FIMBANK

Condensed Interim Financial Statements 2023

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Directors' report pursuant to Capital Market Rule 5.75.2

For the six months ended 30 June 2023

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 2023. 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 Capital Markets Rule 5.75.2.

Results for the year

For the six months ended 30 June 2023, the FIMBank Group reported an after-tax profit of USD3.9 million, compared to a USD2.9 million after-tax loss registered for the six months ended 30 June 2022. No reserves are presently available for distribution.

These published figures have been extracted from the FIMBank Group's unaudited and unreviewed financial statements for the six months ended 30 June 2023 as approved by the Board of Directors on 30 August 2023.

Further information about the results are provided in the Statements of Profit or Loss and the Statements of Other Comprehensive Income on pages 9 and 10 and in the Review of Performance section within this report.

Group structure and principal activities

The Group comprises the Bank and its branch in the United Arab Emirates, 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") 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 the branch are subject to authorisation and regulation of the 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 a branch registered with the Dubai International Finance Centre, United Arab Emirates, which is regulated by the Regulator in the United Arab Emirates.

- 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.

- FPI (100%), registered in Malta, owns and manages FIMBank's Head Office and manages other properties leased from third parties. FPI is responsible for facility management activities and the leasing of commercial and office space within Mercury Tower to related parties and third-party tenants.

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

- 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 as per Legal Notice 288 of 2020 on 4 May 2023. The Board composition following the Annual General Meeting, subject to any applicable regulatory approvals, is as follows:

John C. Grech (Chairman)
Masaud M. J. Hayat (Vice Chairman)
Hussain Abdul Aziz Lalani
Claire Imam Thompson
Edmond Brincat
Erich Schumacher
Mohamed Louhab (Subject to regulatory approval)
Rabih Soukarieh
Sunny Bhatia

Related Party Transactions pursuant to Capital Market Rule 5.82

The Bank has a related party relationship with its significant shareholders, subsidiaries, directors, executive officers and companies forming part of the KIPCO Group.

Related party transactions carried out by the Bank and its subsidiaries during the first semester are disclosed in Note 17 of the Interim Financial Report.

Review of performance

The financial period ended 30 June 2023 saw a strong upward trend in both the overall and underlying performance, with FIMBank Group reporting a pre-tax profit of USD6.0 million, compared to a pre-tax loss of USD1.3 million registered in the first six months of 2022. Post-tax profit stood at USD3.9 million, compared to a post-tax loss of USD2.9 million registered in the first six months of 2022.

As the global macroeconomic trends progressed as projected, interest rates surpassed anticipated levels, as central banks and government authorities continued relentlessly to implement measures to address the persisting inflation. The Group witnessed an increase in interest expenditure, outperformed by a more significant improvement in interest income, widening the interest margins. The combined result was a net interest margin of 2.4% and a 30% increase in net interest income.

The Group remained fairly unaffected from the ongoing conflict in Ukraine due to strategic measures taken in the past. Moreover, the liquidity challenges encountered by several larger western banks, did not affect the Group directly, due to the prompt actions taken by the Regulators to avoid potential contagion within the banking industry.

During the first half of the year, the Group consistently reaped the benefits of its prudent risk approach, which is evidenced by the fact that none of the performing financial assets turned non-performing. Furthermore, upon re-evaluating its current non-performing portfolio, the Group wrote-off a number of exposures that were fully provided for, where it was determined that the recovery prospects would be remote. This step improved the Group's asset quality parameters, enabling Management to concentrate on the ongoing recovery initiatives and the safeguarding and growth of the performing portfolios.

Following the challenging year for LFC, when its trading portfolio was adjusted for downward fair value movements, the subsidiary rebounded in the first half of 2023. While LFC's size of its trading portfolio remained fairly stable, successful trading activities resulted into a substantial rise in fee income. While interest income remained consistent, gains in fair value of assets were balanced out by higher operating costs. As a result, the subsidiary concluded the first half of the year with a post-tax profit of USD4.5 million, a notable increase from the USD1.7 million in June 2022.

In the first half of the year, India Factoring expanded its factoring portfolio, registering a post-tax profit of USD1.2 million, up from USD0.8 million in June 2022. Despite a steady operating income and a minor increase in operating expenses, the subsidiary successfully recovered debts from legacy non-performing clients.

Since the beginning of the year, Egypt Factors has seen consistent growth in its factoring portfolio and profitability, surpassing the performance from the first half of the previous year.

The Group's capital position remained strong, with a Total Capital Ratio ("TCR") of 19.1%. This was well above the 16.39% minimum TCR requirement. The Group maintained a strong liquidity position throughout the period under review, with an average Liquidity Coverage Ratio (LCR) of 312%, which was well above the regulatory minimum requirement and the Group's internal risk appetite level.

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		
	30 Jun 2023 USD	30 Jun 2022 USD	Movement USD
Net interest income	18,182,789	13,982,153	4,200,636
Net fee and commission income	9,704,509	5,607,071	4,097,438
Dividend income	-	3,821,545	(3,821,545)
Other operating income	1,192,428	104,085	1,088,343
Operating results from non-trading portfolio	**29,079,726**	**23,514,854**	**5,564,872**
Operating expenses	(20,961,573)	(18,590,174)	(2,371,399)
Income before net impairment and net trading results	**8,118,153**	**4,924,680**	**3,193,473**
Net trading results	(1,280,471)	(1,790,256)	509,785
Net impairment losses	(823,962)	(4,398,953)	3,574,991
Profit/(Loss) before taxation	**6,013,720**	**(1,264,529)**	**7,278,249**
Taxation	(2,130,387)	(1,673,533)	(456,854)
Profit/(Loss) for the period	**3,883,333**	**(2,938,062)**	**6,821,395**

The Group reported its 'operating results from non-trading portfolio' of USD29.1 million, marking an increase of USD5.6 million (24%) year on year. 'Net Interest Income' rose by USD4.2 million (30%), to reach USD18.2 million, as the Group continued its business momentum driven by the improving interest rate environment. 'Net fees and commission income' stood at USD9.7 million, registering a growth of USD4.1 million (73%) originating from significantly higher fee income generated on forfaiting assets.

During the period under review, the Group reported no dividend income, contrasting with the receipt of USD3.8 million in dividends from its investment in an unlisted sub-fund during the first half of 2022. Notably, during the six months in question, the Group recognised an unrealised fair value gain on its investments in the unlisted sub-fund, resulting in 'other operating income' of USD1.2 million.

