



**FIMBANK**

# Condensed Interim Financial Statements 2020

Contents	Page
Directors' report pursuant to Listing Rule 5.75.2	2
Condensed interim financial statements:	
Condensed interim statements of financial position	6
Condensed interim statements of profit or loss	8
Condensed interim statements of other comprehensive income	9
Condensed interim statements of changes in equity	10
Condensed interim statements of cash flows	14
Notes to the condensed interim financial statements	15
Statement pursuant to listing rule 5.75.3	37
Independent auditors' report on review of condensed interim financial statements	38

# Directors' report pursuant to listing rule 5.75.2

For the six months ended 30 June 2020

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 2020. 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

The Condensed Interim Financial Statements have been prepared in accordance with EU adopted IAS 34 Interim Financial Reporting. These published figures have been extracted from the FIMBank Group's unaudited accounts for the six months ended 30 June 2020 as approved by the Board of Directors on 13 August 2020.

For the six months ended 30 June 2020, the FIMBank Group posted an after-tax loss of USD19.4 million, compared to the USD7.5 million after-tax profit registered in the same period in 2019. No reserves are presently available for distribution.

## 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, factoring and loan syndications;
- The Bank has two branches registered in Dubai International Finance Centre, Dubai, United Arab Emirates and Athens, Greece. Both branches are supervised by their respective Regulators;
- LFC (100%) is registered in the United Kingdom as a private limited liability company. It 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;
- 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, served as the corporate vehicle for Latam Factors S.A., which entity was sold to third parties during 2018. FHC is currently in liquidation; 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, forfaiting and trade finance activities 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 is China Construction Bank (50%).

## Review of performance

The financial and operating performance of FIMBank for the first six months of 2020 was, as expected, marked with the disruption brought about by the COVID-19 pandemic. Following a normalised start of the year, the events and uncertainty that unfolded from mid-March onwards created a previously unseen reality which demanded quick adaptation and reaction.

COVID-19 created a major shock to the global economy, with immediate disruption to global supply chains, tangibly evidenced by the closure of industrial plants and ports in major export-driven economies. This was compounded by market volatility resulting in a correction to bonds, equity and commodity prices. A demand for heightened vigilance to manage the Group's risks - liquidity, credit earnings, market and operational amongst others - ensued.

At the outset of the crisis, FIMBank triggered its business continuity contingency plans, to ensure the continued effectiveness of its operations, and the adequate management of risks. The Group has throughout this period increased its available liquidity, increasing caution for unforeseen shocks. In parallel, credit monitoring and early-warning indicator tools were enhanced to pre-empt client economic difficulties. During the period under review, new non-performing facilities were limited to a small number of exposures, but unavoidably, impairments on non-performing loans required further coverage due to a weaker outlook on the loan recoverability and its timeline. The Group is monitoring governments' aid and pandemic-related initiatives to respective business sectors - with selective direct participation by the Bank - ensuring that clients would benefit from the general credit-easing and liquidity influx provided by the different authorities.

In managing the reduction in revenues resulting from the contraction in business volumes, heightened caution on credit-risk and increased levels of liquidity, the Group took measures to control operating costs across the different resource classes. Remote working measures were implemented with minimal difficulty whilst concurrently prioritising the well-being of all global employees.

## Income statement

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

	2020 USD	Group 2019 USD	Movement USD
Net interest income	16,563,542	16,002,172	561,370
Net fee and commission income	4,949,235	6,353,441	(1,404,206)
Dividend income	240,817	3,858,668	(3,617,851)
Net results from foreign currency operations	412,201	1,161,762	(749,561)
Other operating income	449,173	434,295	14,878
<b>Net operating income</b>	<b>22,614,968</b>	<b>27,810,338</b>	<b>(5,195,370)</b>
Operating expenses	(18,475,003)	(18,691,904)	216,901
<b>Net operating results</b>	<b>4,139,965</b>	<b>9,118,434</b>	<b>(4,978,469)</b>
Net impairment losses	(15,884,755)	(579,256)	(15,305,499)
Net results from trading assets and other financial instruments	(3,447,324)	1,109,134	(4,556,458)
<b>(Loss)/Profit before tax</b>	<b>(15,192,114)</b>	<b>9,648,312</b>	<b>(24,840,426)</b>
Taxation	(4,200,372)	(2,161,533)	(2,038,839)
<b>(Loss)/Profit for the period</b>	<b>(19,392,486)</b>	<b>7,486,779</b>	<b>(26,879,265)</b>

During the period under review, FIMBank Group reported a loss before tax of USD15.2 million, following a profit before tax of USD9.6 million in 2019 - as higher impairment charges and fair value adjustments amplified the impact of COVID-19 pandemic on the Group's performance.

The Group's net operating income (net revenues) decreased by 19% from USD27.8 million to USD22.6 million. Net interest income increased by 4% to USD16.6 million, as continued improvements in the cost of funding structure of the Group offset the reduction in interest income from lower commercial asset levels and higher liquidity assets. Net fees and commission reduced by USD1.4 million to USD4.9 million due to a reduction in new transactions generated during the period partly offset by a reduction in fees payable on credit mitigation and related costs. Dividend income decreased drastically from USD3.9 million to USD0.2 million as the Group reduced its investment in a trade-asset fund which contributed most of the dividend income in prior period. Net results from foreign currency operations also decreased to USD0.4 million as the client-driven FX business volumes contracted in line with the reduction in business volumes noted during this period.

Operating expenses for the six months under review stood at USD18.5 million – with a reduction compared to the USD18.7 million in 2019. This was a result of cost measures adopted during the period, especially in the second quarter, with savings in administration and depreciation/amortisation of USD 0.6m. This was partly offset by a marginal increase of USD0.4 million in staff costs due to the recruitment of senior officers in key functions.

During the first six months of the year, the Group increased its impairment charges across all three IFRS9 stages by USD15.9 million – up from USD0.6 million in 2019. On the performing Stage 1 and Stage 2 exposures, an increase of USD0.6 million was recognised on the basis of higher expected credit losses – with the impact on COVID-19 reflecting itself in worsening individual-entity and macro-economic indicators, resulting in higher impairment charges. On the non-performing Stage 3 exposures, the Group identified one new significant delinquent exposure and increased coverage on a number of other prior such exposures – total increase for H1 2020 of USD15.3 million. These impairment charges reflect the deterioration in the recoverability prospects of non-performing restructured facilities as a result of COVID-19 disruption.

Results from trading assets and other financial instruments also worsened with a net loss in value of USD3.4 million compared to a positive result of USD1.1 million in 2019. The H1 2020 result is driven by unrealised value losses of USD2.4 million in the forfeiting portfolio and USD1.0 million on the investments at fair value through profit or loss.

During the period under review, a subsidiary undertaking recognised a USD2.8 million deferred tax write-off related to the recoverability of tax losses having a finite expiry date. This is a result of COVID-19 disruption to the subsidiary's operations with impact on future taxable profits and eventual recoverability prospects before the expiry date.

## Financial position

At 30 June 2020, total Consolidated Assets stood at USD1.74 billion, a decrease of USD150 million (8%) over the USD1.89 billion reported at end-2019. The reduction in the Group's balance sheet reflects a contraction to the Group's commercial portfolios, offset by increases in treasury balances held for liquidity purposes. From the commercial side, the contraction was in all major classes, namely Loans and Advances to Customers (USD135 million), Trading Assets (USD30 million) and Financial Assets at Fair Value through Profit or Loss (USD68 million). The increase in liquidity balances reflects itself in Balances with Central Bank of Malta, Loans and Advances to Banks and Financial Assets at Fair Value through Other Comprehensive Income. Throughout the period the Group maintained a level of liquidity significantly above the regulatory minima – and this to safeguard against any shocks which may be caused by COVID-19 disruption.

Total Consolidated Liabilities as at 30 June 2020 stood at USD1.48 billion, a decrease of 8% over the USD1.61 billion reported at end-2019. This drop reflects the asset reduction trends noted during the period with the reduction in liabilities mainly attributable to a decrease in wholesale funding (bank loans and deposits) of USD130 million. Deposits from corporate and retail clients increased by USD31 million. During the period, the Group also repaid debt securities of USD29 million issued by a subsidiary undertaking.

