Pillar III Disclosures Report 2021

FIMBANK
GROUP

Pillar III Disclosures Report

For the year ended 31 December 2021

1 Introduction

1.1 Background

This document comprises the Pillar III regulatory disclosures required by Banking Rule BR/07 'Publication of Annual Report and audited Financial Statements of credit institutions authorised under the Banking Act, 1994' for FIMBank p.l.c. (the "Bank") and its subsidiary undertakings (the "Group"). These are disclosed based on 31 December 2021 year-end data, unless otherwise stated, taking into consideration the requirements under EBA/GL/2014/14 in relation to materiality and frequency of disclosures.

These disclosures reflect the disclosure requirements of Part Eight of 'Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012' ("Capital Requirements Regulation") as amended by 'Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012' (hereinafter referred to as "CRR").

The Group is subject to the disclosure requirements prescribed under Article 433c of the CRR, since it does not fall under the definition of a 'large institution' and is not classified as a 'small and non-complex institution'. This article requires the Group to disclose the key metrics referred to in Article 447 of the CRR on a semi-annual basis and all other information required under Part Eight of the CRR on an annual basis.

Disclosures are being reported in line with the 'Implementing Technical Standards on institutions' public disclosures of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013' (the "main disclosure ITS" and with the applicable European Commission's implementing and delegated regulations, as well as the European Banking Authority's ("EBA") Guidelines, including the:

- Final Report on the Guidelines on Disclosure Requirements under Part Eight of Regulation (EU) No 575/2013 (EBA/GL/2016/11 version 2)
- Commission Implementing Regulation (EU) No 2021/637 of 15 March 2021 laying down implementing technical standards with regards to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295;
- European Banking Authority Guidelines on Disclosure of Encumbered and Unencumbered Assets EBA/GL/2014/03;
- Commission Delegated Regulation (EU) No 2021/923 of 25 March 2021 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards setting out the criteria to define managerial responsibility, control functions, material business units and a significant impact on a material business unit's risk profile, and setting out criteria for identifying staff members or categories of staff whose professional activities have an impact on the institution's risk profile that is comparably as material as that of staff members or categories of staff referred to in Article 92(3) of that Directive;
- EBA guidelines on sound remuneration policies under Directive 2013/36/EU (EBA/GL/2021/04);
- EBA Final Report on the Guidelines on LCR disclosure to complements the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013 (EBA/GL/2017/01);
- EBA guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Article 432(1), 432(2) and 433 of Regulation (EU) No 575/2013 (EBA/GL/2014/14);
- EBA guidelines on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 as regards the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds (EBA/GL/2018/01);
- EBA guidelines on disclosure of non-performing and forborne exposures (EBA/GL/2018/10); and
- EBA guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis (EBA/GL/2020/07).

1.2 Publication and verification

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

The Pillar III disclosures document is also published on the Bank's corporate website. This can be found at www.fimbank.com.

2 Scope

Both the Bank and the Group are supervised on a solo and consolidated basis, by the Malta Financial Services Authority ("MFSA"), in terms of the general provisions under Part 1 of the CRR.
The following templates and tables are prescribed by the main disclosure ITS and disclose:

i. A breakdown of the differences between the accounting scope and the scope of prudential consolidation (Templates EU LI1 & LI2 and Table LIA);
ii. Additional information on the scope of consolidation (Template EU LI3 and Table LIB);

Template EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

Breakdown by asset classes according to the balance sheet in the published financial statements

		Carrying values as reported in published financial statements and under scope of prudential consolidation	Carrying values of items			
			Subject to the credit risk framework	Subject to the counterparty credit risk framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
		USD	USD	USD	USD	USD
		a, b	c	d	f	g
1	Balances with Central Bank, Treasury Bills & Cash	239,998,839	239,998,839	-	239,994,548	-
2	Financial Assets at Held-for-Trading	439,985,203	-	-	439,985,203	-
3	Derivative Assets Held for Risk Management	841,688	-	841,688	-	-
4	Loans and Advances to Banks	198,488,576	198,488,576	-	188,253,344	-
5	Loans and Advances to Customers	628,912,340	624,952,045	-	304,853,211	3,960,294
6	Financial Assets at Amortised Cost	9,914,754	9,914,754	-	9,914,754	-
7	Financial Assets at Fair Value through OCI	162,408,542	162,408,542	-	107,588,301	-
8	Financial Assets at Fair Value through PL	19,966,163	18,617,821	-	19,066,651	1,348,342
9	Investments in Subsidiaries	-	-	-	-	-
10	Investments in Equity-Accounted Investees	1	1	-	1	-
11	Non-Current Assets Held-For-Sale	-	-	-	-	-
12	Intangible Assets	9,376,595	3,314,875	-	3,474,349	6,061,721
13	Property and Equipment	30,910,454	30,910,454	-	0	-
14	Investment Property	17,223,820	17,223,820	-	-	-
15	Deferred Tax Asset	24,920,527	22,169,308	-	6,931,448	2,751,219
16	Current Tax Asset	1,280,465	1,280,465	-	1,278,954	-
17	Other Assets	4,244,380	4,244,380	-	1,359,589	-
18	**Total assets**	**1,788,472,348**	**1,333,523,881**	**841,688**	**1,322,700,353**	**14,121,576**

The column ‘Subject to securitisation framework’ (e) was not included in the above table as the Group is not subject to this framework.

Breakdown by liability classes according to the balance sheet in the published financial statements

		Carrying values as reported in published financial statements and under scope of prudential consolidation	Carrying values of items	
			Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
		USD	USD	USD
		a, b	f	g
1	Derivative Liabilities Held for Risk Management	1,499,026	-	1,499,026
2	Amounts Owed to Banks	563,553,044	178,810,049	384,742,995
3	Amounts Owed to Customers	934,096,196	736,710,267	197,385,930
4	Debt Securities in Issue	45,345,575	45,345,575	-
5	Provision for Liabilities and Charges	356,722	258,635	98,087
6	Deferred Tax Liability	4,215,075	-	4,215,075
7	Current Tax Liability	187,144	36,089	151,055
8	Other Liabilities	15,239,385	8,166,694	7,072,691
9	**Total liabilities**	**1,564,492,167**	**969,327,308**	**595,164,859**

There are no liability amounts that are subject to credit risk, credit counterparty risk and securitisation frameworks.

Template EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

		Total	Items subject to		
			Credit risk framework	Counterparty credit risk framework	Market risk framework
		USD	USD	USD	USD
		a	b	d	e
1	Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	1,788,472,348	1,333,523,881	841,688	1,322,700,353
2	Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	1,564,492,167	-	-	969,327,308
3	**Total net amount under the scope of prudential consolidation**	**223,980,182**	**1,333,523,881**	**841,688**	**353,373,046**
4	**Off-balance-sheet amounts**	**155,568,768**	**175,568,768**	**-**	
5	Differences in valuations	-	-	-	
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	
7	Differences due to consideration of provisions	3,984,381	3,984,381	-	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	(156,731,620)	(156,731,620)	-	
9	Differences due to credit conversion factors	(140,148,573)	(140,148,573)	-	
10	Differences due to Securitisation with risk transfer	-	-	-	
11	Other differences	6,085,710	-	6,085,710	
12	**Exposure amounts considered for regulatory purposes**	**92,738,847**	**1,216,196,836**	**6,927,398**	**483,293,576**

The Group is not subject to Securitisation framework.

Table EU LIA - Explanations of differences between accounting and regulatory exposure amounts

(a)	*Explanation and origins of any significant differences between the amounts in columns (a) and (b) in template EU LI1* All assets and liabilities reported in published financial statements are under scope of prudential consolidation. Liabilities are not subject to the credit risk or counterparty credit risk framework. No item is subject to the securitisation framework.
(b)	*Explanation and origins of differences between carrying values under the scope of prudential consolidation and amounts considered for regulatory purposes shown in template EU LI2* Credit risk framework: Net amounts under the scope of prudential consolidation (including off balance sheet amounts) are adjusted as follows:

	• *Provisions*: Article 473a of the CRR allows institutions to apply transitional provisions to mitigate the impact of the introduction of the International Financial Reporting Standard ('IFRS') 9 standard. As a result of the prescribed computation, part of the provision is adjusted when calculating the exposure amount for regulatory purposes. • *Credit risk mitigation techniques*: Chapter 4 of Title II, Part Three of the CRR requires reporting agents to adjust their exposure value for any risk mitigants that qualify under the prescribed articles. These include cash collateral and guarantees. • *Credit conversion factors*: Off balance sheet amounts are subject to four factors prescribed under Article 111(1) of the CRR based on the type of exposures that are classified as full-risk (100%), medium-risk (50%), medium/low-risk (20%) and low-risk (0%) within Annex I of the CRR. Counterparty credit risk framework: Forward derivative contracts are accounted for on the balance sheet by recording the unrealised gain or loss as an asset or a liability respectively. Within the regulatory framework, the exposure value of these derivatives is calculated based on the Original Exposure Method prescribed under Chapter 6 of Title II, Part Three of the CRR. Market risk framework: The Group is subject to foreign exchange risk and position risk. The exposure values are calculated under the under Chapter 2 and 3 of Title IV, Part Three of the CRR.

Template EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity)

Name of the entity	Method of accounting consolidation	Full consolidation	Equity method	Description of the entity
a	b	c	e	h
FIMBank plc	Full consolidation	X		Credit institution
London Forfaiting Company Limited	Full consolidation	X		Forfaiting company
India Factoring and Finance Solutions Private Limited	Full consolidation	X		Factoring company
The Egyptian Company for Factoring S.A.E.	Full consolidation	X		Factoring company
BrasilFactors S.A.	Equity Method		X	Factoring company
FIMFactors B.V.	Full consolidation	X		Holding company
FIM Holdings (Chile) S.p.A.	Full consolidation	X		Holding company
FIM Business Solutions Limited	Full consolidation	X		IT support services
FIM Property Investment Limited	Full consolidation	X		Head Office management services

None of the entities are being consolided using the following methods: 'proportional consolidation', 'neither deducted nor consolidated', 'deducted'.

Table EU LIB – Other qualitative information on the scope of application

(a)	There are no current or expected material practical or legal impediment to the prompt transfer of own funds or to the repayment of liabilities between the parent undertaking and its subsidiaries.
(b)	All subsidiaries are included in the consolidation as disclosed in Template EU LI3.
(c)	The Group has not made use of the derogation referred to in Article 7 CRR or the individual consolidation method laid down in Article 9 CRR.
(d)	All subsidiaries are included in the consolidation as disclosed in Template EU LI3 and as a result this disclosure requirement is not applicable.

3 Risk governance

Table EU OVA - Institution risk management approach

(a)	*Disclosure of concise risk statement approved by the management body* The Bank's business model and risk appetite is primarily focused on the support of international trade, which is typically facilitated by way of short term, self-liquidating structures. The Bank monitors its risk profile using a number of metrics covering capital & liquidity, profitability, asset quality and market-based indicators, which are tracked against a mixture of regulatory and internally set thresholds. These metrics comprise the Bank's overall Risk Appetite Statement. These measures are tracked by various business lines and committees (both management and board appointed) and are reported quarterly (or more frequently) to the Board Risk Committee and subsequently presented to the Board. The Bank has an escalation policy governing these risk parameters to ensure that breaches are raised to senior management and beyond so that corrective action is taken as necessary. The overall Risk Appetite Statement for the Group is presented by the Group Chief Risk Officer ('GCRO') for approval to the Board Risk Committee and the Board on (at a minimum) an annual basis.
(b)	*Information on the risk governance structure for each type of risk* The Board is ultimately responsible for the identification and evaluation of key risks arising from the different business and support areas of the Group, and for ensuring that proper systems of internal control are in place. The Board has delegated to Committees and management the task of creating effective control environment the highest possible standards. In line with the Bank's Articles of Association, the Board has established the following committees in order to assist directors in the oversight of its functions: - Board Review and Implementation Committee ('BRIC') - Audit Committee - Board Risk Committee ('BRC') - Nomination and Remuneration Committee ('NRC') - Board Credit Committee ('BCC') - Corporate Governance Committee Details of the composition and responsibilities of these Committees are laid out in the Statement of Compliance with the Principles of Good Corporate Governance. The Group adopts a three lines of defence model for risk management, with the first line of defence represented by the business origination units. The second line of defence is represented by: (i) the Risk Management Department, which reports to an independent GCRO and oversees all risks within the Group, and (ii) the Compliance Department. The third line of defence is constituted by Internal Audit, being the function, which provides independent assurance to the Board on the processes and procedures employed by the Bank. The three line of defence model attributes responsibility for risk management at all levels within the Group. The GCRO reports directly to the Chairman of the Board Risk Committee, with a dotted reporting line to the Group's Chief Executive Officer ('CEO'). The GCRO is Ronald Haverkorn, who was appointed to this role in May 2015. The Risk Management Department is a group function and oversees and manages risks for the Bank and all consolidated subsidiaries of the Group. The department includes a wide range of professionals with a degree of specialisation in certain areas of risk (credit, market, operational, funding and liquidity risks) and is supported by risk specialists located at the different subsidiaries of the Group, who report directly to the Group's central Risk Management Department. The risk profile of the Group is defined in the Risk Appetite Statement endorsed by the Board and gathers key risk metrics on a Group level, encompassing credit, market, liquidity, operational and reputational risk metrics. Overall, the risk profile is a mirror of the Group's business model; that is to provide: short-term finance solutions, with risk diversification across several geographies; multiple trade finance products (structured trade finance, forfaiting, factoring, etc.) to customers operating in several sectors; correspondent banking services; and real estate finance to commercial customers in Malta. The risk dimension of the various portfolios is managed by risk professionals both locally and in the markets where the Group has presence. The Group identified the following risks, assessed under Pillar I and under the economic perspective, as being significant and the above committees have oversight responsibility for their management: - *Credit risk* – The risk that an obligor fails to satisfy its obligations to the organisation leading to a financial loss. This risk includes default risk, concentration risk, counterparty credit risk, settlement risk and foreign exchange lending risk; - *Market Risk* – The risk that changes in market prices cause fluctuations in or a change in fair value of future cash flows. This risk includes foreign exchange risk, interest rate risk in the banking book, position risk in traded debt instruments and price risk; - *Operational Risk* – The risk of loss resulting from inadequate or failed internal processes, people or IT systems, or from external events;

	- *Liquidity Risk* – The risk of loss resulting from the Group's inability to meet its obligations due to lack of cash or illiquidity of assets held for funding purposes; and - *Other risks* – The risk of loss due to conduct failures or reputational events, or failure in strategy.
(c)	*Declaration approved by the management body on the adequacy of the risk management arrangements* The Board of Directors confirms its satisfaction with the scope and robustness of the Group's risk management arrangements, which provide sufficient comfort to the Board that the Group's risks are being controlled adequately.
(d)	*Disclosure on the scope and nature of risk disclosure and/or measurement systems* The Group monitors its risk profile using a number of metrics covering capital & liquidity, profitability, asset quality and market-based indicators, which are tracked against a mixture of regulatory and internally set thresholds. The Group makes use of a suite of systems and tools purchased from reputable international vendors to support its monitoring of day-to-day business activities across all of its sites. Each site of the Group monitors is key risks on a standalone basis and, in addition, all data is aggregated centrally for oversight by the Group headquarters in Malta and for reporting to the Competent Authority being the Malta Financial Services Authority. The data collected is used to monitor activity on a daily basis, to ensure issues identified can be responded to swiftly, and also for the preparation of reporting packages for executive management, board committees and the board itself. This aggregated data is also used to monitor the Group's performance against its Risk Appetite Thresholds and for escalation purposes should any of the thresholds come under pressure or be found to be in breach.
(e)	*Disclosure information on the main features of risk disclosure and measurement systems* The risk management framework and processes in place reflect the business strategy being followed by the Group. The Bank's Board acknowledges that such processes need to be robust to safeguard against inherent risks faced in the markets in which it operates, including those of political and economic nature. Trade flows may also be affected by market downturns in supply and demand, whether cyclical, economic or seasonal that may impact significantly on the business. The Group continuously endeavours to upgrade its risk management processes to meet such developments. The risk management processes cascade down to all entities within the Group and are monitored and controlled at various levels. Members of the Bank's executive team form part of the respective Boards of each local entity and are tasked with maintaining control over the respective operations' key business decisions. Business reviews of each entity are presented to the Board Risk Committee by the GCRO via reports and dashboards that monitor the entities performance in line with the set Group risk appetite. The Risk Appetite Statement defines the acceptable field of play of the Group and is integrated in business decision making and management of the various risks the Group faces given the nature of diversifies trade finance products provided globally. The Risk Appetite Statement sets out acceptable risk levels and has been endorsed by the Board – being presented for review on a quarterly basis (at a minimum) and revisited and refined annually or as the need arises. Risk levels vis-à-vis the set thresholds are reported to the Board Risk Committee and Board in each meeting. Deviations from the Risk Appetite Statement (within the risk tolerance set by the management body) are approved and/or ratified as appropriate. Exposure and portfolio management takes place on a continuous basis. Usage of all approved limits is monitored centrally through a number of different systems and platforms. All credit proposals, except in limited cases where a delegated authority has been granted, are reviewed and approved at Head Office level. The Group's core banking platform is Oracle Flexcube. In addition, product specific platforms have been purchased to support the needs of different business lines. In particular, the Factoring business is supported by the Kastle system and the Forfaiting business by a tool called Forfaiting Manager. The Group's Finance system is provided by Sun Microsystems and the Group's Risk assessments are supported by a number of tools purchased from Moody's and a workflow solution called 'K2' from Nintex/Microsoft. Compliance has deployed the Financial Crime Risk Management system from Fiserv to manage financial crime and sanctions risk and the Group uses the RiskNucleus system from BenchMatrix to manage operational risk. The Group makes use of a number of other platforms to support its activities, such as Bloomberg, the SWIFT payment network, and has built certain in-house solutions to address other risks. These systems are used at entity and Group level to manage client engagement, track exposures, monitor customer transactions and prepare financial performance figures, amongst other things. The outputs from these systems, in addition to other data points collected by other means, are aggregated at Group level to populate the Risk Appetite Statement which is then used by the Group to monitor the risks identified in (b) above.
(f)	*Strategies and processes to manage risks for each separate category of risk* *Credit Risk* – The Group has a defined set of risk appetite metrics, risk frameworks and policy documents governing its exposure to credit risk. These frameworks are used to define target markets, clients and products. Risk Frameworks define parameters – such as country origin, sector, credit strength, maximum tenor, product structure and security packages – that guide the acquisition of clients

