID-19 virus. While we expect a gradual economic recovery, given the deep damage inflicted on the fabric of the world's economies, this recovery is unlikely to be 'V-shaped'.

Following Malta's positive assessment by MoneyVal, the recent decision by The Financial Action Task Force to 'greylist' the jurisdiction was unexpected. In preparation for such an outcome, the Group had focused its attention on measures designed to mitigate the subsequent risks and potential impact. The primary areas of concern were carefully reviewed and contingency action plans were prepared. A prolongation of the 'greylisting' status could however lead to longer term implications. Although thus far, Malta's 'greylisting' has not had any significant impact, it may be too early to assess all potential repercussions. The Group will therefore continue to monitor developments, while remaining well prepared to execute action plans in a timely manner.

During the rest of 2021, the Group will continue to focus on its key objectives, as set out in the long-range plan, which encapsulates the corporate strategy designed to achieve performance in a sustainable and resilient manner with the goal of delivering long-term value. The focus on the banking fundamentals will remain alongside the utilisation of available regulatory capital, on the principles of risk-adjusted returns. We will continue to effectively manage our cost base while prioritising investment in order to improve corporate governance, risk management and compliance functions. The Bank will be giving priority to simplifying a range of operational and business designs, with the objective of removing complexity on various levels across the organisation to deploy lasting improvements. Building on the recovery success of the first half of the year, the Bank will pursue further decreases in the non-performing asset portfolio.

With its highly skilled talent pool across multiple disciplines and jurisdictions, continued investments in IT infrastructure and the support of a solid shareholder base, FIMBank is well-positioned to continue progressing towards the achievement of its strategic objectives in a steady, sustainable manner. During these complex times, the Bank will endeavour to remain close to all of its partners around the world and will strive to maintain high customer service levels.

Approved by the Board on 12 August 2021 and signed on its behalf by:

John C. Grech Chairman	Masaud M. J. Hayat Vice Chairman

Condensed interim statements of financial position

	Note	Group 30 Jun 2021 USD	Group 31 Dec 2020 USD	Bank 30 Jun 2021 USD	Bank 31 Dec 2020 USD
Assets					
Balances with the Central Bank of Malta, treasury bills and cash		273,050,719	319,287,524	273,028,758	319,267,749
Derivative assets held for risk management	11	707,417	991,624	716,425	1,019,288
Trading assets		478,643,229	452,326,547	-	-
Loans and advances to banks		231,961,222	193,139,577	212,113,366	179,364,067
Loans and advances to customers		582,714,891	591,995,726	802,167,783	779,834,360
Financial assets at fair value through profit or loss		20,548,134	20,385,323	20,548,134	20,385,323
Financial assets at fair value through other comprehensive income		167,465,882	153,327,686	167,465,882	153,327,686
Investments at amortised cost		9,964,469	9,839,457	9,964,469	9,839,457
Investments in subsidiaries	12	-	-	150,448,858	147,436,214
Property and equipment		31,306,909	32,166,816	2,762,736	3,507,509
Investment property		17,223,820	17,223,820	-	-
Intangible assets and goodwill	13	9,599,895	9,698,335	3,981,974	4,008,725
Current tax assets		1,214,049	1,397,553	46,908	76,225
Deferred tax assets		24,769,140	25,875,734	15,580,635	15,590,955
Other assets		5,901,640	6,390,301	4,674,366	5,570,562
Total assets		**1,855,071,416**	**1,834,046,023**	**1,663,500,294**	**1,639,228,120**
Liabilities and equity					
Liabilities					
Derivative liabilities held for risk management	11	335,915	1,629,434	335,915	1,629,434
Amounts owed to banks		559,818,778	429,443,480	504,767,876	387,900,641
Amounts owed to customers		1,006,776,171	1,101,570,295	947,224,551	1,037,118,337
Debt securities in issue	14	38,563,676	50,832,661	-	-
Current tax liabilities		390,539	337,725	-	-
Deferred tax liabilities		4,215,075	4,215,075	-	-
Provision for liabilities and charges		149,362	275,889	18,507	173,051
Other liabilities		13,641,283	12,583,335	7,218,172	7,645,488
Total liabilities		**1,623,890,799**	**1,600,887,894**	**1,459,565,021**	**1,434,466,951**
Equity					
Share capital		261,221,882	261,221,882	261,221,882	261,221,882
Share premium		858,885	858,885	858,885	858,885
Reserve for general banking risks		3,577,435	3,358,738	3,577,435	3,358,738
Currency translation reserve		(10,860,820)	(10,011,229)	-	-
Fair value reserve		11,266,101	13,367,626	312,056	2,413,581
Other reserve		2,982,435	2,982,435	2,681,041	2,681,041
Accumulated losses		(38,372,347)	(39,027,680)	(64,716,026)	(65,772,958)
Total equity attributable to equity holders of the Bank		**230,673,571**	**232,750,657**	**203,935,273**	**204,761,169**
Non-controlling interests		507,046	407,472	-	-
Total equity		**231,180,617**	**233,158,129**	**203,935,273**	**204,761,169**
Total liabilities and equity		**1,855,071,416**	**1,834,046,023**	**1,663,500,294**	**1,639,228,120**

Condensed interim statements of financial position

		Group		Bank	
		30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	Note	USD	USD	USD	USD
Memorandum items					
Contingent liabilities	15	**1,582,421**	**1,910,418**	**37,356,338**	**44,246,902**
Commitments	16	**114,190,258**	**105,043,456**	**110,866,654**	**105,245,766**

These condensed interim statements were approved by the Board of Directors and authorised for issue on 12 August 2021 and signed on its behalf by:

John C. Grech
Chairman

Masaud M. J. Hayat
Vice Chairman

Adrian A. Gostuski
Chief Executive Officer

Juraj Beno
Chief Financial Officer

Condensed interim statements of profit or loss

For the six months ended 30 June 2021

		Group		Bank	
		2021	2020	2021	2020
	Note	USD	USD	USD	USD
Interest income		19,105,836	23,081,776	10,315,759	12,436,186
Interest expense		(6,381,008)	(6,518,234)	(5,419,118)	(5,181,825)
Net interest income		**12,724,828**	**16,563,542**	**4,896,641**	**7,254,361**
Fee and commission income		8,141,313	7,934,579	2,579,750	3,045,090
Fee and commission expense		(2,313,916)	(2,985,344)	(1,065,744)	(1,654,064)
Net fee and commission income		**5,827,397**	**4,949,235**	**1,514,006**	**1,391,026**
Net trading results	9	1,860,787	(1,967,202)	144,361	1,067,930
Net gain/(loss) from other financial instruments carried at fair value		265,719	(1,067,921)	265,719	(1,067,921)
Dividend income	10	1,089,189	240,817	7,289,189	240,817
Other operating income		373,118	449,173	60,475	56,851
Total operating revenues		**22,141,038**	**19,167,644**	**14,170,391**	**8,943,064**
Administrative expenses		(19,090,785)	(16,769,398)	(11,369,902)	(11,365,461)
Depreciation and amortisation		(1,681,496)	(1,705,605)	(1,504,730)	(1,476,648)
Total operating expenses		**(20,772,281)**	**(18,475,003)**	**(12,874,632)**	**(12,842,109)**
Operating income/(loss) before net impairment		**1,368,757**	**692,641**	**1,295,759**	**(3,899,045)**
Impairment of investments in subsidiaries	12	-	-	(87,356)	(5,000,000)
Net impairment gain/(loss) on financial instruments	18.2	911,274	(15,884,755)	128,533	(15,758,125)
Operating income/(loss) after net impairment		**2,280,031**	**(15,192,114)**	**1,336,936**	**(24,657,170)**
Profit/(Loss) before tax		**2,280,031**	**(15,192,114)**	**1,336,936**	**(24,657,170)**
Taxation		(1,299,346)	(4,200,372)	(61,307)	(572,786)
Profit/(Loss) for the period		**980,685**	**(19,392,486)**	**1,275,629**	**(25,229,956)**
Profit/(Loss) attributable to:					
Owners of the Bank		874,030	(19,146,119)	1,275,629	(25,229,956)
Non-controlling interests		106,655	(246,367)	-	-
		980,685	**(19,392,486)**	**1,275,629**	**(25,229,956)**
Earnings per share					
Basic earnings/(loss) per share (US cents)		**0.17**	**(3.66)**	**0.24**	**(4.83)**

