

### MESSAGE FROM THE CHAIRMAN



Dr John C. Grech, FIMBank Group Chairman

Dear Shareholder,

Throughout the past year, the FIMBank Group has been adamant in its strategy to adapt to the reality brought about by the COVID-19 pandemic, maintaining solid operations notwithstanding several disruptions. The financial results for 2020 follow four years of sustained profitability and should be viewed in the context of the current, unprecedented international scenario.

Since March 2020, the Bank has faced a challenging situation, to which it has been responding promptly and vigorously. During the early days of the outbreak of the COVID-19 pandemic, FIMBank's Crisis Management Committee started to actively monitor developments, and from time to time propose measures to enable the smooth functioning of operations within the Bank.

I am pleased to report that, throughout this difficult period, FIMBank has successfully managed to maintain its operations with minimal disruptions, with the majority of our employees working remotely. This has been primarily due to our significant investment over the years in a robust, flexible and state of the art IT infrastructure. Meanwhile, irrespective of whether restrictions are tightened or relaxed, FIMBank continues to pursue a very prudent approach, with a set capping of employees that can work within the office. This policy is in line with our commitment to promote a safe environment for our employees and the communities in which we operate, both locally and abroad. In this respect, I must thank all our employees both at head office and across our international network for their professionalism, sense of responsibility and responsiveness for adapting to these difficult circumstances. There is no doubt in my mind that FIMBank owes its resilience in these troubled times to their invaluable contribution.

*"Since March 2020, the Bank has faced a challenging situation, to which it has been responding promptly and vigorously."*

Although the situation remains one which requires monitoring and attention, customer centricity continues to be at the forefront of the Bank's priorities. Our reputation for customer service is something that we are proud of and we intend to further optimise our processes to support our clients during this turbulent period.

In addition to the various impacts of the pandemic, the Group also had to cater for specific provisions to address a number of non-performing exposures which had a noteworthy effect on the past year's financial performance.

During this particularly challenging year, and

despite the unprecedented turn of events and uncertain environment, the Group's business fundamentals remained strong and the underlying operational performance proved resilient. Our focus has always been to prioritise long-term value creation, and to ensure that the institution remains robust and capable of delivering a stable financial performance. We remain committed to this strategic vision, whilst taking tangible steps towards recoveries to reduce the impacts of non-performing exposures.

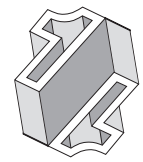
Studies show that the COVID-19 pandemic has spurred dramatically the process of digitalisation by financial institutions and other companies across the globe. FIMBank has embraced this process and has been treating it as a priority in terms of future sustainability. Under the leadership of our CEO, Adrian Gostuski, and the Bank's senior management, FIMBank will continue to spearhead its digital transformation, whilst its business model continues to evolve in line with global developments. The fundamentals of the Group's strategy remain focused on the main pillars of trade finance expertise to gain competitive advantage and differentiate itself from the competition, efficient decision-making structures committed to execution, customer-centricity, and a consistent stable performance leading to stakeholder value.

While we are guardedly cautious about 2021, we are confident that thanks to the prudent internal measures we have undertaken over the years, and the experience and expertise of our executive management, we have in place the appropriate structures within the Group which will allow us to weather these difficult circumstances.

It is especially during these trying times that we appreciate the solid backing that we constantly receive from our majority shareholder, the KIPCO Group. Investor relations remain a key aspect of our enterprise, which is why we continue to foster initiatives aimed at engaging with all our shareholders. On behalf of the Board, I take this opportunity to extend our sincere gratitude for their constant demonstration of trust and loyalty.

Finally, I would like to conclude by expressing my thanks and appreciation to the Directors, management and employees of the FIMBank Group, for their commitment and dedication during these challenging times, whilst wishing them above all, good health.

Dr John C. Grech  
Chairman



### MESSAGE FROM THE CEO

Issue 13 - June 2021



*Adrian A. Gostuski, FIMBank Chief Executive Officer*

Dear Shareholder,

FIMBank's financial performance in 2020 was materially impacted by the COVID-19 outbreak. The pandemic has affected most sectors of the global economy through both supply and demand shocks, and the financial sector has not been spared. Disruptions arising from COVID-19 were followed by new and complex challenges, including pressures on operating costs already burdened by increased regulatory and technology requirements.