Amid persistent inflationary pressures and the appreciation of the Euro against the US Dollar, the Group consistently prioritised its investment in human capital, regulatory compliance and strategic initiatives. Consequently, operating expenses reached USD21.0 million, reflecting an increase of USD2.4 million (13%) from the six months ended June 2022.

During the reporting period, the Group recorded a net FX loss of USD0.3 million, in contrast to a net FX gain of USD0.2 million as of June 2022. Furthermore, the net realised and unrealised fair value fluctuations on forfaiting assets resulted in a loss of USD1.0 million in June 2023, as opposed to a loss of USD2.0 million during the corresponding period in the previous year.

Provisions for credit losses on legacy, non-performing clients increased by USD1.4 million (June 2022: USD3.5 million). Stage 1 and 2 provisions on performing assets were marginally reversed by USD0.4 million (June 2022: charged by USD0.2 million). The Group has also recovered USD0.5 million (June 2022: USD0.9 million) from previously written-off debt. The Group wrote-off USD28.0 million (Jun 2022: Nil) of non-performing exposures on which the Group has no reasonable expectations of recovering the contractual cash flows. The majority of this written-off debt was fully provided for in preceding years. In the majority of cases, the Group had not forgiven the debt and is not precluded from enforcing, selling, or transferring the credit to another entity. These developments along with other measurements have helped the Group to lower its NPL Ratio by approximately 2.1% within the year under review. In June 2022, the Group wrote-off USD1.6 million of non-performing assets which were previously unprovided for.

In line with the increased taxable profits of the Group entities, provisions for taxation have been adjusted by USD2.1 million for the six months ending 30 June 2023 (June 2022: USD1.7 million). The Group has utilised some of its deferred tax assets and conducted a thorough evaluation to ascertain the recoverability of these assets before their defined expiration date.

FIMBank Group reported a profit after tax of USD3.9 million for the six months ending 30 June 2023, compared to a USD2.9 million loss after tax registered in June 2022.

Financial position

At 30 June 2023, the Group's consolidated assets amounted to USD1.62 billion, exhibiting a slight contraction of USD68 million (4.1%) compared to end-2022. This marginal adjustment can be attributed to typical fluctuations in business volumes, indicative of our dynamic operations. The trade finance portfolio, treasury assets and trading assets decreased by USD62 million, USD50 million and USD24 million, respectively, while factoring balances increased by USD43 million and loans to banks rose by USD27 million.

The Group conducted a review of its significant holdings, including investments in its subsidiaries, the investment property, and its recognised deferred tax assets, and it was determined that these are accurately represented in its Financial Statements.

Similarly, the Group's consolidated liabilities experienced a reduction of USD72 million from the end of 2022, to close the six-month period at USD1.42 billion. The Group increased its funding from bank deposits by USD19 million, while simultaneously lowered its wholesale funding and retail deposits by USD73 million and USD58 million, respectively. Debt securities in issue also decreased by USD10 million. Factoring creditors increased by USD46 million, a trend consistent with the factoring assets.

As of the financial reporting date, the Group reported a total equity of USD199.1 million, showing an improvement from USD195.5 million as recorded on 31 December 2022. The increase of USD3.7 million is primarily attributable to the Group's profits for the period, which amounted to USD3.9 million.

At the end of June 2023, the Group's CET1 and CAR ratios were both at 19.1% (31 December 2022: 17.8%), approximately 270 basis points above the regulatory requirement, which includes the impact of the additional capital charges under the SREP Pillar II requirement and the MREL requirement as established by the MFSA.

Second half of 2023

The Group remains committed to executing its strategy, pursuing business opportunities that align with our risk appetite and the principle of risk-adjusted returns. The Group's balance sheet is more resilient due to our lower legacy exposures and our enhanced and sustainable revenue-generating capabilities. We observe market expectation for further interest rate hikes in the second half of 2023, with rates stabilising thereafter, and anticipated reductions only in 2024. While the Group's balance sheet structure is favourably positioned for a rising interest rate environment, we remain mindful of our customers' position and their ability to absorb higher interest expenses.

We anticipate moderate portfolio growth, centred on our customer-centric approach, but limited by regulatory developments on capital requirements. The Groups' strategic focus remains on business lines and geographical areas that offer superior returns and present lower risks, thereby delivering consistent value to the Group. While we steadily simplify complex structures, our business lines are being streamlined and our presence in Malta continues to evolve and mature.

As the Group remains focused on improving its strategy, the Group has now concluded the first phase of an in-depth strategy review by a highly reputable advisory firm, which was initiated last year. This conclusion has led to a series of strategic recommendations, further guiding the Group in future-proofing of our Shareholder's value.

The Group's wider ESG workstream is underway, with focus areas covering governance, business and environment materiality assessments, definition of risk appetite statement, key risk indicators framework, updated risk policies, ESG scorecards, a client engagement plan and training.

The Group is in a good position to progress toward its strategic goals in a steady and sustainable way because of its pool of highly skilled human capital across many disciplines, the ongoing investment in technology, the lower level of legacy balance sheet items, and the stability of a strong shareholder base.

Approved by the Board on 30 August 2023 and signed on its behalf by:

John C. Grech
Chairman

Masaud M. J. Hayat
Vice Chairman

Condensed interim statements of financial position

		Group		Bank	
		30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	Note	USD	USD	USD	USD
Assets					
Balances with the Central Bank of Malta, treasury bills and cash		139,536,619	211,898,623	139,519,295	211,883,765
Derivative assets held for risk management	11	895,393	1,610,475	895,393	1,610,475
Trading assets		420,130,966	444,583,661	-	-
Loans and advances to banks		209,076,686	154,682,628	190,339,058	130,851,134
Loans and advances to customers		566,201,429	592,785,157	655,506,174	729,767,493
Financial assets at fair value through profit or loss		19,301,229	18,179,220	19,301,229	18,179,220
Financial assets at amortised cost		184,897,893	183,292,866	184,897,893	183,292,866
Investments in subsidiaries	12	-	-	152,687,573	152,687,573
Property and equipment		25,663,984	26,717,939	3,852,471	4,770,241
Investment property		21,637,065	21,637,065	-	-
Intangible assets		2,782,519	3,096,854	2,784,393	3,099,853
Current tax assets		1,705,774	1,498,194	-	-
Deferred tax assets		20,839,154	22,001,417	15,004,834	15,004,834
Other assets		6,330,260	5,372,835	5,339,014	4,291,634
Total assets		**1,618,998,971**	**1,687,356,934**	**1,370,127,327**	**1,455,439,088**
Liabilities and equity					
Liabilities					
Derivative liabilities held for risk management	11	1,258,273	578,779	1,454,348	818,031
Amounts owed to banks		424,952,191	473,295,256	352,371,654	386,787,784
Amounts owed to customers		966,123,743	981,906,210	829,172,024	877,538,831
Debt securities in issue	13	5,370,323	15,451,068	-	-
Current tax liabilities		616,734	250,624	-	-
Deferred tax liabilities		4,097,858	4,097,858	-	-
Provision for liabilities and charges		989,810	907,755	130,678	121,209
Other liabilities		15,859,461	14,857,450	9,863,137	10,498,948
Total liabilities		**1,419,268,393**	**1,491,345,000**	**1,192,991,841**	**1,275,764,803**
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
Currency translation reserve		(13,886,589)	(13,717,527)	-	-
Fair value reserve		11,424,322	11,424,322	-	-
Other reserve		2,982,435	2,982,435	2,681,041	2,681,041
Accumulated losses		(63,502,772)	(67,240,656)	(87,626,322)	(85,087,523)
Total equity attributable to equity holders of the Bank		**199,098,163**	**195,529,341**	**177,135,486**	**179,674,285**
Non-controlling interests		632,415	482,593	-	-
Total equity		**199,730,578**	**196,011,934**	**177,135,486**	**179,674,285**
Total liabilities and equity		**1,618,998,971**	**1,687,356,934**	**1,370,127,327**	**1,455,439,088**