Condensed interim statements of other comprehensive income

For the six months ended 30 June 2021

	Group		Bank	
	2021	2020	2021	2020
	USD	USD	USD	USD
Profit/(Loss) for the period	**980,685**	**(19,392,486)**	**1,275,629**	**(25,229,956)**
Other comprehensive expense				
Items that are or may be reclassified subsequently to profit or loss:				
Movement in translation reserve:				
– Foreign operations - foreign currency translation differences	(856,672)	(2,034,613)	-	-
Movement in fair value reserve:				
– Debt investments at fair value through other comprehensive income - net change in fair value	(1,730,525)	89,597	(1,730,525)	89,597
– Debt investments at fair value through other comprehensive income - reclassified to profit or loss	(360,681)	-	(360,681)	-
Related tax	(10,319)	(587,090)	(10,319)	(587,090)
Other comprehensive expense, net of tax	**(2,958,197)**	**(2,532,106)**	**(2,101,525)**	**(497,493)**
Total comprehensive expense	**(1,977,512)**	**(21,924,592)**	**(825,896)**	**(25,727,449)**
Total comprehensive expense attributable to:				
Owners of the Bank	(2,077,086)	(21,707,586)	(825,896)	(25,727,449)
Non-controlling interests	99,574	(217,006)	-	-
	(1,977,512)	**(21,924,592)**	**(825,896)**	**(25,727,449)**

Condensed interim statements of changes in equity

For the period ended 30 June 2021

Group

	Attributable to equity holders 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 loss USD	Total USD	Non-controlling interests USD	Total equity USD
Balance at 1 January 2021	**261,221,882**	**858,885**	**3,358,738**	**(10,011,229)**	**13,367,626**	**2,982,435**	**(39,027,680)**	**232,750,657**	**407,472**	**233,158,129**
Total comprehensive expense										
Profit for the period	-	-	-	-	-	-	874,030	874,030	106,655	**980,685**
Other comprehensive expense:										
Fair value reserve:										
– Debt investments at fair value through other comprehensive income – net change in fair value	-	-	-	-	(1,740,844)	-	-	(1,740,844)	-	**(1,740,844)**
– Debt investments at fair value through other comprehensive income – reclassified to profit or loss	-	-	-	-	(360,681)	-	-	(360,681)	-	**(360,681)**
Translation reserve:										
– Foreign operations - foreign translation difference	-	-	-	(849,591)	-	-	-	(849,591)	(7,081)	**(856,672)**
Total other comprehensive expense	**-**	**-**	**-**	**(849,591)**	**(2,101,525)**	**-**	**-**	**(2,951,116)**	**(7,081)**	**(2,958,197)**
Total comprehensive expense	**-**	**-**	**-**	**(849,591)**	**(2,101,525)**	**-**	**874,030**	**(2,077,086)**	**99,574**	**(1,977,512)**
Transfer between reserves	-	-	218,697	-	-	-	(218,697)	-	-	**-**
Balance at 30 June 2021	**261,221,882**	**858,885**	**3,577,435**	**(10,860,820)**	**11,266,101**	**2,982,435**	**(38,372,347)**	**230,673,571**	**507,046**	**231,180,617**

Condensed interim statements of changes in equity

For the period ended 30 June 2020

Group

	Attributable to equity holders 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 loss) USD	Total USD	Non-controlling interests USD	Total equity USD
Balance at 1 January 2020	**261,221,882**	**858,885**	**2,323,486**	**(7,086,044)**	**11,311,278**	**2,916,863**	**10,937,616**	**282,483,966**	**(1,471,364)**	**281,012,602**
Total comprehensive expense										
Loss for the period	-	-	-	-	-	-	(19,146,119)	(19,146,119)	(246,367)	**(19,392,486)**
Other comprehensive expense:										
Fair value reserve:										
– Debt investments at fair value through other comprehensive income – net change in fair value	-	-	-	-	(497,493)	-	-	(497,493)	-	**(497,493)**
Translation reserve:										
– Foreign operations - foreign translation difference	-	-	-	(2,063,974)	-	-	-	(2,063,974)	29,361	**(2,034,613)**
Total other comprehensive expense	**-**	**-**	**-**	**(2,063,974)**	**(497,493)**	**-**	**-**	**(2,561,467)**	**29,361**	**(2,532,106)**
Total comprehensive expense	**-**	**-**	**-**	**(2,063,974)**	**(497,493)**	**-**	**(19,146,119)**	**(21,707,586)**	**(217,006)**	**(21,924,592)**
Transfer between reserves	-	-	90,569	-	-	66,122	(2,122,039)	(1,965,348)	1,965,348	**-**
Balance at 30 June 2020	**261,221,882**	**858,885**	**2,414,055**	**(9,150,018)**	**10,813,785**	**2,982,985**	**(10,330,542)**	**258,811,032**	**276,978**	**259,088,010**

Condensed interim statements of changes in equity

For the period ended 30 June 2021

Bank

	Share capital USD	Share premium USD	Reserve for general banking risks USD	Fair value reserve USD	Other reserve USD	Accumulated losses USD	Total equity USD
Balance at 1 January 2021	**261,221,882**	**858,885**	**3,358,738**	**2,413,581**	**2,681,041**	**(65,772,958)**	**204,761,169**
Total comprehensive expense							
Profit for the period	-	-	-	-	-	1,275,629	**1,275,629**
Other comprehensive expense:							
Fair value reserve:							
– Debt investments at fair value through other comprehensive income - net change in fair value	-	-	-	(1,740,844)	-	-	**(1,740,844)**
– Debt investments at fair value through other comprehensive income - reclassified to profit or loss	-	-	-	(360,681)	-	-	**(360,681)**
Total other comprehensive expense	**-**	**-**	**-**	**(2,101,525)**	**-**	**-**	**(2,101,525)**
Total comprehensive expense	**-**	**-**	**-**	**(2,101,525)**	**-**	**1,275,629**	**(825,896)**
Transfer between reserves	-	-	218,697	-	-	(218,697)	**-**
Balance at 30 June 2021	**261,221,882**	**858,885**	**3,577,435**	**312,056**	**2,681,041**	**(64,716,026)**	**203,935,273**

Condensed interim statements of changes in equity

For the period ended 30 June 2020

Bank

	Share capital USD	Share premium USD	Reserve for general banking risks USD	Fair value reserve USD	Other reserve USD	Accumulated losses USD	Total equity USD
Balance at 1 January 2020	**261,221,882**	**858,885**	**2,323,486**	**357,233**	**2,681,041**	**(8,761,104)**	**258,681,423**
Total comprehensive expense							
Loss for the period	-	-	-	-	-	(25,229,956)	**(25,229,956)**
Other comprehensive expense:							
Fair value reserve:							
– Debt investments at fair value through other comprehensive income - net change in fair value	-	-	-	(497,493)	-	-	**(497,493)**
Total other comprehensive expense	**-**	**-**	**-**	**(497,493)**	**-**	**-**	**(497,493)**
Total comprehensive expense	**-**	**-**	**-**	**(497,493)**	**-**	**(25,229,956)**	**(25,727,449)**
Transfer between reserves	-	-	90,569	-	-	(90,569)	**-**
Balance at 30 June 2020	**261,221,882**	**858,885**	**2,414,055**	**(140,260)**	**2,681,041**	**(34,081,629)**	**232,953,974**