The FIMBank Group registered a post-tax loss of USD47.0 million for the financial year ended 31 December 2020, following a post-tax profit of USD4.5 million in 2019. As the pandemic unfolded, the Group retracted from certain business activities to safeguard its capital and liquidity, which remain strong and well above regulatory minima. This came at the cost of revenue generation. As a result, the FIMBank Group's Net Operating Results contracted by USD14.0 million, as it grappled with the pandemic and subsequent economic downturn. Consequently, Net Operating Income dropped by 23% to USD39.3 million, while Net Interest and Fee Income decreased by 16% to USD37.6 million.

During the period under review, the Bank adopted an approach of heightened vigilance with respect to risk management, liquidity, as well as market and operational performance. The Group also maintained a prudent stance in its general business strategy, resulting in subdued business volumes and higher liquidity buffers. In the meantime, a number of new non-performing facilities emerged, which required an impairment coverage that was significant, mainly due to a weaker global economic outlook which impacts the chances and timings of possible recoverability. Moreover, the recovery routes of the existing non-performing portfolio suffered mainly due to delays in legal and other proceedings, due to lockdown and restrictions in the relevant jurisdictions. The effect was a higher level of impairment charges to make up for the delays for the worsening recoverability

prospects. Meanwhile, management continues to operate targeted and determined recovery efforts, which should see the desired results in the future.

Throughout this period, the Group increased its available liquidity with ratios well above the regulatory guidelines. At 31 December 2020, FIMBank's CET1 ratio and total capital ratio stood at 18.5%.

In Malta, the real estate portfolio grew to its set targets and achieved the expected results in terms of returns, asset quality and diversification. The real estate financing product has formed a part of the Bank's product offering for four years providing a range of secured lending products in line with the approved risk frameworks. The real estate finance function adopted a cautious and conservative approach to new business and focused on servicing a select number of established clients, that have a track record with the Bank and are a source of repeat business.

During 2020, we successfully completed the Phase 1 deployment of our financial crime risk management platform. In 2021, the second phase of this deployment will allow for an integrated solution with anti-money-laundering and internal fraud support, allowing the compliance function to manage even more effectively risks associated with money laundering, apart from advanced KYC capabilities, risk profiling, risk scoring and transaction monitoring. Another significant initiative was the deployment of a security analytics platform that provides capabilities to correlate data from multiple sources and detect threats in real time, through behaviour analysis, leveraged by adaptable artificial intelligence. This platform will further augment our cyber security capabilities.

The pandemic significantly changed the way in which we work with our customers and other stakeholders. As from March 2020, we started shifting to a work-from-home model, backed by virtual communication channels and stable IT systems. The Bank's continued investment over the years in its technology systems has enabled the smooth transition for all employees across our international offices to remote working.

During this period, our dedicated employees made a tremendous effort to support our customers in countering the disruption to their business caused by the pandemic. Our support covered myriad initiatives where we partnered with customers to put in place payment moratoria, restructuring financing and offering short-term credit facilities.

As a Malta-based Bank with a global mission, we recognise that our social, environmental and ethical conduct has an impact on our reputation and on the communities within which we operate. We are driven by the

belief that we have a moral obligation towards the social progress of the markets we operate in. FIMBank has a clear policy that its business should go beyond offering banking solutions. The Bank's CSR approach is built around our core values, thus reflecting the corporate commitments we make to our clients, shareholders, employees and the communities in which we operate.

Through its CSR programme, FIMBank supported a number of local initiatives focused on creative arts and cultural heritage awareness. The Group contributed towards the setting up of an emergency kitchen in Beirut, an initiative that was launched following a major explosion in the heart of the city, which claimed the lives of hundreds and left thousands injured. The Bank supported a team of chefs on a 'feeding mission', with the volunteers travelling to Lebanon to set up the kitchen and provide up to 15,000 meals daily for the Beirut explosion victims. Moreover, during the past year, FIMBank employees donated several food items to the Malta-based Foodbank, through an initiative organised by the Bank's Events Committee.

In view of the uncertain macroeconomic outlook, FIMBank's projections remain grounded and cautious. As global trade flows gradually re-open for business, trade volumes and business levels are expected to return to a minimal growth path from the current deflated levels. The outcome for 2021 will very much depend on further pandemic disruption, with the Group poised to sustain its business fundamentals.

COVID-19 continues to be a tremendous challenge. However, our experience over the past year has demonstrated our ability to change and adapt, and it has shown us what we can achieve when we all work together to overcome such an unprecedented situation. This bodes well for the profound and ambitious transformation that we have ahead of us, which is aimed at achieving sustainable recovery. During these complex times, we will endeavour to remain close to all our partners around the world, and we will strive to maintain the highest levels of business continuity and the servicing of our clients' business requirements.

