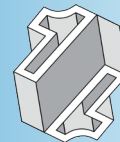


Shareholders' Newsletter

Issue 08 - August 2018



FIMBANK

MESSAGE FROM THE CHAIRMAN



Dr John C. Grech, FIMBank Group Chairman

Dear Shareholder,

Welcome to the eighth edition of FIMBank's Shareholders' Newsletter.

At our last AGM, I had remarked that the positive end-of-year results for 2017 were a clear indicator of the sound strategic path the Bank has adopted over the past years, and a reflection of our commitment and resolve in ensuring a strong and sustainable growth trajectory for FIMBank.

In this context, it is with a great sense of satisfaction that half-way through the current financial year, we are in a position to confirm the trend towards profitability which the Group established in 2016 and confirmed throughout all of 2017. As a matter of fact, the Group's Consolidated Financial Statements show that for the six-month period ending 30 June 2018, the Group registered a profit after tax of USD 6.1 million, compared to a profit of USD 4.1 million for the same six-month period in 2017, and a profit of USD 7.7 million posted for the whole of 2017.

These results, coming as they do on the back of the Group's performance in 2017, sustain our confidence in knowing that we are on the right track, and that we are capable of carrying forward this momentum into the near future.

FIMBank's performance over the past two years has a very specific provenance. It is the direct consequence of a strategic shift in focus successfully tuned to changing market conditions. Accomplished with extremely sound planning and copious amounts of hard work and perseverance by our strong management team, ably led by CEO Murali Subramanian, this drive also aimed at establishing the FIMBank Group as a more robust banking institution, based on business discipline, centrally-aligned operations, and effective management of enterprise risks. These efforts have been manifestly recognised and endorsed by major international institutions such as Fitch and Sigma Ratings. Consequently, today we see a Group operating with greater efficiency and profit, and with a promise of greater things ahead.

There is no doubt that our employees and members of management at head office and across the globe, deserve our congratulations for the succession of positive results which have been registered over the past two years. Their dedication and expertise, not to mention their sense of loyalty and perseverance, continues to be one of our most formidable assets, and a major determinant of success.

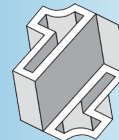
As always, I would be reflecting the wishes of my Board when I extend our sincere gratitude for the demonstration of trust and loyalty forthcoming from all our shareholders. Your support remains an important source of encouragement. It is, after all, a journey we are taking together, hence our efforts to keep you updated with all major developments taking place at FIMBank, through our meetings with

the Malta Association of Small Shareholders, our AGM, and of course this newsletter. We have also fostered open lines of communication with stockbrokers and financial intermediaries, with whom we regularly discuss the performance of the Bank and the outlook for the future.

The Rights Issue announced in March was a significant milestone in the Bank's development. This specifically brought to the fore the underwritten agreement by Bank majority shareholder United Gulf Holding, and saw an injection of USD 105 million, allowing FIMBank to strengthen its capital base and extinguish a USD 50 million subordinated loan agreement. The backing which we continue to receive from our majority shareholders, both United Gulf Bank and Borgan Bank of the KIPCO Group, remains an important pillar for the sustainability of our success. The support of our institutional shareholders was fundamental in enabling us to turn the situation around at a critical time for the Bank, ultimately enabling us to deliver the positive results which we are enjoying today. This relationship remains key to the future of FIMBank.

Finally, on behalf of the Board of Directors and the entire management team, we would like to wish you a pleasant summer.

Dr John C. Grech
FIMBank Group Chairman



MESSAĠĠ MINGĦAND IĊ-CHAIRMAN

Għażiż/a Azzjonist/a,

Nilqghek għat-tmien edizzjoni tal-Bullettin tal-Azzjonisti ta' FIMBank.

Fl-aħħar Laqgħa Annwali Generali tagħna, kont irrimarkajt li r-riżultati pożittivi tal-aħħar tas-sena 2017 kienu indikatur ċar tat-triq strategika soda li l-Bank ħa tul l-aħħar snin u riflessjoni tal-impenn u d-determinazzjoni tagħna li niżguraw trajettorja ta' tkabbir sostenibbli u b'saħħtu għal FIMBank.

F'dan il-kuntest, huwa b'sodisfazzjon kbir li, f'nofs is-sena finanzjarja kurrenti, ninsabu f'pożizzjoni fejn nistgħu nikkonfermaw ix-xejra lejn il-profittabbiltà li stabbilixxa l-Grupp fl-2016 u li kkonferma tul is-sena kollha tal-2017. Fil-fatt, ir-Rapporti Finanzjarji Konsolidati tal-Grupp juru li tul il-perjodu ta' sitt xhur li ntemm fit-30 ta' Ġunju 2018, il-Grupp irreġistra profitt wara t-taxxa ta' USD 6.1 miljun meta mqabbel ma' profitt ta' USD 4.1 miljun għall-istess perjodu ta' sitt xhur fl-2017, u ma' profitt ta' USD 7.7 miljun irreġistrat tul is-sena kollha tal-2017.

Dawn ir-riżultati li waslu eżatt wara l-prestazzjoni tal-Grupp għall-2017, isaħħu l-kunfidenza tagħna li mixjin fit-triq it-tajba u li aħna kapaci nkomplu nibnu fuq dan il-momentum fil-futur qarib.

Il-prestazzjoni ta' FIMBank hija l-konsegwenza diretta ta' bidla strategika fil-fowkku li huwa speċifikament iffukat fuq il-kundizzjonijiet dejjem jinbidlu tas-suq. Din id-determinazzjoni, immexxija b'mod kompetenti mis-CEO Murali Subramanian, twettqet permezz ta' ammonti kbar ħafna ta' xogħol iebes u permezz ta' ppjanar preċiż immens u perseveranza fost il-membri tat-tim tagħna tal-management. Din id-determinazzjoni kellha l-għan ukoll li tistabbilixxi l-Grupp FIMBank bħala istituzzjoni bankarja iktar robusta bbażata fuq dixxiplina ta' negozju, operat allinjat b'mod ċentrali, u l-ġestjoni effettiva ta' riskji f'intrapriża. Dawn l-isforzi ġew irrikonoxxuti u endorsjati minn istituzzjonijiet internazzjonali ewlenin bħal Fitch u Sigma Ratings. B'konsegwenza ta' dan, illum għandna Grupp li qed jopera b'izjed effiċjenza u b'izjed profitt u li jwiegħed li l-futur se jġib miegħu prestazzjoni aħjar.