Condensed interim statements of financial position

		Group		Bank	
		30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	Note	USD	USD	USD	USD
Memorandum items					
Contingent liabilities	14	**21,913,461**	**12,134,442**	**27,346,472**	**36,131,883**
Commitments	15	**140,319,863**	**100,001,463**	**109,125,999**	**91,414,423**

These condensed interim statements were approved by the Board of Directors and authorised for issue on 30 August 2023 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 2023

	Note	Group 2023 USD	Group 2022 USD	Bank 2023 USD	Bank 2022 USD
Interest income		35,760,410	21,210,381	24,203,711	11,018,811
Interest expense		(17,577,621)	(7,228,228)	(14,429,779)	(5,478,604)
Net interest income		**18,182,789**	**13,982,153**	**9,773,932**	**5,540,207**
Fee and commission income		13,135,227	8,659,009	3,242,725	3,159,188
Fee and commission expense		(3,430,718)	(3,051,938)	(1,009,059)	(1,367,085)
Net fee and commission income		**9,704,509**	**5,607,071**	**2,233,666**	**1,792,103**
Net trading results	9	(1,280,471)	(1,790,256)	(761,690)	573,295
Net gain/(loss) from other financial instruments carried at fair value		799,862	(176,534)	799,862	(176,534)
Dividend income	10	-	3,821,545	2,000,000	10,321,545
Other operating income		395,642	438,519	163,500	375,409
Other operating expenses		(3,076)	(157,900)	(3,714)	(157,900)
Operating income before net impairment		**27,799,255**	**21,724,598**	**14,205,556**	**18,268,125**
Net impairment charge on financial instruments		(773,962)	(4,398,953)	(2,923,093)	(5,558,076)
Net impairment charge on non-financial instruments		(50,000)	-	-	-
Operating income		**26,975,293**	**17,325,645**	**11,282,463**	**12,710,049**
Administrative expenses		(19,364,226)	(17,068,305)	(12,098,825)	(10,641,692)
Depreciation and amortisation		(1,597,347)	(1,521,869)	(1,420,615)	(1,416,660)
Total operating expenses		**(20,961,573)**	**(18,590,174)**	**(13,519,440)**	**(12,058,352)**
Profit/(Loss) before tax		**6,013,720**	**(1,264,529)**	**(2,236,977)**	**651,697**
Taxation		(2,130,387)	(1,673,533)	(301,822)	(326,816)
Profit/(Loss) for the period		**3,883,333**	**(2,938,062)**	**(2,538,799)**	**324,881**
Profit/(Loss) attributable to:					
Owners of the Bank		3,737,884	(3,024,599)	(2,538,799)	324,881
Non-controlling interests		145,449	86,537	-	-
		3,883,333	**(2,938,062)**	**(2,538,799)**	**324,881**
Earnings per share					
Basic earnings/(loss) per share (US cents)		**0.72**	**(0.58)**	**(0.49)**	**0.06**

Condensed interim statements of other comprehensive income

For the six months ended 30 June 2023

	Note	Group 2023 USD	Group 2022 USD	Bank 2023 USD	Bank 2022 USD
Profit/(Loss) for the period		**3,883,333**	**(2,938,062)**	**(2,538,799)**	**324,881**
Other comprehensive (expense)/income					
Items that are or may be reclassified subsequently to profit or loss:					
Movement in translation reserve:					
– Foreign operations - foreign currency translation differences		(164,689)	(1,847,871)	-	-
Movement in fair value reserve:					
– Debt investments at fair value through other comprehensive income – reversal due to reclassification to amortised cost		-	1,074,305	-	1,074,305
Other comprehensive (expense)/income, net of tax		**(164,689)**	**(773,566)**	**-**	**1,074,305**
Total comprehensive income/(expense)		**3,718,644**	**(3,711,628)**	**(2,538,799)**	**1,399,186**
Total comprehensive income/(expense) attributable to:					
Owners of the Bank		3,568,822	(3,761,210)	(2,538,799)	1,399,186
Non-controlling interests		149,822	49,582	-	-
		3,718,644	**(3,711,628)**	**(2,538,799)**	**1,399,186**

Condensed interim statements of changes in equity

For the period ended 30 June 2023

Group

	Attributable to equity holders of the Bank								
	Share capital USD	Share premium 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 2023	**261,221,882**	**858,885**	**(13,717,527)**	**11,424,322**	**2,982,435**	**(67,240,656)**	**195,529,341**	**482,593**	**196,011,934**
Total comprehensive expense									
Profit for the period	-	-	-	-	-	3,737,884	3,737,884	145,449	**3,883,333**
Other comprehensive (expense)/income:									
Translation reserve:									
– Foreign operations - foreign translation difference	-	-	(169,062)	-	-	-	(169,062)	4,373	(164,689)
Total other comprehensive (expense)/income	**-**	**-**	**(169,062)**	**-**	**-**	**-**	**(169,062)**	**4,373**	**(164,689)**
Total comprehensive (expense)/income	**-**	**-**	**(169,062)**	**-**	**-**	**3,737,884**	**3,568,822**	**149,822**	**3,718,644**
Balance at 30 June 2023	**261,221,882**	**858,885**	**(13,886,589)**	**11,424,322**	**2,982,435**	**(63,502,772)**	**199,098,163**	**632,415**	**199,730,578**