The macroeconomic environment in 2021 presents a highly challenging scenario, and in these difficult times my thoughts are with you and your families, as all of us continue to come to terms with the effect of the pandemic on our lives. I would also like to take this opportunity to express my sincere thanks and gratitude to our Board members, management and all our employees for their dedication, hard work and support, whilst wishing you all the best of health

Adrian A. Gostuski  
Chief Executive Officer



## FIMBANK APPOINTS GROUP CHIEF FINANCIAL OFFICER



FIMBank has announced the appointment of Juraj Beno as Group Chief Financial Officer. The appointment of Mr Beno, who joined FIMBank in August 2020, was recently approved by the regulator.

Juraj Beno started his banking career in 2002 with Citibank, where he occupied various finance positions in Slovakia. In 2007, he was assigned to a new Citibank franchise setup in Kuwait, where he served for five years, ending his stint there as Country Financial Officer. In 2012, he joined Borgan Bank as Head of Strategic Financial Planning, with a wide remit encompassing group strategy design and implementation. More recently, in 2019, he was appointed as Director of Performance Planning at Al Hilal Bank, in the United Arab Emirates, where he was entrusted with co-leading the Integration Management Office.

Juraj Beno, who is a Chartered Financial Analyst (CFA) charter holder, obtained his Master's degree with honours in Finance from the University of Economics in Bratislava, Slovakia.

Commenting on this appointment, FIMBank's CEO Adrian Gostuski stated that "We are pleased to have appointed someone of Juraj's stature within the FIMBank Group. His experience will undoubtedly prove beneficial as the Group realigns its strategic focus."

*"I look forward to this new challenge with optimism. In a time where the Group re-aligned its strategy to adapt to the new reality, focused execution supported by stable financial performance remains key to our success." Juraj Beno.*

## Foodbank Lifeline Foundation

FIMBank has donated to the Foodbank Lifeline, to assist the voluntary organisation in its commendable work to assisting families and individuals in need.

The Foodbank Lifeline provides food supplies to four hundred families on a weekly basis. This voluntary organisation supports individuals, couples and families experiencing a financial crisis, which have increased dramatically due to the covid-19 pandemic. The mantra of this organisation is that no child or adult should ever experience hunger, so it does its utmost to ensure that they can sustain themselves for the short-term until social workers devise a long-term solution.

"As a financial institution with ties extending over twentyfive years within the local community, we firmly believe that our efforts must extend beyond banking. The wellbeing of the communities we operate in remain a priority and such assistance provided to high impact philanthropic organisations like the Foodbank Lifeline is consistent with our core values" said Jason Zammit, Senior Vice President, FIMBank.

"Different families and members of society may find themselves in a rough patch and thus would need immediate assistance. The Foodbank Lifeline assists families from all walks of life to get back to their feet. Such assistance would not be possible without the support of a number of organisations that contribute significantly to the Foodbank Lifeline's mission. The Foodbank Lifeline Foundation would like to thank FIMBank for its generous contribution" said Lisa Villette, Foodbank representative.





## INDIA FACTORING CERTIFIED AS A GREAT PLACE TO WORK

India Factoring is pleased to announce that it has been certified as a "Great Place to Work". The continued commitment towards employee friendly initiatives serves as a cornerstone of the company's success. India Factoring expresses its gratitude and appreciation to all employees, customers and stakeholders who contribute significantly for its progression. Looking forward, the company works to continue fostering an environment where its people grow and achieve together. "We are extremely pleased to have achieved such a prestigious certification. This illustrates our commitment to a workplace of quality whereby our employees feel valued and rewarded for their work, creating a community concept that promotes job satisfaction" said Ravi Valecha, Chief Executive Officer at India Factoring. India Factoring is a subsidiary of FIMBank plc, a member of the KIPCO Group.

### About Great Place to Work

Great Place to Work is the global authority on workplace culture. Since 1992, they have surveyed more than 100 million employees around the world and used those deep insights to define what makes a great workplace: trust. Great Place to Work helps organisations quantify their culture and produce better business results by creating a high-trust work experience for all employees. Everything they do is driven by the mission to build a better world, helping every organisation become a Great Place to Work For All™.