Condensed interim statements of cash flows

For the six months ended 30 June 2021

	Group		Bank	
	2021	2020	2021	2020
	USD	USD	USD	USD
Cash flows from operating activities				
Interest and commission receipts	28,336,870	31,275,527	10,673,158	10,774,145
Exchange received/(paid)	2,089,585	(84,811)	2,535,485	1,637,874
Interest and commission payments	(7,970,404)	(9,331,275)	(7,159,880)	(6,313,438)
Payments to employees and suppliers	(19,968,561)	(16,376,781)	(10,534,613)	(13,247,997)
Operating profit/(loss) before changes in operating assets/liabilities	**2,487,490**	**5,482,660**	**(4,485,850)**	**(7,149,416)**
(Increase)/Decrease in operating assets:				
– Trading assets and financial assets at FVTPL	(25,340,705)	27,205,611	-	-
– Loans and advances to customers and banks	5,609,234	19,724,188	8,940,910	(18,145,436)
– Other assets	1,896,710	(104,549)	1,334,112	(2,440,844)
Increase/(Decrease) in operating liabilities:				
– Amounts owed to customers and banks	(2,808,879)	132,935,611	(6,535,562)	135,485,028
– Other liabilities	197,905	(231,904)	13,045	(229,296)
– Net advances from subsidiary companies	-	-	(35,021,334)	27,502,015
Net cash (used in)/generated from operating activities before income tax	**(17,958,245)**	**185,011,617**	**(35,754,679)**	**135,022,051**
Income tax paid	(110,463)	(676,061)	(38,088)	(549,171)
Net cash flows from operating activities	**(18,068,708)**	**184,335,556**	**(35,792,767)**	**134,472,880**
Cash flows from investing activities				
Payments to acquire financial assets at fair value through other comprehensive income	(48,745,087)	(47,460,108)	(48,745,087)	(47,460,108)
Payments to acquire property and equipment	(306,743)	(178,112)	(216,678)	(17,530)
Payments to acquire intangible assets	(482,687)	(103,202)	(482,687)	(103,202)
Proceeds on maturity of debt investments at fair value through profit or loss	-	67,000,000	-	67,000,000
Proceeds on disposal of financial assets at fair value through profit or loss	15,026	-	15,026	-
Proceeds on disposal of financial assets at fair value through other comprehensive income	28,271,462	-	28,271,462	
Proceeds on disposal of property and equipment	9,754	-	9,754	-
Receipt of dividend	1,089,189	240,817	4,189,189	240,817
Net cash flows from investing activities	**(20,149,086)**	**19,499,395**	**(16,959,021)**	**19,659,977**
Cash flows from financing activities				
– Net movement in debt securities	(12,201,942)	(28,497,790)	-	-
– Payment of lease liabilities	(596,206)	(538,789)	(1,709,285)	(198,598)
Net cash flows used in financing activities	**(12,798,148)**	**(29,036,579)**	**(1,709,285)**	**(198,598)**
(Decrease)/increase in cash and cash equivalents	**(51,015,942)**	**174,798,372**	**(54,461,073)**	**153,934,259**
Analysed as follows:				
– Effect of exchange rate changes on cash and cash equivalents	(10,102,737)	(1,189,124)	(10,679,611)	(1,077,953)
– Net (decrease)/increase in cash and cash equivalents	(40,913,205)	175,987,496	(43,781,462)	155,012,212
(Decrease)/increase in cash and cash equivalents	**(51,015,942)**	**174,798,372**	**(54,461,073)**	**153,934,259**
Cash and cash equivalents at beginning of period	241,923,849	145,170,011	267,909,686	163,886,941
Cash and cash equivalents at end of period	**190,907,907**	**319,968,383**	**213,448,613**	**317,821,200**

Notes to the condensed interim financial statements

For the six months ended 30 June 2021

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 2021 include the Bank and its subsidiaries (together referred to as the "Group" and individually as "Group Entities").

The financial statements of the Group as at, and for the year ended, 31 December 2020 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, as adopted by the EU. The Condensed Interim Financial Statements do not include all the information required for the publication of the Annual Reports and Financial Statements and therefore these Condensed Interim Financial Statements should be read in conjunction with the Annual Report and Financial Statements 2020 of FIMBank p.l.c.

On 11 March 2020, the World Health Organisation declared that the novel Coronavirus ("COVID-19") could be characterized as a pandemic. The impact of the outbreak has been widespread across the globe and has distressed many countries including those markets where the Group operates. Although the financial performance has been significantly impacted by the pandemic and although there is still a high degree of uncertainty and risk associated with the pandemic and the global economic forecasts, the Board of Directors confirm that, at the time of approving these Condensed Interim Financial Statements, the Group is capable of continuing to operate as a going concern for the foreseeable future.

In preparing these Financial Statements, consideration has also been given to the Public Statement ESMA 32-63-1041, issued by the European Securities and Markets Authority on 28 October 2020, which promotes transparency and consistent application of European requirements for information provided in the annual financial reports of listed companies under the current circumstances related to the COVID-19 pandemic.

The Condensed Interim Financial Statements were approved by the Board of Directors on 12 August 2021.

3 Use of judgements and estimates

The preparation of the Condensed Interim Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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 2020.

In preparing these Financial Statements, the significant judgments made by management in applying the Group's Accounting Policies and the key sources of estimation uncertainty are still being impacted by the volatility resulting from the COVID-19 pandemic. Such impact on specific areas of significant judgement is separately disclosed in Notes 18 and 19 of these Financial Statements.

4 Significant accounting policies

The accounting policies applied in these Condensed Interim Financial Statements are the same as those applied in the Group's Consolidated Financial Statements as at and for the year ended 31 December 2020.

4.1 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. However, the Group has not early adopted any of the forthcoming new or amended standards in preparing these Condensed Interim Financial Statements.

5 Changes in accounting policies

The following amendments to standards were effective from 1 January 2021 but did not have a material effect on the Group's financial statements.

(i) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform Phase 2.

Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally to replace and reform interbank offered rates ('IBOR') with alternative nearly risk-free rates (RFR), referred to as 'IBOR reform'.

The Group is following three major milestones:

- New contracts for all currencies and all tenors will be pegged to an embedded risk-free rate, as soon as there is market readiness, but not later than 30 September 2021.
- Existing contracts pegged to LIBOR GBP, EUR, CHF, JPY covering all tenors or LIBOR USD for one-week and 2 months:
  - and maturing before 31 December 2021, will continue being pegged to their existing interbank offered rates until maturity;
  - and maturing after 31 December 2021, will be converted to a risk-free rate before 31 December 2021.
- Existing contracts pegged to LIBOR USD for overnight, 1 month, 3 months, 6 months and 12 months:
  - and maturing before 30 June 2023, will continue being pegged to their existing interbank offered rates until maturity;
  - and maturing after 30 June 2023, will be converted to a risk-free rate before 30 June 2023.

The Group will use risk-free rates as calculated and published by external trusted providers. All new risk-free rates will have forward-looking term rates and if not available backward-looking term rates. EURIBOR, which also has forward looking nature, may continue to be used in new and legacy contracts, as long as the ECB will only publish backward-looking term rates for €STR (Euro short-term rate).

The Group has engaged external consultants to conduct an impact assessment and provide strategic recommendations and best practice solutions on the implementation of this reform. The Group has appointed an IBOR Conversion Steering Committee to manage its transition to alternative rates, which is being led by the treasury function. The IBOR Conversion team is addressing any queries or issues clients may encounter in response to these developments. The team is also dedicated to ensure that all exposures are appropriately and smoothly transitioned, and that fallback language is updated in anticipation of all deadlines, where necessary. From a commercial perspective, the Group will focus on developing and issuing new products and facilities based on alternative reference rates, while remediating existing IBOR-based transactions. The Group is therefore well prepared for the cessation of IBOR and is ready to assist its clients with the transition process.

With respect to loans, whilst the absolute majority have floating rates linked to IBOR, these have short term tenors which mature before the end of 2021. At the present time, no fall-back provisions have been contracted for when IBOR ceases to exist. The majority of the Bank's financial liabilities are linked to fixed rates of interest that do not depend on IBOR.

With respect to derivative instruments, the Bank holds such positions for risk management purposes only. The Bank did not designate any derivatives as hedging instruments in cash flow hedges.

6 Operating segments

The Group identified five significant reportable segments (trade finance, forfaiting, factoring, real estate and treasury) which are represented by different Group entities. For each of the entities, executive management reviews internal management reports on a monthly basis.