	and granting of credit facilities. Additionally, the Group monitors the concentration of its exposures to connected parties; sectors; and countries with maximums set for each category to control said risk. All proposals to provide credit facilities to clients, except within certain delegated authorities, are routed to the Group headquarters for approval within authorities clearly delegated by the Board. The Risk Management Department makes use of a number of tools and reports to monitor credit risk in the portfolio. (See sections 4.3 and 4.4 for further detail). *Market Risk* – The Group also has a defined set of risk appetite metrics and policy documents governing its exposure to market risk. The Group's market risk activities are centralised within the Treasury function in Group headquarters and its activities are overseen by the Risk Management Department. (See sections 4.3 and 4.4 for further detail). *Operational Risk* – The Group manages operational risk through a dedicated team within the Risk Management Department and a network of Risk Champions dispersed through the organisation, with oversight from the Operational Risk Management Committee ('ORMC'). Identified operational risks are logged in an incident management system which is used to track incidents until their resolution and any action plans developed to remedy identified process failures or weaknesses. (See section 4.5 for further detail). *Liquidity Risk* – The Group's liquidity risk is managed by its Treasury function and overseen by both the Risk Management Department, for adherence to risk thresholds/appetite, and the Assets and Liabilities Committee ('ALCO') from a strategic perspective. (See section 4.6 for further detail). *Other Risks* – Various committees exist within the Group to oversee a range of other risks faced by the bank. These committees consist of those comprised of the Group's executive management and those established by the Board to address such topics as governance and remuneration. The assessment of 'other risks' is judgemental in nature and hence is not subject to more detailed assessment or stress testing. However, the Group is developing an internal model for Operational Risk that will function from 2022 and will encapsulate the factors that can lead to reputational and conduct risk related losses. In all cases the Group employs a three lines of defence model to ensure that the above risks are adequately controlled. In order to ensure that the Group is consigant of the potential impact of downside risks on its portfolio it regularly carries out a number of stress simulations as part of its day-to-day activities. These stress tests involve, amongst others, downward shocks on credit portfolio ratings, interest rate shocks on both the banking and trading book, and liquidity shock events. Additionally, as the need arises, the bank considers the impact of external events – such as Malta's 'grey' listing – on various parameters of its operations.
(g)	*Information on the strategies and processes to manage, hedge and mitigate risks, as well as on the monitoring of the effectiveness of hedges and mitigant* When managing the risks the Group faces it is considered whether such risks should be: (i) avoided by stopping the activity leading to the risk; (ii) treated by first assessing the level of risk and subsequently determining the mitigants that reduce the risk to an acceptable level; (iii) transferring the risk (often achieved by purchasing insurance coverage or hedges); and (iv) accepting the risk because it is not practical to either avoid, treat or transfer the risk. The Group makes use of the following to manage, hedge and mitigate risks: • Collateral – Such as cash margins, mortgages over property taken to reduce expected losses; • Professional services – Such as the use of external valuation agents to determine the value of properties financed or the use of collateral management agents to monitor and control physical collateral taken in support of transactions; • Insurance – Policies for both credit and non-credit risks, either purchased by the Group or by customers with the Group as loss payee; • Hedging – To protect the Group against interest rate risk or foreign exchange risks; and • Internal models – Tools purchased on built in-house to permit the Group to monitor and manage the risks it faces. Such an example is the Interest Rate Risk in the Banking Book model that allows the Group to ensure that the structure of its balance sheet does not expose it to undue risk from the maturity transformation activities it undertakes. It also uses inhouse built tools to monitor liquidity risk. The effectiveness of these strategies are monitored by executive management via their impact on the P&L, by the Risk Management Department via exposure reporting and regulatory returns, by the ALCO through its regular meetings, and by the Operational Risk Management team when failures in processes or controls lead to losses.

Table EU OVB - Disclosure on governance arrangements

(a)	*The number of directorships held by members of the management body [Point (a) of Article 435(2) CRR]* The management body of the Group is deemed to be the Board of Directors, which is appointed in accordance with the Bank's Articles of Association. At 31 December 2021, the Board of Directors consisted of:

	Number of directorships held (including FIMBank p.l.c. and its subsidiaries)
John C. Grech (Chairman)	12
Masaud M. J. Hayat (Vice Chairman)	12
Edmond Brincat	14
Hussain Abdul Aziz Lalani	4
Majed Essa Ahmed Al-Ajeel	3
Mohamed Fekih Ahmed	5
Osama Talat Al-Ghoussein	4
Rabih Soukarieh	4
Rogers David LeBaron	1
Abdel Karim Kabariti	4
Claire Imam Thompson	2

The MFSA had no objection to the list of directorships held by the Chairman of the Board of Directors. The directorships held by the Directors in non-EU entities are not subject to MFSA approval. Directorships having an executive or non-executive role held within the same group have been counted separately in the above table.

As disclosed in Principle 8 of the Statement of Compliance with the Principles of Good Corporate Governance, in 2015 the Board set up a Nomination and Remuneration Committee which was granted the power to lead the process for the Board and Board Committee appointments. This Committee can amongst others, present recommendations to the Board regarding nomination to the Board's membership in accordance with approved policies, standards, and instructions on nomination regulations for the Board of Director's membership. Prior to making its recommendations for appointment, this Committee evaluates the balance of knowledge, skills, diversity and experience of candidates for the Board to ensure that they have the requisite experience, personal abilities, integrity and that they adhere to sound professional practices. Furthermore, it prepares a description of the roles and capabilities for a particular appointment and assesses the time commitment expected for the execution of duties related to the role.

The knowledge, skills and expertise of the Board are disclosed in the Statement of Compliance with the Principles of Good Corporate Governance. The Committee is empowered to perform an annual review of the needs required in regard to suitable skills for board membership and prepare a description of the skills and qualifications required for board membership. The relative assessment of the knowledge, skill and experience of the individual members of the Board is exercised by the Nomination and Remuneration Committee on an annual basis and in adherence of the Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU (EBA/GL/2017/12); and Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2012/06).

The Board has established separate Risk and Credit Committees with specific responsibilities on risk management and governance across the Group. Further details on the duties, composition and number of times these Committees have met during the year are disclosed in Principle 8 of the Statement of Compliance with the Principles of Good Corporate Governance.

(b), (c)

Information regarding the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise and on the diversity policy with regard of the members of the management body [Point (c) of Article 435(2) CRR]

The Group is committed to complying with diversity and equality related legislation and with adapting internationally embraced diversity and equality principles throughout its policies. FIMBank plc attracts and retains a diverse workforce and maximizes diversity for the benefit of the organization. In order to ensure that senior management positions are filled by candidates which satisfy the respective knowledge, skills and expertise criteria, the candidate is also interviewed by a member of the NRC or delegate. In the case of Directors, the selection process will include the involvement of the Chairperson of the Board of Directors, the Group Chief Executive Officer ('GCEO') and other Directors as nominated by the NRC. Their assessment will be considered by the NRC and a recommendation is made to the Board of Directors.

The Directors, individually and collectively are of the caliber required by the Group. They possess the appropriate knowledge, skills, and experience required to formulate the strategy of the Group and oversee its implementation in full respect of the values of the Group and the statutory and regulatory requirements as applicable from time-to-time. The Directors also demonstrate their suitability towards the fulfillment of their role through their regular attendance to the Board and Board Committee meetings and the sufficient time they extend throughout the year. It is not envisaged that there will any changes to the composition of the Board in the foreseeable future.

(d)

Information whether or not the institution has set up a separate risk committee and the frequency of the meetings [Point (d) of Article 435(2) CRR]

The Group has two primary committees which monitor the Group's management of risk. These are the Board Credit Committee ('BCC') and the Board Risk Committee ('BRC'). The BCC meets fortnightly or more frequently as needs dictate. The BRC meets at least quarterly or more frequently as needs dictate.

	The BCC is a committee appointed by the Board of Directors of FIMBank. The BCC is directly responsible and accountable to the Board. The Board may delegate any of its authorities and powers in relation to the BCC to the BRC. The BCC's main powers and duties are to: review credit applications and approve credit limits and specific transactions, up to the legal lending limit of the Bank and within the guidelines specified in the Group's Credit Policies; and to analyse and recommend country limits for approval. The BRC is responsible for overseeing the Group's risk management strategy, systems and policies, and for recommending appropriate risk appetite parameters for approval by the Board of Directors. The BRC is also responsible for the oversight of operational and legal risk matters.
(e)	*Description on the information flow on risk to the management body [Point (e) Article 435(2) CRR]* The BCC's responsibility is for the review and approval of credit limits granted to the Group's clients and for country limits. All facility requests exceeding a certain threshold must be presented to the BCC for approval. The BCC has delegated to management approval powers for lower value exposures. At least quarterly the Chairman of the BCC presents to the board a report of all credit limits approved by the BCC or under its delegated authorities. The BRC is responsible for setting the Group's risk strategy, appetite (for credit, market, operational and other risks) and tolerance, which are ultimately presented to and approved by the Board. At each BRC meeting, or more frequently as needed, the Group Chief Risk Officer ('GCRO') will present to the BRC the Group's performance against the risk appetite metrics defined in the Risk Appetite Statement as well as more granular analysis of specific risks as driven by the agenda of the meeting in question. The BRC presents to the Board its views following each BRC meeting and may, at any time, escalate matters to the Board for consideration.

4 Identification of risks

4.1 Key metrics and overview of risk-weighted exposure amounts

Template EU KM1 – Key metrics template

		December 2021 USD	June 2021 USD	December 2020 USD
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	213,426,137	219,284,894	223,264,444
2	Tier 1 capital	213,426,137	219,284,894	223,264,444
3	Total capital	213,426,137	219,284,894	223,264,444
	Risk-weighted exposure amounts			
4	Total risk exposure amount	1,143,541,487	1,194,186,730	1,206,575,897
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	18.7%	18.4%	18.5%
6	Tier 1 ratio (%)	18.7%	18.4%	18.5%
7	Total capital ratio (%)	18.7%	18.4%	18.5%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	6.0%	6.0%	6.0%
EU 7b	of which: to be made up of CET1 capital (percentage points)	6.0%	6.0%	6.0%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	6.0%	6.0%	6.0%
EU 7d	Total SREP own funds requirements (%)	14.0%	14.0%	14.0%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	0.0%	0.0%	0.0%
EU 9a	Systemic risk buffer (%)	0.0%	0.0%	0.0%
10	Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%
EU 10a	Other Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%
11	Combined buffer requirement (%)	2.5%	2.5%	2.5%
EU 11a	Overall capital requirements (%)	16.5%	16.5%	16.5%
12	CET1 available after meeting the total SREP own funds requirements (%)	4.7%	4.4%	4.5%
	Leverage ratio			
13	Total exposure measure	1,796,929,086	1,855,322,850	1,842,399,105
14	Leverage ratio (%)	11.6%	11.6%	11.8%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%
EU 14c	Total SREP leverage ratio requirements (%)	0.0%	0.0%	0.0%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	3.0%	3.0%	3.0%
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	257,093,550	270,984,149	221,474,270
EU 16a	Cash outflows - Total weighted value	345,309,369	361,270,069	385,968,303
EU 16b	Cash inflows - Total weighted value	241,643,941	282,417,580	374,702,527
16	Total net cash outflows (adjusted value)	103,665,428	90,317,517	96,492,076
17	Liquidity coverage ratio (%)	248%	300%	230%

		December 2021	June 2021	December 2020
		USD	USD	USD
	Net Stable Funding Ratio			
18	Total available stable funding	721,380,217	1,052,610,982	
19	Total required stable funding	643,382,212	717,743,920	
20	NSFR ratio (%)	112.1%	146.7%	

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

Template EU OV1 – Overview of total risk exposure amounts

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		December 2021	December 2020	December 2021
		USD	USD	USD
		a	b	c
1	Credit risk (excluding CCR)	694,725,472	719,000,898	55,578,038
2	of which the standardised approach	694,725,472	719,000,898	55,578,038
6	Counterparty credit risk - CCR	3,517,769	1,356,278	281,422
9	of which other CCR	3,517,769	1,356,278	281,422
15	Settlement risk	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	344,707,936	379,394,153	27,576,635
21	of which the standardised approach	344,707,936	379,394,153	27,576,635
EU 22a	Large exposures	-	-	-
23	Operational risk	100,590,310	106,824,569	8,047,225
EU 23a	of which basic indicator approach	100,590,310	106,824,569	8,047,225
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	55,423,271	23,261,025	4,433,862
29	**Total**	**1,143,541,487**	**1,206,575,897**	**91,483,319**

Additional notes on the above table:

- *Credit risk*: The Group applies the standardised approach for credit risk and as a result, rows (3) to (5) are not applicable and are not being disclosed in the above table.
- *Counterparty credit risk*: The Group applies the original exposure method and as a result, rows (7) to (8b) are not applicable and are not being disclosed in the above table.
- *Securitisation risk*: The Group does not hold securitisation exposures and as a result, rows (16) to (19a) are not applicable and are not being disclosed in the above table.
- *Market risk*:The Group applies the standardised approach and as a result, row (22) is not applicable and is not disclosed in the above table.
- *Operational risk*: The Group applies the basic indicator approach and as a result, rows (EU 23b to EU 23c) are not applicable and are not disclosed in the above table.

Table EU OVC - ICAAP information

(a), (b)	*Approach to assessing the adequacy of internal capital* The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on Shareholder's return is also recognised and the Group is cognisant of the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The second pillar of the Capital Requirements Directive involves both institutions and regulators taking a view on whether an institution should hold additional capital against risks not covered in Pillar I. Part of the Pillar II process is the Internal Capital Adequacy Assessment Process ("ICAAP") which is the Bank's self-assessment of risks not captured by Pillar I. The Group's current and forward-looking business strategy is assessed on an annual basis to identify the key revenue drivers and core business lines and the Group's Long-Range Plan is formulated to ensure that capital metrics remain within the ranges defined in the Group's Risk Appetite Statement. Based on this analysis, the Group's key risks emanating from the business model are utilised to inform the risk quantification approach adopted as part of the ICAAP.

The process employed by the Group ensures that its capital allocation addresses the Group's most significant vulnerabilities, both from a normative and economic perspective. The results of the normative and economic perspective are compared to the Group's Total SREP Capital Requirement ('TSCR') to establish the minimum level of capital that the Group is required to hold and is used to determine whether the Group's minimum risk appetite thresholds require re-calibration. Under the normative perspective, Group performs a multi-year assessment of its ability to fulfil all its capital related regulatory and supervisory requirements on an ongoing basis over the medium term. The assessment is based on the following scenarios: i) a baseline scenario – the Group's projected financial, and capital position under normal conditions; and ii) a selection of adverse scenarios resulting in severe but plausible impacts that would affect the Group's capital. The economic perspective covers the full universe of risks that may have a material impact on the Group's capital and liquidity position from an economic perspective. As recommended by the ECB Guides to the internal capital adequacy assessment process (ICAAP) the Group identifies, quantifies, and sets aside internal capital against the unexpected losses that it might be subject to. In this respect, the Group performs a point-in-time risk quantification fo the current situation as at the end of the reference year. The economic perspective comprises internal ratios calculated by the Group on current financial results, whereby all risks with potential to cause material economic losses and deplete internal capital are accounted.

The Group identifies, quantifies, and set aside internal capital against the unexpected losses that it might be subject to. In this respect, the Group performs a point-in-time risk quantification of the current situation, being the last financial period.

The ICAAP process is managed by the Group's Risk Management Department which is responsible for the preparation, formulation and overall coordination of this process and the respective ICAAP document. Inputs are received as appropriate by other relevant departments, including but not limited to the Finance, Legal, Treasury, IT, Administration, Human Resources and Operations departments. Each of these departments has a direct connection with one or more risks, policies and procedures analysed and assessed in the ICAAP.

Throughout this process, senior officers from each department provide their input and guidance on how risks are being mitigated and how these risks can be analysed and assessed both in a qualitative as well as quantitative manner. The final document is subjected to a review by the Group's Internal Audit department, and the findings arising from this review are documented in an Auditor's report.

The final version of the ICAAP is eventually discussed by the Audit Committee before being presented to the Board Risk Committee, and following its recommendation, it is ultimately approved and further ratified by the Board of Directors and submitted to the Regulator.

The Group is also bound by the terms of the capital requirements outlined within the Supervisory Review and Evaluation Process ('SREP') decision.

4.2 Credit and counterparty risk

4.2.1 Credit risk

Table EU CRA: General qualitative information about credit risk

(a) *How the business model translates into the components of the institution's credit risk profile*

The Group has four main business lines being Trade Finance, Factoring, Real Estate and Forfaiting. In addition it offers correspondent banking services and cash management solutions. A treasury function exists to manage the Group's liquidity and funding and the Group holds investments in two funds. As the Forfaiting book is a traded portfolio it is captured in the assessment of market risk hence is excluded from the following table.

Below is a tabulation of these various business lines against the risks each face.

	Trade Finance	Factoring	Real Estate	Correspondent Banking	Cash Management	Treasury	Funds
Default Risk	x	x	x	x	x	x	
Price Risk						x	x
Counterparty Credit Risk						x	
Concentration Risk	x	x	x	x	x	x	
Foreign Exchange Lending Risk	x	x		x	x		

(b) *The criteria and approach used for defining the credit risk management policy and for setting credit risk limits*

Strict credit assessment and control procedures are in place in order to monitor credit exposures. A credit risk framework has been developed for each credit product (or product line) offered by the Group. These risk frameworks detail the acceptable parameters within which clients and facilities should fit in order to align with the Group's credit risk appetite. With respect to borrowers themselves the risk framework will consider such factors as: the number of years a borrower has existed, the turnover of the borrower and it's equity base, the activity, industry and location of the borrower and the credit rating of the borrower. With respect to the facilities themselves the Group will consider such factors as: the quantum, usage, tenor, documentation and security available. For each product the Group has defined a maximum portfolio concentration, a target weighted Loss Given Default range and a target weighted Expected Losses range. Overlaying the risk frameworks is the Group's Risk Appetite Statement therefore, in addition to seeking business that fits within the risk framework, the Group also ensures that the entire credit profolio remains within the defined parameters set in the Risk Appetite Statement.

The BCC is responsible approving individual limits for banks and corporates within its delegated parameters of authority set out in the Statement of Compliance with the Principles of Good Corporate Governance.

All on- and off- balance sheet exposures are approved after a thorough review of the counterparties' creditworthiness. Whilst any external rating of the counterparty by established Credit Rating Agencies is taken into account, an internal rating is given to each obligor and credit support provider through an internal rating system provided by Moody's. During 2021 the Group migrated from Moody's Risk Analyst to Moody's CreditLens software to establish internal ratings. In addition to this, a credit review is also done by means of other assessment criteria, including but not limited to, financial statements review, analysis of relevant markets and sectors, commodity prices outlook, structure of proposed transactions and market position of the relevant parties.

The Group has established policies requiring limits on counterparties and countries, and controls in relation to concentration to sector, and industries, thus ensuring a more diversified on- and off-balance sheet lending portfolios.

The Group maintains a prudent provisioning policy in accordance with the applicable laws and regulations to ensure that losses are immediately recognised in the Statement of Profit or Loss. Efforts at recovering losses incurred in past financial periods are continuous. To this purpose, legal proceedings have been undertaken in the courts of competent jurisdictions.