Group Equity as at financial reporting date stood at USD259 million (31 December 2019: USD282 million), with CET1 and CAR ratios standing at 18.0% (31 December 2019: 16.9%). The changes in equity reflect the loss for the first six months of the year and other changes to reserves, whereas the improvement in CET1 ratio also reflects a reduction in risk-weighted assets.

## Annual general meeting

In reaction to the COVID-19 pandemic and the directives issued by the Public Health Authorities, the Bank issued a Company Announcement on 27 March 2020, whereby the Board of Directors announced that in the interest of safeguarding the health and safety of its shareholders the Annual General Meeting 2020 was being postponed to a future date.

The Board composition following the last Annual General Meeting which was held on 7 May 2019 is as follows:

John C. Grech (*Chairman*)  
Masaud M. J. Hayat (*Vice Chairman*)  
Adrian Alejandro Gostuski  
Edmond Brincat  
Hussain Lalani  
Majed Essa Al-Ajeel  
Mohamed Fekih Ahmed  
Osama Talat Al-Ghoussein  
Rogers David LeBaron  
Rabih Soukariah  
Geraldine Schembri (resigned on 15 January 2020)

## Second half of 2020

In a context of an uncertain macroeconomic outlook, FIMBank's projections remain cautious in terms of the overall operating environment. With global trade flows starting to gradually re-open for business, trade volumes and business levels are expected to return to a minimal growth path from the current deflated levels. That said, earnings pressures will continue in the second half on commodity-price volatility and a low interest rate environment – with the risk that cost of credit and cost of funds might dampen the start of recovery. FIMBank will maintain its prudent approach to new business whilst strengthening control risk areas. The outcome for the year will much depend on further pandemic disruption with the Group poised to consolidate its business fundamentals to remain successful in this new norm.

Approved by the Board on 13 August 2020 and signed on its behalf by:



John C. Grech  
Chairman



Masaud M. J. Hayat  
Vice Chairman

# Condensed interim statements of financial position

	Note	Group		Bank	
		30 Jun 2020 USD	31 Dec 2019 USD	30 Jun 2020 USD	31 Dec 2019 USD
<b>Assets</b>					
Balances with the Central Bank of Malta, treasury bills and cash		218,541,099	208,277,004	218,519,796	208,259,407
Derivative assets held for risk management	11	277,893	142,249	294,804	96,285
Trading assets		429,634,709	460,238,536	-	-
Loans and advances to banks		279,049,492	246,078,195	257,768,855	232,351,750
Loans and advances to customers		514,426,429	649,890,157	736,543,217	811,152,849
Financial assets at fair value through profit or loss		57,208,950	125,342,798	57,208,950	125,342,798
Financial assets at fair value through other comprehensive income		126,141,173	79,367,556	126,141,173	79,367,556
Investments at amortised cost		9,713,667	9,785,496	9,713,667	9,785,496
Investments in subsidiaries	12	-	-	142,948,385	147,948,385
Property and equipment		32,804,574	33,786,469	4,273,079	5,229,059
Investment property		17,223,820	17,223,820	-	-
Intangible assets and goodwill	13	12,335,721	13,107,881	4,247,705	4,647,642
Current tax assets		1,549,218	1,846,627	229,998	226,886
Deferred tax assets		33,453,424	36,773,586	22,559,150	22,011,162
Other assets		10,387,522	11,169,850	11,181,548	8,824,153
<b>Total assets</b>		<b>1,742,747,691</b>	<b>1,893,030,224</b>	<b>1,591,630,327</b>	<b>1,655,243,428</b>
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Derivative liabilities held for risk management	11	1,810,464	187,700	1,691,040	193,691
Amounts owed to banks		322,237,958	452,291,304	295,601,261	405,072,025
Amounts owed to customers		1,088,897,637	1,057,824,242	1,050,626,540	978,134,002
Debt securities in issue	14	50,843,390	79,550,865	-	-
Current tax liabilities		308,535	588,368	-	-
Deferred tax liability		4,215,075	4,215,075	-	-
Provision for liabilities and charges		125,986	88,435	25,930	85,159
Other liabilities		15,220,636	17,271,633	10,731,582	13,077,128
<b>Total liabilities</b>		<b>1,483,659,681</b>	<b>1,612,017,622</b>	<b>1,358,676,353</b>	<b>1,396,562,005</b>
<b>Equity</b>					
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		2,414,055	2,323,486	2,414,055	2,323,486
Currency translation reserve		(9,150,018)	(7,086,044)	-	-
Fair value reserve		10,813,785	11,311,278	(140,260)	357,233
Other reserve		2,982,985	2,916,863	2,681,041	2,681,041
(Accumulated losses)/Retained earnings		(10,330,542)	10,937,616	(34,081,629)	(8,761,104)
<b>Total equity attributable to equity holders of the Bank</b>		<b>258,811,032</b>	<b>282,483,966</b>	<b>232,953,974</b>	<b>258,681,423</b>
Non-controlling interests		276,978	(1,471,364)	-	-
<b>Total equity</b>		<b>259,088,010</b>	<b>281,012,602</b>	<b>232,953,974</b>	<b>258,681,423</b>
<b>Total liabilities and equity</b>		<b>1,742,747,691</b>	<b>1,893,030,224</b>	<b>1,591,630,327</b>	<b>1,655,243,428</b>

# Condensed interim statements of financial position

	Note	Group		Bank	
		30 Jun 2020 USD	31 Dec 2019 USD	30 Jun 2020 USD	31 Dec 2019 USD
<b>Memorandum items</b>					
<b>Contingent liabilities</b>	15	<b>1,774,506</b>	<b>4,899,827</b>	<b>44,887,610</b>	<b>61,628,654</b>
<b>Commitments</b>	16	<b>146,786,825</b>	<b>165,939,920</b>	<b>81,028,341</b>	<b>143,026,427</b>

These condensed interim statements were approved by the Board of Directors and authorised for issue on 13 August 2020 and signed on its behalf by:



John C. Grech  
Chairman



Masaud M. J. Hayat  
Vice Chairman

# Condensed interim statements of profit or loss

For the six months ended 30 June 2020

	Note	Group		Bank	
		2020 USD	2019 USD	2020 USD	2019 USD
Interest income		23,081,776	26,168,513	12,436,186	16,361,046
Interest expense		(6,518,234)	(10,166,341)	(5,181,825)	(7,813,762)
<b>Net interest income</b>		<b>16,563,542</b>	<b>16,002,172</b>	<b>7,254,361</b>	<b>8,547,284</b>
Fee and commission income		7,934,579	9,461,040	3,045,090	4,016,094
Fee and commission expense		(2,985,344)	(3,107,599)	(1,654,064)	(1,567,176)
<b>Net fee and commission income</b>		<b>4,949,235</b>	<b>6,353,441</b>	<b>1,391,026</b>	<b>2,448,918</b>
Net trading results	9	(1,967,202)	2,270,818	1,067,930	(308,749)
Net (loss)/gain from other financial instruments carried at fair value		(1,067,921)	78	(1,067,921)	78
Dividend income	10	240,817	3,858,668	240,817	3,858,668
Other operating income		449,173	434,295	56,851	60,580
<b>Operating income before net impairments</b>		<b>19,167,644</b>	<b>28,919,472</b>	<b>8,943,064</b>	<b>14,606,779</b>
Impairment of investments in subsidiaries	12	-	-	(5,000,000)	-
Net impairment losses on financial instruments	19.2	(15,884,755)	(579,256)	(15,758,125)	(3,482,604)
<b>Operating income/(loss)</b>		<b>3,282,889</b>	<b>28,340,216</b>	<b>(11,815,061)</b>	<b>11,124,175</b>
Administrative expenses		(16,769,398)	(17,130,274)	(11,365,461)	(10,336,098)
Depreciation and amortisation		(1,705,605)	(1,561,630)	(1,476,648)	(1,466,998)
<b>Total operating expenses</b>		<b>(18,475,003)</b>	<b>(18,691,904)</b>	<b>(12,842,109)</b>	<b>(11,803,096)</b>
<b>(Loss)/Profit before tax</b>		<b>(15,192,114)</b>	<b>9,648,312</b>	<b>(24,657,170)</b>	<b>(678,921)</b>
Taxation		(4,200,372)	(2,161,533)	(572,786)	(1,087,077)
<b>(Loss)/Profit for the period</b>		<b>(19,392,486)</b>	<b>7,486,779</b>	<b>(25,229,956)</b>	<b>(1,765,998)</b>
<b>(Loss)/Profit attributable to:</b>					
Owners of the Bank		(19,146,119)	7,430,017	(25,229,956)	(1,765,998)
Non-controlling interests		(246,367)	56,762	-	-
		<b>(19,392,486)</b>	<b>7,486,779</b>	<b>(25,229,956)</b>	<b>(1,765,998)</b>
<b>Earnings per share</b>					
Basic earnings per share (US cents)		(3.66)	1.44	(4.83)	(0.34)