During the period under review there have been no changes to the classification or measurement of operating segments as a result of COVID-19. The financial position and performance of the different operating segments was impacted depending on the macro-economic environment of the respective business.

Information about operating segments

Group - June 2021

	Trade finance USD	Forfaiting USD	Factoring USD	Real estate USD	Treasury USD	Total USD
External revenue						
Interest income	1,569,233	9,024,542	4,268,370	2,296,359	5,026,461	**22,184,965**
Net fee and commission income	643,602	3,217,418	1,571,671	371,665	330,802	**6,135,158**
Net trading results	-	1,399,502	-	-	461,285	**1,860,787**
Net gain from other financial instruments	-	-	-	-	265,719	**265,719**
Dividend income	1,089,189	-	-	-	-	**1,089,189**
	3,302,024	**13,641,462**	**5,840,041**	**2,668,024**	**6,084,267**	**31,535,818**
Reportable segment (loss)/profit before income tax	(1,854,154)	3,758,002	(2,116,900)	1,257,964	5,780,318	**6,825,230**

Group – June 2020

	Trade finance USD	Forfaiting USD	Factoring USD	Real estate USD	Treasury USD	Total USD
External revenue						
Interest income	2,447,687	11,311,944	4,876,609	2,450,428	5,892,811	**26,979,479**
Net fee and commission income/(expense)	951,900	(182,001)	1,814,098	469,090	5,017,536	**8,070,623**
Net trading results	-	(1,967,202)	-	-	-	**(1,967,202)**
Net loss from other financial instruments	-	-	-	-	(1,067,921)	**(1,067,921)**
Dividend income	240,817	-	-	-	-	**240,817**
	3,640,404	**9,162,741**	**6,690,707**	**2,919,518**	**9,842,426**	**32,255,796**
Reportable segment (loss)/profit before income tax	(12,293,019)	(589,636)	(6,967,472)	1,166,163	7,510,461	**(11,173,503)**

Group - June 2021

	Trade finance USD	Forfaiting USD	Factoring USD	Real estate USD	Treasury USD	Total USD
Reportable segment assets	190,915,392	484,658,851	373,703,216	76,132,793	649,738,683	**1,775,148,935**
Reportable segment liabilities	73,810,455	85,281,998	112,258,559	-	1,341,181,911	**1,612,532,923**

Group - December 2020

	Trade finance USD	Forfaiting USD	Factoring USD	Real estate USD	Treasury USD	Total USD
Reportable segment assets	230,740,331	459,398,105	322,815,443	93,693,321	651,047,518	**1,757,694,718**
Reportable segment liabilities	76,380,384	90,020,926	75,157,615	-	1,323,043,782	**1,564,602,707**

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

Group

	30 Jun 2021 USD	30 Jun 2020 USD
Revenues		
Total revenue for reportable segments	31,535,818	32,255,796
Consolidated adjustments	(3,387,007)	(6,212,100)
Other revenue/(loss)	373,235	(357,818)
Consolidated revenue	**28,522,046**	**25,685,878**
Profit or loss		
Total profit/(loss) for reportable segments	6,825,230	(11,173,503)
Other profit/(loss)	2,178,159	(1,297,853)
	9,003,389	**(12,471,356)**
Profit on disposal of property and equipment	8,892	847
Effect of other consolidation adjustments on segment results	(6,732,250)	(2,721,605)
Consolidated profit/(loss) before tax	**2,280,031**	**(15,192,114)**

	30 Jun 2021 USD	31 Dec 2020 USD
Assets		
Total assets for reportable segments	1,775,148,935	1,757,694,718
Other assets	76,659,559	76,125,320
	1,851,808,494	**1,833,820,038**
Effect of other consolidation adjustments on segment results	3,262,922	225,985
Consolidated assets	**1,855,071,416**	**1,834,046,023**
Liabilities		
Total liabilities for reportable segments	1,612,532,923	1,564,602,707
Other liabilities	12,944,744	38,476,799
	1,625,477,667	**1,603,079,506**
Effect of other consolidation adjustments on segment results	(1,586,867)	(2,191,612)
Consolidated liabilities	**1,623,890,800**	**1,600,887,894**

7 Fair values of financial instruments

7.1 Valuation of financial instruments

The Group has an established control framework with respect to the measurement of fair values. This framework includes reports to the Group's Chief Financial Officer and executive management having overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. Market risk and related exposure to fair value movement is also a key function of the Group's Assets-Liabilities Committee and all valuations of financial instruments are reported to the Committee for review and approval. Significant valuation issues are reported to the Group's Audit Committee.

The Group measures fair values of an asset or liability 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 assets or liabilities.

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 assets or liabilities 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 assets or liabilities 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 also includes assets or liabilities 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.

7.2 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 2021

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Derivative assets held for risk management:				
– foreign exchange	-	707,417	-	**707,417**
Trading assets	-	-	478,643,229	**478,643,229**
Financial assets at fair value through profit or loss	-	53,077	20,495,057	**20,548,134**
Financial assets at fair value through other comprehensive income	167,465,882	-	-	**167,465,882**
Liabilities				
Derivative liabilities held for risk management:				
– foreign exchange	-	335,915	-	**335,915**

Group - 31 December 2020

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Derivative assets held for risk management:				
– foreign exchange	-	991,624	-	**991,624**
Trading assets	-	-	452,326,547	**452,326,547**
Financial assets at fair value through profit or loss	-	53,077	20,332,246	**20,385,323**
Financial assets at fair value through other comprehensive income	153,327,686	-	-	**153,327,686**
Liabilities				
Derivative liabilities held for risk management:				
– foreign exchange	-	1,629,434	-	**1,629,434**

Bank - 30 June 2021

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Derivative assets held for risk management:				
- foreign exchange	-	707,417	-	**707,417**
- interest rate	-	9,008	-	**9,008**
Financial assets at fair value through profit or loss	-	53,077	20,495,057	**20,548,134**
Financial assets at fair value through other comprehensive income	167,465,882	-	-	**167,465,882**
Liabilities				
Derivative liabilities held for risk management:				
- foreign exchange	-	335,915	-	**335,915**

Bank - 31 December 2020

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Derivative assets held for risk management:				
- foreign exchange	-	991,624	-	**991,624**
- interest rate	-	27,664	-	**27,664**
Financial assets at fair value through profit or loss	-	53,077	20,332,246	**20,385,323**
Financial assets at fair value through other comprehensive income	153,327,686	-	-	**153,327,686**
Liabilities				
Derivative liabilities held for risk management:				
- foreign exchange	-	1,629,434	-	**1,629,434**

7.3 Level 3 fair value measurements

7.3.1 Reconciliation

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

Group - 30 June 2021

	Trading assets USD	Financial assets at fair value through profit or loss USD	Total USD
Balance at 1 January 2021	452,326,547	20,332,246	**472,658,793**
Total gains and losses in profit or loss	2,375,479	(92,872)	**2,282,607**
Purchases	309,455,196	898,492	**310,353,688**
Settlements	(280,781,936)	-	**(280,781,936)**
Effects of movement in exchange rates	(4,732,057)	(642,809)	**(5,374,866)**
Balance at 30 June 2021	**478,643,229**	**20,495,057**	**499,138,286**

Group - 30 June 2020

	Trading assets USD	Financial assets at fair value through profit or loss USD	Total USD
Balance at 1 January 2020	460,238,536	125,342,798	**585,581,334**
Total gains and losses in profit or loss	(3,398,217)	(1,067,921)	**(4,466,138)**
Purchases	211,411,030	-	**211,411,030**
Settlements	(238,657,705)	(67,000,000)	**(305,657,705)**
Effects of movement in exchange rates	41,065	(65,927)	**(24,862)**
Balance at 30 June 2020	**429,634,709**	**57,208,950**	**486,843,659**

Bank - 30 June 2021

	Financial assets at fair value through profit or loss USD
Balance at 1 January 2021	20,332,246
Total gains and losses in profit or loss	(92,872)
Purchases	898,492
Settlements	-
Effects of movement in exchange rates	(642,809)
Balance at 30 June 2021	**20,495,057**

Bank - 30 June 2020

	Financial assets at fair value through profit or loss USD
Balance at 1 January 2020	125,342,798
Total gains and losses in profit or loss	(1,067,921)
Purchases	-
Settlements	(67,000,000)
Effects of movement in exchange rates	(65,927)
Balance at 30 June 2020	**57,208,950**

7.3.2 Unobservable inputs used in measuring fair value

The below sets out information about significant unobservable inputs used at 30 June 2021 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

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 2021, the interest rates used range between 1.90% and 10.27% (31 December 2020: between 2.06% and 10.27%).