## FIMBANK JOINS THE SME FINANCE FORUM

FIMBank is the newest member of the SME Finance Forum, a global network that brings together financial institutions, technology companies, and development finance institutions to share knowledge, encourage innovation, and promote the growth of SMEs. The SME Finance Forum is managed by the International Finance Corporation (IFC), a member of the World Bank Group.

The SME Finance Forum includes experts from over eighty countries, that share the common goal of expanding access to finance to small businesses around the world. Forty percent of small businesses globally struggle with access to credit and capital which would enable them to grow their enterprises. The SME Finance Forum's mission is to accelerate access to finance for small and medium businesses worldwide by promoting knowledge exchange, policy change, and new connections.

The membership extends to all members of the FIMBank Group, including London Forfaiting, India Factoring, BrasilFactors and Egypt Factors. "As an international trade finance Bank, a key objective of our institution is to support SME growth through the delivery of innovative banking products. We achieve this by developing strategic partnerships with like-minded enterprises which provide the opportunity to promote alternative methods of financing international trade" said Adrian Gostuski, FIMBank's CEO.

### About SME Finance Forum

The SME Finance Forum was established by the G20 Global Partnership for Financial Inclusion (GPFI) in 2012 as a knowledge centre for data, research and best practice in promoting SME finance. As an implementing partner for the GPFI, the IFC was tasked with managing the global initiative. For more information about the SME Finance Forum please visit [www.smefinanceforum.org](http://www.smefinanceforum.org)





## KIPCO ANNOUNCES A NET PROFIT OF KD 6.5 MILLION FOR 2020

Source: kipco.com

"Our companies reported profitability despite the uncertainty of 2020" says company's Vice Chairman."

KIPCO – the Kuwait Projects Company (Holding) – has announced a net profit of KD 6.5 million (US\$ 21.4 million) for the year ended 31 December 2020, compared to KD 30 million (US\$ 99 million) originally reported for 2019. The drop of 78 per cent is attributed to the impact that the global events of 2020 have had on business operations.

Earnings per share for 2020 came to 0.4 fils (US\$ 0.13 cents), compared to 10.1 fils (US\$ 3.3 cents) per share originally reported at the end of 2019.

The company's 2019 financials were restated during 2020 due to a change in the classification of OSN after an increase in ownership.

KIPCO's Board of Directors is recommending a cash dividend of 5 per cent (5 fils per share) subject to approval by the company's General Assembly and regulatory authorities.

KIPCO's consolidated assets remained at the KD 10.3 billion (US\$ 34 billion) reported at year-end 2019.

With the global COVID-19 pandemic evolving throughout 2020, the uncertain situation was one that KIPCO monitored closely in order to continually evaluate its business impact and mitigate its repercussions.

Our commercial banking business suffered from a lower discount rate, interest deferral of loans in Kuwait mandated by the authorities, and increased provisioning. The pandemic provided an opportunity to accelerate the digital transformation of our platforms, where Burgan Bank introduced a new retail smart phone application and other digital solutions for SMEs.

In the insurance sector, the core business was mostly stable, with reduced gross written premiums in motor and travel policies offset by the reduction in claims from motor and medical insurance. Revenue was preserved thanks to corporate business lines.

Our media business, namely OSN, was served by the health recommendations to stay at home. While new sales were impacted by retail outlet closures, customer consumption of content increased and churn decreased. OSN's OTT platform, OSN Streaming, saw a rise in subscriber numbers.

Real estate and hospitality was affected by travel restrictions and closures, leading to a waive of rent for several months to help tenants whose businesses were closed due to mandatory lockdown. Hospitality net income suffered a loss, while demand for commercial real estate witnessed a drop in 2020.