# Condensed interim statements of other comprehensive income

For the six months ended 30 June 2020

	Group		Bank	
	2020	2019	2020	2019
	USD	USD	USD	USD
<b>(Loss)/Profit for the period</b>	<b>(19,392,486)</b>	<b>7,486,779</b>	<b>(25,229,956)</b>	<b>(1,765,998)</b>
<b>Other comprehensive income:</b>				
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Movement in translation reserve:				
- Foreign operations - foreign currency translation differences	(2,034,613)	(974,533)	-	-
Movement in fair value reserve (FVOCI debt instruments):				
- Debt investments at FVOCI - net change in fair value	89,597	1,572,538	89,597	1,572,538
- Debt investments at FVOCI - reclassified to profit or loss	-	39,378	-	39,378
Related tax	(587,090)	(682,167)	(587,090)	(682,167)
<b>Other comprehensive (expense)/income, net of tax</b>	<b>(2,532,106)</b>	<b>(44,784)</b>	<b>(497,493)</b>	<b>929,749</b>
<b>Total comprehensive (expense)/income</b>	<b>(21,924,592)</b>	<b>7,441,995</b>	<b>(25,727,449)</b>	<b>(836,249)</b>
<b>Total comprehensive (expense)/income attributable to:</b>				
Owners of the Bank	(21,707,586)	7,405,711	(25,727,449)	(836,249)
Non-controlling interests	(217,006)	36,284	-	-
	<b>(21,924,592)</b>	<b>7,441,995</b>	<b>(25,727,449)</b>	<b>(836,249)</b>

# Condensed interim statements of changes in equity

For the period ended 30 June 2020

## Group

Attributable to equity shareholders of the Bank

	Share capital USD	Share premium USD	Reserve for general banking risks USD	Currency translation reserve USD	Fair value reserve USD	Other reserve USD	Retained earnings/ (Accumulated losses) USD	Total USD	Non- controlling interests USD	Total equity USD
<b>Balance at 1 January 2020</b>	<b>261,221,882</b>	<b>858,885</b>	<b>2,323,486</b>	<b>(7,086,044)</b>	<b>11,311,278</b>	<b>2,916,863</b>	<b>10,937,616</b>	<b>282,483,966</b>	<b>(1,471,364)</b>	<b>281,012,602</b>
<b>Total comprehensive income</b>										
Loss for the period	-	-	-	-	-	-	(19,146,119)	(19,146,119)	(246,367)	<b>(19,392,486)</b>
<b>Other comprehensive income:</b>										
Fair value reserve (FVOCI debt instruments):										
- Debt investments at FVOCI - net change in fair value (net of tax)	-	-	-	-	(497,493)	-	-	(497,493)	-	<b>(497,493)</b>
Translation reserve:										
- Foreign operations - foreign translation differences	-	-	-	(2,063,974)	-	-	-	(2,063,974)	29,361	<b>(2,034,613)</b>
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,063,974)</b>	<b>(497,493)</b>	<b>-</b>	<b>-</b>	<b>(2,561,467)</b>	<b>29,361</b>	<b>(2,532,106)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,063,974)</b>	<b>(497,493)</b>	<b>-</b>	<b>(19,146,119)</b>	<b>(21,707,586)</b>	<b>(217,006)</b>	<b>(21,924,592)</b>
<b>Transactions with owners of the Bank</b>										
<b>Contributions and distributions:</b>										
Issue of new shares, net of transaction costs	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with owners of the Bank</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer between reserves	-	-	90,569	-	-	66,122	(2,122,039)	(1,965,348)	1,965,348	-
<b>Balance at 30 June 2020</b>	<b>261,221,882</b>	<b>858,885</b>	<b>2,414,055</b>	<b>(9,150,018)</b>	<b>10,813,785</b>	<b>2,982,985</b>	<b>(10,330,542)</b>	<b>258,811,032</b>	<b>276,978</b>	<b>259,088,010</b>

# Condensed interim statements of changes in equity

For the period ended 30 June 2019

## Group

Attributable to equity shareholders of the Bank

	Share capital USD	Share premium USD	Reserve for general banking risks USD	Currency translation reserve USD	Fair value reserve USD	Other reserve USD	Retained earnings USD	Total USD	Non-controlling interests USD	Total equity USD
<b>Balance at 1 January 2019</b>	<b>252,720,107</b>	<b>9,275,773</b>	<b>1,242,511</b>	<b>(5,166,834)</b>	<b>11,712,299</b>	<b>2,837,122</b>	<b>7,684,096</b>	<b>280,305,074</b>	<b>(1,615,254)</b>	<b>278,689,820</b>
<b>Total comprehensive income</b>										
Profit for the period	-	-	-	-	-	-	7,430,017	7,430,017	56,762	<b>7,486,779</b>
<b>Other comprehensive income:</b>										
Fair value reserve (FVOCI debt instruments):										
- Debt investments at FVOCI - net change in fair value (net of tax)	-	-	-	-	1,150,243	-	-	1,150,243	-	<b>1,150,243</b>
- Debt investments at FVOCI - reclassified to profit or loss (net of tax)	-	-	-	-	(220,494)	-	-	(220,494)	-	<b>(220,494)</b>
Translation reserve:										
- Foreign operations - foreign translation differences	-	-	-	(954,055)	-	-	-	(954,055)	(20,478)	<b>(974,533)</b>
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(954,055)</b>	<b>929,749</b>	<b>-</b>	<b>-</b>	<b>(24,306)</b>	<b>(20,478)</b>	<b>(44,784)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(954,055)</b>	<b>929,749</b>	<b>-</b>	<b>7,430,017</b>	<b>7,405,711</b>	<b>36,284</b>	<b>7,441,995</b>
<b>Transactions with owners of the Bank</b>										
<b>Contributions and distributions:</b>										
Issue of new shares, net of transaction costs	75,253	4,559	-	-	-	-	-	79,812	-	<b>79,812</b>
Bonus issue of shares	8,426,522	(8,426,522)	-	-	-	-	-	-	-	<b>-</b>
<b>Total transactions with owners of the Bank</b>	<b>8,501,775</b>	<b>(8,421,963)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,812</b>	<b>-</b>	<b>79,812</b>
Transfer between reserves	-	-	520,392	-	-	99,502	(619,894)	-	-	<b>-</b>
<b>Balance at 30 June 2019</b>	<b>261,221,882</b>	<b>853,810</b>	<b>1,762,903</b>	<b>(6,120,889)</b>	<b>12,642,048</b>	<b>2,936,624</b>	<b>14,494,219</b>	<b>287,790,597</b>	<b>(1,578,970)</b>	<b>286,211,627</b>

# 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
<b>Balance at 1 January 2020</b>	<b>261,221,882</b>	<b>858,885</b>	<b>2,323,486</b>	<b>357,233</b>	<b>2,681,041</b>	<b>(8,761,104)</b>	<b>258,681,423</b>
<b>Total comprehensive income</b>							
Loss for the period	-	-	-	-	-	(25,229,956)	<b>(25,229,956)</b>
<b>Other comprehensive income:</b>							
Fair value reserve (FVOCI debt instruments):							
- Debt investments at FVOCI - net change in fair value (net of tax)	-	-	-	(497,493)	-	-	<b>(497,493)</b>
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(497,493)</b>	<b>-</b>	<b>-</b>	<b>(497,493)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(497,493)</b>	<b>-</b>	<b>(25,229,956)</b>	<b>(25,727,449)</b>
Transfer between reserves	-	-	90,569	-	-	(90,569)	-
<b>Balance at 30 June 2020</b>	<b>261,221,882</b>	<b>858,885</b>	<b>2,414,055</b>	<b>(140,260)</b>	<b>2,681,041</b>	<b>(34,081,629)</b>	<b>232,953,974</b>