The effect of an estimated general increase of one percentage point in interest rate on trading assets at 30 June 2021 would reduce the Group's profit before tax by approximately USD3,924,212 (31 December 2020: USD1,115,543).

Financial assets at fair value through profit or loss

'Financial assets at fair value through profit or loss' mainly represent holdings in three funds as follows:

- an unlisted sub-fund of a local collective investment scheme regulated by the MFSA, which is independently run by an investment manager licensed and regulated by the Financial Conduct Authority in London. The sub-fund invests in sustainable energy plants with returns generated throughout the life of each plant.

  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 to 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 practice. 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 uncertainties including the projected valuations of the individual plants and the future potential income from each plant.

  The effect of a ten-percentage point increase/(decrease) in the net asset value of the sub-fund at 30 June 2021 would increase/(decrease) the Bank and Group equity by approximately USD1,782,395 (31 December 2020: USD1,851,723).

- an unlisted sub-fund of a local collective investment scheme regulated by the MFSA, which is independently run by an investment manager licensed and regulated by the Financial Conduct Authority in UK. The sub-fund invests in a variety of investments, with relativity complex structures and limited liquidity.

  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 to fair market value. Assets are marked at observable traded prices where that is possible. Where there is no observable price, the assets value is determined in accordance with best market practice. 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 uncertainties including the projected valuations of the individual assets and the future potential income from each asset.

  The effect of a ten-percentage point increase/(decrease) in the net asset value of the sub-fund at 30 June 2021 would increase/(decrease) the Bank and Group equity by approximately USD177,262 (31 December 2020: USD181,502).

8 Classification of financial assets and liabilities

The following tables provide a reconciliation between line items in the Statements of Financial Position and categories of financial instruments.

Group - 30 June 2021

	Mandatorily at fair value through profit or loss USD	Designated at fair value through profit or loss USD	Fair value through other comprehensive income debt instruments USD	Amortised cost USD	Total carrying amount USD
Balances with the Central Bank of Malta, treasury bills and cash	-	-	-	273,050,719	**273,050,719**
Derivative assets held for risk management	707,417	-	-	-	**707,417**
Trading assets	478,643,229	-	-	-	**478,643,229**
Loans and advances to banks	-	-	-	231,961,222	**231,961,222**
Loans and advances to customers	-	-	-	582,714,891	**582,714,891**
Financial assets at fair value through profit or loss	20,495,057	53,077	-	-	**20,548,134**
Financial assets at fair value through other comprehensive income	-	-	167,465,882	-	**167,465,882**
Investments at amortised cost	-	-	-	9,964,469	**9,964,469**
Total financial assets	**499,845,703**	**53,077**	**167,465,882**	**1,097,691,301**	**1,765,055,963**
Derivative liabilities held for risk Management	335,915	-	-	-	**335,915**
Amounts owed to banks	-	-	-	559,818,778	**559,818,778**
Amounts owed to customers	-	-	-	1,006,776,171	**1,006,776,171**
Debt securities in issue	-	-	-	38,563,676	**38,563,676**
Total financial liabilities	**335,915**	**-**	**-**	**1,605,158,625**	**1,605,494,540**

Group - 31 December 2020

	Mandatorily at fair value through profit or loss USD	Designated at fair value through profit or loss USD	Fair value through other comprehensive income debt instruments USD	Amortised cost USD	Total carrying amount USD
Balances with the Central Bank of Malta, treasury bills and cash	-	-	-	319,287,524	**319,287,524**
Derivative assets held for risk management	991,624	-	-	-	**991,624**
Trading assets	452,326,547	-	-	-	**452,326,547**
Loans and advances to banks	-	-	-	193,139,577	**193,139,577**
Loans and advances to customers	-	-	-	591,995,726	**591,995,726**
Financial assets at fair value through profit or loss	20,332,246	53,077	-	-	**20,385,323**
Financial assets at fair value through other comprehensive income	-	-	153,327,686	-	**153,327,686**
Investments at amortised cost	-	-	-	9,839,457	**9,839,457**
Total financial assets	**473,650,417**	**53,077**	**153,327,686**	**1,114,262,284**	**1,741,293,464**
Derivative liabilities held for risk Management	1,629,434	-	-	-	**1,629,434**
Amounts owed to banks	-	-	-	429,443,480	**429,443,480**
Amounts owed to customers	-	-	-	1,101,570,295	**1,101,570,295**
Debt securities in issue	-	-	-	50,832,661	**50,832,661**
Total financial liabilities	**1,629,434**	**-**	**-**	**1,581,846,436**	**1,583,475,870**

Bank - 30 June 2021

	Mandatorily at fair value through profit or loss USD	Designated at fair value through profit or loss USD	Fair value through other comprehensive income debt instruments USD	Amortised cost USD	Total carrying amount USD
Balances with the Central Bank of Malta, treasury bills and cash	-	-	-	273,028,758	**273,028,758**
Derivative assets held for risk management	716,425	-	-	-	**716,425**
Loans and advances to banks	-	-	-	212,113,366	**212,113,366**
Loans and advances to customers	-	-	-	802,167,783	**802,167,783**
Financial assets at fair value through profit or loss	20,495,057	53,077	-	-	**20,548,134**
Financial assets at fair value through other comprehensive income	-	-	167,465,882	-	**167,465,882**
Investments at amortised cost	-	-	-	9,964,469	**9,964,469**
Total financial assets	**21,211,482**	**53,077**	**167,465,882**	**1,297,274,376**	**1,486,004,817**
Derivative liabilities held for risk Management	335,915	-	-	-	**335,915**
Amounts owed to banks	-	-	-	504,767,876	**504,767,876**
Amounts owed to customers	-	-	-	947,224,551	**947,224,551**
Total financial liabilities	**335,915**	**-**	**-**	**1,451,992,427**	**1,452,328,342**

Bank - 31 December 2020

	Mandatorily at fair value through profit or loss USD	Designated at fair value through profit or loss USD	Fair value through other comprehensive income debt instruments USD	Amortised cost USD	Total carrying amount USD
Balances with the Central Bank of Malta, treasury bills and cash	-	-	-	319,267,749	**319,267,749**
Derivative assets held for risk management	1,019,288	-	-	-	**1,019,288**
Loans and advances to banks	-	-	-	179,364,067	**179,364,067**
Loans and advances to customers	-	-	-	779,834,360	**779,834,360**
Financial assets at fair value through profit or loss	20,332,246	53,077	-	-	**20,385,323**
Financial assets at fair value through other comprehensive income	-	-	153,327,686	-	**153,327,686**
Investments at amortised cost	-	-	-	9,839,457	**9,839,457**
Total financial assets	**21,351,534**	**53,077**	**153,327,686**	**1,288,305,633**	**1,463,037,930**
Derivative liabilities held for risk Management	1,629,434	-	-	-	**1,629,434**
Amounts owed to banks	-	-	-	387,900,641	**387,900,641**
Amounts owed to customers	-	-	-	1,037,118,337	**1,037,118,337**
Total financial liabilities	**1,629,434**	**-**	**-**	**1,425,018,978**	**1,426,648,412**

9 Net trading results

	Group		Bank	
	2021 USD	2020 USD	2021 USD	2020 USD
Net trading results from assets held for trading	1,463,684	(2,379,403)	-	-
Foreign exchange rate results	799,581	2,336,038	709,204	2,391,590
Net results on derivatives held for risk management	(402,478)	(1,923,837)	(564,843)	(1,323,660)
	1,860,787	**(1,967,202)**	**144,361**	**1,067,930**

10 Dividend income

	Group		Bank	
	2021 USD	2020 USD	2021 USD	2020 USD
Dividend income from equity investments at fair value through profit or loss	1,089,189	240,817	1,089,189	240,817
Dividend income from subsidiary undertaking	-	-	6,200,000	-
	1,089,189	**240,817**	**7,289,189**	**240,817**

11 Derivatives held for risk management

	Group		Bank	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	USD	USD	USD	USD
Derivative assets held for risk management				
– foreign exchange	707,417	991,624	707,417	991,623
– interest rate	-	-	9,008	27,665
	707,417	**991,624**	**716,425**	**1,019,288**
Derivative liabilities held for risk management				
– foreign exchange	(335,915)	(1,629,434)	(335,915)	(1,629,434)
	(335,915)	**(1,629,434)**	**(335,915)**	**(1,629,434)**

12 Investments in subsidiaries

Impairment assessment

At each reporting date, the Bank carries out an impairment assessment to determine whether, the recoverable amounts of its investments in subsidiaries (at cost) in its separate financial statements are less than their carrying amount, therefore requiring an impairment loss.