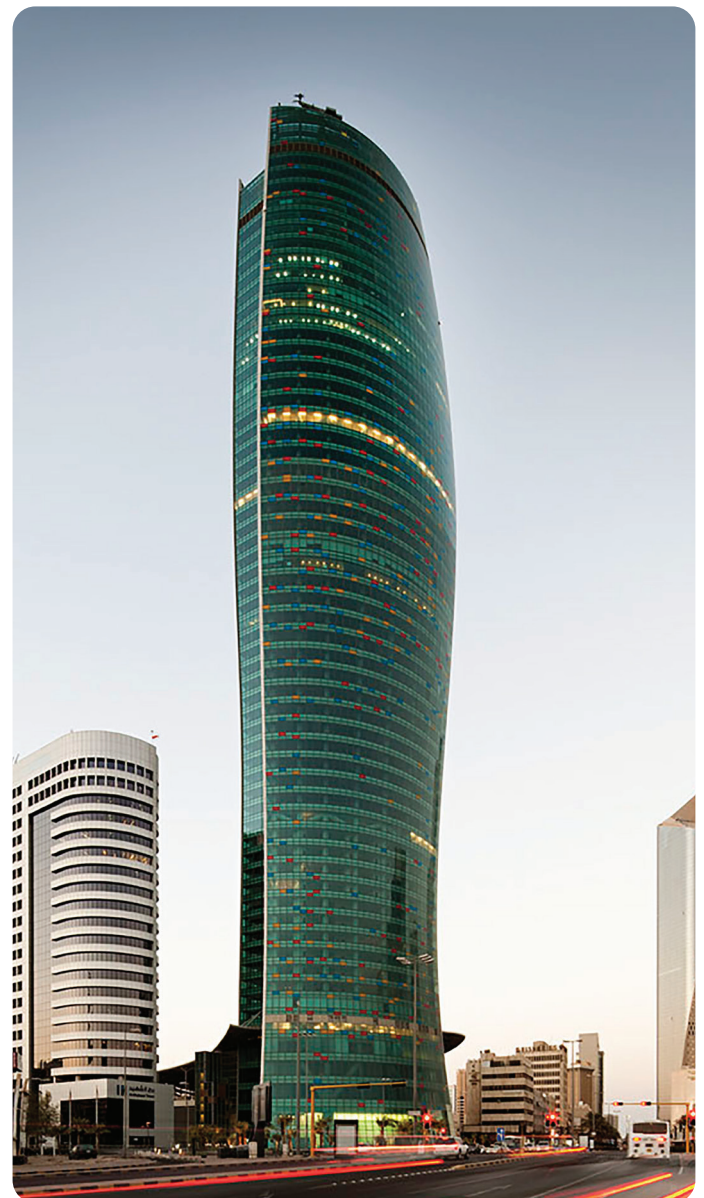
Our petrochemical investments were impacted by the drop in oil prices and low demand for the better part of 2020.

In education, extended school closures resulted in a transition to e-learning classes. E-learning platforms have been upgraded to accelerate the digitization of our schools and university, and operating costs were reduced across the board.

Mr Faisal Al Ayyar, KIPCO's Vice Chairman (Executive), said that with the challenges brought on by 2020, reporting profitability is an achievement:

"Our 2020 results reflect the efforts of our core companies to mitigate the impact of the global COVID-19 pandemic. Our businesses worked hard to ensure that the services provided to our customers continued uninterrupted, while safeguarding the health and safety of our employees. Our companies were able to report profitability despite the uncertainty and challenges of 2020."

He added: "Today we face the challenges that come with a second wave of the pandemic, and while we hope that the vaccine rollout will help curb the spread of the virus, we continue to be cautious. We will continue to closely monitor the unfolding events throughout 2021, and though it has become evident that it will be some time before we go back to a more normal way of life, people have started to adjust and this has reflected in the form of a slight recovery in the latter months."

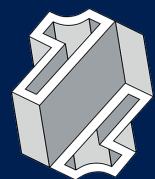






**fimbank.com**

FIMBank offers a wide range of trade finance solutions including the most complex supply chain structures in the domestic and international trade space. Supporting clients in this challenging environment requires more than just the standard trade finance offering. Through innovation and a strong commitment to successful execution, FIMBank structures bespoke trade finance solutions designed to support sustainable business growth.



**FIMBANK**

SÃO PAULO PARIS NEW YORK MUMBAI MALTA LONDON DUBAI COLOGNE CAIRO ATHENS

FIMBank p.l.c. is a licensed credit institution regulated by the Malta Financial Services Authority and is listed on the Malta Stock Exchange.



## FIMBANK STRENGTHENS FINANCIAL CRIME RISK MANAGEMENT

Source: [www.fiserv.com](http://www.fiserv.com)

Global trade finance specialist implements robust, scalable AML and payment fraud technology.

FIMBank, has enhanced its financial crime risk management capabilities with a platform from Fiserv, Inc. (NASDAQ: FISV), a leading global provider of financial services technology solutions. Robust functionality will assist the bank in managing risk and meeting regulatory requirements while providing scalability to accommodate growth and flexibility to adapt to a rapidly changing fraud environment.

"As a bank with a global presence, we take our financial crime and risk management responsibilities seriously, and have invested in technology that enables us to monitor transactions at scale and in a timely manner, commensurate with the size and nature of our business," said Michael Davis, Group Chief Compliance Officer, FIMBank plc. "Utilising proven solutions from Fiserv provides insight into money movement activity and helps us gauge and effectively manage money laundering risks."