Condensed interim statements of changes in equity

For the period ended 30 June 2022

Group

	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
	Attributable to equity holders of the Bank									
Balance at 1 January 2022	**261,221,882**	**858,885**	**2,218,995**	**(10,941,184)**	**9,879,740**	**2,982,435**	**(42,869,373)**	**223,351,380**	**628,803**	**223,980,183**
Total comprehensive expense										
(Loss)/Profit for the period	-	-	-	-	-	-	(3,024,599)	(3,024,599)	86,537	**(2,938,062)**
Other comprehensive (expense)/income:										
Fair value reserve:										
– Debt investments at fair value through other comprehensive income – reversal due to reclassification to amortised cost	-	-	-	-	1,074,305	-	-	1,074,305	-	**1,074,305**
Translation reserve:										
– Foreign operations - foreign translation difference	-	-	-	(1,810,916)	-	-	-	(1,810,916)	(36,955)	**(1,847,871)**
Total other comprehensive (expense)/income	**-**	**-**	**-**	**(1,810,916)**	**1,074,305**	**-**	**-**	**(736,611)**	**(36,955)**	**(773,566)**
Total comprehensive (expense)/income	**-**	**-**	**-**	**(1,810,916)**	**1,074,305**	**-**	**(3,024,599)**	**(3,761,210)**	**49,582**	**(3,711,628)**
Transfer between reserves	-	-	217,927	-	-	-	(217,927)	-	-	-
Balance at 30 June 2022	**261,221,882**	**858,885**	**2,436,922**	**(12,752,100)**	**10,954,045**	**2,982,435**	**(46,111,899)**	**219,590,170**	**678,385**	**220,268,555**

Condensed interim statements of changes in equity

For the period ended 30 June 2023

Bank

	Share capital USD	Share premium USD	Fair value reserve USD	Other reserve USD	Accumulated losses USD	Total equity USD
Balance at 1 January 2023	**261,221,882**	**858,885**	**-**	**2,681,041**	**(85,087,523)**	**179,674,285**
Total comprehensive expense						
Loss for the period	-	-	-	-	**(2,538,799)**	**(2,538,799)**
Total comprehensive expense	**-**	**-**	**-**	**-**	**(2,538,799)**	**(2,538,799)**
Balance at 30 June 2023	**261,221,882**	**858,885**	**-**	**2,681,041**	**(87,626,322)**	**177,135,486**

Condensed interim statements of changes in equity

For the period ended 30 June 2022

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 2022	**261,221,882**	**858,885**	**2,218,995**	**(1,074,305)**	**2,681,041**	**(65,296,434)**	**200,610,064**
Total comprehensive expense							
Profit for the period	-	-	-	-	-	324,881	**324,881**
Other comprehensive income:							
Fair value reserve:							
- Debt investments at fair value through other comprehensive income - reversal due to reclassification to amortised cost	-	-	-	1,074,305	-	-	**1,074,305**
Total other comprehensive income	**-**	**-**	**-**	**1,074,305**	**-**	**-**	**1,074,305**
Total comprehensive income	**-**	**-**	**-**	**1,074,305**	**-**	**324,881**	**1,399,186**
Transfer between reserves	-	-	217,927	-	-	(217,927)	**-**
Balance at 30 June 2022	**261,221,882**	**858,885**	**2,436,922**	**-**	**2,681,041**	**(65,189,480)**	**202,009,250**

Condensed interim statements of cash flows

For the six months ended 30 June 2023

	Group		Bank	
	2023	2022	2023	2022
	USD	USD	USD	USD
Cash flows from operating activities				
Interest and commission receipts	48,343,820	30,875,231	19,197,578	12,617,042
Exchange (paid)/received	(2,695,753)	8,584,322	(2,719,900)	10,932,601
Interest and commission payments	(19,536,357)	(13,823,273)	(12,770,437)	(7,109,907)
Payments to employees and suppliers	(18,337,420)	(17,526,392)	(12,856,881)	(12,281,028)
Operating profit/(loss) before changes in operating assets/liabilities	**7,774,290**	**8,109,888**	**(9,149,640)**	**4,158,708**
Decrease/(Increase) in operating assets:				
- Trading assets and financial assets at FVTPL	24,428,848	11,054,838	-	-
- Loans and advances to customers and banks	120,804,649	71,794,315	166,040,182	83,279,572
- Other assets	(247,188)	(84,283)	(432,298)	(406,367)
(Decrease)/Increase in operating liabilities:				
- Amounts owed to customers and banks	(123,769,730)	(11,853,648)	(127,455,205)	(35,156,446)
- Other liabilities	10,070	(197,926)	63,085	(216,872)
- Net advances from subsidiary companies	-	-	(35,776,875)	(8,362,898)
Net cash generated from/(used in) operating activities before income tax	**29,000,939**	**78,823,184**	**(6,710,751)**	**43,295,697**
Income tax paid	(707,576)	(625,815)	(301,822)	(340,314)
Net cash flows from/(used in) operating activities	**28,293,363**	**78,197,369**	**(7,012,573)**	**42,955,383**
Cash flows from investing activities				
Payments to acquire financial assets at amortised cost	(13,440,236)	(17,549,208)	(13,440,236)	(17,549,208)
Payments to acquire treasury bills at amortised cost	(155,459,939)	-	(155,459,939)	-
Payments to acquire shares in subsidiary companies	-	-	-	(252)
Payments to acquire property and equipment	(52,949)	(232,502)	(19,009)	(62,411)
Payments to acquire intangible assets	(203,774)	(97,167)	(203,774)	(97,167)
Proceeds on maturity of financial assets at amortised cost	13,745,002	-	13,745,002	-
Proceeds on maturity of treasury bills at amortised cost	153,437,106	-	153,437,106	-
Proceeds on disposal of property and equipment	3,564	18,716	-	-
Receipt of dividend	-	3,821,545	2,000,000	8,821,545
Net cash flows (used in)/from investing activities	**(1,971,226)**	**(14,038,616)**	**59,150**	**(8,887,493)**
Cash flows used in financing activities				
- Proceeds on issue of debt securities	10,737,898	40,396,290	-	-
- Payments to settle debt securities	(20,791,949)	(65,434,846)	-	-
- Payment of lease liabilities	(348,577)	(331,643)	(711,883)	(571,560)
Net cash flows used in financing activities	**(10,402,628)**	**(25,370,199)**	**(711,883)**	**(571,560)**
Increase/(decrease) in cash and cash equivalents	**15,919,509**	**38,788,554**	**(7,665,306)**	**33,496,330**
Analysed as follows:				
- Effect of exchange rate changes on cash and cash equivalents	1,424,220	(20,837,030)	1,785,835	(21,025,773)
- Net increase/(decrease) in cash and cash equivalents	14,495,289	59,625,584	(9,451,141)	54,522,103
Increase/(decrease) in cash and cash equivalents	**15,919,509**	**38,788,554**	**(7,665,306)**	**33,496,330**
Cash and cash equivalents at beginning of period	(43,919,669)	89,611,106	9,611,898	127,314,324
Cash and cash equivalents at end of period	**(28,000,160)**	**128,399,660**	**1,946,592**	**160,810,654**

Notes to the condensed interim financial statements

For the six months ended 30 June 2023

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 2023 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 2022 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 2022 of FIMBank p.l.c.