The Group carried out an assessment to detect any indication of impairment that might have existed as at 30 June 2021. This assessment was performed as an update of the test carried out in December 2020 and was carried out on the basis of the underlying performance of each subsidiary during this period.

The assessment involved a retrospective analysis to test the effectiveness of the assumptions and projections used for the assessment carried out in December 2020. Where deviations are identified the Group updates the assumptions and projections to reflect the current conditions. Based on this assessment, it was determined that at reporting date, the recoverable amount of each subsidiary was higher than the carrying amount in the financial statements and therefore is no indication of an impairment loss (December 2020: USD9,314,000).

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 investment in subsidiary.

13 Goodwill

India Factoring and Egypt Factors - Impairment assessment

As disclosed in Note 12, the Group has carried out an assessment to detect any indication of impairment on the investment in subsidiaries that might have existed as at 30 June 2021. The same assessment has been used to determine any indication of impairment on the goodwill recognised for India Factoring and Egypt Factors.

Based on this assessment, the recoverable amount was determined to be higher than the carrying amount of the cash generating unit. Hence, at reporting date the carrying amount of goodwill was deemed to be supported and there is no indication of an impairment loss (December 2020: USD2,687,000).

14 Debt securities in issue

'Debt securities in issue' comprise of promissory notes. At 30 June 2021 and 31 December 2020 promissory notes in issue had a tenor of up to one year. The Group's effective interest rate ranges between 1.00% and 1.70% (31 December 2020: 1.00% and 1.75%).

15 Contingent liabilities

'Contingent liabilities' comprise of guarantee obligations incurred on behalf of third parties. Guarantees issued to subsidiaries amount to USD36,188,802 (31 December 2020: USD42,749,228).

16 Commitments

	Group		Bank	
	30 Jun 2021 USD	31 Dec 2020 USD	30 Jun 2021 USD	31 Dec 2020 USD
Commitments to purchase assets				
Undrawn credit facilities	79,459,481	73,013,249	79,164,439	72,221,019
Confirmed letters of credit	34,130,346	13,321,329	21,824,133	21,267,521
Documentary credits	846,745	3,103,424	846,745	3,103,424
Factoring commitments	-	-	9,031,337	8,653,802
Commitment to purchase assets	23,902,141	15,605,454	-	-
Commitments to sell assets				
Commitment to sell assets	(24,148,455)	-	-	-
	114,190,258	**105,043,456**	**110,866,654**	**105,245,766**

17 Related Parties

17.1 Identity of related parties

The Bank has a related party relationship with its significant shareholders, subsidiaries, directors, executive officers and companies forming part of the KIPCO Group. For the purpose of this Note, significant shareholders include all shareholders (and their connected parties) holding at least five per cent of the issued share capital of the Bank.

Related party transactions carried out by the Bank and its subsidiaries are reported to the Audit Committee which reviews them and assesses their nature.

17.2 Parent, shareholder having significant influence and other related companies

The aggregate values of transactions and outstanding balances related to the parent and subsidiaries of the parent company were as follows:

	Parent		Subsidiaries of parent	
	30 Jun 2021 USD	31 Dec 2020 USD	30 Jun 2021 USD	31 Dec 2020 USD
Assets				
Derivative assets held for risk management	-	-	-	96,667
Loans and advances to customers	43,973,072	45,650,284	-	-
Investments at amortised cost	10,017,720	9,910,131	-	-
Liabilities				
Derivative liabilities held for risk management	-	-	19,083	-
Amounts owed to customers	42,216,778	41,404,324	2,583	2,658
Other liabilities	-	-	7,000	-

	Parent		Subsidiaries of parent	
	30 Jun 2021 USD	30 Jun 2020 USD	30 Jun 2021 USD	30 Jun 2020 USD
Statements of profit or loss				
Interest income	913,906	1,092,950	-	-
Fee and commission income	61	70	75	-
Fee and commission expense	(3,118)	(3,087)	-	-
Net trading results	-	-	115,750	162,817
Administrative expenses	-	-	(245,080)	(161,322)

From the total in amounts owed to customers related to the parent, USD40,000,000 is held as collateral against loans and advances to customers with a related company.

The aggregate values of transactions and outstanding balances related to the shareholder having significant influence, subsidiary of shareholder having significant influence and other related companies were as follows:

	Shareholder having significant influence		Subsidiary of shareholder having significant influence		Other related companies	
	30 Jun 2021 USD	31 Dec 2020 USD	30 Jun 2021 USD	31 Dec 2020 USD	30 Jun 2021 USD	31 Dec 2020 USD
Assets						
Loans and advances to banks	50,135	115,255	23,767,083	22,542,889	-	-
Loans and advances to customers	-	-	-	-	43,535,943	40,738,038
Liabilities						
Amounts owed to banks	-	-	22,905,314	22,550,135	-	-
Amounts owed to customers	-	-	-	-	3,891,816	18,904
Other liabilities	-	-	-	-	386	-

	30 Jun 2021 USD	30 Jun 2020 USD	30 Jun 2021 USD	30 Jun 2020 USD	30 Jun 2021 USD	30 Jun 2020 USD
Statements of profit or loss						
Interest income	-	-	16,706	-	695,087	336,911
Interest expense	-	-	(199,425)	(51,319)	-	(14)
Fee and commission income	-	-	-	-	17,360	43,648
Fee and commission expense	-	(99)	-	-	(386)	-
Net trading results	(101,477)	55,327	-	-	-	-
Administrative expenses	-	(11,095)	-	-	-	-

17.3 Transactions with key management personnel

	Directors		Executive officers	
	30 Jun 2021 USD	31 Dec 2020 USD	30 Jun 2021 USD	31 Dec 2020 USD
Assets				
Loans and advances to customers	-	-	4,775	8,647
Other assets	-	-	1,400	1,446
Liabilities				
Amounts owed to customers	619,885	595,528	401,554	709,525
	30 Jun 2021 USD	30 Jun 2020 USD	30 Jun 2021 USD	30 Jun 2020 USD
Statements of profit or loss				
Interest income	-	-	17	74
Interest expense	(3,977)	(3,314)	(942)	(1,094)
Fee and commission income	40	44	-	-
Administrative expenses - remuneration	(198,729)	(171,427)	(1,271,699)	(1,568,563)
Administrative expenses - other long-term benefits	(219)	(199)	(323,929)	(511,184)
Administrative expenses - others	(632)	(11,727)	(466)	(20,691)

Directors of the Group control less than 1 per cent of the voting shares of the Bank (31 December 2020: less than 1 per cent).

17.4 Other related party transactions

	Other related parties	
	30 Jun 2021 USD	31 Dec 2020 USD
Liabilities		
Amounts owed to customers	362,721	369,028
	30 Jun 2021 USD	30 Jun 2020 USD
Statements of profit or loss		
Interest expense	(2,647)	(11,228)
Fee and commission income	-	4

Other related party transactions relate to family members of Directors and executive officers of the Group.