# Condensed interim statements of changes in equity

For the period ended 30 June 2019

## 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
<b>Balance at 1 January 2019</b>	<b>252,720,107</b>	<b>9,275,773</b>	<b>1,242,511</b>	<b>758,254</b>	<b>2,681,041</b>	<b>(37,269,073)</b>	<b>229,408,613</b>
<b>Total comprehensive income</b>							
Loss for the period	-	-	-	-	-	(1,765,998)	<b>(1,765,998)</b>
<b>Other comprehensive income:</b>							
Fair value reserve (FVOCI debt instruments):							
- Debt investments at FVOCI - net change in fair value (net of tax)	-	-	-	1,150,243	-	-	<b>1,150,243</b>
- Debt investments at FVOCI - reclassified to profit or loss (net of tax)	-	-	-	(220,494)	-	-	<b>(220,494)</b>
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>929,749</b>	<b>-</b>	<b>-</b>	<b>929,749</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>929,749</b>	<b>-</b>	<b>(1,765,998)</b>	<b>(863,249)</b>
<b>Transactions with owners of the Bank</b>							
<b>Contributions and distributions:</b>							
Issue of new shares, net of transaction costs	75,253	9,634	-	-	-	-	<b>84,887</b>
Bonus issue of shares	8,426,522	(8,426,522)	-	-	-	-	<b>-</b>
<b>Total transactions with owners of the Bank</b>	<b>8,501,775</b>	<b>(8,416,888)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,887</b>
Transfer between reserves	-	-	520,392	-	-	(520,392)	-
<b>Balance at 30 June 2019</b>	<b>261,221,882</b>	<b>858,885</b>	<b>1,762,903</b>	<b>1,688,003</b>	<b>2,681,041</b>	<b>(39,555,463)</b>	<b>228,657,251</b>

# Condensed interim statements of cash flows

For the six months ended 30 June 2020

	Group		Bank	
	2020	2019	2020	2019
	USD	USD	USD	USD
<b>Cash flows from operating activities</b>				
Interest and commission receipts	31,275,527	38,881,108	10,774,145	15,674,543
Exchange (paid)/received	(84,811)	(1,297,513)	1,637,874	(2,149,882)
Interest and commission payments	(9,331,275)	(15,155,368)	(6,313,438)	(11,177,175)
Payments to employees and suppliers	(16,376,781)	(18,655,650)	(13,247,997)	(10,448,070)
<b>Operating profit/(loss) before changes in operating assets/liabilities</b>	<b>5,482,660</b>	<b>3,772,577</b>	<b>(7,149,416)</b>	<b>(8,100,584)</b>
(Increase)/decrease in operating assets:				
- Trading assets and financial assets at FVTPL	27,205,611	-	-	-
- Loans and advances to customers and banks	19,724,188	131,841,110	(18,145,436)	102,074,605
- Other assets	(104,549)	1,577,302	(2,440,844)	(739,642)
Increase/(decrease) in operating liabilities:				
- Amounts owed to customers and banks	132,935,611	(45,423,194)	135,485,028	(22,400,253)
- Other liabilities	(231,904)	(774,946)	(229,296)	(566,861)
- Net advances from subsidiary companies	-	-	27,502,015	31,922,695
<b>Net cash generated from operating activities before income tax</b>	<b>185,011,617</b>	<b>90,992,849</b>	<b>135,022,051</b>	<b>102,189,960</b>
Income tax paid	(676,061)	(136,991)	(549,171)	-
<b>Net cash generated from operating activities</b>	<b>184,335,556</b>	<b>90,855,858</b>	<b>134,472,880</b>	<b>102,189,960</b>
<b>Cash flows from investing activities</b>				
- Payments to acquire financial assets at FVTPL	(47,460,108)	(2,469,245)	-	(2,469,245)
- Payments to acquire financial assets at FVOCI	-	-	(47,460,108)	-
- Payments to acquire shares in subsidiary companies	-	-	-	(5,357,783)
- Payments to acquire property and equipment	(178,112)	(365,897)	(17,530)	(164,633)
- Payments to acquire intangible assets	(103,202)	(677,791)	(103,202)	(675,579)
- Proceeds on maturity of debt investments at FVTPL	67,000,000	-	67,000,000	-
- Proceeds on maturity of debt investments at FVOCI	-	24,640,828	-	24,640,828
- Proceeds on disposal of sale of property and equipment	-	5,151	-	-
- Receipt of dividend	240,817	3,078,477	240,817	3,078,477
<b>Net cash flows from investing activities</b>	<b>19,499,395</b>	<b>24,211,523</b>	<b>19,659,977</b>	<b>19,052,065</b>
<b>Cash flows from financing activities</b>				
- Proceeds from issue of share capital	-	79,811	-	84,887
- Net movement in debt securities	(28,497,790)	(21,956,859)	-	(14,834,943)
- Payment of lease liability	(538,789)	(625,300)	(198,598)	(903,092)
<b>Net cash flows used in financing activities</b>	<b>(29,036,579)</b>	<b>(22,502,348)</b>	<b>(198,598)</b>	<b>(15,653,148)</b>
<b>Increase in cash and cash equivalents</b>	<b>174,798,372</b>	<b>92,565,033</b>	<b>153,934,259</b>	<b>105,588,877</b>
Analysed as follows:				
- Effect of exchange rate changes on cash and cash equivalents	(1,189,124)	(1,592,311)	(1,077,953)	(1,567,127)
- Net increase in cash and cash equivalents	175,987,496	94,157,344	155,012,212	107,156,004
<b>Increase in cash and cash equivalents</b>	<b>174,798,372</b>	<b>92,565,033</b>	<b>153,934,259</b>	<b>105,588,877</b>
Cash and cash equivalents at beginning of period	145,170,011	81,782,001	163,886,941	99,006,852
<b>Cash and cash equivalents at end of period</b>	<b>319,968,383</b>	<b>174,347,034</b>	<b>317,821,200</b>	<b>204,595,729</b>

# Notes to the condensed interim financial statements

For the six months ended 30 June 2020

## 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 2020 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 2019 are available upon request from the Bank's registered office and are available for viewing on its website at [www.fimbank.com](http://www.fimbank.com).

## 2 Basis of accounting

The Condensed Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting, adopted by the EU. The Condensed Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Financial Statements of FIMBank p.l.c. as at and for the year ended 31 December 2019.

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 is widespread across the globe and has distressed many countries including those markets where the Group operates. The circumstances have rapidly evolved, forcing Governments to implement severe measures and restrictions, including partial or full lockdowns, restrictions on business activities, public gatherings, public spaces, travel, transportation, schools, retail stores, and various other activities. Businesses were forced to close or restrict their activities including restricted access to offices, outlets, warehouses and production plants. The pandemic, as well as these restrictive measures, have created a significant amount of uncertainty and disruption in economic activity and are having an impact across all industries.

In preparing these Condensed Interim Financial Statements, consideration has also been given to the Public Statement ESMA 32-63-972, issued by the European Securities and Markets Authority on 20 May 2020, which promotes transparency and consistent application of European requirements for information provided in the interim financial statements under the current circumstances related to the COVID-19 pandemic.

The Condensed Interim Financial Statements were approved by the Board of Directors on 13 August 2020.

## 3 Use of judgements and estimates

The preparation of condensed interim financial statements requires management to make judgments, 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 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 Condensed Interim 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 2019, except for the 'interest rate benchmark reform' which the Group has initially adopted from 1 January 2020. The following new amendments became effective from 1 January 2020 but did not have a material effect on the Group's financial statements:

- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to References to the Conceptual Framework in IFRS Standard; and
- Amendments to IFRS 3 Business Combinations

### 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 2020 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

### Interest rate benchmark reform

The Group considered the application of the interest rate benchmark reform amendments retrospectively to hedging relationships that existed at 1 January 2020 or were designed thereafter and the extent to which these are directly affected by the interest rate benchmark reform.

A fundamental reform of major interest rate benchmarks is being undertaken globally to replace or reform interbank offered rates ('IBOR') with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group does not have significant exposure to IBOR on its financial instruments that will be replaced or reformed as part of this market-wide initiative. In any case, there is significant uncertainty over the timing and the methods of transition.

The Group has entrusted its Treasury function to manage its transition to alternative rates. External advisors are assisting the Group in implementing the transition using market best practice and implementing the right tools. Its objective is to evaluate the extent to which loans granted and financial liabilities reference IBOR cash flow, whether such contracts need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. With respect to loans, whilst the absolute majority have floating rates linked to IBOR, these have short term tenures which matures before the end of 2021. At the present time, no fallback provisions have been contracted for when IBOR ceases to exist.