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.

The Condensed Interim Financial Statements were approved by the Board of Directors on 30 August 2023.

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 2022.

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 2022.

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 2023 and earlier application is permitted. However, the Group has not early adopted any of the new or amended standards (see Note 5) in preparing these Condensed Interim Financial Statements.

5 Changes in accounting policies

The following amendments to standards were effective from 1 January 2023 but did not have a material effect on the Group's financial statements:

(i) amendments to IAS 1 – presentation of financial statements and IFRS practice statement 2: disclosure of accounting policies;
(ii) amendments to IAS 8 – accounting policies, changes in accounting estimates and errors: definition of accounting estimates;
(iii) IFRS 17 insurance contracts and amendments to IFRS 17 insurance contracts.

Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at the date. For all other transactions the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Group accounts for deferred tax on leases apply the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred tax impacts are presented net in the statement of financial position. Under the amendments, the Group will recognise a separate deferred tax asset and a deferred tax liability. As at 30 June 2023, the taxable temporary difference in relation to the right-of-use asset is USD804,419 and the deductible temporary difference in relation to the lease liability is USD855,600, resulting in a net deferred tax asset of USD51,181. Under the amendments, the Group will present a separate deferred tax liability of USD804,419 and a deferred tax asset of USD855,600. There will be no impact on retained earnings on the adoption of the amendments.

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.

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 2023

	Trade finance USD	Forfaiting USD	Factoring USD	Real estate USD	Treasury USD	Total USD
External revenue						
Interest income	3,663,428	13,251,552	9,580,365	2,580,916	6,476,755	35,553,016
Net fee and commission income	1,956,938	5,511,659	2,490,413	640,641	336,341	10,935,992
Net trading results	-	(965,336)	-	-	(315,135)	(1,280,471)
Net gain from other financial instruments	-	-	-	-	799,862	799,862
	5,620,366	**17,797,875**	**12,070,778**	**3,221,557**	**7,297,823**	**46,008,399**
Reportable segment (loss)/profit before income tax	(3,668,393)	2,849,928	(1,829,092)	598,699	2,265,002	**216,144**

Group – June 2022

	Trade finance USD	Forfaiting USD	Factoring USD	Real estate USD	Treasury USD	Total USD
External revenue						
Interest income	2,244,401	9,046,504	6,331,861	1,421,416	2,057,956	**21,102,138**
Net fee and commission income	1,692,737	792,159	2,341,503	435,919	192,965	**5,455,283**
Net trading results	-	-	-	-	(1,790,256)	**(1,790,256)**
Net gain from other financial instruments	-	-	-	-	(176,534)	**(176,534)**
Dividend income	3,821,545	-	-	-	-	**3,821,545**
	7,758,683	**9,838,663**	**8,673,364**	**1,857,335**	**284,131**	**28,412,176**
Reportable segment (loss)/profit before income tax	(3,559,432)	811,635	(1,493,773)	278,943	3,193,181	**(769,446)**

Group - June 2023

	Trade finance USD	Forfaiting USD	Factoring USD	Real estate USD	Treasury USD	Total USD
Reportable segment assets	160,761,856	423,820,281	425,580,273	67,282,142	470,053,482	**1,547,498,034**
Reportable segment liabilities	82,071,531	56,356,040	169,260,424	-	1,100,007,657	**1,407,695,652**

Group - December 2022

	Trade finance USD	Forfaiting USD	Factoring USD	Real estate USD	Treasury USD	Total USD
Reportable segment assets	182,627,460	449,275,957	397,941,486	77,270,524	512,669,532	**1,619,784,959**
Reportable segment liabilities	73,356,379	78,640,525	145,208,971	-	1,182,568,369	**1,479,774,244**

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

Group

	30 Jun 2023 USD	30 Jun 2022 USD
Revenues		
Total revenue for reportable segments	46,008,399	28,412,176
Consolidated adjustments	(1,024,090)	260,032
Other revenue	395,643	438,518
Consolidated revenue	**45,379,952**	**29,110,726**
Profit or loss		
Total profit/(loss) for reportable segments	216,144	(769,446)
Other profit	1,013,881	645,807
	1,230,025	**(123,639)**
Profit on disposal of property and equipment	-	-
Effect of other consolidation adjustments on segment results	4,783,695	(1,140,890)
Consolidated profit/(loss) before tax	**6,013,720**	**(1,264,529)**

	30 Jun 2023 USD	31 Dec 2022 USD
Assets		
Total assets for reportable segments	1,547,498,034	1,619,784,959
Other assets	75,690,825	74,133,687
	1,623,188,859	**1,693,918,646**
Effect of other consolidation adjustments on segment results	(4,189,888)	(6,561,712)
Consolidated assets	**1,618,998,971**	**1,687,356,934**
Liabilities		
Total liabilities for reportable segments	1,407,695,652	1,479,774,244
Other liabilities	11,290,258	15,137,817
	1,418,985,910	**1,494,912,061**
Effect of other consolidation adjustments on segment results	282,483	(3,567,061)
Consolidated liabilities	**1,419,268,393**	**1,491,345,000**

7 Financial instruments

7.1 Fair values of financial instruments

7.1.1 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 (unadjusted) market prices 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.