M'hemmx xi ngħidu, l-impjegati u l-membri tagħna tal-management kemm fl-uffiċċju prinċipali, kif ukoll madwar id-dinja jisthoqqilhom l-awgurju tagħna għar-riżultati pożittivi suċċessivi li ġew irreġistrati tul dawn l-aħħar sentejn. Id-dedikazzjoni u l-ħila tagħhom, kif ukoll is-sens ta' lealtà u perseveranza jibqgħu fost l-iktar assi formidabbli tagħna u fattur ewlieni għas-suċċess tal-Grupp.

Bħal dejjem, inkun qed nirrifletti x-xewqat tal-Bord tiegħi hekk kif nestendi l-gratitudni sinċiera tagħna għat-turija ta' fiduċja u lealtà mingħand l-azzjonisti kollha tagħna. L-appoġġ tagħkom jibqa' sors importanti ta' inkoraġġiment għalina. Wara kollox, qed inwettqu dan il-vjaġġ flimkien u għalhekk l-isforzi biex inżommukom aġġornati bl-iżviluppi ewlenin kollha li qed iseħħu f'FIMBank, permezz tal-laqqgħat tagħna mal-Assoċjazzjoni Maltija tal-Azzjonisti ż-Zgħar, il-Laqqgħat Annwali Generali tagħna u, m'hemmx xi ngħidu, permezz ta' dan il-bullettin. Żammejna wkoll komunikazzjoni libera mal-intermedjarji finanzjarji li magħhom regolarment niddiskutu l-prestazzjoni tal-Bank u t-triq 'il quddiem.

Il-Hruġ ta' Ishma bi Dritt, li tħabbar f'Marzu, kien kisba importanti fl-iżvilupp tal-Bank. B'mod partikolari, dan poġġa fuq quddiem il-ftehim sottoskritt ma' United Gulf Holding, l-azzjonist prinċipali tal-Bank, u wassal għal injezzjoni ta' USD 105 miljun li ppermetta lil FIMBank biex isaħħaħ il-bażi kapitali tiegħu u biex jagħlaq ftehim ta' self subordinat ta' USD 50 miljun. L-appoġġ li nibqgħu nirċievu mill-investituri prinċipali tagħna, jiġifieri mingħand United Gulf Bank u mingħand Burgan Bank tal-Grupp KIPCO jibqa' pilastru importanti għas-sostenibbiltà tas-suċċess tagħna. L-appoġġ mingħand l-azzjonisti istituzzjonali tagħna kien fundamentali biex inbiddu għall-aħjar is-sitwazzjoni waqt żmien kritiku għall-Bank u li fl-aħħar mill-aħħar, ippermettielna nwasslu r-riżultati pożittivi li qed ingawdu illum. Din ir-relazzjoni tibqa' ewlenija għall-futur ta' FIMBank.

Finalment, f'isem il-Bord tad-Diretturi u t-tim kollu tal-management, nixtiqulkom saġf hieni.

Message from the CEO

At a strategic level, during 2018 we have continued to build on where we left off in 2017. Continuing from our second profitable year (and 10th consecutive profitable quarter), we have continued refining measures to secure further efficiency enhancements and improve our portfolio quality. The strong origination momentum garnered in 2017 allowed us to make a robust entry to business generation this year, giving us an early start to build towards growth. Performance across the group was strong throughout, as all available asset headroom was dedicated towards securing remunerative credit transactions.

These measures should continue to contribute strongly to a stable performance and positive financial situation. The management team has continued to lead the process towards upgrading asset origination and product differentiation. We also sustained the implementation of client-centric coverage models, cross-selling across the various Group segments, and exploiting our presence in key markets. New initiatives such as Real Estate Financing, Cash Management and Corporate Risk Distribution have all shown progression to higher volumes, performance and revenues.

The funding side of the equation has witnessed further positive developments following the launch of FIMBank Direct as our fully-fledged digital banking platform in 2017. The success of FIMBank Direct has led to a revitalisation of asset-liability management processes, leading to more efficiency in terms of liquidity and funding, and improving net margins both on revenue generation and cost of funding.

The importance of adopting robust governance and the implementation of an effective risk framework across the Group must be emphasised, due to the role these had in FIMBank's achievements over the past three years. These measures have embedded a strong compliance culture which has allowed us to maintain a healthy relationship with our regulators, correspondent banks and other stakeholders. As well, this resulted in a positive assessment of our Financial Crimes Prevention and Compliance practices from the NYC-based Sigma Ratings, the main ratings agency for non-credit banking and financial practices.

There is ongoing effort in our risk management infrastructure, people and framework. Such recognition has encouraged us to continue investing additional time and resources to seek further improvements in these and other areas. Cost-management initiatives introduced in 2017, include the establishment of an efficiency-improvement committee, which is yielding desirable results. Meanwhile, a newly formed Business Performance and Analysis team has been producing unit and customer-level profitability reports, leading to better business focus and revenue optimisation.

Services related to trade finance, factoring and forfaiting remain key to the Group's mission, and we intend to continue developing these going forward. Future success rests on our ability to adapt to the needs of our customers, while enhancing our service offering. Progress in these areas will guarantee the further expansion of shareholder value.

Meanwhile, the competitiveness of our banking services has been spurred by our membership of the Target2 payment system, operated by the European Central Bank. FIMBank is now a direct counter-party for thousands of banks worldwide that were otherwise paying into the correspondent bank on our behalf.

Among others, they are now also able to deliver payments electronically to the Bank via our client portal FIMBank Direct.



Murali Subramanian, FIMBank Group CEO

This digital banking platform was a landmark development in our progression to better adapt to the needs of today's online consumers. It has also proved effective in improving internal operational efficiencies, reducing transaction costs, while enabling us to introduce new products to our customers. Also, during this year, our property management company, FIM Property Investment (FPI), registered profitable results due to better cost management and higher rental revenues.

In April of this year, we saw the realisation of a milestone development for FIMBank, a Rights Issue that saw our majority shareholders - namely United Gulf Holding of the KIPCO Group contributing almost the entire USD105 million generated. Apart from allowing us to address regulatory obligations, this capital injection has given room for the business to grow. In the short to medium term, this development will allow us to maintain strong capital ratios and enhance our credit rating.