The Group has no floating rate financial liabilities. All deposit products 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 Group 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. As disclosed in the Directors' Report, all operating segments, except for Treasury, had a contraction in their business levels as maturing transactions could not be replaced by the same volume of business recorded before the COVID-19 outbreak. In addition, expected credit losses increased as a result of higher probabilities of default and actual defaults experienced in the different markets.

### Information about operating segments

#### Group - June 2020

	Trade finance USD	Forfaiting USD	Factoring USD	Real estate USD	Treasury USD	Total USD
<b>External revenue</b>						
Interest income	2,447,687	11,311,944	4,876,609	2,450,428	5,892,811	<b>26,979,479</b>
Net fee and commission income/(expense)	951,900	(182,001)	1,814,098	469,090	5,017,536	<b>8,070,623</b>
Net trading results	-	-	-	-	(1,967,202)	<b>(1,967,202)</b>
Net loss from other financial instruments	-	-	-	-	(1,067,921)	<b>(1,067,921)</b>
Dividend income	240,817	-	-	-	-	<b>240,817</b>
	<b>3,640,404</b>	<b>11,129,943</b>	<b>6,690,707</b>	<b>2,919,518</b>	<b>7,875,224</b>	<b>32,255,796</b>
Reportable segment (loss)/profit before income tax	(12,293,019)	1,377,566	(6,967,472)	1,166,163	5,543,259	<b>(11,173,503)</b>

#### Group – June 2019

	Trade finance USD	Forfaiting USD	Factoring USD	Real estate USD	Treasury USD	Total USD
<b>External revenue</b>						
Interest income	6,919,457	9,943,874	6,364,748	2,028,113	7,007,566	<b>32,263,758</b>
Net fee and commission income/(expense)	1,907,781	3,541,259	2,020,362	583,427	(2,059,838)	<b>5,992,991</b>
Net trading results	-	-	-	-	2,270,818	<b>2,270,818</b>
Net gain from other financial instruments	-	-	-	-	78	<b>78</b>
Dividend income	1,952,951	-	-	-	-	<b>1,952,951</b>
	<b>10,780,189</b>	<b>13,485,133</b>	<b>8,385,110</b>	<b>2,611,540</b>	<b>7,218,624</b>	<b>42,480,596</b>
Reportable segment profit/(loss) before income tax	1,780,832	6,602,610	(1,650,094)	939,010	7,534,399	<b>15,206,757</b>

## Group - June 2020

	Trade finance USD	Forfaiting USD	Factoring USD	Real estate USD	Treasury USD	Total USD
Reportable segment assets	270,049,620	440,837,864	261,207,256	90,586,651	603,516,542	<b>1,666,197,933</b>
Reportable segment liabilities	87,777,595	76,061,967	48,171,924	-	1,236,340,971	<b>1,448,352,457</b>

## Group - December 2019

	Trade finance USD	Forfaiting USD	Factoring USD	Real estate USD	Treasury USD	Total USD
Reportable segment assets	351,394,939	471,992,221	344,493,684	86,608,148	499,032,478	<b>1,753,521,470</b>
Reportable segment liabilities	120,945,935	120,358,254	95,064,032	-	1,208,270,789	<b>1,544,639,010</b>

## Reconciliation of reportable segment revenues, profit or loss and liabilities

### Group

	30 Jun 2020 USD	30 Jun 2019 USD
<b>Revenues</b>		
Total revenue for reportable segments	32,255,796	42,480,596
Consolidated adjustments	(6,212,100)	(3,998,299)
Other revenue	(357,818)	603,516
<b>Consolidated revenue</b>	<b>25,685,878</b>	<b>39,085,813</b>
<b>Profit or loss</b>		
Total (loss)/profit for reportable segments	(11,173,503)	15,206,757
Other loss	(1,297,853)	(1,278,421)
	<b>(12,471,356)</b>	<b>13,928,336</b>
Profit on disposal of property and equipment	847	-
Effect of other consolidation adjustments on segment results	(2,721,605)	(4,280,024)
<b>Consolidated (loss)/profit before tax</b>	<b>(15,192,114)</b>	<b>9,648,312</b>
<b>Assets</b>		
Total assets for reportable segments	1,666,197,934	1,753,521,470
Other assets	76,616,701	134,456,985
	<b>1,742,814,635</b>	<b>1,887,978,455</b>
Effect of other consolidation adjustments on segment results	(66,944)	5,051,769
<b>Consolidated assets</b>	<b>1,742,747,691</b>	<b>1,893,030,224</b>
<b>Liabilities</b>		
Total liabilities for reportable segments	1,448,352,457	1,544,639,010
Other liabilities	39,146,708	67,944,357
	<b>1,487,499,165</b>	<b>1,612,583,367</b>
Effect of other consolidation adjustments on segment results	(3,834,841)	(565,745)
<b>Consolidated liabilities</b>	<b>1,483,664,324</b>	<b>1,612,017,622</b>

## 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.

During the period under review the fair value of financial instruments was impacted by COVID-19. Observable and non-observable inputs, used in deriving the fair values, have recorded significant volatility in the first half of the year, with the most significant impact experienced in March and April 2020.

'Trading assets' which are all Level 3 instruments, have recorded a reduction in value of USD1,271,174 between 01 January 2020 and 31 March 2020, and a further reduction of USD1,108,229 between 01 April 2020 and 30 June 2020.

'Financial assets at fair value through profit or loss', the majority of which are Level 3 instruments, have recorded a reduction in value of USD38,963 between 01 January 2020 and 31 March 2020, and a further reduction of USD1,028,958 between 01 April 2020 and 30 June 2020.

'Financial assets at fair value through other comprehensive income', being Level 1 instruments, have recorded an increase in value of USD 586,953 between 01 January 2020 and 31 March 2020, and a reduction of USD2,242,275 between 01 April 2020 and 30 June 2020.

### Group - 30 June 2020

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>Assets</b>				
Derivative assets held for risk management:				
- foreign exchange	-	251,801	-	<b>251,801</b>
- credit default swaps	-	-	26,092	<b>26,092</b>
Trading assets	-	-	429,634,709	<b>429,634,709</b>
Financial assets at fair value through profit or loss	-	53,076	57,155,874	<b>57,208,950</b>
Financial assets at fair value through other comprehensive income	126,141,173	-	-	<b>126,141,173</b>
<b>Liabilities</b>				
Derivative liabilities held for risk management:				
- foreign exchange	-	1,691,040	-	<b>1,691,040</b>
- credit default swaps	-	-	119,424	<b>119,424</b>

### Group - 31 December 2019

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>Assets</b>				
Derivative assets held for risk management:				
- foreign exchange	-	96,285	-	<b>96,285</b>
- credit default swaps	-	-	45,964	<b>45,964</b>
Trading assets	-	-	460,238,536	<b>460,238,536</b>
Financial assets at fair value through profit or loss	-	53,077	125,289,721	<b>125,342,798</b>
Financial assets at fair value through other comprehensive income	79,367,556	-	-	<b>79,367,556</b>
<b>Liabilities</b>				
Derivative liabilities held for risk management:				
- foreign exchange	-	181,596	-	<b>181,596</b>
- credit default swaps	-	-	6,104	<b>6,104</b>

## Bank - 30 June 2020

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>Assets</b>				
Derivative assets held for risk management:				
- foreign exchange	-	251,801	-	<b>251,801</b>
- interest rate	-	43,003	-	<b>43,003</b>
Financial assets at fair value through profit or loss	-	53,076	57,155,874	<b>57,208,950</b>
Financial assets at fair value through other comprehensive income	126,141,173	-	-	<b>126,141,173</b>

### Liabilities

Derivative liabilities held for risk management:				
- foreign exchange	-	1,691,040	-	<b>1,691,040</b>

## Bank - 31 December 2019

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>Assets</b>				
Derivative assets held for risk management:				
- foreign exchange	-	96,285	-	<b>96,285</b>
Financial assets at fair value through profit or loss	-	53,077	125,289,721	<b>125,342,798</b>
Financial assets at fair value through other comprehensive income	79,367,556	-	-	<b>79,367,556</b>