7.1.2 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 2023

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Derivative assets held for risk management:				
- foreign exchange	-	895,393	-	**895,393**
Trading assets	-	-	420,130,966	**420,130,966**
Financial assets at fair value through profit or loss	-	53,077	19,248,152	**19,301,229**
Liabilities				
Derivative liabilities held for risk management:				
- foreign exchange	-	1,258,273	-	**1,258,273**

Group - 31 December 2022

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Derivative assets held for risk management:				
- foreign exchange	-	1,610,475	-	**1,610,475**
Trading assets	-	-	444,583,661	**444,583,661**
Financial assets at fair value through profit or loss	-	53,077	18,126,143	**18,179,220**
Liabilities				
Derivative liabilities held for risk management:				
- foreign exchange	-	578,779	-	**578,779**

Bank - 30 June 2023

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Derivative assets held for risk management:				
- foreign exchange	-	895,393	-	**895,393**
Financial assets at fair value through profit or loss	-	53,077	19,248,152	**19,301,229**
Liabilities				
Derivative liabilities held for risk management:				
- foreign exchange	-	1,347,208	-	**1,347,208**
- interest rate	-	107,140	-	**107,140**

Bank - 31 December 2022

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Derivative assets held for risk management:				
- foreign exchange	-	1,610,475	-	**1,610,475**
Financial assets at fair value through profit or loss	-	53,077	18,126,143	**18,179,220**
Liabilities				
Derivative liabilities held for risk management:				
- foreign exchange	-	723,311	-	**723,311**
- interest rate	-	94,720	-	**94,720**

The Bank and the Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. The Bank and the Group did not transfer any assets or liabilities between levels of the fair value hierarchy (Dec 2022: Nil).

7.1.3 Level 3 fair value measurements

7.1.3.1 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 2023

	Trading assets USD	Financial assets at fair value through profit or loss USD	Total USD
Balance at 1 January 2023	444,583,661	18,126,143	**462,709,804**
Total unrealised gains and losses in profit or loss	(1,136,631)	799,862	**(336,769)**
Purchases	392,337,751	-	**392,337,751**
Settlements	(419,679,180)	-	**(419,679,180)**
Effects of movement in exchange rates	4,025,365	322,147	**4,347,512**
Balance at 30 June 2023	**420,130,966**	**19,248,152**	**439,379,118**

Group - 30 June 2022

	Trading assets USD	Financial assets at fair value through profit or loss USD	Total USD
Balance at 1 January 2022	439,985,203	19,913,086	**459,898,289**
Total unrealised gains and losses in profit or loss	421,719	(176,534)	**245,185**
Purchases	365,248,247	-	**365,248,247**
Settlements	(361,148,788)	-	**(361,148,788)**
Effects of movement in exchange rates	(14,486,097)	(1,758,006)	**(16,244,103)**
Balance at 30 June 2022	**430,020,284**	**17,978,546**	**447,998,830**

Bank - 30 June 2023

	Financial assets at fair value through profit or loss USD
Balance at 1 January 2023	18,126,143
Total unrealised gains and losses in profit or loss	799,862
Effects of movement in exchange rates	322,147
Balance at 30 June 2023	**19,248,152**

Bank - 30 June 2022

	Financial assets at fair value through profit or loss USD
Balance at 1 January 2022	19,913,086
Total unrealised gains and losses in profit or loss	(176,534)
Effects of movement in exchange rates	(1,758,006)
Balance at 30 June 2022	**17,978,546**

7.1.3.2 Unobservable inputs used in measuring fair value

The below sets out information about significant unobservable inputs used at 30 June 2023 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 Risk Free Rates (RFRs) yield curve plus an adequate credit margin spread to discount the trading assets held. At 30 June 2023, the interest rates used range between 0.00% and 14.14% (31 December 2022: between 5.13% and 12.86%).

The effect of a one-percentage point increase/(decrease) in the interest rate on trading assets at 30 June 2023 would significantly increase/(decrease) the Group equity by approximately USD861,410 (31 December 2022: USD409,282).

Financial assets at fair value through profit or loss

'Financial assets at fair value through profit or loss' mainly represent holdings in two sub-funds and a foreign holding company, 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 the United Kingdom. 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 2023 would significantly increase/(decrease) the Bank and Group equity by approximately USD1,685,034 (31 December 2022: USD1,574,085).

- 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 the United Kingdom. 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 2023 would increase/(decrease) the Bank and Group equity by approximately USD164,863 (31 December 2022: USD163,245).

- A foreign holding company registered in the State of Kuwait. The fair value is measured by the Group based on a market price quoted by a custodian.

  The effect of a ten-percentage point increase/(decrease) in the net asset value of the equity shares at 30 June 2023 would have increased/(decreased) the Bank and Group equity by approximately USD74,917 (31 December 2022: USD75,284).

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 2023

	Mandatorily at fair value through profit or loss USD	Designated at fair value through profit or loss USD	Amortised cost USD	Total carrying amount USD
Balances with the Central Bank of Malta, treasury bills and cash	-	-	139,536,619	**139,536,619**
Derivative assets held for risk management	895,393	-	-	**895,393**
Trading assets	420,130,966	-	-	**420,130,966**
Loans and advances to banks	-	-	209,076,686	**209,076,686**
Loans and advances to customers	-	-	566,201,429	**566,201,429**
Financial assets at fair value through profit or loss	19,248,152	53,077	-	**19,301,229**
Investments at amortised cost	-	-	184,897,893	**184,897,893**
Total financial assets	**440,274,511**	**53,077**	**1,099,712,627**	**1,540,040,215**
Derivative liabilities held for risk management	1,258,273	-	-	**1,258,273**
Amounts owed to banks	-	-	424,952,191	**424,952,191**
Amounts owed to customers	-	-	966,123,743	**966,123,743**
Debt securities in issue	-	-	5,370,323	**5,370,323**
Total financial liabilities	**1,258,273**	**-**	**1,396,446,257**	**1,397,704,530**

Group - 31 December 2022

	Mandatorily at fair value through profit or loss USD	Designated at fair value through profit or loss USD	Amortised cost USD	Total carrying amount USD
Balances with the Central Bank of Malta, treasury bills and cash	-	-	211,898,623	**211,898,623**
Derivative assets held for risk management	1,610,475	-	-	**1,610,475**
Trading assets	444,583,661	-	-	**444,583,661**
Loans and advances to banks	-	-	154,682,628	**154,682,628**
Loans and advances to customers	-	-	592,785,157	**592,785,157**
Financial assets at fair value through profit or loss	18,126,143	53,077	-	**18,179,220**
Financial assets at amortised cost	-	-	183,292,866	**183,292,866**
Total financial assets	**464,320,279**	**53,077**	**1,142,659,274**	**1,607,032,630**
Derivative liabilities held for risk management	578,779	-	-	**578,779**
Amounts owed to banks	-	-	473,295,256	**473,295,256**
Amounts owed to customers	-	-	981,906,210	**981,906,210**
Debt securities in issue	-	-	15,451,068	**15,451,068**
Total financial liabilities	**578,779**	**-**	**1,470,652,534**	**1,471,231,313**