Default Risk
Default Risk is the chance that a borrower, whether corporate or personal or other, becomes unable to repay their credit obligations to the Bank. The Group makes use of models purchased from Moody's to estimate likelihood of default and considers a number of other factors to determine the expected loss on exposures in its loan book.

Concentration Risk
In addition to policies aimed at managing credit risk and concentrations within credit portfolios, as part of the annual ICAAP the Group estimates the capital requirements for concentration risk as part of the economic perspective. Quantification of concentration risk is based on Section 6 of the Prudential Regulation Authority 's methodologies for setting Pillar 2 capital dated February 2020 whereby the Herfindhal-Hirschmann index (HHI) is used to calculate concentration across the three portfolio classifications; i) Individual concentration; ii) Sectoral concentration; and iii) Geographical concentration.

Counterparty credit risk
Refer to section 4.2.2.

Settlement Risk
Settlement risk arises through failed Delivery versus Payment ('DvP') transactions and all non-DvP trades. The Group faces settlement risk due to the fact that a few financial transactions are settled simultaneously or on a same day basis. Consequently, the Group could suffer a loss if the counterparty fails to deliver on settlement date.

In order to mitigate against this risk, the Group has in place settlement lines where a limit is placed on the maximum settlement exposure against a single counterparty as explained in Note 5.2.4 of the Annual Report & Financial Statements 2021.

The capital requirements for settlement risk are nil under Pillar I as prescribed by Article 378 of Title V of Part Three of CRR.

Foreign exchange lending risk
Foreign exchange lending risk is the risk that borrowers default due to movements in foreign exchange rates. The Group lends primarily in USD, but the customers of the Group may not necessarily operate in USD. As a result, foreign exchange rate movements could negatively affect the Group's borrowers. In the event that the currency of lending appreciates when compared to their currency of operation, loan repayments may be more costly in real terms and may increase the Group's probability of default.

Trade finance facilities are provided to customers that operate in USD. In fact, this is observed at initial stages of on boarding. However, in situations where this is not the case, the Group does not have specific mitigation measures to address FX lending risk but accepts such risk as part of its business.

	The Group quantifies its capital requirements for foreign exchange lending risk under the economic perspective as explained in Note 5.2.5 of the Annual Report & Financial Statements 2021.
(c)	*The structure and organisation of the credit risk management and control function* The Board has delegated to the BCC and BRC the responsibility for managing the Group's credit risk. The BCC is responsible for the authorisation of credit limits for customers and the BRC is responsible for determining the risk appetite levels and risk frameworks that determine what business is attractive to the Group. The majority of the Group's credit proposals pass through the Risk Management Department in Malta prior to approval by either under delegated authority granted by the BCC or by the BCC itself. The Group's subsidiaries have been delegated a limited ability to approve credit limits without reference to Group headquarters, however all such approvals are advised to the BCC post-facto. Within the Risk Management Department in Malta there are a number of specialised Risk Managers responsible for overseeing credit proposals from the sectors that they have responsibility for. They act as the first line of challenge to proposals received from the business lines (including the Group's Treasury function). Proposals are then routed to the Head of Credit Risk and subsequently the Group Chief Risk Officer. The Risk Management Department also has a team responsible for the creation and maintenance of limits within the Group's core banking system, Flexcube. Limits within the Kastle system, which is used for factoring transactions, are maintained by the operations teams in the headquarters (for Malta, Dubai and Greece clients) and in the subsidiaries (for exposures in India and Egypt). Limits within Forfaiting Manager, which is used for forfaiting transactions, are maintained by the risk function in LFC. The front line business units are responsible for the day-to-day management of credit risk relating to their clients. The relationship teams are responsible for preparing papers for submission to the Risk Management Department seeking approval for new and existing credit facilities for their clients. The relationship teams are also responsible for monitoring their client's financial health, by overseeing the use of their facilities, the transactions they are involved in and any other consideration that might affect the borrower's ability to repay facilities extended to them.
(d)	*The relationships between credit risk management, risk control, compliance and internal audit functions* The authority of the risk management function is vested in the Group Chief Risk Officer ('GCRO') who is appointed by and reports to the Board Risk Committee. The GCRO is a member of executive management. The GCRO is responsible for the policies and procedures governing risk within the organisation, which are regularly reviewed and presented to the BRC for approval. Furthermore, the GCRO is responsible for ensuring that the Group remains within the tolerance thresholds set for risk metrics in the Group's Risk Appetite statement. The Group deploys a three lines of defence model in the management of risk as a whole. With respect to credit risk the model also holds true. The front line is the first line of defence responsible for monitoring individual clients, their limits and transactions, and for preparing credit submissions and carrying out customer due diligence activities (including KYC, KYCC, etc.). The Risk and Compliance departments constitute the second line of defence, and work collaboratively to protect the Group against the range of risks that it faces. The Internal Audit function acts as the third line of defence. These three lines do not operate in isolation of each other nor do the second and third lines function purely as an oversight mechanism. There is two way exchange between the lines – for example the observations of the second line concerning an identified risks can be conveyed to the third line for more thorough analysis in an ad-hoc review or in a subsequent audit cycle – ensuring that there is free flow of information and ideas between the lines of defence.

Template EU CR5 – Standardised approach

		Risk weight									Total	
		0%	10%	20%	35%	50%	75%	100%	150%	250%	**Total**	of which unrated
		USD	USD	USD	USD	USD	USD	USD	USD	USD	**USD**	USD
	Exposure classes	a	d	e	f	g	i	j	k	l	p	q
1	Central governments or central banks	315,573,284	-	-	-	-	-	-	-	-	**315,573,284**	-
2	Regional government or local authorities	10,837,886	-	-	-	-	-	-	-	-	**10,837,886**	-
3	Public sector entities	50,428,005	-	8,458,000	-	4,989,000	-	-	-	-	**63,875,004**	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	**-**	-
5	International organisations	5,218,756	-	-	-	-	-	-	-	-	**5,218,756**	365,756
6	Institutions	-	-	140,061,320	-	48,047,499	-	20,853,352	171,504	-	**209,133,675**	86,045,568
7	Corporates	-	-	19,973,615	-	9,621,645	-	336,954,998	9,633,507	-	**376,183,765**	320,103,134
8	Retail	-	-	-	57,147	-	16,581,318	-	-	-	**16,638,464**	16,435,204
9	Secured by mortgages on immovable property	-	-	-	977,278	7,756,957	-	-	-	-	**8,734,235**	8,734,235
10	Exposures in default	-	-	-	-	-	-	51,383,248	4,407,213	-	**55,790,462**	55,790,462
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	40,023,290	-	**40,023,290**	40,023,290
12	Covered bonds	-	6,890,475	-	-	-	-	-	-	-	**6,890,475**	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	**-**	
14	Unit or shares in collective investment undertakings	2,052,727	-	-	-	-	-	-	15,665,583	-	**17,718,310**	17,718,310
15	Equity	-	-	-	-	-	-	899,512	-	-	**899,512**	899,512
16	Other items	24,078	-	-	-	-	-	66,486,329	-	22,169,308	**88,679,715**	88,679,715
17	**Total**	**384,134,735**	**6,890,475**	**168,492,935**	**1,034,425**	**70,415,101**	**16,581,318**	**476,577,439**	**69,901,097**	**22,169,308**	**1,216,196,832**	**634,795,185**

The Group does not have exposures subject to the following risk weights: 2%; 4%; 70%; 370%; 1250%; other. The above amounts represent the Exposure Value of each exposure class before it is risk weighted and excluding the SME supporting factor.

4.2.2 Counterparty credit risk

Table EU CCRA - Qualitative disclosure related to counterparty credit risk (CCR)

(a)	*Description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties* Counterparty Credit Risk ("CCR") is defined as the risk that a counterparty may default before completing the settlement of the transaction. An economic loss might occur if the transaction has a positive economic value at the time of default. Use of derivatives within the Group is limited to hedging balance-sheet positions and to a lesser extent to satisfy customer requests (for example, for foreign exchange hedging). The Treasury unit is responsible for the internal management of such instruments. The Group enters into Over-the-Counter ('OTC') derivative transactions, typically, to manage the Group's own risk. Prior to entering any OTC derivative transaction, the Treasury unit must seek approval from the Risk Management Department for suitable limits against the counterparty. Counterparty Credit Risk is monitored through the setting up of counterparty limits to capture the position and settlement risks associated with forward and other derivative instruments. Credit limits to capture counterparty credit risk are requested by either the Treasury team or by Relationship Managers dependent on the counterparty in question. Such requests are reviewed by the Risk Management Department and approved within the authorities delegated by the Board to the Board Credit Committee. The Group has in place operational procedures to mitigate these risks. Counterparty credit risk is assigned a capital charge using the mark-to-market method, based on the residual maturities of the contracts. The Group calculates the capital requirements for counterparty credit risk under Pillar 1 using the 'mark-to-market' model, based on the residual maturities of the contracts in line with the approach as laid down in Article 274 of the CRR.
(b)	*Description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves* The Group has limited exposure to counterparty credit risk and engages with top tier banks when engaging in derivative transactions. Credit limits must be in place for the specific counterparty to a derivative transaction and exposure against these limits is monitored by both the Treasury department and Risk function. Where collateral must be provided by either party, legal agreements are drafted and reviewed by the Group's inhouse legal team to ensure enforceability.
(c)	*Description of policies with respect to Wrong-Way risk as defined in Article 291 of the CRR* Given the Group's limited derivatives activity, where much of the activity is to protect the Group against risks in its funding or liquidity structure, the Group believes its wrong-way risk is minimal and has no internal policies covering this risk type.
(d)	*Any other risk management objectives and relevant policies related to CCR* There are no other risk management objectives and policies in relation to CCR, other than the ones mentioned earlier.
(e)	*The amount of collateral the institution would have to provide if its credit rating was downgraded* The Group's provision of collateral to third parties is mainly limited to arrangements with a contractual maturity generally not exceeding 12months. Given the short nature of such transactions, the Group does not expect a material change to its collateral value as a result of a downgrade.

Template EU CCR1 - Analysis of CCR exposure by approach

		a	b	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
		USD	USD	No	USD	USD	USD	USD
EU1	EU – Original Exposure Method (for derivatives)	841,688	4,106,453	1.4	6,927,398	6,927,398	6,927,398	3,517,769
6	**Total**				**6,927,398**	**6,927,398**	**6,927,398**	**3,517,769**

The above table has been tailored from the original format to exclude the remaining approaches (rows (EU 2) to (5) and column (c)), since the Group only applies and is only subject to the original exposure method.

Template EU CCR3 - Standardised approach – CCR exposures by regulatory exposure class and risk weights

		Exposure value			
		Risk weight			
		20%	50%	100%	**Total**
		USD	USD	USD	**USD**
	Exposure classes	e	f	i	l
6	Institutions	3,803,062	734,359	555,372	**5,092,793**
7	Corporates	-	-	1,834,605	**1,834,605**
11	**Total exposure value**	**3,803,062**	**734,359**	**2,389,977**	**6,927,398**

The above table has been tailored from the original format to exclude the remaining exposure classes (rows (1) to (5) and (8) to (10)) and risk weights (columns (a) to (d), (g), (h), (j) and (k)), since the Group does not have exposures subject to counterparty credit risk that fall under these classifications.

4.3 Credit and market risk from equities not included in the trading book

The Group's only exposure to equities is in its non-trading book and such equities are held in unlisted entities. The accounting and valuation methodologies differ depending on the percentage holding and marketability of the instruments. All interests in equity investments are in line with the Group's strategic objectives of investing in trade finance related companies to be able to carry out trade finance activities.

4.3.1 Equity investments less than 10%

Equity investments comprising less than 10% of the investee company's capital are classified as 'financial assets at fair value through profit or loss'. None of the equity securities carried by the Group are listed on an exchange and there is no readily available active market. These unquoted securities are carried at fair value, with fair value movement being in the Income Statement.

The Group calculates the overall minimum capital requirement for equity investments representing less than 10% of the ownership of the investee, using the Standardised Approach for credit risk expressed as 8% of the risk weighted exposure amount, as shown in the table below:

	Balance sheet value	Fair value	Risk weighted exposure amount	Minimum capital requirement
	USD	USD	USD	USD
Credit risk	899,512	899,512	899,512	71,961

During 2021, 1,783,251 shares in one of the equity instruments was partly liquidated resulting in a cumulative realised gain of USD 93,688.

4.3.2 Equity investments between 10% and 50%

Equity investments comprising between 10% and 50% of the investee company's capital are generally classified as 'investments in equity-accounted investees' and are accounted for using the equity method, recognised at cost less impairment allowances.

The Consolidated Financial Statements include the Group's share of the income and expenses and equity movement of equity-accounted investees, after adjustments to align the Accounting Policies with those of the Group. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. This accounting treatment is also applied on those investments where the Group has joint control (50%) over the strategic, financial and operational decisions of the investee.

All interests in equity-accounted investees are allocated (a) a 'specific risk' charge by multiplying the overall position by 8% and (b) a 'general risk' charge which also requires multiplying the overall position by 8%, under market risk. As at 31 December 2021, the balance sheet value and the fair value of such interests was nil, resulting in a USD nil risk weighted exposure and no minimum capital requirement.

4.3.3 Equity investments exceeding 50%

Equity investments exceeding 50% of the investee company's capital are classified as 'subsidiaries' and are fully consolidated in the Group results and financial position. The equity investment in the Group's Financial Statements is therefore replaced by the financial result and position of the subsidiaries, net of any minority interests.

4.3.4 Unit investments in collective investment schemes

Unit investments in collective investment schemes are classified as 'financial assets at fair value through profit or loss'. These unit investments are not listed on an exchange and there is no readily available active market. Fair value for the collective investment schemes is determined by reference to the funds' net asset values, with fair value movement being recognised in the Statement of Profit or Loss. This fair value amount that is recognised in the balance sheet is equal to the number of units held multiplied by the net asset value per unit.

The Group calculates the overall minimum capital requirement for unit investments in collective investment schemes using the look-through approach prescribed under the standardised approach for credit risk expressed as 8% of the risk weighted exposure amount, as shown in the table below. The look through approach requires the Group to consider the individual underlying exposures of a scheme to calculate the risk-weighted exposure amount, risk-weighting all such underlying exposures as if they were directly held by the Group. The total of the underlying exposures within the scope of the prudential consolidation are considered as the Group's exposure value.

	Balance sheet value	Look-through approach value	Risk weighted exposure amount	Minimum capital requirement
	USD	USD	USD	USD
Credit risk	19,066,651	17,718,310	23,498,374	1,879,870

During 2021, a total unrealised gain of USD296,438 and a total revaluation gain of USD866,504 were recorded.

4.4 Market risk

Table EU MRA - Qualitative disclosure requirements related to market risk

(a) *A description of the institution's strategies and processes to manage market risk*

Market risk for the Group is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises four types of risk: foreign exchange risk, interest rate risk in the banking book, position risk in the traded debt instrument and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group has implemented policies, established limits and maintains currency and interest derivative contracts to mitigate market risks. With respect to the trading book of London Forfaiting Company, the Group determines its maximum asset levels as part of the annual budgeting process and sets risk parameters to ensure that asset quality, country of exposure, tenor and other key factors remain within the Group's appetite. All assets purchased or financed by LFC must pass through a rigorous credit assessment prior to execution of the transaction.

The Group's appetite for market risk is set through the Risk Appetite Statement. Performance against the RAS is tracked in BRC meetings and also at regular meetings of the ALCO. The ALCO is also responsible for setting the strategy for the management of the Group's key market and liquidity risks. The GCRO is a member, and the Head of Non-Credit Risk is a permanent invitee, of the ALCO and matters arising from the ALCO are escalated to the BRC by the GCRO as and when necessary.

Foreign Exchange Risk
Foreign exchange risk is managed at a Group level with a relatively low tolerance for open market positions with currency hedges purchased as necessary. Foreign Exchange Risk is attached to those monetary assets and monetary liabilities of the Group that are not denominated in the functional currency of the Group. Transactional exposures give rise to foreign currency gains and losses that are recognised in the income statement. Currency risk is mitigated by a closely monitored currency position and is managed through matching within the foreign currency portfolio and capital hedging. However, mismatches could arise where the Group enters into foreign exchange transactions (for example, foreign currency swaps) which could result in an on-balance sheet mismatch mitigated by an off-balance sheet hedging contract. Other mismatches are allowed up to an established threshold, and any excesses are regularised immediately. The Group ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies spot or forward rates when considered appropriate.

The Group has in place a hedge against currency fluctuation resulting from its investment in India Factoring and Finance Solutions ('IFFS'). This is a dynamic hedge that is adjusted using an in-house model developed with the assistance of a major shareholder.

When calculating its capital requirements under Pillar I, the Group considers its net open foreign currency position in terms of Article 352 of the CRR. Through this approach, each net currency position is analysed and a capital charge is taken on the net short or long currency exposure (whichever is the higher).

Interest Rate Risk in the Banking Book
Interest rate risk on positions not included in the trading book (i.e. Interest Rate Risk in the Banking Book or "IRRBB") refers to the risk to earnings or Group's financial instruments to movements in interest rates. The risk impacts the earnings and equity of the Group

as a result of changes in the economic value of its assets, liabilities and off-balance sheet instruments. The Group's operations are subject to interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or at different amounts.

The Group manages its interest rate risk on a monthly basis using an in-house Interest Rate Risk in the Banking Book ('IRRBB') model that considers the maturity mismatch for its primary currencies and the effect the 6 European Central Bank mandated interest rate shock scenarios have on the Economic Value of Equity ('EVE') and the Net Interest Income ('NII').

The below table shows the effect to the Group's assets and liabilities due to a +/- 200 basis point change in interest rates. In 2021, there was no behaviouralisation applied to assets or liabilities. Non-maturity deposits fall into the overnight bucket. The Bank has Risk Appetite parameters for Earnings at Risk and Economic Value of Equity and generates six different outcomes on the basis of applying the EBA's six interest rate shock scenarios. Currency specific breakdowns are derived for USD, EUR and GBP.

		Changes of the economic value of equity		Changes of the net interest income	
		December 2021	December 2020	December 2021	December 2020
	Supervisory shock scenarios	USD	USD	USD	USD
1	Parallel up	5,959,000	3,166,000	(5,001,000)	(3,050,000)
2	Parallel down	(5,959,000)	(3,166,000)	5,001,000	3,050,000
3	Steepener	6,622,000	6,039,000		
4	Flattener	(6,622,000)	(6,039,000)		
5	Short rates up	(3,642,000)	(4,457,000)		
6	Short rates down	3,642,000	4,457,000		

Changes with respect to the last period were driven by the positive interest gaps within the overnight and 1week buckets that experienced a significant reduction due to:

i) better cash utilisation within Nostro accounts for commercial assets funding and liquidity buffer reductions (lower deposits). As at the end of year Central Bank balances reduced by USD150 million from USD235 million; and
ii) the Bank went through the IBOR conversion during the year of review, during which loans with daily repricing were converted into repricing buckets matching the respective reference rate tenors.