### Liabilities

Derivative liabilities held for risk management:				
- foreign exchange	-	181,597	-	<b>181,597</b>
- interest rate	-	12,094	-	<b>12,094</b>

## 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 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	<b>585,581,334</b>
Total gains and losses in profit or loss	(3,398,217)	(1,067,921)	<b>(4,466,138)</b>
Purchases	211,411,030	-	<b>211,411,030</b>
Settlements	(238,657,705)	(67,000,000)	<b>(305,657,705)</b>
Effects of movement in exchange rates	41,065	(65,927)	<b>(24,862)</b>
<b>Balance at 30 June 2020</b>	<b>429,634,709</b>	<b>57,208,950</b>	<b>486,843,659</b>

## Group - 31 December 2019

	Trading assets USD	Financial assets at fair value through profit or loss USD	Total USD
Balance at 1 January 2019	347,284,967	173,438,374	<b>520,723,341</b>
Total gains and losses in profit or loss	4,813,338	(218,424)	<b>4,594,914</b>
Purchases	602,552,092	2,471,349	<b>605,023,441</b>
Settlements	(494,081,966)	(50,000,000)	<b>(544,081,966)</b>
Effects of movement in exchange rates	(329,895)	(326,053)	<b>(655,948)</b>
Write-off	-	(22,448)	<b>(22,448)</b>
<b>Balance at 31 December 2019</b>	<b>460,238,536</b>	<b>125,342,798</b>	<b>585,581,334</b>

## 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)
Settlements	(67,000,000)
Effects of movement in exchange rates	(65,927)
<b>Balance at 30 June 2020</b>	<b>57,208,950</b>

## Bank - 31 December 2019

	Financial assets at fair value through profit or loss USD
Balance at 1 January 2019	173,438,374
Total gains and losses in profit or loss	(218,424)
Purchases	2,471,349
Settlements	(50,000,000)
Effects of movement in exchange rates	(326,053)
Write-off	(22,448)
<b>Balance at 31 December 2019</b>	<b>125,342,798</b>

## 7.3.2 Unobservable inputs used in measuring fair value

The below sets out information about significant unobservable inputs used at 30 June 2020 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

### Trading assets

The 'trading assets' portfolio represent forfeiting 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 2020, the interest rates used range between 1.60% and 10.18% (31 December 2019: between 2.50% and 13.94%).

The effect of an estimated general increase of one percentage point in interest rate on trading assets at 30 June 2020 would reduce the Group's profit before tax by approximately USD1,950,000 (31 December 2019: USD1,188,253).

## 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, which is independently run by an investment manager licensed and regulated by the Financial Conduct Authority in London. The sub-fund invests in trade finance instruments mainly consisting of loans and receivables.

The fair value is measured by the Group 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 effect of a ten percentage point increase/(decrease) in the net asset value of the sub-fund at 30 June 2020 would increase/(decrease) the Bank and Group equity by approximately USD3,859,480 (31 December 2019: USD10,586,747).

- an unlisted sub-fund of a local collective investment scheme, 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 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 2020 would increase/(decrease) the Bank and Group equity by approximately USD1,689,521 (31 December 2019: USD1,695,090).

- an unlisted sub-fund of a local collective investment scheme, 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 relatively 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 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 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 2020 would increase/(decrease) the Bank and Group equity by approximately USD166,586 (31 December 2019: USD247,135).

## 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 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	-	-	-	218,541,099	<b>218,541,099</b>
Derivative assets held for risk management	277,893	-	-	-	<b>277,893</b>
Trading assets	429,634,709	-	-	-	<b>429,634,709</b>
Loans and advances to banks	-	-	-	279,049,492	<b>279,049,492</b>
Loans and advances to customers	-	-	-	514,426,429	<b>514,426,429</b>
Financial assets at fair value through profit or loss	57,155,874	53,076	-	-	<b>57,208,950</b>
Financial assets at fair value through other comprehensive income	-	-	126,141,173	-	<b>126,141,173</b>
Investments at amortised cost	-	-	-	9,713,667	<b>9,713,667</b>
<b>Total financial assets</b>	<b>487,068,476</b>	<b>53,076</b>	<b>126,141,173</b>	<b>1,021,730,687</b>	<b>1,634,993,412</b>
Derivative liabilities held for risk management	1,810,464	-	-	-	<b>1,810,464</b>
Amounts owed to banks	-	-	-	322,237,958	<b>322,237,958</b>
Amounts owed to customers	-	-	-	1,088,897,637	<b>1,088,897,637</b>
Debt securities in issue	-	-	-	50,843,390	<b>50,843,390</b>
<b>Total financial liabilities</b>	<b>1,810,464</b>	<b>-</b>	<b>-</b>	<b>1,461,978,985</b>	<b>1,463,789,449</b>



## Group - 31 December 2019

	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	-	-	-	208,277,004	<b>208,277,004</b>
Derivative assets held for risk management	142,249	-	-	-	<b>142,249</b>
Trading assets	460,238,536	-	-	-	<b>460,238,536</b>
Loans and advances to banks	-	-	-	246,078,195	<b>246,078,195</b>
Loans and advances to customers	-	-	-	649,890,157	<b>649,890,157</b>
Financial assets at fair value through profit or loss	125,289,721	53,077	-	-	<b>125,342,798</b>
Financial assets at fair value through other comprehensive income	-	-	79,367,556	-	<b>79,367,556</b>
Investments at amortised cost	-	-	-	9,785,496	<b>9,785,496</b>
<b>Total financial assets</b>	<b>585,670,506</b>	<b>53,077</b>	<b>79,367,556</b>	<b>1,114,030,852</b>	<b>1,779,121,991</b>
Derivative liabilities held for risk management	187,700	-	-	-	<b>187,700</b>
Amounts owed to banks	-	-	-	452,291,304	<b>452,291,304</b>
Amounts owed to customers	-	-	-	1,057,824,242	<b>1,057,824,242</b>
Debt securities in issue	-	-	-	79,550,865	<b>79,550,865</b>
<b>Total financial liabilities</b>	<b>187,700</b>	-	-	<b>1,589,666,411</b>	<b>1,589,854,111</b>

## Bank - 30 June 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	-	-	-	218,519,796	<b>218,519,796</b>
Derivative assets held for risk management	294,804	-	-	-	<b>294,804</b>
Loans and advances to banks	-	-	-	257,768,855	<b>257,768,855</b>
Loans and advances to customers	-	-	-	736,543,217	<b>736,543,217</b>
Financial assets at fair value through profit or loss	57,155,874	53,076	-	-	<b>57,208,950</b>
Financial assets at fair value through other comprehensive income	-	-	126,141,173	-	<b>126,141,173</b>
Investments at amortised cost	-	-	-	9,713,667	<b>9,713,667</b>
<b>Total financial assets</b>	<b>57,450,678</b>	<b>53,076</b>	<b>126,141,173</b>	<b>1,222,545,535</b>	<b>1,406,190,462</b>
Derivative liabilities held for risk Management	1,691,040	-	-	-	<b>1,691,040</b>
Amounts owed to banks	-	-	-	295,601,261	<b>295,601,261</b>
Amounts owed to customers	-	-	-	1,050,626,540	<b>1,050,626,540</b>
<b>Total financial liabilities</b>	<b>1,691,040</b>	-	-	<b>1,346,227,801</b>	<b>1,347,918,841</b>

## Bank - 31 December 2019

	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	-	-	-	208,259,407	<b>208,259,407</b>
Derivative assets held for risk management	96,285	-	-	-	<b>96,285</b>
Loans and advances to banks	-	-	-	232,351,750	<b>232,351,750</b>
Loans and advances to customers	-	-	-	811,152,849	<b>811,152,849</b>
Financial assets at fair value through profit or loss	125,289,721	53,077	-	-	<b>125,342,798</b>
Financial assets at fair value through other comprehensive income	-	-	79,367,556	-	<b>79,367,556</b>
Investments at amortised cost	-	-	-	9,785,496	<b>9,785,496</b>
<b>Total financial assets</b>	<b>125,386,006</b>	<b>53,077</b>	<b>79,367,556</b>	<b>1,261,549,502</b>	<b>1,466,356,141</b>
Derivative liabilities held for risk Management	193,691	-	-	-	<b>193,691</b>
Amounts owed to banks	-	-	-	405,072,025	<b>405,072,025</b>
Amounts owed to customers	-	-	-	978,134,002	<b>978,134,002</b>
<b>Total financial liabilities</b>	<b>193,691</b>	-	-	<b>1,383,206,027</b>	<b>1,383,399,718</b>

## 9 Net trading results

	Group		Bank	
	2020 USD	2019 USD	2020 USD	2019 USD
Net trading results from assets held for trading	(2,379,403)	1,109,056	-	-
Foreign exchange rate results	2,336,038	615,753	2,391,590	596,513
Net results on derivatives held for risk management	(1,923,837)	546,009	(1,323,660)	(905,262)
	<b>(1,967,202)</b>	<b>2,270,818</b>	<b>1,067,930</b>	<b>(308,749)</b>

## 10 Dividend income

'Dividend income' comprise of dividend income from equity investments at fair value through profit or loss.