Bank - 30 June 2023

	Mandatorily at fair value through profit or loss USD	Designated at fair value through profit or loss USD	Amortised cost USD	Total carrying amount USD
Balances with the Central Bank of Malta, treasury bills and cash	-	-	139,519,295	**139,519,295**
Derivative assets held for risk management	895,393	-	-	**895,393**
Loans and advances to banks	-	-	190,339,058	**190,339,058**
Loans and advances to customers	-	-	655,506,174	**655,506,174**
Financial assets at fair value through profit or loss	19,248,152	53,077	-	**19,301,229**
Investments at amortised cost	-	-	184,897,893	**184,897,893**
Total financial assets	**20,143,545**	**53,077**	**1,170,262,420**	**1,190,459,042**
Derivative liabilities held for risk management	1,454,348	-	-	**1,454,348**
Amounts owed to banks	-	-	352,371,654	**352,371,654**
Amounts owed to customers	-	-	829,172,024	**829,172,024**
Total financial liabilities	**1,454,348**	**-**	**1,181,543,678**	**1,182,998,026**

Bank - 31 December 2022

	Mandatorily at fair value through profit or loss USD	Designated at fair value through profit or loss USD	Amortised cost USD	Total carrying amount USD
Balances with the Central Bank of Malta, treasury bills and cash	-	-	211,883,765	**211,883,765**
Derivative assets held for risk management	1,610,475	-	-	**1,610,475**
Loans and advances to banks	-	-	130,851,134	**130,851,134**
Loans and advances to customers	-	-	729,767,493	**729,767,493**
Financial assets at fair value through profit or loss	18,126,143	53,077	-	**18,179,220**
Financial assets at amortised cost	-	-	183,292,866	**183,292,866**
Total financial assets	**19,736,618**	**53,077**	**1,255,795,258**	**1,275,584,953**
Derivative liabilities held for risk management	818,031	-	-	**818,031**
Amounts owed to banks	-	-	386,787,784	**386,787,784**
Amounts owed to customers	-	-	877,538,831	**877,538,831**
Total financial liabilities	**818,031**	**-**	**1,264,326,615**	**1,265,144,646**

At 30 June 2023, 'financial assets at amortised cost' represent the Group's debt instruments portfolio which is largely comprised of investments in bonds issued by the governments of countries in the European Union and European banks, which are held at the Bank primarily for liquidity management. The fair value of financial assets at amortised cost amounted to USD160,581,985 (December 2022: USD157,023,351). The fair value is derived using quoted market prices under Level 1 of the fair value hierarchy at the end of the reporting period.

At 30 June 2023 and 31 December 2022, the fair value of the below financial assets and liabilities measured at amortised cost is approximately equal to the carrying amount. The approximate fair value is based on the following:

- **'balances with Central Bank of Malta, treasury bills and cash'**
  The majority of these assets reprice or mature in less than one hundred eighty days. Hence their fair value is not deemed to differ materially from their carrying amount at the respective reporting dates.

- **'loans and advances to banks' and 'loans and advances to customers'**
  Loans and advances to banks and customers are reported net of allowances to reflect the estimated recoverable amounts as at the financial reporting date. More than 90% of the Group's loans and advances to banks and customers are all repayable within a period of less than 12 months and the interest is re-priced to take into account changes in benchmark rate. As a result, the carrying amount of loans and advances to customers is a reasonable approximation of fair value.

- **'amounts owed to banks', 'amounts owed to customers' and 'debt securities in issue'**
  The majority of these liabilities reprice or mature in less than one year. Hence their fair value is not deemed to differ materially from their carrying amount at the respective reporting dates.

The Group's debt securities in issue are subject to fixed and variable interest rates.

9 Net trading results

	Group		Bank	
	2023	2022	2023	2022
	USD	USD	USD	USD
Net trading results from assets held for trading	(965,336)	(2,000,894)	-	-
Foreign exchange rate results	646,309	589,005	752,295	481,452
Net results on derivatives held for risk management	(961,444)	(378,367)	(1,513,985)	91,843
	(1,280,471)	**(1,790,256)**	**(761,690)**	**573,295**

10 Dividend income

	Group		Bank	
	2023	2022	2023	2022
	USD	USD	USD	USD
Dividend income from equity investments at fair value through profit or loss	-	3,821,545	-	3,821,545
Dividend income from subsidiary undertaking	-	-	2,000,000	6,500,000
	-	**3,821,545**	**2,000,000**	**10,321,545**

11 Derivatives held for risk management

	Group		Bank	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	USD	USD	USD	USD
Derivative assets held for risk management				
- foreign exchange	895,393	1,610,475	895,393	1,610,475
	895,393	**1,610,475**	**895,393**	**1,610,475**
Derivative liabilities held for risk management				
– foreign exchange	(1,258,273)	(578,779)	(1,347,208)	(723,311)
– interest rate	-	-	(107,140)	(94,720)
	(1,258,273)	**(578,779)**	**(1,454,348)**	**(818,031)**

12 Investments in subsidiaries

Impairment assessment

At each reporting date, the Bank carries out an assessment to detect any indication of impairment on the investment in subsidiaries that might have existed. Where an indication of impairment does exist, the Bank carries out an impairment assessment to determine whether the recoverable amount of its investment in that particular subsidiary, is indeed less than the carrying amount, in which case an impairment loss would be required.

Where an indication of impairment existed, the Bank performed an assessment as an update of the test carried out in December 2022. This assessment was carried out on the basis of the underlying performance of the 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 2022. Where deviations were identified the Group updated 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 there is no indication of an impairment loss (December 2022: USD8,261,535).

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 Debt securities in issue

'Debt securities in issue' comprise of promissory notes with a tenor of up to one year. At 30 June 2023, the Group's effective interest rate was fixed at 5.068%. At 31 December 2022, the Group's effective interest rate ranged between 3.475% and 3.69%.

14 Contingent liabilities

'Contingent liabilities' comprise of guarantee obligations incurred on behalf of third parties. Guarantees issued to subsidiaries amount to USD5,440,001 (31 December 2022: USD24,004,301).

As at 30 June 2023, an expected credit loss allowance, determined in accordance with IFRS 9, amounting to USD57,935 (31 December 2022: USD43,775) for the Group and USD85,362 (31 December 2022: USD75,424) for the Bank, was recognised and presented within 'provision for liabilities and charges'. Expected credit loss allowance on guarantees issued to subsidiaries amount to USD27,426 (31 December 2022: USD31,647).