The FIMBank Group was seeking to deploy a leading FCRM solution that incorporates a full range of integrated anti-money laundering (AML) and internal fraud support. In addition to advanced

technology capabilities, FIMBank sought a global provider with a strong commitment and presence in the region. To meet those requirements, the bank has implemented AML Risk Manager and Watch List Manager, built on the award-winning Financial Crime Risk Management Platform from Fiserv, to more effectively detect, investigate and resolve financial crime.

AML Risk Manager provides advanced know-your-customer (KYC) capabilities, customer risk profiling, risk scoring and transaction monitoring, while Watch List Manager is a SWIFT screening module that enables screening of transactions in real time.

These solutions utilise sophisticated techniques such as behavioral analytics to detect suspicious transactions, leading to more accurate financial crime risk management and fewer false positives. This helps to eliminate the inconvenience and delay caused when legitimate transactions are flagged for investigation, benefitting both customers and staff by facilitating a better experience and more efficient operations.

"As criminals develop new schemes, effective and adaptable risk management solutions are more critical than ever," said John Gibbons, executive vice president and head of EMEA, Fiserv. "By leveraging a proven and effective financial crime risk

management platform, FIMBank can gain a holistic view of customer risk and data to more accurately pinpoint and stop criminal activity."

More than 1,200 organizations across 70 countries worldwide use financial crime risk management software from Fiserv. In a world moving faster than ever before, Fiserv helps clients deliver solutions in step with the way people live and work today – financial services at the speed of life.



## EASISAVE INTEREST RATES

Easisave is a secure online savings platform which offers competitive interest rates. Interest rates are applicable for both **EUR** and **USD** Easisave accounts. Interest on an Easisave Fixed Term Deposit is paid quarterly, annually or on maturity while interest on an Easisave Savings Account is paid on a yearly basis every 31st December. **Rates are correct as at date of printing.**



**easisave.com**  
Powered by FIMBank

**Benefit from competitive interest rates  
on both EUR and USD term deposits**

Interest	€	\$
<u>Account</u>	<u>EUR/p.a.</u>	<u>USD/p.a.</u>
Savings	0.35%	0.65%
<u>Deposits</u>	<u>EUR/p.a.</u>	<u>USD/p.a.</u>
3 months	0.55%	1.80%
6 months	0.55%	2.00%
9 months	0.55%	2.10%
1 year	0.75%	2.25%
2 years	0.60%	2.25%
3 years	0.60%	2.25%

**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 available upon request.



# Announcements..

## COMPANY ANNOUNCEMENT FIM307



### FIMBank's Fitch Rating

The following is a Company Announcement issued by FIMBank p.l.c. (hereinafter "FIMBank") pursuant to the Malta Financial Services Authority Listing Rules 5.16 et seq.

#### Quote

On the 10th June 2021, Fitch Rating has published their latest rating on FIMBank Plc's (FIM), downgrading the Long-Term Issuer Default Rating (IDR) to 'B' from 'B+' and Viability Rating (VR) to 'b' from 'b+'. The Outlook is Negative.

In Fitch's view, the downgrade reflects heightened pressures on FIM's business model, performance and capitalisation. In particular, Fitch views increased pressure on the bank's performance from lower margins and due to business growth constraints given thin capital buffers over regulatory minima.

The Negative Outlook reflects their view that further asset quality deterioration could put further pressure on the bank's already weakened financial performance and limited capital buffers. It also reflects risks to the bank's strategy to gradually support revenues with growth in relatively higher-yielding assets and by exiting unprofitable business lines.

Undoubtedly, last year was challenging for FIMBank and the industry as a whole, but throughout the year FIMBank maintained a strong capital (CET1 capital of 18.5% as at 31Dec20) and liquidity position (Liquidity Coverage Ratio of 241% as at 31Dec20). Having weathered a turbulent year we believe that the bank's defined strategy will deliver sustained growth and the continued success in recovering non-performing loans will further improve the robustness of the organization.

#### Unquote

Andrea Batelli  
Company Secretary  
11 June 2021

ISIN	FIM
Company	FIMBank p.l.c.
Total Shares issued (As at 31 May, 2021)	522,443,763
Currency	US Dollar
Share Price 10th June 2021	USD 0.37
Company Secretary:	Avv Andrea Batelli
Telephone:	(+356) 21322100
Email:	csec@fimbank.com