Notwithstanding that no capital charge is taken under the Pillar I framework, the Group calculates its capital requirements as part of its assessment for capital requirements under the economic perspective.

Position Risk in Traded Debt Instruments
Position risk in traded debt instruments refers to the risk of adverse effects on the value of positions in the trading book of general movements in market interest rates or prices or movements specific to the issuer of a security.

The Group has non-securitised debt instruments for which a capital charge under Pillar I is considered. Such assets are allocated a) a 'specific risk' charge based on percentage risk weight which would be attributable to the assets under the Standardised Approach for credit risk in line with Article 336 of the CRR and b) a 'general risk' charge based on the maturity profile of the asset in line with Article 339 of the CCR.

The forfaiting portfolio (position risk) is comprised of assets originating from banks and companies operating in many market sectors in a very broad range of countries, the majority of which are emerging markets. The Group regularly updates its mark-to-market positions and recording the unrealized and realized profits and losses. COVID-19 has introduced increased volatility, however the performance of this portfolio remained within risk parameters and well within the stress tests applied as part of the regular ICAAP process.

Price Risk
The Group's bond portfolio (other price risk) is largely comprised of investments in bonds issued by the governments of countries in the European Union and European banks. It is to be noted that the Bank's purchase of government and bank bonds is primarily for the purposes of liquidity management, albeit profit on bonds may be crystallised from time-to-time, and ECB initiatives to support the Eurozone has moderated volatility in these assets and maintained liquidity.

(b) *A description of the structure and organisation of the market risk management function, including a description of the market risk governance structure established to implement the strategies and processes of the institution discussed in row (a) above, and that describes the relationships and the communication mechanisms between the different parties involved in market risk management.*

The responsibility for market risk management rests with the Head of Non-Credit Risk, who reports directly to the Group Chief Risk Officer (GCRO). Whilst requests for limits to facilitate trading with the Group's counterparties and London Forfaiting Company's transactions are approved by the Head of Credit Risk, the Head of Non-Credit Risk is responsible for monitoring market risk limits, challenging models used by the Treasury department, ensuring that market risks are captured appropriately, and challenging liquidity management and hedging strategies.

	The Group's Risk Appetite Statement and supporting Treasury policies clearly outline the Group's appetite for market risk. The ALCO sets the strategy for liquidity and market risk management within the parameters set by the RAS and the GCRO, who is a member of ALCO, ensure there is robust challenge and that pertinent matters are escalated to the attention of the BRC as and when necessary.
(c)	*Scope and nature of risk reporting and measurement systems* The Group's Treasury activities are centrally controlled by the Treasury department located in the Group's headquarters. The Treasury department draws data from external market sources, pipeline management activities, the Group's core systems, its subsidiaries and the Finance department to facilitate risk monitoring and strategic decision making. It deploys inhouse developed tools to quantify the impact of interest rate shocks on its assets and liabilities, and external platforms to model the potential impact of market shocks on its bond holdings. Data is shared through the Group's intranet, through reports and as briefing packs for executive management meetings, ALCO meetings and BRC meetings.

Template EU MR1 - Market risk under the standardised approach

		RWEAs
		USD
	Outright products	a
1	Interest rate risk (general and specific)	336,886,106
2	Equity risk (general and specific)	-
3	Foreign exchange risk	7,821,830
4	Commodity risk	-
9	**Total**	**344,707,936**

The Group does not deal in options or securitisations. As a result, the above table does not include the respective rows (rows 5 to 8).

4.5 Operational risk

Table EU ORA - Qualitative information on operational risk

(a)	*Disclosure of the risk management objectives and policies* The Group defines Operational Risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. When policies, processes or controls fail to perform, there is potential of business disruption which can lead to financial losses. The management of operational risk is an integrated part of the Bank's overall risk management activities and concerns all functions and personnel of the Bank. Operational risks can have legal or regulatory implications, potentially also leading to financial loss. Operational risk exposures are managed through the implementation of a common framework for the identification, assessment, reporting, control, monitoring and mitigation of operational risk. The Group has invested in technology to manage and mitigate against operational risk and a strong awareness of operational risk has been embedded in the culture of the Group. The Framework's purpose is to contain the risk within acceptable levels and parameters as determined by management and to ensure that the Group has sufficient information to make informed decisions about additional controls, adjustments to existing controls or other risk mitigation efforts. However, the Group cannot expect to eliminate its exposure to operational risk, therefore its main objective is to maintain such risk within acceptable levels and parameters. The primary responsibility for managing operational risk lies with the Businesses and the support functions (i.e. the First Line of Defence) and the appointed Operational Risk Champion in each department. They are responsible of collation of key risk indicators, incident reporting and the execution of Risk Control Self-Assessment (RCSAs). The second line of defence is performed by the Operational Risk Management Unit with the Group's Risk Management Department and a senior management Operational Risk Committee (ORMC). Each of the respective roles and responsibilities are covered under the Group ORM policy as approved by the Board. Note 5.5 of the Annual Report & Financial Statements 2021 further details the monitoring and processes in place to manage this risk. Two key components of Operational Risk are IT risk and Legal risk. In view of their importance they are considered separately as detailed in Note 5.5.1 and 5.5.2 of the Annual Report & Financial Statements 2021.
(b)	*Disclosure of the approaches for the assessment of minimum own funds requirements* The Group assesses the capital requirements for operational risk under Pillar 1 by reference to the Basic Indicator Approach ('BIA') in line with Article 315 of the CRR. Moreover, the Bank undertakes an additional assessment on Operational Risk capital requirements

	under the economic perspective in line with the Standardised Measurement Approach ('SMA') as per Article 317 of the CRR to ensure there is no underestimation of operational risk through the use of the Pillar 1 capital calculation. Under the Basic Indicator Approach the capital requirement for operational risk is equal to 15% of the relevant indicator, being the average over the last three years of the sum of Operating Income before net impairment. At 31 December 2021, the Group took an operational risk capital charge of USD8,047,225.

Template EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

		Relevant indicator			Own funds requirements	Risk weighted amount
		December 2019	December 2020	December 2021		
		USD	USD	USD	USD	USD
		a	b	c	d	e
1	Banking activities subject to basic indicator approach (BIA)	64,692,890	57,348,117	38,903,489	8,047,225	100,590,310

The Group's activities are only subject to the basic indicator approach to operational risk requirements.

4.6 Liquidity risk

4.6.1 Liquidity requirements

Table EU LIQA - Liquidity risk management

(a)	*Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding* Liquidity risk is the risk that the Group may be unable to meet its obligations as they become due because of an inability to liquidate assets or obtain adequate funding ('funding liquidity risk') or that it cannot easily unwind or offset specific exposures without significantly lowering market prices due to inadequate market depth or market disruptions ('market liquidity risk'). The Group takes a prudent approach with respect to liquidity risk management by ensuring that on a day-to-day basis it maintains a healthy buffer over and above the mandated regulatory minima for the Liquidity Coverage Ratio ('LCR') and Net Stable Funding Ratio ('NSFR'). In line with the delegated regulation on liquidity coverage requirements the Group seeks to maintain a proper diversification of High Quality Liquid Assets (HQLAs) held as part of the Bank's liquidity buffer at all times. The Group also seeks to maintain stability in its funding by maintaining a diversified deposit base, ensuring an adequate presence of longer dated deposits and a mix in size of relationships. In managing the funding position, the Treasury Function seeks to avail itself of committed and uncommitted lines from related as well unrelated parties, that is, upstream and downstream institutions, and retail funding. A key indicator used to monitor concentration is a basic risk metric, namely customer funding compared to the Group's total funding. An internal threshold is set in line with the Group's risk appetite and strategy to maintain a well-diversified and broad mix of funding base. Furthermore, the bank models the impact of an adverse and extreme liquidity shock event on its funding structure to calculate its 'survival horizon' under these scenarios. Under both shock scenarios the Group seeks to maintain a survival horizon sufficiently in excess of the 30-day period of the LCR assessment. Liquidity risk is managed by maintaining significant levels of liquid funds and identifying and monitoring changes in funding required to meet business goals driven by management. The daily application of the asset and liability management policies rests with the Treasury unit of the Group. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. To support this the Group also maintains a buffer of 'counterbalancing capacity' that it can draw upon to support liquidity in times of stress. Intraday liquidity risk management is an important component of the Group's broader liquidity management strategy and critical to implementing the Group's longer-term growth strategy. Primarily responsibility of intraday liquidity management is the Treasury unit. In addition to the number of policies, procedures and internal controls which the Group has in place to manage its liquidity and funding risks, in line with Article 86 of Directive 2013/36/EU, prepares an Internal Liquidity Adequacy Assessment Process ("ILAAP") report on an annual basis. The ILAAP forms part of the Group's management process. The ILAAP is designed to demonstrate the Group's robust funding and liquidity management strategies whilst also to ensure that the Group has adequate liquidity to meet its

	liabilities both in normal and stressed conditions. Liquidity Risk Management is described in detail in Note 5.3.1 of the Annual Report & Financial Statements 2021.
(b)	*Structure and organisation of the liquidity risk management function (authority, statute, other arrangements)* The Group's Asset-Liability Committee, a committee established by the CEO, is responsible for setting appropriate asset and liability management policies, monitoring their application and reviewing financial information on the basis of which investment and funding decisions are taken. The Treasury Policy, and the market risk limits documented as an annex to the policy, governs the activities of the Treasury function. The Treasury Policy was formulated in conjunction with the Risk Management Department and approved by the Board Risk Committee. The Risk Management Department is also responsible for setting and monitoring the thresholds applicable to the Group's key liquidity metrics, escalating its concerns to the Head of Treasury, ALCO or Board Risk Committee as necessary, and notifying these same parties if there is a breach in any of the liquidity metrics contained in the Group's Risk Appetite Statement. The Group's Pillar 1 liquidity buffer requirements are determined on the basis of LCR in line with the requirements of the Delegated Regulation, with a binding minimum requirement of 100%. Consequently, the Group considers the LCR as its most relevant liquidity monitoring tool. The Group sets an internal threshold higher than the minimum requirement, intended as an additional management buffer (during the review period this was set at 25% over the LCR minimum regulatory requirement) based on the assessment under the economic approach. The Group also performs an assessment of its funding on the basis of Net Stable Funding Requirement ('NSFR') over the projected period. CRR II introduces a binding NSFR requirement for institutions set at 100%. The Group maintains an NSFR threshold of 5% higher than the minimum requirement of 100% prescribed by the regulations.
(c)	*A description of the degree of centralisation of liquidity management and interaction between the group's units* The Group's liquidity management activities are centralised with the Treasury department in the Malta headquarters. The majority of the Group's funding is raised by FIMBank plc and distributed to subsidiaries as required. The subsidiaries do, however, obtain a certain amount of funding from banks in their own markets at the encouragement of the Treasury department. The Group's Treasury department is responsible for setting the Group's funds transfer pricing, with oversight from ALCO.
(d)	*Scope and nature of liquidity risk reporting and measurement systems* The determination of the Group's liquidity risk metrics relies on data collected from all parts of the organisation. This data is then compiled by Finance to generate the Group's two key liquidity risk metrics, the LCR and NSFR. The former is calculated daily and the latter monthly, both using the methodology laid out by the EBA. The Group conducts weekly pipeline calls to allow for near term cash flow forecasting to ensure that the Treasury department is able to make available sufficient funds to satisfy requirements and that surplus liquidity is not left undeployed. Furthermore, the ALCO reviews funding requirements over a longer term horizon, including potential unexpected outflows, to ensure sufficient liquidity buffer is maintained.
(e)	*Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants* The Group's policies set out the requirement for the Treasury department to maintain sufficient liquidity of appropriate maturities such that the Group's thresholds for the LCR, NSFR and survival horizons remain within tolerance thresholds. The LCR and NSFR are calculated daily and monthly respectively, and the survival horizons quarterly. The Group also maintains a 'counterbalancing capacity' of supplemental liquidity resources that can be utilised to bridge any liquidity gaps that might be exposed in times of significant stress for the Group. The assets that comprise the HQLAs are liquidated on a regular basis therefore ensuring confidence that the Group is able to rapidly acquire necessary funds through these assets should the need arise. Furthermore, the components that comprise the counterbalancing capacity are tested (or have been tested) in order to confirm their viability as sources of funding in times of stress for the Group.
(f)	*An outline of the bank`s contingency funding plans* The Treasury department monitors market conditions for signs that indicate whether a Group- specific, Malta-specific or global dislocation from the baseline funding expectations has occurred. Should it note that such a dislocation has occurred, it can escalate the matter to the CEO to declare a liquidity crisis is being faced and to implement contingency plans. Such contingency plans include drawing upon any of a number of sources of liquidity the Group maintains, whether placements with the Central Bank of Malta (in addition to the minimum requirements), money market placements with other banks, unutilised credit limits, or a portfolio of highly liquid bonds and treasury bills. Furthermore, given the shorter tenor and transaction driven nature of the Group's book, and the fact that the majority of its credit facilities are uncommitted in nature, liquidity can be bolstered by preventing new draw down under

	approved credit limits or demanding immediate repayment of facilities. The Group also has the ability to repo or sell assets held in the forfaiting, trade or factoring portfolios to raise funding.
(g)	*An explanation of how stress testing is used* As part of its ILAAP process the Group makes use of the ECB's 'Sensitivity analysis of Liquidity Risk – Stress Test' methodology to stress the Group's Liquidity Coverage Ratio (LCR). Impacts on the Net Stable Funding Ratio (NSFR) are given consisderation in the Group's Stress Test, a complementary document to the ICAAP and ILAAP. The Group's Stress Test document includes three different stress scenarios – a macroeconomic shock, a Group specific idiosyncratic shock and a geopolitical shock event – with each scenario considering impacts on both capital and liquidity. The output of these scenarios are used to stress the Group's NSFR. The results of these stress tests are used to recalibrate the early warning threshold within the Risk Appetite Statement for the LCR ratio, to confirm the adequacy of the Group's early warning threshold for NSFR, as well as to forecast the Group's estimated survival horizon. These early warning thresholds then guide the Treasury department in its management of funding sources, the quality of treasury assets and the maturity profile of liabilities. In addition, via the ALCO, the Treasury department considers various scenarios that might affect funding requirements and maintains additional reserves to ensure sufficient liquidity at all times.
(h)	*A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy* The Board of Directors confirms its satisfaction with the scope and robustness of the Group's liquidity risk management arrangements, which provide sufficient comfort to the Board that the Group's liquidity risks are being controlled adequately.
(i)	*A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy* The Group's focus on trade finance and other working capital solutions, with only limited longer term facilities, means that the maturity profile of its funding book is relatively short. As the Group is not focused on retail banking its funding is not primarily by way of non-maturity deposits and liabilities are, therefore, raised with a profile that seeks to adequately match the maturity profile of the Group's assets. The Group's assets are primarily denominated in USD whilst its liabilities are raised in EUR. To ensure adequate liquidity in USD the Group maintains swap lines with a number of financial instutions and makes use of USD denominated collateralised borrowing facilities from the Central Bank of Malta and the ECB. Maintaining adequate liquidity is a key strategic objective for the Group and the Group's tolereance for liquidity related risk is defined through its Risk Appetite Statement, the thresholds of which are set at a level to ensure that the Group remains above the regulatory minima at all times. The primary measures used by the Group to monitor its liquidity are the LCR and NSFR ratios, which are monitored on a daily and monthly basis, respectively. The Group also monitors its 'survival horizon' under the ECB's adverse and extreme liquidity schock scenarios, which it calculates on a quarterly basis. The Group regularly reviews the key metrics it uses to monitor liquidity risk and, over and above the measures already mentioned, adds or removes metrics as appropriate. To ensure that the Group always remains above its early warning thresholds for its liquidity related Risk Appetite metrics it closely monitors day-to-day activities – such as projected draw downs and repayments – and wider market influences on liquidity. The ALCO considers stress scenarios – such as the impact of Malta's 'grey listing' – on its liquidity and takes steps to ensure adequate resources are available to counter any stressed outflows that the Group might face. This may involve building a buffer of excess liquidity, securing increased borrowing limits from correspondent banks or any number of other steps that the Group is able to take to maintain a robust liquidity position. The Group's Treasury function is responsible for the day-to-day management of liquidity and the Asset and Liability Committee (ALCO) is responsible for the oversight of the Group's liquidity strategy and liquidity risk management. The Board Risk Committee monitors liquidity metrics with respect to the Risk Appetite Statement and escalates concerns to the Board if necessary. <u>Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity</u> FIMBank provides funding in USD, EUR and GBP to its subsidiaries, covering approximately 80% of their funding needs. The remaining 20% is sourced by subsidiaries in the form of external funding lines provided by third parties, which includes some limits in local currency to support local lending. Such lines are either obtained on a 'clean' basis or with the support of a guarantee of FIMBank plc. The Group's support of its subsidiaries by way of direct funding is not limited or impeded by legal or regulatory barriers and is of limited operational complexity. As all such funding is in the form of credit limits, there are no timing concerns with regard to converting 'liquid assets' into usable liquidity.

The table below provides a breakdown of the funding of each subsidiary by currency and source.

in USD m	USD	EUR	GBP	INR	EGP	Total
London Forfaiting Co.						
From FIMBank plc	191.2	83.9	8.4	-	-	**283.5**
From 3rd parties	29.0	48.7	-	-	-	**77.7**
India Factors						
From FIMBank plc	63.9	11.0	1.9	-	-	**76.8**
From 3rd parties		4.5	0.6	-	-	**5.1**
Egypt Factors						
From FIMBank plc	26.9	3.9	-	-	-	**30.8**
From 3rd parties		-	-	-	16.2	**16.2**
FIM Property Investment						
From FIMBank plc	27.2	-	-	-	-	**27.2**
From 3rd parties		-	-	-	-	**-**
Total						
From FIMBank plc	309.2	98.8	10.3	-	-	**418.3**
From 3rd parties	29.0	53.2	0.6	-	16.2	**76.4**
Grand Total	**338.2**	**152.1**	**10.9**	**-**	**16.2**	**517.4**

<u>Balance sheet and off-balance sheet items broken down into maturity buckets and the resultant liquidity gaps</u>

Please refer to Note 5.3.2.2 of the Annual Report & Financial Statements 2021.