Current success will serve as a springboard for further measures which will sustain these positive trends, and allow our investors to reap greater benefits in the long-term. These measures will revolve around our pursuit for excellence across the different businesses, products and markets. Priority will continue to be given to the crafting of superior client delivery channels and product evolution, while the focus on risk and governance stability, and the efficiency of in funding and cost structures, will be sustained. The ability of the Group to meet new challenges will be enhanced by greater flexibility derived from an improved scalability of the business. With the support of our majority shareholders, we will also be aiming to complete the repositioning of the business and transform it into a guiding light in the global trade space.



Murali Subramanian
Chief Executive Officer

Stqarrija tas-CEO

Fuq livell strateġiku, matul l-2018, komplejna nibnu fejn hallejna fl-2017. Waqt li komplejna fit-tieni sena tagħna ta' profitt (u l-10 trimestru konsekuttiv ta' profitt), bqajna nirfinaw il-miżuri biex nassiguraw iktar tkabbir fl-effiċjenza u biex intejbu l-kwalità tal-portafoll tagħna. Il-momentum qawwi ta' bidla li ksbna fl-2017 ippermettietna biex niġġeneraw ħafna kummerċ din is-sena u tana bidu bikri biex nipprogressaw lejn it-tkabbir. Il-prestazzjoni tul il-Grupp kien b'saħħtu tul il-perjodu kollu minħabba li l-potenzjal kollu tal-assi disponibbli kien iddedikat biex nassiguraw transazzjonijiet ta' kreditu remunerattivi.

Dawn il-miżuri għandhom ikomplu jikkontribwixxu bis-sħiħ għal prestazzjoni stabbli u għal sitwazzjoni finanzjarja pożittiva. It-tim tal-ġestjoni kompli jmexxi l-proċess biex jaġġorna l-bidla totali tal-assi u d-divrenzjar tal-prodott. Sostnejna wkoll l-implimentazzjoni ta' mudelli ta' kaperuri ffukati fuq il-klijenti, fejn wettaqna bejgħ reċiproku fl-oqsma varji tal-Grupp u fejn sfruttajna l-preżenza tagħna fis-wieċ ewlenin. Inizjattivi ġodda, fosthom Real Estate Financing, Cash Management u Corporate Risk Distribution il-koll urew progressjoni lejn volumi, prestazzjoni u dħul oġhla.

Wara t-tnedija fl-2017 ta' FIMBank Direct bħala l-pjattaforma bankarja diġitali totalment żviluppata tagħna, il-qasam tal-finanzjament ra iżjed żviluppi pożittivi. Is-suċċess ta' FIMBank Direct wassal għal revitalizzazzjoni tal-proċessi tagħna tal-ġestjoni tal-assi-obbligazzjonijiet, li wassal biex kien hemm iktar effiċjenza f'termini ta' likwidità u finanzjament, u titjib fil-margjini netti kemm fuq il-ġenerazzjoni ta' dħul kif ukoll fuq l-ispiża tal-finanzjament.

Għandha tingħata enfasi lill-importanza li wieħed jadotta governanza robusta u li jkun hemm l-implimentazzjoni ta' qafas effettiv ta' riskju fil-Grupp kollu minħabba l-irwol li dawn kellhom fil-kisbiet ta' FIMBank tul l-aħħar tliet snin. Dawn il-miżuri wasslu għal kultura ta' konformità b'saħħitha li ppermettietna biex inmantnu relazzjoni b'saħħitha mar-regolaturi tagħna, ma' banek korrispondenti u ma' partijiet interessati oħra. Minbarra hekk, dan wassal għal valutazzjoni pożittiva tal-prattici tagħna għall-Prevenzjoni u l-Konformità ta' Reati Finanzjarji mis-Sigma Ratings ibbażati f'New York, l-aġenzija ewlenija tar-ratings għal Prattici Finanzjarji u bankarji mingħajr kreditu.

Qed isir sforz kontinwu fl-infrastruttura tal-ġestjoni ta' riskju, fl-impjegati u fil-qafas tagħna. Tali rikonoxximent inkoraġġiena biex inkomplu ninvestu iktar ħin u riżorsi biex infittxu kif nistgħu nitjiebu f'dawn l-oqsma u f'oħrajn. Inizjattivi tal-ġestjoni tal-ispejjeż li ġew introdotti fl-2017 jinkludu t-twaqqif ta' kumitat għat-titjib fl-effiċjenza li qed irendi riżultati mixtieqa. Sadattant, it-tim għall-Prestazzjoni u l-Analizi tan-Negożju, li ġie fformat ftit ilu, qed jipproduci rapporti ta' profittabbiltà fuq il-livell tal-unità u tal-klijent, u wassal għal attenzjoni iktar iffukata fuq in-negożju u fuq it-titjib tad-dħul.

Servizzi relatati mal-finanzjament tal-kummerċ, mal-fatturat u mal-forfaiting jibqgħu kruċjali għall-għan tal-Grupp u għandna l-intenzjoni li nkomplu niżviluppawhom fil-futur. Is-suċċess fil-ġejjieni jiddependi fuq l-abbiltà tagħna li nadattaw għall-ħtiġijiet tal-klijenti tagħna filwaqt li nkabbru s-servizzi li noffru. Fil-futur, il-progress f'dawn l-oqsma se jiggarantixxi l-espansjoni tal-valur tal-azzjonisti.

Sadattant, il-kompetittività tas-sistemi bankarji tagħna baqgħet tixpruna permezz tas-sħubija tagħna fis-sistema ta' pagamenti ta' Target2, li hija operata mill-Bank Ċentrali Ewropew. FIMBank issa jitratta direttament ma' eluf ta' banek madwar id-dinja li qabel kienu qed jgħaddu pagamenti fil-bank korrispondenti f'isimna. Fost oħrajn, issa jistgħu wkoll jagħmlu pagamenti lill-Bank b'mod elettroniku permezz tal-portall tagħna għall-klijenti, FIMBank Direct.