15 Commitments

	Group		Bank	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	USD	USD	USD	USD
Commitments to purchase assets				
Undrawn credit facilities	85,798,977	60,774,694	85,798,977	60,774,694
Confirmed letters of credit	15,087,080	21,083,250	15,087,080	19,448,466
Documentary credits	6,239,942	6,389,064	6,239,942	6,389,064
Risk Participations	2,000,000	4,802,199	2,000,000	4,802,199
Factoring commitments	-	-	-	-
Commitment to purchase forfaiting assets	38,693,864	6,952,256	-	-
Commitments to sell assets				
Commitment to sell assets	(7,500,000)	-	-	-
	140,319,863	**100,001,463**	**109,125,999**	**91,414,423**

16 Cash and cash equivalents

	Group		Bank	
	2023	2022	2023	2022
	USD	USD	USD	USD
Balances with the Central Bank of Malta, treasury bills and cash	9,073,629	225,987,487	9,056,306	225,970,972
Loans and advances to banks	130,689,686	91,503,868	116,024,640	80,078,377
Amounts owed to banks	(167,763,475)	(189,091,695)	(123,134,354)	(145,238,695)
Cash and cash equivalents at end of year	**(28,000,160)**	**128,399,660**	**1,946,592**	**160,810,654**
Adjustment to reflect balances with contractual maturity of more than three months	(48,338,726)	(215,621,392)	(24,459,893)	(184,509,116)
As per statements of financial position	**(76,338,886)**	**(87,221,732)**	**(22,513,301)**	**(23,698,462)**
Analysed as follows:				
Balances with the Central Bank of Malta, treasury bills and cash	139,536,619	225,926,505	139,519,295	225,909,988
Loans and advances to banks	209,076,686	208,961,478	190,339,058	186,354,441
Amounts owed to banks	(424,952,191)	(522,109,714)	(352,371,654)	(435,962,891)
	(76,338,886)	**(87,221,731)**	**(22,513,301)**	**(23,698,462)**

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 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	USD	USD	USD	USD
Assets				
Loans and advances to customers	27,170,189	39,915,398	-	-
Financial assets at amortised cost	9,756,400	9,805,955	-	-
Liabilities				
Derivative liabilities held for risk management	-	-	18,872	44,026
Amounts owed to banks	-	-	930,159	48,335
Amounts owed to customers	2,030,840	47,294,349	2,433	2,508

	Parent		Subsidiaries of parent	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	USD	USD	USD	USD
Statements of profit or loss				
Interest income	1,354,690	853,560	-	-
Interest expense	(6,250)	-	-	(417)
Fee and commission income	75	75	3,986	4,343
Fee and commission expense	-	(3,055)	-	-
Net trading results	-	-	25,154	71,442
Administrative expenses	-	-	(75,979)	(2,880)

From the total in 'amounts owed to customers' related to the parent, NIL (December 2022: 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 2023 USD	31 Dec 2022 USD	30 Jun 2023 USD	31 Dec 2022 USD	30 Jun 2023 USD	31 Dec 2022 USD
Assets						
Loans and advances to banks	345,536	96,550	-	-	-	-
Loans and advances to customers	-	-	-	-	-	40,414,656
Other Assets	-	-	-	-	1,020	-
Liabilities						
Amounts owed to customers	-	-	-	-	22,092	17,111
Other liabilities	-	-	-	-	700	687
	30 Jun 2023 USD	30 Jun 2022 USD	30 Jun 2023 USD	30 Jun 2022 USD	30 Jun 2023 USD	30 Jun 2022 USD
Statements of profit or loss						
Interest income	-	-	-	-	115,040	763,966
Interest expense	-	(127,260)	-	(99,783)	-	-
Fee and commission income	-	-	-	-	20	28,208
Fee and commission expense	-	-	-	(51,268)	(9,858)	-
Administrative expenses	(11,596)	-	-	-	-	-

17.3 Transactions with subsidiaries and associates

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

	Subsidiaries		Associates	
	30 Jun 2023 USD	31 Dec 2022 USD	30 Jun 2023 USD	31 Dec 2022 USD
Assets				
Loans and advances to customers	436,225,907	392,743,762	7,023,017	7,036,171
Other assets	1,310,426	1,106,086	-	-
Liabilities				
Derivative liabilities held for risk management	196,075	239,252	-	-
Amounts owed to customers	722,762	867,851	2,124	9,645
Other Liabilities	2,879,228	3,372,506	-	-
Contingent Liabilities	5,440,001	24,004,301	-	-
Commitments	-	552,716	-	-
	30 Jun 2023 USD	30 Jun 2022 USD	30 Jun 2023 USD	30 Jun 2022 USD
Statements of profit or loss				
Interest income	10,549,253	3,846,739	209,049	108,840
Interest expense	(33,598)	(597)	-	-
Fee and commission income	52,986	11,918	-	-
Fee and commission expense	272	(2,480)	-	-
Realised/Unrealised Gains on FX Derivatives	(71,104)	-	-	-
Dividend income	2,000,000	6,500,000	-	-
Other operating income	163,500	245,250	-	-
Administrative expenses	(445,688)	(184,150)	-	-

17.4 Transactions with key management personnel

	Directors		Executive officers	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	USD	USD	USD	USD
Liabilities				
Amounts owed to customers	788,732	732,829	179,694	336,545
Other liabilities	-	-	-	1,920
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	USD	USD	USD	USD
Statements of profit or loss				
Interest income	-	-	-	1
Interest expense	(6,239)	(3,961)	(561)	(588)
Fee and commission income	120	120	-	-
Administrative expenses - remuneration	(214,167)	(206,542)	(735,724)	(854,360)
Administrative expenses - other long-term benefits	(195)	(199)	(254,825)	(230,551)
Administrative expenses - other short-term benefits	-	-	(5,413)	-
Administrative expenses - others	(2,709)	-	(20,847)	(4,390)

Directors of the Group control less than 1 per cent of the voting shares of the Bank (31 December 2022: less than 1 per cent).

17.5 Other related party transactions

	Other related parties	
	30 Jun 2023	31 Dec 2022
	USD	USD
Liabilities		
Amounts owed to customers	349,813	342,901
	30 Jun 2023	30 Jun 2022
	USD	USD
Statements of profit or loss		
Interest expense	(3,500)	(2,496)

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

18 Subsequent events

There were no events after the reporting date that would have a material effect on the financial statements of the Group.

Statement pursuant to Capital Market Rule 5.75.3

We hereby confirm that to the best of our knowledge:

- the Condensed Interim Financial Statements set out on pages 7 to 31 give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2023, 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 Capital Market Rules 5.75.2 and 5.81 to 5.84.

Adrian A. Gostuski
Chief Executive Officer

Juraj Beno
Chief Financial Officer