## 11 Derivatives held for risk management

	Group		Bank	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
	USD	USD	USD	USD
Derivative assets held for risk management				
– foreign exchange	251,801	96,285	251,801	96,285
– interest rate	-	-	43,003	-
– credit default swaps	26,092	45,964	-	-
	<b>277,893</b>	<b>142,249</b>	<b>294,804</b>	<b>96,285</b>
Derivative liabilities held for risk management				
– foreign exchange	(1,691,040)	(181,596)	(1,691,040)	(181,597)
– interest rate	-	-	-	(12,094)
– credit default swaps	(119,424)	(6,104)	-	-
	<b>(1,810,464)</b>	<b>(187,700)</b>	<b>(1,691,040)</b>	<b>(193,691)</b>

## 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.

Following the outbreak of the COVID-19 pandemic, the Group carried out an assessment to detect any indication of impairment that might have existed as at June 2020. This assessment was performed as an update of the test carried out in December 2019, taking into account the expected drop in business volumes and other adverse impacts caused by the pandemic in 2020. This assessment was carried out on the basis of the underlying performance of each subsidiary during this period. The recoverable amounts for each investment have been calculated based on their value in use, determined by discounting the future cash flows expected to be generated from the continuing use of each entity.

### India Factoring

Based on this assessment, it was determined that at reporting date, the recoverable amount of India Factoring was lower than the carrying amount of the investment and an impairment loss of USD5,000,000 has been recognised in the Bank's Statement of Profit or Loss.

## 13 Goodwill

### India Factoring and Egypt Factors - Impairment assessment

As disclosed in the Financial Statements for the year ended 31 December 2019, Management had approved a set of budgets for India Factoring and Egypt Factors based on a strategy to grow the business in a changing market landscape, whilst ensuring an effective operational and control environment. These budgets have been updated as at June 2020 to reflect the impact of the COVID-19 pandemic. Although the expected future cash flows of India Factoring and Egypt Factors have been negatively impacted by the expectation of lower trade volumes, lower revenues, and higher expected credit losses for 2020, due to the COVID-19 pandemic, no indications of goodwill impairment were noted. In this respect, the recoverable amount for each subsidiary exceeds the carrying amount of the cash generating unit and the carrying amount of goodwill. Whilst it is inherent that actual results may differ from those budgeted, and such variations may be significant, the Directors believe that the business plans can be supported, such that the Group will recover such goodwill at least as the amount stated.

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

## 14 Debt securities in issue

'Debt securities in issue' comprise of promissory notes. At 30 June 2020 and 31 December 2019 promissory notes in issue had a tenor of up to one year. The Group's effective interest rate ranges between 1.00% and 1.75% (31 December 2019: 1.00% and 3.69%).

## 15 Contingent liabilities

'Contingent liabilities' comprise of guarantee obligations incurred on behalf of third parties. Guarantees issued to subsidiaries amount to USD43,564,091 (31 December 2019: USD57,191,237).

## 16 Commitments

	Group		Bank	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
	USD	USD	USD	USD
<b>Commitments to purchase assets</b>				
Undrawn credit facilities	74,602,432	98,846,154	72,388,516	95,968,633
Confirmed letters of credit	656,499	8,531,163	1,119,542	8,992,355
Documentary credits	5,197,786	16,600,724	5,197,786	31,760,698
Risk participations	324,000	1,954,026	324,000	1,954,026
Factoring commitments	9,978	-	1,998,497	4,350,715
Commitment to purchase assets	33,627,810	20,267,222	-	-
Credit default swaps	42,368,319	21,233,431	-	-
<b>Commitments to sell assets</b>				
Commitment to sell assets	(9,999,999)	(1,492,800)	-	-
	<b>146,786,825</b>	<b>165,939,920</b>	<b>81,028,341</b>	<b>143,026,427</b>

Subsidiary companies have confirmed Nil (31 December 2019: USD15,159,974) documentary credits in favour of the Bank.

## 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 5 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 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
	USD	USD	USD	USD
<b>Assets</b>				
Derivative assets held for risk management	-	-	218,561	55,744
Loans and advances to banks	-	-	-	3,085
Loans and advances to customers	52,636,330	53,240,400	-	-
Financial assets at amortised cost	9,816,016	9,964,940	-	-
Other assets	-	-	-	12,538
<b>Liabilities</b>				
Amounts owed to customers	40,558,476	460,389	2,658	2,658
	Parent		Subsidiaries of parent	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	USD	USD	USD	USD
<b>Statements of profit or loss</b>				
Interest income	1,092,950	1,124,787	-	461,927
Interest expense	-	-	-	(639,665)
Fee and commission income	70	20	-	-
Fee and commission expense	(3,087)	-	-	(99)
Net results from trading assets and other financial instruments	-	-	162,817	43,348
Administrative expenses	-	-	(161,322)	(308,672)

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 2020 USD	31 Dec 2019 USD	30 Jun 2020 USD	31 Dec 2019 USD	30 Jun 2020 USD	31 Dec 2019 USD
<b>Assets</b>						
Loans and advances to banks	259,168	14,055	22,396,417	-	-	-
Loans and advances to customers	-	-	-	-	40,250,758	20,041,341
<b>Liabilities</b>						
Amounts owed to banks	-	-	20,048,333	10,001,194	-	-
Amounts owed to customers	-	-	-	-	283,657	21,475,147
	30 Jun 2020 USD	30 Jun 2019 USD	30 Jun 2020 USD	30 Jun 2019 USD	30 Jun 2020 USD	30 Jun 2019 USD
<b>Statements of profit or loss</b>						
Interest income	-	-	-	-	336,911	185,425
Interest expense	-	-	(51,319)	-	(14)	(70)
Fee and commission income	-	-	-	-	43,648	12,222
Fee and commission expense	(99)	-	-	-	-	-
Net results from trading assets and other financial instruments	55,327	-	-	-	-	-
Administrative expenses	(11,095)	-	-	-	-	-

## 17.3 Transactions with key management personnel

	Directors		Executive officers	
	30 Jun 2020 USD	31 Dec 2019 USD	30 Jun 2020 USD	31 Dec 2019 USD
<b>Assets</b>				
Loans and advances to customers	-	-	25,995	32,607
Other assets	9	18	2,496	8,842
<b>Liabilities</b>				
Amounts owed to customers	532,802	349,745	595,815	561,627
	30 Jun 2020 USD	30 Jun 2019 USD	30 Jun 2020 USD	30 Jun 2019 USD
<b>Statements of profit or loss</b>				
Interest income	-	-	74	112
Interest expense	(3,314)	(3,540)	(1,094)	(2,656)
Fee and commission income	44	-	-	-
Fee and commission expense	-	-	-	(38)
Administrative expenses - remuneration	(171,625)	(195,025)	(2,079,747)	-
Administrative expenses - others	(11,727)	(11,854)	(20,691)	(45,432)

Directors of the Group control less than 1 per cent of the voting shares of the Bank (31 December 2019: less than 1 per cent).

## 17.4 Other related party transactions

	Other related parties	
	30 Jun 2020 USD	31 Dec 2019 USD
<b>Liabilities</b>		
Amounts owed to customers	945,884	1,230,418
	30 Jun 2020 USD	30 Jun 2019 USD
<b>Statements of profit or loss</b>		
Interest expense	(11,228)	(13,049)
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). 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.