Din il-pjattaforma bankarja diġitali kienet żvilupp ewlieni fil-progressjoni tagħna biex nadattaw aħjar għall-ħtiġijiet tal-konsumaturi onlajn tal-lum. Uriet ukoll li kienet effettiva fit-titjib tal-effiċjenzi operazzjonali interni, fit-tnaqqis tal-ispejjeż tat-transazzjonijiet filwaqt li ppermettietna nintroduċu prodotti ġodda lill-klijenti tagħna. Minbarra dan, tul din is-sena, il-kumpanija tagħna għall-ġestjoni tal-proprjetà, FIM Property Investment (FPI), irreġistrat riżultati profittabbli minħabba ġestjoni aħjar tal-ispejjeż u dħul oġhla mill-kiri.

F'April ta' din is-sena rajna żvilupp ewlieni jsejtni għal FIMBank, Hruġ ta' Ishma bi Dritt li wassal biex l-azzjonisti tagħna b'maġġoranza – jiġifieri United Gulf Holding tal-Grupp KIPCO – ikkontribwixxew kważi l-ammont generat totali ta' USD105 miljun. Apparti li dan il-fatt ippermettietna biex nindirizzaw obbligazzjonijiet regolatorji, din l-injezzjoni tal-kapital ta lok biex jikber in-negożju. Fuq terminu qasir għat-terminu medju ta' żmien, dan l-iżvilupp se jippermettietna nmantnu proporzjonijiet qawwjin fil-kapital u nkabbru l-klasifikazzjoni tal-kreditu tagħna.

Is-suċċess attwali se jservi bħala punt ta' tluq għal iżjed miżuri li se jmantnu dawn ix-xejriet pożittivi u se jippermetti lill-investituri tagħna biex jakkwistaw benefiċċji ikbar fuq terminu twil ta' żmien. Dawn il-miżuri se jdur mal-kisba tagħna għall-eċċellenza fin-negożji, il-prodotti u s-swieq kollha differenti. Se tibqa' tingħata prijorità lejn il-ħolqien ta' mezzi superjuri ta' servizz lill-klijenti u l-evoluzzjoni tal-prodotti, filwaqt li se nmantnu l-attenzjoni lejn l-istabbiltà tar-riskju u l-governanza kif ukoll l-effiċjenza fil-finanzjament u l-istrutturi ta' spejjeż. L-abbiltà tal-Grupp biex jilħaq sfidi ġodda se tiżdied permezz ta' iktar flessibbiltà minn skalar aħjar tan-negożju. Permezz tal-appoġġ mill-azzjonisti tagħna b'maġġoranza, se jkollna l-għan ukoll li nlestu l-pożizzjonar mill-ġdid tan-negożju u nittrasformaw f'dawl ta' gwida fl-ispażju globali tal-kummerċ.

The FIMBank Group's Consolidated Financial Statements show that for the first six months of 2018, the Group registered a profit of USD 6.1 million, compared to a profit of USD 4.1 million for the same period of 2017.

For the period under review, net operating results, that is operating revenues less operating costs, more than tripled from USD 2.7 million to USD 9.8 million – as the Group improved its revenues by USD 4.4 million and reduced its costs by USD 2.7 million.

The Group's net operating income (net revenues) increased by 18% from USD 24.0 million to USD 28.3 million. Net interest income, net fees and dividend income combined together increased by 5% to USD 26.8m as a result of higher gross yields and lower cost on funding sources. The focused growth in yield-rewarding asset lines as well as the churning of existing portfolio into higher yielding assets has continued during the first half. Cost of funds decreased as the Group was more selective in its funding sources, in managing its asset/liability composition and also as a result of the repayment of the subordinated loan as part of the Rights Issue. In addition, net results from foreign currency operations moved back to positive territory with a USD 3.0 million improvement to prior period, primarily due to a marked decrease in the use of foreign currency swaps for risk management complemented by client-driven foreign currency profits.

Operating expenses for the six months under review dropped by 13% from USD 21.2 million to USD 18.5 million, reflecting the de-consolidation of Latam Factors in the current period and the non-repeat of regulatory costs booked in the prior period. These decreases were marginally offset by increases in fixed and variable pay costs as the drive to engage and retain experienced staff continues across the Group.

During the current six months, the Group has fully implemented the new impairment requirements emanating from IFRS9, which also had an impact on the opening reserves at 01 January 2018. For the current six months, the Group improved its coverage on key non-performing loans and as a result increased the specific impairments (IFRS9 Stage 3) by USD 3.4 million. In 2017, the results were positively impacted by one specific account which had contributed USD 3.6 million net recoveries to the Income Statement. Separately, following an improvement in the risk profile of a number of financial assets, the IFRS9 Stage 1 and Stage 2 impairment allowances decreased by USD 1.3 million.

Results from trading assets and other financial instruments increased by USD 1.2 million following an improvement in the market values of a number of trading assets held in the forfeiting portfolio.

The Group's investment in Latam Factors contributed to a net share of profit (equity method) of USD 0.2 million, compared to the share of loss from Brasilfactors in the comparative period. During the period ended June the Group resolved to dispose of its investment in Latam Factors and as a result a fair value loss of USD 2.1 million has been recognised to account for the difference in the carrying amount of the investment and its realisable value. The investment in Brasilfactors was brought down to Nil on 31 December 2017 and as a result no further losses are to be recognised in the Group's income statements.

At 30 June 2018, total Consolidated Assets stood at USD 1.95 billion, an increase of 19% over the USD 1.64 billion reported at end-2017. The Group's loans and advances to customers increased by USD 131 million, and wholesale lending by USD 23 million.



Ronald Mizzi, Chief Financial Officer

Treasury assets surged by USD 108 million, attributable to changes in the minimum regulatory liquidity requirements and temporary excess liquidity. Trading assets and equity instruments increased by USD 30 million and USD 18 million respectively.

Total Consolidated Liabilities as at 30 June 2018 stood at USD 1.67 billion, a rise of 14% over the USD 1.47 billion reported at end 2017. The rise is mainly attributable to an increase in deposits from corporate and retail clients by USD 226 million. Wholesale funding also increased by USD 36 million. During the period, the Group repaid a USD 50 million subordinated loan from Burgan Bank, which used to qualify as Tier 2 capital under CRD IV. This has been replaced by an increase in Tier 1 capital.

Group Equity as at Financial Reporting date stood at USD274 million (31 December 2017: USD 173 million), with CET1 ratio standing at 16.7% and Total CAR at 17.3%. USD 105 million new capital was raised following a Rights Issue of shares, which process was concluded in May 2018. Retained earnings at 1 January 2018 were impacted by an impairment recognition of USD 8.2 million on implementation of IFRS 9.