Template EU LIQ1 - Quantitative information of LCR

		Total unweighted value (average)				Total weighted value (average)			
EU 1a	**Quarter ending on**	December 2021	September 2021	June 2021	March 2021	December 2021	September 2021	June 2021	March 2021
		USD	USD	USD	USD	USD	USD	USD	USD
		a	b	c	d	e	f	g	h
EU 1b	Number of data points used in the calculation of averages	12 months preceding end of quarter							
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of Regulation (EU) 2015/61					257,093,550	274,681,555	270,984,149	252,242,342
	CASH - OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:	691,796,834	716,371,527	728,102,322	721,445,822	47,108,601	55,014,341	56,897,191	62,157,984
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	213,376,250	277,771,633	299,313,356	317,369,459	27,268,909	35,680,957	38,858,291	41,503,467
5	**Unsecured wholesale funding**	**227,004,810**	**194,403,668**	**205,725,604**	**206,900,881**	**155,506,167**	**162,317,291**	**178,360,667**	**182,467,542**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	227,004,810	194,403,668	205,725,604	206,900,881	155,506,167	162,317,291	178,360,667	182,467,542
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding					-	-	-	-
10	**Additional requirements**	**120,736,450**	**124,349,358**	**120,034,224**	**117,029,695**	**77,324,589**	**76,847,011**	**70,442,487**	**66,563,903**
11	Outflows related to derivative exposures and other collateral requirements	71,613,972	70,802,254	64,049,854	59,973,825	71,613,972	70,802,254	64,049,854	59,973,825
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	49,122,478	53,547,104	55,984,370	57,055,870	5,710,617	6,044,757	6,392,633	6,590,078
14	**Other contractual funding obligations**	**73,153,121**	**68,715,167**	**63,115,496**	**66,844,081**	**63,102,406**	**59,143,791**	**53,530,494**	**57,185,270**
15	**Other contingent funding obligations**	**45,352,124**	**33,398,659**	**40,784,588**	**44,234,617**	**2,267,606**	**1,669,933**	**2,039,229**	**2,211,731**
16	**TOTAL CASH OUTFLOWS**					**345,309,369**	**354,992,367**	**361,270,069**	**370,586,430**

		Total unweighted value (average)				Total weighted value (average)			
EU 1a	**Quarter ending on**	December 2021	September 2021	June 2021	March 2021	December 2021	September 2021	June 2021	March 2021
		USD	USD	USD	USD	USD	USD	USD	USD
		a	b	c	d	e	f	g	h
EU 1b	Number of data points used in the calculation of averages	12 months preceding end of quarter							
	CASH - INFLOWS								
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	242,588,539	263,342,505	283,616,488	335,910,956	241,009,340	262,306,119	281,797,176	334,181,769
19	Other cash inflows	2,399,826	2,302,960	2,273,409	2,762,670	634,601	652,171	620,404	689,740
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	244,988,365	265,645,465	285,889,897	338,673,626	241,643,941	262,958,290	282,417,580	334,871,509
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	244,988,365	265,645,465	285,889,897	338,673,626	241,643,941	262,958,290	282,417,580	334,871,509
	TOTAL ADJUSTED VALUE								
21	LIQUIDITY BUFFER					257,093,550	274,681,555	270,984,149	252,242,342
22	TOTAL NET CASH OUTFLOWS					103,665,428	92,034,077	90,317,517	92,646,607
23	LIQUIDITY COVERAGE RATIO					248%	298%	300%	272%

Table EU LIQB on qualitative information on LCR, which complements template EU LIQ1

(a)	*Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time* Group LCR was maintained at an adequate level throughout 2021, maintaining a sufficient contingency liquidity buffer to mitigate major liquidity risks: funding concentration, limited Money Market access, potential for limit decreases due FIM rating downgrade, and the potential effects of Malta's grey-listing. Retail deposits sourced through online deposit platforms have proven to be stable with the Group also able to rebalance towards longer term deposits, ensuring adequate funding stability. In addition, the Group's funding structure became more diversified by making use of the ECB refinancing pool. Lastly, the Asset and Liability Management maturity profile has been streamlined further by eliminating maturity spikes and reducing daily/monthly net outflows levels.
(b)	*Explanations on the changes in the LCR over time* During 2021, the Group continued to monitor the LCR on a daily basis maintaining an average daily LCR comfortably in excess of the regulatory minimum of 100% and the internal threshold of 125% as set in the Group's Risk Appetite Statement. The Group's internal threshold of 125% has remained constant over the last three years and has been confirmed via the annual ILAAP assessment, which takes consideration of the Group's funding structure, its business mix and stress scenarios determined by the ECB.
(c)	*Explanations on the actual concentration of funding sources* The Group seeks to maintain stability in its funding by maintaining a diversified deposit base, ensuring an adequate presence of longer dated deposits and a mix in size of relationships. In managing the funding position the Treasury function seeks to avail itself of committed and uncommitted lines from related as well unrelated parties, that is, upstream and downstream institutions, and retail funding. A key indicator used to monitor concentration is a basic risk metric, namely customer funding compared to the Group's total funding. An internal threshold is set in line with the Group's risk appetite and strategy to maintain a well-diversified and broad mix of funding base.
(d)	*High-level description of the composition of the institution`s liquidity buffer* In line with the delegated regulation on liquidity coverage requirements the Group seeks to maintain a proper diversification of High Quality Liquid Assets (HQLAs) held as part of the Bank's liquidity buffer at all times. These HQLAs are primarily composed of deposits held with the central bank of Malta, treasury bills and highly rated bonds issued by European governments or European government linked entities.
(e)	*Derivative exposures and potential collateral calls* The Group has very limited derivative exposures and, typically, these are entered into for the Group's own needs. For the Group's current derivative exposures, it is not expected that there will be any call for additional collateral during the next 12 months.
(f)	*Currency mismatch in the LCR* As an internationally focused trade finance bank the Group's operating currency is USD, however much of its funding is raised in EUR either through Eurozone depositors or the repo of bonds and treasury bills held as part of the Group's liquidity pool. The Group is able to access USD funding from the Central Bank of Malta and the ECB's USD liquidity operations. The remaining USD are obtained through currency swaps. Although the Group continues to pursue funding options in USD, the market for USD/EUR exchange is extremely liquid and the Group does not foresee any scenario in which liquidity in this currency pair would cease to be available. As a result, it believes currency mismatch risk is managed within acceptable parameters.

Template EU LIQ2 on disclosure of Net Stable Funding Ratio (NSFR)

The NSFR requirement came into force from June 2021. As a result, the following disclosures are for the period June 2021 to December 2021.

December 2021

		Unweighted value by residual maturity				
		No maturity USD	< 6 months USD	6 months to < 1 year USD	≥ 1 year USD	Weighted value USD
		a	b	c	d	e
	Available stable funding (ASF) Items					
1	Capital items and instruments	213,426,137	-	-	-	213,426,137
2	Own funds	213,426,137	-	-	-	213,426,137
3	Other capital instruments		-	-	-	-
4	Retail deposits		57,853,827	8,376,330	1,794,470	61,401,612
5	Stable deposits		-	-	-	-
6	Less stable deposits		57,853,827	8,376,330	1,794,470	61,401,612
7	Wholesale funding:		1,004,976,114	229,848,613	79,372,999	446,496,210
8	Operational deposits		-	-	-	-
9	Other wholesale funding		1,004,976,114	229,848,613	79,372,999	446,496,210
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	811,288	180,658,268	112,516	-	56,258
12	NSFR derivative liabilities	811,288				
13	All other liabilities and capital instruments not included in the above categories		180,658,268	112,516	-	56,258
14	**Total available stable funding (ASF)**					**721,380,217**
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					111,582,048
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		729,503,920	292,037,303	202,936,819	397,177,576
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		182,405,172	12,492,754	9,622,230	34,109,124
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		6,038,966	49,676,111	48,174,771	70,659,409
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
22	Performing residential mortgages, of which:		-	-	-	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		541,059,782	229,868,439	145,139,819	292,409,043
25	Interdependent assets		-	-	-	-
26	Other assets:		273,503,173	-	2,034,578	124,243,277
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		120,332	-	-	102,282
29	NSFR derivative assets		-			-
30	NSFR derivative liabilities before deduction of variation margin posted		102,437,075			5,121,854
31	All other assets not included in the above categories		170,945,766	-	2,034,578	119,019,141
32	Off-balance sheet items		117,611,773	25,153,034	32,803,961	10,379,311
33	**Total RSF**					**643,382,212**
34	**Net Stable Funding Ratio (%)**					**112.12%**

September 2021

		Unweighted value by residual maturity				
		No maturity USD	< 6 months USD	6 months to < 1 year USD	≥ 1 year USD	Weighted value USD
		a	b	c	d	e
	Available stable funding (ASF) Items					
1	Capital items and instruments	213,355,071	-	-	-	213,355,071
2	Own funds	213,355,071	-	-	-	213,355,071
3	Other capital instruments		-	-	-	-
4	Retail deposits		594,882,193	107,325,275	2,053,174	634,039,895
5	Stable deposits		-	-	-	-
6	Less stable deposits		594,882,193	107,325,275	2,053,174	634,039,895
7	Wholesale funding:		528,565,902	147,408,498	103,320,885	222,241,318
8	Operational deposits		-	-	-	-
9	Other wholesale funding		528,565,902	147,408,498	103,320,885	222,241,318
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	165,877,497	513,607	-	256,803
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		165,877,497	513,607	-	256,803
14	**Total available stable funding (ASF)**					**1,069,893,088**
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					115,405,126
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		646,697,355	325,435,959	192,658,364	402,574,559
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		127,055,957	101,891,646	1,568,531	65,219,950
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		23,186,120	14,991,219	61,566,040	73,337,311
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
22	Performing residential mortgages, of which:		-	-	-	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		496,455,279	208,553,093	129,523,794	264,017,299
25	Interdependent assets		-	-	-	-
26	Other assets:		289,219,919	-	2,277,522	153,315,208
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		83,282	-	-	70,790
29	NSFR derivative assets		258,306			258,306
30	NSFR derivative liabilities before deduction of variation margin posted		88,310,431			4,415,522
31	All other assets not included in the above categories		200,567,900	-	2,277,522	148,570,591
32	Off-balance sheet items		34,731,573	24,506,320	47,571,448	6,773,817
33	**Total RSF**					**678,068,710**
34	**Net Stable Funding Ratio (%)**					**157.79%**

June 2021

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
		USD	USD	USD	USD	USD
		a	b	c	d	e
	Available stable funding (ASF) Items					
1	Capital items and instruments	219,284,894	-	-	-	219,284,894
2	Own funds	219,284,894	-	-	-	219,284,894
3	Other capital instruments		-	-	-	-
4	Retail deposits		613,374,893	73,191,395	2,949,975	620,859,635
5	Stable deposits		-	-	-	-
6	Less stable deposits		613,374,893	73,191,395	2,949,975	620,859,635
7	Wholesale funding:		604,267,005	44,369,603	129,518,386	197,451,076
8	Operational deposits		-	-	-	-
9	Other wholesale funding		604,267,005	44,369,603	129,518,386	197,451,076
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	125,852,872	30,030,755	-	15,015,378
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		125,852,872	30,030,755	-	15,015,378
14	**Total available stable funding (ASF)**					**1,052,610,982**
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					151,350,676
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		697,601,289	259,912,396	225,591,312	401,574,253
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		174,336,741	19,668,023	2,646,790	29,914,475
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		24,270,734	12,801,902	53,099,835	63,671,178
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
22	Performing residential mortgages, of which:		-	-	-	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		498,993,814	227,442,470	169,844,687	307,988,600
25	Interdependent assets		-	-	-	-
26	Other assets:		323,742,291	-	2,337,336	156,722,978
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		85,815	-	-	72,943
29	NSFR derivative assets		214,099			214,099
30	NSFR derivative liabilities before deduction of variation margin posted		120,065,246			6,003,262
31	All other assets not included in the above categories		203,377,130	-	2,337,336	150,432,674
32	Off-balance sheet items		74,154,814	12,049,435	53,716,885	8,096,013
33	**Total RSF**					**717,743,920**
34	**Net Stable Funding Ratio (%)**					**146.66%**

4.6.2 Encumbered assets

Template EU AE1- Encumbered and unencumbered assets

		Carrying amount of encumbered assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets	Fair value of unencumbered assets
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		USD	USD	USD	USD	USD	USD	USD	USD
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	**419,280,032**	**271,705,013**			**1,444,809,215**	**155,585,529**		
030	Equity instruments	-	-	-	-	19,984,519	-	19,984,519	-
040	Debt securities	268,017,558	261,394,421	268,017,558	268,017,558	499,569,435	37,741,952	499,569,435	37,741,952
050	of which: covered bonds	7,002,033	7,002,033	7,002,033	7,002,033	-	-	-	-
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	223,639,106	220,168,155	223,639,106	223,639,106	70,854,893	20,799,511	70,854,893	20,799,511
080	of which: issued by financial corporations	38,848,892	35,696,706	38,848,892	38,848,892	274,456,458	15,229,507	274,456,458	15,229,507
090	of which: issued by non-financial corporations	5,529,561	2,504,030	5,529,561	5,529,561	147,630,954	-	147,630,954	-
120	Other assets	139,307,869	10,310,592			932,892,268	104,612,439		

The value disclosed in row 010 is the median of the sums of four quarterly end-of-period values over the previous twelve months for rows 030, 040 and 120

Template EU AE2 - Collateral received and own debt securities issued

		Encumbered		Unencumbered
		Fair value of encumbered collateral received or own debt securities issued	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
			of which notionally eligible EHQLA and HQLA	
		USD	USD	USD
		010	030	040
130	**Collateral received by the reporting institution**	**-**	**-**	**384,208,573**
230	Other collateral received	-	-	384,208,573
250	**TOTAL ASSETS, COLLATERAL RECEIVEDAND OWN DEBT SECURITIES ISSUED**	**419,280,032**	**271,705,013**	

The Group does not hold own debt securities issued, own covered bonds or asset backed securities issued and not yet pledged. None of the unencumbered collaterals received are deemed to be liquid assets.

Template EU AE3 - Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		USD	USD
		010	030
010	Carrying amount of selected financial liabilities	238,238,111	268,407,177

Table EU AE4 - Accompanying narrative information

(a)	*General narrative information on asset encumbrance* The asset encumbrance within these disclosures are also retained for the application of the liquidity requirements on a consolidated basis as defined in Chapter 2 of Title I of Part Two of the CRR, which is used to define the eligibility of liquid assets. Pledged and transferred assets in accordance with the applicable accounting frameworks and as applied by the institution are treated as encumbered assets. The exposure value used for the purposes of this disclosure is the carrying amount which is calculated as the gross amount less any accumulated interest and provisions. The values reported in these disclosures are the median exposure values of the positions as at the end of the quarters in 2021.
(b)	*Narrative information on the impact of the business model on assets encumbrance and the importance of encumbrance to the institution's business model, which provides users with the context of the disclosures required in Template EU AE1 and EU AE2.* The previous tables provide an overview of the encumbered assets of the Group. The 'Debt securities' consist of debt investments which are pledged under central bank main-refinancing operation facilities. In 2021, no 'Debt securities' were pledged under other borrowing arrangements or repoed transactions. 'Other assets' encumbered represent amounts pledged in favour of the Depositor Compensation Scheme, the Single Resolution Board or to counterparties under documentary credits. The Group continues to recognise these encumbered assets since all the risks and rewards of the assets will be substantially retained in a manner that does not result in the encumbered assets being derecognised for accounting purposes. There are no encumbered assets between entities of the Group. Encumbered assets increased by around USD92.6 million from December 2020 (USD314.7 million). This was mainly a result of a larger portion of debt securities being pledged in favour of central bank operations in 2021: USD268.0 million (2020: USD184.2 million). The Group does not deem the unencumbered assets recorded under 'Other assets' in Template AE1 (row 120, column 060) as being available for encumbrance in the normal course of its business. These include items such as intangible assets, including goodwill, deferred tax assets, property, plant and other fixed assets, and derivative assets.

5 External credit assessment institutions (ECAI)

Table EU CRD – Qualitative disclosure requirements related to standardised approach

(a)	*Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) nominated by the institution, and the reasons for any changes over the disclosure period [Point (a) of Article 444 CRR]* The Group applies the ratings of the following External Credit Assessment Institutions ('ECAI') in determining the appropriate credit quality step and in line with the previous reporting period: - Fitch Ratings; or - Moody's; or - A.M. Best Fitch ratings is used as the primary reference ECAI and if a particular exposure is not rated by Fitch Ratings reference would be made to one of the other agencies. In instances where the counterparty is rated by more than one nominated ECAI, reference would be made to the appropriate rating following the approach outlined in the CRR.
(b)	*The exposure classes for which each ECAI or ECA is used [Point (b) of Article 444 CRR]* The rating of each ECAI is linked to each exposure using the credit quality steps and risk weights prescribed in Part Three, Title II, Chapter 2 of the CRR. The Group applies the ECAI rating to the following exposure classes: - Central governments or central banks - Public sector entities - Institutions - Corporates
(c)	*A description of the process used to transfer the issuer and issue credit ratings onto comparable assets items not included in the trading book [Point (c) of Article 444 CRR]* All exposures, whether in the trading book or not, must be recorded against a credit line and all credit lines must be approved through the Group's credit approval process. For the non-trading book, when credit limits are proposed for a new client or existing limits are reviewed for an existing client an assessment is made concerning the creditworthiness of the borrower. This assessment comprises an analysis of financial and non-financial information pertaining to the client. Relevant details are input into Moody's CreditLens and a credit risk rating is generated using an internal scale. The credit risk ratings generated by the CreditLens system using the internal scale are aligned to credit rating steps issued by ECAIs. Where a client (an 'issuer') has an external credit rating issued by an ECAI, it is the ECAI generated rating that determines the credit risk rating for the client not the output generated by the CreditLens tool. The same is true for an 'issue'. The external rating is mapped to the Group's internal scale in the credit application. At the completion of the credit review process the client's record in the Group's core systems is updated to capture the credit risk rating of the client as a whole. In the infrequent cases where a specific client exposure (and 'issue') has a standalone rating, the Group allocates a credit risk rating to that particular exposure. As at 31 December 2021, the Group classified its on- and off- balance sheet exposures subject to credit risk under the exposure classes as defined in the CRR. The risk weights noted in the table below encompass those assigned to the relevant credit quality step in Article 113 to Article 134 in Part Three, Title II, Chapter 2 of the CRR. The following table represents the substitution of the exposure due to credit risk mitigation ("CRM") factors as a result of unfunded credit protection (guarantees). This substitution allows institutions to transfer the risk of an exposure from the counterparty to the protection provider. The total exposure value subject to credit risk that is covered by all eligible collateral for each exposure class as defined in CRR is provided in section 6 of this report.
(d)	*The association of the external rating of each nominated ECAI or ECA [Point (d) of Article 444 CRR]* The Group complies with the standard association published by the EBA.