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 moratorium was applied to the granted applications on their interest payments and/or capital repayments, with no further extensions applied to date. 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. In line with local Indian regulator's guidelines, no moratorium will be approved beyond 31 August 2020. 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 2020 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 moratorium were 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

<b>Loans and advances subject to moratorium</b>	<b>42,719,864</b>	<b>42,198,856</b>	<b>4,167,897</b>	<b>20,251,570</b>	<b>521,008</b>	-	-	-
of which: non-financial corporations	42,719,864	42,198,856	4,167,897	20,251,570	521,008	-	-	-
of which: small and medium-sized enterprises	41,827,355	41,306,348	4,167,897	19,359,062	521,008	-	-	-
of which: collateralised by commercial immovable property	11,739,754	11,739,754	-	539,360	-	-	-	-

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	USD

<b>Loans and advances subject to moratorium</b>	<b>1,818,164</b>	<b>1,518,223</b>	<b>79,542</b>	<b>1,447,369</b>	<b>299,941</b>	-	-	-
of which: non-financial corporations	1,818,164	1,518,223	79,542	1,447,369	299,941	-	-	-
of which: small and medium-sized enterprises	1,817,619	1,517,677	79,542	1,446,824	299,941	-	-	-
of which: collateralised by commercial immovable property	50,000	50,000	-	24,848	-	-	-	-



The following table provides an overview of the volume of loans and advances as at 30 June 2020 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 moratorium were with households.

	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 <= 12 months	> 1 year	
No.	USD	USD	USD	USD	USD	USD	USD	USD	
<b>Loans and advances for which moratorium was offered</b>	<b>44</b>	<b>48,087,087</b>	-	-	-	-	-	-	-
<b>Loans and advances subject to moratorium (granted)</b>	<b>43</b>	<b>42,719,864</b>	<b>22,928,122</b>	<b>8,658,156</b>	<b>28,284,094</b>	<b>13,914,763</b>	<b>521,008</b>	-	-
of which: non-financial corporations		42,719,864	22,928,122	8,658,156	28,284,094	13,914,763	521,008	-	-
of which: small and medium-sized enterprises		41,827,355	22,035,613	7,765,647	27,391,585	13,914,763	521,008	-	-
of which: collateralised by commercial immovable property		11,739,754	11,739,754	539,360	8,337,052	3,402,702	-	-	-

# 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, including different levels of:

- infection spread, fatality rates, hospitalisation rates, medical supplies available, development of vaccines;
- lock-down measures, travel restrictions, business interruption and temporary closure;
- oil process, interest rates, unemployment rates, GDP rates, national debt, 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 2020 included the following key indicators for the years 2021 to 2025.

## Group

		Year-on-year change				
		Jun 2021	Jun 2022	Jun 2023	Jun 2024	Jun 2025
Country: Malta						
Equity	Base	30%	27%	7%	1%	0%
	Upside	39%	24%	4%	0%	0%
	Downside	0%	40%	22%	6%	2%
GDP growth	Base	27%	4%	2%	3%	4%
	Upside	22%	4%	2%	3%	4%
	Downside	27%	5%	2%	4%	5%
Country: United Arab Emirates						
Equity	Base	7%	11%	7%	5%	4%
	Upside	21%	36%	22%	3%	-1%
	Downside	-22%	-2%	1%	3%	4%
Oil price	Base	28%	31%	10%	4%	2%
	Upside	33%	29%	9%	4%	2%
	Downside	-43%	68%	61%	14%	7%
Country: Germany						
Equity	Base	-7%	27%	3%	6%	1%
	Upside	5%	24%	1%	0%	-1%
	Downside	-35%	51%	18%	9%	3%
GDP growth	Base	13%	2%	2%	2%	1%
	Upside	8%	2%	2%	2%	1%
	Downside	13%	3%	2%	2%	2%
Country: Egypt						
Equity	Base	11%	32%	12%	10%	9%
	Upside	17%	33%	12%	10%	10%
	Downside	-26%	28%	16%	11%	10%
GDP growth	Base	7%	7%	7%	6%	6%
	Upside	10%	7%	6%	6%	6%
	Downside	5%	7%	7%	7%	7%
Country: France						
Equity	Base	-5%	24%	7%	5%	3%
	Upside	7%	19%	2%	2%	1%
	Downside	-21%	34%	11%	7%	6%
GDP growth	Base	15%	4%	4%	2%	1%
	Upside	10%	3%	4%	2%	1%
	Downside	15%	4%	4%	3%	2%

## 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

	2020			Total USD
	Stage 1 USD	Stage 2 USD	Stage 3 USD	
<b>Loans and advances to banks</b>				
Balance at 1 January 2020	542,278	117,390	2,559,841	3,219,509
Transfer to Stage 1	51	(51)	-	-
Transfer to Stage 2	(667)	667	-	-
Net remeasurement of loss allowance	370,804	37,767	-	408,571
New financial assets originated or purchased	151,767	-	-	151,767
Financial assets that have been derecognised	(332,498)	(26)	-	(332,524)
Interest and fee in suspense	-	-	152,216	152,216
Foreign exchange and other	(2,369)	-	(4,053)	(6,422)
<b>Balance at 30 June 2020</b>	<b>729,366</b>	<b>155,747</b>	<b>2,708,004</b>	<b>3,593,117</b>
<b>Loans and advances to customers</b>				
Balance at 1 January 2020	973,713	4,395,859	71,037,784	76,407,356
Transfer to Stage 1	82,433	(82,433)	-	-
Transfer to Stage 2	(232,986)	232,986	-	-
Transfer to Stage 3	(7,653)	(16,876)	24,529	-
Net remeasurement of loss allowance	(37,884)	546,831	14,192,496	14,701,443
New financial assets originated or purchased	784,415	140,079	304,127	1,228,621
Financial assets that have been derecognised	(534,439)	(353,454)	1,227,742	339,849
Write-offs	-	-	(1,330,501)	(1,330,501)
Interest and fee in suspense	-	-	(4,197,531)	(4,197,531)
Foreign exchange and other	(18,355)	(12,184)	(148,201)	(178,740)
<b>Balance at 30 June 2020</b>	<b>1,009,244</b>	<b>4,850,808</b>	<b>81,110,445</b>	<b>86,970,497</b>
<b>Financial assets at fair value through other comprehensive income</b>				
Balance at 1 January 2020	91,978	-	-	91,978
Net remeasurement of loss allowance	(6,953)	-	-	(6,953)
New financial assets originated or purchased	38,209	-	-	38,209
Write-offs	(72,286)	-	-	(72,286)
<b>Balance at 30 June 2020</b>	<b>50,948</b>	<b>-</b>	<b>-</b>	<b>50,948</b>
<b>Investments at amortised cost</b>				
Balance at 1 January	179,444	-	-	179,444
Net remeasurement of loss allowance	(77,095)	-	-	(77,095)
<b>Balance at 30 June 2020</b>	<b>102,349</b>	<b>-</b>	<b>-</b>	<b>102,349</b>
<b>Contingent liabilities</b>				
Balance at 1 January 2020	9,751	391	-	10,142
Transfer to Stage 2	(26)	26	-	-
Net remeasurement of loss allowance	390	3	-	393
New financial assets originated or purchased	3,290	-	-	3,290
Financial assets that have been derecognised	(9,437)	(392)	-	(9,829)
<b>Balance at 30 June 2020</b>	<b>3,968</b>	<b>28</b>	<b>-</b>	<b>3,996</b>
<b>Commitments</b>				
Balance at 1 January 2020	56,870	21,423	-	78,293
Transfer to Stage 2	(88)	88	-	-
Net remeasurement of loss allowance	(6,073)	482	-	(5,591)
New financial assets originated or purchased	15,303	1,009	-	16,312
Financial assets that have been derecognised	(34,264)	(21,423)	-	(55,687)
<b>Balance at 30 June 2020</b>	<b>31,748</b>	<b>1,579</b>	<b>-</b>	<b>33,327</b>

# Statement pursuant to listing rule 5.75.3

We hereby confirm that to the best of our knowledge:

- the Condensed Interim Financial Statements give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2020, 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 Alejandro Gostuski  
Acting Group Chief Executive Officer



Ronald Mizzi  
Chief Financial Officer



# Independent auditors' report on review of condensed interim financial statements

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

## Introduction

We have reviewed the accompanying condensed interim financial statements of FIMBank p.l.c. ('the Bank') and of the Group of which the Bank is the parent ('the Condensed Interim Financial Statements') which comprise the condensed statements of financial position as at 30 June 2020, and the related condensed statements of profit or loss, other comprehensive income, changes in equity and cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes. 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 2020 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

13 August 2020