The performance of the Group in the first half of the year portrayed a set of key positive performance indicators across asset generation, liability management, credit quality and cost efficiencies. The approach adopted so far will continue evolving; in the months ahead the Group will exploit its strong expertise and improved operating culture to grow across its diversified product offering. The Group has been successful in turning its business around, generating profitability and providing a platform for growth over the last twelve quarters. With enhanced capital, the Group is poised to achieve its ambitious objectives for 2018 and beyond, and mark its ascendance as a Trade Finance provider of preferred choice.

FIMBank holds its 2018 Annual General Meeting

FIMBank held its Annual General Meeting at the Intercontinental hotel. In his opening address, the Chairman of the FIMBank Group, Dr John C. Grech, explained to the shareholders present the background to the Group's performance last year. He referred to the 2017 financial results as "a clear indicator of the sound strategic path adopted over the past years, and a highlight of the commitment and resolve in ensuring a strong and sustainable growth trajectory for FIMBank."

Dr Grech emphasised that "The measures our management team undertook from 2015 onwards, as part of a transformation strategy for the Bank, resulted in a cycle of higher growth-generation in terms of value, and a sustainable basis for increased returns, which we see today reflected in positive financial results. Effectively, we will strive to grow and sustain our positive run, committed to deliver shareholder value as we reap the rewards of the outstanding work undertaken by our excellent management team."

Dr Grech added that the recent Rights Issue was a significant milestone in the Bank's development specifically underlining the underwritten agreement by the Bank's majority shareholder, United Gulf Holding, which saw an injection of USD 105 million allowing FIMBank to strengthen its capital base and extinguish a USD 50 million subordinated loan agreement.

A presentation by the FIMBank Group CEO Murali Subramanian followed the Chairman's opening statement. Discussing the immediate outlook for the Group, Mr Subramanian commented that, "Throughout the rest of this year, we expect to continue building on the business verticals we have transformed and strengthened over the past years." He also expounded on the Bank's longer term

plan emphasising upon profitability growth and the evolution of FIMBank's business model.

The FIMBank Group CEO added that "The spirit of entrepreneurship and pursuit of excellence across businesses, products and markets, will remain at the heart of the Group's strategy. This will be achieved through superior client service, best in class and tested risk management, governance stability, as well as efficiency in funding and cost structures. The scaling up of the business, supported by an expert management team will enable the Group to maintain a resilient business model."

The Group Chief Financial Officer Ronald Mizzi proceeded to explain that for the year ended 31 December 2017 the Group registered a profit of USD7.7 million, compared to a restated profit of USD5.4 million in 2016. At 31 December 2017, total Consolidated Assets stood at USD1.64 billion, a decrease of 6 per cent on the USD1.74 billion reported at end 2016. In terms of the Group's future, Mr Mizzi emphasised upon the relentless pursuit in the execution of strategy, highlighting client origination and delivery, product evolution, risk and governance stability and cost efficiency as key foundations for a successful 2018.

In his concluding remarks to the AGM, Dr Grech had words of praise for the Group's institutional investors, Burgan Bank and United Gulf Holding and minority shareholders, thanking them for their unwavering support. He also thanked his fellow directors, management and staff members for their hard work, dedication and commitment.



USD Fixed Term Deposits

FIMBank is strongly positioned to deliver an enhanced banking service to corporate customers to support their international settlements, foreign exchange transactions, and fixed term deposits. As a trade finance specialist, FIMBank has invested significantly in its USD offering, since it is the mostly used currency in international transactions and global trade.

The services provided by FIMBank are also facilitated by its secure digital banking platform FIMBank Direct, a system designed for the cash management needs of corporate customers, to process international and foreign exchange transactions, being direct, same day or spot.


"The extensive repertoire of digital banking services is complemented by the competitive interest rate on USD term deposits where corporate customers can benefit from a 3% interest rate at the yearly tenor they select, be it either 1 year, 2 year or 3 year" said Chris Trapani, Head of Cash Management and Central Customer Services.

The same USD interest rates are applied on FIMBank's retail flagship product Easisave, where clients have a choice of tying their funds on a 1, 2 or 3 year basis, with a minimum deposit of USD 1,000, including the option of receiving interest on a quarterly basis.

Commenting on this competitive interest rate for USD deposits, Chris Trapani said that, "Easisave is geared to provide our clients with competitive interest rates. A retail account can be opened online in a few minutes and clients can benefit from an easy to use, reliable and secure platform, guided by a readily available Helpdesk team, if needed."

All Easisave deposits are covered under the depositor compensation scheme established under the laws of Malta. The scheme covers deposits in all currencies without distinction.

More information about Easisave can be obtained by visiting www.easisave.com



Powered by FIMBank


**Choose your preferred tenor
at the same interest rate**

1 year • 2 year • 3 year

**USD
Fixed Term
Deposit**

3.0% p.a.

Rates are on a Gross per annum basis



FIMBank p.l.c. is a licensed credit institution regulated by the Malta Financial Services Authority and listed on the Malta Stock Exchange. The Bank is a participant in the Depositor Compensation Scheme in Malta. Terms and conditions apply.

FIMBank Engages New Talent

FIMBank welcomes fourteen new employees, who have been engaged to hold different roles within the various units at the Bank. The FIMBank Group now employs 400 employees, with half being based in Malta.

Christine Coleiro, Group Chief Human Resources Officer, stated that "At FIMBank, the development of a positive and sustainable working environment is conducive to employees' personal and professional career growth. Amongst various initiatives aimed at delivering value-

driven benefits, FIMBank focuses on employees' entrepreneurial skills as well as their wellbeing. To strengthen cohesion between staff and management, we have introduced a new, cloud-based self-service platform catering for all HR needs across the Group."

Apart from the substantial opportunities, the Bank's employees also enjoy various benefits, such as subsidised home loans, retirement savings plans, health insurance, child care, and fitness allowances.



FIMBank Attends FCI 50th Anniversary Event

FIMBank representatives attended the 50th edition of the FCI Annual Meeting in Amsterdam. This golden anniversary edition provided an opportunity to look back and celebrate the rise of factoring and receivables finance over the past 50 years, while looking ahead to the future, gauging the direction of the industry and debating the most significant developments.