6 Credit risk mitigation

Template EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

			Secured carrying amount			
					of which secured by financial guarantees	
		Unsecured carrying amount USD	Total USD	of which secured by collateral USD	Total USD	of which secured by credit derivatives USD
		a	b	c	d	e
1	Loans and advances	622,409,794	303,271,955	283,725,064	19,546,892	-
2	Debt securities	314,017,228	-	-	-	
3	**Total**	**936,427,022**	**303,271,955**	**283,725,064**	**19,546,892**	**-**
4	*of which non-performing exposures*	126,984,240	21,741,907	21,741,907	-	-
EU-5	*of which defaulted*	126,984,240	21,741,907	21,741,907	-	-

The above carrying amounts are representative of the net exposure value.

Table EU CRC – Qualitative disclosure requirements related to CRM techniques

(a)	*A description of the core features of the policies and processes for on- and off-balance sheet netting and an indication of the extent to which institutions make use of balance sheet netting [Point (a) of Article 453 CRR]* The Group makes use of different types of collateral, all aimed at mitigating credit risk within on- and off- balance sheet credit facilities. FIMBank seeks to secure, when possible, its exposure to both financial institutions and corporate clients either by property (including shipping vessels), cash collateral, credit insurance cover, personal or bank guarantees or by pledged goods. For financial collateral, the main counterparties would be reputable credit institutions, financial institutions, or credit insurers. Procedures are in place to limit the market and credit risk concentrations of collateral, including the regular monitoring of commodity market prices and assessment of credit worthiness of collateral counterparties. The collateral policies are reviewed periodically by management both in terms of exposure to the Bank and the Group and to ensure the validity and enforceability of the security taken. Investment securities are not usually held as collateral, and no such collateral was held at 31 December 2021. Table EU CQ6 below provides an estimate of the fair value of collateral and other security enhancements held against the Group's portfolio (some items of collateral are not being extended a value for regulatory purposes). When goods are pledged the value of goods representing collateral for such facilities is determined by monitoring the market prices of such commodities. Screen prices are readily available on most commodities exchanges and are monitored on a regular basis. Collateral management is performed on FIMBank's behalf by specialised companies (such as SGS, Bureau Veritas, Control Union, etc.) appointed ad hoc for a particular transaction. Collateral management agreements are usually tri-partite agreements (between FIMBank, the borrower and the collateral manager) and where applicable, also give FIMBank title to the goods held as collateral, in addition to physical control. The Group's provision of collateral to third parties is mainly limited to Group funding arrangements with a contractual maturity generally not exceeding 12 months. Given the short nature of such transactions, the Group does not expect a material change to its collateral value as a result of a downgrade in the credit rating of the counterparty. With the exception of cash collateral the Group does not carry financial instruments which are subject to offsetting in the Statements of Financial Position. Group entities have a legally enforceable right to offset such collaterals against the respective facilities for which the collateral is taken. All financial assets and respective collaterals are disclosed separately in the Financial Statements without any offsetting.
(b)	*The core features of policies and processes for eligible collateral evaluation and management [Point (b) of Article 453 CRR]* The Group's credit risk policies define a categorisation system to determine the value to be given to eligible collateral when used as a credit risk mitigant. This categorisation system takes into account factors such as whether the collateral is held in the Group's name, whether the Group has a documented and legally enforceable claim to the collateral, whether the collateral is liquid or not, whether the collateral is perishable or not, whether third parties are contracted to monitor/manage the collateral and many other

	considerations. Such considerations determine the haircut applicable to the value of collateral with haircuts ranging from 0%, for the most liquid collateral with the strongest legal claim, to 100%, for perishable goods. Whenever the Group is taking collateral it seeks to ensure that it has a legally enforceable claim to the collateral and uses both in-house and external legal counsel to achieve this. Where the collateral taken is a physical asset – whether fixed, moveable or a commodity – the Group makes use of third-party professionals (e.g. for property) or market references (e.g. for commodities) to value such assets. Where the collateral is non-physical (e.g. a guarantee, an insurance policy) the Group assesses the financial strength of the guarantor or insurer to determine whether an adjustment is required to the face value of the collateral. The frequency with which collateral is valued varies with the type of collateral, the source of the valuation (whether from a commodity exchange or a professional valuer), the cost of valuation, rapidly changing market conditions and other factors.
(c)	*A description of the main types of collateral taken by the institution to mitigate credit risk [Point (c) of Article 453 CRR]* The collateral taken by the Group varies by product. For real estate exposures, the Group takes mortgages over properties and is identified as loss payee on insurance policies connected to financed real estate assets. For shipping exposures, the same approach applies. Factoring transactions may be secured by an import factor or via credit insurance. Forfaiting transactions my carry Export Credit Agency guarantees or be covered under CRR compliant insurance policies. The facilities granted by the trade business line may be secured by a cash margin, a corporate guarantee from a parent company other related party, a charge over the goods financed, a back-to-back letter of credit or many other variations.
(d)	*For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purposes of reducing capital requirements, excluding those used as part of synthetic securitisation structures [Point (d) of Article 453 CRR]* Credit risk concentrations are monitored within the bounds of regulatory parameters and the risk appetite parameters set by the Board. Credit risk is monitored by country, single borrower and connected borrowers. Control limits for each country are established according to country ratings set internally and are a function of group own funds. Exposure by single obligor, connected obligors and industry are monitored with the aim of achieving portfolio diversification and are currently within the thresholds established for the purpose of gauging and controlling the group's asset quality. Market risk arising from facilities backed by commodities or other assets are monitored regularly to ensure that collateral shortfalls due to adverse fluctuations in market value are remedied by implementing mitigation actions such as collateral top-ups. Parameters are in place to ensure that lending is based on loan-to-value criteria which give an appropriate buffer to mitigate for adverse movements in asset valuations.
(e)	*Information about market or credit risk concentrations within the credit mitigation taken [Point (e) of Article 453 CRR]* There are no significant concentrations of market or credit risk within the credit mitigation taken.

Template EU CR4 – Credit risk exposure and CRM effects

		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
		USD	USD	USD	USD	USD	USD
	Exposure classes	a	b	c	d	e	f
1	Central governments or central banks	315,244,060	14,183,747	315,244,060	329,223	-	0%
2	Regional government or local authorities	10,837,886	-	10,837,886	-	-	0%
3	Public sector entities	63,875,004	-	63,875,004	-	4,186,100	7%
4	Multilateral development banks	-	-	-	-	-	0%
5	International organisations	5,218,756	-	5,218,756	-	-	0%
6	Institutions	196,939,143	81,589,805	194,503,005	14,630,670	73,146,621	35%
7	Corporates	501,707,238	39,997,456	367,452,980	8,730,785	338,489,699	90%
8	Retail	22,556,086	2,101,979	16,045,190	593,274	9,656,990	58%
9	Secured by mortgages on immovable property	8,734,235	-	8,734,235	-	4,220,526	48%
10	Exposures in default	58,176,130	413,256	55,377,206	413,256	57,994,069	104%
11	Exposures associated with particularly high risk	40,274,874	37,036,358	40,023,290	-	60,034,936	150%
12	Covered bonds	6,890,475	-	6,890,475	-	689,047	10%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
14	Collective investment undertakings	17,718,310	-	17,718,310	-	23,498,374	133%
15	Equity	899,512	-	899,512	-	899,512	100%
16	Other items	88,679,715	-	88,679,715	-	121,909,599	137%
17	**Total**	**1,337,754,424**	**175,322,601**	**1,191,499,623**	**24,697,209**	**694,725,472**	**57%**

The RWEA is the final risk weighted amount after applying the SME supporting factor.

Template EU CQ6: Collateral valuation - loans and advances

Performing

		Loans and advances		
			Performing	
		Total	Total	of which past due > 30 days <= 90 days
		USD	USD	USD
		a	b	c
010	**Gross carrying amount**	**876,037,704**	**727,311,557**	**1,925,077**
020	*of which: secured*	363,205,944	296,561,518	546,307
030	*of which: secured with immovable property*	57,709,983	53,997,725	379,126
040	*of which: instruments with LTV higher than 60% and lower or equal to 80%*	16,768,166	16,768,166	
050	*of which: instruments with LTV higher than 80% and lower or equal to 100%*	-	-	
060	*of which: instruments with LTV higher than 100%*	25,262,596	24,326,962	
070	**Accumulated impairment for secured assets**	**(34,182,211)**	**(66,377)**	**(109)**
080	**Collateral**			
090	*of which value capped at the value of exposure*	283,725,064	261,983,157	504,768
100	*of which: Immovable property*	56,686,127	53,095,021	369,226
110	*of which value above the cap*	19,563,390	19,563,390	-
120	*of which: Immovable property*	-	-	-
130	**Financial guarantees received**	**19,546,892**	**19,546,892**	**-**
140	**Accumulated partial write-off**	**-**	**-**	**-**

Non-Performing

		Loans and advances									
			Non-Performing								
		Total	Total	Unlikely to pay that are not past due or past due <= 90 days	Past due > 90 days	of which Past due > 90 days <= 180 days	of which Past due > 180 days <= 1 year	of which Past due > 1 years <=2 years	of which Past due > 2 years <=5 years	of which Past due > 5 years <=7 years	of which Past due > 7 years
		USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
		a	d	e	f	g	h	i	j	k	l
010	**Gross carrying amount**	**876,037,704**	**148,726,147**	**1,551,756**	**147,174,391**	**519,131**	**1,194,141**	**43,111,816**	**76,392,993**	**14,635,445**	**11,320,864**
020	*of which: secured*	363,205,944	66,644,426	-	66,644,426	519,131	678,671	31,218,708	20,629,973	13,597,942	-
030	*of which: secured with immovable property*	57,709,983	3,712,258	-	3,712,258	519,131	173,490	-	3,019,637	-	-
040	*of which: instruments with LTV higher than 60% and lower or equal to 80%*	16,768,166	-	-	-						
050	*of which: instruments with LTV higher than 80% and lower or equal to 100%*	-	-	-	-						
060	*of which: instruments with LTV higher than 100%*	25,262,596	935,634	-	935,634						
070	**Accumulated impairment for secured assets**	**(34,182,211)**	**(34,115,833)**	**-**	**(34,115,833)**	**-**	**(536,256)**	**(16,017,395)**	**(10,337,029)**	**(7,225,153)**	**-**
080	**Collateral**										
090	*of which value capped at the value of exposure*	283,725,064	21,741,907	-	21,741,907	497,899	182,195	14,529,840	6,185,676	346,297	-
100	*of which: Immovable property*	56,686,127	3,591,107	-	3,591,107	497,898	167,141	-	2,926,067	-	-
110	*of which value above the cap*	19,563,390	-	-	-						
120	*of which: Immovable property*	-	-	-	-	-	-	-	-	-	-
130	**Financial guarantees received**	**19,546,892**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
140	**Accumulated partial write-off**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

The Group does not hold any collateral obtained by taking possession and execution processes. As a result, Template EU CQ7 and CQ8 of the main ITS are not applicable to the Group.

7 Credit risk adjustments

7.1 Credit quality of assets

Table EU CRB: Additional disclosure related to the credit quality of assets

(a)	*The scope and definitions of 'past-due' and 'impaired' exposures used for accounting purposes and the differences, if any, between the definitions of past due and default for accounting and regulatory purposes as specified by the EBA Guidelines on the application of the definition of default in accordance with Article 178 CRR* The Group reviews its exposures on an on-going basis on an individual basis. For those exposures where no individual impairment is identified, the Group calculates an expected credit loss in line with the requirements of IFRS 9. An identification of a facility which breaches its terms and conditions would trigger an impairment process and a possible charge to the credit reserve. The basis of allocating amounts to the specific credit reserve is dependent on the grading of non-performing exposures assigned in accordance with Banking Rule 09 and EBA/GL/2018/10. In addition, these are measured on the basis of the adopted policy that is noted under Accounting Policy 3.10.8 of the Annual Report & Financial Statements 2021 following the implementation of IFRS 9. Further information on how expected credit losses and loss allowances resulting from this review are measured is provided under Notes 5.2.1.3 to 5.2.1.8 of the Annual Report & Financial Statements 2021. The Group's Non-Performing Loan ratio, which stands at 14.7%, exceeded the threshold of 6% as specified in the rule. The Group remains in regular contact with the MFSA in this regard and was requested to submit a non-performing loans reduction plan in 2021. Past due, but not impaired, facilities are exposures where contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group. Impaired facilities are exposures for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s).
(b)	*The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this* As of 31 December 2021, the Group had USD 7.9m of Stage 1 and 2 exposures >90 days past due. Although these exposures are >90 days past due they are not considered by the Group to be 'impaired' or in 'default' as defined in Article 178 of the CRR. The majority of this amount is comprised of exposures seen as technical past dues, where (for example) the delay is due to documentation issues, and not seen as an indicator of a heightened risk of non-payment. As per the definition provided in (a) above, for the remainder of these exposures the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group.
(c)	*Description of methods used for determining general and specific credit risk adjustments* The Group calculates specific credit risk adjustments for all of its exposures. The is calculated in line with the IFRS 9 accounting standard. Please refer to Note 5.2.1.4 of the Annual Report & Financial Statements 2021.
(d)	*The institution's own definition of a restructured exposure used for the implementation of point (d) of Article 178(3) CRR specified by the EBA Guidelines on default in accordance with Article 178 CRR when different from the definition of forborne exposure defined in Annex V to Commission Implementing Regulation (EU) 680/2014.* The Group uses the definition of forborne exposure as defined in Annex V to Commission Implementing Regulation (EU) 680/2014.

7.2 Performing and non-performing exposures

Template EU CR1: Performing and non-performing exposures and related provisions

		Gross carrying amount/nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
		Performing exposures			Non-Performing exposures		Performing exposures		Non-performing exposures	Accumulated partial write-off
		Total	of which: stage 1	of which: stage 2	of which: stage 2	of which: stage 3	Total	of which: stage 1	Total	
		USD	USD	USD	USD	USD	USD	USD	USD	USD
		a	b	c	e	f	g	h	j	m
005	**Cash balances at central banks and other demand deposits**	**132,915,331**	**132,465,186**	**450,145**	**-**	**-**	**(207,251)**	**(201,659)**	**-**	**-**
010	**Loans and advances**	**727,311,557**	**559,305,117**	**168,006,440**	**8,426,115**	**140,300,031**	**(4,264,734)**	**(1,530,173)**	**(78,799,301)**	**-**
020	Central banks	-	-	-	-	-	-	-	-	-
030	General governments	5,071,521	5,071,521	-	-	-	(2,716)	(2,716)	-	-
040	Credit institutions	164,340,507	162,703,982	1,636,525	-	-	(279,182)	(262,329)	-	-
050	Other financial corporations	60,989,405	53,971,193	7,018,212	-	5,396,010	(3,014,337)	(1,076,760)	(4,117,139)	-
060	Non-financial corporations	496,845,899	337,495,206	159,350,693	8,426,115	134,904,021	(968,466)	(188,337)	(74,682,162)	-
070	of which: SMEs	92,708,742	78,147,918	14,560,824	692,622	52,459,616	(122,397)	(28,151)	(28,254,288)	-
080	Households	64,225	63,215	1,010	-	-	(33)	(31)	-	-
090	**Debt Securities**	**314,094,168**	**314,094,168**	**-**	**-**	**-**	**(76,940)**	**(76,940)**	**-**	**-**
100	Central banks	-	-	-	-	-	-	-	-	-
110	General governments	232,859,656	232,859,656	-	-	-	(19,318)	(19,318)	-	-
120	Credit institutions	47,323,267	47,323,267	-	-	-	-	-	-	-
130	Other financial corporations	22,851,999	22,851,999	-	-	-	(57,622)	(57,622)	-	-
140	Non-financial corporations	11,059,246	11,059,246	-	-	-	-	-	-	-
150	**Off-balance sheet exposures**	**175,002,453**	**174,470,507**	**531,946**	**-**	**566,316**	**98,087**	**95,665**	**161,243**	
160	Central banks	-	-	-	-	-	-	-	-	
170	General governments	14,183,755	14,183,755	-	-	-	9	9	-	
180	Credit institutions	46,654,962	46,611,006	43,956	-	-	68,614	67,626	-	
190	Other financial corporations	38,572,059	38,572,059	-	-	-	27	27	-	
200	Non-financial corporations	75,535,807	75,047,817	487,990	-	566,316	29,437	28,003	161,243	
210	Households	55,870	55,870	-	-	-	-	-	-	
220	**Total**	**1,349,323,509**	**1,180,334,978**	**168,988,531**	**8,426,115**	**140,866,347**	**(4,450,838)**	**(1,713,107)**	**(78,638,058)**	**-**

Collaterals and financial guarantees received

		On performing exposures USD	On non-performing exposures USD
		n	o
005	**Cash balances at central banks and other demand deposits**	**-**	**-**
010	**Loans and advances**	**281,530,049**	**21,741,907**
020	Central banks	-	-
030	General governments	-	-
040	Credit institutions	2,528,428	-
050	Other financial corporations	258,897	370,172
060	Non-financial corporations	278,742,725	21,371,735
070	of which: SMEs	65,942,758	3,372,235
080	Households	-	-
150	**Off-balance sheet exposures**	**61,179,296**	**-**
160	Central banks	-	-
170	General governments	-	-
180	Credit institutions	8,950,306	-
190	Other financial corporations	2,564,559	-
200	Non-financial corporations	49,608,561	-
210	Households	55,870	-
220	**Total**	**342,709,345**	**21,741,907**

No collaterals and financial guarantees received are held against debt securities.

Template EU CR1-A: Maturity of exposures

		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
		USD	USD	USD	USD	USD	USD
		a	b	c	d	e	f
1	Loans and advances	11,601,599	682,495,888	91,754,658	7,121,525	-	792,973,669
2	Debt securities	-	154,843,899	67,476,035	91,697,294	-	314,017,228
3	**Total**	**11,601,599**	**837,339,787**	**159,230,693**	**98,818,819**	**-**	**1,106,990,898**

Template EU CR2: Changes in the stock of non-performing loans and advances

		Gross carrying amount USD
		a
010	**Initial stock of non-performing loans and advances**	**226,803,023**
020	Inflows to non-performing portfolios	26,559,005
030	Outflows from non-performing portfolios	(87,167,760)
040	Outflows due to write-offs	(20,600,786)
050	Outflow due to other situations	3,132,665
060	**Final stock of non-performing loans and advances**	**148,726,147**

The Group does not have any related recoveries as a result of taking possession of collaterals, liquidations of collaterals, sale of instruments and risk transfer. Therefore, Template EU CR2a is not being disclosed.