18 Disclosure of exposures subject to measures applied in response to the COVID-19 crisis

The following disclosures are based on the guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis that was issued by the EBA in June 2020 (EBA/GL/2020/07) and subsequent updates issued in relation to these guidelines. These disclosures aim to provide information on those exposures that have been subject to payment moratoria in accordance with the EBA guidance on moratoria (EBA/GL/2020/02) and on any new loans that are subject to public guarantees set up to mitigate the effects of the COVID-19 crisis. These are applicable to exposures subject to such provisions from 30 June 2020.

The Bank applied moratoria on loan repayments in the light of the COVID-19 crisis based on the Central Bank of Malta's Directive 18. The exposures against which the moratoria were applied are with non-financial corporations and originate from real estate industry. A three month up to a six month mortarium was applied to the granted applications on their interest payments and/or capital repayments. No economic losses were realised.

India Factoring applied moratoria through postponements in the due date of receivables to their factoring clients. These clients are from both the manufacturing and the trading sector, spread across various industries, including textile, automobile, metals, packaging, chemicals and leathers. The length of the moratoria varies between one and three months based on their requirements. No economic losses were realised.

In Egypt, the Egyptian Financial Regulatory Authority required financial institutions, including Egypt Factors to mandatorily apply maturity prolongations in the form of postponements for the dues of their clients. Egypt Factors applied such postponements for a period of six months from the due dates of the outstanding amounts to support clients during the COVID-19 crisis. While applying this requirement, no contractual modifications and/or refinancing were applied. No economic losses were realised.

No other entity within the Group provided moratoria on loan repayments. In addition, none of the entities within the Group originated new loans and advances which were subject to public guarantee schemes introduced in response to the COVID-19 crisis.

The following tables provide an overview of the credit quality of loans and advances as at 30 June 2021 subject to moratoria on loan repayments applied in the light of the COVID-19 crisis, in accordance with EBA/GL/2020/02. No loans and advances subject to mortarium where with households.

	Gross Carrying Amount							
		Performing			Non-Performing			Inflows to non-performing exposures
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	
	USD	USD	USD	USD	USD	USD	USD	USD
Loans and advances subject to moratorium	**34,380,813**	**33,038,324**	**593,082**	**29,682,402**	**1,342,489**	**1,341,753**	**-**	**42,939**
of which: non-financial corporations	34,380,813	33,038,324	593,082	29,682,402	1,342,489	1,341,753	-	42,939
of which: small and medium-sized enterprises	34,380,806	33,038,317	593,082	29,682,394	1,342,489	1,341,753	-	42,939
of which: collateralised by commercial immovable property	7,601,107	7,600,371	-	5,573,550	736	-	-	-

	Accumulated impairment, accumulated negative changes in fair value due to credit risk						
		Performing			Non-Performing		
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days
	USD	USD	USD	USD	USD	USD	USD
Loans and advances subject to moratorium	**1,057,656**	**336,251**	**17,760**	**329,343**	**721,405**	**721,405**	**-**
of which: non-financial corporations	1,057,656	336,251	17,760	329,343	721,405	721,405	-
of which: small and medium-sized enterprises	1,057,656	336,251	17,760	329,343	721,405	721,405	-
of which: collateralised by commercial immovable property	16,082	16,082	-	14,629	-	-	-

The following table provides an overview of the volume of loans and advances as at 30 June 2021 subject to legislative and non-legislative moratoria in accordance with EBA/GL/2020/02 by residual maturity of these moratoria. No loans and advances subject to mortarium where with households.

	Number of obligors	Gross Carrying Amount							
			Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12months	> 1 year
	No.	USD	USD	USD	USD	USD	USD	USD	USD
Loans and advances for which moratorium was offered	**43**	**39,894,278**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances subject to moratorium (granted)	**42**	**34,380,813**	**34,380,813**	**34,380,813**	**-**	**-**	**-**	**-**	**-**
of which: non-financial corporations		34,380,813	34,380,813	34,380,813	-	-	-	-	-
of which: small and medium-sized enterprises		34,380,806	34,380,806	34,380,806	-	-	-	-	-
of which: collateralised by commercial immovable property		7,601,107	7,601,107	7,601,107	-	-	-	-	-

19 COVID-19 impact on expected credit losses

19.1 Assumptions and judgements

In light of the spread of COVID-19 across the globe, the Group has assessed the impact of the outbreak on the credit risk over the expected life of its financial assets.

In measuring expected credit losses ("ECL"), the Group relies on risk and economic data and modelling techniques provided by Moody's Analytics – a global firm specialising in areas of credit risk analysis, economic and regulatory capital calculation, economic research and other areas intrinsically linked to the ECL model.

The model used for this review period was based on three possible scenarios covering a wide range of possible outcomes. Each scenario assumed different epidemiological and economic circumstances, restrictive measures to combat the virus spread and different use of monetary and fiscal policies. Scenarios and assumptions vary from one country to another, with each country having different levels of:

- infection spread, fatality rates, hospitalisation rates, medical supplies availability, vaccine rollout;
- lock-down measures, travel restrictions, business reopening measures, domestic consumption;
- oil prices, interest rates, unemployment rates, GDP rates, debt-to-GDP ratios, companies going in liquidation, consumer and business confidence; and
- quantitative easing, fiscal stimulus, state aid and bailout measures.

The economic scenarios with COVID-19 impact for the top five geographies used as at 30 June 2021 included the following key indicators for the years 2022 to 2026.

Group

		Year-on-year change				
Country: Malta		Jun 2022	Jun 2023	Jun 2024	Jun 2025	Jun 2026
Equity	Base	26%	6%	2%	4%	4%
	Upside	47%	0%	-2%	2%	4%
	Downside	-9%	18%	16%	7%	4%
GDP growth	Base	7%	3%	2%	2%	2%
	Upside	10%	3%	2%	2%	2%
	Downside	1%	4%	3%	3%	2%
Country: Germany		Jun 2022	Jun 2023	Jun 2024	Jun 2025	Jun 2026
Equity	Base	-4%	-7%	1%	7%	2%
	Upside	10%	-10%	-2%	1%	0%
	Downside	-36%	10%	16%	11%	4%
GDP growth	Base	4%	2%	2%	2%	1%
	Upside	8%	2%	2%	2%	1%
	Downside	-1%	3%	3%	3%	1%
Country: United Arab Emirates		Jun 2022	Jun 2023	Jun 2024	Jun 2025	Jun 2026
Equity	Base	2%	3%	2%	4%	5%
	Upside	9%	2%	0%	3%	5%
	Downside	-23%	17%	11%	3%	0%
Oil price	Base	-3%	0%	2%	3%	4%
	Upside	5%	1%	2%	3%	4%
	Downside	-46%	36%	7%	8%	7%
Country: Egypt		Jun 2022	Jun 2023	Jun 2024	Jun 2025	Jun 2026
Equity	Base	12%	4%	5%	5%	6%
	Upside	23%	2%	4%	3%	4%
	Downside	-19%	22%	11%	8%	5%
GDP growth	Base	4%	6%	5%	5%	4%
	Upside	7%	6%	5%	4%	4%
	Downside	-1%	6%	6%	5%	5%
Country: India		Jun 2022	Jun 2023	Jun 2024	Jun 2025	Jun 2026
Equity	Base	0%	1%	1%	3%	2%
	Upside	7%	1%	1%	1%	3%
	Downside	-21%	11%	5%	4%	3%
GDP growth	Base	13%	6%	6%	6%	6%
	Upside	16%	7%	7%	6%	6%
	Downside	5%	7%	7%	6%	7%