The principal themes discussed included the rise of fintechs and blockchain technology, their possible benefits, potential threats to the industry, as well as the impact of the Basel regulatory capital requirements and the use of credit insurance as a risk mitigation tool, together with their combined effect on capital adequacy.

The event also focused on the importance of implementing a robust compliance framework for factoring operations and the benefits of establishing a Supply Chain Finance (SCF) platform in such operations.

The implementation of an SCF operating system within FCI was also on the agenda, particularly in terms of its function to facilitate the activation of business by supporting the

on-boarding process of anchor buyers and their suppliers, both on a domestic and cross border basis.

The event hosted 195 factoring entities and 271 delegates, hailing from 63 countries.



Facilitating Open Account – Receivables Finance

FIMBank Receives Top Worldwide Factoring Rankings

The FIMBank Group achieved strong recognition and won top industry rankings at the annual meeting of the Factors Chain International association in Amsterdam, at its anniversary meeting in June. FCI, headquartered in Amsterdam, is a global network of the world's best factoring banks and companies, counting over 400 institutional members in 90 countries, and connects, educates and influences cross-border and domestic factoring as well as supply chain financing, across the global financial community comprising the biggest international banks amongst others. Members of FCI account for over EUR 75bln of global factoring volumes in 2018.

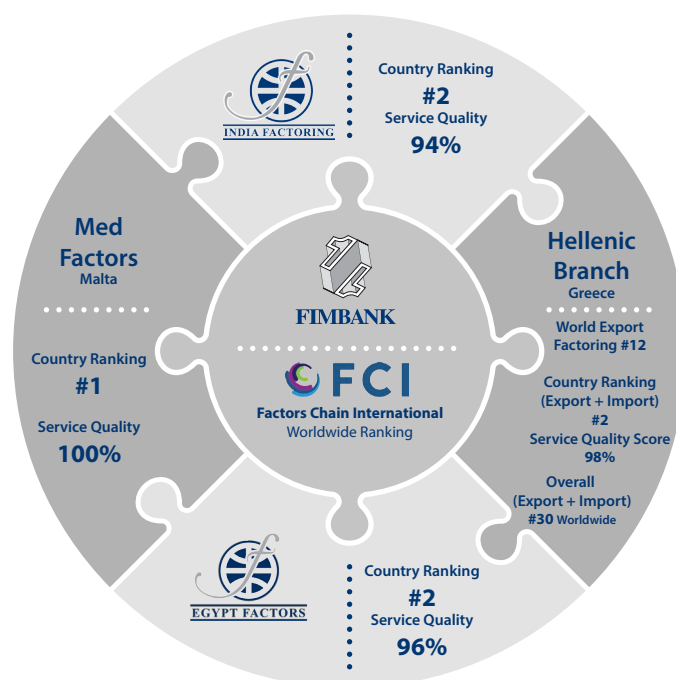
FIMBank Group achieved several credentials during this annual meeting. FIMBank Malta, generating an annual turnover exceeding EUR 200 million in 2017, ranked first in Malta, with an overall service quality score of 100%.

FIMBank Greece ranked 12th Best Export Factor in the World, 30th Best in the World Overall (Export and Import) and 2nd in Greece, with a turnover exceeding EUR 150mIn with a 15% market share and a service quality score of 98.41%.

Egypt Factors, a fully-owned subsidiary of FIMBank, ranked second in Egypt with a 20% market share and turnover exceeding EUR 100mIn in 2017 and a service quality score of 95.83%.

India Factoring, a majority subsidiary of FIMBank, ranked second in India with a 15% market share and turnover exceeding EUR 250mIn and a service quality score of 94%. Commenting on these results, FIMBank Group CEO Murali Subramanian said that "Factoring is a technically sophisticated product and one of the most important

components of supply chain financing globally, and is a cornerstone of our business. These results are a reflection of our constant efforts at improving our standing as a provider of quality and reliability, in the markets we operate in. With these results we are better placed to offer superior supply chain financing and risk management solutions to our clients and partners worldwide".



FIMBank hosts Secondary School Students

FIMBank brought IT careers closer to the secondary school Computing students of St. Paul's Missionary College, by means of a seminar held at the Bank's St. Julian's Head Office. The visit included a range of activities designed to make them aware of the critical role of IT within FIMBank's operations, while providing them with an overview of the available careers at the Bank in this area.

The programme, which was implemented by FIMBank's IT Department included presentations through which they were introduced to the Group, and briefed upon the various technologies, processes, and dynamics involved in the running of the business.

Commenting on the visit, Clayton Said, Vice President from the Bank's IT Department, stated that "The day's programme was structured to put everything we do at the Bank in terms of IT, within the context of these young people's studies. Our primary aim was to demonstrate the relevance and importance of their studies to real world applications, and to make them aware of career opportunities in the field of information technology."

"We believe that it is of vital importance to provide our students with the opportunity to meet and interact with high level professionals within the thriving IT industry. This fosters a sense of appreciation and enthusiasm that with the right education and commitment, our students can also develop into specialists within their chosen fields. We are pleased with the success of this event and thank the IT staff at FIMBank for hosting us for the second year running", said Adrian Mallia, ICT teacher at St. Paul's Missionary College.

Throughout the visit, FIMBank's IT personnel interacted directly with the students, discussing career alternatives and providing them with guidance in this regard. The programme concluded with a visit around various areas within FIMBank's Head Office, in particular its state-of-the-art data centre, where the students could observe the Group's core IT infrastructure.



FIMBank hosts Corporate Client Event

FIMBank recently hosted a reception for its local corporate clients which was held at the Bank's Head Office. The event served as an excellent opportunity for the Bank's clients to interact with their Relationship Managers and customer-facing employees. The Chairman and CEO of FIMBank greeted the clients and thanked them for their attendance.

Jason Zammit, Head of Real Estate stated that, "FIMBank has built a reputation on its ability to build strong relationships with its clients. As a customer centric Bank which proactively listens to its clients, we are committed towards tailoring financial solutions to meet their specific needs." He also emphasised on the importance of such events as it enables the Bank to build a stronger rapport with its growing local customer base. In addition to FIMBank's real estate finance proposition, the Bank also offers a comprehensive range of trade financing, factoring and cash management services.

Describing the Bank's client relationship management approach, FIMBank's Head of Cash Management Chris Trapani said that, "The Bank is strongly geared to offer a wide range of Cash Management services to businesses. Our strategy hinges on a personalised approach, with a consistent commitment to adapt to the latest technology and innovation to provide added value to all our clients."