Template EU CQ3: Credit quality of performing and non-performing exposures by past due days

		Gross carrying amount / Nominal amount											
		Performing exposures			Non-performing exposures								
		Total	Not past due or Past due < 30 days	Past due > 30 days < 90 days	Total	Unlikely to pay that are not past-due or past-due < = 90 days	Past due > 90 days <= 180 days	Past due > 180 days < =1 year	Past due > 1 year <= 2 years	Past due > 2 year <= 5 years	Past due > 5 year <= 7 years	Past due > 7 years	of which defaulted
		USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
		a	b	c	d	e	f	g	h	i	j	k	l
005	**Cash balances at central banks and other demand deposits**	**132,915,331**	**132,915,331**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**727,311,557**	**725,386,481**	**1,925,077**	**148,726,147**	**1,551,756**	**519,131**	**1,194,141**	**43,111,816**	**76,392,993**	**14,635,445**	**11,320,864**	**148,726,147**
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	5,071,521	5,071,521	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	164,340,507	164,340,507	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	60,989,405	60,989,405	-	5,396,010	-	-	-	4,775,335	620,676	-	-	5,396,010
060	Non-financial corporations	496,845,899	494,920,823	1,925,077	143,330,136	1,551,756	519,131	1,194,141	38,336,481	75,772,318	14,635,445	11,320,864	143,330,136
070	of which SMEs	92,708,742	92,105,563	603,179	53,152,238	-	519,131	173,490	4,966,629	40,636,919	5,937,290	918,779	53,152,238
080	Households	64,225	64,225	-	-	-	-	-	-	-	-	-	-
090	**Debt Securities**	**314,094,168**	**314,094,168**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	232,859,656	232,859,656	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	47,323,267	47,323,267	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	22,851,999	22,851,999	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	11,059,246	11,059,246	-	-	-	-	-	-	-	-	-	-
150	**Off-balance sheet exposures**	**175,002,453**			**566,316**								**566,316**
160	Central banks	-			-								-
170	General governments	14,183,755			-								-
180	Credit institutions	46,654,962			-								-
190	Other financial corporations	38,572,059			-								-
200	Non-financial corporations	75,535,807			566,316								-
210	Households	55,870			-								-
220	**Total**	**1,349,323,509**	**1,172,395,980**	**1,925,077**	**149,292,462**	**1,551,756**	**519,131**	**1,194,141**	**43,111,816**	**76,392,993**	**14,635,445**	**11,320,864**	**149,292,462**

Template EU CQ4: Quality of non-performing exposures by geography

		Gross carrying/nominal amount					Provisions on off-balance sheet commitments and financial guarantee given
			of which: non-performing				
		Total	Total	of which: defaulted	of which: subject to impairment	Accumulated impairment	
		USD	USD	USD	USD	USD	USD
		a	b	c	d	e	f
010	**On balance sheet exposures**	**1,190,131,872**	**148,726,147**	**148,741,102**	**1,190,131,872**	**(83,140,975)**	
020	Malta	247,857,054	15,151,515	15,151,515	247,857,054	(10,064,097)	
030	United Arab Emirates	149,829,527	58,428,316	58,428,316	149,829,527	(32,827,193)	
070	Other countries	792,445,291	75,146,316	75,161,271	792,445,291	(40,249,685)	
080	**Off balance sheet exposures**	**175,568,768**	**566,316**	**566,316**			**259,330**
090	Malta	42,955,502	566,316	566,316			161,243
100	United Arab Emirates	15,834,467	-	-			19,018
140	Other countries	116,778,800	-	-			79,069
150	**Total**	**1,365,700,641**	**149,307,418**	**149,307,418**	**1,190,131,872**	**(83,140,975)**	**259,330**

There were no accumulated negative changes in fair value due to credit risk on non-performing exposures.

Template EU CQ5: Credit quality of loans and advances to non-financial corporations by industry

		Gross carrying amount				
			of which: non-performing			
		Total	Total	of which: defaulted	of which: loans and advances subject to impairment	Accumulated impairment
		USD	USD	USD	USD	USD
		a	b	c	d	e
010	Agriculture, forestry and fishing	12,511,112	-	-	12,511,112	(69,164)
020	Mining and quarrying	10,593,662	-	-	10,593,662	(3,802)
030	Manufacturing	253,954,474	42,829,637	42,829,637	253,954,474	(20,087,418)
040	Electricity, gas, steam and air conditioning supply	5,093,324	2,652,353	2,652,353	5,093,324	(617,774)
050	Water supply	721,979	721,979	721,979	721,979	(449,711)
060	Construction	51,103,841	14,550,050	14,550,050	51,103,841	(6,208,072)
070	Wholesale and retail trade	186,203,954	72,388,002	72,388,002	186,203,954	(41,630,965)
080	Transport and storage	2,861,154	-	-	2,861,154	(125,412)
090	Accommodation and food service activities	1,627,480	173,490	173,490	1,627,480	-
100	Information and communication	68,768,412	-	-	68,768,412	(69,580)
110	Real estate activities	32,514,638	951,741	951,741	32,514,638	(461,657)
120	Financial and insurance activities	-	-	-	-	-
130	Professional, scientific and technical activities	4,758,607	2,861,922	2,861,922	4,758,607	(112,601)
140	Administrative and support service activities	6,273,658	6,200,961	6,200,961	6,273,658	(5,795,576)
150	Public administration and defence, compulsory social security	-	-	-	-	-
160	Education	-	-	-	-	-
170	Human health services and social work activities	2,745,530	-	-	2,745,530	(16,887)
180	Arts, entertainment and recreation	-	-	-	-	-
190	Other services	444,210	-	-	444,210	(2,009)
200	**Total**	**640,176,035**	**143,330,136**	**143,330,136**	**640,176,035**	**(75,650,628)**

There were no accumulated negative changes in fair value due to credit risk on non-performing exposures.

7.3 Forborne exposures

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Forbearance refers only to those loan modification or renegotiations in response to actual or perceived financial difficulties of a customer. Note 5.2.1.2 of the Annual Report & Financial Statements 2021 provides further detailed information on the Group forbearance policy.

No loans and advances that were performing as at 31 December 2021 where forborne. In addition, no debt securities or loan commitments given were forborne as at 31 December 2021.

Template EU CQ1: Credit quality of forborne exposures

		Gross carrying amount/ Nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collaterals received and financial guarantees received on forborne exposures	
			Non-performing forborne						
		Performing forborne	Total	of which defaulted	of which impaired	On performing forborne exposures	On non-performing forborne exposures	Total	of which: on non-performing exposures with forbearance measures
		USD	USD	USD	USD	USD	USD	USD	USD
		a	b	c	d	e	f	g	h
010	**Loans and advances**	**4,330,159**	**15,837,294**	**15,837,294**	**15,837,294**	**(124,488)**	**(8,710,236)**	**1,979,638**	**32,678**
050	Other financial corporations	-	4,759,796	4,759,796	4,759,796	-	(3,851,097)	-	-
060	Non-financial corporations	4,330,159	11,077,498	11,077,498	11,077,498	(124,488)	(4,859,140)	1,979,638	32,678
100	**Total**	**4,330,159**	**15,837,294**	**15,837,294**	**15,837,294**	**(124,488)**	**(8,710,236)**	**1,979,638**	**32,678**

None of the following items were subject to forbearance measures: cash balances at central banks and other demand deposits, debt securities, loan commitments given and loans and advances to central banks, general governments, credit institutions and households.

Template EU CQ2: Quality of forbearance

		Gross carrying amount of forborne exposures
		USD
		a
010	Loans and advances that have been forborne more than twice	-
020	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	15,837,294

7.4 Exposures subject to measures applied in response to the COVID-19 crisis

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

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

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

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 31 December 2021 subject to moratoria on loan repayments applied in the light of the COVID-19 crisis, in accordance with EBA/GL/2020/02. No loans and advances subject to mortarium where with households.

Gross carrying amount

		Performing			Non-Performing			
	Total	Total	of which: exposures with forbearance measures	of which: Stage 2	Total	of which: exposures with forbearance measures	of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
	USD	USD	USD	USD	USD	USD	USD	USD
Loans and advances subject to moratorium	**34,574,850**	**33,180,478**	**2,781,711**	**27,672,519**	**1,394,371**	**1,394,371**	**-**	**32,688**
of which: non-financial corporations	34,574,850	33,180,478	2,781,711	27,672,519	1,394,371	1,394,371	-	32,688
of which: small and medium-sized enterprises	34,574,835	33,180,464	2,781,711	27,672,519	1,394,371	1,394,371	-	32,688
of which: collateralised by commercial immovable property	2,796,981	2,796,981	-	-	-	-	-	-

Accumulated impairment, accumulated negative changes in fair value due to credit risk

		Performing			Non-Performing		
	Total	Total	of which: exposures with forbearance measures	of which: Stage 2	Total	of which: exposures with forbearance measures	of which: Unlikely to pay that are not past-due or past-due <= 90 days
	USD	USD	USD	USD	USD	USD	USD
Loans and advances subject to moratorium	**1,224,872**	**299,193**	**142,361**	**290,235**	**925,680**	**925,680**	**-**
of which: non-financial corporations	1,224,872	299,193	142,361	290,235	925,680	925,680	-
of which: small and medium sized enterprises	1,224,872	299,193	142,361	290,235	925,680	925,680	-
of which: collateralised by commercial immovable property	-	-	-	-	-	-	-

*Instruments with significant increase in credit risk since initial recognition but not credit-impaired

The following table provides an overview of the volume of loans and advances as at 31 December 2021 subject to legislative and non-legislative moratoria in accordance with EBA/GL/2020/02 by residual maturity of these moratoria. No loans and advances subject to mortarium where with households.

Gross carring amount

	Number of obligors	Total	of which: legislative moratoria	of which: expired	Residual maturity of moratoria				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12months	> 1 year
	No.	USD	USD	USD	USD	USD	USD	USD	USD
Loans and advances for which moratorium was offered	**43**	**39,705,957**							
Loans and advances subject to moratorium (granted)	**42**	**34,574,850**	**34,574,850**	**32,800,234**	**-**	**-**	**-**	**-**	**1,774,616**
of which: non-financial corporations		34,574,850	34,574,850	32,800,234	-	-	-	-	1,774,616
of which: small and medium-sized enterprises		34,574,835	34,574,835	32,800,219	-	-	-	-	1,774,616
of which: collateralised by commercial immovable property		2,796,981	2,796,981	2,796,981	-	-	-	-	-

8 Capital ratio

8.1 Composition of regulatory own funds

Template EU CC1 – Composition of regulatory own funds

		Amounts USD	Template EU CC2 cross-reference USD
		a	b
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	262,080,767	
	of which: Ordinary Share Capital	262,080,767	Equity - 1, 2
2	Retained earnings	(43,462,531)	Equity - 7; Assets 5.1
3	Accumulated other comprehensive income (and other reserves)	1,920,990	Equity – 3, 4, 6
EU-3a	Funds for general banking risk	2,218,993	Equity - 5
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	222,758,220	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(624,701)	
8	Intangible assets (net of related tax liability) (negative amount)	(6,061,722)	Assets - 12
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(3,273,047)	Assets - 15.1
EU-25a	Losses for the current financial year (negative amount)	(3,840,706)	Equity - 8
27a	Other regulatory adjustments	4,468,092	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(9,332,083)**	
29	**Common Equity Tier 1 (CET1) capital**	**213,426,137**	
	Additional Tier 1 (AT1) capital: instruments		
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	-	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	
44	**Additional Tier 1 (AT1) capital**	-	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**213,426,137**	
	Tier 2 (T2) capital: instruments		
51	**Tier 2 (T2) capital before regulatory adjustments**	-	
	Tier 2 (T2) capital: regulatory adjustments		
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	
58	**Tier 2 (T2) capital**	-	
59	**Total capital (TC = T1 + T2)**	**213,426,137**	
60	**Total risk exposure amount**	**1,143,541,487**	
	Capital ratios and requirements including buffers		
61	Common Equity Tier 1	18.7%	
62	Tier 1	18.7%	
63	Total capital	18.7%	
64	Institution CET1 overall capital requirements	13.0%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical capital buffer requirement	0%	
67	of which: systemic risk buffer requirement	0%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	6.0%	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	4.7%	

		Amounts	Template EU CC2 cross-reference
		USD	USD
		a	b
	Amounts below the thresholds for deduction (before risk weighting)		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	22,169,308	
	Applicable caps on the inclusion of provisions in Tier 2		
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	1,429,426,859	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	

The minimum capital requirement for CET1 capital is made up of the Pillar I requirement (4.5%), Pillar II requirement (6%), Pillar II guidance (1%) and the Combined buffer requirement (2.5%). The difference between the CET1 capital (item 61) and the this total minimum capital requirement is available CET1 capital disclosed in item 68.

8.2 Transitional adjustments to own funds provisions

The following breakdown is representative of the regulatory adjustments include under item 27a of Template EU CC1. These are transitional adjustments that the CRR and related regulation prescribe to mitigate the impact of provisions within the regulatory own funds, and capital and leverage ratios by phasing-in the provisions.

	USD
Deferred tax asset that rely on future profitability and arise from temporary differences and deductible from own funds	521,828
IFRS 9 adjustment prescribed under Regulation (EU) No 2017/2395	4,243,711
Insufficient coverage value calculated in accordance with Regulation (EU) 2019/630	(297,448)
Transitional provisions	**4,468,091**

The following table (Template IFRS 9/Article 468-FL) is prescribed by Regulation (EU) No 2017/2395 and the 'Guidelines amending Guidelines EBA/GL/2018/01 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 (CRR) on the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds to ensure compliance with the CRR 'quick fix' in response to the COVID-19 pandemic' (EBA/GL/2020/12). It provides an overview of its impact on the Group's own funds, capital ratio and leverage ratio.

The Group decided not to apply the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in accordance with Article 468 of the CRR. As a result, the respective rows are being excluded from the following table (2a, 4a, 6a, 10a, 12a, 14a, 17a).

Template IFRS 9/Article 468-FL - Disclosure representing impact of IFRS 9 transitional arrangements

		December 2021	December 2020
		USD	USD
		a	e
	Available capital (amounts)		
1	Common Equity Tier 1 (CET1) capital	213,426,137	223,264,444
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	208,825,713	216,850,761
3	Tier 1 capital	213,426,137	223,264,444
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	208,825,713	216,850,761
5	Total capital	213,426,137	223,264,444
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	208,825,713	216,850,761
	Risk-weighted assets (amounts)		
7	Total risk-weighted assets	1,143,541,487	1,206,575,897
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1,138,727,117	1,199,122,148

		December 2021	December 2020
		USD	USD
		a	e
	Capital ratios		
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	18.7%	18.5%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.3%	18.1%
11	Tier 1 (as a percentage of risk exposure amount)	18.7%	18.5%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.3%	18.1%
13	Total capital (as a percentage of risk exposure amount)	18.7%	18.5%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.3%	18.1%
	Leverage ratio		
15	Leverage ratio total exposure measure	1,796,929,086	1,842,399,105
16	Leverage ratio	11.6%	11.8%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11.6%	11.8%

The IFRS 9 transitional arrangement resulted in a higher total capital ratio of 18.7 % (18.3% without applying the transitional arrangement). This increase of 0.4% in the capital ratio was a result of an additional USD4.6 million in the Group's own funds and a greater total risk weighted assets (increase of USD4.8 million) being adjusted in line with the transitional arrangement. As a result, the Group's leverage ratio decreased to 11.6% (11.6% without applying the arrangement). Note that the leverage ratio is calculated on a fully phased-in capital of USD208,660,598 (2020: USD216,650,137).

8.3 Reconciliation of regulatory own funds to the accounting financial statements

Template EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

Assets - Breakdown by asset classes according to the balance sheet in the published financial statements

		Balance sheet as in published financial statements	Under regulatory scope of consolidation	EU CC1 Reference
		USD	USD	No
		a	b	c
1	Balances with Central Bank, Treasury Bills & Cash	239,998,839	-	
2	Financial Assets at Held-for-Trading	439,985,203	-	
3	Derivative Assets Held for Risk Management	841,688	-	
4	Loans and Advances to Banks	198,488,576	-	
5	Loans and Advances to Customers	628,912,340	4,433,866	
5.1	*Payment commitments deposited with the Depositor Compensation Scheme*	4,433,866	4,433,866	2
6	Financial Assets at Amortised Cost	9,914,754	-	
7	Financial Assets at Fair Value through OCI	162,408,542	-	
8	Financial Assets at Fair Value through PL	19,966,163	-	
9	Investments in Subsidiaries	-	-	
10	Investments in Equity-Accounted Investees	1	-	
11	Non-Current Assets Held-For-Sale	-	-	
12	Intangible Assets	9,376,595	6,061,722	8
13	Property and Equipment	30,910,454	-	
14	Investment Property	17,223,820	-	
15	Deferred Tax Asset	24,920,527	3,273,047	
15.1	*Deferred tax assets arising from temporary differences*	3,273,047	3,273,047	21
16	Current Tax Asset	1,280,465	-	
17	Other Assets	4,244,380	-	
18	**Total assets**	**1,788,472,348**	**13,768,634**	

Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements
None of the Group's liabilities fall under the regulatory own funds scope of consolidation.

		Under regulatory scope of consolidation
		USD
		a
1	Derivative Liabilities Held for Risk Management	1,499,026
2	Amounts Owed to Banks	563,553,044
3	Amounts Owed to Customers	934,096,196
4	Debt Securities in Issue	45,345,575
5	Provision for Liabilities and Charges	356,722
6	Deferred Tax Liability	4,215,075
7	Current Tax Liability	187,144
8	Other Liabilities	15,239,385
9	**Total liabilities**	**1,564,492,167**

Shareholders' equity

		Balance sheet as in published financial statements	Under regulatory scope of consolidation	EU CC1 Reference
		USD	USD	No
		a	b	c
1	Called-up Share Capital	261,221,882	261,221,882	1a
2	Share Premium	858,885	858,885	1a
3	Currency Translation Reserve	(10,941,185)	(10,941,185)	3
4	Fair Value Reserve	9,879,740	9,879,740	3
5	Reserve for General Banking Risks	2,218,993	2,218,993	EU-3a
6	Other Reserve	2,982,435	2,982,435	3
7	Retained Earnings	(39,028,666)	(39,028,666)	2
8	Profit for the Year	(3,840,705)	(3,840,705)	EU-25a
9	**Total shareholders' equity**	**223,351,380**	**223,351,380**	

8.4 Features of the regulatory own funds instrument

The following table provides the main features of the Group's ordinary share capital which is disclosed in Template EU CC1 as a CET1 capital instrument.