19.2 Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

Group

	2021			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Balances with the Central Bank of Malta, treasury bills and cash				
Balance at 1 January 2021	131,651	21,049	-	**152,700**
Net remeasurement of loss allowance	(4,623)	(11,252)	-	**(15,875)**
New financial assets originated or purchased	30,784	-	-	**30,784**
Financial assets that have been derecognised	(5,475)	(9,582)	-	**(15,057)**
Balance at 30 June 2021	**152,337**	**215**	**-**	**152,552**
Loans and advances to banks				
Balance at 1 January 2021	775,489	75,487	3,140,579	**3,991,555**
Transfer to Stage 1	166	(166)	-	**-**
Net remeasurement of loss allowance	(285,290)	(38,709)	-	**(323,999)**
New financial assets originated or purchased	216,570	-	-	**216,570**
Financial assets that have been derecognised	(339,077)	-	(1,349,148)	**(1,688,225)**
Interest and fee in suspense	-	-	(1,728,518)	**(1,728,518)**
Foreign exchange and other	(628)	-	(62,913)	**(63,541)**
Balance at 30 June 2021	**367,230**	**36,612**	**-**	**403 ,842**
Loans and advances to customers				
Balance at 1 January 2021	2,069,713	3,618,347	95,890,842	**101,578,902**
Transfer to Stage 1	43,461	(43,461)	-	**-**
Transfer to Stage 2	(6,497)	6,497	-	**-**
Transfer to Stage 3	-	(88,319)	88,319	**-**
Net remeasurement of loss allowance	(675,141)	(596,376)	3,211,419	**1,939,902**
New financial assets originated or purchased	132,720	117,684	-	**250,404**
Financial assets that have been derecognised	(325,436)	(290,624)	469 ,254	**(146,806)**
Write-offs	-	-	(1,465,738)	**(1,465,738)**
Interest and fee in suspense	-	-	4,503,159	**4,503,159**
Foreign exchange and other	(1,784)	(701)	(1,372,604)	**(1,375,089)**
Balance at 30 June 2021	**1,237,036**	**2,723,047**	**101,324,651**	**105,284,734**
Financial assets at fair value through other comprehensive income				
Balance at 1 January 2021	71,827	-	-	**71,827**
Net remeasurement of loss allowance	(14,332)	-	-	**(14,332)**
New financial assets originated or purchased	19,790	-	-	**19,790**
Financial assets that have been derecognsed	(1,507)	-	-	**(1,507)**
Balance at 30 June 2021	**75,778**	**-**	**-**	**75,778**
Investments at amortised cost				
Balance at 1 January 2021	70,674	-	-	**70,674**
Net remeasurement of loss allowance	(17,423)	-	-	**(17,423)**
Balance at 30 June 2021	**53,251**	**-**	**-**	**53,251**
Contingent liabilities				
Balance at 1 January 2021	9,611	-	-	**9,611**
Net remeasurement of loss allowance	(3,307)	-	-	**(3,307)**
New financial assets originated or purchased	490	-	-	**490**
Financial assets that have been derecognised	(4,789)	-	-	**(4,789)**
Balance at 30 June 2021	**2,005**	**-**	**-**	**2,005**
Commitments				
Balance at 1 January 2021	14,808	153,176	-	**167,984**
Transfer to Stage 2	(232)	232	-	**-**
Net remeasurement of loss allowance	(3,139)	(491)	-	**(3,630)**
New financial assets originated or purchased	43,303	420	-	**43,723**
Financial assets that have been derecognised	(7,691)	(152,917)	-	**(160,608)**
Balance at 30 June 2021	**47,049**	**420**	**-**	**47,469**

Statement pursuant to listing rule 5.75.3

We hereby confirm that to the best of our knowledge:

- the Condensed Interim Financial Statements set out on pages 6 to 36 give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2021, 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.

Adrian A. Gostuski
Chief Executive Officer

Juraj Beno
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') which comprise the condensed statements of financial position as at 30 June 2021, and the related condensed statements of profit or loss, other comprehensive income, changes in equity and cash flows for the period then ended and notes to the condensed interim financial statements. Management is responsible for the preparation and presentation of the Condensed Interim Financial Statements in accordance with IAS 34, Interim Financial Reporting, as 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 period ended 30 June 2021 are not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU.

The Principal authorised to sign on behalf of KPMG on the review resulting in this independent auditors' report is Noel Mizzi.

KPMG
Registered Auditors
92, Marina Street
Pietà, PTA 9044
Malta

12 August 2021

Additional regulatory disclosure (Pillar III)

1 Introduction

This document comprises the Pillar III regulatory disclosures required by BR/07 as at 30 June 2021 for FIMBank p.l.c. and its subsidiary undertakings (the "Group").

These disclosures reflect the requirements of Part Eight of the Capital Requirements Regulation (the 'CRR') (EU) No 575/2013 as amended by Regulation (EU) 2019/876, the European Banking Authority's 'Final Report on the Guidelines on Disclosure Requirements under Part Eight of Regulation (EU) No 575/2013' (EBA/GL/2016/11 version 2) and of the applicable European Commission's implementing and delegated regulations, as well as the EBA Guidelines.

The Pillar III disclosures are not subject to external audit, except to the extent that any such disclosures are also required for the purpose of the preparation of the Group's International Financial Reporting Standards Financial Statements. Nonetheless, these disclosures have been internally reviewed by the Group and approved by the Bank's Audit Committee and the Board of Directors (the "Board").

2 Disclosure of key metrics within the prudential reporting framework

In accordance with Article 433c and Article 447 of the CRR, the Group is disclosing its key metrics within the table below. The table discloses the following metrics as at 30 June 2021:

a) the composition of own funds and own funds requirements as calculated in accordance with Article 92 of the CRR;
b) the total risk exposure amount as calculated in accordance with Article 92(3) of the CRR;
c) the amount and composition of additional own funds required to be held in accordance with point (a) of Article 104(1) of Directive 2013/36/EU;
d) the combined buffer requirement required to be held in accordance with Chapter 4 of Title VII of Directive 2013/36/EU;
e) the leverage ratio and the total exposure measure as calculated in accordance with Article 429 of the CRR;
f) the liquidity coverage ratio and its components as calculated in accordance with the delegated act referred to in Article 460(1) based on end-of-month observations over the preceding twelve months for each quarter of the disclosure period;
g) the net stable funding ratio and its components as calculated in accordance with Title IV of Part Six of the CRR;

		30 Jun 2021 USD	31 Dec 2020 USD	30 Jun 2020 USD
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	219,284,894	223,264,444	239,125,155
2	Tier 1 capital	219,284,894	223,264,444	239,125,155
3	Total capital	219,284,894	223,264,444	239,125,155
	Risk-weighted exposure amounts			
4	Total risk exposure amount	1,194,186,730	1,206,575,897	1,325,475,246
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	18.4%	18.5%	18.0%
6	Tier 1 ratio (%)	18.4%	18.5%	18.0%
7	Total capital ratio (%)	18.4%	18.5%	18.0%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	6.0%	6.0%	-
EU 7b	of which: to be made up of CET1 capital (percentage points)	6.0%	6.0%	-
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	6.0%	6.0%	-
EU 7d	Total SREP own funds requirements (%)	14.0%	14.0%	8.0%

		30 Jun 2021 USD	31 Dec 2020 USD	30 Jun 2020 USD
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.0%	0.0%	0.0%
EU 9a	Systemic risk buffer (%)	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-
11	Combined buffer requirement (%)	2.5%	2.5%	2.5%
EU 11a	Overall capital requirements (%)	16.5%	16.5%	10.5%
12	CET1 available after meeting the total SREP own funds requirements (%)	4.4%	4.5%	10.0%
	Leverage ratio			
13	Total exposure measure	1,855,322,850	1,842,399,105	1,801,356,989
14	Leverage ratio (%)	11.6%	11.8%	12.9%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	-	-	-
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	3.0%	3.0%	3.0%
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	270,984,149	221,474,270	192,110,392
EU 16a	Cash outflows - Total weighted value	361,270,069	385,968,303	485,881,230
EU 16b	Cash inflows - Total weighted value	282,417,580	374,702,527	386,510,324
16	Total net cash outflows (adjusted value)	116,416,246	102,055,194	133,587,943
17	Liquidity coverage ratio (%)	232.8%	217.0%	143.8%
	Net Stable Funding Ratio			
18	Total available stable funding	1,052,610,982	-	-
19	Total required stable funding	717,743,920	-	-
20	Net Stable Funding Ratio (%)	146.7%	-	-

In addition to the Overall Capital Requirement, the Group expected to hold an additional 1% of own funds requirement, representing its Pillar 2 Guidance requirement.