Asset Recovery Interview



Brian Fulk, Head of Asset Recovery & Risk Mitigation

We sit down with Brian Fulk, FIMBank's Head of Asset Recovery and Risk Mitigation, to discuss the progress of this recently established unit and its impact on the Bank's operations.

1) FIMBank has recently set up a new unit dedicated to asset recoveries. Would you explain the purpose of this new unit and how will this positively impact the Bank in the long-term?

The new unit, focused on the recovery of assets, mainly pursues the collection of debt from defaulted borrowers. It is a dedicated unit that is capable of thoroughly reviewing each case, and determining a strategy for the recovery of funds. We work closely with colleagues throughout the Bank and in our various offices worldwide. We have dedicated personnel in various locations whose jobs also include working with the main Asset Recovery unit to pursue solutions that may be unique to the region. The recovery of assets, and the consequential reduction in non-performing loans, strengthens the Bank's balance sheet and helps FIMBank continue on a course of being a strong and profitable financial institution. Over time, trends in the non-performing assets to loans ratio are an important consideration in determining the financial strength of the Bank. FIMBank's NPA ratio has improved (non-performing assets as a percentage of total loans have declined) in recent years.

2) Would you elaborate on the progress registered by the Asset Recovery unit at FIMBank?

This new dedicated unit has been in existence for the past few months. During this time we have seen an uptick in recoveries. However, as many of the NPA cases are from prior years, and involve complex situations, meaningful recoveries will take months, if not years. I feel very good about the progress being made thus far. One area of progress, not visible to external parties, deals with

the establishment of standards to be used going forward. Lessons learned from prior defaulted loan cases are, and will be, used to add greater protection and security for our recent and future transactions.

3) What would you say are the main challenges for this unit?

There is really one overriding challenge that encompasses all others, and that is the fact that each case represents a unique and often complex "puzzle" that must be solved. Each case requires a deep investigation of what has transpired. Each case also requires a detailed review of the entire documentation set put in place, and of the prior steps that were taken to recover the asset. In addition, we must assess the borrower's or guarantor's current financial ability, and also assess their willingness to pay, or willingness to cooperate with a workout solution. Finally, each case requires the creation of a carefully evaluated recovery strategy that almost always evolves as steps are taken and more information is gathered. Unlike a puzzle that you might buy at a store, these cases often represent puzzles where pieces are missing. So, we often have to make decisions based upon incomplete or uncertain information.

4) What is the approach adopted for clients who do not honour their loan commitments?

We value our clients, and understand that circumstances beyond their control can cause a loan commitment not to be honoured as was agreed. We make every effort to work with our clients to put in place a plan that helps to bring the loan current and back in line with the original repayment plan. If the situation is such that the company is not likely to continue as an ongoing concern, then we are more aggressive in taking collateral that had been provided to secure the loan, or pursuing a recovery through the judicial system.

5) What is the typical workflow in the recovery of assets? How is a successful outcome achieved?

There really is no "typical" workflow. One obtains the facts, analyses the status of the borrower or guarantor, and then formulates a plan that could involve different paths depending on the response from our initial collection efforts. In general, we try to work with the borrower to get the credit paying as agreed. We may next work on a formal payment restructuring. If needed, we may proceed against any security or guarantor. Finally, we use the courts to pursue repayment, or recovery from the sale of assets provided as security. At any given point in time, we are likely to have many active court cases underway in various parts of the world. Obviously, we must evaluate

the cost of such legal actions versus the recovery anticipated, but most of our non-fraud related cases end up with a favourable recovery for the Bank.

6) What can be done to ensure clients live up to their loan commitments?

FIMBank does an excellent job today in evaluating each client's credit quality, which translates into the "ability to repay." While more difficult, we also try to evaluate the client for the "willingness to repay." These are fundamental to making a loan that will be repaid as agreed. Our business model, and the basic model for all banks, depends on extending credit that will be repaid precisely as agreed. To support this approach, we often put in place structures that have two or three potential sources of repayment. FIMBank has a reputation for being fair, but for also aggressively pursuing any defaulted loan.

7) Does the Bank offer solutions over an extended period of time to clients who find difficulties in repaying their loans?

No bank is in the business of regularly granting payment periods beyond what was initially contemplated. To the extent a recovery of our assets requires us to extend payment periods, or restructure a facility, we evaluate this on a case-by-case basis. Repayments according to the loan facility agreements are always expected and required. Clients can significantly damage their credit profile, making it harder, more expensive, or even impossible to obtain future financing from any bank by not timely fulfilling the loan repayment obligations they have agreed to.

8) How do you determine the most important loan recoveries? Would this be based on just the loan amount, or are there other factors which come into play?

While we pursue virtually all loans of any size that appear to have some probability of recovery, obviously the larger defaulted loans are more visible and require more of our attention. This is especially true as we ramp-up our asset recovery efforts. Our shareholders expect to see results and, as Head of the Asset Recovery unit, I am determined to provide such results. The recovery of a larger defaulted asset, which may have been fully provisioned for, has a significant and positive impact on our reported financial results. These assets are, therefore, at the top of our list for taking all commercial and legal actions necessary for a targeted full recovery. In cases where legal action is required, or already underway, procedural deadlines for the Bank to act often cause us to focus on one loan versus another of similar character.

KIPCO announces net profit of KD 5.64 million (US\$ 18.8 million) for the first quarter of 2018



Tariq Abdul Salam

Source: www.kipco.com - 13 May 2018

The Kuwait Projects Company (Holding) – announced a net profit of KD 5.64 million (US\$ 18.8 million), or 1.53 fils per share (US\$ 0.51 cents), for the first three months of 2018, an increase of 11% over the KD 5.07 million (US\$ 16.9 million) reported in same period last year.

During the first quarter of 2018, the company's operating profits before provisions reached KD 23.5 million (US\$ 78.4 million),

compared to KD 23.6 million (US\$ 78.7 million) in the first quarter of last year. The company also reported a 13% rise in its total revenue from operations during the first quarter of 2018, at KD 171 million (US\$ 570.5 million) from KD 151.5 million (US\$ 505.4 million) reported for the same period in 2017.

KIPCO's consolidated assets stood at KD 9.8 billion (US\$ 32.7 billion) compared to KD 10.3 billion (US\$ 34.4 billion) reported at year-end 2017.