Table EU CCA – Main features of regulatory own funds instrument

		a
1	*Issuer*	FIMBank plc
2	*Unique identifier*	MT0000180100
2a	*Public or private placement*	Public
3	*Governing law(s) of the instrument*	Maltese law [Articles 67, 69(1)(f), 72(5) and 131 of the Companies Act, Cap. 386 and item 1.1.1 of Appendix 2 of Banking Rule BR/03]
3a	*Contractual recognition of write down and conversion powers of resolution authorities*	N/A
	Regulatory treatment	
4	*Current treatment taking into account, where applicable, transitional CRR rules*	Common Equity Tier 1
5	*Post-transitional CRR rules*	Common Equity Tier 1
6	*Eligible at*	Solo and (Sub-) Consolidated
7	*Instrument type*	Ordinary Shares
8	*Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of 31 December 2021)*	USD 261.2m - the entire amount issued is recognised as regulatory CET1 capital
9	*Nominal amount of instrument*	522,443,763 shares
EU-9a	*Issue price*	USD 0.50
EU-9b	*Redemption price*	N/A
10	*Accounting classification*	Shareholders' equity

11	*Original date of issuance*	08-Nov-94
12	*Perpetual or dated*	N/A
13	*Original maturity date*	N/A
14	*Issuer call subject to prior supervisory approval*	No
15	*Optional call date, contingent call dates and redemption amount*	N/A
16	*Subsequent call dates, if applicable*	N/A
	Coupons / dividends	
17	*Fixed or floating dividend/coupon*	Floating
18	*Coupon rate and any related index*	N/A
19	*Existence of a dividend stopper*	No
EU-20a	*Fully discretionary, partially discretionary or mandatory (in terms of timing)*	Fully discretionary
EU-20b	*Fully discretionary, partially discretionary or mandatory (in terms of amount)*	Fully discretionary
21	*Existence of step up or other incentive to redeem*	N/A
22	*Non-cumulative or cumulative*	Non-cumulative
23	*Convertible or non-convertible*	Non-convertible
30	*Write-down features*	N/A
34a	*Type of subordination*	N/A
EU-34b	*Ranking of the instrument in normal insolvency proceedings*	Rank 1 - Ranking in insolvency
35	*Position in subordination hierarchy in liquidation*	Subordinated to senior creditors and depositors
36	*Non-compliant transitioned features*	No
37a	*Link to the full term and conditions of the instrument*	Terms and conditions

8.5 Capital buffers

In addition to the minimum requirements, the Group is required to maintain additional capital buffers, specifically the Capital Conservation Buffer and the Countercyclical Capital Buffer. These buffers are a requirement of Banking Rule 15, Capital Buffers of Credit Institutions authorised under the Banking Act, 1994. If the Group's CET1 capital falls below the combined buffer, automatic restrictions apply on capital distributions.

The Group is required to maintain a Capital Conservation Buffer of 2.5% (2020: 2.5%). In addition, the Group is required to retain an institution-specific Countercyclical Capital Buffer ("CCB") in line with Article 130 of Directive 2013/36/EU. This buffer is based on the weighted average of the CCB rates that apply in those countries where the exposures are located. In this regard, the following tables disclose the Group's (a) geographical distribution of exposures relevant for the calculation; and (b) amount of institution-specific CCB.

Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

Breakdown by country

		General credit exposures	Relevant credit exposures – Market risk		Own fund requirements					
		Exposure value under the standardised approach	Sum of long and short positions of trading book exposures for SA	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Total	Risk-weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
		USD	USD	USD	USD	USD	USD	USD	%	%
		a	C	f	g	h	j	k	l	m
010	Bulgaria	3,340,129	-	3,340,129	-	-	-	-	0.000%	0.5%
020	Czech Republic	635,459	-	635,459	31,541	-	31,541	394,256	0.038%	0.5%
030	Luxembourg	12,869,802	-	12,869,802	641,344	-	641,344	8,016,802	0.776%	0.5%
040	Norway	570,013	-	570,013	45,601	-	45,601	570,013	0.055%	1.0%
050	Other countries	1,363,887,675	439,985,204	1,803,872,879	54,927,267	26,950,888	81,878,155	1,023,476,942	99.130%	0.0%
020	**Total**	**1,381,303,077**	**439,985,204**	**1,821,288,282**	**55,645,753**	**26,950,888**	**82,596,641**	**1,032,458,012**	**0.005%**	

Template EU CCyB2 - Amount of institution specific countercyclical capital buffer

		a
1	Total risk exposure amount	USD 1,143,541,487
2	Institution specific countercyclical capital buffer rate	0.005%
3	Institution specific countercyclical capital buffer requirement	USD 52,893*

*This is based on the actual buffer rate of 0.0046254%.

9 Leverage ratio

Table EU LRA - Disclosure of LR qualitative information

(a)	*Description of the processes used to manage the risk of excessive leverage* CRR requires credit institutions to calculate a non-risk-based leverage ratio to supplement risk-based capital requirements. The leverage ratio is defined as Tier 1 capital divided by a non-risk-based measure of an institution's on- and off-balance sheet items, not deducted from Tier 1 capital (the 'exposure measure'). The leverage ratio has two objectives, namely to limit the risk of excessive leverage by constraining the building up of leverage in the banking sector during economic upswings and to act as a simple instrument that offers a safeguard against the risks associated with the risk models underpinning risk weighted assets. The minimum requirement of the Tier 1 leverage ratio is 3%. The exemption allowed by Article 500b of Regulation (EU) 2020/873 of The European Parliament and of The Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic to exclude the amount of central bank exposures from the total leverage exposure measure was not applied by the Group in 2021. Leverage risk is managed through regular monitoring and reporting of the leverage ratio, which forms part of the Risk Appetite Framework. The Group has set a prudent threshold for the leverage ratio at 7.5% (at group level). The Group's leverage ratio has never breached the required minimum level of 3%, as prescribed by European regulations. The Group's strategy is based on profit improvement and selective asset growth which will further improve the leverage ratio. Changes in regulation relating to leverage ratio are monitored and their potential impact is assessed.
(b)	*Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers* The marginal change of (0.2%) in leverage was mainly due to a decrease of USD 8m in CET1 capital from the previous year.

Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		USD
		a
1	Total assets as per published financial statements	1,788,472,349
8	Adjustments for derivative financial instruments	6,085,710
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	40,237,285
12	Other adjustments	(37,866,258)
13	**Total exposure measure**	**1,796,929,086**

Template EULR2 - LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures	CRR leverage ratio exposures
		December 2021	December 2020
		USD	USD
		a	b
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	1,760,021,319	1,829,990,540
6	(Asset amounts deducted in determining Tier 1 capital)	(10,256,916)	(11,002,131)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**1,749,764,403**	**1,818,988,409**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	-	2,396,107
EU-9b	Exposure determined under Original Exposure Method	6,927,398	-
13	**Total derivatives exposures**	**6,927,398**	**2,396,107**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	175,568,769	72,996,380
20	(Adjustments for conversion to credit equivalent amounts)	(135,331,484)	(51,981,790)
22	**Off-balance sheet exposures**	**40,237,285**	**21,014,590**

		CRR leverage ratio exposures December 2021 USD	CRR leverage ratio exposures December 2020 USD
		a	b
	Capital and total exposure measure		
23	**Tier 1 capital**	**208,660,598**	**216,650,137**
24	**Total exposure measure**	**1,796,929,086**	**1,842,399,105**
	Leverage ratio		
25	**Leverage ratio**	**11.6%**	**11.8%**
EU-25	Leverage ratio excluding the impact of the exemption of public sector investments and promotional loans) (%)	11.6%	11.8%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	11.6%	11.8%
26	Regulatory minimum leverage ratio requirement (%)	3.0%	0.0%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%
EU-26b	of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%
27	Leverage ratio buffer requirement (%)	0.0%	0.0%
EU-27a	Overall leverage ratio requirement (%)	3.0%	0.0%
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Fully phased-in	Fully phased-in
	Disclosure of mean values		
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	1,796,929,086	1,842,399,105
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	1,796,929,086	1,842,399,105
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11.6%	11.8%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11.6%	11.8%

Template EU LR3 - LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		CRR leverage ratio exposures USD
		a
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**1,760,021,319**
EU-2	Trading book exposures	439,985,204
EU-3	Banking book exposures, of which:	1,320,036,115
EU-4	Covered bonds	6,890,475
EU-5	Exposures treated as sovereigns	381,728,707
EU-6	Exposures to regional governments, MDB, international organisations and PSE **not** treated as sovereigns	13,447,000
EU-7	Institutions	196,939,143
EU-8	Secured by mortgages of immovable properties	8,734,235
EU-9	Retail exposures	22,556,086
EU-10	Corporates	501,707,238
EU-11	Exposures in default	58,179,130
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	129,854,101

10 Remuneration policy

Table EU REMA – Remuneration policy

(a)	*Information relating to the bodies that oversee remuneration* The body responsible for overseeing remuneration is the Nomination and Remuneration Committee ("NRC"). The NRC is governed by a Charter which is reviewed on an annual basis. As at 31 December 2021, the NRC was composed as detailed in the Remuneration Report section. As at 31 December 2021, the NRC was composed of five members one of whom is an independent director. The NRC sought professional legal advice from Ganado Advocates in relation to changes brought about by the CRD V (Directive (EU) 2019/878).
(b)	*Information relating to the design and structure of the remuneration system for identified staff* The Remuneration Policy ("Policy") outlines the key guiding principles and framework of the Group in terms of remuneration structure. The Policy governs the remuneration of all members of staff of the Group including the branches and the subsidiaries located in third countries unless local legislation mandates otherwise. This includes these disclosures' target population defined as "Identified Staff". This structure comprises both fixed and variable remuneration and is intended to attract, develop and retain a high-performing workforce while remaining aligned to the Group's long-term strategy, risk appetite, sustainable performance and corporate values. The fixed remuneration includes all statutory and non-statutory amounts disbursed to or on behalf of employees, including cash fringe benefits, premia for insurance cover and other non-cash benefits. The variable remuneration consists of the performance bonuses awarded in line with the Group's Performance Management Programme with performance being measured bi-annually through the performance appraisal process. The bonus pool for the award of performance bonuses is determined by the NRC in accordance with the Policy and more specifically up to the stipulated percentage of the Group's profits before tax and general provisions. The Policy was last updated in December 2021, to include a number of minor changes and to specifically state that all employees, irrespective of their gender are equally remunerated for work of equal value. The Policy is reviewed annually by the Group Chief Human Resources Officer ("GCHRO") and the Group Chief Compliance Officer ("GCCO") and is approved by the NRC as the body delegated by the Board of Directors ("Board") to oversee its implementation. Following the issuing of Directive EU 2017/828 (often referred to as 'SRDII') the Policy was supplemented by The Remuneration Policy Supplement ("Supplement") which applies to 'directors' as defined in Chapter 12 of the Capital Markets Rules. The Supplement reflects the Group's objectives for good corporate governance, regulatory compliance as well as sustained and long-term value creation for shareholders. Any material changes require the approval of the NRC prior to being submitted to the general meeting for its binding vote. The NRC is likewise delegated by the Board to oversee its implementation after it was first approved in November 2020. The remuneration structure of the members of the Board, the GCEO and the Deputy GCEO is governed by the Supplement as approved by the AGM on 30th November 2020. Following the formal transposition of the CRD V into national law on 28 December 2021 and the latest updates to Banking Rule 21 on 7 January 2022, the Policy and the Supplement shall be updated accordingly. The Supplement shall be submitted for approval in the 2022 AGM.
(c)	*Description of the ways in which current and future risks are taken into account in the remuneration processes* The Policy stipulates that before the deferred part of the variable remuneration is paid out, the Group Chief Risk Officer reassesses performance to ensure that this variable remuneration reflects the risks and errors that might have arisen or materialised since the component was awarded. This is carried out as part of Group's Performance Management Process. Furthermore, the Policy stipulates that in cases where the Group incurs financial losses, payment of any deferred bonuses will be decided by the NRC. This approach is carried out in the interest of strengthening the capital base.
(d)	*The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) of Directive (EU) 2013/36("CRD")* The Group ensures that staff in internal control functions are remunerated independently of the business they oversee by capping the variable to fixed remuneration to 25% as opposed to the 50% ratio applicable to employees in other functions.

(e)	*Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration* Individual performance is linked to both core competences (qualitative) and role goals (quantitative) and is assessed on a four-point scale. Employees who are rated as having met expectations or higher are awarded a performance bonus which reflects their rating. For employees holding a senior management position the quantitative assessment is assessed at a more granular level through the use of a key performance indicators-based scorecard.
(f)	*Description of the ways in which the institution seeks to adjust remuneration to take account of long-term performance* Variable remuneration recommendations are made by the Business Unit Heads against pre-set parameters and targets based on a multi-year assessment and are calibrated by the GCHRO and GCEO before they are recommended to the NRC for its consideration. A multi-year assessment takes into consideration the individual's performance rating for the previous two years as well as the current year's rating and future potential.
(g)	*Description of the main parameters and rationale for any variable components scheme and any other non-cash benefit, as referred to in point (f) of Article 450(1) CRR* The main component of variable remuneration is the performance bonus and may include a percentage which is deferred with a vesting period of three years. Other forms of variable remuneration in cash may include an Exceptional Bonus, a Retention Bonus and two forms of Guaranteed Bonus (Sign-on Bonus and Buy-out Bonus). Another form of variable cash remuneration is the Severance Bonus. The non-cash component of variable remuneration is in the form of share awards as per Employee Share Award Scheme.
(h)	*Total remuneration for each member of the management body or senior management, as referred to in point (j) of Article 450(1) CRR* Not applicable, since the Group has not been requested to disclose the total remuneration for each member of the management body or senior management.
(i)	*Information on whether the institution benefits from a derogation laid down in Article 94(3) CRD, as referred to in point (k) of Article 450(1) CRR* Not applicable as the Group has not applied for a derogation for variable remuneration awarded in 2021.
(j)	*Quantitative information on the remuneration of their collective management body, differentiating between executive and non-executive members, as referred to in Article 450(2) CRR* Not applicable, since the Group is not a large institution which is required to disclose the quantitative information on the remuneration of their collective management body, differentiating between executive and non-executive members in accordance with Article 450(2) CRR.

The identified staff is determined in line with the EBA's qualitative and quantitative regulatory technical standards as currently in force (EU 2021/923 and EBA/GL/2021/04). The Group's Identified Staff includes the Management Body in both its Supervisory and Management functions and staff members/senior employees:

- with managerial responsibility over the institutions control functions or material business units;
- who are entitled to significant remuneration in the preceding financial year, if conditions (i) and (ii) of Article 92(3)(c) of the CRD V are met;
- with managerial responsibility for Legal, Accounting policies & procedures, Finance, including taxation and budgeting, Performing economic analysis, Prevention of ML/FT, Human Resources, Remuneration Policy, Information Technology, Information Security, managing critical outsourcing arrangements;
- with managerial responsibilities, or are a voting member of a committee responsible for Credit, Counterparty, Residual, Concentration, Securitisation, Market, Interest, Operational, Liquidity, Excessive Leverage Risk;
- who are voting members of a committee who have the authority to take, approve or veto decisions on credit risk exposures, whereby credit risk exposures of a nominal amount per transaction, representing 0.5% of the Banks CET1 capital and which is at least EUR 5 million who are voting members of a committee who have the authority to take, approve or veto decisions on transactions on the trading book that in aggregate represent an own funds requirement for market risks that represents 0.5% or more to the Bank's CET1 capital;
- who head a group of staff who have individual authorities to commit the Bank to transactions equal or exceeding the threshold of 0.5% or more to the Bank's CET1 capital;
- who are voting members of a committee who have the authority to approve or veto the introduction of new products; and
- who match one or more of the quantitative criteria outlined in Article 6 of the Commission Delegated Regulation EU 2021/923.

For the purpose of remuneration, the Group's 'identified staff' are being sub-categorised according to the Commission Implementing Regulation (EU) 2021/637 which namely fall under the following business areas:

- Supervisory;
- Management;
- Independent Internal Controls;
- Corporate;
- Retail; and
- Others.

In aggregate these amount to 11.5% of the Group's total workforce.

In accordance with Article 94(1)(g) of Directive 2013/36/EU, the Group did not award a performance bonus in excess of 100% of the fixed remuneration disbursed to the respective employee, nor were there cash bonuses which exceeded EUR100,000.

The Group did not pay any deferred bonuses during the financial year ended 2021 since none were due. As per the Policy, in the eventuality that part of the variable remuneration is deferred, it will be spread over a period of three (3) years. The Group reserves the right to apply Malus and Clawback as defined in Banking Rule 21 of 2022 on 100% of the bonus paid and/or deferred, in the case of gross misconduct as defined in the Disciplinary Policy and in the event that conditions stipulated in the performance targets in the subsequent two years are not met.

There were no individual employees who were remunerated more than EUR1 million. No severance payments were made.

In 2021, the ratio of variable remuneration to fixed remuneration for the target population of Identified Staff for the whole Group stood at 4.86%. The below table further illustrates the percentage ratio between fixed and variable both at Group level as well as for the individual entities.

	% ratio of variable to fixed remuneration
FIMBank Group	**8.1% vs 91.9%**
FIMBank, FIM Property Investment Limited & FIM Business Solutions Limited	6.8% vs 93.2%
London Forfaiting Company	13.3% vs 86.7%
India Factoring and Finance Solutions Private Limited	4.6% vs 95.4%
Egypt Factors SAE	3.3% vs 96.7

Supplementary information on remuneration is included in the Remuneration Report of the Annual Report & Financial Statements 2021.

Template EU REM1 - Remuneration awarded for the financial year

			MB Supervisory function	MB Management function	Other senior management	Other identified staff
			a	b	c	d
	Fixed remuneration					
1	Number of identified staff	No.	11	8	17	2
2	**Total fixed remuneration**	**USD**	**415,865**	**2,410,340**	**2,907,734**	**299,534**
3	of which: cash-based	USD	415,233	2,235,083	2,790,155	289,517
7	of which: other forms	USD	-	175,257	117,579	10,017
	Variable remuneration					
9	Number of identified staff	No.	11	8	17	2
10	**Total variable remuneration**	**USD**	-	**233,452**	**74,780**	-
17	**Total remuneration**	**USD**	**415,865**	**2,643,792**	**2,982,515**	**299,534**

Other forms of fixed remuneration comprise insurance premia, statutory payments like national insurance contributions and other benefits dispensed as non-cash like for example the use of a company car.

	Management body supervisory function	Management body management function	Other senior management	Other identified staff
Percentage ratio of variable to fixed remuneration	0%	9.7%	2.6%	0%

Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		Management body remuneration			Business area				
		Management body supervisory function	Management body management function	Total management body	Retail banking	Corporate functions	Independent internal control functions	All other	Total
		a	b	c	e	g	h	i	j
1	**Total number of identified staff**								**38**
2	of which: members of the MB	11	8	19					
3	of which: other senior management				7	5	5	-	
4	of which: other identified staff	-	-	-	-	-	-	2	
		USD	USD	USD	USD	USD	USD	USD	
5	**Total remuneration of identified staff**	**415,865**	**2,643,792**	**3,059,657**	**1,561,284**	**612,190**	**809,041**	**299,534**	
6	of which: variable remuneration	-	233,452	233,452	53,544	16,989	4,247	-	
7	of which: fixed remuneration	415,865	2,410,340	2,826,205	1,507,740	595,200	804,794	299,534	

The Group does not have the following business areas: Investment banking; Asset management.