Mr Tariq AbdulSalam, KIPCO's Chief Executive Officer – Investment, said:

"At our recent Shafafiyah Investors' Forum, we projected that the challenging external elements that affected our companies' performance in 2017 – such as competition and the weakened operating environment in the region – would continue to have an impact this year. Our positive performance this quarter reflects our sound business model and operations, and we believe that our diversified portfolio as well as years of prudent risk management and internal streamlining of operations will help us continue steadily through 2018."



Burgan Bank Announces Strong Second Quarter Delivering a Solid First Half

Source: www.albawaba.com - July 19th, 2018

Burgan Bank Group announced today its first half earnings for the financial year 2018 reporting KD50.5 million (USD168 million) with a growth of 30%. During the second quarter the Bank registered KD30.1 million (USD100 million) growing 43% in comparison to the same period last year. The set of results for the period ending in 30th June 2018 demonstrated solid operating capabilities and efficiencies. Earnings per share grew for the first half by 34% year-on-year reaching 20 Fils, and achieving return on tangible equity (ROTE) of 14.7% for the same period.

During the first half of 2018 and compared with the same period of 2017, operating income grew by 13% to reach KD139.2million (USD462 million). Asset quality measured by the Non-performing loans (NPL) to gross loans ratio, was significantly enhanced when compared to the same period in 2017, with NPL to gross loans ratio declining from 4.3% to 2.8% while NPL coverage ratio reached 168.5%.

Mr. Majed Essa Al Ajeel, Chairman of Burgan Bank Group said: "We are very pleased with the overall performance of Burgan Bank Group. Our strategy continues to deliver, our business model is solid, and our execution and deliverables are well ahead of expectations."

"We trust our operating capabilities. Our domestic and international Banking arms are delivering and we are reaping

the diversification benefits with our international operations contributing 42% thus diversifying risk, enhancing our revenue stream composition, and grasping the opportunity to benefit from operating higher growth markets. Our business pipeline remains strong with a focus on prudence and selective growth." added Al-Ajeel.

"On behalf of the board, I take this opportunity to thank our customers and shareholders for their confidence in our capabilities. I would also like to thank our executive management team for their leadership and the excellent execution of the corporate strategy, and to our staff for their continued support and commitment." Concluded Al Ajeel.

The consolidated financials encompass the results of the Group's operations in Kuwait, and its share from its regional subsidiaries, namely Burgan Bank – Turkey, Gulf Bank Algeria, Bank of Baghdad, Tunis International Bank. Burgan Bank Group has one of the largest regional branch networks with 169 branches across Kuwait, Turkey, Algeria, Iraq, Tunis, Lebanon and representative office in Dubai-United Arab Emirates.





FIMBank Announces Half-Yearly profit of USD 6.1 million

The FIMBank Group has announced an after-tax profit of USD 6.1 million for the first six months of 2018, an increase of 47 per cent on the USD 4.1 million registered during the same period in 2017. These figures emerge from the publication of the Group's Interim Financial Statements for 2018, which were approved at a meeting of its Board of Directors on the 14th August 2018.

During the period under review, net operating results, that is operating revenues less operating costs, more than tripled, from USD 2.7 million to USD 9.8 million, as the Group improved its revenues by USD 4.4 million and reduced its costs by USD 2.7 million. This was a contribution of many factors, including increased volumes and better yields on its product offering, reduced cost of funds as the Group was more selective in its funding sources and successful implementation of measures in managing costs.

Following the successful completion of the USD 105 million Rights Issue concluded in May 2018, the Group's equity at 30th June stands at USD 274 million, with the CET1 ratio at 16.7%. At the end of the reporting period, Total Consolidated Assets stood at USD 1.95 billion, an increase of 19 per cent over the USD 1.64 billion reported at end-2017, while Total Consolidated Liabilities stood at USD 1.67 billion, or 14 per cent more than the USD 1.47 billion reported at end 2017.

Commenting on the financial results, FIMBank Group CEO Murali Subramanian stated that "The results for the first six months of 2018 are a manifestation of FIMBank's performing fundamentals and its realisation of a sustainable platform for further success. The Group has been successful in turning its business around, generating profitability and providing a platform for growth over the last twelve quarters." Mr Subramanian also highlighted the strong improvement in the Group's core performance, explaining that this has occurred across the key operational pillars, covering business and revenue generation, risk management and expense management. "Notwithstanding the economic situation around the world", stated FIMBank's CEO, "the Group's origination efforts have been stepped up, growing client assets and demonstrating a strong pipeline of business across the different products and geographies within which it operates. As a result, core income generation has rebounded on the back of increased volumes, improved yields, and lower cost of funds."

Mr Subramanian also attributed the Group's positive half-yearly results to successful measures in managing costs, and to improving key cost/income ratios both in absolute and relative terms. According to the CEO, "as much as origination and business development remain a priority for the Group, the focus on asset quality and acceptable risk levels has remained critically important, resulting in improved provision coverage on delinquent loans, with recovery efforts continuing to yield expected results." He anticipates that the approach adopted so far will continue evolving: "in the months ahead the Group will exploit its strong expertise and improved operating culture to grow across its diversified product offering."

FIMBank Group Chairman Dr John C. Grech expressed the satisfaction of the Board with the results of the first half of 2018. He stated that "FIMBank's positive performance, which has now extended into its third year, has a very specific provenance. It is the direct consequence of a strategic shift in focus successfully tuned to changing market conditions. Accomplished with extremely sound planning and copious amounts of hard work and perseverance by our strong management team, ably led by CEO Murali Subramanian, this successful drive has contributed to establishing the FIMBank Group as a more robust banking institution, based on business discipline, centrally-aligned operations, and effective management of enterprise risks."

Meanwhile, FIMBank's Board of Directors will not be recommending an interim dividend for the period under review.

COMPANY ANNOUNCEMENT FIM269

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

Quote

The Board of Directors of FIMBank met in London on 14 August 2018, to approve the Consolidated and the Bank's Interim Financial Statements for the six months ended 30 June 2018.

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

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

Unquote

URL for full Company Announcement
www.fimbank.com/en/company-announcements

ISIN	FIM
Company	FIMBank p.l.c.
Total Shares issued	505,440,214
Currency	US Dollar
Share Price (as at 16 August 2018)	USD 0.545

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